

28 November 2023

**Supreme plc**  
**(“Supreme,” the “Company” or the “Group”)**

**Unaudited Results for the Half Year Ended 30 September 2023**

***Record levels of revenue, Adjusted EBITDA<sup>1</sup> and pre-tax profit driven by growth across all product categories, alongside extensive operational progress***

*Strong Q3 trading to-date resulting in a further significant profit upgrade for FY 2024*

Supreme (AIM:SUP), a leading manufacturer, distributor and brand owner of fast-moving consumer products, announces its unaudited results for the six-month period ended 30 September 2023 (“H1 2024” or the “Period”).

**Financial Highlights**

- Revenue growth of 63% to £105.1 million (H1 2023: 64.6 million) driven by:
  - The ElfBar distribution opportunity, which generated £26.4 million revenue in the Period and has been reported within “Branded Distribution” in the segmental analysis;
  - Strong organic growth of £8.7 million arising from Lighting (21% growth), Vaping (17% growth) and Sports Nutrition & Wellness (17% growth); and
  - The contribution of prior-year acquisitions, which reported growth of £5.4 million.
- Adjusted EBITDA<sup>1</sup> up 88% to £15.2 million (H1 2023: £8.1 million) driven by incremental revenue and improved margins with very modest investment in overheads to support the reported revenue growth
- Pre-tax profit up 179% to £12.3 million (H1 2023: £4.4 million)
- Adjusted net debt (i.e. excluding IFRS 16 leases)<sup>4</sup> of £4.8 million (H1 2023: £12.9 million), representing less than 0.2x adjusted LTM EBITDA, with unutilised borrowing facilities of £35 million
- Interim dividend of 1.5 pence per share declared (H1 2023: 0.8 pence)

	<b>H1 2024</b>	<b>H1 2023</b>	<b>Change</b>
	<b>£m</b>	<b>£m</b>	<b>%</b>
Revenue	105.1	64.6	+63%
Gross profit	28.5	18.2	+57%
Gross profit %	27%	28%	-1%
Adjusted EBITDA <sup>1</sup>	15.2	8.1	+88%
Profit before tax	12.3	4.4	+179%
Adjusted profit before tax <sup>2</sup>	11.8	5.8	+103%
EPS	7.9p	2.8p	+182%
Adjusted EPS <sup>3</sup>	8.1p	4.5p	+80%
Net debt (i.e. including IFRS 16 leases)	19.8	14.6	+36%
Adjusted net debt (i.e. excluding IFRS 16 leases) <sup>4</sup>	4.8	12.9	-63%
Dividend	1.5p	0.8p	+88%

## Operational Highlights

- Delivered a strong operational performance, further underscoring Supreme's unique operating model and product set
- Completed the fit-out of 'Ark' warehouse on-time and on-budget with minimal disruption to the wider business. Ark has become the Group's new principal warehousing and distribution centre which will support both organic and acquisitive growth
- 25% increase in vaping production capacity of Manchester-based manufacturing site to accommodate the manufacturing operations of all three vaping businesses acquired in FY 2023 and to support further organic growth
- Rolled out and significantly scaled the new ElfBar distribution opportunity, including new customer onboarding and extensive product testing, which demonstrates the Company's ability to adapt quickly to new opportunities
- Announced a number of proactive measures to combat underage vaping, which Supreme strongly believes should be adopted by all industry players:
  - Reduce the use of colour in 88vape packaging;
  - Discontinue the use of coloured hardware for all 88vape disposables;
  - Use only age-appropriate naming conventions to describe 88vape flavours;
  - Trade only with retailers and e-tailers who commit to having robust age verification controls in place; and
  - Make recommendations to retail customers to locate vapes away from confectionery.

## Outlook

- The second half of FY24 has begun very well; with continued growth reported across all divisions within the Group
- This strong performance in the core business and the growing breadth of ElfBar distribution, combined with a tightly controlled overhead base have led the Board to, again, significantly increase its expectation of full year profitability for the year ending 31 March 2024 ("FY 2024")
- The Group now expects trading for FY 2024 to be significantly ahead of company-issued guidance, with revenue guidance of around £210 - 225 million and Adjusted EBITDA<sup>1</sup> guidance of approximately £32 - 35 million, an increase of around £4.5 million compared to the previous company-issued guidance<sup>5</sup>, with around £1.5 million of the incremental Adjusted EBITDA<sup>1</sup> arising from the core business and around £3.0 million incremental Adjusted EBITDA<sup>1</sup> arising from the ElfBar distribution opportunity
- The consultation on possible new UK e-cigarette regulations ends on 6 December 2023. The Group remains confident that the Government will continue to recognise the important role that the vaping industry plays in delivering the country's 'Achieving Smoke-free 2030' initiative
- Supreme remains ideally positioned to deliver ongoing profit growth and the Board remains confident in its ability to manage change

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

*"I am delighted to report another exceptional period of trading for the Group, delivering record revenue and profit growth. This strong performance has been undoubtedly driven by our established vaping activities, alongside solid sales momentum across the remainder of the business including sales growth in Lighting of 21% and Sports Nutrition & Wellness of 17%.*

*In light of our growing presence across the UK vaping sector, we remain highly vigilant to the growing problem of underage vaping and welcome any preventative measures that prevent the supply of vape*

products to underage individuals whilst acknowledging the important role that the vape industry will continue to play in delivering the UK Government's 'Achieving Smoke-free 2030' initiative.

Looking ahead, the second half of the year is shaping up to be another significant period for Supreme. The Group remains ideally placed to continue to deliver robust operational and financial progress as we strive to deliver ongoing profit momentum."

## Investor Presentation

Management will be hosting a presentation for investors in relation to the Company's interim results on 28 November 2023 at 2pm BST. To register for the event, please go to:

<https://www.equitydevelopment.co.uk/news-and-events/supreme-investor-presentation-28november2023>

<sup>1</sup> Adjusted EBITDA means operating profit before depreciation, amortisation and Adjusted items (as defined in the financial statements).

<sup>2</sup> Adjusted Profit before tax means profit before tax and Adjusted items (as defined in the financial statements).

