RNS Number : 5920N
Supreme PLC
26 November 2024

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Supreme plc
("Supreme," the **"Company"** or the **"Group")**

Unaudited Results for the Half Year Ended 30 September 2024

- *Revenue up 8% and Adjusted EBITDA[1] up 22%*
- *New 'soft drinks' product vertical, increasing diversification*
- *Business remains bank-debt free with the interim dividend up 20% to 1.8p per share*
- *Results for FY 2025 expected to be ahead of market expectations with an Adjusted EBITDA[1] upgrade to at least £40 million[5]*

Supreme (AIM:SUP), a leading manufacturer, distributor and brand owner of fast-moving consumer products, announces its unaudited results for the six-month period ended 30 September 2024 ("H1 2025" or the "Period").

Financial Highlights

- Revenue growth of 8% to £113.0 million (H1 2024: 105.1 million), underpinned by growth in the core business and revenue from the acquisition of Clearly Drinks Limited ("Clearly Drinks")
- Adjusted EBITDA[1] up 22% to £18.5 million (H1 2024: £15.2 million), driven by higher gross margins in all categories and a continued tight control on overheads.
- Adjusted pre-tax profit up 25% to £14.7 million (H1 2024: £11.8 million).
- Operating cash flow of £11.3 million (H1 2024: £0.4 million).
- Interim dividend of 1.8 pence per share declared (H1 2024: 1.5 pence per share).
- Earnings-enhancing acquisition of Clearly Drinks for £15.6 million, financed entirely from the Company's own cash reserves.
- The Company remains bank-debt free and with more than £50 million of unutilised borrowing facilities at the Period end.

	H1 2025	H1 2024	Change
	£m	£m	%
Revenue	113.0	105.1	+8%
Gross profit	34.1	28.5	+20%
Gross profit %	30%	27%	+3%
Adjusted EBITDA[1]	18.5	15.2	+22%
Profit before tax	12.9	12.3	+5%
Adjusted items (charges) / credits	(1.8)	0.5	-
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 i.e. including IFRS 16 leases	11.8	19.8	+40%
Adjusted net (cash) / debt i.e. excluding IFRS 16 leases[4]	(2.3)	4.8	+148%
Dividend	1.8p	1.5p	+20%

The increase in Adjusted items relates entirely to the fair value movements on financial derivatives from a credit of £1.6 million in H1 2024 to a charge of £1 million in H1 2025.

Operational Highlights

- Acquired Clearly Drinks, a UK manufacturer and brand owner of specialised canned and bottled-at-source spring water and soft drinks, for a total net cash consideration of £15.6 million.
    - The acquisition is expected to generate around £3.5 million of annualised incremental EBITDA and will provide cross-sell opportunities across our network and innovation opportunities for our Sports Nutrition & Wellness division.
    - As a result, non-vape annualised revenue now exceeds £100 million (around 45% of Group revenue).
- Following the successful relocation of the warehouse operations to 'Ark' last year, the administrative headquarters were also relocated there during the Period, the final phase of

the relocation plan.

Outlook

- Supreme has developed a stable, highly profitable and growing core business, is currently pursuing a buoyant and diverse M&A pipeline, has a healthy balance sheet and has more than £50 million of unutilised borrowing facilities, providing the Company with a strong base for further growth in the long term.
- The Company is well positioned to deal with the recently announced budgetary measures, including the vape tax planned for October 2026 which may generate a consolidation of the UK vaping market in which well-financed, agile businesses should benefit. In reference to National Insurance and the National Living Wage, the Company estimates an annualised increase of around £0.9 million to its people costs.
- The Group has made a strong start to the second half of FY 2025 and expects trading for FY 2025 to be ahead of expectations, with revenue guidance of around £240 million and Adjusted EBITDA[1] guidance of at least £40 million[5].

Sandy Chadha, Chief Executive Officer of Supreme, commented:

"I am pleased to report another strong period of trading for Supreme. We have experienced steady growth across our categories whilst seamlessly diversifying our portfolio through the acquisition of Clearly Drinks. Adding well-recognised and trusted brands into Supreme's unrivalled distribution network across UK retail is central to our long-term growth strategy, and this acquisition reaffirms our ability to identify and execute quickly on M&A opportunities.

The strength of our strategy and the proactivity of our teams means we are well-positioned for upcoming changes in the UK vaping sector. Non-disposable vapes account for the majority of our vaping revenue, and we continue to report growth in 10ml e-liquid refills.

Looking forward, we are expecting trading to be ahead of market expectations[5] for the current financial year and the Board is confident that Supreme is well positioned to deliver ongoing profit growth and shareholder value."

Investor Presentation

Management will be hosting a presentation for investors in relation to the Company's interim results today at 2.00 p.m. GMT.

To register for the event, please go to:
https://www.equitydevelopment.co.uk/news-and-events/supreme-investor-presentation-26november2024

[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 the financial statements).*

[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 the financial statements).*

[4] *Adjusted net debt (excluding IFRS 16 leases) means net debt as defined in the year-end financial statements but excluding the impact of IFRS16.*

[5] *Company-issued guidance immediately before this announcement for the year ending 31 March 2025 was revenue of £240 million and Adjusted EBITDA[1] of £37 million.*

The information contained within this announcement is deemed to constitute inside information as stipulated under the Market Abuse Regulation (EU) No. 596/2014 which is part of UK law by virtue of the European Union (withdrawal) Act 2018. Upon the publication of this announcement, this inside information is now considered to be in the public domain.

