



DELIVERING GROWTH



Investor Presentation
Final Results - Year ended
31 October 2023

Disclaimer

This presentation (the “Presentation”) is issued on a confidential basis by Kitwave Group plc for information purposes only. This Presentation, its contents and any information provided or discussed in connection with it are strictly private and confidential and may not be reproduced, redistributed or passed on, directly or indirectly, to any other person or published, in whole or in part, for any purpose, without the consent of Kitwave Group plc (provided that you may disclose this Presentation on a confidential basis to your legal, tax or investment advisers (if any) for the purposes of obtaining advice). Your acceptance of delivery of any part of the Presentation constitutes unconditional acceptance of the terms and conditions of this notice.

This Presentation does not itself constitute an offer to subscribe for or purchase any securities of the Company or other securities. This Presentation is not intended to be relied upon as the basis for an investment decision, and is not, and should not be assumed to be, complete. It is provided for information purposes only does not constitute a recommendation regarding any decision to purchase securities in the Company. Any investment is subject to various risks, none of which are outlined herein. All such risks should be carefully considered by prospective investors before they make any investment decision.

You are not entitled to rely on this Presentation and no responsibility is accepted by Kitwave Group plc or any of its directors, officers, partners, members, agents or advisers or any other person for any action taken on the basis of the content of this Presentation. Kitwave Group plc does not undertake to provide the recipient with access to any additional information or to update this Presentation or to correct any inaccuracies therein which may become apparent.

No undertaking, representation, warranty or other assurance, express or implied, is made or given by or on behalf of Kitwave Group plc or any of its respective directors, officers, partners, members, agents or advisers or any other person as to the accuracy or completeness of the information or opinions contained in this Presentation and no responsibility or liability is accepted by any of them for any such information or opinions.

Past performance is not indicative of future results. The value of investments may fall as well as rise and investors may not get back the amount invested. Changes in rates of foreign exchange may cause the value of investments to go up or down. No representation is being made that any investment will or is likely to achieve profits or losses similar to those achieved in the past, or that significant losses will be avoided.

Statements contained in this Presentation that are not historical facts are based on current expectations, estimates, projections, opinions and beliefs of Kitwave Group plc. Such statements involve known and unknown risks, uncertainties and other factors, and undue reliance should not be placed thereon. In addition, this Presentation contains “forward-looking statements.” Actual events or results may differ materially from those reflected or contemplated in such forward-looking statements.

Certain economic and market information contained herein has been obtained from published sources prepared by third parties and in certain cases has not been updated through to the date hereof. While such sources are believed to be reliable, neither Kitwave Group plc nor any of its directors, partners, members, officers or employees has independently verified the data contained therein and do not assume any responsibility for the accuracy or completeness of such information. The Presentation contains certain brand images and logos. Such logos are not owned by the Company and are re-produced for illustration only.

No person, especially those who do not have professional experience in matters relating to investments, must rely on the contents of this Presentation. If you are in any doubt as to the matters contained in this Presentation you should seek independent advice where necessary. This Presentation has not been submitted to or approved by the securities regulatory authority of any state or jurisdiction. This Presentation is intended for distribution in the United Kingdom only to persons who have professional experience in matters relating to investments, who are investment professionals, high net worth companies, high net worth unincorporated associations or partnerships or trustees of high value trusts, and investment personnel of any of the foregoing (each within the meaning of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005).

The Presentation should not be distributed, published, reproduced or otherwise made available in whole or in part by recipients to any other person or in any other country, locality, state or other jurisdiction where such distribution, publication, availability or use may lead to a breach of any legal or regulatory requirement and, in particular, must not be taken or transmitted or distributed, directly or indirectly, into the United States, or to persons with an address in Australia, the Republic of South Africa, the Republic of Ireland, Japan or Canada.

Overview

Financial

- Revenue and operating profit is in line with upgraded expectations* with significant improvement in year on year adjusted operating profit

Operational

- Continual emphasis on operational efficiency and infrastructure development

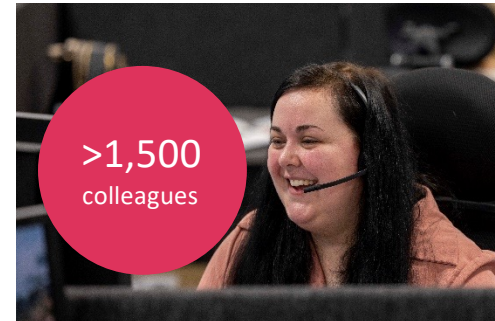
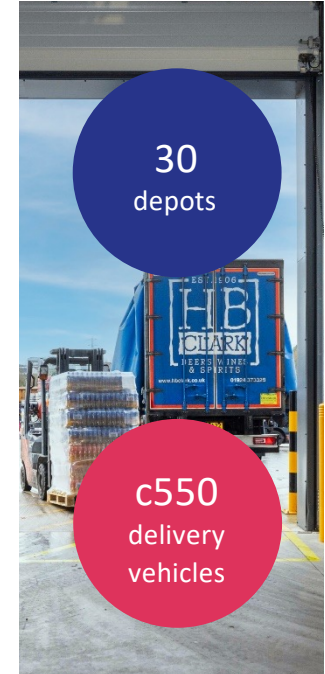
Strategic

- Acquisition of WestCountry in December 2022 and post year end of Wilds of Oldham in November 2023

Dividend

- Final dividend of 7.45 pence per ordinary share resulting in a total dividend of 11.20 pence per ordinary share (21% increase compared to FY22)
- Dividend payout of 41% of profit after tax

(* upgrade RNS dated 4 July 2023)



Group performance

Revenue

+19.7%

Ex WestCountry +12.6%
Ex WestCountry cases +3%

Gross margin

21.9%

+1.5% vs FY22

Operating profit

£29.4m

+44% vs FY22

LTM Leverage

1.4x

0.8x (excl. IFRS16)

