Final Results

for the year ended 31 March 2021

20 July 2021

SUPREME

SUPREME

Presenting team

Sandy Chadha

CEO

Experience

- Over 29 years with Supreme
- CEO and major shareholder
- Responsible for overall management and strategy of the group

Suzanne Smith

CFO

Experience

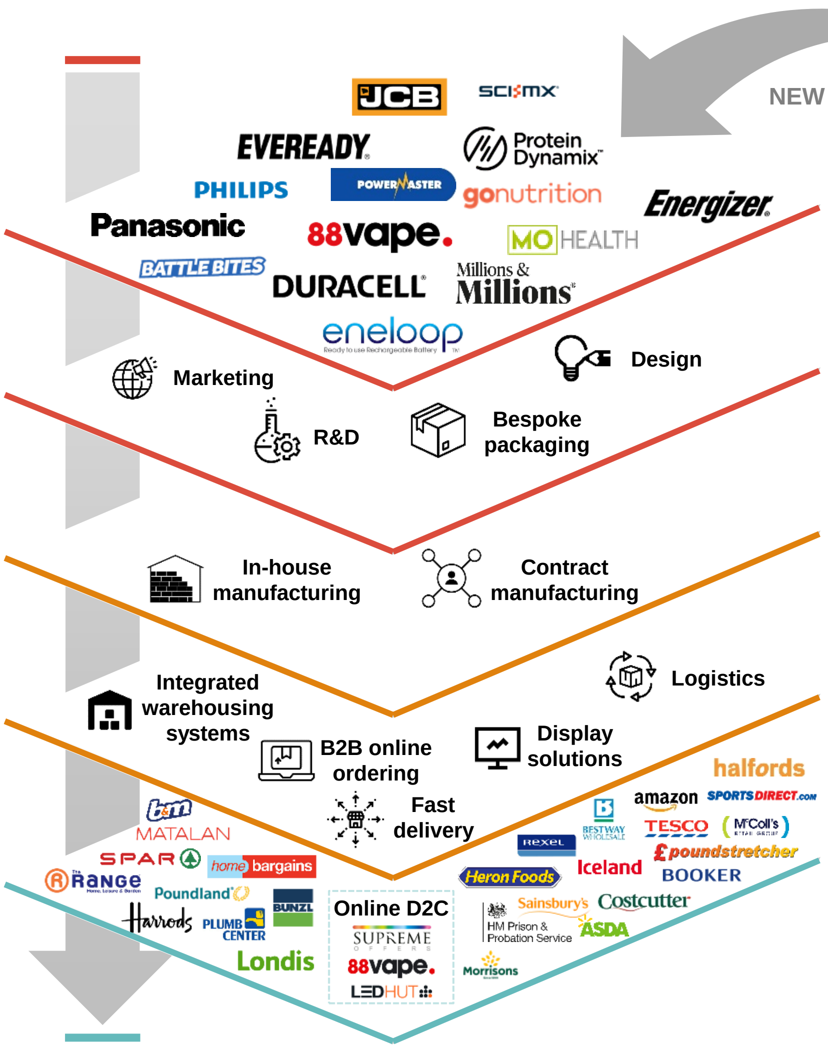
- 15 years in finance, with Big 4 experience (PwC Manchester)
- Worked in private equity, plc, and family-owned environments across manufacturing, distribution and software
- Led businesses through re-capitalisations and bolt-on M&A

Supreme at a glance

1975 Founded	**£122.3m** Revenue FY2021
14% Revenue CAGR FY2018-FY2021	**26%** EBITDA CAGR FY2018-FY2021
~2,000 Orders dispatched every day	**16%** EBITDA margin FY2021[3]
64% YoY reduction in Net Debt in FY2021	**5** Product categories

