

## H1 25: margin improvement and FY25 outlook raised

26 November 2024

For the six months to 30 September 2024, Supreme reported healthy revenue growth of +8%YoY (£113m) based on both ongoing business and the acquisition of Clearly Drinks Ltd., with (adj.) EBITDA +22%YoY at £18.5m, underpinned by gross margin improvement +299bp to 29.6%.<sup>1</sup> The (adj.) EBITDA margin was 16.3%, compared to 14.5% a year earlier. The improvement in profitability underlines Supreme's breadth of market position and depth of expertise in the distribution of a wide range of household goods. The Group notes a strong start to H2 and has issued raised FY 25 (adj.) EBITDA guidance of "at least £40 million".

### Growth underpinned by cost control

- Revenue growth.** Supreme recorded revenue growth in all categories except Vaping: Batteries +9%YoY, Lighting +8%, Sports Nutrition & Wellness +6%, Branded Distribution +12%<sup>2</sup>. Demand for non-disposable vapes remained firm at £32.2m, +1%YoY, although sales of disposable vapes declined from £10.0m in H1 24 to £4.4m as Supreme de-emphasised this SKU<sup>4</sup> ahead of the ban on disposable vapes in the UK from 1 June 2025. In line with this trend, we estimate the overall proportion of FY25 revenue derived from non-vaping products at £103m, 43% of total.
- Clearly Drinks** contributed £7.0m in revenue (6.2% of total) and is expected to generate c.£2.0m in (adj.) EBITDA in FY25, and c.£3.5m on an annualised basis, increasingly with the opportunity to sell Sports Wellness & Nutrition and other Supreme products into the Clearly Drinks network.
- Move to the 'Ark'.** Underlining the tangible improvement in gross profitability in all business categories, the Group completed relocation of headquarter operations to the new Manchester Trafford Park distribution, showroom and meetings facility (the 'Ark') in October.
- Having generated £11.3m in cash** from operations, the Group closed H1 with cash of £2.3m following the cash-based acquisition of Clearly Drinks for £15.6m, and retains £50m of unutilised borrowing facilities with which to fund growth and pursue bolt-on target acquisition opportunities.
- Supreme has in place a series of measures** to address underage vaping, whilst recognising the role that vaping continues to play in offering an alternative to smoking, and transition towards re-useable vaping products post the UK-wide ban on disposable vapes next June.
- Supreme has indicated that FY25 revenue should be c.£240m and (adj.) EBITDA "at least" £40m. We have raised our FY25 guidance from £37.0m (adj.) EBITDA to £40.0m. Our FY26 outlook remains unchanged, principally reflecting the full impact of the ban on disposable vapes. Our Fair Value remains 225p/share.**

### Company Data

EPIC	SUP
Price (last close)	153p
52 week Hi/Lo	210p/97p
Market cap	£180m
ED Fair Value/share	225p
Net debt / (cash)	£(11.6)m

### Share Price, p



Source: ADVFN

### Description

Supreme Imports is a leading European and UK manufacturer, supplier and brand owner of fast-moving consumer products in seven categories: Vaping, Sports Nutrition & Wellness, Batteries, Lighting, Branded Distribution (household goods) and Soft Drinks. It 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. The Group has over 3,300 active business accounts with over 10,000 branded retail outlets.

### Next event:

FY 25 results July 2025

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### Financial outlook

Yr to March 31 (£m)	2022	2023	2024	2025E	2026E
Revenue	130.8	155.6	221.2	240.2	231.0
EBITDA (adj)	21.1	19.4	38.1	40.0	36.3
EPS (adj, p)	12.4	11.2	20.2	20.1	19.8
DPS (p)	2.2	4.6	3.7	5.2	4.6
Net debt / (cash) <sup>3</sup>	1.8	11.1	1.8	(6.7)	(17.7)
EV/EBITDA	8.6x	9.4x	4.8x	4.5x	5.0x
P/E	12.4x	13.7x	7.6x	7.6x	7.7x
Div yield	1.4%	3.0%	2.4%	3.4%	3.0%

Source: Company data, Equity Development estimates. <sup>1</sup> Gross margin before forex impact. <sup>2</sup> H1 24 represented only 3 months of vaping revenue. <sup>3</sup> Net debt / (cash) is pre IFRS 16. <sup>4</sup> SKU: Stock Keeping Unit.

## H1 25 performance summary

For the six months to 30<sup>th</sup> September 2024, Supreme PLC reported:

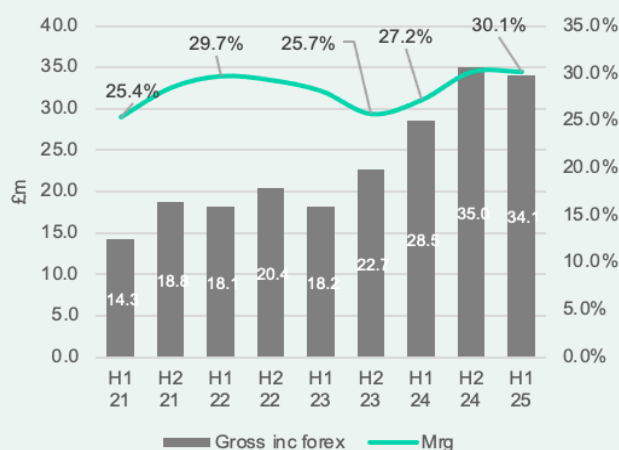
- **Revenue** of £113.0m, +7.5%YoY.
- **Gross** contribution of £34.1m, +19.4%YoY, **30.1% margin<sup>1</sup>** compared to 27.2% in H1 24.
- **Adjusted EBITDA** of £18.5m, +21.6%YoY, **16.3% margin** (H1 24: 14.5%).
- **The period-end cash** balance was £2.3m (H1 24: £4.9m) following the acquisition, for cash, of Clearly Drinks Ltd., for £15.6m (net of cash).
- **The proposed H1 dividend** is 1.8p/share (H1 24: 1.5p/share).

### Summary P&L, H1 22 – H1 25

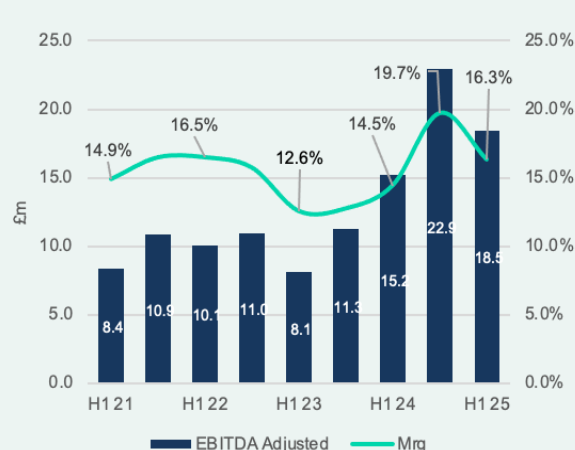
£m	H1 23	H2 23	H1 24	H2 24	H1 25	YoY/bp
<b>Revenue</b>	<b>64.6</b>	<b>88.4</b>	<b>105.1</b>	<b>116.2</b>	<b>113.0</b>	7.5%
Gross inc forex	18.2	22.7	28.5	35.0	34.1	19.4%
<i>Mrg</i>	28.1%	25.7%	27.2%	30.1%	30.1%	299
EBIT Reported	4.8	7.9	13.1	18.9	13.5	3.3%
<b>EBIT Adjusted</b>	<b>6.2</b>	<b>7.3</b>	<b>12.6</b>	<b>20.1</b>	<b>15.3</b>	22.0%
<i>Mrg</i>	9.6%	8.2%	12.0%	17.3%	13.6%	161
EBITDA Reported	§	11.9	15.7	21.8	16.6	6.1%
<b>EBITDA Adjusted</b>	<b>8.1</b>	<b>11.3</b>	<b>15.2</b>	<b>22.9</b>	<b>18.5</b>	21.6%
<i>Mrg</i>	12.6%	12.8%	14.5%	19.7%	16.3%	189
PBT Reported	4.4	10.0	12.3	17.8	12.9	4.8%
<b>PBT Adjusted</b>	<b>5.8</b>	<b>9.4</b>	<b>11.8</b>	<b>18.9</b>	<b>14.7</b>	24.8%
PAT Reported	3.3	8.8	9.3	13.2	10.7	15.3%
<b>PAT Adjusted</b>	<b>4.7</b>	<b>8.2</b>	<b>8.8</b>	<b>14.3</b>	<b>12.5</b>	42.8%
<b>EPS adj. dil. (p)</b>	<b>4.3</b>	<b>7.0</b>	<b>7.7</b>	<b>10.6</b>	<b>10.8</b>	40.8%

