



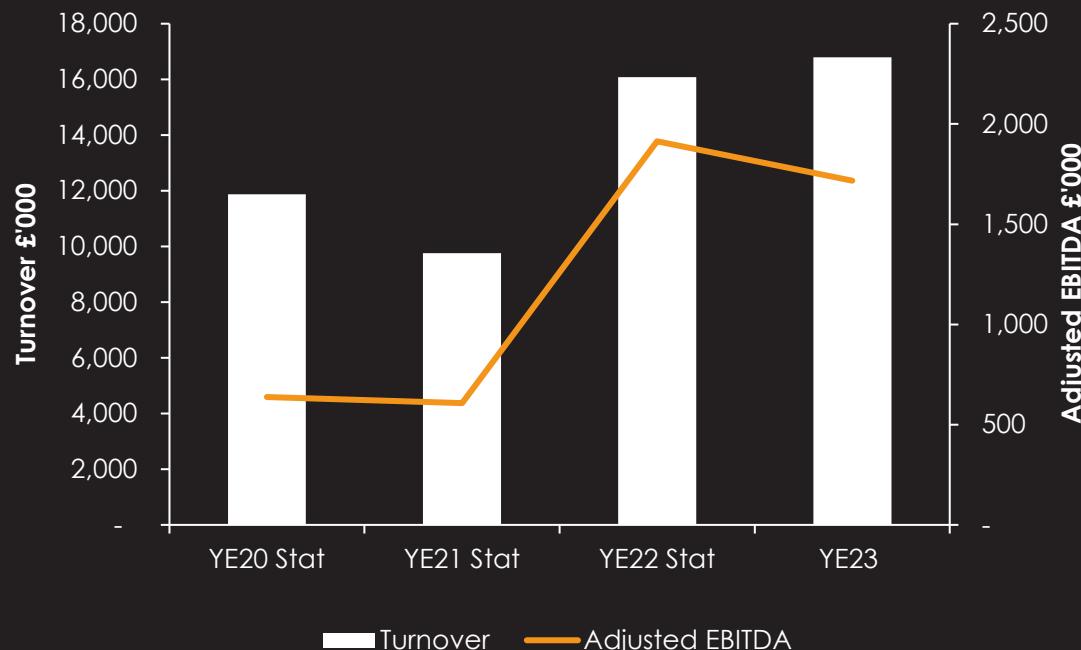
ANNESSA IMPORTS LIMITED

INFORMATION MEMORANDUM

REF: 155463

KEY HIGHLIGHTS

AN IMPORTER OF CONTINENTAL FOOD AND WINE – BASED IN LONDON



- Turnover of circa £16.8m, with an adjusted EBITDA of circa £1.7m.
- Imports a diverse range of products, with a focus on Italian cuisine. This includes: cured meat; fish; continental dairy products and Italian cheeses; canned vegetables; dry and fresh pasta, rice and other food cupboard staples; sauces, olive oils and condiments; and alcoholic and non-alcoholic drinks.
- Acts as a one-stop shop for all disposable items utilised by Italian restaurants and takeaways, with food containers and cleaning products also supplied.
- Strong, long-standing relationships with some of the best producers of food and wine in Europe, with no single supplier representing more than 5% of its total purchasing.
- Caters to over 1,000 customers in the food service and retail industries, including restaurants, wholesalers and buying groups.
- Benefits from high volumes of repeat business, with some customer relationships spanning over 12 years.
- An in-house mobile application generates the majority of sales, streamlining the ordering process and reducing associated costs.
- Plans to increase sales of wine and form relationships with supermarkets are underway, providing scope for growth.
- Operates from a 21,000 sq ft leasehold warehouse, which is owned by the Shareholders and could be included in the sale.
- Offered for sale to facilitate the Shareholders' retirement.

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FOOD & WINE IMPORTERS SINCE 1983



EXECUTIVE SUMMARY

OVERVIEW

- 1.1. Annessa Imports Limited ('Annessa Imports' or 'the Company') is an importer of continental food and wine, catering to a diverse range of customers from the food service and retail sectors.
- 1.2. A dormant company, Alfie Fiandaca Limited, will also be included in the sale.
- 1.3. Throughout its time in operation, Annessa Imports has established long-standing relationships with some of the best producers of food and wine in Europe, utilising these to maintain excellent stock levels that ensure its customers receive orders promptly and in excellent condition.

