



**INVESTING
FOR GROWTH**

**ANNUAL REPORT
& ACCOUNTS 2024**





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ABOUT US

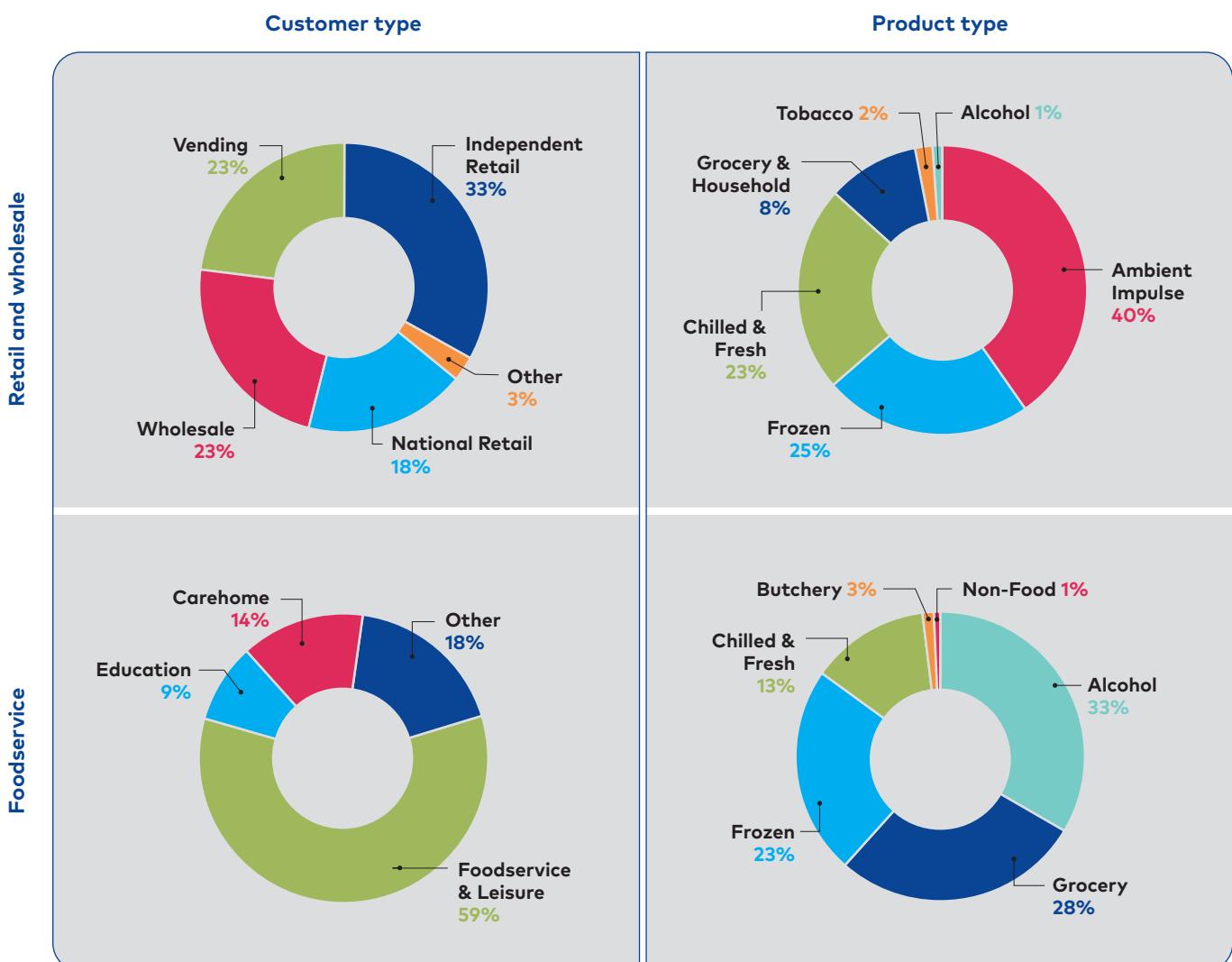
We are a delivered food and drink wholesale business with depots and delivery throughout the UK servicing the retail and foodservice markets.

The Group supplies mainly branded products, which vary across each division and customer type, including sales of impulse products, frozen, chilled and fresh foods, alcohol and groceries.

Highlights



3

Acquisitions
in FY24>2100
Colleagues+98%
Service levels

FY24 Financial Summary

Group revenue

£663.7m

FY23: £602.2m

Adjusted operating profit*

£34.0m

FY23: £32.0m

Profit before tax

£22.5m

FY23: £24.9m

Pre-tax operational cash conversion*

90%

FY23: 90%

Adjusted EBITDA*

£45.2m

FY23: £41.1m

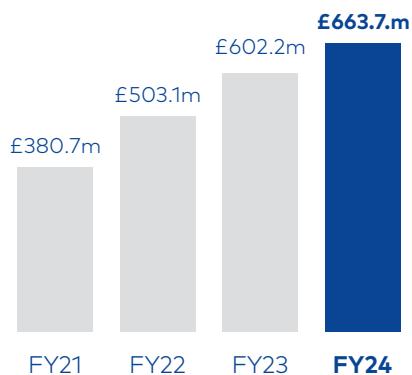
Basic underlying EPS*

30.0 pence

FY23: 30.3 pence

*For more information on alternative performance measures please see the glossary on pages 113 to 116.

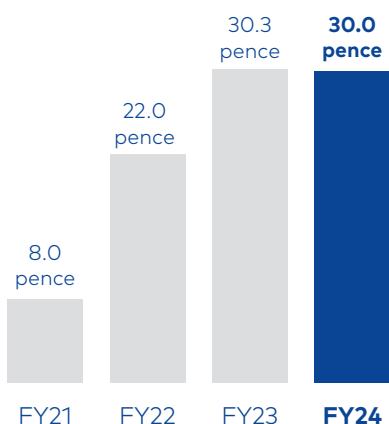
Group revenue



Adjusted operating profit*



Basic underlying EPS*



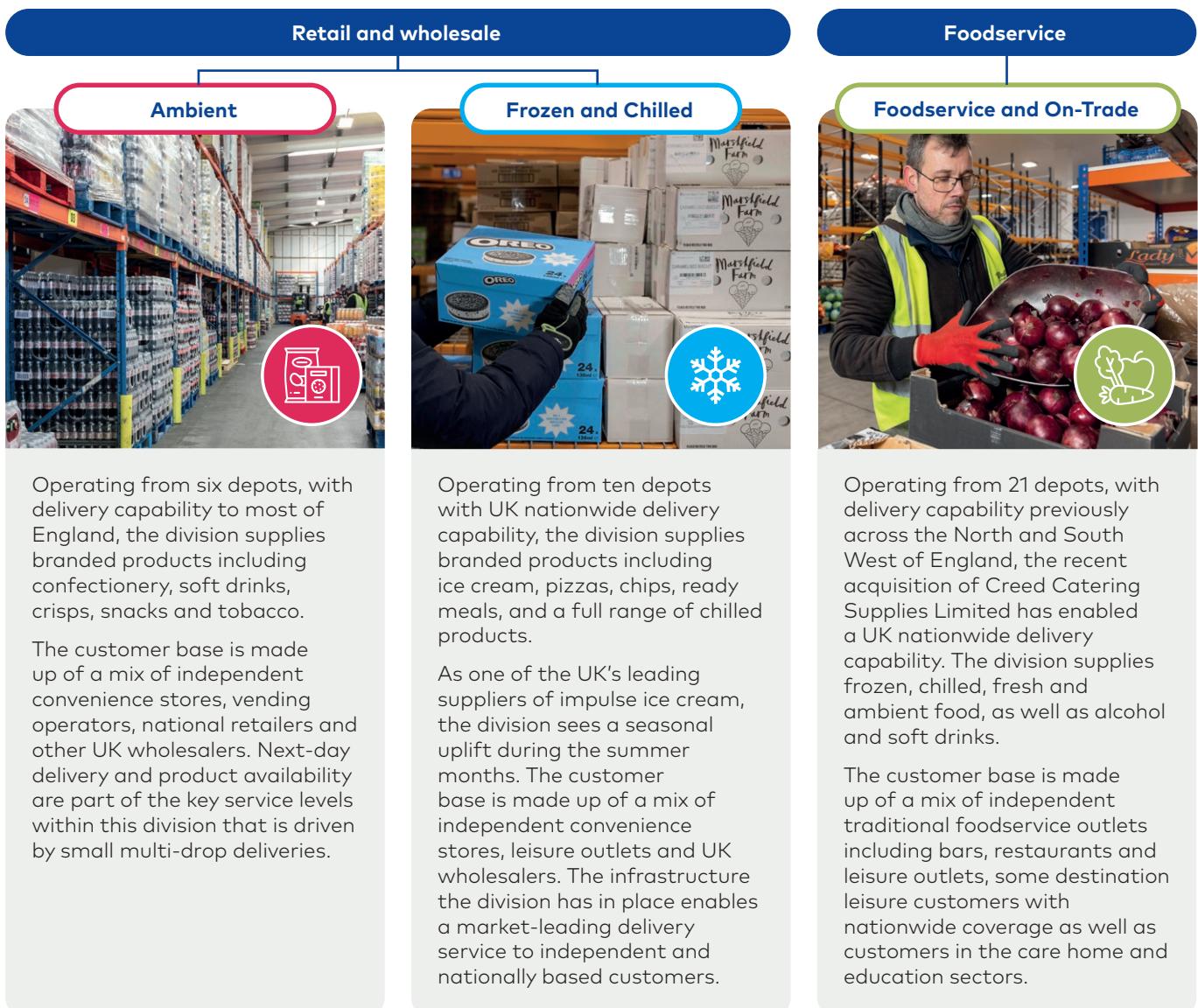
THE GROUP AT A GLANCE

With over 37 years of growth since its founding in 1987 and continued expansion through five acquisitions in the past three years, Kitwave Group plc has evolved from a single-site confectionery wholesaler in North Shields, UK, into a leading delivered food and drink wholesale business. Today, it supplies impulse products, frozen, chilled and fresh foods, alcohol, groceries, and tobacco.

The Group delivers to a diverse customer base across the UK, including independent convenience retailers, leisure outlets, vending machine operators, foodservice providers and other wholesalers, and leading national retailers.

The strategy is to continue to capitalise on the fragmented and growing UK grocery and foodservice wholesale market by acquiring smaller regional players, while at the same time pursuing further organic growth.

Our Divisions



Delivering value at every step and supporting all stakeholders across our business.

We deliver value by fostering growth, strengthening partnerships, ensuring sustainable returns, and exceeding customer expectations. Our suppliers trust us for a clear route to market, and customers rely on us for efficient delivery.

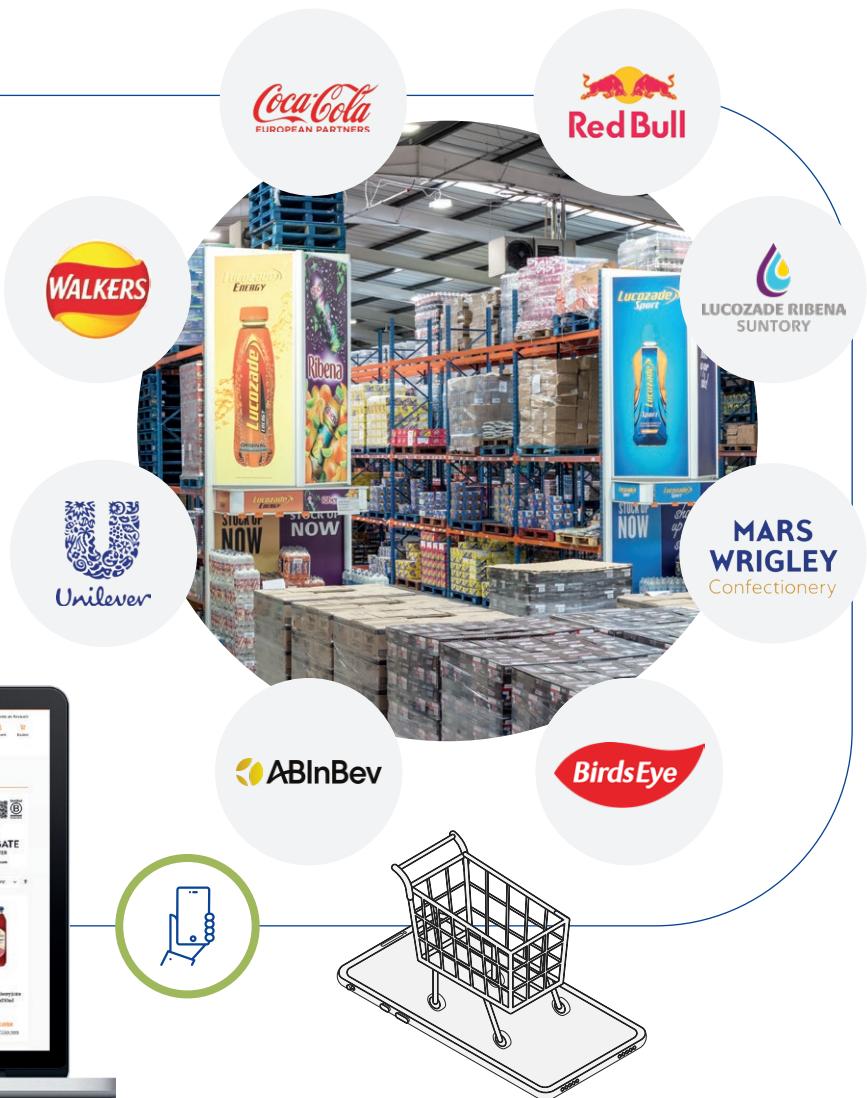


WHAT WE DO

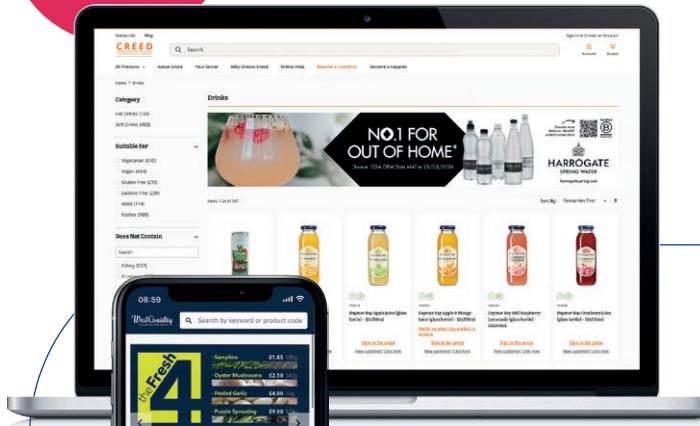


Supplier of well-known brands

Our comprehensive product range, spanning from crisps and snacks to frozen food, fresh and chilled, groceries and alcohol allows customers to stock their entire store or outlet with a single order. This ensures convenience and efficiency, with all products delivered directly to the customers' door.



Streamlined ordering platforms



49%
electronic order capture

37 depots delivering service excellence using advanced voice-picking technology

Through the intelligence of the 'voice-picking' operations, multiple orders can be processed simultaneously using 'hands-free' technology to create increased accuracy and efficiency in the picking operation.



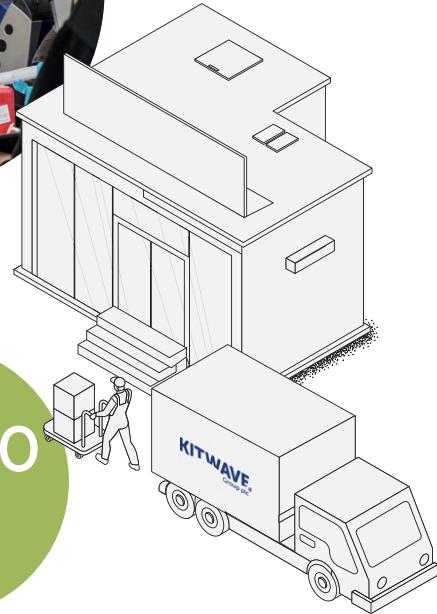


Delivered to over 46,000 independent customers across the UK

The Group has a diverse customer base of over 46,000 customers that are mainly independent convenience stores and foodservice outlets. It also services a number of national retailers and destination leisure customers. Many other UK wholesalers utilise the Group's excellence in the provision of frozen and chilled products.



>6,500 daily deliveries



Efficient delivery fleet

Operating a fleet of c.650 delivery vehicles the Group fulfils over 6,500 deliveries per day. The flexibility of having its own fleet enables the Group to deliver its commitment to service quality and provides the ability to allow customers to have lower minimum order levels whilst still achieving next-day delivery if required.



Wholly owned fleet enables the flexibility to deliver on the Group's commitment to service quality



Consolidated on one delivery

Our extensive product range simplifies the supply process by consolidating all ordered items into a single delivery, ensuring efficiency and convenience. Every order is delivered directly to the customer, streamlining the entire process from start to finish.

SERVICE EXCELLENCE

Providing a full 360° service offering...



ACHIEVING
98%+
SERVICE
LEVELS



37
strategically
located
depots



...driven by service
excellence.

A YEAR OF INVESTMENT

The Group has continued to invest internally and through M&A as per its stated strategy to provide the foundations for the next stage of growth.



IT infrastructure:



ERP consolidation
The acquired businesses of Westcountry, Wilds of Oldham and Total Foodservice have all been successfully migrated to the Group's ERP framework.



Operational efficiency

Continued investment in the online ordering platform and warehouse voice-picking technology.



IT resilience

Investment in long-term IT security frameworks and processes.



Delivery infrastructure:



Depot infrastructure
Successful development of a new 80,000 square-foot distribution centre in Newton Abbott consolidating three operating sites into one purpose-built distribution centre. Fully operational on time and on budget at the end of the financial year.



Delivery fleet

Continued investment in new delivery fleet, with over 150 new vehicles acquired in the period.



Strategic M&A investment:

Continued M&A investment focussed on the Foodservice division



WLG (Holdings) Limited ("Wilds of Oldham")
Expand customer base and geographic reach of the on-trade business within our Foodservice division.



Total Foodservice Solutions Limited ("Total Foodservice")
A leading North of England wholesaler, that has been integrated with Millers to create a unified foodservice business from Hull to Clitheroe.



Creed Catering Suppliers Limited ("Creed")
A leading foodservice wholesaler with a nationwide customer base and wide geographic reach.

WHY INVEST IN KITWAVE

Established business with more than 37-year history provides high barriers to entry



Strong growth track record (organic and through acquisitions)



Trusted brand ambassador and partner to suppliers, ensuring excellent service provision



Well-invested business with a track record of positive capital allocation toward long-term sustainable growth



Continuing a successful buy-and-build strategy



Robust balance sheet and cash-generative business model

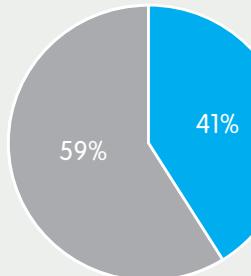


Significant market opportunity – current addressable market share of c.7%

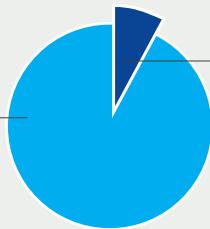


Retail & convenience – worth c.£19.5bn per annum (£13.3bn ex tobacco)*

- Booker
- Bestway
- Nisa
- SPAR



Total market opportunity
£5.5bn



Kitwave's share
c.8.0%



c.90,000 outlets



64% customer delivered



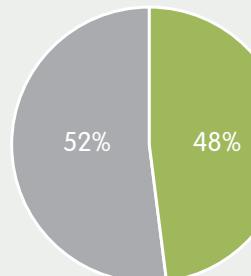
2024 forecast
↑ 1.7%



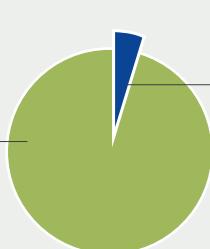
Online ordering:
55%

Foodservice – worth c.£14.0bn per annum*

- Brakes
- Bidfood
- Booker



Total market opportunity
£6.7bn



Kitwave's share
c.5.6%**



c.360,000 outlets



84% customer delivered



2024 forecast
↑ 3.9%



Online ordering:
43%

*Source: IGD UK grocery & foodservice wholesaling 2024 report based on 2024 market forecast and 2023 market share

**Based on Group annual run rate revenue including full year effect of acquisitions made in FY24

UK grocery & foodservice annual wholesaling market size
c.£33.5bn* per annum



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CHAIRMAN'S STATEMENT

"The Group has achieved significant growth in both revenue and adjusted operating profit during the year."

Stephen ("Steve") Smith
Independent Non-Executive Chairman



Overview

We are delighted to report another year of excellent progress.

In the prior financial year the Group successfully navigated the challenges of an increasing cost base generated as a result of inflationary pressures in the wider UK economy. This achievement enabled the Group to continue the momentum for its growth strategy into the current financial year, in which existing operations increased revenue by 5% and three further acquisitions were completed. The acquisitions of Wilds of Oldham, Total Foodservice and Creed have significantly expanded the Foodservice division.

Results summary

The Group has achieved significant growth in both revenue and adjusted operating profit during the year. Revenue increased by 10.2% to £663.7 million (FY23: £602.2 million) and adjusted operating profit increased by 6.3% to £34.0 million (FY23: £32.0 million).

Included in the results for the year are part year contributions from Wilds of Oldham, Total Foodservice and Creed, all of which are in line with our expectations at the time that they were acquired.

	Existing operations £m	Acquisitions £m	FY24 £m	FY23 £m
Adjusted operating profit *	31.8	2.2	34.0	32.0

*For more information on alternative performance measures please see the glossary on pages 113 to 116.

The Group's Retail & Wholesale Division increased revenue by 3.9% and the Foodservice Division (including the acquisitions) by 25.2% compared to the prior year.

As a consequence of a higher proportion of the Group's sales being generated by the higher margin Foodservice division relative to the prior year, the gross profit margin of the Group increased by 0.4%.

Despite the continuing inflationary pressures in the Group's cost base, the distribution costs as a proportion of total revenue only increased marginally to 9.6% (FY23: 9.1%). This increase includes the impact of the additional revenue in the higher cost to serve Foodservice division.

The Group's operating profit of £28.8 million (FY23: £29.4 million) has decreased by £0.6 million, principally due to increased acquisition costs relating to the three completed acquisitions, increased amortisation of acquired intangibles and the costs invested in the integration of acquired entities onto the Group's IT platform.

Operational highlights

After acquiring Wilds of Oldham and Total Foodservice in H1 2024, the financial year culminated with the acquisition of Creed on 27 September 2024, for an initial consideration of £60.7 million, rising to £70.7 million dependent on certain performance targets being achieved during the two years following completion. The transaction attracted strong support from the Group's shareholders and new investors, with £31.5 million raised through an oversubscribed placing as part of the financing.

The Group continues to invest in its distribution network and is active in seeking to identify and secure operational efficiencies. In October 2024, the Group's new 80,000 square-foot Foodservice distribution centre opened in the South West as planned. The new site will deliver further synergies from the integration of Westcountry Food Holdings Limited and M.J. Baker Foodservice Limited, as well as increase the Group's capacity to service a growing customer base in the region.

Further investments in automation technology were made with the objective to deliver efficiencies to both administration processes and the physical movement of goods. During the year the sales order process was enhanced through improvements in ordering functionality to the Group's online sales platform. Similarly, voice-picking technology has been expanded across the Group to improve accuracy of pick, customer satisfaction and operational efficiency.

The Group continually seeks product ranges and pricing that will be attractive, from both a value and quality perspective to its diverse customer base. In July 2024, the Group joined the Country Range Group to benefit from its buying power and renowned own-label product in the Foodservice sector.

Dividend

The Board has a progressive dividend policy that has the intention to pay a total annual dividend of between 40% and 50% of profit after tax. In years where the Group incurs higher cash outflows through its investment activity in mergers and acquisitions

or infrastructure capital expenditure, the aggregate annual dividend is likely to be at the lower end of the range. For those years where there is no investment the annual dividend is likely to be at the higher end of the range.

The Board is recommending a final dividend of 7.45 pence per ordinary share (FY23: 7.45 pence), subject to approval at the AGM, which, if approved, will result in an increase in the total dividend for the year of 1% to 11.3 pence per ordinary share (FY23: 11.2 pence).

The final dividend being proposed for the current financial year will result in a total dividend of 52% of profit after tax. This is largely the result of the impact of the additional placing shares being eligible for the final dividend declared when only one month's earnings contribution arose from the associated acquisition of Creed. We would expect to return to our targeted range of 40% to 50% in future periods.

Environmental, Social and Governance (ESG)

We remain of the belief that a long-term sustainable business model is essential to the success of the Group and are committed to the continued development of ESG practices across our business.

The largest contributor to the Group's carbon consumption is the use of fuel for its vehicle fleet, and we continue to examine viable alternative commercial vehicle solutions. In the meantime, we try to minimise our impact through delivery optimisation and a replacement vehicle policy which maintains a modern fleet.

The Group is a significant user of energy to refrigerate and light its warehouse locations. During the financial year, we continued to invest in the installation of solar panels. The Group now has solar power generation at 12 of its larger sites producing c.10% of the Group's annual energy requirements. Feasibility studies are being carried out on additional locations for further investment in 2025.

Our colleagues are our most valuable asset and their welfare remains our priority. Working alongside the senior leadership team, the Group's

Health and Safety Director continues to generate further improvements in the control environment. These include a digital reporting platform to promote proactive safety management and a bespoke manual handling training package.

The Kitwave One Employee Benefits portal, which provides our colleagues with access to basic medical cover, death in service life cover and discounts on retail goods continues to be rolled out across the Group, with over 1,300 of our colleagues now having access.

The Enterprise Risk Management ("ERM") framework continues to be used as the tool for the Board to have regular engagement with appointed risk champions. Risks are scheduled into the Board agenda with the aim of having an in-depth review of each of the strategic risks at least once in the year. Following the review of the ERM, two risks were added to the Group's principal risks, firstly, Sustainability and Climate Change, and secondly, Artificial Intelligence.

Board

As announced on 6 November 2023, Paul Young, Chief Executive Officer, retired and stepped down from the Board at the end of the Company's Annual General Meeting on 22 March 2024. Ben Maxted, previously the Group's Chief Operating Officer, became Chief Executive Officer on Paul's retirement.

I have been Chairman of Kitwave for approaching nine years and having overseen the successful IPO and the smooth transition from the previous Chief Executive Officer to Ben, I believe that it is appropriate to retire from my role during the current financial year. A search for my successor has commenced and we will update the market when a new appointment has been approved by the Board.

Our people

Continuing to provide the high-quality service that our customers have come to expect, evidenced by service levels of over 98%**, can only be achieved through the hard work and dedication of all our colleagues. I would, therefore, like to take this opportunity to thank everyone involved in the Kitwave team for their continued exceptional commitment.

"Service levels are assessed as the number of cases delivered right first time compared to the number of cases ordered during the financial year.

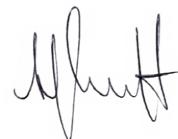
Outlook

It is now almost four years since Kitwave's IPO in May 2021. In line with the strategy presented at the time, the Group has grown significantly both organically and through the five acquisitions completed in this period. The careful management of this growth has ensured the Group has consistently delivered results in line with or ahead of market expectations.

As previously reported the impact of the changes to employers NIC and minimum wage announced in the October 2024 budget will add c.£2 million to the Group's annual operating costs. Given the changes will only take effect from April 2025, the Board remains confident that it will be able to mitigate this additional cost through efficiencies and other savings in the current financial year.

We continue to pursue our combined organic growth and acquisition-based strategy and believe there remain many opportunities available to us in what is a fragmented UK-delivered wholesale market. The successful execution and integration of our acquisitions to date have demonstrated the viability of this strategy. The Group continues to identify acquisition opportunities to combine with its initiatives to drive organic growth.

FY25 has started well and, following the integration of the newly acquired businesses referred to above, we expect to achieve the significant increase in profitability expected by the market for the year and to continue to deliver value to our shareholders.



Steve Smith
Chairman
3 March 2025

CHIEF EXECUTIVE OFFICER'S REVIEW

"The successful execution of our growth strategy has propelled the business forward."

Ben Maxted
Chief Executive Officer



Overview

I am pleased to report on another milestone year for Kitwave in the 12 months ending 31 October 2024. The successful execution of our growth strategy has propelled the business forward and strengthened our position in the UK-delivered wholesale market.

Completing the acquisitions of Wilds of Oldham, Total Foodservice and Creed during the period was a major achievement, but importantly the team did not lose focus on the existing business and its objectives. New investment in technology and further enhancing our customer offering means we are delivering an even better customer experience. Consequently, the Group achieved full-year results in line with market expectations, despite tougher trading conditions due to the sustained wet weather conditions in the spring and summer.

Divisional summary

Set out below is the financial performance of the business by division for FY24:

Ambient and Frozen & Chilled divisions

The Group's Ambient and Frozen & Chilled divisions that service the Retail & Wholesale sectors of the grocery market saw combined revenue increase by £16.5 million to £440.1 million (FY23: £423.6 million), a 3.9% increase from the year to October 2023. The gross margin in Frozen & Chilled was impacted by a significant new in-year contract at lower gross margins than the existing business, with the underlying business maintaining gross margin year on year.

Ambient

£000	FY24	FY23
Revenue	204,568	207,195
Gross profit	31,613	30,862
Gross margin %	15%	15%

Frozen & Chilled

£000	FY24	FY23
Revenue	235,511	216,399
Gross profit	52,353	49,037
Gross margin %	22%	23%

Foodservice division

The Group's Foodservice division has also performed well during the period, resulting in an increase in revenue to £223.6 million (FY23: £178.6 million). The division's organic growth was 7.8%, with an increase in revenue of £13.9 million.

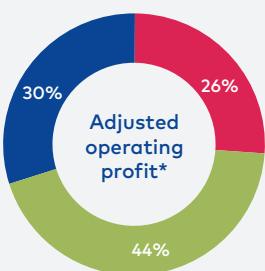
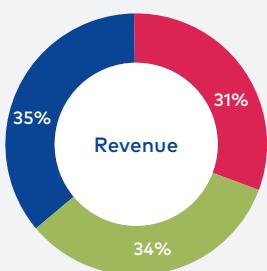
Foodservice

£000	FY24	FY23
Revenue	223,573	178,626
Gross profit	63,854	52,226
Gross margin %	29%	29%

Facilities

The completion of the three new acquisitions has led to the Group's total number of depots rising from 30 to 37. Whilst our UK network has significantly expanded, the addition of Creed has bridged our operations between the North and the South and created a fully integrated national delivery network.

Back in June 2023, we commenced the construction of our new 80,000 square-foot Foodservice distribution centre in the South West, which was completed on time in October 2024. The new high-spec warehouse, which consolidates three operating sites into one, provides greater vehicle accessibility, logistical infrastructure and an expanded temperature-controlled storage facility, all of which lays the foundations to grow our foodservice footprint in the area.



- Ambient
- Frozen & Chilled
- Foodservice

*For more information on alternative performance measures please see the glossary on pages 113 to 116.

