

Distil plc

("Distil", the "Company" or the "Group")

Interim Results for the six months ended 30 September 2024

Distil plc (AIM:DIL), owner of premium drinks brands RedLeg Spiced Rum, Blackwoods Gin and Vodka, TRØVE Botanical Vodka and Blavod Black Vodka, announces its unaudited interim results for the six months ended 30 September 2024.

Operational highlights:

- Launch of Blackwoods First Drop Gin - the first to be produced at Ardgowan
 - Shortlisted as a finalist at Scottish Gin Awards
- Successful preview of Blackwoods new brand home at the Ardgowan Open Day
- Lighthouse hospitality and premium retail listings secured for Blackwoods gin and Blackwoods vodka
- Regional out-of-home advertising and sampling campaign activated throughout summer for RedLeg rum

Financial highlights:

- Revenues decreased 38% to £393k (2023: £632k)
 - Q2 revenues -8% YoY
- Gross profit decreased 44% to £158k (2023: £283k)
 - Cost of goods has shown recent improvement, with an 14% reduction in Q2 year-on-year
 - Reduction in freight costs equivalent to 47%
- Volumes decreased 42% year-on-year
 - Q2 volumes +0.3% YoY
- Investment in brand marketing and promotion increased by 42% to £239k (2023: £168k)
- Administrative costs increased by 11% to £541k (2023: £489k)
- Loss before tax of £555k (2023: £314k)
- Cash reserves at period end of £314k (2023: £321k)
- Successful £0.65m (gross) equity fundraise in October 2024 to fund working capital, major account listings and development of brand range extensions

Chairman's Statement:

The first six months of the financial year have been challenging for the business as we have felt the impact of wider industry and macro-economic conditions as consumers have less disposable income for socialising both in and out-of-home.

Q1 was particularly difficult, as we remained affected by the stock 'hangover' in the trade from the slower Christmas period in 2023. This impacted trade sales into key customers and distributors.

Shifting consumer habits in response to inflation meant that stock levels had not been depleted at the usual rate, reducing the level of orders throughout Q4 of the prior financial period and Q1 of the current financial year. This was combined with general category trends downwards to create poor numbers of sales out, although the impact at a consumer level was not as severe.

In comparison, Q2 revenues were up 88% on Q1. Q2 revenues remain down 11% year-on-year, but this is in line with overall market trends. August and September 2024 volumes were up 5% year-on-year, which is an encouraging trend. Revenues for the same two months were down 2% year-on-year, however this was driven by product mix, with a significant increase in Blavod licensed sales versus the previous year.

Throughout the half year we have readjusted our plans and the key focus through to the end of the year will be on increased

promotional support through the key Christmas period, as well as supporting rate of sale in existing and newly-won on-trade customers.

The market is showing early signs of improved consumer confidence with the full-year outlook more positive, but we remain cautious, and cash management will be a focus area for the business, ensuring to prioritise higher ROI spend.

Operations

The recent operational climate has brought both challenges and opportunities.

In Q2, we made significant strides in controlling production costs, driven primarily by optimising our purchasing strategy. We've seen a marked reduction in freight expenses, which has been a substantial relief given the ongoing volatility in global logistics affecting distribution networks.

We continue to explore opportunities for alternative purchasing sources and have successfully negotiated more favourable terms with key suppliers, helping to mitigate the impact of these challenges on our cost base.

Despite the external pressures, we are optimising our inventory management practices, which has enabled us to reduce storage costs while ensuring we maintain adequate stock levels to meet demand.

Cost management remains a critical focus area. We've been proactive in identifying areas for efficiency gains, particularly in our production operations and warehousing. These efforts are yielding results, with a notable reduction in operational overheads over the past quarter, predominantly from freight costs. However, with inflationary pressures on both transportation and packaging, we remain vigilant and are closely monitoring market conditions to adjust pricing strategies as needed.

Marketing and New Product Development

H1 saw the first distillation of Blackwoods gin at the brand's new home at the Ardgowan distillery and the launch of Blackwoods First Drop to commemorate this significant milestone for the brand.

Just 1,500 bottles were produced in the traditional one-shot method, with nothing but water added post-distillation. Further details can be found at www.distil.uk.com.

The limited-edition gin was a finalist at the Scottish Gin Awards along with the Blackwoods Vintage Gin and Blackwoods Navy Strength gin, and has been nominated for further prestigious spirits awards.

With the gin stills now operational and opening of the brand home experience on the horizon, a programme of distillery-exclusive products is being created.

Throughout H1, support continued for RedLeg in Brighton, rebuilding the brand in the city in which it launched, with sponsorship of Brighton Fringe festival, billboard advertising and product sampling.

The summer also saw the release of the second RedLeg limited edition bottle. The limited edition was released to celebrate summer entertaining and was available in major grocery outlets, as well as direct through the [RedLeg website](#).

Ardgowan Distillery Project

Fit-out of the Blackwoods Brand Home on the Ardgowan Distillery site is underway, with key joinery and decoration having been completed. A portion of the funds raised from our £0.65m fundraising in September will be used to finish the works to open to the public as soon as possible, generating a new revenue stream for the business.

Progress on the whisky distillery is gathering pace, with key process vessels having been installed, and the whisky stills due to be installed by the end of the year. The team is aiming to commence whisky distillation during Spring next year.

Results versus same period last year

As reported in April, we experienced higher Q3 (Oct-Dec 2023) sales last year versus the previous financial year. Following a slower than expected Christmas period in consumer response to economic conditions and the high spirits duty increase in August 2023, the trade was experiencing a stock hangover in Q4 (Jan-Mar 2024), which continued into Q1 of this current financial year.