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About Supreme

Supreme supplies products across six categories; Batteries, Lighting, Vaping, Sports Nutrition & Wellness, Branded Distribution and Soft Drinks. The Company's capabilities span from product development and manufacturing through to its extensive retail distribution network and direct to consumer capabilities. This vertically integrated platform provides an excellent route to market for well-known brands and products.

The Group has over 3,000 active business accounts with retail customers who manage over 20,000 branded retail outlets. Customers include B&M, Home Bargains, Poundland, Tesco, Sainsburys, Morrisons, Amazon, The Range, Costcutter, Asda, Halfords,Iceland, Waitrose, Aldi and HM Prison & Probation Service.

In addition to distributing globally-recognised brands such as Duracell, Energizer and Panasonic, and supplying lighting products exclusively under the Energizer, Eveready, Black & Decker and JCB licences across 45 countries, Supreme has also developed brands in-house, most notably 88Vape, has a growing footprint in Sports Nutrition & Wellness via its principal brands Sci-MX and Battle Bites, and has recently expanded into the soft drinks market with the acquisition of Clearly Drinks, adding established brands such as Perfectly Clear and Northumbria Spring to its portfolio.

https://investors.supreme.co.uk/

Chief Executive Officer's Review

Introduction

I am pleased to report that Supreme traded strongly during H1 2025, delivering solid organic growth supported by continued consumer demand for our own, private label and licensed brands, as well as our entry into the soft drinks market following the acquisition of Clearly Drinks.

Pleasingly, we increased Group revenues by 8% to£113.0 million (H1 2024: £105.1 million), alongside a 22% increase in Adjusted EBIDTA[1] which grew to£18.5 million (H1 2024: £15.2 million). This growth in the Period reflects the strength of our strategy, the resilience of our business model, and also the depth of our retail market knowledge which has helped guide the business at a time of well-reported headwinds for consumers. To this end, we continue to provide retailers with high quality everyday items at affordable price points for customers.

As evidenced by the acquisition and integration of Clearly Drinks during the Period, we remain focused on investing in all areas of the business and believe that we can continue to benefit from our strategic and opportunistic approach to M&A.

Alongside planning for anticipated regulatory changes to theUK vaping market, we have continued to launch new products and explore new partnership opportunities, further enhancing our reputation as a leading manufacturer, brand owner and distributor of fast-moving consumer products across multiple verticals.

We are confident in our long-term growth prospects and remain committed to delivering on our key strategic targets as we continue to work proactively rather than reactively to an evolving retail market.

Operational Review

During the Period, we moved our administrative headquarters to our new Ark facility, the final phase of our relocation plan following the commencement of distribution and warehousing operations at the site last year. Our new office centre includes a state-of-the-art showroom and multiple meeting rooms to facilitate increased customer engagement. Located in Manchester's Trafford Park, one of Europe's largest business hubs, Ark epitomises Supreme's growth as a business, as well as our continued commitment to providing the best possible working environment for our team. Manufacturing operations will continue as usual at our nearby Beacon Road site which will continue to play an important role in supporting Supreme's development.

Our manufacturing capacity has also grown during the Period. As part of our acquisition of Clearly Drinks, we now have access to a 150,000 sq. ft., fully-automated drinks manufacturing facility. While we are continuing to produce Clearly Drinks' existing product range, this site also provides us with the opportunity to diversify our product offering and enhance our manufacturing capabilities across our Sports Nutrition & Wellness category. We are focused on upgrading this already highly sophisticated facility and plan to introduce new machinery and processes so that it can accommodate smaller scale customers and exciting nascent brands that provide an opportunity for further growth.

We have also continued to develop new products across the wider Supreme portfolio, bolstering our offering and cementing our status as a go-to manufacturer, distributor and brand owner of fast-moving consumer goods. From a product development perspective, we continue to consider environmental factors in line with our ESG initiatives outlined in our latest Annual Report.

Vaping

Revenue	**H1 2025**	**H1 2024**	**Change**
	£m	**£m**	**%**
Vaping excl disposables	32.2	32.1	+1%
Disposables	4.4	10.0	-56%
TOTAL	**36.6**	**42.1**	**-13%**

The Vaping division continued to perform robustly in H1 2025, generating revenues of £36.6 million (H1 2024: £42.1 million), reflecting an anticipated decline in sales of own brand disposable products as consumers prepare to switch devices ahead of the forthcoming ban. Excluding disposable vapes in the Period, the category delivered revenues of £32.2 million (H1 2024 Vaping excluding disposables: £32.1 million), reflecting the resilience and importance of our non-disposable own brand and white label products.

Ahead of the ban on disposable vapes coming into effect in June 2025, Supreme has consciously de-emphasised 88Vape disposables during the Period, reducing our stock holding and tightening our SKU discipline to minimise any inventory risk, which has led to predictably lower sales. We have also transitioned some of the volume away from 88Vape and towards the ElfBar brand ahead of the ban. Sales of own brand disposables for the Period, which account for a small minority of our Vaping category revenues, were £4.4 million (H1 2024: £10.0 million).

