Brown-Forman

First Quarter Fiscal 2022 Earnings Call

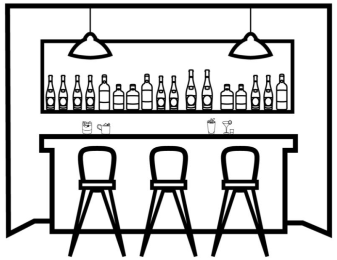
Forward-Looking Statements

This presentation contains statements, estimates, and projections that are “forward-looking statements” as defined under U.S. federal securities laws. Words such as “aim,” “anticipate,” “aspire,” “believe,” “can,” “continue,” “could,” “envision,” “estimate,” “expect,” “expectation,” “intend,” “may,” “might,” “plan,” “potential,” “project,” “pursue,” “see,” “seek,” “should,” “will,” “would,” and similar words indicate forward-looking statements, which speak only as of the date we make them. Except as required by law, we do not intend to update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise. By their nature, forward-looking statements involve risks, uncertainties, and other factors (many beyond our control) that could cause our actual results to differ materially from our historical experience or from our current expectations or projections. These risks and uncertainties include, but are not limited to:

- Our substantial dependence upon the continued growth of the Jack Daniel’s family of brands
- Substantial competition from new entrants, consolidations by competitors and retailers, and other competitive activities, such as pricing actions (including price reductions, promotions, discounting, couponing, or free goods), marketing, category expansion, product introductions, or entry or expansion in our geographic markets or distribution networks
- Route-to-consumer changes that affect the timing of our sales, temporarily disrupt the marketing or sale of our products, or result in higher fixed costs
- Disruption of our distribution network or inventory fluctuations in our products by distributors, wholesalers, or retailers
- Changes in consumer preferences, consumption, or purchase patterns – particularly away from larger producers in favor of small distilleries or local producers, or away from brown spirits, our premium products, or spirits generally, and our ability to anticipate or react to them; further legalization of marijuana; shifts in consumer purchase practices; bar, restaurant, travel, or other on-premise declines; shifts in demographic or health and wellness trends; or unfavorable consumer reaction to new products, line extensions, package changes, product reformulations, or other product innovation
- Production facility, aging warehouse, or supply chain disruption
- Imprecision in supply/demand forecasting
- Higher costs, lower quality, or unavailability of energy, water, raw materials, product ingredients, or labor
- Impact of health epidemics and pandemics, including the COVID-19 pandemic, and the risk of the resulting negative economic impact and related governmental actions
- Unfavorable global or regional economic conditions, particularly related to the COVID-19 pandemic, and related economic slowdowns or recessions, low consumer confidence, high unemployment, weak credit or capital markets, budget deficits, burdensome government debt, austerity measures, higher interest rates, higher taxes, political instability, higher inflation, deflation, lower returns on pension assets, or lower discount rates for pension obligations
- Product recalls or other product liability claims, product tampering, contamination, or quality issues
- Negative publicity related to our company, products, brands, marketing, executive leadership, employees, board of directors, family stockholders, operations, business performance, or prospects
- Failure to attract or retain key executive or employee talent
- Risks associated with acquisitions, dispositions, business partnerships, or investments – such as acquisition integration, termination difficulties or costs, or impairment in recorded value
- Risks associated with being a U.S.-based company with a global business, including commercial, political, and financial risks; local labor policies and conditions; protectionist trade policies, or economic or trade sanctions, including additional retaliatory tariffs on American whiskeys and the effectiveness of our actions to mitigate the negative impact on our margins, sales, and distributors; compliance with local trade practices and other regulations; terrorism; and health pandemics
- Failure to comply with anti-corruption laws, trade sanctions and restrictions, or similar laws or regulations
- Fluctuations in foreign currency exchange rates, particularly a stronger U.S. dollar
- Changes in laws, regulatory measures, or governmental policies – especially those that affect the production, importation, marketing, labeling, pricing, distribution, sale, or consumption of our beverage alcohol products
- Tax rate changes (including excise, corporate, sales or value-added taxes, property taxes, payroll taxes, import and export duties, and tariffs) or changes in related reserves, changes in tax rules or accounting standards, and the unpredictability and suddenness with which they can occur
- Decline in the social acceptability of beverage alcohol in significant markets
- Significant additional labeling or warning requirements or limitations on availability of our beverage alcohol products
- Counterfeiting and inadequate protection of our intellectual property rights
- Significant legal disputes and proceedings, or government investigations
- Cyber breach or failure or corruption of our key information technology systems or those of our suppliers, customers, or direct and indirect business partners, or failure to comply with personal data protection laws
- Our status as a family “controlled company” under New York Stock Exchange rules, and our dual-class share structure

