

2 July 2024

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

Audited Final Results for the Year Ended 31 March 2024

- Strong trading across FY24 in all divisions, with almost doubled profitability overall
- Record levels of cash generated from operations and ended the year bank debt-free
- The recently-announced acquisition of Clearly Drinks Limited provides product diversification and incremental earnings immediately for the Group
- The Group has continued its positive trading momentum into the first quarter of FY25 and is trading comfortably in line with current expectations⁵

[Supreme \(AIM:SUP\)](#), a leading manufacturer, supplier and brand owner of fast-moving consumer products, announces its audited final results for the year ended 31 March 2024 ("FY24" or "the Period").

Financial Highlights

	FY24 £m	FY23 £m	% change
Revenue	221.2	155.6	+42%
Gross profit	63.5	40.9	+55%
Gross profit %	29%	26%	+12%
Adjusted EBITDA ¹	38.1	19.4	+96%
Adjusted items	(0.6)	(0.8)	+25%
Profit before tax	30.1	14.4	+109%
Adjusted profit before tax ²	30.7	15.2	+102%
EPS	19.1p	10.3p	+85%
Adjusted EPS ³	20.9p	11.8p	+77%
Net cash from operations	27.1	19.3	+40%
Net assets	58.0	40.0	+45%
Net (debt)	(3.1)	(11.8)	+74%
Adjusted net cash ⁴	11.6	3.2	+263%

- Revenue growth of 42%, and 96% increase in Adjusted EBITDA¹, demonstrating an exceptional increase in profitability.
- Revenue growth and gross margin % increases reported across all divisions.
- Branded Distribution division, formerly known as Other Consumer Goods, reported revenues of £63.5 million (FY23: £7.8 million), driven by the ElfBar and Lost Mary master distribution agreement.
- Highly cash generative period, delivering £27.1 million cash from operations in the Period (FY23: £19.3 million), resulting in an Adjusted net cash position⁴ of £11.6 million by year end (263% growth from FY23) with no bank borrowings.
- Completed £1.0 million share buy-back programme, supporting the Board's commitment to delivering shareholder value.

Operational Highlights

- Consolidated warehousing operations at Ark, the Group's new 167,000 sq ft principal warehouse and distribution centre which will facilitate both organic and acquisitive growth

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- Announced numerous proactive measures to combat underage vaping, which Supreme strongly believes should be adopted by all industry players.
- Appointed as a master distributor for ElfBar and Lost Mary in the UK, reported within the Branded Distribution category (formally known as Other Consumers Goods) and achieving this with very little incremental investment into our people, professional or establishment resources.
- At the year end, the Group had available borrowing facilities of £55 million but £nil drawn down; the Group was entirely bank debt free.

Dividends

- A final dividend, subject to shareholder approval at the Annual General Meeting on 24 September 2024, of 3.2 pence per share.
- The Group paid an interim dividend of 1.5 pence per share, which together with the final dividend would take total dividends for the year to 4.7 pence per share, an 57% increase on the prior year dividend.

Outlook / Current Trading

- Supreme forecasts FY25 to be another profitable and highly cash-generative year for the Group. Having made a positive start in Q1, the Group is trading comfortably in line with current market expectations⁵.
- The Company's FY25 trading outlook for the Vaping and Branded Distribution divisions is expected to be largely unaffected by the Government's proposed future disposable vape ban.
- Alongside an ongoing focus on accelerating organic growth and strategic cross-selling, the Company remains committed to exploring complementary acquisition opportunities to further scale our exceptional distribution channels. The recently announced acquisition of Clearly Drinks Limited ("Clearly Drinks"), a soft drinks manufacturer and brand owner, on 21 June 2024 for a net consideration of £15 million is directly in line with this strategy. This acquisition provides product diversification for the Group as well as incremental earnings.

Sandy Chadha, Chief Executive Officer of Supreme, commented:

"Supreme has delivered an outstanding financial performance across the Period, with strong revenue growth across all five of our divisions.

Set against a challenging backdrop, we continue to be committed to providing high-quality, high-value products to both retailers and our customers.

Looking at our vaping business, we are fully committed to doing what we can to support the eradication of underage vaping so that the industry can get back to its core objective: helping adult smokers find an affordable, sustainable, and safer alternative to smoking. I am not concerned that the Government's vaping proposals will have any long-term impact on Supreme as a responsible manufacturer and distributor with resources and experience to adapt to potential new market dynamics. Operationally and financially, we are in an excellent position to expand organically and, as we've successfully demonstrated in the past (and post-period end with the Clearly Drinks acquisition), we continue to evaluate complementary acquisitions.

We've made a very positive start to the current financial year, and I look forward to updating all our stakeholders later this year on our continued progress."

Retail Investor Presentation

A presentation for retail investors covering the results for the year ended 31 March 2024 will be held at 3.30 p.m. on Tuesday, 2 July 2024.

The online presentation is open to all existing and potential shareholders and registration is free. Questions can be submitted during the presentation and will be addressed at the end.

To register for the event, please go to: <https://www.equitydevelopment.co.uk/news-and-events/supreme-investor-presentation-2july2024>

¹Adjusted EBITDA means operating profit before depreciation, amortisation and Adjusted items (as defined in Note 7 of the financial statements). Adjusted items include share-based payments charge, fair value movements on non-hedge accounted derivatives and non-

recurring items

²Adjusted profit before tax means profit before tax and Adjusted items (as defined in Note 7 of the financial statements). Adjusted items include share-based payments charge, fair value movements on non-hedge accounted derivatives and non-recurring items

³Adjusted EPS means Earning per share, where Earnings are defined as profit after tax but before amortisation of acquired intangibles and Adjusted items (as defined in Note 7 of the financial statements). Adjusted items include share-based payments, fair value movements on non-hedge accounted derivatives and non-recurring items

⁴Adjusted net cash means net debt/(cash) as defined in Note 21 to these financial statements excluding the impact of IFRS16

⁵Analyst consensus immediately before this announcement for the year ending 31 March 2025 was revenue of £242 million and Adjusted EBITDA¹ of £36.9 million

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About Supreme

Supreme supplies products across six categories; Batteries, Lighting, Vaping, Sports Nutrition and 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 10,000 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 and 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/>

Chairman's Statement

I am pleased to report that Supreme delivered a record performance in FY24, driven by organic revenue and profit growth across all our divisions. The principal driver for revenue growth was the addition of the ElfBar / Lost Mary disposable vape distribution opportunity whilst our Vaping division also continued to be a major growth engine. All other divisions also remained profitable and resilient.

Supreme has delivered a strong financial performance in FY24, having almost doubled EBITDA year-on-year and generated record levels of cash. Consequently, we have ended this year bank debt-free, which is particularly pleasing for the Board in the context of the seven acquisitions completed by the Group since 2021. The Group delivered revenue growth of 42% to £221.2 million (FY23: £155.6 million), and Adjusted EBITDA¹ of £38.1 million (FY23: £19.4 million), representing an increase of 96% on the prior period.

Supported by our capital-light model and strong cash conversion, the Board approved a £1.0 million share buyback programme, further reflecting our confidence in the Group's future value and dedication to enhancing shareholder returns.

In addition, the Board has recommended a final dividend of 3.2 pence per share, resulting in 4.7 pence per share in aggregate for the year, a 57% increase on FY23.

FY24 was another excellent period for Supreme's Vaping division, with revenues up £6.7 million to £82.8 million, and our own-brand disposable vapes reported sales of £13.7 million. Our Batteries division experienced revenue growth of £1.0 million and continues to generate a predictable revenue stream for the Group despite overall market declines, highlighting the strength of Supreme's proposition. Our Lighting division has been reassuringly stable, reporting revenue growth of 7% (£1.1 million) to £16.5 million, and we remain a longstanding supplier and supportive partner to our biggest lighting retailers. Revenue for the Sports Nutrition & Wellness category grew by 8% to £18.0 million, driven by a substantial increase in protein powder revenue.

Following Supreme's appointment as a master distributor for ElfBar and Lost Mary, we renamed our "Other Consumer Goods" category to "Branded Distribution" to more accurately describe the nature of the products and the business model housed in this category. The ElfBar and Lost Mary appointment saw us distribute disposable vapes to new blue-chip retail customers, including Tesco, and further enhanced the Group's cross-selling opportunities. Collectively, the business unit reported revenue of £63.5 million in the Period.

Macroeconomically, FY24 was a challenging period. Well-publicised inflationary pressures, alongside the ongoing cost-of-living crisis, inevitably posed challenges for our suppliers, customers, and staff. Yet, as displayed by the growth detailed above, we successfully navigated these challenges across all our divisions, and have continued to provide high-quality, low-price goods to retailers and therefore consumers.

Regarding our broader exposure to the UK vaping market, Supreme remains supportive of the Government's plans to curb underage vaping. We have been consistent in articulating how this can be achieved, and in FY24 announced new measures for our 88Vape brand, including the introduction of plain packaging, the discontinuation of brightly coloured disposables, the simplification of flavour names, and ensuring the Group only trades with retailers which enforce robust age verification. We believe that vaping should be a smoking cessation tool, and that adults looking to quit smoking should be supported in a cost-effective way. We have also considered the environmental impact of vapes and have rolled out vape disposal units across the entire estate of our largest customer, B&M Retail, with the goal of encouraging more responsible disposal of single-use devices.

Supreme has also continued to demonstrate its ability to execute strategic acquisitions and, more importantly, integrate these businesses into the Group in a timely manner. An example of this is the seamless integration of Liberty Flights into the Group's existing business processes. This acquisition has broadened the Company's vaping proposition, with the consequential significant product overlap and manufacturing processes across the Group's Vaping division allowing for enhanced margins across the enlarged business. It has also generated further cross-selling opportunities across Supreme's existing customer base.

In January 2024, we acquired the assets of FoodIQ UK Holdings Limited ("Food IQ"), the protein manufacturer, for consideration of £175,000, which included a £1.2 million state-of-the-art, accredited, and automated contract manufacturing facility that opened only 18 months prior. A key component to the acquisition, this purpose-built facility is expected to increase the Group's Sports Nutrition & Wellness division's manufacturing capacity and capability, supporting both medium and long-term growth.

This ability to identify opportunities, act strategically, and integrate effectively underpins Supreme's success. Our team is talented in recognising comparable, well-priced, immediately earnings-enhancing brands and merging them into the Supreme portfolio with a keen focus on our core business offering. Accordingly, we continue to explore accretive M&A opportunities to retain a diverse and competitive offering of high-value, low-cost products. At the year end, the Group had immediate access to bank revolving credit and invoice discounting borrowing facilities of £55 million which were entirely undrawn, providing significant liquidity to finance such M&A opportunities.

The Board continues to be committed to ESG concerns, ensuring that the Company is proactive, rather than reactive, to ESG responsibilities. Supreme manages its ESG operations via various sub-committees, which ensure that our focus remains on "doing the right thing" in how we conduct ourselves and our business for the good of the environment, our community, our people, and our stakeholders.

The Board remains pleased with the Group's performance, and on its behalf, I would like to thank all our employees for their fantastic efforts, persistence, and diligence during the Period.

Our colleagues are integral to the success of Supreme, and we look forward to seeing what they will continue to achieve

Our colleagues are integral to the success of Supreme, and we look forward to seeing what they will continue to achieve. Our management team has driven Supreme to produce excellent results, and we are confident that they can lead the Company to achieve its medium and long-term growth goals.

Paul McDonald

Non-executive Chair

1 July 2024

¹*Adjusted EBITDA means operating profit before depreciation, amortisation and Adjusted items (as defined in Note 7 of the financial statements). Adjusted items include share-based payments charge, fair value movements on non-hedge accounted derivatives and non-recurring items*

Chief Executive Officer's Review

Introduction

The year ended 31 March 2024 was an exceptional period of growth for Supreme, both on an operational and financial level. Not only did we deliver a record financial performance, underpinned by excellent organic revenue and profit growth across all divisions, but we also significantly enhanced our manufacturing and distribution credentials by commencing operations from our new Ark facility in Manchester.

The Group produced an outstanding financial performance, increasing revenue by 42% to £221.2 million (FY23: £155.6 million), alongside a 55% increase in gross profit to £63.5 million (FY23: £40.9 million). Adjusted EBITDA¹ also increased to record levels of £38.1 million (FY23: £19.4 million), which represented a 96% improvement on the prior year - a quite staggering performance from the business. The Group generated operating cash of £27.1 million (FY23: £19.3 million), further demonstrating the highly cash-generative nature of our core operations. Adjusted net cash⁴ in the Period increased by £8.4 million to £11.6 million and the Group proposes to pay a final dividend of 3.2 pence per share, resulting in 4.7 pence per share in total for the year (FY23: 3.0 pence per share in total).

The Group has continued to see strong sales traction across our product mix, with our vaping products, both owned and branded (reported within Vaping and Branded Distribution), performing particularly well. Elsewhere, our Sports Nutrition & Wellness, Batteries and Lighting categories all grew both their revenues and gross profits across the Period.

Although our focus during the Period was primarily on accelerating organic growth, as a business we have continued to explore acquisition opportunities which we believe have the potential to enhance the Group's overarching trading performance. In January 2024, we completed the acquisition of the assets of protein product manufacturer FoodIQ out of administration, for consideration of £175,000. This transaction provided Supreme with access to a highly sophisticated, accredited, and automated contract manufacturing facility near London that originally cost more than £1.2 million to build and is less than two years old. The site was purpose-built for the development of sports nutrition products and management expects the facility will increase the Group's Sports Nutrition & Wellness manufacturing capacity and capability to help ensure we meet growing demand.

As part of the Company's commitment to safe and responsible vaping consumption, we have repeatedly outlined our support of all regulation that helps prevent underage vaping in the UK, and implemented numerous proactive measures during the Period to ensure that our own-brand products are not attractive to underage vapers, including toning down colours in 88Vape packaging and streamlining the brand's flavour range. Our continued investment in rechargeable pod system vaping devices, coupled with the Company's exceptional progress in developing a uniquely diverse vape product mix, has ensured that the Group is well positioned to adapt to changes in the UK e-cigarette market.

In March 2023, we entered a 15-year lease for Ark, the Group's new 167,000 sq ft principal warehouse and distribution centre. Following a complex fit out process, 12,000 pallet spaces have been relocated, with the Group now operating from the new facilities. This new centre, with the committed 15-year lease, future proofs our operations in the medium term and has enabled our teams to both consolidate and streamline storage and distribution, whilst also creating a working environment of which our people can be proud of.

FY24 has been a hugely successful period of growth for Supreme and I strongly believe that we remain firmly on track to maintain this impressive growth momentum in FY25 and beyond.

Operational Review

I am delighted with the strong performance of the Group, which further demonstrates that our vertically integrated platform provides the best route to market for both Supreme and our customers. Supreme's successful track record of developing and distributing our own product, alongside providing a truly unique distribution platform for third parties, has underpinned our robust financial growth track record.

Management will therefore continue to focus on the following strategic growth drivers, namely:

- Continue to explore and execute on complementary earnings enhancing acquisitions;
- Further leverage cross-selling opportunities to expand our customer footprint and average revenue per customer;
- Continue to explore and develop new product verticals that complement Supreme's customer base, focused on a high quality and good value consumer proposition;
- Leverage our new manufacturing and distribution footprint to create ongoing economies of scale and explore bringing the manufacture of even more products in-house; and
- Enhance online distribution and services to further grow our B2B and D2C sales channels.

Vaping

The Group's Vaping division delivered another solid performance in FY24, with revenues increasing 9% to £82.8 million (FY23: £76.1 million), driven by a combination of organic retail sales growth and a positive performance from our longstanding HM Prison and Probation Service ("HMPPS") contract.

During the Period, Liberty Flights' manufacturing, warehousing, and business administration functions were successfully integrated into Supreme, generating volume and purchasing synergies alongside creating further cross-selling opportunities.

