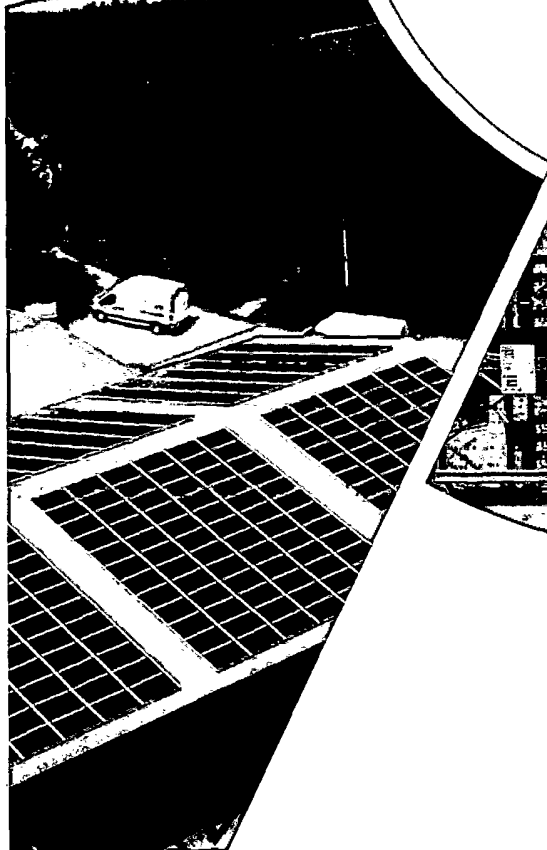
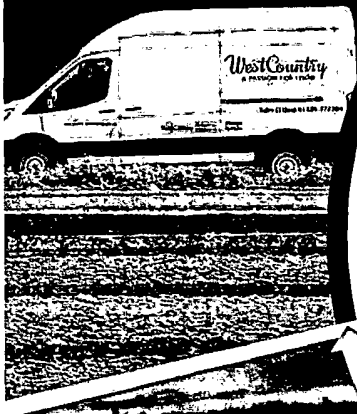
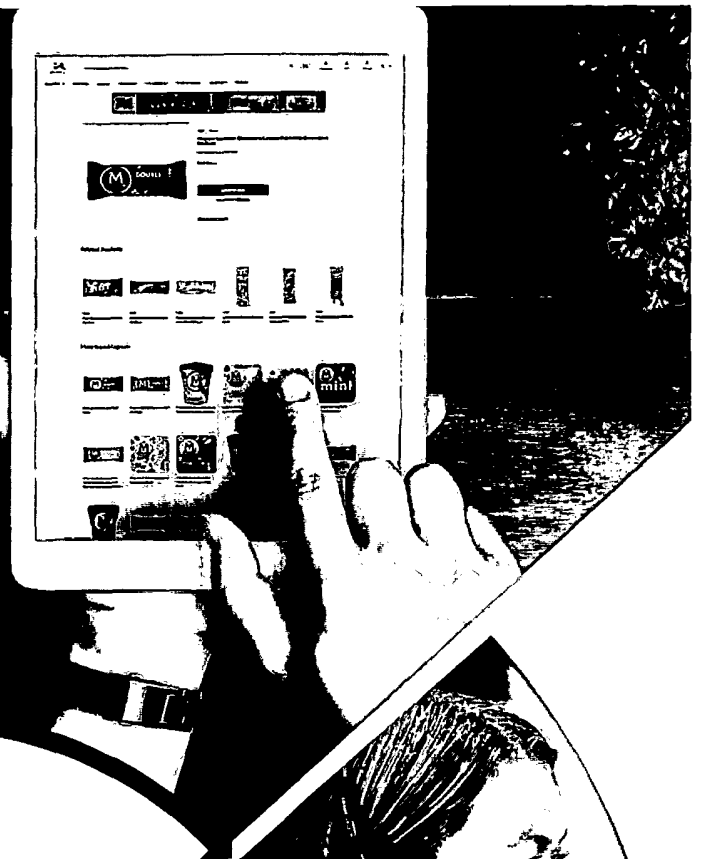


**DELIVERING
GROWTH**



E300

D2200

C300

ASPA

MAGNERS

MAGNERS

MAGNERS

MAGNERS

MAGNERS

SPA

INTIMANS

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ABOUT US

We are a delivered wholesale business with depots and delivery throughout the UK.

We specialise in selling impulse products, frozen, chilled and fresh foods, alcohol and groceries.



Our focus is delivering the products our customers need, on time and in full.



Through our acquisition and organic growth strategy, Kitwave is well placed in the highly fragmented UK grocery and foodservice market to capitalise on opportunities and grow market share, in turn delivering returns to shareholders and benefits to all stakeholders.

Why invest in Kitwave...



Established business with more than 36-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

FY23 FINANCIAL SUMMARY

Group revenue

£602.2m

FY22: £503.1m

Adjusted operating profit*

£32.0m

FY22: £21.5m

Profit before tax

£24.9m

FY22: £17.8m

Pre tax operational cash conversion*

90%

FY22: 105%

Adjusted EBITDA*

£41.1m

FY22: £29.5m

EPS

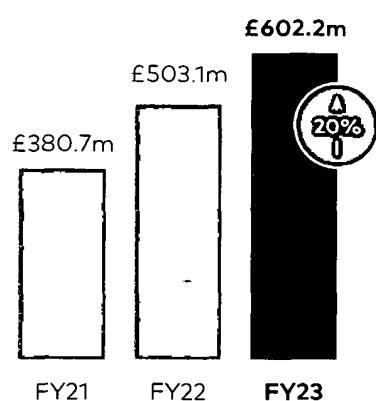
27.1 pence

FY22: 20.5 pence

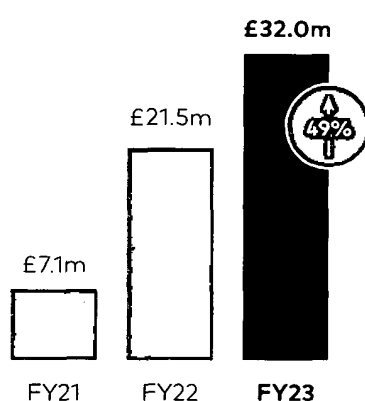
*For more information on alternative performance measures please see the glossary on pages 101 to 103.

CONTINUOUS GROWTH

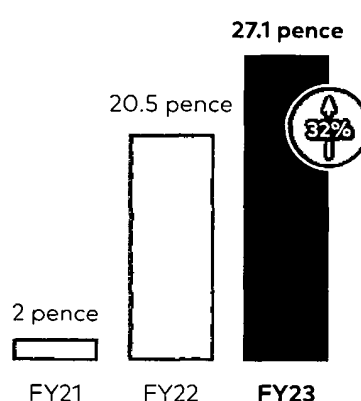
Group revenue



Adjusted operating profit*



EPS



Robust balance sheet and cash-generative business model



Continuing a successful buy-and-build strategy



Significant market opportunity – current market share of c.2%

THE GROUP AT A GLANCE

Founded in 1987, following the acquisition of a single-site confectionery wholesale business based in North Shields, UK, Kitwave Group plc is a delivered wholesale business, delivering impulse products, frozen, chilled and fresh foods, alcohol, groceries and tobacco.



13 acquisitions since 2011



Considerable growth opportunities exist



>300 suppliers

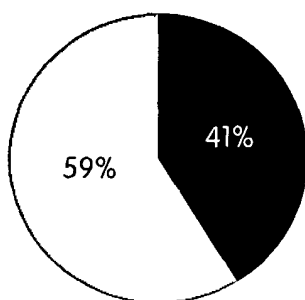
The Group delivers to a diverse customer base across the UK, including independent convenience retailers, leisure outlets, vending machine operators, foodservice providers and other wholesalers, as well as leading national retailers.

Since 2011, the Group has acquired 13 wholesale distributors (including the post-year end acquisition of WLG (Holdings) Limited), driving a rapid scaling of the business.

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

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

- Booker
- Bestway
- Nisa
- Blakemore (SPAR)



Market opportunity
c.£4.9bn



c90,000 outlets



64% delivered



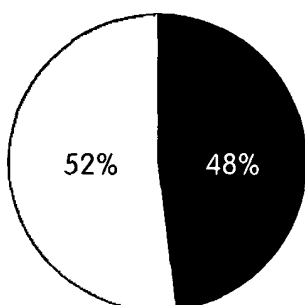
2023 forecast ↑ 4.4%



Online ordering: 46%

Foodservice – worth c£12.1bn per annum*

- Brakes
- Bidvest
- Booker



Market opportunity
c.£5.8bn



c360,000 outlets



83% delivered



2023 forecast ↑ 8.2%

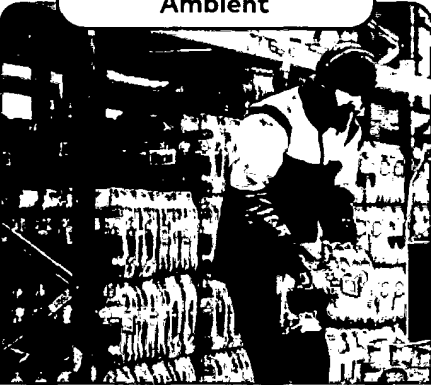


Online ordering: 41%

OUR DIVISIONS

Retail and wholesale

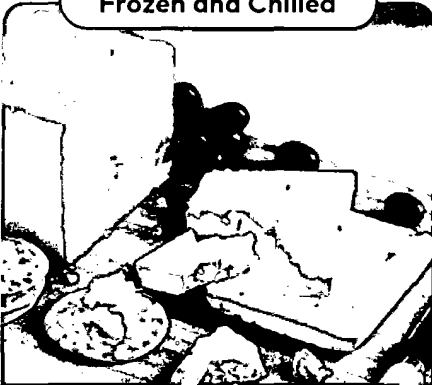
Ambient



Operating from six depots, with delivery capability to most of England, the division supplies branded products including confectionery, soft drinks, crisps and snacks and tobacco.

The customer base is made up of a mix of independent convenience stores, vending operators, national retailers and other UK wholesalers. Next day delivery and product availability are part of the key service levels within this division that is driven by small multi drop deliveries.

Frozen and Chilled



Operating from ten depots with UK nationwide delivery capability, the division supplies branded products including ice cream, pizzas, chips, ready meals, and a full range of chilled products.

As one of the UK's leading suppliers of impulse ice cream, the division sees a seasonal uplift during the summer months. The customer base is made up of a mix of independent convenience stores, leisure outlets and UK wholesalers. The infrastructure the division has in place enables a market-leading delivery service to independent and nationally based customers.

Foodservice

On-trade and Foodservice



Operating from 14 depots, with delivery capability currently across the North and South West of England, the division supplies frozen, chilled, fresh and ambient food, as well as alcohol and soft drinks.

The customer base is made up of a mix of independent traditional foodservice outlets including bars, restaurants and leisure outlets, as well as customers in the care home and education sectors.



THE GROUP AT A GLANCE

A network of nationwide depots

The Group currently has a network of 30 depots, comprising eight main stock holding depots and 22 satellite depots. This provides a nationwide delivery capability to its customer base and the capacity to ensure stock holding is sufficient to achieve over 98% of deliveries being on time and in full.

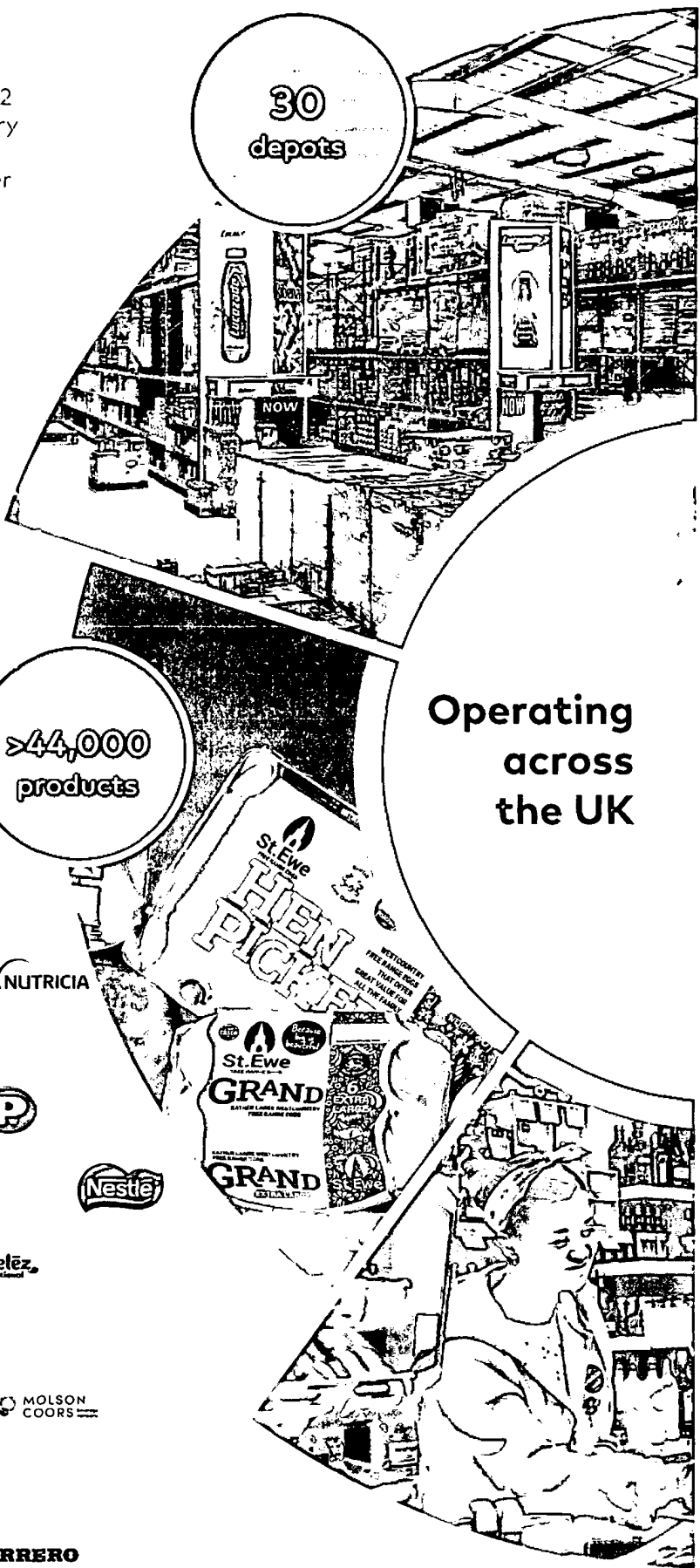
Strong relationship with supplier partners

Supplied from over 300 different suppliers, the Group has a diversified product range of over 44,000 products, across a wide range of ambient, frozen & chilled, soft drinks, alcohol-based drinks and tobacco. Over its 361 year history, the Group has formed strong relationships with key brand owners in each product category, enabling it to be competitive on range, availability and price. This range is complemented by a smaller range of own brand products that offer an alternative to our customer base.

30
depots

>44,000
products

Operating
across
the UK



Enhanced customer ordering capability

The Group has now established the website as the principal order capture method for customers to purchase goods, with a full web and app sales offering. The introduction of a 'best in class' website enabled the Group to create a more streamlined platform to process orders efficiently, thus enabling faster delivery to our customers.

The website is now the primary order capture method

Efficient delivery fleet

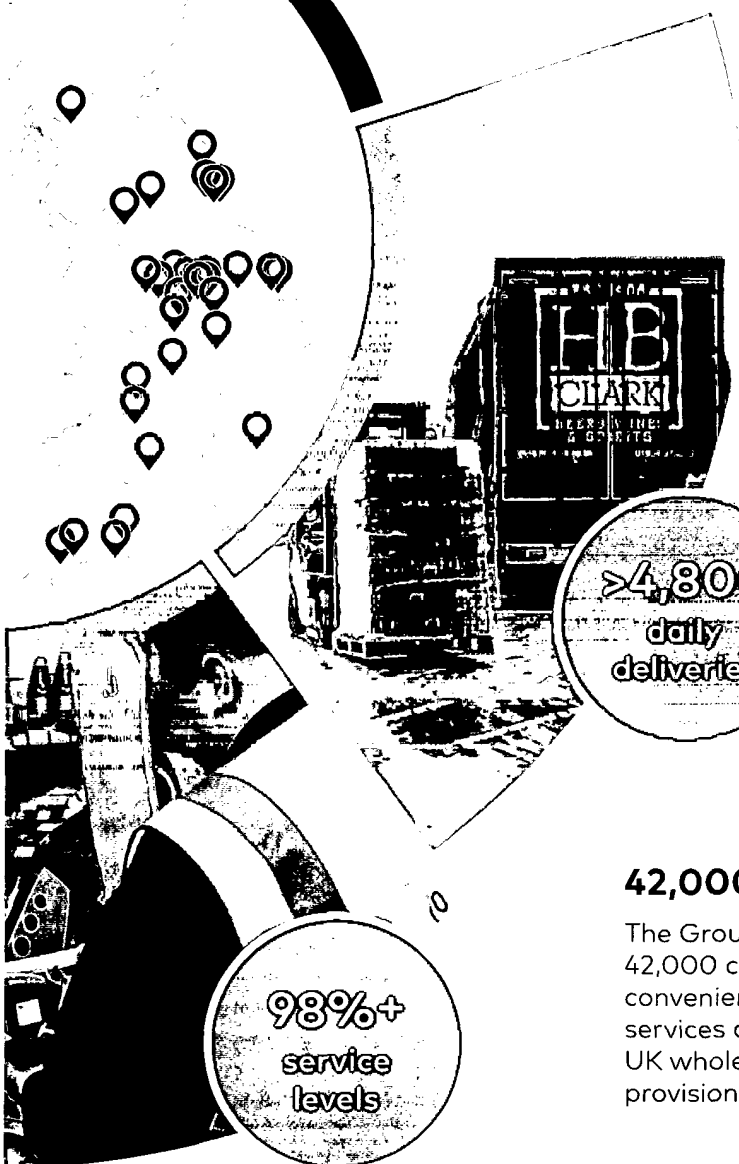
Operating a fleet of c.550 delivery vehicles the Group fulfils over 4,800 deliveries per day. The flexibility of having its own fleet enables the Group to deliver its commitment to service quality and provides the ability to allow customers to have lower minimum order levels whilst still achieving next day delivery if required.

>4,800
daily
deliveries

42,000 independent customers

The Group has a diverse customer base of over 42,000 customers that are mainly independent convenience stores and foodservice outlets. It also services a number of national retailers. Many other UK wholesalers utilise the Group's excellence in the provision of frozen and chilled products.

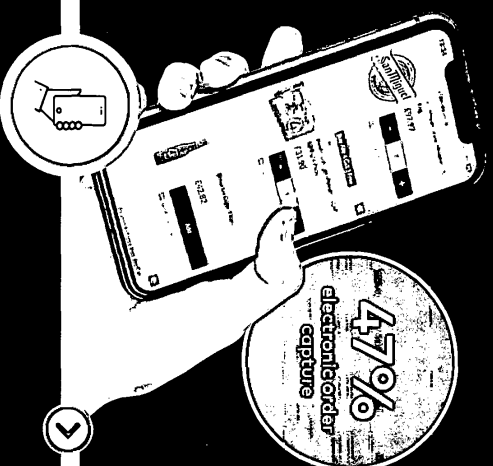
98%+
service
levels



OUR JOURNEY FOR CONTINUOUS GROWTH

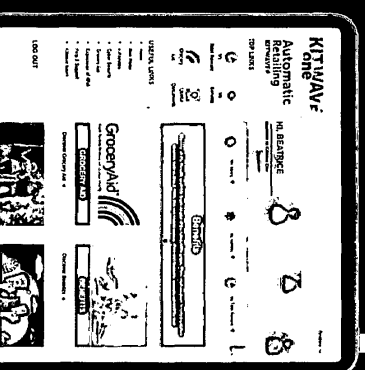
Increasing our customer base through a web-based trading platform

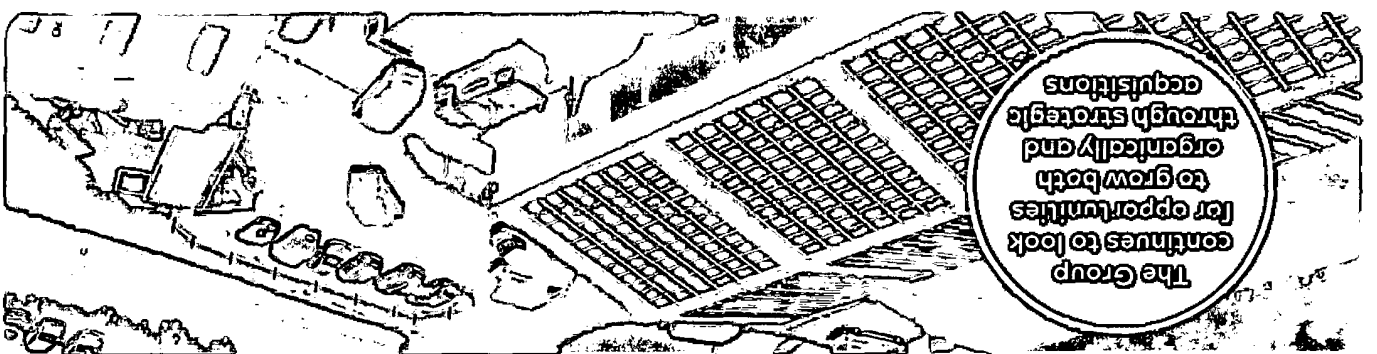
The Group's web-based trading platform, launched in FY22, has demonstrated excellent results in terms of brand partner and customer engagement, with utilisation of the platform increasing each month and resulting in electronic order capture standing at 47% for the quarter to October 2023.



Improving colleague engagement through our Kitwave One platform

The 'Kitwave One' programme is a new colleague-centric portal that provides additional benefit packages and colleague wellbeing. Phase one of the roll-out was released during the year to over 600 colleagues. Harnessing our philosophy of growing from within by offering learning opportunities such as warehouse skills development, driver training and future leaders program offering MBA level courses.

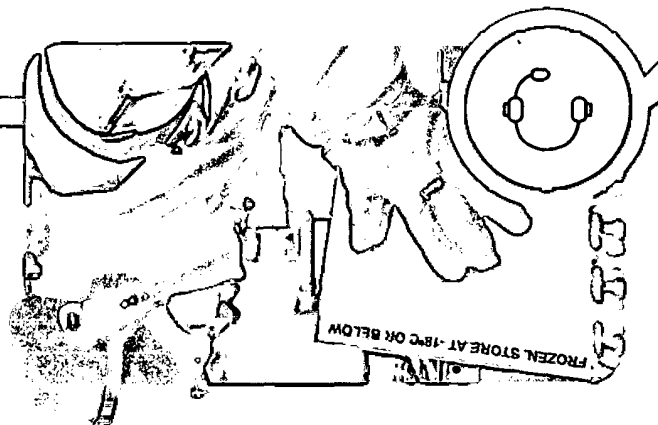




The Group continues to look for opportunities to grow both organically and through strategic acquisitions

Growing market share with our WestCountry acquisition

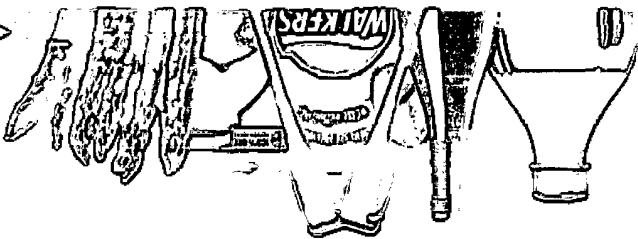
The integration of Westcountry Food Holdings Limited, the specialist fresh produce wholesaler, has been successful and the business is performing in line with management expectations. The construction of a new 80,000 sq. ft. distribution centre to fully integrate the Group's South West operations has commenced with completion scheduled for Autumn 2024.



