REFINITIV

DELTA REPORT

10-Q

DUCKHORN PORTFOLIO, INC.

10-Q - OCTOBER 31, 2023 COMPARED TO 10-Q - APRIL 30, 2023

The following comparison report has been automatically generated

TOTAL DELTAS	1921
CHANGES	210
DELETIONS	1131
ADDITIONS	580

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 April 30, 2023 October 31, 2023

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 001-40240

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The Duckhorn Portfolio, Inc.

(Exact name of registrant as specified in its charter)

Delaware	**81-3866305**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

1201 Dowdell Lane
Saint Helena, CA 94574
(Address including zip code, of Principal Executive Offices) principal executive offices)

(707) 302-2658
(Registrant's Registrant's telephone number, including area code)

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

Title of each class	Trading Symbol(s) Symbol	Name of each exchange on which registered
Common Stock, par value $0.01 per share	NAPA	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 (§232.405 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 ☒	Accelerated filer ☐			
Non-accelerated filer ☐	Smaller reporting company ☐			
	Emerging growth company			
☒	☐	☐	☐	☐

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 Act). Yes ☐ No ☒

The registrant had outstanding 115,293,780 115,367,710 shares of common stock, $0.01 par value per share, as of June 1, 2023 November 29, 2023.

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Glossary

The following terms are used in this quarterly report unless otherwise noted or indicated by the context:

- "Company," "we," "us," "our," "Duckhorn" and "The Duckhorn Portfolio" refer to The Duckhorn Portfolio, Inc. and its consolidated subsidiaries.
- "2016 Plan" refers to the Company's board-approved 2016 Equity Incentive Plan.
- "2021 Plan" refers to the Company's board-approved 2021 Equity Incentive Plan.
- "ASC" refers to the Accounting Standards Codification.
- "Controlled Company" refers to a company of which more than 50% of the voting power for the election of its directors is held by a single person, entity or group.
- "COVID-19" refers to the pandemic for the COVID-19 virus.
- "DTC channel" and "DTC" refer to our sales and distribution channel through which we sell wine directly to consumers without any licensee intermediaries (wholesale or retail), which is permissible through in-person sales at one of our tasting rooms or, where permitted by law, through our multi-winery e-commerce website.
- "ESPP" refers to our 2021 Employee Stock Purchase Plan.
- "Estate vineyards" refers to vineyards owned or controlled by the Company.
- "Estate wines" refers to wine made with grapes that share geographical provenance and are farmed, fermented, aged and bottled on-site at Company-controlled vineyards and facilities.
- "Exchange Act" refers to the Securities Exchange Act of 1934.

- “Fiscal 2021” refers to our fiscal year ended July 31, 2021.
- “Fiscal 2022” refers to our fiscal year ended July 31, 2022.
- “Fiscal 2023” refers to our fiscal year ended July 31, 2023.
- “LIBOR” refers to London Interbank Offered Rate.
- “Luxury wine” refers to wines sold for $15 or higher per 750ml bottle.
- “New Credit Facility” and “New Credit Agreement” refer to the Amended and Restated First Lien Loan and Security Agreement, dated as of November 4, 2022 (as amended by Amendment No. 1, dated February 6, 2023, and as amended by Amendment No. 2, dated May 2, 2023), by and among the Company, the borrowers named therein, the lenders named therein and the Bank of the West, as administrative agent and collateral agent.
- “Off-premise” refers to retail accounts that are a business with a license that allows a customer to purchase our wines for consumption at a location other than the retailer’s licensed location, such as grocery stores and liquor stores.
- “On-premise” refers to retail accounts that are a business with a license that allows a customer to purchase our wines and consume them at the licensed location, such as restaurants, bars and hotels.
- “Original Credit Facility” and “Original Credit Agreement” refer to the original first lien credit facility pursuant to that certain First Lien Loan and Security Agreement, dated as of October 14, 2016 (as amended by Amendment No. 1, dated July 28, 2017, as amended by Amendment No. 2, dated as of April 19, 2018, as amended by Amendment No. 3 dated as of August 1, 2018, as amended by Amendment No. 4 dated as of October 30, 2018, as amended by Amendment No. 5 dated as of June 7, 2019, as amended by Amendment No. 6 dated as of August 17, 2020, as amended by Amendment No. 7 dated February 22, 2021, and as amended by Amendment No. 8 dated August 30, 2022), by and among the Company, the borrowers named therein, the lenders named therein and the Bank of the West, as administrative agent.

- “Retail” refers to establishments that are licensed to purchase our wine for resale to consumers, such as grocery stores, liquor stores and restaurants.
- “SEC” refers to U.S. Securities and Exchange Commission.
- “Term SOFR” refers to the forward-looking term rate based on the Secured Overnight Financing Rate.
- “TSG” refers to TSG Consumer Partners LLC, together with certain affiliates.
- “Ultra-luxury wine” refers to wines with suggested retail prices of $25 or higher per 750ml bottle.
- “U.S.” refers to the United States.
- “U.S. GAAP” refers to United States Generally Accepted Accounting Principles.
- “VIE” refers to variable interest entity.
- “Wholesale channel” refers to our sales and distribution channel through which we sell wine to distributors and, in California, directly to retail accounts.

Cautionary Note Regarding Forward-Looking Statements

This Quarterly Report on Form 10-Q and other materials filed or to be filed by us with the U.S. Securities and Exchange Commission (“SEC”) contains statements that are or may be considered to be, forward-looking statements. Forward-looking statements are neither historical facts nor assurances of future performance. Instead, they are based on our current beliefs, expectations and assumptions regarding the future of our business, future plans and strategies and other future conditions. Forward-looking statements can be identified by words such as “anticipate,” “believe,” “estimate,” “expect,” “intend,” “may,” “plan,” “predict,” “project,” “target,” “potential,” “will,” “would,” “could,” “should,” “continue,” “contemplate” and other similar expressions, although not all forward-looking statements contain these identifying words. Important factors that could cause actual results and events to differ materially from those indicated in the forward-looking statements include, among others, the following:

- our ability to manage the growth of our business;

- our reliance on our brand name, reputation and product quality;
- the effectiveness of our marketing and advertising programs, including the consumer reception of the launch and expansion of our product offerings;
- general competitive conditions, including actions our competitors may take to grow their businesses;
- overall decline in the health of the economy and the impact of inflation on consumer discretionary spending and consumer demand for wine;
- the occurrence of severe weather events (including fires, floods and earthquakes), catastrophic health events, natural or man-made disasters, social and political conditions war or civil unrest;
- risks associated with disruptions in our supply chain for grapes and raw and processed materials, including corks, barrels, glass bottles, barrels, cork, winemaking additives and agents, water and other supplies;
- the disruption impact of the delivery of wine to customers;
- the impact of COVID-19 and its variants pandemic on our customers, suppliers, business, results of operations and financial results; condition;
- disrupted or delayed service by the distributors and government agencies we rely on for the distribution of our wines outside of California;
- our ability to successfully execute our growth strategy;
- risks associated with our acquisition of Sonoma-Cutrer Vineyards, Inc.;
- decreases in our wine score ratings by wine rating organizations;
- quarterly and seasonal fluctuations in our operating results;
- our success in retaining or recruiting, or changes required in, our officers, key employees or directors;
- our ability to protect our trademarks and other intellectual property rights, including our brand and reputation;
- our ability to comply with laws and regulations affecting our business, including those relating to the manufacture, sale and distribution of wine;
- the risks associated with the legislative, judicial, accounting, regulatory, political and economic risks and conditions specific to both domestic and to international markets;
- claims, demands and lawsuits to which we are, and may in the future, be subject and the risk that our insurance or indemnities coverage may not be sufficient;
- our ability to operate, update or implement our IT systems;
- our ability to successfully pursue strategic acquisitions and integrate acquired businesses;
- our potential ability to obtain additional financing when and if needed;
- our substantial indebtedness and our ability to maintain compliance with restrictive covenants in the documents governing such indebtedness;
- TSG's TSG Consumer Partners LLC's ("TSG") significant influence over us and our status as a "controlled company" under the rules of the New York Stock Exchange;
- the potential liquidity and trading of our securities; and

- the future trading prices of our common stock and the impact of securities analysts' reports on these prices.

You should not rely on forward-looking statements as predictions of future events. We have based the forward-looking statements contained in this Quarterly Report on Form 10-Q primarily on our current expectations and projections about future events, and trends that we believe may affect our business, results of operations and financial condition and operating results. condition. The outcome of the events described in these forward-looking statements is subject to risks, uncertainties and other factors described in the section titled "Risk factors" Factors" in our Fiscal 2022 2023 Annual Report on Form 10-K and elsewhere in this Quarterly Report on Form 10-Q. Moreover, we operate in a highly competitive environment. New risks and uncertainties emerge from time to time, and it is not possible for us to predict all risks and uncertainties that could have an impact on the forward-looking statements contained in this Quarterly Report on Form 10-Q. The results, events and circumstances reflected in the forward-looking statements may not be achieved or occur, and actual results, events or circumstances could differ materially from those described in the forward-looking statements.

In addition, statements that "we believe" and similar statements reflect our beliefs and opinions on the relevant subject. These statements are based on information available to us as of the date of this Quarterly Report on Form 10-Q. And while we believe that information provides a reasonable basis for these statements, that information may be limited or incomplete. Our statements should not be read to indicate that we have conducted an exhaustive inquiry into, or review of, all relevant information. These statements are inherently uncertain, and investors are cautioned not to unduly rely on these statements.

The forward-looking statements in this Quarterly Report on Form 10-Q represent our views as of the date on which the statements are made. We undertake no obligation to update any forward-looking statements whether as a result of new information, future developments or otherwise. We may not actually achieve the plans, intentions or expectations disclosed in our forward-looking statements, and you should not rely on our forward-looking statements in making your investment decision. Actual results or events could differ materially from the plans, intentions and expectations disclosed in the forward-looking statements we make. Our forward-looking statements do not reflect the potential impact of any future acquisitions, mergers, dispositions, joint ventures or investments.

Investors and others should note that we may announce material information to our investors using our investor relations website (*https://ir.duckhorn.com*), SEC filings, press releases, public conference calls and webcasts. We use these channels, as well as social media, to communicate with our investors and the public about our Company, our business and other issues. It is possible that the information we post on social media could be deemed to be material information. We therefore encourage investors to visit these websites from time to time. The information contained on such websites and social media posts is not incorporated into this filing. Further, our references to website URLs in this filing are intended to be inactive textual references only.

PART I

Item 1. Financial Statements

Index to Condensed Consolidated Financial Statements

The Duckhorn Portfolio, Inc.
Condensed Consolidated Statements of Financial Position
(Unaudited, in thousands, except share and per share data)

		April 30, 2023	July 31, 2022		October 31, 2023	July 31, 2023
ASSETS						
Current assets:	**Current assets:**			**Current assets:**		
Cash	Cash	$ 36,077	$ 3,167	Cash	$ 21,182	$ 6,353
Accounts receivable trade, net	Accounts receivable trade, net	43,274	37,026	Accounts receivable trade, net	71,254	48,706
Inventories	Inventories	327,313	285,430	Inventories	389,199	322,227
Prepaid expenses and other current assets	Prepaid expenses and other current assets	10,929	13,898	Prepaid expenses and other current assets	8,393	10,244
Total current assets	**Total current assets**	**417,593**	**339,521**	**Total current assets**	**490,028**	**387,530**
Long-term assets						
Property and equipment, net	Property and equipment, net	267,474	269,659	Property and equipment, net	328,468	323,530
Operating lease right-of-use assets	Operating lease right-of-use assets	20,875	23,375	Operating lease right-of-use assets	18,834	20,376
Intangible assets, net	Intangible assets, net	186,116	191,786	Intangible assets, net	182,337	184,227
Goodwill	Goodwill	425,209	425,209	Goodwill	425,209	425,209
Other long-term assets		5,286	1,963			
Total long-term assets		**904,960**	**911,992**			
Other assets				Other assets	8,327	6,810
Total assets	**Total assets**	**$ 1,322,553**	**$ 1,251,513**	**Total assets**	**$ 1,453,203**	**$ 1,347,682**
LIABILITIES AND STOCKHOLDERS' EQUITY						
LIABILITIES AND STOCKHOLDERS’ EQUITY				**LIABILITIES AND STOCKHOLDERS’ EQUITY**		
Current liabilities:	**Current liabilities:**			**Current liabilities:**		
Accounts payable	Accounts payable	$ 2,914	$ 3,382	Accounts payable	$ 33,023	$ 4,829
Accrued expenses	Accrued expenses	31,909	29,475	Accrued expenses	90,022	38,246
Accrued compensation	Accrued compensation	12,063	12,893	Accrued compensation	8,651	16,460
Deferred revenue	Deferred revenue	13,156	272	Deferred revenue	11,199	66

Current operating lease liabilities		3,647	3,498			
Current maturities of long-term debt	Current maturities of long-term debt	9,721	9,810	Current maturities of long-term debt	9,721	9,721
Other current liabilities	Other current liabilities	3,214	672	Other current liabilities	4,870	5,138
Total current liabilities	**Total current liabilities**	**76,624**	**60,002**	**Total current liabilities**	**157,486**	**74,460**
Long-term liabilities						
Revolving line of credit, net		—	108,674			
Long-term debt, net of current maturities and debt issuance costs	Long-term debt, net of current maturities and debt issuance costs	213,158	105,074	Long-term debt, net of current maturities and debt issuance costs	231,148	223,619
Operating lease liabilities	Operating lease liabilities	17,117	19,732	Operating lease liabilities	15,141	16,534
Deferred income taxes	Deferred income taxes	90,483	90,483	Deferred income taxes	90,216	90,216
Other long-term liabilities		2,217	387			
Total long-term liabilities		**322,975**	**324,350**			
Other liabilities				Other liabilities	445	445
Total liabilities	**Total liabilities**	**399,599**	**384,352**	**Total liabilities**	**494,436**	**405,274**
Commitments and contingencies (Note 10)						
Stockholders' equity:						
Common stock, $0.01 par value; 500,000,000 shares authorized; 115,293,780 issued and outstanding at April 30, 2023 and 115,184,161 issued and outstanding at July 31, 2022		1,153	1,152			
Commitments and contingencies (Note 9)				**Commitments and contingencies (Note 9)**		
Stockholders’ equity:				**Stockholders’ equity:**		
Common stock, $0.01 par value; 500,000,000 shares authorized; 115,367,710 and 115,316,308 issued and outstanding at October 31, 2023 and July 31, 2023, respectively				Common stock, $0.01 par value; 500,000,000 shares authorized; 115,367,710 and 115,316,308 issued and outstanding at October 31, 2023 and July 31, 2023, respectively	1,154	1,153
Additional paid-in capital	Additional paid-in capital	735,871	731,597	Additional paid-in capital	738,365	737,557
Retained earnings	Retained earnings	185,353	133,824	Retained earnings	218,659	203,122
Total The Duckhorn Portfolio, Inc. stockholders' equity		**922,377**	**866,573**			

Total The Duckhorn Portfolio, Inc. stockholders' equity				**Total The Duckhorn Portfolio, Inc. stockholders' equity**	**958,178**	**941,832**
Non-controlling interest	Non-controlling interest	577	588	Non-controlling interest	589	576
Total stockholders' equity		**922,954**	**867,161**			
Total liabilities and stockholders' equity		**$ 1,322,553**	**$ 1,251,513**			
Total stockholders' equity				**Total stockholders' equity**	**958,767**	**942,408**
Total liabilities and stockholders' equity				**Total liabilities and stockholders' equity**	**$ 1,453,203**	**$ 1,347,682**

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements (unaudited).

The Duckhorn Portfolio, Inc.
Condensed Consolidated Statements of Operations
(Unaudited, in thousands, except share and per share data)

		Three months ended April 30, 2023	Three months ended April 30, 2022	Nine months ended April 30, 2023	Nine months ended April 30, 2022		Three months ended October 31, 2023	Three months ended October 31, 2022
Net sales (net of excise taxes of $1,126, $1,072, $4,179 and $4,056, respectively)		$ 91,242	$ 91,584	$ 302,901	$ 294,501			
Net sales (net of excise taxes of $1,394 and $1,584, respectively)						Net sales (net of excise taxes of $1,394 and $1,584, respectively)	$ 102,509	$ 108,171
Cost of sales	Cost of sales	40,731	47,622	142,494	148,652	Cost of sales	48,656	53,461
Gross profit	**Gross profit**	**50,511**	**43,962**	**160,407**	**145,849**	**Gross profit**	**53,853**	**54,710**
Selling, general and administrative expenses	Selling, general and administrative expenses	23,989	23,126	79,307	70,178	Selling, general and administrative expenses	30,483	25,739
Income from operations	**Income from operations**	**26,522**	**20,836**	**81,100**	**75,671**	**Income from operations**	**23,370**	**28,971**
Interest expense	Interest expense	2,993	1,618	7,839	4,860	Interest expense	4,004	2,162
Other expense (income), net		729	(1,046)	3,385	(2,477)			
Other income, net						Other income, net	(1,813)	(87)
Total other expenses, net	Total other expenses, net	3,722	572	11,224	2,383	Total other expenses, net	2,191	2,075

Income before income taxes	**Income before income taxes**	**22,800**	**20,264**	**69,876**	**73,288**	**Income before income taxes**	**21,179**	**26,896**
Income tax expense	Income tax expense	6,006	4,699	18,358	18,483	Income tax expense	5,629	7,087
Net income	**Net income**	**16,794**	**15,565**	**51,518**	**54,805**	**Net income**	**15,550**	**19,809**
Less: Net loss (income) attributable to non-controlling interest		3	—	11	(35)			
Less: Net (income) loss attributable to non-controlling interest						Less: Net (income) loss attributable to non-controlling interest	(13)	6
Net income attributable to The Duckhorn Portfolio, Inc.	**Net income attributable to The Duckhorn Portfolio, Inc.**	**$ 16,797**	**$ 15,565**	**$ 51,529**	**$ 54,770**	**Net income attributable to The Duckhorn Portfolio, Inc.**	**$ 15,537**	**$ 19,815**
Net income per share of common stock:								
Earnings per share of common stock:						**Earnings per share of common stock:**		
Basic	Basic	$ 0.15	$ 0.14	$ 0.45	$ 0.48	Basic	$ 0.13	$ 0.17
Diluted	Diluted	$ 0.15	$ 0.14	$ 0.45	$ 0.47	Diluted	$ 0.13	$ 0.17
Weighted average shares of common stock outstanding:	**Weighted average shares of common stock outstanding:**					**Weighted average shares of common stock outstanding:**		
Basic	Basic	115,255,671	115,115,850	115,209,972	115,070,183	Basic	115,339,774	115,184,161
Diluted	Diluted	115,367,455	115,281,724	115,425,034	115,347,808	Diluted	115,451,719	115,275,692

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements (unaudited).

The Duckhorn Portfolio, Inc.
Condensed Consolidated Statements of Stockholders' Stockholders’ Equity
(Unaudited, in thousands, expect share data)

	Three months ended April 30,						
	Common stock						
	Shares	Amount	Additional paid-in capital	Retained earnings	Total The Duckhorn Portfolio, Inc. stockholders' equity	Non-controlling interest	Total stockholders' equity

Balances at January 31, 2023	**115,219,396**	**$ 1,152**	**$ 734,763**	**$ 168,556**	**$ 904,471**	**$ 580**	**$ 905,051**
Net income (loss)	—	—	—	16,797	16,797	(3)	16,794
Issuance of common stock under equity incentive plans	116,474	1	—	—	1	—	1
Equity-based compensation (Note 11)	—	—	1,756	—	1,756	—	1,756
Taxes paid related to net share settlement of equity awards	(42,090)	—	(648)	—	(648)	—	(648)
Balances at April 30, 2023	**115,293,780**	**$ 1,153**	**$ 735,871**	**$ 185,353**	**$ 922,377**	**$ 577**	**$ 922,954**
Balances at January 31, 2022	**115,065,210**	**$ 1,151**	**$ 729,508**	**$ 112,839**	**$ 843,498**	**$ 586**	**$ 844,084**
Net income	—	—	—	15,565	15,565	—	15,565
Issuance of common stock under equity incentive plans	154,273	2	(2)	—	—	—	—
Equity-based compensation (Note 11)	—	—	1,365	—	1,365	—	1,365
Taxes paid related to net share settlement of equity awards	(51,720)	(1)	(838)	—	(839)	—	(839)
Balances at April 30, 2022	**115,167,763**	**$ 1,152**	**$ 730,033**	**$ 128,404**	**$ 859,589**	**$ 586**	**$ 860,175**

	Three months ended October 31,						
	Common stock		**Additional**	**Retained**	**Total The Duckhorn Portfolio, Inc.**	**Non-controlling**	**Total stockholders'**
	Shares	**Amount**	**paid-in capital**	**earnings**	**stockholders' equity**	**interest**	**equity**
Balances at July 31, 2023	**115,316,308**	**$ 1,153**	**$ 737,557**	**$ 203,122**	**$ 941,832**	**$ 576**	**$ 942,408**
Net income	—	—	—	15,537	15,537	13	15,550
Issuance of common stock under equity incentive plans	79,639	1	—	—	1	—	1
Equity-based compensation (Note 10)	—	—	1,150	—	1,150	—	1,150
Taxes paid related to net share settlement of equity awards	(28,237)	—	(342)	—	(342)	—	(342)
Balances at October 31, 2023	**115,367,710**	**$ 1,154**	**$ 738,365**	**$ 218,659**	**$ 958,178**	**$ 589**	**$ 958,767**
Balances at July 31, 2022	**115,184,161**	**$ 1,152**	**$ 731,597**	**$ 133,824**	**$ 866,573**	**$ 588**	**$ 867,161**
Net income (loss)	—	—	—	19,815	19,815	(6)	19,809
Equity-based compensation (Note 10)	—	—	1,180	—	1,180	—	1,180
Balances at October 31, 2022	**115,184,161**	**$ 1,152**	**$ 732,777**	**$ 153,639**	**$ 887,568**	**$ 582**	**$ 888,150**

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements (unaudited).

The Duckhorn Portfolio, Inc.
Condensed Consolidated Statements of Stockholders' Equity
(Unaudited, in thousands, except share data)

	Nine months ended April 30,						
	Common stock						
	Shares	Amount	Additional paid-in capital	Retained earnings	Total The Duckhorn Portfolio, Inc. stockholders' equity	Non-controlling interest	Total stockholders' equity
Balances at July 31, 2022	**115,184,161**	**$ 1,152**	**$ 731,597**	**$ 133,824**	**$ 866,573**	**$ 588**	**$ 867,161**
Net income (loss)	—	—	—	51,529	51,529	(11)	51,518
Issuance of common stock under equity incentive plans	138,839	1	—	—	1	—	1
Issuance of employee stock purchase plan	12,870	—	181	—	181	—	181
Equity-based compensation (Note 11)	—	—	4,741	—	4,741	—	4,741
Taxes paid related to net share settlement of equity awards	(42,090)	—	(648)	—	(648)	—	(648)
Balances at April 30, 2023	**115,293,780**	**$ 1,153**	**$ 735,871**	**$ 185,353**	**$ 922,377**	**$ 577**	**$ 922,954**
Balances at July 31, 2021	**115,046,793**	**$ 1,150**	**$ 726,903**	**$ 73,634**	**$ 801,687**	**$ 551**	**$ 802,238**
Net income	—	—	—	54,770	54,770	35	54,805
Issuance of common stock under equity incentive plans	172,690	3	(2)	—	1	—	1
Equity-based compensation (Note 11)	—	—	4,240	—	4,240	—	4,240
Taxes paid related to net share settlement of equity awards	(51,720)	(1)	(838)	—	(839)	—	(839)
Initial public offering, net of issuance costs	—	—	(270)	—	(270)	—	(270)
Balances at April 30, 2022	**115,167,763**	**$ 1,152**	**$ 730,033**	**$ 128,404**	**$ 859,589**	**$ 586**	**$ 860,175**

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements (unaudited).

