

Risk Factors Comparison 2023-04-20 to 2022-04-21 Form: 10-K

Legend: **New Text** ~~Removed Text~~ Unchanged Text **Moved Text Section**

In addition to information discussed elsewhere in this ~~report~~ **Form 10-K**, you should carefully consider the following factors, as well as additional factors not presently known to us or that we currently deem to be immaterial, which could materially affect our business, liquidity, financial condition, and / or results of operations in ~~present and / or~~ future periods. **The following factors are organized under relevant headings; however, they may be relevant to other headings as well.** Operational Risks Supply of quality water, agricultural, and other raw materials, certain raw and packaging materials purchased under supply contracts; **supply chain disruptions and** inflation; limited group of glass bottle suppliers ; ~~supply chain disruptions~~ The quality and quantity of water available for use is important to the supply of our agricultural raw materials and our ability to operate our business. Water is a limited resource in many parts of the world ~~and if~~. **If** climate patterns change and droughts **continue or** become more severe **or other restrictions on currently available water resources are imposed**, there may be a scarcity of water or poor water quality which may affect our **and our suppliers' operations, increase** production costs, **or** impose capacity constraints. We are dependent on sufficient amounts of quality water for operation of our breweries, wineries, and distilleries, as well as to irrigate our vineyards and conduct our other operations. The suppliers of the agricultural raw materials we purchase are also dependent upon sufficient supplies of quality water for their vineyards and fields. ~~If water available to our or our suppliers' operations becomes scarce or the quality of that water deteriorates, we may incur increased production costs or face manufacturing constraints.~~ In addition, water purification and waste treatment infrastructure limitations could increase costs or constrain operation of our production facilities and vineyards. A substantial reduction in water supplies could result in material losses of grape crops and vines or other crops, such as corn, barley, or hops, which could lead to a shortage of our product supply. We have substantial brewery operations in Mexico ; ~~brewery operations in Texas, Virginia, and Florida,~~ and substantial wine operations in **the U. S. (primarily in** California), New Zealand, and Italy **as well as brewery and distillery operations in the U. S. Although certain areas in** California **have recently experienced flooding, the state** has endured and ~~may continue~~ **continue** to experience prolonged drought conditions which have resulted in the imposition of certain restrictions on water usage. ~~If~~ **and if** these conditions or restrictions persist and / or increase in severity, it could have an adverse effect upon those operations. Our ~~Nava~~ **current Mexican breweries are each, and the Veracruz** Brewery is **will be**, sourced from a single water supply **originating from separate and distinct aquifers**. ~~The~~ **Although we anticipate our operations will have adequate sources of** **water, methods of water delivery, water** quality, **or** water **requirements** to support ~~their~~ **our** ongoing requirements **may**, there is no guarantee that the ~~sources of water, methods of water delivery, water quality, or water requirements will not~~ change materially in the future. We may incur additional expenses for improving water delivery, quality, and efficiency as well as for securing additional water sources. Our breweries, the Glass Plant, our wineries, and our distilleries use a large volume of agricultural and other raw materials to produce ~~their~~ **our** products. These include corn starch and sugars, malt, hops, fruits, yeast, and water for our breweries; soda ash and silica sand for the Glass Plant; grapes and water for our wineries; and grain and water for our distilleries. Our breweries, wineries, and distilleries all use large amounts of various packaging materials, including glass, aluminum, cardboard, and other paper products. Our production facilities also use electricity, natural gas, and diesel fuel in their operations. Certain raw materials and packaging materials are purchased under contracts of varying maturities. The supply, on- time availability, and price of raw, **packaging, and other** materials, ~~packaging materials, and energy can~~, **and other commodities have been and may continue to** be affected by many factors beyond our control, including **supply chain disruptions, inflationary pressures**, market demand, global geopolitical events and military conflicts, such as repercussions from the ~~recent conflict in~~ **Russian invasion of** Ukraine (including on certain commodities, such as aluminum, corn, crude oil, natural gas, and steel), droughts, storms, ~~and other weather conditions~~ **events**, or natural or man-made ~~events~~ **disasters**, economic factors affecting growth decisions, plant diseases, and theft. ~~Inflationary pressures~~ **For example**, including ~~for material we have experienced a lack of availability and increased~~ costs ; ~~energy, commodities, supply chain logistics,~~ **of ocean freight shipping containers and delays at sea and** ~~and~~ **land** labor, ~~may~~ **ports which has impacted and could** continue to ~~negatively impact us,~~ **our distribution and production capabilities** we may be unable to pass along rising costs to consumers through increased selling prices. Our breweries, wineries, and distilleries are also dependent upon an adequate supply of glass bottles. ~~We~~ **and we** have experienced glass bottle purchasing shortages, particularly for brown glass used for certain of our Mexican beer brands. Glass bottle costs are one of our largest components of cost of product sold. The Glass Plant produces a majority of the total annual glass bottle supply for our Mexican beer brands, and we ~~currently~~ have a small number of other suppliers of glass bottles for our Mexican beer brands. In the U. S., glass bottles have only a small number of producers. Currently, one producer supplies a majority of our glass container requirements for Constellation Brands, Inc. FY 2022-2023 Form 10- K # WORTHREACHINGFOR I 47-16 PART I ITEM 1A. RISK FACTORS ~~our~~ **FACTORS** number of producers. **Currently, one producer supplies a majority of our glass container requirements for our** U. S. wine and spirits operations while a different producer supplies the glass bottles for our craft beer operations. ~~Supply chain disruptions, such as lack of availability and increased costs of ocean freight shipping containers and delays at sea and / or land ports, could continue to impact our distribution and production capabilities.~~ To the extent any of the foregoing factors **(i)** increases the costs of our ~~finished~~ products **and we are unable** or **choose not to pass along such rising costs to consumers through increased selling prices or (ii)** leads to a shortage of our product supply or inventory levels, we could experience a material adverse effect on our business, liquidity, financial condition, and / or results of operations. Reliance upon complex information systems and third- party global networks; **cyberattacks** ~~cyber- attacks;~~ ~~not realizing benefits of our new global ERP~~

We depend on **IT information technology** to enable us to operate efficiently and interface with customers and suppliers, maintain financial accuracy and efficiency, and effect accurate and timely governmental reporting. If we do not allocate and effectively manage the resources necessary to build and sustain the proper technology infrastructure, **including our global ERP**, we could be subject to transaction errors, processing inefficiencies, **increased costs**, loss of customers, business disruptions, loss of or damage to intellectual property through security breach, or penalties associated with the failure to timely file governmental reports, **and / or other difficulties**. We recognize that many **Many** groups on a worldwide basis have experienced increases in **electronic** security breaches, **cyberattacks** ~~cyber-attacks~~, and other hacking activities such as denial of service, malware, and ransomware, and there is the possibility of retaliatory **cyberattacks** ~~cyber-attacks~~, including by state-sponsored organizations, ~~stemming from geopolitical and economic responses to Russia's invasion of Ukraine~~. As with all large **IT information technology** systems, **we have been a target of cyberattackers and other hacking activities and** our systems could be penetrated by increasingly sophisticated ~~outside~~ parties intent on extracting confidential or proprietary information, corrupting our information, disrupting our business processes, engaging in the unauthorized use of strategic information about us or our employees, customers, or consumers, or demanding monetary payment. Such unauthorized access could disrupt our operations and could result in various costs and adverse consequences, including the loss of assets or revenues, litigation, regulatory actions, remediation costs, increased ~~cyber-security~~ **cybersecurity** protection costs, damage to our reputation, harm to our employees, or the failure by us to retain or attract customers following such an event. We have outsourced various functions to third-party service providers and may outsource other functions in the future. We rely on such third-party service providers to provide services on a timely and effective basis, but we do not ultimately control their performance. In addition, our distributors, wholesalers, suppliers, joint venture partners, and other external business partners utilize their own **IT information technology** systems that are subject to similar risks to us as described above. Their failure to perform as expected or as required by contract, or **additional cyberattacks** ~~a cyber-attack~~ on them that disrupts their systems, could result in significant disruptions and costs to our operations or, in the case of third-party service providers, a penetration of our systems. **To** In Fiscal 2022, we completed the implementation ~~extent any~~ of a new global ERP across our business units using a phased approach. We designed the **foregoing factors result in significant