Full year dividend

11.20p

+21% vs FY22

Net cash from
operations

£30.3m

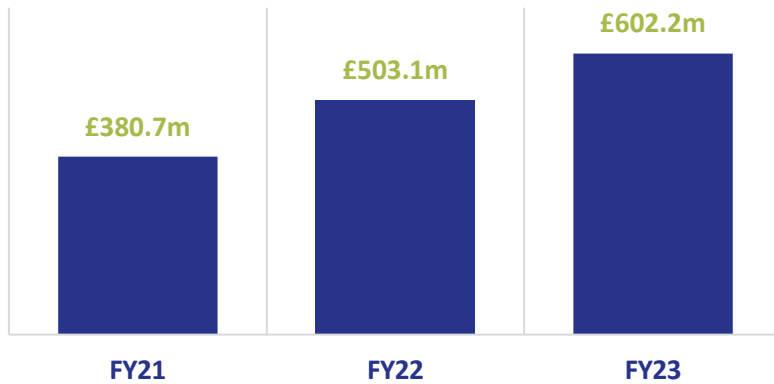
+£3.8m vs FY22

FINANCIAL SUMMARY

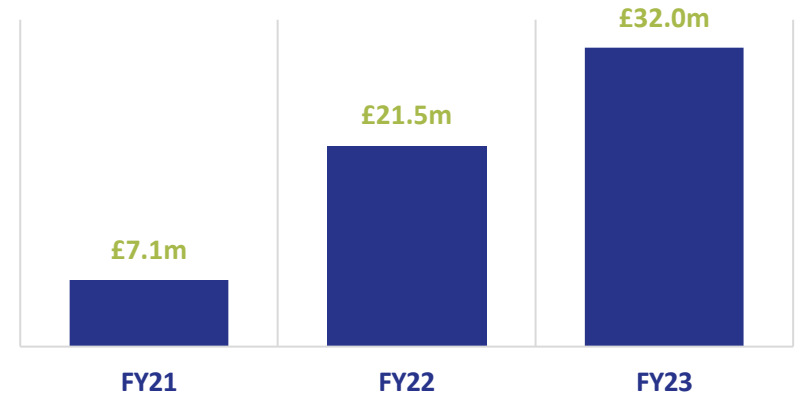


Delivering growth

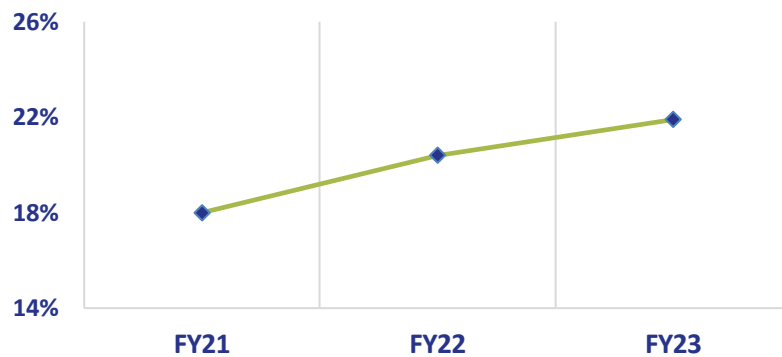
Revenue



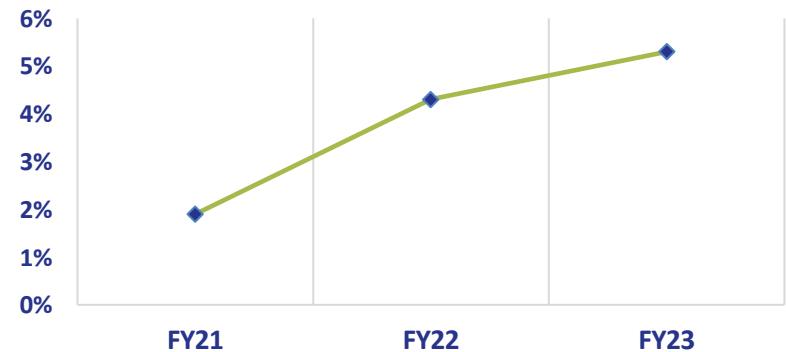
Adjusted operating profit



Gross profit margin %



Adjusted operating profit margin %

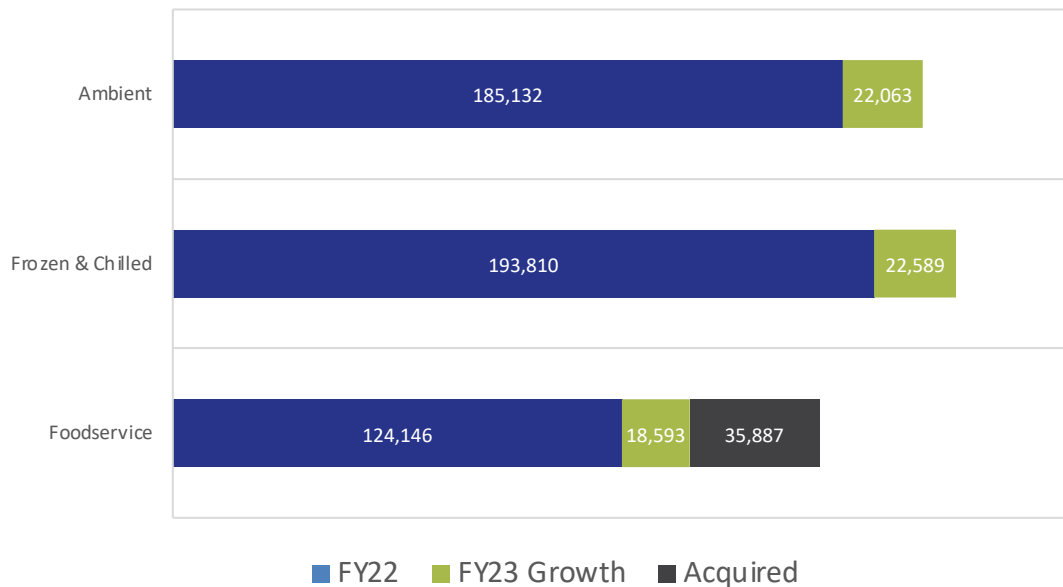


Income statement

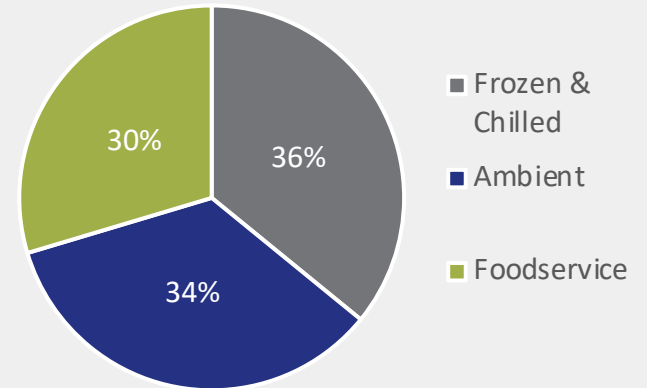
Revenue