LEVERAGING OUR VERTICALLY INTEGRATED PLATFORM TO TAKE FAST MOVING CONSUMER BRANDS TO OUR EXTENSIVE CUSTOMER NETWORK

Vertical integration offers excellent route to market for leading brands



BRANDS

- Own brands
- Licensed brands
- Distribution agreements

PRODUCT DEVELOPMENT

- NPD for own brands plus private label brand development for customers

MANUFACTURING

- In-house manufacturing for Vaping and Sports Nutrition & Wellness

SERVICES

- Online ordering and integrated management system for retailers

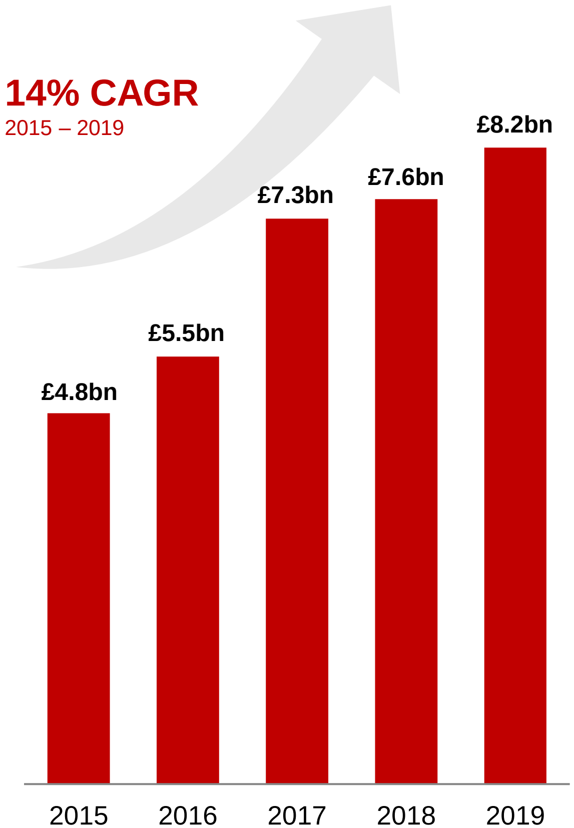
EXTENSIVE CUSTOMER NETWORK

- 10,000+ branded retail outlets and thousands of independent stores
- Selling own brands D2C through proprietary online stores

Underlying drivers are going in the right direction

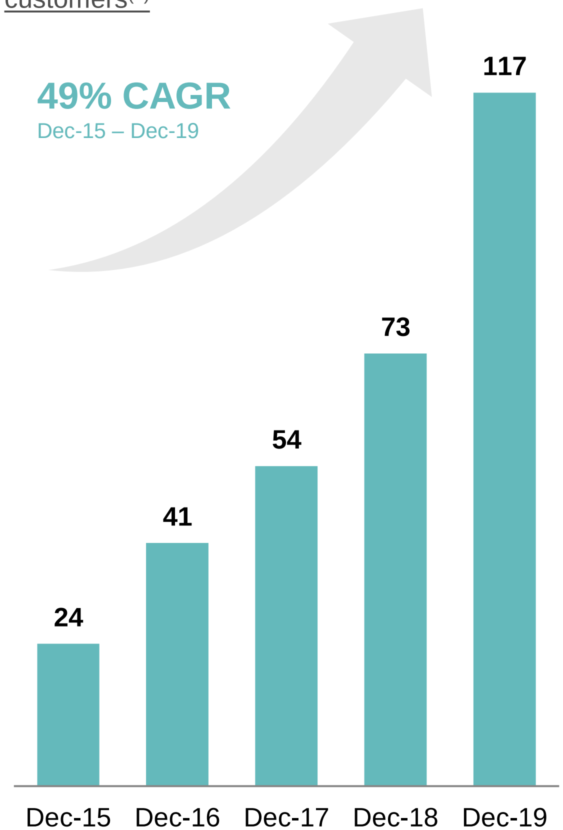
Retailers are growing

Aggregated revenue of top 4 customers[1]



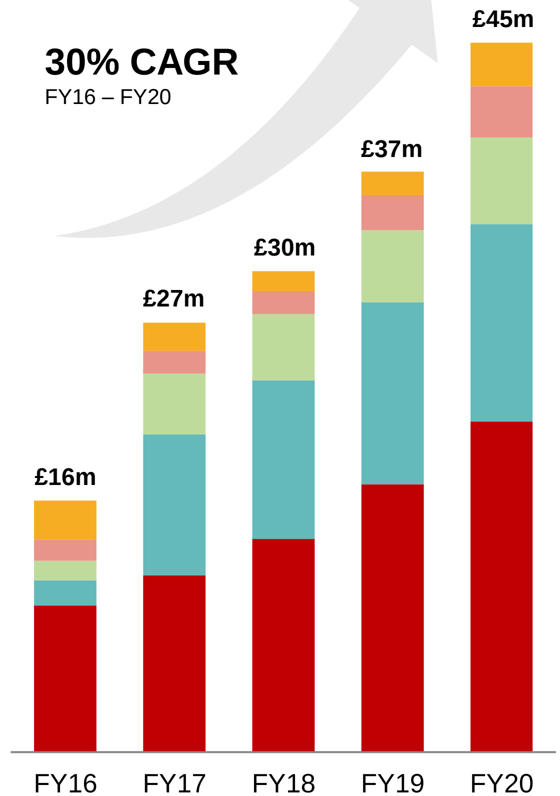
Product range is expanding

Total number of 88Vape SKUs in selected customers[2]



Revenue by customer is increasing

Sales of top 5 customer cohort, split by customer



Note(s): (1) Aggregated revenue of top 4 customers based on publicly available information and on 12-month financials for the relevant calendar year; (2) Selected customers include Poundland, B&M, Asda, Heron, Iceland, TJ Morris
Source(s): Company information, Pitchbook, Companies House

