This announcement includes inside information

Preliminary results

DIAGEO

Year ended 30 June 2026

6 August 2026

	Reported results			Adjusted results[1]	
	F26	vs F25		F26	vs F25
Net sales	**$19,643m**	(3.0)%	**Organic net sales movement**	**$(386)m**	(2.0)%[2]
Operating profit	**$3,156m**	(27.2)%	**Operating profit before exceptional items**	**$5,683m**	2.0%[2]
Operating profit margin	**16.1%**	(535)bps	**Operating profit margin before exceptional items**	**28.9%**	116bps[2]
Net profit	**$1,958m**	(22.9)%			
Basic earnings per share	**78.1c**	(26.3)%	Basic earnings per share before exceptional items	**165.3c**	0.7%
Net cash flow from operating activities	**$4,392m**	$95m	Free cash flow	**$3,211m**	$463m

Growth in Europe, LAC and Africa offset by weakness in North America and Asia Pacific

- Organic net sales declined 2.0%. Volume down 0.4% and unfavourable price/mix 1.6%.
- Negative price/mix primarily as a result of adverse mix due to US Spirits performance and weaker results in CWS.
- Excluding CWS, organic net sales for the group would have been c.1.5% higher.
- Reported net sales of $19.6 billion declined 3.0% mainly due to organic net sales decline and the impact of disposals.

Operating profit growth

- Organic operating profit increased by 2.0%, with organic operating profit margin up 116bps, mainly due to the benefit of cost savings, partly offset by adverse mix and tariffs.
- Reported operating profit declined 27.2%, with organic operating profit growth offset mostly by exceptional restructuring costs and impairment charges. Reported operating profit margin declined 535bps.
- Eps pre-exceptionals was 165.3 cents, up 0.7%.

Continued cash focus delivering lower leverage

- Free cash flow increased by $463 million to $3.2 billion.
- Net debt as at 30 June 2026 was $20.5 billion, with net debt[3] to adjusted EBITDA of 3.1x.
- The sale of East Africa Breweries PLC (EABL) remains on track to complete in calendar H2 2026. The disposal of Royal Challengers Bengaluru (RCB) cricket team by United Spirits Limited is progressing as planned.
- Recommended full year dividend of 50 cents per share, in line with the new dividend policy announced on 25 February 2026.

2 year restructuring programme underway

- Restructuring charges in fiscal 26 of $0.9 billion included c.$752 million costs for the implementation of our new operating framework (representing c.70% of the total cost) with the balance related to supply chain agility and Accelerate costs.
- The new operating framework will deliver c.$850 million savings over 2 years, starting in fiscal 27.

Impairment charges

- Impairment charges of $1.5 billion related largely to Türkiye due to the impact of hyperinflationary accounting and change in pricing in market, as well as the write down of the Don Papa brand and certain other smaller brands.

Sir Dave Lewis, Chief Executive Officer commented:

We are pleased with our progress in LAC, Europe and Africa. We are focused on recovering our competitiveness in NAM and we are working through the consequences of Government policy in Chinese white spirits.

The three priorities set out at the half year: i) Relevant brands in competitive category strategies ii) Customer, Customer, Customer and iii) A more agile and competitive operating framework, are serving us well and lay the foundation for the Capital Markets Day today.

The revised operating framework is being rolled out across Diageo and the changes are significant. In 2026 this change incurs a cost of $0.8 billion (c.70% of the total cost of the two year programme) with savings realised over 2 years starting in fiscal 27. These savings will allow us to invest in the turnaround without needing to reduce operating profit[4].

As we close out the year I would like to put on record our appreciation for all Diageo colleagues and the way they have engaged with this change programme.

(1) See pages 34-41 for an explanation and reconciliation of non-GAAP measures.
(2) Represents organic movement.
(3) Leverage ratio calculated using adjusted net debt which is the equivalent to adjusted net borrowings (net borrowings plus post-employment benefit liabilities before tax).
(4) Operating profit pre-exceptional items

See pages 34-41 for an explanation and reconciliation of non-GAAP measures, including organic net sales, organic marketing investment, organic operating profit, free cash flow, EPS before exceptional items, adjusted net debt, adjusted EBITDA and tax rate before exceptional items. Unless otherwise stated, movements in results are for the year ended 30 June 2026 compared to the year ended 30 June 2025.

Outlook

Outlook for fiscal 27

Guidance is shared in the Capital Markets Day press release and presentations also published today.

Further details

Randall Ingber, General Counsel and Company Secretary, is responsible for arranging the release of this announcement on behalf of Diageo.

Presentation for analysts and shareholders

F26 preliminary results - pre-recorded audio webcast and presentation slides

At 11am UK on Thursday 6 August 2026, Sir Dave Lewis, Chief Executive Officer, and Nik Jhangiani, Chief Financial Officer, will present Diageo's preliminary results as a pre-recorded audio webcast. This will be available to view at https://www.diageo.com/en/investors/results-reports-and-events/2026-preliminary-results

Capital Markets Day

The Capital Markets Day will start at 1.30pm UK (2.30pm CET) and will consist of a series of presentations. The event will be webcast for those not attending in person, and there will also be an opportunity to ask questions during a Q&A session at the end of the day.
Registration to listen to the event can be done at the following link: https://www.investis-live.com/diageo/6a31331eca8e91000fb4df3f/hfsua

Calendar for future events

5 November 2026	Q1 F27 Trading Update and AGM
February 2027	Interim results for six months ending 31 December 2026
May 2027	Q3 F27 Trading Update
August 2027	Preliminary results for year ending 30 June 2027

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About Diageo

Diageo is a global leader in beverage alcohol with an outstanding collection of brands across spirits and beer categories. These brands include Johnnie Walker, Crown Royal, J&B and Buchanan's whiskies, Smirnoff and Ketel One vodkas, Captain Morgan, Baileys, Don Julio, Tanqueray and Guinness.
Diageo is a global company, and our products are sold in nearly 180 countries around the world. The company is listed on both the London Stock Exchange (DGE) and the New York Stock Exchange (DEO). For more information about Diageo, our people, our brands, and performance, visit us at www.diageo.com. Visit Diageo's global responsible drinking resource, www.DRINKiQ.com for information, initiatives, and ways to share best practice.

Strategic priorities

More detail on our strategy and progress to date is shared with the CMD content published today.

Spirit of Progress

We continued to deliver against our 'Spirit of Progress' ESG plan, which sets out the actions we are taking against our three core priorities. In fiscal 26, we made progress on the following:

Promoting positive drinking

- On Drink Driving, we reached our 2030 target ahead of schedule, having delivered a total of 5.1 million educational experiences through our programmes, marking a critical milestone in our commitment to help prevent drink driving.

Championing inclusion and diversity

- At the end of fiscal 26, our global leadership cohort comprised 44% women and 46% individuals identifying as ethnically diverse.
- We provided 31,000 people in fiscal 26 with business and hospitality skills training through our Learning for Life programme, supporting and improving livelihoods all over the world.

Pioneering grain-to-glass sustainability

- We published our Climate Transition Plan, outlining the steps we are taking to adapt our business to the impacts of climate change, enabling us to mitigate business risk in a rapidly evolving and volatile world.
- We became one of the first CPG companies to achieve a target of replenishing more water than we use in all of our water-stressed sites, partially mitigating our most material physical climate risk. We achieved this by collaborating with national and local governments, and are progressing this work across our broader supply chain.
- We continued to improve energy efficiency and reduce emissions in fiscal 26. However, external factors, including availability of energy infrastructure, supportive policy frameworks and effective blended finance models are making the transition challenging, impacting our ability to deliver our Scope 3 carbon targets at the pace we had intended.

Dividend

The recommended final dividend to be proposed to shareholders for approval at the Annual General Meeting to be held on 5 November 2026 is 30 cents per share (fiscal 25 - 62.98 cents per share), bringing the recommended full year dividend to 50 cents per share. (fiscal 25 – 103.48 cents per share). Subject to approval by shareholders, this will be paid to holders of ordinary shares and US ADRs on register as of 16 October 2026. The ex-dividend date is 15 October 2026 for holders of ordinary shares and 16 October 2026 for holders of US ADRs. Holders of ordinary shares will receive their dividends in sterling unless they elect to receive their dividends in US dollars by 6 November 2026. The dividend per share in pence to be paid to ordinary shareholders will be announced on 19 November 2026 and will be determined by the actual foreign exchange rates achieved by Diageo buying forward contracts for sterling currency, entered into during the three trading days preceding the sterling equivalent announcement of the final dividend. The final dividend will be paid to both holders of ordinary shares and US ADRs on 3 December 2026. A dividend reinvestment plan is available to holders of ordinary shares in respect of the final dividend and the plan notice date is 6 November 2026.

Notes to the business and financial review

Unless otherwise stated:

- movements in results are for the year ended 30 June 2026 compared to the year ended 30 June 2025
- commentary below and percentage movements refer to organic movements unless stated as reported
- net sales are sales after deducting excise duties
- price/mix is in percentage points
- market share refers to value share

See pages 34-41 for an explanation of the calculation and use of non-GAAP measures.

Region review

Reported results by region

		North America	Europe	Asia Pacific	Latin America and Caribbean	Africa	Corporate	Diageo
Volume	EUm	46.1	48.9	75.8	23.4	32.9	–	**227.1**
Net sales	$ million	7,249	5,097	3,333	2,160	1,642	162	**19,643**
Marketing	$ million	1,367	773	524	325	173	21	**3,183**
Operating profit before exceptional items	$ million	2,601	1,612	846	587	356	(319)	**5,683**
Operating profit	$ million	2,031	7	690	395	352	(319)	**3,156**

Reported growth by region

		North America	Europe	Asia Pacific	Latin America and Caribbean	Africa	Corporate	Diageo
Volume	%	(6.9)	–	(2.4)	2.2	6.8	–	**(1.2)**
Net sales	%	(9.1)	5.7	(8.3)	16.9	(10.5)	20.0	**(3.0)**
Marketing	%	(15.4)	(13.9)	(16.8)	6.9	(9.9)	(4.5)	**(13.1)**
Operating profit before exceptional items	%	(14.8)	23.8	(9.0)	11.2	25.8	18.6	**(0.4)**
Operating profit	%	(8.6)	(99.1)	(22.5)	(22.4)	24.4	18.6	**(27.2)**

Organic growth by region

		North America	Europe	Asia Pacific	Latin America and Caribbean	Africa	Corporate	Diageo
Volume	%	(6.7)	–	(2.4)	3.1	14.0	–	**(0.4)**
Net sales	%	(8.4)	3.4	(6.3)	7.7	13.3	14.3	**(2.0)**
Marketing	%	(13.6)	(17.2)	(16.3)	0.3	(1.2)	4.5	**(13.1)**
Operating profit before exceptional items	%	(10.0)	15.7	(5.4)	15.8	43.5	19.1	**2.0**

The above map is intended to illustrate general geographic regions where Diageo has a presence and/or in which its products are sold. It is not intended to imply that Diageo has a presence in and/or that its products are sold in every country or territory within a geographic region.

See pages 34-41 for an explanation of the calculation and use of non-GAAP measures.

North America *(37% net sales)*

Further category pressure in tequila in a competitive and continued cautious consumer environment.

Key financials

	2025 $ million	Exchange $ million	Acquisitions and disposals $ million	Organic movement $ million	Other[1] $ million	**2026 $ million**	Reported movement %
Net sales	7,973	2	(67)	(659)	–	**7,249**	(9.1)
Marketing	1,616	5	(40)	(214)	–	**1,367**	(15.4)
Operating profit before exceptional items	3,053	(25)	(16)	(293)	(118)	**2,601**	(14.8)
Exceptional operating items[2]	(831)					**(570)**	
Operating profit	2,222					**2,031**	(8.6)

Markets

	Reported volume movement %	Reported net sales movement %	Organic volume movement %	Organic net sales movement %
North America[3]	**(6.9)**	**(9.1)**	**(6.7)**	**(8.4)**
US Spirits[3]	**(10.5)**	**(13.2)**	**(9.0)**	**(11.5)**
DBC USA[4]	**3.4**	**4.4**	**3.4**	**4.4**
Canada[3]	**0.1**	**11.3**	**(0.3)**	**7.7**

Key financials:

Organic net sales declined 8.4%, driven primarily by US weakness, with US Spirits decline only partly offset by growth in Diageo Beer Company USA (DBC USA). Canada organic net sales grew high-single-digit mainly driven by a one-off item in the second half. Organic volume declined 6.7%, reflecting weakness in US Spirits, only partly offset by growth in DBC USA, while price/mix declined 1.7%.

Reported net sales declined 9.1%, mainly driven by a decline in organic net sales and the impact of the Cîroc transaction in the prior year.

Organic operating profit declined 10.0%, driven by volume weakness, negative mix and the impact of tariffs, partly mitigated by lower agave costs and productivity savings. Marketing investment declined by 13.6% organically, reflecting both efficiencies and targeted investment decisions. Operating margin of 35.9%, reduced by 66bps organically.

US Spirits highlights:[5]

- **Overall** US Spirits net sales declined 11.5%, reflecting a 9.0% decline in volume and negative price/mix of 2.5% in an environment with increased competitive pressure and further category softness, particularly in tequila. Overall shipment growth was c.2.5 percentage points behind depletions growth, with some variation across brands. US Spirits shipments declined ahead of depletions as distributors moderated orders in response to the softer consumer environment as well as lapping a period of strong shipments growth in the prior year. Distributor inventory levels at the end of fiscal 26 remain appropriate for the current consumer environment and in line with historical levels.
- **Tequila** net sales declined 21.1%, driven by both Don Julio and Casamigos, reflecting a softer category, increased competitive intensity, and tough comparatives in the prior period and both brands lost share. Don Julio net sales declined 19.2% with depletions down 10.1%, lapping inventory replenishment and double-digit growth last year. Casamigos net sales declined 27.7%, with depletions down 23.1%. Casamigos price repositioning is now being rolled out alongside a refreshed marketing campaign to improve brand competitiveness.
- **Crown Royal** whisky net sales declined 15.9%, primarily due to softness in Crown Royal Deluxe and lapping strong comparatives for Crown Royal Blackberry through fiscal 25.
- **RTDs/Cocktails** net sales grew 35.1%, mainly driven by the successful launch of Casamigos RTS for the FIFA World Cup and growth in Casamigos RTD, as well as strong performance from Bulleit and Ketel One Cocktails.
- **Vodka** net sales declined 1.0%, driven by Smirnoff, down 5.0%, with continued pressure from RTDs and overall category weakness. Ketel One grew 4.5%, gaining share in both the category and in total spirits.
- **Scotch** net sales declined 1.1%, with growth in both Johnnie Walker, up 1.0%, and single malts offset by Buchanan's, down 7.3%.

Rest of North America:

- **DBC USA** net sales grew 4.4%, driven by growth in Guinness, led by Guinness Draught and Smirnoff RTD which grew mid-single-digit reflecting continued investment and innovation, including Smirnoff Sunny Days and Smirnoff Shorties.
- **Canada** net sales grew 7.7%, supported by growth in Guinness and Ketel One vodka and a one-off item relating to a favourable resolution of commercial terms with a customer.

(1) Fair value remeasurements. For further details see page 15.
(2) For further details on exceptional operating items see pages 14 and 24-26.
(3) Reported volume movement includes impacts from acquisitions and/or disposals. For further details see page 38.
(4) Certain spirits-based ready-to-drink products in certain states are distributed through DBC USA and those net sales are captured within DBC USA.
(5) Spirits brands and categories exclude cocktails, which include ready-to-drink, ready-to-serve and non-alcoholic variants, except where noted.

Europe *(26% net sales)*

Good performance in Türkiye and Great Britain, with continued strong Guinness momentum.

Key financials

	2025 $ million	Exchange $ million	Reclassification[1] $ million	Acquisitions and disposals $ million	Organic movement $ million	Other[2] $ million	Hyperinflation[3] $ million	**2026 $ million**	Reported movement %
Net sales	4,821	114	7	(21)	154	–	22	**5,097**	5.7
Marketing	898	26	–	(1)	(151)	–	1	**773**	(13.9)
Operating profit before exceptional items	1,302	53	3	(11)	198	68	(1)	**1,612**	23.8
Exceptional operating items[4]	(479)							**(1,605)**	
Operating profit	823							**7**	(99.1)

Markets

	Reported volume movement %	**Reported net sales movement %**	**Organic volume movement %**	**Organic net sales movement %**
Europe[5]	**–**	**5.7**	**–**	**3.4**
Great Britain[5]	**(3.3)**	**6.8**	**(3.6)**	**2.9**
Ireland[5]	**(0.3)**	**9.5**	**(0.3)**	**3.2**
Türkiye[5]	**10.3**	**10.0**	**10.2**	**25.5**
Central and Eastern Europe[5]	**(7.1)**	**(9.4)**	**(3.2)**	**(4.9)**
DACH[5]	**6.2**	**19.4**	**0.3**	**1.4**
Iberia[5]	**(8.4)**	**(0.1)**	**(5.7)**	**(7.5)**
France[5]	**10.9**	**18.2**	**(2.2)**	**(3.5)**
Italy[5]	**(1.4)**	**5.5**	**2.2**	**0.7**
MENA[5]	**20.5**	**9.1**	**20.4**	**9.5**

Key financials:

Organic net sales increased 3.4%, with strong growth in Türkiye and Great Britain, partly offset by Central and Eastern Europe and Iberia. Volume was flat with price/mix increasing 3.4%. Beer increased double-digit, led by Guinness growth in Great Britain and Ireland. Spirits declined slightly with RTD net sales up low-single-digit. Favourable price/mix in Guinness and pricing adjustments in Türkiye in response to inflation helped overall price/mix.