Additionally, in line with our ESG commitments and to ensure our warehouse facilities are reducing their energy emissions, Kitwave continues to engage Businesswise Solutions as its energy management partner. The collaboration aims to mitigate Kitwave's carbon footprint by implementing energy-saving practices across its warehouses such as investing in solar generation. The Group now has solar PV capabilities at 12 of its larger sites producing 1,358,920 kWh of energy in the year, offering c.10% self-sufficient energy generation.

Growth strategy

The UK wholesale market remains highly fragmented, which the Board believes will continue to present the Group with opportunities to capture further market share. During the period, the Group significantly expanded its Foodservice division and UK footprint with three acquisitions: Wilds of Oldham for £2.7m, Total Foodservice for £21.0 million and Creed for £60.7 million, rising to £70.7 million depending on performance.

Wilds of Oldham, a composite family-run drinks wholesaler, was purchased in November 2023. With its 11 fleet vehicles, the business has been fully integrated into the Group's existing Foodservice on-trade business, HB Clark, and is now assisting with the distribution of alcohol and soft drinks throughout the North West.

The acquisition of Total Foodservice was completed in March 2024 for £21.0 million. The 130-year-old independent food wholesaler, with its business based in the North of England, is an excellent strategic fit and has enabled us to expand our offering, with 4,000 product lines available for our customers.

The acquisition of Creed was completed in September 2024 for a total initial consideration of £60.7 million, plus contingent consideration of up to £10.0 million. Creed has brought a marked step-change in our Foodservice business and is our largest acquisition to date. With three large depots providing 600 deliveries per day, six days a week, Creed's delivery network footprint complements Kitwave's existing Foodservice and wider tri-temperature network. This creates a fully integrated national delivery network while generating further organic growth opportunities for the Foodservice business.

To support our organic growth, Kitwave made further investments in technology to improve both customer services and operational efficiencies. In conjunction with our eCommerce platform, we have invested in voice-picking technology, which helps to streamline processes, improve accuracy and most importantly, provide additional safety for our colleagues in the warehouses. As we are all focused on enhancing

efficiencies, the Group is developing robotic processing automation technologies for operational and financial repetitive processes.

Achieving service excellence is core to securing our ongoing success. The Group's strategy is to maintain strong relationships with its suppliers to offer a route to market partnership to our customers from well-renowned brands, a fully integrated website and mobile app sales offering and an expanding fleet to enable us to deliver efficiently and on time to our customers across the U.K. By implementing this strategy, the Group achieved 98%+ in service levels.

Finally, to help complement our growing Foodservice division, in July 2024 the Group joined the Country Range Group. The decision was made to become a member as the Group will benefit from Country Range Group's buying power, renowned own-label product offering and the ability to be supported in wide-ranging marketing campaigns and promotions.

Three new acquisitions has led to the Group's total number of depots rising from 30 to 37



CHIEF EXECUTIVE OFFICER'S REVIEW

Since the IPO the Group has built and nurtured solid foundations which can be leveraged for continued growth. Looking longer term, it is appropriate to consider the design and implementation of a strategic plan to build on these foundations. A comprehensive roadmap designed to strengthen core operations, leverage data-driven insights, optimise distribution networks and embrace innovation would, I believe, communicate the vision of what the Group is capable of delivering.

By adopting technology, expanding our foodservice footprint, and fostering a culture of collaboration and agility, we aim to exceed the expectations of our stakeholders. The formulation of such a plan before the end of the current financial year and

its subsequent implementation are pivotal steps in positioning Kitwave for success in the years ahead.

Colleagues

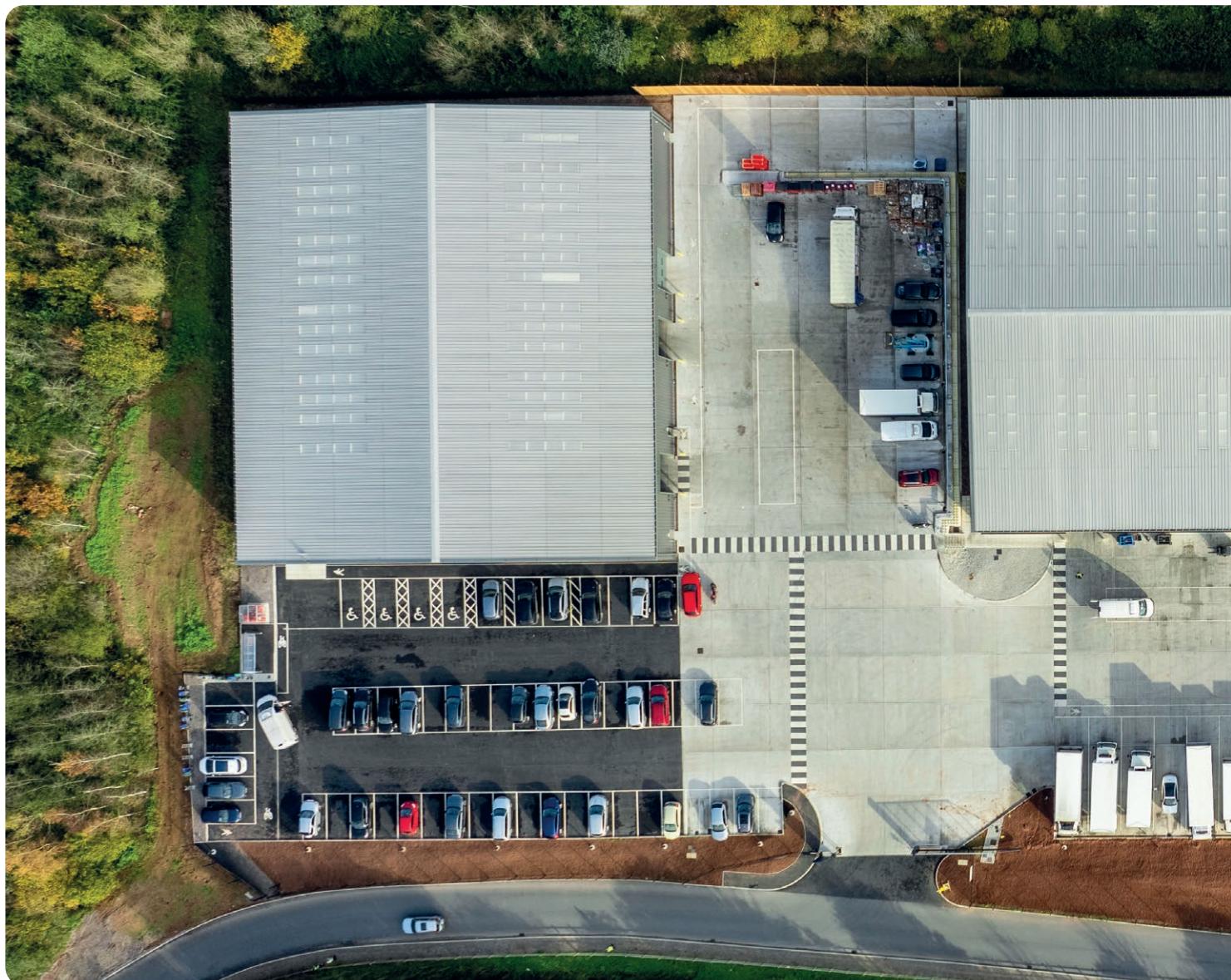
The success we achieve at Kitwave would not be possible without the dedication of our colleagues. Over the year, the new acquisitions and investment in people have seen our numbers grow 36% to over 2,100 people, which now includes over 300 sales representatives. On behalf of the Board, I would like to thank all our colleagues for their unwavering commitment.

As stated last year, we wanted to create a platform for our people, with the launch of the 'Kitwave One' programme. We are pleased to share that the roll-out of the online portal,

initially launched in October 2023, to over 600 colleagues within the Group has now expanded to 1,300. The programme has fostered greater workplace engagement whilst offering external benefits to promote the well-being of our colleagues, which is a core principle that the Group values.

The Group has invested in the training and development of our colleagues and I would like to congratulate the first cohort of management that completed the "Licence to Lead" programme and look forward to seeing them develop into future leaders across the Group.

I was honoured to take over the position of Chief Executive Officer after Paul Young's retirement in



March 2024. I would finally like to thank the other Board members who have helped me transition into the role, as we remain fully committed to helping facilitate the best opportunities for all our colleagues here at Kitwave.

Summary and outlook

Our FY24 results highlight yet another year of delivering investment and driving growth for our business. We are extremely proud of achieving 98%+ in our service levels, as well as growing our personnel, our product lines and our customer base.

The expansion of the Foodservice division with three acquisitions has brought new opportunities and we anticipate this will generate a series of operational efficiencies. The new distribution facility was an important

strategic investment to help us capture a greater market share in the South West, whilst the decision to join Country Range Group signals exciting times in our Foodservice division.

The Board and senior management team will continue to drive organic growth and monitor the acquisition opportunities that are available in the UK's fragmented wholesale market. Kitwave continues to be well-positioned to invest in businesses that will deliver further value to the Group and its shareholders.

Despite the implications of the UK Government's Budget as previously disclosed in the November 2024 trading update, the Group has started the new financial year well.

We continue to remain confident in our strategy and the ability of the Board and management team to deliver on its growth targets and generate value for the Group and its stakeholders.

We would like to thank all our investors and stakeholders for their continued support throughout the period and look forward to updating the market with our progress in FY25.



Ben Maxted
Chief Executive Officer
3 March 2025



CHIEF FINANCIAL OFFICER'S REVIEW

"Group revenue increased to £663.7 million, compared to £602.2 million in the year to October 2023."

David Brind FCA
Chief Financial Officer



Overview

The year has been one of investment for the Group. This has been in the form of internal investment through infrastructure spend on IT, vehicles and warehousing, and external investment with the completion of three acquisitions.

Group revenue increased to £663.7 million, compared to £602.2 million in the year to October 2023. This included £31.1 million of acquired revenue and on a like-for-like basis a £30.3 million (5.0%) increase in revenue. Whilst a positive result, the performance was also curtailed by slower trading in spring and summer 2024 due to the sustained wet weather conditions.

The Group's Ambient and Frozen & Chilled divisions that service the Retail & Wholesale sectors of the market saw revenues increase by £16.5 million to £440.1 million, a 3.9% increase in the year to October 2024.



The Group's Foodservice division, saw revenues increase by £45.0 million to £223.6 million, an increase of 25.2% in the year to October 2024. This year saw the acquisition of Wilds of Oldham in November 2023, Total Foodservice in March 2024 and Creed in September 2024 and included in these numbers is £31.1 million of acquired revenues. On a like-for-like basis, the division achieved organic growth of 7.8%, with revenues increasing by £13.9 million.

During the last 12 months, the grocery and foodservice market experienced lower levels of price inflation than in more recent years. Some supply chain challenges continued to be seen but ultimately the Group continued to grow its overall unit sales.

Gross profit margin increased by 0.4% to 22.3% during the year. This was partly due to a mix change with the higher margin Foodservice division trading at increased revenue levels on a like-for-like basis and further helped by the acquired operations contributing a gross profit margin of 28.9%.

While inflationary pressure was seen in the cost base, overall distribution costs as a proportion of revenues only rose slightly. This includes the effect of the higher service levels in the acquired businesses that had a cost to serve of 11.2%. Overall distribution costs were 9.6% of Group revenue (FY23: 9.1%).

Investment in our IT infrastructure continued, including the successful migration of Westcountry, Wilds of Oldham and Total Foodservice onto our Group ERP platform. Further investment was also made into the

online ordering portal and warehouse voice-picking technology. Increased expenditure was also seen relating to our IT resilience and security measure and processes.

The Group's adjusted operating profit* of £34.0 million (FY23: £32.0 million) represents 5.1% (FY23: 5.3%) of Group revenue.

Expenses incurred relating to the three acquisitions in the year totalled £2.2m (FY23: £0.7 million), an increase of £1.5 million compared to the prior year when there was only one acquisition. Associated with the Group's acquisitions, amortisation on the acquired intangible assets in the year totalled £1.4 million (FY23: £0.8 million), an increase of £0.6 million compared to the prior year.

Share-based payment expense and compensation for post-combination services increased by £0.4 million to £1.6 million (FY23: £1.2 million), reflecting the transition to annual grants under the Company's Long-Term incentive plan.

As a result of the investment in IT infrastructure, expenses incurred relating to the three acquisitions and increased amortisation on acquired intangibles, operating profit of £28.8 million (FY23: £29.4 million) is £0.6 million lower than the prior year.

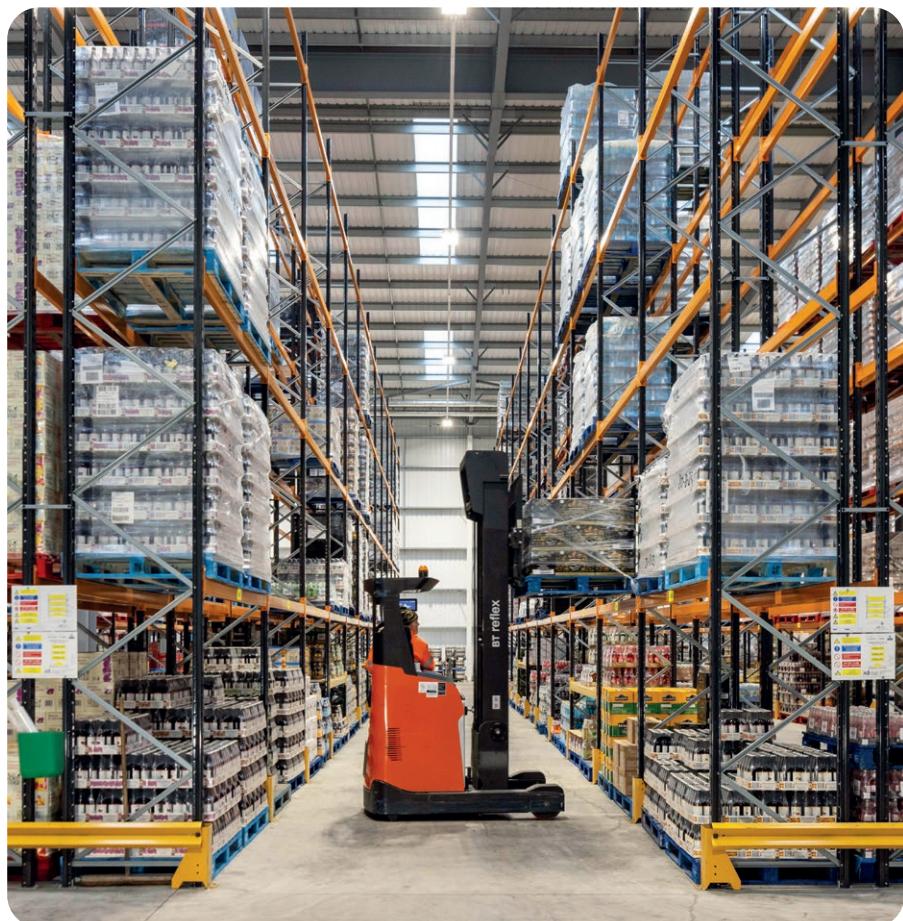
Net finance costs of £6.3 million (FY23: £4.5 million) relate to the costs associated with the working capital and revolving credit facilities utilised by the Group of £4.0 million (FY23: £2.8 million) and interest relating to leased assets accounting of £2.2 million (FY23: £1.7 million).

In the 12 months ended October 2024, the Group's profit before tax decreased by £2.3 million to £22.5 million (FY23: £24.8 million). This is a result of the improvement in adjusted operating profit of £2.0 million being outweighed by the increase in acquisition and share-related payments expenses of £1.9 million and an increase in finance costs of £1.8 million.

The statutory basic earnings per share for FY24 is 23.5 pence (FY23: 27.1 pence) which has been affected by a number of factors including the increases in acquisition and share-based expenses in the year. The basic underlying earnings pence per share is 30.0 pence* (FY23: 30.3 pence) and reflects some operational investment costs incurred during the year internally for which the associated benefits will be delivered in the future. In addition, the Group's M&A activity led to some post-acquisition non-recurring expenses being incurred to achieve future synergies. Combining these investment cost activities with the additional interest costs described above led to a slight dilution in basic underlying earnings per share.

The Board is recommending a final dividend of 7.45 pence per ordinary share (FY23: 7.45 pence), subject to approval at the AGM, which, if approved, will result in a total dividend for the year of 11.3 pence per ordinary share. This is a 1% rise in the dividend per share compared to FY23.

KPIs	FY24	FY23
Financial profitability KPIs		
Gross margin %	22.3%	21.9%
Adjusted operating profit *	£34.0m	£32.0m
Adjusted operating margin *	5.1%	5.3%
EPS	23.5 pence	27.1 pence
EPS (Underlying)	30.0 pence	30.3 pence



KPIs

Financial structure KPIs

	FY24	FY23
Leverage (inc IFRS16 debt) *	2.8x	1.4x
Leverage (exc IFRS16 debt) *	1.9x	0.8x
Pre-tax operational cash conversion *	90%	90%
Return on Investment Capital *	11%	19%
Return on Net assets *	22%	30%

Non-financial KPIs

Service levels	98%	98%
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It should be noted that the leverage covenants and return on capital KPIs above do not include any estimation of the full year benefit from the businesses acquired during the year.

Accounting for an estimated full year run rate effect of the acquisitions made during the year, the Group's leverage (inc IFRS 16 debt) would be below our stated target of 2.5x.

Capital expenditure

The Group has continued to invest in its operations over the financial year with £7.3 million (FY23: £3.9 million) invested in new assets and £20.4 million (FY23: £10.0 million) in right-of-use assets.

A 15-year lease was entered into for the new 80,000 square-foot premises in the South West creating a right-of-use asset of £6.4 million. In addition, there was a fit out spend of £3.2 million in relation to this new site.

Supply chain problems and long order times for new vehicles seen in the previous periods eased with new vehicle orders being delivered on time. Investment in the vehicle fleet has now caught up with normal order cycles with £1.0 million (FY23: £1.5 million) of new vehicles acquired and £13.0 million (FY23: £7.7 million) invested through right-of-use vehicle replacement.

*For more information on alternative performance measures please see the glossary on pages 113 to 116.

CHIEF FINANCIAL OFFICER'S REVIEW

Capital raising

As a result of a successful capital fundraise the Company raised £31.5 million during the year and 10,327,868 new Ordinary Shares were issued and admitted for trading on 27 September 2024 with the shares issued at a price of 305 pence per share. This represented a discount of approximately 3.9% to the closing mid-market price of 317.5 pence per Ordinary Share on 23 September 2024. Following Admission, the Company has a total of 80,438,979 Ordinary Shares in issue.

The costs associated with this raise were £1.4 million, with net proceeds from the placement of £30.1 million.

Cashflow

The net cash inflow from operating activities for the year was £31.4 million (FY23: £30.3 million) after net outflow from working capital of £4.3 million (FY23: £3.9 million outflow) and tax payments of £6.6 million (FY23: £6.1 million). This resulted in operating cash conversion of 74% (FY23: 75%) and pre-tax operational cash conversion* of 90% (FY23: 90%).

During the period, there was an investment in working capital relating to a new customer win of £2.4 million. Excluding this investment, the like-for-like pre-tax operational cash conversion would have been 95%.

Fixed asset investment was £7.3 million, of which £3.2 million relates to the new distribution centre in the South West. As a result of the move to this new site, two freehold properties were disposed of with a net cash inflow on the disposal of £3.2 million.

There was a cash outflow to the Group of £73.3 million in relation to acquisitions in the year. In November 2023 the Group completed the acquisition of Wilds of Oldham, with a cash outflow net of cash acquired of £2.5 million, followed by the acquisition of Total Foodservice in March 2024 for a cash outflow net of cash acquired of £16.9 million. Both acquisitions were funded through headroom on existing facilities. These amounts are the full consideration in relation to the transactions with no further payments due.

In September 2024 the Group completed the acquisition of Creed Catering Supplies Limited with an initial cash outflow net of cash acquired of £53.4 million. This was funded through the amounts raised from the Capital Placement of £30.1 million in addition to the utilisation of a further £20.0 million made available to the Group's revolving credit facility.

The Group paid a final dividend relating to FY23 in April 2024 of 7.45 pence per ordinary share and

an interim dividend in respect of FY24 in August 2024 of 3.85 pence per ordinary share. The total cash outflow relating to dividend payments was £7.9 million (FY23: £7.4 million) during the year.

The net cash increase in the year was £3.5 million.

Financial position

At 31 October 2024, cash and cash equivalents totalled £4.1 million (FY23: £0.7 million). In addition to the cash and cash equivalents, there were undrawn facilities available to the Group of £35.2 million at the year-end (FY23: £39.6 million).

The Group had a total of £121.4 million (FY23: £59.1 million) of interest-bearing debt facilities, including £43.2 million (FY23: £26.2 million) of IFRS 16 lease liabilities.

During the period the Group increased the amount available on its CID facility to £55.0 million and extended the expiry on the facility to September 2028. At the year-end, the Group's CID facility was drawn to a value of £20.1 million (FY23: £6.4 million). It has one covenant requiring net debt (including IFRS 16 lease liabilities) not to exceed three times the last 12 months' EBITDA (including proforma results for any mid-year acquisitions) which was satisfied as at 31 October 2024.



In September 2024 the Group completed the acquisition of Creed Catering Supplies Limited with an initial cash outflow net of cash acquired of £53.4 million

At the same time that the CID facility was increased, the existing £20.0 million revolving credit facility was also increased to £40.0 million with expiry extended to be co-terminus with the CID facility in September 2028. It is available to be utilised for permitted acquisition opportunities undertaken by the Group and was fully drawn at 31 October 2024. This facility includes the same covenant as the CID facility plus an additional interest cover covenant set such that the last 12 months' EBITDA is required to cover the last 12 months' interest charge by at least four times. This covenant was comfortably satisfied at 31 October 2024.

Taxation

The tax charge for the year was £5.8 million (FY23: £5.9 million) at an effective rate of 25.8% (FY23: 23.7%). The effective rate is higher than the pro-rated tax rate mainly due to the non-deductible element of acquisition costs and compensation for post-combination services. A full reconciliation of the tax charge is shown in note 9 of the financial statements.

Return on capital*

Utilising an effective tax rate of 25% (FY23: 23%) the adjusted profit after tax return on investment capital at 31 October 2024 was 11% (FY23: 19%). These returns exclude the charges relating to share-based payments.

The Group drives its profitability through investment in operational infrastructure (property leases, IT & motor vehicles) and investment in working capital. The Board considers the return on this investment in relation to capital allocation. A second returns measure is therefore included in this report again utilising an effective tax rate of 25% (FY23: 23%). The adjusted profit after tax return on net assets at 31 October 2024 was 22% (FY23: 30%).

Both metrics are affected by the timing of the acquisitions during the year. The discharging of acquisition consideration has increased the investment capital and net assets in the relevant measure, but the contribution from the related acquisition has only been taken into account effective from the date of the acquisitions. This calculation is the principal reason for the reduction in the return on capital measures compared to the prior year.

*For more information on alternative performance measures including calculations on return on capital measures please see the glossary on pages 113 to 116.

Share-based payments

In the year there was an expense of £1.2 million (FY23: £1.0 million) for share-based payments comprising:

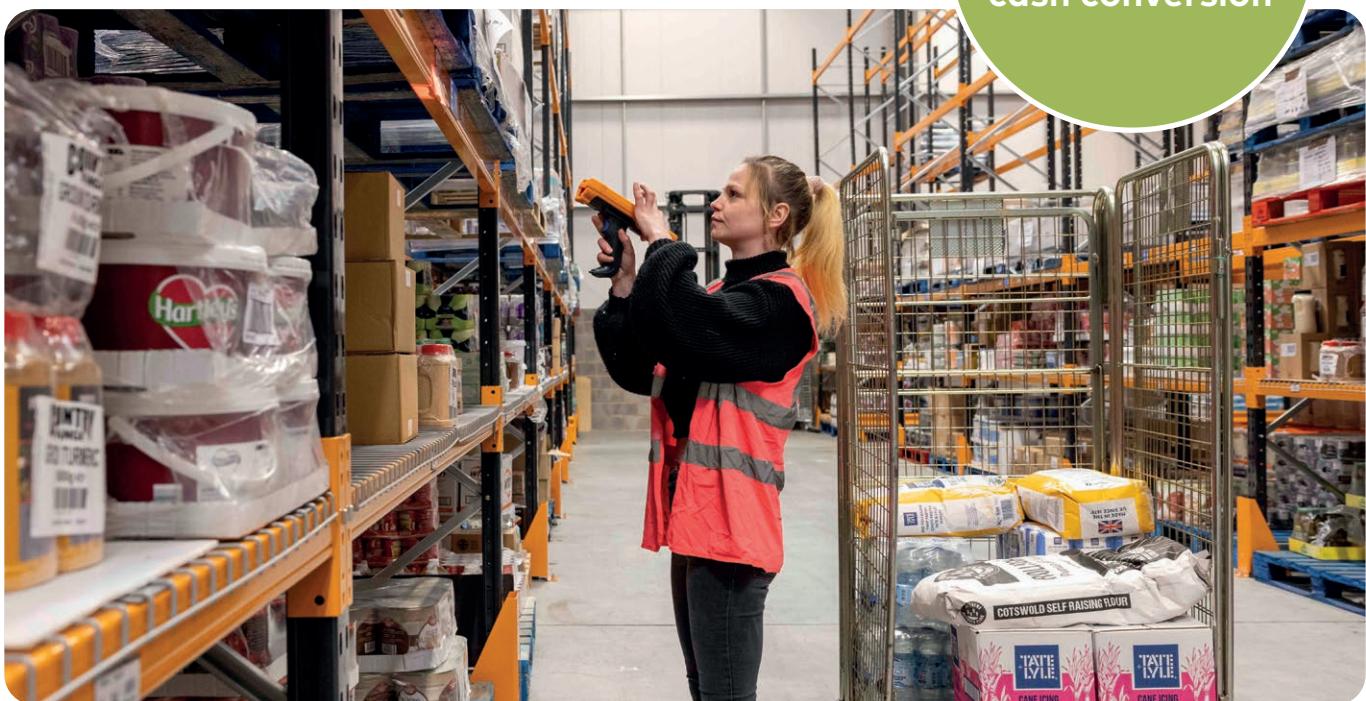
- £0.9 million relating to shares under the Management Incentive Plan (MIP) that commenced in July 2021 post the completion of the IPO in May 2021.
- £0.3 million relating to shares under the Long-Term incentive plan (LTIP) that were granted in March 2023 and March 2024.

Details of the MIP and the LTIP are set out in the Remuneration Committee report on pages 54 to 58.



David Brind

Chief Financial Officer
3 March 2025



SECTION 172 STATEMENT

During the preparation of these financial statements, the Directors have had regard to the matters set out in section 172 of the Companies Act 2006.

Under the Act, the Directors of the Group have a duty to act in good faith in a way that is most likely to have regard to:

- promoting the success of the Group for the benefit of its members as a whole;
- the likely consequences of decisions for the long term;
- the interests of the Group's employees;
- the need to foster relationships with other key stakeholders;
- the impact the business has on the community and the environment;
- maintaining a reputation for high standards of business conduct; and
- the need to act fairly, as between members of the Group.

The Board considers its key stakeholders to be employees, customers, suppliers, shareholders, funders, the environment and the communities in which it operates.

The following describes how the Board has taken account of the matters set out above and forms the Directors' statement required under section 172 of the Companies Act 2006.

Employees

The Group places significant value on its colleagues who are fundamental to the Group's ability to offer high levels of customer service. The Group is committed to creating a safe working environment in which colleagues can be fairly rewarded, grow and develop.

The Group is committed to employment policies which follow best practices and endorses the application of equal opportunities to provide fair and equitable conditions for all our colleagues.

Health and safety standards are paramount and the Group continues to invest in its health and safety environment through training programmes, investment in people and incident reporting technology, resulting in a positive external audit conducted by our insurers.

For continued colleague growth at all levels, the Group invests in formal and informal training with the first

cohort of management completing the "Licence to Lead" programme this year.

For further information on our people strategy please refer to the ESG report.

Strategy

The Board meets regularly to set and align the Group strategy amongst its members. Any key strategic decisions are made at the Board level, with consideration to the best interests of Group stakeholders. The Executive Board members regularly meet with senior management via the Operations Board which includes key management personnel from across the Group. Colleagues are informed of key decisions through the senior management teams of each of its subsidiaries via direct communications and through formal and informal meetings.

Through the Operations Board, there is an established reporting process to engender entrepreneurial and commercial decisions at a certain level to be made locally. This ensures our divisions remain fleet of foot and operate within the stated Group strategy.

Customers and suppliers

The Group's relationships with customers and suppliers are crucial to its success. There is regular communication with customers through a dedicated sales network, telesales and email, thus ensuring customer expectations are satisfied. Continued investment in the web platform provides customers with best-in-class technology allowing them to place orders at their convenience, with full access to product range and availability.

The Group has developed long-term relationships with suppliers to provide a high-quality and sustainable supply chain. The Group meets its suppliers regularly to continually develop strength in the supply chain and provide suppliers with routes to market. The Group works collaboratively with suppliers to develop joint business plans, working closely to further enhance relationships.

Environment and communities

The Group recognises its impact on the community and environment and actively seeks ways to minimise its carbon footprint. This is achieved

through engagement with energy management professionals, the acquisition of new fleet vehicles to meet emission requirements, implementation of telematics and route planning software to optimise deliveries, investment in solar PV systems and responsible procurement reducing the Group's food waste. Further detail in relation to these workstreams can be found in the ESG report.

Governance

The Group has an established reputation with suppliers and customers, and this is underpinned by high standards of business conduct. The Group operates anti-money laundering, anti-bribery and whistle-blowing policies to ensure it operates in an ethical and sustainable manner. The Group fully endorses the aims of the Modern Slavery Act 2015 and takes a zero-tolerance approach to slavery and human trafficking within the Group and supply chain.

The Enterprise Risk Management framework is continually evaluated and developed via regular engagement between the Board and the Executive Management as overseen by the Audit Committee. During the reporting period, two principal risks were added to the framework relating to Sustainability and Climate Change and Artificial Intelligence. This continuous engagement ensures that review, assessment and mitigation of business risk through process improvement is integral to the Group's operating activities.

For further information please refer to the Audit Committee report.

The annual Board evaluation was carried out by the Chairman and the Board concluded that it was functioning effectively but with some minor actions required. Further information can be found in the Nomination Committee report.

Shareholders

The Executive Directors meet with existing and potential investors throughout the year, particularly following interim and full-year results.

Information for investors is published on the Group's website www.kitwave.co.uk.

Further information is included in the Governance section, Principle 3 of the QCA Corporate Governance Code.

RISK MANAGEMENT

The Board's approach involves the identification of material risks that may restrict the Group's ability to meet its goals, the assessment of these risks in terms of impact and likelihood and the establishment of strategies and controls to manage and mitigate such risks.

During the prior year, the Audit Committee worked with the Executive Management to continue to evaluate and develop the ERM framework to identify, assess and manage risk within the business. The ERM framework seeks to ensure that a consistent and proportionate approach is used to identify,

evaluate, manage, and monitor risks across all the Group's operating companies.

Set out below are the principal risks and uncertainties that the Directors consider could impact the business model, strategy, future performance, solvency and/or liquidity of the Group.

