

Strong H1 results raise full year outlook

28th November 2023

For the six months to 30 September, Supreme reported revenue of £105.1m, +63%YoY, gross profit of £28.5m, +57%YoY (27.1% margin) and (adj.) EBITDA of £15.2m, +88%YoY. EPS (adj.) increased 80%YoY to 8.1p/share; the interim dividend is 1.5p/share¹ (H1 23: 0.8p). Net debt was £4.8m (FY 23: net cash £3.2m)².

FY24 guidance raised

The H1 outcome was as indicated in the recent (18 October) Trading Update. **Group guidance for the full year is now raised:** from revenue of £195m - 205m to **£210m - £220m** (ED estimate was £204.2m); (adj.) **EBITDA** from £28m - £30m to **£32m - £35m** (ED estimate was £29.0m). From incremental EBITDA of c.£4.5m, c.£1.5m arises from core operations and c.£3.5m from the Elf distribution agreement, which supplies retailers including Tesco, Morrisons, One Stop and WHSmith.

A series of initiatives – branding and pod vape developments in particular – mean that the Group can demonstrate a realistic strategy for the potential changes in the vaping market. Supreme also reports completion of its supply and distribution centre (the 'Ark'), noting its capacity to support both organic growth and potential M&A opportunities, with £35.3m of borrowing facilities available. **Vaping** revenue of £42.1m, +32%YoY (ED estimate of £41.0m)³, remained strong. Supreme derived 65.2% of H1 revenue from vaping products including the Elf distribution agreement (Branded Distribution category). **Sports Nutrition & Wellness** revenue of £8.9m (H1 23: £7.6m) rose 17%YoY (ED estimate: £9.4m) whilst its gross margin rebounded from 18% in H1 23 to 27% as pricing pressure on raw materials eased. **Branded Distribution**⁴ revenue was £30.6m (ED estimate £23.0m), of which Elf products contributed £26.4m (with £4.2m from household products). **Lighting** revenue was £7.5m (H1 23: £6.1m) +22%YoY (ED estimate £8.7m) and whilst some overstocking remains, license extensions with Energizer and Eveready underpinned progress towards normalised trading. Batteries revenue was £15.9m (H1 23: £15.7m), +1.5%YoY (ED estimate: £19.9m), contributing 7% of gross.

Outlook raised and Fair Value increased to 225p / share

Following the Group's increased FY24 guidance (revenue raised 7%, and (adj.) EBITDA by 14% - 17%), we have raised our outlook to revenue of £221.2m, +8%, and (adj.) EBITDA of £33.5m, +16%. We expect a FY24 total dividend of c.£5.1m, with £1.7m paid at the Interim. **Our Fair Value is raised to 225p/share.**

Financial outlook to 31 March 2025

Yr to March 31 (£m)	2021	2022	2023	2024E	2025E
Revenue	122.3	130.8	155.6	221.2	227.4
EBITDA (adj)	19.3	21.1	19.4	33.5	33.8
EPS (adj, p)	11.8	12.4	11.2	17.4	17.8
DPS (p)	2.7	2.2	4.6	4.5	4.6
Net debt / (cash)	5.4	1.8	(3.2)	(3.0)	17.8)
EV/EBITDA	6.9x	6.3x	6.8x	4.0x	3.9x
P/E	9.4x	9.0x	9.9x	6.4x	6.2x
Div yield	2.4%	2.0%	4.1%	4.0%	4.1%

Source: Company data, Equity Development estimates. ¹ Payable on 12 January 2024. ² Excludes IFRS leases. Net debt including IFRS leases was £19.8m (H1 23: £14.6m). ³ Vaping business category revenue excludes the contribution from Elfbar and Lost Mary products, in the Branded Distribution segment. ⁴ Previously the Branded Household Goods business category.

Company Data

EPIC	SUP
Price (last close)	111p
52 week Hi/Lo	135/87p
Market cap	£130m
ED Fair Value / share	225p
Net debt / (cash)	£4.8m

Share Price, p



Source: LSE

Description

Formed in 1975, Supreme Imports is a leading European and UK manufacturer, supplier and brand owner of fast-moving consumer products. It supplies five key categories of consumer spending: Vaping, Sports Nutrition & Wellness, Batteries, Lighting and Branded Distribution (formerly Branded Household Consumer Goods).

The customer base includes leading brands such as, Amazon, Asda, B&M, Costcutter, Home Bargains, Halfords, Iceland, Lonsdale, Morrisons, One Below, Poundland, The Range, Sainsbury's, SPAR, Tesco and, in addition, HM Prison & Probation Service. The Group has over 3,300 active business accounts with over 10,000 branded retail outlets.

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H1 24 performance summary

At H1 24 Supreme added £40.5m of incremental revenue, year-on-year. This comprised: £26.4m from the Elf distribution agreement; £5.4m from acquired operations; and from other core business, £8.7m (of which vaping was £4.9m). Similarly, at a gross profit level, the incremental £10.3m was derived from: Elf, £2.8m; gross margin improvement, £2.7m; acquired operations, £2.2m; and core operations, £2.6m (company data). Significantly, as illustrated below, both gross profitability and (adj.) EBITDA showed marked improvement. In summary:

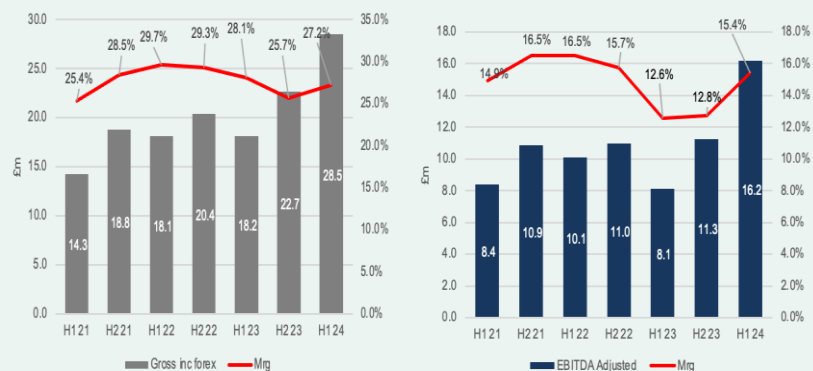
- **Revenue** grew 63%YoY to £105.1m.
- **Gross** contribution, +57%YoY to £28.5m to a 27.2% margin (excluding forex, £27.9m, 26.6% margin).
- **Adjusted EBITDA**, +88%YoY to £15.2m.

Summary P&L, H1 22 – H1 24

(£m)	H1 22	H2 22	H1 23	H2 23	H1 24	YoY
Revenue	61.1	69.7	64.6	88.4	105.1	62.6%
Gross inc forex	18.1	20.4	18.2	22.7	28.5	57.0%
<i>Mrg</i>	29.7%	29.3%	28.1%	25.7%	27.2%	-1.0%
EBIT Reported	8.8	8.3	4.8	7.9	13.1	172%
EBIT Adjusted	8.7	9.4	6.2	7.3	12.6	101%
<i>Mrg</i>	14.3%	13.5%	9.7%	8.2%	12.0%	2.3%
EBITDA Reported	10.1	9.8	6.7	11.9	15.7	135.0%
EBITDA Adjusted	10.1	11.0	8.1	11.3	15.2	87.0%
<i>Mrg</i>	16.5%	15.7%	12.6%	12.8%	14.5%	1.9%
PBT Reported	8.5	7.8	4.4	10.0	12.3	179%
PBT Adjusted	8.4	9.0	5.8	9.4	11.8	102%
PAT Reported	6.8	6.9	3.3	8.8	9.3	182%
PAT Adjusted	6.8	8.0	4.7	8.2	8.8	85%
EPS adj. dil. (p)	5.6	6.5	2.7	7.0	7.5	175%

Source: Company data, Equity Development estimates. ¹ Based on gross profit including forex.

