



INVESTING FOR GROWTH

Investor Presentation
Final Results - Year ended
31 October 2024

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Overview

Financial

- Financial performance in line with market expectations, despite challenging conditions

Operational

- Continued emphasis on operational efficiency and infrastructure investment and development
 - New South West distribution centre operational on time and on budget
 - ERP migration for three operating businesses
 - Roll out of voice-picking technology

Strategic

- Acquisition of Wilds of Oldham, Total Foodservice Solutions and Creed Catering Supplies

Dividend

- Final proposed dividend of 7.45 pence per ordinary share resulting in a total dividend of 11.30 pence per ordinary share (1% increase compared to FY23)



>40,000 products



>2,100 colleagues



37 depots



>6,500 daily deliveries

>46,000 customers

Group performance

Revenue
+10.2%
L4L +5.0%

Gross margin
22.3%
+0.4% vs FY23

Adj. operating profit
£34.0m
+£2.0m v FY23

LTM Leverage*
2.8x
1.9x (excl. IFRS16)

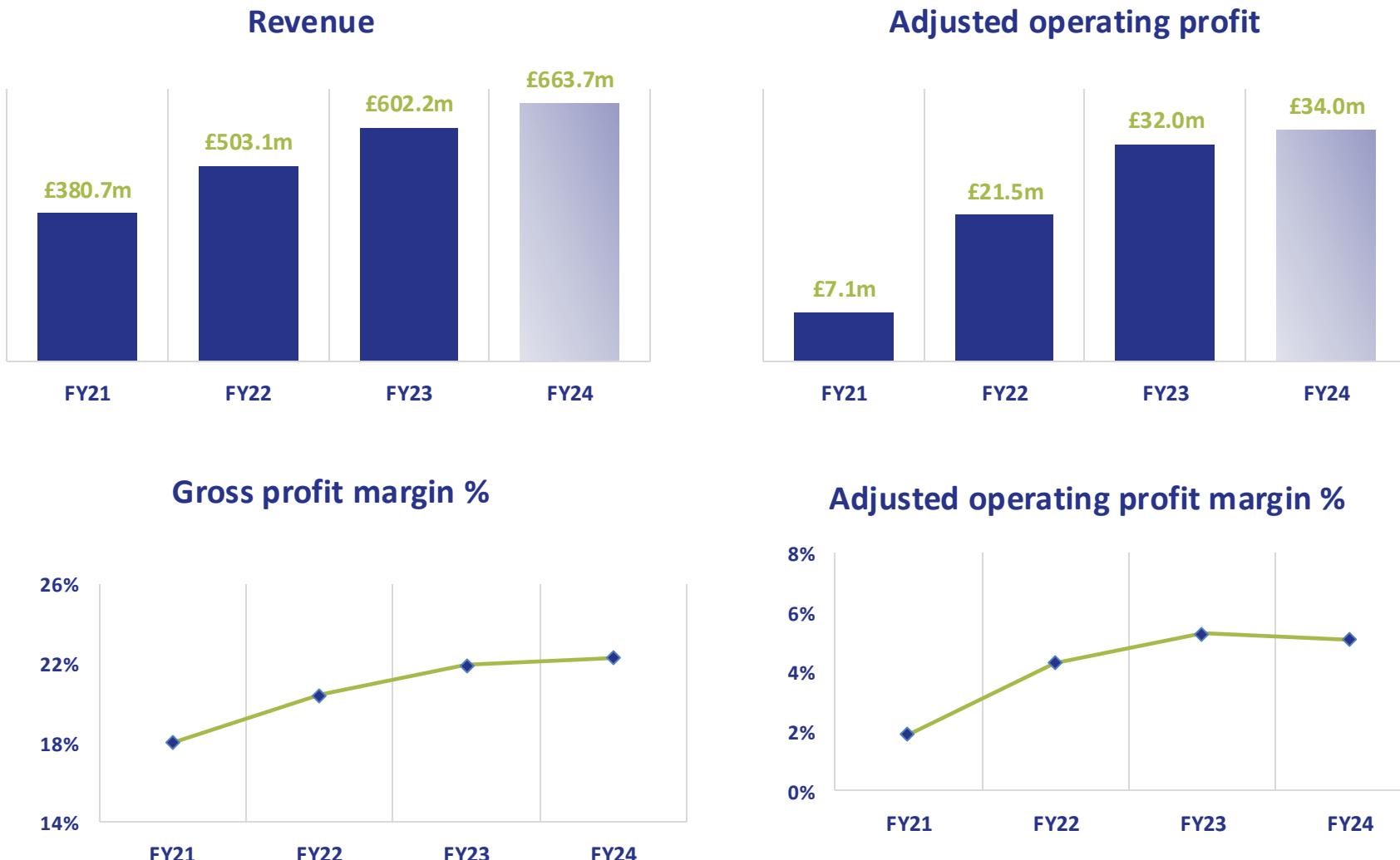
Final dividend
7.45p
Full year 11.30p (+1.0%)

Net cash from
operations
£31.4m
+£1.1m vs FY23

FINANCIAL SUMMARY



Delivering growth



Divisional performance



Revenue

Retail & Wholesale

£440.1m
+3.9% v FY23



Gross Margin

Foodservice

£223.6m
+25.2% v FY23



Adj. operating profit *

Central costs

Group

£663.7m
+10.2% v FY23

19.1%
+0.2% v FY23

28.6%
-0.6% v FY23

£21.5m
+5.1% v FY23

£18.6m
+9.6% v FY23

-£6.1m
-5.1% v FY23

22.3%
+0.4% v FY23

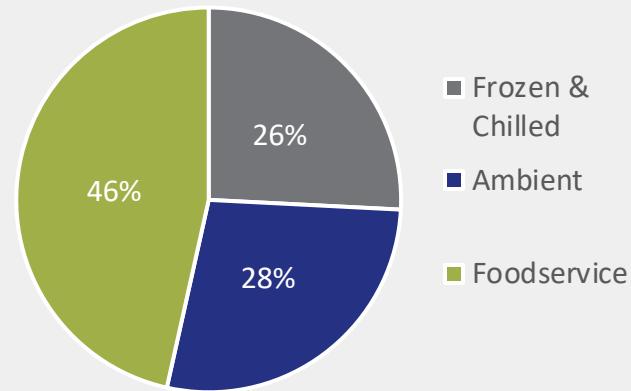
£34.0m
+6.2% v FY23

Income statement

Adjusted operating profit

- Adjusted operating profit of £34.0m (FY23: £32.0m)
- Trading EBITDA performance improvement of £4.7m through steady divisional gross margins combined with increased revenues generating £15.7m of additional gross profit on FY23
- Distribution costs of £63.5m with a cost to serve of 9.6% (FY23: 9.1%)
 - Continued drive on cost control despite inflationary increases in the cost base
 - Motor depreciation included in distribution costs of £3.3m (FY23: £1.9m), with fleet replacement programme acceleration
- Central costs includes +£0.4m computer costs relating to ERP integrations and +£0.2m of additional IT security infrastructure

