

# Financial Review

## Statutory Key Performance Indicators

	2026	2025	vs. 2025
Revenue*	£922.3m	£1,068.7m	-14%
Earnings before interest and tax*	£226.6m	£299.1m	-24%
Profit before taxation*	£199.6m	£257.7m	-23%
Earnings before interest and tax - <i>pre-exceptional items</i>	£283.1m	£315.8m	-10%
Profit before taxation - <i>pre-exceptional items</i>	£256.1m	£274.4m	-7%
Profit for the financial year attributable to owner	£120.0m	£113.9m	+5%
Total equity	£1,547.5m	£1,357.3m	+14%

## Management Key Performance Indicators

	2026	2025	vs. 2025
Core revenue**	£855.0m	£885.6m	-3%
Brand investment**	£172.6m	£212.7m	-19%
Core contribution**	£299.0m	£295.2m	1%
Earnings before interest and tax (EBIT) (pre-exceptional)	£283.1m	£315.8m	-10%
Earnings per share	£1.84	£2.15	-14%
Free cash flow**	£246.1m	£158.7m	55%
Net debt/EBITDA	0.7	1.7	
Dividend per share	41.0p	41.0p	

### 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

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

### EARNINGS BEFORE INTEREST AND TAX (EBIT) (PRE-EXCEPTIONAL)

EBIT is a measure of the profit generated by the business before the deduction of interest, tax, minority interest charges and items deemed to be exceptional in nature.

### EARNINGS PER SHARE

Profit for the financial year attributable to the owner excluding exceptional items divided by the weighted average number of shares.

### FREE CASH FLOW

Net cash flow from continuing and discontinued operations but 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 the 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 and free cash flow is provided at note 33 to the accounts.

**FINANCIAL REVIEW  
(CONTINUED)**

## Group Financial Performance Overview

2025/26 has continued to be a year of external challenges and change, however against this backdrop Edrington has adapted quickly to reduce the cost base and strengthen our balance sheet whilst delivering a resilient profit performance of 1% growth on our favoured management measure of underlying business performance – core contribution. This measure excludes discontinued and non-core activities and the effect of changes in currency rates.

Our reported earnings before interest and tax (pre-exceptional items) show a decline of 10% in contrast to the

growth in core contribution of 1%. This significant difference is due to both a negative currency impact on the translation of our profits versus the prior year and a non-recurring sale of maturing inventory in the prior year.

Our reported profit for the financial year is further impacted by the discontinued activities of The Famous Grouse brand together with several exceptional items resulting in a decline of 6% pre-exceptional items and a growth of 8% once they are included. The income statement clearly identifies the individual impact of these items.

## Statutory results table adjusted for non-recurring items

	2026	2025	vs. 2025
<b>Profit for the financial year</b> <i>excluding exceptional and discontinued items</i>	<b>£196.2m</b>	£209.0m	-6%
Profit associated with The Famous Grouse <i>(discontinued operations and gain on disposal)</i>	<b>£100.1m</b>	£28.3m	
Other exceptional items	<b>(£55.5m)</b>	(£13.9m)	
<b>Profit for the financial year</b>	<b>£240.8m</b>	£223.4m	+8%

It is with particular satisfaction that we can report a material reduction in our net debt this year and a resulting strengthening of our balance sheet. We have increased our free cash flow in the year through a focus on improving working capital and particularly finished goods inventory. In addition, the proceeds from the sale of The Famous Grouse together with the reduced working capital associated with the brand have further reduced our debt. Our net debt reduced by £425m to finish the year at £265m, a 62% reduction.

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

### CORE REVENUE

Core revenue declined by 3% due to a negative product mix with strong growth in The Macallan 12-year-old being offset by lower volumes of higher-value prestige expressions. Brugal and The Glenrothes contributed revenue growth whilst Highland Park reported a decline.

Core revenue grew in our Europe, Middle East & Africa region, in addition to notable growth in China, Latin America and the Dominican Republic. We also outperformed a declining Single Malt category in North America. A number of markets continued to be affected by de-stocking of our customers whilst the underlying consumption was more encouraging.