Semi-annual gross and (adj.) EBITDA H1 21 – H1 24



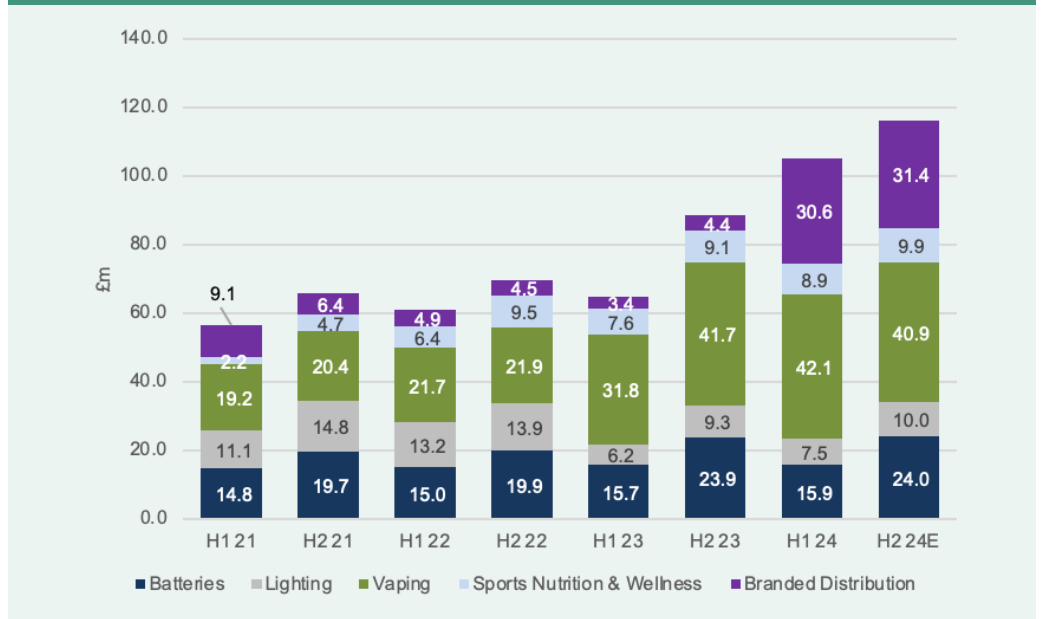
Source: Company data, Equity Development estimates.

H1 24 revenue: implications for FY24 outlook

Supreme recorded the following impressive year-on-year business category growth rates which form the basis for the H2 '24 and FY24/25 outlook illustrated below:

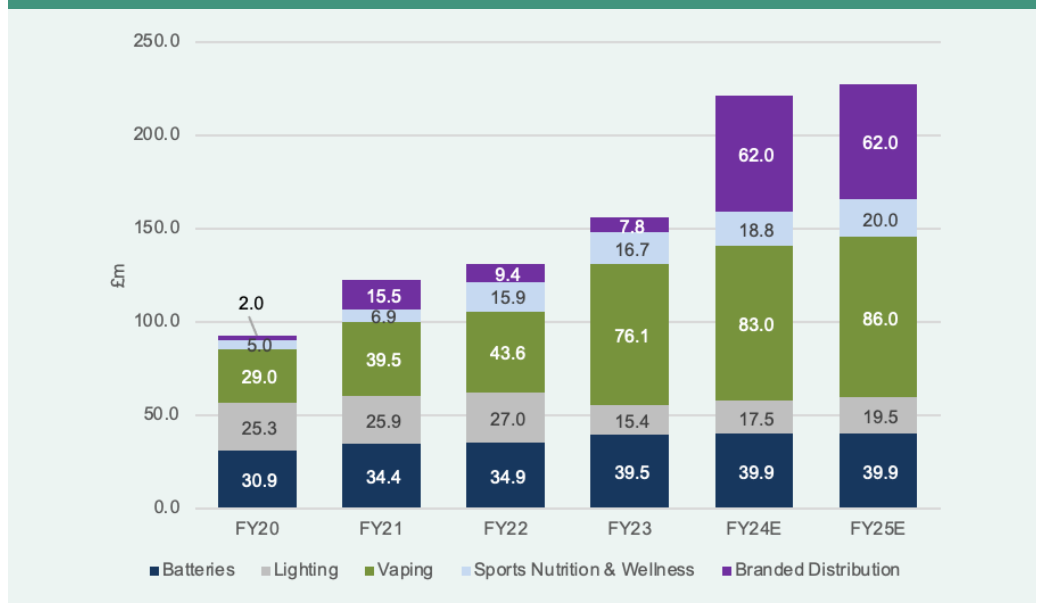
- Batteries: +1%; Lighting: +22%; Vaping: +32%** (excludes Elf distribution); **Sports Nutrition & Wellness: +17%; Branded Distribution: rising from £3.4m to £30.6m**, of which Elf contributed £26.4m.

Divisional revenue, semi-annual to H2 24E



Source: Company data, Equity Development estimates.

Divisional revenue outlook to FY25



Source: Company data, Equity Development estimates.

Revised outlook to FY25

Our outlook to FY24 and FY25 is revised as follows:

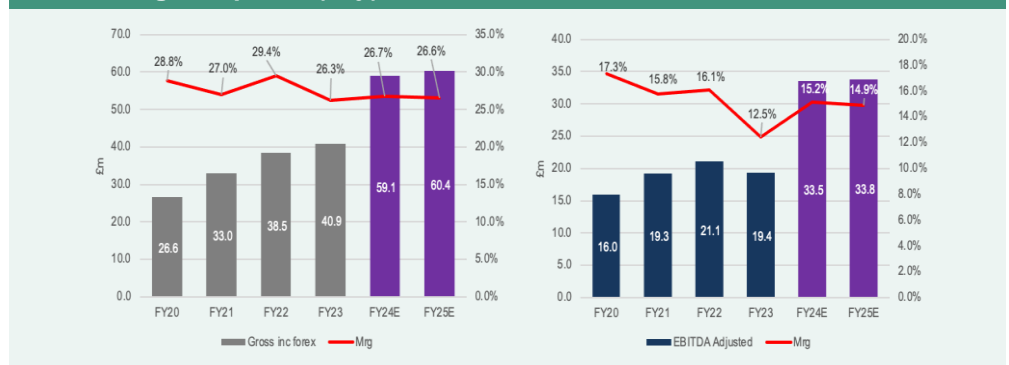
- **Revenue:** FY24 raised by 8.3% from £204.2m to £221.2m; FY25 raised 5.4% from £215.8m to £227.4m.
- **EBITDA (adj.):** FY24 raised by 15.6% from £29.0m to £33.5m; FY25 raised 14.7% from £29.5m to £33.8m.
- **Gross profit** (inclusive of forex): FY24 raised by 7.3%, a 26.7% margin compared to a prior estimate of 27.0%, principally reflecting the strength of demand in the Elf segment; FY25 raised 3.0% on a similar 26.6% margin.

Outlook to FY25E

Yr to 31 March (£m)	FY24 old E	FY24E	beta	FY25 old E	FY25E	beta	FY24 YoY
Revenue	204.2	221.2	8.3%	215.8	227.4	5.4%	42.1%
Gross inc forex	55.1	59.1	7.3%	58.7	60.4	3.0%	44.7%
	<i>Mrg</i>						
	27.0%	26.7%	-0.3%	27.2%	26.6%	-0.6%	0.5%
EBIT Reported	22.3	26.9	20.7%	22.8	27.2	19.5%	74.2%
EBIT Adjusted	24.1	28.7	19.1%	24.6	29.0	18.1%	76.4%
	<i>Mrg</i>						
	11.8%	13.0%	1.2%	11.4%	12.8%	1.4%	2.5%
EBITDA Reported	27.2	31.7	16.6%	27.7	32.0	15.7%	70.8%
EBITDA Adjusted	29.0	33.5	15.6%	29.5	33.8	14.7%	72.8%
	<i>Mrg</i>						
	14.2%	15.2%	0.9%	13.7%	14.9%	1.2%	2.7%
PBT Reported	20.8	25.4	22.2%	21.7	26.1	20.5%	76.0%
PBT Adjusted	22.6	27.2	20.4%	23.5	27.9	18.9%	78.3%
PAT Reported	15.6	19.1	22.2%	16.2	19.6	20.5%	57.9%
PAT Adjusted	18.9	21.5	13.5%	19.5	22.0	12.4%	55.6%
EPS adj. dil. (p)	15.3	17.4	13.5%	15.8	17.8	12.4%	55.6%

Source: Company data, Equity Development estimates. ⁵ Gross contribution excluding foreign exchange impact.

