

Results for the six months ended 30 September 2023



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Meet the team

CHIEF EXECUTIVE OFFICER



SANDY CHADHA

CHIEF FINANCE OFFICER



SUZANNE SMITH

DIVISIONAL LEAD BATTERIES



ANDREW BEAUMONT

DIVISIONAL LEAD LIGHTING



DAVID NEILSON

DIVISIONAL LEAD VAPING



MIKE HOLLIDAY

DIVISIONAL LEAD SPORTS NUTRITION



JAMES WILLIAMS

- The Executive Team is supported by 4 Divisional (product) leaders
- Each has deep sector and industry knowledge and experience
- Wholly responsible for their own category
- 100 years' service for Supreme across the team

Supreme at a glance

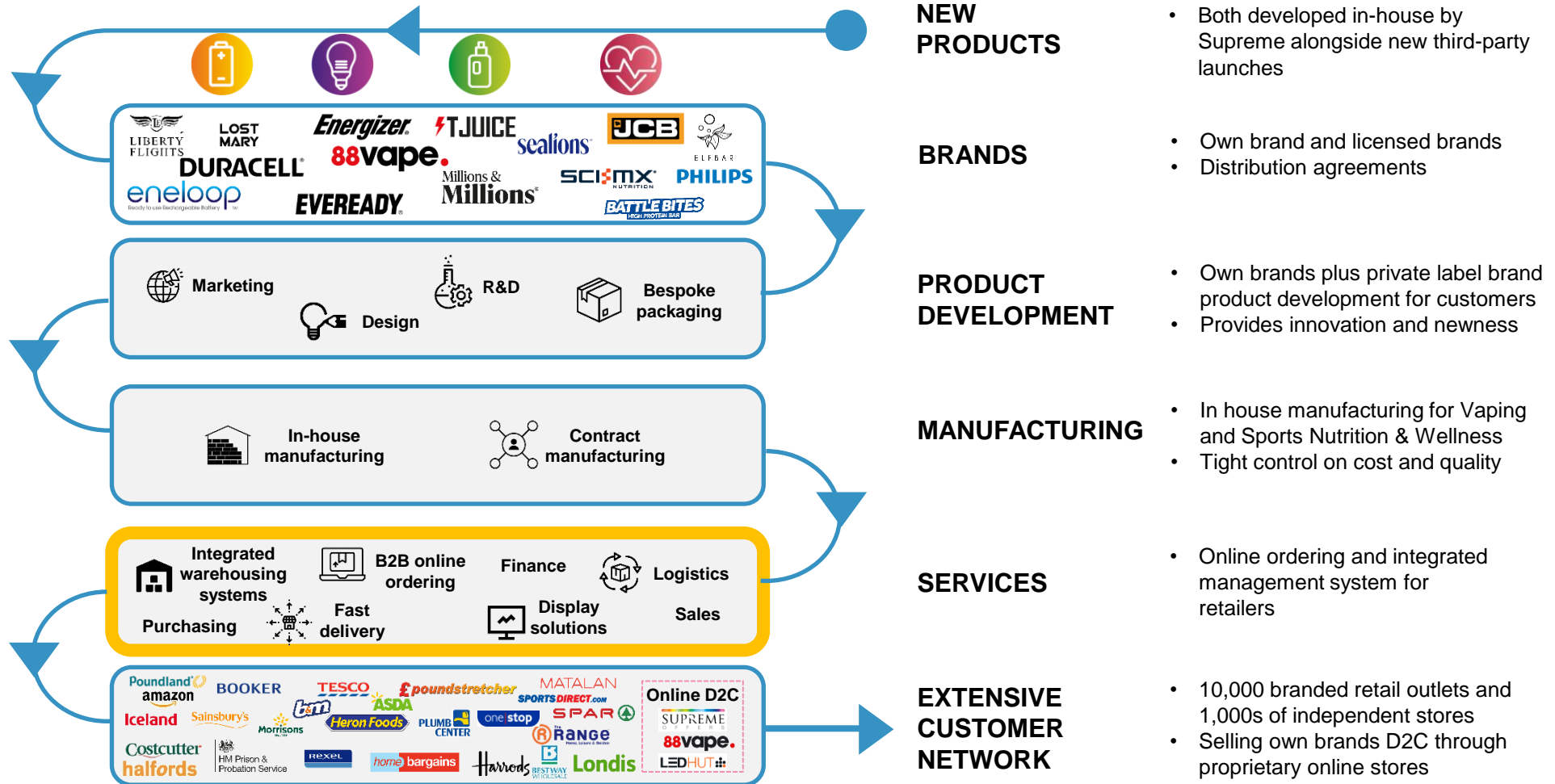
- Supreme is a manufacturer, licensee, brand owner and distributor of branded, 'value' staple consumer goods sold principally to UK high street discount retailers and supermarkets
- Our products are high-repeat, non-discretionary purchases and principally in the following categories:
 - Batteries
 - Lighting
 - Vaping
 - Sports Nutrition & Wellness
- Founded by Sandy Chadha 30 years ago
- For **retailers**, our brands represent some of the highest margin per square foot products within their stores
- For **consumers**, our centralised platform of tightly-managed overheads and our integrated supply chain mean we can deliver some of the lowest priced branded goods in our chosen markets

