

**Edrington Denmark A/S**  
Dronningens Tværgade 9, 2. sal  
1302 Copenhagen K  
Business Registration No  
10216281

**Annual report**  
**01.04.2018 -**  
**31.03.2019**

The Annual General Meeting adopted the annual report on 21.08.2019

**Chairman of the General Meeting**

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Name: Peter Malling Lambert

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## Entity details

### Entity

Edrington Denmark A/S  
Dronningens Tværgade 9, 2. sal  
1302 Copenhagen K

Central Business Registration No (CVR): 10216281

Registered in: Copenhagen

Financial year: 01.04.2018 - 31.03.2019

Phone: +4543225500

Website: [www.edrington.dk](http://www.edrington.dk)

### Board of Directors

Peter Malling Lambert  
Rasmus Peter Brøndsted  
Per Christer Öberg  
Jeremy McDowell Chaplin  
Huw Charlton Pennell  
Kasper Moos Andersen

### Executive Board

Kasper Moos Andersen

### Auditors

Deloitte Statsautoriseret Revisionspartnerselskab  
Weidekampsgade 6  
Postboks 1600  
0900 København C

## Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Edrington Denmark A/S for the financial year 01.04.2018 - 31.03.2019.

The annual report is presented in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.03.2019 and of the results of its operations for the financial year 01.04.2018 - 31.03.2019.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Copenhagen, 21.08.2019

### Executive Board

Kasper Moos Andersen

### Board of Directors

Peter Malling Lambert

Rasmus Peter Brøndsted

Per Christer Öberg

Jeremy McDowell Chaplin

Huw Charlton Pennell

Kasper Moos Andersen

# Independent auditor's report

## To the shareholders of Edrington Denmark A/S

### Opinion

We have audited the financial statements of Edrington Denmark A/S for the financial year 01.04.2018 - 31.03.2019, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.03.2019 and of the results of its operations for the financial year 01.04.2018 - 31.03.2019 in accordance with the Danish Financial Statements Act.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the Auditor's responsibilities for the audit of the financial statements section of this auditor's report. We are independent of the Entity in accordance with the International Ethics Standards Board of Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Management's responsibilities for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

## Independent auditor's report

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

## Independent auditor's report

### Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management commentary is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the management commentary.

Copenhagen, 21.08.2019

### **Deloitte**

Statsautoriseret Revisionspartnerselskab  
Central Business Registration No (CVR) 33963556

Jan Larsen  
State Authorised Public Accountant  
Identification No (MNE) mne16541

## Management commentary

	<b>2018/19</b>	<b>2017/18</b>	<b>2016/17</b>	<b>2015/16</b>	<b>2014/15</b>
	<b>DKK'000</b>	<b>DKK'000</b>	<b>DKK'000</b>	<b>DKK'000</b>	<b>DKK'000</b>
<b>Financial highlights</b>					
<b>Key figures</b>					
Revenue	94.187	94.113	90.607	87.899	83.329
Gross profit/loss	8.168	7.424	6.940	9.895	10.048
Operating profit/loss	985	1.469	1.179	3.430	3.153
Net financials	421	710	(42)	(410)	(357)
Profit/loss for the year	678	3.255	886	4.023	2.795
Total assets	55.233	50.035	54.484	51.728	48.134
Investments in property, plant and equipment	19	66	0	22	69
Equity	13.729	13.050	9.795	8.909	4.888
<b>Ratios</b>					
Gross margin (%)	8,7	7,9	7,7	11,3	12,1
Net margin (%)	0,7	3,5	1,0	4,6	3,4
Return on equity (%)	5,1	28,5	9,5	58,3	81,2
Equity ratio (%)	24,9	26,1	18,0	17,2	10,2

Financial highlights are defined and calculated in accordance with "Recommendations & Ratios 2018" issued by the Danish Society of Financial Analysts.

<b>Ratios</b>	<b>Calculation formula</b>	<b>Calculation formula reflects</b>
Gross margin (%)	$\frac{\text{Gross profit/loss} \times 100}{\text{Revenue}}$	The entity's operating gearing.
Net margin (%)	$\frac{\text{Profit/loss for the year} \times 100}{\text{Revenue}}$	The entity's operating profitability.
Return on equity (%)	$\frac{\text{Profit/loss for the year} \times 100}{\text{Average equity}}$	The entity's return on capital invested in the entity by the owners.
Equity ratio (%)	$\frac{\text{Equity} \times 100}{\text{Total assets}}$	The financial strength of the entity.