For further information on these and other risks, please refer to our public filings, including the “Risk Factors” section of our annual report on Form 10-K and quarterly reports on Form 10-Q filed with the Securities and Exchange Commission.

Current Business Environment



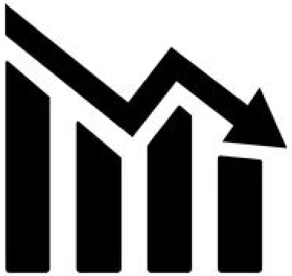
On-Premise

Tourism

Prior-Year Comparison

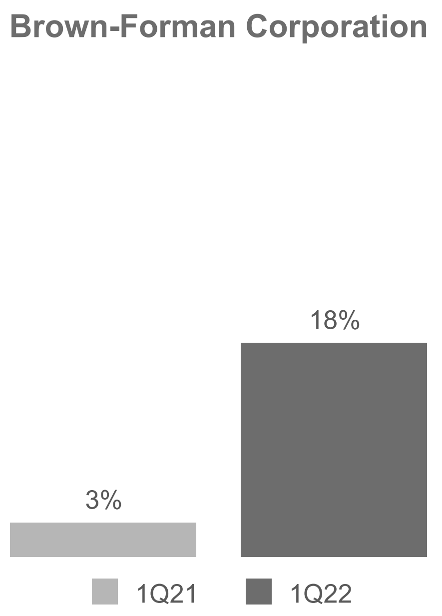
Broad Geographic Growth

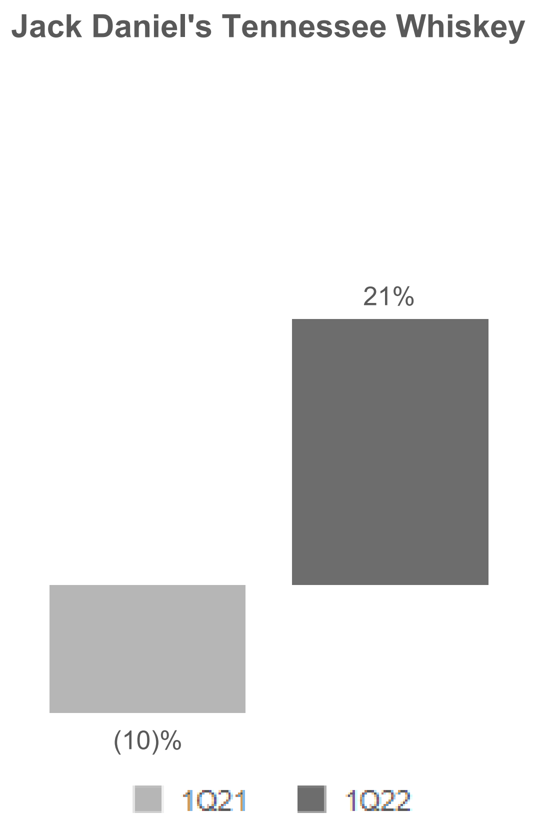
Healthy Brand Portfolio