We believe that Supreme is well positioned to smoothly manage the forthcoming changes to the UK vaping market and have, for over a year now, been adapting our strategy accordingly to ensure we are fully prepared. As outlined above, the majority of revenue for the Vaping category comes from non-disposable vapes and, importantly, revenue of 10ml e-liquids has continued to grow at a healthy rate. Additionally, we have continued to invest in rechargeable pod system vaping devices and have diversified into manufacturing nicotine pouches, launching our 88Nic nicotine pouches.

The revenue for third-party disposable vapes, ElfBar and Lost Mary, is reported separately in our Branded Distribution category and totalled £30.3 million for the Period (H1 2024: £26.4 million), an increase of 15% as a result of having this distribution for the entirety of the Period versus only three months last year.

Supreme is proud to be setting the industry benchmark with our proactive measures across our 88Vape range to discourage underage vaping, which include: the introduction of plain packaging, reduced hardware colour, age-appropriate product names, and recommendations to retailers that vapes are positioned away from confectionary. Supreme supports the UK Government's ambition to eliminate underage vaping and we are confident that it will seek to strike a sensible balance between addressing underage vaping concerns whilst also not slowing down their efforts to become a smoke-free country by 2030, which was a cross-party objective of the UK Government announced in 2019.

Supreme's overriding goal is to support the widespread use of vaping as a smoking cessation device in line with the UK Government's conclusion that vaping remains the most effective tool to transition smokers away from cigarettes.

Sports Nutrition & Wellness

The Sports Nutrition & Wellness category delivered a strong performance with revenues up 7% to £9.5 million (H1 2024: £8.9 million). Our Sci-MX brand continues to perform well and has benefitted from targeted influencer and community marketing campaigns, including a partnership with leading fitness influencer and Sculpt Gym founder, Adam Collard. By leveraging our newly acquired drinks manufacturing expertise and directing this to the Sports Nutrition & Wellness market, we now have a buoyant product innovation pipeline. In addition, we have new talent in the category and, with input prices stabilising, we are able to have a renewed focus on top line growth. In 2023, we estimate that the UK protein powder market was valued at approximately $1.1 billion and we believe is projected to reach around $1.9 billion by 2030. We remain committed to occupying a growing share of this market in the medium and long term.

Post period end, we signed a partnership with Boots which now lists 27 Sci-MX and Battle Bites products on the Boots UK's website. Boots is a UK household name trusted for only stocking high-quality health and wellbeing products, making this another great retail partnership for Supreme.

We are pleased with the consistent growth of this category and, with sticky UK retail relationships in place, we are well positioned to expand our presence across the industry, especially in the protein powders market with Sci-MX already a well-established and highly credible value brand.

Soft Drinks

In June 2024, our acquisition of Clearly Drinks for a total net cash consideration of £15.6 million (after adjustments for completion mechanics) marked Supreme's entry into the beverage industry. Clearly Drinks is a brand owner of Perfectly Clear amongst other well-known brands and is also a contract manufacturer for a number of the world's largest soft drinks companies. Following this acquisition, Supreme now has control of a 150,000 sq. ft. site containing three onsite natural spring water boreholes as well as cutting-edge manufacturing technology such as a new can line that is able to produce 350 million canned drinks per year.

The launch of our Soft Drinks category is part of Supreme's broader diversification strategy, bringing non-vape annualised sales to over £100 million. With Clearly Drinks servicing c.70 customers nationwide, including major UK supermarkets Waitrose, Aldi, and Tesco, we have already started to capitalise on cross-sell opportunities generated by the transaction and have several more in the pipeline as we assess which products from our other categories - in particular Sports Nutrition & Wellness - may be of interest to retailers across Clearly Drinks' existing footprint. Within weeks of the acquisition, we converted an existing Supreme customer to the Perfectly Clear brand, illustrating the value of combining the Supreme distribution network with great consumer brands.

Six months on from the acquisition of Clearly Drinks, Supreme's Soft Drinks division is performing well and is projected to deliver £2 million of Adjusted EBITDA[1] in FY 2025 and around £3.5 million on an annualised basis.

Clearly Drinks' manufacturing processes are best-in-class, highly automated and accredited to the highest standard. In line with our vision, we are now working on making the facility more agile - introducing new machinery and processes to help accommodate smaller scale and more embryonic brands and customers. This will open an entirely new channel of opportunity for Clearly Drinks.

We are pleased with how well this business has integrated into the Supreme group and are excited by the multiple growth opportunities this acquisition has created.

Branded Distribution

The Branded Distribution category delivered revenues of £34.4 million, up 12% (H1 2024: £30.6 million), and gross profit for the category experienced growth of 56%. Our distribution of vape brands ElfBar and Lost Mary contributed 92% of the division's revenue in H1 2025 (H1 2024: 86%) and we continued to experience strong sales traction for both brands across our UK retail footprint.

The distribution of ElfBar and Lost Mary forms part of this division rather than our Vaping division as the brands are not owned nor manufactured by Supreme, so have a significantly different financial profile to the Group's Vaping business. As with our core vaping activities, we are working closely with our key partners to manage the transition from disposable vaping products to rechargeable alternatives, in line with the forthcoming legislative changes.

Lighting and Batteries

The Lighting division delivered revenues of £8.1 million, up 8% (H1 2024: £7.5 million). During the Period, we expanded the range of licensed-brand products we manufacture and distribute, including LED Energizer Holdings A-Rated lamps, upholding our commitment to offering our retail network the best products from the best global brands. We also launched our brand-new lighting brochure to help facilitate new commercial opportunities, showcasing 580 lighting and fittings products covering the Energizer, Eveready and Lumilife brands. Our extensive range and unrivalled service means that thousands of retail outlets, electricians, wholesalers and independent retailers continue to rely on Supreme for their lighting product needs.