disruptions** ERP to accurately maintain our financial records, enhance operational functionality, and provide timely information to our management team related to the operation of the business. We plan to make enhancements to the ERP and associated processes and tools, which will continue to require the investment of personnel and financial resources. If our ERP does not operate as intended or the anticipated benefits from this implementation are not fully realized, we may experience delays, increased costs, and other difficulties that may interfere with being able to operate ~~our operations~~ ~~our~~ **or reduce** business and the effectiveness of our internal control over financial reporting could be adversely affected. To the extent any of the foregoing factors result in significant disruptions and costs to our operations or reduce the effectiveness of our internal control over financial reporting, we **it** could have a material adverse effect on our business, liquidity, financial condition, and / or results of operations. Economic and other uncertainties associated with our international operations **We** Our products are produced and sold in numerous countries, we have employees in various countries, and we have production facilities currently in the U. S., Mexico, New Zealand, and Italy **and employees in various countries, and our products are sold in numerous countries**. The countries in which we operate impose duties, excise taxes, and / or other taxes on beverage alcohol products, and / or on certain raw materials used to produce our beverage alcohol products, in varying amounts. Constellation Brands, Inc. FY 2022 Form 10-K # WORTHREACHINGFOR I 18 Governmental bodies may propose changes to international trade agreements, treaties, tariffs, taxes, and other government rules and regulations including but not limited to environmental treaties and regulations. The recent **Escalating geopolitical tensions, including from the** military conflict in Ukraine, and ~~escalating geopolitical tensions resulting from such conflict~~ have resulted and may continue to result in sanctions, tariffs, and import-export restrictions ~~which~~. **These activities**, when combined with any retaliatory actions that may be taken by **other countries, including** Russia, could cause further inflationary pressures and economic and supply chain disruptions (including impacts on prices and supply of certain commodities, such as aluminum, corn, crude oil, natural gas, and steel). Significant increases in import and excise duties or other taxes on, or that impact, beverage alcohol products as well as any tariffs, particularly on imports from Mexico and any retaliatory tariffs imposed by the Mexican government, could have a material adverse effect on our business, liquidity, financial condition, and / or results of operations. In addition, governmental agencies extensively regulate the beverage alcohol products industry concerning such matters as licensing, warehousing, trade and pricing practices, permitted and required labeling, **Constellation Brands, Inc. FY 2023 Form 10-K # WORTHREACHINGFOR I 17** advertising, and relations with wholesalers and retailers. Certain regulations also require warning labels and signage. We may be subject to new or revised regulations ~~or~~, increased licensing fees, requirements, or taxes, **or regulatory enforcement actions**. Additionally, various jurisdictions may seek to adopt significant additional product labeling or warning requirements or limitations on the marketing or sale of our products because of what our products contain or allegations that our products cause adverse health effects. If these types of requirements become applicable to one or more of our major products under current or future ~~environmental or health~~ laws or regulations, they may inhibit sales of such products. These uncertainties and changes, as well as the decisions, policies, and economic strength of our suppliers and distributors, could have a material adverse effect on our business, liquidity, financial condition, and / or results of operations. Dependence on limited facilities for production of our Mexican beer brands, ~~and~~; **facility** expansion, optimization, and construction ~~issues~~ **activities**. We are dependent on our **current Mexican Nava and Obregon** breweries as our sole sources of supply to fulfill our Mexican beer brands' ~~product~~ **production** requirements, both now as well as for the near-term. Expansion, optimization, and / or construction activities continue at our ~~Nava and Obregon~~ breweries **in**, and we are exploring construction of the Southeast-Mexico Brewery. We have suspended Mexicali Brewery construction activities following a negative result from a public consultation held in Mexico. We continue to work with Mexican government officials to (i) determine next steps for our suspended Mexicali Brewery construction project, (ii) pursue various forms of recovery for capitalized costs and

additional expenses incurred in establishing the Mexicali Brewery, and (iii) explore options to add further capacity elsewhere in Mexico, including the construction of the Southeast Mexico Brewery, to meet our long-term needs. These are multi-billion-dollar activities with risks of completion delays, cost overruns, and further asset impairments, such as ~~There is also no assurance of any recovery with respect to the suspended~~ **prior impairment of certain long-lived assets at the canceled Mexicali Brewery**. **We may not achieve the intended financial and operational benefits of these investments, including if we develop excess capacity that outpaces demand for our Mexican beer brands. We are pursuing the sale of the remaining assets at the Mexicali Brewery after exploring various options; however, we may not be successful in completing any such sale or obtaining other forms of recovery.** Expansion and optimization of current production facilities and construction of new production facilities are subject to various regulatory and developmental risks, including but not limited to: (i) our ability to obtain timely certificate authorizations, necessary approvals and permits from regulatory agencies at all or on terms that are acceptable to us; (ii) potential changes in federal, state, and local laws and regulations, including environmental requirements, that prevent a project from proceeding or increase the anticipated cost of the project; (iii) **our** inability to acquire rights-of-way or land or water rights on a timely basis on terms that are acceptable to us; **or** (iv) **our** inability to acquire the necessary energy supplies, including electricity, natural gas, and diesel fuel; ~~or (v) a halt or delay in expansion, optimization, or construction activities due to COVID-19.~~ Any of these **or other unanticipated** events could **halt or** delay the expansion, optimization, or construction of our production facilities. We may not be able to satisfy our product supply requirements for the Mexican beer brands in the event of (i) a significant disruption or the partial or total destruction of the **current Mexican Nava or Oregon** breweries or the Glass Plant, (ii) difficulty shipping raw materials and product into or out of the U. S., or (iii) a temporary inability to produce our product due to closure or lower production levels of one or more of our **current** Mexican breweries, ~~including as a result of COVID-19.~~ Also, if the contemplated expansion, optimization, and / or construction activities at **our** the Constellation Brands, Inc. FY 2022 Form 10-K # WORTHREACHINGFOR I 19 Nava and Oregon breweries **and construction of additional brewery capacity** in Mexico are abandoned or not otherwise completed by their targeted completion dates, we may not be able to produce sufficient quantities of our Mexican beer to satisfy our needs **in the future**. Under such circumstances, we may be unable to obtain our Mexican beer at a reasonable price from another source, if at all. A significant disruption at our **current Mexican Nava or Oregon** breweries, or the Glass Plant, even on a short-term basis, could impair our ability to produce and ship products to market on a timely basis. Alternative facilities with sufficient capacity or capabilities may not readily be available, may cost substantially more, or may take a significant time to start production, any of which could have a material adverse effect on our product supply, business, liquidity, financial condition, and / or results of operations. Operational disruptions or catastrophic loss to breweries, wineries, other production facilities, or distribution systems All of our Mexican beer ~~brands product~~ **products are** supply is currently produced at our **current Mexican Nava and Oregon** breweries. Many of the workers at these breweries are covered by collective bargaining agreements. The Glass Plant **has five operational glass furnaces which produce** a majority of the total annual glass bottle supply for our Mexican beer brands. Several of our vineyards and production and distribution facilities, including certain California and Oregon wineries, are in areas prone to seismic activity. Additionally, we have various vineyards and wineries in California and Oregon which have ~~recently~~ experienced wildfires, **landslides**, and / or ~~landslides~~ **severe winter storms**. **Constellation Brands, Inc. FY 2023 Form 10-K # WORTHREACHINGFOR I 18** If any of these or other of our properties and production facilities were to experience a significant operational disruption or catastrophic loss, it could delay or disrupt production, shipments, and revenue, and result in potentially significant expenses to repair or replace these properties or find suitable alternative providers. Also, our production facilities are asset intensive. As our operations are concentrated in a limited number of production and distribution facilities, we are more likely to experience a significant operational disruption or catastrophic loss in any one location from acts of war or terrorism, **natural fires, floods, earthquakes, severe winter storms or frosts, man-made disasters, hurricanes, pandemics, public health crises**, labor strikes or other labor activities, **cyberattacks** ~~cyber-attacks~~ and other attempts to penetrate our or our third-party service providers' **IT** information technology systems or the **IT** information technology used by our non-production employees who work remotely ~~during the COVID-19 pandemic.