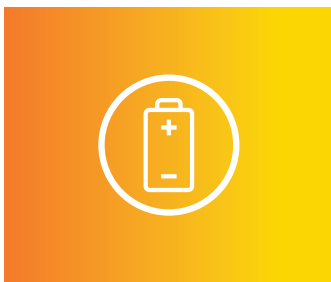


## Supreme PLC Annual Report and Accounts 2024





Supreme has delivered an outstanding financial performance across the Period, with strong revenue growth across all five of our divisions.

Set against a challenging backdrop, we continue to be committed to providing high-quality, high-value products to both retailers and our customers.

Sandy Chadha Chief Executive Officer



## Key Highlights

### Financial Highlights

- Revenue growth of 42%, and 96% increase in Adjusted EBITDA<sup>1</sup>, demonstrating an exceptional increase in profitability.
- Revenue growth and gross margin % increases reported across all divisions.
- Branded Distribution division, formerly known as Other Consumer Goods, reported revenues of £63.5 million (FY23: £7.8 million), driven by the ElfBar and Lost Mary master distribution agreement.
- Highly cash generative period, delivering £27.1 million cash from operations in the Period (FY23: £19.3 million), resulting in an Adjusted net cash position<sup>3</sup> of £11.6 million by year end (263% growth from FY23) with no bank borrowings.
- Completed £1.0 million share buy-back programme, supporting the Board's commitment to delivering shareholder value.

### Operational Highlights

- Consolidated warehousing operations at Ark, the Group's new 167,000 sq ft principal warehouse and distribution centre which will facilitate both organic and acquisitive growth.
- Announced numerous proactive measures to combat underage vaping, which Supreme strongly believes should be adopted by all industry players.
- Appointed as a master distributor for ElfBar and Lost Mary in the UK, reported within the Branded Distribution category (formally known as Other Consumers Goods) and achieving this with very little incremental investment into our people, professional or establishment resources.
- At the year end, the Group had available borrowing facilities of £55 million but £nil drawn down; the Group was entirely bank debt free.

### Dividends

- A final dividend, subject to shareholder approval at the Annual General Meeting on 19 September 2024, of 3.2 pence per share.
- The Group paid an interim dividend of 1.5 pence per share, which together with the final dividend would take total dividends for the year to 4.7 pence per share, an 57% increase on the prior year dividend.

### Outlook / Current Trading

- Supreme forecasts FY25 to be another profitable and highly cash-generative year for the Group. Having made a positive start in Q1, the Group is trading comfortably in line with current market expectations<sup>4</sup>.
- The Company's FY25 trading outlook for the Vaping and Branded Distribution divisions is expected to be largely unaffected by the Government's proposed future disposable vape ban.
- Alongside an ongoing focus on accelerating organic growth and strategic cross-selling, the Company remains committed to exploring complementary acquisition opportunities to further scale our exceptional distribution channels. The recently announced acquisition of Clearly Drinks Limited ("Clearly Drinks"), a soft drinks manufacturer and brand owner, on 21 June 2024 for a net consideration of £15 million is directly in line with this strategy. This acquisition provides product diversification for the Group as well as incremental earnings.

Revenue	<b>£221.2m</b>	+42%
	FY23: £155.6m	
Adjusted EBITDA <sup>1</sup>	<b>£38.1m</b>	+96%
	FY23: £19.4m	
Net cash from operations	<b>£27.1m</b>	+40%
	FY23: £19.3m	
Gross profit	<b>£63.5m</b>	+55%
	FY23: £40.9m	
Adjusted EPS <sup>2</sup>	<b>20.9p</b>	+77%
	FY23: 11.8p	
Adjusted net cash <sup>3</sup>	<b>£11.6m</b>	+263%
	FY23: £3.2m	

1. Adjusted EBITDA means operating profit before depreciation, amortisation and Adjusted items (as defined in Note 7 of the financial statements). Adjusted items include share-based payments charge, fair value movements on non-hedge accounted derivatives and non-recurring items  
 2. Adjusted EPS means Earnings per share, where Earnings are defined as profit after tax but before amortisation of acquired intangibles and Adjusted items (as defined in Note 7 of the financial statements). Adjusted items include share-based payments, fair value movements on non-hedge accounted derivatives and non-recurring items  
 3. Adjusted net cash means net debt/(cash) as defined in Note 21 to these financial statements excluding the impact of IFRS16  
 4. Analyst consensus immediately before this announcement for the year ending 31 March 2025 was revenue of £242 million and Adjusted EBITDA<sup>1</sup> of £36.9 million

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## Batteries

## Lighting

## Vaping

## Sports Nutrition & Wellness

## Branded Distribution







# Strategic Report



## Chair's Statement



I am pleased to report that Supreme delivered a record performance in FY24, driven by organic revenue and profit growth across all our divisions.

**Paul McDonald**  
Non-Executive Chair



I am pleased to report that Supreme delivered a record performance in FY24, driven by organic revenue and profit growth across all our divisions. The principal driver for revenue growth was the addition of the ElfBar / Lost Mary disposable vape distribution opportunity whilst our Vaping division also continued to be a major growth engine. All other divisions also remained profitable and resilient.

Supported by our capital-light model and strong cash conversion, the Board approved a £1.0 million share buyback programme, further reflecting our confidence in the Group's future value and dedication to enhancing shareholder returns.

Supported by our capital-light model and strong cash conversion, the Board approved a £1.0 million share buyback programme, further reflecting our confidence in the Group's future value and dedication to enhancing shareholder returns.

FY24 was another excellent period for Supreme's Vaping division, with revenues up £6.7 million to £82.8 million, and our own-brand disposable vapes reported sales of £13.7 million. Our Batteries division experienced revenue growth of £1.0 million and continues to generate a predictable revenue stream for the Group despite overall market declines, highlighting the strength of Supreme's proposition. Our Lighting division has been reassuringly stable, reporting revenue growth of 7% (£1.1 million) to £16.5 million, and we remain a longstanding supplier and supportive partner to our biggest lighting retailers. Revenue for the Sports Nutrition & Wellness category grew by 8% to £18.0 million, driven by a substantial increase in protein powder revenue.

Following Supreme's appointment as a master distributor for ElfBar and Lost Mary, we renamed our Other Consumer Goods category to Branded Distribution to more accurately describe the nature of the products and the business model housed in this category. The ElfBar and Lost Mary appointment saw us distribute disposable vapes to new blue-chip retail customers, including Tesco, and further enhanced the Group's cross-selling opportunities. Collectively, the business unit reported revenue of £63.5 million in the Period.

Macro-economically, FY24 was a challenging period. Well-publicised inflationary pressures, alongside the ongoing cost-of-living crisis, inevitably posed challenges for our suppliers, customers, and staff. Yet, as displayed by the growth detailed above, we successfully navigated these challenges across all our divisions, and have continued to provide high-quality, low-price goods to retailers and therefore consumers.

Regarding our broader exposure to the UK vaping market, Supreme remains supportive of the Government's plans to curb underage vaping. We have been consistent in articulating how this can be achieved, and in FY24 announced new measures for our 88Vape brand, including the introduction of plain packaging, the discontinuation of brightly coloured disposables, the simplification of flavour names, and ensuring the Group only trades with retailers which enforce robust age verification. We believe that vaping should be a smoking cessation tool, and that adults looking to quit smoking should be supported in a cost-effective way. We have also considered the environmental impact of vapes and have rolled out vape disposal units across the entire estate of our largest customer, B&M Retail, with the goal of encouraging more responsible disposal of single-use devices.

In addition, the Board has recommended a final dividend of 3.2 pence per share, resulting in 4.7 pence per share in aggregate for the year, a 57% increase on FY23.

Supreme has also continued to demonstrate its ability to execute strategic acquisitions and, more importantly, integrate these businesses into the Group in a timely manner. An example of this is the seamless integration of Liberty Flights into the Group's existing business processes. This acquisition has broadened the Company's vaping proposition, with the consequential significant product overlap and manufacturing processes across the Group's Vaping division allowing for enhanced margins across the enlarged business. It has also generated further cross-selling opportunities across Supreme's existing customer base.

In January 2024, we acquired the assets of FoodIQ UK Holdings Limited ("Food IQ"), the protein manufacturer, for consideration of £175,000, which included a £1.2 million state-of-the-art, accredited, and automated contract manufacturing facility that opened only 18 months prior. A key component to the acquisition, this purpose-built facility is expected to increase the Group's Sports Nutrition & Wellness division's manufacturing capacity and capability, supporting both medium and long-term growth.

This ability to identify opportunities, act strategically, and integrate effectively underpins Supreme's success. Our team is talented in recognising comparable, well-priced, immediately earnings-enhancing brands and merging them into the Supreme portfolio with a keen focus on our core business offering. Accordingly, we continue to explore accretive M&A opportunities to retain a diverse and competitive offering of high-value, low-cost products. At the year end, the Group had immediate access to bank revolving credit and invoice discounting borrowing facilities of £55 million which were entirely undrawn, providing significant liquidity to finance such M&A opportunities.

The Board continues to be committed to ESG concerns, ensuring that the Company is proactive, rather than reactive, to ESG responsibilities. Supreme manages its ESG operations via various sub-committees, which ensure that our focus remains on "doing the right thing" in how we conduct ourselves and our business for the good of the environment, our community, our people, and our stakeholders.

The Board remains pleased with the Group's performance, and on its behalf, I would like to thank all our employees for their fantastic efforts, persistence, and diligence during the Period.

Our colleagues are integral to the success of Supreme, and we look forward to seeing what they will continue to achieve. Our management team has driven Supreme to produce excellent results, and we are confident that they can lead the Company to achieve its medium and long-term growth goals.

**Paul McDonald**  
Non-Executive Chair

1 July 2024

1. Adjusted EBITDA means operating profit before depreciation, amortisation and Adjusted items (as defined in Note 7 of the financial statements). Adjusted items include share-based payments charge, fair value movements on non-hedge accounted derivatives and non-recurring items



## Our Business

Supreme is a leading manufacturer, brand owner and distributor of fast-moving consumer goods across the retail landscape – including leading UK discounters, major supermarkets, wholesalers and via our online platform.

Our diverse products span a number of different categories: batteries, lighting, vaping (including disposable vapes), sports nutrition & wellness, branded distribution and soft drinks.

Our products share a common DNA; they are all branded ‘value’ consumer staples, offered at disruptively low prices, are easily transported and displayed with simple consumer offerings that our customers do not return.

### Our Operating Model

Our high volume/low assortment manufacturing and direct sourcing model sits at the heart of our business and is supported by our centralised platform of shared resource, deep sector expertise and serviced via our unrivalled distribution network.

This unrivalled platform allows us to offer compelling margins to retailers and the lowest prices to consumers, generating exceptional levels of loyalty.

### Our Vision

Our vision is to become the UK’s number 1 supplier of branded consumer staple goods at unbeatable prices; by both developing and acquiring brands that can integrate into our well-invested manufacturing and distribution platform.

### Our Mission

Our mission is to grow our market share in all our categories and to deliver the highest margin per square foot than any other consumer product in a retailer’s store.

## Pillars for Growth

- Drive sales and profit growth** across organic initiatives and via bolt-on M&A.
- Consider transformational M&A** in order to supercharge profit growth.
- Develop new brands and consider new verticals** in the future in line with our non-negotiable criteria set out in our operating model.
- Drive increased spend** from our existing customers via a comprehensive cross-sell strategy underpinned by ongoing gap analysis.
- Invest in our people and our infrastructure** to support future growth and retain talent.

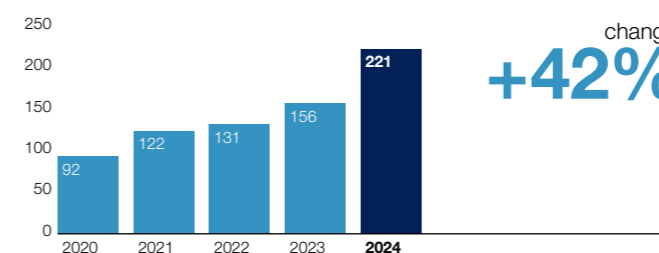
## Our values

- Behave with Integrity**  
We all treat this business as if it were our own. We operate with honesty in all our interactions with customers, suppliers, and employees and believe that trust is essential to building long-term relationships.
- Be Agile**  
We make decisions quickly, take advantage of market opportunities and are flexible. We adapt to changes in our markets and our customers’ needs without hesitation.
- Keep it Simple**  
We keep our product ranges modest, focus on markets and verticals we excel in and maintain a straight-forward honest pricing structure.
- Attitude is everything**  
We believe that the right attitude drives enjoyment, enthusiasm and ultimately success.
- Be Proud and have fun!**  
By prioritising the well-being and safety of our employees, by treating each other with kindness and respect, by giving back to the community and minimising our environmental impact, we hope to remain a supplier that our customers are proud to be associated with and a workplace that people are proud to belong to.

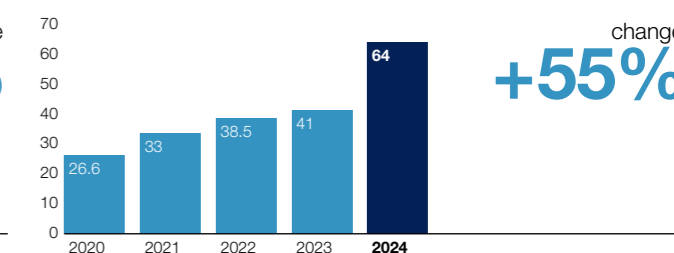
## Supreme in Numbers

Measure	Description	Performance
<b>Revenue (£m)</b>	The revenue reported in the Period	Revenue is up 42% to £221.2m, driven largely by organic initiatives. Revenue increased in all 5 divisions (Batteries, Lighting, Vaping, Sports Nutrition & Wellness and Branded Distribution).
<b>Gross profit (£m)</b>	The gross profit reported in the Period	Absolute gross profit increased 55% to £63.5m and the blended gross profit as % of sales increased from 26% to 29%. Margin % gains were reported across all 5 divisions as a result of centralised Far East sourcing, consolidation of manufacturing and economies of scale.
<b>Gearing</b>	Borrowings net of cash dividends by the Adjusted EBITDA reported in the Period	Gearing has improved from positive 0.2 to positive 0.3 due to higher rates of profitability combined with a continued tight control on working capital.
<b>Manufacturing volume</b>	The units of output from both our Vaping & Sports Nutrition & Wellness manufacturing facilities	Increased vaping manufacturing volumes as a result of the annualisation impact of the FY22 and FY23 manufacturing acquisitions. Increased sports nutrition volume as a result of increased sales in the Period.
<b>Brand portfolio</b>	The number of brands that the Group owns or has exclusive rights to via licensing	Increase in brands driven by the acquisitions made in FY23 and FY24.
<b>Consumer website databases</b>	The number of consumers registered on each of our consumer websites combined	Increase in databases across all consumer websites driven by the launch of the new consumer websites for Sci-MX and Liberty Flights.

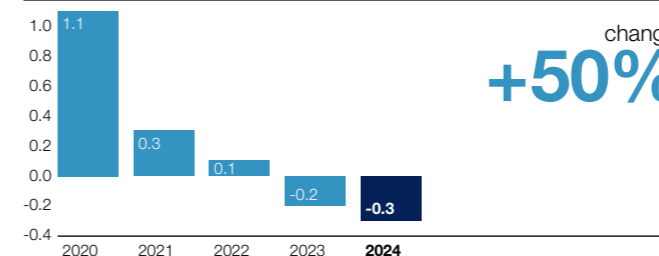
Revenue £m



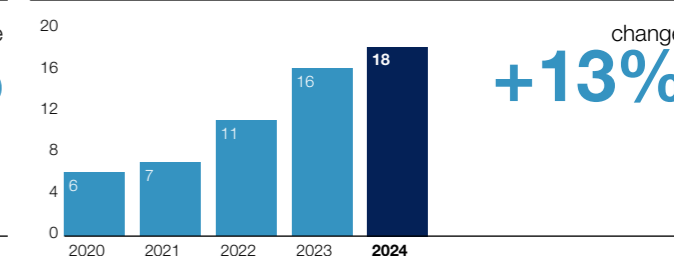
Gross margin £m



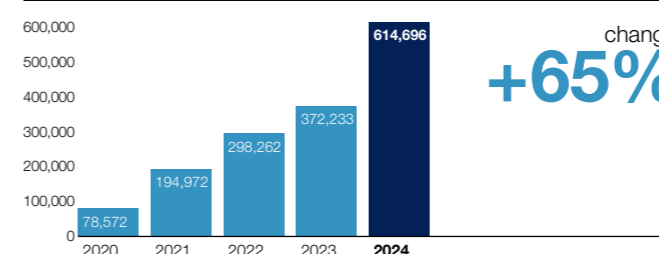
Gearing ratio £m



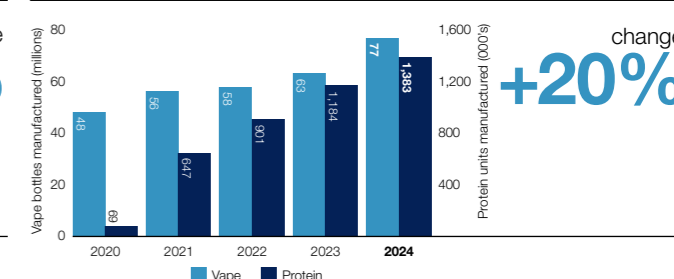
Number of major brands owned or exclusive rights to



Registered consumer website users



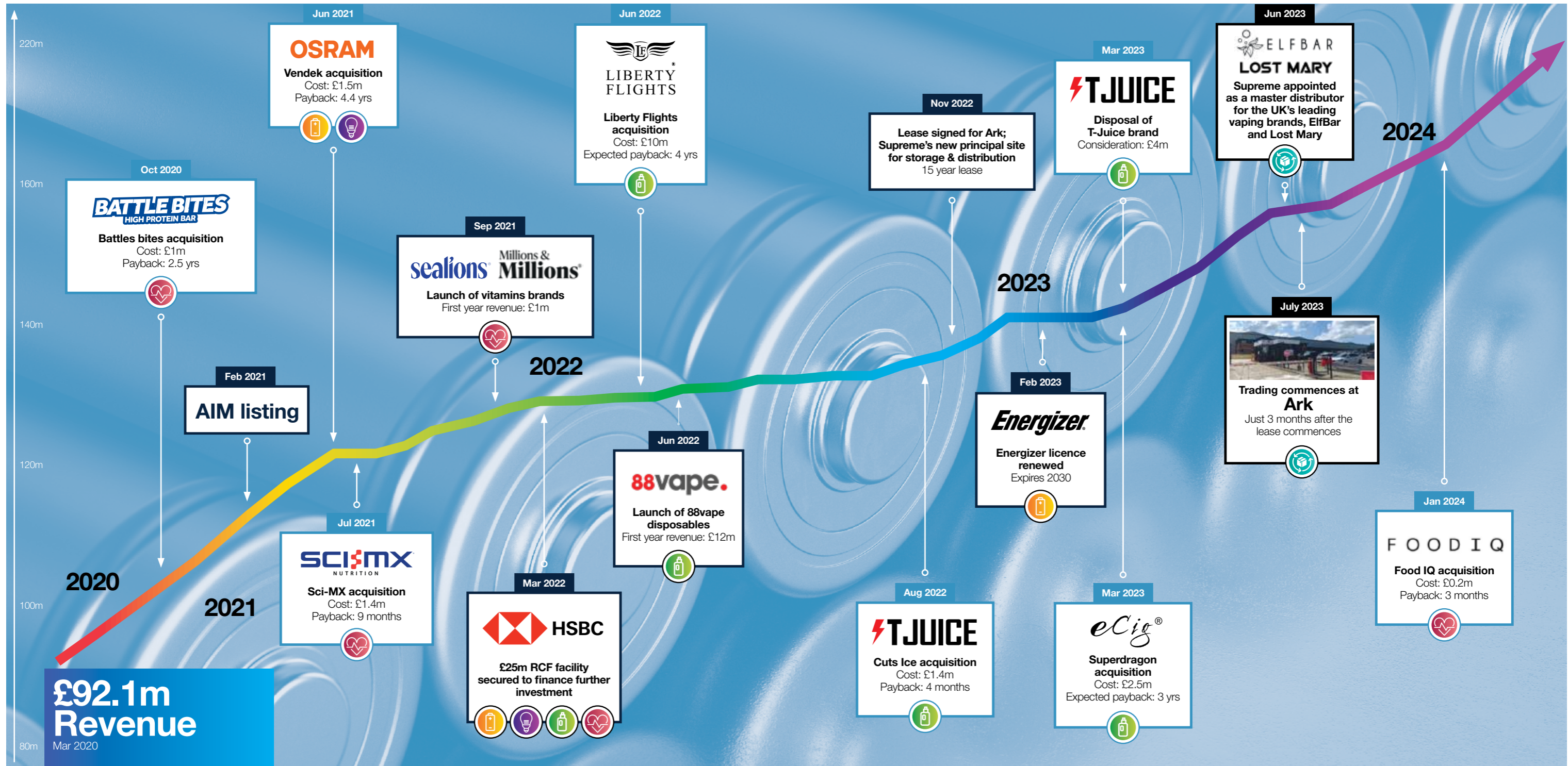
Units manufactured





# Our Public Company Journey so Far

**£221.2m**  
Revenue  
Mar 2024





## Key Investment Highlights

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



### Unrivalled business model

- UK manufacturing base, lucrative product licensing agreements and own brands
- Centralised platform of shared overheads and expertise
- Privileged access to an extensive and growing customer base



### We own brands and we manufacture

- The majority of profits come from brands we own or exclusively license or from products we manufacture ourselves in the UK



### Strong financials

- 17% revenue and 29% EBITDA CAGR FY18 to FY24
- Increasingly cash generative year-on-year
- Capex light
- No bank debt



### High quality management team

- PLC board depth alongside highly experienced executive team and deep sector knowledge from category leaders



### M&A success

- Proven ability to acquire and integrate businesses at low multiples with high rates of return post-integration



### Compelling customer offering

- Our scaled manufacturing, longstanding international supplier network and our razor-sharp focus on costs means we offer disruptively-low cost, branded, quality products to the mass market



### Diverse product and customer portfolio

- Diverse product portfolio with varied and independent macro tailwinds
- Diverse customer base including discounters, public sector and supermarkets, with 10% of revenue generated online



### Our customers







“

**Not only did we deliver a record financial performance, underpinned by excellent organic revenue and profit growth across all divisions, but we also significantly enhanced our manufacturing and distribution credentials by commencing operations from our new Ark facility in Manchester.**

**Sandy Chadha**  
Chief Executive Officer



### Introduction

The year ended 31 March 2024 was an exceptional period of growth for Supreme, both on an operational and financial level. Not only did we deliver a record financial performance, underpinned by excellent organic revenue and profit growth across all divisions, but we also significantly enhanced our manufacturing and distribution credentials by commencing operations from our new Ark facility in Manchester.

The Group produced an outstanding financial performance, increasing revenue by 42% to £221.2 million (FY23: £155.6 million), alongside a 55% increase in gross profit to £63.5 million (FY23: £40.9 million). Adjusted EBITDA<sup>1</sup> also increased to record levels of £38.1 million (FY23: £19.4 million), which represented a 96% improvement on the prior year – a quite staggering performance from the business. The Group generated operating cash of £27.1 million (FY23: £19.3 million), further demonstrating the highly cash-generative nature of our core operations. Adjusted net cash<sup>4</sup> in the Period increased by £8.4 million to £11.6 million and the Group proposes to pay a final dividend of 3.2 pence per share, resulting in 4.7 pence per share in total for the year (FY23: 3.0 pence per share in total).

The Group has continued to see strong sales traction across our product mix, with our vaping products, both owned and branded (reported within Vaping and Branded Distribution), performing particularly well. Elsewhere, our Sports Nutrition & Wellness, Batteries and Lighting categories all grew both their revenues and gross profits across the Period.

Although our focus during the Period was primarily on accelerating organic growth, as a business we have continued to explore acquisition opportunities which we believe have the potential to enhance the Group's overarching trading performance. In January 2024, we completed the acquisition of the assets of protein product manufacturer FoodIQ out of administration, for consideration of £175,000. This transaction provided Supreme

with access to a highly sophisticated, accredited, and automated contract manufacturing facility near London that originally cost more than £1.2 million to build and is less than two years old. The site was purpose-built for the development of sports nutrition products and management expects the facility will increase the Group's Sports Nutrition & Wellness manufacturing capacity and capability to help ensure we meet growing demand.

As part of the Company's commitment to safe and responsible vaping consumption, we have repeatedly outlined our support of all regulation that helps prevent underage vaping in the UK, and implemented numerous proactive measures during the Period to ensure that our own-brand products are not attractive to underage vapers, including toning down colours in 88Vape packaging and streamlining the brand's flavour range. Our continued investment in rechargeable pod system vaping devices, coupled with the Company's exceptional progress in developing a uniquely diverse vape product mix, has ensured that the Group is well positioned to adapt to changes in the UK e-cigarette market.

In March 2023, we entered a 15-year lease for Ark, the Group's new 167,000 sq ft principal warehouse and distribution centre. Following a complex fit out process, 12,000 pallet spaces have been relocated, with the Group now operating from the new facilities. This new centre, with the committed 15-year lease, future proofs our operations in the medium term and has enabled our teams to both consolidate and streamline storage and distribution, whilst also creating a working environment of which our people can be proud.

FY24 has been a hugely successful period of growth for Supreme and I strongly believe that we remain firmly on track to maintain this impressive growth momentum in FY25 and beyond.

### Operational Review

I am delighted with the strong performance of the Group, which further demonstrates that our vertically integrated platform provides the best route to market for both Supreme and our customers. Supreme's successful track record of developing and distributing our own product, alongside providing a truly unique distribution platform for third parties, has underpinned our robust financial growth track record.

Management will therefore continue to focus on the following strategic growth drivers, namely:

- Continue to explore and execute on complementary earnings enhancing acquisitions;
- Further leverage cross-selling opportunities to expand our customer footprint and average revenue per customer;
- Continue to explore and develop new product verticals that complement Supreme's customer base, focused on a high quality and good value consumer proposition;
- Leverage our new manufacturing and distribution footprint to create ongoing economies of scale and explore bringing the manufacture of even more products in-house; and
- Enhance online distribution and services to further grow our B2B and D2C sales channels.

**“Looking at our vaping business, we are fully committed to doing what we can to support the eradication of underage vaping so that the industry can get back to its core objective: helping adult smokers find an affordable, sustainable, and safer alternative to smoking.”**



## Chief Executive Officer's Review

continued

### Vaping

The Group's Vaping division delivered another solid performance in FY24, with revenues increasing 9% to £82.8 million (FY23: £76.1 million), driven by a combination of organic retail sales growth and a positive performance from our longstanding HM Prison and Probation Service ("HMPPS") contract.

During the Period, Liberty Flights' manufacturing, warehousing, and business administration functions were successfully integrated into Supreme, generating volume and purchasing synergies alongside creating further cross-selling opportunities.

As an industry leader, we have made good progress implementing the proactive measures we announced in October 2023, which are designed to ensure our range of 88Vape products do not create any interest from those underage. These include:

- Reducing the use of colour in 88Vape packaging;
- Discontinuing the use of coloured hardware for all of the brand's disposables;
- Using only age-appropriate naming conventions to describe 88Vape flavours;
- Trading only with retailers and e-tailers who commit to having robust age verification controls in place; and
- Making recommendations to retail customers to locate vapes away from confectionery.

Thanks to the hard work and expertise of our innovation team, we continued to roll-out new vaping products and now boast a first-class range of reusable devices, including an 88Vape-branded rechargeable pod system. Looking ahead, we expect demand for pod system vaping devices to continue to grow and are well placed to support retail customers as they begin to increase their stock of the product.

Supreme has been a longstanding supporter of UK Government initiatives to promote vaping as a smoking cessation tool, and we continue to collaborate with HMPPS and participate in the Government's 'Swap to Stop' campaign to facilitate this objective.

Supreme has become the leading voice in the ever-evolving UK vaping landscape, and we firmly believe that positive regulatory reform can provide a stable base from which we can continue to grow our business.

### UK Government Vaping Proposals

Supreme remains mindful of the UK Government's highly publicised proposal to ban disposable vaping devices in a bid to combat underage vaping, as well as its provisional plan to introduce an excise duty on vaping products, albeit from October 2026. Total revenue from disposable vapes in aggregate came to £70.7 million in FY24, representing 32% of Group revenue and was reported across the Vaping and Branded Distribution category.

We continue to work with our key vaping customers and partners to ensure a smooth transition as any new measures are absorbed by the market. Supreme has an established suite of fully compliant rechargeable pod systems, produces over 60 million 10ml bottles of e-liquid annually and, as highlighted above, has already become a principal supplier to the UK Government's 'Swap to Stop' scheme. Vaping remains a credible, sustainable, and highly effective smoking cessation tool endorsed by global public health officials and is integral to the UK Government's 'Achieving Smoke-free 2030' initiative.

### Branded Distribution (previously Other Consumer Goods)

As previously communicated, management chose not to report the ElfBar and Lost Mary disposable vape revenue stream within the Vaping division so as not to dilute or detract from our core Vaping business. ElfBar and Lost Mary are not brands owned or manufactured by Supreme, so have an entirely different financial profile to the Group's core Vaping business. They are much more aligned to the profile of our pre-existing Other Consumer Goods category (now renamed Branded Distribution).

The division reported revenues of £63.5 million (FY23: £7.8 million), with the ElfBar and Lost Mary distribution agreement contributing £57.0 million. Supreme generated the remaining £6.5 million from sales in its core business, which is the distribution of branded household laundry and cleaning brands. The blended margin of the category remains relatively low compared to other product categories within the Group at 14% (FY23: 10%)

The speed with which Supreme was able to establish, onboard, and scale this opportunity with close-to 100% service levels was testament to the capabilities of the Group's vertically integrated platform, specifically with reference to sourcing, warehousing, and distribution. More notably, it was delivered with minimal additional incremental overheads, which can be credited to our exceptional employees, who have been at the centre of our success this year.

### Sports Nutrition & Wellness

The Sports Nutrition & Wellness division performed strongly during the Period, delivering revenues of £18.0 million (FY23: £16.7 million), an increase of 8%. Sci-MX, our leading protein powder, shakes and bars brand, has continued to deliver significant sales momentum since the rebrand, supported by strategic marketing, advertising, and influencer campaigns. With all Sci-MX products now manufactured in-house, the brand is set to benefit from the Company's increased manufacturing space and distribution capabilities, alongside the Group's recent FoodIQ acquisition. Powders now represents a sizeable component of the division compared to previous periods, resulting in a positive step change in gross margin of the category overall from 16% to 29%.

We launched new Sealions vitamins pouches, alongside an exciting collection of protein-focused products under the brand which is already beginning to generate cross-selling opportunities. Supreme recognises the strong growth potential of the protein powders market and this decision to further diversify the Sealions portfolio enables us to leverage another fully established e-commerce channel to market protein products to an even wider demographic whilst underlining our commitment to providing consumers with great-value nutritional supplements.

Pleasingly, inflationary pressures impacting raw materials continue to subside, including those affecting the price of whey which is the key ingredient in most of our protein products. This, together with our recent facility upgrades and FoodIQ acquisition, ensures Supreme is well positioned to further increase profit margins across the division and explore new retail opportunities in FY25 and beyond.

### Lighting

The Lighting division generated a reassuring recovery across FY24, with revenue up 7% to £16.5 million (FY23: £15.4 million), whilst we retained our position as a longstanding supplier and supportive partner to our biggest retail customers. Recent licence extensions with Energizer and Eveready have positioned the Group well for future trading, and so has our new exclusive supply agreement with Black+Decker.

Facilitated by our vertically integrated platform, we were able to respond rapidly to the recent rise in global torches sales, adding Duracell torches to our already broad Lighting product portfolio. Another key development during the Period was the investment into our B2B e-commerce site dedicated to our Lighting division to help drive sales and expand our wholesale presence across the UK and Europe.

### Batteries

The Group's Batteries division remains profitable, delivering revenue growth of 3% to £40.5 million (FY23: £39.5 million) which was driven by a mix of inflationary price increases and volume growth.

We have a proud 36-year history operating in the batteries industry and in that time have developed trusted relationships with the largest brands in the market to consolidate our position as the UK's largest distributor. Whilst the market, overall, has declined, Supreme grew its market share, driven by our operational scale and the resilience of the discounter retailers.

Supreme supplies domestic household batteries to a broad range of UK's retailers, wholesalers and online outlets including discounters, supermarkets, hardware stores, toy stores, convenience retail, garages and DIY stores, whilst the Company also has an exclusive licensing agreement for JCB batteries. The scope of our Batteries division operations means we have an important responsibility to ensure that our packaging is as eco-friendly as possible. Pleasingly, almost all the batteries we sell come in plastic-free packaging and we are also focused on ensuring the carbon footprint of our manufacturing and distribution processes are kept to a minimum.

