RNS Number : 2187R
Kitwave Group PLC
28 February 2023

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Kitwave Group plc

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

Final Results for the twelve months ended 31 October 2022

Kitwave Group plc (AIM: KITW), the delivered wholesale business, is pleased to announce its final results for the twelve months ended 31 October 2022.

Financial summary

- Revenues of £503.1 million *(FY21: £380.7 million)*
- Gross profit margin increased to 20% during the year *(FY21: 18%)*
- Adjusted operating profit of £21.5 million *(FY21: £7.1 million)**
- Profit before tax increased to £17.8 million *(FY21: £2.1 million)*
- £26.5 million net cash generated from operations *(FY21: £7.9 million)**
- Pre-tax operational cash conversion of 105% *(FY21: 85%)**

** For more information on alternative performance measures please see the glossary at the end of the announcement.*

The Board has declared that it is recommending a final dividend of 6.75 pence per ordinary share, subject to approval at the Annual General Meeting to be held on 24 March 2023, which will, if approved, result in a total dividend for the financial year ended 31 October 2022 of 9.25 pence per ordinary share.

Operational highlights

- The Group opened its new 60,000 sq. ft Wakefield distribution centre in March 2022. The upgraded facility which acts as the head office for wholesaler HB Clark, has delivered operational and administrative efficiencies, enabling the Foodservice division to deliver growth and improved service levels.

- Acquisition of M.J. Baker Foodservice Limited, the West Country's leading ambient and frozen foodservice supplier completed in February 2022. M.J. Baker has been successfully integrated into the Foodservice division and is performing in line with expectations.

- Launch of the new online trading platform across all divisions to improve existing customer relationships whilst enhancing operational synergy within the Group.

Post-period end

- Acquisition of Westcountry Food Holdings Limited, a leading foodservice supplier of local, regional and imported fresh produce in the South West of England in December 2022.

- Appointment of Teresa Octavio as a Non-Executive Director to the Board in February 2023.

Paul Young, Chief Executive Officer of Kitwave, commented:

"I am pleased to report on the Group's final results for the twelve months ending 31 October 2022.

"As announced in the Group's trading update in November 2022, the strong performance during the first half of the year continued into the second half. We are, therefore, able to report results in line with the upgraded market expectations that were referred to in the interim results, published in July 2022. The Group's strong performance has continued into the first three months of the new financial year.

"Kitwave has made significant progress, both operationally and commercially during the period, despite the challenging macro environment backdrop. Whilst the COVID-19 pandemic is mostly behind us, its knock-on effects still linger. We remain cognisant of UK cost of living issues, however, the Group is well placed to combat these and, as such, we are confident of a positive 2023 trading period.

"The opening of the Wakefield site and the launch of a new web-based trading platform demonstrates the Group's drive to improve its systems and operations, for the benefit of all stakeholders, including suppliers, colleagues and customers. These initiatives play an important role in driving the inherent, long-term value of the Group.

"The Board recognises the significant market opportunity within the fragmented UK wholesale market and Kitwave's strategy is focused on capitalising on this. 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 Westcountry Food Holdings Limited, a specialist fresh produce wholesaler to the foodservice sector operating in the South West of England. The acquisition is in line with our criteria and will be incorporated into the existing Foodservice division.

"At Kitwave, it is our people that make the business the success that it is. I would, therefore, like to take this opportunity to thank our colleagues, across all aspects of the Group, for their hard work throughout the period.

"I am confident that the Board and management have the expertise and experience to deliver the Group's growth strategy and generate value for the Group and its shareholders."

- Ends -

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Company Overview

Founded in 1987, following the acquisition of a single-site confectionery wholesale business based in North Shields, United Kingdom, Kitwave is a delivered wholesale business, specialising in selling and delivering impulse products, frozen, chilled and fresh foods, alcohol, groceries and tobacco to approximately 42,000, mainly independent, customers.

With a network of 30 depots, Kitwave is able to support delivery throughout the UK to a diverse customer base, which includes independent convenience retailers, leisure outlets, vending machine operators, foodservice providers and other wholesalers, as well as leading national retailers.

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

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

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

Chairman's statement

Overview

In our second Annual Report since the Company's admission to AIM in May 2021, we are pleased to report a year of excellent progress. In the prior year, the Group had positioned itself to be able to capitalise on opportunities for growth as the challenges of the COVID-19 pandemic eased. As can be seen from the results for the year, all our divisions recovered quickly and performed ahead of our expectations.

Results summary

The Group has demonstrated significant growth in both revenue and operating profit during the year, with revenue of £503.1 million (FY21: £380.7 million) and operating profit of £20.4 million (FY21: £6.4 million).

Included in the results for the year is a contribution from M.J. Baker Foodservice Limited which is in line with our expectations at the time of the acquisition in February 2022.

	Existing operations £000	**Acquisitions £000**	**FY22 £000**	**FY21 £000**
Revenue	484.8	18.3	**503.1**	380.7
Operating profit	18.2	2.2	**20.4**	6.4
Adjusted operating profit *	19.3	2.2	**21.5**	7.1

** For more information on alternative performance measures please see the glossary at the end of the announcement.*

It is important to note the work undertaken by management to increase gross margin in order to protect the Group from the inflationary pressures being experienced in its cost base. Increases in overhead costs such as labour, fuel and energy have been particularly significant. We are continually striving to mitigate such cost increases and, 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 6.75 pence per ordinary share (FY21: 4.50 pence), subject to approval at the AGM, which, if approved, will result in a total dividend for the year of 9.25 pence per ordinary share (FY21: 6.75 pence).

Environmental, Social and Governance (ESG)

We are committed to ensuring the highest standards of ESG practices across our business and recognise that we have social and environmental responsibilities arising from our operations. The Group continues to develop this framework and the associated measures that will need to be considered.

Our colleagues are our most valuable asset and their welfare is a priority at Kitwave. Especially during this cost-of-living crisis, we are pleased to be able to provide sustainable employment and to increase remuneration across our workforce.

To enhance the focus on safety across our divisions, we appointed a Group Health and Safety Director in April 2022. This is a newly created position to coordinate the activities of the individual Health and Safety Officers operating in each business.

The Group continues to enhance its transparency of the risk environment in which it operates through further development of the risk register and associated mitigations and internal controls. During the year, the Group adopted an Enterprise Risk Management (ERM) framework which incorporated a review of its risk register and an update of the risk appetite for the Group's principal risks. 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. Risk champions will have regular engagement with the Board and are scheduled into the Board agenda for regular consideration.

In addition to strict governance policies, Kitwave maintains its commitment to being a responsible corporate citizen through its many schemes to decrease its environmental impact.

Board

As outlined in the Nomination Committee Report, a Board evaluation review was undertaken during the year. One of the recommendations from the Committee to the Board was the need to increase diversity among the Directors. Feedback from shareholders had also indicated a desire for a more balanced position between the number of Executive and Non-Executive members of the Board. Consequently, a process to appoint a further Non-Executive Director commenced in September 2022 and we were delighted to announce the appointment of Teresa Octavio to the Board on 1 February 2023.

Our people

I would like to take this opportunity to thank all our colleagues at this time, as they have continued to respond to the challenges faced by the business with exceptional commitment. It is due to their dedication that we continue to provide the high-quality service that our customers have come to expect.

Outlook

Since Kitwave's IPO in May 2021, the Group has continued to go from strength to strength. Unlike many of the other companies that joined AIM at a similar time, Kitwave has significantly outperformed market expectations, despite the challenges of the pandemic and the more recent inflationary cost pressures.

We continue to pursue our combined organic growth and acquisition-based strategy and believe there are a large number of opportunities available to us in what remains 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 Westcountry Food Holdings Limited, a specialist fresh produce wholesaler to the foodservice sector operating in the South West of England. The acquisition is in line with our criteria and will be incorporated into the existing Foodservice division.

FY23 has started well and, subject to successful management of the 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
27 February 2023

Chief Executive Officer's review

Overview

I am pleased to report the Company's final results for the 12 months ending 31 October 2022.

Kitwave has made significant progress during the year, despite operating against a challenging macro environment. Whilst the COVID-19 pandemic is now mostly behind us, its knock-on effects still linger. We remain cognisant of UK cost of living issues, however, the Group is well-placed to combat these and, as such, we remain confident of a positive 2023 trading period.

As outlined further below, the Group has made significant progress, both operationally and commercially, in the reporting period. As we announced in the Group's trading update in November 2022, the strong performance during the first half of the year continued into the second half. We are, therefore, able to report results in line with the upgraded market expectations that were referred to in the interim results, published in July 2022. We are pleased with the Group's progress since its admission to trading on AIM in May 2021 and the results that we have reported to date, which put us on a strong footing for FY23 and beyond.

Divisional summary

Set out below is the financial performance of the business by division for FY22:

Ambient and Frozen & Chilled divisions

The Group's Ambient and Frozen & Chilled divisions both service the Retail & Wholesale sector of the grocery market. To be consistent with the market view these divisions are considered together and saw combined revenues increase by £59.3 million to £378.9 million (FY21: £319.6 million), a 19% increase from the year to October 2021.

Ambient

£000	FY22	FY21
Revenue	185,132	155,712
Gross profit	26,857	19,280
Gross margin %	14%	12%

Frozen & Chilled

£000	FY22	FY21
Revenue	193,810	163,895
Gross profit	42,574	34,923
Gross margin %	22%	21%

Foodservice division

The Group's Foodservice division, which was heavily affected by the pandemic, has rebounded strongly and performed well during the period, resulting in an increase in revenues to £124.1 million (FY21: £61.1 million).