- Revenue of £602.2m, a 19.7% increase on FY22
(Excluding WestCountry increase 12.6%)

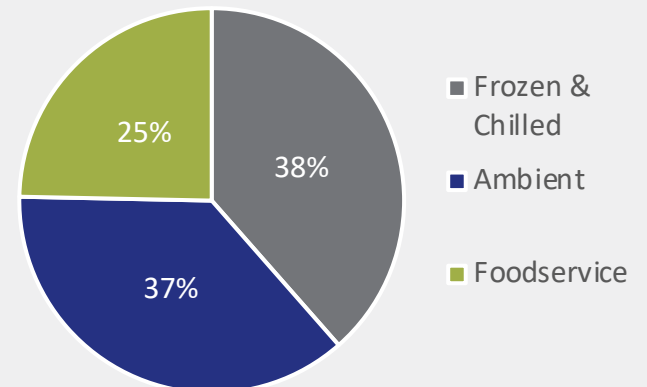
Divisional revenue bridge



Total revenue FY23 (£000)



Total revenue FY22 (£000)

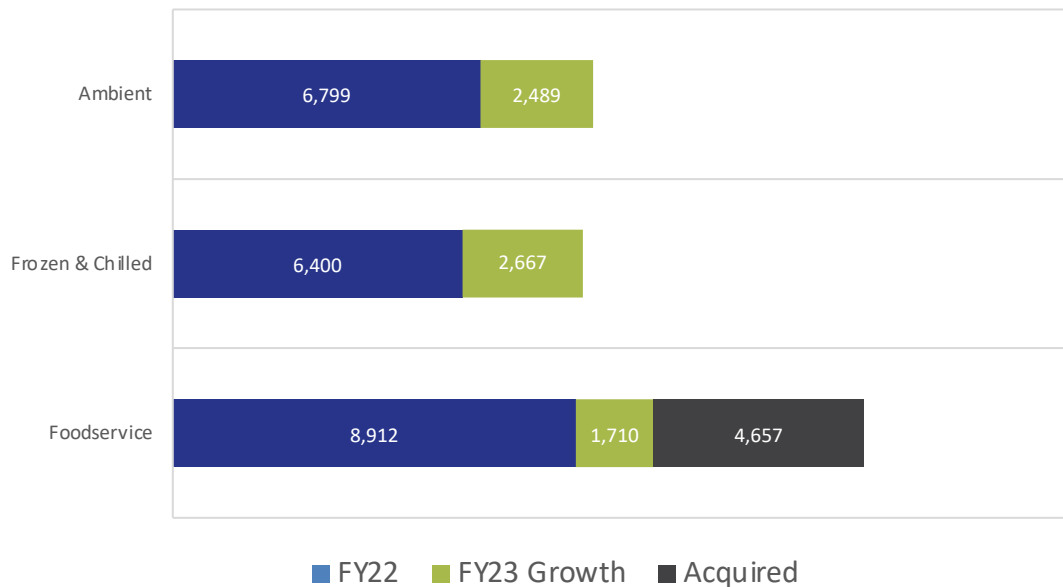


Income statement

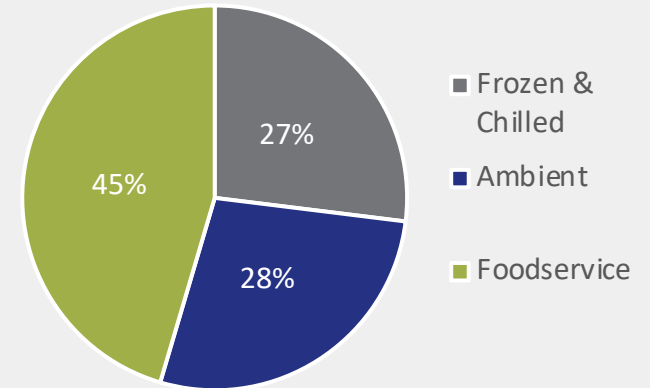
Adjusted operating profit

- Adjusted operating profit of £32.0m, a 49.0% increase on FY22
(Excluding WestCountry increase 27.4%)

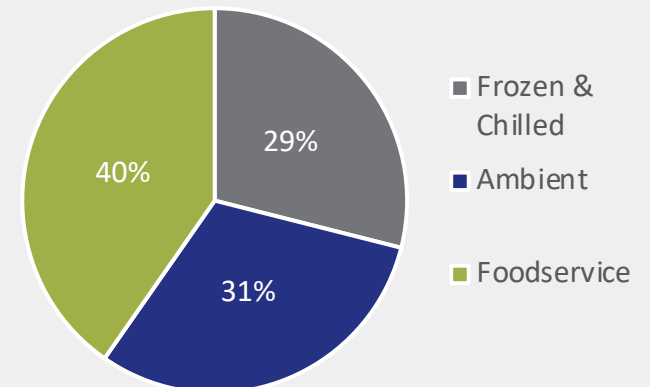
Divisional adjusted operating profit bridge



