



BROWN-FORMAN

REIMAGINING OUR FUTURE

Third Quarter and Year-to-Date
Fiscal 2022 Results

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 disruptions
- 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

Year-to-Date Fiscal 2022 Themes

- Top line acceleration
 - On-premise reopening
 - Return of travel
 - Favorable prior-year comparison
- Favorable category exposure
 - American whiskey
 - Tequila
- Supply chain disruption
 - Glass
 - Inventory impacts



Strong Year-to-Date (YTD) Results Across Key Metrics

YTD Net Sales growth

Reported % chg	11 %	↑
Organic ¹ % chg	14 %	↑

YTD Operating Income growth

Reported % chg	(4)%	↓
Organic % chg	19 %	↑

EPS	\$/sh.	% chg	
YTD	\$ 1.43	(12)%	↓
Q3	\$ 0.54	19 %	↑

Notes - Change is versus prior-year period. Totals may differ due to rounding.

¹See appendix for reconciliations, non-GAAP definitions, and additional information.

Strong Demand for Jack Daniel's



Double-Digit Growth in Tequilas



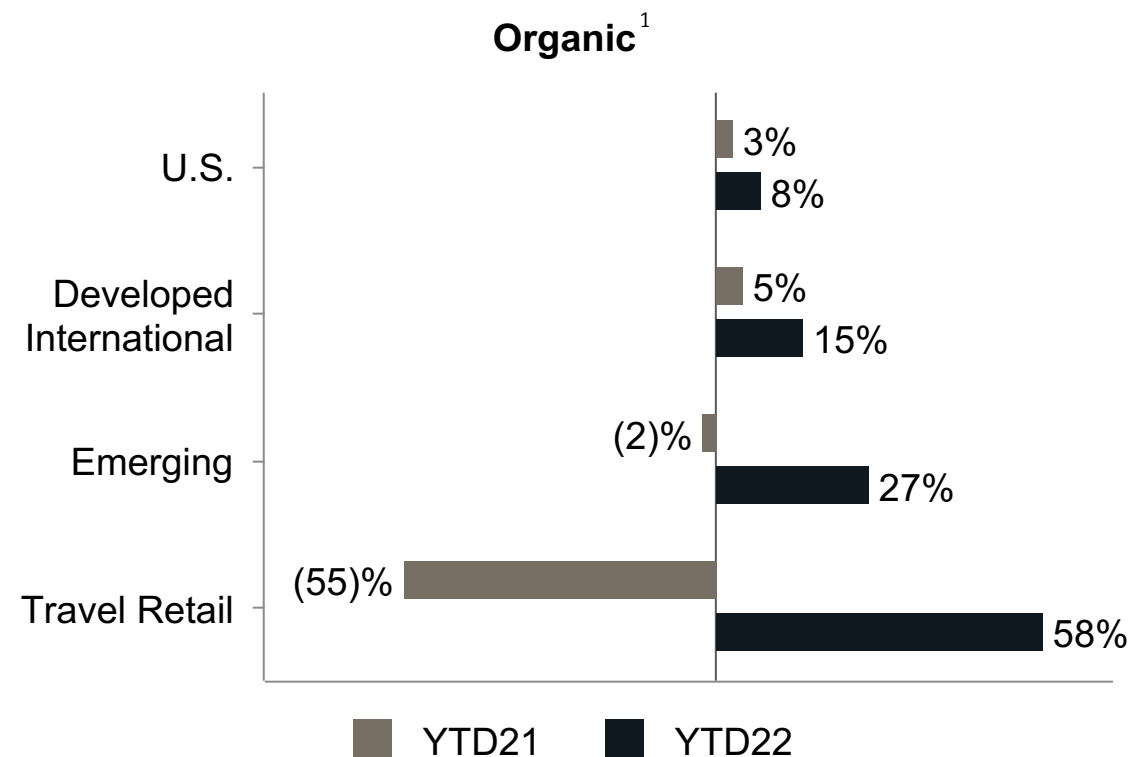
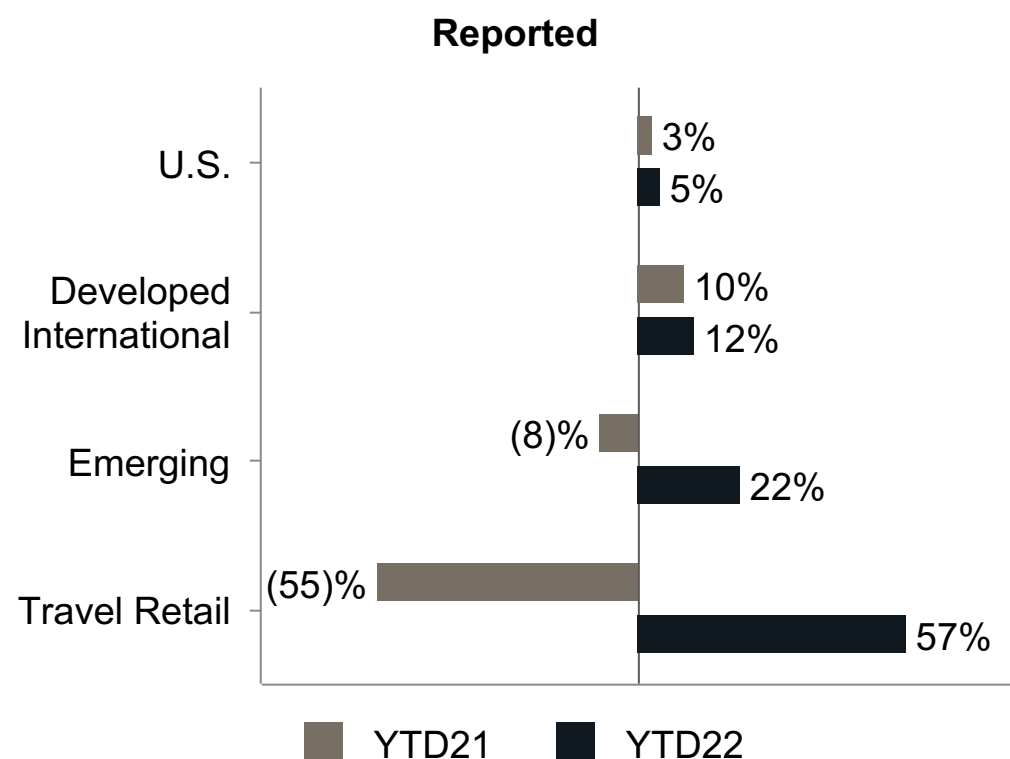
Strong Consumer Demand for Woodford Reserve



