

Results for the six months ended 30th September 2024

November 2024



BATTERIES

LIGHTING

VAPING

SPORTS NUTRITION & WELLNESS

DRINKS

BRANDED DISTRIBUTION

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Meet The Team



CHIEF EXECUTIVE OFFICER



**Sandy
Chadha**

CHIEF FINANCE OFFICER



**Suzanne
Smith**

SALES DIRECTOR



**Luc
Badain**

DIVISIONAL LEAD LIGHTING



**David
Neilson**

DIVISIONAL LEAD VAPING



**Mike
Holliday**

DIVISIONAL LEAD SPORTS NUTRITION



**Dan
Clark**

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

Supreme At A Glance



- Supreme is a manufacturer, licensee, brand owner and distributor of branded, 'value' staple consumer goods sold principally to UK high street discount retailers and supermarkets.
- Our products are high-repeat, non-discretionary purchases and principally in the following categories:
 - Vaping.
 - Sports Nutrition & Wellness.
 - Soft Drinks (as of 21 June 2024).
 - Lighting.
 - Batteries.
 - Branded Distribution¹ (including ElfBar and Lost Mary vape brands).
- For retailers, our brands represent some of the highest margin per square foot products within their stores.
- For consumers, our centralised platform of tightly-managed overheads and our integrated supply chain mean we can deliver some of the lowest priced branded goods in our chosen markets.

