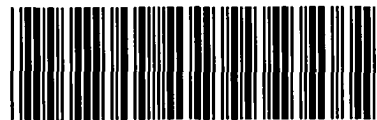


Diageo Overseas Holdings Limited
Annual report and financial statements
30 June 2023

Registered number: 03341331

WEDNESDAY



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Diageo Overseas Holdings Limited
Registered number: 03341331
Year ended 30 June 2023

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Diageo Overseas Holdings Limited

Registered number: 03341331

Year ended 30 June 2023

STRATEGIC REPORT

The directors present their strategic report for the year ended 30 June 2023.

Activities

The principal activity of the company is to act as an investment holding company within the Diageo group ("the group").

The company is incorporated and domiciled as a private company limited by shares in England, United Kingdom. The registered address is 16 Great Marlborough Street, London, W1F 7HS, United Kingdom.

The directors foresee no changes in the company's activities.

Business review

Development and performance of the business of the company during the financial year and position of the company as at 30 June 2023

The company recognised a loss for the year ended 30 June 2023 in the amount of £18,209,000 (2022 - profit of £48,333,000). The company received dividend income in the amount of £8,000,000 during the year, which is lower than the dividend income of £66,993,000 recognised during the previous year. Interest expense increased by £9,930,000 from £23,033,000 to £32,963,000 which was driven by the increase in the reference rates being priced on a floating rate basis. The average reference interest rate for sterling was 0.42% during the year ended 30 June 2022, which increased to an average reference interest rate of 3.26% during the year ended 30 June 2023.

On 5 January 2023 Diageo Atlantic B.V. paid a dividend in the amount of £8,000,000 to the company.

Financial and other key performance indicators

As the company is an intermediary holding company within the group, the principal key performance indicator used by management to analyse the development, performance and position of the company's business is adherence to the group dividend policy.

Principal risks and uncertainties facing the company as at 30 June 2023

The principal risks identified by the group are disclosed on pages 88 to 93 of Diageo plc's 2023 Annual Report. The most relevant of the group risks to this entity are the ones we have selected and articulated below, together with specific considerations relating to the company's operations and environment. If any of these risks occur, the company's business, financial condition and operational results could suffer. As the company forms part of the group's investment holding and financing structure, the financial risk management measures used by management to analyse the development, performance and position of the company's business are mainly similar to those facing the group as a whole. The directors consider that the following risks might impact the performance and the solvency or liquidity of the company through its investments and intercompany financing structure. The company-specific risks which have been identified are the recoverability of the company's investment in subsidiaries and other investments and liquidity risk in respect of the intercompany funding position.

Diageo Overseas Holdings Limited
Registered number: 03341331
Year ended 30 June 2023

STRATEGIC REPORT (continued)

Business review (continued)

Principal risks and uncertainties facing the company as at 30 June 2023 (continued)

Geopolitical and macroeconomic volatility

Geopolitical forces, primarily driven by the Russia / Ukraine conflict, coupled with macro-economic stress, increase the likelihood of international and domestic tensions, disputes and conflict that might impact the business. Macroeconomic conditions include inflationary pressures, unemployment and global trade tensions. Financial volatility risk could arise from variability in financial markets, interest rate fluctuations and currency instability. Failure to react quickly enough to changing economic and/or political conditions, e.g. inflationary pressures, currency instability, global trade tensions, heightened political protectionism, changes to customs duties and tariffs, and/or eroded consumer confidence, may impact on the freedom to operate in a market and could adversely impact financial performance.

The group monitors key business drivers and performance, to prepare for rapid changes in the external environment and there is an enhanced group-level strategic analysis and scenario planning to strengthen market strategies and risk management.

During the year ended 30 June 2023, inflation has remained high and has reduced more slowly than expected in many countries. High levels of inflation are expected to continue in the short to medium term. Foreign exchange volatility has increased across several markets. There are dedicated cross-functional steering groups to manage the response to acute issues including inflation and foreign exchange volatility.

Cyber and IT resilience

Cyber-attacks are becoming more prevalent, and there is an increased dependency on third-party IT services and solutions. As geopolitical tensions are growing, there is a rise in more sophisticated cyber threats affecting all organisations, therefore the risk of a cyber-attack is heightened.

The group has strong enterprise-wide cyber risk management processes and policies and next generation security technologies to tackle advanced attacks. There is IT and Operations Technology (“OT”) disaster recovery and business continuity testing across the key systems. The group continues to enhance and deploy next generation security technologies to tackle advanced attacks and upgrade the enterprise resource planning system and associated processes to ensure they remain resilient.

Diageo Overseas Holdings Limited
Registered number: 03341331
Year ended 30 June 2023

STRATEGIC REPORT (continued)

Business review (continued)

Principal risks and uncertainties facing the company as at 30 June 2023 (continued)

Climate change and sustainability

Physical and transition climate change risks, including water stress, extreme weather events, temperature rises and increased regulation, may result in increased volatility in the supply of raw materials, production costs, capacity constraints and higher costs of compliance. In addition, the failure to meet sustainability goals could result in loss of licence to operate, financial loss and reputational damage amongst customers, consumers, investors and other stakeholders.