The Board continually reviews the potential risks facing the Group and the controls in place to mitigate those risks as well as reduce any potential adverse impacts. The Board recognises that the nature and scope of risks can change and that

there may be other risks to which the Group is exposed. This list is not an exhaustive list of all the potential risks and uncertainties that could adversely impact the Group's results:

OPERATIONAL & TECHNOLOGY

Risk category	Potential impact	Mitigation
Failure of a significant operational location	The Group operates from 12 key distribution hubs. The loss of one of these locations would negatively impact the operations and this would be heightened were it to be one of the operations managing frozen product.	The Group operates from 37 depots across the UK and has a certain amount of built-in protection from the sudden loss of one site for a short period of time. The key sites are either owned or subject to long term leases to ensure long-term visibility.
IT resilience and cyber attacks	The Group has a certain degree of reliance on its IT infrastructure including the logistics, warehouse, and CRM systems. Non availability of these systems for a prolonged period could lead to lost revenue. In addition, these systems may be vulnerable to cyber- attacks which if successful would affect the operations of the business. Both could also have a reputational impact on the business.	<p>The Group has a comprehensive business continuity plan, and the Board believe that adequate fail over and back up facilities are in place to minimise the risk of prolonged downtime across the depot network. The Group's IT team continuously assess the network's vulnerability to cyber threats and have implemented measures to minimise this risk presenting itself through devices, networks or users. These measures include:</p> <ul style="list-style-type: none"> • Contracting critical network management tasks to accredited vendors. • Deploying leading cyber protection applications on networked devices. • Remote management of all networked devices. • Continuous training of users in cyber matters. • Regular external testing of the Group's network security applications.

RISK MANAGEMENT

STRATEGIC AND FINANCE

Risk category	Potential impact	Mitigation
AI	<p>The rapid development and deployment of generative AI with malicious intent by rogue actors has increased the Group's risks relating to data security, data privacy, regulatory compliance, and cybersecurity.</p>	<p>This risk requires ongoing monitoring and development. The Group proactively engages industry experts to help manage the risk. Implemented measures include:</p> <ul style="list-style-type: none"> • Educate and train employees: raise awareness about generative AI risks, such as phishing, deepfakes, and fake content, and train staff to identify and respond to these threats. • Cybersecurity: utilising anti-phishing software, and multi-factor authentication to secure systems and prevent unauthorised access. • Monitor and Detect Threats: Real-time monitoring, and review audit logs to identify and mitigate suspicious activities. • Collaborate and Stay Updated: Work with IT partners, share intelligence, report malicious activity, and keep up with evolving AI regulations and best practices. • Develop Policies: Develop and enforce data governance rules, authentication protocols, and AI usage guidelines within the organisation.
Liquidity and forecasting risk	<p>The result of a liquidity risk manifesting itself would be that the Group would be unable to pay its creditors as they became due. This risk could arise as a result of non-performance reducing profitability and cash generation, expanding too quickly, or poor budgetary planning.</p> <p>A reduction in cash for investment will have a detrimental impact on the Group's ability to deliver its strategy of expanding its network on a timely basis.</p>	<p>The Group has a strong balance sheet and its business model has inherently strong cash generation in a steady state. Effective working capital controls operate within the business with particular emphasis on trade receivable controls and delivering a high stock turn which allows stock to reduce quickly if the need arises.</p> <p>The Group's bespoke cash flow model has proven a reliable forecasting tool for a variety of economic and trading conditions. Its accuracy in predicting future cash flows will assist in ensuring that the Group can plan future cash flows with confidence. It will also assist the Group to react in a timely manner to changing circumstances so that sufficient funding is available.</p> <p>During the period the Group successfully refinanced its working capital facilities and its Revolving Credit Facility with its lenders. The committed facilities provide the Group with operational cash headroom aligned to the enlarged Group's requirements.</p>
Acquisition risk	<p>The Group is likely to acquire other businesses, when suitable opportunities become available. Any future acquisition poses integration and other risks which may significantly affect the Group's results or operations. There is also no assurance that the Group will identify suitable acquisitions or opportunities.</p>	<p>The Group has an excellent record of acquiring and successfully integrating businesses over a long period of time. The market is highly fragmented, and the number of acquisition opportunities remains substantial.</p>

PEOPLE & GOVERNANCE

Risk category	Potential impact	Mitigation
Governance of climate change reporting	<p>Risks associated with non-compliance of the audit and reporting requirements of climate change related legislation such as ESOS, SECR and CFD, resulting in the Group receiving financial penalties and engendering a negative reputation with existing and prospective stakeholders.</p>	<p>The Group engages with Businesswise Solutions Limited to provide support on legislative reporting requirements and energy management solutions.</p> <p>During the period, the Group assessed its transitional and physical climate-related risks with the support of an external expert.</p> <p>The risks and opportunities as identified in the ESG report will continue to be monitored and developed as legislation and technology evolve.</p>
Health and safety (H&S)	<p>As a result of failings in health and safety management systems, there is a risk that accidents, fines, damages or interruptions may occur at Group locations, such as depots or distribution centres, which may lead to actual or alleged violations arising under health and safety laws.</p>	<p>The Group has:</p> <ul style="list-style-type: none"> Statutory compliance and health and safety management compliance reviews covering fire risk assessment, asbestos, electrical wiring. Safe management systems in place for reporting, incidents, near misses and training via an online compliance portal which ensures all statutory checks are managed and uploaded accordingly. H&S briefings and site visits performed. Training provided to staff members. Operations reviewed and instructions are provided as required. A competent H&S person (IOSH trained) available on every site. Group H&S Director, supported by a new H&S Group Advisor, overseeing and coordinating activity of site competent H&S colleagues including central management of risk assessments and learnings from each site. All entity senior leaders are IOSH Leading Safely trained and undertake leadership training days to instil a positive health & safety culture.

RISK MANAGEMENT

ECONOMIC AND ENVIRONMENTAL

Risk category	Potential impact	Mitigation
Global/regional pandemic	<p>As the COVID-19 pandemic has shown the implications on operations and financial performance can be significant. Such an event can have implications for supply chain, colleagues' health and wellbeing and the ability of our customer base to continue trading.</p>	<p>The Group's IT infrastructure and business continuity plan allowed many administrative and sales colleagues to work from home in a safe environment minimising their personal health and wellbeing risk and the risk to Group operations.</p>
Climate change	<p>The risk that transition and physical climate change effects are not mitigated resulting in an adverse impact on operations and financial performance of the Group. This risk is assessed through considering the impact of four key components:</p> <ol style="list-style-type: none"> 1. Low global or local crop production reducing product availability and increasing the associated price of the product 2. Non-compliance with customer expectations and requirements of the Group's supply chain's carbon footprint 3. Delivery fleet composition between fossil fuel engines and lower carbon emission alternatives is non-optimal 4. Restricted capability to deliver product from depots to customers in extreme weather conditions 	<p>These risks were considered as part of the Group's climate change scenario analysis performed with the support of an external expert.</p> <p>The assessment was performed by reference to their likelihood, impact and velocity and given an overall risk score. The result of the qualitative assessment can be found in the ESG report, and no material risks were identified which could impact the Group's strategy in the short to medium term.</p> <p>Group will continue to monitor and evaluate this risk and will further develop the qualitative analysis to assess the quantitative impact each risk may present to the Group.</p> <p>The Board also considers climate related opportunities through embedding its ESG policy, reducing its carbon emissions and investing in infrastructure and logistics to mitigate energy and fuel price risks.</p>

ECONOMIC AND ENVIRONMENTAL continued

Risk category	Potential impact	Mitigation
Macro-economic environment in the UK	Almost all the Group's revenue is generated in the UK from UK customers. A deterioration in the UK economy may adversely affect consumer confidence to spend, particularly on discretionary products such as impulse purchases.	<p>The Group seeks to mitigate this risk by having diversified income streams supplying 44,000 different products to over 46,000 customers. Many of these products are staple items and not of a discretionary nature so volume sensitivities to pricing across the range is sheltered to some extent.</p> <p>The Group reflects any price increases from its suppliers to customers as the pricing of products is similar across the market. This pricing structure maintains the Group's margin and also contributes to any increased costs in its overhead base.</p> <p>The Group enters into fixed term supply contracts for its energy and fuel thereby reducing volatility in its commodity pricing.</p>

The Strategic report has been approved by the Board of Directors and signed on their behalf.



David Brind
Chief Financial Officer
3 March 2025

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG)

"During the financial year, the Group has continued to invest in its colleagues and infrastructure as aligned to the Group's strategic aims and in conjunction with the development of the Group's impact on ESG."

Ben Maxted
Chief Executive Officer



The Board believes that colleagues, supply chains, customers, and their markets are key to the success of the Group, with a sustainable business model essential to deliver value for all stakeholders.

The Board manages risks and opportunities via its Enterprise Risk Management framework, with the CEO responsible for ESG strategy. During the financial year the Board has continued to develop the ERM framework with key risk pillars established incorporating ESG. Through the continual assessment of the Group's risk pillars and assignment of ownership across the senior leadership team, the Group can implement sustainability initiatives that serve to create value for the Group's wider stakeholders.

The Board proactively considers the potential impact of its strategic decisions on all stakeholders in addition to the broader environmental and social impact, including its local communities.



Environment



As a delivered wholesale business, we own and operate a vehicle fleet for product delivery between warehouses and customers.

The Group's main carbon consumption originates from its distribution network principally operating diesel commercial vehicles. The Group is also a user of energy through refrigeration, heating and lighting at our 37 warehouses.

The Board recognises the environmental impact of this consumption and actively seeks to minimise its carbon footprint through infrastructure investment, delivery solutions, and operational efficiency.

Fleet

As a nationwide delivered wholesaler, we primarily use diesel transport for both heavy and light goods vehicles.

Fuel is the biggest contributor to the Group's carbon consumption, and we continue to monitor the development of alternative fuel solutions for enhanced environmental and economic sustainability. The Group has not yet committed to formal science-based targets for decarbonisation pending the availability of viable, alternative commercial vehicle fuel solutions.

Until then, the Group remains focused on delivery optimisation. with data showing that over 98% of orders are delivered in full first time. This is achieved through investment in intelligent voice picking and a 'best-in-class' website incorporating real-time stock availability. The Group offers a wide basket of products for delivery via a single drop from geographically optimised locations. Through the Group's acquisitions, further delivery optimisation can be achieved by leveraging new geographies and product ranges.

We continually evaluate our vehicle investment and replacement programme and have replaced over 150 delivery vehicles this financial year, with Euro 6 compliant models using telematics and route planning for efficient delivery.



Energy

During the period, the Group generated 1,358,920 kWh of electricity from its solar PV systems and now generates c.10% of its total electricity requirements from 12 of the main temperature-controlled logistics hubs.

This increase is due to prior investment in the Luton solar PV project, and the addition of acquired solar generating sites in acquired businesses. The Group has committed to a 132kWp solar PV system at its York distribution centre, providing c.12% of the site energy.

Feasibility studies are underway to implement roof-mounted solar PV at the new Newton Abbott depot. The significant investment in the South West depot delivers more energy-efficient refrigeration.

Looking ahead, this will enable an improvement in output in the South West without increasing the site's carbon consumption.

The Group continues to pursue its path to net zero in partnership with Businesswise Solutions Limited, identifying projects for greater efficiency across operations whilst maintaining the energy management strategy for load management to reduce usage in our main temperature-controlled warehouses.

Energy efficiency projects this year included LED lighting upgrades at six sites, including full retro fit at a site added through acquisition, installation of electric charging points across multiple sites, and new cold storage, including new and more energy-efficient compressors.

Waste management

The Board is committed to meeting all relevant environmental legislation requirements. The Group continues to reduce packaging and food waste through its partnership with, Too Good To Go, our food charity partner, connecting the public with surplus stock. To reduce packaging, costs, and provide environmental benefits, the Group recycles packaging and internal waste wherever possible.



Solar PV electricity generation was 1,358,920 during the year, c.10% of the Group's total requirement.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG)

Streamlined Energy Carbon Reporting



The Group supports the drive for sustainable business practices and the table below outlines the energy use, in kWh, for the FY24 period.

Energy use (kWh)	2024	2023
Scope 1 non-transport	811,701	564,820
Scope 1 transport	74,370,766	58,001,662
Scope 2 electricity*	14,065,825	11,286,598
Total energy (kWh)	89,248,292	69,853,080

The Group's SECR methodology uses UK Government Conversion Factors 2024 to convert into tonnes of CO₂e. Scope 1 transport uses the total litres of fuel; Scope 1 non-transport relates to gas usage and Scope 2 electricity calculates the total kWh from utility bills in conversion.

The Group focuses on directly controllable Scope 1 and 2 emissions. Scope 3 emissions relating to fuel used in cars for business use is included in the Scope 1 transport emissions and will be analysed separately next year. The Group intends to assess Scope 3 emissions, principally derived from product brand owners in the future but recognises that the outcome is dependent on the provision of the relevant data from the brand partners.

As a delivered wholesaler, over 80% of the Group's carbon emissions are Scope 1 transport-related. Consequently, the Board assesses carbon intensity per delivery, with the Greenhouse gas ("GHG") intensity per delivery being 0.015t/CO₂e, up from 0.013t/CO₂e in FY23, as calculated in accordance with WRI/WBCSD protocols.

The overall increase in energy intensity reflects the acquisitions made in the year. Total Foodservice and Creed both operate a temperature-controlled supply chain increasing site electricity use across the Group. In addition, Creed operates a national distribution model from its three depots, resulting in an increased carbon intensity across its operations.

Underlying carbon intensity, excluding the impact of acquisitions, is in line with the prior year at 0.013t/CO₂e.

Increased Scope 1 transport emissions are due to increased business activity resulting from the acquisitions and organic growth across trading entities. Excluding acquisitions, Scope 1 transport emissions are 3% down on the prior year due to in-year delivery optimisation projects.

Scope 1 non-transport emissions include natural gas and burning oil used for heating-operated premises. Scope 2 electricity costs comprise the electricity costs of the operating businesses. Both metrics have increased due to the acquisitions in the year and the commissioning of the new South West depot, which resulted in double running costs of the new and existing depots until a full transfer of operations was completed.

Looking ahead to FY25, the Group expects to achieve energy efficiencies from its York depot's solar PV systems. It is currently undertaking further feasibility studies for additional solar capacity across its network. Delivery optimisation opportunities exist within the acquired and existing businesses, alongside continued investment in modern, and more efficient cold chain technology.

Local management will continue to monitor energy emissions monthly in partnership with Businesswise Solutions Limited.



*Location-based scope 2 emissions

Social



The Group's colleagues are fundamental to ensuring our next delivery is as good as the last and that high levels of customer service are maintained year-round.

The Group values its colleagues and is committed to providing a safe working environment in which they can grow, develop and be fairly rewarded for their contribution.

Health and safety standards are paramount, with KPIs embedded throughout the Group to embrace high standards, led by the senior leadership team. Through the review of the ERM framework and monthly Health and Safety reporting, the Group has further invested in its Health and Safety control environment in the year.

The rollout of the digital Health and Safety incident reporting platform promoted proactive safety management and incident response, supported by senior leadership visits and a positive external audit conducted by our insurers.

Our Health and Safety Director, Tom Johnson, has partnered with material handling specialists to produce a bespoke manual handling training package that will be rolled out in FY25, with further investment in a new Health and Safety advisor to support the continual assessment of ongoing practices.

Following the Group's recent acquisitions, over 1,700 of the Group's 2,100+ colleagues have access to the employee benefits portals: Kitwave One and Credo.

KITWAVE one

Kitwave One Employee Benefits Portal is available to over 1,300 colleagues and includes life insurance and medical cover. The Group's medical cover plan is also made available to staff dependents.

Other benefits include a cycle-to-work scheme and a retail discount offering, which has seen over £60,000 of discounted retail vouchers purchased this financial year.

Over 450 of our colleagues at Creed have access to life insurance, retail discounts and other benefits via the 'Credo' employee benefits portal.

CREDO

BELIEVE IN MORE

Creed's commitment to people was recognised with multiple awards, including the Diversity in Wholesale award for the second consecutive year at the Federation of Wholesalers Distributors Gold Medal Awards, in addition to two further awards recognising exceptional performance.

The Group continues to invest in training and development at all levels to allow colleagues to fulfil their potential. The first cohort of management completed the "Licence to Lead" programme in the year, helping to promote the leaders of the future. At Creed, 4,775+ hours have been recorded in the training and development programme in the 10 months to October 2024.

The Group partners with Grocery Aid, who provide financial, emotional, and practical support for people who work or have worked, in the grocery industry. In the year the Group continued its engagement in charitable work to support local

communities, raising over £55,000 for partners such as the Heart of the Tyne Foundation and YMCA North Tyneside.



The Group is committed to equal opportunities by following the best practices to endorse fair and equitable conditions for all employees. Gender pay gap information is published on an annual basis in accordance with legislative requirements.

The Group delivers third-party and own-branded products to over 46,000 customers across the UK. Food safety is paramount, and it is important that accredited British Retail Consortium and STS food standard facilities operate within the Group. The Group offers a choice to our customer base, through product ranges that are environmentally friendly and health-conscious, with accessible allergen information made online via our new web offering.

In FY25, the Board aims to enrol all new colleagues into the Kitwave One Employee Benefits portal and further develop learning and development pathways across the Group.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG)

Governance



The Group, a QCA member adopting its code of practice, maintains high business conduct standards with suppliers and customers, as detailed in its Corporate Governance section on pages 45 to 46.

Anti-money laundering, anti-bribery, whistleblowing, and cash-handling policies ensure that operations are conducted ethically and sustainably. During the year updates to all policy documents were made available to colleagues through line management and the Kitwave One portal. To supplement these policies a new web-based learning platform was rolled out to customer-facing and cash-handling

colleagues to reinforce the Group's policies and applicable legislative requirements.

The Group fully endorses the Modern Slavery Act 2015, taking a zero-tolerance approach and annually reviewing major suppliers, and brand owners that cover over half of stock purchases, along with any new supplier.

GDPR compliance is ensured through controls, processes, a web-based learning platform, dedicated resources for cyber awareness, IT infrastructure security, enhanced data security and customer privacy.

Further information on corporate governance can be found in the Audit Committee report on pages 47 to 52, Nomination Committee report on page 53, Remuneration Committee report on pages 54 to 58, and the Directors' report on page 59.



Ben Maxted
Chief Executive Officer
3 March 2025

In FY25, the Board aims to enrol all new colleagues into the **Kitwave One Employee Benefits portal** and further develop learning and development pathways across the Group.

KITWAVE
one



FEVER-TREE
MEDITERRANEAN
TONIC WATER

NON-FINANCIAL AND SUSTAINABILITY INFORMATION STATEMENT

Climate-related change continues to affect the global community impacting the Group's customers, suppliers and the markets it operates in.

The Group recognises the disclosure requirements under the Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022 as aligned to the recommendations of the Task Force on Climate-related Financial Disclosures ("TCFD"). This report is the Group's second disclosure aligned to the TCFD framework.

The Group is committed to reaching net zero carbon emissions by 2050 and continues its engagement with industry bodies, including the Federation of Wholesale Distributors, to develop an understanding of industry-wide decarbonisation themes.

Area	Group activities to date and planned actions
<p>Governance</p> <p>Disclosure:</p> <p>a) a description of the governance arrangements of the Group in relation assessing and managing climate-related risks and opportunities;</p>	<p>Sustainability and Climate Change risk is incorporated into the Group's ERM framework. Details on the management and responsibility of the ERM framework are contained within the Audit Committee report</p> <p>There are two separate pillars established for Sustainability and Climate Change risk as follows:</p> <ul style="list-style-type: none"> Physical and transition risks and opportunities associated with climate change; and Reporting and legislative compliance.
<p>Strategy</p> <p>Disclosure:</p> <p>b) a description of: <ul style="list-style-type: none"> i) the principal climate-related risks and opportunities arising in connection with the Group's operations; and ii) the time periods by reference to which those opportunities are assessed; </p> <p>c) a description of the actual and potential impacts of the principal climate-related risks and opportunities on the Group's business model and strategy;</p> <p>d) an analysis of the resilience of the Group's business model and strategy, taking into consideration different climate-related scenarios;</p>	<p>The Group performed a climate scenario risk analysis covering both transitional and physical climate-related risks and presented its findings to the Board. The key risks identified are documented at the end of this report.</p> <p>The climate scenario risk analysis undertaken did not identify any material risks which could impact the Group's strategy in the short to medium term.</p> <p>The Group continues to engage Businesswise Solutions as its energy management consultant, working with operational management to identify and deliver energy and carbon savings for the Group's operating sites.</p> <p>The Group continues to assess solar PV opportunities considering energy efficiencies and cost of investment.</p> <p>Fuel is the significant source of carbon consumption in Group. Constant improvement and optimisation of deliveries improve customer service, reduce fuel consumption and drive a more sustainable operation.</p> <p>The Group will continue to monitor risks and opportunities as they develop via review of the Sustainability and Climate Change risk pillar.</p>

Area	Group activities to date and planned actions
Risk management	<p>The Group performed a climate scenario risk analysis covering both transitional and physical climate-related risks and presented its findings to the Board.</p> <p>The analysis was performed with the support of an external expert and the qualitative analysis informed key physical and transition risks and opportunities associated with climate change established in the Group's ERM.</p> <p>The Group will further develop the climate risk model to determine a quantitative analysis of the key climate risks and opportunities.</p>
Metrics and targets	<p>Scope 1 & 2 carbon emissions are the key metrics monitored and disclosed by the Group. Details can be found in the ESG report.</p> <p>Continued energy management, working alongside Businesswise Solutions and in compliance with Energy Savings Opportunity Scheme ("ESOS") reporting, aids the determination of the Group's energy project pipeline.</p> <p>Metrics have been developed around route optimisation, energy consumption and solar PV generation as referenced in the ESG report.</p>

NON-FINANCIAL AND SUSTAINABILITY INFORMATION STATEMENT

Climate-related risks and opportunities

The key risks and opportunities identified as a result of the qualitative assessment performed by the Group in conjunction with an external expert are detailed below.

An assessment of each risk and opportunity was made considering likelihood, impact and velocity.

Impact is measured relating to the impact on the operational profit of the Group from (1) low and immaterial to (5) materially significant.

Likelihood is the risk of the event occurring rated from (1) remote (not more than one in five years) to (5) almost certain (recurring annual impact).

Velocity is the pace at which this risk is perceived to develop from:

- (1) Short-term - considered within three years aligned to the Group's financial forecasting period;
- (2) Medium-term - considered from 2027 – 2030.
- (3) Long-term - considered from 2030 to 2050.

Title	Description	Impact/ Likelihood/ Velocity	Response
Transition risks			
Carbon taxes	Emerging regulations on GHG emissions (via carbon pricing mechanisms) resulting in increased operational costs and investment in clean energy sources and technology.	3 5 2	The Group continues to invest in opportunities and solutions to reduce carbon costs as detailed in the ESG report on pages 31-36.
Shifting consumer preferences	The increase in demand for sustainable packaging and logistics practices may lead to an increase in operational costs or shift in market dynamics and new tender requirements on sustainability.	2 3 2	The Group offers a choice to our customer base, through product ranges that are environmentally friendly and health conscious.
Increase in energy costs	Volatility in energy (including fuel) prices as a result of the transition to net-zero can lead to increase in the cost of Kitwave logistics and distribution costs.	3 4 2	The Group manage energy costs through investment in solar PV systems, management of energy contracts and fuel hedges to provide budget certainty.
Physical risks			
Extreme weather events	Increase in extreme weather events such as storms, strong winds, and flooding (fluvial and pluvial) leading to delays in operations and damage to facilities.	3 3 2	s172 Statement page 25.

Title	Description	Impact/ Likelihood/ Velocity	Response
Opportunities			
Sustainable solutions	Through development of the Group's warehousing and transport infrastructure, the ability to provide a delivered wholesale solution covering a wide basket with reduced logistical carbon cost.	2 4 2	The Board recognises the environmental impact of this consumption and actively seeks to minimise its carbon footprint through infrastructure investment, delivery solutions, and operational efficiency.
Energy efficiency solutions	Developing alternative energy solutions, such as solar PV, and investment in energy efficient technology to reduce carbon consumption and energy costs.	2 4 2	The Group continues to invest in opportunities and solutions to reduce carbon costs as detailed in the ESG report on pages 31-36.

The Strategic report has been approved by the Board of Directors and signed on their behalf.



David Brind
Chief Financial Officer
3 March 2025

CORPORATE GOVERNANCE

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BOARD OF DIRECTORS

The Group has a Board and management team with the necessary experience and skills to execute its strategy for growth.

Stephen ("Steve") Smith
Independent Non-Executive Chairman



Appointment
Appointed to the Board in 2016

Tenure
9 years

Steve joined the Group as a Non-Executive Chairman following the investment by PGIM Private Capital (formerly Pricoa Capital Group) in 2016. He retired as CEO of Northgate plc in 2010, after a career of over 20 years.

Since retiring from Northgate Steve has served on a number of private company boards and was a Non-Executive Director of Ramsdens Holdings Plc until 1 February 2023. He is a chartered accountant and holds a degree in Economics from the London School of Economics. Steve is chairman of the Nomination Committee.



Ben Maxted
Chief Executive Officer

Appointment
Appointed to the Board in 2021

Tenure
3 years

Ben joined the Group in 2011 as Finance Director of the Automatic Retailing business, a role which he held for three years before his appointment as Managing Director of Eden Farm (following its acquisition by the Group in 2014). Since then, Ben has led the growth of the Frozen & Chilled division, successfully integrating four acquisitions into the Group.

Ben is a qualified chartered accountant, having trained at PricewaterhouseCoopers, where he spent three years in its Corporate Finance division. He obtained a degree in Business Accounting and Finance at the University of Newcastle upon Tyne. Ben was appointed to the Board as Chief Operating Officer in November 2021 and subsequently appointed to Chief Executive Officer in March 2024.



"This has been another strong year for the Board, marked by successful acquisitions and disciplined growth. Their leadership has further strengthened our market position and consistently delivered value for stakeholders."

Ben Maxted
Chief Executive Officer

Key:

- Audit Committee
- Remuneration Committee
- Nominations Committee
- Committee Chair

David Brind
Chief Financial Officer

Appointment
Appointed to the Board in 2011

Tenure
13 years

David joined the Group in 2011, following NVM Private Equity LLP's investment and has led the 15 successful acquisitions to date as well as being responsible for the development of the IT and reporting infrastructure. He had a close relationship with the Group over a number of years before joining through his role at Barclays.

Prior to this, David worked at Ward Hadaway as a Corporate Finance Director and, before this, Ernst & Young as Assistant Director in Corporate Finance. David moved to Ernst and Young shortly after qualifying as a chartered accountant and is a Fellow of the Institute of Chartered Accountants in England and Wales. He obtained a degree in Business Studies at the University of Hull.



Gerard Murray
Independent Non-Executive Director



Appointment
Appointed to the Board in 2021

Tenure
3 years

Gerard is currently the Non-Executive Chairman of Nixon Hire. Prior to this, he has been either Group Finance Director or Chief Financial Officer of a number of companies including Reg Vardy plc, Northgate plc, Immunodiagnostic Systems Holdings plc, Benfield Motor Group and Quantum Pharma plc.

He is a Fellow of the Institute of Chartered Accountants in England and Wales, having qualified as a chartered accountant with Arthur Andersen, and holds a degree in Economics from the University of Leicester. Gerard is the Chairman of the Audit Committee and Chairman of the Remuneration Committee.



Teresa Octavio
Independent Non-Executive Director



Appointment
Appointed to the Board in 2023

Tenure
2 years

Teresa joined the Board in February 2023. Teresa has held a number of executive roles at global businesses, including at Kantar Consulting and consumer-facing multinationals Diageo plc and Procter & Gamble. She has also acted as a board advisor at omnichannel company DAME and as an independent advisor for a number of board and C-suite individuals.

Teresa holds a Sloan Masters MSc in Leadership & Strategy from London Business School, Digital Business Transformation certification from Imperial College, and The Financial Times Non-Executive Director Diploma accreditation.



CORPORATE GOVERNANCE REPORT

The Directors acknowledge the importance of high standards of corporate governance and adopts the QCA Corporate Governance Code which sets out a standard of minimum best practice for small and mid-sized quoted companies, particularly AIM-listed companies. The Directors acknowledge the importance of the ten principles set out in the QCA Corporate Governance Code and intend to implement them as outlined below.

1. Establish a strategy and business model which promote long-term value for shareholders

See the Strategic report from pages 15 to 40.

The Group's strategy is set by the Board, and progress against strategic objectives is tracked and discussed regularly.

The Directors believe that the Group's operational model and growth strategy helps to promote long-term value for shareholders. This strategy is updated from time to time and is set out each year within the Strategic report of the Annual Report and Accounts of the Group.

The Directors will continue to identify the key risks relating to this strategy and take appropriate mitigating measures and actions where not already addressed in the plan.

The Group's purpose, strategy and business model are communicated internally to the operational management team with operational key performance indicators (KPIs) assigned as appropriate and in line with the strategy of the Group.

2. Promote a corporate culture that is based on ethical values and behaviours

The Board is committed to reinforcing the corporate culture and values of the Group.

The Group seeks to embody and promote a corporate culture that is based on sound ethical values and behaviours which can be used as an asset and a source of competitive advantage by way of, inter alia:

- The Group's culture in general, e.g:
 - Management and Executive Director open door policy;
 - Whistleblowing policy; and
 - Anti-bribery and corruption policy.

- The Group's approach to trading, e.g: both at Group and entity level;
 - Missing trader policy; and
 - Know your customer checks (including VAT compliance).
- The Group's corporate responsibility culture, e.g:
 - Health and safety policies (covering colleagues and selected stakeholders);
 - Tax policies.

The culture is set by the Board and is regularly considered and discussed at Board meetings with any inappropriate behaviour addressed. In such circumstances where wider communication of expected behaviours and culture is required this is determined by the Board and communicated via the senior operational management within the Group.

3. Seek to understand and meet shareholder needs and expectations

The Executive Directors are keen to engage with shareholders and intend to maintain regular communication with them. Individual meetings are offered to institutional shareholders following publication of the Group's interim and annual results. The Executive Directors also present annually via a group presentation to private shareholders. Private shareholders are encouraged to email questions using the designated email address for investor relations at kitwave@yellowjerseypr.com.

The Group's website has a dedicated investor relations website page. All operational websites for the Group's trading entities include a link to the Group website to ensure that appropriate information is communicated to shareholders.

The Chairman is available to shareholders as an alternative channel of communication and to discuss any matters that shareholders wish to raise. In his absence, one of the Non-Executive Directors would make themselves available to shareholders.

4. Take into account wider stakeholder and social responsibilities and their implications for long-term success

The Group takes its corporate social responsibility very seriously and is focused on maintaining and strengthening effective working relationships across a wide range of stakeholders including shareholders, colleagues, suppliers and customers. Decision making takes into account how different stakeholders may be affected.

