

## H1'23 results buoyed by strong performance from Vaping

29th November 2022

For the six months to 30 September, Supreme reported revenue growth of 6%YoY to £64.6m, EBITDA (adj.) of £8.1m, -19%YoY and PBT (adj.) of £5.8m, -31%YoY. Revenue was underpinned by 47%YoY growth in the Vaping division, with, notably, 31%YoY organic growth. Interim revenue was 5% ahead of our outlook and EBITDA (adj.) 4% below. The Group notes that trading in the Lighting division, which had negatively impacted the FY23 outlook, is now recovering; Supreme notes that improved overall revenue momentum indicates that **full year Group performance should be ahead of prior market expectations.**

### Divisional performance lead by Vaping and Sports Nutrition & Wellness

**Vaping** revenue of £31.8m (8% above ED E) was particularly resilient, comprising 49% of total and 69% of gross, albeit on a lower margin, at 38.0% (H1 22, 40.9%), due to higher demand for lower-margin disposables and pods. **Batteries** contributed 24% of revenue, at £15.7m (+5%YoY), a solid performance matching our estimate, followed by **Sports Nutrition & Wellness** at 12% of total where sales grew strongly, +20%YoY (£7.6m, 27% above ED E), although the contribution to profits was constrained, as expected, by materials prices (whey protein). Contributing 9.5% of revenue, at £6.2m (H1 22 £13.2m) **Lighting** division performance reflected the earlier market bottlenecks caused by retail overstocking; Supreme reports improvement from September.

Revenue in the **Branded Household Consumer Goods** division (5% of revenue) declined 31%YoY to £3.4m but is reported "stabilised" as reflected in a 13.2% gross margin (H1 22, 10.5%) (excludes forex). The Group also announced a 15-year lease on a **new centralised manufacturing and distribution** facility in Manchester, furthering the in-house efficiency of Vaping and Sports Nutrition & Wellness production, and distribution across the UK; a confident indicator of the medium-term growth strategy.

### FY 23 outlook raised

Interim operating cashflow was £4.9m (H1 22, £4.2m), with (adj.) net debt of £14.6m and cash of £5.4m (FY22, £3.9m). Reflecting a policy of 25% net profit pay-out, the Board has proposed an Interim dividend of 0.8p/share (payable: 13.01.2023). **We have raised our FY23 revenue** outlook by 7% from £129.5m to £138.3m, based principally on strong organic growth in Vaping, and **raised our FY23 EBITDA** (adj.) outlook from by 6% to £18.5m. For FY24, we have raised our revenue forecast by 6% from £142.2m to £150.5m. However, given continued uncertainties for the impact of inflation on consumer demand, input costs and pricing, we have maintained our FY24 EBITDA outlook at £22.2m. Our estimates indicate a FY24 EV/EBITDA of 5.6x.

**Our Fair Value remains 190p/share.**

### Financial outlook to 31 March 2024

Yr to March 31 (£m)	2020	2021	2022	2023E	2024E
Revenue	92.3	122.3	130.8	138.3	150.5
EBITDA (adj)	16.0	19.3	21.1	18.5	22.2
EPS (adj, p)	9.7	11.8	11.5	9.6	11.3
DPS (p)	10.0	2.7	2.2	4.7	2.6
Net debt / (cash)	21.3	7.6	4.0	6.8	(1.9)
EV/EBITDA	7.8x	6.5x	5.9x	6.8x	5.6x
P/E	11.6x	9.6x	9.8x	11.6x	9.8x

Source: Company data, Equity Development estimates.

### Company Data

EPIC	SUP
Price (last close)	111p
52 weeks Hi/Lo	245/70p
Market cap	£130m
ED Fair Value/share	190p
Net debt (cash)	£6.8m

### Share Price, p



Source: LSE

### Description

Formed in 1975, Supreme Imports is a leading European and UK manufacturer, supplier and brand owner of fast-moving consumer products. It supplies five key categories of consumer spending: Vaping, Sports Nutrition & Wellness, Batteries, Lighting and Branded Household Consumer Goods.

The customer base includes leading brands such as, B&M, Home Bargains, The Range, Sports Direct, Londis, SPAR, Costcutter, Asda, Halfords, and Iceland, and in addition, HM Prison & Probation Service. The Group has over 3,300 active business accounts with over 10,000 branded retail outlets.

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## H1 23 performance summary

Revenue growth of 6%YoY to £64.6m was £2.4m above our estimate in the Vaping division and £1.6m ahead in the Sports Nutrition & Wellness segment, amounting to an overall increment of £4.2m above, compared to a £1.0m shortfall from other divisions. Gross profit, at £18.2m, was 3.0% below our estimate, a 28.1% margin<sup>1</sup> compared to 30.6% estimated, principally reflecting product mix in the Vaping division.

### Summary P&L, H1 21 – H1 23

Yr to March 31 (£m)	H1 21	H2 21	H1 22	H2 22	H1 23	YoY
<b>Revenue</b>	<b>56.336</b>	<b>65.917</b>	<b>61.082</b>	<b>69.707</b>	<b>64.609</b>	5.8%
Gross incl forex	14.282	18.760	18.126	20.391	18.168	
<i>Mrg</i>	25.4%	28.5%	29.7%	29.3%	28.1%	
EBIT Reported	7.162	6.464	8.755	8.264	4.798	-45.2%
<b>EBIT Adjusted</b>	<b>7.404</b>	<b>9.645</b>	<b>8.713</b>	<b>9.401</b>	<b>6.236</b>	-28.4%
<i>Mrg</i>	13.1%	14.6%	14.3%	13.5%	9.7%	
EBITDA Reported	8.156	7.693	10.120	9.840	6.681	-34.0%
<b>EBITDA Adjusted</b>	<b>8.398</b>	<b>10.874</b>	<b>10.078</b>	<b>10.977</b>	<b>8.119</b>	-19.4%
<i>Mrg</i>	14.9%	16.5%	16.5%	15.7%	12.6%	
PBT Reported	6.788	6.167	8.477	7.849	4.398	-48.1%
<b>PBT Adjusted</b>	<b>7.030</b>	<b>9.348</b>	<b>8.435</b>	<b>8.986</b>	<b>5.836</b>	-30.8%
Tax	(1.341)	(1.776)	(1.659)	(0.920)	(1.109)	
Dividend	1.000	2.000	0.000	2.566	2.600	
PAT Reported	5.447	4.391	6.818	6.929	3.289	-51.8%
PAT Adjusted	5.689	7.572	6.776	8.066	4.727	-30.2%
EPS rptd basic (p)	5.0	4.0	5.8	5.9	2.8	
<b>EPS adj dil (p)</b>	<b>5.1</b>	<b>6.7</b>	<b>5.6</b>	<b>5.6</b>	<b>4.3</b>	

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

## Changes to outlook

As shown, we have revised our outlook:

- Revenue: FY23 +6.8%; FY24 +5.8%. Revenue growth in FY23 is 5.7%E, rising in FY24 to 8.8%E.
- EBITDA (adj.): FY23 + 5.5%; FY24, unchanged, but with margin improvement from 13.4% to 14.7%.