Divisional adjusted operating profit FY23 (£000)



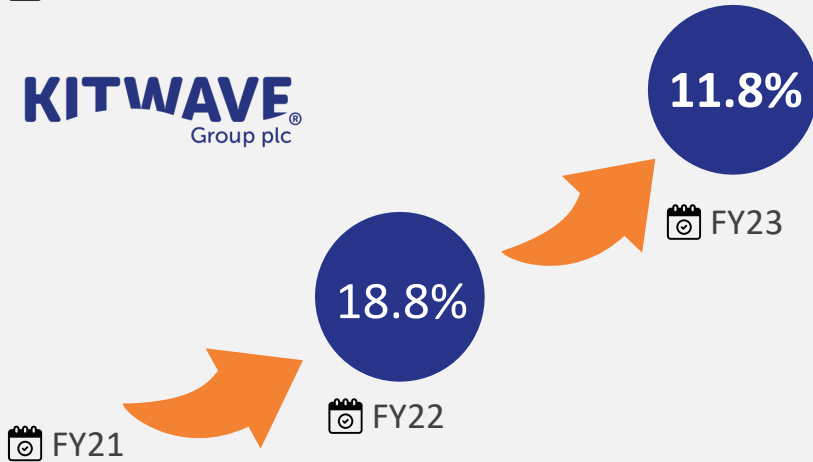
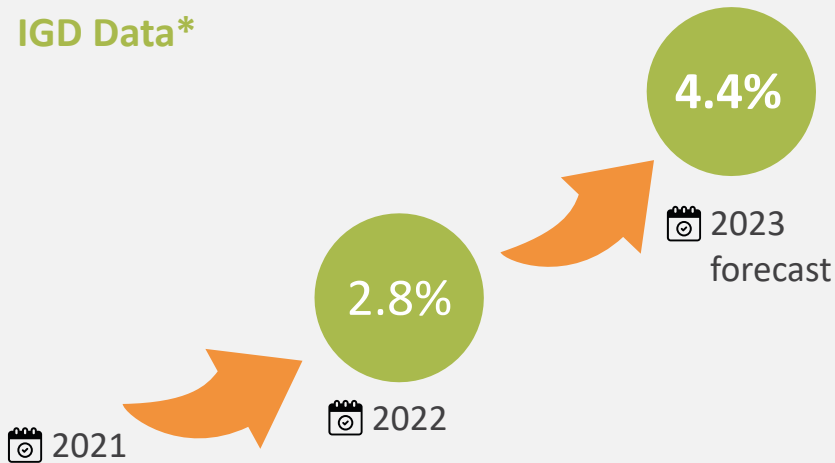
Divisional adjusted operating profit FY22 (£000)



Organic growth - Revenue

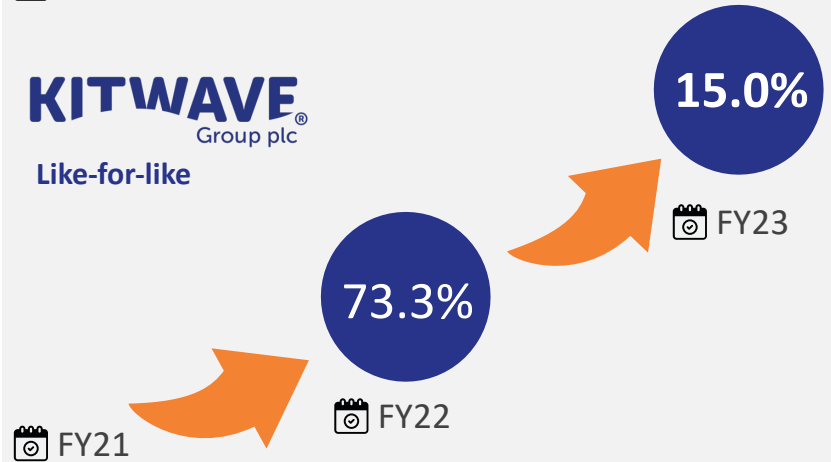
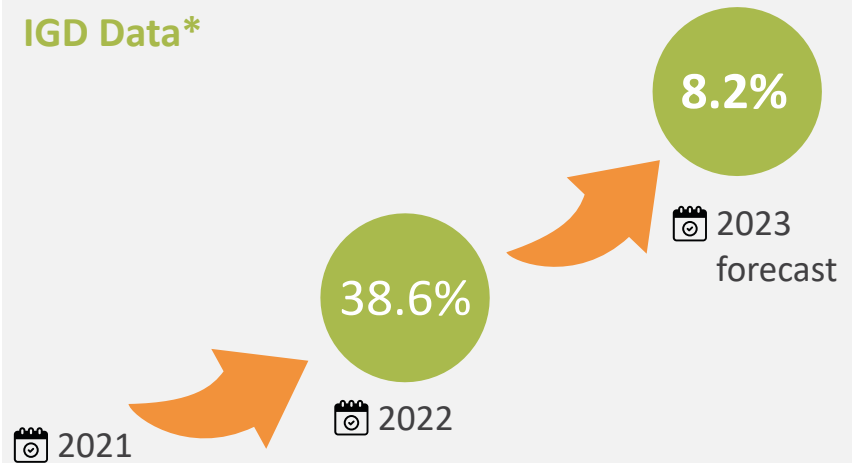
Retail & Convenience

IGD Data*



Foodservice

IGD Data*



*Source: IGD UK grocery & foodservice wholesaling 2023 Report based on 2023 market forecast and 2022 market share