<sup>3</sup> Adjusted 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 the financial statements).

<sup>4</sup> Adjusted net debt (excluding IFRS 16 leases) means net debt as defined in the year-end financial statements but excluding the impact of IFRS16.

<sup>5</sup> Company-issued guidance immediately before this announcement for the year ending 31 March 2024 was revenue of £195 – 205 million and Adjusted EBITDA<sup>1</sup> of £28 – 30 million.

The information contained within this announcement is deemed to constitute inside information as stipulated under the Market Abuse Regulation (EU) No. 596/2014 which is part of UK law by virtue of the European Union (withdrawal) Act 2018. Upon the publication of this announcement, this inside information is now considered to be in the public domain.

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## About Supreme

Supreme supplies products across five categories; Batteries, Lighting, Vaping, Sports Nutrition & Wellness, and Branded Distribution. 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 3,300 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 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 and has a growing footprint in Sports Nutrition & Wellness via its principal brands Sci-MX and Battle Bites.

[investors.supreme.co.uk/](https://investors.supreme.co.uk/)

## Chief Executive Officer's Review

### Introduction

I am delighted to report that the Company delivered an excellent operational and financial performance in H1 2024, underpinned by the impressive performance of our Vaping activities and solid organic growth across our remaining categories.

This record performance is evidenced by a 63% increase in Group revenues to £105.1 million (H1 2023: £64.6 million), alongside an 88% increase in Adjusted EBIDTA<sup>1</sup>, growing to £15.2 million (H1 2023: £8.1 million). This growth further underpins the inherent confidence we have in our business and our end markets and highlights the positive trading momentum we have generated since the beginning of the current financial year, having upgraded market guidance a number of times.

From our new operational facilities to exciting product launches, Supreme continues to invest in all areas of the business and enhance our reputation across the UK retail arena as a trusted and responsible manufacturer, brand owner and distributor of staple consumer goods.

We have high ambitions for FY 2024 and beyond, and we remain fully focused on delivering on our ambitious growth targets.

### Operational Review

The ongoing cost-of-living crisis is a pressing problem impacting individuals of all demographics, and Supreme remains firmly committed to helping alleviate some of these financial pressures by developing and supplying everyday items at affordable prices to support families across the UK. By leveraging our vertically integrated platform, we are able to focus on accelerating our routes to market whilst identifying opportunities to secure new retail partners to increase the accessibility of our products.

Supreme's move into its new warehouse facility during the Period was completed seamlessly and without disruption to distribution. Intended to further streamline the Group's supply chain, 'Ark' is now our principal storage and distribution centre, with administrative staff set to join our warehousing and distribution team and move into the state-of-the-art offices at the site in early 2024.

Not only will the new facilities provide Supreme with options to accommodate any future M&A, but the transition to 'Ark' also supports our organic growth plans, enabling us to focus on expanding our manufacturing and distribution capabilities across the core categories of Vaping and Sports Nutrition & Wellness. Continued marginal gains in manufacturing reported in H1 2024, including new ways to onboard and train our manufacturing personnel and new manufacturing equipment, have also improved the efficiency of the Group's operations.

In June 2023, Supreme was selected as a master distributor for the UK's leading vaping brands, ElfBar and Lost Mary. The success of this opportunity illustrates the agility of Supreme: we have never distributed third party vaping brands before so to have done this at such scale and to roll out so quickly is testament to the business' distribution capabilities and our ability to adapt. The distribution opportunity also entailed third-party testing and compliance measures which again were adopted without delay. Supreme now supplies ElfBar and Lost Mary products to some of the UK's biggest retailers, including Tesco, Morrisons, One Stop and WHSmith, significantly expanding our retail footprint. The appointment has surpassed initial expectations, and management anticipates the

contribution of the distribution of ElfBar and Lost Mary brands across FY 2024, based on current legislation, will be around £7 million of Adjusted EBITDA<sup>1</sup> from around £60 million of revenue.

In terms of M&A, we have continued to assess opportunities in line with our acquisition criteria and we are especially keen to broaden our portfolio and continue to be a multi-faceted consumer goods business. We had around £35 million of unutilised borrowing facilities at the Period end and we continue to monitor, screen and analyse M&A opportunities.

In reference to the FY 2023 M&A, we have further integrated the Liberty Flights business during the Period and on 1 November 2023, we consolidated their manufacturing and warehousing into our principal Trafford Park site. Further synergies were also realised in the Period by onshoring some of their manufacturing that was previously undertaken in China. The Superdragon business (acquired on the last day of the previous financial year) has also been fully integrated into Supreme during the Period with minimal directly attributable overheads required to operate this revenue stream.

### **Vaping**

The Vaping division delivered an outstanding performance in H1 2024, generating revenues of £42.1 million (H1 2023: £31.8 million), a significant increase of 32%. This includes revenue for owned-brand disposable vapes of £8.0 million (H1 2023: £3.9 million). Please note, the revenue for third-party disposable vapes (ElfBar and Lost Mary) is reported separately in our Branded Distribution category and totalled £26.4 million for the Period (H1 2023: £nil).

Vaping gross profit as a percentage of sales increased from 38% to 41% owing to further synergistic gains from manufacturing expansion and the addition of the brands acquired in FY 2023.

Consumer demand for both reusable and disposable products was strong throughout the Period, and our 88vape brand successfully expanded both its product range and market share, with approximately 1.3 million individuals now regularly using the brand. In H1 2024, the Group's R&D team has been working on developing and perfecting an own brand pod-system vaping device.

M&A is a fundamental aspect of our vaping growth strategy, and, since being integrated into the business, recently acquired brands including Liberty Flights, Cuts Ice and Superdragon have significantly scaled Supreme whilst further diversifying its customer base.

As evidenced by our strategic work for HM Prison and Probation Service ("HMPPS"), where Supreme has helped create a risk-free vaping environment within the prison system by producing innovative, tamper-proof vaping devices, we have a history of working alongside the UK Government on nationwide vaping initiatives.

