



EDRINGTON DENMARK A/S

Dronningens Tværgade 9, 2.
1302 København K
CVR No. 10216281

Annual report 01.04.2020 - 31.03.2021

The Annual General Meeting adopted the
annual report on 23.08.2021

Peter Malling Lambert
Chairman of the General Meeting

Contents

Entity details	2
Statement by Management	3
Independent auditor's report	4
Management commentary	7
Income statement for 2020/21	9
Balance sheet at 31.03.2021	10
Statement of changes in equity for 2020/21	12
Notes	13
Accounting policies	16

Entity details

Entity

EDRINGTON DENMARK A/S

Dronningens Tværgade 9, 2.

1302 København K

CVR No.: 10216281

Registered office: København

Financial year: 01.04.2020 - 31.03.2021

Board of Directors

Rasmus Peter Brøndsted

Kasper Moos Andersen

Per Christer Öberg

Huw Charlton Pennell

Thomas James Castledine

Peter Malling Lambert

Executive Board

Kasper Moos Andersen, adm. dir.

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Weidekampsgade 6

2300 Copenhagen S

Statement by Management

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 01.04.2020 - 31.03.2021.

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 31.03.2021 and of the results of its operations for the financial year 01.04.2020 - 31.03.2021.

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, 23.08.2021

Executive Board

Kasper Moos Andersen
adm. dir.

Board of Directors

Rasmus Peter Brøndsted

Kasper Moos Andersen

Per Christer Öberg

Huw Charlton Pennell

Thomas James Castledine

Peter Malling Lambert

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 01.04.2020 - 31.03.2021, 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 31.03.2021 and of the results of its operations for the financial year 01.04.2020 - 31.03.2021 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:

- 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.

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, 23.08.2021

Deloitte

Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Jan Larsen

State Authorised Public Accountant
Identification No (MNE) mne16541

Management commentary

Financial highlights

	2020/21	2019/20	2018/19	2017/18	2016/17
	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000
Key figures					
Revenue	91,086	96,842	91,730	91,543	89,374
Gross profit/loss	7,848	7,828	8,168	7,424	6,940
Operating profit/loss	1,576	841	985	1,469	1,179
Net financials	(516)	(122)	421	710	(42)
Profit/loss for the year	2,085	744	678	3,255	886
Total assets	56,499	53,426	55,233	50,035	54,484
Investments in property, plant and equipment	7	50	19	66	0
Equity	16,558	14,472	13,729	13,050	9,795
Ratios					
Gross margin (%)	8.62	8.08	8.90	8.11	7.77
Net margin (%)	2.29	0.77	0.74	3.56	0.99
Return on equity (%)	13.44	5.28	5.06	28.50	58.30
Equity ratio (%)	29.31	27.09	24.86	26.08	17.98

Financial highlights are defined and calculated in accordance with the current version of "Recommendations & Ratios" issued by the CFA Society Denmark.

Gross margin (%):

$\frac{\text{Gross profit/loss} * 100}{\text{Revenue}}$

Net margin (%):

$\frac{\text{Profit/loss for the year} * 100}{\text{Revenue}}$

Return on equity (%):

$\frac{\text{Profit/loss for the year} * 100}{\text{Average equity}}$

Equity ratio (%):

$\frac{\text{Equity} * 100}{\text{Total assets}}$

Primary activities

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

Development in activities and finances

The year has been heavily impacted by the Covid -19 pandemic and through this the different channels have been impacted very differently. Due to closed borders there has not been any sales more or less in the border trade neither between Germany and Denmark nor between Sweden and Denmark. The Horeca business has also been heavily impacted due to constrains in opening hours as well as how many people they've been allowed to serve at one time.

The Danish retail however have been open for business, but there is a difference in pattern and the type of products consumed, hence volume drivers have been at the top of the consumers minds.

Speciality stores have also been allowed to stay open, providing Edrintgon with the opportunity to further strengthen the premiumization of the business with several successful launches of Prestige products, predominantly Macallan.

The company's income statement for 2020/2021 shows a profit of DKK 2.085.371, (19/20 DKK 743.734) an improvement from previous year, in large thanks to savings in cost. The balance sheet shows equity of DKK 16.557.715 (19/20 14.472.344) at 31/3 2021.

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

The outlook of the company will in part depend on the developments around Covid -19 but we have seen a strong start to the year with strong sales of Macallan driving the business forward.

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. Lastly the uncertainties surrounding COVID-19 will be posing an additional risk this year.