The group conducted a detailed climate change risk assessment ("CCRA") and scenario analysis to evaluate short- and long-term impacts from physical and transition risks.

The group operates a cross-functional Climate Risk Steering Group that sets the strategy for ongoing climate risk assessment, and manages associated opportunities and risks, while continuing to develop the approach to climate change risk reporting. CCRA review found that, with respect to the group, risks related to acute weather events, high temperature, water stress, rising sea level hazards are projected to significantly increase in the future and cause interruption to operations, however based on the current assessment we do not consider that they will have a significant short term financial impact.

Resource-scarcity issues have been identified and mitigated, especially within agricultural ingredient sourcing, and manufacturing, water and energy. Physical risk exposures have been identified for sites assessed in North America and Scotland, Africa, Mexico, India, Turkey, Latin America and Caribbean, Asia Pacific, and Europe, and being built into site and category risk footprints. 'Society 2030: Spirit of Progress' ambition was launched in 2022 that continued to deliver against key targets and longer-term goals. (Details are disclosed on pages 57-60 of Diageo plc's Annual Report). The water blueprint was defined and operationalised in water-stressed locations. Communication programmes are in place to share impact, strengthen reputation and support the advocacy platform. Carbon pricing is being assessed as an internal mechanism to drive deeper understanding of the impact of energy choices. The group TCFD modelling and mitigation plans incorporate the risk of a 4-5°C climate change scenario, which may arise as a result of collective climate action failure.

The group has further increased resources dedicated to the mitigation of climate impact within our sustainability, sourcing, and finance teams.

Further information on the group's risk assessment and risk management measures in relation to climate change is disclosed on pages 71-87 of Diageo plc's 2023 Annual Report, and on page 51 of Diageo plc's interim results for the six months ended 31 December 2023.

Over time the group will continue to refine and update its CCRA to reflect real time developments resulting from climate change.

Diageo Overseas Holdings Limited
Registered number: 03341331
Year ended 30 June 2023

STRATEGIC REPORT (continued)

Business review (continued)

Statement on Section 172 of the Companies Act 2006

Section 172 of the Companies Act 2006 requires the directors to promote the success of the company for the benefit of the members as a whole, having regard to the interests of stakeholders in their decision-making. In making decisions, the directors consider what is most likely to promote the success of the company for its shareholders in the long term, as well as the interests of the group's stakeholders. The directors understand the importance of taking into account the views of stakeholders and the impact of the company's activities on local communities, the environment, including climate change, and the group's reputation.

The company is a member of the group of companies whose ultimate holding company is Diageo plc ("Diageo"). In accordance with the requirements of UK company law, Diageo plc has included in its Annual Report and Accounts on page 9 a statement as to how the directors of Diageo plc have had regard to the matters set out in Section 172 of the Companies Act 2006.

In order to ensure consistency in how the group operates with regard to its wider stakeholders, the group has adopted an internal Code of Business Conduct alongside a comprehensive framework of global policies and standards that are designed to ensure, amongst other things, that all companies throughout the group, including the company, have regard to its wider stakeholders in a consistent manner.

The company has therefore had regard to the matters set out in Section 172 of the Companies Act 2006 in a manner that is consistent with the approach adopted by Diageo plc, while at the same time ensuring the directors of the company are fulfilling their duties.

Diageo Overseas Holdings Limited
Registered number: 03341331
Year ended 30 June 2023

STRATEGIC REPORT (continued)


Business review (continued)

Main activities of the Board

The principal activities of the Board during the year include:

- Approval of financial statements for the year ended 30 June 2022; and
- Approval of a change in the company's functional and reporting currency from sterling to US dollar subject to final approval of the board of directors of Diageo plc with effect from 1 July 2023.

On behalf of the Board



.....
J M C Edmunds
Director

16 Great Marlborough Street
London
United Kingdom
W1F 7HS

1 March 2024

Diageo Overseas Holdings Limited
Registered number: 03341331
Year ended 30 June 2023

DIRECTORS' REPORT

The directors are pleased to submit their annual report, together with the audited financial statements for the year ended 30 June 2023.

Going concern

The company's business activities, together with the factors likely to affect its future development and position, are set out in the business review section of the strategic report. The company is expected to continue to remain in positive net asset position for the foreseeable future. The company participates in the group's centralised treasury arrangements and the parent and fellow group undertakings are expected to provide financial support for the foreseeable future. The company is not reliant on external third party financing. The only liabilities at the balance sheet date are in respect of balances due to fellow group undertakings. The directors have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of the company to continue as a going concern. On the basis of their assessment, the company's directors have a reasonable expectation that the company will be able to continue in operational existence for a period of at least 12 months from the date the financial statements are approved and signed, as a fellow group undertaking has agreed its policy to provide financial support for a period of at least 12 months from the date the financial statements are approved and signed. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

In arriving at this conclusion, the directors have also considered the potential impact that the principal risks outlined on the Directors' report may have on the company and believe that any impact would be minimal.