Financial highlights

Strong revenue and adjusted EBITDA performance underpins both organic and acquisitive growth opportunities

	FY21 (£ million)	FY20 (£ million)	% Change
Revenue	122.3	92.3	+33%
Gross Profit	33.0	26.6	+24%
Gross Profit %	27.0%	28.8%	-1.8%
Adjusted EBITDA[1]	19.3	16.0	+21%
Adjusted Profit before tax[2]	16.4	13.6	+21%
Profit before Tax	13.0	13.2	-2%
Net Debt	7.6	21.3	+64%
EPS	8.9p	9.9p	-10%
Adjusted EPS[3]	12.0p	10.3p	+17%

Commentary

- Strong organic growth across all key categories coupled with encouraging performance from acquisitions
- Gross profit growth driven by increase in manufactured lines…
- … offset by a change in sales mix with addition of the Branded Household Consumer Goods category
- Balance Sheet is notably stronger

[1] Adjusted EBITDA means operating profit before depreciation, amortisation, share-based payments charge, fair value movements on non-hedge accounted derivatives and exceptional items (including all IPO-related costs)
2 Adjusted Profit before tax means profit before tax, share-based payments charge, fair value movements on non-hedge accounted derivatives and exceptional items (including all IPO-related costs)
3 Adjusted EPS means Earning per share, where Earnings are defined as profit after tax but before amortisation of acquired intangibles, exceptional items, share based payments, fair value movements on non-hedge accounted derivatives and exceptional items.

Operational highlights

Year-ended 31 March 2021

Successfully quoted on AIM in February 2021

Vaping and Sports Nutrition & Wellness delivered significant growth in the period

Strong new business momentum

- McColl's
- Scottish Prison Service
- Battle Bites

Rapid response to COVID-19

Post period-end & Outlook

Strong start to current financial year

- All business areas performing in-line with expectations
- Secured two new vaping customers
  - Sainsbury's
  - Core Communications

Completed two bolt-on acquisitions in June 2021:

- Vendek
- Sci-MX

Maiden dividend payment expected following publication of FY22 interim results

Continue to monitor Covid-19 situation but remain confident


JCB
Energizer
Protein Dynamix
DIET
PROTEIN
MEAL REPLACEMENT SHAKE
1kg
VALUE PACK
1000iu
VITAMIN D3
HIGH STRENGTH
25µg
180 Tablets
AA
DURACELL PLUS
UP TO 50% MORE POWER*
D
2 PACK
MN1300
JCB
ALKALINE
7X
UP TO SEVEN TIMES MORE POWER*
SUPER ALKALINE BUILT TO LAST
88vape
11mg/g 1.1%
88vape.
Original E-Liquid
Menthol Chill
10ml
Medium Strength
This product contains nicotine which is a highly addictive substance

Financials

Income statement

	FY21 £m	FY20 £m	% change
Revenue	**122.3**	**92.3**	*+32%*
Gross Profit	**33.0**	**26.6**	*+24%*
%	27.0%	28.8%	
Admin expenses	(13.7)	(10.6)	
Adjusted EBITDA	**19.3**	**16.0**	*+20%*
Adjusted Items	(3.4)	(0.4)	
EBITDA	15.8	15.6	*+2%*
Depreciation & Amortisation	(2.2)	(1.6)	
Operating Profit	**13.6**	**14.0**	*-3%*
Finance costs	(0.7)	(0.8)	
Profit Before Tax	13.0	13.2	*-2%*
Tax	(3.1)	(2.3)	
Profit After Tax	9.8	10.9	*-10%*
Basic EPS	8.9p	9.9p	*-10%*
Adjusted Profit Before Tax	16.4	13.6	*+20%*
Adjusted EPS	12.0p	10.3p	*+17%*

Commentary

- Revenue growth was organic (18%) and a result of recent acquisitions (14%)
- On balance, the impact of Covid-19 was negligible
- Change in gross profit driven largely by sales mix
- Adjusted Items are set out in the table below:

£m	FY21	FY20
IPO costs	1,953	-
Fair value movements on forward contracts	768	(208)
Restructuring costs	421	318
Share based payment charges	75	-
Acquisition costs	15	176
Amortisation of debt-financing arrangement fees	191	149
	3,423	**435**

- Admin expenses increased by £3.1m
  - 50% related to sales increase (carriage / storage); and
  - 50% related to additional people (including the Board) and consultancy (vitamins)
- Finance costs reduced in line with reduction in net debt
- The effective rate of corporation tax increased to 24%

