Supreme Limited

Intention to Float

RNS Number : 7011L
Supreme Limited
23 April 2018

NOT FOR RELEASE, DISTRIBUTION, PUBLICATION, DIRECTLY OR INDIRECTLY, IN WHOLE OR IN PART, IN OR INTO OR FROM THE UNITED STATES, CANADA, AUSTRALIA, NEW ZEALAND, THE REPUBLIC OF SOUTH AFRICA OR JAPAN OR ANY OTHER JURISDICTION WHERE TO DO SO MIGHT CONSTITUTE A VIOLATION OF THE RELEVANT LAWS OR REGULATIONS OF SUCH JURISDICTION.

This announcement is an advertisement and not an admission document or a prospectus. This announcement is not and does not constitute or form part of, and should not be construed as, an offer of securities for subscription or sale in any jurisdiction nor a solicitation of any offer to buy or subscribe for, any securities in any jurisdiction, nor shall it or any part of it, or the fact of its distribution, form the basis of, or be relied on in connection with, any contract or commitment whatsoever. This announcement does not constitute a recommendation regarding any securities. Prospective investors should not subscribe for or purchase any securities referred to in this announcement except in compliance with applicable securities laws and regulation and on the basis of the information in the final admission document ("Admission Document") to be published by the Company, and any supplement thereto, in connection with the placing ("Placing") of its ordinary shares ("Shares") and the proposed admission ("Admission") of the Shares to trading on the AIM market of London Stock Exchange plc ("London Stock Exchange"). A copy of the Admission Document will, following publication, be available for viewing on the Company's website at www.supreme.co.uk.

23 April 2018

Supreme Limited

to be registered as a public company and renamed

Supreme plc

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

Intention to Float

and
Proposed Admission to trading on AIM

Supreme, a leading manufacturer and supplier of branded and licensed consumer products, announces its intention to seek admission of its Shares to trading on the AIM market of the London Stock Exchange, which is expected to take place in May 2018.

The Group operates three primary divisions: Batteries, Lighting and Vaping, supplying its products to the discount retail, wholesale, independent retail, supermarkets and export sectors with over 3,600 active customer accounts, and long established relationships with well-known global brands.

Key strengths

- **An established manufacturer and supplier of scale**

  - One of the largest branded consumer battery distributors in the UK (sold c. 200 million batteries in the year ended 31 March 2017)

  - International licensing agreements in place for lighting products (sold c. 35 million lighting products in the year ended 31 March 2017)

  - The Directors believe Supreme is also one of the largest producers of vaping e-liquids in the UK by volume (manufactured an average of over 130,000 bottles of vaping e-liquid per working day at its clean room manufacturing facility in Manchester in March 2018 and sold c. 690, 000 hardware kits and c. 4 million items of vaping hardware in the calendar year 2017)

- **A product mix with high repeat and non-discretionary customers**

  - Supreme's batteries, lighting and, for vapers, vaping products are consumer staples

  - Batteries and lighting sales are characterised by repeat buys

  - Complementary products drive higher utilisation and cross-sell opportunity

- **Attractive financial profile and consistent record of delivering growth**

  - Revenues increased to £70.7 million in the year ended 31 March 2017, with a CAGR of 29 per cent. between 2015 and 2017

  - EBIT for the year increased to £7.2 million, with a CAGR of 82 per cent. between 2015 and 2017

- **Long-term entrenched supplier relationships**

  - Widespread and long-lasting relationships with Duracell, Panasonic, Eveready, Energizer, and JCB

  - Distributor and licensing model firmly established in lighting and battery markets

  - Depth and breadth of products satisfies customers' requirements

- **Strong relationships with a diversified and extensive customer base**

  - Growing customer base of over 3,600 accounts, with over 12,500 retail points

  - Customers include discount retailers such as B&M, Home Bargains, Poundland, Wilkinsons, Iceland, Poundstretcher and Heron Foods; nationwide retailers such as ASDA and Halfords; and wholesalers and independent retailers such as Booker, Bestway, Costcutter and Nisa

