



## EDRINGTON DENMARK A/S

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

## Annual report 01.04.2019 - 31.03.2020

The Annual General Meeting adopted the  
annual report on 22.09.2020

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**Peter Malling Lambert**  
Chairman of the General Meeting

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# Entity details

## Entity

EDRINGTON DENMARK A/S

Dronningens Tværgade 9, 2.

1302 København K

CVR No.: 10216281

Registered office: København

Financial year: 01.04.2019 - 31.03.2020

## Board of Directors

Peter Malling Lambert

Rasmus Peter Brøndsted

Per Christer Öberg

Huw Charlton Pennell

Kasper Moos Andersen

Thomas James Castledine

## Executive Board

Kasper Moos Andersen

## Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Weidekampsgade 6

P. O. Box 1600

0900 Copenhagen C

# 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 01.04.2019 - 31.03.2020.

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 31.03.2020 and of the results of its operations for the financial year 01.04.2019 - 31.03.2020.

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, 22.09.2020

## Executive Board

**Kasper Moos Andersen**

## Board of Directors

**Peter Malling Lambert**

**Rasmus Peter Brøndsted**

**Per Christer Öberg**

**Huw Charlton Pennell**

**Kasper Moos Andersen**

**Thomas James Castledine**

# 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 01.04.2019 - 31.03.2020, 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 31.03.2020 and of the results of its operations for the financial year 01.04.2019 - 31.03.2020 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, 22.09.2020

**Deloitte**

Statsautoriseret Revisionspartnerselskab  
CVR No. 33963556

**Jan Larsen**

State Authorised Public Accountant  
Identification No (MNE) mne16541

# Management commentary

## Financial highlights

	2019/20	2018/19	2017/18	2016/17	2015/16
	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000
<b>Key figures</b>					
Revenue	86,956	94,187	94,113	90,607	87,899
Gross profit/loss	7,828	8,168	7,424	6,940	9,895
Operating profit/loss	841	985	1,469	1,179	3,430
Net financials	(122)	421	710	(42)	(410)
Profit/loss for the year	744	678	3,255	886	4,023
Total assets	53,426	55,233	50,035	54,484	51,728
Investments in property, plant and equipment	50	19	66	0	22
Equity	14,472	13,729	13,050	9,795	8,909
<b>Ratios</b>					
Gross margin (%)	9.00	8.67	7.89	7.66	11.26
Net margin (%)	0.86	0.72	3.46	0.98	4.58
Return on equity (%)	5.28	5.06	28.50	9.47	58.30
Equity ratio (%)	27.09	24.86	26.08	17.98	17.22

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

### Gross margin (%):

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

Revenue

### Net margin (%):

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

Revenue

### Return on equity (%):

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

Average equity

### Equity ratio (%):

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

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

A lower performance for Edrington Denmark this year due to high impact of the COVID-19 crisis during the last month of the year. Domestic performance driven by strong off-trade development while on-trade has been highly impacted by the COVID-19 lockdown. In German Border Trade we continued 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. In addition the COVID-19 lockdown of the borders resulted in no sales during March and pre-Easter which impacted performance.

On brand level we have positive performance on The Famous Grouse Family domestic with increased market share. The COVID-19 challenges and the closing of the borders have impacted sales however Edrington still maintains the market leader position with The Famous Grouse.

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 due to new listings in the off-trade domestic business.

The Company's income statement for 2019/20 shows a profit of t.DKK 744 (2018/19: t.DKK 678) and the balance sheet shows equity of t.DKK 14.472 (2018/19: t.DKK 13.729) at 31.03.2020.

### 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 2020/21 will most likely be reduced due to the effects and uncertainties of the COVID-19 crisis.

### 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 2019/20

	Notes	2019/20 DKK	2018/19 DKK
Revenue		86,956,408	94,186,945
Cost of sales		(66,755,013)	(72,709,221)
Other external expenses		(12,373,327)	(13,309,693)
<b>Gross profit/loss</b>		<b>7,828,068</b>	<b>8,168,031</b>
Staff costs	1	(6,547,392)	(6,741,359)
Depreciation, amortisation and impairment losses	2	(439,213)	(441,353)
<b>Operating profit/loss</b>		<b>841,463</b>	<b>985,319</b>
Other financial income		361,215	809,261
Other financial expenses		(482,967)	(387,919)
<b>Profit/loss before tax</b>		<b>719,711</b>	<b>1,406,661</b>
Tax on profit/loss for the year	3	24,023	(728,305)
<b>Profit/loss for the year</b>	4	<b>743,734</b>	<b>678,356</b>