The Duckhorn Portfolio, Inc.
Condensed Consolidated Statements of Cash Flows
(Unaudited, in thousands)

		Nine months ended April 30,			Three months ended October 31,	
		2023	2022		2023	2022
Cash flows from operating activities	**Cash flows from operating activities**			Cash flows from operating activities		
Net income	Net income	$ 51,518	$ 54,805	Net income	$ 15,550	$ 19,809

Adjustments to reconcile net income to net cash from operating activities:	Adjustments to reconcile net income to net cash from operating activities:			Adjustments to reconcile net income to net cash from operating activities:		
Depreciation and amortization	Depreciation and amortization	20,528	17,345	Depreciation and amortization	7,329	5,757
Loss on disposal of assets		75	12			
Gain on disposal of assets				Gain on disposal of assets	(42)	(32)
Change in fair value of derivatives	Change in fair value of derivatives	2,943	(1,947)	Change in fair value of derivatives	(1,889)	(368)
Amortization of debt issuance costs	Amortization of debt issuance costs	774	1,206	Amortization of debt issuance costs	194	402
Equity-based compensation	Equity-based compensation	4,741	4,240	Equity-based compensation	1,150	1,180
Change in operating assets and liabilities:	Change in operating assets and liabilities:			Change in operating assets and liabilities:		
Accounts receivable trade, net	Accounts receivable trade, net	(6,248)	(5,851)	Accounts receivable trade, net	(22,547)	(32,619)
Inventories	Inventories	(39,278)	(24,340)	Inventories	(66,115)	(55,626)
Prepaid expenses and other current assets	Prepaid expenses and other current assets	1,633	1,767	Prepaid expenses and other current assets	1,781	442
Other long-term assets		(508)	(46)			
Other assets				Other assets	283	122
Accounts payable	Accounts payable	(352)	1,535	Accounts payable	28,045	42,670
Accrued expenses	Accrued expenses	3,681	4,550	Accrued expenses	51,985	37,262
Accrued compensation	Accrued compensation	(831)	(5,820)	Accrued compensation	(7,808)	(3,733)
Deferred revenue	Deferred revenue	12,884	425	Deferred revenue	11,132	11,797
Other current and long-term liabilities		193	(26)			
Other current and non-current liabilities				Other current and non-current liabilities	(982)	(679)
Net cash provided by operating activities	Net cash provided by operating activities	51,753	47,855	**Net cash provided by operating activities**	**18,066**	**26,384**
Cash flows from investing activities	**Cash flows from investing activities**			Cash flows from investing activities		
Purchases of property and equipment, net of sales proceeds	Purchases of property and equipment, net of sales proceeds	(14,111)	(24,798)	Purchases of property and equipment, net of sales proceeds	(10,395)	(6,418)
Net cash used in investing activities	Net cash used in investing activities	(14,111)	(24,798)	**Net cash used in investing activities**	**(10,395)**	**(6,418)**

Cash flows from financing activities	**Cash flows from financing activities**			Cash flows from financing activities		
Payments under line of credit	Payments under line of credit	(119,000)	(77,000)	Payments under line of credit	(13,000)	(20,000)
Borrowings under line of credit	Borrowings under line of credit	9,000	68,000	Borrowings under line of credit	23,000	5,000
	Issuance of long-term debt	225,833	—			
Payments of long-term debt	Payments of long-term debt	(117,666)	(8,538)	Payments of long-term debt	(2,500)	(2,808)
Taxes paid related to net share settlement of equity awards	Taxes paid related to net share settlement of equity awards	(648)	(839)	Taxes paid related to net share settlement of equity awards	(342)	—
	Proceeds from employee stock purchase plan	181	—			
	Payments for debt issuance costs	(2,432)	—			
	Payments of deferred offering costs	—	(270)			
	Net cash used in financing activities	(4,732)	(18,647)			
Net cash provided by (used in) financing activities				**Net cash provided by (used in) financing activities**	**7,158**	**(17,808)**
Net increase in cash	**Net increase in cash**	32,910	4,410	**Net increase in cash**	**14,829**	**2,158**
Cash - Beginning of period	**Cash - Beginning of period**	3,167	4,244	Cash - Beginning of period	6,353	3,167
Cash - End of period	**Cash - End of period**	$ 36,077	$ 8,654	**Cash - End of period**	**$ 21,182**	**$ 5,325**
Supplemental cash flow information	**Supplemental cash flow information**			**Supplemental cash flow information**		
Interest paid, net of amount capitalized	Interest paid, net of amount capitalized	$ 4,421	$ 3,726	Interest paid, net of amount capitalized	$ 4,009	$ 1,777
Income taxes paid	Income taxes paid	$ 10,921	$ 13,923	Income taxes paid	$ 11,607	$ —
Non-cash investing activities	**Non-cash investing activities**			**Non-cash investing activities**		
Property and equipment additions in accounts payable and accrued expenses	Property and equipment additions in accounts payable and accrued expenses	$ 332	$ 507	Property and equipment additions in accounts payable and accrued expenses	$ 3,300	$ 3,776

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements (unaudited).

The Duckhorn Portfolio, Inc.

Notes to Condensed Consolidated Financial Statements *(unaudited)*

1. Description of business Business

The Duckhorn Portfolio, Inc. and its subsidiaries (the “Company” or “Management” (collectively, “the Company,” “Management,” “we,” “us,” “our” and “Duckhorn”), headquartered in St. Helena, CA, produce luxury and ultra-luxury wine across a portfolio of winery brands, including Duckhorn Vineyards, Decoy, Goldeneye, Paraduxx, Migration, Canvasback, Calera, Kosta Browne, Greenwing and Postmark.

The Company's Company’s revenue is comprised of wholesale sales to distributors and DTC sales. direct to trade accounts in California (“wholesale”) and direct to consumer (“DTC”). Wholesale revenue is generated through sales directly to California retailers and restaurants, sales to distributors and agents located in other states throughout the United States (“U.S.”) and sales to export distributors that sell internationally. DTC revenue results from individual consumers purchasing wine directly from the Company through club membership, the Company's Company’s website or tasting rooms located in Napa Valley, California; Anderson Valley, California; Sebastopol, California; Hollister, California; and Walla Walla, Washington.

The Company owns or controls, through long-term leases, certain high-quality vineyards throughout Northern and Central California and Washington. Vinification takes place at wineries owned, leased or under contract with third parties predominately located in Napa Valley, California; Anderson Valley, California; Hopland, California; Hollister, California; San Luis Obispo, California; Sebastopol, California; and Walla Walla, Washington.

Fiscal year

The Company's Company’s fiscal year ends on July 31. Unless otherwise stated, references to particular years or quarters refer to the Company’s fiscal years and the associated periods in those fiscal years. Except as otherwise specified, information in this report is provided as of October 31, 2023.

Secondary offerings Offering

In April 2023, the Company completed a secondary offering where certain existing stockholders sold 6,000,000 shares of common stock at a price of $15.35 per share. The Company did not receive any of the proceeds from the sale of the shares by the existing stockholders. In connection with the offering, the Company incurred costs of $0.4 million during in the three and nine months ended April 30, 2023, which are reflected in selling, general and administrative expenses on the Condensed Consolidated Statement of Operations.

In the first third quarter of Fiscal 2022, the Company completed a secondary offering where certain existing stockholders sold 12,000,000 shares of common stock at a price of $20.50 per share. In November 2021, an additional 626,467 shares of common stock were sold pursuant to the partial exercise of the underwriters' option to purchase additional shares. The Company did not receive any of the proceeds from the sale of the shares by the existing stockholders. In connection with the offering, the Company incurred costs of $0.6 million during the nine months ended April 30, 2022, which are reflected in selling, general and administrative expenses on the Condensed Consolidated Statement of Operations.

2023

2.Basis of presentation Presentation and recent accounting pronouncements Recent Accounting Pronouncements

Basis of presentation

The Company’s Condensed Consolidated Financial Statements are prepared in accordance with U.S. GAAP generally accepted accounting principles (“U.S. GAAP”) and Article 10 of the Securities and Exchange Commission’s Regulation S-X. These Condensed Consolidated Financial Statements have been prepared on the same basis as the Company's Company’s audited annual financial statements and, in the opinion of Management, reflect all adjustments, consisting only of normal, recurring adjustments, which are necessary for the fair statement of the Company's Company’s financial information for the interim periods presented. These interim results are not necessarily indicative of the results to be expected for the fiscal year ending July 31, 2023 July 31, 2024, for any other interim period or for any future year.

The Condensed Consolidated Statement of Financial Position as of July 31, 2022 July 31, 2023 was derived from the Company's audited financial statements for the fiscal year ended July 31, 2022 July 31, 2023, previously filed with the SEC. The Condensed Consolidated Financial Statements do not include all of the information and note disclosures required by U.S. GAAP and should be read in conjunction with the audited consolidated financial statements Consolidated Financial Statements and related notes included in our Annual Report on Form 10-K for the fiscal year ended July 31, 2022 July 31, 2023.

Principles of consolidation

The Condensed Consolidated Financial Statements include the accounts of The Duckhorn Portfolio, Inc. and its subsidiaries, including a consolidated VIE variable interest entity ("VIE") of which the Company has determined it is the primary beneficiary. All intercompany balances and transactions are eliminated in consolidation.

Accounting estimates

The preparation of Condensed Consolidated Financial Statements in conformity with U.S. GAAP requires Management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the Condensed Consolidated Financial Statements and the reported amounts of revenues and expenses during the reporting period. Such estimates include, but are not limited to, the following: useful lives and recoverability of long-lived assets, inventory obsolescence and reserves, capitalized indirect inventory costs, allowance for credit losses, calculation of accrued liabilities, customer incentive reserves, uncertain tax positions, contingent liabilities, equity-based compensation and deferred revenues. Actual results could differ from those estimates.

Preferred stock

The Company has 100,000,000 shares of $0.01 par value preferred stock authorized, none of which are issued and outstanding.

Variable interest entities

The Company evaluates its ownership, contractual relationships and other interests in entities to determine the nature and extent of the interests, whether such interests are variable interests and whether the entities are VIEs in accordance with ASC Accounting Standards Codification ("ASC") Topic 810, *Consolidations*. These evaluations can be complex and involve Management judgment as well as the use of estimates and assumptions based on available historical information, among other factors. Thus, it represents a Level 3 measurement as defined in ASC Topic 820, *Fair Value Measurement*. Based on these evaluations, if the Company determines that it is the primary beneficiary of a VIE, the entity is consolidated into the financial statements. At April 30, 2023 October 31, 2023 and July 31, 2022 July 31, 2023, the Company's Company's ownership percentage of the sole identified VIE was 76.2%. The total net assets of the VIE included on the Condensed Consolidated Statement Statements of Financial Position were $2.3 million $2.3 million as of October 31, 2023 and $2.4 million at April 30, 2023 and July 31, 2022, respectively. July 31, 2023. The assets and liabilities, which may only be used to settle its own obligations, are primarily related to property, equipment and working capital accounts, which generally represent the amounts owed by or to the Company for goods grape sales under current contracts. contracts and farming costs.

Recently adopted accounting pronouncements

In March 2020, the Financial Accounting Standards Board issued ASU No. 2020-04, *Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting* ("ASU 2020-04"), and further issued subsequent amendments to the initial guidance. The Company adopted the standard effective August 1, 2022, the first day of Fiscal 2023. The adoption of the standard did not have a material impact on the Condensed Consolidated Financial Statements or the related disclosures.

As previously disclosed in the Annual Report on Form 10-K for the year ended July 31, 2022, the Company adopted ASU No. 2016-02, *Leases(Topic 842)* using the modified retrospective transition method as of the first day of Fiscal 2022. The impact of the adoption of ASC 842 on previously reported interim financial statements during the year ended July 31, 2022, included the recognition of right-of-use ("ROU") assets and lease liabilities for operating leases. The adoption of ASC 842 also resulted in reclassifying certain lines within operating activities in the Condensed Consolidated Statement of Cash Flows due to changes in operating assets and liabilities for the related accounts. These changes to previously disclosed amounts conform to the current period presentation.

No other new accounting pronouncements issued or effective as of April 30, 2023 October 31, 2023 have had, or are expected to have, a material impact on the Condensed Consolidated Financial Statements or the related disclosures.

3. Revenue

Disaggregated revenue information

The following table presents the percentages of consolidated net sales disaggregated by sales channels:

		Three months ended April 30,		Nine months ended April 30,			Three months ended October 31,	
		2023	2022	2023	2022		2023	2022
Wholesale - Distributors	Wholesale - Distributors	68.6 %	62.0 %	68.9 %	66.0 %	Wholesale - Distributors	77.0 %	76.4 %
Wholesale - California direct to trade(a)	Wholesale - California direct to trade(a)	17.5	16.6	17.4	17.6	Wholesale - California direct to trade(a)	15.6	15.8
DTC(b)	DTC(b)	13.9	21.4	13.7	16.4	DTC(b)	7.4	7.8
Net sales (c)	Net sales (c)	100.0 %	100.0 %	100.0 %	100.0 %	Net sales (c)	100.0 %	100.0 %

(a) Includes $0.7 million and $0.6 million of sales related to bulk and grape sales for the nine three months ended April 30, 2023, October 31, 2023 and $0.1 million and $2.9 million for the three and nine months ended April 30, 2022, 2022, respectively.

(b) Includes shipping and handling revenue of $0.3 million and $1.4 million $0.1 million for each of the three and nine months ended April 30, 2023, respectively, October 31, 2023 and $1.0 million and $2.0 million for 2022, respectively.

(c) For the three and nine months ended April 30, 2022 October 31, 2023, respectively. excludes lease income of $0.9 million from Geyserville winery acquired in June 2023.

Charges, recoveries and reductions related to credit loss on accounts receivable and the related allowance were immaterial for the three and nine months ended April 30, 2023. Recoveries October 31, 2023 and reductions in the allowance for credit loss were immaterial for the three and nine months ended April 30, 2023. 2022. As of April 30, 2023 October 31, 2023 and July 31, 2022 July 31, 2023, the allowance for credit losses was $0.4 million for both periods. $0.5 million.

Contract balances

When the Company receives payment from a customer, prior to meeting the performance obligation under the terms of a contract, the Company records deferred revenue, which represents a contract liability. The Company's deferred revenue is primarily comprised of cash collected from wines sold through our DTC channels channel ahead of the wine shipment date. The Company does not recognize revenue until control of the wine is transferred and the performance obligation is met.

Deferred revenue in the Condensed Consolidated Statements of Financial Position was $13.2 million $11.2 million and $0.3 $0.1 million at April 30, 2023 October 31, 2023 and July 31, 2022 July 31, 2023, respectively. In The amount of revenue recognized relating to the opening contract liability balance for the three and nine months ended April 30, 2023, the October 31, 2023 was immaterial. The Company recognized revenue of $3.2 million and $0.3 million $0.2 million during the three months ended October 31, 2022, respectively, which was included in the opening contract liability balance for the corresponding period.

4. Inventories

Inventories were comprised of the following:

(in thousands)	(in thousands)	April 30, 2023	July 31, 2022	(in thousands)	October 31, 2023	July 31, 2023
Finished goods	Finished goods	$ 105,015	$ 108,989	Finished goods	$ 134,070	$ 145,355
Work in progress	Work in progress	214,048	162,337	Work in progress	234,856	161,795
Raw materials	Raw materials	8,250	14,104	Raw materials	20,273	15,077
Inventories	Inventories	$ 327,313	$ 285,430	Inventories	$ 389,199	$ 322,227

Inventories are stated at the lower of cost or net realizable value, and are primarily measured on a first-in-first-out basis. The Company records valuation adjustments to the carrying value of its inventories based on periodic reviews of slow-moving, obsolete and excess inventory to determine the need for reserves by comparing inventory carrying values with their net realizable values upon ultimate sale or disposal. The Company's Company's estimates of net realizable value are based on historical experience as well as Management's Management's judgments with respect to future market conditions. In the period the Company determines a reserve is required, the Company recognizes a charge to cost of sales for the excess of the carrying value over net realizable value. The inventory reserve was $0.1 $1.2 million and $5.1 $0.9 million at April 30, 2023 October 31, 2023 and July 31, 2022 July 31, 2023, respectively.

The Company capitalizes into inventory inventories depreciation related to property and equipment used in the production of inventory. For the three months ended April 30, 2023 October 31, 2023 and 2022, the amount capitalized was $4.9 million $3.8 million and $4.0 million $3.5 million, respectively, and $13.5 million and $10.6 million for the nine months ended April 30, 2023 and 2022, respectively. The Company also capitalizes total lease costs related to leases used in the production of inventory. For the three months ended April 30, 2023 October 31, 2023 and 2022, the amount capitalized was

$1.2 million and $1.0 million$1.1 million, respectively.For the nine months ended April 30, 2023 and 2022, the amount capitalized was $3.4 million and $3.2 million, respectively.

5. Property and equipment, net

Property and equipment, net was comprised of the following:

(in thousands)	April 30, 2023	July 31, 2022
Land	$ 136,328	$ 136,328
Buildings and improvements	70,861	70,813
Machinery and equipment	53,864	52,619
Vineyards and improvements	44,866	44,759
Barrels	37,155	30,067
Construction in progress	7,600	5,664
Property and equipment, gross	350,674	340,250
Less: accumulated depreciation and amortization	(83,200)	(70,591)
Property and equipment, net	$ 267,474	$ 269,659

Depreciation expense recognized in selling, general and administrative expenses was $0.4 million and $0.3 million for the three months ended April 30, 2023 and 2022, respectively, and $1.3 million and $1.0 million for the nine months ended April 30, 2023 and 2022, respectively. See Note 4 (Inventories) for depreciation expense capitalized into inventory.

Vineyard acquisitions

In the second quarter of Fiscal 2022, the Company completed the purchase of three Napa County, California vineyards and related assets for a total of $14.5 million.

6.Accrued expensesExpenses

Accrued expenses were comprised of the following:

(in thousands)	*(in thousands)*	April 30, 2023	July 31, 2022	*(in thousands)*	October 31, 2023	July 31, 2023
Bulk wine and other received not invoiced				Bulk wine and other received not invoiced	$ 46,433	$ 529
Trade spend(a)	Trade spend(a)	$ 14,964	$ 15,319	Trade spend(a)	16,879	12,721
Income taxes payable(b)	Income taxes payable(b)	7,375	387	Income taxes payable(b)	5,042	11,019
Deferred compensation liability(c)	Deferred compensation liability(c)	2,920	2,142	Deferred compensation liability(c)	3,523	3,261
Barrel purchases				Barrel purchases	2,271	2,589
Accrued professional fees	Accrued professional fees	774	3,191	Accrued professional fees	2,314	599
Accrued invoices and other accrued expenses	Accrued invoices and other accrued expenses	5,876	8,436	Accrued invoices and other accrued expenses	13,560	7,528
Accrued expenses	Accrued expenses	$ 31,909	$ 29,475	Accrued expenses	$ 90,022	$ 38,246

(a) Trade spend refers to estimated amounts the Company owes to distributors for depletion-based incentives.

(b) Effective March 2023, as revised in October 2023, the IRS postponed certain tax filings and payment deadlines, until October November 2023, in areas designated with eligible Federal Emergency Management Agency declarations. During the three months ended April 30, 2023, third fiscal quarter of 2023, the Company deferred federal and state tax payments and expects to pay which was paid in full during the deferred amount in the first fiscal quarter of 2024. three months ended October 31, 2023.

(c) The Company intends to use the cash surrender value life insurance policies to partially settle its deferred compensation plan liability. The cash surrender value of the life insurance policies were $2.3 million was $2.4 million and $1.8 million $2.7 million at April 30, 2023 October 31, 2023 and July 31, 2022 July 31, 2023, respectively, and are included in other long-term assets on the Condensed Consolidated Statements of Financial Position.

7. 6. Debt

At April 30, 2023 Long-term debt, net of current maturities and debt issuance costs was comprised of the following:

(in thousands)	October 31, 2023	July 31, 2023
Revolving line of credit	$ 23,000	$ 13,000
Term loan, first lien	218,332	220,832
Total debt	241,332	233,832
Less: Current maturities of long-term debt	(9,721)	(9,721)
Total long-term debt	231,611	224,111
Debt issuance costs(a)	(463)	(492)
Total long-term debt, net of current maturities and debt issuance costs	$ 231,148	$ 223,619

(a) Debt issuance costs are the costs associated with the term loan facility. Debt issuance costs of $2.6 million and $2.8 million at October 31, 2023 and July 31, 2023, respectively, associated with the Company had unused capacity of $425.0 million under the new revolving line of credit excluding the incremental seasonal borrowing amount of an additional $30.0 million of capacity. There were no amounts outstanding and delayed draw term loan facilities are recorded in other assets on the letter of credit sub-facility or the swingline sub-facility at April 30, 2023.

Included in interest expense in the Condensed Consolidated Statements of Operations is amortization related to debt issuance costs of $0.2 million and $0.4 million for the three months ended April 30, 2023 and 2022, respectively, and of $0.8 million and $1.2 million for the nine months ended April 30, 2023 and 2022, respectively. Financial Position.

The Company is subject to the requirements of various financial covenants pursuant to the term loans and revolving line of credit, including a debt to capitalization ratio and a fixed charge coverage ratio as defined in the New Credit Facility. As of April 30, 2023, the Company is in compliance with all covenants.

Amendment to the Original Credit Agreement

Effective August 30, 2022 On November 4, 2022, Mallard Buyer Corp., Selway Wine Company and certain other subsidiaries of The Duckhorn Portfolio, Inc. (collectively, the “Borrowers”) entered into Amendment No. 8 the Amended and Restated First Lien Loan and Security Agreement (“Credit Facility” and “Credit Agreement”) with the lenders named therein and BMO Harris (as successor in interest to the Original Credit Agreement, to extend the maturity date of all facilities to November 1, 2023 and to transition from a LIBOR based interest rate to a Term SOFR based interest rate plus applicable margins defined by the terms Bank of the Original Credit Facility. The transaction did not result in any additional cash proceeds. West), as administrative agent and collateral agent.

New Credit Agreement

Effective November 4, 2022, the Borrowers entered into the New Credit Agreement which amends and restates, in its entirety, the Original Credit Agreement. The New Credit Agreement provides for $675.8 million in first lien senior secured credit facilities consisting of (i) a $425.0 million revolving credit facility, (ii) a $225.8 million term loan facility and (iii) a $25.0 million delayed draw term loan facility. The maturity date for loans borrowed under the New Credit Agreement is November 4, 2027.

The principal of the term loan facility is repayable in quarterly installments equal to $2.4 million, with a final installment equal to the New Credit Agreement replaces entire remaining outstanding principal amount due on the $135.0 million term loan tranche one facility, $25.0 million term loan tranche two facility and $25.0 million capital expenditure facility under the Original Credit Agreement.

maturity date.

The New Credit Agreement allows the Borrowers, at any time, to request additional term loans, revolver commitments and delayed draw term loan commitments in an aggregate amount of up to $400.0 million (the “Incremental Facility”). The lenders are not under any obligation to provide the Incremental Facility, and the Incremental Facility is subject to certain customary conditions precedent and other limitations.