Outlook – gross profit, (adj.) EBITDA – to FY25E



Source: Company data, Equity Development estimates.

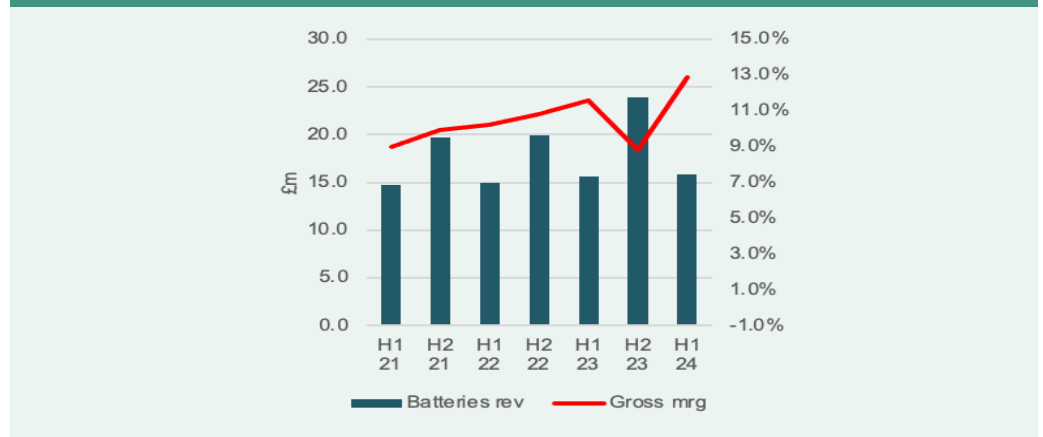
Batteries business category – gross contributor

Batteries remains a **steady contributor to gross profitability** at 13% of total compared to 10.3% in H1 23 and 9.6% in H2 23. Supreme notes that it remains the UK's largest distributor at over 30% of the battery market.

Summary of H1 24 performance:

- Revenue of £15.9m, +1%YoY, 15.1% of total.
- Gross contribution, £2.0m, 7.3% of total⁵, 12.9% margin (H1 23, 11.6%).

Semi-annual performance H1 21 - H1 24

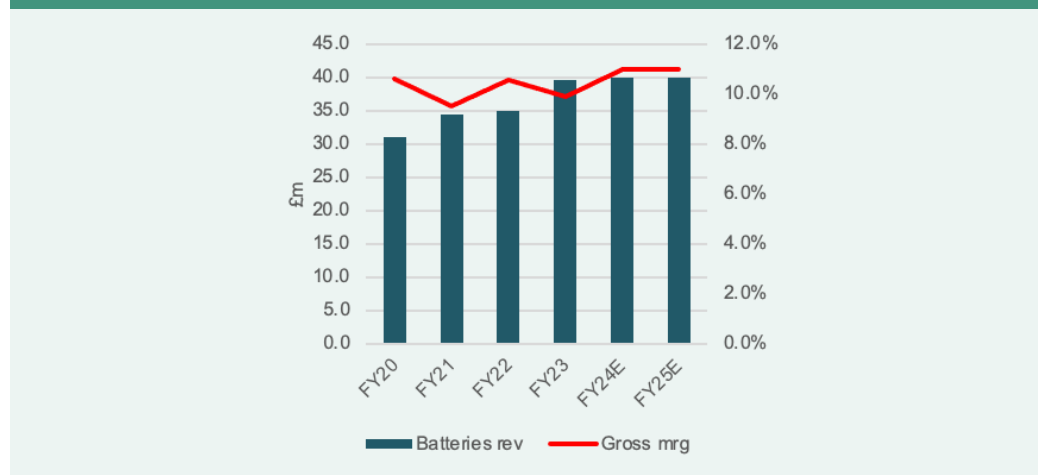


Source: Company data, Equity Development estimates.

Our outlook is:

- FY24: revenue of £39.9m, +1%YoY, and gross profit of £4.4m, 11.0% margin.
- FY25: revenue of £39.9m, and gross profit of £4.4m, 11.0% margin.

Outlook to FY25E



Source: Company data, Equity Development estimates. ⁵ Gross contribution excluding foreign exchange impact.

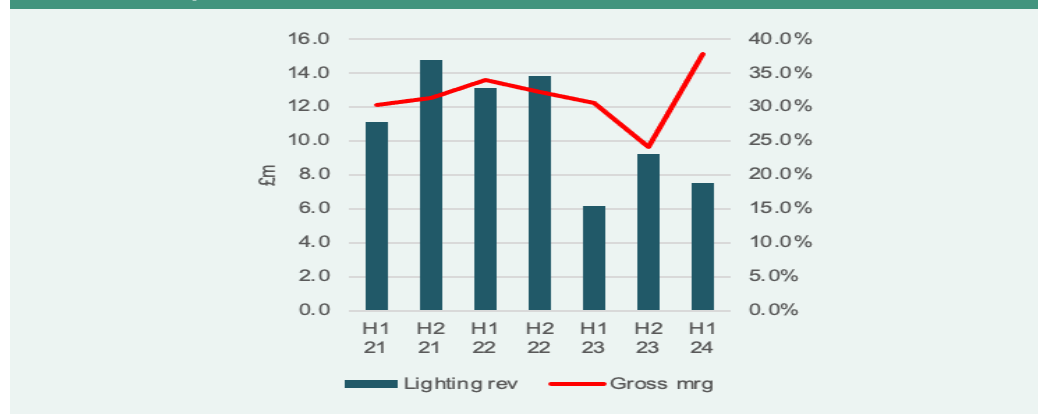
Lighting business category - normalising

Despite ongoing overstocking issues amongst retailers Supreme reported progress towards normality – with Q3 traditionally a busier trading period – with 23%YoY growth supported by license extensions with Energizer and Eveready, a new contract with Black & Decker, and the integration of Vendek in Ireland.

Summary of H1 24 performance:

- Revenue of £7.5m, +22% YoY, 7.1% of total.
- Gross contribution, £2.8m, 10.2% of total⁵, 37.9% margin (H1 23, 30.6%).

Semi-annual performance H1 21 - H1 24

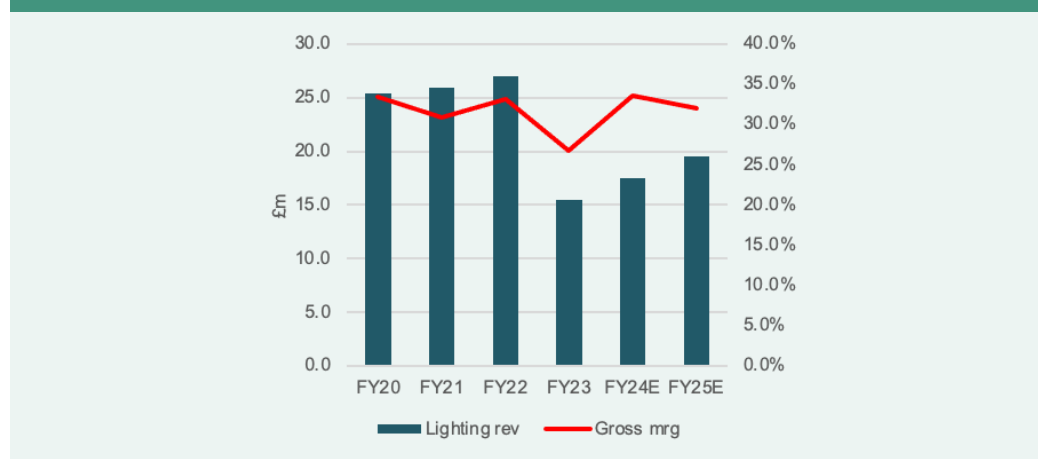


Source: Company data, Equity Development estimates.