This year saw the acquisition of M. J. Baker Foodservice Limited and included in these numbers is £18.3 million of acquired revenues. On a like-for-like basis, the division's organic growth was 73%, with an increase in revenues of £44.7 million.

Foodservice

£000	FY22	FY21
Revenue	124,146	61,087
Gross profit	33,196	14,382
Gross margin %	27%	24%

Facilities

The Group was pleased to announce the opening of its new 60,000 sq. ft Wakefield distribution centre in March 2022. The upgraded facility, which replaced the previous centre in Wakefield and acts as the head office and distribution hub for wholesaler HB Clark, has delivered operational and administrative efficiencies.

office and distribution hub for wholesaler HB Clark, has delivered operational and administrative efficiencies, enabling the division to go on to deliver growth and improved service levels.

The opening of the Wakefield site demonstrates the Group's drive to improve its systems and operations, for the benefit of all stakeholders, including suppliers, colleagues and customers. These initiatives play an important role in driving the inherent, long-term value of the Group.

Strategy

The Group made strides in the execution of its strategy, which targets growth through acquisition and organic growth, throughout the period. In line with this strategy, we were delighted to announce the acquisition of M.J. Baker Foodservice Limited, one of the West Country's leading ambient and frozen foodservice supplier, in February 2022. The business, which joins Kitwave's Foodservice division, has been successfully integrated into the Group and is performing in line with expectations.

Further to this, post-period end in December 2022, we were also pleased to acquire Westcountry Food Holdings Limited ("WestCountry"), a significant foodservice supplier of local, regional and imported fresh produce in the South West of England. WestCountry has developed a network of dedicated, high-quality local growers of seasonal fresh produce, as well as direct supply links with national and international fresh produce markets and represents an excellent addition to the Group.

Both businesses complement the Group's existing Foodservice division and enable the expansion of our reach into the South West. Foodservice provides a market for future growth and these acquisitions allow Kitwave to capitalise on opportunities available to it, which will deliver value to the Group.

Both acquisitions embody the Group's acquisition strategy. We look for strong, financially-robust businesses with well-regarded local reputations, established operations and teams with an ethos that reflects that of the Group. We are, therefore, delighted to have M.J. Baker and WestCountry as part of the Group.

We continue to assess further acquisition opportunities, which we feel will complement Kitwave's current offering, enabling us to better serve our customer base and deliver growth for the Group.

The second strand of our strategy focuses on organic growth through investment in our systems, processes and service offering.

We are proud to have launched a web-based trading platform for the Frozen & Chilled division in January 2022, which is now also operational in both the Ambient and Foodservice divisions. This will provide a cornerstone for future organic growth.

The results from the platform since its launch have been very encouraging, with increased order numbers and order sizes. Feedback from users has also been overwhelmingly positive. The initiative has enabled us to improve the strong relationships we have with customers and enhance operational synergies within the Group while driving sales.

Investment in infrastructure, systems, vehicles and people has enhanced the Group's ability to identify opportunities in the market to improve revenue. This was encapsulated during the summer when the warmer-than-normal weather increased demand for frozen confectionery. The Group's depth of resource allowed it to meet that demand and benefit from the opportunity.

The Board recognises the significant market opportunity within the fragmented UK wholesale market and Kitwave's strategy is focused on capitalising on this. I am confident that the Board and management team have the expertise and experience to deliver the Group's growth strategy and generate value for the Group and its shareholders.

Colleagues

At the start of the financial year, we welcomed Ben Maxted to the Board as Chief Operating Officer. Since joining Kitwave in 2011, Ben has contributed significantly to the development of the Group. His strong operational and commercial expertise have been highly valued as we look to execute the Group's growth strategy.

Post-period, we were also pleased to announce the appointment of Teresa Octavio to the Board as Non-Executive Director. Teresa brings to Kitwave a wealth of business transformation experience and insight, which will play an important role in how the Group evolves in terms of regional reach, customer base expansion, service provision and revenue growth.

At Kitwave, it is our people that make the business the success that it is. I would, therefore, like to take this opportunity to thank our colleagues, across all aspects of the Group, for their hard work throughout the period. We recognise that these remain challenging times, so their efforts are greatly appreciated. I am confident that their contribution will assist Kitwave in its objective to continue its growth in FY23 and the years thereafter.

Summary and outlook

The results for the year reflect our focus on delivering an exceptionally high standard of service to our customers. Since Kitwave was founded in 1987, this has been at the heart of our business and will remain long into the future. We have built an excellent platform for the Group from which to grow within the UK wholesale market. With our focused strategy, we believe we are well-placed to achieve this growth and deliver value to the Group and its investors.

We would like to thank all of our shareholders for their support throughout the period, and we look forward to delivering further progress in the year to come.

Paul Young
Chief Executive Officer
27 February 2023

Chief Financial Officer's review

Overview

As the fuller easing of lockdown restrictions took effect Group revenue increased to £503.1 million, compared to £380.7 million in the year to October 2022. This included £18.3 million of acquired revenue and on a like-for-like basis a 27% increase in revenue.

The Group's Ambient and Frozen & Chilled divisions that service the Retail & Wholesale sectors of the market saw revenues increase by £59.3 million to £378.9 million a 19% increase in the year to October 2022.

The Group's Foodservice division, which had been more affected by the COVID-19 restrictions, saw revenues increase by £63.0 million to £124.1 million an increase of 103% in the year to October 2022. This year saw the acquisition of M.J. Baker Foodservice Limited in February 2022 and included in these numbers is £18.3 million of acquired revenues. On a like-for-like basis the divisions organic growth was 73% with an increase in revenues of £44.7 million.
During the last 12 months the grocery and foodservice market has begun to see more significant levels of price inflation but also continued challenges with supply chain shortages. Despite these challenges the Group continued to grow its unit sales as well as benefiting from the price rise inflation in the market.

Gross profit margin has increased by 2% to 20% during the year. The increase being partly due to a mix change with the higher margin Foodservice division trading at increased levels and the acquired operations also providing a gross profit margin of 32%. Divisional margins are generally ahead of expectations and the prior year.

Whilst inflationary pressure was seen in the cost base, overall distribution costs as a proportion of revenues only rose slightly. The Foodservice division saw the biggest absolute increase in distribution costs as volumes returned to pre-COVID-19 levels. Overall distribution costs were 9% of Group revenue (FY21: 8%).

The Group's adjusted operating profit of £21.5 million (FY21: £7.1 million) represents 4% (FY21: 2%) of Group revenue. All divisions generated an increase in adjusted operating profit margin compared with FY21.

In the 12 months ended October 2022 Group profit before tax increased by £15.7 million to £17.8 million (FY21: £2.1 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 £2.5 million (FY21: £4.3 million) relate to the costs associated with the working capital facilities utilised by the Group of £1.1 million (FY21: £1.3 million) and interest relating to leased assets accounting of £1.4 million (FY21: £1.2 million). The prior year had other net finance costs of £1.7 million relating to the Group's capital structure prior to its IPO in May 2021.

The statutory basic and diluted earnings per share for FY22 is £0.20 (FY21: £0.02).

The Board is recommending a final dividend of 6.75 pence per ordinary share (FY21: 4.50 pence), subject to approval at the AGM, which, if approved, will result in a total dividend for the year of 9.25 pence per ordinary share (6.75 pence). This is a 37% rise in dividend per share compared to FY21.

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 total 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.

KPIs

	FY22	**FY21**

Financial profitability KPIs		
Gross margin %	20%	18%
Adjusted operating profit *	£21.5m	£7.1m
Adjusted operating margin *	4.3%	1.9%
EPS	£0.20	£0.02
Financial structure KPIs		
Leverage (inc IFRS16 debt)*	1.5x	2.3x
Leverage (exc IFRS16 debt)*	0.6x	0.9x
Pre tax operational cash conversion *	105%	85%
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 at the end of the announcement.*

Capital expenditure

The Group has continued to invest in its operations over the financial year with £2.4 million (FY21: £2.9 million) invested in new assets and £8.7 million (FY21: £10.9 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 £0.6 million (FY21: £0.3 million) of new vehicles acquired and £3.1 million (FY21: £1.2 million) invested through right-of-use vehicle replacement.

A new lease was signed for the Wakefield site that created an additional £4.6 million of right-of-use leasehold assets.

Cashflow

The net cash inflow from operating activities for the year was £26.5 million (FY21: £7.9 million) after net inflow from working capital of £1.4 million (FY21: £2.4 million outflow) and tax payments of £4.0 million (FY21: £2.4 million). This resulted in operating cash conversion of 91% and pre-tax operational cash conversion* of 105%.

There was a cash outflow to the Group of £16.9 million in relation to the acquisition of M.J. Baker Foodservice Limited. This amount is the full consideration in relation to the transaction with no further payments due.

The Group paid a final dividend relating to FY21 in April 2022 of 4.50 pence per ordinary share and an interim dividend in respect of FY22 in August 2022 of 2.50 pence per ordinary share. The total cash outflow relating to dividend payments was £4.9 million (FY21: £1.6 million) during the year.

The net cash increase in the year was £0.5 million.

Financial position

At 31 October 2022, cash and cash equivalents totalled £5.5 million (FY21: £5.0 million).