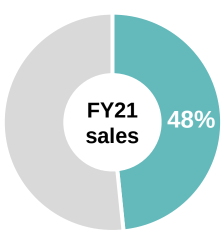
Segmental breakdown

	FY21 £m	FY20 £m	% change
Revenue			
Batteries	34.4	30.9	*+11%*
Lighting	25.9	25.3	*+2%*
Vaping	39.5	29.0	*+36%*
Sports Nutrition & Wellness	6.9	5.0	*+38%*
Branded Household Consumer Goods	15.5	2.0	*+665%*
Total revenue	**122.3**	**92.3**	***+32%***
Gross Profit			
Batteries	3.3	3.3	-
Lighting	8.0	8.5	*-6%*
Vaping	16.4	11.7	*+40%*
Sports Nutrition & Wellness	2.6	2.1	*+25%*
Branded Household Consumer Goods	1.6	0.3	*+405%*
FX	1.1	0.7	*+51%*
Total gross profit	**33.0**	**26.6**	***+24%***

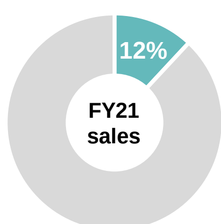
Commentary

- 11% growth entirely organic in **Batteries**
- Covid-19 delayed growth trajectory for **Lighting**
- **Vaping** growth includes full year impact of the HMPPS contract, increased D2C online sales and underlying organic growth of the 88Vape brand
- **Sports Nutrition & Wellness** growth supported by Battle Bites acquisition and successful meal replacements and vitamins new product launches
- The **Branded Household Consumer Goods** category benefitted from the full year impact of the Provider acquisition (Feb 20)
- *Note the increase in revenue generated online in FY21 – 14% (FY21: 8%). Both B2B and D2C online revenues doubled in the period*

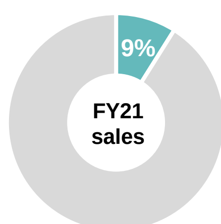
Discounters



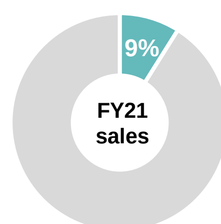
Wholesalers & symbol



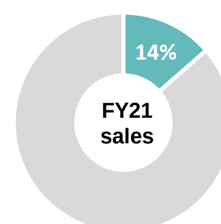
Supermarkets & high street



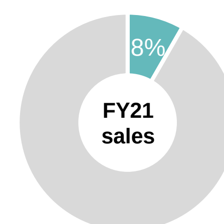
International



Online



Public sector



Balance sheet

	FY21 £m	FY20 £m
Non-current assets		
Tangible Assets	4.3	5.0
Intangible Assets	2.6	1.8
	6.9	**6.7**
Current assets		
Stock	19.9	14.5
Trade & other debtors	16.1	16.7
Derivative financial instruments		0.2
Cash	7.5	6.7
	43.4	**38.1**
Current liabilities		
Trade & other payables	(13.3)	(10.3)
Borrowings	(7.1)	(7.2)
Derivative financial instruments	(0.6)	-
Income tax payable	(2.4)	(2.3)
	(23.3)	**(19.8)**
Net current assets	**20.1**	**18.3**
Non-current liabilities		
Borrowings	(8.1)	(20.8)
Deferred Tax	(0.1)	(0.2)
	(8.2)	**(21.0)**
Net Assets	**18.8**	**4.1**
Equity		
Share capital	11.7	11.0
Share premium	7.2	-
Merger reserve	(22.0)	(22.0)
Share-based payment reserve	0.1	-
Retained earnings	21.9	15.1
Total equity	**18.8**	**4.1**
Net Debt	**7.6**	**21.3**
Working capital	23	21

Commentary

- A notably stronger balance sheet £18.8m net assets (FY20: £4.1m)
- Reduction in net debt of £13.7m (£7.5m from the IPO raise)
- Increases in working capital of £2m were reflective of the increase in turnover and a return to “normal” levels of working capital in FY21 (particularly for stock)

Cash flow statement

	FY21 £m	FY20 £m
Net cash from operations		
EBITDA	15.8	15.6
Non-cash movements	1.0	0.2
Movement in working capital	(1.6)	3.0
Tax paid	(3.0)	(1.7)
	12.3	**17.0**
Cash flow from investing		
Capital expenditure	(0.9)	(1.7)
Acquisitions	(1.2)	(3.5)
	(2.1)	**(5.2)**
Cash flow from financing		
Drawdown of loans		9.7
Repayment of loans	(13.0)	(4.1)
Proceeds from IPO	7.5	-
Proceeds from issue of share options	0.3	-
Dividends paid	(3.0)	(11.0)
Lease costs paid	(0.6)	(0.6)
Finance costs paid	(0.6)	(0.7)
	(9.4)	**(6.6)**
Net increase in cash	0.8	5.2
Closing cash	**7.5**	**6.7**