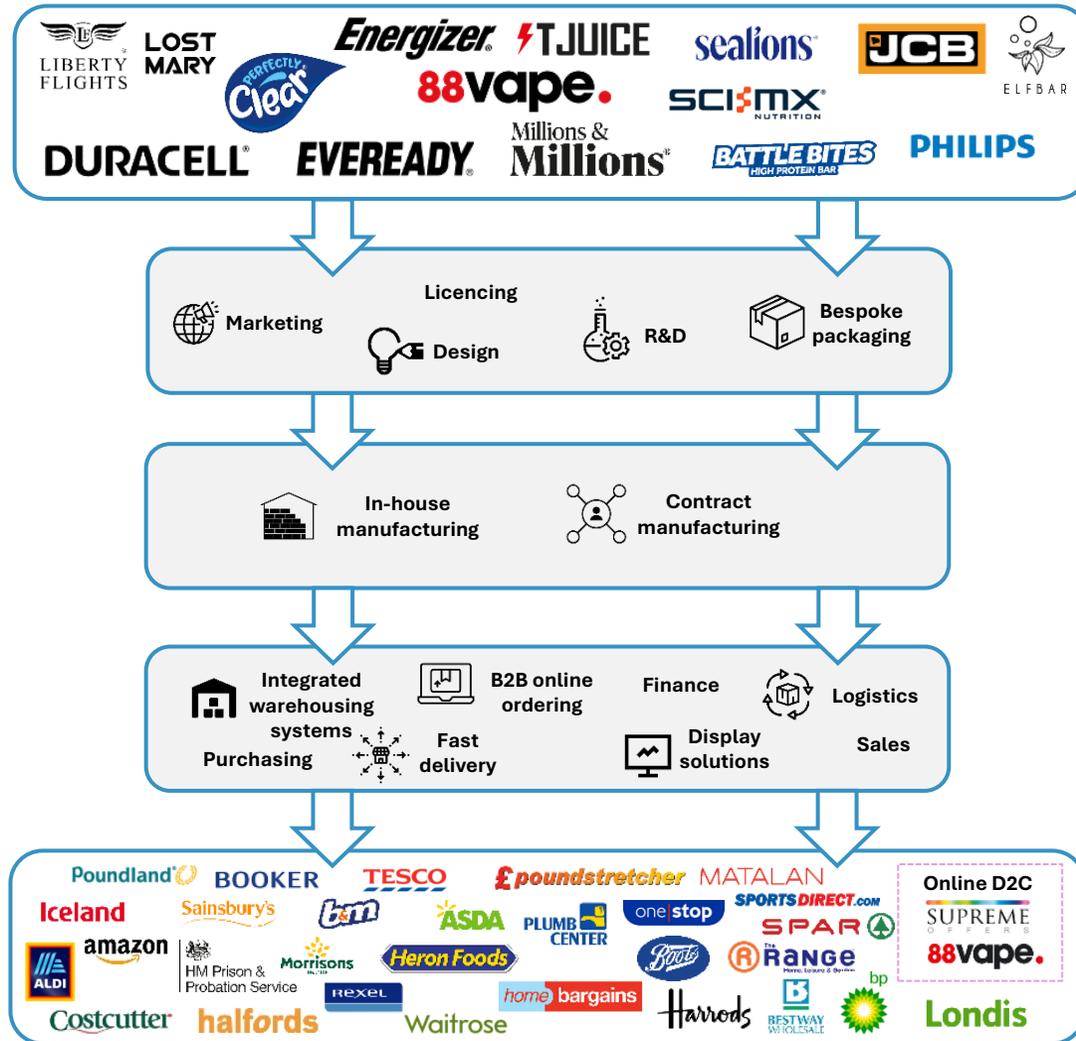


¹ Formerly known as Other Consumer Goods.

Vertically Integrated Platform



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



NEW PRODUCTS

- Both developed in-house by Supreme alongside new third-party launches.

BRANDS

- Own brand and licensed brands.
- Distribution agreements.

PRODUCT DEVELOPMENT

- Own brands plus private label brand product development for customers.
- Provides innovation and newness.

MANUFACTURING

- In house manufacturing for Vaping, Sports Nutrition & Wellness and Soft Drinks.
- Tight control on cost and quality.

SERVICES

- Online ordering and integrated management system for retailers.

EXTENSIVE CUSTOMER NETWORK

- 20,000 branded retail outlets and 1,000s of independent stores.
- Selling own brands D2C through proprietary online stores.

Financial Highlights

Strong increase in profitability

- Revenue **up 8%** to £113.0m.
- **22%** increase in Adjusted EBITDA¹ to £18.5m.
- Adjusted pre-tax profit up **25%** to £14.7m.
- Interim dividend of **1.8** pence per share declared.
- **£15.6m** acquisition financed entirely from the Company's own cash reserves.
- **Bank-debt free** and more than £50m of unutilised borrowing facilities at period end.

¹ Adjusted EBITDA means operating profit before depreciation, amortisation and Adjusted items



Operational Highlights

A strong group performance

- Acquired Clearly Drinks, a leading UK manufacturer and brand owner of specialised canned and bottled-at-source spring water and soft drinks, for £15.6m.
- Immediately earnings enhancing, providing cross-sell opportunities across Supreme's network and innovation opportunities for Sports Nutrition & Wellness.
- Non-vape annualised revenue now exceeds £100m.
- Moved administrative HQ to Ark to join the Company's warehousing operations, the final phase of its relocation plan.
- Further extended retail footprint, including a post-period end agreement with Boots to offer Sci-MX products to UK consumers.



