

Strong trading shows benefit of diversified portfolio

23 April 2025

In a Trading Update for the year to 31st March 2025, Supreme reports that the Group traded strongly, supported by acquisitions and underpinned by cost management. Supreme expects FY25 revenue of c.£235.0m and (adj.) EBITDA of “at least” £40.0m; they also expect FY26 (adj.) EBITDA in line with market expectations¹.

Supreme notes development of a number of new sales opportunities following from the acquisition of Clearly Drinks (June 2024), accessing the soft drinks sector, and Typhoo Tea (December 2024), enabling entry into the market for hot beverages. Having spent £25.0m on acquisitions during the period, the Group notes that it ended the year net cash positive (pre-IFRS 16-basis).

Shift to refillable vapes

Sales in the Vape business category are reported in line with Supreme's own outlook ahead of the June 1st ban on disposable vapes, maintained through the combination of an established distribution profile and investment in rechargeable pod vaping devices. As recently reported², research by University College London (UCL ‘Smoking Alcohol Toolkit Study’³), shows that “more people are turning to refillable, reusable devices” rather than stopping vaping altogether; matching the assumptions built into Supreme's strategy in response to the announcement of the government ban on disposable vapes.

Outlook, inclusive of acquisitions

We have revised our FY25 estimates in line with company guidance, reducing our revenue outlook by 2.1% from £240.2m; our FY25 (adj.) EBITDA outlook is maintained at £40.0m supported by the improvement in profitability resulting from the shift to refillable vapes. However, our FY26 outlook is based on a conservative view of vaping revenue; we estimate £115.0m compared to £132.2m for FY25E and £139.8m recorded in FY24. We calculate the contribution to revenue from acquired operations at £24.4m in FY25 (pro rata) and in FY26, £44.5m, with an overall 52% of total revenue derived from non-vape products. This, in particular illustrates the speed with which Supreme has adapted to changes in the vaping market, also building on its unified distribution and market network reach. Typhoo recorded £24.1m in one-off costs resulting from extensive damage to its Merseyside facilities in 2023; our estimates also include provision for costs assumed for the full integration of Typhoo operations.

Shares still on attractive ratings

On our outlook, Supreme trades on an attractive FY26 EV/EBITDA of 5.5x. Overall, there is no change to our (adj.) EBITDA estimates and no change to our Fair Value of 225p/share.

Company Data

EPIC	SUP.L
Price (last close)	166p
52 weeks Hi/Lo	210p/120p
Market cap	£195m
ED Fair Value/share	225p

Share Price, p



Source: Investing.com

Description

Supreme Imports is a leading European and UK manufacturer, supplier and brand owner of fast-moving consumer products in six categories: Vaping, Sports Nutrition & Wellness, Batteries, Lighting, Branded Distribution (household goods) and Soft Drinks. The Group supplies leading brands such as Aldi, Amazon, Asda, B&M, Costcutter, Halfords, Home Bargains, Iceland, Morrisons, The Range, Sainsbury's, Tesco, Waitrose and, in addition, HM Prison & Probation Service. Supreme acquired Typhoo Tea in December 2024.

Next event

FY25 results: 1st July 2025

Financial outlook

Yr to March 31 (£m)	2022	2023	2024	2025E	2026E
Revenue	130.8	155.6	221.2	235.1	240.0
EBITDA (adj)	21.1	19.4	38.1	40.0	36.0
EPS (adj, p)	12.4	11.2	20.2	20.1	19.7
DPS (p)	2.2	4.6	3.7	5.2	4.6
Net debt / (cash) ⁴	1.8	11.1	1.8	(7.4)	(16.0)
EV/EBITDA	9.3x	10.1x	5.2x	4.9x	5.5x
P/E	13.4x	14.9x	8.2x	8.3x	8.4x
Div yield	1.3%	2.8%	2.2%	3.1%	2.8%

Source: Company data. Equity Development estimates. ¹ At time of announcement, FY 26 analysts' consensus (adj.) EBITDA of c.£36.6m. ² BBC News 16th April. ³ www.ucl.ac.uk/epidemiology-health-care/smoking-alcohol-toolkit-study 2025. ⁴ Net debt is pre-IFRS 16.

