

THIRD QUARTER FISCAL YEAR 2026 FINANCIAL RESULTS

CEO & CFO COMMENTARY

Use Of Non-GAAP Financial Measures, Conference Call Information, and Location of Defined Terms and Other Disclaimers

Please view this commentary in conjunction with our earnings release and presentation for our third quarter fiscal 2026 financial results that can be found on our investor relations website at *ir.cbrands.com*. This commentary and our live conference call 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 reconciliations to the most directly comparable GAAP financial measures may be found 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," or "organic" basis.

A live conference call for analysts to discuss our financial results, operating performance, strategic business initiatives, and outlook for the future with President and Chief Executive Officer, Bill Newlands, and Executive Vice President and Chief Financial Officer, Garth Hankinson, which will be hosted at 10:30 a.m. ET on Wednesday, January 7, 2026.

The conference call can be accessed by dialing +1-877-407-9121 and entering conference identification number 13757155, beginning at 10:20 a.m. ET. A live, listen-only webcast of the conference call will be available on our investor relations website at *ir.cbrands.com* under the *News & Events* section.

For anyone unable to participate in the conference call, a replay will be available on our investor relations website.

A list of defined terms used within can be found under the "Defined Terms" heading below, and a list of other disclaimers can be found following the Defined Terms.

Forward-Looking Statements

This commentary, including the oral statements made in the live conference call in connection herewith, contain forward-looking statements that are based on certain assumptions, estimates, expectations, plans, timetables, 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 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 commentary and the live conference call, words such as "anticipate," "intend," "expect," "plan," "continue," "estimate," "exceed," "may," "will," "project," "predict," "propose," "potential," "targeting," "exploring," "goal," "outlook," "forecast," "trend," "path," "scheduled," "implementing," "ongoing," "seek," "could," "might," "should," "believe," "vision," 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 commentary and the live conference call are necessarily summarized and may not contain all available material information.

All statements other than statements of historical fact set forth in this commentary and the live conference call may be forward-looking statements, including without limitation statements regarding or applicable to socioeconomic and operating conditions and challenges, consumer demand, headwinds,

sentiment, and purchasing behavior, demographic projections and trends, our business strategy and objectives, value proposition and opportunity, brand health and loyalty, growth plans, focus areas, cost, efficiency, restructuring, and operational initiatives, competitive position, innovation, new products, tools, and capabilities, brand building, digital capabilities, future marketing strategies and investments, future sales, space, partnership, distribution, and supply chain initiatives, our beer modular expansion, optimization, and/or construction activities, including anticipated scope, capacity, supply, costs, capital expenditures, and timeframes for completion, capital allocation priorities, targets, and commitments, future operations, financial position, net sales, expenses, fixed cost absorption, the anticipated impact of and responses to tariffs, impairments, hedging programs, operating income, operating margins, leverage ratios, including target comparable net leverage ratio, target dividend payout ratio, depreciation, equity in earnings, net interest expense, capital expenditures, tax rates, anticipated tax liabilities, operating cash flow, free cash flow, EPS, shares outstanding, non-controlling interests, and other financial metrics, expected volume, inventory, price, mix, and depletion trends, near-, medium-, and long-term financial models and targets, future acquisition, disposition, and investment activities, our environmental responsibility, CSR, and human capital strategies, aspirations, and targets, the manner, timing, and duration of our share repurchase program and source of funds for share repurchases, the amount and timing of future dividends, economic headwinds and uncertainties, access to capital markets, liquidity and capital resources, 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, and prospects, plans, and objectives of management, as well as information concerning expected actions of third parties, are forward-looking statements (collectively, "Projections") that involve risks and uncertainties that could cause actual results to differ materially from those set forth in or implied by the Projections.

All Projections speak only as of the date of this commentary or the live conference call, as applicable. We undertake no obligation to update or revise any Projections, whether as a result of new information, future events, or otherwise. Unless otherwise noted, the Projections do not take into account the impact of any future acquisition, investment, merger, or other business combination, divestiture (including any associated amount of incremental contingent consideration payment paid or received), cost savings, restructuring, operating, or efficiency initiatives, tariff changes, or financing or share repurchases that may be completed after the issuance of this commentary or the live conference call, as applicable.

