

**DELIVERING
GROWTH**



Investor Presentation
Unaudited Interim Results –
6 months ended 30 April 2024

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Overview

Financial

- H1 24 performance slightly behind H1 23, reflecting investment and lower levels of demand in Foodservice
- Expect to be in line with market expectations for FY24 due to benefits from investment, trade from Total Foodservice and second half seasonal weighting

Operational

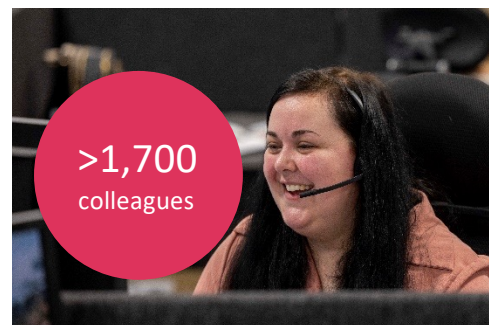
- Continual emphasis on operational efficiency and infrastructure investment and development

Strategic

- Acquisition of Wilds of Oldham in November 2023 and Total Foodservice in March 2024

Dividend

- Interim dividend of 3.85 pence per ordinary share (3% increase compared to H1 23)



>42,000
customers

Group performance

Revenue

+8.0%

L4L +5.9%
L4L cases +4.9%

Gross margin

21.5%

-0.1% vs H1 23

Operating profit

£9.3m

-£0.9m v H1 23

LTM Leverage

2.0x

1.4x (excl. IFRS16)

Interim dividend

3.85p

+3% vs H1 23

Net cash from
operations

£12.4m

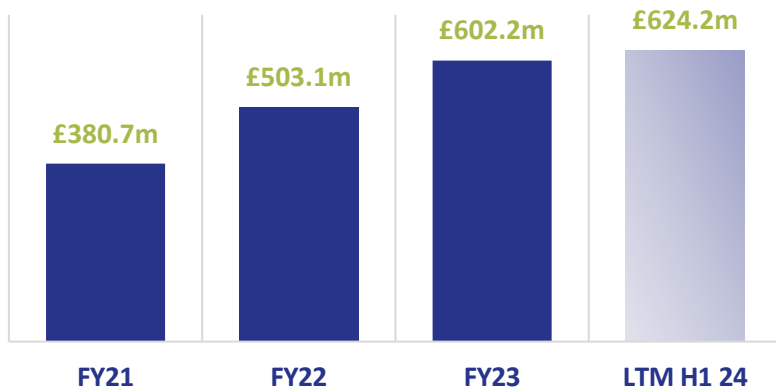
+£0.7m vs H1 23

FINANCIAL SUMMARY

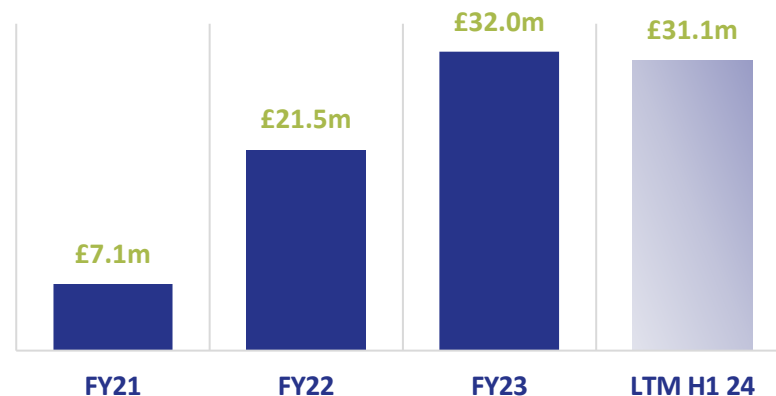
A large warehouse with high ceilings and rows of tall metal shelving units filled with boxes. A person in a yellow safety vest is pushing a red pallet jack carrying a yellow pallet in the foreground. The image has a blue tint overlay.