As an industry leader, we have made good progress implementing the proactive measures we announced in October 2023, which are designed to ensure our range of 88Vape products do not create any interest from those underage. These include:

- Reducing the use of colour in 88Vape packaging;
- Discontinuing the use of coloured hardware for all of the brand's disposables;
- Using only age-appropriate naming conventions to describe 88Vape flavours;
- Trading only with retailers and e-tailers who commit to having robust age verification controls in place; and
- Making recommendations to retail customers to locate vapes away from confectionery.

Thanks to the hard work and expertise of our innovation team, we continued to roll-out new vaping products and now boast a first-class range of reusable devices, including an 88Vape-branded rechargeable pod system. Looking ahead, we expect demand for pod system vaping devices to continue to grow and are well placed to support retail customers as they begin to increase their stock of the product.

Supreme has been a longstanding supporter of UK Government initiatives to promote vaping as a smoking cessation tool, and we continue to collaborate with HMPPS and participate in the Government's 'Swap to Stop' campaign to facilitate this objective.

Supreme has become the leading voice in the ever-evolving UK vaping landscape, and we firmly believe that positive regulatory reform can provide a stable base from which we can continue to grow our business.

UK Government Vaping Proposals

Supreme remains mindful of the UK Government's highly publicised proposal to ban disposable vaping devices in a bid to combat underage vaping, as well as its provisional plan to introduce an excise duty on vaping products, albeit from October 2026. Total revenue from disposable vapes in aggregate came to £70.7 million in FY24, representing 32% of Group revenue and was reported across the Vaping and Branded Distribution category.

We continue to work with our key vaping customers and partners to ensure a smooth transition as any new measures are absorbed by the market. Supreme has an established suite of fully compliant rechargeable pod systems, produces over 60 million 10ml bottles of e-liquid annually and, as highlighted above, has already become a principal supplier to the UK

Government's 'Swap to Stop' scheme. Vaping remains a credible, sustainable, and highly effective smoking cessation tool endorsed by global public health officials and is integral to the UK Government's 'Achieving Smoke-free 2030' initiative.

Branded Distribution (previously Other Consumer Goods)

As previously communicated, management chose not to report the ElfBar and Lost Mary disposable vape revenue stream within the Vaping division so as not to dilute or detract from our core Vaping business. ElfBar and Lost Mary are not brands owned or manufactured by Supreme, so have an entirely different financial profile to the Group's core Vaping business. They are much more aligned to the profile of our pre-existing Other Consumer Goods category (now renamed Branded Distribution).

The division reported revenues of £63.5 million (FY23: £7.8 million), with the ElfBar and Lost Mary distribution agreement contributing £57.0 million. Supreme generated the remaining £6.5 million from sales in its core business, which is the distribution of branded household laundry and cleaning brands. The blended margin of the category remains relatively low compared to other product categories within the Group at 14% (FY23: 10%)

The speed with which Supreme was able to establish, onboard, and scale this opportunity with close-to 100% service levels was testament to the capabilities of the Group's vertically integrated platform, specifically with reference to sourcing, warehousing, and distribution. More notably, it was delivered with minimal additional incremental overheads, which can be credited to our exceptional employees, who have been at the centre of our success this year.

Sports Nutrition & Wellness

The Sports Nutrition & Wellness division performed strongly during the Period, delivering revenues of £18.0 million (FY23: £16.7 million), an increase of 8%. Sci-MX, our leading protein powder, shakes and bars brand, has continued to deliver significant sales momentum since the rebrand, supported by strategic marketing, advertising, and influencer campaigns. With all Sci-MX products now manufactured in-house, the brand is set to benefit from the Company's increased manufacturing space and distribution capabilities, alongside the Group's recent FoodIQ acquisition. Powders now represents a sizeable component of the division compared to previous periods, resulting in a positive step change in gross margin of the category overall from 16% to 29%.

We launched new Sealions vitamins pouches, alongside an exciting collection of protein-focused products under the brand which is already beginning to generate cross-selling opportunities. Supreme recognises the strong growth potential of the protein powders market and this decision to further diversify the Sealions portfolio enables us to leverage another fully established e-commerce channel to market protein products to an even wider demographic whilst underlining our commitment to providing consumers with great-value nutritional supplements.

Pleasingly, inflationary pressures impacting raw materials continue to subside, including those affecting the price of whey which is the key ingredient in most of our protein products. This, together with our recent facility upgrades and FoodIQ acquisition, ensures Supreme is well positioned to further increase profit margins across the division and explore new retail opportunities in FY25 and beyond.

Lighting

The Lighting division generated a reassuring recovery across FY24, with revenue up 7% to £16.5 million (FY23: £15.4 million), whilst we retained our position as a longstanding supplier and supportive partner to our biggest retail customers. Recent licence extensions with Energizer and Eveready have positioned the Group well for future trading, and so has our new exclusive supply agreement with Black+Decker.

Facilitated by our vertically integrated platform, we were able to respond rapidly to the recent rise in global torches sales, adding Duracell torches to our already broad Lighting product portfolio. Another key development during the Period was the investment into our B2B e-commerce site dedicated to our Lighting division to help drive sales and expand our wholesale presence across the UK and Europe.

Batteries

The Group's Batteries division remains profitable, delivering revenue growth of 3% to £40.5 million (FY23: £39.5 million) which was driven by a mix of inflationary price increases and volume growth.

We have a proud 36-year history operating in the batteries industry and in that time have developed trusted relationships

We have a proud 30 year history operating in the batteries industry and in that time have developed trusted relationships with the largest brands in the market to consolidate our position as the UK's largest distributor. Whilst the market, overall, has declined, Supreme grew its market share, driven by our operational scale and the resilience of the discounter retailers.

Supreme supplies domestic household batteries to a broad range of UK retailers, wholesalers and online outlets including discounters, supermarkets, hardware stores, toy stores, convenience retail, garages and DIY stores, whilst the Company also has an exclusive licensing agreement for JCB batteries. The scope of our Batteries division operations means we have an important responsibility to ensure that our packaging is as eco-friendly as possible. Pleasingly, almost all the batteries we sell come in plastic-free packaging and we are also focused on ensuring the carbon footprint of our manufacturing and distribution processes are kept to a minimum.

The category continues to generate consistent, predictable, profitable, and growing revenue for the Group, with minimal costs to serve. With sticky customer relationships and an extensive UK distribution network, we look forward to further capitalising on the cross-selling opportunities our favourable reputation in the batteries space continues to create.

Outlook

Supreme forecasts FY25 to be another profitable and highly cash-generative year for the Group. Having made a positive start in Q1, the Group is trading comfortably in line with current market expectations⁵.

Alongside an ongoing focus on accelerating organic growth and strategic cross-selling, the Company remains committed to exploring complementary acquisitional opportunities to further exploit our world class distribution channels.

The Board is mindful of potential legislative changes to the UK vaping market, but is confident in the Group's future growth prospects, and remains encouraged by both the positive impact of the new warehouse facility and the easing of raw material inflationary pressures. Supreme is well placed to further improve profit margins and consolidate its status as a leading UK provider of high-quality, in-demand, and affordable consumer goods.

Sandy Chadha

Chief Executive Officer

1 July 2024

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⁵Analyst consensus immediately before this announcement for the year ending 31 March 2025 was revenue of £242 million and Adjusted EBITDA¹ of £36.9 million

Chief Finance Officer's Review

I am delighted to present our financial results for FY24. The Group delivered a very strong financial performance with all financial metrics delivering positive momentum in the Period. Revenue increased by 42% to £221.2 million and Adjusted EBITDA¹ almost doubled from £19.4 million in FY23 to £38.1 million in FY24 (+96%). What's more pleasing is that the vast majority of this growth was achieved organically.

The Group has zero bank borrowings at the year-end, Adjusted net cash⁴ of £11.6 million (FY23: £3.2 million) and the balance sheet was notably stronger having grown net assets by £18.0 million to £58.0 million (FY23: £40.0 million). The net cash position is particularly notable in the context of the seven acquisitions completed by the Group since 2021.

Impressively, revenue grew across all our categories: Batteries, Lighting, Vaping, Sports Nutrition & Wellness, and Branded Distribution. Gross profit as a percentage of sales also grew in all categories, highlighting the strength of the various sourcing and manufacturing models employed across the Group.

The table below summarises the key financial measures and their comparisons to the prior year. The commentary in this review references alternative performance measures which are described as 'Adjusted', meaning that in the Directors'

review references alternative performance measures which are assessed as 'adjusted', meaning that in the directors' judgement, they need to be disclosed separately by virtue of either: their volatility year-on-year; their one-off nature; their size, their non-operating nature; or because the adjustment of a particular item is widely accepted and conducted by peers (to ensure comparability with other listed businesses). In addition, this review also references 'net debt' which is defined as closing cash, as reported on the balance sheet, net of borrowings, as defined in Note 21.

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Operating cash flow	27.1	19.3	+40%
Net assets	58.0	40.0	+45%
Net (debt)	(3.1)	(11.8)	+74%
Adjusted net cash ⁴	11.6	3.2	+263%

Revenue

Revenue for FY24 was £221.2 million (FY23: £155.6 million), an increase of 42%. Almost all of this growth arose organically (£61.3 million) whilst the remainder of the growth (£4.3 million) came from the annualization effect of the businesses acquired in FY23. All divisions across the Group reported growth and further details, by division, are presented below.

Revenue by division

Revenue for Batteries was £40.5 million in FY24 (FY23: £39.5 million), growth of 3%, arising from a combination of increased volume and price. There has been a notable change in mix year-on-year which explains the increase in gross profit as a percentage of sales. For the first time, Energizer has overtaken Duracell in Supreme's sales of branded batteries, an indication of how the wider market dynamics are changing.

Revenue for Lighting was £16.5 million (FY23: £15.4 million), growth of 7%, confirming the recovery of the category following a retailer overstocking issue in the prior year. Whilst all listings and customers were retained during the Period, we did report a slowdown in consumer spending in the second half of the year which may signal an inevitable longer-term trend as lightbulbs begin to last longer and replacement cycles slow down. Regardless, we expect a further recovery in this category across FY25.

Revenue for Vaping was £82.8 million (FY23: £76.1 million), growth of 9%. The businesses acquired in FY23 represented £4.3 million of the growth whilst the organic growth of £2.4 million predominantly came from e-liquids and the HMPPS contract. Disposable vape sales in this division of £13.7 million in FY24 was broadly in line with the prior year. Despite the changing market dynamics within the industry, the popularity of Supreme's 'hero' 10ml liquids was unchallenged and we continue to report volume growth which is a key driver in the growing levels of gross profit margin for the division. E-liquids generate the highest levels of return across the Supreme product portfolio owing to the Company's best-in-class manufacturing and economies of scale.

Revenue for Sports Nutrition & Wellness was £18.0 million (FY23: £16.7 million), growth of 8%. Following a period of substantial whey input price inflation in our supply chain during FY23, the category reported a partial reversal of this inflation in FY24 where whey prices returned to a more normal level. The revenue growth was driven by a substantial increase in powder revenue (increase in volume offset by a reduction in price, linked to the deflation) offset by a decline in sales of protein snack bars. This means that powders now account for more of the category overall than before and this shift in mix alongside the lower whey input prices has driven the increase in overall gross margin to 29% for the category (FY23: 16%).

In FY24, we re-named the Other Consumer Goods category to Branded Distribution following the Company's appointment as a master distributor for ElfBar and Lost Mary, given this category is exclusively involved in the distribution of third-party

a master distributor for ElfBar and Lost Mary, given this category is exclusively involved in the distribution of third-party consumer goods. The division reported revenue of £63.5 million (FY23: £7.8 million) with the incremental revenue arising almost exclusively from Supreme's appointment as a master distributor of ElfBar and Lost Mary disposable vape products, two of the UK's most recognised vaping brands. Total revenue from disposable vapes in aggregate came to £70.7 million in FY24, representing 32% of Group revenue.

Gross profit

Gross profit for FY24 was £63.5 million (FY23: £40.9 million), growth of 55%. As a percentage of revenue, gross profit was 29% (FY23: 26%) with higher rates of gross profit arising in all divisions. In Batteries, the increase in gross profit margin was the result of a change in sales mix. For Lighting, it was the reduced focus on Free On Board ("FOB") arrangements (i.e. shipments sent directly from the Far East to customers) combined with a leaner supply chain and better shipping rates. For Vaping, this was the result of the consolidation of manufacturing into one single site in Manchester following the three vaping manufacturing acquisitions undertaken in FY23, combined with further economies of scale and manufacturing efficiencies. In Sports Nutrition & Wellness, the increase in gross profit margin arose from a shift in sales mix towards manufactured products (powders and vitamins) plus the settling back down of input costs on whey generated higher rates of gross profit as a percentage of sales. The increase in blended gross profit % for the Group overall was in spite of the incremental ElfBar / Lost Mary revenue reported at 15% gross margin.

Adjusted EBITDA¹

Administrative expenses reported within Adjusted EBITDA¹ (i.e. excluding depreciation and amortisation and adjusted items) were £25.4 million in FY24 (FY23: £21.5 million), an increase of £3.9 million:

- £2.3 million of this arose within people costs as a result of the full year impact of the cost-of-living pay rise initiative that took place in September 2022, the reinstatement of the CEO's salary (which he sacrificed in FY23 to compensate for this cost-of-living initiative), new hires and bonuses;
- £1.0 million of the increase arose within establishment costs and related to an increase in business rates across the property portfolio and the addition of Ark (the new warehouse and distribution centre);
- £0.2 million was a result of increased utility costs across the Group in line with national increases; and
- a further £0.3 million related to increased professional expenses (specifically audit and insurance), owing to the step change in the size of the Group and industry-accepted increases.

The remainder of the increase in administrative expenses related to increases in selling costs, aligned to the increase in top line revenue (distribution, commission and listing fees). Despite the annualization effect of the FY23 acquisitions, there were no resulting increases in overheads in FY24 owing to the integration of these businesses into Supreme's core platform.

As a result, Adjusted EBITDA¹ increased by £18.7 million (96%) in the year to £38.1 million (FY23: £19.4 million).

Adjusted items

Adjusted items were £0.6 million compared to £0.8 million the year before. These costs related to share-based payment charge of £1.2 million (FY23: £1.5 million), £0.6 million credit in relation to fair value movements on financial derivatives (FY23: £1.1 million charge), £0.7 million credit owing to the release of over-accrued contingent consideration in respect of Liberty Flights (FY23: £nil), and £0.7 million of integration expenses in relation to the businesses acquired in FY24 and FY23 (FY23: £1.0 million).

The Board believes that by adjusting these items from profitability, it was able to understand the underlying performance of the business more clearly and further information pertaining to these items can be found in Note 7 to these financial statements.

Finance costs

Finance costs (net of interest income) were £1.9 million in the year (FY23: £1.0 million), split between interest arising from borrowings (net of interest on deposits) in the year of £0.7 million, the unwind of discounting on the deferred consideration of Liberty Flights of £0.2 million, arrangement fees of £0.2 million and the interest relating to the lease liabilities under IFRS16 of £0.9 million.

Taxation

Total tax charge in the year was £7.7 million (FY23: £2.5 million), giving rise to an effective tax rate of 25% (FY23: 17%) primarily as a result of the increase in UK corporation tax from 19% to 25%.

Profit after tax and earnings per share

Profit after tax was £22.4 million compared to £12.0 million in FY23, growth of 87%. As a result, earnings per share increased by 85% to 19.1p (FY23: 10.3p) and on a fully diluted basis increased from 9.7p to 18.1p.

On an adjusted profit after tax basis, which we consider to be a better measure of performance, adjusted earnings (as calculated in note 11) were £24.5 million (FY23: £13.8 million) and adjusted earnings per share³ was 20.9p (FY23: 11.8p).

Dividends

The Group's dividend policy is to pay an annual amount equivalent to around 25% of net profit. In January 2024, the Group paid an interim dividend of 1.5p per share and the Directors will recommend a final dividend of 3.2p per share at the 2024 Annual General Meeting to be held on 19 September 2024. This will be paid on 24 September 2024 to shareholders on the register at the close of business on 23 August 2024. The ex-dividend date will be 22 August 2024.

