

LUXURY BRAND INDEX: 2023 ANNUAL REPORT

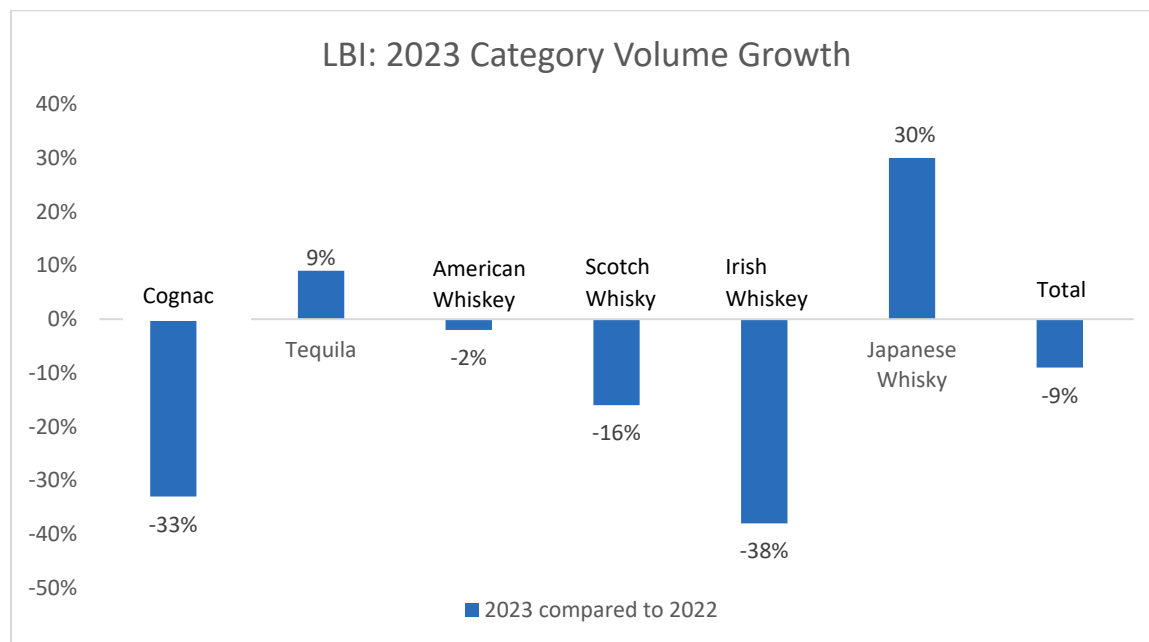


Luxury Spirits Growth Stalled in 2023

Luxury brand shipments declined 9% in 2023 compared with 2022, according to the Luxury Brand Index (LBI), a tool created by the Distilled Spirits Council of the United States (DISCUS) to analyze volume sales of spirits brands at the top end of the distilled spirits market.

A number of market factors contributed to the slowdown in luxury spirits in 2023. The U.S. spirits sector recalibrated in 2023 following substantial growth amid the pandemic. High interest rates and inflation have increased economic uncertainty. Moreover, consumers returned to more normal routines and buying habits post-pandemic, leaving less discretionary income to spend on luxury spirits. Additionally, distributors and retailers have seen a buildup of inventories post-pandemic and have focused on reducing these inventories to mitigate cost of elevated interest rates. Consequently, shipments of spirits have particularly underperformed.