Seeding Our Emerging Brands

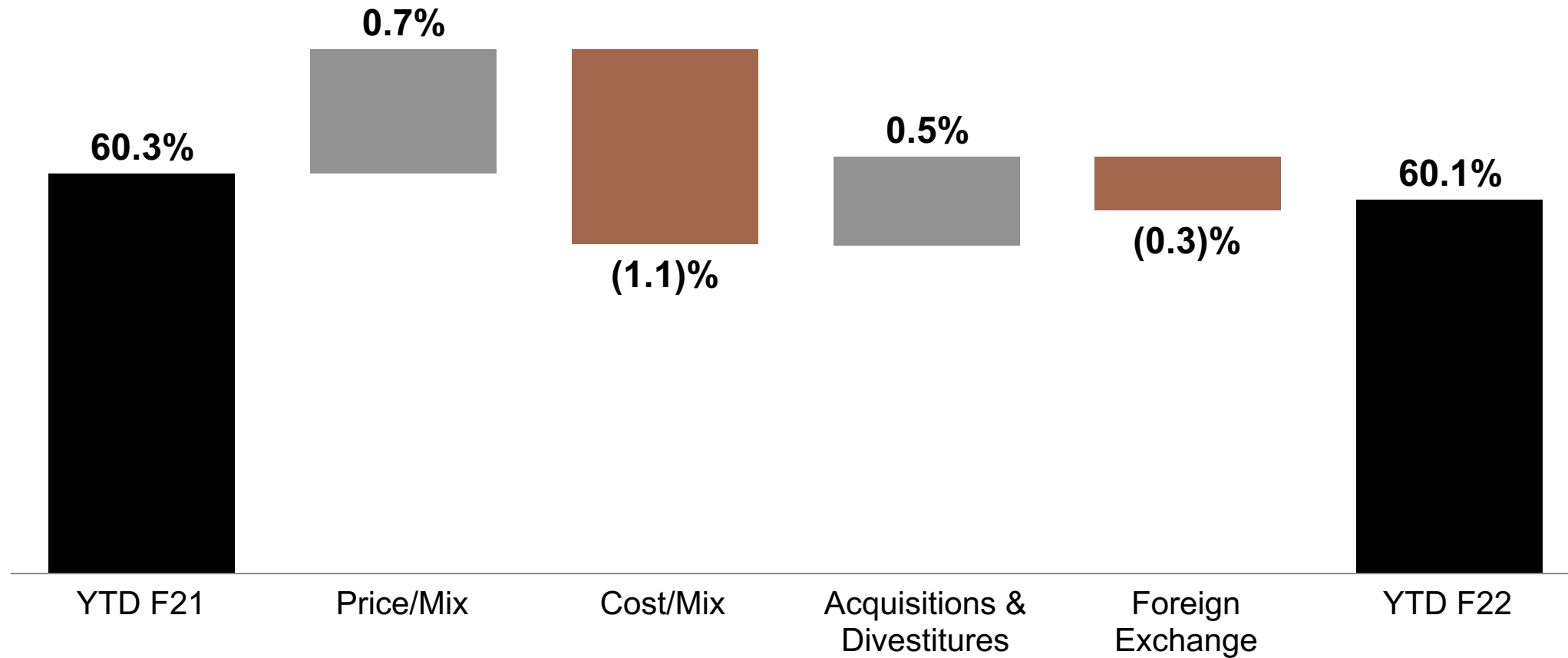
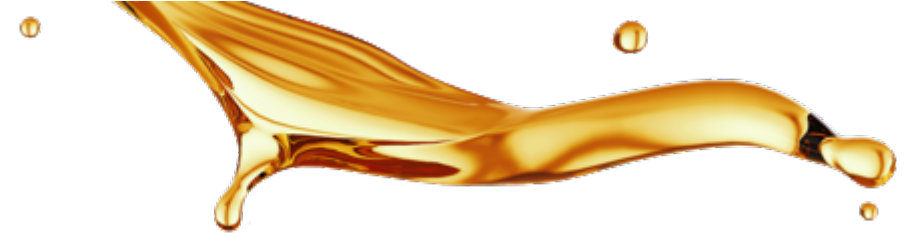


Strong Growth Across All Geographies

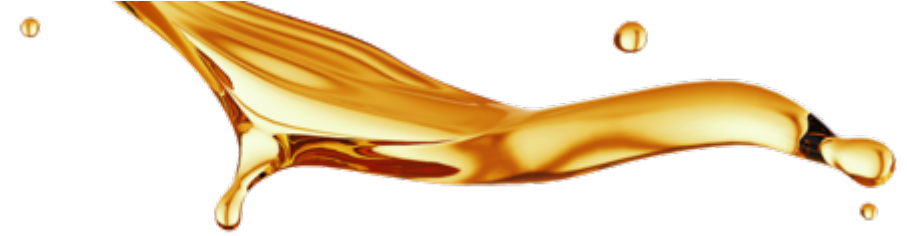


Notes - Change is versus prior-year period. Totals may differ due to rounding.
¹See appendix for reconciliations, non-GAAP definitions, and additional information.