Independent industry data for the calendar year 2025 confirms that we have grown value market share of both the Single Malt category and the wider super-premium and above Scotch Whisky categories.

### BRAND INVESTMENT

Our level of brand investment reduced during the year to bring it into line with the lower core revenue and reflecting a particularly high level of spend in the prior year relating to The Macallan 200th year anniversary. There was a focus on improving the efficiency of the spend and increasing investment in our highest growth opportunities. We continue to reinvest at industry-leading rates, and our brand health metrics demonstrate the long-term health of our brands.

**FINANCIAL REVIEW  
(CONTINUED)**
**CORE CONTRIBUTION**

In addition to savings in brand investment, we made some difficult but necessary decisions to align the cost base and operations with the future needs of the business. This led to delivery of a very credible result for the year with core contribution growing by 1%.

The Macallan's result reflects the change in product mix. Encouragingly, the core range has continued to perform well with volume growth of 11% reflecting consumers coming into the brand both in existing and emerging markets. This was supported by expanded distribution and the introduction of new products such as The Macallan 110 in the US and other selected markets. This was offset by a year-on-year decline of higher value premium expressions.

Brugal delivered excellent core contribution growth. Our premiumisation journey continued, with Brugal 1888 driving growth in the US, Sweden and France, and Doble Reserva performing strongly in the Dominican Republic.

The Glenrothes delivered strong double-digit revenue growth, driven by increased distribution of the 15-year-old and the successful launch of The 51.

Highland Park was impacted by an increasingly competitive environment in its core markets. As a result, net sales declined, reflecting a modest reduction in volumes.

**STATUTORY RESULTS (REPORTED AT ACTUAL CURRENCY RATES)**

Statutory Group revenue fell by -14% to £922m. The rate of decline is higher than our core revenue fall due to the impact of adverse currency rates versus the prior year together with a number of strategic decisions that affect our non-core revenue. The most significant factor was the decision to cease distributing 3rd party brands in our UK distribution vehicle.

Pre-exceptional profit before tax fell by -7% to £256m, partially benefitting from lower interest costs.

Profit attributable to Edrington shareholders (pre-exceptional items) decreased by -14% to £108m. The profit for the financial year after exceptional items grew by +5% to £120m.

**EXCEPTIONAL ITEMS**

The exceptional items in the current year reflect income and expenditure in relation to material non-recurring items as follows:

- the gain on disposal of The Famous Grouse Company Limited on 1 July 2025,
- the loss on disposal of the Noble Oak brand on 12 March 2026,
- the impairment of assets related to Wyoming Whiskey Inc, and
- the impairment of the carrying value of our joint venture equity investment in Lothian Distillers Limited.

The impairment of Wyoming Whiskey Inc's assets reflects the continuing challenges of the American Whiskey category and the brand's forecast performance. The impairment of our investment in Lothian Distillers Limited reflects the impact of the sale of The Famous Grouse brand, which previously represented a significant revenue stream for the business.

The prior year exceptional items reflected the recognition of an impairment on two of our brands, The Glenrothes and Wyoming Whiskey as the slowing consumer demand and uncertain economic environment impacted the forecasts for both brands.

**NET FINANCE CHARGES**

Net finance charges were £27m, largely comprising interest costs on funding from the Group bank and US private placement debt. The decrease from prior year is driven by a lower debt level with a substantial portion of debt repaid with funds received from the disposal of The Famous Grouse.

**Constituent elements of the interest charge**

	2026	2025
Finance income	<b>£9.3m</b>	£10.1m
Finance costs	<b>(£33.3m)</b>	(£48.8m)
Other finance costs	<b>(£3.0m)</b>	(£2.7m)
	<b>(£27.0m)</b>	(£41.4m)

**FINANCIAL REVIEW  
(CONTINUED)****NET CASH FLOW FROM OPERATING ACTIVITIES  
AND FREE CASH FLOW**

Our net debt at 31 March 2026 was £265m, a material decrease of £425m from 31 March 2025.

