

# Financial Review

## Statutory Key Performance Indicators

	2025	2024	vs. 2024
Revenue*	<b>£1,068.7m</b>	£1,219.4m	-12%
Earnings before interest and tax*	<b>£299.1m</b>	£402.6m	-26%
Profit before taxation*	<b>£257.7m</b>	£368.4m	-30%
Profit for the financial year attributable to owner	<b>£113.9m</b>	£164.0m	-31%
Total equity	<b>£1,357.3m</b>	£1,234.6m	+10%

## Management Key Performance Indicators

	2025	2024	vs. 2024
Core revenue**	<b>£912.0m</b>	£1,011.0m	-10%
Brand investment**	<b>£216.8m</b>	£237.6m	-9%
Core contribution**	<b>£291.4m</b>	£405.7m	-28%
EBITDA (pre-exceptional)**	<b>£351.9m</b>	£445.0m	-21%
Earnings per share	<b>£2.15</b>	£2.80	-23%
Free cash flow**	<b>£158.7m</b>	£111.0m	+43%
Net debt/EBITDA	<b>1.7</b>	1.5	
Dividend per share	<b>41.0p</b>	55.0p	

### CORE REVENUE

Total revenue from our sales of continuing Edrington branded products on a constant currency basis.

### BRAND INVESTMENT

Marketing expenditure on our core brands on a constant currency basis.

### CORE CONTRIBUTION

Profits from our branded sales and distribution after the deduction of overheads on a constant currency basis.

### EBITDA (PRE-EXCEPTIONAL)

Earnings before the deduction of interest, tax, depreciation, amortisation and exceptional items.

### EARNINGS PER SHARE

Profit for the financial year attributable to the owner excluding exceptionals items divided by the weighted average shares in issue during the year.

### FREE CASH FLOW

Net cash flow excluding the movements in borrowings, shares, dividend payments, expansionary capital expenditure and exceptional items.

### NET DEBT/EBITDA

The ratio of bank and private placement debt after deduction of cash balances, to reported earnings before interest, tax, depreciation and amortisation.

### DIVIDEND PER SHARE

The total dividend paid per share for the financial year.

\* Key performance indicators reported on continuing operations.

\*\* A reconciliation of constant currency measures, free cash flow and EBITDA is provided at Note 34 to the accounts.

**FINANCIAL REVIEW  
(CONTINUED)**

## Group Financial Performance Overview

After a period of industry-leading growth, during which the size of the business has grown significantly, this has been a year in which we have experienced the full year impact of reduced consumer demand.

Our core revenue declined by -10% due to a reduction in consumer confidence and a more cautious approach to spending across almost all markets where we operate. The decline in core contribution of -28% is much higher than our decline in core revenue as both the cost of producing goods and our other operating costs continued to grow during the year. Pre-exceptional profit before tax was -26% less than last year whilst retained profit for the financial year, before exceptional items, declined by -24%.

During the year we announced the agreement to sell The Famous Grouse and Naked Malt brands to William Grant and Sons. The sale of these brands supports our strategy to focus on ultra-premium spirits. The transaction is subject to, among other things, obtaining the requisite regulatory approvals in the UK which was received on 6 March 2025. The sale is considered to be highly probable as at 31 March 2025 and it is expected to complete in the year ending 31 March 2026. Consequently, we are recording the net profit from these brands as discontinued operations in our income statement and the impacted assets were classified as held for sale on 31 March 2025.

Despite the decline in sales performance, we have delivered improved free cash flow due to a focus on reducing our stocks of finished goods and a reduction in capital investment. Our Balance Sheet will be strengthened further in the coming months as the proceeds from the sale of The Famous Grouse are used to reduce our level of debt.

## Group Financial Performance (reported on a constant currency basis)

### CORE REVENUE

Core revenue declined by -10% to £912m due to a lower volume of sales and an adverse product mix due to a greater decline in our higher priced products.