Borrowings under the revolver portion of the New Credit Agreement generally bear interest based on the sum of the forward-looking term rate based on the Secured Overnight Financing Rate (“Term SOFR SOFR”) plus a loan margin based on average availability as follows: (a) less than or equal to 33% of average availability, a loan margin of 1.50%, (b) greater than 33% and less than or equal to 66% of average availability, a loan margin of 1.25%, and (c) greater than 66% of average availability, a loan margin of 1.00%. Borrowings under the term loan and delayed draw portions of the New Credit Agreement generally bear interest based on the sum of (i) Term SOFR plus (ii) a credit spread adjustment of 10 basis points for 1-month and 3-month interest periods and 15 basis points for a six-month interest period plus (iii) a loan margin of 1.625%.

The New Credit Agreement also includes an unused line fee and contains customary representations and warranties and affirmative and negative covenants for agreements of this type. In addition, the New Credit Agreement requires compliance with the following financial covenants, in each case commencing from fiscal quarter ending January 31, 2023: (i) a debt to capitalization ratio not to exceed 0.55:1.00, measured at the end of each fiscal quarter and (ii) a fixed charge coverage ratio not to be less than 1.15:1.00, measured at the end of each fiscal quarter.

The Company incurred approximately $3.3 million in debt issuance costs, including bank financing fees and third party legal and other professional fees in closing the New Credit Agreement, As of which approximately $2.4 million were capitalized in accordance with ASC Topic 470, *Debt*. The fees associated with the revolving and delayed draw term facilities were capitalized to other long-term assets and the fees associated with the term loan facility were capitalized to long-term debt, net of current maturities and debt issuance costs on the Condensed Consolidated Statement of Position. The capitalized debt issuance costs are amortized as interest expense over the term of the New Credit Agreement. Other related charges incurred of $0.9 million that were not capitalized during the period are reflected in other (income) expense in the Condensed Consolidated Statement of Operations.

Amendment to the New Credit Agreement

Effective February 6, 2023 October 31, 2023, the Company entered into Amendment No. 1 to the Amended was in compliance with all covenants.

At October 31, 2023 and Restated First Lien Loan and Security Agreement. The changes in the amendment are administrative in nature and did not impact the Company's outstanding debt or related debt covenants. The amendment did not result in any additional cash proceeds or changes in commitment amounts.

Long-term debt, net was comprised of the following:

(in thousands)	April 30, 2023	July 31, 2022
Revolving line of credit	$ —	$ 110,000
Term loan, first lien	223,332	110,117
Capital expenditure loan(a)	—	5,049
Total debt	223,332	225,166
Less: Current maturities of long-term debt	(9,721)	(9,810)
Total long-term debt	213,611	215,356
Debt issuance costs(b)	(453)	(1,608)
Total long-term debt, net of current maturities and debt issuance costs	$ 213,158	$ 213,748

(a) The capital expenditure loan under the Original Credit Agreement was replaced as part of the refinancing and execution of the New Credit Agreement. As of April 30, 2023 July 31, 2023, the Company has not drawn had unused capacity of $402.0 million and $412.0 million, respectively, under the revolving credit facility, excluding the incremental seasonal borrowing amount of an additional $30.0 million of capacity. There were no amounts outstanding on the delayed draw term loan, under letter of credit sub-facility or the New Credit Agreement.

(b) At April 30, 2023, debt issuance costs are the costs associated with the term loan facility. Debt issuance costs of $2.8 million associated with the revolving credit and delayed draw term loan facilities are recorded in other long-term assets on the Condensed Consolidated Statements of Financial Position. Under the Original Credit Facility, the revolving credit facility debt issuance costs were treated consistently with those of the term debt facilities as the Company did not intend to repay the revolving credit facility in full prior to its maturity.

swingline sub-facility at October 31, 2023 or July 31, 2023.

8. 7. Derivative instruments Instruments

The Company manages exposure to interest rates and foreign currency movements by entering into derivative contracts from time to time, as movements in such markets could impact the Company’s financial results and Condensed Consolidated Statements of Financial Position. results.

The changes in estimated fair values of derivative instruments result from changes in interest rates and foreign currency exchange rates. Such changes serve to offset exposure in related business assets or liabilities. The Company is exposed to credit loss in the event of nonperformance by a counterparty. Certain of the Company's Company’s derivative instruments are subject to master netting agreements. In certain circumstances, this agreement allows the Company to net-settle amounts payable or receivable related to multiple derivative transactions with the same counterparty. The fair values of derivative instruments are presented on a gross basis, even when the derivative instruments are subject to master netting arrangements. Collateral is generally not required of the Company or of the counterparties to the master netting agreements, and no cash collateral was received or pledged under such agreements as of April 30, 2023 October 31, 2023 or July 31, 2022 July 31, 2023. The Company does not enter into derivative instruments for

trading or speculative purposes. The Company's Company’s accounting policies do not apply hedge accounting treatment to derivative instruments.

As of April 30, 2023, the Company held the following interest rate swap agreement, which fixed the interest rate on the applicable notional amount of outstanding variable rate debt:

Notional amount *(in thousands)*	**Interest rate**	**Effective date**	**Expiration date**
$100,000	3.735%	January 4, 2023	November 4, 2027

The total notional amounts of the Company’s derivative instruments outstanding are as follows:

(in thousands)	**April 30, 2023**	**July 31, 2022**
Derivative instruments not designated as hedging instruments		
Interest rate swap contract	$ 100,000	$ 100,000
Foreign currency forward contracts	5,610	2,793
Total derivative instruments not designated as hedging instruments	$ 105,610	$ 102,793

Effective September 30, 2022, the Company amended its interest rate swap initially entered into in March 2020, which expired on March 23, 2023, to transition from a LIBOR-based floating rate to a Term SOFR based floating rate. On January 4, 2023, the Company entered into an interest rate swap that partially mitigates the risk to the Company due to potential future Term SOFR movements by trading floating rate payments for fixed rate payments on an applicable notional amount of outstanding variable rate debt. Effective September 30, 2022, the Company amended its interest rate swap initially entered into in March 2020, which expired on March 23, 2023, to transition from a LIBOR-based floating rate to a Term SOFR based floating rate.

As discussed in Note 10 (Commitments and contingencies) of October 31, 2023, the Company held the following interest rate swap agreement, which fixed the interest rate on the applicable notional amount of outstanding variable rate debt:

Notional amount *(in thousands)*	**Interest rate**	**Effective date**	**Expiration date**
$100,000	3.735%	January 4, 2023	November 4, 2027

The total notional amounts of the Company’s derivative instruments outstanding are as follows:

(in thousands)	**October 31, 2023**	**July 31, 2023**
Interest rate swap contract	$ 100,000	$ 100,000
Foreign currency forward contracts	167	5,610
Total derivative instruments not designated as hedging instruments	$ 100,167	$ 105,610

The Company manages annual barrel purchases by engaging domestic and foreign cooperages to provide specified barrel quantities on agreed delivery dates. Some A significant portion of these invoices are paid in Euros. In order to reduce the foreign exchange risk associated with the Euro to U.S. Dollar conversion rate, the Company enters into foreign currency forward contracts, generally aligning settlement dates with expected barrel deliveries and the anticipated timing of payments to various coopers.

See Note 9 (Commitments and contingencies) for additional information related to the Company’s barrel purchase commitments.

Results of period derivative activity

The estimated fair value and classification of derivative instruments on the accompanying Condensed Consolidated Statements of Financial Position for April 30, 2023 October 31, 2023 were as follows:

		Derivative Assets		**Derivative Liabilities**			**Derivative Assets**		**Derivative Liabilities**	
(in thousands)	*(in thousands)*	Balance Sheet Classification	Fair Value	Balance Sheet Classification	Fair Value	*(in thousands)*	Balance Sheet Classification	Fair Value	Balance Sheet Classification	Fair Value
Interest rate swap contract	Interest rate swap contract	Prepaid expenses and other current assets	$ —	Other long-term liabilities	$ 1,830	Interest rate swap contract	Other assets	$ 3,082	Other liabilities	$ —
Foreign currency forward contracts		Prepaid expenses and other current assets	107	Other current liabilities	—					
Foreign currency forward contract						Foreign currency forward contract	Prepaid expenses and other current assets	—	Other current liabilities	7
Total derivatives not designated as hedging instruments	Total derivatives not designated as hedging instruments		$ 107		$ 1,830	Total derivatives not designated as hedging instruments		$ 3,082		$ 7

The estimated fair value and classification of derivative instruments on the accompanying Condensed Consolidated Statements of Financial Position for July 31, 2022 July 31, 2023 were as follows:

	Derivative Assets		**Derivative Liabilities**	
(in thousands)	Balance Sheet Classification	Fair Value	Balance Sheet Classification	Fair Value
Interest rate swap contracts	Prepaid expenses and other current assets	$ 1,443	Other long-term liabilities	$ —
Foreign currency forward contracts	Prepaid expenses and other current assets	—	Other current liabilities	223
Total derivatives not designated as hedging instruments		$ 1,443		$ 223

	Derivative Assets		**Derivative Liabilities**	
(in thousands)	Balance Sheet Classification	Fair Value	Balance Sheet Classification	Fair Value
Interest rate swap contract	Other assets	$ 1,117	Other liabilities	$ —
Foreign currency forward contracts	Prepaid expenses and other current assets	69	Other current liabilities	—
Total derivatives not designated as hedging instruments		$ 1,186		$ —

The amounts and classification of the gains and losses in the Condensed Consolidated Statements of Operations related to derivative instruments not designated as hedging instruments are as follows:

			Three months ended April 30,		Nine months ended April 30,				Three months ended October 31,	
(in thousands)	*(in thousands)*	**Classification**	**2023**	**2022**	**2023**	**2022**	*(in thousands)*	**Classification**	**2023**	**2022**
Interest rate swap contracts		Other expense (income), net	$ 900	$ (1,117)	$ 3,273	$ (2,079)				
Interest rate swap contract							Interest rate swap contract	Other income, net	$ (1,965)	$ (145)
Foreign currency forward contracts	Foreign currency forward contracts	Other expense (income), net	(18)	127	(330)	132	Foreign currency forward contracts	Other income, net	76	(223)
Total loss (gain)			$ 882	$ (990)	$ 2,943	$ (1,947)				
Total gain							Total gain		$ (1,889)	$ (368)

9. 8. Fair value measurements Value Measurements

The Company applies a fair value hierarchy pursuant to ASC Topic 820, *Fair Value Measurement*, which consists of three levels of inputs used to measure fair value:

Level 1 Inputs to fair value are quoted prices in active markets for identical assets or liabilities;

Level 2 Inputs to fair value are based on observable data other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data such as interest rates or yield curves for substantially the full term of the instrument; and

Level 3 Inputs to fair value are based on unobservable data for the instrument and are supported by little or no market activity.

Following is a description of the valuation methodologies used for instruments measured at fair value in the Condensed Consolidated Financial Statements, as well as the general classification of such instruments under the valuation hierarchy.

Interest rate swap contracts: contract: The fair value of the Company’s interest rate swap agreement is estimated with the assistance of a third party, third-party, using inputs that can be corroborated by observable market data (Level 2 of the fair value hierarchy).

Foreign currency forward contracts: The fair value of the Company’s outstanding foreign currency forward contracts are is estimated with the assistance of a third party, third-party, using inputs that can be corroborated by observable market data (Level 2 of the fair value hierarchy).

Deferred compensation plan: Contributions to the Company’s deferred compensation plan are managed by a third party third-party administrative agent. The fair value of the total contributed plan assets and liabilities are based on inputs that can be corroborated by observable market data (Level 2 of the fair value hierarchy).

The Company’s other financial instruments consist mainly of cash, accounts receivable, accounts payable, accrued expenses and debt. The carrying value of all other financial instruments, except debt, approximates fair value due to the short-term nature of these assets and liabilities. The carrying value of the Company's Company’s debt approximates fair value as the interest rates are variable and reflective of market rates (Level 2 of the fair value hierarchy).

The Company’s assets and liabilities measured and recorded at fair value on a recurring basis at April 30, 2023 October 31, 2023, were as follows:

(in thousands)	Fair value measurements using: Quoted prices in active markets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets Assets:			
Foreign currency forward contracts	$ —	$ 107	$ —
Deferred compensation plan asset	$ —	$ 2,262	$ —
Liabilities			
Interest rate swap contract	$ —	$1,830 3,082	$ —
Deferred compensation plan asset	$ —	$ 2,387	$ —
Liabilities:			
Deferred compensation liability	$ —	$2,920 3,523	$ —
Foreign currency forward contracts	$ —	$ 7	$ —

The Company's assets and liabilities measured and recorded at fair value on a recurring basis at July 31, 2022 July 31, 2023, were as follows:

(in thousands)	Fair value measurements using: Quoted prices in active markets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets Assets:			
Interest rate swap contract	$ —	$ 1,117	$ —
Foreign currency forward contracts	$ —	$ 1,443 69	$ —
Deferred compensation plan asset	$ —	$1,753 2,670	$ —
Liabilities Liabilities:			
$	— 223	$—	
Deferred compensation liability	$ —	$2,142 3,261	$ —

10. 9. Commitments and contingencies Contingencies

Long-term purchase contracts

The Company has entered into certain grape purchase contracts with various growers to supply a significant portion of its future grape requirements for wine production. The lengths of the contracts vary from one to eight 16 years, and prices per ton are either determined at the outset for the contract duration or are negotiated annually. The Company's Company's grape purchase contracts generally include acceptance provisions based on qualitative and quantitative grape quality characteristics. For the 2023 harvest, the Company purchased 32,000 tons of grapes at a cost of approximately $85.7 million which will be recognized into inventory during Fiscal 2024. For the 2022 harvest, the Company purchased 29,000 tons of grapes for a total cost of approximately $71.0 million in $71.0 million which was recognized into inventory during Fiscal 2023. For the 2021 harvest, the Company purchased grapes for a total cost of $68.1 million in Fiscal 2022. The Company also increases the scope of its grape contracts when necessitated by supply needs to meet production levels in future periods.

Purchase commitments

The Company enters into commitments to purchase barrels for each harvest, a significant portion of which are settled in Euros. As of July 31, 2022 July 31, 2023, the Company had $8.8 million $10.6 million in barrel purchase commitments. During the nine three months ended April 30, 2023 October 31, 2023, the Company paid the remaining commitments and liabilities $8.1 million associated with the barrel purchases for the 2022 harvest. As of April 30, 2023, the Company has entered into barrel purchase commitments of approximately $10.3 million for the 2023 harvest. In order to reduce the foreign exchange risk associated with the Euro to U.S. Dollar conversion rate, the Company enters into foreign currency forward contracts, generally aligning settlement dates with expected barrel deliveries and the anticipated timing of payments to various coopers. The Company does not enter into these contracts for speculative purposes. Gains and losses on these contracts are recorded in other income, net on the Condensed Consolidated Statements of Operations. See Note 8 7 (Derivative instruments) for the total notional value and impact on the Condensed Consolidated Financial Statements due to foreign currency forward contracts.

The Company enters into various contracts with third parties for custom crush, storage, glass and mobile bottling services. The costs related to these contracts are recorded in the period the service is provided. The contracts for custom crush services typically have minimums that the Company is required to pay if certain grape volume thresholds are not delivered. The Company does not record these minimums related to service contracts as contingent liabilities on the Condensed Consolidated Statements of Financial Position given the harvest yield size, resulting volumes and qualities of grape deliveries are not known or estimable until harvest, when all related contingencies would be resolved.

Contingent liabilities

The Company evaluates pending or threatened litigation, operational events which could result in regulatory or civil penalties, environmental risks and other sources of potential contingent liabilities during the year. In accordance with applicable accounting guidance, the Company establishes an accrued liability when those matters present loss contingencies which are both probable and reasonably estimable. As of April 30, 2023 October 31, 2023 and July 31, 2022 July 31, 2023, there were no material contingent obligations requiring accrual or disclosure.

In the ordinary course of business, the Company enters into agreements containing standard indemnification provisions. The aggregate maximum potential future liability of the Company under such indemnification provisions is uncertain, as these involve potential future claims against the Company that have not occurred. The Company expects the risk of any future obligations under these indemnification provisions to be remote. As of April 30, 2023 October 31, 2023 and July 31, 2022 July 31, 2023, no amounts have been accrued related to such indemnification provisions.

11 10. Equity-based compensation Equity-Based Compensation

2016 Equity Plan

In 2016, the Company adopted the 2016 Equity Plan, which provided profit interest units to certain employees of the Company. In connection with the adoption of the Company's 2021 Plan, the Company will no longer grant additional awards under the 2016 Plan. However, the terms and conditions of the 2016 Plan will continue to govern the previously granted awards, to the extent applicable. The remaining awards vested on August 1, 2022 and were fully expensed as of July 31, 2022. The total fair value of restricted shares that vested during the nine months ended April 30, 2023 was $4.9 million.

Restricted shares

The following table represents restricted share activity:

	Performance-based shares	Weighted-average grant-date fair value *(per share)*
Unvested as of July 31, 2022	266,158	$ 14.23
Granted	—	—
Vested	(266,158)	14.23
Forfeited	—	—
Unvested as of April 30, 2023	—	$ —

2021 Equity Incentive Plan

In March 2021, the Company's Company's Board of Directors approved the 2021 Equity Incentive Plan ("2021 Equity Plan"), which provides for granting up to 14,003,560 shares of the Company's Company's common stock to employees, officers and founders. stock. Restricted stock units and stock options are granted to certain employees of the Company, advisors and directors (collectively "grants"). The grants are considered equity awards for purposes of calculating compensation expense and are equity-classified in the Condensed Consolidated Statements of Financial Position.

Stock options

Stock option awards are valued using the Black-Scholes option pricing model to estimate the fair value of each stock option award on the date of grant and expense ratably over the vesting period, generally four years. Stock options have a ten year term.

The following table represents the stock option activity:

	Number of options		Weighted-average exercise price (per share)	Weighted-average remaining contractual life (in years)		Aggregate intrinsic value (in thousands)
Outstanding at July 31, 2022	1,555,610	$	17.15	8.7	$	3,847
Granted	1,067,979		14.43			
Exercised	(2,586)		15.00			
Forfeited	(118,237)		16.94			
Expired	(40,473)		17.25			
Outstanding at April 30, 2023	2,462,293	$	15.99	8.6	$	817
Exercisable as of April 30, 2023	685,331	$	17.15	8.0		

The Company recognized equity compensation expense related to the 2021 Plan stock options in selling, general and administrative expenses and capitalized a portion into inventories on the Condensed Consolidated Statements of Financial Position, as applicable. Total recognized equity compensation expense related to the 2021 Plan stock options was $0.8 million and $0.5 million for the three months ended April 30, 2023 and 2022, respectively, and $2.1 million and $1.5 million for the nine months ended April 30, 2023 and 2022, respectively.

	Number of options outstanding		Weighted-average exercise price (per share)	Weighted-average remaining contractual life (in years)		Aggregate intrinsic value (in thousands)
Balance at July 31, 2023	2,321,233	$	15.98	8.0	$	—
Granted	1,254,867		9.90			
Exercised	—		—			
Forfeited	(414,743)		15.62			
Expired	(122,639)		16.64			
Balance at October 31, 2023	3,038,718	$	13.49	8.2	$	665
Exercisable as of October 31, 2023	830,135	$	16.39	5.4	$	—

The total unrecognized compensation expense related to the 2021 Plan stock options was $8.7 million $9.4 million as of April 30, 2023 October 31, 2023, which is expected to be recognized over a weighted-average period of 2.9 3.2 years. The weighted-average grant-date fair value of options granted during the three months ended October 31, 2023 was $3.98 per share.

The following assumptions were applied in the Black-Scholes option pricing model to estimate the grant-date fair value of the stock options granted:

		Nine months ended April 30, 2023		Three months ended October 31, 2023	2022
Expected term (in years)(a)	Expected term (in years)(a)	6.23	Expected term (in years)(a)	6.22	6.23
Expected dividend yield(b)	Expected dividend yield(b)	— %	Expected dividend yield(b)	— %	— %
Risk-free interest rate(c)	Risk-free interest rate(c)	3.96 %	Risk-free interest rate(c)	4.55 %	3.96 %

Expected volatility(d)	Expected volatility(d)		33.9 %	Expected volatility(d) 30.9 % 33.9 %
Stock price		$	14.43	

(a) Calculated as the midpoint between the weighted-average time to vest and the time to expiration.
(b) The Company has not historically paid and does not expect to pay dividends in the foreseeable future.
(c) The risk-free rate was estimated from the U.S. Treasury Constant Maturity Rates for a period consistent with the expected term in effect at the grant date.
(d) The Due to a lack of sufficient trading history of the Company's common stock, the expected volatility was estimated based on analysis of the historical and implied volatility of the Company's common stock and a group of guideline public companies deemed to be comparable public publicly traded peers within the Company's industry.

Restricted stock units

Restricted stock units ("RSUs") are valued using the closing market price of our common stock on the date of grant. Expense is recognized ratably over the vesting period, generally four years for RSUs issued to employees and one year for RSUs issued to our independent directors.

The following table represents the RSU grant activity under the 2021 Plan:

	Number of units		**Weighted-average grant-date fair value** *(per share)*
Unvested as of July 31, 2022	414,609	$	17.32
Granted	382,985		14.56
Vested	(138,807)		17.64
Forfeited	(39,414)		16.94
Unvested as of April 30, 2023	619,373	$	15.56

The Company recognized equity compensation expense related to the 2021 Plan RSUs in selling, general and administrative expenses and capitalized a portion into inventories on the Condensed Consolidated Statements of Financial Position, as applicable. Total recognized equity compensation expense related to the 2021 Plan RSUs was $0.9 million and $0.7 million, for the three months ended April 30, 2023 and 2022, respectively, and $2.5 million and $2.3 million for the nine months ended April 30, 2023 and 2022, respectively.

	Number of units		**Weighted-average grant-date fair value** *(per share)*
Unvested as of July 31, 2023	562,861	$	15.52
Granted	561,098		10.42
Vested	(79,639)		14.43
Forfeited	(138,253)		15.62
Unvested as of October 31, 2023	906,067	$	12.44

The total fair intrinsic value of restricted stock that vested during the nine three months ended April 30, 2023 October 31, 2023 was $1.5 million $1.0 million. The total unrecognized compensation expense related to the 2021 Plan RSUs was $8.5 million $9.9 million as of April 30, 2023 October 31, 2023, which is expected to be recognized over a weighted-average period of 2.6 2.8 years.

Compensation expense

Employee Stock Purchase Plan

During three months ended October 31, 2023 and 2022, the Company recognized total equity-based compensation expense due to units vesting over their requisite service periods for all plans of $1.2 million and $1.2 million, respectively. The Company adopted the 2021 Employee Stock Purchase Plan, which allows for the issuance of up to a total of 1,250,509 shares of the Company's common stock. As of April 30, 2023, there were 1,221,597 shares available for issuance under the ESPP. The Company recognized equity recognizes equity-based compensation expense related to the ESPP in selling, general and administrative expenses, and net of actual forfeitures as incurred, in the Condensed Consolidated Statements of Operations, except for amounts capitalized a portion into inventory, as applicable. For to inventories in the three and nine months ended April 30, 2023, total recognized compensation expense was immaterial. Condensed Consolidated Statements of Financial Position.

12. 11. Earnings per share Per Share

Basic earnings per share is calculated by dividing the net income by the weighted average number of shares of common stock outstanding during the period. Diluted earnings per share reflects the dilution that would occur if any potentially dilutive instruments were exercised or converted into shares of common stock.