  - Largest single customer represents just 16 per cent. of total revenue

- **Well positioned in vaping market**

  - Established vaping brands including 88vape and KiK

  - Advertising restrictions introduced in 2016 have created higher barriers to entry

  - Ownership of UK based e-liquid manufacturing facility is a differentiator, particularly attractive to third party manufacturing

- **Well placed to capitalise on key growth opportunities**

  - Battery and lighting divisions provide a stable cash generative platform

  - Opportunity to broaden customer base in the UK and internationally

  - Strong track record of growth in vaping with significant potential for future growth

  - Opportunity to expand into new verticals such as sports nutrition and leverage existing distribution and customer relationships

Sandy Chadha, Chief Executive Officer of Supreme, commented:

"Over the last two decades we have established Supreme as a leading manufacturer and distributor of batteries and lighting, and more recently vaping, demonstrating our ability to leverage our extensive distributor and customer relationships to drive growth. With a track-record of growing revenues, achieving long-term profitability and strong cash generation, we remain well-placed to build upon this.

"We are excited about our potential flotation on AIM, which I believe will provide a platform from which to execute on our growth ambitions and realise the next stage of our development."

Enquiries:

Supreme Limited	via Vigo Communications
Sandy Chadha, Chief Executive Officer	+44 (0)20 7830 9707
Mike Clinch, Finance Director	
Grant Thornton UK LLP (Nominated Adviser)	+44 (0)20 7383 5100
Philip Secrett / Samantha Harrison / Harrison Clarke	
Berenberg (Sole Global Coordinator and Broker)	+44 (0)20 3207 7800
Chris Bowman / Mark Whitmore / Laure Fine / James Brooks	
Vigo Communications (Financial Public Relations)	+44 (0)20 7830 9707
Jeremy Garcia / Antonia Pollock	
supreme@vigocomms.com	

IMPORTANT INFORMATION

This announcement does not constitute, or form part of, any offer or invitation to sell, allot or issue, or any solicitation of any offer to purchase or subscribe for, any securities in the Company in any jurisdiction nor shall it, or any part of it, or the fact of its distribution, form the basis of, or be relied on in connection with or act as an inducement to enter into, any contract or commitment therefor.

Recipients of this announcement who are considering subscribing for or acquiring Shares following publication of the Admission Document are reminded that any such acquisition or subscription must be made only on the basis of the information contained in the final Admission Document, which may be different from the information contained in this announcement. No reliance may be placed, for any purpose whatsoever, on the information or opinions contained in this announcement or on its completeness. To the fullest extent permitted by applicable law or regulation, no undertaking, representation or warranty, express or implied, is given by or on behalf of the Company, Grant Thornton UK LLP ("Grant Thornton"), or Joh. Berenberg Gossler & Co KG, London Branch ("Berenberg"), or their respective parent or subsidiary undertakings or the subsidiary undertakings of any such parent undertakings or any of their respective directors, officers, partners, employees, agents, affiliates, representatives or advisers or any other person as to the accuracy, sufficiency, completeness or fairness of the information, opinions or beliefs contained in this announcement and, save in the case of fraud, no responsibility or liability is accepted by any of them for any errors, omissions or inaccuracies in such information or opinions or for any loss, cost or damage suffered or incurred, howsoever arising, from any use, as a result of the reliance on, or otherwise in connection with this announcement.

Grant Thornton, which is authorised and regulated by the Financial Conduct Authority, and Berenberg, which is authorised by the German Federal Financial Supervisory Authority and subject to limited regulation in the United Kingdom by the Financial Conduct Authority, are acting only for the Company in connection with the proposed Placing and Admission and are not acting for or advising any other person, or treating any other person as their respective client, in relation thereto and will not be responsible for providing the regulatory protection afforded to clients of Grant Thornton, or Berenberg or advice to any other person in relation to the matters contained herein. Such persons should seek their own independent legal, investment and tax advice as they see fit. Grant Thornton's responsibilities as the Company's nominated adviser under the AIM Rules for Nominated Advisers and AIM Rules for Companies will be owed solely to the London Stock

Exchange and not to the Company, to any of its directors or any other person in respect of a decision to subscribe for or otherwise acquire Shares in reliance on the Admission Document. Neither Grant Thornton nor Berenberg have authorised or approved the contents of, or any part of, this announcement and no representation or warranty, express or implied, is made by Grant Thornton and Berenberg or their affiliates as to any of its contents.

