

## **Distil plc**

**("Distil" or the " Group ")**

### **Interim Results for the six months ended 30 September 2020**

Distil (AIM: DIS), owner of premium drinks brands including RedLeg Spiced Rum, Blackwoods Gin and Blavod Black Vodka, is pleased to announce its unaudited interim results for the six months ended 30 September 2020.

#### **Operational review:**

- RedLeg Banana Rum launched into the UK market
- Ready-to-drink ("RTD") RedLeg Pineapple Rum with Franklin & Sons Ginger Ale launched and listed in major UK retailers
- Increase in Marketing headcount and investment
- Increase in Product Development headcount, resources and investment

#### **Financial Review - versus same period last year:**

- Revenue increased by 128% to £1,878k (2019: £824k)
- Gross profit increased by 107% to £1,032k (2019: £499k)
- Volume (litres) increased by 87%
- Investment in brand marketing and promotion increased by 158% to £565k (2019: £219k)
- Other administration costs increased by 10% to £307k (2019: £279k)
- Operating profit of £154k (2019: 1k)
- Cash reserves at period end of £570k (2019: £836k)

**Don Goulding, Executive Chairman , commenting on these results said:**

" Our team responded well to both demand volatility and supply chain challenges during the first six months of this pandemic. We focused on providing customer support, and increased marketing investment together with greater flexibility. This has allowed us to adapt rapidly to market changes, customer needs, and ensure continuity of product supply throughout. Increased headcount and investment in new product development enabled the launch of new lines with more to follow.

Lockdowns and imposed restrictions, particularly on the hospitality sector and international travel, means we have seen a significant short term shift in product mix and source of business away from the On Trade and Travel Retail toward Grocery and online retail channels as consumers stayed home.

While the nature and speed of market recovery is uncertain we will remain responsive, flexible and efficient to ensure we exit this year in a stronger position.

Our priorities remain the welfare of our staff, our business, supporting our customers and our community."

### **Executive Chairman's Statement**

Spirits have performed well as consumers served their favourite cocktails at home during lockdown. Rum and gin categories continue to perform well, with UK market audit data \* for the 26 weeks to September suggesting flavoured rum grew 35% in value.

On Trade has suffered from full closure during the spring and a slow reopening with subsequent curfews, while Travel retail has been hit hard with sales moving to Grocery and online retail. Our duty free market data suggests this sector has declined by c60% to 80% year-on-year in the key European and Eastern European markets.

A key development is our decision to make a threefold increase in new product development investment, including employing additional talent to assist build our capability. We have already seen the benefits of this move with the introduction of RedLeg Banana Rum , announced in September , revamped packaging for the entire RedLeg range, and a new ready - to - drink product, with more innovation planned to be brought to market in coming months in preparation for the market return.

## **Results versus same period last year**

Combined sales revenues increased 128% to £1,878k, with exports advancing 165% and UK sales increasing 121% .

Brand mix was affected by Covid -19 related restrictions and many consumers staying home. Blackwoods Gin sales improved by 74%, RedLeg Rum increased 139%, Blavod Vodka however, with its sales mainly through Duty Free and Travel Retail , fell by 70%.

The Company achieved an Operating profit of £154k (2019 : £1k).

Cash reserves are down year - on - year by £266k as trade and other receivable s increased by £778K reflecting the increase in sales toward the period end. Net assets increased by £480k to £3,653K.

Production costs per unit increased mainly due to reduced line efficiencies through social distancing and other Covid -19 related measures. This has resulted in our margins moving from 61% to 55% in the short term.

## **Operations**

The team has been agile in its efforts to minimise disruption to operations and supply chain, including building a robust inventory of raw materials and finished goods in order to manage supply risk in the event of further restrictions.

To assist with our new product development ambitions, we have agreed an ongoing partnership with a Master Distiller, in order to accelerate liquid development.

In addition, we have worked with suppliers to transition to sustainable packaging across the portfolio in line with our CSR commitments, and have certified all products in the range to be vegan and gluten-free.

## **Outlook**

As previously mentioned, the Group has taken positive steps to respond to our relevant challenges and we expect to exit 2020 in a stronger position. However, due to uncertainties regarding movement restrictions and sector closures relating to the Covid-19 pandemic we consider it prudent not to provide market guidance for the full financial year to March 2021.

**Distil plc - Half Year Results**  
**Consolidated**  
**comprehensive interim**  
**income statement**

	<b>Six months ended 30 September 2020</b>	<b>Six months ended 30 September 2019</b>	<b>Year ended 31 March 2020 Audited</b>
	<b>Un- audited £'000</b>	<b>Un- audited £'000</b>	<b>£'000</b>
Revenue	1,878	824	2,441
Cost of sales	(847)	(325)	(995)
<b>Gross profit</b>	<b>1,031</b>	<b>499</b>	<b>1,446</b>
Administrative expenses:			
Advertising and promotional costs	(565)	(219)	(665)
Other administrative expenses	(307)	(279)	(597)
Share based payment expense	(5)	-	-
<b>Total administrative expenses</b>	<b>(877)</b>	<b>(498)</b>	<b>(1,262)</b>
<b>Operating profit</b>	<b>154</b>	<b>1</b>	<b>184</b>
Finance income	-	-	-
Finance expense	-	(2)	(2)
<b>Profit/(loss) before tax from continuing operations</b>	<b>154</b>	<b>(1)</b>	<b>182</b>
Income tax	64	-	76
<b>Profit/(loss) for the period</b>	<b>218</b>	<b>(1)</b>	<b>258</b>

