

CONSTELLATION BRANDS

FIRST QUARTER

JUNE 30, 2023

Fiscal Year 2024 Financial Results

FORWARD-LOOKING STATEMENTS

This presentation contains forward-looking statements that are based on certain assumptions, estimates, expectations, plans, analyses, and opinions made by management in light of their experience and perception of historical trends, current conditions, and expected future developments, as well as other factors management believes are appropriate in the circumstances. These forward-looking statements are subject to various risks and uncertainties, many of which are beyond our or Canopy's control, and which could cause actual results to differ materially from those set forth in, or implied by, such forward-looking statements. When used in this presentation, words such as "anticipate," "intend," "expect," "plan," "continue," "estimate," "exceed," "may," "will," "project," "predict," "propose," "potential," "targeting," "exploring," "scheduled," "implementing," "could," "might," "should," "believe," and similar words or expressions are intended to identify forward-looking statements, although not all forward-looking statements contain such identifying words. Although we believe that the estimates, expectations, plans, and timetables reflected in the forward-looking statements are reasonable, they may vary from management's current estimates, expectations, plans, and timetables, and we can give no assurance that such estimates, expectations, plans, and timetables will prove to be correct, as actual results and future events and timetables could differ materially from those anticipated in such statements. Information provided in this presentation is necessarily summarized and may not contain all available material information.

All statements other than statements of historical fact in this presentation may be forward-looking statements, including without limitation statements regarding or applicable to our business strategy, growth plans and growth drivers, innovation, new products, future operations, financial position, liquidity and capital resources, net sales, costs, expenses, cost savings initiatives, operating income, leverage ratios, including target net leverage ratio, dividend payout ratio, depreciation, equity in earnings, interest expense, tax rates, non-controlling interests, diluted shares outstanding, EPS, cash flows, capital expenditures, and other financial metrics, expected volume, inventory, price/mix, and depletion trends, our long-term financial model, future marketing strategies and spend, and prospects, plans, and objectives of management; anticipated inflationary pressures, changing prices, and reductions in consumer discretionary income as well as other unfavorable global and regional economic conditions, geopolitical events, and military conflicts, and our responses thereto; our ESG strategy, corporate social responsibility and sustainability initiatives, environmental stewardship targets, and human capital and DEI objectives, goals, and priorities; the continued refinement of our wine and spirits portfolio; the manner, timing, and duration of our share repurchase program and source of funds for share repurchases; the amount and timing of future dividends; our beer expansion, optimization, and/or construction activities, including anticipated scope, capacity, supply, costs, capital expenditures, and timeframes for completion; current and future acquisition, disposition, and investment activities; and capital allocation priorities and commitments.

FORWARD-LOOKING STATEMENTS

In addition to the risks and uncertainties of ordinary business operations and conditions in the general economy and markets in which we compete, our forward-looking statements contained in this presentation are also subject to the risk, uncertainty, and possible variance from our current expectations regarding: water, agricultural and other raw material, and packaging material supply, production, and/or shipment difficulties which could adversely affect our ability to supply our customers; the ability to respond to anticipated inflationary pressures, including reductions in consumer discretionary income and our ability to pass along rising costs through increased selling prices; the actual impact to supply, production levels, and costs from global supply chain disruptions and constraints, transportation challenges (including from labor strikes or other labor activities), shifting consumer behaviors, wildfires, and severe weather events; reliance on complex information systems and third-party global networks; the actual balance of supply and demand for our products, the actual performance of our distributors, and the actual demand, net sales, channel proportions, and volume trends for our products; beer operations expansion, optimization, and/or construction activities, scope, capacity, supply, costs (including impairments), capital expenditures, and timing; results of the potential sale of the remaining assets at the Mexicali Brewery or obtaining other forms of recovery; the impact of the military conflict in Ukraine and associated internal destabilization in Russia, geopolitical tensions, and responses, including on inflation, supply chains, commodities, energy, and cybersecurity; contamination and degradation of product quality from diseases, pests, weather, and other conditions; communicable diseases outbreaks, pandemics, or other widespread public health crises, such as the COVID-19 pandemic, and associated governmental containment actions, which may include the closure of non-essential businesses (including our manufacturing facilities); the amount, timing, and source of funds for any share repurchases and number of shares outstanding; our cash and debt position; the amount and timing of future dividends which are subject to the determination and discretion of our Board of Directors; the impact of our investment in Canopy, including recording our proportional share of Canopy's estimated pre-tax losses; the accuracy of management's projections relating to the Canopy investment; the timeframe and amount of any potential future impairment of our investment in Canopy; Canopy's failure to receive the requisite approval of its shareholders necessary to approve the Canopy Transaction, any other delays with respect to, or the failure to complete, the Canopy Transaction, the ability to recognize the anticipated benefits of the Canopy Transaction and the impact of the Canopy Transaction on the market price of Canopy's common stock; completion of the Canopy Transaction, the exchange of our promissory note issued by Canopy for Exchangeable Shares, and the impact from converting our Canopy common shares for Exchangeable Shares on our relationship with and investment in Canopy; any impact of U.S. federal laws on Canopy Strategic Transactions or upon the implementation of such Canopy Strategic Transactions, or the impact of any Canopy Strategic

Transaction upon our future ownership level in Canopy or our future share of Canopy's reported earnings and losses; the expected impacts of the divestitures of our craft beer businesses and of wine and spirits portfolio refinement activities; purchase accounting with respect to any transaction, or the assumptions used regarding the assets purchased and liabilities assumed to determine their fair value; general economic, geopolitical, domestic, international, and regulatory conditions, world financial market and banking sector, including economic slowdown or recession; the ability to recognize anticipated benefits of the Reclassification and the impact of the Reclassification on the market price of our common stock; our targeted net leverage ratio due to market conditions, our ability to generate cash flow at expected levels, and our ability to generate expected earnings; accuracy of supply projections, including relating to beer operations expansion, optimization, and construction activities, wine and spirits operating activities, product inventory levels, and glass sourcing; our ability to achieve and timeframes for achieving expected target debt leverage ratios, cash flows, operating margin, earnings, and other financial metrics; operating and financial risks related to managing future growth; competition in our industry; financing, market, economic, regulatory, and environmental risks; reliance on key personnel; litigation matters; increases in capital or operating costs; changes to international trade agreements, tariffs, accounting standards, elections, assertions, or policies, tax laws, or other governmental regulations; changes in interest rates and the inherent unpredictability of currency fluctuations, commodity prices, and raw materials; any incremental contingent consideration payment paid; accuracy of all projections, including those associated with announced acquisitions, investments, and divestitures; accuracy of forecasts relating to joint venture businesses; the actual amount and timing of cost reductions based on management's final plans; and other factors and uncertainties disclosed from time to time in our filings with the Securities and Exchange Commission, including our Annual Report on Form 10-K for the fiscal year ended February 28, 2023. Forward-looking statements are made as of June 30, 2023, and Constellation does not intend and expressly disclaims any obligation to update or revise the forward-looking information contained in this presentation, whether as a result of new information, future events, or otherwise, except as required by law. Accordingly, readers are cautioned not to place undue reliance on forward-looking information.