Our scale and long-established distribution across UK retail and wholesale is unrivalled



Vertically integrated platform

Offers a seamless route to market for both owned and other leading brands



Key investment highlights

Leveraging our vertically integrated platform to take fast-moving consumer brands to our extensive customer network



Unrivalled business model



We own brands & we manufacture under licence



Strong financials



High quality management team



Proven and successful M&A strategy



Compelling customer offering with emphasis on value



Diverse product & customer portfolio



Some of our customers



BOOKER

Sainsbury's

Iceland

MATALAN



home bargains

TESCO



OneBelow.

amazon

SPAR

The RANGE
Home, Leisure & Garden

Londis





Financial highlights

- Revenue up £40.5m (63% growth) to £105.1m with ElfBar contributing £26.4m to this growth
- 32% growth in core vaping activities to £42.1m revenue (H1 FY23 £31.8 million)
- Adjusted EBITDA¹ up 88% to £15.2m (H1 FY23: £8.1m)
- Pre-tax profit up 179% to £12.3m (H1 FY23: £4.4m)
- Adjusted net debt² of £4.8m (0.2x* Adjusted LTM EBITDA¹) with £35m of unutilised borrowing facilities
- Interim dividend of 1.5p per share (H1 FY23: 0.8p)
- Full year expectation increased to £32-35m Adjusted EBITDA¹ following a strong Q3 to-date

¹ Adjusted EBITDA means operating profit before depreciation, amortisation and Adjusted items (as defined in Note 4 of the financial statements).

² Adjusted net debt means net debt as defined in the year-end financial statements excluding the impact of IFRS16





Operational summary

- Completed on the fit-out of the Ark warehouse – on time and on budget – supporting organic and acquisitive growth
- Rolled out and significantly scaled the new Elfbar distribution opportunity
- Integrated the FY23 acquisitions into the Group's core manufacturing hub and continued to evaluate potential M&A opportunities
- Announced a number of proactive measures to combat underage vaping



- The second half of FY24 has begun well; with **continued growth reported across all areas** of the business
- As a result, FY24 Adjusted EBITDA¹ is now expected to be £32–35m around £4.5m higher than the previously-issued company guidance, **15% profit upgrade**
- £1.5m incremental Adjusted EBITDA¹ arising from the core business and £3.0m arising from Elfbar
- The Company has taken proactive measures to lead the market on seeking to eliminate underage vaping and welcomes further Government action
- Supreme remains ideally positioned to deliver ongoing profit growth and the Board remains confident in its ability to manage change

¹ Adjusted EBITDA means operating profit before depreciation, amortisation and Adjusted items (as defined in the financial statements).