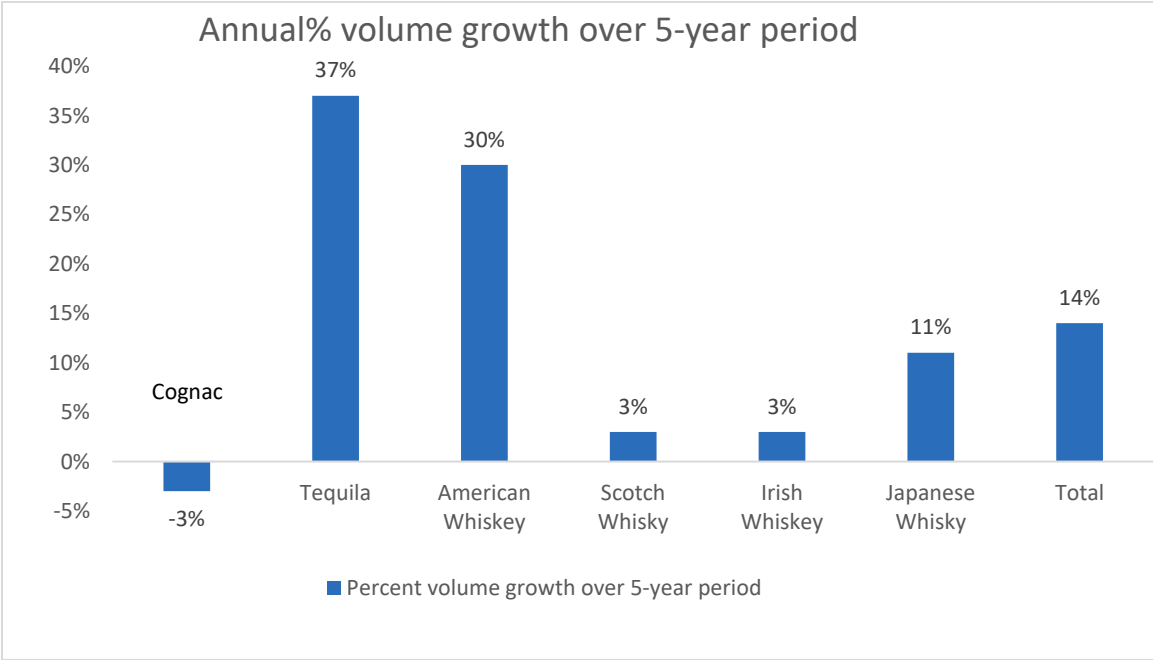
2023 CATEGORY TRENDS



Japanese Whiskey and **Tequila** managed to grow sales 30% and 9%, respectively, despite this challenging market environment. **American Whiskey** remained relatively resilient, with only a 2% decline while **Scotch Whisky** faced a 16% decrease. Meanwhile, **Cognac** and **Irish Whiskey** experienced the largest declines at 33% and 38%, respectively.