USE OF NON-GAAP FINANCIAL MEASURES, DISCLAIMER, CAUTION REGARDING OUTDATED MATERIAL, AND LOCATION OF DEFINED TERMS

This presentation may contain non-GAAP financial measures. These and other non-GAAP financial measures, the purposes for which management uses them, why management believes they are useful to investors, and a reconciliation to the most directly comparable GAAP financial measures can be found in the appendix of this presentation or at ir.cbrands.com under the Financial Info/Financial History (Non-GAAP) section. All references to profit measures and earnings per share on a comparable basis exclude items that affect comparability. Non-GAAP financial measures are also referred to as being presented on a comparable, adjusted, organic, or “excluding Canopy EIE” basis.

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Unless otherwise indicated, the information presented is as of June 30, 2023, and, to the best of Constellation's knowledge, timely and accurate when made. Thereafter, it should be considered historical and not subject to further update by Constellation.

A list of defined terms used within can be found in the appendix of this presentation.

FIRST QUARTER FISCAL YEAR 2024 FINANCIAL HIGHLIGHTS

CONSOLIDATED	Net Sales	Operating Income (Loss)	Net Income (Loss) Attributable to CBI	Adjusted Earnings Before Interest & Taxes	Diluted Net Income (Loss) Per Share Attributable to CBI (EPS)	EPS Excluding Canopy EIE
Q1 FY24 ⁽¹⁾ In millions, except per share data						
Reported	\$2,515	\$765	\$136	\$349	\$0.74	NA
% Change	6%	(6)%	(65)%	(44)%	(64)%	NA
Comparable	\$2,515	\$827	\$535	\$796	\$2.91	\$3.04
% Change	6%	4%	6%	8%	9%	5%

BEER	Shipments	Depletions	Net Sales	Operating Income (Loss)
Three Months Ended In millions; branded product, 24-pack, 12-ounce case equivalents				
May 31, 2023	107.0		\$2,098.6	\$797.8
May 31, 2022	99.5		\$1,898.2	\$762.8
% Change	7.5%	5.5%	11%	5%

WINE AND SPIRITS	Shipments	Organic Shipments	Depletions	Net Sales ⁽¹⁾	Organic Net Sales	Operating Income (Loss) ⁽¹⁾
Three Months Ended In millions; branded product, 9-liter case equivalents						
May 31, 2023	5.9	5.9		\$416.3	\$416.3	\$79.3
May 31, 2022	6.8	6.5		\$465.0	\$444.6	\$91.0
% Change	(13.2)%	(9.2)%	(6.6)%	(10)%	(6)%	(13)%

FIRST QUARTER FISCAL YEAR 2024 KEY TAKEAWAYS



BEER BUSINESS DELIVERS DOUBLE-DIGIT NET SALES GROWTH AND MID SINGLE-DIGIT SHIPMENT AND DEPLETION GROWTH ⁽¹⁾



WINE AND SPIRITS BUSINESS OUTPERFORMS HIGHER-END SEGMENT OF WINE CATEGORY IN U.S. TRACKED CHANNELS ⁽²⁾













COMPANY CONTINUES TO DEPLOY CAPITAL PER STATED PRIORITIES, INCLUDING LOWERING NET LEVERAGE RATIO TOWARD ~3.0X TARGET



COMPANY ESTABLISHES NEW WASTE AND PACKAGING TARGETS

DELIVERING AGAINST OUR STRATEGIC INITIATIVES IN FISCAL YEAR 2024

		Q1 FY24 DEPLETION GROWTH (DECLINE) ⁽¹⁾		
<h2>1</h2> <p>CONTINUE TO BUILD POWERFUL BRANDS THAT PEOPLE LOVE</p>		<ul style="list-style-type: none"> • Modelo Especial: ~5% • Corona Extra: ~1% • Pacifico: ~15% • Modelo Chelada Brands: ~40% 		<ul style="list-style-type: none"> • Meiomi: ~(5)% • Kim Crawford: ~Flat • The Prisoner Wine Co.: ~(7)% • Craft Spirits Brands: ~40%
<h2>2</h2> <p>DEVELOP CONSUMER-LED INNOVATIONS ALIGNED WITH EMERGING TRENDS</p>	 	<ul style="list-style-type: none"> • Top 10 Share Gainer ⁽²⁾ • Top 10 Share Gainer in Non-Alcoholic Segment ⁽²⁾ 	 	<ul style="list-style-type: none"> • #1 New Wine Brand ⁽²⁾ • #3 New Spirits Brand ⁽²⁾⁽³⁾
<h2>3</h2> <p>DEPLOY CAPITAL IN-LINE WITH DISCIPLINED AND BALANCED PRIORITIES</p>		<ul style="list-style-type: none"> • Reduced net leverage ratio ⁽⁴⁾ to ~3.5X • Declared dividend in-line with 30% payout ratio target 		<ul style="list-style-type: none"> • Obregon: 5M HL ramped in Q1 • Nava: ABA 5M HL on track for Q4 • Veracruz: On track for FY25-FY26
<h2>4</h2> <p>OPERATE IN A WAY THAT IS GOOD FOR BUSINESS AND GOOD FOR THE WORLD</p>		<ul style="list-style-type: none"> • Making progress on FY25 GHG emissions reduction targets 		<ul style="list-style-type: none"> • Now pursuing TRUE Zero Waste to Landfill Certification in key operating facilities and enhanced circular packaging targets by FY25 ⁽⁵⁾

(1) Company measures.

(2) Circana, Total U.S. Multi-Outlet + Convenience, 12 weeks ended May 21, 2023.

(3) Fresca™ Mixed results are primarily included as part of beer segment but reported under the spirits category in Circana tracked channel data.