Divisional adjusted operating profit* FY24 (£'000)



Capital allocation

Principles

1

Maintain working capital control with LTM conversion of 95%

2

Reinvest in business operations and customer service

3

Maintain a solid balance sheet with leverage below 2.5x

4

Maintain a dividend policy of paying between 40% and 50% of PAT

5

M&A activity that is earnings enhancing to the Group

Outcomes

=>

FY24 = 90%

=>

Fixed asset additions (inc. right of use assets) of £27.7m

=>

*Net debt/EBITDA = 2.8x
Net debt (exc. IFRS16)/EBITDA = 1.9x

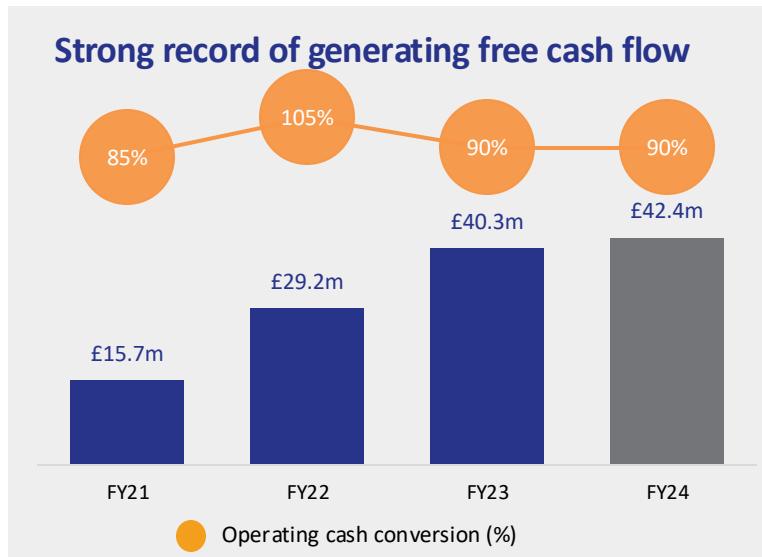
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Final FY24 dividend proposed of 7.45 pence per share

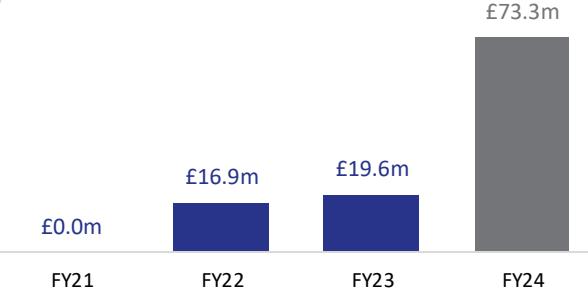
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Net consideration of £73.3m paid for the three acquisitions

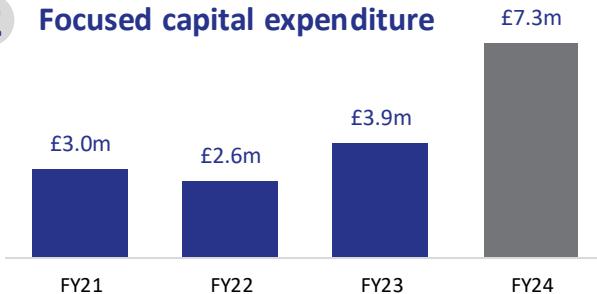
Capital allocation model - 4 core priorities



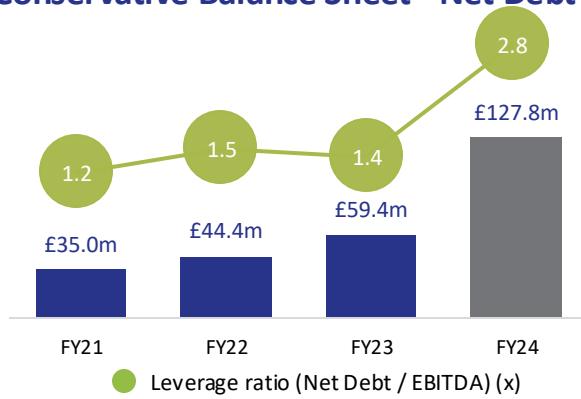
1 Value accretive acquisition expenditure



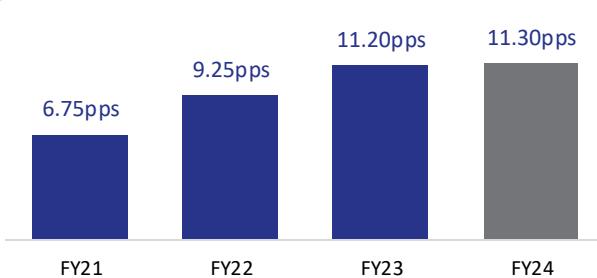
2 Focused capital expenditure



4 Conservative Balance Sheet - Net Debt



3 *Progressive Dividend Policy



* Full year dividend in line with indications at the time of the equity placement with absolute amount reflecting the year-on-year increase in the number of shares

OPERATIONAL INVESTMENT



NORTH WEST DEPOT
01254 828330

YORKSHIRE DEPOT
01484 536688

Infrastructure investment

Fleet

- Continued fleet replacement (+150 vehicles in year), with catch up of fleet replacement from post Covid scarcity behind us