In addition to the risks and uncertainties of ordinary business operations and conditions in the general economy and markets in which we compete, the Projections contained in this commentary are also subject to the risk, uncertainty, and possible variance from our current expectations regarding:

- potential further declines in the consumption of products we sell and our dependence on sales of our Mexican beer brands;
- impacts of our acquisition, divestiture, investment, and new product development strategies and activities, including the 2025 Wine Divestitures;
- dependence upon our trademarks and proprietary rights, including the failure to protect our intellectual property rights;
- potential damage to our reputation;
- competition in our industry and for talent;
- economic and other uncertainties associated with our international operations, including new or increased tariffs;
- water, agricultural and other raw material, and packaging material supply, production, and/or transportation difficulties, disruptions, and impacts, including limited groups of certain suppliers;

- reliance on complex information systems and third-party global networks, including internal control over financial reporting changes in connection with our OneStream consolidation system implementation, as well as risks associated with cybersecurity and artificial intelligence;
- dependence on limited facilities for production of our Mexican beer brands, including beer operations expansion, optimization, and/or construction activities, scope, capacity, supply, costs (including potential impairments), capital expenditures, and timing;
- operational disruptions or catastrophic loss to our breweries, wineries, other production facilities, or distribution systems;
- severe weather, natural and man-made disasters, climate change, environmental responsibility and CSR-related regulatory compliance, failure to meet environmental sustainability and CSR targets, commitments, and aspirations;
- the success of our cost savings, restructuring, and efficiency initiatives, including changes in key personnel responsible for oversight of our internal control over financial reporting in connection with the 2025 Restructuring Initiative;
- reliance on wholesale distributors, major retailers, and government agencies;
- contamination and degradation of product quality from diseases, pests, weather, and other conditions;
- communicable infection or disease outbreaks, pandemics, or other widespread public health crises impacting our consumers, employees, distributors, retailers, and/or suppliers;
- effects of employee labor activities that could increase our costs;
- our indebtedness and interest rate fluctuations;
- our international operations, worldwide and regional economic trends and financial market conditions, geopolitical uncertainty, including the impact of military conflicts, or other governmental rules and regulations;
- class action or other litigation we face or may face, including related to alleged securities law violations, abuse or misuse of our products, product liability, marketing or sales practices, including product labeling, or other matters;
- potential impairments of our intangible assets, such as goodwill and trademarks;
- changes to tax laws, fluctuations in our effective tax rate, accounting for tax positions, the resolution of tax disputes, changes to accounting standards, elections, assertions, or policies, and the potential impact of a global minimum tax rate;
- uncertainties related to future cash dividends and share repurchases, which may affect the price of our common stock
- ownership of our Class A Common Stock by certain individuals and entities affiliated with the Sands family and their Board of Director nomination rights;
- the choice-of-forum provision in our amended and restated by-laws regarding certain stockholder litigation; and
- other factors and uncertainties disclosed in our filings with the SEC, including our Annual Report on Form 10-K for the fiscal year ended February 28, 2025, which could cause actual future performance to differ materially from our current expectations.

Overarching Highlights

The operating environment during the third quarter of fiscal 2026 remained challenged, which was in line with our expectations and relatively consistent with the prior quarter. Demand across the beer, wine, and spirits categories remained soft as consumers continued to exhibit cautious spending behavior resulting from multiple variables, including the cumulative effects of inflation, overall economic uncertainty, and other ongoing socioeconomic factors. Despite these headwinds, we continued to execute against our strategic business priorities resulting in expanded market share and increased distribution points in our Beer Business and outperformance in the higher-end wine segment in our Wine & Spirits Business. We returned just under $400 million to shareholders through our dividend and share repurchase programs during the quarter, bringing total cash returned to shareholders during fiscal 2026 to nearly $1.4 billion.

Enterprise dollar sales across Circana U.S. tracked channels declined year-over-year by 2.6%, which was ahead of the beverage alcohol industry by 0.4 points for the quarter.