Cash flow

	FY24 £m	FY23 £m
Adjusted EBITDA ¹	38.1	19.4
Movement in working capital & other items	(5.7)	1.6
Tax paid	(5.3)	(1.7)
Net cash from operations	27.1	19.3
Debt servicing/raising/repaying	(5.0)	(2.1)
Lease payments	(1.2)	(1.0)
Capex	(5.4)	(1.3)
M&A	(6.1)	(10.3)
Proceeds from sale of assets	0.1	4.0
Dividends net of share issues	(4.3)	(5.1)
Share buy back	(1.0)	-
Net cash flow	4.2	3.5

The Group generated £27.1 million net cash from operations in FY24 (FY23: £19.3 million). The increase in working capital was the net impact of an initial investment into working capital specifically in respect of the ElfBar and Lost Mary distribution opportunity of £14.6 million, and a reduction in working capital across the remainder of the Group via a number of working capital initiatives. The tight management of working capital in times of expansion and growth reflects the tenacity with which the business continues to be managed.

£5.4 million was reported within capex and was largely in respect of the fitout of Ark, Supreme's new 167,000 sq ft warehouse and distribution centre. £6.1 million reported as M&A related to the acquisition of Superdragon (reported on the last day of FY23 but paid for during the first week of FY24) of £2.7 million and the payment of deferred and contingent consideration in respect of Liberty Flights totalling £3.4 million. As expected, the Group serviced its dividend and taxation obligations which totalled £9.5 million (FY23: £6.8 million) plus a further £1.0 million outflow in respect of the share buyback process that concluded immediately before year end resulting in the acquisition of 828,000 shares at an average price of 121p each which were immediately cancelled.

In respect of financing, the Group's cashflows were supported by its £35 million revolving credit facility ("RCF") and its £20 million invoice financing facility during the Period. At its peak in H1 FY24, the Group had drawn £16.6 million on its facilities but by year-end this was fully repaid. In fact, the Group was entirely bank debt-free at the balance sheet date in addition to having £11.6 million of cash resulting in an Adjusted net cash⁴ position of £11.6 million at year end (FY23: Adjusted net cash⁴: £3.2 million).

At year end, the Group had immediate access to borrowing facilities of £55 million which were entirely undrawn at year end which will provide significant liquidity to finance M&A or further organic growth in the form of working capital.

and which will provide significant liquidity to finance market-led and organic growth in the form of working capital.

Net debt

	FY24 £m	FY23 £m
Cash	(11.6)	(7.5)
Borrowings	-	4.3
Adjusted net (cash) ⁴	(11.6)	(3.2)
IFRS 16 lease liabilities	14.7	15.0
Net debt	3.1	11.8

Use of non-GAAP measures in the Group financial statements

Certain measures have been used to increase understanding of the Group's Report and Accounts. These measures are not defined under IFRS and therefore may not be directly comparable with adjusted measures presented by other companies. The non-GAAP measures are not intended to be a substitute for or superior to any IFRS measure of performance; however they are considered by management to be important measures used in the business for assessing performance. The non-GAAP measures used in this strategic review and more widely in this Annual Report are defined in the footnotes below and set out in Note 7 to these financial statements.

Suzanne Smith

Chief Finance Officer

1 July 2024

¹Adjusted EBITDA means operating profit before depreciation, amortisation and Adjusted items (as defined in Note 7 of the financial statements). Adjusted items include share-based payments charge, fair value movements on non-hedge accounted derivatives and non-recurring items.

²Adjusted Profit before tax means profit before tax and Adjusted items (as defined in Note 7 of the financial statements) Adjusted items include share-based payments charge, fair value movements on non-hedge accounted derivatives and non-recurring items.

³Adjusted EPS means Earning per share, where Earnings are defined as profit after tax but before amortisation of acquired intangibles and Adjusted items (as defined in Note 7 of the financial statements). Adjusted items include share based payments, fair value movements on non-hedge accounted derivatives and non-recurring items.

⁴Adjusted net cash means net debt as defined in Note 21 to these financial statements excluding the impact of IFRS16.

Consolidated Statement of Comprehensive Income

for the Year Ended 31 March 2024

	Note	Year Ended 31 March 2024 £'000	Year Ended 31 March 2023 £'000
Revenue	4	221,249	155,612
Cost of sales	6	(157,716)	(114,758)
Gross Profit		63,533	40,854
Profit on disposal of Cuts Ice trademarks	7	-	2,787
Administration expenses	6	(31,515)	(28,192)
Operating profit		32,018	15,449
Adjusted EBITDA¹		38,116	19,392
Depreciation	13	(3,772)	(2,200)
Amortisation	12	(1,733)	(915)
Adjusted items	7	(593)	(828)
Operating profit		32,018	15,449
Finance income	9	147	25
Finance costs	9	(2,045)	(1,037)
Profit before taxation		30,120	14,437
Income tax	10	(7,694)	(2,469)
Profit for the year		22,426	11,968

**Other comprehensive
(expense)/income**

*Items that may be reclassified to profit
or loss*

Exchange differences on translation of foreign operations		(1)	101
Total other comprehensive (expense)/income		(1)	101
Total comprehensive income		22,425	12,069
Earnings per share - basic	11	19.1p	10.3p
Earnings per share - diluted	11	18.1p	9.7p

Note 1: Adjusted EBITDA, which is defined as operating profit before depreciation, amortisation and Adjusted items (as defined in Note 7) is a non-GAAP metric used by management and is not an IFRS performance measure.

All results derive from continuing operations.

Consolidated Statement of Financial Position

as at 31 March 2024

	Note	As at 31 March 2024 £'000	As at 31 March 2023 £'000
Non-current assets			
Assets			
Goodwill and other intangibles	12	13,663	15,281
Property, plant and equipment	13	21,416	20,815
Investments	14	-	7
Total non-current assets		35,079	36,103
Current assets			
Inventories	16	24,434	25,606
Trade and other receivables	17	35,626	20,899
Cash and cash equivalents	18	11,631	7,536
Total current assets		71,691	54,041
Total assets		106,770	90,144
Liabilities			
Current liabilities			
Borrowings	21	1,268	5,026
Trade and other payables	19	27,303	26,117
Forward contract derivative	24.5	52	652
Income tax payable		5,068	2,536
Provisions	23	349	-
Total current liabilities		34,040	34,331
Net current assets		37,651	19,710
Borrowings	21	13,449	14,293
Deferred tax liability	15	854	789
Provisions	23	452	775
Total non-current liabilities		14,755	15,857
Total liabilities		48,795	50,188
Net assets		57,975	39,956
Equity			
Share capital	25	11,652	11,732
Share premium		7,435	7,427
Merger reserve		(22,000)	(22,000)
Capital redemption reserve		83	-
Share-based payments reserve		3,967	3,043
Retained earnings		56,838	39,754
Total equity		57,975	39,956

The notes are an integral part of these financial statements.

The financial statements were approved by the Board of Directors and authorised for issue on 1 July 2024, and were signed on its behalf by:

S Smith

Director

Registered number: 05844527

Consolidated Statement of Changes in Equity

for the Year Ended 31 March 2024

	Share Capital £'000	Share Premium £'000	Merger reserve £'000	Capital redemption reserve £'000	Share-based payments reserve £'000
As at 1 April 2022	11,663	7,231	(22,000)	-	2,368
Profit for the year	-	-	-	-	-
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	-
<i>Transactions with shareholders:</i>					
Issue of shares (note 25)	69	196	-	-	-
Employee share schemes - value of employee services (note 26)	-	-	-	-	1,283
Deferred tax on share-based payment charge (note 15)	-	-	-	-	(608)
Dividends (note 25)	-	-	-	-	-
	69	196	-	-	675
As at 31 March 2023	11,732	7,427	(22,000)	-	3,043
Profit for the year	-	-	-	-	-
Other comprehensive expense	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	-
<i>Transactions with shareholders:</i>					
Issue of shares (note 25)	3	8	-	-	-
Share buy back (note 25)	-	-	-	-	-
Cancellation of shares (note 25)	(83)	-	-	83	-
Employee share schemes - value of employee services (note 26)	-	-	-	-	1,078
Deferred tax on share-based payment charge (note 15)	-	-	-	-	(154)
Dividends (note 25)	-	-	-	-	-
	(80)	8	-	83	924
As at 31 March 2024	11,652	7,435	(22,000)	83	3,967

Consolidated Statement of Cash Flows

for the Year Ended 31 March 2024

	Note	Year Ended 31 March 2024 £'000	Year Ended 31 March 2023 £'000
Net cash flow from operating activities			
Profit for the year		22,426	11,968
Adjustments for:			
Amortisation of intangible assets	12	1,733	915
Depreciation of tangible assets	13	2,087	1,268
Depreciation of right of use assets	13	1,685	932
Finance income	9	(147)	(25)
Finance costs	9	1,990	982
Amortisation of capitalised finance costs	9	55	55
Income tax expense	10	7,694	2,469
Gain on disposal of intangible fixed assets	7	-	(2,787)
Loss on disposal of tangible fixed assets		169	-
Movement on forward foreign exchange contracts	24.5	(600)	1,119
Share based payments expense	26	1,226	1,460
Working capital adjustments (net of acquired on business combinations)			
Impairment of investments	14	7	-
Decrease in inventories		1,172	2,920
Increase in trade and other receivables		(14,727)	(671)
Increase/(decrease) in trade and other payables		7,725	(27)
Increase in provisions		26	349
Taxation paid		(5,306)	(1,652)
Invoice discounting fees		(147)	-
Net cash from operations		27,068	19,275
Cash flows used in investing activities			
Purchase of intangible fixed assets	12	(115)	(23)
Purchase of property, plant and equipment	13	(5,322)	(1,254)
Purchase of business combinations net of cash acquired	19	(2,470)	(10,055)
Proceeds from sale of property, plant and equipment		115	1
Proceeds from sale of intangible fixed assets		-	4,018
Payment of deferred consideration	20	(2,187)	(270)
Payment of contingent consideration	20	(1,451)	-

Finance income received		147	25
Net cash used in investing activities		(11,283)	(7,558)
Cash flows used in financing activities			
Repayment of long term loans	21	-	(3,984)
Repayment of related party loans	21	-	(1,779)
Repayments of RCF facility	21	(9,918)	(14,000)
Drawdowns of RCF facility	21	5,500	18,418
Issue of options or share capital	25	11	265
Share buy back	25	(1,000)	-
Dividends paid	25	(4,341)	(5,365)
Finance costs paid	21	(559)	(776)
Facility fees paid	9	(115)	-
Interest paid on leases	21	(139)	(153)
Lease payments	21	(1,062)	(834)
Net cash used in financing activities		(11,623)	(8,208)
Net increase in cash and cash equivalents		4,162	3,509
Cash and cash equivalents brought forward		7,536	3,926
Effects of exchange rate changes		(67)	101
Cash and cash equivalents carried forward		11,631	7,536
Cash and cash equivalents	18	11,631	7,536
		11,631	7,536

Notes to the Group Financial Statements

for the Year Ended 31 March 2024

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

The financial information set out in this preliminary announcement does not constitute statutory accounts as defined by section 434 of the Companies Act 2006.

These Group financial statements have been prepared on a going concern basis under the historical cost convention, modified for the revaluation of certain forward contracts derivatives; in accordance with UK-adopted International Accounting Standards and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards.

The results of the year ended 31 March 2024 have been extracted from the full accounts of the Group for that year which received an unqualified auditor's report and which have not yet been delivered to the Registrar of Companies. The financial information for the year ended 31 March 2023 is derived from the statutory accounts for that year, which have been delivered to the Registrar of Companies. The report of the auditor on those filed accounts was unqualified. The accounts for the year ended 31 March 2024 and 2023 did not contain a statement under S498 (1) and (4) of the Companies Act 2006. The statutory accounts for the year ended 31 March will be posted to shareholders at least 21 days before the Annual General Meeting and made available on our website www.supreme.co.uk and on request by contacting the Company Secretary at the Company's registered office.

The Directors have prepared this financial information on the fundamental assumption that the Group is a going concern and will continue to trade for at least 12 months following the date of approval of the financial information.

2. Summary of material accounting policies

The principal accounting policies adopted are set out below.

2.1 Basis of consolidation

The consolidated financial statements present the results of the Company and its own subsidiaries as if they form a single entity. Intercompany transactions and balances between Group companies are therefore eliminated in full.

The Group financial statements incorporate the results of business combinations using the acquisition method. In the Consolidated Statement of Financial Position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated Statement of Comprehensive Income from the date on which control is obtained. They are deconsolidated from the date control ceases. The merger reserve arose on a past business combination of entities that were under common control. The merger reserve is the difference between the cost of investment and the nominal value of the share capital acquired.

2.2 New standards, amendments and interpretations

New and amended standards and adopted by the Group

The Group acknowledges the following changes that have taken effect during this financial year. Except for IAS 1, these amendments are either not applicable or have only an immaterial impact on the Group:

Standards and interpretations	Effective from
IAS 1 Presentation of Financial Statements (Amendment to Disclosure of Accounting Policies);	1 April 2023
IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (Amendment to the Definition of Accounting Estimates);	1 April 2023
IAS 12 Income Taxes (Amendment to Deferred Tax related to Assets and Liabilities Arising from a Single Transaction);	1 April 2023
IAS 12 Taxes (Amendment to International Tax Reform - Pillar Two Model Rules - effective immediately upon the issue of the amendments and retrospectively); and	1 April 2023
IFRS 17 Insurance Contracts.	1 April 2023

New standards and interpretations not yet adopted

There are a number of standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods that the Group has decided not to adopt early.

The Group is currently assessing the impact of these new accounting standards and amendments. The Group does not expect any standards issued by the IASB, but are yet to be effective, to have a material impact on the Group.

Standards and interpretations	Effective from
IFRS 16 Leases (Amendment to Liabilities in a Sale and Leaseback);	1 April 2024
IAS 1 Presentation of Financial Statements (Amendment to Classification of Liabilities as Current or Non-current);	1 April 2024
IAS 1 Presentation of Financial Statements (Amendment to Non-current Liabilities with Covenants); and	1 April 2024
IFRS 7 Financial Instruments: Disclosures (Amendment to Supplier Finance Arrangements).	1 April 2024
IAS 21 Transactions in Foreign Currencies (Amendment to Lack of Exchangeability)	1 April 2025
IFRS 9 Financial Instruments (Amendments to the Classification and Measurement of Financial Instruments)	1 April 2026
IFRS 18 Presentation and Disclosure in Financial Statements	1 April 2027
IFRS 19 Subsidiaries without Public Accountability: Disclosures	1 April 2027

Judgements made by the Directors in the application of these accounting policies that have a significant effect on these financial statements together with estimates with a significant risk of material adjustment in the next year are discussed in Note 3.

2.3 Going concern

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 two-year period to 31 March 2026. These forecasts and projections, which the Directors consider to be prudent, have been further sensitised by applying general reductions to revenue and profitability, to consider downside risk. Under both the base and sensitised cases 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. (The applicable covenants relate to the RCF facility held by the group, and are required to be met, even when this facility is not being utilised.) In addition to these general sensitivities, the Directors have specifically also considered the proposed changes to the regulatory landscape within the vaping industry, the increased cost of borrowing and the ongoing cost of living crisis taking place in the UK, all of which have been reflected in this forecast.