Commentary

- Continued to be cash generative in FY21
- Result of the increases in EBITDA and continued modest levels of capital expenditure
- Planned investment into working capital in FY21 to re-align the business back to “normal” levels
    - FY20 stock was unusually low; and
    - FY20 creditors were unusually high
- Net cash outflow associated with the IPO was £1.7m (adviser fees, commission and management bonuses of £0.1m)
- £13.0m repayment of loans included the £7.5m accelerated repayment on IPO plus the debt servicing obligations in ordinary course
- Shortly after the Balance Sheet date the Group repaid 50% of its related party debt obligations (£1.7m)

Batteries


JCB
6 PACK
eneloop
AA
8+4
Energizer
MAX
FREE
GRATIS
8+4
AAA
8+4
Energizer
MAX
PROCELL
AA
3+1
Energizer
FREE / GRATIS

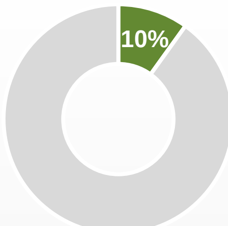
Batteries – FY21 update

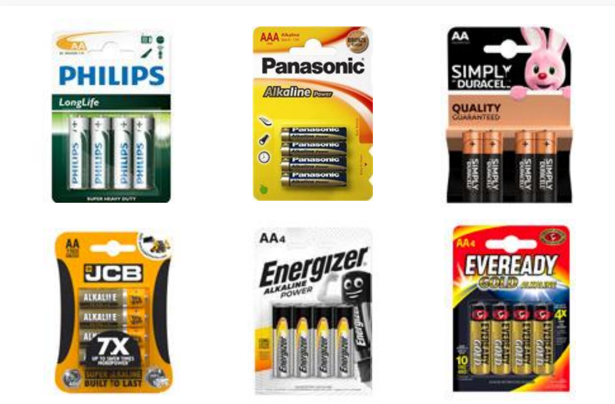
11%
Revenue growth YoY

10%
Gross profit margin in FY21

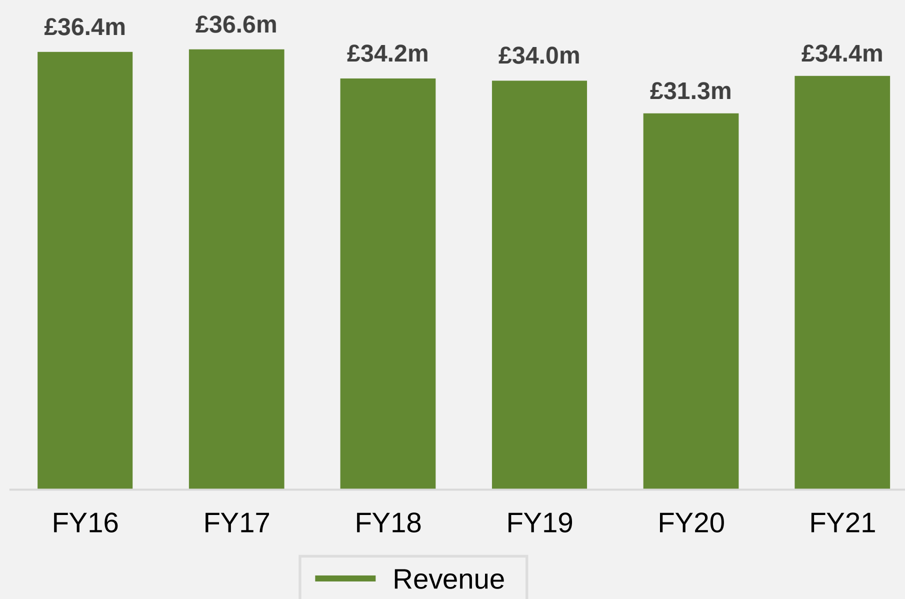
- **Stable, core revenue** product
- Drives **sticky customer relationships** and the opportunity to **cross-sell higher margin** categories
- **22-year relationship** with **Duracell**, **Energizer**, and **Panasonic**; **11-year** relationship with **JCB**, and **7-year** relationship with **Phillips**

% Group GP contribution





- Category performed well, reporting 11% growth in revenue year-on-year
- Growth reported across all major brands and retailers
- Category brings stability and high revenue visibility
- Increased demand experienced during lockdown
- Reinforced Group's distribution capabilities and the strength of our relationships with global battery brands



Lighting


ST64 FILAMENT
ES/E27
Energizer
Uses up to 85% less energy
LED
220-240V~50Hz
5W
40W replacement
Lasts 15
Lumen 470
JCB
LED BUILT TO LAST
3000K
GU10
50W
350
EVEREADY
GU10 SPOT
Energizer
LED
NON DIMMABLE
EVEREADY
LED
CANDLE E27
470
=40W
CANDLE FILAMENT
Energizer
85%
LED
40W
15
470
Energizer
BC/B22
OPAL
Uses up to 85% less energy
LED
220-240V~50Hz
9W
60W replacement
Lasts 15
Lumen 806