Our outlook is:

- FY24: revenue of £17.5m, +13.4% YoY, and gross profit of £5.9m, 33.5% margin.
- FY25: revenue of £19.5m, +11.4% YoY, and gross profit of £6.2m, 32.0% margin.

Outlook to FY25E

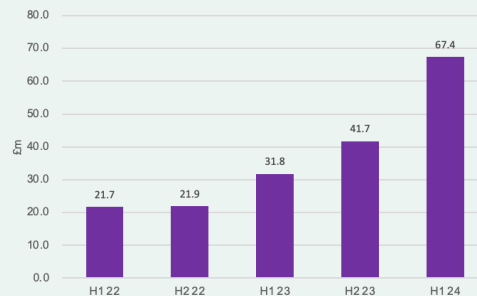


Source: Company data, Equity Development estimates. ⁵ Gross contribution excluding foreign exchange impact.

Vaping business category – continues to grow

The Vaping business category and contribution from the Elf distribution agreement (Branded Distribution business category) totalled 65.2% of H1 24 Group revenue.

Combined vaping products revenue H1 22 – H1 24



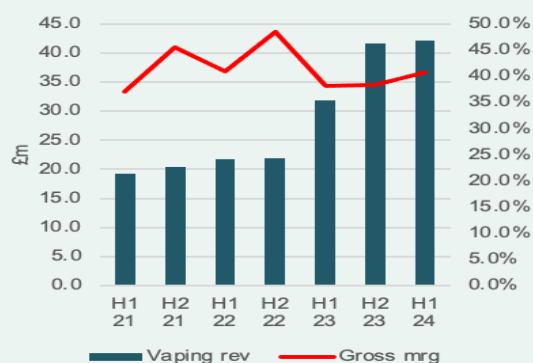
Source: Company data, Equity Development estimates.

Summary of H1 24 performance:

- Revenue of £42.1m, +33%YoY, 40.1% of total. We note that this included revenue from owned-brand disposable vapes, amounting to £8.0m (H1 23, £3.9m) whilst revenue from third party disposable vapes (i.e. Elf Bar and Lost Mary) is reported in the Branded Distribution business category, amounting to £26.0m in H1 24.
- Gross contribution, £17.2m, 61.5% of total⁵, 40.8% margin (H1 23, 38.2%).

The Group reported that c.1.3m customers regularly use the 88vape brand range. In addition, Supreme has emphasised development of an own-brand pod-system vaping device, on track for launch under the 88vape brand during FY24 and has developed a tamper-free vaping device for use within its HM Prison and Probation Service distribution.

Semi-annual performance H1 21 - H1 24

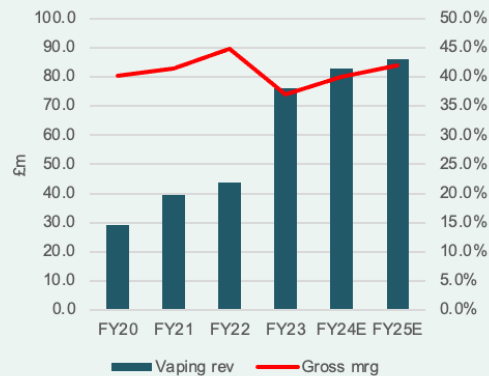


Source: Company data, Equity Development estimates.⁵ Gross contribution excluding foreign exchange impact.

Our outlook is:

- FY24: revenue of £83.0m, +9.1% YoY, and gross profit of £34.9m, 40.0% margin.
- FY25: revenue of £86.0m, +3.6% YoY, and gross profit of £36.1m, 42.0% margin.

Outlook to FY25E



Source: Company data, Equity Development estimates.

Supreme's stance on the vaping debate and measures in place

In the UK the role of vaping in the context of initiatives to reduce, or eliminate, tobacco smoking continues to receive attention. We have highlighted the Government's April 2023 'Achieving Smoke-free 2030' which highlights vaping as the "most effective tool" to draw smokers away from cigarettes, supported by the findings of the June 2022 Khan Review ("Making Smoking Obsolete"); measures which Supreme also notes.

There remain concerns that vaping itself might take hold amongst the young and that disposable vapes in particular are marketed to the young in ways which promote this problem. Supreme has responded with **measures to address the issue:**

- Packaging: reduce the use of colour in 88vape packaging to reduce any appeal to the young and discontinue coloured hardware for all branded disposables.
- Advertising and branding: use only age-appropriate names to describe its 88vape flavours. Supreme gives the example of branding 'Peach Dream' which becomes 'Peach'.
- Distribution: trade only with retailers and online e-tailers who commit to age verification controls and recommend that vaping products are physically located away from confectionery.

In our view, Supreme has undertaken a number of steps which recognise the reality of the continued prevalence of cigarette smoking - 6.4m smokers in the UK, 12.9% of the population (September 2023, APS data) and the source of 72% of cases of lung cancer (Macmillan UK) - in the context of which vaping has a role as a viable alternative to cigarette smoking; although this introduces the vulnerability of the young to vaping at an inappropriate age. Supreme's response has three key aspects:

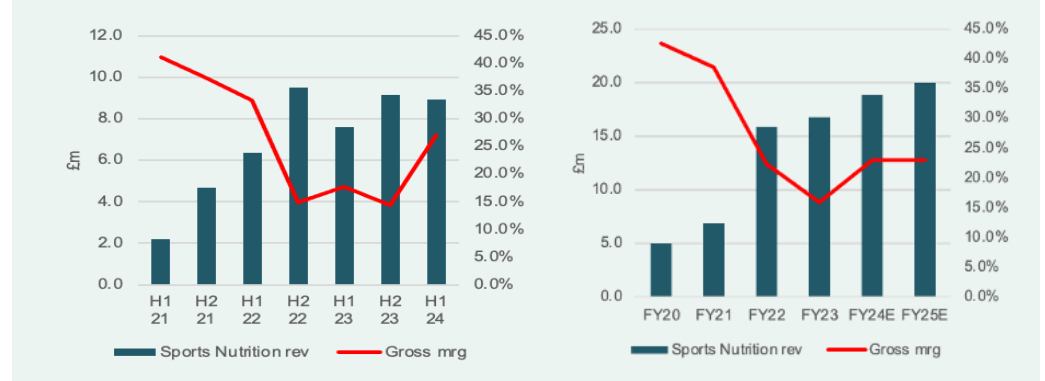
- To reduce or eliminate the attractiveness of cheap disposable vaping products to the young, for example based on marketing analogous to age-appropriate products such as confectionery.
- To increase emphasis on adult-oriented pod-based vaping products, backed by the Group's investment in the quality of product and delivery systems, and fully-support regulatory initiatives.
- To address the issue of the environmental impact of disposable vapes, the Group has initiated recycling and secure disposal with its retailers, as evident in the case of B&M.

Sports Nutrition & Wellness business category

The business category continues to recover gross margin profitability as raw materials prices normalise. For H1 24, revenue grew 17%YoY to £8.9m, 8.5% of total, with a gross contribution of £2.4m, 8.7% of total⁵, a 27.1% margin contrasting with 17.6% at H1 23. Growth was boosted by the rebranding of the Sci-MX range high protein powders, shakes and bars.

Our outlook is: FY24: revenue of £18.8m, +12.3% YoY, and gross profit of £4.3m, 7.4% margin. For FY25: revenue of £20.0m, +6.4% YoY, and gross profit of £4.6m, 7.7% margin.