Delivering growth

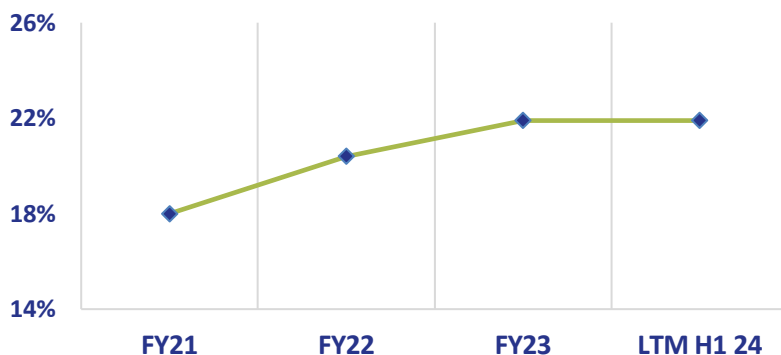
Revenue



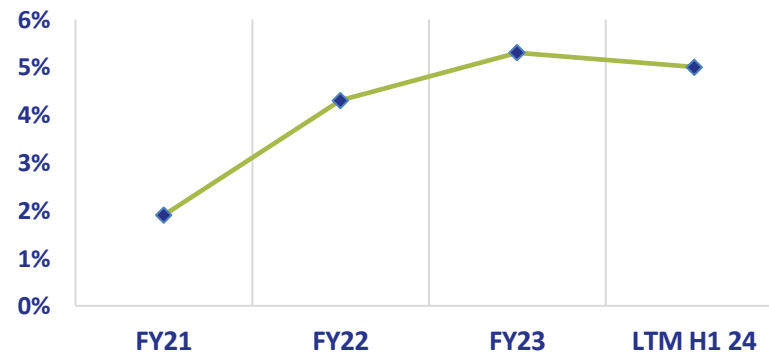
Adjusted operating profit



Gross profit margin %



Adjusted operating profit margin %



Divisional performance



Revenue



Gross Margin



Distribution
cost %

Retail & Wholesale

£204.0m

+5.0% v H1 23

18.5%

+0.1% v H1 23

8.8%

+0.0% v H1 23

Foodservice

£93.0m

+15.% v H1 23

28.0%

-1.3% v H1 23

10.7%

-0.2% v H1 23

Group

£297.0m

+8.0% v H1 23

21.5%

-0.1% v H1 23

9.4%

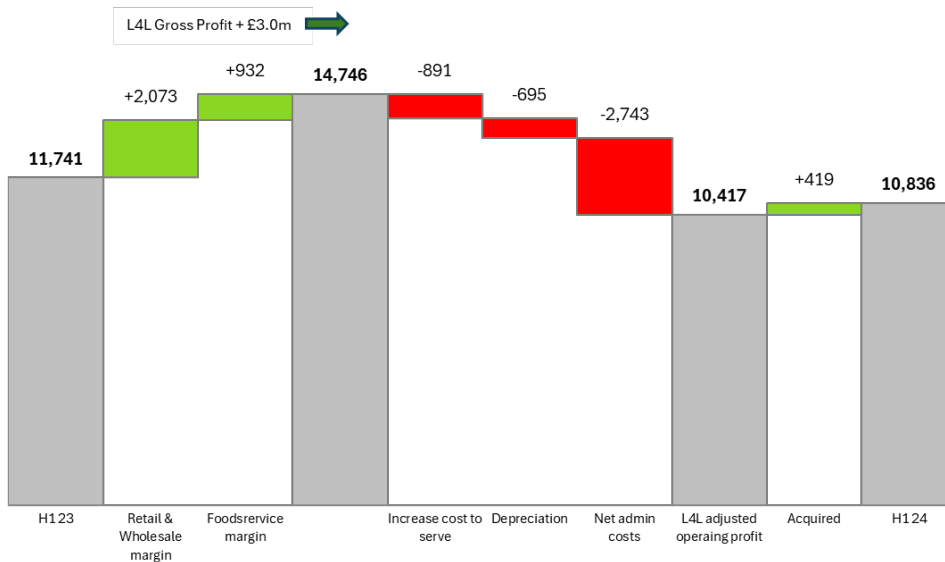
-0.2% v H1 23

Income statement

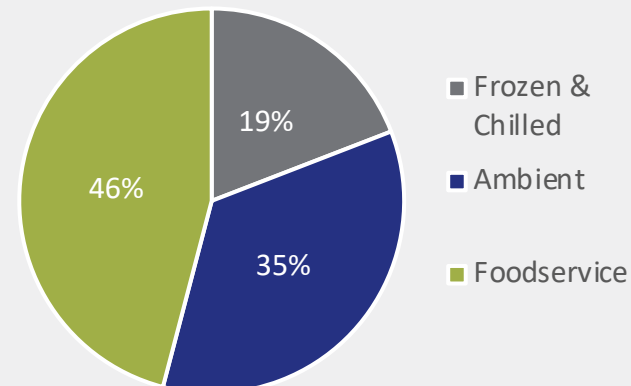
Adjusted operating profit

- Adjusted operating profit of £10.8m
(Excluding acquisitions £10.4m)

