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27 January 2021

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

**Initial Public Offering**

**Announcement of Placing Price**

Supreme, a leading manufacturer, supplier and brand owner of fast moving consumer products, announces the successful pricing of its initial public offering (the "**IPO**") and conditional placing of 5,597,015 new and 44,776,120 existing shares of 10 pence each (the "**Placing**") at 134 pence per share (the "**Placing Price**") with institutional investors, to raise gross proceeds of £67.5 million.

It is expected that dealings in the Shares will commence at 8.00 a.m. on 1 February 2021 on AIM under the ticker SUP and the ISIN number GB00BDT89C08 ("**Admission**"). Immediately following Admission, the Company's market capitalisation, based on the Placing Price, is expected to be approximately £156.1 million with a free float of approximately 43.2%.

The Placing saw strong demand from institutional investors. £7.5 million of the gross proceeds raised will be used to partially repay the Group's existing debt, as well as £60 million to pay the selling shareholders, including Sandy Chadha, the Company's founder and Chief Executive Officer, who will retain a substantial shareholding in the Group, amounting to approximately 56.8% of the Shares in issue on Admission.

The Directors believe that the IPO will enable the Company to execute on its growth strategy, raise its profile and provides the ability to incentivise key employees. Berenberg

are acting as Sole Global Coordinator and Broker, Grant Thornton UK LLP as Nominated Adviser, and Beyond Corporate as legal counsel to the Company.

### **IPO Highlights**

- **Supreme has created a vertically integrated platform providing an excellent route to market for well-known brands and products**
  - The Company supplies products across five key categories; batteries, lighting, vaping, sports nutrition & wellness, and branded household consumer goods
  - Supreme's capabilities span from product development and manufacturing through to its extensive retail distribution network and direct to consumer capabilities
  - This platform enables the Group to efficiently scale up new products, brands, and categories at low cost, as has been the case for vaping and sports nutrition & wellness
  
- **Consistent track record of sales and profit growth coupled with strong cash generation**
  - In the year ended 31 March 2020, the Company generated revenues of £92.3 million, Gross Profit of £26.8 million and adjusted EBITDA of £16.2 million representing CAGRs of 17%, 34% and 52% respectively between 2015 and 2020
  - For the six months to 30 September 2020, unaudited revenues were £56.3 million with adjusted EBITDA of £8.4 million, an increase over the prior period of 43% and 21% respectively, demonstrating the Company's resilience through COVID-19
  - The Directors intend to pay dividends to shareholders in an aggregate annual amount equivalent to approximately 50 per cent. of net profits, retaining the balance of earnings from operations to finance the future expansion of the Group, with dividends commencing (with an interim dividend) following the notification of the Company's interim results for the six month period to 30 September 2021
  
- **Operating across both an extensive and diverse customer base**
  - Over 3,300 active business accounts with retail customers who manage over 10,000 branded retail outlets
  - Customers include discount retailers such as B&M, Home Bargains, Poundland, The Range, and Sports Direct; Wholesalers, e-tailers and Symbol Group Retailers such as Londis, SPAR and Costcutter; Supermarkets and high street retailers such as Asda, Halfords and Iceland; International retailers; Public Sector customers such as HM Prison & Probation Service; and direct to consumer online
  
- **Well-established brands**
  - In addition to distributing globally-recognised brands such as Duracell, Energizer and Panasonic, and supplying lighting products exclusively under the Energizer, Eveready and JCB licences across 45 countries, Supreme has also developed brands in-house, most notably 88Vape
  
- **Products exposed to growing underlying markets with high repeat and non-discretionary customers**
  - The vaping market is expected to grow at a 13% CAGR from 2019 to 2022 supported by UK public health bodies and shifting consumer preferences
  - The sports nutrition and vitamins markets in the UK are expected to grow at 9% and 7% CAGR from 2019 to 2022 respectively
  - Supreme's batteries, lighting and, for users, vaping and sports nutrition & wellness products are consumer staples and therefore are less sensitive to economic conditions

- **A leading vaping brand protected by significant barriers to entry with ownership of a UK based e-liquid manufacturing facility a key differentiator**
  - The Company's 88Vape brand has proven to be the most visible value vaping brand in the UK
  - Owning one of the largest e-liquid manufacturing facilities in the UK provides the Group with security over both its supply and quality of e-liquid
  - Since September 2019, the Group has manufactured over 250,000 bottles of e-liquid per working day
  - In the year ended 31 March 2020, Supreme sold c. 45 million bottles of e-liquid, representing c. 30% of e-liquid bottles sold in the UK, and c. 794,200 vaping hardware kits
  
- **A growing footprint in Sports Nutrition and Wellness presents a material growth opportunity**
  - The Group entered this segment in February 2018 and has already grown this category to report c. £5.0 million revenues in the year ended 31 March 2020
  - More recently the Group has expanded its product offering to include health supplements and vitamins for which the Group has already received initial orders from large customers. The Directors believe this category represents a significant opportunity for future growth
  
- **Environmental, social and governance standards are at the forefront of business considerations**
  - Vaping is widely accepted as aiding smoking cessation and reducing the significant negative impacts of smoking
  - The Directors believe that the Group's practices align with UN Sustainable Development Goals across all of its divisions
  
- **A strong management team with extensive operational experience**
  - Supreme's senior management team has an aggregate of over 90 years' industry experience and has successfully driven the Company's organic growth

**Sandy Chadha, Chief Executive Officer of Supreme, commented:**

*"I am deeply proud of the business we have developed and believe our flotation on AIM will provide Supreme with the tools with which to capitalise on a number of exciting growth opportunities. We have created a profitable business of significant scale, underpinned by a platform which provides a seamless route to market for a number of leading brands and product categories.*

*"We have established leading positions across the battery, lighting and vaping markets. Coupled with our proven ability to innovate, with recent category entries such as sports and nutrition and branded household consumer goods now contributing substantially to our financial performance, we have a clear path to maintaining sustainable growth.*

*"We welcome our new shareholders at what is a very exciting inflection point for our business."*

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