The following is a reconciliation of the Company's Company's basic and diluted income earnings per share calculation:

		Three months ended April 30,		Nine months ended April 30,			Three months ended October 31,	
(in thousands, except per share data)		2023	2022	2023	2022			
(in thousands, except share and per share amounts)						*(in thousands, except share and per share amounts)*	2023	2022
Numerator:	Numerator:					Numerator:		
Net income attributable to The Duckhorn Portfolio, Inc.	Net income attributable to The Duckhorn Portfolio, Inc.	$ 16,797	$ 15,565	$ 51,529	$ 54,770	Net income attributable to The Duckhorn Portfolio, Inc.	$ 15,537	$ 19,815
Denominator:	Denominator:					Denominator:		
Weighted average number of shares outstanding for basic per share calculation	Weighted average number of shares outstanding for basic per share calculation	115,255,671	115,115,850	115,209,972	115,070,183	Weighted average number of shares outstanding for basic per share calculation	115,339,774	115,184,161
Effect of dilutive potential shares(a):	Effect of dilutive potential shares(a):					Effect of dilutive potential shares(a):		
Stock options	Stock options	867	45,076	2,390	123,162	Stock options	80,598	11,976
Restricted stock awards		110,917	120,798	212,672	154,463			
Restricted stock units						Restricted stock units	31,347	79,555
Adjusted weighted average shares outstanding for diluted per share calculation	Adjusted weighted average shares outstanding for diluted per share calculation	115,367,455	115,281,724	115,425,034	115,347,808	Adjusted weighted average shares outstanding for diluted per share calculation	115,451,719	115,275,692

Earnings per share attributable to The Duckhorn Portfolio, Inc.:	Earnings per share attributable to The Duckhorn Portfolio, Inc.:									Earnings per share attributable to The Duckhorn Portfolio, Inc.:				
Basic	Basic	$	0.15	$	0.14	$	0.45	$	0.48	Basic	$	0.13	$	0.17
Diluted	Diluted	$	0.15	$	0.14	$	0.45	$	0.47	Diluted	$	0.13	$	0.17

(a) Calculated using the treasury stock method.

For the three months ended April 30, 2023 October 31, 2023 and 2022, there were 0.7 million 1.2 million and 0.2 million incremental common shares issuable upon the exercise of certain stock options, respectively, that were not included in the calculation of diluted EPS because the effect of their inclusion would have been antidilutive under the treasury stock method. For the nine months ended April 30, 2023 and 2022, there were 0.5 million and 0.2 million 0.3 million incremental common shares issuable upon the exercise of certain stock options, respectively, that were not included in the calculation of diluted EPS because the effect of their inclusion would have been antidilutive under the treasury stock method. Refer to Note 11 10 (Equity-based compensation) for the terms of the awards.

13. 12. Income taxes Taxes

Income tax expense was $6.0 million and $18.4 million $5.6 million, with an effective tax rate of 26.6% for the three months ended October 31, 2023, respectively, compared to $7.1 million, with an effective tax rate of 26.3% and 26.3% for the three and nine months ended April 30, 2023, respectively, compared to $4.7 million and $18.5 million, with an effective tax rate of 23.2% and 25.2% for the three and nine months ended April 30, 2022, respectively. October 31, 2022. The

effective tax rates for both periods presented were higher than the federal statutory rate of 21% primarily due to the impact of state income taxes.

14. 13. Subsequent events

Second Amendment to the Amended and Restated First Lien Loan and Security Agreement Events

On May 2, 2023 November 16, 2023, the Company, Auguste Merger Sub, Inc., a California corporation and an indirect wholly-owned subsidiary of the Company ("Merger Sub"), Brown-Forman Corporation, a Delaware corporation ("Brown-Forman"), and Sonoma-Cutrer Vineyards, Inc., a California corporation and a wholly-owned subsidiary of Brown-Forman ("Sonoma-Cutrer"), entered into Amendment No. 2 an Agreement and Plan of Merger (the "Merger Agreement"), pursuant to which Merger Sub will merge with and into Sonoma-Cutrer (the "Merger") with Sonoma-Cutrer continuing as the Amended surviving entity after the Merger. The board of directors of the Company approved the Merger Agreement, the Merger and Restated First Lien Loan the other transactions contemplated by the Merger Agreement.

Sonoma-Cutrer Vineyards specializes in luxury Chardonnay brands. Sonoma-Cutrer owns six estate vineyards with approximately 1,100 acres in both the Russian River Valley and Security Agreement. The amendment amends and restates Sonoma Coast appellations. It sells its luxury wine across the definition of fixed charge coverage ratio U.S. in the New Credit Agreement to replace unfinanced capital expenditures with maintenance capital expenditures wholesale channel through distributors and in the calculation DTC channel with retail price points ranging from $20 to $50 per bottle.

At consummation of the fixed charge coverage ratio.

Acquisition of North Coast Wine Production Facility

On May 4, 2023, the Company announced that it entered into a definitive agreement to acquire a production winery and seven acres of planted Cabernet Sauvignon in Alexander Valley, Sonoma County, California. Merger, Brown-Forman will receive approximately $400.0 million. The purchase price is comprised of 31,531,532 shares of the transaction is Company's common stock valued at approximately $55.0 million $350.0 million and is $50.0 million payable in cash, subject to certain customary closing conditions. adjustments set forth in the Merger Agreement, including for cash, working capital, indebtedness and transaction expenses. The cash consideration is expected to be funded through cash on hand and borrowings under the Company's revolving credit facility.

The transaction is expected to close in the fourth fiscal third quarter of 2023 the Company's Fiscal 2024, subject to regulatory approvals and is expected to be funded with the New Credit Facility and available cash. The Company is currently assessing the fair value of identifiable net assets acquired. customary closing conditions.

Item 2. Management's discussion Discussion and analysis Analysis of financial condition Financial Condition and results Results of operations Operations

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our financial statements and the related notes to those statements included elsewhere in this Quarterly Report on Form 10-Q. In addition to historical financial information, the following discussion and analysis contains forward-looking statements that involve risks, uncertainties and assumptions. See "Cautionary note regarding forward-looking statements" included in this Quarterly Report on Form 10-Q. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of many factors, including those discussed in Part I "Item 1A. Risk factors" included in our Annual Report on Form 10-K for Fiscal 2022. 2023.

Introduction

MD&A is provided as a supplement to the accompanying Condensed Consolidated Financial Statements and related notes to help provide an understanding of our results of business, results of operations and financial condition.

MD&A is organized as follows:

- *Overview*. This section provides a general description of our business and industry trends, and a discussion of our key metrics for the three months ended October 31, 2023. In addition, this section includes a discussion of recent developments and transactions affecting comparability that we believe are important in understanding our results of operations and financial condition, and in anticipating future trends.
- *Results of operations*. This section provides a discussion of our components of results of operations and an analysis of our results of operations for the three months ended October 31, 2023 as compared to the three months ended October 31, 2022.
- *Non-GAAP financial measures and adjusted EBITDA reconciliation*. This section provides a reconciliation of adjusted EBITDA, a non-GAAP financial measure, to net income attributable to The Duckhorn Portfolio, Inc., the most directly comparable measure prepared in accordance with GAAP.
- *Liquidity and capital resources*. This section provides a discussion of our financial condition and liquidity as of October 31, 2023, which includes (i) a discussion of our sources of liquidity (ii) a discussion of our material cash requirements as of October 31, 2023; (iii) an analysis of changes in our cash flows for the three months ended October 31, 2023 as compared to the three months ended October 31, 2022; (iv) a discussion of our capital resources, including the availability under our credit facilities, our outstanding debt, covenant compliance and off-balance sheet arrangements as of October 31, 2023.
- *Critical accounting policies and estimates.* This section discusses our critical accounting policies considered to be important to our results of operations and financial condition, which typically require significant judgment and estimation on the part of management in their application. In addition, all of our significant accounting policies, including our critical accounting policies, are summarized in Note 2 (Basis of presentation and recent accounting pronouncements) to the accompanying Condensed Consolidated Financial Statements.
- *Recent accounting pronouncements.* This section discusses the potential impact on our reported results of operations and financial condition of certain accounting standards that have been recently issued.

Overview

The Duckhorn Portfolio is the premier scaled pure-play producer of luxury wines sold for $15 or higher in North America. We offer a curated and comprehensive portfolio of luxury wines with suggested retail prices ranging from $20 to $200$230 per bottle. Our wines are available in all 50 states, the District of Columbia and over 50 countries under a world-class luxury portfolio of winery brands, including Duckhorn Vineyards, Decoy, Goldeneye, Paraduxx, Migration, Canvasback, Calera, Kosta Browne, Greenwing and Postmark. The primary market for our wines is the U.S.

We sell our wines to distributors outside California and directly to trade accounts in California, which together comprise our wholesale channel. We also sell directly to consumers through our DTC channel, which includes eightseven tasting rooms, wine clubs and our multi-winery e-commerce website. Our powerful omni-channel sales model continues to drive strong margins by leveraging long-standing relationships.

The following factors and trends in our business are expected to be key drivers of our net sales growth for the foreseeable future:

- *Leverage our sales and marketing strength to gain market share.* Leverage sales and marketing strengths and increasing brand awareness and grow sales of our winery brands to our existing consumer base and a new generation of consumers, allowing us to gain market share in a consolidating marketplace.
- *Insightful and targeted portfolio evolution.* Launch winery brand extensions and continue evolving and strategically broadening our portfolio.
- *Expand and accelerate wholesale channel distribution.* Capture distribution growth opportunities and accelerate sales to existing distributors, expand our geographical reach withing the U.S. and retail accounts in California.
- *Continue to invest in DTC capabilities.* Engage with our consumers, create brand evangelists and drive adoption across our portfolio through brand-specific tasting rooms, multiple wine clubs and our multi-winery e-commerce website, all of which enable us to cross-sell wines within our portfolio.
- *Evaluate strategic acquisitions opportunistically.* Disciplined evaluation of strategic acquisitions when opportunities arise to create stockholder value. In Fiscal 2023, we purchased a state-of-the-art winemaking facility in Alexander Valley, California, which is nearly double the size of the Company's previously largest production facility, and included seven acres of planted Cabernet Sauvignon for approximately $54.6 million. In November 2023, we entered into a merger agreement with Sonoma-Cutrer as discussed below, see "—Key factors affecting our performance — Recent development". Sonoma-Cutrer is well-known for luxury Chardonnay brands, with six estate vineyards spanning approximately 1,100 acres in both the Russian River Valley and Sonoma Coast appellations.

Key financial metrics

We use net sales, gross profit and adjusted EBITDA to evaluate the performance of our business, identify trends in our business, prepare financial forecasts and make capital allocation decisions. We believe the following metrics are useful in evaluating our performance. Adjusted EBITDA should not be considered in isolation or as a substitute for any other financial information depicting our results prepared in accordance with U.S. GAAP. Certain judgments and estimates are inherent in our processes to calculate these key financial metrics. See "—Limitations of non-GAAPNon-GAAP financial measures and adjusted EBITDA reconciliation" for additional information.

		Three months ended April 30,		**Nine months ended April 30,**			**Three months ended October 31,**	
(in thousands)	*(in thousands)*	**2023**	**2022**	**2023**	**2022**	*(in thousands)*	**2023**	**2022**
Net sales	Net sales	$ 91,242	$ 91,584	$ 302,901	$ 294,501	Net sales	$ 102,509	$ 108,171
Gross profit	Gross profit	$ 50,511	$ 43,962	$ 160,407	$ 145,849	Gross profit	$ 53,853	$ 54,710
Net income attributable to The Duckhorn Portfolio, Inc.	Net income attributable to The Duckhorn Portfolio, Inc.	$ 16,797	$ 15,565	$ 51,529	$ 54,770	Net income attributable to The Duckhorn Portfolio, Inc.	$ 15,537	$ 19,815
Adjusted EBITDA	Adjusted EBITDA	$ 35,820	$ 32,873	$ 110,298	$ 105,272	Adjusted EBITDA	$ 34,713	$ 35,665

Net sales

Our net sales represent revenues less discounts, promotions and excise taxes.

Gross profit

Gross profit is equal to our net sales less cost of sales. Cost of sales includes all wine production costs, winemaking, bottling, packaging, warehousing and shipping and handling costs. Our gross profit and gross profit margins on net sales are impacted by the mix of winery brands we sell in our portfolio. See "—Components of results of operation and key Key factors affecting our performance" performance—Sales channels" for additional information.

Adjusted EBITDA

Adjusted EBITDA is a non-GAAP financial measure that we calculate as net income before interest, taxes, depreciation and amortization, purchase accounting adjustments, transaction expenses, certain inventory write-downs, changes in the fair value of

derivatives, equity-based compensation, net lease income, debt refinancing costs and certain other items which are not related to our core operating performance. wildfire costs. Adjusted EBITDA is a key performance measure we use in evaluating our operational results. We believe adjusted EBITDA is a helpful measure to provide investors an understanding of how management regularly monitors our core operating performance, as well as how management makes operational and strategic decisions in allocating resources. We believe adjusted EBITDA also provides management and investors consistency and comparability with our past financial performance and facilitates period to period comparison of operations, as it eliminates the effects of certain variations unrelated to our overall performance. See "—Limitations of non-GAAP Non-GAAP financial measures and adjusted EBITDA reconciliation" for additional information.

Key operating metrics

We monitor the following key operating metrics to help us evaluate our business, identify trends affecting our business, measure our performance, formulate business plans and make strategic decisions. We believe the following metrics are useful in evaluating our business but should not be considered in isolation or, solely with respect to price / mix contribution, as a substitute for financial information prepared and presented in accordance with U.S. GAAP. Certain judgments and estimates are inherent in our processes to calculate these metrics.

Net sales percentage by channel

We calculate net sales percentage by channel as net sales made through our wholesale channel to distributors, through our wholesale channel directly to trade accounts in California and through our DTC channel, respectively, as a percentage of our total net sales. We monitor net sales percentage across all three routes to market to understand the effectiveness of our omni-channel distribution model and to ensure we are deploying resources effectively to optimize engagement with our customers across our complementary distribution channels.

		Three months ended April 30,		Nine months ended April 30,			Three months ended October 31,	
		2023	2022	2023	2022		2023	2022
Wholesale - Distributors	Wholesale - Distributors	68.6 %	62.0 %	68.9 %	66.0 %	Wholesale - Distributors	77.0 %	76.4 %
Wholesale - California direct to trade	Wholesale - California direct to trade	17.5	16.6	17.4	17.6	Wholesale - California direct to trade	15.6	15.8
DTC	DTC	13.9	21.4	13.7	16.4	DTC	7.4	7.8
Net sales	Net sales	100.0 %	100.0 %	100.0 %	100.0 %	Net sales	100.0 %	100.0 %

The composition of our net sales, expressed in percentages by channel for the three months ended April 30, 2023, was impacted October 31, 2023 saw relative consistency by DTC offering timing shifts. The Kosta Browne Appellation Series, our highest volume Kosta Browne offering, shifted into channel over the fourth quarter of Fiscal 2023, compared to the third quarter of Fiscal 2022. Additionally, the Kosta Browne Estate Series offering shifted into the third quarter of Fiscal 2023, compared to the fourth quarter of Fiscal 2022. prior year period. In our wholesale business, we strengthened our market position and delivered volume growth contributions decreased during the three and nine months ended April 30, 2023 October 31, 2023 when compared to the three months ended October 31, 2022 related to a slight depletion decline partially offset by an increase in accounts. DTC also experienced volume contribution decreases mainly related to our wine club sales. For discussion of intra-period seasonality, see "—Key factors affecting our performance—Seasonality".

Net sales growth contribution

Net sales growth is defined as the percentage increase of net sales in the period compared to the prior year period. Contribution to net sales growth is calculated based on the portion of changes in net sales for a given period that is driven by two factors: changes in sales volume and changes in sales price and mix. Volume contribution presents the percentage increase in cases sold in the current year period compared to the prior year period. Price / mix

contribution presents net sales growth less volume contribution and reflects that, in addition to changes in sales volume, changes in net sales are primarily attributable to changes in sales price and mix.

		Three months ended April 30,		Nine months ended April 30,			Three months ended October 31,	
		2023	2022	2023	2022		2023	2022
Net sales growth	Net sales growth	(0.4) %	1.3 %	2.9 %	10.8 %	Net sales growth	(5.2) %	3.8 %
Volume contribution	Volume contribution	3.5 %	(0.6) %	4.2 %	10.0 %	Volume contribution	(3.4) %	9.2 %
Price / mix contribution	Price / mix contribution	(3.9) %	1.9 %	(1.4) %	0.8 %	Price / mix contribution	(1.8) %	(5.4) %

Price / mix contribution for For the three months ended April 30, 2023 October 31, 2023, the negative volume contribution was mainly driven by the net impact of DTC offering timing shifts between the third and fourth quarters of Fiscal 2023, partially offset by price increases taken earlier expected sales decline in all channels, against a strong comparison in the fiscal year.

For the nine months ended April 30, 2023, the decrease in prior period, as off-premise and on-premise experienced declines. The negative price / mix contribution was mainly impacted by DTC offering shifts and brand mix.

For the three months ended October 31, 2022, negative price mix contribution was impacted by the outsized volume growth of the wholesale channel, partially offset by price increases. Despite lapping high growth rates we achieved seen in the prior year period, both off-premise and on-premise growth. We increased our focus on trade account growth accounts and pricing optimization were primary drivers of our sales performance experienced strong on-premise and off-premise depletions for the nine three months ended April 30, 2023 October 31, 2022.

For the nine months ended April 30, 2022, growth in net sales was mainly attributable to strong sales volume growth and a positive price / mix contribution demonstrating the shift back toward pre-COVID-19 trends as shown by the sustained growth in our on-premise sales. Generally, on-premise expansion also drives increased sales in our ultra-luxury brands that sell at higher average sales prices and positively impact price / mix contribution.

Components of results of operation and key factors affecting our performance

Net sales

Our net sales consist primarily of wine sales to distributors and directly to trade accounts in California, which together comprise our wholesale channel, and directly to individual consumers through our DTC channel. Net sales generally represent wine sales and shipping, when applicable. Sales are generally recorded at the point of shipment and are recorded net of consideration provided to customers through various incentive programs, other promotional discounts and excise taxes.

We refer to the volume of wine we sell in terms of cases, each of which represents a standard 12 bottle case of wine (in which each bottle has a volume of 750 milliliters). Cases sold represent wine sales through our wholesale and DTC channels. Depletions, in turn, represent sell-through from our distributors, including our California wholesale channel, to trade accounts nationally.

The following factors and trends in our business are expected to be key drivers of our net sales growth for the foreseeable future:

- ***Further leverage brand strength.*** Leverage sales and marketing strengths and increasing brand awareness and grow sales of our winery brands to our existing consumer base and a new generation of consumers in a consolidating marketplace.
- ***Insightful and targeted portfolio evolution.*** Launch winery brand extensions and continue evolving and strategically broadening our portfolio.
- ***Distribution expansion and acceleration.*** Capture distribution growth opportunities and accelerate sales to existing distributors and retail accounts in California.
- ***Continued investment in DTC channel.*** Engage with our consumers, create brand evangelists and drive adoption across our portfolio through brand-specific tasting rooms, multiple wine clubs and our multi-winery e-commerce website, all of which enable us to cross-sell wines within our

portfolio.

- ***Opportunistic evaluation of strategic acquisitions.*** Disciplined evaluation of strategic acquisitions when opportunities arise to create stockholder value.

The primary market for Key factors affecting our wines is the United States, which represented approximately 94% of our net sales during the nine months ended April 30, 2023. Accordingly, our results of operations are primarily dependent on U.S. consumer spending. performance

Sales channels

Channel mix can affect our performance and results of operations, particularly gross profit and gross profit margin.

- *Wholesale channel.* ***channel.*** Consistent with sales practices in the wine industry, sales to trade accounts in California and to distributors in other states occur below suggested retail price. We work closely with our distributors to increase the volume of our wines and number of products that are sold in their respective territories. In California, where we make sales directly to trade accounts, we benefit from greater control over our sales and higher profit margins by selling directly to retailers in the state. Our wholesale channel constitutes a greater proportion of our net sales than our DTC channel.
- *DTC channel.* ***channel.*** Wines sold through our DTC channel are generally sold at suggested retail prices. DTC channel sales represent important direct connections with our customers. DTC channel sales growth will generally be favorable to price / mix contribution and gross profit margin in periods where that channel constitutes a greater proportion of net sales than in a comparative period.

Wholesale channel sales made on credit terms generally require payment within 90 days of delivery, and a substantial majority are collected within 60 days. In periods where the net sales channel mix reflects a greater concentration of wholesale sales (which typically occurs in our first and second fiscal quarters), we typically experience an increase in accounts receivable for the period to reflect the change in sales mix, with payment collections in the subsequent period generally reducing accounts receivable and having a positive impact on cash flows in such subsequent period.

While we seek to increase sales in both channels, we expect that our future sales will continue to be substantially comprised of sales in the wholesale channel. We routinely offer sales discounts intend to maintain and promotions through various programs strengthen our long-standing relationships within our network of distributors, which we believe will be critical to distributors around our continued growth and success. In the country wholesale channel, we are positioned as a “one-stop shop” for all the luxury and to trade accounts in California. These programs, where permissible, include volume-based discounts on sales orders, depletion-based incentives we pay ultra-luxury needs of our consumers, distributors and certain other promotional activities. The expense associated with these discounts retailers.

In the DTC channel, our holistic approach to consumer engagement both online and promotions offline is estimated supported by an integrated e-commerce platform and recorded as a reduction portfolio wine shop, seven distinctive tasting room experiences located throughout Northern California and Washington, and several award-winning wine clubs, all of which enable us to total sales cross-sell wines within our portfolio. Growth in calculating net sales. While our promotional activities may result DTC channel or shifts in some variability our member offerings will impact the price / mix contribution and gross profit margins in net sales from quarter to quarter, historically, the impact of these activities on our results has generally been proportional to changes in total net sales. impacted periods.

Seasonality

Our Generally, our net sales are typically highest in the first half of our fiscal year, predominantly due to increased consumer demand around major holidays. Net sales seasonality differs for wholesale and DTC channels, resulting in quarterly seasonality in our net sales that depends on the channel mix for that period. We typically experience a higher concentration of sales through our wholesale channel during our first and second fiscal quarters due to increased purchasing by distributors in anticipation of higher consumer demand during the holiday season. This dynamic generally results in lower average selling prices due to distributor and retail sales discounts and promotions in our wholesale channel. See “—Key operating metrics.” In Fiscal 2022, 2023, our net sales in the first, second, third and fourth fiscal quarters represented approximately 28% 27%, 26%, 25% 23% and 21% 24%, respectively, of our total net sales for the year. We expect quarterly net sales seasonality to be impacted in Fiscal 2023 by the net impacts of DTC offering timing shifts between the third and fourth quarters of Fiscal 2023 compared to the comparable prior year periods in Fiscal 2022.

Gross profit

Gross profit is equal to net sales minus cost of sales. Cost of sales includes grape and bulk wine purchase costs. For grapes we grow, cost of sales includes amounts incurred to develop and farm the vineyards we own and lease. Cost of sales also includes all winemaking and processing charges, bottling, packaging, warehousing and shipping and handling. Costs associated with storing and maintaining wines that age longer than one year prior to sale continue to be capitalized until the wine is bottled and available for sale.

As we continue to grow our business in the future, we expect gross profit to increase as our sales grow and as we effectively manage our cost of sales, subject to any future unexpected volatility in the grape and bulk wine markets, increased seasonal labor costs and, to a lesser extent inflationary impact from commodity costs, including dry goods and packaging materials.

