27 July 2021

Kitwave Group plc

("Kitwave", the "Group" or the "Company")

Interim Results for the six months ended 30 April 2021

Kitwave Group plc (AIM: KITW), the independent, delivered wholesale business, is pleased to announce its financial results for the six months ended 30 April 2021. The results cover a financial period prior to the flotation of the Company on 24 May 2021.

During the six months being reported the Group traded in line with the Board's expectations. The results were impacted by COVID-19 lockdown restrictions and, in particular, closures within the leisure and hospitality sector. Since April 2021, trading has returned close to pre-pandemic levels and the Directors are pleased to confirm the Group is currently trading in line with market expectations.

Financial summary

- Revenues of £147.1 million (12 months ended 30 April 2020: £399.0 million).
- Operating profit of £0.8 million (12 months ended 30 April 2020: £7.6 million).
- £9.8 million cash generated from operations (12 months ended 30 April 2020: £29.1 million).

The Board has declared an interim dividend of 2.25 pence per share to be paid on 27 August 2021 to shareholders on the register at the close of business on 6 August 2021. The ex-dividend date will be 5 August 2021.

Post-period end

- Significantly over-subscribed Placing and Admission to AIM on 24 May 2021, raising gross proceeds of £64.0 million for the Company and £17.6 million for the Selling Shareholders.
- Gross proceeds for the Company will be used to support the Group's successful buy-and-build strategy, enhance the profile of the Group and its brands, improve Kitwave's position with key suppliers, strengthen the Group's balance sheet, and provide the Group with greater ability to incentivise and retain key employees going forward.
- On Admission, Stephen ("Steve") Smith, Independent Non-executive Chairman, and Gerard Murray, Independent Non-executive Director, were appointed to the Board.
- Trading during June and July 2021 has been strong as a result of a period of warmer weather and consumer interest in the UEFA European Championship driving sales, as well as the leisure and hospitality sectors reopening further as nationwide COVID-19 lockdown restrictions have eased.

Operational highlights

- The Group opened a new 70,000 sq. ft distribution centre in Luton. The centre was delivered on time and on budget and specifically commissioned to cater for Frozen & Chilled product operations. The ability to store in excess of 5,000 pallets in highly efficient cold store conditions will ensure that the Group is well placed to meet future growth expectations and peak summer demands of Kitwave's independent customers.

Paul Young, Chief Executive Officer of Kitwave, commented:

"I am pleased to report the Group's financial results for the six months ended 30 April 2021, marking the first set of results to be reported since Kitwave's successful Admission to trading on AIM in May 2021.

"All of the Group's divisions have experienced some level of impact from the stop-start nature of COVID-19 restrictions during the period. Supply to pubs, restaurants and vending machine operators was severely disrupted as these businesses were either closed or operating under constraints. In contrast, our Frozen & Chilled division was extremely resilient and operated close to pre-COVID-19 levels throughout the period.

"Since mid-May 2021, COVID-19 lockdown restrictions have been eased and trade has accelerated. Thanks to a period of warmer weather and consumer interest in the Euros, we are already experiencing sales volumes that are moving toward pre-pandemic levels; this was the case even before the highly anticipated 19 July 2021 'Freedom Day'. As such, we remain confident that the Group is on track to achieve its full year expectations. This belief is further supported by the timing of the return to normal, as it allows the Group to take full advantage of the second half of our financial year, when trading is traditionally stronger due to the seasonality of the Frozen & Chilled division.

"The Board anticipates a buoyant market to return once COVID-19 lockdown restrictions are removed fully and has confidence that the Group will continue to be one of the leading independent delivered wholesale providers in the UK. The UK grocery and foodservice wholesale market remains highly fragmented and the Directors believe this presents Kitwave with numerous additional growth opportunities."

- Ends -

For further information please contact:

Kitwave Group plc Paul Young, Chief Executive Officer David Brind, Chief Financial Officer www.kitwave.co.uk	Tel: +44 (0) 191 259 2277
Canaccord Genuity Limited (Nominated Adviser and Sole Broker) Bobbie Hilliam Alex Aylen Richard Andrews Georgina McCooke	Tel: +44 (0) 20 7523 8150
Yellow Jersey PR (Financial media and PR) Sarah Hollins Henry Wilkinson Matthew McHale	Tel: +44 (0) 20 3004 9512 kitwave@yellowjerseypr.com

Company Overview

Founded in 1987, following the acquisition of a single-site confectionery wholesale business based in North Shields, United Kingdom, Kitwave is an independent, delivered wholesale business, specialising in selling and delivering impulse products, frozen and chilled foods, alcohol, groceries and tobacco to approximately 38,000, mainly independent, customers.