## Management commentary

### Primary activities

As in earlier years, the Company's activities have consisted in selling and marketing alcoholic beverages.

### Development in activities and finances

A strong performance for Edrington Denmark. This year driven by the domestic performance with both on-trade and off-trade showing increase. In NFZ (German Border Trade) we have on the other hand been facing challenges with the weakening SEK versus DKK/€ as the major reason for declining presence of Swedes at the border, choosing other sources for their consumption.

On brand level we have strong performance on The Famous Grouse Family domestic with increased market share. Despite the challenges in NFZ The Famous Grouse has maintained market leader position. Our malt portfolio continues to grow led by The Macallan and Highland Park. On 3rd party brands we have especially seen increased performance on Jim Beam bourbon, Faustino wines and champagnes from Piper Heidsieck.

The Company's income statement for 2018/19 shows a profit of t.DKK 678 (2017/18: t.DKK 3.255) and the balance sheet shows equity of t.DKK 13.729 (2017/18: t.DKK 13.050) at 31.03.2019.

### Uncertainty relating to recognition and measurement

Management assesses that there are no material uncertainties relating to the Company's annual report.

### Unusual circumstances affecting recognition and measurement

The Company is not affected by any unusual circumstances of major significance.

### Outlook

Performance outlook for 2019/20 looks to remain at the same trading levels and we expect profits to remain as in 18/19. ♥ Indsæt beskrivelse.

### Particular risks

Besides the ordinary sales risks, the Company is exposed to currency risks, as wide exchange rate fluctuations may affect the Company given that it operates on a market using several currencies.

### Events after the balance sheet date

No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

## Income statement for 2018/19

	<u>Notes</u>	<u>2018/19</u> <u>DKK</u>	<u>2017/18</u> <u>DKK</u>
Revenue		94.186.945	94.112.749
Cost of sales		(72.709.221)	(73.366.808)
Other external expenses		<u>(13.309.693)</u>	<u>(13.322.215)</u>
<b>Gross profit/loss</b>		<b>8.168.031</b>	<b>7.423.726</b>
Staff costs	1	(6.741.359)	(5.483.405)
Depreciation, amortisation and impairment losses	2	<u>(441.353)</u>	<u>(471.439)</u>
<b>Operating profit/loss</b>		<b>985.319</b>	<b>1.468.882</b>
Other financial income	3	809.261	1.054.171
Other financial expenses	4	<u>(387.919)</u>	<u>(343.798)</u>
<b>Profit/loss before tax</b>		<b>1.406.661</b>	<b>2.179.255</b>
Tax on profit/loss for the year	5	<u>(728.305)</u>	<u>1.075.806</u>
<b>Profit/loss for the year</b>	6	<u><b>678.356</b></u>	<u><b>3.255.061</b></u>

## Balance sheet at 31.03.2019

	<u>Notes</u>	<u>2018/19 DKK</u>	<u>2017/18 DKK</u>
Acquired licences		2.809.409	3.215.428
<b>Intangible assets</b>	7	<b><u>2.809.409</u></b>	<b><u>3.215.428</u></b>
Other fixtures and fittings, tools and equipment		45.514	61.483
<b>Property, plant and equipment</b>	8	<b><u>45.514</u></b>	<b><u>61.483</u></b>
<b>Fixed assets</b>		<b><u>2.854.923</u></b>	<b><u>3.276.911</u></b>
Manufactured goods and goods for resale		16.167.986	14.765.222
<b>Inventories</b>		<b><u>16.167.986</u></b>	<b><u>14.765.222</u></b>
Trade receivables		32.209.363	25.693.105
Receivables from group enterprises		332.519	283.851
Deferred tax	9	1.100.722	1.829.027
Other receivables		914.003	911.328
<b>Receivables</b>		<b><u>34.556.607</u></b>	<b><u>28.717.311</u></b>
<b>Cash</b>		<b><u>1.653.325</u></b>	<b><u>3.275.115</u></b>
<b>Current assets</b>		<b><u>52.377.918</u></b>	<b><u>46.757.648</u></b>
<b>Assets</b>		<b><u>55.232.841</u></b>	<b><u>50.034.559</u></b>