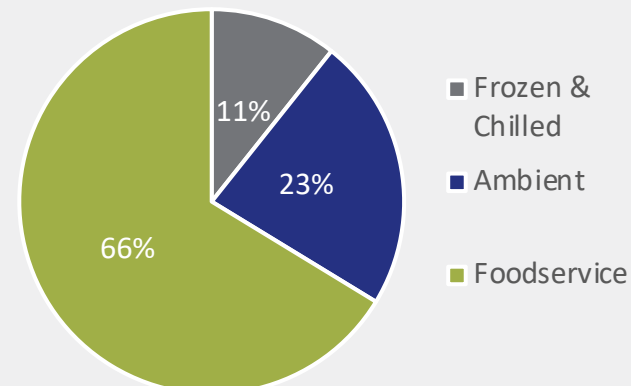
Divisional adjusted operating profit bridge



Divisional adjusted operating profit* H1 24 (£000)



Divisional adjusted operating profit* H1 23 (£000)



* pre management recharge

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

=>

H1 24 - 93%

=>

Fixed asset additions (inc. right of use assets) of £9.0m

=>

Net debt/EBITDA = 2.0x
Net debt (exc IFRS16) / EBITDA = 1.4x

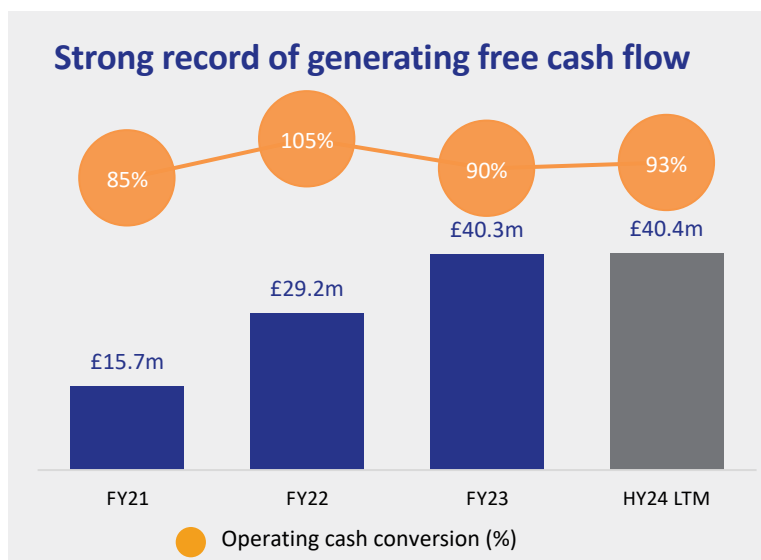
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H1 24 dividend proposed of 3.85 pence per share

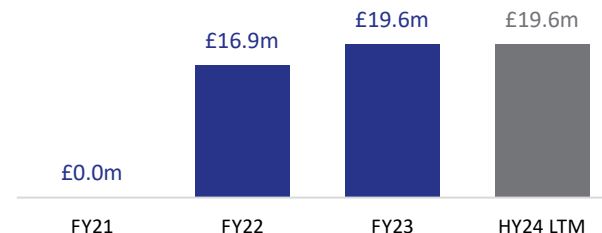
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Net consideration of £19.4m paid for the Wilds of Oldham and Total Foodservice acquisitions

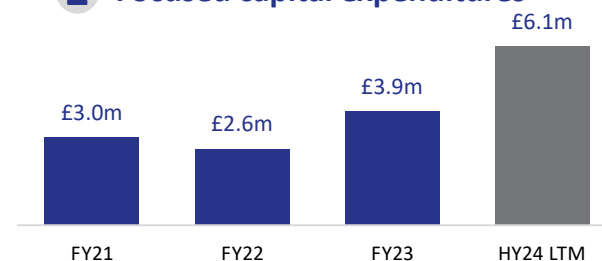
Capital allocation model - 4 core priorities