### Revised outlook

Prior ests (£m)	2022	2023E	2024E			23 YoY	24 YoY
Revenue	130.8	129.5	142.2			-1.0%	9.8%
Gross	38.5	38.8	44.0			0.7%	13.4%
EBITDA (adj)	21.1	17.5	22.2			-16.9%	26.9%
<i>Mrg</i>	16.1%	13.5%	15.6%				
<b>Revised est (£m)</b>				<b>beta</b>	<b>beta</b>		
				<b>23E</b>	<b>24E</b>		
Revenue	130.8	138.3	150.5	6.8%	5.8%	5.7%	8.8%
Gross	38.5	40.5	45.2	4.3%	2.6%	5.1%	11.6%
EBITDA (adj)	21.1	18.5	22.2	5.5%	unch	-12.3%	20.0%
<i>Mrg</i>	16.1%	13.4%	14.7%				

Source: Company data, Equity Development estimates.

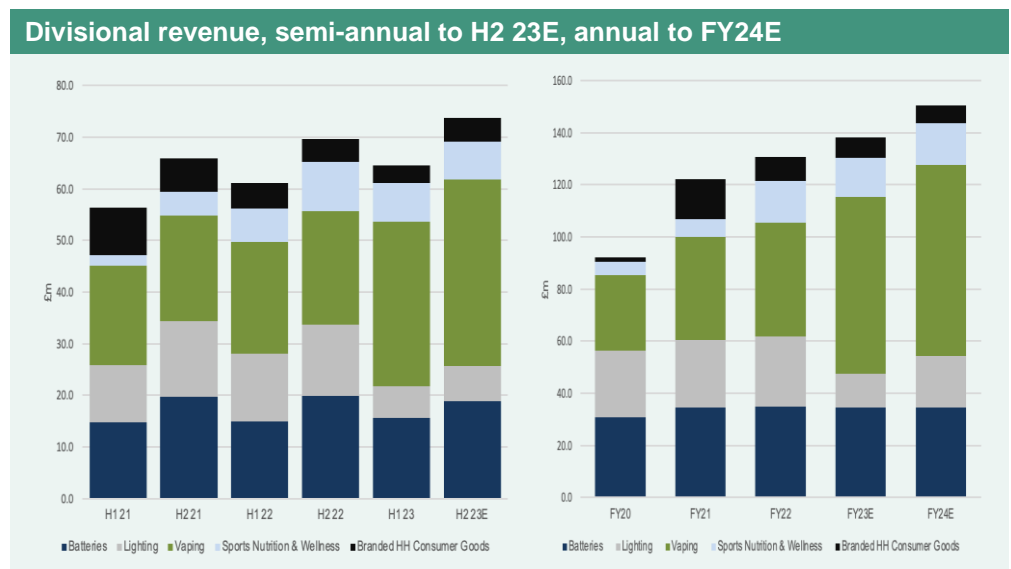
## H1 23 revenue and FY23 outlook

Supreme's revenue mix displays an attractive blend of strategic direction, underlying resilience and new market opportunities: the growth and dominance of Vaping at 49.2% of total revenue, backed by recent acquisitions (Liberty Flights, Cuts Ice Limited and Flavour Core Limited); the resilience of contribution from Batteries (+4.7%YoY, 24.2% of total) and expected recovery in Lighting; and the potential of Supreme's entry into the Sports Nutrition & Wellness market (+19.6%YoY). In summary:

- **Vaping** revenue was £31.769m with new acquisitions contributing £3.4m and underlying organic revenue increasing from £21.6m in H1 22 to £28.4m (+31%YoY). Given the strength of interim performance, 8% ahead of our estimate, our FY23 outlook is raised 13.2% to £67.9m.
- The **Batteries** division continues to deliver solid performance, +4.7%YoY (£15.66m), 24.2% of total; we project a continuation of the trend in this division, which underpins c.10.0% of gross contribution. With H1 performance in line with our estimate, we project revenue FY23 of £34.5m, estimate unchanged.
- **Sports Nutrition & Wellness** revenue grew 19.6%YoY (£7.615m) reflecting the potential of this new market and, as Supreme highlights, demand in the Sci-MX protein supplements segment. Following a strong H1, our FY23 revenue estimate is raised by 16.3% to £15.0m.
- **Lighting** revenue, -53.2%YoY (£6.161m) suffered from the combination of a correction in retail overstocking and weakened consumer demand. Supreme notes signs of recovery: for FY23 we estimate revenue of £13.0m (FY22 £27.0m), and thereafter a gradual return to prior levels.
- **Branded Household Consumer Goods** revenue declined 31.1%YoY to £3.404m, 5.3% of total, although, as Supreme comments, gross margin stabilised at 13.2% (excluding forex), which compares to an average of 11.7% over the preceding four halves. Our FY23 outlook is for revenue of £7.9m, which is 10% below our earlier outlook.

## Outlook to FY24

Following estimated FY23 revenue +5.7%YoY to £138.3m, we anticipate 8.8%YoY growth in FY24 to just above £150m, principally reflecting: (i) continued underlying growth in demand for Vaping products; (ii) full contribution from acquired Vaping operations; and (iii) a recovery in the Lighting division (to £20m E).



Source: Company data, Equity Development estimates.

## Batteries division

Supreme highlighted the benefits of integration with Dublin-based Vendek, acquired in FY22, and the resulting expanded distribution network. Founded in 1996, trading under the *Powerline* brand name, Vendek distributes Osram, Panasonic and Duracell products across the Republic of Ireland, via retailers, DIY, hardware and convenience stores and petrol stations.

The H1 23 divisional performance summary is:

- Revenue of £15.66m, +4.7%YoY, 24.2% of total.
- Gross contribution, £1.816, 10.3% of total<sup>2</sup>, 11.6% margin (H1 22, 10.2%).

