

REFINITIV

# DELTA REPORT

## 10-Q

CONSTELLATION BRANDS, INC  
10-Q - AUGUST 31, 2024 COMPARED TO 10-Q - MAY 31, 2024

The following comparison report has been automatically generated

TOTAL DELTAS	2226
CHANGES	191
DELETIONS	764
ADDITIONS	1271

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549  
**FORM 10-Q**

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**


For the quarterly period ended **May 31, 2024** **August 31, 2024**

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number: **001-08495**

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**CONSTELLATION BRANDS, INC.**

(Exact name of registrant as specified in its charter)

**Delaware**

(State or other jurisdiction of incorporation or organization)

**16-0716709**

(I.R.S. Employer Identification No.)

**50 East Broad Street, Rochester, New York 14614**

(Address of principal executive offices) (Zip code)

**(585) 678-7100**

(Registrant's telephone number, including area code)

**Not Applicable**

(Former name, former address and former fiscal year, if changed since last report)

Securities registered pursuant to Section 12(b) of the Act:

<b><u>Title of Each Class</u></b>	<b><u>Trading Symbol(s)</u></b>	<b><u>Name of Each Exchange on Which Registered</u></b>
Class A Common Stock	STZ	New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. ☒ Yes ☐ No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§323.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). ☒ Yes ☐ No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes ☐ No ☒

There were **182,192,431** **181,536,392** shares of Class A Common Stock and 25,541 shares of Class 1 Common Stock outstanding as of **June 28, 2024** **September 30, 2024**.

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*This Form 10-Q contains "forward-looking statements" within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act. These forward-looking statements are subject to a number of risks and uncertainties, many of which are beyond our control, which could cause actual results to differ materially from those set forth in, or implied by, such forward-looking statements. For further information regarding such forward-looking statements, risks, and uncertainties, please see "Information Regarding Forward-Looking Statements" under MD&A.*

**Defined Terms**

Unless the context otherwise requires, the terms "Company," "CBI," "we," "our," or "us" refer to Constellation Brands, Inc. and its subsidiaries. We use terms in this Form 10-Q and in our Notes that are specific to us or are abbreviations that may not be commonly known or used.

Term	Meaning
\$	U.S. dollars
2021 Authorization	authorization to repurchase up to \$2.0 billion of our publicly traded common stock, approved by our Board of Directors in January 2021
2022 Credit Agreement	tenth amended and restated credit agreement, dated as of April 14, 2022, that provides for an aggregate revolving credit facility of \$2.25 billion, inclusive of October 2022 Credit Agreement Amendment
2023 Authorization	authorization to repurchase up to \$2.0 billion of our publicly traded common stock, approved by our Board of Directors in November 2023
2023 Canopy Promissory Note	C\$100.0 million principal amount of 4.25% promissory note issued to us by Canopy in April 2023, exchanged, in part, for Exchangeable Shares in April 2024
2024 Annual Report	our Annual Report on Form 10-K for the fiscal year ended February 29, 2024
3.60% May 2022 Senior Notes	\$550.0 million principal amount of 3.60% senior notes issued in May 2022, now repaid in full
3-tier	distribution channel where products are sold to a distributor (wholesaler) who then sells to a retailer; the retailer sells the products to a consumer
3-tier eCommerce	digital commerce experience for consumers to purchase beverage alcohol from retailers
ABA	alternative beverage alcohol
Administrative Agent	Bank of America, N.A., as administrative agent for the senior credit facility
AOCI	accumulated other comprehensive income (loss)
C\$	Canadian dollars
Canopy	Canopy Growth Corporation, an Ontario, Canada-based public company in which we have an investment
Canopy Debt Securities	debt securities issued by Canopy in June 2018, no longer outstanding
Canopy Equity Method Investment	an investment in Canopy common shares, no longer applicable following conversion of Canopy common shares into Exchangeable Shares in April 2024
CB International	CB International Finance S.à r.l., a wholly-owned subsidiary of ours
Class 1 Stock	our Class 1 Convertible Common Stock, par value \$0.01 per share
Class A Stock	our Class A Common Stock, par value \$0.01 per share
CODM	chief operating decision maker, our President and Chief Executive Officer
Comparable Adjustments	certain items affecting comparability that have been excluded by management
CPG	consumer packaged goods
Craft Beer Divestitures	the Four Corners Divestiture and the Funky Buddha Divestiture, collectively
Daleville Facility	production facility located in Roanoke, Virginia, sold in May 2023
Depletions	represent U.S. distributor shipments of our respective branded products to retail customers, based on third-party data
Digital Business Acceleration	a multi-year initiative by the Company to create a cohesive digital strategy and build an advanced digital business
DTC	direct-to-consumer inclusive of (i) a digital commerce experience for consumers to purchase directly from brand websites with inventory coming straight from the supplier and (ii) consumer purchases at hospitality locations (tasting rooms and tap rooms) from the supplier
ESG	environmental, social, and governance

Term	Meaning
Exchangeable Shares	<b>new</b> class of non-voting and non-participating exchangeable shares in Canopy which are convertible into common shares of Canopy on a one-for-one basis
Exchange Act	Securities Exchange Act of 1934, as amended
FASB	Financial Accounting Standards Board
Financial Statements	our consolidated financial statements and notes thereto included herein
Fiscal 2024	the Company's fiscal year ended February 29, 2024
Fiscal 2025	the Company's fiscal year ending February 28, 2025
Fiscal 2026	the Company's fiscal year ending February 28, 2026
Fiscal 2027	the Company's fiscal year ending February 28, 2027
Fiscal 2028	the Company's fiscal year ending February 29, 2028
Fiscal 2029	the Company's fiscal year ending February 28, 2029
Fiscal 2030	the Company's fiscal year ending February 28, 2030
Form 10-Q	this Quarterly Report on Form 10-Q for the quarterly period ended <b>May 31, 2024</b> <b>August 31, 2024</b> , unless otherwise specified
Four Corners Divestiture	sale of the Four Corners craft beer business
Funky Buddha Divestiture	sale of the Funky Buddha craft beer business
GHG	greenhouse gas
IRA	Inflation Reduction Act of 2022
IT	information technology
MD&A	Management's Discussion and Analysis of Financial Condition and Results of Operations under Part I – Item 2. of this Form 10-Q
Mexicali Brewery	canceled brewery construction project located in Mexicali, Baja California, Mexico, <b>closed on the sale of</b> <b>sold</b> the remaining assets classified as held for sale in July 2024
Mexico Beer Projects	expansion, optimization, and/or construction activities at the Obregón Brewery, Nava Brewery, and Veracruz Brewery
M&T	Manufacturers and Traders Trust Company
NA	not applicable
Nava	Nava, Coahuila, Mexico
Nava Brewery	brewery located in Nava
Net sales	gross sales less promotions, returns and allowances, and excise taxes
NM	not meaningful
Note(s)	notes to the consolidated financial statements
Obregón	Obregón, Sonora, Mexico
Obregón Brewery	brewery located in Obregón
OCI	other comprehensive income (loss)
October 2022 Credit Agreement Amendment	amendment dated as of October 18, 2022, to the 2022 Credit Agreement, effective in April 2024
Pre-issuance hedge contracts	treasury lock and/or swap lock contracts designated as cash flow hedges entered into to hedge treasury rate volatility on future debt issuances

Term	Meaning
Sands Family Stockholders	RES Master LLC, RES Business Holdings LP, SER Business Holdings LP, RHT 2015 Business Holdings LP, RSS Master LLC, RSS Business Holdings LP, SSR Business Holdings LP, RSS 2015 Business Holdings LP, RCT 2015 Business Holdings LP, RCT 2020 Investments LLC, NSDT 2009 STZ LLC, NSDT 2011 STZ LLC, RSS Business Management LLC, SSR Business Management LLC, LES Lauren Holdings LLC, MES Mackenzie Holdings LLC, Abigail Bennett, Zachary Stern, A&Z 2015 Business Holdings LP (subsequently liquidated), Marilyn Sands Master Trust, MAS Business Holdings LP, Sands Family Foundation, Richard Sands, Robert Sands, WildStar Partners LLC, Astra Legacy LLC, AJB Business Holdings LP, and ZMSS Business Holdings LP
Sea Smoke	Sea Smoke wine business, acquired by us

Term	Meaning
SEC	Securities and Exchange Commission
Second Quarter 2024	the Company's three months ended August 31, 2023
Second Quarter 2025	the Company's three months ended August 31, 2024
Securities Act	Securities Act of 1933, as amended
Six Months 2024	the Company's six months ended August 31, 2023
Six Months 2025	the Company's six months ended August 31, 2024
SOFR	secured overnight financing rate administered by the Federal Reserve Bank of New York
U.S.	United States of America
Veracruz	Heroica Veracruz, Veracruz, Mexico
Veracruz Brewery	a new brewery being constructed in Veracruz

FINANCIAL STATEMENTS

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements.

CONSTELLATION BRANDS, INC. AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS  
(in millions, except share and per share data)  
(unaudited)

	May 31, 2024	February 29, 2024
	August 31, 2024	February 29, 2024

ASSETS

Current assets:

Current assets:

Current assets:

- Cash and cash equivalents
- Cash and cash equivalents
- Cash and cash equivalents
- Accounts receivable
- Inventories
- Prepaid expenses and other

Total current assets

Total current assets

Total current assets

Property, plant, and equipment

Goodwill

Intangible assets

Deferred income taxes

Deferred income taxes

Deferred income taxes

Other assets

Other assets

Other assets

Total assets

LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities:

Current liabilities:

Current liabilities:

Short-term borrowings

Short-term borrowings

Short-term borrowings

Current maturities of long-term debt

Accounts payable

Other accrued expenses and liabilities

Total current liabilities

Long-term debt, less current maturities

Deferred income taxes and other liabilities

Deferred income taxes and other liabilities

Deferred income taxes and other liabilities

Total liabilities

Commitments and contingencies	Commitments and contingencies	Commitments and contingencies
-------------------------------	-------------------------------	-------------------------------

CBI stockholders' equity:

Class A Stock, \$0.01 par value – Authorized, 322,000,000 shares; Issued, 212,698,298 shares and 212,698,298 shares, respectively

Class A Stock, \$0.01 par value – Authorized, 322,000,000 shares; Issued, 212,698,298 shares and 212,698,298 shares, respectively

Class A Stock, \$0.01 par value – Authorized, 322,000,000 shares; Issued, 212,698,298 shares and 212,698,298 shares, respectively

Additional paid-in capital

Retained earnings

Accumulated other comprehensive income (loss)

Class A Stock in treasury, at cost, 30,341,484 shares and 29,809,881 shares, respectively

Class A Stock in treasury, at cost, 31,207,194 shares and 29,809,881 shares, respectively

Total CBI stockholders' equity

Noncontrolling interests

Total stockholders' equity

Total liabilities and stockholders' equity

The accompanying notes are an integral part of these statements.

**CONSTELLATION BRANDS, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)**

(in millions, except per share data)  
(unaudited)

	For the Three Months Ended May 31,	For the Three Months Ended May 31,	For the Three Months Ended May 31,		
	2024	2024			
	2024	For the Six Months Ended August 31,	For the Three Months Ended August 31,	2023	2023
Sales					
Sales					
Sales					
Excise taxes					
Excise taxes					
Excise taxes					
<b>Net sales</b>					
<b>Net sales</b>					
<b>Net sales</b>					
Cost of product sold					
Cost of product sold					
Cost of product sold					
<b>Gross profit</b>					
<b>Gross profit</b>					
<b>Gross profit</b>					
Selling, general, and administrative expenses					
Selling, general, and administrative expenses					
Selling, general, and administrative expenses					
Goodwill impairment					
<b>Operating income (loss)</b>					
<b>Operating income (loss)</b>					
<b>Operating income (loss)</b>					
Income (loss) from unconsolidated investments					
Income (loss) from unconsolidated investments					
Income (loss) from unconsolidated investments					
Interest expense, net					
Interest expense, net					
Interest expense, net					
<b>Income (loss) before income taxes</b>					
<b>Income (loss) before income taxes</b>					
<b>Income (loss) before income taxes</b>					
(Provision for) benefit from income taxes					
(Provision for) benefit from income taxes					
(Provision for) benefit from income taxes					
<b>Net income (loss)</b>					
<b>Net income (loss)</b>					



Net income (loss)

Net (income) loss attributable to noncontrolling interests

Net (income) loss attributable to noncontrolling interests

Net (income) loss attributable to noncontrolling interests

Net income (loss) attributable to CBI

Net income (loss) attributable to CBI

Net income (loss) attributable to CBI

Comprehensive income (loss)

Comprehensive income (loss)

Comprehensive income (loss)

Comprehensive (income) loss attributable to noncontrolling interests

Comprehensive (income) loss attributable to noncontrolling interests

Comprehensive (income) loss attributable to noncontrolling interests

Comprehensive income (loss) attributable to CBI

Comprehensive income (loss) attributable to CBI

Comprehensive income (loss) attributable to CBI

Class A Stock:

Class A Stock:

Class A Stock:

Net income (loss) per common share attributable to CBI – basic

Net income (loss) per common share attributable to CBI – basic

Net income (loss) per common share attributable to CBI – basic

Net income (loss) per common share attributable to CBI – diluted

Net income (loss) per common share attributable to CBI – diluted

Net income (loss) per common share attributable to CBI – diluted

Weighted average common shares outstanding – basic

Weighted average common shares outstanding – basic

Weighted average common shares outstanding – basic

Weighted average common shares outstanding – diluted

Weighted average common shares outstanding – diluted

Cash dividends declared per common share

Cash dividends declared per common share

Cash dividends declared per common share

The accompanying notes are an integral part of these statements.

FINANCIAL STATEMENTS

CONSTELLATION BRANDS, INC. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

(in millions)  
(unaudited)

	Class A Stock	Class A Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock	Non- controlling Interests	Total	Class A Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock	Non- controlling Interests	Total
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Balance at February 29, 2024

Comprehensive income (loss):

Comprehensive income (loss):  
Comprehensive income (loss):  
Net income (loss)  
Net income (loss)  
Net income (loss)  
Other comprehensive income (loss), net of  
income tax effect  
Comprehensive income (loss)  
Repurchase of shares  
Dividends declared  
Non-controlling interest distributions  
Noncontrolling interest distributions

Shares issued under equity compensation  
plans  
Stock-based compensation  
Balance at May 31, 2024

Comprehensive income (loss):  
Net income (loss)  
Net income (loss)  
Net income (loss)  
Other comprehensive income (loss), net of  
income tax effect  
Comprehensive income (loss)  
Repurchase of shares  
Dividends declared  
Noncontrolling interest distributions  
Shares issued under equity compensation  
plans  
Stock-based compensation  
Balance at August 31, 2024

Balance at February 28, 2023  
Balance at February 28, 2023  
Balance at February 28, 2023  
Comprehensive income (loss):  
Comprehensive income (loss):  
Comprehensive income (loss):  
Net income (loss)  
Net income (loss)  
Net income (loss)  
Other comprehensive income (loss), net of  
income tax effect  
Comprehensive income (loss)  
Repurchase of shares  
Dividends declared  
Noncontrolling interest distributions  
Shares issued under equity compensation  
plans  
Stock-based compensation  
Balance at May 31, 2023

## FINANCIAL STATEMENTS

**CONSTELLATION BRANDS, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY**  
(in millions)  
(unaudited)

	Class A Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock	Non-controlling Interests	Total
Balance at February 28, 2023	\$ 2.1	\$ 1,903.0	\$ 12,343.9	\$ 28.5	\$ (5,863.9)	\$ 320.3	\$ 8,733.9
Comprehensive income (loss):							
Net income (loss)	—	—	135.9	—	—	3.3	139.2
Other comprehensive income (loss), net of income tax effect	—	—	—	214.4	—	10.9	225.3
Comprehensive income (loss)							364.5
Repurchase of shares	—	—	—	—	(35.0)	—	(35.0)
Dividends declared	—	—	(163.1)	—	—	—	(163.1)
Noncontrolling interest distributions	—	—	—	—	—	(11.3)	(11.3)
Shares issued under equity compensation plans	—	0.6	—	—	4.1	—	4.7
Stock-based compensation	—	14.5	—	—	—	—	14.5
Balance at May 31, 2023	2.1	1,918.1	12,316.7	242.9	(5,894.8)	323.2	8,908.2
Comprehensive income (loss):							
Net income (loss)	—	—	690.0	—	—	10.7	700.7
Other comprehensive income (loss), net of income tax effect	—	—	—	191.5	—	9.3	200.8
Comprehensive income (loss)							901.5
Dividends declared	—	—	(164.0)	—	—	—	(164.0)
Noncontrolling interest distributions	—	—	—	—	—	(10.0)	(10.0)
Shares issued under equity compensation plans	—	62.6	—	—	7.6	—	70.2
Stock-based compensation	—	18.1	—	—	—	—	18.1
Balance at August 31, 2023	\$ 2.1	\$ 1,998.8	\$ 12,842.7	\$ 434.4	\$ (5,887.2)	\$ 333.2	\$ 9,724.0

The accompanying notes are an integral part of these statements.

## FINANCIAL STATEMENTS

**CONSTELLATION BRANDS, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(in millions)  
(unaudited)

	For the Three Months Ended May 31,		For the Six Months Ended August 31,	
	2024	2024	2023	2024

**CASH FLOWS FROM OPERATING ACTIVITIES**

Net income (loss)

Net income (loss)

Net income (loss)

Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:

- Unrealized net (gain) loss on securities measured at fair value
- Unrealized net (gain) loss on securities measured at fair value
- Unrealized net (gain) loss on securities measured at fair value
- Deferred tax provision (benefit)
- Depreciation
- Stock-based compensation
- Equity in (earnings) losses of equity method investees and related activities, net of distributed earnings
- Noncash lease expense
- Impairment of equity method investments
- Impairment of equity method investments
- Impairment of equity method investments
- Net gain on conversion and exchange to Exchangeable Shares
- Net gain on conversion and exchange to Exchangeable Shares
- Net gain on conversion and exchange to Exchangeable Shares

Goodwill impairment

Change in operating assets and liabilities, net of effects from purchase and sale of business:

- Accounts receivable
- Accounts receivable
- Accounts receivable
- Inventories
- Prepaid expenses and other current assets
- Accounts payable
- Deferred revenue
- Other accrued expenses and liabilities

Other

Total adjustments

Net cash provided by (used in) operating activities

CASH FLOWS FROM INVESTING ACTIVITIES

CASH FLOWS FROM INVESTING ACTIVITIES

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of property, plant, and equipment

Purchase of property, plant, and equipment

Purchase of property, plant, and equipment

Investments in equity method investees and securities

Investments in equity method investees and securities

Purchase of business, net of cash acquired

Investments in equity method investees and securities

Proceeds from sale of assets

Proceeds from sale of business

Proceeds from sale of business

Proceeds from sale of business

Other investing activities

Net cash provided by (used in) investing activities

**CONSTELLATION BRANDS, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**

(in millions)  
(unaudited)

For the Three Months  
Ended May 31,

For the Six Months  
Ended August 31,

2024	2024	2023	2024	2023
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**CASH FLOWS FROM FINANCING ACTIVITIES**

Proceeds from issuance of long-term debt  
 Proceeds from issuance of long-term debt  
 Proceeds from issuance of long-term debt  
 Principal payments of long-term debt  
 Net proceeds from (repayments of) short-term borrowings  
 Dividends paid  
 Purchases of treasury stock  
 Proceeds from shares issued under equity compensation plans  
 Payments of minimum tax withholdings on stock-based payment awards  
 Payments of debt issuance, debt extinguishment, and other financing costs  
 Distributions to noncontrolling interests  
 Payment of contingent consideration

**Net cash provided by (used in) financing activities**

**Net cash provided by (used in) financing activities**

**Net cash provided by (used in) financing activities**

Effect of exchange rate changes on cash and cash equivalents  
 Effect of exchange rate changes on cash and cash equivalents  
 Effect of exchange rate changes on cash and cash equivalents  
 Net increase (decrease) in cash and cash equivalents  
 Net increase (decrease) in cash and cash equivalents  
 Net increase (decrease) in cash and cash equivalents  
 Cash and cash equivalents, beginning of period  
**Cash and cash equivalents, end of period**

**Supplemental disclosures of noncash investing and financing activities**

**Supplemental disclosures of noncash investing and financing activities**

**Supplemental disclosures of noncash investing and financing activities**

Additions to property, plant, and equipment  
 Additions to property, plant, and equipment  
 Additions to property, plant, and equipment

The accompanying notes are an integral part of these statements.

**FINANCIAL STATEMENTS**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**CONSTELLATION BRANDS, INC. AND SUBSIDIARIES**

**MAY AUGUST 31, 2024**  
(unaudited)

**1. BASIS OF PRESENTATION**

We have prepared the Financial Statements, without audit, pursuant to the rules and regulations of the SEC applicable to quarterly reporting on Form 10-Q and reflect, in our opinion, all adjustments necessary to present fairly our financial information. All such adjustments are of a normal recurring nature. Certain

information and footnote disclosures normally included in financial statements, prepared in accordance with generally accepted accounting principles, have been condensed or omitted as permitted by such rules and regulations. These Financial Statements should be read in conjunction with the consolidated financial statements and related notes included in the 2024 Annual Report. Results of operations for interim periods are not necessarily indicative of annual results.

Reclassification

We reclassified equity method investments to other assets on our consolidated balance sheet as of February 29, 2024, to conform with current year presentation.

2. INVENTORIES

Inventories are stated at the lower of cost (primarily computed in accordance with the first-in, first-out method) or net realizable value. Elements of cost include materials, labor, and overhead and consist of the following:

	May 31, 2024	February 29, 2024
	August 31, 2024	February 29, 2024

(in millions)

Raw materials and supplies  
Raw materials and supplies  
Raw materials and supplies  
In-process inventories  
Finished case goods

\$

3. DERIVATIVE INSTRUMENTS

Overview

Our risk management and derivative accounting policies are presented in Notes 1 and 6 of our consolidated financial statements included in our 2024 Annual Report and have not changed significantly for the six months and three months ended May 31, 2024 August 31, 2024.

The aggregate notional value of outstanding derivative instruments is as follows:

	May 31, 2024	February 29, 2024
	August 31, 2024	February 29, 2024

(in millions)

Derivative instruments designated as hedging instruments  
Derivative instruments designated as hedging instruments  
Derivative instruments designated as hedging instruments  
Foreign currency contracts  
Foreign currency contracts  
Foreign currency contracts  
Derivative instruments not designated as hedging instruments  
Derivative instruments not designated as hedging instruments  
Derivative instruments not designated as hedging instruments  
Foreign currency contracts  
Foreign currency contracts  
Foreign currency contracts  
Commodity derivative contracts

**Credit risk**

We are exposed to credit-related losses if the counterparties to our derivative contracts default. This credit risk is limited to the fair value of the derivative contracts. To manage this risk, we contract only with major

financial institutions that have earned investment-grade credit ratings and with whom we have standard International Swaps and Derivatives Association agreements which allow for net settlement of the derivative contracts. We have also established counterparty credit guidelines that are regularly monitored. Because of these safeguards, we believe the risk of loss from counterparty default to be immaterial.

In addition, our derivative instruments are not subject to credit rating contingencies or collateral requirements. As of **May 31, 2024** **August 31, 2024**, the estimated fair value of derivative instruments in a net liability position due to counterparties was **\$2.2 million** **\$21.0 million**. If we were required to settle the net liability position under these derivative instruments on **May 31, 2024** **August 31, 2024**, we would have had sufficient available liquidity on hand to satisfy this obligation.

Results of period derivative activity		The estimated fair value and location of our derivative instruments on our balance sheets are as follows (see Note 4):			
Assets	Assets	Liabilities	Assets	Liabilities	
	May 31, 2024	February 29, 2024	May 31, 2024	February 29, 2024	
	August 31, 2024	February 29, 2024	August 31, 2024	February 29, 2024	

(in millions)

[Derivative instruments designated as hedging instruments](#)

[Derivative instruments designated as hedging instruments](#)

[Derivative instruments designated as hedging instruments](#)

Foreign currency contracts:

Prepaid expenses and other

Other assets

[Derivative instruments not designated as hedging instruments](#)

[Derivative instruments not designated as hedging instruments](#)

[Derivative instruments not designated as hedging instruments](#)

Foreign currency contracts:

Prepaid expenses and other

Commodity derivative contracts:

Prepaid expenses and other

Other assets

The principal effect of our derivative instruments designated in cash flow hedging relationships on our results of operations, as well as OCI, net of income tax effect, is as follows:

Derivative Instruments in Designated Cash Flow Hedging Relationships	Derivative Instruments in Designated Cash Flow Hedging Relationships	Net Gain (Loss) Recognized in OCI	Location of Net Gain (Loss) Reclassified from AOCI to Income (Loss)	Net Gain (Loss) Reclassified from AOCI to Income (Loss)	Derivative Instruments in Designated Cash Flow Hedging Relationships	Net Gain (Loss) Recognized in OCI	Location of Net Gain (Loss) Reclassified from AOCI to Income (Loss)	Net Gain (Loss) Reclassified from AOCI to Income (Loss)

(in millions)

[For the Three Months Ended May 31, 2024](#)

[For the Three Months Ended May 31, 2024](#)

For the Three Months Ended May 31, 2024  
For the Six Months Ended August 31, 2024  
For the Six Months Ended August 31, 2024  
For the Six Months Ended August 31, 2024

Foreign currency contracts  
Foreign currency contracts  
Foreign currency contracts  
Cost of product sold  
\$  
\$  
\$  
\$

For the Three Months Ended May 31, 2023  
For the Three Months Ended May 31, 2023  
For the Three Months Ended May 31, 2023

Foreign currency contracts  
Foreign currency contracts  
Foreign currency contracts  
Cost of product sold  
Pre-issuance hedge contracts  
Pre-issuance hedge contracts  
Pre-issuance hedge contracts  
\$

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Derivative Instruments in Designated Cash Flow Hedging Relationships	Net Gain (Loss) Recognized in OCI	Location of Net Gain (Loss) Reclassified from AOCI to Income (Loss)	Net Gain (Loss) Reclassified from AOCI to Income (Loss)
(in millions)			
<u>For the Six Months Ended August 31, 2023</u>			
Foreign currency contracts	\$ 149.9	Sales	\$ (0.2)
		Cost of product sold	65.7
Pre-issuance hedge contracts	0.6	Interest expense, net	(0.3)
	<u>\$ 150.5</u>		<u>\$ 65.2</u>
<u>For the Three Months Ended August 31, 2024</u>			
Foreign currency contracts	\$ (173.3)	Sales	\$ 0.2
		Cost of product sold	31.5
	<u>\$ (173.3)</u>		<u>\$ 31.7</u>
<u>For the Three Months Ended August 31, 2023</u>			
Foreign currency contracts	\$ 70.6	Sales	\$ (0.2)
		Cost of product sold	39.3
Pre-issuance hedge contracts	—	Interest expense, net	(0.1)
	<u>\$ 70.6</u>		<u>\$ 39.0</u>



We expect **\$128.3 million** **\$39.2 million** of net gains, net of income tax effect, to be reclassified from AOCI to our results of operations within the next 12 months.

The effect of our undesignated derivative instruments on our results of operations is as follows:

Derivative Instruments Not Designated as Hedging Instruments	Location of Net Gain (Loss) Recognized in Income (Loss)	Net Gain (Loss) Recognized in Income (Loss)
(in millions)		
For the <b>Three</b> <b>Six</b> Months Ended <b>May 31, 2024</b> <b>August 31, 2024</b>		
Commodity derivative contracts	Cost of product sold	\$ <b>14.6</b> (9.7)
Foreign currency contracts	Selling, general, and administrative expenses	<b>4.0</b> (26.7)
		<u>\$ <b>18.6</b> (36.4)</u>
For the <b>Three</b> <b>Six</b> Months Ended <b>May 31, 2023</b> <b>August 31, 2023</b>		
Commodity derivative contracts	Cost of product sold	\$ <b>(34.7)</b> (15.6)
Foreign currency contracts	Selling, general, and administrative expenses	<b>12.7</b> 22.5
		<u>\$ <b>(22.0)</b> 6.9</u>
For the <b>Three</b> Months Ended <b>August 31, 2024</b>		
Commodity derivative contracts	Cost of product sold	\$ (24.3)
Foreign currency contracts	Selling, general, and administrative expenses	(30.7)
		<u>\$ (55.0)</u>

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## FINANCIAL STATEMENTS NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

\$		
		Net
		Gain (Loss)
Derivative Instruments Not Designated as Hedging Instruments	Location of Net Gain (Loss) Recognized in Income (Loss)	Recognized in Income (Loss)
(in millions)		
For the <b>Three</b> Months Ended <b>August 31, 2023</b>		
Commodity derivative contracts	Cost of product sold	\$ <b>19.1</b>
Foreign currency contracts	Selling, general, and administrative expenses	<b>9.8</b>
		<u><b>28.9</b></u>

## 4. FAIR VALUE OF FINANCIAL INSTRUMENTS

Authoritative guidance establishes a framework for measuring fair value, including a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. The hierarchy includes three levels:

- Level 1 inputs are quoted prices in active markets for identical assets or liabilities;
- Level 2 inputs include data points that are observable such as quoted prices for similar assets or liabilities in active markets, quoted prices for identical assets or similar assets or liabilities in markets that are not active, and inputs (other than quoted prices) such as volatility, interest rates, and yield curves that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable data points for the asset or liability, and include situations where there is little, if any, market activity for the asset or liability.

Fair value methodology

The following methods and assumptions are used to estimate the fair value of our financial instruments:

Foreign currency and commodity derivative contracts

The fair value is estimated using market-based inputs, obtained from independent pricing services, entered into valuation models. These valuation models require various inputs, including contractual terms, market foreign exchange prices, market commodity prices, interest-rate yield curves, and currency volatilities, as applicable (Level 2 fair value measurement).

Short-term borrowings

Our short-term borrowings consist of our commercial paper program and the revolving credit facility under our senior credit facility. The revolving credit facility is a variable interest rate bearing note with a fixed margin, adjustable based upon our debt rating (as defined in our senior credit facility). For these short-term borrowings, the carrying value approximates the fair value.

Long-term debt

The fair value of our fixed interest rate long-term debt is estimated by discounting cash flows using interest rates currently available for debt with similar terms and maturities (Level 2 fair value measurement). As of May 31, 2024 August 31, 2024, the carrying amount of long-term debt, including the current portion, was \$11,089.1 million \$11,088.3 million, compared with an estimated fair value of \$10,176.1 \$10,516.2 million. As of February 29, 2024, the carrying amount of long-

FINANCIAL STATEMENTS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

term long-term debt, including the current portion, was \$11,637.9 million, compared with an estimated fair value of \$10,775.8 million.

The carrying amounts of certain of our financial instruments, including cash and cash equivalents, accounts receivable, and accounts payable, approximate fair value as of May 31, 2024 August 31, 2024, and February 29, 2024, due to the relatively short maturity of these instruments.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Recurring basis measurements

The following table presents our financial assets and liabilities measured at estimated fair value on a recurring basis:

Fair Value Measurements Using						
Quoted Prices in Active Markets (Level 1)						
Quoted Prices in Active Markets (Level 1)						
Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
(in millions)						
May 31, 2024						

<a href="#">May 31, 2024</a>
<a href="#">May 31, 2024</a>
<a href="#">August 31, 2024</a>
<a href="#">August 31, 2024</a>
<a href="#">August 31, 2024</a>

- Assets:
- Assets:
- Assets:
- Foreign currency contracts
- Foreign currency contracts
- Foreign currency contracts
- Commodity derivative contracts
- Liabilities:
- Liabilities:
- Liabilities:
- Foreign currency contracts
- Foreign currency contracts
- Foreign currency contracts
- Commodity derivative contracts

<a href="#">February 29, 2024</a>
<a href="#">February 29, 2024</a>
<a href="#">February 29, 2024</a>

- Assets:
- Assets:
- Assets:
- Foreign currency contracts
- Foreign currency contracts
- Foreign currency contracts
- Commodity derivative contracts
- Liabilities:
- Liabilities:
- Liabilities:
- Foreign currency contracts
- Foreign currency contracts
- Foreign currency contracts
- Commodity derivative contracts

**Nonrecurring basis measurements**

The following table presents our assets and liabilities measured at estimated fair value on a nonrecurring basis for which an impairment assessment was performed for the periods presented:

	Fair Value Measurements Using
	Fair Value Measurements Using
	Fair Value Measurements Using
	Quoted
	Prices in
	Active
	Markets
	(Level 1)
	Quoted
	Prices in
	Active
	Markets
	(Level 1)

(in millions)
(in millions)
(in millions)
For the Three Months Ended May 31, 2023
For the Three Months Ended May 31, 2023
For the Three Months Ended May 31, 2023
For the Six Months Ended August 31, 2024
For the Six Months Ended August 31, 2024
For the Six Months Ended August 31, 2024
Goodwill
Goodwill
Goodwill
Equity method investments
Equity method investments
Equity method investments
Total
Total
Total
For the Six Months Ended August 31, 2023
For the Six Months Ended August 31, 2023
For the Six Months Ended August 31, 2023
Equity method investments
Equity method investments
Equity method investments

Goodwill

As of August 31, 2024, in connection with negative trends within our Wine and Spirits business primarily attributable to our U.S. wholesale market, driven by declines in both the overall wine market and in our mainstream and premium wine brands, management updated its Fiscal 2025 outlook for this reporting unit. The updated forecast indicated it was more likely than not the fair value of the Wine and Spirits reporting unit might be below its carrying value. Accordingly, we performed an interim quantitative assessment for goodwill

FINANCIAL STATEMENTS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

impairment. This assessment indicated that the carrying value of the Wine and Spirits reporting unit exceeded its estimated fair value, resulting in a \$2,250.0 million goodwill impairment. This loss from impairment was included in goodwill impairment within our consolidated results for the six months and three months ended August 31, 2024. See Notes 5, 6, and 9 for further discussion.