Semi-annual performance H1 21 - H1 24 and outlook to FY25

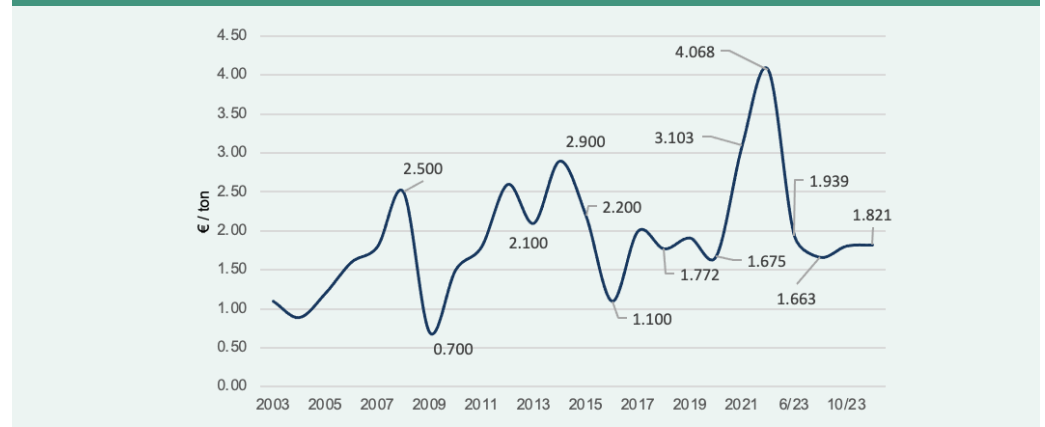


Source: Company data, Equity Development estimates. ⁵ Gross contribution excluding foreign exchange impact.

Raw materials prices normalise

The latest November data for a key ingredient in the Sports Nutrition & Wellness Business Category - Whey Protein Concentrate (WPC) - indicates price stabilisation at close to 2019 levels, following the sharp spike in 2021-22 during which the Sports Nutrition & Wellness Business Category gross margin contracted, from 33.3% in H1 22 to 14.9% in H2 22. Illustrated below, the (€/tonne) price of US WPC in November stood at €1.821/tonne, 55% below the 2022 peak, and 5% below the 2019 average.

Whey price trend November 2003 - November 2023



Source: https://www.clal.it/en/?section=whey_usa

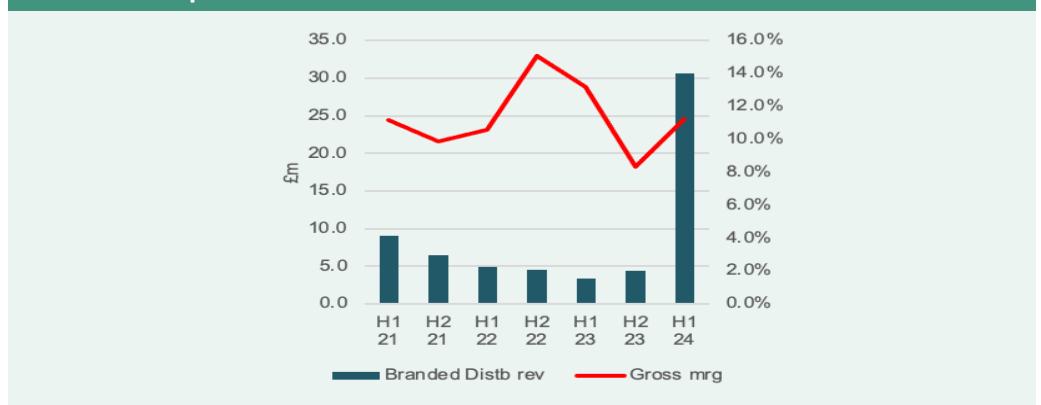
Branded Distribution business category

This business category was previously 'Branded Household Consumer Goods'. H1 24 performance was **dominated by the contribution from the Elf distribution agreement**, which amounted to 86% of business category total (£26.4m).

Summary of H1 24 performance:

- Revenue of £30.6m (H1 23: £3.4m), 29.1% of total. Aside from sales of Elf Bar and Lost Mary disposable vapes, the business category delivered £4.2m in sales of branded household laundry and cleaning products.
- Gross contribution, £3.4m, 12.3% of total⁵, 11.3% margin (H1 23, 13.2%).

Semi-annual performance H1 21 - H1 24

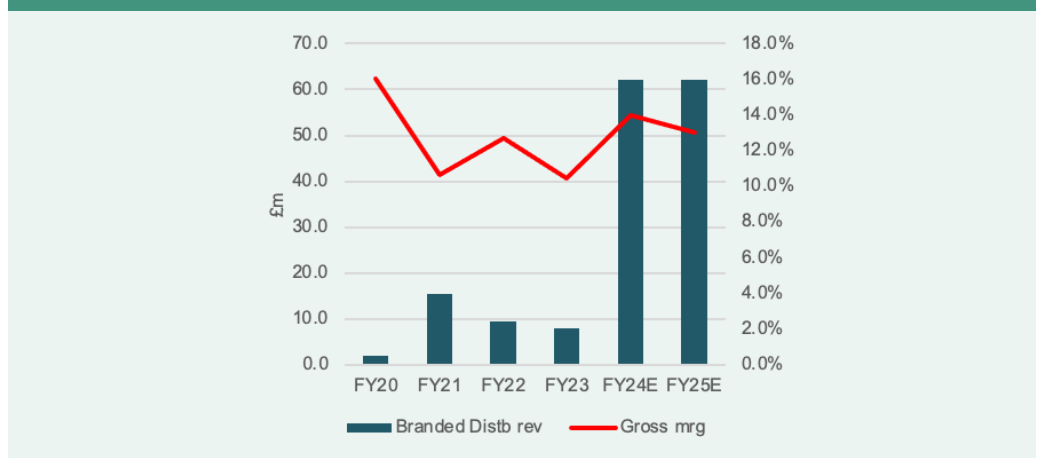


Source: Company data, Equity Development estimates.

Our outlook is:

- FY24: revenue of £62.0m, and gross profit of £8.7m, 14.0% margin.
- FY25: revenue of £62.0m, and gross profit of £8.1m, 13.0% margin.

Outlook to FY25E



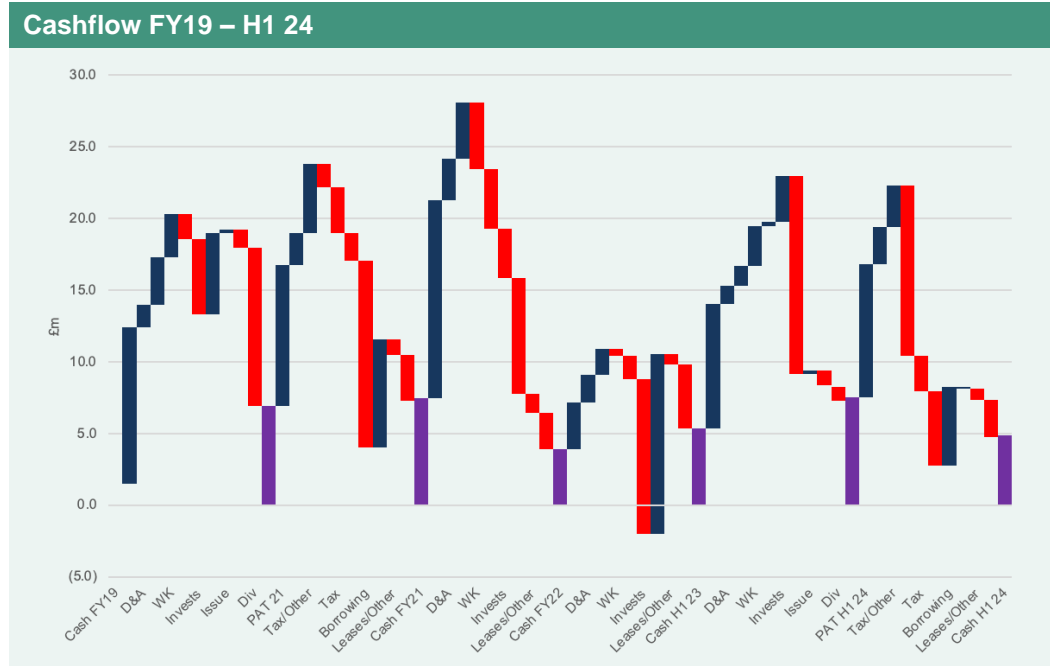
Source: Company data, Equity Development estimates. ⁵ Gross contribution excluding foreign exchange impact.