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Earnings outlook

The following summarises our earnings outlook with the FY26 contribution from non-vaping products at 52.1% of total revenue, including contributions from acquired operations:

- Clearly Drinks: FY25 £18.0m, FY26, £24.5m.
- Typhoo Tea: FY25, £6.4m, FY26, £20.0m.

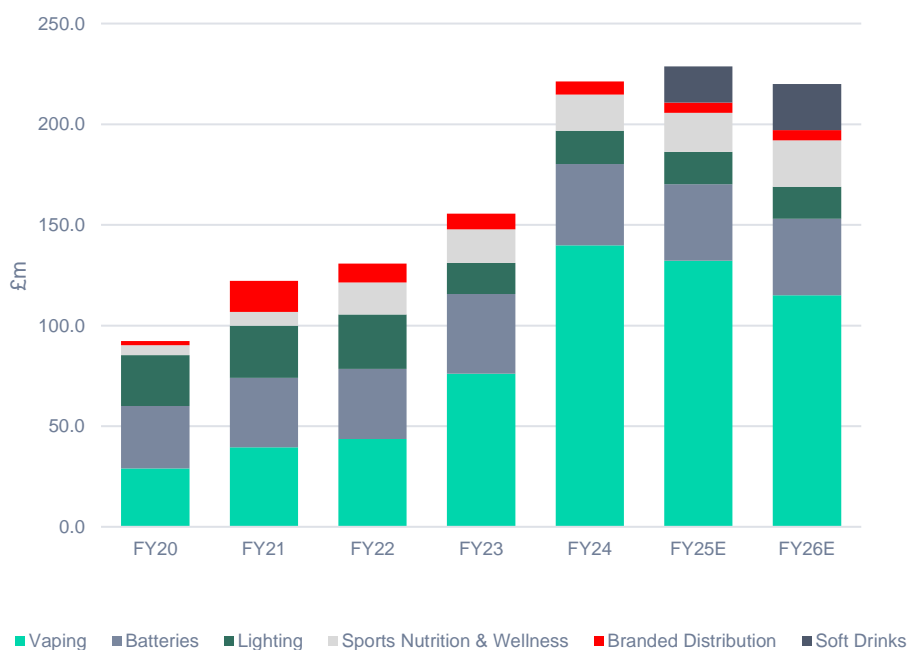
Revised outlook

Yr to 31 March (£m)	FY25 Old	FY25 New	%/bp	FY26 Old	FY26 New	%/bp
Revenue	240.2	235.1	-2.1%	231.0	239.5	3.7%
Gross inc forex	71.9	72.7	1.1%	69.8	74.8	7.2%
Mrg	29.9%	30.9%	98	30.2%	31.2%	102
EBIT (rptd)	31.2	33.2	6.4%	28.8	28.9	0.4%
EBIT (adj)	33.6	33.6	0.0%	29.8	29.9	0.4%
Mrg	14.0%	14.3%	30	12.9%	12.5%	(41)
EBITDA (rptd)	37.6	39.6	5.3%	35.2	35.3	0.3%
EBITDA (adj)	40.0	40.0	0.0%	36.3	36.3	0.0%
Mrg	16.7%	17.0%	36	15.7%	15.1%	(51)
PBT (rptd)	29.8	31.8	6.7%	27.4	27.5	0.4%
PBT (adj)	32.2	32.2	0.0%	28.4	28.5	0.4%

Source: Company data. Equity Development estimates.

As illustrated below, the contribution from diversification into new businesses has continued to offset the impact of changes in the marketing of vaping products, illustrating the speed with which Supreme has adapted to changing market conditions.