Financial

The result for the year ended 30 June 2023 is shown on page 15.

The loss for the year transferred to reserves was £18,209,000 (2022 - profit of £48,333,000).

No dividend was paid during the year (2022 - £nil) and there is no dividend proposed to be distributed to the shareholders in regards to the financial year (2022 - £nil).

Directors

The directors of the company who were in office during the year and up to the date of signing the financial statements were:

J M C Edmunds
Cs Hajos (resigned 26 September 2022)
K E Major
I Thrustle

Directors' remuneration

None of the directors received any remuneration during the year in respect of their services as directors of the company (2022 - £nil). The directors were paid by fellow group undertakings, and no cost was recharged to the company.

Directors' indemnity

The Articles of Association permits qualifying third-party indemnities for the directors as defined by Section 234 of the Companies Act 2006. No such indemnity was in force during the last financial year, nor is any currently in force.

Diageo Overseas Holdings Limited
Registered number: 03341331
Year ended 30 June 2023

DIRECTORS' REPORT (continued)

Post balance sheet events

Starting 1 July 2023, the ultimate parent of the company, Diageo plc has changed its functional currency from sterling to US dollar which is applied prospectively. Diageo plc has also decided to change its presentation currency to US dollar with effect from 1 July 2023, applied retrospectively.

The company is a holding entity of the Diageo group carrying out activities as an extension of the direct parent. In line with reporting requirements the company followed its direct parent and changed functional currency from sterling to US dollar starting 1 July 2023 which is applied prospectively. The company also decided to change its presentation currency to US dollar with effect from 1 July 2023, applied retrospectively.

As a result of the functional and presentational currency change of the company from 1 July 2023, to manage the changed foreign currency exposures of the company, the sterling denominated intercompany loans of the entity have been converted from sterling to US dollar on transition date with no material fair value impact and no cash settlement. The amounts of the intercompany loans denominated in sterling were £639,168,000, which have been converted to \$805,352,000.

On 29 February 2024, Diageo Atlantic B.V. paid an interim dividend in the amount of £63,144,000 (\$80,000,000) to the company.

Internal control and risk management over financial reporting

The company operates under the financial reporting processes and controls of the group. Diageo plc's internal control and risk management systems including its financial reporting process of Diageo plc, which include those of the company, are discussed in the group's Annual Report 2023 on page 115 at www.diageo.com, which does not form part of this report.

Independent Auditors

Pursuant to Section 487 of the Companies Act 2006, the independent auditors, PricewaterhouseCoopers LLP, have been reappointed and will continue in office as independent auditors of the company.

Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditors are unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Diageo Overseas Holdings Limited

Registered number: 03341331

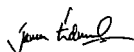
Year ended 30 June 2023

DIRECTORS' REPORT (continued)

Business relationship statement

The business of the company is that of an intermediate holding company and as such it has a more limited number of third-party business relationships than other companies within the group. However, in order to ensure consistency in how the group operates, the company has adopted an internal Code of Business Conduct alongside a comprehensive framework of global policies and standards that are designed to ensure, amongst other things, that all companies throughout the group, including the company, have regard to its wider stakeholders, including those in a business relationship with the company, in a consistent manner. Decisions taken by directors are informed by the interests of its wider stakeholders, including those in a business relationship with the company, as guided by, amongst other things, the Code of Business Conduct and framework of policies and standards.

On behalf of the Board



.....
J M C Edmunds
Director

16 Great Marlborough Street
London
United Kingdom
W1F 7HS

1 March 2024

Diageo Overseas Holdings Limited
Registered number: 03341331
Year ended 30 June 2023

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law).

Under company law, directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

Directors' confirmations

In the case of each director in office at the date the Directors' report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DIAGEO OVERSEAS HOLDINGS LIMITED

Report on the audit of the financial statements

Opinion

In our opinion, Diageo Overseas Holdings Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2023 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and financial statements (the "Annual Report"), which comprise: the Balance sheet as at 30 June 2023; the Statement of comprehensive income and the Statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 30 June 2023 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to, but were not limited to, Companies Act 2006, UK tax legislation and the United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework" and applicable law), and we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to manipulate financial results, and management bias in accounting estimates and judgements. Audit procedures performed by the engagement team included:

- Discussions with the directors, management and internal legal counsel, including inquiry regarding known or suspected instances of non-compliance with laws and regulations and fraud;
- Reviewing relevant board of directors meeting minutes;
- Challenging assumptions and judgements made by management in their significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. In particular, in relation to recoverability of the company's investment in its subsidiaries and other investments, and the recoverability of the amounts owed by fellow group undertakings; and
- As in all of our audits we also addressed the risk of management override of internal controls, including testing journals, and evaluated whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or

- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Prashant Bagree

Prashant Bagree (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
4 March 2024

Diageo Overseas Holdings Limited
Registered number: 03341331
Year ended 30 June 2023

STATEMENT OF COMPREHENSIVE INCOME

	Notes	Year ended 30 June 2023 £ 000	Year ended 30 June 2022 £ 000
Operating costs	2	(2)	(3)
Income from shares in group undertakings	3	8,000	66,993
Operating profit		7,998	66,990
Finance charges	4	(32,963)	(23,033)
(Loss)/profit before taxation on ordinary activities		(24,965)	43,957
Taxation on (loss)/profit on ordinary activities	5	6,756	4,376
(Loss)/profit for the financial year and total comprehensive (expense)/income for the year		(18,209)	48,333

The accompanying notes are an integral part of these financial statements.

