

LUXURY BRAND INDEX: 2022 SECOND QUARTER REPORT

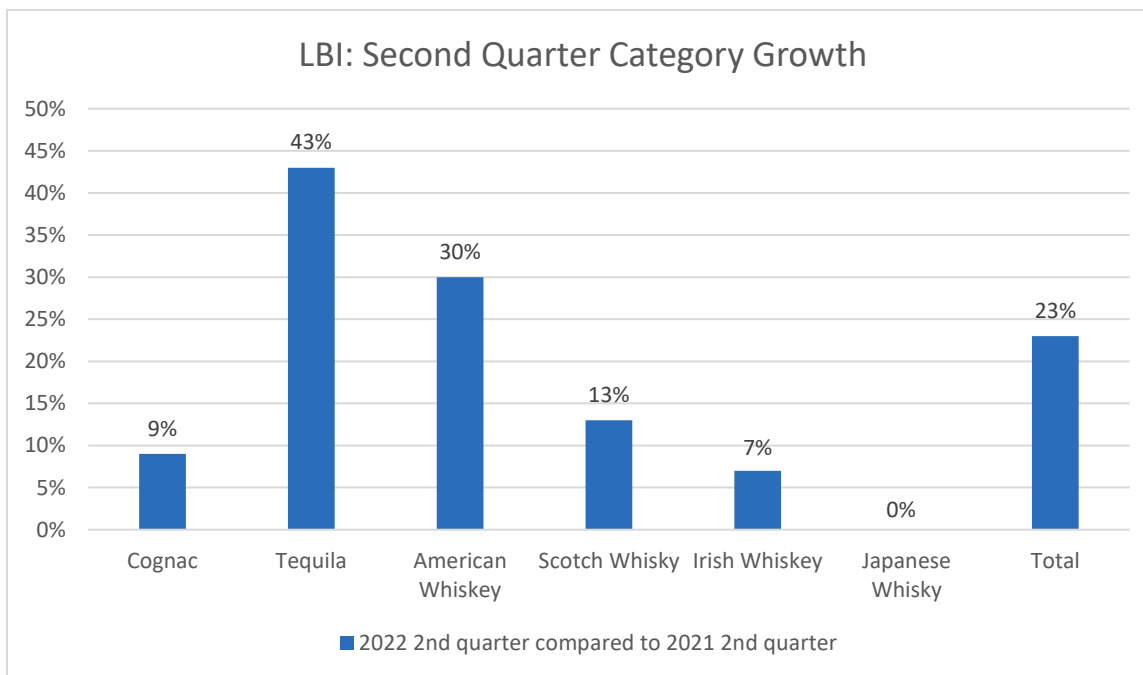


Luxury Spirits Trend Continues to Exhibit Notable Growth in Second Quarter of 2022

The Luxury Brand Index (LBI), a tool created by the Distilled Spirits Council of the United States (DISCUS) to analyze sales of spirits brands at the top end of the distilled spirits market, shows luxury brands grew 23 percent in the second quarter of 2022 compared with the same quarter of 2021.

The premiumization trends continued through the second quarter of 2022 at a slower, but still remarkable, rate as compared to the growth rate between 2021 and 2020. In the second quarter of 2021, the index grew 50 percent from the same period in 2020. The macro environment deteriorated in the second quarter of 2022 as inflation took hold and economic growth disappeared, but did not reverse the positive trend for luxury spirits. The ongoing recovery of on-premise sales also supported luxury spirits.