The UK Government, in its April 2023 'Achieving Smoke-free 2030' initiative, confirmed its view that vaping remains "the most effective" tool to ease smokers away from cigarettes. This was, of course, a conclusion reached after consultation with leading healthcare officials and one which corroborates the findings of 'The Khan Review: Making Smoking Obsolete', an independent review commissioned by the Government in June 2022. Supreme's overarching strategy has always been to support a tobacco-free UK by offering both credible and safer alternatives for nicotine consumption and to-date, our own brand, 88vape, has played a significant role in assisting people in quitting smoking.

In light of the ongoing debate about the concerning rise in underage vaping, post-period end we announced a number of proactive measures across our 88vape range as follows:

- Reduce the use of colour in 88vape packaging;

- Discontinue the use of coloured hardware for all of the brand’s disposables;
- Use only age-appropriate naming conventions to describe 88vape flavours;
- Trade only with retailers and e-tailers who commit to having robust age verification controls in place; and
- Make recommendations to retail customers to locate vapes away from confectionery.

We firmly believe these measures provide a viable blueprint for the industry to follow and believe any regulation will take time to enact. We are confident that the UK Government will seek to strike a sensible balance between addressing the recent environmental and underage vaping concerns whilst also not slowing down their efforts to become a smoke-free country by 2030, which was a cross-party objective of the Government announced in 2019.

With reference to environmental matters, we have now begun to roll out vape disposal units across the B&M retail estate in a bid to encourage more responsible disposal of single-use devices. More importantly, Supreme will use its influence and its network to encourage other players in the industry to follow suit.

### ***Sports Nutrition & Wellness***

The Sports Nutrition & Wellness category delivered revenues of £8.9 million (H1 2023: £7.6 million), a strong 17% year-on-year improvement. Gross profit as a percentage of revenue grew to 27% (H1 2023: 18%), again the result of raw material prices beginning to normalise and the gains made in our manufacturing techniques.

Reflected in its strong H1 2024 performance, Sci-MX has benefitted from the Group’s strategic rebrand and continued investment in R&D and marketing. With manufacturing of the protein powders brand now in-house, we have significantly increased the efficiency of our supply chain, accelerating the delivery of these products to market whilst also reducing the Group’s carbon footprint.

As anticipated, inflationary pressures, particularly those on whey protein concentrates, began to subside during the Period, and this has validated the Company’s FY 2023 decision to support retailers through the well-publicised price hike, which will help consolidate our already entrenched relationships with key suppliers for many years to come. The gradual reduction in raw material prices has improved margins in the category, and we regard the expansion of our protein product portfolio as an important long-term growth driver for the Group as we continue to explore commercial opportunities to expand our presence in the UK market.

Supreme’s own vitamins brands Millions & Millions and Sealions performed well in H1 2024, and we expect to generate strong demand for our wide array of products as we enter the peak seasonal trading period for the market. New product launches have enabled the Company to capture a larger portion of the market, whilst also opening up additional cross-sell opportunities that we are beginning to capitalise on.

### ***Branded Distribution (previously ‘Branded Household Consumer Goods’)***

As previously communicated, management chose not to report the ElfBar revenue stream within Vaping so as not to dilute or detract from its core Vaping business. ElfBar is not owned or manufactured by Supreme, so has an entirely different financial profile to the Group’s core Vaping business and, in fact, is much more aligned to the profile of our existing Branded Household Consumer Goods category, which was already becoming non-core to the Group given efforts over the last two years to scale back this business unit.

The division, now entitled 'Branded Distribution', reported total revenue of £30.6 million in the Period (H1 2023: £3.4 million), growth of £27.2 million. £26.4 million of this was from the ElfBar distribution agreement whilst the remaining £0.8 million arose from growth in its core business, which is the distribution of branded household laundry and cleaning brands. The addition of ElfBar has not notably changed the margin profile of the category.

### **Lighting**

The Lighting category delivered a strong performance in the Period as the Group continued to prioritise stabilisation. Despite continued challenging trading conditions where some retailers remain overstocked, revenues grew to £7.5 million (H1 2023: £6.1 million), whilst gross profit increased 47% to £2.8 million (H1 2023: £1.9 million).

Since H1 2023, we have made sustained progress recovering the category, facilitated by the agreement of license extensions with key partners Energizer and Eveready announced towards the end of FY 2023, as well as our new contract agreement with Black and Decker, a reputable brand familiar to consumers and retailers alike.

The Group is focused on further strengthening the category and ensuring it maintains its position as a go-to manufacturing or distribution partner for leading brands in the space looking to extend their market share.

Although market headwinds are still prevalent across the lighting sector, we have made steady progress returning the Lighting division to normality and are heading in the right direction with the traditionally busier Q3 trading period imminent.

### **Batteries**

The Batteries division generated revenues of £15.9 million (H1 2023: £15.7 million), up 1% year-on-year. This represents a solid performance from what is historically a dependable category for Supreme partly due to the stickiness of the product. Gross profit as a percentage of sales rose to 13% (H1 2023: 11%) due to product mix within the category.

Supreme is the UK's largest distributor of the product, responsible for over 30% of the UK battery market. Through cross-sell initiatives with our extensive retail network, we have successfully attracted additional customers in the Period, with retailers cognisant that batteries are, and will continue to be, essential products for consumers.

Supreme works with a number of leading brands that are committed to sustainability and we are delighted that almost all the batteries we sell come in plastic-free packaging and include recycled materials. We are committed to continuing to innovate and evolve our packaging, as well as manufacturing and distribution procedures, to ensure we fulfil our ESG aspirations for the category.

### **Dividend**

The Board proposes an interim dividend of 1.5 pence per share in line with the Company's stated dividend policy of 25% of profit after tax. This dividend will be payable on 12 January 2024 to shareholders on the register at 8 December 2023. The ex-dividend date is 7 December 2023.

### **Outlook**

Through a combination of organic and acquisitive growth, the Vaping category was once again the standout performer for the Group. Supreme's distribution capabilities and customer footprint are unparalleled in the vaping industry and continue to strengthen.

As an industry leader, Supreme acknowledges the wider concerns of youth vaping and remains fully supportive of any proactive measures or changes in legislation that potentially restricts specific products, packaging, flavours or point of sale in the UK.