Higher net cash from operating activities reflects improved working capital, driven by the removal of associated working capital requirements following the disposal of The Famous Grouse brand, alongside a continued focus on working capital efficiency across the business. This has resulted in a net cash inflow from operations of £343m, representing a 21% increase from the previous year.

The Group has external funding facilities from both US private placement notes and bank debt. The consolidated group net debt to EBITDA ratio at 31 March 2026 was 0.7 times (2025: 1.7 times) and within the 1887 Group, where the debt is principally held, we finished the year with a reported ratio of 1.3 times (2025: 2.2 times) which is comfortably within the limit of our debt covenants.

**BALANCE SHEET**

We maintained a robust financial position this year, total equity increased by £190m (14%) compared with the prior year. Total assets decreased by £103m to £2,638m, primarily reflecting the disposal of assets associated with The Famous Grouse brand. Property, plant and equipment decreased by £19m, driven by higher cask depreciation following a revision to the estimated useful life of a cask. Inventories, largely comprising maturing whisky stocks, increased by £30m, reflecting the impact of accelerated cask depreciation. Cash and other liquid resources increased by £108m, supported by improved working capital management and the receipt of proceeds from The Famous Grouse disposal, net of the repayment of debt.

Total liabilities decreased by £293m to £1,090m, primarily reflecting reduced borrowings.

**POST-EMPLOYMENT BENEFIT OBLIGATIONS**

The Group has obligations in respect of three closed defined benefit pension schemes. As at 31 March 2026, two of the schemes were fully bought in.

At 31 March 2026, the Group recognised a surplus of £5m in respect of these post-employment benefit obligations (2025: £4m). This represents a £1m increase year on year. The recognised surplus reflects the application of the relevant accounting standards.

During the year, the present value of the schemes' liabilities decreased by £4m. Deficit repair contributions of £1m were paid during the year.

**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 2026 is included in the Statement of Financial Position.

At the year-end there were assets of £5m (2025: £13m) and liabilities of £1m (2025: £1m), principally reflecting the fair value of forward and option foreign exchange contracts outstanding as at 31 March 2026.

**SUMMARY**

Despite the challenging industry environment we have delivered underlying core contribution growth, reduced our operating costs to a level appropriate for the current size of the Group and strengthened our balance sheet materiality through a significant reduction in our net debt. We also continued to prioritise the optimisation of customer stocks over short term reported performance. 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 the Dominican Republic will remain open, and that our global supply chain continues to support the shipment of product to our markets.

The past experiences of global pandemics and recent market volatility have 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 current 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 2026, 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 retains ultimate responsibility for the Group's risk management framework and the effectiveness of the controls and compliance environment. This is supported by the Executive Committee and the Audit Committee, with the Audit Committee maintaining direct oversight of the Group Risk Management Committee and the Assurance, Risk and Compliance functions.

Edrington recognises that risk is inherent in the pursuit of our strategic goals, and our approach remains focused on the timely identification, evaluation, and management of both financial and non-financial risks. By minimising exposure to unforeseen events and proactively managing identified risks, the Group aims to preserve its ability to deliver long-term value and achieve its strategic objectives. During the year the Group has continued to reinforce the awareness of risk management responsibilities across the organisation, actively promoting risk considerations at a market, functional, and project-level. Risk assessments are fully integrated into decision-making processes including strategic planning, capital allocation processes and operational decision-making.

The Board regularly reviews the principal risks facing the Group, including those that could impact its business model, future performance, reputation, or financial resilience. A comprehensive review and assessment of principal risks was undertaken in late 2025, which allowed the Board to consider the Group's evolving risk appetite and ensure that significant risks are identified, assessed, and monitored. This assessment includes the evaluation of the likelihood and impact of each risk, the effectiveness of existing mitigating controls, and detailed scenario planning for selected risk areas. Given the dynamic environment in which Edrington operates, the review of principal risks is performed annually by both the Executive Committee and the Board, complemented by specific risk reviews conducted regularly by the Audit Committee and the Group Risk Management Committee.