The category continues to generate consistent, predictable, profitable, and growing revenue for the Group, with minimal costs to serve. With sticky customer relationships and an extensive UK distribution network, we look forward to further capitalising on the cross-selling opportunities our favourable reputation in the batteries space continues to create.

### Outlook

Supreme forecasts FY25 to be another profitable and highly cash-generative year for the Group. Having made a positive start in Q1, the Group is trading comfortably in line with current market expectations.<sup>5</sup>

Alongside an ongoing focus on accelerating organic growth and strategic cross-selling, the Company remains committed to exploring complementary acquisitional opportunities to further exploit our world class distribution channels.

The Board is mindful of potential legislative changes to the UK vaping market, but is confident in the Group's future growth prospects, and remains encouraged by both the positive impact of the new warehouse facility and the easing of raw material inflationary pressures. Supreme is well placed to further improve profit margins and consolidate its status as a leading UK provider of high-quality, in-demand, and affordable consumer goods.

### Sandy Chadha

Chief Executive Officer

1 July 2024

1. Adjusted EBITDA means operating profit before depreciation, amortisation and Adjusted items (as defined in Note 7 of the financial statements). Adjusted items include share-based payments charge, fair value movements on non-hedge accounted derivatives and non-recurring items  
 4. Adjusted net cash means net debt/(cash) as defined in Note 21 to these financial statements excluding the impact of IFRS16  
 5. Analyst consensus immediately before this announcement for the year ending 31 March 2025 was revenue of £242 million and Adjusted EBITDA1 of £36.9 million



# Our Categories



## Batteries

'Growing market share'

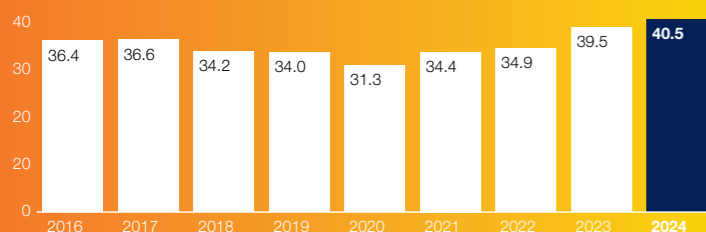
- 36-year operating history with solid brand relationships
- Supplying over 300 million batteries per year
- Grew market share in a declining market (est. 35%)
- Almost all packaging now plastic-free

**£40.5m**  
Revenue

**14%**  
Gross profit margin

**18%**  
of Group revenue

Revenue £m



eneloop

EVEREADY

JCB

Panasonic

DURACELL

Energizer





## Our Categories



# Lighting

'Strong retail relationships'

- Retained our position as a longstanding supplier and supportive partner to our biggest retail customers
- Invested into our lighting B2B e-commerce site, driving sales and expanding our wholesale presence
- Further recovery expected in FY25

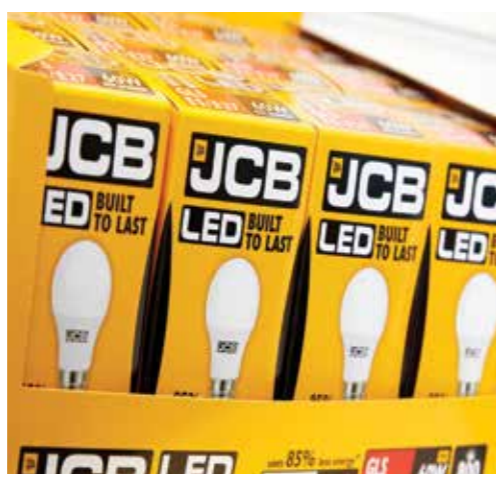
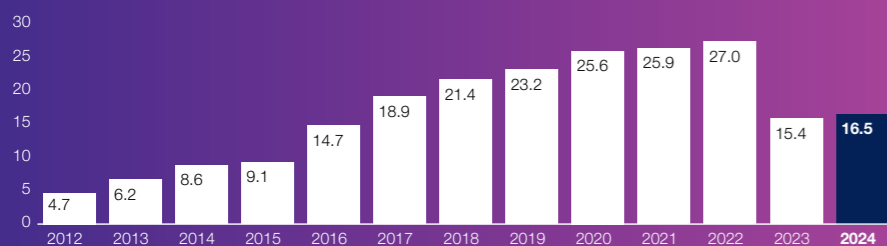
**£16.5m**

Revenue

**39%**

Gross profit margin

Revenue £m





Our Categories

**Vaping**  
'High margin category'

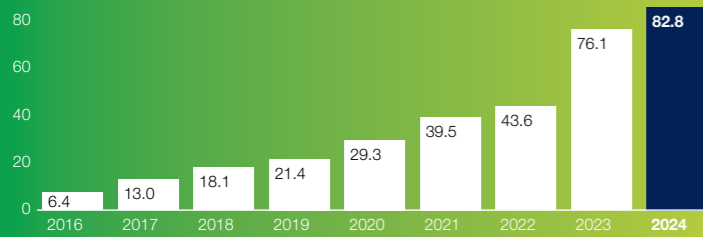
- Organic retail sales growth and a positive performance from our longstanding HMPPS contract
- Liberty Flights successfully integrated into Supreme's operations – driving increased gross margin
- Began implementing its proactive measures to combat underage vaping
- Continued roll-out of new vaping products, including a first-class range of reusable devices

**£82.8m**  
Revenue

**9%**  
Sales growth

**44%**  
Gross margin

Revenue £m





## Our Categories



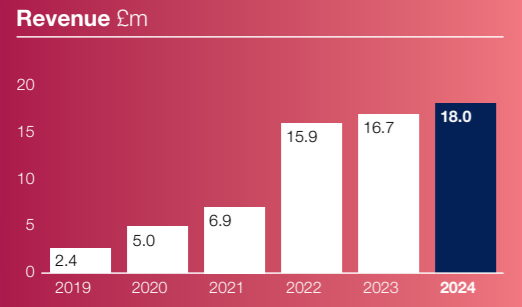
# Sports Nutrition & Wellness

'Diversifying portfolio'

- Sci-MX continued to deliver significant sales momentum since rebranding
- Acquired protein manufacturer assets FoodIQ for consideration of £175,000 in January 2024, providing access to brand-new £1.2m contract manufacturing facility
- Gross margin improved from 16% to 29% as a result of price deflation on key raw materials and more focus on manufactured SKUs

**+7%**  
Increase in revenue

**16% → 29%**  
Gross margin increase





# Our Categories

## Branded Distribution 'Swift operationalisation'

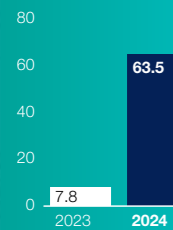
- Distribution of ElfBar and Lost Mary accelerating category growth
- £6.5m revenue from distribution of branded household laundry and cleaning products
- Swiftly established, onboarded, and scaled the ElfBar opportunity with close to 100% service levels thanks to Supreme's vertically integrated platform
- Category established with minimal incremental overheads

**£63.5m**  
Revenue

**£9.2m**  
Gross profit

**£57m**  
Revenue from ElfBar & Lost Mary

Revenue £m





Case study:  
**Supporting the Eradication of Underage Vaping**

As an industry leader, during FY24 Supreme outlined a series of proactive measures within the Group’s own-brand vaping products which includes leading UK brand 88Vape...

...to seek to mitigate the growing rise of underage vaping as well as reduce the environmental impact of disposable vapes.





## Case study: Our Vertically-Integrated Platform Supports Our Growth Ambitions

In FY24, Supreme renamed its Other Consumer Goods category to Branded Distribution, after Supreme’s appointment as a master distributor for ElfBar and Lost Mary, two of the UK’s largest vaping brands. Revenue for this category grew to more than £50 million in a matter of months. The speed with which Supreme was able to establish, finance, onboard, and scale this opportunity with 98%+ service levels is testament to the capabilities of our established vertically integrated platform.

Our platform provides all categories with an established bank of resources responsible for sourcing and supply chain management and complemented by best-in-class storage and distribution capabilities and next-generation digital resources, and e-commerce expertise. To maximise returns, this platform is supported by a centralised finance function focused on effective working capital management. Additionally, the platform includes graphic design, innovation, and a highly motivated salesforce. These resources are made available to all divisions and subsidiaries to ensure maximum utilisation of a relatively fixed overhead base.

This platform is also integral to the successful integration of a number of strategic acquisitions completed by the Group over the last few years. Our highly talented and experienced Deal Team comprised of warehousing, IT, HR, sales support, in-house legal, and finance, and led directly by our CEO, has a proven track record of identifying complementary targets, executing deals cost-effectively and at low multiples, and seamlessly integrating the businesses with minimal disruption to either the target or the core Supreme platform.

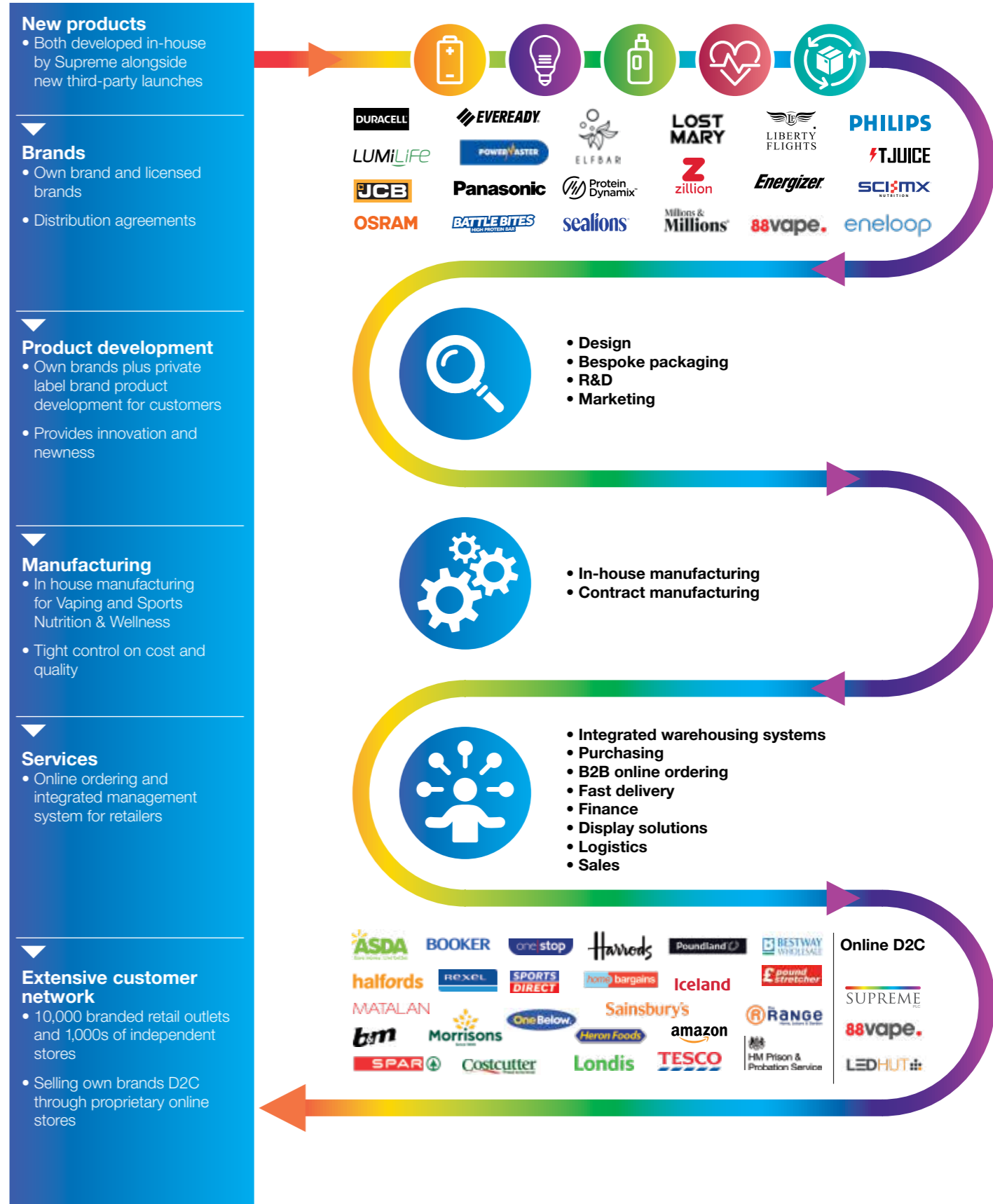
For organic growth, new products, new customers, and new verticals can be added, with the indirect resources required to support this growth already in place and operating seamlessly. This is why the incremental gross profit largely translates to incremental operating profit.

The platform offers a seamless route to market for both owned and other leading brands

The capabilities of our vertically integrated platform are a clear marker of the exceptional talent we have in our business



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





## Chief Finance Officer's Review



The Group delivered a very strong financial performance with all financial metrics delivering positive momentum in the Period.

Suzanne Smith  
Chief Finance Officer



I am delighted to present our financial results for FY24. The Group delivered a very strong financial performance with all financial metrics delivering positive momentum in the Period. Revenue increased by 42% to £221.2 million and Adjusted EBITDA<sup>1</sup> almost doubled from £19.4 million in FY23 to £38.1 million in FY24 (+96%). What's more pleasing is that the vast majority of this growth was achieved organically.

The Group has zero bank borrowings at the year-end, Adjusted net cash<sup>4</sup> of £11.6 million (FY23: £3.2 million) and the balance sheet was notably stronger having grown net assets by £18.0 million to £58.0 million (FY23: £40.0 million). The net cash position is particularly notable in the context of the seven acquisitions completed by the Group since 2021.

Impressively, revenue grew across all our categories: Batteries, Lighting, Vaping, Sports Nutrition & Wellness, and Branded Distribution. Gross profit as a percentage of sales also grew in all categories, highlighting the strength of the various sourcing and manufacturing models employed across the Group.

The table below summarises the key financial measures and their comparisons to the prior year. The commentary in this review references alternative performance measures which are described as 'Adjusted', meaning that in the Directors' judgement, they need to be disclosed separately by virtue of either: their volatility year-on-year; their one-off nature; their size, their non-operating nature; or because the adjustment of a particular item is widely accepted and conducted by peers (to ensure comparability with other listed businesses). In addition, this review also references 'net debt' which is defined as closing cash, as reported on the balance sheet, net of borrowings, as defined in Note 21.

	FY24 £m	FY23 £m	% change
Revenue	221.2	155.6	+42%
Gross profit	63.5	40.9	+55%
Gross profit %	29%	26%	+12%
Adjusted EBITDA <sup>1</sup>	38.1	19.4	+96%
Adjusted items	(0.6)	(0.8)	+25%
Profit before tax	30.1	14.4	+109%
Adjusted profit before tax <sup>2</sup>	30.7	15.2	+102%
EPS	19.1p	10.3p	+85%
Adjusted EPS <sup>3</sup>	20.9p	11.8p	+77%
Operating cash flow	27.1	19.3	+40%
Net assets	58.0	40.0	+45%
Net (debt)	(3.1)	(11.8)	+74%
Adjusted net cash <sup>4</sup>	11.6	3.2	+263%

### Revenue

Revenue for FY24 was £221.2 million (FY23: £155.6 million), an increase of 42%. Almost all of this growth arose organically (£61.3 million) whilst the remainder of the growth (£4.3 million) came from the annualisation effect of the businesses acquired in FY23. All divisions across the Group reported growth and further details, by division, are presented below.

### Revenue by division

Revenue for Batteries was £40.5 million in FY24 (FY23: £39.5 million), growth of 3%, arising from a combination of increased volume and price. There has been a notable change in mix year-on-year which explains the increase in gross profit as a percentage of sales. For the first time, Energizer has overtaken Duracell in Supreme's sales of branded batteries, an indication of how the wider market dynamics are changing.

Revenue for Lighting was £16.5 million (FY23: £15.4 million), growth of 7%, confirming the recovery of the category following a retailer overstocking issue in the prior year. Whilst all listings and customers were retained during the Period, we did report a slowdown in consumer spending in the second half of the year which may signal an inevitable longer-term trend as lightbulbs begin to last longer and replacement cycles slow down. Regardless, we expect a further recovery in this category across FY25.

Revenue for Vaping was £82.8 million (FY23: £76.1 million), growth of 9%. The businesses acquired in FY23 represented £4.3 million of the growth whilst the organic growth of £2.4 million predominantly came from e-liquids and the HMPPS contract. Disposable vape sales in this division of £13.7 million in FY24 was broadly in line with the prior year. Despite the changing market dynamics within the industry, the popularity of Supreme's 'hero' 10ml liquids was unchallenged and we continue to report volume growth which is a key driver in the growing levels of gross profit margin for the division. E-liquids generate the highest levels of return across the Supreme product portfolio owing to the Company's best-in-class manufacturing and economies of scale.

Revenue for Sports Nutrition & Wellness was £18.0 million (FY23: £16.7 million), growth of 8%. Following a period of substantial whey input price inflation in our supply chain during FY23, the category reported a partial reversal of this inflation in FY24 where whey prices returned to a more normal level. The revenue growth was driven by a substantial increase in powder revenue (increase in volume offset by a reduction in price, linked to the deflation) offset by a decline in sales of protein snack bars. This means that powders now account for more of the category overall than before and this shift in mix alongside the lower whey input prices has driven the increase in overall gross margin to 29% for the category (FY23: 16%).

In FY24, we re-named the Other Consumer Goods category to Branded Distribution following the Company's appointment as a master distributor for ElfBar and Lost Mary, given this category is exclusively involved in the distribution of third-party consumer goods. The division reported revenue of £63.5 million (FY23: £7.8 million) with the incremental revenue arising almost exclusively from Supreme's appointment as a master distributor of ElfBar and Lost Mary disposable vape products, two of the UK's most recognised vaping brands. Total revenue from disposable vapes in aggregate came to £70.7 million in FY24, representing 32% of Group revenue.

### Gross profit

Gross profit for FY24 was £63.5 million (FY23: £40.9 million), growth of 55%. As a percentage of revenue, gross profit was 29% (FY23: 26%) with higher rates of gross profit arising in all divisions. In Batteries, the increase in gross profit margin was the result of a change in sales mix. For Lighting, it was the reduced focus on Free On Board ("FOB") arrangements (i.e. shipments sent directly from the Far East to customers) combined with a leaner supply chain and better shipping rates. For Vaping, this was the result of the consolidation of manufacturing into one single site in Manchester following the three vaping manufacturing acquisitions undertaken in FY23, combined with further economies of scale and manufacturing efficiencies. In Sports Nutrition & Wellness, the increase in gross profit margin arose from a shift in sales mix towards manufactured products (powders and vitamins) plus the settling back down of input costs on whey generated higher rates of gross profit as a percentage of sales. The increase in blended gross profit % for the Group overall was in spite of the incremental ElfBar / Lost Mary revenue reported at 15% gross margin.



## Chief Finance Officer's Review

continued

### Adjusted EBITDA<sup>1</sup>

Administrative expenses reported within Adjusted EBITDA<sup>1</sup> (i.e. excluding depreciation and amortisation and adjusted items) were £25.4 million in FY24 (FY23: £21.5 million), an increase of £3.9 million:

- £2.3 million of this arose within people costs as a result of the full year impact of the cost-of-living pay rise initiative that took place in September 2022, the reinstatement of the CEO's salary (which he sacrificed in FY23 to compensate for this cost-of-living initiative), new hires and bonuses;
- £1.0 million of the increase arose within establishment costs and related to an increase in business rates across the property portfolio and the addition of Ark (the new warehouse and distribution centre);
- £0.2 million was a result of increased utility costs across the Group in line with national increases; and
- a further £0.3 million related to increased professional expenses (specifically audit and insurance), owing to the step change in the size of the Group and industry-accepted increases.

The remainder of the increase in administrative expenses related to increases in selling costs, aligned to the increase in top line revenue (distribution, commission and listing fees). Despite the annualisation effect of the FY23 acquisitions, there were no resulting increases in overheads in FY24 owing to the integration of these businesses into Supreme's core platform.

As a result, Adjusted EBITDA<sup>1</sup> increased by £18.7 million (96%) in the year to £38.1 million (FY23: £19.4 million).

### Adjusted items

Adjusted items were £0.6 million compared to £0.8 million the year before. These costs related to share-based payment charge of £1.2 million (FY23: £1.5 million), £0.6 million credit in relation to fair value movements on financial derivatives (FY23: £1.1 million charge), £0.7 million credit owing to the release of over-accrued contingent consideration in respect of Liberty Flights (FY23: £nil), and £0.7 million of integration expenses in relation to the businesses acquired in FY24 and FY23 (FY23: £1.0 million).

The Board believes that by adjusting these items from profitability, it was able to understand the underlying performance of the business more clearly and further information pertaining to these items can be found in Note 7 to these financial statements.

### Finance costs

Finance costs (net of interest income) were £1.9 million in the year (FY23: £1.0 million), split between interest arising from borrowings (net of interest on deposits) in the year of £0.7 million, the unwind of discounting on the deferred consideration of Liberty Flights of £0.2 million, arrangement fees of £0.2 million and the interest relating to the lease liabilities under IFRS16 of £0.9 million.

### Taxation

Total tax charge in the year was £7.7 million (FY23: £2.5 million), giving rise to an effective tax rate of 25% (FY23: 17%) primarily as a result of the increase in UK corporation tax from 19% to 25%.

### Profit after tax and earnings per share

Profit after tax was £22.4 million compared to £12.0 million in FY23, growth of 87%. As a result, earnings per share increased by 85% to 19.1p (FY23: 10.3p) and on a fully diluted basis increased from 9.7p to 18.1p.

On an adjusted profit after tax basis, which we consider to be a better measure of performance, adjusted earnings (as calculated in note 11) were £24.5 million (FY23: £13.8 million) and adjusted earnings per share<sup>3</sup> was 20.9p (FY23: 11.8p).

### Dividends

The Group's dividend policy is to pay an annual amount equivalent to around 25% of net profit. In January 2024, the Group paid an interim dividend of 1.5p per share and the Directors will recommend a final dividend of 3.2p per share at the 2024 Annual General Meeting to be held on 19 September 2024. This will be paid on 24 September 2024 to shareholders on the register at the close of business on 23 August 2024. The ex-dividend date will be 22 August 2024.

### Cash flow

	FY24 £m	FY23 £m
<b>Adjusted EBITDA<sup>1</sup></b>	38.1	19.4
Movement in working capital & other items	(5.7)	1.6
Tax paid	(5.3)	(1.7)
<b>Net cash from operations</b>	27.1	19.3
Debt servicing/raising/repaying	(5.0)	(2.1)
Lease payments	(1.2)	(1.0)
Capex	(5.4)	(1.3)
M&A	(6.1)	(10.3)
Proceeds from sale of assets	0.1	4.0
Dividends net of share issues	(4.3)	(5.1)
Share buy back	(1.0)	–
<b>Net cash flow</b>	4.2	3.5

The Group generated £27.1 million net cash from operations in FY24 (FY23: £19.3 million). The increase in working capital was the net impact of an initial investment into working capital specifically in respect of the ElfBar and Lost Mary distribution opportunity of £14.6 million, and a reduction in working capital across the remainder of the Group via a number of working capital initiatives. The tight management of working capital in times of expansion and growth reflects the tenacity with which the business continues to be managed.

£5.4 million was reported within capex and was largely in respect of the fitout of Ark, Supreme's new 167,000 sq ft warehouse and distribution centre. £6.1 million reported as M&A related to the acquisition of Superdragon (reported on the last day of FY23 but paid for during the first week of FY24) of £2.7 million and the payment of deferred and contingent consideration in respect of Liberty Flights totalling £3.4 million. As expected, the Group serviced its dividend and taxation obligations which totalled £9.5 million (FY23: £6.8 million) plus a further £1.0 million outflow in respect of the share buyback process that concluded immediately before year end resulting in the acquisition of 828,000 shares at an average price of 121p each which were immediately cancelled.

In respect of financing, the Group's cashflows were supported by its £35 million revolving credit facility ("RCF") and its £20 million invoice financing facility during the Period. At its peak in H1 FY24, the Group had drawn £16.6 million on its facilities but by year-end this was fully repaid. In fact, the Group was entirely bank debt-free at the balance sheet date in addition to having £11.6 million of cash resulting in an Adjusted net cash<sup>4</sup> position of £11.6 million at year end (FY23: Adjusted net cash<sup>4</sup>: £3.2 million).

At year end, the Group had immediate access to borrowing facilities of £55 million which were entirely undrawn at year end which will provide significant liquidity to finance M&A or further organic growth in the form of working capital.

### Net debt

	FY24 £m	FY23 £m
Cash	(11.6)	(7.5)
Borrowings	–	4.3
<b>Adjusted net (cash)<sup>4</sup></b>	(11.6)	(3.2)
IFRS 16 lease liabilities	14.7	15.0
<b>Net debt</b>	3.1	11.8

### Use of non-GAAP measures in the Group financial statements

Certain measures have been used to increase understanding of the Group's Report and Accounts. These measures are not defined under IFRS and therefore may not be directly comparable with adjusted measures presented by other companies. The non-GAAP measures are not intended to be a substitute for or superior to any IFRS measure of performance; however they are considered by management to be important measures used in the business for assessing performance. The non-GAAP measures used in this strategic review and more widely in this Annual Report are defined in the footnotes below and set out in Note 7 to these financial statements.

### Suzanne Smith

Chief Finance Officer

1 July 2024

1. Adjusted EBITDA means operating profit before depreciation, amortisation and Adjusted items (as defined in Note 7 of the financial statements). Adjusted items include share-based payments charge, fair value movements on non-hedge accounted derivatives and non-recurring items.

2. Adjusted Profit before tax means profit before tax and Adjusted items (as defined in Note 7 of the financial statements) Adjusted items include share-based payments charge, fair value movements on non-hedge accounted derivatives and non-recurring items.

3. Adjusted EPS means Earning per share, where Earnings are defined as profit after tax but before amortisation of acquired intangibles and Adjusted items (as defined in Note 7 of the financial statements). Adjusted items include share based payments, fair value movements on non-hedge accounted derivatives and non-recurring items.

4. Adjusted net cash means net debt as defined in Note 21 to these financial statements excluding the impact of IFRS16.



## Our Approach to ESG

**Our vision for ESG is to create a happy, motivated and fulfilled workforce who can work in a safe and inclusive environment, for our business to contribute positively to its local community, and for us to make a positive and lasting change to our environmental impact. We are committed to maintaining a culture based on ethical practices, underpinned by our values that we truly live by everyday and we are proud to be a responsible manufacturer and employer.**

For as long as we have been providing affordable consumer staples to the UK mass-market, we have acknowledged the importance of “doing the right thing” in how we conduct ourselves and our business for the good of the environment, our community, our people, and our stakeholders.

Throughout FY24, we have remained focussed on our ESG agenda via the work done by our wonderful employees who are passionate about sustainability and social responsibility.

Supreme continues to manage its ESG operations via various sub-committees; the Sustainability Committee, the Energy Steering Team, the Workers’ Committee, and the ESG Forum, all of which are closely managed by our Head of HR and overseen by our Chief Finance Officer. Every committee has a balanced representation of staff from across our business and all efforts are communicated in real time to the wider business via Yapster, our much-celebrated internal social media platform that has become the core real time, two-way communication platform for the Group.

- With regards to sustainability, we have developed our energy strategy more comprehensively which has led to the installation of solar panels across the roofs at our principal operating site. We have also celebrated some important product wins in terms of product innovation and consulted with external advisers to proactively minimise our carbon footprint.

- In terms of people, we have continued to enhance our benefits package. We have provided extensive internal training programmes linked to external and transferrable qualifications for many members of our team and have launched a business-wide mentoring programme with excellent success rates.

- We worked harder than ever to ‘give back’ and support those less fortunate within our local community.

Much of our ESG agenda in FY24 has been shaped by our incredible people at Supreme. We continue to recognise that talent is one of our greatest assets, ensuring we place high value on our people. We know that listening, consulting, and communicating with our teams is critical to maintaining a dedicated, energised, and motivated workforce.

This year, Supreme’s social agenda became more centralised than ever before, as Supreme took proactive steps to combat underage vaping. We have also been a key participant of the UK Government’s ‘Swap to Stop’ scheme, helping to support adult smokers to find an affordable, sustainable, safer alternative to smoking.

### Environment

We are working hard to reduce the energy we consume, increase our volume of responsible recycling (and also encouraging the end consumer of our products to do the same), reduce the waste generated from each of our operations, and minimise the impact of packaging and distribution.

### Social

We are extremely proud of our efforts in supporting our diverse employee base and our wider community. Supreme aims to be a company where people can thrive, progress, be heard, be valued, and be proud to work for.

### Governance

We recognise the importance of maintaining the highest standards of corporate behaviour and setting the right example for others to follow. Good governance is at the core of our business and we conduct our operations with integrity, fairness, and transparency.



## Aligning our agenda to the UN Sustainable Development Goals.



We work hard to ensure that ESG is at the heart of everything we do. The Company has assessed which of the United Nations 17 Sustainable Development goals (UNSDGs) are relevant to the business and how our actions could directly and positively contribute towards these.

Ultimately, we aim to act responsibly through effective governance and by managing our social and environmental impacts appropriately throughout our operations and across our supply chains. We are focused on the following goals:

	<p><b>Responsible consumption &amp; production:</b></p>	<p>Supreme manages a socially and environmentally-conscious supply chain network, to promote effective waste management and focus on reducing its carbon footprint when it comes to sourcing and distributing product. Responsible consumption also extends to ethical sourcing with regards to social and economic conditions, particularly with respect to its Far East supply chain network.</p>
	<p><b>No poverty:</b></p>	<p>Supreme brings high-quality, branded consumer products to the mass-market at low prices, relative to the branded alternatives. Supreme is proud to give consumers access to choice when making routine purchases and its ethos is aligned to the Government’s own objectives around “levelling up”. Our price-disruptive business model means many consumers have access to products that may otherwise have been reserved for the more economically privileged, and we expect to play an integral role in mitigating the broader economic impacts of the ongoing cost-of-living crisis.</p>
	<p><b>Good health &amp; wellbeing:</b></p>	<p>The continued correlation between the falling number of smokers and the rising number of vapers in the UK is well-documented. There is widespread support for vaping as a safer alternative to smoking and as a proven method to quit smoking. There are now around 4.7 million vapers in the UK and, according to public health charity Action on Smoking &amp; Health (“ASH”), over 92% of these are either ex-smokers or dual-users (interchanging between smoking and vaping). Vaping, as an alternative to smoking, fosters a healthier, cleaner society; it reduces the harmful impacts of passive smoking and relieves smoking-related pressures on the NHS. Within Sports Nutrition &amp; Wellness, our brands of vitamins, meal replacements, and protein snack bars promote healthy active lifestyles and positive wellbeing.</p>
	<p><b>Affordable &amp; clean energy:</b></p>	<p>Focusing on the source and cost of the energy we consume in our operations has been a key strategic focus in FY24.</p>
	<p><b>Climate action:</b></p>	<p>Supreme is committed to making a proactive contribution to combat climate change and will encourage others within its network to do the same.</p>
	<p><b>Reduced inequalities:</b></p>	<p>Supreme aims to reduce inequality in all forms and remains committed to fair pay and working conditions across its business operations.</p>
	<p><b>Gender equality:</b></p>	<p>We recognise that ensuring we have appropriate male to female representation across our entire business is key to fairly retaining a balanced workforce.</p>
	<p><b>Quality education:</b></p>	<p>Supreme has a passion for nurturing talent within its organisation and providing its people with the tools and opportunities to progress professionally within the company.</p>



## We Look After Our People

### Supreme aims to be a place where people can thrive, progress, be heard, be valued and be proud to work at.

We are extremely proud of our efforts in supporting our diverse employee base and this is evidenced in our excellent track record of retaining a sought-after pool of talent. Our aim at Supreme is to foster a culture of transparency and progression, where our people can learn, develop, and actively contribute to our dynamic working environment. Equally, we want to provide a business that has a diverse and inclusive culture, where people are accepted for their differences and are treated fairly. We believe this will create an inclusive and positive working environment for all employees to thrive.

In FY24 we continued to work on our employee journey initiative, a project to improve the way we recruit, induct, reward, and engage with our teams. The following changes were made as a result:

#### Engage

In a bid to gather more insights from staff across the business, Supreme established a workers' committee with representatives from across our warehousing, manufacturing, and administrative functions and also placed suggestion boxes around the business to ensure all members of staff had an opportunity to contribute to ideas for change or anonymously feedback on more sensitive matters. Much of the change implemented below came from ideas from the workers' committee or these suggestions.

#### Recruit & induct

In FY23, the business phased out its reliance on agency staff by recruiting a dedicated recruitment manager and by investing in our 'people marketing'. In FY24, the next phase has been to launch the Supreme mentor programme to ensure a fulfilling induction process by providing comprehensive on-the-job training to new starters whilst simultaneously providing a rewarding role for our experienced members of staff, upskilling and financially rewarding those eligible. The programme has sped up our onboarding cycle by 3-4 weeks meaning that new starters are fully trained and productive more quickly. The programme has also reduced our reliance on dedicated trainers across the business. The programme began in manufacturing and is now being rolled out across warehousing and distribution.