When performing a quantitative assessment for impairment of goodwill, we measure the amount of impairment by calculating the amount by which the carrying value exceeds its estimated fair value. The estimated fair value is determined based on the discounted cash flow calculation. The most significant assumptions used in the discounted cash flow calculation were: (i) a 9% discount rate, (ii) a 1.5% expected long-term growth rate, and (iii) the annual cash flow projections. If there are adverse deviations from our expectations about our Wine and Spirits business or the macroeconomic environment, which could be influenced by a variety of factors including if broader industry and market conditions continue to decline and/or our expectations of future performance as reflected in our current strategic operating plans are not fully realized, a future impairment of the Wine and Spirits goodwill is reasonably possible.

Equity method investments

As of August 31, 2024, we evaluated an equity method investment, made through our corporate venture capital function, and determined there was an other-than-temporary impairment due to business underperformance. This loss from impairment was included in income (loss) from unconsolidated investments within our consolidated results for the six months and three months ended August 31, 2024. The estimated fair value was based largely on the cash flows expected to be generated by the investment using unobservable data points.

As of August 31, 2023, we evaluated certain equity method investments, made through our corporate venture capital function, and determined there were other-than-temporary impairments due to business underperformance. Investments with a \$14.9 million carrying value were written down to \$2.6 million, their estimated fair value, resulting in a \$12.3 million impairment. These investments are part of the Corporate Operations and Other segment. This loss from impairment was included in income (loss) from unconsolidated investments within our consolidated results for the six months and three months ended August 31, 2023. The estimated fair value was based largely on observable prices for similar assets.

We evaluated the Canopy Equity Method Investment as of May 31, 2023, and determined there was an other-than-temporary impairment. Our conclusion was based on several contributing factors, including: (i) the fair value being less than the carrying value and the uncertainty surrounding Canopy's stock price recovering in the near-term, (ii) Canopy recorded significant costs in its fourth quarter of fiscal 2023 results designed to align its

FINANCIAL STATEMENTS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Canadian cannabis operations and resources in response to continued unfavorable market trends, (iii) the substantial doubt about Canopy's ability to continue as a going concern, as disclosed by Canopy, and (iv) Canopy's identification of material misstatements in certain of its previously reported financial results related to sales in its BioSteel Sports Nutrition Inc. reporting unit that were accounted for incorrectly, including the recording of a goodwill impairment during its restated second quarter of fiscal 2023. As a result, the Canopy Equity Method Investment with a \$266.2 million carrying value of \$266.2 million was written down to \$142.7 million, its estimated fair value, of \$142.7 million, resulting in an impairment of a \$123.5 million. This loss from impairment was included in income (loss) from unconsolidated investments within our consolidated results for the three six months ended May 31, 2023 August 31, 2023. The estimated fair value was determined based on the closing price of the underlying equity security as of May 31, 2023. We no longer apply the equity method to our investment in Canopy following the April 2024 conversion of our Canopy common shares to Exchangeable Shares. See Note 7 for further discussion.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

5. GOODWILL

The changes in the carrying amount of goodwill are as follows:

	Beer	Beer	Beer	Wine and Spirits	Consolidated	Wine and Spirits	Consolidated
(in millions)							
Balance, February 28, 2023							
Balance, February 28, 2023							
Balance, February 28, 2023							
Purchase accounting allocations (1)							
Foreign currency translation adjustments							
Foreign currency translation adjustments							
Foreign currency translation adjustments							
Balance, February 29, 2024							
Balance, February 29, 2024							
Balance, February 29, 2024							

Purchase accounting allocations (2)
Foreign currency translation adjustments
Foreign currency translation adjustments
Foreign currency translation adjustments
Foreign currency translation adjustments
Balance, May 31, 2024
Balance, May 31, 2024
Balance, May 31, 2024
Goodwill impairment
Goodwill impairment
Goodwill impairment
Balance, August 31, 2024

(1) Purchase accounting allocations associated with the June 2023 acquisition of the Domaine Curry wine business.

If broader industry and market conditions decline and/or our expectations of future performance as reflected in our current strategic operating plans are not fully realized, a future impairment of Wine and Spirits goodwill is reasonably possible.(2) Preliminary purchase accounting allocations associated with the Sea Smoke acquisition.

Subsequent event Acquisition
Sea Smoke acquisition

In June 2024, we acquired the Sea Smoke business, including a California-based luxury wine brand, vineyards, and a production facility for \$170.0 million, subject to adjustments. This transaction also included the acquisition of a trademark, goodwill, inventory, and goodwill, a trademark. The results of operations of Sea Smoke will be are reported in the Wine and Spirits segment and will be have been included in our consolidated results of operations from the date of acquisition.

Divestiture

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Craft Beer Divestitures

In June 2023, we completed the Craft Beer Divestitures. Prior to the Craft Beer Divestitures, we recorded the results of operations of such craft beer brands in the Beer segment.

FINANCIAL STATEMENTS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

6. INTANGIBLE ASSETS

The major components of intangible assets are as follows:

	May 31, 2024		February 29, 2024	
	Gross Carrying Amount	Net Carrying Amount	Gross Carrying Amount	Net Carrying Amount
(in millions)				
Amortizable intangible assets				
Customer relationships	\$ 85.4	\$ 15.8	\$ 85.3	\$ 16.2
Other	20.8	0.3	20.8	0.3
Total	\$ 106.2	16.1	\$ 106.1	16.5
Nonamortizable intangible assets				
Trademarks		2,715.4		2,715.2
Total intangible assets		\$ 2,731.5		\$ 2,731.7

We did not incur costs to renew or extend the term of acquired intangible assets for the three months ended May 31, 2024, and May 31, 2023. Net carrying amount represents the gross carrying value net of accumulated amortization.

7. OTHER ASSETS

The major components of other assets are as follows:

	May 31, 2024	February 29, 2024
(in millions)		
Operating lease right-of-use asset	\$ 606.2	\$ 615.3
Derivative assets	146.7	154.9
Equity method investments	126.9	170.6
Exchangeable Shares	97.3	—
Other investments in debt and equity securities	86.0	73.0
Assets held for sale	26.1	25.7
Other	107.3	100.5
	<u>\$ 1,196.5</u>	<u>\$ 1,140.0</u>

### Equity method investments

The carrying value of our equity method investments are as follows:

	May 31, 2024	February 29, 2024
(in millions)		
Canopy Equity Method Investment <sup>(1)</sup>	\$ —	\$ 42.5
Other equity method investments	126.9	128.1
	<u>\$ 126.9</u>	<u>\$ 170.6</u>

<sup>(1)</sup> Following the April 2024 conversion to Exchangeable Shares we no longer apply the equity method.

	August 31, 2024		February 29, 2024	
	Gross Carrying Amount	Net Carrying Amount	Gross Carrying Amount	Net Carrying Amount
(in millions)				
<u>Amortizable intangible assets</u>				
Customer relationships	\$ 85.4	\$ 15.5	\$ 85.3	\$ 16.2
Other	20.8	0.3	20.8	0.3
Total	<u>\$ 106.2</u>	<u>15.8</u>	<u>\$ 106.1</u>	<u>16.5</u>
<u>Nonamortizable intangible assets</u>				
Trademarks		2,747.2		2,715.2
Total intangible assets		<u>\$ 2,763.0</u>		<u>\$ 2,731.7</u>

## FINANCIAL STATEMENTS

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

We did not incur costs to renew or extend the term of acquired intangible assets for the six months and three months ended August 31, 2024, and August 31, 2023. Net carrying amount represents the gross carrying value net of accumulated amortization.

Additionally, as of August 31, 2024, in connection with the assessment of the same events and circumstances triggering the interim goodwill impairment test for the Wine and Spirits reporting unit, we completed an interim impairment test of our wine and spirits trademarks. We performed qualitative evaluations considering the results of the most recent fair value measurements as of January 1, 2024, and the likely impact of the negative trends for our Wine and Spirits business on the fair values of the trademarks and concluded it is more likely than not that the fair values of these intangible assets exceeded their carrying amounts.

## 7. OTHER ASSETS

The major components of other assets are as follows:

	August 31, 2024	February 29, 2024
(in millions)		
Operating lease right-of-use asset	\$ 579.5	\$ 615.3
Equity method investments	128.7	170.6
Exchangeable Shares	97.3	—
Other investments in debt and equity securities	90.5	73.0
Derivative assets	67.9	154.9
Assets held for sale	—	25.7
Other	127.3	100.5
	<u>\$ 1,091.2</u>	<u>\$ 1,140.0</u>

#### Equity method investments

The carrying value of our equity method investments are as follows:

	August 31, 2024	February 29, 2024
(in millions)		
Canopy Equity Method Investment <sup>(1)</sup>	\$ —	\$ 42.5
Other equity method investments	128.7	128.1
	<u>\$ 128.7</u>	<u>\$ 170.6</u>

(1) Following the April 2024 conversion to Exchangeable Shares we no longer apply the equity method.

#### Exchangeable Shares

In April 2024, we elected to convert our 17.1 million 17.1 million Canopy common shares into Exchangeable Shares on a one-for-one basis. Additionally, in April 2024, we exchanged C\$81.2 million of the principal amount of the C\$100.0 million 4.25% promissory note issued to us by Canopy for 9.1 million 9.1 million Exchangeable Shares and forgave all accrued but unpaid interest together with the remaining principal amount of the note. As a result of these transactions, we (i) have 26.3 million Exchangeable Shares and (ii) recognized an \$83.3 million net gain in income (loss) from unconsolidated investments within our consolidated results of operations for the three six months ended May 31, 2024 August 31, 2024. The fair value of Exchangeable Shares on the date of the conversion and exchange was estimated using a valuation model based primarily on the following inputs: (i) Canopy's common share price, (ii) the expected volatility of Canopy's common shares, and (iii) the probability and timing of U.S. federal legalization of recreational cannabis. As the Exchangeable Shares are an equity security without a readily determinable fair value, we elected to account for the Exchangeable Shares under the measurement alternative method. Future impairments, if any, will also be reported in income (loss) from unconsolidated investments within our consolidated results.

## FINANCIAL STATEMENTS

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### Other investments in debt and equity securities

We have multiple investments through our corporate venture capital function in debt and equity securities.

#### Subsequent event Assets held for sale

##### Mexicali Brewery

In July 2024, we closed on the sale of sold the remaining assets classified as held for sale at the canceled Mexicali Brewery. These net assets had met held for sale criteria as of May 31, 2024 February 29, 2024, and February 29, 2024, through the date of sale.

## 8. BORROWINGS

Borrowings consist of the following:

	May 31, 2024	February 29, 2024
--	--------------	----------------------



	August 31, 2024				February 29, 2024	Total	Current	Long-term	Total	Total
	Current	Current	Long-term	Total						
(in millions)										
Short-term borrowings										
Short-term borrowings										
Short-term borrowings										
Commercial paper										
Commercial paper										
Commercial paper										
Long-term debt										
Long-term debt										
Long-term debt										
Senior notes										
Senior notes										
Senior notes										
Other										

Bank facilities

The Company, CB International, the Administrative Agent, and certain other lenders are parties to the 2022 Credit Agreement. The October 2022 Credit Agreement Amendment revised certain defined terms and covenants in the 2022 Credit Agreement and became effective in April 2024 following (i) the amendment by Canopy of its Articles of Incorporation, (ii) the conversion of our Canopy common shares into Exchangeable Shares, and (iii) the resignation of our nominees from the board of directors of Canopy.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Information with respect to borrowings under the 2022 Credit Agreement is as follows:

	Outstanding borrowings	Outstanding borrowings	Interest rate	SOFR margin	Outstanding letters of credit	Remaining borrowing capacity (1)	Outstanding borrowings	Interest rate	SOFR margin	Outstanding letters of credit	Remaining borrowing capacity (1)
(in millions)											
May 31, 2024											
May 31, 2024											
May 31, 2024											
August 31, 2024											
August 31, 2024											
August 31, 2024											
Revolving credit facility (2) (3)											
Revolving credit facility (2) (3)											
Revolving credit facility (2) (3)											
February 29, 2024											
February 29, 2024											
February 29, 2024											
Revolving credit facility (2) (3)											
Revolving credit facility (2) (3)											

Revolving credit facility (2) (3)

- (1) Net of outstanding revolving credit facility borrowings and outstanding letters of credit under the 2022 Credit Agreement and outstanding borrowings under our commercial paper program of \$795.5 million \$509.0 million and \$241.5 million (excluding unamortized discount) as of May 31, 2024 August 31, 2024 and February 29, 2024, respectively (see “Commercial paper program” below).
- (2) Contractual interest rate varies based on our debt rating (as defined in the agreement) and is a function of SOFR plus a margin and a credit spread adjustment, or the base rate plus a margin, or, in certain circumstances where SOFR cannot be adequately ascertained or available, an alternative benchmark rate plus a margin.
- (3) We and/or CB International are the borrower under the \$2,250.0 million revolving credit facility with a maturity date of April 14, 2027. Includes a sub-facility for letters of credit of up to \$200.0 million.

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We and our subsidiaries are subject to covenants that are contained in the 2022 Credit Agreement, including those restricting the incurrence of additional subsidiary indebtedness, additional liens, mergers and consolidations, transactions with affiliates, and sale and leaseback transactions, in each case subject to numerous conditions, exceptions, and thresholds. The financial covenants are limited to a minimum interest coverage ratio and a maximum net leverage ratio.

Commercial paper program

We have a commercial paper program which provides for the issuance of up to an aggregate principal amount of \$2.25 billion of commercial paper. Our commercial paper program is backed by unused commitments under our revolving credit facility under our 2022 Credit Agreement. Accordingly, outstanding borrowings under our commercial paper program reduce the amount available under our revolving credit facility. Information with respect to our outstanding commercial paper borrowings is as follows:

	May 31, 2024	February 29, 2024
	August 31, 2024	February 29, 2024

(in millions)

Outstanding borrowings (1)					
Outstanding borrowings (1)					
Outstanding borrowings (1)					
Weighted average annual interest rate	Weighted average annual interest rate	5.7 %	5.7 %	Weighted average annual interest rate	5.7 % 5.7 %
Weighted average remaining term	Weighted average remaining term	20 days	4 days	Weighted average remaining term	12 days 4 days

- (1) Outstanding commercial paper borrowings are net of unamortized discount.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Debt payments

As of May 31, 2024 August 31, 2024, the required principal repayments under long-term debt obligations (excluding unamortized debt issuance costs and unamortized discounts of \$53.8 million \$51.4 million and \$22.8 million \$22.1 million, respectively) for the remaining nine six months of Fiscal 2025 and for each of the five succeeding fiscal years and thereafter are as follows:

(in millions)	
Fiscal 2025	\$ 405.3 402.8
Fiscal 2026	1,404.9 1,404.3
Fiscal 2027	603.8 603.3
Fiscal 2028	1,801.5 1,801.3
Fiscal 2029	900.1 900.0
Fiscal 2030	800.0
Thereafter	5,250.1
	\$ 11,165.7 11,161.8

## 9. INCOME TAXES

Our effective tax rate for the six months ended August 31, 2024, was 30.0% of tax benefit compared with 22.1% of tax expense for the six months ended August 31, 2023. Our effective tax rate for the three months ended May 31, 2024, and May 31, 2023 August 31, 2024, was 3.0% and 39.6%, respectively 11.4% of tax benefit compared with 17.4% of tax expense for the three months ended August 31, 2023.

For the three six months ended May 31, 2024 August 31, 2024, our effective tax rate was lower than did not approximate the federal statutory rate of 21% primarily largely due to (i) a net income tax benefit recognized as a result of the resolution of various tax examinations and assessments related to prior periods and (ii) the benefit of lower effective tax rates applicable to our for foreign businesses, partially offset by a net income tax impact resulting from the non-deductible portion of the Wine and (iii) a decrease in the valuation allowance related to our investment in Canopy. Spirits goodwill impairment.

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## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended May 31, 2023 August 31, 2024, our effective tax rate did not approximate the federal statutory rate of 21% largely due to a net income tax impact resulting from the non-deductible portion of the Wine and Spirits goodwill impairment.

For the six months ended August 31, 2023, our effective tax rate was higher than the federal statutory rate of 21% primarily due to an increase in the valuation allowance related to our investment in Canopy, partially offset by (i) the benefit of lower effective tax rates applicable to our foreign businesses and (ii) a net income tax benefit recognized as a result of a change in tax entity classification and (ii) classification.

For the three months ended August 31, 2023, our effective tax rate was lower than the federal statutory rate of 21% primarily due to the benefit of lower effective tax rates applicable to our foreign businesses.

The Organization for Economic Cooperation and Development introduced a framework under Pillar Two which includes a 15% global minimum tax rate of 15%, rate. Many jurisdictions in which we do business have started to enact laws implementing Pillar Two. We are monitoring these developments and currently do not believe these rules will have a material impact on our financial condition and/or consolidated results.

## 10. DEFERRED INCOME TAXES AND OTHER LIABILITIES

The major components of deferred income taxes and other liabilities are as follows:

	August 31, 2024	February 29, 2024
(in millions)		
Operating lease liability	\$ 568.5	\$ 588.7
Deferred income taxes	290.8	591.5
Unrecognized tax benefit liabilities	244.0	407.9
Deferred revenue	74.3	80.2
Other	148.2	136.0
	\$ 1,325.8	\$ 1,804.3

## 11. STOCKHOLDERS' EQUITY

### Common stock

The number of shares of common stock issued and treasury stock, and associated share activity, are as follows:

	Class A Stock	Class A Stock	Class 1 Stock	Class A Stock in Treasury	Class A Stock	Class 1 Stock	Class A Stock in Treasury
Balance at February 29, 2024							
Share repurchases							
Exercise of stock options							
Exercise of stock options							
Exercise of stock options							
Vesting of restricted stock units <sup>(1)</sup>							
Vesting of restricted stock units <sup>(1)</sup>							
Vesting of restricted stock units <sup>(1)</sup>							
Vesting of performance share units <sup>(1)</sup>							
Balance at May 31, 2024							
Balance at May 31, 2024							
Balance at May 31, 2024							
Share repurchases							
Exercise of stock options							
Exercise of stock options							
Exercise of stock options							
Employee stock purchases							
Vesting of restricted stock units <sup>(1)</sup>							
Balance at August 31, 2024							
Balance at August 31, 2024							
Balance at August 31, 2024							

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## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

	Class A Stock	Class A Stock	Class 1 Stock	Class A Stock in Treasury	Class A Stock	Class 1 Stock	Class A Stock in Treasury
Balance at February 28, 2023							
Share repurchases							
Conversion of shares							
Exercise of stock options							
Vesting of restricted stock units <sup>(1)</sup>							
Vesting of restricted stock units <sup>(1)</sup>							
Vesting of restricted stock units <sup>(1)</sup>							
Vesting of performance share units <sup>(1)</sup>							
Balance at May 31, 2023							
Balance at May 31, 2023							
Balance at May 31, 2023							
Conversion of shares							
Conversion of shares							
Conversion of shares							
Exercise of stock options							

Employee stock purchases
Vesting of restricted stock units <sup>(1)</sup>
Balance at August 31, 2023
Balance at August 31, 2023
Balance at August 31, 2023

(1) Net of the following shares withheld to satisfy tax withholding requirements:

	For the Three Months Ended May 31,
2024	
Restricted Stock Units	48,501
Performance Share Units	5,728
2023	
Restricted Stock Units	39,839
Performance Share Units	8,735

	For the Three Months Ended May 31,	For the Three Months Ended August 31,	For the Six Months Ended August 31,
2024			
Restricted Stock Units	48,501	147	48,648
Performance Share Units	5,728	—	5,728
2023			
Restricted Stock Units	39,839	170	40,009
Performance Share Units	8,735	—	8,735

Stock repurchases

In each of January 2021 and November 2023, our Board of Directors authorized the repurchase of up to \$2.0 billion of our publicly traded common stock. The Board of Directors did not specify a date upon which these authorizations would expire. Shares repurchased under these authorizations become treasury shares.

For the ~~three~~ ~~six~~ months ended ~~May 31, 2024~~ ~~August 31, 2024~~, we repurchased ~~775,334~~ ~~1,778,281~~ shares of Class A Stock pursuant to the 2021 Authorization through open market transactions at an aggregate cost of ~~\$200.0 million~~ ~~\$449.2 million~~. Beginning ~~May 31, 2024~~, we repurchased 187,843 shares of Class A Stock pursuant to the 2021 Authorization at an aggregate cost of \$47.0 million through open market transactions made pursuant to a Rule 10b5-1 trading plan.

As of ~~July 3, 2024~~ ~~August 31, 2024~~, total shares repurchased under our board authorizations are as follows:

Class A Stock											
	Repurchase Authorization	Repurchase Authorization	Dollar Value of Shares Repurchased		Number of Shares Repurchased		Repurchase Authorization		Dollar Value of Shares Repurchased		
(in millions, except share data)											
2021 Authorization <sup>(1)</sup>											
2021 Authorization <sup>(1)</sup>											
2021 Authorization <sup>(1)</sup>	\$2,000.0	\$	\$1,633.3	6,838,453	6,838,453	\$	2,000.0	\$	\$	1,835.5	7,653,557
2023											
2023 Authorization											
(1)	(1)	\$2,000.0	\$	—	—	(1)	\$2,000.0	\$	—	—	—

(1) As of ~~July 3, 2024~~ ~~August 31, 2024~~, ~~\$2,366.7 million~~ ~~an aggregate of \$2,164.5 million~~ remains available for future share repurchases, excluding the impact of Federal excise tax owed pursuant to the IRA.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

12. NET INCOME (LOSS) PER COMMON SHARE ATTRIBUTABLE TO CBI

For the three months ended May 31, 2024, and May 31, 2023, net Net income (loss) per common share – basic for Class A Stock has been computed based on the weighted average shares of common stock outstanding during the period. Net income (loss) per common share – diluted for Class A Stock reflects the weighted average shares of common stock plus the effect of dilutive securities outstanding during the period using the treasury stock method.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The effect of dilutive securities includes the impact of outstanding stock-based awards. The dilutive computation does not assume conversion, exercise, or contingent issuance of securities that would have an anti-dilutive effect on the net income (loss) per common share attributable to CBI. The computation of basic and diluted net income (loss) per common share for Class A Stock are as follows:

	For the Three Months Ended May 31,		For the Three Months Ended May 31,		For the Three Months Ended May 31,
	For the Three Months Ended May 31,		For the Three Months Ended May 31,		For the Three Months Ended May 31,
	For the Six Months Ended August 31,		For the Three Months Ended August 31,		
	2024	2024	2023	2024	2023
	2024				
	2024				
(in millions, except per share data)					
(in millions, except per share data)					
(in millions, except per share data)					
Net income (loss) attributable to CBI					
Net income (loss) attributable to CBI					
Net income (loss) attributable to CBI					
Weighted average common shares outstanding – basic					
Weighted average common shares outstanding – basic					
Weighted average common shares outstanding – basic					
Stock-based awards, primarily stock options (1)					
Stock-based awards, primarily stock options (1)					
Stock-based awards, primarily stock options (1)					
Weighted average common shares outstanding – diluted					
Weighted average common shares outstanding – diluted					
Weighted average common shares outstanding – diluted					
Net income (loss) per common share attributable to CBI – basic					
Net income (loss) per common share attributable to CBI – basic					
Net income (loss) per common share attributable to CBI – basic					
Net income (loss) per common share attributable to CBI – diluted					
Net income (loss) per common share attributable to CBI – diluted					

Net income (loss) per common share attributable to CBI – diluted

(1) We have excluded the following weighted average common shares outstanding from the calculation of diluted net loss per common share, as the effect of including these would have been anti-dilutive, in millions:	For the Six Months Ended August 31, 2024	For the Three Months Ended August 31, 2024
Stock-based awards, primarily stock options	0.604	0.539

12.13. COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO CBI

Comprehensive income (loss) consists of net income (loss), foreign currency translation adjustments, unrealized net gain (loss) on derivative instruments, pension/postretirement adjustments, and our share of OCI of equity method investments. The reconciliation of net income (loss) attributable to CBI to comprehensive income (loss) attributable to CBI is as follows:

	Before Tax Amount	Before Tax Amount	Tax (Expense) Benefit	Net of Tax Amount	Before Tax Amount	Tax (Expense) Benefit	Net of Tax Amount
(in millions)							
For the Three Months Ended May 31, 2024							
For the Three Months Ended May 31, 2024							
For the Three Months Ended May 31, 2024							
For the Six Months Ended August 31, 2024							
For the Six Months Ended August 31, 2024							
For the Six Months Ended August 31, 2024							
Net income (loss) attributable to CBI							
Net income (loss) attributable to CBI							
Net income (loss) attributable to CBI							
Other comprehensive income (loss) attributable to CBI:							
Foreign currency translation adjustments:							
Foreign currency translation adjustments:							
Foreign currency translation adjustments:							
Net gain (loss)							
Net gain (loss)							
Net gain (loss)							
Amounts reclassified							
Net gain (loss) recognized in other comprehensive income (loss)							
Unrealized gain (loss) on cash flow hedges:							
Net derivative gain (loss)							
Net derivative gain (loss)							
Net derivative gain (loss)							
Amounts reclassified							
Net gain (loss) recognized in other comprehensive income (loss)							
Share of OCI of equity method investments							
Share of OCI of equity method investments							
Share of OCI of equity method investments							
Net gain (loss)							
Net gain (loss)							
Net gain (loss)							
Amounts reclassified							
Net gain (loss) recognized in other comprehensive income (loss)							
Other comprehensive income (loss) attributable to CBI							
Comprehensive income (loss) attributable to CBI							

	Before Tax Amount	Before Tax Amount	Tax (Expense) Benefit	Net of Tax Amount	Before Tax Amount	Tax (Expense) Benefit	Net of Tax Amount
(in millions)							
<u>For the Three Months Ended May 31, 2023</u>							
<u>For the Three Months Ended May 31, 2023</u>							
<u>For the Three Months Ended May 31, 2023</u>							
Unrealized gain (loss) on cash flow hedges:							
Unrealized gain (loss) on cash flow hedges:							
Unrealized gain (loss) on cash flow hedges:							
Net derivative gain (loss)							
Net derivative gain (loss)							
Net derivative gain (loss)							
Amounts reclassified							
Net gain (loss) recognized in other comprehensive income (loss)							
Pension/postretirement adjustments:							
Pension/postretirement adjustments:							
Pension/postretirement adjustments:							
Net actuarial gain (loss)							
Net actuarial gain (loss)							
Net actuarial gain (loss)							
Amounts reclassified							
Net gain (loss) recognized in other comprehensive income (loss)							
Share of OCI of equity method investments							
Net gain (loss)							
Net gain (loss)							
Net gain (loss)							
Amounts reclassified							
Net gain (loss) recognized in other comprehensive income (loss)							
Other comprehensive income (loss) attributable to CBI							
Comprehensive income (loss) attributable to CBI							
<u>For the Six Months Ended August 31, 2023</u>							
<u>For the Six Months Ended August 31, 2023</u>							
<u>For the Six Months Ended August 31, 2023</u>							
Net income (loss) attributable to CBI							
Net income (loss) attributable to CBI							
Net income (loss) attributable to CBI							
Other comprehensive income (loss) attributable to CBI:							
Foreign currency translation adjustments:							
Foreign currency translation adjustments:							
Foreign currency translation adjustments:							
Net gain (loss)							
Net gain (loss)							
Net gain (loss)							
Amounts reclassified							
Net gain (loss) recognized in other comprehensive income (loss)							
Unrealized gain (loss) on cash flow hedges:							
Net derivative gain (loss)							
Net derivative gain (loss)							



Net derivative gain (loss)  
 Amounts reclassified  
 Net gain (loss) recognized in other comprehensive income (loss)  
 Pension/postretirement adjustments:  
 Pension/postretirement adjustments:  
 Pension/postretirement adjustments:  
 Net actuarial gain (loss)  
 Net actuarial gain (loss)  
 Net actuarial gain (loss)  
 Amounts reclassified  
 Net gain (loss) recognized in other comprehensive income (loss)  
 Share of OCI of equity method investments  
 Net gain (loss)  
 Net gain (loss)  
 Net gain (loss)  
 Amounts reclassified  
 Net gain (loss) recognized in other comprehensive income (loss)  
 Other comprehensive income (loss) attributable to CBI  
 Comprehensive income (loss) attributable to CBI

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	Before Tax Amount	Tax (Expense) Benefit	Net of Tax Amount
(in millions)			
<u>For the Three Months Ended August 31, 2024</u>			
Net income (loss) attributable to CBI			\$ (1,199.0)
Other comprehensive income (loss) attributable to CBI:			
Foreign currency translation adjustments:			
Net gain (loss)	\$ (600.5)	\$ —	(600.5)
Amounts reclassified	—	—	—
Net gain (loss) recognized in other comprehensive income (loss)	(600.5)	—	(600.5)
Unrealized gain (loss) on cash flow hedges:			
Net derivative gain (loss)	(185.7)	21.6	(164.1)
Amounts reclassified	(34.8)	4.1	(30.7)
Net gain (loss) recognized in other comprehensive income (loss)	(220.5)	25.7	(194.8)
Pension/postretirement adjustments:			
Net actuarial gain (loss)	0.5	(0.2)	0.3
Amounts reclassified	—	—	—
Net gain (loss) recognized in other comprehensive income (loss)	0.5	(0.2)	0.3
Share of OCI of equity method investments			
Net gain (loss)	—	—	—
Amounts reclassified	0.3	(0.1)	0.2
Net gain (loss) recognized in other comprehensive income (loss)	0.3	(0.1)	0.2
Other comprehensive income (loss) attributable to CBI	\$ (820.2)	\$ 25.4	(794.8)
Comprehensive income (loss) attributable to CBI			\$ (1,993.8)

For the Three Months Ended August 31, 2023

Net income (loss) attributable to CBI			\$	690.0
Other comprehensive income (loss) attributable to CBI:				
Foreign currency translation adjustments:				
Net gain (loss)	\$	160.2	\$	—
Amounts reclassified		—		—
Net gain (loss) recognized in other comprehensive income (loss)		160.2		160.2
Unrealized gain (loss) on cash flow hedges:				
Net derivative gain (loss)		76.4		(9.1)
Amounts reclassified		(41.7)		4.8
Net gain (loss) recognized in other comprehensive income (loss)		34.7		(4.3)
Pension/postretirement adjustments:				
Net actuarial gain (loss)		(0.2)		—
Amounts reclassified		—		—
Net gain (loss) recognized in other comprehensive income (loss)		(0.2)		—
Share of OCI of equity method investments				
Net gain (loss)		1.1		—
Amounts reclassified		—		—
Net gain (loss) recognized in other comprehensive income (loss)		1.1		—
Other comprehensive income (loss) attributable to CBI	\$	195.8	\$	(4.3)
Comprehensive income (loss) attributable to CBI			\$	881.5

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Accumulated other comprehensive income (loss), net of income tax effect, includes the following components:

Foreign Currency Translation Adjustments	Unrealized Net Gain (Loss) on Derivative Instruments	Pension/ Postretirement Adjustments	Share of OCI of Equity Method Investments	Accumulated Other Comprehensive Income (Loss)	Unrealized Net Gain (Loss) on Derivative Instruments	Pension/ Postretirement Adjustments	Share of OCI of Equity Method Investments	Accumulated Other Comprehensive Income (Loss)
(in millions)								
Balance, February 29, 2024								
Balance, February 29, 2024								
Balance, February 29, 2024								
Other comprehensive income (loss):								
Other comprehensive income (loss) before reclassification adjustments								
Other comprehensive income (loss) before reclassification adjustments								

Other comprehensive income (loss) before reclassification adjustments
Amounts reclassified from accumulated other comprehensive income (loss)
Other comprehensive income (loss)
Balance, May 31, 2024
Balance, August 31, 2024

13.14. BUSINESS SEGMENT INFORMATION

Our internal management financial reporting consists of two business divisions: (i) Beer and (ii) Wine and Spirits and we report our operating results in three segments: (i) Beer, (ii) Wine and Spirits, and (iii) Corporate Operations and Other. In the Beer segment, our portfolio consists of high-end imported beer brands and ABAs. We have an exclusive perpetual brand license to produce our Mexican beer portfolio and to import, market, and sell such portfolio in the U.S. In the Wine and Spirits segment, we sell a portfolio that includes higher-end wine brands

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complemented by certain higher-end spirits brands. Amounts included in the Corporate Operations and Other segment consist of costs of corporate development, corporate finance, corporate strategy, executive management, growth, human resources, internal audit, investor relations, IT, legal, and public relations, as well as our Canopy investment and investments made through our corporate venture capital function. All costs included in the Corporate Operations and Other segment are general costs that are applicable to the consolidated group and are, therefore, not allocated to the other reportable segments. All costs reported within the Corporate Operations and Other segment are not included in our CODM's evaluation of the operating income (loss) performance of the other reportable segments. The business segments reflect how our operations are managed, how resources are allocated, how operating performance is evaluated by senior management, and the structure of our internal financial reporting. Long-lived tangible assets and total asset information by segment is not provided to, or reviewed by, our CODM as it is not used to make strategic decisions, allocate resources, or assess performance.

In addition, management excludes Comparable Adjustments from its evaluation of the results of each operating segment as these Comparable Adjustments are not reflective of core operations of the segments. Segment operating performance and the incentive compensation of segment management are evaluated based on core segment operating income (loss) which does not include the impact of these Comparable Adjustments.