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

### Semi-annual gross H1 21 – H1 25



### (Adj.) EBITDA H1 21 – H1 25



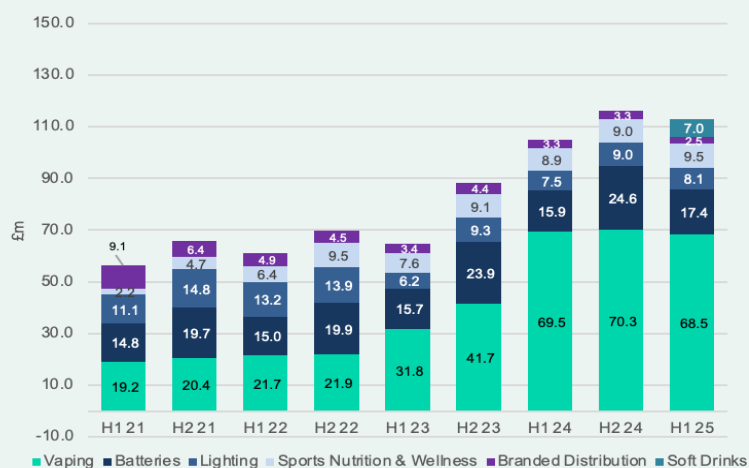
Source: Company data, Equity Development estimates.

## FY25 outlook

Supreme recorded the following impressive year-on-year business category growth rates which form the basis for the H2 25 and FY25/26 outlook illustrated below:

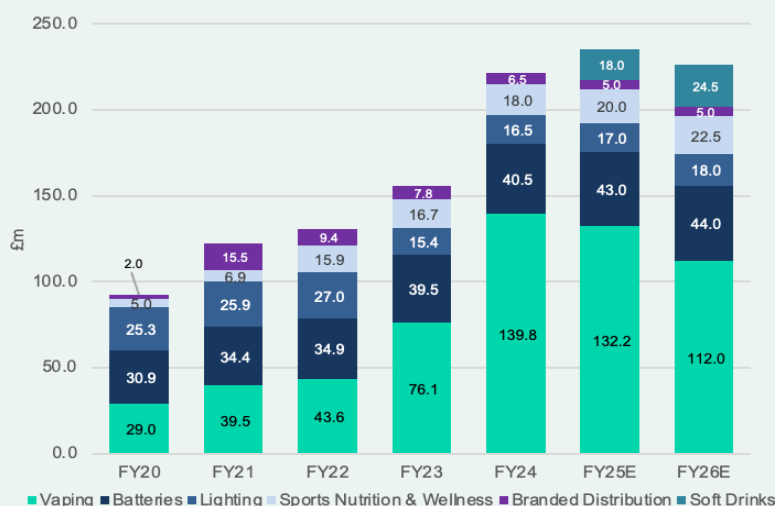
- **Batteries: +9%; Lighting: +8%; Vaping: -13%** (excludes Elf distribution); **Sports Nutrition & Wellness: +6%; Branded Distribution: 12%** (compared to 3 months of vape revenue in H1 24).

### Divisional revenue performance to H1 25



Source: Company data, Equity Development estimates.

### Divisional revenue outlook to FY26



Source: Company data, Equity Development estimates.

### National Insurance and Living Wage: expected FY25 impact

The Group anticipates that the combination of the increase in the National Living Wage (i.e. to £12.21 for employees over the age of 21 from 1st April 2025), and employers' National Insurance Contribution (i.e. 18.8% on earnings for employees above the secondary threshold), will add an annualised £0.9m to employee costs, half of which we estimate is NI-related.

## Outlook to FY26

We have raised our FY25 outlook as follows:

- **Revenue** from £239.7m to £240.0m.
- **EBITDA (adj.)** from £37.0m to £40.0m (margin from 15.4% to 16.7%).
- **Gross profit** (inclusive of forex): FY25 from £65.2m (27.2% margin) to £71.9m (29.9%) reflecting the advances made in H1 in efficiency and operational scale.

As a result the Supreme business model remains highly cash-generative: FY25 OpCF £38.6m E.

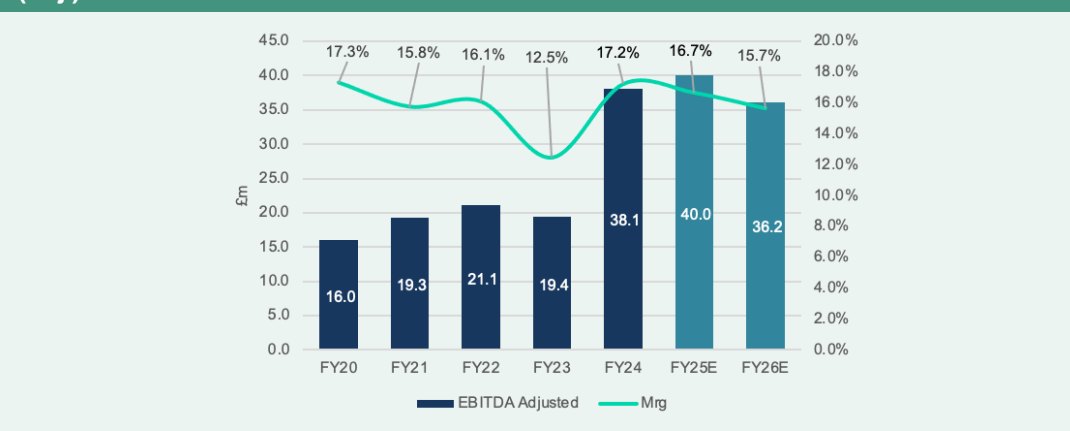
For FY26 our outlook at this stage is largely unchanged, due to the expected impact of the ban on disposable vapes.

### Revised outlook to FY26E

Yr to 31 March (£m)	FY25 Old	FY25 New	%/bp	FY26 Old	FY26 New	%/bp
<b>Revenue</b>	<b>239.7</b>	<b>240.2</b>	0%	<b>231.3</b>	<b>231.0</b>	0%
Gross inc forex	65.2	71.9	10%	66.9	69.8	4%
<i>Mrg</i>	27.2%	29.9%	274	28.9%	30.2%	125
EBIT Reported	30.0	31.2	4%	29.0	28.8	-1%
<b>EBIT Adjusted</b>	<b>31.5</b>	<b>33.6</b>	7%	<b>29.5</b>	<b>29.8</b>	1%
<i>Mrg</i>	13.2%	14.0%	85	12.8%	12.9%	11
EBITDA Reported	35.5	37.6	6%	35.7	35.2	-2%
<b>EBITDA Adjusted</b>	<b>37.0</b>	<b>40.0</b>	8%	<b>36.2</b>	<b>36.2</b>	0%
<i>Mrg</i>	15.4%	16.7%	122	15.7%	15.7%	(2)
PBT Reported	28.9	29.8	3%	27.9	27.4	-2%
<b>PBT Adjusted</b>	<b>30.4</b>	<b>32.2</b>	6%	<b>28.4</b>	<b>28.4</b>	0%
PAT Reported	21.7	21.8	1%	21.0	20.5	-2%
<b>PAT Adjusted</b>	<b>24.1</b>	<b>24.2</b>	1%	<b>24.3</b>	<b>23.8</b>	-2%
<b>EPS adj. dil. (p)</b>	<b>19.5</b>	<b>20.1</b>	3%	<b>19.6</b>	<b>19.8</b>	1%

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

### (adj.) EBITDA to FY26E



Source: Company data, Equity Development estimates.