- The Directors have performed a specific sensitivity in reference to the upcoming ban on disposables vapes (currently scheduled for 1 April 2025) in which a scenario where all the revenue currently attributable to disposable vapes does not transition to an alternative form of vaping has been assessed. The sensitivity confirmed that without the sale of disposable vapes or a likely substitute product in its place, the remaining Supreme group would remain profitable and cash-generative and therefore this does not pose a problem in respect of going concern.
- In addition to the specific sensitivity on the disposable vape ban, the Directors have also performed reverse stress-testing on the cash flow forecasts to see how far revenue would be required to decline before a banking covenant would breach or the Group would run out of cash. This exercise highlighted that revenue would need to fall by 47% (with the overhead base remaining in place entirely) before a banking covenant would breach.
- Whilst the Group's debt facilities are priced at a variable rate (SONIA + a margin) the Group's current positive leverage ratio (i.e. having no bank borrowings with at the balance sheet date or since then), means that Supreme's exposure to any increases in borrowing rates is limited. Should the Group increase its level of bank borrowings during the forecast period (likely to be triggered by M&A) then of course this increased cost of borrowing would impact the Group (albeit expected to be offset by the incremental earnings generated by any M&A target).
- Historically Supreme has been a net beneficiary in periods of economic downturn, owing to the fact more than half of its revenue is derived from the discount retail sector which typically trades buoyantly during these periods (for prudence this has not been assumed in the forecast). The inflationary cost increases (specifically over salary costs, energy and transport) have been specifically factored into the cost base throughout for the forecast period.

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.

2.4 Currencies

Functional and presentational currency

Items included in the Group financial statements are measured using the currency of the primary economic environment in which the Company operates ("the functional currency") which is UK sterling (£). The Group financial statements are presented in UK sterling.

Transactions and balances

Foreign currency transactions are translated into the functional currency using a standard exchange rate for a period if the rates do not fluctuate significantly. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Group companies

The results and financial position of foreign operations (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- income and expenses for each statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and

- the transactions, and
- all resulting exchange differences are recognised in other comprehensive income.

2.5 Revenue recognition

Revenue solely relates to the sale of goods and arises from the wholesale distribution and online sales of batteries, lighting, vaping sports nutrition & wellness and branded distribution.

To determine whether to recognise revenue, the Company follows the 5-step process as set out within IFRS 15:

1. Identifying the contract with a customer.
2. Identifying the performance obligations.
3. Determining the transaction price.
4. Allocating the transaction price to the performance obligations.
5. Recognising revenue when/as performance obligation(s) are satisfied.

Revenue is measured at transaction price, stated net of VAT, and other sales related taxes. Rebates to customers take the form of volume discounts, which are a type of variable consideration, and the transaction price is constrained to reflect the rebate element. The transaction price equates to the invoice amount less an estimate of any applicable rebates and promotional allowances that are due to the customer. Rebate accruals are recognised under the terms of these agreements, to reflect the expected promotional activity and our historical experience. These accruals are reported within trade and other payables.

Revenue is recognised at a point in time as the Company satisfies performance obligations by transferring the promised goods to its customers as described below. At any point in time where such obligations haven't been met but the customer has been invoiced, revenue is deferred, as disclosed in note 19. Variable consideration, in the form of rebates, is also recognised at the point of transfer, however the estimate of variable consideration is constrained at this point and released once it is highly probable there will not be a significant reversal.

Contracts with customers take the form of customer orders. There is one distinct performance obligation, being the distribution of products to the customer, for which the transaction price is clearly identified. Revenue is recognised at a point in time when the Group satisfies performance obligations by transferring the promised goods to its customers, i.e. when control has passed from the Group to the customer, which tends to be on receipt by the customer. In respect of certain direct shipments control passes when an invoice is raised, payment received, and title formally transferred to the customer; at which point the customer has the risks and rewards of the goods.

2.6 Goodwill

The carrying value of goodwill has arisen following the acquisition of subsidiary entities. Such goodwill is subject to an impairment review, both annually and when there is an indication that the carrying value may be impaired. Any impairment is recognised immediately in the Statement of Comprehensive Income and is not reversed.

2.7 Other intangible assets

Other intangible assets that are acquired by the Group are stated at cost less accumulated amortisation and accumulated impairment losses.

The amortisation is charged on a straight-line bases as follows:

Domain name - 10%
 Trademarks - 10%
 Customer relationships - 20%
 Trade names - 20%
 Know how - 10%
 Computer software - 20%

2.8 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. Depreciation is charged so as to write off the costs of assets over their estimated useful lives, on a straight-line basis starting from the month they are first used, as follows:

Land - not depreciated
Assets under construction - 0%
Plant and machinery - 25%
Fixtures and fittings - 25%
Motor vehicles - 25%
Computer equipment - 33%
Buildings - 2%

The gain or loss arising on the disposal of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the Statement of Comprehensive Income.

At each reporting date, the Company reviews the carrying amounts of its property, plant and equipment assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

2.9 Inventories

Inventories are valued using a first in, first out method and are stated at the lower of cost and net realisable value. Cost includes expenditure incurred in the normal course of business in bringing the products to their present location and condition.

At the end of each reporting period inventories are assessed for impairment. If an item of inventory is impaired, the identified inventory is reduced to its selling price less costs to complete and sell and an impairment charge is recognised in the income statement. Where a reversal of the impairment is recognised the impairment charge is reversed, up to the original impairment loss, and is recognised as a credit in the income statement.

2.10 Leases

The Company applies IFRS 16 in the Group financial statements. At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to restore the underlying asset, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liabilities.

The lease liability is initially measured at the present value of lease payments that were not paid at the commencement date, discounted using the rate implicit in the lease. Where there is no rate implicit in the lease then the Group's incremental borrowing rate is used.

The lease liability is measured at amortised cost using the effective interest method. If there is a remeasurement of the lease liability, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded directly in profit or loss if the carrying amount of the right of use asset is zero.

Short term leases and low value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term lease of machinery that have a lease term of 12 months or less or leases of low value assets. These lease payments are expensed on a straight-line basis over the lease term.

2.11 Share based payments

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to profit or loss over the vesting period. Non-market vesting conditions are taken into account by adjusting the

number of equity instruments expected to vest at each Statement of Financial Position date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

The fair value of the award also takes into account non-vesting conditions. These are either factors beyond the control of either party (such as a target based on an index) or factors which are within the control of one or other of the parties (such as the Group keeping the scheme open or the employee maintaining any contributions required by the scheme).

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the Statement of Comprehensive Income over the remaining vesting period.

Where equity instruments are granted to persons other than employees, the Statement of Comprehensive Income is charged with fair value of goods and services received.

2.12 Segmental reporting

The Directors consider there to be one segment for reporting purposes because although revenue is grouped within five product categories, as the directors analyse revenue at this gross level, the directors do not analyse, monitor or review the Groups KPIS (being adjusted EBITDA and profit before tax) by product category. Due to this, the Group do not believe there are any IFRS 8 considerations around the requirement to report operating segments for reporting purposes.

2.13 Adjusted items

The Company's income statement separately identifies Adjusted items. Such items are those that in the Directors' judgement need to be disclosed separately by virtue of either: their volatility year-on-year; their one-off nature; their size, their non-operating nature; or because the adjustment of a particular item is widely accepted and conducted by peers (to ensure comparability with other listed businesses). These may include, but are not limited to, professional fees and other costs directly related to refinancing, acquisitions and capital transactions, fair value movements on open forward contracts, share based payment charges, material impairments of inventories and gains/losses on disposal of intangible assets. In determining whether an item should be disclosed as an Adjusted item, the Directors consider quantitative and qualitative factors such as the frequency, predictability of occurrence and significance. This is consistent with the way financial performance is measured by management and reported to the Board.

2.14 Financial instruments

Financial assets and financial liabilities are recognised in the Group Statement of Financial Position when the Group becomes party to the contractual provisions of the instrument. Financial assets are de-recognised when the contractual rights to the cash flows from the financial asset expire or when the contractual rights to those assets are transferred. Financial liabilities are de-recognised when the obligation specified in the contract is discharged, cancelled or expired.

2.15 Trade and other receivables

Trade and other receivables are initially measured at transaction price less provisions for expected credit losses. The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance. This lifetime expected credit losses is used in cases where the credit risk on other receivables has increased significantly since initial recognition. In cases where the credit risk has not increased significantly, the Group measures the loss allowance at an amount equal to the 12-month expected credit loss. This assessment is performed on a collective basis considering forward-looking information.

IFRS 9's impairment requirements use forward-looking information to recognise expected credit losses - the 'expected credit loss (ECL) model'.

Recognition of credit losses is determined by considering a broad range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions and reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Credit Insurance is also in place which also mitigates the credit risk in relation to the respective customer. This insurance is applied to most accounts over £5,000 with exception of proforma accounts and accounts agreed by the CEO, although some accounts are excluded from the credit insurance having been assessed by the Board on a cost-benefit analysis - these equate largely to the largest grocery retailers.

3. Critical accounting estimates and judgements

The preparation of the Group financial statements require management to make judgements and estimates that affect the reported amounts of assets and liabilities at each Statement of Financial Position date and the reported amounts of revenue during the reporting periods. Actual results could differ from these estimates. Information about such judgements and estimations are contained in individual accounting policies. The key judgements and sources of estimation uncertainty that could cause an adjustment to be required to the carrying amount of asset or liabilities within the next accounting period are outlined below:

Accounting estimates

3.1 Share-based payments

Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which depends on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option or appreciation right, volatility and dividend yield and making assumptions about them. Options with both market and non-market conditions are most impacted by these estimates. The share options charge is subject to an assumption about the number of options that will vest as a result of the expected achievement of certain non-market conditions.

Accounting judgements

3.2 Inventory obsolescence

Management applies judgement in determining whether certain inventory items are obsolete, considering factors such as expiry dates and sales forecasts. Based on these judgements, estimates are made regarding the recoverable value of inventory, which could materially affect the financial statements if these estimates are incorrect.

4. Revenue analysis

	Batteries £'000	Lighting £'000	Vaping £'000	Sports nutrition & wellness £'000	Branded distribution £'000	Year Ended 31 March 2024 £'000
Revenue	40,527	16,498	82,792	17,955	63,477	221,249
Cost of sales	(34,975)	(10,010)	(46,742)	(12,813)	(54,288)	(158,828)
Gross profit before foreign exchange	5,552	6,488	36,050	5,142	9,189	62,421
Foreign exchange						1,112
Gross Profit						63,533
	Batteries £'000	Lighting £'000	Vaping £'000	Sports nutrition & wellness £'000	Branded distribution £'000	Year Ended 31 March 2023 £'000
Revenue	39,533	15,426	76,098	16,748	7,807	155,612
Cost of sales	(35,613)	(11,301)	(48,018)	(14,089)	(6,992)	(116,013)
Gross profit before foreign exchange	3,920	4,125	28,080	2,659	815	39,599
Foreign exchange						1,255
Gross Profit						40,854

Analysis of revenue by geographical destination

Year Ended 31 March 2024	Year Ended 31 March 2023
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	2024	2023
	£'000	£'000
United Kingdom	206,858	140,713
Ireland	7,354	8,645
Netherlands	3,372	1,766
France	1,007	2,428
Rest of Europe	1,123	942
Rest of the World	1,535	1,118
	221,249	155,612

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 £3,641,000 (2023: £3,192,000) held in Europe.

5. 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 one operating segment because they do not assess performance or allocate resources 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 3 customers (2023: 3 customers) was £33,843,000, £25,027,000 and £21,151,000 (2023: £24,938,000, £19,364,000, and £16,045,000). These revenues related to all divisions.

6. Expenses by nature

	Year Ended 31 March 2024 £'000	Year Ended 31 March 2023 £'000
The profit is stated after charging/(crediting) expenses as follows:		
Cost of sales		
Inventories recognised as an expense	142,833	103,129
Impairment of inventories	(347)	892
Direct Labour (note 8)	5,103	3,551
Other direct cost of sales	10,127	7,186
	157,716	114,758
Administrative expenses		
Impairment of trade receivables	181	63
Wages and salaries (note 8)	11,085	8,794
Establishment costs	3,306	2,142
Auditor's remuneration for audit services	220	170
Selling, professional and other expenses	10,625	10,293
Adjusted items (note 7)	593	828
Depreciation of property, plant and equipment	2,087	1,268
Depreciation of right of use assets	1,685	932
Amortisation of intangible assets	1,733	915
	31,515	25,405
Total cost of sales and administrative expenses	189,231	140,163

During the year, Auditor's remuneration in respect of non-audit services was £nil (2023: £nil). During the year Auditor's remuneration in respect of the parent company audit was £15,000 (2023: £15,000).

The group has revised the presentation of the above disclosure to enhance clarity, allowing a clearer understanding of the nature of expenses between cost of sales and overheads. These changes have been applied retrospectively, and the prior year comparatives have been represented accordingly. The revision does not affect the overall financial position or performance of the group.

7. Adjusted items

	Year Ended 31 March 2024 £'000	Year Ended 31 March 2023 £'000
Fair value movements on forward contracts	(600)	1,119
Share based payments charge (note 26)	1,226	1,460
Acquisition costs	703	1,036
Transaction costs	(736)	-
Profit on disposal of intangible fixed assets	-	(2,787)
	593	828

Fair value movements on forward contracts

The Group typically holds 1 years' worth of USD-denominated purchases on open forward contracts. The credit (2023: charge) in the year ended 31 March 2024 reflect 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 31 March 2024 is £52,000 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.

Share based payments charge

The Group operates a number of share incentive arrangements as set out in Note 26. 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.

Acquisition costs

Acquisition costs related to the operational integrations that took place in the year ended 31 March 2024 of the businesses and assets acquired in the year ended 31 March 2023 (Liberty Flights Limited and Superdragon TCM Limited) and in the year ended 31 March 2024 (Food IQ Limited). The integration costs related largely to redundancy costs and fixed asset (machinery) write-off costs that arose when the businesses' operations were transferred to Manchester (Supreme's principal operating site).

£83,000 of these costs were reported within Accruals at year end.

Similarly, in 2023, the acquisition costs related to the operational integration that took place following the acquisition of Cuts Ice Limited and related largely to redundancy costs that arose when the business' operations were transferred to Manchester. These costs were paid in the year.

Acquisition costs of this nature were treated as allowable for the purpose of corporation tax and the corporation tax impact was £176,000 in 2024 (25%) and £197,000 (19%) in 2023.

Transaction costs

Transaction costs related to the release of the contingent consideration accrual that arose on the acquisition of Liberty Flights Limited. The original estimate for contingent consideration was £2.2 million, based on the performance of the business during the 12 months immediately after the acquisition. Only £1.4 million was paid and the remainder was released. The release of this accrual is not taxable for corporation tax purposes. The resulting tax impact is therefore £nil.

Profit on disposal of intangible fixed assets

In 2023, the profit on disposal of the T-Juice brand represents the difference between the cost of acquiring the brand (£1,231,000) and the proceeds on disposal (£4,018,000). The disposal of the brand was deemed to be one-off in nature and therefore reported as Adjusted.

8. Employees and Directors

	Year Ended 31 March 2024 No.	Year Ended 31 March 2023 No.
Monthly average number of employees (including Directors):		
Management and administration	104	116
Warehouse	89	70
Sales	44	46
Manufacturing	178	124
	415	356

	Year Ended 31 March 2024 £'000	Year Ended 31 March 2023 £'000
Aggregate remuneration of staff (including Directors):		
Wages and salaries	15,018	10,670
Social security costs	1,432	1,193

Other pension costs	310	482
	16,760	12,345
Amounts classified as Adjusted Items	572	-
Amounts recorded as cost of sales and Admin expenses	16,188	12,345

Directors' remuneration

	Year Ended 31 March 2024 £'000	Year Ended 31 March 2023 £'000
Directors' emoluments	1,157	600
Social security costs	172	83
Company contributions to defined contribution pension schemes	4	3
	1,333	686

The highest paid director received remuneration of £653,000 (2023: £232,000).

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £1,000 (2023: £1,000).

During the year, retirement benefits were accruing to 3 directors (2023: 2) in respect of defined contribution pension schemes.