YTD Gross Margin contracted 20 bps driven by Cost/Mix



Year-to-Date Fiscal 2022 Results



	Reported Change (%)	Acquisitions and Divestitures (+/-)	Impairment Charges (+/-)	Foreign Exchange Impact (+/-)	Organic Change ¹ (%)
Net Sales	11%	2%	—%	2%	14%
Gross Profit	11%	1%	—%	2%	14%
Advertising	12%	—%	—%	—%	12%
SG&A	8%	—%	—%	—%	8%
Operating Income	-4%	16%	1%	6%	19%

Notes - Change is versus prior-year period. Totals may differ due to rounding.
¹See appendix for reconciliations, non-GAAP definitions, and additional information.

Well positioned to deliver strong results in Fiscal 2022



The Fiscal 2022 outlook* is as follows:

1. Organic net sales growth is expected to be 11% to 13%.
2. Reported gross margin is expected to be flat or slightly down compared to fiscal 2021.
3. Organic operating expense growth is expected to be 7% to 9%.
4. Organic operating income growth ahead of organic net sales growth in 12% to 16% range
5. Fiscal 2022 effective tax rate to be in the range of 22% to 23%.

The fiscal 2022 outlook is presented on an “organic” basis, therefore, it is not directly comparable to the previously presented outlook.



Appendix

Non-GAAP Reconciliation

Use of Non-GAAP Financial Information. We use some 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.

“Organic change” in measures of statements of operations. We present changes in certain measures, or line items, of the statements of operations that are adjusted to an “organic” basis. We use “organic change” for the following measures of the statements of operations: (a) organic net sales; (b) organic cost of sales; (c) organic gross profit; (d) organic advertising expenses; (e) organic selling, general, and administrative (SG&A) expenses; (f) organic other expense (income) net; (g) organic operating expenses*; and (h) organic operating income. To calculate these measures, we adjust, as applicable, for (1) acquisitions and divestitures, (2) foreign exchange, and (3) 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 the sale of the Early Times, Canadian Mist, and Collingwood brands 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 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 primarily activity in the first two quarters of fiscal 2022. We believe that these adjustments allow for us to better understand our organic 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 organic trend both positively and negatively. (In this report, “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.
- *“Impairment charges.”* This adjustment removes the impact of impairment charges from our results of operations. During the first three quarters of fiscal 2022, we recognized non-cash impairment charges of \$9 million for certain fixed assets. We believe that this adjustment allows for us to better understand our organic results on a comparable basis. See Note 12 to the Condensed Consolidated Financial Statements of our quarterly report on Form 10-Q for the period ended January 31, 2022.

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

Non-GAAP Reconciliation (continued)

We use the non-GAAP measure “organic change”, along with other metrics, 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 investment community. We provide reconciliations of the “organic change” in certain line items of the statements of operations to their nearest GAAP measures in this presentation and in the tables on Schedule A, B, and C in today’s earnings release. We have consistently applied the adjustments within our reconciliations in arriving at each non-GAAP measure. We believe these non-GAAP measures are useful to readers and investors because they enhance the understanding of our historical financial performance and comparability between periods.

As of the third quarter ended January 31, 2022, we changed certain non-GAAP financial measures that we have historically used. We will no longer report “underlying changes” in certain measures of the statements of operations; instead, we will now report “organic change” in certain measures of the statements of operations. “Organic change” includes all of the non-GAAP adjustments that we have historically made in adjusting GAAP to “underlying change” results, except that “organic change” does not include an adjustment for “estimated net change in distributor inventories,” which reflected the estimated net effect of changes in distributor inventories on changes in certain line items of the statements of operations. This change to our non-GAAP financial measures is in response to comments from and discussions with the Staff of the Securities and Exchange Commission.

Although we will no longer provide non-GAAP financial measures that adjust for “estimated net change in distributor inventories,” we still believe that our results are affected by changes in distributor inventories, particularly in our largest market, the United States, where the spirits industry is subject to regulations that essentially mandate a so-called “three tier system,” with a value chain that includes suppliers, distributors and retailers. Accordingly, we will continue to provide information concerning fluctuations in distributor inventories. We believe such information is useful in understanding our performance and trends as it provides relevant information regarding customers’ demand for our products.