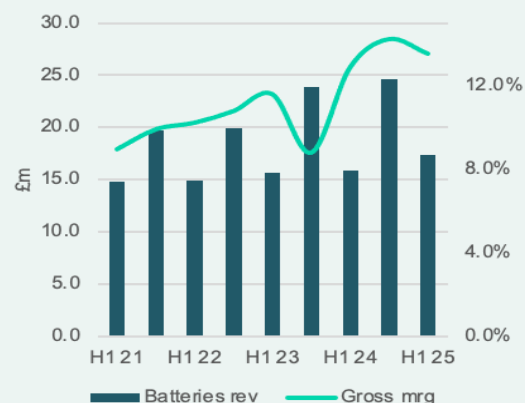
We next review performance by each of the seven Business Categories: **Batteries; Lighting; Vaping; Sports Nutrition & Wellness; Branded Distribution; Soft Drinks.**

## Batteries: fully charged

As shown, with H1 25 revenue of £17.4m, 15% of total, the Batteries category recovered +9%YoY, well ahead of the +1%YoY recorded in H1 24, backed by increased distribution such as the addition of B&M listings. The business category remains a 'dependable' and profitable core source of earnings, reflective of Supreme's investment in distribution process and client networks, embedded and hard to dislodge.

### Semi-annual performance H1 21 - H1 25

Batteries (£m)	H1 24	H1 25
Revenue	15.9	17.4
YoY	1.4%	9.3%
% of	15.1%	15.4%
Gross	2.0	2.3
% of	7.3%	7.0%
Gross mrg	12.9%	13.5%

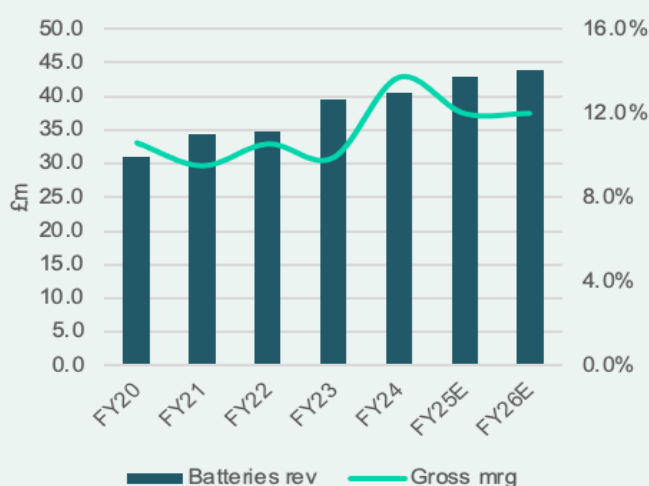


Source: Company data, Equity Development estimates.

## Outlook

- FY25: revenue of £43.0m, +6%YoY, and gross profit of £5.2m, 12.0% margin.
- FY26: revenue of £44.0m, +2%YoY, and gross profit of £5.3m, 12.0% margin.

### Expectations to FY26E



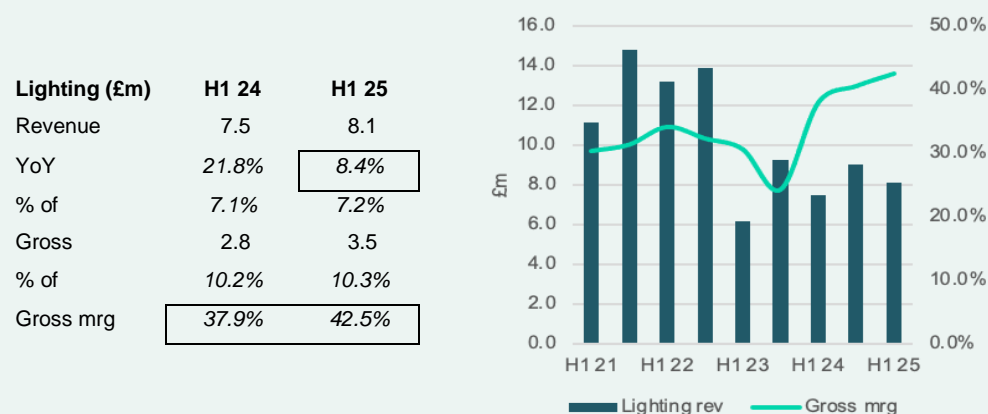
Source: Company data, Equity Development estimates. <sup>1</sup> Gross contribution excluding foreign exchange impact.

## Lighting: normalising on improved margins

The Lighting business category delivered 8%YoY revenue growth and an improvement in gross profitability from 37.9% to 42.5%, 10% of Group total, reflecting the breadth of Supreme's distribution network amongst wholesalers, retail chains, independent retailers and the trade.

The Group expanded its product range, backed by a 580-item catalogue (Energizer, Eveready and Lumilife brands).

### Semi-annual performance H1 21 - H1 25

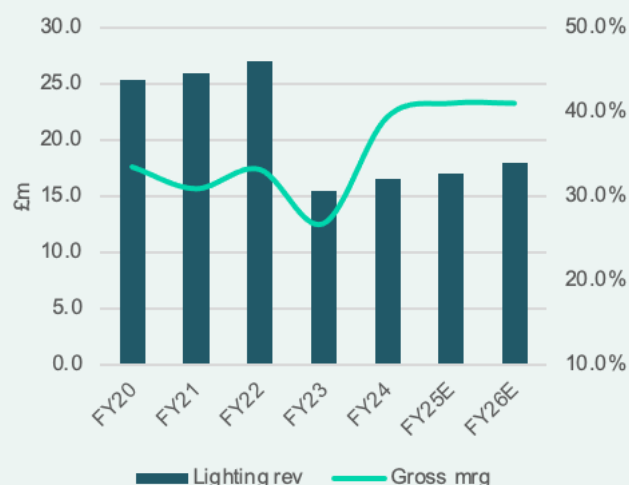


Source: Company data, Equity Development estimates.

## Outlook

- FY25: revenue of £17.0m, +3%YoY, and gross profit of £7.0m, 41.0% margin.
- FY26: revenue of £18.0m, +6%YoY, and gross profit of £7.4m, 41.0% margin.

### Prospects to FY26E



Source: Company data, Equity Development estimates. <sup>1</sup> Gross contribution excluding foreign exchange impact.

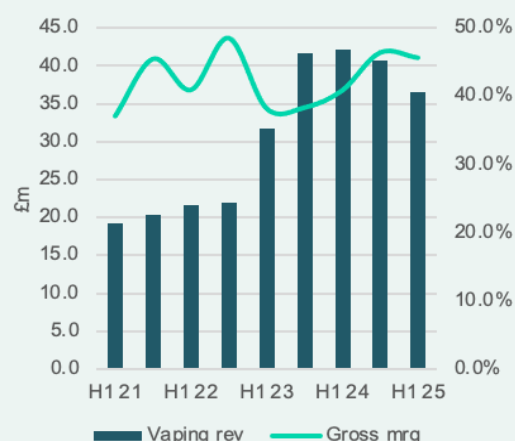
## Vaping: focus on re-usable vapes

Out of total H1 revenues of £36.6m in the Vaping business category, £4.4m was derived from disposable vapes, -56%YoY (H1 24: £10.0m), whilst vaping excluding disposables grew 1%YoY; an overall -13%YoY decline.

With the ban on single-use disposable vapes in the UK set from 1 June 2025, the Group has shifted emphasis from its own 88vape range towards ElfBar products. Demand remains firm for non-disposable vapes and 10ml e-liquid refills, augmented by development of rechargeable pod devices and a new range of 88Nic nicotine pouches.