### BRAND INVESTMENT

Brand investment is an essential element in building the long-term success of Edrington, and our brand equity scores continue to grow. Our total brand investment of £217m was down -9% on the previous year as we have scaled back the absolute level of spend to reflect market conditions and the reduction in core revenue, however our reinvestment ratio of 24% remains ahead of our industry peers.

### CORE CONTRIBUTION

The core contribution margin percentage was lower than the prior year due to the adverse product mix and continued inflationary pressures in both our cost of production and our employment costs. The decline in core revenue of 10% combined with the reduced margin percentage resulted in a 28% decline in core contribution. During the year we have taken steps to align our cost base to the current size of the business including a reduction in headcount. The costs of this restructuring are included in these results, and the lower operating costs will benefit the following financial year.

The Macallan celebrated its 200th anniversary with a number of spectacular events and we saw excellent brand and commercial success for TIME:SPACE products released for this landmark occasion.

The Estate Brands business unit has been more acutely impacted by the market challenges, due to the smaller scale of these brands. We have recognised an impairment of brand values for both Wyoming Whiskey and The Glenrothes during the year. This reflects the impact of the current downturn in demand and a level of uncertainty with future performance.

The Brugal business unit has shown resilience in its core market of The Dominican Republic. The brand has built strong brand equity and benefitted from its excellent innovation pipeline with new expressions Doble and Triple Reserva.

At a regional level we experienced similar rates of decline across Americas, Asia Pacific, EMEA (Europe, Middle East, India and Africa) and Global Travel Retail. The Dominican Republic was our only region of growth reflecting the Brugal brand success in its home market.

FINANCIAL REVIEW  
(CONTINUED)**Statutory results (reported at actual currency rates)**

Statutory group revenue fell by -12% to £1,069m. The rate of decline is slightly higher than our core revenue fall of -10% due to lower revenue from 3rd party products this year.

Pre-exceptional profit before tax fell by -26% to £274m with underlying business performance being further reduced by higher interest costs.

Profits attributable to Edrington shareholders (before exceptional items) decreased by -24% to £126m. The profit for the financial year after exceptional items fell by -31% to £114m.

**EXCEPTIONAL ITEMS**

The current year exceptional items largely reflect the recognition of an impairment on two of our brands, The Glenrothes and Wyoming Whiskey. This reflects the impact of the slowing consumer demand and uncertain economic environment on the forecasts for both brands.

In March 2024 it was announced that Edrington UK would exit the distribution of third-party products in the UK market, resulting in a material reduction in the size of this business. The restructuring costs were provided for within exceptional items in the prior year. In the current year we have recognised the release of a small portion of the prior year restructuring provision.

**Statutory results table adjusted for non-recurring items**

	2025	2024	vs. 2024
<b>Profit for the financial year - pre-exceptional items</b>	<b>£126.1m</b>	£166.3m	-24%
Exceptional items	<b>(£16.7m)</b>	(£4.1m)	
Non-controlling interest and taxation on exceptional items	<b>£4.5m</b>	£1.8m	
<b>Profit for the financial year</b>	<b>£113.9m</b>	£164.0m	-31%

**INTEREST**

Net finance charges, totalling £41m, largely comprised interest costs on funding from the Group bank and US private placement debt. The increase is driven by the higher average debt level year on year.

**Constituent elements of the interest charge**

	2025	2024
Finance income	<b>£10.1m</b>	£12.4m
Finance costs	<b>(£48.8m)</b>	(£44.2m)
Other finance costs	<b>(£2.7m)</b>	(£2.4m)
	<b>(£41.1m)</b>	(£34.2m)

**FINANCIAL REVIEW  
(CONTINUED)****CASH FLOW AND FINANCIAL POSITION**

Our net debt at 31 March 2025 was £690m, a decrease of £77m from 31 March 2024.

Higher net cash from operating activities reflects the focus on working capital management during the year which has resulted in a net cash inflow from operations of £282m, a 17% increase from the previous year.