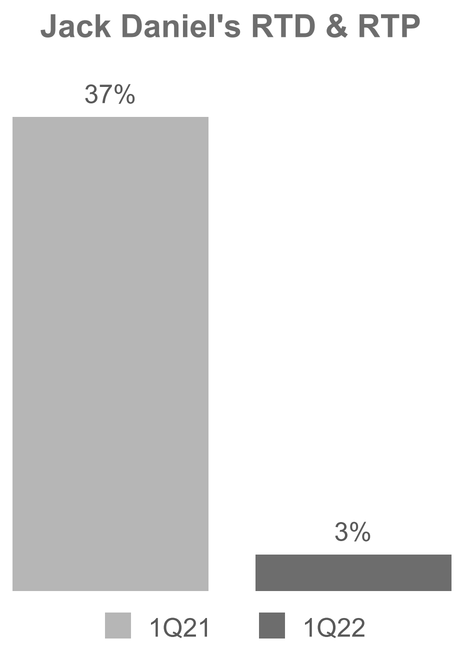


Gross Margin

Underlying Net Sales Comparisons
First Quarter Fiscal 2022





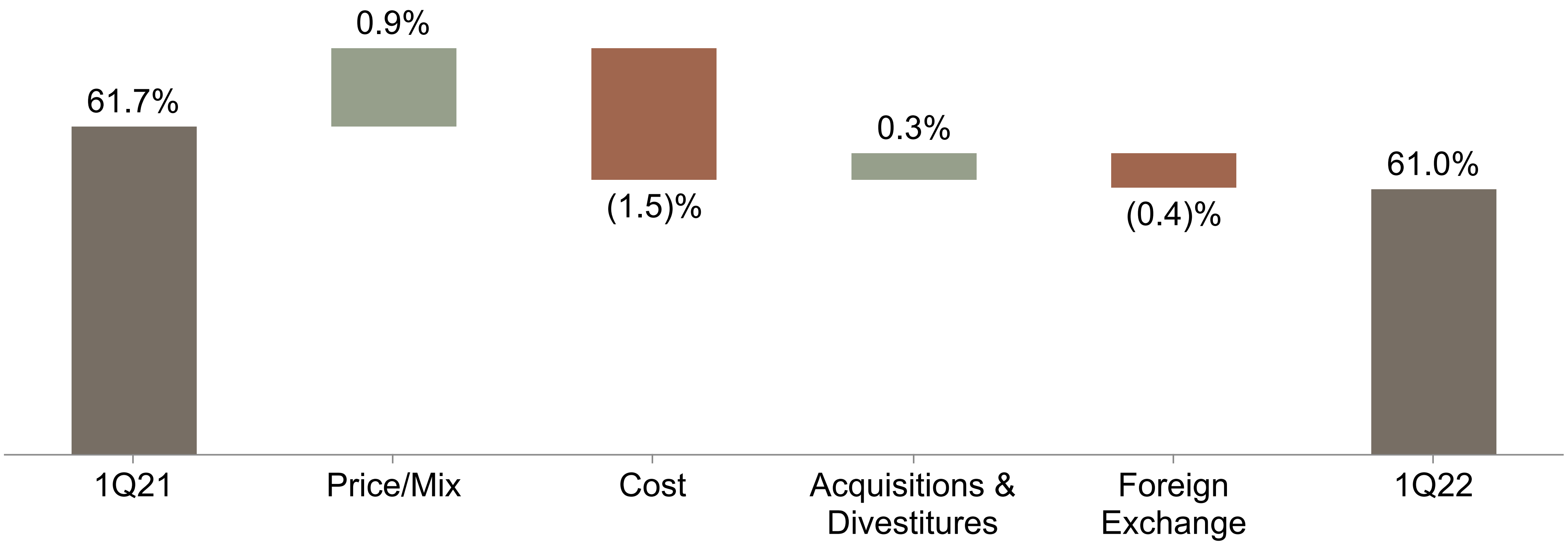


Notes - Change is versus prior-year period. Totals may differ due to rounding. See appendix for non-GAAP definitions and additional information

Double-Digit Underlying Net Sales Growth
First Quarter Fiscal 2022

Gross Margin Declined 70 bps

Higher input costs and the impact of supply chain constraints, partially offset by favorable portfolio mix