The Group had a total of £49.1 million (FY21: £39.3 million) of interest-bearing debt facilities including £25.9 million (FY21: £21.6 million) of IFRS 16 lease liabilities.

The Group's CID facility that was drawn to a value of £20.4 million (FY21: £14.6 million) at year end has one covenant requiring net debt not to exceed three times EBITDA which was satisfied as at 31 October 2022. In addition to the cash and cash equivalents, there were undrawn facilities available to the Group of £23.1 million at the year end.

Post the financial year end the Group extended the expiry on its CID facility by 18 months to December 2025. At the same time a new additional £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. This facility includes the same covenant as the CID facility plus an additional interest cover covenant set at four times cover.

Taxation

The tax charge for the year was £3.5 million (FY21: £1.0 million) at an effective rate of 20% (FY21: 48%). The effective rate in the prior year is higher than the standard UK rate of corporation tax of 19% mainly due to the non-deductible element of interest charges and fair value adjustments to debt instruments under the pre-Admission debt structure. 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 18% (FY21: 20%) the adjusted profit after tax return on investment capital at 31 October 2022 was 15% (FY21: 5%). These returns exclude the charges relating to share-based payments.

Share based payments

In the year there was an expense of £0.9 million (FY21: £0.2 million) for share-based payments.

This relates to a Management Incentive Plan (MIP) that commenced in July 2021 post the completion of the IPO in May 2021. The expense in FY21 reflects a partial charge in the year from the inception of the MIP to the year end and the expense in FY22 reflects a full year charge.

David Brind
Chief Financial Officer
27 February 2023

Consolidated statement of profit and loss and other comprehensive income

	Note	**Year ended 31 October 2022 £000**	Year ended 31 October 2021 £000
Revenue	*3*	**503,088**	380,694
Cost of sales		**(400,460)**	(312,109)
Gross profit		**102,628**	68,585
Other operating income	*4*	**374**	4,771
Distribution expenses		**(44,010)**	(31,203)
Administrative expenses		**(38,617)**	(35,755)
Operating profit		**20,375**	6,398
Analysed as:			
Adjusted EBITDA		**29,477**	15,053
Amortisation of intangible assets	*11*	**(99)**	(150)
Depreciation	*12,13*	**(7,897)**	(7,817)
CPO income	*4*	**-**	2,255
Restructuring costs	*5*	**-**	(1,257)
Acquisition expenses	5	**(148)**	(181)
Compensation for post combination services	5	**(95)**	(1,278)
Share based payment expense	5	**(863)**	(227)
Total operating profit		**20,375**	6,398
Finance expenses	*8*	**(2,534)**	(4,274)
Analysed as:			
Interest payable on bank loans and bank facilities	*8*	**(1,105)**	(1,327)
Interest and finance charges payable on loan notes and debenture loans	*8*	**-**	(7,078)
Finance charges on leases	*8*	**(1,427)**	(1,239)
Fair value movement on financial liabilities	*8*	**-**	5,410
Other interest	*8*	**(2)**	(40)
Finance expenses		**(2,534)**	(4,274)
Profit before tax		**17,841**	2,124
Tax on profit on ordinary activities	*9*	**(3,501)**	(1,028)
Profit for the year		**14,340**	1,096
Other comprehensive income		**-**	-
Total comprehensive income for the year		**14,340**	1,096
Basic earnings per share (£)	*10*	**0.20**	0.02

	Note	Year ended 31 October 2022	Year ended 31 October 2021
Diluted earnings per share (£)	*10*	**0.20**	0.02

Consolidated balance sheet as at 31 October

	Note	**2022**	2021
		£000	£000
Non-current assets			
Goodwill	*11*	**44,342**	31,249
Intangible assets	*11*	**737**	431
Tangible assets	*12*	**13,037**	10,104
Right-of-use assets	*13*	**26,452**	23,188
Investments	*14*	**35**	20
		84,603	64,992
Current assets			
Inventories	*16*	**31,846**	26,043
Trade and other receivables	*17*	**57,698**	52,814
Cash and cash equivalents	*18*	**5,511**	4,968
		95,055	83,825
Total assets		**179,658**	148,817
Current liabilities			
Other interest bearing loans and borrowings	*20*	**(20,354)**	(14,620)
Lease liabilities	*20*	**(5,509)**	(4,719)
Trade and other payables	*19*	**(57,891)**	(47,332)
Tax payable		**(62)**	(370)
		(83,816)	(67,041)
Non-current liabilities			
Lease liabilities	*20*	**(23,240)**	(19,917)
Deferred tax liabilities	*21*	**(715)**	(275)
		(23,955)	(20,192)
Total liabilities		**(107,771)**	(87,233)
Net assets		**71,887**	61,584
Equity attributable to equity holders of the parent Company			
Called up share capital	*24*	**700**	700
Share premium account	*24*	**64,183**	64,183
Consolidation reserve	*24*	**(33,098)**	(33,098)
Share based payment reserve	*23*	**1,090**	227
Retained earnings		**39,012**	29,572
Equity		**71,887**	61,584

Company balance sheet as at 31 October

	Note	**2022**	2021
		£000	£000
Non-current assets			
Investments	*14*	**12,993**	12,993
Deferred tax assets	*21*	**273**	57
		13,266	13,050
Current assets			
Trade and other receivables	*17*	**61,535**	63,081
Cash and cash equivalents	*18*	**45**	3,371
		61,580	66,452
Total assets		**74,846**	79,502
Current liabilities			
Trade and other payables	*19*	**(61)**	(227)
Total liabilities		**(61)**	(227)
Net assets		**74,785**	79,275
Equity attributable to equity holders of the parent Company			

	Note	2022 £000	2021 £000
Called up share capital	*24*	**700**	700
Share premium account	*24*	**64,183**	64,183
Share based payment reserve	*23*	**1,090**	227
Retained earnings*		**8,812**	14,165
Equity		**74,785**	79,275

* The Company's loss after tax for the year was £453,000 (FY21: £3,989,000 profit)

Consolidated statement of changes in equity

	Called up share capital £000	Share premium account £000	Consolidation reserve £000	Share based payment reserve £000	Profit and loss account £000	Total equity £000
Balance at 1 November 2020	**1**	**12,993**	**(33,098)**	**-**	**20,051**	**(53)**
Total comprehensive income for the year						
Profit	-	-	-	-	1,096	1,096
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**1,096**	**1,096**
Transaction with owners, recorded directly in equity						
Share capital reduction	-	(10,000)	-	-	10,000	-
New share issuance	699	63,300	-	-	-	63,999
Costs directly attributable to new share issuance	-	(2,110)	-	-	-	(2,110)
Dividends	-	-	-	-	(1,575)	(1,575)
Share based payment expense	-	-	-	227	-	227
Total contribution by and transactions with the owners	**699**	**51,190**	**-**	**227**	**8,425**	**60,541**
Balance at 31 October 2021	**700**	**64,183**	**(33,098)**	**227**	**29,572**	**61,584**
Total comprehensive income for the year						
Profit	-	-	-	-	14,340	14,340
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**14,340**	**14,340**
Transaction with owners, recorded directly in equity						
Dividends	-	-	-	-	(4,900)	(4,900)
Share based payment expense	-	-	-	863	-	863
Total contribution by and transactions with the owners	**-**	**-**	**-**	**863**	**(4,900)**	**(4,037)**
Balance at 31 October 2022	**700**	**64,183**	**(33,098)**	**1,090**	**39,012**	**71,887**

Company statement of changes in equity

	Called up share capital £000	Share premium account £000	Share based payment reserve £000	Profit and loss account £000	Total equity £000
Balance at 1 November 2020	**1**	**12,993**	**-**	**1,751**	**14,745**
Total comprehensive income for the year					
Profit	-	-	-	3,989	3,989
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the year	**-**	**-**	**-**	**3,989**	**3,989**
Transaction with owners, recorded directly in equity					
Share capital reduction	-	(10,000)	-	10,000	**-**
New share issuance	699	63,300	-	-	**63,999**
Costs directly attributable to new share issuance	-	(2,110)	-	-	**(2,110)**
Dividends	-	-	-	(1,575)	**(1,575)**
Share based payment expense	-	-	227	-	**227**
Total contribution by and transactions					

	Called up share capital £000	Share premium account £000	Share based payment reserve £000	Profit and loss account £000	Total equity £000
with the owners	**699**	**51,190**	**227**	**8,425**	**60,541**
Balance at 31 October 2021	**700**	**64,183**	**227**	**14,165**	**79,273**
Total comprehensive loss for the year					
Loss	-	-	-	(453)	(453)
Other comprehensive income	-	-	-	-	-
Total comprehensive loss for the year	**-**	**-**	**-**	**(453)**	**(453)**
Transaction with owners, recorded directly in equity					
Dividends	-	-	-	(4,900)	(4,900)
Share based payment expense	-	-	863	-	863
Total contribution by and transactions with the owners	**-**	**-**	**863**	**(4,900)**	**(4,037)**
Balance at 31 October 2022	**700**	**64,183**	**1,090**	**8,812**	**74,785**