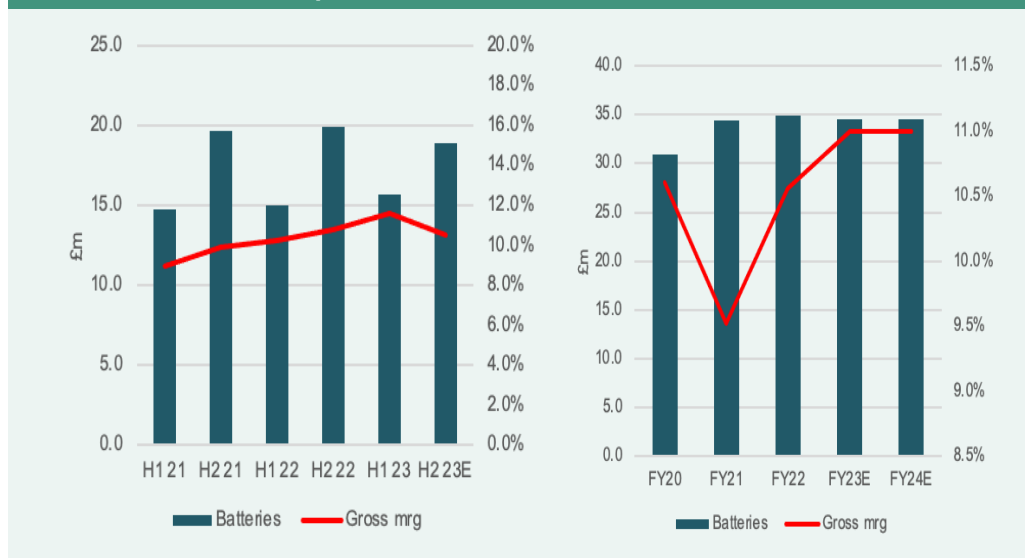
### Batteries, semi-annual performance and outlook to H2 23E

June (£m)	H1 21	H2 21	H1 22	H2 22	H1 23	H2 23E	FY23E
Revenue	14.760	19.674	14.959	19.906	15.660	18.840	34.500
YoY			1.3%	1.2%	4.7%	-5.4%	-1.0%
% of	26.2%	29.8%	24.5%	28.6%	24.2%	25.6%	24.9%
Gross	1.325	1.953	1.532	2.149	1.816	1.979	3.795
% of	9.7%	10.7%	8.7%	11.1%	10.3%	9.1%	9.7%
Gross mrg	9.0%	9.9%	10.2%	10.8%	11.6%	10.5%	11.0%

Source: Company data, Equity Development estimates.

Our FY23 outlook is for revenue of £34.5m (-1.0%YoY) and gross profit of £3.8m, 9.7% of total.

### Batteries, semi-annual performance and outlook FY24E



Source: Company data, Equity Development estimates. <sup>2</sup> Gross contribution excluding foreign exchange impact.

## Lighting division

The H1 23 divisional performance summary is:

- Revenue of £6.161m, -53.2%YoY, 9.5% of total.
- Gross contribution, £1.883m, 10.7% of total<sup>2</sup>, 30.6% margin (H1 22, 34.1%).

H1 23 **Lighting** division performance reflected the earlier market-wide bottleneck caused by the combination of retail overstocking in 2021-22, and weakened consumer spending in the earlier part of 2023. Supreme reported signs of improvement in the market from September and retention of all its listings and customers, with the expectation of a "full recovery" in divisional performance to follow. Supreme also indicates that, based on the strength of Vendek's distribution platform, the Group will "continue to explore strategic opportunities" for growth in this segment internationally.

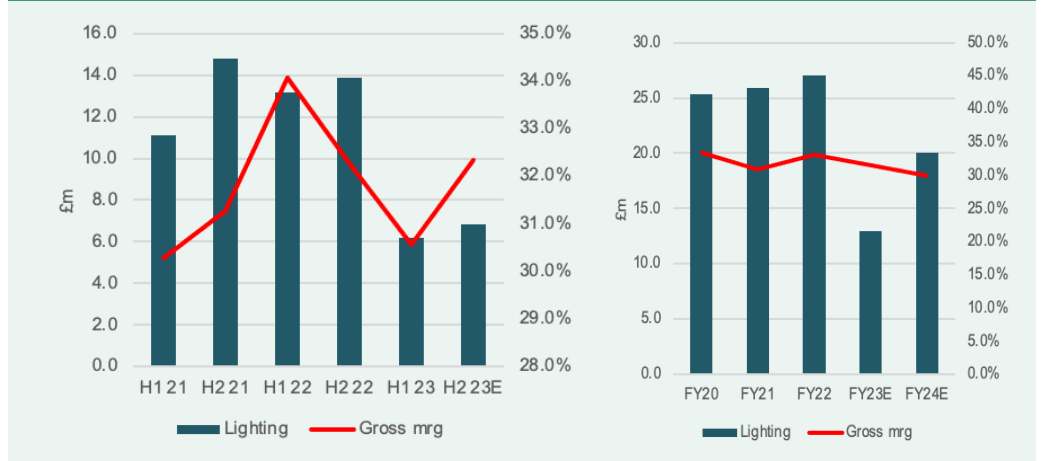
Our FY23 outlook is for revenue of £13.0m (-52%YoY) and gross profit of £4.1m, 10.4% of total.

### Lighting, semi-annual performance and outlook to H2 23E

June (£m)	H1 21	H2 21	H1 22	H2 22	H1 23	H2 23E	FY23E
Revenue	11.109	14.796	13.157	13.865	6.161	6.839	13.000
YoY			18.4%	-6.3%	-53.2%	-50.7%	-51.9%
% of	19.7%	22.4%	21.5%	19.9%	9.5%	9.3%	9.4%
Gross	3.364	4.628	4.483	4.473	1.883	2.212	4.095
% of	24.5%	25.4%	25.6%	23.1%	10.7%	10.2%	10.4%
Gross mrg	30.3%	31.3%	34.1%	32.3%	30.6%	32.3%	31.5%

Source: Company data, Equity Development estimates.

### Lighting, semi-annual performance and outlook to FY24E



Source: Company data, Equity Development estimates. <sup>2</sup> Gross contribution and margin excluding foreign exchange impact

## Vaping division

Acquired operations - Liberty Flights Holdings Ltd., on 10 June (Equity Development report *Earnings-enhancing vaping products acquisition* 13.06.2022), and Cuts Ice Ltd., and Flavour Core Ltd., in August (Equity Development report *Acquisition of Cuts Ice Ltd. and Flavour Core Ltd.* 09.08.2022) - contributed an estimated £3.4m to H1 23 divisional revenue. The acquisitions resulted in a £10.14m cash outflow which was met by the drawdown of borrowings amounting to £12.48m.

As we noted, the acquisition of Liberty Flights gave introduced Supreme access to the increasingly popular pod, closed-system, vaping market via Liberty's *Dot Pro* range. Supreme noted gross margin contraction, from 40.9% in H1 22 (44.7% in FY22) to 38.0% at the Interim. This was due to the change in product mix with the introduction of lower-margin disposables and pods sourced from the Far East. At the time of acquisition Supreme had flagged its intention to repatriate *Dot Pro* manufacture from China.

