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Aukett Swanke Group PLC
18 September 2024

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Aukett Swanke Group Plc

("Aukett Swanke", the "Company," "ASG", or, together with its subsidiaries, the "Group")

Completion of Property Disposal and Corporate Update

Aukett Swanke (AIM: AUK), the Smart Buildings and Architecture Group, is pleased to announce the completion of the sale of The Old Torpedo Factory freehold and provides a pre-year end corporate update.

The board expects that trading results for the second half of the year to 30 September 2024 will be at a breakeven level and, consequently, the Group will report a loss for the full year, broadly in line with the loss reported for the first half.

In response, a cost reduction programme, initially announced in June 2024, has now been extended, to provide approximately £2 million of annualised Group savings, up from the originally planned £1 million.

Smart Buildings

The Group is at the relatively early stages of establishing itself as a leader in the provision of smart buildings services, drawing upon the heritage and industry connections of the established architecture businesses and by targeted acquisitions.

Since March 2023 the Group has completed four Smart Buildings related acquisitions:

- Torpedo Factory Group
- ecoDriver
- Anders + Kern
- Vanti

Performance of these businesses has been mixed, with Torpedo Factory Group (incorporating Vanti) operating around breakeven levels, with a strong performance by Vanti offset by losses in the Stage Technology business. This business performed at reduced levels following the conclusion of its largest ever project at the end of the previous year.

The Vanti asset acquisition, completed in March 2024, has both boosted the Group's smart buildings credentials and added over £2 million of new contract wins. Vanti now forms the core of the Group's smart buildings offering. We remain excited by the potential of its Smart Core building operating system in particular.

ecoDriver provides sensors, meters, and proprietary software to monitor client sites and help them identify waste energy. The business is growing strongly from a low base, and as discussed further below has developed some novel technology to benefit clients and assist in scaling the business.

Anders + Kern, which is a distributor of smart building technologies largely to audio visual system integrators, has suffered from two major suppliers being taken over in the past year, with both acquirors having pre-existing routes to market away from the Group. Accordingly Anders + Kern has substantially reduced its cost base and is reviewing its product range.

Architecture

The Group's executive architecture business, Veretec, continues to grow profitably and has added staff to meet demand. However, at our design business, Aukett Swanke Limited, continuing delays with a number of projects have prevented it making a positive contribution.

Consequently, the board expects that trading results for the second half of the year to 30 September 2024 will be at a break even level and the Group will therefore report a loss for the full year, broadly in line with the loss reported for the first half.

Property sale and Cost reduction programme

The board has taken action to strengthen the Group's financial position through both the sale of a freehold property, which has significantly reduced Group debt, and the implementation of a substantial cost reduction programme.

Property sale

The £2.5 million (plus VAT) sale of The Old Torpedo Factory freehold, first announced in June 2024, completed on 17 September 2024, with approximately £1.42 million of the proceeds used to fully repay the outstanding mortgage and a further approximately £0.23 million used to reduce the outstanding CBILS-backed loan to c. £0.44 million.

The balance of the consideration will be used to strengthen the Group's working capital position.

Cost reduction programme

The Group's increased focus on smart buildings requires investment and will take time to generate meaningful profits. There is therefore a need for the other parts of the Group to make positive financial contributions. To the extent this positive contribution can be improved by taking action to reduce costs, such action has been and is being taken.

In June 2024, we announced an intention to make annual Group savings of over £1 million. Three months on, we have identified and largely implemented approximately £2 million of annualised Group savings across a combination of staff costs and other matters including the financial impact of reducing debt.

ecoDriver to launch EDDIE the AI Sustainability Engineer

The Group is pleased to announce that its Vanti and ecoDriver businesses are both exhibiting at the Smart Buildings Show at ExCeL London on 9-10 October, with management at both businesses having speaking slots. At the show, ecoDriver will launch the first generation of EDDIE (ecoDriver Data Intelligence Engine), an AI engine that will link to the building energy performance data for each client's sites. Clients can interact with EDDIE via a straightforward chatbot style interface. This allows them to interpret the data and to identify and eliminate waste energy in new and more accessible ways. It also allows ecoDriver to scale revenues without material increases to its cost base.

Nick Clark, Chief Executive of Aukett Swanke, commented:

"The Group has continued to make rapid progress in the second half, with the first sale of the Smart Core building operating system since the Vanti asset acquisition, and now the pending launch of ecoDriver's AI product, developed in house over the first year of ecoDriver's ownership by the Group. EDDIE is an example of the way that AI can help us bridge the green skills gap, removing a potential barrier to growth."

"To support this and other initiatives, in particular the continued development of the Smart Core building operating system, we need the other parts of the business to be performing well. The annualised cost reductions are designed to support Group profitability while it develops and acquires the technologies required to become a global leader in designing, delivering & operating smart, sustainable buildings & spaces."

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About Aukett Swanke Group plc

Aukett Swanke Group has a strong foundation in architectural services and is on a transformative journey to become a London-listed provider of Smart Buildings and related services. ASG is uniquely positioned to ensure the technical systems that run modern premises are designed as an integral part of the structure, from the outset.

For more information go tohttps://www.aukettswankeplc.com

The information contained within this announcement is deemed by the Company to constitute inside information as stipulated under the Market Abuse Regulation (EU) No. 596/2014 as it forms part of United Kingdom domestic law by virtue of the European Union (Withdrawal) Act 2018, as amended by virtue of the Market Abuse (Amendment) (EU Exit) Regulations 2019.

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