First Quarter Fiscal 2022

Net Sales

- Underlying[1] net sales grew 18% (+20% reported)
  - Growth across all three geographic clusters and Travel Retail channel
  - Double-digit underlying net sales from
    - JDTW
    - Premium Bourbons
    - Tequilas
    - Jack Daniel's flavors

Gross Margin

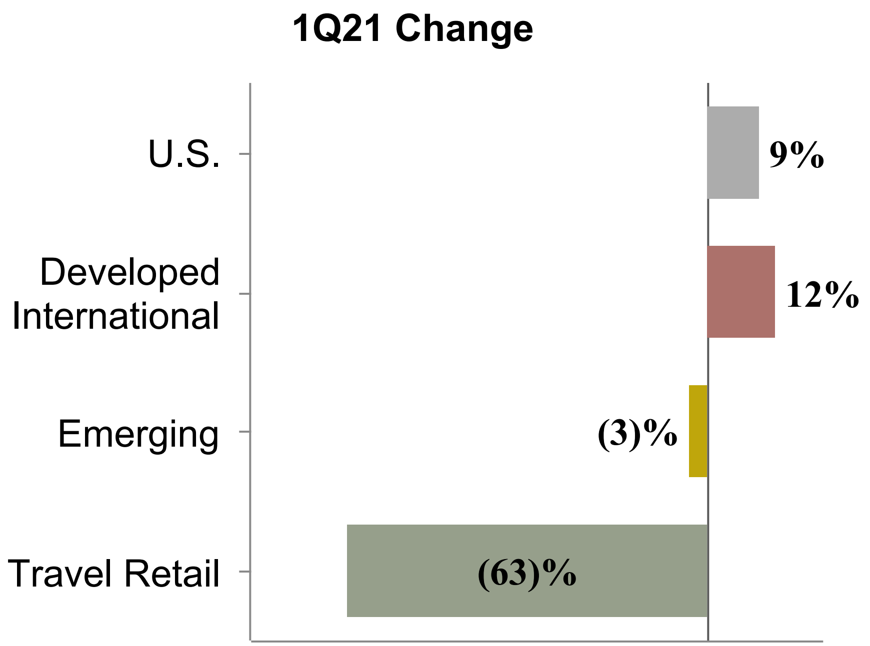
- Declined 70 bps
  - Higher input costs
  - Supply chain constraints
  - Partially offset by favorable portfolio mix