With a network of 26 depots, Kitwave is able to support delivery throughout the UK to a diverse customer base, which includes independent convenience retailers, leisure outlets, vending machine operators, foodservice providers and other wholesalers, as well as leading national retailers.

The Group's growth to date has been achieved both organically and through a strategy of acquiring smaller, predominantly family-owned, complementary businesses in the fragmented UK grocery and foodservice wholesale market.

Kitwave Group plc (AIM: KITW) was admitted to trading on AIM of the London Stock Exchange on 24 May 2021.

For further information, please visit www.kitwave.co.uk.

Chief Executive Officer's statement

Introduction

I am pleased to report the Group's financial results for the six months ended 30 April 2021. Trading throughout the period was heavily affected by the pandemic and these results reflect those challenges.

Admission to AIM

On 24 May 2021, the Company announced a significantly over-subscribed Placing and its Admission to AIM, raising gross proceeds of £64.0 million for the Company and £17.6 million for the Selling Shareholders. The Placing attracted strong support from high quality institutional investors and, based on the Placing Price, the Company's market capitalisation was approximately £105.0 million at Admission. The Company intends to use the gross proceeds of the Placing to reduce the Group's existing debt and to pay the Group's expenses in connection with the Placing.

The Board believes that the Group's Admission will support its successful buy-and-build strategy, enhance the profile of the Group and its brands, improve Kitwave's position with key suppliers, strengthen the Group's balance sheet, and provide the Group with greater ability to incentivise and retain key employees going forward.

Financial summary

In the six months to 30 April 2021, the Group achieved revenues of £147.1 million, (12 months ended 30 April 2020: £399.0 million), resulting in an operating profit of £0.8 million (12 months ended 30 April 2020: £7.6 million). The key factor that affected the performance in this period were the challenges that the Group faced because of the COVID-19 restrictions.

	6 months to 30 April 2021	12 months to 30 April 2020	18 months to 31 October 2020
Revenue (£m)	147.1	399.0	592.0
Gross margin %	17.9%	17.8%	18.1%
Operating profit (£m)	0.8	7.6	12.0

Capital expenditure of £1.8 million during the period consisted mainly of the fit out and installation of the freezer units in the new Luton site. This was funded from cash received from Luton Borough Council as part of the Compulsory Purchase Order on the previous Luton warehouse.

Cash generation remained strong in the period with £9.8 million generated from operating activities. After all debt service, cash and cash equivalents increased by £6.8 million.

If the outcome of the Group's Admission of the Company to AIM had been applied to the Group's balance sheet as at 30 April 2021 the pro forma balance sheet would have had equity reserves of £58.5 million and net debt of £26.2 million.

Divisional summary

Set out below is the financial performance of the business by division against the comparable six-month period to 30 April 2020:

£m	6 months to 30 April 2021	*6 months to 30 April 2020
Group Revenue	147.1	189.5
Ambient	64.5	78.7
Frozen & Chilled	71.7	72.2
Foodservice	10.9	38.6
Head Office	-	-
Group Adjusted Operating Profit / (Loss)**	(0.2)	3.0
Ambient	0.4	1.0
Frozen & Chilled	1.9	2.0
Foodservice	(2.3)	0.2
Head Office	(0.2)	(0.2)

* Six months to 30 April 2020 divisional results are set out above to provide a more relevant comparison.
** Group Operating Profit / (Loss) adjusted for restructuring, acquisition and compensation for post combination costs and income.

The Group's Ambient, Frozen & Chilled and Foodservices divisions have all experienced some level of impact from the stop-start nature of COVID-19 lockdown restrictions, as customers found it more difficult to service consumers. Kitwave focuses on independent retailers and foodservice providers; many of which were closed from November 2020 to March 2021. Those that remained open were undoubtedly affected more severely than larger retailers, as consumers were told to stay at home.

In our experience, since Kitwave was founded in 1987, these independents have always proven both determined and resilient, adapting their businesses where necessary. We anticipate that a large majority will steer themselves through these difficult times too, and the long-term goodwill that we have fostered with our customers has and will continue to stand us in good stead, enabling us to quickly return to revenue growth as we move out of the COVID-19 period.

Ambient division

The Ambient business performed in line with expectations during the year but, as expected, was down on the comparable period as COVID-19 impacted revenue normally generated through the sale of impulse products to vending machines.

Frozen & Chilled division

The Frozen & Chilled division has now successfully integrated the acquisition of Central Supplies, acquired in 2019, and the division is trading well. The division maintains its strong presence in the market and more opportunities, both through acquisitions and customer base, are being presented because of its strong nationwide infrastructure and capabilities. The results for the six months to 30 April 2021, whilst affected by COVID-19 and the restrictions on footfall in the main leisure sites across the country, were very resilient and comparable with the prior period.