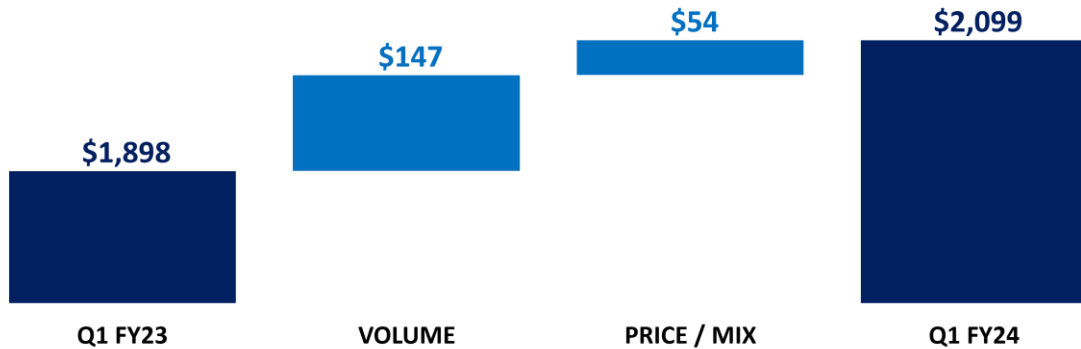
(4) Excludes Canopy EIE

(5) Key operating facilities, for the purposes of this target, consist of our major production facilities (i.e., our breweries in Mexico and our U.S. wineries generating the vast majority of waste).

BEER BUSINESS MAINTAINED ITS INDUSTRY-LEADING PERFORMANCE

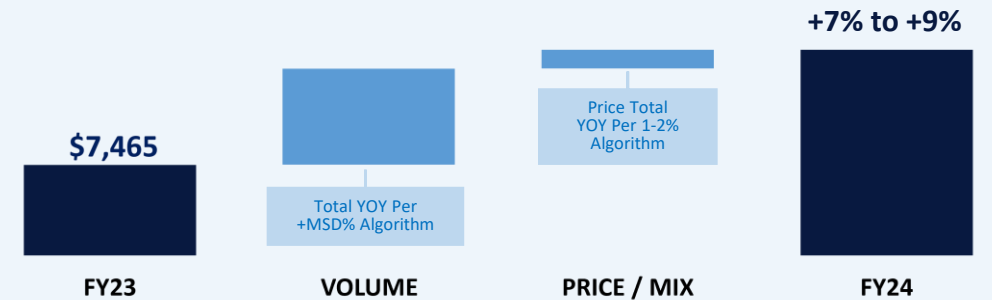
Q1 FY24 vs Q1 FY23 RESULTS (\$ IN MILLIONS)

NET SALES (1)

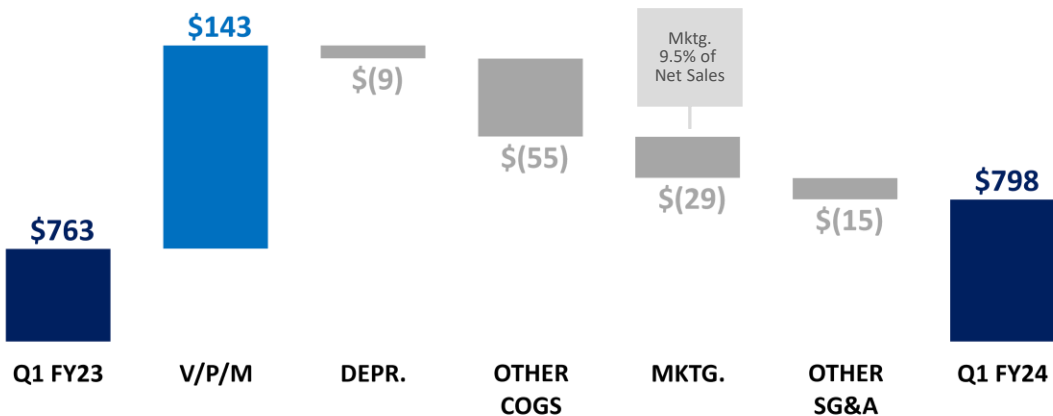


FY24 OUTLOOK vs FY23 RESULTS (\$ IN MILLIONS)

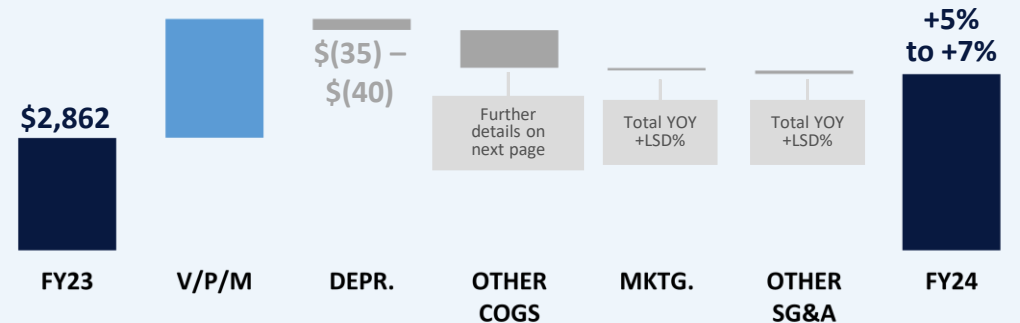
NET SALES



SEGMENT OPERATING INCOME (1) (2)



SEGMENT OPERATING INCOME (2)



BEER BUSINESS OTHER COGS AFFECTED BY INFLATIONARY PRESSURES

BEER BUSINESS OTHER COGS	FY24 OUTLOOK	
	Share	% Change YOY

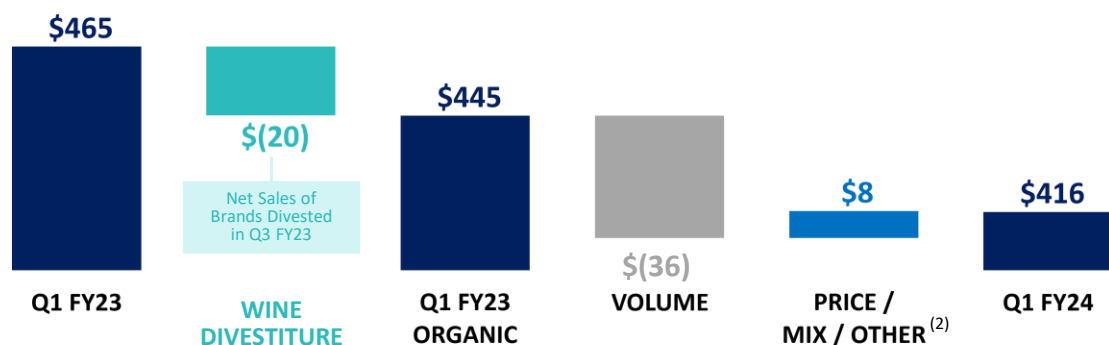
IMPORT PORTION OF BEER BUSINESS ⁽¹⁾

PACKAGING & RAW MATERIALS	55-60% <i>(OF IMPORT PORTION TOTAL COGS)</i>	+HSD
FREIGHT	20-25% <i>(OF IMPORT PORTION TOTAL COGS)</i>	+HSD
LABOR & OVERHEAD	10-15% <i>(OF IMPORT PORTION TOTAL COGS)</i>	+HT