#### Development & support

In FY24, Supreme provided more training than ever before, with record uptake levels of external qualifications ranging from forklift truck licenses, The Dangerous Substances and Explosive Atmospheres Regulations 2002 (DSEAR), food hygiene, hazard analysis and critical control point (HACCAP), and first aid. Further training was provided for fire wardens, mental health volunteers, manual handling, excel, and health & safety.

Wellbeing is a critical component of Supreme's desire to foster a supportive and inclusive culture but in FY24 the board acknowledged (after receiving feedback from staff) that receiving support from outside the business is equally important. In FY24, Supreme invited all members of staff to use the help at hand service on an unlimited basis. Help at hand provides essential services including unlimited mental health consultations and 24/7 remote GP appointments. Over a third of our workforce have used this service at least once during the year. To support financial wellbeing, we partnered with HSBC to host seminars to help staff deal with the cost-of-living crisis.

#### Reward

With competitive rates of pay (having moved the bandings above national living wage during the year) and with further investment into its benefits programme, Supreme is confident it can attract and retain talent in all roles across the business. The additional benefits added in the year include a cycle to work scheme and complimentary fresh fruit offered to all staff daily. In FY24, Supreme hosted its first company-wide Christmas party since before COVID-19.

#### Gender reporting

Promoting a diverse and inclusive culture includes having a management team that is balanced and representative of cultures and genders across the business. We are committed to increasing female representation at Supreme at a managerial level.

Employees at 31 March 2024 (392)	FY24		FY23	
	Male	Female	Male	Female
Total employees	250	142	64%	36%
Quartile 1: <£26k (FY23: <£19k)	80	18	82%	18%
Quartile 2: £26k-£27k (FY23: £22k - £25k)	27	71	28%	72%
Quartile 3: £27k-£30k (FY23: £25k - £33k)	73	25	74%	26%
Quartile 4: £30k+ (FY22: £33k+)	70	28	71%	29%
Those holding management roles	26	12	68%	32%

Median salary by gender	FY24	FY23
Total employee median	27,000	25,000
Male median	27,500	25,168
Female median	25,888	22,194
Difference	1,612	2,974
Gender pay gap %	6%	13%



## We Look After Our Local Community

### Our community work is integral to our core values and our endeavours are always warmly welcomed by our generous workforce so this will continue to be a key focus for us going forward. Our charitable endeavours remain very local and our nominated charities and associated charitable events are chosen by our staff.

In what has become a Supreme Christmas tradition, many of our team volunteered at the Toy Appeal to contribute to the packing and wrapping of Christmas presents to be sent to some of the northwest's most under-privileged children.



We continued to host bake sales and coffee mornings throughout the year raising hundreds of pounds for charity.



#### Image on left:

Once again, staff chose to swap their annual Domino's Pizza Christmas lunch to instead support HM Pasties, a charity that was set up to employ ex-offenders to make and sell handmade Cornish pasties.



#### Image on right:

Salford Baby Bank was recently chosen as our next nominated charity. Donations from our workforce of pre-loved items including prams as well as critical items for any new mum (nappies, wipes, formula, etc) were overwhelmingly generous.





## We Look After Our Environment

As a manufacturer, distributor, and brand owner, we are passionately committed to manufacturing and distribution practices that support social responsibility and environmental sustainability. We are cognisant of the environmental impact of our operations and remain committed to utilising modern technology and state-of-the-art equipment across our sites to ensure products are developed efficiently and with minimal carbon emissions.

At the start of 2023, we partnered with Arete Zero Carbon to assess our net-zero readiness. The assessment acknowledged that we had an understanding of our operational carbon footprint (scope 1 & 2 emissions) and that we were able to identify the potential sources of emissions in our value chain.

Via the screening we learnt that we could reduce 59% of our operational carbon footprint by switching to renewable electricity either via investment into onsite renewable energy (e.g. solar panels or wind turbines) and / or procuring Renewable Energy Guarantees of Origin (REGO)-approved energy.

We proceeded with both initiatives (which are proudly presented in further detail in the sustainability round-up below and overleaf) – a clear indication of Supreme’s commitment to sustainability.

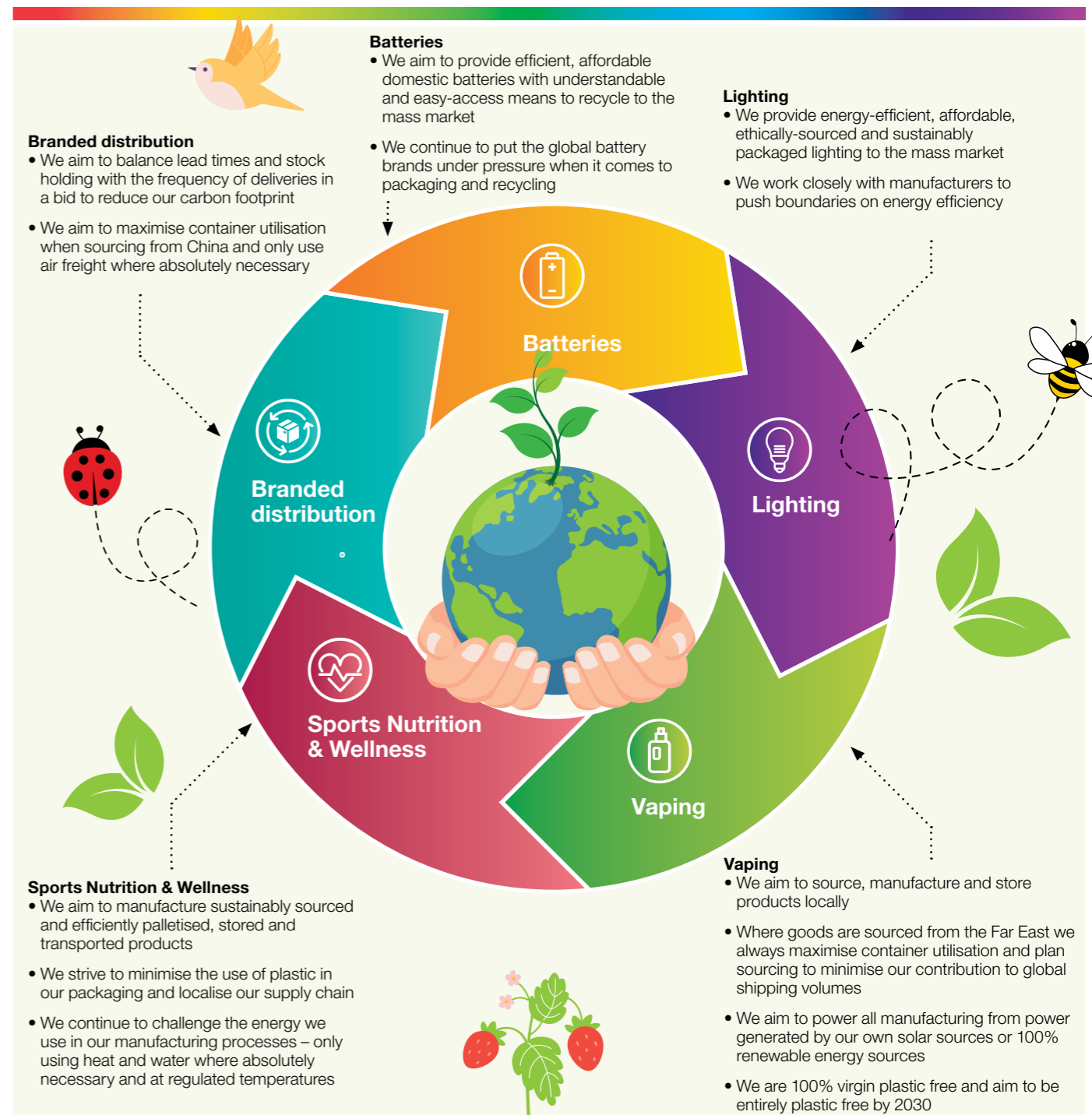
### FY24 initiatives

- The establishment of Ark, our 167,000 sq ft warehousing facility, represented a consolidation of a number of warehouses across the group in multiple locations. Operations were streamlined as a result and “shunting” between sites was significantly reduced.
- In a bid to self-power our manufacturing operations, we installed 980 individual 410w solar modules (panels) across the roofs of our manufacturing facilities in Autumn 2023, creating a 310 kWp system. Over the course of a year Supreme expects to utilise around 70% of this power generated and will sell back the surplus to the grid. The solar panels have a 3-year payback and the investment marks an important step in our commitment to sustainability.
- During the year (and at the earliest opportunity) the entire Supreme Group made a switch to 100% renewable energy (gas and electric) backed by Renewable Energy Guarantees of Origin certification (REGO).
- Electric car charging points have been installed at our two principal operating sites in Manchester.
- In our Lighting division, we have introduced the Energizer Elite range; domestic light bulbs that are expected to last 15,000 hours (i.e. 15 years) extending the cycle for replacement for the consumer. Bulbs in this category have been awarded a category E rating for energy efficiency – this represents a noteworthy differentiator versus most supermarket lightbulbs which are typically only rated F.

### Small changes that make a big difference

Alongside the big-ticket projects and investments, the team has introduced a number of smaller-scale impactful changes, including:

- The use of only recycled paper across the Group
- All printing double-sided only as standard practice
- Old laptop sales to staff
- Recycling facilities in all office and warehouse locations
- Plastic-free daily milk deliveries
- Lunch and snacks delivered to site to reduce congestion in our local area and allowing people to travel to work on public transport (no longer needing to drive out to buy lunch)
- Cycle to work scheme launched with 16 initial participants





## Principal Risks and Uncertainties

The Board is responsible for the Group's risk management and internal control systems and for reviewing their effectiveness, supported by the Audit Committee. We review our business regularly to identify and document key business risks. Once identified, risks are assessed according to their likelihood and impact of the risk, with the risk being scored between 1 (indicating very low likelihood and very low impact) up to 25 (indicating highest likelihood and greatest impact). The following pages set out the Group's principal risks as determined by the Board, the current risk score and the mitigating actions. This represents the Group's current risk profile and is not intended to be an exhaustive list of all risks and uncertainties that may arise.

### Market risks

#### 1. Risks and regulation to the Vaping market

##### Health Risk & potential impact:

Vaping is a fairly recent innovation compared to traditional cigarettes. Accordingly, there are no long-term health studies of the effect of vaping on users.

Recent reports and public bodies appear to widely support vaping as being substantially less harmful than smoking and a proven aid to cease smoking. In the UK, the eighth independent report on vaping, now commissioned by the Office for Health Improvement and Disparities in the Department of Health and Social Care and published in September 2022 concluded that, whilst 'vaping is not risk-free, particularly for people who have never smoked...in the short and medium term, vaping poses a small fraction of the risks of smoking'. However, the report also concluded that studies assessing longer term vaping are necessary.

Future reports may take a different view based on such longer-term studies. Any future research which evidences more negative health impacts on vaping may impact the vape market generally, and accordingly the Group's revenues and profits may be impacted.

##### Mitigating factors:

The UK Department of Health and Social Care's programme, announced in April 2023, of new measures to help the government meet its ambition of being smokefree by 2030 appears to reflect a continuation of the UK Government's support for vaping. So whilst a potential future risk exists if negative health impacts are discovered, current public body sentiment still appears supportive of the role of vaping in enhancing public health outcomes for smokers.

Whilst the Group continues to support this vaping strategy, the Board regularly reviews the Group's portfolio of divisions to seek to ensure there is an appropriate balance, not wholly dependant on a single division; noting that the Group's other three key divisions (Wellness & Sports Nutrition, Lighting and Batteries) delivered year on year growth in both revenues and gross margin in the financial year. Alongside an ongoing focus on accelerating organic growth and strategic cross-selling, the Group also remains committed to exploring complementary acquisition opportunities to further diversify and scale the business.

As a manufacturer of e-liquids (in particular, the Group's leading 88Vape e-liquid product), the Group maintains robust Health & Safety policies and processes to ensure the standards of its own product safety remain high.

##### Legislative and Tax Risk & potential impact:

The environmental impact of disposable single-use vaping products (which have seen significant growth in recent years) and the risks of under-age vaping have recently drawn particular public attention, and have been addressed through several proposed legislative changes affecting the vape market.

- Single-use, disposable vapes are anticipated to be banned by all UK governments and devolved parliaments with effect from 1 April 2025, using powers under the Environmental Protection Act 1990;
- The draft 2024 Tobacco and Vapes Bill is expected, amongst other matters, to provide the UK Government with the power to restrict the marketing and appeal of vape products, including restrictions on flavours, packaging and point of sale displays; and
- To discourage young people and non-smokers from vaping and to raise revenue, the UK Government has announced an intent to introduce a new excise duty on vaping products, which is expected to take effect from 1 October 2026.

The combination of some or all of these legislative changes could materially impact the vape market and vape sales generally (reported within both the Vaping and Branded Distribution categories), which could negatively impact the Group's revenues and profits. In particular, disposable vape sales have made a material contribution to the Group's revenues (£70.7 million to be exact) and profits during the financial year.

Risk rating: 25 ▲

### Market risks continued

#### 2. Volatility of raw material prices

##### Risk & potential impact:

The price and availability of certain raw materials has fluctuated in the past, and may fluctuate in the future, depending on a variety of factors, including supply conditions, government regulation, war, terrorism, labour unrest, the economic climate, exchange rates, global demand for raw materials and other unpredictable factors. Additionally, costs of third-party providers for transportation costs may increase. Any increase in the price of raw materials or transportation costs could cause delays in product deliveries, affect the availability of products and/or increase the cost of products, some or all of which Supreme may not be able to pass on to its customers and so profitability could be impacted. All of the foregoing factors could have a material adverse effect on the Group's business, revenue, financial condition, profitability, results, prospects and/or future operations. The current economic climate and global geo-political landscape dictates that the risk is still being treated as elevated.

##### Mitigating factors:

Where possible, Supreme will forward-purchase key commodities to ensure certainty of supply and transparency of future margins. Supreme has an extensive network of suppliers and the responsibility for nurturing and extending this network extends across the management team and to the Executive Board. "Shadow manufacturing" (whereby inhouse manufacturing is replicated with third party suppliers) provides alternative supply for manufactured lines if local raw material prices are temporarily cost-ineffective. In terms of price point, Supreme's product offering operates in the discount space which means in times of price inflation Supreme can in fact benefit from brand switching where consumers move to Supreme brands in favour of more expensive alternatives.

Risk rating: 6 ▼

#### 3. Third party production and supply

##### Risk & potential impact:

The Group outsources the production of some of its products to external manufacturers with appropriate expertise and capacity. A significant proportion of its battery and lighting products are manufactured in China. During the most recent financial year, the Group also commenced the supply of third party ElfBar and Lost Mary vape products, which are manufactured in and imported from China, and which have made a material contribution to the Group's revenues and profits during the financial year. The inability of third-party manufacturers to produce and dispatch orders in a timely and appropriate manner, to the required quality, or to comply with their obligations or other laws and regulations could have a negative impact on its operations and business. Likewise, any supplier failure or any decision by a supplier not to accept some or any orders from the Group could have a negative impact on operations and business. Similarly, if it expands beyond the production capacity of its current suppliers, it may not be able to find new suppliers with an appropriate level of expertise and capacity in a timely manner. If any of these risks were to develop, it could have a material adverse effect on the Group's business, revenue, financial condition, profitability, results, prospects and/or future operations. Associated to the supply chain in China is the risk of shipping – the risk of container / shipping delays, price inflation and general lack of control of a supply chain located so far away from the Group's head office in the UK.

##### Mitigating factors:

The Group does not place reliance on single manufacturers and neither do the global brands that Supreme distributes. Global brands (such as Duracell) spread their production over a small number of factories and Supreme replicates this strategy for manufacture of lighting and batteries under license. Supreme employs dedicated staff who are responsible for managing and forecasting stock levels to ensure availability isn't disrupted. More recently, Supreme has extended its network of freight forwarders and shipping agents to ensure greater choice of securing containers in a timely and cost-effective manner.

Risk rating: 6 ▶

### Strategic risks

#### 1. Dependency on key customers

##### Risk & potential impact:

The Group's customers are not contractually committed to purchase the Group's products on a long-term basis and may cease to buy or reduce their purchases of the Group's products. The Group's largest ten customers account for more than half of the Group's turnover. If any of these customers cease to buy or reduce their purchases of the Group's products, and those customers and their former levels of purchases are not replaced with new customers or increased purchasing by existing customers, then this could materially and adversely affect the Group's business, revenue, financial condition, profitability, results, prospects and/or future operations.

##### Mitigating factors:

The majority of Supreme's revenue originates in brands only sold by Supreme (either Supreme own brands, or exclusively licensed brands) which locks-in customer loyalty and Supreme has an excellent track record of retaining customers in the long term by maintaining low pricing in the market for branded consumer staples. To mitigate any risk, Supreme continues to manage its largest customers with direct and dedicated sales support, tracks customer service levels via order fulfilment KPIs as well as direct input from our Chief Executive Officer where appropriate.

Risk rating: 10 ▶





# Principal Risks and Uncertainties

continued

## Strategic risks continued

### 2. Dependency on key executives and personnel

**Risk & potential impact:**

The Group's future development and prospects depend to a significant degree on the experience, performance and continued service of its senior management team including the Board. Supreme has invested in its management team at all levels. The Board believes the senior management team is appropriately structured for the Group's size. Supreme has also entered into contractual arrangements with these individuals with the aim of securing the services of each of them. However, retention of these services or the identification of suitable replacements cannot be guaranteed. The loss of the services of any of the Board or other members of the senior management team and the cost of recruiting replacements may have a material adverse effect on the Group's business, revenue, financial condition, profitability, results, prospects and/or future operations.

**Mitigating factors:**

The Group has appropriate incentive arrangements in place for all senior management including executive management. The Group has further invested in its Board and senior management during recent financial periods, which diversifies responsibilities and reduces the reliance on individuals. The Board (and the Nominations Committee) addresses succession planning as a standing annual agenda item, to seek to ensure appropriate division of responsibilities and mitigation of key dependency risk.

Risk rating: 10 ▶

### 3. Licensing agreements

**Risk & potential impact:**

The Group has several licensing agreements in place which allow the manufacture, production and distribution of products using an external brand, notably JCB and Energizer. The Group may not be able to renew its existing license agreements and may not be able to negotiate new agreements in the future. The Group's inability to obtain renewed licensing agreements or comparable terms could have an adverse effect on the Group's business, financial condition and future operations.

**Mitigating factors:**

The licensing agreements in place have been so without change for several years. For example, the license agreement with JCB for batteries has been in place since 2009. All agreements are commercially beneficial for both parties, with pre-agreed KPIs for Supreme to adhere to in order to maintain each agreement. There is no history of existing license agreements being revoked or cancelled. Should either the JCB or Energizer license agreement be revoked or not renewed, there is a further license agreement in place with another reputable, well known hardware brand that could take the place of either of these brands in the future.

Supreme has also recently renewed its licence agreement with Energizer and Eveready for an initial period to 2030.

Risk rating: 2 ▶

## Financial risks

### 1. Exchange rate risk

**Risk & potential impact:**

Supreme conducts transactions in currencies other than Pounds Sterling, including Euro and US Dollar. The Group sets the sales prices for its products at periodic fixed intervals. If there is a significant weakening of the exchange rate between the local currency in which the revenue is generated prior to the sale and subsequent to its fixing of prices, then its expected margins may be reduced. Although Supreme seeks to manage its foreign currency risks in order to minimise any negative effects caused by exchange rate fluctuations, including by engaging in foreign exchange hedging transactions, there can be no assurance it will be able to do so successfully, and fluctuations in exchange rates could have a material adverse effect on the Group. The Board is cognisant of the fact that short-term geo-political and economic issues can quickly change, and continues to monitor and seek to mitigate the risk. The increased level of expenditure arising in the Far East (including in relation to the Group's recent appointment as a master distributor of ElfBar and Lost Mary vape products) means that this risk continues to be monitored and managed closely.

**Mitigating factors:**

When it is considered appropriate, the Group enters into forward contracts to cover the Group's US Dollar purchasing requirement for up to one year to reduce exposure to currency risk, however these may not always be effective and there may be some residual currency risk.

Risk rating: 9 ▶

## Operational risks

### 1. Material disruption in IT systems

**Risk & potential impact:**

Supreme relies to a significant degree on its IT systems to track inventory, manage its supply chain, record and process transactions, summarise results and manage its business. The failure of the IT systems to operate effectively, even for a short period of time, could adversely affect its business, revenue, financial condition, profitability, results, prospects and/or future operations. In particular, should it be required as the business expands, the implementation of new IT systems could take longer than expected, disrupt the current systems and/or incur cost overruns. In addition, the Group's IT systems may be subject to damage and/or interruption from: natural disasters; power outages; computer, network and telecommunications failures; computer viruses; security breaches; acts of war or terrorism; and usage errors by its employees. If IT systems are damaged or cease to function properly, it may have to make a significant investment to fix or replace them, and it may suffer loss of critical data and interruptions or delays in its operations. Any significant disruption in the Group's IT systems could harm its operations and reputation, and have a material adverse effect on its business, revenue, financial condition, profitability, results, prospects and/or future operations. Notwithstanding investment in its IT systems, no business or other organisation is immune to hacking and cyberattacks, and accordingly future breaches of cyber security could harm its operations and reputation, and have a material adverse effect on its business, revenue, financial condition, profitability, results, prospects and/or future operations. The warehouse management system which is used to operate the Group's distribution centre located in Trafford Park, Manchester is considered to be a business critical system. The failure of the warehouse management IT system to operate effectively, even for a short period of time, could adversely affect its business, revenue, financial condition, profitability, results, prospects and/or future operations.

**Mitigating factors:**

The Group has an experienced and dedicated IT team who are assisted by third party consultants where necessary. The Group has put in place business continuity and disaster recovery procedures in the event of failure of, or disruption or damage to, the Group's network or IT systems. Management consider the cybersecurity processes and controls to be robust whilst the new site investments in recent years have provided the group with an extensive offsite back-up storage. From a disaster recovery planning perspective, in the event the IT system fails or is unavailable for a period of time the Group has a manual operation contingency plan which in the short term would allow it to operate the distribution centre, processing and despatch system manually and fulfil the needs of retail stores, wholesale customers and other customers, although the manual operating system contingency would not be as efficient as the warehouse management IT system.

Risk rating: 15 ▶

### 2. Single site operations

**Risk & potential impact:**

The Group conducts the majority of its manufacturing (predominantly e-liquids and protein powders) at its principal site located in Trafford Park, Manchester. The Group's second key site on Trafford Park (Ark), which opened during the financial year, serves as the principal site for the Group to store and distribute product from across all its ranges. A fire, damage or other issue preventing the normal running of the Group's manufacturing facility and/or distribution centre could significantly hinder the Group and may prevent or delay the manufacture and/or distribution of its products. Given the size of the sites, their multi-faceted usage and the proportion of the Group's staff that operate from these locations, finding a replacement site within reasonable proximity may be challenging in the future. Depending on the severity of the issue concerned and regardless of the proceeds of any insurance policy which may be available, a material interruption to the Group's ability to receive and distribute products to its customers could have a material adverse effect on its business, revenue, financial condition, profitability, results, prospects and/or future operations and reputation.

**Mitigating factors:**

Business continuity plans are in place which are tested at regular intervals. Business continuity plans include spare machinery stored off-site that could be utilised should manufacturing be interrupted. The Group has also established "shadow manufacturing" for Vaping with partners that would enable the swift and cost-effective spin up of manufacturing should the requirement arise. The opening of the new 167,000 sq ft warehousing, distribution and office centre at Ark on Trafford Park has reduced the overall reliance on Beacon Road which now mainly serves as a manufacturing hub for the Group. Supreme's sites (particularly its principal sites at Trafford Park) are fully insured, physically secured, alarmed and have 24-hour security and monitoring with smoke and fire detection.

Risk rating: 15 ▶

## Regulatory risks

### 1. Health & Safety

**Risk & potential impact:**

The preservation of the health and safety of its staff, site visitors, contractors and consumers is of overarching importance to Supreme. The Group has identified a number of risks associated with the manufacture of vaping and sports nutrition and the storage and distribution of batteries, lighting and branded consumer goods, specifically the hazardous nature of some of its raw materials, chemicals and distributed lines, the dangers of the plant and machinery used in manufacturing when used improperly or without appropriate training and the hazardous nature of warehousing operations where people and vehicles operate simultaneously.

**Mitigating factors:**

The Group employs a full-time onsite Health & Safety Manager who is responsible for all Health & Safety assessments, safe systems of work, policies, inductions, training and ensures the Group complies with its statutory obligations. She reports directly to the Chief Executive Officer, has 29 years' experience as a Health and Safety Manager and is developing a positive safety culture, whilst promoting a proactive approach to health and safety throughout the whole group at Supreme. The Health & Safety Manager also consults with third party advisers as well as the Health & Safety Executive (the "HSE") to ensure the Group considers the health and safety implications in all of its operational decision-making.

Risk rating: 9 ▶



## Section 172 Statement

## The Board of Directors of Supreme consider both individually and together that they have acted in the way they consider, in good faith, would be most likely to promote the success of the Company, for the benefit of its members as a whole (having regards to the stakeholders and matters set out in section 172(1)(a-f) of the Act) in the decisions taken during the year ended 31 March 2024.

The Directors recognise that evaluating and considering the interests of its stakeholders are key to the Group's success. The Group is committed to being a responsible business and its behaviour is aligned with the expectations of its people, customers, suppliers, investors and its local community.

The Directors have, below, set out how Supreme engages with the groups identified as its key stakeholders. In addition, they have set out the key strategic decisions taken by the Board during the year and how they consulted with (or considered the impact on) stakeholders during this decision-making.

### Our people

The Group's long-term success is predicated on the commitment of our highly talented and dedicated employees and we are committed to developing and bringing through talent, whilst ensuring the Group operates as efficiently as possible. We aim to be a responsible employer in our approach to the pay and benefits our employees receive. Their health, safety and wellbeing are our primary considerations in the way we do business, and we engage with our people to ensure that we are fostering an environment that they are happy to work in and that best supports them.

### How we engage with our people

Attracting and retaining talent whilst ensuring our people are safe and happy at work continues to be a key objective for Supreme and on page 36 we have outlined how our Employee Journey initiative has progressed in FY24 which aims to improve how we recruit, induct, reward and engage with our staff. In FY24 we continued to use Yapster, our employee engagement and communication application, as our principal means of engagement with our people. During the year we have shared operational updates, championed individual successes, new product development and invited feedback on social matters such as our charitable efforts. The application can facilitate two-way communication via polls and comments enabled on posts meaning that the Board have been able to take direct feedback from our people on certain topics which helped to shape our focus on our Employee Journey initiative, contributed to the decision-making around the fit out of Ark, our new warehouse as well as other social matters. For those less interested in social media engagement, we also installed a number of traditional suggestions boxes inviting ideas for change from staff. In FY25, we will continue to use both these means to facilitate staff

engagement and we will continue to host the 2-day strategy event where the Board engages with the senior management team on all strategic matters including financial planning and product innovation. We will also explore ways in which we can measure and monitor this engagement and the value it creates.

### Our customers

Supreme's largest customers are among some of the leading retailers in the UK and are underpinned by established long-term relationships, facilitated by ongoing engagement.

### How we engage with our customers

We interact with customers daily and at multiple levels, typically through face-to-face meetings, events, and exhibitions to understand customers' needs, seek feedback and nurture collaborative working practices. Discussions with our customers include brand and category strategy and new product development.

During the year we continued to monitor like-for-like sales performance and EPOS data shared by customers on a daily basis which repeatedly triggered relevant and timely engagement with customers. This was especially important during the early launch of ElfBar and Lost Mary where EPOS data and direct feedback from retailers was used to drive our own inventory buying decisions. In FY25 we intend to foster further customer engagement when our new offices and showroom are opened which boast more meeting space and an ability to welcome and host both existing and potential new customers. We will also explore the potential investment into more formal CRM tools (customer relationship management) to formalise and measure customer engagement going forward particularly when it comes to potential new customers.

### Our suppliers

The quality of our products and ensuring we meet our high standards of conduct is heavily influenced by the suppliers we select and how we engage with them.

### How we engage with our suppliers

Supreme's global buying function and our category leaders meet regularly with our suppliers, historically via trade fairs or factory visits and audits in China, Europe and UK. Some of these audits are conducted by third parties to ensure impartial assessments and to maintain the integrity of the Group's supply chain. During FY24, we recommenced our

exhibition programme and our Far East visits after a hiatus during COVID. This enabled much more face-to-face interaction with existing and potential new suppliers which undoubtedly contributed to closer working relationships, more collaboration when it came to product and sourcing innovation and ultimately a more cost-effective supply chain. We expect to continue these efforts in FY25 which we intend to also explore ways in which we can measure and monitor this engagement and the value it creates.

### Our investors

Through open and transparent engagement with the investor community, we aim to provide information that enables investors to make informed judgements about Supreme. We review all feedback from investors which is shared with the Board.

### How we engage with our investors

Our aim is to establish a strong and supportive investor base which is closely aligned to the growth and ambitions of the Company. As well as the formal meetings for full year and interim results, trading updates and ongoing updates to our investor website, the Chief Executive Officer and Chief Finance Officer endeavour to engage with both existing or potential shareholders as and when requested, and the Chair and other non-executive directors are always available to speak to investors if required. We also continue to work closely with our existing shareholders, Broker, Nomad, and sell-side analysts to take feedback and improve the channels of communication where possible. To expand our engagement and increase financial transparency with our retail investors we continued our partnership with Equity Development during the Period. This means both existing and potential investors have access to analyst research free of charge and are invited to listen and participate in our 6 monthly trading update presentations. This ongoing engagement with investors via our Brokers or via investment forums or via direct interaction during meetings and webcasts enabled us to measure the general sentiment in respect of ongoing speculation surrounding vaping regulation which was critically influential on our strategy. In FY25, we will continue to monitor general shareholder sentiment in this way and will remain at the disposal of our investors and potential investors where possible to answer questions and help promote Supreme shares. We will also explore ways in which we can measure and monitor this engagement and the value it creates.

## How we engage





## Section 172 Statement

continued

### Principal decisions taken in the year

#### The decision to become a master distributor for ElfBar and Lost Mary

Prior to the commencement of FY24, Supreme was already a major manufacturer and supplier in the UK vape market; delivering revenues in the division of over £75m in FY23 and with over 1.3m users of its leading e-liquid product, 88Vape. The division was showing significant growth, both organically and through earnings-enhancing acquisitions, and was doing so under our ethos to support a tobacco free UK, by offering adult smokers a credible, affordable and safer alternative for nicotine consumption.

During the Period, Supreme was offered the opportunity to become a master-distributor for a leading disposable vape brand, ElfBar and its sister brand Lost Mary, an appointment which would go on to materially impact the Group's financial performance for the year.

In pursuing the opportunity, the business was required to evaluate the potential impact on a number of our stakeholders. There was an expectation that the opportunity would increase sales and profit, an outcome expected to satisfy **investors** in the Company. The creation of jobs to support those increased sales was also an anticipated outcome, benefiting **our people** and the wider community within which we operate. We expected to be able to offer **our customers** a wider range of products, and to start to support new customers, who in turn may look for support in respect of our other product ranges. We did not however formally engage with stakeholders to canvas feedback before a decision was reached. The Board did however formally consider the impact and likely reaction of all affected stakeholders.

Whilst there was some negative reporting on the environmental impact of disposable vapes and the attraction to under-age vapers, it was felt that Supreme was the type of responsible vape supplier likely best placed to navigate these challenges; as was seen by some of the proactive steps taken to combat underage vaping in particular, including narrowing and re-naming of flavours and tailoring packaging.

The Board also considered the potential short-term nature of this opportunity given the uncertainty of future legislation or how consumer preferences may change in the future. The Board considered that given there was no significant capital expenditure investment required to undertake the opportunity, this was a manageable risk.

#### The decision to undertake a share buyback programme

On 29 January 2024, the Company announced a share buyback programme under which the Company would acquire up to £1.0m worth of ordinary shares of £0.10 each in the capital of the Company. The Company had not previously undertaken a repurchase of shares since its listing on the AIM Market in 2021, and the Board was required to carefully consider the potential impact of the programme on the Group and its various stakeholders.

The Board considered that the Group's strong balance sheet and cash generation provided a viable opportunity to repurchase shares at attractive levels, taking advantage of the then current market conditions; the Company share price was perceived not to reflect the underlying value or performance of the Group.

The impact of the initiative on **our investors** was a key consideration; the decision reflected the Board's confidence in the Group's future value and its dedication to enhancing shareholder returns. There was also no change to the Company's existing dividend policy, another key factor impacting **our investors**.