Reported net sales grew 5.7%, driven by organic growth and favourable foreign exchange.

Organic operating profit grew 15.7%, by delivering cost efficiencies whilst at the same time investing to establish the new market structure to unlock future growth and executing targeted price repositioning. Marketing investment declined 17.2%, reflecting disciplined prioritisation of spend, including targeted investment in Türkiye and Guinness to support growth. Operating margin of 31.6%, increased 328bps organically.

Market highlights:

- **Great Britain** net sales grew 2.9%, driven primarily by double-digit growth in Guinness, more than offsetting softer spirits. Guinness on-trade growth continued to drive positive share gain and it significantly outperformed the category. Guinness 0.0 increased both volume and net sales double-digit, reinforcing its position as the fastest-growing and #1 non-alcoholic beer in Great Britain[6].
- **Ireland** net sales grew 3.2%, with continued growth in Guinness supported by pricing, market share gains, the start of a partnership with Live Nation, and strong contribution from Guinness 0.0.
- **Türkiye** net sales grew 25.5%, driven by double-digit volume and net sales growth in spirits, led by raki, scotch and gin all up double-digit, and pricing action to offset inflation. Johnnie Walker volume and net sales increased double-digit, as Johnnie Walker Red Label and Black Label expanded distribution and increased visibility.
- **Central and Eastern Europe** net sales declined 4.9%, improving on the 7.6% decline in the first half, reflecting a stronger second half performance particularly in beer which increased net sales 26.9%.

(1) Reclassification of 0.2 EUm between Europe and Africa due to the transfer of the Réunion business.
(2) Fair value remeasurements. For further details see page 15.
(3) See page 26 and 35-37 for details on hyperinflation adjustments.
(4) For further details on exceptional items see pages 14 and 24-26.
(5) Reported volume movement includes impacts from acquisitions and/or disposals. For further details see page 38.
(6) RSV R12M Nielsen (13/06/2026)/CGA (13/06/2026).

Asia Pacific *(17% net sales)*

Strong growth in India more than offset by weakness in Chinese white spirits.

Key financials	2025 $ million	Exchange $ million	Acquisitions and disposals $ million	Organic movement $ million	**2026** **$ million**	Reported movement %
Net sales	3,635	(68)	(6)	(228)	**3,333**	(8.3)
Marketing	630	(3)	(1)	(102)	**524**	(16.8)
Operating profit before exceptional items	930	(32)	(3)	(49)	**846**	(9.0)
Exceptional operating items(1)	(40)				**(156)**	
Operating profit	890				**690**	(22.5)

Markets	**Reported volume movement** %	**Reported net sales movement** %	**Organic volume movement** %	**Organic net sales movement** %
Asia Pacific(2)	**(2.4)**	**(8.3)**	**(2.4)**	**(6.3)**
India	**(1.1)**	**0.6**	**(1.1)**	**7.1**
Greater China(2)	**(22.7)**	**(32.8)**	**(22.7)**	**(34.9)**
Australia(2)	**(6.1)**	**1.9**	**(5.5)**	**(0.7)**
South East Asia(2)	**(3.5)**	**(2.1)**	**(3.3)**	**(2.2)**
North Asia(2)	**(1.1)**	**(8.6)**	**(1.1)**	**(5.4)**
Travel Retail Asia(2)	**(3.0)**	**3.9**	**(2.8)**	**6.3**

Key financials:

Organic net sales declined 6.3%, primarily due to the decline in CWS, partly offset by growth in India. Spirits declined mid-single-digit given CWS. RTDs declined low-single-digit and beer increased low-single-digit.

Reported net sales declined 8.3%, due to organic net sales decline and unfavourable foreign exchange.

Organic operating profit declined 5.4%, with lower organic net sales and adverse market and category mix driven by weaker CWS performance in Greater China and a stronger contribution from India. Marketing investment declined 16.3%, reflecting significantly reduced investment in CWS in response to the challenges in the category, partly offset by increased prioritised investment in India. Operating margin of 25.4%, increased 26bps organically, largely supported by lower marketing spend.

Market highlights:

- **India** net sales grew 7.1%, driven by positive price/mix and strong scotch performance led by Johnnie Walker and Black & White. Smirnoff delivered strong double-digit growth with local flavour innovations. Don Julio grew strongly, continuing to lead the emerging tequila category. Maharashtra excise policy changes, which increased duties and introduced state-made liquor, adversely impacted McDowell's performance.
- **Greater China** net sales declined 34.9%, due primarily to a 41.9% volume decline in CWS, as market policy changes impacted consumption occasions across the CWS category. Against this category disruption, Shui Jing Fang robustly managed costs and inventory levels. The negative impact of CWS on the region's organic net sales was c.8%, and c.1.5% on group net sales. Taiwan net sales declined 21.2% in a challenging consumer environment.
- **Travel Retail Asia** net sales grew 6.3%, driven by underlying channel performance showing sequential improvement despite the conflict in the Middle East.

(1) For further details on exceptional items see pages 14 and 24-26.
(2) Reported volume movement includes impacts from acquisitions and/or disposals. For further details see page 38.

Latin America and Caribbean *(11% net sales)*

Strong growth, particularly in Brazil and Colombia, fuelled by spirits and RTDs.

Key financials

	2025	Exchange	Reclassification(1)	Acquisitions and disposals	Organic movement	Hyperinflation[2]	Other[3]	2026	Reported movement
	$ million	$ million	$ million	$ million	$ million	$ million	$ million	**$ million**	%
Net sales	1,847	(181)	29	(1)	143	323	–	**2,160**	16.9
Marketing	304	–	–	–	1	20	–	**325**	6.9
Operating profit before exceptional items	528	121	–	1	82	(96)	(49)	**587**	11.2
Exceptional operating items[4]	(19)							**(192)**	
Operating profit	509							**395**	(22.4)

Markets

	Reported volume movement	Reported net sales movement	Organic volume movement	Organic net sales movement
	%	%	%	%
Latin America and Caribbean[5]	**2.2**	**16.9**	**3.1**	**7.7**
Brazil[5]	**2.3**	**26.4**	**2.4**	**11.2**
CCAV[5]	**(2.2)**	**11.7**	**1.8**	**5.7**
Mexico[5]	**5.8**	**9.9**	**5.8**	**0.4**
Colombia[5]	**20.5**	**33.0**	**23.3**	**21.7**
South LAC[5]	**(6.5)**	**3.1**	**(6.4)**	**2.6**

Key financials:

Organic net sales grew 7.7%, supported by volume growth of 3.1% and 4.6% price/mix growth. Spirits increased mid-single-digit due to growth in scotch and vodka. RTDs and beer both increased double digit. We believe inventory levels at the end of fiscal 26 remain at an appropriate level for the current consumer environment.

Reported net sales grew 16.9%, driven by organic net sales growth and the impact of hyperinflation, partly offset by unfavourable foreign exchange.

Organic operating profit increased 15.8%, driven by positive mix, marketing spend efficiencies, and net movement in one-off other operating items. Marketing investment increased 0.3%, driven by focused investments in Brazil and Colombia. Operating margin of 27.2%, increased 210bps organically.

Market highlights:

In fiscal 26, the LAC market hierarchy changed to remove Andean, which comprised of Colombia and Venezuela. Colombia is now reported and managed as a standalone market and Venezuela has now been consolidated with the former market CCA into a new market, Caribbean, Central America and Venezuela (CCAV).

- **Brazil** net sales grew 11.2%, supported by volume growth of 2.4%, driven primarily by Johnnie Walker, Smirnoff RTDs and Tanqueray. Results in the first half were impacted by counterfeit alcohol industry incidents, but consumer confidence recovered steadily through the second half. Smirnoff Ice delivered double-digit growth.
- **Colombia** net sales grew 21.7%, with volume growth of 23.3% driven by double-digit growth in Buchanan's, Old Parr and Smirnoff.
- **Caribbean, Central America and Venezuela** (CCAV) net sales grew 5.7%, with volume growing 1.8%, driven by favourable scotch performance.
- **Mexico** net sales grew 0.4%, with volume growth of 5.8% partly offset by negative price/mix of 5.4%. Scotch was the main contributor to volume growth, reflecting the broader category strategy work to increase portfolio competitiveness.

(1) $29 million reclassification between Excise duties and COGS in Latin America due to an accounting treatment change.
(2) See pages 26 and 35-37 for details on hyperinflation adjustments.
(3) Fair value remeasurements. For further details see page 15.
(4) For further details on exceptional items see pages 14 and 24-26.
(5) Reported volume movement includes impacts from acquisitions and/or disposals. For further details see page 38.

Africa *(8% net sales)*

Broad-based growth supported by route-to-market changes and innovation.

Key financials

	2025 $ million	Exchange $ million	Reclassification[1] $ million	Acquisitions and disposals $ million	Organic movement $ million	Hyperinflation[2] $ million	2026 $ million	Reported movement %
Net sales	1,834	(83)	(7)	(274)	185	(13)	**1,642**	(10.5)
Marketing	192	(2)	–	(14)	(2)	(1)	**173**	(9.9)
Operating profit before exceptional items	283	14	(3)	(53)	104	11	**356**	25.8
Exceptional operating items[3]	–						**(4)**	
Operating profit	283						**352**	24.4

Markets

	Reported volume movement %	Reported net sales movement %	Organic volume movement %	Organic net sales movement %
Africa[4]	**6.8**	**(10.5)**	**14.0**	**13.3**
East Africa[4]	**12.9**	**13.4**	**12.9**	**12.6**
SWC Africa[4]	**12.0**	**(33.8)**	**16.2**	**15.2**

Key financials:

Organic net sales grew 13.3%, with organic volume growth of 14.0%, driven by double-digit growth in spirits and RTDs, and high-single-digit beer growth. Price/mix declined 0.7% due to portfolio mix.

Reported net sales declined 10.5%, due to the disposal of operations in Nigeria, Ghana and the Seychelles which offset strong organic growth and favourable exchange.

Organic operating profit grew 43.5%, reflecting productivity savings, improved fixed cost absorption and marketing efficiencies. Marketing investment declined by 1.2%, reflecting reduced spend due to prioritisation and efficiencies alongside increased investment behind RTDs in South Africa. Operating margin of 21.7%, increased 458bps organically.

Market highlights:

- **East Africa** net sales grew 12.6%, with double-digit growth in Uganda and Tanzania, and mid-single-digit growth in Kenya. Performance was driven by strong growth in rum and beer. Local flavour innovation on Kenya Cane supported double-digit growth in spirits.
- **SWC Africa** (South, West and Central Africa) net sales grew 15.2%, with strong double-digit growth in South Africa driven by strong RTD growth, particularly Smirnoff Ice, due to increased focus, successful innovation and route-to-market transformation completed last year.

(1) Reclassification of 0.2 EUm between Europe and Africa due to the transfer of Réunion business.
(2) See pages 26 and 35-37 for details on hyperinflation adjustments.
(3) For further details on exceptional items see pages 14 and 24-26.
(4) Reported volume movement includes impacts from acquisitions and/or disposals. For further details see page 38.

Category and brand review

For the year ended 30 June 2026

Key categories

	Organic volume movement[1] %	Organic net sales movement %	Reported net sales movement %	Reported net sales by category %
Spirits[2]	**(1)**	**(5)**	**(5)**	**75**
Scotch	3	2	5	24
Tequila	(15)	(16)	(16)	12
Vodka[3][4]	(1)	–	(3)	8
Canadian whisky	(14)	(15)	(15)	6
Rum[4]	7	2	2	5
Liqueurs	(5)	(4)	(2)	5
Gin[4]	2	(2)	1	4
IMFL whisky	(5)	–	(6)	4
US whiskey	(6)	(8)	(8)	2
Chinese white spirits	(42)	(47)	(45)	2
Beer[5]	**5**	**9**	**2**	**18**
Ready-to-drink[6]	**25**	**15**	**12**	**4**

Key brands[7]

	Organic volume movement[8] %	Organic net sales movement %	Reported net sales movement %
Johnnie Walker	3	2	4
Guinness	7	12	11
Don Julio	(14)	(14)	(13)
Crown Royal	(14)	(15)	(15)
Smirnoff	–	(1)	1
Baileys	(4)	(4)	(1)
Captain Morgan	(3)	(4)	(3)
Buchanan's	14	12	21
Casamigos[9]	(19)	(25)	(25)
McDowell's	(7)	(7)	(12)

(1) Organic equals reported volume movement except for liqueurs (4)%, rum 5%, gin 1%, beer 2% and ready-to-drink 11%.
(2) Spirits brands excluding ready-to-drink and non-alcoholic variants.
(3) Vodka includes Ketel One Botanical.
(4) Vodka, rum and gin include IMFL variants.
(5) Beer category includes flavoured malt beverage (FMB) products.
(6) Ready-to-drink category includes spirit-based ready-to-drink, ready-to-serve and non-alcoholic variants.
(7) Brands excluding ready-to-drink, non-alcoholic variants and beer except Guinness.
(8) Organic equals reported volume movement, except for Guinness 6% and Smirnoff (1)%.
(9) Casamigos trademark includes both tequila and mezcal.

Key financial information

For the year ended 30 June 2026

Summary financial information

		F26	F25	Organic growth %	Reported growth %
Net sales	$ million	**19,643**	20,245	**(2.0)**	**(3.0)**
Cost of sales	$ million	**(7,931)**	(7,997)		**(0.8)**
Gross profit	$ million	**11,712**	12,248		**(4.4)**
Marketing	$ million	**(3,183)**	(3,662)	**(13.1)**	**(13.1)**
Other operating items	$ million	**(2,846)**	(2,882)		
Operating profit before exceptional items	$ million	**5,683**	5,704	**2.0**	**(0.4)**
Exceptional operating items[1]	$ million	**(2,527)**	(1,369)		
Operating profit	$ million	**3,156**	4,335		**(27.2)**
Non-operating exceptional items[1]	$ million	**6**	(220)		
Net finance charges[1]	$ million	**(816)**	(771)		
Share of after-tax results of associates and joint ventures	$ million	**218**	193		**13.0**
Profit before taxation	$ million	**2,564**	3,537		
Taxation	$ million	**(606)**	(999)		
Profit for the year	$ million	**1,958**	2,538		
Attributable to:					
Equity shareholders of the parent company	$ million	**1,737**	2,354		**(26.2)**
Non-controlling interests	$ million	**221**	184		
Basic earnings per share	cents	**78.1**	105.9		**(26.3)**
Basic earnings per share before exceptional items	cents	**165.3**	164.2		**0.7**

(1) For further details on exceptional items see pages 14 and 24-26.

Net sales

Organic net sales declined 2.0%. Organic volume declined 0.4%, with a 14.0% increase in Africa and 3.1% in LAC offset by decline in North America and Asia Pacific. Unfavourable price/mix of 1.6%, reflecting the weaker results in CWS and US Spirits partly offset by positive price/mix in Europe and LAC.

Excluding CWS, organic net sales for the group would have been c.1.5% higher, with volume broadly flat and price/mix down c.0.5%.

Reported net sales for the year reduced by 3.0% to $19,643 million (fiscal 25: $20,245 million) given the decline in organic net sales of $386 million (down 2.0%), the negative impact of acquisitions and disposals of $369 million and unfavourable foreign exchange of $208 million, partly offset by the hyperinflation adjustment of $332 million.

Cost of sales

Cost of sales declined 0.8% on a reported basis to $7,931 million (fiscal 25: $7,997 million), as productivity and disposals more than offset the negative impact from cost inflation and tariffs.

Marketing

Marketing investment was 13.1% lower on a reported basis at $3,183 million (fiscal 25: $3,662 million), reflecting a reinvestment rate of 16.2% (fiscal 25: 18.1%). On an organic basis, investment declined by 13.1%. The lower investment in fiscal 26 reflects the delivery of efficiencies and a more targeted allocation of marketing investment, while maintaining strong support for our key brands.

Other operating items and exceptional operating items

Other operating items before exceptional items decreased by 1.2% to $2,846 million (fiscal 25: $2,882 million), largely driven by lower indirect overhead spend.

Exceptional operating charges increased to $2,527 million (fiscal 25: $1,369 million) mainly due to impairments of $1,489 million comprising a charge of $786 million in respect of the Türkiye cash generating unit that included the goodwill from the Mey İçki acquisition and several brands. The charge is largely due to the impact of hyperinflationary accounting on carrying values combined with lower forecast growth assumptions as pricing is not expected to fully match inflation. In addition, there was an impairment charge of $287 million related to the Don Papa brand. Exceptionals also included restructuring charges of $908 million, with c.$752 million related to implementation of our new operating framework and c.$156 million related to supply chain agility and Accelerate.

Operating profit

Organic operating profit grew 2.0%, with operating margin up 116bps organically. Organic operating profit growth was due primarily to lower marketing investment and overheads, partly offset by lower gross profit. Organic gross margin was down 141bps with the adverse impacts of negative mix, cost inflation and tariffs partly offset by cost of sales efficiencies. Reported operating profit pre-exceptional items declined 0.4% with organic operating profit growth offset by lower fair value remeasurement and acquisitions and disposals. Reported operating profit including exceptional items declined 27.2%. Reported operating profit margin of 16.1% was down 535bps (fiscal 25: 21.4%).