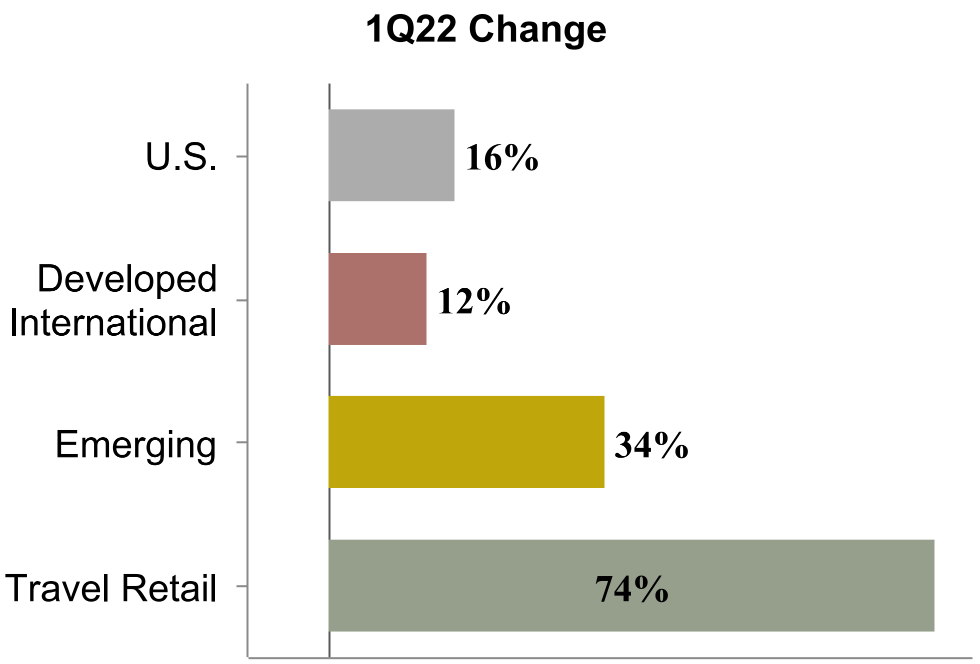
Operating Income & Diluted EPS

- Underlying[1] operating income grew 15% (-25% reported)
  - A&P investment to support brand momentum
  - Increased SG&A primarily due to cycling against prior-year period
- Diluted EPS decreased -41%
  - Reflecting the absence of the prior-year gain from the sale of brands.

[1]Use of Non-GAAP Financial Information: This presentation includes measures not derived in accordance with U.S. generally accepted accounting principles ("GAAP"), including underlying net sales, underlying gross profit, underlying advertising expense, underlying SG&A, and underlying operating income. These measures should not be considered in isolation or as a substitute for any measure derived in accordance with GAAP, and also may be inconsistent with similar measures presented by other companies. Reconciliations of these measures to the most closely comparable GAAP measures, and reasons for the company's use of these measures, are presented in the presentation and the appendix attached hereto.

Accelerating Underlying Net Sales





Notes - Change is versus prior-year period. See appendix for non-GAAP to GAAP reconciliations, definitions, and additional details

First Quarter Fiscal 2022 Results
A Strong Start

	Reported Change (%)	Acquisitions and Divestitures (+/-)	Foundation (+/-)	Impairment Charges (+/-)	Foreign Exchange Impact (+/-)	Estimated Net Change In Distributor Inventories (+/-)	Underlying Change (%)
Net Sales	**20%**	**2%**	**—%**	**—%**	**—%**	**-4%**	**18%**
Gross Profit	**19%**	**1%**	**—%**	**—%**	**—%**	**-4%**	**17%**
Advertising	**46%**	**1%**	**—%**	**—%**	**-2%**	**—%**	**44%**
SG&A	**14%**	**—%**	**—%**	**—%**	**-3%**	**—%**	**11%**
Operating Income	**-25%**	**39%**	**—%**	**2%**	**6%**	**-6%**	**15%**

Notes - Change is versus prior-year period. Totals may differ due to rounding. See appendix for non-GAAP definitions and additional information

Fiscal 2022 Outlook

Despite challenges, we expect:

- Mid-single digit growth in underlying net sales
- Gross margin to be flat to slightly down
- Mid-single digit growth in underlying operating expenses
- Mid-single digit growth in underlying operating income

Appendix

Non-GAAP Reconciliation

We use certain financial measures in this presentation that are not measures of financial performance under U.S. generally accepted accounting principles (GAAP). These non-GAAP measures, defined below, should be viewed as supplements to (not substitutes for) our results of operations and other measures reported under GAAP. Other companies may not define or calculate these non-GAAP measures in the same way. Reconciliations of these non-GAAP measures to the most closely comparable GAAP measures are presented in this presentation and related appendix..

<u>"Underlying change" in measures of statements of operations</u>. We present changes in certain measures, or line items, of the statements of operations that are adjusted to an "underlying" basis. We use "underlying change" for the following measures of the statements of operations: (a) underlying net sales; (b) underlying cost of sales; (c) underlying gross profit; (d) underlying advertising expenses; (e) underlying selling, general, and administrative (SG&A) expenses; (f) underlying other expense (income) net; (g) underlying operating expenses*; and (h) underlying operating income. To calculate these measures, we adjust, as applicable, for (1) acquisitions and divestitures, (2) foreign exchange, (3) estimated net changes in distributor inventories, and (4) impairment charges. We explain these adjustments below.

- *"Acquisitions and divestitures."* This adjustment removes (a) the gain or loss recognized on sale of divested brands, (b) any non-recurring effects related to our acquisitions and divestitures (e.g., transaction, transition, and integration costs), and (c) the effects of operating activity related to acquired and divested brands for periods not comparable year over year (non-comparable periods). Excluding non-comparable periods allows us to include the effects of acquired and divested brands only to the extent that results are comparable year over year.