The decision was also anticipated to provide **our people** and **our customers** with the confidence that the Board was committed to its continued investment in the Group's strategy. The buyback was not at a level of overall financial commitment that would affect the Group's ability to continue its growth, both organically and potentially through further acquisitions. There was no formal engagement with stakeholders in respect of this matter before a decision was reached, although as noted above, the Board did carefully consider the likely impact on the various stakeholders affected.

After careful consideration of these factors, the Board determined to proceed with the repurchase.

#### The decision to acquire the Food IQ protein facility

In January 2024, the Group made the acquisition out of administration of the assets of FoodIQ UK Holdings Limited ("Food IQ"), a protein manufacturer, for a consideration of £175,000.

The Food IQ business, as part of its contract manufacturing services, had previously provided support to Supreme's Sports Nutrition and Wellness division, offering an additional layer of manufacturing capacity for the Group's product ranges where demand required. Food IQ was a valued and respected **supplier** to the Group's business, and there was disappointment when news was received of its move into administration.

In pursuing a potential acquisition, the Board had to consider the impact on a number of the Group's stakeholders; Food IQ itself was **our supplier** and it had its own **people** for us to consider, who were at risk of redundancy. The acquisition also offered Supreme access to a purpose-built, state-of-the-art, accredited, automated contract manufacturing facility that opened only 18 months previously and cost almost £1.2m to build. The facility was expected to help Supreme meet the continued capacity requirements to manufacture protein and sports nutrition products for **our valued customers**, ensuring their demand could be met. It would also provide **our people** and **our investors** with the confidence that we were investing in the infrastructure necessary to support the growth of the business, in one of our key divisions.

After weighing these factors, the decision to proceed was a move welcomed by, amongst others, our people in the Wellness & Sports Nutrition team.

**Suzanne Smith**  
Chief Finance Officer

1 July 2024





# Corporate Governance





# Corporate Governance Report

Chair's Introduction to Corporate Governance



## Dear Shareholder,

I have pleasure in presenting Supreme Plc's Corporate Governance Statement for the year ended 31 March 2024. As a Board we recognise the value and importance of good corporate governance and are fully aware of our duties and responsibilities to the Group's stakeholders.

In this section of the Annual Report we set out our approach to governance and seek to provide shareholders and stakeholders with a clear understanding of how we discharge our governance duties and apply the principles of good governance set down in the 2018 Quoted Companies Alliance Corporate Governance Code. The Company will continue to adhere to the QCA Code following its update in 2023 (applicable to financial years commencing 1 April 2024) and will report under the new format of the code in respect of the Company's next financial year, to 31 March 2025.

As Chair of the Board, I am responsible for implementing corporate governance at Supreme, working with the other members of the Board and the Company Secretary. I am also a member of each Board committee. I chair meetings of the Board and am responsible for ensuring appropriate focus on the Group's strategy, business model and delivery against strategic objectives.

**Paul McDonald**  
Non-Executive Chair

## Compliance statement

The Company is listed on the AIM Market of the London Stock Exchange. The Company has adopted the Quoted Companies Alliance Corporate Governance Code as updated in 2023 ('QCA Code'). The Board believes that the QCA Code provides the most appropriate governance framework for a company of Supreme Plc's size and nature. The Board acknowledges the importance of the QCA Code principles and keeps under review its systems, policies and procedures that support the Company's governance practices. On pages 54 to 55 is a description of the principles of the QCA Code, together with an explanation of how these are applied by the Company.

## The board – composition and role

The Board is comprised of two Executive Directors and three Non-Executive Directors reflecting a blend of different experience and knowledge and ensuring that the Board is comprised of appropriately skilled and capable individuals who have the ability to effectively scrutinise strategy and performance.

The names, biographical details and Committee membership of the current Board members are set out on pages 52 to 53 of this report.

The Board, led by the Chair, sets the Group's values and standards and is ultimately accountable for the Group's strategy, risk management and performance. The Board is responsible for ensuring that the medium to long-term benefits to shareholders and other stakeholders, including employees, suppliers, customers and the community, are nurtured and protected.

## Operation of the board

The Executive Directors are responsible for business operations and for ensuring that the necessary resources are in place to fulfil the Group's strategy. The Executive Directors are also accountable to the Board for the Group's financial and operational performance. The Non-Executive Directors provide constructive challenge to management; provide assistance in the development of strategy and in ensuring that risk management systems are robust and defensible.

The Chair, assisted by the Company Secretary, ensures that the Directors receive relevant, up to date and accurate information. The Executive Directors, internal members of staff, advisers and consultants provide reports to the Board that are circulated in advance of each Board meeting which focus on material operational and strategic matters.

There is a formal schedule of matters in place reserved for the Board's decision which is monitored by the Company Secretary and reviewed annually to ensure that it remains current when viewed against the size and growth of the Group and the developments within the sectors that the Group operates within. The Board delegates matters concerning management of the business of the Group that is not reserved to the Board, to the Executive Directors.

The Company Secretary supports the Board with compliance and governance matters. All Directors are aware of their right to have any concerns recorded in the Board minutes, to raise questions regarding ongoing governance requirements and to receive independent advice on such matters.

## Board committees

The Board has established an:

- Audit Committee;
- Nomination Committee; and
- Remuneration Committee.

The report of the Audit Committee can be found on page 56 and the report of the Remuneration Committee on pages 57 to 60.

Each Committee operates under clear terms of reference which are reviewed annually.

## Audit committee

The Audit Committee's main responsibilities are to review audit activity, monitor the integrity of the Group's financial statements and to monitor the effectiveness of risk management and internal controls.

## Nomination committee

The Nomination Committee's main responsibilities are recruitment to the Board and succession planning to ensure that the Board is balanced and comprises the appropriate skillsets.

The Nomination Committee met once during the year.

## Nomination committee activity

During the year the Committee has focused its work on the following:

- Review and consideration of the structure and composition of the Board and its Committees. The Committee believes that the Board has the necessary balance of skills, knowledge and experience for its current needs. The Committee believes that the Directors are able to provide sufficient time to fulfil their duties;
- long-term succession planning, and the need to identify and develop talent both within the Group and from the wider market; and
- The annual evaluation of the Board's and Board Committees' effectiveness.

## Remuneration committee

The Remuneration Committee is responsible for determining all elements of remuneration for the Executive Directors and for reviewing the appropriateness and relevance of the remuneration policy in operation across the Group.

## Board & committee meetings

The Board met 7 times in the year. This included 6 scheduled meetings during the year, at which it considered all matters of a routine and strategic nature as per its adopted annual programme. Additional meetings were scheduled as and when required to address issue specific matters arising, such as corporate administration. Key activities covered (by the Board itself or via the Board committees) included:

- monitoring and review of the financial performance of the Group on an ongoing basis including acquisitions and significant projects;
- review of the interim and annual results including supplementary papers;
- review of the effectiveness of the Group's internal financial controls, general internal controls and risk management systems;
- overseeing the relationship with the external auditor;
- approval of the strategy, plans and budget;
- review of the Group's principal risks including assessing the Board's risk appetite; and
- approval of annual bonus targets for the following financial year.

For all Board meetings there is a clear agenda supported by written reports and presentations from Executive Directors, internal members of staff as well as external advisers (as necessitated).

The Board also holds strategy days to refresh the Group's strategy and growth focus as deemed necessary. The last strategy day was held by the Board in March 2024.

The table below details the Directors' attendance at Board and Committee meetings in the financial year 2023/2024 along with the maximum number of meetings that it was possible to attend:

Director	Board	Audit Committee	Remuneration Committee	Nominations Committee
<b>Paul McDonald</b>	7 (7)	3 (3)	3 (3)	1 (1)
<b>Simon Lord</b>	7 (7)	3 (3)	3 (3)	1 (1)
<b>Mark Cashmore</b>	7 (7)	3 (3)	3 (3)	1 (1)
<b>Sandy Chadha</b>	7 (7)	n/a	n/a	n/a
<b>Suzanne Smith</b>	7 (7)	n/a	n/a	n/a

## Board effectiveness

The Board has established a process for the evaluation of the performance of the Board, its Committees and individual Directors on an annual basis. This process is led by the Senior Non-Executive Director, Mark Cashmore.

This year the evaluation was conducted internally and included an assessment and review of the Board's performance, the balance of Board members' respective skills and experience, relations between Executive Directors and Non-Executive Directors and the overall workings of the Board and its Committees, and the identification of any applicable areas for improvement.

The scope of the evaluation was broadened for this financial year to involve, and to receive feedback from, additional internal and external stakeholders in the business, including the Group's divisional heads and certain of the Group's external advisers, including brokers. Taking into account the QCA Code guidance, the Board recognised the benefit of gathering the views of a variety of internal and external stakeholders, to ensure that the exercise was not only inward-looking.

## Development

The Company Secretary's responsibilities include ensuring that all Directors are kept up to date in respect of corporate governance best practice and changes to relevant legislation and regulation, with the assistance of the Group's advisers where appropriate.

## Conflicts of interest

At each meeting the Board considers Directors' conflicts of interest. The Company's Articles of Association ("Articles") provide for the Board to authorise any actual or potential conflicts of interest.

## Shareholder engagement

Communication with institutional shareholders is maintained through individual meetings with Executive Directors and webinars hosted by the Executive Directors, particularly following publication of the Company's interim and full year preliminary results. The Board is kept informed of shareholder views as part of the regular reporting processes in place.

The Board recognises the annual general meeting as an important opportunity for communication with both institutional and private shareholders. Shareholders may ask questions of the full Board, including the Chairs of the Audit, Remuneration and Nomination Committees.



# Board of Directors

- N** Nominations Committee
- A** Audit Committee
- R** Remuneration Committee
- \*** Indicates Chair



**Paul McDonald**  
Non-executive Chair



**Sandy Chadha**  
Chief Executive Officer



**Suzanne Smith**  
Chief Finance Officer



**Mark Cashmore**  
Independent Non-Executive Director



**Simon Lord**  
Independent Non-Executive Director

Paul joined B&M as Finance Director in 2011 and continued as Chief Financial Officer through the IPO of B&M in 2014 until he retired from the Board in November 2020. During his tenure at the UK's leading variety goods value retailer, revenue and EBITDA at B&M grew from £764 million and £62.8 million in 2012, to £3.8 billion and £342 million in 2020, respectively. Paul has over 25 years of experience in the discount retail sector having held senior roles at Littlewoods, Ethel Austin and TJ Hughes. Paul was educated at Leeds University and is a Fellow of the Association of Chartered Certified Accountants.

Sandy joined the business from school and has been involved in the management of Supreme since 1988. Sandy has grown the Group from a revenue of approximately £1 million to a revenue of approximately £221 million for the year ended 31st March 2024. He has been responsible for establishing the business in its current form including the entry into batteries, the substantial growth in the business since 2008, leveraging customer relationships to create the lighting category, and identifying the opportunity to develop a market-leading vaping business and a sports nutrition and wellness business.

Suzanne joined Supreme in August 2020 having spent 15 years in high growth businesses with varied corporate structures, spanning manufacturing, distribution, and software, including 4imprint Group Plc, Brand Addition (now The Pebble Group Plc) and Fourth Limited. Suzanne was part of the management team that led Fourth Limited through its sale to Insight Venture Partners in 2016 and then to Marlin Equity Partners in 2019, during which time the business experienced significant organic and investment-led growth and geographical expansion. Suzanne is a Chartered Accountant having qualified at Pricewaterhouse Coopers in Audit and Corporate Finance.

Mark served from 2006 and 2018 as the Group Chief Executive Officer at Connect Group Plc (previously called Smiths News Plc), a London Stock Exchange main market listed specialist distribution group that demerged from WH Smith Plc in 2006 and which operated mainly in the business-to-business market focused on serving high volume, time sensitive early morning deliveries and the demands of mixed and irregular freight. From 1999 to 2006 he served variously as Managing Director, Commercial Director, Sales Director, and Sales and Marketing Controller of Smiths News. Prior to his appointment at Smiths News, he held senior positions in several news distribution businesses, including United Magazine Distribution Limited, USM and Seymour Distribution Limited.

Simon is a corporate finance and mergers and acquisition specialist with over 20 years' experience leading transactions in a variety of sectors including tech-enabled support services and Industrials. He has significant private equity experience and has acted for both buyers and sellers on behalf of financial institutions and owner managers. He is currently a Managing Partner at Arete Capital Partners LLP, a multi-family office investment business based in Manchester. Prior to his 16 years as a Managing Director and Head of the Manchester office for GCA Altium Limited, he was a Corporate Finance Director at Clearwater International Limited for six years. He qualified as a Chartered Accountant in 1997.

**N A R**

Meetings attended:	
Board Meetings:	7/7
Nominations Committee Meetings:	1/1
Audit Committee Meetings:	3/3
Remuneration Committee Meetings:	3/3

Meetings attended:	
Board Meetings:	7/7

Meetings attended:	
Board Meetings:	7/7

**N\* A R\***

Meetings attended:	
Board Meetings:	7/7
Nominations Committee Meetings:	1/1
Audit Committee Meetings:	3/3
Remuneration Committee Meetings:	3/3

**N A\* R**

Meetings attended:	
Board Meetings:	7/7
Nominations Committee Meetings:	1/1
Audit Committee Meetings:	3/3
Remuneration Committee Meetings:	3/3



## Corporate Governance Report

### QCA Corporate Governance Code

#### Compliance Statement

##### **Principle 1: Establish a strategy and business model which promote long-term value for shareholders**

The Board has a clear strategy for delivering long-term shareholder value.

Supreme is committed to being the UK's leading distributor of fast-moving consumer goods, delivering well-known brands at attractive prices with honesty and exceeding expectations at all times. This will enable our customers to achieve high margins per square foot in their outlets for our products. Our team are recognised as passionate, professional and motivated in the industry. We will continue to develop our people by building on our success in a challenging and learning environment.

The Company's strategy is to continue its profitable growth in the following ways:

- expand our international footprint through existing customer relationships and strategic acquisitions;
- further leverage cross-selling opportunities to expand our customer footprint and average revenue per customer;
- continue to explore and develop new products verticals that complements Supreme's customer base, focused on a high quality and good value consumer proposition;
- increase manufacturing efficiencies through further economies of scale and bringing the manufacture of certain products in-house;
- continue to explore and execute on complementary earnings enhancing acquisitions; and
- enhance online distribution and services to further grow our B2B and D2C sales channels.

Further details of the Group's strategy and business model are set out in the Strategic Report (on pages 2 to 44 of this report).

The Board holds at least one strategy session each year and the last strategy session was held in March 2024.

##### **Principle 2: Seek to understand and meet shareholder needs and expectations**

An active dialogue has been maintained with shareholders during the year through an investor relations programme. This activity is a keystone of the Company's corporate communications programme and is headed by the Chief Executive Officer and Chief Financial Officer of the Group.

The Company has engaged advisers to support the Group Finance team with both the presentation of key information to the market and to provide feedback directly to the Board from investor meetings, webinars, and events. The Board is kept updated on investor sentiment via reports of the Chief Executive Officer and Chief Financial Officer at Board meetings.

There is also a designated email address for Investor Relations, [investors@supreme.co.uk](mailto:investors@supreme.co.uk), and all contact details are included on the Company's website.

The CEO and CFO will regularly meet with shareholders and analysts following the release of key information (including financial information) to the market, as occurred at the recent final results, and the Chair is also available to meet with major shareholders as required. All members of the Board are available to answer questions by contacting [investors@supreme.co.uk](mailto:investors@supreme.co.uk).

The Company's annual general meeting also provides an important opportunity for communication with both institutional and private shareholders. The Company's nominated broker also sources investor feedback.

##### **Principle 3: Take into account wider stakeholder and social responsibilities and their implications for long-term success**

We recognise that we are responsible not only to our shareholders and employees, but to a wider group of stakeholders (including our customers and suppliers) and the communities in which we operate.

The Company is committed to the highest standards of corporate social responsibility. The Company's key stakeholder groups are:

- Employees
- Shareholders (both institutional and private)
- Customers
- Suppliers

Further details on how the Company engages with these key stakeholder groups are detailed in our Section 172 Statement on pages 44 to 47.

##### **Social responsibility**

The Company collaborates with all stakeholders including its customers and suppliers to ensure the integrity and reputation of the brands it works with. The Directors consider it important to ensure that the Company's environmental impact is minimised. Over the medium term, the Company will strive to enhance its environmental and social reporting to provide investors and the wider public with further transparency on the Company's commitment to positive environmental and social impact.

Further details on the Group's ESG standards and reporting are set out on pages 34 to 39 of this report.

##### **Principle 4: Embed effective risk management, considering both opportunities and threats, throughout the organisation**

The Board uses a considered approach to risk management with the need to accept a certain level of strategic risk to achieve its objectives of capital growth for shareholders. Key risks facing the business along with the monitoring processes and mitigating actions in place are set out on pages 40 to 43 of this report.

The Company has in place a risk management framework and risk register which assists the Board in identifying, assessing, and mitigating the risks faced by the Company to an acceptable level. This covers:

- The Board's appetite to risk,
- The responsibility for internal control,
- The Board process for the review of processes and controls,
- Risk responsibility, mitigating actions and monitoring processes in place.

##### **Principle 5: Maintain the Board as a well-functioning, balanced team led by the chair**

The Board includes a balance of executive and non-executive directors, with three non-executive directors and two executive directors. The Board is managed by the Chair and the role of Chair and Chief Executive are distinct. The Board's activities are supported by Nomination, Audit and Remuneration Committees. The Board and its committees receive high quality, accurate and timely information on a regular basis (daily, weekly, or monthly as appropriate). The Board meets at least six times per year. All the Directors have appropriate skills and experience for the roles they perform at the Company, including as members of Board Committees. Biographical details of the Directors are set out on pages 52 to 53 of this report. Each Director is subject to re-election at least every three years.

The Company is satisfied that the current Board is sufficiently resourced to discharge its governance obligations on behalf of all stakeholders and will consider the requirement for additional non-executive directors as the Company fulfils its growth objectives.

The Board believes that the three non-executive directors are independent, with Mark Cashmore fulfilling the role of Senior Independent Director.

Given the size of the respective holdings, the Board do not consider the shareholdings of the non-executive directors in the Company or Paul McDonald's shareholding in B&M (a major customer of the Supreme Group) compromise their independence, and remain confident that each non-executive director is independent in character and judgement.

##### **Principle 6: Ensure that between them the directors have the necessary up-to-date experience, skills, and capabilities**

The Board is represented by an appropriately diverse mix of individuals, given its size. Experiences are varied and contribute to maintaining a balanced board that has the appropriate level and range of skills to push the Company forward. Details of the skills and experience of the Directors are set out on pages 52 to 53 of this report as well as on the website. The Board is not dominated by any one individual and all Directors have the ability to challenge proposals put forward to the meeting and decisions are reached democratically.

The Board and Committees receive training as appropriate, including regulatory updates pertaining to the sectors in which Supreme operates, particularly for battery and vape regulations. The balance of skills of the Board and performance of individual Directors was reviewed as part of the Board evaluation process. The Board also has access to professional advisers at the Company's expense if necessary and the Directors receive regular briefings and updates from the Company's Nominated Adviser in respect of continued compliance with, inter alia, the AIM Rules.

The Company's statement on its Audit, Remuneration and Nomination Committees can be found on its website.

##### **Principle 7: Evaluate board performance based on clear and relevant objectives, seeking continuous improvement**

In line with its commitment to perform a formal evaluation, the Board performed an internal formal evaluation of its performance in April/May 2024.

The review comprised of:

- The completion of an anonymous questionnaire by all Board members that was formulated to assess the Board's performance. The questionnaire was expanded for the current financial year, to include more Company specific considerations;
- A supplemental interview for each Director with the Company Secretary to facilitate any additional feedback, outside the original remit of the questionnaire;
- An additional inclusion for this financial year, the Group's divisional heads, as well as certain external stakeholders, including the Company's brokers and nomad, also completed a questionnaire to provide additional feedback and perspective for the review; and
- A Board discussion facilitated by the Company Secretary on the outputs of the questionnaire.

The process identified some areas for development and recommendations to be progressed in 2024, including:

1. Continued progress on succession planning at both Board and senior management level;
2. A focus on potential areas of improvement on communications, both within the Group with employees, and externally with investors; and
3. enhancing training and personal development opportunities for management.

##### **Principle 8: Promote a corporate culture that is based on ethical values and behaviours**

The Company recognises its responsibility towards its employees and other stakeholders. The Board seeks to promote an ethical corporate culture and maintains oversight through management reporting. The Group maintains a Code of Conduct for employees, with any areas of material non-compliance reported to the Board.

The Group's policies (including Whistleblowing and Anti-bribery) set out its zero tolerance approach towards any form of discrimination or unethical behaviour relating to bribery, corruption, or business conduct. The Group's Modern Slavery Act 2015 Statement is available at: [www.supreme.co.uk/msaht/](http://www.supreme.co.uk/msaht/).

Details of the Group's ESG standards and reporting are set out on pages 34 to 39 of this report.

##### **Principle 9: Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board**

The Board has a formal schedule of matters reserved for its attention, including approval of strategic plans and acquisitions and meets at least six times per year.

The role of each member of the Board is clearly defined. The Chair is responsible for the operation of the Board. The Chief Executive Officer is responsible for proposing the strategic direction of the Board and implementing the strategy once approved. The Chief Financial Officer is responsible for all financial matters and engagement with shareholders. Board roles can be found on the Corporate Governance section of the website and set out on pages 50 to 53 of this report.

The Board is supported by the Audit, Remuneration and Nomination Committees in discharging its responsibilities. Each of the Committees has access to information and external advice, as necessary, to enable the Committee to fulfil its duties.

The Audit Committee has primary responsibility for monitoring the quality of internal controls to ensure that the financial performance of the Company is properly measured and reported.

The Remuneration Committee reviews the performance of the executive directors, Chair of the Board and senior management of the Company and make recommendations to the Board on matters relating to their remuneration and terms of service.

The Nomination Committee will lead the process for Board appointments and make recommendations to the Board.

##### **Principle 10: Communicate how the company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders**

The Company communicates with its shareholders through:

- the Annual Report and Accounts;
- half-year report announcements;
- Regulatory News Service ("RNS") announcements;
- the Annual General Meeting ("AGM"); and
- one-to-one meetings with large existing or potential new shareholders.

As outlined in principle 2, the Company maintains an active dialogue with its shareholders through a planned programme of investor relations. A range of Company information is included on the website ([www.investors.supreme.co.uk](http://www.investors.supreme.co.uk)) and further information can be requested from [investors@supreme.co.uk](mailto:investors@supreme.co.uk).



## Audit Committee Report

### Dear Shareholder,

I am pleased to present the Audit Committee Report for the year ended 31 March 2024.

### Composition and experience of the Audit Committee

The Audit Committee is chaired by me as a Non-Executive Director and consists of all three Non-Executive Directors (Paul McDonald, Mark Cashmore and myself). Paul McDonald is a Fellow of the Certified Association of Accountants whilst I am a member of the Institute of Chartered Accountants in England and Wales. Further details of the Committee members, and their respective experience can be found on pages 52 to 53. The Board is satisfied that the Committee members are sufficiently competent in financial matters, in addition to having considerable industry experience in senior financial and operational roles.

### Responsibilities

The responsibilities of the Audit Committee are defined by the Terms of Reference of the Audit Committee (an overview of which is available on the Company's website). These responsibilities include:

- primary responsibility of monitoring the quality of internal controls and reviewing the Company's risks;
- monitoring the integrity of the Group's financial statements and the external announcements of the Group's results to ensure that the financial performance of the Group is properly measured and reported on; and
- receiving and reviewing reports from the Group's management and external auditors relating to the interim and annual accounts and the accounting and internal control systems in use throughout the Group.

### Meetings

The Committee met formally three times in the year including once at the planning stage prior to the external audit and had full attendance. Although not members of the Audit Committee, the Chief Financial Officer, the Company Secretary, and representatives of BDO LLP ("BDO"), our external auditor, also attended meetings by invitation. Attendance at Committee meetings during the year can be found on page 51.

In addition, the Committee had discussions with the external auditor without executive management present to discuss the audit's remit and any issues arising.

### Evaluation of the effectiveness of the Audit Committee

To ensure that it is operating at maximum effectiveness the Committee used the output of the formal Group Board Effectiveness review carried out in April and May 2024 to review and evaluate its own performance, constitution and Terms of Reference. It concluded that the Committee was operating effectively and no changes were required to be recommended to the Group Board.

### External audit

The Audit Committee has responsibility for the appointment and remuneration of the Group's external auditors and satisfying itself that they maintain their independence regardless of any non-audit work performed by them. The Group has been monitoring the updated Ethical Standard guidance governing the performance of non-audit work by the auditors regarding the provision of such services. The total fees payable to the external auditors in respect of the year under review amount to £220,000 (2023: £170,000) of which £nil (2023: £nil) related to non-audit services.

The respective responsibilities of the Directors and external independent auditors in connection with the Group financial statements are explained in the Directors' Responsibilities on page 51 and the Independent Auditors' Report on pages 68 to 72.

One of the principal duties of the Audit Committee is to make recommendations to the Board in relation to the appointment of the external auditors. BDO have been the Company's external auditors for 10 years and the Audit Committee has recommended their continued appointment for the current financial year.

### Internal control and risk management

The Audit Committee supports the Board in reviewing the risk management methodology and the effectiveness of internal controls. Regular internal control updates are provided to the Audit Committee; these include reviewing and updating the risk register and assessing the mitigating actions in place and updates to action plans agreed in previous meetings.

The Committee discussed and reviewed the Group's risk register during the financial year. The risk register was updated to reflect the assessment of risks to the Group. The Committee was satisfied that all risks and opportunities had been appropriately identified. The Risk Management section of the Strategic Report on pages 40 to 43 sets out further details.

### Significant matters considered in relation to the financial statements

At the request of the Board, the Audit Committee considered whether the 2024 Annual report and Accounts were fair, balanced and understandable and whether they provided the necessary information for shareholders to assess the Group's performance, business model and strategy. The Committee was satisfied that, taken as a whole, the 2024 Annual Report and Accounts is fair, balanced and understandable.

The Audit Committee assesses whether suitable accounting policies have been adopted and whether appropriate estimates and judgements have been made by management. The Committee also reviews accounting papers prepared by management, and reviews reports by the external auditors. The specific areas reviewed by the Committee during the year are listed below and the Audit Committee concluded that the policies adopted were appropriate:

- revenue recognition, in particular direct shipments, cut-off and rebates;
- the appropriateness of the carrying value of goodwill, intangibles and investments;
- stock valuation, in particular weighted average cost methodology and level of stock provision;
- assessment of going concern; and
- IFRS 16.

### Internal Audit

At present the Group does not have an internal audit function. The Committee reviewed the need for an internal audit function during the year and was satisfied that having no internal audit function is appropriate given the size and nature of the Group's business and belief that management is able to derive assurance as to the adequacy and effectiveness of internal controls and risk management procedures without a formal internal audit function. This will be kept under review as the business grows in size and breadth.

### Simon Lord

Chair of the Audit Committee

## Statement from the Chair of the Remuneration Committee

### Dear Shareholder

I am pleased to present the Company's remuneration report for the financial year ended 31 March 2024.

The Remuneration Committee is committed to complying with robust corporate governance in relation to the Directors' remuneration policy and as such, the Company adopts the corporate governance code published by the Quoted Companies Alliance (the "QCA Code"). The Remuneration Committee is satisfied it has met the standards set by the QCA Code.

### Main responsibilities

The Committee's main responsibilities are:

- to determine the framework and broad policy for setting remuneration for the Chief Executive and all executive directors;
- to attract, retain and motivate executive management of the quality required to run the Company successfully without paying more than is necessary, having regard to views of shareholders and other stakeholders;
- to review the establishment of all share incentive plans for approval by the Board and shareholders and determine each year whether awards will be made, and if so, the overall amount of such awards and the individual awards per person to executive directors and other senior management; and
- to produce an annual report on the Company's remuneration policy.

### FY24 remuneration and incentive outcomes

The remuneration package for the CEO was reviewed during the Period and following a market benchmarking exercise, as well as performance and development in role, the Committee determined that Sandy Chadha would receive a salary increase from £287,500 to £325,000, effective from 1 April 2023. In this context, the Committee felt that this salary increase was appropriate and the resultant salary was not excessive when compared with market levels for similar sized businesses and experience.

As reported in last year's Directors' Remuneration Report, Executive Directors were able to earn up to 100% of salary subject to the achievement of stretching bonus targets for FY24, against Adjusted EBITDA, strategic and personal objectives, with majority weighting (70%) on Adjusted EBITDA.

The Financial performance of the business was strong during the year, delivering an Adjusted EBITDA figure of £38.1m. This results in a 100% payout under the Adjusted EBITDA element of the annual bonus. Similarly, the business made strong progress against many of the key strategic and personal objectives set at the start of the year; namely operational effectiveness, continued efforts in respect of M&A and cash-flow management. As such, the Committee determined that the formulaic outcomes were appropriate, resulting in a bonus payout of 100% of maximum for the CEO and CFO respectively.

Similar to the review undertaken for the CEO, the Board reviewed the Chairman's fee for the first time since IPO in 2021. Recognising the increased time commitments of the Chairman, as well as market benchmarking undertaken by our advisors, it was determined that his annual fee would be increased to £80,000, effective from 1 September 2023.

### FY25 remuneration decisions

The Committee commissioned a review of the remuneration arrangements with its remuneration advisers for the Executive Directors and key senior management, considering various factors including the business strategy; the external operating environment; data on market practices regarding executive compensation and the overall need to retain and incentivise an exceptional management team.

The outcome of this review identified that the existing LTIP framework was no longer an appropriate structure to retain and incentivise management, primarily due to the difficulty in setting meaningful and challenging targets over the long term. As such, the Committee is proposing to simplify the existing annual bonus and LTIP into a single incentive plan - the Supreme Incentive Plan. The Incentive plan is expected to measure performance over a one-year period, providing clearer line of sight for participants and operating as a more effective retention tool, while maintaining a strong link to shareholder value creation through the deferral into shares.

### Summary

The Committee believes that the remuneration arrangements are in the best interests of the Company and are appropriately aligned to strategic goals, delivering shareholder value and supporting the long-term success of the business.

The Remuneration Committee takes the views of its shareholders seriously and intends to maintain an open dialogue to seek their views. I am always happy to hear from the Company's shareholders and you can contact me via the Company Secretary if you have any questions on this Report or more generally in relation to the Company's remuneration.

### Mark Cashmore

Chair of the Remuneration Committee



## Directors' Remuneration Report

### Summary of remuneration policy

In setting the remuneration arrangements, the Remuneration Committee takes into account:

- The responsibilities of each individual's role and their experience and performance as well as the material shareholding of the CEO;
- The design of remuneration policies and practices to support strategy and promote long-term sustainable success, with executive remuneration aligned to the Company's purpose and values, clearly linked to the successful delivery of the Company's long-term strategy;
- The need to attract, retain and motivate executive directors and senior management, ensuring an appropriate mix between fixed and variable pay;
- The pay and benefits arrangements elsewhere in the Group, and in the sector;
- The periodic external benchmarking to consider market conditions, and remuneration practices for roles of a similar size and complexity; and
- The need to align the overall reward arrangements with the Company's strategy, both in the short and long-term.

A summary of the remuneration arrangements applicable to remuneration in FY24 is set out below for reference to assist with the understanding of the contents of this report and to demonstrate alignment with strategy.

Purpose and link to strategy	Operation	Maximum Potential Value	Performance metrics used, weighting and time period applicable
<b>Base salary</b> Provides a base level of remuneration to support recruitment and retention of executive directors with the necessary experience and expertise to deliver the Company's strategy.	Salaries are reviewed at the discretion of the Committee.	Base salaries will be set by the Committee at an appropriate level, with consideration given to comparable listed companies, experience in role and the Company's performance.	None
<b>Benefits and pension</b> Provides a competitive level of benefits and pension.	The executive directors receive benefits which includes private medical insurance.  Further benefits may also be provided for relocation following the appointment of new executives.	Pension contributions are paid on behalf of the executive directors.  The maximum value of other benefits will be set at the cost of providing the benefits described.	None
<b>Supreme Incentive Plan</b>	Performance is measured annually against a range of pre-determined performance conditions. Outcomes are determined by the Committee after the year end based on performance against these targets.  All payments are at the ultimate discretion of the Committee and the Committee retains an overriding ability to ensure that overall bonus payments reflect its view of corporate performance during the year.  Up to 50% of awards are paid in cash after the end of the financial year to which they relate, with the remainder delivered in shares vesting over a 3 year period.	The maximum normal opportunity is currently 200% of base salary.	Performance is measured over the financial year.  Targets are set annually by the Committee.  Performance metrics may include: • Adjusted EBITDA; • strategic/personal targets  The Remuneration Committee has discretion to use other metrics as required.
<b>Long-term incentive plans ('LTIP') - Legacy</b> The LTIP provides a significant incentive to the executive directors linked to achievement in delivering longer term strategic goals, including sustained financial performance. Maximum awards are only payable for achieving demanding targets.  It is anticipated that no further awards will be made under this scheme as this has been replaced by the Supreme Incentive Plan.	<b>CEO award</b> One off award to CEO in the form of nil cost options measured over three and five years.  <b>CFO award</b> Annual LTIP awards are made using nominal cost share options.  Performance is measured over three financial years against a range of pre-determined performance conditions	<b>CEO award</b> The CEO award was in two tranches, each equal to 2.5% of issued share capital.  The normal maximum LTIP award is 100% of base salary.	<b>CEO award</b> Tranche 1 – did not meet the performance condition and therefore lapsed.  Tranche 2 – vests after 5 years if TSR is 200% or greater over the period since IPO.  <b>CFO award</b> Performance is measured over a minimum three-year performance period.  Targets are set for each performance period by the Committee.  Performance metrics for the awards are based on total shareholder return (TSR) and Earnings Per Share (EPS).
<b>Non-executive director fees</b> Provides a level of fees to support recruitment and retention of non-executive directors with the necessary experience to advise and assist with establishing and monitoring the Company's strategic objectives.	Non-executive directors are paid a base fee.  Fees are reviewed from time to time at the Remuneration Committee's discretion based on equivalent roles in an appropriate comparator group also used to review salaries paid to the executive directors.	The base fees for non-executive directors are set at a market rate. No additional fees are awarded for committee chairmanship or membership.	None

Malus provisions for the Supreme Incentive Plan apply for the duration of the performance period and to deferred awards, allowing the Committee to reduce to zero any in-year or deferred awards. Clawback provisions apply to amounts paid following the performance period for years following payment, allowing the Committee to claim back all or part of any amount paid.