HISTORY AND OWNERSHIP

- 1.4. Annessa Imports was established by Domenico Annessa, Gianni Enrico Annessa and Maria Giovanna Annessa in 1983, and was later incorporated in 1992.
- 1.5. Over its 40 years in operation, the Company has experienced considerable growth, building up excellent relationships with customers and suppliers and maintaining an exceptional reputation for providing high-quality Italian wine and produce. As such, Annessa Imports is now in an excellent position from which to achieve further growth.
- 1.6. The shareholding of the Company is provided in the below table.

Name	Role	Shareholding
Domenico Annessa	Director	25%
Gaetano Alfano	Director	25%
Gianni Enrico Annessa	Director	25%
Maria Giovanna Annessa	Director	25%

- 1.7. The Directors are offering the business for sale to facilitate their retirement. With the exception of Gianni Enrico Annessa, they are willing to remain with the Company and provide a handover period post-sale, subject to the wishes of a buyer and the deal structure presented.

PRODUCTS

- 1.8. Annessa Imports provides a comprehensive range of food and drink products, including:
 - Cured meat and fish, including Italian charcuterie meats
 - Dry and fresh pasta, rice and other food cupboard staples
 - Tinned tomatoes, olives and other tinned vegetables and pulses
 - Continental dairy products and Italian Cheeses
 - Pesto and sauces
 - Olive oils, vinegars and other condiments, herbs and spices
 - Alcoholic drinks, including Italian wines and beers
 - Non-alcoholic drinks
 - Kitchen equipment, including disposable items and cleaning products
- 1.9. Products are imported from Italy and other European countries, with no single supplier representing more than 5% of its total purchasing.
- 1.10. Annessa Imports also operates a fleet of refrigerated delivery vehicles, enabling it to provide free deliveries across the south of England.



EXECUTIVE SUMMARY

CUSTOMERS AND SALES

- 1.11. Annessa Imports caters to over 1,000 customers across Southern England, supplying restaurants, wholesalers, buying groups and other businesses operating within the food service and retail sectors.
- 1.12. The size and diverse nature of the Company's customer base ensures that its 10 largest customers only generate 18% of its overall turnover, reducing its reliance on any single source of revenue.
- 1.13. The Company benefits from high volumes of repeat business from 98% of customers, with some relationships spanning over 12 years.
- 1.14. Sales are primarily generated via an in-house mobile application that was developed to streamline the ordering process for customers whilst creating cost savings across the sales department.

GROWTH OPPORTUNITIES

- 1.15. Annessa Imports is in an excellent position within its market, with demand for Italian food and wine remaining high and the restaurant sector expected to enter a period of growth. As such, there is considerable scope for expansion.
- 1.16. Annessa Imports is currently focused on increasing wine sales, which our Clients believe to have significant potential for growth. The recent recruitment of a wine specialist to the sales team is expected to drive activity in this area.
- 1.17. Other opportunities to increase the Company's product range, including the sale of frozen food, are also being investigated, with our Clients also seeking to remain aware of emerging trends in the UK and Europe.
- 1.18. The Directors are looking to expand Annessa Imports' customer base, with scope to achieve nationwide coverage by establishing a second depot in the north of the UK. The Company is also in the process of approaching supermarkets as part of a joint venture with one of its suppliers, which could see it supplying a range of pasta products on their shelves.
- 1.19. The Company could benefit from increased sales and marketing activity, including investment in an e-commerce website, which would allow it to sell directly to smaller businesses or the general public.

MANAGEMENT AND STAFF

- 1.20. Annessa Imports is managed primarily by the four Directors, Domenico Annessa, Gaetano Alfano, Gianni Enrico Annessa and Maria Giovanna Annessa. They are supported by an experienced team comprising 51 employees.
- 1.21. The Directors are all involved in the day-to-day management and strategic growth of the Company, individually playing roles in purchasing, sales, logistics and credit control.
- 1.22. Our Client has advised that the duties of Gaetano Alfano, Gianni Enrico Annessa and Maria Giovanna Annessa could be absorbed by existing members of staff; however, Domenico Annessa would need to be replaced, either through external recruitment or a buyer's existing staff.