Liberty Flights revenue for the year to 31 January 2021 was c.£9.0m, with EBITDA of £1.5m. We estimate a revenue contribution in FY23 (9 months) of c.£7.0m and EBITDA (adj.) of c.£0.8m, followed in FY24 by c.£9.0m and £1.5m respectively.

The H1 23 divisional performance summary is:

- Revenue of £31.769m, +46.7%YoY, 49.2% of total. Organic revenue, £28.4m, +31.0%YoY, 43.9% of total; acquired operations, £3.4m, 5.3% of total.
- Gross contribution, £12.130m, 68.8% of total<sup>2</sup>, 38.0% margin (H1 22, 40.9%).

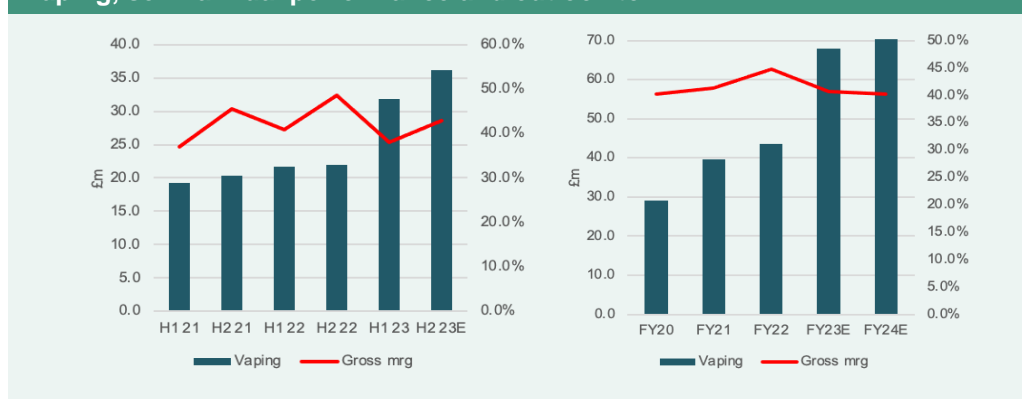
### Vaping, semi-annual performance and outlook to H2 23E

June (£m)	H1 21	H2 21	H1 22	H2 22	H1 23	H2 23E	FY23E
Revenue	19.189	20.355	21.658	21.936	31.769	36.131	67.900
YoY			12.9%	7.8%	46.7%	64.7%	55.8%
% of	34.1%	30.9%	35.5%	31.5%	49.2%	49.0%	49.1%
Gross	7.105	9.253	8.855	10.647	12.130	15.593	27.665
% of	51.8%	50.8%	50.6%	55.0%	68.8%	72.0%	70.5%
Gross mrg	37.0%	45.5%	40.9%	48.5%	38.0%	42.9%	40.7%

Source: Company data, Equity Development estimates.

Our FY23 outlook is for revenue of £67.9m, +56% YoY, underpinned by **organic growth of 40%YoY**, and a gross profit contribution of £27.7m, 71% of total.

### Vaping, semi-annual performance and outlook to FY24E



Source: Company data, Equity Development estimates. <sup>2</sup> Gross contribution and margin excluding foreign exchange impact.

## Sports Nutrition & Wellness division

Performance was impacted by the sharp rise in the wholesale price of whey. Supreme noted that an improvement in divisional profitability is expected as inflationary pressures ease. We detect evidence of this. The wholesale price of Whey Protein Concentrate closely tracks that of other key nutrients such as Skim Milk Powder (1.25% butterfat), Magermilchpulver (Germany) and Nonfat Dry Milk (US). The price of Skim Milk Powder had by April 2022 appreciated 90% from mid-2021 levels, reaching US\$3.717/tonne, but, as of the latest November data, is 15% off the April peak at US\$ 3.155/tonne.

### Price per tonne, Whey, 2003 - 2022



Source: *clai.it: Whey USA to 31 10 2022*

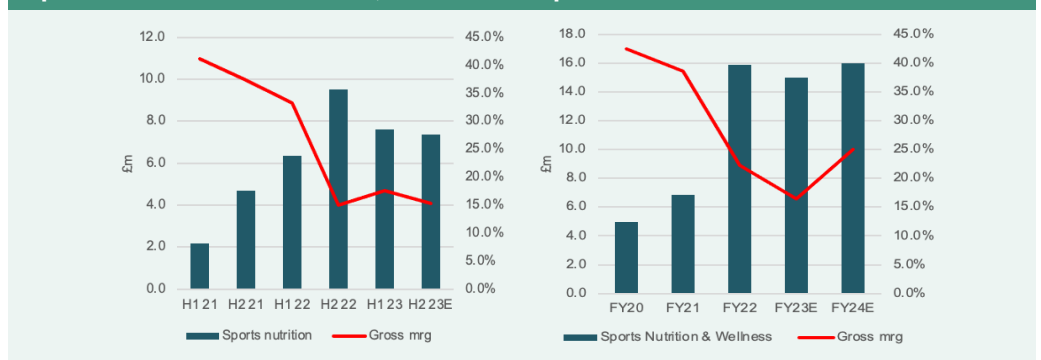
Supreme rebranded Sci-Max products, whilst retaining key customers, and added plastic-free packaging alongside affordable pricing. For H1 23 revenue was £7.156m, +19.6%YoY, 11.8% of total, and gross contribution, £1.342m, 7.6% of total<sup>2</sup>, 17.6% margin (H1 22, 33.3%). Our FY23 outlook is for revenue of £15.0m, -6% YoY, and a gross profit contribution of £2.5m, 6% of total.

### Sports Nutrition & Wellness, semi-annual performance and outlook to H2 23E

June (£m)	H1 21	H2 21	H1 22	H2 22	H1 23	H2 23E	FY23E
Revenue	2.177	4.679	6.367	9.526	7.615	7.385	15.000
YoY			192.5%	103.6%	19.6%	-22.5%	-5.6%
% of	3.9%	7.1%	10.4%	13.7%	11.8%	10.0%	10.8%
Gross	0.897	1.749	2.118	1.424	1.342	1.133	2.475
% of	6.5%	9.6%	12.1%	7.4%	7.6%	5.2%	6.3%
Gross mrg	41.2%	37.4%	33.3%	14.9%	17.6%	15.3%	16.5%

Source: Company data, Equity Development estimates. <sup>2</sup> Gross contribution and margin excluding foreign exchange..

### Sports Nutrition & Wellness, semi-annual performance and outlook to FY24E



Source: Company data, Equity Development estimates. <sup>2</sup> Gross contribution and margin excluding foreign exchange.

## Branded Household Consumer Goods division

The H1 23 divisional performance summary is:

- Revenue of £3.404m, -31.1%YoY, 5.3% of total.
- Gross contribution, £0.448m, 2.5% of total<sup>2</sup>, 13.2% margin (H1 22, 10.5%).