The Batteries division generated revenues of £17.4 million (H1 2024: £15.9 million), up 9%, a solid increase in revenue growth in comparison to the 1% revenue growth reported between H1 2023 and H1 2024. This growth is a result of considerable volume increases and our expanded distribution operations, with new B&M listings bolstering the division's performance. Batteries continue to be a dependable, profitable division for Supreme and we are continually assessing opportunities to further broaden our distribution footprint and renew licensing agreements with some of the industry's leading brands.

Lighting and Batteries activities remain robust as we continue to experience solid demand across both divisions ahead of the key seasonal trading period.

Dividend

The Board proposes an interim dividend of 1.8 pence per share in line with the Company's stated annual dividend policy of 25% of profit after tax. This dividend will be payable on 10 January 2025 to shareholders on the register at 6 December 2024. The ex-dividend date is 5 December 2024.

Outlook

Supreme has an increasingly diversified portfolio thanks to new product launches across categories and the establishment of the Soft Drinks division, a key pillar of our long-term growth strategy. Alongside a continued focus on organic growth initiatives, we are continuing to target bolt-on acquisitions which are compatible with our wider growth ambitions, from opportunities in markets we're familiar with, to chances to establish a presence in new or fast-growing verticals.

Whilst vaping continues to be the key source of revenue for the Company, we are prepared for the upcoming change in legislation banning disposable vapes; we have invested in new non-disposable vaping technology, and the majority of revenue for the category comes from non-disposable vapes. We are fully supportive of any proactive measures that the UK Government is taking to combat underage vaping, and are also a firm believer in the effectiveness of vaping as a smoking cessation tool for adults as the UK Government embarks on its mission to achieve a tobacco-free country. The addition of taxation in 2026 shall continue to move the market in the direction of legitimate, reputable market players such as Supreme.

Supreme continues to put the end consumer at the forefront of its strategy. We are committed to manufacturing and distributing high-quality, low-cost household goods, supporting families across the country as they navigate this ongoing period of economic uncertainty.

The Group has made a strong start to the second half of FY 2025 and consequently expects trading for the full year to be ahead of market expectations, with revenue guidance of around £240 million and Adjusted EBITDA[1] guidance of at least £40 million, an increase of around £3 million compared to the previous guidance[5].

The Board continues to be pleased with the Group's continued financial and operational strategic progress and believes that Supreme is well positioned for the future. Supreme is an agile, opportunistic, cost-conscious and consumer-centric business with a very healthy balance sheet and a long track record of delivering growth and cash. Supreme has consistently demonstrated that it can adapt its strategy when consumer sentiment or legislation changes. In the long term, we will continue to deliver a multitude of well-priced, branded consumer goods to the mass market at scale.

Sandy Chadha
Chief Executive Officer

25 November 2024

Chief Finance Officer's Review

I am delighted to present the financial results for the Period, which reflect solid trading and continued discipline within our cost base and cashflow.

	H1 2025	**H1 2024**	**Change**
	£m	**£m**	**%**
Revenue	113.0	105.1	+8%
Gross profit	34.1	28.5	+20%
Gross profit %	30%	27%	+3%
Adjusted EBITDA[1]	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 i.e. including IFRS 16 leases	11.8	19.8	+40%
Adjusted net (cash) / debt i.e. excluding IFRS 16 leases[4]	(2.3)	4.8	+148%
Operating cashflow	11.3	0.4	+2,725%
Net assets	65.3	47.8	+37%
Dividend	1.8p	1.5p	+20%

Revenue

Revenue grew by £7.9 million (+8%) to £113.0 million (H1 2024: £105.1 million) in the Period. The core business grew by £2.6 million (+4%), disposables (across Vaping and Branded Distribution) reduced by £1.7 million (-5%) and the addition of Clearly Drinks, acquired during the Period, contributed £7.0 million of incremental revenue year-on-year.

Gross profit

Gross profit for the Period was £34.1 million (H1 2024: £28.5 million), growth of 20%. Gross profit as a percentage of sales was 30%, an increase of 3 percentage points on last year, driven by the increase in margin on Branded Distribution where margins were initially lower on the opening orders and the addition of the Soft Drinks category. In fact, we have seen increases in gross margins across the Group. In Vaping in particular, we have the full year impact of consolidating three manufacturing sites last year as well as increased volume and scale. Reduced dependency on disposables has also benefitted the blended margin % in the category.

Adjusted EBITDA[1]

Adjusted EBITDA[1] was £18.5 million in the Period (H1 2024: £15.2 million), an increase of 22%; owing to the increase in blended gross profit % from 27% to 30% and lower selling costs (specifically with reference to listing fees which were high last year in relation to ElfBar), offset by an investment in the overhead base in respect of people costs. Adjusted EBITDA[1] also benefitted from the addition of Clearly Drinks.

Finance costs

Finance costs were £0.6 million (H1 2024: £0.8 million) with most of the interest arising from IFRS16 lease liabilities with only £0.2 million attributed to bank interest.

Dividends

The Board has declared an interim dividend of 1.8 pence per share in line with the Company's stated dividend policy of 25% of profit after tax. The dividend will be payable on 10 January 2025 to shareholders on the register at 6 December 2024. The ex-dividend date is 5 December 2024.

