

Diageo Aide Memoire Q3 Fiscal 2026

This document sets out public information previously provided by Diageo plc, or else widely available in the market. Unless otherwise specified, the outlook comments below come from the H1 fiscal 26 press release, presentation and call script and Q3 fiscal 25 results materials, with other content sourced from publicly available information. No new information is given, and there will be no comment on current trading or further guidance provided. Any updates to these and other previously made statements would only be included in further communications by Diageo to the market and the inclusion of the extracted statements herein should not be taken to indicate that they will not be updated in the future.

Fiscal 26 outlook

With the Fiscal 26 H1 press release, we provided the following guidance for fiscal 26:

- **Organic net sales growth** – expect to be down 2-3% given further weakness in the US and the impact of Chinese white spirits (CWS).
- **Organic operating profit growth** – expect to be flat to up low-single-digit, reflecting revised net sales guidance due to the US and CWS, tariff impact¹ and savings from the Accelerate programme.
- **Taxation** – expect tax rate before exceptional items to be c.25% (fiscal 25: 24.9%).
- **Effective interest rate** – expect effective interest rate to be c.4.0% (fiscal 25: 4.1%).
- **Capital expenditure** – expect to be at the lower end of the range of \$1.2-1.3 billion (fiscal 25: \$1.5 billion).
- **Free cash flow** – expect \$3 billion (fiscal 25: \$2.7 billion) before c.\$100 million one-off working capital impact expected at the end of fiscal 26 from inventory build ahead of the SAP S/4 HANA ERP system implementation in early fiscal 27.

Overall performance comments

- H1 fiscal 26 organic net sales declined 2.8%, with volume down 0.9% and price/mix down 1.9%². Strong performance in Europe, LAC and Africa more than offset by weakness in North America and in CWS in APAC. CWS adversely impacted net sales by c.2% in H1.
- Organic net sales growth in Q3 fiscal 25 of 6.3%, with organic volume up 2.9%³. Favourable phasing supported performance which contributed c.4%⁴ of Q3 organic net sales growth, mainly in North America and to a lesser extent Latin America and Caribbean. We said that we expected it to largely reverse in Q4 fiscal 25.

Geographic regions

- **North America** – In H1 fiscal 26, organic net sales declined 6.8%, with volume down 4.0% and price/mix down 2.8%, primarily due to the decline in US Spirits. US Spirits organic net sales declined 9.3%, with volume down 6.8% and price/mix down 2.5% given increased competitive pressure and further category softness, particularly in tequila. We stated in the release that overall distributor inventory levels at the end of H1 were appropriate for the current consumer environment, in line with historical levels. In Q3 fiscal 25, organic net sales grew 6.9%³ due to strong shipments growth in US Spirits. US Spirits increased 7%, ahead of depletions growth by c.5%⁴, due to a pull-forward of imports to distributors in anticipation of tariffs, which we expected to reverse in Q4.

¹ Based on assumptions as at H1 fiscal 26 results.

² H1 fiscal 26 results can be found at www.diageo.com/en/investors.

³ Fiscal 25 growth rates adjusted for all acquisitions and disposals completed in fiscal 25 including Cacique, Pampero and Ciroc in North America – please see notes on disposals on pages 2-3.

⁴ As shared in the Q3 fiscal 25 press release prior to restatement.

- **Europe** – In H1 fiscal 26, organic net sales grew 2.7%, with strong growth in Türkiye and MENA and continued momentum in Guinness, partly offset by Central and Eastern Europe and Iberia. Volume decline of 1.8% was offset by price/mix up 4.5%. We said in the presentation that this region was benefitting already from work to date on stronger commercial execution. In Q3 fiscal 25, organic net sales were -0.4%¹ with continued strong momentum in Guinness offset by further softness in spirits.
- **Asia Pacific** – In H1 fiscal 26, organic net sales declined 11.1% primarily due to the decline in CWS, partly offset by high single-digit growth in India. Excluding the impact of CWS, organic net sales would have been up slightly. In Q3 fiscal 25, organic net sales grew 1.6%¹, mainly due to soft comparatives in China and South East Asia, and continued growth in India.
- **Latin America and Caribbean** – In H1 fiscal 26, organic net sales grew 4.5%, supported by 6.1% price/mix from positive market and category mix, only partly offset by volume down 1.6%. Brazil performance in Q2 was adversely impacted by counterfeit alcohol incidents in the market; however in our release we noted that consumer confidence was gradually recovering. In Q3 fiscal 25, organic net sales grew 28.5%¹ as the region benefited from lapping significant inventory destocking in the prior fiscal.
- **Africa** – In H1 fiscal 26, organic net sales grew 10.9% with broad-based growth across the region. Price/mix of 3.2% was driven by portfolio mix and volume growth of 7.7% driven by Kenya Cane, Smirnoff RTD and Serengeti beer. In Q3 fiscal 25, organic net sales grew 10.1%¹.

Other comments for consideration

- With H1 fiscal 26 results we shared that c.50% of the \$625 million total savings from Accelerate would be delivered in fiscal 2026, with c.40% of this achieved in H1.
- We also spoke to our continued commitment to deleveraging and continued focus on cash flow.
- We shared that we will update the market late summer on the revised strategy under the new CEO following the ongoing review of the business and work on the three immediate priorities as shared in the H1 fiscal 26 press release.