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



FY23 - 90%
(91% excluding WestCountry)



Fixed asset additions (inc. right of use assets) of £13.8m



Net debt/EBITDA = 1.4x
Net debt (exc IFRS16) / EBITDA = 0.8x



FY23 dividend proposed of 11.20 pence per share being 41% of PAT



Net consideration of £19.6m paid for the WestCountry acquisition

OPERATIONAL OVERVIEW



Physical infrastructure

Wilds of Oldham

- Acquisition of Wilds of Oldham provides further distribution scale. Business is on track for integration by the end of April with Swords IT implementation due end of February

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 Autumn 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 operational structure to drive operational margin



Warehouse management investment

- Northern Ambient hub upgraded to voice pick from RF pick following £150k investment
- A pick-by-voice solution directs the operator's movement using voice commands with higher pick accuracy
- Expected efficiencies from voice pick technology of circa 10% increase in pick rates
- Three months project completed on time and on budget. Further investment planned to implement voice pick at CS chilled hub and David Millers foodservice hub



People

- Ben Maxted, the Group's Chief Operating Officer, will become Chief Executive Officer following Paul Young's retirement
- Implementation of the Kitwave One Employee Benefits portal providing medical cover, death in service and retail discount benefits at no cost to employees
- Launch of the Group's new Leadership training program 'License to Lead'. This will begin to roll out in FY24 featuring a program of theory, case studies and workplace assignments to empower our leaders of the future
- The Group has utilised the Government sponsored Kickstart scheme to offer jobs to 16–24 year-olds on Universal Credit and has then offered many of these youngsters warehousing apprenticeships and vocational training

The screenshot displays the Kitwave One Employee Benefits portal. The top left corner features the 'KITWAVE one Automatic Retailing KITWAVE®' logo. A personalized greeting 'HI, BEATRICE' is shown with a 'Welcome to Kitwave One' message. Below this is a 'TOP LINKS' section with icons for 'My Total Reward', 'My Benefits', 'Grocery Aid', and 'Useful Documents'. A 'USEFUL LINKS' section lists: Home, Risk Portal, e-Payslips, Cyber Security, Grocery Aid, Expression of Wish, Help & Support, and Kitwave News. A 'LOG OUT' button is also present. The main content area includes a 'Benefits' overview section with the text: 'Discover all the Benefits available to you as part of the KitwaveOne group. From retail vouchers to salary sacrifice schemes such as Like 2 Work, you can browse special offers and discounts specially selected for you!'. Below this are four featured benefit cards: 'GROCERY AID' (with a rainbow icon and the tagline 'From factory to store we're your charity'), 'PENSION' (with an image of two people walking), 'DISCOUNTS' (with an image of hands holding money), and 'BENEFITS' (with an image of a piggy bank). Each card has a 'Discover' button with a right-pointing arrow. At the bottom left, there is a footer with 'Terms & Conditions', 'Privacy & Cookies', 'Contact Us', and 'Version: 4.22.10.0 Powered by emxhub'.

Customers

- Diverse customer base of 42,000+ customers
- Fleet of 550 delivery vehicles fulfilling 4,800+ deliveries per day offering independents a service driven delivered wholesale solution
- Provide 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
- Customer service specialists



Supplier / brand partnerships

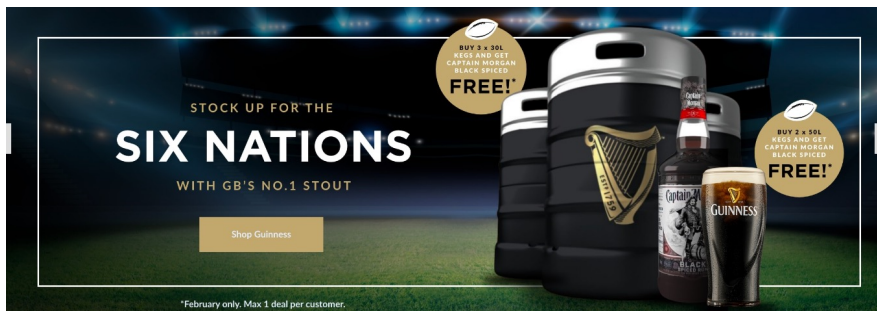
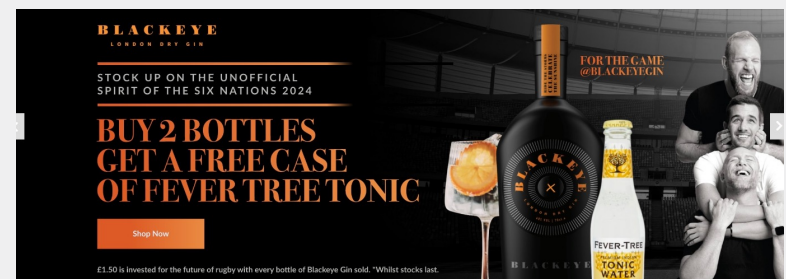
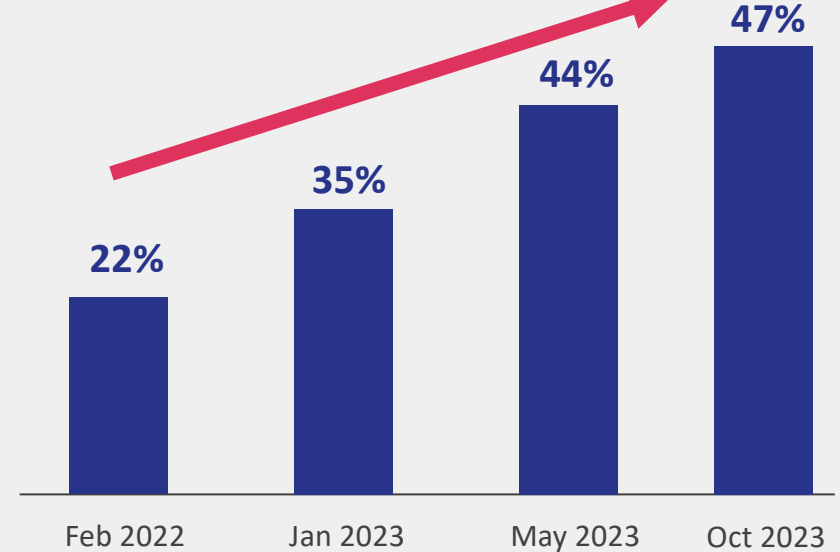
- Continue to leverage our relationships with brand owners and utilising our nationwide delivery capability to foster new supply partnership opportunities
- Preeminent route to market partner for the brand owners into independent retail convenience for frozen and chilled foods
- Deep category knowledge