Supreme's unique operating model is built around providing products at affordable prices without having to sacrifice quality, an objective that is becoming all the more important amidst the cost-of-living crisis which is showing no signs of abating.

The Group has made a strong start to the second half of FY 2024. As a result, the Group now expects trading for FY 2024 to be significantly ahead of company-issued guidance, with revenue guidance of around £210 - 225 million and Adjusted EBITDA<sup>1</sup> guidance of approximately £32 - 35 million, an increase of around £4.5 million compared to the previous company-issued guidance<sup>5</sup>, with around £1.5 million of the incremental Adjusted EBITDA<sup>1</sup> arising from the core business and around £3.0 million incremental Adjusted EBITDA<sup>1</sup> arising from the ElfBar distribution opportunity.

The Board remains pleased with the Group's ongoing financial and operational strategic progress and believes Supreme remains ideally positioned to deliver ongoing profit growth.

## Sandy Chadha

Chief Executive Officer

27 November 2023

## Chief Finance Officer's Review

### Introduction

I am delighted to present the financial results for the Period. The Group traded strongly and this is evidenced in the metrics presented below.

	H1 2024	H1 2023	Change
	£m	£m	%
Revenue	105.1	64.6	+63%
Gross profit	28.5	18.2	+57%
Gross profit %	27%	28%	-1%
Adjusted EBITDA <sup>1</sup>	15.2	8.1	+88%
Profit before tax	12.3	4.4	+179%
Adjusted profit before tax <sup>2</sup>	11.8	5.8	+103%
EPS	7.9p	2.8p	+182%
Adjusted EPS <sup>3</sup>	8.1p	4.5p	+80%
Net debt (i.e. including IFRS 16 leases)	19.8	14.6	+36%
Adjusted net debt (i.e. excluding IFRS 16 leases) <sup>4</sup>	4.8	12.9	-63%
Operating cashflow	0.4	4.9	-92%
Net assets	47.8	31.0	+54%

## Revenue

Revenue grew by £40.5 million (+63%) to £105.1 million (H1 2023: £64.6 million). £26.4 million of this growth came from the ElfBar distribution opportunity, £8.7 million from organic growth in the core business and the remaining £5.4 million from the businesses acquired in FY 2023. In terms of the £8.7 million organic growth, half arose in Vaping where demand continued to grow across all product ranges and the other half was driven by growth in Sports Nutrition & Wellness (17% growth year on year) and Lighting (21% growth).

## Gross profit

Gross profit for the Period was £28.5 million (H1 2023: £18.2 million), growth of 57%. Gross profit as a percentage of sales of 27% was broadly in line with prior year and was the result of noteworthy increases to the gross profit % in Lighting, Vaping and Sports Nutrition & Wellness offset by the lower gross profit % arising from the distribution of ElfBar. Gross profit as a percentage of sales in Lighting rose from 31% to 38%, owing to sales mix and consolidation of supply chain, Vaping gross profit % increased from 38% to 41% owing to further synergistic gains from manufacturing expansion and the addition of the brands acquired in FY 2023 and Sports Nutrition & Wellness gross profit % increased from 18% to 27% as a result of the ongoing recovery of the raw material inflation we reported last year combined with economies of scale achieved by bringing the Sci-MX manufacturing in-house.

## Adjusted EBITDA<sup>1</sup>

Adjusted EBITDA<sup>1</sup> was £15.2 million (H1 2023: £8.1 million), growth of 88% and Adjusted EBITDA<sup>1</sup> as a percentage of sales increased from 13% to 14%, demonstrating the strength and cost-effectiveness of Supreme's business model where we can add incremental sales into the business without the need for extensive incremental overhead resource to support this. In absolute terms, overheads grew by £3.2 million – a result of increased selling costs (which typically rise directly with sales) including listing fees in respect of the ElfBar distribution opportunity, cost-of-living pay-rises implemented across the business in September 2022 and overheads in respect of the FY 2023 acquisitions.

## Depreciation and amortisation

Depreciation increased to £1.8 million in the Period (H1 2023: £1.4 million) as a result of the capital expenditure that was incurred in H2 2023 and H1 2024 in respect of the Ark fitout and also due to the Ark lease reported under IFRS16. Amortisation increased to £0.8 million (H1 2023: £0.5 million) due to the intangible assets acquired as part of the FY 2023 M&A programme.

## Adjusted items

Adjusted items totalled £0.5 million credit in the Period (H1 2023: £1.4 million debit). This was a result of the share-based payment charge of £0.6 million (H1 2023: £0.7 million), a credit of £1.6 million in respect of the open foreign exchange forward contracts (H1 2023: £0.4 million credit); its volatility year-on-year is precisely why this entry is reported as an Adjusted item. £0.4 million charge was also reported in respect of redundancies relating to the businesses integrated into Supreme's core business during the Period.

## Finance costs

Finance costs rose to £0.8 million (H1 2023: £0.4 million) due to the increased interest expense in respect of the newly added leases under IFRS 16 and higher borrowings during the period (in order to finance the investment in ElfBar working capital as shown below in the cash flow summary) at a higher rate of interest compared to the prior period.

## Dividends

The Board has declared an interim dividend of 1.5 pence per share in line with the Company's stated dividend policy of 25% of profit after tax. This dividend will be payable on 12 January 2024 to shareholders on the register at 8 December 2023. The ex-dividend date is 7 December 2023.