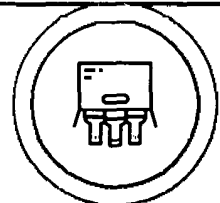
**Delivering service excellence
through new technology**

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

**Voice picking
operates at three
of the eight main
stock holding
depos**



The logo for KIT WAVE Group plc. It features the text "KIT WAVE" in a large, bold, stylized font. Below it, "Group plc" is written in a smaller, sans-serif font. The entire logo is set against a background of a stylized, pixelated wave pattern.



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CHAIRMAN'S STATEMENT



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

The Group has achieved significant growth in both revenue and adjusted operating profit during the year, with revenue increasing by 19.7% to £602.2 million (FY22: £503.1 million) and adjusted operating profit increasing by 48.8% to £32.0 million (FY22: £21.5 million).

We are pleased to report another year of excellent progress. In the prior year, the Group had capitalised on opportunities for growth as the challenges of the COVID-19 pandemic eased. As can be seen from the results for this year, all our divisions have continued to grow while managing well the inflationary pressures in their cost base that existed throughout the year.

Results summary

The Group has achieved significant growth in both revenue and adjusted operating profit during the year, with revenue increasing by 19.7% to £602.2 million (FY22: £503.1 million) and adjusted operating profit increasing by 48.8% to £32.0 million (FY22: £21.5 million).

Included in the results for the year is an 11 month contribution from Westcountry Food Holdings Limited which is in line with our expectations at the time of the acquisition in December 2022.

	Existing operations £m	Acquisitions £m	FY23 £m	FY22 £m
Adjusted operating profit *	27.3	4.7	32.0	21.5

**For more information on alternative performance measures please see the glossary on pages 101 to 103.*

While increases in overhead costs such as labour, fuel and energy continue to be significant, management has again focussed on increasing gross margin in order to offset the adverse effects of inflationary increases in the Group's cost base. As a result the ratio of distribution costs to revenue is only slightly ahead of the prior year and is in line with our expectations.

Dividend

The Board has a progressive dividend policy that has the intention to pay a total annual dividend of between 40% and 50% of profit after tax. In years where the Group incurs higher cash outflows through its investment activity in merger and acquisitions or infrastructure capital expenditure, the aggregate annual dividend is likely to be at the lower end of the range. For those years where there is no investment the annual dividend is likely to be at the higher end of the range.

The Board is recommending a final dividend of 7.45 pence per ordinary share (FY22: 6.75 pence), subject to approval at the AGM, which, if approved, will result in an increase in the total dividend for the year of 21.1% to 11.20 pence per ordinary share (FY22: 9.25 pence).

Environmental, Social and Governance (ESG)

We remain of the belief that a long term sustainable business model is essential to the success of the Group and are committed to ensuring the highest standards of ESG practices across our business. The Group continues to develop its ESG framework and during the year, under the guidance of the ESG steering group, embedded its Corporate Social Responsibility Strategy within the overall Group Strategy.

The Group is a significant user of energy to refrigerate and light its warehouse locations. During the financial year we invested in the installation of solar panels at our Luton distribution centre. The Group now has solar power generation at seven of its larger sites producing 10.7% of the Group's annual energy requirements. Feasibility studies are being carried out on additional locations for further investment in 2024.

Our colleagues are our most valuable asset and their welfare is a priority at Kitwave. We are pleased to be able to provide sustainable employment and to increase remuneration and benefits whenever possible across our workforce.

The appointment of a Group Health and Safety Director in April 2022 has led to a number of changes including improved reporting and information flow, the standardisation of risk assessments and the roll out of





defibrillators to all of our sites. The financial year also saw the implementation of the Kitwave One Employee Benefits portal, providing our colleagues with basic medical cover, death in service life cover as well as discounts on retail goods.

The Enterprise Risk Management (ERM) framework, established in the prior year, was further developed and has been used as the tool for the Board to have regular engagement with appointed risk champions. Risks are scheduled into the Board agenda with the aim of having an in depth review of each of the strategic risks at least once in the year. Following the review of risks associated with cyber security we have invested further in hardware, software and advisers to enhance our mitigation of this key risk. These additional investments have created a more secure environment facilitating the introduction of a cyber security insurance policy to provide further risk protection.

Board

On 1 February 2023, Teresa Octavio joined the Board as a Non-Executive Director. She has already made a valuable contribution and we look forward to her ongoing input to our discussions and decision making.

On 6 November 2023, we announced that Paul Young, Chief Executive Officer, would be retiring and stepping down from the Board at the end of the Company's Annual General Meeting to be held in March 2024 and that Ben Maxted, the Group's Chief Operating Officer, would become Chief Executive Officer following Paul's retirement.

Paul's retirement next year will mark the end of a remarkable career

with Kitwave. Having founded the Company in 1987 as a single-site confectionery business, Paul has been instrumental in its growth and development into the delivered wholesale business that it is today. On behalf of everyone at Kitwave, we thank Paul for his vision and enduring contribution to the Group and we wish him well in his retirement.

We are delighted that the handover of responsibilities has gone well and that Ben will become Chief Executive Officer following the Company's Annual General Meeting. As Chief Operating Officer, Ben has demonstrated excellent commercial and operational expertise and these skills will continue to be invaluable in his new role and in delivering the next phase of our growth strategy.

In line with our policy, a Board evaluation review was carried out during the year. As in the prior year this was led by me and took the form of a detailed questionnaire followed by an in depth discussion around those areas which scored least well. While in general the Board felt that it was functioning well a number of minor actions were agreed. One of these actions involved the commencement of a Board development exercise to assist in understanding different leadership styles, to increase self awareness and to identify opportunities for improved teamwork. With facilitation provided by a third party practitioner this exercise commenced in October 2023.

Our people

It is in large part due to the dedication of our colleagues that we continue to provide the high-quality service that our customers have come to expect. I would therefore

like to take this opportunity to thank all of them for their continued exceptional commitment.

Outlook

While less than three years since Kitwave's IPO in May 2021, the Group has, in line with its strategy, grown significantly both organically and through the three acquisitions it has made since IPO. In addition it has adapted well to the different challenges of a pandemic and inflationary cost pressures to continually outperform market expectations.

We continue to pursue our combined organic growth and acquisition-based strategy and believe there remain a large number of opportunities available to us in what is a fragmented delivered wholesale market in the UK. The success of our acquisitions to date has demonstrated the viability of this strategy, with the Group continuing to look to identify acquisition opportunities to combine with its initiatives to drive organic growth.

Post-year end, we completed the acquisition of WLG (Holdings) Limited, which trades as Wilds of Oldham, a composite drinks wholesaler operating in the North West of England. The acquisition is in line with our criteria and has already been integrated into HB Clark our on-trade business.

FY24 has started satisfactorily and, subject to successful management of the continued inflationary headwinds referred to above, we expect a positive outcome for the year and to continue to deliver value to our shareholders.

Steve Smith
Chairman
26 February 2024

CHIEF EXECUTIVE OFFICER'S REVIEW



Paul Young ACMA
Chief Executive Officer

This year, Kitwave has once again proven itself to be a resilient business despite wider macroeconomic pressures and inflationary challenges.

I am pleased to report the Company's final results for the 12 months ending 31 October 2023.

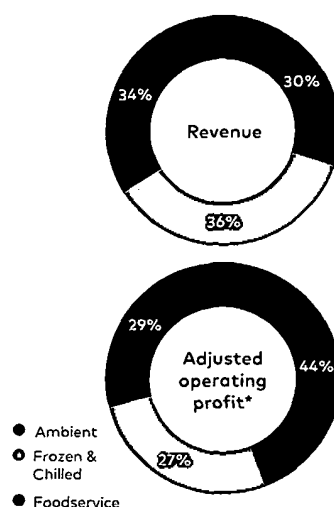
This year, Kitwave has once again proven itself to be a resilient business despite wider macroeconomic pressures and inflationary challenges. The Group continued to perform well across all its divisions, Ambient, Frozen & Chilled and Foodservice, and we are pleased to report results in line with the significantly upgraded market expectations that were established after the Group's interim results, published in July 2023.

The Group made strong progress as we delivered growth by making advancements, both operationally and commercially in the reporting period. As outlined in our trading update in November 2023, the integration of WestCountry Food Holdings ("WestCountry"), acquired in December 2022 has been successful. The Group's web-based trading platform has also delivered excellent results in terms of brand partner and customer engagement, resulting in electronic order capture standing at 47% for the quarter to October 2023.

We were pleased to welcome WestCountry into the Group during the period.

Divisional summary

Set out below is the financial performance of the business by division for FY23:



**For more information on alternative performance measures please see the glossary on pages 101 to 103.*

Ambient and Frozen & Chilled divisions

The Group's Ambient and Frozen & Chilled divisions that service the Retail & Wholesale sectors of the grocery market saw combined revenues increase by £44.7 million to £423.6 million (FY22 £378.9 million), a 12% increase from the year to October 2022. The gross margin in both divisions advanced by 1% at the same time as this revenue growth.

Ambient		
£000	FY23	FY22
Revenue	207,195	185,132
Gross profit	30,862	26,857
Gross margin %	15%	14%

Frozen & Chilled

£000	FY23	FY22
Revenue	216,399	193,810
Gross profit	49,037	42,574
Gross margin %	23%	22%

Foodservice division

The Group's Foodservice division has also performed well during the period, resulting in an increase in revenues to £178.6 million (FY22 £124.1 million). The division's organic growth was 15%, with an increase in revenues of £18.6 million.

This year saw the acquisition of WestCountry and included in these numbers is £35.9 million of acquired revenues.

Foodservice

£000	FY23	FY22
Revenue	178,626	124,146
Gross profit	52,226	33,196
Gross margin %	29%	27%

Facilities

As part of Kitwave's 'buy-and-build' strategy, we were pleased to welcome WestCountry into the Group during the period. As a testament to the successful integration of WestCountry in June 2023, we commenced the construction of a new 80,000 sq. ft. distribution centre, due to be completed in Autumn 2024. The new distribution centre will be key to increasing the capacity of the Group's South West operations, and we look forward to updating the market on its progress in due course.

Additionally, in line with our ESG commitments and to ensure our warehouse facilities are reducing their energy emissions, Kitwave continues to engage Businesswise Solutions as its energy management partner. The collaboration aims to mitigate Kitwave's carbon footprint by implementing energy-saving practices across its warehouses such as investing in solar generation. The Group now has solar PV capabilities at seven of its larger sites producing 513,000 kWh of energy in the year. Installed solar generation capacity is offering 10.7% self-sufficient energy generation.

Strategy

The Group remains committed to targeting expansion through strategic acquisitions. The Board recognises the significant opportunity within the fragmented UK wholesale market and it is focused on expanding the Group's market share from its existing position.

The acquisition of WestCountry during the period enabled the Group to expand its offering to cover local, regional and imported fresh produce throughout the South West of England. This strategic investment complements existing businesses in the Foodservice division.

In November 2023, which is post-period end, the Group acquired WLG (Holdings) Limited, a composite drinks wholesaler trading as Wilds of Oldham. The business has been established as a family-run drinks wholesaler for over 25 years, and it marks the 13th acquisition that the Group has made since 2011.

Currently, Wilds of Oldham has 35 colleagues, 11 fleet vehicles, and annual revenue of £10.2 million. Following the acquisition, the business will be incorporated into the Group's existing Foodservice on-trade business HB Clark. The Foodservice division continues to be a key driver for the Group and these acquisitions enable it to expand its presence in the market; providing a platform for further growth.

The second fundamental element of the Group's strategy is the importance of organic growth

and driving operational efficiency. The Group's investment in its infrastructure, systems, vehicles, and people has allowed it to continue to enhance its existing services and divisions providing an exceptionally high standard of service to customers.

A notable investment by the Group is the focus on our people, with the implementation of the 'Kitwave One' programme. The initial roll-out of the programme, launched in October 2023, to over 600 colleagues within the Group, has provided a new online portal. This will improve engagement and provides external benefits to promote the wellbeing of our colleagues.

We are confident that the Board and management team have the expertise and experience to deliver Kitwave's growth strategy, generating value for the Group and its shareholders.

Colleagues

In February 2023, we were delighted to welcome Teresa Octavio as a Non-Executive Director. Teresa has proven herself to be a key member of the Board, with her wealth of experience in global businesses such as Kantar Consulting, Diageo Plc and Procter & Gamble.

The Group has also welcomed young adults on Universal Credit between the ages of 16-24 to work in our warehouses as part of the government-sponsored 'Kickstart' scheme. As a result, the Group has offered many apprenticeships to these individuals and the opportunity to start working in the form of longer-term employment. We are pleased to welcome them to the Kitwave community.

As announced post-period end on 6 November 2023, I will be retiring at the Company's Annual General Meeting in March 2024. Having founded the Company in 1987, I could not be prouder of how far Kitwave has come as a business.

I would also like to acknowledge that at Kitwave, our successes are inherently tied to the dedication of our team. I would like to express my gratitude to our colleagues across

all areas of the Group for their unwavering commitment during this period.

Ben Maxted, currently our Chief Operating Officer, will become the Chief Executive Officer following my retirement. Throughout his time at Kitwave, he has demonstrated strong operational and commercial expertise, and the Directors believe that the Group will be in very capable hands under his leadership.

Summary and outlook

Our FY23 results highlight yet another year of delivering growth for our business. We are proud of our high standard of service to our existing customers, as well as expanding our customer base and service offering through strategic acquisitions, both in the South West, and in the North West post-period end. The new distribution facility under construction in the South West region will open up new business opportunities, whilst improving both the ability to handle goods as well as the efficiency of the Group.

The Group recognises the opportunities for the existing business model to continue to grow within the UK wholesale market yet understands that the business is evolving with technology. Our online order capturing has grown at a consistent rate since the launch in FY22 and expect greater utilisation by our customers in FY24 to become the preferred option.

There remain many more acquisition opportunities in the UK's fragmented wholesale market, and Kitwave is well-positioned to capitalise on these opportunities and deliver further value to the Group and its shareholders.

We would like to thank all our investors and stakeholders for their continued support throughout the period and look forward to updating the market with our progress in FY24.



Paul Young
Chief Executive Officer
26 February 2024

CHIEF FINANCIAL OFFICER'S REVIEW



David Brind FCA
Chief Financial Officer

Group revenue increased to £602.2 million, compared to £503.1 million in the year to October 2022. This included £35.9 million of acquired revenue and on a like-for-like basis a 13% increase in revenue.

The Group's Ambient and Frozen & Chilled divisions that service the Retail & Wholesale sectors of the market saw revenues increase by £44.7 million to £423.6 million, a 12% increase in the year to October 2023.

The Group's Foodservice division, saw revenues increase by £54.5 million to £178.6 million an increase of 44% in the year to October 2023. This year saw the acquisition of Westcountry Food Holdings Limited in December 2022 and included in these numbers is £35.9 million of acquired revenues. On a like-for-like basis, the division's organic growth was 15% with an increase in revenues of £18.6 million.

During the last 12 months the grocery and foodservice market experienced more significant levels of price inflation and continued challenges with supply chain shortages. Despite these challenges the Group continued to grow its overall unit sales as well as benefiting from the price rise inflation in the market.

Gross profit margin has increased by 1.5% to 21.9% during the year. The increase is partly due to a mix change with the higher margin Foodservice division trading at increased revenue levels further helped by the acquired operations contributing a gross profit margin of 36.9%. Divisional margins are also ahead of the prior year.

While inflationary pressure was seen in the cost base, overall distribution costs as a proportion of revenues only rose slightly. This includes the effect of the higher service levels in

the acquired business that had a cost to serve of 15.4%. Overall distribution costs were 9.1% of Group revenue (FY22: 8.7%).

The Group's adjusted operating profit of £32.0 million (FY22: £21.5 million) represents 5.3% (FY22: 4.3%) of Group revenue. All divisions generated an increase in adjusted operating profit margin compared with FY22.

In the 12 months ended October 2023, Group profit before tax increased by £7.0 million to £24.9 million (FY22: £17.9 million). This is a result of margin enhancing revenue growth in the business and the continued drive toward efficient delivery and cost control within the overhead base.

Net finance costs of £4.5 million (FY22: £2.5 million) relate to the costs associated with the working capital facilities utilised by the Group of £2.8 million (FY22: £1.1 million) and interest relating to leased assets accounting of £1.7 million (FY22: £1.4 million).

The statutory basic earnings per share for FY23 is 27.1 pence (FY22: 20.5 pence).

The Board is recommending a final dividend of 7.45 pence per ordinary share (FY22: 6.75 pence), subject to approval at the AGM, which, if approved, will result in a total dividend for the year of 11.20 pence per ordinary share. This is a 21.1% rise in dividend per share compared to FY22.

KPIs	FY23	FY22
Financial profitability KPIs		
Gross margin %	21.9%	20.4%
Adjusted operating profit *	£32.0m	£21.5m
Adjusted operating margin *	5.3%	4.3%
EPS (Basic)	27.1 pence	20.5 pence

KPIs	FY23	FY22
Financial structure KPIs		
Leverage (inc IFRS 16 debt) *	1.4x	1.5x
Leverage (exc IFRS 16 debt) *	0.8x	0.6x
Pre tax operational cash conversion *	90%	105%
Return on Investment Capital *	19%	15%
Return on Net assets *	30%	24%

Non financial KPIs		
Service levels	98%	98%

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

**For more information on alternative performance measures please see the glossary on pages 101 to 103.*

Capital expenditure

The Group has continued to invest in its operations over the financial year with £3.8 million (FY22: £2.0 million) invested in new assets and £10.0 million (FY22: £8.7 million) in right-of-use assets.

Supply chain problems and long order times for new vehicles were seen right through the year. Despite these delays, investment in the vehicle fleet continued with £1.5 million (FY22: £0.6 million) of new vehicles acquired and £7.7 million (FY22: £3.1 million) invested through right-of-use vehicle replacement.

Five of our leased premises were renewed resulting in an increase in right-of-use assets of £1.9 million. Included within the plant and machinery increase was £0.4 million due to the installation of solar panels at the Luton depot.

Cashflow

The net cash inflow from operating activities for the year was £30.3 million (FY22: £26.5 million) after net outflow from working capital of £3.9 million (FY22: £1.4 million inflow) and tax payments of £6.1 million (FY22: £4.0 million). This resulted in operating cash conversion of 75% (FY22: 91%) and pre-tax operational cash conversion* of 90% (FY22: 105%).

There was a cash outflow to the Group of £19.6 million in relation to the acquisition of Westcountry Food Holdings Limited ("WestCountry"). This amount is the full consideration in relation to the transaction with no further payments due. During the period, WestCountry contributed a working capital outflow of £0.8 million as a result of the part year of ownership. Excluding WestCountry the like for like pre-tax operational cash conversion would have been 91%.

The Group paid a final dividend relating to FY22 in April 2023 of 6.75 pence per ordinary share and an interim dividend in respect of FY23 in August 2023 of 3.75 pence per ordinary share. The total cash outflow relating to dividend payments was £7.4 million (FY22: £4.9 million) during the year.

The net cash decrease in the year was £4.8 million.

Financial position

At 31 October 2023, cash and cash equivalents totalled £0.7 million (FY22: £5.5 million).

The Group had a total of £59.1 million (FY22: £49.1 million) of interest-bearing debt facilities including £26.2 million (FY22: £25.9 million) of IFRS 16 lease liabilities.

The Group's CID facility was drawn to a value of £6.4 million (FY22: £20.4 million) at year end. It has one covenant requiring net debt (including IFRS 16 lease liabilities) not to exceed three times the last twelve months' EBITDA which was satisfied as at 31 October 2023. In addition to the cash and cash equivalents, there were undrawn facilities available to the Group of £39.6 million at the year end (FY22: £25.6 million).

During the period the Group extended the expiry on its CID facility by 18 months to December 2025. At the same time a new £20.0 million revolving credit facility was put in place with expiry in December 2025. This revolving credit facility is available to be utilised for permitted acquisition opportunities undertaken by the Group and was fully drawn at 31 October 2023. This facility includes the same covenant as the CID facility plus an additional interest cover covenant set such that the last twelve month's EBITDA is required to cover the last twelve month's interest charge by at least four times. This covenant was comfortably satisfied at 31 October 2023.

Taxation

The tax charge for the year was £5.9 million (FY22: £3.5 million) at an effective rate of 24% (FY22: 20%). An increase in the UK corporation tax rate from 19% to 25% was enacted part way through the Group's financial year and as a result a pro-rated tax rate of 23% is applicable to earnings for the period ending 31 October 2023. The effective rate is higher than the pro-rated tax rate mainly due to the non-deductible element of acquisition costs and compensation for post combination services. A full reconciliation of the tax charge is shown in note 9 of the financial statements.



Return on capital*

Utilising an effective tax rate of 23% (FY22: 18%) the adjusted profit after tax return on investment capital at 31 October 2023 was 19% (FY22: 15%). These returns exclude the charges relating to share-based payments.

The Group drives its profitability through investment in operational infrastructure (property leases, IT & motor vehicles) and investment in working capital. The Board considers the returns on this investment in relation to capital allocation. A second returns measure is therefore included in this report again utilising an effective tax rate of 23% (FY22: 18%). The adjusted profit after tax return on net assets at 31 October 2023 was 30% (FY22: 24%).

**For more information on alternative performance measures please see the glossary on pages 101 to 103.*

Share based payments

In the year there was an expense of £1.0 million (FY22: £0.9 million) for share-based payments comprising:

- £0.9 million relating to shares under the Management Incentive Plan (MIP) that commenced in July 2021 post the completion of the IPO in May 2021.
- £0.1 million relating to shares under the Long-Term incentive plan (LTIP) that were granted in March 2023.

Details of the MIP and the LTIP are set out in the Remuneration Committee report on pages 44 to 48.

David Brind
Chief Financial Officer
26 February 2024

SECTION 172 STATEMENT

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

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

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

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

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

Employees

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

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

To further enhance the focus on safety the Group appointed a new Group Health and Safety Director in April 2022. This role has led to the implementation of enhanced training and improving documented health and safety standards and incident reporting and monitoring.

For continued colleague growth at all levels the Group invests in formal and informal training and has a track record of promoting talent from within.

Strategy

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

Customers and suppliers

The Group's relationships with customers and suppliers are crucial to our success. There is regular communication with customers through a dedicated sales network, telesales and email, thus ensuring customer expectations are satisfied. Investment in our newly launched web-based trading platform provides customers with increased options to order and wider access to products.

The Group has developed long term relationships with suppliers to provide a high quality and sustainable supply chain. The Group meets its suppliers regularly to continually develop strength in the supply chain and our suppliers' routes to market. During the year the Group has continued to develop joint business plans with key suppliers and worked closely to further enhance relationships.

Environment and Communities

The Group recognises its impact on the community and environment and actively seeks ways to minimize its carbon footprint. This is achieved through engagement with energy management professionals, the acquisition of new fleet vehicles to meet emission requirements, implementation of telematics and route planning software to optimize deliveries, the use of solar panels in energy production and responsible procurement reducing the Group's food waste. Further detail in relation to these workstreams can be found on pages 23 to 28.

Governance

The Group has an established reputation with suppliers and customers and this is underpinned by high standards of business conduct. The Group operates anti-money laundering, anti-bribery and whistle-blowing policies to ensure it operates in an ethical and sustainable manner.