The company had no other comprehensive income or expense during the current and previous year.

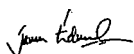
Diageo Overseas Holdings Limited
Registered number: 03341331
Year ended 30 June 2023

BALANCE SHEET

	Notes	Year ended 30 June 2023 £ 000	Year ended 30 June 2022 £ 000
Non-current assets			
Investments in subsidiaries	6	1,080,744	1,080,744
Current assets			
Trade and other receivables	7	6,756	4,376
Cash and cash equivalents		—	—
Total assets		1,087,500	1,085,120
Current liabilities			
Trade and other payables	8	(639,168)	(618,579)
Net assets		448,332	466,541
Equity			
Called up share capital	10	208,571	208,571
Share premium		1,342,354	1,342,354
Accumulated losses		(1,102,593)	(1,084,384)
Total equity		448,332	466,541

The accounting policies and other notes on pages 18 to 30 form part of the financial statements.

These financial statements on pages 15 to 30 were approved by the Board on 1 March 2024 and were signed on its behalf by:



.....
J M C Edmunds
Director

Diageo Overseas Holdings Limited
Registered number: 03341331
Year ended 30 June 2023

STATEMENT OF CHANGES IN EQUITY
ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY

	Called up share capital £ 000	Share premium £ 000	Accumulated losses £ 000	Total £ 000
Balance at 30 June 2021	208,571	1,342,354	(1,132,717)	418,208
Profit for the financial year and total comprehensive income	—	—	48,333	48,333
Balance at 30 June 2022	208,571	1,342,354	(1,084,384)	466,541
Loss for the financial year and total comprehensive expense	—	—	(18,209)	(18,209)
Balance at 30 June 2023	208,571	1,342,354	(1,102,593)	448,332

The accompanying notes are an integral part of these financial statements.

Diageo Overseas Holdings Limited
Registered number: 03341331
Year ended 30 June 2023

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

Basis of preparation

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

These financial statements are prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101).

In preparing these financial statements, the company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the UK (IFRS), but makes amendments where necessary in order to comply with Companies Act 2006 and sets out below where the FRS 101 disclosure exemptions have been taken.

These financial statements are prepared on a going concern basis under the historical cost convention, except that certain financial instruments are measured at their fair value.

The company is a wholly owned subsidiary of Diageo plc and is included in the consolidated financial statements of Diageo plc which are publicly available.

The preparation of financial statements in conformity with FRS 101 requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates.

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- The following paragraphs of IAS 1, 'Presentation of financial statements':
 - 10(d) (statement of cash flows);
 - 16 (statement of compliance with all IFRS);
 - 79(a)(iv) (comparative information requirements);
 - 111 (cash flow statement information);
 - 134-136 (capital management disclosures)
- IAS 7, 'Statement of cash flows'
- The following paragraphs of IAS 8, 'Accounting policies, changes in accounting estimates and errors':
 - 30 (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective);
 - 31 (disclosures relating to the new IFRS).

Diageo Overseas Holdings Limited
Registered number: 03341331
Year ended 30 June 2023

NOTES TO THE FINANCIAL STATEMENTS (continued)

1. ACCOUNTING POLICIES (continued)

Basis of preparation (continued)

- The following paragraphs of IAS 24 'Related party disclosures':
 - 17 (key management compensation);
 - 18A (key management services provided by a separate management entity).
- The requirements of IFRS 7 Financial Instruments: Disclosures, provided that equivalent disclosures are included in the consolidated financial statements of the group in which the entity is consolidated.
- Paragraphs 130(f)(ii), 130(f)(iii), 134(d) to 134(f) and 135(c) to 135(e) of IAS 36, 'Impairment of assets' (disclosures when the recoverable amount is fair value less costs of disposal, assumptions involved in estimating recoverable amounts of cash-generating units containing goodwill or intangible assets with indefinite useful lives, and management's approach to determining these amounts).

The company has taken advantage of the exemption by virtue of section 400 under Companies Act 2006, from the requirement to prepare consolidated financial statements, as it and its subsidiaries are included in the consolidated financial statements of its ultimate parent, Diageo plc.

These financial statements are separate financial statements.

New accounting standards and interpretations

The following amendments to the accounting standards, issued by the IASB and endorsed by the UK and EU, have been adopted by the group and therefore by the company from 1 July 2022 with no impact on the company's results, financial position or disclosures:

- Amendments to IFRS 3 Updating a Reference to the Conceptual Framework;
- Amendments to IAS 16 Property, Plant and equipment: Proceeds before Intended Use;
- Amendments to IAS 37 Onerous Contracts – Cost of Fulfilling a Contract;
- Amendments to Annual Improvements 2018-2020 – IFRS 9 – Fees in the '10 per cent' Test, IFRS 16 – Lease incentive, IAS 41 – Taxation in Fair Value Measurements;
- Amendments to IAS 12 International Tax Reform – Pillar Two Model Rules.