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We evaluate segment operating performance based on operating income (loss) of the respective business units. Comparable Adjustments that impacted comparability in our segment operating income (loss) for each period are as follows:

		For the Three Months Ended May 31,			
		For the Three Months Ended May 31,			
		For the Three Months Ended May 31,			
				For the Six Months Ended August 31,	For the Three Months Ended August 31,
	2024	2024	2023	2024	2023
	2024				
	2024				

(in millions)
(in millions)
(in millions)
Cost of product sold
Cost of product sold
Cost of product sold
Net gain (loss) on undesignated commodity derivative contracts
Net gain (loss) on undesignated commodity derivative contracts
Net gain (loss) on undesignated commodity derivative contracts
Settlements of undesignated commodity derivative contracts
Settlements of undesignated commodity derivative contracts
Settlements of undesignated commodity derivative contracts
Flow through of inventory step-up
Flow through of inventory step-up
Net gain (loss) on undesignated commodity derivative contracts
Flow through of inventory step-up
Comparable Adjustments, Cost of product sold
Comparable Adjustments, Cost of product sold
Comparable Adjustments, Cost of product sold
Selling, general, and administrative expenses
Selling, general, and administrative expenses
Selling, general, and administrative expenses
Transition services agreements activity
Transition services agreements activity
Transition services agreements activity
Restructuring and other strategic business development costs
Restructuring and other strategic business development costs
Restructuring and other strategic business development costs
Transition services agreements activity
Transaction, integration, and other acquisition-related costs
Transaction, integration, and other acquisition-related costs
Transaction, integration, and other acquisition-related costs
Other gains (losses) (1)
Other gains (losses) (1)
Other gains (losses) (1)
Comparable Adjustments, Selling, general, and administrative expenses
Comparable Adjustments, Selling, general, and administrative expenses
Comparable Adjustments, Selling, general, and administrative expenses
Goodwill impairment
Goodwill impairment
Goodwill impairment
Comparable Adjustments, Operating income (loss)
Comparable Adjustments, Operating income (loss)
Comparable Adjustments, Operating income (loss)
(1) (1)
(1)
(1) Primarily includes the following:
For the Three Months Ended May 31,
2024
2024

	For the Six Months Ended August 31,		For the Three Months Ended August 31,		
	2024	2024	2023	2024	2023
(in millions)					
(in millions)					
(in millions)					
Net loss on foreign currency as a result of the resolution of various tax examinations and assessments					
Net loss on foreign currency as a result of the resolution of various tax examinations and assessments					
Net loss on foreign currency as a result of the resolution of various tax examinations and assessments					
Gain (loss) on sale of business					
Gain (loss) on sale of business					
Gain (loss) on sale of business					
Recognition of a previously deferred gain upon release of a related indemnity					

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The accounting policies of the segments are the same as those described for the Company in Note 1 of our consolidated financial statements included in our 2024 Annual Report. Segment information is as follows:

	For the Three Months Ended May 31,		For the Three Months Ended May 31,		For the Three Months Ended May 31,	
	2024	2024	2023	2024	2023	2023
(in millions)						
(in millions)						
(in millions)						
Beer						
Beer						
Beer						
Net sales						
Net sales						
Net sales						
Segment operating income (loss)						
Segment operating income (loss)						
Segment operating income (loss)						
Capital expenditures						
Capital expenditures						
Capital expenditures						
Depreciation and amortization						
Depreciation and amortization						
Depreciation and amortization						

Wine and Spirits

Wine and Spirits

Wine and Spirits

Net sales:

Net sales:

Net sales:

Wine

Wine

Wine

Spirits

Spirits

Spirits

Net sales

Net sales

Net sales

Segment operating income (loss)

Segment operating income (loss)

Segment operating income (loss)

Income (loss) from unconsolidated investments

Income (loss) from unconsolidated investments

Income (loss) from unconsolidated investments

Equity method investments

Equity method investments

Equity method investments

Capital expenditures

Capital expenditures

Capital expenditures

Depreciation and amortization

Depreciation and amortization

Depreciation and amortization

Corporate Operations and Other

Corporate Operations and Other

Corporate Operations and Other

Segment operating income (loss)

Segment operating income (loss)

Segment operating income (loss)

Income (loss) from unconsolidated investments

Income (loss) from unconsolidated investments

Income (loss) from unconsolidated investments

Equity method investments

Equity method investments

Equity method investments

Capital expenditures

Capital expenditures

Capital expenditures

Depreciation and amortization

Depreciation and amortization

Depreciation and amortization

Comparable Adjustments

Comparable Adjustments

Comparable Adjustments

Operating income (loss)
Operating income (loss)
Operating income (loss)
Income (loss) from unconsolidated investments
Income (loss) from unconsolidated investments
Income (loss) from unconsolidated investments
Consolidated
Consolidated
Consolidated
Net sales
Net sales
Net sales
Operating income (loss)
Operating income (loss)
Operating income (loss)
Income (loss) from unconsolidated investments (1)
Income (loss) from unconsolidated investments (1)
Income (loss) from unconsolidated investments (1)
Equity method investments
Equity method investments
Equity method investments
Capital expenditures
Capital expenditures
Capital expenditures
Depreciation and amortization
Depreciation and amortization
Depreciation and amortization

FINANCIAL STATEMENTS		NOTES TO CONSOLIDATED FINANCIAL STATEMENTS				
(1)	(1)	Income (loss) from unconsolidated investments consists of:				
(1)						
(1)		Income (loss) from unconsolidated investments consists of:				
		For the Three Months Ended May 31,		For the Six Months Ended August 31,	For the Three Months Ended August 31,	
			2024	2024	2023	2024 2023
			2024			
			2024			
		(in millions)				
		(in millions)				
		(in millions)				
		Net gain on conversion and exchange to Exchangeable Shares (i)				
		Net gain on conversion and exchange to Exchangeable Shares (i)				
		Net gain on conversion and exchange to Exchangeable Shares (i)				
		Equity in earnings (losses) from other equity method investees and related activities				

Equity in earnings (losses) from other equity method investees and related activities	
Equity in earnings (losses) from other equity method investees and related activities	
Equity in earnings (losses) from Canopy and related activities	
Equity in earnings (losses) from Canopy and related activities	
Equity in earnings (losses) from Canopy and related activities	
Impairment of equity method investments	
Impairment of equity method investments	
Impairment of equity method investments	
Unrealized net gain (loss) on securities measured at fair value <sup>(i)</sup>	
Unrealized net gain (loss) on securities measured at fair value <sup>(i)</sup>	
Unrealized net gain (loss) on securities measured at fair value <sup>(i)</sup>	
	\$
	\$
	\$
	\$
	\$

<sup>(i)</sup> Effective as of May 31, 2023, we determined that the 2023 Canopy Promissory Note did not have future economic value given the substantial doubt about Canopy’s ability to continue as a going concern, as disclosed by Canopy, prior to the maturity of the note. Accordingly, the fair value of the remaining balance for this instrument was determined to be zero. In April 2024, we exchanged the 2023 Canopy Promissory Note for Exchangeable Shares.

**14 15. ACCOUNTING GUIDANCE NOT YET ADOPTED**

*Segment reporting*

In November 2023, the FASB issued a standard requiring disclosures, on an annual and interim basis, of significant segment expenses and other segment items that are regularly provided to the CODM as well as the title and position of the CODM. We are required to adopt these disclosures for our annual period ending February 28, 2025, and interim periods beginning March 1, 2025, with early adoption permitted. The amendments in this standard will be applied retrospectively to all prior periods presented in the financial statements. We expect this standard to impact our disclosures with no material impacts to our results of operations, cash flows, or financial condition.

*Income taxes*

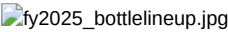
In December 2023, the FASB issued a standard aimed at improving tax disclosure requirements, primarily through enhanced disclosures related to the income tax rate reconciliation and income taxes paid. We are required to adopt these disclosures for our annual period ending February 28, 2026, with early adoption permitted and this standard may be applied retrospectively. We expect this standard to impact our disclosures with no material impacts to our results of operations, cash flows, or financial condition.

*Climate*

In March 2024, the SEC adopted final rules to require disclosures about certain climate-related information in registration statements and annual reports. In April 2024, the SEC issued an order to stay the rules pending the completion of judicial review of multiple petitions challenging the rules. The rules will require disclosure of, among other things, material climate-related risks, how the board of directors and management oversee and manage such risks, and the actual and potential material impacts of such risks on us. The rules also require disclosure about material climate-related targets and goals, Scope 1 and Scope 2 GHG emissions, and the financial impacts of severe weather events and other natural conditions. The SEC has indicated that it will publish a new effective date for the rules, if ultimately implemented, at the conclusion of the stay. These rules will be applied prospectively. We are currently assessing the impact of these rules on our SEC filings.

MD&A

**Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations.**



**Introduction**



This MD&A provides additional information on our businesses, current developments, financial condition, cash flows, and results of operations. It should be read in conjunction with our Financial Statements and with our consolidated financial statements and notes included in our 2024 Annual Report. This MD&A is organized as follows:

**Overview.** This section provides a general description of our business, which we believe is important in understanding the results of our operations, financial condition, and potential future trends.

**Strategy.** This section provides a description of our strategy and a discussion of recent developments and significant divestitures, acquisitions, and investments.

**Results of operations.** This section provides an analysis of our results of operations presented on a business segment basis for the three months ended May 31, 2024, August 31, 2024, and May 31, 2023, August 31, 2023, and six months ended August 31, 2024, and August 31, 2023. In addition, a brief description of significant transactions and other items that affect the comparability of the results is provided.

**Liquidity and capital resources.** This section provides an analysis of our cash flows, outstanding debt, and liquidity position. Included in the analysis of outstanding debt is a discussion of the financial capacity available to fund our on-going operations and future commitments, as well as a discussion of other financing arrangements.

## Overview

We are an international producer and marketer of beer, wine, and spirits with operations in the U.S., Mexico, New Zealand, and Italy with powerful, consumer-connected, high-quality brands like Corona Extra, Modelo Especial, Robert Mondavi Winery, Kim Crawford, Meiomi, The Prisoner Wine Company, High West, Casa Noble, and Mi CAMPO. In the U.S., we are one of the top growth contributors at retail among beverage alcohol suppliers. We are the second-largest beer company in the U.S. and continue to strengthen our leadership position as the #1 share gainer in the high-end beer segment and the overall U.S. beer market. In Fiscal 2024, Modelo Especial became the #1 beer brand in the U.S. beer market in dollar sales and continues to hold that position. Within wine and spirits, we have reshaped our brand portfolio to a higher-end focused business and continue our efforts to expand our supply channels through DTC and international markets. The strength of our brands makes us a supplier of choice to many of our consumers and our customers, which include wholesale distributors, retailers, and on-premise locations. We conduct our business through entities we wholly own as well as through a variety of joint ventures and other entities.

Our internal management financial reporting consists of two business divisions: (i) Beer and (ii) Wine and Spirits and we report our operating results in three segments: (i) Beer, (ii) Wine and Spirits, and (iii) Corporate

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Operations and Other. In the Beer segment, our portfolio consists of high-end imported beer brands and ABAs. We have an exclusive perpetual brand license to produce our Mexican beer portfolio and to import, market, and sell such portfolio in the U.S. In the Wine and Spirits segment, we sell a portfolio that includes higher-end wine brands complemented by certain higher-end spirits brands. Amounts included in the Corporate Operations and Other segment consist of costs of corporate development, corporate finance, corporate strategy, executive management, growth, human resources, internal audit, investor relations, IT, legal, and public relations, as well as our Canopy investment and investments made through our corporate venture capital function. All costs included in the Corporate Operations and Other segment are general costs that are applicable to the consolidated group and are, therefore, not allocated to the other reportable segments. All costs reported within the Corporate Operations and Other segment are not included in our CODM's evaluation of the operating income (loss) performance of the other reportable segments. The business segments reflect how our operations are managed, how resources are allocated, how operating performance is evaluated by senior management, and the structure of our internal financial reporting.

### Goodwill impairment

As of August 31, 2024, in connection with negative trends within our Wine and Spirits business primarily attributable to our U.S. wholesale market, driven by declines in both the overall wine market and in our mainstream and premium wine brands, management updated its Fiscal 2025 outlook for this reporting unit. Based on the aforementioned factors, we performed an interim quantitative assessment for goodwill impairment which indicated that the carrying value of the Wine and Spirits reporting unit exceeded its estimated fair value, resulting in a \$2,250.0 million goodwill impairment. This loss from impairment was included in goodwill impairment within our consolidated results for Second Quarter 2025 and Six Months 2025. See Notes 4, 5, and 9 for further discussion.

## Strategy

### Business strategy

Our overall strategic vision is to consistently deliver industry-leading total stockholder returns over the long-term through a focus on these key pillars:

- continue building strong brands people love with advantaged routes to market;
- build a culture that is consumer-obsessed and leverages robust innovation capabilities to stay on the forefront of consumer trends;
- deploy capital in line with disciplined and balanced priorities;
- deliver on impactful ESG initiatives that we believe are not only good business, but also good for the world; and
- empower the whole enterprise to achieve best-in-class operational efficiency.

We will continue to strive for success by ensuring consumer-led decision making drives all aspects of our business; building a diverse talent pipeline with best-in-class people development; investing in infrastructure that supports and enables our business, including data systems and architecture; and exemplifying intentional and proactive fiscal management. We place focus on positioning our portfolio on higher-margin, higher-growth categories of the beverage alcohol industry to align with consumer-led premiumization, product, and purchasing trends, which we believe anticipate will continue to drive faster relative growth rates across beer, wine, and spirits. To continue capitalizing on consumer-led premiumization trends, become more competitive, and grow our business, we have employed a strategy dedicated to organic growth and supplemented by targeted investments and acquisitions. We also believe a key component to driving faster relative growth rates is to invest and strengthen our position within the DTC and 3-tier eCommerce channels. We believe intend for our multi-year Digital Business Acceleration initiative will to enable us to drive results by enhancing our technology capabilities in key areas. In Fiscal 2025, we continue to focus on end-to-end digital supply chain planning, logistics, and procurement, as well as introducing a new focus area, revenue growth management. Additionally, we believe our continued focus on maintaining a strong balance sheet provides a solid financial foundation to support our broader strategic initiatives.

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Our business strategy for the Beer segment focuses on upholding our leadership position in the U.S. beer market, including the high-end segment, and continuing to grow our high-end imported beer brands through maintenance of leading margins, enhancements to our results of operations and operating cash flow, and exploring new avenues for growth. This includes continued focus on growing our beer portfolio in the U.S. through expanding distribution for key brands, including within the 3-tier eCommerce channel, as well as investing in the next increment of modular capacity additions required to sustain our momentum. We continue to focus on consumer-led innovation by creating new line extensions behind celebrated, trusted brands and package formats, as well as new to world brands, that are intended to meet emerging needs.

Expansion, Additionally, expansion, optimization, and/or construction activities continue under our Mexico Beer Projects to align with our anticipated future growth expectations.

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Our business strategy for the Wine and Spirits segment continues to focus on delivering growth and improving margins by driving our higher-end brands improving margins, and creating operating efficiencies. efficiencies, while also seeking to enhance the performance of our mainstream brands. We have reshaped our portfolio primarily through an enhanced focus on higher-margin, higher-growth wine and spirits brands. Our business is now organized into three distinct category-based teams focused on (i) U.S. wine, (ii) international wine, and (iii) spirits. While each team has its own distinct brand execution strategy, all three remain aligned to the goal of accelerating performance by growing organic net sales and expanding margins. In addition, we are advancing our aim to become a global, omni-channel competitor in line with consumer preferences. Our business continues its efforts to progressively expand into DTC channels (including hospitality), 3-tier eCommerce, and international markets, while remaining a major supplier in U.S. 3-tier brick-and-mortar distribution. In markets where it is feasible, we entered into a contractual arrangement with Southern Glazer's Wine and Spirits to consolidate our U.S. distribution in order to obtain dedicated distributor selling resources which focus on our U.S. wine and spirits portfolio to drive organic growth.

Marketing, sales, and distribution of our products are primarily managed on a geographic basis allowing us to leverage leading market positions. In addition, market dynamics and consumer trends vary across each of our markets. Within our primary market in the U.S., we offer a range of beverage alcohol products across the imported beer, ABA, and branded wine and spirits categories, with generally separate distribution networks utilized for (i) our beer portfolio and (ii) our wine and spirits portfolio. The environment for our products is competitive in each of our markets.

We remain committed to our long-term financial model of: growing sales, expanding margins, and increasing cash flow in order to continue to achieve comparable earnings per share growth as well as our target net leverage ratio on a comparable basis and dividend payout ratio; investing to support the growth of

our business; and delivering additional returns to stockholders through periodic share repurchases. Our results of operations and financial condition have been affected by macroeconomic headwinds, including rising unemployment, inflation, changing prices, reductions in discretionary income of consumers available to purchase our products, and shifting consumer behaviors, as well as other unfavorable global and regional economic conditions, global supply chain disruptions and constraints, and geopolitical events, events, as well as reductions in the discretionary income of consumers available to purchase our products and shifting consumer behaviors. Additionally, ongoing macroeconomic headwinds, particularly rising unemployment, have led to a recent deceleration in the rate of growth of consumer demand for our products. We expect some or all of these impacts to continue in during the remainder of Fiscal 2025 which could have a material impact on our results of operations. We intend to continue to monitor the inflationary economic environment, the shifting behavior of consumers, and the impact their impacts on the consumer when we consider passing along rising costs through further selling price increases, subject to normal competitive conditions, our business. In addition, we are continuing our commodity and foreign exchange hedging programs while also seeking to identify additional cost savings and efficiency initiatives. However, there can be no assurance that we will be able to fully mitigate rising costs through increased selling prices and/or cost savings and efficiency initiatives. Furthermore, to the extent climate-related severe weather events, such as droughts, floods, wildfires, extreme heat, and/or late frosts, or other weather conditions that constrain consumer purchasing occasions, continue to occur or accelerate in future periods, it could have a material impact on our results of operations and financial condition.

#### ESG strategy

During the course of our history, we have been committed to safeguarding our environment, making a positive difference in our communities, and advocating for responsible consumption of beverage alcohol products.

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We believe our ESG strategy enables us to better meet stakeholder expectations and create and protect value for our business, reflects our Company values, and directly address addresses pressing environmental and societal needs that are important to our stockholders, communities, consumers, and employees.

Specifically, we have focused on areas where we believe we have the greatest opportunities to make meaningful, positive impacts for people and the planet in a manner that strengthens our Company, and we dedicate our resources towards:

#### Serving as good stewards of our environment and natural resources

Improving water availability and resilience for our communities where we operate; reducing GHG emissions through energy conservation and renewable energy initiatives; and reducing operational waste and enhancing our use of returnable, recyclable, or renewable packaging

#### Enhancing social equity within our industry and communities

Championing the professional development and advancement of women in the beverage alcohol industry and our communities; enhancing economic development and prosperity in disadvantaged communities; and championing an inclusive workplace culture, characterized by diversity in background and thought, which reflects our consumers and the communities where we live and work

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#### Promoting responsible beverage alcohol consumption

Ensuring the responsible promotion and marketing of our products; and empowering adults to make responsible choices in their alcohol (substance) consumption by supporting fact-based education, engagement programs, and policies

We developed targets in connection with our strategy to serve as good stewards of our environment Divestitures, Acquisitions, and natural resources. During First Quarter 2025, our current breweries in Mexico obtained TRUE Certification for Zero Waste to Landfill, marking a significant milestone in meeting our waste reduction targets. Investments

#### Recent Developments

#### Beer segment

##### Mexicali Brewery

In July 2024, we closed on the sale of sold the remaining assets classified as held for sale at the canceled Mexicali Brewery.

##### Sea Smoke acquisition

In June 2024, we acquired the Sea Smoke business, including a California-based luxury wine brand, vineyards, and a production facility. This transaction also included the acquisition of a trademark, inventory, and goodwill. The results of operations of Sea Smoke will be reported in the Wine and Spirits segment and will be included in our consolidated results of operations from the date of acquisition. This acquisition supports our strategic focus on consumer-led premiumization trends and meeting the evolving needs of our consumers.

## Divestitures and Investments

### Beer segment

#### Craft Beer Divestitures

In June 2023, we completed the Craft Beer Divestitures. Accordingly, our consolidated results of operations include the results of operations of such craft beer brands through the dates of these divestitures. The Craft Beer Divestitures are consistent with our strategic focus on continuing to grow our high-end imported beer brands through maintenance of leading margins and enhancements to our results of operations.

#### Daleville Facility

In May 2023, we sold the Daleville Facility in connection with our decision to exit the craft beer business.

### Wine and Spirits segment

#### Sea Smoke acquisition

In June 2024, we acquired the Sea Smoke business, including a California-based luxury wine brand, vineyards, and a production facility. This transaction also included the acquisition of goodwill, inventory, and a trademark. The results of operations of Sea Smoke are reported in the Wine and Spirits segment and have been included in our consolidated results of operations from the date of acquisition. This acquisition supports our strategic focus on consumer-led premiumization trends and meeting the evolving needs of our consumers.

### Corporate Operations and Other segment

#### Corporate ventures

As of August 31, 2024, we evaluated an equity method investment, made through our corporate venture capital function, and determined there was an other-than-temporary impairment due to business underperformance.

As of August 31, 2023, we evaluated certain equity method investments, made through our corporate venture capital function, and determined there were other-than-temporary impairments due to business underperformance. Investments with a \$14.9 million carrying value were written down to \$2.6 million, their

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estimated fair value, resulting in a \$12.3 million impairment. This loss from impairment was included in income (loss) from unconsolidated investments within our consolidated results for Second Quarter 2024 and Six Months 2024.

### Canopy investment

We have an investment in Canopy, a North American cannabis and CPG company providing medical and adult-use cannabis products, which expands our portfolio into adjacent categories.

#### Exchangeable Shares —

In April 2024, we elected to convert our 17.1 million Canopy common shares into Exchangeable Shares on a one-for-one basis. Additionally, in April 2024, we exchanged C\$81.2 million of the principal amount of our 2023 Canopy Promissory Note for 9.1 million Exchangeable Shares and forgave all accrued but unpaid interest together with the remaining principal amount of the note. As a result of these transactions, we (i) have 26.3 million Exchangeable Shares and (ii) recognized an \$83.3 million net gain based on the fair value of Exchangeable Shares on the date of the conversion and exchange. This net gain is included in income (loss) from unconsolidated investments within our consolidated results of operations for First Quarter Six Months 2025. For additional information, refer to Note 7.

#### Canopy Equity Method Investment —

We evaluated the Canopy Equity Method Investment as of May 31, 2023, and determined there was an other-than-temporary impairment. Our conclusion was based on several contributing factors, including: (i) the fair value being less than the carrying value and the uncertainty surrounding Canopy's stock price recovering in the near-term, (ii) Canopy recorded significant costs in its fourth quarter of fiscal 2023 results designed to align its

Canadian cannabis operations and resources in response to continued unfavorable market trends, (iii) the substantial doubt about Canopy's ability to continue as a going concern, as disclosed by Canopy, and (iv) Canopy's identification of material misstatements in certain of its previously reported financial results related to sales in its BioSteel Sports Nutrition Inc. reporting unit that were accounted for incorrectly, including the recording of a goodwill impairment during its restated second quarter of fiscal 2023. As a result, the Canopy Equity Method Investment with a \$266.2 million carrying value of \$266.2 million was written down to \$142.7 million, its estimated fair value, of \$142.7 million, resulting in an impairment of a \$123.5 million. This loss from impairment was included in income (loss) from unconsolidated investments within our consolidated results for First Quarter Six Months 2024. We no longer apply the equity method to our investment in Canopy following the April 2024 conversion of our Canopy common shares to Exchangeable Shares.

#### Other Canopy investments —

In April 2023, we extended the maturity of the remaining C\$100.0 million principal amount of our then-existing Canopy Debt Securities by exchanging them for the 2023 Canopy Promissory Note. The fair value of the Canopy Debt Securities was \$69.6 million as of February 28, 2023. As of May 31, 2023, we determined that the 2023 Canopy Promissory Note did not have future economic value and, accordingly, the fair value was reduced to zero.

For additional information on these divestitures, acquisitions, and investments refer to Notes 4, 5, and 7.

## Results of Operations

### Financial Highlights

#### First Second Quarter 2025 compared with First Second Quarter 2024

- Our results of operations were positively negatively impacted by the Wine and Spirits goodwill impairment, partially offset by improvements within the Beer segment driven by a successful execution of cost savings initiatives and 4.6% shipment volume growth.

- Net sales increased 3%** largely due to an increase in Beer net sales driven primarily by shipment volume growth and favorable impact from pricing, partially offset by a decline in Wine and Spirits net sales led by a decrease in branded shipment volume and unfavorable product mix.
- Operating loss increased** largely due to the Wine and Spirits goodwill impairment, partially offset by the improvements within the Beer segment resulting from Second Quarter 2025 shipment volume growth, favorable pricing, and lower cost of product sold, driven by the successful execution of cost savings initiatives.
- Net loss attributable to CBI and diluted net loss per common share attributable to CBI increased** largely due to the items discussed above, partially offset by a benefit from income taxes as compared to a provision for income taxes for Second Quarter 2024.

#### Six Months 2025 compared to Six Months 2024

- Our results of operations were negatively impacted by the Wine and Spirits goodwill impairment, partially offset by Canopy-related activities, including (i) no longer recognizing equity losses from Canopy's results following the conversion of our Canopy common shares to Exchangeable Shares, (ii) an impairment of our then-existing Canopy Equity Method Investment recognized in First Quarter 2024, (Six Months 2024), (iii) a decrease in unrealized net losses from the changes in fair value of our investment in Canopy, and (iv) a net gain on the common shares conversion and 2023 Canopy Promissory Note exchange to Exchangeable Shares in First Quarter during the Six Months 2025, and improvements within the Beer segment driven by 7.6% 6.0% shipment volume growth and a the successful execution of cost savings initiatives.
- Net sales increased 6% 4%** largely due to an increase in Beer net sales driven primarily by shipment volume growth and favorable impact from pricing, partially offset by a decline in Wine and Spirits net sales driven primarily led by a decrease in branded shipment volume, volume and unfavorable product mix.

- **Operating income loss increased 23%** largely due to the Wine and Spirits goodwill impairment, partially offset by the improvements within the Beer segment resulting from First Quarter 2025 shipment volume growth, favorable pricing, and lower cost of product sold, driven by the successful execution of cost savings initiatives. The operating income growth from the Beer segment was partially offset by declines in (i) the Wine and Spirits segment driven by higher cost of product sold and the decrease in branded shipment volume and (ii) the Corporate Operations and Other segment from higher compensation and benefits as compared to First Quarter 2024.
- **Net income loss attributable to CBI and diluted net income loss per common share attributable to CBI increased** largely due to the items discussed above, and lower partially offset by a benefit from income taxes as compared to a provision for income taxes, taxes for Six Months 2024.

## Comparable Adjustments

Management excludes items that affect comparability from its evaluation of the results of each operating segment as these Comparable Adjustments are not reflective of core operations of the segments. Segment operating performance and the incentive compensation of segment management are evaluated based on core segment operating income (loss) which does not include the impact of these Comparable Adjustments.

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As more fully described herein and in the related Notes, the Comparable Adjustments that impacted comparability in our segment results for each period are as follows:

	First Quarter 2025	First Quarter 2024
(in millions)		
<u>Cost of product sold</u>		
Net gain (loss) on undesignated commodity derivative contracts	\$ 14.6	\$ (34.7)
Settlements of undesignated commodity derivative contracts	8.5	0.6
Flow through of inventory step-up	(1.1)	(0.7)
Comparable Adjustments, Cost of product sold	22.0	(34.8)
<u>Selling, general, and administrative expenses</u>		
Transition services agreements activity	(2.8)	(5.7)
Restructuring and other strategic business development costs	(1.8)	(14.9)
Transaction, integration, and other acquisition-related costs	(0.2)	(0.3)
Other gains (losses)	0.4	(6.8)
Comparable Adjustments, Selling, general, and administrative expenses	(4.4)	(27.7)
Comparable Adjustments, Operating income (loss)	\$ 17.6	\$ (62.5)
Comparable Adjustments, Income (loss) from unconsolidated investments	\$ 83.3	\$ (384.4)

	Second Quarter 2025	Second Quarter 2024	Six Months 2025	Six Months 2024
(in millions)				
<u>Cost of product sold</u>				
Net gain (loss) on undesignated commodity derivative contracts	\$ (24.3)	\$ 19.1	\$ (9.7)	\$ (15.6)
Flow through of inventory step-up	(1.3)	(0.8)	(2.4)	(1.5)
Settlements of undesignated commodity derivative contracts	7.0	5.6	15.5	6.2
Comparable Adjustments, Cost of product sold	(18.6)	23.9	3.4	(10.9)

	Second Quarter 2025	Second Quarter 2024	Six Months 2025	Six Months 2024
(in millions)				
<u>Selling, general, and administrative expenses</u>				
Restructuring and other strategic business development costs	(24.5)	(3.4)	(26.3)	(18.3)
Transition services agreements activity	(4.8)	(7.0)	(7.6)	(12.7)
Transaction, integration, and other acquisition-related costs	(0.6)	(0.3)	(0.8)	(0.6)
Other gains (losses)	(20.7)	(2.3)	(20.3)	(9.1)
Comparable Adjustments, Selling, general, and administrative expenses	(50.6)	(13.0)	(55.0)	(40.7)
Goodwill impairment	(2,250.0)	—	(2,250.0)	—
Comparable Adjustments, Operating income (loss)	<u>\$ (2,319.2)</u>	<u>\$ 10.9</u>	<u>\$ (2,301.6)</u>	<u>\$ (51.6)</u>
Comparable Adjustments, Income (loss) from unconsolidated investments	<u>\$ (4.5)</u>	<u>\$ (7.4)</u>	<u>\$ 78.8</u>	<u>\$ (391.8)</u>

### Cost of product sold

#### Undesignated commodity derivative contracts

Net gain (loss) on undesignated commodity derivative contracts represents a net gain (loss) from the changes in fair value of undesignated commodity derivative contracts. The net gain (loss) is reported outside of segment operating results until such time that the underlying exposure is recognized in the segment operating results. At settlement, the net gain (loss) from the changes in fair value of the undesignated commodity derivative contracts is reported in the appropriate operating segment, allowing the results of our operating segments to reflect the economic effects of the commodity derivative contracts without the resulting unrealized mark to fair value volatility.

#### Flow through of inventory step-up

In connection with acquisitions, the allocation of purchase price in excess of book value for certain inventories on hand at the date of acquisition is referred to as inventory step-up. Inventory step-up represents an assumed manufacturing profit attributable to the acquired business prior to acquisition.

### Selling, general, and administrative expenses

#### Restructuring and other strategic business development costs

We recognized costs in connection with certain activities which are intended to streamline, increase efficiencies, and reduce our cost structure primarily within our Wine and Spirits segment.

#### Transition services agreements activity

We recognized costs in connection with transition services agreements related to the previous sale of a portion of our wine and spirits business.

#### Restructuring and other strategic business development costs

We recognized costs in connection with certain activities which are intended to streamline, increase efficiencies, and reduce our cost structure.

#### Transaction, integration, and other acquisition-related costs

We recognized costs in connection with our investments, acquisitions, and divestitures.

#### Other gains (losses)

We recognized other gains (losses) primarily from (i) a net loss on foreign currency as a result of the resolution of various tax examinations and assessments (Second Quarter 2025, Six Months 2025), (ii) losses on the sales of the Daleville Facility and Craft Beer Divestitures (Second Quarter 2024, Six Months 2024), and (iii) recognition of a previously deferred gain upon release of a related indemnity (Second Quarter 2024, Six Months 2024).

Other gains (losses)

Goodwill impairment

We recognized other gains (losses) primarily from the sale of the Daleville Facility (First Quarter 2024), a goodwill impairment in connection with negative trends within our Wine and Spirits business. For additional information, refer to Notes 4, 5, and 9.

Income (loss) from unconsolidated investments



We recognized income (loss) primarily from (i) a net gain on conversion and exchange to Exchangeable Shares (First Quarter (Six Months 2025), (ii) comparable adjustments to equity in losses from Canopy's results (First (Second Quarter 2024, Six Months 2024), (iii) an impairment of our then-existing Canopy Equity Method Investment (First Quarter (Six Months 2024), and (iv) unrealized net losses from the changes in fair value of our securities measured at fair value, (First Quarter 2024), and (v) impairments of certain other equity method investments. For additional information, refer to Notes 4 and 7.

Business Segments

First Second Quarter 2025 compared to First Second Quarter 2024

Net sales

		First Quarter 2025	First Quarter 2024	Dollar Change		Percent Change									
		Second Quarter 2025	Second Quarter 2024	Dollar Change		Percent Change									
(in millions)															
Beer															
Beer															
Beer		\$2,272.8	\$2,098.6	\$174.2	8	8 %	\$2,530.2			\$2,392.7	\$137.5	6		6	
Wine and Spirits:															
Wine															
Wine															
Wine		329.3	361.0	361.0	(31.7)	(31.7)	(9)	(9 %)	336.2	383.9	383.9	(47.7)	(47.7)	(12)	
Spirits		59.7	55.3	55.3	4.4	4.4	8	8 %	52.5	60.2	60.2	(7.7)	(7.7)	(13)	
Total Wine and Spirits		389.0	416.3	416.3	(27.3)	(27.3)	(7)	(7 %)	388.7	444.1	444.1	(55.4)	(55.4)	(12)	
Consolidated net sales															
Consolidated net sales															
Consolidated net sales		\$2,661.8	\$2,514.9	\$146.9	6	6 %	\$2,918.9			\$2,836.8	\$82.1	3		3	

 Beer segment						 Beer segment										
First Quarter 2025		First Quarter 2024		Dollar Change	Percent Change	Second Quarter 2025		Second Quarter 2024		Dollar Change	Percent Change					
(in millions, branded product, 24-pack, 12-ounce case equivalents)																
Net sales	Net sales	\$2,272.8	\$	\$2,098.6	\$	\$174.2	8	8 %	Net sales	\$2,530.2	\$	\$2,392.7	\$	\$137.5	6	6 %
Shipments																
Shipments																
Shipments		115.1	107.0	107.0		7.6		7.6 %	128.6	123.0		123.0		4.6		4.6 %
Depletions (1)																




Depletions (1)

6.4 %

2.4%

The increase in Beer net sales is due to (i) \$108.9 million of shipment volume growth, which benefited from continued consumer demand, and (ii) \$50.2 million of favorable impact from pricing in select markets, partially offset by \$21.6 million of unfavorable product mix primarily from a shift in package types.