### Semi-annual performance H1 21 - H1 25

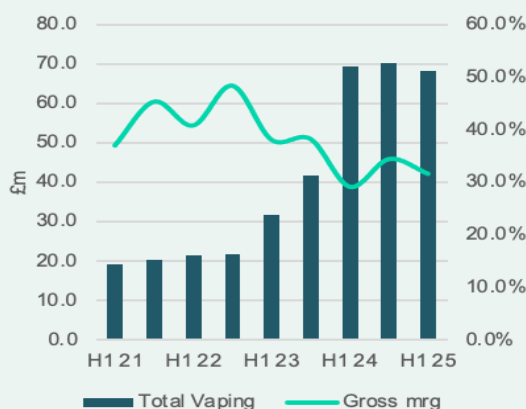
Vaping (£m)	H1 24	H1 25
Revenue	42.1	36.6
YoY	32.5%	-13.1%
% of	40.1%	32.4%
Gross	17.2	16.7
% of	61.5%	49.9%
Gross mrg	40.8%	45.6%



Source: Company data, Equity Development estimates.

Vaping products in the disposable ElfBar and Lost Mary range reported in the Branded Distribution (i.e. third party sales) business category totalled £30.3m, +15%YoY compared to £26.4m in H1 24, which included only 3 months of sales.

### Total vaping products H1 21 - H1 25

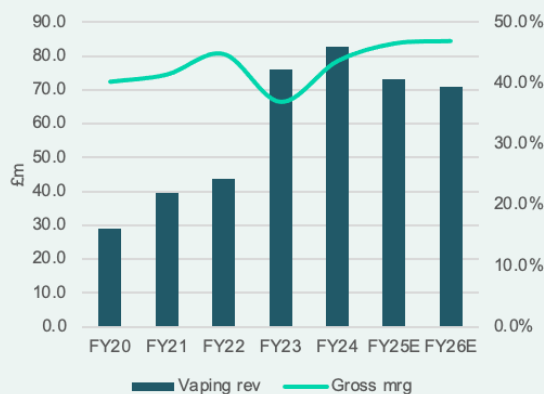


Source: Includes Vaping Business Category and vaping products in Branded Distribution. Company data, Equity Development estimates.

## Outlook

- FY25: revenue of £73.2m, -12%YoY, and gross profit of £34.0m, 46.4% margin.
- FY26: revenue of £71.0m, -3%YoY, as re-useable vapes replace disposables, and gross profit of £33.3m, 46.9% margin.

### Prospects to FY26E



Source: Company data, Equity Development estimates. <sup>1</sup> Gross contribution excluding foreign exchange impact.

## Group vaping market stance: strategy in place

Supreme has had in place after September 2023 a series of proposals and measures to address the problem of underage vaping as a whole, and prepare for the ban on disposable vapes from 1 June 2025, specifically:

- Reduced use of colour 88vape packaging.
- Age-appropriate branding and advertising for 88vape flavours, e.g. 'Peach Dream' became 'Peach'.
- Trade only with retailers and online e-tailers with age verification controls, and recommend that vaping products are physically located away from confectionery.

As the Group notes, measures to market vaping products to suitable age groups are balanced against the role of vaping promoted by the Government as an alternative to smoking as a means of reducing its impact on health, potentially affecting c.13% of the population (September 2023, APS data) and the cause of 72% of cases of lung cancer according to Macmillan UK.

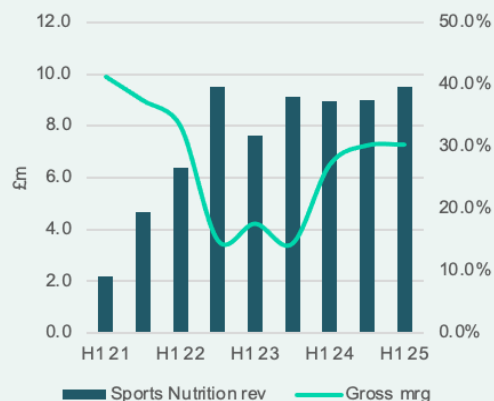


## Sports Nutrition & Wellness: gaining traction

We highlight H1 revenue +6%YoY on improved gross margins (30.3%). Supreme noted the positive impact of targeted influencer marketing, in partnership with Sculpt Gym founder Adam Collard, and stabilised prices (see below US WPC price trend).

### Semi-annual performance H1 21 - H1 25

Sports (£m)	H1 24	H1 25
Revenue	8.9	9.5
YoY	17.5%	6.3%
% of	8.5%	8.4%
Gross	2.4	2.9
% of	8.7%	8.6%
Gross mrg	27.1%	30.3%




Source: Company data, Equity Development estimates.

Post period-end the Group signed a partnership with Boots to include 27 Sci-MX and Battle Bites products on its website, as illustrated below.

### Boots website snapshot of 'Sci-MX' product search

27 results for "Sci-MX" Sort: Most relevant



SCI-MX X-plode Pre-workout Can Atomic Passi...


☆☆☆☆☆ (0)

Black Friday - Save up to 1/2 pri...

£0.75 Was £1.50 Save £0.75

330ML | £0.23 per 100ML

ADD TO BASKET




Boots AI Assistant

Want some help finding what you need?

Yes please!

Try the Boots Product Finder, powered by AI.

TRY IT NOW



SCI-MX Total Protein Powder Chocolate 450g


☆☆☆☆☆ (0)

Black Friday - Save up to 1/2 pri...

£8.97 Was £13.00 Save £4.03

450G | £1.99 per 100G

ADD TO BASKET



Battle Bites Jaffa Bake Protein Bar 62g

☆☆☆☆☆ (0)

Black Friday - Save up to 1/2 pri...

£1.50 Was £2.00 Save £0.50

62G | £2.42 per 100G

ADD TO BASKET

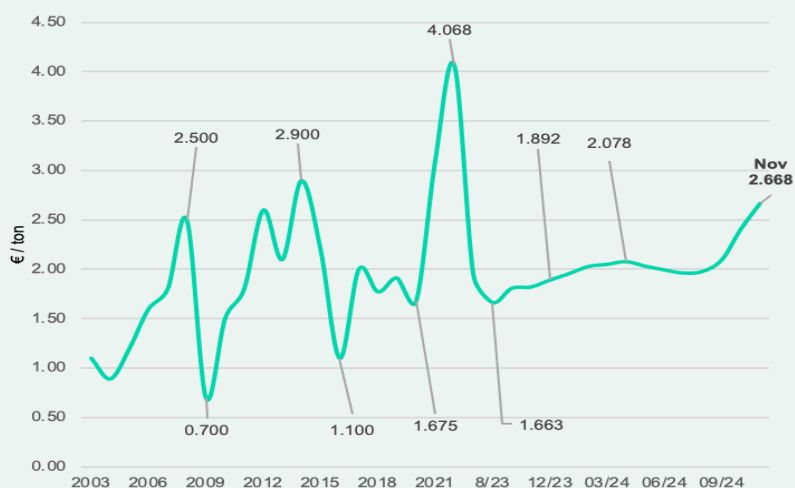
Source: <https://www.boots.com/sitesearch?searchTerm=Sci-MX> 24.11.2024

## Raw materials: recent price uptrend continues

The November price of US Whey Protein Concentrate (WPC), a key ingredient in products for the Sports Nutrition & Wellness Business Category, stands 26% above the year-to-date average, (although 34% below the 2021 peak), continuing the upward trend from a low in August 2023; now at +60%.

Illustrated below, the November (€/tonne) price of US WPC stand at €2.668/tonne, matched by similar trends for other key ingredients, magermilchpulver (Ger), skim milk powder (Oceania) and non-fat dry milk.

### US whey price trend

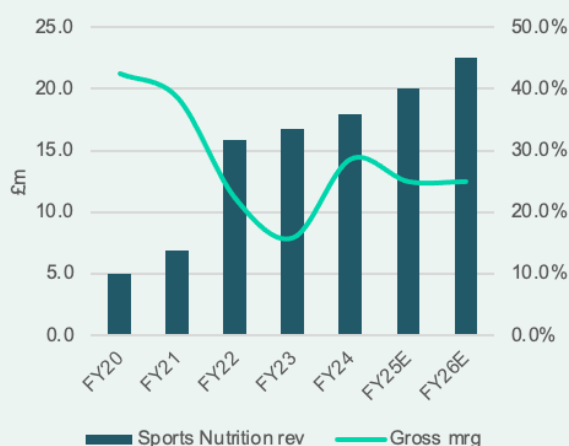


Source: [https://www.clal.it/en/?section=whey\\_usa](https://www.clal.it/en/?section=whey_usa)

## Outlook

- FY25: revenue of £20.0m, +11%YoY, and gross profit of £5.0m, 7.1% margin.
- FY26: revenue of £22.5m, +12%YoY, and gross profit of £5.6m, 8.2% margin.