  During fiscal 2021, we sold our Early Times, Canadian Mist, and Collingwood brands and related assets, which resulted in a pre-tax gain of $127 million, and entered into a related transition services agreement (TSA) for these brands. Also, during fiscal 2021, we acquired Part Time Rangers Limited, which owns Part Time Rangers RTDs.

  This adjustment removes (a) transaction and integration costs related to the acquisitions and divestitures, (b) the gain on sale of Early Times, Canadian Mist, and Collingwood and related assets, (c) operating activity for the non-comparable period for Early Times, Canadian Mist, and Collingwood, which is activity in the first quarter of fiscal 2021, (d) the net sales and operating expenses recognized in fiscal 2021 pursuant to the TSA related to (i) contract bottling services and (ii) distribution services in certain markets, and (e) operating activity for Part Time Rangers Holdings Limited for the non-comparable period, which is activity in the first quarter of fiscal 2021. We believe that these adjustments allow for us to better understand our underlying results on a comparable basis.
- *"Foreign exchange."* We calculate the percentage change in certain line items of the statements of operations in accordance with GAAP and adjust to exclude the cost or benefit of currency fluctuations. Adjusting for foreign exchange allows us to understand our business on a constant-dollar basis, as fluctuations in exchange rates can distort the underlying trend both positively and negatively. (In this presentation, "dollar" always means the U.S. dollar unless stated otherwise.) To eliminate the effect of foreign exchange fluctuations when comparing across periods, we translate current-year results at prior-year rates and remove transactional and hedging foreign exchange gains and losses from current- and prior-year periods.
- *"Estimated net change in distributor inventories."* This adjustment refers to the estimated net effect of changes in distributor inventories on changes in certain line items of the statements of operations. For each period compared, we use volume (see Note 3 - Definitions - Other Metrics below) information from our distributors to estimate the effect of distributor inventory changes in certain line items of the statements of operations. We believe that this adjustment reduces the effect of varying levels of distributor inventories on changes in certain line items of the statements of operations and allows us to understand better our underlying results and trends.
- *"Impairment charges."* This adjustment removes the impact of impairment charges from our results of operations. During the first quarter of fiscal 2022, we recognized a non-cash impairment charge of $6 million for certain fixed assets. We believe that this adjustment allows for us to better understand our underlying results on a comparable basis.

We use the non-GAAP measures "underlying change" to: (a) understand our performance from period to period on a consistent basis; (b) compare our performance to that of our competitors; (c) calculate components of management incentive compensation; (d) plan and forecast; and (e) communicate our financial performance to the board of directors, stockholders, and the investment community. We have consistently applied the adjustments within our reconciliations in arriving at each non-GAAP measure.

When we provide guidance for underlying change for certain measures of the statements of operations we do not provide guidance for the corresponding GAAP change because the GAAP measure will include items that are difficult to quantify or predict with reasonable certainty, including the estimated net change in distributor inventories and foreign exchange, each of which could have a significant impact to our GAAP income statement measures.

*Operating expenses include advertising expense, SG&A expense, and other expense (income), net.

Definitions

From time to time, to explain our results of operations or to highlight trends and uncertainties affecting our business, we aggregate markets according to stage of economic development as defined by the International Monetary Fund (IMF), and we aggregate brands by beverage alcohol category. Below, we define aggregations used in this presentation.

Geographic Aggregations.

- *"Developed International"* markets are "advanced economies" as defined by the IMF, excluding the United States. Our largest developed international markets are Australia, Germany, the United Kingdom, France, and Canada. This aggregation represents our net sales of branded products to these markets.
- *"Emerging"* markets are "emerging and developing economies" as defined by the IMF. Our largest emerging markets are Mexico, Poland, Brazil, and Russia. This aggregation represents our net sales of branded products to these markets.
- *"Travel Retail"* represents our net sales of branded products to global duty-free customers, other travel retail customers, and the U.S. military regardless of customer location.
- *"Non-branded and bulk"* includes our net sales of used barrels, bulk whiskey and wine, and contract bottling regardless of customer location.