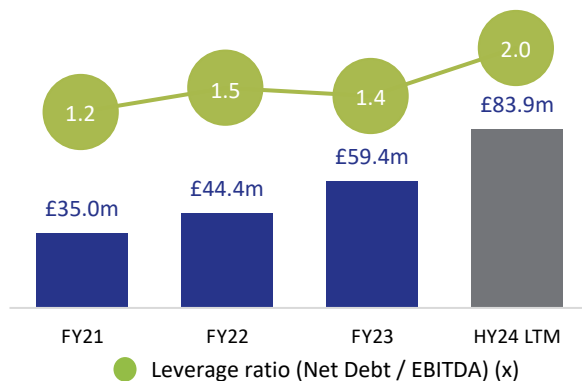
1 Value accretive acquisition expenditure



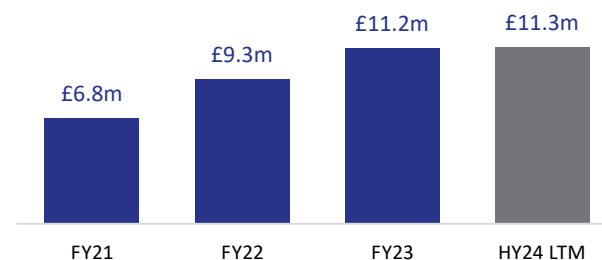
2 Focused capital expenditures



4 Conservative Balance Sheet - Net Debt



3 Progressive Dividend Policy



OPERATIONAL INVESTMENT



M&A Investment

Wilds of Oldham

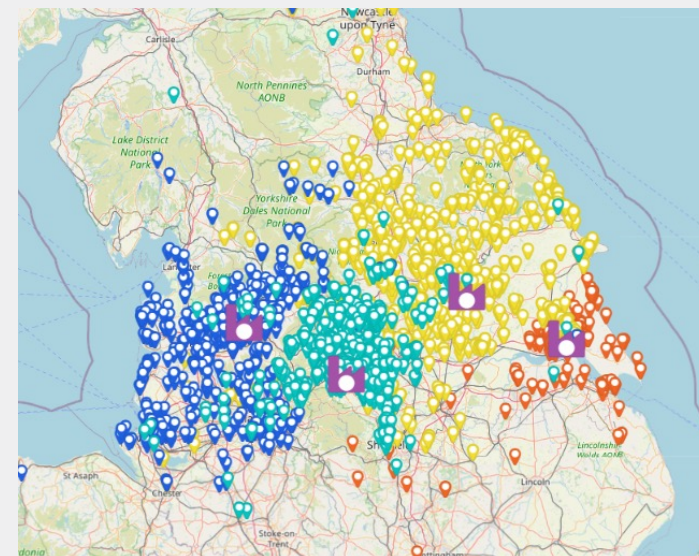
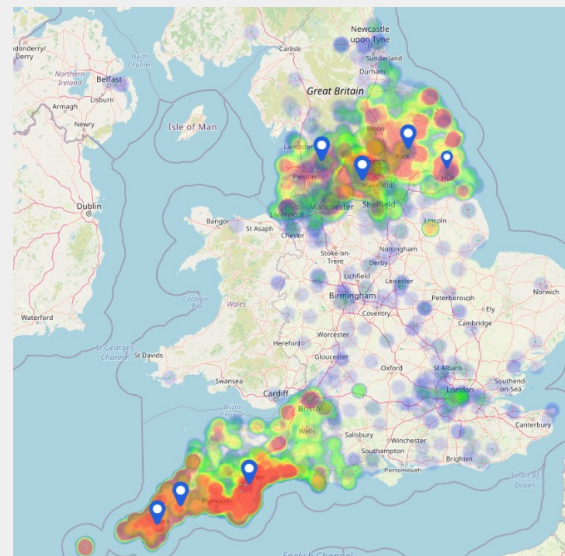


- Acquisition of Wilds of Oldham provides further distribution scale. The business is now fully integrated into HB Clark and operates as their 3rd largest depot.

Total Foodservice



- Acquisition of Total Foodservice presents the opportunity to further the Group's foodservice presence across the M62 corridor.
- The business will be fully integrated into Millers to give one homogeneous foodservice business from Hull to Clitheroe
- The implementation of Kitwave's IT ERP system is planned for Nov 2024.
- Synergistical work streams are in progress across buying, depot rationalisation and delivery optimisation efficiencies.



