

07 November 2024

Kitwave Group plc

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

Trading Update

Kitwave Group plc (AIM: KITW), the delivered wholesale business, today announces a pre-close trading update for the year ended 31 October 2024 ("FY 2024" or "the Period").

Trading update

It has been another excellent year for Kitwave in FY 2024, both in terms of investment projects for future growth and execution of the Group's buy-and-build strategy. As reported on [3 September 2024](#), the Group experienced robust trading over the summer, which is traditionally its busiest period. With sales through to the end of October 2024 being as anticipated, the Group expects to report full-year results in line with market expectations.

After acquiring Wilds of Oldham and Total Foodservice Solutions in the first half of the Period, the year culminated with the [acquisition of Creed Catering Supplies Limited](#) on 27 September 2024, for an initial consideration of £60 million, rising to £70 million dependent on certain performance targets being achieved over the next two years. The transaction also attracted strong support from the Group's shareholders and new investors, with £31.5 million raised through an oversubscribed placing as part of the financing.

In October 2024, the Group's new 80,000 sq. ft. Foodservice distribution centre in the South West opened as planned. The new site will deliver further synergies from the integration of Westcountry Food Holdings Limited and M.J. Baker Foodservice Limited, as well as increase the Group's capacity to service a growing customer base in the region.

The Group has reviewed the implications of the recent budget announcement by the UK Government. As part of its forecasting, the Board anticipated some of the changes that were announced such as the increase in the national minimum wage. The reduction in the national insurance threshold was not anticipated, and when combined with the rise in the employers' national insurance rate to 15% the effect is to add c.£2 million to the Group's annual operating costs. Given the changes will only take effect from April 2025, the Board plans to mitigate this additional cost through efficiencies and other savings in the current financial year.

As the Group moves forward, the Board believe the Company is well-positioned to continue to execute its organic and M&A strategy during 2025 and beyond.

Ben Maxted, Chief Executive Officer of Kitwave, commented:

"I am delighted that Kitwave continues to make significant financial and operational progress. We are particularly pleased to have completed three acquisitions in the Period, taking our total to 15 acquisitions since 2011. The trade from Wilds of Oldham and Total Foodservice Solutions has now been integrated into the Group in line with plans, whilst we expect both trade and operational efficiencies from the Creed acquisition to start to be realised in FY 2025.

"We also made some key strategic decisions to improve operational efficiencies in the Period, including investment in the new Foodservice distribution centre in the South West and our voice-picking technology at the Northern ambient hub. The management team believes that these investments will help to support organic growth and enhance our customer service.

"Our platform for growth remains strong, with our network now at 37 depots. The Group looks forward to reporting its FY 2024 financial results in March 2025, which are expected to be in line with market forecasts, and also providing an update on the early progress made in 2025."

- 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 46,000, mainly independent, customers.

With a network of 37 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.

This announcement contains inside information for the purposes of article 7 of the Market Abuse Regulation (EU) 596/2014 as amended by regulation 11 of the Market Abuse (Amendment) (EU Exit) Regulations 2019/310. With the publication of this announcement, this information is now considered to be in the public domain.

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