9. Finance (income)/costs

	Year Ended 31 March 2024 £'000	Year Ended 31 March 2023 £'000
Finance income		
Bank interest receivable	(147)	(25)
Finance costs		
Bank interest payable	602	828
Invoice discounting fees	147	-
Unwind of discounting on deferred consideration	245	-
Facility fees	115	-
Amortisation of capitalised arrangement fees	55	55
Interest on lease liabilities	881	154
	2,045	1,037

10. Taxation

	Year Ended 31 March 2024 £'000	Year Ended 31 March 2023 £'000
Current tax		
Current year - UK corporation tax	7,560	2,967
Adjustments to tax charge in respect of prior periods	175	-
Foreign tax on income	48	-
Total current tax	7,783	2,967
Deferred tax		
Origination and reversal of temporary differences	350	(566)
Adjustments to tax charge in respect of prior periods	(439)	-
Adjustments to tax charge due to change in rates	-	68
Total deferred tax	(89)	(498)
Total tax expense	7,694	2,469
Equity Items		
Current tax	-	-
Deferred tax	(154)	(608)
Total deferred tax	(154)	(608)

Factors affecting the charge

	Year Ended 31 March 2024 £'000	Year Ended 31 March 2023 £'000
Profit before taxation	30,120	14,437
Tax at the UK corporation tax rate of 25% (2023: 19%)	7,530	2,743
Effects of expenses not deductible for tax purposes	531	123
Income not taxable for tax purposes	(186)	-
Adjustments to tax charge due to change in rates	-	68
Adjustments to tax charge in respect of prior periods	(264)	-

Exercise of share options	-	(123)
Deferred tax on Share Based Payments	83	(118)
Enhanced Relief	-	(224)
Total tax expense	7,694	2,469

Factors that may affect future tax charges

In the Spring Budget 2021, the Government announced that from 1 April 2024 the corporation tax rate will increase to 25% rather than remaining at 19% as previously enacted. This new law was substantively enacted on 24 May 2021 and the impact of this rate change has been considered when recognising deferred tax in these financial statements. Where the asset or liability is expected to unwind after 1 April 2024 the deferred tax has been recognised at 25% in these financial statements. In the Autumn Statement in November 2022, the government confirmed the increase in corporation tax rate to 25% from April 2024 will go ahead.

11. 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 year.

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:

Statutory EPS

	Year Ended 31 March 2024	Year Ended 31 March 2023
	£'000	£'000
Profit for the year after tax	22,426	11,968
	No.	No.
Weighted average number of shares for the purposes of basic earnings per share	117,237,891	116,731,311
Weighted average dilutive effect of conditional share awards	6,455,776	6,720,523
Weighted average number of shares for the purposes of diluted earnings per share	123,693,667	123,451,834
	Pence	Pence
Basic earnings per share	19.1	10.3
Diluted earnings per share	18.1	9.7

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.

	Year Ended 31 March 2024	Year Ended 31 March 2023
	£'000	£'000
Adjusted earnings (see below)	24,459	13,790
	No.	No.
Weighted average number of shares for the purposes of basic earnings per share	117,237,891	116,731,311
Weighted average dilutive effect of conditional share awards	6,455,776	6,720,523
Weighted average number of shares for the purposes of diluted earnings per share	123,693,667	123,451,834
	Pence	Pence
Adjusted basic earnings per share	20.9	11.8
Adjusted diluted earnings per share	19.8	11.2

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

Year Ended 31 March	Year Ended
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	31 March 2024 £'000	31 March 2023 £'000
Profit for the year attributable to equity shareholders	22,426	11,968
Add back/(deduct):		
Amortisation of acquisition related intangible assets	1,616	874
Adjusted items	593	828
Tax effect of the above	(176)	120
Adjusted earnings	24,459	13,790

12. Goodwill and other intangible assets

	Domain name £'000	Trademarks £'000	Customer relationships £'000	Trade names £'000	Know how £'000
Cost					
At 1 April 2022	249	1,501	760	221	-
Additions	-	-	-	-	-
On acquisition	62	43	3,043	4,384	262
Disposals	-	-	-	(1,231)	-
At 31 March 2023	311	1,544	3,803	3,374	262
Additions	-	-	-	-	-
At 31 March 2024	311	1,544	3,803	3,374	262
Accumulated amortisation					
At 1 April 2022	75	166	311	88	-
Amortisation charged in the year	25	150	359	359	6
At 31 March 2023	100	316	670	447	6
Amortisation charged in the year	87	154	761	675	26
At 31 March 2024	187	470	1,431	1,122	32
Carrying amount					
At 1 April 2022	174	1,335	449	133	-
At 31 March 2023	211	1,228	3,133	2,927	256
At 31 March 2024	124	1,074	2,372	2,252	230

The amortisation charge for the year has been included in Administrative expenses in the Statement of Comprehensive Income.

Individually material intangible assets

The individually material intangible assets at the year end are summarised below:

Intangible asset name	Asset category	Net book value at year end £'000	Remaining amortisation period Years	Description
Sci-MX trademark	Trademarks	1,005	7	The Sci-MX trademark was acquired in FY22 from the administrators of Sci-MX Nutrition Limited.
Liberty Flights customer relationships	Customer relationships	1,420	3	These customer relationships were acquired in FY23 as part of the acquisition of Liberty Flights.
Liberty Flights trade name	Trade names	2,207	3	This trade name was acquired in FY23 as part of the acquisition of Liberty Flights.

The individually material intangible assets at the prior year end are summarised below:

Intangible asset name	Asset category	Net book value at year end £'000	Remaining amortisation period Years	Description
Sci-MX trademark	Trademarks	1,149	8	The Sci-MX trademark was acquired in FY22 from the administrators of Sci-MX Nutrition Limited.
Liberty Flights customer relationships	Customer relationships	1,825	4	These customer relationships were acquired in FY23 as part of the acquisition of Liberty Flights.
Liberty Flights trade name	Trade names	2,838	4	This trade name was acquired in FY23 as part of the acquisition of Liberty Flights.
Superdragon customer relationships	Customer relationships	978	4	These customer relationships were acquired in FY23 as part of the acquisition of Superdragon.

Goodwill arises on acquisitions where the fair value of the consideration given for the business exceeds the fair value of the assets acquired and liabilities assumed.

Following acquisition of a business, the directors identify the individual Cash Generating Units (CGUs) acquired and, where possible, allocate the underlying assets acquired and liabilities assumed to each of those CGUs.

In the prior year, the Board concluded that its CGUs were Supreme Imports Limited, Vendek Limited and Liberty Flights Limited as these were the smallest groups of assets that generated cash inflows that were largely independent of the cash inflows from other assets. As no goodwill arose as a result of the acquisition or subsequent performance of Vendek then Vendek was not deemed a required CGU for the purpose of the annual test for impairment of goodwill. Therefore, the resulting CGUs in the prior year were Supreme Imports Limited and Liberty Flights Limited.

In the current year, owing to the hive up of Liberty Flights' operations in Supreme Imports Limited, the Board no longer deemed that Liberty Flights was a viable CGU as its cashflows were no longer separately identifiable. Therefore the only remaining viable CGU for the purpose of the annual test for impairment of goodwill was Supreme Imports.

	As at 31 March 2024 £'000	As at 31 March 2023 £'000
Supreme	7,508	3,364
Liberty Flights	-	4,144
	7,508	7,508

The key assumptions for the value in use calculations are:

- cash flows before income taxes are based on approved budgets and prior experience and management projections for the next 3 years;
- a long term growth rate of 2.0% (2023: 2.0%) for the period beyond which detailed budgets and forecasts do not exist; based on external sources of macroeconomic projections for the geographies in which the entity operates; and
- a post tax discount rate of 10.6% (2023: 10.4%) based upon risk free rate for government bonds adjusted for a risk premium to reflect increased risk of investing in equities and investing in the Group's specific sector and regions.
- a pre tax discount rate of 13.6% based upon risk free rate for government bonds adjusted for a risk premium to reflect increased risk of investing in equities and investing in the Group's specific sector and regions

Impairment testing of goodwill is performed at least annually by reference to value in use calculations which management consider to be in line with the requirements of IAS 36. These calculations show no reasonably possible scenario in which any of the goodwill balances could be impaired as at 31 March 2024 or 31 March 2023. There were no charges for impairment of goodwill in 2024 (2023: nil).

Sensitivity to goodwill impairment

Management has applied sensitivities to the key assumptions, including discount rates and growth rates and believes there are no reasonably possible scenarios which would result in an impairment of goodwill.

Supreme Imports Limited	Discount rate Change in value in use £'000	Long term growth rate Change in value in use £'000
Used in the value in use model	13.6%	2%
Value in use	246,884	246,884
1% increase	228,603	265,311
1% decrease	268,095	231,382

13. Property, plant and equipment

	Buildings £'000	Plant and machinery £'000	Fixtures and fittings £'000	Motor vehicles £'000	Computer equipment £'000	Leasehold improvements £'000	Assets under construction £'000
Cost or valuation							
At 1 April 2022	-	6,139	993	287	336	-	-
Additions	57	724	66	111	340	-	68
On acquisition	1,492	423	33	7	11	-	-
Disposals	-	-	-	(28)	-	-	-
At 31 March 2023	1,549	7,286	1,092	377	687	-	68
Additions	-	1,000	59	138	155	3,280	-
Disposals	-	(1,470)	(845)	(82)	(82)	-	-
Transfers	(57)	-	-	-	-	743	(68)
At 31 March 2024	1,492	6,816	306	433	760	4,023	-
Depreciation and impairment							
At 1 April 2022	-	4,182	822	91	103	-	-
Depreciation	-	1,112	112	112	112	-	-
Impairment	-	-	-	-	-	-	-
At 31 March 2023	-	5,294	934	203	215	-	-
Depreciation	-	1,112	112	112	112	-	-
Impairment	-	-	-	-	-	-	-
At 31 March 2024	-	6,406	1,046	315	327	-	-

Depreciation charged in the year	-	949	63	51	205	-
Eliminated on disposal	-	-	-	(27)	-	-
At 31 March 2023	-	5,131	885	115	308	-
Depreciation charged in the year	-	1,036	70	57	269	655
Eliminated on disposal	-	(1,244)	(819)	(56)	(76)	-
At 31 March 2024	-	4,923	136	116	501	655
Carrying amount						
At 1 April 2022	-	1,957	171	196	233	-
At 31 March 2023	1,549	2,155	207	262	379	-
At 31 March 2024	1,492	1,893	170	317	259	3,368

The depreciation charge for the year has been included in Administrative expenses in the Statement of Comprehensive Income.

Of the additions in the financial year £5,322,000 (2023: £1,254,000) was paid during the year including £730,000 of cash paid for additions recognised in the prior year.

14. Investments

	As at 31 March 2024 £'000	As at 31 March 2023 £'000
Balance at the beginning of the year	7	7
Amounts written off	(7)	-
Balance at the end of the year	-	7

Investments held within Provider Distribution, a company which was part of the group until its dissolution were written off during the year as they were no longer deemed to have a value to the group.

Audit exemption statement

Under section 479A of the Companies Act 2006, the Group is claiming exemption from audit for the subsidiary companies listed below.

The parent undertaking, Supreme plc, guarantees all outstanding liabilities to which the subsidiary company is subject at the end of the financial year. The guarantee is enforceable against the parent undertaking by any person to whom the subsidiary company is liable in respect of those liabilities.

	Company number
Liberty Flights Holdings Limited	07137952
Liberty Flights Limited	07089691

15. Deferred tax

Deferred tax consists of the following temporary differences

	As at 31 March 2024 £'000	As at 31 March 2023 £'000
Share based payments	778	1,016
Short term temporary differences	390	-
Deferred tax asset	1,168	1,016
Excess of depreciation over taxable allowances	(687)	(550)
Short term temporary differences	-	339
Tax losses carried forward	-	(104)
Fixed asset timing differences	(104)	-
Acquired intangible assets	(1,231)	(1,490)
Deferred tax liability	(2,022)	(1,805)
Net deferred tax liability	(854)	(789)

Movement in deferred tax in the year

As at 31 March 2024 £'000	As at 31 March 2023 £'000
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Balance at the beginning of the year	(789)	1,156
Credited to profit or loss	89	498
Debited to reserves	(154)	(608)
Arising on business combination	-	(1,849)
Other	-	14
Balance at the end of the year	(854)	(789)

The Directors consider that the deferred tax assets in respect of temporary differences are recoverable based on the forecast future taxable profits of the Group. All deferred tax arises within the UK.

16. Inventories

	As at 31 March 2024 £'000	As at 31 March 2023 £'000
Goods for resale	19,587	21,080
Raw materials	4,847	4,526
	24,434	25,606

The Directors believe that the replacement value of inventories would not be materially different than book value.

Inventories at 31 March 2024 are stated after provisions for impairment of £1,076,000 (2023: £1,492,000).

17. Trade and other receivables

	As at 31 March 2024 £'000	As at 31 March 2023 £'000
Trade receivables not past due	19,352	15,748
Trade receivables past due	9,613	3,007
Provision for expected credit losses	(262)	(189)
Total trade receivables	28,703	18,566
Other receivables	5,377	1,507
Prepayments	1,546	826
	35,626	20,899

Currency analysis

	As at 31 March 2024 £'000	As at 31 March 2023 £'000
Sterling	28,670	19,348
Euro	1,309	292
US Dollar	5,647	1,259
	35,626	20,899

The Directors believe that the carrying value of trade and other receivables represents their fair value. Trade and other receivables are considered past due once they have passed their contracted due date. Trade and other receivables are assessed for impairment based upon the expected credit loss model.

The movement in provisions for impairment are shown below:

	Year Ended 31 March 2024 £'000	Year Ended 31 March 2023 £'000
Balance at the beginning of the year	189	32
Charged to the statement of comprehensive income	181	63
Arising on acquisition	-	111
Utilisation of provision	(108)	(17)
Balance at the end of the year	262	189

The Group's customer base is predominantly made up of high-quality organisations with a high credit rating. In order to manage credit risk, the Directors set limits for customers based on a combination of payment history and third-party credit references. Credit limits are reviewed on a regular basis in conjunction with debt ageing and collection history. The maturity analysis of trade receivables is analysed below.

Ageing of trade receivables

31 March 2024	Current	31 - 60 days	61 - 90 days	90 days +	Total
Expected loss rate	0%	0%	0%	61%	
Gross trade receivables	14,238	13,170	1,208	349	28,965
Loss allowance	-	-	-	(262)	(262)
Net trade receivables	14,238	13,170	1,208	87	28,703

31 March 2023	Current	31 - 60 days	61 - 90 days	90 days +	Total
Expected loss rate	0%	0%	8%	100%	
Gross trade receivables	11,936	5,253	1,492	74	18,755
Loss allowance	-	-	(115)	(74)	(189)
Net trade receivables	11,936	5,253	1,377	-	18,566

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date, taking into account the extent of credit insurance held on the receivable. The Group uses IFRS 9's simplified approach to measure the loss allowance at an amount equal to lifetime expected credit losses for trade receivables. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the Directors believe that no further credit provision is required in excess of the provision for impairment of receivables.

Details on the Group's credit risk management policies are shown in Note 24. The Group does not hold any collateral as security for its trade and other receivables.

18. Cash and cash equivalents

	As at 31 March 2024	As at 31 March 2023
	£'000	£'000
Cash and cash equivalents	11,631	7,536

Currency analysis

	As at 31 March 2024	As at 31 March 2023
	£'000	£'000
Sterling	10,119	7,025
Euro	1,421	453
US Dollar	91	58
	11,631	7,536

19. Trade and other payables

	As at 31 March 2024	As at 31 March 2023
	£'000	£'000
Trade payables	9,676	8,697
Accruals	10,673	5,651
Deferred income	-	259
Other creditors	525	3,415
Other tax and social security	6,427	3,951
Deferred consideration (note 20)	-	1,942
Contingent consideration (note 20)	-	2,200
Directors loan account	2	2
	27,303	26,117

Currency analysis

	As at 31 March 2024	As at 31 March 2023
	£'000	£'000
Sterling	25,702	23,953
Euro	1,337	760
US Dollar	264	1,404
	27,303	26,117

Trade payables principally consist of amounts outstanding for trade purchases and ongoing costs. They are

trade payables principally consist of amounts outstanding for trade purchases and ongoing costs. They are non-interest bearing and are normally settled on 30 to 60 day terms.