Subsidiaries and associates:

- **United Spirits Limited (USL)** – next reports Q4 and FY 26 results in May.
- **Sichuan Swellfun Co., Ltd (SJF)** – typically report Q1 results in late April.
- **Associates and joint ventures** - Diageo has a 34% shareholding in Moët Hennessy, the wine and spirits division of LVMH Moët Hennessy Louis Vuitton SE (LVMH). On 13 April 2026, LVMH reported its fiscal 26 results for the quarter ended 31 March 2026, with wine and spirits division organic revenue +5%.

Disposals:

- Diageo subsidiary **USL** announced the full divestiture of its stake in **Royal Challengers Sports Pvt Ltd** on 24 March 2026 to a consortium for a total consideration of INR 166.6 billion in an all cash transaction.
- The disposal of **Sheridan's** to Casa Redondo completed on 30 January 2026. No financial performance details were shared.
- On 17 December 2025 we entered into an agreement to sell our 65% shareholding in **East African Breweries plc** to Asahi Group Holdings, Ltd. Estimated net proceeds after tax and transaction costs of \$2.3 billion will de-lever Diageo's balance sheet by c.0.25x.

¹ Fiscal 25 growth rates adjusted for all acquisitions and disposals completed in fiscal 25 including Cacique, Pampero and Cîroc in North America – please see notes on disposals on pages 2-3.

- Disposals completed since 30 June 2025 include **Seychelles Breweries Limited, Guinness Ghana Breweries PLC** and **Diageo Operations Italy S.p.A – Santa Vittoria production facility**. More detail can be found in the H1 fiscal 26 Aide Memoire.
- The **Pampero, Safari and Cacique** disposals all completed in fiscal 25. The strategic joint venture with **Main Street Advisors Inc** completed in June 2025.

Foreign exchange

- In the H1 fiscal 26 press release, we said that using hedged rates in place and other exposures using 31 December 2025 spot rates (including \$1=£0.74 and \$1=€0.85), for fiscal 26 would result in a positive impact on net sales of c.\$100 million and of c.\$50 million on operating profit.

Debt issuance

The last bond issuance was on 3 October 2025. More details on this can be found in the investor news section of the Diageo plc website.

Prior year comparatives

	F25							F26		
	Q1	Q2	H1	Q3	Q4	H2	FY	Q1	Q2	H1
Reported net sales - \$m										
North America	1,917	2,178	4,095	1,903	1,975	3,878	7,973	1,849	1,941	3,790
Europe	1,152	1,480	2,632	898	1,291	2,189	4,821	1,212	1,548	2,760
Asia Pacific	957	1,153	2,110	803	722	1,525	3,635	864	971	1,835
Latin America & Caribbean	461	589	1,050	378	419	797	1,847	512	604	1,116
Africa	458	486	944	369	521	890	1,834	389	484	873
Corporate	41	29	70	25	40	65	135	49	37	86
Total	4,986	5,915	10,901	4,376	4,968	9,344	20,245	4,875	5,585	10,460
Organic net sales growth - %										
North America	2.3	-0.1	1.0	6.9	-2.3	2.0	1.5	-2.7	-10.4	-6.8
Europe	1.0	0.7	0.8	-0.4	0.0	-0.2	0.3	3.5	2.2	2.7
Asia Pacific	-10.9	5.6	-2.5	1.6	-9.8	-4.0	-3.2	-7.5	-14.0	-11.1
Latin America & Caribbean	16.0	-1.7	5.1	28.5	5.0	15.3	9.2	10.9	-0.2	4.5
Africa	14.3	4.9	9.0	10.1	14.2	12.3	10.5	8.9	12.7	10.9
Total	1.1	1.4	1.3	6.3	-1.1	2.3	1.7	0.0	-5.1	-2.8
Volume	-3.0	2.4	-0.1	2.9	1.3	2.1	0.9	2.9	-4.0	-0.9
Price / mix	4.1	-1.0	1.4	3.4	-2.4	0.2	0.8	-2.8	-1.1	-1.9

Figures prepared based on H1 published organic movements, figures quoted to 1 decimal place and are unrounded. Fiscal 26 organic growth rates adjusted for completed acquisitions and disposals to 31 December 2025 including Seychelles Breweries Limited and Guinness Ghana Breweries PLC.

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Cautionary statement concerning forward-looking statements and non-GAAP financial measures

This aide-memoire contains 'forward-looking' statements. These statements can be identified by the fact that they do not relate only to historical or current facts. In particular, forward-looking statements include all statements that express forecasts, expectations, plans, outlook, objectives and projections with respect to future matters. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by these forward-looking statements, including factors that are outside Diageo's control. For a discussion of these factors, and other potential risks and uncertainties affecting Diageo, please see the section entitled "Risk Factors" in our Annual Report on Form 20-F for the year ended 30 June 2025.

All oral and written forward-looking statements made on or after the date of this document and attributable to Diageo are expressly qualified in their entirety by the cautionary statements contained or referred to in this section. Any forward-looking statements made by or on behalf of Diageo speak only as of the date they are made. Diageo expressly disclaims any obligation or undertaking to publicly update or revise these forward-looking statements other than as required by applicable law.

This aide-memoire includes financial measures which are not presented in Diageo's financial statements prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board and as adopted by the UK and are considered "non-GAAP financial measures" under SEC rules. An explanation of these non-GAAP measures, including organic movements, is set out in the section entitled "Definitions and reconciliation of non-GAAP measures to GAAP measures" of Diageo's Annual Report for the year ended 30 June 2025.