~~ **or** unavailability of raw or packaging materials, ~~or other natural or man-made events~~. Geopolitical and economic responses to Russia's invasion of Ukraine could **continue to** impact global energy prices and supply, particularly for crude oil and natural gas, ~~as well as result in retaliatory cyber-attacks~~. If a significant operational disruption or catastrophic loss were to occur, we could breach agreements, our reputation could be harmed, and our business, liquidity, financial condition, and / or results of operations could be adversely affected by, among other items, higher maintenance charges, unexpected capital spending, or product supply constraints. Our insurance policies do not cover certain types of catastrophes and may not cover certain events such as pandemics. Economic conditions and uncertainties in global markets may adversely affect the cost and other terms upon which we are able to obtain property damage and business interruption insurance. If our insurance coverage is adversely affected, or to the extent we have elected to self-insure, we may be at greater risk that we may experience an adverse impact to our business, liquidity, financial condition, and / or results of operations. **COVID-19 or other pandemics,..... and / or results of operations.** Climate change; **environmental-ESG** regulatory compliance **and; failure to meet** emissions **and,** stewardship, **and other ESG** targets Our business depends upon agricultural activity and natural **and human capital** resources. There has been much public discussion related to concerns that ~~carbon dioxide and other GHGs in the atmosphere~~ may have an adverse impact on global temperatures, weather patterns, and the frequency and severity of extreme weather and natural disasters. Severe weather events and natural disasters, such as our experiences with drought, flooding, and / or wildfires in California, ~~and Oregon, or Washington, an unexpected~~ severe winter **storm storms** in California, Texas, or Mexico, or a late frost **frost or flooding** in New Zealand, and climate change may negatively affect agricultural productivity in the regions from which we ~~presently~~ source our various agricultural raw materials or the energy **supply** powering our production facilities. Decreased availability of our raw materials may increase our cost of product sold. Severe weather events and natural disasters or changes in ~~the~~ **their** frequency or intensity

of weather events or natural disasters can also impact product quality and; disrupt our supply chains, which may affect production operations, insurance cost and coverage, and as well as delivery of our products to wholesalers, retailers, and consumers; . Natural disasters such as severe storms, floods, and earthquakes may also negatively impact affect the ability of consumers to purchase our products . **The landscape related to ESG regulation, compliance, and reporting is constantly evolving, including expanding in scope and complexity. For example, the SEC and the European Commission have published proposed or final rules that would require significantly increased disclosures related to climate change** . We may experience significant future increases in the costs associated with environmental regulatory compliance **for ESG matters**, including fees, licenses , **reporting** , and the cost of capital improvements for our operating facilities to meet environmental regulatory requirements , **as well as to address other regulations, standards, frameworks, and ratings from various governmental entities and other stakeholders or activist campaigns. We have disclosed targets related to restoration of water withdrawals, Scope 1 and Scope 2 GHG emissions, and enhancing social equity within our industry and communities, and we may disclose new or updated ESG- related targets in the future. The achievement of such targets along with our broader value chain engagement efforts have required and will continue to require us and in some cases third parties with which we do business, such as our suppliers, to make investments and allocate resources** . In addition, we may be party to various environmental remediation obligations arising in the normal course of our business or relating to historical activities of businesses we acquire. Due to regulatory complexities, governmental or contractual requirements, uncertainties inherent in litigation, and the risk of unidentified contaminants **in-at** our current and former properties, the potential exists for remediation, liability, indemnification, and other costs to differ materially from the costs that we have estimated. We may **also** incur costs associated with environmental compliance arising from events we cannot control, such as **natural disasters** **unusually severe floods, hurricanes, earthquakes, or fires** . We **may not** have also disclosed targets related to restoration of water withdrawals and Scope 1 and Scope 2 GHG emissions, the achievement of which will require us to make investments and allocate **allot** resources. We cannot assure that we have allotted sufficient resources to attain, **and / or that we may not** ultimately will achieve, **these our ESG targets or that, and** our costs in relation to any of the foregoing matters **may will not** exceed our projections, which could have a material adverse effect upon our business, liquidity, financial condition, and / or results of operations. **Constellation Brands, Inc. FY 2023 Form 10- K # WORTHREACHINGFOR I 19** Reliance on wholesale distributors, major retailers, and government agencies Local market structures and distribution channels vary worldwide. Within our primary market in the U. S., we offer a range of beverage alcohol products with generally separate distribution networks utilized for our beer portfolio and our wine and spirits portfolio. In the U. S., we sell our products principally to wholesalers for resale to retail outlets and directly to government agencies. We have an exclusive arrangement with one wholesaler that generates a large portion of our branded U. S. wine and spirits net sales, and we have one wholesaler for our beer portfolio which, through multiple entities, represents roughly one- fifth of our consolidated net sales. Wholesalers and retailers of our products offer products which compete directly with our products for retail shelf space, promotional support and consumer purchases, and wholesalers or retailers may give higher priority to products of our competitors. The replacement or poor performance of our major wholesalers, retailers, or government agencies could result in temporary or longer- term sales disruptions or could have a material adverse effect on our business, liquidity, financial condition, and / or results of operations. **Constellation Brands, Inc. FY 2022 Form 10- K # WORTHREACHINGFOR I 21** Contamination and degradation of product quality from diseases, pests, and weather and **climate other** conditions Contamination, whether arising accidentally or through deliberate third- party action, or other events that harm the integrity or consumer support for our brands, could adversely affect sales. Various diseases, pests, fungi, viruses, drought, frosts, **wildfires**, and certain other weather conditions or the effects of climate conditions, such as smoke taint **from sustained during the 2020 U. S. wildfires or the late frost experienced in New Zealand in calendar 2021** , could affect the quality and quantity of barley, hops, grapes, and other agricultural raw materials available **and decreasing decrease** the supply and quality of our products. Similarly, power disruptions **due to weather conditions** could adversely impact our production processes and the quality of our products. We **cannot guarantee that we and/ or our suppliers of agricultural raw materials will may not** succeed in preventing contamination in existing **and/ or future vineyards or, fields , or production facilities** . Future government restrictions regarding the use of certain materials used in growing grapes or other agricultural raw materials may increase vineyard costs and / or reduce production of grapes or other crops. It is also possible that a supplier may not provide materials or product components which meet our required standards or may falsify documentation associated with the fulfillment of those requirements. Product contamination or tampering or the failure to maintain our standards for product quality, safety, and integrity, including with respect to raw materials, naturally occurring compounds, packaging materials, or product components obtained from suppliers, may also reduce demand for our products or cause production and delivery disruptions. Contaminants or other defects in raw materials, packaging materials, or product components purchased from third parties and used in the production of our beer, wine, or spirits products, or defects in the fermentation or distillation process could lead to low beverage quality as well as illness among, or injury to, consumers of our products and may result in reduced sales of the affected brand or all our brands. If any of our products become unsafe or unfit for consumption, are misbranded, or cause injury, we may have to engage in **a additional product recall recalls** and / or be subject to liability and incur additional costs. **A widespread Widespread or product recall, multiple product recalls , or a significant product liability judgment or regulatory action** could cause our products to be unavailable for a period, which could reduce consumer demand and brand equity and result in reputational harm. **Marijuana Outbreaks of communicable infections or diseases, pandemics, or other widespread public health crises in** the markets in which our consumers or employees live and / or in which we or our distributors, retailers, and suppliers operate **Communicable Disease disease** outbreaks, including the COVID- 19 pandemic, and other **widespread** public health **conditions- crises** have resulted and could continue to result in disruptions and damage to our business caused by potential negative consumer purchasing behavior as well as disruption to our supply chains, production processes, and operations. Consumer purchasing behavior may be impacted by reduced consumption by