We grew dollar and volume share in our Beer Business, driven by mid-single digit growth in points of distribution across both the off and on-premise channels, while maintaining healthy levels of marketing investment to support the strength and equity of our brand portfolio.

Our Wine & Spirits Business continued to outperform the higher-end wine segment in both dollar and volume sales growth across U.S. tracked channels.

We generated $1.45 billion in free cash flow through the third quarter of fiscal 2026, and in line with our capital allocation priorities we remained at our target ~3.0x comparable net leverage ratio, maintained our ~30% dividend payout ratio, and returned over $800 million to shareholders in fiscal year-to-date share repurchases through December 2025.

Q3 Fiscal 2026 Results

Turning to our third quarter fiscal 2026 financial results in more detail, starting with an update on the consumer backdrop:

The U.S. consumer continued to face ongoing socioeconomic headwinds during the quarter, and we saw continued pronounced weakness amongst the Hispanic consumer cohort specifically. This has an outsized impact on our Beer Business compared to the broader beer category given higher levels of exposure to Hispanic consumers within our brand portfolio.

Unemployment rates increased relative to the preceding quarter, with Hispanic unemployment rates remaining elevated compared to the overall U.S. population. Additionally, economic activity in “4000+ calorie job” sectors, which have a higher impact on beer category elasticities than jobs in other sectors, continued to show incremental weakness:

- Notably, growth in total construction employees continued to decelerate relative to both the preceding quarter and the corresponding prior year quarter.
- In particular, construction employment in California continued to decline relative to both the preceding quarter and the corresponding prior year quarter.

Overall consumer sentiment, as measured by the University of Michigan, declined sequentially throughout our fiscal third quarter, reaching near-all time lows in the November reading. Similarly, research from our own omnibus survey continued to show elevated concerns amongst both Hispanic and non-Hispanic consumers, as over 80% of respondents continued to express concerns about the socioeconomic environment, and over 70% are specifically concerned about their personal finances.

Beer Business

Despite these headwinds with our consumers, our beer business continues to outperform the category. Our brand-health and loyalty metrics remain strong, with key metrics displaying stable or increasing trends, and loyalty towards our beer portfolio amongst Hispanic and legal drinking age Gen-Z consumers remains the highest relative to other major beer suppliers in the U.S.

While beer volumes in the quarter continued to be impacted by the subdued consumer backdrop, particularly in zip codes with larger Hispanic populations, our Beer Business captured 0.2 points of dollar sales share of the total beer category while outperforming in dollar sales year-over-year by 0.8 points across Circana U.S. tracked channels.

We had 4 of the top 15 dollar share gaining brands across the total beer category and continued to be the #1 high-end beer supplier in the U.S by dollar sales.

More specifically, in relation to the performance of our core beer brands:

- Modelo Especial and Corona Extra maintained their positions as the #1 and #5 brands, respectively, by dollar sales across the entire U.S. beer category in tracked channels.
- Within the Corona brand family, Corona Sunbrew and Corona Familiar were the #6 and #7 dollar share gainers, respectively.
- Pacifico and Victoria were the #3 and #13 dollar sales share gainers, respectively, across the total Beer category.

From a depletion perspective, our Beer Business declined 3.0% during the quarter.

- Depletions in the off-premise channel declined 2.9%, while the on-premise channel was down 3.5% with continued notable headwinds in zip codes with larger Hispanic populations.
- These channels represented approximately 89% and 11%, respectively, of our depletion volume.

Net sales decreased by approximately 1%, mostly driven by lower volumes, partially offset by favorable pricing.

- Shipment volumes declined by 2.2% and we achieved favorable pricing of approximately 1.5% – the remaining variance was attributable to unfavorable product mix, primarily from a shift in package types.

As a percent of net sales, marketing was 10% for the quarter, which was roughly in line with the prior year quarter as we continued to support our brands with healthy levels of investment.

SG&A was just under 5% of net sales, slightly lower than the prior year quarter.

Operating income declined by just under 1%, resulting in an operating margin increase of 10 basis points to 38.0%.