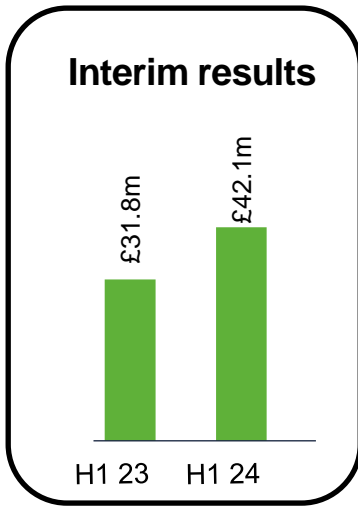
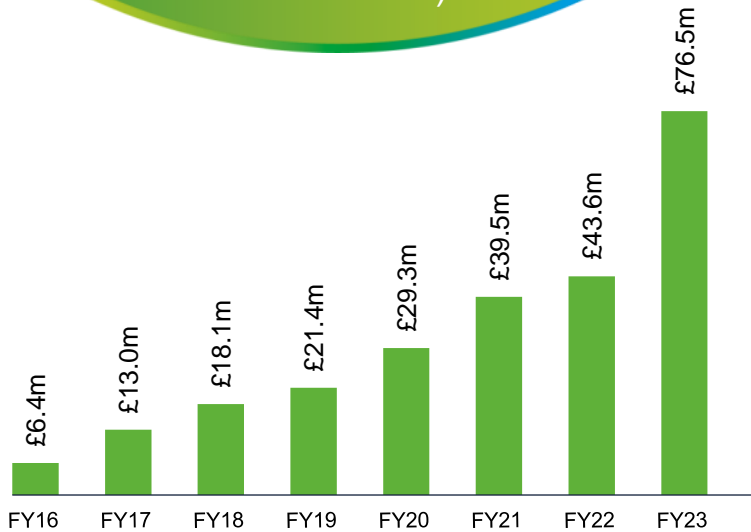
Vaping

'Outstanding performance'

£42.1m
revenues

32%
sales growth

40%
of group revenue
(66% when combined with ElfBar)



- Consumer demand for both reusable and disposable products strong
- Manufacturing capacity increased at Manchester site by 25% to enable four sites to be consolidated into one and to allow for future growth
- Blended gross margin increased from 38% to 41% given by efficiency gains in manufacturing and improvements in Far East sourcing
- Supreme supports measures to eradicate underage vaping





Branded Distribution

‘Delivering significant growth’

£30.6m

revenue

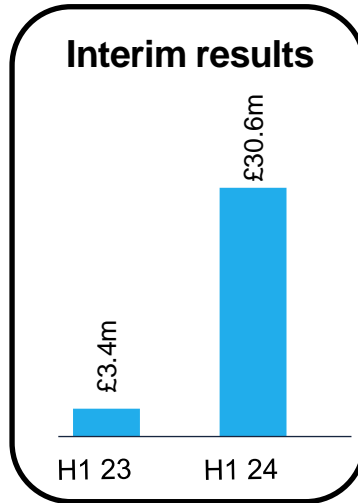
£3.4m

gross profit

£26.4m

revenue from ElfBar & Lost Mary

- Rolled out and significantly scaled the new Elfbar distribution opportunity
- Completed new customer onboarding and extensive product testing
- Opportunity illustrates Supreme’s agility to adapt quickly to new opportunities
- Already leveraging cross-sell opportunities
- £16m investment in working capital



Across the Vaping and Branded Distribution divisions, vaping sales totalled £69m (66% of Group revenue) and £20m gross profit (70% of Group profit)

The UK Government is looking for balanced measures

Recent communication directly from the Government

- 🗉🗉 We are wasting no time in delivering on our promise to create a smoke-free generation
- 🗉🗉 We will introduce legislation for a smoke-free generation
- 🗉🗉 We will restrict the marketing and sale of e-cigarettes to children ... whilst simultaneously ensuring that vapes remain available for adult smokers to quit
- 🗉🗉 We are consulting on how to get this balance right



Institutions supporting vaping vs tobacco based products



Supreme supportive of legislative change

- Supreme's aim has always been to provide credible and safer alternatives for nicotine consumption
 - We do not design, market or sell vaping products to underage vapers
 - Supreme welcomes legislative action that will effectively combat underage vaping
 - We believe that **licensing the sale of vaping** and strengthening the **enforcement of illicit sales** will be most effective
 - We cannot predict the legislation
-
- **However, its breadth of product offering, pioneering new product development, deeply-entrenched relationships with key retailers and its track-record for adapting to changing consumer sentiment or changing legislation over the last 30 years means that Supreme is well-positioned to navigate this change**

Supreme has already announced a number of proactive measures



Use of plain packaging only



Discontinue all bright-coloured disposables



Age-appropriate flavours only (e.g. “Peach Dream” to become “Peach”)



