

United States  
Securities and Exchange Commission  
Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended July 31, 2024

OR

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

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

Commission File No. **001-00123**

**Brown-Forman Corporation**

(Exact name of Registrant as specified in its Charter)

**Delaware**  
(State or other jurisdiction of  
incorporation or organization)

**61-0143150**  
(IRS Employer  
Identification No.)

**850 Dixie Highway**  
**Louisville, Kentucky**  
(Address of principal executive offices)

**40210**  
(Zip Code)

**(502) 585-1100**  
(Registrant's telephone number, including area code)

**N/A**  
(Former name, former address and former fiscal year, if changed since last report)

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

<b>Title of each class</b>	<b>Trading Symbol(s)</b>	<b>Name of each exchange on which registered</b>
Class A Common Stock (voting), \$0.15 par value	BFA	New York Stock Exchange
Class B Common Stock (nonvoting), \$0.15 par value	BFB	New York Stock Exchange
1.200% Notes due 2026	BF26	New York Stock Exchange
2.600% Notes due 2028	BF28	New York Stock Exchange

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

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

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

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

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

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

Yes  No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: August 23, 2024

Class A Common Stock (voting), \$0.15 par value	169,123,305
Class B Common Stock (nonvoting), \$0.15 par value	303,537,316

**BROWN-FORMAN CORPORATION**  
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**PART I - FINANCIAL INFORMATION**

*Item 1. Financial Statements (Unaudited)*

**BROWN-FORMAN CORPORATION AND SUBSIDIARIES  
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**

(Unaudited)

(Dollars in millions, except per share amounts)

	Three Months Ended	
	July 31,	
	<u>2023</u>	<u>2024</u>
Sales	\$ 1,326	\$ 1,211
Excise taxes	288	260
Net sales	<u>1,038</u>	<u>951</u>
Cost of sales	<u>387</u>	<u>386</u>
Gross profit	651	565
Advertising expenses	131	126
Selling, general, and administrative expenses	200	188
Other expense (income), net	<u>(7)</u>	<u>(30)</u>
Operating income	327	281
Non-operating postretirement expense	1	—
Interest income	(2)	(4)
Interest expense	<u>29</u>	<u>32</u>
Income before income taxes	299	253
Income taxes	68	58
Net income	<u>\$ 231</u>	<u>\$ 195</u>
Earnings per share:		
Basic	\$ 0.48	\$ 0.41
Diluted	\$ 0.48	\$ 0.41

*See notes to the condensed consolidated financial statements.*

**BROWN-FORMAN CORPORATION AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
(Unaudited)  
(Dollars in millions)

	Three Months Ended July 31,	
	<u>2023</u>	<u>2024</u>
Net income	\$ 231	\$ 195
Other comprehensive income (loss), net of tax:		
Currency translation adjustments	39	(42)
Cash flow hedge adjustments	(5)	(2)
Postretirement benefits adjustments	2	1
Net other comprehensive income (loss)	36	(43)
Comprehensive income	\$ 267	\$ 152

*See notes to the condensed consolidated financial statements.*

**BROWN-FORMAN CORPORATION AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**

(Unaudited)

(Dollars in millions, except per share amounts)

	April 30, 2024	July 31, 2024
<b>Assets</b>		
Cash and cash equivalents	\$ 446	\$ 416
Accounts receivable, less allowance for doubtful accounts of \$8 at April 30 and \$8 at July 31	769	806
Inventories:		
Barreled whiskey	1,490	1,541
Finished goods	452	472
Work in process	396	386
Raw materials and supplies	218	197
Total inventories	2,556	2,596
Other current assets	265	263
Total current assets	4,036	4,081
Property, plant and equipment, net	1,074	1,052
Goodwill	1,455	1,464
Other intangible assets	990	997
Equity method investments	270	270
Deferred tax assets	69	63
Other assets	272	278
Total assets	\$ 8,166	\$ 8,205
<b>Liabilities</b>		
Accounts payable and accrued expenses	\$ 793	\$ 669
Dividends payable	—	103
Accrued income taxes	38	93
Short-term borrowings	428	484
Current portion of long-term debt	300	300
Total current liabilities	1,559	1,649
Long-term debt	2,372	2,384
Deferred tax liabilities	315	302
Accrued pension and other postretirement benefits	160	159
Other liabilities	243	246
Total liabilities	4,649	4,740
Commitments and contingencies		
<b>Stockholders' Equity</b>		
Common stock:		
Class A, voting, \$0.15 par value (170,000,000 shares authorized; 170,000,000 shares issued)	25	25
Class B, nonvoting, \$0.15 par value (400,000,000 shares authorized; 314,532,000 shares issued)	47	47
Additional paid-in capital	13	12
Retained earnings	4,261	4,250
Accumulated other comprehensive income (loss), net of tax	(221)	(264)
Treasury stock, at cost (11,932,000 and 11,872,000 shares at April 30 and July 31, respectively)	(608)	(605)
Total stockholders' equity	3,517	3,465
Total liabilities and stockholders' equity	\$ 8,166	\$ 8,205