LOCATION AND FACILITIES

- 1.23. Annessa Imports operates from leasehold warehouse in Enfield, North London.
- 1.24. Utilised as warehouse and office space, the 21,000 sq ft premises are owned by the Shareholders and leased to the Company for £372k per annum on an annual rolling lease.
- 1.25. Our Clients have advised that the premises could be included in the sale on a freehold or rental basis, indicating that it has an approximate market value of £6m.





PRODUCTS

OVERVIEW

- 2.1. Annessa Imports is an importer and distributor of continental wine and foods, offering a comprehensive selection of products for the food service and retail industries.
- 2.2. The Company has developed long-standing connections with leading wine and food agencies and producers from across Europe, enabling it to offer an extensive product range, which includes:

DRINKS

- Wine (red, white, rosé, sparkling, cooking, dessert)
- Beer
- Other alcoholic beverages, including Italian spirits, brandies, cognacs, liqueurs, aperitifs and digestifs
- Coffee / tea
- Soft drinks, juices and bottled water

Food

- Cured meat and fish, including a comprehensive range of Italian charcuterie products
- Dry and fresh pasta and rice
- Pesto and sauces
- Tinned tomatoes, olives and other tinned vegetables and pulses
- Continental dairy products and Italian Cheeses
- Olive oils and vinegars
- Condiments, herbs and spices
- Food cupboard staples, including flour, sugar, breadcrumbs and nuts
- Mints and after-dinner biscuits

OTHER

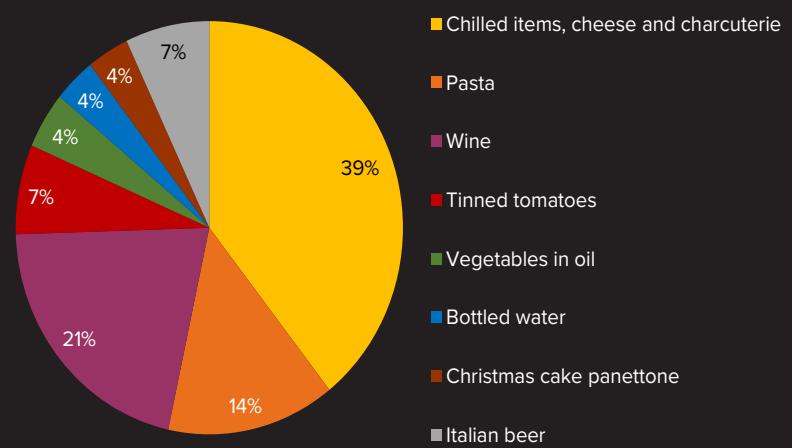
- Coffee percolators
- Disposable food containers and pizza boxes
- Cleaning products
- Other disposable kitchen products

- 2.3. The adjacent chart demonstrates the revenue generated by several key products.

LOGISTICS

- 2.4. The Company primarily imports its products from Italy, enabling it to offer a diverse range of high-quality regional goods which arrive promptly and in excellent condition, allowing for the creation of authentic Italian cuisine.
- 2.5. Additional products are sourced from outside Italy, allowing Annessa Imports to offer a one-stop service for many of its customers in the food service industry.
- 2.6. The Company's largest supplier represents less than 5% of its total purchasing. As such, it is not reliant on any single source for any of its products, with scope to further diversify the supplier network through the development of new relationships.
- 2.7. Products are held at Annessa Imports' warehouse before distribution, with the Company maintaining high stock levels at all times to ensure that orders can be fulfilled quickly and in full.
- 2.8. The Company provides free shipping on all deliveries, utilising a fleet of refrigerated delivery vehicles equipped with tracking systems. An asset list can be provided on request.

Sources of Income (YE23)





CUSTOMERS, SALES AND MARKETING

CUSTOMERS

- 3.1. Annessa Imports has established an excellent reputation within its sector and is highly regarded for the quality of its products and the reliability and efficiency of its service. This has led to a high proportion of sales being generated through word-of-mouth referrals.
- 3.2. Operating across Southern England, the Company caters to circa 1,000 customers in the food service and retail sectors, including restaurants (primarily mid-range Italian), wholesalers and buying groups. Approximately 75% of all business is derived from the food service sector.
- 3.3. Annessa Imports benefits from excellent long-standing relationships with its customers, over 98% of whom provide regular, repeat business. Some of these relationships have been in place for over 12 years, demonstrating the quality of the Company's products and service.
- 3.4. An overview of the Company's largest customers from the last financial year can be found in the table below.
- 3.5. The diverse nature of Annessa Imports' customer base means that these 10 customers only represent 18% of the overall turnover, reducing the Company's reliance on any single source of revenue.