Foodservice division

COVID-19 had the biggest effect on the Foodservice division, particularly during the usually very busy Christmas period. The prior year comparable numbers include trading from December 2019; a pre-COVID trading period. To mitigate this lost revenue, the trading divisions administration and distribution expenses were reduced by 41% to £5.2 million after accounting for the benefit of Coronavirus Job Retention Scheme (CJRS) furlough grants presented as other income.

Operational review

In February 2021, the new Luton warehouse, specifically designed and commissioned for dealing with Frozen & Chilled products operations, was opened. The ability to store in excess of 5,000 pallets in highly efficient cold store conditions will ensure that the Group is well placed to meet future growth expectations and peak summer demands of our independent customers.

Strategy

Kitwave's strategy remains focused on the acquisition of smaller regional players across the fragmented UK grocery and foodservice wholesale market, while simultaneously driving organic growth. This strategy has proven highly successful to date, with 10 wholesale distributors having been acquired and integrated into the Group since 2011.

The Board is firmly of the opinion that the Group's Admission to AIM post-period will support this strategy, as well as enhancing the brands within its portfolio in order to remain one of the leading independent delivered wholesale providers in the UK.

We feel that, with in excess of 100 years of combined industry knowledge and expertise, Kitwave has a highly experienced Board and management team to deliver upon this strategy and generate shareholder value.

Dividend

The Board intends to implement a progressive dividend policy and to divide the interim and final dividends approximately on a one third and two third split respectively. As a result, the Board has declared an interim dividend of 2.25 pence per share to be paid on 27 August 2021 to shareholders on the register at the close of business on 6 August 2021. The ex-dividend date will be 5 August 2021.

Summary and outlook

As long as we have known, independent retailers have adapted their business to best serve consumers and we have seen this during the pandemic with businesses adapting to government restrictions. Bars and pubs, for example, have made the most of previously under-used outdoor space, such as gardens and car parks, to provide additional seating for customers, while restaurants have successfully implemented takeaway services in place of 'eating in'. As a result of these initiatives and the continued easing of the lockdowns, we firmly believe that the wholesale market will return strongly as we exit the lockdown phases.

Following the end of the period, thanks to warmer weather, further easing of restrictions and consumer interest in the UEFA European Championship, we have already seen stronger trading in June and July 2021. As a result of the proactive and considerate measures implemented by the management team, we are confident that the Group will come out of the lockdown phases strongly and that trading will continue to return to pre-COVID-19 levels.

We would like to express our thanks to all employees who have worked tirelessly through this challenging period, without whom we would not be in the position we are today.

The future looks bright for Kitwave, not only thanks to the easing of COVID-19-related restrictions, but through organic and M&A growth opportunities available to the Group due to a highly fragmented UK grocery and foodservice wholesale market.

We look forward to updating stakeholders on this progress in due course.

Paul Young
Chief Executive Officer
27 July 2021

Consolidated Statement of Profit and Loss and Other Comprehensive Income

	Note	**Unaudited 6 months ended 30 April 2021**	Unaudited 12 months ended 30 April 2020	Audited 18 months ended 31 October 2020
		£000	£000	£000
Revenue	*4*	**147,112**	399,003	592,016
Cost of sales		**(120,841)**	(327,836)	(484,842)
Gross profit		**26,271**	71,167	107,174
Other operating income	*5*	**4,423**	621	3,020
Distribution expenses		**(12,712)**	(29,308)	(44,014)
Administrative expenses		**(17,192)**	(34,858)	(54,156)
Operating profit		**790**	7,622	12,024
Analysed as:				
Adjusted EBITDA		**3,834**	17,480	27,634
Depreciation		**(3,940)**	(6,918)	(11,013)
Amortisation of intangible assets		**(75)**	(96)	(144)
Restructuring income/(costs)	*6*	**2,192**	(859)	(1,467)
Acquisition expenses	*6*	**-**	(570)	(628)
Compensation for post combination services	6	**(1,221)**	(1,415)	(2,358)
Operating profit		**790**	7,622	12,024
Finance expenses		**(4,269)**	(6,230)	(10,719)
Analysed as:				
Interest payable on bank loans and bank facilities		**(769)**	(2,002)	(2,805)
Interest and finance charges payable on loan notes and debenture loans		**(2,889)**	(4,876)	(7,788)
Finance charges on financial leases		**(611)**	(995)	(1,579)
Fair value movement on financial liabilities		**-**	1,643	1,453
Finance expenses		**(4,269)**	(6,230)	(10,719)
(Loss)/profit before tax		**(3,479)**	1,392	1,305
Tax on (loss)/profit		**34**	(1,119)	(1,805)
(Loss)/profit for the financial period		**(3,445)**	273	(500)
Other comprehensive income		**-**	-	-
Total comprehensive (loss)/income for the period		**(3,445)**	273	(500)
Basic earnings per share attributable to B1 shares	*7*	**(61.51)**	4.88	(8.94)
Diluted earnings per share attributable to B1 shares	*7*	**(61.51)**	4.88	(8.94)