The Board identifies the Group's stakeholders and seeks to understand their needs, interests and expectations, by the following means:

- Regular supplier communications, both at Group and entity level;
- Regular customer communications, both at Group and entity level;
- Undertaking joint business planning exercises with suppliers and customers;
- Local management awareness of colleagues' needs and expectations, with feedback to and from line managers; and
- Liaison with regulators and other concerned parties.

The success of the Group's strategy is in part built upon the maintenance of internal and external relationships and the communication of the benefits of what the wider Group can bring to a particular stakeholder.

5. Embed effective risk management, considering both opportunities and threats, throughout the organisation

The Board is responsible for maintaining and reviewing the effectiveness of the Group's risk management activities, intended to monitor and mitigate, rather than eliminate, the significant risks that the Group is exposed to. The Group has implemented policies and procedures to address risk including with respect to wholesaling, warehouse and fleet operations, customer credit and compliance.

The Audit Committee and the Executive Management have developed an Enterprise Risk Management framework to identify, assess and manage risk within the business. The introduction of an ERM framework seeks to ensure that a

consistent and proportionate approach is used to identify, evaluate, manage, and monitor risks across all the Group's operating companies.

The principal risks identified for the business are evaluated each year. The Board makes time available in each of its scheduled meetings to review the current assessment of one of the principal risks.

6. Maintain the Board as a well-functioning, balanced team led by the Chair

The Board has a mix of skills and experience and comprises:

- Two Executive Directors
- Three Non-Executive Directors, including the Non-Executive Chairman

The Board is supported by a management board that has responsibility for day-to-day oversight of the Group's activities.

The Chairman will hold overall responsibility for maintaining a good corporate governance regime.

The Board and the Nomination Committee will seek to ensure that it has a suitable balance between independence (of both character and judgement) on the one hand, and knowledge of the Group on the other to enable it to discharge its duties and responsibilities effectively.

Director attendance at the relevant Board and Committee meetings is summarised on page 46 within the Corporate Governance report.

7. Ensure that between them the Directors have the necessary up-to-date experience, skills and capabilities

The Directors of the Group and their biographies are set out on pages 43 to 44. The Directors believe that collectively, the Board has the

appropriate balance of skills and experience to deliver on the strategy of the Group.

The Board is not dominated by one individual and all Directors have the ability to challenge proposals and plans for the Group. The Directors have received briefings and training in respect of the compliance with the AIM Rules and the Market Abuse Regulations. The Directors also continue to receive ongoing briefings and training to improve their knowledge and understanding of key risk areas.

8. Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement

The internal annual Board evaluation process examines Board performance across 12 areas, including setting and communicating strategy, managing risk, meeting shareholder and other stakeholder objectives and Board diversity.

The conclusion of the review this year was Directors considered the Board to be operating satisfactorily in most areas and it was agreed that the following actions were to be taken:

1. A change in approach to the annual strategy review to incorporate input from the senior operational management team.
2. Chair to conduct annual individual feedback session with each Director.
3. Consideration to be given to an external review of Board performance in FY25.

9. Establish a remuneration policy which is supportive of long-term value creation and the Company's purpose, strategy and culture

The Board is committed to establishing an effective remuneration policy which is aligned with the Company's purpose, strategy and culture to help attract,

retain and motivate high-performing senior executives, whilst promoting the long-term growth of shareholder value.

The Remuneration Committee meets regularly and consults with other Board committees to set appropriate incentive targets, and to appraise performance.

10. Communicate how the Company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders

The Board will be responsible for directing the affairs of the Group in a manner that meets both shareholder and regulatory requirements, and is consistent with current corporate governance standards.

The Board will regularly inform and engage with shareholders across several platforms:

1. Publication of its Annual Report and Accounts as well as its half year report;
2. Individual meetings with institutional shareholders following publication of results;
3. A Group meeting with private shareholders following the publication of results via the Investor Meet Company platform;
4. The Company's AGM as an opportunity to engage directly with all shareholders;
5. The Group's website has a dedicated investor relations website page;
6. The engagement of a Group financial PR consultancy, in conjunction with the Nominated Adviser;
7. The Chairman and Non-Executive Directors being available to shareholders as an alternative channel of communication to discuss any matters that shareholders wish to raise.

The following table shows the Directors attendance at scheduled Board and Committee meetings during the reporting period.

	Board	Audit	Remuneration	Nomination
Steve Smith	15/15	5/5	2/2	1/1
Gerard Murray	15/15	5/5	2/2	1/1
Teresa Octavio	15/15	5/5	2/2	1/1
David Brind	15/15	4/5	-	-
Ben Maxted	15/15	5/5	-	-

(Board or Committee attended / Board or Committee meetings held)

AUDIT COMMITTEE REPORT

On behalf of the Board I am pleased to present the Audit Committee report for the year ended 31 October 2024.

Committee members

The members of the Committee who served during the year and up until the date of this report were:

Gerard Murray (Chair)
Steve Smith
Teresa Octavio

All members of the Audit Committee are Non-Executive Directors and are considered by the Board of being capable of exercising independent judgement. Members are expected to have an understanding of financial reporting, relevant corporate legislation, the regulatory framework of the business, the role and function of the Group's independent auditor, the Group's internal control environment and associated Enterprise Risk Management.

Only members of the Committee are required to attend meetings, however, other individuals such as the Chief Executive Officer, Chief Financial Officer, Group Financial Controller and independent auditors are able to attend by invitation.

The Audit Committee has met on five occasions in the reporting period and attendance is shown in the table on page 46. The Committee has continued with its schedule of meetings since the financial year end in order to discharge its responsibilities to the Board.

Responsibilities of the Committee

The Committee is responsible for reviewing a wide range of financial reporting and related matters including the Group's interim statement and its full year Annual Report and Accounts prior to their submission to the Board. In particular, the Committee is required to consider all critical accounting policies and practices adopted by the Group, and any significant areas of judgement that could materially impact reported results.

The Committee provides a forum for reporting by the Group's independent auditor, and advises the Board on the appointment, independence and objectivity of the independent auditor and on the remuneration both for statutory audit and non-audit work. It also discusses and agrees on the nature, scope, planning and timing of the statutory audit with the independent auditor.

Activities of the Committee

Since the date of the FY23 Annual Report and Accounts, the Committee's principal activities comprised –

A review of the:

- Draft interim financial statements for the six months ended 30 April 2024
- Audit plan prepared by the Group's independent auditor for the year ended 31 October 2024
- Draft Annual Report and Accounts for the year ended 31 October 2024
- Management representations to the Group's independent auditor for the year ended 31 October 2024

- Audit Findings Report for the year ended 31 October 2024 from the Group's independent auditor which included an assessment of accounting and internal controls
- Enterprise Risk Management framework and its application to the Group's principal risks.
- Group's principal risks and the effectiveness of associated controls on an individual risk basis.
- External announcements made by the Company

The recommendation to the Board of the:

- Terms of engagement of the Group's auditor
- Approval of the Annual Report and Account for the year ended 31 October 2024 considering the following key issues:
 - Accounting policies adopted in the preparation of the financial statements
 - Key accounting estimates and judgements used in their preparation including but not restricted to the impairment of goodwill and trade receivables
 - Risk management section of the Board's Strategic report
 - Assumptions used to support the adoption of the going concern basis of accounting

Primary areas of judgement in relation to 2024 financial statements

In order to discharge its responsibility to consider accounting and financial reporting integrity, the Committee carefully considers key judgements applied in the preparation of the Consolidated Financial Statements, which are set out on pages 61 to 116.

The Committee's review included consideration of the following key accounting judgements:

Significant issue	Committee action taken
Identification and valuation of acquired intangible assets	<p>The Group acquired the entire share capital of Total Foodservice Solutions Limited on 27 March 2024. A further acquisition of the entire share capital of Creed Catering Supplied Limited was completed on 27 September 2024. The nature and size of these transactions led to the Group engaging an independent expert to provide a professional assessment of the purchase price allocation pertaining to each transaction in accordance with IFRS 3.</p>
	<p>The independent report received by the Group relating to Total Foodservice Solutions Limited identified intangible assets relating to customer contracts (£4.3m) and brand value (£0.2m) in addition to goodwill of £8.9m.</p>
	<p>The independent report received by the Group relating to Creed Catering Supplies Limited identified intangible assets relating to customer contracts (£20.3m) and brand value (£2.4m) in addition to goodwill of £36.1m. The terms of this acquisition provided for contingent deferred consideration based on key contractual events and future financial performance of the acquired entity.</p>
	<p>The Committee reviewed both the methodology and the assumptions used in arriving at the purchase price allocations for both acquisitions. The impact of deferred consideration on the valuation of intangible assets relating to Creed Catering Supplies Limited was given a particular focus. Consideration was given to benchmarking the key assumptions, in particular the discount rate applied to forecasted cash flows. Comparisons were also made to the purchase price allocations outcome for similar historical transactions within the sector.</p>
	<p>The Committee concluded that the 31 October 2024 carrying values shown in notes 2 and 11 of the consolidated financial statements were appropriate and approved the associated disclosures.</p>
Carrying value of goodwill and other intangible assets	<p>The Executive Directors performed a detailed impairment review on the goodwill, other intangibles and tangible assets, in the consolidated financial statements of the Group, based on forecast future cash flows discounted using an appropriate discount factor to represent the weighted average cost of capital of the Group.</p>
	<p>The Committee challenged the methodology, assumptions, and sensitivity analysis used by the Executive Directors. Consideration was also given to the review by the independent auditors of the same issues.</p>
	<p>The Committee concluded that the 31 October 2024 carrying values shown in note 11 of the consolidated financial statements were appropriate and approved the associated disclosures.</p>
Revenue recognition	<p>The Group's revenue comprises the aggregate value of the sale of discrete units of fresh, ambient, chilled and frozen products during the reporting period.</p>
	<p>The Group operates an income recognition policy that ensures that revenue is recognised in line with the satisfaction of the performance obligation, as set out in note 1 of the consolidated financial statements.</p>
	<p>The Committee is aware that a standard ERP system is operated throughout the Group that assists with standardising the controls associated with revenue recognition. For the acquisitions that were made during the year the accompanying ERP systems that the acquired business operate are different from the Group's standard ERP system. The Committee made appropriate inquiries to gain assurance that revenue recognition in the acquired entities aligned with Group policy.</p>
	<p>Revenue is recognised on the transfer of the risks and rewards of ownership of the product to the customer which is normally effective on delivery to the customer.</p>
	<p>Consideration was also given to the value of:</p> <ul style="list-style-type: none"> • cash collected; and • credit notes raised <p>after the end of the financial year for revenue recognised in the financial year both in an absolute measure and relative to prior financial year ends.</p>

AUDIT COMMITTEE REPORT

Significant issue	Committee action taken
Going concern	<p>The Executive Directors prepared detailed financial projections for a period of 12 months from the date of signing the financial statements, based on the assumptions included in the Group's detailed annual business plan.</p> <p>The output of these detailed projections alongside the Group's funding facilities and banking covenants (details of which are provided in note 19 of the consolidated financial statements) were reviewed by the Executive Directors.</p> <p>Sensitivity analysis has been performed to model the impact of more adverse assumptions compared to those included in the financial projections to model the impact of severe but plausible downside risks.</p> <p>The Audit Committee is aware that by their very nature financial forecasts are based on a view of the future world which is inherently uncertain and a circumstance that is difficult to contemplate arising in the future may still occur.</p> <p>The Committee challenged the assumptions used in the forecasts and sensitivity analysis. Consideration was also given to the review conducted by the independent auditors.</p> <p>The Committee concluded that based on what is known at this time and upon the available forecast information the Board is able to make the going concern statements on pages 78 to 79.</p>
Supplier rebates	<p>The vast majority of the Group's product suppliers price items by providing rebates against the published purchase price.</p> <p>The rebates are primarily provided without a purchasing target being required such that each unit purchased in a defined period attract the relevant rebate. For such rebates the payment of the rebate from the supplier may take one of the following forms:</p> <ul style="list-style-type: none"> • Supplier shows the rebate on the purchase invoice such that the Group settles the invoice net of the rebate; or • Group claims the cumulative rebate value from the supplier after the relevant trading period has ended <p>In both instances, the rebate value is recognised as a reduction in inventory value on the date of purchase.</p> <p>There is a smaller proportion of rebates that are based on the Group exceeding a purchasing value target within a period defined by the supplier. In this case the reduction in purchase price of the product reflected in the rebate is not recognised until the purchasing target has been achieved.</p> <p>The Committee reviewed the margin consistency throughout the financial year across the Group's operating divisions. It also considered the value of accrued rebate income at the financial year end that was subsequently paid by suppliers post year end either in cash or through credit note issuance. The Committee also considered the work of the independent auditor in this area.</p> <p>The Committee concluded that it was satisfied that rebate recognition through the reduction of the purchase price of the associated product was not in advance of the Group's entitlement to receive such a rebate.</p>

Fair, balanced and understandable

The Committee considered whether the Annual Report and Accounts 2024 is fair, balanced and understandable and whether it provides the necessary information to shareholders to assess the Group's performance, business model and strategy. In this context, the Committee considered non-GAAP Alternative Performance Measures disclosed in the Annual Report and Accounts and the prominence given to them. The Committee and subsequently the Board were satisfied that, taken as a whole, the Annual Report and Accounts 2024 are fair, balanced and understandable.

Risk Management and Internal Controls

The Board has delegated the ongoing discussion of risk and risk management to the Audit Committee and the Executive Management. The overall responsibility for the stewardship of the Group's system of risk management and internal control remains with the Board.

The Group has well-established risk management and internal control processes that have been developed over its 37-year operating history. Day-to-day management of risk is delegated to the Executive Management comprising the Chief Executive Officer, Chief Financial Officer, the Divisional Operating Directors, the Group IT Director, the Group Financial Controller, and the Group Health and Safety Manager.

The Audit Committee has continued its work with the Executive Management to maintain and further develop the Group's Enterprise Risk Management framework to identify, assess and manage risk within the business. The ERM framework seeks to ensure that a consistent and proportionate approach is used to identify, evaluate, manage, and monitor risks across all the Group's operating companies.

The ERM framework integrates with the Group's internal controls and compliance policies and is supported by the programme of the independent auditor. The implementation of the ERM framework has resulted in the identification of the Group's principal risks by reference to likelihood and impact.

During the reporting period, the Committee with the Executive Management performed a review of the Group's principal risks in the context of:

- (1) Sustainability and Climate Change risks; and
- (2) Evolving economic, technological and political developments;

The outcome of this review was the addition of two risks to the Group's principal risks firstly in relation to Sustainability and Climate Change, and secondly, Artificial Intelligence. The review also resulted in risks associated with operational regulations, recruitment and retention of key colleagues and competition being removed from the Group's principal risks. The updated list of the Group's principal risks is set out on pages 26 to 30.

The monitoring and assessment of the Group's principal risks have been embedded within the Executive Management's responsibilities. Throughout the year the Board performed assessments of the individual principal risks, associated mitigating factors and internal controls through detailed reviews carried out with the appointed risk champion.

This approach has established the level of risk that is acceptable to the Board in the pursuit of its strategic objectives and it identifies the key internal controls that the Board should seek assurance on to ensure that the relevant risks are mitigated by the effective operation of such controls.

The Audit Committee confirms the effectiveness of the system of internal control, covering all material controls including financial, operational and compliance controls and risk management systems, which has been reviewed during the year under review and up to the date of approval of the Annual Report.

During the year one significant breakdown of internal controls in relation to the segregation of duties in cash receipting procedures in one trading entity was identified by the Executive Directors and reported to the Committee. The Executive Directors carried out a review of this specific issue, and also reported to the Committee on an assessment of the effectiveness of equivalent processes and controls in all other Group entities.

The Committee reviewed the specific circumstances in the entity where the internal control had not been applied and considered the effectiveness of the application of the relevant controls on a wider Group basis. It concluded that the departure from the standard Group control had been isolated as it was evidently in place in all other entities. The Committee has recommended that the receipting of cash payments made by customers in situ at their trading premises be standardised through the use of a digital receipting application that interfaces with the Group's ERP. This digital receipting method is deployed in the majority of entities and for those where it is not present a project to implement it is expected to be completed in 2025.

AUDIT COMMITTEE REPORT

Independent auditor

Following an audit tender process for audit services to the Group, with oversight from the Audit Committee, Grant Thornton UK LLP was appointed as the Group's independent auditor for the financial year ended 31 October 2022. The financial year ended 31 October 2024, therefore, represents the third financial year that Grant Thornton UK LLP has acted as the Group's independent auditor.

Prior to the end of the financial year 31 October 2024, the Committee met with Grant Thornton UK LLP to consider in detail the audit planning documentation for the financial year. The Committee satisfied itself that the audit work to be carried out by Grant Thornton UK LLP covered the significant aspects of the Annual Report.

After reviewing the independent auditor's report to the Audit Committee for the financial year ended 31 October 2024, and discussing the findings with the auditor, the Committee is satisfied that the scope of the audit was appropriate and that all significant accounting judgements exercised by management had been suitably challenged and tested including, but not limited to, the matters referred to in the Auditor's Report on pages 63 to 70. The Committee recommended to the Board that in its opinion the audit had been carried out effectively and that the report of the independent auditor be accepted.

The Committee also discussed with Grant Thornton UK LLP the results of the FRC Audit Quality Inspection of the UK firm. During Grant Thornton UK LLP's attendance at Committee meetings, the Committee also met privately with the independent auditors and the Chair of the Committee had regular dialogue with the audit partner throughout the year.

Independence of the independent auditor

Both the Audit Committee and Grant Thornton UK LLP have in place safeguards to avoid the auditor's objectivity and independence being compromised. The Board has adopted a policy with regard to services provided by the independent auditor, Grant Thornton UK LLP, as follows:

Statutory audit services

The independent auditor, who is appointed annually by the shareholders, undertake this work and also provides regulatory services and formalities relating to shareholder and other circulars. The Committee reviews the independent auditor's performance on an ongoing basis.

Further assurance services (including work relating to acquisitions and disposals)

The Group's policy is to appoint advisors to undertake such work where their knowledge and experience are appropriate for the assignment. Any professional fee for such work is agreed between the CFO and the Audit Committee prior to the commencement of such work.

In order to preserve the independence of the Group's independent auditor, the policy is that professional services firms other than the Group's independent auditor are employed on acquisition and disposal-related assignments.

Non-audit services

The policy with regards to non-audit services that was in place until 31 December 2024 did not permit the independent auditor to provide internal audit, risk management, litigation support or remuneration advice. The provision of other non-audit services was assessed on a case-by-case basis, depending on which professional services firm was best suited to perform the work. These safeguards were regularly reviewed and monitored by the Committee.

With effect from 1 January 2025, the Group became an other entity of public interest (OEPI) as defined in the FRC Ethical Standard (ES) 2019 Glossary of Terms, large private companies in sub-paragraph (d). As a result, only whitelist non-audit services which are permitted per Section B 5.40 can be performed by the external auditor. In accordance with its policy on non-audit services provided by the Group's auditor, the Audit Committee will review and approve the award of any non-audit work prior to commencement of the service.

Grant Thornton UK LLP performed non-audit services by way of desktop review of the half-yearly financial report for the six-month period ended 30 April 2024. The value of non-audit fees paid to Grant Thornton UK LLP for these services during the year was £5,750 (FY23: £5,250) as disclosed in note 5 to the consolidated financial statements.

The independent auditor report to the Committee on the actions it takes to comply with the professional and regulatory requirements and best practices designed to ensure its independence, including the rotation of key members of the audit team has been provided to the Board.

Whistleblowing

The Group has in place a whistleblowing policy, which sets out the formal process by which an employee of the Group may, in confidence, raise concerns about possible improprieties in financial reporting and other matters to an identifiable whistleblowing officer.

There were no incidents or concerns raised for consideration during the year.

Anti-bribery

The Group has in place an anti-bribery policy, which sets its zero-tolerance position. The policy provides six principles for colleagues

that act as guidance on how to recognise and deal with issues that may be considered as giving rise to bribery. During the period there were no incidents reported that required consideration.



Gerard Murray

Chair of the Audit Committee
3 March 2025

NOMINATION COMMITTEE REPORT

On behalf of the Board I am pleased to present the Nomination Committee (the 'Committee) report for the year ended 31 October 2024.

Members

The members of the Committee during the year were:

Steve Smith (Chair)

Gerard Murray

Teresa Octavio

Paul Young (resigned 22 March 2024)
(Following the year end Ben Maxted was appointed to the Committee on 15 November 2024)

Responsibilities of the Committee

In carrying out its duties, the Nomination Committee is primarily responsible for:

- Identifying and nominating for the approval of the Board, candidates to fill Board vacancies as and when they arise;
- Evaluating the balance of skills, knowledge, experience independence and diversity on the Board, and, in the light of this evaluation preparing a description of the role and capabilities required for a particular appointment;
- Regularly reviewing the structure, size and composition (including the skills, knowledge, experience and diversity) of the Board including the balance of Executive and Non-Executive Directors and making recommendations to the Board with regard to any changes;
- Reviewing the time requirements of the Non-Executive Directors and evaluating their performance to assess whether they are fulfilling their duties;
- Giving full consideration to succession planning for both Board and senior management positions, taking into account the challenges and opportunities facing the Company, and the skills, expertise and independence, which are therefore needed on the Board in the future; and

- Reviewing the leadership needs of the organisation, both Executive and Non-Executive, with a view to ensuring the continued ability of the organisation to compete effectively in the marketplace.

The Committee will normally meet at least twice a year but it will meet more frequently if required.

The Committee reports to the Board on how it has discharged its responsibilities in accordance with its terms of reference. Please refer to pages 43 and 44 for the Directors' biographies.

The Committee believes that the Directors are able to devote sufficient time to the Group, taking into account their other commitments.

Activity during the year

The Committee met once during the year and on a number of occasions subsequent to the year end to consider the adequacy of the Group's succession planning and to evaluate Board effectiveness.

Board composition

Following the appointment of Ben Maxted as Chief Executive Officer, the Board conducted a skills matrix exercise that covered 32 areas including a range of financial, governance, risk, commercial, people, ESG, technology and cyber matters. The Board is generally satisfied that collectively it has an appropriate balance of skills and knowledge with specific gaps identified being strengthened by external subject matter expert presentations. The Board is also satisfied that it has a suitable balance of independence of character and judgement to enable it to discharge its duties and responsibilities effectively.

Succession planning

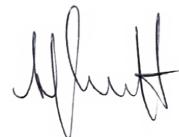
The Committee reviewed the management organisation, skills and experience of the senior leadership team set against both the current and the evolving business structure. This exercise complemented the skills matrix exercise carried out by the Board.

The outcome of both areas of work identified the need for structured processes to be formalised with the objective of developing the skills of executives immediately below the Board level.

Board effectiveness evaluation

In line with our policy, a Board evaluation review was carried out during the year. As in prior years, this was led by the Chairman and took the form of a detailed questionnaire designed to assess the effectiveness of the functions of the Board. This questionnaire was completed individually by each Board member and was followed by an in-depth discussion around those areas which scored least well or any area where there had been a material adverse change compared to prior years.

While in general the Board felt that it continued to function well there were a number of minor actions agreed. These included a change in approach to reviewing strategy and that consideration be given to an external review of Board effectiveness during the next financial year.



Steve Smith

Chair of the Nomination Committee
3 March 2025

REMUNERATION COMMITTEE REPORT

Annual statement

On behalf of the Board, I am pleased to present the Remuneration Committee (the 'Committee') report for the year ended 31 October 2024. This report is divided into three sections, being:

- This Annual Statement, which summarises the composition of the Committee, the work that it has undertaken, remuneration outcomes for the year ended 31 October 2024 and how the Remuneration Policy will be operated in the year ending 31 October 2025;
- The Remuneration Policy Report, that summarises the Company's Remuneration Policy; and
- The Annual Report on Remuneration, which discloses how the Remuneration Policy was implemented in the year ended 31 October 2024.

Consistent with best practice and noting Principle 9 of the new QCA Code, the Directors' Remuneration Report - i.e. the Annual Statement, Remuneration Policy Report and Annual Report on Remuneration will be taken to the 2025 AGM for shareholder approval by way of advisory vote.

Remuneration Committee

The members of the Committee who served during the year and up until the date of this report were:

Gerard Murray (Chair)
Steve Smith
Teresa Octavio

The Committee met on two occasions during the reporting period and attendance is shown in the table on page 46. All members of the Committee are Non-Executive Directors and are considered by the Board of being capable of exercising independent judgement.

The Committee may invite the Executive Directors or other members of the senior management team to attend meetings to assist the Committee in its deliberations as considered appropriate albeit individuals do not attend where their own remuneration is the subject of review. During the financial year, the Chief Executive Officer attended Committee meetings in part.

Responsibilities of the Committee

The Committee is responsible for overseeing and determining the Company's remuneration policy including the terms and conditions of service for the Chairman, Executive Directors and certain senior management. The Committee's responsibilities include the oversight and governance of any equity plan that may be considered appropriate as part of the Company's Remuneration Policy.

The Committee is committed to complying with the principles of good corporate governance in relation to the design of the Company's remuneration policy, and as such this policy will follow the Quoted Companies Alliance Remuneration Guidance as far as is considered appropriate.

Advisers to the Committee

FIT Remuneration Consultants LLP ("FIT") was appointed by the Committee during the year ended 31 October 2023 to provide the Committee with independent advice as and when required in respect of remuneration quantum and structure and developments in governance and best practice more generally. The Committee's engagement with FIT has been maintained during the year ended 31 October 2024. FIT is a member and signatory of the Remuneration Consultants Group and voluntarily operates under the Code of Conduct in relation to executive remuneration consulting in the UK, details of which can be found at www.remunerationconsultantsgroup.com.

FIT provides no other services to the Company.

Performance and reward for the year ended 31 October 2024

As a result of the performance by the Group in the year ended 31 October 2024 against the objectives set for the annual cash bonus and the performance conditions of the MIP:

- No cash bonus has been awarded to Executive Directors for the year.
- The final third of the put option rights under the terms of the Management Incentive Plan accrued to the MIP Participants (Ben Maxted and David Brind).

These rights are in addition to the two-thirds already accrued in respect of the years ended 31 October 2022 and 31 October 2023. The performance conditions relating to earnings per share have been fully satisfied for the whole of the performance period. The put option rights are therefore exercisable subject only to the market capitalisation hurdle being satisfied on the date of exercise. Further details of the MIP are set out in the Annual Report on Remuneration.

No LTIP awards are due to vest in respect of the year ended 31 October 2024. The first LTIP award was made in March 2023 and is due to vest in March 2026, subject to continued service and performance targets.

Implementing the Remuneration Policy for the year ending 31 October 2025

In respect of the implementation of the Remuneration Policy for the Executive Directors for the year ending 31 October 2025:

- Current salary levels have not been increased and are as follows:

Director	Role	1 November 2023	1 November 2024
Ben Maxted	Chief Operating Officer	£410,000	£410,000
David Brind	Chief Financial Officer	£310,000	£310,000

- Annual bonus potential will be capped at 100% of salary for Executive Directors. This increase from the 25% set for the year ended 31 October 2024 reflects the cessation of the MIP as it is no longer a component of the remuneration for Executive Directors going forward.
- LTIP awards are expected to be granted during 2025 over shares worth up to 100% of salary. Performance targets are expected to continue to be based on financial and share price metrics such as EPS growth and targeted Total Shareholder Return.

REMUNERATION COMMITTEE REPORT

No changes will be made to Non-Executive Director fees:

Role	1 November 2024
Chairman	£95,000
Non-Executive Director base fee	£50,000
Additional fees for Chairing Audit/Remuneration Committee	£5,000

Non-Executive Directors do not receive any other form of remuneration other than their fees.

The Committee recognises the need to foster strong relations with shareholders and encourage open dialogue. As such, the Chair of the Remuneration Committee is available for discourse with institutional investors concerning the Company's approach to remuneration.

We look forward to receiving your support at our forthcoming AGM.



Gerard Murray
Chair of the Remuneration Committee
3 March 2025

Remuneration Policy

The aim of the remuneration policy is to help attract, retain and motivate high-performing senior executives, in line with market value. Incentive measures put in place by the Company include equity plans to help align the interests of the Executive Directors with the interests of shareholders.

The Committee's remuneration medium-term policy objectives are, therefore, directed at evolving the composition of Executive Directors' remuneration that was in place at the Company's 2021 IPO, whereby the main elements of Executive remuneration going forward comprise:

- Base salary – a market comparable salary, paid in 12 monthly equal instalments
- Cash bonus – paid annually against an individual financial year's performance measures
- Long-Term incentive plan – an equity reward scheme for medium-term performance

The Committee regularly reviews these elements in to ensure compatibility with market practice and appropriateness of design to optimise delivery against the Board's strategic objectives. The composition of these elements will be assessed in the context of any strategic plan that is communicated to shareholders before the end of the current financial year.

The policies that are currently in place relating to these main elements along with other elements of remuneration are set out below.

Summary of Executive Directors' Remuneration Policy

Component	Purpose and link to strategy	Operation	Maximum	Performance
Base salary	To provide a competitive base salary to attract, motivate and retain directors with the experience and capabilities to achieve the strategic aims.	Reviewed annually by the Committee taking into account the Group's overall performance, market conditions, the Executive's level of responsibility and the level of pay award provided to colleagues.	n/a	n/a
Benefits	To provide market-competitive benefits package.	Offered in line with market practice, and may include a company car, motor insurance, fuel and other vehicle running costs, death in service and private medical insurance. The Executive Directors are eligible to participate in any other Group wide benefit schemes that are available to all colleagues. Business travel and associated subsistence are provided in the normal course of business.	n/a	n/a

Component	Purpose and link to strategy	Operation	Maximum	Performance
Pension	To provide an appropriate level of retirement benefit.	Executive Directors receive pension benefits as a contribution to a defined contribution pension scheme.	Up to 2% of base salary	n/a
Annual bonus	To reward performance against annual targets which support the strategy.	Awards are based on annual performance and are normally payable in cash.	100% of salary	Financial and/or personal/strategic targets
LTIP	To drive and reward the achievement of longer term objectives, support retention and promote share ownership for Executive Directors.	Conditional shares and/or nil cost or nominal cost share options. Vesting is normally subject to the achievement of challenging performance conditions, normally over a period of three years. A two year post vesting holding period shall apply to LTIP awards granted to Executive Directors. Dividend equivalents may be awarded to the extent awards vest. Awards may be subject to malus/clawback provisions at the discretion of the Committee.	100% of salary	Performance metrics will be linked to financial and/or share price and/or strategic performance
Shareholding guidelines	To promote share ownership for Executive Directors.	Executive Directors are expected to build a shareholding in the Company over time by retaining the net of tax LTIP awards which vest such that their holding in the Company is no less than 200% of their annual salary.	n/a	n/a

Summary of Non-Executive Directors' Remuneration Policy

A summary in respect of the approach adopted for NED fees is as follows:

Component	Purpose and link to strategy	Operation	Maximum	Performance
Non-Executive Directors	The Committee determines the Chairman's fee and fees for the Non-Executive Directors are agreed by the Chairman and Executive Directors.	Fees are reviewed annually taking into account the level of responsibility, relevant experience. Fees may include a basic fee and additional fees for further responsibilities. Fees are normally paid monthly in cash.	The fees are subject to the aggregate cap for Director fees in the Articles of Association (currently £300,000 p.a.)	n/a

Directors service contracts and letters of appointment

The Directors have entered into service agreements and letters of appointment with the Company and the principal terms are as follows:

Name	Position	Date of latest agreement	Commencement of period of office	Notice period (months)
Ben Maxted	Chief Executive Officer	21 February 2024	25 November 2021	12
David Brind	Chief Financial Officer	26 April 2024	24 May 2021	12
Steve Smith	Non-Executive Chairman	31 January 2025	24 May 2021	3
Gerard Murray	Non-Executive Director	31 January 2025	24 May 2021	3
Teresa Octavio	Non-Executive Director	1 February 2023	1 February 2023	3

The service contract for Ben Maxted was updated to reflect his appointment as Chief Executive Officer. The service agreement for David Brind was updated to align changes in Company policy and legislation that are reflected in the service agreement of Ben Maxted.