The Group fully endorses the aims of the Modern Slavery Act 2015 and takes a zero tolerance approach to slavery and human trafficking within the Group and supply chain.

The Enterprise Risk Management framework, established in the prior year, was further developed via regular engagement between the Board and the risk champions. Additional investment in cyber security was identified as a result of this process, leading to an improved IT security environment. This continuous engagement ensures that review, assessment and mitigation of business risk through process improvement is integral to the Group's operating activities.

Teresa Octavio was appointed on 1 February 2023 as an additional Non-Executive Director to both increase diversity of skills and experience and provide a balance between the number of Executive and Non-Executive Directors on the Board.

The annual Board evaluation was carried out by the Chairman and took the form of a detailed questionnaire followed by a review of the lowest scoring areas. The principal actions that arose from the review include:

- Improve internal communication with colleagues in relation to vision and strategy;
- Chair to conduct annual individual feedback sessions with each Director starting in FY24;
- Develop and complete a skill matrix to assess the Board skillset and identify any gaps;
- A development exercise to be carried out to assist in understanding different leadership styles, to increase self awareness and to identify opportunities for improved teamwork within the Board.

Shareholders

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

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

Further information is included in the Governance section, Principle 2 of the QCA Corporate Governance Code.

RISK MANAGEMENT

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

to identify, evaluate, manage, and monitor risks across all the Group's operating companies. During this reporting period the Board reviewed and assessed the level of underlying risk identified and the associated controls and mitigations for each of the Group's principal risks.

The Board continually reviews the potential risks facing the Group and the controls in place to mitigate those risks as well as reduce any potential adverse impacts. The Board recognises that the nature and scope of risks can change and that there may be other risks to which the Group is exposed. This list is not an exhaustive list of all the potential risks and uncertainties that could adversely impact the Group's results:

During the prior year the Audit Committee worked with the Executive Management to develop an Enterprise Risk Management (ERM) framework to identify, assess and manage risk within the business. The introduction of the ERM framework is seeking to ensure that a consistent and proportionate approach is used

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

OPERATIONAL & TECHNOLOGY

Risk category	Potential impact	Mitigation
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Failure of a significant operational location	The Group operates from eight key distribution hubs. The loss of one of these locations would negatively impact the operations and this would be heightened were it to be one of the operations managing frozen product.	The Group operates from 30 depots across the UK and has a certain amount of built-in protection from the sudden loss of one site for a short period of time. The key sites are either owned or subject to long term leases to ensure long-term visibility.
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Operational regulations resulting in the loss of a goods delivery license	The absence of a robust framework relating to operational regulations, such as the goods delivery license, may result in non-compliance, which in turn would impact negatively on the Group's ability to operate and service its customers.	Each site has a director to manage drivers' Certificates of Professional Competence and associated relevant training programmes. There are mechanisms for monitoring driver hours and Preventative Maintenance Inspection intervals in relation to delivery vehicles to ensure that the Group is running its delivery fleet responsibly and in line with traffic regulations. Vehicle Operator Compliance Risk Scores in accordance with legislation across the fleet are monitored in a Board pack on a monthly basis, e.g. vehicle check results for overweight vehicles, MOT failures.
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IT resilience and cyber attacks	The Group has a certain degree of reliance on its IT infrastructure including the logistics, warehouse, and CRM systems. Non availability of these systems for a prolonged period could lead to lost revenue. In addition these systems may be vulnerable to cyber- attacks which if successful would affect the operations of the business. Both of these could also have a reputational impact on the business.	The Group has a comprehensive business continuity plan and the Board believe that adequate fail over and back up facilities are in place to minimise the risk of prolonged downtime across the depot network. The Group's IT team continuously assess the network's vulnerability to cyber threats and have implemented measures to minimise this risk presenting itself through devices, networks or users. These measures include: • Contracting critical network management tasks to accredited vendors. • Deploying leading cyber protection applications on networked devices. • Remote management of all networked devices. • Continuous training of users in cyber matters. • Regular external testing of the Group's network security applications.
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RISK MANAGEMENT

STRATEGIC AND FINANCE

Risk category	Potential impact	Mitigation
Liquidity and forecasting risk	The result of a liquidity risk manifesting itself would be that the Group would be unable to pay its creditors as they became due. This risk could arise as a result of non-performance reducing profitability and cash generation, expanding too quickly, or poor budgetary planning. A reduction in cash for investment will have a detrimental impact on the Group's ability to deliver its strategy of expanding its depots network on a timely basis.	The Group has a strong balance sheet and its business model has inherently strong cash generation in a steady state. Effective working capital controls operate within the business with particular emphasis on trade receivable controls and delivering a high stock turn which allows stock to reduce quickly if the need arises. The Group's bespoke cash flow model has proven a reliable forecasting tool for a variety of economic and trading conditions. Its accuracy in predicting future cash flows will assist in ensuring that the Group can plan future cash flows with confidence. It will also assist the Group to react in a timely manner to changing circumstances so that sufficient funding is available.
Acquisition risk	The Group is likely to acquire other businesses, when suitable opportunities become available. Any future acquisition poses integration and other risks which may significantly affect the Group's results or operations. There is also no assurance that the Group will identify suitable acquisitions or opportunities.	The Group has an excellent record of acquiring and successfully integrating businesses over a long period of time. The market is highly fragmented and the number of acquisition opportunities remains substantial.

PEOPLE & GOVERNANCE

Risk category	Potential impact	Mitigation
Recruitment and retention of key employees and skilled colleagues	As a result of inadequate people management processes, there is a risk that key personnel and talent are not being attracted and retained, which may lead to key person reliance or management stretch and, ultimately, have a negative impact on Kitwave's ability to both execute its business strategy successfully and provide quality service to customers.	The Group's remuneration packages are in line with market offerings, not just financial but also the duties and responsibilities included within the role. The Group offers training and development programmes with opportunities for promotion within the Group. The culture towards health and safety of our colleagues, the roll out of the online portal and the Group's partner scheme with GroceryAid demonstrates our commitment to our colleagues' health and wellbeing.
Health and safety (H&S)	As a result of failings in health and safety management systems, there is a risk that accidents, fines, damages or interruptions may occur at Group locations, such as depots or distribution centres, which may lead to actual or alleged violations arising under health and safety laws.	The Group has: • Statutory compliance and health and safety management compliance reviews covering fire risk assessment, asbestos, electrical wiring. • Safe management systems in place for reporting, incidents, near misses and training. • H&S briefings and site visits performed. • Training provided to staff members and warehouse reviewed and instructions provided as required. • A competent H&S person (IOSH trained) available on every site. • Group H&S Director overseeing and coordinating activity of site competent H&S colleagues including central management of risk assessments and learnings from each site.

ECONOMIC AND ENVIRONMENTAL

Risk category	Potential impact	Mitigation
Global / regional pandemic	As the COVID-19 pandemic has shown the implications on operations and financial performance can be significant. Such an event can have implications for supply chain, colleagues' health and wellbeing and the ability of our customer base to continue trading.	The Group's IT infrastructure and business continuity plan allowed many administrative and sales colleagues to work from home in a safe environment minimising their personal health and wellbeing risk and the risk to Group operations. The Group's breadth of excellent supplier relationships has continually allowed it to maintain good stockholdings. While enforced customer closures in the affected parts of the Group would impact the business, our excellent relationships would reduce the adverse cashflow effect on the Group and also ensure it is in a strong position to re-commence trading with suppliers once restrictions ease.
Macro-economic environment in the UK	Almost all the Group's revenue is generated in the UK from UK customers. A deterioration in the UK economy may adversely affect consumer confidence to spend, particularly on discretionary products such as impulse purchases.	The Group seeks to mitigate this risk by having diversified income streams supplying 44,000 different products to over 42,000 customers. Many of these products are staple items and not of a discretionary nature so volume sensitivities to pricing across the range is sheltered to some extent. The Group reflects any price increases from its suppliers to customers as the pricing of products is similar across the market. This pricing structure maintains the Group's margin and also contributes to any increased costs in its overhead base. The Group enters into fixed term supply contracts for its energy thereby reducing volatility in its gas and electricity pricing.
Competitive environment	The industry is extremely competitive with the market being served by many businesses ranging from national to smaller more regionally based wholesalers. Failure to respond or recognise changes in the competitive landscape could have an adverse impact on the Group's financial performance.	The Group continues to compete by ensuring its commitment to service quality is at the heart of its operations. Excellent relationships with Brand owners also ensures that the business has a wide product offering and stock holding at competitive prices to support customers requirements. The Group's infrastructure and supply chain also makes it more difficult for new entrants to compete in the short term.

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



David Brind
Chief Financial Officer
26 February 2024

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG)



Ben Maxted
Chief Operating Officer

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During the financial year the Group's ESG steering group, comprising of the CFO, COO and Group Financial Controller aligned and embedded its Corporate Social Responsibility (CSR) strategy with the Group Strategy.

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The Board believe that a long-term sustainable business model is essential for the success of the Group, its colleagues, shareholders and other stakeholders of the business and is responsible for assessing the risks and opportunities and setting the ESG strategy. In considering the Group's strategic plans for the future, the Board proactively considers the potential impact of its decisions on all stakeholders within its business, in addition to the broader environmental and social impact, including the positive impact it can have within the local communities that the Group operates in.

The Group formed its ESG steering group comprising of the CFO, COO and Group Financial Controller in prior year and has met on three occasions during the year. The aim and objectives of the steering group are to monitor the implementation of CSR practises across the Group, ensure standardisation and introduce relevant and realistic targets. The ESG steering group reports its findings and recommendations to the Board.

During the financial year the Group's ESG steering group, aligned and embedded its Corporate Social Responsibility (CSR) strategy with the Group Strategy and orchestrated a number of initiatives to advance the Group's ESG agenda.



Environmental

As a delivered wholesale business, we own and operate a fleet of vehicles to deliver products between our distribution warehouses and to our customer locations. As well as significant fuel emissions the Group is also a user of energy in the refrigeration, heating, and lighting of its 30 warehouse locations. The Board recognises the impact of the Group's business on the community and the environment and actively seeks ways to minimise its carbon footprint. During the year the Group has undertaken a number of diversified workstreams to reduce its carbon footprint.

Energy

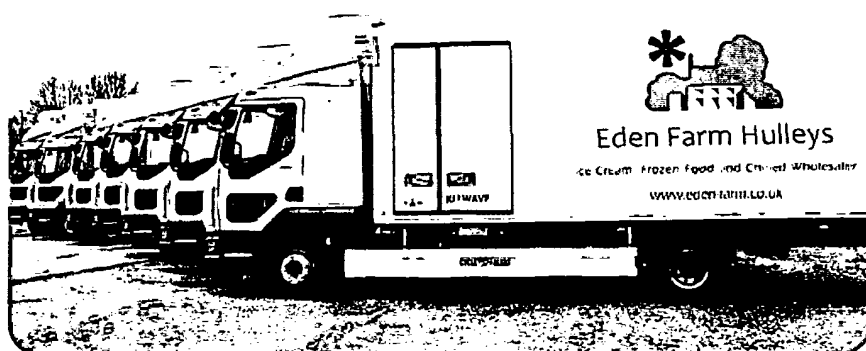
As at the end of the financial year, the Group completed its investment in the installation of a 730 kWp solar PV system at its Luton distribution centre. In total the committed investment of £500,000 will provide 713,000 kWh of annual generation capacity, equating to 24% of the site's energy requirement annually. The Group now has solar generation across seven of its larger sites producing 513,000 kWh of energy in the year. Installed solar generation capacity is offering 10.7% self-sufficient energy generation for the Group.

Feasibility studies have been commissioned working with our partners Perfect Sense, to install roof-mounted solar PV at our York distribution centre and our purpose-built Southwest distribution centre in Newton Abbott which is due for completion in Q4 2024.



The Group's energy management partner Businesswise Solutions Limited has continued to work closely with the Group in the financial year, completing our ESOS Phase III reporting, assisting in the completion of our SECR reporting and continuing to offer support on the energy procurement strategy.

This partnership resulted in the installation of 72 electrical sensors across Luton, York and Peterlee providing monthly energy insights for these locations. The review identifies opportunities for



improvement and provides plant specification energy emissions so that we can manage and record savings as a result of energy conservation measures across the three sites. This identified a required investment in new evaporators at our Peterlee distribution centre resulting in a 39% reduction in energy usage (23,000 kWh/yr.). Our depot infrastructure is always under review, during the year we consolidated the Reading and Kirkham refrigerated pick depots into existing capabilities in the network leading to a reduction in kWh of 725,000 kWh – 6% reduction in energy usage across the Group.

The Group's energy management strategy is based around load management to reduce usage in our main temperature-controlled warehouses. This is achieved through the use of electronic timers built into the control panels of the freezer unit to reduce emissions by turning off the power at certain periods during the day. As the warehouses maintain a core temperature, we turn them off at times of low door usage (outside of goods in and dispatch) to reduce our energy emissions without damaging product integrity. The management of the condensers in this way in Luton has resulted in an annual saving of 142,000 kWh.

Fleet

As a nationwide delivered wholesaler we will continue to ensure that through careful management of our vehicle fleet we limit our impact on the environment and reduce our carbon use where possible. Our fuel use is in general a factor of the mileage driven delivering goods to our customers and the efficiency of our vehicles. The former is determined by the number of customer drops, the distance from our depots and the distance covered between drops. The latter is largely a function of the age of the vehicle and the type of fuel used.

Proactive maintenance of the Group's vehicles also ensures the delivery fleet operates as efficiently as possible, while limiting any unnecessary CO₂ emissions.

The Group has always focused on efficient route planning and the optimisation of deliveries. This is achieved by ensuring orders are correctly processed and delivered under our right first time ethos.

Our statistics show that 98% of orders are delivered right first time.

The principal actions taken to improve the efficiency of the vehicle fleet during the FY23 period were the purchase of new vehicles to meet Euro 6 emissions standards, procurement of electric refrigeration units in temperature-controlled vehicle fleet replacements and the implementation of telematics to increase MPG per vehicle through reviewing driving efficiency. Proactive maintenance of the Group's vehicles also ensures the delivery fleet operates as efficiently as possible, while limiting any unnecessary CO₂ emissions.

Waste management

The Board is committed to meeting all relevant environmental legislative requirements relating to its business. The Group continues to look at ways of reducing the packaging and food waste generated through its activities. As a way to reduce food waste, we strengthened the relationship with our new food charity partner, Too Good To Go, who connect the general public with surplus or short dated stock from our depots. In seeking to reduce excess packaging, to reduce costs to the Group while providing an environmental benefit, the Group recycles packaging and internal waste wherever possible.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG)



Streamlined Energy Carbon Reporting

The Group supports the drive for sustainable business practices and the table below outlines the energy use, in kWh, for the FY23 period.

Energy use (kWh)	2023	2022
Scope 1 non-transport	564,820	746,509
Scope 1 transport	58,001,661	52,369,007
Scope 2 electricity*	11,286,598	11,330,822
Total energy (kWh)	69,853,080	64,446,339

Carbon emissions table (tCO ₂ e)	2023	2022
Scope 1 non-transport	114	151
Scope 1 transport	17,028	14,344
Scope 2 electricity*	2,183	2,191
Total emissions (tCO₂e)	19,325	16,686

Total deliveries	1,442,553	1,000,620
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Carbon intensity (tCO ₂ e/deliveries)	2023	2022
	0.013	0.017

Solar generation (kWh)	2023	2022
	537,459	361,292

*location based scope 2 emissions

As a delivered wholesaler over 80% of the Group's carbon emissions occurs from Scope 1 transport. Consequently, the Board assesses the carbon intensity of the Group based on deliveries. Greenhouse

gas ("CI IC") intensity per delivery is 0.013t/CO₂e, down from 0.017t/CO₂e in FY22 showing an improvement in the Group's carbon efficiency. GHG emissions are from operationally controlled activities, in accordance with WRI/WBCSD Reporting Protocols.

The increase in Scope 1 transport emissions is due to the increase in business activities as deliveries increased. The increase is a result of both the acquisition of Westcountry Foods Holdings Limited and the organic growth across the trading entities.

The impact of the increase in delivery activity was partially offset in emissions by the delivery optimisation projects undertaken, which included delivery matrix reviews and depot rationalisation. The addition of WestCountry, which has a well-developed and efficient operating model, further contributed to the improvement of the Group's carbon intensity metric.

Scope 1 non-transport emissions include natural gas and burning oil, used for heating within operated premises. Scope 2 electricity costs comprise the electricity costs of the Group's operated premises. The reduction in both these emissions is a result of the investment the Group has made in its new Luton and Wakefield facilities, which are more energy efficient sites than their predecessors, and depot rationalisation, principally in the Frozen and Chilled Division following the absorption of two pick locations into existing depots.

Looking ahead to FY24 the Group will see energy efficiencies from the installation of the solar panels at the Luton depot and are currently undertaking further feasibility studies for additional solar capacity. Investment in the new distribution centre in the South West will allow the Group to pursue delivery optimisation opportunities across all entities operating in that geography, in addition to the investment in modern, more efficient, cold chain technology.

Entity management will continue to monitor energy emissions monthly, utilising data and in partnership with the Group's energy management partner, Businesswise Solutions.

The Groups SECR methodology applies the conversion of units of fuel into tonnes CO₂e using the UK Government Conversion Factors 2023.

Scope 1 transport emissions have been calculated by taken the total litres of fuel used in the reporting period and converting them to tonnes of CO₂e using the relevant conversion factors.

Scope 1 non transport relating to gas use and scope 2 electricity have been calculated by taking the total kWh from utility bills in the period and converting them to tonnes of CO₂e using the relevant conversion factors.





Social

The Group places significant value on its colleagues who are fundamental to the Group's ability to offer high levels of customer service. The Group is committed to creating a working environment in which they can grow and develop and be both fairly rewarded and respected for their contribution. During the year the Group continued to review and benchmark rates of pay to ensure that they are competitive. The Group implemented a cost-of-living increase to all colleagues in FY23.

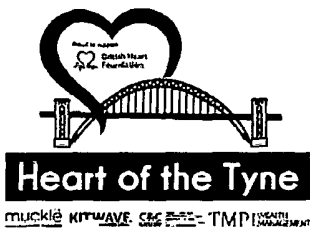


To demonstrate the value the group places on its colleagues it further supported them in the year with the implementation of the Kitwave One Employee Benefits portal, with the successful roll out to over 600 colleagues providing medical cover, death in service and retail discount benefits at no cost to employees.



The Group is committed to ensuring the safety of all colleagues. In the financial year the Group has implemented a digital Health and Safety information and reporting system through the introduction of an online portal. This is having the desired effect of increasing the speed of reporting and information flow across the business units and provide standardisation of content relating to risk assessments, incident reporting, incident resolutions and learnings across the Group.

During the financial year, the Group has invested in and rolled out defibrillators at all sites working alongside one of its charity partners The British Heart Foundation.



The Group invests in formal and informal training to develop colleagues at all levels. We continue to prioritise the development of our colleagues and to invest in them to further their professional qualifications and licenses. 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.



To further develop our people the Group has engaged with a consultant on our People agenda and worked collaboratively to design a 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 by the provision of the development they require.

We also prioritise the physical and mental health of our colleagues. During the year the Group strengthened its partnership with Grocery Aid, a charity who offer financial, emotional, and practical support for people who work, or have worked, in the grocery

industry. During the year there was engagement in number of colleague led activities across the Group raising both awareness and funds. 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.

The Group recognises its responsibility to the communities in which it operates, and charitable work is important to the Board. During the year the Group partnered with the Heart of the Tyne foundation and through a number of different charitable events, raised in excess of £60,000 for The British Heart Foundation and Grocery Aid.

The Group is committed to employment policies which follow best practice and endorses the application of equal opportunities to provide fair and equitable conditions for all the Group's employees. Gender pay gap information is published on an annual basis as required.

The Group is involved in the delivery of third party and own branded products to over 42,000 customers across the UK. Food safety underpins our operational rational, and it is important that accredited British Retail Consortium and STS food standard facilities operate within the Group. The Group works to offer a choice to our customer base, through product ranges which are environmentally friendly, as well as offering alternative products which are more health conscious to give our customers an informed choice. The development of our new web offering has also made product allergen information more readily accessible.

Moving into FY24 the Board is committed to having all current colleagues participating in the Kitwave One Employee Benefits portal by the end of the financial year.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG)



Governance

The Group is a member of the Quoted Companies Alliance (QCA) and adopts its code of practice as detailed in its Corporate Governance section on pages 37 to 38.

The Group has an established reputation with suppliers and customers, and this is underpinned by high standards of business conduct. The Group seeks to maintain goodwill with its clients by supporting their local initiatives, which in turn directly and indirectly supports the communities which the Group's customers serve.

The Group operates anti-money laundering, anti-bribery and whistleblowing policies to ensure it operates in an ethical and sustainable manner. The Group fully endorses the aims of the Modern Slavery Act 2015 and takes a zero-tolerance approach to slavery and human trafficking within the Group and its supply chain. The Group has put controls and processes in place in order to deliver compliance with GDPR legislation to ensure data security and customer privacy.

The Group has a Remuneration Committee which is responsible for overseeing and determining its remuneration policy including the terms and conditions of service for the Executive Directors and certain senior

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

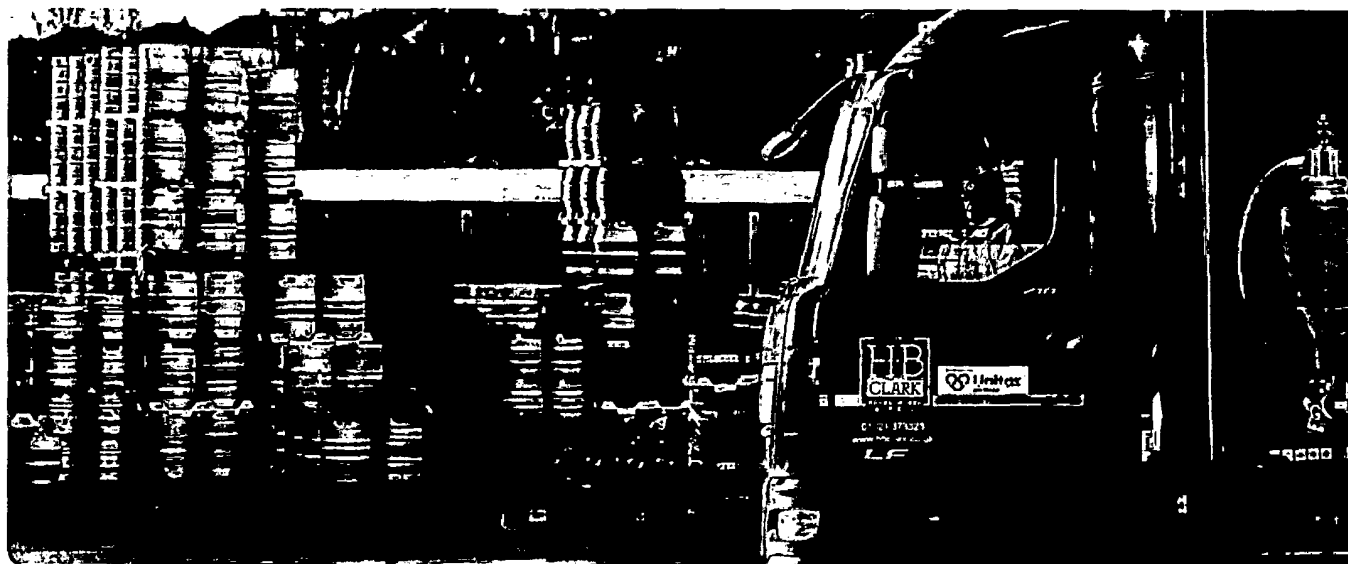
During the year, the Group developed the Enterprise Risk Management (ERM) framework during which its risk register was reviewed and the risk appetite for the Group's principal risks updated.