New integrated delivery hub in the Southwest

- New design and build 80,000 sq. ft. distribution centre delivered on time and on budget
- The new integrated distribution centre has enabled the merger of MJ Baker & Westcountry in the South West on one integrated ERP system
- Enlarged rebranded foodservice business now offering a complete food service range
- Synergy benefits through delivery routing optimisation offering a wider product base together, with consolidation of central and operational functions



Operational Investment

Kitwave continues to innovate and use technological solutions to assist with the drive to:

Improve customer service

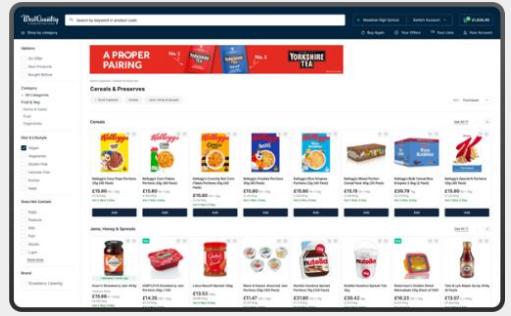


Improve operational efficiency



eCommerce development

- We began developing our eCommerce platform in 2022, and we have experienced significant success since
- By the end of Oct 24, electronic orders contributed to 49% of all sales orders across the Group



ERP integration & cyber security

- Wilds of Oldham fully integrated and merged into the HB Clark ERP platform
- Total Foodservice and Westcountry migrated successfully and on time onto the Group ERP platform
- Continued investment in cyber security with a fully managed 24/7 SOC (security operations centre) and SIEM (security information event management) through our IT partner Aspire.

Robotic processing automation

- Kitwave has started to look at how we can best use robotic processing automation (RPA)
- RPA is a technology that uses software robots (bots) to automate repetitive processes performed by humans



Voice-picking technology

Voice picking – what is it?

- Technology that uses an intelligent voice agent and speech recognition software to direct warehouse pickers through their tasks
- Investment in northern picking hub and the chilled hub in Birmingham to be followed by further investment in the York foodservice hub



The Benefits;

- Speed accuracy of orders
- Increased efficiency with multi-order picking
- Reduced training time
- Improved safety



Increased pick rate of **28%***
versus paper pick



Increased pick rate of **13%***
versus hand held terminals



Credits reduced by **7%***

* As per VOITEC expectations

Wilds of Oldham

- Acquisition of Wilds of Oldham provides further distribution scale to our on-trade operations. The business is now fully integrated into HB Clark and operates as their 3rd largest depot



Total Foodservice

- Acquisition of Total Foodservice presents the opportunity to further the Group's foodservice presence across the M62 corridor



Creed Catering Supplies

- Acquired Creed Catering Supplies, a leading independent foodservice wholesaler with a national customer footprint linking our South West operations to the M62 corridor



What we have achieved

National foodservice infrastructure

Consolidation of the Group's acquisitions to streamline operations

Nationwide reach, filling the geographical gap in the network

All now trading with CRG to create a homogeneous product base

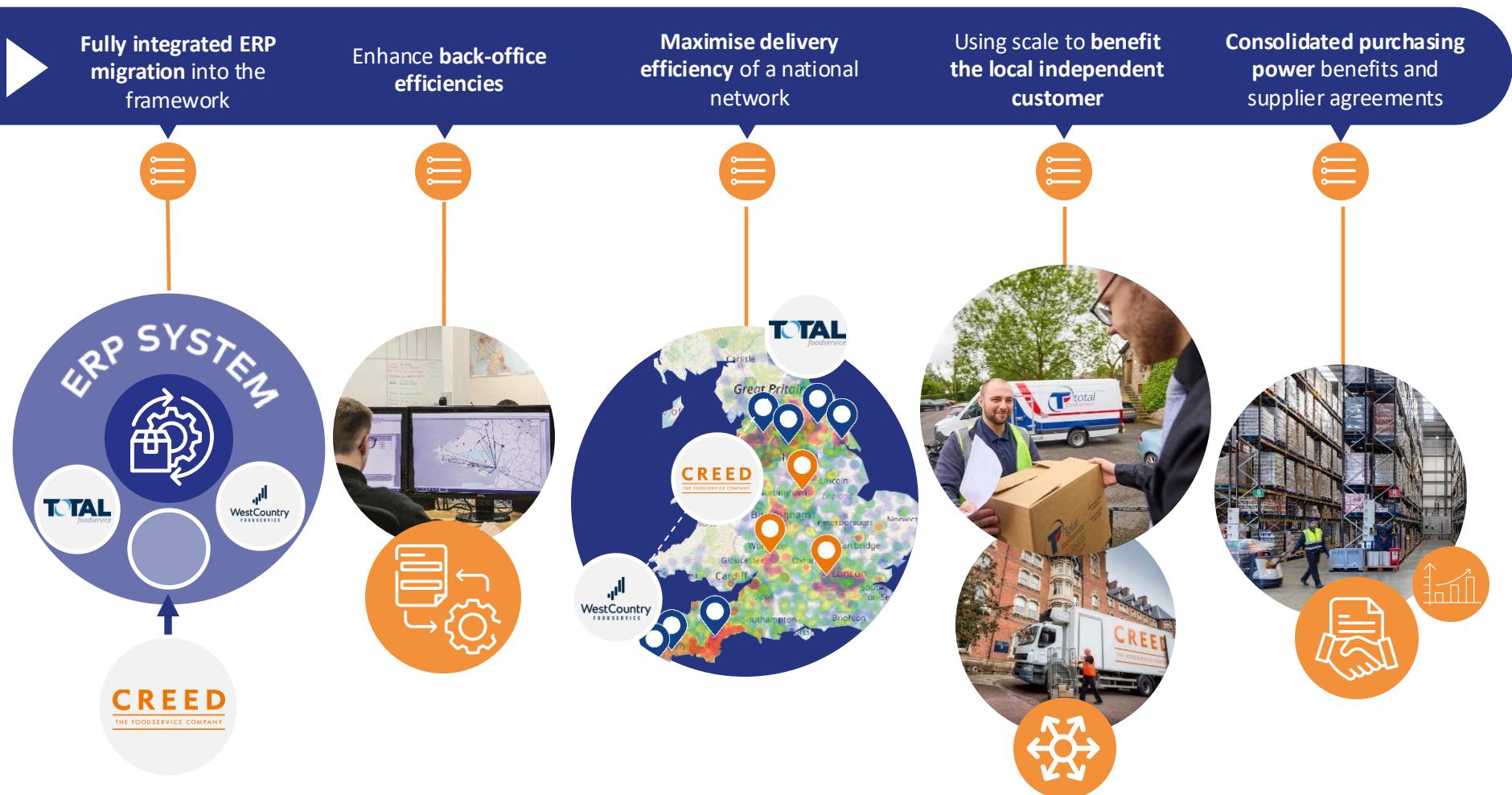
Westcountry and Total Foodservice Solutions migrated onto ERP system