### Annual Report on Remuneration

#### Executive director remuneration (Audited)

The table below sets out the total remuneration with a breakdown for each executive director in respect of the 2024 financial year. Comparative figures for the 2023 financial year have also been provided.

	Base salary <sup>1</sup>		Benefits <sup>2</sup>		Annual Bonus		Pension		Other		Total	
	2024 £'000	2023 £'000	2024 £'000	2023 £'000	2024 £'000	2023 £'000	2024 £'000	2023 £'000	2024 £'000	2023 £'000	2024 £'000	2023 £'000
Sandy Chadha	£325,000	£143,500	£1,735	£1,693	£325,000	£86,250	£1,321	£660	–	–	£653,056	£232,103
Suzanne Smith	£175,000	£175,000	£1,000	£988	£175,000	£52,500	£1,321	£1,321	–	–	£352,321	£229,809

1. Annual base salary for Sandy Chadha was £325,000 and Suzanne Smith was £175,000. During 2023, Sandy Chadha decided to waive his salary entitlement for the last 7 months of the year in order to finance the accelerated and increased pay-rises to support the wider workforce in response to the cost of living crisis.

2. The taxable benefits received in 2023 and 2024 were private medical insurance.

#### Non-executive directors (Audited)

The table below sets out the total remuneration and breakdown for each non-executive director.

	Fees <sup>1</sup>		Total	
	2024 £'000	2023 £'000	2024 £'000	2023 £'000
Mark Cashmore	£40,000	£40,000	£40,000	£40,000
Simon Lord	£45,000	£45,000	£45,000	£45,000
Paul McDonald	£69,583	£55,000	£69,583	£55,000

1. Annual fees are £40,000 for Mark Cashmore and £45,000 for Simon Lord. Fees for Paul McDonald's fees were £55,000 per annum until 1 September 2023 when this was increased to £80,000 per annum.

#### Additional information regarding directors' remuneration

The Remuneration Committee considers that performance conditions for all incentives are suitably demanding, having regard to the business strategy, shareholder expectations, the markets in which the Group operates and external advice. To the extent that any performance condition is not met, the relevant part of the award will lapse. There is no retesting of performance.

#### Bonus awards

As reported in last year's Directors' Remuneration Report, the CEO and CFO had the opportunity to earn a bonus in respect of FY24 of 100% of salary. FY24 performance was assessed against a mixture of Adjusted EBITDA (70%) and strategic & personal targets (30%).

Adjusted EBITDA targets were met in full and therefore there was a 100% payout in respect of this element.

The strategic performance targets were selected to underpin key strategic objectives of the Business aligned with the business strategy. Specific strategic performance considerations for the CEO included the successful integration of all 3 manufacturing businesses acquired, effective investor relations and continued momentum on M&A. The CFO's personal & strategic considerations included cashflow and the transfer of business operations to its new warehouse.

The Committee considered that the targets for the strategic/personal objectives element of the bonus had been met in full for the CEO and CFO respectively, and resolved to pay a bonus at a level of 30% (out of a maximum of 30%) to the CEO and CFO respectively. The 100% entitlement for the CEO and CFO resulted in a total bonus payment of £325,000 and £175,000 respectively.

#### LTIP awards vesting during the year

The performance period for the LTIP awards granted to the CEO (3 year award) and CFO on admission to AIM ended on 31 March 2024. The TSR performance over the Period was below the required thresholds and therefore the LTIP awards have lapsed.

#### LTIP awards granted during the year

On 30 November 2023, the CFO was granted an LTIP award of 100% of salary subject to Absolute TSR and EPS performance conditions, as set out below.

Performance metric	Weighting	Threshold performance	Maximum performance	Threshold vesting	Maximum vesting
Absolute TSR (50%)	50%	5% p.a.	10% p.a.	50%	100%
EPS (50%)	50%	36p	44p	25%	100%



## Directors' Remuneration Report

*continued*

### Share interests

The interests of directors and their connected persons in Ordinary Shares and share options as at 31 March 2024 are presented in the table below.

Director	Ordinary shares at 31 March 2024	Options held		
		Vested but not exercised	Unvested and subject to continued employment	Unvested and subject to performance criteria
Sandy Chadha	67,266,845	–	–	2,912,500
Suzanne Smith	39,656	–	–	332,166
Mark Cashmore	29,850	–	–	–
Simon Lord	37,313	–	–	–
Paul McDonald	57,462	–	–	–

### Implementation of remuneration agreements in FY25

As disclosed in the Chair's statement, the Committee has determined to refresh the Directors' remuneration policy to ensure that it remains fit for purpose and incentivising for the Executive Directors. Further details on the implementation of the refreshed policy for FY25 are set out below.

#### Supreme Incentive Plan

The Executive Directors will be entitled to participate in the Supreme Incentive Plan at 200% of salary. The performance targets for FY25 are expected to be:

- Adjusted EBITDA (80% weighting)
- Strategic/personal targets (20% weighting)

The Remuneration Committee is of the opinion that given the commercial sensitivity arising in relation to the detailed financial targets used for the annual bonus, disclosing precise targets for the Incentive Plan in advance would not be in shareholder interests. Actual targets, performance achieved and awards made will be published at the end of the performance periods so shareholders can fully assess the basis for any pay-outs under the Incentive Plan.

In line with our Policy, any pay-outs delivered under the Incentive Plan are expected to be delivered 50% in cash and 50% in shares, deferred for a two year period.

#### Non-executive director fees

The fees for the non-executive directors are reviewed periodically to ensure that they remain in line with the market.

#### Advisers to the Committee

During the year, the Committee received advice from PwC on remuneration matters and reporting. PwC are signatories to the Remuneration Consultants Group Code of Conduct and operate voluntarily under this Code, which sets out the scope and conduct of the role of executive remuneration consultants when advising UK listed companies. The Remuneration Committee is satisfied that the advice received was objective and independent.

#### Approval

This report is approved by the Board on 1 July 2024

#### Mark Cashmore

Chairman of the Remuneration Committee

## Directors' Report

The Directors present their report together with the audited financial statements of the Parent Company ("the Company") and the Group for the year ended 31 March 2024. The Group has prepared the financial statements in accordance with UK-adopted International Accounting Standards and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards. The parent Company financial statements have been prepared under FRS 101 Generally Accepted Accounting Practices (UK GAAP). More information on the preparation of the financial statements is disclosed within Note 2 of the accounts.

### Principal activity

The principal activity of the Group is the distribution of fast-moving branded, discounted consumer goods across 6 principal product categories (batteries, lighting, vaping, sports nutrition & wellness, branded distribution (which includes the distribution of third party ElfBar and Lost Mary vapes) and soft drinks) to retailers and wholesalers in the UK and online. The goods are either manufactured by Supreme in the UK or are sourced by Supreme from elsewhere in the UK, Europe or the Far East.

### Business review and future developments

A review of the performance of the Group during the year, including principal risks and uncertainties, key performance indicators and comments on future developments, is given in the Strategic Report.

### Results and dividends

The Group recorded revenue in the year of £221.2 million (FY23: £155.6 million) and profit after tax of £22.4 million (FY23: £12.1 million). An interim dividend of 1.5 pence per share was declared and paid during the year. Directors will recommend a final dividend of 3.2p per share at the 2024 Annual General Meeting to be held on 19 September 2024.

### Financial risk management

Information relating to the principal risks and uncertainties of the Group have been included within the Strategic Report. Further information relating to the financial risks of the Group have been included within Note 24, Financial instruments.

### Directors and their interests

The Directors of the Company who were in office during the year and up to the date of signing the Group financial statements were:

Paul McDonald  
Sandy Chadha  
Suzanne Smith  
Mark Cashmore  
Simon Lord

All the Directors are subject to election by the shareholders at the forthcoming AGM.

The Directors who held office during the year and at 31 March 2024 had the following interests in the ordinary shares of the Company as at 31st March 2024:

	Ordinary shares
Paul McDonald	57,462
Sandy Chadha	67,266,845
Suzanne Smith	39,656
Mark Cashmore	29,850
Simon Lord	37,313

In addition to the interests in ordinary shares shown above, the Group operates a number of long-term incentive arrangements for certain employees, senior executives and Directors.

The market price of the Company's shares at the end of the financial year was 125.0p (FY23: 94.5p) and the range of market prices during the Period was between 132.0p and 91.5p.

Further details on related party transactions with Directors are provided in Note 29 of the Group financial statements.



## Directors' Report

continued

### Directors' indemnities and insurance

The Company has made qualifying third-party indemnity provisions for the benefit of the Directors, which were in force during the year and up to the date of this report.

### Substantial shareholdings

As at 31st March 2024, the Company has been advised, in accordance with the Disclosure and Transparency Rules of the Financial Conduct Authority, of the following notifiable interests in 3% or more of its voting rights:

	Number of shares	% of voting right
Sandy Chadha	67,266,845	57.73%
Moneta Asset Management SAS	8,778,366	7.53%
Hargreaves Lansdown, stockbrokers (EO)	5,579,719	4.79%
Slaters Investments	5,476,800	4.7%

Since 31 March 2024, the Company has received no notifications of any changes to the above voting rights in accordance with the Disclosure and Transparency Rules.

### Employees

Employees are consulted throughout the organisation and are given many opportunities to provide feedback during regular meetings and annual appraisals. Recruitment and retention have also been supported by this regular communication. There is a comprehensive Code of Conduct in place setting out the ethical expectations of all employees. A key element to the strategy is to continue to attract, develop and retain high quality team members who share our brand values to support the wider growth ambitions.

The Group has an established policy of encouraging the employment of disabled persons wherever this is practicable and endeavours to ensure that disabled employees benefit from training and career development programmes in common with all other employees. The Group's policy includes, where practicable, the continued employment of those who may become disabled during their employment.

The Group encourages the involvement of employees in the Company's performance through performance related commissions and bonuses, open to individuals at every level in the business. Consultation with employees takes place regularly where the views of employees are considered when making decisions that are likely to affect their interests. Communication with all employees continues through the Group intranet and regular briefing meetings to provide information on the Group's Financial performance and other factors affecting the business.

### Political donations

The Directors confirm that no donations for political purposes were made during the year (FY23: nil).

### Share capital and voting

The Company has one class of equity share, namely £0.10 ordinary shares. The ordinary shares have full voting, dividend and capital distribution rights, including on winding up. They are non-redeemable. The rights and obligations attaching to these shares are governed by the Companies Act 2006 and the Company's Articles.

As at 31 March 2024, the Company's issued share capital comprised of 116,516,003 ordinary £0.10 shares totalling £11,651,600.

Rules governing the appointment and replacement of Directors, and those relating to the amendment of the Company's Articles of Association, are contained within those Articles of Association, a copy of which is located on the Company's website (<https://investors.supreme.co.uk>).

### Share buyback

On 29 January 2024, Supreme PLC announced a Share Buyback programme of £1 million. Between 16 February 2024 and 26 March 2024, 828,000 shares were bought back by Supreme PLC for an average price of 121p and then subsequently cancelled.

### Notice of Annual General Meeting

The Annual General Meeting will be held on 19 September 2024. The ordinary business comprises receipt of the Directors' report and audited financial statements for the Period ended 31 March 2024, the re-election of Directors, the reappointment of BDO LLP as auditor, authorisation of the Directors to determine the auditor's remuneration and declaration of dividend. Special resolutions are also proposed to authorise the Directors, to a limited extent consistent with Pre-Emption Group guidelines, to allot new shares, to disapply statutory pre-emption rights, and to make market purchases of the Company's shares.

### Corporate governance

The Group's statement on Corporate Governance can be found in the Statement on Corporate Governance, which is incorporated by reference and forms part of this Directors' Report.

### Disclosure of information to auditors

The Directors of the Company at the date of the approval of this report confirm that:

- so far as each Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- each Director has taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

### Going concern

In assessing the appropriateness of adopting the going concern basis in the preparation of these financial statements, the Directors have prepared cash flow forecasts and projections for the two-year period to 31 March 2026. These forecasts and projections, which the Directors consider to be prudent, have been further sensitised by applying general reductions to revenue and profitability, to consider downside risk. Under both the base and sensitised cases the Group is expected to have headroom against covenants, which are based on interest cover and net leverage, and a sufficient level of financial resources available through existing facilities when the future funding requirements of the Group are compared with the level of committed available facilities. In addition to these general sensitivities, the Directors have specifically also considered the proposed changes to the regulatory landscape within the vaping industry, the increased cost of borrowing and the ongoing cost of living crisis taking place in the UK, all of which have been reflected in this forecast.

- The Directors have performed a specific sensitivity in reference to the upcoming ban on disposables vapes (currently scheduled for 1 April 2025) in which a scenario where all the revenue currently attributable to disposable vapes does not transition to an alternative form of vaping has been assessed. The sensitivity confirmed that without the sale of disposable vapes or a likely substitute product in its place, the remaining Supreme group would remain profitable and cash-generative and therefore this does not pose a problem in respect of going concern.
- In addition to the specific sensitivity on the disposable vape ban, the Directors have also performed reverse stress-testing on the cash flow forecasts to see how far revenue would be required to decline before a banking covenant would breach or the Group would run out of cash. This exercise highlighted that revenue would need to fall by 47% (with the overhead base remaining in place entirely) before a banking covenant would breach.
- Whilst the Group's debt facilities are priced at a variable rate (SONIA + a margin) the Group's current positive leverage ratio (i.e. having no bank borrowings at the balance sheet date or since then), means that Supreme's exposure to any increases in borrowing rates is limited. Should the Group increase its level of bank borrowings during the forecast period (likely to be triggered by M&A) then of course this increased cost of borrowing would impact the Group (albeit expected to be offset by the incremental earnings generated by any M&A target).
- Historically Supreme has been a net beneficiary in periods of economic downturn, owing to the fact more than half of its revenue is derived from the discount retail sector which typically trades buoyantly during these periods (for prudence this has not been assumed in the forecast). The inflationary cost increases (specifically over salary costs, energy and transport) have been specifically factored into the cost base throughout for the forecast period.

Based on this, the Directors are satisfied that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the Group and Company financial statements.



## Directors' Report

continued

### UK Greenhouse gas emissions and energy usage

Under the Companies (Directors' Report) and Limited Liabilities Partnerships (Energy & Carbon Report) Regulations 2019, we are mandated to disclose our UK energy use and associated greenhouse gas (GHG) emissions. Specifically, and as a minimum, we are required to report those GHG emissions relating to natural gas, electricity and transport fuel as well as an intensity ratio, under the Streamlined Energy & Carbon Reporting (SECR) Regulations. The Greenhouse gas emissions and energy usage from Scope 1 and Scope 2 reported below relate to the Group's UK based business operations:

	FY24		FY23	
	Consumption kWh	Emissions (kgCO <sub>2</sub> e)	Consumption kWh	Emissions (kgCO <sub>2</sub> e)
Electricity	1,187,124	245	1,223,954	285
Gas	698,886	141	783,846	201
Consumption of fuel for the purposes of transport	173,201	40	204,904	52
Total	2,059,211	426	2,212,704	538

### Intensity ratio

Kwh per full time equivalent employee during the year was 5,901wh (FY23: 7,656Kwh). TCO<sub>2</sub>e per full time equivalent employee during the year was 1.2TCO<sub>2</sub>e (FY23: 1.9TCO<sub>2</sub>e).

The above figures are taken directly from information provided on invoices by suppliers. Please also see pages 34 to 39 in the ESG report which outline the measures taken in the year to reduce carbon emissions. Emissions overall have reduced during the year owing to the consolidation of warehousing that has taken place, helped further by the move into the Ark, a much more modern and energy-efficient facility.

### Events after the balance sheet date

On the 21st June 2024, Supreme acquired 100% of the share capital of Acorn Topco Limited, the parent company of Clearly Drinks Limited, a long-established and well-known UK manufacturer and brand owners of specialised canned and bottled-at-source spring water and soft drinks, for a net consideration of £15 million. The acquisition is expected to be immediately earnings-enhancing.

### Independent auditors

The auditor, BDO LLP, have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the AGM.

The Directors' Report was approved on behalf of the Board on 1 July 2024.

By order of the Board

### Suzanne Smith

Chief Finance Officer  
Supreme Plc  
Registered number: 05844527

1 July 2024

## Directors' Responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors are required to prepare the group financial statements in accordance with UK adopted international accounting standards and the Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company and of the profit or loss of the group and company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with UK adopted international accounting standards subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the requirements of the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### Website publication

The directors are responsible for ensuring the annual report and the financial statements are made available on a website. Financial statements are published on the company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the company's website is the responsibility of the directors. The directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.





# Financial Statements



## Independent Auditor's Report to the Members of Supreme plc

### Opinion on the financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 March 2024 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK adopted international accounting standards;
- the Parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Supreme plc (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 March 2024 which comprise the consolidated statement of comprehensive income, consolidated and company statements of financial position, consolidated and company statements of changes in equity, consolidated statement of cash flows and notes to the financial statements, including a summary of material accounting policies.

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and UK adopted international accounting standards. The financial reporting framework that has been applied in the preparation of the Parent Company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence

We remain independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

### Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Directors' assessment of the Group and the Parent Company's ability to continue to adopt the going concern basis of accounting included:

- challenging the rationale for the assumptions used in the forecasts, using our knowledge of the business and the sector and wider commentary available from stock market analysts and impact of key events in the future, including the impact of the disposable vapes ban;
- considering the appropriateness of the Directors' forecasts by testing their mathematical accuracy, assessing historical forecasting accuracy and understanding the Directors' consideration of downside sensitivity analysis and reverse stress testing;
- reperforming sensitivities on the Directors' base case and stressed case scenarios, considering the likelihood of these occurring and understanding and challenging the mitigating actions the Directors' would take under these scenarios; and
- assessing the going concern disclosures against the requirements of the accounting standards, and assessed the consistency of the disclosures with the Directors' forecasts and assessment.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group and the Parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Overview			
<b>Coverage</b>	92% (2023: 88%) of Group profit before tax 99% (2023: 98%) of Group revenue 99% (2023: 98%) of Group total assets		
<b>Key audit matters</b>		<b>2024</b>	2023
	Revenue Recognition Acquisition accounting	✓	✓
	Acquisition accounting is no longer considered to be a key audit matter because there have been no business combinations during the year ended 31 March 2024.		
<b>Materiality</b>	<b>Group financial statements as a whole</b> £1.5m (2023: £720k) based on 5% (2023: 5%) of Profit before tax		

### An overview of the scope of our audit

The group operates predominantly from the UK, with operations in the Netherlands and Ireland.

Our Group audit was scoped by obtaining an understanding of the Group and its environment, including the Group's system of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the Directors that may have represented a risk of material misstatement.

Our group audit scope focused on the Group's main trading entities being Supreme Imports Limited and VN Labs Limited. Full scope audits were performed on these components by the Group engagement team.

In addition to the above two significant components of the Group, review procedures were performed on the financial information of the non-significant components of the Group, also by the Group engagement team.

The parent company, Vendek Limited and Liberty Flights Limited, all non-significant components, were subject to specified audit procedures by the Group engagement team.

At Group level the Group engagement team also tested the consolidation process and carried out analytical procedures to confirm our conclusion that there were no significant risks of material misstatement of the aggregated financial information of the remaining financial information of the remaining components not subject to audit or audit of specified account balances.

### Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit, and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How the scope of our audit addressed the key audit matter	
Revenue recognition (accounting policy in note 2 and Note 4)	<p>The group has a number of revenue streams as detailed at Note 2, each of which contain the same performance obligations with regards to the appropriate revenue recognition under IFRS 15 Revenue from Contracts with Customers.</p> <p>We have assessed that the risk of material misstatement could arise from:</p> <ul style="list-style-type: none"> <li>The completeness and accuracy of the deduction to revenue in respect of customer rebates;</li> <li>The existence and accuracy of revenue recognised throughout the year; and</li> <li>Improper revenue recognition before completion of performance obligations, specifically with a focus on revenue recognised around the year end.</li> </ul> <p>For the reasons set out above, revenue recognition was determined to be a key audit matter.</p>	<p>The audit procedures included the following:</p> <ul style="list-style-type: none"> <li>We checked a sample of revenue recognised either side of the year end, to sales order, delivery confirmation and invoice to determine whether revenue was accurately recorded, and recognised in the correct period;</li> <li>We checked a sample of revenue recognised during the year, to sales order, invoice and cash receipt to determine whether revenue was accurately recorded, and recognised in the correct period; and</li> <li>We obtained confirmations from customers of rebate and turnover amounts in the year, and performed a comparison in respect of customers in the current and prior year, that received rebates to verify the completeness and accuracy of the rebates during the year and the estimated accrued balance at the year end.</li> </ul> <p><b>Key Observations:</b> Based on the procedures performed, we found management's revenue recognition policy to be in line with the requirements of applicable accounting standards and the recognition of revenue in the year to be appropriate.</p>

### Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.



## Independent Auditor's Report to the Members of Supreme plc

continued

Based on our professional judgement, we determined materiality for the financial statements as a whole and performance materiality as follows:

	Group financial statements		Parent company financial statements	
	2024 £'000	2023 £'000	2024 £'000	2023 £'000
<b>Materiality</b>	£1,500k	£720k	£360k	£360k
<b>Basis for determining materiality</b>	5% of Profit before tax		1% of Total Assets	
<b>Rationale for the benchmark applied</b>	Profit before tax was considered to be the most appropriate benchmark based on market practice and investor expectations.		Total assets was considered to be the most appropriate benchmark as the Parent Company does not trade and the principal activity is that of a holding company.	
<b>Performance materiality</b>	£1,050k	£504k	£252k	£252k
<b>Basis for determining performance materiality</b>	70% of Materiality		70% of Materiality	
<b>Rationale for the percentage applied for performance materiality</b>	This was considered appropriate based on: – Cumulative knowledge of the group – Degree of estimation in financial statements – The trade of the Group being contained in two principal trading companies	This was considered appropriate based on: – Cumulative knowledge of the group – Degree of estimation in financial statements – The trade of the Group being contained in three principal trading companies (one being a new acquired entity in the year)	This was considered appropriate based on: – Cumulative knowledge of the group – Degree of estimation in financial statements	

### Component materiality

For the purposes of our Group audit opinion, we set materiality for each significant component of the Group, apart from the Parent Company whose materiality is set out above, based on a percentage of between 48% and 95% (2023: 15% and 80%) of Group materiality dependent on the size and our assessment of the risk of material misstatement of that component. Component materiality ranged from £720k to £1,425k (2023: £112k to £350k). In the audit of each component, we further applied performance materiality levels of 70% (2023: 70%) of the component materiality to our testing to ensure that the risk of errors exceeding component materiality was appropriately mitigated.

### Reporting threshold

We agreed with the Audit Committee that we would report to them all individual audit differences in excess of £30k (2023: £14k). We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

### Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### Other Companies Act 2006 reporting

Based on the responsibilities described below and our work performed during the course of the audit, we are required by the Companies Act 2006 and ISAs (UK) to report on certain opinions and matters as described below.

#### Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Group and Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the Directors' report.

#### Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

### Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

### Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

### Non-compliance with laws and regulations

Based on our understanding and accumulated knowledge of the Group and the sector in which it operates we considered the risk of acts by the Group which were contrary to applicable laws and regulations, including fraud and whether such actions or non-compliance might have a material effect on the financial statements.

These included but were not limited to those that relate to the form and content of the financial statements, such as the Group accounting policies, UK adopted international accounting standards and UK Companies Act 2006; AIM Listing rules; those that relate to the payment of employees; and industry related such as compliance with The Food Safety and Hygiene Regulations 2013; data protection; the Tobacco Products and Nicotine Inhaling products legislation; and Health and Safety legislation.



## Independent Auditor's Report to the Members of Supreme plc

continued

Our procedures in respect of the above included:

- Holding discussions with those charged with governance, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Reviewing minutes of Board meetings for instances of non-compliance with laws and regulation and fraud;
- Obtain and review the whistleblowing register for instances of non-compliance with laws and regulations and fraud;
- Reviewing a sample of legal costs incurred and any known legal correspondence throughout the year for instances of non-compliance with laws and regulation; and
- Obtaining an understanding of the control environment in monitoring compliance with laws and regulations.

### Fraud

We assessed the susceptibility of the financial statements to material misstatement, including fraud. Our risk assessment procedures included:

- Enquiry with management and those charged with governance including the Audit regarding any known or suspected instances of fraud;
- Obtaining an understanding of the Group's policies and procedures relating to:
  - Detecting and responding to the risks of fraud; and
  - Internal controls established to mitigate risks related to fraud.
- Review of minutes of meeting of those charged with governance for any known or suspected instances of fraud;
- Discussion amongst the engagement team as to how and where fraud might occur in the financial statements; and
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud.

Based on our risk assessment, we considered the areas most susceptible to fraud to be management override of controls, revenue recognised around the year-end and the completeness of customer rebates.

Our procedures in respect of the above included:

- Challenging assumptions and judgements made by management in their significant accounting estimates, in particular in relation to valuation of the fair value of share based payments and vesting assumptions applied to the schemes and inventory obsolescence;
- Identifying and testing journal entries to source documentation, in particular any journal entries posted with unusual account combinations or including specific keywords to supporting documentation;
- Performing the procedures set out in the key audit matters section above in response to the risk of fraud in revenue recognition;
- Incorporating an element of unpredictability into the audit procedures, by testing a sample of immaterial employee expenses incurred in the year to supporting documentation to assess the validity, and performing revenue recognition testing within insignificant components of the group; and
- Agreeing the financial statement disclosures to underlying supporting documentation.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members who were all deemed to have appropriate competence and capabilities and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion.

There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### Use of our report

This report is made solely to the Parent Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Parent Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### Steven Roberts

(Senior Statutory Auditor)

For and on behalf of BDO LLP, Statutory Auditor  
Manchester, UK

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

## Consolidated Statement of Comprehensive Income

for the Year Ended 31 March 2024

	Note	Year Ended 31 March 2024 £'000	Year Ended 31 March 2023 £'000
Revenue	4	<b>221,249</b>	155,612
Cost of sales	6	<b>(157,716)</b>	(114,758)
<b>Gross Profit</b>		<b>63,533</b>	40,854
Profit on disposal of Cuts Ice trademarks	7	–	2,787
Administration expenses	6	<b>(31,515)</b>	(28,192)
<b>Operating profit</b>		<b>32,018</b>	15,449
<b>Adjusted EBITDA<sup>1</sup></b>		<b>38,116</b>	19,392
Depreciation	13	<b>(3,772)</b>	(2,200)
Amortisation	12	<b>(1,733)</b>	(915)
Adjusted items	7	<b>(593)</b>	(828)
<b>Operating profit</b>		<b>32,018</b>	15,449
Finance income	9	<b>147</b>	25
Finance costs	9	<b>(2,045)</b>	(1,037)
<b>Profit before taxation</b>		<b>30,120</b>	14,437
Income tax	10	<b>(7,694)</b>	(2,469)
<b>Profit for the year</b>		<b>22,426</b>	11,968
<b>Other comprehensive (expense)/income</b>			
<i>Items that may be reclassified to profit or loss</i>			
Exchange differences on translation of foreign operations		<b>(1)</b>	101
<b>Total other comprehensive (expense)/income</b>		<b>(1)</b>	101
<b>Total comprehensive income</b>		<b>22,425</b>	12,069
Earnings per share – basic	11	<b>19.1p</b>	10.3p
Earnings per share – diluted	11	<b>18.1p</b>	9.7p

1. Adjusted EBITDA, which is defined as operating profit before depreciation, amortisation and Adjusted items (as defined in Note 6) is a non-GAAP metric used by management and is not an IFRS performance measure.

All results derive from continuing operations.



**Consolidated Statement of Financial Position**

as at 31 March 2024

	Note	As at 31 March 2024 £'000	As at 31 March 2023 £'000
<b>Non-current assets</b>			
<b>Assets</b>			
Goodwill and other intangibles	12	13,663	15,281
Property, plant and equipment	13	21,416	20,815
Investments	14	–	7
<b>Total non-current assets</b>		<b>35,079</b>	36,103
<b>Current assets</b>			
Inventories	16	24,434	25,606
Trade and other receivables	17	35,626	20,899
Cash and cash equivalents	18	11,631	7,536
<b>Total current assets</b>		<b>71,691</b>	54,041
<b>Total assets</b>		<b>106,770</b>	90,144
<b>Liabilities</b>			
<b>Current liabilities</b>			
Borrowings	21	1,268	5,026
Trade and other payables	19	27,303	26,117
Forward contract derivative	24.5	52	652
Income tax payable		5,068	2,536
Provisions	23	349	–
<b>Total current liabilities</b>		<b>34,040</b>	34,331
<b>Net current assets</b>		<b>37,651</b>	19,710
Borrowings	21	13,449	14,293
Deferred tax liability	15	854	789
Provisions	23	452	775
<b>Total non-current liabilities</b>		<b>14,755</b>	15,857
<b>Total liabilities</b>		<b>48,795</b>	50,188
<b>Net assets</b>		<b>57,975</b>	39,956
<b>Equity</b>			
Share capital	25	11,652	11,732
Share premium		7,435	7,427
Merger reserve		(22,000)	(22,000)
Capital redemption reserve		83	–
Share-based payments reserve		3,967	3,043
Retained earnings		56,838	39,754
<b>Total equity</b>		<b>57,975</b>	39,956

The notes on pages 77 to 104 are an integral part of these financial statements.