Risk categories continue to be grouped into macroeconomic and operational themes. Macroeconomic risks stem from external factors and the international markets in which we operate, over which Edrington has limited direct influence. Operational risks are internal in nature and include matters such as supply chain resilience, business systems, and other core operational dependencies.

**FINANCIAL REVIEW  
(CONTINUED)**

Edrington's operating landscape continues to evolve, and the Group remains vigilant to new and emerging risks as well as previously de-escalated risks that may re-emerge. These risks are assessed on an ongoing basis, and appropriate actions are implemented where possible to mitigate their potential impact. This includes maintaining robust crisis management and business continuity arrangements to support organisational resilience during periods of disruption.

During the year, the Audit Committee considered reports from the internal audit function and monitored the actions taken to manage key strategic risks. This process has enabled the committee to assess the overall control environment, identify areas for improvement, and understand the potential impacts associated with control weaknesses.

Edrington's internal control framework is designed to manage, rather than eliminate, the risk of failing to achieve business objectives, providing reasonable assurance against material misstatement or loss. The system incorporates both financial and non-financial controls, and is regularly reviewed to ensure it remains robust, proportionate, and well-integrated into business processes. This supports the Group to continuously monitor and manage relevant business risks.

**OUR PRINCIPAL RISKS**

The wider operating environment continues to be shaped by elevated levels of uncertainty and increasingly interconnected risks across the globe. As part of our annual review, the assessment of principal risks has been updated to align with the latest shifts in the external landscape.

- Geopolitical developments have heightened over the year and continue to create uncertainty in several markets, which may lead to changes in trade conditions, regulation, or operational constraints across our global footprint.
- The risk of a cyber-attack continues to increase, reflecting escalating global cyber-threat levels and growing sophistication. The Group regularly reviews and proportionately enhances our cyber-resilience measures and our ability to recover from an attack.

While shifts in consumer demand and changing preferences are not classified as a principal risk in their own right, Edrington remains vigilant to their potential effects. The Group actively tracks market trends and consumer behaviour through its market insight and strategic planning processes. This enables Edrington to assess possible ramifications and retain a long-term outlook on the development of its brands and portfolio, consistent with its ultra-premium strategy.

In addition, Edrington's exposure to financial risks, including those related to interest rates, exchange rates, and liquidity, is overseen by the Treasury Committee. The Committee implements mitigation measures such as policies for hedging currency exposures and conducts regular reviews of cash flow forecasts to evaluate the Group's financial headroom in relation to lender covenants.

The table below sets out the latest assessment of principal business risks, highlighting key drivers, risk outlooks and current mitigating actions – these are not intended to be an exhaustive list of all risks facing the Group. The developments section outlines progress made over the past year to effectively manage evolving key risks. These will continue to be monitored closely through our structured risk management process.

FINANCIAL REVIEW  
(CONTINUED)

Risk and Risk Impact	Risk Mitigating Actions	Developments in 2025-2026
<p><b>Geopolitical Volatility</b></p> <p><b>RISK OUTLOOK:</b> ↑</p> <p>Economic or political instability restricts market activity, affecting access, consumer demand or 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> <li>• In a more heightened external business risk environment, the Group will maintain a more prudent financial approach to risk through a lower leverage ratio.</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>• Assessment of market footprint developments to understand potential concentration risks and recognise opportunities for diversification.</li> <li>• Developments on critical materials focused on dual supply ability and reviewing optimal stockholding levels.</li> <li>• The sale of The Famous Grouse has supported a reset of the Group debt levels and leverage ratio to an appropriate level in the current uncertain operating environment.</li> </ul>
<p><b>Cyber Attack (significant incident)</b></p> <p><b>RISK OUTLOOK:</b> ↑</p> <p>Theft, corruption or failure of digital assets and key systems lead to business disruption, reputational harm, and financial loss.</p>	<ul style="list-style-type: none"> <li>• Group-wide cyber risk management processes and policies, including the restricted use of 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>• Deployment of additional cyber-security tools and updates to monitoring processes.</li> <li>• Further deployment of cyber protection measures with regards to Operational Technology.</li> <li>• Improved focus on the Group's ability to recover from a significant cyber-attack.</li> </ul>
<p><b>Disruption to Key Supply Operations</b></p> <p><b>RISK OUTLOOK:</b> ↔</p> <p>Supply chain continuity affected by operational incidents, materials sourcing constraints, or challenges in logistics.</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 suppliers and continuous review of materials quality and availability.</li> <li>• Regular 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>• Implementation of a supplier management programme which aims to reduce the risk of supplier failure through proactive engagement and capability building, in addition to identifying and realising efficiencies.</li> <li>• Continued progress on strengthening contingency bottling agreements and dual supply on critical materials using a risk-based, value-led strategy.</li> <li>• The development of an internal bottling line resilience project to strengthen contingency plans in the event of bottling line faults or significant demand shifts.</li> </ul>