The following standard and amendments issued by the IASB have been endorsed by the UK and the EU and have not been adopted by the company:

- IFRS 17 – Insurance contracts (effective from the year ending 30 June 2024) is ultimately intended to replace IFRS 4;
- Amendments to IAS 12 – Income taxes (effective from the year ending 30 June 2024).

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

Diageo Overseas Holdings Limited
Registered number: 03341331
Year ended 30 June 2023

NOTES TO THE FINANCIAL STATEMENTS (continued)

1. ACCOUNTING POLICIES (continued)

Going concern

The directors have received assurances of continued financial support from a fellow group undertaking, in the form of a letter of support for a similar period of at least 12 months from the date of these financial statements being signed. The directors are comfortable that the fellow group undertaking is in a good financial position to support the company.

On the basis of their assessment of the company's financial position and resources, the directors believe that the company is well placed to manage its business risks. Therefore, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future.

Functional and presentational currency

These financial statements are presented in sterling (£), which is the company's functional currency.

All financial information presented in sterling (£) has been rounded to the nearest thousand unless otherwise stated.

Finance charges

Finance charges are recognised in the statement of comprehensive income in the year in which they are incurred.

Foreign currencies

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into sterling (£) at the financial year end exchange rates and these foreign exchange differences are recognised in the statement of comprehensive income.

Investments in subsidiaries

Investments in subsidiaries are stated at historical cost less impairment provisions for any permanent decrease in value. The carrying amounts of the company's investments are reviewed at each reporting date to determine whether there is an indication of impairment. If such an indication exists, then the asset's recoverable amount is estimated. Losses are recognised in the statement of comprehensive income to reflect an impairment against the carrying value. Where an event results in the asset's recoverable amount being higher than the previously impaired carrying value, the original impairment may be reversed through the statement of comprehensive income in subsequent periods.

Diageo Overseas Holdings Limited
Registered number: 03341331
Year ended 30 June 2023

NOTES TO THE FINANCIAL STATEMENTS (continued)

1. ACCOUNTING POLICIES (continued)

Financial assets and liabilities

Financial assets and liabilities are initially recorded at fair value including, where permitted by IFRS 9, any directly attributable transaction costs. For those financial assets that are not subsequently held at fair value, the company assesses whether there is evidence of impairment at each balance sheet date. The company classifies its financial assets and liabilities into the following categories: financial assets and liabilities at amortised cost, financial assets and liabilities at fair value through profit and loss and financial assets at fair value through other comprehensive income. Where financial assets or liabilities are eligible to be carried at either amortised cost or fair value, the company does not apply the fair value option.

Trade and other receivables Amounts owed by other group companies are initially measured at fair value and are subsequently reported at amortised cost. Non-interest-bearing trade receivables are stated at their nominal value as they are due on demand. Allowances for expected credit losses are made based on the risk of non-payment taking into account ageing, previous experience, economic conditions and forward-looking data. Such allowances are measured as either 12-months expected credit losses or lifetime expected credit losses depending on changes in the credit quality of the counterparty.

Trade and other payables Trade payables are non-interest bearing and are stated at their nominal value as they are due on demand. Amounts owed to other group companies are initially measured at fair value and are subsequently reported at amortised cost.

Cash and cash equivalents Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. In the balance sheet, bank overdrafts are shown within borrowings in current liabilities.

Other investments Other investments represent equity instruments, which are non-derivative financial assets that are either designated as such upon initial recognition or not classified in any of the other financial asset categories. They are included in non-current assets as they are not held for trading. Subsequent to initial measurement, equity instruments are stated at fair value. Under IFRS 9, gains and losses arising from the changes in fair value of other investments are recognised in other comprehensive income, accumulated gains and losses included in other comprehensive income are not recycled to the income statement at the time of disposal, nor are there any impairment requirements. Dividends from other investments are recognised in the income statement when they are receivable.

Diageo Overseas Holdings Limited
Registered number: 03341331
Year ended 30 June 2023

NOTES TO THE FINANCIAL STATEMENTS (continued)

1. ACCOUNTING POLICIES (continued)

Taxation

Current tax is based on taxable profit for the year. Taxable profit is different from accounting profit due to temporary differences between accounting and tax treatments, and due to items that are never taxable or tax deductible. Tax benefits are not recognised unless it is probable that the tax positions are sustainable. Once considered to be probable, tax benefits are reviewed each year to assess whether a provision should be taken against full recognition of the benefit on the basis of potential settlement through negotiation and/or litigation. Tax provisions are included in current liabilities. Penalties and interest on tax liabilities are included in profit before taxation. In prior years penalties and interest on tax liabilities were provided for in the tax charge.