Consolidated cash flow statement

	Note	**Year ended 31 October 2022 £000**	Year ended 31 October 2021 £000
Cash flow from operating activities			
Profit for the year		**14,340**	1,096
Adjustments for:			
Depreciation and amortisation	*11,12,13*	**7,996**	7,967
Financial expense	*8*	**2,534**	4,274
Profit on sale of property, plant and equipment	*4*	**(164)**	(55)
Net gain on remeasurement of right-of-use assets and lease liabilities	*4*	**(8)**	(124)
Compensation for post combination services	*5*	**95**	1,278
Equity settled share based payment expense	*5*	**863**	227
Taxation	*9*	**3,501**	1,028
		29,157	15,691
Increase in trade and other receivables		**(2,909)**	(8,244)
Increase in inventories		**(4,168)**	(2,845)
Increase in trade and other payables		**8,450**	8,671
		30,530	13,273
Payments in respect of compensation for post combination services		**-**	(2,925)
Tax paid		**(4,005)**	(2,432)
Net cash inflow from operating activities		**26,525**	7,916
Cash flows from investing activities			
Acquisition of property, plant and equipment		**(2,608)**	(2,961)
Proceeds from sale of property, plant and equipment		**308**	248
Acquisition of subsidiary undertakings (net of overdrafts and cash acquired)	*2*	**(16,914)**	-
Net cash outflow from investing activities		**(19,214)**	(2,713)
Cash flows from financing activities			
IPO fund raise (net of expenses)		**-**	61,889
Proceeds from new loan	*20*	**-**	5,500
Net movement in invoice discounting	*20*	**5,734**	4,559
Interest paid	*8,20*	**(2,534)**	(5,093)
Net movement in bank trade loans	*20*	**-**	(4,750)
Repayment of bank term loans	*20*	**-**	(21,863)
Repayment of investor loans	*20*	**-**	(34,176)
Payment of lease liabilities	*20*	**(5,068)**	(5,068)
Dividends paid		**(4,900)**	(1,575)
Net cash outflow from financing activities		**(6,768)**	(577)
Net increase in cash and cash equivalents		**543**	4,626
Opening cash and cash equivalents		**4,968**	342
Cash and cash equivalents at year end	*18*	**5,511**	4,968

Notes

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.

The financial information set out above does not constitute the Group or the Company's statutory accounts for the year ended 31 October 2022 or the financial year ended 31 October 2021. Statutory accounts for the year ended 31 October 2021 have been delivered to the registrar of companies, and those for the year ended 31 October 2022 will be delivered in due course. The auditor has reported on those accounts; their reports were (i) unqualified, (ii) did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying their report and (iii) did not contain a statement under s498 (2) or (3) of the 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;
- Certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instruments have not been provided; and
- Disclosure in respect of share based payments as required by IFRS 2 Share-based Payments 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 2022 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 2022

. 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. There are no significant judgements applied in the preparation of these financial statements. Estimates and assumptions are based on the historical experience and acquired knowledge of the Directors, the result of which forms the basis of the judgements made about the carrying value of assets and liabilities that are not clear from external sources. In concluding that there are no significant risks of material adjustment from accounting estimates and judgements, the Directors have reviewed the following:

Impairment of goodwill

In accordance with IAS 36 "Impairment of Assets", the Board identifies appropriate Cash-Generating Units ("CGU's") 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 (CGUs) 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 CGU's 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.

Impairment of trade receivables

IFRS 9, Financial Instruments, requires that provisioning for financial assets needs to be made on a forward-looking expected credit loss model. This is an accounting estimate requiring significant judgement of management to consider historic, current and forward-looking information to determine the level of provisioning required.

The Directors have assessed the ageing of the trade receivables, applying their knowledge of the Group's customer base, and other economic factors as indicators of potential impairment. Further information is considered in note 26 of these financial statements.

Following review of the above accounting estimates and judgements the Directors have concluded that there is no significant risk of material adjustment to the carrying amount of assets and liabilities within the next financial year.

Valuation of share based payments

IFRS 2, Share-based Payments, requires judgement on the classification of the share based payment under the Management Incentive Plan ("MIP"), which Directors have determined to be equity settled.

The grant date fair value of the MIP is based on a Monte Carlo option valuation model, performed by independent experts, factoring in a number of significant accounting estimates and judgements. Further information is considered in note 23 of these financial statements.

Following review of the judgements and estimates applied to the valuation of the MIP, the Directors have concluded that there is no sigificant risk of material adjustment to the carrying value of the liability or charge to the statement of profit and loss and other comprehensive income 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 and investment property.

1.3 Going concern

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

Following the easing of COVID-19 lockdown restrictions the Group was able to quickly capitalise on opportunities for growth and return to pre-pandemic levels of trading across all divisions. This was enabled by the readiness of the workforce, the continued strong relationships with manufacturers, suppliers and customers throughout the pandemic which allowed the Group to increase volumes whilst maintaining its service levels.

Most notable were the return of volumes to the foodservice and vending customers as the 'out of home' sector recovered with consumers returning to restaurants, bars, hotels and places of work.

recovered with consumers returning to restaurants, bars, hotels and places of work.

In the year the Group acquired M.J. Baker Foodservice Limited which added £18,288,000 of revenue and £2,205,000 of operating profit. Including this contribution, there was an improvement in cash flow from operations (before tax payments) from £13,273,000 in FY21 to £30,530,000 in FY22. The acquisition was completed without the need for additional facilities from the Group's existing lenders further illustrating the continued strong cash generation of the Group.

Post year end, Kitwave Limited completed the acquisition of the entire share capital of Westcountry Food Holdings Limited ("WestCountry") for £28,500,000. The acquisition was funded from the Group's current banking facilities and a new three-year revolving credit facility provided by the Group's existing lenders.

WestCountry is an independent foodservice supplier based in the South West of England and offers a complementary product range and service level to the Group's existing operations in the area. The acquisition will be incorporated into the Group's existing Foodservice division and the Directors believe that it will be immediately earnings enhancing.

WestCountry has an annual turnover of approximately £29,700,000. The acquired balance sheet included £8,983,000 of cash and cash equivalents which immediately became available to the Group.

The Group has prepared financial forecasts for a period of 20 months from the date of approval of this financial information (the "going concern assessment period"), which take into account the acquired balance sheet and forecast trading of WestCountry, possible downsides to Group trading including any impact of further inflationary pressure in 2023.

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.

Sensitivity analysis, primarily in respect of reducing revenue and adjusting costs, and including a reverse stress test, have been performed to model the impact of adverse assumptions to those included in the accounting estimates of the forecast. The Directors concluded that there were no severe but possible scenarios that would render the preparation of accounts on the assumption of a going concern as inappropriate.

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 2022. 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.

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 - hold 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:

(a) 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

(b) 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 26.

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 impairment 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.

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 17). These are repayable within 90 days of the invoice and carry interest at a margin of 2.00%. This was initially a 2 year fixed facility which was extended post year ended 31 October 2022 to expire in December 2025. The net movement of the balance is disclosed in the cash flow statement.

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 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 straight line over the term of the lease
- Freehold property 2% straight line
- Plant and machinery 10-25% reducing balance and straight line
- Fixtures and fittings 15-20% 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.

1.9 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.

1.10 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

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.

1.11 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. When the rebate is based on a volume of purchases over a period, the most likely outcome model is used due to the simple nature of rebate agreements with suppliers, principally whether the Company has achieved the required level of purchases or not.

Certain volume related discounts are recognised as a deduction from cost of sales on an accruals basis, calculated based on the expected entitlement that has been earned up to the balance sheet date for each relevant supplier contract. Accrued volume related discounts at the balance sheet date are included within prepayments and accrued income.

1.12 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 "cash-generating unit" or "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.

1.13 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 for certain employees that incorporates a put option on the Company's ordinary shares. The fair value at the grant date of the options is recognised as an employee expense with a corresponding increase in equity, over the period in which the employee becomes unconditionally entitled to the awards.

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 share based payment arrangements entered into in the year ended 31 October 2021.

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 non-vesting 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.

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 £95,000 (FY21:£1,278,000). The outstanding liability is included in other creditors in note 19.

1.14 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.

1.15 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, being 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.

1.16 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 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.

1.17 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.

1.18 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 Groups' 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.

1.19 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 represents the funding provided by the Government in relation to Additional Restrictions Grant and COVID-19 Additional Relief Fund Schemes. The income in the prior year represented the funding provided by the Government under the Coronavirus Job Retention Scheme.

This funding is applicable on furlough of employees subject to Government criteria which has been met in each operating entity. The Directors do not consider there to be a material risk that any funding received will be repayable.

1.20 Exceptional items

Exceptional items are defined as income or expenses that arise from events or transactions that are clearly distinct from the normal activities of the Group and therefore are not expected to recur frequently or regularly.

Such items have been separately presented to enable a better understanding of the Group's operating performance. Details of exceptional income relating to the CPO in the prior year is presented in note 4 and exceptional expenses are presented in note 5.

1.21 Investments

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

2 Acquisitions

Acquisitions in the year ended 31 October 2022

M.J. Baker Foodservice Limited

On 10 February 2022, the Group acquired the entire share capital of M.J. Baker Foodservice Limited for a total consideration of £24,515,000. The purchase consideration paid was £23,297,000 resulting from a reduction in loan balances due to M.J. Baker from its previous shareholder of £1,218,000. The resulting goodwill of £13,093,000 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:

	Fair value £000
Non-current assets	
Tangible assets	2,853
Right-of-use assets	967
Investments	25
Current assets	

Current assets	
Inventories	1,635
Trade and other receivables	1,976
Cash and cash equivalents	6,383
Total assets	**13,839**
Current liabilities	
Lease liabilities	(412)
Trade and other payables	(2,016)
Corporation tax	(182)
Non-current liabilities	
Lease liabilities	(572)
Deferred tax	(453)
Total liabilities	**(3,635)**
Net identifiable assets	10,204
Goodwill	13,093
Total net assets acquired	**23,297**
Headline purchase consideration	24,515
Liabilities assumed	(1,218)
Purchase consideration paid	**23,297**

The business was acquired as part of the Group's growth strategy. Significant control was obtained through the acquisition of 100% of the share capital.