Business categories revenue outlook to FY26



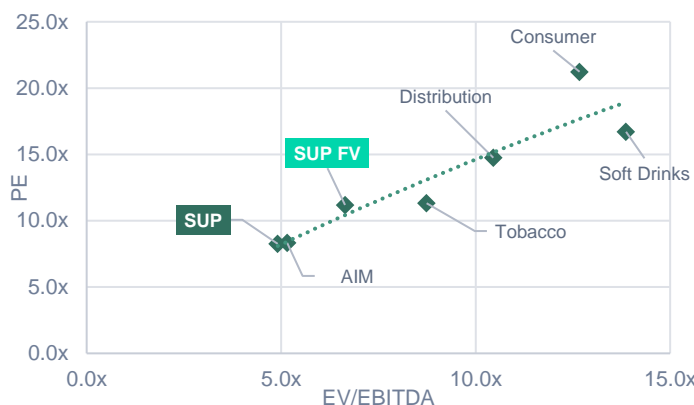
Source: Company data. Equity Development estimates.

Comparative valuation update

Below illustrates Supreme's current valuation (PE vs EV/(adj.) EBITDA) and ED Fair Value compared to the average⁵ of peers in sectors which match Supreme's product lines, and an indicative valuation based on the application of peer group sector multiples to Supreme's (adj.) EBITDA outlook, pro rata to business segment gross profit contribution (e.g. Supreme Batteries segment contributes 7.3% of FY25 E gross, which is applied to FY25E (adj.) EBITDA (£40.0m E) at the 'consumer' segment average multiple of 12.7x).

⁵ market cap weighted.

Supreme PLC comparative valuation



Source: Koyfin. Equity Development estimates.

Indicative valuation range based on product segment peer group average multiples. The valuation range indicates an average of 315p/share compared to ED FV of 225p/share.

Supreme indicative valuation range based on peer group multiples

Peer group constituents	FY25E (adj.) EBITDA	% of gross	Peer	EV/EBITDA	EV £m
Consumer:	Batteries	6.4%	Consumer	12.7x	32.5
Unilever PLC	Lighting	9.2%	Consumer	12.7x	46.7
The Procter & Gamble Company	Vaping	64.1%	Tobacco	8.7x	224.3
Nestlé S.A.	Sports Nutrition	6.8%	Consumer	12.7x	34.7
Walmart Inc.	Branded Distribution	1.9%	Consumer	12.7x	9.5
	Soft Drinks	8.8%	Soft Drinks	13.9x	49.1
	EV indicated (£m)				396.7
Tobacco:	Indicated EV/EBITDA multiple				9.9x
Reckitt Benckiser Group plc	Net debt (£m)				1.82
British American Tobacco p.l.c.	FY25 E indicated equity (£m)				398.5
Philip Morris International Inc.	Per share value indicated (p)				339.7
Altria Group Inc.					
Imperial Brands PLC	FY26E (adj.) EBITDA	% of gross	Peer	EV/EBITDA	EV £m
	Batteries	6.1%	Consumer	12.7x	27.9
Soft Drinks:	Lighting	8.4%	Consumer	12.7x	38.5
PepsiCo Inc.	Vaping	58.1%	Tobacco	8.7x	182.7
Fevertree Drinks PLC	Sports Nutrition	8.0%	Consumer	12.7x	36.4
Carlsberg Britvic	Branded Distribution	1.0%	Consumer	12.7x	4.7
A.G. BARR p.l.c.	Soft Drinks	9.8%	Soft Drinks	13.9x	48.8
The Coca-Cola Company	EV indicated (£m)				339.1
	Indicated EV/EBITDA multiple				9.4x
	Net debt (£m)				1.82
	FY26 E indicated equity (£m)				340.87
	Per share value indicated (p)				290.5
	Average of FY24 - FY25 per share (p)				315.1

Source: Koyfin. Equity Development estimates.

