

Chairman's Statement

Edrington's strategy focuses the business sharply on ultra premium spirits

DEAR SHAREHOLDER

The picture painted in recent annual reports of Edrington performing exceptionally well in absolute and relative terms, in the face of significant headwinds, continues this year. It would be easy, but inappropriate, to become blasé about such performance. Rather we should recognise that this outstanding performance is the result of carefully developed strategies and plans, superbly executed by our dedicated, hard-working colleagues around the globe.

To address shareholder questions as to what is driving our performance, the theme of this year's Annual Report is Fuelling Exceptional Ultra-Premium Brands, and I believe that it is reflected well by the elegant corporate visual identity that we launch today.

Edrington's strategy focuses the business sharply on ultra-premium spirits. We continue to demonstrate our willingness to invest in our brands, other assets and capabilities that fuel growth in that chosen area of focus. This year the company has performed so well that we have been able to fund not only the investment to drive our future growth, but also two substantial buybacks of shares.

A Billion Pound Company

Although we do not pursue growth for its own sake, it is none the less gratifying that Edrington has posted its highest-ever revenue, with sales of our brands passing £1 billion for the first time. Core contribution grew by a quarter.

This success has allowed us to make corporate as well as brand investments during the year. The company has now taken a majority shareholding in Wyoming Whiskey and also acquired a 50% stake in Grupo Estevez, producers of fine Sherries and aperitifs in Jerez. It has also enabled the business to make strategic capital investments in sustainability, including a solar farm to provide renewable energy for Brugal in the Dominican Republic.

Our results this year were achieved in spite of a decision we took at the beginning of the year to exit Russia, our fourth largest market, following the invasion of Ukraine. The impact of Covid on the business appears to be largely behind us, though it continued to act as a major suppressant of sales in China in the first half of the year.

Culture

Edrington was created as a purpose-driven business decades before that term would have been recognised. The company's values play a significant role in attracting and retaining exceptional talent, and in the way we operate internally. As a result our culture continues to help drive our performance, placing Edrington consistently among the top performers in the global spirits sector.

Now that we have the opportunity to meet Edrington employees around the world again, I am regularly struck by their dedication and enthusiasm and so I am pleased, but not surprised, to see that the most recent employee survey has placed Edrington in the top quartile of major companies worldwide in terms of employee engagement. This is a significant achievement that reflects our employees' commitment to our vision to *give more by crafting exceptional ultra-premium spirit brands*. Edrington's culture and values will continue to be a significant focus for the Board.

Board Changes

I would like to express my gratitude to Shinichiro Hizuka for his valuable service to the Board as a representative of Suntory Holdings. His extensive experience has been an asset to the business. It is with great pleasure that we welcome Kengo Torii as his successor, representing Suntory on our Board.

**CHAIRMAN'S STATEMENT
(CONTINUED)**

I am also pleased to welcome Igor Boyadjian, Managing Director of The Macallan, as a newly appointed member of our Board of Directors. This appointment recognises not only Igor's performance but also the success of The Macallan under Igor's leadership, and the importance of the brand to our business.

Dividend

The Board recognises that the dividends we distribute are important to all shareholders and we remain committed to delivering value. Our policy is to grow the dividend at a rate that reflects the underlying growth of the business.

The Board has decided to pay a final dividend of 36p for the year to March 2023, which together with the interim dividend of 17p per share results in a total dividend of 53p per share, up 10% from 2022. We recognise that, given our dividend policy, just as there are years where the company's growth exceeds our dividend growth, there will be years where dividends will grow faster than the business.

In addition to the dividend, the company's performance allowed us to return to shareholders, by way of two share buybacks a further £220 million, a sum significantly bigger than the annual dividend.

Conclusion

The creditable performance we see this year is the result of the talent, dedication and hard work of current and also former Edrington employees. I would like to take this opportunity to thank our Executive Team, my Board colleagues and indeed all employees for their contribution to Edrington's success.

Despite continuing economic headwinds, Edrington's portfolio of brands is well-positioned for further growth and I look forward with confidence to the year ahead.

**Crawford Gillies**

Chairman

20 June 2023