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DIAGEO

Diageo Aide Memoire Q1 Fiscal 2027

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

Please note that historic comparatives referred to in this document include the detail published in a separate release on Regional Restatement for fiscals 25 and 26 issued this morning. This change does not impact overall group numbers.

Fiscal 27 outlook

With the fiscal 26 FY results and CMD on 6 August 2026, we provided the following guidance for fiscal 27:

- **Organic net sales growth** – broadly flat organic net sales growth. North America organic net sales expected to decline mid-single digit assuming the market is down c.3% with improving share performance compared to fiscal 26.
- **Organic operating profit** – up low-to mid-single digit. This includes c.40% of the c.$850 million cost savings from the operating framework changes and c.25% of the supply chain savings of c.$150 million.
- **Taxation** – expect tax rate before exceptional items to be c.25% (F26: 24.3%).
- **Effective interest rate** – expect effective interest rate to be c.4% (F26: 3.9%).
- **Capital expenditure** – of c.$1.25 billion (F26: $1.2 billion).
- **Free cash flow** – c.$2 billion (F26: $3.2bn) after c.$850 million exceptional costs related to operating framework changes and the supply chain savings programme.

Overall net sales performance comments

Fiscal 26 FY organic net sales declined 2.0%, with volume down 0.4% and price/mix down 1.6%. Negative price/mix largely reflected weakness in US Spirits and Chinese White Spirits (CWS). In Q1 F26, organic net sales were flat, with volume up 2.9% fully offset by adverse price/mix. At the time we commented on solid growth in the quarter in Europe, LAC and Africa offset by weakness in CWS impacting Asia Pacific results and softer performance in North America given the decline in US Spirits.

Geographic regions

Please note regional numbers are presented on a restated basis, while market-level numbers have not been restated and are shown as originally reported.

- **North America -** In fiscal 26, organic net sales declined 8.5%, with volume down 7.0% and price/mix down 1.6%, US Spirits declined 11.5% reflecting softer spirits and competitive intensity. Diageo Beer Company USA organic net sales grew 4.4%. In fiscal 26 FY results we noted that overall distributor inventory levels were appropriate for the current consumer environment and in line with historical levels. In Q1 F26, organic net sales declined 2.7%. US Spirits declined 4.1% with tequila down double-digit impacted by comparatives, competitive pressure and category softness. Scotch saw strong growth, with Johnnie Walker up double-digit, and some favourable phasing from tariff-linked pull forward of European imports. On the Q1 F26 conference call Deirdre

[1] FY and Q1 fiscal 26 results, Capital Markets Day 2026 presentations, and the F26 restatement of regions can be found at www.diageo.com/en/investors

Mahlan, Interim CFO, said that the c.2.5% gap between shipments and depletions, with depletions lagging shipments, was not unusual for the time of year. DBC USA net sales grew 9.2% driven by Smirnoff Ice and Guinness.

- **Europe, Middle East & Africa –** In fiscal 26, organic net sales grew 5.9%, with volume up 5.2% and price/mix up 0.8%. In Q1 F26, organic net sales grew 4.9%, with volume up 3.1% and price/mix up 1.8%.
  - Note detail commentary below on Europe and Africa refers to detail shared on the old regional basis.
  - **Europe** – In fiscal 26, organic net sales grew 3.4%, with volume flat and price/mix up 3.4%. Beer grew double-digit, spirits declined slightly and RTDs grew low-single-digit. In Q1 F26, organic net sales grew 3.5%, driven by high-single-digit growth in Guinness and low-single-digit growth in spirits. A soft spirits category in key markets was offset by strong performance in Türkiye & MENA. Price/mix grew 5.3% driven by Guinness and pricing in Türkiye. Solid growth in scotch driven by Johnnie Walker, and good growth in Baileys more than offset weaker performance in a number of our smaller brands.
  - **Africa –** organic net sales grew 13.3% in fiscal 26, with volume up 14.0%, driven by double-digit growth in spirits and RTDs, and high-single-digit beer growth. In Q1 F26, organic net sales grew 8.9% due to high-single-digit growth in East Africa and strong growth in South, West and Central Africa (SWC). In SWC, South Africa grew double digit, led by Smirnoff Ice RTDs.
- **Asia Pacific -** In fiscal 26, organic net sales declined 12.0% primarily due to the 34.9% decline in CWS in Greater China. This was the result of market policy changes which impacted consumption occasions across the category. In Q1 F26, organic net sales declined 14.8%, driven by a strong double-digit decline in CWS. Additionally, the change in beer route-to-market in Australia and China adversely impacted performance.
- **Latin America & Caribbean –** organic sales grew 7.6% in fiscal 26, with volume up 2.7% and price/mix up 4.9%. Spirits grew mid-single-digit, led by scotch and vodka. RTDs and beer both grew double digit. In Q1 F26, organic net sales grew 10.9%, driven by double-digit growth in Brazil where Johnnie Walker and Smirnoff Ice RTDs performed strongly. Mexico was broadly flat, with mid-single-digit volume growth mostly offset by negative price/mix as the consumer environment continued to stabilise.
- **India –** organic net sales grew 7.1% in fiscal 26, driven by positive price/mix and strong scotch led by Johnnie Walker and Black & White. Smirnoff saw strong double-digit growth with local flavour innovations. Maharashtra excise policy changes adversely impacted performance, particularly McDowell's. In Q1 F26, organic net sales grew 11.1% despite the impact of adverse policy changes in the state of Maharashtra.