Cashflow

The principal elements of H1 cashflow were:

- Operating cashflow of £0.4m comprising: adjusted EBITDA of £15.2m; change in working capital of £4.6m, and in respect of Elf, £(16.4)m required for inventory in China, stocking and trade debtors; tax paid, £(2.5)m; and cash adjusted items, £(0.5)m. The investment in establishing the Elf distribution agreement being completed, this creates the basis for future returns.
- Debt was increased by £5.2m (including cost of debt), partly to fund the Elf distribution process; lease payments were £(0.4)m.
- Capital spending was £(2.8)m (£2.3m of which comprised fit out of the new 'Ark' supply and distribution centre); and M&A-related £(2.4)m comprising the deferred consideration on businesses acquired. The dividend paid was £(2.7m) in line with the distribution policy of 25% of PAT.
- The resulting net cash outflow was £(2.7)m.
- Net debt excluding leases (IFRS16) as of 30 September 2023 was £4.8m (FY23: £3.2m cash), comprising cash of £4.9m and borrowings of £9.7m. Inclusive of leases, net debt was £19.8m (FY 23: £11.8m net debt).

The Group retains £15.3m of a £25.0m HSBC RCF (to 31 March 2025), and an undrawn invoice financing facility of £20.0m, on trade debtors of Supreme Imports Ltd.



Source: Company data, Equity Development estimates.

Valuation considerations

Our Fair Value for Supreme PLC is based on a 5-year DCF-based valuation, summarised below, cross-referenced against peer group multiples. The key DCF inputs are:

- WACC: 6.8%; terminal multiple applied to year 2028E discounted cashflow: 8.0x.

Reflecting raised guidance and our outlook, our **Fair Value is raised from 200p/share to 225p/share**.

DCF-based valuation					
Year to 31 March (£m)	FY24E	FY25E	FY26E	FY27E	FY28E
Revenue	221.2	227.4	226.4	249.7	273.0
OCF	20.6	28.5	29.8	38.0	43.4
Cash tax	(6.4)	(6.5)	(6.7)	(8.7)	(10.7)
Capex, investments	(3.0)	(1.0)	(1.2)	(1.4)	(1.6)
FCF	7.2	22.3	21.9	27.9	31.1
DCF	2.3	19.5	18.0	21.5	22.4
Cash	7.5	13.5	29.2	44.4	64.2
EV/EBITDA (x)	7.9x	7.9x	7.7x	6.3x	5.4x
EBITDA	33.5	33.8	34.6	42.5	49.3
EBITDA margin	15.2%	14.9%	15.3%	17.0%	18.1%
WACC	6.8%				
Terminal growth rate	3.0%				
Terminal multiple (x)	8.0x				
Terminal value (£m)	179.2				
PV of DCF (£m)	83.6				
Net cash / (debt) (£m)	(3.2)				
EV (£m)	266.0				
PV of equity (£m)	262.8				
Price per share (p)	225.1				

Source: Company data, Equity Development estimates.

Below is an indication of per share value based on Supreme's estimated FY24 distribution of gross profit contribution cross-referenced against sector multiples for one year forward market cap-weighted EV/EBITDA for the market four segments which correspond to Supreme's Business Areas: distribution, consumer, tobacco and AIM peers (see following). For the purposes of valuation, the contribution from the Elf Bar distribution agreement is included in the Vaping category.

Supreme relative to sector-based market cap. weighted valuations				
FY24E EBITDA	% of gross	Peer	EV/EBITDA	EV £m
Batteries	7.6%	Consumer	11.7x	29.7
Lighting	10.1%	Consumer	11.7x	39.7
Vaping	74.9%	Tobacco	8.2x	205.7
Sports Nutrition	7.4%	Consumer	11.7x	29.2
EV indicated (£m)				304.3
Indicated EV/EBITDA multiple				9.1x
FY23 Net debt (£m)				-4.8
FY24 E indicated equity (£m)				309.1
Per share value indicated (p)				264.8

Source: Company data, Equity Development estimates, Koyfin.

Valuation - peer group analysis

We have selected four groups of (18) peers corresponding to Supreme's core Business Areas: Distribution, (DPLM, BNZL, FERG, TPK); Consumer staples (UL, PG, NSRGY, WMT, PEP, RKT); Tobacco (BATS, PM, MO, IMBBY); and AIM peers (ACRL, IGR, KITW, UPR), from which we derive market cap-weighted average valuations for each segment (source: Koyfin).

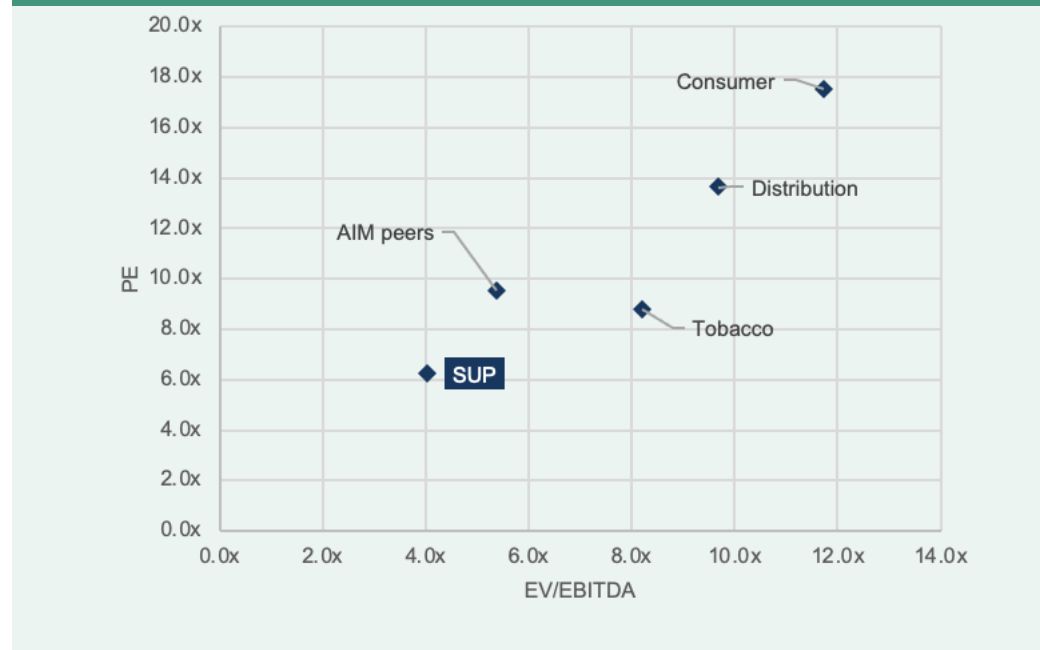
Sector-based peer group valuations (+1 year)

Ticker	Name	Mkt cap (£m)	Price (£/\$)	EV/Rev	EV/EBITDA	PE
DPLM	Diploma PLC	4,451	26.5	2.9x	13.1x	19.5x
BNZL	Bunzl plc	9,806	23.3	0.8x	8.3x	12.8x
FERG	Ferguson plc	27,020	105.4	1.0x	10.2x	13.8x
TPK	Travis Perkins plc	1,604	6.1	0.4x	5.6x	12.0x
UL	Unilever PLC	95,104	38.0	1.8x	9.3x	13.3x
PG	The Procter & Gamble Company	281,359	119.4	3.6x	13.2x	18.6x
NSRGY	Nestlé S.A.	240,308	89.9	2.7x	12.8x	16.4x
WMT	Walmart Inc.	334,735	124.4	0.6x	10.1x	19.2x
PEP	PepsiCo Inc.	186,267	133.9	2.3x	12.8x	17.7x
RKT	Reckitt Benckiser Group plc	38,725	43.1	2.5x	9.4x	12.9x
BATS	British American Tobacco p.l.c.	56,362	20.2	2.7x	5.6x	5.3x
PM	Philip Morris International Inc.	114,952	74.0	4.3x	10.9x	12.1x
MO	Altria Group Inc.	57,522	32.5	3.8x	6.2x	6.5x
IMBBY	Imperial Brands PLC	16,431	18.9	2.2x	4.9x	4.9x
ACRL	Accrol Group Holdings plc	94	0.24	0.6x	6.0x	8.1x
IGR	IG Design Group plc	141	1.2	0.2x	3.0x	15.9x
KITW	Kitwave Group plc	175	2.0	0.3x	4.6x	7.0x
UPR	Unipharm plc	499	1.5	0.3x	6.2x	8.9x

Source: Company data, Equity Development estimates, Koyfin.