The service contracts for Executive Directors are available for inspection at the registered office of the Company.

Non-Executive Directors are appointed by a letter of appointment for an initial term of three years.

REMUNERATION COMMITTEE REPORT

Annual report on remuneration

Directors' remuneration summary for the year ended 31 October 2024

During the year, the Directors received the following remuneration and pension contributions:

	Salary ¹ /Fee £	Cash bonus £	Pension ² £	Taxable benefits ³ £	Total FY24 £	FY23 £
Executive						
Ben Maxted	402,873	-	1,321	14,494	418,688	322,418
David Brind	309,390	-	5,645	7,184	322,219	314,282
Non-Executive						
Steve Smith	95,000	-	-	-	95,000	64,800
Gerard Murray	60,000	-	-	-	60,000	51,192
Teresa Octavio ¹	50,000	-	-	-	50,000	30,000
Former Directors						
Paul Young	206,037	-	3,788	-	209,825	396,320
Total	1,123,300	-	10,754	21,678	1,155,732	1,179,012

1. The base salaries for Ben Maxted (£410,000) and David Brind (£310,000) are shown above net of a salary sacrifice in respect of Company car provision.
2. The Executive Directors received contributions to the Group's defined contribution pension scheme under the minimum contribution rules of auto enrolment. In addition, Paul Young and David Brind received additional fixed employer contributions taking their overall employer contributions to 1.8% of base salary.
3. Taxable benefits include Benefit in Kind costs associated with the provision of death in service insurance, company cars and fuel for private use to Directors.

Directors' shareholdings

The table below sets out the number of share interests held by Directors as at 31 October 2024.

	Number	% of issued share capital	MIP 'put' options accrued to date ¹	LTIP Nil cost options ²	Total
Executive					
	Shares held beneficially		Shares subject to conditions		
Ben Maxted	70,456	0.1%	2,010,974	166,000	2,247,430
David Brind	1,040,233	1.3%	1,206,585	136,000	2,382,818
Non-Executive					
Steve Smith	70,000	0.1%	n/a	n/a	70,000
Gerard Murray	120,000	0.1%	n/a	n/a	120,000
Teresa Octavio	-	-	n/a	n/a	-

Note 1 - Executive Management Incentive Plan Awards

On 27 July 2021 the Company implemented the MIP, as outlined fully in the Company's Admission Document.

Ben Maxted and David Brind (the 'MIP Participants') have accrued MIP 'put' option rights over 3,217,559 new Ordinary shares (capped at 4 per cent of the issued share capital) as a result of the EPS performance conditions for FY22, FY23 and FY24 being satisfied in full. The terms of the MIP were set out as part of the Company's Admission Document dated 7 May 2021 and the key points are summarised below.

Structure - Under the terms of the MIP, David Brind and Ben Maxted have subscribed in cash (at not less than tax market value) for a new class of share (Growth Shares) in the Company's subsidiary, Kitwave Limited. The Growth Shares will entitle participants to place a put option on the Company to receive up to a maximum of 4 per cent of the Company's market value (measured at the time that the option is exercised).

Conditions - The put option is subject to earnings per share (EPS) targets over a 3-year period being satisfied in part or in whole and the market capitalisation value hurdle being exceeded. The target EPS performance is measured across a 3-year period with the first year in the measurement period being the financial year ended 31 October 2022 and the third and final year being the financial year ending 31 October 2024. The EPS performance targets were aligned with the market expectations for the Company at the time of its Admission in May 2021. If the EPS performance is satisfied in any individual year this will result in a part allocation of put option rights, calculated on a pro-rata basis. Any exercise of the

put option (in whole or in part) is subject to the market capitalisation of the Company at the date of the exercise being not less than 140 per cent. of the market capitalisation of the Company at the date of its Admission. The share price of the Company on the Admission Date was £1.50 per share. Without considering any adjustment that may be required for new share issued since Admission or taking into account any subsequent share issue, share buyback or cancellation by the Company, prior to exercise date, a market share price of at least £2.10 across the market capitalisation measurement period would satisfy the market capitalisation condition.

Settlement - Any consideration to be paid by the Company for the acquisition of the Growth Shares will be satisfied, at the discretion of the Company, in cash or by the issue of the Company's ordinary shares or a combination of both. There is no maximum value of the Group to which the 4% award will be applied.

Performance status - The target EPS measure for the MIP is based on basic EPS adjusted to exclude any share-based accounting charge (net of corporation tax) relating to the cost of operating the MIP. The Company has upgraded its financial expectations for the reported financial period and future financial periods 5 times since its Admission in May 2021 which is reflected in the basic EPS for the year ended 31 October 2024 of 23.5 pence (FY23: 27.1 pence; FY22: 20.5 pence; FY21: 2.4 pence). The level of EPS achieved for FY22, FY23 and FY24 all exceed the target EPS set for FY24 (the third and final year of the MIP performance period) of 15.0 pence.

The EPS outcomes for FY22, FY23 and FY24 result in 100% of the put option rights under the terms of the MIP accruing to the option holders.

Put option exercise date - The put options can be exercised in whole from the date of this report subject only to the market capitalisation condition being satisfied on any exercise date.

Note 2 – Long-Term Incentive Plan Awards

Given that the Committee recognised the need to consider the structure of Executive Directors' remuneration beyond the performance period of the MIP which ended on 31 October 2024, a market consistent Long-Term Incentive Plan was introduced. The initial LTIP awards were granted on 16 March 2023 at below-market levels. Further LTIP awards were granted at market levels on 16 March 2024 to Ben Maxted (who received nil cost options over 116,000 shares) and David Brind (who received nil cost options over 86,000 shares). These shares will vest and will be capable of exercise (subject to achievement of the applicable performance targets) approximately 5 years from the date of grant (being the aggregate of a 3-year performance period and a 2-year holding period).



Gerard Murray

Chair of the Remuneration Committee
3 March 2025

DIRECTORS' REPORT

Principal activities and business review

The principal trading activity of the Group during the period was that of a delivered wholesaler of branded products, which varies across each division and customer type, including sales of impulse products, frozen, chilled and fresh foods, alcohol and groceries.

Further information on the activities and operations of the Group, and future developments are presented in the Strategic report on pages 15 to 40, as these matters are considered to be of strategic importance to the Group.

Streamlined Energy and Carbon Reporting ("SECR")

Disclosures under the Streamlined Energy and Carbon Reporting requirements have been included within Environmental, Social and Governance section on pages 31 to 36.

Financial instruments

Details of the Group's exposure to financial risks are set out in note 25 to the financial statements.

Directors

The Directors who held office during the year and subsequent to the year end, to the date of this report, were as follows:

Executive Directors

Ben Maxted

David Brind

Paul Young (resigned 22 March 2024)

Non-Executive Directors

Steve Smith

Gerard Murray

Teresa Octavio

Details of Directors' emoluments are set out in the Remuneration Committee report. All the Directors benefitted from qualifying third-party indemnity provisions in place during the year and at the date of this Directors' report.

Dividends

An interim dividend of 3.85 pence per share was paid during the year (FY23: 3.75 pence). The Directors have proposed a final dividend of 7.45 pence per share (FY23: 7.45 pence per share).

Substantial shareholders

The Company has one class of ordinary share. As far as the Directors are aware, the only notifiable holdings in excess of 5% of the issued ordinary share capital at 31 October 2024 were as shown in the table below:

Substantial shareholders	Number	% of voting rights in the issued share capital
Columbia Threadneedle Investments	9,765,208	12.1%
Liontrust Asset Management	7,714,746	8.4%

Annual General Meeting

The next Annual General Meeting (AGM) will be on held on 28 March 2025.

Political and charitable contributions

The Company made no political or charitable donations nor incurred any political expenditure during the year (FY23: £nil).

Employees

The Group places considerable value on the involvement of its colleagues and continues to keep them informed on matters affecting them as employees and on the performance of the Group.

Employee representatives are regularly consulted on a wide range of matters affecting current and future interests. The Directors have taken steps to proactively review pay in light of increasing pressure on costs of living as noted in the Remuneration Committee report on page 54.

The Group has enhanced the focus on safety across its divisions following the further investment in the year.

It is the policy of the Group to operate a fair employment policy. Employment policies are designed to provide opportunities irrespective of colour, ethnic or national origin, nationality, sex, sexual orientation, marital status, age or disability with all appointments and promotions determined solely on merit.

Suppliers

The Group recognises the importance of supplier relationships as part of a successful strategy. Key management personnel from across the Group are proactively engaged in fostering relationships with new and existing suppliers through regular contact and development of manufacturers routes to market.

The Group maintain a policy of prompt payment with all suppliers and during the year the Group has continued to develop joint business plans with key suppliers.

Going concern

The Company's Directors have a reasonable expectation that the Group will be able to continue in operational existence for the foreseeable future and meet its liabilities as they fall due. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements. Refer to note 1.3 of the financial statements on page 78 for details.

Disclosure of information to auditor

The Directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each Director has taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

A resolution to reappoint Grant Thornton UK LLP as auditors will be put to members at the AGM.

By order of the Board



Ben Maxted

Director

3 March 2025

Unit S3 Narvik Way
Tyne Tunnel Trading Estate
North Shields
NE29 7XJ

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Annual Report and the Group and parent Company financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and parent Company financial statements for each financial year. Under the AIM Rules of the London Stock Exchange, they are required to prepare the Group financial statements in accordance with UK adopted international accounting standards in conformity with the requirements of the Companies Act 2006 and applicable law and they have elected to prepare the parent Company financial statements in accordance with UK accounting standards and applicable law, including FRS 101 *Reduced Disclosure Framework*.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and parent Company and of the Group's profit or loss for that period. In preparing each of the Group and parent Company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant, reliable and prudent;
- for the Group financial statements, state whether they have been prepared in accordance with UK adopted international accounting standards in conformity with the requirements of the Companies Act 2006;
- for the parent Company financial statements, state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;

- assess the Group and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the parent Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic report and a Directors' report that complies with that law and those regulations.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

FINANCIAL STATEMENTS

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KITWAVE GROUP PLC

Opinion

Our opinion on the financial statements is unmodified

We have audited the financial statements of Kitwave Group plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 October 2024, which comprise the Consolidated statement of profit and loss and other comprehensive income, the Consolidated balance sheet, the Company balance sheet, the Consolidated statements of changes in equity, the Company statement of changes in equity the Consolidated cash flow statement and notes to the financial statements, including material accounting policy information. The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and UK-adopted international accounting standards. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 'Reduced Disclosure Framework' (United Kingdom Generally Accepted Accounting Practice).

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 October 2024 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's and the parent company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the group or the parent company to cease to continue as a going concern.

A description of our evaluation of management's assessment of the ability to continue to adopt the going concern basis of accounting, and the key observations arising with respect to that evaluation is included in the Key Audit Matters section of our report.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and the parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Our approach to the audit



Grant Thornton



Overview of our audit approach

Overall materiality:

Group: £1,132,000, which represents 5% of the group's profit before tax.

Parent company: £2,139,000, which represents 2% of the parent company's total assets. The parent company materiality is solely for the purposes of the parent company statutory audit. A lower component materiality has been used in respect of the parent company for the group financial statements audit.

Key audit matters were identified as:

- Going concern assumption (same as previous year); and
- Completeness and accuracy of acquired intangibles (same as previous year)

Our auditor's report for the year ended 31 October 2023 included no key audit matters that have not been reported as key audit matters in our current year's report.

Scoping has been determined to ensure appropriate coverage of identified significant risks and key performance measures in the financial statements, specifically:

- Group revenue: 76%
- Group total assets: 84%
- Group profit before tax: 88%

We performed an audit of the financial information of five components using component materiality (full-scope audit) and an audit of one or more account balances, classes of transactions or disclosures of the component (specific scope audit) for five components.

We performed analytical procedures at group level (analytical procedures) on the financial information of all remaining group components.

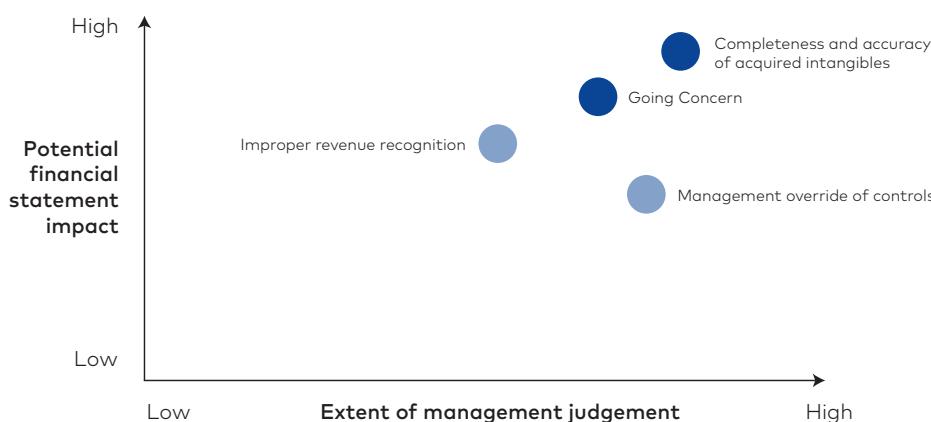
In the previous year, we performed full-scope audits on five components and specific-scope audits on two components.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those that had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of

the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In the graph below, we have presented the key audit matters and significant risks relevant to the audit. This is not a complete list of all risks identified by our audit.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KITWAVE GROUP PLC - CONTINUED

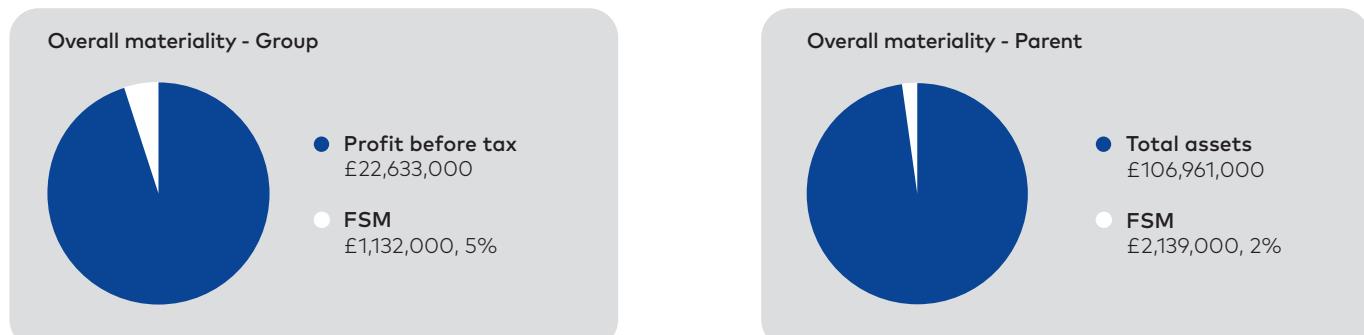
Key Audit Matter – Group	How our scope addressed the matter – Group
<p>Going Concern We identified the going concern assumption as one of the most significant assessed risks of material misstatement due to error as a result of the judgement required to conclude whether there is a material uncertainty related to going concern.</p>	<p>In responding to the key audit matter, we performed the following audit procedures:</p> <ul style="list-style-type: none"> Obtained an understanding of, and evaluated the design and implementation of, key controls with respect to management's going concern assessment;
<p>Significant judgement is applied in developing cashflow forecasts, including assumptions regarding macro-economic uncertainties such as the cost of living crisis and the upcoming increase in employer's national insurance contributions, which may result in a drop in demand or restrict the ability to pass cost increases onto customers. Margin pressure may impact the EBITDA covenant in relation to the group's borrowing facilities and any breach might cause the facilities to become repayable on demand.</p>	<ul style="list-style-type: none"> Obtained management's assessment, including management's base case and reverse stress test covering the Going Concern assessment period to 31 March 2026, and assessed their integrity and suitability as a basis for management to assess going concern; Assessed the accuracy of management's past forecasting by comparing management's forecasts for the previous two financial periods to the actual results for those periods and considered the impact on the cash flow forecasts; Corroborated the existence of the group's loan facilities, and related covenant requirements, for the period covered by management's forecasts to underlying agreements, and tested both covenants throughout the period to confirm whether any breaches were forecast; Evaluated the key assumptions made within the cash flow forecasts, which included the quantum and timing of cash outflows and inflows and determined whether these had been applied appropriately. We also considered whether these assumptions were consistent with our understanding of the business and current external economic pressures;
<p>The Directors have concluded, based on the various scenarios developed, that the group and the parent company have sufficient resources available to meet their liabilities as they fall due and have concluded that there are no material uncertainties that may cast significant doubt over the group's and the parent company's ability to continue as a going concern.</p>	<ul style="list-style-type: none"> Evaluated management's reverse stress test analysis over the forecast period, considered the impact of changing key assumptions, and understood how these could break the forecast and assessed the likelihood of such a situation occurring; Obtained post year end results achieved and compared to those forecast to determine whether the business is trading in line with forecast; and Assessed the adequacy of the going concern disclosures included within the financial statements.
<p>Relevant disclosures in the Annual Report The group's accounting policies on the going concern assumption are shown in note 1.3, Summary of significant accounting policies.</p> <ul style="list-style-type: none"> Additional disclosure is included in the Audit Committee Report on page 47 and the Directors' Report on page 59. 	<p>Our results We have nothing to report in addition to that stated in the 'Conclusions relating to going concern' section of our report.</p>
<p>Completeness and accuracy of acquired intangibles We identified the completeness and accuracy of acquired intangibles as one of the most significant assessed risks of material misstatement due to error. There is a risk that the allocation between goodwill and the other intangible assets acquired is not accurate or complete.</p> <p>The group acquired Total Foodservice Solutions Limited and the Creed Catering Supplies group during the year, which together resulted in the identification of £2,598,000 of brand intangibles, £24,585,000 of customer relationship intangibles and £45,037,000 of goodwill.</p> <p>IFRS 3 'Business Combinations' requires acquired assets and liabilities in the consolidated financial statements to be recorded at fair value. There is significant management judgement involved in determining the fair value of the assets and liabilities acquired, including the calculation of the fair value of technology and customer-related intangible assets acquired, and the discount rate and long-term growth rates used in the valuation.</p>	<p>In responding to the key audit matter, we performed the following audit procedures:</p> <ul style="list-style-type: none"> Obtained an understanding of, and evaluated the design and implementation of key controls with respect to management's recording of, both acquisitions; Engaged our internal valuation experts to assist in the assessment of the work performed by management's valuation expert in relation to the valuation of acquired intangible assets. This included challenge on whether the methodology used in the valuation is in line with accepted valuation methods, and whether inputs such as future profits, attrition rates and discount rates used were appropriate; Assessed the competence and objectivity of management's expert through reference to their qualifications and experience; Obtained the share purchase agreements for both acquisitions, ensured that their terms are consistent with the accounting adopted, agreed the consideration paid to bank payment, and assessed the fair value of the contingent consideration recorded at acquisition date by reference to forecasts of future profits;

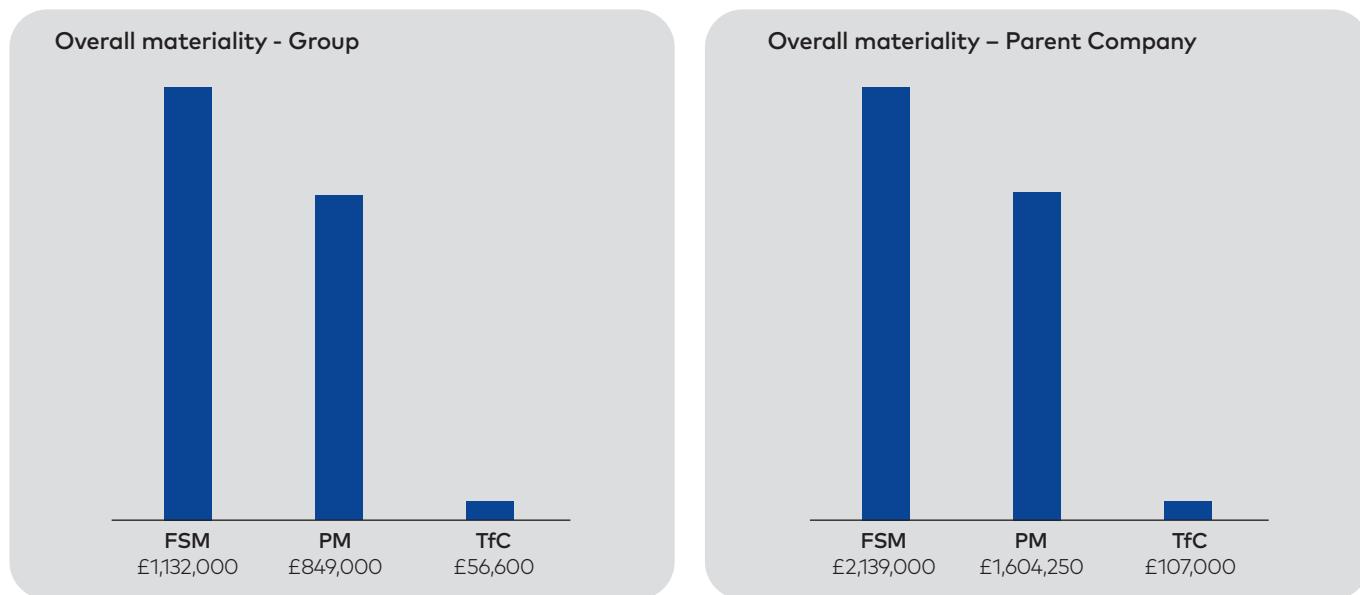
Key Audit Matter – Group	How our scope addressed the matter – Group	
	<ul style="list-style-type: none"> Obtained support for the fair value of net assets acquired and performed testing over the acquired balance sheet of Total Foodservice Solutions and the Creed Catering Supplies group by agreeing material balances to supporting documentation, including cash balances to bank statements and property values to valuation reports; Cross-referenced the list of identified intangible assets with those outlined in IFRS guidance and others we have seen recorded in practice or would have expected to be recorded in this business combination to ensure no unrecognised assets; Challenged whether there are any fair value adjustments to the acquired balance sheet, including those in relation to the fair value of the properties acquired, and assessed whether these are complete and accurate using management's expert property valuation report; and Assessed the adequacy of the disclosures included within the financial statements. 	
Relevant disclosures in the Annual Report The group's accounting policy on acquired intangibles is shown in note 1.10, Business combinations.	Our results Based on our audit work, we did not identify any material misstatements in the acquired intangible asset balance as at 31 October 2024.	
We did not identify any key audit matters relating to the audit of the financial statements of the parent company only.		
Our application of materiality		
We apply the concept of materiality both in planning and performing the audit, and in evaluating the effect of identified misstatements on the audit and of uncorrected misstatements, if any, on the financial statements and in forming the opinion in the auditor's report.		
Materiality was determined as follows:		
Materiality measure	Group	Parent Company
Materiality for financial statements as a whole	We define materiality as the magnitude of misstatement in the financial statements that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of these financial statements. We use materiality in determining the nature, timing and extent of our audit work.	
Materiality threshold	£1,132,000 (2023: £2,490,000), which represents 5% of the group's profit before tax.	£2,139,200 (2023: £1,460,000), which represents 2% of total assets. This parent company component materiality has been capped at an amount less than group materiality for group audit purposes.
Significant judgements made by auditor in determining materiality	<p>In determining materiality, we made the following significant judgements:</p> <ul style="list-style-type: none"> Profit before tax is a key performance indicator for the group; and We determined a percentage of 5% to be appropriate based on the group's size and complexity. <p>Materiality for the current year is lower than the level that we determined for the year ended 31 October 2023 to reflect the change in benchmark percentage applied.</p> <p>We determined a lower benchmark percentage to be appropriate as the group became an "other entity of public interest" (OEPI) on 1 January 2025.</p>	<p>In determining materiality, we made the following significant judgements:</p> <ul style="list-style-type: none"> Total assets is considered the most appropriate benchmark because the parent company is not a trading company; and The percentage of 2% was selected based on the risk profile of the company as a component within a listed group. <p>Materiality for the current year is higher than the level that we determined for the year ended 31 October 2023 to reflect the increase in total assets.</p>

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KITWAVE GROUP PLC - CONTINUED

Materiality measure	Group	Parent Company
Performance materiality used to drive the extent of our testing	We set performance materiality at an amount less than materiality for the financial statements as a whole to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole.	
Performance materiality threshold	£849,000 (2023: £1,867,000), which is 75% of financial statement materiality.	£1,604,250 (2023: £1,095,000), which is 75% of financial statement materiality.
		The parent company materiality is solely for the purposes of the parent company statutory audit. A lower component materiality has been used in respect of the parent company for the group financial statements audit.
Significant judgements made by auditor in determining performance materiality	In determining performance materiality, we made the following significant judgements: <ul style="list-style-type: none"> Our understanding of the group, including the strength of its control environment based on our assessment of the design and implementation of controls; and The nature, size and volume of misstatements identified in previous audits. 	In determining performance materiality, we made the following significant judgements: <ul style="list-style-type: none"> Our understanding of the group, including the strength of its control environment based on our assessment of the design and implementation of controls; and The nature, size and volume of misstatements identified in previous audits.
Specific materiality	We determine specific materiality for one or more particular classes of transactions, account balances or disclosures for which misstatements of lesser amounts than materiality for the financial statements as a whole could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.	
Specific materiality	We determined a lower level of specific materiality for the following areas: <ul style="list-style-type: none"> Directors' remuneration; and Identified related party transactions outside of the normal course of business. 	We determined a lower level of specific materiality for the following areas: <ul style="list-style-type: none"> Directors' remuneration; and Identified related party transactions outside of the normal course of business.
Communication of misstatements to the audit committee	We determine a threshold for reporting unadjusted differences to the audit committee.	
Threshold for communication	£56,600 (2023: £124,400), which represents 5% of financial statement materiality, and misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.	£107,000 (2023: £73,000), which represents 5% of financial statement materiality, and misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.
		The parent company materiality is solely for the purposes of the parent company statutory audit. A lower component materiality has been used in respect of the parent company for the group financial statements audit.

The graph below illustrates how performance materiality interacts with our overall materiality and the threshold for communication to the audit committee.





FSM: Financial statement materiality, PM: Performance materiality, TfC: Threshold for communication to the audit committee

An overview of the scope of our audit

We performed a risk-based audit that requires an understanding of the group's and the parent company's business and in particular matters related to:

Understanding the group, its components, and their environments, including group-wide controls

The engagement team obtained an understanding of the group and its environment, including group-wide controls, and assessed the risks of material misstatement at the group level;

- The engagement obtained an understanding of the group's organisational structure and considered its impact on the scope of the audit, including assessing the level of centralisation and the group control function; and
- The engagement team performed walkthroughs of key areas of focus, including significant risks and other significant classes of transactions, in order to confirm our understanding of the control environment across the group.

Identifying significant components

- The engagement team evaluated the identified components to assess their significance and determined the planned audit response based on a measure

of materiality. Significance was determined after taking into account relative contribution to the group's revenue and profit before tax, and by considering qualitative factors, such as the component's specific nature or circumstances.