Vaping



High margin category

£36.6m
revenues

+1%
'core' sale growth

46%
gross margin %

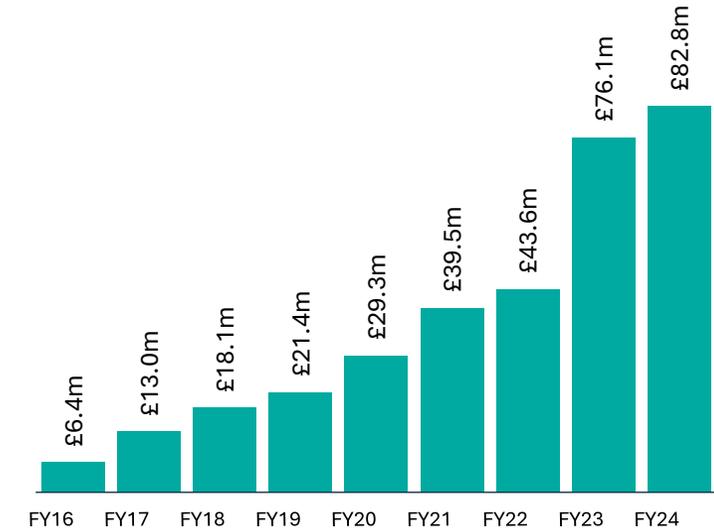
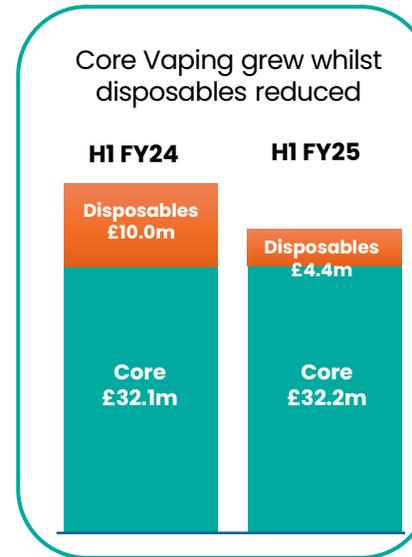
- Continued to perform robustly even as consumers prepare to switch devices ahead of the forthcoming disposables ban.
- The majority of revenue for the category comes from non-disposable vapes and, importantly, revenue of 10ml e-liquids has continued to grow.
- Supreme has consciously 'de-emphasised' 88vape disposables ahead of the upcoming ban, reducing its stock holding and tightening its SKU discipline which has led to predictably lower sales.
- Continued to invest in rechargeable pod system vaping devices and diversified into manufacturing nicotine pouches, launching 88Nic pouches.

88 NIC
NICOTINE POUCHES

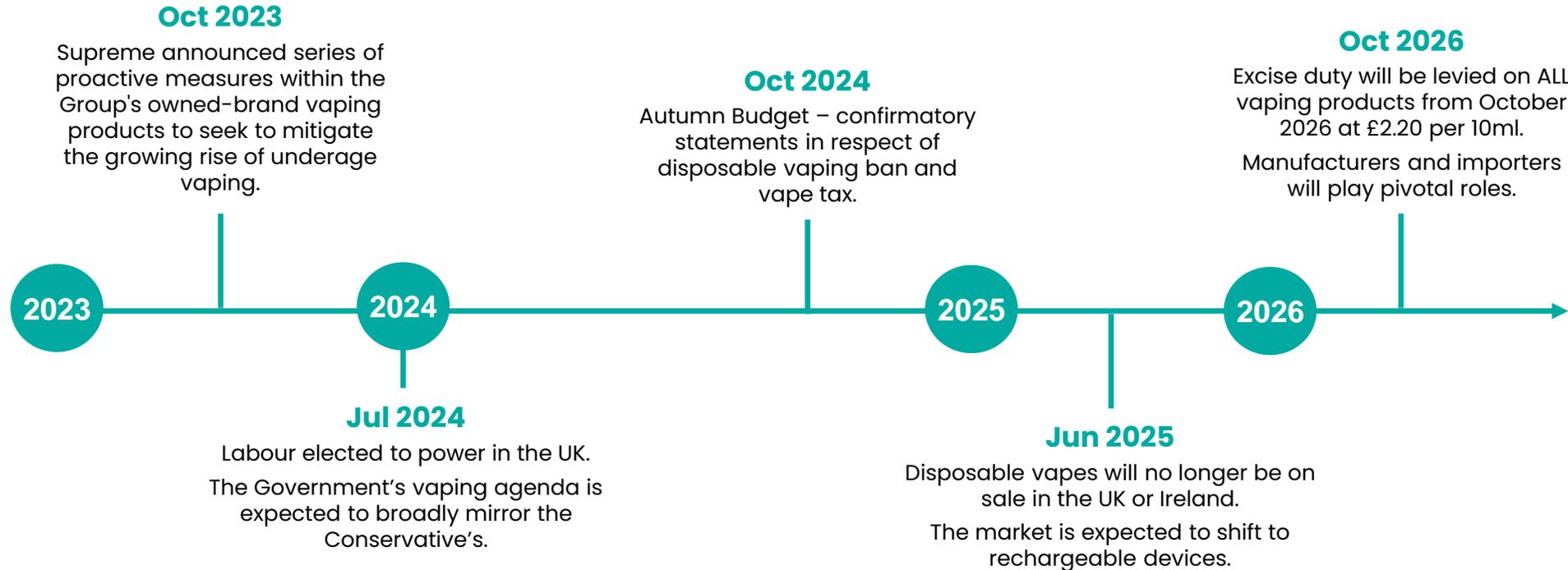
88vape.