The reduction in Q1 sales has significantly impacted the half-year results, whereas Q2 results are down year-on-year, but in line with market conditions and internal expectations.

Outlook

After a slow start to the year, we are encouraged by the uplift in Q2, particularly as we head into our busiest sales period. We've been working with our distribution partners to ensure we have a strong programme of promotional activity through to the new year, to generate further sales uplifts.

H2 will see the launch of a further limited-edition RedLeg SKU, along with the opening of the Blackwoods Brand Home which will generate a new revenue stream for the business, amplifying the wins we've secured in the on-trade and premium retail in H1, which we also anticipate to grow through to the end of the year.

Enquiries:

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This announcement contains inside information as stipulated under the UK version of the Market Abuse Regulation No 596/2014 which is part of English Law by virtue of the European (Withdrawal) Act 2018, as amended. On publication of this announcement via a regulatory information service this information is considered to be in the public domain

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 and gin, and are called RedLeg Spiced Rum. Blackwoods Vintage Gin, Blackwoods Vodka, Blavod Original Black Vodka, TRØVE Botanical Spirit and Diva Vodka.

Distil plc - Half Year Results

Consolidated comprehensive interim income statement

	Six months ended 30 September 2024 Un-audited £'000	Six months ended 30 September 2023 Un-audited £'000	Year ended 31 March 2024 Audited £'000
Revenue	393	632	1,523
Cost of sales	(235)	(349)	(787)
Gross profit	158	283	736
Administrative expenses:			
Advertising and promotional costs	(239)	(168)	(515)
Other administrative expenses	(541)	(489)	(1,094)
Impairment losses	-	-	(202)
Share based payment expense	-	(17)	(17)
Total administrative expenses	(780)	(674)	(1,828)
Operating loss	(622)	(391)	(1,092)
Finance income	77	77	150
Finance expense	(10)	-	-
Loss before tax from continuing operations	(555)	(314)	(942)

Loss before tax from continuing operations
Income tax
Loss for the period

(555)	(314)	(942)
-	-	(225)
(555)	(314)	(1,167)

Loss per share:

From continuing operations
Basic (pence per share)
Diluted (pence per share)

(0.08)	(0.05)	(0.16)
(0.08)	(0.05)	(0.16)

Consolidated interim statement of financial position

ASSETS

Non-current assets

Property, plant and equipment
Right of use assets
Intangible fixed assets
Financial assets
Deferred tax assets

Total non-current assets

Current assets

Inventories
Trade and other receivables
Cash and cash equivalents

Total current assets

Total assets

LIABILITIES

Current liabilities

Trade and other payables
Financial liabilities
Lease liabilities

Total current liabilities

Non-current liabilities

Lease liabilities

Total liabilities

Net assets

EQUITY

Equity attributable to equity holders of the parent

Share capital
Share premium
Share based payment reserve
Accumulated losses

Total equity

As at 30 September 2024 Un-audited £'000	As at 30 September 2023 Un-audited £'000	As at 31 March 2024 Audited £'000
184	150	142
305	-	-
1,454	1,648	1,453
3,000	3,000	3,000
126	351	126
5,069	5,149	4,721
1,252	1,189	1,205
233	479	580
314	321	526
1,799	1,989	2,311
6,868	7,138	7,032
491	483	516
150	150	150
7	-	-
648	633	666
308	-	-
956	633	666
5,912	6,505	6,366
1,785	1,474	1,695
6,715	6,211	6,704
218	218	218
(2,806)	(1,398)	(2,251)
5,912	6,505	6,366

Consolidated interim cash flow statement

Cashflows from operating activities

Loss before tax
Adjustments for non-cash/non-operating items:
Finance income
Finance expense
Depreciation
Amortisation
Expenses settled by shares
Loss on disposal of property, plant and equipment
Share based payment expense
Impairment of intangible assets
Unrealised foreign currency losses

Movements in working capital
Increase in inventories

Six months ended 30 September 2024 Un-audited £'000	Six months ended 30 September 2023 Un-audited £'000	Year ended 31 March 2024 Audited £'000
(555)	(314)	(942)
(77)	(77)	(150)
10	-	-
7	8	18
6	-	-
-	-	7
-	-	1
-	17	17
-	-	202
2	2	-
(607)	(364)	(847)
(47)	(120)	(136)

Decrease in trade receivables	304	404	303
Increase/(decrease) in trade payables	18	(371)	(338)
Cash used in operations	275	(87)	(171)
Net cash used in operating activities	(332)	(451)	(1,018)
Cashflows from investing activities			
Purchase of property plant & equipment	(49)	(5)	(8)
Expenditure relating to the acquisition and registration of licenses and trademarks	(1)	(15)	(22)
Net cash used in investing activities	(50)	(20)	(30)
Cashflows from financing activities			
Proceeds from issue of shares, net of issue costs	101	-	707
Interest received on convertible loans	75	75	150
Payment of lease liabilities	(6)	-	-
Net cash generated by financing activities	170	75	857
Net decrease in cash and cash equivalents	(212)	(396)	(191)
Cash & cash equivalents at the beginning of the period	526	717	717
Cash & cash equivalents at the end of the period	314	321	526

Notes to the interims accounts:

1. Basis of preparation

This interim consolidated financial information for the six months ended 30 September 2024 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 2024, which have been prepared under UK-adopted International Accounting 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 2024 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 2023 are also unaudited.

3. Availability

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

4. Approval of interim report

This interim report was approved by the board on 4 November 2024.

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