2022 SECOND-QUARTER CATEGORY TRENDS



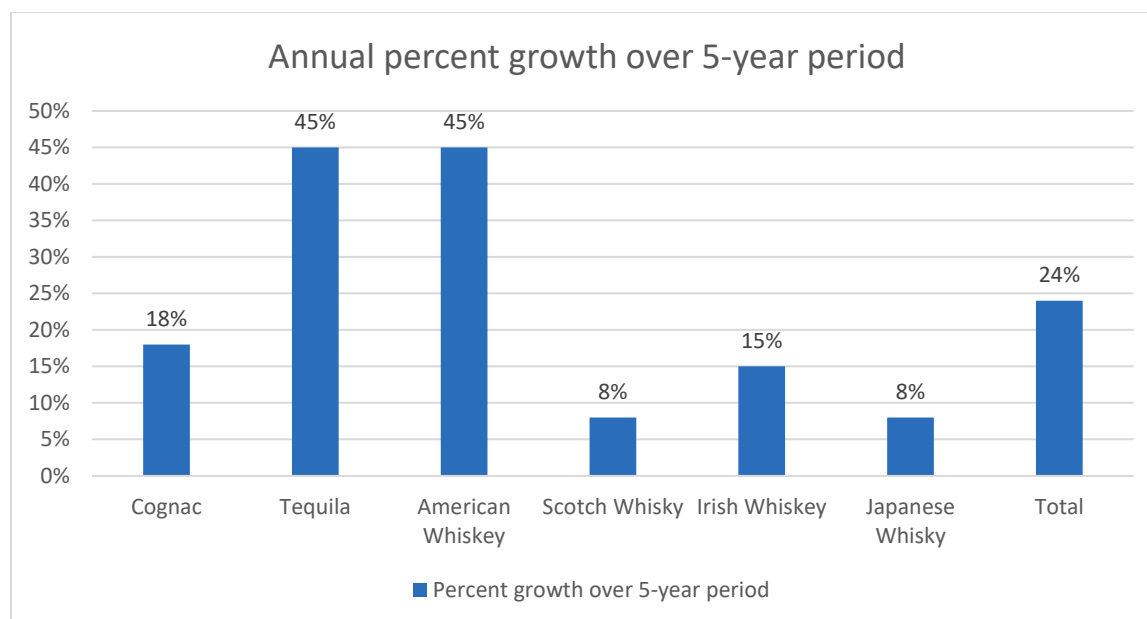
Tequila showed the largest increase with 43 percent annual growth rate followed by **American Whiskey** that rose 30 percent. The growth rate for both categories approximately halved in the second quarter of 2022 with respect to growth rate registered during the year-ago period.

Scotch Whisky grew faster than the year-ago period with a 13 percent annual growth rate in the current period compared with a 10 percent growth rate in the year-ago period.

After a very strong showing in the year-ago period with a 48 percent annual growth, **Cognac** was able to hang onto its gains with a 9 percent annual growth in the current period. Similarly, **Irish Whiskey** growth slowed down to 7 percent in the current period from 24 percent in the year-ago period. **Japanese Whisky** was flat.

FIVE-YEAR CATEGORY TRENDS

Over the five years between the second quarter of 2017 and 2022, all spirits categories included in the luxury index increased annual growth ranging from 8 to 45 percent, with an average rate of 24 percent.



Both **American Whiskey** and **Tequila** were the best performing categories over the last five years. Each grew 45 percent per year followed by **Cognac** with annual growth rate of 18 percent. The performance of **Scotch Whisky** and **Japanese Whisky** was relatively muted at 8 percent annual growth rate each. U.S. tariffs imposed in 2019 on Single Malt Scotch Whisky likely impacted sales. Meanwhile, **Irish Whiskey** rose 15 percent annually during the same period.

The LBI tracks the performance of spirits brands that have a 750ml retail price of \$50 or more. Retail prices were calculated by IRI Worldwide using retail scanner data. Volumes were derived from the DISCUS' proprietary brand data. The index is calculated based on four quarter rolling total starting in 2015. The base year of the index is 2020.



LUXURY BRAND INDEX, 2020=100

SECOND QUARTER

	Cognac	American Whiskey	Irish Whiskey	Japanese Whisky	Scotch Whisky	Tequila	Total
2017	59.3	25.9	56.8	61.2	87.6	31.6	52.8
2018	73.9	39.0	66.0	84.3	94.1	42.8	65.3
2019	87.2	51.0	80.8	87.3	103.5	51.1	76.1
2020	82.8	80.2	88.1	92.4	102.6	75.6	83.9
2021	122.2	126.7	109.3	90.3	113.0	140.8	126.3
2022	133.1	164.9	116.7	90.5	127.2	202.0	155.4

LUXURY BRAND INDEX, ANNUAL PERCENTAGE CHANGE

SECOND QUARTER

	Cognac	American Whiskey	Irish Whiskey	Japanese Whisky	Scotch Whisky	Tequila	Total
2018	25%	51%	16%	38%	7%	36%	24%
2019	18%	31%	22%	3%	10%	19%	17%
2020	-5%	57%	9%	6%	-1%	48%	10%
2021	48%	58%	24%	-2%	10%	86%	50%
2022	9%	30%	7%	0%	13%	43%	23%