Accelerate

Cost savings from the programme over-delivered on guidance with $540 million Accelerate savings secured through fiscal 26. Savings were delivered through more efficient marketing investment as well as supply and overheads cost savings.

Non-operating exceptional items

In the year ended 30 June 2026, exceptional non-operating items were a gain of $6 million, mainly driven by a gain on the disposal of Seychelles Breweries Limited ($62 million) and Sheridan's ($46 million), partly offset by a loss on the sale of Guinness Ghana Breweries PLC ($49 million), charges in respect of the prospective sale of East African Breweries PLC and the Kenyan spirits business ($43 million) and a charge in respect of the sale of Diageo Operations Italy S.p.A., inclusive of the Santa Vittoria production facility ($7 million). In the year ended 30 June 2025, exceptional non-operating items were a loss of $220 million, mainly driven by the loss on the prospective sale of Guinness Nigeria PLC ($125 million) and loss on the sale of Guinness Ghana Breweries PLC ($114 million).

Net finance charges

In the year ended 30 June 2026, net finance costs were $816 million (fiscal 25: $771 million), with the increase driven by lapping capitalised borrowing costs on capital expenditure in fiscal 25 partly offset by the lower effective interest rate of 3.9% (fiscal 25: 4.1%).

Taxation

The reported tax rate for the year ended 30 June 2026 was 25.8% compared with 29.9% for the year ended 30 June 2025.
The tax rate before exceptional items for the year ended 30 June 2026 was 24.3% compared with 24.9% for the year ended 30 June 2025.

Share of after-tax results of associates and joint ventures

Share of after-tax results of associates and joint ventures increased by 13.0% to $218 million (fiscal 25: $193 million), largely due to a higher Moët Hennessy contribution.

Profit attributable to non-controlling interests

Profit attributable to non-controlling interests was $221 million (fiscal 25: $184 million), with the increase driven by Ketel One and United Spirits Limited (USL) partly offset by the impact from decline in Shui Jing Fang.

Basic earnings per share (eps) before exceptional items

Basic eps before exceptional items grew 0.7% from 164.2 cents to 165.3 cents, largely due to higher organic operating profit and favourable foreign exchange largely offset by lower fair value remeasurement, the profit impact of disposed businesses and higher finance charges. This was calculated using a weighted average number of shares in issue excluding own shares of 2,224 million (fiscal 25: 2,222 million).

Net cash flow from operating activities and free cash flow

Net cash from operating activities was $4,392 million, an increase of $95 million compared to fiscal 25. Free cash flow increased by $463 million to $3,211 million. Free cash flow increase was driven by lower capex and maturing stock investment along with lower year-on-year tax payments, partly offset by an adverse creditor movement and also the payment of termination fees to Moët Hennessy. In addition, in line with guidance, fiscal 26 free cash flow includes a one-off working capital adverse impact of c.$100 million mainly related to inventory build ahead of the implementation of the group's S/4HANA ERP system. Net capital expenditure was $1,181 million (fiscal 25: $1,549 million) to support investment in the supply agility programme, supply capacity expansion projects, including Guinness, and investment furthering digital capability.

Return on average invested capital (ROIC)

ROIC was 13.4% (fiscal 25: 13.7%) with the positive impact of organic operating profit growth more than offset by lower fair value remeasurement and disposals.

Net debt

As at 30 June 2026, the group's net debt was $20,482 million (fiscal 25: $21,854 million). The decrease compared to fiscal 25 was mainly due to strong free cash flow and the reduced interim dividend. Net debt to adjusted EBITDA[3] for at 30 June 2026 was 3.1x. The sale of EABL remains on track to complete in calendar H2 2026 and is expected to reduce net debt to adjusted EBITDA by 0.25x. The disposal of RCB cricket team by USL is progressing as planned.

Additional financial information

Key financials - certain line items

Year ended 30 June 2026	Reported 2025 $ million	Exceptional operating items (c) $ million	Exchange (a) $ million	Acquisitions and disposals (b) $ million	Organic movement[1] $ million	Fair value remeasurement (d) $ million	Reclassification[2] $ million	Hyperinflation[1] $ million	Reported 2026 $ million
Sales	27,964	–	(543)	(433)	222	–	–	552	**27,762**
Excise duties	(7,719)	–	335	64	(608)	–	29	(220)	**(8,119)**
Net sales	20,245	–	(208)	(369)	(386)	–	29	332	**19,643**
Cost of sales	(8,072)	44	274	212	(120)	(49)	(29)	(222)	**(7,962)**
Gross profit	12,173	44	66	(157)	(506)	(49)	–	110	**11,681**
Marketing	(3,662)	–	(24)	56	467	–	–	(20)	**(3,183)**
Other operating items	(4,176)	(1,202)	92	19	151	(50)	–	(176)	**(5,342)**
Operating profit	4,335	(1,158)	134	(82)	112	(99)	–	(86)	**3,156**
Other line items:									
Non-operating items	(220)								**6**
Taxation (d)	(999)								**(606)**

(1) For the definition of organic movement and hyperinflation, see pages 34-35.
(2) Reclassification between Excise duties and Cost of sales due to an accounting treatment change.
(i) Reported figures in the table above have been extracted from the condensed consolidated income statement for the years ended 30 June 2025 and 30 June 2026.
(ii) Acquisitions and disposals, organic movement and hyperinflation figures have been calculated at the prior period weighted average exchange rates.

(a) Exchange

The impact of movements in exchange rates on reported figures for operating profit was principally due to the favourable exchange impact of the Venezuelan bolivar and the euro against the US dollar.

The effect of movements in exchange rates on profit before exceptional items and taxation for the year ended 30 June 2026 is set out in the table below.

	Gains/(losses) $ million
Translation impact	**160**
Transaction impact	**(26)**
Operating profit before exceptional items	**134**
Net finance charges - translation impact	**(23)**
Net finance charges - transaction impact	**(10)**
Net finance charges[1]	**(33)**
Associates - translation impact	**13**
Profit before exceptional items and taxation	**114**

(1) For more information about Finance income and charges please see page 26.

	Year ended 30 June 2026	Year ended 30 June 2025
Exchange rates		
Translation $1 =	**£0.75**	£0.77
Transaction $1 =	**£0.74**	£0.80
Translation $1 =	**€0.86**	€0.92

(b) Acquisitions and disposals

The acquisitions and disposals movement in the year ended 30 June 2026 was primarily attributable to the sales of Guinness Ghana Breweries PLC, Guinness Nigeria PLC and Seychelles Breweries Limited, the disposal of the Sheridan's brand and the Cîroc contractual arrangement in North America. See pages 15, 29-31 and 34-38 for further details.

(c) Exceptional items

In the year ended 30 June 2026, exceptional operating items were a charge of $2,527 million mainly driven by impairment of brands, goodwill, tangible fixed assets, other assets and other related charges ($1,489 million), charges in respect of the implementation of our new operating framework and the Accelerate programme ($908 million), the distribution model change in Japan, Singapore and Thailand ($75 million), a one-off discretionary increase in pension benefits to pensioners in Ireland ($38 million) and ongoing litigation matters in Europe ($17 million). In the year ended 30 June 2025, exceptional operating items were a charge of $1,369 million, due to impairment of investments in associates and other investments, brands, tangible fixed assets, other assets and other related charges ($910 million), charges for the Accelerate programme, that includes supply chain agility programme ($225 million), the distribution model change in France ($145 million), various dispute and litigation matters ($51 million) and the reversal of rum cover-over income ($38 million).

In the year ended 30 June 2026, exceptional non-operating items were a gain of $6 million, mainly driven by a gain on the disposal of Seychelles Breweries Limited ($62 million) and Sheridan's ($46 million), partly offset by a loss on the sale of Guinness Ghana Breweries PLC ($49 million), charges in respect of the prospective sale of East African Breweries PLC and the Kenyan spirits business ($43 million) and a charge in respect of the sale of Diageo Operations Italy S.p.A., inclusive of the Santa Vittoria production facility ($7 million). In the year ended 30 June 2025, exceptional non-operating items were a loss of $220 million, mainly driven by the loss on the prospective sale of Guinness Nigeria PLC ($125 million) and loss on the sale of Guinness Ghana Breweries PLC ($114 million).

See pages 24-26 for further details.

(d) Fair value remeasurement

In the year ended 30 June 2026, the adjustment to cost of sales of a $38 million charge reflects the elimination of fair value changes for biological assets in respect of growing agave plants for the production of tequila (2025 - $11 million gain). The adjustments to marketing and other operating expenses of a $89 million gain were the elimination of fair value changes to contingent consideration liabilities and earn-out arrangements in respect of prior year acquisitions (2025 - $139 million gain).

(e) Taxation

The reported tax rate for the year ended 30 June 2026 was 25.8% compared with 29.9% for the year ended 30 June 2025.
The tax rate before exceptional items for the year ended 30 June 2026 was 24.3% compared with 24.9% for the year ended 30 June 2025.

See pages 27 and 41 for further details.

Movements in net borrowings

	2026 $ million	2025 $ million
Net borrowings at the beginning of the year	**(21,854)**	(21,017)
Free cash flow (1)	**3,211**	2,748
Net movements in loans, other investments and other financial assets	**(19)**	(195)
Sale of businesses and brands (2)	**288**	143
Acquisitions	**(23)**	(35)
Investment in associates	**(47)**	(84)
Net sale of own shares for share schemes	**1**	15
Net sale of treasury shares in respect of subsidiaries	**–**	8
Dividend paid to non-controlling interests	**(164)**	(138)
Net movements in bonds (3)	**(1,648)**	1,527
Purchase of shares of non-controlling interests	**–**	(9)
Net movements in other borrowings (4)	**(127)**	(629)
Equity dividends paid	**(1,846)**	(2,298)
Unclaimed dividends and share forfeiture	**–**	30
Net (decrease)/increase in cash and cash equivalents	**(374)**	1,083
Net decrease/(increase) in bonds and other borrowings	**1,775**	(898)
Exchange differences (5)	**204**	(921)
Other non-cash items (3)	**(233)**	(101)
Net borrowings at the end of the year	**(20,482)**	(21,854)

(1) See page 39 for the analysis of free cash flow.

(2) In the year ended 30 June 2026, sale of businesses and brands included: the disposal of Diageo Operations Italy S.p.A. for a net cash consideration, net of disposal costs, of $118 million; the disposal of Seychelles Breweries Limited for a net cash consideration, net of disposal costs, of $85 million; the disposal of Guinness Ghana Breweries PLC for a net cash consideration, net of disposal costs, of $64 million; and the disposal of the Sheridan's brand for a net cash consideration, net of disposal costs, of $47 million. In the year ended 30 June 2025, sale of businesses and brands included: the disposal of the Cacique brand for a net cash consideration, net of disposal costs, of $67 million; the disposal of Guinness Nigeria PLC for a net cash consideration, net of disposal costs, of $53 million; and the disposal of the Pampero brand for a net cash consideration, net of disposal costs, of $55 million.

(3) See page 27 for the analysis of net movement in bonds and other non-cash items.

(4) In the year ended 30 June 2026, the net movements in other borrowings principally arose from the $126 million repayment of lease liabilities. In the year ended 30 June 2025, the net movements in other borrowings principally arose from the $479 million repayment of commercial paper and $114 million repayment of lease liabilities.

(5) In the year ended 30 June 2026, exchange gains arising on net borrowings of $204 million were primarily driven by favourable exchange movement on euro and sterling denominated borrowings. In the year ended 30 June 2025, exchange losses arising on net borrowings of $921 million were primarily driven by unfavourable exchange movements on sterling and euro denominated borrowings and on foreign currency swaps and forwards.

Movements in equity

	2026 $ million	2025 $ million
Equity at the beginning of the year	**13,178**	12,070
Profit for the year	**1,958**	2,538
Exchange adjustments (1)	**(502)**	452
Remeasurement of post-employment benefit plans net of taxation	**(50)**	(2)
Purchase of shares of non-controlling interests	**–**	(7)
Acquisition	**2**	–
Change in non-controlling interests from sale of business	**(28)**	9
Hyperinflation adjustments net of taxation (2)	**334**	264
Dividend declared to non-controlling interests	**(147)**	(140)
Dividends	**(1,846)**	(2,298)
Other reserve movements	**55**	292
Equity at the end of the year	**12,954**	13,178

(1) Exchange movements in the year ended 30 June 2026 primarily arose from exchange losses on sterling, Indian rupee and Turkish lira partly offset by exchange gains on Mexican peso. Exchange movements in the year ended 30 June 2025 primarily arose from exchange gains driven by sterling.

(2) See pages 26 and 35-37 for details on hyperinflation adjustments.

Condensed consolidated income statement

	Notes	Year ended 30 June 2026 $ million	Year ended 30 June 2025 $ million
Sales	2	**27,762**	27,964
Excise duties		**(8,119)**	(7,719)
Net sales	2	**19,643**	20,245
Cost of sales		**(7,962)**	(8,072)
Gross profit		**11,681**	12,173
Marketing	2	**(3,183)**	(3,662)
Other operating items		**(5,342)**	(4,176)
Operating profit	2	**3,156**	4,335
Non-operating items	3	**6**	(220)
Finance income	4	**384**	480
Finance charges	4	**(1,200)**	(1,251)
Share of after-tax results of associates and joint ventures	2	**218**	193
Profit before taxation		**2,564**	3,537
Taxation	5	**(606)**	(999)
Profit for the year		**1,958**	2,538
Attributable to:			
Equity shareholders of the parent company		**1,737**	2,354
Non-controlling interests		**221**	184
		1,958	2,538

Weighted average number of shares		million	million
Shares in issue excluding own shares		**2,224**	2,222
Dilutive potential ordinary shares		**7**	6
		2,231	2,228
		cents	cents
Basic earnings per share		**78.1**	105.9
Diluted earnings per share		**77.9**	105.7

Condensed consolidated statement of comprehensive income

	Year ended 30 June 2026 $ million	Year ended 30 June 2025 $ million
Other comprehensive income		
Items that will not be recycled subsequently to the income statement		
Net remeasurement of post-employment benefit plans	**(64)**	(9)
Tax on items that will not be recycled to the income statement	**14**	7
	(50)	(2)
Of which: share of associates and joint ventures	***4***	*4*
Items that may be recycled subsequently to the income statement		
Exchange differences on translation of foreign operations	**(406)**	1,480
Exchange loss recycled to the income statement	**86**	179
Gains/(losses) on net investment hedges	**199**	(845)
Cost of hedging	**(21)**	75
(Losses)/gains on cash flow hedges	**(47)**	298
Losses/(gains) on cash flow hedges recycled to the income statement	**56**	(279)
Tax on items that may be recycled to the income statement	**(50)**	(103)
	(183)	805
Of which: share of associates and joint ventures	***(178)***	*502*
Other comprehensive (loss)/income net of tax, for the year	**(233)**	803
Profit for the year	**1,958**	2,538
Total comprehensive income for the year	**1,725**	3,341
Attributable to:		
Equity shareholders of the parent company	**1,557**	3,158
Non-controlling interests	**168**	183
Total comprehensive income for the year	**1,725**	3,341

Condensed consolidated balance sheet

	Notes	30 June 2026 $ million	30 June 2026 $ million	30 June 2025 $ million	30 June 2025 $ million
Non-current assets					
Intangible assets		**13,375**		14,776	
Property, plant and equipment		**8,996**		9,528	
Biological assets		**201**		176	
Investments in associates and joint ventures		**5,284**		5,334	
Other investments		**21**		39	
Other receivables		**64**		38	
Other financial assets		**513**		623	
Deferred tax assets		**173**		150	
Post-employment benefit assets		**1,006**		1,161	
			29,633		31,825
Current assets					
Inventories	6	**10,529**		10,658	
Trade and other receivables		**3,277**		3,504	
Assets held for sale	14	**1,145**		257	
Corporate tax receivables	5	**244**		354	
Other financial assets		**497**		524	
Cash and cash equivalents	7	**1,520**		2,200	
			17,212		17,497
Total assets			**46,845**		49,322
Current liabilities					
Borrowings and bank overdrafts	7	**(2,449)**		(2,928)	
Other financial liabilities		**(343)**		(278)	
Trade and other payables		**(6,425)**		(6,952)	
Liabilities held for sale	14	**(681)**		(193)	
Corporate tax payables	5	**(207)**		(138)	
Provisions		**(625)**		(223)	
			(10,730)		(10,712)
Non-current liabilities					
Borrowings	7	**(19,062)**		(20,820)	
Other financial liabilities		**(796)**		(751)	
Other payables		**(150)**		(192)	
Provisions		**(311)**		(316)	
Deferred tax liabilities		**(2,455)**		(2,944)	
Post-employment benefit liabilities		**(387)**		(409)	
			(23,161)		(25,432)
Total liabilities			**(33,891)**		(36,144)
Net assets			**12,954**		13,178
Equity					
Share capital		**887**		887	
Share premium		**1,703**		1,703	
Other reserves		**(10)**		454	
Retained earnings		**8,291**		8,046	
Equity attributable to equity shareholders of the parent company			**10,871**		11,090
Non-controlling interests			**2,083**		2,088
Total equity			**12,954**		13,178