*See notes to the condensed consolidated financial statements.*

**BROWN-FORMAN CORPORATION AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(Unaudited)  
(Dollars in millions)

	Three Months Ended July 31,	
	<u>2023</u>	<u>2024</u>
<b>Cash flows from operating activities:</b>		
Net income	\$ 231	\$ 195
Adjustments to reconcile net income to net cash provided by operations:		
Depreciation and amortization	21	22
Stock-based compensation expense	4	4
Deferred income tax provision (benefit)	12	(5)
Change in fair value of contingent consideration	(7)	4
Other, net	(2)	(10)
Changes in assets and liabilities:		
Accounts receivable	(15)	(42)
Inventories	(227)	(91)
Other current assets	30	(2)
Accounts payable and accrued expenses	(53)	(104)
Accrued income taxes	28	54
Other operating assets and liabilities	16	(8)
Cash provided by operating activities	<u>38</u>	<u>17</u>
<b>Cash flows from investing activities:</b>		
Additions to property, plant, and equipment	(49)	(41)
Proceeds from sale of assets	—	51
Other, net	5	—
Cash provided by (used for) investing activities	<u>(44)</u>	<u>10</u>
<b>Cash flows from financing activities:</b>		
Net change in short-term borrowings	153	54
Payments of withholding taxes related to stock-based awards	(4)	(2)
Dividends paid	(99)	(103)
Cash provided by (used for) financing activities	<u>50</u>	<u>(51)</u>
Effect of exchange rate changes on cash, cash equivalents, and restricted cash	<u>8</u>	<u>(6)</u>
Net increase (decrease) in cash, cash equivalents, and restricted cash	52	(30)
Cash, cash equivalents, and restricted cash at beginning of period	<u>384</u>	<u>456</u>
Cash, cash equivalents, and restricted cash at end of period	436	426
Less: Restricted cash (included in other current assets) at end of period	<u>(10)</u>	<u>(10)</u>
Cash and cash equivalents at end of period	<u>\$ 426</u>	<u>\$ 416</u>
<b>Supplemental information:</b>		
Non-cash additions to property, plant and equipment	\$ 12	\$ 6
Right-of-use assets obtained in exchange for new lease obligations	\$ 15	\$ 15

*See notes to the condensed consolidated financial statements.*

**BROWN-FORMAN CORPORATION AND SUBSIDIARIES**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
(Unaudited)

In these notes, “we,” “us,” “our,” “Brown-Forman,” and the “Company” refer to Brown-Forman Corporation and its consolidated subsidiaries, collectively.

**1. Condensed Consolidated Financial Statements**

We prepared the accompanying unaudited condensed consolidated financial statements pursuant to the rules and regulations of the U.S. Securities and Exchange Commission for interim financial information. In accordance with those rules and regulations, we condensed or omitted certain information and disclosures normally included in annual financial statements prepared in accordance with U.S. generally accepted accounting principles (GAAP). In our opinion, the accompanying financial statements include all adjustments, consisting only of normal recurring adjustments (unless otherwise indicated), necessary for a fair statement of our financial results for the periods presented in these financial statements. The results for interim periods are not necessarily indicative of future or annual results.