	Note	**Unaudited 6 months ended 30 April 2021**	Unaudited 12 months ended 30 April 2020	Audited 18 months ended 31 October 2020
Non-GAAP measures				
Basic underlying earnings per share attributable to B1 shares	*7*	**(71.40)**	26.25	42.72
Diluted underlying earnings per share attributable to B1 shares	*7*	**(71.40)**	26.25	42.72

Consolidated Balance Sheet

	Unaudited 30 April 2021	Unaudited 30 April 2020	Audited 31 October 2020
	£000	£000	£000
Non-current assets			
Goodwill	**31,249**	31,267	31,249
Intangible assets	**336**	461	412
Property plant and equipment	**9,854**	9,629	9,310
Right-of-use assets	**22,987**	22,202	20,600
Investments	**20**	20	20
Investment Property	**175**	175	175
	64,621	63,754	61,766
Current assets			
Inventories	**32,961**	27,270	23,198
Trade and other receivables	**47,945**	48,273	44,558
Cash and cash equivalents	**7,117**	-	342
	88,023	75,543	68,098
Total assets	**152,644**	139,297	129,864
Current liabilities			
Bank overdrafts	-	703	-
Interest bearing loans and borrowings	**16,661**	19,686	17,681
Lease liabilities	**4,448**	5,445	5,202
Trade and other payables	**59,255**	49,535	40,307
Tax payable	**1,472**	1,258	1,984
	81,836	76,627	65,174
Non-current liabilities			
Interest bearing loans and borrowings	**49,507**	38,179	43,079
Lease liabilities	**19,335**	16,848	16,200
Other financial liabilities	**5,410**	6,863	5,410
Deferred tax liabilities	**54**	60	54
	74,306	61,950	64,743
Total liabilities	**156,142**	138,577	129,917
Net (liabilities)/assets	**(3,498)**	720	(53)
Equity attributable to equity holders of the parent			
Called up share capital	**50**	1	1
Share premium account	**2,944**	12,993	12,993
Consolidation reserve	**(33,098)**	(33,098)	(33,098)
Retained earnings	**26,606**	20,824	20,051
(Accumulated deficit)/Equity	**(3,498)**	720	(53)

Consolidated Statement of Changes in Equity

12 months ended 30 April 2020	Called up share capital £000	Share premium account £000	Consolidation reserve £000	Profit and loss account £000	Total equity £000
Balance at 1 May 2019 (audited)	**1**	**12,993**	**(33,098)**	**20,551**	**447**
Total comprehensive income for the period					
Profit	-	-	-	273	273
Total comprehensive income for the period	-	-	-	273	273
Total contribution by and distribution to owners	-	-	-	-	-
Balance at 30 April 2020 (unaudited)	**1**	**12,993**	**(33,098)**	**20,824**	**720**
6 months ended 31 October 2020					
Balance at 1 May 2020 (unaudited)	**1**	**12,993**	**(33,098)**	**20,824**	**720**
Total comprehensive loss for the period					
Loss	-	-	-	(773)	(773)
Total comprehensive loss for the period	-	-	-	(773)	(773)
Total contribution by and distribution to owners	-	-	-	-	-
Balance at 31 October 2020 (audited)	**1**	**12,993**	**(33,098)**	**20,051**	**(53)**

6 months ended 30 April 2021	Called up share capital £000	Share premium account £000	Consolidation reserve £000	Profit and loss account £000	Total equity £000
Balance at 1 November 2020 (audited)	**1**	**12,993**	**(33,098)**	**20,051**	**(53)**
Total comprehensive loss for the period					
Loss	-	-	-	(3,445)	(3,445)
Total comprehensive loss for the period	-	-	-	(3,445)	(3,445)
Transactions with owners recorded directly in equity					
Bonus issue of shares	49	(49)	-	-	-
Reduction in capital – share premium	-	(10,000)	-	10,000	-
Total contribution by and distribution to owners	**49**	**(10,049)**	-	**10,000**	**-**
Balance at 30 April 2021 (unaudited)	**50**	**2,944**	**(33,098)**	**26,606**	**(3,498)**