Condensed consolidated statement of changes in equity

	Share capital $ million	Share premium $ million	Other reserves $ million	Retained earnings/(deficit) Own shares $ million	Retained earnings/(deficit) Other retained earnings $ million	Retained earnings/(deficit) Total $ million	Equity attributable to parent company shareholders $ million	Non-controlling interests $ million	Total equity $ million
At 30 June 2024	887	1,703	(91)	(2,250)	9,783	7,533	10,032	2,038	12,070
Profit for the year	–	–	–	–	2,354	2,354	2,354	184	2,538
Other comprehensive income/(loss)	–	–	545	–	259	259	804	(1)	803
Total comprehensive income for the year	–	–	545	–	2,613	2,613	3,158	183	3,341
Changes in equity due to share-based payment transactions	–	–	–	22	73	95	95	(2)	93
Change in non-controlling interests due to acquisitions and sale of businesses	–	–	–	–	(7)	(7)	(7)	9	2
Change in fair value of put option	–	–	–	–	89	89	89	–	89
Reversal of share buyback transaction cost	–	–	–	–	21	21	21	–	21
Dividends	–	–	–	–	(2,298)	(2,298)	(2,298)	(140)	(2,438)
At 30 June 2025	**887**	**1,703**	**454**	**(2,228)**	**10,274**	**8,046**	**11,090**	**2,088**	**13,178**
Profit for the year	**–**	**–**	**–**	**–**	**1,737**	**1,737**	**1,737**	**221**	**1,958**
Other comprehensive (loss)/income	**–**	**–**	**(464)**	**–**	**284**	**284**	**(180)**	**(53)**	**(233)**
Total comprehensive (loss)/income for the year	**–**	**–**	**(464)**	**–**	**2,021**	**2,021**	**1,557**	**168**	**1,725**
Changes in equity due to share-based payment transactions	**–**	**–**	**–**	**17**	**62**	**79**	**79**	**–**	**79**
Change in non-controlling interests due to acquisitions and sale of businesses	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(26)**	**(26)**
Change in fair value of put option	**–**	**–**	**–**	**–**	**(10)**	**(10)**	**(10)**	**–**	**(10)**
Unclaimed dividend	**–**	**–**	**–**	**–**	**1**	**1**	**1**	**–**	**1**
Dividends	**–**	**–**	**–**	**–**	**(1,846)**	**(1,846)**	**(1,846)**	**(147)**	**(1,993)**
At 30 June 2026	**887**	**1,703**	**(10)**	**(2,211)**	**10,502**	**8,291**	**10,871**	**2,083**	**12,954**

Condensed consolidated statement of cash flows

	Year ended 30 June 2026		Year ended 30 June 2025	
	$ million	$ million	$ million	$ million
Cash flows from operating activities				
Profit for the year	**1,958**		2,538	
Taxation	**606**		999	
Share of after-tax results of associates and joint ventures	**(218)**		(193)	
Net finance charges	**816**		771	
Non-operating items	**(6)**		220	
Operating profit		**3,156**		4,335
Increase in inventories	**(120)**		(470)	
Increase in trade and other receivables	**(129)**		(49)	
Increase in trade and other payables and provisions	**325**		442	
Net decrease/(increase) in working capital		**76**		(77)
Depreciation, amortisation and impairment	**2,480**		1,718	
Dividends received	**116**		175	
Post-employment payments less amounts included in operating profit	**71**		22	
Other items	**62**		37	
		2,729		1,952
Cash generated from operations		**5,961**		6,210
Interest received	**292**		181	
Interest paid	**(1,044)**		(980)	
Taxation paid	**(817)**		(1,114)	
		(1,569)		(1,913)
Net cash inflow from operating activities		**4,392**		4,297
Cash flows from investing activities				
Disposal of property, plant and equipment and computer software	**16**		63	
Purchase of property, plant and equipment and computer software	**(1,197)**		(1,612)	
Cash inflow from loans, other investments and other financial assets	**345**		147	
Cash outflow from loans, other investments and other financial assets	**(364)**		(342)	
Sale of businesses and brands	**288**		143	
Acquisition of subsidiaries	**(23)**		(35)	
Investments in associates and joint ventures	**(47)**		(84)	
Net cash outflow from investing activities		**(982)**		(1,720)
Cash flows from financing activities				
Net sale of own shares for share schemes	**1**		15	
Net sale of treasury shares in respect of subsidiaries	**–**		8	
Dividends paid to non-controlling interests	**(164)**		(138)	
Proceeds from bonds	**1,171**		3,943	
Repayments of bonds	**(2,819)**		(2,416)	
Purchase of shares of non-controlling interests	**–**		(9)	
Cash inflow from other borrowings	**327**		83	
Cash outflow from other borrowings	**(454)**		(712)	
Equity dividends paid	**(1,846)**		(2,298)	
Unclaimed dividends and share forfeiture	**–**		30	
Net cash outflow from financing activities		**(3,784)**		(1,494)
Net (decrease)/increase in net cash and cash equivalents		**(374)**		1,083
Exchange differences		**(18)**		(35)
Reclassification to assets and liabilities held for sale		**(292)**		21
Net cash and cash equivalents at beginning of the year		**2,178**		1,109
Net cash and cash equivalents at end of the year		**1,494**		2,178
Net cash and cash equivalents consist of:				
Cash and cash equivalents		**1,520**		2,200
Bank overdrafts		**(26)**		(22)
		1,494		2,178

Notes

1. Basis of preparation

These unaudited condensed consolidated financial statements have been prepared in accordance with IFRS® Accounting Standards (IFRSs) adopted by the UK (UK-adopted International Accounting Standards) and IFRSs, as issued by the International Accounting Standards Board (IASB), including interpretations issued by the IFRS Interpretations Committee and in conformity with the requirements of the Companies Act 2006. IFRS Accounting Standards as adopted by the UK differs in certain respects from IFRS Accounting Standards as issued by the IASB, but the differences have no impact on the group’s consolidated financial statements for 2025 and the group's unaudited consolidated financial statements for 2026, as presented. The unaudited consolidated financial statements are prepared on a going concern basis under the historical cost convention, unless stated otherwise.

In preparing these unaudited condensed consolidated financial statements, the significant judgements made by management when applying the group’s accounting policies and the significant areas where estimates were required were in respect of taxation, brands, goodwill, other intangibles, contingent considerations, post-employment benefits, contingent liabilities and legal proceedings.

The comparative figures for the financial year ended 30 June 2025 are not the company’s statutory accounts (within the meaning of section 434 of the Companies Act 2006) for that financial year. Those statutory accounts have been reported on by the company’s auditor, PricewaterhouseCoopers LLP, and delivered to the Registrar of Companies. The report of the auditor (i) was unqualified, (ii) did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying their report and (iii) did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

The Company's auditors, PricewaterhouseCoopers LLP, have consented to the release of these preliminary results. The financial information for the year ended 30 June 2026 set out in this document does not constitute the company’s statutory accounts for that financial year. The Company's statutory accounts will be approved by the Directors and reported on by the Company's auditors, PricewaterhouseCoopers LLP later this month and will thereafter be delivered to the Registrar of Companies. Accordingly, the financial information for the year ended 30 June 2026 set out in this document is unaudited.

Going concern

Management prepared 18-month cash flow forecasts which reflect severe but plausible downside scenarios taking into consideration the group's principal risks. In the base case scenario, management included assumptions to deliver positive operating leverage, with organic profit growth ahead of organic net sales growth. In light of the ongoing geopolitical volatility, the base case outlook and severe but plausible downside scenarios incorporated considerations for heightened geopolitical tensions, business disruptions and changes in consumer preferences.
Even under these scenarios, the group’s liquidity is still expected to remain strong. Mitigating actions, should they be required, are all within management’s control and could include reductions in discretionary spending such as acquisitions and capital expenditure, a lower level of marketing spend and investment in maturing stock, as well as a temporary suspension or reduction in its dividend to shareholders in the next 12 months, or drawdowns on committed facilities. Having considered the outcome of these assessments, the Directors are comfortable that the company is a going concern for at least 12 months from the date of approving the group's unaudited condensed consolidated financial statements.

Exchange rates

Weighted average exchange rates used in the translation of income statements were sterling - $1 = £0.75 (2025 - $1 = £0.77) and euro - $1 = €0.86 (2025 - $1 = €0.92). Exchange rates used to translate assets and liabilities at the balance sheet date were sterling - $1 = £0.76 (30 June 2025 - $1 = £0.73) and euro - $1 = €0.88 (30 June 2025 - $1 = €0.85). The group uses foreign exchange transaction hedges to mitigate the effect of exchange rate movements.

New accounting standards and interpretations

The following accounting standards and amendments to standards, issued by the IASB including those endorsed by the UK, were adopted by the group from 1 July 2025 with no material impact on the group’s consolidated results, financial position or disclosures:

- Amendments to IAS 21 - Lack of exchangeability

The following amendments issued by the IASB have been endorsed by the UK and have not yet been adopted by the group, which are not expected to have material impact on the group's consolidated results or financial position:

- Amendments to IFRS 9 and IFRS 7 - Amendments to the Classification and Measurement of Financial Instruments (effective from the year ending 30 June 2027)
- Amendments to IFRS 7 and IFRS 9 - Contracts Referencing Nature-dependent Electricity (effective from the year ending 30 June 2027)

Preparations for the implementation of IFRS 18 - Presentation and Disclosure of Financial Statements, which will become effective for the consolidated financial statements from the year ending 30 June 2028, are in progress.

IFRS 18 supersedes IAS 1 and makes consequential amendments to other standards. As a result of IFRS 18 adoption, the group expects the following changes:

- The structure of the consolidated income statement will be revised to incorporate the categories and subtotals required by the standard. Presentation of income and expenses in this newly defined structure will lead to a change in operating profit, whilst keeping profit unchanged.
- The new operating profit subtotal will be the starting point of the consolidated statement of cash flows and - as per IFRS 18 - cash flows from dividends and interests can no longer be classified as part of operating cash flow, but will be reported as investing and financing instead.
- Additional disclosure will be provided about management-defined performance measures and other disclosure changes are expected in the notes to comply with IFRS 18's guidance.

There are a number of other standards, amendments and clarifications to IFRSs, effective in future years, which are not expected to significantly impact the group’s consolidated results or financial position.

2. Segmental information

The segmental information presented is consistent with management reporting provided to the Executive Committee (the chief operating decision maker). The Executive Committee considers the business principally from a geographical perspective based on the location of third-party sales, and the business analysis is presented by geographical segment. The group's operations also include the Corporate segment. Corporate costs are in respect of central costs, including finance, marketing, corporate relations, human resources and legal, as well as certain information systems, facilities and employee costs that are not allocable to the geographical segments.

Diageo uses shared services operations to deliver transaction processing activities for markets and operational entities. These centres are located in India, Hungary, Colombia and the Philippines. These captive business service centres also perform certain central finance activities, including elements of financial planning and reporting, treasury and HR services. The costs of shared services operations are recharged to the regions.

The Executive Committee makes decisions based on the analysis of several financial data sets including organic and IFRS reported data. The segmental analysis below is derived from IFRS reported figures, except that operating performance is presented using operating profit before exceptional items, a non-GAAP measure used by the Executive Committee. Supply Chain and Procurement (SC&P), which manufactures products for other group companies and includes the production sites in the United Kingdom, Ireland, Guatemala and Mexico, as well as comprises the global procurement function, is considered a key intersegmental operation instead of a separate operating segment.

(a) Segmental information for the consolidated income statement

Year ended 30 June 2026	North America $ million	Europe $ million	Asia Pacific $ million	Latin America and Caribbean $ million	Africa $ million	Corporate and other $ million	Total $ million
Sales	**7,991**	**8,582**	**5,708**	**2,797**	**2,522**	**162**	**27,762**
Net sales	**7,249**	**5,097**	**3,333**	**2,160**	**1,642**	**162**	**19,643**
Cost of sales	**(2,671)**	**(1,989)**	**(1,476)**	**(881)**	**(867)**	**(47)**	**(7,931)**
Marketing	**(1,367)**	**(773)**	**(524)**	**(325)**	**(173)**	**(21)**	**(3,183)**
Other operating items	**(610)**	**(723)**	**(487)**	**(367)**	**(246)**	**(413)**	**(2,846)**
Operating profit before exceptional items	**2,601**	**1,612**	**846**	**587**	**356**	**(319)**	**5,683**
Exceptional operating items[1]							**(2,527)**
Operating profit							**3,156**
Non-operating items							**6**
Net finance charges							**(816)**
Share of after-tax results of associates and joint ventures							**218**
Profit before taxation							**2,564**

Year ended 30 June 2025	North America $ million	Europe $ million	Asia Pacific $ million	Latin America and Caribbean $ million	Africa $ million	Corporate and other $ million	Total $ million
Sales	8,636	8,037	6,082	2,390	2,684	135	27,964
Net sales	7,973	4,821	3,635	1,847	1,834	135	20,245
Cost of sales	(2,734)	(1,866)	(1,581)	(704)	(1,077)	(35)	(7,997)
Marketing	(1,616)	(898)	(630)	(304)	(192)	(22)	(3,662)
Other operating items	(570)	(755)	(494)	(311)	(282)	(470)	(2,882)
Operating profit before exceptional items	3,053	1,302	930	528	283	(392)	5,704
Exceptional operating items[1]							(1,369)
Operating profit							4,335
Non-operating items							(220)
Net finance charges							(771)
Share of after-tax results of associates and joint ventures							193
Profit before taxation							3,537

(1) For definition and details of exceptional items, see pages 14-15 and 24-26.

(i) The group's net finance charges are managed centrally and are not attributable to individual operating segments.
(ii) Approximately 37% of annual net sales occurred in the last four months of calendar year 2025.

(b) Category and geographical analysis

	Category analysis					Geographical analysis				
Year ended 30 June 2026	Spirits $ million	Beer $ million	Ready to drink $ million	Other $ million	Total $ million	United States $ million	India $ million	Great Britain $ million	Rest of world $ million	Total $ million
Sales[1]	**21,805**	**4,554**	**1,113**	**290**	**27,762**	**7,408**	**3,213**	**3,158**	**13,983**	**27,762**
Year ended 30 June 2025										
Sales[1]	22,166	4,493	989	316	27,964	8,138	3,233	2,989	13,604	27,964

(1) The geographical analysis of sales is based on the location of third-party sales.

3. Exceptional items

Exceptional items are those that in management's judgement need to be disclosed separately. See pages 34 and 35 for the definition of exceptional items and the criteria used to determine whether an exceptional item is accounted for as operating, non-operating or finance exceptional item.

	Year ended 30 June 2026 $ million	Year ended 30 June 2025 $ million
Exceptional operating items		
Impairment charge and other related charges (1)	**(1,489)**	(910)
Restructuring programmes (2)	**(908)**	(225)
Distribution model changes in various countries (3)	**(75)**	(145)
Discretionary increase in pension benefits in Ireland (4)	**(38)**	–
Various dispute and litigation matters (5)	**(17)**	(51)
USVI cover-over (6)	**–**	(38)
	(2,527)	(1,369)
Exceptional non-operating items		
Sale of businesses and brands		
Seychelles Breweries Limited (7)	**62**	(4)
Guinness Ghana Breweries PLC (8)	**(49)**	(114)
Sheridan's brand (9)	**46**	–
East African Breweries PLC and the Kenyan spirits business prospective sale (10)	**(43)**	–
Santa Vittoria (11)	**(7)**	(29)
Cîroc LLC (12)	**(5)**	(11)
Royal Challengers Sports Pvt Ltd prospective sale (13)	**(3)**	–
Guinness Nigeria PLC (14)	**2**	(125)
Joint operations (15)	**(2)**	(5)
Pampero brand (16)	**(1)**	53
Windsor business (17)	**(1)**	4
Cacique brand (18)	**–**	(20)
Safari brand (19)	**–**	15
Guinness Cameroun S.A. (20)	**–**	(8)
Step acquisitions (21)	**–**	24
Other (22)	**7**	–
	6	(220)
Exceptional finance income		
Borrowing costs capitalised (23)	**–**	58
Exceptional items before taxation	**(2,521)**	(1,531)
Items included in taxation		
Tax on exceptional operating items	**593**	232
Tax on exceptional non-operating items	**(18)**	(3)
Tax on exceptional finance income	**–**	(15)
	575	214
Total exceptional items	**(1,946)**	(1,317)
Attributable to:		
Equity shareholders of the parent company	**(1,940)**	(1,294)
Non-controlling interests	**(6)**	(23)
Total exceptional items	**(1,946)**	(1,317)
Exceptional items included in operating profit are charged to:		
Cost of sales	**(31)**	(75)
Other operating expenses	**(2,496)**	(1,294)
	(2,527)	(1,369)

(1) In the year ended 30 June 2026, an impairment charge of $786 million in respect of the Türkiye cash generating unit that included the goodwill from the Mey İçki acquisition and several brands, $287 million in respect of the Don Papa brand, $44 million in respect of the Aviation American Gin brand and $41 million in respect of the Ypióca brand and related fixed assets were recognised in exceptional operating items. In addition, an impairment charge of $138 million in respect of various brands sold predominantly in the US and $190 million in respect of various other US tangible fixed assets and inventories were also recognised in exceptional operating items.

In the year ended 30 June 2026, further impairment charge of $65 million in respect of Diageo's investment in various Distill Ventures businesses was offset by the discharge of liabilities provided for in the year ended 30 June 2025, resulting in a net charge of $3 million. Given the original impairment and other related charges of $458 million were recognised in exceptional operating items in the year ended 30 June 2025, the change in liabilities and additional charge are also classified as exceptional.

In the year ended 30 June 2025, an impairment charge of $231 million in respect of the Aviation American Gin brand and tangible fixed assets, $170 million in respect of various other US brands, tangible fixed assets and inventory and $51 million in respect of the Bell's whisky brand were recognised in exceptional operating items. For further information, see note 12.