Type of work to be performed on financial information of parent and other components (including how it addressed the key audit matters)

- Audits of the financial information of components using component materiality (full-scope audit) procedures were performed on the financial information of five components. These procedures included a combination of tests of detail and analytical procedures;
- audits of one or more account balances, classes of transactions or disclosures of the component (specific-scope audit) procedures were carried out on a further five components using component materiality. These procedures included a combination of tests of details and analytical procedures and were designed to increase coverage of the group's financial statement line items; and
- for the thirteen components that were not individually significant to the group, or assessed as requiring specific-scope audits, analytical procedures were carried out at group level; and
- Key Audit Matters were tested as part of work at a group level rather than in a specific component

Performance of our audit

- The Key Audit Matter pertaining to the going concern assumption was tested as part of our work at both a group and parent company level;
- the Key Audit Matter pertaining to completeness and accuracy of acquired intangibles relates to balances arising on consolidation and was addressed by procedures performed at a group level;
- all audit procedures to support the group audit opinion were performed by the group engagement team. Our audit procedures were performed by a combination of remote and in-person auditing, including attending the parent company's primary location in Newcastle to perform audit procedures;
- as part of planning procedures, an evaluation was completed over the group's internal control environment including its IT systems and controls to inform our risk assessment; and
- our audit testing approach was wholly substantive.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KITWAVE GROUP PLC - CONTINUED

Audit Approach	No. of components	% coverage revenue	% coverage PBT
Full-scope audit	5 (2023: 5)	74 (2023: 77)	59 (2023: 77)
Specific-scope audit	5 (2023: 2)	2 (2023: 0)	29 (2023: 0)
Analytical procedures	13 (2023: 12)	24 (2023: 23)	12 (2023: 23)
Total	23 (2023: 19)	100	100

Changes in approach from previous period

- In the year the group made two material acquisitions, being Total Foodservice Solutions Limited and Creed Catering Supplies Limited, including its subsidiary Creed Foodservice Limited. As such there are three additional components
- There have been no other significant changes in the scope of the audit from prior year.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Our opinion on other matters prescribed by the Companies Act 2006 is unmodified

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matter on which we are required to report under the Companies Act 2006

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 60, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

- We obtained an understanding of the legal and regulatory frameworks applicable to the group and parent company, and the industry in which it operates. We determined that the most significant are UK-adopted international accounting standards (for group), United Kingdom Generally Accepted Accounting Practice (for the parent company), the Companies Act 2006, and relevant tax regulations;
- We corroborated our understanding of the legal and regulatory framework applicable to the entity by discussing relevant frameworks with group management and component management and by inspecting correspondence with relevant parties and Board minutes to support this;
- We assessed the susceptibility of the group's and the parent company's financial statements to material misstatement, including how fraud might occur, by evaluating management's incentives and opportunities for manipulation of the financial statements. This included the evaluation of the risk of management override of controls. We determined that the principal risks were in relation to:
 - journal entries that were posted by group senior finance personnel;
 - journal entries that were posted by component senior finance personnel;
 - material transactions crediting the statement of profit or loss in the final two months of the financial year;
 - material post-close journal entries;
 - potential management bias in determining accounting estimates, especially in relation to their assessment of the valuation of goodwill and other intangible assets; and
 - transactions with related parties;

- Audit procedures performed by the engagement team included:
 - evaluating the processes and controls established to address the risks related to irregularities and fraud;
 - journal entry testing, in particular those journals determined to be in respect of our principal risks documented above; and
 - challenging assumptions and judgements made by management in its significant accounting estimates.
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it;
- The engagement partner's assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's:
 - understanding of, and practical experience with, audit engagements of a similar nature and complexity through appropriate training and participation;
 - knowledge of the industry in which the group and the parent company operate; and
 - understanding of the legal and regulatory requirements specific to the group and the parent company.
- We issued engagement team communications in respect of potential non-compliance with laws and regulations and fraud.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Mark Overfield BSc FCA
Senior Statutory Auditor**

for and on behalf of
Grant Thornton UK LLP
Statutory Auditor,
Chartered Accountants
Leeds

3 March 2025

CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 OCTOBER

	Note	2024 £000	2023 £000
Revenue	3	663,652	602,220
Cost of sales		(515,832)	(470,095)
Gross profit		147,820	132,125
Other operating income	4	603	183
Distribution expenses		(63,473)	(54,570)
Administrative expenses		(56,146)	(48,375)
Operating profit		28,804	29,363
Analysed as:			
Adjusted EBITDA		45,229	41,141
Amortisation of intangible assets	11	(1,527)	(975)
Depreciation	12,13	(11,068)	(8,992)
Acquisition expenses	5	(2,153)	(648)
Compensation for post combination services	5	(324)	(199)
Share based payment expense	5	(1,244)	(964)
Restructuring expenses	5	(109)	-
Total operating profit		28,804	29,363
Finance expenses	8	(6,276)	(4,505)
Analysed as:			
Interest payable on bank loans and bank facilities	8	(4,024)	(2,842)
Finance charges on leases	8	(2,167)	(1,656)
Other interest	8	(85)	(7)
Financial expense		(6,276)	(4,505)
Profit before tax		22,528	24,858
Tax on profit on ordinary activities	9	(5,810)	(5,902)
Profit for the financial year		16,718	18,956
Other comprehensive income		-	-
Total comprehensive income for the year		16,718	18,956
Basic earnings per share (pence)	10	23.5	27.1
Diluted earnings per share (pence)	10	22.5	26.0



Ben Maxted, Director
3 March 2025

CONSOLIDATED BALANCE SHEET AS AT 31 OCTOBER

	Note	2024 £000	2023 £000
Non-current assets			
Goodwill	11	105,717	58,680
Intangible assets	11	30,554	4,878
Tangible assets	12	29,096	16,614
Right-of-use assets	13	50,869	29,716
Investments	14	42	45
		216,278	109,933
Current assets			
Inventories	15	47,749	35,410
Trade and other receivables	16	91,122	63,569
Cash and cash equivalents	17	4,137	673
		143,008	99,652
Total assets		359,286	209,585
Current liabilities			
Other interest bearing loans and borrowings	19	(27,821)	(6,405)
Lease liabilities	19	(10,244)	(6,402)
Trade and other payables	18	(102,083)	(63,596)
Tax payable		(1,127)	(594)
		(141,275)	(76,997)
Non-current liabilities			
Other interest bearing loans and borrowings	19	(40,000)	(20,000)
Lease liabilities	19	(43,323)	(26,267)
Deferred tax liabilities	20	(10,143)	(1,876)
		(93,466)	(48,143)
Total liabilities		(234,741)	(125,140)
Net assets		124,545	84,445
Equity attributable to equity holders of the parent Company			
Called up share capital	23	804	700
Share premium account	23	94,185	64,183
Consolidation reserve		(33,098)	(33,098)
Share based payment reserve	22	3,240	2,042
Retained earnings		59,414	50,618
Equity		124,545	84,445



Ben Maxted, Director
3 March 2025

COMPANY BALANCE SHEET AS AT 31 OCTOBER

	Note	2024 £000	2023 £000
Non-current assets			
Investments	14	12,993	12,993
Deferred tax assets	20	804	514
		13,797	13,507
Current assets			
Trade and other receivables	16	93,259	60,033
Cash and cash equivalents	17	259	3
		93,518	60,036
Total assets		107,315	73,543
Current liabilities			
Trade and other payables	18	(138)	(94)
Tax payable		(218)	(45)
		(356)	(139)
Total liabilities		(356)	(139)
Net assets		106,959	73,404
Equity attributable to equity holders of the parent Company			
Called up share capital	23	804	700
Share premium account	23	94,185	64,183
Share based payment reserve	22	3,240	2,042
Retained earnings*		8,730	6,479
Equity		106,959	73,404

*The Company's profit after tax for the year was £10,173,000 (FY23: £5,017,000)



Ben Maxted, Director
3 March 2025

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AS AT 31 OCTOBER

	Called up share capital £000	Share premium account £000	Consolidation reserve £000	Share based payment reserve £000	Profit and loss account £000	Total equity £000
Balance at 1 November 2022	700	64,183	(33,098)	1,090	39,012	71,887
<i>Total comprehensive income for the year</i>						
Profit	-	-	-	-	18,956	18,956
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	18,956	18,956
<i>Transactions with owners, recorded directly in equity</i>						
Dividends	-	-	-	-	(7,350)	(7,350)
Share based payment expense	-	-	-	952	-	952
Total contribution by and transactions with owners	-	-	-	952	(7,350)	(6,398)
Balance at 31 October 2023	700	64,183	(33,098)	2,042	50,618	84,445
<i>Total comprehensive income for the year</i>						
Profit	-	-	-	-	16,718	16,718
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	16,718	16,718
<i>Transactions with owners, recorded directly in equity</i>						
New share issuance	104	31,563	-	-	-	31,667
Costs directly attributable to new shares issues	-	(1,561)	-	-	-	(1,561)
Dividends	-	-	-	-	(7,922)	(7,922)
Share based payment expense	-	-	-	1,198	-	1,198
Total contribution by and transactions with the owners	104	30,002	-	1,198	(7,922)	23,382
Balance at 31 October 2024	804	94,185	(33,098)	3,240	59,414	124,545

COMPANY STATEMENT OF CHANGES IN EQUITY AS AT 31 OCTOBER

	Called up share capital £000	Share premium account £000	Share based payment reserve £000	Profit and loss account £000	Total equity £000
Balance at 1 November 2022	700	64,183	1,090	8,812	74,785
<i>Total comprehensive income for the year</i>					
Profit	-	-	-	5,017	5,017
Other comprehensive income	-	-	-	-	-
Total comprehensive loss for the year	-	-	-	5,017	5,017
<i>Transactions with owners, recorded directly in equity</i>					
Dividends	-	-	-	(7,350)	(7,350)
Share based payment expense	-	-	952	-	952
Total contribution by and distribution to owners	-	-	952	(7,350)	(6,398)
Balance at 31 October 2023	700	64,183	2,042	6,479	73,404
<i>Total comprehensive income for the year</i>					
Profit	-	-	-	10,173	10,173
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the year	-	-	-	10,173	10,173
<i>Transactions with owners, recorded directly in equity</i>					
New share issuance	104	31,563	-	-	31,667
Costs directly attributable to new share issues	-	(1,561)	-	-	(1,561)
Dividends	-	-	-	(7,922)	(7,922)
Share based payment expense	-	-	1,198	-	1,198
Total contribution by and transactions with the owners	104	30,002	1,198	(7,922)	23,382
Balance at 31 October 2024	804	94,185	3,240	8,730	106,959

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 OCTOBER

	Note	2024 £000	2023 £000
Cash flow statement			
Cash flow from operating activities			
Profit for the year		16,718	18,956
<i>Adjustments for:</i>			
Depreciation and amortisation	11,12,13	12,595	9,967
Financial expense	8	6,276	4,505
Profit on sale of property, plant and equipment	4	(573)	(179)
Net gain on remeasurement of right-of-use assets and lease liabilities	4	(30)	(4)
Compensation for post combination services	5	324	199
Equity settled share based payment expense	5	1,244	964
Taxation	9	5,810	5,902
		42,364	40,310
Increase in trade and other receivables		(8,712)	(3,737)
Increase in inventories		(2,392)	(2,553)
Increase in trade and other payables		6,755	2,353
		38,015	36,373
Tax paid		(6,612)	(6,075)
Net cash inflow from operating activities		31,403	30,298
Cash flows from investing activities			
Acquisition of property, plant and equipment		(7,275)	(3,915)
Proceeds from sale of property, plant and equipment		3,513	473
Acquisition of subsidiary undertakings (net of overdrafts and cash acquired)	2	(73,329)	(19,593)
Net cash outflow from investing activities		(77,091)	(23,035)
Cash flows from financing activities			
Proceeds from share issuance (net of expenses)		30,106	-
Proceeds from new loan	19	20,000	20,000
Net movement in bank trade loan	19	7,750	-
Net movement in invoice discounting	19	13,666	(13,948)
Interest paid	8,19	(6,121)	(4,248)
Repayment of lease liabilities	19	(8,327)	(6,555)
Dividends paid		(7,922)	(7,350)
Net cash inflow/(outflow) from financing activities		49,152	(12,101)
Net increase/(decrease) in cash and cash equivalents		3,464	(4,838)
Opening cash and cash equivalents		673	5,511
Cash and cash equivalents at year end	17	4,137	673

NOTES TO THE FINANCIAL STATEMENTS

1 Accounting policies

Kitwave Group plc (the "Company") is a public company limited by shares and incorporated, domiciled and registered in England in the UK. The registered number is 09892174 and the registered address is Unit S3, Narvik Way, Tyne Tunnel Trading Estate, North Shields, Tyne and Wear, NE29 7XJ.

The Group financial statements consolidate those of the Company and its subsidiaries (together referred to as the "Group"). The parent Company financial statements present information about the Company as a separate entity.

The Group financial statements have been prepared and approved by the Directors in accordance with UK adopted international accounting standards.

The financial information set out above does not constitute the Group or the Company's statutory accounts for the year ended 31 October 2024 or the financial year ended 31 October 2023. Statutory accounts for the year ended 31 October 2023 have been delivered to the registrar of companies, and those for the year ended 31 October 2024 will be delivered in due course. The auditor has reported on those accounts; their reports were (i) unqualified, (ii) did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying their report and (iii) did not contain a statement under s498 (2) or (3) of the Companies Act 2006.

The Group and Company financial statements are presented in pounds sterling which is the functional currency of the Group. All values are rounded to the nearest thousand (£000), except when otherwise indicated.

The Company financial statements were prepared in accordance with the Companies Act 2006 as applicable to companies using Financial Reporting Standard 101 'Reduced Disclosure Framework' ("FRS 101"). The Company applies the recognition, measurement and disclosure requirements of IFRS, but makes amendments where necessary in order to comply with Companies Act 2006.

In publishing the Company's financial statements together with the Group's financial statements, the Company is taking advantage of the exemption in s408 of the Companies Act 2006 not to present its individual statement of profit and loss and related notes that form a part of these approved financial statements.

The Company has applied the following exemptions in the preparation of its financial statements:

- A cash flow statement and related notes have not been presented;
- Disclosures in respect of new standards and interpretations that have been issued but which are not yet effective have not been provided;
- Disclosures in respect of transactions with wholly-owned subsidiaries have not been made; and
- Certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instruments have not been provided.
- Disclosures in respect of share-based payments as required by IFRS 2 Share-based Payment have not been provided

The accounting policies set out below have, unless otherwise stated, been applied consistently to both periods presented in these consolidated financial statements.

The consolidated financial statements include the results of all subsidiaries owned by the Company listed in note 14. Certain of these subsidiaries have taken exemption from an audit for the year ended 31 October 2024 by virtue of s479A Companies Act 2006. To allow these subsidiaries to take the audit exemption, the Company has given a statutory guarantee of all the outstanding liabilities as at 31 October 2024.

The subsidiaries which have taken this exemption from audit are:

- TG Foods Limited – (CRN 04083532)
- Westcountry Food Holdings Limited – (CRN 04126070)
- HB Clark Holdings Limited – (CRN 10434640)
- FW Bishop & Son Limited – (CRN 00751477)
- WLG (Holdings) Limited – (CRN 12169927)
- Kitwave Investments Limited – (CRN 09891335)
- Kitwave One Limited – (CRN 07562615)

1.1 Critical accounting estimates and judgements

The preparation of financial statements requires the Directors to make judgements, estimates and assumptions concerning the future performance and activities of the Group. There are no significant judgements applied in the preparation of these financial statements. Estimates and assumptions are based on the historical experience and acquired knowledge of the Directors, the result of which forms the basis of the judgements made about the carrying value of assets and liabilities that are not clear from external sources. In concluding that there are no significant risks of material adjustment from accounting estimates and judgements, the Directors have reviewed the following:

Impairment of goodwill

In accordance with IAS 36 "Impairment of Assets", the Board identifies appropriate Cash-Generating Units ("CGUs") and the allocation of goodwill to these units. Where an indication of impairment is identified, assessment and estimation of the recoverable value of the CGUs is required. This process involves estimation of the future cash flows from the CGUs and also the selection of appropriate discount rates in order to calculate the net present value of those cash flows. The discount rate is a key area of judgement and the forecast cash flow includes significant accounting estimates.

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

Each of the CGUs has significant headroom under the annual impairment review and the Directors believe that no reasonable change in any of the above key assumptions would cause the carrying value of the unit to materially exceed its recoverable amount. More information on the assumptions and sensitivities applied are set out in note 11 to these financial statements.

Impairment of trade receivables

IFRS 9, Financial Instruments, requires that provisioning for financial assets needs to be made on a forward-looking expected credit loss model. This is an accounting estimate requiring significant judgement of management to consider historic, current and forward-looking information to determine the level of provisioning required.

The Directors have assessed the ageing of the trade receivables, applying their knowledge of the Group's customer base, and other economic factors as indicators of potential impairment. Further information is considered in note 25 of these financial statements. Following a review of the above accounting estimates and judgements, the Directors have concluded that there is no significant risk of material adjustment to the carrying amount of assets and liabilities within the next financial year.

Valuation of share-based payments

IFRS 2, Share-based Payments, requires judgement on the classification of the share-based payment under the Management Incentive Plan ("MIP"), which Directors have determined to be equity-settled.

The grant date fair value of the MIP is based on a Monte Carlo option valuation model, performed by independent experts, factoring in a number of significant accounting estimates and judgements. Further information is considered in note 22 of these financial statements. Following a review of the judgements and estimates applied to the valuation of the MIP, the Directors have concluded that there is no significant risk of material adjustment to the charge to the statement of profit and loss and other comprehensive income in the year.

Valuation of intangible assets arising on acquisition

Under IFRS 3 Business Combinations, when an acquisition takes place the Group is required to assess whether there are any additional intangible assets arising separately from goodwill. This requires significant accounting estimates and judgements to be applied to the valuation of brands and customer relationships.

In the year ended 31 October 2024, the Group acquired the entire share capital of WLG (Holdings) Limited ("Wilds of Oldham"), Total Foodservice Solutions Limited ("Total Foodservice") and Creed Catering Supplies Limited ("Creed").

An independent valuation of the acquired intangible assets relating to the Total Foodservice and Creed acquisitions was performed by experts, requiring estimates of weighted average cost of capital and estimate future cash flows utilising the multi-period excess earnings methodology.

An internal valuation of the acquired intangible assets relating to Wilds of Oldham was performed and no material intangible assets were identified.

The intangibles identified are set out in note 2 and the Directors have concluded that there is no significant risk of material adjustments to the fair value of assets acquired in the year.

1.2 Measurement convention

The financial statements are prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: financial instruments classified at fair value through the statement of profit and loss, unlisted investments and investment property.

1.3 Going concern

The Group has continued to deliver on its growth strategy, both operationally and financially, in the year ended 31 October 2024, with the acquisitions of Wilds of Oldham, Total Foodservice and Creed contributing to increased profitability and continued positive cash generation.

All three acquisitions have delivered positive trading performances since their acquisitions. Both Wilds of Oldham and Total Foodservice have been fully integrated into the On-trade and Foodservice operations respectively, with both entities operating on the Group IT infrastructure and ERP platform. The Creed acquisition completed just before year end and the Directors are confident that as one of the UK's leading foodservice wholesalers, it will expand the Group's geographical presence and provide an effective distribution link between our existing Foodservice operations.

The Group has seen an increase in cases delivered during the period led by the continued focus on service excellence and increased geographic delivery footprint. Cost of living increases have not had a material impact on demand, with less significant consumer cost of living increases being borne in this period mitigated in part by continued wage inflation. Sustained wet weather over spring and summer 2024 resulted in a reduction in cases to the leisure and out-of-home markets, but this was mitigated by the successful onboarding of new customers. These initiatives resulted in the Group exceeding the prior year's adjusted EBITDA, excluding the three in year acquisitions.

The acquisitions follow the Group's strategy of acquiring profitable, well-run businesses and as such added £31,102,000 of revenue and £2,220,000 of operating profit to the Group post acquisition. This contributed to the improvement in the Group's cash flow from operating activities (before changes in working capital and tax payments) from £40,310,000 in FY23 to £42,364,000 in FY24.

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

The Wilds of Oldham and Total Foodservice acquisitions were funded via existing facilities and Group cash flow. Both acquisitions enabled the Group to expand its geographical footprint and leverage operations between existing and acquired operations.

The Creed acquisition was strategically significant due to its market position as one of the UK's leading foodservice wholesalers and represents the largest transaction completed by the Group. The acquisition was funded through a new equity raise of £31,500,000, which was oversubscribed in the market with strong support from existing shareholders, and an increase in committed debt facilities with its existing lenders.

Prior to the Creed acquisition, the Group had in place a £20,000,000 Revolving Credit Facility ("RCF") and a £38,000,000 Confidential Invoice Discounting Facility ("CID") with terms committed to 2025. The RCF was increased to £40,000,000 and the CID was increased to £55,000,000 with committed terms to 2028. The facilities include an option for the Group to extend them by a further year.

The Group has prepared financial forecasts and projections for a 12 month period from the date of this report (the "going concern assessment period"). A 'severe but plausible' downside sensitivity has been prepared to support the Directors conclusion regarding going concern. In addition, a reverse stress test has been performed the results of which have not changed the conclusion around going concern. These sensitivities include a possible downside scenario to Group trading as a result of further inflationary pressure in 2025.

The Group has significant headroom on banking facilities at the year end and throughout the forecast period. These facilities are committed beyond the forecast period under review.

These forecasts show that the Group will have sufficient levels of financial resources available both to meet its liabilities as they fall due for that period and comply with remaining covenant requirements on its working capital facilities.

Consequently, the Directors are confident that the Group and Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of this financial information and therefore have prepared the financial statements on a going concern basis.

1.4 Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiary undertakings made up to 31 October 2024. A subsidiary undertaking is an entity that is controlled by the Company. The results of subsidiary undertakings are included in the consolidated statement of profit and loss account from the date that control commences until the date that control ceases. Control is established when the Company is exposed to, or has rights to, variable returns from its involvement with an entity and has the ability to affect those returns through its power over the entity. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable.

In respect of the legal acquisition of Kitwave One Limited by the Company in the year ended 30 April 2017, the principles of reverse acquisition have been applied under IFRS 3. The Company, via its 100% owned subsidiary Kitwave Investments Limited, is the legal acquirer of Kitwave One Limited but Kitwave One Limited was identified as the accounting acquirer of the Company. The assets and liabilities of the Company and the assets and liabilities of Kitwave One Limited continued to be measured at book value. By applying the principles of reverse acquisition accounting the Group is presented as if the Company has always owned Kitwave One Limited. The comparative consolidated reserves of the Group were adjusted to reflect the statutory share capital and share premium of the Company as if it had always existed, adjusted for movements in the underlying Kitwave One Limited's share capital and reserves until the date of the acquisition. A consolidation reserve was created which reflects the difference between the capital structure of the Company and Kitwave One Limited at the date of acquisition less any cash and deferred cash consideration for the transaction.

1.5 Foreign currency

Transactions in foreign currencies are translated to the Group companies' functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the statement of profit and loss.

1.6 Classification of financial instruments

Financial assets

Financial assets are classified at initial recognition, and subsequently measured at amortised cost, Fair Value through Other Comprehensive Income ("FVOCI") or Fair Value through the statement of Profit and Loss ("FVTPL"). The classification of financial assets under IFRS 9 is based on two criteria:

- the Group's business model for managing the assets; and
- whether the instruments' contractual cash flows represent 'Solely Payments of Principal and Interest on the principal amount outstanding (the "SPPI criterion").

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

A summary of the Group's financial assets is as follows:

Trade and other receivables*	Amortised cost – hold to collect business model and SPPI met
Cash and short-term deposits	Amortised cost

Financial liabilities

Financial instruments issued by the Group are treated as equity only to the extent that they meet the following two conditions:

- (a) they include no contractual obligations upon the Group to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Group; and
- (b) where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called-up share capital and share premium account exclude amounts in relation to those shares.

A summary of the Group's financial liabilities is as follows:

Bank loans and overdrafts	Amortised cost
Trade and other payables*	Amortised cost
Contingent consideration	Fair value through the statement of profit and loss

*Prepayments, other receivables, other taxation and social security payables and other payables do not meet the definition of financial instruments.

Further information is included in note 25.

1.7 Non-derivative financial instruments

Trade and other receivables

Trade and other receivables are recognised initially at transaction price. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

Trade and other payables

Trade and other payables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement. For payments received through electronic payment systems, the Group recognises cash, and derecognises the relevant trade receivable, when the payment is completed, and the cash is received. For payments made via electronic payment systems, the Group recognises the cash outflow, and derecognises the relevant trade payable, when the payment is completed and cash has been transferred.

Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method.

Invoice discounting

The Group is party to an invoice discounting arrangement which provides additional working capital up to the value of a set proportion of its trade receivables balances. The advances are secured against trade receivables (note 16). These are repayable within 90 days of the invoice and carry interest at a margin of 1.75%. This is a committed facility which expires in September 2028. The net movement of the balance is disclosed in the cash flow statement.

Equity investments

Equity investments are instruments that meet the definition of equity from the issuer's perspective: that is they do not contain an obligation to pay and provide a residual interest in the assets of the issuer. Equity investments are held at fair value through the statement of profit and loss.

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

1.8 Other financial instruments**Derivative financial instruments**

Derivative financial instruments are recognised at fair value. The gain or loss on remeasurement to fair value is recognised immediately in the statement of profit and loss. No hedge accounting has been applied.

1.9 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Depreciation is charged to the statement of profit and loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Land is not depreciated. The estimated useful lives are as follows:

• Leasehold improvements	5-10% straight line or straight line over the term of the lease
• Freehold property	2% straight line
• Plant and machinery	10-20% reducing balance and straight line
• Fixtures and fittings	10-25% reducing balance and straight line
• Motor vehicles	15-25% reducing balance and straight line

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.

1.10 Business combinations

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group.

At the acquisition date, the Group measures goodwill at the acquisition date as:

- the fair value of the consideration (excluding contingent consideration) transferred; plus
- estimated amount of the contingent consideration (see below): plus
- the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities and contingent liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in the statement of profit and loss.

Any contingent consideration payable is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration are recognised in the statement of profit and loss.

1.11 Intangible assets and goodwill**Goodwill**

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units ("CGUs") and is not amortised but is tested annually for impairment.

Intangible assets arising on acquisition and other intangible assets

Intangible assets arising on acquisition are capitalised at fair value as determined at the date of acquisition and are stated at fair value less accumulated amortisation.

Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of acquired intangible assets from the date they are acquired. The period of amortisation relating to the acquired intangibles of Westcountry Food Holdings Limited and Total Foodservice Solutions Limited is as follows:

- Customer relationships 6 years
- Brands 2 years

The period of amortisation relating to the acquired intangibles of Creed Catering Supplies Limited is as follows:

- Customer relationships 8- 15 years
- Brands 5 years

The cost of computer software purchased or developed in-house which has the capacity to generate economic benefits for a period in excess of one year is capitalised as an intangible asset.

1.12 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is based on the weighted average principle.

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

The Group participates in rebate schemes with its suppliers. Rebates are principally earned from suppliers on purchase of inventory and are recognised at point of delivery to the Group. Where the rebate earned relates to inventories which are held by the Group at the period end, the rebates are deducted from the cost of those inventories. Any rebates based on a volume of purchases over a period are only recognised when the volume target has been achieved.

1.13 Impairment excluding inventories and deferred tax assets

Non-derivative financial assets – trade receivables

The Group recognises loss allowance for Expected Credit Losses ("ECLs") on trade receivables measured at amortised cost.

The Group measures loss allowances at an amount equal to lifetime ECLs as the term of the asset is considered short.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment including forward-looking information.

The Group utilises the practical expediency for short-term receivables by adopting the simplified 'matrix' approach to calculate ECLs. The provision matrix is based on an entity's historical default rates over the expected life of the trade receivables as adjusted for forward-looking estimates.

The Group assumes that the credit risk on a financial asset has increased if it is aged more than 90 days since delivery. This is not relevant in all cases, and management uses its historical experience and knowledge of the customer base to assess whether this is an indicator of increased risk on a customer-by-customer basis.

The Group considers the financial asset to be in default when the borrower is unlikely to pay its obligations or has entered a formal insolvency process or other financial reorganisation.

Loss allowances for financial assets measured at amortised costs are deducted from the gross carrying amount of the assets.

Non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to CGUs. Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment is tested reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the statement of profit and loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro-rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

1.14 Employee benefits

Defined contribution plans and other long-term employee benefits

A defined contribution plan is a post-employment benefit plan under which the Group pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the statement of profit and loss in the periods during which services are rendered by employees.

Share-based payment transactions

Share-based payment arrangements in which the Company receives goods or services as consideration for its own equity instruments are accounted for as equity-settled share-based payment transactions, regardless of how the equity instruments are obtained by the Company.

The Group operates a Management Incentive Plan ("MIP") for certain directors and two Long Term Incentive Plans ("LTIP") for certain directors and senior staff members, granting them equity-settled share option rights to the Company's equity instruments. The fair value at the grant date of the options is recognised as an employee expense with a corresponding increase in equity, on a straight-line basis over the vesting period.

Under both the MIP and LTIP schemes, the fair value of the awards granted is measured using an option valuation model, taking into account the terms and conditions upon which the awards were granted. The Monte Carlo option valuation model was adopted for all schemes and independent expert advice was sought for both the MIP and principal LTIP schemes. The LTIP awards granted in 2024 were valued on the same basis as the LTIP awards granted in 2023 as they adopt the same principal vesting conditions across a materially similar amount of options.

The amount recognised as an expense is adjusted to reflect the actual number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that do meet the related service and non-market performance conditions at the vesting date.

For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

Further information is included in note 22.

Under IFRS 3 the contingent payment which has been agreed for the remaining 3% of the share in Central Supplies (Brierley Hill) Ltd is classified as remuneration for post-combination services, as consideration for the shares is linked to an employment condition. The amount recognised in the statement of profit and loss and other comprehensive income was £324,000 (FY23: £199,000).

1.15 Provisions

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, that can be reliably measured, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

1.16 Revenue

IFRS 15 "revenue from contracts with customers" establishes a principles-based approach for revenue recognition and is based on the concept of recognising revenue for performance obligations only where they are satisfied, and the control of goods or service is transferred. In doing so, the standard applies a five-step approach to the timing of revenue recognition and applies to all contracts with customers, except those in the scope of other standards.

The principal performance obligation of delivery and sale of goods is discharged on delivery/collection of the products by the customer at which point control of the goods has transferred. Customer discounts and rebates comprise variable consideration and are accounted for as a reduction in the transaction price, based on the most likely outcome basis.

The most likely outcome model is used due to the simple nature of rebate agreements and the limited number of possible outcomes – principally whether or not the customer achieved the required level of purchases.

1.17 Financing income and expenses

Financing expenses comprise interest payable, finance charges on put option liabilities and finance leases recognised in the statement of profit and loss using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the statement of profit and loss (see foreign currency accounting policy). Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that takes a substantial time to be prepared for use, are capitalised as part of the cost of that asset. Financing income comprise interest receivable on funds invested, finance income on the put option liability, and net foreign exchange gains.

Interest income and interest payable is recognised in the statement of profit and loss as it accrues, using the effective interest method. Dividend income is recognised in the statement of profit and loss on the date the entity's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

1.18 Taxation

Current tax

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the statement of profit and loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax is recognised on an undiscounted basis.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

1.19 Leases

The Group adopts the requirements of IFRS 16 as follows:

The Group has lease arrangements in place for properties, vehicles, forklift trucks and other equipment including plant and machinery. At the inception of the lease agreement, the Group assesses whether the contract conveys the right to control the use of an identified assets for a certain period of time and whether it obtains substantially all of the economic benefits from the use of that assets in exchange for consideration. The Group recognises a lease liability and a corresponding right-of-use asset with respect to all such lease arrangements.

A right-of-use asset is capitalised on the balance sheet at cost, which comprises the present value of the future lease payments at inception of the lease.

Right-of-use assets are depreciated using a straight-line method over the shorter of the life of the asset or the lease term and are assessed in accordance with IAS 36 'Impairment of Assets' to determine whether the asset is impaired.

The lease liability is initially measured at the present value of the lease payments as outlined above for the right-of-use asset and is increased by the interest cost on the lease liability, subsequently reduced by the lease payments made. Lease liabilities are classified between current and non-current on the balance sheet.

An assessment of the discount rate used in the present value calculation for new lease additions is performed at the inception of the lease to ensure it reflects the Group's incremental borrowing rate. The selected rate is supported by quotes from third parties for financing the asset and the Group's weighted average cost of capital. The Directors believe that no reasonable change in this accounting estimate would cause the carrying value of leases to be materially misstated.

The Group has relied upon the exemption under IFRS 16 to exclude the impact of low-value leases and leases that are short-term in nature (defined as leases with a term of 12 months or less). Costs on these leases are recognised on a straight-line basis as an operating expense within the statement of profit and loss. All other leases are accounted for in accordance with this policy as determined by IFRS 16.

1.20 Exceptional items

Exceptional items are defined as income or expenses that arise from events or transactions that are clearly distinct from the normal activities of the Group and therefore are not expected to recur frequently or regularly.

Such items have been separately presented to enable a better understanding of the Group's operating performance. Details of exceptional expenses are presented in note 5.

1.21 Investments

Investments in subsidiaries are carried at cost-less impairment in the parent Company's financial statements.

1.22 Adopted IFRSs not yet applied

There are a number of new standards and amendments issued by the International Accounting Standards Board ("IASB") that will be effective for financial statements after this reporting period, once endorsed by the UK Endorsement Board. IFRS 18 "Presentation and Disclosure in Financial Statements" is effective for periods beginning on or after 1 January 2027 and will introduce new disclosure requirements. This standard is not expected to have a material impact on the Group's results or financial position.

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

2. Acquisitions in the period**Acquisitions in the year ended 31 October 2024****WLG (Holdings) Limited**

On 17 November 2023, the Group acquired the entire share capital of WLG (Holdings) Limited for a total consideration of £2,700,000. After recognition of the book and fair value of the acquired net assets, the resulting goodwill of £1,948,000 was capitalised and is subject to annual impairment testing under IAS 36.

