



Chairman's Statement

Dear Shareholder

Welcome to our Annual Report for 2021.

While the heritage and history of Edrington extends back across two centuries, the company celebrated its 60th anniversary on 25 April 2021. That was a moment to reflect on what had been built over the last six decades, but also on the unprecedented challenges of the past year and the way in which everyone across the Edrington world has helped navigate our way through the most testing 12 months in our history.

2020/21

At the time I wrote my introduction to last year's Annual Report we had just finished our best year ever in 2019/20. The pandemic had started but we did not know the depth of the COVID-19 economic downturn, or its length. During the early days of the pandemic the outlook looked bleak for businesses around the world. Edrington was not immune to the seismic challenges with our on-trade and travel retail channels closed for much of the year in most markets around the world.

The business's response to these unprecedented challenges has been outstanding. In just his second year as Chief Executive Officer, Scott McCroskie and his Executive Team had to make some of the hardest decisions that I suspect Edrington leaders have ever had to make. Prudent and tough decisions on cost and cash controls meant sacrifices by many within the business, our shareholders, and other stakeholders.

Colleagues around the globe demonstrated remarkable resilience and resourcefulness as they embraced new ways of working, many working from home for over a year. Our supply chain teams in our distilleries, warehouses, and bottling halls implemented industry-leading safe systems of working that have kept our ultra-premium spirits flowing to our markets.

As I look at how we finished financial year 2020/21, inevitably, our results have been significantly impacted by the pandemic. While no chairman is happy to see results drop, in the situation we found ourselves, I believe our performance is very creditable.

I would like to express my deep thanks to Scott, his leadership team and Edrington people worldwide for their hard work and the sacrifices they have made to finish the year as positively and strongly as could have been imagined in those early months.

Looking to the year ahead

There is no doubt that Edrington like every other international business still faces significant challenges. While I am confident that our financial results will return soon to their pre-pandemic levels, the economic and geopolitical environment will remain volatile, and the precise timing of the rebound is uncertain.

We are likely to face significant headwinds for some time. Higher taxation will come at some point as governments look to repay debt and accelerate the build back process. Consumer spending may be impacted by a lack of consumer confidence, and ongoing hospitality sector restrictions. Continuing reductions in international air travel means travel retail sales may remain depressed. That said, consumer appetite for our exceptional brands stands us in good stead.

Organisationally, Edrington has displayed impressive agility and a remarkable ability to adapt and change during the past 12 months. Our teams have moved quickly to focus on areas of the business that will help us to return to growth as we emerge from the pandemic. From an increased and improved approach to e-commerce, a renewed focus on growth markets like China, and ongoing new product development, Edrington people continue to innovate.

The combination of our strong brands, record brand investment, our capabilities and culture, and our refined strategy which Scott describes later, allow us to look to the future with confidence.

Our vision

I have written in previous annual reports about Edrington's very special *Giving More* ethos, instilled in the company thanks to the vision of the Robertson sisters back in 1961, when they set up both the company and our principal shareholder, The Robertson Trust. *Giving* is one of the company's four core values, along with *Respect*, *Integrity* and *Excellence*.

I am pleased to report that *Giving More* is alive and well in Edrington, with our people and teams across the world continuing to support the communities that they live and work in despite the challenges of the past year. That vision to *Give More* by crafting exceptional ultra-premium spirits can be seen in the fundraising and community activity in our Sustainability and Responsibility report.



Chairman's Statement (continued)

Dividend

Paying a healthy dividend is an important obligation of the company. We know it is important to The Robertson Trust and other shareholders. Last year as we faced the uncertainty of the pandemic, we made the difficult decision that in the interests of the long-term sustainability of the company, we would suspend these dividends. That was the right thing to do, and we thank all our shareholders and other stakeholders for their understanding.

I am pleased that the conditions are now stable enough for us to recommence the payment of dividends. Going forward we will seek to grow the dividend at a rate that reflects the sustainable underlying growth of the business.

Board changes

After 21 years with Edrington, 18 of those on our Board, Graham Hutcheon, Group Operations Director, is retiring from the business at the end of June. On behalf of everyone at Edrington I want to thank Graham for his huge contribution to Edrington and I wish him a long, happy, and well-deserved retirement.

I would like to extend a very warm welcome to Angus Cockburn, who last year joined the Edrington Board. Angus' experience as a board member, CEO, and finance director of several public companies is already proving invaluable to our company.

In Conclusion

Edrington has navigated our way well through a tumultuous year that included Brexit, US tariffs and the effects of the pandemic. We did so thanks to the dedication, capability, and resilience of our people. We now look to governments across the world to play their part in the post-Covid recovery and to create the trading conditions where companies like Edrington and industries like Scotch Whisky can grow and prosper.

With clarity, focus and confidence in the future I am confident that we will emerge from the pandemic ready to build an even stronger Edrington.

Crawford Gillies

Chairman

22 June 2021