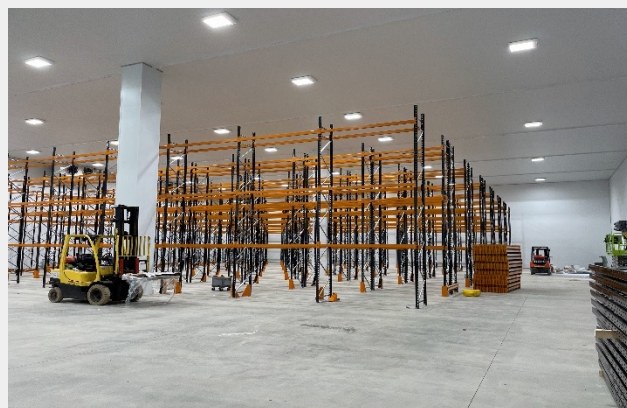
Infrastructure investment

Fleet

- Continued fleet replacement 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 site acquired. Construction is ongoing and on budget with planned completion on schedule for August 2024
- An integrated site will be able to offer a Kitwave wide offering with complete food service range, ice cream, fresh and on trade into the Southwest
- Potential benefits of offering a wider product base and more streamlined structure to drive operational margin



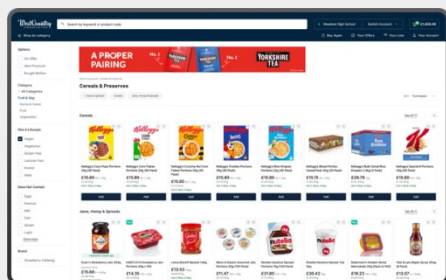
Operational Investment

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, at the beginning of 2022, and we have experienced significant success since
- By the end of May 24, electronic orders contributed to 49% of all sales orders across the Group



Voice pick technology

- This technology is revolutionising our warehouses;
 - streamlining processes
 - improving accuracy
 - enhancing worker safety



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 to be followed by further investment in York foodservice hub and chilled hub in Birmingham



The benefits

- Speed and 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*

Commercial relationships YO!

- Wholesale and distribution contract for YO! restaurants, kiosks and airport eateries.
- Nationwide deliveries, for 570 outlets
- Frozen and ambient produce Inc. beverages
- Delivering full cases and split products
- Day 1 ordering for Day 3 delivery
- Go live date January 2024

“To summarise overall, the first word that springs to mind when describing Kitwave is trustworthy and actually doing what you say you are going to do”

Paula Merrigan
Yo! Procurement Director



GROUP STRATEGY

Strategy for growth



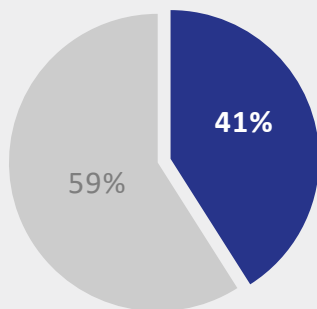
Market opportunity

UK grocery and foodservice wholesale market offers significant acquisition and organic growth potential

Excellent track record of successfully integrating businesses

Retail & convenience – worth c£18.7bn (£11.9bn ex tobacco)*

Booker /
Bestway /
Nisa /
Blakemore
(SPAR)