The Directors consider that the carrying value of trade and other payables approximates their fair value. Supreme PLC has financial risk management policies in place to ensure that all payables are paid within the credit timeframe and no interest has been charged by any suppliers as a result of late payment of invoices during the period.

At 31 March 2023, £2,470,000 was included within Other creditors in respect of the Superdragon consideration. This was paid in full in the year.

20. Deferred and contingent consideration

	Acquisition of Superdragon £'000	Acquisition of Liberty Flights £'000	Grand Total £'000
Balance at 31 March 2023			
Deferred consideration	187	1,755	1,942
Contingent consideration	-	2,200	2,200
Balance at 31 March 2023	187	3,955	4,142
Movements during the year			
Payment of deferred consideration	(187)	(2,000)	(2,187)
Payment of contingent consideration	-	(1,451)	(1,451)
Unwind of discount	-	245	245
Credited to the Income Statement	-	(749)	(749)
Balance at 31 March 2024	-	-	-

21. Borrowings

	As at 31 March 2024 £'000	As at 31 March 2023 £'000
Current		
Bank loans	-	4,307
Lease liabilities (note 22)	1,268	719
	1,268	5,026
Non-current		
Lease liabilities (note 22)	13,449	14,293
	13,449	14,293
Total borrowings	14,717	19,319

The earliest that the lenders of the above borrowings require repayment is as follows:

	As at 31 March 2024 £'000	As at 31 March 2023 £'000
In less than one year	1,268	5,026
Between two and five years	7,095	6,980
In more than five years	6,354	7,313
	14,717	19,319

These amounts when presented gross on an undiscounted basis are as follows:

	As at 31 March 2024 £'000	As at 31 March 2023 £'000
In less than one year	2,189	5,499
Between two and five years	6,867	7,699
In more than five years	11,725	13,065
	20,781	26,263

The Group is funded by revolving credit facility ("RCF") of £25 million provided by HSBC that is secured by way of a fixed and floating charge over all assets with a further £10 million (Accordion) facility pre-agreed and available on request. Interest is charged at a margin of 2.3% over SONIA for all drawn amounts and 35% of the margin for undrawn amounts. The facility is for 3 years and expires 31 March 2025 and HSBC have already indicated their interest and support of Supreme to renew this facility. There are 2 principal covenants attached to the RCF and these are tested quarterly.

Current bank facilities include an invoice discounting facility of £20 million, which is secured by an assignment of, and fixed charge over the trade debtors of Supreme Imports Limited. The facility was not drawn down at year end (2023: undrawn).

Therefore undrawn but committed facilities at 31 March 2024 were £35 million for the RCF (2023: £20.7 million) and £20 million for the invoice discounting facility (2023: £8.5 million).

Net cash disclosure

	As at 31 March 2024 £'000	As at 31 March 2023 £'000
Cash and cash equivalents	11,631	7,536
Total borrowings	(14,717)	(19,319)
Net Cash position	(3,086)	(11,783)

21. Borrowings

Net debt analysis

	Cash flows					Non-cash movements		
	Net debt as at 1 April 2022	Payments	Drawdowns	Interest payments	Arising on acquisition	New leases	Foreign exchange adjustments	Interest expense
Long term loan - current	(3,984)	3,984	-	-	-	-	-	-
Long term loan - non current	-	-	-	-	-	-	-	-
RCF - non current	-	14,000	(18,418)	776	-	-	-	(883)
Leases - current	(902)	834	-	7	-	(647)	-	(7)
Leases - non current	(1,294)	-	-	146	-	(13,003)	-	(146)
Amount owed to related parties - current	(1,779)	1,779	-	-	-	-	-	-
Sub-total	(7,959)	20,597	(18,418)	929	-	(13,650)	-	(1,036)
Cash and cash equivalents	3,926	1,643	-	-	1,866	-	101	-
Total	(4,033)	22,240	(18,418)	929	1,866	(13,650)	101	(1,036)

	Cash flows					Non-cash movements		
	Net debt as at 1 April 2023	Payments	Drawdowns	Interest payments	Arising on acquisition	New leases	Foreign exchange adjustments	Interest expense
RCF - non current	(4,307)	9,918	(5,500)	559	-	-	-	(602)
Leases - current	(719)	1,062	-	76	-	(7)	-	(76)
Leases - non current	(14,293)	-	-	63	-	(18)	-	(805)
Sub-total	(19,319)	10,980	(5,500)	698	-	(25)	-	(1,483)
Cash and cash equivalents	7,536	4,162	-	-	-	-	(67)	-
Total	(11,783)	15,142	(5,500)	698	-	(25)	(67)	(1,483)

22. Leases

The group leases buildings and cars. Rental contracts are typically made for fixed periods of 3 to 5 years. There are no judgements over the length of the lease term for any of the Group's leases. There are no variable lease payments in any of the Group's leases.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases of the Group, the incremental borrowing rate is used, being the rate that the Group would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Amounts recognised in the Statement of Financial Position

The following table shows the following amounts relating to leases:

The balance sheet shows the following amounts relating to leases:

Right-of-use assets	£'000
At 1 April 2022	2,116
Additions	12,656
Lease modification	1,737
Depreciation charge for the year	(932)
At 31 March 2023	15,577
Additions	25
Depreciation charge for the year	(1,685)
At 31 March 2024	13,917

The net book value of the right of use assets is made up as follows:

	As at 31 March 2024 £'000	As at 31 March 2023 £'000
Buildings	13,899	15,576
Cars	18	1
	13,917	15,577

	As at 31 March 2024 £'000	As at 31 March 2023 £'000
Lease liabilities		
Maturity analysis - contractual undiscounted cash flows		
Less than one year	2,189	1,192
More than one year, less than two years	2,129	2,181
More than two years, less than three years	1,715	2,121
More than three years, less than four years	1,683	1,714
More than four years, less than five years	1,340	1,683
More than five years	11,725	13,065
Total undiscounted lease liabilities at year end	20,781	21,956
Finance costs	(6,064)	(6,944)
Total discounted lease liabilities at year end	14,717	15,012
Lease liabilities included in the statement of financial position		
Current	1,268	719
Non-current	13,449	14,293
	14,717	15,012

Amounts recognised in the Consolidated Statement of Comprehensive Income

The Consolidated Statement of Comprehensive Income shows the following amounts relating to leases:

	Year Ended 31 March 2024 £'000	Year Ended 31 March 2023 £'000
Depreciation charge - Buildings	1,677	925
Depreciation charge - Cars	8	7
	1,685	932
Interest expense (within finance expense)	881	154

There are no restrictions or covenants imposed by leases and there have been no sale and leaseback transactions.

Any expense for short-term and low-value leases is not material and has not been presented.

23. Provisions

	As at 31 March 2024 £'000	As at 31 March 2023 £'000
<i>Dilapidations provision related to right-of-use assets</i>		
At 1 April	775	-
Additions	-	774
Unwind of discounting	26	1
At 31 March	801	775
Provisions included in the statement of financial position		
Current	349	-
Non-current	452	775

2022	2021
801	775

24. Financial instruments

The Group is exposed to the risks that arise from its financial instruments. The policies for managing those risks and the methods to measure them are described in Note 2. Further quantitative information in respect of these risks is presented below and throughout these Group financial statements.

24.1 Capital risk management

The Group's objectives when managing capital are to:

- safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders; and
- maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group might adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

The Group does not monitor capital on a formal basis. However, the Group ensures that it operates within the requirements of its loan covenants, which are designed to ensure that sufficient capital is maintained. These covenants are outlined below and the Group consistently meets these requirements. Regular reviews of financial performance and position are conducted by management to ensure ongoing compliance with these covenants and to maintain financial flexibility.

Loan covenants

Under the terms of the revolving credit facility, which was undrawn at the year end (2023: £4,307,000), the Group is required to comply with the following financial covenants at the end of each quarter:

- Interest cover - EBITDA to Net Finance Charges will not be less than 4.0:1.
- Leverage - Total Net Debt (RCF, IF & Trade drawings less cash) to EBITDA will not exceed 2.5:1.

The Group has complied with these covenants throughout the reporting period. There are no indications that the entity may have difficulties complying with the covenants in the next financial year.

24.2 Market risk

Competitive pressures remain a principal risk for the Group. The risk is managed through focus on quality of product and service levels, coupled with continuous development of new products to offer uniqueness to the customer. Furthermore, the Group's focus on offering its customers a branded product range provides some protection to its competitive position in the market. Stock obsolescence risk is managed through closely monitoring slow moving lines and prompt action to manage such lines through the various distribution channels available to the Group.

In addition, the Group's operations expose it to a variety of financial risks that include price risk, credit risk, liquidity risk, foreign currency risk and interest rate cash flow risk. The Group has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the Group by regularly monitoring the financial risks referred to above.

Given the size of the Group, the Directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board. The policies set by the Board are implemented by the Group's finance department.

24.3 Credit risk

The Group's sales are primarily made with credit terms of between 0 and 30 days, exposing the Group to the risk of non-payment by customers. The Group has implemented policies that require appropriate credit checks on potential customers before sales are made. The amount of exposure to any individual counterparty is subject to a limit, which is reassessed regularly by the board. In addition, the Group maintains a suitable level of credit insurance against its debtor book. The maximum exposure to credit risk is £5,000 per individual customer that is covered by the policy, being the insurance excess.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses using a lifetime expected credit loss provision for trade receivables. Expected losses are based on the Group's historical credit losses, adjusted for current and forward-looking information on macroeconomic factors affecting the Group's customers. The Group's B2B historic credit losses have been minimal on the back of strong credit control, in addition to the insurance cover in place. This results in an immaterial expected credit loss being provided for.

An analysis of past due but not impaired trade receivables is given in Note 17.

24.4 Liquidity risk management

The Group is funded by external banking facilities provided by HSBC. Within these facilities, the Group actively maintains a mixture of long-term and short-term debt finance that is designed to ensure the Group has sufficient available funds for operations and planned expansions. This is monitored on a monthly basis, including re-forecasts of the borrowings required.

24.5 Foreign currency risk management

The Group's activities expose it to the financial risks of changes in foreign currency exchange rates. The Group's exposure to foreign currency risk is partially hedged by virtue of invoicing a proportion of its turnover in US Dollars. When necessary, the Group uses foreign exchange forward contracts to further mitigate this exposure.

The following is a note of the assets and liabilities denominated at each period end in US dollars:

	As at 31 March 2024	As at 31 March 2023
	£'000	£'000
Trade receivables	498	-
Cash and cash equivalents	91	58
Trade payables	(181)	1,154
	408	1,212

The effect of a 20 percent strengthening of Pound Sterling at 31 March 2024 on the foreign denominated financial instruments carried at that date would, all variables held constant, have resulted in a decrease to total comprehensive income for the year and a decrease to net assets of £68,000 (2023: £202,000). A 20 percent weakening of the exchange rate on the same basis, would have resulted in an increase to total comprehensive income and an increase to net assets of £102,000 (2023: £303,000).

The following is a note of the assets and liabilities denominated at each period end in Euros:

	As at 31 March 2024	As at 31 March 2023
	£'000	£'000
Trade receivables	1,215	200
Cash and cash equivalents	1,421	453
Trade payables	(771)	(364)
	1,865	289

The effect of a 20 percent strengthening of Pound Sterling at 31 March 2024 on the foreign denominated financial instruments carried at that date would, all variables held constant, have resulted in an increase to total comprehensive income for the year and a decrease to net assets of £311,000 (2023: decrease of £48,000). A 20 percent weakening of the exchange rate on the same basis, would have resulted in a decrease to total comprehensive income and an increase in net assets of £466,000 (2023: increase of £73,000).

Forward contracts

The Group mitigates the exchange rate risk for certain foreign currency creditors by entering into forward currency contracts. The Group's forex policy is to purchase forward contracts to mitigate changes in spot rates, based on the timing of purchases to be made. Management forecast the timing of purchases and make assumptions relating to the exchange rate at which the Group costs its products and take out forward

contracts to mitigate fluctuations to an acceptable level. At 31 March 2024, the outstanding contracts mature between 1 and 12 months of the year end, (2023: 1 and 10 months). At 31 March 2024 the Group was committed to buy \$30,000,000 (2023: \$32,500,000) in the next financial year.

The forward currency contracts are measured at fair value using the relevant exchange rates for GBP:USD and GBP:EUR. The fair value of the contracts at 31 March 2024 is a liability of £52,000 (2023: liability of £652,000). During the year ended 31 March 2024, a gain of £600,000 (2023: loss of £1,119,000) was recognised Adjusted items for changes in the fair value of the forward foreign currency contracts.

Forward currency contracts are valued using level 2 inputs. The valuations are calculated using the year end exchange rates for the relevant currencies which are observable quoted values at the year-end dates. Valuations are determined using the hypothetical derivative method which values the contracts based on the changes in the future cashflows based on the change in value of the underlying derivative.

24.6 Interest rate cash flow risk

The Group's interest-bearing liabilities relate to its variable rate banking facilities. The Group has a policy of keeping the rates associated with funding under review in order to react to any adverse changes in the marketplace that would impact on the interest rates in place. The effect of a 1% increase in interest rates would have resulted in a decrease in net assets of £61,000 (2023: £141,000).

24.7 Price risk

The Group's profitability is affected by price fluctuations in the sourcing of its products. The Group continually monitors the price and availability of materials but the costs of managing the exposure to price risk exceed any potential benefits given the extensive range of products and suppliers. The Directors will revisit the appropriateness of this policy should the Group's operations change in size or nature.

24.8 Maturity of financial assets and liabilities

All of the Group's non-derivative financial liabilities and its financial assets at the reporting date are either payable or receivable within one year, except for borrowings as disclosed in Note 21.

24.9 Summary of financial assets and liabilities by category

The carrying amount of financial assets and liabilities recognised may also be categorised as follows:

	As at 31 March 2024 £'000	As at 31 March 2023 £'000
Financial assets		
<i>Financial assets measured at amortised cost</i>		
Trade and other receivables	34,080	20,073
Cash and cash equivalents	11,631	7,536
	45,711	27,609
Financial liabilities		
<i>Financial liabilities measured at amortised cost</i>		
<i>Non-current:</i>		
Borrowings	(13,449)	(14,293)
<i>Current:</i>		
Borrowings	(1,268)	(5,026)
Trade payables	(9,676)	(8,697)
Directors loan account	(2)	(2)
Deferred consideration	-	(1,942)
Contingent consideration	-	(2,200)
Other creditors	(525)	(3,415)
Accruals	(10,673)	(5,651)
	(35,593)	(41,226)
<i>Financial liabilities measured at fair value through profit and loss</i>		
Forward contracts	(52)	(652)
	(52)	(652)
Net financial assets / (liabilities)	10,066	(14,269)

25. Share capital and reserves

Share capital and share premium

Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs. The excess of proceeds of a share issue over the nominal value is presented within share premium.