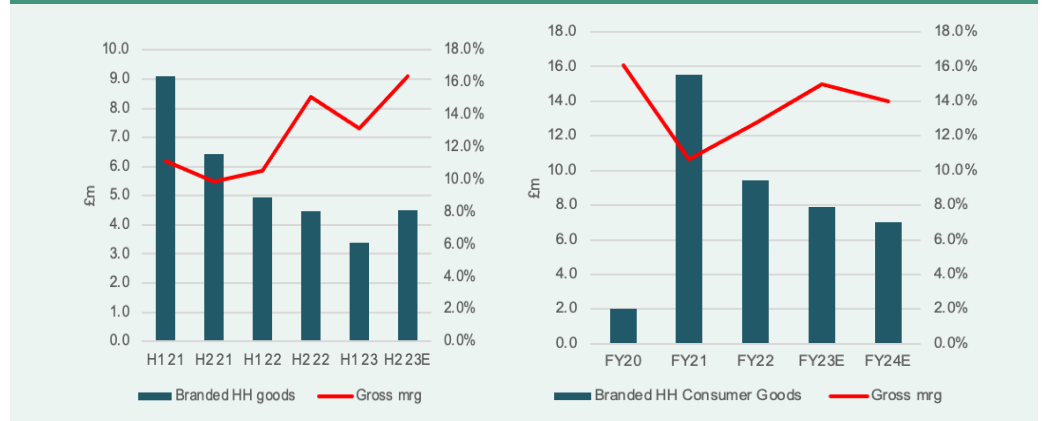
### Branded Household Consumer Goods, semi-annual performance and outlook to H2 23E

June (£m)	H1 21	H2 21	H1 22	H2 22	H1 23	H2 23E	FY23E
Revenue	9.101	6.413	4.941	4.474	3.404	4.496	7.900
YoY			-45.7%	-30.2%	-31.1%	0.5%	-16.1%
% of	16.2%	9.7%	8.1%	6.4%	5.3%	6.1%	5.7%
Gross	1.015	0.632	0.521	0.675	0.448	0.737	1.185
% of	7.4%	3.5%	3.0%	3.5%	2.5%	3.4%	3.0%
Gross mrg	11.2%	9.9%	10.5%	15.1%	13.2%	16.4%	15.0%

Source: Company data, Equity Development estimates.

Our FY23 outlook is for revenue of £7.9m, -16% YoY, and a gross profit contribution of £1.2m, 3% of total.

### Branded Household Consumer Goods, semi-annual performance and outlook to FY24E



Source: Company data, Equity Development estimates. <sup>2</sup> Gross contribution and margin excluding foreign exchange impact.



## Group Outlook to FY24

As illustrated, by FY24 we expect:

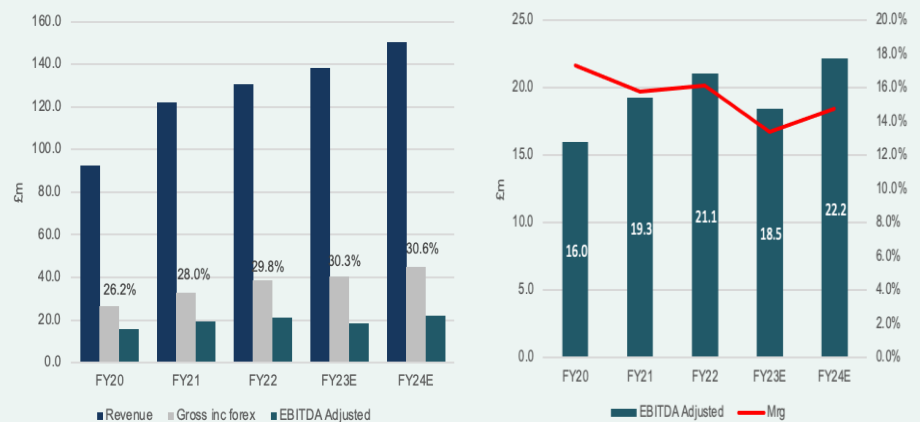
- Group revenue to have risen to just above £150m, representing FY20-FY24 CAGR of 13.0%.
- A gross profit (inclusive of forex) margin of 30.0%, CAGR 14.1%, with 66.5% of gross contribution from Vaping products, 13.6% from Lighting, 8.6% and 9.1% respectively from Batteries and Sports Nutrition & Wellness, with Branded Household Consumer Goods comprising 2.2%<sup>2</sup>.
- EBITDA (adj.) of £22.2m, 12.3% margin (compared to 10.7% in FY23E), CAGR 5.1%.

### Outlook to FY24E

Yr to March 31 (£m)	FY20	FY21	FY22	FY23E	FY24E	CAGR 20-24E
<b>Revenue</b>	<b>92.3</b>	<b>122.3</b>	<b>130.8</b>	<b>138.3</b>	<b>150.5</b>	13.0%
Gross inc forex	26.6	33.0	38.5	40.5	45.2	14.1%
<i>Mrg</i>	28.8%	27.0%	29.4%	29.3%	30.0%	
EBIT Reported	14.0	13.6	17.0	12.9	17.1	5.1%
<b>EBIT Adjusted</b>	<b>14.4</b>	<b>17.0</b>	<b>18.1</b>	<b>14.9</b>	<b>18.6</b>	6.5%
<i>Mrg</i>	15.6%	13.9%	13.8%	10.7%	12.3%	
EBITDA Reported	15.6	15.8	20.0	16.5	20.7	7.3%
<b>EBITDA Adjusted</b>	<b>16.0</b>	<b>19.3</b>	<b>21.1</b>	<b>18.5</b>	<b>22.2</b>	8.5%
<i>Mrg</i>	17.3%	15.8%	16.1%	13.4%	14.7%	
PBT Reported	13.2	13.0	16.3	12.1	16.3	7.2%
<b>PBT Adjusted</b>	<b>13.6</b>	<b>16.4</b>	<b>17.4</b>	<b>14.1</b>	<b>17.8</b>	9.2%
PAT Reported	10.9	9.8	13.7	9.7	12.2	3.8%
<b>PAT Adjusted</b>	<b>10.8</b>	<b>13.4</b>	<b>13.9</b>	<b>9.7</b>	<b>12.2</b>	4.1%
<b>EPS adj dil (p)</b>	<b>9.7</b>	<b>11.8</b>	<b>11.5</b>	<b>8.0</b>	<b>10.1</b>	1.2%

Source: Company data, Equity Development estimates. <sup>2</sup> Gross contribution and margin excluding foreign exchange impact.

### Outlook to FY24: revenue, gross profit, (adj.) EBITDA and margin



Source: Company data, Equity Development estimates.