LIBERTY FLIGHTS

TJUICE



Evolving UK vaping landscape



- Manufacturers, brand owners and importers will need to pivot and adapt to the changing landscape.
- Supreme is well-invested in rechargeable alternatives to disposables.
- Supreme has the manufacturing capabilities and experience to navigate the taxation changes swiftly and without disrupting trade.

Sports Nutrition & Wellness

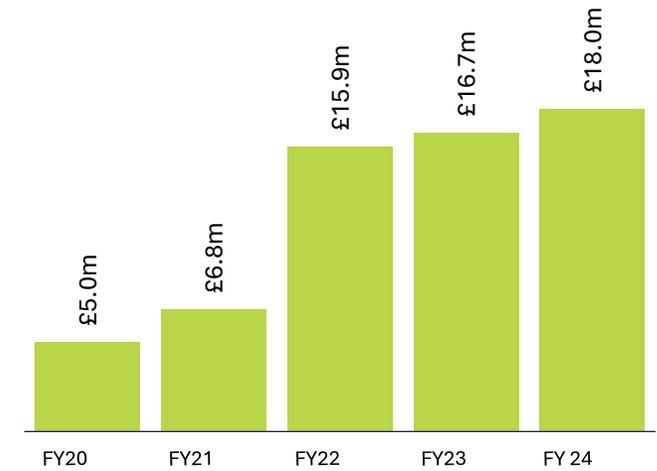
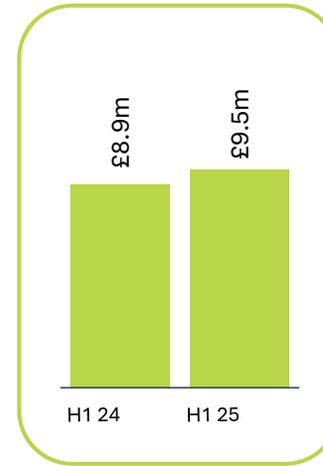


Buoyant product innovation pipeline

+7%
increase in revenue

3%
gross margin increase

- Sci-MX brand continues to perform well, benefitting from targeted influencer and community marketing campaigns.
- Buoyant product innovation pipeline, leveraging our newly acquired drinks manufacturing expertise.
- Hire new talent in the category.
- Renewed focus on top line growth with input prices stabilizing.
- Signed partnership with Boots post-period end which now lists 27 Sci-MX and Battle Bites products on the Boots UK's website.