# Balance sheet at 31.03.2020

## Assets

	Notes	2019/20 DKK	2018/19 DKK
Acquired licences		2,428,314	2,809,409
<b>Intangible assets</b>	5	<b>2,428,314</b>	<b>2,809,409</b>
Other fixtures and fittings, tools and equipment		58,491	45,514
<b>Property, plant and equipment</b>	6	<b>58,491</b>	<b>45,514</b>
<b>Fixed assets</b>		<b>2,486,805</b>	<b>2,854,923</b>
Manufactured goods and goods for resale		16,651,520	16,167,986
<b>Inventories</b>		<b>16,651,520</b>	<b>16,167,986</b>
Trade receivables		27,347,530	32,209,363
Receivables from group enterprises		367,491	332,519
Deferred tax	7	1,124,745	1,100,722
Other receivables		3,583,765	914,003
<b>Receivables</b>		<b>32,423,531</b>	<b>34,556,607</b>
<b>Cash</b>		<b>1,864,271</b>	<b>1,653,325</b>
<b>Current assets</b>		<b>50,939,322</b>	<b>52,377,918</b>
<b>Assets</b>		<b>53,426,127</b>	<b>55,232,841</b>

**Equity and liabilities**

	<b>Notes</b>	<b>2019/20 DKK</b>	<b>2018/19 DKK</b>
Contributed capital		3,000,000	3,000,000
Retained earnings		11,472,344	10,728,610
<b>Equity</b>		<b>14,472,344</b>	<b>13,728,610</b>
Bank loans		17,152,358	20,327,520
Trade payables		12,084,790	8,698,970
Payables to group enterprises		7,787,711	7,711,896
Other payables		1,928,924	4,765,845
<b>Current liabilities other than provisions</b>		<b>38,953,783</b>	<b>41,504,231</b>
<b>Liabilities other than provisions</b>		<b>38,953,783</b>	<b>41,504,231</b>
<b>Equity and liabilities</b>		<b>53,426,127</b>	<b>55,232,841</b>
Unrecognised rental and lease commitments	8		
Related parties with controlling interest	9		
Non-arm's length related party transactions	10		
Group relations	11		

# Statement of changes in equity for 2019/20

	Contributed capital DKK	Retained earnings DKK	Total DKK
Equity beginning of year	3,000,000	10,728,610	13,728,610
Profit/loss for the year	0	743,734	743,734
<b>Equity end of year</b>	<b>3,000,000</b>	<b>11,472,344</b>	<b>14,472,344</b>

# Notes

## 1 Staff costs

	2019/20 DKK	2018/19 DKK
Wages and salaries	6,007,594	6,639,652
Pension costs	504,354	40,549
Other social security costs	35,444	61,158
	<b>6,547,392</b>	<b>6,741,359</b>
Average number of full-time employees	<b>13</b>	<b>13</b>

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

## 2 Depreciation, amortisation and impairment losses

	2019/20 DKK	2018/19 DKK
Amortisation of intangible assets	402,170	406,019
Depreciation of property, plant and equipment	37,043	35,334
	<b>439,213</b>	<b>441,353</b>

## 3 Tax on profit/loss for the year

	2019/20 DKK	2018/19 DKK
Change in deferred tax	(24,023)	728,305
	<b>(24,023)</b>	<b>728,305</b>

## 4 Proposed distribution of profit and loss

	2019/20 DKK	2018/19 DKK
Retained earnings	743,734	678,356
	<b>743,734</b>	<b>678,356</b>

## 5 Intangible assets

	<b>Acquired licences DKK</b>
Cost beginning of year	3,862,951
Additions	21,075
<b>Cost end of year</b>	<b>3,884,026</b>
Amortisation and impairment losses beginning of year	(1,053,542)
Amortisation for the year	(402,170)
<b>Amortisation and impairment losses end of year</b>	<b>(1,455,712)</b>
<b>Carrying amount end of year</b>	<b>2,428,314</b>

## 6 Property, plant and equipment

	<b>Other fixtures and fittings, tools and equipment DKK</b>
Cost beginning of year	351,146
Additions	50,020
<b>Cost end of year</b>	<b>401,166</b>
Depreciation and impairment losses beginning of year	(305,632)
Depreciation for the year	(37,043)
<b>Depreciation and impairment losses end of year</b>	<b>(342,675)</b>
<b>Carrying amount end of year</b>	<b>58,491</b>

## 7 Deferred tax

	<b>2019/20 DKK</b>
<b>Changes during the year</b>	
Beginning of year	1,100,722
Recognised in the income statement	24,023
<b>End of year</b>	<b>1,124,745</b>

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

## 8 Unrecognised rental and lease commitments

	<b>2019/20 DKK</b>	<b>2018/19 DKK</b>
Liabilities under rental or lease agreements until maturity in total	<b>916,000</b>	<b>514,000</b>

## 9 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

## 10 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.

## 11 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.

### 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.