Brand Aggregations.

- *"Jack Daniel's family of brands"* includes Jack Daniel's Tennessee Whiskey (JDTW), Jack Daniel's RTD and RTP products (JD RTD/RTP), Jack Daniel's Tennessee Honey (JDTH), Gentleman Jack, Jack Daniel's Tennessee Fire (JDTF), Jack Daniel's Tennessee Apple (JDTA), Jack Daniel's Single Barrel Collection (JDSB), Jack Daniel's Tennessee Rye Whiskey (JDTR), Jack Daniel's No. 27 Gold Tennessee Whiskey, Jack Daniel's Sinatra Select, and Jack Daniel's Bottled-in-Bond.
- *"Jack Daniel's RTD and RTP"* products include all RTD line extensions of Jack Daniel's, such as Jack Daniel's & Cola, Jack Daniel's Country Cocktails, Jack Daniel's & Diet Cola, Jack & Ginger, Jack Daniel's Double Jack, Gentleman Jack & Cola, Jack Daniel's American Serve, Jack Daniel's Tennessee Honey RTD, Jack Daniel's Berry, Jack Daniel's Lynchburg Lemonade, Jack Daniel's Whiskey & Seltzer, and the seasonal Jack Daniel's Winter Jack RTP.
- *"Jack Daniel's flavors"* includes JDTH, JDTF, and JDTA.
- *"Premium bourbons"* includes Woodford Reserve, Old Forester, and Coopers' Craft.
- *"Super-premium American whiskey"* includes Woodford Reserve, Gentleman Jack, JDSB, JDTR, Jack Daniel's No. 27 Gold Tennessee Whiskey, and Jack Daniel's Sinatra Select.
- *"Tequila"* includes the Herradura family of brands (Herradura), el Jimador, New Mix, Pepe Lopez, and Antiguo.
- *"Full Strength Tequilas"* includes the Herradura family of brands (Herradura), el Jimador, Pepe Lopez, and Antiguo.
- *"Wine"* includes Korbel Champagnes and Sonoma-Cutrer wines.
- *"Vodka"* includes Finlandia.
- *"Non-branded and bulk"* includes our net sales of used barrels, bulk whiskey and wine, and contract bottling regardless of customer location.

Definitions

Other Metrics.

- *“Depletions.”* We generally record revenues when we ship our products to our customers. “Depletions” is a term commonly used in the beverage alcohol industry to describe volume. Depending on the context, “depletions” usually means either (a) our shipments directly to retail or wholesale customers for owned distribution markets or (b) shipments from our distributor customers to retailers and wholesalers in other markets. We believe that depletions measure volume in a way that more closely reflects consumer demand than our shipments to distributor customers do. In this presentation, unless otherwise specified, we refer to “depletions” when discussing volume.
- *“Consumer takeaway.”* When discussing trends in the market, we refer to consumer takeaway, a term commonly used in the beverage alcohol industry. Consumer takeaway refers to the purchase of product by consumers from retail outlets, including products purchased through e-premise channels, as measured by volume or retail sales value. This information is provided by third parties, such as Nielsen and the National Alcohol Beverage Control Association (NABCA). Our estimates of market share or changes in market share are derived from consumer takeaway data using the retail sales value metric. We believe consumer takeaway is a leading indicator of how consumer demand is trending.