We suggest that you read these condensed financial statements together with the financial statements and footnotes included in our Annual Report on Form 10-K for the fiscal year ended April 30, 2024 (2024 Form 10-K). We prepared the accompanying financial statements on a basis that is substantially consistent with the accounting principles applied in our 2024 Form 10-K.

*Accounting standards not yet adopted.* In November 2023, the Financial Accounting Standards Board (FASB) issued an updated accounting standard requiring additional disclosures about significant segment expenses and other segment items. The update also requires interim disclosure of segment information that is currently required only on an annual basis. We are required to adopt the updated standard for annual disclosures beginning in fiscal 2025, and for interim disclosures in fiscal 2026, with earlier adoption permitted. The update is to be applied retroactively.

In December 2023, FASB issued an updated accounting standard requiring additional disclosures about income taxes, primarily related to the rate reconciliation and information about income taxes paid. We are required to adopt the new guidance beginning in fiscal 2026, with earlier adoption permitted. The update can be applied either prospectively or retrospectively.

We are currently evaluating the impact that adopting these accounting standards updates will have on our disclosures.

**2. Earnings Per Share**

We calculate basic earnings per share by dividing net income available to common stockholders by the weighted average number of common shares outstanding during the period. Diluted earnings per share further includes the dilutive effect of stock-based compensation awards. We calculate that dilutive effect using the “treasury stock method” (as defined by GAAP).

The following table presents information concerning basic and diluted earnings per share:

(Dollars in millions, except per share amounts)	Three Months Ended July 31,	
	<u>2023</u>	<u>2024</u>
Net income available to common stockholders	\$ 231	\$ 195
Share data (in thousands):		
Basic average common shares outstanding	479,353	472,637
Dilutive effect of stock-based awards	1,030	304
Diluted average common shares outstanding	<u>480,383</u>	<u>472,941</u>
Basic earnings per share	\$ 0.48	\$ 0.41
Diluted earnings per share	\$ 0.48	\$ 0.41

We excluded common stock-based awards for approximately 1,285,000 shares and 2,582,000 shares from the calculation of diluted earnings per share for the three months ended July 31, 2023 and 2024, respectively. We excluded those awards because they were not dilutive for those periods under the treasury stock method.

### 3. Inventories

We value some of our consolidated inventories, including most of our U.S. inventories, at the lower of cost, using the last-in, first-out (LIFO) method or market value. If the LIFO method had not been used, inventories at current cost would have been \$512 million higher than reported as of April 30, 2024, and \$531 million higher than reported as of July 31, 2024. Changes in the LIFO valuation reserve for interim periods are based on an allocation of the projected change for the entire fiscal year, recognized proportionately over the remainder of the fiscal year.

### 4. Goodwill and Other Intangible Assets

The following table shows the changes in goodwill (which includes no accumulated impairment losses) and other intangible assets during the three months ended July 31, 2024:

(Dollars in millions)	<u>Goodwill</u>	<u>Other Intangible Assets</u>
Balance at April 30, 2024	\$ 1,455	\$ 990
Foreign currency translation adjustment	9	7
Balance at July 31, 2024	<u>\$ 1,464</u>	<u>\$ 997</u>

Our other intangible assets consist of trademarks and brand names, all with indefinite useful lives.

### 5. Equity Method Investments

Our equity method investments include a 21.4% ownership of the common stock of The Duckhorn Portfolio, Inc. (“Duckhorn”), which we obtained as partial consideration for our sale of the Sonoma-Cutrer wine business to Duckhorn on April 30, 2024. Our other equity method investments are immaterial.

The carrying amount of our investment in Duckhorn was \$267 million as of both April 30, 2024, and July 31, 2024. The \$267 million carrying amount reflects the fair value of the common stock, based on its quoted market price at the April 30, 2024 closing date of the transaction. The difference between the carrying amount of the investment and our proportionate share of the net assets of Duckhorn was not material. As of July 31, 2024, the fair value of the investment was \$229 million. We concluded that, at July 31, 2024 the decline in fair value of the investment below its carrying value was temporary and, therefore, did not record any impairment.