## Cash flow

	H1 2024	H1 2023	FY 2023
	£m	£m	£m
Adjusted EBITDA <sup>1</sup>	15.2	8.1	19.4
Movement in working capital in respect of ElfBar	(16.4)	-	-
Movement in working capital	4.6	(0.5)	2.6
Tax paid	(2.5)	(1.7)	(1.7)
Cash-impacting Adjusted items	(0.5)	(1.1)	(1.0)
<b>Operating cash flow</b>	<b>0.4</b>	<b>4.8</b>	<b>19.3</b>
Debt (servicing) / raising	5.2	12.3	(2.1)
Lease payments	(0.5)	(0.5)	(1.0)
Capex	(2.8)	(0.6)	(1.5)
M&A	(2.4)	(10.1)	(6.1)
Dividends	(2.6)	(4.4)	(5.1)
<b>Net cash flow</b>	<b>(2.7)</b>	<b>1.5</b>	<b>3.5</b>

During the Period, the Group reported a net cash outflow of £2.7 million. This included an investment of £16.4 million in working capital to service the ElfBar opportunity across trade debtors, stock and deposits to the manufacturer in China. This investment was partly financed by a £5.5 million drawdown on the Group's borrowing facilities with the remainder being financed from free cash. Before this investment, the Group generated £16.8 million of operating cash in the Period. Some of this cash was reinvested back into the business in the form of capex (namely the fit out of Ark) and also to service the deferred consideration obligations associated with the FY 2023 acquisitions. In relation to Ark specifically (a one-off capex investment project to fit-out the facility for it to become the Group's principal warehousing and distribution site going forward), this represented £2.3 million of the £2.8 million capital expenditure reported in the Period.

## Net debt

	H1 2024	H1 2023	FY 2023
	£m	£m	£m
Cash	(4.9)	(5.4)	(7.5)
Borrowings	9.7	18.3	4.3
Adjusted net debt (excluding IFRS 16 leases) <sup>4</sup>	<b>4.8</b>	<b>12.9</b>	<b>(3.2)</b>

IFRS 16 (leases)	15.0	1.7	15.0
<b>Net debt (including IFRS 16 leases)</b>	<b>19.8</b>	<b>14.6</b>	<b>11.8</b>

At the Period end, the Group had access to a £25 million RCF facility (£15.3 million undrawn) and a £20 million invoice financing facility (£20 million undrawn). Adjusted net debt (before IFRS 16)<sup>4</sup> was less than 0.2x of adjusted LTM EBITDA<sup>1</sup>.

**Suzanne Smith**

Chief Finance Officer

27 November 2023

<sup>1</sup> Adjusted EBITDA means operating profit before depreciation, amortisation and Adjusted items (as defined in the financial statements).

<sup>2</sup> Adjusted Profit before tax means profit before tax and Adjusted items (as defined in the financial statements).

<sup>3</sup> Adjusted 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 the financial statements).

<sup>4</sup> Adjusted net debt (excluding IFRS 16 leases) means net debt as defined in the year-end financial statements but excluding the impact of IFRS16.

<sup>5</sup> Company-issued guidance immediately before this announcement for the year ending 31 March 2024 was revenue of £195 – 205 million and Adjusted EBITDA<sup>1</sup> of £28 – 30 million.

## CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION OF SUPREME PLC

### Consolidated Statement of Comprehensive Income

	Note	Unaudited 6 months ended 30 Sept 2023 £'000	Unaudited 6 months ended 30 Sept 2022 £'000	Audited Year ended 31 March 2023 £'000
Revenue	3	105,068	64,636	155,612
Cost of sales		(76,538)	(46,468)	(114,758)
<b>Gross profit</b>		<b>28,530</b>	18,168	40,854
Profit on disposal on Cuts Ice trademarks		-	-	2,787
Administration expenses		(15,461)	(13,370)	(28,192)
<b>Operating profit</b>		<b>13,069</b>	4,798	15,449
<b>Adjusted EBITDA<sup>1</sup></b>		<b>15,185</b>	8,119	19,392
Depreciation		(1,787)	(1,372)	(2,200)
Amortisation		(842)	(511)	(915)
Adjusted items	4	513	(1,438)	(828)
<b>Operating profit</b>		<b>13,069</b>	4,798	15,449
Finance income		4	-	25
Finance costs		(783)	(400)	(1,037)
<b>Profit before taxation</b>		<b>12,290</b>	4,398	14,437
Income tax	5	(3,016)	(1,109)	(2,469)
<b>Profit for the period/year</b>		<b>9,274</b>	3,289	11,968
<b>Other comprehensive income/(expense)</b>				
<i>Items that may be reclassified to profit or loss</i>				
Exchange differences on translation of foreign operations		16	(4)	101
<b>Total other comprehensive income/(expense)</b>		<b>16</b>	(4)	101
<b>Total comprehensive income for the period/year</b>		<b>9,290</b>	3,285	12,069
Earnings per share – basic	6	7.9p	2.8p	10.3p
Earnings per share – diluted	6	7.5p	2.7p	9.7p

*Note 1: Adjusted EBITDA, which is defined as profit before finance costs, tax, depreciation, amortisation and adjusted items is a non-GAAP metric used by management and is not an IFRS disclosure.*

*All results derive from continuing operations.*

## Consolidated Statement of Financial Position

	Unaudited As at 30 Sept 2023 £'000	Unaudited As at 30 Sept 2022 £'000	Audited As at 31 March 2023 £'000
<b>Assets</b>			
Goodwill and other intangibles	14,439	14,113	15,281
Property, plant and equipment	7,106	3,636	5,238
Right of use asset	14,702	1,688	15,577
Deferred tax asset	-	624	-
Investments	-	7	7
<b>Total non-current assets</b>	<b>36,247</b>	<b>20,068</b>	<b>36,103</b>
<b>Current assets</b>			
Inventories	30,836	30,628	25,606
Trade and other receivables	30,801	26,913	20,899
Derivative financial instruments	948	833	-
Cash and cash equivalents	4,898	5,386	7,536
<b>Total current assets</b>	<b>67,483</b>	<b>63,760</b>	<b>54,041</b>
<b>Total assets</b>	<b>103,730</b>	<b>83,828</b>	<b>90,144</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Borrowings	10,913	443	5,026
Trade and other payables	27,447	31,803	26,117
Forward contract derivative	-	-	652
Income tax payable	3,230	780	2,536
<b>Total current liabilities</b>	<b>41,590</b>	<b>33,026</b>	<b>34,331</b>
<b>Net current assets</b>	<b>25,893</b>	<b>30,734</b>	<b>19,710</b>
Borrowings	13,790	19,575	14,293
Deferred tax liability	130	263	789
Provisions	426	-	775
<b>Total non-current liabilities</b>	<b>14,346</b>	<b>19,838</b>	<b>15,857</b>
<b>Total liabilities</b>	<b>55,936</b>	<b>52,864</b>	<b>50,188</b>
<b>Net assets</b>	<b>47,794</b>	<b>30,964</b>	<b>39,956</b>
<b>Equity</b>			
Share capital	11,732	11,663	11,732
Share premium	7,427	7,231	7,427
Merger reserve	(22,000)	(22,000)	(22,000)
Share-based payments reserve	4,170	2,167	3,043
Retained earnings	46,465	31,903	39,754
<b>Total equity</b>	<b>47,794</b>	<b>30,964</b>	<b>39,956</b>