 <b>Wine and Spirits segment</b>		Second Quarter 2025	Second Quarter 2024	Dollar Change	Percent Change
(in millions, branded product, 9-liter case equivalents)					
Net sales	\$	388.7	\$	444.1	\$ (55.4) (12 %)
Shipments		5.5		6.1	(9.8 %)
U.S. Wholesale shipments		4.9		5.3	(7.5 %)
Depletions					(17.6 %)

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The decrease in Wine and Spirits net sales is largely driven by (i) a \$34.5 million decrease in branded wine and spirits shipment volume, (ii) \$28.9 million of unfavorable product mix, primarily driven by a decline in demand for certain of our mainstream and premium brands, and (iii) a \$7.9 million decrease in non-branded net sales led by a decline in bulk wine sales, partially offset by \$14.3 million from higher contractual distributor payments as compared to Second Quarter 2024. The decrease in branded wine and spirits shipment volume is attributable to our U.S. wholesale market, primarily driven by declines in both the overall wine market and in our mainstream and premium wine brands, as well as retailer inventory destocking. For Second Quarter 2025, the depletions decline outpaced the U.S. Wholesale shipments decline largely driven by challenging U.S. market conditions.

**Gross profit**

	Second Quarter 2025	Second Quarter 2024	Dollar Change	Percent Change
(in millions)				
Beer	\$ 1,366.4	\$ 1,228.7	\$ 137.7	11 %
Wine and Spirits	164.0	197.3	(33.3)	(17 %)
Comparable Adjustments	(18.6)	23.9	(42.5)	NM
Consolidated gross profit	\$ 1,511.8	\$ 1,449.9	\$ 61.9	4 %

The increase in Beer gross profit is due to (i) \$55.9 million of shipment volume growth, (ii) the \$50.2 million favorable impact from pricing, and (iii) \$44.5 million of reduced cost of product sold, partially offset by \$12.9 million of unfavorable product mix. The reduced cost of product sold is primarily due to (i) \$18.8 million of favorable fixed cost absorption related to increased production levels as compared to Second Quarter 2024, (ii) \$12.7 million of decreased transportation costs and \$7.7 million of lower material costs, including cartons, aluminum, and lumber, each driven by efficiency initiatives, and (iii) \$16.2 million of Second Quarter 2024 costs related to a voluntary product recall of select kegs, partially offset by (i) \$5.8 million of higher depreciation resulting from the Mexico Beer Projects and (ii) a \$5.0 million increase in brewery costs, including compensation and benefits. To partially offset the expected increases in cost of product sold we are executing efficiency initiatives focused largely on logistics and procurement that resulted in over \$65 million of cost savings for Second Quarter 2025.

Beer2 Blue.jpg

The decrease in Wine and Spirits gross profit is attributable to (i) \$32.5 million of unfavorable product mix from lower-margin net sales and (ii) an \$18.4 million decline in branded wine and spirits shipment volume, partially offset by (i) the \$14.3 million favorable impact from higher contractual distributor payments and (ii) \$2.3 million of reduced cost of product sold. The decrease in cost of product sold was largely attributable to lower operational costs, including short-term incentive accruals, and transportation and warehousing costs as compared to Second Quarter 2024, partially offset by increased raw materials costs, including grapes.

 WineMartini Blue.

Gross profit as a percent of net sales increased to 51.8% for Second Quarter 2025 compared with 51.1% for Second Quarter 2024. This increase was largely due to (i) approximately 155 basis points of rate growth from lower cost of product sold within the Beer segment, (ii) 85 basis points of favorable impact from Beer pricing, and (iii) approximately 30 basis points of favorable impact driven by higher contractual distributor payments within the Wine and Spirits segment, partially offset by (i) an unfavorable change of approximately 150 basis points in Comparable Adjustments and (ii) approximately 65 basis points of rate decline resulting from unfavorable product mix within the Wine and Spirits segment.

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**Selling, general, and administrative expenses**

	Second Quarter 2025	Second Quarter 2024	Dollar Change	Percent Change
(in millions)				
Beer	\$ 288.7	\$ 274.8	\$ 13.9	5 %
Wine and Spirits	93.5	116.6	(23.1)	(20 %)
Corporate Operations and Other	58.4	66.8	(8.4)	(13 %)
Comparable Adjustments	50.6	13.0	37.6	NM
Consolidated selling, general, and administrative expenses	\$ 491.2	\$ 471.2	\$ 20.0	4 %



Beer2\_Blue

The increase in Beer selling, general, and administrative expenses is largely driven by \$22.6 million of additional marketing spend primarily led by advertising campaigns to support our high-end imported beer brands as well as new product launches, partially offset by \$8.9 million of decreased general and administrative expenses primarily due to lower short-term incentive accruals as compared to Second Quarter 2024.



WineMartini\_Blue

The decrease in Wine and Spirits selling, general, and administrative expenses is largely due to (i) \$17.4 million of decreased general and administrative expenses primarily due to lower short-term incentive accruals and litigation expenses as compared to Second Quarter 2024 and (ii) \$5.2 million of lower marketing spend. Marketing as a percentage of net sales remained consistent year-over-year.



Building2\_Blue

The decrease in Corporate Operations and Other selling, general, and administrative expenses is largely due to a tax credit resulting from our Second Quarter 2025 corporate headquarters relocation. Compensation and benefits remained relatively flat as compared to Second Quarter 2024, as higher stock-based compensation expense and merit increases were offset by lower short-term incentive accruals.

Selling, general, and administrative expenses as a percent of net sales increased to 16.8% for Second Quarter 2025 as compared to 16.6% for Second Quarter 2024. The increase is largely driven by an unfavorable change in Comparable Adjustments, contributing approximately 110 basis points of rate growth, partially offset by approximately (i) 40 basis points and 25 basis points of rate declines from Wine and Spirits' and Corporate Operations and Other selling, general, and administrative expenses, respectively, and (ii) 25 basis points of rate decline as the increase in Beer net sales exceeded the increase in selling, general, and administrative expenses.

**Operating income (loss)**

	Second Quarter 2025	Second Quarter 2024	Dollar Change	Percent Change
(in millions)				
Beer	\$ 1,077.7	\$ 953.9	\$ 123.8	13 %
Wine and Spirits	70.5	80.7	(10.2)	(13 %)
Corporate Operations and Other	(58.4)	(66.8)	8.4	13 %
Comparable Adjustments	(2,319.2)	10.9	(2,330.1)	NM
Consolidated operating income (loss)	\$ (1,229.4)	\$ 978.7	\$ (2,208.1)	NM



The increase in Beer operating income is largely attributable to the cost savings initiatives, shipment volume growth, and favorable impacts from pricing and fixed cost absorption, partially offset by the increased marketing spend as described above.

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WineMartini\_Blue.jpg

The decrease in Wine and Spirits operating income is largely attributable to the unfavorable product mix and decline in branded wine and spirits shipment volume, partially offset by decreased selling, general, and administrative expenses and the higher contractual distributor payments as described above.



Building2\_Blue.jpg

As previously discussed, the decrease in Corporate Operations and Other operating loss is largely due to the tax credit.

Income (loss) from unconsolidated investments

	Second Quarter 2025	Second Quarter 2024	Dollar Change	Percent Change
(in millions)				
Equity in earnings (losses) from other equity method investees and related activities	\$ 3.4	\$ 6.7	\$ (3.3)	(49 %)
Equity in earnings (losses) from Canopy and related activities	—	(12.0)	12.0	NM
Impairment of equity method investments	(2.1)	(12.3)	10.2	83 %
Unrealized net gain (loss) on securities measured at fair value	(2.5)	(2.6)	0.1	4 %
	<u>\$ (1.2)</u>	<u>\$ (20.2)</u>	<u>\$ 19.0</u>	<u>94 %</u>

Interest expense, net

Interest expense, net decreased to \$104.0 million for Second Quarter 2025 as compared to \$110.6 million for Second Quarter 2024. This decrease of \$6.6 million, or 6%, is largely due to (i) approximately \$195 million of lower average borrowings driven by the term loan facility repayment during Second Quarter 2024 and (ii) an increase in capitalized interest in connection with the Mexico Beer Projects as compared to the Second Quarter 2024. For additional information, refer to Note 8.

(Provision for) benefit from income taxes

The (provision for) benefit from income taxes increased to \$152.2 million for Second Quarter 2025 from \$(147.2) million for Second Quarter 2024. Our effective tax rate for Second Quarter 2025 was 11.4% as compared with 17.4% for Second Quarter 2024. In comparison to prior year, our income taxes were impacted primarily by the net income tax impacts resulting from the (i) non-deductible portion of the Wine and Spirits goodwill impairment and (ii) sale of the remaining assets at the canceled Mexicali Brewery.

For additional information, refer to Note 9.

Net income (loss) attributable to CBI

Net income (loss) attributable to CBI decreased to \$(1,199.0) million for Second Quarter 2025 from \$690.0 million for Second Quarter 2024. This decrease of \$1,889.0 million is largely attributable to the Second Quarter 2025 Wine and Spirits goodwill impairment, partially offset by the benefit from income taxes and improvements within the Beer segment driven by the successful execution of cost savings initiatives, shipment volume growth, and favorable pricing.

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Six Months 2025 compared to Six Months 2024

Net sales				
	Six Months 2025	Six Months 2024	Dollar Change	Percent Change
(in millions)				
Beer	\$ 4,803.0	\$ 4,491.3	\$ 311.7	7 %
Wine and Spirits:				
Wine	665.5	744.9	(79.4)	(11 %)
Spirits	112.2	115.5	(3.3)	(3 %)
Total Wine and Spirits	777.7	860.4	(82.7)	(10 %)
Consolidated net sales	\$ 5,580.7	\$ 5,351.7	\$ 229.0	4 %

Beer segment				
Beer.jpg	Six Months 2025	Six Months 2024	Dollar Change	Percent Change
(in millions, branded product, 24-pack, 12-ounce case equivalents)				
Net sales	\$ 4,803.0	\$ 4,491.3	\$ 311.7	7 %
Shipments	243.7	230.0		6.0 %
Depletions <sup>(1)</sup>				4.2 %

<sup>(1)</sup> Includes an adjustment to remove volumes associated with the Craft Beer Divestitures for the period March 1, 2023, through May 31, 2023.

The increase in Beer net sales is largely due to (i) \$157.4 million \$265.4 million of shipment volume growth, which benefited from continued consumer demand, and (ii) \$33.4 million \$85.2 million of favorable impact from pricing in select markets, partially offset by \$16.6 million \$38.9 million of unfavorable product mix primarily from a shift in package types. We expect shipments to generally align with depletions for Fiscal 2025.

Wine_Spirits.jpg		Wine and Spirits segment					Wine and Spirits segment				
Wine_Spirits.jpg		First Quarter 2025	First Quarter 2024	Dollar Change	Percent Change	Wine_Spirits.jpg		Six Months 2025	Six Months 2024	Dollar Change	Percent Change
(in millions, branded product, 9-liter case equivalents)											
Net sales						Net sales					
Net sales		\$389.0	\$416.3	\$(27.3)	(7 %)	Net sales		\$777.7	\$860.4	\$(82.7)	(10 %)
Shipments						Shipments					
Shipments		5.6	5.9	(5.1 %)		Shipments		11.1	12.0	(7.5 %)	
U.S. Wholesale shipments						U.S. Wholesale shipments					
U.S. Wholesale shipments		4.9	5.2	(5.8 %)		U.S. Wholesale shipments		9.8	10.5	(6.7 %)	
Depletions						Depletions					
Depletions						Depletions		(12.7 %)			

The decrease in Wine and Spirits net sales is largely driven by (i) a \$23.6 million \$58.1 million decrease in branded wine and spirits shipment volume, and (ii) \$8.1 million \$37.0 million of unfavorable product mix, primarily driven by a decline in demand for certain of our mainstream and premium brands, and (iii) an increase \$8.2 million decrease in lower-margin spirits brands, non-branded net sales led by a decline in bulk wine sales, partially offset by \$4.3 million \$18.6 million from higher contractual distributor payments as compared to First Quarter Six Months 2024. The decrease in branded wine and spirits shipment volume is primarily attributable to our U.S. wholesale market, primarily driven by declines in both the overall wine market and in our mainstream and premium wine brands, brands, as well as retailer inventory destocking. For First Quarter Six Months 2025, the depletions decline outpaced the U.S. Wholesale shipments decline largely driven by challenging U.S. market conditions. We expect U.S. Wholesale shipment volume to generally align with depletion volume for Fiscal 2025.

Gross profit

		First Quarter 2025	First Quarter 2024			Dollar Change	Percent Change												
		Six Months 2025	Six Months 2024			Dollar Change	Percent Change												
(in millions)																			
Beer																			
Beer																			
Beer		\$1,213.1	\$	\$1,098.7	\$	\$114.4	10	10	%	\$	2,579.5	\$	\$	2,327.4	\$	\$	\$252.1		
Wine and Spirits	Wine and Spirits	168.7	193.9	193.9	(25.2)	(25.2)	(13	(13	%)			Wine and Spirits	332.7	391.2		391.2	(58.5)		
Comparable Adjustments	Comparable Adjustments	22.0	(34.8)	(34.8)	56.8	56.8	NM					Comparable Adjustments	3.4	(10.9)		(10.9)	14.3		
Consolidated gross profit	Consolidated gross profit	\$1,403.8	\$	\$1,257.8	\$	\$146.0	12	12	%			Consolidated gross profit	\$2,915.6	\$	\$	\$2,707.7	\$	\$	\$207.9

The increase in Beer gross profit is primarily due to (i) \$86.1 million \$141.2 million of shipment volume growth, (ii) the \$33.4 million \$85.2 million of favorable impact from pricing, and (iii) \$8.9 million \$52.6 million of reduced cost of product sold, partially offset by \$14.0 million \$26.9 million of unfavorable product mix. The reduced cost of product sold is primarily due to (i) \$12.5 \$31.3 million of favorable fixed cost absorption related to increased production levels as compared to First Quarter Six Months 2024, and (ii) \$10.8 \$23.5 million of decreased transportation costs and \$9.5 \$15.7 million of lower material costs, including aluminum, glass, cartons, and lumber, each driven by efficiency initiatives, and (iii) \$16.2 million due to costs related to a voluntary product recall of select kegs for Six Months 2024, partially offset by (i) \$7.5 million of foreign currency transactional losses, (ii) a \$6.8 million an \$11.8 million increase in brewery costs, including compensation and benefits, and IT expenses, and (iii) \$5.0 million (ii) \$10.8 million of higher depreciation resulting from the Mexico Beer Projects. Projects. To partially offset the expected increases in cost of product sold we are executing efficiency initiatives focused largely on logistics and procurement that resulted in nearly \$50 \$115 million of cost savings for First Quarter Six Months 2025.

The decrease in Wine and Spirits gross profit is attributable to (i) \$12.9 million \$38.2 million of higher cost of unfavorable product sold, mix from lower-margin net sales, (ii) a \$12.1 million \$30.4 million decrease in branded wine and spirits shipment volume, and (iii) \$5.7 million \$10.6 million of unfavorable increased cost of product mix from lower-margin net sales, sold, partially offset by the \$4.3 million \$18.6 million favorable impact from higher contractual distributor payments. The increase in cost of product sold was largely attributable to unfavorable fixed cost absorption related to decreased production levels as compared to Six Months 2024 and increased raw materials costs, including grapes, partially offset by lower operational costs, including short-term incentive accruals, and decreased transportation and warehousing costs.

Gross profit as a percent of net sales increased to 52.7% 52.2% for First Quarter Six Months 2025 compared with 50.0% 50.6% for First Quarter Six Months 2024. This increase was largely due to (i) a favorable change of 215 basis points in Comparable Adjustments, (ii) approximately 60 basis points of favorable impact from Beer pricing in select markets, and (iii) approximately 35 95 basis points of rate growth from lower cost of product sold within the Beer segment, (ii) 75 basis

points of favorable impact from Beer pricing, (iii) a favorable change of approximately 25 basis points in Comparable Adjustments, and (iv) approximately 20 basis points of favorable impact driven by higher contractual distributor payments within the Wine and Spirits segment, partially offset by 35 basis points and approximately 50 20 basis points of rate decline declines resulting from unfavorable product mix and higher cost of product sold, respectively, both within the Wine and Spirits segment.

Selling, general, and administrative expenses

	Six Months 2025	Six Months 2024	Dollar Change	Percent Change
(in millions)				
Beer	\$ 578.8	\$ 575.7	\$ 3.1	1 %
Wine and Spirits	202.5	231.2	(28.7)	(12 %)
Corporate Operations and Other	117.1	116.7	0.4	— %
Comparable Adjustments	55.0	40.7	14.3	NM
Consolidated selling, general, and administrative expenses	\$ 953.4	\$ 964.3	\$ (10.9)	(1 %)

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Selling, general, and administrative expenses

	First Quarter 2025	First Quarter 2024	Dollar Change	Percent Change
(in millions)				
Beer	\$ 290.1	\$ 300.9	\$ (10.8)	(4 %)
Wine and Spirits	109.0	114.6	(5.6)	(5 %)
Corporate Operations and Other	58.7	49.9	8.8	18 %
Comparable Adjustments	4.4	27.7	(23.3)	NM
Consolidated selling, general, and administrative expenses	\$ 462.2	\$ 493.1	\$ (30.9)	(6 %)



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The decrease in Beer selling, general, and administrative expenses is largely driven by \$8.5 million of decreased marketing spend primarily driven by a planned timing shift of media investments to build awareness of our high-end imported beer brands as compared to First Quarter 2024.



WineMartini\_Blue.ico

The decrease in Wine and Spirits selling, general, and administrative expenses is largely due to \$5.5 million of decreased general and administrative expenses primarily due to lower (i) legal expenses and (ii) compensation and benefits, primarily due to reduced headcount and stock-based compensation expense as compared to First Quarter 2024.



Building2\_Blue.ico

The increase in Corporate Operations and Other selling, general, and administrative expenses is largely due to an increase in compensation and benefits, driven by higher stock-based compensation expense as compared to First Quarter 2024 and increased legal and third-party expenses.

Selling, general, and administrative expenses as a percent of net sales decreased to 17.4% for First Quarter 2025 as compared to 19.6% for First Quarter 2024. The decrease is largely driven by (i) approximately 165 basis points of rate decline from Beer as the increase in Beer net sales significantly outpaced the decrease in selling, general, and administrative expenses and (ii) a favorable change in Comparable Adjustments, contributing approximately 90 basis points of rate decline, partially offset by approximately 35 basis points of rate growth from the increase in Corporate Operations and Other selling, general, and administrative expenses.

Operating income (loss)

	First Quarter 2025	First Quarter 2024	Dollar Change	Percent Change
(in millions)				
Beer	\$ 923.0	\$ 797.8	\$ 125.2	16 %
Wine and Spirits	59.7	79.3	(19.6)	(25 %)
Corporate Operations and Other	(58.7)	(49.9)	(8.8)	(18 %)
Comparable Adjustments	17.6	(62.5)	80.1	NM
Consolidated operating income (loss)	\$ 941.6	\$ 764.7	\$ 176.9	23 %



The increase in Beer operating income is largely attributable to the shipment volume growth, cost savings initiatives, favorable pricing impact, and lower material costs, partially offset by the unfavorable product mix.



The decrease in Wine and Spirits operating income is largely attributable to the higher cost of product sold, decline in branded wine and spirits shipment volume, and unfavorable product mix, partially offset by the higher contractual distributor payments and decreased selling, general, and administrative expenses, as described above.

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The increase in Beer selling, general, and administrative expenses is largely driven by \$14.1 million of additional marketing spend primarily led by advertising campaigns to support our high-end imported beer brands as well as new product launches, predominantly offset by \$10.9 million of decreased general and administrative expenses primarily due to decreased legal expenses and lower short-term incentive accruals, partially offset by higher stock-based compensation expense.



The decrease in Wine and Spirits selling, general, and administrative expenses is largely driven by \$22.9 million and \$5.6 million of decreased general and administrative expenses and marketing spend, respectively. The decrease in general and administrative expenses is primarily due to (i) compensation and benefits, driven by lower short-term incentive accruals and reduced headcount as compared to Six Months 2024 and (ii) lower litigation expenses. Marketing spend as a percentage of net sales remained relatively consistent year-over-year.



Corporate Operations and Other selling, general, and administrative expenses remained relatively flat compared to Six Months 2024 as higher stock-based compensation expense and merit increases were offset by a tax credit resulting from our Second Quarter 2025 corporate headquarters relocation and decreased costs associated with lower short-term incentive accruals.

Selling, general, and administrative expenses as a percent of net sales decreased to 17.1% for Six Months 2025 as compared with 18.0% for Six Months 2024. The decrease is largely driven by (i) approximately 95 basis points of rate decline as the increase in Beer net sales exceeded the increase in selling, general, and administrative expenses and (ii) approximately 25 basis points of rate decline from a decrease in Wine and Spirits' selling, general, and administrative expenses, partially offset by an unfavorable change in Comparable Adjustments, contributing approximately 25 basis points of rate growth.

### Operating income (loss)

	Six Months 2025	Six Months 2024	Dollar Change	Percent Change
(in millions)				
Beer	\$ 2,000.7	\$ 1,751.7	\$ 249.0	14 %
Wine and Spirits	130.2	160.0	(29.8)	(19 %)
Corporate Operations and Other	(117.1)	(116.7)	(0.4)	— %
Comparable Adjustments	(2,301.6)	(51.6)	(2,250.0)	NM
Consolidated operating income (loss)	\$ (287.8)	\$ 1,743.4	\$ (2,031.2)	(117 %)



The increase in Beer operating income is largely attributable to the shipment volume growth, cost savings initiatives, and favorable impacts from pricing and fixed cost absorption, partially offset by the unfavorable product mix as describe above.



The decrease in Wine and Spirits operating income is largely attributable to the unfavorable product mix, the decline in branded wine and spirits shipment volume, and the higher cost of product sold, partially offset by decreased selling, general, and administrative expenses and the higher contractual distributor payments, as described above.



As previously discussed, the increase in Corporate Operations and Other operating loss is largely due to the higher compensation and benefits expense remained relatively flat as compared to First Quarter Six Months 2024, as the higher net compensation and benefit expenses were offset by the tax credit.

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Income (loss) from unconsolidated investments

	First Quarter 2025	First Quarter 2024	Dollar Change	Percent Change
	Six Months 2025	Six Months 2024	Dollar Change	Percent Change

(in millions)

Net gain on conversion  
and exchange to  
Exchangeable Shares

Net gain on conversion  
and exchange to  
Exchangeable Shares

Net gain on conversion and exchange to Exchangeable Shares	\$83.3	\$	\$	—	\$	\$ 83.3	NM	NM	\$	\$	—	\$	\$	83.3	NM	NM
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Equity in earnings (losses) from other equity method investees and related activities	(1.3)	(0.3)	(1.0)	NM
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Equity in earnings (losses) from other equity method investees	2.1	6.4	(4.3)	(67 %)
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Equity in earnings (losses) from Canopy and related activities	Equity in earnings (losses) from Canopy and related activities	—	(219.8)	(219.8)	219.8	219.8	NM
Impairment of equity method investments	Impairment of equity method investments	—	(123.5)	(123.5)	123.5	123.5	NM

Equity in earnings (losses) from Canopy and related activities	—	(231.8)	(231.8)	231.8	231.8	NM
Impairment of equity method investments (2.1)	(135.8)	(135.8)	133.7	133.7	98	



Unrealized net gain (loss) on securities measured at fair value	Unrealized net gain (loss) on securities measured at fair value	—	(71.8)	(71.8)	71.8	71.8	NM	Unrealized net gain (loss) on securities measured at fair value	NM	(2.5)	(74.4)	(74.4)	71.9	71.9	97
		\$82.0	\$	\$(415.4)	\$	\$497.4	NM			\$	\$(435.6)	\$	\$516.4	119	119 %

#### Interest expense, net

Interest expense, net decreased to \$102.8 million \$206.8 million for First Quarter Six Months 2025 as compared to \$118.9 \$229.5 million for First Quarter Six Months 2024. This decrease of \$16.1 million \$22.7 million, or 14% 10%, is due to (i) approximately \$565 million \$380 million of lower short-term and long-term average borrowings, driven by reduced commercial paper outstanding, (ii) approximately 10 basis points of lower weighted average interest rates, and (iii) an increase in capitalized interest in connection with the Mexico Beer Projects as compared to the First Quarter 2024, Six Months 2024, and (iii) approximately 5 basis points of lower weighted average interest rates. For additional information, refer to Note 8.

#### (Provision for) benefit from income taxes

The provision for (provision for) benefit from income taxes decreased increased to \$28.0 million \$124.2 million for First Quarter Six Months 2025 from \$91.2 million \$(238.4) million for First Quarter Six Months 2024. Our effective tax rate for First Quarter Six Months 2025 was 3.0% 30.0% as compared with 39.6% 22.1% for First Quarter Six Months 2024. In comparison to prior year, our income taxes were impacted primarily by:

- a decrease in the valuation allowance related to our investment in Canopy; and
- a First Quarter Six Months 2025 net income tax benefit recognized as a result of the resolution of various tax examinations and assessments related to prior periods; partially offset by
- a First Quarter 2024 the net income tax benefit recognized as a result impacts resulting from the (i) non-deductible portion of a change in tax entity classification, the Wine and Spirits goodwill impairment and (ii) sale of the remaining assets at the canceled Mexicali Brewery.

For additional information, refer to Note 9.

We expect our reported effective tax rate for Fiscal 2025 to be in the range of 11% 8% to 13% 10%. This range includes an expected net income tax benefit following the July 2024 closing on the sale of the remaining assets at the canceled Mexicali Brewery.

#### Net income (loss) attributable to CBI

Net income (loss) attributable to CBI increased decreased to \$877.0 million \$(322.0) million for First Quarter Six Months 2025 from \$135.9 \$825.9 million for First Quarter Six Months 2024. This increase decrease of \$741.1 million \$1,147.9 million is largely attributable to the Wine and Spirits goodwill impairment, partially offset by (i) the favorable impact from Canopy-related activities, (ii) the First Quarter benefit from income taxes, and (iii) Six Months 2025 improvements within the Beer segment driven by shipment volume growth and the successful execution of cost savings initiatives, and (iii) the lower provision from income taxes, partially offset by the decline in performance within the Wine and Spirits segment. initiatives.

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### Liquidity and Capital Resources

#### General

Our primary source of liquidity has been cash flow from operating activities. Our ability to consistently generate robust cash flow from our operations is one of our most significant financial strengths; it enables us to invest in our people and our brands, make capital investments and strategic acquisitions, provide a cash dividend program, and from time-to-time, repurchase shares of our common stock. Our largest use of cash in our operations is for purchasing and carrying inventories and carrying seasonal accounts receivable. Historically, we

have used this cash flow to repay our short-term borrowings and fund capital expenditures. Additionally, our commercial paper program is used to fund our short-term borrowing requirements and to maintain our access to the capital markets. We use our short-term borrowings, including our commercial paper program, to support our working capital requirements and capital expenditures, among other things.

We seek to maintain adequate liquidity to meet working capital requirements, fund capital expenditures, and repay scheduled principal and interest payments on debt. Absent deterioration of market conditions, we believe that cash flows from operating and financing activities will provide adequate resources to satisfy our working capital, scheduled principal and interest payments on debt, anticipated dividend payments, periodic share repurchases, and anticipated capital expenditure requirements for both our short-term and long-term capital needs.

We have an agreement with a financial institution for payment services and to facilitate a voluntary supply chain finance program through this participating financial institution. The program is available to certain of our suppliers allowing them the option to manage their cash flow. We are not a party to the agreements between the participating financial institution and the suppliers in connection with the program. Our rights and obligations to our suppliers, including amounts due and scheduled payment terms, are not impacted. As of **May 31, 2024** **August 31, 2024** and February 29, 2024, the amount payable to this participating financial institution for suppliers who voluntarily participate in the supply chain finance program was **\$5.3 million** **\$7.5 million** and \$7.3 million, respectively, and was included in accounts payable within our consolidated balance sheets. We account for payments made under the supply chain finance program the same as our other accounts payable, as a reduction to our cash flow from operating activities.

## Cash Flows

	First Quarter 2025	First Quarter 2024	Dollar Change
	Six Months 2025	Six Months 2024	Dollar Change

(in millions)

Net cash provided by (used in):

Net cash provided by (used in):

Net cash provided by (used in):

Operating activities

Operating activities

Operating activities

Investing activities

Financing activities

Effect of exchange rate changes on cash and cash equivalents

Net increase (decrease) in cash and cash equivalents

### Operating activities

The increase in net cash provided by (used in) operating activities consists of:

	Six Months 2025	Six Months 2024	Dollar Change
(in millions)			
Net income (loss)	\$ (289.6)	\$ 839.9	\$ (1,129.5)
Unrealized net (gain) loss on securities measured at fair value	2.5	74.4	(71.9)
Deferred tax provision (benefit)	(178.5)	26.3	(204.8)
Equity in (earnings) losses of equity method investees and related activities, net of distributed earnings	(1.9)	226.5	(228.4)
Impairment of equity method investments	2.1	135.8	(133.7)
Net gain on conversion and exchange to Exchangeable Shares	(83.3)	—	(83.3)
Goodwill impairment	2,250.0	—	2,250.0
Other non-cash adjustments	185.8	388.4	(202.6)
Change in operating assets and liabilities, net of effects from purchase and sale of business	(14.8)	(69.3)	54.5
Net cash provided by (used in) operating activities	\$ 1,872.3	\$ 1,622.0	\$ 250.3

## MD&amp;A

## Operating activities

The increase in net cash provided by (used in) operating activities consists of:

	First Quarter 2025	First Quarter 2024	Dollar Change
(in millions)			
Net income (loss)	\$ 892.8	\$ 139.2	\$ 753.6
Unrealized net (gain) loss on securities measured at fair value	—	71.8	(71.8)
Deferred tax provision (benefit)	25.0	(0.3)	25.3
Equity in (earnings) losses of equity method investees and related activities, net of distributed earnings	1.3	220.6	(219.3)
Impairment of equity method investments	—	123.5	(123.5)
Net gain on conversion and exchange to Exchangeable Shares	(83.3)	—	(83.3)
Other non-cash adjustments	46.2	232.3	(186.1)
Change in operating assets and liabilities, net of effects from purchase and sale of business	(191.5)	(121.7)	(69.8)
Net cash provided by (used in) operating activities	\$ 690.5	\$ 665.4	\$ 25.1

The \$69.8 million \$54.5 million net change in operating assets and liabilities was largely driven by higher (i) accounts payable for the Beer segment resulting from the timing of payments and (ii) inventory levels for the Wine and Spirits segment led by declines in both the overall wine market and (ii) accounts receivable for the Beer segment resulting from net sales growth in our mainstream and premium wine brands, as well as retailer inventory destocking. These changes were offset by lower (i) a decrease in inventory levels for the Beer segment driven by higher demand for our products and (ii) accounts receivable for the Wine and Spirits segment resulting from reduced net sales and (ii) changes in prepaid expenses and other current assets for the Beer segment driven by the timing of collections for recoverable value-added taxes sales. Additionally, net cash provided by operating activities was negatively impacted by higher First Quarter Six Months 2025 income tax payments following the resolution of various tax examinations and assessments as compared to First Quarter Six Months 2024.

## Investing activities

Net cash used in investing activities increased to \$377.4 million \$857.6 million for First Quarter Six Months 2025 from \$291.9 million \$600.9 million for First Quarter Six Months 2024. This increase of \$85.5 million \$256.7 million, or 29% 43%, was primarily due to \$98.3 million a \$150.8 million increase in business acquisitions, driven by the June 2024 Sea Smoke acquisition, and \$121.1 million of additional capital expenditures, for First Quarter 2025 largely related to the Mexico Beer Projects, Projects. The increase in net cash used in investing activities was partially offset by \$12.9 million \$18.0 million in higher proceeds from the sale of assets for First Quarter 2025, Six Months 2025 as compared to Six Months 2024.

## Financing activities

The increase in net cash provided by (used in) financing activities consists of:

	First Quarter 2025	First Quarter 2024	Dollar Change
	Six Months 2025	Six Months 2024	Dollar Change

(in millions)

Net proceeds from (payments of) debt, current and long-term, and related activities

Net proceeds from (payments of) debt, current and long-term, and related activities

Net proceeds from (payments of) debt, current and long-term, and related activities

Dividends paid

Purchases of treasury stock

Net cash provided by stock-based compensation activities

Distributions to noncontrolling interests

Payment of contingent consideration

Net cash provided by (used in) financing activities

MD&A

Debt

Total debt outstanding as of May 31, 2024 August 31, 2024, remained flat as compared amounted to \$11,596.4 million, a decrease of \$282.9 million, or 2%, from February 29, 2024. The issuances and repayments of debt for First Quarter 2025 were as follows: This decrease consisted of:



MD&A

Bank facilities

The Company, CB International, the Administrative Agent, and certain other lenders are parties to the 2022 Credit Agreement. The October 2022 Credit Agreement Amendment revised certain defined terms and covenants in the 2022 Credit Agreement and became effective in April 2024 following (i) the amendment by Canopy of its Articles of Incorporation, (ii) the conversion of our Canopy common shares into Exchangeable Shares, and (iii) the resignation of our nominees from the board of directors of Canopy.