## Summary P&L, semi-annual

Summary P&L, semi annual, H1 21 – H1 23					
(£m)	H1 21	H2 21	H1 22	H2 22	H1 23
Revenue	56.3	65.9	61.1	69.7	64.6
Gross Sum	13.7	18.2	17.5	19.4	17.6
<i>Mrg</i>	24.3%	27.6%	28.7%	27.8%	27.3%
COGS	(42.6)	(47.7)	(43.6)	(50.3)	(47.0)
Forex	0.6	0.5	0.6	1.0	0.5
<b>Gross inc forex</b>	<b>14.3</b>	<b>18.8</b>	<b>18.1</b>	<b>20.4</b>	<b>18.2</b>
<i>Mrg</i>	25.4%	28.5%	29.7%	29.3%	28.1%
Sum Op-ex	(7.1)	(12.3)	(9.4)	(12.1)	(13.4)
One-off costs	(0.2)	(3.2)	0.0	(1.1)	(1.4)
EBIT Reported	7.2	6.5	8.8	8.3	4.8
<b>EBIT Adjusted</b>	<b>7.4</b>	<b>9.6</b>	<b>8.7</b>	<b>9.4</b>	<b>6.2</b>
<i>Mrg</i>	13.1%	14.6%	14.3%	13.5%	9.7%
Depreciation	(0.9)	(1.1)	(1.2)	(1.3)	(1.4)
Amortisation	(0.1)	(0.2)	(0.1)	(0.2)	(0.5)
EBITDA Reported	8.2	7.7	10.1	9.8	6.7
<b>EBITDA Adjusted</b>	<b>8.4</b>	<b>10.9</b>	<b>10.1</b>	<b>11.0</b>	<b>8.1</b>
<i>Mrg</i>	15%	16%	16%	16%	13%
Financial income	0.0	0.0	0.0	0.0	0.0
Financial expense	(0.4)	(0.3)	(0.3)	(0.4)	(0.4)
PBT Reported	6.8	6.2	8.5	7.8	4.4
<b>PBT Adjusted</b>	<b>7.0</b>	<b>9.3</b>	<b>8.4</b>	<b>9.0</b>	<b>5.8</b>
Tax	(1.3)	(1.8)	(1.7)	(0.9)	(1.1)
Reported tax rate	19.8%	28.8%	19.6%	11.7%	25.2%
<i>Tax rate adjusted</i>	19.1%	19.0%	19.7%	-4.9%	19.0%
PAT Reported	5.4	4.4	6.8	6.9	3.3
<b>PAT Adjusted</b>	<b>5.7</b>	<b>7.6</b>	<b>6.8</b>	<b>8.1</b>	<b>4.7</b>
Amortisation & tax items	0.0	0.0	0.1	0.0	1.9
<b>PAT Adjusted</b>	<b>5.7</b>	<b>7.6</b>	<b>6.9</b>	<b>6.9</b>	<b>5.2</b>
Basic wtd. av. shares (m)	110.0	111.1	116.6	116.6	116.6
Diluted wtd. av. shares (m)	111.3	113.2	123.9	123.9	121.1
EPS rptd basic (p)	5.0	4.0	5.8	5.9	2.8
EPS rptd dil (p)	4.9	3.9	5.5	5.6	2.7
EPS adj basic (p)	5.2	6.8	5.9	5.9	4.5
<b>EPS adj dil (p)</b>	<b>5.1</b>	<b>6.7</b>	<b>5.6</b>	<b>5.6</b>	<b>4.3</b>

Source: Company data, Equity Development estimates.

## Summary P&L, annual

### Summary P&L outlook to FY24 E

Yr to March 31 (£m)	FY20	FY21	FY22	FY23E	FY24E	
Revenue	92.3	122.3	130.8	138.3	150.5	
Gross Sum	25.9	31.9	36.9	39.2	44.2	
	<i>Mrg</i>	<i>28.0%</i>	<i>26.1%</i>	<i>28.2%</i>	<i>28.4%</i>	<i>29.3%</i>
COGS	(66.5)	(90.3)	(93.9)	(99.1)	(106.3)	
Forex	0.7	1.1	1.6	1.3	1.0	
<b>Gross inc forex</b>	<b>26.6</b>	<b>33.0</b>	<b>38.5</b>	<b>40.5</b>	<b>45.2</b>	
	<i>Mrg</i>	<i>28.8%</i>	<i>27.0%</i>	<i>29.4%</i>	<i>29.3%</i>	<i>30.0%</i>
Sum Op-ex	(12.6)	(19.4)	(21.5)	(27.6)	(28.1)	
One-off costs	(0.4)	(3.4)	(1.1)	(2.0)	(1.5)	
EBIT Reported	14.0	13.6	17.0	12.9	17.1	
<b>EBIT Adjusted</b>	<b>14.4</b>	<b>17.0</b>	<b>18.1</b>	<b>14.9</b>	<b>18.6</b>	
	<i>Mrg</i>	<i>15.6%</i>	<i>13.9%</i>	<i>13.8%</i>	<i>10.7%</i>	<i>12.3%</i>
Depreciation	(1.5)	(2.0)	(2.6)	(2.6)	(2.6)	
Amortisation	(0.0)	(0.2)	(0.4)	(1.0)	(1.0)	
EBITDA Reported	15.6	15.8	20.0	16.5	20.7	
<b>EBITDA Adjusted</b>	<b>16.0</b>	<b>19.3</b>	<b>21.1</b>	<b>18.5</b>	<b>22.2</b>	
	<i>Mrg</i>	<i>17%</i>	<i>16%</i>	<i>16%</i>	<i>13%</i>	<i>15%</i>
Financial income	0.0	0.0	0.0	0.0	0.0	
Financial expense	(0.8)	(0.7)	(0.7)	(0.8)	(0.8)	
PBT Reported	13.2	13.0	16.3	12.1	16.3	
<b>PBT Adjusted</b>	<b>13.6</b>	<b>16.4</b>	<b>17.4</b>	<b>14.1</b>	<b>17.8</b>	
Tax	(2.3)	(3.1)	(2.6)	(2.4)	(4.1)	
Reported tax rate	17.5%	24.1%	15.8%	20.0%	25.0%	
	<i>Tax rate adjusted</i>	<i>17.0%</i>	<i>19.0%</i>	<i>14.8%</i>	<i>17.2%</i>	<i>22.9%</i>
PAT Reported	10.9	9.8	13.7	9.7	12.2	
<b>PAT Adjusted</b>	<b>11.3</b>	<b>13.3</b>	<b>14.8</b>	<b>11.7</b>	<b>13.7</b>	
Amortisation & tax items	(0.1)	0.1	0.1	0.0	0.0	
<b>PAT Adjusted</b>	<b>10.8</b>	<b>13.4</b>	<b>13.9</b>	<b>9.7</b>	<b>12.2</b>	
Basic wtd. av. shares (m)	110.0	111.1	116.6	116.6	116.6	
Diluted wtd. av. shares (m)	111.3	113.2	121.1	121.1	121.1	
EPS rptd basic (p)	9.9	8.9	11.8	8.3	10.5	
EPS rptd dil (p)	9.8	8.7	11.4	8.0	10.1	
EPS adj basic (p)	9.8	12.0	11.9	10.0	11.7	
<b>EPS adj dil (p)</b>	<b>9.7</b>	<b>11.8</b>	<b>11.5</b>	<b>9.6</b>	<b>11.3</b>	

Source: Company data, Equity Development estimates.