Cash flow

	H1 2025	**H1 2024**	**FY 2024**
	£m	**£m**	**£m**
Adjusted EBITDA[1]	18.5	15.2	38.1
Movement in working capital	(5.9)	(11.8)	(5.7)
Tax paid	(0.6)	(2.5)	(5.3)
Cash-impacting Adjusted items	(0.7)	(0.5)	-
Operating cash flow	**11.3**	**0.4**	**27.1**
Debt (servicing) / raising	(0.2)	5.2	(5.0)
Lease payments	(1.0)	(0.5)	(1.2)
Capex	(0.1)	(2.8)	(5.3)
M&A	(15.6)	(2.4)	(6.1)
Dividends	(3.7)	(2.6)	(4.3)
Share buyback	-	-	(1.0)
Net cash flow	**(9.3)**	**(2.7)**	**4.2**

Operating cash flow was £11.3 million for the Period. The movement in working capital was related to the Company's seasonal trends within inventory (inventory is always at its peak on 30 September each year as we enter our busiest trading quarter and by year-end inventory is typically at its lowest point). Capital expenditure was £1.1 million in the Period but was offset by £1 million income generated from the sale of a property that was inherited by the Group as part of the Liberty Flights acquisition. M&A of £15.6 million was entirely related to the acquisition of Clearly Drinks; there are no further amounts payable in respect of this transaction.

Net debt

	H1 2025	**H1 2024**	**FY 2024**
	£m	**£m**	**£m**

	£m	£m	£m
Cash	(2.3)	(4.9)	(11.6)
Borrowings (excl IFRS 16 leases)	-	9.7	-
Adjusted net (cash) / debt[4]	**(2.3)**	**4.8**	**(11.6)**
IFRS 16 (leases)	14.1	15.0	14.7
Net debt	**11.8**	**19.8**	**3.1**

Despite the £15.6 million acquisition, paid for entirely from the Company's cash reserves, the Company remained debt-free during the Period. The Company had unutilised borrowing facilities of more than £50 million at the Period end. The strength of Supreme's balance sheet of course provides firepower for acquisitions and organic growth but also provides flexibility to allow the Company to adapt calmy and strategically to legislative changes in the future.

Suzanne Smith
Chief Finance Officer

25 November 2024

CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION OF SUPREME PLC

Consolidated Statement of Comprehensive Income

	Note	**Unaudited 6 months ended 30 September 2024 £'000**	Unaudited 6 months ended 30 September 2023 £'000	Audited Year ended 31 March 2024 £'000
Revenue	3	**112,987**	105,068	221,249
Cost of sales		**(78,934)**	(76,538)	(157,716)
Gross profit		**34,053**	28,530	63,533
Administration expenses		**(20,554)**	(15,461)	(31,515)
Operating profit		**13,499**	13,069	32,018
Adjusted EBITDA[1]		**18,465**	15,185	38,116
Depreciation		**(2,283)**	(1,787)	(3,772)
Amortisation		**(866)**	(842)	(1,733)
Adjusted items	5	**(1,817)**	513	(593)
Operating profit		**13,499**	13,069	32,018
Finance income		**117**	4	147
Finance costs		**(731)**	(783)	(2,045)
Profit before taxation		**12,885**	12,290	30,120
Income tax	6	**(2,205)**	(3,016)	(7,694)
Profit for the period/year		**10,680**	9,274	22,426
Other comprehensive income/(expense)				
Items that may be reclassified to profit or loss				
Exchange differences on translation of foreign operations		**13**	16	(1)
Total other comprehensive income/(expense)		**13**	16	(1)
Total comprehensive income for the period/year		**10,693**	9,290	22,425
Earnings per share - basic	7	**9.2p**	7.9p	19.1p
Earnings per share - diluted	7	**8.9p**	7.5p	18.1p

[1]Adjusted EBITDA, which is defined as profit before finance costs, tax, depreciation, amortisation and adjusted items is a non-GAAP metric used by management and is not an IFRS disclosure

All results derive from continuing operations.

Consolidated Statement of Financial Position

	Unaudited As at 30 September 2024 £'000	Unaudited As at 30 September 2023 £'000	Audited As at 31 March 2024 £'000
Assets			
Goodwill and other intangibles	**19,303**	14,430	13,663

Goodwill and other intangibles	**19,303**	14,439	13,663
Property, plant and equipment	**15,444**	7,106	7,499
Right of use asset	**12,683**	14,702	13,917
Right of use receivable	**171**	-	-
Total non-current assets	**47,601**	36,247	35,079
Current assets			
Inventories	**32,323**	30,836	24,434
Trade and other receivables	**35,144**	30,801	35,626
Right of use receivable	**330**	-	-
Derivative financial instruments	**-**	948	-
Cash and cash equivalents	**2,278**	4,898	11,631
Total current assets	**70,075**	67,483	71,691
Total assets	**117,676**	103,730	106,770
Liabilities			
Current liabilities			
Borrowings	**981**	10,913	1,268
Trade and other payables	**28,376**	27,098	27,303
Forward contract derivative	**1,008**	-	52
Income tax payable	**7,500**	3,230	5,068
Provisions	**349**	349	349
Total current liabilities	**38,214**	41,590	34,040
Net current assets	**31,861**	25,893	37,651
Borrowings	**13,113**	13,790	13,449
Deferred tax liability	**610**	130	854
Provisions	**466**	426	452
Total non-current liabilities	**14,189**	14,346	14,755
Total liabilities	**52,403**	55,936	48,795
Net assets	**65,273**	47,794	57,975
Equity			
Share capital	**11,661**	11,732	11,652
Share premium	**7,486**	7,427	7,435
Merger reserve	**(22,000)**	(22,000)	(22,000)
Capital redemption reserve	**83**	-	83
Share-based payments reserve	**4,244**	4,170	3,967
Retained earnings	**63,799**	46,465	56,838
Total equity	**65,273**	47,794	57,975