Agribusiness

We have developed a diversified sourcing and production model, supported by our eight wineries, world-class and strategically located vineyards controlled or owned by the Company ("Estate vineyards properties") and strong relationships with quality-oriented growers. In addition, our sourcing model includes the purchase of high-quality bulk wine from established suppliers to add a highly flexible element of diversity to our supply model. Generally, over 85% approximately 10% of our total production is the grapes are sourced from third party growers and, to a significantly lesser extent, the bulk wine market. our Estate properties, with approximately 90% sourced from third-party growers. Our ability to adjust the composition of a particular vintage among our grape and bulk wine sourcing supply channels allows us to tailor inputs based on varying market or seasonal factors, which we believe enables us to produce the highest possible quality wine while optimizing gross profit.

Consistent with other agriculture enterprises, the cost of our wine fluctuates due to annual harvest yields, which vary due to weather and other events. In addition to agricultural factors, price volatility in the grape and bulk wine markets, competition for supply and seasonal labor costs also impact our cost of sales. We may continue to experience fluctuations in the costs of producing wine, which could impact our gross profit.

Selling, general and administrative expenses

Selling, general and administrative expenses consist of selling expenses, marketing expenses and general and administrative expenses. Selling expenses consist primarily of direct selling expenses in our wholesale and DTC channels, including payroll and related costs, product samples and tasting room operating costs, including processing fees and outside services. Marketing expenses consist primarily of advertising costs to promote winery brand awareness, customer retention costs, payroll and related costs. General and administrative expenses consist primarily of payroll and related costs, administrative expenses to support corporate functions, legal and professional fees, depreciation, accounting and information technology, tenancy expenses and other costs related to management.

Other expenses

Other expenses consist primarily of interest expense we incur on balances outstanding under the terms of our Original Credit Facility and our New Credit Facility, amortization related to debt issuance costs and realized and unrealized gains or losses on our derivative instruments.

Income tax expense

Income tax expense consists of federal and state taxes payable to various federal, state and local tax authorities.

Inventory lifecycle

Grape growing on our Estate vineyards properties

Although generally over 85% Approximately 10% of our wine is derived from the grapes grown by third party growers and, to a significantly lesser extent, bulk wine we purchase, the remainder is are sourced from our Estate vineyards properties that we own or lease. Once a vineyard reaches consistent yield levels, approximately three to five years after planting, it

will generally produce a relatively consistent amount of fruit for approximately 15 to 25 years, at which time blocks of the vineyard will gradually be replanted in stages after a period of lying fallow. The length of time between initial investment and ultimate sale of our Estate wines, coupled with the ongoing investment required to produce quality wine, is not typical of most agricultural industries.

Harvest-to-release

Of the total case volume we produce and sell, the majority is comprised of red wines from grape varietals varieties such as Cabernet Sauvignon, Pinot Noir and Merlot, which can have production lifecycles spanning months and years from harvest until the time the wine is released, depending on the aging requirements prescribed by the winemakers responsible for each of our winery brands. Our red wines generally have a harvest-to-release inventory lifecycle that can range from 15 11 to 48 months. Our white, rosé and sparkling wines generally have a harvest-to-release inventory lifecycle that can range from five eight to 48 44 months. During aging and storage, until bottling, we continue to capitalize overhead costs into the carrying value of the wine.

Given the long-term nature of our investment, grape purchasing and bulk wine purchasing decisions, our production planning processes are designed to mitigate the risk of over-supply by sourcing a portion of our production needs in the spot markets to the degree appropriate based on winery brand and vintage. This opportunistic approach to grape purchases also helps reduce our overall exposure to future grape price volatility.

Recent developments

Acquisition of Geyserville Winery

On June 22, 2023, we acquired a production winery and seven acres of planted Cabernet Sauvignon in Alexander Valley, Sonoma County, California. With this purchase, we expect to expand our processing, storing and bottling capabilities to reduce our reliance on custom crush facilities, and gain better visibility to our cost of goods. The purchase price of the transaction was $54.6 million and was funded with $15.0 million from the Credit Facility and available cash.

Merger Agreement - Sonoma-Cutrer

On November 16, 2023, the Company, Auguste Merger Sub, Inc., a California corporation and an indirect wholly-owned subsidiary of the Company (“Merger Sub”), Brown-Forman Corporation, a Delaware corporation

(“Brown-Forman”), and Sonoma-Cutrer Vineyards, Inc., a California corporation and a wholly-owned subsidiary of Brown-Forman (“Sonoma-Cutrer”), entered into an Agreement and Plan of Merger (the “Merger Agreement”), pursuant to which Merger Sub will merge with and into Sonoma-Cutrer (the “Merger”) with Sonoma-Cutrer continuing as the surviving entity after the Merger. Sonoma-Cutrer is well-known for luxury Chardonnay brands. Sonoma-Cutrer owns six estate vineyards with approximately 1,100 acres in both the Russian River Valley and Sonoma Coast appellations. It sells its luxury wine across the U.S. in the wholesale channel through distributors and in the DTC channel with retail price points ranging from $20 to $50 per bottle.

At consummation of the Merger, Brown-Forman will receive approximately $400.0 million. The purchase price is comprised of 31,531,532 shares of the Company’s common stock valued at approximately $350.0 million and $50.0 million payable in cash, subject to adjustments set forth in the Merger Agreement, including for cash, working capital, indebtedness and transaction expenses. The cash consideration is expected to be funded through cash on hand and borrowings under the Company’s revolving credit facility. The transaction is expected to close in the third quarter of the Company’s Fiscal 2024, subject to regulatory approvals, customary closing conditions and the required period having elapsed since the mailing to the Company’s stockholders of a definitive information statement with respect to approval by the Company’s stockholders of the transactions contemplated by the Merger Agreement.

Components of results of operation

Net sales

Our net sales consist primarily of wine sales to distributors and directly to trade accounts in California, which together comprise our wholesale channel, and directly to individual consumers through our DTC channel. We refer to the volume of wine we sell in terms of cases, each of which represents a standard 12 bottle case of wine, in which each bottle has a volume of 750 milliliters. Cases sold represent wine sales through our wholesale and DTC channels.

Net sales generally represent wine sales and shipping, when applicable. Sales are generally recorded at the point of shipment and are recorded net of consideration provided to customers through various incentive programs, other promotional discounts, as described below, and excise taxes. Additionally, shipping and handling costs, grape sales and lease income are included within net sales.

Depletions represent sell-through from our distributors, including our California wholesale channel, to trade accounts. We routinely offer sales discounts and promotions through various programs to distributors around the country and to trade accounts in California. These programs, where permissible, include volume-based discounts on sales orders, depletion-based incentives we pay to distributors, and certain other promotional activities. The expense associated with these discounts and promotions is estimated and recorded as a reduction to total sales in calculating net sales.

Gross profit

Gross profit is equal to net sales minus cost of sales. Cost of sales includes grape and bulk wine purchase costs. For grapes we grow, cost of sales includes amounts incurred to develop and farm the vineyards we own and lease. Cost of sales also includes all winemaking and processing charges, bottling, packaging, warehousing and shipping and handling. Costs associated with storing and maintaining wines that age longer than one year prior to sale continue to be capitalized until the wine is bottled and available for sale.

Selling, general and administrative expenses

Selling, general and administrative expenses consist of selling expenses, marketing expenses and general and administrative expenses. Selling expenses consist primarily of direct selling expenses in our wholesale and DTC channels, including payroll and related costs, product samples and tasting room operating costs, including processing fees and outside services. Marketing expenses consist primarily of advertising costs to promote winery

brand awareness, customer retention costs, payroll and related costs. General and administrative expenses consist primarily of payroll and related costs, administrative expenses to support corporate functions, legal and professional fees, depreciation, accounting and information technology, tenancy expenses and other costs related to management.

Other expenses, net

Other income, net consist primarily of interest expense we incur on balances outstanding under the terms of our Credit Facility, amortization related to debt issuance costs and realized and unrealized gains or losses on our derivative instruments.

Income tax expense

Income tax expense consists of federal and state taxes payable to various federal, state and local tax authorities.

Results of operations

The following table sets forth our results of operations for the periods presented and expresses the relationship of each line item shown as a percentage of net sales for the periods indicated. The table below should be read in conjunction with the corresponding discussion and our audited Consolidated Financial Statements included in our Annual Report on Form 10-K for Fiscal 2022, 2023, our unaudited Condensed Consolidated Financial Statements and related footnotes included elsewhere in this Quarterly Report on Form 10-Q:

		Three months ended April 30,				Nine months ended April 30,					Three months ended October 31,			
(in thousands, except percentages)		**2023**		**2022**		**2023**		**2022**						
(in thousands)										*(in thousands)*	**2023**		**2022**	
Net sales	Net sales	$91,242	100.0 %	$91,584	100.0 %	$302,901	100.0 %	$294,501	100.0 %	Net sales	$102,509	100.0 %	$108,171	100.0 %
Cost of sales	Cost of sales	40,731	44.6	47,622	52.0	142,494	47.0	148,652	50.5	Cost of sales	48,656	47.5	53,461	49.4
Gross profit	**Gross profit**	**50,511**	**55.4**	**43,962**	**48.0**	**160,407**	**53.0**	**145,849**	**49.5**	Gross profit	53,853	52.5	54,710	50.6
Selling, general and administrative expenses	Selling, general and administrative expenses	23,989	26.3	23,126	25.2	79,307	26.2	70,178	23.7	Selling, general and administrative expenses	30,483	29.7	25,739	23.8
Income from operations	**Income from operations**	**26,522**	**29.1**	**20,836**	**22.8**	**81,100**	**26.8**	**75,671**	**25.7**	Income from operations	23,370	22.8	28,971	26.8
Interest expense	Interest expense	2,993	3.3	1,618	1.8	7,839	2.6	4,860	1.7	Interest expense	4,004	3.9	2,162	2.0
Other expense (income), net		729	0.7	(1,046)	(1.1)	3,385	1.1	(2,477)	(0.8)					
Other income, net										Other income, net	(1,813)	(1.8)	(87)	(0.1)
Total other expenses, net	Total other expenses, net	3,722	4.1	572	0.6	11,224	3.7	2,383	0.8	Total other expenses, net	2,191	2.1	2,075	1.9
Income before income taxes	**Income before income taxes**	**22,800**	**25.0**	**20,264**	**22.1**	**69,876**	**23.1**	**73,288**	**24.9**	Income before income taxes	21,179	20.7	26,896	24.9
Income tax expense	Income tax expense	6,006	6.6	4,699	5.1	18,358	6.1	18,483	6.3	Income tax expense	5,629	5.5	7,087	6.6
Net income	**Net income**	**16,794**	**18.4**	**15,565**	**17.0**	**51,518**	**17.0**	**54,805**	**18.6**	Net income	15,550	15.2	19,809	18.3

Less: Net loss (income) attributable to non-controlling interest	3	—	—	—	11	—	(35)	—				
Less: Net (income) loss attributable to non-controlling interest									Less: Net (income) loss attributable to non-controlling interest	(13)	—	6	—
Net income attributable to The Duckhorn Portfolio, Inc.	**$16,797**	**18.4 %**	**$15,565**	**17.0 %**	**$ 51,529**	**17.0 %**	**$ 54,770**	**18.6 %**	Net income attributable to The Duckhorn Portfolio, Inc.	$ 15,537	15.2 %	$ 19,815	18.3 %

Comparison of the three and nine months ended April 30, 2023 and 2022

Net sales

	Three months ended April 30,		Change		Nine months ended April 30,		Change			Three months ended October 31,		Change	
(in thousands, except percentages)	**2023**	**2022**	**$**	**%**	**2023**	**2022**	**$**	**%**	*(in thousands)*	**2023**	**2022**	**$**	**%**
Net sales	$91,242	$91,584	$(342)	(0.4)%	$302,901	$294,501	$8,400	2.9 %	Net sales	$102,509	$108,171	$(5,662)	(5.2)%

Net sales for the three months ended April 30, 2023 October 31, 2023 decreased $0.3 million $5.7 million, or 0.4% 5.2%, to $91.2 million $102.5 million compared to $91.6 million $108.2 million for the three months ended April 30, 2022 October 31, 2022. Net sales decreased for the three months ended April 30, 2023 October 31, 2023, mainly attributable to planned DTC offering timing shifts between the third negative volume contributions in all sales channels and fourth quarters of Fiscal 2023, resulting in a negative price / mix contribution that was partially offset by planned contribution. For further discussion of changes in sales volume and changes in sales price increases and volume contribution.

mix, see “—Net sales for the nine months ended April 30, 2023 increased $8.4 million, or 2.9%, to $302.9 million compared to $294.5 million for the nine months ended April 30, 2022. The increase in net sales for the nine months ended April 30, 2023 is primarily driven by volume growth in the wholesale channel, while benefiting from price increases that supported net sales growth, partially offset by the planned shifts in DTC offering timing. contribution”.

Cost of sales

	Three months ended April 30,		Change		Nine months ended April 30,		Change	
(in thousands, except percentages)	**2023**	**2022**	**$**	**%**	**2023**	**2022**	**$**	**%**
Cost of sales	$ 40,731	$ 47,622	$ (6,891)	(14.5)%	$ 142,494	$ 148,652	$ (6,158)	(4.1)%

Cost of sales

	Three months ended October 31,		Change	
(in thousands)	**2023**	**2022**	**$**	**%**
Cost of sales	$ 48,656	$ 53,461	$ (4,805)	(9.0)%

Cost of sales decreased by $6.9 million$4.8 million, or 14.5%9.0%, to $40.7 million$48.7 million for the three months ended April 30, 2023October 31, 2023 compared to $47.6 million$53.5 million for the three months ended April 30, 2022. CostOctober 31, 2022, primarily due to lower sales that correspondingly decreased cost of sales decreased by $6.2 million, or 4.1%,sales. We continued to $142.5 million for the nine months ended April 30, 2023 compared to $148.7 million for the nine months ended April 30, 2022. The decrease inmanage our cost of sales for the three and nine months ended April 30, 2023 was primarily due to lapping an inventory reserve charge related to excess seltzer products of $3.9 million recorded in the three and nine months ended April 30, 2022, in addition to favorable brand mix.through our diversified supply planning strategy.

Gross profit

		Three months ended April 30,		Change		Nine months ended April 30,		Change			Three months ended October 31,		Change	
(in thousands, except percentages)	*(in thousands, except percentages)*	**2023**	**2022**	**$**	**%**	**2023**	**2022**	**$**	**%**	*(in thousands, except percentages)*	**2023**	**2022**	**$**	**%**
Gross profit	Gross profit	$50,511	$43,962	$6,549	14.9 %	$160,407	$145,849	$14,558	10.0 %	Gross profit	$53,853	$54,710	$(857)	(1.6)%
Gross margin	Gross margin	55.4%	48.0%			53.0%	49.5%			Gross margin	52.5%	50.6%		

Gross profit increased $6.5 milliondecreased $0.9 million, or 14.9%1.6%, to $50.5 million$53.9 million for the three months ended April 30, 2023October 31, 2023 compared to $44.0 million$54.7 million for the three months ended April 30, 2022October 31, 2022. Gross profit increased $14.6 million, or 10.0%, to $160.4 million for the nine months ended April 30, 2023 compared to $145.8 million for the nine months ended April 30, 2022. The increases in gross profit and gross margin was 52.5% for the three and nine months ended April 30, 2023 wereOctober 31, 2023 compared to 50.6% for the three months ended October 31, 2022. This increase was the result of planned price increases taken earlier incost of sales improvement and lower discounting for the year, favorable brand mix, and

lapping the aforementioned seltzer inventory reserve, partially offset by margin impact from the DTC offering timing shiftsthree months ended October 31, 2023 compared to the prior year period.

Operating expenses

Selling, general and administrative expenses

		Three months ended April 30,		Change		Nine months ended April 30,		Change			Three months ended October 31,		Change	
(in thousands, except percentages)		**2023**	**2022**	**$**	**%**	**2023**	**2022**	**$**	**%**					
(in thousands)										*(in thousands)*	**2023**	**2022**	**$**	**%**
Selling expenses	Selling expenses	$ 12,000	$ 11,296	$ 704	6.2 %	$ 37,881	$ 32,666	$ 5,215	16.0 %	Selling expenses	$ 13,233	$ 13,526	$ (293)	(2.2)%
Marketing expenses	Marketing expenses	1,969	2,113	(144)	(6.8)	6,860	7,172	(312)	(4.4)	Marketing expenses	2,211	2,290	(79)	(3.4)
General and administrative expenses	General and administrative expenses	10,020	9,717	303	3.1	34,566	30,340	4,226	13.9	General and administrative expenses	15,039	9,923	5,116	51.6
Total selling, general and administrative expenses	Total selling, general and administrative expenses	$ 23,989	$ 23,126	$ 863	3.7 %	$ 79,307	$ 70,178	$ 9,129	13.0 %	Total selling, general and administrative expenses	$ 30,483	$ 25,739	$ 4,744	18.4 %

Selling, general and administrative expenses increased $0.9 million$4.7 million, or 3.7%18.4%, to $24.0 million$30.5 million for the three months ended April 30, 2023October 31, 2023, compared to $23.1 million$25.7 million for the three months ended April 30, 2022October 31, 2022. Total selling, general and administrative expenses as a percentage of net sales increased to 30.0% in the three months ended October 31, 2023 compared to 23.8% in the three months ended October 31, 2022. The increases in selling, general and administrative expenses for the three months ended April 30, 2023 October 31, 2023 versus the prior year period were largely attributable to higher compensation transaction costs related to investments our pending acquisition of Sonoma-Cutrer Vineyards and higher depreciation expense related to the asset acquisition of the Geyserville winery in our workforce as well as other direct selling costs, partially offset by the timing of operating expenses, versus the prior year period. These increases were partially offset by the shift of certain operating expenses from the third quarter of Fiscal 2023 into the fourth quarter of Fiscal 2023.

Selling, general and administrative expenses increased $9.1 million, or 13.0%, to $79.3 million for the nine months ended April 30, 2023, compared to $70.2 million for the nine months ended April 30, 2022. The increases in selling, general and administrative expenses for the nine months ended April 30, 2023 were largely attributable to higher professional fees and higher compensation costs. See "—Limitations of non-GAAP financial measures and adjusted EBITDA reconciliation" for additional information on transaction expenses reflected in operating expenses during the period.

Other expenses, net

	Three months ended October 31,		Change	
(in thousands)	**2023**	**2022**	**$**	**%**
Interest expense	$ 4,004	$ 2,162	$ 1,842	85.2 %
Other income, net	(1,813)	(87)	(1,726)	N.M.
Total other expenses, net	2,191	2,075	$ 116	5.6 %

Other expenses, net

	Three months ended April 30,		Change		Nine months ended April 30,		Change	
(in thousands, except percentages)	**2023**	**2022**	**$**	**%**	**2023**	**2022**	**$**	**%**
Interest expense	$ 2,993	$ 1,618	$ 1,375	85.0 %	$ 7,839	$ 4,860	$ 2,979	61.3 %
Other expense (income), net	729	(1,046)	1,775	169.7 %	3,385	(2,477)	5,862	236.7 %
Total other expenses, net	$ 3,722	$ 572	$ 3,150	550.7 %	$ 11,224	$ 2,383	$ 8,841	371.0 %

N.M. - Not Meaningful

Total other expenses, net increased by $3.2 million $0.1 million, to $3.7 million $2.2 million for the three months ended April 30, 2023 October 31, 2023, compared to $0.6 million $2.1 million for the three months ended April 30, 2022. Total other expenses, net increased by $8.8 million to $11.2 million for the nine months ended April 30, 2023 compared to $2.4 million for the nine months ended April 30, 2022 October 31, 2022. The increases in total other expenses, net,

for the three and nine months ended April 30, 2023 October 31, 2023 compared to the prior year periods period were driven by higher interest expense as a result of unfavorable interest rate movements on our variable-rate debt, greater unfavorable and higher average outstanding debt balances compared to the prior year period, partially offset by favorable fair value adjustments on our interest rate swap agreements and debt issuance costs incurred in connection with our New Credit Facility. agreement. See Note 7 6 (Debt) and Note 8 7 (Derivative instruments) to our Condensed Consolidated Financial Statements for additional information.

Income tax expense

	Three months ended April 30,		Change		Nine months ended April 30,		Change		Three months ended October 31,	Change
(in thousands, except percentages)	**2023**	**2022**	**$**	**%**	**2023**	**2022**	**$**	**%**		

(in thousands)										*(in thousands)*	**2023**	**2022**	**$**	**%**
Income tax expense	Income tax expense	$6,006	$4,699	$1,307	27.8 %	$18,358	$18,483	$(125)	(0.7)%	Income tax expense	$5,629	$7,087	$(1,458)	(20.6)%

Income tax expense increased 27.8% decreased 20.6%, or $1.3 million $1.5 million, to $6.0 million $5.6 million for the three months ended April 30, 2023 October 31, 2023 compared to $4.7 million $7.1 million for the three months ended April 30, 2022 October 31, 2022. The increase decrease in income tax expense for the three months ended April 30, 2023 is primarily due to an increase in income before taxes and an expanded state income tax base. Income tax expense decreased by $0.1 million, to $18.4 million for the nine months ended April 30, 2023 compared to $18.5 million for the nine months ended April 30, 2022. The decrease in income tax expense for the nine months ended April 30, 2023 October 31, 2023 is primarily due to a decrease in income before taxes, partially offset by taxes. For the impact of three months ended October 31, 2023 and 2022, the effective tax rates were 26.6% and 26.3%, respectively, mainly reflecting the federal tax rate and state income taxes.

Limitations of non-GAAP Non-GAAP financial measures and adjusted EBITDA reconciliation

We believe adjusted EBITDA is a useful measure to us and our investors to assist in evaluating our operating performance because it provides consistency and comparability with our past financial performance across fiscal periods, as the metric eliminates the effects of certain expenses unrelated to our core operating performance that would result in variability in our results for reasons unrelated to overall continuing operations.

Adjusted EBITDA has certain limitations as an analytical tool and should not be considered in isolation or as a substitute for analysis of the Company's results as reported under U.S. GAAP. Some of these limitations include:

- although depreciation and amortization are non-cash charges, the assets being depreciated and amortized may have to be replaced in the future, and adjusted EBITDA does not reflect cash capital expenditure requirements for such replacements or for new capital expenditure requirements;
- adjusted EBITDA does not reflect changes in, or cash requirements for, the Company's working capital needs;
- adjusted EBITDA does not reflect the significant interest expense, or the cash requirements necessary to service interest or principal payments, on the Company's debt;
- adjusted EBITDA does not reflect income tax payments that may represent a reduction in cash available to the Company; and
- other companies, including companies in the Company's industry, may calculate adjusted EBITDA differently, which reduce their usefulness as comparative measures.

In evaluating adjusted EBITDA, we may incur expenses that are the same as or similar to some of the adjustments in this presentation. Our presentation of adjusted EBITDA should not be construed as an inference that the Company's future results will be unaffected by the types of items excluded from the calculation of adjusted EBITDA.

For comparative periods presented, our primary operational drivers of adjusted EBITDA have been strong, sustained sales growth in our wholesale channel and modest growth in DTC channel performance, management of gross profit margins as we manage our cost of sales and operating expenses through our diversified supply planning strategy and discipline over selling, general and administrative expenses relative to our sales growth. strategy.