To trade only with retailers with robust age verification protocols



Responsible location of products in store



Vape disposal bins to be provided in store



Government and industry co-operation in all its efforts to combat underage vaping

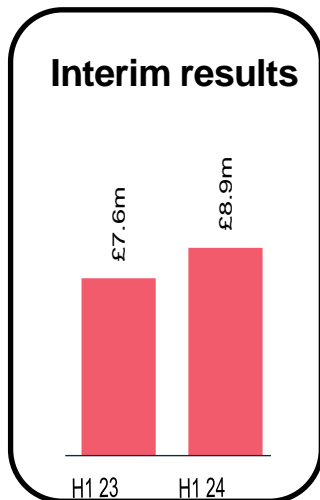
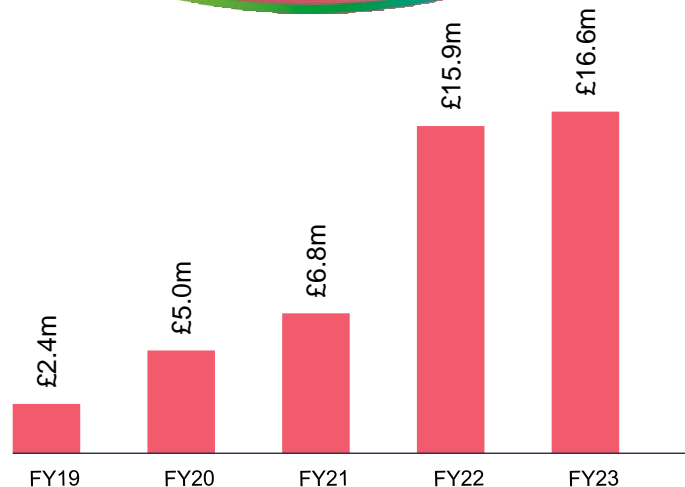




Sports Nutrition & Wellness

'Gaining market share'

+17% increase in revenue
18% → 27% gross margin increase



SUPREME

- Gross margin grew to 27%
- Raw material pricing now stabilising alongside efficiencies gained across inhouse manufacturing
- Sci-MX benefitting from strategic rebrand and new brand ambassador driving social media engagement
- Buoyant private label business alongside power brands
- M&A to supplement organic growth

Millions & Millions®
sealions®

BATTLE BITES
HIGH PROTEIN BAR

SCI:MX
NUTRITION





Lighting

'Continued recovery'

£7.5m

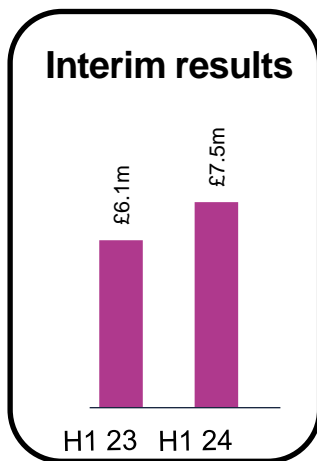
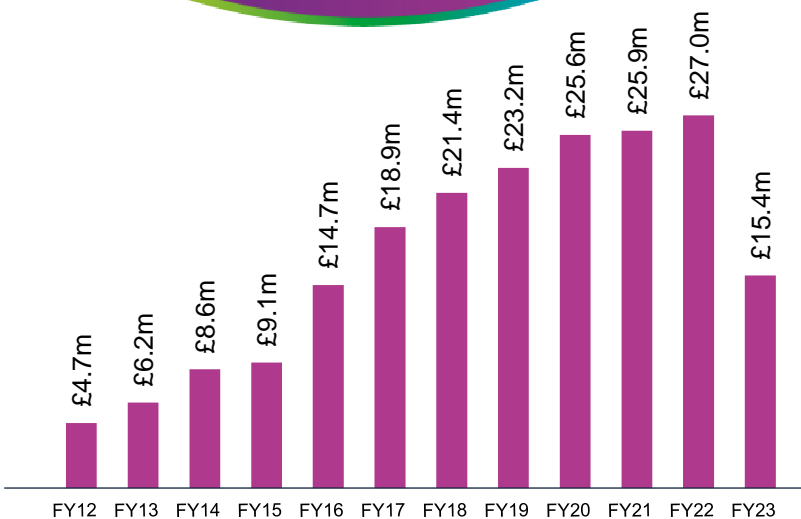
revenue