P&L

£m	H1 23	H2 23	H1 24	H2 24	H1 25	FY23	FY24	FY25E	FY26E
Batteries	15.7	23.9	15.9	24.6	17.4	39.5	40.5	38.0	38.0
Lighting	6.2	9.3	7.5	9.0	8.1	15.4	16.5	16.0	16.0
Vaping	31.8	41.7	42.1	40.7	36.6	76.1	82.8	73.2	74.0
Sports Nutrition & Wellness	7.6	9.1	8.9	9.0	9.5	16.7	18.0	19.5	21.0
Branded Distribution	3.4	4.4	30.6	32.9	34.4	7.8	63.5	64.0	46.0
Soft Drinks								18.0	24.5
Revenue	64.6	88.4	105.1	116.2	113.0	155.6	221.2	235.1	239.5
Gross Sum	17.6	22.0	27.9	34.5	33.5	39.6	62.4	71.2	73.3
<i>Mrg</i>	27.3%	24.9%	26.6%	29.7%	29.6%	25.4%	28.2%	30.3%	30.6%
Gross inc forex	18.2	22.7	28.5	35.0	34.1	40.9	63.5	72.7	74.8
<i>Mrg</i>	28.1%	25.7%	27.2%	30.1%	30.1%	26.3%	28.7%	30.9%	31.2%
Sum Op-ex	(13.4)	(14.8)	(15.5)	(16.1)	(20.6)	(28.2)	(31.5)	(39.5)	(45.9)
One-off costs	(1.4)	0.6	0.5	(1.1)	(1.8)	(0.8)	(0.6)	(0.4)	(1.0)
One off gain	0.0	0.0	0.0	0.0	0.0	2.8	0.0	0.0	0.0
EBIT Reported	4.8	7.9	13.1	18.9	13.5	15.4	32.0	33.2	28.9
EBIT Adjusted	6.2	7.3	12.6	20.1	15.3	16.3	32.6	33.6	29.9
<i>Mrg</i>	9.6%	8.2%	12.0%	17.3%	13.6%	10.5%	14.7%	14.3%	12.5%
Depreciation	(1.4)	(0.8)	(1.8)	(2.0)	(2.3)	(2.2)	(3.8)	(4.9)	(4.9)
Amortisation	(0.5)	(0.4)	(0.8)	(0.9)	(0.9)	(0.9)	(1.7)	(1.5)	(1.5)
EBITDA Reported	\$	11.9	15.7	21.8	16.6	18.6	37.5	39.6	35.3
EBITDA Adjusted	8.1	11.3	15.2	22.9	18.5	19.4	38.1	40.0	36.3
<i>Mrg</i>	12.6%	12.8%	14.5%	19.7%	16.3%	12.5%	17.2%	17.0%	15.1%
Financial income	0.00	0.03	0.00	0.14	0.12	0.03	0.15	0.00	0.00
Financial expense	(0.4)	(0.6)	(0.8)	(1.3)	(0.7)	(1.0)	(2.0)	(1.4)	(1.4)
PBT Reported	4.4	10.0	12.3	17.8	12.9	14.4	30.1	31.8	27.5
PBT Adjusted	5.8	9.4	11.8	18.9	14.7	15.3	30.7	32.2	28.5
Tax	(1.1)	(1.4)	(3.0)	(4.7)	(2.2)	(2.5)	(7.7)	(8.0)	(6.9)
Reported tax rate	25.2%	13.5%	24.5%	26.2%	17.1%	20.0%	25.5%	25.0%	25.0%
PAT Reported	3.3	8.8	9.3	13.2	10.7	12.1	22.4	23.8	20.6
PAT Adjusted	4.7	8.2	8.8	14.3	12.5	12.9	23.0	24.2	21.6
Amortisation & tax items	0.5	(0.1)	0.2	0.0	0.5	1.8	2.6	4.4	3.3
PAT Adjusted	5.2	8.7	9.5	13.2	13.0	13.8	25.0	28.2	23.9
Diluted wtd. av. shares (m)	121.1	123.5	124.0	123.7	120.4	123.5	123.7	120.4	120.4
EPS rptd. basic (p)	2.8	7.5	7.9	11.2	9.2	10.3	19.1	20.4	17.7
EPS adj. dil. (p)	4.3	7.0	7.7	10.6	10.8	11.2	20.2	23.4	19.8

Source: Company data. Equity Development estimates.