The following table represents the reconciliation of adjusted EBITDA to net income attributable to The Duckhorn Portfolio, Inc.: the most directly comparable measure prepared in accordance with U.S. GAAP:

		Three months ended April 30,		**Nine months ended April 30,**			**Three months ended October 31,**	
(in thousands)	*(in thousands)*	**2023**	**2022**	**2023**	**2022**	*(in thousands)*	**2023**	**2022**
Net income attributable to The Duckhorn Portfolio, Inc.	**Net income attributable to The Duckhorn Portfolio, Inc.**	**$ 16,797**	**$ 15,565**	**$ 51,529**	**$ 54,770**	Net income attributable to The Duckhorn Portfolio, Inc.	$ 15,537	$ 19,815
Interest expense	Interest expense	2,993	1,618	7,839	4,860	Interest expense	4,004	2,162
Income tax expense	Income tax expense	6,006	4,699	18,358	18,483	Income tax expense	5,629	7,087

Depreciation and amortization expense(a)	Depreciation and amortization expense(a)	7,238	6,237	20,528	17,345	Depreciation and amortization expense(a)	7,329	5,757
EBITDA	**EBITDA**	**33,034**	**28,119**	**98,254**	**95,458**	EBITDA	32,499	34,821
Purchase accounting adjustments(a)	Purchase accounting adjustments(a)	224	54	331	347	Purchase accounting adjustments(a)	25	42
Transaction expenses(b)	Transaction expenses(b)	142	347	3,795	3,116	Transaction expenses(b)	3,236	162
Inventory write-down(c)		—	3,935	—	3,935			
Change in fair value of derivatives(d) (c)	Change in fair value of derivatives(d) (c)	882	(990)	2,943	(1,947)	Change in fair value of derivatives(d) (c)	(1,889)	(368)
Equity-based compensation(e) (d)	Equity-based compensation(e) (d)	1,538	1,365	4,110	4,240	Equity-based compensation(e) (d)	1,052	1,008
Debt refinancing costs(f)		—	—	865	—			
Wildfire costs		—	43	—	123			
Lease income, net(e)						Lease income, net(e)	(210)	—
Adjusted EBITDA	**Adjusted EBITDA**	**$ 35,820**	**$ 32,873**	**$ 110,298**	**$ 105,272**	Adjusted EBITDA	$ 34,713	$ 35,665

(a) Purchase accounting adjustments relate to the impacts of business combination accounting for our historical acquisition by TSG, and certain other transactions consummated prior to Fiscal 2021, which resulted in fair value adjustments to inventory and long-lived assets. Purchase accounting adjustments in depreciation and amortization expense include amortization of intangible assets of $1.9 million for both the three months ended April 30, 2023 and 2022, and $5.7 million for the nine months ended April 30, 2023 October 31, 2023 and 2022.

(b) Transaction expenses include legal services, professional fees and other due diligence expenses for all both periods presented. Transaction These expenses for are reflected in selling, general and administrative expenses on the three and nine months ended April 30, 2023 and 2022 also include secondary offerings completed in April 2023 and October 2021, respectively. See Note 1 (Description of business) to our Condensed Consolidated Financial Statements for additional information. Statement of Operations.

(c) Inventory write-down pertains Represents non-cash adjustments to changes in the Company's increase fair value of derivatives, which are reflected in inventory obsolescence reserves for excess inventory levels of certain seltzer products. See Note 4 (Inventories) to our other income, net on the Condensed Consolidated Financial Statements for additional information. Statement of Operations.

(d) See Note 8 (Derivative instruments) Represents non-cash charges related to our equity-based compensation, which are reflected in selling, general and administrative expenses and cost of sales on the Condensed Consolidated Financial Statements for additional information. Statement of Operations.

(e) See Note 11 (Equity-based compensation) Reflects lease income, net related to our an operating lease in which we are the lessor of Geyserville winery acquired in Fiscal 2023, reflected in net sales and selling, general and administrative expenses on the Condensed Consolidated Financial Statements Statement of Operations. The lease term expires February 2024, with no option for additional information. renewal.

(f) See Note 7 (Debt) to our Condensed Consolidated Financial Statements for additional information.

Liquidity and capital resources

Sources of liquidity

Our primary cash needs are for working capital purposes, such as producing or purchasing inventory and funding operating and capital expenditures. We fund our operational cash requirements with cash flows from operating activities and borrowings under our New Credit Facility. As of April 30, 2023 October 31, 2023, we had $36.1 million $21.2 million in cash and $425.0 million $402.0 million in undrawn capacity on our revolving line of credit, subject to the terms of our New Credit Facility.

Due to the seasonal nature of our operations, our cash needs are generally greatest during harvest, a period which can span from August to November based on agricultural conditions and other factors outside our control. We believe that our expected operating cash flows, cash on hand and borrowing capacity on our revolving line of credit, will be adequate to meet our cash needs for the next 12 months. However, changes in our business growth plan, planned capital expenditures or responses to an ever-changing and highly competitive industry landscape may result in changes to our cash requirements.

Material cash requirements

Beyond the next 12 months, we expect cash flows generated from operations, in addition to our New Credit Facility, will be our primary sources of liquidity. Based on our current operating performance, we believe these sources will be adequate to meet the cash requirements necessary to meet our future business growth plans and contractual obligations. Our liquidity needs generally include expected working capital requirements, planned capital expenditures, operating lease payments, estimated tax liabilities and principal and interest payments contractually due pursuant to the terms of our New Credit Facility.

For the 2022 2023 harvest, we contracted for grapes at a total an estimated cost of approximately $71.0 million $85.7 million in Fiscal 2023. 2024. Additionally, we have purchase obligations including for inventory and various contracts with third parties for custom crush, storage and bottling services. See Note 10 9 (Commitments and contingencies) to our Condensed Consolidated Financial Statements for further information on other commitments.

We As of October 31, 2023, we have approximately $23.6 $26.5 million in scheduled principal payments and related interest payments due over the next 12 months and approximately $257.3 $273.4 million of principal payments and related interest payments due thereafter until our New Credit Facility matures on November 4, 2027. The calculated interest payment amounts use actual rates available as of April October 2023 and assume these rates for all future interest payments on the outstanding New Credit Facility, exclusive of any future impact from our interest rate swap agreements. agreement. See "—Capital resources", Note 6 (Debt) to our Condensed Consolidated Financial Statements, where our New Credit Facility is described in greater detail. Our future minimum operating lease payments due within the next 12 months total approximately $4.3 million with $19.4 $17.7 million due in the following years. See our Condensed Consolidated Financial Statements for further information on our operating leases.

We expect to be able to satisfy our liquidity needs for the next 12 months and beyond using cash generated from operations. If our cash needs change in the future, we may seek alternative or incremental funding sources to respond to changes in our business. To the extent required, we may seek to fund additional liquidity through debt or equity financing, although we can provide no assurance that such forms of capital will be available when needed, if at all, or available on terms that are acceptable.

Acquisition of North Coast Wine Production Facility

On May 4, 2023, we announced that we entered into a definitive agreement to acquire a production winery and seven acres of planted Cabernet Sauvignon in Alexander Valley, Sonoma County, California. With this purchase, we expect to expand our processing, storing and bottling capabilities. The purchase price of the transaction is approximately $55.0 million and is subject to certain customary closing conditions. The transaction is expected to close in the fourth fiscal quarter of 2023 and is expected to be funded with the New Credit Facility and available cash.

Cash flows

The following table presents the major components of net cash flows.

	Nine months ended April 30,	
(in thousands)	**2023**	**2022**
Cash flows provided by (used in):		
Operating activities	$ 51,753	$ 47,855
Investing activities	(14,111)	(24,798)
Financing activities	(4,732)	(18,647)
Net increase in cash	$ 32,910	$ 4,410

Comparison of the nine months ended April 30, 2023 and 2022

	Three months ended October 31,	
(in thousands)	**2023**	**2022**
Cash flows provided by (used in):		
Operating activities	$ 18,066	$ 26,384

Investing activities	(10,395)	(6,418)
Financing activities	7,158	(17,808)
Net increase in cash	$ 14,829	$ 2,158

Operating activities

Our cash flows from operating activities consist primarily of net income adjusted for certain non-cash transactions, including depreciation and amortization, amortization of debt issuance costs, changes in the fair values of derivatives, equity-based compensation and deferred income taxes. Operating cash flows also reflect the periodic changes in working capital, primarily inventory, accounts receivable, prepaid expenses, accounts payable and accrued expenses.

For the nine three months ended April 30, 2023 October 31, 2023, net cash provided by operating activities was $51.8 million $18.1 million compared to $47.9 million $26.4 million for the nine three months ended April 30, 2022 October 31, 2022, an increase a decrease of $3.9 million $8.3 million. The changes in cash provided by operating activities were primarily driven by the following factors:

- The net income after adjusting for non-cash items increased decreased operating cash flows by $4.9 million $4.5 million;
- Changes in accounts payable and accrued expenses increased decreased operating cash flows by $2.2 million $4.0 million due primarily to timing of invoice accruals and payments;
- Deferred revenues increased operating cash flows by $12.5 million primarily due to an offering shift for wines sold through our DTC channel; and
- Increases in inventory for the nine three months ended April 30, 2023 October 31, 2023 were due to timing impacts in bulk and bottled wine supply management to support increases in demand resulted in a decrease to operating cash flow of $14.9 million. $10.5 million; and
- Changes in accounts receivable were due to timing impacts in net sales related to our wholesale sales channel, generally subject to credit terms, which resulted in a $10.1 million increase in operating cash flow.

Investing activities

For the nine three months ended April 30, 2023 October 31, 2023, net cash used in investing activities related to capital expenditures of $14.1 million $10.4 million compared to $24.8 million $6.4 million for the nine three months ended April 30, 2022. For the nine months ended April 30, 2023 and 2022, capital expenditures October 31, 2022, which included barrel purchases of approximately $9.0 million $8.1 million and $7.4 million, $4.7 million, respectively. For the nine months ended April 30, 2022, we completed the purchase of three Napa County, California vineyards and related assets for a total of $14.5 million. From time to time, we evaluate wineries, vineyards and production facilities for potential opportunities to make strategic acquisitions and other capital improvements to support our growth. Any such transactions may require us to make additional investments and capital expenditures in the future.

Financing activities

For the nine three months ended April 30, 2023 October 31, 2023, net cash used in financing activities was $4.7 million $7.2 million as compared to cash provided by financing activities of $18.6 million $17.8 million for the nine three months ended April 30, 2022 October 31, 2022. For the nine three months ended April 30, 2023 October 31, 2023, net cash used in financing activities primarily resulted from our New Credit Facility, including the issuance of new long-term debt of $225.8 million and borrowings under our line of credit of $9.0 million $23.0 million, partially offset by the payments under our line of credit of $119.0 million, $13.0 million and payments of long-term debt of $117.7 million and payments of debt issuance costs of $2.4 million $2.5 million. For the nine three months ended April 30, 2022 October 31, 2022, net cash used in financing activities primarily included payments under our line of credit of $77.0 million $20.0 million and payments of long-term debt of $8.5 million $2.8 million, partially offset by borrowings under our line of credit of $68.0 million $5.0 million.

Capital resources

Original Credit Facility

On October 14, 2016 As of October 31, 2023, Mallard Buyer Corp, Selway Wine the Company and certain other subsidiaries had unused capacity of The Duckhorn Portfolio, Inc. (collectively, $402.0 million under the "Borrowers") entered into the Original Credit Facility with a syndicated group of lenders. The Original Credit Facility provided a combination of term and revolving line of credit, features. The term and excluding the incremental seasonal borrowing amount of an additional $30.0 million of capacity. As of October 31, 2023, the Company had outstanding draws of $23.0 million on the revolving line of credit borrowings have variable interest rates, based primarily credit. There were no outstanding draws on Term SOFR based rate plus an applicable margin as defined in the Original Credit Agreement. Interest was paid monthly or quarterly based on loan type. Our debt was collateralized by substantially all of our cash, trade accounts receivable, real and personal property. Pursuant to the terms and conditions of the Original Credit Agreement, we issued the instruments discussed below.

Eighth Amendment to the First Lien Loan and Security Agreement

On August 30, 2022, the Borrowers entered into Amendment No. 8 to the First Lien Loan and Security Agreement to extend the maturity date of all facilities to November 1, 2023 and to transition from a LIBOR-based interest rate to a Term SOFR-based interest rate. The transaction did not result in any additional cash proceeds.

New Credit Agreement

Effective November 4, 2022, the Borrowers entered into the New Credit Agreement which amends and restates, in its entirety, the Original Credit Agreement. The New Credit Agreement provides for $675.8 million in first lien senior secured credit facilities consisting of (i) a $425.0 million revolving credit facility, (ii) a $225.8 million term loan facility and (iii) a $25.0 million delayed draw term loan. The outstanding principal balance was $218.3 million for the term loan facility. as of October 31, 2023. The maturity date for loans borrowed under the New Credit Agreement is November 4, 2027.

The Credit Facility is summarized below. See Note 76 (Debt) to our Condensed Consolidated Financial Statements for additional information.

We incurred approximately $3.3 million in debt issuance costs, including bank financing fees and third party legal and other professional fees in closing the New Credit Agreement, of which approximately $2.4 million was capitalized in accordance with ASC Topic 470, Debt. The capitalized debt issuance costs will be amortized as interest expense over the term of the New Credit Agreement. Remaining debt issuance costs incurred of $0.9 million were expensed and recorded to other (income) expense in the Condensed Consolidated Statement of Operations.

The instruments described below include the impacts of the New Credit Facility.

Revolving Line of Credit — The revolving line of credit allows the Borrowers to draw amounts up to $425.0 million, excluding the incremental seasonal borrowing amount of an additional $30.0 million of capacity. The revolving line of credit matures on November 4, 2027. The interest rate ranged ranges from Term SOFR plus 100 basis points to Term SOFR plus 150 basis points depending on the average availability of the revolving line of credit. The amount available to borrow on the revolving line of credit is subject to a monthly borrowing base calculation, based primarily on the Company's inventory and accounts receivable balances.

Term Loans — The term loan facility in the New Credit Agreement replaces the $135.0 million term loan tranche one facility, $25.0 million term loan tranche two facility and $25.0 million capital expenditure facility under the Original Credit Agreement. The term loan facility provides an aggregate principle principal amount equal to $225.8 million, with quarterly principal payments and the remaining unpaid principal and interest due upon maturity on November 4, 2027. The term loan has an interest rate of Term SOFR plus a 10 to 15 basis points credit spread adjustment and a 1.625% loan margin.

Delayed Draw Term Loan — The delayed draw term loan has a maximum, non-revolving draw-down limit of $25.0 million with quarterly principal payments and the remaining unpaid principal and interest due upon maturity on November 4, 2027. The $25.0 million is fully available, and undrawn, and has an interest rate of Term SOFR plus a 10 to 15 basis points credit spread adjustment and a 1.625% loan margin.

As of April 30, 2023, there were no outstanding draws on the revolving line of credit, nor on the delayed draw term loan. The outstanding principal balance was $223.3 million for the term loan as of April 30, 2023.

The New Credit Agreement contains customary affirmative covenants, including delivery of audited financial statements and customary negative covenants that, among other things, limit our ability to incur additional indebtedness or to grant certain liens. As of April 30, 2023 October 31, 2023, we are in compliance with all covenants. See Note 7 (Debt) to our Condensed Consolidated Financial Statements for additional information.

First Amendment to the Amended and Restated First Lien Loan and Security Agreement

Effective February 6, 2023, we entered into Amendment No. 1 to the Amended and Restated First Lien Loan and Security Agreement. The changes in the amendment are administrative in nature and did not have a material impact on the Company's outstanding debt or related debt covenants. The amendment did not result in any additional cash proceeds or changes in commitment amounts.

Second Amendment to the Amended and Restated First Lien Loan and Security Agreement

On May 2, 2023, we entered into Amendment No. 2 to the Amended and Restated First Lien Loan and Security Agreement. The amendment amends and restates the definition of the fixed charge coverage ratio in the New Credit Agreement to replace unfinanced capital expenditures with maintenance capital expenditures in the calculation of the fixed charge coverage ratio.

Off-balance sheet arrangements

As of April 30, 2023 October 31, 2023, we did not have any off-balance sheet arrangements that had, or are reasonably likely to have in the future, a material effect on our financial condition, results of operations, liquidity, capital expenditures or capital resources.

Critical accounting policies and estimates

Our management's discussion and analysis of our financial condition and results of operations are based on our Condensed Consolidated Financial Statements, which are prepared in accordance with U.S. GAAP. The preparation of these Condensed Consolidated Financial Statements requires the application of appropriate technical accounting rules and guidance, as well as the use of estimates. The application of these policies requires judgments regarding future events. These estimates and judgments could materially impact the Condensed Consolidated Financial Statements and disclosures based on varying assumptions, as future events rarely develop exactly as forecasted, and even the best estimates routinely require adjustment.

There have been no material changes in our critical accounting policies during the nine three months ended April 30, 2023 October 31, 2023, as compared to those disclosed in the "Management's "Management's Discussion and Analysis of Financial Condition and Results of Operations — Critical Accounting Policies" in our Annual Report on Form 10-K for Fiscal 2022. 2023.

Recent accounting pronouncements

See Note 2 (Basis of presentation and significant accounting policies) to our Condensed Consolidated Financial Statements included in Part I, Item 1 of this Report for additional information regarding recent accounting pronouncements.

Item 3. Quantitative and qualitative disclosures about market risk Qualitative Disclosures About Market Risk

Our ongoing business operations cause us to be exposed to certain market risks, including fluctuations in interest rates, commodity prices and other costs related to production inputs, foreign currencies and inflation.

Interest rates

We are subject to interest rate risk in connection with changes in interest rates on our credit facilities, which bear interest at variable rates based upon a Term SOFR based rate plus applicable margins or predetermined alternative rates, as applicable, pursuant to the terms of our New Credit Facility. As of April 30, 2023 October 31, 2023, our outstanding borrowings at variable interest rates totaled $223.3 million $241.3 million. An A hypothetical increase of 100 basis points in the effective interest rate applied to these borrowings would result in a $2.2 million $2.4 million increase in interest expense on an annualized basis and could have a material effect on impact our results of operation or and financial condition. We manage our interest rate risk through normal operating and financing activities and through the use of derivative financial instruments. To mitigate exposure to fluctuations in interest rates, we entered into an interest rate swaps swap in March 2020 (subsequently amended in September 2022, which expired on March 23, 2023) and January 2023. See Note 8 7 (Derivative instruments) to our Condensed Consolidated Financial Statements for further information on our interest rate swap agreements. agreement.

Inflation

We do not believe that inflation has had a material impact on our business, results of operations or financial condition to date. We continue to monitor track the impact of inflation in an attempt to minimize its effects through pricing strategies and cost reductions. If, however, our operations are impacted by significant inflationary pressures, we may not be able to fully offset such impacts through price increases on our products, supply negotiations or production improvements. A higher than anticipated rate of inflation in the future could harm our operations and financial condition.

Foreign currency

Our revenues and costs are denominated in U.S. dollars and are not subject to significant foreign exchange risk. Fluctuations in foreign currency exchange rates may cause us to recognize transaction gains and losses in our Condensed Consolidated Statements of Operations. The Company uses foreign exchange forward contracts to offset a portion of the foreign currency exchange risks associated with forecasted purchases of barrels from France. The maximum term for the Company's outstanding We generally use foreign exchange forward contracts was less than up to a twelve months as of April 30, 2023. month duration. See Note 8 7 (Derivative instruments) to our Condensed Consolidated Financial Statements for further information.

Sensitivity due to fluctuations in foreign currency exchange rates was not material as of April 30, 2023 October 31, 2023.

Commodity prices

The primary commodity in our product is grapes, and generally, more than 85% 10% of our input the grapes are sourced from third party suppliers in the form of grapes our Estate properties that we own or bulk wine. lease. For these purchased grapes and bulk wine, prices are subject to many factors beyond our control, such as the yields of various grape varietals varieties in different geographies, the annual demand for these grapes and the vagaries of these farming businesses, including poor harvests due to adverse weather conditions, natural disasters and pestilence. Our grape and bulk wine supply mix varies from year to year between pre-contracted purchases purchase commitments and spot purchases; the variation from year to year is based on market conditions and sales demands. We do not engage in commodity hedging on our forecasted purchases of grapes and bulk wine. We continue to diversify our sources of supply and look to changes annually to our product lines to optimize the grapes available each harvest year.

Other raw materials we source include glass, corks cork and wine additives. We currently source these materials from multiple vendors. We continue to generally negotiate prices with these suppliers on an annual basis, conducting a competitive bidding process for all raw materials to leverage our volume in lowering the input costs of production. We do not engage in forward, future or other derivative hedging activities to attempt to manage future price volatility of raw materials or other production-related inputs. As a result, some of these prices change over time, and future changes to commodity prices, raw materials or other significant inputs in our wine production could have a material impact to our future results of operations.

Item 4. Controls and procedures Procedures

Disclosure controls and procedures

We maintain disclosure controls and procedures that are designed to provide reasonable assurance that information required to be disclosed in the reports that we file or submit under the Securities Exchange Act of 1934 (“Exchange Act”), as amended, is recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required financial disclosure.

As of the end of the period covered by this Quarterly Report on Form 10-Q, our management, under the supervision of and with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures defined in Exchange Act Rule 13a-15(e) and 15d-15(e). Based upon this evaluation, our Chief Executive Officer and Chief Financial Officer concluded that as of April 30, 2023 October 31, 2023, our disclosure controls and procedures were effective to provide reasonable assurance that information required to be disclosed in reports we file pursuant to the Exchange Act is communicated to management as appropriate for disclosure consideration, and is accurately and timely recorded, processed, summarized, and reported within the time periods specified by applicable SEC forms and regulations.

Changes in internal control over financial reporting

There were no changes in our internal control over financial reporting that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting during the three months ended April 30, 2023 October 31, 2023.

Limitations on the effectiveness of controls

Our disclosure controls and procedures and internal control over financial reporting are designed to provide reasonable assurance of achieving their objectives as specified above. Management does not expect, however, that our disclosure controls and procedures will prevent or detect all error and fraud. Any control system, no matter how well designed and operated, is based on certain assumptions and can provide only reasonable, not absolute, assurance that its objectives will be met. Further, no evaluation of controls can provide absolute assurance that misstatements due to error or fraud will not occur or that all control issues and instances of fraud, if any, within the Company have been detected.

PART II

Item 1. Legal proceedings Proceedings

From time to time, we are involved in various legal proceedings arising from the normal course of business activities. Legal expenses associated with loss contingencies are accrued if reasonably estimable and the related matter is probable of causing the Company to incur expenses or other losses based on future contingent events in accordance with the Company's Company's policies, otherwise legal expenses are expensed as incurred. We are not presently a party to any litigation the outcome of which, we believe, if determined adversely to us, would individually or, taken together with other matters, have a material adverse effect on our business, operating results, cash flows or financial condition.

Item 1A. Risk factors Factors

For a discussion of our potential risks and uncertainties, please see The following updates the information risk factors previously reported under the heading "Risk Factors" in our Annual Report on Form 10-K for Fiscal 2022. 2023. There have been no material changes since our previous 10-K filing. filing other than as set forth below.

We may be unable to complete the acquisition of Sonoma-Cutrer within the anticipated timeframe or at all, which could prevent us from receiving the anticipated benefits from the acquisition in the anticipated timeframe or at all.

On November 16, 2023, we entered into a Merger Agreement with Sonoma-Cutrer. The transaction is expected to close in the third quarter of the Company's Fiscal 2024, and remains subject to customary closing conditions, including receipt of required regulatory approvals, and the required period having elapsed since the mailing to the Company's stockholders of a definitive information statement with respect to approval by the Company's stockholders of the transactions contemplated by the Merger Agreement. As a result, there is no assurance that the acquisition will be consummated in the anticipated timeframe or at all. In addition, the Company may be required to pay Brown-Forman a reverse termination fee of approximately $5 million, subject to certain limitations set forth in the merger agreement, if the Merger Agreement is terminated as result of a change of control of the Company. Any failure to consummate the acquisition in the anticipated timeframe or at all could prevent the Company from receiving the expected benefits from the Merger.