General

The majority of our outstanding borrowings as of May 31, 2024 August 31, 2024, consisted of fixed-rate senior unsecured notes, with maturities ranging from calendar 2024 to calendar 2050.

Additionally, we have a commercial paper program which provides for the issuance of up to an aggregate principal amount of \$2.25 billion of commercial paper. Our commercial paper program is backed by unused commitments under our revolving credit facility under our 2022 Credit Agreement. Accordingly, outstanding borrowings under our commercial paper program reduce the amount available under our revolving credit facility.

We do not have purchase commitments from buyers for our commercial paper and, therefore, our ability to issue commercial paper is subject to market demand. If the commercial paper market is not available to us for any reason when commercial paper borrowings mature, we will utilize unused commitments under our revolving credit facility under our 2022 Credit Agreement to repay commercial paper borrowings. We do not expect that fluctuations in demand for commercial paper will affect our liquidity given our borrowing capacity available under our revolving credit facility.

MD&A

We had the following remaining borrowing capacity available under our 2022 Credit Agreement:

	May 31, 2024	June 28, 2024
	August 31, 2024	September 30, 2024

(in millions)

Revolving credit facility (1)  
Revolving credit facility (1)  
Revolving credit facility (1)

(1) Net of outstanding revolving credit facility borrowings and outstanding letters of credit under our 2022 Credit Agreement and outstanding borrowings under our commercial paper program (excluding unamortized discount) of \$795.5 million \$509.0 million and \$746.5 \$361.0 million as of May 31, 2024 August 31, 2024, and June 28, 2024 September 30, 2024, respectively.

The financial institutions participating in our 2022 Credit Agreement have complied with prior funding requests and we believe they will comply with any future funding requests. However, there can be no assurances that any particular financial institution will continue to do so.

As of May 31, 2024 August 31, 2024, we and our subsidiaries were subject to covenants that are contained in our 2022 Credit Agreement, including those restricting the incurrence of additional subsidiary indebtedness, additional liens, mergers and consolidations, transactions with affiliates, and sale and leaseback transactions, in each case subject to numerous conditions, exceptions, and thresholds. The financial covenants are limited to a minimum interest coverage ratio and a maximum net leverage ratio, both as defined in our 2022 Credit Agreement. As of May 31, 2024 August 31, 2024, under our 2022 Credit Agreement, the minimum interest coverage ratio was 2.5x and the maximum net leverage ratio was 4.0x.

Our indentures relating to our outstanding senior notes contain certain covenants, including, but not limited to: (i) a limitation on liens on certain assets, (ii) a limitation on certain sale and leaseback transactions, and (iii) restrictions on mergers, consolidations, and the transfer of all or substantially all of our assets to another person.

As of May 31, 2024 August 31, 2024, we were in compliance with our covenants under our 2022 Credit Agreement and our indentures, and have met all debt payment obligations.

MD&A

For further discussion and presentation of our borrowings and available sources of borrowing, refer to Note 12 of our consolidated financial statements included in our 2024 Annual Report and Note 8.

Common Stock Dividends

On July 2, 2024 October 1, 2024, our Board of Directors declared a quarterly cash dividend of \$1.01 per share of Class A Stock and \$0.91 per share of Class 1 Stock payable on August 23, 2024 November 21, 2024, to stockholders of record of each class as of the close of business on August 14, 2024 November 5, 2024.

We currently expect to continue to pay a regular quarterly cash dividend to stockholders of our common stock in the future, but such payments are subject to approval of our Board of Directors and are dependent upon our financial condition, results of operations, capital requirements, and other factors, including those set forth under Item 1A. "Risk Factors" of our 2024 Annual Report. Report as supplemented by the additional factors set forth under Item 1A. "Risk Factors" included in this Form 10-Q.

Share Repurchase Program

Our Board of Directors authorized the repurchase of our publicly traded common stock of up to \$2.0 billion under the 2021 Authorization and an additional repurchase of up to \$2.0 billion under the 2023 Authorization.

MD&A

As of July 3, 2024 August 31, 2024, total shares repurchased under the 2021 Authorization and the 2023 Authorization are as follows:

Class A Stock  
Class A Stock

Repurchase Authorization  
Repurchase Authorization  
Repurchase Authorization

(in millions, except share data)
(in millions, except share data)
(in millions, except share data)
2021 Authorization
2021 Authorization
2021 Authorization
2023 Authorization
2023 Authorization
2023 Authorization

Share repurchases under the 2021 Authorization and 2023 Authorization may be accomplished at management’s discretion from time to time based on market conditions, our cash and debt position, and other factors as determined by management. Shares may be repurchased through open market or privately negotiated transactions. We may fund future share repurchases with cash generated from operations and/or proceeds from borrowings. Any repurchased shares will become treasury shares, including shares previously repurchased under the 2021 Authorization.

We currently expect to continue to repurchase shares in the future, but such repurchases are dependent upon our financial condition, results of operations, capital requirements, and other factors, including those set forth under Item 1A. “Risk Factors” of our 2024 Annual Report. Report as supplemented by the additional factors set forth under Item 1A. “Risk Factors” included in this Form 10-Q.

For additional information, refer to Note 17 of our consolidated financial statements included in our 2024 Annual Report and Note 10, 11.

Accounting Guidance

Accounting guidance adopted for First Quarter Six Months 2025 did not have a material impact on our Financial Statements.

MD&A

Information Regarding Forward-Looking Statements

This Form 10-Q contains “forward-looking statements” within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act. These forward-looking statements are subject to a number of risks and uncertainties, many of which are beyond our control, which could cause actual results to differ materially from those set forth in, or implied by, such forward-looking statements. All statements other than statements of historical fact included in this Form 10-Q are forward-looking statements, including without limitation:

- The statements under MD&A regarding:
  - our business strategy, strategic vision, growth plans, innovation and Digital Business Acceleration initiatives, new products, future operations, financial position, net sales, expenses, hedging programs, cost savings and efficiency initiatives, capital expenditures, effective tax rates and anticipated tax liabilities, expected volume, inventory, supply, and demand levels, balance, and trends, long-term financial model, access to capital markets, liquidity and capital resources, and prospects, plans, and objectives of management;
  - our beer expansion, optimization, and/or construction activities, including anticipated scope, capacity, costs, capital expenditures, and timeframes for completion;
  - the expected tax benefits resulting from the closing on the sale of the remaining assets classified as held for sale at the Mexicali Brewery;
  - our ESG strategy, sustainability initiatives, and environmental stewardship targets;
  - anticipated inflationary pressures, macroeconomic headwinds, including rising unemployment, inflation, changing prices, and reductions in consumer discretionary income as well as other unfavorable global and regional economic conditions, and geopolitical events, and our responses thereto;

## MD&amp;A

- the potential impact to supply, production levels, and costs due to global supply chain disruptions and constraints, and geopolitical events, as well as reductions in consumer discretionary income, and shifting consumer behaviors, behaviors, and our responses thereto;
- expected or potential actions of third parties, including possible changes to laws, rules, and regulations;
- the potential impact of climate-related severe weather events; events or other weather conditions;
- the availability of a supply chain finance program;
- the manner, timing, and duration of the share repurchase program and source of funds for share repurchases;
- the amount and timing of future dividends and our target dividend payout ratio; and
- our target net leverage ratio.
- The statements regarding the future reclassification of net gains from AOCI.
- The statements regarding potential future impairments of our Wine and Spirits goodwill or Canopy investment.

When used in this Form 10-Q, the words “anticipate,” “expect,” “intend,” “will,” and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain such identifying words. All forward-looking statements speak only as of the date of this Form 10-Q. We undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we can give no assurance that such expectations will prove to be correct. In addition to the risks and uncertainties of ordinary business operations and conditions in the general economy and markets in which we compete, our forward-looking statements contained in this Form 10-Q are also subject to the risk, uncertainty, and possible variance from our current expectations regarding:

- water, agricultural and other raw material, and packaging material supply, production, and/or shipment difficulties which could adversely affect our ability to supply our customers;
- the ability to respond to anticipated inflationary pressures, including reductions in consumer discretionary income and our ability to pass along rising costs through increased selling prices;
- the actual impact to supply, production levels, and costs from global supply chain disruptions and constraints, transportation challenges (including from labor strikes or other labor activities), shifting consumer behaviors, wildfires, and severe weather events;
- reliance on complex information systems and third-party global networks as well as risks associated with cybersecurity and artificial intelligence;
- economic and other uncertainties associated with our international operations;

## MD&amp;A

- dependence on limited facilities for production of our Mexican beer brands, including beer operations expansion, optimization, and/or construction activities, scope, capacity, supply, costs (including impairments), capital expenditures, and timing;
- results of the closing on the sale of the remaining assets classified as held for sale at the Mexicali Brewery inclusive of the expected tax benefits;
- operational disruptions or catastrophic loss to our breweries, wineries, other production facilities, or distribution systems;
- the impact of military conflicts, geopolitical tensions, and responses, including on inflation, supply chains, commodities, energy, and cybersecurity;
- climate change, ESG regulatory compliance and failure to meet emissions, stewardship, and other ESG targets, objectives, or ambitions; ambitions, and timing changes for our ESG reporting;
- reliance on wholesale distributors, major retailers, and government agencies;
- contamination and degradation of product quality from diseases, pests, weather, and other conditions;
- communicable disease outbreaks, pandemics, or other widespread public health crises and associated governmental containment actions;
- effects of employee labor activities that could increase our costs;
- a potential decline in the consumption of products we sell and our dependence on sales of our Mexican beer brands;
- impacts of our acquisition, divestiture, investment, and new product innovation strategies and activities, including the Sea Smoke acquisition;

- the success of operational and commercial execution, initiatives for our wine cost savings, and spirits business; efficiency initiatives;
- dependence upon our trademarks and proprietary rights, including the failure to protect our intellectual property rights;
- potential damage to our reputation;
- competition in our industry and for talent;
- our indebtedness and interest rate fluctuations;
- our international operations, worldwide and regional economic trends and financial market conditions, including macroeconomic headwinds, geopolitical uncertainty, or other governmental rules and regulations;
- class action or other litigation we may face;
- potential write-downs of our intangible assets, such as goodwill and trademarks; trademarks, including potential future impairments of our Wine and Spirits goodwill;
- changes to tax laws, fluctuations in our effective tax rate, including tax impacts resulting from the non-deductible portion of the Wine and Spirits goodwill impairment and the sale of the remaining assets at the canceled Mexicali Brewery, accounting for tax positions, the resolution of tax disputes, changes to accounting standards, elections, assertions, or policies, and the impact of a global minimum tax rate;
- the amount, timing, and source of funds for any share repurchases;
- the amount and timing of future dividends; and
- ownership of our Class A Stock by the Sands Family Stockholders and their Board of Director nomination rights as well as the choice-of-forum provision in our Amended amended and Restated By-laws. restated by-laws.

For additional information about risks and uncertainties that could cause actual results to differ materially from those set forth in or implied by our forward-looking statements, please refer to Item 1A. "Risk Factors" of our 2024 Annual Report. Report as supplemented by the additional factors set forth under Item 1A. "Risk Factors" included in this Form 10-Q.

OTHER KEY INFORMATION

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

As a result of our global operating, investment, acquisition, divestiture, and financing activities, we are exposed to market risk associated with changes in foreign currency exchange rates, commodity prices, and interest rates. To manage the volatility relating to these risks, we periodically purchase and/or sell derivative instruments including foreign currency forward and option contracts, commodity swap contracts, interest rate swap contracts, and Pre-issuance hedge contracts. We use derivative instruments to reduce earnings and cash flow volatility resulting from shifts in market rates, as well as to hedge economic exposures. We do not enter into derivative instruments for trading or speculative purposes.

Foreign currency and commodity price risk

Foreign currency derivative instruments are or may be used to hedge existing foreign currency denominated assets and liabilities, forecasted foreign currency denominated sales/purchases to/from third parties as well as intercompany sales/purchases, intercompany principal and interest payments, and in connection with investments, or divestitures outside the U.S. As of May 31, 2024 August 31, 2024, we had exposures to foreign currency risk primarily related to the Mexican peso, Canadian dollar, euro, and New Zealand dollar, and euro, dollar. Approximately 100% of our balance sheet exposures and 83% 89% of our forecasted transactional exposures for the remaining nine six months of Fiscal 2025 were hedged as of May 31, 2024 August 31, 2024.

Commodity derivative instruments are or may be used to hedge forecasted commodity purchases from third parties as either economic hedges or accounting hedges. As of May 31, 2024 August 31, 2024, exposures to commodity price risk which we are currently hedging include aluminum, corn, diesel fuel, and natural gas prices. Approximately 80% 87% of our forecasted transactional exposures for the remaining nine six months of Fiscal 2025 were hedged as of May 31, 2024 August 31, 2024.

We have performed a sensitivity analysis to estimate our exposure to market risk of foreign exchange rates and commodity prices reflecting the impact of a hypothetical 10% adverse change in the applicable market. The volatility of the applicable rates and prices is dependent on many factors which cannot be forecasted with reliable accuracy. Gains or losses from the revaluation or settlement of the related underlying positions would substantially offset such gains or losses on the derivative instruments. The aggregate notional value, estimated fair value, and sensitivity analysis for our open foreign currency and commodity derivative instruments are summarized as follows:

Aggregate Notional Value	Aggregate Notional Value		Fair Value, Net Asset (Liability)		Increase (Decrease) in Fair Value – Hypothetical 10% Adverse Change	Aggregate Notional Value	Fair Value, Net Asset (Liability)		Increase (Decrease) in Fair Value – Hypothetical 10% Adverse Change
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	May 31, 2024	May 31, 2023	May 31, 2024	May 31, 2023	May 31, 2024	May 31, 2023
	August 31, 2024	August 31, 2023	August 31, 2024	August 31, 2023	August 31, 2024	August 31, 2023

(in millions)

Foreign currency contracts  
Foreign currency contracts  
Foreign currency contracts  
Commodity derivative contracts

Interest rate risk

The estimated fair value of our fixed interest rate debt is subject to interest rate risk, credit risk, and foreign currency risk. In addition, we also have variable interest rate debt outstanding (primarily SOFR-based), certain of which includes a fixed margin subject to the same risks identified for our fixed interest rate debt.

There were no cash flow designated or undesignated interest rate swap contracts or Pre-issuance hedge contracts outstanding as of May 31, 2024 August 31, 2024, or May 31, 2023 August 31, 2023.

We have performed a sensitivity analysis to estimate our exposure to market risk of interest rates reflecting the impact of a hypothetical 1% increase in the prevailing interest rates. The volatility of the applicable rates is dependent on many factors which cannot be forecasted with reliable accuracy.

OTHER KEY INFORMATION

The aggregate notional value, estimated fair value, and sensitivity analysis for our outstanding fixed-rate debt, including current maturities, are summarized as follows:

Aggregate Notional Value	Aggregate Notional Value		Fair Value, Net Asset (Liability)	Increase (Decrease) in Fair Value – Hypothetical 1% Rate Increase	Aggregate Notional Value	Fair Value, Net Asset (Liability)	Increase (Decrease) in Fair Value – Hypothetical 1% Rate Increase
May 31, 2024	May 31, 2023	May 31, 2024	May 31, 2023	May 31, 2024	May 31, 2023	May 31, 2024	May 31, 2023
August 31, 2024	August 31, 2023	August 31, 2024	August 31, 2023	August 31, 2024	August 31, 2023	August 31, 2024	August 31, 2023

(in millions)

Fixed interest rate debt  
Fixed interest rate debt  
Fixed interest rate debt

A 1% hypothetical change in the prevailing interest rates would have increased interest expense on our variable interest rate debt by \$0.9 \$2.6 million and \$4.2 million \$6.0 million for the three six months ended May 31, 2024 August 31, 2024, and May 31, 2023 August 31, 2023, respectively.

For additional discussion on our market risk, refer to Notes 3 and 4.

Item 4. Controls and Procedures.

Disclosure controls and procedures

Our Chief Executive Officer and our Chief Financial Officer have concluded, based on their evaluation as of the end of the period covered by this report, that the Company’s “disclosure controls and procedures” (as defined in the Exchange Act Rules 13a-15(e) and 15d-15(e)) are effective to ensure that information required to be disclosed in the reports that we file or submit under the Exchange Act (i) is recorded, processed, summarized, and reported within the time periods

specified in the SEC's rules and forms, and (ii) is accumulated and communicated to our management, including our Chief Executive Officer and our Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

Internal control over financial reporting

In connection with the foregoing evaluation by our Chief Executive Officer and our Chief Financial Officer, no changes were identified in the Company's "internal control over financial reporting" (as defined in the Exchange Act Rules 13a-15(f) and 15d-15(f)) that occurred during our fiscal quarter ended May 31, 2024 August 31, 2024, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

OTHER KEY INFORMATION

PART II – OTHER INFORMATION

Item 1. Legal Proceedings.

For information regarding Legal Proceedings, see Item 1A. "Risk Factors."

Item 1A. Risk Factors.

In addition to information discussed elsewhere in this Form 10-Q, you should carefully consider the risk factors disclosed in the 2024 Annual Report. The risk factors associated with our business have not materially changed compared to the risk factors disclosed in the 2024 Annual Report except for the updated risk factor below. The risk factor described below and the additional risks described in the 2024 Annual Report are not the only risks we face. Additional factors not presently known to us or that we currently deem to be immaterial could materially affect our business, liquidity, financial condition, and/or results of operations in future periods. The following risk factor is organized under a relevant heading; however, it may be relevant to other headings as well.

Strategic Risks

Dependence upon trademarks and proprietary rights, failure to protect our intellectual property rights

Our future success depends significantly on our ability to protect our current and future brands and products and to defend our intellectual property rights. We have been granted numerous trademark registrations and use certain trademarks under license covering our brands and products, and we have filed, and expect to continue to file or have filed on our behalf, trademark applications seeking to protect newly developed brands and products. We cannot be sure that trademark registrations will be issued with respect to any of such trademark applications. We could also, by omission, fail to timely renew or protect a trademark and our competitors could challenge, invalidate, or circumvent any existing or future trademarks issued to, or licensed by, us.

Our subsidiaries CB Brand Strategies, LLC, Crown Imports LLC, and Compañía Cervecería de Coahuila, S. de R.L. de C.V. were named as defendants in a lawsuit originally filed in U.S. District Court for the Southern District of New York on February 15, 2021, and most recently amended in March 2022, by Cervecería Modelo de México, S. de R.L. de C.V. and Trademarks Grupo Modelo, S. de R.L. de C.V. The plaintiffs alleged, among other things, that our sub-license of the trademarks for our Mexican beer brands should not permit us to use the Corona brand name on our Corona Hard Seltzer or the Modelo brand name on our Modelo Ranch Water. At a trial in March 2023, the jury returned a unanimous verdict in our favor on all counts in the plaintiffs' complaint, and the court entered judgment dismissing the complaint. In May 2023, the plaintiffs filed a notice of appeal to the U.S. Court of Appeals for the Second Circuit. In March 2024, the Second Circuit issued an order affirming the judgment of the district court. Plaintiffs did not petition the U.S. Supreme Court for a Writ of Certiorari prior to the June 24, 2024 deadline. Consequently, the district court's judgment dismissing this case is final and no longer subject to appeal.

We have been and may continue to be subject to other litigation related to our trademarks and intellectual property rights. Litigation is inherently unpredictable and subject to substantial uncertainties and unfavorable developments and resolutions could occur. A substantial adverse judgment or other unfavorable resolution of these matters or our failure to otherwise protect our intellectual property rights as well as the costs associated with such activities could have a material adverse effect on our business, liquidity, financial condition, and/or results of operations.

OTHER KEY INFORMATION

## Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

Issuer Purchases of Equity Securities											
Period	Period	Total Number of Shares Purchased	Average Price Paid Per Share	Total Number of Shares Purchased as Part of a Publicly Announced Program	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Program (1)(2)(3)	Period	Total Number of Shares Purchased	Average Price Paid Per Share	Total Number of Shares Purchased as Part of a Publicly Announced Program	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Program (1)(2)	
(in millions, except share and per share data)											
March 1 – 31, 2024											
March 1 – 31, 2024											
March 1 – 31, 2024											
April 1 – 30, 2024											
May 1 – 31, 2024											
June 1 – 30, 2024											
June 1 – 30, 2024											
June 1 – 30, 2024											
July 1 – 31, 2024											
August 1 – 31, 2024											
Total											

- (1) In January 2021, we announced that our Board of Directors authorized the repurchase of up to \$2.0 billion of our publicly traded common stock under the 2021 Authorization. The Board of Directors did not specify a date upon which the 2021 Authorization would expire. Share repurchases for the periods included herein were effected through open market transactions and exclude the impact of Federal excise tax owed pursuant to the IRA.
- (2) In November 2023, we announced that our Board of Directors authorized an additional repurchase of up to \$2.0 billion of our publicly traded common stock under the 2023 Authorization. The Board of Directors did not specify a date upon which the 2023 Authorization would expire. No shares have been repurchased under the 2023 Authorization.

(3) Beginning May 31, 2024, we repurchased 187,843 shares of Class A Stock pursuant to the 2021 Authorization at an average cost of \$250.51 per share through open market transactions made pursuant to a Rule 10b5-1 trading plan.

## Item 5. Other Information.

During the three months ended **May 31, 2024** **August 31, 2024**, none of our directors or officers (as defined in Exchange Act Rule 16a-1(f)) adopted or terminated a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement," as each term is defined in Item 408 of Regulation S-K.

## Item 6. Exhibits.

Exhibit No.	Exhibit Description	Incorporated by Reference		
		Form	Exhibit	Filing Date
3.1	<a href="#">Amended and Restated Certificate of Incorporation of the Company.</a>	8-K	3.1	November 10, 2022
3.2	<a href="#">Amended and Restated By-Laws of the Company.</a>	8-K	3.2	November 10, 2022
4.1	<a href="#">Indenture, dated as of April 17, 2012, by and among the Company, as Issuer, certain subsidiaries, as Guarantors, and M&amp;T, as Trustee.</a>	8-K	4.1	April 23, 2012
4.1.1	<a href="#">Supplemental Indenture No. 8, with respect to 4.750% Senior Notes due 2024, dated as of November 3, 2014, among the Company, as Issuer, certain subsidiaries, as Guarantors, and M&amp;T, as Trustee.</a>	8-K	4.2	November 7, 2014

Exhibit No.	Exhibit Description	Incorporated by Reference		
		Form	Exhibit	Filing Date
3.1	<a href="#">Amended and Restated Certificate of Incorporation of the Company.</a>	8-K	3.1	November 10, 2022
3.2	<a href="#">Amended and Restated By-Laws of the Company.</a>	8-K	3.2	November 10, 2022

4.1	<a href="#"><u>Indenture, dated as of April 17, 2012, by and among the Company, as Issuer, certain subsidiaries, as Guarantors, and M&amp;T, as Trustee.</u></a>	8-K	4.1	April 23, 2012
4.1.1	<a href="#"><u>Supplemental Indenture No. 8, with respect to 4.750% Senior Notes due 2024, dated as of November 3, 2014, among the Company, as Issuer, certain subsidiaries, as Guarantors, and M&amp;T, as Trustee.</u></a>	8-K	4.2	November 7, 2014
4.1.2	<a href="#"><u>Supplemental Indenture No. 9, with respect to 4.750% Senior Notes due 2025, dated as of December 4, 2015, among the Company, as Issuer, certain subsidiaries, as Guarantors, and M&amp;T, as Trustee.</u></a>	8-K	4.1	December 8, 2015
4.1.3	<a href="#"><u>Supplemental Indenture No. 10, dated as of January 15, 2016, among the Company, Home Brew Mart, Inc., and M&amp;T, as Trustee.</u></a>	10-K	4.26	April 25, 2016

## OTHER KEY INFORMATION

Exhibit No.	Exhibit Description	Incorporated by Reference		
		Form	Exhibit	Filing Date
4.1.2	<a href="#"><u>Supplemental Indenture No. 9, with respect to 4.750% Senior Notes due 2025, dated as of December 4, 2015, among the Company, as Issuer, certain subsidiaries, as Guarantors, and M&amp;T, as Trustee.</u></a>	8-K	4.1	December 8, 2015
4.1.3	<a href="#"><u>Supplemental Indenture No. 10, dated as of January 15, 2016, among the Company, Home Brew Mart, Inc., and M&amp;T, as Trustee.</u></a>	10-K	4.26	April 25, 2016
4.1.4	<a href="#"><u>Supplemental Indenture No. 11 with respect to 3.700% Senior Notes due 2026, dated as of December 6, 2016, among the Company, as Issuer, certain subsidiaries, as Guarantors, and M&amp;T, as Trustee.</u></a>	8-K	4.1	December 6, 2016
4.1.5	<a href="#"><u>Supplemental Indenture No. 13 with respect to 3.500% Senior Notes due 2027, dated as of May 9, 2017, among the Company, as Issuer, certain subsidiaries, as Guarantors, and M&amp;T, as Trustee.</u></a>	8-K	4.2	May 9, 2017
4.1.6	<a href="#"><u>Supplemental Indenture No. 14 with respect to 4.500% Senior Notes due 2047, dated as of May 9, 2017, among the Company, as Issuer, certain subsidiaries, as Guarantors, and M&amp;T, as Trustee.</u></a>	8-K	4.3	May 9, 2017
4.1.7	<a href="#"><u>Supplemental Indenture No. 19 with respect to 3.600% Senior Notes due 2028, dated as of February 7, 2018, among the Company, as Issuer, certain subsidiaries, as Guarantors, and M&amp;T, as Trustee.</u></a>	8-K	4.2	February 7, 2018
4.1.8	<a href="#"><u>Supplemental Indenture No. 20 with respect to 4.100% Senior Notes due 2048, dated as of February 7, 2018, among the Company, as Issuer, certain subsidiaries, as Guarantors, and M&amp;T, as Trustee.</u></a>	8-K	4.3	February 7, 2018
4.1.9	<a href="#"><u>Supplemental Indenture No. 22 with respect to 4.400% Senior Notes due 2025, dated as of October 29, 2018, among the Company, as Issuer, certain subsidiaries, as Guarantors, and M&amp;T, as Trustee.</u></a>	8-K	4.2	October 29, 2018
4.1.10	<a href="#"><u>Supplemental Indenture No. 23 with respect to 4.650% Senior Notes due 2028, dated as of October 29, 2018, among the Company, as Issuer, certain subsidiaries, as Guarantors, and M&amp;T, as Trustee.</u></a>	8-K	4.3	October 29, 2018
4.1.11	<a href="#"><u>Supplemental Indenture No. 24 with respect to 5.250% Senior Notes due 2048, dated as of October 29, 2018, among the Company, as Issuer, certain subsidiaries, as Guarantors, and M&amp;T, as Trustee.</u></a>	8-K	4.4	October 29, 2018
4.1.12	<a href="#"><u>Supplemental Indenture No. 25 with respect to 3.150% Senior Notes due 2029, dated as of July 29, 2019, among the Company, as Issuer, certain subsidiaries, as Guarantors, and M&amp;T, as Trustee.</u></a>	8-K	4.1	July 29, 2019
4.1.13	<a href="#"><u>Supplemental Indenture No. 26 with respect to 2.875% Senior Notes due 2030, dated as of April 27, 2020, among the Company, as Issuer, and M&amp;T, as Trustee.</u></a>	8-K	4.1	April 27, 2020
4.1.14	<a href="#"><u>Supplemental Indenture No. 27 with respect to 3.750% Senior Notes due 2050, dated as of April 27, 2020, among the Company, as Issuer, and M&amp;T, as Trustee.</u></a>	8-K	4.2	April 27, 2020

4.1.15	<a href="#">Supplemental Indenture No. 28 with respect to 2.250% Senior Notes due 2031, dated as of July 26, 2021, among the Company, as Issuer, and M&amp;T, as Trustee.</a>	8-K	4.1	July 26, 2021
4.1.16	<a href="#">Supplemental Indenture No. 30 with respect to 4.350% Senior Notes due 2027, dated as of May 9, 2022, among the Company, as Issuer, and M&amp;T, as Trustee.</a>	8-K	4.2	May 9, 2022

Exhibit No.	Exhibit Description	Incorporated by Reference		
		Form	Exhibit	Filing Date
4.1.4	<a href="#">Supplemental Indenture No. 11 with respect to 3.700% Senior Notes due 2026, dated as of December 6, 2016, among the Company, as Issuer, certain subsidiaries, as Guarantors, and M&amp;T, as Trustee.</a>	8-K	4.1	December 6, 2016
4.1.5	<a href="#">Supplemental Indenture No. 13 with respect to 3.500% Senior Notes due 2027, dated as of May 9, 2017, among the Company, as Issuer, certain subsidiaries, as Guarantors, and M&amp;T, as Trustee.</a>	8-K	4.2	May 9, 2017
4.1.6	<a href="#">Supplemental Indenture No. 14 with respect to 4.500% Senior Notes due 2047, dated as of May 9, 2017, among the Company, as Issuer, certain subsidiaries, as Guarantors, and M&amp;T, as Trustee.</a>	8-K	4.3	May 9, 2017
4.1.7	<a href="#">Supplemental Indenture No. 19 with respect to 3.600% Senior Notes due 2028, dated as of February 7, 2018, among the Company, as Issuer, certain subsidiaries, as Guarantors, and M&amp;T, as Trustee.</a>	8-K	4.2	February 7, 2018
4.1.8	<a href="#">Supplemental Indenture No. 20 with respect to 4.100% Senior Notes due 2048, dated as of February 7, 2018, among the Company, as Issuer, certain subsidiaries, as Guarantors, and M&amp;T, as Trustee.</a>	8-K	4.3	February 7, 2018
4.1.9	<a href="#">Supplemental Indenture No. 22 with respect to 4.400% Senior Notes due 2025, dated as of October 29, 2018, among the Company, as Issuer, certain subsidiaries, as Guarantors, and M&amp;T, as Trustee.</a>	8-K	4.2	October 29, 2018
4.1.10	<a href="#">Supplemental Indenture No. 23 with respect to 4.650% Senior Notes due 2028, dated as of October 29, 2018, among the Company, as Issuer, certain subsidiaries, as Guarantors, and M&amp;T, as Trustee.</a>	8-K	4.3	October 29, 2018
4.1.11	<a href="#">Supplemental Indenture No. 24 with respect to 5.250% Senior Notes due 2048, dated as of October 29, 2018, among the Company, as Issuer, certain subsidiaries, as Guarantors, and M&amp;T, as Trustee.</a>	8-K	4.4	October 29, 2018
4.1.12	<a href="#">Supplemental Indenture No. 25 with respect to 3.150% Senior Notes due 2029, dated as of July 29, 2019, among the Company, as Issuer, certain subsidiaries, as Guarantors, and M&amp;T, as Trustee.</a>	8-K	4.1	July 29, 2019
4.1.13	<a href="#">Supplemental Indenture No. 26 with respect to 2.875% Senior Notes due 2030, dated as of April 27, 2020, among the Company, as Issuer, and M&amp;T, as Trustee.</a>	8-K	4.1	April 27, 2020
4.1.14	<a href="#">Supplemental Indenture No. 27 with respect to 3.750% Senior Notes due 2050, dated as of April 27, 2020, among the Company, as Issuer, and M&amp;T, as Trustee.</a>	8-K	4.2	April 27, 2020
4.1.15	<a href="#">Supplemental Indenture No. 28 with respect to 2.250% Senior Notes due 2031, dated as of July 26, 2021, among the Company, as Issuer, and M&amp;T, as Trustee.</a>	8-K	4.1	July 26, 2021
4.1.16	<a href="#">Supplemental Indenture No. 30 with respect to 4.350% Senior Notes due 2027, dated as of May 9, 2022, among the Company, as Issuer, and M&amp;T, as Trustee.</a>	8-K	4.2	May 9, 2022
4.1.17	<a href="#">Supplemental Indenture No. 31 with respect to 4.750% Senior Notes due 2032, dated as of May 9, 2022, among the Company, as Issuer, and M&amp;T, as Trustee.</a>	8-K	4.3	May 9, 2022
4.1.18	<a href="#">Supplemental Indenture No. 32 with respect to 5.000% Senior Notes due 2026, dated as of February 2, 2023, among the Company, as Issuer, and M&amp;T, as Trustee.</a>	8-K	4.1	February 2, 2023

## OTHER KEY INFORMATION

Incorporated by Reference

Exhibit No.	Exhibit Description	Form	Exhibit	Filing Date
4.1.17	<a href="#">Supplemental Indenture No. 31 with respect to 4.750% Senior Notes due 2032, dated as of May 9, 2022, among the Company, as Issuer, and M&amp;T, as Trustee.</a>	8-K	4.3	May 9, 2022
4.1.18	<a href="#">Supplemental Indenture No. 32 with respect to 5.000% Senior Notes due 2026, dated as of February 2, 2023, among the Company, as Issuer, and M&amp;T, as Trustee.</a>	8-K	4.1	February 2, 2023
4.1.19	<a href="#">Supplemental Indenture No. 33 with respect to 4.900% Senior Notes due 2033, dated as of May 1, 2023, among the Company, as Issuer, and M&amp;T, as Trustee.</a>	8-K	4.1	May 1, 2023
4.1.20	<a href="#">Supplemental Indenture No. 34 with respect to 4.800% Senior Notes due 2029, dated as of January 11, 2024, among the Company, as Issuer, and M&amp;T, as Trustee.</a>	8-K	4.1	January 11, 2024
4.2	<a href="#">Restatement Agreement, dated as of April 14, 2022, by and among the Company, CB International, Bank of America, N.A., as Administrative Agent, and the Lenders party thereto, including the Tenth Amended and Restated Credit Agreement dated as of April 14, 2022, by and among the Company, CB International, Bank of America, N.A., as Administrative Agent, and the Lenders party thereto.</a> †	8-K	4.1	April 15, 2022
4.2.1	<a href="#">Amendment No. 1, dated as of October 18, 2022, to Tenth Amended and Restated Credit Agreement, dated as of April 14, 2022, by and among the Company, CB International Finance S.à r.l., Bank of America, N.A., as Administrative Agent, and the Lenders party thereto.</a> †	8-K	4.2	October 26, 2022
10.1	<a href="#">Executive Employment Agreement made as of March 11, 2024, between the Company and Samuel J. Glaetzer.</a> *	10-K	10.10	April 23, 2024
10.2	<a href="#">Form of Performance Share Unit Agreement with respect to the Company's Long-Term Stock Incentive Plan (awards on or after April 25, 2024) (filed herewith).</a> *†			
31.1	<a href="#">Certification of Chief Executive Officer pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Exchange Act (filed herewith).</a>			
31.2	<a href="#">Certification of Chief Financial Officer pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Exchange Act (filed herewith).</a>			
32.1	<a href="#">Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350 (furnished herewith).</a>			
32.2	<a href="#">Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350 (furnished herewith).</a>			
101.INS	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document (filed herewith).			
101.SCH	XBRL Taxonomy Extension Schema Document (filed herewith).			
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document (filed herewith).			
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document (filed herewith).			
101.LAB	XBRL Taxonomy Extension Labels Linkbase Document (filed herewith).			