We will recognize our share of Duckhorn’s earnings on a three-month lag, beginning August 1, 2024. Thus, our operating income for the three months ending October 31, 2024, will reflect our share of Duckhorn’s earnings reported for the three months ended July 31, 2024.

In connection with our sale of the Sonoma-Cutrer wine business to Duckhorn, we agreed to a lock-up provision under which we are restricted from selling or otherwise disposing of our equity investment in Duckhorn. The restriction period will terminate no later than October 31, 2025.

Also, effective April 30, 2024, we entered into a transition services agreement (TSA) with Duckhorn related to the sale of the Sonoma-Cutrer wine business. Our cost of sales for the three months ended July 31, 2024, included \$22 million for Sonoma-Cutrer products purchased from Duckhorn under the TSA. Fees earned for transition services provided to Duckhorn under the TSA were immaterial.

### 6. Contingencies

We operate in a litigious environment, and we are sued in the normal course of business. Sometimes plaintiffs seek substantial damages. Significant judgment is required in predicting the outcome of these suits and claims, many of which take years to adjudicate. We accrue estimated costs for a contingency when we believe that a loss is probable and we can make a reasonable estimate of the loss, and then adjust the accrual as appropriate to reflect changes in facts and circumstances. We do not believe it is reasonably possible that these existing loss contingencies, individually or in the aggregate, would have a material adverse effect on our financial position, results of operations, or liquidity. No material accrued loss contingencies were recorded as of July 31, 2024.

## 7. Debt

Our long-term debt (net of unamortized discount and issuance costs) consisted of:

(Principal and carrying amounts in millions)	April 30, 2024	July 31, 2024
3.50% senior notes, \$300 principal amount, due April 15, 2025	\$ 300	\$ 300
1.20% senior notes, €300 principal amount, due July 7, 2026	321	324
2.60% senior notes, £300 principal amount, due July 7, 2028	375	383
4.75% senior notes, \$650 principal amount, due April 15, 2033	643	643
4.00% senior notes, \$300 principal amount, due April 15, 2038	295	296
3.75% senior notes, \$250 principal amount, due January 15, 2043	248	248
4.50% senior notes, \$500 principal amount, due July 15, 2045	490	490
	<u>2,672</u>	<u>2,684</u>
Less current portion	300	300
	<u>\$ 2,372</u>	<u>\$ 2,384</u>

Our short-term borrowings consisted of borrowings under our commercial paper program, as follows:

(Dollars in millions)	April 30, 2024	July 31, 2024
Commercial paper (par amount)	\$429	\$485
Average interest rate	5.49%	5.50%
Average remaining days to maturity	12	17

## 8. Stockholders' Equity

The following table shows the changes in stockholders' equity by quarter during the three months ended July 31, 2023:

(Dollars in millions)	Class A Common Stock	Class B Common Stock	Additional Paid-in Capital	Retained Earnings	AOCI	Treasury Stock	Total
Balance at April 30, 2023	\$ 25	\$ 47	\$ 1	\$ 3,643	\$ (235)	\$ (213)	\$ 3,268
Net income				231			231
Net other comprehensive income (loss)					36		36
Declaration of cash dividends				(197)			(197)
Stock-based compensation expense			4				4
Stock issued under compensation plans						3	3
Loss on issuance of treasury stock issued under compensation plans			(4)	(3)			(7)
Balance at July 31, 2023	<u>\$ 25</u>	<u>\$ 47</u>	<u>\$ 1</u>	<u>\$ 3,674</u>	<u>\$ (199)</u>	<u>\$ (210)</u>	<u>\$ 3,338</u>

The following table shows the changes in stockholders' equity by quarter during the three months ended July 31, 2024:

(Dollars in millions)	Class A Common Stock	Class B Common Stock	Additional Paid-in Capital	Retained Earnings	AOCI	Treasury Stock	Total
Balance at April 30, 2024	\$ 25	\$ 47	\$ 13	\$ 4,261	\$ (221)	\$ (608)	\$ 3,517
Net income				195			195
Net other comprehensive income (loss)					(43)		(43)
Declaration of cash dividends				(206)			(206)
Stock-based compensation expense			4				4
Stock issued under compensation plans						3	3
Loss on issuance of treasury stock issued under compensation plans			(5)				(5)
Balance at July 31, 2024	<u>\$ 25</u>	<u>\$ 47</u>	<u>\$ 12</u>	<u>\$ 4,250</u>	<u>\$ (264)</u>	<u>\$ (605)</u>	<u>\$ 3,465</u>

