



Directors' Report

The directors present the audited financial statements for the year ended 31 March 2022.

Results for the year

The Company's financial results, which are detailed in the income statement, cover the year to 31 March 2022.

An interim dividend of 12.0p per share was declared and paid in December 2021. (2021: 7.0p per share). The directors have agreed a final dividend of 36.0p (2021: 27.0p per share). The aggregate dividends recognised in the year amounted to £27.9m (2021: nil).

Revenue (pre-exceptional) for the year amounted to £981.0m (2021: £625.6m) resulting in a profit before tax (pre-exceptional) of £270.7m (2021: £171.3m) and overall profit for the financial year (pre-exceptional) of £172.8m (2021: £140.5m). Exceptional items totalling £3.1m (2021: £3.9m) (after taxation and minority interest), leading to a profit for the year, attributable to Edrington shareholders, of £94.9m (2021: £81.5m).

A detailed review of the Company's business strategy along with associated risks and uncertainties is included within the Strategic Report.

Future developments

This is detailed within the strategic report within the "Going Concern" section on page 13 and the "Looking Forward" section on page 8.

Directors

The directors who served during the year and to the date of this report were:

C S Gillies
S J McCroskie
P A Hyde
A G Cockburn
A M C Avis MBE
S Fitzgerald
S Hizuka

Directors' responsibilities for the financial statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the Group financial statements in accordance with United Kingdom adopted international accounting standards in conformity with the requirements of the Companies Act 2006. The financial statements also comply with International Financial Reporting Standards (IFRSs) as issued by the IASB. The directors have chosen to prepare the parent company financial statement in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable laws), including (IFRS 101 "Reduced Disclosure Framework" applicable in the UK and Republic of Ireland). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and profit or loss of the Company for that period.

In preparing the parent company financial statements, the directors are required to:

- > Select suitable accounting policies and then apply them consistently;
- > Make judgements and accounting estimates that are reasonable and prudent;
- > State where applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- > Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

In preparing the group financial statements, International Accounting Standard 1 requires that directors:

- > Properly select and apply accounting policies;
- > Present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- > Provide additional disclosures when compliance with the specific requirements of the financial reporting framework are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- > Make an assessment of the company's ability to continue as a going concern.



Directors' Report (continued)

Directors' responsibilities for the financial statements (continued)

The directors are 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 to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also 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 responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Each of the persons who is a director at the date of approval of this report confirms that:

- > so far as they are aware, there is no relevant audit information of which the Company's auditor is unaware; and
- > the director has 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 auditor is aware of that information.

This information is given and should be interpreted in accordance with the provision of S418 of the Companies Act 2006. The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Employee share schemes

The Company operates two share schemes for eligible employees.

The ShareSave Scheme is an annual scheme enabling eligible employees to save for a three-year period to buy Edrington 'B' Ordinary Shares at 80% of the market price. The scheme has been approved by HM Revenue and Customs. The Company charges the fair value of the option at the date of grant to the income statement over the vesting period of the scheme.

The ShareReward Scheme allows Edrington 'B' Ordinary Shares to be awarded annually to eligible employees of the Company. The employee's entitlement to receive shares is

dependent on the growth in the Company's core contribution in the year, exceeding a pre-determined growth rate. The scheme has been approved by HM Revenue and Customs. The Company charges the annual fair value of this scheme to the income statement if the performance criteria have been met.

The ShareReward Scheme was withdrawn for the performance year ended 31 March 2021 however was active in the year to 31 March 2022.

Executive incentive plans

An Annual Incentive Plan rewards executive directors and senior executives based on the Company's financial results and the executives' individual performance against business objectives.

The Annual Incentive Plan was withdrawn for the performance year ended 31 March 2021 and therefore no associated costs were included within the income statement. In the year ended 31 March 2022 the scheme has been reinstated with further details within Note 6 of the financial statements.

The Long-Term Incentive Plan rewards senior executives based on the Company's performance over a three-year period, by awarding a cash incentive. The Company charges any associated costs to the income statement over the period of the plan. The financial performance conditions, which represents 75% of the award, partially meet threshold performance in respect of the three-year period ended 31 March 2022.

Energy and Carbon Reporting

Reporting of the Group's energy consumption is detailed within the Corporate Sustainability and Responsibilities report on pages 30-33.

Disabled employees

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Company continues and that appropriate training is arranged. It is the policy of the group that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.



Directors' Report (continued)

Employee Engagement

A summary of how the Company engages with its employees is detailed within the "Stakeholder Engagement" section within the Corporate Governance report.

Business Relationships

Fostering business relationships with our suppliers, customers and lenders is key to the success of the business. Further details of our engagement with our business partners is detailed within the "Stakeholder Engagement" section within the Corporate Governance report.

Corporate Governance

The group has voluntarily adopted and is complying with the Wates Corporate Governance principles for Large Private Companies. Further detail on the compliance with each of the principles is detailed within the Corporate Governance report on pages 18-21.

Going Concern

The Company has carried out assessments of the future trading performance and cash flows with sensitivities completed to reflect the current uncertain environment and is discussed on page 13 of the Strategic Report. The results of these assessments were reviewed considering the financial position of the Group at 31 March 2022, the cost and cash mitigation measures available to it, and the access to ongoing funding facilities. Based on these assessments the Board and directors have a reasonable expectation that the Group will be able to meet its financial obligations for the foreseeable future and have adequate resources to continue to operate for at least 12 months from the date of this annual report. The directors therefore consider it appropriate to adopt the going concern basis in preparing these financial statements.

Auditors

As auditors are now deemed, under section 487(2) of the Companies Act 2006, to be reappointed automatically, Deloitte LLP, having expressed their willingness, will continue as statutory auditors.

Approved and signed on behalf of the Board

Gavin Murray
Group Company Secretary

28 June 2022