SALES AND MARKETING

- 3.6. Annessa Imports' sales team regularly visits customers to ensure the continued strength of these relationships and to identify potential upselling opportunities.
- 3.7. The Company has developed an in-house mobile application that streamlines the ordering process for customers, providing a detailed sales history and improving efficiency. The use of this application has also resulted in cost savings in the sales office, with some additional sales continuing to be generated via telephone and email contact.
- 3.8. Annessa Imports provides a comprehensive overview of its product range on its website, which can be viewed at the following address:
WWW.ANNESSA.COM
- 3.9. In addition to its website, the Company utilises social media sites, including Facebook, X (formerly Twitter), Instagram and YouTube, to promote its services to existing and prospective customers.
- 3.10. Throughout the year, Annessa Imports exhibits at bespoke wine shows across the UK, which enable it to demonstrate the breadth of its offering to customers across the food and drink service and retail sectors.

Customer	Sector	Products Supplied	Sales (YE23)	Length of Relationship
A	Food service	Food and water	£976,229	15 years
B	Food service	Food, water and beer	£577,128	12 years
C	Food service	Food and wine	£301,183	9 years
D	Food service	Food	£295,565	5 years
E	Food service	Food and wine	£288,565	7 years
F	Food service / retail	Food and wine	£269,778	12 years
G	Wholesaler	Food	£219,158	5 years
H	Wholesaler	Food	£202,266	10 years
I	Food service	Food	£196,218	7 years
J	Food service	Wine	£195,744	4 years

GROWTH OPPORTUNITIES

OVERVIEW

- 4.1. Our Clients have advised that there is considerable scope for Annessa Imports to achieve future growth, with the Company's existing product range, customer base and supplier network presenting opportunities for future expansion.

THE MARKET

- 4.2. Annessa Imports operates in the food and drink import market, which our Clients estimate has a value of circa £70m. The Company is believed to have an 18% share of this market, with its customers primarily operating within the food service industry.
- 4.3. There are approximately 43,700 full-service restaurants in the UK, over 88% of which are independent businesses or part of small chains. The largest proportion of these restaurants are located in London and South East England, many of which cater to tourists or residents with high disposable income.¹
- 4.4. The restaurant industry is currently valued at £23.3bn, approximately 90% of which is attributed to sales of food and alcoholic beverages. While the Covid-19 pandemic and ongoing cost of living crisis have caused a decline in recent years, industry revenue is expected to grow at a compound annual rate of 5.6% to reach £30.6bn by 2028.
- 4.5. Our Clients have advised that its primary customer base comprises mid-tier restaurants, which are typically less sensitive to changes in economic circumstances. As such, Annessa Imports is expected to generate a steady stream of revenue from its existing relationships for the foreseeable future.
- 4.6. The popularity of Italian products in the UK has remained consistently strong over the last few years, with the overall share of the UK food and drink market taken by Italian products increasing from 5.6% to 6.3% in 2023, placing Italy as the seventh largest food and drink supplier to the UK.²
- 4.7. Demand for European cured meats is expected to remain strong, with a 2022 report by Assica, the association of Italian meat and charcuterie industries, highlighting a 16% increase in the volume of cured meats exported to the UK.³
- 4.8. Similarly, Italy was one of the top two countries of origin for wine imported into the United Kingdom in 2022. The import value from the top five countries of origin came to approximately £2.48bn in 2022, of which £767m came from Italy alone.⁴

¹ IBISWorld, November 2023, Full-Service Restaurants in the UK

² news.italianfood.net/2023/07/04/uk-an-increasingly-import-oriented-market/#:~:text=The%20analysis%20of%20the%20different,fifth%20of%20fruits%20and%20vegetables.