Kitwave's share
c8.6%

Total market
opportunity
c£4.9bn



c90,000 outlets



64% delivered



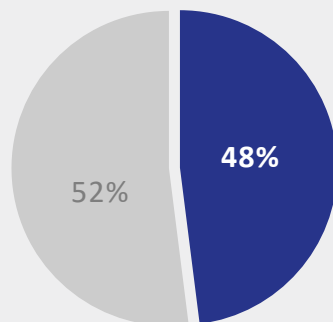
2023 forecast **↑ 4.4%**



Online ordering **46%**

Foodservice – worth c£12.1bn*

Brakes /
Bidvest /
Booker



Kitwave's share
c3.1%

Total market
opportunity
c£5.8bn



c360,000 outlets



83% delivered



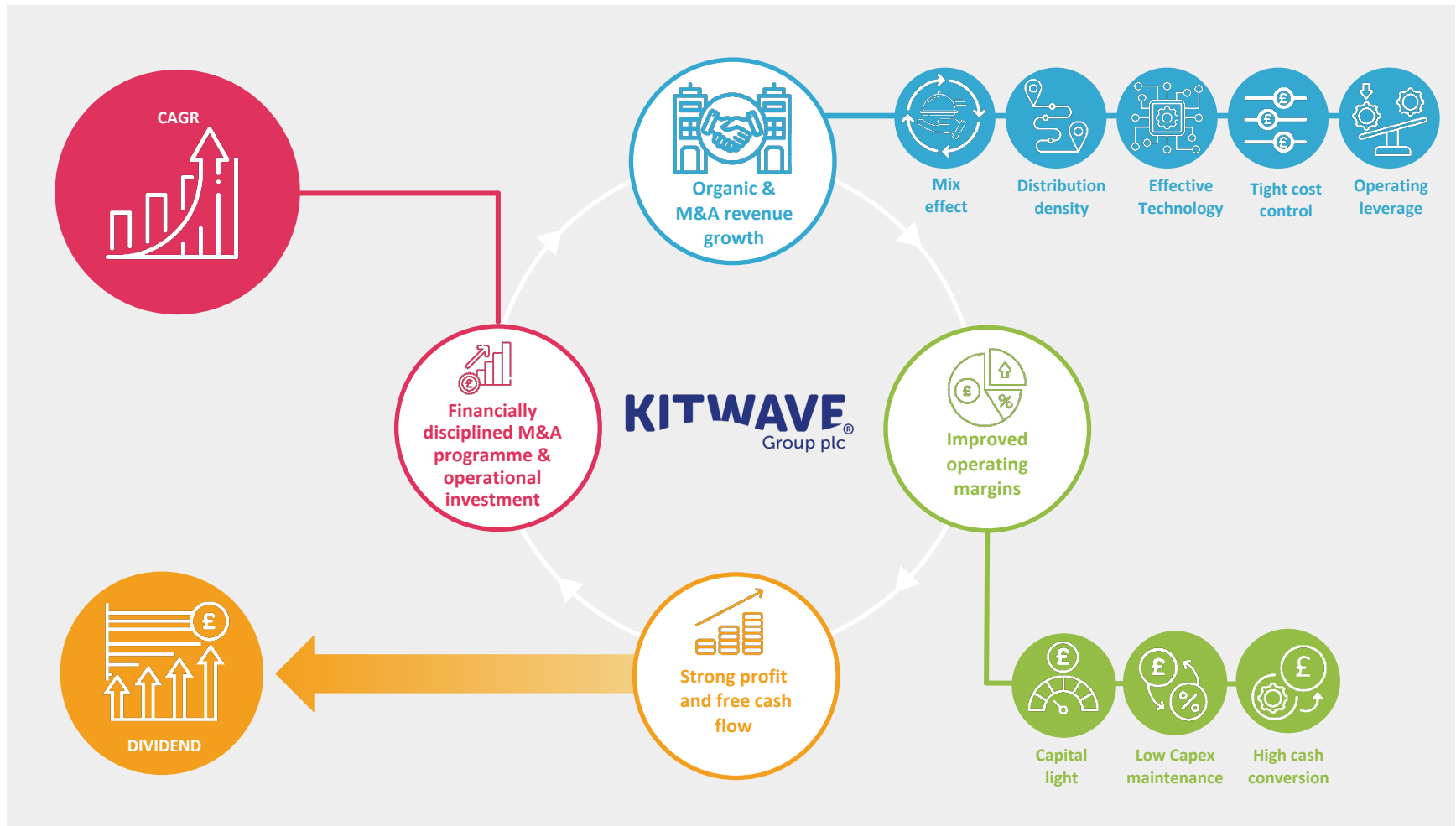
2023 forecast **↑ c8.2%**



Online ordering **41%**

Compounding growth model

Compounding revenue, profit and cash flow growth



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

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

14

acquisitions
since 2011

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

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 35 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.6%

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 c600 delivery vehicles fulfilling 5,000+ 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 32 depots, comprising ten main stock holding depots and 22 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 42,000+ 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.
- Fellow of the Institute of Chartered Accountants in England and Wales
- 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.

David Brind

Chief Financial Officer

- Joined the Group in 2011, following NVM Private Equity LLP's investment
- Has led the Group's 14 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 and director of Newrona Limited.
- 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.