Lighting and Batteries



Dependable revenue generation

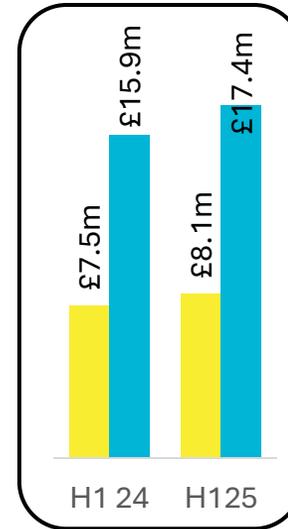
£8.1m
Lighting revenue

£17.4m
Batteries revenue

43%
gross profit margin

13%
gross profit margin

- Lighting and Batteries activities remain robust.
- Continue to experience solid demand across both divisions ahead of key seasonal trading period.
- Lighting - expanded range of licensed-brand products the company manufactures and distributes, including LED Energizer Holdings A-Rated lamps.
- Batteries - considerable volume increases and our expanded distribution operations, with new B&M listings bolstering the division's performance.



Soft Drinks



Diversifying the Supreme portfolio

£7m
revenues

£2m
EBITDA for FY 2025

£3.5m
Annualised EBITDA

- £15.6m acquisition of Clearly Drinks Ltd, a well-known brand owner and manufacturer of soft drinks and bottled-at-source spring water.
- Brings non-vape annualised sales to >£100m.
- Supreme now has access to a fully automated, accredited 150,000 sq ft facility able to produce 350m canned drinks per year.
- Focused on upgrading this facility and plan to introduce new machinery and processes so it can accommodate smaller scale customers and nascent brands.
- Provides cross-sell opportunities across Supreme's network and innovation opportunities for Sports Nutrition & Wellness category.



**Northumbria
Spring**



Branded Distribution



Swift operationalisation

£34.4M
revenue

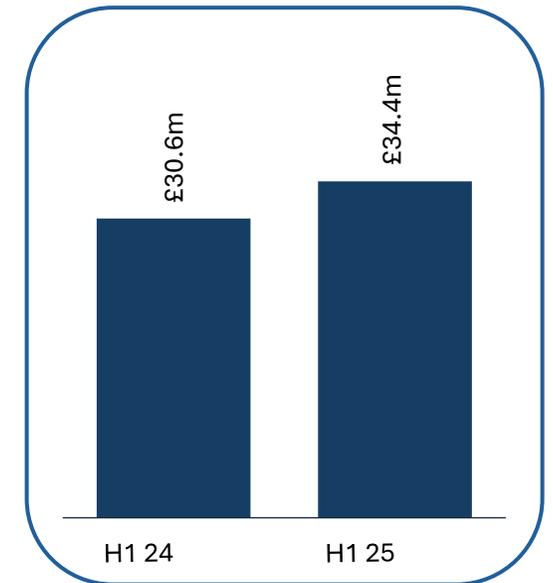
£31.6M
revenue from ElfBar
& Lost Mary

£5.3M
gross profit

- Continued to experience strong sales traction for both ElfBar and Lost Mary across our UK retail footprint.
- Contributed 92% of the division's revenue in H1 2025.
- Supreme is working closely with key partners to manage the transition from disposable vaping products to rechargeable alternatives, in line with forthcoming legislative changes.
- Procter & Gamble Professional distribution contributes to the remaining revenue in the category.



LOST MARY



Ark, Trafford Park



Our New HQ and distribution center in a prime location

- 1** Entered 15-year lease for Ark, Supreme's new 167,000 sq ft principal warehouse and distribution centre.
- 2** Operations streamlined as numerous warehouses consolidated.
- 3** State-of-the-art facilities and an enhanced working environment our team can be proud of.
- 4** Strategically located in Trafford Park, one of Europe's largest business parks with strong transportation links.