Commenced depot rationalisation



The next phase

Future synergies Kitwave is looking to develop through FY25 onwards

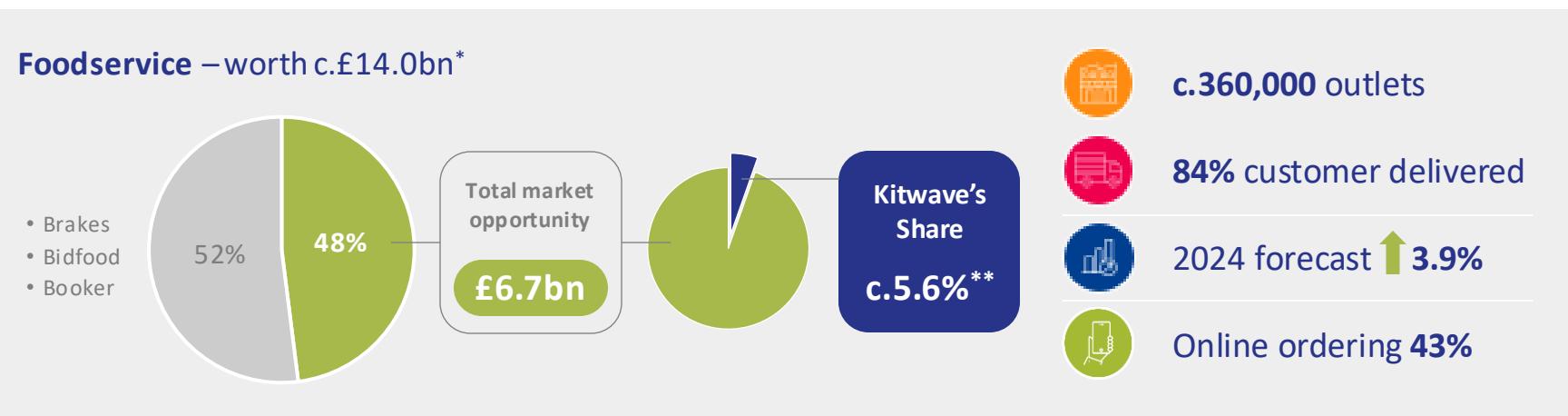
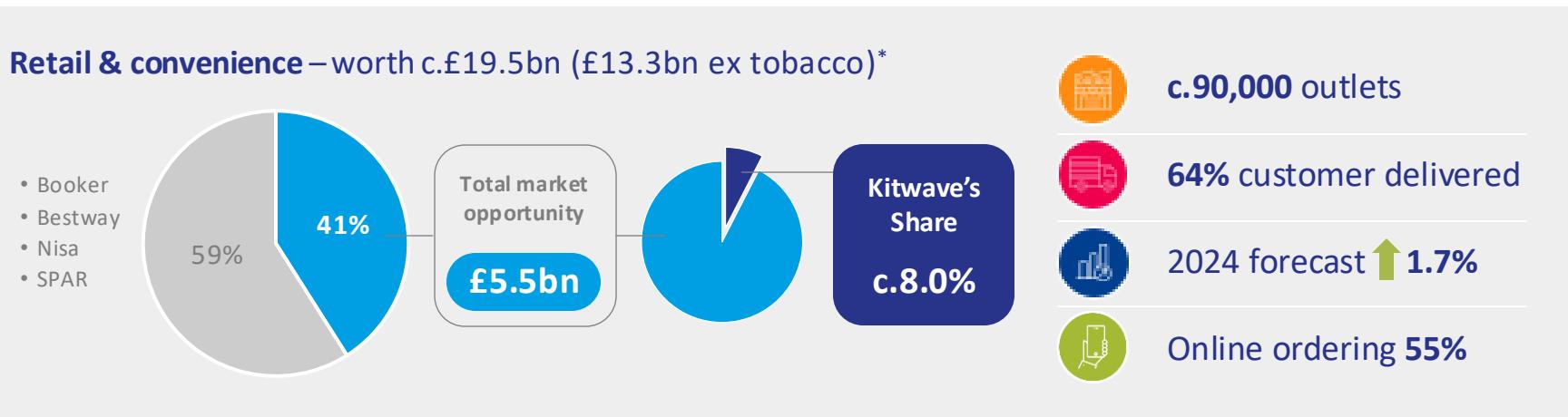