Cashflow

Yr to March 31 (£m)	H1 23	H2 23	H1 24	H2 24	H1 25	FY23	FY24	FY25E	FY26E
PAT Reported	3.3	8.7	9.3	13.2	10.7	12.0	22.4	23.8	20.6
One-off items	0.4	0.5	(0.5)	0.7	1.8	0.8	0.2	0.4	1.0
Depreciation	1.4	0.8	1.8	2.0	2.3	2.2	3.8	4.9	4.9
Amortisation	0.5	0.4	0.8	0.9	0.9	0.9	1.7	1.5	1.5
Tax	1.1	1.4	3.0	4.7	2.2	2.5	7.7	8.0	6.9
Finance/other	0.4	(0.4)	0.4	2.1	0.1	(0.0)	2.4	0.0	1.4
Operating Cash Flow	7.0	11.3	14.8	23.4	17.9	18.4	38.2	38.6	36.3
(Increase)/Decrease inventories	(2.2)	5.1	(5.2)	6.4	(6.8)	2.9	1.2	(12.9)	4.6
(Increase)/Decrease in receivables	(6.7)	6.0	(21.0)	6.3	3.5	(0.7)	(14.7)	6.6	(3.8)
Increase/(Decrease) in payables	8.4	(8.4)	14.4	(6.7)	(2.7)	(0.0)	7.7	1.7	(2.7)
Movement in working capital	(0.5)	2.7	(11.8)	6.0	(5.9)	2.2	(5.8)	(4.6)	(2.0)
Cash generated by operations	6.5	14.1	2.9	29.5	12.0	20.6	32.4	34.0	34.3
Tax (paid)/received	(1.7)	0.3	(2.5)	(2.8)	(0.7)	(1.3)	(5.3)	(8.0)	(6.9)
Net cash from operations	4.9	14.4	0.4	26.7	11.3	19.3	27.1	26.0	27.4
Interest received	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Intangibles	0.0	0.0	0.0	(0.1)	(0.1)	0.0	(0.1)	0.0	0.0
PPE	(0.5)	(0.7)	(2.8)	(2.5)	(1.1)	(1.3)	(5.3)	(2.0)	(2.2)
Acquisition	(10.1)	0.1	0.0	(2.5)	(15.6)	(10.1)	(2.5)	(25.2)	0.0
Sale of PPE	0.0	4.0	0.1	0.1	0.9	4.0	0.1	0.0	0.0
Net cash used in investing	(10.7)	3.2	(5.2)	(6.1)	(15.7)	(7.6)	(11.3)	(27.2)	(2.2)
Net OpFCF	(5.9)	17.6	(4.8)	20.6	(4.4)	11.7	15.8	(1.2)	25.2
Borrowings (net)	12.5	(13.8)	5.5	(9.9)	0.0	(1.3)	(4.4)	0.0	0.0
Share issue	0.0	0.3	0.0	(1.0)	0.0	0.3	(1.0)	0.0	0.0
Interest paid	(0.2)	(0.6)	(0.4)	0.4	(0.4)	(0.8)	0.0	0.0	0.0
Leases	(0.5)	(0.5)	(0.5)	(0.7)	(0.7)	(1.0)	(1.2)	(2.5)	(2.5)
Dividend	(4.4)	(0.9)	(2.6)	(1.8)	(3.7)	(5.4)	(4.3)	(6.1)	(5.4)
Net cash from financing	7.3	(15.5)	2.1	(13.7)	(4.9)	(8.2)	(11.6)	(8.6)	(7.9)
Net change cash	1.5	2.0	(2.7)	6.8	(9.3)	3.5	4.2	(9.7)	17.3
Cash start	3.9	5.4	7.5	4.9	11.6	3.9	7.5	11.6	1.9
Forex	0.0	0.1	0.0	(0.1)	(0.1)	0.1	(0.1)	0.0	0.0
Cash end	5.4	7.5	4.9	11.6	2.3	7.5	11.6	1.9	19.2

Source: Company data. Equity Development estimates.