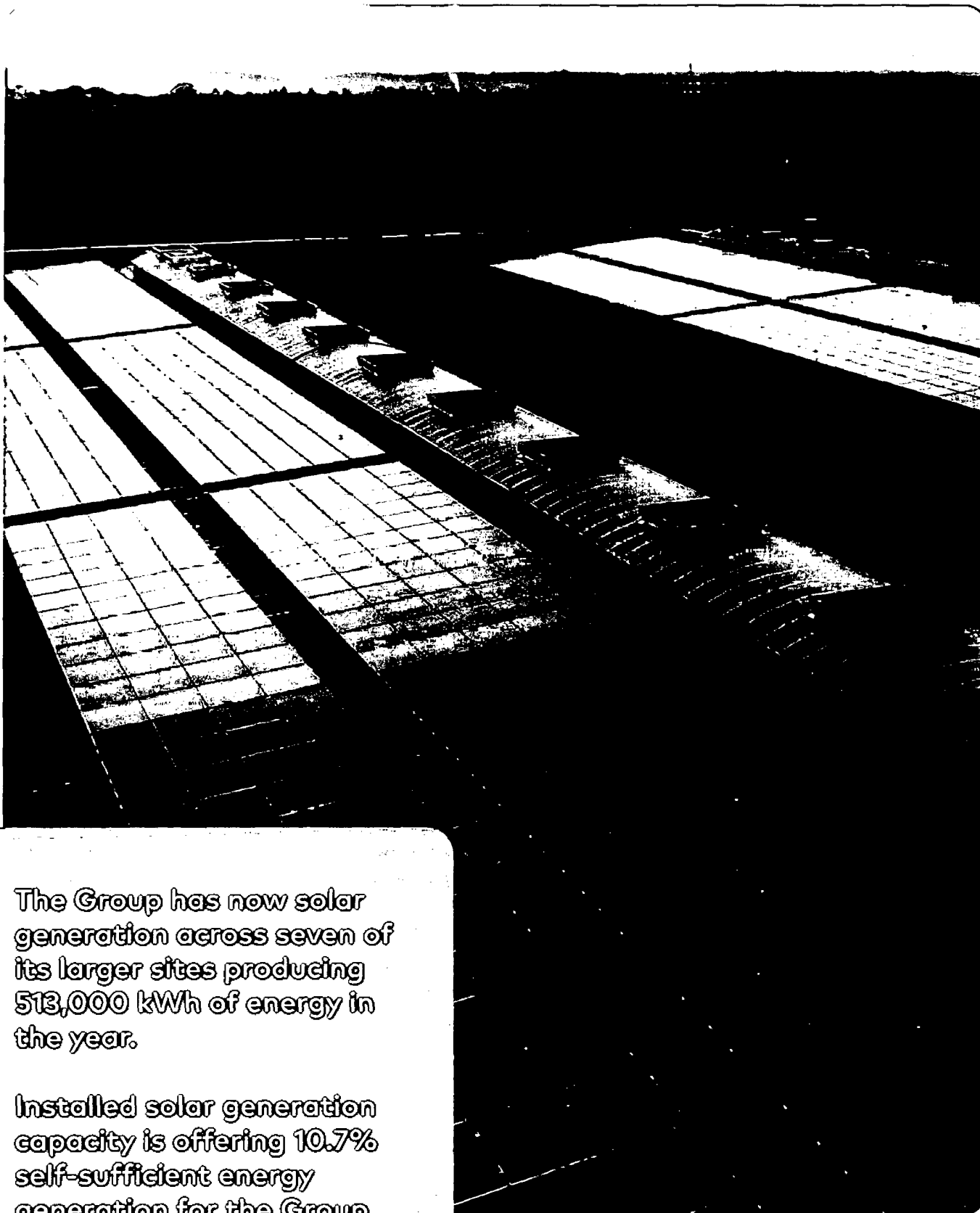
The Group continues to enhance its transparency of the risk environment through further development of the risk register and associated mitigations and internal controls. The Group has developed the Enterprise Risk Management (ERM) framework and during the year its risk register was reviewed and the risk appetite for the Group's principal risks updated.

The ERM framework has allocated the management, monitoring and reporting of the Group's principal risks to an appropriate risk champion for each identified risk. During the year the risk champions have had regular engagement with the Board with the risks being scheduled into the Board agenda for regular consideration. The Group has invested significantly in its cyber security development in both hardware and software which has enabled cyber insurance cover to be put in place.

Moving into FY24 the Board will further develop the Enterprise Risk Management (ERM) framework and embed further risk management strategies into the reporting of the Group.

Ben Maxted
Chief Operating Officer
26 February 2024





The Group has now solar generation across seven of its larger sites producing 513,000 kWh of energy in the year.

Installed solar generation capacity is offering 10.7% self-sufficient energy generation for the Group.

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES STATEMENT

The Group supports the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and is pleased to present our first TCFD statement, in line with the requirements for AIM listed entities with over 500 employees.

Climate change is one of the biggest challenges facing the world, one that will affect everyone in the global community.

As a delivered wholesale business, the Group may see climate related challenges arising from extreme weather events and the impact on commodity prices into our suppliers' core products. The Group recognises the benefits of gaining a better understanding of the climate-related risk and potential opportunities.

The Group continues to develop its climate strategy and is conscious of its environmental impact on the wider community.

The Group's first TCFD statement is set out below and has been prepared on a 'comply or explain'. The Group has identified its compliance status and set out actions required in order to achieve compliance in future.

Key focus for the coming year includes incorporating Sustainability and Climate Change risk into the Enterprise Risk Management (ERM) framework, linking this to the strategy, and formalising reviews at Board level. Work has been performed to identify many of the key risks to the business relating to Sustainability and Climate change issues. The completion of this work

during the forthcoming year will include the inclusion of appropriate mitigation measures and actions that the Group will seek to undertake going forward as part of its management of its ERM framework.

TCFD recommendation	TCFD recommended disclosure	Activities to date and planned actions to achieve compliance
Governance	Describe the Board's role in assessing and managing climate-related risks and opportunities.	The Board is ultimately responsible for the Group's ESG strategy including climate-related governance and initiatives. Going forward the CEO will lead on the strategy issues in the Board. The Group is committed to reaching net zero carbon emissions by 2050 and is engaging with the Federation of Wholesale Distributors to tackle industry-wide decarbonisation themes. The Net Zero steering Group was established in the year comprising the COO, CFO and two members of the Operational Board, and has been tasked with delivering the Group's roadmap to net zero 2050.
	Non-compliant	
		Planned actions As part of the development of the Group's energy governance, a Sustainability and Climate Change risk will be added to the Enterprise Risk Management (ERM) framework. This will formalise the review of climate-related risks and opportunities by the Board and recognises the Group's commitment to reducing its environmental impact.

Governance (continued)	Describe management's role in assessing and managing climate-related risks and opportunities. Non-compliant	The Group's Operational Board is aware of its role in seeking to lower carbon emissions and is updated bi-annually via Streamlined Energy and Carbon Reporting ("SECR") data. The Group continues to engage Businesswise Solutions as its energy management consultant, working with operational management to deliver energy and carbon savings for the Group's operating sites. The Group concluded its tri-annual Energy Savings Opportunity Scheme (ESOS) audit which contains energy opportunities which are currently being assessed. Planned actions Following the addition of Sustainability and Climate Change risk to the ERM, the outputs will be shared with the Operational Board and cascaded to entity management. A key objective of this workstream will be to seek TCFD compliance across all 11 pillars and to ensure the Group proactively manages climate-related risks and opportunities.
Strategy	Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long term. Non-compliant	The nature of the Group's operations and financial performance are intrinsically linked to Scope 1 & 2 carbon emissions, with 88% of its emissions driven by transport. To that end the Group is constantly assessing, and seeking mitigation for, its carbon emissions principally through delivery optimisation. Many of the climate related short term opportunities have been identified in recent years. Where appropriate these opportunities have been addressed through capital investment and operating changes as set out more fully in the ESG report on pages 23 to 24. Introduction of a Sustainability and Climate Change risk will formalise the assessment of both transitional and physical climate-related risks over the short, medium and long term, considering external risk factors such as supply chain and customer requirements. Planned actions The Group will look to perform a climate scenario risk analysis covering both transitional and physical climate-related risks. The results will be presented to the Board during the establishment of the Sustainability and Climate Change risk within the ERM.
	Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning. Non-compliant	During the year the Group continued to formulate its Net Zero strategy, identifying five decarbonisation themes across Vehicle Emissions, Electricity, Refrigeration (gases), Heating and Value Chain. Planned actions The Group will assess its climate-related risks and opportunities via the introduction of a Sustainability and Climate Change risk to the ERM framework. This will include assessing these five decarbonisation themes with a clear link to strategy and financial planning.

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES STATEMENT

TCFD recommendation	TCFD recommended disclosure	Activities to date and planned actions to achieve compliance
Strategy (continued)	Describe the resilience of the organisation's strategy, taking into consideration difference climate-related scenarios, including a 2°C or lower scenario. <i>Non-compliant</i>	Planned actions Development of the Sustainability and Climate Change risk will include the development of thought on climate related scenarios.
Risk management	Describe the organisation's processes for identifying and assessing climate-related risks. <i>Non-compliant</i>	The Group identifies and manages risk through the ERM framework which includes the Audit Committee working with operational management. The ERM status is overseen by the Board with the principal risks designated to risk champions for monitoring and continual assessment. Planned actions As set out above, going forward the Group's ERM will incorporate a principal risk covering Sustainability and Climate Change, involving operational management from around the Group to input into the assessment of material risks and opportunities.
	Describe the organisation's processes for managing climate-related risks. <i>Non-compliant</i>	Planned actions Development of the Sustainability and Climate Change risk will further develop this process.
	Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management. <i>Non-compliant</i>	Planned actions Development of the Sustainability and Climate Change risk will incorporate climate-related risks into the Group ERM framework.

Metrics and targets	Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process. Non-compliant	Scope 1 & 2 carbon emissions are the key metrics monitored and disclosed by the Group. Assessment of emissions relating to fuel and energy (electricity and gas) against the Groups delivery output allows the Group to benchmark performance for ongoing monitoring. Continued energy management, working alongside Businesswise, will develop the Group's energy efficiency project pipeline. Metrics have been developed around route optimisation, energy consumption and solar PV generation as set out in the ESG report on pages 23 to 24. Planned actions The Group will develop its management KPI's around Scope 1 & 2 carbon emissions with feedback provided to the risk champion for Sustainability and Climate Governance risk. The Group will consider the opportunities available to baseline its scope 3 emissions, whilst continuing to engage with industry Groups to determine best practice. The Group will aim to engage with the largest brand owners in the supply chain to support our carbon reporting development.
	Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emission, and the related risks. Compliant	The Group have disclosed our Scope 1 and 2 emissions since 2021 within the ESG section of our Annual Report. Planned actions As noted above, the next step for the Group is to determine how to base-line its Scope 3 emissions and is expected to focus on category 1 purchased goods and category 7 employee commuting.
	Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets. Non-compliant	The Group reviews SECR data bi-annually with a focus on fuel and energy emissions. Operational management review monthly energy performance of operating sites via the energy management support from Businesswise. Planned actions Following full base line of Scope 1, 2 & 3 emissions the Group will seek to determine short, medium and long term targets, including the establishment of appropriate KPI's to measure progress towards these targets.

CORPORATE GOVERNANCE

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BOARD OF DIRECTORS

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



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

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

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



Paul Young
Chief Executive Officer

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



David Brind
Chief Financial Officer

David joined the Group in 2011, following NVM Private Equity LLP's investment and has led the 13 successful acquisitions to date as well as being responsible for the development of the IT and reporting infrastructure. He had a close relationship with the Group over a number of years before joining through his role at Barclays.

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



Ben Maxted
Chief Operating Officer

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

Ben is a Fellow of the Institute of Chartered Accountants in England and Wales having trained at PricewaterhouseCoopers, where he spent three years in its Corporate Finance division. He obtained a degree in Business Accounting and Finance at the University of Newcastle upon Tyne. Ben was appointed to the Board as Chief Operating Officer in November 2021.



Gerard Murray
Independent Non-Executive Director

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

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



Teresa Octavio
Independent Non-Executive Director

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

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

CORPORATE GOVERNANCE REPORT

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

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

See the Strategic report from pages 11 to 32.

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

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

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

2. Seek to understand and meet shareholder needs and expectations

The Executive Directors are keen to engage with shareholders and they intend to maintain regular communication with institutional shareholders. Individual meetings will be offered following publication of the Group's interim and annual results.

Private shareholders are encouraged to email questions using the designated email address for investor relations at kitwave@yellowjerseypr.com.

The Group's website has a dedicated investor relations website page. It is intended that any separate operational websites will include a link to the Group website to ensure that appropriate information is communicated to shareholders.

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

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

The Group takes its corporate social responsibility very seriously and is focused on maintaining and strengthening effective working relationships across a wide range of stakeholders including shareholders, staff, suppliers and customers.

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

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

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

4. Embed effective risk management, considering both opportunities and threat, throughout the organisation

The Board is responsible for maintaining and reviewing the effectiveness of the Group's risk management activities, intended to monitor and mitigate, rather than eliminate, the significant risks that the

Group is exposed to. The Group has implemented policies and procedures to address risk including with respect to wholesaling, warehouse and fleet operations, customer credit and compliance.

The Audit Committee and the Executive Management have developed an Enterprise Risk Management (ERM) framework to identify, assess and manage risk within the business. The introduction of an ERM framework is seeking to ensure that a consistent and proportionate approach is used to identify, evaluate, manage, and monitor risks across all the Group's operating companies.

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

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

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

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

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

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

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

Director attendance at the relevant Board and Committee meetings is summarised on page 38 within the Corporate Governance report.

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

The Directors of the Group and their biographies are set out on pages 35 and 36. The Directors believe that the Board has the appropriate balance of skills and experience to deliver on the strategy of the Group.

The Board is not dominated by one individual and all Directors have the ability to challenge proposals and plans for the Group. The Directors have also received briefings and training in respect for the compliance of the AIM Rules and the Market Abuse Regulations.

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

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

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

1. Improve internal communication with colleagues including in relation to vision and strategy. A third-party consultant has been engaged to support efforts to better engage and empower teams.
2. Chair to conduct annual individual feedback session with each Director starting in FY24.
3. Develop and complete a skill matrix to assess the Board skillset and identify any gaps.
4. A Board development exercise to be carried out to assist in understanding different leadership styles, to increase self awareness and to identify opportunities for improved teamwork.

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

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

- The Group's culture in general, e.g.:
 - Management and Executive Director open door policy;
 - Whistleblowing policy; and
 - Anti-bribery and corruption policy.
- The Group's approach to trading, e.g.:
 - Missing trader policy; and
 - Know your customer checks (including VAT compliance).
- The Group's corporate responsibility culture, e.g.:
 - Health and safety policies (covering colleagues and selected stakeholders);
 - Tax policies

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

9. Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board

The Board is committed to a high standard of corporate governance across the Group, recognising that it is important in protecting Shareholders' interests and the long-term success of the Group.

The Non-Executive Chairman leads the Board and is responsible for its governance structures, performance and effectiveness. The Board aims to meet at least 10 times per year. The

Chairman, aided by the Company Secretary, is responsible for ensuring accurate and timely information is received by the Directors.

The Board is supported by the Audit Committee, Remuneration Committee and Nomination Committee. The terms of reference for these committees have been set but will be kept under review by the Board.

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

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

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

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

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

	Board	Audit	Remuneration	Nomination
Steve Smith	14/14	3/3	5/5	6/6
Gerard Murray	14/14	3/3	5/5	6/6
Teresa Octavio*	11/11	2/3	4/4	5/5
Paul Young	13/14	3/3	4/5	6/6
David Brind	14/14	3/3	-	1/6
Ben Maxted	14/14	3/3	1/5	-

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

*Teresa Octavio was appointed to the Board on 1 February 2023

AUDIT COMMITTEE REPORT

On behalf of the Board I am pleased to present the Audit Committee report for the year ended 31 October 2023.

Committee members

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

Gerard Murray (Chair)

Steve Smith

Teresa Octavio

Teresa Octavio was appointed to the Audit Committee on 1 February following her appointment as a Non-Executive Director to the Board on 1 February 2023.

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

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

The Audit Committee has met on three occasions in the reporting period and attendance is shown in the table on page 38. The Committee has continued with its schedule of meetings since the financial year end in order to discharge its responsibilities to the Board.

Responsibilities of the Committee

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

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

Activities of the Committee

Since the date of the FY22 Annual Report and Accounts the Committee's principal activities comprised a review of the:

- Draft interim financial statements for the six months ended 30 April 2023
- Audit plan by the Group's independent auditor for the year ended 31 October 2023
- Draft Annual Report and Accounts for the year ended 31 October 2023
- Management representations to the Group's independent auditor for the year ended 31 October 2023
- Audit Findings Report from the Group's independent auditor which included an assessment of accounting and internal controls
- Enterprise Risk Management framework and its application to the Group's principal risks.
- Group's principal risks and the effectiveness of associated controls on an individual risk basis.
- External announcements made by the Company

The recommendation to the Board of the:

- Terms of engagement of the Group's auditor
- Approval of the Annual Report and Account for the year ended 31 October 2023 considering the following key issues:
 - Accounting policies adopted in the preparation of the financial statements
 - Key accounting estimates and judgements used in their preparation including but not restricted to the impairment of goodwill and trade receivables
 - Risk management section of the Board's Strategic report
 - Assumptions used to support the adoption of the going concern basis of accounting

Primary areas of judgement in relation to 2023 financial statements

In order to discharge its responsibility to consider accounting and financial reporting integrity, the Committee carefully considers key judgements applied in the preparation of the Consolidated Financial Statements, which are set out on pages 51 to 103.

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

Significant issue	Committee action taken
Identification and valuation of acquired intangible assets	The Group acquired the entire share capital of Westcountry Food Holdings Limited on 9 December 2022. The nature and size of this transaction led to the Group engaging an independent expert to provide a professional assessment of the purchase price allocation in accordance with IFRS 3. The independent report received by the Group identified intangible assets relating to customer contracts (£4.7m) and brand value (£0.2m) in addition to goodwill of £14.3m. The Committee reviewed both the methodology and the assumptions used in arriving at the purchase price allocation. Consideration was given to benchmarking the key assumptions, in particular the discount rate applied to forecasted cash flows. Comparisons were also made to the purchase price allocations outcome for similar historical transactions within the sector. The Committee concluded that the 31 October 2023 carrying values shown in notes 2 and 11 of the consolidated financial statements were appropriate and approved the associated disclosures.
Carrying value of goodwill and other intangible assets	The Executive Directors performed a detailed impairment review on the goodwill, other intangibles and tangible assets, in the consolidated financial statements of the Group, based on forecast future cash flows discounted using an appropriate discount factor to represent the weighted average cost of capital of the Group. The Committee challenged the methodology, assumptions, and sensitivity analysis used by the Executive Directors. Consideration was also given to the review by the independent auditors of the same issues. The Committee concluded that the 31 October 2023 carrying values shown in note 11 of the consolidated financial statements were appropriate and approved the associated disclosures.
Revenue recognition	The Group's revenue comprises the aggregate value of the sale of discrete units of fresh, ambient, chilled and frozen products during the reporting period. The Group operates an income recognition policy that ensures that revenue is recognised in line with the satisfaction of the performance obligation, as set out in note 1 of the consolidated financial statements. The Committee is aware that a standard ERP system is operated throughout the Group that assists with standardising the controls associated with revenue recognition. Revenue is recognised on the transfer of the risks and rewards of ownership of the product to the customer which is normally effective on delivery to the customer. Consideration was also given to the value of: • cash collected; and • credit notes raised after the end of the financial year for revenue recognised in the financial year both in an absolute measure and relative to prior financial year ends.
Going concern	The Executive Directors prepared detailed financial projections for a period of 12 months from the date of signing the financial statements, based on the assumptions included in the Group's detailed annual business plan. The output of these detailed projections alongside the Group's funding facilities and banking covenants (details of which are provided in note 19 of the consolidated financial statements) were reviewed by the Executive Directors. Sensitivity analysis has been performed to model the impact of more adverse assumptions compared to those included in the financial projections to model the impact of severe but plausible downside risks. The Audit Committee is aware that by their very nature financial forecasts are based on a view of the future world which is inherently uncertain and a circumstance that is difficult to contemplate arising in the future may still occur. The Committee challenged the assumptions used in the forecasts and sensitivity analysis. Consideration was also given to the review conducted by the independent auditors. The Committee concluded that based on what is known at this time and upon the available forecast information the Board is able to make the going concern statements on page 68.

AUDIT COMMITTEE REPORT

Significant issue	Committee action taken
Supplier rebates	The vast majority of the Group's product suppliers price items by providing rebates against the published purchase price. The rebates are primarily provided without a purchasing target being required such that each unit purchased in a defined period attract the relevant rebate. For such rebates the payment of the rebate from the supplier may take one of the following forms: • Supplier shows the rebate on the purchase invoice such that the Group settles the invoice net of the rebate; or • Group claims the cumulative rebate value from the supplier after the relevant trading period has ended In both instances, the rebate value is recognised as a reduction in inventory value on the date of purchase. There is a smaller proportion of rebates that are based on the Group exceeding a purchasing value target within a period defined by the supplier. In this case the reduction in purchase price of the product reflected in the rebate is not recognised until the purchasing target has been achieved. The Committee reviewed the margin consistency throughout the financial year across the Group's operating divisions. It also considered the value of accrued rebate income at the financial year end that was subsequently paid by suppliers post year end either in cash or through credit note issuance. The Committee also considered the work of the independent auditor in this area. The Committee concluded that it was satisfied that rebate recognition through the reduction of the purchase price of the associated product was not in advance of the Group's entitlement to receive such a rebate.

Fair, balanced and understandable

The Committee considered whether the Annual Report and Accounts 2023 is fair, balanced and understandable and whether it provides the necessary information to shareholders to assess the Group's performance, business model and strategy. In this context, the Committee considered non-GAAP Alternative Performance Measures disclosed in the Annual Report and Accounts and the prominence given to them. The Committee and subsequently the Board were satisfied that, taken as a whole, the Annual Report and Accounts 2023 are fair, balanced and understandable.

Risk Management and Internal Controls

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

The Group has well established risk management and internal control processes that have been developed over its 36 year operating history. Day to day management of risk is delegated to the Executive Management comprising the Chief Executive, Chief Financial Officer, the Chief Operating Officer, the Divisional Operating Directors, the Group Commercial Director, the Group

Operations Manager, the Group IT Director, the Group Financial Controller, and the Group Health and Safety Manager.

During the prior year the Audit Committee worked with the Executive Management to develop an Enterprise Risk Management (ERM) framework to identify, assess and manage risk within the business. The ERM framework seeks to ensure that a consistent and proportionate approach is used to identify, evaluate, manage, and monitor risks across all the Group's operating companies.

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

During the reporting period, the Committee with the Executive Management reviewed each of the principal risks to assess the effectiveness of the associated key internal controls that exist to reduce the likelihood of the relevant risk manifesting itself. This review included all of the Group principal risks with the exceptions of the competition environment risk and the liquidity and

forecasting risk. The former will be assessed in the forthcoming financial year and the latter has subsequently been assessed as part of the going concern review undertaken by the Committee to facilitate the Board's going concern statements on page 68.