Below illustrates Supreme PLC's valuation (FY24 E) relative to the +1 year outlook for the four selected sectors: EV/EBITDA and PE.

Supreme relative to sector-based market cap. weighted valuations



Source: Company data, Equity Development estimates, Koyfin.

Financials

P&L, semi annual, H1 22 – H1 24					
(£m)	H1 22	H2 22	H1 23	H2 23	H1 24
Batteries	15.0	19.9	15.7	23.9	15.9
Lighting	13.2	13.9	6.2	9.3	7.5
Vaping with LFL, CI, FC	21.7	21.9	31.8	41.7	42.1
Sports Nutrition & Wellness	6.4	9.5	7.6	9.1	8.9
Branded Distribution	4.9	4.5	3.4	4.4	30.6
Revenue	61.1	69.7	64.6	88.4	105.1
Gross Sum	17.5	19.4	17.6	22.0	27.9
	<i>Mrg</i>				
COGS	(43.6)	(50.3)	(47.0)	(66.4)	(77.1)
Forex	0.6	1.0	0.5	0.7	0.6
Gross inc forex	18.1	20.4	18.2	22.7	28.5
	<i>Mrg</i>				
Sum Op-ex	(9.4)	(12.1)	(13.4)	(14.8)	(15.5)
One-off costs	0.0	(1.1)	(1.4)	0.6	0.5
One off gain	0.0	0.0	0.0	0.0	0.0
EBIT Reported	8.8	8.3	4.8	7.9	13.1
EBIT Adjusted	8.7	9.4	6.2	7.3	12.6
	<i>Mrg</i>				
	14.3%	13.5%	9.7%	8.2%	12.0%
Depreciation	(1.2)	(1.3)	(1.4)	(0.8)	(1.8)
Amortisation	(0.1)	(0.2)	(0.5)	(0.4)	(0.8)
EBITDA Reported	10.1	9.8	6.7	11.9	15.7
EBITDA Adjusted	10.1	11.0	8.1	11.3	15.2
	<i>Mrg</i>				
	16%	16%	12.6%	12.8%	14.5%
Financial income	0.0	0.0	0.00	0.03	0.00
Financial expense	(0.3)	(0.4)	(0.4)	(0.6)	(0.8)
PBT Reported	8.5	7.8	4.4	10.0	12.3
PBT Adjusted	8.4	9.0	5.8	9.4	11.8
Tax	(1.7)	(0.9)	(1.1)	(1.4)	(3.0)
Reported tax rate	19.6%	11.7%	25.2%	13.5%	24.5%
	<i>Tax rate adjusted</i>				
	19.7%	-4.9%	19.0%	14.4%	25.6%
PAT Reported	6.8	6.9	3.3	8.8	9.3
PAT Adjusted	6.8	8.0	4.7	8.2	8.8
Amortisation & tax items	0.1	1.2	0.0	(0.1)	0.0
PAT Adjusted	6.9	8.1	3.3	8.7	9.3
Basic wtd. av. shares (m)	116.6	116.6	116.6	116.7	117.3
Diluted wtd. av. shares (m)	123.9	123.9	121.1	123.5	124.0
EPS rptd. basic (p)	5.8	5.9	2.8	7.5	7.9
EPS rptd. dil. (p)	5.5	5.6	2.7	7.1	7.5
EPS adj. basic (p)	5.9	6.9	2.8	7.4	7.9
EPS adj. dil. (p)	5.6	6.5	2.7	7.0	7.5

Source: Company data, Equity Development estimates.

Financials

P&L outlook to FY25 E				
£m	FY22	FY23	FY24E	FY25E
Batteries	34.9	39.5	39.9	39.9
Lighting	27.0	15.4	17.5	19.5
Vaping	43.6	76.1	83.0	86.0
Sports Nutrition & Wellness	15.9	16.7	18.8	20.0
Branded Distribution	9.4	7.8	62.0	62.0
Revenue	130.8	155.6	221.2	227.4
Gross Sum	36.9	39.6	58.1	59.4
<i>Mrg</i>	28.2%	25.4%	26.3%	26.1%
COGS	(93.9)	(116.0)	(163.1)	(168.0)
Forex	1.6	1.3	1.0	1.0
Gross inc forex	38.5	40.9	59.1	60.4
<i>Mrg</i>	29.4%	26.3%	26.7%	26.6%
Sum Op-ex	(21.5)	(28.2)	(32.2)	(33.2)
One-off costs	(1.1)	(0.8)	(1.8)	(1.8)
One off gain	0.0	2.8	0.0	0.0
EBIT Reported	17.0	15.4	26.9	27.2
EBIT Adjusted	18.1	16.3	28.7	29.0
<i>Mrg</i>	13.8%	10.5%	13.0%	12.8%
Depreciation	(2.6)	(2.2)	(3.1)	(3.1)
Amortisation	(0.4)	(0.9)	(1.7)	(1.7)
EBITDA Reported	20.0	18.6	31.7	32.0
EBITDA Adjusted	21.1	19.4	33.5	33.8
<i>Mrg</i>	16.1%	12.5%	15.2%	14.9%
Financial income	0.00	0.03	0.00	0.00
Financial expense	(0.7)	(1.0)	(1.5)	(1.1)
PBT Reported	16.3	14.4	25.4	26.1
PBT Adjusted	17.4	15.3	27.2	27.9
Tax	(2.6)	(2.5)	(6.4)	(6.5)
Reported tax rate	15.8%	20.0%	25.0%	25.0%
<i>Tax rate adjusted</i>	14.8%	16.2%	23.3%	23.4%
PAT Reported	13.7	12.1	19.1	19.6
PAT Adjusted	14.8	12.9	20.9	21.4
Amortisation & tax items	1.3	1.8	2.4	2.4
PAT Adjusted	15.0	13.8	21.5	22.0
Basic wtd. av. shares (m)	116.6	116.7	116.7	116.7
Diluted wtd. av. shares (m)	121.1	123.5	123.5	123.5
EPS rptd. basic (p)	11.8	10.3	16.3	16.8
EPS rptd. dil. (p)	11.3	9.8	15.4	15.9
EPS adj. basic (p)	12.8	11.8	18.4	18.8
EPS adj. dil. (p)	12.4	11.2	17.4	17.8

Source: Company data, Equity Development estimates.

Financials

Cashflow, semi-annual, H1 22 – H1 24					
(£m)	H1 22	H2 22	H1 23	H2 23	H1 24
PAT Reported	6.8	6.9	3.3	8.7	9.3
One-off items	(0.0)	1.1	0.4	0.5	(0.5)
Depreciation	1.2	1.3	1.4	0.8	1.8
Amortisation	0.1	0.2	0.5	0.4	0.8
Tax	1.7	0.9	1.1	1.4	3.0
Finance/other	0.2	(0.1)	0.4	(0.4)	0.4
Operating Cash Flow	10.0	10.4	7.0	11.3	14.8
(Increase)/Decrease inventories	(4.8)	(0.2)	(2.2)	5.1	(5.2)
(Increase)/Decrease in receivables	(4.7)	2.5	(6.7)	6.0	(21.0)
Increase/(Decrease) in payables	5.0	(2.5)	8.4	(8.4)	14.4
Movement in working capital	(4.5)	(0.2)	(0.5)	2.7	(11.8)
Cash generated by operations	5.5	10.3	6.5	14.1	2.9
Tax (paid)/received	(1.3)	(2.9)	(1.7)	0.3	(2.5)
Net cash from operations	4.2	7.4	4.9	14.4	0.4
Investing activities	0.0	0.0	0.0	0.0	0.0
Interest received	0.0	0.0	0.0	0.0	0.0
Intangibles	(2.3)	0.8	0.0	0.0	0.0
PPE	(0.4)	(0.9)	(0.5)	(0.7)	(2.8)
Acquisition	(1.0)	0.0	(10.1)	0.1	0.0
Sale of PPE	0.4	0.0	0.0	4.0	0.1
Net cash used in investing	(3.4)	(0.0)	(10.7)	3.2	(5.2)
Net OpFCF	0.8	7.3	(5.9)	17.6	(4.8)
Borrowings (net)	(3.6)	(4.5)	12.5	(13.8)	5.5
Share issue	0.0	0.0	0.0	0.3	0.0
Interest paid	(0.1)	(0.2)	(0.2)	(0.6)	(0.4)
Leases	(0.4)	(0.5)	(0.5)	(0.5)	(0.5)
Dividend	0.0	(2.6)	(4.4)	(0.9)	(2.6)
Net cash from financing	(4.1)	(7.8)	7.3	(15.5)	2.1
Net increase in cash / equivalents	(3.3)	(0.5)	1.5	2.1	(2.7)
Cash start	7.5	4.3	3.9	5.4	7.5
Forex	0.0	0.0	0.0	0.1	0.0
Cash end	4.3	3.8	5.4	7.5	4.9