The acquisition had the following effect on the Group's assets and liabilities:

Consolidated balance sheet as at 17 November 2023

	Book and fair value £000
Non-current assets	
Tangible assets	92
Right-of-use assets	239
Investments	15
Current assets	
Inventories	1,051
Trade and other receivables	748
Cash and cash equivalents	192
Total assets	2,337
Current liabilities	
Lease liabilities	(38)
Trade and other payables	(1,180)
Corporation tax	(138)
Total liabilities	(1,585)
Net identifiable assets and liabilities	
Net identifiable assets and liabilities	752
Goodwill	1,948
Total net assets acquired	2,700
Purchase consideration and costs of acquisition paid in period	
Cash acquired	(192)
Purchase consideration net of cash acquired	2,508

The business and its trading subsidiary, WLG Limited, were acquired as part of the Group's growth strategy. Significant control was obtained through the acquisition of 100% of the share capital of WLG (Holdings) Limited.

An internal valuation was performed to identify any intangible assets on acquisition per IFRS 3. As a result of this valuation, no material intangible assets were identified.

Immediately prior to acquisition, the business and its trading subsidiary extended its accounting period by one month to 31 October 2023. In this 13-month period immediately prior to acquisition, the consolidated profit after tax was £266,000.

Following acquisition, the business contributed revenue of £3,619,000 and operating profit of £177,000 to the Group for the period to 29 February 2024 at which point the trade and assets of the business and its trading subsidiary were hived up into H.B. Clark & Co (Successors) Limited, with the acquired business continuing within the trade of this Group subsidiary.

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

Total Foodservice Solutions Limited

On 27 March 2024, the Group acquired the entire share capital of Total Foodservice Solutions Limited for a total consideration of £21,000,000. After recognition of acquired intangible assets and associated deferred tax liabilities, the resulting goodwill of £8,944,000 was capitalised and is subject to annual impairment testing under IAS 36.

The acquisition had the following effect on the Group's assets and liabilities:

Consolidated balance sheet as at 27 March 2024

	Book value £000	Fair value adjustments £000	Fair value £000
Non-current assets			
Tangible assets	3,701	-	3,701
Intangible assets	-	4,489	4,489
Right-of-use assets	1,096	-	1,096
Investments	1	-	1
Current assets			
Inventories	1,791	-	1,791
Trade and other receivables	1,962	-	1,962
Cash and cash equivalents	4,138	-	4,138
Total assets	12,689	4,489	17,178
Current liabilities			
Lease liabilities	(203)	-	(203)
Trade and other payables	(2,360)	-	(2,360)
Corporation tax	(319)	-	(319)
Non-current liabilities			
Lease liabilities	(753)	-	(753)
Deferred tax	(361)	(1,126)	(1,487)
Total liabilities	(3,996)	(1,126)	(5,122)
Net identifiable assets and liabilities	8,693	3,363	12,056
Goodwill			8,944
Total net assets acquired			21,000
Purchase consideration and costs of acquisition paid in period			
Cash acquired			(4,138)
Purchase consideration net of cash acquired			16,862

The business and its dormant subsidiaries were acquired as part of the Group's growth strategy. Significant control was obtained through the acquisition of 100% of the share capital of Total Foodservice Solutions Limited.

An independent valuation was performed to identify any intangible assets on acquisition per IFRS 3. As a result of this valuation, intangible assets in relation to brand and customer relationships were identified, and recognised, with attributable fair values of £183,000 and £4,306,000 respectively. The recognition of these intangible assets resulted in deferred tax liabilities of £46,000 for the brand intangible and £1,080,000 for the customer relationships intangible also being recognised at acquisition.

The acquired undertaking made a profit after tax of £957,000 from the beginning of its financial year on 1 May 2023 to the date of acquisition. In its previous financial year, the profit after tax was £1,544,000.

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

Following acquisition, the business contributed revenue of £14,350,000 and operating profit of £983,000 to the Group for year ended 31 October 2024.

If the business had been acquired at the start of the Group's financial period, being 1 November 2023, it would have added £24,215,000 to Group revenue and £666,000 to Group operating profit for the year ended 31 October 2024.

On acquisition, an assessment was made regarding the fair value of tangible assets which includes a freehold property. The result of an independent assessment was no change to the net book value held in Total Foodservice Solutions Limited's accounts.

Creed Catering Supplies Limited

On 27 September 2024, the Group acquired the entire share capital of Creed Catering Supplies Limited for a total initial consideration of £60,660,000 plus contingent consideration of up to £10,000,000. After recognition of acquired intangible assets and associated deferred tax liabilities, and fair valuation adjustments in accordance with IFRS 3, the resulting goodwill of £36,101,000 was capitalised and is subject to annual impairment testing under IAS 36.

The acquisition had the following effect on the Group's assets and liabilities:

Consolidated balance sheet as at 27 September 2024

	Book value £000	Fair value adjustments £000	Fair value £000
Non-current assets			
Tangible assets	5,712	1,461	7,173
Intangible assets	-	22,694	22,694
Right-of-use assets	7,922	-	7,922
Current assets			
Inventories	7,105	-	7,105
Trade and other receivables	16,039	-	16,039
Cash and cash equivalents	7,263	-	7,263
Total assets	44,041	24,155	68,196
Current liabilities			
Lease liabilities	(1,958)	-	(1,958)
Trade and other payables	(18,516)	-	(18,516)
Corporation tax	(939)	-	(939)
Non-current liabilities			
Lease liabilities	(5,964)	-	(5,964)
Deferred tax	(644)	(6,045)	(6,689)
Total liabilities	(28,021)	(6,045)	(34,066)
Net identifiable assets and liabilities	16,020	18,110	34,130
Goodwill			36,102
Total net assets acquired			70,232
Initial purchase consideration			60,660
Fair value of contingent consideration at acquisition			9,572
Total purchase consideration			70,232
Cash acquired			(7,263)
Fair value of contingent consideration at acquisition			(9,572)
Purchase consideration paid in the period			53,397

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

The business, and its trading subsidiary Creed Foodservice Limited, were acquired as part of the Group's growth strategy. Significant control was obtained through the acquisition of 100% of the share capital of Creed Catering Supplies Limited.

An independent valuation was performed to identify and intangible assets on acquisition in accordance with IFRS 3. As a result of this valuation, intangible assets in relation to brand and customer relationships were identified, and recognised, with attributable fair values of £2,415,000 and £20,279,000 respectively. The recognition of these intangible assets resulted in deferred tax liabilities of £604,000 for the brand intangible and £5,076,000 for the customer relationships intangible also being recognised at acquisition.

The purchase consideration includes two contingent payments, each for £5,000,000 payable on achievement of pre-determined criteria. The fair value of the contingent consideration has been assessed via an independent valuation in accordance with IFRS 13 as £9,572,000. Post year end a £5,000,000 cash payment has been made to the former shareholders to satisfy the first contingent consideration under the terms of the share purchase agreement following achievement of pre-determined criteria.

The acquired undertakings made a profit after tax of £3,281,000 from the beginning of its financial year on 1 January 2024 to the date of acquisition. In the previous financial year, the profit after tax of the acquired undertakings was £5,943,000.

Following acquisition, the business contributed revenue of £13,131,000 and operating profit of £1,058,000 to the Group for the year ended 31 October 2024.

If the business had been acquired at the start of the Group's financial period, being 1 November 2023, it would have added £134,195,000 to Group revenue and £8,027,000 to Group operating profit for year ended 31 October 2024.

On acquisition, an assessment was made regarding the fair value of tangible assets which includes two freehold properties that required a fair valuation adjustment. The result of an independent assessment of the freehold properties was an uplift in value of £1,461,000 to the net book value held in Creed Foodservice Limited's accounts and is reflected in the above table of acquired assets and liabilities. This fair valuation has created a temporary difference with the tax base of the asset resulting in the recognition of a deferred tax liability of £365,000. This value of this liability has been derived using the UK corporation tax rate that is expected to be applicable when the reversal of this timing difference occurs. No further fair valuation adjustments were identified.

3. Segmental information

The following analysis by segment is presented in accordance with IFRS 8 on the basis of those segments whose operating results are regularly reviewed by the Board of Directors (the Chief Operating Decision Maker as defined by IFRS 8) to assess performance and make strategic decisions about allocation of resources.

The Group has the following operating segments defined by products and their associated margins:

- **Ambient:** Provides delivered wholesale of ambient food, drink and tobacco products;
- **Frozen and chilled:** Provides delivered wholesale of frozen and chilled food products;
- **Foodservice:** Provides delivered wholesale of alcohol, frozen, chilled and fresh food to trade customers.

Corporate contains the central functions that are not devolved to the business units.

These segments offer different products and services to different customer types, attracting different margins. They each have separate management teams.

The segments share a commonality in service being delivered wholesale of food and drink products. The Group, therefore, benefits from a range of expertise, cross-selling opportunities and operational synergies in order to run each segment as competitively as possible.

The Group's forward-look strategy is to provide an enhanced customer service by making available the wider Group product range to its existing customer base. As a result, the Board will be assessing the segments based on customer type going forward with the customers in the Ambient and Frozen & Chilled divisions operating in the retail and wholesale channel.

The presentation convention adopted in these financial statements is to show the three operating segments as this is how the Board of Directors has assessed performance during the year.

The following analysis shows how this development will be monitored in future periods whilst demonstrating the link to the existing segmental information.

Each segment is measured on its EBITDA, adjusted for acquisition costs and reconstruction costs, and internal management reports are reviewed monthly by the Board. This performance measure is deemed the most relevant by the Board to evaluate the results of the segments relative to entities operating in the same industry.

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

3. Segmental information continued

FY24	Ambient		Frozen & Chilled	Retail and Wholesale	Foodservice	Corporate	Total
	£000	£000	£000	£000	£000	£000	£000
Revenue	204,568	235,511		440,079	223,573	-	663,652
Inter-segment revenue	18,463	4,355		22,818	1,242	-	24,060
Segment revenue	223,031	239,866		462,897	224,815	-	687,712
Segment gross profit	31,613	52,353		83,966	63,854	-	147,820
Adjusted EBITDA*	13,125	15,215		28,340	22,797	(5,908)	45,229
Amortisation of intangibles	-	(74)		(74)	(6)	(50)	(130)
Depreciation	(2,010)	(4,781)		(6,791)	(4,118)	(159)	(11,068)
Adjusted operating profit*	11,115	10,360		21,475	18,673	(6,117)	34,031
Group management charge	(1,968)	(2,051)		(4,019)	(2,751)	6,770	-
Amortisation of intangible assets arising on acquisition	-	-		-	-	(1,397)	(1,397)
Acquisition expense	-	-		-	(447)	(1,706)	(2,153)
Compensation for post combination services	-	(324)		(324)	-	-	(324)
Share based payment expense	-	-		-	-	(1,244)	(1,244)
Restructuring costs	-	(103)		(103)	(6)	-	(109)
Interest expense	(1,099)	(1,948)		(3,047)	(1,204)	(2,025)	(6,276)
Segment profit/(loss) before tax	8,048	5,934		13,982	14,265	(5,719)	22,528
Segment assets	49,876	61,691		111,567	111,927	135,792	359,286
Segment liabilities	(37,363)	(58,531)		(95,894)	(79,212)	(59,635)	(234,741)
Segment net assets	12,513	3,160		15,673	32,715	76,157	124,545

Within Corporate segment assets is £115,717,000 of goodwill on consolidation. This is allocated to the trading segments as follows (see note 11 for further information):

Goodwill by segment	13,516	12,539	26,055	79,662	-	105,717
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*For more information on alternative performance measures please see the glossary on pages 113 to 116.

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

3. Segmental information continued

FY23	Ambient	Frozen & Chilled	Total Retail and Wholesale	Foodservice	Corporate	Total
	£000	£000	£000	£000	£000	£000
Revenue	207,195	216,399	423,594	178,626	-	602,220
Inter-segment revenue	15,561	3,392	18,953	625	-	19,578
Segment revenue	222,756	219,791	442,547	179,251	-	621,798
Segment gross profit	30,862	49,037	79,899	52,226	-	132,125
Adjusted EBITDA*	12,291	14,115	26,406	20,030	(5,295)	41,141
Amortisation of intangibles	-	(80)	(80)	(6)	(47)	(133)
Depreciation	(1,773)	(4,130)	(5,903)	(2,995)	(94)	(8,992)
Adjusted operating profit*	10,518	9,905	20,423	17,029	(5,436)	32,016
Group management charge	(1,230)	(840)	(2,070)	(1,750)	3,820	-
Amortisation of intangible assets arising an acquisition	-	-	-	-	(842)	(842)
Acquisition expense	-	-	-	-	(648)	(648)
Compensation for post combination services	-	(199)	(199)	-	-	(199)
Share based payment expense	-	-	-	-	(964)	(964)
Interest expense	(918)	(1,344)	(2,262)	(689)	(1,554)	(4,505)
Segment profit before tax	8,370	7,522	15,892	14,590	(5,624)	24,858
Segment assets	43,697	56,373	100,070	44,586	64,929	209,585
Segment liabilities	(28,380)	(45,691)	(74,071)	(29,288)	(21,781)	(125,140)
Segment net assets	15,317	10,682	25,999	15,298	43,148	84,445

Within Corporate segment assets is £58,680,000 of goodwill on consolidation. This is allocated to the trading segments as follows (see note 11 for further information):

Goodwill by segment	13,516	12,499	26,015	32,665	-	58,680
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*For more information on alternative performance measures please see the glossary on pages 113 to 116.

An analysis of revenue by destination is given below:

Geographical information	FY24	FY23
	£000	£000
United Kingdom	659,833	597,292
Overseas	3,819	4,928
Group revenue	663,652	602,220

No one customer accounts for more than 8% (FY23: 9%) of Group revenue

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

4. Other operating income

	FY24 £000	FY23 £000
Net gain on disposal of fixed assets	573	179
Net gain on remeasurement of right-of-use assets and lease liabilities	30	4
	603	183

5. Expenses

	FY24 £000	FY23 £000
<i>Included in profit/loss are the following:</i>		
Depreciation of tangible assets		
Owned	3,052	2,253
Right-of-use assets	8,016	6,739
Amortisation of intangible assets	1,527	975
Expense relating to short term and low value assets	2,155	1,992
Impairment loss on trade receivables	-	675

The Group incurred a number of expenses not relating to the principal trading activities of the Group as follows:

	FY24 £000	FY23 £000
Exceptional expenses		
Acquisition expenses	2,153	648
Compensation for post combination services	324	199
Restructuring expenses	109	-
Total exceptional expenses	2,586	847
Share based payment expense	1,244	964
Total exceptional expenses and share based payments	3,830	1,811

The Board consider the exceptional items to be non-recurring in nature. Both exceptional and share-based payment expenses are adjusted for in the statement of profit and loss to arrive at the adjusted EBITDA. This measure provides the Board with a better understanding of the Group's operating performance.

Acquisition expenses in both periods include the legal and professional fees connected to the acquisition of WLG (Holdings) Limited, Total Foodservice Solutions Limited and Creed Catering Supplies Limited in the current year and Westcountry Food Holdings Limited in the prior year.

Compensation for post-combination services relates to the value of a liability in connection with the acquisition of the remaining share capital of Central Supplies (Brierley Hill) Ltd. This option is subject to an agreement to acquire, which can now be exercised at any time. During the year, this option was part exercised, with the Group purchasing 2% of the remaining share capital for £424,000.

Share-based payments relate to the MIP and LTIP and are non-cash expenses. For further information see note 22.

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

5. Expenses continued*Auditor's remuneration:*

	FY24 £000	FY23 £000
Audit of these financial statements	105	51
Amounts receivable by auditors and their associates in respect of:		
Audit of financial statements of subsidiaries of the Company	488	364
Other assurance services	6	5

In the current and prior years, audit and non-audit fees were paid to Grant Thornton UK LLP. In addition to the fee disclosed above, direct disbursements were paid to Grant Thornton UK LLP of £11,000 (FY23: £9,000).

6. Staff numbers and costs

The average number of persons employed by the Group (including Directors) during the year is analysed as follows:

	FY24	FY23
Management and administration	261	227
Sales	282	241
Warehouse	528	533
Distribution	606	508
Directors	2	3
	1,679	1,512

The aggregate payroll costs of these persons were as follows:

	FY24 £000	FY23 £000
Wages and salaries	57,021	49,475
Social security costs	5,715	4,790
Other pension costs (note 21)	2,004	1,066
	64,740	55,331

Staff costs accruing in the Group total £1,244,000 (FY23: £964,000) in relation to the Management Incentive Plan and Long-Term incentive plan, see note 22 for further details.

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

7. Directors' remuneration

Included within staff costs (note 6) are the following amounts in respect of Directors' emoluments

	FY24 £000	FY23 £000
Directors' emoluments	1,123	1,164
Company contribution to personal pension scheme	11	15
	1,134	1,179

Retirement benefits are accruing to two Directors under money purchase pension schemes (FY23: three)

Amount accrued under the MIP for the two Directors was £863,000 (FY23: £863,000). Amount accrued under the LTIP schemes for the two Directors was £177,000 (FY23: £40,000)

A detailed breakdown of the Director's total emoluments is included within the Remuneration Committee report.

	FY24 £000	FY23 £000
Highest paid Director		
Directors' emoluments	418	389
Company contribution to personal pension scheme	1	7
	419	396

8. Finance income and expense

	FY24 £000	FY23 £000
Interest payable and similar charges		
Interest payable on bank loans and invoice discount facilities	4,024	2,842
Finance charges payable in respect of leases	2,167	1,656
Other interest	85	7
	6,276	4,505

Included in the above is £371,000 of interest accrued not paid as at 31 October 2024 in relating to the Revolving Credit Facility (FY23: £257,000).

Other interest includes £42,000 (FY23: £nil) of interest on contingent consideration in relation to the acquisition of Creed Catering Supplies Limited in accordance with IFRS 3, which is a non-cash interest cost.

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

9. Taxation

	FY24 £000	FY23 £000
UK corporation tax		
Current tax charge on income for the year	5,847	6,193
Adjustment in respect of prior periods	(99)	(39)
Total current tax	5,748	6,154
Deferred tax (see note 20)		
Reversal of timing differences	(98)	(290)
Adjustment in respect of prior periods	160	38
Total deferred tax charge / (credit)	62	(252)
Tax charge on profit on ordinary activities	5,810	5,902
	FY24 £000	FY23 £000
Current tax reconciliation		
Profit on ordinary activities after tax	16,718	18,956
Tax charge	5,810	5,902
Profit on ordinary activities before tax	22,528	24,858
Tax using the UK corporation tax of 25% (FY23: 23%)	5,632	5,631
Effect of:		
Expenses not deductible for tax purposes	674	455
Fixed asset differences	(415)	46
Income not taxable	(13)	(27)
Adjustments in respect of prior periods – current tax	(156)	(39)
Adjustment in respect of prior period – deferred tax	160	38
Share based payment	(290)	(217)
Other tax adjustments	218	15
Total current tax charge	5,810	5,902

The corporate tax rate increased from 19% to 25% on 1 April 2023. There are no known changes planned for the rate of UK corporate tax.

The deferred tax liability at 31 October 2024 has been calculated based on the 25% UK corporate tax rate, reflecting the expected timing of reversal of the related timing differences (FY23: 25%).

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

10. Earnings per share**Basic earnings per share**

Basic earnings per share for the year ended 31 October 2024, and the previous year ended 31 October 2023 is calculated by dividing profit attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during each period as calculated below.

Diluted earnings per share

Diluted earnings per share for the year ended 31 October 2024, and previous year ended 31 October 2023 is calculated by dividing profit attributable to ordinary shareholders by the weighted average number of ordinary shares, adjusted for the effects of all dilutive potential ordinary shares, in this case issued equity warrants, outstanding during each period as calculated below.

Profit attributable to ordinary shareholders

	FY24 £000	FY23 £000
Profit attributable to all shareholders	16,718	18,956
	pence	pence
Basic earnings per ordinary share	23.5	27.1
Diluted earnings per ordinary shares	22.5	26.0

Weighted average number of ordinary shares

	FY24 Number	FY23 Number
Weighted average number of ordinary shares (basic) during the year	71,034,498	70,000,000
Weighted average number of ordinary shares (diluted) during the year	74,453,758	73,047,991

The following Alternative Performance Measure ("APM") for earnings per share is not defined or specified under the requirements of International Financial Reporting Standards. The Board believes that this APM provides the readers with important additional information regarding the earnings per share performance of the Group:

Basic underlying earnings per share

Profit attributable to the equity holders of the Group prior to exceptional items and share-based payments through the consolidated statement of profit and loss, divided by the weighted average number of ordinary shares during the financial year.

Profit attributable to ordinary shareholders

	FY24 £000	FY23 £000
Profit attributable to all shareholders	16,718	18,956
Exceptional and share based payment expenses net of tax*	4,559	2,248
Underlying profit attributable to ordinary shareholders	21,277	21,204
	pence	pence
Basic underlying earnings per ordinary share	30.0	30.3

*Exceptional expenses include restructuring fees, acquisition costs, compensation for post-combination services and amortisation of acquired intangibles, which are deemed to be non-operating costs. For full details of exceptional and share-based payment expenses, see note 5.

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

11. Intangible assets

Group	Acquired intangibles £000	Intangible assets £000	Goodwill £000	Total £000
Cost				
Balance at 1 November 2022	-	1,130	49,854	50,984
Additions	-	124	-	124
Recognised through business combinations	4,992	-	14,338	19,330
Balance at 31 October 2023	4,992	1,254	64,192	70,438
Amortisation				
Balance at 1 November 2022	-	393	5,512	5,905
Charge in year	842	133	-	975
Balance at 31 October 2023	842	526	5,512	6,880
Net book value				
At 31 October 2023	4,150	728	58,680	63,558
At 31 October 2022	-	737	44,342	45,079
Group	Acquired intangibles £000	Intangible assets £000	Goodwill £000	Total £000
Cost				
Balance at 1 November 2023	4,992	1,254	64,192	70,438
Additions	-	20	-	20
Recognised through business combinations	27,183	-	47,037	74,220
Balance at 31 October 2024	32,175	1,274	111,229	144,678
Amortisation				
Balance at 1 November 2023	842	526	5,512	6,880
Charge in year	1,397	130	-	1,527
Balance at 31 October 2024	2,239	656	5,512	8,407
Net book value				
At 31 October 2024	29,936	618	105,717	136,271
At 31 October 2023	4,150	728	58,680	63,558

Included in acquired intangibles are customer relationships with a net book value of £27,430,000 (2023: £4,009,000) and brands with a net book value of £2,506,000 (2023: 141,000). At the year ended 31 October 2023 both the customer relationship and brand acquired intangibles relate to the acquisition of Westcountry Food Holdings Limited. No intangibles have been recognised in respect to acquisitions in the periods prior to the financial year ended 31 October 2023.

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

11. Intangible assets continued**Impairment testing**

Goodwill arising on business combinations is assessed separately under IFRS 3 in the period of acquisition. Each acquisition provides the Group with an additional CGUs.

The Group allocates goodwill to groups of CGUs based on their operating segment as set out in note 3 as they leverage and share from each other's operational infrastructure, centrally negotiate supplier terms and cross-sell products to the Group's wider customer base. The operating segments therefore represent the lowest level at which goodwill is monitored by the Board.

Goodwill has been assessed as follows:

	2024 £000	2023 £000
Ambient	13,516	13,516
Frozen & Chilled	12,539	12,499
Foodservice	79,662	32,665
	105,717	58,680

Under IAS 36 the Group is required to test goodwill for impairment at least annually or more frequently if indicators of impairment exist.

The recoverable amount of a CGU has been calculated with reference to its value in use, using financial forecasts approved by the Board covering a four-year period with the final period taken into perpetuity.

The key assumptions of this calculation are shown below:

	2024	2023
Period forecasts are based on:	4 years	4 years
Growth rate applied:	2%	2%
Discount rate applied:	11.47%	11.58%

Impairment testing at 31 October 2024 has considered cost inflation and its potential impact on demand and overhead costs of the CGUs. The Directors believe there is no reasonable prospect of a reduction in demand as a result of product price inflation that would result in a material impairment.

A 2% growth rate assumption has been made on the terminal value in the impairment calculation. There is a demonstrable link between consumer spending on food and drink and GDP trends. The Group has demonstrated year-on-year growth, with existing operations delivering 5.0% revenue growth in FY24.

The discount rate is per the Group's current weighted average cost of capital adjusted to reflect the pre-tax rate at 25% corporation tax, a risk premium and leverage ratio from comparable listed entities in order to reflect a market participant discount rate in line with IAS 36.

A specific risk premium has not been applied to each CGU as they all operate in the wholesale of food and drinks materially within the UK and are therefore exposed to the same macroeconomic risks. This would be reassessed if the discount rate indicated potential impairment of any individual CGU.

The reduction in the discount rate from prior year is due to the reduction in the risk-free rate and the cost of debt as the interest rates have reduced in the year. Additionally, the change in the market participant capital structure, with an increase in debt as a proportion of debt and equity, has reduced the discount rate.

Other than changes to the discount or growth rate the key assumption in the forecast model is the gross margin generated by each CGU. The sensitivities vary by CGU but no reasonable sensitivity would result in impairment on any CGU.

Each of the CGUs has significant headroom under the annual impairment review. The Directors believe that no reasonable change in any of the above key assumptions would cause the carrying value of the unit to materially exceed its recoverable amount.

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

12. Tangible assets

Group	Freehold property £000	Leasehold improvements £000	Fixtures & fittings £000	Motor vehicles £000	Plant & machinery £000	Total £000
Cost						
Balance at 1 November 2022	5,725	2,246	6,178	2,261	8,572	24,982
Additions	95	271	772	1,459	1,191	3,788
Disposals	-	(40)	(113)	(167)	(49)	(369)
Transferred from Right-of-use assets	-	673	-	778	-	1,451
Acquired through business combinations	1,270	-	135	186	247	1,838
Balance at 31 October 2023	7,090	3,150	6,972	4,517	9,961	31,690

Depreciation

Balance at 1 November 2022	212	1,014	4,544	1,155	5,020	11,945
Charge in year	171	171	558	624	729	2,253
Disposals	-	-	(88)	(59)	(4)	(151)
Transferred from right-of-use assets	-	359	-	670	-	1,029
Balance at 31 October 2023	383	1,544	5,014	2,390	5,745	15,076

Net book value

At 31 October 2023	6,707	1,606	1,958	2,127	4,216	16,614
At 31 October 2022	5,513	1,232	1,634	1,106	3,552	13,037

Group	Freehold property £000	Leasehold improvements £000	Fixtures & fittings £000	Motor vehicles £000	Plant & machinery £000	Total £000
Cost						
Balance at 1 November 2023	7,090	3,150	6,972	4,517	9,961	31,690
Additions	281	1,841	906	967	3,260	7,255
Disposals	(2,801)	(30)	(1,649)	(2,136)	(4,720)	(11,336)
Transferred from Right-of-use assets	-	-	-	337	98	435
Acquired through business combinations	7,083	147	196	1,534	2,007	10,967
Balance at 31 October 2024	11,653	5,108	6,425	5,219	10,606	39,011

Depreciation

Balance at 1 November 2023	383	1,544	5,014	2,390	5,745	15,076
Charge in year	180	314	625	937	996	3,052
Disposals	(273)	(30)	(1,643)	(1,849)	(4,622)	(8,417)
Transferred from right-of-use assets	-	-	-	141	63	204
Balance at 31 October 2024	290	1,828	3,996	1,619	2,182	9,915

Net book value

At 31 October 2024	11,363	3,280	2,429	3,600	8,424	29,096
At 31 October 2023	6,707	1,606	1,958	2,127	4,216	16,614

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

13. Right-of-use assets

Group	Leasehold property £000	Motor vehicles £000	Plant & Machinery £000	Total £000
Cost				
Balance at 1 November 2022	24,212	16,125	2,510	42,847
Additions	1,922	7,704	402	10,028
Transferred to tangible assets	(673)	(778)	-	(1,451)
Disposals	(683)	(2,131)	(692)	(3,506)
Loss on remeasurement	(133)	(167)	(36)	(336)
Acquired through business combinations	242	307	20	569
Balance at 31 October 2023	24,887	21,060	2,204	48,151
Depreciation				
Balance at 1 November 2022	5,672	9,567	1,156	16,395
Charge in year	2,113	4,161	465	6,739
Transferred to tangible assets	(359)	(670)	-	(1,029)
Disposals	(683)	(2,055)	(692)	(3,430)
Loss on remeasurement	(107)	(111)	(22)	(240)
At 31 October 2023	6,636	10,892	907	18,435
Net book value				
At 31 October 2023	18,251	10,168	1,297	29,716
At 31 October 2022	18,540	6,558	1,354	26,452
Group	Leasehold property £000	Motor vehicles £000	Plant & Machinery £000	Total £000
Cost				
Balance at 1 November 2023	24,887	21,060	2,204	48,151
Additions	6,919	12,951	542	20,412
Transferred to tangible assets	-	(337)	(98)	(435)
Disposals	(277)	(4,058)	(256)	(4,591)
Loss on remeasurement	(469)	(38)	-	(507)
Acquired through business combinations	2,116	6,936	208	9,260
Balance at 31 October 2024	33,176	36,514	2,600	72,290
Depreciation				
Balance at 1 November 2023	6,636	10,892	907	18,435
Charge in year	2,105	5,494	417	8,016
Transferred to tangible assets	-	(141)	(63)	(204)
Disposals	(277)	(4,038)	(256)	(4,571)
Loss on remeasurement	(235)	(20)	-	(255)
Balance at 31 October 2024	8,229	12,187	1,005	21,421
Net book value				
At 31 October 2024	24,947	24,327	1,595	50,869
At 31 October 2023	18,251	10,168	1,297	29,716

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

14. Investments

Group	Unlisted investments	
	2024 £000	2023 £000
Cost and net book value		
At beginning of year	45	35
Additions	-	3
Acquired on business combinations	16	7
Disposals	(19)	-
At end of year	42	45

Company	Shares in Group undertakings	
	2024 £000	2023 £000
Cost and net book value		
At beginning and end of year	12,993	12,993

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

14. Investments continued

The Company has the following investments in subsidiaries

Subsidiary undertaking	Country of incorporation	Class of shares held	Ownership 2024	Ownership 2023
Kitwave Investments Limited	UK	Ordinary	100%	100%
Kitwave One Limited*	UK	Ordinary	100%	100%
Kitwave Limited*	UK	Ordinary	100%	100%
M&M Value Limited*	UK	Ordinary	100%	100%
Turner & Wrights Limited*	UK	Ordinary	100%	100%
FW Bishop & Son Limited*	UK	Ordinary	100%	100%
Westone Wholesale Limited*	UK	Ordinary	100%	100%
Automatic Retailing (Northern) Limited*	UK	Ordinary	100%	100%
Teatime Tasties Limited*	UK	Ordinary	100%	100%
TG Foods Limited*	UK	Ordinary	100%	100%
Eden Farm Limited*	UK	Ordinary	100%	100%
Squirrels UK Limited*	UK	Ordinary	100%	100%
Thurston's Food's Limited*	UK	Ordinary	100%	100%
David Miller Frozen Foods Limited*	UK	Ordinary	100%	100%
HB Clark Holdings Limited*	UK	Ordinary	100%	100%
HB Clark & Co (Successors) Limited*	UK	Ordinary	100%	100%
Clarks Fine Wines Limited*	UK	Ordinary	100%	100%
FAM Soft Drinks Limited*	UK	Ordinary	100%	100%
Central Supplies (Brierley Hill) Ltd	UK	Ordinary	97%	95%
M.J. Baker Foodservice Limited	UK	Ordinary	100%	100%
Westcountry Food Holdings Limited*	UK	Ordinary	100%	100%
Westcountry Fruit Sales Limited*	UK	Ordinary	100%	100%
WLG Holdings Limited*	UK	Ordinary	100%	0%
WLG Limited*	UK	Ordinary	100%	0%
Total Foodservice Solutions Limited*	UK	Ordinary	100%	0%
Nextbuy Limited*	UK	Ordinary	100%	0%
Fred Lawson (Clitheroe) Limited*	UK	Ordinary	100%	0%
Opaledge Limited*	UK	Ordinary	100%	0%
Howarth Foodservice Limited*	UK	Ordinary	100%	0%
Creed Catering Supplies Limited*	UK	Ordinary	100%	0%
Creed Foodservice Limited*	UK	Ordinary	100%	0%
Andersons (Wholesale) Limited**	UK	Ordinary	0%	100%
Angelbell Limited**	UK	Ordinary	0%	100%
Phoenix Fine Foods Limited**	UK	Ordinary	0%	100%
MAS Frozen Foods Limited**	UK	Ordinary	0%	100%
Supplytech Limited**	UK	Ordinary	0%	100%
Churnet Valley Drinks Limited**	UK	Ordinary	0%	100%
Thorne Licence Wholesale Limited**	UK	Ordinary	0%	100%
Alpine Fine Foods Limited**	UK	Ordinary	0%	100%
Veggies & More Limited *	UK	Ordinary	0%	100%
Westcountry Fine Foods Limited*	UK	Ordinary	0%	100%

*held indirectly through Kitwave Investments Limited and its subsidiaries.