Exhibit No.	Exhibit Description	Incorporated by Reference		
		Form	Exhibit	Filing Date
4.1.19	<a href="#">Supplemental Indenture No. 33 with respect to 4.900% Senior Notes due 2033, dated as of May 1, 2023, among the Company, as Issuer, and M&amp;T, as Trustee.</a>	8-K	4.1	May 1, 2023
4.1.20	<a href="#">Supplemental Indenture No. 34 with respect to 4.800% Senior Notes due 2029, dated as of January 11, 2024, among the Company, as Issuer, and M&amp;T, as Trustee.</a>	8-K	4.1	January 11, 2024
4.2	<a href="#">Restatement Agreement, dated as of April 14, 2022, by and among the Company, CB International, Bank of America, N.A., as Administrative Agent, and the Lenders party thereto, including the Tenth Amended and Restated Credit Agreement dated as of April 14, 2022, by and among the Company, CB International, Bank of America, N.A., as Administrative Agent, and the Lenders party thereto.</a> †	8-K	4.1	April 15, 2022
4.2.1	<a href="#">Amendment No. 1, dated as of October 18, 2022, to Tenth Amended and Restated Credit Agreement, dated as of April 14, 2022, by and among the Company, CB International Finance S.à r.l., Bank of America, N.A., as Administrative Agent, and the Lenders party thereto.</a> †	8-K	4.2	October 26, 2022
10.1	<a href="#">Description of Compensation Arrangements, as of July 17, 2024, for Non-Management Directors (filed herewith).</a> *			

10.2	<a href="#">The Company's Non-Qualified Savings Plan, amended and restated effective as of January 1, 2025 (filed herewith).</a> *
31.1	<a href="#">Certification of Chief Executive Officer pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Exchange Act (filed herewith).</a>
31.2	<a href="#">Certification of Chief Financial Officer pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Exchange Act (filed herewith).</a>
32.1	<a href="#">Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350 (furnished herewith).</a>
32.2	<a href="#">Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350 (furnished herewith).</a>
101.INS	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document (filed herewith).
101.SCH	XBRL Taxonomy Extension Schema Document (filed herewith).
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document (filed herewith).
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document (filed herewith).
101.LAB	XBRL Taxonomy Extension Labels Linkbase Document (filed herewith).
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document (filed herewith).
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).

## OTHER KEY INFORMATION

Exhibit No.	Exhibit Description	Incorporated by Reference		
		Form	Exhibit	Filing Date
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document (filed herewith).			
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).			
*	Designates management contract or compensatory plan or arrangement.			
†	The exhibits, disclosure schedules, and other schedules, as applicable, have been omitted pursuant to Item 601(a)(5) of Regulation S-K. The Company agrees to furnish supplementally a copy of such exhibits, disclosure schedules, and other schedules, as applicable, or any section thereof, to the SEC upon request.			

The Company agrees, upon request of the SEC, to furnish copies of each instrument that defines the rights of holders of long-term debt of the Company or its subsidiaries that is not filed herewith pursuant to Item 601(b)(4)(iii)(A) because the total amount of long-term debt authorized under such instrument does not exceed 10% of the total assets of the Company and its subsidiaries on a consolidated basis.

## SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

CONSTELLATION BRANDS, INC.

Date: July 3, 2024

By: /s/ Darrell Hearne

Darrell Hearne, Senior Vice President  
and Controller

Date: July 3, 2024

By: /s/ Garth Hankinson

Garth Hankinson, Executive Vice President and  
Chief Financial Officer (principal financial  
officer and principal accounting officer)

Constellation Brands, Inc. Q1 Q2 FY 2025 Form 10-Q

#WORTHREACHINGFOR | 44 54

Exhibit 10.2

PERFORMANCE SHARE UNIT AGREEMENT

Pursuant to the

CONSTELLATION BRANDS, INC.

LONG-TERM STOCK INCENTIVE PLAN

Name of Participant:

Grant Date:

Target Number of Performance Share Units:

Service Vesting Date:

Earliest Retirement Date:

The first November 1st that is at least six months following the Date of Grant

PSU Payment Period

Within the two-week period following the Service Vesting Date

10.1

Description of Compensation Arrangements for Non-Management Directors

As of July 17, 2024

The following is a description of the compensation arrangements for the non-management directors of Constellation Brands, Inc. (the "Company") hereby awards The Company's annual compensation program for non-management directors for their service as directors consists of a board cash retainer, a non-executive board chair cash retainer, committee chair fees, restricted stock units, non-qualified stock options, an annual product allowance, and a matching charitable contribution program.

The board cash retainer consists of an annual retainer equal to \$100,000 paid in quarterly installments. The non-executive board chair cash retainer consists of an annual retainer equal to \$185,000 to be paid to the designated participant (the "Participant"), Board's non-executive chair, if any, payable in quarterly installments. The committee chair fees consist of annual fees of \$25,000 for the opportunity chair of the Audit Committee, \$20,000 for the chair of the Human Resources Committee, and \$17,500 for the chair of the Corporate Governance, Nominating, and Responsibility Committee, which are paid in quarterly installments.

Long-term incentive awards in the form of non-qualified stock options and restricted stock units granted under the Company's Long-Term Stock Incentive Plan are another element of non-management director compensation. As approved by the Board of Directors, each non-management director receives the following annually:

1. A non-qualified stock option grant with a grant date fair value of \$55,000 computed in accordance with FASB ASC Topic 718.
2. A restricted stock unit award with a grant date fair value of \$125,000. (Each restricted stock unit represents a contingent right to receive one share of the Performance Share Units described herein under Company's Class A Common Stock.)

The value of long-term incentive awards is pro-rated for new directors. While the Company's Board has the flexibility to determine at the time of each grant the vesting provisions for any grant, whether on-cycle or off-cycle, non-qualified stock options generally vest six (6) months following the date of grant and restricted stock units generally vest on July 10th following the date of grant. The Long-Term Stock Incentive Plan, Amended and Restated as of July 18, 2017 (the "Plan"), is filed as Exhibit 10.4 to the Company's Current Report on Form 8-K dated July 18, 2017 and filed July 20, 2017. The principal features

Non-management directors are reimbursed for reasonable expenses incurred in connection with their attendance at Board and Committee meetings. They also receive an annual product allowance in the form of this Award a \$10,000 cash payment and are set forth above, including eligible to participate in the date of



grant Company's charitable matching contribution program whereby they can direct all or a portion of the Performance Share Units (the "Grant Date"). This Award shall be effective Company's charitable matching contributions not in excess of \$5,000.

Members of the Board of Directors who are members of management serve without receiving any additional fees or other compensation for their service on the Grant Date. The Performance Share Units consist of the right to receive shares of Class A Common Stock, par value \$.01 per share, of the Company ("Shares"). Generally, the Participant will not receive any Performance Share Units unless specified service and performance requirements are satisfied. This Performance Share Unit Agreement is subject to the provisions of the Terms and Conditions of Performance Share Unit Agreement and the Appendix, if any (together, this "Agreement") and terms of the Plan. Board.

PLEASE BE SURE TO READ ALL OF THE SPECIFIC TERMS AND CONDITIONS OF THIS AGREEMENT. TO THE EXTENT ANY CAPITALIZED TERMS USED IN THE TERMS AND CONDITIONS ARE NOT DEFINED HEREIN, THEY WILL HAVE THE MEANING ASCRIBED TO THEM IN THE PLAN. [Exhibit 10.2](#)

BY MY ELECTRONIC ELECTION TO ACCEPT THE TERMS AND CONDITIONS OF THIS AWARD OF PERFORMANCE SHARE UNITS (WHICH SERVES AS MY ELECTRONIC SIGNATURE OF THIS AGREEMENT), I AGREE THAT MY PARTICIPATION IN THE

CONSTELLATION BRANDS

NON-QUALIFIED SAVINGS PLAN IS GOVERNED BY THE PROVISIONS OF THE PLAN AND THIS AGREEMENT (INCLUDING ITS TERMS AND CONDITIONS AND THE APPENDIX, IF ANY, FOR MY COUNTRY OF RESIDENCE OR EMPLOYMENT, IF DIFFERENT). IF I FAIL TO ACCEPT THE TERMS AND CONDITIONS OF THIS AWARD WITHIN NINETY (90) DAYS OF THE GRANT DATE SET FORTH ABOVE, THE COMPANY MAY DETERMINE THAT THIS AWARD HAS BEEN FORFEITED.

TERMS AND CONDITIONS OF PERFORMANCE SHARE UNIT AGREEMENT

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## PREAMBLE

Constellation Brands, Inc. established the Constellation Brands Non-Qualified Savings Plan, effective as of January 1, 2019 as an unfunded non-qualified deferred compensation plan for a select group of management and/or highly compensated employees. Under the terms of the Plan, Eligible Individuals may elect to defer receipt of a portion of their Compensation to a later Taxable Year.

Participants shall have no right, either directly or indirectly, to anticipate, sell, assign or otherwise transfer any benefit accrued under the Plan. In addition, no Participant shall have any interest in any assets set aside as a source of funds to satisfy benefit obligations under the Plan. Participants shall have the status of general unsecured creditors of the Plan Sponsor, and the Plan shall constitute an unsecured promise by the Plan Sponsor to make benefit payments in the future.

The Plan is intended to be “a plan which is unfunded and is maintained by an employer primarily for the purpose of providing deferred compensation for a select group of management or highly compensated employees” within the meaning of ERISA Sections 201(2) and 301(a)(3), is intended to comply with the requirements of Code Section 409A and the regulations and binding guidance issued thereunder to avoid adverse tax consequences, and shall be interpreted and administered to the extent possible in a manner consistent with that intent.

Constellation Brands, Inc. hereby amends and restates the Plan as set forth herein effective as of January 1, 2025.

## ARTICLE I

### DEFINITIONS

- 1.1.1 Award Account.** The bookkeeping account or accounts established for each Participant to record his or her benefit under the Plan.
- 1.2 Affiliate.** Any corporation or business entity that would be considered a single employer with the Plan Sponsor pursuant to Code Sections 414(b) or 414(c).
- 1.3 Aggregated Plan.** A nonqualified deferred compensation plan that is required to be aggregated and treated with the Plan as a single plan under Code Section 409A.
- 1.4 Annual Bonus.** The Company hereby grants cash compensation paid to the a Participant under the Plan as Sponsor’s annual bonus program, including amounts excludible from gross income that are contributed by the Participant on a separate incentive pre-tax basis to a salary reduction retirement or welfare plan (including amounts contributed to this Plan).
- 1.5 Annual Enrollment Materials.** For any Taxable Year, the Plan Guide, Compensation Deferral Agreement, and not in lieu of any salary other forms, documents, or other compensation for materials concerning the terms of the Plan.
- 1.6 Beneficiary.** An individual, individuals, trust or other entity designated by the Participant to receive his or her services benefit in the opportunity to receive Performance Share Units a seven of the Grant Date specified above, subject to all of the terms and conditions in this Agreement and the Plan. Generally, Participant’s death. If more than one Beneficiary survives the Participant, will not receive any Performance Share Units the Participant’s benefit shall be divided equally among all such Beneficiaries, unless otherwise provided in the specified service Beneficiary Designation form. Nothing herein shall prevent the Participant from designating primary and performance requirements set forth herein are satisfied, contingent Beneficiaries.
- 2.1.7 Vesting Benefit Benchmarks.** Hypothetical investment funds or benchmarks made available to Participants by the Plan Administrator for purposes of valuing benefits under the Plan.

**1.8 Board.** The Board of Directors of the Plan Sponsor.

**1.9 Change in Performance Share Units Control Event.** Any Performance Share Units A Change in Control Event is a "Change in Control" under the definition set forth below, provided that do not vest such event is also "a change in accordance with this control event" within the meaning of Code Section 409A. shall be forfeited and shall not be paid.

"Change in Control" means

(a) Performance and service vesting requirements the consummation of:

- (i) Except as otherwise any consolidation or merger of the Plan Sponsor in which the Plan Sponsor is not the continuing or surviving corporation or pursuant to which any shares of Class A Stock or Class 1 Stock of the Plan Sponsor are to be converted into cash, securities or other property, provided under this Agreement, both performance and service vesting requirements must be satisfied that the consolidation or merger is not with a corporation which was a direct or

indirect wholly-owned subsidiary of the Plan Sponsor or one of its Affiliates immediately before the Participant can earn Performance Share Units under this Agreement. With certain exceptions noted below, the Participant will vest in his/her right to receive Performance Share Units under this Agreement if the Participant remains in Continuous Service with the Company, consolidation or merger; or

- (ii) any sale, lease, exchange or other transfer (in one transaction or a series of its Subsidiaries, related transactions) of all, or any other entity which is a Related Entity (the "Employer") until the Service Vesting Date (as set forth on the first page of this Agreement) and the Company achieves the performance targets specified in Schedule A. The Participant ceases to be employed with the Employer on the date that the entity employing the Participant ceases to be a Subsidiary or an entity which is a Related Entity. For participants based outside substantially all, of the United States, the Participant ceases to be employed by the Employer on the later of (i) the date that is the last day of any statutory notice of termination period applicable to the Participant pursuant to applicable employment standards legislation or (ii) the date that is designated by the Employer as the last date assets of the Participant's employment with the Employer, and the date the Participant's ceases to be employed by the Employer specifically does not mean the date on which any period of reasonable notice that the Employer may be required at law to provide to the Participant expires. If the Participant remains in Continuous Service with the Employer until the Service Vesting Date, the Participant shall vest in his/her right to receive a number of Performance Share Units based on the performance matrix set forth in Schedule A. Schedule A sets forth how the number of the Participant's vested Performance Share Units is calculated. Plan Sponsor; or

- (b) Death the consummation of a complete liquidation or Disability. If the Participant dies or incurs a PSU Disability (as defined below) while employed by the Employer prior to the Service Vesting Date, the Participant shall vest in a number of Performance Share Units equal to the number dissolution of the Participant's Target Number Plan Sponsor; or

- (c) any person (as such term is used in Sections 13(d) and 14(d) of Performance Share Units, the Securities Exchange Act of 1934, as amended) other than any of the Permitted Holders becoming the beneficial owner (within the meaning of Rule 13d-3 under the Securities Exchange Act of 1934, as amended), directly or indirectly, of 35% or more of the voting control of the Plan Sponsor's then outstanding common stock, provided that such Performance Share Units were person shall not previously forfeited, be a wholly-owned subsidiary of the Plan Sponsor immediately before it becomes such 35% beneficial owner of voting control; or

- (d) individuals who constitute the Incumbent Board cease for any reason to constitute at least a majority of the Plan Sponsor's Board of Directors (for this purpose "Incumbent Board" means at any time those persons who are then members of the Board of Directors of the Plan Sponsor and who either (i) are members of the Plan Sponsor's Board of Directors on the date hereof, or (ii) have been elected, or have been nominated for election by the Plan Sponsor's stockholders, by the affirmative vote of at least two-thirds of the directors comprising the Incumbent Board at the time of such election or nomination (either by a specific vote or by approval of the proxy statement of the Plan Sponsor in which such person is named as a nominee for director without objection to such nomination)).

**1.10 Class Year Account.** The balance credited to a Participant's or Beneficiary's Account for a Taxable Year, including: (a) the Participant's Compensation Deferrals relating to Regular Salary paid for services performed during the Taxable Year; (b) Compensation Deferrals relating to the Annual Bonus paid for services performed for the Plan Sponsor's fiscal year commencing during the Taxable Year; (c) Matching Credits and Discretionary Credits, if any, with respect to amounts earned for such Taxable Year even if paid in a subsequent year (i.e., the Annual Bonus); and (d) Investment Debits and Credits allocable to the Class Year Account (as determined by the Plan Sponsor, in its discretion).

**1.11 Code.** The Internal Revenue Code of 1986, as amended from time to time. Reference to any section or subsection of the Code includes reference to any comparable or succeeding provisions of any legislation which amends, supplements or replaces such section or subsection.

- 1.12 Compensation.** A "PSU Disability" means Participant's Regular Salary and Annual Bonus and excluding all other forms of compensation, including, without limitation, amounts paid under this Plan.
- 1.13 Compensation Deferral Agreement.** The written or electronic deferral agreement in such form and subject to such terms as specified by the Plan Administrator. Such agreement is
- between an Eligible Individual and the Plan Sponsor to defer Eligible Individual's receipt of Compensation. Such agreement shall state the deferral amount or percentage of Compensation to be withheld from the Eligible Individual's Compensation, and the form and timing of the Participant's deferral elections.
- 1.14 Compensation Deferrals.** That portion of a disability as defined Participant's Compensation which is deferred under Treasury regulation section 1.409A-3(i)(4)(i)(A) which generally means that the Participant is unable to engage in any substantial gainful activity by reason terms of any this Plan.
- 1.15 Disability.** Any medically determinable physical or mental impairment that which can be expected to result in death or can be expected to last for a continuous period of not less than 12 months. Any Performance Share Units months, and for which the Participant is receiving income replacement benefits for a period of not less than 3 months under an accident and health plan covering employees of the Participant's Plan Sponsor; provided that do such condition also satisfies the requirements of a disability under Code Section 409A.
- 1.16 Discretionary Credits.** Amounts described in Section 2.5.
- 1.17 Distributable Event.** The events entitling a Participant or Beneficiary to a payment of benefits under the Plan, which shall be: Separation from Service; death; Disability; the occurrence of an Interim Distribution Date; the occurrence of an Unforeseeable Emergency; the occurrence of a Change in Control Event; and Income Inclusion Under Code Section 409A.
- 1.18 Domestic Partner.** An individual who satisfies the requirements for being treated as a Participant's domestic partner under the Plan Sponsor's corporate policies. The Plan Administrator in its sole discretion shall determine whether an individual meets the requirements of a Domestic Partner and shall have the right to request documentary proof of the existence of a Domestic Partner relationship, which proof may include, but is not vest limited to, a joint checking account, a joint mortgage or lease, driver's licenses showing the same address, the registration of a domestic partnership or civil union in states that recognize such relationships or such other proof as the Plan Administrator may determine.
- 1.19 Eligible Individual.** Unless otherwise specified by the Plan Administrator, including in the Annual Enrollment Materials for a particular Taxable Year, an employee of the Plan Sponsor who: (i) holds a position of Vice President or higher; and (ii) is paid at a salary grade of 21 or higher. Only those individuals who are part of a select group of management and/or highly compensated individuals, as determined by the Plan Sponsor in its sole discretion, may be designated as Eligible Individuals under the Plan.
- 1.20 ERISA.** The Employee Retirement Income Security Act of 1974, as amended. Reference to any section or subsection of ERISA includes reference to any comparable or succeeding provisions of any legislation which amends, supplements or replaces such section or subsection.
- 1.21 Income Inclusion Under Code Section 409A.** Shall have the meaning set forth in Section 6.9.
- 1.22 Interim Distribution Date.** April 1st of the year specified by the Participant in the Participant's Compensation Deferral Agreement as the year of payment for an in-service distribution date; provided that such year is at least three years after the first day of the Taxable Year in which the services giving rise to the Compensation Deferrals, Matching and/or Discretionary Credits subject to the Interim Distribution Date are to be performed.
- 1.23 Investment Credits and Debits.** Bookkeeping adjustments to Participants' Accounts to reflect the hypothetical interest, earnings, appreciation, losses and depreciation that would be accrued or realized if assets equal to the value of such Accounts were invested in accordance with such Participants' Benefit Benchmarks.
- 1.24 Matching Credits.** Credits described in Section 2.4.
- 1.25 Normal Retirement Age.** The date the Participant attains at least age 60 with at least 5 years of service with the Plan Sponsor.
- 1.26 Participant.** An Eligible Individual who is currently deferring a portion of his or her Compensation under this provision Plan, or who is currently eligible for Matching Credits or Discretionary Credits, or an Eligible Individual or former Eligible Individual who is entitled to the payment of benefits under the Plan.
- 1.27 Permitted Holder.** (a) Marilyn Sands, her descendants (whether by blood or adoption), her descendants' spouses, her siblings, the descendants of her siblings (whether by blood or adoption), or the estate of any of the foregoing individuals, or The Sands Family Foundation, Inc., (b) trusts which are for the benefit of any combination of the individuals and foundation described in clause (a), or any trust for the benefit of any such trust, or (c) partnerships, limited liability companies or any other entities which are controlled by any combination of the individuals described in clause (a) or the estate of any such individuals, The Sands Family Foundation, Inc., a trust referred to in the foregoing clause (b), or an entity that satisfies the conditions of this clause (c).

- 1.28 Plan.** The Constellation Brands Non-Qualified Savings Plan established by the Plan Sponsor as set forth herein, which may be amended from time to time.
- 1.29 Plan Guide.** For any Taxable Year, the plan guide concerning the terms of Compensation Deferrals, and, if applicable, any Matching Credits or Discretionary Credits.
- 1.30 Plan Administrator.** The Human Resources Committee of the Board, or such other committee appointed by the Board of the Plan Sponsor to administer the Plan as provided herein. For avoidance of doubt, in no event shall a Participant who is a member of such committee be permitted to make decisions regarding his or her benefits under this Plan; rather, such decisions shall be forfeited upon made by the Participant's death other members of any committee appointed to act as the Plan Administrator. If a Change in Control Event occurs with respect to the Plan Sponsor, the existing Plan Administrator shall be removed, and a new Plan Administrator shall be appointed as provided in Section 7.9.
- 1.31 Plan Sponsor.** Constellation Brands, Inc., including any successor to such corporation or PSU Disability, business that assumes the obligations of such corporation or business. Solely for purposes of identifying Eligible Individuals, the term Plan Sponsor shall include an entity that is an Affiliate of the Plan Sponsor, and is designated as a Participating Affiliate by the Plan Administrator. Only Constellation Brands, Inc. shall have the power to amend this Plan, appoint the Plan Administrator, or exercise any of the powers described in Section 7.3 hereof.
- 1.32 Qualified Plan.** The Constellation Brands, Inc. 401(k) and Profit Sharing Plan.
- 1.33 Regular Salary.** The Participant's base salary paid by the Plan Sponsor, including amounts excludible from gross income that are contributed by the Participant on a pre-tax basis to a salary reduction retirement or welfare plan (including amounts contributed to this Plan).
- 1.34 Separation from Service.** A Participant shall have a Separation from Service under the circumstances described below; provided that such separation also qualifies as "separation from service" within the meaning of Code Section 409A.
- A Participant who is a common law employee has a Separation from Service if the Participant voluntarily or involuntarily terminates employment with the Plan Sponsor and all Affiliates. A termination of employment occurs if the facts and circumstances indicate that the Plan Sponsor and the Participant reasonably anticipate that no further services will be performed after a certain date or that the level of bona fide services the Participant will perform after such date (whether as an employee or an independent contractor) will decrease to no more than 20 percent of the average level of bona fide services performed (whether as an employee or an independent contractor) over the immediately preceding 36-month period (or the full period of services if the Participant has been providing services for less than 36 months). Notwithstanding the foregoing, the employment relationship is treated as continuing while the Participant is on military leave, sick leave or other bona fide leave of absence if the period of leave does not exceed 6 months, or if longer, provided the Participant retains the right to reemployment with the Plan Sponsor or an Affiliate under an applicable statute or contract.
- 1.35 Specified Employee.** A key employee (as defined in Code Section 416(i) without regard to paragraph (5) thereof) of a Plan Sponsor or its Affiliates. A Participant is a key employee if the Participant meets the requirements of Code Section 416(i)(1)(A)(i), (ii) or (iii) (applied in accordance with the regulations thereunder and disregarding Code Section 416(i)(5)) at any time during the 12-month period ending each December 31. If a Participant is a key employee at any time during the 12-month period ending on such December 31, the Participant is treated as a Specified Employee for the 12-month period beginning on the following April 1. Specified Employees shall be determined consistent with the requirements of Code Section 409A.
- 1.36 Spouse.** The individual to whom a Participant is married, or was married in the case of a deceased Participant at the time of his or her death.
- 1.37 Taxable Year.** The 12-consecutive-month period beginning each January 1 and ending each December 31.
- 1.38 Trust.** The agreement, if any, between the Plan Sponsor and the Trustee under which assets may be delivered by the Plan Sponsor to the Trustee to offset liabilities assumed by the Plan Sponsor under the Plan. Any assets held under the terms of the Trust shall be the exclusive property of the Plan Sponsor and shall be subject to the creditor claims of the Plan Sponsor with respect to whom such Trust has been established. Participants shall have no right, secured or unsecured, to any assets held under the terms of the Trust.
- 1.39 Trustee.** The institution named by the Plan Sponsor in the Trust agreement, if any, and any corporation which succeeds the Trustee by merger or by acquisition of assets or operation of law.
- 1.40 Unforeseeable Emergency.** A severe financial hardship to the Participant resulting from an illness or accident of the Participant or the Participant's Spouse, Beneficiary or dependent (as defined in Code Section 152 without regard to Sections 152(b)(1), (b)(2) and (d)(1)(B)), loss of the Participant's property due to casualty or other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the Participant. An Unforeseeable Emergency shall be determined consistent with the requirements of Code Section 409A.
- 1.41 Valuation Date.** The date on which Participant Accounts under the Plan are valued. The Valuation Date shall be each business day of the Taxable Year on which the New York Stock Exchange and, if a Trust has been established in connection with the Plan, the Trustee are open for business.



## ARTICLE II

### ELIGIBILITY AND PARTICIPATION

**2.1 Eligibility.** Eligible Individuals, as designated by the Plan Sponsor, may participate in the Plan. Generally, Eligible Individuals may commence participating in the Plan for Taxable Years commencing after they become Eligible Individuals.

**2.2 Participation.** An Eligible Individual's participation in the Plan is subject to the Plan Administrator providing written notification to such Eligible Individual of his or her eligibility to participate in the Plan.

**2.3 Compensation Deferral Agreement.** In order to defer Compensation under the Plan for a given Taxable Year, an Eligible Individual must enter into a Compensation Deferral Agreement with the Plan Sponsor authorizing the deferral of a portion of the Participant's Compensation for such Taxable Year.

Upon receipt of a properly completed and executed Compensation Deferral Agreement, the Plan Administrator shall notify the Plan Sponsor to withhold that portion of the Participant's Compensation specified in the Agreement. In no event will the Participant

be permitted to defer more than 75% of the Participant's Regular Salary or 100% of the Participant's Annual Bonus.

Subject to Section 2.6, the Compensation Deferral Agreement shall remain in effect for the duration of the Taxable Year to which it relates. The Compensation Deferral Agreement shall not remain in effect for subsequent Taxable Years. Rather, Participants must make new elections for each year.

A Compensation Deferral Agreement must be completed and returned to the Plan Sponsor prior to the first day of the Taxable Year in which services are performed for the Compensation deferred and shall be irrevocable except as otherwise provided hereunder.

**2.4 Matching Credits.** Subject to the requirements of Code Section 409A, the Plan Sponsor may credit the Account of a Participant with Matching Credits pursuant to subsection (a) and (b) below.

(a) For each Taxable Year, the Matching Credit under this subsection (a) will be equal to the difference between (i) the matching contribution that would have been credited to the Participant's account under the Qualified Plan for the applicable year if the Participant's contributions to the Qualified Plan had included Compensation Deferrals made by the Participant under this Plan for such year but otherwise subject to the applicable limitations of the Qualified Plan such as the maximum compensation limitation of Code Section 401(a)(17) and the maximum annual addition limitation of Code Section 415, and (ii) the matching contribution actually credited to the Participant's account under the Qualified Plan for the year. Notwithstanding the foregoing, a Participant will receive a Matching Credit under this Plan for a Taxable Year only if the Participant has made the maximum salary reduction contributions permitted under the Qualified Plan during the applicable year.

(b) For each Taxable Year for which the Participant makes Compensation Deferrals pursuant to Section 2.3, the Matching Credit under this subsection (b) will equal an amount determined in the same manner as matching contributions are determined under the Qualified Plan, but only on Compensation in excess of the maximum compensation limitation under Code Section 401(a)(17) in effect for the Taxable Year (e.g., if a matching contribution under the Qualified Plan is 50% of the elective deferrals made by the Participant under that plan for the plan year, up to a maximum of six percent (6%) of the Participant's Qualified Plan compensation, then the Matching Credit under this Plan would also be 50% of the Compensation Deferrals for the Taxable Year under this Plan up to 6% of the Participant's Compensation in excess of the maximum compensation limitation under Code Section 401(a)(17) in effect for the Taxable Year).

(c) The Matching Credit will be made at such time or times as determined by the Plan Administrator in its discretion. Adjustments to Participants' Accounts for Investment Credits or Debits will commence no earlier than the date on which the Matching Credit is actually credited to the Participants' Accounts.

**2.5 Discretionary Credits.** Subject to the requirements of Code Section 409A, the Plan Sponsor may credit the Account of a Participant with Discretionary Credits. For each Taxable Year, the Discretionary Credit will be equal to the difference between (a) the Safe Harbor Employer Basic Contributions, as defined under the Qualified Plan, that would have been credited to the Participant's account under the Qualified Plan for the applicable year if (i) the Participant's compensation included Compensation Deferrals made by the Participant under this Plan for such year; and (ii) the contribution under the Qualified Plan was calculated without regard to Code limitations, including the maximum compensation limitation of Code Section 401(a)(17) and/or the maximum annual addition limitation of Code Section 415, and (b) the Safe Harbor Employer Basic Contributions actually credited to the Participant's account under the Qualified Plan for the year. This Discretionary Credit will be made at such time or times as the Plan Administrator determines in its discretion. Adjustments to Participant's Accounts for Investment Credits or Debits will commence no earlier than the date on which the Discretionary Credits are actually credited to the Participants' Accounts.

**2.6 Cancellation of Deferrals.** If a Participant has an Unforeseeable Emergency, as defined herein, the Plan Administrator may cancel all future Compensation Deferrals pertaining to Compensation not yet earned and required to be made pursuant to the Participant's current Compensation Deferral Agreement if reasonably necessary to satisfy the Participant's financial hardship subject to the standards and requirements for an Unforeseeable Emergency Distribution



set forth in Section 6.8. If a Participant receives a hardship distribution from a qualified plan of the Plan Sponsor pursuant to Code Section 401(k)(2)(B)(IV), the Plan Administrator shall cancel all future Compensation Deferrals pertaining to Compensation not yet earned and required to be made pursuant to the Participant's current Compensation Deferral Agreement, and the Participant will be prohibited from making Compensation Deferrals under the Plan for at least six (6) months after receipt of the hardship distribution or such longer period as may be prescribed by the qualified plan. The Participant's eligibility for Matching Credits and/or Discretionary Credits shall be similarly canceled, and the Participant shall be eligible to defer Compensation again at a later time only as provided under Section 2.3.

## ARTICLE III

### PARTICIPANT ACCOUNTS AND REPORTS

**3.1 Establishment of Accounts.** The Plan Administrator shall establish and maintain individual recordkeeping Accounts, Class Year Accounts and subaccounts, as applicable, on behalf of each Participant for purposes of determining each Participant's benefits under the Plan. A Participant's Account does not represent the Participant's ownership of, or any ownership interest in, any assets which may be set aside to satisfy the Plan Sponsor's obligations under the Plan.

**3.2 Account Maintenance.**

- (a) As of each Valuation Date, the Plan Administrator shall credit each Participant's Accounts with the following:
  - (i) An amount equal to any Compensation Deferrals made by the Participant since the last Valuation Date;
  - (ii) An amount equal to any Matching Credits and/or Discretionary Credits, and any forfeitures, if applicable, since the last Valuation Date; and
  - (iii) An amount equal to deemed Investment Credits under Section 3.3 since the last Valuation Date.
- (b) As of each Valuation Date, the Plan Administrator shall debit each Participant's Accounts with the following:
  - (i) An amount equal to any distributions from the Plan to the Participant or Beneficiary since the last Valuation Date; and
  - (ii) An amount equal to deemed Investment Debits under Section 3.3 below since the last Valuation Date.

**3.3 Investment Credits and Debits.** The Accounts of Participants shall be adjusted for Investment Credits and Debits in accordance with this Section 3.3.