## Unaudited Consolidated Statement of Changes in Equity

	Share capital	Share premium	Merger reserve	Share-based payments reserve	Retained earnings	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000
<b>As at 1 April 2022</b>	<b>11,663</b>	<b>7,231</b>	<b>(22,000)</b>	<b>2,368</b>	<b>33,050</b>	<b>32,312</b>
Profit for the year	-	-	-	-	11,968	<b>11,968</b>
Other comprehensive expense	-	-	-	-	101	<b>101</b>
Total comprehensive income for the year	-	-	-	-	<b>12,069</b>	<b>12,069</b>
<i>Transactions with shareholders:</i>						
Issue of shares	69	196	-	-	-	<b>265</b>
Employee share schemes – value of employee services	-	-	-	1,283	-	<b>1,283</b>
Deferred tax on share-based payment charge	-	-	-	(608)	-	<b>(608)</b>
Dividends	-	-	-	-	(5,365)	<b>(5,365)</b>
	<b>69</b>	<b>196</b>	<b>-</b>	<b>675</b>	<b>(5,365)</b>	<b>(4,425)</b>
<b>As at 31 March 2023</b>	<b>11,732</b>	<b>7,427</b>	<b>(22,000)</b>	<b>3,043</b>	<b>39,754</b>	<b>39,956</b>
<b>As at 1 April 2022</b>	11,663	7,231	(22,000)	2,368	33,050	<b>32,312</b>
Profit for the period	-	-	-	-	3,289	<b>3,289</b>
Other comprehensive income	-	-	-	-	(4)	<b>(4)</b>
Total comprehensive income for the period	-	-	-	-	<b>3,285</b>	<b>3,285</b>
<i>Transactions with shareholders:</i>						
Employee share schemes – value of employee services	-	-	-	644	-	<b>644</b>
Deferred tax on share-based payment charge	-	-	-	(845)	-	<b>(845)</b>
Dividends	-	-	-	-	(4,432)	<b>(4,432)</b>
	-	-	-	<b>(201)</b>	<b>(4,432)</b>	<b>(4,633)</b>
<b>As at 30 September 2022</b>	<b>11,663</b>	<b>7,231</b>	<b>(22,000)</b>	<b>2,167</b>	<b>31,903</b>	<b>30,964</b>
<b>As at 1 April 2023</b>	11,732	7,427	(22,000)	3,043	39,754	<b>39,956</b>
Profit for the period	-	-	-	-	9,274	<b>9,274</b>
Other comprehensive income	-	-	-	-	16	<b>16</b>
Total comprehensive income for the period	-	-	-	-	<b>9,290</b>	<b>9,290</b>
<i>Transactions with shareholders:</i>						
Employee share schemes – value of employee services	-	-	-	654	-	<b>654</b>
Deferred tax on share-based payment charge	-	-	-	473	-	<b>473</b>
Dividends	-	-	-	-	(2,579)	<b>(2,579)</b>
	-	-	-	<b>1,127</b>	<b>(2,579)</b>	<b>(1,452)</b>
<b>As at 30 September 2023</b>	<b>11,732</b>	<b>7,427</b>	<b>(22,000)</b>	<b>4,170</b>	<b>46,465</b>	<b>47,794</b>

## Consolidated Statement of Cash Flows

	Unaudited 6 months ended 30 Sept 2023	Unaudited 6 months ended 30 Sept 2022	Audited Year ended 31 March 2023
	£'000	£'000	£'000
<b>Net cash flow from operating activities</b>			
Profit for the period	9,274	3,289	11,968
<b>Adjustments for:</b>			
Amortisation of intangible assets	842	510	915
Depreciation of tangible assets	911	1,372	1,268
Depreciation of right of use assets	876	-	932
Finance income	(4)	-	(25)
Finance costs	728	372	982
Amortisation of capitalised finance costs	55	28	55
Loss on disposal of fixed assets	-	54	-
Gain on disposal of intangible fixed assets	-	-	(2,787)
Investment impairment	7	-	-
Income tax expense	3,016	1,109	2,469
Movement on forward foreign exchange contracts	(1,600)	(366)	1,119
Share based payments expense	654	644	1,460
<b>Working capital adjustments</b>			
(Increase)/decrease in inventories	(5,228)	(2,166)	2,920
Increase in trade and other receivables	(9,902)	(6,689)	(671)
Increase/(decrease) in trade and other payables	3,285	8,354	(27)
Increase in provisions	-	-	349
Taxation paid	(2,510)	(1,652)	(1,652)
<b>Net cash generated from operations</b>	<b>404</b>	<b>4,859</b>	<b>19,275</b>
<b>Cash flows used in investing activities</b>			
Purchase of intangible fixed assets	-	-	(23)
Purchase of property, plant and equipment	(2,840)	(526)	(1,254)
Purchase of Cuts Ice net of cash acquired	-	(2,571)	(10,055)
Purchase of Liberty Flights Holdings Limited net of cash acquired	-	(7,566)	-
Proceeds from sale of property, plant, and equipment	61	-	1
Proceeds from sale of intangible fixed assets	-	-	4,018
Payment of deferred consideration/contingent	(2,338)	-	(270)
Finance income received	-	-	25
Directors loan account movement	(56)	(68)	-
<b>Net cash used in investing activities</b>	<b>(5,173)</b>	<b>(10,731)</b>	<b>(7,558)</b>
<b>Cash flows used in financing activities</b>			
Repayment of long-term loans	-	-	(3,984)
Repayment of related party loans	-	-	(1,779)
Repayments of RCF facility	-	-	(14,000)
Drawdowns of RCF facility	5,500	-	18,418
Drawdown of loans	-	18,252	-
Repayment of loans	-	(5,769)	-
Issue of options or share capital	-	-	265
Dividends paid	(2,579)	(4,432)	(5,365)
Finance costs paid	(353)	(218)	(776)
Lease payments	(453)	(501)	(987)
<b>Net cash generated from/(used in) financing activities</b>	<b>2,115</b>	<b>7,332</b>	<b>(8,208)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(2,654)</b>	<b>1,460</b>	<b>3,509</b>
<b>Cash and cash equivalents brought forward</b>	<b>7,536</b>	<b>3,926</b>	<b>3,926</b>
Foreign exchange	16	-	101
<b>Cash and cash equivalents carried forward</b>	<b>4,898</b>	<b>5,386</b>	<b>7,536</b>