FIVE-YEAR CATEGORY TRENDS

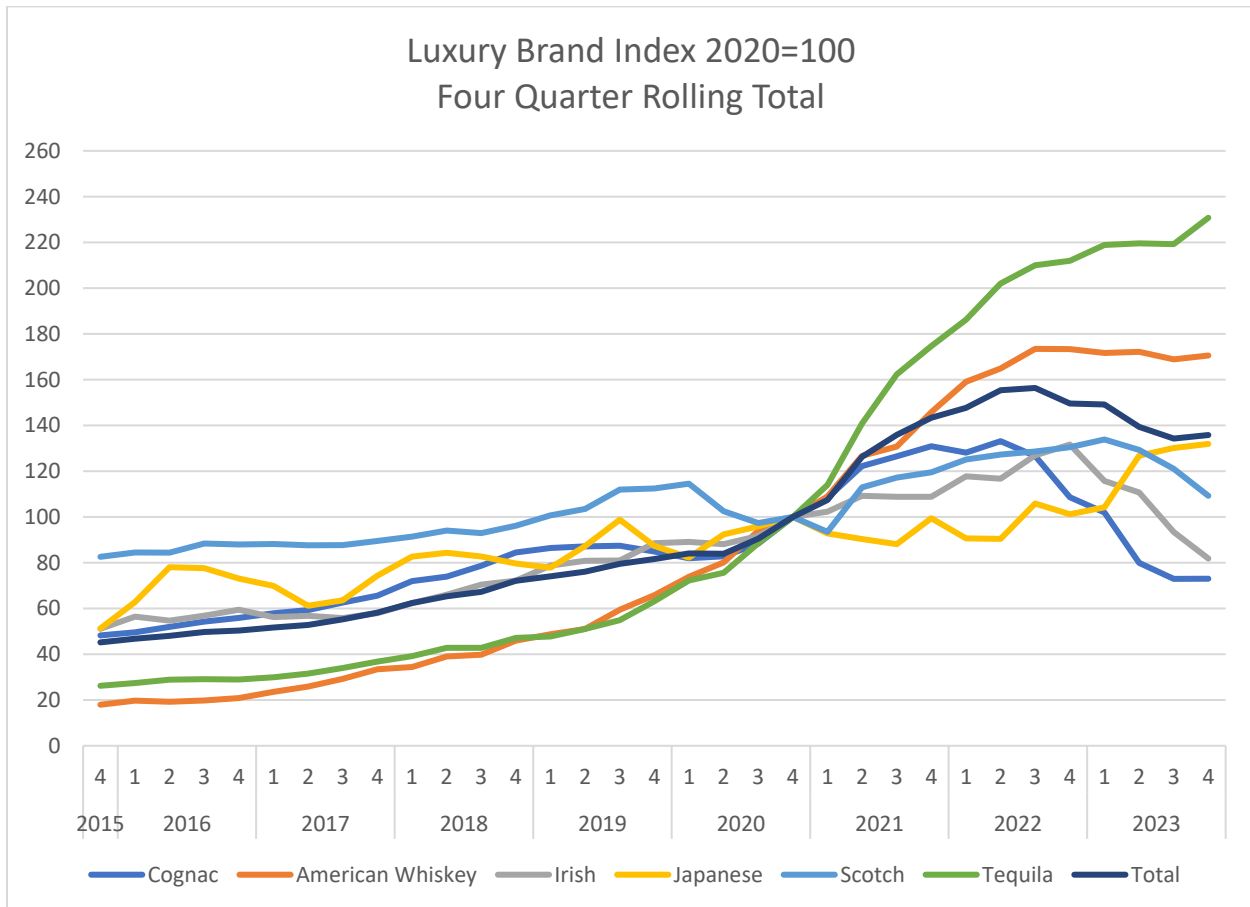
Over the five years between 2018 and 2023, all spirits categories included in the Luxury Brand Index experienced annual growth ranging from 3 to 37%, except for **Cognac**, which saw a decline of 3%. Overall, the index achieved an average annual growth rate of 14% during the same period.



Tequila grew at an impressive average annual growth of 37% per year over the last five years, closely trailed by **American Whiskey** at 30%. Both categories spearheaded the index as the top performers. **Japanese Whisky** also achieved a double-digit growth rate at 11%. Despite experiencing declines in 2023, both **Irish Whiskey** and **Scotch Whisky** attained an average growth of 3% over the same period, while **Cognac** showed a decline of 3%.

The LBI tracks the volume sales of spirits brands that have a 750ml retail price of \$50 or more. Retail prices were provided by IRI Worldwide through 2022 and by the IWSR for 2023. Volumes were derived from 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: 2023 ANNUAL REPORT



LUXURY SPIRITS VOLUME INDEX, 2020=100

	Cognac	American Whiskey	Irish Whiskey	Japanese Whisky	Scotch Whisky	Tequila	Total
2018	84.5	46.0	72.2	79.7	96.2	47.2	72.1
2019	84.9	65.8	88.5	87.3	112.5	63.1	81.6
2020	100.0	100.0	100.0	100.0	100.0	100.0	100.0
2021	130.9	145.8	108.8	99.4	119.5	174.7	143.3
2022	108.6	173.4	131.6	101.2	130.5	211.9	149.6
2023	73.0	170.6	81.9	131.9	109.2	230.8	135.8

LUXURY SPIRITS VOLUME INDEX, ANNUAL PERCENTAGE CHANGE

	Cognac	American Whiskey	Irish Whiskey	Japanese Whisky	Scotch Whisky	Tequila	Total
<i>2019</i>	0%	43%	23%	10%	17%	34%	13%
<i>2020</i>	18%	52%	13%	14%	-11%	58%	23%
<i>2021</i>	31%	46%	9%	-1%	20%	75%	43%
<i>2022</i>	-17%	19%	21%	2%	9%	21%	4%
<i>2023</i>	-33%	-2%	-38%	30%	-16%	9%	-9%