## Summary Cashflow, semi-annual

Summary cashflow, semi-annual, H1 21 – H1 23					
(£m)	H1 21	H2 21	H1 22	H2 22	H1 23
PAT Reported	5.4	4.4	6.8	6.9	3.3
One-off items	0.2	3.2	(0.0)	1.1	0.4
Depreciation	0.9	1.1	1.2	1.3	1.4
Amortisation	0.1	0.2	0.1	0.2	0.5
Tax	1.3	1.8	1.7	0.9	1.1
Finance/other	0.1	(1.9)	0.2	0.0	0.4
<b>Operating Cash Flow</b>	<b>8.2</b>	<b>8.7</b>	<b>10.0</b>	<b>10.6</b>	<b>7.0</b>
(Increase)/Decrease inventories	(5.3)	0.1	(4.8)	(0.2)	(2.2)
(Increase)/Decrease in receivables	(5.4)	6.4	(4.7)	2.5	(6.7)
Increase/(Decrease) in payables	4.3	(1.6)	5.0	(2.5)	8.4
<b>Movement in working capital</b>	<b>(6.5)</b>	<b>4.9</b>	<b>(4.5)</b>	<b>(0.2)</b>	<b>(0.5)</b>
<b>Cash generated by operations</b>	<b>1.7</b>	<b>13.6</b>	<b>5.5</b>	<b>10.4</b>	<b>6.5</b>
Tax (paid)/received	(1.0)	(2.0)	(1.3)	(2.9)	(1.7)
<b>Net cash from operations</b>	<b>0.7</b>	<b>11.6</b>	<b>4.2</b>	<b>7.5</b>	<b>4.9</b>
Investing activities	0.0	0.0	0.0	0.0	0.0
Interest received	0.0	0.0	0.0	0.0	0.0
Intangibles	(0.1)	0.0	(2.3)	0.8	0.0
PPE	(0.7)	(0.9)	(0.4)	(0.9)	(0.5)
Acquisition	0.0	(1.0)	(1.0)	0.0	(10.1)
Sale of PPE	0.0	0.9	0.4	0.0	0.0
Net cash used in investing	(0.9)	(1.0)	(3.4)	(0.0)	(10.7)
<b>Net OpFCF</b>	<b>(0.2)</b>	<b>10.6</b>	<b>0.8</b>	<b>7.5</b>	<b>(5.9)</b>
Borrowings short-term	(2.6)	(10.4)	(3.6)	(4.5)	0.0
Borrowings long-term	0.0	0.0	0.0	0.0	12.5
Share issue	0.0	7.5	0.0	0.0	0.0
Interest paid	(0.4)	(0.2)	(0.1)	(0.2)	(0.2)
Leases	(0.3)	(0.3)	(0.4)	(0.5)	(0.5)
Dividend	(1.0)	(2.0)	0.0	(2.6)	(4.4)
<b>Net cash from financing</b>	<b>(4.4)</b>	<b>(5.2)</b>	<b>(4.1)</b>	<b>(7.8)</b>	<b>7.3</b>
Net increase in cash / equivalents	(4.6)	5.4	(3.2)	(0.3)	1.5
Cash start	6.7	2.1	7.5	4.3	3.9
Forex	0.0	0.0	0.0	0.0	0.0
<b>Cash end</b>	<b>2.1</b>	<b>7.5</b>	<b>4.3</b>	<b>3.9</b>	<b>5.4</b>
Net debt / (cash)	23.1	7.6	8.4	4.0	14.6

Source: Company data, Equity Development estimates.

## Summary Cashflow, annual

Summary cashflow, outlook to FY24 E					
Yr to March 31 (£m)	FY20	FY21	FY22	FY23E	FY24E
PAT Reported	10.9	9.8	13.7	9.7	12.2
One-off items	0.4	3.4	1.1	2.0	1.5
Depreciation	1.5	2.0	2.6	2.6	2.6
Amortisation	0.0	0.2	0.4	1.0	1.0
Tax	2.3	3.1	2.8	2.4	4.1
Finance/other	0.6	(1.7)	0.0	0.0	0.0
<b>Operating Cash Flow</b>	<b>15.8</b>	<b>16.9</b>	<b>20.6</b>	<b>17.7</b>	<b>21.4</b>
(Increase)/Decrease inventories	2.5	(5.3)	(4.9)	(2.5)	(1.3)
(Increase)/Decrease in receivables	(0.9)	1.0	(2.2)	(1.1)	(1.8)
Increase/(Decrease) in payables	1.4	2.7	2.5	1.0	1.6
<b>Movement in working capital</b>	<b>3.0</b>	<b>(1.6)</b>	<b>(4.7)</b>	<b>(2.6)</b>	<b>(1.4)</b>
<b>Cash generated by operations</b>	<b>18.7</b>	<b>15.3</b>	<b>15.9</b>	<b>15.0</b>	<b>19.9</b>
Tax (paid)/received	(1.7)	(3.0)	(4.2)	(2.4)	(4.1)
<b>Net cash from operations</b>	<b>17.0</b>	<b>12.3</b>	<b>11.8</b>	<b>12.6</b>	<b>15.9</b>
Investing activities	0.0	0.0	0.0	0.0	0.0
Interest received	0.0	0.0	0.0	0.0	0.0
Intangibles	(0.0)	(0.1)	(1.5)	(7.8)	(4.0)
PPE	(1.7)	(1.7)	(1.3)	(1.0)	(1.3)
Acquisition	(3.5)	(1.0)	(1.0)	0.0	0.0
Sale of PPE	0.0	0.9	0.4	0.0	1.3
Net cash used in investing	(5.2)	(1.9)	(3.4)	(8.8)	(4.0)
<b>Net OpFCF</b>	<b>11.8</b>	<b>10.4</b>	<b>8.4</b>	<b>3.9</b>	<b>11.9</b>
Borrowings	5.7	(13.0)	(8.1)	12.5	4.0
Share issue	0.0	7.5	0.0	0.0	0.0
Interest paid	(0.7)	(0.6)	(0.3)	(0.2)	0.0
Leases	(0.6)	(0.6)	(1.0)	(1.0)	0.0
Dividend	(11.0)	(3.0)	(2.6)	(5.5)	(3.1)
<b>Net cash from financing</b>	<b>(6.6)</b>	<b>(9.6)</b>	<b>(11.9)</b>	<b>5.8</b>	<b>0.9</b>
Net increase in cash / equivalents	5.2	0.8	(3.5)	9.7	12.8
Cash start	1.5	6.7	7.5	3.9	13.6
Forex	(0.0)	0.0	(0.0)	0.0	0.0
<b>Cash end</b>	<b>6.7</b>	<b>7.5</b>	<b>3.9</b>	<b>13.6</b>	<b>26.4</b>
Net debt / (cash)	21.3	7.6	4.0	6.8	(1.9)

Source: Company data, Equity Development estimates.