GROUP STRATEGY



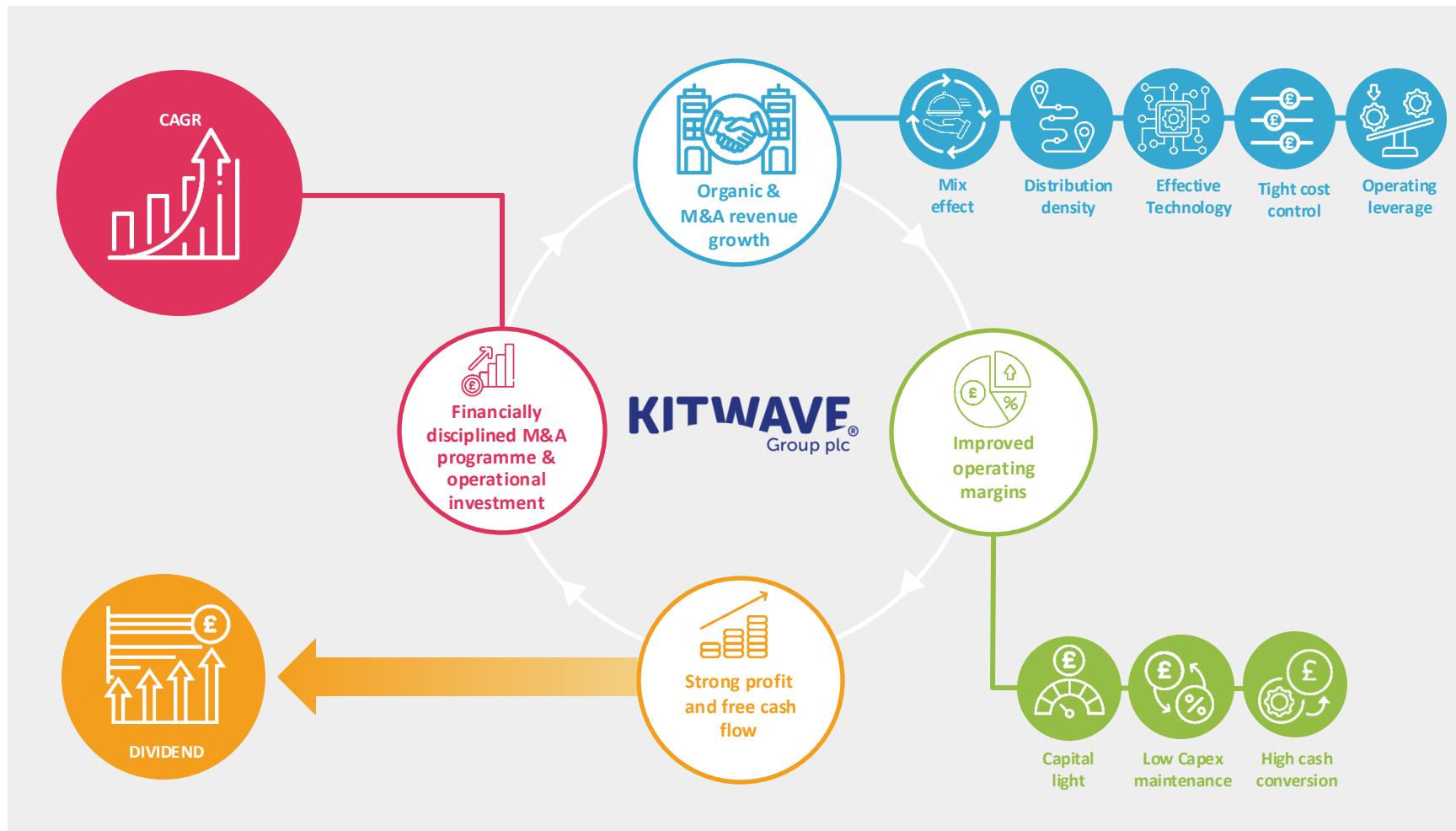
Market Opportunity

UK grocery and foodservice wholesale market offers significant acquisition and organic growth potential
Excellent track record of successfully integrating businesses



Compounding growth model

Compounding revenue, profit and cash flow growth



Growing organically

Kitwave targets revenue and market growth as well as operational efficiency across the Group

Through leveraging opportunities that arise from activities across the following four pillars:



Organic sales growth through selling more to our well-established customer base

- Sale of wider basket to existing customers
- Grow customer wallet share
- New business wins



M&A provides scale in the Foodservice operations

- Negotiate better annual terms and rebates
- Ability to cross-sell wider product categories



Daily focus on operational efficiency

- Opportunity to access a wider customer base
- Delivery efficiency via centralised 'Paragon' route planning
- Constant review of infrastructure requirements and layout