When we provide guidance for organic change in 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, such as foreign exchange, which could have a significant impact to our GAAP income statement measures.

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.
- “*Emerging Brands*” includes Finlandia, Chambord, Old Forester, Benriach, Glenglassaugh, Fords Gin, Slane Irish Whiskey, Coopers’ Craft, and GlenDronach.

Definitions (continued)

Other Metrics.

- “*Shipments.*” We generally record revenues when we ship or deliver our products to our customers. In this document, unless otherwise specified, we refer to shipments when discussing volume.
- “*Depletions.*” This 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.
- “*Consumer takeaway.*” When discussing trends in the market, we refer to consumer takeaway, a term commonly used in the beverage alcohol industry that 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.
- “*Estimated net change in distributor inventories.*” We generally recognize revenue when our products are shipped or delivered to customers. In the United States and certain other markets, our customers are distributors that sell downstream to retailers and consumers. We believe that our distributors’ downstream sales more closely reflect actual consumer demand than do our shipments to distributors. Our shipments increase distributors’ inventories, while distributors’ depletions (as described above) reduce their inventories. Therefore, it is possible that our shipments do not coincide with distributors’ downstream depletions and merely reflect changes in distributors’ inventories. Because changes in distributors’ inventories could affect our trends, we believe it is useful for investors to understand those changes in the context of our operating results.

We perform the following calculation to determine the “estimated net change in distributor inventories”:

- For both the current-year period and the comparable prior-year period, we calculate a “depletion-based” amount by (a) dividing the organic dollar amount (e.g. organic net sales) by the corresponding shipment volumes to arrive at a shipment per case amount, and (b) multiplying the resulting shipment per case amount by the corresponding depletion volumes. We subtract the year-over-year percentage change of the “depletion-based” amount from the year-over-year percentage change of the organic amount to calculate the “estimated net change in distributor inventories”.
- A positive difference is interpreted as a net increase in distributors’ inventories, which implies that organic trends could decrease as distributors’ reduce inventories; whereas, a negative difference is interpreted as a net decrease in distributors’ inventories, which implies that organic trends could increase as distributors rebuild inventories.

Brand Reconciliation - Year-to-Date Fiscal 2022 Net Sales Growth

Nine months ended January 31, 2022	Reported	Acquisitions & Divestitures (+/-)	Foreign Exchange (+/-)	Organic ¹
Jack Daniel's Tennessee Whiskey	17%	—%	3%	20%

Nine months ended January 31, 2022	Reported	Acquisitions & Divestitures (+/-)	Foreign Exchange (+/-)	Organic ¹
Herradura	31%	—%	-2%	29%
el Jimador	21%	—%	-1%	20%

Note - Change versus prior-year period

Totals may differ due to rounding

* Please refer to the definitions section of this appendix for reconciliations, non-GAAP definitions, and further information on our brand aggregations.

Geography Reconciliation - Year-to-Date Fiscal 2021 & 2022 Net Sales Growth

Nine months ended January 31, 2022	Reported	Acquisitions & Divestitures (+/-)	Foreign Exchange (+/-)	Organic ¹
United States	5%	3%	—%	8%
Developed International	12%	—%	3%	15%
Emerging	22%	—%	5%	27%
Travel Retail	57%	2%	-1%	58%

Nine months ended January 31, 2021	Reported	Acquisitions & Divestitures (+/-)	Foreign Exchange (+/-)	Organic ¹
United States	3%	—%	—%	3%
Developed International	10%	—%	-5%	5%
Emerging	-8%	—%	6%	-2%
Travel Retail	-55%	—%	—%	-55%

Note - Change versus prior-year period

Totals may differ due to rounding

* Please refer to the definitions section of this appendix for reconciliations, non-GAAP definitions, and further information on our brand aggregations.



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