Consolidated Cash Flow Statement

	Unaudited 6 months ended 30 April 2021	Unaudited 12 months ended 30 April 2020	Audited 18 months ended 31 October 2020
	£000	£000	£000
Cash flow statement			
Cash flow from operating activities			
(Loss)/profit for the period	**(3,445)**	273	(500)
Adjustments for:			
Depreciation and impairment	**4,016**	7,014	11,157
Finance expenses	**4,269**	6,230	10,719
Profit on sale of property, plant and equipment	**(25)**	(23)	(5)
Gain on remeasurement of lease liabilities	**(98)**	-	-
Compensation for post contribution services	**1,221**	1,415	2,358
Taxation	**(34)**	1,119	1,805
	5,904	16,028	25,534
(Increase)/decrease in trade and other receivables	**(1,667)**	11,349	19,425
(Increase)/decrease in inventories	**(9,763)**	8,555	11,456
Increase/(decrease) in trade and other payables	**15,791**	(4,146)	(17,867)
	10,265	31,786	38,548
Tax paid	**(469)**	(2,693)	(2,693)
Net cash inflow from operating activities	**9,796**	29,093	35,855
Cash flows from investing activities			
Acquisition of property, plant and equipment	**(1.772)**	(2,664)	(3,125)
Proceeds from sale of property, plant and equipment	**43**	236	358
Acquisition of subsidiary undertakings (including overdrafts and cash acquired)	**-**	(13,535)	(13,535)
Net cash outflow from investing activities	**(1,729)**	(15,963)	(16,302)
Cash flows from financing activities			
Proceeds from new loan	**5,500**	5,000	5,000
Net movement in invoice discounting facility	**(429)**	(8,363)	(6,941)
Interest paid	**(2,513)**	(3,719)	(5,969)
Net movement in bank trade loans	**57**	(880)	(2,270)
Repayment of bank term loans	**(1,390)**	(1,768)	(3,063)
Payment of lease liabilities	**(2,517)**	(5,308)	(7,173)
Net cash outflow from financing activities	**(1,292)**	(15,038)	(20,416)
Net increase/(decrease) in cash and cash equivalents	**6,775**	(1,908)	(863)
Opening cash and cash equivalents	**342**	1,205	1,205
Cash and cash equivalents at the end of the period	**7,117**	(703)	342

Notes

1 General information

Kitwave Group plc ("Company") is a public limited company incorporated, domiciled and registered in England in the UK under the Companies Act 2006. The Company's ordinary shares are traded on the Alternative Investment Market ("AIM").

The registered number is 9892174 and the registered address is Unit S3, Narvik Way, Tyne Tunnel Trading Estate, North Shields, Tyne and Wear, NE29 7XJ. The Company's principal activity is to act as a holding company for its subsidiaries (together "the Group"), which together make up the Group's consolidated financial information.

2 Basis of preparation

The condensed interim financial information presented in this statement is for the six-month period ended 30 April 2021 and the comparative figures for the 12-month period ended 30 April 2020, both unaudited, and the audited 18-month period ended 31 October 2020.

The condensed financial information does not constitute statutory accounts as defined in Section 435 of the Companies Act 2006. The statutory accounts for the 18-month period ended 31 October 2020 have been delivered to the Registrar of Companies and the report of the auditor was (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 Section 498 (2) or (3) of the Companies Act 2006.

The condensed financial information has been prepared in accordance with IAS 34 Interim Financial Reporting and should be read in conjunction with the Group's last annual consolidated financial statements as included in the Company's Admission Document, dated 7 May 2021.

The condensed financial information does not include all the information required for the full annual financial statements, however, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual consolidated financial statements.

3 Accounting policies

3.1 Critical accounting estimates and judgements

The preparation of financial information requires the Directors to make judgements, estimates and assumptions concerning the future performance and activities of the Group. These 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. Actual results may differ from these estimates and those that may have a material impact on the financial information are as follows:

Fair valuation of the put option liability

The fair value of the put option liability has been assessed by the Group. The valuation is based on estimates of the forecast Group Enterprise Value, net of debt, as at March 2023. The estimates also take into account the historical accuracy of forecasting and the sensitivity of the valuation to changes in forecasts.

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 requires management to consider historic, current and forward-looking information to determine the level of provisioning required.

Management has assessed the ageing of the trade receivables, their knowledge of the Groups customer base, and other economic factors as indicators of potential impairment.

3.2 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 are classified at fair value through profit or loss and unlisted investments.

3.3 Going concern

The condensed financial information has been prepared on a going concern basis which the Directors consider to be appropriate for the following reasons:

As part of the food supply industry, the Group continued to trade throughout the COVID-19 pandemic and the financial position and performance of the Group has remained robust through this challenging period. The impact of COVID-19 on the Group's customers has been most notable in the Foodservice division and for Vending customers in the Ambient division. Revenue amongst this customer base has been adversely impacted following Government-led closures of customers' operations in the 'out of home' sector covering cafes, restaurants, bars and hotels. Conversely, revenue in the Group's other divisions and market segments has been robust. The Group has continued to make use of the Coronavirus Job Retention Scheme in affected divisions. The Group is cash generative and generated £9,799,000 of cash from operating activities in the six months ended 30 April 2021, illustrating the strong underlying operating model of the Group.