## Notes to the condensed consolidated interim financial information

### 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 household consumer goods. The registered office is 4 Beacon Road, Ashburton Park, Trafford Park, Manchester, M17 1AF.

These condensed consolidated interim financial statements of the Group are for the period ended 30 September 2023. They have been prepared on the basis of the policies set out in the 2023 annual financial statements and in accordance with UK adopted IAS 34.

The condensed consolidated interim financial statements have not been reviewed or audited, nor do they comprise statutory accounts for the purpose of Section 434 of the Companies Act 2006, and do not include all of the information or disclosures required in the annual financial statements and should therefore be read in conjunction with the Group’s 2023 annual financial statements, which were prepared in accordance with UK adopted international accounting standards in conformity with the requirements of the Companies Act 2006.

Financial information for the year ended 31 March 2023 included herein is derived from the statutory accounts for that year, which have been filed with the Registrar of Companies. The auditors’ report on those accounts was unqualified, did not contain an emphasis of matter paragraph and did not contain a statement under Section 498 of the Companies Act 2006.

The interim condensed consolidated financial statements are presented in the Group’s functional currency of pounds Sterling and all values are rounded to the nearest thousand (£’000) except when otherwise indicated.

### 2. Summary of significant accounting policies

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 31 March 2023 as described in the Group’s Annual Report and full financial statements for that year and as available on the Company’s website ([www.supreme.co.uk](http://www.supreme.co.uk)).

#### **2.1 Taxation**

Taxes on income in the interim periods are accrued using management’s best estimate of the weighted average annual tax rate that would be applicable to expected total annual earnings.

#### **2.2 Forward looking statements**

Certain statements in these condensed consolidated interim financial statements are forward looking with respect to the operations, strategy, performance, financial condition and growth opportunities of the Group. The terms “expect”, “anticipate”, “should be”, “will be”, “is likely to” and similar expressions identify forward-looking statements. Although the Board believes that the expectations reflected in these forward-looking statements are reasonable, by their nature these statements are based on assumptions and are subject to a number of risks and uncertainties. Actual events could differ materially from those expressed or implied by these forward-looking statements. Factors which may cause future outcomes to differ from those foreseen in forward-looking statements include, without limitation: general economic conditions and business conditions in the Group’s markets; customers’ expectations and behaviours; supply chain developments; technology changes; the actions of competitors; exchange rate fluctuations; and legislative, fiscal and regulatory developments. Information contained in these condensed consolidated interim financial statements relating to the Group should not be relied upon as a guide to future performance.

## **Notes to the condensed consolidated interim financial information**

### ***2.3 Key risks and uncertainties***

The Group has in place a structured risk management process which identifies key risks and uncertainties along with their associated mitigants. The key risks and uncertainties that could affect the Group's medium-term performance, and the factors that mitigate those risks have not substantially changed from those set out in the Group's Annual Report which can be found on the Group's website ([www.supreme.co.uk](http://www.supreme.co.uk)).

### ***2.4 Going concern***

Supreme PLC provides essential products to well-established retailers, who perform well and are household names. The nature and price point of the products offered means that the Group is well positioned to navigate the current uncertainty in the economic climate.

The Group is funded by external facilities; firstly a £25 million revolving credit facility ("RCF") until March 2025 and a £20 million invoice financing facility, both of which are provided by HSBC. The Group also utilises credit insurance to mitigate any credit risk, and foreign exchange forward contracts to mitigate foreign currency risk. The Board and senior management regularly review revenue, profitability and cash flows across the short, medium and longer term.

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 18- month period to 31 March 2025. The forecasts and projections, which the Directors consider to be prudent, have been further sensitised by applying reductions to revenue and profitability, to consider downside risk. Under both the base and sensitised case 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.

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.

**Notes to the condensed consolidated interim financial information**

**3. Segmental analysis**

The Chief Operating Decision Maker (“CODM”) has been identified as the Board of Directors. The Board reviews the Company’s internal reporting in order to assess performance and allocate resources. No balance sheet analysis is available by segment or reviewed by the CODM. The Board has determined that the operating segments, based on these reports, are the sale of:

- batteries;
- lighting;
- vaping;
- sports nutrition & wellness; and
- branded household consumer goods.

	<b>Batteries</b>	<b>Lighting</b>	<b>Vaping</b>	<b>Sports &amp; wellness</b>	<b>Branded household consumer goods</b>	<b>Unaudited 6 months ended 30 Sept 2023 £'000</b>
	£'000	£'000	£'000	£'000	£'000	£'000
Revenue	15,883	7,507	42,115	8,947	30,616	<b>105,068</b>
Cost of sales	(13,837)	(4,661)	(24,934)	(6,524)	(27,171)	<b>(77,127)</b>
<b>Gross profit before foreign exchange</b>	<b>2,046</b>	<b>2,846</b>	<b>17,181</b>	<b>2,423</b>	<b>3,445</b>	<b>27,941</b>
Foreign exchange						<b>589</b>
<b>Gross profit</b>						<b>28,530</b>
Administration expenses						<b>(15,461)</b>
<b>Operating profit</b>						<b>13,069</b>
<b>Adjusted earnings before tax, depreciation, amortisation and adjusted items</b>						<b>15,185</b>
Depreciation						<b>(1,787)</b>
Amortisation						<b>(842)</b>
Adjusted items						<b>513</b>
<b>Operating profit</b>						<b>13,069</b>
Finance income						<b>4</b>
Finance costs						<b>(783)</b>
<b>Profit before taxation</b>						<b>12,290</b>
Income tax						<b>(3,016)</b>
<b>Profit for the period</b>						<b>9,274</b>