The financial statements on pages 73 to 104 were approved by the Board of Directors and authorised for issue on 1 July 2024, and were signed on its behalf by:

**Suzanne Smith**

Director

Registered number: 05844527

**Consolidated Statement of Changes in Equity**

for the Year Ended 31 March 2024

	Share Capital £'000	Share Premium £'000	Merger reserve £'000	Capital redemption reserve £'000	Share-based payments reserve £'000	Retained earnings £'000	Total equity £'000
<b>As at 1 April 2022</b>	<b>11,663</b>	<b>7,231</b>	<b>(22,000)</b>	<b>–</b>	<b>2,368</b>	<b>33,050</b>	<b>32,312</b>
Profit for the year	–	–	–	–	–	11,968	11,968
Other comprehensive income	–	–	–	–	–	101	101
Total comprehensive income for the year	–	–	–	–	–	12,069	12,069
<b>Transactions with shareholders:</b>							
Issue of shares (note 25)	69	196	–	–	–	–	265
Employee share schemes – value of employee services (note 26)	–	–	–	–	1,283	–	1,283
Deferred tax on share-based payment charge (note 15)	–	–	–	–	(608)	–	(608)
Dividends (note 25)	–	–	–	–	–	(5,365)	(5,365)
	<b>69</b>	<b>196</b>	<b>–</b>	<b>–</b>	<b>675</b>	<b>(5,365)</b>	<b>(4,425)</b>
<b>As at 31 March 2023</b>	<b>11,732</b>	<b>7,427</b>	<b>(22,000)</b>	<b>–</b>	<b>3,043</b>	<b>39,754</b>	<b>39,956</b>
Profit for the year	–	–	–	–	–	22,426	22,426
Other comprehensive expense	–	–	–	–	–	(1)	(1)
Total comprehensive income for the year	–	–	–	–	–	22,425	22,425
<b>Transactions with shareholders:</b>							
Issue of shares (note 25)	3	8	–	–	–	–	11
Share buy back (note 25)	–	–	–	–	–	(1,000)	(1,000)
Cancellation of shares (note 25)	(83)	–	–	83	–	–	–
Employee share schemes – value of employee services (note 26)	–	–	–	–	1,078	–	1,078
Deferred tax on share-based payment charge (note 15)	–	–	–	–	(154)	–	(154)
Dividends (note 25)	–	–	–	–	–	(4,341)	(4,341)
	<b>(80)</b>	<b>8</b>	<b>–</b>	<b>83</b>	<b>924</b>	<b>(5,341)</b>	<b>(4,406)</b>
<b>As at 31 March 2024</b>	<b>11,652</b>	<b>7,435</b>	<b>(22,000)</b>	<b>83</b>	<b>3,967</b>	<b>56,838</b>	<b>57,975</b>



## Consolidated Statement of Cash Flows

for the Year Ended 31 March 2024

	Note	Year Ended 31 March 2024 £'000	Year Ended 31 March 2023 £'000
<b>Net cash flow from operating activities</b>			
Profit for the year		22,426	11,968
<b>Adjustments for:</b>			
Amortisation of intangible assets	12	1,733	915
Depreciation of tangible assets	13	2,087	1,268
Depreciation of right of use assets	13	1,685	932
Finance income	9	(147)	(25)
Finance costs	9	1,990	982
Amortisation of capitalised finance costs	9	55	55
Income tax expense	10	7,694	2,469
Gain on disposal of intangible fixed assets	7	–	(2,787)
Loss on disposal of tangible fixed assets		169	–
Movement on forward foreign exchange contracts	24.5	(600)	1,119
Share based payments expense	26	1,226	1,460
<b>Working capital adjustments (net of acquired on business combinations)</b>			
Impairment of investments	14	7	–
Decrease in inventories		1,172	2,920
Increase in trade and other receivables		(14,727)	(671)
Increase/(decrease) in trade and other payables		7,725	(27)
Increase in provisions		26	349
Taxation paid		(5,306)	(1,652)
Invoice discounting fees		(147)	–
<b>Net cash from operations</b>		<b>27,068</b>	19,275
<b>Cash flows used in investing activities</b>			
Purchase of intangible fixed assets	12	(115)	(23)
Purchase of property, plant and equipment	13	(5,322)	(1,254)
Purchase of business combinations net of cash acquired	19	(2,470)	(10,055)
Proceeds from sale of property, plant and equipment		115	1
Proceeds from sale of intangible fixed assets		–	4,018
Payment of deferred consideration	20	(2,187)	(270)
Payment of contingent consideration	20	(1,451)	–
Finance income received		147	25
<b>Net cash used in investing activities</b>		<b>(11,283)</b>	(7,558)
<b>Cash flows used in financing activities</b>			
Repayment of long term loans	21	–	(3,984)
Repayment of related party loans	21	–	(1,779)
Repayments of RCF facility	21	(9,918)	(14,000)
Drawdowns of RCF facility	21	5,500	18,418
Issue of options or share capital	25	11	265
Share buy back	25	(1,000)	–
Dividends paid	25	(4,341)	(5,365)
Finance costs paid	21	(559)	(776)
Facility fees paid	9	(115)	–
Interest paid on leases	21	(139)	(153)
Lease payments	21	(1,062)	(834)
<b>Net cash used in financing activities</b>		<b>(11,623)</b>	(8,208)
<b>Net increase in cash and cash equivalents</b>		<b>4,162</b>	3,509
<b>Cash and cash equivalents brought forward</b>		<b>7,536</b>	3,926
Effects of exchange rate changes		(67)	101
<b>Cash and cash equivalents carried forward</b>		<b>11,631</b>	7,536
Cash and cash equivalents	18	11,631	7,536
		<b>11,631</b>	7,536

## Notes to the Group Financial Statements

for the Year Ended 31 March 2024

### 1. Basis of preparation

Supreme PLC ("the Company") is a public company limited by shares, registered in England and Wales and domiciled in the UK, with company registration number 05844527. The principal activity is the manufacture (vaping and sports nutrition & wellness only) and wholesale distribution of batteries, lighting, vaping, sports nutrition & wellness and branded distribution. The registered office is 4 Beacon Road, Ashburton Park, Trafford Park, Manchester, M17 1AF.

These Group financial statements have been prepared on a going concern basis under the historical cost convention, modified for the revaluation of certain forward contracts derivatives; in accordance with UK-adopted International Accounting Standards and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards.

### 2. Summary of material accounting policies

The principal accounting policies adopted are set out below.

#### 2.1 Basis of consolidation

The consolidated financial statements present the results of the Company and its own subsidiaries as if they form a single entity. Intercompany transactions and balances between Group companies are therefore eliminated in full.

The Group financial statements incorporate the results of business combinations using the acquisition method. In the Consolidated Statement of Financial Position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated Statement of Comprehensive Income from the date on which control is obtained. They are deconsolidated from the date control ceases. The merger reserve arose on a past business combination of entities that were under common control. The merger reserve is the difference between the cost of investment and the nominal value of the share capital acquired.

#### 2.2 New standards, amendments and interpretations

##### New and amended standards and adopted by the Group

The Group acknowledges the following changes that have taken effect during this financial year. Except for IAS 1, these amendments are either not applicable or have only an immaterial impact on the Group:

Standards and interpretations	Effective from
IAS 1 Presentation of Financial Statements (Amendment to Disclosure of Accounting Policies);	1 April 2023
IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (Amendment to the Definition of Accounting Estimates);	1 April 2023
IAS 12 Income Taxes (Amendment to Deferred Tax related to Assets and Liabilities Arising from a Single Transaction);	1 April 2023
IAS 12 Taxes (Amendment to International Tax Reform – Pillar Two Model Rules – effective immediately upon the issue of the amendments and retrospectively); and	1 April 2023
IFRS 17 Insurance Contracts.	1 April 2023

##### New standards and interpretations not yet adopted

There are a number of standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods that the Group has decided not to adopt early.

The Group is currently assessing the impact of these new accounting standards and amendments. The Group does not expect any standards issued by the IASB, but are yet to be effective, to have a material impact on the Group.

Standards and interpretations	Effective from
IFRS 16 Leases (Amendment to Liabilities in a Sale and Leaseback);	1 April 2024
IAS 1 Presentation of Financial Statements (Amendment to Classification of Liabilities as Current or Non-current);	1 April 2024
IAS 1 Presentation of Financial Statements (Amendment to Non-current Liabilities with Covenants);	1 April 2024
IFRS 7 Financial Instruments: Disclosures (Amendment to Supplier Finance Arrangements);	1 April 2024
IAS 21 Transactions in Foreign Currencies (Amendment to Lack of Exchangeability);	1 April 2025
IFRS 9 Financial Instruments (Amendments to the Classification and Measurement of Financial Instruments);	1 April 2026
IFRS 18 Presentation and Disclosure in Financial Statements; and	1 April 2027
IFRS 19 Subsidiaries without Public Accountability: Disclosures.	1 April 2027

Judgements made by the Directors in the application of these accounting policies that have a significant effect on these financial statements together with estimates with a significant risk of material adjustment in the next year are discussed in Note 3.



## Notes to the Group Financial Statements

for the Year Ended 31 March 2024 *continued*

### 2. Summary of material accounting policies continued

#### 2.3 Going concern

In assessing the appropriateness of adopting the going concern basis in the preparation of these financial statements, the Directors have prepared cash flow forecasts and projections for the two-year period to 31 March 2026. These forecasts and projections, which the Directors consider to be prudent, have been further sensitised by applying general reductions to revenue and profitability, to consider downside risk. Under both the base and sensitised cases the Group is expected to have headroom against covenants, which are based on interest cover and net leverage, and a sufficient level of financial resources available through existing facilities when the future funding requirements of the Group are compared with the level of committed available facilities. (The applicable covenants relate to the RCF facility held by the group, and are required to be met, even when this facility is not being utilised.) In addition to these general sensitivities, the Directors have specifically also considered the proposed changes to the regulatory landscape within the vaping industry, the increased cost of borrowing and the ongoing cost of living crisis taking place in the UK, all of which have been reflected in this forecast.

- The Directors have performed a specific sensitivity in reference to the upcoming ban on disposables vapes (currently scheduled for 1 April 2025) in which a scenario where all the revenue currently attributable to disposable vapes does not transition to an alternative form of vaping has been assessed. The sensitivity confirmed that without the sale of disposable vapes or a likely substitute product in its place, the remaining Supreme group would remain profitable and cash-generative and therefore this does not pose a problem in respect of going concern.
- In addition to the specific sensitivity on the disposable vape ban, the Directors have also performed reverse stress-testing on the cash flow forecasts to see how far revenue would be required to decline before a banking covenant would breach or the Group would run out of cash. This exercise highlighted that revenue would need to fall by 47% (with the overhead base remaining in place entirely) before a banking covenant would breach.
- Whilst the Group's debt facilities are priced at a variable rate (SONIA + a margin) the Group's current positive leverage ratio (i.e. having no bank borrowings with at the balance sheet date or since then), means that Supreme's exposure to any increases in borrowing rates is limited. Should the Group increase its level of bank borrowings during the forecast period (likely to be triggered by M&A) then of course this increased cost of borrowing would impact the Group (albeit expected to be offset by the incremental earnings generated by any M&A target).
- Historically Supreme has been a net beneficiary in periods of economic downturn, owing to the fact more than half of its revenue is derived from the discount retail sector which typically trades buoyantly during these periods (for prudence this has not been assumed in the forecast). The inflationary cost increases (specifically over salary costs, energy and transport) have been specifically factored into the cost base throughout for the forecast period.

Based on this, the Directors are satisfied that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the Group and Company financial statements.

#### 2.4 Currencies

##### Functional and presentational currency

Items included in the Group financial statements are measured using the currency of the primary economic environment in which the Company operates ("the functional currency") which is UK sterling (£). The Group financial statements are presented in UK sterling.

##### Transactions and balances

Foreign currency transactions are translated into the functional currency using a standard exchange rate for a period if the rates do not fluctuate significantly. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

##### Group companies

The results and financial position of foreign operations (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- income and expenses for each statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised in other comprehensive income.

#### 2.5 Revenue recognition

Revenue solely relates to the sale of goods and arises from the wholesale distribution and online sales of batteries, lighting, vaping, sports nutrition & wellness and branded distribution.

To determine whether to recognise revenue, the Company follows the 5-step process as set out within IFRS 15:

1. Identifying the contract with a customer.
2. Identifying the performance obligations.
3. Determining the transaction price.
4. Allocating the transaction price to the performance obligations.
5. Recognising revenue when/as performance obligation(s) are satisfied.

Revenue is measured at transaction price, stated net of VAT, and other sales related taxes. Rebates to customers take the form of volume discounts, which are a type of variable consideration, and the transaction price is constrained to reflect the rebate element. The transaction price equates to the invoice amount less an estimate of any applicable rebates and promotional allowances that are due to the customer. Rebate accruals are recognised under the terms of these agreements, to reflect the expected promotional activity and our historical experience. These accruals are reported within trade and other payables.

Revenue is recognised at a point in time as the Company satisfies performance obligations by transferring the promised goods to its customers as described below. At any point in time where such obligations haven't been met but the customer has been invoiced, revenue is deferred, as disclosed in note 19. Variable consideration, in the form of rebates, is also recognised at the point of transfer, however the estimate of variable consideration is constrained at this point and released once it is highly probable there will not be a significant reversal.

Contracts with customers take the form of customer orders. There is one distinct performance obligation, being the distribution of products to the customer, for which the transaction price is clearly identified. Revenue is recognised at a point in time when the Group satisfies performance obligations by transferring the promised goods to its customers, i.e. when control has passed from the Group to the customer, which tends to be on receipt by the customer. In respect of certain direct shipments control passes when an invoice is raised, payment received, and title formally transferred to the customer; at which point the customer has the risks and rewards of the goods.

#### 2.6 Goodwill

The carrying value of goodwill has arisen following the acquisition of subsidiary entities. Such goodwill is subject to an impairment review, both annually and when there is an indication that the carrying value may be impaired. Any impairment is recognised immediately in the Statement of Comprehensive Income and is not reversed.

#### 2.7 Other intangible assets

Other intangible assets that are acquired by the Group are stated at cost less accumulated amortisation and accumulated impairment losses.

The amortisation is charged on a straight-line bases as follows:

Domain name	10%
Trademarks	10%
Customer relationships	20%
Trade names	20%
Know how	10%
Computer software	20%

#### 2.8 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. Depreciation is charged so as to write off the costs of assets over their estimated useful lives, on a straight-line basis starting from the month they are first used, as follows:

Land	not depreciated
Assets under construction	0%
Plant and machinery	25%
Fixtures and fittings	25%
Motor vehicles	25%
Computer equipment	33%
Buildings	2%

The gain or loss arising on the disposal of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the Statement of Comprehensive Income.

At each reporting date, the Company reviews the carrying amounts of its property, plant and equipment assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).



## Notes to the Group Financial Statements

for the Year Ended 31 March 2024 *continued*

### 2. Summary of material accounting policies *continued*

#### 2.9 Inventories

Inventories are valued using a first in, first out method and are stated at the lower of cost and net realisable value. Cost includes expenditure incurred in the normal course of business in bringing the products to their present location and condition.

At the end of each reporting period inventories are assessed for impairment. If an item of inventory is impaired, the identified inventory is reduced to its selling price less costs to complete and sell and an impairment charge is recognised in the income statement. Where a reversal of the impairment is recognised the impairment charge is reversed, up to the original impairment loss, and is recognised as a credit in the income statement.

#### 2.10 Leases

The Company applies IFRS 16 in the Group financial statements. At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to restore the underlying asset, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liabilities.

The lease liability is initially measured at the present value of lease payments that were not paid at the commencement date, discounted using the rate implicit in the lease. Where there is no rate implicit in the lease then the Group's incremental borrowing rate is used.

The lease liability is measured at amortised cost using the effective interest method. If there is a remeasurement of the lease liability, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded directly in profit or loss if the carrying amount of the right of use asset is zero.

#### Short term leases and low value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term lease of machinery that have a lease term of 12 months or less or leases of low value assets. These lease payments are expensed on a straight-line basis over the lease term.

#### 2.11 Share based payments

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to profit or loss over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each Statement of Financial Position date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

The fair value of the award also takes into account non-vesting conditions. These are either factors beyond the control of either party (such as a target based on an index) or factors which are within the control of one or other of the parties (such as the Group keeping the scheme open or the employee maintaining any contributions required by the scheme).

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the Statement of Comprehensive Income over the remaining vesting period.

Where equity instruments are granted to persons other than employees, the Statement of Comprehensive Income is charged with fair value of goods and services received.

#### 2.12 Segmental reporting

The Directors consider there to be one segment for reporting purposes because although revenue is grouped within five product categories, as the directors analyse revenue at this gross level, the directors do not analyse, monitor or review the Groups KPIS (being adjusted EBITDA and profit before tax) by product category. Due to this, the Group do not believe there are any IFRS 8 considerations around the requirement to report operating segments for reporting purposes.

#### 2.13 Adjusted items

The Company's income statement separately identifies Adjusted items. Such items are those that in the Directors' judgement need to be disclosed separately by virtue of either: their volatility year-on-year; their one-off nature; their size, their non-operating nature; or because the adjustment of a particular item is widely accepted and conducted by peers (to ensure comparability with other listed businesses). These may include, but are not limited to, professional fees and other costs directly related to refinancing, acquisitions and capital transactions, fair value movements on open forward contracts, share based payment charges, material impairments of inventories and gains/losses on disposal of intangible assets. In determining whether an item should be disclosed as an Adjusted item, the Directors consider quantitative and qualitative factors such as the frequency, predictability of occurrence and significance. This is consistent with the way financial performance is measured by management and reported to the Board.

#### 2.14 Financial instruments

Financial assets and financial liabilities are recognised in the Group Statement of Financial Position when the Group becomes party to the contractual provisions of the instrument. Financial assets are de-recognised when the contractual rights to the cash flows from the financial asset expire or when the contractual rights to those assets are transferred. Financial liabilities are de-recognised when the obligation specified in the contract is discharged, cancelled or expired.

#### 2.15 Trade and other receivables

Trade and other receivables are initially measured at transaction price less provisions for expected credit losses. The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance. This lifetime expected credit losses is used in cases where the credit risk on other receivables has increased significantly since initial recognition. In cases where the credit risk has not increased significantly, the Group measures the loss allowance at an amount equal to the 12-month expected credit loss. This assessment is performed on a collective basis considering forward-looking information.

IFRS 9's impairment requirements use forward-looking information to recognise expected credit losses – the 'expected credit loss (ECL) model'.

Recognition of credit losses is determined by considering a broad range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions and reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Credit Insurance is also in place which also mitigates the credit risk in relation to the respective customer. This insurance is applied to most accounts over £5,000 with exception of proforma accounts and accounts agreed by the CEO, although some accounts are excluded from the credit insurance having been assessed by the Board on a cost-benefit analysis – these equate largely to the largest grocery retailers.

### 3. Critical accounting estimates and judgements

The preparation of the Group financial statements require management to make judgements and estimates that affect the reported amounts of assets and liabilities at each Statement of Financial Position date and the reported amounts of revenue during the reporting periods. Actual results could differ from these estimates. Information about such judgements and estimations are contained in individual accounting policies. The key judgements and sources of estimation uncertainty that could cause an adjustment to be required to the carrying amount of asset or liabilities within the next accounting period are outlined below:

#### Accounting estimates

##### 3.1 Share-based payments

Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which depends on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option or appreciation right, volatility and dividend yield and making assumptions about them. Options with both market and non-market conditions are most impacted by these estimates. The share options charge is subject to an assumption about the number of options that will vest as a result of the expected achievement of certain non-market conditions.

#### Accounting judgements

##### 3.2 Inventory obsolescence

Management applies judgement in determining whether certain inventory items are obsolete, considering factors such as expiry dates and sales forecasts. Based on these judgements, estimates are made regarding the recoverable value of inventory, which could materially affect the financial statements if these estimates are incorrect.



## Notes to the Group Financial Statements

for the Year Ended 31 March 2024 *continued*

### 4. Revenue analysis

	Batteries £'000	Lighting £'000	Vaping £'000	Sports nutrition & wellness £'000	Branded distribution £'000	Year Ended 31 March 2024 £'000
Revenue	40,527	16,498	82,792	17,955	63,477	221,249
Cost of sales	(34,975)	(10,010)	(46,742)	(12,813)	(54,288)	(158,828)
<b>Gross profit before foreign exchange</b>	<b>5,552</b>	<b>6,488</b>	<b>36,050</b>	<b>5,142</b>	<b>9,189</b>	<b>62,421</b>
Foreign exchange						1,112
<b>Gross Profit</b>						<b>63,533</b>

	Batteries £'000	Lighting £'000	Vaping £'000	Sports nutrition & wellness £'000	Branded distribution £'000	Year Ended 31 March 2023 £'000
Revenue	39,533	15,426	76,098	16,748	7,807	155,612
Cost of sales	(35,613)	(11,301)	(48,018)	(14,089)	(6,992)	(116,013)
<b>Gross profit before foreign exchange</b>	<b>3,920</b>	<b>4,125</b>	<b>28,080</b>	<b>2,659</b>	<b>815</b>	<b>39,599</b>
Foreign exchange						1,255
<b>Gross Profit</b>						<b>40,854</b>

### Analysis of revenue by geographical destination

	Year Ended 31 March 2024 £'000	Year Ended 31 March 2023 £'000
United Kingdom	206,858	140,713
Ireland	7,354	8,645
Netherlands	3,372	1,766
France	1,007	2,428
Rest of Europe	1,123	942
Rest of the World	1,535	1,118
	<b>221,249</b>	155,612

The above revenues are all generated from contracts with customers and are recognised at a point in time. All assets of the Group reside in the UK except for total net assets of £3,641,000 (2023: £3,192,000) held in Europe.

### 5. Operating segments

The Chief Operating Decision Maker ("CODM") has been identified as the Board of Directors. The Board reviews the Group's Internal reporting in order to assess the performance and allocate resources. The Board of Directors deem the Group to be one operating segment because they do not assess performance or allocate resources at a disaggregated level.

### Information about major customers

The Group has generated revenue from individual customers that accounted for greater than 10% of total revenue. The total revenue from each of these 3 customers (2023: 3 customers) was £33,843,000, £25,027,000 and £21,151,000 (2023: £24,938,000, £19,364,000, and £16,045,000). These revenues related to all divisions.

### 6. Expenses by nature

	Year Ended 31 March 2024 £'000	Year Ended 31 March 2023 £'000
The profit is stated after charging/(crediting) expenses as follows:		
<b>Cost of sales</b>		
Inventories recognised as an expense	142,833	103,129
Impairment of inventories	(347)	892
Direct Labour (note 8)	5,103	3,551
Other direct cost of sales	10,127	7,186
	<b>157,716</b>	114,758
<b>Administrative expenses</b>		
Impairment of trade receivables	181	63
Wages and salaries (note 8)	11,085	8,794
Establishment costs	3,306	2,142
Auditor's remuneration for audit services	220	170
Selling, professional and other expenses	10,625	10,293
Adjusted items (note 7)	593	828
Depreciation of property, plant and equipment	2,087	1,268
Depreciation of right of use assets	1,685	932
Amortisation of intangible assets	1,733	915
	<b>31,515</b>	25,405
Total cost of sales and administrative expenses	<b>189,231</b>	140,163

During the year, Auditor's remuneration in respect of non-audit services was £nil (2023: £nil). During the year Auditor's remuneration in respect of the parent company audit was £15,000 (2023: £15,000).

The group has revised the presentation of the above disclosure to enhance clarity, allowing a clearer understanding of the nature of expenses between cost of sales and overheads. These changes have been applied retrospectively, and the prior year comparatives have been represented accordingly. The revision does not affect the overall financial position or performance of the group.

### 7. Adjusted items

	Year Ended 31 March 2024 £'000	Year Ended 31 March 2023 £'000
Fair value movements on forward contracts	(600)	1,119
Share based payments charge (note 26)	1,226	1,460
Acquisition costs	703	1,036
Transaction costs	(736)	-
Profit on disposal of intangible fixed assets	-	(2,787)
	<b>593</b>	828

### Fair value movements on forward contracts

The Group typically holds 1 years' worth of USD-denominated purchases on open forward contracts. The credit (2023: charge) in the year ended 31 March 2024 reflect the movement in the fair value of these open forward contracts at the balance sheet date. The movement is reported each year as Adjusted due to its volatility. The liability at 31 March 2024 is £52,000 and is reported as 'forward contract derivative' in the statement of financial position. This is a non-cash item and is not taxable for corporation tax purposes. The resulting tax impact is therefore £nil.

### Share based payments charge

The Group operates a number of share incentive arrangements as set out in Note 26. The aggregate expense recognised in the year has been reported as an Adjusted item in line with its treatment by other comparable businesses. The charge is a non-cash item and was disallowable for corporation tax purposes. The resulting tax impact is therefore £nil.



## Notes to the Group Financial Statements

for the Year Ended 31 March 2024 *continued*

### 7. Adjusted items continued

#### Acquisition costs

Acquisition costs related to the operational integrations that took place in the year ended 31 March 2024 of the businesses and assets acquired in the year ended 31 March 2023 (Liberty Flights Limited and Superdragon TCM Limited) and in the year ended 31 March 2024 (Food IQ Limited). The integration costs related largely to redundancy costs and fixed asset (machinery) write-off costs that arose when the businesses' operations were transferred to Manchester (Supreme's principal operating site).

£83,000 of these costs were reported within Accruals at year end.

Similarly, in 2023, the acquisition costs related to the operational integration that took place following the acquisition of Cuts Ice Limited and related largely to redundancy costs that arose when the business' operations were transferred to Manchester. These costs were paid in the year.

Acquisition costs of this nature were treated as allowable for the purpose of corporation tax and the corporation tax impact was £176,000 in 2024 (25%) and £197,000 (19%) in 2023.

#### Transaction costs

Transaction costs related to the release of the contingent consideration accrual that arose on the acquisition of Liberty Flights Limited. The original estimate for contingent consideration was £2.2 million, based on the performance of the business during the 12 months immediately after the acquisition. Only £1.4 million was paid and the remainder was released. The release of this accrual is not taxable for corporation tax purposes. The resulting tax impact is therefore £nil.

#### Profit on disposal of intangible fixed assets

In 2023, the profit on disposal of the T-Juice brand represents the difference between the cost of acquiring the brand (£1,231,000) and the proceeds on disposal (£4,018,000). The disposal of the brand was deemed to be one-off in nature and therefore reported as Adjusted.

### 8. Employees and Directors

	Year Ended 31 March 2024 No.	Year Ended 31 March 2023 No.
Monthly average number of employees (including Directors):		
Management and administration	104	116
Warehouse	89	70
Sales	44	46
Manufacturing	178	124
	415	356

	Year Ended 31 March 2024 £'000	Year Ended 31 March 2023 £'000
Aggregate remuneration of staff (including Directors):		
Wages and salaries	15,018	10,670
Social security costs	1,432	1,193
Other pension costs	310	482
	16,760	12,345
Amounts classified as Adjusted Items	572	-
Amounts recorded as cost of sales and Admin expenses	16,188	12,345

#### Directors' remuneration

	Year Ended 31 March 2024 £'000	Year Ended 31 March 2023 £'000
Directors' emoluments	1,157	600
Social security costs	172	83
Company contributions to defined contribution pension schemes	4	3
	1,333	686

The highest paid director received remuneration of £653,000 (2023: £232,000).

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £1,000 (2023: £1,000).

During the year, retirement benefits were accruing to 3 directors (2023: 2) in respect of defined contribution pension schemes.

### 9. Finance (income)/costs

	Year Ended 31 March 2024 £'000	Year Ended 31 March 2023 £'000
<b>Finance income</b>		
Bank interest receivable	(147)	(25)
<b>Finance costs</b>		
Bank interest payable	602	828
Invoice discounting fees	147	-
Unwind of discounting on deferred consideration	245	-
Facility fees	115	-
Amortisation of capitalised arrangement fees	55	55
Interest on lease liabilities	881	154
	2,045	1,037

### 10. Taxation

	Year Ended 31 March 2024 £'000	Year Ended 31 March 2023 £'000
<b>Current tax</b>		
Current year – UK corporation tax	7,560	2,967
Adjustments to tax charge in respect of prior periods	175	-
Foreign tax on income	48	-
<b>Total current tax</b>	7,783	2,967
<b>Deferred tax</b>		
Origination and reversal of temporary differences	350	(566)
Adjustments to tax charge in respect of prior periods	(439)	-
Adjustments to tax charge due to change in rates	-	68
<b>Total deferred tax</b>	(89)	(498)
<b>Total tax expense</b>	7,694	2,469
<b>Equity Items</b>		
Current tax	-	-
Deferred tax	(154)	(608)
<b>Total</b>	(154)	(608)

#### Factors affecting the charge

	Year Ended 31 March 2024 £'000	Year Ended 31 March 2023 £'000
Profit before taxation	30,120	14,437
Tax at the UK corporation tax rate of 25% (2023: 19%)	7,530	2,743
Effects of expenses not deductible for tax purposes	531	123
Income not taxable for tax purposes	(186)	-
Adjustments to tax charge due to change in rates	-	68
Adjustments to tax charge in respect of prior periods	(264)	-
Exercise of share options	-	(123)
Deferred tax on Share Based Payments	83	(118)
Enhanced Relief	-	(224)
Total tax expense	7,694	2,469

#### Factors that may affect future tax charges

In the Spring Budget 2021, the Government announced that from 1 April 2024 the corporation tax rate will increase to 25% rather than remaining at 19% as previously enacted. This new law was substantively enacted on 24 May 2021 and the impact of this rate change has been considered when recognising deferred tax in these financial statements. Where the asset or liability is expected to unwind after 1 April 2024 the deferred tax has been recognised at 25% in these financial statements. In the Autumn Statement in November 2022, the government confirmed the increase in corporation tax rate to 25% from April 2024 will go ahead.



## Notes to the Group Financial Statements

for the Year Ended 31 March 2024 *continued*

### 11. Earnings per share

Basic earnings per share is calculated by dividing the net income for the year attributable to ordinary equity holders after tax by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share is calculated with reference to the weighted average number of shares adjusted for the impact of dilutive instruments in issue. For the purposes of this calculation an estimate has been made for the share price in order to calculate the number of dilutive share options.

The basic and diluted calculations are based on the following:

#### Statutory EPS

	Year Ended 31 March 2024 £'000	Year Ended 31 March 2023 £'000
Profit for the year after tax	<b>22,426</b>	11,968
	<b>No.</b>	No.
Weighted average number of shares for the purposes of basic earnings per share	<b>117,237,891</b>	116,731,311
Weighted average dilutive effect of conditional share awards	<b>6,455,776</b>	6,720,523
Weighted average number of shares for the purposes of diluted earnings per share	<b>123,693,667</b>	123,451,834
	<b>Pence</b>	Pence
Basic earnings per share	<b>19.1</b>	10.3
Diluted earnings per share	<b>18.1</b>	9.7

#### Adjusted EPS

The calculation of adjusted earnings per share is based on the after tax adjusted operating profit after adding back certain costs as detailed in the table below. Adjusted earnings per share figures are given to exclude the effects of depreciation, amortisation and adjusted items, all net of taxation, and are considered to show the underlying performance of the Group.

	Year Ended 31 March 2024 £'000	Year Ended 31 March 2023 £'000
Adjusted earnings (see below)	<b>24,459</b>	13,790
	<b>No.</b>	No.
Weighted average number of shares for the purposes of basic earnings per share	<b>117,237,891</b>	116,731,311
Weighted average dilutive effect of conditional share awards	<b>6,455,776</b>	6,720,523
Weighted average number of shares for the purposes of diluted earnings per share	<b>123,693,667</b>	123,451,834
	<b>Pence</b>	Pence
Adjusted basic earnings per share	<b>20.9</b>	11.8
Adjusted diluted earnings per share	<b>19.8</b>	11.2

The calculation of basic adjusted earnings per share is based on the following data:

	Year Ended 31 March 2024 £'000	Year Ended 31 March 2023 £'000
Profit for the year attributable to equity shareholders	<b>22,426</b>	11,968
Add back/(deduct):		
Amortisation of acquisition related intangible assets	<b>1,616</b>	874
Adjusted items	<b>593</b>	828
Tax effect of the above	<b>(176)</b>	120
Adjusted earnings	<b>24,459</b>	13,790

### 12. Goodwill and other intangible assets

	Domain name £'000	Trademarks £'000	Customer relationships £'000	Trade names £'000	Know how £'000	Computer software £'000	Goodwill £'000	Total £'000
<b>Cost</b>								
At 1 April 2022	249	1,501	760	221	–	18	1,602	4,351
Additions	–	–	–	–	–	23	–	23
On acquisition	62	43	3,043	4,384	262	–	5,906	13,700
Disposals	–	–	–	(1,231)	–	–	–	(1,231)
<b>At 31 March 2023</b>	<b>311</b>	<b>1,544</b>	<b>3,803</b>	<b>3,374</b>	<b>262</b>	<b>41</b>	<b>7,508</b>	<b>16,843</b>
Additions	–	–	–	–	–	115	–	115
<b>At 31 March 2024</b>	<b>311</b>	<b>1,544</b>	<b>3,803</b>	<b>3,374</b>	<b>262</b>	<b>156</b>	<b>7,508</b>	<b>16,958</b>
<b>Accumulated amortisation</b>								
At 1 April 2022	75	166	311	88	–	7	–	647
Amortisation charged in the year	25	150	359	359	6	16	–	915
At 31 March 2023	100	316	670	447	6	23	–	1,562
Amortisation charged in the year	87	154	761	675	26	30	–	1,733
<b>At 31 March 2024</b>	<b>187</b>	<b>470</b>	<b>1,431</b>	<b>1,122</b>	<b>32</b>	<b>53</b>	<b>–</b>	<b>3,295</b>
<b>Carrying amount</b>								
At 1 April 2022	174	1,335	449	133	–	11	1,602	3,704
At 31 March 2023	211	1,228	3,133	2,927	256	18	7,508	15,281
<b>At 31 March 2024</b>	<b>124</b>	<b>1,074</b>	<b>2,372</b>	<b>2,252</b>	<b>230</b>	<b>103</b>	<b>7,508</b>	<b>13,663</b>

The amortisation charge for the year has been included in Administrative expenses in the Statement of Comprehensive Income.

#### Individually material intangible assets

The individually material intangible assets at the year end are summarised below:

Intangible asset name	Asset category	Net book value at year end £'000	Remaining amortisation period Years	Description
Sci-MX trademark	Trademarks	1,005	7	The Sci-MX trademark was acquired in FY22 from the administrators of Sci-MX Nutrition Limited.
Liberty Flights customer relationships	Customer relationships	1,420	3	These customer relationships were acquired in FY23 as part of the acquisition of Liberty Flights.
Liberty Flights trade name	Trade names	2,207	3	This trade name was acquired in FY23 as part of the acquisition of Liberty Flights.