FINANCIAL APPENDIX



Income statement

H1 2024 Financial Summary

The H1 24 results reflect a period of investment in the Group with continued emphasis on cost control

- Group revenue (excluding acquired operations) increased by 5.9% to £291.1m
- Gross profit margin steady at 21.5% (H1 23: 21.6%)
- Adjusted operating profit decreased to £10.8m (H1 23: £11.7m)
- Adjusted EBITDA of £15.9m (H1 23: £16.0m)
- Profit before tax of £6.9m (H1 23: £8.3m)

	H1 24 £000	H1 23 £000
Revenue	296,960	274,950
Cost of sales	(233,223)	(215,621)
Gross profit	63,737	59,329
Gross margin %	21.5%	21.6%
Other operating income	98	157
Distribution expenses	(27,949)	(26,262)
Administrative expenses	(26,590)	(23,008)
Operating profit	9,296	10,216
Operating profit %	3.1%	3.7%
Adjusted operating profit	10,836	11,741
Adjusted operating profit %	3.6%	4.3%
Adjusted EBITDA	15,863	16,017
Adjusted EBITDA %	5.3%	5.8%

Income statement

Gross profit

- Steady divisional gross margins combined with increased revenues generating £4.4m of additional gross profit on H1 23

Distribution costs

- Continued drive on cost control despite inflationary increases in the cost base and the lower levels of revenue in H1 compared to H2
- Distribution costs of £27.9m with a cost to serve of 9.4% (H1 23: 9.6%)

Adjusted operating profit

- Adjusted operating profit of £10.8m (H1 23: £11.7m)



Gross margin

- Ambient: 15.2% (H1 23: 14.9%)
- Frozen & Chilled: 21.7% (H1 23: 21.9%)
- Foodservice: 28.0% (H1 23: 29.3%)



Distribution costs

- Ambient: 5.7% (H1 23: 5.5%)
- Frozen & Chilled: 11.8% (H1 23: 12.2%)
- Foodservice: 10.7% (H1 23: 10.9%)



Adjusted operating profit margin

- Ambient: 4.8% (H1 23: 4.8%)
- Frozen & Chilled: 2.5% (H1 23: 2.3%)
- Foodservice: 6.7% (H1 23: 9.1%)

Balance sheet

Key highlights

- Strong balance sheet with net assets of £85.0m

Goodwill & Intangible assets

- £11.4m increase in goodwill resulting from the acquisition of Wilds of Oldham and Total Foodservice plus £3.8m of intangible assets (H1 24 amortisation £0.6m)

Capital investment

- £3.7m investment in fleet and warehouse facilities
- Further £5.3m of right of use assets

Working capital

- Investment in working capital of £38.7m, an increase of £5.3m on H1 23 (£3.8m increase, excluding Total Foodservice)

Debt

- Net debt of £83.2m, including £26.5m of IFRS16 lease liabilities
- LTM leverage of 1.4x (2.0x including IFRS16 liabilities)

	Apr-24 £000
Non-Current assets	
Goodwill	70,090
Intangible assets	8,112
Tangible and right of use assets	55,378
Investments	61
	133,641
Working Capital	
Inventories	53,836
Trade receivables and other debtors	75,677
Trade payables and other creditors	(90,729)
	38,784
Cash and debt	
Cash and cash equivalents	5,015
Lease liabilities	(35,136)
Other interest bearing loans and borrowings	(53,125)
	(83,246)
Tax	
Tax payable	(1,217)
Deferred tax liabilities	(2,956)
	(4,173)
Net assets	85,006

Cashflow statement

Key highlights

- Net increase in cash in H1 24 of £4.3m
(FY23: outflow of £2.2m)
- Working capital outflow of £1.0m
- Pre-tax operational cash conversion of 93%

Non trading cashflows

- £3.6m net capex spend
- £3.9m of lease liabilities paid
- £2.4m of interest paid
- £0.2m inflow from the issue of new shares

Dividend

- Final FY23 paid of 7.45p per share in April 2024 with the total dividends paid in the period of £5.2m