- The increase in operating margin was driven by favorable pricing and lower depreciation, partially offset by increased COGS from aluminum tariffs and unfavorable fixed cost absorption from lower volumes. During the quarter we generated over $40 million of net benefit in COGS delivered through our cost and operational initiatives.

We also continued to invest in our Beer Business, deploying $212 million in capital expenditures towards the modular development of our third brewery at Veracruz and expansions at our existing breweries.

Wine and Spirits Business

Turning to our Wine and Spirits Business, our higher-end wine portfolio outperformed the corresponding segment in year-over-year dollar and volume sales growth by over 2 points and nearly 7 points, respectively, in Circana U.S. tracked channels:

- Kim Crawford, the largest wine brand in our portfolio, grew volume by over 2%, and Mi CAMPO Tequila, the largest spirit brand in our portfolio, grew volume by almost 24% in Circana U.S. tracked channels, respectively.

From a depletion perspective, our Wine and Spirits Business was flat during the quarter.

Net sales declined 51% and 7% on a reported and organic basis, respectively.

- On a reported basis, the decline in net sales was primarily driven by the impact of the SVEDKA Divestiture and the 2025 Wine Divestitures, which were included in our results for the corresponding prior year quarter.
- On an organic basis, the decline in net sales was primarily attributable to strategic pricing actions taken on select brands and changes in distributor contractual payments.

Operating income declined 65% – this year-over-year change is inclusive of approximately $62 million of gross profit less marketing in the third quarter of fiscal 2025 that is no longer part of the Wine and Spirits Business results due to the SVEDKA Divestiture and the 2025 Wine Divestitures.

Operating margin decreased from 22.1% to 15.8% and was primarily attributable to the impact of the SVEDKA Divestiture and the 2025 Wine Divestitures, unfavorable fixed cost absorption, strategic pricing actions taken on select brands, and changes in distributor contractual payments, partially offset by favorability in marketing and other SG&A expense.

Enterprise

At an Enterprise level, net sales declined 10% on a reported basis and decreased 2% on an organic basis, adjusted for the net sales associated with the SVEDKA Divestiture and the 2025 Wine Divestitures for the period September 1, 2024 through November 30, 2024

Corporate Expense for the third quarter of fiscal 2026 was $58 million reflecting a 7%, or $5 million, decrease year-over-year driven mainly by lower compensation and benefits.

Enterprise operating income decreased 13% on a reported basis and was roughly flat on a comparable basis, with the latter resulting in a 40 basis point increase in comparable operating margin to 33.2%.

Net interest expense was $83 million, reflecting a 20% decrease from the prior year driven mainly by lower average borrowings.

Our comparable effective tax rate was 18.5% versus 16.3% last year - the increase was primarily driven by shifts in our taxable income base.

Reported EPS declined 15% to $2.88 and comparable EPS declined 6% to $3.06.

Fiscal 2026 Outlook

Looking ahead, our comparable outlook for fiscal 2026 remains unchanged. To reiterate the top and bottom-line targets, as well as include additional considerations for the fourth quarter:

Enterprise

- For fiscal 2026, we continue to expect organic Enterprise net sales to be down approximately 4% to 6% and comparable operating income to be down approximately 9% to 11%.
- We continue to expect comparable EPS to be in a range of $11.30 to $11.60 for fiscal 2026.
- We continue to expect to generate between $2.5 billion and $2.6 billion in operating cash flow, and $1.3 billion and $1.4 billion in free cash flow.

Beer Business

- For our Beer Business, we continue expect net sales to be down 2% to 4%, and for shipments and depletions to largely track on an absolute basis for the remainder of the fiscal year.
- Operating income for our Beer Business is still expected to be down 7% to 9%.
    - During the fourth quarter, while we expect year-over-year volume declines to improve, operating margins are expected to be pressured by fixed cost absorption headwinds, an increase in deprecation expense, and higher tariff expense.

Wine and Spirits Business

- For our Wine and Spirits Business, we continue to expect an organic net sales decline of 17% to 20%.
- Our Wine and Spirits Business organic operating income is still expected to decline 97% to 100%.