## Balance sheet at 31.03.2019

	<u>Notes</u>	<u>2018/19</u> <u>DKK</u>	<u>2017/18</u> <u>DKK</u>
Contributed capital		3.000.000	3.000.000
Retained earnings		<u>10.728.610</u>	<u>10.050.254</u>
<b>Equity</b>		<b><u>13.728.610</u></b>	<b><u>13.050.254</u></b>
Bank loans		20.327.520	13.332.520
Trade payables		8.698.970	5.812.567
Payables to group enterprises		7.711.896	13.978.649
Other payables		<u>4.765.845</u>	<u>3.860.569</u>
<b>Current liabilities other than provisions</b>		<b><u>41.504.231</u></b>	<b><u>36.984.305</u></b>
<b>Liabilities other than provisions</b>		<b><u>41.504.231</u></b>	<b><u>36.984.305</u></b>
<b>Equity and liabilities</b>		<b><u>55.232.841</u></b>	<b><u>50.034.559</u></b>
Unrecognised rental and lease commitments	10		
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## Statement of changes in equity for 2018/19

	<b>Contributed capital DKK</b>	<b>Retained earnings DKK</b>	<b>Total DKK</b>
Equity beginning of year	3.000.000	10.050.254	13.050.254
Profit/loss for the year	0	678.356	678.356
<b>Equity end of year</b>	<b>3.000.000</b>	<b>10.728.610</b>	<b>13.728.610</b>

## Notes

	<b>2018/19</b>	<b>2017/18</b>
	<b>DKK</b>	<b>DKK</b>
<b>1. Staff costs</b>		
Wages and salaries	6.639.652	5.378.119
Pension costs	40.549	32.019
Other social security costs	61.158	73.267
	<b>6.741.359</b>	<b>5.483.405</b>
Average number of employees	<b>13</b>	<b>12</b>
Persuant to Section 98 (b) (3) of the Danish Financial Statements Act, remuneration of the Executive Board has not been disclosed.		
	<b>2018/19</b>	<b>2017/18</b>
	<b>DKK</b>	<b>DKK</b>
<b>2. Depreciation, amortisation and impairment losses</b>		
Amortisation of intangible assets	406.019	406.019
Depreciation of property, plant and equipment	35.334	65.420
	<b>441.353</b>	<b>471.439</b>
	<b>2018/19</b>	<b>2017/18</b>
	<b>DKK</b>	<b>DKK</b>
<b>3. Other financial income</b>		
Other financial income	809.261	1.054.171
	<b>809.261</b>	<b>1.054.171</b>
	<b>2018/19</b>	<b>2017/18</b>
	<b>DKK</b>	<b>DKK</b>
<b>4. Other financial expenses</b>		
Other financial expenses	387.919	343.798
	<b>387.919</b>	<b>343.798</b>
	<b>2018/19</b>	<b>2017/18</b>
	<b>DKK</b>	<b>DKK</b>
<b>5. Tax on profit/loss for the year</b>		
Change in deferred tax	728.305	(1.075.806)
	<b>728.305</b>	<b>(1.075.806)</b>

## Notes

	<b>2018/19</b>	<b>2017/18</b>
	<b>DKK</b>	<b>DKK</b>
<b>6. Proposed distribution of profit/loss</b>		
Retained earnings	678.356	3.255.061
	<b>678.356</b>	<b>3.255.061</b>
		<b>Acquired licences DKK</b>
<b>7. Intangible assets</b>		
Cost beginning of year		3.862.951
<b>Cost end of year</b>		<b>3.862.951</b>
Amortisation and impairment losses beginning of year		(647.523)
Amortisation for the year		(406.019)
<b>Amortisation and impairment losses end of year</b>		<b>(1.053.542)</b>
<b>Carrying amount end of year</b>		<b>2.809.409</b>
		<b>Other fixtures and fittings, tools and equipment DKK</b>
<b>8. Property, plant and equipment</b>		
Cost beginning of year		331.781
Additions		19.365
<b>Cost end of year</b>		<b>351.146</b>
Depreciation and impairment losses beginning of year		(270.298)
Depreciation for the year		(35.334)
<b>Depreciation and impairment losses end of year</b>		<b>(305.632)</b>
<b>Carrying amount end of year</b>		<b>45.514</b>

## Notes

	<b>2018/19</b>
	<b><u>DKK</u></b>
<b>9. Deferred tax</b>	
<b>Changes during the year</b>	
Beginning of year	1.829.027
Recognised in the income statement	<u>(728.305)</u>
<b>End of year</b>	<b><u>1.100.722</u></b>

The company has a deferred tax asset of DKK 10,150 thousand that is not recognised in the financial statements. The deferred tax asset consists of tax loss carryforwards.