Notes to the condensed consolidated interim financial information

3. Segmental analysis (continued)

	Batteries £'000	Lighting £'000	Vaping £'000	Sports nutrition & wellness £'000	Branded household consumer goods £'000	Unaudited 6 months ended 30 Sept 2022 £'000
Revenue	15,660	6,161	31,796	7,615	3,404	64,636
Cost of sales	(13,844)	(4,278)	(19,666)	(6,273)	(2,956)	(47,017)
<b>Gross profit before foreign exchange</b>	1,816	1,883	12,130	1,342	448	17,619
Foreign exchange						549
<b>Gross profit</b>						18,168
Administration expenses						(13,370)
<b>Operating profit</b>						4,798
<b>Adjusted earnings before tax, depreciation, amortisation and adjusted items</b>						8,119
Depreciation						(1,372)
Amortisation						(511)
Adjusted items						(1,438)
<b>Operating profit</b>						4,798
Finance income						-
Finance costs						(400)
<b>Profit before taxation</b>						4,398
Income tax						(1,109)
<b>Profit for the period</b>						3,289

Analysis of revenue by geographical destination

	Unaudited 6 months ended 30 Sept 2023 £'000	Unaudited 6 months ended 30 Sept 2022 £'000
United Kingdom	97,509	59,624
Rest of Europe	6,511	4,756
Rest of the World	1,048	256
	<b>105,068</b>	<b>64,636</b>

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. The group has generated revenues from 2 customers totalling more than 10% of total revenues. The total revenue from these customers totalled £28,729,000.

## Notes to the condensed consolidated interim financial information

### 4. Adjusted items

	<b>Unaudited 6 months ended 30 Sept 2023 £'000</b>	Unaudited 6 months ended 30 Sept 2022 £'000
Share based payments charge	<b>654</b>	733
Fair value movements on financial derivatives	<b>(1,600)</b>	(366)
Transaction related costs	-	162
Integration costs	<b>433</b>	909
	<b>(513)</b>	1,438

The charge for share-based payments is made up of £79,000 related to Employers National Insurance Contributions and £575,000 related to the share-based payments charge.

The financial derivatives relate to open foreign exchange forward contracts. The credit in the period reflects the movement in the fair value of these open forward contracts at the balance sheet date since the year end.

Transaction related costs represent adviser fees for acquisitions performed to date.

Integration costs are related to the integration of businesses following acquisition. In particular, for the prior year, these related to the integration and streamlining of operations of Cuts Ice, which was based primarily in London but was transferred up to Supremes HQ in Trafford Park. In H1 2024, these costs relate to the hive up of the trade and assets in Liberty Flights Holdings Limited and Liberty Flights Limited into Supreme Imports Ltd on 1 November 2023 including the transfer of warehousing and manufacturing operations to Supreme's principal sites in Manchester.

### 5. Taxation

The income tax expense for the half year ended 30 September 2023 is based upon management's best estimate of the weighted average annual tax rate expected for the full year ending 31 March 2024. The income tax expense broadly in line with the standard rate of 25%.

### 6. 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 period.

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.

## Notes to the condensed consolidated interim financial information

### 6. Earnings per share (continued)

The basic and diluted calculations are based on the following:

	<b>Unaudited 6 months ended 30 Sept 2023 £'000</b>	Unaudited 6 months ended 30 Sept 2022 £'000
Profit for the period after tax	<b>9,274</b>	3,289
	<b>No.</b>	No.
Weighted average number of shares for the purposes of basic earnings per share	<b>117,321,074</b>	116,627,074
Weighted average dilutive effect of conditional share awards	<b>6,720,523</b>	4,474,425
Weighted average number of shares for the purposes of diluted earnings per share	<b>124,041,597</b>	121,101,499
	<b>Pence</b>	Pence
Basic profit per share	<b>7.9</b>	<b>2.8</b>
Diluted profit per share	<b>7.5</b>	<b>2.7</b>

#### **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.

	<b>Unaudited 6 months ended 30 Sept 2023 £'000</b>	Unaudited 6 months ended 30 Sept 2022 £'000
Adjusted earnings (see below)	<b>9,494</b>	5,207
	<b>No.</b>	No.
Weighted average number of shares for the purposes of basic earnings per share	<b>117,321,074</b>	116,627,074
Weighted average dilutive effect of conditional share awards	<b>6,720,523</b>	4,474,425
Weighted average number of shares for the purposes of diluted earnings per share	<b>124,041,597</b>	121,101,499
	<b>Pence</b>	Pence
Adjusted basic profit per share	<b>8.1</b>	4.5
Adjusted diluted profit per share	<b>7.7</b>	4.3

## Notes to the condensed consolidated interim financial information

### 6. Earnings per share (continued)

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

	<b>Unaudited 6 months ended 30 Sept 2023 £'000</b>	Unaudited 6 months ended 30 Sept 2022 £'000
Profit for the period attributable to equity shareholders	<b>9,274</b>	3,289
Add back/(deduct):		
Amortisation of acquisition related intangible assets	<b>807</b>	511
Adjusted items	<b>(513)</b>	1,438
Tax effect of the above	<b>(74)</b>	(31)
Adjusted earnings	<b>9,494</b>	5,207

### 7. Financial instruments

The fair values of all financial instruments included in the statement of financial position are a reasonable approximation of their carrying values.

### 8. Dividends

Dividends of £2,579,000 were declared in the 6 months ended 30 September 2023 (2022: £4,432,000). This amounted to £0.022 per share (2022: £0.038).

### 9. Post balance date events

On 1 November 2023, the trade and assets of Liberty Flights Holdings Limited and Liberty Flights Limited were hived up into Supreme Imports Ltd.