Financial Summary



Income Statement



	H1 25	H1 24	% change
	£m	£m	
Revenue	113.0	105.1	+8%
Gross profit	34.1	28.5	+20%
Gross profit margin	30%	27%	+3%
Adjusted EBITDA¹	18.5	15.2	+22%
Profit before tax	12.9	12.3	+5%
Adjusted profit before tax ²	14.7	11.8	+25%
EPS	9.2p	7.9p	+16%
Adjusted EPS ³	11.1p	8.1p	+37%
Net debt / (cash) i.e. incl. IFRS 16 leases	11.8	19.8	+40%
Adjusted net debt / (cash) i.e. excl. IFRS 16 leases	(2.3)	4.8	+148%
Dividend	1.8p	1.5p	+20%

- 8% revenue growth driven by M&A plus growth in the core, offset by a reduction in disposable vape sales ahead of the ban
- Gross profit % up from 27% to 30% due to the addition of Soft Drinks category and higher margins in Vaping (due to sales mix) and Branded Distribution
- Adjusted EBITDA¹ margin up from 14% to 16% due to improved gross margins and less selling costs year-on-year
- Absolute growth in Adjusted EBITDA¹ of 22% from £15.2m to £18.5m
- Profit before tax only 5% higher than prior year as Adjusted items were £2.3m higher due to the swing in financial derivatives charges

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

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

Segmental Breakdown



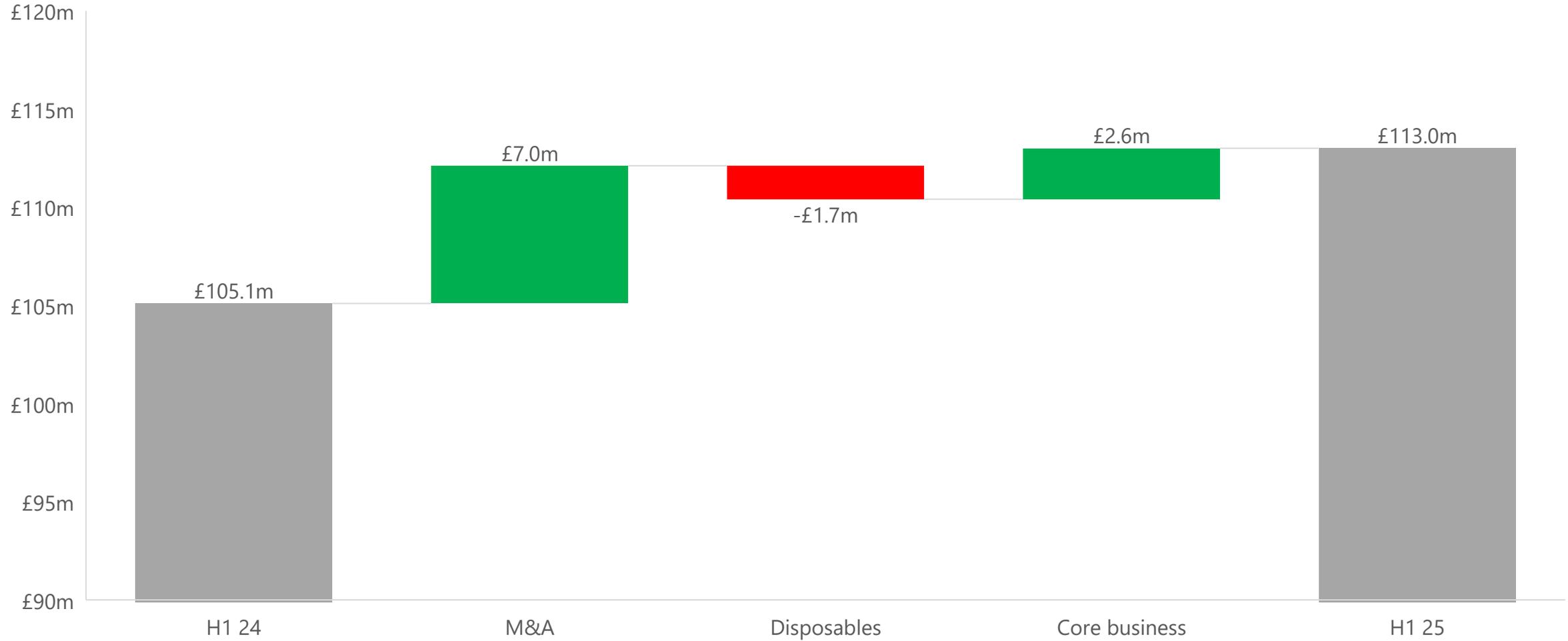
	H1 25 £m	H1 24 £m	% change
Revenue			
Batteries	17.4	15.9	+9%
Lighting	8.1	7.5	+8%
Vaping	36.6	42.1	-13%
Sports Nutrition & Wellness	9.5	8.9	+7%
Branded distribution	34.4	30.6	+12%
Soft drinks	7.0	-	+100%
TOTAL REVENUE	113.0	105.1	+8%
Gross profit			
Batteries	2.3	2.0	+15%
Lighting	3.5	2.8	+25%
Vaping	16.7	17.2	-3%
Sports Nutrition & Wellness	2.9	2.4	21%
Branded distribution	5.3	3.4	+56%
Soft drinks	2.8	-	+100%
FX	0.6	0.6	-
TOTAL GROSS PROFIT	34.1	28.5	+20%