if consumers are who may not be able unable to leave home or otherwise shop in a normal manner as a result of governmental containment actions, quarantines, or other cancellations of public events and other opportunities to purchase our products, from bar, restaurant, and venue closures or capacity restrictions, or from a reduction in consumer discretionary income due to reduced or limited work and layoffs. Supply disruption may result from restrictions on the ability of employees and others in the supply chain to travel and work, such as caused by quarantine or individual illness, or which may result from quarantines, individual illnesses, or border closures imposed by governments to deter the spread of communicable infection infections or disease diseases ; or determinations by us or our suppliers or distributors to temporarily suspend operations in affected areas, or other actions which restrict the ability to distribute our products or which may otherwise negatively impact our ability to Constellation Brands, Inc. FY 2022-2023 Form 10- K # WORTHREACHINGFOR I 20 suspend operations in affected areas; or other actions which restrict or otherwise negatively impact our ability to produce, package, and ship our products, for our distributors' ability to distribute our products, or for our suppliers' ability to provide us our with raw, packaging, and other materials. Ports or channels Channels of entry may be closed or operate at reduced only a portion of capacity, or transportation of product within a region or country may be limited, including if workers are unable to report to work due to travel restrictions or personal illness of workers. Our operations and the operations of our suppliers may become less efficient or otherwise become be negatively impacted if our or their executive leaders management or other key operational personnel critical to our operations are unable to work or if a significant percentage of the our workforce is unable to work at all or is required to work remotely at their normal production or other facility. A prolonged quarantine or border closure could result in temporary or longer-term disruptions of sales patterns, consumption and trade patterns, supply chains, production processes, and / or operations. A Another widespread health crisis or, such as the reemergence of severe COVID- 19 pandemic, conditions could negatively affect the economies and financial markets of many countries resulting in a global economic downturn which could negatively impact demand for our products and our ability to borrow money. Any of these events could have a material adverse effect on our business, liquidity, financial condition, and / or results of operations. Cannabis is currently illegal under U. S. federal law and in other jurisdictions; we do not control Canopy's business or operations. The ability of Canopy to achieve its business objectives is contingent, in part, upon the legality of the cannabis industry, Canopy's compliance with regulatory requirements enacted by various governmental authorities, and Canopy obtaining all regulatory approvals, where necessary, for the production and sale of its products. The laws and regulations governing medicinal and recreational adult- use cannabis are still developing, including in ways that we may not foresee. Canopy's success will depend on, among other things, the ability of Canopy to operate successfully in the cannabis market space and the presence of sufficient retail outlets. There are also concerns about health issues associated with certain types of form factors for cannabis products, such as those used in inhalables. These issues may result in a less robust consumer demand for certain form factors. A There is no assurance a robust cannabis consumer market will may not develop consistent with our expectations, or that consumers will may choose not to purchase any Canopy products. Although the Agriculture Improvement Act of 2018 took has taken hemp and hemp derived cannabinoids out of the most restrictive class of controlled substances, marijuana is cannabis remains a schedule Schedule I --1 controlled substance that in the U. S. and is currently illegal under U. S. federal law. Even in those U. S. states in which the recreational adult- use and / or medicinal use of marijuana cannabis has been legalized, its use remains a violation of U. S. federal law. Since U. S. federal laws criminalizing the use of marijuana preempt state laws that legalize its use, continuation Continuation of U. S. federal law in its current state regarding marijuana cannabis would could likely limit the expansion of Canopy's business into the U. S. Similar issues of illegality apply in other countries. Any amendment to or replacement of existing laws to make them more onerous, or delays in amending or replacing existing laws to liberalize the legal possession and use of cannabis, or delays in obtaining, or the failure to obtain, any necessary regulatory approvals may significantly delay or negatively impact Canopy's markets, products, and sales initiatives and. Our investment in Canopy could have a material adverse effect affect consumer perception of on Canopy's business, liquidity, financial condition, and / or our existing brands and results of operations. Were that to occur -- our reputation with various constituencies, we may not be able to recover the value of our investment in Canopy. We currently have the right to nominate four members of the Canopy board of directors. While we do not control Canopy's business or operations, we do rely on Canopy's internal controls and procedures for operation of that business. Nevertheless, our current financing arrangements require us to certify, among other things, that to our knowledge (i) Canopy is properly licensed and operating in accordance with Canadian laws in all material respects; 22 (ii) Canopy does not knowingly or intentionally purchase, manufacture, distribute, import, and / or sell marijuana, or any other controlled substance in or from the U.S. or any other jurisdiction, in each case, where such purchase, manufacture, distribution, importation, or sale of marijuana or such other controlled substance is illegal, except in compliance with all applicable federal, state, local, or foreign laws, rules, and regulations; and (iii) Canopy does not knowingly or intentionally partner with, invest in, or distribute marijuana or any other controlled substance to any third-party that knowingly or intentionally purchases, sells, manufactures, or distributes marijuana or any other controlled substance in the U.S. or any other jurisdiction, in each case, where such purchase, sale, manufacture, or distribution of marijuana or such other controlled substance is illegal, except in compliance with all applicable federal, state, local, or foreign laws, rules, and regulations. If Were we to know that Canopy was were to knowingly or intentionally violate violating any of these applicable laws and we became aware of such violation, we would be unable to make the required certification under our current financing arrangements, which could lead to a default under those financing arrangements. Constellation Brands, Inc. FY 2022-2023 Form 10- K # WORTHREACHINGFOR I 21 22 (ii) Canopy does not..... a default under those financing arrangements. Strategic Risks Potential decline in the consumption of products we sell; dependence on sales of our Mexican beer brands Our business depends upon consumers' consumption of our beer, wine, and spirits brands, and sales of our Mexican beer brands in the U. S. are a significant portion of our business. Consumer preferences, behaviors, and sentiment may shift due to a variety of factors, including changes in taste preferences and leisure, dining, and beverage purchasing and consumption patterns, demographic or

social trends involving demographics and ESG matters, changing market dynamics including consumer-led premiumization and betterment trends, and perceived value, and public health policies put into effect to mitigate the spread of COVID-19. Further, a limited or general decline in consumption in one or more of our product categories could occur in the future due to a variety of factors, including: • a general decline in economic or geopolitical conditions; • **inflation, including the impact of reduced discretionary income of consumers available to purchase our products and increased commodities and other costs;** • concern about the health consequences of consuming beverage alcohol products, including betterment trends, and about drinking and driving **or other safety considerations**; • a general decline in the consumption of beverage alcohol products in on-premise establishments, which may including as a result from of stricter laws relating to driving while under the influence of alcohol; • the increased activity of from anti-alcohol groups or other bodies, such as the World Health Organization, advocating measures designed to reduce the consumption of beverage alcohol products, such as the WHO or **require more stringent labeling**; • increased federal, state, provincial, and foreign excise, or other taxes on beverage alcohol products and possible restrictions on beverage alcohol advertising and marketing; • increased regulation restricting the purchase or consumption of beverage alcohol products; • **inflation, including the impact of reduced discretionary income of consumers available to purchase our products and increased commodities costs;** and • wars, health epidemics **disease outbreaks** or pandemics, quarantines, weather, and natural or man-made disasters. If these or any other factors cause a decline in the growth rate, amount, or profitability of our sales of the Mexican beer brands in the U. S. or any material shift in consumer preferences, **behaviors, and taste sentiment** in our major markets away from our beer, wine, and spirits brands, and our Mexican beer brands in particular, or from the categories in which they compete, it could adversely affect our business, liquidity, financial condition, and / or results of operations. Acquisition, divestiture, investment, and NPD strategies From time to time, we acquire businesses, assets, or securities of companies that we believe will provide a strategic fit with our business. We integrate acquired businesses with our existing operations; our overall internal control over financial reporting processes; and our financial, operations, and information systems. If the financial performance of our business, as supplemented by the assets and businesses acquired, does not meet our expectations, it may make it more difficult for us to service our debt obligations and our results of operations may fail to meet market expectations. We may not effectively assimilate the business or product offerings of acquired companies into our business or within the anticipated costs or timeframes, retain key customers and suppliers or key employees of acquired businesses, or successfully implement our business plan for the combined business. In addition, our final determinations and appraisals of the estimated fair value of assets acquired and liabilities assumed in our acquisitions may vary materially from earlier estimates and we may fail to fully realize anticipated cost savings, growth opportunities, or other potential synergies. **The We cannot assure that the fair value of acquired businesses or investments will may not remain constant. Constellation Brands, Inc. FY 2022 Form 10-K # WORTHREACHINGFOR I 23** We may also divest ourselves of businesses, assets, or securities of companies **from time to time**, including those that we believe no longer provide a strategic fit with our business. We may provide various indemnifications in connection with divestitures of businesses or assets. **Divestitures of portions of our business may also result in costs stranded in our remaining business. Delays in developing or implementing plans to address such costs could delay or prevent the accomplishment of our financial objectives.