Lighting – FY21 update

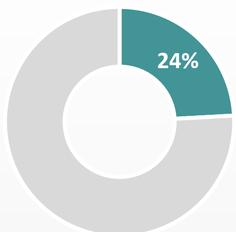
2%
Revenue growth year-on-year

31%
Gross profit margin in FY21

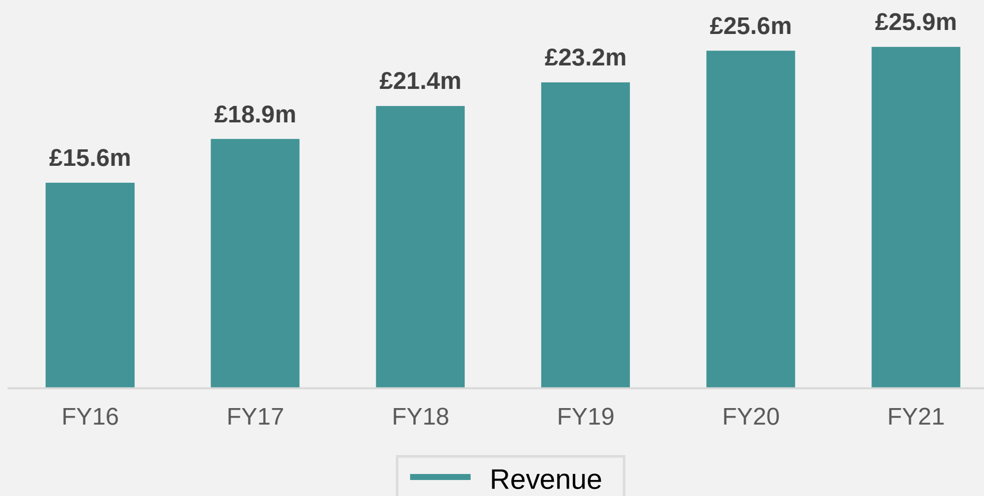
£25.9m
FY2021 revenues

- **Growing, resilient category** utilising existing customer relationships
- Global license with **Eveready / Energizer** valid until 2025, held since 2013
- **JCB license** valid until 2024

% Group GP contribution



- Maintained core revenue base and profitability within lighting category
- Revenue levels maintained despite a widespread technology shift to LED (LEDs carry a lower unit selling price)
- Distribution channel underpins strong margin retention of 31%
- European expansion plans delayed as a result of the pandemic
- However, management currently evaluating exciting growth prospects across Europe




88vape.
PRO POD
Replacement Pod
x1
This produce contains nicotine which is a highly addictive substance
88vape.
PROMOD
x3 Replacement Coil
0.6 Ohm Coils
88vape.
Nicotine Salts
This product contains nicotine which is a highly addictive substance
88vape.
Original E-Liquid
Menthol Chill
10ml
Medium Strength
11mg/g 1.1%
This product contains nicotine which is a highly addictive substance
88vape.
88vape.
88vape.
Add Nic
menthol chill
75% VG
50ml

Vaping

88vape.

#1

Value vaping brand in the UK[1]

~1m

88Vape users

36%

Increase in vaping revenue in FY2021

£39.5m

Revenues

41%

Gross profit margin

185%

D2C online sales growth

60m

Bottles sold in FY2021

~30%

Market share

FY 2021 update

- £6.3 million in direct sales to our 88vape-branded website
- Expansion of core underlying manufacturing margins
- Added Scottish Prison Service and McColl's, and Sainsbury's and Core Communications post period-end
- Currently exploring ways to bring more of manufacturing in-house, which supports gross margin progression
- Parliamentary consultations indicate that vaping will be included in future plans as a way for Britain to be smoke free
- Existing retailers continue to grow their 88vape range