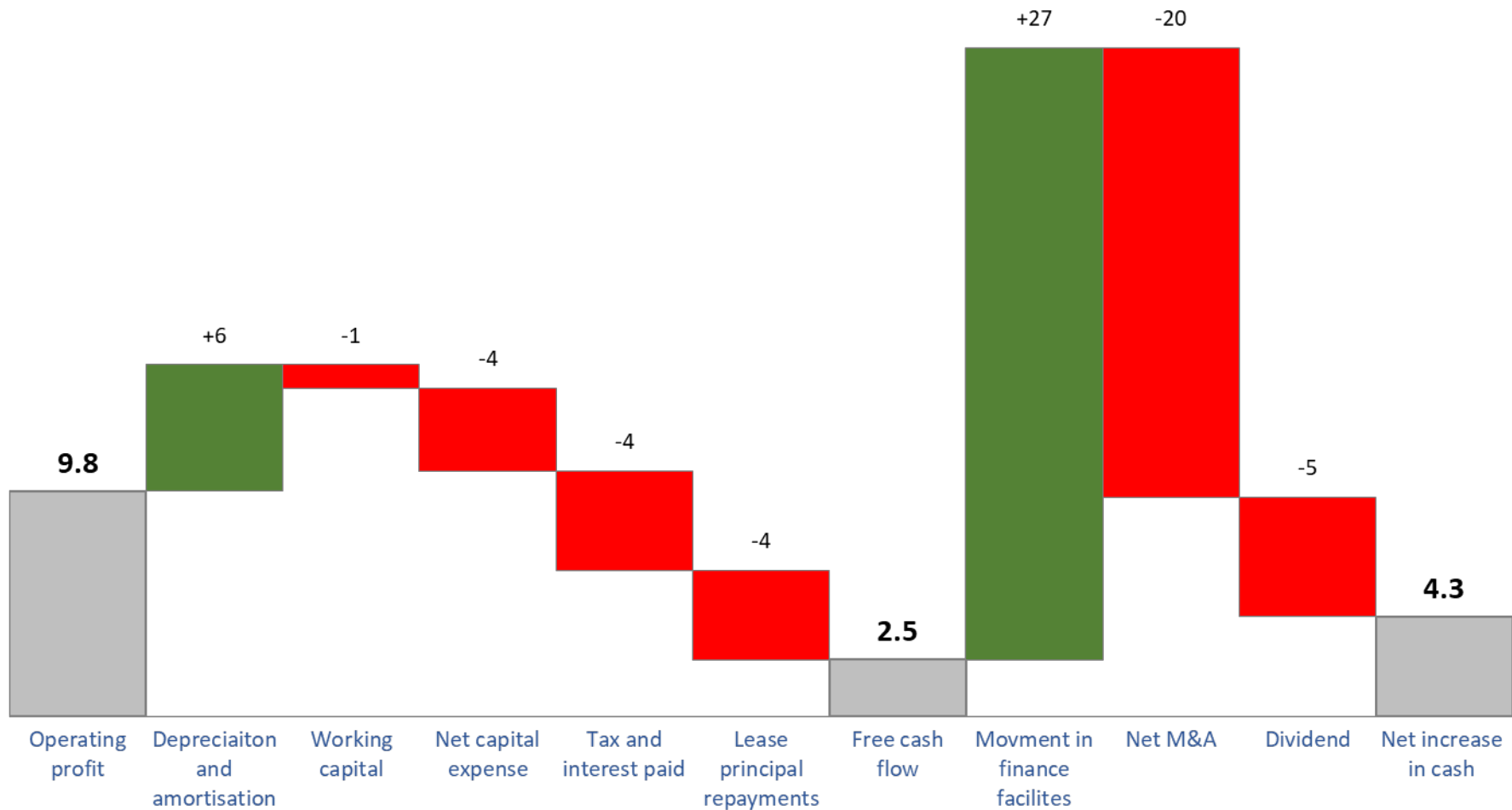
Acquisition of Wilds of Oldham and Total Foodservice

- Net acquisition outflow of £19.4m funded from a draw existing banking facilities
- Net draw on debt facilities over the period of £26.7m
- £0.4m outflow for the acquisition of minority shares in Central Supplies

	H1 24 £000	
Cash flow from operating activities		
PBIT	9,296	
Depreciation and amortisation	5,524	
Other non cash items	524	
	15,344	
Working capital	(1,030)	
Pre tax operational cash	14,314	93%
Tax paid	(1,911)	
Net cash inflow from operating activities	12,403	81%
Net capex	(3,625)	
Free cash flow to service debt	8,778	
Issuance of new shares	167	
Interest paid	(2,417)	
Net cash movement in debt	26,720	
Lease liabilities paid	(3,889)	
Dividends paid	(5,223)	
Net pre M&A increase in cash	24,136	
Acquisition of subsidiary undertakings	(19,794)	
Net increase in cash	4,342	

Cashflow statement

Strong operating cash conversion



Kitwave Group plc

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