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 2020/21

	Notes	2020/21 DKK	2019/20 DKK
Revenue		91,086,461	96,841,926
Other operating income		765,893	0
Cost of sales		(76,314,517)	(76,640,531)
Other external expenses		(7,690,273)	(12,373,327)
Gross profit/loss		7,847,564	7,828,068
Staff costs	2	(5,856,740)	(6,547,392)
Depreciation, amortisation and impairment losses	3	(415,275)	(439,213)
Operating profit/loss		1,575,549	841,463
Other financial income		(208,376)	361,215
Other financial expenses		(307,442)	(482,967)
Profit/loss before tax		1,059,731	719,711
Tax on profit/loss for the year	4	1,025,640	24,023
Profit/loss for the year	5	2,085,371	743,734

Balance sheet at 31.03.2021

Assets

	Notes	2020/21 DKK	2019/20 DKK
Acquired licences		2,044,338	2,428,314
Intangible assets	6	2,044,338	2,428,314
Other fixtures and fittings, tools and equipment		34,301	58,491
Property, plant and equipment	7	34,301	58,491
Fixed assets		2,078,639	2,486,805
Manufactured goods and goods for resale		20,658,206	16,651,520
Inventories		20,658,206	16,651,520
Trade receivables		20,060,457	27,347,530
Receivables from group enterprises		5,918,500	367,491
Deferred tax	8	2,150,385	1,124,745
Other receivables		5,036,529	3,583,765
Receivables		33,165,871	32,423,531
Cash		596,507	1,864,271
Current assets		54,420,584	50,939,322
Assets		56,499,223	53,426,127

Equity and liabilities

	Notes	2020/21 DKK	2019/20 DKK
Contributed capital		3,000,000	3,000,000
Retained earnings		13,557,715	11,472,344
Equity		16,557,715	14,472,344
Bank loans		17,455,408	17,152,358
Trade payables		10,044,788	12,084,790
Payables to group enterprises		7,923,261	7,787,711
Other payables		4,518,051	1,928,924
Current liabilities other than provisions		39,941,508	38,953,783
Liabilities other than provisions		39,941,508	38,953,783
Equity and liabilities		56,499,223	53,426,127
Unusual circumstances	1		
Unrecognised rental and lease commitments	9		
Related parties with controlling interest	10		
Non-arm's length related party transactions	11		
Group relations	12		

Statement of changes in equity for 2020/21

	Contributed capital DKK	Retained earnings DKK	Total DKK
Equity beginning of year	3,000,000	11,472,344	14,472,344
Profit/loss for the year	0	2,085,371	2,085,371
Equity end of year	3,000,000	13,557,715	16,557,715

Notes

1 Unusual circumstances

Unusual circumstances are income and expenses that are special due to their size and nature. The Company has for the financial year received a total compensation of DKK 766 thousand from the COVID-19 compensation packages. The received compensation is recognised under other operating income.

2 Staff costs

	2020/21 DKK	2019/20 DKK
Wages and salaries	5,284,040	6,007,594
Pension costs	499,073	504,354
Other social security costs	73,627	35,444
	5,856,740	6,547,392
Average number of full-time employees	13	13

Persuant to Section 98 (b) (3) of the Danish Financial Statements Act, remuneration of the Executive Board has not been disclosed.

3 Depreciation, amortisation and impairment losses

	2020/21 DKK	2019/20 DKK
Amortisation of intangible assets	383,976	402,170
Depreciation of property, plant and equipment	31,299	37,043
	415,275	439,213

4 Tax on profit/loss for the year

	2020/21 DKK	2019/20 DKK
Change in deferred tax	(1,025,640)	(24,023)
	(1,025,640)	(24,023)

5 Proposed distribution of profit and loss

	2020/21 DKK	2019/20 DKK
Retained earnings	2,085,371	743,734
	2,085,371	743,734

6 Intangible assets

	Acquired licences DKK
Cost beginning of year	3,884,027
Cost end of year	3,884,027
Amortisation and impairment losses beginning of year	(1,455,713)
Amortisation for the year	(383,976)
Amortisation and impairment losses end of year	(1,839,689)
Carrying amount end of year	2,044,338

7 Property, plant and equipment

	Other fixtures and fittings, tools and equipment DKK
Cost beginning of year	401,166
Additions	7,108
Disposals	(72,722)
Cost end of year	335,552
Depreciation and impairment losses beginning of year	(342,675)
Depreciation for the year	(31,299)
Reversal regarding disposals	72,723
Depreciation and impairment losses end of year	(301,251)
Carrying amount end of year	34,301

8 Deferred tax

	2020/21 DKK
Changes during the year	
Beginning of year	1,124,745
Recognised in the income statement	1,025,640
End of year	2,150,385

The deferred tax asset consist of tax loss carryforwards

9 Unrecognised rental and lease commitments

	2020/21 DKK	2019/20 DKK
Liabilities under rental or lease agreements until maturity in total	1,007,861	916,000

10 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.
100 Queen Street, Glasgow, Scotland, G1 3DN

Immediate Parent:

Highland Distribution Company Ltd.
100 Queen Street, Glasgow, Scotland, G1 3DN

11 Non-arm's length related party transactions

Only related party transactions not conducted on an arm's length basis are disclosed in the annual report. No such transactions have been conducted in the financial year.

12 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 prepared 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 nonmonetary 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.

Other operating income

Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities.

Cost of sales

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

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, and 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, net capital or exchange 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.

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
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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 the tax-based value of assets and liabilities, for which the tax-based value 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.