Balance sheet

Yr to March 31 (£m)	H1 23	H2 23	H1 24	H2 24	H1 25	FY23	FY24	FY25E	FY26E
Intangible assets	14.1	15.3	14.4	13.7	19.3	15.3	13.7	17.8	16.3
PPE net	3.6	5.2	7.1	7.5	15.4	5.2	7.5	13.6	10.9
RoU	1.7	15.6	14.7	13.9	12.7	15.6	13.9	13.9	13.9
Investments	0.6	0.0	0.0	0.0	0.2	0.0	0.0	0.0	0.0
Sum Fixed Assets	20.1	36.1	36.2	35.1	47.6	36.1	35.1	45.3	41.1
Inventories	30.6	25.6	30.8	24.4	32.3	25.6	24.4	37.4	32.8
Trade receivables	26.9	20.9	41.9	35.6	35.1	20.9	35.6	29.0	32.8
Tax assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Financial insts	0.8	0.0	0.9	0.0	0.3	0.0	0.0	0.0	0.0
Cash	5.4	7.5	4.9	11.6	2.3	7.5	11.6	1.9	19.2
Sum Current Assets	63.8	54.0	78.6	71.7	70.1	54.0	71.7	68.2	84.8
Total Assets	83.8	90.1	114.9	106.8	117.7	90.1	106.8	113.6	125.9
Trade payables	(31.8)	(26.1)	(39.8)	(27.3)	(28.4)	(26.1)	(27.3)	(29.0)	(26.2)
Bank borrowings	(0.4)	(4.3)	(9.7)	0.0	(1.0)	(4.3)	0.0	0.0	0.0
Tax, Other	(0.8)	(3.2)	(3.2)	(5.5)	(8.9)	(3.2)	(5.5)	(5.5)	(5.5)
Sum Current Liabilities	(33.0)	(34.3)	(52.7)	(34.0)	(38.2)	(34.3)	(34.0)	(35.7)	(33.0)
Total Assets less Current Liabilities	50.8	55.8	62.1	72.7	79.5	55.8	72.7	77.8	92.9
Bank borrowings non-current	(17.8)	(14.3)	(13.8)	(13.4)	(13.1)	(14.3)	(13.4)	(13.1)	(13.1)
Tax/Provisions	(0.3)	(1.6)	(0.6)	(1.3)	(1.1)	(1.6)	(1.3)	(1.3)	(1.3)
Sum Long-term liabilities	(19.8)	(15.9)	(14.3)	(14.8)	(14.2)	(15.9)	(14.8)	(13.4)	(12.4)
Total liabilities	(52.9)	(50.2)	(67.1)	(48.8)	(52.4)	(50.2)	(48.8)	(49.1)	(45.4)
Net Assets	31.0	40.0	47.8	58.0	65.3	40.0	58.0	64.4	80.5
Share Capital	11.7	11.7	11.7	11.7	11.7	11.7	11.7	11.7	11.7
Share Premium	7.2	7.4	7.4	7.4	7.6	7.4	7.4	(10.3)	(18.1)
Capital Reserve	(22.0)	(22.0)	(22.0)	(22.0)	(22.0)	(22.0)	(22.0)	(22.0)	(22.0)
Retained earnings	31.9	39.8	46.5	56.8	63.8	39.8	56.8	85.1	109.0
Equity	31.0	40.0	47.8	58.0	65.3	40.0	58.0	64.4	80.5
Net debt / (cash) pre-IFRS 16	12.9	11.1	18.6	1.8	11.8	11.1	1.8	(1.9)	(19.2)

Source: Company data. Equity Development estimates.

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