

Retail Group Acquires Vaping Manufacturer in £15m Deal

In a significant move within the manufacturing and retail industry, a fast-growing Manchester-headquartered group, Supreme, has announced its acquisition of Liberty Flights Holdings Limited, a prominent [vaping manufacturer](#). The deal, valued at nearly £15 million, marks a significant step for both companies and opens up new opportunities in the thriving vaping market. This article provides an in-depth analysis of the acquisition, its implications, and the future prospects for Supreme and Liberty Flights.

The Acquiring Parties

Supreme: A Growing Powerhouse

Supreme, a listed company on AIM, has quickly established itself as a leading manufacturer and retailer in the vaping industry. The company specializes in manufacturing and importing vaping products, batteries, lighting, wellness, and sports nutrition items. Supreme's products are sold across popular retail outlets such as B&M, Poundland, Home Bargains, and The Range, ensuring wide market reach. The acquisition of Liberty Flights aligns perfectly with Supreme's existing offerings, promising a seamless integration of the two businesses.

Liberty Flights: A Recognized Brand

Founded in 2010 and based in Darwen, Liberty Flights has made a name for itself as a provider of premium e-liquids and high-quality vaping devices. The company boasts an extensive catalog of third-party e-liquid brands, further expanding its market presence. Liberty Flights generated a revenue of approximately £9 million and an EBITDA of £1.5 million in the year ended January 31, 2021. With its reputation for quality and innovation, Liberty Flights stands as an attractive asset for Supreme.

The Acquisition Deal

Supreme's subsidiary, Supreme Imports Limited, will acquire 100% of Liberty Flights' share capital in a cash-free debt-free transaction. The acquisition will be made from Liberty Flights' three shareholders—Matthew Moden, Christopher Parker, and Abraham Spain. The total consideration for the acquisition amounts to £14.75 million, which will be financed through Supreme's recently-established rolling credit facility with HSBC.

The consideration package includes an initial cash payment of £7.75 million upon completion of the acquisition. Additionally, there will be a deferred payment of £2 million, payable after 12 months. Furthermore, an earn-out of up to £5 million is contingent upon Liberty Flights' performance over a one-year period, subject to meeting certain performance metrics. It is estimated that, under current expectations, the earn-out amount will be approximately £2 million.

Strategic Synergies and Benefits

Complementary Manufacturing and Product Profiles

Supreme's CEO, Sandy Chadha, expressed delight at the acquisition, emphasizing the long-standing connection and admiration for Liberty Flights. The combination of Liberty Flights and Supreme's existing vape offerings creates a highly complementary synergy in terms of manufacturing capabilities and product profiles. This integration enables Supreme to expand its presence in the rapidly growing pod system market, which presents significant growth opportunities.

Enhanced Market Reach and Opportunities

With the acquisition, Supreme strengthens its position and extends its market reach in the UK. The inclusion of Liberty Flights' recognized brand and diverse product range enables Supreme to offer a broader selection of [vaping products](#) to its customers. This strategic move not only solidifies Supreme's foothold in the market but also enhances its competitive edge.

Conclusion

The acquisition of Liberty Flights by Supreme signifies a major development in the manufacturing and retail industry. With its growing stature and reputation, Supreme's move to integrate Liberty Flights highlights the value of strategic partnerships and market consolidation. The shared vision and synergistic product offerings of both companies position them favorably for continued success in the highly competitive vaping market.

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FAQs

Q1: How will the acquisition of Liberty Flights benefit Supreme?

Supreme's acquisition of Liberty Flights brings several benefits. It strengthens Supreme's manufacturing capabilities and expands its product portfolio, particularly in the fast-growing pod system market. The acquisition also enhances Supreme's market reach and competitive advantage, allowing it to offer a wider range of vaping products to customers.

Q2: What is the total consideration for the acquisition?

The total consideration for the acquisition of Liberty Flights amounts to £14.75 million. This includes an initial cash payment of £7.75 million, a deferred payment of £2 million payable after 12 months, and an earn-out of up to £5 million based on Liberty Flights' performance over a one-year period.

Q3: Will Liberty Flights continue to operate independently?

Yes, Liberty Flights is expected to operate as a standalone entity for an initial 12-month period before being fully integrated into Supreme. This approach allows for a smooth transition and ensures continuity in Liberty Flights' operations.

Q4: What retail outlets currently sell Supreme's products?

Supreme's products are sold in popular retail outlets such as B&M, Poundland, Home Bargains, and The Range. These partnerships provide Supreme with a broad market presence and accessibility for consumers.

Q5: What growth opportunities does the acquisition create for Supreme?

The acquisition of Liberty Flights opens up growth opportunities for Supreme, particularly in the fast-growing pod system market. This market segment offers significant potential for expansion, and the combined expertise and product offerings of Liberty Flights and Supreme will enable them to capitalize on this growth opportunity.