On 24 May 2021, the Company was admitted to the AIM with £64,000,000 of funds raised. These funds were used to pay down interest bearing loans and borrowings of £51,217,000 with the balance used to reduce the Groups draw on its working capital facilities.

The Directors have produced and analysed a detailed cash flow forecast for a period of 12 months from the date of approval of this financial information and have taken into account known and forecast developments in trading.

This forecast shows that the Group is expected to have sufficient levels of financial resources available both to fund operations and to pursue its stated growth strategy, even after reasonable sensitivities of these forecasts.

As a result of this detailed analysis, the Directors consider that the Group has access to sufficient resources to meet its existing liabilities as they fall due and to ensure it is able to meet its future liabilities for at least 12 months from the date of the approval of this condensed financial information.

4 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 (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 and reporting segments:

- **Ambient:** Provides delivered wholesale of ambient food, drink and tobacco products**;**
- **Frozen & Chilled:** Provides delivered wholesale of frozen and chilled food products;

- **Foodservice:** Provides delivered wholesale of alcohol, frozen and chilled 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.

Each segment is measured on its adjusted EBITDA 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.

Prior to admission to AIM the Group and its segments reported their monthly management accounts under FRS102. The below information is therefore reported in FRS102 format with the adjustments to convert to IFRS reporting also set out.

	Ambient	Frozen & Chilled	Foodservice	Corporate	Total
	£000	£000	£000	£000	£000
6 months to 30 April 2021					
Revenue	64,495	71,729	10,888	-	147,112
Inter-segment revenue	5,622	-	94	-	5,716
Segment revenue	**70,117**	**71,729**	**10,982**	**-**	**152,828**
Adjusted EBITDA (pre IFRS 16)	754	2,458	(1,748)	(167)	1,297
IFRS 16 adjustment					2,537
Adjusted EBITDA					**3,834**
Depreciation					(3,940)
Amortisation					(75)
Restructuring income					2,192
Compensation for post combination services					(1,221)
Interest expense					(4,269)
Loss before tax					**(3,479)**
Segment assets (under UK GAAP)	32,877	50,525	18,112	24,159	125,673
Segment liabilities (under UK GAAP)	(23,437)	(43,703)	(10,121)	(56,831)	(134,092)
IFRS adjustments					
Goodwill amortisation				10,327	10,327
Negative goodwill				122	122
Capitalised transaction costs		(760)	(461)		(1,221)
IFRS 16	(190)	(502)	(188)		(880)
Compensation for post combination services		(3,427)			(3,427)
IFRS net assets/(liabilities)	**9,250**	**2,133**	**7,342**	**(22,223)**	**(3,498)**
Capital expenditure	283	1,448	33	-	1,765

* In the 6 months to 30 April 2021 there was no difference between Adjusted EBITDA under IFRS and UK GAAP except for the application of IFRS 16.

	Ambient	Frozen & Chilled	Foodservice	Corporate	Total
	£000	£000	£000	£000	£000
12 months to 30 April 2020					
Revenue	175,437	138,418	85,148	-	399,003
Inter-segment revenue	13,459	-	455	-	13,914
Segment revenue	**188,896**	**138,418**	**85,603**	**-**	**412,917**
Adjusted EBITDA (pre IFRS 16)	3,626	7,303	2,725	(449)	13,205
IFRS 16 adjustment					4,275
Adjusted EBITDA					**17,480**
Depreciation					(6,918)
Amortisation					(96)
Restructuring costs					(859)
Acquisition expense					(570)
Compensation for post combination services					(1,415)
Interest income					1,643
Interest expense					(7,873)
Profit before tax					**1,392**
Segment assets (under UK GAAP)	32,178	40,986	19,003	20,478	112,645
Segment liabilities (under UK GAAP)	(20,523)	(32,693)	(13,998)	(49,990)	(117,204)
IFRS adjustments					
Goodwill amortisation				8,095	8,095
Negative goodwill				122	122
Capitalised transaction costs		(724)	(438)		(1,162)
IFRS 16	(110)	(156)	(95)		(361)
Compensation for post combination services		(1,415)			(1,415)
IFRS net assets/ (liabilities)	**11,545**	**5,998**	**4,472**	**(21,295)**	**720**
Capital expenditure	1,015	1,148	311	-	2,474

* In the 12 months to 30 April 2020 there was no difference between Adjusted EBITDA under IFRS and UK GAAP except for the application of IFRS 16.