Full provision for deferred tax is made for temporary differences between the carrying value of assets and liabilities for financial reporting purposes and their value for tax purposes. The amount of deferred tax reflects the expected recoverable amount and is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using the basis of taxation enacted or substantively enacted by the balance sheet date. Deferred tax assets are not recognised where it is more likely than not that the asset will not be realised in the future.

Dividends

Dividends received are included in the financial statements in the year in which they are receivable.

Judgements in applying accounting policies and key sources of estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The critical accounting policy, which the directors consider is of greater complexity and particularly subject to the exercise of judgements and estimates, is set out in detail in the accounting policy for investments in subsidiaries. A critical accounting judgement, specific to the company, is the assessment that recoverable amount of the company's investment in subsidiaries is greater than the carrying amount. Impairment reviews are carried out to ensure that the value of the investments in subsidiaries are not carried at above their recoverable amounts. The tests are dependent on management's estimates in respect of the forecasting of future cash flows, the discount rates applicable to the future cash flows and expected growth rates. Such estimates and judgements are subject to change as a result of changing economic conditions and actual cash flows may differ from forecasts.

Diageo Overseas Holdings Limited
Registered number: 03341331
Year ended 30 June 2023

NOTES TO THE FINANCIAL STATEMENTS (continued)

2. OPERATING COSTS

		Year ended 30 June 2023 £ 000	Year ended 30 June 2022 £ 000
	Notes		
Other operating income		—	1
Fair value loss on other investment	6	(2)	(4)
		<u>(2)</u>	<u>(3)</u>

The auditors' remuneration of £5,167 (2022 - £4,500) was paid on behalf of the company by a fellow group undertaking. There were no fees payable to the independent auditors in respect of non-audit services (2022 - £nil).

The company did not employ any staff during either the current or prior year.

None of the directors received any remuneration during the financial year in respect of their services as directors of the company (2022 - £nil). The directors were paid by fellow group undertakings, and no cost was recharged to the company.

3. INCOME FROM SHARES IN GROUP UNDERTAKINGS

	Year ended 30 June 2023 £ 000	Year ended 30 June 2022 £ 000
Dividend income from shares in group undertakings		
Diageo Atlantic B.V.	8,000	17,981
Diageo Australia Limited	—	49,012
	<u>8,000</u>	<u>66,993</u>

4. FINANCE CHARGES

	Year ended 30 June 2023 £ 000	Year ended 30 June 2022 £ 000
Interest charge by fellow group undertakings		
Diageo Finance plc	(32,963)	(23,033)
Finance charges	<u>(32,963)</u>	<u>(23,033)</u>

Diageo Overseas Holdings Limited
Registered number: 03341331
Year ended 30 June 2023

NOTES TO THE FINANCIAL STATEMENTS (continued)

5. TAXATION ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES

	Year ended 30 June 2023 £ 000	Year ended 30 June 2022 £ 000
(a) Analysis of taxation credit for the year		
Current tax		
UK corporation tax	6,756	4,376
Total current tax	6,756	4,376
Deferred tax	—	—
Taxation on (loss)/profit on ordinary activities	6,756	4,376
	Year ended 30 June 2023 £ 000	Year ended 30 June 2022 £ 000
(b) Factors affecting total tax credit for the year		
(Loss)/profit before taxation on ordinary activities	(24,965)	43,957
Taxation on (loss)/profit on ordinary activities at UK corporation tax rate of 20.5% (2022 - 19%)	5,116	(8,352)
Expenses not deductible for tax purposes	—	(1)
Items not chargeable for tax purposes	1,640	12,729
Total tax credit for the year	6,756	4,376

The UK corporation tax rate increased from 19% to 25% on 1 April 2023 and so an average tax rate of 20.50% is applied for the year ended 30 June 2023. Deferred taxes at 30 June 2023 have been measured using this increased tax rate and reflected in these financial statements.

Diageo Overseas Holdings Limited
Registered number: 03341331
Year ended 30 June 2023

NOTES TO THE FINANCIAL STATEMENTS (continued)

6. INVESTMENTS IN SUBSIDIARIES AND OTHER INVESTMENTS

Shares in group undertakings and other investments

	Subsidiaries	Other	Total
	£ 000	investments	£ 000
		£ 000	£ 000
Cost			
At 30 June 2022	2,367,286	448	2,367,734
Additions	—	2	2
At 30 June 2023	2,367,286	450	2,367,736
Provided			
At 30 June 2022	(1,286,542)	(448)	(1,286,990)
Decrease in fair value	—	(2)	(2)
At 30 June 2023	(1,286,542)	(450)	(1,286,992)
Carrying amount			
At 30 June 2023	1,080,744	—	1,080,744
At 30 June 2022	1,080,744	—	1,080,744

Other investments

The investments represent equity instruments, which are non-derivative financial assets that are either designated as such upon initial recognition or not classified in any of the other financial asset categories. They are included in non-current assets. Subsequent to initial measurement, the investments are stated at fair value. The company values its investments using unobservable inputs for the asset (Level 3). Gains and losses arising from the changes in fair value of the investments are recognised in the statement of comprehensive income.