Website development

- Continued growth in order capture via electronic ordering which has risen from 22% to 47% to date. Increase of 3 percentage points from May 2023
- Average order value has continued to run 8% higher online than traditional methods of order capture driven through ecommerce selling aids and developing brand partnerships
- Brand owner engagement is more entrenched for 2024 continuing the strong working partnerships developed with their ecommerce teams

Electronic ordering (% share)



ENVIRONMENTAL, SOCIAL & GOVERNANCE (ESG)



A long-term sustainable business model is essential for the success of the Group, its colleagues, shareholders and other stakeholders



Environmental

- The Group continued its partnership with Business Wise further developing our Energy Management Strategy
- The Group completed its investment in the installation of a 730 kWp solar PV system at its Luton distribution centre
- Installed solar generation capacity is offering 10.7% self-sufficient energy generation for the Group
- Reducing packaging and food waste by partnering with food charity partner, Too Good To Go – connecting public to short dated stock



Social

- The Group has implemented a digital Health and Safety information and reporting system through the introduction of an online portal
- Cost of living pay increases implemented
- Partnered with Kickstart to offer 16-24 year olds employment opportunities
- As a result of the Group’s increased participation in awareness, fundraising and volunteering activities across Grocery Aid, they received a Gold award for 2023



Governance

- Teresa Octavio appointed to the Board as Non-Executive Director on 1 February 2023
- The Group adopted an Enterprise Risk Management (ERM) framework during FY22
- Compliant with GDPR legislation
- Anti-money laundering, anti-bribery and whistle-blowing policies
- The Group fully endorses the aims of the Modern Slavery Act 2015



GROUP STRATEGY



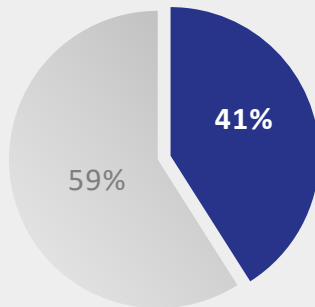
Strategy for growth

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)



Market
opportunity
c£4.9bn



c90,000 outlets



64% delivered



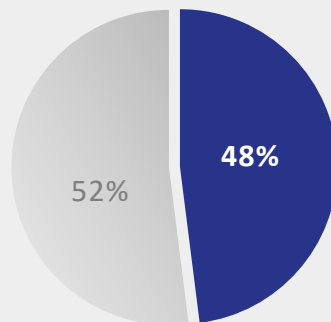
2023 forecast **↑ 4.4%**



Online ordering **46%**

Foodservice – worth c£12.1bn*

Brakes /
Bidvest /
Booker



Market
opportunity
c£5.8bn



c360,000 outlets



83% delivered



2023 forecast **↑ c8.2%**



Online ordering **41%**

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



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.5%

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 c550 delivery vehicles fulfilling 4,800+ 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 30 depots, comprising eight 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.

Paul Young

Chief Executive Officer

- Co-founded the Group in 1987, initially as a single North East based cash and carry.
- During his 35-year tenure as Chief Executive Officer, and as majority shareholder, Paul has grown the business into a national delivered wholesale business with revenue over £600m in FY23.
- Paul is a qualified Cost and Management Accountant (ACMA).

David Brind

Chief Financial Officer

- Joined the Group in 2011, following NVM Private Equity LLP’s investment
- Has led the Group’s 13 successful acquisitions and is responsible for the development of the IT and reporting infrastructure.
- Previously held roles at Barclays, at Ward Hadaway, 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.

Ben Maxted

Chief Operating Officer (Chief Executive Officer designate)

- 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.

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

FY23 Financial Summary

The FY23 results reflect a period of steady growth across the Group with continued emphasis on cost control and margin improvement. The acquisition of WestCountry also provided a positive profit contribution.

- Group revenue (excluding WestCountry) increased by 12.6% to £566.3m
- Gross profit margin improvement to 21.9% (FY22: 20.4%)
- Adjusted operating profit increased by 49% to £32.0m (FY22: £21.5m)
- Adjusted EBITDA improved to £41.1m (FY22: £29.5m)
- Profit before tax of £19.0m (FY22: £14.3m)

	FY23 £000	FY22 £000
Revenue	602,220	503,088
Cost of sales	(470,095)	(400,460)
Gross profit	132,125	102,628
Gross margin %	21.9%	20.4%
Other operating income	183	374
Distribution expenses	(54,570)	(44,010)
Administrative expenses	(48,375)	(38,617)
Operating profit	29,363	20,375
Operating profit %	4.9%	4.1%
Adjusted operating profit	32,016	21,481
Adjusted operating profit %	5.3%	4.3%
Adjusted EBITDA	41,141	29,477
Adjusted EBITDA %	6.8%	5.9%

Gross profit

- Divisional gross margins improvement combined with increased revenues generating £29.5m of additional gross profit on FY22

Distribution costs

- Continued drive on cost control despite inflationary increases in the cost base
- Acquired operations requires an intensive delivery framework with cost to serve of 15.4%
- Distribution costs of £54.6m with a cost to serve of 9.1% (FY22: 8.7%)