**Profit/(loss) per share:**

From continuing operations

Basic (pence per share)                      0.04                      (0.00)                      0.05

Diluted (pence per share)                      0.04                      (0.00)                      0.05

**Consolidated interim statement of financial position**

	<b>As at 30 September 2020</b>	<b>As at 30 September 2019</b>	<b>As at 31 March 2020</b>
	<b>Un- audited £'000</b>	<b>Un- audited £'000</b>	<b>Audited £'000</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Right-of-use asset	-	37	-
Property, plant and equipment	151	143	153
Intangible fixed assets	1,586	1,566	1,577
Deferred tax asset	140	-	76
<b>Total non-current assets</b>	<b>1,877</b>	<b>1,746</b>	<b>1,806</b>
<b>Current assets</b>			
Inventories	405	383	349
Trade and other receivables	1,157	379	543
Cash and cash equivalents	570	836	858
<b>Total current assets</b>	<b>2,132</b>	<b>1,598</b>	<b>1,750</b>
<b>Total assets</b>	<b>4,009</b>	<b>3,344</b>	<b>3,556</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	(356)	(133)	(126)
Lease liability	-	(38)	-
<b>Total current liabilities</b>	<b>(356)</b>	<b>(171)</b>	<b>(126)</b>
<b>Total liabilities</b>	<b>(356)</b>	<b>(171)</b>	<b>(126)</b>
<b>Net Assets</b>	<b>3,653</b>	<b>3,173</b>	<b>3,430</b>
<b>EQUITY</b>			
<b>Equity attributable to equity holders of the parent</b>			
Share capital	1,292	1,292	1,292
Share premium	2,908	2,908	2,908
Share based payment reserve	88	83	83
Accumulated deficit	(635)	(1,110)	(853)

<b>Total equity</b>	<b>3,653</b>	<b>3,173</b>	<b>3,430</b>
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**Consolidated interim cash flow statement**

	<b>Six months ended 30 September 2020 Un-audited £'000</b>	<b>Six months ended 30 September 2019 Un-audited £'000</b>	<b>Year ended 31 March 2020 Audited £'000</b>
<b>Cashflows from operating activities</b>			
Profit/(loss) before tax	154	(1)	182
Adjustments for non-cash/non-operating items:			
Finance expense	-	2	2
Amortisation	-	25	49
Depreciation	7	6	13
Share based payment expense	5	-	-
	166	32	246
Movements in working capital			
Increase in inventories	(56)	(71)	(37)
Increase in trade receivables	(614)	(172)	(336)
Increase in trade payables	230	35	28
Cash used in operations	(440)	(208)	(345)
<b>Net cash used in operating activities</b>	<b>(274)</b>	<b>(176)</b>	<b>(99)</b>
<b>Cashflows from investing activities</b>			
Purchase of property plant & equipment	(5)	(20)	(37)
Expenditure relating to the acquisition and registration of licenses and trademarks	(9)	(10)	(21)
<b>Net cash used in investing activities</b>	<b>(14)</b>	<b>(30)</b>	<b>(58)</b>
<b>Cashflows from financing activities</b>			
Interest on lease liabilities	-	-	(2)
Repayment of lease liabilities	-	(26)	(51)
<b>Net cash used in financing activities</b>	<b>-</b>	<b>(26)</b>	<b>(53)</b>
Net decrease in cash and cash equivalents	(288)	(232)	(210)

Cash & cash equivalents at the beginning of the period	858	1,068	1,068
<b>Cash &amp; cash equivalents at the end of the period</b>	<b>570</b>	<b>836</b>	<b>858</b>

## Notes to the interims accounts:

### 1. Basis of preparation

This interim consolidated financial information for the six months ended 30 September 2020 has been prepared in accordance with AIM Rule 18, '*Half yearly reports and accounts*'. This interim consolidated financial information is not the Group's statutory financial statements within the meaning of Section 434 of the Companies Act 2006 (and information as required by section 435 of the Companies Act 2006) and should be read in conjunction with the annual financial statements for the year ended 31 March 2020, which have been prepared under International Financial Reporting Standards (IFRS) and have been delivered to the Register of Companies. The auditors have reported on those accounts; their report was unqualified, did not include references to any matters to which drew attention by way of emphasis of matter without qualifying their report and did not contain any statements under Section 498 (2) or (3) of the Companies Act 2006.

The interim consolidated financial information for the six months ended 30 September 2020 is unaudited. In the opinion of the Directors, the interim consolidated financial information presents fairly the financial position, and results from operations and cash flows for the period. Comparative numbers for the six months ended 30 September 2019 are also unaudited.

### 2. Availability

Copies of the interim report will be available from Distil's registered office at 201 Temple Chambers, 3-7 Temple Avenue, EC4Y 0DT and also on [www.distil.uk.com](http://www.distil.uk.com).

### 3. Approval of interim report

This interim report was approved by the Board on 14 October 2020.

For further information please contact:

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\*Nielsen September 2020

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