The monitoring and assessment of the Group's principal risks have been embedded within the Executive Management's responsibilities. The ERM objectives for the forthcoming financial year include:

- Introduction of Sustainability and Climate Change risks to the ERM framework as set out in the TCFD framework on pages 29 to 32.
- Assessment of economic, technological and political developments and the impact that these changes may have on the Group's principal risks.
- Appraisal of key internal controls associated with Group principal risks control at individual operating entity level where appropriate.

Individual operating companies may record and manage unique risks outside of the Group's principal risks as appropriate in a way that fits each specific operating environment and risk horizon.

This approach has established the level of risk that is acceptable to the Board in the pursuit of its strategic objectives

and it identifies the key internal controls that the Board should seek assurance on to ensure that the relevant risks are mitigated by the effective operation of such controls.

The Committee reviewed the reports prepared by Grant Thornton UK LLP on key audit findings as well as the recommendations made by Grant Thornton UK LLP to improve processes and controls together with management's responses to those recommendations. These reports did not highlight any material internal control weaknesses and management has committed to making appropriate changes in controls in the areas highlighted.

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

Independent auditor

Following an audit tender process for audit services to the Group, with oversight from the Audit Committee, Grant Thornton UK LLP was appointed as the Group's independent auditor for the financial year ended 31 October 2022. The financial year ended 31 October 2023, therefore, represents the second financial year that Grant Thornton UK LLP has acted as the Group's independent auditor.

Prior to the end of the financial year 31 October 2023, the Committee met with Grant Thornton UK LLP to consider in detail the audit planning documentation for the financial year. The Committee satisfied itself that the audit work to be carried out by Grant Thornton UK LLP covered the significant aspects of the Annual Report.

After reviewing the independent auditor's report to the Audit Committee for the financial year ended 31 October 2023, and discussing the findings with the auditor, the Committee is satisfied that the scope of the audit was appropriate and that all significant accounting judgements exercised by management had been suitably challenged and tested including, but not limited to, the matters referred to in the Auditor's Report on pages 53 to 60. The Committee recommended to the

Board that in its opinion the audit had been carried out effectively and that the report of the independent auditor be accepted.

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

Independence of the independent auditor

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

Statutory audit services

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

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

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

In order to preserve the independence of the Group's independent auditor, the policy is that professional services firms other than the Group's independent auditor are employed on acquisition and disposal related assignments. If circumstances arose whereby where Grant Thornton UK LLP are deemed to have the most appropriate knowledge and experience for an assignment, the Board would review the independence implications of such an engagement before approving the assignment.

Other non-audit services

The independent auditor is not permitted to provide internal audit, risk management, litigation support or remuneration advice. The provision of other non-audit services, is assessed on a case by case basis, depending on which professional services firm is best suited to perform the work. These safeguards, which are monitored by the Committee, are regularly reviewed and updated to ensure they remain appropriate.

Grant Thornton UK LLP performed non-audit services by way of desktop review of the half-yearly financial report for the six month period ended 30 April 2023. The value of non-audit fees paid to Grant Thornton UK LLP for these services during the year was £5,250 (FY2022 £5,000) as disclosed in note 5 to the consolidated financial statements.

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

Whistleblowing

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

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

Anti-bribery

The Group has in place an anti-bribery policy, which sets its zero-tolerance position. The policy provides six principles for colleagues that acts as guidance on how to recognise and deal with issues that may be considered as giving rise to bribery. During the period there were no incidents reported that required consideration.



Gerard Murray
Chair of the Audit Committee
26 February 2024

NOMINATION COMMITTEE REPORT

On behalf of the Board I am pleased to present the Nomination Committee (the 'Committee') report for the year ended 31 October 2023.

Members

The members of the Committee during the year were:

Steve Smith (Chair)

Gerard Murray

Teresa Octavio

(appointed 1 February 2023)

Paul Young

Responsibilities of the Committee

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

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

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

The Committee reports to the Board on how it has discharged its responsibilities in accordance with its terms of reference. Please refer to pages 35 and 36 for the Directors' biographies.

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

Activity during the year

The Committee met six times during the year to address the following matters:

Additional Non-Executive Director
Following an assessment of the Board composition in the prior year the Board had resolved to appoint an additional Non-Executive Director. With the assistance of Nurole Limited, a comprehensive role specification was prepared aligned to the desired Board composition with particular reference to board skills, diversity and inclusion. Taking into account feedback from Board members the Committee met in January 2023 to assess a short list of candidates resulting in the recommendation to the Board to appoint Teresa Octavio as an additional Non-Executive Director. This appointment took effect from 1 February 2023.

Succession planning

The Committee's review of succession planning for the Board had identified that Paul Young, the founder and Chief Executive Officer of the Company, would be likely, in the short to medium term, to consider his retirement from the business that he had established over 36 years ago.

As a result, the Committee met on four occasions from March to August 2023 in order to establish a structured approach to firstly identify and subsequently evaluate any internal candidates considered potentially suitable to succeed Paul Young as Chief Executive Officer. The objectives for these meetings were for the Committee to:

- Establish the key skills and experience required for the Chief Executive Officer role.
- Establish an assessment process for any internal candidates measured against the key criteria

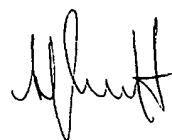
- Prepare and implement a timetable to identify and assess internal candidates.
- Formulate a peer review mechanism of internal candidates to be included in the process.
- Form an interview panel to meet internal candidates as part of the process
- Agree the composition of areas to be covered during the interview stage.

The final Committee meeting of the year was held in September 2023 to review the outcomes from the assessment of internal candidates that had taken place. The Committee recommended that Ben Maxted (Chief Operating Officer) be considered as the preferred candidate to succeed Paul Young as Chief Executive Officer at such time that Paul Young provides notice of his retirement.

Board effectiveness evaluation

In line with our policy a Board evaluation review was carried out during the year. As in the prior year this was led by the Chairman and took the form of a detailed questionnaire followed by an in-depth discussion around those areas which scored least well. While in general the Board felt that it was functioning well a number of minor actions were agreed.

One of these actions was for the whole Board to participate in psychometric profiling for development purposes, to increase self-awareness, understand different leadership styles, identify any individual and team development areas and to address opportunities for improved teamwork. With facilitation provided by a third-party practitioner this process took place in October 2023 with follow up sessions scheduled for the new year.



Steve Smith

Chair of the Nomination Committee
26 February 2024

REMUNERATION COMMITTEE REPORT

Annual statement

On behalf of the Board, I am pleased to present the Remuneration Committee (the 'Committee') report for the year ended 31 October 2023. This report is divided into three sections, being:

- This Annual Statement, which summarises the Committee and its work, remuneration outcomes for the year ended 31 October 2023 and how the Remuneration Policy will be operated in the year ending 31 October 2024;
- The Remuneration Policy Report, which summarises the Company's Remuneration Policy; and
- The Annual Report on Remuneration, which discloses how the Remuneration Policy was implemented in the year ended 31 October 2023.

Remuneration Committee

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

Gerard Murray (Chair)
Steve Smith
Teresa Octavio

Teresa Octavio was appointed to the Remuneration Committee on 1 February following her appointment as a Non-Executive Director to the Board on 1 February 2023.

The Committee met on four occasions during the reporting period and attendance is shown in the table on page 38. All members of the Committee are Non-Executive Directors and are considered by the Board of being capable of exercising independent judgement.

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

During the financial year the Chief Executive attended Committee meetings in part. Since the end of the financial year Ben Maxted (Chief Operating Officer) has attended some meetings in part subsequent the Company's announcement on

6 November 2023 that Ben Maxted will be appointed as Chief Executive Officer at the Company's Annual General Meeting in March 2024.

Responsibilities of the Committee

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

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

Advisers to the Committee

FIT Remuneration Consultants LLP ("FIT") was appointed by the Committee during the year ending 31 October 2023 to provide the Committee with independent advice as and when required in respect of remuneration quantum and structure and developments in governance and best practice more generally. FIT is a member and signatory of the Remuneration Consultants Group and voluntarily operates under the Code of Conduct in relation to executive remuneration consulting in the UK, details of which can be found at www.remunerationconsultantsgroup.com. FIT provides no other services to the Company.

Performance and reward for the year ended 31 October 2023

As a result of strong performance by the Group in the year ended 31 October 2023:

- annual bonuses of £50,000 each were each awarded to David Brind (Chief Financial Officer) and Ben Maxted (Chief Operating Officer). Paul Young, as founder of the Company and significant shareholder, does not participate in the annual bonus. Further details of the annual bonus are set out in the Annual Report on Remuneration.

- a further third of the put option rights under the terms of the Management Incentive Plan (MIP) accrued to the MIP Participants (David Brind and Ben Maxted). These rights are in addition to the third already accrued in respect of the year ended 31 October 2022. All accrued put option rights are subject to the market capitalisation hurdle being satisfied. Further details of the MIP are set out in the Annual Report on Remuneration.

The LTIP award was granted on 16 March 2023 and is due to vest in March 2026, subject to continued service and performance targets, and a two-year post vest holding period will apply for awards held by Executive Directors.

Implementing the Remuneration Policy

for the year ending 31 October 2024
In respect of the implementation of the Remuneration Policy for the Executive Directors for the year ending 31 October 2024:

- as indicated in last year's Remuneration Committee report, the Committee carried out a review of Executive Director salary levels given that this was not done at the time of the IPO in recognition that the listing took place during the middle of the COVID-19 pandemic.

Following a review of each Directors' role and responsibilities and with reference to market data (based on companies of a similar market capitalisation and revenue and of a similar nature), salary levels have been market aligned.

The outcome of this review reflected the commencement of the handover in respect of Ben Maxted succeeding Paul Young as Chief Executive Officer from the 2024 AGM. Future increases are anticipated to be in line with the average workforce increase. Base salaries from 1 November 2023 are therefore as follows:

Director	Role	1 November 2023
Paul Young ¹	Chief Executive Officer	£412,073
Ben Maxted ²	Chief Operating Officer	£410,000
David Brind	Chief Financial Officer	£310,000

REMUNERATION COMMITTEE REPORT

1. Paul Young (Chief Executive Officer) will retire with immediate effect at the 2024 AGM.
2. Ben Maxted's salary has been set at £410,000 in respect of his role of Chief Executive Officer from the 2024 AGM. Reflecting the commencement of the handover period, this salary became effective 1 November 2023.

- no changes to benefit or pension provision have been made.
- annual bonus potential will be capped at 25% of salary for Executive Directors (noting that Paul Young will not participate given his founder shareholding) with performance based on exceeding market expectations prevailing at the start of the financial year for the financial year ending 31 October 2024.
- LTIP awards are expected to be granted during 2024 over shares worth up to 100% of salary. Performance targets are expected

to continue to be based on financial and share price metrics such as EPS growth and targeted Total Shareholder Return.

In respect of Non-Executive Director fees which were originally set at the IPO in May 2021, following a review of time commitment and relevant market data, with effect from 1 November 2023:

- the Chairman's fee is £95,000
- the Non-Executive Director base fee is £50,000
- additional fees for Chairing the Audit Committee and Remuneration Committee are set at £5,000

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

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

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



Gerard Murray
Chair of the Remuneration Committee
26 February 2024

Remuneration policy

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

At the time of the Company's IPO in May 2021, the remuneration structure of the Executive Directors had two main elements comprising base salary and an equity plan in the form of the Executive Management Incentive Plan (MIP). However, the Committee recognises the need to consider the structure of Executive Directors' remuneration beyond the performance period of the MIP which ends on 31 October 2024. The Committee's remuneration medium term policy objectives are, therefore, directed at evolving the composition of Executive Directors' remuneration that was in place at the Company's IPO, whereby the main elements of Executive remuneration going forward comprise:

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

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

Summary of Executive Directors' Remuneration Policy

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

Component	Purpose and link to strategy	Operation	Maximum	Performance
Pension	To provide an appropriate level of retirement benefit.	Executive Directors receive pension benefits as a contribution to a defined contribution pension scheme.	Up to 2% of base salary	Not applicable
Annual bonus	To reward performance against annual targets which support the strategy.	Awards are based on annual performance and are normally payable in cash.	100% of salary	Financial and/or personal/strategic targets
LTIP	To drive and reward the achievement of longer term objectives, support retention and promote share ownership for Executive Directors.	Conditional shares and/or nil cost or nominal cost share options. Vesting is normally subject to the achievement of challenging performance conditions, normally over a period of three years. A two year post vesting holding period shall apply to LTIP awards granted to Executive Directors. Dividend equivalents may be awarded to the extent awards vest. Awards may be subject to malus/ clawback provisions at the discretion of the Committee.	100% of salary	Performance metrics will be linked to financial and/or share price and/or strategic performance
Shareholding guidelines	To promote share ownership for Executive Directors.	Executive Directors are expected to build a shareholding in the Group over time by retaining the net of tax LTIP awards which vest.	200% of salary	Not applicable

Summary of Non-Executive Directors' Remuneration Policy

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

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

Directors service contracts and letters of appointment

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

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

The service contract for Ben Maxted has been updated to reflect his impending appointment as Chief Executive Officer as a result of Paul Young's retirement scheduled to take place at the Company's Annual General Meeting on 22 March 2024.

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

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

REMUNERATION COMMITTEE REPORT

Annual report on remuneration

Directors' remuneration summary for the year ended 31 October 2023

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

	Salary/Fee £	Cash bonus ² £	Pension ³ £	Other taxable benefits ⁴ £	Total FY23 £	FY22 £
Executive						
Paul Young	388,748	-	7,572	-	396,320	364,811
David Brind	265,196	50,000	5,640	1,582	322,418	252,217
Ben Maxted	255,852	50,000	1,320	7,110	314,282	225,411
Non-Executive						
Steve Smith	64,800	-	-	-	64,800	60,000
Gerard Murray	51,192	-	-	-	51,192	40,000
Teresa Octavio ¹	30,000	-	-	-	30,000	-
Total	1,055,788	100,000	14,532	8,692	1,179,012	942,439

1. Appointed 1 February 2023
2. As a result of the Group's adjusted operating profit of £32.0 million for the year ended 31 October 2023 representing a year on year growth of 49% against initial market expectation of 28%, annual bonuses of £50,000 were awarded to David Brind and Ben Maxted. Paul Young (Chief Executive Officer), as founder of the Company and significant shareholder, does not participate in the annual bonus.
3. The Executive Directors received contributions to the Group's defined contribution pension scheme under the minimum contribution rules of auto enrolment. In addition, Paul Young and David Brind received additional fixed employer contributions taking their overall employer contributions to 1.9% and 2.1% of base salary respectively.
4. Other taxable benefits include Benefit in Kind costs associated with the provision of company cars and fuel for private use to Directors.

Directors' shareholdings

The table below sets out the number of share interests held by Directors as at 31 October 2023.

	Number	% of issued share capital	MIP 'put' options accrued to date ¹	LTIP Nil cost options ²	Total
Executive		Shares held beneficially	Shares subject to conditions		
Paul Young	10,968,550	15.7%	-	-	10,968,550
David Brind	1,040,233	1.5%	700,000	50,000	1,790,233
Ben Maxted	70,456	0.1%	1,166,667	50,000	1,287,123
Non-Executive					
Steve Smith	50,000	0.1%	n/a	n/a	50,000
Gerard Murray	70,000	0.1%	n/a	n/a	70,000
Teresa Octavio ¹	-	-	n/a	n/a	-

Note 1 - Executive Management Incentive Plan (MIP) Awards

David Brind and Ben Maxted (the 'MIP Participants') have accrued MIP 'put' option rights as a result of the EPS performance conditions for FY22 and FY23 being satisfied. Exercising the 'put' options that have accrued to date would result in 1,866,667 new Ordinary shares (2.67% of the issued share capital) being issued to the MIP Participants.

The terms of the MIP were set out as part of the Company's Admission Document dated 7 May 2021 and the key points are summarised below.

Structure - On 27 July 2021 the Company implemented the MIP, as outlined fully in the Company's Admission Document. Under the terms of the MIP, David Brind and Ben Maxted, have subscribed in cash (at not less than tax market value) for a new class of share (Growth Shares) in the Company's subsidiary, Kitwave Limited. The Growth Shares will entitle participants to place a put option on the Company to receive up to a maximum of 4 per cent of the Company's market value (measured at the time that the option is exercised).

Conditions - The put option is subject to earnings per share (EPS) over a 3-year period being satisfied in part or in whole and the market capitalisation value hurdle being exceeded. The target EPS performance is measured across a 3-year period with the first year in the measurement period being the financial year ended 31 October 2022 and the third and final year being the financial year ending 31 October 2024. The EPS performance targets were aligned with the market

expectations for the Company at the time of its Admission in May 2021. If the EPS performance is satisfied in any individual year this will result in a part allocation of put option rights, calculated on a pro-rata basis. Any exercise of the put option (in whole or in part) is subject to the market capitalisation of the Company at the date of the exercise being not less than 140 per cent. of the market capitalisation of the Company at the date of its Admission. The share price of the Company on the Admission Date was £1.50 per share. Without considering any adjustment that may be required for any subsequent new share issue, share buyback or cancellation by the Company, a market share price of at least £2.10 across the market capitalisation measurement period would satisfy the market capitalisation condition.

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

Performance status - The target EPS measure for the MIP is based on basic EPS adjusted to exclude any share-based accounting charge (net of corporation tax) relating to the cost of operating the MIP. The Company has upgraded its financial expectations for the reported financial period and future financial periods 5 times since its Admission in May 2021 which is reflected in the basic EPS for the year ended 31 October 2023 increasing to 27.1 pence (FY22: 20.5 pence; FY21: 2.4 pence). The level of EPS achieved for both FY22 and FY23 exceed the target EPS set for FY24 (the third and final year of the MIP performance period) of 15.0 pence.

The EPS outcomes for FY22 and FY23 results in two thirds of the put option rights under the terms of the MIP being capable of accruing to the option holders subject to the market capitalisation hurdle being satisfied.

If the Company's basic EPS performance is at least maintained above 15 pence per share in the financial year 31 October 2024, this will result in the final one third allocation of the put option rights accruing to the option holders. This outcome would mean that 100% of all put options under the terms of the MIP would accrue to the option holders subject to the market capitalisation hurdle being satisfied in the period after the EPS for FY24 has been published.

Put option exercise date - The earliest date that the put option can be exercised in whole or in part is after the publication of the Company's results for the financial year ending 31 October 2024. This date is likely to be early in the calendar year 2025 and the put option exercise remains subject to the market capitalisation condition being satisfied.

Note 2 – Long Term Incentive Plan Awards

Given that the Committee recognises the need to consider the structure of Executive Directors' remuneration beyond the performance period of the MIP which ends on 31 October 2024, market consistent Long-Term Incentive Plan awards were granted on 16 March 2023 albeit at below market levels initially.

David Brind and Ben Muxted received nil cost options over 50,000 shares each which will vest and will be capable of exercise (subject to achievement of the applicable performance targets) approximately 5 years from the date of grant (being the aggregate of a 3 year performance period and a 2 year deferment period).



Gerard Murray
Chair of the Remuneration Committee
26 February 2024

DIRECTORS' REPORT

Principal activities and business review

The principal trading activity of the Group during the period was that of a delivered wholesaler of branded confectionery, soft drinks, crisps & snacks, frozen & chilled, alcohol and tobacco products.

Further information on the activities and operations of the Group, and future developments are presented in the Strategic report on pages 13 to 32, as these matters are considered to be of strategic importance to the Group.

Streamlined Energy and Carbon Reporting ("SECR")

Disclosures under the Streamlined Energy and Carbon Reporting requirements have been included within Environmental, Social and Governance section on page 25.

Financial instruments

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

Directors

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

Executive Directors

Paul Young
David Brind
Ben Maxted

Non Executive Directors

Steve Smith
Gerard Murray
Teresa Octavio

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

Dividends

An interim dividend of 3.75 pence per share was paid during the year (FY22: 2.50 pence). The Directors have proposed a final dividend of 7.45 pence per share (FY22: 6.75 pence per share).

Substantial shareholders

The Company has one class of ordinary share. As far as the Directors are aware, the only notifiable holdings in excess of 5% of the issued ordinary share capital at 31 October 2023 were as shown in the table below:

Substantial shareholders	Number	% of voting rights in the issued share capital
Liontrust Asset Management	12,425,373	17.8%
Paul Young (CEO)	10,968,550	15.7%
Columbia Threadneedle Investments	9,685,455	13.8%
Canaccord Genuity Wealth Management (Inst)	3,500,000	5.0%

Post balance sheet events

Post year end the Group completed the acquisition of the entire ordinary share capital of WLG Holdings Limited. The acquisition is in line with the Group's M&A strategy and will be incorporated into the existing Foodservice division.

Annual General Meeting

The next Annual General Meeting (AGM) will be on held on 22 March 2024.

Political and charitable contributions

The Company made no political or charitable donations nor incurred any political expenditure during the year (FY22: £nil).

Employees

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

Employee representatives are regularly consulted on a wide range of matters affecting current and future interests. The Directors have taken steps to proactively review pay in light of increasing pressure on costs of living as noted in the Remuneration Committee report on page 44.

The Group has enhanced the focus on safety across its divisions following the appointment of a Group Health and Safety Director in FY22 which has led to improved reporting, standardisation of risk assessment and roll out of defibrillators to all the Group's sites.

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

Suppliers

The Group recognises the importance of supplier relationships as part of a successful strategy. Key management personnel from across the Group are proactively engaged

in fostering relationships with new and existing suppliers through regular contact and development of manufacturers routes to market.

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

Going concern

The Company's Directors have a reasonable expectation that the Group will be able to continue in operational existence for the foreseeable future and meet its liabilities as they fall due. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements. Refer to note 1.3 of the financial statements on page 68 for details.

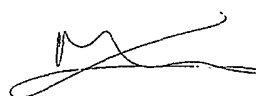
Disclosure of information to auditor

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

Auditor

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

By order of the Board



Paul Young
Director
26 February 2024

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

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

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

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

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

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

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

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

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

FINANCIAL STATEMENTS

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

Opinion

Our Opinion on the Group and parent Company financial statements is unmodified

We have audited the financial statements of Kitwave Group plc (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 31 October 2023, which comprise the Consolidated statement of profit and loss and other comprehensive income, the Consolidated and Company balance sheets, the Consolidated and Company statements of changes in equity, the Consolidated cash flow statement, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and UK-adopted international accounting standards. The financial reporting framework that has been applied in the preparation of the parent Company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 'Reduced Disclosure Framework' (United Kingdom Generally Accepted Accounting Practice).

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 October 2023 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

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

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

Our approach to the audit



Overview of our audit approach for the Group

Overall materiality:

Group: £2,490,000, which represents 10% of the Group's profit before tax.

Parent Company: £1,460,000, which represents 2% of the parent Company's total assets.

Key audit matters were identified as:

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

Our auditor's report for the year ended 31 October 2022 included a key audit matter in respect of revenue recognition that has not been reported as a key audit matter in the current year as a result of the low complexity identified while performing the previous audit.

Scoping has been determined to ensure appropriate coverage of the significant risks as well as coverage of the key results in the financial statements, specifically:

We performed the following audit work:

- Group revenue: 77%
- Group total assets: 84%
- Group profit before tax: 77%

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

We performed analytical procedures at Group level (analytical procedures) on the financial information of all the remaining Group components and performed tests on material balances where appropriate.