Source: Company data, Equity Development estimates.

Financials

Cashflow, outlook to FY25 E				
Yr to March 31 (£m)	FY22	FY23	FY24E	FY25E
PAT Reported	13.7	12.0	19.1	19.6
One-off items	1.1	0.8	1.8	1.8
Depreciation	2.6	2.2	3.1	3.1
Amortisation	0.4	0.9	1.7	1.7
Tax	2.6	2.5	6.4	6.5
Finance/other	0.2	(0.0)	1.5	1.1
Operating Cash Flow	20.6	18.4	33.5	33.8
(Increase)/Decrease inventories	(4.9)	2.9	(12.0)	(0.4)
(Increase)/Decrease in receivables	(2.2)	(0.7)	(11.2)	(0.9)
Increase/(Decrease) in payables	2.5	(0.0)	10.2	(4.0)
Movement in working capital	(4.7)	2.2	(12.9)	(5.3)
Cash generated by operations	15.9	20.6	20.6	28.5
Tax (paid)/received	(4.2)	(1.3)	(6.4)	(6.5)
Net cash from operations	11.8	19.3	14.2	22.0
Investing activities	0.0	0.0	0.0	0.0
Interest received	0.0	0.0	0.0	0.0
Intangibles	(1.5)	0.0	0.0	0.0
PPE	(1.3)	(1.3)	(3.0)	(1.0)
Acquisition	(1.0)	(10.1)	(4.0)	0.0
Sale of PPE	0.4	4.0	0.0	1.3
Net cash used in investing	(3.4)	(7.6)	(7.0)	0.3
Net OpFCF	8.4	11.7	7.2	22.3
Borrowings (net)	(8.1)	(1.3)	5.5	0.0
Share issue	0.0	0.3	0.0	0.0
Interest paid	(0.3)	(0.8)	(0.4)	0.0
Leases	(1.0)	(1.0)	(1.2)	(1.2)
Dividend	(2.6)	(5.4)	(5.2)	(5.3)
Net cash from financing	(11.9)	(8.2)	(1.3)	(6.5)
Net increase in cash / equivalents	(3.5)	3.5	5.9	15.7
Cash start	7.5	3.9	7.5	13.5
Forex	(0.0)	0.1	0.0	0.0
Cash end	3.9	7.5	13.5	29.2

Source: Company data, Equity Development estimates.

Financials

Balance sheet, semi-annual, H1 22 – H1 24

(£m)	H1 22	H2 22	H1 23	H2 23	H1 24
Intangible assets	3.8	3.7	14.1	15.3	14.4
PPE net	2.6	2.6	3.6	5.2	7.1
RoU	2.5	2.1	1.7	15.6	14.7
Investments	0.0	1.3	0.6	0.0	0.0
Sum Fixed Assets	8.9	9.7	20.1	36.1	36.2
Inventories	26.7	25.9	30.6	25.6	30.8
Trade receivables	21.5	19.0	26.9	20.9	41.9
Tax assets	0.0	0.0	0.0	0.0	0.0
Financial insts	0.3	0.5	0.8	0.0	0.9
Cash, Equivalents	4.3	3.9	5.4	7.5	4.9
Sum Current Assets	52.7	49.3	63.8	54.0	78.6
Total Assets	61.6	59.0	83.8	90.1	114.9
Trade payables	(19.6)	(17.3)	(31.8)	(26.1)	(39.8)
Borrowings	(9.4)	(6.7)	(0.4)	(5.0)	(9.7)
Tax, Other	(2.8)	(1.3)	(0.8)	(3.2)	(3.2)
Sum Current Liabilities	(31.9)	(25.3)	(33.0)	(34.3)	(52.7)
Total Assets less Current Liabilities	29.8	33.8	50.8	55.8	62.1
Borrowings	(3.2)	(1.3)	(19.6)	(14.3)	(13.8)
Tax/Provisions	(0.1)	(0.2)	(0.3)	(1.6)	(0.6)
Sum Long-term liabilities	(3.4)	(1.5)	(19.8)	(15.9)	(14.3)
Total liabilities	(35.2)	(26.7)	(52.9)	(50.2)	(67.1)
Net Assets	26.4	32.3	31.0	40.0	47.8
Share Capital	11.7	11.7	11.7	11.7	11.7
Share Premium	7.2	7.2	7.2	7.4	7.4
Capital Reserve	(22.0)	(22.0)	(22.0)	(22.0)	(22.0)
Retained earnings	28.7	33.1	31.9	39.8	46.5
Equity	26.4	32.3	31.0	40.0	47.8
Net debt / (cash)	8.4	4.0	14.6	11.8	19.8
Net debt / (cash) pre IFRS 16	(2.2)	(2.2)	12.4	(3.2)	4.8

Source: Company data, Equity Development estimates.

Financials

Balance sheet, outlook to FY25 E				
Yr to March 31 (£m)	FY22	FY23	FY24E	FY25E
Intangible assets	3.7	15.3	13.6	11.9
PPE net	2.6	5.2	5.1	3.0
RoU	2.1	15.6	15.6	15.6
Investments	1.3	0.0	0.0	0.0
Sum Fixed Assets	9.7	36.1	34.3	30.5
Inventories	25.9	25.6	37.6	38.0
Trade receivables	19.0	20.9	32.1	33.0
Tax assets	0.0	0.0	0.0	0.0
Financial insts	0.5	0.0	0.0	0.0
Cash, Equivalents	3.9	7.5	13.5	29.2
Sum Current Assets	49.3	54.0	83.2	100.3
Total Assets	59.0	90.1	117.5	130.8
Trade payables	(17.3)	(26.1)	(36.4)	(32.4)
Borrowings	(6.7)	(5.0)	(5.0)	(5.0)
Tax, Other	(1.3)	(3.2)	(3.2)	(3.2)
Sum Current Liabilities	(25.3)	(34.3)	(44.6)	(40.6)
Total Assets less Current Liabilities	33.8	55.8	72.9	90.1
Borrowings	(1.3)	(14.3)	(19.8)	(19.8)
Tax/Provisions	(0.2)	(1.6)	(1.6)	(1.6)
Sum Long-term liabilities	(1.5)	(15.9)	(21.4)	(21.4)
Total liabilities	(26.7)	(50.2)	(65.9)	(62.0)
Net Assets	32.3	40.0	51.5	68.8
Share Capital	11.7	11.7	11.7	11.7
Share Premium	7.2	7.4	0.6	(4.1)
Capital Reserve	(22.0)	(22.0)	(22.0)	(22.0)
Retained earnings	33.1	39.8	61.2	83.2
Equity	32.3	40.0	51.5	68.8
Net debt / (cash)	4.0	11.8	11.3	(4.4)
Net debt / (cash) pre IFRS 16	1.8	(3.2)	(2.7)	(17.4)

Source: Company data, Equity Development estimates.



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