The Group is financed by both US private placement notes and bank debt. The consolidated group net debt to EBITDA ratio at 31 March 2025 was 1.7 times (2024: 1.5 times) and within the I887 Group, where the debt is principally held, we finished the year with a ratio of 2.2 times (2024: 2.1 times) which is comfortably within the limit of our debt covenants.

We maintained a robust financial position this year, total equity increased by £123m (10%) on the previous year. Total assets increased by £23m to £2,741m, primarily as a result of further investments in casks and maturing stock. Property, plant and equipment increased by £19m reflecting our cask purchases in the year. Inventories, of which maturing whisky stocks account for the majority of the value, decreased by £59m. This includes a transfer to assets held for sale of £97m in light of the sale of The Famous Grouse and Naked Malt brands. Maturing inventory, including amounts held for sale, has increased by £38.0m. Cash and other liquid resources increased by £60m during the year reflecting an improvement in the level of working capital in the business.

Total liabilities reduced by £99m to £1,384m, primarily reflecting our lower borrowings together with a reduction in trade and other payables.

**POST-EMPLOYMENT BENEFIT OBLIGATIONS**

The Group has obligations for three defined benefit pension schemes for employees. Two of these have been closed since 2014 and the third scheme has been closed since 2015. As at the 31 March 2025, the Group had a surplus of £4.1m in relation to the post-employment benefit obligations of these schemes, as calculated in accordance with accounting standards. This is a decrease of £3m from the £7m asset recognised on 31 March 2024.

The present value of the schemes' liabilities decreased by £32m, principally due to changes in the mortality and discount rate assumptions. Further deficit repair contributions of £18m were made in the year.

This surplus position reflects the required accounting treatment for the post-employment benefit obligations. On an actuarial basis we believe that the defined benefit schemes are in deficit, albeit two of the schemes (those closed since 2014) are now fully bought in.

**DERIVATIVES AND FINANCIAL INSTRUMENTS**

The Group uses derivative financial instruments to hedge its exposure to fluctuations in foreign exchange. The fair value of these instruments at 31 March 2025 is included in the Statement of Financial Position.

At the year-end there were assets of £13m (2024: £9m) and liabilities of £1m (2024: £1m), principally reflecting the fair value of forward and option foreign exchange contracts outstanding as at the 31 March 2025.

**SUMMARY**

Despite the significant reduction in profit this year we have managed our cash flow carefully in order to maintain a strong balance sheet which will be materially strengthened in the coming year when we complete the disposal of The Famous Grouse. We have also taken the difficult steps of restructuring the cost base. This positions the company well to navigate the uncertain environment whilst continuing to have confidence in the strength of our brands and the quality of our people to return the business to growth.

**FINANCIAL REVIEW  
(CONTINUED)**

## Going Concern

To assess the appropriateness of adopting the going concern basis for the Group, the directors have reviewed the strategic and financial plan over the next three years. The underlying assumption continues to be that our operations, both in Scotland and Dominican Republic will remain open, and that our global supply chain continues to support the shipment of product to our markets.

The experience of the Covid-19 and recent market volatility has given us the confidence that we have the ability to adapt quickly and decisively. With the support of our multiple stakeholders, we have the potential to flex the level of dividends and investment to manage our liquidity.

Our updated three-year plan shows core contribution continuing at a level that is sustainable in the current economic environment.

The Group has reviewed a number of different scenarios of revenue decline, together with cost and cash savings, to assess the impact on the Group liquidity and our debt covenant conditions.

Based on a scenario showing a contribution decline of 10% from our plan, the business has the ability to remain within our lenders' covenant conditions through a reduction in the cost base and investment levels.

### DEBT FACILITIES AND COVENANT TESTS

The scenario planning shows that there is adequate headroom within the debt facilities and that the covenant tests are met in each test period to 31 March 2027. The Group has two underlying financial covenants; one that measures net debt/EBITDA and the second EBITDA/net interest (banking covenant), EBIT/net interest (private placement covenant).

The results of these assessments were reviewed considering the financial position of the Group at 31 March 2025, the cost and cash mitigation measures available, and the access to ongoing funding facilities. Based on these assessments the Board has a reasonable expectation that the Group will be able to meet its financial obligations for the foreseeable future and has 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.