** The amount of contingent consideration, if any, received in divestitures, including in the Wine and Spirits Divestitures, may also vary based on various factors including actual future brand performance. **Divestitures of portions of our business may also result in costs stranded in our remaining business. Delays in developing or implementing plans to address such costs could delay or prevent the accomplishment of our financial objectives.** We have also acquired or retained ownership interests in companies which we do not control, such as our joint venture to operate the Glass Plant, our interest in Canopy, and investments made through our corporate venture capital function, and we have acquired control of companies which we do not wholly own, such as our **Constellation Brands, Inc. FY 2023 Form 10-K # WORTHREACHINGFOR I 22** 75 % interest in Nelson's Green Brier Distillery, LLC. Our joint venture partners or the other parties that hold the remaining ownership interests in companies which we do not control may at any time have economic, business, or legal interests or goals that are inconsistent with our goals or the goals of the joint ventures or those companies. Our joint venture arrangements and the arrangements through which we acquired or hold our other equity or membership interests may require us **to**, among other matters, **to** pay certain costs, **to** make capital investments, **to** fulfill alone our joint venture partners' obligations, or **to** purchase other parties' interests. The entities in which we have an interest may be subject to litigation which may have an adverse impact on their ability to do business or under which they may incur costs and expenses which could have a material adverse impact on their operations or financial condition which, in turn, could negatively impact the value of our investment. **We previously increased our investment in Canopy through exercise of our warrants in Canopy and we may further increase our investment in the future. While we will not develop, distribute, manufacture, or sell cannabis products in the U. S., or anywhere else in the world, unless legally permissible to do so at all governmental levels in the particular jurisdiction, this investment could affect consumer perception of our existing brands and our reputation with various constituencies.** In addition, our continued success depends, in part, on our ability to develop new products. The launch and ongoing success of **NPDs new products** are inherently uncertain, especially with respect to consumer appeal **and our ability to deliver optimized marketing in an evolving and dynamic media landscape**. A new product launch can give rise to a variety of costs. An unsuccessful launch, among other things, can affect consumer perception of existing brands and our reputation. Unsuccessful implementation or short-lived popularity of our product innovations has resulted and may in the future result in inventory write-offs and other costs. We **may not** cannot assure that we will realize the expected benefits of acquisitions, divestitures, investments, or **NPDs new products**. We have recognized impairment losses and / or write-offs in connection with acquired and divested businesses and investments, and we may do so again in the future. **Furthermore, We also cannot assure that our acquisitions, investments, or joint ventures will may not be profitable, or our that forecasts regarding acquisition, divestiture, or investment activities will may not be accurate, or that the internal control over financial reporting of entities which we must consolidate as a result of our investment activities but do not control or wholly own**

will **may not** be as robust as our internal control over financial reporting. Our failure to adequately manage the risks associated with acquisitions, divestitures, investments, or **NPDs new products**, or the failure of an entity in which we have an equity or membership interest, could have a material adverse effect on our business, liquidity, financial condition, and / or results of operations. **The changing legal landscape and the lack of consumer market data makes it difficult to predict the pace at which the cannabis market may grow, if at all, and the products that consumers will purchase in the cannabis marketplace.** Dependence upon trademarks and proprietary rights, failure to protect our intellectual property rights Our future success depends significantly on our ability to protect our current and future brands and products and to defend our intellectual property rights. We have been granted numerous trademark registrations and use certain trademarks under license covering our brands and products, and we have filed, and expect to continue to file or have filed on our behalf, trademark applications seeking to protect newly developed brands and products. We cannot be sure that trademark registrations will be issued with respect to any of such trademark applications. We could also, by omission, fail to timely renew or protect a trademark and our competitors could challenge, invalidate, or circumvent any existing or future trademarks issued to, or licensed by, us. **Our Several of our subsidiaries CB Brand Strategies, LLC, Crown Imports LLC, and Compañía Cervecería de Coahuila, S. de R. L. de C. V. are defendants in a lawsuit originally filed in U.S. District Court for the Southern District of New York on in February 15, 2021, and most recently amended in December on March 16, 2022 2021, by Cervecería Modelo de México, S. de R. L. de C. V. and Trademarks Grupo Modelo, S. de R. L. de C. V., which alleges, among other things, that our sub-license sublicense of the trademarks for our Mexican beer brands should not permit us to use the Corona brand name on our Corona Hard Seltzer or the Modelo brand name on our Modelo Ranch Water. On August 5 While we believe this lawsuit is without merit, 2022 if we are not successful, both we may not be able to market our hard seltzer product in its current formulation under the plaintiffs Corona and brand name the defendants filed motions for or summary judgment. On November 3, 2022, our ranch water product in its current formulation under the Modelo brand name which may have an.** Our Canopy investment is dependent upon an emerging market and legal sales of cannabis products. The legal cannabis market is an emerging market. The legislative framework pertaining to the Canadian cannabis market, as well as cannabis markets in **the U. S. and** other countries, is uncertain. **The Canopy's** success of the Canopy transactions will depend on, among other things, **the its** ability of Canopy to create a strong platform to operate successfully in the cannabis market space, **and** consumer demand for its products, **and the presence of sufficient retail outlets.** **A** There is no assurance a robust cannabis consumer market will **may not** develop consistent with our expectations, **or that** consumers will **may choose not to** purchase any Canopy products. The changing legal landscape and the **lack limited amount** of consumer market data makes it difficult to predict the pace at which the cannabis market may grow, if at all, and the products that consumers will purchase in the cannabis marketplace. For example, the Canadian Cannabis Act prohibits testimonials, lifestyle branding, and packaging that is appealing to youth. The restrictions on advertising, marketing, and the use of logos and brand names could have **Constellation Brands, Inc. FY 2022 Form 10-K # WORTHREACHINGFOR I 24** a material adverse effect on Canopy's business, liquidity, financial condition, and / or results of **Constellation Brands, Inc. FY 2023 Form 10-K # WORTHREACHINGFOR I 24** operations, and our investment in Canopy. Additionally, Canopy must rely **largely** on its own market research and internal data to forecast **sales industry trends and statistics** as detailed forecasts may not be fully available **from** at this early stage in the **other sources** cannabis industry in Canada and globally. Market research relating to the adult-use recreational legal cannabis industry is in its early stages and, as such, trends can only be forecasted. A failure in the demand for Canopy's products to materialize as a result of **competition,** consumer desire, competition from legal and illegal market entrants or other products, or other factors could have a material adverse effect on Canopy's business, liquidity, financial condition, and / or results of operations. **The changing legal landscape and the.....