Other investments balance of £nil at 30 June 2023 (2022 - £nil) represents the company's shareholding in Diageo Supply Marracuene Lda. ("DSMA") at cost of £450,000 with a corresponding fair value loss of £450,000. During the year ended 30 June 2023 the company provided a capital contribution to DSMA in the amount of £1,500. Subsequently, a fair value loss was recognised for the same amount, as there continues to be no business operations in DSMA.

Diageo Overseas Holdings Limited**Registered number: 03341331****Year ended 30 June 2023****NOTES TO THE FINANCIAL STATEMENTS (continued)****6 INVESTMENTS IN SUBSIDIARIES AND OTHER INVESTMENTS (continued)**

Details of the investments in which the company holds 20% or more of the nominal value of any class of share capital are as follows. Unless otherwise stated the percentage of shares held are in respect of ordinary share capital.

Name of investment	Notes	Registered office address	Proportion of ownership interest %*	Proportion of effective interest %**
Direct holdings				
<i>Subsidiary undertakings</i>				
Diageo Atlantic B.V.		Molenwerf 12, 1014 BG Amsterdam, The Netherlands	100%	100%
Diageo Australia Limited	(i)	Level 1, 162 Blues Point Road, McMahon's Point, NSW 2060, Australia	100%	100%
Guinness Overseas Limited		16 Great Marlborough St, London, W1F 7HS	100%	100%
<i>Other investment undertakings</i>				
Diageo Supply Marracuene Lda.	(iv, v)	Estrada Nacional numero 1, Micanhine, Marracuene, Mozambique	100%	100%

* The percentage of shares held by the immediate shareholder(s) of the subsidiary.

** Effective percentage of shares held by the company directly and indirectly.

Diageo Overseas Holdings Limited**Registered number: 03341331****Year ended 30 June 2023****NOTES TO THE FINANCIAL STATEMENTS (continued)****6. INVESTMENTS IN SUBSIDIARIES AND OTHER INVESTMENTS (continued)**

Name of investment	Notes	Registered office address	Proportion of ownership interest %*	Proportion of effective interest %**
Indirect holdings				
<i>Subsidiary undertakings</i>				
Atalantaf Limited		Victoria Place, 5th floor 31 Victoria Street, Hamilton HM10, Bermuda	100%	100%
Bundaberg Distilling Company Pty. Limited	(ii)	Whitted Street, Bundaberg, QLD 4670, Australia	100%	100%
Bundaberg Distilling Investments Pty Ltd	(i)	Level 1, 162 Blues Point Road, McMahons Point, NSW 2060, Australia	100%	100%
Diageo Angola Limitada	(vii)	Rua Fernao de Sousa, Condominio Bengo, Letter A, 11.s floor, Fraction A37, neighbourhood Vila Alice, Municipality of Luanda, Province of Luanda, Angola	50%	50%
Diageo Brands Nigeria Ltd	(iii)	24 Oba Akran Avenue, PMB 21071, Ikeja, Lagos, Nigeria	100%	100%
Windsor Global Co., Ltd.		932-94, Daewol-ro, Daewol-myun, Icheon-shi Gyeonggi-do, 17342, Icheon, South Korea	100%	100%
DIREF Industria de Bebidas, Lda-Angola JV		Rua Dom Eduardo André Muaca, S/No, Lote C4, Angola	50.1%	50.1%
Guinness Canada Limited		Labatt House, Suite 299, 207 Queen's Quay West, Toronto ON, M5J 1A7, Canada	51%	51%
Guinness Nigeria plc		The Ikeja Brewery, Oba Akran Avenue, Private Mail Bag 21071, Ikeja, Lagos.	58.02%	58.02%
Diageo Korea Co., Ltd.		932-94, Daewol-ro, Daewol-myun, Icheon-shi Gyeonggi-do, 17342, Icheon, South Korea	100%	100%
<i>Associate undertakings</i>				
Seychelles Breweries Limited	(vi)	O'Brien House, PO Box 273, Le Roucher, Mahe, Seychelles	30%	30%

(i) Ownership held in class of A shares.

(ii) Ownership held in class of A shares and B shares.

(iii) In liquidation.

(iv) Subsidiary at group level but an other investment based on the effective percentage of shares held by the company.

(v) 2.5% held directly, 97.5% held indirectly through one of the company's fully owned subsidiaries, Guinness Overseas Limited.

(vi) Subsidiary at group level but an associate based on the effective percentage of shares held by the company.

(vii) Subsidiary at group level but joint venture based on the effective percentage of shares held by the company.

* The percentage of shares held by the immediate shareholder(s) of the subsidiary.

** Effective percentage of shares held by the company directly and indirectly.

Diageo Overseas Holdings Limited**Registered number: 03341331****Year ended 30 June 2023****NOTES TO THE FINANCIAL STATEMENTS (continued)****6. INVESTMENTS IN SUBSIDIARIES AND OTHER INVESTMENTS (continued)**

The investments in subsidiaries are held at cost less, where appropriate, provision for impairment in value.

In the opinion of the directors, the investment in (and amounts due from) the company's subsidiary undertakings are worth at least the amount at which they are stated in the financial statements.