Number of shares authorised and in issue

	Ordinary £0.10	
	No.	£
At 1 April 2022	116,627,074	11,662,707
Issued	688,968	68,897
At 31 March 2023	117,316,042	11,731,604
Issued	27,961	2,796
Cancelled	(828,000)	(82,800)
At 31 March 2024	116,516,003	11,651,600

Issued shares in the year

Date	Number of shares	Type of share	Subscription price	Share capital	Share premium	Total cost
3 Apr 2023	5,084	Ordinary £0.10	£0.3837	£508	£1,442	£1,950
5 Oct 2023	12,709	Ordinary £0.10	£0.3837	£1,271	£3,606	£4,877
14 Dec 2023	5,084	Ordinary £0.10	£0.3837	£508	£1,442	£1,950
27 Mar 2024	5,084	Ordinary £0.10	£0.3837	£508	£1,442	£1,950
Total	27,961	n/a	n/a	£2,795	£7,932	£10,727

Cancelled shares in the year

Buy back date	Number of shares bought back	Type of share	Subscription price	Total price	Cancellation date	Number of shares cancelled	Share capital value cancelled
13 Feb 2024	75,000	Ordinary £0.10	£1.2165	£91,238	16 Feb 2024	75,000	£7,500
20 Feb 2024	140,000	Ordinary £0.10	£1.2923	£180,922	26 Feb 2024	140,000	£14,000
27 Feb 2024	57,500	Ordinary £0.10	£1.2886	£74,095	29 Feb 2024	57,500	£5,750
5 Mar 2024	250,000	Ordinary £0.10	£1.2311	£307,775	8 Mar 2024	250,000	£25,000
12 Mar 2024	170,000	Ordinary £0.10	£1.0908	£185,436	15 Mar 2024	170,000	£17,000
19 Mar 2024	90,000	Ordinary £0.10	£1.1868	£106,812	26 Mar 2024	90,000	£9,000
22 Mar 2024	45,500	Ordinary £0.10	£1.1803	£53,704	26 Mar 2024	45,500	£4,550
Total	828,000	n/a	n/a	£999,982	n/a	828,000	£82,800

On 29 January 2024, Supreme PLC announced a Share Buyback programme of up to £1million. Between 16 February 2024 and 26 March 2024, 828,000 shares were bought back by Supreme PLC and then subsequently cancelled.

Dividends

Dividends of £4,341,000 (2023: £5,365,000) were declared and paid in the year; a final dividend in respect of 2023 of £0.022 per share (2023: £0.038 per share) and an interim dividend in respect of 2024 of £0.015 per share (2023: £0.008 per share).

Merger reserve

The merger reserve arose on a past business combination of entities that were under common control. The merger reserve is the difference between the cost of investment and the nominal value of the share capital acquired.

Share-based payments reserve

The share-based payments reserve represents the cumulative impact of the share-based payments charge.

Retained earnings

Retained earnings includes all current and prior period retained profits and losses, including foreign currency translation differences arising from the translation of financial statements of the Company's foreign entities.

All transactions with owners of the parent are recorded separately within equity.

26. Share based payments

The Group operates a number of share incentive arrangements as set out below.

The Supreme plc Enterprise Management Incentive Scheme ("the EMI Scheme")

On 14 September 2018, the Group implemented an Enterprise Management Incentive Scheme. This was granted to employees to acquire shares in the Company for a number of ordinary shares of 10p each at the exercise price at the option of the employee. The exercise of these options was originally subject to the occurrence of a relevant event (a disposal or a listing) in accordance with the EMI Scheme rules, but this condition was satisfied by the 2021 listing of the Company. These options will expire 10 years from grant date. A second scheme was implemented alongside the EMI scheme ('2018 unapproved scheme') for one employee who was eligible for more options than the EMI scheme rules allowed for. All conditions of this scheme were the same as the EMI Scheme.

These options were fairly valued upon a valuation of the entity that had been performed by an independent expert.

2018 EMI scheme

	Weighted average exercise price 2024 £	2024 No.	Weighted average exercise price 2023 £	2023 No.
At the start of the year	£0.38	622,725	£0.38	1,148,850
Lapsed	£0.38	(5,084)	£0.38	(30,504)
Granted	-	-	-	-
Exercised	£0.38	(27,961)	£0.38	(495,621)
At the end of the year	£0.38	589,680	£0.38	622,725

The profit and loss expense that has been recognised in the current year in respect of these awards is £nil (2023: £nil).

2018 unapproved scheme

	Weighted average exercise price 2024 £	2024 No.	Weighted average exercise price 2023 £	2023 No.
At the start of the year	£0.38	193,347	£0.38	386,694
Lapsed	-	-	-	-
Granted	-	-	-	-
Exercised	-	-	£0.38	(193,347)
At the end of the year	£0.38	193,347	£0.38	193,347

The profit and loss expense that has been recognised in the current year in respect of these awards is £nil (2023: £94,000).

The Supreme plc Sharesave Scheme 2021 ("the SAYE Scheme")

The Company established the SAYE Scheme on 26 January 2021. The SAYE Scheme is open to all employees who have achieved the qualifying length of service at the proposed date of grant (initially set at 3 months). Under the SAYE Scheme, an individual who wishes to accept an invitation to apply for options to be granted to him or her must take out a 3 or 5 year savings contract with an approved savings body selected by the Company. The

individual makes a fixed monthly contribution over the life of the savings contract and on maturity receives a tax-free bonus. The monthly contribution can be a minimum of £10 and a maximum of £500.

The price at which options may be exercised will be set by the Directors at the date of grant and may be at a discount of up to a maximum of 20 per cent. against the market value at the date of grant of the Shares over

which they are granted. The Option will generally be exercisable by the holder within six-month period after the bonus becomes payable on his or her relevant savings contract.

All employees of the Group (including executive directors) at 3 March 2021 were invited to participate in the SAYE Scheme. Employees were invited to subscribe for options over the Company's ordinary shares of 10p each with an exercise price of 152p, which represents a 20% discount to the closing middle market price of 190p per Share ("Options") on 2 March 2021, being the trading day before the invitation for employees to participate was made. Other than in the case of a takeover or demerger or similar event, an option will generally be exercisable by the holder in relation to the SAYE Scheme within the 6-month period after the bonus becomes payable on his or her relevant savings contract. Any option not so exercised will lapse. There are no conditions of exercise in relation to options granted under the SAYE Scheme.

2021 SAYE scheme

	Weighted average exercise price 2024 £	2024 No.	Weighted average exercise price 2023 £	2023 No.
At the start of the year	£1.52	195,167	£1.52	354,078
Lapsed	£1.52	(47,387)	£1.52	(158,911)
Granted	-	-	-	-
Exercised	-	-	-	-
At the end of the year	£1.52	147,780	£1.52	195,167

The profit and loss expense that has been recognised in the current year in respect of these awards is £34,000 (2023: £43,000)

The Supreme plc Company Share Option Plan 2021 ("the CSOP Scheme")

The Company established the CSOP Scheme on 26 January 2021. Grants under the CSOP Scheme may be made by the Company as subscription Options or, with the consent of the Remuneration Committee, by an existing shareholder over shares already issued.

Under the CSOP Scheme certain eligible employees have been granted options to subscribe for ordinary shares in the Company of 10p each with an exercise price of 174 pence per ordinary share equal to the closing middle market price on 15 February 2021. The options were granted on 16 February 2021 and may be exercisable by the holder at any time between the third and tenth anniversaries of the date of the grant. Upon exercise, the relevant Shares will be allotted. A number of employees have been granted additional options on the same basis under the Unapproved Scheme detailed below to the extent that the total number of options granted to them exceeded the maximum number permitted to be granted under the CSOP Scheme by HMRC rules.

23 employees were granted options under the CSOP over a total of 206,886 shares and 4 employees have been granted options under the Unapproved Scheme over a total of 94,825 Shares, being in aggregate 301,711 shares. By 31 March 2024, a total of 97,697 options had lapsed and 204,014 remained under option.

	Weighted average exercise price 2024 £	2024 No.	Weighted average exercise price 2023 £	2023 No.
2021 CSOP				
At the start of the year	£1.74	181,026	£1.74	201,140
Lapsed	£1.74	(31,608)	£1.74	(20,114)
Granted	-	-	-	-
Exercised	-	-	-	-
At the end of the year	£1.74	149,418	£1.74	181,026

2021 unapproved scheme

	Weighted average exercise price 2024 £	2024 No.	Weighted average exercise price 2023 £	2023 No.
At the start of the year	£1.74	54,596	£1.74	94,825
Lapsed	-	-	£1.74	(40,229)
Granted	-	-	-	-
Exercised	-	-	-	-
At the end of the year	£1.74	54,596	£1.74	54,596

The profit and loss expense that has been recognised in the current year in respect of these awards is a credit of £2,600 (2023: £57,000).

The Supreme plc Unapproved Share Option Scheme 2021 ("the Unapproved Scheme")

The Company established the Unapproved Scheme on 26 January 2021. Grants under the CSOP Scheme may be made by the Company as subscription Options or, with the consent of the Remuneration Committee, by an existing shareholder over shares already issued.

As described in the Directors' Remuneration Report, on 9 March 2021 the Company awarded the following options to the executive directors under the Unapproved Scheme.

Options to subscribe for a total of 5,825,000 Shares at nominal value were granted to the CEO in two equal tranches. Each tranche of options will be subject to a performance condition which must be wholly satisfied for the relevant option to be exercisable. The performance condition for the first tranche of options is that total shareholder return per Share ("TSR") from Admission until the third anniversary of Admission is at least 100 per cent. of the placing price of 134 pence as at Admission (the "Placing Price"). The performance condition for the second tranche of options is that the TSR from Admission until the fifth anniversary of Admission is at least 200 per cent. of the Placing Price.

Options to subscribe for up to 111,940 Shares at nominal value were granted to the CFO in the year ended 31 March 2022. The options are subject to a performance condition requiring an average annual TSR of 7.5 per cent. to become exercisable in part and an annual average TSR of 10 per cent. to become fully exercisable, in each case measured over a period of 3 years from Admission as against the Placing Price.

Options to subscribe for a further 174,650 shares at nominal value were granted to the CFO during the year ended 31 March 2023. These options are subject to performance conditions. 50% of the options require an average annual TSR of 7.5% to become exercisable in part and an annual average of TSR of 10% to become fully exercisable measured over a 3-year period. The remaining 50% of options are linked to an EPS performance target where a threshold of 33.7p by the end of a 3-year period is required in order for the options to become exercisable and 41.1p in order for the options to be fully exercisable.

Options to subscribe for a further 157,516 shares at nominal value were granted to the CFO during the year ended 31 March 2024. These options are subject to performance conditions. 50% of the options require an average annual TSR of 7.5% to become exercisable in part and an annual average of TSR of 10% to become fully exercisable measured over a 3-year period. The remaining 50% of options are linked to an EPS performance target where a threshold of 36.0p by the end of a 3-year period is required in order for the options to become exercisable and 44.0p in order for the options to be fully exercisable.

2021 3-year CEO award

	Weighted average exercise price 2024 £	2024 No.	Weighted average exercise price 2023 £	2023 No.
At the start of the year	£0.00	2,912,500	£0.00	2,912,500
Lapsed	£0.00	(2,912,500)	-	-
Granted	-	-	-	-
Exercised	-	-	-	-
At the end of the year	-	-	£0.00	2,912,500

2021 5-year CEO award

	Weighted average exercise price 2024 £	2024 No.	Weighted average exercise price 2023 £	2023 No.
At the start of the year	£0.00	2,912,500	£0.00	2,912,500
Lapsed	-	-	-	-
Granted	-	-	-	-
Exercised	-	-	-	-
At the end of the year	£0.00	2,912,500	£0.00	2,912,500

2021 CFO award

Weighted average	Weighted average
---------------------	---------------------

	exercise price 2024 £	2024 No.	exercise price 2023 £	2023 No.
At the start of the year	£0.00	111,940	£0.00	111,940
Lapsed	£0.00	(111,940)	-	-
Granted	-	-	-	-
Exercised	-	-	-	-
At the end of the year	-	-	£0.00	111,940

2022 Senior management awards (TSR)

	Weighted average exercise price 2024 £	2024 No.	Weighted average exercise price 2023 £	2023 No.
At the start of the year	£0.00	87,325	-	-
Lapsed	-	-	£0.00	(24,950)
Granted	-	-	£0.00	112,275
Exercised	-	-	-	-
At the end of the year	£0.00	87,325	£0.00	87,325

2022 Senior management awards (EPS)

	Weighted average exercise price 2024 £	2024 No.	Weighted average exercise price 2023 £	2023 No.
At the start of the year	£0.00	87,325	-	-
Lapsed	-	-	£0.00	(24,950)
Granted	-	-	£0.00	112,275
Exercised	-	-	-	-
At the end of the year	£0.00	87,325	£0.00	87,325

2023 Senior management £nil cost awards (TSR)

	Weighted average exercise price 2024 £	2024 No.	Weighted average exercise price 2023 £	2023 No.
At the start of the year	-	-	-	-
Lapsed	-	-	-	-
Granted	£0.00	108,011	-	-
Exercised	-	-	-	-
At the end of the year	£0.00	108,011	-	-

2023 Senior management £nil cost awards (EPS)

	Weighted average exercise price 2024 £	2024 No.	Weighted average exercise price 2023 £	2023 No.
At the start of the year	-	-	-	-
Lapsed	-	-	-	-
Granted	£0.00	108,011	-	-
Exercised	-	-	-	-
At the end of the year	£0.00	108,011	-	-

The profit and loss expense that has been recognised in the current year in respect of the Unapproved Scheme is £1,046,000 (2023: £1,309,000).

The vesting of most of these awards is subject to the Group achieving certain performance targets under the Unapproved Scheme, measured over a three or five year period, as set out in the Remuneration Report. The options will vest depending on achievement of the Group's absolute total shareholder return ("TSR") as follows:

The awards under the CSOP Scheme and Unapproved Scheme to employees other than as noted above are not subject to performance conditions and vest subject to continued employment only.

In respect of the CFO and CFO awards, the fair value at grant date is independently determined using a Monte Carlo simulation model which calculates a fair value based on a large number of randomly generated projections of the Company's future share prices. In respect of the CSOP and Unapproved Schemes, the fair value at grant date has been determined using a Black-Scholes model that takes into account the exercise price, the term of the option, the share price at grant date and expected price volatility of the underlying share, and the risk-free interest rate for the term of the option as shown overleaf:

26. Share based payments

	Grant date	Share price at grant date (pence)	Exercise price (pence)	Expected volatility (%)	Projection period (yrs)	Expected lift (yrs)	di
2018 unapproved schemes	4 Jan 2021	134p	38.38p	45%	2.65	3	
2021 CSOP	16 Feb 21	176p	174p	45%	n/a	3	
2021 unapproved schemes	16 Feb 21	176p	174p	45%	n/a	3	
2021 3 year CEO award	9 Mar 21	185p	nil	45%	2.89	3	
2021 5 year CEO award	9 Mar 21	185p	nil	45%	0.89	5	
2021 CFO	9 Mar 21	185p	nil	45%	2.89	3	
2021 SAYE	18 Mar 21	190p	154p	55%	3.16	3	
2022 Senior management £nil cost awards (TSR)	5 Aug 21	101p	10p	55%	2.65	3	
2022 Senior management £nil cost awards (EPS)	5 Aug 21	101p	10p	55%	n/a	3	
2023 Senior management £nil cost awards (TSR)	30 Nov 23	124p	10p	53%	2.33	3	
2023 Senior management £nil cost awards (EPS)	30 Nov 23	124p	10p	53%	n/a	3	

The expected volatility has been estimated based upon the historical volatility of the FTSE AIM Retailers and Personal & Household goods sub sectors.

No awards are exercisable at the end of the year. The charge for share-based payments in the year was £1,226,000 (2023: £1,460,000) which is included within Adjusted items. Of this, £148,000 (2023: £177,000) related to Employers National Insurance Contributions and £1,078,000 (2023: £1,283,000) related to the share-based payments charge.

27. Ultimate controlling party

The Directors consider the ultimate controlling party to be S Chadha and his concert party.

28. Other financial commitments

See note 24.5 for details of the financial commitments under US dollar forward exchange contracts.

29. Related party transactions

29.1 Remuneration of key personnel

Remuneration of key management personnel, considered to be the Directors of the Company and members of the senior management team is as follows:

	Year Ended 31 March 2024 £'000	Year Ended 31 March 2023 £'000
Short-term employee benefits	1,793	1,152
Social security costs	254	159
Employee share schemes	1,184	1,405
Post-employment benefits	9	8
Total compensation	3,240	2,724

29.2 Transactions and balances with key personnel

	As at 31 March 2024 £'000	As at 31 March 2023 £'000
Loan balances with Directors:		
Balance outstanding from director	(2)	(2)

29.3 Transactions and balances with related companies and businesses

	Year Ended 31 March 2024 £'000	Year Ended 31 March 2023 £'000
Transactions with related companies:		
Rent paid to SC8 Limited	365	-
Rent paid to Chadha Properties Limited	-	180

On 30 March 2023 the landlord of Beacon Road, Supreme's principal operating site, changed from Chadha Properties Limited to SC8 Limited (formerly Supreme 8 Limited), both of which are related parties. SC8 Limited is owned entirely by Sandy Chadha, a director of Supreme PLC. On 5 May 2023 a new lease was signed between SC8 Limited and Supreme Imports Ltd for a term of 5 years from 16 March 2023. Rent to be paid to SC8 Limited in respect of Beacon Road will be £374,000 per annum (plus VAT) and will continue to be disclosed as a transaction with related parties.