FINANCIAL REVIEW  
(CONTINUED)

Risk and Risk Impact	Risk Mitigating Actions	Developments in 2025-2026
<p><b>Sustainability: Climate Change</b></p> <p><b>RISK OUTLOOK:</b> ↔</p> <p>Climate related physical and transition risks affect raw materials sourcing or cause significant operational disruption.</p>	<ul style="list-style-type: none"> <li>• Sustainability related KPIs have been defined and assigned across the business and are reflected in strategic objectives. 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, with detailed risk mitigation plans mapped for the short, medium and long-term.</li> <li>• Ongoing reviews of the quality and sourcing of our raw materials are performed.</li> <li>• The strategic vertical acquisition of the sherry cask supply is enabling greater insight, control and access to the key raw materials for the manufacture of our sherry seasoned casks.</li> <li>• Sustainability focused external and internal audits provide independent review and assessment of sustainability-related controls and processes.</li> </ul>	<ul style="list-style-type: none"> <li>• Detailed review of the risk of water scarcity undertaken with both short and long-term risk mitigation plans progressed across the business.</li> <li>• Further developments implemented on the integration and improvement of the sherry cask supply chain.</li> <li>• Performance objectives assigned to owners of KPIs aligned with Edrington's Sustainability strategy and for key sustainability legislation compliance.</li> </ul>
<p><b>Tightened restrictions on Alcohol Sales</b></p> <p><b>RISK OUTLOOK:</b> ↔</p> <p>Restrictions on promotion, sales or consumption affect 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>• Edrington continues 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>

FINANCIAL REVIEW  
(CONTINUED)

Risk and Risk Impact	Risk Mitigating Actions	Developments in 2025-2026
<p><b>Counterfeit Products and Brand Protection (significant incident)</b></p> <p><b>RISK OUTLOOK:</b> ↔</p> <p>IP violations, counterfeit goods affecting reputation and sales.</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> <li>• Gap-filling in new markets for core marks.</li> </ul>	<ul style="list-style-type: none"> <li>• Ongoing developments in the detection, monitoring and reporting on counterfeit products.</li> <li>• Industry leading product security features introduced on new packaging.</li> <li>• Expansion of Alliance Against Counterfeit Spirits (AACCS) enforcement program to India and Brazil as a result of company expansion and new threats.</li> </ul>
<p><b>Global Event Disruption</b></p> <p><b>RISK OUTLOOK:</b> ↔</p> <p>New global events disrupting travel, trade or operations.</p>	<ul style="list-style-type: none"> <li>• Scenario planning is carried out to ensure business continuity plans remain relevant and supportive of our operations.</li> <li>• In a more heightened external business risk environment, the Group will maintain a more prudent financial approach to risk through a lower leverage ratio.</li> </ul>	<ul style="list-style-type: none"> <li>• Continued monitoring and stress testing of potential disruptive events.</li> <li>• Strengthened business continuity planning measures.</li> <li>• The sale of The Famous Grouse has supported a reset of Group debt levels and leverage ratio to an appropriate level in the current uncertain operating environment.</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

22 June 2026