Participants shall have the right to specify one or more Benefit Benchmarks in which their Compensation Deferrals, Matching Credits and Discretionary Credits shall be deemed to be invested. The Benefit Benchmarks shall be utilized solely for purposes of adjusting their Accounts in accordance with procedures adopted by the Plan Administrator. The Plan Administrator shall provide the Participant with a list of the available Benefit Benchmarks. From time to time, in the sole discretion of the Plan Administrator, the Benefit Benchmarks available within the Plan may be revised. All Benefit Benchmark selections must be denominated in whole percentages unless the Plan Administrator determines that lower increments are acceptable. A Participant may make changes in the manner in which future Compensation Deferrals, Matching Credits and/or Discretionary Credits are deemed to be invested among the various Benefit Benchmarks available under the Plan in accordance with procedures established by the Plan Administrator. A Participant may re-direct the manner in which earlier Compensation Deferrals, Matching Credits and/or Discretionary Credits, as well as any appreciation (or depreciation), are deemed to be invested among the Benefit Benchmarks available under the Plan in accordance with procedures established by the Plan Administrator.

As of each Valuation Date, the Plan Administrator shall adjust the Accounts of each Participant for interest, earnings or appreciation (less losses and depreciation) with respect to the then balance of the Participant's Account equal to the actual results of the Participant's deemed Benefit Benchmark elections.

All notional acquisitions and dispositions of Benefit Benchmarks which occur within a Participant's Account, pursuant to the terms of the Plan, shall be deemed to occur at such times as the Plan Administrator shall determine to be administratively feasible in its sole discretion, and the Participant's Account shall be adjusted accordingly. Accordingly, if a distribution or reallocation must occur pursuant to the terms of the Plan and all or some portion of the Account must be valued in connection with such distribution or reallocation (to reflect Investment Credits and Debits), the Plan Administrator may in its sole discretion, unless otherwise provided for in the Plan, select a date or dates which shall be used for valuation purposes.

Notwithstanding anything to the contrary, any Investment Credits or Debits made to any Participant's Account following a Plan termination or a Change in Control Event shall be made in a manner no less favorable to Participants than the practices and procedures employed under the Plan, or as otherwise in effect, as of the date of the Plan termination or the Change in Control Event.

Notwithstanding the Participant's deemed Benefit Benchmark elections under the Plan, the Plan Sponsor shall be under no obligation to actually invest any amounts in such manner, or in any manner, and such Benefit Benchmark elections shall be used solely to determine the amounts by which the Participant's

Account shall be adjusted under this Article III.

- 3.4 Participant Statements.** The Plan Administrator shall provide each Participant with a statement showing the credits to and debits from his or her Account since the last statement date. Such statement shall be provided to Participants as soon as administratively feasible following the end of each Taxable Year and on such other dates as agreed to by the Plan Sponsor and the party maintaining the Participant's Account records.

#### ARTICLE IV

##### WITHHOLDING OF TAXES

- 4.1 Withholding from Compensation.** For any Taxable Year in which Compensation Deferrals, Matching Credits and/or Discretionary Credits are made to or vested within the Plan (as applicable), the Plan Sponsor shall withhold the Participant's share of income, FICA and other employment taxes from the portion of the Participant's Compensation not deferred. If deemed appropriate by the Plan Sponsor, all or any portion of a benefit under the Plan may be distributed in certain instances where necessary to facilitate compliance with applicable withholding requirements to the extent such distribution would not result in adverse tax consequences under Code Section 409A. The amount of any such distribution shall not exceed the amount necessary to comply with applicable withholding requirements.
- 4.2 Withholding from Benefit Distributions.** The Plan Sponsor (or the Trustee of the Trust, as applicable) shall withhold from any payments made to a Participant under this Plan all federal, state and local income, employment and other taxes required to be withheld by the Plan Sponsor, in connection with such payments, in amounts and in a manner to be determined in the sole discretion of the Plan Sponsor.

#### ARTICLE V

##### VESTING

- 5.1 Vesting in Compensation Deferrals.** A Participant shall be immediately vested in (i.e., shall have a non-forfeitable right to) all Compensation Deferrals.
- 5.2 Vesting in Matching and Discretionary Credits.** Unless otherwise set forth in the Annual Enrollment Materials for a Taxable Year, a Participant shall also be immediately vested in all Matching Credits and Discretionary Credits credited to his or her Account, including any Investment Credits or Debits associated therewith.

#### ARTICLE VI

##### PAYMENTS

- 6.1 Benefits.** Except as otherwise provided under the Plan, a Participant's or Beneficiary's benefit payable under the Plan shall be the value of the Participant's Class Year Accounts at the time a Distributable Event occurs with respect to such Participant or Beneficiary. In no event will a Participant's right to a benefit under this Plan give such Participant a secured right or claim on any assets set aside by the Plan Sponsor to meet its obligations under the Plan. All payments from the Plan shall be subject to applicable tax withholding and shall commence (or be fully paid, in the event a lump sum form of distribution was selected) no later than ninety (90) days after the occurrence of the Distributable Event, except as otherwise provided herein.
- 6.2 Timing of Distribution Elections.**

- (a) **Initial Elections.** The Participant shall elect the form and timing of payment for each Class Year Account at the time the Participant submits (or is required to submit, in accordance with Section 2.3) his or her Compensation Deferral Agreement for the Taxable Year for which the Class Year Account is established. Such elections must be made consistent with the forms, rules and procedures specified by the Plan Administrator, as well as the requirements of Code Section 409A.

At the time specified above, the Participant may elect for each of his or her Class Year Accounts to receive a benefit in the form of a lump sum distribution or annual installment payments over a period of five (5) or ten (10) years commencing as of the earlier of:

- (i) The Interim Distribution Date specified by the Participant; or
- (ii) The Participant's Separation from Service.

Notwithstanding the Participant's election, in the event of the Participant's Separation from Service prior to the Participant's death, or Disability, or the occurrence of a Change in Control Event, all amounts credited to each

Participant's Account shall be paid to the Participant in a lump sum within ninety (90) days after occurrence of such Distributable Events. Effective with respect to a Participant's Class Year Accounts for Taxable Years beginning before January 1, 2025 (the "Pre-2025 Class Year Accounts"), in the

event of the Participant's Separation from Service prior to the Participant's Normal Retirement Age, all amounts credited to the Participant's Pre-2025 Class Year Accounts shall be paid to the Participant in a lump sum within ninety (90) days after occurrence of the Separation from Service. Additionally, as noted below, special distribution payments may also be made in the event of an Unforeseeable Emergency or as a consequence of an Income Inclusion Under Section 409A.

(b) **Subsequent Changes in Time and Form of Payment.** Subject to the requirements of Code Section 409A, a Participant may elect to change the time or form of payment of amounts distributable upon a Separation from Service or elect to change the time of payment of amounts distributable upon an Interim Distribution Date; provided, however, that any such election shall be effective only if:

- (i) the election does not accelerate the time or schedule of any payment within the meaning of Code Section 409A;
- (ii) the election does not take effect until at least twelve (12) months after the date on which the election is made;
- (iii) the first payment with respect to which such election is made is deferred for a period of 5 years from the date such payment would otherwise have been made; and
- (iv) for a change to a payment made upon an Interim Distribution Date, such election is made at least 12 months before such Interim Distribution Date.

The Plan Administrator shall have sole and absolute discretion to decide whether such a request shall be approved but may approve no more than one such request for any Participant with respect to any Class Year Account.

(c) **Failures to Elect.** If a Participant fails to properly elect the Participant ceases to be in Continuous Service with the Employer prior to the Service Vesting Date as form or time of distribution for his or her Class Year Account, or cannot make a result of the Participant's Retirement at any time on or after the Earliest Retirement Date (as set forth on the first page of this Agreement), timely election under Code Section 409A, the Participant shall be deemed to have met elected to receive his or her Class Year Account in a single lump sum commencing on his or her Separation from Service.

**6.3 Separation from Service Payment.** In the service vesting requirements under this Agreement and event of a Participant's Separation from Service, the Participant's Class Year Account shall be eligible to receive paid in the full number form of Performance Share Units to which a cash lump sum or, if elected by the Participant, would be entitled based on actual performance during in annual cash payments (over a period of five (5) or ten (10) years) as elected for the Valuation Period as described Class Year Account. Effective with respect to a Participant's Pre-2025 Class Year Accounts (as defined in Section 6.2(a)), the performance matrix set forth Participant's election of annual cash payments in Schedule A, lieu of a cash lump sum will have no effect if the Participant's Separation from Service occurs before the Participant's Normal Retirement Age. For purposes of this Agreement, Code Section 409A, installment payments shall be

(i) "Retirement" means treated as a single payment. If applicable, the Participant ceases to initial installment shall be employed by based on the Employer for any reason other than Cause, death or disability (including but not limited to a PSU Disability) on or after value of the date the Participant attains Retirement Eligibility with respect to this Award;

(ii) "Retirement Eligibility" with respect to this Award means a Participant attaining age sixty (60) and completing five (5) Full Years of Continuous Service with the Employer; and

(iii) "Full Year" means a twelve-month period beginning Participant's Class Year Account, measured on the date of his or her Separation from Service, and shall be equal to 1/n (where 'n' is equal to the Participant's total number of annual benefit payments not yet distributed). Subsequent installment payments shall be computed in a consistent fashion, with the measurement date being the anniversary of the original measurement date and subsequent installment payments being made within 90 days of such anniversary date. Election of the form of the Separation from Service payment with respect to a Class Year Account must be provided to the Plan Administrator at the time required by Section 6.2 of this Plan. The Participant's election of a Separation from Service payment form is irrevocable, except as provided in Section 6.2(b).

Effective with respect to a Participant's Pre-2025 Class Year Accounts (as defined in Section 6.2(a)), in the event the Participant incurs a Separation from Service before the Participant's Normal Retirement Age, all of the Participant's Pre-2025 Class Year Accounts shall be paid in the form of a lump sum payment within ninety (90) days after the Separation from Service, notwithstanding any election that the Participant has made.

Notwithstanding the foregoing, a distribution resulting from a Separation from Service by a Participant who is a Specified Employee on the date of Separation from Service shall be made within the ninety (90) days following the date that is 6 months after the Separation from Service or, if earlier, following the death of the Specified Employee as specified in Section 6.5. The first payment made following the 6-month period described in the preceding sentence shall include all payments that otherwise would have been made after Separation from Service but for the delay required by this paragraph.

**6.4 Interim Distribution Date Payments.** A Participant may make an election, at the time required by Section 6.2, to have his or her Class Year Account to which the election relates paid to him or her at an Interim Distribution Date designated by the Participant. Such Class Year Account shall be payable in a single cash lump sum payment or in annual installments of five (5) or ten (10) years, as elected by the Participant. Payments shall commence within ninety (90) days after the applicable Interim Distribution Date as designated by the Participant. If applicable, the initial installment shall be based on the value of the Participant's Class Year Account, measured on the date of his or her designated Interim Distribution Date, and shall be equal to  $1/n$  (where 'n' is equal to the total number of annual benefit payments not yet distributed). Subsequent installment payments shall be computed in a consistent fashion, with the measurement date being the anniversary of the original measurement date and subsequent installment payments being made within ninety (90) days of such anniversary date. Election of the form of the Interim Distribution Date payment must be provided to the Plan Administrator at the time required by Section 6.2 of this Plan. The Participant's election of an Interim Distribution Date form is irrevocable, except as provided in Section 6.2(b).

For an election to commence distributions at an Interim Distribution Date, such elected Interim Distribution Date must occur before the Participant incurs a Separation from Service, death, or Disability or the occurrence of a Change in Control Event. Additionally, with respect to a Participant's Pre-2025 Class Year Accounts (as defined in

Section 6.2(a)), in the event the Participant incurs a Separation from Service before the Participant's Normal Retirement Age and after the commencement of service for an Interim Distribution Date, all of the Employer Participant's Pre-2025 Class Year Accounts that have commenced payment shall be paid in the form of a lump sum payment within ninety (90) days after the Separation from Service.

**6.5 Death Benefit.** In the event of the Participant's death, whether before or after the Participant has otherwise incurred a Distributable Event or commenced receiving payments from the Plan, the Participant's Beneficiary shall receive the balance of the Participant's Account in a single lump-sum cash payment as soon as practicable following the Participant's death, but in no event later than December 31<sup>st</sup> of the calendar year following the calendar year in which death occurs.

**6.6 Disability Benefit.** In the event that a Participant incurs a Disability, whether before or after the Participant has otherwise incurred a Distributable Event or commenced receiving payments from the Plan, the Participant shall receive the balance of the Participant's Account in a single lump-sum cash payment within ninety (90) days of the Disability. The Plan Administrator shall have complete discretion to determine whether the circumstances of the Participant constitute a Disability and each anniversary thereof.

The Participant's Continuous Service the time at which such Disability occurs consistent with the Employer terms of the Plan.

**6.7 Payment upon Change in Control Event.** Notwithstanding any provision or election to the contrary, in the event of a Change in Control Event, all amounts credited to each Participant's Account shall be determined by paid to the Committee Participant in its sole discretion (subject a lump sum within ninety (90) days after the Change in Control Event.

Subject to applicable the requirements of Code Section 409A, in the event that a Participant is an employee of an Affiliate, other than the Plan Sponsor, and the Treasury regulations and guidance issued thereunder ("Affiliate has a Change of Control Event, all amounts credited to such Participant's Account shall be paid to the Participant in a lump sum within ninety (90) days after the Change in Control Event. Notwithstanding the preceding sentence, such distribution shall only occur if neither the Plan Sponsor nor an entity that is an Affiliate after such transaction employs the Participant after such transaction. For this purpose, an Affiliate shall be deemed to have a Change of Control Event with respect to any event that would be a Change of Control Event within the meaning of Section 409A") 1.9(a) or (c), if the term "Plan Sponsor" were replaced with the term "Affiliate" each time it is used therein.

**6.8 Unforeseeable Emergency Distribution.** If a Participant has an Unforeseeable Emergency, as defined herein, the Plan Administrator may pay to the Participant that portion of his or her Account which the Plan Administrator determines is reasonably necessary to satisfy the emergency to the extent applicable) permissible under Code Section 409A. The amounts distributed to the Participant as a result of an Unforeseeable Emergency may not exceed the amounts reasonably necessary to satisfy such emergency plus amounts necessary to pay taxes reasonably anticipated as a result of the distribution, after taking into account the extent to which such hardship is or may be relieved through reimbursement or compensation by insurance or otherwise, by liquidation of the Participant's assets (to the extent the liquidation of such assets would not itself cause

severe financial hardship) or by cancellation of Compensation Deferrals pursuant to Section 2.6. A Participant requesting an Unforeseeable Emergency Distribution shall apply for the payment in writing on a form approved by the Plan Administrator and shall provide such additional information as the Plan Administrator may require. The Plan Administrator shall have complete discretion to determine whether the financial hardship of the Participant constitutes an Unforeseeable Emergency under the Plan. If, subject to the sole discretion of the Plan Administrator, the request for a withdrawal is approved, the distribution shall be made within ninety (90) days after the date of approval by the Plan Administrator.

**6.9 Payment upon Income Inclusion Under Section 409A.** To the extent permitted under Code Section 409A, if the Plan Administrator determines at any time that the Plan fails to meet the requirements of Code Section 409A with respect to a Participant, the Plan Administrator shall distribute to the Participant the amount from the Participant's Account that is required to be included in income as a result of such failure. Such payment shall be made in a single lump-sum payment upon such determination.

**6.10 Beneficiary Designation.** Unless otherwise set forth in the Annual Enrollment Materials for a particular Taxable Year, a Participant shall have the right to designate a Beneficiary and to amend or revoke such designation at any time in writing. Such designation, amendment or revocation shall be effective upon

receipt by and acknowledgment from the Plan Administrator. If the Beneficiary is a minor or incompetent, benefits may be paid to a legal guardian, trustee, or other proper representative of the Beneficiary, and such payment shall completely discharge the Plan Sponsor and the Plan of all further obligations hereunder.

If no Beneficiary designation is made, if the Beneficiary designation is held invalid, or if no Beneficiary survives the Participant, and benefits are determined to be payable following the Participant's death, the Plan Administrator shall direct that payment of benefits be made to the person or persons in the first of the below categories in which there is a survivor. The categories of successor beneficiaries, in order, are as follows:

- (a) Participant's Spouse;
- (b) Participant's Domestic Partner; and
- (c) Participant's estate.

**6.11 Claims Procedure.** All claims for benefits under the Plan, and all questions regarding the operation of the Plan, shall be submitted to the Plan Administrator in writing. The Plan Administrator has complete discretion and authority to interpret and construe any provision of the Plan, and its decisions regarding claims for benefits hereunder are final and binding.

- (a) **Presentation of Claim.** Any Participant, Beneficiary or person claiming benefits under the Plan (such Participant, Beneficiary or other person being referred to below as a "Claimant") may deliver to the Plan Administrator a written claim for a determination with respect to benefits distributable to such Claimant from the

Plan. The claim must state with particularity the determination desired by the Claimant.

Any claim by a Participant that a payment made under the Plan is less than the amount to which the Participant is entitled must be made in writing pursuant to the foregoing provisions of this Section within 180 days after the date of such payment. Notwithstanding any other provision of the Plan, including the provisions of Section 5.1, a Participant shall forfeit all rights to any amounts claimed if the Participant fails to make claim as provided in the preceding sentence.

- (b) **Notification of Decision.** The Plan Administrator shall consider a Claimant's claim within a reasonable time, and shall notify the Claimant in writing:

- (i) that the Claimant's requested determination has been made, and that the claim has been allowed in full; or
- (ii) that the Plan Administrator has reached a conclusion contrary, in whole or in part, to the Claimant's requested determination, and such notice must set forth in a manner calculated to be understood by the Claimant:
  - (A) the specific reason(s) for the denial of the claim, or any part of it;
  - (B) specific reference(s) to pertinent provisions of the Plan upon which such denial was based;
  - (C) a description of any additional material or information necessary for the Claimant to perfect the claim, and an explanation of why such material or information is necessary;
  - (D) a description of the claim review procedure set forth in Section 6.11(c) below, including information regarding any applicable time limits and a statement regarding the Claimant's right to bring an action under ERISA Section 502(a) following an adverse determination on review;
  - (E) if the decision involved the Disability of the Participant, either the specific internal rules, guidelines, protocols, standards, or other similar criteria of the Plan relied upon during the claim or, alternatively, a statement that such criteria of the Plan do not exist;
  - (F) if the decision involved the Disability of the Participant, a discussion of the decision, including an explanation of the basis for disagreeing with or not following (1) the views of a health care professional who treated the Claimant, (2) the views of medical or vocational experts whose advice was obtained on behalf of the Plan (without regard to whether such advice was relied upon for the decision), and (3) a determination by the Social Security Administration;
  - (G) if the decision involved the Disability of the Participant and was based on a medical necessity, experimental treatment or similar exclusion/limit, an explanation of the scientific or clinical judgment for the decision (applying the terms of the Plan to Claimant's medical circumstances) or a statement that Claimant can request a copy of such explanation, free of charge, upon request; and

- (H) if the decision involved the Disability of the Participant, a statement that the Claimant may request access to, and copies of, all relevant documents, free of charge.

The Plan Administrator will notify the Claimant of an adverse decision within ninety (90) days after the date the claim was received, unless the Plan Administrator determines there are special circumstances that require an extension of time in which to make a decision. If an extension of time is needed, the Plan Administrator shall notify the Claimant of the extension before the expiration of the original 90-day period. The notice will include a description of the special circumstances requiring an extension of time and an estimate of the date it expects a decision to be made. The extension shall not exceed an additional 90-day period.

If the adverse decision relates to a claim involving the Disability of the Participant, the Plan Administrator will notify the Claimant of an adverse decision within forty-five (45) days after the date the claim was received, unless the Plan Administrator determines that matters beyond its control require an extension of time in which to make a decision. If an extension of time is needed, the Plan Administrator shall notify the Claimant of the extension before the expiration of the original 45-day period. The notice will include a description of the circumstances necessitating the extension and an estimate of the date it expects a decision to be made. The extension shall not exceed an additional 30-day period unless, within the 30-day period the Plan Administrator again determines that more time is needed due to matters beyond its control, in which case notice of the need for not more than an additional thirty (30) days is provided to the Claimant before the first 30-day period expires. The notice will include a description of the circumstances requiring the extension and an estimate of the date it expects a decision to be made. Any extension notice will include information regarding the standards on which a determination of Disability will be made, the outstanding issues which prevent a decision from being made, and any additional information which is needed in order to reach a decision. The Claimant will have forty-five (45) days to supply any additional information.

If the Plan Administrator notifies the Claimant of the need for an extension of time to make a decision regarding his or her claim in accordance with this

Section 6.11(b), and the extension is needed due to the Claimant's failure to provide information necessary to decide the claim, the period of time in which the Plan Administrator must make a decision does not include the time between the date the notice of the extension was sent to the Claimant and the date the Claimant responds to the request for additional information.

- (c) **Review of a Denied Claim.** Within sixty (60) days after receiving a notice from the Plan Administrator that a claim has been denied, in whole or in part, a Claimant (or the Claimant's duly authorized representative) may file with the Plan Administrator a written request for a review of the denial of the claim. During the 60-day review period, the Claimant (or the Claimant's duly authorized representative):

- (i) may review relevant documents;
- (ii) may submit written comments or other documents relating to the claim;
- (iii) may request access to and copies of all relevant documents, free of charge;
- (iv) may request a hearing, which the Plan Administrator, in its sole discretion, may grant.

The Plan Administrator will consider all documents and other information submitted by the Claimant in reviewing its previous decision, including documents not available to or considered by it during its initial determination.

If the appeal relates to a determination of the Plan Administrator involving the Disability of the Participant, the Claimant will have one-hundred-eighty (180) days following receipt of a denial to file a written request for review. In such event, no deference shall be given to the initial benefit determination, and the review shall be conducted by an appropriate fiduciary who is someone other than the individual who made the initial determination or a subordinate of such individual. If the initial determination was based in whole or in part on a medical judgment, the reviewer shall consult with an appropriately trained and experienced health care professional, and shall disclose the identity of any experts who provided advice with regard to the initial decision. The health care professional whose advice is sought during the appeal process will not be an individual who was consulted during the initial determination, nor a subordinate of such an individual. If the review includes new or additional evidence or rationale considered, relied upon, or generated by the Plan or reviewer, the reviewer shall provide the Claimant with such evidence or rationale, free of charge, sufficiently in advance of issuing a decision on review to allow Claimant time to respond prior to such date.

- (d) **Leave of Absence Decision on Review.** Unless otherwise determined The Plan Administrator shall render its decision on review promptly, and not later than sixty (60) days after the filing of a written request for review of the denial, unless a hearing is held or other special circumstances require additional time, in which case the Plan Administrator's decision must be

rendered within one-hundred-twenty (120) days after such date. If an extension of time is needed, the Plan Administrator shall notify the Claimant of the extension before the expiration of the original 60-day period. The notice will include a description of the circumstances requiring the extension and an estimate of the date it expects a decision to be made. Such decision must be written in a manner calculated to be understood by the Committee or required Claimant, and if the decision on review is adverse it must contain:



- (i) specific reasons for the decision;
- (ii) specific reference(s) to the pertinent Plan provisions upon which the decision was based;
- (iii) a statement that the Claimant may receive, upon request and free of charge, access to and copies of relevant documents and information;
- (iv) a statement describing any voluntary appeal procedures under the Plan and the Claimant's right to bring an action under ERISA Section 409A, 502(a) (and if the decision involved the Disability of the Participant, a description of any applicable contractual limitation period that applies to the Claimant's right to bring an authorized leave action, including the calendar date on which such contractual limitation period expires);
- (v) if the decision involved the Disability of absence pursuant to a written agreement the Participant, either the specific internal rules, guidelines, protocols, standards or other leave entitling the Participant to re-employment in a comparable position by law or Rule shall not constitute a termination of employment for purposes similar criteria of the Plan and shall be relied upon in denying the claim on appeal or, alternatively, a statement that such criteria of the Plan does not interrupt exist;
- (vi) if the Participant's Continuous Service with decision involved the Employer unless Disability of the Participant, a statement that the Claimant and the Plan may have other voluntary alternative dispute resolution options, such as mediation, and that the Claimant may find out what options are available by contacting the local U.S. Department of Labor Office and the state insurance regulatory agency;
- (vii) if the decision involved the Disability of the Participant, a discussion of the decision, including an explanation of the basis for disagreeing with or not following (A) the views of a health care professional who treated the Claimant, (B) the views of medical or vocational experts whose advice was obtained on behalf of the Plan (without regard to whether such advice was relied upon for the decision), and (C) a determination by the Social Security Administration;
- (viii) if the decision involved the Disability of the Participant and was based on a medical necessity, experimental treatment or similar exclusion/limit, an explanation of the scientific or clinical judgment for the decision (applying the terms of the Plan to Claimant's medical circumstances) or a statement that Claimant can request a copy of such explanation, free of charge, upon request; and
- (ix) such other matters as the Plan Administrator deems relevant.

If the appeal involves the Disability of the Participant, the decision of the Plan Administrator will be made within forty-five (45) days after the filing of the written request for review, unless special circumstances require additional time, in which case the Plan Administrator's decision will be made within ninety (90) days after the date the request was filed. If an extension of time is needed, the Plan Administrator shall notify the Claimant of the extension before the expiration of the original 45-day period. The notice will include a description of the circumstances requiring the extension and an estimate of the date it expects a decision to be made.

If the Plan Administrator notifies the Claimant of the need for an extension of time to make a decision regarding his or her appeal in accordance with this Section 6.11(d), and the extension is needed due to the Claimant's failure to provide information necessary to decide the appeal, the period of time in which the Plan Administrator must make a decision does not return at or before include the end time between the date the notice of the authorized leave extension was sent to the Claimant and the date the Claimant responds to the request for additional information.

- (e) **Legal Action.** No individual claiming any benefit or within right under the period Plan may bring any legal action without first exhausting the claims and revise procedures described in this Section 6.11 and in any event later than earlier of (i) two (2) years after the claimant (or the Participant or Beneficiary on whose behalf the claim is being made) knew or exercising reasonable diligence should have known of the circumstances giving rise to the claim or (ii) one (1) year after the final decision on review under Section 6.11(d).

## ARTICLE VII

### PLAN ADMINISTRATION

**7.1 Appointment.** The Plan Administrator shall serve at the pleasure of the Plan Sponsor, who shall have the right to remove the Plan Administrator at any time upon thirty (30) days' written notice. The Plan Administrator shall have the right to resign upon thirty (30) days' written notice to the Plan Sponsor.

**7.2 Duties of Plan Administrator.** The Plan Administrator shall be responsible to perform all administrative functions of the Plan. These duties include but are not limited to:

- (a) Communicating with Participants in connection with their rights and benefits under the Plan;

- (b) Reviewing Benefit Benchmark elections received from Participants;
  - (c) Arranging for which re-employment is guaranteed by law or Rule, the payment of taxes (including income tax withholding), expenses and benefit payments to Participants under the Plan;
  - (d) Filing any returns and reports due with respect to the Plan;
  - (e) Change Interpreting and construing Plan provisions and settling claims for Plan benefits; and
  - (f) Serving as the Plan's designated representative for the service of notices, reports, claims or legal process.
- 7.3 Plan Sponsor.** The Plan Sponsor has sole responsibility for the establishment and maintenance of the Plan. The Plan Sponsor shall have the power and authority to appoint the Plan Administrator, Trustee and any other professionals as may be required for the administration of the Plan. The Plan Sponsor shall also have the right to remove any individual or party appointed to perform administrative, investment, fiduciary or other functions under the Plan. The Plan Sponsor may delegate any of its powers to the Plan Administrator, Board member or a committee of the Board.
- 7.4 Administrative Fees and Expenses.** All reasonable costs, charges and expenses incurred by the Plan Administrator or the Trustee in Control connection with the administration of the Plan or the Trust shall be paid by the Plan Sponsor. If not so paid, such costs, charges and expenses shall be charged to the Trust, if any, established in connection with the Plan. The Trustee shall be specifically authorized to charge its fees and expenses directly to the Trust. If the Trust has insufficient liquid assets to cover the applicable fees, the Trustee shall have the right to liquidate assets held in the Trust to pay any fees or expenses due.
- 7.5 Plan Administration and Interpretation.** The Plan Administrator shall have complete discretionary control and authority to determine the rights and benefits and all claims, demands and actions arising out of the provisions of the Plan or any Participant, Beneficiary, deceased Participant, or other person having or claiming to have any interest under the Plan. The Plan Administrator shall have complete discretion to interpret the Plan and to decide all matters under the Plan. Such interpretation and decision shall be final, conclusive, and binding on all Participants and any person claiming under or through any Participant. Any individual serving as Plan Administrator who is a Participant will not vote or act on any matter relating solely to himself or herself. When making a determination or calculation, the Plan Administrator shall be entitled to rely on information furnished by a Participant, a Beneficiary, the Plan Sponsor, or other party. The Plan Administrator shall have the responsibility for complying with any reporting and disclosure requirements of ERISA.
- 7.6 Powers, Duties, Procedures.** If the successor The Plan Administrator may adopt such rules, may act in accordance with such procedures, may appoint such officers or purchaser in the Change in Control has assumed the Company's obligations agents, may delegate such powers and duties, may receive such reimbursements, and shall follow such claims and appeal procedures with respect to the Performance Share Units Plan as it may establish, each consistently with the terms of the Plan.
- 7.7 Information.** To enable the Plan Administrator to perform its functions, the Plan Sponsor shall supply full and timely information to the Plan Administrator on all matters relating to the Compensation of Participants, their employment, retirement, death, Separation from Service, and such other pertinent facts as the Plan Administrator may require.
- 7.8 Indemnification of Plan Administrator.** The Plan Sponsor agrees to indemnify and to defend to the fullest extent permitted by law any officer(s), employee(s) or provided Board members who serve as Plan Administrator (including any such individual who formerly served as Plan Administrator) against all liabilities, damages, costs and expenses (including reasonable attorneys' fees and amounts paid in settlement of any claims approved by the Plan Sponsor) occasioned by any act or omission to act in connection with the Plan, if such act or omission is in good faith.
- 7.9 Plan Administration Following a substitute award Change in Control Event.** Notwithstanding anything to the contrary in this Article VIII or elsewhere in the Plan or Trust, upon a Change in Control Event with respect to the Plan Sponsor the individual serving as contemplated Chief Executive Officer of such Plan Sponsor immediately prior to such Change in Control Event shall have the right to appoint an individual, third party or committee to serve as Plan Administrator. Such appointment shall be made in writing and copies thereof shall be delivered to the Board, to the existing Plan Administrator, to the Trustee, and to all Plan Participants. The Trustee and all other service providers shall be entitled to rely fully on instructions received from the successor Plan Administrator and shall be indemnified to the fullest extent permitted by law for acting in accordance with the proper instructions of the successor Plan Administrator.

## ARTICLE VIII

### TRUST FUND

- 8.1 Trust.** The Plan Sponsor may establish a Trust for the purpose of accumulating assets which may, but need not be used, by the Plan Sponsor to satisfy some or all of its financial obligations to provide benefits to Participants under this Plan. Any trust created under this Section 22 8.1 shall be domiciled in the



United States of America, and no assets of the Plan and, within 24 months following shall be held or transferred outside the occurrence United States. All assets held in the Trust shall remain the exclusive property of the Change Plan Sponsor and shall be available to pay creditor claims of the Plan Sponsor in Control, the Participant's employment is terminated without Cause event of insolvency, to the extent provided under any Trust established with respect to such Plan Sponsor. The assets held in Trust shall be administered in accordance with the terms of the separate Trust Agreement between the Trustee and the Plan Sponsor.

**8.2 Unfunded Plan.** In no event will the assets accumulated by the Plan Sponsor in the Trust be construed as creating a funded Plan under the applicable provisions of ERISA or the Code, or under the provisions of any other applicable statute or regulation. Any funds set aside by the Plan Sponsor in Trust shall be administered in accordance with the terms of the Trust.

**8.3 Assignment and Alienation.** No Participant terminates employment for Good Reason, the or Beneficiary of a deceased Participant shall become have the right to anticipate, assign, transfer, sell, mortgage, pledge or hypothecate any benefit under this Plan. The Plan Administrator shall not recognize any attempt by a

third party to attach, garnish or levy upon any benefit under the Plan except as may be required by law.

## ARTICLE IX

### AMENDMENT AND PLAN TERMINATION

**9.1 Amendment.** The Plan Sponsor shall have the right to amend this Plan without the consent of any Participant or Beneficiary hereunder, provided that no such amendment shall have the effect of reducing any of the vested in the Participant's Target Number of Performance Share Units benefits to which a Participant or if Beneficiary has accrued a substitute award has been provided, a number of units in the successor company (or a subsidiary or affiliate of such successor company, as applicable) that is equal in value to the Participant's Target Number of Performance Share Units right as of the effective date of the Change amendment. Notwithstanding the foregoing, the Plan Sponsor shall have the right to amend this Plan in Control; provided that any manner whatsoever without the consent of any Participant or Beneficiary to comply with the requirements of Code Section 409A and any binding guidance thereunder to avoid adverse tax consequences even if such Performance Share Units amendment has the effect of reducing a vested benefit or substitute award units were not previously forfeited. existing right of a Participant or Beneficiary hereunder.

**9.2 Restrictive Covenants Plan Termination.** Subject to the requirements of Code Section 409A, the Plan Sponsor may terminate or discontinue the Plan in whole or in part at any time. No further Discretionary Credits or Matching Credits shall be made following Plan termination, and no further Compensation Deferrals shall be permitted after the Taxable Year in which the Plan termination occurs, except that the Plan Sponsor shall be responsible to pay any benefit attributable to vested amounts credited to the Participant's Account as of the effective date of termination (following any adjustments to such Accounts in accordance with Article III hereof). If the Plan is terminated in accordance with this Section 9.2, the Plan Administrator shall make distribution of the Participant's vested benefit upon the occurrence of a Distributable Event with respect to a Participant. A Participant's vested benefit shall be adjusted to reflect Investment Credits and Debits for all Valuation Dates between Plan termination and the occurrence of a Participant's Distributable Event.