³ news.italianfood.net/2022/08/02/exports-of-italian-cured-meats-hit-new-high-in-the-us-and-uk

⁴ www.statista.com/statistics/303297/uk-wine-imports-leading-5-countries-by-value/



GROWTH OPPORTUNITIES

BUSINESS OPERATIONS

- 4.9. Annessa Imports is constantly looking for new opportunities to develop its product range, staying aware of and responding to emerging trends in the UK and Europe to ensure it is able to provide all in-demand products, as and when required.
- 4.10. The Company is currently focussing on increasing wine sales, having identified this as an area with significant growth potential. To support this, the Directors have recruited a wine specialist to the sales team, with the expectation that this individual will drive growth in this area.
- 4.11. Moving forwards, Annessa Imports is beginning to look at ways in which it could introduce new items to its offering, with the Directors suggesting that the introduction of frozen food could increase sales within its existing customer base.
- 4.12. In a joint venture with one of its suppliers, the Company has recently approached several supermarkets with the aim of supplying a range of pasta products on their shelves. This has the potential to improve sales, with scope to offer additional items in the future.
- 4.13. Annessa Imports could achieve nationwide coverage through the creation of a second depot in the north of the UK, with scope to utilise existing connections to develop new customer relationships in this region.
- 4.14. Our Clients have advised that there is scope for the Company to increase its turnover to around £27m through the introduction of a night shift, which would allow bulk picking overnight.

SALES AND MARKETING

- 4.15. Annessa Imports is continually looking to expand its sales team by recruiting additional experienced staff, advising that growth in this area offers the potential to increase turnover, profit and market share.
- 4.16. The Company is currently considering the creation of an e-commerce site, which has the potential to streamline the ordering process for its existing customer base whilst opening up the opportunity to supply to smaller businesses and private homeowners.
- 4.17. A website selling wine has been created but not fully utilised. Further development of this could be beneficial, resulting in increased sales across new and existing markets, with scope to target customers across the whole of the UK through outsourced delivery.
- 4.18. Online marketing, including the use of search engine optimisation (SEO), pay-per-click (PPC) and social media, could enable the Company to reach customers across a more diverse range of sectors.
- 4.19. Additional marketing activities are also being considered, with the Company recently investing in a relationship with a graphic designer, who could create new materials to support its ongoing sales activities.



MANAGEMENT AND STAFF

OVERVIEW

- 5.1. Annessa Imports is managed primarily by the four Directors, Domenico Annessa, Gaetano Alfano, Gianni Enrico Annessa and Maria Giovanna Annessa. They are supported by an experienced team comprising 51 employees.
- 5.2. The longevity and experience of the Company's staff have ensured the continued strength of the business, playing a role in maintaining customer relationships and generating sales.

MANAGEMENT INFORMATION

- 5.3. All four Directors' individual responsibilities are outlined in the table below:

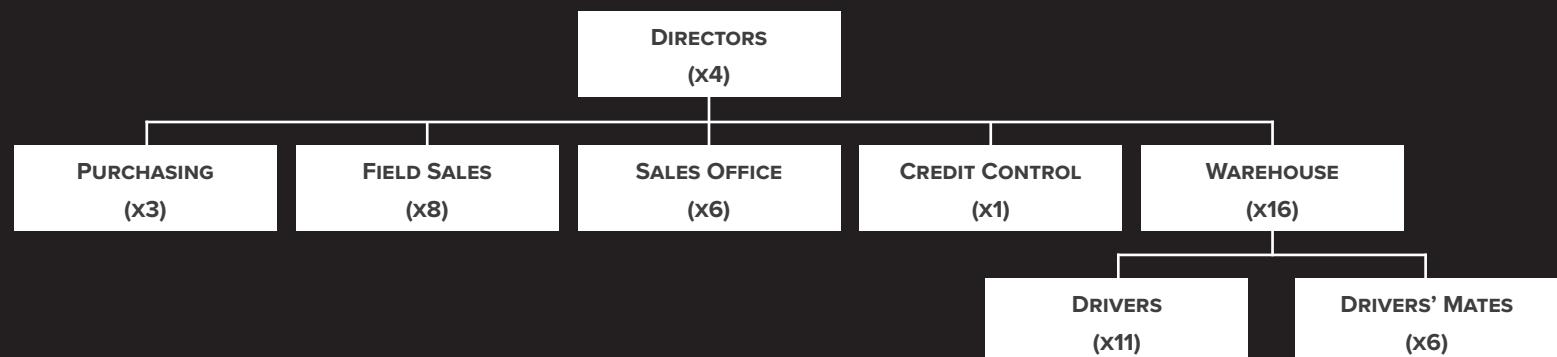
Name	Responsibilities
Domenico Annessa	Food purchasing and administration
Gaetano Alfano	Wine purchasing and administration
Gianni Enrico Annessa	Logistics and ordering
Maria Giovanna Annessa	Sales administration and credit control

POST-SALE

- 5.4. Our Client has advised that there are existing members of staff within the business who could take on most of the responsibilities of Gaetano Alfano, Gianni Enrico Annessa and Maria Giovanna Annessa, with scope for other duties to be outsourced.
- 5.5. There may be some requirement for recruitment to handle the responsibilities of existing members of staff promoted into leadership positions.
- 5.6. Domenico Annessa would need to be replaced, either through external recruitment or a buyer's existing staff.