We may not successfully manage the transition of leadership associated with the resignation of our CEO, which could have an adverse impact on us.

As previously disclosed in a Current Report on Form 8-K filed with the SEC on September 24, 2023, Alex Ryan retired from his positions as President, Chief Executive Officer and Chairman, effective September 27, 2023, and Deirdre Mahlan was appointed interim President, Chief Executive Officer and Chairperson. Ms. Mahlan had previously served as a member of the Board of Directors and chair of the Audit Committee of the Board of Directors.

In addition, as a result of Ms. Mahlan serving in the role of interim Chief Executive Officer, President and Chairperson, she is no longer an independent director and she resigned as member of the Audit Committee and we are, accordingly, not in compliance with Section 303A.07 of the NYSE Listed Company Manual, which requires that a listed company's audit committee be comprised of at least three members, all of whom are independent. We expect to regain compliance upon the completion of the CEO search process, at which time we expect Ms. Mahlan will rejoin the Audit Committee as an independent director.

Our success will depend, in part, on our management of the transition to, and integration of, the interim CEO and a permanent successor, and the effectiveness of the interim CEO and the permanent successor. The Board of Directors is currently conducting a nationwide search for a permanent CEO. However, there can be no assurance that we will be successful in finding suitable permanent successors or in a timely manner. The CEO position is

critical to executing on and achieving our vision, strategic direction, culture, and products. The leadership transition may create uncertainty among employees, suppliers and customers, divert resources and management attention, impact public or market perception, our stock price or our performance, any of which could negatively impact our ability to operate effectively or execute our strategies and result in an adverse impact on our business.

Item 5. Other Information

Rule 10b5-1 trading plans

During the three months ended October 31, 2023, Pete Przybylinski, Sean Sullivan and Zachary Rasmuson, each an officer for purposes of Section 16 of the Exchange Act, had equity trading plans enacted in accordance with Rule 10b5-1(c)(1) under the Exchange Act. An equity trading plan is a written document that preestablishes the amounts, prices and dates (or formula for determining the amounts, prices and dates) of future purchases or sales of the Company's stock, including sales of shares acquired under the Company's employee and director equity plans.

The following 10b5-1 agreements were entered into during the three months ended October 31, 2023:

Name	Position	Trading Agreement Adoption Date	Duration of Trading Agreement	Aggregate Number of Securities to be Sold under the Trading Agreement
Pete Przybylinski	Executive Vice President, Chief Sales Officer	October 6, 2023	January 5, 2024 - June 30, 2024	140,000
Zachary Rasmuson	Executive Vice President, Chief Operating Officer	October 6, 2023	January 5, 2024 - June 30, 2024	48,000

Item 6. Exhibits

Exhibit no.	Exhibit no.	Exhibit description	Incorporated by reference				Exhibit no.	Exhibit description	Incorporated by reference			
			Form	Date	Number	File no.			Form	Date	Number	File no.
	3.1*	Amended and Restated Certificate of Incorporation of The Duckhorn Portfolio, Inc.										
3.1							3.1	Amended and Restated Certificate of Incorporation of The Duckhorn Portfolio, Inc.	10-Q	June 8, 2023	3.1	001-40240
3.2	3.2	Amended and Restated Bylaws of The Duckhorn Portfolio, Inc.	8-K	March 22, 2021	3.2	001-40240	3.2	Amended and Restated Bylaws of The Duckhorn Portfolio, Inc.	8-K	March 22, 2021	3.2	001-40240
4.1	4.1	Form of Common Stock Certificate	S-1/A	March 10, 2021	4.1	333-253412	4.1	Form of Common Stock Certificate	S-1/A	March 10, 2021	4.1	333-253412
4.2	4.2	Description of Capital Stock	10-K	October 4, 2021	4.2	001-40240	4.2	Description of Capital Stock	10-K	October 4, 2021	4.2	001-40240

10.1	10.1	Amended and Restated First Lien Loan and Security Agreement, dated as of November 4, 2022, entered into by and among Mallard Buyer Corp., Selway Wine Company, each subsidiary of The Duckhorn Portfolio, Inc. party thereto, Bank of the West, as Administrative Agent and Collateral Agent, and the other lenders party thereto	8-K	November 4, 2022	10.1	001-40240	10.1	Separation Agreement, dated as of September 24, 2023, between The Duckhorn Portfolio, Inc. and Alex Ryan	8-K	September 27, 2023	10.1	001-40240
10.2	10.2	First Amendment To Amended and Restated First Lien Loan and Security Agreement	10-Q	March 8, 2023	10.2	001-40240	10.2	Interim CEO Agreement, dated as of September 27, 2023, between The Duckhorn Portfolio, Inc. and Deirdre Mahlan	8-K	September 27, 2023	10.2	001-40240
	10.3*	Second Amendment To Amended and Restated First Lien Loan and Security Agreement										
31.1*	31.1*	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002					31.1*	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002				
31.2*	31.2*	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002					31.2*	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002				

32.1*	32.1*	Certification of Chief Executive Officer and Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	32.1*	Certification of Chief Executive Officer and Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS*	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).	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).
101.SCH*	101.SCH*	XBRL Taxonomy Extension Schema Document.	101.SCH*	XBRL Taxonomy Extension Schema Document.
101.CAL*	101.CAL*	XBRL Taxonomy Extension Calculation Linkbase Document.	101.CAL*	XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF*	101.DEF*	XBRL Taxonomy Extension Definition Linkbase Document.	101.DEF*	XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB*	101.LAB*	XBRL Taxonomy Extension Label Linkbase Document.	101.LAB*	XBRL Taxonomy Extension Label Linkbase Document.
101.PRE*	101.PRE*	XBRL Taxonomy Extension Presentation Linkbase Document.	101.PRE*	XBRL Taxonomy Extension Presentation Linkbase Document.
104*	104*	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)	104*	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

* Filed herewith

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.

The Duckhorn Portfolio, Inc.

Date: June 8, 2023 December 6, 2023	By:	/s/ Alex Ryan Deirdre Mahlan
		Alex Ryan Deirdre Mahlan
		Interim President, Chief Executive Officer and Chairman Chairperson
		(Principal Executive Officer)
Date: June 8, 2023 December 6, 2023	By:	/s/ Lori Beaudoin Jennifer Fall Jung
		Lori Beaudoin Jennifer Fall Jung
		Executive Vice President, Chief Financial Officer
		(Principal Financial Officer and Principal Accounting Officer)

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Exhibit 3.1

AMENDED AND RESTATED CERTIFICATE OF INCORPORATION
OF
THE DUCKHORN PORTFOLIO, INC.

The Duckhorn Portfolio, Inc., a Delaware corporation (the "Corporation"), hereby certifies that this Amended and Restated Certificate of Incorporation has been duly adopted in accordance with Sections 242 and 245 of the General Corporation Law of the State of Delaware (the "DGCL"), and that:

A. The name of the Corporation is: The Duckhorn Portfolio, Inc.

B. The original Certificate of Incorporation of the Corporation was filed with the Secretary of the State of Delaware on September 15, 2016, under the name Mallard Intermediate, Inc.(the "Original Certificate of Incorporation").

C. This Amended and Restated Certificate of Incorporation amends and restates the Original Certificate of Incorporation of the Corporation.

D. The Certificate of Incorporation upon the filing of this Amended and Restated Certificate of Incorporation, shall read in full as follows:

ARTICLE I— NAME

The name of the corporation is The Duckhorn Portfolio, Inc. (the "Corporation").

ARTICLE II — REGISTERED OFFICE AND AGENT

The address of the Corporation's registered office in the State of Delaware is 251 Little Falls Drive, Wilmington, New Castle County, Delaware 19808. The name of the Corporation's registered agent at such address is Corporation Service Company.

ARTICLE III — PURPOSE

The purpose of the Corporation is to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of the State of Delaware (the "DGCL").

ARTICLE IV — CAPITALIZATION

(a) Authorized Shares. The total number of shares of all classes of stock that the Corporation is authorized to issue is 600,000,000 shares of stock, consisting of (i) 100,000,000 shares of Preferred Stock, par value $0.01 per share ("Preferred Stock") and (ii) 500,000,000 shares of Common Stock, par value $0.01 per share ("Common Stock").

(b) Common Stock. Subject to the powers, preferences and rights of any Preferred Stock, including any series thereof, having any preference or priority over, or rights superior to, the Common Stock and except as otherwise provided by law and this Article IV, the holders of the Common Stock shall have and possess all powers and voting and other rights pertaining to the stock of the Corporation.

(i) *Voting*.

a) Each holder of shares of Common Stock, as such, shall be entitled to one vote for each share of Common Stock held of record by such holder on all matters on which stockholders generally are entitled to vote; provided, however, that to the fullest extent permitted by law, holders of shares of Common Stock, as such, shall have no voting power with respect to, and shall not be entitled to vote on, any amendment to this Amended and Restated

Certificate of Incorporation (including any certificate of designations relating to any series of Preferred Stock) that relates solely to the terms of one or more outstanding series of Preferred Stock if only the holders of such affected series are entitled, either separately or together with the holders of one or more other such series, to vote thereon pursuant to this Amended and Restated Certificate of Incorporation (including any certificate of designations relating to any series of Preferred Stock) or pursuant to the DGCL.

b) Except as otherwise required in this Amended and Restated Certificate of Incorporation (including any certificate of designations relating to any series of Preferred Stock) or by applicable law, the holders of Common Stock shall vote together as a single class on all matters (or, if any holders of Preferred Stock are entitled to vote together with the holders of Common Stock, as a single class with such holders of Preferred Stock). There shall be no cumulative voting.

(ii) *Dividends*. Dividends of cash or property may be declared and paid on the Common Stock from funds lawfully available therefor as and when determined by the Board of Directors and subject to any preferential dividend rights of any then outstanding Preferred Stock. Except as otherwise provided by the DGCL or this Amended and Restated Certificate of Incorporation, the holders of record of shares of Common Stock shall share ratably in all dividends payable in cash, stock or otherwise and other distributions, whether in respect of liquidation or dissolution (voluntary or involuntary) or otherwise.

(iii) *Liquidation Rights*. In the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation, after payment or provision for payment of the debts and other liabilities of the Corporation and of the preferential and other amounts, if any, to which the holders of Preferred Stock shall be entitled, the holders of all outstanding shares of Common Stock shall be entitled to receive the remaining assets of the Corporation available for distribution ratably in proportion to the number of shares held by each such stockholder.

(iv) *No Preemptive Rights*. Holders of Common Stock shall have no preemptive rights to subscribe for any shares of any class of stock of the Corporation whether now or hereafter authorized.

(v) *No Conversion Rights*. The Common Stock shall not be convertible into, or exchangeable for, shares of any other class or classes or of any other series of the same class of the Corporation’s capital stock.

(c) Preferred Stock. Shares of Preferred Stock may be issued in one or more series, from time to time, with each such series to consist of such number of shares and to have such voting powers relative to other classes or series of Preferred Stock, if any, or Common Stock, full or limited or no voting powers, and such designations, preferences and relative, participating, optional or other special rights, and the qualifications, limitations or restrictions thereof, as shall be stated in the resolution or resolutions providing for the issuance of such series adopted by the Board of Directors, and the Board of Directors is hereby expressly vested with the authority, to the full extent now or hereafter provided by applicable law, to adopt any such resolution or resolutions. Except as otherwise provided in this Amended and Restated Certificate of Incorporation, no vote of the holders of the Preferred Stock or Common Stock shall be a prerequisite to the designation or issuance of any shares of any series of the Preferred Stock authorized by and complying with the conditions of this Amended and Restated Certificate of Incorporation, the right to have such vote being expressly waived by all present and future holders of the capital stock of the Corporation. Any shares of Preferred Stock that are redeemed, purchased or acquired by the Corporation may be reissued except as otherwise provided by law or this Amended and Restated Certificate of Incorporation. Different series of Preferred Stock shall not be construed to constitute different classes of shares for the purposes of voting by classes unless expressly provided in the resolution or resolutions providing for the issue of such series adopted by the Board of Directors.

(d) No Class Vote on Changes in Authorized Number of Shares of Stock. Subject to the rights of the holders of any series of Preferred Stock pursuant to the terms of this Amended and Restated Certificate of Incorporation, any certificate of designations or any resolution or resolutions providing for the issuance of such series of stock adopted by the Board of Directors, the number of authorized shares of a class of stock may be increased or decreased (but not below the number of shares thereof then outstanding) by the affirmative vote of the holders of a majority of the voting power of the outstanding shares of capital stock of the Corporation entitled to vote generally in the election of directors, voting together as a single class, irrespective of the provisions of Section 242(b)(2) of the DGCL.

ARTICLE V — BOARD OF DIRECTORS

(a) Number of Directors; Vacancies and Newly Created Directorships. The number of directors constituting the Board of Directors shall be not fewer than three (3) and not more than fifteen (15), each of whom shall be a natural person. Subject to the rights of the holders of any series of Preferred Stock to elect directors, the precise number of directors shall be fixed exclusively pursuant to a resolution adopted by the Board of Directors. Subject to the terms of the Stockholders Agreement, dated as of March 17, 2021, by and among the Corporation and the other signatories thereto (so long as such agreement remains in effect), vacancies and newly-created directorships shall be filled exclusively by vote of a majority of the directors then in office, even if less than a quorum, or by a sole remaining director, except that any vacancy created by the removal of a director by the stockholders for cause shall only be filled, in addition to any other vote otherwise required by law, by vote of a majority of the outstanding shares of Common Stock. No decrease in the number of directors constituting the Board of Directors shall shorten the term of any incumbent director. A director elected to fill a vacancy shall be elected for the unexpired term of his or her predecessor in office, and a director chosen to fill a position resulting from an increase in the number of directors shall hold office until the next election of the class for which such director shall have been chosen, subject to the election and qualification of his or her successor and to his or her earlier death, resignation or removal.

(b) Classified Board of Directors. Subject to the rights of the holders of any series of Preferred Stock to elect directors, the Board of Directors (other than those directors elected by the holders of any series of Preferred Stock) shall be classified into three classes: Class I; Class II; and Class III. Each class shall consist, as nearly equal in number as possible, of one-third of the total number of directors constituting the entire Board of Directors and the allocation of directors among the three classes shall be determined by the Board of Directors. The initial Class I Directors shall serve for a term expiring at the first annual meeting of stockholders of the Corporation following the filing of this Amended and Restated Certificate of Incorporation; the initial Class II Directors shall serve for a term expiring at the second annual meeting of

stockholders following the filing of this Amended and Restated Certificate of Incorporation; and the initial Class III Directors shall serve for a term expiring at the third annual meeting of stockholders following the filing of this Amended and Restated Certificate of Incorporation. Each director in each class shall hold office until his or her successor is duly elected and qualified or until his or her earlier death, resignation or removal. At each annual meeting of stockholders beginning with the first annual meeting of stockholders following the filing of this Amended and Restated Certificate of Incorporation, the successors of the class of directors whose term expires at that meeting shall be elected to hold office for a term expiring at the annual meeting of stockholders to be held in the third year following the year of their election, with each director in each such class to hold office until his or her successor is duly elected and qualified or until his or her earlier death, resignation or removal. If the number of directors is changed, any increase or decrease shall be apportioned among the classes so as to maintain the number of directors in each class as nearly equal as possible and such apportionment shall be determined by the Board of Directors.

(c) Removal. Subject to the rights of the holders of any series of Preferred Stock to elect directors, the directors of the Corporation may be removed only for cause by the affirmative vote of the holders of at least seventy-five percent (75%) of the voting power of the outstanding shares of capital stock of the Corporation entitled to vote generally in the election of directors, voting together as a single class, at a meeting of the stockholders called for that purpose; provided, however, that prior to the first date (the "Trigger Date") on which investment funds affiliated with TSG Consumer Partners LLC and their respective successors, Transferees and Affiliates (collectively, the "TSG Entities") cease collectively to beneficially own (directly or indirectly) more than fifty percent (50%) of the outstanding shares of Common Stock, the directors of the Corporation may be removed with or without cause by the affirmative vote of the holders of a majority of the voting power of the outstanding shares of capital stock of the Corporation entitled to vote generally in the election of directors, voting together as a single class. "Affiliate" means, with respect to any Person, any other Person that controls, is controlled by, or is under common control with such Person; the term "control," as used in this definition, means the power to direct or cause the direction of the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise, and "controlled" and "controlling" have meanings correlative to the foregoing. "Person" means an individual, any general partnership, limited partnership, limited liability company, corporation, trust, business trust, joint stock company, joint venture, unincorporated association, cooperative or association or any other legal entity or organization of whatever nature, and shall include any successor (by merger or otherwise) of such entity. "Transferee" means any Person who (i) becomes a beneficial owner of Common Stock upon having purchased such shares of Common Stock from an investment fund affiliated with a TSG Entity and (ii) is designated in writing by the transferor as a "Transferee" and a copy of such writing is provided to the Corporation at or prior to the time of such purchase; provided, however, that a purchaser of Common Stock in a registered offering or in a transaction effected pursuant to Rule 144 under the Securities Act of 1933, as amended, (or any similar or successor provision thereto) shall not be a "Transferee." For the purpose of this Amended and Restated Certificate of Incorporation "beneficial ownership" shall be determined in accordance with Rule 13d-3 promulgated under the Securities Exchange Act of 1934, as amended (the "Exchange Act").

ARTICLE VI — LIMITATION OF DIRECTOR AND OFFICER LIABILITY

To the fullest extent that the DGCL or any other law of the State of Delaware (as they exist on the date hereof or as they may hereafter be amended) permits the limitation or elimination of the liability of directors or officers, no director or officer of the Corporation shall be liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as a director or officer. No amendment to, or modification or repeal of, this Article VI shall adversely affect any right or protection of a director or officer of the Corporation existing hereunder with respect to any state of facts existing or act or omission occurring, or any cause of action, suit or claim that, but for this Article VI, would accrue or arise, prior to such amendment, modification or repeal. If, after this Amended and Restated Certificate of Incorporation is filed with the Secretary of State of the State of Delaware, the DGCL or such other law is amended to authorize corporate action further eliminating or limiting the personal liability of directors or officers, then the liability of a director or officer of the Corporation shall be eliminated or limited to the fullest extent permitted by the DGCL or such other law, as so amended.

ARTICLE VII — MEETINGS OF STOCKHOLDERS

(a) No Action by Written Consent. From and after the Trigger Date, any action required or permitted to be taken by the stockholders of the Corporation may be effected only at a duly called annual or special meeting of stockholders of the Corporation and may not be effected by any consent in writing by such stockholders.

(b) Special Meetings of Stockholders. Subject to any rights of the holders of any series of Preferred Stock, and to the requirements of applicable law, special meetings of stockholders of the Corporation may be called only (i) by or at the direction of the chairperson of the Board of Directors, (ii) by or at the direction of the chief executive officer of the Corporation, (iii) by or at the direction of the Board of Directors pursuant to a written resolution adopted by a majority of the total number of directors which the Corporation would have if there were no vacancies, or (iv) prior to the Trigger Date, by the Secretary of the Corporation at the request of the holders of fifty percent (50%) or more of the outstanding shares of Common Stock. Any business transacted at any special meeting of stockholders shall be limited to matters relating to the purpose or purposes stated in the notice of meeting.

(c) Election of Directors by Written Ballot. Election of directors need not be by written ballot.

ARTICLE IX — AMENDMENTS TO THE CERTIFICATE OF INCORPORATION AND BYLAWS

(a) Bylaws. In furtherance and not in limitation of the powers conferred by law, the Board of Directors is expressly authorized to make, alter, amend or repeal the bylaws of the Corporation subject to the power of the stockholders of the Corporation entitled to vote with respect thereto to make, alter, amend or repeal the bylaws both before and after the Trigger Date; provided, that with respect to the powers of stockholders entitled to vote with respect thereto to make, alter, amend or repeal the bylaws, (i) prior to the Trigger Date, in addition to any other vote otherwise required by law, the affirmative vote of at least a majority of the voting power of

the outstanding shares of capital stock of the Corporation entitled to vote with respect thereto, voting together as a single class, shall be required to make, alter, amend or repeal the bylaws of the Corporation and (ii) from and after the Trigger Date, in addition to any other vote otherwise required by law, the affirmative vote of the holders of at least seventy-five percent (75%) of the voting power of the outstanding shares of capital stock of the Corporation entitled to vote with respect thereto, voting together as a single class, shall be required to make, alter, amend or repeal the bylaws of the Corporation.

(b) Amendments to the Certificate of Incorporation. The Corporation reserves the right to amend, alter, change or repeal any provision contained in this Amended and Restated Certificate of Incorporation both before and after the Trigger Date, in the manner now or hereafter prescribed by the DGCL, and all rights conferred upon stockholders herein are granted subject to this reservation. Notwithstanding anything to the contrary contained in this Amended and Restated Certificate of Incorporation, and notwithstanding that a lesser percentage may be permitted from time to time by applicable law, from and after the Trigger Date, no provision of Article IV, Article V, Article VI, paragraphs (a) and (b) of Article VII, Article VIII, Article IX, Article X and Article XI may be altered, amended or repealed in any respect, nor may any provision or bylaw inconsistent therewith be adopted, unless, in addition to any other vote required by this Amended and Restated Certificate of Incorporation or otherwise required by law, such alteration, amendment, repeal or adoption is approved (i) prior to the Trigger Date, by the affirmative vote of the holders of at least a majority of the voting power of the outstanding shares of capital stock of the Corporation entitled to vote generally in the election of directors, voting together as a single class, at a meeting of the stockholders called for that purpose and (ii) from and after the Trigger Date, by the affirmative vote of the holders of at least seventy-five percent (75%) of the voting power of the outstanding shares of capital stock of the Corporation entitled to vote generally in the election of directors, voting together as a single class, at a meeting of the stockholders called for that purpose.