No material intangible assets were identified. Goodwill represents buying and other operating synergies including but not limited to access to new geographic markets.

Following acquisition, the business contributed revenue of £18,288,000, operating profit of £2,205,000 and profit after tax of £1,747,000 to the Group for the year ended 31 October 2022.

If the business had been acquired at the start of the Group's financial year, being 1 November 2021, it would have added £24,430,000 to Group revenue and £2,704,000 to Group operating profit for the year ended 31 October 2022.

The total consideration paid in the year was £23,297,000. Net of cash and cash equivalents of £6,383,000 the net cash outflow in the year was £16,914,000.

On acquisition an assessment was made regarding the fair value of assets and liabilities, which identified tangible assets, including two freehold properties that required a fair valuation adjustment. The result of an independent assessment of the freehold properties was an uplift in value of £1,811,000 to the net book value held in M.J. Baker's accounts and is reflected in the above table of acquired assets and liabilities. This fair valuation has created a temporary difference with the tax base of the asset resulting in the recognition of a deferred tax liability of £453,000. This reflects a 25% UK corporation tax rate based on the expected timing of reversal of this timing difference. No further fair valuation adjustments were identified.

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 (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 & Chilled:** Provides delivered wholesale of frozen and chilled food products; and
- **Foodservice:** Provides delivered wholesale of alcohol, frozen and chilled food to trade customers.

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

These segments offer different products and services to different customers 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 following analysis shows how this development will be monitored in future periods whilst demonstrating the link to the existing segemental information.

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.

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.

	Ambient	Frozen & Chilled	Total retail & wholesale	Foodservice	Corporate	Total
	£000	£000		£000	£000	£000
FY22						
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*	**8,382**	**10,382**	**18,764**	**11,263**	**(550)**	**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*	**6,798**	**6,400**	**13,198**	**8,912**	**(629)**	**21,481**
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

*For more information on alternative performance measures please see the glossary at the end of the announcement.

	Ambient	Frozen & Chilled	Total retail & wholesale	Foodservice	Corporate	Total
	£000	£000		£000	£000	£000
FY21						
Revenue	155,712	163,895	319,607	61,087	-	380,694
Inter-segment revenue	12,340	-	12,340	226	-	12,566
Segment revenue	**168,052**	**163,895**	**331,947**	**61,313**	**-**	**393,260**
Adjusted EBITDA*	**4,347**	**9,275**	**13,622**	**2,000**	**(569)**	**15,053**
Amortisation of intangibles	-	(144)	(144)	(6)	-	(150)
Depreciation	(2,106)	(3,910)	(6,016)	(1,801)	-	(7,817)
Adjusted operating profit*	**2,241**	**5,221**	**7,462**	**193**	**(569)**	**7,086**
CPO income	-	2,255	2,255	-	-	2,255
Restructuring costs	(53)	(41)	(94)	(42)	(1,121)	(1,257)
Acquisition expense	-	(19)	(19)	-	(162)	(181)
Compensation for post combination services	-	(1,278)	(1,278)	-	-	(1,278)
Share based payment expense	-	-	-	-	(227)	(227)
Interest expense	(564)	(1,286)	(1,850)	(288)	(2,136)	(4,274)
Segment profit/(loss) before tax	**1,624**	**4,852**	**6,476**	**(137)**	**(4,215)**	**2,124**
Segment assets	38,790	49,979	88,769	22,888	37,160	148,817

Segment liabilities	(28,559)	(41,323)	(69,882)	(16,508)	(843)	(87,233)
Segment net assets	**10,231**	**8,656**	**18,887**	**6,380**	**36,317**	**61,584**

Within Corporate segment assets is £31,249,000 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**	**5,234**	**-**	**31,249**

*For more information on alternative performance measures please see the glossary at the end of the announcement.

An analysis of revenue by destination is given below:

Geographical information:

	FY22	FY21
	£000	£000
United Kingdom	**497,842**	373,690
Overseas	**5,246**	7,004
Group revenue	**503,088**	380,694

No one customer accounts for more than 9% (*FY21: 6%)* of Group revenue.

4 Other operating income/(expense)

	FY22	FY21
	£000	£000
Net gain on disposal of fixed assets	**164**	55
Net gain/(loss) on foreign exchange	**33**	(2)
Net gain on remeasurement of right-of-use assets and lease liabilities	**8**	124
CPO income	**-**	2,255
Grant income	**169**	2,339
	374	4,771

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. Grant income in the year ended 31 October 2021 comprised of amounts received from the Government with respect to the Coronavirus Job Retention Scheme which totalled £2,339,000.

CPO income is in relation to the compulsory purchase order of a property lease in Luton enacted by the Local Authority in the year ended October 2021. It was been classified as exceptional income in the statement of profit and loss as it is not income relating to the Group's principal activities and is not expected to recur in the ordinary course of business.

5 Expenses

Included in profit/loss are the following:

	FY22	FY21
	£000	£000
Depreciation of tangible assets:		
Owned	**1,946**	1,975
Right-of-use assets	**5,951**	5,842
Amortisation of intangible assets	**99**	150
Expense relating to short term and low value assets	**1,255**	715
Impairment loss on trade receivables	**871**	1,288
Dilapidation provision	**48**	570

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

	FY22	FY21
Exceptional expenses	**£000**	£000

Restructuring expenses	**-**	1,257
Acquisition expenses	**148**	181
Compensation for post combination services	**95**	1,278
Total exceptional expenses	**243**	2,716
Share based payment expense	**863**	227
Total exceptional expenses and share based payments	**1,106**	2,943

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.

Restructuring expenses in the year ended 31 October 2021 include transaction fees in relation to the IPO of £1,121,000. Other incurred expenses relate to the restructuring of the Group's operations.

Acquisition expenses in both year include the legal and professional fees connected to the acquisition of M.J. Baker Foodservice Limited completed on 10 February 2022.

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 are non cash expenses. For further information see note 23.

Auditor's remuneration	**FY21**	FY21
	£000	£000
Audit of these financial statements	**45**	6
Amounts receivable by auditors and their associates in respect of:		
Audit of financial statements of subsidiaries of the Company	**290**	380
Taxation compliance services	**-**	44
Tax advisory services	**-**	109
Corporate finance services	**-**	218
Other assurance services	**5**	-

The current year audit and non-audit fees were paid to Grant Thornton UK LLP. The prior year audit and non-audit fees were paid to KPMG LLP. In addition to the fee disclosed above for the current year, direct disbursements were paid to Grant Thornton UK LLP of £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:

	FY22	FY21
Management and administration	**193**	176
Sales	**212**	194
Warehouse	**436**	338
Distribution	**395**	371
Directors	**3**	3
	1,239	1,082

The aggregate payroll costs of these persons were as follows:

	FY22	FY21
	£000	£000
Wages and salaries	**37,575**	29,259
Social security costs	**3,642**	2,673
Other pension costs (note 22)	**721**	769
	41,938	32,701

Staff costs accruing in the Company total £863,000 (FY21: £227,000) in relation to the Management Incentive plan, see note

Staff costs accruing in the Company total £863,000 (FY21: £227,000) in relation to the Management Incentive plan, see note 23 for further details.

7 Directors' remuneration

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

	FY22 £000	FY21 £000
Directors' emoluments	**922**	636
Company contribution to personal pension scheme	**20**	32
	942	668

Retirement benefits are accruing to three Directors under money purchase pension schemes (FY21: two).

Amounts accrued under the share based payment plan for two of the Directors was £863,000 (FY21: £227,000).

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

Highest paid Director	FY22 £000	FY21 £000
Directors' emoluments	**357**	312
Company contribution to personal pension scheme	**8**	19
	365	331

8 Finance income and expense

	£000	FY22 £000	£000	FY21 £000
Interest payable and similar charges - cash items				
Interest payable on bank loans and invoice discount facilities	**1,105**		1,327	
Finance charges payable in respect of leases	**1,427**		1,239	
Other finance interest payable on investor loans	**-**		551	
Other finance charges payable on debenture loans	**-**		1,936	
Other interest	**2**		40	
		2,534		5,093
Interest payable and similar charges -non-cash items				
Other finance charges payable on debenture loans	**-**		4,591	
Fair value movement on financial liabilities (note 26)	**-**		(5,410)	
		-		(819)
		2,534		4,274

Other finance charges on debenture loans comprise the amortisation of transaction costs in respect of the Pricoa Capital Group. A significant proportion of the interest payable and similar expenses in the year ended 31 October 2021 arose from amortised transaction costs in respect to investor loans and liabilities and movements in the fair value of the financial liabilities which had no cash impact in that year. The above analysis has been presented to clearly identify which elements have a cash impact.