The following table shows the change in each component of accumulated other comprehensive income (AOCI), net of tax, during the three months ended July 31, 2024:

(Dollars in millions)	Currency Translation Adjustments	Cash Flow Hedge Adjustments	Postretirement Benefits Adjustments	Total AOCI
Balance at April 30, 2024	\$ (111)	\$ 10	\$ (120)	\$ (221)
Net other comprehensive income (loss)	(42)	(2)	1	(43)
Balance at July 31, 2024	<u>\$ (153)</u>	<u>\$ 8</u>	<u>\$ (119)</u>	<u>\$ (264)</u>

The following table shows the cash dividends declared per share on our Class A and Class B common stock during the three months ended July 31, 2024:

Declaration Date	Record Date	Payable Date	Amount per Share
May 23, 2024	June 7, 2024	July 1, 2024	\$0.2178
July 25, 2024	September 3, 2024	October 1, 2024	\$0.2178

## 9. Net Sales

The following table shows our net sales by geography:

(Dollars in millions)	Three Months Ended July 31,	
	2023	2024
United States	\$ 442	\$ 419
Developed International <sup>1</sup>	309	280
Emerging <sup>2</sup>	221	185
Travel Retail <sup>3</sup>	46	41
Non-branded and bulk <sup>4</sup>	20	26
Total	<u>\$ 1,038</u>	<u>\$ 951</u>

<sup>1</sup>Represents net sales of branded products to "advanced economies" as defined by the International Monetary Fund (IMF), excluding the United States. Our top developed international markets are Germany, Australia, the United Kingdom, France, Canada, and Spain.

<sup>2</sup>Represents net sales of branded products to "emerging and developing economies" as defined by the IMF. Our top emerging markets are Mexico, Poland, and Brazil.

<sup>3</sup>Represents net sales of branded products to global duty-free customers, other travel retail customers, and the U.S. military, regardless of customer location.

<sup>4</sup>Includes net sales of used barrels, contract bottling services, and non-branded bulk whiskey, regardless of customer location.

The following table shows our net sales by product category:

(Dollars in millions)	Three Months Ended July 31,	
	2023	2024
Whiskey <sup>1</sup>	\$ 697	\$ 659
Ready-to-Drink <sup>2</sup>	138	121
Tequila <sup>3</sup>	81	62
Non-branded and bulk <sup>4</sup>	20	26
Rest of portfolio <sup>5</sup>	102	83
Total	<u>\$ 1,038</u>	<u>\$ 951</u>

<sup>1</sup>Includes all whiskey spirits and whiskey-based flavored liqueurs. The brands included in this category are the Jack Daniel's family of brands (excluding the "ready-to-drink" products outlined below), the Woodford Reserve family of brands, the Old Forester family of brands, The GlenDronach, Benriach, Glenglassaugh, Slane Irish Whiskey, and Coopers' Craft.

<sup>2</sup>Includes the Jack Daniel's ready-to-drink (RTD) and ready-to-pour (RTP) products, New Mix, and other RTD/RTP products.

<sup>3</sup>Includes el Jimador, the Herradura family of brands, and other tequilas.

<sup>4</sup>Includes net sales of used barrels, contract bottling services, and non-branded bulk whiskey.

<sup>5</sup>Includes Sonoma-Cutrer, Korbel California Champagnes, Diplomático, Gin Mare, Chambord, Finlandia Vodka, Fords Gin, and Korbel Brandy.

## 10. Pension Costs

The following table shows the components of the net cost recognized for our U.S. pension plans. Similar information for other defined benefit plans is not presented due to immateriality.