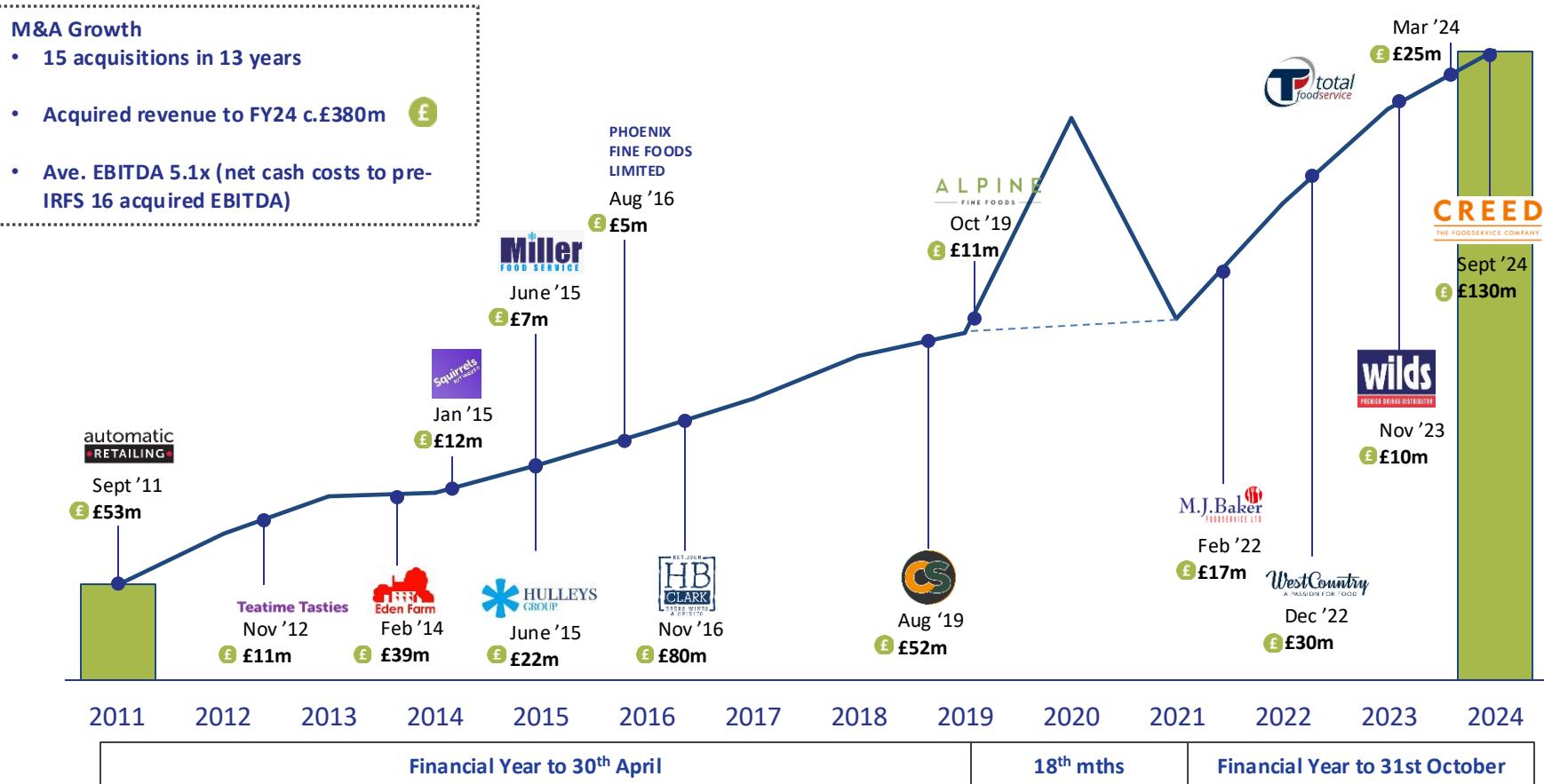


IT & service excellence

- Full web and app sales offering
- Order tracking and customer insight via EPOD technology

Delivering M&A and Organic Growth

KITWAVE
Group plc



Group Revenue FY11:
£100m
Adjusted Operating
Profit FY11:
£1.7m

Organic Growth
• Organic revenue growth FY18-FY24 of £180.1m
CAGR 6.7%

Group Revenue FY24:
£663.7m
Adjusted Operating
Profit FY24:
£34.0m

UK grocery and foodservice wholesale market offers significant acquisition and organic growth potential
Excellent track record of successfully integrating businesses

Acquisition rationale

- Market share growth
- Revenue enhancing
- Product/customer base expansion
- Cost and operational synergies



3

Acquisitions
in FY24



Ability to de-risk acquisitions

- Management expertise
- Repeatable strategy and integration blueprints

Pipeline of further acquisitions

- Established search criteria and process
- M&A opportunities identified

SUMMARY



Summary

Aiming to continue to be seen as a leading delivered wholesaler in the UK

The Group is well placed to capitalise on organic growth and acquisition opportunities to drive long-term value for its shareholders



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



Robust balance sheet and cash generative business model



Continuing a successful buy-and-build strategy



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

APPENDIX



Ensuring high quality service provision to clients

With over three decades' experience, Kitwave's focus is delivering to its diverse, nationwide customer base – on time and in full

Wholly owned fleet

- Fleet of c.650 delivery vehicles fulfilling 6,500+ deliveries per day
- Having its own fleet enables the flexibility to deliver on the Group's commitment to service quality
- Provides customers the ability to have lower minimum order levels, whilst still achieving next day delivery if required

Nationwide depots

- Network of 37 depots, comprising 12 main stock holding depots and 25 satellite depots
- Provides a nationwide delivery capability and the capacity to ensure stock holding is sufficient to achieve over 98% of deliveries being on time and in full

Diverse customer base

- Diverse customer base of 46,000+ customers - mainly independent convenience stores and foodservice outlets
- The Group has a good representation of national based retailers
- Many other UK wholesalers utilise the Group's provision of the delivery of frozen and chilled products





Stephen ("Steve") Smith

Independent Non-Executive Chairman

- Joined the Group as Non-Executive Chairman following investment by Pricoa Capital Group in 2016.
- Held role of CEO of Northgate plc for over 20 years
- Served on a number of private company boards.
- 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

- Joined the Group in 2011 as Finance Director of the Automatic Retailing business, before his appointment as Managing Director of Eden Farm (following its acquisition by the Group in 2014).
- Led the growth of the Frozen & Chilled division, successfully integrating four acquisitions into the Group.
- Chartered Accountant
- Spent three years at PricewaterhouseCoopers in its Corporate Finance division.
- Holds a degree in Business Accounting and Finance from the University of Newcastle upon Tyne.
- Appointed to the Board as Chief Operating Officer in November 2021 and subsequently appointed as Chief Executive Officer in March 2024.

David Brind

Chief Financial Officer

- Joined the Group in 2011, following NVM Private Equity LLP's investment
- Has led the Group's 15 successful acquisitions and is responsible for the development of the IT and reporting infrastructure.
- Previously held roles at Barclays, at Ward Hadaway as a Corporate Finance Director and at Ernst & Young as Assistant Director in Corporate Finance.
- Qualified as a chartered accountant and is a Fellow of the Institute of Chartered Accountants in England and Wales.
- Holds a degree in Business Studies at the University of Hull.

Gerard Murray

Independent Non-Executive Director

- Currently the Non-Executive Chairman of Nixon Hire.
- Previously held roles as 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.
- Fellow of the Institute of Chartered Accountants in England and Wales, having qualified as a chartered accountant with Arthur Andersen
- Holds a degree in Economics from the University of Leicester.
- Chairman of the Audit Committee and Chairman of the Remuneration Committee.