** Modelo brand name which may have an **and** adverse effect on our business and financial condition. We may be subject to other litigation related to our trademarks and intellectual property rights. A substantial adverse judgment or **our investment in Canopy** other unfavorable resolution of these matters or our failure to otherwise protect our intellectual property rights could have a material adverse effect on our business, liquidity, financial condition, and / or results of operations. Financial Risks Indebtedness **and interest rate fluctuations** We have incurred indebtedness to finance investments and acquisitions, **refinance other indebtedness**, fund beer operations expansion, optimization, and construction activities, pay cash dividends, and repurchase shares of our common stock. In the future, we may continue to incur additional indebtedness for any or all of these activities as well as to fund other general corporate purposes. We **cannot assure that are exposed to risks associated with interest rate fluctuations, and we have recently experienced a rising interest rate environment. We could experience further changes in our ability to manage fluctuations in interest rates, including for our variable interest rate debt outstanding or if we need to refinance indebtedness. In addition,** our business will **may not** generate sufficient cash flow from operations to meet all our debt service requirements; **;** return value to stockholders such as through payment of dividends or repurchase of shares of our common stock **;** and fund our general corporate and capital requirements. Our current and future debt service obligations and covenants could have important consequences. These consequences include, or may include, the following: • our ability to obtain financing for future working capital needs **or,** investments **+**, acquisitions, **;** or other purposes may be limited; • our funds available for operations, expansions, **and** construction, dividends **;** or other distributions, or share repurchases may be reduced because we dedicate a significant portion of our cash flow from operations to the payment of principal and interest on our indebtedness; • our ability to conduct our business could be limited by restrictive covenants; and • our vulnerability to adverse economic conditions may be greater than less leveraged competitors and, thus, our ability to withstand competitive pressures may be limited. Additionally, any failure to meet required payments on our debt, or failure to comply with any covenants in the instruments governing our debt, could result in an event of default under the terms of those instruments and a downgrade to our credit ratings. A downgrade **in to** our credit ratings would increase our borrowing costs and could affect our ability to issue commercial paper. Certain of our debt facilities also contain change of control provisions which, if triggered, may result in an acceleration of our obligation to repay the debt. In addition, certain of our current and future

debt and derivative financial instruments have, or in the future, could have interest rates that are tied to reference rates, such as SOFR. The volatility and availability of such reference rates, including establishment of alternative reference rates, is out of our control. Changes to or the unavailability of such rates or the manner for calculation of such reference rates, could result in increases to the cost of our debt. If we do not comply with the obligations contained in our senior credit facility, our existing or future indentures, or other loan agreements, we could be in default under such debt facilities or agreements. In such an event, the holders of our debt could elect to declare as due and payable all amounts outstanding under those instruments. **A An event of default could also result in events require the immediate repayment of default-outstanding obligations** under other debt facilities or agreements that contain cross-acceleration or cross-default provisions, **which could permit counterparties thereunder to exercise remedies**. If that occurred, we might not have available funds to satisfy our repayment obligations.

Accounting for Securities measured at fair value The value of the warrants and convertible debt we hold in Canopy securities and potential additional impairment through our subsidiaries is subject to the volatility of the market price of Canopy's common stock. **This volatility subjects Equity Method Investment** We currently account for our investment in Canopy under the equity method and recognize our equity in Constellation Brands, Inc. FY 2022-2023 Form 10-K # WORTHREACHINGFOR I 25 could affect our ability to issue commercial..... s common stock. This volatility subjects our financial statements to **additional volatility because the value**. The market price of **our Exchangeable Shares, including any received if we exchange our 2023 Canopy Promissory Note for Exchangeable Shares**'s common stock has experienced significant volatility, **would** and that volatility may continue in the future and may also be subject to **volatility wide fluctuations in response to many factors that beyond the control of Canopy, or of us**. These factors include, but are not limited to: • actual or anticipated fluctuations in Canopy's reported results of operations or financial position, including due to **a another significant impairment of goodwill, or intangible assets, or other long-lived assets; • adverse market conditions; • recommendations and reports by securities and industry analysts; • impact the outcome of the COVID-19 on Canopy Transaction**'s operations, revenues, and **related transactions ability to access financial markets as well as, on the cannabis industry generally; • significant acquisitions, investments, and/or equity issuances, asset sales, or other divestitures** by Canopy; • changes in the performance or market valuations of companies in Canopy's industry; • announcement of developments and material events by Canopy or its competitors; • fluctuations in the costs of vital production materials and services; • addition or departure of Canopy executive officers or other key personnel; • speculative trading activity by certain investors; • news reports relating to trends, concerns, technological, or competitive developments, regulatory changes and other related issues in Canopy's industry or target markets; • legal and regulatory changes affecting the cannabis industry generally and Canopy's business and operations; and • administrative obligations associated with Health Canada requirements and compliance with all associated rules and regulations including, but not limited to, the Canadian Cannabis Act. **We currently account for our investment in Canopy under the equity method**. There may be a future impairment of our Canopy Equity Method Investment if Canopy's stock price remains below our carrying value of that investment and does not recover in the near-term or if our expectations about Canopy's prospective results and cash flows decline, which could be influenced by a variety of factors including those listed above. We recognize our equity in Canopy's earnings on a two-month lag primarily because of the availability of Canopy's financial results since Canopy's fiscal year ends annually March 31 while our fiscal year ends annually on the last day of February. Canopy's corporate governance and valuation Canopy's business is subject to evolving corporate governance and public disclosure regulations that may from time to time increase both Canopy's compliance costs and the risk of its non-compliance. These include changing rules and regulations promulgated by a number of governmental and self-regulated organizations, including, but not limited to, the Canadian Securities Administrators, the TSX, the International Accounting Standards Board, the SEC, and Nasdaq. These rules continue to evolve in scope and complexity creating new requirements for Canopy. Canopy is required to comply with applicable Nasdaq listing standards and SOX requirements. In the future, Canopy's internal controls may not be adequate, or Canopy may not be able to **Constellation Brands, Inc. FY 2022 Form 10-K # WORTHREACHINGFOR I 26** maintain adequate and effective internal controls over financial reporting as required by SOX, or on an ongoing basis if standards are modified, supplemented, or amended from time to time. If not maintained, investors could lose confidence in the reliability of its financial statements, which could harm Canopy's business and have a negative impact on the trading price or market value of Canopy securities. In addition, we record as equity in earnings our proportional share of Canopy's results of operations. We could have a material weakness in the event the proportional share of Canopy's results of operations that we record contains an error as a result of an error in Canopy's financial statements that we do not detect. Although we do not control Canopy, we do **currently** have significant influence over Canopy. If we controlled Canopy, we would have to consolidate Canopy into our financial statements, and if Canopy had a material weakness, we would inherit Canopy's material weakness through consolidation. In such an event, even if Canopy's financial statements were correct, the fact that Canopy had a material weakness could result in a material weakness for us. Class action or other litigation relating to abuse of our products, the misuse of our products, product liability, or marketing or sales practices, including product labeling There has been public attention directed at the beverage alcohol industry, which we believe is due to **concern-concerns over problems** related to harmful use of alcohol, including drinking and driving, underage drinking, and health consequences from the misuse of alcohol. We could be exposed to lawsuits relating to product liability or marketing or sales practices, including product labeling. Adverse developments in lawsuits **related to such** concerning these types of matters or a significant decline in the social acceptability of beverage alcohol products that may result from lawsuits could have a material adverse effect on our business, liquidity, financial condition, and / or results of operations. **Constellation Brands Other Risks Control by the Sands family; Proposal from the Sands family to declassify our common stock** Our Class B Stock is principally held by members of the Sands family. **Inc** either directly or through entities controlled by members of the Sands family. **FY 2023** Holders of Class A Stock are entitled to one vote per share and holders of Class B Stock are entitled to 10 votes per share. Holders of Class I Stock generally do not have voting rights. The stock ownership of the Sands family and entities controlled by members of the

