

Distil PLC

Trading Update

Distil plc (AIM: DIS), owner of premium drinks brands including RedLeg Spiced Rum, Blackwoods Gin and Vodka, and Blavod Black Vodka, provides a trading update for the third quarter (October - December 2025) of its current financial year ending 31 March 2026.

Unaudited year-on-year third quarter (October to December 2025) results:

- Revenues decreased 26% to £173k (October to December 2024: £233k)
- Volumes into distributors decreased 39%
 - o Volumes at consumer level increased 36%
- Gross margins were flat at 42% (October to December 2024: 42%)

Don Goulding, Executive Chairman of Distil, commented:

"Sales of RedLeg by retailers to end consumers across major grocery, a key contributor to our business, increased 36% overall year-on-year in Q3, and +28% year-on-year in the four weeks to 28 December, despite a 4.1% decline in consumer spending on total take-home alcohol in the same period. (grocery till data, Worldpanel)

Performance at store level within the grocery channel was buoyant, predominantly driven by competitive price promotion and supplemented with the new RedLeg pack (see announcement 6 January 2026), which began to hit shelves mid-December, boosting rate of sale.

In the on-trade, value sales increased 1.9%, however on-trade prices have been pushed up from the previous year due to continued pressures facing the trade, including the duty increase in 2025, along with ongoing inflationary rises across the supply chain and increased staffing costs. A Barclays consumer spending report (released January 2026) highlighted that 39% of consumers surveyed saying rising costs prevented them from going out as often as they would have liked in December.

However, the increased sales at consumer level is not reflected in Distil's reported sales outturn in Q3 due to existing stock holdings within the trade. Inventory acquired by distributors to cover the Christmas trading period were predominantly built in Q2, and there is overall pressure across the supply chain to work with more efficient stock levels, with retailers running stock cover at a lower level.

Export markets

Global market conditions continue to be tough across the beverage alcohol industry, including spirits, as consumer confidence remains fragile. However, the quarter saw some encouraging wins for our business within this market.

Export markets revenues increased 7.5x year-on-year, albeit from a small base, due to altered order phasing in our largest market.

Following unexpected delays due to government closures, approvals were received for Blavod from the Alcohol and Tobacco Tax and Trade Bureau (TTB) in the US, signifying that the brand can now be prepared to ship for sales in the US market. Distil is working with Aiko Spirits, with whom we agreed a US distribution deal, to ensure that the process of getting product landed is as smooth as possible, and that marketing plans are in place to ensure that the brand is supported.

Other news

A further update on Distil's 2025-26 financial results will be provided in the next trading update.

As announced via RNS Reach on 12 January 2026, the quarter also saw us secure a significant on-trade listing for Blackwoods with an award-winning Scottish group of 22 bars and restaurants, Buzzworks, with Blackwoods gin and vodka featuring in multiple cocktails across the estate.

Strategy

The initial stage of our formal strategic review, together with review of the cost structure of the business, led to the fundraise announced on 15 September 2025). The fundraise enabled us to build stocks for Christmas trading, finalise the RedLeg packaging refresh, set-up the EU distribution solution, and progress the Blackwoods Brand Home. Given current marketing conditions, we are keeping our strategic options under continual review to maximise shareholder value.

Outlook

The medium-term outlook continues to be challenging for the industry. A further alcohol duty increase announced in the latest UK budget, effective February 2026, will further squeeze consumer spending and prolong market recovery. This is particularly true in the hospitality sector, which has been hit from all sides with increases in duty, business rates, national insurance, and utility bills. The on-trade is not only key to the alcohol sector, but to society more widely. We will continue to support our customers as best we can, as well as continue to voice our concerns together with colleagues in the industry to members of parliament.

We will continue strategic support across on- and off-trade customers to build on momentum at consumer level, including the opening of the Blackwoods Brand Home, due by the end of January, with tour bookings to be announced in the near future.

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