## Principal Risks and Uncertainties

### OUR APPROACH TO MANAGING RISK

The Board is responsible for risk management and the controls and compliance environment supported by the Executive Committee and the Audit Committee. The Audit Committee has direct oversight of the Group Risk Management Committee and the Assurance, Risk & Compliance functions.

Edrington acknowledges that risks are inherent in achieving our goals and ambitions and the Group's focus is on identifying, evaluating, and managing both financial and non-financial risks. It seeks to minimise exposure to unforeseen events and identified risks, allowing the business to concentrate on delivering its strategic objectives. During the year we have continued to embed the culture of risk management throughout the Group by actively promoting risk considerations through comprehensive reviews at a market, functional, and project level.

The Board regularly reviews the principal risks facing the Group, including those affecting its business model, future performance, reputation and solvency. A comprehensive review and assessment of principal risks was carried out in November 2024, allowing the Board to evaluate the Group's risk appetite and ensure significant risks facing the business are identified and adequately managed. This assessment includes a review of the impact and likelihood of each risk, along with the mitigating controls in place. This includes detailed scenario planning for specific risks. Given the dynamic nature of Edrington's operating environment and external factors, the review of principal risks is performed annually by both the Executive Committee and the Board, with specific risk reviews conducted quarterly at both the Audit Committee and the Group Risk Management Committee.

Risk categories are primarily macroeconomic or operational. Macroeconomic risks pertain to the external environment and international markets where Edrington operates, over which the Group has limited control. Operational risks are more internally focused, including issues like supply chain disruptions or failures in business technology.

Edrington's operating environment is constantly evolving so the Group remains vigilant to new and emerging risks, as well as previously downgraded risks that may re-emerge. These risks are assessed on a timely basis and appropriate actions are taken where possible to mitigate their impact on the business.

**FINANCIAL REVIEW  
(CONTINUED)**

During the year the Audit Committee evaluated reports from internal audit teams and reviewed the actions in place to manage key strategic risks. This process has allowed the committee to assess the general control environment, identify control weaknesses and quantify the potential impact of associated risks.

The internal controls in place are designed to manage, rather than eliminate, the risk of failure to achieve business objectives, providing reasonable assurance against material misstatement or loss. The system includes both financial and non-financial controls and is regularly reviewed to ensure it remains robust and integrated into business processes, enabling Edrington to continuously manage relevant business risks.

**OUR PRINCIPAL RISKS**

Whilst the overall level of risk in our operating environment continues to be extensive across the different geographies in which Edrington operates, there has not been a significant increase in risk exposure during the year.

As part of our annual review of risk exposure and evolving risks, we have updated our assessment of principal risks as follows:

- Given the progress made on further acquisitions in our sherry seasoned cask supply chain in Spain and the enhanced visibility and controls around this area the risk of the resilience of key raw materials has been reduced.
- The risk of the misuse of personal data has been removed as a principal risk due to improvements in our internal processes in managing this risk and the assessment of the size of the impact of an incident on the business.
- The risk relating to a Global Event disruption has decreased during the year as we continue our annual reviews and stress testing of potential disruptive events throughout the year.

The risk removed in the year will continue to be closely monitored as part of our standard risk management processes.

The table below outlines our latest assessment of the principal business risks, highlighting key risk drivers, risk outlooks and current mitigating actions. The developments section details the actions taken over the past year to effectively manage evolving key risks. These risks will continue to be closely monitored as part of our structured risk management processes.