Other comments for consideration

- **Operating framework and supply agility programmes:** At the CMD, we announced c.$1 billion aggregate savings over three years; c.$850m from the operating-framework changes, with c.40% in F27 and the balance in fiscal 28 and c.$150m supply-chain savings, with c.25% in F27 and the balance in the following years. Restructuring costs associated with both programmes were guided to total c.$1.2 billion; c.$1.1 billion cost relating to the operating framework redesign, with c.$752m incurred in F26 and the balance in F27; c.$100m in cost associated with supply chain savings expected to be incurred in F27.
- **Deleveraging:** expect to be at the midpoint of 2.5-3.0x target range by end of fiscal 27, following completion of disposals (EABL & RCB).

Subsidiaries and associates – results reported since June 30, 2026

- **United Spirits Limited (USL)** – On 22 July 2026, USL reported its Q1 results for the quarter ended 30 June 2026. The standalone business Q1 net sales were up 6.0% at INR 2,703 Cr., with Prestige & Above segment net sales growth of 10.1% to INR 2,478. Standalone EBITDA at INR 432 Cr. was up 4.1% compared to the prior year.
- **Sichuan Swellfun Co., Ltd (SJF)** – On 29 August 2026, SJF reported its HY results for the period ended 30 June 2026. Reported sales were -27.8% at CNY 1,081.7 million, and net profit attributable to shareholders -105.9% at a loss of CNY 6.2 million.

- **Associates and joint ventures** – Diageo has a 34% shareholding in Moët Hennessy, the wine and spirits division of LVMH Moët Hennessy Louis Vuitton SE (LVMH). On 12 October 2026, LVMH reported its revenue for the 9 months ended 30 September 2026. In Q3, the wine and spirits division reported organic revenue +6% at €1,429m, with 9-month organic sales +5% to €4,027m.

Disposals since and during fiscal 26

- Diageo subsidiary USL announced the full divestiture of its stake in Royal Challengers Sports Pvt Ltd on 24 March 2026 to a consortium for a total consideration of INR 166.6 billion in an all-cash transaction.
- On 17 December 2025 we entered into an agreement to sell our 65% shareholding in East African Breweries plc (EABL) to Asahi Group Holdings, Ltd. The sale is still expected to complete in H2 calendar year 2026. In fiscal 27, EABL will be reported within Corporate until the transaction completes.
- Disposals completed since 30 June 2025 include Seychelles Breweries Limited, Guinness Ghana Breweries PLC, Diageo Operations Italy S.p.A – Santa Vittoria production facility and the Sheridan's brand.

Foreign exchange

At the CMD, we said that for full year fiscal 27 using the hedged rates already in place and for other exposures spot rates as at 31 July 2026 (including $1=£0.74 and $1=€0.87) would result in a broadly neutral foreign exchange impact on net sales and a c.$20m unfavourable impact on operating profit.

F26 restatement of regional disclosures

Prior year comparatives reflect the restated regional reporting structure.

	F26						
Reported net sales - $m	**Q1**	**Q2**	**H1**	**Q3**	**Q4**	**H2**	**FY**
North America	1,830	1,921	3,752	1,692	1,725	3,417	7,169
Europe, Middle East & Africa	1,529	1,958	3,487	1,351	1,606	2,957	6,444
Asia Pacific (ex. India)	589	657	1,246	541	443	984	2,229
Latin America & Caribbean	497	574	1,071	498	517	1,015	2,086
India	354	397	750	331	337	668	1,418
Corporate	75	80	155	63	79	142	297
Total	**4,875**	**5,586**	**10,460**	**4,477**	**4,707**	**9,183**	**19,643**
Organic net sales growth - %							
North America	(2.7)%	(10.8)%	(7.0)%	(9.6)%	(10.7)%	(10.2)%	(8.5)%
Europe, Middle East & Africa	4.9%	5.0%	4.9%	10.2%	4.7%	7.1%	5.9%
Asia Pacific (ex. India)	(14.8)%	(20.6)%	(18.0)%	(0.5)%	(5.7)%	(2.9)%	(12.0)%
Latin America & Caribbean	10.9%	(1.3)%	4.0%	18.7%	6.3%	12.1%	7.6%
India	11.1%	6.6%	8.7%	0.7%	10.3%	5.4%	7.1%
Total	**(0.0)%**	**(5.2)%**	**(2.8)%**	**0.3%**	**(2.2)%**	**(1.0)%**	**(2.0)%**
Volume	**2.9%**	**(4.0)%**	**(1.0)%**	**0.4%**	**0.3%**	**0.3%**	**(0.4)%**
Price / mix	**(2.8)%**	**(1.1)%**	**(1.9)%**	**(0.1)%**	**(2.5)%**	**(1.3)%**	**(1.6)%**

Regional reported net sales may not cast exactly due to rounding. Group reported net sales are unchanged from previously reported figures. Fiscal 26 organic growth rates unrounded and adjusted for all completed acquisitions and disposals to 30 June 2026. Please see notes on disposals above.

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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, JɛB 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.

Crafting iconic drinks chosen for life's moments.

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

This aide-memoire contains 'forward-looking' statements. These statements can be identified by the fact that they do not relate only to historical or current facts. In particular, forward-looking statements include all statements that express forecasts, expectations, plans, outlook, objectives and projections with respect to future matters. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by these forward-looking statements, including factors that are outside Diageo's control. For a discussion of these factors, and other potential risks and uncertainties affecting Diageo, please see the section entitled "Risk Factors" in our Annual Report on Form 20-F for the year ended 30 June 2026.

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

This aide-memoire includes financial measures which are not presented in Diageo's financial statements prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board and as adopted by the UK and are considered "non-GAAP financial measures" under SEC rules. An explanation of these non-GAAP measures, including organic movements, is set out in the section entitled "Definitions and reconciliation of non-GAAP measures to GAAP measures" of Diageo's Annual Report for the year ended 30 June 2026.