Sands family represents a majority of the combined voting power of all classes of our common stock as of the date of this Form 10-K. **WORTHREACHINGFOR I 26 Other Risks The Reclassification may not benefit us or our stockholders The long-term impacts of the Reclassification are still unknown, voting as and the Reclassification may not result in an increase in stockholder value or improve the liquidity and marketability of our equity. If the Reclassification is not viewed favorably by members of the investment community, it may cause a decrease in single-class. Consequently, the value** Sands family currently has the power to elect a majority of our directors and approve actions requiring the approval of the stockholders of the Company voting as a single class. On April 2, 2022, we received the Proposal which proposes that each share of Class B Stock would be converted into 1.35 shares of Class A Stock. **It and impair is its liquidity** expected that the Sands ~~and~~ family and entities controlled by members of the **marketability. Furthermore, securities markets worldwide have recently experienced significant price Sands-- and volume fluctuations** family will continue to be our largest stockholder if a transaction were consummated on the terms proposed. **This market volatility,** Our Board of Directors has established a Special Committee to evaluate the Proposal. Any definitive agreement with the Sands family and entities controlled by members of the Sands family with respect to the potential transaction must be approved by the Special Committee as well as **general economic, market, our-- or political conditions** Board of Directors. Pursuant to the terms of the Proposal, any potential transaction would **could cause** also require the approval of holders of a majority of **reduction in the market price and liquidity of** shares of our Class A Stock that do not also hold shares of Class B Stock. We cannot assure you that a definitive agreement will be entered into, including because the Special Committee or the Board of Directors does not approve any such transaction, or what the ultimate terms of any such agreement may be. In addition, even if an agreement is approved by the Special Committee and **Sands Family Stockholder** the Board of Directors, a transaction still may not be completed if such transaction is not approved by the holders of a majority of the shares of Class A Stock **ownership and Board of Directors nomination rights Until the date that do not also hold is five years after the Effective Time and so long as the Sands Family Stockholders, collectively, have beneficial or record ownership of at least 10 % of the issued and outstanding shares of Class B-A Stock,** our Board of Directors will, subject to the procedures and limitations set forth in the **Reclassification Agreement, nominate two individuals designated by WildStar for election to our Board of Directors at any annual meeting of our stockholders at which directors are to be elected (or otherwise in connection with any action by written consent pursuant to which a majority of the Board of Directors will be elected). So long as the Sands Family Stockholders, collectively, have beneficial or record ownership of less than 10 % but at least 9, 239, 463. 1 shares of Class A Stock, as may be adjusted by any stock dividend, stock split, stock combination, or similar transaction, the Board of Directors will, subject to the procedures and limitations set forth in the Reclassification Agreement, nominate one individual designated by WildStar for election to the Board of Directors at any annual meeting of our stockholders at which directors are to be elected (or otherwise in connection with any action by written consent pursuant to which a majority of the Board of Directors will be elected). The amount of Class A Stock currently held by the Sands family Family and entities controlled by members Stockholders, together with the foregoing Board of Directors nomination rights, provide the Sands family Family Stockholders with significant continued influence over our decisions. The interests of the Sands Family Stockholders with respect to matters potentially or actually involving or affecting us and our other stockholders, such as future acquisitions, financings, and other corporate opportunities and attempts to acquire us, may conflict with the interests of our other stockholders. Certain Sands Family Stockholders have pledged shares of Class A Stock and Class B Stock to secure various credit facilities. In the event of noncompliance with certain covenants under the credit facilities, the financial institutions to which such stock is pledged have certain remedies, including the right to sell the pledged shares (which would require the conversion of Class B Stock into Class A Stock prior to any sales) subject to certain protections afforded to the borrowers and pledgors. The sale by such financial institutions of a substantial amount of the pledged shares could depress, or result in volatility in, the trading price Constellation Brands, Inc. FY 2022 Form 10-K # WORTHREACHINGFOR I 27 of our Class A Stock and /or result in the Sands family and entities controlled by members of the Sands family ceasing to own shares representing a majority of the combined voting power of all classes of our common stock voting as a single class. In addition, if significant stock indices decide to prohibit the inclusion of companies with dual class structures, the price of our Class A Stock could be negatively impacted and could become more volatile. Choice- of- forum provision contained in by **our Amended and Restated By** - laws regarding certain stockholder litigation Our **by Amended and Restated By** - laws provide that, unless we consent in writing to the selection of an alternative forum, (i) the Court of Chancery of Delaware (or if such court lacks subject matter jurisdiction, the federal district court of Delaware) will **be**, to the fullest extent permitted by law, **be** the sole and exclusive forum for any derivative action or proceeding brought on **our** behalf **of the Company**; any action asserting a claim of breach of a fiduciary duty owed by any of our current or former directors, officers, or stockholders to **us the Company** or our stockholders; any action asserting a claim arising pursuant to any provision of the DGCL, our **certificate of incorporation Amended and Restated Charter, or our-- or by our Amended and Restated By** - laws, or as to which the DGCL confers jurisdiction on the Court of Chancery of Delaware; or any action asserting a claim governed by the internal affairs doctrine, and (ii) the federal district courts of the U. S. will, to the fullest extent permitted by law, be the sole and exclusive forum for any complaint asserting a cause of action arising under the Securities Act. To the fullest extent permitted by law, this choice- of- forum provision will apply to state and federal law claims, including claims under the federal securities laws (including the Securities Act and the Exchange Act), although our stockholders will not be deemed to have waived our compliance with the federal securities laws and the rules and regulations thereunder. This choice- of- forum provision may increase costs for a stockholder pursuing any such claim, discourage claims, or limit a stockholder's ability to bring a claim in a judicial forum that such stockholder finds favorable for disputes with us or our directors, officers, other stockholders, or other employees which may discourage such lawsuits even though an action, if successful, might benefit our stockholders. In addition, the courts located in Delaware may reach different judgments or results**

than would other courts, **Constellation Brands, Inc. FY 2023 Form 10-K # WORTHREACHINGFOR I 27** including courts where a stockholder would otherwise choose to bring the action, and such judgments or results may be more favorable to us than to our stockholders. If a court were to find this choice-of-forum provision inapplicable or unenforceable in an action, we may incur additional costs associated with resolving such action in other jurisdictions which could adversely affect our business, liquidity, financial condition, and / or results of operations. Any person or entity purchasing or otherwise acquiring or holding any interest in shares of our capital stock will be deemed to have notice of and consented to the **choice provisions of our by-laws of-forum provision** described above. General Risks International operations, worldwide and regional economic trends and financial market conditions, geopolitical uncertainty, ~~interest rate fluctuations~~, or other governmental rules and regulations Risks associated with international operations, any of which could have a material adverse effect on our business, liquidity, financial condition, and / or results of operations, include: • changes in ~~local~~ political, economic, social, and labor conditions **in U. S. and international locales**; • potential disruption from wars and military conflicts, including Russia's invasion of Ukraine, terrorism, **civil unrest**, kidnapping, and drug-related, **workplace**, or other types of violence; • restrictions on foreign ownership and investments or on repatriation of cash earned in countries outside the U. S.; • import and export requirements and border accessibility; • protectionist trade policies, sanctions, and tariffs; • **foreign** currency exchange rate fluctuations, **which may reduce the U. S. dollar value of net sales, earnings, and cash flows from non- U. S. markets or increase our supply chain costs, as measured in U. S. dollars, in those markets**; • a less developed and less certain legal and regulatory environment in some countries, which, among other things, can create uncertainty regarding contract enforcement, intellectual property rights, privacy obligations, real property rights, and liability issues; and • inadequate levels of compliance with applicable domestic and foreign anti-bribery and anti-corruption laws, including the Foreign Corrupt Practices Act. Unfavorable global or regional economic conditions, including economic slowdown or recession, **instability in the banking sector**, and the disruption, volatility, and tightening of credit and capital markets, as well as unemployment, tax increases, governmental spending cuts, or continuing high levels of inflation, could affect consumer spending patterns and **Constellation Brands, Inc. FY 2022 Form 10-K # WORTHREACHINGFOR I 28** purchases of our products. These could also create or exacerbate credit issues, cash flow issues, and other financial hardships for us and our suppliers, distributors, retailers, and consumers. The inability of suppliers, distributors, and retailers to access liquidity could impact our ability to produce and distribute our products. ~~We are also exposed to risks associated with interest rate fluctuations. We could experience changes in our ability to manage fluctuations in interest rates and, accordingly, there can be no assurance that we will be successful in reducing those risks.