Unaudited Consolidated Statement of Changes in Equity

	Share capital	**Share premium**	**Merger reserve**	**Capital redemption reserve**
	£'000	£'000	£'000	£'000
As at 1 April 2023	**11,732**	**7,427**	**(22,000)**	**-**
Profit for the year	-	-	-	-
Other comprehensive expense	-	-	-	-
Total comprehensive income for the year	**-**	**-**	**-**	**-**
Transactions with shareholders:				
Issue of shares	3	8	-	-
Share buy back	-	-	-	-
Cancellation of shares	(83)	-	-	83
Employee share schemes - value of employee services	-	-	-	-
Deferred tax on share-based payment charge	-	-	-	-
Dividends	-	-	-	-
	(80)	**8**	**-**	**83**
As at 31 March 2024	**11,652**	**7,435**	**(22,000)**	**83**

Unaudited Consolidated Statement of Changes in Equity

	Share capital	**Share premium**	**Merger reserve**	**Capital redemption reserve**
	£'000	£'000	£'000	£'000
As at 1 April 2023	11,732	7,427	(22,000)	-
Profit for the period	-	-	-	-
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	-	-	-	-
Transactions with shareholders:				
Employee share schemes - value of	-	-	-	-

employee services				
Deferred tax on share-based payment charge	-	-	-	-
Dividends	-	-	-	-
	-	-	-	-
As at 30 September 2023	11,732	7,427	(22,000)	-
As at 1 April 2024	**11,652**	**7,435**	**(22,000)**	**83**
Profit for the period	-	-	-	-
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	-	-	-	-
Transactions with shareholders:				
Issue of shares	9	51	-	-
Employee share schemes - value of employee services	-	-	-	-
Deferred tax on share-based payment charge	-	-	-	-
Dividends	-	-	-	-
	9	**51**	**-**	**-**
As at 30 September 2024	**11,661**	**7,486**	**(22,000)**	**83**

Consolidated Statement of Cash Flows

	Unaudited 6 months ended 30 September 2024	Unaudited 6 months ended 30 September 2023	Audited Year ended 31 March 2024
Net cash flow from operating activities	**£'000**	£'000	£'000
Profit for the period	**10,680**	9,274	22,426
Adjustments for:			
Amortisation of intangible assets	**866**	842	1,733
Depreciation of tangible assets	**1,534**	911	2,087
Depreciation of right of use assets	**749**	876	1,685
Finance income	**(117)**	(4)	(147)
Finance costs	**703**	728	1,990
Amortisation of capitalised finance costs	**28**	55	55
Income tax expense	**2,205**	3,016	7,694
Loss on disposal of fixed assets	**74**	-	169
Movement on forward foreign exchange contracts	**956**	(1,600)	(600)
Share based payments expense	**249**	654	1,226
Working capital adjustments			
Investment impairment	**-**	7	7
(Increase)/decrease in inventories	**(6,830)**	(5,228)	1,172
(Increase)/decrease in trade and other receivables	**3,546**	(9,902)	(14,727)
Increase/(decrease) in trade and other payables	**(2,660)**	3,285	7,725
Increase in provisions	**40**	-	26
Taxation paid	**(638)**	(2,510)	(5,306)
Invoice discounting fees	**(88)**	-	(147)
Net cash generated from operations	**11,297**	404	27,068
Cash flows used in investing activities			
Purchase of intangible fixed assets	**(64)**	-	(115)
Purchase of property, plant and equipment	**(1,074)**	(2,840)	(5,322)
Purchase of business combinations net of cash acquired	**(15,570)**	-	(2,470)
Proceeds from sale of property, plant, and equipment	**924**	61	115
Payment of deferred consideration	**-**	(2,223)	(2,187)
Payment of contingent consideration	**-**	-	(1,451)
Finance income received	**117**	-	147
Directors loan account movement	**-**	(56)	-
Net cash used in investing activities	**(15,667)**	(5,058)	(11,283)
Cash flows used in financing activities			
Repayments of RCF facility	**-**	-	(9,918)
Drawdowns of RCF facility	**-**	5,500	5,500
Issue of options or share capital	**60**	-	11
Share buy back	**-**	-	(1,000)
Dividends paid	**(3,732)**	(2,579)	(4,341)
Finance costs paid	**(270)**	(353)	(559)
Facility fees paid	**-**	(115)	(115)
Interest paid on leases	**(427)**	(84)	(139)
Lease payments	**(669)**	(369)	(1,062)
Sub lease income receivable	**134**	-	-
Net cash generated from/(used in) financing activities	**(4,904)**	2,000	(11,623)
Net (decrease)/increase in cash and cash equivalents	**(9,274)**	(2,654)	4,162
Cash and cash equivalents brought forward	**11,631**	7,536	7,536
Foreign exchange	**(79)**	16	(67)

Cash and cash equivalents carried forward	**2,278**	4,898	11,631

Notes to the condensed consolidated interim financial information

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, sports nutrition & wellness and soft drinks) and wholesale distribution of batteries, lighting, vaping, sports nutrition & wellness, branded household consumer goods and soft drinks. The registered office is 4 Beacon Road, Ashburton Park, Trafford Park, Manchester, M17 1AF.