There are no year end balances due to any related company.

The above companies are related due to common control and Directors.

30. Acquisition of assets of Food IQ Limited

No acquisitions took place in the year that met the definition of a business combination under IFRS 3. The business did however acquire the plant and machinery of FoodIQ UK Holdings Limited ("Food IQ"), a protein manufacturer, for consideration of £175,000. Owing to the lack of operational employees, active customer contracts or intellectual property acquired as part of the acquisition the assets acquired did not constitute a "business" under IFRS 3 and therefore this was not deemed to be a business combination. The acquired assets are reported within additions within note 13.

31. Post balance date events

On 21 June 2024, Supreme acquired the entire share capital of Acorn Topco Limited, the parent company of Clearly Drinks Limited, a long-established and well-known UK manufacturer and brand owners of specialised canned and bottled-at-source spring water and soft drinks, for a net consideration of £15 million. Given the proximity of the acquisition to the signing of these financial statements, the purchase price allocation exercise had not been finalised and is therefore not disclosed as part of these financial statements.

Company Statement of Financial Position

as at 31 March 2024

	Note	As at 31 March 2024 £'000	As at 31 March 2023 £'000
Fixed assets			
Investments	6	26,150	26,112
		26,150	26,112
Current assets			
Debtors	7	10,599	10,962
Cash at bank and in hand		3	4
		10,602	10,966
Creditors: amounts falling due within one year	8	(768)	(620)
Net current assets		9,834	10,346
Total assets less current liabilities		35,984	36,458
Net assets		35,984	36,458
Capital and reserves			
Share capital	9	11,652	11,732
Share premium	9	7,435	7,427

Capital redemption reserve	83	
Share-based payments reserve	3,948	2,729
Retained earnings	12,866	14,570
Total Equity	35,984	36,458

The Company has taken advantage of the exemption permitted by Section 408 of the Companies Act 2006 not to produce its own profit and loss account. The profit for the year dealt within the financial statements of the Company was £3,637,000 (2023: £4,195,000).

The notes are an integral part of these Company financial statements.

The Company financial statements were approved by the Board of Directors on 1 July 2024 and were signed on its behalf by:

S Smith

Director

Registered number: 05844527

Company Statement of Changes in Equity

for the Year Ended 31 March 2024

	Share Capital £'000	Share premium £'000	Capital redemption reserve £'000	Share-based payments reserve £'000
As at 1 April 2022	11,663	7,231	-	2,066
Profit for the year	-	-	-	-
Total comprehensive income for the year	-	-	-	-
<i>Transactions with shareholders:</i>				
Issue of shares (note 9)	69	196	-	-
Employee share schemes - value of employee services (note 11)	-	-	-	1,271
Deferred tax on share-based payment charge (note 5)	-	-	-	(608)
Dividends (note 9)	-	-	-	-
Total transactions with owners, recognised in equity	69	196	-	663
As at 31 March 2023	11,732	7,427	-	2,729
Profit for the year	-	-	-	-
Total comprehensive income for the year	-	-	-	-
<i>Transactions with shareholders:</i>				
Issue of shares (note 9)	3	8	-	-
Share buy back (note 9)	-	-	-	-
Cancellation of shares (note 9)	(83)	-	83	-
Employee share schemes - value of employee services (note 11)	-	-	-	1,078
Deferred tax on share-based payment charge (note 5)	-	-	-	141
Dividends (note 9)	-	-	-	-
Total transactions with owners, recognised in equity	(80)	8	83	1,219
As at 31 March 2024	11,652	7,435	83	3,948

The notes form part of these Company financial statements.

1. General Information

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 that of a holding company. The registered office is 4 Beacon Road, Ashburton Park, Trafford Park, Manchester, M17 1AF.

2. Summary of material accounting policies

2.1 Reporting framework

The separate financial statements of the Company have been prepared in accordance with Financial Reporting Standard 101, "Reduced Disclosure Framework" ("FRS 101"), on the going concern basis under the historical cost convention, and in accordance with the Companies Act 2006 as applicable to companies reporting under FRS 101.

The financial information is presented in sterling and has been rounded to the nearest thousand (£'000).

The principal accounting policies, which have been applied consistently to all the years presented, are set out below.

2.2 Financial Reporting Standard 101 - reduced disclosure exemptions

The following exemptions from the requirements in IFRS have been applied in the preparation of these financial statements:

- The requirement of IFRS 1, 'First-time adoption of International Financial Reporting Standards', to present a statement of financial position at the date of transition.
- IFRS 7, "Financial Instruments: Disclosures".
- Paragraphs 91 to 99 of IFRS 13, "Fair value measurement" (disclosure of valuation techniques and inputs used for fair value measurements of assets and liabilities).
- Paragraph 38 of IAS 1, "Presentation of financial statements" - comparative information requirements in respect of:
 - i. Paragraph 79(a)(iv) of IAS 1;
 - ii. Paragraph 73 (e) of IAS 16, "Property, plant and equipment"; and
 - iii. Paragraph 118 (e) of IAS 38, "Intangible assets" (reconciliations between the carrying amount at the beginning and end of the period).
- The following paragraphs of IAS 1, "Presentation of financial statements":
 - iv. 10(d) (statement of cash flows);
 - v. 16 (statement of compliance with all IFRS);
 - vi. 38A (requirement of minimum of two primary statements, including cash flow statements);
 - vii. 38B-D (additional comparative information);
 - viii. 111 (statement of cash flows information); and
 - ix. 134-136 (capital management disclosures).
- IAS 7, "Statement of cash flows".
- Paragraphs 30 and 31 of IAS 8, "Accounting policies, changes in accounting estimates and errors" (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective).
- Paragraph 17 of IAS 24, "Related party disclosures" (key management compensation).
- The requirements in IAS 24, "Related party disclosures", to disclose the related party transactions entered into between two or more members of a Group.
- Paragraphs 130(f)(ii)(iii), 134(d)-(f) and 135(c)-(e) of IAS 36, "Impairment of assets".
- Paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 and the second sentence of paragraph 110 of IFRS 15.

This information is included in the consolidated financial statements found earlier in this report.

2.3 Company profit and loss account

The Company has not presented its own profit and loss account as permitted by Section 408 of the Companies Act 2006. The Company's profit after taxation for the period was £3,637,000 (2023: £4,195,000). There are no material differences between the loss after taxation in the current period and its historical cost equivalent. Accordingly, no note of historical cost profits and losses has been presented.

2.4 Going concern

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 two-year period to 31 March 2026. These forecasts and projections, which the Directors consider to be prudent, have been further sensitised by applying general reductions to revenue and profitability, to consider downside risk. Under both the base and sensitised cases 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. In addition to these general sensitivities, the Directors have specifically also considered the proposed changes to the regulatory landscape within the vaping industry, the increased cost of borrowing and the ongoing cost of living crisis taking place in the UK, all of which have been reflected in this forecast.

- The Directors have performed a specific sensitivity in reference to the upcoming ban on disposables vapes (currently scheduled for 1 April 2025) in which a scenario where all the revenue currently attributable to disposable vapes does not transition to an alternative form of vaping has been assessed. The sensitivity confirmed that without the sale of disposable vapes or a likely substitute product in its place, the remaining Supreme group would remain profitable and cash-generative and therefore this does not pose a problem in respect of going concern.
- In addition to the specific sensitivity on the disposable vape ban, the Directors have also performed reverse stress-testing on the cash flow forecasts to see how far revenue would be required to decline before a banking covenant would breach or the Group would run out of cash. This exercise highlighted that revenue would need to fall by 47% (with the overhead base remaining in place entirely) before a banking covenant would breach.
- Whilst the Group's debt facilities are priced at a variable rate (SONIA + a margin) the Group's current positive leverage ratio (i.e. having no bank borrowings with at the balance sheet date or since then), means that Supreme's exposure to any increases in borrowing rates is limited. Should the Group increase its level of bank borrowings during the forecast period (likely to be triggered by M&A) then of course this increased cost of borrowing would impact the Group (albeit expected to be offset by the incremental earnings generated by any M&A target).
- Historically Supreme has been a net beneficiary in periods of economic downturn, owing to the fact more than half of its revenue is derived from the discount retail sector which typically trades buoyantly during these periods (for prudence this has not been assumed in the forecast). The inflationary cost increases (specifically over salary costs, energy and transport) have been specifically factored into the cost base throughout for the forecast period.

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.

2.5 Financial instruments

Financial assets and financial liabilities are recognised in the Company's Statement of Financial Position when the Company becomes party to the contractual provisions of the instrument. Financial assets are de-recognised when the contractual rights to the cash flows from the financial asset expire or when the contractual rights to those assets are transferred. Financial liabilities are de-recognised when the obligation

specified in the contract is discharged, cancelled or expired.

2.6 Share-based payments

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to profit or loss over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each Statement of Financial Position date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

The fair value of the award also takes into account non-vesting conditions. These are either factors beyond the control of either party (such as a target based on an index) or factors which are within the control of one or other of the parties (such as the Group keeping the scheme open or the employee maintaining any contributions required by the scheme).

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the Statement of Comprehensive Income over the remaining vesting period. Where equity instruments are granted to persons other than employees, the Statement of Comprehensive Income is charged with fair value of goods and services received. The value of the awards made to the employees of the Company's subsidiaries are treated as an increase in the cost of investment in the subsidiary, with the credit taken to the share-based payments reserve.

3. Critical accounting estimates and judgements

In the preparation of the Company financial statements, the Directors, in applying the accounting policies of the Company, make some judgements and estimates that effect the reported amounts in the financial statements. The following are the areas requiring the use of judgement and estimates that may significantly impact the financial statements.

Accounting estimates

Information about estimates and assumptions that may have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

3.1 Non-current asset impairment

The carrying value of the Company's investments in subsidiaries was £26,150,000 at 31 March 2024. The Directors have performed an impairment review by comparing the carrying value to the higher of the value-in-use and fair value less costs to sell of the underlying assets. The value-in-use calculations require the use of estimates in calculating the future cash forecasts based upon management judgement. Future events could cause the assumptions to change, therefore this could have an adverse effect on the future results of the Company. The fair value less costs to sell calculations include an element of judgement.

The estimates used in the impairment calculation are set out in Note 12 to the Group financial statements.

Accounting judgements

Judgements in applying accounting policies and key sources of estimation uncertainty.

The following are the areas requiring the use of judgement that may significantly impact the Company financial statements:

3.2 Non-current asset impairment

The calculation of fair value less costs to sell is based upon management's judgement by reference to the Group's market capitalisation. Taking into account movements in the share price the Directors consider there to be no reasonably possible scenario in which the asset would be impaired. No reasonable change in inputs

would result in impairment.

4. Remuneration of Directors and auditors

Details of Directors' remuneration are shown in the Directors' Remuneration Report in note 8 of the Group financial statements. Details of auditors' remuneration are shown in note 6 of the Group financial statements. The Company has no employees.

5. Deferred tax

Deferred tax consists of the following temporary differences

	As at 31 March 2024 £'000	As at 31 March 2023 £'000
Share based payments	607	640
	607	640

Movement in deferred tax in the year

	As at 31 March 2024 £'000	As at 31 March 2023 £'000
Balance at the beginning of the year	640	759
(Debited)/credited to profit or loss	(174)	489
Credited/(debited) to reserves	141	(608)
Balance at the end of the year	607	640

6. Investments

	As at 31 March 2024 £'000	As at 31 March 2023 £'000
Balance at the beginning of the year	26,112	25,979
Capital Contribution	38	133
Balance at the end of the year	26,150	26,112

At 31 March 2024, the Company directly owned 100% of the ordinary share capital of the following subsidiaries, which are incorporated in England and Wales unless stated:

Subsidiary	Registered address	Principal activity
Supreme Imports Limited	4 Beacon Road, Ashburton Park, Trafford Park, Manchester M17 1AF	Distribution of consumer goods
Provider Distribution Limited	Unit 1 Rosewood Park, St James Road, Blackburn, Lancashire BB1 8ET	Distribution of consumer goods

At 31 March 2024, the Company indirectly owned 100% of the ordinary share capital of the following subsidiaries, which are incorporated in England and Wales unless stated:

Subsidiary	Registered address	Principal activity
VN Labs Limited		Distribution of consumer goods
Battery Force Limited	4 Beacon Road, Ashburton Park, Trafford Park, Manchester M17 1AF	Dormant
Powerquick Limited		Holding company
Supreme 88 Limited		Holding company
Supreme Nominees Limited		Holding of shares as nominee
Holding Esser Affairs B.V.	Vanadiumweg 13, 3812 PX, Armersfoort, Netherlands	Holding company
AGP Trading B.V.	Unit C5, South City Business Park, Whitestown Way, Tallaght, Dublin 24, D24 A993	Distribution of consumer goods
Vendek Limited		Distribution of consumer goods
Liberty Flights Holdings Limited	4 Beacon Road, Trafford Park, Manchester, England, M17 1AF	Holding company
Liberty Flights Limited		Distribution of consumer goods

The Directors believe that the carrying value of the investments is supported by their underlying net assets.

7. Debtors

	As at 31 March	As at 31 March
Amounts Held in Current Assets		

	2024	2023
	£'000	£'000
Amounts owed by Group undertakings	9,992	10,322
Deferred Tax (note 5)	607	640
	10,599	10,962

The Directors believe that the carrying value of trade and other receivables represents their fair value. In determining the recoverability of trade receivables, the Company considers any change in the credit quality of the receivable from the date credit was granted up to the reporting date.

All the amounts owed by Group undertakings shown above are repayable on demand. Historically, there have not been any incidents of credit losses on intercompany balances.

The deferred tax asset of £607,000 (2023: £640,000) falls due in more than one year.

8. Creditors: amounts falling due within one year

	As at 31 March 2024	As at 31 March 2023
	£'000	£'000
Amounts owed to Group undertakings	300	-
Amounts owed to related parties	-	300
Other tax and social security	468	320
	768	620

Amounts owed to Group undertakings are interest free and repayable on demand. Amounts owed to related parties accrue interest at 3% and are repayable on demand.

9. Share capital and reserves

Details of movements in share capital and reserves are set out in Note 25 to the Group financial statements.

10. Related party transactions

The Company has taken advantage of the exemption included in IAS 24 'Related Party Disclosures' not to disclose details of transactions with Group undertakings, on the grounds that it is the parent company of a Group whose financial statements are publicly available.

Directors' transactions

Details of the Directors' interests in the ordinary share capital of the Company are provided in the Directors' Remuneration Report.

11. Share based payments

The Company operates a number of share option arrangements for key executives and employees, further details of which can be found in note 26 to the Group financial statements. Further details of the arrangements for senior executives can be found in the Directors' Remuneration Report in the Group financial statements.

The Company recognised total expenses of £1,184,000 in respect of the equity-settled share-based payment transactions in the year ended 31 March 2024 (2023: £1,271,000). This included £144,000 of Employers National Insurance contributions (2023: £157,000). The additional charge to equity of £38,000 reflects the options granted to employees of Supreme Imports Ltd and corresponds to the increase in the investment in the subsidiary as shown in note 6.

12. Post balance date events

On 21 June 2024 Supreme Imports Limited, a 100% owned subsidiary of the Company acquired the entire share capital of Acorn Topco Limited, the parent company of Clearly Drinks Limited. Further details of this can be found in note 31 to the Group financial statements.



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