FINANCIAL REVIEW  
(CONTINUED)

Risk and Risk Impact	Risk Mitigating Actions	Developments in 2024-2025
<p><b>Inter-state conflict &amp; Protectionism</b></p> <p><b>RISK OUTLOOK:</b> ↔</p> <p>Economic or political instability restricts market activity, affecting market access, demand or increased costs.</p>	<ul style="list-style-type: none"> <li>• Continuous local and global monitoring of changes in economic, political and operational environments that could impact business performance.</li> <li>• Group level strategic analysis and scenario planning to support strategy delivery, risk management and minimise over-reliance on a single country or region.</li> <li>• Regular pricing, tax and customs reviews to enable a timely reaction to changes in legislation.</li> </ul>	<ul style="list-style-type: none"> <li>• Scenario and contingency planning reviews have been performed based on current global events and potential international responses.</li> <li>• Consistent use of a screening tool to enable real-time monitoring of changes in sanctioned parties to ensure compliance with international regulations.</li> <li>• Alternative suppliers secured to mitigate the risk of supply chain disruption.</li> </ul>
<p><b>Cyber Attack (significant incident)</b></p> <p><b>RISK OUTLOOK:</b> ↔</p> <p>Continued development of cyber threats increases the risk of theft, failure or corruption of digital assets and/or key systems which could lead to business disruption, reputational damage and financial loss.</p>	<ul style="list-style-type: none"> <li>• Group-wide cyber risk management processes and policies, including the restricted use of any generative AI systems.</li> <li>• Regular review of effectiveness measures including vulnerability management monitoring, penetration testing and testing measures.</li> <li>• Annual cyber security and incident management reviews performed.</li> </ul>	<ul style="list-style-type: none"> <li>• New mandatory cyber awareness and training, and additional training targeted at those susceptible to phishing attacks.</li> <li>• Implementation of new / additional cyber security tools from Microsoft.</li> <li>• Ongoing implementation of the Operation Technology plan, with additional monitoring &amp; security in place.</li> </ul>
<p><b>Disruption to Key Supply Operations</b></p> <p><b>RISK OUTLOOK:</b> ↔</p> <p>Our ability to maintain the continuity of our supply chain is hindered due to the availability of suitable raw materials, constraints in logistic operations and shipment of finished goods leading to revenue loss.</p>	<ul style="list-style-type: none"> <li>• Proactive collaborative business forecasting provides insight into demand requirements that allow for real-time management of potential shortages and overall management of inventory levels across the group.</li> <li>• Ongoing relationship management of key vendors and continuous review of raw material quality and availability.</li> <li>• Ongoing review of stockholding levels of both raw materials and finished goods to mitigate the impact of disruption.</li> </ul>	<ul style="list-style-type: none"> <li>• New maturation warehouse site completed and storing filled casks for maturation.</li> <li>• A risk-based value led approach to ensure the appropriate agreements for contingency bottling and dual supply have been put in place.</li> <li>• Review of purchase contracts for key raw materials and packaging to secure future requirements.</li> </ul>

FINANCIAL REVIEW  
(CONTINUED)

