

## **Distil Trading Update**

### **Trading update**

Distil plc (AIM: DIS), owner of premium drinks brands including RedLeg Spiced Rum, Blackwoods Gin and Vodka, and Blavod Black Vodka, provides an update on expected Q4 and full-year performance.

### **Q4 & full year revenues**

Anticipated revenues for the final quarter ("Q4") of the current financial year ending 31 March 2026 are significantly below forecast. In light of this, together with softer performance throughout the year, we expect our full-year revenue to be materially below market expectations. Consequently, the loss before tax for the current year will be greater than anticipated.

Despite this underperformance in sales from Distil into the broader 3<sup>rd</sup> party distributor network, sales to end customers increased, in both Q3 and Q4 serviced by stock already held in the trade.

The issue facing our business and impacting sales revenues and volumes is higher than expected levels of stock still held in the trade globally as a result of softer than anticipated sales over the year, which has impacted purchase phasing.

In the UK, sales out from our distributor to its customers increased 51% year-on-year in the first two months of this calendar year. Sales of RedLeg at a consumer level in grocery grew and outpaced the market in the same period but not to the growth levels forecasted.

This follows growth over the Christmas period, where RedLeg consumer sales increased 36% year on year versus a category value that declined -5.2% in the 12 weeks to w/e 3 January 2026. (Data WSTA via NIQ Scantrack / CGA).

More broadly, the continued economic downturn and inflationary pressures have resulted in a reduction in overall consumer spending, with a direct impact on the business.

The spirits category has been hit hard as these general economic pressures have been amplified by year-on-year duty increases since August 2023, the latest of which came into effect 1 February 2026, driving retail prices up another 50p per bottle (minimum) on our core products. Overall, the UK spirits market value declined -0.9% in the 12 weeks to w/e 3 January 2026, driven by a -2.4% off-trade decline over the period.

In addition, the US distribution launch of Blavod black vodka has been delayed due to a delay relating to submission for Craft Beverage Modernization Act ("CBMA").

CBMA allows foreign producers to assign reduced excise tax rates and tax credits to US importers. Our distributor expects this to be resolved in Q1 of the next financial year.

We are currently reviewing arrangements with distributors and route to market. Negotiations to resolve these matters are in process, with news to follow shortly.

In order to soften the decline in sales on a short-term basis, increased promotional activity to drive awareness and purchase at point of sale has been agreed with major grocery customers throughout Q1 in key accounts. We continue to remove and reduce other discretionary costs.

The quarter saw the Blackwoods Brand Home open to visitors and begin to contribute revenue to the business. The space has been well received by guests, achieving 5\* ratings on Google Reviews with particular praise given to the design and to the hospitality of our Brand Home Manager. In addition, interest has been generated from trade visitors

design and to the hospitality of our brand home manager. In addition, interest has been generated from trade visitors, including tour operators ahead of the key tourist season. Driving awareness and footfall will be a key focus for the next financial year relative to the brand home.

However, the Q4 performance and overall impact to the full year outcome for sales has created an immediate short-term funding need within the business. The Board is currently exploring funding options to address this need.

The interests of shareholders remain at the heart of all decisions taken by the Board. Further updates will be notified as required.

#### **Ardgowan Distillery Company\* update**

Production of new-make spirit continues at Ardgowan and is being aged in bespoke casks to be bottled under the Ardgowan brand.

Due to some issues with production, specifically with power supply, production is currently behind schedule, resulting in a delay in drawing down further debt funding as such funding is dependent upon the quantity of liquid produced at the Distillery.

The Board of Ardgowan is exploring options to bridge this current funding gap. This funding gap is expected to be resolved when production returns to schedule, which is expected towards the end of this calendar year.

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#### **Inside Information**

This announcement contains inside information for the purposes of the UK Market Abuse Regulations ('UK MAR'). Upon publication of this announcement, this inside information (as defined in UK MAR) is now considered to be in the public domain. The person responsible for arranging the release of this announcement on behalf of the Company is Mr Don Goulding, Executive Chairman.

#### **\*Ardgowan**

As detailed in the announcement of 24 July 2025 the Company holds £3m of Convertible Loan Notes in Ardgowan, which have a coupon of 6.5% and on conversion (at a pre-money valuation of £30 million) convert into 10.5% of Ardgowan's equity at the time of conversion.

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