### Prospects to FY26E



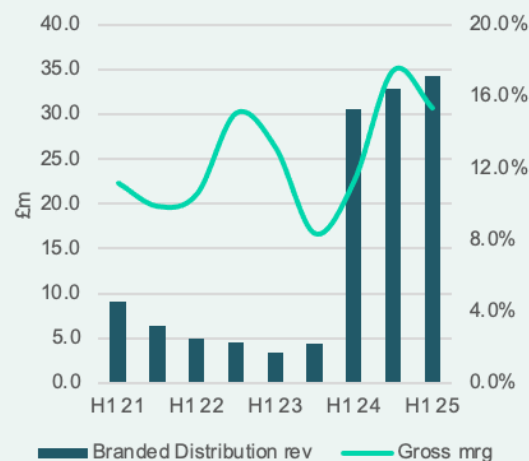
Source: Company data, Equity Development estimates. <sup>1</sup> Gross contribution excluding foreign exchange impact.

## Branded Distribution: post-vape adjustment

As noted in our Vaping commentary, the distribution of vape non-Supreme brands ElfBar and Lost Mary contributed the majority of H1 25 revenue (92% compared to 86% in H1 24), whilst Supreme reports continued demand ahead of the ban on disposable vapes next June.

### Semi-annual performance H1 21 - H1 25

Branded (£m)	H1 24	H1 25
Revenue	30.6	34.4
YoY	799%	12.3%
% of	29.1%	30.4%
Gross	3.4	5.3
% of	12.3%	15.8%
Gross mrg	11.3%	15.4%
Vaping	26.3	31.6
Other	4.3	2.8

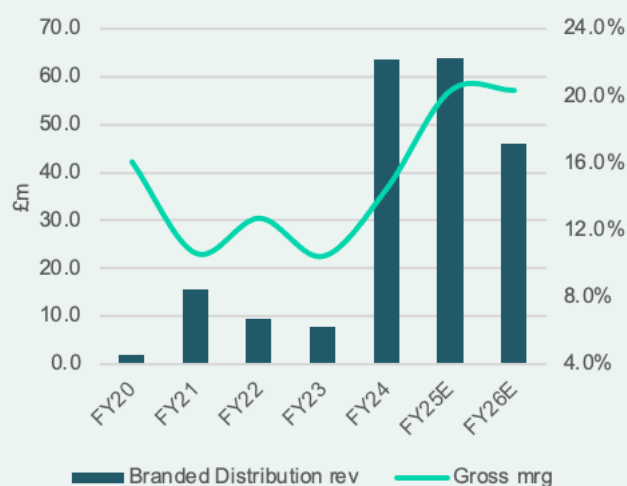


Source: Company data, Equity Development estimates.

## Outlook

- FY25: revenue of £64.0m, -1%YoY, and gross profit of £13.0m, 20.3% margin.
- FY26: revenue of £46.0m, -28%YoY, and gross profit of £9.3m, 20.3% margin.

### Prospects to FY26E



Source: Company data, Equity Development estimates. <sup>1</sup> Gross contribution excluding foreign exchange impact.

## Soft Drinks: offers opportunities

**Supreme notes that Clearly Drinks is a “key pillar”** of the long-term growth strategy. Acquired for net cash of £15m, Clearly Drinks provides the Group with a 150,00 sq. ft. manufacturing facility with three natural spring boreholes and c.70 customers including Aldi, Tesco and Waitrose for its range of Perfectly Clear and other soft drinks.

The Group reports successfully introducing one of its customers to the Clearly Drinks brand within weeks of the acquisition in June, and reports a number of opportunities to cross-sell other products into the Clearly Drinks distribution network.

Summary of H1 25 performance:

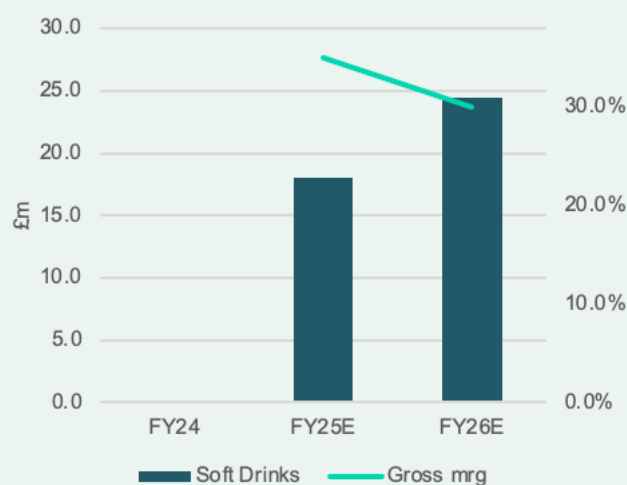
- Revenue of £7.0m, 6.2% of total.
- Gross contribution of £2.8m, 30.0% margin.

## Outlook

Supreme expects the Soft Drinks division will contribute c.£2m of (adj.) EBITDA in FY25, rising to c.£3.5m on an annualised basis thereafter, which initially equates to c.10% of Group total. Our estimates:

- FY25: revenue of £18.0m, gross profit of £6.3m, 35% margin.
- FY26: revenue of £24.5m, gross profit of £7.4m, 30.0% margin.

### Prospects to FY26E



Source: Company data, Equity Development estimates. <sup>1</sup> Gross contribution excluding foreign exchange impact.

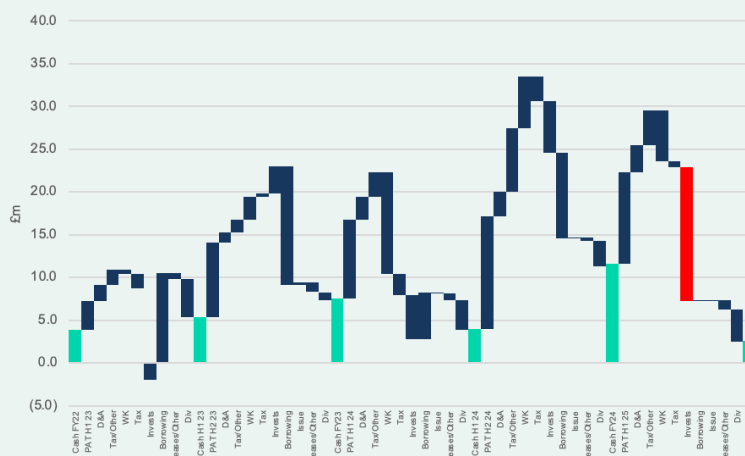
## Cashflow

H1 25 cashflow was dominated by the acquisition, for £15.6m in cash, of Clearly Drinks Ltd.

- Operating cashflow of £11.3m, with £5.9m of working capital reflective of seasonal inventory build, up £6.8m compared to +£5.2m in H1 24.
- Non-cash adjustments totalled £1.8m, principally comprising: share-based payments of £0.25m; change in the fair value of financial derivatives, £0.96m; and acquisition costs of £0.71m.
- Capital spending was £1.1m, compared to £2.8m a year earlier, partially offset by £1.0m of property acquired through the Liberty Flights deal. Investment was dominated by the £15.6m (net of cash) acquisition of Clearly Drinks Ltd. (highlighted below, in red). The resulting net cash outflow was £9.3m. Net debt excluding leases (IFRS16) as of 30 September 2024 was £7.4m.

**Dividend.** The Board has declared an Interim 1.8p/share dividend, in line with the policy of distributing 25% of net profit, payable on 10<sup>th</sup> January 2025.