7. TRADE AND OTHER RECEIVABLES

	30 June 2023	30 June 2022
	£ 000	£ 000
Amounts owed by fellow group undertakings		
Diageo Scotland Limited	6,756	4,376
	<u>6,756</u>	<u>4,376</u>

Amounts owed by fellow group undertakings are unsecured, interest free and repayable on demand.

Amount owed by Diageo Scotland Limited is in respect of corporate tax receivable on behalf of the company during the year, and is expected to be settled in the following financial year. The receivable from Diageo Scotland Limited in the amount of £4,376,000 was paid during the year.

8. TRADE AND OTHER PAYABLES

	30 June 2023	30 June 2022
	£ 000	£ 000
Amounts owed to fellow group undertakings		
Diageo Finance plc	639,168	618,579
	<u>639,168</u>	<u>618,579</u>

Amounts owed to fellow group undertakings are unsecured, interest bearing, and repayable on demand.

Diageo Overseas Holdings Limited
Registered number: 03341331
Year ended 30 June 2023

NOTES TO THE FINANCIAL STATEMENTS (continued)

9. DEFERRED TAX ASSETS

Unrecognised deferred tax assets

Deferred tax assets have been recognised to the extent that it is considered more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted. Where this is not the case, deferred tax assets have not been recognised, as set out below:

	30 June 2023		30 June 2022	
	Gross amount	Tax effected	Gross amount	Tax effected
	£ 000	£ 000	£ 000	£ 000
Capital losses - available indefinitely	<u>41,954</u>	<u>10,488</u>	<u>41,954</u>	<u>10,488</u>

10. CALLED UP SHARE CAPITAL

Allotted, called up and fully paid:

	30 June 2023
	£ 000
22,576,293 (2022 - 22,576,293) ordinary shares of £ 1 each	22,576
20,000,000 (2022 - 20,000,000) Preference shares of \$15 each at 0.62/\$	185,995
	<u>208,571</u>

The preference shares have full voting rights and are non-redeemable. The holder of the preference share, Diageo Investment Holdings Limited is entitled to a fixed cumulative preferential dividend on the nominal value of each preference share at a rate of 8.408% per annum, which is payable at the discretion of the directors. The amount of cumulative preference share dividends at 30 June 2023 is £120,114,286 (2022 – £104,231,405), which have not been accrued.

Diageo Overseas Holdings Limited
Registered number: 03341331
Year ended 30 June 2023

NOTES TO THE FINANCIAL STATEMENTS (continued)

11. COMMITMENTS

Capital commitments

On 1 December 2020 the Board approved a capital contribution to Diageo Supply Marracuene Lda. up to £1,200,000 to be paid in proportion to the existing shareholding between the company and Guinness Overseas Limited.

The capital contribution was partially completed to the amount of £1,500 by the company and £58,500 by Guinness Overseas Limited on 19 October 2021. On 16 June 2022 a further capital contribution was provided in the amount of £2,000 by the company and £78,000 by Guinness Overseas Limited.

On 16 December 2022 the two shareholders provided a further capital contribution of £60,000 in the proportion of their shareholdings: the company provided £1,500 while Guinness Overseas Limited provided £58,500.

Additional approved capital contributions to Diageo Supply Marracuene Lda., not provided for in these financial statements, are £25,000.

12. POST BALANCE SHEET EVENTS

Starting 1 July 2023, the ultimate parent of the company, Diageo plc has changed its functional currency from sterling to US dollar which is applied prospectively. Diageo plc has also decided to change its presentation currency to US dollar with effect from 1 July 2023, applied retrospectively.

The company is a holding entity of the Diageo group carrying out activities as an extension of the direct parent. In line with reporting requirements the company followed its direct parent and changed functional currency from sterling to US dollar starting 1 July 2023 which is applied prospectively. The company also decided to change its presentation currency to US dollar with effect from 1 July 2023, applied retrospectively.

As a result of the functional and presentational currency change of the company from 1st July 2023, the Group Treasury and management has taken the following action to manage the changed foreign currency exposures of the company. Sterling denominated intercompany loans of the entity have been converted from sterling to US dollar on transition date with no material fair value impact and no cash settlement. The amount of denominated intercompany loans are £639,168,000, which have been converted to \$805,352,000.

On 29 February 2024, Diageo Atlantic B.V. paid an interim dividend in the amount of £63,144,000 (\$80,000,000) to the company.

13. IMMEDIATE AND ULTIMATE PARENT UNDERTAKING

The immediate parent undertaking of the company is Diageo Investment Holdings Limited, a company incorporated and registered in England, United Kingdom.

The ultimate parent undertaking of the company is Diageo plc which is the ultimate controlling party of the group. The ultimate parent undertaking and the smallest and largest group to consolidate these financial statements is Diageo plc. Diageo plc is incorporated and registered in England, United Kingdom. The consolidated financial statements of Diageo plc can be obtained from the registered office at Diageo, 16 Great Marlborough Street, London, W1F 7HS, United Kingdom.