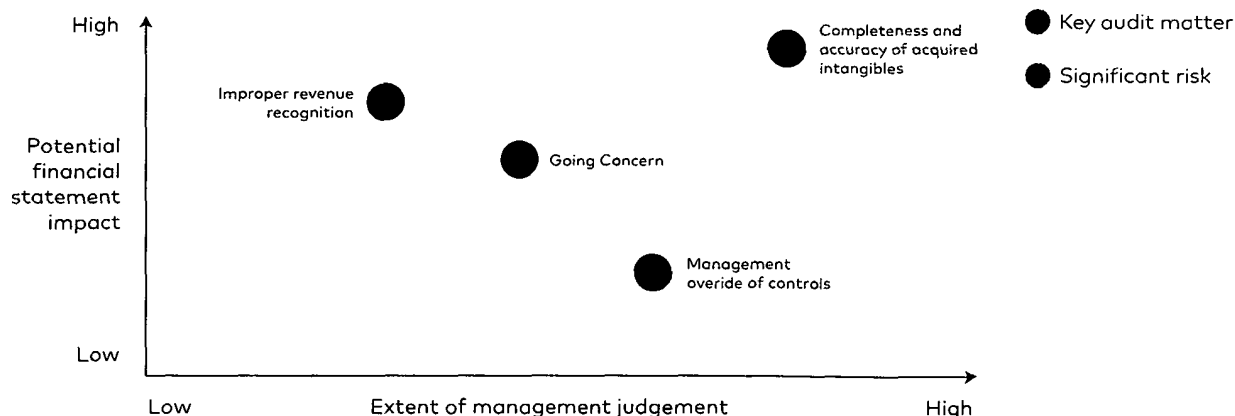
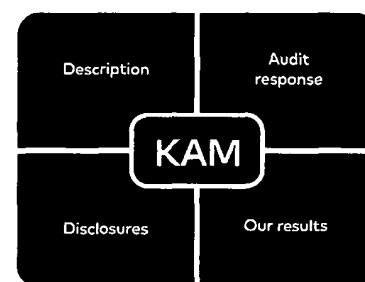
In the previous year, we also performed full-scope audits on five components and specific-scope audits on two components.

Key audit matters

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

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

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



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

Key Audit Matter – Group and parent Company	How our scope addressed the matter – Group and parent Company
Going Concern We have identified the going concern assumption as one of the most significant assessed risks of material misstatement due to error as a result of the judgment required to conclude whether there is a material uncertainty related to going concern. Significant judgement is applied in developing cashflow forecasts including relevant assumptions regarding macro-economic uncertainties such as inflationary pressures which may impact the Group's ability to pass on cost inflation to customers. Margin pressure may impact the EBITDA covenant in relation to the Group's facilities and any breach might cause the facilities to be repayable on demand. The Directors have concluded, based on the various scenarios developed, that the Group and the parent Company have sufficient resources available to meet their liabilities as they fall due and have concluded that there are no material uncertainties that may cast significant doubt over the Group's and the parent Company's ability to continue as a going concern.	In responding to the key audit matter, we performed the following audit procedures: • Obtained an understanding of, and evaluated the design and implementation of, key controls with respect to management's going concern assessment; • Obtained management's assessment, including management's base case and reverse stress test covering the Going Concern assessment period to 28 February 2025, and assessed their integrity and suitability as a basis for management to assess going concern by casting the models; • Assessed the accuracy of management's past forecasting by comparing management's forecasts for the previous two financial periods to the actual results for those periods and considered the impact on the cash flow forecasts; • Corroborated the existence of the Group's loan facilities and related covenant requirements for the period covered by management's forecasts to underlying agreements, and tested both covenants throughout the period to confirm whether any breaches were forecast; • Evaluated the key assumptions made within the cash flow forecasts, which included the quantum and timing of cash outflows and inflows and determined whether these had been applied appropriately. We also considered whether these assumptions were consistent with our understanding of the business and current external economic pressures; • Evaluated management's reverse stress test analysis over the forecast period, considered the impact of changing key assumptions, and understood how these could break the forecast and assessed the likelihood of such a situation occurring; • Obtained post year end results achieved and compared to those forecast to determine whether the business is trading in line with forecast; and • Assessed the adequacy of the going concern disclosures included within the financial statements.
Relevant disclosures in the Annual Report and Accounts 2023 • The Group's accounting policies on the going concern assumption are shown in note 1.3, Summary of significant accounting policies. • Additional disclosure is included in the Audit Committee Report on page 39 and the Directors' Report on page 49.	Our results We have nothing to report in addition to that stated in the 'Conclusions relating to going concern' section of our report.
Completeness and accuracy of acquired intangibles We identified the completeness and accuracy of acquired intangibles as one of the most significant assessed risks of material misstatement due to error. There is a risk that the allocation between goodwill and the other intangible assets acquired is not accurate or complete. The Group acquired the Westcountry Food Holdings Limited group during the year resulting in the identification of £4,992,000 of customer related intangibles and £14,338,000 of goodwill. IFRS 3 'Business Combinations' requires acquired assets and liabilities in the consolidated financial statements to be recorded at fair value. There is significant management judgement involved in determining the fair value of the assets and liabilities acquired, including the calculation of the fair value of technology and customer-related intangible assets acquired, and the discount rate and long-term growth rates used in the valuation.	In responding to the key audit matter, we performed the following audit procedures: • Obtained an understanding of, and evaluated the design and implementation of key controls with respect to management's recording of the acquisition in the year; Engaged our internal valuation experts to assist in the assessment of the work performed by management's valuation expert in relation to the valuation of acquired intangible assets; this included challenge on whether the methodology used in the valuation is in line with accepted valuation methods, and whether inputs such as future profits, attrition rates and discount rates used were appropriate; • Assessed the competence of management's expert through reference to their qualifications and experience; • Obtained the share purchase agreement for the acquisition, ensured that its terms are consistent with the accounting adopted, and agreed the consideration paid to bank payment; • Obtained support for the fair value of net assets acquired and performed testing over the acquired balance sheet of the Westcountry Food Holdings Limited group by agreeing material balances to supporting documentation, including cash balances to bank statements and property values to valuation reports;

Key Audit Matter – Group and parent Company	How our scope addressed the matter – Group and parent Company
	• Cross-referenced the list of identified intangible assets with those outlined in IFRS guidance and others we have seen recorded in practice or would have expected to be recorded in this business combination to ensure no unrecognised assets; • Challenged whether there are any fair value adjustments to the acquired balance sheet, including those in relation to the fair value of the properties acquired, and assessed whether these are complete and accurate using management's expert property valuation report; and • Assessed the adequacy of the disclosures included within the financial statements.
Relevant disclosures in the Annual Report and Accounts 2023 • The Group's accounting policy on acquired intangibles is shown in note 1.10, Business combinations.	Our results Based on our audit work, we did not identify any material misstatements in the acquired intangible asset balance as at 31 October 2023.

Our application of materiality

We apply the concept of materiality both in planning and performing the audit, and in evaluating the effect of identified misstatements on the audit and of uncorrected misstatements, if any, on the financial statements and in forming the opinion in the auditor's report.

Materiality was determined as follows:

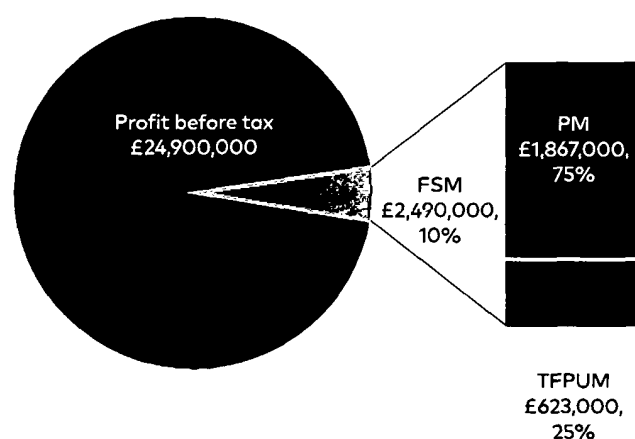
Materiality measure	Group	Parent Company
Materiality for financial statements as a whole	We define materiality as the magnitude of misstatement in the financial statements that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of these financial statements. We use materiality in determining the nature, timing and extent of our audit work.	
Materiality threshold	£2,490,000, which represents 10% of profit before tax.	£1,460,000 which represents 2% of the parent Company's total assets.
Significant judgements made by auditor in determining materiality	In determining materiality, we made the following significant judgements: • Profit before tax is a key performance indicator for the Group; and • Profit before tax has stabilised, so we have used this benchmark in preference to a revenue-based materiality. • We determined a percentage of 10% to be appropriate based on the Group's size and complexity and by reference to the equivalent revenue-based materiality. Materiality is lower than the level determined for the year ended 31 October 2022 to reflect the change in benchmark and percentage applied. Revenue was used as the benchmark in prior years as it provided a more stable measure given instability through the covid pandemic and the building of critical scale in the business; now that profit has stabilised it is appropriate to change the basis of measurement to one more commonly used for listed entities.	In determining materiality, we made the following significant judgement: • This benchmark is considered the most appropriate because the parent Company is not a trading company. • The percentage of 2% was selected based on the risk profile of the company as a component within a listed entity Group. Materiality for the current year is lower than the level for the year ended 31 October 2022 to reflect the decrease in total assets.

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

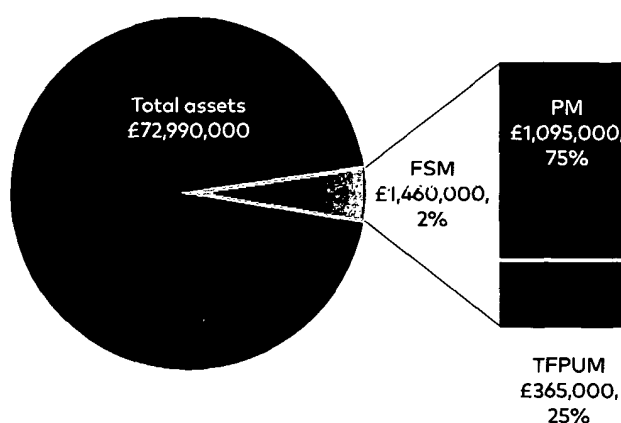
Materiality measure	Group	Parent Company
Performance materiality used to drive the extent of our testing	We set performance materiality at an amount less than materiality for the financial statements as a whole to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole.	
Performance materiality threshold	£1,867,000 which is 75% of financial statement materiality.	£1,095,000 which is 75% of financial statement materiality.
Significant judgements made by auditor in determining performance materiality	In determining performance materiality, we considered the following significant factors: • The strength of the control environment based on our assessment of the design and implementation of controls; and • The nature, size and volume of misstatements identified in the previous audit.	In determining performance materiality, we considered the following significant factors: • The strength of the control environment based on our assessment of the design and implementation of controls; and • The nature, size and volume of misstatements identified in the previous audit.
Specific materiality	We determine specific materiality for one or more particular classes of transactions, account balances or disclosures for which misstatements of lesser amounts than materiality for the financial statements as a whole could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.	
Specific materiality	We determined a lower level of specific materiality for the following areas: • Directors' remuneration; and • identified related party transactions outside of the normal course of business.	We determined a lower level of specific materiality for the following areas: • Directors' remuneration; and • identified related party transactions outside of the normal course of business.
Communication of misstatements to the audit committee	We determine a threshold for reporting unadjusted differences to the audit committee.	
Threshold for communication	£124,000 and misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.	£73,000 and misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.

The graph below illustrates how performance materiality interacts with our overall materiality and the tolerance for potential uncorrected misstatements.

Overall materiality - Group



Overall materiality - Parent Company



FSM: Financial statements materiality, PM: Performance materiality, TFPUM: Tolerance for potential uncorrected misstatements

An overview of the scope of our audit

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

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

- the engagement team obtained an understanding of the Group and its environment, including Group-wide controls and specific controls at one component, and assessed the risks of material misstatement at the Group level;
- the engagement team obtained an understanding of the Group's organisational structure and considered its impact on the scope of the audit, including assessing the level of centralisation of the Group control function; and
- the engagement team performed walkthroughs of key areas of focus, including significant risks and other significant classes of transactions, in order to confirm their understanding of the control environment across the Group.

Identifying significant components

- the engagement team evaluated the identified components to assess their significance and determined the planned audit response based on a measure of materiality. Significance was determined after taking into

account relative contribution to the Group's revenue and profit before tax, and by considering qualitative factors, such as the component's specific nature or circumstances.

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

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

Performance of our audit

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

Changes in approach from previous period

- there has been a material business combination during the year, and as such there are two additional components being Westcountry Food Holdings Limited and Westcountry Fruit Sales Limited.
- there have been no other significant changes in the scope of the audit from the prior year.

Other information

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

Our responsibility is to read the other information and, in doing so, consider whether the other

Audit Approach	Number of components	% coverage of revenue	% coverage of profit before tax
Full scope audit	5	77	77
Specified audit approach	2	0	0
Analytical procedures	12	23	23
Total	19	100	100

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

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

We have nothing to report in this regard.

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

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

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

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

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

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or

- the parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

As explained more fully in the statement of Directors' responsibilities set out on page 50, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

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

Use of our report

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

Mark Overfield BSc FCA
Senior Statutory Auditor



for and on behalf of
 Grant Thornton UK LLP

Statutory Auditor,
 Chartered Accountants

Leeds

26 February 2024

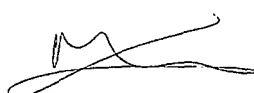
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CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

	Note	Year ended 31 October 2023 £000	Year ended 31 October 2022 £000
Revenue	3	602,220	503,088
Cost of sales		(470,095)	(400,460)
Gross profit		132,125	102,628
Other operating income	4	183	374
Distribution expenses		(54,570)	(44,010)
Administrative expenses		(48,375)	(38,617)
Operating profit		29,363	20,375
Analysed as:			
Adjusted EBITDA		41,141	29,477
Amortisation of intangible assets	5,11	(975)	(99)
Depreciation	5,12,13	(8,992)	(7,897)
Acquisition expenses	5	(648)	(148)
Compensation for post combination services	5	(199)	(95)
Share based payment expense	5	(964)	(863)
Total operating profit		29,363	20,375
Finance expenses	8	(4,505)	(2,534)
Analysed as:			
Interest payable on bank loans and bank facilities	8	(2,842)	(1,105)
Finance charges on leases	8	(1,656)	(1,427)
Other interest	8	(7)	(2)
Financial expense		(4,505)	(2,534)
Profit before tax		24,858	17,841
Tax on profit on ordinary activities	9	(5,902)	(3,501)
Profit for the financial year		18,956	14,340
Other comprehensive income		-	-
Total comprehensive income for the year		18,956	14,340
Basic earnings per share (pence)	10	27.1	20.5
Diluted earnings per share (pence)	10	26.0	20.5

CONSOLIDATED BALANCE SHEET AS AT 31 OCTOBER

	Note	2023 £000	2022 £000
Non-current assets			
Goodwill	11	58,680	44,342
Intangible assets	11	4,878	737
Tangible assets	12	16,614	13,037
Right-of-use assets	13	29,716	26,452
Investments	14	45	35
		109,933	84,603
Current assets			
Inventories	15	35,410	31,846
Trade and other receivables	16	63,569	57,698
Cash and cash equivalents	17	673	5,511
		99,652	95,055
Total assets		209,585	179,658
Current liabilities			
Other interest bearing loans and borrowings	19	(6,405)	(20,354)
Lease liabilities	19	(6,402)	(5,509)
Trade and other payables	18	(63,596)	(57,891)
Tax payable		(594)	(62)
		(76,997)	(83,816)
Non-current liabilities			
Other interest bearing loans and borrowings	19	(20,000)	-
Lease liabilities	19	(26,267)	(23,240)
Deferred tax liabilities	20	(1,876)	(715)
		(48,143)	(23,955)
Total liabilities		(125,140)	(107,771)
Net assets		84,445	71,887
Equity attributable to equity holders of the parent Company			
Called up share capital	23	700	700
Share premium account	23	64,183	64,183
Consolidation reserve	23	(33,098)	(33,098)
Share based payment reserve	22	2,042	1,090
Retained earnings		50,618	39,012
Equity		84,445	71,887

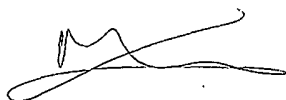


Paul Young, Director
26 February 2024

COMPANY BALANCE SHEET AS AT 31 OCTOBER

	Note	2023 £000	2022 £000
Non-current assets			
Investments	14	12,993	12,993
Deferred tax assets	20	514	273
		13,507	13,266
Current assets			
Trade and other receivables	16	60,033	61,535
Cash and cash equivalents	17	3	45
		60,036	61,580
Total assets		73,543	74,846
Current liabilities			
Trade and other payables	18	(94)	(61)
Tax payable		(45)	-
		(139)	(61)
Total liabilities		(139)	(61)
Net assets		73,404	74,785
Equity attributable to equity holders of the parent Company			
Called up share capital	23	700	700
Share premium account	23	64,183	64,183
Share based payment reserve	22	2,042	1,090
Retained earnings*		6,479	8,812
Equity		73,404	74,785

*The Company's profit after tax for the year was £5,017,000 (FY22: £453,000 loss)



Paul Young, Director
26 February 2024

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Called up share capital	Share premium account	Consolidation reserve	Share based payment reserve	Profit and loss account	Total equity
	£000	£000	£000	£000	£000	£000
Balance at 1 November 2021	700	64,183	(33,098)	227	29,572	61,584
<i>Total comprehensive income for the year</i>						
Profit	-	-	-	-	14,340	14,340
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	14,340	14,340
<i>Transactions with owners, recorded directly in equity</i>						
Dividends	-	-	-	-	(4,900)	(4,900)
Share based payment expense	-	-	-	863	-	863
Total contribution by and transactions with owners	-	-	-	863	(4,900)	(4,037)
Balance at 31 October 2022	700	64,183	(33,098)	1,090	39,012	71,887
<i>Total comprehensive income for the year</i>						
Profit	-	-	-	-	18,956	18,956
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	18,956	18,956
<i>Transactions with owners, recorded directly in equity</i>						
Dividends	-	-	-	-	(7,350)	(7,350)
Share based payment expense	-	-	-	952	-	952
Total contribution by and transactions with the owners	-	-	-	952	(7,350)	(6,398)
Balance at 31 October 2023	700	64,183	(33,098)	2,042	50,618	84,445

COMPANY STATEMENT OF CHANGES IN EQUITY

	Called up share capital	Share premium account	Share based payment reserve	Profit and loss account	Total equity
	£000	£000	£000	£000	£000
Balance at 1 November 2021	700	64,183	227	14,165	79,275
<i>Total comprehensive loss for the year</i>					
Loss	-	-	-	(453)	(453)
Other comprehensive income	-	-	-	-	-
Total comprehensive loss for the year	-	-	-	(453)	(453)
<i>Transactions with owners, recorded directly in equity</i>					
Dividends	-	-	-	(4,900)	(4,900)
Share based payment expense	-	-	863	-	863
Total contribution by and distribution to owners	-	-	863	(4,900)	(4,037)
Balance at 31 October 2022	700	64,183	1,090	8,812	74,785
<i>Total comprehensive income for the year</i>					
Profit	-	-	-	5,017	5,017
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the year	-	-	-	5,017	5,017
<i>Transactions with owners, recorded directly in equity</i>					
Dividends	-	-	-	(7,350)	(7,350)
Share based payment expense	-	-	952	-	952
Total contribution by and distributions with the owners	-	-	952	(7,350)	(6,398)
Balance at 31 October 2023	700	64,183	2,042	6,479	73,404

CONSOLIDATED CASH FLOW STATEMENT

	Note	Year ended 31 October 2023 £000	Year ended 31 October 2022 £000
Cash flow statement			
Cash flow from operating activities			
Profit for the year		18,956	14,340
Adjustments for:			
Depreciation and amortisation	11,12,13	9,967	7,996
Financial expense	8	4,505	2,534
Profit on sale of property, plant and equipment	4	(179)	(164)
Net gain on remeasurement of right-of-use assets and lease liabilities	4	(4)	(8)
Compensation for post combination services	5	199	95
Equity settled share based payment expense	5	964	863
Taxation	9	5,902	3,501
		40,310	29,157
Increase in trade and other receivables		(3,737)	(2,909)
Increase in inventories		(2,553)	(4,168)
Increase in trade and other payables		2,353	8,450
		36,373	30,530
Tax paid		(6,075)	(4,005)
Net cash inflow from operating activities		30,298	26,525
Cash flows from investing activities			
Acquisition of property, plant and equipment		(3,915)	(2,608)
Proceeds from sale of property, plant and equipment		473	308
Acquisition of subsidiary undertakings (net of overdrafts and cash acquired)	2	(19,593)	(16,914)
Net cash outflow from investing activities		(23,035)	(19,214)
Cash flows from financing activities			
Proceeds from new loan	19	20,000	-
Net movement in invoice discounting	19	(13,948)	5,734
Interest paid	8,19	(4,248)	(2,534)
Repayment of lease liabilities	19	(6,555)	(5,068)
Dividends paid		(7,350)	(4,900)
Net cash outflow from financing activities		(12,101)	(6,768)
Net (decrease)/increase in cash and cash equivalents		(4,838)	543
Opening cash and cash equivalents		5,511	4,968
Cash and cash equivalents at year end	17	673	5,511

NOTES TO THE FINANCIAL STATEMENTS

1 Accounting policies

Kitwave Group plc (the "Company") is a public company limited by shares and incorporated, domiciled and registered in England in the UK. The registered number is 9892174 and the registered address is Unit S3, Narvik Way, Tyne Tunnel Trading Estate, North Shields, Tyne and Wear, NE29 7XJ.

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

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

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

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

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

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

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

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

The consolidated financial statements include the results of all subsidiaries owned by the Company per note 14. Certain of these subsidiaries have taken exemption from an audit for the year ended 31 October 2023 by virtue of s479A Companies Act 2006. To allow these subsidiaries to take the audit exemption, the Company has given a statutory guarantee of all the outstanding liabilities as at 31 October 2023.

The subsidiaries which have taken this exemption from audit are:

- Alpine Fine Foods Limited;
- TG Foods Limited;
- Anderson (Wholesale) Limited;
- Angelbell Limited;
- Phoenix Fine Foods Limited; and
- Supplytech Limited

1.1 Critical accounting estimates and judgements

The preparation of financial statements requires the Directors to make judgements, estimates and assumptions concerning the future performance and activities of the Group. Critical accounting estimates have been identified as follows:

Impairment of goodwill

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

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

Valuation of intangible assets arising on acquisition

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

In the year ended 31 October 2023, the Group acquired the entire share capital of Westcountry Food Holdings Limited. An independent valuation of the acquired intangible assets was performed by experts, requiring estimates of weighted average cost of capital, customer attrition and estimate future cash flows utilising the multi-period excess earnings methodology.

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

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

1.2 Measurement convention

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

1.3 Going concern

The Group has continued to deliver on its growth strategy, both operationally and financially, in the year ended 31 October 2023, with the recent acquisitions of M.J. Baker Foodservice Limited ("MJ Baker") and Westcountry Food Holdings Limited ("WestCountry") contributing to increased profitability and continued positive cash generation.

MJ Baker and WestCountry have both delivered strong performances since their integration into the Group. The Directors are confident both entities will continue to go from strength to strength as they leverage from their complementary product ranges and customer lists.

The year has seen a rising costs of living in the UK, as food prices, energy prices and interest rates have increased. In line with the Directors expectations, this has not impacted demand for the Group's products with case numbers up year on year. Impulse product in particular, fulfilled by the Ambient and Frozen & Chilled divisions, has remained resilient of the cost of living impact. Manufacturer led pricing increases have compensated for the inflationary increase in overheads seen within the Group with an overall improvement in operating profit year on year.