- Revenue growth reported in all categories excl. Vaping

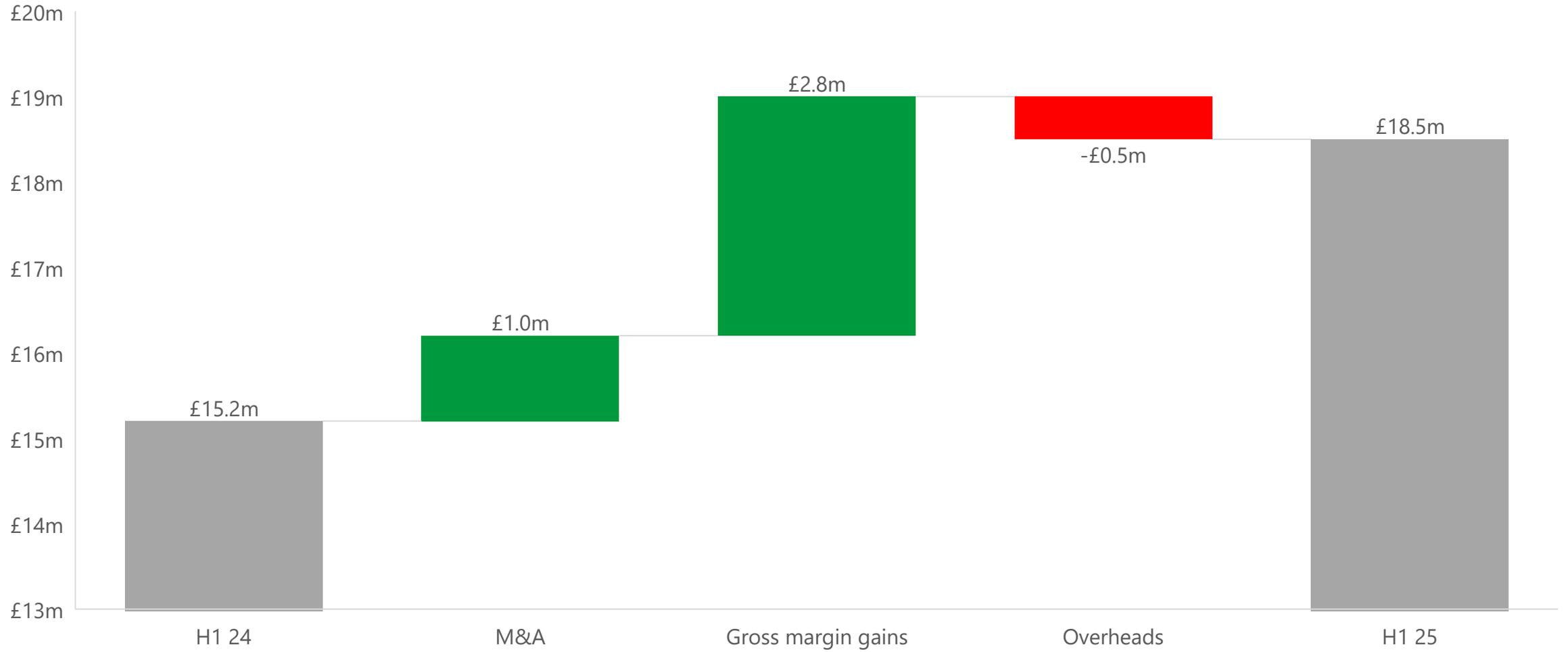
	H1 25 £m	H1 24 £m	Change %
Vaping			
Core vaping (excl. disposables)	32.2	32.1	+1%
Disposables	4.4	10.0	-56%
TOTAL VAPING REVENUE	36.6	42.1	-13%