**relates to dormant entities voluntarily struck off the companies register during the year that were previously held indirectly through Kitwave Investments Limited and its subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

15. Inventories

	Group		Company	
	2024	2023	2024	2023
	£000	£000	£000	£000
Goods for resale	47,749	35,410	-	-
	47,749	35,410	-	-

Goods for resale recognised as cost of sales in the year amount to £515,832,000 (FY23: £470,095,000).

16. Trade and other receivables

	Group		Company	
	2024	2023	2024	2023
	£000	£000	£000	£000
Trade receivables	70,888	50,985	-	-
Amounts owed by Group undertakings	-	-	93,188	59,958
Other debtors	1,569	1,383	-	-
Prepayments and accrued income	18,665	11,201	71	75
	91,122	63,569	93,259	60,033
Due within one year	90,250	62,692	93,259	60,033
Due after more than one year	872	877	-	-
	91,122	63,569	93,259	60,033

£22,301,000 (2023: £7,539,000) of Group trade receivables are used as security against invoice discounting advances (note 19).

17. Cash and cash equivalents

	Group		Company	
	2024	2023	2024	2023
	£000	£000	£000	£000
Cash at bank and in hand	4,137	673	259	3
Cash and cash equivalents	4,137	673	259	3

18. Trade and other payables: amounts falling due within one year

	Group		Company	
	2024	2023	2024	2023
	£000	£000	£000	£000
Trade payables	69,520	45,679	-	-
Other creditors	10,514	6,773	-	-
Contingent consideration	9,614	-	-	-
Accruals	12,435	11,144	101	57
Amounts owed to Group undertakings	-	-	37	37
	102,083	63,596	138	94

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

19. Interest-bearing loans and borrowings

This note provides information about the contractual terms of the Group's loans and borrowings. For more information about the Group's exposure to interest rate and foreign currency risk, see note 25.

	Group		Company	
	2024 £000	2023 £000	2024 £000	2023 £000
Non-current liabilities				
Lease liabilities	43,323	26,267	-	-
Revolving Credit Facility	40,000	20,000	-	-
	83,323	46,267	-	-

	Group		Company	
	2024 £000	2023 £000	2024 £000	2023 £000
Current liabilities				
Lease liabilities	10,244	6,402	-	-
Invoice discounting advances	20,071	6,405	-	-
Trade loan	7,750	-	-	-
	38,065	12,807	-	-

	Group		Company	
	2024 £000	2023 £000	2024 £000	2023 £000
Lease liabilities				
Lease liabilities payable as follows:				
Within one year	10,244	6,402	-	-
In the second to fifth years	26,051	14,106	-	-
Over five years	17,272	12,161	-	-
	53,567	32,669	-	-

Terms and debt repayment schedule

	Currency	Nominal interest rate	Year of maturity	2024 Face value £000	2024 Carrying value £000	2023 Face value £000	2023 Carrying value £000
Lease liabilities	Sterling	4.0% -11.0%	2024-2041	68,682	53,567	41,333	32,669
Invoice discounting advances	Sterling	1.75% + Base	2028	20,071	20,071	6,405	6,405
Bank trade loans	Sterling	2.65% + Base	2025	7,750	7,750	-	-
Revolving Credit Facility	Sterling	2.40% + SONIA	2028	40,000	40,000	20,000	20,000
				136,503	121,388	67,738	59,074

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

19. Interest-bearing loans and borrowings continued

	Loans and borrowings £000	Lease liabilities £000	Total £000
Changes in liabilities from financing activities			
Total debt at 31 October 2022			
	20,354	28,749	49,103
Changes from financing cash flows			
Repayment of borrowings	(13,949)	-	(13,949)
Payment of lease liabilities	-	(6,555)	(6,555)
Interest paid	(2,585)	(1,656)	(4,241)
Total changes from financing cash flows	(16,534)	(8,211)	(24,745)
Other changes			
New borrowing	20,000	10,025	30,025
Interest expense	2,585	1,656	4,241
Remeasurement of lease liabilities	-	(99)	(99)
Added through business combination	-	549	549
Total other changes	22,585	12,131	34,716
Total debt at 31 October 2023	26,405	32,669	59,074
Changes from financing cash flows			
Repayment of borrowings	-	-	-
Payment of lease liabilities	-	(8,327)	(8,327)
Interest paid	(4,024)	(2,167)	(6,191)
Total changes from financing cash flows	(4,024)	(10,494)	(14,518)
Other changes			
New borrowing	41,416	20,393	61,809
Interest expense	3,911	2,167	6,078
Interest included in accruals at year end	113	-	113
Remeasurement of lease liability	-	(282)	(282)
Added through business combinations	-	9,114	9,114
Total other changes	45,440	31,392	76,832
Total debt at 31 October 2024	67,821	53,567	121,388

All borrowings are denominated in Sterling.

Bank trade loans are secured by means of debenture and cross guarantees over the assets of all Group undertakings. These are generally repayable within 35 days of drawdown and form an integral part of the Group's day to day short term cash management.

Receipts and payments from trade loans are disclosed on a net basis in the cash flow statement under IAS 7 22(b) on the basis they are short maturity.

The invoice discounting advances are secured against trade receivables (note 16). These are repayable within 90 days of the date of the invoice and carry interest at a margin of 1.75%. This is a committed facility due to expire September 2028 and the Group has an option to extend this by one year to September 2029.

Under this arrangement trade customers remit cash directly to the Group companies and the Group companies use the trade receivables as security to draw down funds from finance providers. Cash receipts and cash payments with the finance provider are disclosed on a net basis in the cashflow statement as allowed under IAS 7 22(b) on the basis that they are short maturity.

An extended £40,000,000 Revolving Credit Facility ("RCF") was entered into in September 2024 as part of the funding for the Creed Catering Supplies Limited acquisition. The permitted use of the RCF is to fund acquisitions and it is not part of the Group's working capital finance. The facility is in place until September 2028 and the Group has an option to extend this by one year to September 2029. The interest margin is based on leverage and at the year end the interest margin was 2.40% over SONIA.

The Bank trade loans, invoice discounting and RCF advances rank pari passu and without preference between them in priority of payment.

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

20. Deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

Group

	Assets		Liabilities	
	2024 £000	2023 £000	2024 £000	2023 £000
Property, plant and equipment	125	208	(2,911)	(1,224)
Intangible assets arising on acquisition	-	-	(7,859)	(1,477)
Tax value of loss carry forwards	-	-	(342)	-
Share based payment expense	804	514	-	-
IFRS 16 timing differences	40	103	-	-
Tax assets / (liabilities)	969	825	(11,112)	(2,701)

Movement in deferred tax during the period:

Group

	31 October 2023 £000	Amounts arising from business combinations £000	Recognised in income £000	31 October 2024 £000
Property, plant and equipment	(1,244)	(910)	(862)	(2,786)
Intangible assets arising on acquisition	(1,477)	(7,171)	789	(7,859)
Capital gains	-	(124)	(218)	(342)
Share based payment expense	514	-	290	804
IFRS 16 timing differences	101	-	(61)	40
Tax liabilities	(1,876)	(8,205)	(62)	(10,143)

Company

	Assets		Liabilities	
	2024 £000	2023 £000	2024 £000	2023 £000
Share based payment expense	804	514	-	-
Tax assets	804	514	-	-

Movement in deferred tax during the period:

Company

	31 October 2023 £000	Amounts arising from business combinations £000	Recognised in income £000	31 October 2024 £000
Share based payment	514	-	290	804
Tax assets	514	-	290	804

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

21. Employee benefits**Defined contribution plans**

The Group operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the Group to the scheme and to other personal pensions schemes and amounted to £2,004,000 (FY23: £1,066,000)

22. Employee share schemes

The Group has in place a MIP and a LTIP scheme whereby the options are expected to be equity-settled. The charge for the year in respect of the schemes, excluding NIC costs in relation to the LTIP scheme for which there has been two awards as follows:

	2024 £000	2023 £000
MIP	863	863
LTIP	335	89
	1,198	952

The MIP is accounted for as a share-based payment under IFRS 2 and is capable of being settled by the delivery of Company shares to the participants upon exercise of the MIP put option.

Group and Company	Date of grant	Employees entitled	Number of shares granted	Principal vesting conditions	Contractual life	
					2024	2023
Management Incentive Plan	July 2021	Selected senior employees	Nil	Service during vesting period EPS performance hurdle Market capitalisation hurdle	3 years, 6 months	
Long term Incentive Plan 2023	March 2023	Selected senior employees	Nil	Service during vesting period EPS performance hurdle Total Shareholder return hurdle	3 years,	
Long term Incentive Plan 2024	March 2024	Selected senior employees	Nil	Service during vesting period EPS performance hurdle Total Shareholder Return hurdle	3 years	
MIP						
			2024 Weighted average exercise price £	2024 Number of options	2023 Weighted average exercise price £	2023 Number of options
Outstanding at the beginning of the year			-	10,000	-	10,000
Granted during the year			-	-	-	-
Outstanding at the end of the year			-	10,000	-	10,000

Under the MIP, Growth shares were issued in Kitwave Limited with a subscription price of £5.24 per option paid on subscription. The 10,000 growth shares in Kitwave Limited are exchangeable for shares in the Company subject to achieving the principal vesting conditions. The maximum number of Company shares that are currently exchangeable under the MIP based on the Company's issued share capital as at the balance sheet date is 3,217,559.

LTIP 2023	2024 Weighted average exercise price £	2024 Number of options	2023 Weighted average exercise price £	2023 Number of option
Outstanding at the beginning of the year	-	225,000	-	-
Granted during the year	-	-	-	225,000
Outstanding at the end of the year	-	225,000	-	-

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

LTIP 2024	2024 Weighted average exercise price £	2024 Number of options	2023 Weighted average exercise price £	2023 Number of option
Outstanding at the beginning of the year	-	-	-	-
Granted during the year	-	338,000	-	-
Outstanding at the end of the year	-	338,000	-	-

Under both the LTIP schemes, the participants are offered the opportunity to acquire shares in Kitwave Group plc at nil cost subject to achieving the principal vesting conditions.

The LTIP scheme granted in 2024 has a three-year performance period ending March 2027. The scheme comprises two separate conditions for awarding shares: one for achieving an earnings per share ("EPS") hurdle; and the other is for achieving a total shareholder return ("TSR") hurdle. The share price at grant date was 353 pence. The risk-free rate adopted was 4% being the ten-year UK government bond yield at grant date. Volatility based on the Group's daily share price volatility was 36%. Adopting a Monte Carlo option valuation model the grant date fair value of the EPS hurdle award was 355 pence and the grant date fair value of the TSR award was 112 pence.

The LTIP schemes have incurred an expense under employee expenses of £381,000 (FY23: £101,000). Of this expenditure, £335,000 has been taken to the share-based payment reserve, the other £46,000 representing an accrual of employer NIC on the value of the options has been recognised through the statement of profit and loss.

The share-based payment reserve represents the accumulation of the cost of the MIP and LTIP in accordance with the treatment of equity-settled share-based payment expense under IFRS 2. As at 31 October 2024, the balance on this reserve is £3,240,000 (2023: £2,042,000).

23. Called up share capital

Group and Company	2024 £000	2023 £000
<i>Authorised, called up and fully paid</i>		
80,438,979 (2023: 70,000,000) ordinary shares of £0.01 each	804	700
	804	700

Share premium

The share premium account increased by £31,563,000 representing the premium paid on the new shares issued over their nominal value. Under IAS 32 the transaction costs associated with the issuance of new equity of the Company have been deducted from the share premium account, being a total of £1,561,000.

24. Contingent liabilities

Group bank borrowings (including invoice discounting advances) are subject to cross guarantee and debenture agreements over Group companies.

The Company is party to a cross guarantee and debenture agreement to secure the £20,071,000 (2023: £6,405,000) bank borrowings of its subsidiary companies.

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

25. Financial instruments**25 (a) Fair values of financial instruments**

The carrying value of all financial assets and financial liabilities by class, are shown below. The carrying value is in line with each asset and liability's fair value:

Group	2024	2023
	£000	£000
Financial assets that are debt instruments held at amortised cost		
Trade receivables	70,888	50,985
Cash and cash equivalents	4,137	673
	75,025	51,658
Financial liabilities measured at fair value through the statement of profit and loss		
Contingent consideration	9,614	-
	9,614	-
Financial liabilities measured at amortised cost		
Trade payables	69,520	45,679
Accruals	12,435	11,144
Invoice discounting advances	20,071	6,405
Trade loan	7,750	-
Obligations under lease liabilities	53,567	32,669
RCF Facility	40,000	20,000
	203,343	115,897

The Group holds a financial asset instrument, being trade receivables.

The trade receivables are held at amortised cost. The objective of the business model for realising trade receivables is by collecting contractual cash flows for genuine debts. The considerations of Solely Principal Payments and Interest ("SPPI") have also been considered and the criteria met for holding at amortised cost as the trade receivables are for fixed payments due by fixed dates with no variable element of payment required.

The standard requires impairment of trade receivables held at amortised cost is considered by reference to the expected credit loss method, discussed in the credit risk section of the financial information.

Financial instruments measured at fair value through the statement of profit and loss IFRS 9 analyses financial instruments into a fair value hierarchy based on the valuation technique used to determine fair value.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

All financial instruments other than contingent consideration for the year ended 31 October 2024 were categorised as level 1. The following table shows the valuation techniques used for contingent consideration, which is categorised as level 3 as well as the significant unobservable inputs to fair value the instrument through the statement of profit and loss:

Level 3 liability	Valuation technique	Significant unobservable inputs
Contingent consideration	The fair value of the contingent consideration is based on two pre-determined earn out requirements relating to the future trade of Creed Foodservice Limited	Discount rate of 5.4% Forecast operating profit

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

Financial instruments continued**25 (b) Credit risk**

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers.

The Group has a well-established and diverse portfolio of customers including a large number of customers paying direct debit and cash on delivery. Management do not believe there is a significant concentration risk as evidenced with no one customer accounting for more than 8% of Group revenue.

All customers who wish to trade on credit terms are subject to credit verification procedures.

The Group establishes an allowance for impairment that represents its estimate of incurred losses which is based on historical levels of impairment and assessment of the quality of the receivable book to calculate a forward-looking estimate. The following table shows the ageing of trade receivables from invoice date and the allocation of the bad debt provision.

2024	Gross £000	Impairment £000	Net £000
Current	57,176	-	57,176
31-60 days from invoice	12,122	-	12,122
61-90 days from invoice	1,822	(232)	1,590
90+ days	1,215	(1,215)	-
	72,335	(1,447)	70,888

The maximum Group exposure to credit risk in the period ended 31 October 2024 was £70,888,000 (2023: £50,985,000) being the total carrying amount of trade receivables and other receivables net of provision.

The Directors assess the risk to trade receivables by reviewing the ageing of debt. The expected credit loss on invoices less than 90 days old is not material or significant.

The utilisation of provision for the year ended was 0.14% of Group revenue. The average annual bad debt expense of the prior two financial years was 0.14%, therefore applying the historic bad debt expense factor would result in a year end provision of c.£913,000 for the year ended 31 October 2024.

Whilst the Directors are confident no single trade receivable will have a material impact on the Group's cash flow, they continue to take a prudent approach in relation to provisioning as seen in FY24. There have been no significant increases in the incidence of bad debt expense from prior years.

Trade receivables are reviewed regularly by dedicated credit control teams within each division and information from credit rating agencies is often used to assess a customer's ability to meet its obligations.

If there is significant doubt regarding a receivable a specific provision is created. In addition, a provision is created to account for the estimated losses that may be incurred in future periods. The Directors consider the level of provisioning to be materially correct based on these factors.

Movement in bad debt provision	2024 £000	2023 £000
At beginning of the year	2,154	2,088
Provided during the year	-	675
Added on acquisition	206	107
Utilised during the year	(913)	(716)
At the end of the year	1,447	2,154

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

Financial instruments continued**25 (c) Liquidity risk**

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due.

The Group manages its liquidity risk by monitoring existing facilities and cash flows against forecast requirements based on a rolling cash forecast.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the effect of netting agreements:

2024	Carrying amount	Contractual cashflow	1 year or less	1-2 years	2-5 years	More than 5 years
	£000	£000	£000	£000	£000	£000
Financial liabilities						
Trade payables	69,520	69,520	69,520	-	-	-
Accruals	12,435	12,435	12,435	-	-	-
Contingent consideration	9,614	10,000	10,000	-	-	-
Lease liabilities	53,567	68,682	13,195	11,667	21,091	22,729
Invoice discounting advances*	20,071	20,071	20,071	-	-	-
Bank trade loans*	7,750	7,750	7,750	-	-	-
RCF*	40,000	40,000	-	-	40,000	-
	212,957	228,458	132,971	11,667	61,091	22,729
2023						
2023	Carrying amount	Contractual cashflow	1 year or less	1-2 years	2-5 years	More than 5 years
	£000	£000	£000	£000	£000	£000
Financial liabilities						
Trade payables	45,679	45,679	45,679	-	-	-
Accruals	11,144	11,144	11,144	-	-	-
Lease liabilities	32,669	41,333	7,775	6,140	11,548	15,870
Invoice discounting advances*	6,405	6,405	6,405	-	-	-
RCF*	20,000	20,000	-	20,000	-	-
	115,897	124,561	71,003	26,140	11,548	15,870

*The invoice discounting, Revolving Credit Facility ("RCF") and bank trade loan facilities are all revolving facilities.

The invoice discounting facility is available to draw down up to a limit of £55,000,000 and is available until September 2028, with an option for the Group to extend it for a further year to September 2029. The trade loan facility is for £8,000,000 and operates on a revolving basis, with balances repayable within 35 days of drawdown. Once repaid the facility is immediately available for draw down up to the facility limit. Both the invoice discounting and trade loan facility form an integral part of the Group's day-to-day short-term cash management.

The RCF is available up to £40,000,000 and is committed until September 2028, with an option for the Group to extend it for a further year to September 2029. The permitted use of the RCF is to fund acquisitions and it is presently fully drawn following the acquisition of Creed Catering Supplies Limited in September 2024.

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

Financial instruments continued**25 (d) Market risk**

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments.

The Group has an immaterial exposure to currency risk on purchases denominated in a currency other than the functional currency of the Group since the balance owed to non-UK business is immaterial at each period end.

The Group is exposed to interest rate risk principally where its borrowings are at variable interest rates.

At the balance sheet date the interest rate profile of the Group's interest-bearing financial instruments was:

	Group	
	2024	2023
Fixed rate instruments	£000	£000
Financial liabilities	(53,567)	(32,669)
	(53,567)	(32,669)

	2024	2023
Variable rate instruments	£000	£000
Financial liabilities	(67,821)	(26,405)
	(67,821)	(26,405)

Sensitivity analysis

An increase of 25 basis points in interest rates throughout the period would have affected the statement of profit and loss by the amounts shown below. This calculation assumes that the charge occurred at all points in the period and had been applied to the average risk exposures throughout the period:

	2024	2023
	£000	£000
Profit or loss decreases	(170)	(66)

The above assumes the rate change is applicable on financial liabilities accruing interest on base rate and SONIA and effects them in the same way.

25 (e) Capital management

The primary objective of the Group is to manage its capital to ensure it is able to continue as a going concern, whilst maximising shareholder value.

The capital structure of the Group consists of debt, which includes leasing related borrowings of £53,567,000 (2023: £32,669,000), a cash position of £4,137,000 (2023: £673,000), an invoice discounting facility with a limit of £55,000,000 drawn at £20,071,000 (2023: £6,405,000), a trade loan facility with a limit of £8,000,000 draw at £7,750,000 (2023: £nil), a revolving credit facility drawn at £40,000,000 (2023: £20,000,000) and equity attributable to the equity holders of the Group of £124,545,000 (2023: £84,445,000).

The capital structure is reviewed regularly by the Directors. The Group's policy is to maintain gearing at levels appropriate to the business and its funders. The Directors take consideration of gearing by reference to the leverage calculation including IFRS 16 lease liability and without. The Group produces annual forecasts to enable the Board to assess the level of working capital needed in the business, taking careful account of working capital cycles, which are predictable, and the Board have significant experience of managing them.

The Group has headroom on its working capital facilities of £35,179,000 at the year end (2023: £39,600,000).

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

26. Related party transactions

Kitwave One Limited, Kitwave Investments Limited, Kitwave Limited, Turner & Wrights Limited, FW Bishop & Son Limited, M & M Value Limited, Westone Wholesale Limited, Teatime Tasties Limited, TG Foods Limited, Eden Farm Limited, Squirrels UK Limited, Thurston's Food's Limited, David Miller Frozen Foods Limited, Automatic Retailing (Northern) Limited, H B Clark (Successors) Limited, H B Clark Holdings Limited, F.A.M Soft Drinks Limited, M.J. Baker Foodservice Limited, Westcountry Food Holdings Limited, Westcountry Fruit Sales Limited, WLG Holdings Limited, WLG Limited, Total Foodservice Solutions Limited, Nextbuy Limited, Fred Lawson (Clitheroe) Limited, Opaledge Limited, Howarth Foodservice Limited, Creed Catering Supplies Limited and Creed Foodservice Limited are all 100% owned subsidiaries of this Company.

Central Supplies (Brierley Hill) Ltd is a 97% owned subsidiary of this Company.

Key management personnel

Total compensation of key management personnel in the period amounts to £1,156,000 (FY23: £1,179,000) in respect of short-term employment benefits, £nil (FY23: £nil) in respect of past-employment benefits and £nil (FY23: £nil) in respect of termination benefits.

27. Ultimate controlling party

The Company is listed on the Alternative Investment Market of the London Stock Exchange. Material shareholders are detailed within the Directors' report. There is no ultimate controlling party of the Group.

28. Post balance sheet events

Post year end a £5,000,000 cash payment has been made to the former shareholders of Creed Catering Supplies Limited following achievement of pre-determined criteria under the terms of the acquisition that requires contingent consideration to be discharged.

ALTERNATIVE PERFORMANCE MEASURE GLOSSARY

This report provides alternative performance measures ("APMs"), which are not defined or specified under the requirements of International Financial Reporting Standards. The Board believes that these APMs provide readers with important additional information on the Group.

Alternative performance measure	Definition and purpose			
			FY24	FY23
		Note	£000	£000
Adjusted operating profit	Represents the operating profit prior to exceptional (income) / expenses and share based payment expenses. This measure is consistent with how the Group measures performance and is reported to the Board.			
	Total operating profit		28,804	29,363
	Amortisation of intangible assets arising on acquisition	3	1,397	842
	Acquisition expenses	5	2,153	648
	Compensation for post combination services	5	324	199
	Share based payment expense	5	1,244	964
	Restructuring expenses	5	109	-
	Adjusted operating profit		34,031	32,016
Adjusted EBITDA	Represents the operating profit prior to exceptional expenses, share based payment expenses, fixed asset depreciation and intangible amortisation. This measure is consistent with how the Group measures trading and cash generative performance and is reported to the Board.			
	Total operating profit		28,804	29,363
	Amortisation of intangible assets	11	1,527	975
	Depreciation	12,13	11,068	8,992
	Acquisition expenses	5	2,153	648
	Compensation for post combination services	5	324	199
	Share based payment expense	5	1,244	964
	Restructuring expenses	5	109	-
	Adjusted EBITDA		45,229	41,141
Pre tax operational cash conversion	Represents the cash generated from operating activities pre tax as a proportion of cash flow from operating activities pre movements in working capital and tax. This measure informs the Board of the Group's cash conversion from operating activities, is used to monitor liquidity and is reported to the Board.			
	Net cash inflow from operating activities		31,403	30,298
	Tax paid		6,612	6,075
	Cash flow from operating activities pre tax and compensation for post combination services (1)		38,015	36,373
	Movement in working capital		4,349	3,937
	Cash flow from operating activities pre tax and compensation for post combination services and movement in working capital (2)		42,364	40,310
	Pre tax operational cash conversion (1) divided by (2)		90%	90%

ALTERNATIVE PERFORMANCE MEASURE GLOSSARY - CONTINUED

Alternative performance measure	Definition and purpose	FY24	FY23
		£000	£000
After tax return on invested capital	Represents adjusted profit after tax as a proportion of invested capital. This measure informs the Board of how effective the Group is in generating returns from the capital invested.		
Adjusted operating profit	34,031	32,016	
Lease interest	(2,167)	(1,656)	
	31,864	30,360	
Tax charge at effective rate of tax of 25% (FY23: 23%)	(7,966)	(6,831)	
Adjusted operating profit after tax (1)	23,898	23,529	
Invested capital comprising:			
Invoice discounting advances	20,071	6,405	
Lease liabilities	53,567	32,669	
Revolving Credit Facility	40,000	20,000	
Trade loan	7,750	-	
Share capital	804	700	
Share premium	94,185	64,183	
Cash at bank and in hand	(4,137)	(673)	
Total invested capital (2)	212,240	123,284	
After tax return on invested capital (1) divided by (2)	11%	19%	
Return on net assets	Represents adjusted profit after tax as a proportion of the Group's investment in fixed assets and working capital. This measure informs the Board of how effective the Group is in generating returns from its fixed assets and net working capital.		
Adjusted operating profit	34,031	32,016	
Tax charge at effective rate of tax of 25% (FY23: 23%)	(8,508)	(7,204)	
Adjusted operating profit after tax (1)	25,523	24,812	
Invested capital comprising:			
Intangible assets*	618	728	
Fixed assets	29,096	16,614	
Right-of-use assets	50,869	29,716	
Investments	42	45	
Inventories	47,749	35,410	
Trade and other receivables	91,122	63,569	
Trade and other payables	(102,083)	(63,596)	
Liability for post combination services**	906	1,006	
Total invested capital (2)	118,319	83,492	
After tax return on invested capital (1) divided by (2)	22%	30%	

* excluding acquired intangibles arising on acquisition

** trade and other payables exclude the liability for post combination services

ALTERNATIVE PERFORMANCE MEASURE GLOSSARY - CONTINUED

Alternative performance measure	Definition and purpose		
		FY24	FY23
		£000	£000
Leverage	Management assess leverage by reference to adjusted EBITDA against net debt including and excluding IFRS 16 lease liabilities and including the liability for post combination services held within other creditors. This indicates how much income is available to service debt before interest, tax, depreciation and amortisation.		
Adjusted EBITDA (1)		45,229	41,141
Invoice discounting advances		20,071	6,405
Lease liabilities		53,567	32,669
Revolving Credit Facility		40,000	20,000
Trade Loan		7,750	-
Liability for post combination services		906	1,006
Contingent consideration		9,614	-
Cash at bank and in hand		(4,137)	(673)
Net debt		127,771	59,407
Leverage (including IFRS 16 debt)		2.8	1.4
IFRS 16 lease liabilities		43,151	26,197
Net debt excluding IFRS 16 lease liabilities		84,620	33,210
Leverage (excluding IFRS 16 lease debt)		1.9	0.8
Basic underlying earnings per share	Profit attributable to the equity holders of the Group prior to exceptional items and share based payments through the consolidated statement of profit and loss, divided by the weighted average number of ordinary shares during the financial year.		
Profit attributable to all shareholders		16,718	18,956
Amortisation of intangible assets arising on acquisition		1,397	842
Acquisition expenses		2,153	648
Compensation for post combination services		324	199
Share based payment expense		1,244	964
Restructuring expenses		109	-
Tax effect of exceptional items and share based payments		(668)	(405)
Underlying profit attributable to ordinary shareholders		21,277	21,204
		Number	Number
Weighted average number of ordinary shares (basic) during the year		71,034,498	70,000,000
		pence	pence
Basic underlying earnings per ordinary share		30.0	30.3

ALTERNATIVE PERFORMANCE MEASURE GLOSSARY - CONTINUED

Alternative performance measure	Definition and purpose	Consolidated statement of profit and loss and other comprehensive income				
		Note	Existing operations 2024 £000	Acquisitions 2024 £000	Year ended 31 October 2024 £000	Year ended 31 October 2023 £000
Reconciliation between existing and acquired operating profit for the year						
Revenue	3	632,550	31,102		663,652	602,220
Cost of sales		(493,717)	(22,115)		(515,832)	(470,095)
Gross profit		138,833	8,987		147,820	132,125
Other operating income / (expense)	4	577	26		603	183
Distribution expenses		(59,979)	(3,494)		(63,473)	(54,570)
Administrative expenses		(52,847)	(3,299)		(56,146)	(48,375)
Operating profit		26,584	2,220		28,804	29,363
<i>Analysed as:</i>						
Adjusted EBITDA		42,370	2,859		45,229	41,141
Amortisation of intangible assets	11	(1,527)	-		(1,527)	(975)
Depreciation	12,13	(10,429)	(639)		(11,068)	(8,992)
Acquisition expenses	5	(2,153)	-		(2,153)	(648)
Compensation for post combination services	5	(324)	-		(324)	(199)
Share based payment expense	5	(1,244)	-		(1,244)	(964)
Restructuring expenses	5	(109)	-		(109)	-
Total operating profit		26,584	2,220		28,804	29,363

NOTES



Kitwave Group plc
Unit S3, Narvik Way, Tyne Tunnel Estate,
North Shields, Tyne & Wear, NE29 7XJ

www.kitwave.co.uk/investors
+44 (0)191 259 2277

Kitwave registered number: 09892174