	Ambient	Frozen & Chilled	Foodservice	Corporate	Total
	£000	£000	£000	£000	£000
18 months to 31 October 2020					
Revenue	249,080	230,546	112,390	-	592,016
Inter-segment revenue	20,107	636	595	-	21,338
Segment revenue	**269,187**	**231,182**	**112,985**	**-**	**613,354**
Adjusted EBITDA (pre IFRS 16)	5,280	13,547	2,700	(797)	20,730
IFRS 16 adjustment					6,904
Adjusted EBITDA					**27,634**
Depreciation					(11,013)
Amortisation					(144)
Restructuring costs					(1,467)
Acquisition expense					(628)
Compensation for post combination services					(2,358)
Interest income					1,453
Interest expense					(12,172)
Profit before tax					**1,305**
Segment assets (under UK GAAP)	35,066	32,620	20,894	19,502	108,082
Segment liabilities (under UK GAAP)	(23,477)	(25,675)	(12,488)	(51,891)	(113,531)
IFRS adjustments					
Goodwill amortisation				9,306	9,306
Negative goodwill				122	122
Capitalised transaction costs		(760)	(461)		(1,221)
IFRS 16	(167)	(270)	(167)		(604)
Compensation for post combination services		(2,207)			(2,207)
IFRS net assets / (liabilities)	**11,422**	**3,708**	**7,778**	**(22,961)**	**(53)**
Capital expenditure	1,395	2,256	1,165	-	4,816

* In the 18 months to 31 October 2020 there was no difference between Adjusted EBITDA under IFRS and UK GAAP except for the application of IFRS 16.

Geographical information: Group revenue	6 months to 30 April 2021 £000	12 months to 30 April 2020 £000	18 months to 31 October 2020 £000
United Kingdom	**143,838**	389,914	579,436
Overseas	**3,274**	9,089	12,580
	147,112	399,003	592,016

No one customer accounts for more than 10% of Group revenue.

5 Other operating income

	6 months to 30 April 2021 £000	12 months to 30 April 2020 £000	18 months to 31 October 2020 £000
Net gain on disposal of fixed assets	**25**	23	5
Net (loss)/ gain on foreign exchange	**(2)**	5	5
Net gain on remeasurement of lease liabilities and right-of-use assets	**98**	-	-
Property restructure	**2,260**	-	-
Grant income	**2,042**	593	3,010
	4,423	621	3,020

Grant income represents funding claimed through the Coronavirus Job Retention Scheme.

The property restructure income arises as the result of a Compulsory Purchase Order ("CPO") enacted by Luton Borough Council relating to the Cargo 10 distribution facility. The result of the CPO is that Eden Farm Limited and Squirrels (UK) Limited have relocated to a new purpose-built warehouse on a neighbouring site to Cargo 10 in Luton. Income to the Group during the period under the terms of the CPO was £2,850,000 and was offset by costs incurred, which include legal and professional fees and relocation expenses, of £590,000.

6 Exceptional items

The Board considers the following items as exceptional items in determining the adjusted EBITDA and forming the basis of the Alternative Performance Measure ("APM") of basic underlying earnings per share (Note 7). 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.

The Board believes that this APM provides the readers with important additional information regarding the earnings per share performance of the Group. The following items comprise the exceptional charges/(credits) during the periods.

Exceptional cost/(income) comprises:	**6 months to 30 April 2021 £000**	12 months to 30 April 2020 £000	18 months to 31 October 2020 £000
Transaction fees	**-**	859	834
Restructuring	**-**	-	63
COVID-19 related restructuring costs	**68**	-	570
Property restructure	**(2,260)**	-	-
Acquisition expenses	**-**	570	628
Compensation for post combination services	**1,221**	1,415	2,358
	(971)	2,844	4,453

COVID-19 related restructuring costs include a modest workforce reduction as the subsidiaries have restructured to match customer demand following Government-led trading restrictions. This cost was largely incurred in the 18 months ended 31 October 2020 and the additional costs incurred in the 6 months ended 30 April 2021 were a result of extensions to Government-led trading restrictions.

Property restructure income is as set out in Note 5.

Compensation for post-combination services relates to the value of the put option liability in connection the acquisition of the remaining share capital of Central Supplies (Brierley Hill) Ltd which is subject to an agreement to acquire it within two years of the acquisition. As at 30 April 2021, this expense is materially accrued in line with the 2-year vesting period.

7 Earnings per share

Basic earnings per share

Basic earnings per share for the six-month period ended 30 April 2021, 12-month period ended 30 April 2020 and the 18-month period ended 31 October 2020 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 six-month period ended 30 April 2021, 12-month period ended 30 April 2020 and the 18-month period ended 31 October 2020 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 (which comprise a put option) outstanding during each period as calculated below.