ORGANISATIONAL STRUCTURE

- 5.7. A breakdown of the Company's organisational structure is provided below.



LOCATION AND FACILITIES

LOCATION

- 6.1. Annessa Imports operates from leasehold premises in Enfield, North London.
- 6.2. The premises are ideally located in close proximity to several key transport links, including the M25 and A10, which provide access to customers across the south of England.
- 6.3. Annessa Imports can be found at the following address:

**Unit 1, Trade City
13 Crown Road
Enfield
EN1 1TX**

PREMISES

- 6.4. Utilised as warehouse and office space, the 21,000 sq ft premises are owned by the Shareholders and leased to the Company for £372k per annum on an annual rolling lease.
- 6.5. Our Clients have advised that they are willing to include the premises in the sale on a freehold or rental basis, indicating that it has an approximate market value of £6m.
- 6.6. There is scope to expand the operational space at the premises through the installation of mezzanine flooring, which could double its current storage and office capacity.



FINANCIAL INFORMATION

PROFIT AND LOSS

71. The below table details the Company's profit and loss.

Year Ending 30th June	YE20	YE21	YE22	YE23	YE24
	Actual	Actual	Actual	Draft*	Projected
Turnover	11,875,843	9,762,709	16,086,629	16,790,025	
Cost of Sales	(8,502,368)	(6,940,881)	(11,043,069)	(13,921,110)	
Gross Profit	3,373,475	2,821,828	5,043,560	2,868,915	
Gross Profit Margin	28%	29%	31%	17%	
Administrative Expenses	(1,196,245)	(1,090,537)	(1,239,864)	(1,248,867)	
Distribution Costs	(1,895,430)	(1,632,170)	(2,101,269)	-	
Other Operating Income	278,737	326,525	(25,726)	(99,053)	
EBIT	560,537	425,646	1,676,701	1,520,995	
Depreciation - Motor vehicles	79,192	111,669	110,590	105,277	
Depreciation - Other	8,216	5,269	7,314	7,070	
Amortisation	13,750	14,212	12,997	-	
EBITDA	653,479	551,527	1,800,288	1,626,272	
Directors' Salaries (inc. NI and pensions)	190,930	204,345	192,410	208,741	
Directors' Private Healthcare and Insurance Costs	50,997	64,781	63,540	63,211	
Directors' Replacement Costs**	(146,000)	(146,000)	(146,000)	(146,000)	
Non-Active Family Salaries (inc. Employer NI And Pensions)	49,329	52,533	123,470	84,811	
Normalised Rent Charge***	(160,000)	(120,000)	(120,000)	(120,000)	
Adjusted EBITDA	638,735	607,187	1,913,708	1,717,035	

*YE23 Draft accounts show a lower gross profit margin principally due to placement of wages, travel, vehicle costs, and depreciation in the Company's cost of sales. These costs are expected to be allocated as 'Administrative Expenses' in the finalised accounts.

** We envisage that a replacement Managing Director would need to be brought in and some staff salaries to be increased to take on more senior roles post sale.

*** In the event the property is not included in the sale, our Clients would be prepared to provide a lease at £372k per annum (based on valuation in December 2023).

FINANCIAL INFORMATION

BALANCE SHEET

7.2. The below table details the Company's balance sheet.

Year Ending 31st January	YE20		YE21		YE22	YE23
	Actual		Actual		Actual	Management
Fixed Assets						
Intangible Assets	27,208		12,997		-	-
Investments	13,761		13,761		13,761	13,761
Tangible Assets	268,335		229,956		207,029	134,779
Current Assets						
Stocks	1,367,065		1,287,410		1,908,383	1,957,071
Debtors	1,073,891		1,741,990		2,175,039	2,067,414
Cash at Bank and in Hand	905,717		1,855,811		2,083,319	1,581,007
Creditors: due within one year	(1,435,569)		(2,466,676)		(3,735,954)	(2,781,569)
Net Current Assets	1,911,104		2,418,535		2,430,787	2,823,923
Creditors: due over one year	(121,238)		(418,522)		(70,480)	(16,847)
Provision for Liabilities	(14,887)		(14,930)		(14,038)	(14,038)
Net Assets	2,084,283		2,241,797		2,567,059	2,941,578
Capital and Reserves						
Share Capital	300		300		300	300
Profit and Loss Account	2,083,983		2,241,497		2,566,759	2,941,278
Shareholder Funds	2,084,283		2,241,797		2,567,059	2,941,578