- Gross profit in Vaping up from 41% to 46% due to the consolidation of 3 manufacturing sites into 1 during last year
- Sports Nutrition & Wellness margins stabilised following a period of whey price pressure (albeit ongoing volatility expected)

Revenue bridge



Adjusted EBITDA¹ Bridge



Balance Sheet



	H1 25 £m	H1 24 £m
Fixed Assets		
Property, Plant & Equipment	28.1	21.8
Intangibles	19.3	14.4
TOTAL	47.4	36.2
Working capital		
Stock	32.3	30.8
Debtors & prepayments	35.6	30.8
Creditors & accruals	(29.1)	(27.8)
Corporation tax	(7.5)	(3.2)
TOTAL	31.3	30.6
Net debt		
Cash	2.3	4.9
Borrowings	-	(9.7)
IFRS 16 (leases)	(14.1)	(15.0)
Related party borrowings	-	-
TOTAL	(11.8)	(19.8)
Other		
Deferred Tax	(0.6)	(0.1)
Derivatives	(1.0)	0.9
TOTAL	(1.6)	0.8
TOTAL ASSETS	65.3	47.8

- Fixed asset increase due to Clearly Drinks acquisition (they have owned property and considerable plant & machinery)
- Working capital largely unchanged overall year-on-year
- All borrowings were repaid in H2 of last year and the Company remains bank-debt free
- Derivatives relate to the fair value of open USD forward contracts and is volatile in nature

Cash Flow Statement



	H1 25 £m	H1 24 £m
Adjusted EBITDA	18.5	15.2
Movement in working cap	(5.9)	(11.8)
Cash-impacting adjusting items	(0.7)	(0.5)
Tax paid	(0.6)	(2.5)
Operating cash flow	11.3	0.4
Debt servicing / raising / repaying	(0.2)	5.2
Lease payments	(1.0)	(0.5)
Capex	(1.1)	(2.8)
M&A	(15.6)	(2.4)
Proceeds from sale of assets	1.0	-
Dividends net of share issues	(3.7)	(2.6)
Net cash flow	(9.3)	(2.7)

- Considerable levels of operating cash generated in the Period
- Investment in working capital is “normal” for Supreme at this time of year given the seasonality of demand (last year was unusually high due to the ElfBar and Lost Mary roll out)
- M&A relates entirely to the acquisition of Clearly Drinks which was funded from cash reserves
- £1m generated from the sale of property related to Liberty Flights

Summary & Outlook



On track to deliver ongoing operational and financial progress

- Expected to deliver another profitable and highly cash-generative year of growth, **having upgraded forecasts to reflect the Board's confidence** by £3m, with market expectations now set to at least £40m Adjusted EBITDA¹ for FY 2025.
- The Group expects to maintain ongoing focus on accelerating organic growth and strategic cross-selling, alongside exploring complementary acquisition opportunities.
- The Board is mindful of potential legislative changes to the UK vaping market and is confident in the Group's future growth prospects.