WINE & SPIRITS BUSINESS CONTINUED TO ADVANCE ITS STRATEGY

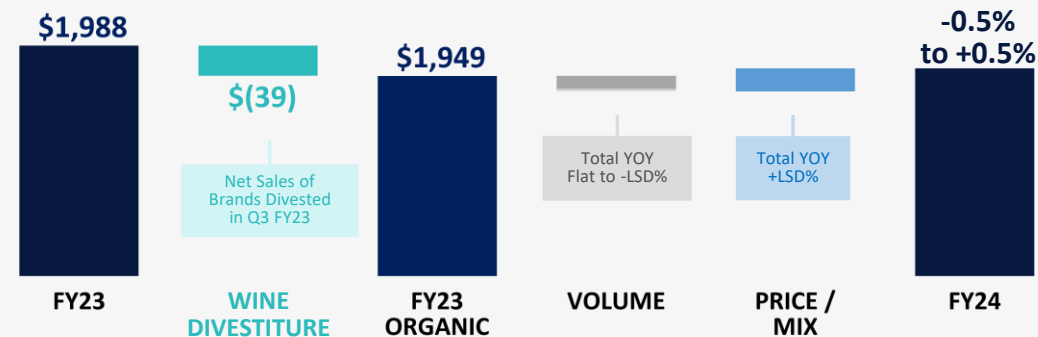
Q1 FY24 vs Q1 FY23 RESULTS (\$ IN MILLIONS)

NET SALES⁽¹⁾

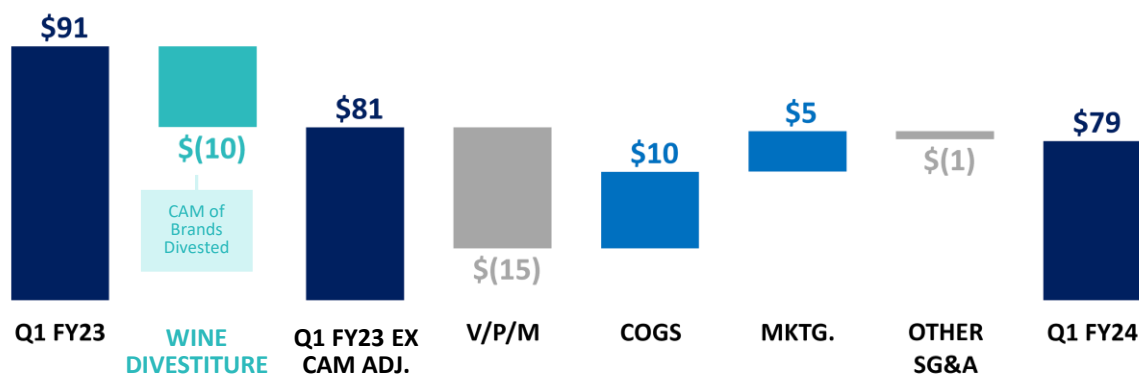


FY24 OUTLOOK vs FY23 RESULTS (\$ IN MILLIONS)

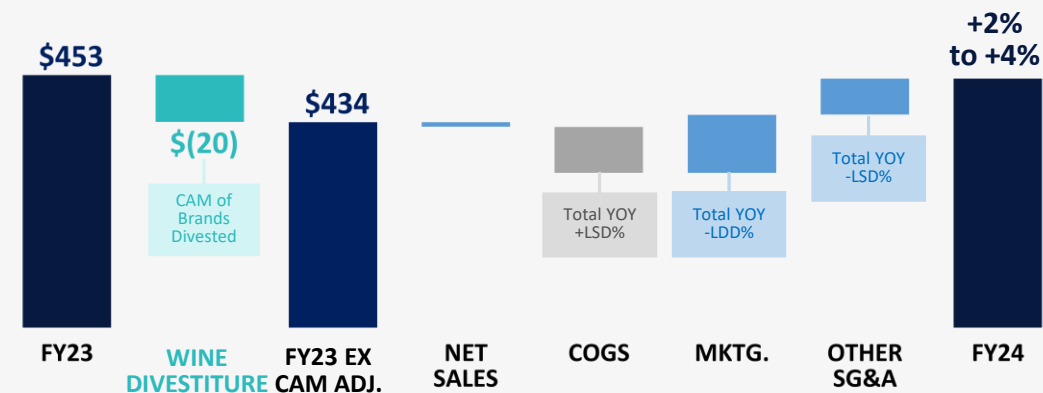
NET SALES⁽¹⁾



SEGMENT OPERATING INCOME^{(1) (3)}



SEGMENT OPERATING INCOME^{(1) (3)}



FIRST QUARTER FISCAL YEAR 2024 RESULTS & FULL YEAR OUTLOOK

(% CHANGES YOY)	Q1 FY24 RESULTS	FY24 OUTLOOK	OTHER FY24 OUTLOOK CONSIDERATIONS
Net Sales	Beer: \$2.1B +11% W&S: \$416M (10%) Reported (6%) Organic ⁽¹⁾	Beer: +7% to +9% W&S: (0.5%) to +0.5% Organic ⁽²⁾	Beer: ~55% of volumes expected in H1 W&S: ~55% of volumes expected in H2
Segment Operating Income (Loss)	Beer: \$798M +5% W&S: \$79M (13%) Reported, +2% CAM Adj. ⁽¹⁾ Corporate: \$(50M)	Beer: +5% to +7% W&S: +2% to +4% CAM Adj. ⁽²⁾ Corporate: ~(\$270M)	Beer: ~25% of COGS variable (includes 10-15% that are hedgeable) W&S: ~25% of COGS variable
Equity In Earnings (Losses) (Ex. Canopy)	(\$0.3M)	~\$35M	Largely Opus contribution to W&S expected in Q3
Interest Expense	\$118M	~\$500M	~10% of total debt on floating rates
Comparable Tax Rate (Ex. Canopy)	20.7%	~19%	NA
Non-Controlling Interests	\$(3.3M)	~\$40M	NA
Diluted Shares Outstanding⁽³⁾	183.9M	184M ⁽⁴⁾	~\$0.8B remaining buy-back authorization
Reported EPS	\$0.74	\$9.35 to \$9.65	NA
Comparable EPS (Ex. Canopy)	\$3.04	\$11.70 to \$12.00	NA
Operating Cash Flow	\$665M	\$2.4B to \$2.6B	NA
CAPEX	\$277M	\$1.2B to \$1.3B Beer: ~\$1B	Beer: Obregon 5M HL expansion online in Q1; Nava ABA production line ramp-up in Q4
Free Cash Flow	\$388M	\$1.2B to \$1.3B	NA

(1) Organic excludes from FY23 Q1 \$20 million of net sales and \$10 million of CAM that are no longer part of the Wine & Spirits Business results due to the Wine Divestiture.