(Dollars in millions)	Three Months Ended July 31,	
	2023	2024
Service cost	\$ 5	\$ 4
Interest cost	8	9
Expected return on plan assets	(10)	(10)
Amortization of net actuarial loss	2	1
Net cost	<u>\$ 5</u>	<u>\$ 4</u>

## 11. Income Taxes

Our consolidated interim effective tax rate is based on our expected annual operating income, statutory tax rates, and income tax laws in the various jurisdictions where we operate. Significant or unusual items, including adjustments to accruals for tax uncertainties, are recognized in the fiscal quarter in which the related event or a change in judgment occurs. The effective tax rate on ordinary income for the full fiscal year is expected to be 22.2%, which is higher than the U.S. federal statutory rate of 21.0%, due to the impacts of state taxes and the tax effects of foreign operations, which are partially offset by the beneficial impact of the foreign-derived intangible income deduction.

The effective tax rate of 23.1% for the three months ended July 31, 2024, was higher than the expected tax rate of 22.2% on ordinary income for the full fiscal year ending April 30, 2025, primarily due to the impact of increased valuation allowances in the current period, which was partially offset by prior period adjustments. The effective tax rate of 23.1% for the three months ended July 31, 2024, was higher than the effective tax rate of 22.9% for the same period last year, primarily due a larger impact of state taxes, which was partially offset by the net impact of discrete items.

The OECD (Organization for Economic Co-operation and Development) 15% global minimum tax under the Pillar Two Model Rules, which is now effective in countries with enacted legislation, did not materially impact our financial results in the three months ended July 31, 2024. We will continue to evaluate the impact in future periods as previously-enacting countries issue related guidance and additional countries consider adoption of the global minimum tax rules.

## 12. Derivative Financial Instruments and Hedging Activities

We are subject to market risks, including the effect of fluctuations in foreign currency exchange rates, commodity prices, and interest rates. We use derivatives to help manage financial exposures that occur in the normal course of business. We formally document the purpose of each derivative contract, which includes linking the contract to the financial exposure it is designed to mitigate. We do not hold or issue derivatives for trading or speculative purposes.

We use currency derivative contracts to limit our exposure to the foreign currency exchange rate risk that we cannot mitigate internally by using netting strategies. We designate most of these contracts as cash flow hedges of forecasted transactions (expected to occur within two years). We record all changes in the fair value of cash flow hedges in AOCI until the underlying hedged transaction occurs, at which time we reclassify that amount to earnings.

Some of our currency derivatives are not designated as hedges because we use them to partially offset the immediate earnings impact of changes in foreign currency exchange rates on existing assets or liabilities. We immediately recognize the change in fair value of these contracts in earnings.

We had outstanding currency derivatives, related primarily to our euro, British pound, and Australian dollar exposures, with notional amounts for all hedged currencies totaling \$566 million at April 30, 2024, and \$544 million at July 31, 2024. The maximum term of outstanding derivative contracts was 24 months at both April 30, 2024 and July 31, 2024.

We also use foreign currency-denominated debt instruments to help manage our foreign currency exchange rate risk. We designate a portion of those debt instruments as net investment hedges, which are intended to mitigate foreign currency exposure related to non-U.S. dollar net investments in certain foreign subsidiaries. Any change in value of the designated portion of the hedging instruments is recorded in AOCI, offsetting the foreign currency translation adjustment of the related net investments that is also recorded in AOCI. The amount of foreign currency-denominated debt instruments designated as net investment hedges was \$497 million at April 30, 2024, and \$507 million at July 31, 2024.

At inception, we expect each financial instrument designated as a hedge to be highly effective in offsetting the financial exposure it is designed to mitigate. We assess the effectiveness of our hedges continually. If we determine that any financial instruments designated as hedges are no longer highly effective, we discontinue hedge accounting for those instruments.

We use forward purchase contracts with suppliers to protect against corn price volatility. We expect to take physical delivery of the corn underlying each contract and use it for production over a reasonable period of time. Accordingly, we account for these contracts as normal purchases rather than as derivative instruments.