The individually material intangible assets at the prior year end are summarised below:

Intangible asset name	Asset category	Net book value at year end £'000	Remaining amortisation period Years	Description
Sci-MX trademark	Trademarks	1,149	8	The Sci-MX trademark was acquired in FY22 from the administrators of Sci-MX Nutrition Limited.
Liberty Flights customer relationships	Customer relationships	1,825	4	These customer relationships were acquired in FY23 as part of the acquisition of Liberty Flights.
Liberty Flights trade name	Trade names	2,838	4	This trade name was acquired in FY23 as part of the acquisition of Liberty Flights.
Superdragon customer relationships	Customer relationships	978	4	These customer relationships were acquired in FY23 as part of the acquisition of Superdragon.



## Notes to the Group Financial Statements

for the Year Ended 31 March 2024 *continued*

### 12. Goodwill and other intangible assets continued

Goodwill arises on acquisitions where the fair value of the consideration given for the business exceeds the fair value of the assets acquired and liabilities assumed.

Following acquisition of a business, the directors identify the individual Cash Generating Units (CGUs) acquired and, where possible, allocate the underlying assets acquired and liabilities assumed to each of those CGUs.

In the prior year, the Board concluded that its CGUs were Supreme Imports Limited, Vendek Limited and Liberty Flights Limited as these were the smallest groups of assets that generated cash inflows that were largely independent of the cash inflows from other assets. As no goodwill arose as a result of the acquisition or subsequent performance of Vendek then Vendek was not deemed a required CGU for the purpose of the annual test for impairment of goodwill. Therefore, the resulting CGUs in the prior year were Supreme Imports Limited and Liberty Flights Limited.

In the current year, owing to the hive up of Liberty Flights' operations in Supreme Imports Limited, the Board no longer deemed that Liberty Flights was a viable CGU as its cashflows were no longer separately identifiable. Therefore the only remaining viable CGU for the purpose of the annual test for impairment of goodwill was Supreme Imports.

	As at 31 March 2024 £'000	As at 31 March 2023 £'000
Supreme	7,508	3,364
Liberty Flights	–	4,144
	<b>7,508</b>	<b>7,508</b>

The key assumptions for the value in use calculations are:

- cash flows before income taxes are based on approved budgets and prior experience and management projections for the next 3 years;
- a long term growth rate of 2.0% (2023: 2.0%) for the period beyond which detailed budgets and forecasts do not exist; based on external sources of macroeconomic projections for the geographies in which the entity operates;
- a post tax discount rate of 10.6% (2023: 10.4%) based upon risk free rate for government bonds adjusted for a risk premium to reflect increased risk of investing in equities and investing in the Group's specific sector and regions; and
- a pre tax discount rate of 13.6% based upon risk free rate for government bonds adjusted for a risk premium to reflect increased risk of investing in equities and investing in the Group's specific sector and regions.

Impairment testing of goodwill is performed at least annually by reference to value in use calculations which management consider to be in line with the requirements of IAS 36. These calculations show no reasonably possible scenario in which any of the goodwill balances could be impaired as at 31 March 2024 or 31 March 2023. There were no charges for impairment of goodwill in 2024 (2023: nil).

#### Sensitivity to goodwill impairment

Management has applied sensitivities to the key assumptions, including discount rates and growth rates and believes there are no reasonably possible scenarios which would result in an impairment of goodwill.

	Discount rate Change in value in use £'000	Long term growth rate Change in value in use £'000
Supreme Imports Limited		
Used in the value in use model	13.6%	2%
Value in use	246,884	246,884
1% increase	228,603	265,311
1% decrease	268,095	231,382

### 13. Property, plant and equipment

	Buildings £'000	Plant and machinery £'000	Fixtures and fittings £'000	Motor vehicles £'000	Computer equipment £'000	Leasehold improvements £'000	Assets under construction £'000	Right of use assets £'000	Total £'000
<b>Cost or valuation</b>									
At 1 April 2022	–	6,139	993	287	336	–	–	5,078	12,833
Additions	57	724	66	111	340	–	686	14,393	16,377
On acquisition	1,492	423	33	7	11	–	–	–	1,966
Disposals	–	–	–	(28)	–	–	–	–	(28)
<b>At 31 March 2023</b>	<b>1,549</b>	<b>7,286</b>	<b>1,092</b>	<b>377</b>	<b>687</b>	<b>–</b>	<b>686</b>	<b>19,471</b>	<b>31,148</b>
Additions	–	1,000	59	138	155	3,280	–	25	4,657
Disposals	–	(1,470)	(845)	(82)	(82)	–	–	–	(2,479)
Transfers	(57)	–	–	–	–	743	(686)	–	–
<b>At 31 March 2024</b>	<b>1,492</b>	<b>6,816</b>	<b>306</b>	<b>433</b>	<b>760</b>	<b>4,023</b>	<b>–</b>	<b>19,496</b>	<b>33,326</b>
<b>Depreciation and impairment</b>									
At 1 April 2022	–	4,182	822	91	103	–	–	2,962	8,160
Depreciation charged in the year	–	949	63	51	205	–	–	932	2,200
Eliminated on disposal	–	–	–	(27)	–	–	–	–	(27)
<b>At 31 March 2023</b>	<b>–</b>	<b>5,131</b>	<b>885</b>	<b>115</b>	<b>308</b>	<b>–</b>	<b>–</b>	<b>3,894</b>	<b>10,333</b>
Depreciation charged in the year	–	1,036	70	57	269	655	–	1,685	3,772
Eliminated on disposal	–	(1,244)	(819)	(56)	(76)	–	–	–	(2,195)
<b>At 31 March 2024</b>	<b>–</b>	<b>4,923</b>	<b>136</b>	<b>116</b>	<b>501</b>	<b>655</b>	<b>–</b>	<b>5,579</b>	<b>11,910</b>
<b>Carrying amount</b>									
At 1 April 2022	–	1,957	171	196	233	–	–	2,116	4,673
At 31 March 2023	1,549	2,155	207	262	379	–	686	15,577	20,815
<b>At 31 March 2024</b>	<b>1,492</b>	<b>1,893</b>	<b>170</b>	<b>317</b>	<b>259</b>	<b>3,368</b>	<b>–</b>	<b>13,917</b>	<b>21,416</b>

The depreciation charge for the year has been included in Administrative expenses in the Statement of Comprehensive Income.

Of the additions in the financial year £5,322,000 (2023: £1,254,000) was paid during the year including £730,000 of cash paid for additions recognised in the prior year.

### 14. Investments

	As at 31 March 2024 £'000	As at 31 March 2023 £'000
Balance at the beginning of the year	7	7
Amounts written off	(7)	–
<b>Balance at the end of the year</b>	<b>–</b>	<b>7</b>

Investments held within Provider Distribution, a company which was part of the group until its dissolution were written off during the year as they were no longer deemed to have a value to the group.

#### Audit exemption statement

Under section 479A of the Companies Act 2006, the Group is claiming exemption from audit for the subsidiary companies listed below.

The parent undertaking, Supreme plc, guarantees all outstanding liabilities to which the subsidiary company is subject at the end of the financial year. The guarantee is enforceable against the parent undertaking by any person to whom the subsidiary company is liable in respect of those liabilities.

	Company number
Liberty Flights Holdings Limited	07137952
Liberty Flights Limited	07089691



## Notes to the Group Financial Statements

for the Year Ended 31 March 2024 *continued*

### 15. Deferred tax

Deferred tax consists of the following temporary differences

	As at 31 March 2024 £'000	As at 31 March 2023 £'000
Share based payments	778	1,016
Short term temporary differences	390	–
<b>Deferred tax asset</b>	<b>1,168</b>	1,016
Excess of depreciation over taxable allowances	(687)	(550)
Short term temporary differences	–	339
Tax losses carried forward	–	(104)
Fixed asset timing differences	(104)	–
Acquired intangible assets	(1,231)	(1,490)
<b>Deferred tax liability</b>	<b>(2,022)</b>	(1,805)
<b>Net deferred tax liability</b>	<b>(854)</b>	(789)

#### Movement in deferred tax in the year

	As at 31 March 2024 £'000	As at 31 March 2023 £'000
Balance at the beginning of the year	(789)	1,156
Credited to profit or loss	89	498
Debited to reserves	(154)	(608)
Arising on business combination	–	(1,849)
Other	–	14
Balance at the end of the year	<b>(854)</b>	(789)

The Directors consider that the deferred tax assets in respect of temporary differences are recoverable based on the forecast future taxable profits of the Group. All deferred tax arises within the UK.

### 16. Inventories

	As at 31 March 2024 £'000	As at 31 March 2023 £'000
Goods for resale	19,587	21,080
Raw materials	4,847	4,526
	<b>24,434</b>	25,606

The Directors believe that the replacement value of inventories would not be materially different than book value.

Inventories at 31 March 2024 are stated after provisions for impairment of £1,076,000 (2023: £1,492,000).

### 17. Trade and other receivables

	As at 31 March 2024 £'000	As at 31 March 2023 £'000
Trade receivables not past due	19,352	15,748
Trade receivables past due	9,613	3,007
Provision for expected credit losses	(262)	(189)
<b>Total trade receivables</b>	<b>28,703</b>	18,566
Other receivables	5,377	1,507
Prepayments	1,546	826
	<b>35,626</b>	20,899

#### Currency analysis

	As at 31 March 2024 £'000	As at 31 March 2023 £'000
Sterling	28,670	19,348
Euro	1,309	292
US Dollar	5,647	1,259
	<b>35,626</b>	20,899

The Directors believe that the carrying value of trade and other receivables represents their fair value. Trade and other receivables are considered past due once they have passed their contracted due date. Trade and other receivables are assessed for impairment based upon the expected credit loss model.

The movement in provisions for impairment are shown below:

	Year Ended 31 March 2024 £'000	Year Ended 31 March 2023 £'000
Balance at the beginning of the year	189	32
Charged to the statement of comprehensive income	181	63
Arising on acquisition	–	111
Utilisation of provision	(108)	(17)
Balance at the end of the year	<b>262</b>	189

The Group's customer base is predominantly made up of high-quality organisations with a high credit rating. In order to manage credit risk, the Directors set limits for customers based on a combination of payment history and third-party credit references. Credit limits are reviewed on a regular basis in conjunction with debt ageing and collection history. The maturity analysis of trade receivables is analysed below.



## Notes to the Group Financial Statements

for the Year Ended 31 March 2024 *continued*

### 17. Trade and other receivables continued

#### Ageing of trade receivables

31 March 2024	Current £'000	31 – 60 days £'000	61 – 90 days £'000	90 days + £'000	Total £'000
Expected loss rate	0%	0%	0%	61%	
Gross trade receivables	14,238	13,170	1,208	349	<b>28,965</b>
Loss allowance	–	–	–	(262)	<b>(262)</b>
<b>Net trade receivables</b>	<b>14,238</b>	<b>13,170</b>	<b>1,208</b>	<b>87</b>	<b>28,703</b>

31 March 2023	Current £'000	31 – 60 days £'000	61 – 90 days £'000	90 days + £'000	Total £'000
Expected loss rate	0%	0%	8%	100%	
Gross trade receivables	11,936	5,253	1,492	74	<b>18,755</b>
Loss allowance	–	–	(115)	(74)	<b>(189)</b>
<b>Net trade receivables</b>	<b>11,936</b>	<b>5,253</b>	<b>1,377</b>	<b>–</b>	<b>18,566</b>

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date, taking into account the extent of credit insurance held on the receivable. The Group uses IFRS 9's simplified approach to measure the loss allowance at an amount equal to lifetime expected credit losses for trade receivables. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the Directors believe that no further credit provision is required in excess of the provision for impairment of receivables.

Details on the Group's credit risk management policies are shown in Note 24. The Group does not hold any collateral as security for its trade and other receivables.

### 18. Cash and cash equivalents

	As at 31 March 2024 £'000	As at 31 March 2023 £'000
Cash and cash equivalents	<b>11,631</b>	7,536

#### Currency analysis

	As at 31 March 2024 £'000	As at 31 March 2023 £'000
Sterling	<b>10,119</b>	7,025
Euro	<b>1,421</b>	453
US Dollar	<b>91</b>	58
	<b>11,631</b>	7,536

### 19. Trade and other payables

	As at 31 March 2024 £'000	As at 31 March 2023 £'000
Trade payables	<b>9,676</b>	8,697
Accruals	<b>10,673</b>	5,651
Deferred income	–	259
Other creditors	<b>525</b>	3,415
Other tax and social security	<b>6,427</b>	3,951
Deferred consideration (note 20)	–	1,942
Contingent consideration (note 20)	–	2,200
Directors loan account	<b>2</b>	2
	<b>27,303</b>	26,117

### Currency analysis

	As at 31 March 2024 £'000	As at 31 March 2023 £'000
Sterling	<b>25,702</b>	23,953
Euro	<b>1,337</b>	760
US Dollar	<b>264</b>	1,404
	<b>27,303</b>	26,117

Trade payables principally consist of amounts outstanding for trade purchases and ongoing costs. They are non-interest bearing and are normally settled on 30 to 60 day terms.

The Directors consider that the carrying value of trade and other payables approximates their fair value. Supreme PLC has financial risk management policies in place to ensure that all payables are paid within the credit timeframe and no interest has been charged by any suppliers as a result of late payment of invoices during the period.

At 31 March 2023, £2,470,000 was included within Other creditors in respect of the Superdragon consideration. This was paid in full in the year.

### 20. Deferred and contingent consideration

	Acquisition of Superdragon £'000	Acquisition of Liberty Flights £'000	Grand Total £'000
Balance at 31 March 2023			
Deferred consideration	187	1,755	<b>1,942</b>
Contingent consideration	–	2,200	<b>2,200</b>
<b>Balance at 31 March 2023</b>	<b>187</b>	<b>3,955</b>	<b>4,142</b>
Movements during the year			
Payment of deferred consideration	(187)	(2,000)	<b>(2,187)</b>
Payment of contingent consideration	–	(1,451)	<b>(1,451)</b>
Unwind of discount	–	245	<b>245</b>
Credited to the Income Statement	–	(749)	<b>(749)</b>
<b>Balance at 31 March 2024</b>	<b>–</b>	<b>–</b>	<b>–</b>

### 21. Borrowings

	As at 31 March 2024 £'000	As at 31 March 2023 £'000
<b>Current</b>		
Bank loans	–	4,307
Lease liabilities (note 22)	<b>1,268</b>	719
	<b>1,268</b>	5,026
<b>Non-current</b>		
Lease liabilities (note 22)	<b>13,449</b>	14,293
	<b>13,449</b>	14,293
<b>Total borrowings</b>	<b>14,717</b>	19,319

The earliest that the lenders of the above borrowings require repayment is as follows:

	As at 31 March 2024 £'000	As at 31 March 2023 £'000
In less than one year	<b>1,268</b>	5,026
Between two and five years	<b>7,095</b>	6,980
In more than five years	<b>6,354</b>	7,313
	<b>14,717</b>	19,319



## Notes to the Group Financial Statements

for the Year Ended 31 March 2024 *continued*

### 21. Borrowings continued

These amounts when presented gross on an undiscounted basis are as follows:

	As at 31 March 2024 £'000	As at 31 March 2023 £'000
In less than one year	2,189	5,499
Between two and five years	6,867	7,699
In more than five years	11,725	13,065
	<b>20,781</b>	26,263

The Group is funded by revolving credit facility ("RCF") of £25 million provided by HSBC that is secured by way of a fixed and floating charge over all assets with a further £10 million (Accordion) facility pre-agreed and available on request. Interest is charged at a margin of 2.3% over SONIA for all drawn amounts and 35% of the margin for undrawn amounts. The facility is for 3 years and expires 31 March 2025 and HSBC have already indicated their interest and support of Supreme to renew this facility. There are 2 principal covenants attached to the RCF and these are tested quarterly.

Current bank facilities include an invoice discounting facility of £20 million, which is secured by an assignment of, and fixed charge over the trade debtors of Supreme Imports Limited. The facility was not drawn down at year end (2023: undrawn).

Therefore undrawn but committed facilities at 31 March 2024 were £35 million for the RCF (2023: £20.7 million) and £20 million for the invoice discounting facility (2023: £8.5 million).

#### Net cash disclosure

	As at 31 March 2024 £'000	As at 31 March 2023 £'000
Cash and cash equivalents	11,631	7,536
Total borrowings	(14,717)	(19,319)
<b>Net Cash position</b>	<b>(3,086)</b>	(11,783)

#### Net debt analysis

	Cash flows					Non-cash movements					Net debt as at 31 March 2023 £'000
	Net debt as at 1 April 2022 £'000	Payments £'000	Drawdowns £'000	Interest payments £'000	Arising on acquisition £'000	New leases £'000	Foreign exchange adjustments £'000	Interest expense £'000	Movement on loan costs £'000	Non current to current movement £'000	
Long term loan – current	(3,984)	3,984	–	–	–	–	–	–	–	–	–
Long term loan – non current	–	–	–	–	–	–	–	–	–	–	–
RCF – non current	–	14,000	(18,418)	776	–	–	(883)	218	–	(4,307)	–
Leases – current	(902)	834	–	7	–	(647)	–	(7)	–	(4)	(719)
Leases – non current	(1,294)	–	–	146	–	(13,003)	–	(146)	–	4	(14,293)
Amount owed to related parties – current	(1,779)	1,779	–	–	–	–	–	–	–	–	–
Sub-total	(7,959)	20,597	(18,418)	929	–	(13,650)	–	(1,036)	218	–	(19,319)
Cash and cash equivalents	3,926	1,643	–	–	1,866	–	101	–	–	–	7,536
<b>Total</b>	<b>(4,033)</b>	<b>22,240</b>	<b>(18,418)</b>	<b>929</b>	<b>1,866</b>	<b>(13,650)</b>	<b>101</b>	<b>(1,036)</b>	<b>218</b>	<b>–</b>	<b>(11,783)</b>

	Cash flows					Non-cash movements					Net debt as at 31 March 2024 £'000
	Net debt as at 1 April 2023 £'000	Payments £'000	Drawdowns £'000	Interest payments £'000	Arising on acquisition £'000	New leases £'000	Foreign exchange adjustments £'000	Interest expense £'000	Movement on loan costs £'000	Non current to current movement £'000	
RCF – non current	(4,307)	9,918	(5,500)	559	–	–	–	(602)	(68)	–	–
Leases – current	(719)	1,062	–	76	–	(7)	–	(76)	–	(1,604)	(1,268)
Leases – non current	(14,293)	–	–	63	–	(18)	–	(805)	–	1,604	(13,449)
Sub-total	(19,319)	10,980	(5,500)	698	–	(25)	–	(1,483)	(68)	–	(14,717)
Cash and cash equivalents	7,536	4,162	–	–	–	–	(67)	–	–	–	11,631
<b>Total</b>	<b>(11,783)</b>	<b>15,142</b>	<b>(5,500)</b>	<b>698</b>	<b>–</b>	<b>(25)</b>	<b>(67)</b>	<b>(1,483)</b>	<b>(68)</b>	<b>–</b>	<b>(3,086)</b>

### 22. Leases

The group leases buildings and cars. Rental contracts are typically made for fixed periods of 3 to 5 years. There are no judgements over the length of the lease term for any of the Group's leases. There are no variable lease payments in any of the Group's leases.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases of the Group, the incremental borrowing rate is used, being the rate that the Group would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

#### Amounts recognised in the Statement of Financial Position

The balance sheet shows the following amounts relating to leases:

Right-of-use assets	£'000
At 1 April 2022	2,116
Additions	12,656
Lease modification	1,737
Depreciation charge for the year	(932)
<b>At 31 March 2023</b>	<b>15,577</b>
Additions	25
Depreciation charge for the year	(1,685)
<b>At 31 March 2024</b>	<b>13,917</b>

The net book value of the right of use assets is made up as follows:

	As at 31 March 2024 £'000	As at 31 March 2023 £'000
Buildings	13,899	15,576
Cars	18	1
	<b>13,917</b>	15,577

Lease liabilities	As at 31 March 2024 £'000	As at 31 March 2023 £'000
Maturity analysis – contractual undiscounted cash flows		
Less than one year	2,189	1,192
More than one year, less than two years	2,129	2,181
More than two years, less than three years	1,715	2,121
More than three years, less than four years	1,683	1,714
More than four years, less than five years	1,340	1,683
More than five years	11,725	13,065
Total undiscounted lease liabilities at year end	20,781	21,956
Finance costs	(6,064)	(6,944)
Total discounted lease liabilities at year end	14,717	15,012
Lease liabilities included in the statement of financial position		
Current	1,268	719
Non-current	13,449	14,293
	<b>14,717</b>	15,012

## Notes to the Group Financial Statements

for the Year Ended 31 March 2024 *continued*

### 22. Leases continued

#### Amounts recognised in the Consolidated Statement of Comprehensive Income

The Consolidated Statement of Comprehensive Income shows the following amounts relating to leases:

	Year Ended 31 March 2024 £'000	Year Ended 31 March 2023 £'000
Depreciation charge – Buildings	1,677	925
Depreciation charge – Cars	8	7
	<b>1,685</b>	932
Interest expense (within finance expense)	<b>881</b>	154

There are no restrictions or covenants imposed by leases and there have been no sale and leaseback transactions.

Any expense for short-term and low-value leases is not material and has not been presented.

### 23. Provisions

	As at 31 March 2024 £'000	As at 31 March 2023 £'000
<b><i>Dilapidations provision related to right-of-use assets</i></b>		
At 1 April	775	–
Additions	–	774
Unwind of discounting	26	1
At 31 March	<b>801</b>	775
<b><i>Provisions included in the statement of financial position</i></b>		
Current	349	–
Non-current	452	775
	<b>801</b>	775

### 24. Financial instruments

The Group is exposed to the risks that arise from its financial instruments. The policies for managing those risks and the methods to measure them are described in Note 2. Further quantitative information in respect of these risks is presented below and throughout these Group financial statements.

#### 24.1 Capital risk management

The Group's objectives when managing capital are to:

- safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders; and
- maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group might adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

The Group does not monitor capital on a formal basis. However, the Group ensures that it operates within the requirements of its loan covenants, which are designed to ensure that sufficient capital is maintained. These covenants are outlined below and the Group consistently meets these requirements. Regular reviews of financial performance and position are conducted by management to ensure ongoing compliance with these covenants and to maintain financial flexibility.

#### Loan covenants

Under the terms of the revolving credit facility, which was undrawn at the year end (2023: £4,307,000), the Group is required to comply with the following financial covenants at the end of each quarter:

- Interest cover – EBITDA to Net Finance Charges will not be less than 4.0:1.
- Leverage – Total Net Debt (RCF, IF & Trade drawings less cash) to EBITDA will not exceed 2.5:1.

The Group has complied with these covenants throughout the reporting period. There are no indications that the entity may have difficulties complying with the covenants in the next financial year.

### 24.2 Market risk

Competitive pressures remain a principal risk for the Group. The risk is managed through focus on quality of product and service levels, coupled with continuous development of new products to offer uniqueness to the customer. Furthermore, the Group's focus on offering its customers a branded product range provides some protection to its competitive position in the market. Stock obsolescence risk is managed through closely monitoring slow moving lines and prompt action to manage such lines through the various distribution channels available to the Group.

In addition, the Group's operations expose it to a variety of financial risks that include price risk, credit risk, liquidity risk, foreign currency risk and interest rate cash flow risk. The Group has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the Group by regularly monitoring the financial risks referred to above.

Given the size of the Group, the Directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board. The policies set by the Board are implemented by the Group's finance department.

### 24.3 Credit risk

The Group's sales are primarily made with credit terms of between 0 and 30 days, exposing the Group to the risk of non-payment by customers. The Group has implemented policies that require appropriate credit checks on potential customers before sales are made. The amount of exposure to any individual counterparty is subject to a limit, which is reassessed regularly by the board. In addition, the Group maintains a suitable level of credit insurance against its debtor book. The maximum exposure to credit risk is £5,000 per individual customer that is covered by the policy, being the insurance excess.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses using a lifetime expected credit loss provision for trade receivables. Expected losses are based on the Group's historical credit losses, adjusted for current and forward-looking information on macroeconomic factors affecting the Group's customers. The Group's B2B historic credit losses have been minimal on the back of strong credit control, in addition to the insurance cover in place. This results in an immaterial expected credit loss being provided for.

An analysis of past due but not impaired trade receivables is given in Note 17.

### 24.4 Liquidity risk management

The Group is funded by external banking facilities provided by HSBC. Within these facilities, the Group actively maintains a mixture of long-term and short-term debt finance that is designed to ensure the Group has sufficient available funds for operations and planned expansions. This is monitored on a monthly basis, including re-forecasts of the borrowings required.

### 24.5 Foreign currency risk management

The Group's activities expose it to the financial risks of changes in foreign currency exchange rates. The Group's exposure to foreign currency risk is partially hedged by virtue of invoicing a proportion of its turnover in US Dollars. When necessary, the Group uses foreign exchange forward contracts to further mitigate this exposure.

The following is a note of the assets and liabilities denominated at each period end in US dollars:

	As at 31 March 2024 £'000	As at 31 March 2023 £'000
Trade receivables	498	–
Cash and cash equivalents	91	58
Trade payables	(181)	1,154
	<b>408</b>	1,212

The effect of a 20 percent strengthening of Pound Sterling at 31 March 2024 on the foreign denominated financial instruments carried at that date would, all variables held constant, have resulted in a decrease to total comprehensive income for the year and a decrease to net assets of £68,000 (2023: £202,000). A 20 percent weakening of the exchange rate on the same basis, would have resulted in an increase to total comprehensive income and an increase to net assets of £102,000 (2023: £303,000).

The following is a note of the assets and liabilities denominated at each period end in Euros:

	As at 31 March 2024 £'000	As at 31 March 2023 £'000
Trade receivables	1,215	200
Cash and cash equivalents	1,421	453
Trade payables	(771)	(364)
	<b>1,865</b>	289

The effect of a 20 percent strengthening of Pound Sterling at 31 March 2024 on the foreign denominated financial instruments carried at that date would, all variables held constant, have resulted in an increase to total comprehensive income for the year and a decrease to net assets of £311,000 (2023: decrease of £48,000). A 20 percent weakening of the exchange rate on the same basis, would have resulted in a decrease to total comprehensive income and an increase in net assets of £466,000 (2023: increase of £73,000).



## Notes to the Group Financial Statements

for the Year Ended 31 March 2024 *continued*

### 24. Financial instruments continued

#### Forward contracts

The Group mitigates the exchange rate risk for certain foreign currency creditors by entering into forward currency contracts. The Group's forex policy is to purchase forward contracts to mitigate changes in spot rates, based on the timing of purchases to be made. Management forecast the timing of purchases and make assumptions relating to the exchange rate at which the Group costs its products and take out forward contracts to mitigate fluctuations to an acceptable level. At 31 March 2024, the outstanding contracts mature between 1 and 12 months of the year end, (2023: 1 and 10 months). At 31 March 2024 the Group was committed to buy \$30,000,000 (2023: \$32,500,000) in the next financial year.

The forward currency contracts are measured at fair value using the relevant exchange rates for GBP:USD and GBP:EUR. The fair value of the contracts at 31 March 2024 is a liability of £52,000 (2023: liability of £652,000). During the year ended 31 March 2024, a gain of £600,000 (2023: loss of £1,119,000) was recognised Adjusted items for changes in the fair value of the forward foreign currency contracts.

Forward currency contracts are valued using level 2 inputs. The valuations are calculated using the year end exchange rates for the relevant currencies which are observable quoted values at the year-end dates. Valuations are determined using the hypothetical derivative method which values the contracts based on the changes in the future cashflows based on the change in value of the underlying derivative.

#### 24.6 Interest rate cash flow risk

The Group's interest-bearing liabilities relate to its variable rate banking facilities. The Group has a policy of keeping the rates associated with funding under review in order to react to any adverse changes in the marketplace that would impact on the interest rates in place. The effect of a 1% increase in interest rates would have resulted in a decrease in net assets of £61,000 (2023: £141,000).

#### 24.7 Price risk

The Group's profitability is affected by price fluctuations in the sourcing of its products. The Group continually monitors the price and availability of materials but the costs of managing the exposure to price risk exceed any potential benefits given the extensive range of products and suppliers. The Directors will revisit the appropriateness of this policy should the Group's operations change in size or nature.

#### 24.8 Maturity of financial assets and liabilities

All of the Group's non-derivative financial liabilities and its financial assets at the reporting date are either payable or receivable within one year, except for borrowings as disclosed in Note 21.

#### 24.9 Summary of financial assets and liabilities by category

The carrying amount of financial assets and liabilities recognised may also be categorised as follows:

	As at 31 March 2024 £'000	As at 31 March 2023 £'000
<b>Financial assets</b>		
<i>Financial assets measured at amortised cost</i>		
Trade and other receivables	34,080	20,073
Cash and cash equivalents	11,631	7,536
	<b>45,711</b>	27,609
<b>Financial liabilities</b>		
<i>Financial liabilities measured at amortised cost</i>		
<b>Non-current:</b>		
Borrowings	(13,449)	(14,293)
<b>Current:</b>		
Borrowings	(1,268)	(5,026)
Trade payables	(9,676)	(8,697)
Directors loan account	(2)	(2)
Deferred consideration	-	(1,942)
Contingent consideration	-	(2,200)
Other creditors	(525)	(3,415)
Accruals	(10,673)	(5,651)
	<b>(35,593)</b>	(41,226)
<i>Financial liabilities measured at fair value through profit and loss</i>		
Forward contracts	(52)	(652)
	<b>(52)</b>	(652)
<b>Net financial assets / (liabilities)</b>	<b>10,066</b>	(14,269)

### 25. Share capital and reserves

#### Share capital and share premium

Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs. The excess of proceeds of a share issue over the nominal value is presented within share premium.

#### Number of shares authorised and in issue

	Ordinary £0.10	
	No.	£
At 1 April 2022	116,627,074	11,662,707
Issued	688,968	68,897
At 31 March 2023	117,316,042	11,731,604
Issued	27,961	2,796
Cancelled	(828,000)	(82,800)
<b>At 31 March 2024</b>	<b>116,516,003</b>	<b>11,651,600</b>

#### Issued shares in the year

Date	Number of shares	Type of share	Subscription price	Share capital	Share premium	Total cost
3 Apr 2023	5,084	Ordinary £0.10	£0.3837	£508	£1,442	£1,950
5 Oct 2023	12,709	Ordinary £0.10	£0.3837	£1,271	£3,606	£4,877
14 Dec 2023	5,084	Ordinary £0.10	£0.3837	£508	£1,442	£1,950
27 Mar 2024	5,084	Ordinary £0.10	£0.3837	£508	£1,442	£1,950
<b>Total</b>	<b>27,961</b>	<b>n/a</b>	<b>n/a</b>	<b>£2,795</b>	<b>£7,932</b>	<b>£10,727</b>

#### Cancelled shares in the year

Buy back date	Number of shares bought back	Type of share	Subscription price	Total price	Cancellation date	Number of shares cancelled	Share capital value cancelled
13 Feb 2024	75,000	Ordinary £0.10	£1.2165	£91,238	16 Feb 2024	75,000	£7,500
20 Feb 2024	140,000	Ordinary £0.10	£1.2923	£180,922	26 Feb 2024	140,000	£14,000
27 Feb 2024	57,500	Ordinary £0.10	£1.2886	£74,095	29 Feb 2024	57,500	£5,750
5 Mar 2024	250,000	Ordinary £0.10	£1.2311	£307,775	8 Mar 2024	250,000	£25,000
12 Mar 2024	170,000	Ordinary £0.10	£1.0908	£185,436	15 Mar 2024	170,000	£17,000
19 Mar 2024	90,000	Ordinary £0.10	£1.1868	£106,812	26 Mar 2024	90,000	£9,000
22 Mar 2024	45,500	Ordinary £0.10	£1.1803	£53,704	26 Mar 2024	45,500	£4,550
<b>Total</b>	<b>828,000</b>	<b>n/a</b>	<b>n/a</b>	<b>£999,982</b>	<b>n/a</b>	<b>828,000</b>	<b>£82,800</b>

On 29 January 2024, Supreme PLC announced a Share Buyback programme of up to £1million. Between 16 February 2024 and 26 March 2024, 828,000 shares were bought back by Supreme PLC and then subsequently cancelled.

#### Dividends

Dividends of £4,341,000 (2023: £5,365,000) were declared and paid in the year; a final dividend in respect of 2023 of £0.022 per share (2023: £0.038 per share) and an interim dividend in respect of 2024 of £0.015 per share (2023: £0.008 per share).

#### Merger reserve

The merger reserve arose on a past business combination of entities that were under common control. The merger reserve is the difference between the cost of investment and the nominal value of the share capital acquired.

#### Share-based payments reserve

The share-based payments reserve represents the cumulative impact of the share-based payments charge.

#### Retained earnings

Retained earnings includes all current and prior period retained profits and losses, including foreign currency translation differences arising from the translation of financial statements of the Company's foreign entities.

All transactions with owners of the parent are recorded separately within equity.

## Notes to the Group Financial Statements

for the Year Ended 31 March 2024 *continued*

### 26. Share based payments

The Group operates a number of share incentive arrangements as set out below.