(2) Excludes from FY23 \$38.5 million of net sales and \$19.5 million of CAM that are no longer part of the Wine & Spirits Business results due to the Wine Divestiture.

(3) Weighted average calculation.

(4) Does not include estimate for additional share repurchases in FY24



**APPENDIX
DEFINED TERMS &
ADDITIONAL FINANCIAL INFORMATION**

DEFINED TERMS

Unless the context otherwise requires, the terms “Company,” “CBI,” “STZ,” “we,” “our,” or “us” refer to Constellation Brands, Inc. and its subsidiaries. We use terms in this presentation that are specific to us or are abbreviations that may not be commonly known or used.

Term	Meaning
ABA	Alternative Beverage Alcohol
CAM	Contribution after marketing, which equals gross profit less marketing expenses
Canopy	Canopy Growth Corporation
Canopy Strategic Transaction(s)	Any potential acquisition, divestiture, investment, or other similar transaction made by Canopy, including but not limited to the potential transaction with Acreage and the Canopy Transaction
Canopy Transaction	Proposed corporate transaction by Canopy, including the creation of Exchangeable Shares, designed to consolidate its U.S. cannabis assets into Canopy USA
COGS	Cost of goods sold
Common Shares	Canopy's common shares
CPG	Consumer Packaged Goods
DEPR.	Depreciation
EBIT	Earnings before interest and taxes
EIE	Equity in earnings
ESG	Environmental, social, and governance
Exchangeable Shares	New class of non-voting and non-participating exchangeable shares of Canopy which will be convertible into Common Shares
FY	Fiscal year
GAAP	General accepted accounting principles in the U.S.
GHG	Greenhouse Gas

Term	Meaning
HL	Hectoliters
HSD	High single-digit
HT	High teen
LDD	Low double-digit
LSD	Low single-digit
MKTG.	Marketing
MSD	Mid single-digit
NA	Not applicable
NM	Not meaningful
OI&E	Other income and expenses
Reclassification	Reclassification, exchange, and conversion of our common stock to eliminate our Class B Common Stock pursuant to the terms and conditions of the reclassification agreement, dated June 30, 2022, among the Company and the members of the Sands stockholder group
SASB	Sustainability Accounting Standards Board
SG&A	Selling, general, and administrative expenses
TCFD	Task Force on Climate-related Financial Disclosures
U.S.	United States of America
V/P/M	Volume / Price / Mix
Wine Divestiture	Divestiture of certain mainstream and premium wine brands and related sold October 6, 2022
YOY	Year-over-year

CONDENSED CONSOLIDATED BALANCE SHEETS

(in millions)
(unaudited)

	May 31, 2023	February 28, 2023
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 192.5	\$ 133.5
Accounts receivable	933.1	901.6
Inventories	1,951.4	1,898.7
Prepaid expenses and other	575.6	562.3
Total current assets	3,652.6	3,496.1
Property, plant, and equipment	7,190.1	6,865.2
Goodwill	7,953.9	7,925.4
Intangible assets	2,727.4	2,728.1
Equity method investments	291.3	663.3
Deferred income taxes	2,160.5	2,193.3
Other assets	783.4	790.9
Total assets	\$ 24,759.2	\$ 24,662.3

	May 31, 2023	February 28, 2023
LIABILITIES AND STOCKHOLDER'S EQUITY		
Current liabilities:		
Short-term borrowings	\$ 819.1	\$ 1,165.3
Current maturities of long-term debt	558.1	9.5
Accounts payable	1,003.3	941.5
Other accrued expenses and liabilities	810.0	852.0
Total current liabilities	3,190.5	2,968.3
Long-term debt, less current maturities	10,979.8	11,286.5
Deferred income taxes and other liabilities	1,680.7	1,673.6
Total liabilities	15,851.0	15,928.4
CBI stockholders' equity	8,585.0	8,413.6
Noncontrolling interests	323.2	320.3
Total stockholders' equity	8,908.2	8,733.9
Total liabilities and stockholders' equity	\$ 24,759.2	\$ 24,662.3

CONSOLIDATED STATEMENTS OF OPERATIONS

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

	Three Months Ended	
	May 31, 2023	May 31, 2022
Sales	\$ 2,699.5	\$ 2,540.7
Excise taxes	(184.6)	(177.5)
Net sales	2,514.9	2,363.2
Cost of product sold	(1,257.1)	(1,108.2)
Gross profit	1,257.8	1,255.0
Selling, general, and administrative expenses	(493.1)	(438.6)
Operating income (loss)	764.7	816.4
Income (loss) from unconsolidated investments	(415.4)	(187.9)
Interest expense	(118.2)	(88.5)
Loss on extinguishment of debt	(0.7)	(15.3)
Income (loss) before income taxes	230.4	524.7
(Provision for) benefit from income taxes	(91.2)	(125.4)
Net income (loss)	139.2	399.3
Net (income) loss attributable to noncontrolling interests	(3.3)	(9.8)
Net income (loss) attributable to CBI	\$ 135.9	\$ 389.5

	Three Months Ended	
	May 31, 2023	May 31, 2022
Net income (loss) per common share attributable to CBI:		
Basic – Class A Common Stock	\$ 0.74	\$ 2.09
Basic – Class B Convertible Common Stock	NA	\$ 1.89
Diluted – Class A Common Stock	\$ 0.74	\$ 2.06
Diluted – Class B Convertible Common Stock	NA	\$ 1.89
Weighted average common shares outstanding:		
Basic – Class A Common Stock	183.270	165.335
Basic – Class B Convertible Common Stock	NA	23.206
Diluted – Class A Common Stock	183.863	189.333
Diluted – Class B Convertible Common Stock	NA	23.206
Cash dividends declared per common share:		
Class A Common Stock	\$ 0.89	\$ 0.80
Class B Convertible Common Stock	NA	\$ 0.72

CONSOLIDATED STATEMENTS OF CASH FLOWS

(in millions)
(unaudited)