These condensed consolidated interim financial statements of the Group are for the period ended 30 September 2024. They have been prepared on the basis of the policies set out in the 2024 annual financial statements and in accordance with UK adopted IAS 34.

The condensed consolidated interim financial statements have not been reviewed or audited, nor do they comprise statutory accounts for the purpose of Section 434 of the Companies Act 2006, and do not include all of the information or disclosures required in the annual financial statements and should therefore be read in conjunction with the Group's 2024 annual financial statements, which were prepared in accordance with UK adopted international accounting standards in conformity with the requirements of the Companies Act 2006.

Financial information for the year ended 31 March 2024 included herein is derived from the statutory accounts for that year, which have been filed with the Registrar of Companies. The auditors' report on those accounts was unqualified, did not contain an emphasis of matter paragraph and did not contain a statement under Section 498 of the Companies Act 2006.

The interim condensed consolidated financial statements are presented in the Group's functional currency of pounds Sterling and all values are rounded to the nearest thousand (£'000) except when otherwise indicated.

2. Summary of significant accounting policies

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2024 as described in the Group's Annual Report and full financial statements for that year and as available on the Company's website (www.supreme.co.uk).

2.1 Taxation

Taxes on income in the interim periods are accrued using management's best estimate of the weighted average annual tax rate that would be applicable to expected total annual earnings.

2.2 Forward looking statements

Certain statement in these condensed consolidated interim financial statements are forward looking with respect to the operations, strategy, performance, financial condition and growth opportunities of the Group. The terms "expect", "anticipate", "should be", "will be", "is likely to" and similar expressions identify forward-looking statements. Although the Board believes that the expectations reflected in these forward-looking statements are reasonable, by their nature these statements are based on assumptions and are subject to a number of risks and uncertainties. Actual events could differ materially from those expressed or implied by these forward-looking statements. Factors which may cause future outcomes to differ from those foreseen in forward-looking statements include, without limitation: general economic conditions and business conditions in the Group's markets; customers' expectations and behaviours; supply chain developments; technology changes; the actions of competitors; exchange rate fluctuations; and legislative, fiscal and regulatory developments. Information contained in these condensed consolidated interim financial statements relating to the Group should not be relied upon as a guide to future performance.

2.3 Key risks and uncertainties

The Group has in place a structured risk management process which identifies key risks and uncertainties along with their associated mitigants. The key risks and uncertainties that could affect the Group's medium-term performance, and the factors that mitigate those risks have not substantially changed from those set out in the Group's Annual Report which can be found on the Group's website (www.supreme.co.uk).

2.4 Going concern

Supreme PLC provides essential products to well-established retailers, who perform well and are household names. The nature and price point of the products offered means that the Group is well positioned to navigate the current uncertainty in the economic climate.

The Group is funded by external facilities; firstly a£25 million revolving credit facility ("RCF") until March 2025 and a £20 million invoice financing facility, both of which are provided by HSBC. As at the date of this statement the group is well underway with the facility renewal process and management have no concerns over their ability to maintain these funding levels.

The Group also utilises credit insurance to mitigate any credit risk, and foreign exchange forward contracts to mitigate foreign currency risk. The Board and senior management regularly review revenue, profitability and cash flows across the short, medium and longer term.

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 18- month period to 31 March 2026. The forecasts and projections, which the Directors consider to be prudent, have been further sensitised by applying reductions to revenue and profitability, to consider downside risk. Under both the base and sensitised case 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.

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.

3. Revenue analysis

	Batteries	**Lighting**	**Vaping**	**Sports nutrition & wellness**	**Branded household consumer goods**	**Soft drinks**	**Unaudited 6 months ended 30 September 2024**
	£'000	£'000	£'000	£'000	£'000	£'000	**£'000**
Revenue	17,353	8,134	36,608	9,507	34,390	6,994	**112,987**
Cost of sales	(15,005)	(4,679)	(19,905)	(6,625)	(29,105)	(4,196)	**(79,515)**
Gross profit before foreign exchange	2,348	3,455	16,704	2,882	5,285	2,798	**33,472**
Foreign exchange							**581**
Gross profit							**34,053**

	Batteries	**Lighting**	**Vaping**	**Sports nutrition & wellness**	**Branded household consumer goods**	**Soft drinks**	**Unaudited 6 months ended 30 September 2023**
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Revenue	15,883	7,507	42,115	8,947	30,616	**-**	**105,068**
Cost of sales	(13,837)	(4,661)	(24,934)	(6,524)	(27,171)	**-**	**(77,127)**
Gross profit	2,046	2,846	17,181	2,423	3,445	**-**	**27,941**

profit before foreign exchange	
Foreign exchange	**589**
Gross profit	**28,530**

Analysis of revenue by geographical destination

	Unaudited 6 months ended 30 September 2024 £'000	Unaudited 6 months ended 30 September 2023 £'000
United Kingdom	**107,199**	97,509
Rest of Europe	**5,482**	6,511
Rest of the World	**306**	1,048
	112,987	105,068

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 £3,628,000 (H1 2024: £3,344,000) held in Europe.