GLOSSARY OF TERMS

ABBREVIATION

DEFINITION

Annessa Imports / the Company

Annessa Imports Limited

EBITDA

Earnings before interest, tax, depreciation and amortisationp

PPC

Pay-per-click

SEO

Search engine optimisation

YE

Financial year ending 30th June



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PROCESS/NEXT STEPS

Should the opportunity laid out in this document be of further interest to you, the usual next steps are as follows:

Meeting with our Clients

Typically meetings will be held within close proximity to the business premises; for reasons of confidentiality initial meetings will tend to be held off site although on occasions Sellers may be able to accommodate a site visit.

Under the terms of your NDA, please use the following contact should you wish to arrange a meeting – please do not under any circumstances attempt to contact the Sellers directly:

fabio.rambelli@kbscorporate.com

01204 555 060

Provision of Further Information

While we have attempted to provide as comprehensive an overview of the Company as possible, the information contained in this document is not all-encompassing.

Please e-mail deal.exec@kbscorporate.com should you require any further information.

Please be aware that there may be certain elements of information that cannot be provided until any process is at an advanced stage. This will vary from business to business but typically clients may not wish to disclose such items as customer names or staff names at an early stage of the process. We would ask you to respect our client's wishes in this regard.

Offers

Asking Price

This opportunity is being marketed on an Offers Invited basis. Typically KBS Corporate will engage with a number of buyers who they believe will see a strategic fit for their business, and invite multiple offers on the back of this process.

Perceived valuations can vary markedly depending on specific elements of the business and buyers' own strategies, hence the Offers Invited approach.

Timetable

In certain occasions there is a set timetable for offers, which if that were the case would be outlined in the process letter.

Before submitting an offer we recommend that you contact the person leading the transaction to check whether there is a timetable in place, and ask for a process letter if appropriate.

Format of Offers

If following your review of the information provided you retain an interest in acquiring the Company please submit an Indicative Offer in writing, either by post or by email to:

fabio.rambelli@kbscorporate.com

Your Indicative Offer should include the following information:

1. Preferred transaction structure

Please note it is the Shareholder's preference to sell the entire share capital of the businesses on a cash free debt free basis with a normalised level of working capital with all, or the majority of, consideration payable in cash at completion.

2. Rationale and Valuation

Our client is looking for a strategic buyer who will take the business to the next level and any offer should include an indication of the following:

- Rationale for the acquisition and why you believe you would be the perfect partner for the Companies.
- Previous acquisition history and successful integration case studies.
- Valuation and methodology applied.
- Transaction structure.
- Any conditions or assumptions upon which the offer is made.

3. Finance

An explanation of how you propose to finance the acquisition and, to the extent that it will be financed by third parties, the specific amounts, terms and sources of finance to be used.

K3 Debt Advisory – part of the K3 Capital Group – are specialists in raising debt to fund an acquisition and / or ongoing working capital and in sourcing the best provider and terms for the required facilities. For a free initial consultation, please request a call back in the contact section at: www.k3debtadvisory.com

4. Other Conditions Attaching to the Offer

Details should be given of any shareholder or board approvals, regulatory consents or other conditions that would have to be satisfied in order to complete the acquisition.

5. Due Diligence and Further Information

The following additional information should also be included:

- a list of any additional information requirements and a description of the due diligence you would expect to undertake in the next stage of this process;
- an indication of your future intentions with regard to the Companies, including plans for the management and employees, in particular any commitments you would require from our client; and
- any other information which you believe will be attractive to our client.

Contact for next steps

Please use Fabio Rambelli as your point of contact for any next steps. Contact details as follows:

fabio.rambelli@kbscorporate.com

01204 555 060





Contact: Fabio Rambelli
Associate Director
E: fabio.rambelli@kbscopyrite.com
M: +44(0)1204 555 060