	Three Months Ended	
	May 31, 2023	May 31, 2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income (loss)	\$ 139.2	\$ 399.3
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Unrealized net (gain) loss on securities measured at fair value	71.8	22.4
Deferred tax provision (benefit)	(0.3)	21.5
Depreciation	105.3	92.7
Stock-based compensation	14.5	16.8
Equity in (earnings) losses of equity method investees and related activities, net of distributed earnings	220.6	165.5
Noncash lease expense	22.0	21.6
Amortization of debt issuance costs and loss on extinguishment of debt	3.4	17.7
Impairment of equity method investment	123.5	—
Gain (loss) on settlement of pre-issuance hedge contracts	1.0	20.7
Change in operating assets and liabilities, net of effects from purchase and sale of business:		
Accounts receivable	(31.5)	17.2
Inventories	(57.6)	(83.0)
Prepaid expenses and other current assets	(17.9)	93.7
Accounts payable	34.2	94.5
Deferred revenue	24.3	26.2
Other accrued expenses and liabilities	(73.2)	(166.2)
Other	86.1	(2.4)
Total adjustments	526.2	358.9
Net cash provided by (used in) operating activities	665.4	758.2
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant, and equipment	(277.0)	(196.6)
Purchase of business, net of cash acquired	—	(37.2)
Investments in equity method investees and securities	(21.6)	—
Proceeds from sale of assets	—	6.5
Proceeds from sale of business	6.7	—
Other investing activities	—	0.5
Net cash provided by (used in) investing activities	(291.9)	(226.8)

	Three Months Ended	
	May 31, 2023	May 31, 2022
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of long-term debt	744.8	1,846.8
Principal payments of long-term debt	(502.5)	(1,084.7)
Net proceeds from (repayments of) short-term borrowings	(346.3)	(199.0)
Dividends paid	(164.1)	(149.3)
Purchases of treasury stock	(35.0)	(1,007.6)
Proceeds from shares issued under equity compensation plans	15.9	14.0
Payments of minimum tax withholdings on stock-based payment awards	(11.2)	(10.4)
Payments of debt issuance, debt extinguishment, and other financing costs	(5.0)	(25.8)
Distributions to noncontrolling interests	(11.3)	(11.2)
Net cash provided by (used in) financing activities	(314.7)	(627.2)
Effect of exchange rate changes on cash and cash equivalents	0.2	(1.8)
Net increase (decrease) in cash and cash equivalents	59.0	(97.6)
Cash and cash equivalents, beginning of period	133.5	199.4
Cash and cash equivalents, end of period	\$ 192.5	\$ 101.8

RECONCILIATION OF REPORTED AND ORGANIC NET SALES

(in millions)
(unaudited)

For periods of acquisition, we define organic net sales as current period reported net sales less net sales of products of acquired businesses reported for the current period, as appropriate. For periods of divestiture, we define organic net sales as prior period reported net sales less net sales of products of divested businesses reported for the prior period, as appropriate. We provide organic net sales because we use this information in monitoring and evaluating the underlying business trends of our core operations. Wine and Spirits net sales are provided by channel and market categories as management uses this information to monitor this business. In addition, we believe this information provides investors, financial analysts covering the Company, rating agencies, and other external users ("our investors") valuable insight on underlying business trends and results and, in the case of Wine and Spirits, the underlying composition of segment net sales and results, in order to evaluate year-over-year financial performance.

The divestiture impacting the period below consists of the sale of certain mainstream and premium wine brands and related inventory (the "Wine Divestiture") (sold October 6, 2022).

	Three Months Ended		Percent Change
	May 31, 2023	May 31, 2022	
Consolidated net sales	\$ 2,514.9	\$ 2,363.2	6%
Wine Divestiture ⁽¹⁾	—	(20.4)	
Consolidated organic net sales	\$ 2,514.9	\$ 2,342.8	7%
Beer net sales	\$ 2,098.6	\$ 1,898.2	11%
Wine and Spirits net sales ⁽²⁾	\$ 416.3	\$ 465.0	(10%)
Wine Divestiture ⁽¹⁾	—	(20.4)	
Wine and Spirits organic net sales	\$ 416.3	\$ 444.6	(6%)

⁽¹⁾ For the period March 1, 2022, through May 31, 2022, included in the three months ended May 31, 2022.

⁽²⁾ Wine and Spirits net sales by channel and market categories are as follows:

	Three Months Ended		Percent Change
	May 31, 2023	May 31, 2022	
U.S. Wholesale ⁽ⁱ⁾	\$ 344.2	\$ 375.3	(8%)
International ⁽ⁱ⁾	44.4	56.0	(21%)
DTC	17.2	15.2	13%
Other	10.5	18.5	(43%)
Wine and Spirits net sales	\$ 416.3	\$ 465.0	(10%)

⁽ⁱ⁾ Includes the impacts of the Wine Divestiture.

SUPPLEMENTAL SHIPMENT AND DEPLETION INFORMATION

(in millions)
(unaudited)

	Three Months Ended		Percent Change
	May 31, 2023	May 31, 2022	
Beer			
(branded product, 24-pack, 12-ounce case equivalents)			
Shipments	107.0	99.5	7.5%
Depletions ⁽¹⁾			5.5%
Wine and Spirits			
(branded product, 9-liter case equivalents)			
Shipments	5.9	6.8	(13.2%)
Organic shipments ⁽²⁾	5.9	6.5	(9.2%)
U.S. Domestic shipments	5.2	5.8	(10.3%)
U.S. Domestic organic shipments ⁽²⁾	5.2	5.6	(7.1%)
Depletions ^{(1) (2)}			(6.3%)

⁽¹⁾ Depletions represent U.S. domestic distributor shipments of our respective branded products to retail customers, based on third-party data.

⁽²⁾ Includes adjustments to remove shipment and depletion volume associated with the Wine Divestiture for the period March 1, 2022, through May 31, 2022, included in the three months ended May 31, 2022.