The following table presents the pre-tax impact that changes in the fair value of our derivative instruments and non-derivative hedging instruments had on AOCI and earnings:

(Dollars in millions)	Classification	Three Months Ended	
		July 31, 2023	July 31, 2024
<u>Derivative Instruments</u>			
Currency derivatives designated as cash flow hedges:			
Net gain (loss) recognized in AOCI	n/a	\$ (4)	\$ 1
Net gain (loss) reclassified from AOCI into earnings	Sales	3	4
Currency derivatives not designated as hedging instruments:			
Net gain (loss) recognized in earnings	Sales	\$ (2)	\$ —
Net gain (loss) recognized in earnings	Other income (expense), net	7	(3)
<u>Non-Derivative Hedging Instruments</u>			
Foreign currency-denominated debt designated as net investment hedge:			
Net gain (loss) recognized in AOCI	n/a	\$ (8)	\$ (9)
Total amounts presented in the accompanying condensed consolidated statements of operations for line items affected by the net gains (losses) shown above:			
Sales		\$ 1,326	\$ 1,211
Other income (expense), net		7	30

We expect to reclassify \$5 million of deferred net gains on cash flow hedges recorded in AOCI as of July 31, 2024 to earnings during the next 12 months. This reclassification would offset the anticipated earnings impact of the underlying hedged exposures. The actual amounts that we ultimately reclassify to earnings will depend on the exchange rates in effect when the underlying hedged transactions occur.

The following table presents the fair values of our derivative instruments:

(Dollars in millions)	Classification	April 30, 2024		July 31, 2024	
		Derivative Assets	Derivative Liabilities	Derivative Assets	Derivative Liabilities
Designated as cash flow hedges:					
Currency derivatives	Other current assets	\$ 11	\$ (2)	\$ 10	\$ (2)
Currency derivatives	Other assets	1	(1)	1	(1)
Not designated as hedges:					
Currency derivatives	Accrued expenses	—	(1)	—	(2)

The fair values reflected in the above table are presented on a gross basis. However, as discussed further below, the fair values of those instruments subject to net settlement agreements are presented on a net basis in our balance sheets.

In our statements of cash flows, we classify cash flows related to cash flow hedges in the same category as the cash flows from the hedged items.

*Credit risk.* We are exposed to credit-related losses if the counterparties to our derivative contracts default. This credit risk is limited to the fair value of the contracts. To manage this risk, we contract only with major financial institutions that have investment-grade credit ratings and with whom we have standard International Swaps and Derivatives Association (ISDA) agreements that allow for net settlement of the derivative contracts. Also, we have established counterparty credit guidelines that we monitor regularly, and we monetize contracts when we believe it is warranted. Because of these safeguards, we believe we have no derivative positions that warrant credit valuation adjustments.

Our derivative instruments require us to maintain a specific level of creditworthiness, which we have maintained. If our creditworthiness were to fall below that level, then the counterparties to our derivative instruments could request immediate

payment or collateralization for derivative instruments in net liability positions. The aggregate fair value of our derivatives with creditworthiness requirements that were in a net liability position was \$1 million at April 30, 2024, and \$2 million at July 31, 2024.

*Offsetting.* As noted above, our derivative contracts are governed by ISDA agreements that allow for net settlement of derivative contracts with the same counterparty. It is our policy to present the fair values of current derivatives (that is, those with a remaining term of 12 months or less) with the same counterparty on a net basis in our balance sheets. Similarly, we present the fair values of noncurrent derivatives with the same counterparty on a net basis. We do not net current derivatives with noncurrent derivatives in our balance sheets.

The following table summarizes the gross and net amounts of our derivative contracts:

(Dollars in millions)	Gross Amounts of Recognized Assets (Liabilities)	Gross Amounts Offset in Balance Sheet	Net Amounts Presented in Balance Sheet	Gross Amounts Not Offset in Balance Sheet	Net Amounts
<u>April 30, 2024</u>					
Derivative assets	\$ 12	\$ (3)	\$ 9	\$ —	\$ 9
Derivative liabilities	(4)	3	(1)	—	(1)
<u>July 31, 2024</u>					
Derivative assets	11	(3)	8	—	8
Derivative liabilities	(5)	3	(2)	—	(2)

No cash collateral was received or pledged related to our derivative contracts as of April 30, 2024, or July 31, 2024.