~~ We could also be affected by nationalization of our international operations, unstable governments, unfamiliar or biased legal systems, intergovernmental disputes, or animus against the U. S. Any determination that our operations or activities did not comply with applicable U. S. or foreign laws or regulations could result in the imposition of fines and penalties, interruptions of business, terminations of necessary licenses and permits, and other legal and equitable sanctions. Damage to our reputation The success of our brands depends upon **the consumers'** positive image ~~that consumers have~~ of those brands, and maintaining a good reputation is critical to selling our branded products. Our reputation could also be impacted negatively by public perception, adverse publicity (whether or not valid, such as the similarity of the name of certain of our brands or trademarks and a type of virus), negative comments in social media, or our responses relating to: • a perceived **or actual** failure to maintain high ethical standards and responsible operating practices to achieve **our** business goals ~~for all our operations and activities~~, including those related to our ESG and DEI strategies, initiatives, and targets as well as associated reporting regulations, standards, frameworks, and ratings; • a perceived **or actual** failure to address concerns relating to the quality, safety, or integrity of our products, including from **accidental or deliberate** contamination, ~~whether arising accidentally or through deliberate third-party tampering; Constellation Brands, Inc. FY 2023 Form 10-K # WORTHREACHINGFOR I 28~~ **action-actions we may take to enhance or safeguard our reputation and uphold our core values, including changes to our operations, sales, advertising, marketing, and new product development**; • allegations that we, or persons currently or formerly associated with us, have violated applicable laws or regulations, including ~~but not limited to~~ those related to safety, employment, discrimination, harassment, **whistleblowing** ~~whistle-blowing~~, privacy, corporate citizenship, improper business practices, or ~~cyber-security~~ **cybersecurity**; • our environmental impact, including use of agricultural materials, packaging, water and energy use, and waste management; or • efforts that are perceived as insufficient to promote the responsible use of alcohol or cannabis. Failure to comply with applicable laws and regulations, maintain an effective system of internal controls, provide accurate and timely financial statement information, or protect our information systems against service interruptions, misappropriation of data, or breaches of security, could also hurt our reputation. Damage to our reputation or loss of consumer confidence in our products for any of these or other reasons could result in decreased demand for our products and could have a material adverse effect on our business, liquidity, financial condition, and / or results of operations, as well as require additional resources to rebuild our reputation, competitive position, and brand equity and renew investor confidence. Competition We operate in a highly competitive industry, and our sales and profitability could be negatively affected by numerous factors including: • our inability to maintain or increase prices **or develop new products**; • **increases in our advertising or marketing expenditures to maintain our competitive position**; • new entrants in our market or categories, **including from the convergence of beverage categories**; • the consolidation of distributors, wholesalers, retailers, and suppliers, **and other beverage companies**; • the decision of wholesalers, retailers, or consumers to purchase competitors' products instead of ours; • a general decline in beverage alcohol consumption due to consumer dietary preference changes or consumers substituting legalized marijuana or other similar products in lieu of beverage alcohol; or • pricing, purchasing, financing, operational, advertising, or promotional decisions made by wholesalers, state and ~~other~~ local agencies, and retailers which could affect their supply of, or consumer demand for, our products; **or • a general decline in beverage alcohol consumption due to consumer dietary preference changes or consumers substituting legalized cannabis or other similar products in lieu of beverage alcohol.** Constellation Brands, Inc. FY 2022 Form 10-K # WORTHREACHINGFOR I

29-Our continued success also depends on our ability to attract and retain a high- quality and diverse workforce in a competitive environment for talent **and to implement our human capital priorities and initiatives**. We could also experience higher than expected selling, general, and administrative expenses **for investment in** if we find it necessary to increase the number of our personnel or our advertising or marketing expenditures to maintain our competitive position, **including** due to employee turnover **including as a result of, continuing wage inflation, and the other emerging employment trends, particularly** ongoing “great resignation” occurring in the U. S. economy, **; to deliver on our human capital priorities and initiatives;** or for other reasons. We **may cannot guarantee that we will be able-unable** to increase our prices to pass along to our customers any increased costs we incur **to our customers**. Intangible assets, such as goodwill and trademarks We have a significant amount of intangible assets such as goodwill and trademarks and may acquire more intangible assets in the future. Intangible assets are subject to a periodic impairment evaluation under applicable accounting standards. The write- down of any of these intangible assets could have a material adverse effect on our business, liquidity, financial condition, and / or results of operations. Changes to tax laws, fluctuations in our effective tax rate, accounting for tax positions, the resolution of tax disputes, and changes to accounting standards, elections, assertions, or policies Changes to federal, state, provincial, local, or foreign tax laws, could result in increased taxes on our products, business, customers, or consumers. Various proposals to increase taxes on beverage alcohol products have been made at the federal and state levels or at other governmental bodies in recent years. Federal, state, provincial, local, or foreign governmental entities may consider increasing taxes upon beverage alcohol products as they explore available alternatives for raising funds, including to offset budget or other deficits. In addition, significant judgment is required to determine our effective tax rate and evaluate our tax positions. Our provision for income taxes includes a provision for uncertain tax positions. Fluctuations in federal, state, local, and foreign taxes, or a change to uncertain tax positions, including related interest and penalties, may **Constellation Brands, Inc. FY 2023 Form 10- K # WORTHREACHINGFOR I 29** impact our effective tax rate and our financial results. When tax matters arise, several years may elapse before such matters are audited and finally resolved. Unfavorable resolution of any tax matter could increase our effective tax rate and resolution of a tax issue may require the use of cash in the year of resolution. U. S. tax changes or changes in how international corporations are taxed, including changes in how existing tax laws are interpreted or enforced, or changes to accounting standards, elections, or assertions as well as our accounting policies could have a material adverse effect on our business, liquidity, financial condition, and / or results of operations. Cash dividends and share repurchases are subject to a number of uncertainties ~~and~~ may affect the price of our common stock Our capital allocation strategy contemplates quarterly cash dividends and periodic share repurchases under our share repurchase program. We fund our cash dividends and share repurchases through a combination of cash flow from operations, borrowings, and divestiture proceeds. However, we are not required to declare dividends or to make any share repurchases under our share repurchase program. We may discontinue, limit, suspend, **delay, or** increase ~~or delay~~ our dividends and share repurchases at any time without prior notice. Even if not discontinued, the amount of such dividends and repurchases may be changed, and the amount, timing, and frequency of such dividends and repurchases may vary from historical practice or from our stated expectations. Decisions with respect to dividends and share repurchases are subject to the discretion of our Board of Directors and will be based on a variety of factors. Important factors that could cause us to discontinue, limit, suspend, **delay, or** increase ~~or delay~~ our cash dividends or share repurchases include market conditions, the price of our common stock, the nature and timing of other investment opportunities, changes in our business strategy, the terms of our financing arrangements, our outlook as to our ability to obtain financing at attractive rates, the impact on our credit ratings, **changes in laws or regulations,** and the availability of cash. **The IRA imposes an excise tax of 1 % on share repurchases, effective January 1, 2023. The impact of this excise tax will be dependent on the extent of our share repurchases in future periods and could increase our tax liability.** The reduction or elimination of our cash dividend ~~or longer suspension or elimination of our share repurchase program could adversely affect the market prices- price~~ of our common stock. Additionally, ~~there can be no assurance that any share repurchases will~~ **may not** enhance stockholder value because the market ~~prices- price~~ of our common stock may decline below the levels at which we repurchased shares of common stock, and short- term stock price fluctuations could reduce the program’ s effectiveness. Constellation Brands, Inc. FY 2022-2023 Form 10- K # WORTHREACHINGFOR I 30 PART IOTHER KEY INFORMATIONItem 2. Properties