The acquisition of WestCountry added £35,887,000 of revenue and £4,657,000 of operating profit, contributing to the improvement in cash flow from operations (before tax payments) from £30,530,000 in FY22 to £36,373,000 in FY23. The acquisition was funded via a new three-year revolving credit facility provided by the Group's existing lenders. This facility includes an option for the Group to extend it by a further two years.

Post year end, H.B.Clark & Co. Successors Limited ("HB Clark") completed the acquisition of WLG (Holdings) Limited ("WLG") for £2,700,000. The acquisition was funded from headroom in the Group's current banking facilities.

WLG is an on-trade supplier based in the North West of England allowing the Group to expand its existing on-trade offering through HB Clark into this geography.

WLG has annual turnover of approximately £10,200,000 and will be immediately earnings and cash flow enhancing to the Group.

The Group has prepared financial forecasts and projections for a 12 month period from the date of this report (the "going concern assessment period"), which take into account the acquired balance sheet and forecast trading of WLG. A 'severe but plausible' downside sensitivity has been prepared to support the Directors conclusion regarding going concern. In addition, a reverse stress test has been performed the results of which have not changed the conclusion around going concern. These sensitivities include a possible downside scenario to Group trading as a result of further inflationary pressure in 2024.

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

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

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

1.4 Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiary undertakings made up to 31 October 2023. A subsidiary undertaking is an entity that is controlled by the Company. The results of subsidiary undertakings are included in the consolidated statement of profit and loss account from the date that control commences until the date that control ceases. Control is established when the Company is exposed to, or has rights to, variable returns from its involvement with an entity and has the ability to affect those returns through its power over the entity. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable.

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

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

1.5 Foreign currency

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

1.6 Classification of financial instruments**Financial assets**

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

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

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

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

Financial liabilities

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

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

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

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

Bank loans and overdrafts	Amortised cost
Trade and other payables*	Amortised cost

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

Further information is included in note 25.

1.7 Non derivative financial instruments**Trade and other receivables**

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

Trade and other payables

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

Cash and cash equivalents

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

Interest-bearing borrowings

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

Invoice discounting

The Group is party to an invoice discounting arrangement which provides additional working capital up to the value of a set proportion of its trade receivables balances. The advances are secured against trade receivables (note 16) and are presented in trade and other payables (note 18). These are repayable within 90 days of the invoice and carry interest at a margin of 2.00%. This is a committed facility which expires in December 2025. The net movement of the balance is disclosed in the cash flow statement.

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

Equity investments

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

1.8 Other financial instruments**Derivative financial instruments**

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

1.9 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

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

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

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

1.10 Business combinations

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

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

- the fair value of the consideration (excluding contingent consideration) transferred; plus
 - estimated amount of the contingent consideration (see below); plus
 - the fair value of the existing equity interest in the acquiree; less
 - the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities and contingent liabilities assumed.
- When the excess is negative, a bargain purchase gain is recognised immediately in the statement of profit and loss.

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

1.11 Intangible assets and goodwill**Goodwill**

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

Intangible assets arising on acquisition and other intangible assets

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

Amortisation is charged to the statement of profit and loss on a straight line basis over the estimated useful lives of acquired intangible assets from the date they are acquired as follows:

- Customer relationships 6 years
- Brands 2 years

Other intangible assets are stated at costs less accumulated amortisation. They relate to capitalised software and development costs and are being amortised on a straight line basis over 5-10 years.

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

1.12 Inventories

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

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

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

1.13 Impairment excluding inventories and deferred tax assets**Non derivative financial assets – trade receivables**

The Group recognises loss allowance for Expected Credit Losses ("ECLs") on trade receivables measured at amortised cost. The Group measures loss allowances at an amount equal to lifetime ECLs as the term of the asset is considered short.

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

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

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

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

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

Non-financial assets

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

1.14 Employee benefits**Defined contribution plans and other long term employee benefits**

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

Share-based payment transactions

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

The Group operates a Management Incentive Plan ("MIP") for certain Directors and a Long Term Incentive Plan ("LTIP") for certain Directors and senior staff members, granting them equity settled share option rights to the Company's equity instruments.

The fair value at the grant date of the options is recognised as an employee expense with a corresponding increase in equity, on a straight line basis over the vesting period.

Under both the MIP and LTIP, the fair value of the awards granted is measured using an option valuation model, taking into account the terms and conditions upon which the awards were granted. The Monte Carlo option valuation model was adopted for both schemes and independent expert advice was sought for both schemes.

The amount recognised as an expense is adjusted to reflect the actual number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that do meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with market based conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

Further information is included in note 22.

Under IFRS 3 the contingent payment which has been agreed for the remaining 5% of the share in Central Supplies (Brierley Hill) Ltd is classified as remuneration for post-combination services, as consideration for the shares is linked to an employment condition. The amount recognised in the statement of profit and loss and other comprehensive income was £199,000 (FY22: £95,000).

1.15 Provisions

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

1.16 Revenue

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

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

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

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

1.17 Financing income and expenses

Financing expenses comprise interest payable, finance charges on put option liabilities and finance leases recognised in the statement of profit and loss using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the statement of profit and loss (see 1.5 foreign currency accounting policy). Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that takes a substantial time to be prepared for use, are capitalised as part of the cost of that asset. Financing income comprise interest receivable on funds invested, finance income on the put option liability, and net foreign exchange gains.

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

1.18 Taxation**Current tax**

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

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

Deferred tax

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

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

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

1.19 Leases**The Group adopts the requirements of IFRS 16 as follows:**

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

1.20 Government Grants

The Group has elected to present grants related to income separately under the heading "Other income" within the statement of profit and loss. This income in the prior year represents the funding provided by the Government in relation to Additional Restrictions Grant and COVID-19 Additional Relief Fund Schemes.

The Directors do not consider there to be a material risk that any funding received will be repayable.

1.21 Exceptional items

Exceptional items are defined as income or expenses that arise from events or transactions that are clearly distinct from the recurring activities of the Group as a delivered wholesale business.

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

1.22 Investments

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

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

2. Acquisitions in the year

Acquisitions in the year ended 31 October 2023

Westcountry Food Holdings Limited

On 9 December 2022, the Group acquired the entire share capital of Westcountry Food Holdings Limited for a total consideration of £28,485,811. After recognition of acquired intangible assets and associated deferred tax liabilities, the resulting goodwill of £14,338,000 was capitalised and is subject to annual impairment testing under IAS 36.

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

Consolidated balance sheet as at 9 December 2022

	Book value £000	Fair value adjustments £000	Fair value £000
Non-current assets			
Tangible assets	2,146	-	2,146
Intangible assets	-	4,992	4,992
Right-of-use assets	262	-	262
Investments	7	-	7
Current assets			
Inventories	1,011	-	1,011
Trade and other receivables	2,135	-	2,135
Cash and cash equivalents	8,893	-	8,893
Total assets	14,454	4,992	19,446
Current liabilities			
Lease liabilities	(49)	-	(49)
Trade and other payables	(2,908)	-	(2,908)
Corporation tax	(453)	-	(453)
Non-current liabilities			
Lease liabilities	(499)	-	(499)
Deferred tax	(163)	(1,226)	(1,389)
Total liabilities	(4,072)	(1,226)	(5,298)
Net identifiable assets and liabilities	10,382	3,766	14,148
Goodwill			14,338
Total net assets acquired			28,486
Initial purchase consideration paid			29,000
Net asset adjustment refunded			(514)
Purchase consideration and costs of acquisition paid in period			28,486
Cash acquired			(8,893)
Purchase consideration net of cash acquired			19,593

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

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

An independent valuation was performed to identify and intangible assets on acquisition per IFRS 3. As a result of this valuation, intangible assets in relation to brand and customer relationships were identified, and recognised, with attributable fair values of £260,000 and £4,732,000 respectively. The recognition of these intangible assets resulted in deferred tax liabilities of £63,000 for the brand intangible and £1,163,000 for the customer intangible also being recognised at acquisition.

The acquired undertakings made a consolidated profit of £3,479,000 from the beginning of its financial year on 2 January 2022 to the date of acquisition. In its previous financial year the profit after tax was £3,112,000.

Following acquisition, the business contributed revenue of £35,887,000 and operating profit of £4,657,000 to the Group for the year ended 31 October 2023.

If the business had been acquired at the start of the Group's financial period, being 1 November 2022, it would have added £37,861,000 to Group revenue and £4,773,000 to Group operating profit for the year ended 31 October 2023.

The initial consideration paid was £29,000,000 from which an amount of £514,189 was repaid by the vendor following submission of completion accounts which triggered a repayment to the Kitwave Group for the difference between the net asset target in the sales purchase agreement and the completion accounts net assets. This resulted in a net consideration paid in the period of £28,485,811. Net of cash and cash equivalents of £8,893,000 the net cash outflow from the Group as a result of the acquisition was £19,592,811.

On acquisition an assessment was made regarding the fair value of tangible assets which includes two freehold property. The result of an independent assessment was no change to the net book value held in Westcountry Food Holdings Limited accounts.

3. Segmental information

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

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

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

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

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

3. Segmental information continued

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

Within Corporate segment assets is £56,680,000 of goodwill on consolidation. This is allocated to the trading segments as follows (see note 11 for further information):

Goodwill by segment	13,516	12,499	26,015	32,665	-	58,680
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*For more information on alternative performance measures please see the glossary on pages 101 to 103.

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

3. Segmental information continued

FY22	Ambient £000	Frozen & Chilled £000	Total Retail and Wholesale £000	Foodservice £000	Corporate £000	Total £000
Revenue	185,132	193,810	378,942	124,146	-	503,088
Inter-segment revenue	13,813	2,551	16,364	572	-	16,936
Segment revenue	198,945	196,361	395,306	124,718	-	520,024
Adjusted EBITDA*	9,112	11,222	20,334	12,263	(3,120)	29,477
Amortisation of intangibles	-	(71)	(71)	(6)	(22)	(99)
Depreciation	(1,584)	(3,911)	(5,495)	(2,345)	(57)	(7,897)
Adjusted operating profit*	7,528	7,240	14,768	9,912	(3,199)	21,481
Group management charge	(730)	(840)	(1,570)	(1,000)	2,570	-
Acquisition expense	-	-	-	-	(148)	(148)
Compensation for post combination services	-	(95)	(95)	-	-	(95)
Share based payment expense	-	-	-	-	(863)	(863)
Interest expense	(736)	(1,057)	(1,793)	(520)	(221)	(2,534)
Segment profit/(loss) before tax	6,062	5,248	11,310	8,392	(1,861)	17,841
Segment assets	43,029	52,441	95,470	39,106	45,082	179,658
Segment liabilities	(33,501)	(45,218)	(78,719)	(27,886)	(1,166)	(107,771)
Segment net assets	9,528	7,223	16,751	11,220	43,916	71,887

Within Corporate segment assets is £44,342,000 of goodwill on consolidation. This is allocated to the trading segments as follows (see note 11 for further information)

Goodwill by segment	13,516	12,499	26,015	18,327	-	44,342
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*For more information on alternative performance measures please see the glossary on pages 101 to 103.

An analysis of revenue by destination is given below:

	FY23 £000	FY22 £000
Geographical information		
United Kingdom	597,292	497,842
Overseas	4,928	5,246
Group revenue	602,220	503,088

No one customer accounts for more than 9% (FY22: 9%) of Group revenue.

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

4. Other operating income

	FY23 £000	FY22 £000
Net gain on disposal of fixed assets	179	164
Net gain on foreign exchange	-	33
Net gain on remeasurement of right-of-use assets and lease liabilities	4	8
Grant income	-	169
	183	374

Grant income in the year ended 31 October 2022 comprised of amounts received from the Government with respect to the Additional Restrictions Grant and COVID-19 Additional Relief Fund Schemes, which totalled £169,000.

5. Expenses

	FY23 £000	FY22 £000
<i>Included in profit/loss are the following:</i>		
Depreciation of tangible assets		
Owned	2,253	1,946
Right-of-use assets	6,739	5,951
Amortisation of intangible assets	975	99
Expense relating to short term and low value assets	1,992	1,255
Impairment loss on trade receivables	675	871

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

	FY23 £000	FY22 £000
Exceptional expenses		
Acquisition expenses	648	148
Compensation for post combination services	199	95
Total exceptional expenses	847	243
Share based payment expense	964	863
Total exceptional expenses and share based payments	1,811	1,106

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

Acquisition expenses on both periods include the legal and professional fees connected to the acquisition of Westcountry Food Holdings Limited in the current year and M.J. Baker Foodservice Limited in the prior year.

Compensation for post combination services relates to the value of a 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.

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

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

5. Expenses continued*Auditor's remuneration:*

	FY23 £000	FY22 £000
Audit of these financial statements	51	45
Amounts receivable by auditors and their associates in respect of:		
Audit of financial statements of subsidiaries of the Company	364	290
Other assurance services	5	5

In the current and prior year audit and non-audit fees were paid to Grant Thornton UK LLP. In addition to the fee disclosed above, direct disbursements were paid to Grant Thornton UK LLP of £9,000 (FY22: £11,000)

6. Staff numbers and costs

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

	FY23	FY22
Management and administration	227	193
Sales	241	212
Warehouse	533	436
Distribution	508	395
Directors	3	3
	1,512	1,239

The aggregate payroll costs of these persons were as follows:

	FY23 £000	FY22 £000
Wages and salaries	49,475	37,575
Social security costs	4,790	3,642
Other pension costs (note 21)	1,066	721
	55,331	41,938

Staff costs accruing in the Company total £964,000 (FY22: £863,000) in relation to both the Management Incentive Plan and the Long Term Incentive Plan (including employer NIC costs), see note 22 for further details.

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

7. Directors' remuneration

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

	FY23 £000	FY22 £000
Directors' emoluments	1,164	922
Company contribution to personal pension scheme	15	20
	1,179	942

Retirement benefits are accruing to three Directors under money purchase pension schemes (FY22: three)

Amounts accrued under the MIP for two of the Directors was £863,000 (FY22: £863,000). Amount accrued under the LTIP for two of the Directors was £40,000 (FY22: £nil).

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

	FY23 £000	FY22 £000
Highest paid Director		
Directors' emoluments	389	357
Company contribution to personal pension scheme	8	8
	397	365

8. Finance income and expense

	FY23 £000	FY22 £000
Interest payable and similar charges - cash items		
Interest payable on bank loans and invoice discount facilities	2,842	1,105
Finance charges payable in respect of leases	1,656	1,427
Other interest	7	2
	4,505	2,534

Included in the above is £257,000 of interest accrued not paid as at 31 October 2023 in relation to the Revolving Credit Facility (FY22: £nil).

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

9. Taxation

	FY23 £000	FY22 £000
UK corporation tax		
Current tax charge on income for the year	6,193	3,559
Adjustment in respect of prior periods	(39)	(45)
Total current tax	6,154	3,514
Deferred tax (see note 20)		
Reversal of timing differences	(290)	(109)
Adjustment in respect of prior periods	38	96
Total deferred tax credit	(252)	(13)
Tax charge on profit on ordinary activities	5,902	3,501
	FY23 £000	FY22 £000
Current tax reconciliation		
Profit on ordinary activities after tax	18,956	14,340
Tax charge	5,902	3,501
Profit on ordinary activities before tax	24,858	17,841
Tax using the UK corporation tax of 23% (FY22: 19%)	5,631	3,390
Effect of:		
Expenses not deductible for tax purposes	455	250
Permanent fixed asset differences	46	-
Income not taxable	(27)	(26)
Adjustments in respect of prior periods	(39)	(45)
Adjustment in respect of prior period – deferred tax	38	96
Share based payment	(217)	(164)
Other tax adjustments	15	-
Total current tax charge	5,902	3,501

An increase in the UK corporation rate from 19% to 25% (effective 1 April 2023) was substantively enacted on 24 May 2021. As the rate is effective part way through the Group's financial year, a pro-rated tax rate of 23% has been adopted in the above reconciliation in line with the relevant legislation.

The deferred tax liability at 31 October 2023 has been calculated based on the 25% UK corporation tax rate, reflecting the expected timing of reversal of the related timing differences (FY22: 25%).

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

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

Basic earnings per share for the year ended 31 October 2023, and the previous year ended 31 October 2022 is calculated by dividing profit attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during each period as calculated below.

Diluted earnings per share

Diluted earnings per share for the year ended 31 October 2023, and previous year ended 31 October 2022 is calculated by dividing profit attributable to ordinary shareholders by the weighted average number of ordinary shares, adjusted for the effects of all dilutive potential ordinary shares, in this case issued equity warrants, outstanding during each period as calculated below.

Profit attributable to ordinary shareholders

	FY23	FY22
	£000	£000
Profit attributable to all shareholders	18,956	14,340
	pence	pence
Basic earnings per ordinary share	27.1	20.5
Diluted earnings per ordinary shares	26.0	20.5

Weighted average number of ordinary shares

	FY23	FY22
	Number	Number
Weighted average number of ordinary shares (basic) during the year	70,000,000	70,000,000
Weighted average number of ordinary shares (diluted) during the year	73,047,991	70,033,033

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

11. Intangible assets

Group	Intangible assets £000	Goodwill £000	Total £000
Cost			
Balance at 1 November 2021	725	36,761	37,486
Additions	405	13,093	13,498
Balance at 31 October 2022	1,130	49,854	50,984
Amortisation			
Balance at 1 November 2021	294	5,512	5,806
Charge in year	99	-	99
Balance at 31 October 2022	393	5,512	5,905
Net book value			
At 31 October 2022	737	44,342	45,079
At 31 October 2021	431	31,249	31,680

Group	Acquired intangibles £000	Intangible assets £000	Goodwill £000	Total £000
Cost				
Balance at 1 November 2022	-	1,130	49,854	50,984
Additions	-	124	-	124
Recognised through business combinations	4,992	-	14,338	19,330
Balance at 31 October 2023	4,992	1,254	64,192	70,438
Amortisation				
Balance at 1 November 2022	-	393	5,512	5,905
Charge in year	842	133	-	975
Balance at 31 October 2023	842	526	5,512	6,880
Net book value				
At 31 October 2023	4,150	728	58,680	63,558
At 31 October 2022	-	737	44,342	45,079

Included in acquired intangibles are customer relationships with a net book value of £4,009,000 and brands with a net book value of £141,000. At the year ended 31 October 2023 both acquired intangibles relate to the acquisition of Westcountry Food Holdings Limited. No intangibles have been recognised on prior period acquisitions. The intangibles arise on consolidation only and are not recognised in the accounts of the trading entity. The customer relationships have an amortisation period of 5 years, and the brands have an amortisation period of 1 year remaining as at 31 October 2023.

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

11. Intangible assets continued**Impairment testing**

Goodwill arising on business combinations is assessed separately under IFRS 3 in the period of acquisition. Each acquisition provides the Group with an additional cash-generating unit ("CGU").

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

Goodwill has been assessed as follows:

	2023 £000	2022 £000
Ambient	13,516	13,516
Frozen & Chilled	12,499	12,499
Foodservice	32,665	18,327
	58,680	44,342

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

The recoverable amount of a CGU has been calculated with reference to its value in use, using financial forecasts approved by the Board covering a 4 year period with the final period taken into perpetuity.

The key assumptions of this calculation are shown below:

	2023	2022
Period forecasts are based on:	4 years	4 years
Growth rate applied:	2%	2%
Pre-tax discount rate applied:	11.58%	10.59%

Impairment testing at 31 October 2023 has considered a further impact of inflation and its potential impact on demand and overheads the CGU's. The Board expect product and overhead inflation to reduce from levels seen in the year ended 31 October 2023. Having operated through the trading restrictions of previous financial periods the Directors believe there is no reasonable prospective of a reduction in demand that would result in a material impairment.

A 2% growth rate assumption has been made on the terminal value in the impairment calculation. The Group has demonstrated year on year growth outside of COVID-19 impacted financial periods and growth in consumer spending on food and drink was 2.5% in 2019, being the last period unaffected by COVID-19. There is a demonstrable link between consumer spending on food and drink and GDP trends.

The discount rate is per the Group's current weighted average cost of capital adjusted to reflect the pre tax rate at 25% corporation tax and a risk premium from comparable listed entities to approximate a market based discount rate. A specific risk premium has not been applied to each CGU as they all operate in the wholesale of food and drinks and are therefore exposed to the same macroeconomic risks. This would be reassessed if the discount rate indicated potential impairment of any individual CGU.

The increase in the discount rate follows the increase in risk free and market risk rate for UK equities which have increased in reaction to the wider economic issues, and also the increase in interest rates affecting the rate paid on debt instruments linked to base rate and SONIA.

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

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

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

12. Tangible assets

Group	Freehold property £000	Leasehold improvements £000	Fixtures and fittings £000	Motor vehicles £000	Plant & machinery £000	Total £000
Cost						
Balance at 1 November 2021	2,922	2,203	5,479	2,162	7,806	20,572
Additions	2	43	697	555	728	2,025
Disposals	-	-	-	(1,161)	(12)	(1,173)
Transferred from right-of-use assets	-	-	-	705	-	705
Acquired through business combinations	2,801	-	2	-	50	2,853
Balance at 31 October 2022	5,725	2,246	6,178	2,261	8,572	24,982

Depreciation						
Balance at 1 November 2021	93	858	4,078	1,108	4,331	10,468
Charge in year	119	156	466	505	700	1,946
Disposals	-	-	-	(1,029)	(11)	(1,040)
Transferred from right-of-use assets	-	-	-	571	-	571
Balance at 31 October 2022	212	1,014	4,544	1,155	5,020	11,945

Net book value

At 31 October 2022	5,513	1,232	1,634	1,106	3,552	13,037
At 31 October 2021	2,829	1,345	1,401	1,054	3,475	10,104

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

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

Net book value

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

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

13. Right-of-use assets

Group	Leasehold property £000	Motor vehicles £000	Plant & Machinery £000	Total £000
Cost				
Balance at 1 November 2021	19,914	13,444	1,618	34,976
Additions	4,670	3,105	950	8,725
Transferred to tangible assets	-	(705)	-	(705)
Disposals	(395)	(301)	(77)	(773)
Gain/(loss) on remeasurement	23	(352)	(14)	(343)
Acquired through business combinations	-	934	33	967
Balance at 31 October 2022	24,212	16,125	2,510	42,847
Depreciation				
Balance at 1 November 2021	3,956	6,989	843	11,788
Charge in year	2,111	3,450	390	5,951
Transferred to tangible assets	-	(571)	-	(571)
Disposals	(395)	(301)	(77)	(773)
At 31 October 2022	5,672	9,567	1,156	16,395
Net book value				
At 31 October 2022	18,540	6,558	1,354	26,452
At 31 October 2021	15,958	6,455	775	23,188

Group	Leasehold property £000	Motor vehicles £000	Plant & Machinery £000	Total £000
Cost				
Balance at 1 November 2022	24,212	16,125	2,510	42,847
Additions	1,922	7,704	402	10,028
Transferred to tangible assets	(673)	(778)	-	(1,451)
Disposals	(683)	(2,131)	(692)	(3,506)
Loss on remeasurement	(133)	(167)	(36)	(336)
Acquired through business combinations	242	307	20	569
Balance at 31 October 2023	24,887	21,060	2,204	48,151
Depreciation				
Balance at 1 November 2022	5,672	9,567	1,156	16,395
Charge in year	2,113	4,161	465	6,739
Transferred to tangible assets	(359)	(670)	-	(1,029)
Disposals	(683)	(2,055)	(692)	(3,430)
Loss on remeasurement	(107)	(111)	(22)	(240)
Balance at 31 October 2023	6,636	10,892	907	18,435
Net book value				
At 31 October 2023	18,251	10,168	1,297	29,716
At 31 October 2022	18,540	6,558	1,354	26,452

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

14. Investments

Group	Unlisted investments	
	2023 £000	2022 £000
Cost and net book value		
At beginning of year	35	20
Additions	3	-
Acquired on business combinations	7	25
Disposals	-	(10)
At end of year	45	35

Company	Shares in Group undertakings	
	2023 £000	2022 £000
Cost and net book value		
At beginning and end of year	12,993	12,993

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

The Company has the following investments in subsidiaries

Subsidiary undertaking	Country of incorporation	Class of shares held	Ownership 2023	Ownership 2022
Kitwave Investments Limited	UK	Ordinary	100%	100%
Kitwave One Limited*	UK	Ordinary	100%	100%
Kitwave Limited*	UK	Ordinary	100%	100%
M&M Valve Limited*	UK	Ordinary	100%	100%
Turner & Wrights Limited*	UK	Ordinary	100%	100%
FW Bishop & Son Limited*	UK	Ordinary	100%	100%
Westone Wholesale Limited*	UK	Ordinary	100%	100%
Automatic Retailing (Northern) Limited*	UK	Ordinary	100%	100%
Andersons (Wholesale) Limited*	UK	Ordinary	100%	100%
Teetime Toasties Limited*	UK	Ordinary	100%	100%
TG Foods Limited*	UK	Ordinary	100%	100%
Eden Farm Limited*	UK	Ordinary	100%	100%
Squirrels UK Limited*	UK	Ordinary	100%	100%
Thurston's Food's Limited*	UK	Ordinary	100%	100%
Angelbell Limited*	UK	Ordinary	100%	100%
David Miller Frozen Foods Limited*	UK	Ordinary	100%	100%
Phoenix Fine Foods Limited*	UK	Ordinary	100%	100%
MAS Frozen Foods Limited*	UK	Ordinary	100%	100%
Supplytech Limited*	UK	Ordinary	100%	100%
HB Clark Holdings Limited*	UK	Ordinary	100%	100%
HB Clark & Co (Successors) Limited*	UK	Ordinary	100%	100%
Churnet Valley Drinks Limited*	UK	Ordinary	100%	100%
Clarks Fine Wines Limited*	UK	Ordinary	100%	100%
FAM Soft Drinks Limited*	UK	Ordinary	100%	100%
Thorne Licence Wholesale Limited*	UK	Ordinary	100%	100%
Alpine Fine Foods Limited*	UK	Ordinary	100%	100%
Central Supplies (Brierley Hill) Ltd	UK	Ordinary	95%	95%
M. J. Baker Foodservice Limited	UK	Ordinary	100%	100%
Westcountry Food Holdings Limited*	UK	Ordinary	100%	0%
Westcountry Fruit Sales Limited*	UK	Ordinary	100%	0%
Veggies & More Limited *	UK	Ordinary	100%	0%
Westcountry Fine Foods Limited*	UK	Ordinary	100%	0%

*held indirectly through Kitwave Investments Limited and its subsidiaries.