9 Taxation

	£000	FY22 £000	£000	FY21 £000
UK corporation tax				
Current tax charge on income for the year	**3,559**		620	
Adjustment in respect of prior periods	**(45)**		187	
Total current tax		**3,514**		807
Deferred tax (see note 21)				
Origination/(reversal) of timing differences	**(109)**		281	
Adjustment in respect of prior periods	**96**		4	
Effect of changes in tax rate	**-**		107	
Share based payment	**-**		(57)	
IFRS 16 timing differences	**-**		(114)	

Total deferred tax (credit) / charge	**(13)**	221
Tax charge on profit on ordinary activities	**3,501**	1,028

	FY22 **£000**	FY21 £000
Current tax reconciliation		
Profit on ordinary activities after tax	**14,340**	1,096
Tax charge	**3,501**	1,028
Profit on ordinary activities before tax	**17,841**	2,124
Tax using the UK corporation tax of 19% *(FY21: 19%)*	**3,390**	404
Effect of:		
Expenses not deductible for tax purposes	**250**	1,571
Income not taxable	**(26)**	(1,109)
Adjustments in respect of prior periods	**(45)**	187
Change in tax rate on deferred tax balances	**96**	111
Share based payment	**(164)**	(57)
Other tax adjustments	**-**	(79)
Total current tax charge	**3,501**	1,028

An increase in the UK corporation rate from 19% to 25% (effective 1 April 2023) was substantively enacted on 24 May 2021. This will increase the Group's future current tax charge accordingly. The deferred tax liability at 31 October 2022 has been calculated based on these rates, reflecting the expected timing of reversal of the related timing differences (FY21: 25%).

10 Earnings per share and dividends

Basic earnings per share

Basic earnings per share for the year ended 31 October 2022, and the previous year ended 31 October 2021 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 2022, and previous year ended 31 October 2021 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

	FY22 **£000**	FY21 £000
Profit attributable to all shareholders	**14,340**	1,096
	£	£
Basic earnings per ordinary share	**0.20**	0.02
Diluted earnings per ordinary share	**0.20**	0.02

Weighted average number of ordinary shares

	FY22 **Number**	FY21 Number
Weighted average number of ordinary shares (basic) during the year	**70,033,033**	46,036,531
Weighted average number of ordinary shares (diluted) during the year	**70,033,033**	46,055,901

The following Alternative Performance Measure ("APM") for earnings per share is not defined or specified under the requirements of International Financial Reporting Standards. The Board believes that this APM provides the readers with important additional information regarding the earnings per share performance of the Group:

Basic underlying earnings per share

Profit attributable to the equity holders of the Group prior to exceptional items and the fair value movement of the put option liability measured through the consolidated statement of profit and loss, divided by the weighted average number of ordinary shares during the financial year.

	FY22	FY21
	£000	£000
Profit attributable to all shareholders	**14,340**	1,096
Exceptional and share based payment expenses net of tax*	**1,106**	2,819
CPO income net of tax	**-**	(1,827)
Interest and finance charges payable on loans and debenture notes	**-**	7,078
Fair value adjustments on the put option liability	**-**	(5,410)
Underlying profit attributable to ordinary shareholders	**15,466**	3,756
	£	£
Basic underlying earnings per ordinary share	**0.22**	0.08

*Exceptional expenses include restructuring fees, acquisition costs and compensation for post combination services which are deemed to be non-recurring. For full detail of exceptional and share based payment expenses see note 5. For further details on exceptional income relating to the CPO see note 4.

Dividends

During the year the Group paid dividends of £4,900,000 (FY21:£1,575,000) to its equity shareholders. This represents a total payment of 7.00p per share being the final dividend for the year ended 31 October 2021 of 4.50p per share, plus the interim dividend for the year ended 31 October 2022 of 2.50p per share.

The Board is recommending a final dividend of 6.75p per share for the year ended 31 October 2022 subject to approval at the AGM. No liability in this respect is recognised in the consolidated financial statements. No income tax consequences are expected to arise as a result of this transaction at the Company level.

11 Intangible assets

Group	**Intangible assets**	**Goodwill**	**Total**
	£000	**£000**	**£000**
Cost			
Balance at 1 November 2020	556	36,761	37,317
Additions	169	-	169
Balance at 31 October 2021	**725**	**36,761**	**37,486**
Amortisation			
Balance at 1 November 2020	144	5,512	5,656
Charge in year	150	-	150
Balance at 31 October 2021	**294**	**5,512**	**5,806**
Net book value			
At 31 October 2021	**431**	**31,249**	**31,680**
At 31 October 2020	412	31,249	31,661

Group	**Intangible assets**	**Goodwill**	**Total**
	£000	**£000**	**£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

Goodwill arising on business combinations is assessed seperately 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:

	2022 £000	2021 £000
Ambient	**13,516**	13,516
Frozen & Chilled	**12,499**	12,499
Foodservice	**18,327**	5,234
	44,342	31,249

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:

	2022	2021
Period forecasts are based on:	**4 years**	4 years
Growth rate applied:	**2%**	0%
Discount rate applied:	**10.59%**	8.32%

Impairment testing at 31 October 2022 has considered a further impact inflation and its potential impact on demand and overheads the CGU's. The Board expect product and overhead inflation to reduce from current levels. Having operated through the trading restrictions of previous financial periods, the Directors believe there is no reasonable prospective a reduction in demand 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 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 ongoing worldwide economic issues associated with the war in Ukraine and post COVID-19 economic recessions.

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 CGU's 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.

amount.

12 Tangible assets

Group	Freehold property £000	Leasehold improvements £000	Fixtures and Fittings £000	Motor vehicles £000	Plant and machinery £000	Total £000
Cost						
Balance at 1 November 2020	2,894	2,031	4,904	1,602	6,202	17,633
Additions	-	200	719	299	1,510	2,728
Disposals	-	-	-	(467)	(71)	(538)
Transferred from right-of-use assets	-	-	-	749	-	749
Transferred between classifications	28	(28)	(144)	(21)	165	-
Balance at 31 October 2021	**2,922**	**2,203**	**5,479**	**2,162**	**7,806**	**20,572**
Depreciation						
Balance at 1 November 2020	50	731	3,732	260	3,550	8,323
Charge in year	43	127	466	639	700	1,975
Disposals	-	-	-	(431)	(55)	(486)
Transferred from right-of-use assets	-	-	-	656	-	656
Transferred between classifications	-	-	(120)	(16)	136	-
Balance at 31 October 2021	93	858	4,078	1,108	4,331	10,468
Net book value						
At 31 October 2021	**2,829**	**1,345**	**1,401**	**1,054**	**3,475**	**10,104**
At 31 October 2020	2,844	1,300	1,172	1,342	2,652	9,310

Group	Freehold property £000	Leasehold improvements £000	Fixtures and Fittings £000	Motor vehicles £000	Plant and 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

13 Right-of-use assets

Group	Leasehold property £000	Motor vehicles £000	Plant and machinery £000	Total £000
Cost				
Balance as at 1 November 2020	14,598	13,635	1,498	29,731
Additions	9,414	1,158	308	10,880
Transferred to tangible assets	-	(749)	-	(749)
Disposals	(1,886)	(470)	(105)	(2,461)
Loss on remeasurement	(2,212)	(130)	(83)	(2,425)
Balance at 31 October 2021	**19,914**	**13,444**	**1,618**	**34,976**
Depreciation				
Balance as at 1 November 2020	3,363	5,179	589	9,131
Charge in year	2,479	2,990	373	5,842
Transferred to tangible assets	-	(656)	-	(656)
Disposals	(1,886)	(467)	(105)	(2,458)
Loss on remeasurement	-	(57)	(14)	(71)

Balance at 31 October 2021	**3,956**	**6,989**	**843**	**11,788**
Net book value				
At 31 October 2021	**15,958**	**6,455**	**775**	**23,188**
At 31 October 2020	11,235	8,456	909	20,600

Group	**Leasehold property £000**	**Motor vehicles £000**	**Plant and machinery £000**	**Total £000**
Cost				
Balance as 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 as 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)
Balance 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

14 Investments

	Unlisted investments 2022 £000	Unlisted investments 2021 £000
Group		
Cost and net book value		
At beginning of year	**20**	20
Acquired through business combinations	**25**	-
Disposals	**(10)**	-
At end of year	**35**	20

	Shares in Group undertakings 2022 £000	Shares in Group undertakings 2021 £000
Company		
Cost and net book value		
At beginning and end of year	**12,993**	12,993

The Company has the following investments in subsidiaries:

Subsidiary undertaking	**Country of incorporation**	**Class of shares held**	**Ownership 2022**	Ownership 2021
Kitwave Investments Limited	United Kingdom	Ordinary	100%	100%
Kitwave One Limited*	United Kingdom	Ordinary	100%	100%
Kitwave Limited*	United Kingdom	Ordinary	100%	100%
M&M Value Limited*	United Kingdom	Ordinary	100%	100%
Turner & Wrights Limited*	United Kingdom	Ordinary	100%	100%
FW Bishop & Son Limited*	United Kingdom	Ordinary	100%	100%
Westone Wholesale Limited*	United Kingdom	Ordinary	100%	100%
Automatic Retailing (Northern) Limited*	United Kingdom	Ordinary	100%	100%
Andersons (Wholesale) Limited*	United Kingdom	Ordinary	100%	100%
Teatime Tasties Limited*	United Kingdom	Ordinary	100%	100%
TG Foods Limited*	United Kingdom	Ordinary	100%	100%
Eden Farm Limited*	United Kingdom	Ordinary	100%	100%
Squirrels UK Limited*	United Kingdom	Ordinary	100%	100%
Thurston's Food's Limited*	United Kingdom	Ordinary	100%	100%
Angelbell Limited*	United Kingdom	Ordinary	100%	100%
David Miller Frozen Foods Limited*	United Kingdom	Ordinary	100%	100%