Risk and Risk Impact	Risk Mitigating Actions	Developments in 2024-2025
<p><b>Resilience of Key Raw Materials</b></p> <p><b>RISK OUTLOOK:</b> ↓</p> <p>Our ability to secure the appropriate quality and quantity of core raw materials due to environmental concerns, climate change and industry demands.</p>	<ul style="list-style-type: none"> <li>We have established long term contracts with key raw material suppliers in line with projected manufacturing requirements.</li> <li>Strategic vertical acquisitions secure further direct access to key raw materials for the manufacture of our sherry seasoned casks.</li> <li>Ongoing reviews of the quality and sourcing of our raw materials are performed prior to manufacturing.</li> </ul>	<ul style="list-style-type: none"> <li>Further investments in Spain to support the continuity of supply for our sherry and wood.</li> <li>Working with glass suppliers to encourage reductions in CO2 emissions by moving to greener fuel options.</li> <li>Ongoing assessments of increasing recyclable and recycled materials where possible.</li> </ul>
<p><b>Tightened restrictions on alcohol sales</b></p> <p><b>RISK OUTLOOK:</b> ↔</p> <p>Tighter restrictions on alcohol promotion, sales and/or consumption may limit market access resulting in loss of revenue.</p>	<ul style="list-style-type: none"> <li>Membership of national and international organisations that work to encourage the responsible promotion and consumption of alcohol and reduce alcohol-related harms.</li> <li>Annual review of our policies, communications, and requirements, including Code of Conduct and Marketing Code.</li> <li>Edrington's policies and campaigns are reviewed annually by the Marketing Code Committee.</li> </ul>	<ul style="list-style-type: none"> <li>We continue to partner with relevant organisations, including the Scotch Whisky Association, World Spirits Alliance, and other trade organisations, to monitor potential restrictions.</li> <li>Continued reviews of restrictions across all geographies are performed to enable proactive monitoring of any changes.</li> </ul>
<p><b>Counterfeit Products &amp; Brand Protection (significant incident)</b></p> <p><b>RISK OUTLOOK:</b> ↔</p> <p>Ineffective or inadequate protection of intellectual property rights, resulting in reputational damage, an increase in counterfeit goods and a decline in sales volumes and/or market share.</p>	<ul style="list-style-type: none"> <li>Ongoing monitoring of the principal exposures of our brands.</li> <li>Brand security education, surveillance and enforcement activities are performed to identify and address any potential counterfeit and/or refilling operations.</li> <li>Ongoing monitoring of global trademark applications, opposing those that infringe our rights and seeking the revocation of those that infringe our rights.</li> </ul>	<ul style="list-style-type: none"> <li>Ongoing developments in the detection, monitoring and reporting on counterfeit products.</li> <li>Joined Alliance Against Counterfeit Spirits (AACS) in APAC and West Africa to work more closely with peer brands on investigations, raids and government lobbying.</li> <li>Replacement of existing product security features to industry leading technology.</li> </ul>

FINANCIAL REVIEW  
(CONTINUED)

Risk and Risk Impact	Risk Mitigating Actions	Developments in 2024-2025
<p><b>Sustainability: Regulatory Compliance &amp; Adverse Weather</b></p> <p><b>RISK OUTLOOK:</b> ↔</p> <p>Global warming results in adverse weather conditions, increased risk of wildfire, flooding, sea level rises or other events that cause significant operational disruption.</p> <p>Increased regulatory requirements for environmental reporting and greater expectations for businesses to reduce contributions to climate change increases costs and complexity in operations and could lead to reputational impacts for any misleading information published.</p>	<ul style="list-style-type: none"> <li>Sustainability related KPIs have been defined and assigned across the different Business Units to ensure requirements are built into their strategic objectives.</li> <li>Sustainability risk assessments are reviewed regularly to ensure risks are managed at both a local and Group level.</li> <li>Risk registers are in place for key raw materials and are reviewed in line with the broader sustainability risk review process.</li> <li>LRQA audits every site every 2 years as well as 2 yearly internal audits.</li> </ul>	<ul style="list-style-type: none"> <li>Regulation tracking is now in place and coordinated with the business for action planning.</li> <li>Formalisation of set processes to embed best practice across the business and ensure that sustainability is part of the Edrington DNA.</li> <li>Clear KPIs in place to manage all aspects of the environmental sustainability strategy including a public commitment of Net Zero by 2045.</li> <li>Detailed review of the ongoing supply of water performed with a focus on the south of Spain and sherry production.</li> </ul>
<p><b>Global Event Disruption</b></p> <p><b>RISK OUTLOOK:</b> ↓</p> <p>A new global event that results in government-imposed restrictions to travel, trading, and human interaction, which could have a negative effect on business operations, trading, or logistic activities.</p>	<ul style="list-style-type: none"> <li>Scenario planning carried out to ensure business continuity plans remain relevant and supportive of our operations.</li> </ul>	<ul style="list-style-type: none"> <li>Continued monitoring.</li> <li>Annual reviews and stress testing of potential disruptive events performed during the year.</li> <li>Crisis Management training completed during the year.</li> </ul>

## RISK OUTLOOK LEGEND FROM PRIOR YEAR:

- ↑ Increased
- ↔ Stayed the Same
- ↓ Reduced

Approved and signed on behalf of the Board.



**Paul A Hyde**

Chief Financial and Commercial Officer

23 June 2025