**(a) 9.3 Effect of Payment.** The full payment of the balance of a Participant's vested Account under the provisions of the Plan shall completely discharge all obligations to a Participant agrees that (i) during and his designated Beneficiaries under this Plan and each of the period Participant's Compensation Deferral Agreements shall terminate.

## ARTICLE X

### MISCELLANEOUS

**10.1 Total Agreement.** This Plan document, the Annual Enrollment Materials, Beneficiary designation, and other administration forms shall constitute the total agreement or contract between the Plan Sponsor and the Participant regarding the Plan. No oral statement regarding the Plan may be relied upon by a Participant or Beneficiary. The Plan Sponsor or Plan Administrator shall have the right to establish such procedures as are necessary for the administration or operation of the Plan or Trust, and such procedures shall also be considered a part of the Plan unless clearly contrary to the express provisions thereof.

**10.2 Employment Rights.** Neither the establishment of this Plan nor any modification thereof, nor the creation of any Trust or Account, nor the payment of any benefits, shall be construed as giving a Participant or other person a right to employment with the Company, its Subsidiaries, and/ Plan Sponsor or any other entity which is a Related Entity (and its successors) ("Constellation" for purpose of this Section) and (ii) during any period of continued vesting following Retirement in accordance with the terms of this Agreement, the Participant will not, without the written consent of the Company, seek or obtain a position with a Competitor (as defined below) in which the Participant will use or is likely to use any confidential information or trade secrets of Constellation, or in which the Participant has duties for such Competitor that involve Competitive Services (as defined below) and that are the same or similar to those services actually performed by the Participant for Constellation. The parties agree that the Participant may continue service on any boards of directors on which he or she is serving while employed by Constellation. If Participant's employment is terminated by the Participant for Good Reason or by Constellation for any

reason other than Cause, then Constellation will not unreasonably withhold such consent provided Constellation receives information and assurances, satisfactory to Constellation, regarding the Participant's new position.

(b) The Participant understands and agrees that the relationship between Constellation and each of their respective employees constitutes a valuable asset of Constellation and may not be converted to the Participant's own use. Accordingly, the Participant hereby agrees that (i) during

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the period of employment with Constellation and (ii) during any period of continued vesting following Retirement in accordance with the terms of this Agreement, the Participant shall not directly or indirectly, on his or her own behalf or on behalf of another person, solicit or induce any employee to terminate his or her employment relationship with Constellation or to enter into employment with another person. The foregoing shall not apply to employees who respond to solicitations of employment directed to the general public or who seek employment at their own initiative.

For the purposes of this Section, "Competitive Services" means the provision of goods or services that are competitive with any goods or services offered by Constellation including, but not limited to manufacturing, importing, exporting, distributing or selling cannabis, wine, beer, liquor or other alcoholic beverages in the United States, Canada, New Zealand, Italy and/or Mexico. The parties acknowledge that Constellation may from time to time during the term of this Agreement change or increase the line of goods or services it provides and its geographic markets, and the Participant agrees that this provision shall be deemed to be amended from time to time to include such different or additional goods, services, and geographic markets to the definition of "Competitive Services" for purposes of this Section. "Competitor" means any individual Affiliate or any entity or enterprise engaged, wholly or in part, in Competitive Services.

(c) The Participant agrees that, due to his or her position of trust and confidence, the restrictions contained in this Section are reasonable, and the equity compensation conferred on the Participant in this Agreement is adequate consideration, and, since the nature of Constellation's collective business is international in scope, the geographic restriction herein is reasonable.

(d) The Participant acknowledges that a breach of this Section will cause irreparable injury and damage, which cannot be reasonably or adequately compensated by money damages. Accordingly, the Participant acknowledges that the remedies of injunction and specific performance shall be available in the event of such a breach, and the Company shall be entitled to money damages, costs and attorneys' fees, and other legal or equitable remedies, including an injunction pending trial, without right against the posting of bond or other security. Any period of restriction set forth in this Section shall be extended for a period of time equal to the duration Plan Sponsor of any breach or violation thereof.

(e) Affiliate except as provided in the Plan. In the no event of the Participant's breach of this Section, in addition to the injunctive relief described above, all unvested Performance Share Units held by the Participant shall be immediately forfeited on the date which the Participant breaches this Section unless terminated sooner by operation of another term or condition of this Agreement or the Plan, and any gain realized by the Participant from the vesting of any Performance Share Units, following such breach, shall be paid by the Participant to the Company.

(f) In the event that any provision of this Section is held to be in any respect an unreasonable restriction, then the court so holding may modify the terms thereof, including the period of time during which it operates or the geographic area to which it applies, or effect any other change to the extent necessary to render this Section enforceable, it being acknowledged by the parties that the representations and covenants set forth herein are of the essence of this Agreement. Notwithstanding anything in this Agreement to the contrary, the post-employment restrictive covenants described in this Section above will not apply to this Award to the extent required under California law or other applicable law, as determined by the Company.

(g) Trade Secrets and Confidential Information. The Participant agrees that unless duly authorized in writing by the Company, the Participant will neither during his or her employment by Constellation nor at any time thereafter divulge or use in connection with any business activity other than that of Constellation any trade secrets or confidential information first acquired by the Participant during and by virtue of employment with Constellation. Notwithstanding the foregoing, nothing in this

Agreement prohibits the Participant from reporting possible violations of federal law or regulation to any governmental agency or entity, including but not limited to the Securities and Exchange Commission, or making other disclosures that are protected under the whistleblower protections of federal law or regulation.

4. **Committee Discretion.** The Committee, in its absolute discretion, may accelerate the vesting of the balance, or some lesser portion of the balance, of the unvested Performance Share Units at any time; provided that, the time or schedule of any amount to be settled pursuant to the terms of this Agreement that provides for the deferral of compensation under Section 409A, may not be accelerated except as otherwise permitted under Section 409A. The Committee has complete and full discretionary authority to make all decisions and determinations under this Agreement, and all decisions and determinations by the Committee will be final and binding upon all persons, including, but not limited to, the Participant and his/her personal representatives, heirs and assigns.

5. **Death of Participant.** Any distribution or delivery to be made to the Participant under this Agreement shall, if the Participant is then deceased, be made to the Participant's designated beneficiary, or if no beneficiary survives the Participant, the Participant does not designate any beneficiary or the Committee does not permit beneficiary designations, to the administrator or executor of the Participant's estate. Any designation of a beneficiary by the Participant shall be effective only if such designation is made in a form and manner acceptable to the Committee. Any such permitted transferee upon the Participant's death must furnish the Company with (a) written notice of his or her status as transferee, and (b) evidence satisfactory to the Company to establish the validity of the transfer and compliance with any laws or regulations pertaining to said transfer.

6. **Code Section 409A.** Notwithstanding any provision of this Agreement to the contrary, in the event that any delivery of Shares to the Participant is made upon, or as a result of the Participant's termination of employment (other than as a result of death), and the Participant is a "specified employee" (as that term is defined under Section 409A) at the time the Participant becomes entitled to delivery of such Shares, and provided further that the delivery of such Shares does not otherwise qualify for an applicable exemption from Section 409A, then no such delivery of such Shares shall be made to the Participant under this Agreement until the date that is the earlier to occur of: (i) the Participant's death, or (ii) six (6) months and one (1) day following the Participant's termination of employment (the "Delay Period"). For purposes of this Agreement, to the extent the Performance Share Units (or equivalent units received following a Change in Control) are subject to the provision of Section 409A, the terms "ceases to be employed", "termination of employment" and variations thereof, as used in this Agreement, are intended to mean a termination of employment that constitutes a "separation from service" under Section 409A.

Performance Share Units are generally intended to be exempt from Section 409A as short-term deferrals and, accordingly, the terms of this Agreement shall be construed to preserve such exemption. To the extent that Performance Share Units granted under this Agreement are subject to the requirements of Section 409A, this Agreement shall be interpreted and administered in accordance with the intent that the Participant not be subject to tax under Section 409A. Neither the Company, any of its Subsidiaries nor any entity which is a Related Entity shall be liable to any Participant (or any other individual claiming a benefit through the Participant) for any tax, interest, or penalties the Participant might owe as a result of participation in the Plan, and the Company, its Subsidiaries nor any other entity which is a Related Entity shall have no obligation to indemnify or otherwise protect the Participant from the obligation to pay any taxes pursuant to Section 409A, unless otherwise specified.

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7. **Settlement of Performance Share Units.**

(a) **Status as a Creditor.** Unless and until Performance Share Units have vested and become payable, the Participant will have no settlement right with respect to any Performance Share Units. Prior to settlement of any vested Performance Share Units, the vested Performance Share Units will represent an unfunded and unsecured obligation of the Company, payable (if at all) only from the general assets of the Company. The Participant is an unsecured general creditor of the Company, and settlement of Performance Share Units is subject to the claims of the Company's creditors.

(b) **Form and Timing of Settlement.** Performance Share Units will **Eligible Individual** be settled in the form of Shares of Class A Stock. Fractional Shares will not be issued upon the vesting of Performance Share Units. In the event that a fractional Share is owed to the Participant, the Company may (1) round up the Shares that are payable to the Participant to the nearest whole number, **modified** or (2) pay a cash payment equivalent in place of such fractional Share. Upon issuance, Shares will be electronically transferred to an account in the Participant's name at the provider then administering the Plan as it relates to the Performance Share Units. The Shares to be issued upon settlement will be issued as soon as practicable to the Participant following the Service Vesting Date; provided that:

(i) such Shares shall be paid during the PSU Payment Period (as set forth on the first page of this Agreement), but payment shall only be made after the Committee completes a written certification with respect to this Award;

(ii) if the Participant dies or incurs a PSU Disability while employed by the Employer prior to the Service Vesting Date, the Participant's vested Performance Share Units shall be paid within thirty (30) days following the date of the Participant's death or PSU Disability; or

(iii) if the Participant's employment is terminated within 24 months of a Change in Control which triggers accelerated vesting in accordance with the terms of this Agreement, the Participant shall receive payment within thirty (30) days following the date of the Participant's termination of employment.

(c) **Clawback.** Notwithstanding any provision to the contrary, any "clawback" or "recoupment" policy required under applicable law or provided for under Company policy shall automatically apply to this Award.

8. **Dividend Equivalents.** During the period beginning on the Grant Date and ending on the date that Shares are issued in settlement of vested Performance Share Units, the Participant will accrue dividend equivalents on the Performance Share Units equal to any cash dividend or cash distribution that would have been paid on the Performance Share Unit had that Performance Share Unit been an issued and outstanding Share of Class A Common Stock on the record date for the dividend or distribution. Such accrued dividend equivalents (i) will vest and become payable upon the same terms and at the same time of settlement as the Performance Share Unit to which they relate (and will be payable with respect to any Shares that are issued or that are withheld in order to satisfy Participant's Tax-Related Items), (ii) will be denominated and payable solely in cash and paid in such manner as the Company deems appropriate, and (iii) will not bear or accrue interest. Dividend equivalent payments, at settlement, will be net of applicable federal, state, local and foreign income and social insurance withholding taxes. Upon the forfeiture of the Performance Share Units, any accrued dividend equivalents attributable to such Performance Share Units will also be forfeited.

9. **Responsibility for Taxes & Withholding.** Regardless of any action the Company, any of its Subsidiaries or any other entity which is a Related Entity takes with respect to any or all income tax, social insurance or social security, payroll tax, payment on account or other tax-related items related to

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the Participant's participation in the Plan and legally applicable to the Participant ("Tax-Related Items"), the Participant acknowledges that the ultimate liability for all Tax-Related Items is and remains the Participant's responsibility and may exceed the amount actually withheld by the Company, any of its Subsidiaries or any other entity which is a Related Entity, if any. The Participant further acknowledges that the Company, any of its Subsidiaries or any other entity which is a Related Entity (1) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the Performance Share Units, including, but not limited to, the grant, vesting or settlement of the Performance Share Units, the issuance of Shares upon settlement of the Performance Share Units, the subsequent sale of Shares acquired pursuant to such issuance and the receipt of any dividends and/or dividend equivalents; and (2) do not commit to and are under no obligation to structure the terms of any Award to reduce or eliminate Participant's liability for Tax-Related Items or achieve any particular tax result. Further, if the Participant becomes subject to tax in more than one jurisdiction between the Grant Date and the date of any relevant taxable event, the Participant acknowledges that Company, any of its Subsidiaries or any other entity which is a Related Entity may be required to withhold or account for Tax-Related Items in more than one jurisdiction.

The Participant agrees as a condition of his or her participation in the Plan to make arrangements satisfactory to the Company, any of its Subsidiaries or any other entity which is a Related Entity (including the employer) to satisfy all Tax-Related Items. In this regard, the Company, or their respective agents, will withhold Shares to be issued upon vesting/settlement of the Performance Share Units, unless the Company, or if different, the employer, at their discretion, permit the obligations to be satisfied with regard to all Tax-Related Items by one or a combination of the following:

(a) withholding from the Participant's wages/salary or other cash compensation paid to the Participant by the Company, or if different, the employer; or

(b) withholding from proceeds of the Shares acquired upon settlement of the Performance Share Units either through a voluntary sale or through a mandatory sale arranged by the Company (on Participant's behalf pursuant to this authorization).

Notwithstanding the above, if the Participant is a Section 16 officer of the Company under the U.S. Securities and Exchange Act of 1934, as amended, then the Company will withhold in Shares upon the relevant taxable or tax withholding event, as applicable, unless the use of such withholding method is problematic under applicable tax or securities law or has materially adverse accounting consequences, in which case, the obligation for Tax-Related Items may be satisfied by one or a combination of methods (a) and (b) above.

Notwithstanding anything to the contrary in the Plan, the Participant shall not be entitled to satisfy any Tax-Related Item or withholding obligation that arises as a result of the Agreement by delivering to the Company any shares of capital stock of the Company. To avoid negative accounting treatment, the Company, any of its Subsidiaries or any other entity which is a Related Entity may withhold or account for Tax-Related Items by considering applicable statutory

withholding amounts or other applicable withholding rates (but not in excess of the maximum amount permitted for tax withholding under applicable law). If the obligation for Tax-Related Items is satisfied by withholding in Shares, for tax purposes, the Participant is deemed to have been issued the full number of Shares attributable to the vested Performance Share Units, notwithstanding that a number of Shares are held back solely for the purpose of paying the Tax-Related Items due as a result of any aspect of the Participant's participation in the Plan.

The Participant shall pay to the Company, or if different, the employer, any amount of Tax-Related Items that the Company, or if different, the employer, may be required to withhold or

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account for as a result of the Participant's participation in the Plan that will not for any reason be satisfied by the means previously described. The Company may refuse to issue or deliver the Shares or the proceeds of the sale of Shares if the Participant fails to comply with the Participant's obligations in connection with the Tax-Related Items.

By accepting this grant of Performance Share Units, the Participant expressly consents to the methods of withholding Tax-Related Items by the Company, or if different, the employer as set forth herein, including the withholding of Shares and the withholding from the Participant's wages/salary or other amounts payable to the Participant. All other Tax-Related Items related to the Performance Share Units and any Shares delivered in satisfaction thereof are the Participant's sole responsibility.

10. **Transferability.** The Participant shall have no right to sell, assign, transfer, pledge or otherwise encumber the Performance Share Units in any manner until the Shares are issued to the Participant upon settlement. Following settlement and issuance of Shares, in the event the Company permits the Participant to arrange for a sale of Shares through a broker or another designated agent of the Company, the Participant acknowledges and agrees that the Company may block any such sale and/or cancel any order to sell placed by the Participant, in each case if the Participant is not then permitted under the Company's insider trading policy to engage in transactions with respect to securities of the Company. If the Committee determines that the ability of the Participant to sell or transfer Shares is restricted, then the Company may notify the Participant in accordance with the terms this Agreement. The Participant may only sell such Shares in compliance with such notification by the Company.

11. **Rights as Stockholder.** Neither the Participant nor any person claiming under or through the Participant shall have any of the rights or privileges of a stockholder of the Company in respect of any Performance Share Units (whether vested or unvested) or underlying Shares unless and until such Performance Share Units vest and the corresponding Shares are issued. After such issuance, the Participant shall have the rights of a stockholder of the Company with respect to voting such Shares and receipt of dividends and distributions on such Shares, if any.

12. **Acknowledgments.** The Participant acknowledges and agrees to the following:

(a) The Plan is discretionary in nature and the Committee may amend, suspend, or terminate it at any time, to the extent permitted way be affected by the Plan.

(b) **10.3 The grant Non-Assignability.** None of the Performance Share Units is voluntary and occasional and does not create benefits, payments, proceeds or claims of any contractual Participant or Beneficiary shall be subject to attachment or garnishment or other legal process by any creditor of such Participant or Beneficiary, nor shall any Participant or Beneficiary have the right to receive future grants of Performance Share Units, alienate, commute, pledge, encumber or benefits in lieu assign any of the Performance Share Units, even if the Performance Share Units have been granted in the past.

(c) All determinations with respect benefits or payments or proceeds which he or she may expect to such future Performance Share Units, if any, including, but not limited to, the times when Performance Share Units shall be granted receive, contingently or when Performance Share Units shall vest, will be at the sole discretion of the Committee.

(d) The Participant's participation in the Plan is voluntary.

(e) The future value of the Shares is unknown, indeterminable and cannot be predicted with certainty.

(f) No claim or entitlement to compensation or damages arises from the termination or forfeiture of the Award, termination of the Plan, or diminution in value of the Performance Share Units

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or Shares, and the Participant irrevocably releases the Company, any of its Subsidiaries or any other entity which is a Related Entity from any such claim that may arise.

(g) Neither the Plan nor the Performance Share Units shall be construed to create an employment relationship where any employment relationship did not otherwise already exist.

(h) Nothing in this Agreement or the Plan shall confer upon the Participant any right to continue to be employed by the Employer or shall interfere with or restrict in any way the rights of the Employer, which are hereby expressly reserved, to terminate the employment of the Participant under applicable law.

(i) The transfer of the employment of the Participant between the Company, any one of its Subsidiaries or any other entity which is a Related Entity (or between such entities) shall not be deemed a termination of service.

(j) Nothing in this Agreement shall affect the Participant's right to participate in and receive benefits under and in accordance with the then current provisions of any pension, insurance or other employee welfare plan or program of the Employer.

(k) The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding the Participant's participation in the Plan, or the Participant's acquisition or sale of the underlying Shares. The Participant is hereby advised to consult with his or her own personal tax, legal and financial advisors regarding his or her participation in the Plan before taking any action related to the Plan.

**(l) 10.4 In addition, Binding Agreement.** Any action with respect to the following provisions apply if Plan taken by the Participant is providing services outside Plan Administrator or the United States:

(i) The value Plan Sponsor or the Trustee or any action authorized by or taken at the direction of the Performance Share Units is an extraordinary item of compensation, which is outside Plan Administrator, the scope of Plan Sponsor or other authorized party shall be conclusive upon all Participants and Beneficiaries entitled to benefits under the Participant's employment contract (if any), except Plan.

**10.5 Furnishing Information.** A Participant or Beneficiary will cooperate with the Plan Administrator or any representative thereof by furnishing any and all information requested by the Plan Administrator and take such other actions as may otherwise be explicitly provided in the Participant's employment contract (if any).

(ii) The Performance Share Units are not part of normal or expected compensation or salary for any purpose, including, but not limited to, calculating termination, severance, resignation, redundancy, dismissal, end of service, or similar payments, or bonuses, long-service awards, holiday pay, pension or retirement benefits or welfare or similar payments.

(iii) The Participant acknowledges and agrees that neither the Company, any Subsidiary nor any other entity which is a Related Entity shall be liable for any foreign exchange rate fluctuation between Participant's local currency and the United States Dollar that may affect the value of the Performance Share Units or of any amounts due to the Participant pursuant to the settlement of the Performance Share Units or the subsequent sale of any Shares acquired upon settlement.

(iv) The Company reserves the right to impose other requirements on participation in the Plan, on the Performance Share Units and on any Shares acquired under the Plan, to the extent the Company determines it is necessary or advisable requested in order to comply with local laws or other applicable Rule or facilitate the administration of the Plan and the payments of benefits hereunder, including but not limited to require taking such physical examinations as the Participant to sign any additional agreements or undertakings that Plan Administrator may be necessary to accomplish the foregoing, deem necessary.

**13.10.6 Changes in Stock Compliance with Code Section 409A.** In the event of a change in the capital stock of the Company as set forth in Section 16 Notwithstanding any provision of the Plan the Performance Share Units shall be adjusted automatically consistent



with such change to prevent substantial dilution or enlargement of the rights granted to, or available for, the Participant hereunder.

14. **Address for Notices.** All notices to the Company shall be in writing and sent to the Company's General Counsel at the Company's corporate headquarters. Notices to the Participant shall be addressed to the Participant at the address as from time to time reflected in the Company's employment records as the Participant's address.

15. **Binding Agreement.** Subject to the limitation on the transferability of this Award contained herein, this Agreement shall be binding upon and inure to the benefit of the heirs, legatees, legal representatives, successors and assigns of the parties hereto.

16. **Plan Governs.** This Agreement is subject to **contrary**, all terms and provisions of the Plan. In the event of a conflict between one or more provisions of this Agreement and one or more provisions of the Plan will be interpreted and applied to comply with the provisions requirements of Code Section 409A and any regulations and applicable binding guidance so as to avoid adverse tax consequences. No provision of the Plan, however, is intended or shall **govern**, be interpreted to create any right with respect to the tax treatment of the amounts paid or payable hereunder, and neither the Plan Sponsor nor any Affiliate shall under any circumstances have any liability to a Participant or Beneficiary for any taxes, penalties or interest due on amounts paid or payable under the Plan, including taxes, penalties or interest imposed under Code Section 409A.

17.10.7 **Governing Law Insurance.** This Agreement The Plan Sponsors, on their own behalf or on behalf of the trustee of the Trust, and, in their sole discretion, may apply for and procure insurance on the life of the Participant, in such amounts and in such forms as they may choose. The Plan Sponsors or the trustee of the Trust, as the case may be, shall be construed the sole owner and beneficiary of any such insurance. The Participant shall have no interest whatsoever in accordance with any such policy or policies, and governed at the request of the Plan Sponsor shall submit to medical examinations and supply such information and execute such documents as may be required by the laws of insurance company or companies to which the State of Delaware, United States of America, regardless of the law that might be Plan Sponsor have applied under principles of conflict of laws, for insurance.

18.10.8 **Captions Governing Law.** Captions provided herein Construction, validity and administration of this Plan shall be governed by applicable Federal law and the law of the state of New York without regard to the

conflict of law provisions of such state law. If any provision shall be held by a court of competent jurisdiction to be invalid or unenforceable, the remaining provisions hereof shall continue to be fully effective.

10.9 **Headings and Subheadings.** Headings and subheadings in this Plan are inserted for convenience only and are not to serve as a basis for be considered in the interpretation or construction of this Agreement, the provisions hereof.

**Severability.** In the event that any provision in this Agreement shall be held invalid or unenforceable, such provision shall be severable from, and such invalidity or unenforceability shall not be construed to have any effect on, the remaining provisions of this Agreement.

20. **Modifications to this Agreement.** This Agreement constitutes the entire understanding of the parties on the subjects covered. The Participant expressly warrants that he or she is not executing this Agreement in reliance on any promises, representations, or inducements other than those contained herein. Modifications to this Agreement can be made only in an express written contract executed by a duly authorized officer of the Company.

21. **Amendment, Suspension or Termination of the Plan.** By accepting this Award, the Participant expressly warrants that he or she has received a right to an equity based award under the Plan, and has received, read, and understood a description of the Plan. The Participant understands that the Plan is discretionary in nature and may be modified, suspended, or terminated by the Company at any time.

22. **Compliance with Laws and Regulations; General Restrictions on Delivery of Shares.** The Participant understands that the vesting of the Performance Share Units under the Plan and the issuance, transfer, assignment, sale, or other dealings of the Shares shall be subject to compliance by the Company, any of its Subsidiaries or any other entity which is a Related Entity and the Participant with all applicable requirements under the laws and Rules of the country of which the Participant is a resident. Furthermore, the Participant agrees that he or she will not acquire Shares pursuant to the Plan except in compliance with the laws and Rules of the country of which the Participant is a resident and/or employed.

The Company shall not be required to transfer or deliver any Shares, dividends, dividend equivalents or distributions relating to such Shares until it has been furnished with such opinions, representations or other documents as it may deem necessary or desirable, in its discretion, to ensure

Dated: August 16, 2024

Constellation Brands, Inc.

/s/ Jeffrey P. Viviano

Jeffrey Viviano

Senior Vice President, Total Rewards

compliance with any law or Rules of the Securities and Exchange Commission or any other governmental authority having jurisdiction under the Plan or over the Company, the Participant, or the Shares or any interests therein. The Award of Performance Share Units evidenced by this Agreement is also subject to the condition that, if at any time the Committee administering the Plan shall determine, in its discretion, that the listing, registration or qualification of the Shares (or any capital stock distributed with respect thereto) upon the New York Stock Exchange (or any other securities exchange or trading market) or under any United States state or federal law or other applicable Rule, or the consent or approval of any governmental regulatory body, is necessary or desirable as a condition of, or in connection with, the granting of the Performance Share Units evidenced by this Agreement or the issuance, transfer or delivery of the Shares (or the payment of any dividends, dividend equivalents or other distributions related to the Shares), the Company shall not be required to transfer or deliver any Shares, dividends, dividend equivalents or distributions relating to such Shares unless such listing, registration, qualification, consent or approval shall have been effected or obtained to the complete satisfaction of the Committee and free of any conditions not acceptable to the Committee.

23. **Authorization to Release and Transfer Necessary Personal Information.** The Participant hereby explicitly and unambiguously consents to the collection, use, processing, and transfer, in electronic or other form, of his or her personal data by and among, as applicable, the Company, any of its Subsidiaries or any other entity which is a Related Entity for the exclusive purpose of implementing, administering and managing the Participant's participation in the Plan. The Participant understands that the Company, any of its Subsidiaries or any other entity which is a Related Entity may hold certain personal information about the Participant including, but not limited to, the Participant's name, home address, email address and telephone number, date of birth, social security number (or any other social or national identification number), salary, nationality, job title, number of Performance Share Units and/or Shares held and the details of all Performance Share Units or any other entitlement to Shares awarded, cancelled, vested, unvested or outstanding for the purpose of implementing, administering and managing the Participant's participation in the Plan (the "Data"). The Participant understands that the Data may be transferred to the Company, any of its Subsidiaries or any other entity which is a Related Entity, or to any third parties assisting in the implementation, administration and management of the Plan, that these recipients may be located in the Participant's country or elsewhere, and that any recipient's country (e.g., the United States) may have different data privacy laws and protections than the Participant's country. The Participant understands that he or she may request a list with the names and addresses of any potential recipients of the Data by contacting the Company's Global Privacy Lead at [privacy@cbrands.com](mailto:privacy@cbrands.com). The Participant authorizes the recipients to receive, possess, use, retain and transfer the Data, in electronic or other form, for the sole purpose of implementing, administering and managing his or her participation in the Plan, including any requisite transfer of such Data to a broker or other third party assisting with the administration of Performance Share Units under the Plan or with whom Shares acquired pursuant to the vesting of the Performance Share Units or cash from the sale of such Shares may be deposited. Furthermore, the Participant acknowledges and understands that the transfer of the Data to the Company, any of its Subsidiaries or any other entity which is a Related Entity or to any third parties is necessary for his or her participation in the Plan. The Participant understands that the Data will be held only as long as is necessary to implement, administer and manage his or her participation in the Plan. The Participant understands that he or she may, at any time, view the Data, request additional information about the storage and processing of the Data, require any necessary amendments to the Data or refuse or withdraw the consents herein by contacting the Company's Global Privacy Lead at [privacy@cbrands.com](mailto:privacy@cbrands.com). The Participant further acknowledges that withdrawal of consent may affect his or her ability to vest in or realize benefits from the Performance Share Units, and his or her ability to participate in the Plan. For more information on the consequences of refusal to consent or withdrawal of consent, the Participant understands that he or she may contact the Company's Global Privacy Lead at [privacy@cbrands.com](mailto:privacy@cbrands.com).



Finally, upon request of the Employer, the Participant agrees to provide an executed data privacy consent form (or any other agreements or consents that may be required by the Employer) to the Employer that the Employer may deem necessary to obtain from the Participant for the purpose of administering the Participant's participation in the Plan in compliance with the data privacy laws in the Participant's country, either now or in the future. The Participant understands and agrees that the Participant will not be able to participate in the Plan if the Participant fails to provide any such consent or agreement requested by the Employer.

24. **Electronic Delivery and Execution.** The Participant hereby consents and agrees to electronic delivery of any documents that the Company may elect to deliver (including, but not limited to, plan documents, prospectus and prospectus supplements, grant or award notifications and agreements, account statements, annual and quarterly reports, and all other forms of communications) in connection with this and any other Award made or offered under the Plan. The Participant understands that, unless revoked by the Participant by giving written notice to the Company pursuant to the Plan, this consent will be effective for the duration of this Agreement. The Participant also understands that he or she will have the right at any time to request that the Company deliver written copies of any and all materials referred to above. The Participant hereby consents to any and all procedures the Company has established or may establish for an electronic signature system for delivery and acceptance of any such documents that the Company may elect to deliver, and agrees that his or her electronic signature is the same as, and will have the same force and effect as, his or her manual signature. The Participant consents and agrees that any such procedures and delivery may be affected by a third party engaged by the Company to provide administrative services related to the Plan.

25. **English Language.** If the Participant is employed in a country where English is not an official language, the Participant acknowledges that the Participant is sufficiently proficient in English to understand the terms and conditions of this Agreement or have had the ability to consult with an advisor who is sufficiently proficient in the English language. The Participant further acknowledges and agrees that it is the Participant's express intent that this Agreement, the Plan and all other documents, notices and legal proceedings entered into, given or instituted pursuant to the Plan be drawn up in English. If the Participant receives this Agreement, the Plan or any other documents related to the Plan translated into a language other than English, and if the meaning of the translated version is different than the English version, the English version will control.

26. **Appendix.** Notwithstanding any provision of the Agreement to the contrary, this Performance Share Unit Award and the Shares acquired under the Plan shall be subject to any and all special terms and provisions as set forth in the Appendix, if any, for the Participant's country of residence (and country of employment, if different). Further, if the Participant transfers his or her residence and/or employment to another country reflected in the Appendix to this Agreement, the special terms and conditions for such country will apply to the Participant to the extent the Company determines, in its sole discretion, that the application of such terms and conditions is necessary or advisable in order to comply with local laws or rules to facilitate the operation and administration of the Performance Share Units and the Plan (or the Company may establish alternative terms and conditions as may be necessary or advisable to accommodate the Participant's transfer). Any applicable Appendix shall constitute part of this Agreement.

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Exhibit 31.1

**RULE 13a-14(a)/15d-14(a) CERTIFICATION  
OF CHIEF EXECUTIVE OFFICER**

**Constellation Brands, Inc.**  
**Form 10-Q for Fiscal Quarter Ended May 31, 2024 August 31, 2024**

I, William A. Newlands, certify that:

1. I have reviewed this report on Form 10-Q of Constellation Brands, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 3, 2024 October 3, 2024

/s/ William A. Newlands

William A. Newlands

President and

Chief Executive Officer

Exhibit 31.2

**RULE 13a-14(a)/15d-14(a) CERTIFICATION  
OF CHIEF FINANCIAL OFFICER**

**Constellation Brands, Inc.  
Form 10-Q for Fiscal Quarter Ended May 31, 2024 August 31, 2024**

I, Garth Hankinson, certify that:

1. I have reviewed this report on Form 10-Q of Constellation Brands, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 3, 2024 October 3, 2024

/s/ Garth Hankinson

Garth Hankinson

Executive Vice President and  
Chief Financial Officer

Exhibit 32.1

**SECTION 1350 CERTIFICATION  
OF CHIEF EXECUTIVE OFFICER**

**Constellation Brands, Inc.**

**Form 10-Q for Fiscal Quarter Ended May 31, 2024 August 31, 2024**

In connection with the Constellation Brands, Inc. Quarterly Report on Form 10-Q for the Fiscal Quarter Ended May 31, 2024 August 31, 2024, I, William A. Newlands, certify pursuant to 18 U.S.C. Section 1350 that, to the best of my knowledge:

1. The Quarterly Report on Form 10-Q for the Fiscal Quarter Ended May 31, 2024 August 31, 2024 of Constellation Brands, Inc. fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and
2. The information contained in the periodic report on Form 10-Q for the Fiscal Quarter Ended May 31, 2024 August 31, 2024 of Constellation Brands, Inc. fairly presents, in all material respects, the financial condition and results of operations of Constellation Brands, Inc.

Dated: July October 3, 2024

/s/ William A. Newlands

William A. Newlands

President and  
Chief Executive Officer

Exhibit 32.2

SECTION 1350 CERTIFICATION  
OF CHIEF FINANCIAL OFFICER

Constellation Brands, Inc.  
Form 10-Q for Fiscal Quarter Ended May 31, 2024 August 31, 2024

In connection with the Constellation Brands, Inc. Quarterly Report on Form 10-Q for the Fiscal Quarter Ended May 31, 2024 August 31, 2024, I, Garth Hankinson, certify pursuant to 18 U.S.C. Section 1350 that, to the best of my knowledge:

1. The Quarterly Report on Form 10-Q for the Fiscal Quarter Ended May 31, 2024 August 31, 2024 of Constellation Brands, Inc. fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and
2. The information contained in the periodic report on Form 10-Q for the Fiscal Quarter Ended May 31, 2024 August 31, 2024 of Constellation Brands, Inc. fairly presents, in all material respects, the financial condition and results of operations of Constellation Brands, Inc.

Dated: July October 3, 2024

/s/ Garth Hankinson

Garth Hankinson  
Executive Vice President and  
Chief Financial Officer

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