David Miller Frozen Foods Limited*	United Kingdom	Ordinary	100%	100%
Phoenix Fine Foods Limited*	United Kingdom	Ordinary	100%	100%
MAS Frozen Foods Limited*	United Kingdom	Ordinary	100%	100%
Supplytech Limited*	United Kingdom	Ordinary	100%	100%
HB Clark Holdings Limited*	United Kingdom	Ordinary	100%	100%
HB Clark & Co (Successors) Limited*	United Kingdom	Ordinary	100%	100%
Churnet Valley Drinks Limited*	United Kingdom	Ordinary	100%	100%
Clarks Fine Wines Limited*	United Kingdom	Ordinary	100%	100%
FAM Soft Drinks Limited*	United Kingdom	Ordinary	100%	100%
Thorne Licence Wholesale Limited*	United Kingdom	Ordinary	100%	100%
Alpine Fine Foods Limited*	United Kingdom	Ordinary	100%	100%
Central Supplies (Brierley Hill) Ltd*	United Kingdom	Ordinary	95%	95%
M.J. Baker Foodservice Limited*	United Kingdom	Ordinary	100%	100%

*Held indirectly through Kitwave Investments Limited and its subsidiaries

The registered office of all the above companies is: Unit 3, Narvik Way, Tyne Tunnel Trading Estate, North Shields, Tyne and Wear, NE29 7XJ

15 Investment property

	2022	2021
Group	**£000**	£000
Cost and net book value		
At beginning of year	**-**	175
Disposal	**-**	(175)
At end of year	**-**	-

The investment property was valued at £175,000 in 2018 by an external, independent valuer. The property was disposed of in the year ended 31 October 2021 to an unconnected third party.

16 Inventories

	Group		**Company**	
	2022	2021	**2022**	2021
	£000	£000	**£000**	£000
Goods for resale	**31,846**	26,043	**-**	-
	31,846	26,043	**-**	-

Goods for resale recognised as cost of sales in the year amount to £400,460,000 (FY21: £312,109,000).

17 Trade and other receivables

	Group		**Company**	
	2022	2021	**2022**	2021
	£000	£000		
Trade receivables	**47,206**	44,365	**-**	-
Amounts owed by Group undertakings	**-**	-	**61,429**	63,074
Other debtors	**1,510**	1,881	**-**	-
Prepayments and accrued income	**8,982**	6,568	**106**	7
	57,698	52,814	**61,535**	63,081
Due within one year	**56,926**	51,697	**61,535**	63,081
Due after more than one year	**772**	1,117	**-**	-
	57,698	52,814	**61,535**	63,081

£23,946,000 (2021: £17,200,000) of Group trade receivables are used as security against invoice discounting advances (note 20).

18 Cash and cash equivalents

	Group		**Company**	
	2022	2021	**2022**	2021
	£000	£000	**£000**	£000
Cash at bank and in hand	**5,511**	4,968	**45**	3,371
Cash and cash equivalents per cashflow statement	**5,511**	4,968	**45**	3,371

19 Trade and other payables: amounts falling due within one year

	Group		Company	
	2022	2021	**2022**	2021
	£000	£000	**£000**	£000
Trade payables	**43,836**	36,093	**-**	-
Other creditors	**4,478**	3,563	**-**	-
Accruals	**9,577**	7,676	**39**	173
Amounts owed to Group undertakings	**-**	-	**22**	54
	57,891	47,332	**61**	227

20 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	
	2022	2021	**2022**	2021
Non current liabilities	**£000**	£000	**£000**	£000
Lease liabilities	**23,240**	19,917	**-**	-
	23,240	19,917	**-**	-

	Group		Company	
	2021	2020	**2021**	2020
	£000	£000	**£000**	£000
Current liabilities				
Lease liabilities	**5,509**	4,719	**-**	-
Invoice discounting advances	**20,354**	14,620	**-**	-
	25,863	19,339	**-**	-

	Group		Company	
Lease liabilities	**2022**	2021	**2022**	2021
Lease liabilities payable as follows:	**£000**	£000	**£000**	£000
Within one year	**5,509**	4,719	**-**	-
In the second to fifth years	**10,396**	9,941	**-**	-
Over five years	**12,844**	9,976	**-**	-
	28,749	24,636	**-**	-

Terms and debt repayment schedule

	Currency	Nominal interest rate	Year of maturity	2022 Face value £000	2022 Carrying value £000	2021 Face value £000	2021 Carrying value £000
Lease liabilities	Sterling	3.50% - 9.00%	2022-2040	**37,686**	**28,749**	31,571	24,636
Invoice discounting advances	Sterling	2.00% + Base	2024	**20,354**	**20,354**	14,620	14,620
				58,040	**49,103**	46,191	39,256

Changes in liabilities from financing activities	Loans and borrowings £000	Lease liabilities £000	Total £000
Total debt at 31 October 2020	**66,170**	**21,402**	**87,572**
Changes from financing cash flows			
Repayment of borrowings	(60,790)	-	(60,790)
Payment of lease liabilities	-	(5,068)	(5,068)
Interest paid	(3,854)	(1,239)	(5,093)

Interest paid	(3,854)	(1,239)	(5,093)
Total changes from financing cash flows	(64,644)	(6,307)	(70,951)
Other changes			
New borrowing	10,059	10,784	20,843
Interest expense	8,445	1,239	9,684
Release of the put option liability	(5,410)	-	(5,410)
Remeasurement of lease liability	-	(2,482)	(2,482)
Total other changes	13,094	9,541	22,635
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 liability	**-**	**(351)**	**(351)**
Added through business combinations	**-**	**984**	**984**
Total other changes	**6,839**	**10,610**	**17,449**
Total debt at 31 October 2022	**20,354**	**28,749**	**49,103**

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 and carry interest at a margin of 2.75%. 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. This is undrawn at the year end (2021:£nil).
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 17). These are repayable within 90 days of the date of the invoice and carry interest at a margin of 2.00%. This was initially a 2 year fixed facility which was extended post year ended 31 October 2022 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.

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

21 Deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

Group	**Assets**		**Liabilities**	
	2022	2021	**2022**	2021
	£000	£000	**£000**	£000
Property, plant and equipment	**322**	429	**(1,389)**	(906)
Tax value of loss carry forwards	**-**	31	**-**	-
Share based payment expense	**272**	57	**-**	-
IFRS 16 timing differences	**80**	114	**-**	-
Tax assets / (liabilities)	**674**	631	**(1,389)**	(906)

Movement in deferred tax during the year:

Movement in deferred tax during the year:

Group	31 October 2021 £000	Amounts arising from business combinations £000	Recognised in income £000	31 October 2022 £000
Property, plant and equipment	(477)	(452)	(139)	**(1,068)**
Tax value of loss carry forwards	31	-	(31)	**-**
Share based payment expense	57	-	216	**273**
IFRS 16 timing differences	114	-	(34)	**80**
Tax assets/(liabilities)	(275)	(452)	12	**(715)**

Company	Group		Company	
	2022	2021	**2022**	2021
	£000	£000	**£000**	£000
Share based payment expense	**273**	57	**-**	-
Tax assets	**273**	57	**-**	-

Company	31 October 2021 £000	Recognised in income £000	31 October 2022 £000
Property, plant and equipment	-		**-**
Tax value of loss carry forwards	-		**-**
Share based payment expense	57	216	**273**
IFRS 16 timing differences	-		**-**
Tax assets	57	216	**273**

22 Employee benefits

Defined contribution plans

The Group operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the Group to the scheme and to other personal pensions schemes and amounted to £721,000 (FY21: £769,000).

23 Employee share scheme

The Group has in place a Management Incentive Plan ("MIP") whereby the option is expected to be equity settled. This was established following the Company listing on AIM on 24 May 2021. Prior to this there were no other material employee share schemes in place.

The MIP is accounted for as a share-based payment under IFRS 2 and is expected to be settled by physical delivery of shares.

Group and Company	Date of Grant	Employees entitled	Number of shares granted	Principal vesting conditions	Contractual life
Management incentive plan	July 2021	Selected senior employees	**Nil**	Service during vesting period EPS performance hurdle Market capitalisation hurdle	3 years 6 months

The shares outstanding in relation to the MIP are:	2022 Weighted average exercise price £	2022 Number of options
Outstanding at the beginning of the year	-	10,000
Granted during the year	-	
Outstanding at the end of the year	-	10,000

None of the share options outstanding at the end of the year are exercisable. Growth shares were issued in Kitwave Limited with a subscription price of £5.24 per option was paid on subscription. The growth shares are exchangeable for shares in the Company subject to achieving the principal vesting conditions. The options are not exercisable before 1 March 2025.

The MIP has incurred an expense under employee expenses of £863,000 (FY21: £227,000).

The share based payment reserve represents the accumulation of this cost in accordance with the treatment of equity settled share based payment expense under IFRS 2. As at 31 October 2021 the balance on this reserve is £1,090,000 (2021: £227,000).

24 Called up share capital

Group and Company	**2022**	2021
	£000	£000
Authorised, called up and fully paid		
70,000,000 ordinary shares of £0.01 each	**700**	700
	700	700

Share premium

The share premium account relates to the premium paid on shares issued over their nominal value being £63,300,000. Under IAS 32 the transaction costs associated with the issuance of new equity on IPO of the Company have been deducted from the share premium account, being a total of £2,110,000.