Profit attributable to ordinary shareholders	**6 months to 30 April 2021 £000**	12 months to 30 April 2020 £000	18 months to 31 October 2020 £000
(Loss)/profit attributable to all shareholders	**(3,445)**	273	(500)
	£	£	**£**
Basic earnings per B1 share	**(61.51)**	4.88	(8.94)
Diluted earnings per B1 share	**(61.51)**	4.88	(8.94)

Weighted average number of ordinary shares	**6 months to 30 April 2021 Number**	12 months to 30 April 2020 Number	18 months to 31 October 2020 Number
Issued ordinary shares at the start of the period (see below)	**101,100**	100,710	101,100
Effect of shares subject to written put	**(24,000)**	(24,000)	(24,000)
Effect of shares without dividend rights	**(21,100)**	(20,710)	(21,100)
Weighted average number of ordinary shares (basic) during the period	**56,000**	56,000	56,000
Weighted average number of ordinary shares (diluted) during the period	**56,000**	56,000	56,000

The ordinary A shares are those subject to the put option liability.

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 the fair value movement of the put option liability measured through the Consolidated Statement of Profit or Loss, divided by the weighted average number of ordinary shares during the financial period.

	6 months to 30 April 2021 £000	12 months to 30 April 2020 £000	18 months to 31 October 2020 £000
(Loss)/profit attributable to all shareholders	**(3,445)**	273	(500)
Exceptional items net of tax (Note 6)	**(554)**	2,840	4,346
Fair value adjustments on the put option liability	-	(1,643)	(1,453)
Underlying (loss)/profit attributable to B1 shareholders	**(3,999)**	1,470	2,393
	£	£	£
Basic underlying (loss)/earnings per B1 share	**(71.40)**	26.25	42.72

Ordinary A shares have an associated redemption option held by Pricoa Capital Group. The option is only exercisable from 1 March 2023 or in the instance of one or more of certain events occurring, as set out in the Investor Agreement. These events include: repayment of all of the Mezzanine notes, voluntary or involuntary winding up of the company, sale of the business or change of control. The option has been accounted for as a compound financial instrument. This option was extinguished at the time of the Initial Public Offering via the secondary placing (Note 8).

8 Post balance sheet events

Initial Public Offering and Listing

The Company placed 42,666,677 of new ordinary shares at 150 pence per share and existing shareholders placed 11,753,327 via a secondary placing at 150 pence per share. The Company received net proceeds of £60,700,000.

The Company's ordinary shares were admitted to trading on AIM on 24 May 2021, under the ticker "KITW", and the ISIN GB00BNYKB709.

The table below sets out a pro-forma balance sheet to re-state the 30 April 2021 financial position considering the effects of the listing for illustrative purposes.

	Unaudited 30 April 2021	Bonus issue of ordinary shares	Release of amortised deal costs and written put option	Cash receipt on issue of placing shares	Repayment of interest bearing loans and borrowings and deal costs	Unaudited pro-forma 30 April 2021
	£000	£000	£000	£000	£000	£000
Non-current assets						
Goodwill	**31,249**					31,249
Intangible assets	**336**					336
Property plant and equipment	**9,854**					9,854
Right-of-use assets	**22,987**					22,987
Investments	**20**					20
Investment property	**175**					175
	64,621	-	-	-	-	64,621
Current assets						
Inventories	**32,961**					32,961
Trade and other receivables	**47,945**					47,945
Cash and cash equivalents	**7,117**			64,000	(59,113)	12,004
	88,023	-	-	64,000	(59,113)	92,910
Total assets	**152,644**	-	-	64,000	(59,113)	157,531
Current liabilities						
Interest bearing loans and borrowings	**16,661**				(2,222)	14,439
Lease liabilities	**4,448**					4,448
Trade and other payables	**59,255**					59,255
Tax payable	**1,472**					1,472
	81,836	-	-	-	(2,222)	79,614
Non-current liabilities						
Interest bearing loans and borrowings	**49,507**		3,884		(53,391)	-
Lease liabilities	**19,335**					19,335
Other financial liabilities	**5,410**		(5,410)			-
Deferred tax liabilities	**54**					54
	74,306	-	(1,526)	-	(53,392)	19,389
Total liabilities	**156,142**	-	(1,526)		(55,614)	99,003
Net (liabilities)/assets	**(3,498)**	-	1,526	64,000	(3,500)	58,528
Equity attributable to equity holders of the parent						
Called up share capital	**50**	223		427		700
Share premium account	**2,944**	(223)		63,573		66,294
Consolidation reserve	**(33,098)**					(33,098)
Retained earnings	**26,606**		1,526		(3,500)	24,632
(Accumulated deficit)/Equity	**(3,498)**	-	1,526	64,000	(3,500)	58,528

9 Ultimate controlling party

As at 30 April 2021, the ultimate controlling party of the Group was PV Young. Following the completion of the IPO in May 2021, there is no ultimate controlling party of the Group.