	<b>2018/19</b>	<b>2017/18</b>
	<b><u>DKK</u></b>	<b><u>DKK</u></b>
<b>10. Unrecognised rental and lease commitments</b>		
Liabilities under rental or lease agreements until maturity in total	<b><u>514.000</u></b>	<b><u>945.000</u></b>

### 11. Related parties with controlling interest

#### Parent Foundation:

The Robertson Trust

Robertson House, 152 Bath Street, Glasgow, Scotland, G2 4TB

#### Intermediate Parent:

The Edrington Group Ltd.

100 Queen Street, Glasgow, Scotland, G1 3DN

#### Intermediate Parent:

The 1887 Company Ltd.

100 Queen Street, Glasgow, Scotland, G1 3DN

#### Intermediate Parent:

Highland Distillers Ltd.

Elixir House, Whitby Avenue, Park Royal, London, NW10 7SF

#### Immediate Parent:

Highland Distribution Company Ltd.

100 Queen Street, Glasgow, Scotland, G1 3DN



## Notes

### **12. Transactions with related parties**

Only non-arm's-length related party transactions are disclosed in the financial statements. However, no such transactions have taken place during the year.

### **13. Group relations**

Name and registered office of the Parent preparing consolidated financial statements for the largest group:  
The Edrington Group Ltd. 100 Queen Street, Glasgow, G1 3DN

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:  
Highland Distribution Company Limited, 100 Queen Street, Glasgow, Scotland, G1 3DN

## Accounting policies

### Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (medium).

The accounting policies applied to these financial statements are consistent with those applied last year.

### Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

### Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date, or the rate at the balance sheet date are recognised in the income statement as financial income or financial expenses. Property, plant and equipment, intangible assets, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

### Income statement

#### Revenue

Revenue from the sale of manufactured goods and goods for resale is recognised in the income statement when delivery is made and risk has passed to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

#### Cost of sales

Cost of sales comprises goods consumed in the financial year measured at cost, adjusted for ordinary inventory writedowns.

## Accounting policies

### Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes writedowns of receivables recognised in current assets.

### Staff costs

Staff costs comprise salaries and wages as well as social security contributions, pension contributions, etc for entity staff.

### Depreciation, amortisation and impairment losses

Amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment comprise amortisation, depreciation and impairment losses for the financial year, calculated on the basis of the residual values and useful lives of the individual assets and impairment testing as well as gains and losses from the sale of intangible assets as well as property, plant and equipment.

### Other financial income

Other financial income comprises interest income, net capital gains on securities, payables and transactions in foreign currencies as well as tax relief under the Danish Tax Prepayment Scheme etc.

### Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises as well as net capital losses on securities, payables and transactions in foreign currencies.

### Tax on profit/loss for the year

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

### Balance sheet

#### Intellectual property rights etc

Intellectual property rights etc comprise software licences and other intellectual property rights acquired.

Intellectual property rights acquired are measured at cost less accumulated amortisation.

Intellectual property rights etc are written down to the lower of recoverable amount and carrying amount.

#### Property, plant and equipment

Other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation.

## Accounting policies

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Other fixtures and fittings, tools and equipment 3-5 years

Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

### Inventories

Inventories are measured at the lower of cost using the average cost formula and net realisable value.

Cost consists of purchase price plus delivery costs.

The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

### Receivables

Receivables are measured at amortised cost, usually equalling nominal value less writedowns for bad and doubtful debts.

### Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amount and tax-based value of assets and liabilities, for which the tax-based value of assets is calculated based on the planned use of each asset.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

### Cash

Cash comprises cash in hand and bank deposits.

### Other financial liabilities

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

### Cash flow statement

The Company are part of the consolidated financial statement of The Edrington Group Ltd. With reference to section 86(4) of the Danish Financial Statements Act, no cash flow statement for the company is prepared.