38%

gross profit margin

SUPREME

- Lighting delivered a highly credible performance, growing H1 revenue by 21%
- Delivered sustained progress since overstocking challenges and temporary slow-down in consumer spending
- Customer relationships and listings remain strong
- Recovery across FY24 and FY25

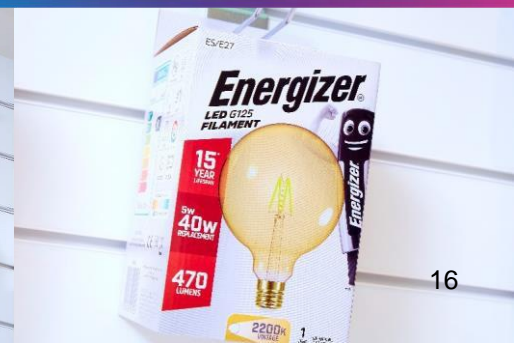
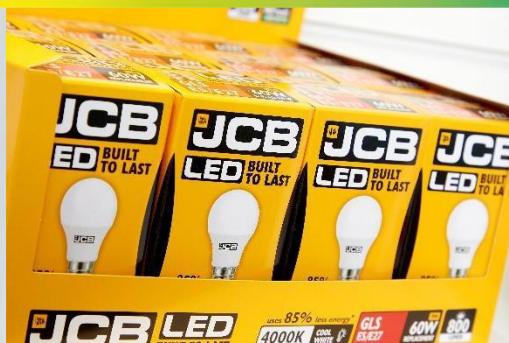


Energizer

EVEREADY

OSRAM

JCB





Batteries

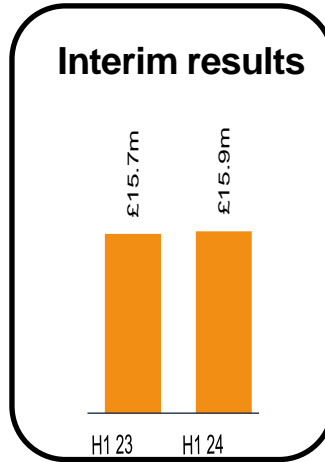
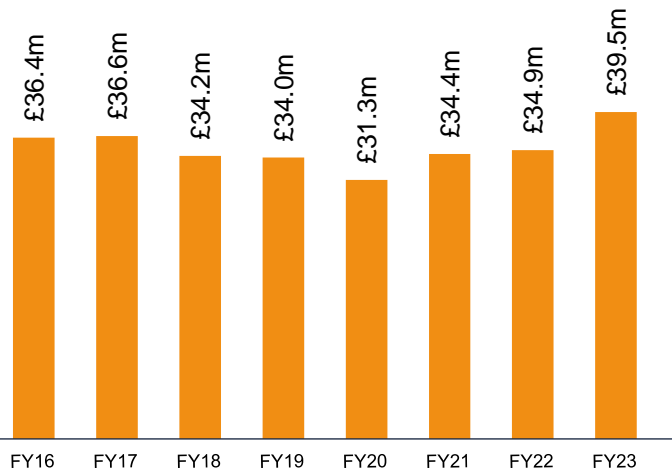
‘Stable core product set’

£15.9m
revenue

15%
of group revenue

13%
gross profit
margin

- Solid performance across H1
- Remains a cash-generative dependable “door-opener” for cross-sell opportunities
- Supreme responsible for 30% of all UK battery sales



DURACELL®

Energizer

Panasonic

JCB

eneloop
Ready to use Rechargeable Battery™



Financial summary



Income statement

	H1 FY24 £m	H1 FY23 £m	% change
Revenue	105.1	64.6	+63%
Gross profit	28.5	18.2	+57%
Gross profit margin	27%	28%	-1%
Admin expenses	13.3	10.1	+32%
Adjusted EBITDA¹	15.2	8.1	+88%
Adjusted items	0.5	(1.4)	+136%
EBITDA	15.7	6.7	+134%
Depreciation & amortisation	(2.6)	(1.9)	-36.8%
Operating profit	13.1	4.8	+173%
Finance costs	(0.8)	(0.4)	-100%
Profit before tax	12.3	4.4	+180%
Tax	(3.0)	(1.1)	-173%
Profit after tax	9.3	3.3	+182%
Basic EPS	7.9p	2.8p	+182%

¹ Adjusted EBITDA means operating profit before depreciation, amortisation and Adjusted items (as defined in the financial statements).