Reconciliation – First Quarter Fiscal 2021 & Fiscal 2022 Net Sales Growth*

Three months ended July 31, 2020	Reported	Acquisitions & Divestitures (+/-)	Foreign Exchange (+/-)	Estimated Net Change in Distributor Inventories (+/-)	Underlying
Brown-Forman Corporation	-2%	—%	—%	5%	3%

Three months ended July 31, 2020	Reported	Acquisitions & Divestitures (+/-)	Foreign Exchange (+/-)	Estimated Net Change in Distributor Inventories (+/-)	Underlying
Jack Daniel's Tennessee Whiskey	-17%	—%	—%	7%	-10%
Three months ended July 31, 2021	**Reported**	**Acquisitions & Divestitures (+/-)**	**Foreign Exchange (+/-)**	**Estimated Net Change in Distributor Inventories (+/-)**	**Underlying**
Jack Daniel's Tennessee Whiskey	28%	—%	1%	-7%	21%

Three months ended July 31, 2020	Reported	Acquisitions & Divestitures (+/-)	Foreign Exchange (+/-)	Estimated Net Change in Distributor Inventories (+/-)	Underlying
Jack Daniel's RTD & RTP	35%	—%	2%	—%	37%
Three months ended July 31, 2021	**Reported**	**Acquisitions & Divestitures (+/-)**	**Foreign Exchange (+/-)**	**Estimated Net Change in Distributor Inventories (+/-)**	**Underlying**
Jack Daniel's RTD & RTP	6%	—%	-3%	—%	3%

Note - Change versus prior-year period

Totals may differ due to rounding

* Please refer to the definitions section of the appendix in this presentation for further information on our brand aggregations

Reconciliation – First Quarter Fiscal 2021 & 2022 Net Sales Growth by Geographic Area*

Three months ended July 31, 2020					
Geographic Area	Reported	Acquisitions & Divestitures (+/-)	Foreign Exchange (+/-)	Estimated Net Change in Distributor Inventories (+/-)	Underlying
United States	3%	—%	—%	5%	9%
Developed International	13%	—%	-5%	5%	12%
Emerging	-20%	—%	10%	7%	-3%
Travel Retail	-59%	—%	—%	-5%	-63%

Three months ended July 31, 2021					
Geographic Area	Reported	Acquisitions & Divestitures (+/-)	Foreign Exchange (+/-)	Estimated Net Change in Distributor Inventories (+/-)	Underlying
United States	16%	3%	—%	-4%	16%
Developed International	17%	1%	-1%	-5%	12%
Emerging	40%	—%	-1%	-5%	34%
Travel Retail	61%	2%	-5%	17%	74%

Note - Change versus prior-year period

Totals may differ due to rounding

* Please refer to the definitions section of the appendix in this presentation for further information on our geographic aggregations

Reconciliation – First Quarter Fiscal 2022 Net Sales Growth*

Three months ended July 31, 2021	Reported	Acquisitions & Divestitures (+/-)	Foreign Exchange (+/-)	Estimated Net Change in Distributor Inventories (+/-)	Underlying
Premium Bourbons	34%	—%	—%	2%	36%

Three months ended July 31, 2021	Reported	Acquisitions & Divestitures (+/-)	Foreign Exchange (+/-)	Estimated Net Change in Distributor Inventories (+/-)	Underlying
Tequila	32%	—%	-5%	-4%	23%

Three months ended July 31, 2021	Reported	Acquisitions & Divestitures (+/-)	Foreign Exchange (+/-)	Estimated Net Change in Distributor Inventories (+/-)	Underlying
Full Strength Tequila	60%	—%	-4%	-7%	49%

Note - Change versus prior-year period

Totals may differ due to rounding

* Please refer to the definitions section of the appendix in this presentation for further information on our brand aggregations

Reconciliation – Fiscal 2021 Net Sales Growth*

Twelve months ended April 30, 2021	Reported	Acquisitions & Divestitures (+/-)	Foreign Exchange (+/-)	Estimated Net Change in Distributor Inventories (+/-)	Underlying
Brown-Forman Corporation	**3%**	**—%**	**-1%**	**4%**	**6%**

Twelve months ended April 30, 2021	Reported	Acquisitions & Divestitures (+/-)	Foreign Exchange (+/-)	Estimated Net Change in Distributor Inventories (+/-)	Underlying
Jack Daniel's Tennessee Whiskey	**-8%**	**—%**	**-1%**	**4%**	**-4%**

Note - Change versus prior-year period

Totals may differ due to rounding

* Please refer to the definitions section of the appendix in this presentation for further information on our brand aggregations