

Distil PLC Trading Update

Distil plc (AIM: DIS), owner of premium drinks brands RedLeg Spiced Rum, Blackwoods Gin and Vodka, TRØVE Botanical Vodka and Blavod Black Vodka, provides an update on trading for the fourth quarter of its financial year ended 31 March 2024.

Unaudited year-on-year Q4 (January – March) 2024 key results:

- Q4 volumes decreased 47% year-on-year
 - Full year cumulative volumes increased 8%
- Q4 revenues decreased 23% year-on-year to £344k (Q4 FY2023 £448k)
 - Full year cumulative revenues increased 17% to £1.55m (FY2023 £1.32m)
- Q4 gross profit decreased 19% to £205k (Q4 FY2023 £252k)
 - Full year cumulative gross profit increased 11% to £759k (FY2023 £683k)
- Q4 advertising and promotional spend increased 78% to £130k (Q4 FY2023 £73k)
 - Increase for the quarter relates to in-market activation with export customers, new product development, and investment into activity which is expected to yield positive results in the current financial year
 - Full year cumulative A&P spend decreased 15% to £496k (FY2023 £582k)
- Cash reserves of £526k at 31 March 2024
- Partnership agreed with Global Brands to service UK off-trade customers
- Progress at Blackwoods Distillery and Visitor Experience at Ardgowan gathers pace

Don Goulding, Executive Chairman of Distil, said:

“The Company has faced a tough quarter of trading as the wider market continues to operate within challenging conditions, however the full year results remain positive, showing double-digit growth on the previous year.

Market Conditions

Across the total spirits trade, volumes declined as consumers, facing continued spending pressures, are cutting back on consumption or turning to categories that are perceived to be less expensive, such as beer and cider. Whilst the headline rate of inflation fell, prices within the UK are still increasing, particularly within spirits which, following the duty increase implemented in August 2023, is twice the headline rate. In tandem with this, the on-trade continues to contract, with around 16,000 outlet closures in the UK since March 2020 as venues come up against reduced staff availability, mounting utilities bills, cost of credit, and changing consumer habits.

UK Performance

Q4 is historically our quietest trading period, particularly in the UK. Our Q4 sales came in below the previous year as major customers changed ordering patterns, particularly in relation to online sales. We experienced high Q3 sales into some customers which has resulted in a higher than usual stock holding at those customers, and therefore lower sales

out from Distil this quarter. In addition, a temporary reduction in distribution in one key customer has impacted this quarter's results, however we are working closely with our new partner Global Brands to restore this to the usual level as soon as possible, and do not expect this to be an ongoing issue.

Export Performance

Despite economic challenges being faced globally, in Export markets we have grown our business 131% year-on-year for the quarter, with full year tracking at +26% year-on-year. This figure includes increased interest in Blackwoods Gin & Vodka, but has been primarily driven by encouraging results of in-country marketing activity for RedLeg. We will continue to build upon this and roll market-specific activity out to additional regions in the coming financial year.

Strategic Partnerships

Q4 also saw the inking of our new partnership with Global Brands to service our UK grocery, cash & carry, and convenience customers. Building on a strong existing relationship with the Global Brands team, this partnership will see us tap into its extensive sales network, and proprietary logistics and warehouse capabilities. The partnership offers the opportunity to work closely with a longstanding partner to accelerate brand growth. Commercial decisions and marketing activity will remain driven by Distil internally.

We are confident in Global Brands' capabilities and position in the trade, with positive steps having already been made. We look forward to growing our business with them in the current financial year.

Our relationship with Marussia Beverages in the UK remains in place. The team has delivered encouraging results at a difficult time for the on-trade and we are working closely with them to ensure we are well positioned to build through this new financial year.

Progress at Ardgowan

Despite challenging winter weather conditions, works on the building at the Ardgowan Distillery which will house the Blackwoods experience have accelerated through Q4 and we are pleased to report that building works are complete and Distil has now taken control of the building to implement fit-out.

The first distillation is planned for the coming weeks, and we have new product in the pipeline to celebrate this milestone. We look forward to sharing more information with shareholders in the near future.

Full Year Results & Outlook

Despite a slower Q4 than expected, and the medium-term outlook for the spirits market remaining challenging, we are encouraged by the double-digit full-year growth following the restructuring of the business over the past year. The team has been working diligently to set us up in a strong position to continue to build on this growth in the coming months, and I look forward to sharing updates on their efforts next quarter and beyond.

Market guidance for FY24/25 will be issued at the time of our final results announcement in June.”

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About Distil

Distil Plc is quoted on the AIM market of the London Stock Exchange. It owns drinks brands in a number of sectors of the alcoholic drinks market. These include premium spiced rum, vodka, gin, vodka vanilla cream liqueur and are called RedLeg Spiced Rum. Blackwoods Vintage Gin, Blackwoods Vodka, TRØVE Botanical Vodkas, Blavod Original Black Vodka and Diva Vodka.

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