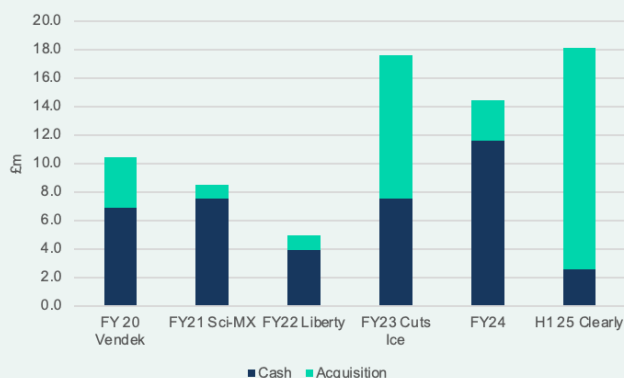
### Cashflow FY22 – H1 25 with the acquisition of Clearly Drinks highlighted



Source: Company data, Equity Development estimates.

As illustrated below, the Group has retained a **healthy annual cash balance**, more apparent if the value of acquisitions (latterly Clearly Drinks) is 'added back'. The Group retains unutilised borrowing facilities totalling £50m providing the basis for further expansion or diversification opportunities.

### Cash balances inclusive of major acquisitions



Source: Company data, Equity Development estimates.

## Valuation update

**Our Fair Value, 225p/share**, is derived from a 5-year DCF with inputs: WACC 5.1%; beta 0.44 (source: Financial Times data); terminal multiple, 8.0x; terminal growth rate, 3.0%.

Alternatively, the sum-of-parts valuation exercise shown below indicates a per share valuation of **c.305p/share**. This is based on the market cap-weighted average valuations for each of the three most representative product groups - Consumer Staples, Tobacco and, with the acquisition of Clearly Drinks, Soft Drinks – applied according to the pro-rata contribution to gross profitability of each of Supreme's relevant Business Categories. The inputs are:

- Supreme FY25 and FY26 ED estimated (adj.) EBITDA.
- Contribution to gross of each Business Category (company-reported and ED estimated).
- Peer group market cap-weighted EV/EBITDA multiples (source Koyfin, +1 year).
- For Branded Distribution we use a pro-rata revenue of vaping revenue and other to reallocate vaping-related value to the Vaping segment (i.e. Tobacco).
- Latest year-end Group net debt (cash).
- Group shares in issue.

Below summarises our updated sum-of-parts valuation exercise.

Peer group-based sum-of-parts valuation				
<b>FY25E EBITDA</b>	<b>% of gross</b>	<b>Peer</b>	<b>EV/EBITDA</b>	<b>EV £m</b>
Batteries	8.2%	Consumer	13.0x	39.3
Lighting	11.1%	Consumer	13.0x	53.3
Vaping	64.0%	Tobacco	8.3x	196.7
Sports Nutrition	8.7%	Consumer	13.0x	42.0
Branded Distribution	1.2%	Consumer	13.0x	5.8
Soft Drinks	6.7%	Soft Drinks	13.7x	34.2
<b>EV indicated (£m)</b>				<b>371.3</b>
Indicated EV/EBITDA multiple				10.0x
Net debt (£m)				(11.63)
FY25 E indicated equity (£m)				359.6
<b>Per share value indicated (p)</b>				<b>306.5</b>
<b>FY26E EBITDA</b>	<b>% of gross</b>	<b>Peer</b>	<b>EV/EBITDA</b>	<b>EV £m</b>
Batteries	7.5%	Consumer	13.0x	35.2
Lighting	10.8%	Consumer	13.0x	50.5
Vaping	62.4%	Tobacco	8.3x	187.5
Sports Nutrition	7.8%	Consumer	13.0x	36.5
Branded Distribution	0.8%	Consumer	13.0x	3.5
Soft Drinks	10.9%	Soft Drinks	13.7x	54.0
<b>EV indicated (£m)</b>				<b>367.2</b>
Indicated EV/EBITDA multiple				10.1x
Net debt (£m)				(11.63)
FY26 E indicated equity (£m)				355.61
<b>Per share value indicated (p)</b>				<b>303.1</b>
<b>Average of FY24 - FY25 EV per share (p)</b>				<b>304.8</b>

Source: Koyfin, Equity Development estimates.

## Industry peer group comparative valuation

We have selected five groups of (21) peers corresponding to Supreme's core Business Areas: Distribution, (DPLM, BNZL, FERG, TPK); Consumer staples (UL, PG, NSRGY, WMT, PEP, RKT); Tobacco (BATS, PM, MO, IMBBY); AIM peers (ACRL, IGR, KITW, UPR); Soft drinks (PEP, FEVR, BVIC, BAG, KO), from which we derive market cap-weighted average valuations for each segment (source: Koyfin).

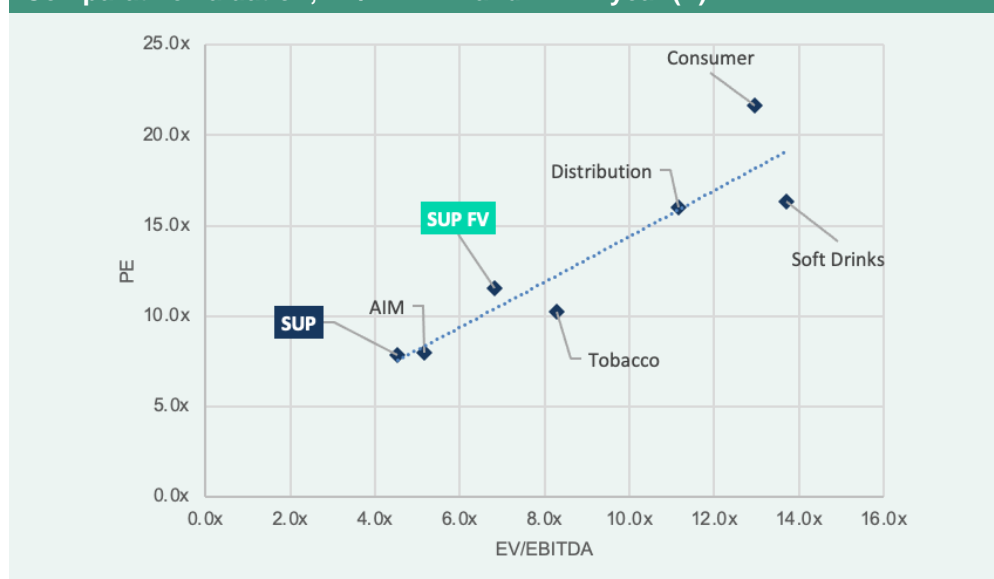
### Sector-based peer group valuations (+1 year)

Ticker	Name	Mkt cap (£m)	Price (£/\$)	EV/Rev	EV/EBITDA	PE
DPLM	Diploma PLC	5,773	33.2	3.5x	15.0x	23.0x
BNZL	Bunzl plc	11,556	26.8	0.9x	8.9x	13.7x
FERG	Ferguson Enterprises Inc.	31,891	132.9	1.2x	11.8x	16.4x
TPK	Travis Perkins plc	1,808	6.6	0.5x	6.4x	20.4x
UL	Unilever PLC	117,929	47.6	2.2x	10.4x	15.2x
PG	The Procter & Gamble Company	305,497	129.7	3.8x	13.3x	18.7x
NSRGY	Nestlé S.A.	193,461	75.1	2.3x	11.3x	14.1x
WMT	Walmart Inc.	511,445	63.6	0.8x	13.2x	26.1x
RKT	Reckitt Benckiser Group plc	33,462	37.4	2.2x	8.6x	11.8x
BATS	British American Tobacco p.l.c.	58,628	20.5	2.8x	5.6x	5.7x
PM	Philip Morris International Inc.	155,700	100.1	5.1x	12.1x	15.4x
MO	Altria Group Inc.	65,405	38.3	4.1x	6.9x	7.5x
IMBBY	Imperial Brands PLC	19,086	22.8	2.5x	5.6x	6.0x
IGR	IG Design Group plc	122	1.0	0.2x	1.7x	6.4x
KITW	Kitwave Group plc	265	2.5	0.4x	5.9x	8.6x
UPR	Uniphar plc	541	1.5	0.3x	6.1x	9.0x
PEP	PepsiCo Inc.	181,752	132.5	2.3x	11.9x	16.3x
FEVR	Fevertree Drinks PLC	860	5.7	1.7x	12.1x	21.7x
BVIC	Britvic plc	3,164	9.9	1.6x	9.6x	15.2x
BAG	A.G. BARR p.l.c.	705	4.9	1.2x	7.5x	12.9x
KO	The Coca-Cola Company	222,301	51.6	5.3x	16.3x	18.0x

Source: Company data, Equity Development estimates, Koyfin, 25.11.2024.