- Revenue +63% to £105.1m (from a combination of new opportunities, M&A and organic growth)
 - Gross profit +57% to £28.5m (via scaled manufacturing, consolidating supply chain and the integration of FY 2023 M&A)
 - Adjusted EBITDA¹ +88% to £15.2m (via topline growth, gross margin expansion and a tightly controlled overhead base)
 - Profit before tax +179%
-
- Adjusted items relate to share-based payment charges (£0.6m) and one-off integration costs (£0.4m) offset via a £1.6m credit in respect open forex forward contract revaluations

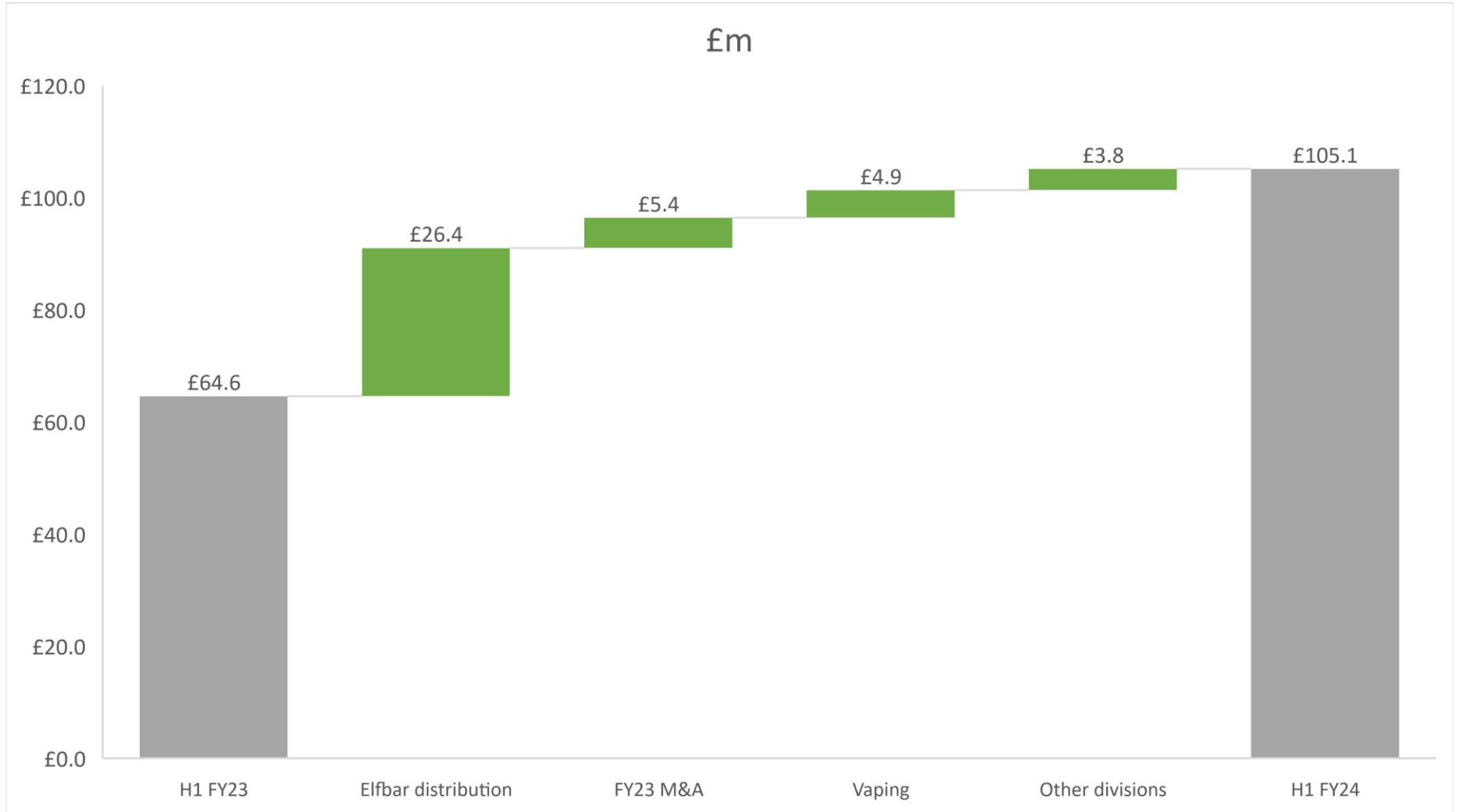
Segmental breakdown