(2) In the year ended 30 June 2026, an exceptional charge of $908 million was accounted for in respect of Diageo's restructuring programmes (2025 - $225 million). In June 2026, Diageo launched the implementation of its new operating framework that redesigns the company to be simpler, faster and more competitive by creating clearer accountabilities, stronger market execution, tighter global support and one joined-up team. The Accelerate restructuring programme (that also includes the supply chain agility programme) was announced in May 2025 aiming to create a more agile global operating model with cash delivery, cost savings and deleveraging targets. The implementation costs of the restructuring programmes comprise non-cash items and one-off expenses, the majority of which are expected to be recognised as exceptional operating items. The exceptional charge in respect of the restructuring programmes for the year ended 30 June 2026 mainly included severance costs of $514 million (2025 - $73 million) in respect of Europe and Corporate and other regions, impairment of property, plant and equipment and other intangibles of $263 million (2025 - $117 million) in North America and Mexico. In the year ended 30 June 2026, cash expenditure in respect of restructuring was $156 million (2025 - $38 million).

(3) In the year ended 30 June 2026, an exceptional operating charge of $75 million was accounted for in respect of the transformation of Diageo's distribution model in Japan, Singapore and Thailand as the company agreed with LVMH to terminate the existing distribution agreements for Diageo's brands. In the year ended 30 June 2025, Diageo completed the transformation of its distribution model in France as the company agreed with LVMH to exit from their joint operation and to terminate the existing distribution agreements for Diageo brands. As a result, an exceptional operating charge of $145 million was accounted for, mainly in relation to a termination fee paid to LVMH.

(4) In the year ended 30 June 2026, Diageo agreed with the trustee of the Guinness Ireland Group Pension Scheme to provide a one-off discretionary increase in pension benefits to pensioners. The increase resulted in a charge of $38 million in past service costs and was accounted for as an exceptional operating item.

(5) In the year ended 30 June 2026, $17 million was recorded as an exceptional operating charge in respect of ongoing litigation in Europe. In the year ended 30 June 2025, $51 million was recorded as an exceptional operating charge in respect of various dispute and litigation matters in North America and Europe, including certain costs and expenses associated therewith.

(6) Diageo receives cover-over income in relation to its rum production in the US Virgin Islands. The cover-over is based on a permanent standard rate and an additional extender rate. A law made the extender rate permanent but no retrospective approval was granted for the period after 31 December 2021. As a result, Diageo reversed accrued income of $38 million in respect of prior years as an exceptional operating item in the year ended 30 June 2025.

(7) On 1 July 2025, Diageo completed the sale of its 54.4% shareholding in Seychelles Breweries Limited to Phoenix Beverages. The transaction resulted in a gain of $62 million in the year ended 30 June 2026. In the year ended 30 June 2025, $4 million in transaction costs were incurred in respect of the prospective sale.

(8) On 3 July 2025, Diageo completed the sale of its 80.4% shareholding in Guinness Ghana Breweries PLC, its brewery in Ghana to the Castel Group and a non-operating charge of $49 million incurred in the year ended 30 June 2026, including cumulative translation losses of $94 million and hyperinflationary adjustment gain of $22 million recycled to the income statement. In the year ended 30 June 2025, a charge of $114 million was recognised attributable to the prospective sale.

(9) On 30 January 2026, Diageo completed the sale of the Sheridan's brand and related inventory to Casa Redondo. The transaction resulted in a non-operating exceptional gain of $46 million in the year ended 30 June 2026.

(10) On 17 December 2025, Diageo announced the sale of its shareholding in East African Breweries PLC and its shareholding in the Kenyan spirits business, to Asahi Group Holdings, Ltd. and a non-operating charge of $43 million attributable to the prospective sale was recognised in the year ended 30 June 2026.

(11) On 30 September 2025, Diageo completed the sale of Diageo Operations Italy S.p.A., inclusive of the Santa Vittoria production facility, to NewPrinces S.p.A. and recognised a non-operating loss of $7 million on the sale. In the year ended 30 June 2025, a non-operating charge of $29 million was recognised in relation to the prospective sale.

(12) In the year ended 30 June 2025, Diageo and Main Street Advisors, Inc. (MSA) announced that they entered into a strategic contractual arrangement, where Diageo contributed its ownership in Cîroc LLC, owner of the Cîroc IP and distribution right for North America, while MSA contributed Lobos LLC, owner of the Lobos 1707 premium tequila brand, into the newly formed structure. As a result, Diageo lost the control over Cîroc LLC and accounts for its investment in Cîroc LLC and Lobos LLC as associates. In the year ended 30 June 2026, the transaction resulted in a $5 million (2025 - $11 million) of non-operating exceptional loss.

(13) On 24 March 2026, Diageo announced the sale of United Spirits Limited's shareholding in Royal Challengers Sports Pvt Limited and a charge of $3 million was recognised as a non-operating item, mainly in relation to transaction and other costs directly attributable to the prospective sale of the business.

(14) In the year ended 30 June 2026, Diageo recognised a gain of $2 million (2025 - loss of $125 million) in exceptional non-operating items attributable to the sale of its shareholding in Guinness Nigeria PLC to Tolaram, completed on 30 September 2024.

(15) In the year ended 30 June 2026, an exceptional charge of $2 million attributable to Diageo's prospective exits from its joint operations with LVMH in Japan and Singapore was recognised.In the year ended 30 June 2025, an exceptional loss of $5 million was recorded in relation to the disposal of Diageo's share in its joint operation with LVMH in France.

(16) In the year ended 30 June 2025, an exceptional gain of $53 million was accounted for in relation to the disposal of the Pampero brand to Gruppo Montenegro. In the year ended 30 June 2026, additional transaction costs of $1 million have been accounted for in relation to the disposal.

(17) In the year ended 30 June 2026, a charge of $1 million (2025 - gain of $4 million) was recognised in exceptional non-operating items attributable to the sale of Windsor Global Co., Ltd. to PT W Co., Ltd., completed on 27 October 2023.

(18) In the year ended 30 June 2025, an exceptional loss of $20 million was recorded in relation to the disposal of the Cacique brand to Bardinet S.A.

(19) In the year ended 30 June 2025, an exceptional gain of $15 million was recorded in relation to the disposal of the Safari brand to Casa Redondo.

(20) In the year ended 30 June 2025, a charge of $8 million directly attributable to the disposal of Guinness Cameroun S.A. to the Castel Group have been accounted for.

(21) In the year ended 30 June 2025, Diageo completed the acquisition of (i) the entire issued share capital of Ritual Beverage Company LLC (owner of Ritual Zero Proof non-alcoholic spirits brand), that it did not already own, resulting in a step up gain of $25 million and (ii) a controlling stake in Nao Spirits & Beverages Private Limited, resulting in a step up loss of $1 million, both recognised in non-operating exceptional items.

(22) In the year ended 30 June 2026, the net gain of $7 million in other exceptional non-operating items includes a gain of $4 million on the sale of investments in various Distill Ventures businesses and a gain of $3 million on the disposal of the UDL and Ruski RTD brands to Bickford's Australia Pty Ltd., completed on 1 October 2025.

(23) In the year ended 30 June 2025, the group capitalised borrowing costs of $58 million in respect of purchases of property, plant, equipment and computer software in prior years.

4. Finance income and charges

	Year ended 30 June 2026 $ million	Year ended 30 June 2025 $ million
Interest income	**221**	203
Fair value gain on financial instruments	**55**	170
Total interest income	**276**	373
Interest charge on bonds, bank loans and overdrafts	**(815)**	(775)
Interest charge on finance leases	**(34)**	(32)
Borrowing costs capitalised	**56**	46
Borrowing costs capitalised - exceptional item	**–**	58
Other interest charges	**(228)**	(270)
Fair value loss on financial instruments	**(67)**	(172)
Total interest charges	**(1,088)**	(1,145)
Net interest charges	**(812)**	(772)
Net finance income in respect of post-employment plans in surplus	**54**	54
Monetary gain on hyperinflation in various economies (a)	**18**	39
Interest income in respect of direct and indirect tax	**33**	7
Change in financial liability - Zacapa (Level 3)	**–**	7
Other finance income	**3**	–
Total other finance income	**108**	107
Net finance charge in respect of post-employment plans in deficit	**(19)**	(19)
Interest charge in respect of direct and indirect tax	**(35)**	(51)
Unwinding of discounts	**(18)**	(22)
Change in financial liability - Zacapa (Level 3)	**(4)**	–
Other finance charges	**(36)**	(14)
Total other finance charges	**(112)**	(106)
Net other finance (charges)/income	**(4)**	1

(a) Hyperinflationary adjustments

The group applied hyperinflationary accounting for its operations in Türkiye and Venezuela.

The group's consolidated financial statements include the results and financial position of its operations in hyperinflationary economies restated to the measuring unit current at the end of each period, with hyperinflationary gains and losses in respect of monetary items being reported in finance income and charges. Comparative amounts presented in the consolidated financial statements are not restated. When applying IAS 29 on an ongoing basis, comparatives in stable currency are not restated and the effect of inflating opening net assets to the measuring unit current at the end of the reporting period is presented as part of 'Items that may be recycled subsequently to the income statement' in other comprehensive income, amounting to a gain of $334 million for the year ended 30 June 2026 (2025 - $264 million; 2024 - $365 million).

The movement in the publicly available official price index for the year ended 30 June 2026 was 32% (2025 - 35%; 2024 - 72%) in Türkiye. The inflation rate used by the group for Venezuela is based on data of various independent valuers, as no reliable officially published rate is available. Movement in the price index for the year ended 30 June 2026 was 574% (2025 - 171%; 2024 - 77%) in Venezuela.

5. Taxation

The reported tax rate for the year ended 30 June 2026 was 25.8% compared with 29.9% for the year ended 30 June 2025.
The tax rate before exceptional items for the year ended 30 June 2026 was 24.3%, compared with 24.9% for the year ended 30 June 2025.

For the year ended 30 June 2026, the tax charge of $606 million (2025 - $999 million) comprises a UK tax charge of $160 million (2025 - $184 million) and a foreign tax charge of $446 million (2025 - $815 million).

The tax charge of $606 million for the year ended 30 June 2026 includes a net exceptional tax credit of $575 million. This comprises an exceptional tax credit of $213 million in respect of a restructuring programme, a tax credit of $356 million in relation to brand and tangible fixed assets impairments, a tax credit of $19 million in respect of the distribution model change in Japan, Singapore and Thailand, and a tax credit of $5 million in respect of a one-off discretionary increase in pension benefits for pensioners in Ireland. These items were partly offset by $18 million tax charge in respect of the sale of businesses and brands.

The group has a number of ongoing tax audits worldwide for which provisions are recognised in line with the relevant international accounting standard, taking into account best estimates and management's judgements concerning the ultimate outcome of the tax audits. For the year ended 30 June 2026, ongoing audits that are provided for individually are not expected to result in a material tax liability. The current tax asset of $244 million (30 June 2025 - $354 million) and tax liability of $207 million (30 June 2025 - $138 million) include $213 million (30 June 2025 - $217 million) of provisions for tax uncertainties.

The Pillar Two rules implemented in the United Kingdom apply to Diageo from the financial year ended 30 June 2025. Diageo is continuously monitoring the implementation and development of the rules around the world. Diageo has applied the temporary exemption under IAS 12 in relation to the accounting for deferred taxes arising from the implementation of the rules. A current tax expense of $13 million (2025 - $7 million) as a result of the Pillar Two rules has been included in the total tax charge for the year ended 30 June 2026.

6. Inventories

	30 June 2026 $ million	30 June 2025 $ million
Raw materials and consumables	528	604
Work in progress	116	131
Maturing inventories	8,510	8,677
Finished goods and goods for resale	1,375	1,246
	10,529	10,658

7. Net borrowings

	30 June 2026 $ million	30 June 2025 $ million
Borrowings due within one year and bank overdrafts	(2,449)	(2,928)
Borrowings due after one year	(19,062)	(20,820)
Fair value of foreign currency forwards and swaps	393	557
Fair value of interest rate hedging instruments	(199)	(210)
Lease liabilities	(685)	(653)
	(22,002)	(24,054)
Cash and cash equivalents	1,520	2,200
	(20,482)	(21,854)

8. Reconciliation of movement in net borrowings

	Year ended 30 June 2026 $ million	Year ended 30 June 2025 $ million
Net (decrease)/increase in cash and cash equivalents	(374)	1,083
Net decrease/(increase) in bonds and other borrowings	1,775	(898)
Net decrease in net borrowings from cash flows	1,401	185
Exchange differences on net borrowings	204	(921)
Other non-cash items[1]	(233)	(101)
Net borrowings at beginning of the year	(21,854)	(21,017)
Net borrowings at end of the year	(20,482)	(21,854)

(1) In the year ended 30 June 2026, other non-cash items were principally in respect of leases entered into during the year, fair value losses on borrowings and cross currency interest rate hedging instruments offsetting by fair value gain on fair value interest rate hedging instruments.

In the year ended 30 June 2026, the group issued bonds of €1,000 million ($1,171 million - net of discount and fee) consisting of €500 million ($585 million - net of discount and fee) 3.75% fixed rate notes due 2037, €500 million ($586 million - net of discount and fee) 3.25% fixed rate notes due 2032 and repaid bonds of $1,250 million and €1,350 million ($1,569 million). In the year ended 30 June 2025, the group issued bonds of €2,200 million ($2,452 million - net of discount and fee) consisting of €700 million ($780 million - net of discount and fee) 3.125% fixed rate notes due 2031, €300 million ($346 million - including issuance premium) 3.125% fixed rate notes due 2031, €700 million ($776 million - net of discount and fee) 3.375% fixed rate notes due 2035, €500 million ($550 million - net of discount and fee) 3.75% fixed rate notes due 2044, $750 million ($748 million - net of discount and fee) 5.125% fixed rate notes due 2030, $750 million ($743 million - net of discount and fee) 5.625% fixed rate notes due 2035 and repaid bonds of $600 million and €1,600 million ($1,816 million).

All bonds and commercial paper issued by Diageo plc's wholly owned subsidiaries are fully and unconditionally guaranteed by Diageo plc.

9. Financial instruments

Fair value measurements of financial instruments are presented through the use of a three-level fair value hierarchy that prioritises the valuation techniques used in fair value calculations. The group maintains policies and procedures to value instruments using the most relevant data available. If multiple inputs that fall into different levels of the hierarchy are used in the valuation of an instrument, the instrument is categorised on the basis of the least observable input. Foreign currency forwards and swaps, cross currency swaps and interest rate swaps are valued using discounted cash flow techniques. These techniques incorporate inputs at levels 1 and 2, such as foreign exchange rates and interest rates. As significant inputs to the valuation are observable in active markets, these instruments are categorised as level 2 in the hierarchy.

Other financial liabilities include a put option, which does not have an expiry date, held by Industrias Licoreras de Guatemala (ILG) to sell the remaining 50% equity stake in Rum Creation & Products Inc., the owner of the Zacapa rum brand, to Diageo. The liability is fair valued using the discounted cash flow method and as at 30 June 2026, an amount of $112 million (2025 – $101 million) is recognised as a liability with changes in the fair value of the put option included in retained earnings. As the valuation of this option uses assumptions not observable in the market, it is categorised as level 3 in the hierarchy. As at 30 June 2026, because it is unknown when or if ILG will exercise the option, the liability is measured as if the exercise date is the last day of the next financial year considering forecast future performance. The put option is not sensitive to reasonably possible changes in assumptions. If the option was to be exercised as at 30 June 2028, the fair value of the liability would increase by approximately $5 million.

There were no significant changes in the measurement and valuation techniques, or significant transfers between the levels of the financial assets and liabilities in the year ended 30 June 2026.

The group's financial assets and liabilities measured at fair value are categorised as follows:

	30 June 2026 $ million	30 June 2025 $ million
Derivative assets	**656**	733
Derivative liabilities	**(342)**	(275)
Valuation techniques based on observable market input (Level 2)	**314**	458
Financial assets - other	**51**	75
Financial liabilities - other	**(140)**	(226)
Valuation techniques based on unobservable market input (Level 3)	**(89)**	(151)

The movements in level 3 liability instruments, measured on a recurring basis, are as follows:

	Financial liabilities - other (level 3) 30 June 2026 $ million	Financial liabilities - other (level 3) 30 June 2025 $ million
At the beginning of the year	**(226)**	(443)
Net gains included in the income statement	**81**	140
Net gains/(losses) included in exchange in other comprehensive income	**2**	(8)
Net (losses)/gains included in retained earnings	**(10)**	89
Acquisitions	**–**	(12)
Settlement of liabilities	**13**	8
At the end of the year	**(140)**	(226)

The carrying amount of the group's financial assets and liabilities is generally the same as their fair value apart from borrowings. At 30 June 2026, the fair value of gross borrowings (excluding lease liabilities and the fair value of derivative instruments) was $20,851 million and the carrying value was $21,511 million (2025 – $23,197 million and $23,748 million, respectively).

10. Dividends and other reserves

	Year ended 30 June 2026 $ million	Year ended 30 June 2025 $ million
Amounts recognised as distributions to equity shareholders in the year		
Final dividend for the year ended 30 June 2025 of 62.98 cents per share (2024 - 62.98 cents)	**1,401**	1,399
Interim dividend for the year ended 30 June 2026 of 20 cents per share (2025 - 40.50 cents)	**445**	899
	1,846	2,298

A final dividend of $668 million (30 cents per share; 2025 - 62.98 cents per share) was recommended by a duly authorised committee of the Board of Directors on 6 August 2026 for approval by shareholders at the Annual General Meeting scheduled to be held on 5 November 2026 bringing the recommended full year dividend to 50 cents per share for the year ended 30 June 2026. As this was after the balance sheet date and the dividend is subject to approval by shareholders at the Annual General Meeting, this dividend has not been included as a liability in these consolidated financial statements. There are no corporate tax consequences arising from this treatment.