The registered office of all the above companies is: Unit S3 Narvik Way, Tyne Tunnel Trading Estate, North Shields, Tyne and Wear, NE29 7XJ

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

15. Inventories

	Group		Company	
	2023	2022	2023	2022
	£000	£000	£000	£000
Goods for resale	35,410	31,846	-	-
	35,410	31,846	-	-

Goods for resale recognised as cost of sales in the year amount to £470,095,000 (FY22: £400,460,000).

16. Trade and other receivables

	Group		Company	
	2023	2022	2023	2022
	£000	£000	£000	£000
Trade receivables	50,985	47,206	-	-
Amounts owed by Group undertakings	-	-	59,958	61,429
Other debtors	1,383	1,510	-	-
Prepayments and accrued income	11,201	8,982	75	106
	63,569	57,698	60,033	61,535
Due within one year	62,692	56,926	60,033	61,535
Due after more than one year	877	772	-	-
	63,569	57,698	60,033	61,535

£7,539,000 (FY22: £23,946,000) of Group trade receivables are used as security against invoice discounting advances (note 19).

17. Cash and cash equivalents

	Group		Company	
	2023	2022	2023	2022
	£000	£000	£000	£000
Cash at bank and in hand	673	5,511	3	45
Cash and cash equivalents per cashflow statement	673	5,511	3	45

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

	Group		Company	
	2023	2022	2023	2022
	£000	£000	£000	£000
Trade payables	45,679	43,836	-	-
Other creditors	6,773	4,478	-	-
Accruals	11,144	9,577	57	39
Amounts owed to Group undertakings	-	-	37	22
	63,596	57,891	94	61

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

19. Interest-bearing loans and borrowings

This note provides information about the contractual terms of the Group's loans and borrowings. For more information about the Group's exposure to interest rate and foreign currency risk, see note 26.

	Group		Company	
	2023	2022	2023	2022
	£000	£000	£000	£000
Non-current liabilities				
Lease liabilities	26,267	23,240	-	-
Revolving Credit Facility	20,000	-	-	-
	46,267	23,240	-	-

	Group		Company	
	2023	2022	2023	2022
	£000	£000	£000	£000
Current liabilities				
Lease liabilities	6,402	5,509	-	-
Invoice discounting advances	6,405	20,354	-	-
	12,807	25,863	-	-

The Group leases warehousing facilities, commercial vehicles and other logistics equipment for use in its operations. The Group made a commitment for a new lease relating to the distribution centre in the South West. This was not signed at the year end and will have a lease liability of £5,853,000 on commencement of the lease expected in the year ended 31 October 2024.

	Group		Company	
	2023	2022	2023	2022
	£000	£000	£000	£000
Lease liabilities				
Lease liabilities payable as follows:				
Within one year	6,402	5,509	-	-
In the second to fifth years	14,106	10,396	-	-
Over five years	12,161	12,844	-	-
	32,669	28,749	-	-

Terms and debt repayment schedule

	Currency	Nominal interest rate	Year of maturity	2023 Face value £000	2023 Carrying value £000	2022 Face value £000	2022 Carrying value £000
Lease liabilities	Sterling	3.50% - 9.00%	2024-2041	41,333	32,669	37,686	28,749
Invoice discounting advances	Sterling	2.00% + Base	2025	6,405	6,405	20,354	20,354
Revolving Credit Facility	Sterling	2.05% + SONIA	2025	20,000	20,000	-	-
				67,738	59,074	58,040	49,103

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

19. Interest-bearing loans and borrowings continued

<i>Changes in liabilities from financing activities</i>	Loans and borrowings	Lease liabilities	Total
	£000	£000	£000
Total debt at 31 October 2021	14,620	24,636	39,256
Changes from financing cash flows			
Payment of lease liabilities	-	(5,068)	(5,068)
Interest paid	(1,105)	(1,429)	(2,534)
Total changes from financing cash flows	(1,105)	(6,497)	(7,602)
Other changes			
New borrowing	5,734	8,548	14,282
Interest expense	1,105	1,429	2,534
Remeasurement of lease liabilities	-	(351)	(351)
Added through business combination	-	984	984
Total other changes	6,839	10,610	17,449
Total debt at 31 October 2022	20,354	28,749	49,103
Changes from financing cash flows			
Repayment of borrowings	(13,949)	-	(13,949)
Payment of lease liabilities	-	(6,555)	(6,555)
Interest paid	(2,585)	(1,656)	(4,241)
Total changes from financing cash flows	(16,534)	(8,211)	(24,745)
Other changes			
New borrowing	20,000	10,025	30,025
Interest expense	2,585	1,656	4,241
Remeasurement of lease liability	-	(99)	(99)
Added through business combinations	-	549	549
Total other changes	22,585	12,131	34,716
Total debt at 31 October 2023	26,405	32,669	59,074

All borrowings are denominated in Sterling.

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

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

The invoice discounting advances are secured against trade receivables (note 16). These are repayable within 90 days of the date of the invoice and carry interest at a margin of 2.00%. This is a committed facility due to expire December 2025.

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

A £20,000,000 Revolving Credit Facility ("RCF") was entered into in December 2022 as part of the funding for the Westcountry Food Holdings Limited acquisition. The permitted use of the RCF is to fund acquisitions and it is not part of the Group's working capital finance. The facility is in place until December 2025 and the Group has an option to extend this by two years to December 2027. The interest margin is based on leverage at the year ended was paid at c.2.25% over SONIA and has reduced post year end to 2.05% due to the reduction in the Group's leverage position.

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

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

25. Financial instruments

25 (a) Fair values of financial instruments

The carrying value of all financial assets and financial liabilities by class, are shown below. The carrying value approximates to each asset and liability's fair value:

Group	2023 £000	2022 £000
Financial assets held at amortised cost		
Trade receivables	50,985	47,206
Cash and cash equivalents	673	5,511
	51,658	52,717
Financial liabilities measured at amortised cost		
Trade payables	45,679	43,836
Accruals	11,144	9,577
Invoice discounting advances	6,405	20,354
Obligations under lease liabilities	32,669	28,749
Revolving Credit Facility	20,000	-
	115,897	102,516

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

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

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

Financial instruments measured at fair value through the statement of profit and loss

IFRS 9 analyses financial instruments into a fair value hierarchy based on the valuation technique used to determine fair value.

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

All financial instruments for the year ended 31 October 2023 and 2022 were categorised as level 1.

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

Financial instruments continued

25 (b) Credit risk

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

The Group has a well-established and diverse portfolio of customers including a large number of customers paying cash on delivery. Management do not believe there is a significant concentration risk as evidenced with no one customer accounting for more than 9% of Group revenue.

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

The Group establishes an allowance for impairment that represents its estimate of incurred losses using a provision matrix which is based on historical levels of impairment and assessment of the quality of the receivable book to calculate a forward looking estimate.

2023	Gross £000	Impairment £000	Net £000
Current	41,833	-	41,833
31-60 days from invoice	9,547	(395)	9,152
61-90 days from invoice	900	(900)	-
90+ days	859	(859)	-
	53,139	(2,154)	50,985

The maximum Group exposure to credit risk in the period ended 31 October 2023 was £50,985,000 (2022: £47,206,000) being the total carrying amount of trade receivables and other receivables net of provision.

The Directors assess the risk to trade receivables by reviewing the ageing of debt rather than by reference to the amount overdue. Many customers operate on terms requiring payment for the previous delivery on receipt of their next order, referred to as 'one over one'. As such a large population of debt would be classed as overdue due to the parameters of the Group's accounting software with debt operating under the agreement made with the customer. The expected credit loss on invoices less than 90 days old is immaterial.

The bad debt expense for the year ended was 0.12% of Group revenue. The prior financial year annual debt expense was 0.16% of Group revenue. Applying the historic factor would result in a provision of c.£964,000 for the year ended 31 October 2023.

The impairment charge on trade receivables in the 12 month period ended 31 October 2023 £675,000 (note 5). Whilst the Directors are confident no single trade receivable will have a material impact on the Group's cash flow, they continue to take a prudent approach in relation to provisioning as the full impact of interest rate increases, consumer price inflation to date is expected to be seen in FY24.

Debt is reviewed regularly by dedicated credit control teams within each division and information from credit rating agencies is often used to assess a customer's ability to meet its obligations.

If there is significant doubt regarding a receivable a specific provision is created. In addition, a provision is created to account for the estimated losses that may be incurred in future periods. Management considers the level of provisioning to be materially correct based on these factors.

Movement in expected credit loss	2023 £000	2022 £000
At beginning of the year	2,088	2,017
Provided during the year	675	871
Added on acquisition	107	19
Utilised during the year	(716)	(819)
At the end of the year	2,154	2,088

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

Financial instruments continued

25 (c) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due.

The Group manages its liquidity risk by monitoring existing facilities and cash flows against forecast requirements based on a rolling cash forecast.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the effect of netting agreements:

2023	Carrying amount £000	Contractual cashflow £000	1 year or less £000	1-2 years £000	2-5 years £000	More than 5 years £000
Financial liabilities						
Trade payables	45,679	45,679	45,679	-	-	-
Accruals	11,144	11,144	11,144	-	-	-
Lease liabilities	32,669	41,333	7,775	6,140	11,548	15,870
Invoice discounting advances*	6,405	6,405	6,405	-	-	-
Revolving Credit Facility*	20,000	20,000	-	20,000	-	-
	115,897	124,561	71,003	26,140	11,548	15,870

2022	Carrying amount £000	Contractual cashflow £000	1 year or less £000	1-2 years £000	2-5 years £000	More than 5 years £000
Financial liabilities						
Trade payables	43,836	43,836	43,836	-	-	-
Accruals	9,577	9,577	9,577	-	-	-
Lease liabilities	28,749	37,686	6,741	5,028	8,828	17,089
Invoice discounting advances*	20,354	20,354	20,354	-	-	-
	102,516	111,453	80,508	5,028	8,828	17,089

* The invoice discounting, Revolving Credit Facility (RCF) and bank trade loan are all revolving facilities. The invoice discounting facility is available up to £38,000,000 of drawn down and is available until 2025. The trade loan facility is for £8,000,000 and repayable within 35 days of draw down. Both the invoice discounting and trade loan facility form an integral part of the Group's day to day short term cash management. The RCF is available up to £20,000,000 and is committed until 2025, with the Group's option to extend it for a further two years to 2027. The permitted use of the RCF is to fund acquisitions and it is presently fully drawn following the acquisition of Westcountry Food Holdings Limited in December 2022.

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

Financial instruments continued

25 (d) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments.

The Group has an immaterial exposure to currency risk on purchases denominated in a currency other than the functional currency of the Group since the balance owed to non UK business is immaterial at each period end.

The Group is exposed to interest rate risk principally where its borrowings are at variable interest rates.

At the balance sheet date the interest rate profile of the Group's interest-bearing financial instruments was.

	Group	
	2023	2022
	£000	£000
Fixed rate instruments		
Financial liabilities	(32,669)	(28,749)
	(32,669)	(28,749)
	2023	2022
	£000	£000
Variable rate instruments		
Financial liabilities	(26,405)	(20,354)
	(26,405)	(20,354)

Sensitivity analysis

An increase of 25 basis points in interest rates throughout the period would have affected the statement of profit and loss by the amounts shown below. This calculation assumes that the charge occurred at all points in the period and had been applied to the average risk exposures throughout the period:

	2023	2022
	£000	£000
Profit or loss decreases	66	51

The above assumes the rate change is applicable on financial liabilities accruing interest on base rate and SONIA and affects them in the same way

25 (e) Capital management

The primary objective of the Group is to manage its capital to ensure it is able to continue as a going concern, whilst maximising shareholder value.

The capital structure of the Group consists of debt, which includes leasing related borrowings of £32,669,000 (2022: £28,749,000), cash and cash equivalents of £673,000 (2022: £5,511,000), an invoice discounting facility with a limit of £38,000,000 drawn at £6,405,000 (2022: £20,354,000), a trade loan facility with a limit of £8,000,000 drawn at nil (2022: nil), a revolving credit facility drawn at £20,000,000 (2022: £nil) and equity attributable to the equity holders of the Group of £84,445,000 (2022: £71,887,000).

The capital structure is reviewed regularly by the Directors. The Group's policy is to maintain gearing at levels appropriate to the business and its funders. The Directors take consideration of gearing by reference to the leverage calculating including IFRS 16 lease liability and without. The Group produces annual forecasts to enable the Board to assess the level of working capital needed in the business, taking careful account of working capital cycles, which are predictable, and the Board have significant experience of managing them.

The Group has headroom on its working capital facilities, excluding cash, of £39,600,000 at the year end (2022: £25,600,000).

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

26. Related party transactions

Kitwave One Limited, Kitwave Investments Limited, Kitwave Limited, Turner & Wrights Limited, FW Bishop & Son Limited, M & M Value Limited, Westone Wholesale Limited, Andersons (Wholesale) Limited, Teatime Tasties Limited, TG Foods Limited, Eden Farm Limited, Squirrels UK Limited, Thurston's Food's Limited, David Miller Frozen Foods Limited, Angelbell Limited, MAS Frozen Foods Limited, Supplytech Limited, Automatic Retailing (Northern) Limited, Phoenix Fine Foods Limited, H B Clark (Successors) Limited, H B Clark Holdings Limited, Churnet Valley Drinks Limited, Clarks Fine Foods Limited, F.A.M Soft Drinks Limited, M.J. Baker Foodservice Limited, Alpine Fine Foods Limited, Westcountry Food Holdings Limited, Westcountry Fruit Sales Limited, Veggies & More Limited and Westcountry Fine Foods Limited are all 100% owned subsidiaries of this Company. Central Supplies (Brierley Hill) Ltd is a 95% owned subsidiary of this Company.

Key management personnel

Total compensation of key management personnel in the period amounts to £1,179,394 (FY22: £942,439) in respect of short-term employment benefits, £nil (FY22: £nil) in respect of past-employment benefits and £nil (FY22: nil) in respect of termination benefits.

27. Ultimate controlling party

The Company is listed on the Alternative Investment Market of the London Stock Exchange. Material shareholders are detailed within the Directors' report. There is no ultimate controlling party of the Group.

28. Post balance sheet events

Post year end the Group completed the acquisition of the entire ordinary share capital of WLG (Holdings) Limited for total consideration of £2,700,000. The acquired balance sheet included cash and cash equivalents of £192,000. The business will be incorporated into the existing Foodservice division.

Significant control was obtained through the acquisition of 100% of the share capital.

The fair values of the assets and liabilities acquired, intangible assets recognised and the associated goodwill arising from the acquisition are still under review at the point of signing these financial statements.

The acquisition was funded through headroom on existing bank facilities.

ALTERNATIVE PERFORMANCE MEASURE GLOSSARY

This report provides Alternative Performance Measures ("APMs"), which are not defined or specified under the requirements of International Financial Reporting Standards. The Board believes that these APMs provide readers with important additional information on the Group.

Alternative performance measure	Definition and purpose			
Adjusted operating profit	Represents the operating profit prior to exceptional (income) / expenses and share based payment expenses. This measure is consistent with how the Group measures performance and is reported to the Board.			
			FY23	FY22
		Note	£000	£000
	Total operating profit		29,363	20,375
	Amortisation of intangible assets arising on acquisition	3	842	-
	Acquisition expenses	5	648	148
	Compensation for post combination services	5	199	95
	Share based payment expense	5	964	863
	Adjusted operating profit		32,016	21,481
Adjusted EBITDA	Represents the operating profit prior to exceptional (income) / expenses, share based payment expenses, fixed asset depreciation and intangible amortisation. This measure is consistent with how the Group measures trading and cash generative performance and is reported to the Board.			
			FY23	FY22
		Note	£000	£000
	Total operating profit		29,363	20,375
	Amortisation of intangible assets	11	975	99
	Depreciation	12,13	8,992	7,897
	Acquisition expenses	5	648	148
	Compensation for post combination services	5	199	95
	Share based payment expense	5	964	863
	Adjusted EBITDA		41,141	29,477
Pre tax operational cash conversion	Represents the cash generated from operating activities pre tax as a proportion of cash flow from operating activities pre movements in working capital and tax. This measure informs the Board of the Group's cash conversion from operating activities, is used to monitor liquidity and is reported to the Board.			
			FY23	FY22
			£000	£000
	Net cash inflow from operating activities		30,298	26,525
	Tax paid		6,075	4,005
	Cash flow from operating activities pre tax and compensation for post combination services (1)		36,373	30,530
	Movement in working capital		3,937	(1,373)
	Cash flow from operating activities pre tax and compensation for post combination services and movement in working capital (2)		40,310	29,157
	Pre tax operational cash conversion (1) divided by (2)		90%	105%

ALTERNATIVE PERFORMANCE MEASURE GLOSSARY - CONTINUED

Alternative performance measure	Definition and purpose		
After tax return on invested capital	Represents adjusted profit after tax as a proportion of invested capital. This measure informs the Board of how effective the Group is in generating returns from the capital invested.		
		FY23 £000	FY22 £000
	Adjusted operating profit	32,016	21,481
	Operating lease interest	(1,656)	(1,427)
		30,360	20,054
	Tax charge at effective rate of tax of 23% (FY22:18%)	(6,831)	(3,690)
	Adjusted operating profit after tax (1)	23,529	16,364
	Invested capital comprising:		
	Invoice discounting advances	6,405	20,354
	Lease liabilities	32,669	28,749
	Revolving Credit Facility	20,000	-
	Share capital	700	700
	Share premium	64,183	64,183
	Less cash at bank and in hand	(673)	(5,511)
	Total invested capital (2)	123,284	108,475
	After tax return on invested capital (1) divided by (2)	19%	15%
Return on net assets	Represents adjusted profit after tax as a proportion of the Group's investment in fixed assets and working capital. This measure informs the Board of how effective the Group is in generating returns from its fixed assets and net working capital.		
		FY23 £000	FY22 £000
	Adjusted operating profit	32,016	21,481
	Tax charge at effective rate of tax of 23% (FY22: 18%)	(7,204)	(3,953)
	Adjusted operating profit after tax (1)	24,812	17,528
	Fixed assets and net working capital comprising:		
	Intangible assets*	728	737
	Fixed assets	16,614	13,037
	Right-of-use assets	29,716	26,452
	Investments	45	35
	Inventories	35,410	31,846
	Trade and other receivables	63,569	57,698
	Trade and other payables	(63,596)	(57,891)
	Liability for post combination services**	1,006	806
	Total invested capital (2)	83,492	72,720
	After tax return on invested capital (1) divided by (2)	30%	24%
	* excluding acquired intangibles arising on acquisition		
	** adjustment to exclude the liability for post combination services from trade and other payables		

ALTERNATIVE PERFORMANCE MEASURE GLOSSARY - CONTINUED

Alternative performance measure	Definition and purpose			
Leverage	Management assess leverage by reference to adjusted EBITDA against net debt including and excluding IFRS 16 lease liabilities and including the liability for post combination services held within other creditors. This indicates how much income is available to service debt before interest, tax, depreciation and amortisation.			
		Note	FY23 £000	FY22 £000
	Adjusted EBITDA (1)		41,141	29,477
	Invoice discounting advances		6,405	20,354
	Lease liabilities		32,669	28,749
	Revolving Credit Facility		20,000	-
	Liability for post combination services		1,006	807
	Cash at bank and in hand		(673)	(5,511)
	Net debt (2)		59,407	44,399
	Leverage (including IFRS 16 debt) (2) divided by (1)		1.4	1.5
	IFRS 16 lease liabilities		26,197	25,902
	Net debt excluding IFRS 16 lease liabilities (3)		33,210	18,497
	Leverage (excluding IFRS 16 lease debt) (3) dividend by (1)		0.8	0.6

Reconciliation between
existing and acquired
operating profit for the year

	Note	Existing operations 2023 £000	Acquisitions 2023 £000	Total year ended 31 October 2023 £000	Year ended 31 October 2022 £000
Revenue	3	566,333	35,887	602,220	503,088
Cost of sales		(447,466)	(22,629)	(470,095)	(400,460)
Gross profit		118,867	13,258	132,125	102,628
Other operating income	4	201	(18)	183	374
Distribution expenses		(49,026)	(5,544)	(54,570)	(44,010)
Administrative expenses		(45,336)	(3,039)	(48,375)	(38,617)
Operating profit		24,706	4,657	29,363	20,375
<i>Analysed as:</i>					
Adjusted EBITDA		36,145	4,996	41,141	29,477
Amortisation of intangible assets	11	(975)	-	(975)	(99)
Depreciation	12,13	(8,653)	(339)	(8,992)	(7,897)
Acquisition expenses	5	(648)	-	(648)	(148)
Compensation for post combination services	5	(199)	-	(199)	(95)
Share based payment expense	5	(964)	-	(964)	(863)
Total operating profit		24,706	4,657	29,363	20,375

NOTES

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

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

Kitwave registered number: 09892174

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