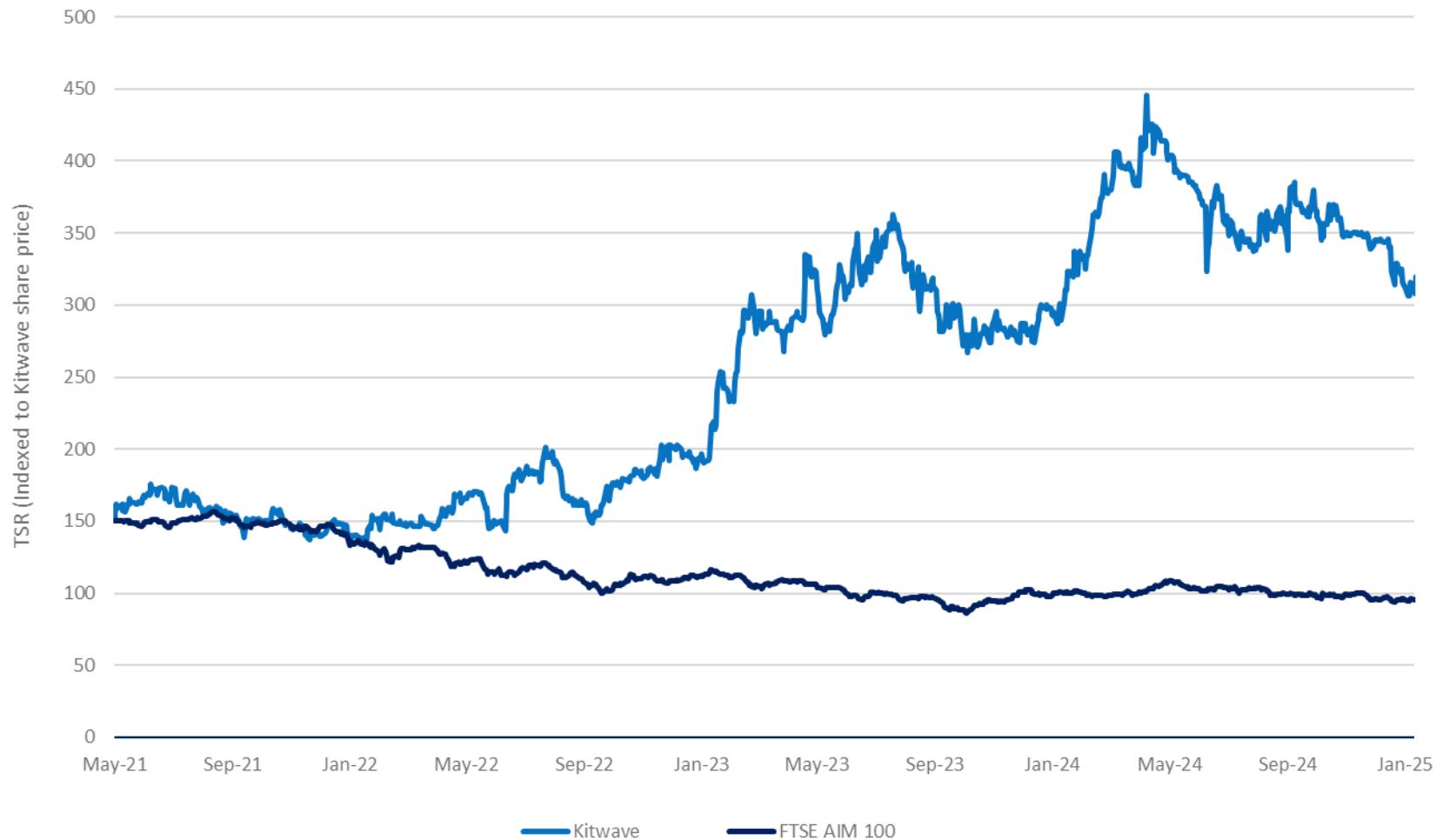
Teresa Octavio

Independent Non-Executive Director

- Teresa joined the Kitwave 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.

TSR Performance (since Kitwave IPO)

KITWAVE
Group plc



FINANCIAL APPENDIX



Income statement

FY24 Financial Summary

The FY24 results reflect a period of investment in the Group with continued emphasis on gross margin and cost control

- Group revenue (excluding acquired operations) increased by 5.0% to £632.6m
- Gross profit margin increased to 22.3% (FY23: 21.9%)
- Adjusted operating profit increased to £34.0m (FY23: £32.0m)
- Adjusted EBITDA of £45.2m (FY23: £41.1m)
- Profit before tax of £22.5m (FY23: £24.9m)

	FY24	FY23
	£000	£000
Revenue	663,652	602,220
Cost of sales	(515,832)	(470,095)
Gross profit	147,820	132,125
Gross margin %	22.3%	21.9%
Other operating income	603	183
Distribution expenses	(63,473)	(54,570)
Administrative expenses	(56,146)	(48,375)
Operating profit	28,804	29,363
Operating profit %	4.3%	4.9%
Adjusted operating profit	34,031	32,016
Adjusted operating profit %	5.1%	5.3%
Adjusted EBITDA	45,229	41,141
Adjusted EBITDA %	6.8%	6.8%

Gross profit

- Steady divisional gross margins combined with increased revenues generating £15.7m of additional gross profit on FY23

Distribution costs

- Distribution costs of £63.5m with a cost to serve of 9.6% (FY23: 9.1%)
- Continued drive on cost control despite inflationary increases in the cost base
- Motor depreciation included in distribution costs of £3.3m (FY23: £1.9m)

Adjusted operating profit

- Adjusted operating profit of £34.0m (FY23: £32.0m)



Gross margin

- Ambient: 15.5% (FY23: 14.9%)
- Frozen & Chilled: 22.2% (FY23: 22.7%)
- Foodservice: 28.6% (FY23: 29.2%)



Distribution costs

- Ambient: 5.5% (FY23: 5.3%)
- Frozen & Chilled: 11.4% (FY23: 11.2%)
- Foodservice: 11.3% (FY23: 10.6%)



Adjusted operating profit margin

- Ambient: 5.4% (FY23: 5.1%)
- Frozen & Chilled: 4.4% (FY23: 4.6%)
- Foodservice: 8.4% (FY23: 9.5%)

Balance sheet

Key highlights

- Strong balance sheet with net assets of £124.5m

Goodwill & Intangible assets

- £47.0m increase in goodwill resulting from the acquisition plus additional £27.1m of associated intangible assets

Capital investment

- £7.2m investment in fleet and warehouse facilities with a further £20.4m of right of use assets
 - New South West distribution centre - £3.2m fixtures and plant installed plus a £6.4m right of use asset associated with the new lease
 - 163 new vehicles in FY24 with additions of £1.0m plus £13.0m of right of use assets vehicles

Oct-24
£000

Non-Current assets

Goodwill	105,717
Intangible assets	30,554
Tangible and right of use assets	79,965
Investments	42
	216,278

Working Capital

Inventories	47,749
Trade receivables and other debtors	91,122
Trade payables and other creditors	(92,469)
	46,402

Cash and debt

Cash and cash equivalents	4,137
Lease liabilities	(53,567)
Contingent consideration	(9,614)
Other interest bearing loans and borrowings	(67,821)
	(126,865)

Tax

Tax payable	(1,127)
Deferred tax liabilities	(10,143)

Net assets

124,545

Balance sheet

Working capital

- Investment in working capital of £46.4m
- An increase of £11.0m on FY23 (£7.4m increase, excluding the acquired operations)
- Working capital investment for new customer win of c.£2.5m

Debt

- Net debt of £126.9m, including £43.5m of IFRS16 lease liabilities
- Contingent consideration relating to the acquisition of Creed Foodservice (maximum £10.0m) included at a fair value adjusted £9.6m
- LTM leverage of 1.9x (2.8x including IFRS16 liabilities). Accounting for an estimated full year run rate effect of the acquisitions of businesses acquired made during the year, the Group's leverage (inc. IFRS 16 debt) would be below our stated target of 2.5x.