Adjusted operating profit

- Adjusted operating profit increased by £10.5m to £32.0m (FY22: £21.5m)
- Adjusted operating margin increased by 1.0% to 5.3% (FY22: 4.3%)



Gross margin

- Ambient: 14.9% (FY22: 14.5%)
- Frozen & Chilled: 22.7% (FY22: 22.0%)
- Foodservice: 29.2% (FY22: 26.7%)



Distribution costs

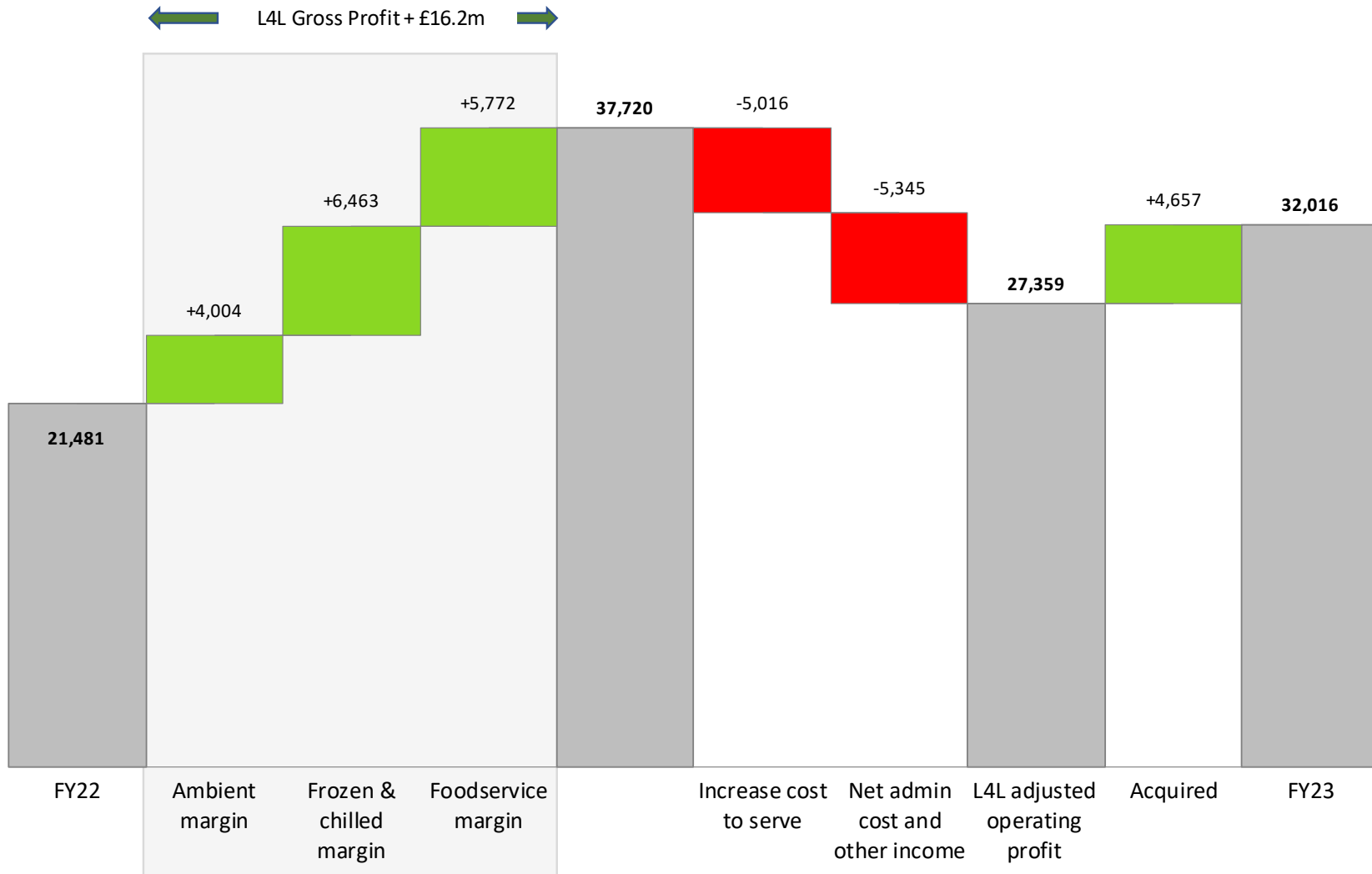
- Ambient: 5.3% (FY22: 5.8%)
- Frozen & Chilled: 11.2% (FY22: 11.5%)
- Foodservice: 10.6% (FY22: 8.8%)



Adjusted operating profit margin

- Ambient: 4.5% (FY22: 3.7%)
- Frozen & Chilled: 4.2% (FY22: 3.3%)
- Foodservice: 8.6% (FY22: 7.2%)

Adjusted operating profit



Balance sheet

Key highlights

- Strong balance sheet with net assets of £84.5m

Goodwill & Intangible assets

- £14.3m increase in goodwill resulting from the acquisition of WestCountry plus £5.0m of intangible assets (FY23 amortisation £0.8m)

Capital investment

- £3.8m investment in fleet and warehouse facilities
- Further £10.0m of right of use assets included £7.7m associated with fleet replacement

Working capital

- Investment in working capital of £35.4m, an increase of £3.9m on FY22 (£3.1m increase, excluding WestCountry)

Debt

- Net debt of £58.4m, including £26.2m of IFRS16 lease liabilities
- LTM leverage of 0.8x (1.4x including IFRS16 liabilities)

Oct-23
£000

Non-Current assets

Goodwill	58,680
Intangible assets	4,878
Tangible and right of use assets	46,330
Investments	45
	<hr/>
	109,933

Working Capital

Inventories	35,410
Trade receivables and other debtors	63,569
Trade payables and other creditors	(63,596)
	<hr/>
	35,383