Dividends are waived on all treasury shares owned by the company and all shares owned by the employee share trusts.

Other reserves deficit of $10 million at 30 June 2026 (2025 - $454 million surplus) include a capital redemption reserve of $4,082 million (2025 - $4,082 million), a hedging reserve surplus of $208 million (2025 - $218 million) and an exchange reserve deficit of $4,300 million (2025 - $3,846 million). Out of the total hedging reserve, a loss of $24 million (2025 - $3 million) represents the cost of hedging arising from derivatives in net investment hedges.

11. Acquisition of businesses

Fair value of assets and liabilities acquired and cash consideration paid in respect of the acquisition of subsidiaries in the year ended 30 June 2026 were as follows:

	Total $ million
Brands and other intangibles	**8**
Deferred tax	**(2)**
Fair value of assets and liabilities	**6**
Goodwill arising on acquisition	**(4)**
Non-controlling interests	**(2)**
Consideration payable	**–**

Cash consideration paid in respect of the acquisition of businesses and purchase of shares of non-controlling interests in the year ended 30 June 2026 were as follows:

	Consideration $ million
Prior year acquisitions - subsidiaries	
Other consideration	**(23)**
Investments in associates	
Capital injection[1]	**(47)**
Net cash outflow on acquisition of businesses	**(70)**
Purchase of shares of non-controlling interests	**–**
Total net cash outflow	**(70)**

(1) Additional investments in a number of Distill Ventures associates.

In the year ended 30 June 2026, the changes in brands, goodwill, deferred tax and non-controlling interests reflect the finalisation of the fair values of net assets acquired on the acquisition of Nao Spirits & Beverages Private Limited in June 2025.

12. Intangible assets

In the year ended 30 June 2026, an impairment charge of $786 million was recognised in exceptional operating items in respect of the Türkiye cash generating unit that included the goodwill from the Mey İçki acquisition and several brands. The charge is largely due to the impact of hyperinflationary accounting on carrying values combined with lower forecast growth assumptions as pricing is not expected to fully match inflation. The impairment reduced the deferred tax liability by $187 million resulting in a net exceptional loss of $599 million. The remaining carrying value amount is $689 million for the brands and goodwill in Türkiye.

In the year ended 30 June 2026, an impairment charge of $287 million in respect of the Don Papa brand was recognised in exceptional operating items. The charge is driven by the decline of the rum category in Europe which impacted the brand's long-term growth outlook. The impairment reduced the deferred tax liability by $71 million resulting in a net exceptional loss of $216 million. The remaining carrying value amount of the brand is $103 million.

In the year ended 30 June 2026, an impairment charge of $44 million in respect of the Aviation American Gin brand was recognised in exceptional operating items, driven by the softening category trends. The impairment reduced the deferred tax liability by $10 million resulting in a net exceptional loss of $34 million. The brand is now fully impaired.

In the year ended 30 June 2026, an impairment charge of $41 million in respect of Ypióca brand and related fixed assets was recognised in exceptional operating items. The charge is driven by the declining category trend and increasing competitive pressure. The remaining carrying value amount is $38 million.

In the year ended 30 June 2026, an impairment charge of $138 million in respect of various brands sold predominantly in the US was recognised in exceptional operating items, driven by the softening category and changes in consumer demand trends. The impairment reduced the deferred tax liability by $36 million resulting in a net exceptional loss of $102 million. The remaining carrying value amount is $46 million.

In the year ended 30 June 2025, an impairment charge of $231 million in respect of the Aviation American Gin brand and related tangible fixed assets was recognised in exceptional operating items. The impairment reduced the tax liability by $55 million.

In the year ended 30 June 2025, an impairment charge of $170 million in respect of various US brands, tangible fixed assets and inventory was recognised in exceptional operating items. The brand impairment reduced the deferred tax liability by $40 million.

In the year ended 30 June 2025, an impairment charge of $51 million in respect of the Bell's whisky brand was recognised in exceptional operating items. The brand impairment reduced the deferred tax liability by $13 million.

13. Sale of businesses and brands

Cash consideration received and net assets disposed of in respect of sale of businesses and brands in the year ended 30 June 2026 were as follows:

	Diageo Operations Italy S.p.A. $ million	Other $ million	Total $ million
Sale consideration			
Cash received	120	221	341
Transaction and other directly attributable costs paid	(2)	(51)	(53)
Net cash received	118	170	288
Transaction costs payable and other directly attributable items	25	(12)	13
	143	158	301
Net (assets)/liabilities disposed of			
Assets and liabilities held for sale	(144)	(97)	(241)
	(144)	(97)	(241)
Less non-controlling interest	–	28	28
Hyperinflationary adjustment recycled from other comprehensive income	–	22	22
Exchange recycled from other comprehensive income	(6)	(102)	(108)
(Loss)/gain on disposal before taxation	(7)	9	2
Taxation	–	(18)	(18)
(Loss)/gain on disposal after taxation	(7)	(9)	(16)

Cash consideration received or paid in respect of the disposal of businesses and brands in the year ended 30 June 2026 were as follows:

	Diageo Operations Italy S.p.A. $ million	Other $ million	Total $ million
Net cash received as included in net cashflow from investing activities	118	170	288
Cash included in disposed assets and liabilities held for sale	(127)	(14)	(141)
Net cash flow from sale of businesses and brands	(9)	156	147

On 30 January 2026, Diageo completed the sale of the Sheridan's brand and related inventory to Casa Redondo for a consideration of $48 million which resulted in a non-operating exceptional gain before tax of $46 million.

On 17 December 2025, Diageo announced the sale of its shareholding in East African Breweries PLC and its shareholding in the Kenyan spirits business to Asahi Group Holdings, Ltd. and a non-operating charge of $43 million attributable to the prospective sale was recognised in the year ended 30 June 2026.

On 30 September 2025, Diageo completed the sale of Diageo Operations Italy S.p.A., its manufacturing site in Italy to NewPrinces S.p.A. The aggregate consideration for the disposal was $120 million, the disposed net assets of $144 million mainly included cash and cash equivalents. In the year ended 30 June 2026, the transaction resulted in a non-operating exceptional loss of $7 million, including cumulative translation losses in the amount of $6 million recycled to the income statement.

On 3 July 2025, Diageo completed the sale of Guinness Ghana Breweries PLC, its brewery in Ghana, to the Castel Group. The aggregate consideration for the disposal was $81 million, the disposed net assets of $64 million mainly included property, plant and equipment and trade and other payables. In the year ended 30 June 2026, the transaction resulted in a non-operating exceptional loss before tax of $49 million, including cumulative translation losses of $94 million and hyperinflationary adjustment gain of $22 million recycled to the income statement.

On 1 July 2025, Diageo completed the sale of its shareholding in Seychelles Breweries Limited to Phoenix Beverages Limited. The aggregate consideration for the disposal was $89 million, the disposed net assets of $32 million mainly included property, plant and equipment. In the year ended 30 June 2026, the transaction resulted in a non-operating exceptional gain of $62 million, including cumulative translation losses of $8 million recycled to the income statement.

14. Assets and liabilities held for sale

	30 June 2026 **$ million**	30 June 2025 $ million
Intangible assets	**70**	1
Property, plant and equipment	**582**	146
Other financial assets	**4**	–
Inventories	**124**	50
Trade and other receivables	**179**	40
Corporate tax receivables	**25**	2
Cash	**161**	18
Assets held for sale	**1,145**	257
Trade and other payables	**(330)**	(137)
Provisions	**(18)**	–
Deferred tax liabilities	**(61)**	(40)
Bank overdrafts	**–**	(4)
Loans and leases	**(272)**	(5)
Post-employment benefit liabilities	**–**	(7)
Liabilities held for sale	**(681)**	(193)
Total	**464**	64

On 24 March 2026, Diageo announced the sale of United Spirits Limited's shareholding in Royal Challengers Sports Pvt Ltd to a consortium comprising the Aditya Birla Group, The Times of India Group, Bolt Ventures and Blackstone. The sale was considered to be highly probable on 30 June 2026. Subject to regulatory approvals, completion is expected in the year ending 30 June 2027. Consequently, the impacted assets and liabilities were classified as held for sale on 30 June 2026 and measured at cost as the lower of cost and fair value less cost of disposal.

On 17 December 2025, Diageo announced the agreement to sell its 100% ownership in Diageo Kenya Limited, 65% owner of East African Breweries PLC (EABL) and its subsidiaries, and its remaining shares in UDV Kenya Limited, to Asahi. On completion, Asahi will take majority control of EABL, which produces and distributes Guinness under a licence and royalty agreement. The sale was considered to be highly probable on 30 June 2026 and it is expected to be completed by 31 December 2026, subject to regulatory approval. The impacted assets and liabilities were classified as held for sale on 30 June 2026 measured at cost as the lower of cost and fair value less cost of disposal. On 30 June 2026, cumulative translation losses recognised in exchange reserves were a loss of $85 million, which will be recycled to the income statement on the completion of the transaction.

In the year ended 30 June 2026, Diageo completed the sale of a number of businesses, previously classified as assets and liabilities held for sale, comprising: (i) the sale of Diageo Operations Italy S.p.A., inclusive of the Santa Vittoria production facility, to NewPrinces S.p.A., announced on 24 June 2025, (ii) the sale of Diageo's shareholding in Seychelles Breweries Limited, its brewery in Seychelles, to Phoenix Beverages Limited, announced on 2 April 2025, and (iii) the sale of Diageo's shareholding in Guinness Ghana Breweries PLC, its brewery in Ghana, to Castel Group, announced on 28 January 2025.

15. Contingent liabilities and legal proceedings

(a) Guarantees and related matters

As of 30 June 2026, the group has no material unprovided guarantees or indemnities in respect of liabilities of third parties.

(b) Acquisition of USL shares from UBHL and related proceedings in relation to the USL transaction

On 4 July 2013, Diageo completed its acquisition, under a share purchase agreement with United Breweries (Holdings) Limited (UBHL) and various other sellers (the SPA), of shares representing 14.98% in USL, including shares representing 6.98% from UBHL. The SPA was signed on 9 November 2012 as part of the transaction announced by Diageo in relation to USL on that day (the Original USL Transaction). Following a series of further transactions, as of 30 June 2026, Diageo has a 55.88% investment in USL (excluding 2.38% owned by the USL Benefit Trust).

Prior to the acquisition from UBHL on 4 July 2013, the High Court of Karnataka (High Court) had granted leave to UBHL under the Indian Companies Act 1956 (the Leave Order) to enable the sale by UBHL to Diageo to take place (the UBHL Share Sale) notwithstanding the continued existence of certain winding-up petitions that were pending against UBHL on the date of the SPA. At the time of the completion of the UBHL Share Sale, the Leave Order remained subject to review on appeal. However, as stated by Diageo at the time of closing, it was considered unlikely that any appeal process in respect of the Leave Order would definitively conclude on a timely basis and, accordingly, Diageo waived the conditionality under the SPA relating to the absence of insolvency proceedings in relation to UBHL and acquired the 6.98% stake in USL from UBHL at that time.

Following appeal and counter-appeal in respect of the Leave Order, this matter is now before the Supreme Court of India which has issued an order that the status quo be maintained with regard to the UBHL Share Sale pending a hearing on the matter before it. Following a number of adjournments, the next date for a substantive hearing is yet to be fixed.

In separate proceedings, the High Court passed a winding-up order against UBHL on 7 February 2017, and appeals filed by UBHL against that order have since been dismissed, initially by a division bench of the High Court and subsequently by the Supreme Court of India.

Diageo continues to believe that the acquisition price of INR 1,440 per share paid to UBHL for the USL shares is fair and reasonable as regards UBHL, UBHL's shareholders and UBHL's secured and unsecured creditors. However, adverse results for Diageo in the proceedings referred to above could, absent leave or relief in other proceedings, ultimately result in Diageo losing title to the 6.98% stake in USL acquired from UBHL. Diageo believes, including by reason of its rights under USL's articles of association to nominate USL's CEO and CFO and the right to appoint, through USL, a majority of the directors on the boards of USL's subsidiaries as well as its ability as promoter to nominate for appointment up to two-thirds of USL's directors for so long as the chairperson of USL is an independent director, that it would remain in control of USL and would continue to be able to consolidate USL as a subsidiary for accounting purposes regardless of the outcome of this litigation.

There can be no certainty as to the outcome of the existing or any further related legal proceedings or the time frame within which they would be concluded.

(c) Continuing matters relating to Dr Vijay Mallya and affiliates

On 25 February 2016, Diageo and USL each announced that they had entered into arrangements with Dr Mallya under which he had agreed to resign from his position as a director and as chair of USL and from his positions in USL's subsidiaries.

Diageo's agreement with Dr Mallya (the February 2016 Agreement) provided for a payment of $75 million to Dr Mallya over a five-year period of which $40 million was paid on the signing of the February 2016 Agreement with the balance being payable in equal instalments of $7 million a year over five years (2017-2021). All payments were subject to and conditional on Dr Mallya's compliance with the agreement. The February 2016 Agreement also provided for the release of Dr Mallya's personal obligations to indemnify Diageo Holdings Netherlands B.V. (DHN) in respect of its earlier liability ($141 million) under a backstop guarantee of certain borrowings of Watson Limited (Watson) (a company affiliated with Dr Mallya).

On account of various breaches and other provisions of agreements between Dr Mallya and persons connected with him and Diageo and/or USL, Diageo did not make the five instalment payments due during the five-year period between 2017 and 2021. In addition, Diageo has also demanded that Dr Mallya repay the $40 million paid by Diageo in February 2016 and sought compensation for various losses incurred by the relevant members of the Diageo group.

On 16 November 2017, Diageo and other relevant members of the Diageo group commenced claims in the High Court of Justice in England and Wales (the English High Court) against Dr Mallya in relation to these matters. At the same time DHN also commenced claims in the English High Court against Dr Mallya, his son Sidhartha Mallya, Watson and Continental Administration Services Limited (CASL) (a company affiliated with Dr Mallya and understood to hold assets on trust for him and certain persons affiliated with him) for in excess of $142 million (plus interest) in relation to Watson's liability to DHN in respect of its borrowings referred to above and the breach of associated security documents. Dr Mallya, Sidhartha Mallya and the relevant affiliated companies filed a defence to these claims, and Dr Mallya also filed a counterclaim for payment of the two instalment payments that had by that time been withheld as described above.

As part of these proceedings, Diageo and the other relevant members of its group filed an application for strike out and/or summary judgement in respect of certain aspects of the defence filed by Dr Mallya and the other defendants, including their defence in relation to Watson and CASL's liability to repay DHN. The application was successful resulting in Watson being ordered to pay approximately $135 million plus various amounts in respect of interest to DHN, with CASL being held liable as co-surety for 50% of any such amount unpaid by Watson. These amounts were, contrary to the relevant orders, not paid by the relevant deadlines and Watson and CASL's remaining defences in the proceedings were struck out. Diageo and DHN have accordingly sought asset disclosure and are considering further enforcement steps against Watson and CASL, both in the United Kingdom and in other jurisdictions where they are present or hold assets, including actively taking steps to retain the right to enforcement against Watson in Mauritius.

A trial of the remaining elements of these claims was due to commence on 21 November 2022. However, on 26 July 2021 Dr Mallya was declared bankrupt by the English High Court pursuant to a bankruptcy petition presented by a consortium of Indian banks. Dr Mallya's appeal against his bankruptcy was dismissed in April 2025 and it is understood that an application by Dr Mallya to annul his bankruptcy has subsequently been discontinued. The trial of Diageo's claim has been deferred and is currently awaiting rescheduling.

At this stage, it is not possible to assess the extent to which the various ongoing proceedings related to the bankruptcy will affect the remaining elements of the claims by Diageo and the relevant members of its group.

Upon completion of an initial inquiry in April 2015 into past improper transactions which identified references to certain additional parties and matters, USL carried out an additional inquiry into these transactions (Additional Inquiry) which was completed in July 2016. The Additional Inquiry, prima facie, identified transactions indicating actual and potential diversion of funds from USL and its Indian and overseas subsidiaries to, in most cases, entities that appeared to be affiliated or associated with Dr Mallya. All amounts identified in the Additional Inquiry have been provided for or expensed in the financial statements of USL or its subsidiaries in the respective prior periods. USL has filed recovery suits against relevant parties identified pursuant to the Additional Inquiry. Further, at this stage, it is not possible for the management of USL to estimate the financial impact on USL, if any, arising out of potential non-compliance with applicable laws in relation to such fund diversions.