	Oct-24 £000
Non-Current assets	
Goodwill	105,717
Intangible assets	30,554
Tangible and right of use assets	79,965
Investments	42
	<u>216,278</u>
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Other interest bearing loans and borrowings	(67,821)
	<u>(126,865)</u>
Tax	
Tax payable	(1,127)
Deferred tax liabilities	(10,143)
	<u></u>
Net assets	124,545

Cashflow statement

Key highlights

- Net increase in cash in FY24 of £3.5m
(FY23: outflow of £4.8m)
- Working capital outflow of £4.3m
- Pre-tax operational cash conversion of 90%

Non trading cashflows

- £3.8m net capex spend
- £8.3m of lease liabilities paid
- £6.1m of interest paid
- £30.1m inflow from the issue of new shares

Dividend

- Total dividends paid in the period of £7.9m

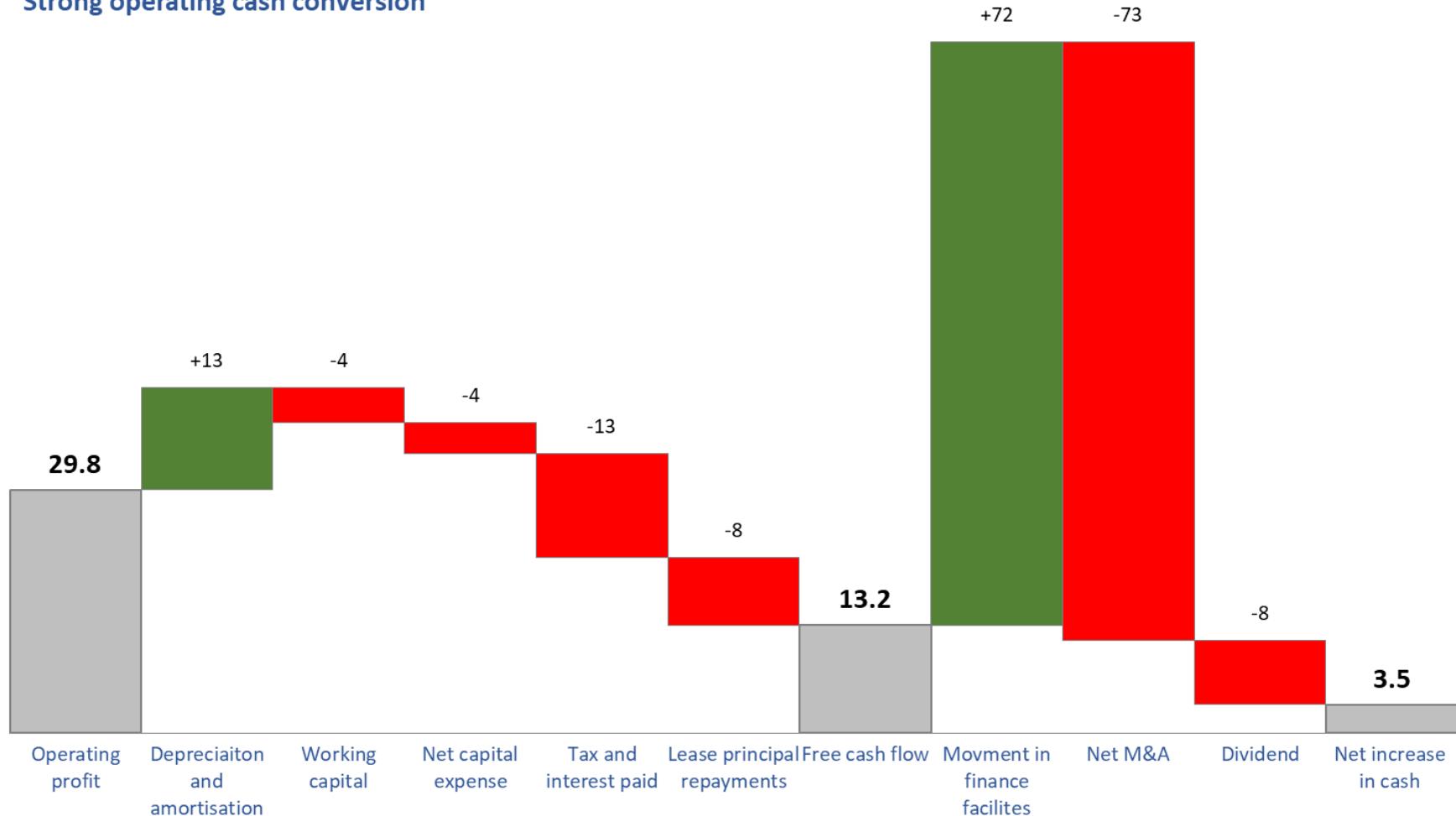
Acquisition costs

- Net acquisition outflow of £72.9m
- Net draw on debt facilities over the period of £41.4m
- £0.4m outflow for the acquisition of minority shares in Central Supplies

	FY24 £000
Cash flow from operating activities	
PBIT	28,804
Depreciation and amortisation	12,595
Other non cash items	965
	42,364
Working capital	(4,349)
Pre tax operational cash	38,015
	90%
Tax paid	(6,612)
Net cash inflow from operating activities	31,403
	74%
Net capex	(3,762)
Free cash flow to service debt	27,641
Interest paid	(6,121)
Net proceeds from share issuance	30,106
Net cash movement in debt	41,416
Lease liabilities paid	(8,327)
Dividends paid	(7,922)
Net pre M&A increase in cash	76,793
Acquisition of subsidiary undertakings	(73,329)
Net increase in cash	3,464

Cashflow statement

Strong operating cash conversion





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