ARTICLE X – BUSINESS COMBINATIONS

a. Limitations on Business Combinations. The Corporation shall not engage in any business combination (as defined below), at any point in time at which any class of the Corporation's Common Stock is registered under Section 12(b) or Section 12(g) of the Exchange Act, with any interested stockholder (as defined below) for a period of three (3) years following the time that such stockholder became an interested stockholder, unless:

i. prior to such time, the Board of Directors approved either the business combination or the transaction which resulted in the stockholder becoming an interested stockholder;

ii. upon consummation of the transaction which resulted in the stockholder becoming an interested stockholder, the interested stockholder owned at least eighty-five percent (85%) of the voting stock (as defined below) of the Corporation outstanding at the time the transaction commenced, excluding for purposes of determining the voting stock outstanding (but not the outstanding voting stock owned by the interested stockholder) those shares owned by (i) persons who are directors of the Corporation

and also officers of the Corporation or (ii) employee stock plans of the Corporation in which employee participants do not have the right to determine confidentially whether shares held subject to the plan will be tendered in a tender or exchange offer; or

iii. at or subsequent to such time, the business combination is approved by the Board of Directors and authorized at an annual or special meeting of stockholders, and not by written consent, by the affirmative vote of at least sixty-six and two-thirds percent (66 2/3%) of the outstanding voting stock of the Corporation which is not owned by the interested stockholder.

b. Definitions. For purposes of this Article X, references to:

i. "affiliate" means a person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, another person.

ii. "associate," when used to indicate a relationship with any person, means: (i) any corporation, partnership, unincorporated association or other entity of which such person is a director, officer or partner or is, directly or indirectly, the owner of twenty percent (20%) or more of any class of voting stock; (ii) any trust or other estate in which such person has at least a twenty percent (20%) beneficial interest or as to which such person serves as trustee or in a similar fiduciary capacity; and (iii) any relative or spouse of such person, or any relative of such spouse, who has the same residence as such person.

iii. "business combination," when used in reference to the Corporation and any interested stockholder of the Corporation, means:

(1) any merger or consolidation of the Corporation or any direct or indirect majority-owned subsidiary of the Corporation (a) with the interested stockholder, or (b) with any other corporation, partnership, unincorporated association or other entity if the merger or consolidation is caused by the interested stockholder and as a result of such merger or consolidation paragraph (b) of this Article X is not applicable to the surviving entity;

(2) any sale, lease, exchange, mortgage, pledge, transfer or other disposition (in one transaction or a series of transactions), except proportionately as a stockholder of the Corporation, to or with the interested stockholder, whether as part of a dissolution or otherwise, of assets of the Corporation or of any direct or indirect majority-owned subsidiary of the Corporation which assets have an aggregate market value equal to ten percent (10%) or more of either the aggregate market value of all the assets of the Corporation determined on a consolidated basis or the aggregate market value of all the outstanding stock of the Corporation;

(3) any transaction which results in the issuance or transfer by the Corporation or by any direct or indirect majority-owned subsidiary of the Corporation of any stock of the Corporation or of such subsidiary to the interested stockholder, except: (a) pursuant to the exercise, exchange or conversion of securities exercisable for, exchangeable for or convertible into stock of the Corporation or any such subsidiary which securities were outstanding prior to the time that the interested stockholder became such; (b) pursuant to a merger under Section 251(g) or Section 253 of the DGCL; (c) pursuant to a dividend or distribution paid or made, or the exercise, exchange or conversion of securities exercisable for,

exchangeable for or convertible into stock of the Corporation or any such subsidiary which security is distributed, pro rata to all holders of a class or series of stock of the Corporation subsequent to the time the interested stockholder became such; (d) pursuant to an exchange offer by the Corporation to purchase stock made on the same terms to all holders of such stock; or (e) any issuance or transfer of stock by the Corporation; provided, however, that in no case under clauses (c) through (e) of this subsection (3) shall there be an increase in the interested stockholder's proportionate share of the stock of any class or series of the Corporation or of the voting stock of the Corporation (except as a result of immaterial changes due to fractional share adjustments);

(4) any transaction involving the Corporation or any direct or indirect majority-owned subsidiary of the Corporation which has the effect, directly or indirectly, of increasing the proportionate share of the stock of any class or series, or securities convertible into the stock of any class or series, of the Corporation or of any such subsidiary which is owned by the interested stockholder, except as a result of immaterial changes due to fractional share adjustments or as a result of any purchase or redemption of any shares of stock not caused, directly or indirectly, by the interested stockholder; or

(5) any receipt by the interested stockholder of the benefit, directly or indirectly (except proportionately as a stockholder of the Corporation), of any loans, advances, guarantees, pledges, or other financial benefits (other than those expressly permitted in subsections (1) through (4) above) provided by or through the Corporation or any direct or indirect majority-owned subsidiary.

i. "control," including the terms "controlling," "controlled by" and "under common control with," means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a person, whether through the ownership of voting stock, by contract, or otherwise. A person who is the owner of twenty percent (20%) or more of the outstanding voting stock of the Corporation, partnership, unincorporated association or other entity shall be presumed to have control of such entity, in the absence of proof by a preponderance of the evidence to the contrary. Notwithstanding the foregoing, a presumption of control shall not apply where such person holds voting stock, in good faith and not for the purpose of circumventing this Article X, as an agent, bank, broker, nominee, custodian or trustee for one or more owners who do not individually or as a group have control of such entity.

ii. "interested stockholder" means any person (other than the Corporation or any direct or indirect majority-owned subsidiary of the Corporation) that (i) is the owner of fifteen percent (15%) or more of the outstanding voting stock of the Corporation, or (ii) is an affiliate or associate of the Corporation and was the owner of fifteen percent (15%) or more of the outstanding voting stock of the Corporation at any time within the three (3) year period immediately prior to the date on which it is sought to be determined whether such person is an interested stockholder, and the affiliates and associates of such person; provided, however, that the term "interested stockholder" shall not include (a) the TSG Entities, (b) a stockholder that becomes an interested stockholder inadvertently and (i) as

soon as practicable divests itself of ownership of sufficient shares so that such stockholder ceases to be an interested stockholder and (ii) would not, at any time within the three-year period immediately prior to a business combination between the Corporation and such stockholder, have been an interested stockholder but for the inadvertent acquisition of ownership or (c) any person whose ownership of shares in excess of the fifteen percent (15%) limitation set forth herein is the result of any action taken solely by the Corporation; provided that such person specified in this clause (c) shall be an interested stockholder if thereafter such person acquires additional shares of voting stock of the Corporation, except as a result of further corporate action not caused, directly or indirectly, by such person. For the purpose of determining whether a person is an interested stockholder, the voting stock of the Corporation deemed to be outstanding shall include stock deemed to be owned by the person through application of the definition of "owner" below but shall not include any other unissued stock of the Corporation which may be issuable pursuant to any agreement, arrangement or understanding, or upon exercise of conversion rights, warrants or options, or otherwise.

iii. "owner," including the terms "own" and "owned," when used with respect to any stock, means a person that individually or with or through any of its affiliates or associates:

(1) beneficially owns such stock, directly or indirectly; or

(2) has (a) the right to acquire such stock (whether such right is exercisable immediately or only after the passage of time) pursuant to any agreement, arrangement or understanding, or upon the exercise of conversion rights, exchange rights, warrants or options, or otherwise; provided, however, that a person shall not be deemed the owner of stock tendered pursuant to a tender or exchange offer made by such person or any of such person's affiliates or associates until such tendered stock is accepted for purchase or exchange; or (b) the right to vote such stock pursuant to any agreement, arrangement or understanding; provided, however, that a person shall not be deemed the owner of any stock because of such person's right to vote such stock if the agreement, arrangement or understanding to vote such stock arises solely from a revocable proxy or consent given in response to a proxy or consent solicitation made to ten (10) or more persons; or

(3) has any agreement, arrangement or understanding for the purpose of acquiring, holding, voting (except voting pursuant to a revocable proxy or consent as described in item (b) of subsection (2) above), or disposing of such stock with any other person that beneficially owns, or whose affiliates or associates beneficially own, directly or indirectly, such stock.

i. "person" means any individual, corporation, partnership, unincorporated association or other entity.

ii. "stock" means, with respect to any corporation, capital stock and, with respect to any other entity, any equity interest.

iii. "voting stock" means stock of any class or series entitled to vote generally in the election of directors.

ARTICLE XI – RENOUNCEMENT OF CORPORATE OPPORTUNITY

(a) Scope. The provisions of this Article XI are set forth to define, to the extent permitted by applicable law, the duties of Exempted Persons (as defined below) to the Corporation with respect to certain classes or categories of business opportunities. "Exempted Persons" means each of the TSG Entities (other than the Corporation and its subsidiaries) and all of their respective partners, principals, directors, officers, members, managers, managing directors and/or employees, including any of the foregoing who serve as employees, officers or directors of the Corporation.

(b) Competition and Allocation of Corporate Opportunities. The Exempted Persons shall not have any fiduciary duty or other duty to refrain from engaging directly or indirectly in the same or similar business activities or lines of business as the Corporation or any of its subsidiaries. To the fullest extent permitted by applicable law, the Corporation, on behalf of itself and its subsidiaries, renounces any interest or expectancy of the Corporation and its subsidiaries in, or in being offered an opportunity to participate in, business opportunities that are from time to time available or presented to the Exempted Persons, even if the opportunity is in the line of business of the Corporation or its subsidiaries or is otherwise one that the Corporation or its subsidiaries might reasonably be deemed to have pursued or had the ability or desire to pursue if granted the opportunity to do so, and each such Exempted Person shall have no duty to communicate or offer such business opportunity to the Corporation (and there shall be no restriction on the Exempted Persons using the general knowledge and understanding of the Corporation and the industry in which it operates which it has gained as an Exempted Person in considering and pursuing such opportunities or in making investment, voting, monitoring, governance or other decisions relating to other entities or securities) and, to the fullest extent permitted by applicable law, shall not be liable to the Corporation or any of its subsidiaries or, to the extent applicable, any of its or their stockholders for breach of any fiduciary or other duty, as a director or officer or otherwise, by reason of the fact that such Exempted Person pursues or acquires such business opportunity, directs such business opportunity to another person or fails to present such business opportunity, or information regarding such business opportunity, to the Corporation or its subsidiaries, or uses such knowledge and understanding in the manner described herein.

(c) Certain Matters Deemed Not Corporate Opportunities. In addition to and notwithstanding the foregoing provisions of this Article XI, a corporate opportunity shall not be deemed to belong to the Corporation if it is a business opportunity that the Corporation is not financially able or contractually permitted or legally able to undertake, or that is, from its nature, not in the line of the Corporation's business or is of no practical advantage to it or that is one in which the Corporation has no interest or reasonable expectancy.

(d) Amendment of this Article. No amendment or repeal of this Article XI in accordance with the provisions of paragraph (b) of Article IX shall apply to or have any effect on the liability or alleged liability of any Exempted Person for or with respect to any activities or opportunities of which such Exempted Person becomes aware prior to such amendment or repeal. This Article XI shall not limit any protections or defenses available to, or

indemnification or advancement rights of, any director or officer of the Corporation under this Amended and Restated Certificate of Incorporation, the Corporation's bylaws or applicable law.

ARTICLE XII – EXCLUSIVE JURISDICTION FOR CERTAIN ACTIONS

(a) Exclusive Forum. Unless the Board of Directors or one of its committees otherwise approves, in accordance with Section 141 of the DGCL, this Amended and Restated Certificate of Incorporation and the bylaws of the Corporation, to the selection of an alternate forum, the Court of Chancery of the State of Delaware (or, if the Court of Chancery of the State of Delaware does not have jurisdiction, the Superior Court of the State of Delaware, or, if the Superior Court of the State of Delaware also does not have jurisdiction, the United States District Court for the District of Delaware) shall, to the fullest extent permitted by applicable law, be the sole and exclusive forum for (i) any derivative action or proceeding brought on behalf of the Corporation, (ii) any action asserting a claim of breach of a fiduciary duty owed by any director, officer or other employee of the Corporation to the Corporation or the Corporation's stockholders, (iii) any action asserting a claim against the Corporation arising pursuant to any provision of the DGCL or the Corporation's Amended and Restated Certificate of Incorporation or bylaws, (iv) any action to interpret, apply, enforce or determine the validity of this Amended and Restated Certificate of Incorporation or the bylaws of the Corporation or (v) any action asserting a claim against the Corporation governed by the internal affairs doctrine (each, a "Covered Proceeding"); provided that, the provisions of this Article XII(a) will not apply to suits brought to enforce any liability or duty created by the Securities Exchange Act of 1934, as amended, or any other claim for which the federal courts have exclusive jurisdiction; and provided further that, if and only if the Court of Chancery of the State of Delaware dismisses any such action for lack of subject matter jurisdiction, such action may be brought in another state or federal court sitting in the State of Delaware.

(b) Personal Jurisdiction. If any action the subject matter of which is a Covered Proceeding is filed in a court other than the Court of Chancery of the State of Delaware, or, where permitted in accordance with paragraph (a) above, the Superior Court of the State of Delaware or the United States District Court for the District of Delaware, (each, a "Foreign Action") in the name of any person or entity (a "Claiming Party") without the prior approval of the Board of Directors or one of its committees in the manner described in paragraph (a) above, such Claiming Party shall be deemed to have consented to (i) the personal jurisdiction of the Court of Chancery of the State of Delaware, or, where applicable, the Superior Court of the State of Delaware and the United States District Court for the District of Delaware, in connection with any action brought in any such courts to enforce paragraph (a) above (an "Enforcement Action") and (ii) having service of process made upon such Claiming Party in any such Enforcement Action by service upon such Claiming Party's counsel in the Foreign Action as agent for such Claiming Party.

(c) Federal Forum. Unless the Corporation consents in writing to the selection of an alternative forum, the federal district courts of the United States shall be the exclusive forum for the resolution of any complaint asserting a cause of action arising under the Securities Act of 1933, as amended.

(d) Notice and Consent. Any person or entity purchasing or otherwise acquiring any interest in any security of the Corporation shall be deemed to have notice of and consented to the provisions of this Article XII and waived any defense of personal jurisdiction and argument relating to the inconvenience of the forums referenced above in connection with any Covered Proceeding.

ARTICLE XIII – SEVERABILITY

If any provision or provisions of this Amended and Restated Certificate of Incorporation shall be held to be invalid, illegal or unenforceable as applied to any circumstance for any reason whatsoever: (i) the validity, legality and enforceability of such provisions in any other circumstance and of the remaining provisions of this Amended and Restated Certificate of Incorporation (including, without limitation, each portion of any paragraph of this Amended and Restated Certificate of Incorporation containing any such provision held to be invalid, illegal or unenforceable that is not itself held to be invalid, illegal or unenforceable) shall not in any way be affected or impaired thereby and (ii) to the fullest extent possible, the provisions of this Amended and Restated Certificate of Incorporation (including, without limitation, each such portion of any paragraph of this Amended and Restated Certificate of Incorporation containing any such provision held to be invalid, illegal or unenforceable) shall be construed so as to permit the Corporation to protect its directors, officers, employees and agents from personal liability in respect of their good faith service to or for the benefit of the Corporation to the fullest extent permitted by law.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the undersigned has caused this Amended and Restated Certificate of Incorporation to be executed by the officer below this 17th day of March, 2021.

THE DUCKHORN PORTFOLIO, INC.

By: /s/ Alex Ryan
Name: Alex Ryan
Title: Chief Executive Officer

Exhibit 10.3

SECOND AMENDMENT TO AMENDED AND RESTATED

FIRST LIEN LOAN AND SECURITY AGREEMENT

This **SECOND AMENDMENT TO AMENDED AND RESTATED FIRST LIEN LOAN AND SECURITY AGREEMENT** (this "Amendment") is dated as of May 2, 2023, and is entered into by and among **SELWAY WINE COMPANY**, a Delaware corporation ("Intermediate Holdco"), **MALLARD BUYER CORP.**, a Delaware corporation ("Borrower Agent"), each other Subsidiary of Intermediate Holdco party hereto (together with the Borrower Agent, each a "Borrower" and, collectively, "Borrowers"), the Lenders (as defined below) party hereto, and **BMO HARRIS BANK N.A.**, as successor in interest to **BANK OF THE WEST** ("BMO"), as administrative agent for the Lenders (in such capacity, "Agent").

RECITALS

WHEREAS, Intermediate Holdco, Borrowers, the financial institutions party thereto as of the date hereof, as lenders, and the Agent are parties to that certain Amended and Restated First Lien Loan and Security Agreement, dated as of November 4, 2022 (as amended from time to time prior to the date hereof, the "Existing Loan Agreement" and the Existing Loan Agreement, as amended by this Amendment, the "Loan Agreement");

WHEREAS,the Borrowers have requested that Agent and the Required Lenders agree to amend the Existing Loan Agreement by amending the definition of Fixed Charge Coverage Ratio; and

WHEREAS, Agent and the Required Lenders have agreed to Borrowers' request, subject to the terms of this Amendment.

NOW, THEREFORE, in consideration of the premises and the agreements, provisions and covenants herein contained, the parties agree as follows:

1. DEFINITIONS.All terms which are defined in the Loan Agreement shall have the same definition when used herein unless a different definition is ascribed to such term under this Amendment, in which case, the definition contained herein shall govern.
2. AMENDMENTS.Upon the Second Amendment Effective Date (as defined below), the Existing Loan Agreement is hereby amended as follows:
    a. **Revise Definition of Fixed Charge Coverage Ratio**. The definition of "Fixed Charge Coverage Ratio" in Section 1.1 of the Existing Loan Agreement is hereby amended and restated in its entirety as follows:

Fixed Charge Coverage Ratio: the ratio, determined on a consolidated basis for Intermediate Holdco and its Subsidiaries, of (a) (i) TTM EBITDA minus (ii) Maintenance Capital Expenditure Amount paid during the applicable Test Period (except those financed with (x) Debt, other than revolving credit facilities or (y) proceeds arising from a casualty event covered by insurance, an Asset Disposition not prohibited by **Section 10.2.6** or an issuance of any Equity Interests (or receipt of capital contributions) by any Borrower, in each case, to the extent such proceeds are applied to finance such Capital Expenditures within 365 days) minus (iii) all federal, state, and local income taxes paid in cash during such period or Distributions made in accordance with Section 10.2.4 by any Obligor to the direct or indirect parent of Intermediate Holdco for the payment of such taxes during the applicable Test Period, to (b) Fixed Charges.

   a. **Addition of New Defined Terms.**The defined terms "Maintenance Capital Expenditures" and "Maintenance Capital Expenditure Amount" are added to Section 1.1 of the Existing Loan Agreement as follows in the appropriate alphabetical order:

Maintenance Capital Expenditures: all Capital Expenditures necessary to maintain existing output or capacity of operations, including expenditures required by policies (whether regulatory, internal, or other) which govern existing operations.

Maintenance Capital Expenditure Amount: an amount of Maintenance Capital Expenditures equal to, as of any date of determination, the greater of (a) $7.5 million, and (b) the actual amount paid for such Maintenance Capital Expenditures during the applicable Test Period.

1. CONDITIONS PRECEDENT TO EFFECTIVENESS OF AMENDMENT.This Amendment shall become effective on the date (such date the "Second Amendment Effective Date") on which Agent shall have received counterparts to this Amendment, duly executed by the Agent, Intermediate Holdco, the Borrowers, and the Required Lenders party hereto.
2. REPRESENTATIONS AND WARRANTIES.Intermediate Holdco and each of the Borrowers hereby affirm to Agent and the Lenders party hereto:
    a. All of Borrowers' representations and warranties set forth in Section 9 of the Loan Agreement are true and correct in all material respects as of the date hereof; provided that to the extent such representations and warranties expressly relate to an earlier date, such representations and warranties shall be true and correct in all material respect as of such earlier date (provided that if a representation or warranty is by its terms already subject to a materiality qualifier, it shall not be further subject to the materiality qualifier in this Section 4.1).
    b. No Default or Event of Default exists or would arise after giving effect to this Amendment.
3. LIMITED EFFECT.Except for the specific amendments contained in this Amendment, the Loan Agreement and the other Loan Documents shall remain unchanged and in full force and effect.
4. GOVERNING LAW; CONSENT TO FORUM.Sections 14.13 and 14.14 of the Loan Agreement are incorporated herein by reference, *mutatis mutandis*.
5. COUNTERPARTS.This Amendment may be executed in counterparts, each of which when shall constitute an original, but all of which when taken together shall constitute a single contract.Delivery of a signature page of this Amendment by telecopy or other electronic means shall be effective as delivery of a manually executed counterpart of this Amendment.

[Signatures are on following pages]

IN WITNESS WHEREOF, this Amendment has been executed and delivered as of the date set forth above.

INTERMEDIATE HOLDCO:

SELWAY WINE COMPANY

By: /s/ Alex Ryan
Name: Alex Ryan
Title: President and Chief Executive Officer

BORROWERS:

MALLARD BUYER CORP.
HERITAGE WINE, LLC
CANVASBACK WINE, LLC
WATERFOWL WINE, LLC
HERITAGE VINEYARD, LLC
DUCKHORN WINE COMPANY
KB WINES CORPORATION
DOMAINE, M.B., LLC
CHENOWETH GRAGAM LLC

By: /s/ Alex Ryan
Name: Alex Ryan
Title: President and Chief Executive Officer

AGENT AND LENDERS:

BANK OF THE WEST,
as Agent

By: /s/ Eric Andersen
Name: Eric Andersen
Title: Vice President

BANK OF THE WEST,
as Lender

By: /s/ Richard Appleby
Name: Richard Appleby
Title: Vice President

AGCountry Farm Credit Services, PCA,
as Lender

By: /s/ Lisa Casewell
Name: Lisa Casewell
Title: Vice President Capital Markets

Capital Farm Credit PCA,
as Lender

By: /s/ Agustin Arzeno
Name: Agustin Arzeno
Title: Director Capital Markets

Capital Farm Credit, FLCA,
as Lender

By: /s/ Agustin Arzeno
Name: Agustin Arzeno
Title: Director Capital Markets

Compeer Financial, PCA,
as Lender

By: /s/ Daniel J. Best
Name: Daniel J. Best
Title: Director, Capital Markets

Farm Credit Services of America, PCA,
as Lender

By: /s/ Dustin Oswald
Name: Dustin Oswald
Title: Vice President - Capital Markets

Greenstone Farm Credit Services, FLCA,
as Lender

By: /s/ Curtis Flammini
Name: Curtis Flammini
Title: VP of Capital Markets Lending

Greenstone Farm Credit Services, ACA,
as Lender

By: /s/ Curtis Flammini
Name: Curtis Flammini
Title: VP of Capital Markets Lending

ING Capital LLC,
as Lender

By /s/ Michael Chen
Name: Michael Chen
Title: Director

By: /s/ Jeffrery Chu
Name: Jeffrey Chu
Title: Director

JP Morgan Chase Bank N.A.,
as Lender

By /s/ Philip Busqua
Name: Philip Busqua
Title: Authorized Signer

MUFG Union Bank N.A.,
as Lender

By: /s/ Peter Ehlinger
Name:Peter Ehlinger
Title:Vice President

AGWest Farm Credit, PCA (fka, Northwest Farm Credit Services, PCA),
as Lender

By: /s/ Paul Hadley
Name:Paul Hadley
Title:Vice President

HTLF Bank,
as Lender

By: /s/ Travis Moncada
Name:Travis Moncada
Title:SVP/SRM

Exhibit 31.1

CERTIFICATION PURSUANT TO
RULE 13a-14(a) OR 15d-14(a) OF THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Alex Ryan, Deirdre Mahlan, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of The Duckhorn Portfolio, 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: June 8, 2023 December 6, 2023

By: /s/ Alex Ryan Deirdre Mahlan

Alex Ryan Deirdre Mahlan
Interim President, Chief Executive Officer and
Chairman Chairperson
(Principal Executive Officer)

Exhibit 31.2

**CERTIFICATION PURSUANT TO
RULE 13a-14(a) OR 15d-14(a) OF THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Lori Beaudoin, Jennifer Fall Jung, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of The Duckhorn Portfolio, 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: June 8, 2023 December 6, 2023

By: /s/ Lori Beaudoin Jennifer Fall Jung

Lori Beaudoin Jennifer Fall Jung
Executive Vice President, Chief Financial Officer
(Principal Financial Officer and Principal Accounting Officer)

Exhibit 32.1

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, Alex Ryan, Deirdre Mahlan, Chief Executive Officer of The Duckhorn Portfolio, Inc. (the "Company"), do hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. the Quarterly Report on Form 10-Q of the Company for the fiscal quarter ended April 30, 2023 October 31, 2023 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: June 8, 2023 December 6, 2023

By: /s/ Alex Ryan Deirdre Mahlan

Alex Ryan Deirdre Mahlan

Interim President, Chief Executive Officer and Chairman Chairperson

(Principal Executive Officer)

I, Lori Beaudoin, Jennifer Fall Jung, Chief Financial Officer of The Duckhorn Portfolio, Inc. (the "Company"), do hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. the Quarterly Report on Form 10-Q of the Company for the fiscal quarter ended April 30, 2023 October 31, 2023 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: June 8, 2023 December 6, 2023

By: /s/ Lori Beaudoin Jennifer Fall Jung

Lori Beaudoin Jennifer Fall Jung

Executive Vice President, Chief Financial Officer

(Principal Financial Officer and Principal Accounting Officer)

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