(d) Other matters in relation to USL

In respect of the Watson backstop guarantee arrangements, the Securities and Exchange Board of India (SEBI) issued a notice to Diageo on 16 June 2016 that if there is any net liability incurred by Diageo (after any recovery under relevant security or other arrangements, which matters remain pending) on account of the Watson backstop guarantee, such liability, if any, would be considered to be part of the price paid for the acquisition of USL shares under the SPA which formed part of the Original USL Transaction and that, in that case, additional equivalent payments would be required to be made to those shareholders (representing 0.04% of the shares in USL) who tendered in the open offer made as part of the Original USL Transaction. Diageo believes that the Watson backstop guarantee arrangements were not part of the price paid or agreed to be paid for any USL shares under the Original USL Transaction and that therefore SEBI's decision was not consistent with applicable law, and Diageo appealed against it before the Securities Appellate Tribunal, Mumbai (SAT). On 1 November 2017, SAT issued an order in respect of Diageo's appeal in which, amongst other things, it observed that the relevant officer at SEBI had neither considered Diageo's earlier reply nor provided Diageo with an opportunity to be heard, and accordingly directed SEBI to pass a fresh order after giving Diageo an opportunity to be heard. Following SAT's order, Diageo made its further submissions in the matter, including at a personal hearing before a Deputy General Manager of SEBI. On 26 June 2019, SEBI issued an order reiterating the directions contained in its previous notice dated 16 June 2016. As with the previous SEBI notice, Diageo believes that SEBI's latest order is not consistent with applicable law. Diageo appealed against this order before SAT and, after a hearing in March 2023, SAT allowed Diageo's appeal on 26 July 2023. Accordingly, SEBI's order dated 26 June 2019 stands quashed at present. While SEBI has filed an appeal against SAT's order before the Supreme Court of India, the next date for a substantive hearing is yet to be fixed. There can be no certainty as to the outcome or the timeframe within which such appeal will be concluded.

(e) USL's dispute with IDBI Bank Limited

Prior to the acquisition by Diageo of a controlling interest in USL, USL had prepaid a term loan taken through IDBI Bank Limited (IDBI), an Indian bank, which was secured on certain fixed assets and brands of USL, as well as by a pledge of certain shares in USL held by the USL Benefit Trust (of which USL is the sole beneficiary). The maturity date of the loan was 31 March 2015. IDBI disputed the prepayment, following which USL filed a writ petition in November 2013 before the High Court of Karnataka (the High Court) challenging the bank's actions.

Following the original maturity date of the loan, USL received notices from IDBI seeking to recall the loan, demanding a further sum of INR 459 million ($5 million) on account of the outstanding principal, accrued interest and other amounts, and also threatening to enforce the security in the event that USL did not make these further payments. Pursuant to an application filed by USL before the High Court in the writ proceedings, the High Court directed that, subject to USL depositing such further amount with the bank (which amount was duly deposited by USL), the bank should hold the amount in a suspense account and not deal with any of the secured assets including the shares until disposal of the original writ petition filed by USL before the High Court.

On 27 June 2019, a single judge bench of the High Court issued an order dismissing the writ petition filed by USL, amongst other things, on the basis that the matter involved an issue of breach of contract by USL and was therefore not maintainable in exercise of the court's writ jurisdiction. USL filed an appeal against this order before a division bench of the High Court, which on 30 July 2019 issued an interim order directing the bank to not deal with any of the secured assets until the next date of hearing. On 13 January 2020, the division bench of the High Court admitted the writ appeal and extended the interim stay. This appeal is currently pending. Based on the assessment of USL's management supported by external legal opinions, USL continues to believe that it has a strong case on the merits and therefore continues to believe that the secured assets will be released to USL and the aforesaid amount of INR 459 million ($5 million) remains recoverable from IDBI.

(f) Tax

The international tax environment has seen increased scrutiny and rapid change over recent years bringing with it greater uncertainty for multinationals. Against this backdrop, Diageo has been monitoring developments and continues to engage transparently with the tax authorities in the countries where it operates to ensure that the group manages its arrangements on a sustainable basis.

The group operates in a large number of markets with complex tax and legislative regimes that are open to subjective interpretation. In the context of these operations, it is possible that tax exposures which have not yet materialised (including those which could arise as part of tax assessments) may result in losses to the group. Where the potential tax exposures are known to us and may lead to a possible material outflow, the group assesses the disclosure of such matters as contingent liabilities, taking into account both assessed and unassessed amounts (if any), their size and nature, relevant regulatory requirements and potential prejudice of the future resolution or assessment thereof.

Diageo has a large number of ongoing tax cases in Brazil, for which contingent liabilities are disclosed on the basis of the current known possible exposure from tax assessment values. While not all of these cases are individually significant, the current aggregate known possible exposure from tax assessment values is up to approximately $1,032 million for Brazil. The group believes that the likelihood that the tax authorities will ultimately prevail is lower than probable but higher than remote. Due to the fiscal environment in Brazil, the possibility of further tax assessments related to the same matters cannot be ruled out and the judicial processes may take extended periods to conclude. Based on its current assessment, Diageo believes that no provision is required in respect of these issues.

(g) Other

The group has extensive international operations and routinely makes judgements on a range of legal, customs and tax matters which are incidental to the group's operations. Some of these judgements are or may become the subject of challenges and involve proceedings, the outcome of which cannot be foreseen. In particular, the group is currently a defendant in various customs proceedings that challenge the declared customs value of products imported by certain Diageo companies. Diageo continues to defend its position vigorously in these proceedings.

Save as disclosed above, neither Diageo, nor any member of the Diageo group, is or has been engaged in, nor (so far as Diageo is aware) is there pending or threatened by or against it, any legal or arbitration proceedings which may have a significant effect on the financial position of the Diageo group.

16. Related party transactions

The group's significant related parties are its associates, joint ventures, key management personnel and post-employment benefit plans.

There were no transactions with these related parties during the year ended 30 June 2026 on terms other than those that prevail in arm's length transactions.

Additional information

Explanatory notes

Comparisons are to the year ended 30 June 2025 (2025) unless otherwise stated. Unless otherwise stated, percentage movements given throughout this document for volume, sales, net sales, marketing investment, operating profit and operating margin are organic movements after retranslating current period reported numbers at prior period exchange rates and after adjusting for the effect of exceptional operating items, acquisitions and disposals and hyperinflation, excluding fair value remeasurements.

This document includes names of Diageo's products which constitute trademarks or trade names which Diageo owns or which others own and license to Diageo for use.

Definitions and reconciliation of non-GAAP measures to GAAP measures

Diageo's strategic planning process is based on certain non-GAAP measures, including organic movements. These non-GAAP measures are chosen for planning and reporting, and some of them are used for incentive purposes. The group's management believes that these measures provide valuable additional information for users of the financial statements in understanding the group's performance. These non-GAAP measures should be viewed as complementary to, and not replacements for, the comparable GAAP measures and reported movements therein.

It is not possible to reconcile the forecast tax rate before exceptional items, forecast free cash flow, forecast effective interest rate, forecast organic net sales growth and forecast organic operating profit growth to the most comparable GAAP measure as it is not possible to predict, without unreasonable effort, with reasonable certainty, the future impact of changes in exchange rates, acquisitions and disposals, and potential exceptional items.

Volume

Volume is a performance indicator that is measured on an equivalent units basis to nine-litre cases of spirits. An equivalent unit represents one nine-litre case of spirits, which is approximately 272 servings. A serving comprises 33ml of spirits, 165ml of wine, or 330ml of ready-to-drink or beer. Therefore, to convert volume of products other than spirits to equivalent units, the following guide has been used: beer in hectolitres, divide by 0.9; wine in nine-litre cases, divide by five; ready-to-drink and certain pre-mixed products that are classified as ready-to-drink in nine-litre cases, divide by ten. As part of the move to an asset-light beer operating model, calculation of volume for Guinness flavour extract and other concentrate sales has been amended to represent the equivalent finished goods volume. Comparatives for prior periods have been restated.

Organic movements

Organic information is presented using US dollar amounts on a constant currency basis excluding the impact of exceptional items, certain fair value remeasurements, hyperinflation, and acquisitions and disposals. Organic measures enable users to focus on the performance of the business which is common to both years and which represents those measures that local managers are most directly able to influence.

Calculation of organic movements

The organic movement percentage is the amount in the row titled 'Organic movement' in the tables below, expressed as a percentage of the relevant absolute amount in the row titled 'Year ended 30 June 2025 adjusted'. Organic operating margin is calculated by dividing operating profit before exceptional items by net sales after excluding the impact of exchange rate movements, certain fair value remeasurements, hyperinflation and acquisitions and disposals.

(a) Exchange rates

Exchange in the organic movement calculation reflects the adjustment to recalculate the reported results as if they had been generated at the prior period weighted average exchange rates.

Exchange impacts in respect of the external hedging of intergroup sales by the markets in a currency other than their functional currency and the intergroup recharging of services are also translated at prior period weighted average exchange rates and are allocated to the geographical segment to which they relate. Residual exchange impacts are reported as part of the Corporate segment. Results from hyperinflationary economies are translated at forward-looking rates.

(b) Acquisitions and disposals

For acquisitions in the current period, the post-acquisition results are excluded from the organic movement calculations. For acquisitions in the prior period, post-acquisition results are included in full in the prior period but are included in the organic movement calculation from the anniversary of the acquisition date in the current period. The acquisition row also eliminates the impact of transaction costs that have been charged to operating profit in the current or prior period in respect of acquisitions that, in management's judgement, are expected to be completed.

Where a business, brand, brand distribution right or agency agreement was disposed of or terminated in the reporting period, the group, in the organic movement calculations, excludes the results for that business from the current and prior period. In the calculation of operating profit, the overheads included in disposals are only those directly attributable to the businesses disposed of, and do not result from subjective judgements of management.

(c) Exceptional items

Exceptional items are those that in management's judgement need to be disclosed separately. Such items are included in the income statement caption to which they relate, and form part of the segmental reporting, and are excluded from the organic movement calculations. Management believes that separate disclosure of exceptional items and the classification between operating and non-operating further helps investors to understand the performance of the group. Changes in estimates and reversals in relation to items previously recognised as exceptional are presented consistently as exceptional in the current year.

Exceptional operating items are those that are unusual or non-recurring in nature, considered to be of a size that could distort performance and are part of the operating activities of the group, such as one-off global restructuring programmes which can be multi-year, impairment of intangible assets and fixed assets, indirect tax settlements, property disposals and changes in post-employment plans.

Gains and losses on the sale or directly attributable to a prospective sale of businesses, brands or distribution rights, step up gains and losses that arise when an investment becomes an associate or an associate becomes a subsidiary and other unusual non-recurring items, that are considered to be of a size that could distort performance and not in respect of the production, marketing and distribution of premium drinks, are disclosed as exceptional non-operating items below operating profit in the income statement.

Exceptional finance incomes/charges are those that are unusual or non-recurring in nature, considered to be of a size that could distort the performance and are part of the financing activity of the group.

Exceptional current and deferred tax items comprise unusual or non-recurring items, that are considered to be of a size that could distort performance. Examples include direct tax provisions and settlements in respect of prior years and the remeasurement of deferred tax assets and liabilities following tax rate changes.

(d) Fair value remeasurements

Fair value remeasurements in the organic movement calculation reflect an adjustment to eliminate the impact of fair value changes in biological assets, earn-out arrangements that are accounted for as remuneration and fair value changes relating to contingent consideration liabilities and equity options that arose on acquisitions recognised in the income statement.

Adjustment in respect of hyperinflation

The group's experience is that hyperinflationary conditions result in price increases that include both normal pricing actions reflecting changes in demand, commodity and other input costs or considerations to drive commercial competitiveness, as well as hyperinflationary elements and that for the calculation of organic movements, the distortion from hyperinflationary elements should be excluded.

Cumulative inflation over 100% (2% per month compounded) over three years is one of the key indicators within IAS 29 to assess whether an economy is deemed to be hyperinflationary. As a result, the definition of 'Organic movements' includes price growth in markets deemed to be hyperinflationary economies, up to a maximum of 2% per month while also being on a constant currency basis. Corresponding adjustments have been made to all income statement related lines in the organic movement calculations.

In the tables presenting the calculation of organic movements, 'hyperinflation' is included as a reconciling item between reported and organic movements and that also includes the relevant IAS 29 adjustments.

Organic movement calculations for the year ended 30 June 2026 were as follows:

	North America million	Europe million	Asia Pacific million	Latin America and Caribbean million	Africa million	Corporate million	Total million
Volume (equivalent units)							
Year ended 30 June 2025 reported[1]	49.5	48.9	77.7	22.9	30.8	–	229.8
Reclassification[2]	–	0.2	–	–	(0.2)	–	–
Disposals[3]	(0.5)	(0.6)	–	(0.3)	(4.1)	–	(5.5)
Year ended 30 June 2025 adjusted	49.0	48.5	77.7	22.6	26.5	–	224.3
Organic movement	**(3.3)**	**–**	**(1.9)**	**0.7**	**3.7**	**–**	**(0.8)**
Acquisitions and disposals[3]	**0.4**	**0.4**	**–**	**0.1**	**2.7**	**–**	**3.6**
Year ended 30 June 2026 reported	**46.1**	**48.9**	**75.8**	**23.4**	**32.9**	**–**	**227.1**
Organic movement %	**(7)**	**–**	**(2)**	**3**	**14**	**–**	**–**

	North America $ million	Europe $ million	Asia Pacific $ million	Latin America and Caribbean $ million	Africa $ million	Corporate $ million	Total $ million
Sales							
Year ended 30 June 2025 reported	8,636	8,037	6,082	2,390	2,684	135	27,964
Exchange	(8)	(213)	(28)	(8)	(140)	(2)	(399)
Reclassification[2]	–	7	–	–	(7)	–	–
Disposals[3]	(102)	(63)	(10)	(11)	(340)	–	(526)
Hyperinflation	–	(196)	–	(33)	(15)	–	(244)
Year ended 30 June 2025 adjusted	8,526	7,572	6,044	2,338	2,182	133	26,795
Organic movement	**(570)**	**419**	**(201)**	**303**	**252**	**19**	**222**
Acquisitions and disposals[3]	**25**	**33**	**2**	**11**	**22**	**–**	**93**
Exchange	**10**	**288**	**(137)**	**(381)**	**66**	**10**	**(144)**
Hyperinflation	**–**	**270**	**–**	**526**	**–**	**–**	**796**
Year ended 30 June 2026 reported	**7,991**	**8,582**	**5,708**	**2,797**	**2,522**	**162**	**27,762**
Organic movement %	**(7)**	**6**	**(3)**	**13**	**12**	**14**	**1**

	North America $ million	Europe $ million	Asia Pacific $ million	Latin America and Caribbean $ million	Africa $ million	Corporate $ million	Total $ million
Net sales							
Year ended 30 June 2025 reported	7,973	4,821	3,635	1,847	1,834	135	20,245
Exchange	(7)	(105)	(25)	1	(123)	(2)	(261)
Reclassification[2]	–	7	–	29	(7)	–	29
Disposals[3]	(92)	(51)	(8)	(11)	(296)	–	(458)
Hyperinflation	–	(82)	–	(20)	(13)	–	(115)
Year ended 30 June 2025 adjusted	7,874	4,590	3,602	1,846	1,395	133	19,440
Organic movement	**(659)**	**154**	**(228)**	**143**	**185**	**19**	**(386)**
Acquisitions and disposals[3]	**25**	**30**	**2**	**10**	**22**	**–**	**89**
Exchange	**9**	**219**	**(43)**	**(182)**	**40**	**10**	**53**
Hyperinflation	**–**	**104**	**–**	**343**	**–**	**–**	**447**
Year ended 30 June 2026 reported	**7,249**	**5,097**	**3,333**	**2,160**	**1,642**	**162**	**19,643**
Organic movement %	**(8)**	**3**	**(6)**	**8**	**13**	**14**	**(2)**

	North America $ million	Europe $ million	Asia Pacific $ million	Latin America and Caribbean $ million	Africa $ million	Corporate $ million	Total $ million
Marketing							
Year ended 30 June 2025 reported	1,616	898	630	304	192	22	3,662
Exchange	(1)	(12)	(3)	–	(9)	–	(25)
Disposals(3)	(43)	(1)	(1)	–	(15)	–	(60)
Hyperinflation	–	(9)	–	(4)	(1)	–	(14)
Year ended 30 June 2025 adjusted	1,572	876	626	300	167	22	3,563
Organic movement	**(214)**	**(151)**	**(102)**	**1**	**(2)**	**1**	**(467)**
Acquisitions and disposals(3)	**3**	**–**	**–**	**–**	**1**	**–**	**4**
Exchange	**6**	**38**	**–**	**–**	**7**	**(2)**	**49**
Hyperinflation	**–**	**10**	**–**	**24**	**–**	**–**	**34**
Year ended 30 June 2026 reported	**1,367**	**773**	**524**	**325**	**173**	**21**	**3,183**
Organic movement %	**(14)**	**(17)**	**(16)**	**–**	**(1)**	**5**	**(13)**

	North America $ million	Europe $ million	Asia Pacific $ million	Latin America and Caribbean $ million	Africa $ million	Corporate $ million	Total $ million
Operating profit before exceptional items							
Year ended 30 June 2025 reported	3,053	1,302	930	528	283	(392)	5,704
Exchange(4)	4	(47)	(15)	(1)	13	26	(20)
Reclassification(2)	–	3	–	–	(3)	–	–
Fair value remeasurement of contingent considerations, equity option and earn-out arrangements	(124)	(15)	–	–	–	–	(139)
Fair value remeasurement of biological assets	–	–	–	(11)	–	–	(11)
Acquisitions and disposals(3)	(4)	(23)	(4)	(2)	(65)	–	(98)
Hyperinflation	–	45	–	6	11	–	62
Year ended 30 June 2025 adjusted	2,929	1,265	911	520	239	(366)	5,498
Organic movement	**(293)**	**198**	**(49)**	**82**	**104**	**70**	**112**
Acquisitions and disposals(3)	**(12)**	**12**	**1**	**3**	**12**	**–**	**16**
Fair value remeasurement of contingent considerations, equity option and earn-out arrangements	**6**	**83**	**–**	**–**	**–**	**–**	**89**
Fair value remeasurement of biological assets	**–**	**–**	**–**	**(38)**	**–**	**–**	**(38)**
Exchange(4)	**(29)**	**100**	**(17)**	**122**	**1**	**(23)**	**154**
Hyperinflation	**–**	**(46)**	**–**	**(102)**	**–**	**–**	**(148)**
Year ended 30 June 2026 reported	**2,601**	**1,612**	**846**	**587**	**356**	**(319)**	**5,683**
Organic movement %	**(10)**	**16**	**(5)**	**16**	**44**	**19**	**2**

Organic operating margin %(5)							
Year to 30 June 2026	**36.5**	**30.8**	**25.5**	**30.3**	**21.7**	**n/a**	**29.4**
Year to 30 June 2025	37.2	27.6	25.3	28.2	17.1	n/a	28.3
Organic operating margin movement (bps)	**(66)**	**328**	**26**	**210**	**458**	**n/a**	**116**

(1) Comparative volume for prior periods have been restated as part of the move to an asset-light beer operating model.
(2) Reclassifications relate to accounting treatment change in Latin America and the transfer of the Réunion business from Africa to Europe.
(3) Acquisitions and disposals that had an effect on organic volume, sales, net sales, marketing and operating profit growth in the year ended 30 June 2026, are detailed on page 38.
(4) The impact of movements in exchange rates on reported figures for operating profit was principally due to the favourable exchange impact of the Venezuelan bolivar and the euro against the US dollar.
(5) Organic operating margin calculated by dividing Operating profit before exceptional items by net sales.