25 Contingent liabilities

Group bank borrowings (including invoice discounting advances) are subject to cross guarantee and debenture agreements over Group companies.

The Company is party to a cross guarantee and debenture agreement to secure the £20,354,000 (2021: £14,620,000) bank borrowings of its subsidiary companies.

26 Financial instruments

26 (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	**2022**	2021
	£000	£000
Financial assets held at amortised cost		
Trade receivables	**47,206**	44,365
Cash and cash equivalents	**5,511**	4,968
	52,717	49,333
Financial liabilities measured at amortised cost		
Trade payable	**43,836**	36,093
Accruals	**9,577**	7,676
Invoice discounting advances	**20,354**	14,620
Obligations under lease liabilities	**28,749**	24,636
	102,516	83,025

Financial instruments - IFRS 9

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 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 (ie, as prices) or indirectly (ie, derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

All financial instrurments for the year ended 31 October 2022 were categorised as level 1. For the year ended 31 October 2021 a put option liability was categorised as level 3. On admission to AIM the put option liability was extinguished in full.

	2022	2021
Liabilities - level 3	**£000**	£000
Opening balance	-	5,410
Release on IPO to the statement of profit and loss	-	(5,410)
Closing balance	-	-

26 (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. The Directors 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.

2022	**Gross**	**Impairment**	**Net**
	£000	**£000**	**£000**
Current	37,087		37,087
31-60 days from invoice	9,062		9,062
61-90 days from invoice	1,902	(845)	1,057
90+ days	1,243	(1,243)	-
	49,294	**(2,088)**	**47,206**

The maxmimum Group exposure to credit risk in the year ended 31 October 2022 was £47,206,000 (2021: £44,365,000) 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 0.16% of Group revenue. The prior financial year the annual bad debt expense had been c.0.34% of Group revenue, higher due to the lower level of turnover as a result of COVID-19 restrictions. Applying the historic factor would result in a provision of c.£1,712,000 for the year ended 31 October 2022.

The impairment charge on trade receivables in the 12 month period ended 31 October 2022 was £871,000 (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 UK economy faces a challenge in 2023 as a result of the cost of living increases.

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. The Directors consider the level of provisioning to be materially correct based on these factors.

Group	**2022**	2021
	£000	£000
At beginning of the year	**2,017**	2,011
Provided during the year	**871**	1,288
Added on acquisition	**19**	-
Utilised during the year	**(819)**	(1,282)
At the end of the year	**2,088**	2,017

26 (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:

Group 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

Group 2021	**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	**36,093**	36,093	36,093	-	-	-
Accruals	**7,676**	7,676	7,676	-	-	-
Lease liabilities	**24,636**	31,571	5,697	5,129	7,754	12,991
Invoice discounting advances*	**14,620**	14,620	14,620	-	-	-
	83,025	89,960	64,086	5,129	7,754	12,991

* Both the invoicing discounting and bank trade loan facilities are revolving. 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. It forms an integral part of the Group's day to day short term cash management.

26 (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 2022 £000	2021 £000
Fixed rate instruments		
Financial liabilities	**(28,749)**	(24,636)
	(28,749)	(24,636)

	Group 2022 £000	2021 £000
Variable rate instruments		
Financial liabilities	**(20,354)**	(14,620)
	(20,354)	(14,620)

Sensitivity analysis

An increase of 25 basis points in interest rates throughout the year 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 year:

	Group 2022 £000	2021 £000
Profit or loss decreases	**51**	37

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.

26 (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 £28,749,000 (2021: £24,636,000), cash and cash equivalents of £5,511,000 (2021: £4,968,000), an invoice discounting facility with a limit fo £38,000,000 drawn at £20,354,000 (2021: £14,620,000), a trade loan facility with a limit of £8,000,000 drawn at £nil (2021:£nil) and equity attributable to the equity holders of the Group of £71,887,000 (2021:£61,584,000).

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 of £23,100,000 at the year end (2021: £28,400,000).

27 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 and Alpine Fine Foods Limited are all 100% owned subsidiaries of this Company. Central Supplies (Brierley Hill) Ltd is a 95% owned subsidiary of this Company

Details of interest payable and other finance charges in the prior year in relation to the former debenture holders (Pricoa Capital Group) are disclosed in notes 8 and 20.

From 1 March 2016, Pricoa Capital Group (and entities related to Pricoa Capital Group) were the holders of all the A ordinary shares of £0.01 each. Following admission to AIM the Pricoa Capital Group no longer hold any shares in the Company.

Key management personnel

Total compensation of key management personnel in the year amounts to £942,439 (FY21: £714,114) in respect of short-term employment benefits, £nil (FY21: £nil) in respect of past-employment benefits and £nil (FY21: £nil) in respect of termination benefits.

28 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.

29 Post balance sheet events

Post year end the Group completed the acquisition of the entire ordinary share capital of Westcountry Food Holdings Limited for total consideration of £28,500,000 The acquired balance sheet included cash and cash equivalents of £8,983,000. The business was acquired as part of the Group's growth strategy 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 a new £20,000,000 Revolving Credit Facility and headroom on existing bank facilities. The new and existing bank facilities have an expiry of December 2025.

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.

APMs may not be comparable with similarly titled measures presented by other companies. As such APMs should not be viewed in isolation but as supplementary information.

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.

	Note	FY22 £000	FY21 £000
Total operating profit		**20,375**	6,398
CPO income	4	**-**	(2,255)
Restructuring costs	5	**-**	1,257
Acquisition expenses	5	**148**	181
Compensation for post combination services	5	**95**	1,278
Share based payment expense	5	**863**	227
Adjusted operating profit		**21,481**	7,086

Alternative performance measure	Definition and purpose
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.

	Note	FY22 £000	FY21 £000
Total operating profit		**20,375**	6,398
Amortisation of intangible assets	11	**99**	150
Depreciation	12,13	**7,897**	7,817
CPO income	4	**-**	(2,255)
Restructuring costs	5	**-**	1,257
Acquisition expenses	5	**148**	181
Compensation for post combination services	5	**95**	1,278
Share based payment expense	5	**863**	227
Adjusted EBITDA		**29,477**	15,053

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.

	FY22 £000	FY21 £000
Net cash inflow from operating activities	**26,525**	7,916
Tax paid	**4,005**	2,432
Payments in respect of compensation for post combination services	**-**	2,925
Cash flow from operating activities pre tax and compensation for post combination services (1)	**30,530**	13,273
Movement in working capital	**(1,373)**	2,418
Cash flow from operating activities pre tax and compensation for post combination services and movement in working capital (2)	**29,157**	15,691
Pre tax operational cash conversion (1) divided by (2)	**105%**	85%

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.

	FY22 £000	FY21 £000
Adjusted operating profit	**21,481**	7,086
Operating lease interest	**(1,427)**	(1,239)
	20,054	5,847
Tax charge at effective rate of tax of 18% (FY21: 20%)	**(3,690)**	(1,172)
Adjusted operating profit after tax (1)	**16,364**	4,675
Invested capital comprising:		
Invoice discounting advances	**20,354**	14,620
Lease liabilities	**28,749**	24,636
Share capital	**700**	700
Share premium	**64,183**	64,183
Less cash at bank and in hand	**(5,511)**	(4,968)
Total invested capital (2)	**108,475**	99,171
After tax return on invested capital (1) divided by (2)	**15%**	5%

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	FY22 £000	FY21 £000
Adjusted EBITDA (1)		**29,477**	15,053
Invoice discounting advances	20	**20,354**	14,620
Lease liabilities	20	**28,749**	24,636
Liability for post combination services		**807**	712
Cash at bank and in hand	18	**(5,511)**	(4,968)
Net debt (2)		**44,399**	35,000
Leverage (including IFRS 16 debt) (2) divided by (1)		**1.5x**	2.3x
IFRS 16 lease liabilities		**(25,902)**	(21,632)
Net debt excluding IFRS 16 lease liabilities (3)		**18,497**	13,368
Leverage (excluding IFRS 16 lease debt) (3) divided by (1)		**0.6x**	0.9x

Reconciliation between existing and acquired operating profit for the year

	Note	Existing operations £000	Acquisitions £000	Year ended 31 October 2022 £000	Year ended 31 October 2021 £000
Revenue	*3*	484,800	18,288	**503,088**	380,694
Cost of sales		(387,951)	(12,509)	**(400,460)**	(312,109)
Gross profit		96,849	5,779	**102,628**	68,585
Other operating income	*4*	340	34	**374**	4,771
Distribution expenses		(41,816)	(2,194)	**(44,010)**	(31,203)
Administrative expenses		(37,203)	(1,414)	**(38,617)**	(35,755)
Operating profit		18,170	2,205	**20,375**	6,398
Analysed as:					
Adjusted EBITDA		26,955	2,522	**29,477**	15,053
Amortisation of intangible assets	*11*	(99)	-	**(99)**	(150)
Depreciation	*12,13*	(7,580)	(317)	**(7,897)**	(7,817)
CPO income	*4*	-	-	**-**	2,255
Restructuring costs	*5*	-	-	**-**	(1,257)
Acquisition expenses	5	(148)	-	**(148)**	(181)
Compensation for post combination services	5	(95)	-	**(95)**	(1,278)
Share based payment expense	5	(863)	-	**(863)**	(227)
Total operating profit		18,170	2,205	**20,375**	6,398

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