SUMMARIZED SEGMENT INFORMATION

(in millions)
(unaudited)

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

	Three Months Ended		Percent Change
	May 31, 2023	May 31, 2022	
Consolidated			
Net sales	\$ 2,514.9	\$ 2,363.2	6%
Gross profit	\$ 1,257.8	\$ 1,255.0	—%
Operating income (loss)	\$ 764.7	\$ 816.4	(6%)
Comparable adjustments			
Gross profit	\$ (34.8)	\$ 24.4	NM
Operating income (loss)	\$ (62.5)	\$ 23.9	NM
Beer			
Net sales	\$ 2,098.6	\$ 1,898.2	11%
Segment gross profit	\$ 1,098.7	\$ 1,019.5	8%
<i>% Net sales</i>	52.4%	53.7%	
Segment operating income (loss)	\$ 797.8	\$ 762.8	5%
<i>% Net sales</i>	38.0%	40.2%	
Wine and Spirits			
Wine net sales	\$ 361.0	\$ 404.1	(11%)
Spirits net sales	55.3	60.9	(9%)
Net sales	\$ 416.3	\$ 465.0	(10%)
Segment gross profit	\$ 193.9	\$ 211.1	(8%)
<i>% Net sales</i>	46.6%	45.4%	
Segment operating income (loss)	\$ 79.3	\$ 91.0	(13%)
<i>% Net sales</i>	19.0%	19.6%	
Corporate Operations and Other			
Segment operating income (loss)	\$ (49.9)	\$ (61.3)	19%

RECONCILIATIONS OF GAAP TO NON-GAAP FINANCIAL MEASURES

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

We report our financial results in accordance with GAAP. However, non-GAAP financial measures, as defined in the reconciliation tables below, are provided because we use this information in evaluating the results of our core operations and/or internal goal setting. In addition, we believe this information provides our investors valuable insight on underlying business trends and results in order to evaluate year-over-year financial performance. See the tables below for supplemental financial data and corresponding reconciliations of these non-GAAP financial measures to GAAP financial measures for the periods presented. Non-GAAP financial measures should be considered in addition to, not as a substitute for, or superior to, our reported results prepared in accordance with GAAP.

	Three Months Ended	
	May 31, 2023	May 31, 2022
Operating income (loss) (GAAP)	\$ 764.7	\$ 816.4
Less: Comparable adjustments (Non-GAAP)	(62.5)	23.9
Comparable operating income (loss) (Non-GAAP)	<u>\$ 827.2</u>	<u>\$ 792.5</u>
Net income (loss) attributable to CBI (GAAP)	\$ 135.9	\$ 389.5
Plus: Net income (loss) attributable to noncontrolling interests (GAAP)	3.3	9.8
Provision for (benefit from) income taxes (GAAP)	91.2	125.4
Loss on extinguishment of debt (GAAP)	0.7	15.3
Interest expense (GAAP)	118.2	88.5
Adjusted EBIT (Non-GAAP)	<u>349.3</u>	<u>628.5</u>
Less: Comparable adjustments (Non-GAAP)	(446.9)	(111.5)
Comparable EBIT (Non-GAAP)	<u>\$ 796.2</u>	<u>\$ 740.0</u>
Net income (loss) attributable to CBI (GAAP)	\$ 135.9	\$ 389.5
Less: Comparable adjustments (Non-GAAP)	(398.6)	(114.3)
Comparable net income (loss) attributable to CBI (Non-GAAP)	<u>\$ 534.5</u>	<u>\$ 503.8</u>
EPS (GAAP)	\$ 0.74	\$ 2.06
Less: Comparable adjustments (Non-GAAP)	(2.17)	(0.60)
Comparable EPS (Non-GAAP) ⁽²⁾	<u>\$ 2.91</u>	<u>\$ 2.66</u>
Weighted average common shares outstanding - diluted ⁽¹⁾	183.863	189.333

RECONCILIATIONS OF GAAP TO NON-GAAP FINANCIAL MEASURES (CONTINUED)

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

The comparable adjustments that impacted comparability in our results for each period are as follows:

	Three Months Ended	
	May 31, 2023	May 31, 2022
Net gain (loss) on undesignated commodity derivative contracts	\$ (34.7)	\$ 48.5
Flow through of inventory step-up	(0.7)	(1.0)
Settlements of undesignated commodity derivative contracts	0.6	(23.3)
Recovery of (loss on) inventory write-down	—	0.2
Comparable adjustments, Gross profit	(34.8)	24.4
Restructuring and other strategic business development costs	(14.9)	(1.4)
Transition services agreements activity	(5.7)	(3.4)
Transaction, integration, and other acquisition-related costs	(0.3)	(0.2)
Other gains (losses)	(6.8)	4.5
Comparable adjustments, Operating income (loss)	(62.5)	23.9
Comparable adjustments, Income (loss) from unconsolidated investments	(384.4)	(135.4)
Comparable adjustments, Adjusted EBIT	(446.9)	(111.5)
Comparable adjustments, Loss on extinguishment of debt	(0.7)	(15.3)
Comparable adjustments, (Provision for) benefit from income taxes	49.0	12.5
Comparable adjustments, Net income (loss) attributable to CBI	\$ (398.6)	\$ (114.3)

Undesignated commodity derivative contracts

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

Flow through of inventory step-up

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

Recovery of (loss on) inventory write-down

We recognized a gain from a change in estimate on reserved bulk wine inventory and certain grapes as a result of smoke damage sustained during the 2020 U.S. West Coast wildfires.

Restructuring and other strategic business development costs

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

Transition services agreements activity

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

Transaction, integration, and other acquisition-related costs

We recognized transaction, integration, and other acquisition-related costs in connection with our investments, acquisitions, and divestitures.

RECONCILIATIONS OF GAAP TO NON-GAAP FINANCIAL MEASURES (CONTINUED)

Other gains (losses)

Primarily includes the following:

	Three Months Ended	
	May 31, 2023	May 31, 2022
Gain (loss) on sale of business	\$ (7.0)	\$ —
Gain from remeasurement of previously held equity method investments	\$ —	\$ 5.2

Comparable adjustments, Income (loss) from unconsolidated investments

Primarily includes the following:

	Three Months Ended	
	May 31, 2023	May 31, 2022
Comparable adjustments to Canopy EIE (see page 18 for further information)	\$ (189.0)	\$ (113.0)
Impairment of equity method investment	\$ (123.5)	\$ —
Unrealized gain (loss) from the changes in fair value of our securities measured at fair value	\$ (71.8)	\$ (22.4)

Comparable adjustments, Loss on extinguishment of debt

We recognized losses primarily from a premium payment and the write-off of debt issuance costs in connection with tender offers of certain senior notes.