The graphic below illustrates Supreme's relative Fair Value positioning, indicative of an undemanding FY25 EV/EBITDA multiple of 6.6x and PE, 11.2x.

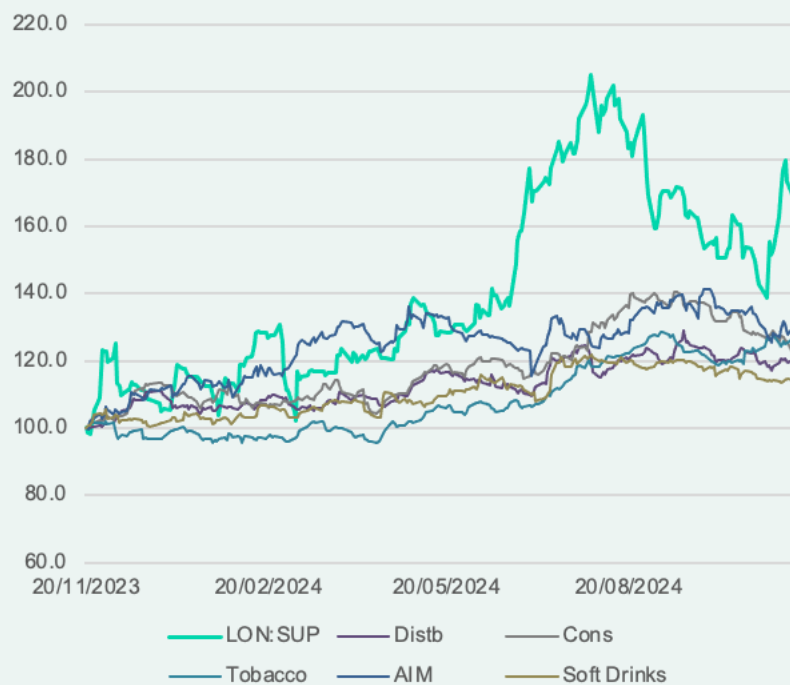
### Comparative valuation, EV/EBITDA and PE +1 year (E)



Source: Koyfin, Equity Development estimates. Updated 20.11.2024.

Below summarises the year-to-date relative performance (rebased at 100.00) of Supreme versus the weighted average of peer group comparators.

#### Share price performance year to date, Supreme vs peer groups, rebased @ 100.0



Source: Google Finance. 20.11.2024.

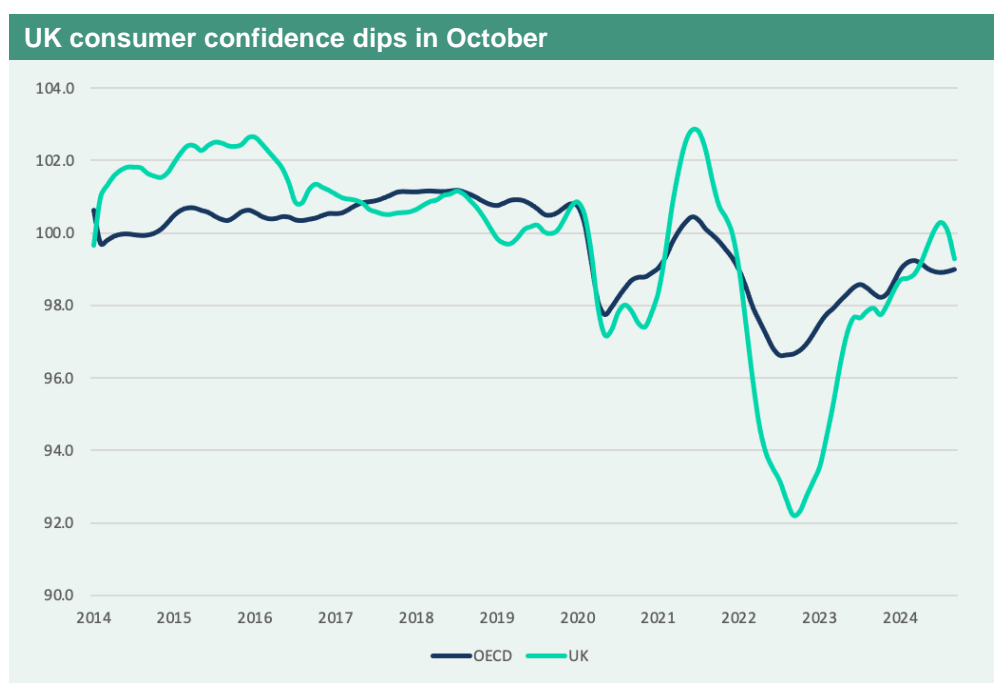


## Appendix I: Consumer confidence dips

September UK Consumer Confidence Index<sup>1</sup> data dipped sharply, in contrast to the overall OECD outlook. On its own latest October data from observersGfK<sup>2</sup> concludes:

- “Key future indicators on personal finances and purchase intentions edge up as general economic situation falls”.
- “Consumer confidence fell one point this month to -21, taking the score back down to the level last seen in March this year. Also falling one point are both personal financial situation over the last 12 months and general economic situation over the next 12 months. The largest drop though was in our view of the general economic situation over the last 12 months, down five points to -42. On the plus side, the major purchase index rose two points and future personal financial expectations by one point.”
- GfK noted the pre-Budget (30<sup>th</sup> October) “despondent mood despite a fall in the headline rate of inflation.”

The next table illustrates the evolution of OECD and UK consumer confidence indices from January 2014 to October 2024.



Source: <sup>1</sup><https://data.oecd.org/leadind/consumer-confidence-index-cci.htm#indicator-chart>

<sup>2</sup> <https://nielseniq.com/global/en/news-center/2024/uk-consumer-confidence-slips-one-point-to-21-in-october/>

**As we have noted previously, pressure on personal finances may impact retailers - but is also an incentive for sales of the range of value consumer staple products in which Supreme specialises.**

Group H1 performance, with revenue +8%YoY, indicates that factors impacting on household budgets have not dampened demand for the range of staple products which Supreme distributes.