	H1 FY24	H1 FY23	% change
	£m	£m	
Revenue			
Batteries	15.9	15.7	+1%
Lighting	7.5	6.2	+21%
Vaping	42.1	31.8	+32%
Sports Nutrition & Wellness	8.9	7.6	+17%
Branded Distribution ¹	30.6	3.4	+800%
TOTAL REVENUE	105.1	64.6	+65%
Gross profit			
Batteries	2.0	1.8	+11%
Lighting	2.8	1.9	+47%
Vaping	17.2	12.1	+42%
Sports Nutrition & Wellness	2.4	1.3	+85%
Branded Distribution ¹	3.5	0.5	+600%
FX	0.6	0.5	+20%
TOTAL GROSS PROFIT	28.5	18.2	+57%

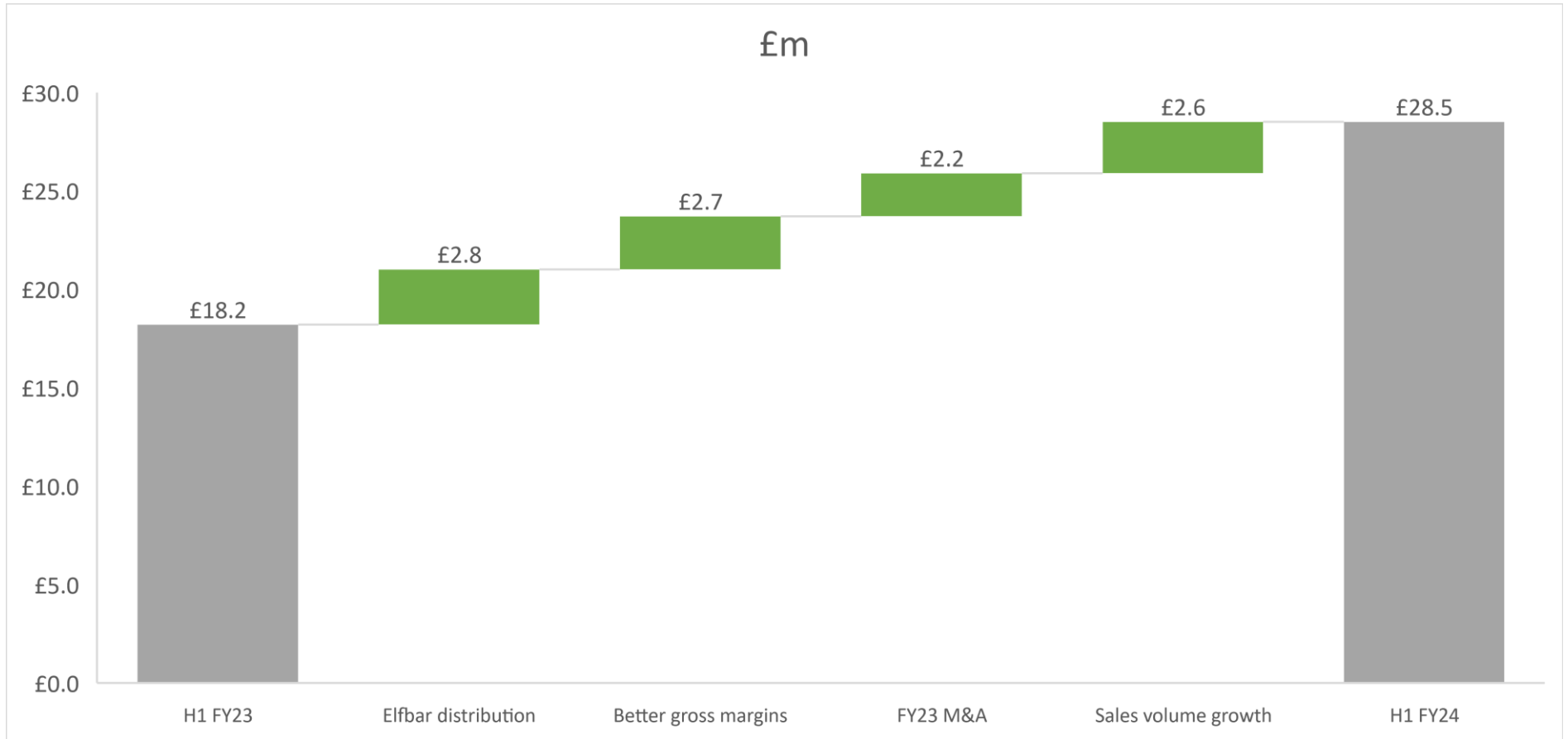
¹ Previously named Branded household consumer goods division, this is now includes guest brand vape distribution