Continued track record of growth

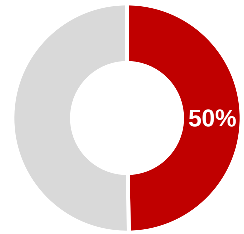
+35% Revenue CAGR FY16-FY21

+41% Gross profit CAGR FY16-FY21

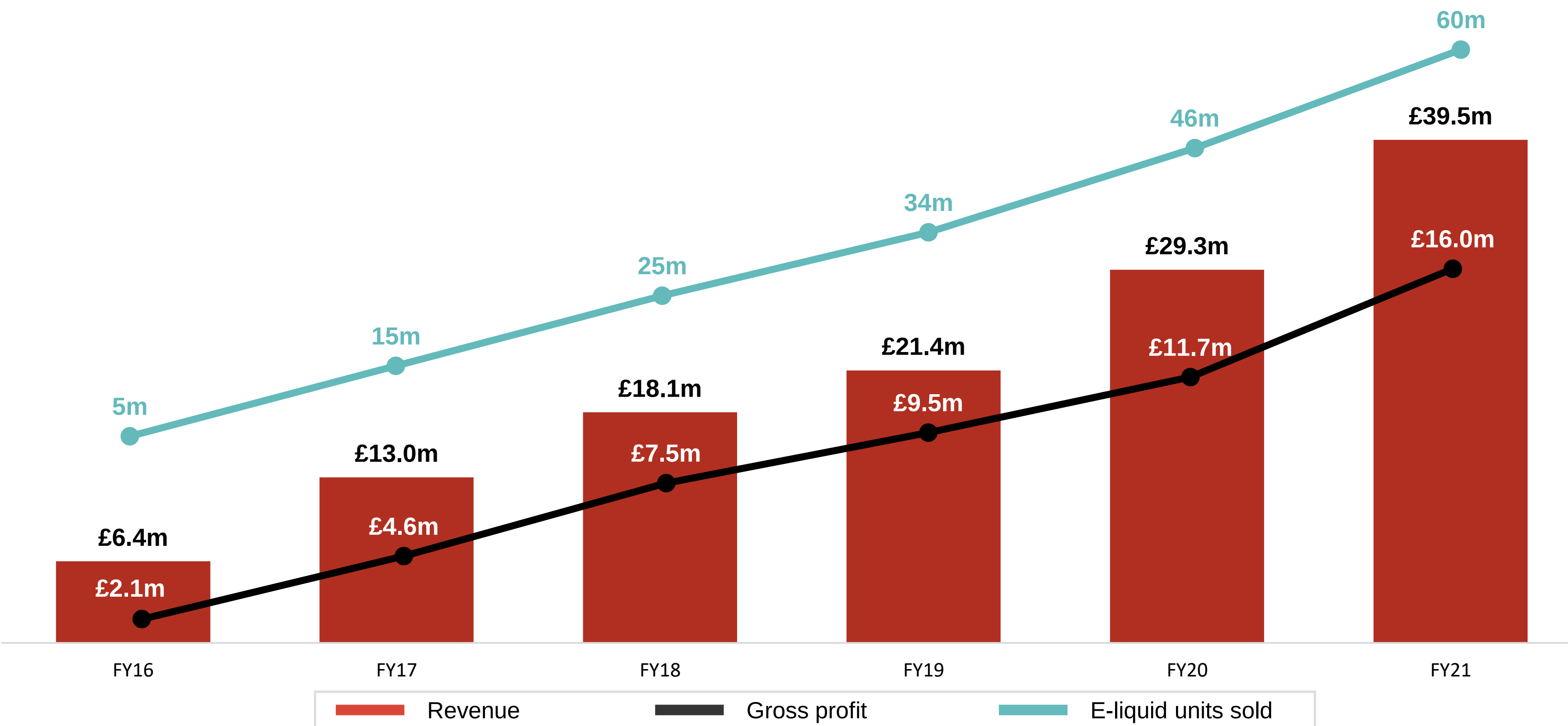
+51% FY16-FY21 CAGR of E-liquid units sold