## Financial data

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	43.0	44.0
Lighting	6.2	9.3	7.5	9.0	8.1	15.4	16.5	17.0	18.0
Vaping	31.8	41.7	42.1	40.7	36.6	76.1	82.8	73.2	71.0
Sports Nutrition & Wellness	7.6	9.1	8.9	9.0	9.5	16.7	18.0	20.0	22.5
Branded Distribution	3.4	4.4	30.6	32.9	34.4	7.8	63.5	64.0	46.0
Soft Drinks						0.0	0.0	18.0	24.5
<b>Revenue</b>	<b>64.6</b>	<b>88.4</b>	<b>105.1</b>	<b>116.2</b>	<b>113.0</b>	<b>155.6</b>	<b>221.2</b>	<b>240.2</b>	<b>231.0</b>
Gross Sum	17.6	22.0	27.9	34.5	33.5	39.6	62.4	70.4	68.3
<i>Mrg</i>	27.3%	24.9%	26.6%	29.7%	29.6%	25.4%	28.2%	29.3%	29.5%
<b>Gross inc forex</b>	<b>18.2</b>	<b>22.7</b>	<b>28.5</b>	<b>35.0</b>	<b>34.1</b>	<b>40.9</b>	<b>63.5</b>	<b>71.9</b>	<b>69.8</b>
<i>Mrg</i>	28.1%	25.7%	27.2%	30.1%	30.1%	26.3%	28.7%	29.9%	30.2%
Sum Op-ex	(13.4)	(14.8)	(15.5)	(16.1)	(20.6)	(28.2)	(31.5)	(40.7)	(41.0)
One-off costs	(1.4)	0.6	0.5	(1.1)	(1.8)	(0.8)	(0.6)	(2.4)	(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	31.2	28.8
<b>EBIT Adjusted</b>	<b>6.2</b>	<b>7.3</b>	<b>12.6</b>	<b>20.1</b>	<b>15.3</b>	<b>16.3</b>	<b>32.6</b>	<b>33.6</b>	<b>29.8</b>
<i>Mrg</i>	9.6%	8.2%	12.0%	17.3%	13.6%	10.5%	14.7%	14.0%	12.9%
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	37.6	35.2
<b>EBITDA Adjusted</b>	<b>8.1</b>	<b>11.3</b>	<b>15.2</b>	<b>22.9</b>	<b>18.5</b>	<b>19.4</b>	<b>38.1</b>	<b>40.0</b>	<b>36.2</b>
<i>Mrg</i>	12.6%	12.8%	14.5%	19.7%	16.3%	12.5%	17.2%	16.7%	15.7%
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	29.8	27.4
<b>PBT Adjusted</b>	<b>5.8</b>	<b>9.4</b>	<b>11.8</b>	<b>18.9</b>	<b>14.7</b>	<b>15.3</b>	<b>30.7</b>	<b>32.2</b>	<b>28.4</b>
Tax	(1.1)	(1.4)	(3.0)	(4.7)	(2.2)	(2.5)	(7.7)	(8.0)	(6.8)
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	21.8	20.5
<b>PAT Adjusted</b>	<b>4.7</b>	<b>8.2</b>	<b>8.8</b>	<b>14.3</b>	<b>12.5</b>	<b>12.9</b>	<b>23.0</b>	<b>24.2</b>	<b>21.5</b>
Amortisation & tax items	0.5	(0.1)	0.2	0.0	0.5	1.8	2.6	2.4	3.3
<b>PAT Adjusted</b>	<b>5.2</b>	<b>8.7</b>	<b>9.5</b>	<b>13.2</b>	<b>13.0</b>	<b>13.8</b>	<b>25.0</b>	<b>24.2</b>	<b>23.8</b>
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	18.7	17.6
<b>EPS adj. dil. (p)</b>	<b>4.3</b>	<b>7.0</b>	<b>7.7</b>	<b>10.6</b>	<b>10.8</b>	<b>11.2</b>	<b>20.2</b>	<b>20.1</b>	<b>19.8</b>

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	21.8	20.5
One-off items	0.4	0.5	(0.5)	0.7	1.8	0.8	0.2	2.4	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	6.8
Finance/other	0.4	(0.4)	0.4	2.1	0.1	(0.0)	2.4	0.0	1.4
<b>Operating Cash Flow</b>	<b>7.0</b>	<b>11.3</b>	<b>14.8</b>	<b>23.4</b>	<b>17.9</b>	<b>18.4</b>	<b>38.2</b>	<b>38.6</b>	<b>36.2</b>
(Increase)/Decrease inventories	(2.2)	5.1	(5.2)	6.4	(6.8)	2.9	1.2	(5.2)	(2.0)
(Increase)/Decrease in receivables	(6.7)	6.0	(21.0)	6.3	3.5	(0.7)	(14.7)	6.0	(2.0)
Increase/(Decrease) in payables	8.4	(8.4)	14.4	(6.7)	(2.7)	(0.0)	7.7	2.3	(4.3)
<b>Movement in working capital</b>	<b>(0.5)</b>	<b>2.7</b>	<b>(11.8)</b>	<b>6.0</b>	<b>(5.9)</b>	<b>2.2</b>	<b>(5.8)</b>	<b>3.1</b>	<b>(8.4)</b>
<b>Cash generated by operations</b>	<b>6.5</b>	<b>14.1</b>	<b>2.9</b>	<b>29.5</b>	<b>12.0</b>	<b>20.6</b>	<b>32.4</b>	<b>41.8</b>	<b>27.8</b>
Tax (paid)/received	(1.7)	0.3	(2.5)	(2.8)	(0.7)	(1.3)	(5.3)	(8.0)	(6.8)
<b>Net cash from operations</b>	<b>4.9</b>	<b>14.4</b>	<b>0.4</b>	<b>26.7</b>	<b>11.3</b>	<b>19.3</b>	<b>27.1</b>	<b>33.8</b>	<b>21.0</b>
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)	(15.0)	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)	(17.0)	(2.2)
<b>Net OpFCF</b>	<b>(5.9)</b>	<b>17.6</b>	<b>(4.8)</b>	<b>20.6</b>	<b>(4.4)</b>	<b>11.7</b>	<b>15.8</b>	<b>16.8</b>	<b>18.8</b>
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)
<b>Net cash from financing</b>	<b>7.3</b>	<b>(15.5)</b>	<b>2.1</b>	<b>(13.7)</b>	<b>(4.9)</b>	<b>(8.2)</b>	<b>(11.6)</b>	<b>(8.6)</b>	<b>(7.9)</b>
Net change cash	1.5	2.0	(2.7)	6.8	(9.3)	3.5	4.2	8.2	10.9
Cash start	3.9	5.4	7.5	4.9	11.6	3.9	7.5	11.6	19.8
Forex	0.0	0.1	0.0	(0.1)	(0.1)	0.1	(0.1)	0.0	0.0
<b>Cash end</b>	<b>5.4</b>	<b>7.5</b>	<b>4.9</b>	<b>11.6</b>	<b>2.3</b>	<b>7.5</b>	<b>11.6</b>	<b>19.8</b>	<b>30.7</b>

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
<b>Sum Fixed Assets</b>	<b>20.1</b>	<b>36.1</b>	<b>36.2</b>	<b>35.1</b>	<b>47.6</b>	<b>36.1</b>	<b>35.1</b>	<b>45.3</b>	<b>41.1</b>
Inventories	30.6	25.6	30.8	24.4	32.3	25.6	24.4	29.6	31.6
Trade receivables	26.9	20.9	41.9	35.6	35.1	20.9	35.6	29.6	31.6
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	19.8	30.7
<b>Sum Current Assets</b>	<b>63.8</b>	<b>54.0</b>	<b>78.6</b>	<b>71.7</b>	<b>70.1</b>	<b>54.0</b>	<b>71.7</b>	<b>79.1</b>	<b>94.0</b>
<b>Total Assets</b>	<b>83.8</b>	<b>90.1</b>	<b>114.9</b>	<b>106.8</b>	<b>117.7</b>	<b>90.1</b>	<b>106.8</b>	<b>124.4</b>	<b>135.1</b>
Trade payables	(31.8)	(26.1)	(39.8)	(27.3)	(28.4)	(26.1)	(27.3)	(29.6)	(25.3)
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)
<b>Sum Current Liabilities</b>	<b>(33.0)</b>	<b>(34.3)</b>	<b>(52.7)</b>	<b>(34.0)</b>	<b>(38.2)</b>	<b>(34.3)</b>	<b>(34.0)</b>	<b>(36.4)</b>	<b>(32.1)</b>
Total Assets less Current Liabilities	50.8	55.8	62.1	72.7	79.5	55.8	72.7	88.0	103.1
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)
<b>Total liabilities</b>	<b>(52.9)</b>	<b>(50.2)</b>	<b>(67.1)</b>	<b>(48.8)</b>	<b>(52.4)</b>	<b>(50.2)</b>	<b>(48.8)</b>	<b>(49.8)</b>	<b>(44.5)</b>
Net Assets	31.0	40.0	47.8	58.0	65.3	40.0	58.0	74.6	90.7
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	3.9	(3.9)
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	81.1	104.9
<b>Equity</b>	<b>31.0</b>	<b>40.0</b>	<b>47.8</b>	<b>58.0</b>	<b>65.3</b>	<b>40.0</b>	<b>58.0</b>	<b>74.6</b>	<b>90.7</b>
Net debt / (cash) pre-IFRS 16	12.9	11.1	18.6	1.8	11.8	11.1	1.8	(6.7)	(17.6)

Source: Company data, Equity Development estimates.



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