4. 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 two (H1 2024: one) operating segments following the acquisition of Acorn Topco Limited, the parent company of Clearly Drinks Limited, as the performance of the soft drinks division can be measured 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 2 customers (H1 2024: 2 customers) was £16,847,000 and £14,454,000 (H1 2024: £16,804,000 and £11,925,000). These revenues related to all divisions.

5. **Adjusted items**

	Unaudited 6 months ended 30 September 2024 £'000	Unaudited 6 months ended 30 September 2023 £'000
Share based payments charge	**249**	654
Fair value movements on financial derivatives	**956**	(1,600)
Acquisition costs	**705**	433
Gain on assignment of lease	**(93)**	-
	1,817	(513)

Share Based Payments Charges

The Group operates a number of share incentive arrangements. 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. The charge for share-based payments is made up of £30,000 related to Employers National Insurance Contributions and £219,000 related to the share-based payments charge.

Fair value movements on financial derivatives

The Group typically holds 1 years' worth of USD-denominated purchases on open forward contracts. The charge (H1 2024: credit) in the period ended 30 September 2024 reflects 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 30 September 2024 is £1,008,000 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.

Acquisition Costs

Acquisition costs related to the operational integrations of the businesses and net assets acquired that took place in the period. For the period ended 30 September 2024 these costs included costs associated with the acquisition of the group headed by Acorn Topco Limited, as well as costs associated with the closure of the Food IQ site. The transactions in the period to 30 September 2023 relate to the hive up of the trade and assets in Liberty Flights Holdings Limited and Liberty Flights Limited into Supreme Imports Ltd on 1 November 2023 including the transfer of warehousing and manufacturing operations to Supreme's principal sites in Manchester.

Acquisition costs of this nature were treated as allowable for the purpose of corporation tax and the corporation tax impact was £176,000 in H1 2025 (25%) and £108,000 (25%) in H1 2024.

Gain on assignment of lease

On 16 July 2024, Supreme Imports Limited entered into an agreement to sublease a property which it had a qualifying lease under IFRS 16 in. As a result of this transaction, the group has recognised the disposal of a Right of use asset and the creation of a right of use receivable. The gain arising from this transaction has been treated as adjusting as it is outside of the group's normal trading activity. The gain is considered to be non-cash in nature and has been treated as disallowable for tax purposes.

6. Taxation

The income tax expense for the half year ended 30 September 2024 is based upon management's best estimate of the weighted average annual tax rate expected for the full year ending 31 March 2025. The income tax expense is slightly higher than standard rate of 25%, primarily due to the disallowable nature of the exceptional items and provisions.

7. 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 period.

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:

	Unaudited 6 months ended 30 September 2024 £'000	Unaudited 6 months ended 30 September 2023 £'000
Profit for the period after tax	**10,680**	9,274
	No.	No.
Weighted average number of shares for the purposes of basic earnings per share	**116,564,333**	117,321,074
Weighted average dilutive effect of conditional share awards	**3,870,298**	6,720,523
Weighted average number of shares for the purposes of diluted earnings per share	**120,434,631**	124,041,597
	Pence	Pence
Basic profit per share	**9.2**	7.9
Diluted profit per share	**8.9**	7.5

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.

	Unaudited 6 months ended	Unaudited 6 months ended

	30 September 2024 £'000	30 September 2023 £'000
Adjusted earnings (see below)	**12,974**	9,494
	No.	No.
Weighted average number of shares for the purposes of basic earnings per share	**116,564,333**	117,321,074
Weighted average dilutive effect of conditional share awards	**3,870,298**	6,720,523
Weighted average number of shares for the purposes of diluted earnings per share	**120,434,631**	124,041,597
	Pence	Pence
Adjusted basic profit per share	**11.1**	8.1
Adjusted diluted profit per share	**10.8**	7.7

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

	Unaudited 6 months ended 30 September 2024 £'000	Unaudited 6 months ended 30 September 2023 £'000
Profit for the period attributable to equity shareholders	**10,680**	9,274
Add back/(deduct):		
Amortisation of acquisition related intangible assets	**653**	807
Adjusted items	**1,817**	(513)
Tax effect of the above	**(176)**	(74)
Adjusted earnings	**12,974**	9,494

8. Financial instruments

The fair values of all financial instruments included in the statement of financial position are a reasonable approximation of their carrying values.

9. Business combinations

On 21 June 2024, Supreme Imports Limited acquired the trade and assets of Acorn Topco Limited, the parent company of Clearly Drinks Limited, a long-established and well-known UK manufacturer and brand owner of specialised canned and bottled-at-source soft drinks for a net consideration of £15,570,000.

Management are currently in the process of performing the purchase price allocation exercise for this acquisition and as such the consideration paid over the fair value of the net assets acquired has initially been recorded as goodwill. It is currently estimated the that the amount to the allocated between goodwill and other identified intangible assets is £6,423,000. Management will finalise this exercise in time for the financial statements for the year ended 31 March 2025.

10. Dividends

Dividends of £3,732,000 were declared in the 6 months ended 30 September 2024 (H1 2024: £2,579,000). This amounted to £0.032 per share (H1 2024: £0.022).

11. Post balance date events

There are no post balance sheet events to report.

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