Comparable adjustments, (Provision for) benefit from income taxes

The effective tax rate applied to each comparable adjustment amount is generally based upon the jurisdiction in which the comparable adjustment was recognized. Comparable adjustments, (Provision for) benefit from income taxes also include items solely impacting income taxes and consist of the following:

	Three Months Ended	
	May 31, 2023	May 31, 2022
Net income tax benefit recognized as a result of a change in tax entity classification	\$ 28.9	\$ —
Net income tax benefit recognized as a result of a legislative update in Switzerland	\$ 4.7	\$ —

RECONCILIATIONS OF GAAP TO NON-GAAP FINANCIAL MEASURES (CONTINUED)

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

	Three Months Ended					
	May 31, 2023			May 31, 2022		
	Income (loss) before income taxes	(Provision for) benefit from income taxes ⁽²⁾	Effective tax rate ⁽⁴⁾	Income (loss) before income taxes	(Provision for) benefit from income taxes ⁽²⁾	Effective tax rate ⁽⁴⁾
Reported basis (GAAP)	\$ 230.4	\$ (91.2)	39.6%	\$ 524.7	\$ (125.4)	23.9%
Comparable adjustments - (Non-GAAP)	447.6	(49.0)		126.8	(12.5)	
Comparable basis (Non-GAAP)	678.0	(140.2)	20.7%	651.5	(137.9)	21.2%
Less: Comparable basis, Canopy EIE (Non-GAAP)	(30.8)	6.5		(52.0)	7.2	
Comparable basis, excluding Canopy EIE (Non-GAAP)	\$ 708.8	\$ (146.7)	20.7%	\$ 703.5	\$ (145.1)	20.6%

	Three Months Ended	
	May 31, 2023	May 31, 2022
Comparable EPS (Non-GAAP) ⁽⁵⁾	\$ 2.91	\$ 2.66
Comparable EPS, Canopy EIE (Non-GAAP)	0.13	0.24
Comparable EPS, excluding Canopy EIE (Non-GAAP) ⁽³⁾	\$ 3.04	\$ 2.90

⁽¹⁾ Equity earnings (losses) and related activities are included in income (loss) from unconsolidated investments.

⁽²⁾ The benefit from income taxes effective tax rate applied to our Canopy EIE is generally based on the tax rates of the legal entities that hold our investment. The comparable adjustment effective tax rate applied to each comparable adjustment amount is generally based upon the jurisdiction in which the adjustment was recognized.

⁽³⁾ The comparable adjustments and comparable EPS are calculated on a fully dilutive basis. May not sum due to rounding as each item is computed independently.

⁽⁴⁾ Effective tax rate is not considered a GAAP financial measure, for purposes of this reconciliation, we derived the reported GAAP measure based on GAAP results, which serves as the basis for the reconciliation to the comparable non-GAAP financial measure.

	Range for the Year Ending February 29, 2024	
	\$	\$
Forecasted EPS (GAAP)	9.35	9.65
Comparable adjustments (Non-GAAP) ⁽¹⁾	2.22	2.22
Comparable basis, Canopy EIE (Non-GAAP)	0.13	0.13
Forecasted comparable EPS, excluding Canopy EIE (Non-GAAP) ⁽²⁾	\$ 11.70	\$ 12.00

RECONCILIATIONS OF GAAP TO NON-GAAP FINANCIAL MEASURES (CONTINUED)

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

	Actual for the Year Ended February 28, 2023	(1) Comparable adjustments include (2)	Estimated for the Year Ending February 29, 2024	Actual for the Year Ended February 28, 2023
EPS (GAAP) (3)	\$ (0.11)	(Income) loss from unconsolidated investments	\$ 2.09	\$ 9.92
Reclassification (Non-GAAP) (4)	(0.27)	Net (gain) loss on undesignated commodity derivative contracts	\$ 0.14	\$ 0.06
Comparable adjustments (Non-GAAP) (1)	11.03	Transition services agreements activity	\$ 0.09	\$ 0.08
Comparable EPS (Non-GAAP) (2)	10.65	Restructuring and other strategic business development costs	\$ 0.06	\$ 0.04
Comparable basis, Canopy EIE (Non-GAAP)	0.75	Net (gain) loss on sale of business	\$ 0.03	\$ (0.05)
Comparable EPS, excluding Canopy EIE (Non-GAAP) (2)	11.40	Flow through of inventory step-up	\$ 0.02	\$ 0.02
		Net income tax benefit recognized as a result of a change in tax entity classification	\$ (0.16)	\$ —
		Net income tax provision recognized as a result of a legislative update in Switzerland	\$ (0.03)	\$ 0.06
		Net income tax provision recognized for adjustments to valuation allowances	\$ —	\$ 1.03
		Settlements of undesignated commodity derivative contracts	\$ —	\$ 0.31
		Impairments of assets	\$ —	\$ 0.27
		Costs associated with the Reclassification	\$ —	\$ 0.20
		Loss on extinguishment of debt	\$ —	\$ 0.10
		Transaction, integration, and other acquisition-related costs	\$ —	\$ 0.01
		Net income tax benefit related to a prior period divestiture	\$ —	\$ (0.89)
		Other (gains) losses	\$ —	\$ (0.11)
		Net flow through of reserved inventory	\$ —	\$ (0.01)

(2) May not sum due to (i) rounding as each item is computed independently and (ii) income allocated through the date of the reclassification, conversion, and exchange of our Class B Convertible Common Stock into our Class A Common Stock (the "Reclassification") for the year ended February 28, 2023. The comparable adjustments and comparable EPS are calculated on a fully dilutive basis.

(3) EPS was computed using the two-class method, until such conversion took place pursuant to Reclassification.

(4) Adjustment for income allocated through the date of the Reclassification.

RECONCILIATIONS OF GAAP TO NON-GAAP FINANCIAL MEASURES (CONTINUED)

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

Free Cash Flow Guidance

Free cash flow, as defined in the reconciliation below, is considered a liquidity measure and is considered to provide useful information to investors about the amount of cash generated, which can then be used, after required debt service and dividend payments, for other general corporate purposes. A limitation of free cash flow is that it does not represent the total increase or decrease in the cash balance for the period. Free cash flow should be considered in addition to, not as a substitute for, or superior to, cash flow from operating activities prepared in accordance with GAAP.

	Range for the Year Ending February 29, 2024		Three Months Ended	
			May 31, 2023	May 31, 2022
Net cash provided by operating activities (GAAP)	\$ 2,400.0	\$ 2,600.0	\$ 665.4	\$ 758.2
Purchase of property, plant, and equipment	(1,200.0)	(1,300.0)	(277.0)	(196.6)
Free cash flow (Non-GAAP)	<u>\$ 1,200.0</u>	<u>\$ 1,300.0</u>	<u>\$ 388.4</u>	<u>\$ 561.6</u>
Net cash provided by operating activities (GAAP)			\$ 665.4	\$ 758.2
Purchase of property, plant, and equipment			(277.0)	(196.6)
Free cash flow (Non-GAAP)			<u>\$ 388.4</u>	<u>\$ 561.6</u>

THANK YOU



Constellation Brands
WORTH REACHING FOR