(i) For the reconciliation of sales to net sales, see page 14.
(ii) Percentages and margin movements are calculated on rounded figures.

In the year ended 30 June 2026, the acquisitions and disposals that affected volume, sales, net sales, marketing and operating profit were as follows, as per footnote (3) on the previous page:

	Volume EU million	Sales $ million	Net sales $ million	Marketing $ million	Operating profit $ million
Year ended 30 June 2025					
Acquisitions					
Ritual Beverage Company LLC	–	–	–	–	6
	–	–	–	–	6
Disposals					
Guinness Nigeria PLC	(1.5)	(69)	(67)	(3)	(17)
Guinness Ghana Breweries PLC	(2.5)	(220)	(190)	(10)	(40)
Cîroc LLC	(0.5)	(100)	(89)	(43)	(8)
Sheridan's brand	(0.4)	(45)	(41)	(1)	(20)
Seychelles Breweries Limited	(0.2)	(51)	(39)	(3)	(8)
Pampero brand	(0.2)	(15)	(11)	–	(3)
Cacique brand	(0.2)	(16)	(12)	–	(4)
UDL brand	–	(7)	(6)	–	(3)
Ruski brand	–	(2)	(2)	–	(1)
Safari brand	–	(1)	(1)	–	–
	(5.5)	(526)	(458)	(60)	(104)
Acquisitions and disposals	(5.5)	(526)	(458)	(60)	(98)
Year ended 30 June 2026					
Acquisitions					
Ritual Beverage Company LLC	**–**	**3**	**3**	**3**	**(9)**
	–	**3**	**3**	**3**	**(9)**
Disposals					
Guinness Nigeria PLC	**1.0**	**4**	**4**	**–**	**3**
Guinness Ghana Breweries PLC	**1.7**	**17**	**17**	**1**	**9**
Cîroc LLC	**0.4**	**22**	**22**	**–**	**(3)**
Sheridan's brand	**0.4**	**37**	**34**	**–**	**14**
Pampero brand	**0.1**	**7**	**6**	**–**	**3**
Cacique brand	**–**	**1**	**1**	**–**	**(2)**
UDL brand	**–**	**1**	**1**	**–**	**1**
Ruski brand	**–**	**1**	**1**	**–**	**–**
	3.6	**90**	**86**	**1**	**25**
Acquisitions and disposals	**3.6**	**93**	**89**	**4**	**16**

Earnings per share before exceptional items

Earnings per share before exceptional items is calculated by dividing profit attributable to equity shareholders of the parent company before exceptional items by the weighted average number of shares in issue.

Earnings per share before exceptional items for the year ended 30 June 2026 and 30 June 2025 are set out in the table below:

	2026 $ million	2025 $ million
Profit attributable to equity shareholders of the parent company	**1,737**	2,354
Exceptional operating and non-operating items	**2,521**	1,589
Exceptional finance income	**–**	(58)
Exceptional tax items and tax in respect of exceptional operating and non-operating items and finance income	**(575)**	(214)
Exceptional items attributable to non-controlling interests	**(6)**	(23)
Profit attributable to equity shareholders of the parent company before exceptional items	**3,677**	3,648

Weighted average number of shares	million	million
Shares in issue excluding own shares	**2,224**	2,222
Dilutive potential ordinary shares	**7**	6
Diluted shares in issue excluding own shares	**2,231**	2,228

	cents	cents
Basic earnings per share before exceptional items	**165.3**	164.2
Diluted earnings per share before exceptional items	**164.8**	163.7

Free cash flow and adjusted operating cash flow

Free cash flow comprises the net cash flow from operating activities aggregated with the net cash expenditure paid for property, plant and equipment and computer software that is included in net cash flow from investing activities.

The remaining components of net cash flow from investing activities that do not form part of free cash flow, as defined by the group's management, are in respect of the acquisition and sale of businesses and loans to associates and other investments that do not meet the definition of cash and cash equivalents.

The group's management regards a portion of the purchase and disposal of property, plant and equipment and computer software as ultimately non-discretionary since ongoing investment in plant, machinery and technology is required to support the day-to-day operations, whereas acquisition and sale of businesses are discretionary.

Where appropriate, separate explanations are given for the impacts of acquisition and sale of businesses, dividends paid and the purchase of own shares, each of which arises from decisions that are independent from the running of the ongoing underlying business.

In the year ended 30 June 2026, adjusted operating cash flow replaced operating cash conversion within the annual incentive plans of employees, to elevate the focus on absolute free cash flow delivery across the business. Adjusted operating cash flow is calculated by adjusting free cash flow to exclude borrowing costs capitalised included in net cash expenditure paid for property, plant and equipment and computer software, taxation and net interest payments, dividends received, restructuring and other non-operating spend, the variance between actual and planned movement of maturing inventories, hyperinflation adjustment and the effects of exchange rate fluctuations.

Free cash flow and adjusted operating cash flow reconciliations for the years ended 30 June 2026 and 30 June 2025 are set out in the table below:

	2026 $ million	2025 $ million
Net cash inflow from operating activities	**4,392**	4,297
Disposal of property, plant and equipment and computer software	**16**	63
Purchase of property, plant and equipment and computer software	**(1,197)**	(1,612)
Free cash flow	**3,211**	2,748
Borrowing costs capitalised on property, plant and equipment and computer software	**55**	44
Taxation paid	**817**	1,114
Net interest paid	**752**	799
Dividends received	**(116)**	(175)
Restructuring and other non-operating spend	**184**	45
Maturing stock neutralisation	**(212)**	(185)
Hyperinflation adjustment	**13**	27
Retranslation to budgeted exchange rates	**(41)**	(15)
Adjusted operating cash flow	**4,663**	4,402

Return on average invested capital

Return on average invested capital is used by management to assess the return obtained from the group's asset base and is calculated to aid evaluation of the performance of the business.

The profit used in assessing the return on average invested capital reflects operating profit before exceptional items attributable to equity shareholders of the parent company after applying the tax rate before exceptional items, plus share of tax results of associates and joint ventures for the fiscal year. Average invested capital is calculated using the average derived from the consolidated balance sheets at the beginning, middle and end of the year. Average capital employed comprises average net assets attributable to equity shareholders of the parent company for the year, excluding net post-employment benefit assets/liabilities (net of deferred tax) and average net borrowings.

Calculations for the return on average invested capital for the years ended 30 June 2026 and 30 June 2025 are set out in the table below:

	2026 **$ million**	2025 $ million
Operating profit	**3,156**	4,335
Exceptional operating items	**2,527**	1,369
Profit before exceptional operating items attributable to non-controlling interests	**(227)**	(207)
Tax at the tax rate before exceptional items of 24.3% (2025 - 24.9%)	**(1,381)**	(1,420)
Share of after-tax results of associates and joint ventures	**218**	193
	4,293	4,270
Average net assets (excluding net post-employment benefit assets/liabilities)	**12,738**	12,006
Average non-controlling interests	**(2,088)**	(2,082)
Average net borrowings	**21,336**	21,182
Average invested capital	**31,986**	31,106
Return on average invested capital	**13.4%**	13.7%

Adjusted net borrowings to adjusted EBITDA

Diageo manages its capital structure with the aim of achieving capital efficiency, providing flexibility to invest through the economic cycle and giving efficient access to debt markets at attractive cost levels. The group regularly assesses its debt and equity capital levels to enhance its capital structure by reviewing the ratio of adjusted net borrowings (net borrowings plus post-employment benefit liabilities before tax) to adjusted EBITDA (earnings before exceptional operating items, non-operating items, interest, tax, depreciation, amortisation and impairment).

Calculations for the ratio of adjusted net borrowings to adjusted EBITDA as at 30 June 2026 and 30 June 2025 are set out in the table below:

	2026 **$ million**	2025 $ million
Borrowings due within one year	**2,449**	2,928
Borrowings due after one year	**19,062**	20,820
Fair value of foreign currency derivatives and interest rate hedging instruments	**(194)**	(347)
Lease liabilities	**685**	653
Less: Cash and cash equivalents	**(1,520)**	(2,200)
Net borrowings	**20,482**	21,854
Post-employment benefit liabilities before tax	**387**	409
Adjusted net borrowings	**20,869**	22,263
Profit for the year	**1,958**	2,538
Taxation	**606**	999
Net finance charges	**816**	771
Depreciation, amortisation and impairment (excluding exceptional accelerated depreciation and impairment)	**749**	748
Exceptional accelerated depreciation and impairment	**1,731**	970
EBITDA	**5,860**	6,026
Exceptional operating items (excluding accelerated depreciation and impairment)	**796**	399
Non-operating items	**(6)**	220
Adjusted EBITDA	**6,650**	6,645
Adjusted net borrowings to adjusted EBITDA	**3.1**	3.4

Tax rate before exceptional items

Tax rate before exceptional items is calculated by dividing the total tax charge before tax charges and credits in respect of exceptional items, by profit before taxation adjusted to exclude share of after-tax results of associates and joint ventures and the impact of exceptional operating and non-operating items, expressed as a percentage. The measure is used by management to assess the rate of tax applied to the group's operations before tax on exceptional items.

The tax rates from operations before exceptional and after exceptional items for the years ended 30 June 2026 and 30 June 2025 are set out in the table below:

	2026 $ million	2025 $ million
Taxation on profit (a)	**606**	999
Tax credit in respect of exceptional items	**575**	214
Tax before exceptional items (b)	**1,181**	1,213
Profit before taxation	**2,564**	3,537
Less: Share of after-tax results of associates and joint ventures	**(218)**	(193)
Profit excluding share of after-tax results of associates and joint ventures (c)	**2,346**	3,344
Exceptional finance income	**–**	(58)
Exceptional operating items	**2,527**	1,369
Exceptional non-operating items	**(6)**	220
Profit before taxation and exceptional items excluding share of after-tax results of associates and joint ventures (d)	**4,867**	4,875
Tax rate after exceptional items (a/c)	**25.8%**	29.9%
Tax rate before exceptional items (b/d)	**24.3%**	24.9%

Other definitions

Volume share is a brand's retail volume expressed as a percentage of the retail volume of all brands in its segment. Value share is a brand's retail sales value expressed as a percentage of the retail sales value of all brands in its segment. Unless otherwise stated, share refers to value share.

Net sales are sales less excise duties. Diageo incurs excise duties throughout the world. In the majority of countries, excise duties are effectively a production tax which becomes payable when the product is removed from bonded premises and is not directly related to the value of sales. It is generally not included as a separate item on external invoices; increases in excise duties are not always passed on to the customer and where a customer fails to pay for a product received, the group cannot reclaim the excise duty. The group therefore recognises excise duty as a cost to the group.

Price/mix is the number of percentage points difference between the organic movement in net sales and the organic movement in volume. The difference arises because of changes in the composition of sales between higher and lower priced variants/markets or as price changes are implemented.

Shipments comprise the volume of products sold to Diageo's immediate (first tier) customers. Depletions are the estimated volume of the onward sales made by Diageo's immediate customers. Both shipments and depletions are measured on an equivalent units basis.

References to emerging markets include Central and Eastern Europe (excluding Benelux, Greece and Nordics), Türkiye, Middle East and North Africa (MENA), Latin America and Caribbean, Africa and Asia Pacific (excluding Australia, Korea and Japan).

References to ready-to-drink also include ready-to-serve products, such as pre-mixed cans in some markets.

References to beer include cider, flavoured malt beverages and some non-alcoholic products such as Guinness 0.0 and Malta Guinness. The results of Hop House 13 Lager are included in the Guinness figures.

There is no industry-agreed definition for price tiers and for data providers such as IWSR, definitions can vary by market. Diageo bases price tier definitions on a methodology that uses external metrics (including market pricing data from Nielsen, IRI etc., as well as the IWSR segmentation) for benchmarking and internal pricing metrics for a consistent segmentation.

References to the group include Diageo plc and its consolidated subsidiaries.

Cautionary statement concerning forward-looking statements

This document contains 'forward-looking' statements. These statements can be identified by the fact that they do not relate only to historical or current facts and may generally, but not always, be identified by the use of words such as "will", "anticipates", "should", "could", "would", "targets", "aims", "may", "expects", "intends" or similar expressions or statements. In this document, such statements include those that express forecasts, expectations, plans, outlook, objectives and projections with respect to future matters, including information related to Diageo's fiscal 27 outlook and beyond ambitions relating to free cash flow and improved operating leverage, Diageo's Accelerate programme, the impact of changes in interest or exchange rates, anticipated cost savings or synergies, expected investments, the completion of any strategic transactions or restructuring programmes, anticipated tax rates, changes in the international tax environment, potential tariffs and Diageo's ability to mitigate the impact of tariffs, expected cash payments, future inventory levels, future TBA market share ambitions and any other statements relating to Diageo's performance for the year ending 30 June 2027 or thereafter.

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, which include (but are not limited to): (i) economic, political, social or other developments in countries and markets in which Diageo operates, including elevated geopolitical instability as a result of the conflicts in the Middle East and macro-economic events that may affect Diageo's customers, suppliers and/or financial counterparties; (ii) the effects of climate change, or legal, regulatory or market measures intended to address climate change; (iii) changes in consumer preferences and tastes, including as a result of disruptive market forces, changes in demographics and evolving social trends (including any shifts in consumer tastes towards at-home occasions, premiumisation, small-batch craft alcohol, or lower or no-alcohol products, THC and hemp-based THC beverages, increased use of GLP-1 medications and/or developments in e-commerce); (iv) changes in the domestic and international tax environment that could lead to uncertainty around the application of existing and new tax laws and unexpected tax exposures; (v) changes in the cost of production, including as a result of increases in the cost of commodities, labour and/or energy due to inflation and/or supply chain disruptions; (vi) any litigation or other similar proceedings (including with tax, customs, competition, environmental, anti-corruption or other regulatory authorities); (vii) legal and regulatory developments, including changes in regulations relating to environmental issues and/or e-commerce; (viii) the consequences of any failure of internal controls; (ix) the consequences of any failure by Diageo or its associates to comply with anti-corruption, sanctions, trade restrictions or similar laws and regulations, or any failure of Diageo's related internal policies and procedures to comply with applicable law or regulation; (x) Diageo's ability to make sufficient progress against or achieve its ESG ambitions; (xi) cyber-attacks and IT threats or any other disruptions to core business operations; (xii) contamination, counterfeiting or other circumstances which could harm the level of customer support for Diageo's brands and adversely impact its sales; (xiii) Diageo's ability to maintain its brand image and corporate reputation or to adapt to a changing media environment; (xiv) fluctuations in exchange rates and/or interest rates; (xv) Diageo's ability to successfully execute its strategic business transformation projects; (xvi) Diageo's ability to derive the expected benefits from its business strategies, in relation to expansion in emerging markets, acquisitions, investments in joint ventures, productivity initiatives or inventory forecasting; (xvii) Diageo's ability to consistently deliver good value, service performance, commercial execution and suitable portfolio choices to its customers; (xviii) increased competitive product and pricing pressures, including as a result of introductions of new products or categories that are competitive with Diageo's products and consolidations by competitors and retailers; (xix) increased costs for, or shortages of, talent, as well as labour strikes or disputes; (xx) movements in the value of the assets and liabilities related to Diageo's pension plans; (xxi) Diageo's ability to renew supply, distribution, manufacturing or licence agreements (or related rights) and licences on favourable terms, or at all, when they expire; or (xxii) any failure by Diageo to protect its intellectual property rights.

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. Further details of potential risks and uncertainties affecting Diageo are described in our filings with the London Stock Exchange and the US Securities and Exchange Commission (SEC), including in our Annual Report for the year ended 30 June 2025 and in our Annual Report on Form 20-F for the year ended 30 June 2025.

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. The reader should, however, consult any additional disclosures that Diageo may make in any documents which it publishes and/or files with the SEC.