Cash and debt

Cash and cash equivalents	673
Lease liabilities	(32,669)
Other interest bearing loans and borrowings	(26,405)
	<hr/>
	(58,401)

Tax

Tax payable	(594)
Deferred tax liabilities	(1,876)
	<hr/>
	(2,470)

Net assets

84,445

Cashflow statement

Key highlights

- Net decrease in cash in FY23 of £4.8m
(FY22: inflow of £0.5m)
- Working capital outflow of £3.9m
- Pre-tax operational cash conversion of 91% excluding the seasonal movement in WestCountry since acquisition

Non trading cashflows

- £3.4m net capex spend
- £6.6m of lease liabilities paid
- £4.2m of interest paid

Dividend

- Final FY22 paid of 6.75p per share in April 2023 with the total dividends paid in the period of £7.4m

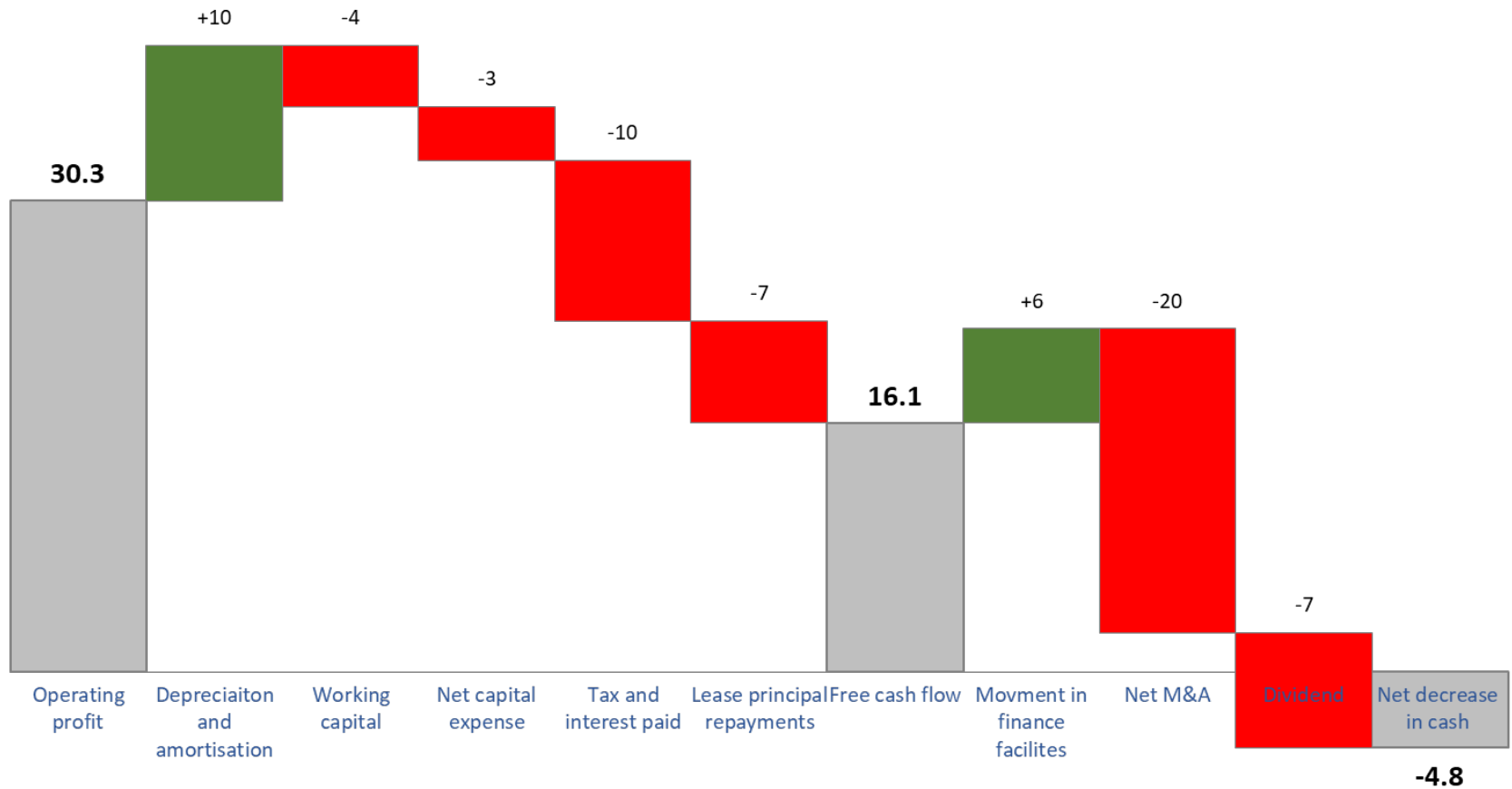
Acquisition of Westcountry

- Net acquisition outflow of £19.6m funded from a draw on a new additional £20m banking facility
- Net draw on debt facilities over the period of £6.0m

	FY23 £000	
Cash flow from operating activities		
PBIT	29,363	
Depreciation and amortisation	9,967	
Other non cash items	980	
	40,310	
Working capital	(3,937)	
Pre tax operational cash	36,373	90%
Tax paid	(6,075)	
Net cash inflow from operating activities	30,298	75%
Net capex	(3,442)	
Free cash flow to service debt	26,856	
Interest paid	(4,248)	
Net cash movement in debt	6,052	
Lease liabilities paid	(6,555)	
Dividends paid	(7,350)	
Net pre M&A increase in cash	14,755	
Acquisition of subsidiary undertakings	(19,593)	
Net increase in cash	(4,838)	

Cashflow statement

Strong operating cash conversion



Kitwave Group plc

Unit S3, Narvik Way, Tyne Tunnel Estate,
North Shields, Tyne & Wear, NE29 7XJ

www.kitwave.co.uk
+44 (0)191 259 2277