#### The Supreme plc Enterprise Management Incentive Scheme (“the EMI Scheme”)

On 14 September 2018, the Group implemented an Enterprise Management Incentive Scheme. This was granted to employees to acquire shares in the Company for a number of ordinary shares of 10p each at the exercise price at the option of the employee. The exercise of these options was originally subject to the occurrence of a relevant event (a disposal or a listing) in accordance with the EMI Scheme rules, but this condition was satisfied by the 2021 listing of the Company. These options will expire 10 years from grant date. A second scheme was implemented alongside the EMI scheme (‘2018 unapproved scheme’) for one employee who was eligible for more options than the EMI scheme rules allowed for. All conditions of this scheme were the same as the EMI Scheme.

These options were fairly valued upon a valuation of the entity that had been performed by an independent expert.

2018 EMI scheme	Weighted average exercise price 2024 £	2024 No.	Weighted average exercise price 2023 £	2023 No.
At the start of the year	£0.38	622,725	£0.38	1,148,850
Lapsed	£0.38	(5,084)	£0.38	(30,504)
Granted	–	–	–	–
Exercised	£0.38	(27,961)	£0.38	(495,621)
<b>At the end of the year</b>	<b>£0.38</b>	<b>589,680</b>	£0.38	622,725

The profit and loss expense that has been recognised in the current year in respect of these awards is £nil (2023: £nil).

2018 unapproved scheme	Weighted average exercise price 2024 £	2024 No.	Weighted average exercise price 2023 £	2023 No.
At the start of the year	£0.38	193,347	£0.38	386,694
Lapsed	–	–	–	–
Granted	–	–	–	–
Exercised	–	–	£0.38	(193,347)
<b>At the end of the year</b>	<b>£0.38</b>	<b>193,347</b>	£0.38	193,347

The profit and loss expense that has been recognised in the current year in respect of these awards is £nil (2023: £94,000).

#### The Supreme plc Sharesave Scheme 2021 (“the SAYE Scheme”)

The Company established the SAYE Scheme on 26 January 2021. The SAYE Scheme is open to all employees who have achieved the qualifying length of service at the proposed date of grant (initially set at 3 months). Under the SAYE Scheme, an individual who wishes to accept an invitation to apply for options to be granted to him or her must take out a 3 or 5 year savings contract with an approved savings body selected by the Company. The individual makes a fixed monthly contribution over the life of the savings contract and on maturity receives a tax-free bonus. The monthly contribution can be a minimum of £10 and a maximum of £500.

The price at which options may be exercised will be set by the Directors at the date of grant and may be at a discount of up to a maximum of 20 per cent. against the market value at the date of grant of the Shares over which they are granted. The Option will generally be exercisable by the holder within six-month period after the bonus becomes payable on his or her relevant savings contract.

All employees of the Group (including executive directors) at 3 March 2021 were invited to participate in the SAYE Scheme. Employees were invited to subscribe for options over the Company’s ordinary shares of 10p each with an exercise price of 152p, which represents a 20% discount to the closing middle market price of 190p per Share (“Options”) on 2 March 2021, being the trading day before the invitation for employees to participate was made. Other than in the case of a takeover or demerger or similar event, an option will generally be exercisable by the holder in relation to the SAYE Scheme within the 6-month period after the bonus becomes payable on his or her relevant savings contract. Any option not so exercised will lapse. There are no conditions of exercise in relation to options granted under the SAYE Scheme.

2021 SAYE scheme	Weighted average exercise price 2024 £	2024 No.	Weighted average exercise price 2023 £	2023 No.
At the start of the year	£1.52	195,167	£1.52	354,078
Lapsed	£1.52	(47,387)	£1.52	(158,911)
Granted	–	–	–	–
Exercised	–	–	–	–
<b>At the end of the year</b>	<b>£1.52</b>	<b>147,780</b>	£1.52	195,167

The profit and loss expense that has been recognised in the current year in respect of these awards is £34,000 (2023: £43,000).

#### The Supreme plc Company Share Option Plan 2021 (“the CSOP Scheme”)

The Company established the CSOP Scheme on 26 January 2021. Grants under the CSOP Scheme may be made by the Company as subscription Options or, with the consent of the Remuneration Committee, by an existing shareholder over shares already issued.

Under the CSOP Scheme certain eligible employees have been granted options to subscribe for ordinary shares in the Company of 10p each with an exercise price of 174 pence per ordinary share equal to the closing middle market price on 15 February 2021. The options were granted on 16 February 2021 and may be exercisable by the holder at any time between the third and tenth anniversaries of the date of the grant. Upon exercise, the relevant shares will be allotted. A number of employees have been granted additional options on the same basis under the Unapproved Scheme detailed below to the extent that the total number of options granted to them exceeded the maximum number permitted to be granted under the CSOP Scheme by HMRC rules.

23 employees were granted options under the CSOP over a total of 206,886 shares and 4 employees have been granted options under the Unapproved Scheme over a total of 94,825 shares, being in aggregate 301,711 shares. By 31 March 2024, a total of 97,697 options had lapsed and 204,014 remained under option.

2021 CSOP	Weighted average exercise price 2024 £	2024 No.	Weighted average exercise price 2023 £	2023 No.
At the start of the year	£1.74	181,026	£1.74	201,140
Lapsed	£1.74	(31,608)	£1.74	(20,114)
Granted	–	–	–	–
Exercised	–	–	–	–
<b>At the end of the year</b>	<b>£1.74</b>	<b>149,418</b>	£1.74	181,026

2021 unapproved scheme	Weighted average exercise price 2024 £	2024 No.	Weighted average exercise price 2023 £	2023 No.
At the start of the year	£1.74	54,596	£1.74	94,825
Lapsed	–	–	£1.74	(40,229)
Granted	–	–	–	–
Exercised	–	–	–	–
<b>At the end of the year</b>	<b>£1.74</b>	<b>54,596</b>	£1.74	54,596

The profit and loss expense that has been recognised in the current year in respect of these awards is a credit of £2,600 (2023: £57,000).

#### The Supreme plc Unapproved Share Option Scheme 2021 (“the Unapproved Scheme”)

The Company established the Unapproved Scheme on 26 January 2021. Grants under the CSOP Scheme may be made by the Company as subscription Options or, with the consent of the Remuneration Committee, by an existing shareholder over shares already issued.

As described in the Directors’ Remuneration Report, on 9 March 2021 the Company awarded the following options to the executive directors under the Unapproved Scheme.

Options to subscribe for a total of 5,825,000 shares at nominal value were granted to the CEO in two equal tranches. Each tranche of options will be subject to a performance condition which must be wholly satisfied for the relevant option to be exercisable. The performance condition for the first tranche of options is that total shareholder return per Share (“TSR”) from Admission until the third anniversary of Admission is at least 100 per cent. of the placing price of 134 pence as at Admission (the “Placing Price”). The performance condition for the second tranche of options is that the TSR from Admission until the fifth anniversary of Admission is at least 200 per cent. of the Placing Price.

Options to subscribe for up to 111,940 shares at nominal value were granted to the CFO in the year ended 31 March 2022. The options are subject to a performance condition requiring an average annual TSR of 7.5 per cent. to become exercisable in part and an annual average TSR of 10 per cent. to become fully exercisable, in each case measured over a period of 3 years from Admission as against the Placing Price.

Options to subscribe for a further 174,650 shares at nominal value were granted to the CFO during the year ended 31 March 2023. These options are subject to performance conditions. 50% of the options require an average annual TSR of 7.5% to become exercisable in part and an annual average of TSR of 10% to become fully exercisable measured over a 3-year period. The remaining 50% of options are linked to an EPS performance target where a threshold of 33.7p by the end of a 3-year period is required in order for the options to become exercisable and 41.1p in order for the options to be fully exercisable.

Options to subscribe for a further 157,516 shares at nominal value were granted to the CFO during the year ended 31 March 2024. These options are subject to performance conditions. 50% of the options require an average annual TSR of 7.5% to become exercisable in part and an annual average of TSR of 10% to become fully exercisable measured over a 3-year period. The remaining 50% of options are linked to an EPS performance target where a threshold of 36.0p by the end of a 3-year period is required in order for the options to become exercisable and 44.0p in order for the options to be fully exercisable.



## Notes to the Group Financial Statements

for the Year Ended 31 March 2024 *continued*

### 26. Share based payments continued

2021 3-year CEO award	Weighted average exercise price 2024 £	2024 No.	Weighted average exercise price 2023 £	2023 No.
At the start of the year	£0.00	2,912,500	£0.00	2,912,500
Lapsed	£0.00	(2,912,500)	-	-
Granted	-	-	-	-
Exercised	-	-	-	-
<b>At the end of the year</b>	-	-	£0.00	2,912,500

2021 5-year CEO award	Weighted average exercise price 2024 £	2024 No.	Weighted average exercise price 2023 £	2023 No.
At the start of the year	£0.00	2,912,500	£0.00	2,912,500
Lapsed	-	-	-	-
Granted	-	-	-	-
Exercised	-	-	-	-
<b>At the end of the year</b>	£0.00	2,912,500	£0.00	2,912,500

2021 CFO award	Weighted average exercise price 2024 £	2024 No.	Weighted average exercise price 2023 £	2023 No.
At the start of the year	£0.00	111,940	£0.00	111,940
Lapsed	£0.00	(111,940)	-	-
Granted	-	-	-	-
Exercised	-	-	-	-
<b>At the end of the year</b>	-	-	£0.00	111,940

2022 Senior management awards (TSR)	Weighted average exercise price 2024 £	2024 No.	Weighted average exercise price 2023 £	2023 No.
At the start of the year	£0.00	87,325	-	-
Lapsed	-	-	£0.00	(24,950)
Granted	-	-	£0.00	112,275
Exercised	-	-	-	-
<b>At the end of the year</b>	£0.00	87,325	£0.00	87,325

2022 Senior management awards (EPS)	Weighted average exercise price 2024 £	2024 No.	Weighted average exercise price 2023 £	2023 No.
At the start of the year	£0.00	87,325	-	-
Lapsed	-	-	£0.00	(24,950)
Granted	-	-	£0.00	112,275
Exercised	-	-	-	-
<b>At the end of the year</b>	£0.00	87,325	£0.00	87,325

2023 Senior management £nil cost awards (TSR)	Weighted average exercise price 2024 £	2024 No.	Weighted average exercise price 2023 £	2023 No.
At the start of the year	-	-	-	-
Lapsed	-	-	-	-
Granted	£0.00	108,011	-	-
Exercised	-	-	-	-
<b>At the end of the year</b>	£0.00	108,011	-	-

2023 Senior management £nil cost awards (EPS)	Weighted average exercise price 2024 £	2024 No.	Weighted average exercise price 2023 £	2023 No.
At the start of the year	-	-	-	-
Lapsed	-	-	-	-
Granted	£0.00	108,011	-	-
Exercised	-	-	-	-
<b>At the end of the year</b>	£0.00	108,011	-	-

The profit and loss expense that has been recognised in the current year in respect of the Unapproved Scheme is £1,046,000 (2023: £1,309,000).

The vesting of most of these awards is subject to the Group achieving certain performance targets under the Unapproved Scheme, measured over a three or five year period, as set out in the Remuneration Report. The options will vest depending on achievement of the Group's absolute total shareholder return ("TSR") as follows:

The awards under the CSOP Scheme and Unapproved Scheme to employees other than as noted above are not subject to performance conditions and vest subject to continued employment only.

In respect of the CFO and CFO awards, the fair value at grant date is independently determined using a Monte Carlo simulation model which calculates a fair value based on a large number of randomly generated projections of the Company's future share prices. In respect of the CSOP and Unapproved Schemes, the fair value at grant date has been determined using a Black-Scholes model that takes into account the exercise price, the term of the option, the share price at grant date and expected price volatility of the underlying share, and the risk-free interest rate for the term of the option as shown overleaf:

	Grant date	Share price at grant date (pence)	Exercise price (pence)	Expected volatility (%)	Projection period (yrs)	Expected lift (yrs)	Expected dividend yield (%)	Risk free interest rate (%)	Fair value per award (pence)
2018 unapproved schemes	4 Jan 21	134p	38.38p	45%	2.65	3	5.94%	-0.09%	71p
2021 CSOP	16 Feb 21	176p	174p	45%	n/a	3	4.10%	0.34%	50p
2021 unapproved schemes	16 Feb 21	176p	174p	45%	n/a	3	4.10%	0.34%	50p
2021 3 year CEO award	9 Mar 21	185p	nil	45%	2.89	3	3.90%	0.12%	74p
2021 5 year CEO award	9 Mar 21	185p	nil	45%	0.89	5	3.90%	0.31%	59p
2021 CFO	9 Mar 21	185p	nil	45%	2.89	3	3.90%	0.12%	109p
2021 SAYE	18 Mar 21	190p	154p	55%	3.16	3	3.79%	0.14%	59p
2022 Senior management £nil cost awards (TSR)	5 Aug 21	101p	10p	55%	2.65	3	5.94%	1.92%	31p
2022 Senior management £nil cost awards (EPS)	5 Aug 21	101p	10p	55%	n/a	3	5.94%	1.92%	75p
2023 Senior management £nil cost awards (TSR)	30 Nov 23	124p	10p	53%	2.33	3	2.98%	4.30%	79p
2023 Senior management £nil cost awards (EPS)	30 Nov 23	124p	10p	53%	n/a	3	2.98%	4.30%	105p

The expected volatility has been estimated based upon the historical volatility of the FTSE AIM Retailers and Personal & Household goods sub sectors.

No awards are exercisable at the end of the year. The charge for share-based payments in the year was £1,226,000 (2023: £1,460,000) which is included within Adjusted items. Of this, £148,000 (2023: £177,000) related to Employers National Insurance Contributions and £1,078,000 (2023: £1,283,000) related to the share-based payments charge.

## Notes to the Group Financial Statements

for the Year Ended 31 March 2024 *continued*

### 27. Ultimate controlling party

The Directors consider the ultimate controlling party to be S Chadha and his concert party.

### 28. Other financial commitments

See note 24.5 for details of the financial commitments under US dollar forward exchange contracts.

### 29. Related party transactions

#### 29.1 Remuneration of key personnel

Remuneration of key management personnel, considered to be the Directors of the Company and members of the senior management team is as follows:

	Year Ended 31 March 2024 £'000	Year Ended 31 March 2023 £'000
Short-term employee benefits	1,793	1,152
Social security costs	254	159
Employee share schemes	1,184	1,405
Post-employment benefits	9	8
<b>Total compensation</b>	<b>3,240</b>	<b>2,724</b>

#### 29.2 Transactions and balances with key personnel

	As at 31 March 2024 £'000	As at 31 March 2023 £'000
<b>Loan balances with Directors:</b>		
Balance outstanding from director	(2)	(2)

#### 29.3 Transactions and balances with related companies and businesses

	Year Ended 31 March 2024 £'000	Year Ended 31 March 2023 £'000
<b>Transactions with related companies:</b>		
Rent paid to SC8 Limited	365	–
Rent paid to Chadha Properties Limited	–	180

On 30 March 2023 the landlord of Beacon Road, Supreme's principal operating site, changed from Chadha Properties Limited to SC8 Limited (formerly Supreme 8 Limited), both of which are related parties. SC8 Limited is owned entirely by Sandy Chadha, a director of Supreme PLC. On 5 May 2023 a new lease was signed between SC8 Limited and Supreme Imports Ltd for a term of 5 years from 16 March 2023. Rent to be paid to SC8 Limited in respect of Beacon Road will be £374,000 per annum (plus VAT) and will continue to be disclosed as a transaction with related parties.

There are no year end balances due to any related company.

The above companies are related due to common control and Directors.

### 30. Acquisition of assets of Food IQ Limited

No acquisitions took place in the year that met the definition of a business combination under IFRS 3. The business did however acquire the plant and machinery of FoodIQ UK Holdings Limited ("Food IQ"), a protein manufacturer, for consideration of £175,000. Owing to the lack of operational employees, active customer contracts or intellectual property acquired as part of the acquisition the assets acquired did not constitute a "business" under IFRS 3 and therefore this was not deemed to be a business combination. The acquired assets are reported within additions within note 13.

### 31. Post balance date events

On 21 June 2024, Supreme acquired the entire share capital of Acorn Topco Limited, the parent company of Clearly Drinks Limited, a long-established and well-known UK manufacturer and brand owners of specialised canned and bottled-at-source spring water and soft drinks, for a net consideration of £15 million. Given the proximity of the acquisition to the signing of these financial statements, the purchase price allocation exercise had not been finalised and is therefore not disclosed as part of these financial statements.

## Company Statement of Financial Position

as at 31 March 2024

	Note	As at 31 March 2024 £'000	As at 31 March 2023 £'000
<b>Fixed assets</b>			
Investments	6	26,150	26,112
		<b>26,150</b>	26,112
<b>Current assets</b>			
Debtors	7	10,599	10,962
Cash at bank and in hand		3	4
		<b>10,602</b>	10,966
<b>Creditors: amounts falling due within one year</b>	8	<b>(768)</b>	(620)
<b>Net current assets</b>		<b>9,834</b>	10,346
<b>Total assets less current liabilities</b>		<b>35,984</b>	36,458
<b>Net assets</b>		<b>35,984</b>	36,458
<b>Capital and reserves</b>			
Share capital	9	11,652	11,732
Share premium	9	7,435	7,427
Capital redemption reserve		83	–
Share-based payments reserve		3,948	2,729
Retained earnings		12,866	14,570
<b>Total Equity</b>		<b>35,984</b>	36,458

The Company has taken advantage of the exemption permitted by Section 408 of the Companies Act 2006 not to produce its own profit and loss account. The profit for the year dealt within the financial statements of the Company was £3,637,000 (2023: £4,195,000).

The notes on pages 107 to 111 are an integral part of these Company financial statements.

The Company financial statements on pages 105 to 111 were approved by the Board of Directors on 1 July 2024 and were signed on its behalf by:

#### Suzanne Smith

Director

Registered number: 05844527



## Company Statement of Changes in Equity

for the Year Ended 31 March 2024

	Share Capital £'000	Share premium £'000	Capital redemption reserve £'000	Share-based payments reserve £'000	Retained earnings £'000	Total equity £'000
<b>As at 1 April 2022</b>	<b>11,663</b>	<b>7,231</b>	<b>–</b>	<b>2,066</b>	<b>15,740</b>	<b>36,700</b>
Profit for the year	–	–	–	–	4,195	4,195
Total comprehensive income for the year	–	–	–	–	4,195	4,195
<b>Transactions with shareholders:</b>						
Issue of shares (note 9)	69	196	–	–	–	265
Employee share schemes – value of employee services (note 11)	–	–	–	1,271	–	1,271
Deferred tax on share-based payment charge (note 5)	–	–	–	(608)	–	(608)
Dividends (note 9)	–	–	–	–	(5,365)	(5,365)
<b>Total transactions with owners, recognised in equity</b>	<b>69</b>	<b>196</b>	<b>–</b>	<b>663</b>	<b>(5,365)</b>	<b>(4,437)</b>
<b>As at 31 March 2023</b>	<b>11,732</b>	<b>7,427</b>	<b>–</b>	<b>2,729</b>	<b>14,570</b>	<b>36,458</b>
Profit for the year	–	–	–	–	3,637	3,637
Total comprehensive income for the year	–	–	–	–	3,637	3,637
<b>Transactions with shareholders:</b>						
Issue of shares (note 9)	3	8	–	–	–	11
Share buy back (note 9)	–	–	–	–	(1,000)	(1,000)
Cancellation of shares (note 9)	(83)	–	83	–	–	–
Employee share schemes – value of employee services (note 11)	–	–	–	1,078	–	1,078
Deferred tax on share-based payment charge (note 5)	–	–	–	141	–	141
Dividends (note 9)	–	–	–	–	(4,341)	(4,341)
<b>Total transactions with owners, recognised in equity</b>	<b>(80)</b>	<b>8</b>	<b>83</b>	<b>1,219</b>	<b>(5,341)</b>	<b>(4,111)</b>
<b>As at 31 March 2024</b>	<b>11,652</b>	<b>7,435</b>	<b>83</b>	<b>3,948</b>	<b>12,866</b>	<b>35,984</b>

## Notes to the Company Financial Statements

for the Year Ended 31 March 2024

### 1. General Information

Supreme PLC (“the Company”) is a public company, limited by shares, registered in England and Wales and domiciled in the UK, with company registration number 05844527. The principal activity is that of a holding company. The registered office is 4 Beacon Road, Ashburton Park, Trafford Park, Manchester, M17 1AF.

### 2. Summary of material accounting policies

#### 2.1 Reporting framework

The separate financial statements of the Company have been prepared in accordance with Financial Reporting Standard 101, “Reduced Disclosure Framework” (“FRS 101”), on the going concern basis under the historical cost convention, and in accordance with the Companies Act 2006 as applicable to companies reporting under FRS 101.

The financial information is presented in sterling and has been rounded to the nearest thousand (£'000).

The principal accounting policies, which have been applied consistently to all the years presented, are set out below.

#### 2.2 Financial Reporting Standard 101 – reduced disclosure exemptions

The following exemptions from the requirements in IFRS have been applied in the preparation of these financial statements:

- The requirement of IFRS 1, ‘First-time adoption of International Financial Reporting Standards’, to present a statement of financial position at the date of transition.
- IFRS 7, “Financial Instruments: Disclosures”.
- Paragraphs 91 to 99 of IFRS 13, “Fair value measurement” (disclosure of valuation techniques and inputs used for fair value measurements of assets and liabilities).
- Paragraph 38 of IAS 1, “Presentation of financial statements” – comparative information requirements in respect of:
  - Paragraph 79(a)(iv) of IAS 1;
  - Paragraph 73 (e) of IAS 16, “Property, plant and equipment”; and
  - Paragraph 118 (e) of IAS 38, “Intangible assets” (reconciliations between the carrying amount at the beginning and end of the period).
- The following paragraphs of IAS 1, “Presentation of financial statements”:
  - 10(d) (statement of cash flows);
  - 16 (statement of compliance with all IFRS);
  - 38A (requirement of minimum of two primary statements, including cash flow statements);
  - 38B-D (additional comparative information);
  - 111 (statement of cash flows information); and
  - 134-136 (capital management disclosures).
- IAS 7, “Statement of cash flows”.
- Paragraphs 30 and 31 of IAS 8, “Accounting policies, changes in accounting estimates and errors” (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective).
- Paragraph 17 of IAS 24, “Related party disclosures” (key management compensation).
- The requirements in IAS 24, “Related party disclosures”, to disclose the related party transactions entered into between two or more members of a Group.
- Paragraphs 130(f)(ii)(iii), 134(d)-(f) and 135(c)-(e) of IAS 36, “Impairment of assets”.
- Paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 and the second sentence of paragraph 110 of IFRS 15.

This information is included in the consolidated financial statements found earlier in this report.

#### 2.3 Company profit and loss account

The Company has not presented its own profit and loss account as permitted by Section 408 of the Companies Act 2006. The Company’s profit after taxation for the period was £3,637,000 (2023: £4,195,000). There are no material differences between the loss after taxation in the current period and its historical cost equivalent. Accordingly, no note of historical cost profits and losses has been presented.

## Notes to the Company Financial Statements

for the Year Ended 31 March 2024 *continued*

### 2. Summary of material accounting policies continued

#### 2.4 Going concern

In assessing the appropriateness of adopting the going concern basis in the preparation of these financial statements, the Directors have prepared cash flow forecasts and projections for the two-year period to 31 March 2026. These forecasts and projections, which the Directors consider to be prudent, have been further sensitised by applying general reductions to revenue and profitability, to consider downside risk. Under both the base and sensitised cases the Group is expected to have headroom against covenants, which are based on interest cover and net leverage, and a sufficient level of financial resources available through existing facilities when the future funding requirements of the Group are compared with the level of committed available facilities. In addition to these general sensitivities, the Directors have specifically also considered the proposed changes to the regulatory landscape within the vaping industry, the increased cost of borrowing and the ongoing cost of living crisis taking place in the UK, all of which have been reflected in this forecast.

- The Directors have performed a specific sensitivity in reference to the upcoming ban on disposables vapes (currently scheduled for 1 April 2025) in which a scenario where all the revenue currently attributable to disposable vapes does not transition to an alternative form of vaping has been assessed. The sensitivity confirmed that without the sale of disposable vapes or a likely substitute product in its place, the remaining Supreme group would remain profitable and cash-generative and therefore this does not pose a problem in respect of going concern.
- In addition to the specific sensitivity on the disposable vape ban, the Directors have also performed reverse stress-testing on the cash flow forecasts to see how far revenue would be required to decline before a banking covenant would breach or the Group would run out of cash. This exercise highlighted that revenue would need to fall by 47% (with the overhead base remaining in place entirely) before a banking covenant would breach.
- Whilst the Group's debt facilities are priced at a variable rate (SONIA + a margin) the Group's current positive leverage ratio (i.e. having no bank borrowings with at the balance sheet date or since then), means that Supreme's exposure to any increases in borrowing rates is limited. Should the Group increase its level of bank borrowings during the forecast period (likely to be triggered by M&A) then of course this increased cost of borrowing would impact the Group (albeit expected to be offset by the incremental earnings generated by any M&A target).
- Historically Supreme has been a net beneficiary in periods of economic downturn, owing to the fact more than half of its revenue is derived from the discount retail sector which typically trades buoyantly during these periods (for prudence this has not been assumed in the forecast). The inflationary cost increases (specifically over salary costs, energy and transport) have been specifically factored into the cost base throughout for the forecast period.

Based on this, the Directors are satisfied that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the Group and Company financial statements.

#### 2.5 Financial instruments

Financial assets and financial liabilities are recognised in the Company's Statement of Financial Position when the Company becomes party to the contractual provisions of the instrument. Financial assets are de-recognised when the contractual rights to the cash flows from the financial asset expire or when the contractual rights to those assets are transferred. Financial liabilities are de-recognised when the obligation specified in the contract is discharged, cancelled or expired.

#### 2.6 Share-based payments

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to profit or loss over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each Statement of Financial Position date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

The fair value of the award also takes into account non-vesting conditions. These are either factors beyond the control of either party (such as a target based on an index) or factors which are within the control of one or other of the parties (such as the Group keeping the scheme open or the employee maintaining any contributions required by the scheme).

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the Statement of Comprehensive Income over the remaining vesting period. Where equity instruments are granted to persons other than employees, the Statement of Comprehensive Income is charged with fair value of goods and services received. The value of the awards made to the employees of the Company's subsidiaries are treated as an increase in the cost of investment in the subsidiary, with the credit taken to the share-based payments reserve.

### 3. Critical accounting estimates and judgements

In the preparation of the Company financial statements, the Directors, in applying the accounting policies of the Company, make some judgements and estimates that effect the reported amounts in the financial statements. The following are the areas requiring the use of judgement and estimates that may significantly impact the financial statements.

#### Accounting estimates

Information about estimates and assumptions that may have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

#### 3.1 Non-current asset impairment

The carrying value of the Company's investments in subsidiaries was £26,150,000 at 31 March 2024. The Directors have performed an impairment review by comparing the carrying value to the higher of the value-in-use and fair value less costs to sell of the underlying assets. The value-in-use calculations require the use of estimates in calculating the future cash forecasts based upon management judgement. Future events could cause the assumptions to change, therefore this could have an adverse effect on the future results of the Company. The fair value less costs to sell calculations include an element of judgement.

The estimates used in the impairment calculation are set out in Note 12 to the Group financial statements.

#### Accounting judgements

Judgements in applying accounting policies and key sources of estimation uncertainty.

The following are the areas requiring the use of judgement that may significantly impact the Company financial statements:

#### 3.2 Non-current asset impairment

The calculation of fair value less costs to sell is based upon management's judgement by reference to the Group's market capitalisation. Taking into account movements in the share price the Directors consider there to be no reasonably possible scenario in which the asset would be impaired. No reasonable change in inputs would result in impairment.

### 4. Remuneration of Directors and auditors

Details of Directors' remuneration are shown in the Directors' Remuneration Report on page 58 of the Group financial statements, and note 8 of the Group financial statements. Details of auditors' remuneration are shown in note 6 of the Group financial statements. The Company has no employees.

### 5. Deferred tax

#### Deferred tax consists of the following temporary differences

	As at 31 March 2024 £'000	As at 31 March 2023 £'000
Share based payments	607	640
	<b>607</b>	640

#### Movement in deferred tax in the year

	As at 31 March 2024 £'000	As at 31 March 2023 £'000
Balance at the beginning of the year	640	759
(Debited)/credited to profit or loss	(174)	489
Credited/(debited) to reserves	141	(608)
Balance at the end of the year	<b>607</b>	640



## Notes to the Company Financial Statements

for the Year Ended 31 March 2024 *continued*

### 6. Investments

	As at 31 March 2024 £'000	As at 31 March 2023 £'000
Balance at the beginning of the year	26,112	25,979
Capital Contribution	38	133
Balance at the end of the year	26,150	26,112

At 31 March 2024, the Company directly owned 100% of the ordinary share capital of the following subsidiaries, which are incorporated in England and Wales unless stated:

Subsidiary	Registered address	Principal activity
<b>Supreme Imports Limited</b>	4 Beacon Road, Ashburton Park, Trafford Park, Manchester M17 1AF	Distribution of consumer goods
<b>Provider Distribution Limited</b>	Unit 1 Rosewood Park, St James Road, Blackburn, Lancashire BB1 8ET	Distribution of consumer goods

At 31 March 2024, the Company indirectly owned 100% of the ordinary share capital of the following subsidiaries, which are incorporated in England and Wales unless stated:

Subsidiary	Registered address	Principal activity
<b>VN Labs Limited</b>	4 Beacon Road, Ashburton Park, Trafford Park, Manchester M17 1AF	Distribution of consumer goods
<b>Battery Force Limited</b>		Dormant
<b>Powerquick Limited</b>		Holding company
<b>Supreme 88 Limited</b>		Holding company
<b>Supreme Nominees Limited</b>		Holding of shares as nominee
<b>Holding Esser Affairs B.V.</b>	Vanadiumweg 13, 3812 PX, Armersfoort, Netherlands	Holding company
<b>AGP Trading B.V.</b>		Distribution of consumer goods
<b>Vendek Limited</b>	Unit C5, South City Business Park, Whitestown Way, Tallaght, Dublin 24, D24 A993	Distribution of consumer goods
<b>Liberty Flights Holdings Limited</b>	4 Beacon Road, Trafford Park, Manchester, England, M17 1AF	Holding company
<b>Liberty Flights Limited</b>		Distribution of consumer goods

The Directors believe that the carrying value of the investments is supported by their underlying net assets.

### 7. Debtors

	As at 31 March 2024 £'000	As at 31 March 2023 £'000
Amounts Held in Current Assets		
Amounts owed by Group undertakings	9,992	10,322
Deferred Tax (note 5)	607	640
	10,599	10,962

The Directors believe that the carrying value of trade and other receivables represents their fair value. In determining the recoverability of trade receivables, the Company considers any change in the credit quality of the receivable from the date credit was granted up to the reporting date.

All the amounts owed by Group undertakings shown above are repayable on demand. Historically, there have not been any incidents of credit losses on intercompany balances.

The deferred tax asset of £607,000 (2023: £640,000) falls due in more than one year.

### 8. Creditors: amounts falling due within one year

	As at 31 March 2024 £'000	As at 31 March 2023 £'000
Amounts owed to Group undertakings	300	–
Amounts owed to related parties	–	300
Other tax and social security	468	320
	768	620

Amounts owed to Group undertakings are interest free and repayable on demand. Amounts owed to related parties accrue interest at 3% and are repayable on demand.

### 9. Share capital and reserves

Details of movements in share capital and reserves are set out in Note 25 to the Group financial statements.

### 10. Related party transactions

The Company has taken advantage of the exemption included in IAS 24 'Related Party Disclosures' not to disclose details of transactions with Group undertakings, on the grounds that it is the parent company of a Group whose financial statements are publicly available.

### Directors' transactions

Details of the Directors' interests in the ordinary share capital of the Company are provided in the Directors' Remuneration Report.

### 11. Share based payments

The Company operates a number of share option arrangements for key executives and employees, further details of which can be found in note 26 to the Group financial statements. Further details of the arrangements for senior executives can be found in the Directors' Remuneration Report in the Group financial statements.

The Company recognised total expenses of £1,184,000 in respect of the equity-settled share-based payment transactions in the year ended 31 March 2024 (2023: £1,271,000). This included £144,000 of Employers National Insurance contributions (2023: £157,000). The additional charge to equity of £38,000 reflects the options granted to employees of Supreme Imports Ltd and corresponds to the increase in the investment in the subsidiary as shown in note 6.

### 12. Post balance date events

On 21 June 2024 Supreme Imports Limited, a 100% owned subsidiary of the Company acquired the entire share capital of Acorn Topco Limited, the parent company of Clearly Drinks Limited. Further details of this can be found in note 31 to the Group financial statements.

## Company Information

### Registered Office

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### Company Secretary

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