We thank you for your interest in Constellation Brands – and wish you all a Happy New Year!

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
$	U.S. dollars
2025 Restructuring Initiative	an enterprise-wide cost savings and restructuring initiative designed to help optimize the performance of our business, including through enhanced organizational efficiency and optimized expenditures across our organization, with the majority of the work expected to be completed within fiscal 2026 and net annualized cost savings expected to be fully realized by fiscal 2028
2025 Wine Divestitures	sale and, in certain instances, exclusive license to use the trademarks of a portion of our wine and spirits business, primarily centered around our then-owned mainstream wine brands and associated inventory, wineries, vineyards, offices, and facilities on June 2, 2025
4000+ Calorie Jobs	Jobs that require a significant amount of physical effort, e.g. construction, agriculture, and mining
Beverage Alcohol	Total beverage alcohol, includes beer, wine and spirits segments
CAGR	Compound annual growth rate
Circana	A leading provider of consumer, shopper, and retail market intelligence and insights. Compiles laser-scanning data and other information to develop projected monthly revenues and volume sales on CPG. Provider of syndicated data with detailed analysis of sales.
COGS	Cost of product sold
Comparable basis ("comparable")	Amounts which exclude items that affect comparability, as they are not reflective of core operations of the segments
CPG	Consumer packaged goods
Depletions	Represents U.S. distributor shipments of our respective branded products to retail customers, based on third-party data
EPS	Diluted net income (loss) per share attributable to CBI
FY	Fiscal year
GAAP	General accepted accounting principles in the U.S.
High-End Beer	Beer that sells above $27.00 a case at retail
Higher-End Spirits	Spirits that generally sell above $14.00 - $17.00 per bottle at retail
Higher-End Wine	Wine that sells above $11.00 per bottle at retail for table wine and above $13.00 for sparkling wine
HL	Hectoliters
International markets	Markets outside of the U.S. in which we sell our Wine and Spirits products
Mainstream	Includes wine that sells less than $11.00 per bottle at retail, sparkling wine and all other wine that sells less than $13.00 per bottle at retail, and spirits that sell less than $14.00 per bottle at retail
Nava	Nava, Coahuila, Mexico
Net interest expense	Includes interest expense, interest income, and extinguishment of debt

Premium	Includes wine that sells between $11.00 to $24.99 per bottle at retail, sparkling wine that sells between $13.00 to $34.99 per bottle at retail, tequila that sells between $17.00 to $23.99 per bottle at retail, and whiskey that sell between $17.00 to $24.99 per bottle at retail
Reported basis ("reported")	Derived from amounts as reported under generally accepted accounting principles in the U.S.
SEC	Securities and Exchange Commission
SG&A	Selling, general, and administrative expenses
Shipments	Represents the volume shipped from CBI to distributors
SKU	Stock keeping unit
SVEDKA Divestiture	Sale of the SVEDKA brand and related assets, primarily including inventory and equipment on January 6, 2025
U.S.	United States of America
Veracruz Brewery	A new brewery being constructed in Veracruz

Disclaimers and Caution Regarding Outdated Material

The notes offered under our commercial paper program have not been and will not be registered under the Securities Act of 1933, as amended, and may not be offered or sold in the U.S. absent registration or an applicable exemption from registration requirements. This commentary shall not constitute an offer to sell or the solicitation of an offer to buy our notes under the commercial paper program.

Unless the context otherwise requires, the term “consumers” refers to legal drinking age consumers and references to “betterment” products means our lower-alcohol, lower-calorie, non-alcoholic, or no-calorie products. Market positions and industry data discussed in this commentary have been obtained or derived from industry and other third-party publications and our estimates. We have not independently verified the data from the industry and other third-party publications. Unless otherwise indicated, (i) all references to market positions are based on equivalent unit volume, and (ii) data discussed in this commentary is based on our data, analysis, plans, and reporting. Unless otherwise indicated, the information presented in this commentary is as of January 7, 2026, and, to the best of our knowledge, timely and accurate when made. Thereafter, the information contained in this commentary should be considered historical and not subject to further update by us.