+36% Revenue growth YoY

+40% Gross profit growth YoY



% Group GP contribution

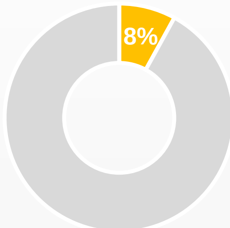


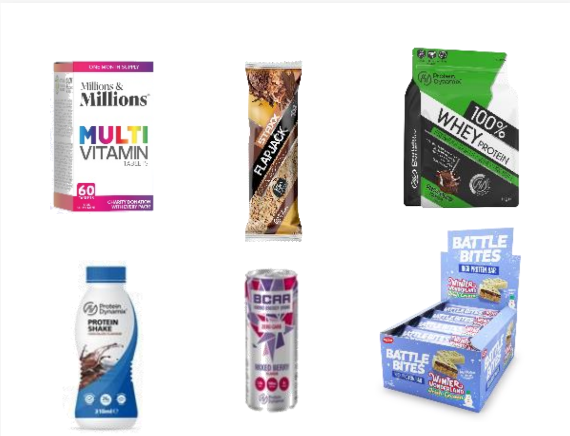
Sports Nutrition & Wellness

Sports Nutrition & Wellness – FY21 update

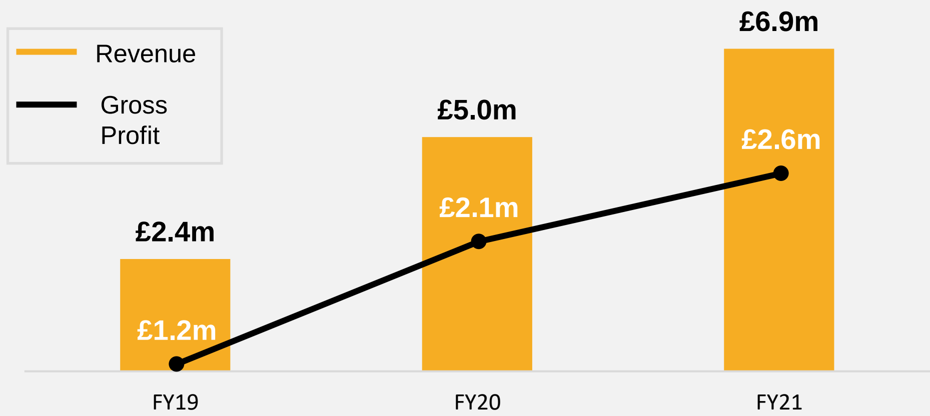
- **Rapidly growing division** driven by ability to cross-sell products to existing customers
- **Exciting growth opportunity** through expansion into vitamin and supplement market
- **Sustainable packaging** a key part of upcoming vitamin range

% Group GP contribution





- Revenue growth (38%) despite lockdown restrictions
- Category able to pivot quickly to meal replacement powders and supplements
- Acquisition of GT Divisions fully integrated into the Group
- Two vitamin launches scheduled for this year
  - Sealions, our first digital-only brand (July 2021)
  - Millions & Millions, our retail brand (September 2021)
- Continue to progress developing our private label vitamins business
- Sci-MX brands are a great fit for the category
- FY22 will include investment to expand the manufacturing facility



Strong footprint in a vitamins market that is expected to grow at 7% CAGR between 2019 and 2022

Millions & Millions®

Initial orders received from **large customers**

Opportunity to further **improve margins**

In-house manufacturing

Continuously adding to Supreme's product portfolio

sealions®

Quality Products many made in house **in the UK**

One year supply **£5** Most Vitamins (365 tablets)

Sustainable, 100% Compostable & Plastic Free

Sold directly from Sealions Factory (35% Margin)


LEAN MUSCLE RANGE
PRO
V-GAIN
VEGAN PROTEIN
STRAWBERRY FLAVOUR
34g PROTEIN
2.2kg


PERFORMANCE RANGE
X-PLODE
PRE-WORKOUT
BERRY BLAST FLAVOUR
185mg CAFFEINE
400g


DIET & TONE RANGE
DIET
MEAL
REPLACEMENT
CHOCOLATE FLAVOUR
25g PROTEIN
1kg


OSRAM
LED
OSRAM
806 lm
Warm White
E 27


LED
OSRAM
OSRAM
470 lm
Warm White


OSRAM
LED
OSRAM
806 lm
Warm White
E 27

M&A

Acquisition of Vendek

One of Ireland's leading distributors of batteries and lighting products

1. Expected to be immediately earnings enhancing prior to resolution of any revenue / cost synergies
2. Creates hub from which to expand Supreme's European footprint whist remaining competitive
3. Delivers foothold into the Irish market incl. key distribution infrastructure and customer relationships
4. Significant product and customer overlap – potential to enhance margins
5. Provides platform from which to cross-sell additional categories from Supreme

Acquisition of brands of SCI-MX Limited

Leading and long-established retail brands

1. Opportunity to leverage SCI-MX and PRO2GO brands to grow existing retailer relationships
2. Cross-sell these brands into Supreme's significant client base
3. Secured a 52,000 sq ft manufacturing and distribution facility for expanded range
4. Grow brands by leveraging Supreme's online platform


VALUE PACK
HEART HEALTH
OMEGA-3
Fish Oil - 1000mg
ESSENTIAL OMEGA-3 FATTY ACIDS
Rich Source of EPA/DHA
Helps to Maintain a Healthy Heart
1 a Day
Food Supplement
150 Softgels
ONE MONTH SUPPLY
Millions & Millions
VITAMIN D3
2500iu TABLETS
60 TABLETS
FOOD SUPPLEMENT
CHARITY DONATION WITH EVERY PACK!


BATTLE BITES
HIGH PROTEIN BAR
GLAZED SPRINKLED DONUT


88vape.
Add Nic
menthol chill
75% VG
50ml

Summary

Key investment highlights

1	**Attractive markets**	**Large** and **fast growing** markets for vaping, lighting, sports nutrition and vitamins
2	**Vertically integrated**	**UK manufacturing facilities** in the UK for vaping and Sports Nutrition & Wellness products enhance quality, margins and flexibility
3	**Unrivalled distribution platform**	**Extensive distribution platform** with **embedded relationships** within retailers, fast-growing discounters and the UK prison service
4	**Product expansion success**	**Track record of leveraging platform to generate growth in new product categories** as shown by Vaping and Sports Nutrition & Wellness
5	**Financial profile**	**Resilient and growing revenues** coupled with gross profit margin expansion driven by high growth business lines and constant product innovation

14%	**26%**	**16%**	**50%**
Revenue CAGR FY18-21	**EBITDA CAGR FY18-21**	**EBITDA margin FY21**	**Expected dividend payout**

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