This announcement is only addressed to, and directed at, persons in member states of the European Economic Area who are qualified investors within the meaning of Article 2(1)(e) of the Prospectus Directive ("Qualified Investors"). For these purposes, the expression "Prospectus Directive" means Directive 2003/71/EC, as amended, and includes any relevant implementing measure in each member state of the European Economic Area which has implemented the Prospectus Directive. In addition, in the United Kingdom, this announcement is addressed to and directed only at Qualified Investors who are (i) persons having professional experience in matters relating to investments, i.e., investment professionals within the meaning of Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "FPO"); (ii) high net-worth companies, unincorporated associations and other bodies within the meaning of Article 49 of the FPO; and (iii) persons to whom it is otherwise lawful to communicate it to. It is not intended that this announcement be distributed or passed on, directly or indirectly, to any other class of person and in any event, and under no circumstances should persons of any other description rely on or act upon the contents of this announcement.

Neither this announcement nor any copy of it may be (i) taken or transmitted into or distributed, directly or indirectly, in the United States (within the meaning of regulations made under the US Securities Act of 1933, as amended), (ii) taken or transmitted into, distributed, published, reproduced or otherwise made available or disclosed in Canada, Australia, New Zealand or the Republic of South Africa or to any resident thereof, except in compliance with applicable securities laws, or (iii) taken or transmitted into or distributed in Japan or to any resident thereof for the purpose of solicitation or subscription or offer for sale of any securities or in the context where the distribution thereof may be construed as such a solicitation or offer. Any failure to comply with these restrictions may constitute a violation of the securities laws or the laws of any such jurisdiction. The distribution of this announcement in other jurisdictions may be restricted by law and the persons into whose possession this announcement comes should inform themselves about, and observe, any such restrictions.

The Shares have not been and will not be registered under the US Securities Act of 1933, as amended, and may not be offered or sold in the United States, except pursuant to an applicable exemption from registration. No public offering of securities is being made in the United States. No securities commission or similar authority in Canada has in any way passed on the merits of the securities offered hereunder and any representation to the contrary is an offence. No document in relation to the proposed placing of the Shares has been, or will be, lodged with, or registered by, the Australian Securities and Investments Commission, and no registration statement has been, or will be, filed with the Japanese Ministry of Finance. Accordingly, subject to certain exceptions, the Shares may not be, directly or indirectly, offered, sold, taken up, delivered or transferred in or into or from a Restricted Jurisdiction or offered or sold to a person within a Restricted Jurisdiction.

The date of Admission may be influenced by factors such as market conditions. There is no guarantee that the Admission Document will be published or that the Placing and Admission will occur, and you should not base your financial decisions on the Company's intentions in relation to the Placing and Admission at this stage. Acquiring investments to which this announcement relates may expose an investor to a significant risk of losing all of the amount invested. The value of shares can decrease as well as increase. This announcement does not constitute a recommendation concerning the Placing. Persons considering an investment in such investments should consult an authorised person specialising in advising on such investments.

This announcement contains certain statements that are, or may be, forward looking statements with respect to the financial condition, results of operations, business achievements and/or investment strategy of the Company. Such forward looking statements are based on the Board's expectations of external conditions and events, current business strategy, plans and the other objectives of management for future operations, and estimates and projections of the Company's financial performance. Though the Board believes these expectations to be reasonable at the date of this document they may prove to be erroneous. Forward looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, achievements or performance of the Group, or the industry in which the Group operates, to be materially different from any future results, achievements or performance expressed or implied by such forward looking statements.

Certain figures in this announcement, including financial information, have been subject to rounding adjustments. Accordingly, in certain instances, the sum or percentage change of the numbers contained in this announcement may not conform exactly to the total figure given.

- Ends -

This information is provided by RNS
The company news service from the London Stock Exchange

END

EFNSEFFWEFASELL