## Summary Balance sheet, semi-annual

### Summary balance sheet, semi-annual, H1 21 – H1 23

(£m)	H1 21	H2 21	H1 22	H2 22	H1 23
Intangible assets	1.9	2.6	3.8	3.7	14.1
PPE net	3.5	2.8	2.6	2.6	3.6
RoU	1.2	1.5	2.5	2.1	1.7
Investments	0.0	0.0	0.0	1.3	0.6
<b>Sum Fixed Assets</b>	<b>6.6</b>	<b>6.9</b>	<b>8.9</b>	<b>9.7</b>	<b>20.1</b>
Inventories	19.8	19.9	26.7	25.9	30.6
Trade receivables	22.4	16.1	21.5	19.0	26.9
Tax assets	0.0	0.0	0.0	0.0	0.0
Financial insts	1.4	0.0	0.3	0.5	0.8
Cash, Equivalents	2.1	7.5	4.3	3.9	5.4
<b>Sum Current Assets</b>	<b>45.7</b>	<b>43.4</b>	<b>52.7</b>	<b>49.3</b>	<b>63.8</b>
<b>Total Assets</b>	<b>52.4</b>	<b>50.3</b>	<b>61.7</b>	<b>59.0</b>	<b>83.8</b>
Trade payables	(15.8)	(13.3)	(19.6)	(17.3)	(31.8)
Borrowings	(10.6)	(10.5)	(9.4)	(6.7)	(0.4)
Tax, Other	(2.7)	(2.9)	(2.8)	(1.3)	(0.8)
<b>Sum Current Liabilities</b>	<b>(29.0)</b>	<b>(26.7)</b>	<b>(31.9)</b>	<b>(25.3)</b>	<b>(33.0)</b>
Total Assets less Current Liabilities	23.3	23.6	29.8	33.8	50.8
Borrowings	(14.6)	(4.7)	(3.2)	(1.3)	(19.6)
Tax	(0.2)	(0.1)	(0.1)	(0.2)	(0.3)
Sum Long-term liabilities	(14.7)	(4.8)	(3.4)	(1.5)	(19.8)
<b>Total liabilities</b>	<b>(43.8)</b>	<b>(31.5)</b>	<b>(35.2)</b>	<b>(26.7)</b>	<b>(52.9)</b>
Net Assets	8.6	18.8	26.4	32.3	31.0
Share Capital	11.0	11.7	11.7	11.7	11.7
Share Premium	0.0	7.2	7.2	7.2	7.2
Capital Reserve	(22.0)	(22.0)	(22.0)	(22.0)	(22.0)
Retained earnings	19.6	21.9	28.7	33.1	31.9
<b>Equity</b>	<b>8.6</b>	<b>18.8</b>	<b>26.4</b>	<b>32.3</b>	<b>31.0</b>
Net debt / (cash)	23.1	7.6	8.4	4.0	14.6

Source: Company data, Equity Development estimates.

## Summary Balance sheet, annual

### Summary balance sheet, outlook to FY24 E

Yr to March 31 (£m)	FY20	FY21	FY22	FY23E	FY24E
Intangible assets	1.8	2.6	3.7	13.6	16.6
PPE net	3.5	2.8	2.6	5.0	3.7
RoU	1.5	1.5	2.1	2.1	2.1
Investments	0.0	0.0	1.3	1.3	1.3
<b>Sum Fixed Assets</b>	<b>6.7</b>	<b>6.9</b>	<b>9.7</b>	<b>22.0</b>	<b>23.7</b>
Inventories	14.5	19.9	25.9	28.4	29.7
Trade receivables	16.7	16.1	19.0	20.1	21.9
Tax assets	0.0	0.0	0.0	0.0	0.0
Financial insts	0.2	0.0	0.5	0.5	0.5
Cash, Equivalents	6.7	7.5	3.9	13.6	26.4
<b>Sum Current Assets</b>	<b>38.1</b>	<b>43.4</b>	<b>49.3</b>	<b>62.6</b>	<b>78.5</b>
<b>Total Assets</b>	<b>44.9</b>	<b>50.3</b>	<b>59.0</b>	<b>84.6</b>	<b>102.2</b>
Trade payables	(10.3)	(13.3)	(17.3)	(18.3)	(19.9)
Borrowings	(10.6)	(10.5)	(6.7)	(6.7)	(6.7)
Tax, Other	(2.3)	(2.9)	(1.3)	(1.3)	(1.3)
<b>Sum Current Liabilities</b>	<b>(23.2)</b>	<b>(26.7)</b>	<b>(25.3)</b>	<b>(26.3)</b>	<b>(27.9)</b>
Total Assets less Current Liabilities	21.7	23.6	33.8	58.4	74.3
Borrowings	(17.4)	(4.7)	(1.3)	(13.8)	(17.8)
Tax	(0.2)	(0.1)	(0.2)	(0.2)	(0.2)
Sum Long-term liabilities	(17.6)	(4.8)	(1.5)	(14.0)	(18.0)
<b>Total liabilities</b>	<b>(40.8)</b>	<b>(31.5)</b>	<b>(26.7)</b>	<b>(40.2)</b>	<b>(45.8)</b>
Net Assets	4.1	18.8	32.3	44.4	56.4
Share Capital	11.0	11.7	11.7	11.7	11.7
Share Premium	0.0	7.2	7.2	12.1	11.8
Capital Reserve	(22.0)	(22.0)	(22.0)	(22.0)	(22.0)
Retained earnings	15.1	21.9	33.1	42.7	54.9
<b>Equity</b>	<b>4.1</b>	<b>18.8</b>	<b>32.3</b>	<b>44.4</b>	<b>56.4</b>
Net debt / (cash)	21.3	7.6	4.0	6.8	(1.9)

Source: Company data, Equity Development estimates.



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