- The Vaping division up £10.3m (+32%) revenue due to:
 - FY 2023 M&A
 - growth on core 10ml distribution
 - increased volumes of HMPPS
 - owned-brand disposables
- Gross margin % up from 38% to 41% benefitting from manufacturing economies of scale
- Lighting revenue +21%
 - Category is in recovery as expected
 - Gross margin up from 31% to 38% via a consolidation of the supply chain
- Sports Nutrition & Wellness grew revenue 17%
 - Increased distribution of Sci-MX
 - Gross margin up from 18% to 27% as raw material inflation recovered

Revenue bridge



Gross profit bridge



Balance sheet

	H1 FY24 £m	H1 FY23 £m	FY23 £m
Fixed Assets			
Property, Plant & Equipment	21.8	5.3	20.8
Intangibles incl. goodwill	14.4	14.1	15.3
TOTAL	36.2	19.4	36.1
Working capital			
Stock	30.8	30.6	25.6
Debtors & prepayments	30.8	26.9	20.9
Creditors & accruals	(27.8)	(31.7)	(26.8)
Corporation tax	(3.2)	(0.8)	(2.5)
TOTAL	30.6	25.0	17.2
Net debt			
Cash	4.9	5.4	7.5
Borrowings	(9.7)	(18.3)	(4.3)
IFRS 16 Leases	(15.0)	(1.7)	(15.0)
TOTAL	(19.8)	(14.6)	(11.8)
Other			
Deferred Tax	(0.1)	0.3	(0.8)
Derivatives	0.9	0.8	(0.7)
TOTAL	0.8	1.1	(1.5)
NET ASSETS	47.8	30.9	40.0

- Further strengthening of the balance sheet in the period
- Investment in working capital to support Elfbar distribution
- Ark lease and subsequent fit out responsible for the increase in PPE and IFRS16 liabilities

Cash flow statement

	H1 FY24 £m	H1 FY23 £m	FY23 £m
Adjusted EBITDA	15.2	8.1	19.4
Movement in working capital – Elf only	(16.4)	-	-
Movement in working capital	4.6	(0.5)	2.6
Tax paid	(2.5)	(1.7)	(1.7)
Cash-impacting Adjusted items	(0.5)	(1.1)	(1.0)
Net cash generated from operations	0.4	4.8	19.3
Debt (servicing) / raising	5.2	12.3	(2.1)
Lease payments	(0.5)	(0.5)	(1.0)
Capex (incl. M&A)	(5.2)	(10.7)	(7.6)
Dividends	(2.6)	(4.4)	(5.1)
Net cash flow	(2.7)	1.5	3.5

- The Group reported a net cash outflow of £2.7m
- This included an investment of £16.4m in working capital to service the ElfBar opportunity across trade debtors, stock and deposits to the manufacturer in China
- Before this investment, the Group generated £16.8m of operating cash in the Period
- Capex expenditure related largely to the fit-out of Ark

- H2 FY24 has begun well; with **continued growth reported across all areas** of the business
- As a result, FY24 Adjusted EBITDA¹ is now expected to be £32–35m around £4.5m higher than the previously-issued company guidance, **15% profit upgrade**
- £1.5m incremental Adjusted EBITDA¹ arising from the core business and £3.0m arising from Elfbar
- Supreme's unique operating model coupled with established M&A strategy underpins both **profit growth and dividend policy**
- Supreme remains ideally positioned to **deliver ongoing profit growth**

¹Adjusted EBITDA means operating profit before depreciation, amortisation and Adjusted items (as defined in the financial statements).