### 13. Fair Value Measurements

The following table summarizes the assets and liabilities measured or disclosed at fair value on a recurring basis:

(Dollars in millions)	April 30, 2024		July 31, 2024	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
<u>Assets</u>				
Cash and cash equivalents	\$ 446	\$ 446	\$ 416	\$ 416
Currency derivatives, net	9	9	8	8
<u>Liabilities</u>				
Currency derivatives, net	1	1	2	2
Contingent consideration	69	69	74	74
Short-term borrowings	428	428	484	484
Long-term debt (including current portion)	2,672	2,468	2,684	2,546

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date. We categorize the fair values of assets and liabilities into three levels based on the assumptions (inputs) used to determine those values. Level 1 provides the most reliable measure of fair value, while Level 3 generally requires significant management judgment. The three levels are:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 – Observable inputs other than those included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in inactive markets; or other inputs that are observable or can be derived from or corroborated by observable market data.
- Level 3 – Unobservable inputs supported by little or no market activity.

We determine the fair values of our currency derivatives (forward contracts) using standard valuation models. The significant inputs used in these models, which are readily available in public markets or can be derived from observable market

transactions, include the applicable spot exchange rates, forward exchange rates, and interest rates. These fair value measurements are categorized as Level 2 within the valuation hierarchy.

We determine the fair value of long-term debt primarily based on the prices at which identical or similar debt has recently traded in the market and also considering the overall market conditions on the date of valuation. These fair value measurements are categorized as Level 2 within the valuation hierarchy.

The fair values of cash, cash equivalents, and short-term borrowings approximate the carrying amounts due to the short maturities of these instruments.

We determine the fair value of our contingent consideration liability using a Monte Carlo simulation model, which requires the use of Level 3 inputs, such as projected future net sales, discount rates, and volatility rates. Changes in any of these Level 3 inputs could result in material changes to the fair value of the contingent consideration and could materially impact the amount of noncash expense (or income) recorded each reporting period.

The following table shows the changes in our contingent consideration liability during the three months ended July 31, 2024:

(Dollars in millions)

Balance at April 30, 2024	\$	69
Change in fair value <sup>1</sup>		4
Foreign currency translation adjustment		1
Balance at July 31, 2024	<u>\$</u>	<u>74</u>

<sup>1</sup>Classified as “other expense (income), net” in the accompanying condensed consolidated statement of operations.

We measure some assets and liabilities at fair value on a nonrecurring basis. That is, we do not measure them at fair value on an ongoing basis, but we do adjust them to fair value in some circumstances (for example, when we determine that an asset is impaired). No material nonrecurring fair value measurements were required during the periods presented in these financial statements.

#### 14. Other Comprehensive Income

The following table shows the components of net other comprehensive income (loss):

(Dollars in millions)	Three Months Ended July 31, 2023			Three Months Ended July 31, 2024		
	<u>Pre-Tax</u>	<u>Tax</u>	<u>Net</u>	<u>Pre-Tax</u>	<u>Tax</u>	<u>Net</u>
Currency translation adjustments:						
Net gain (loss) on currency translation	\$ 37	\$ 2	\$ 39	\$ (44)	\$ 2	\$ (42)
Reclassification to earnings	—	—	—	—	—	—
Other comprehensive income (loss), net	<u>37</u>	<u>2</u>	<u>39</u>	<u>(44)</u>	<u>2</u>	<u>(42)</u>
Cash flow hedge adjustments:						
Net gain (loss) on hedging instruments	(4)	1	(3)	1	—	1
Reclassification to earnings <sup>1</sup>	(3)	1	(2)	(4)	1	(3)
Other comprehensive income (loss), net	<u>(7)</u>	<u>2</u>	<u>(5)</u>	<u>(3)</u>	<u>1</u>	<u>(2)</u>
Postretirement benefits adjustments:						
Net actuarial gain (loss) and prior service cost	—	—	—	—	—	—
Reclassification to earnings <sup>2</sup>	2	—	2	1	—	1
Other comprehensive income (loss), net	<u>2</u>	<u>—</u>	<u>2</u>	<u>1</u>	<u>—</u>	<u>1</u>
Total other comprehensive income (loss), net	<u>\$ 32</u>	<u>\$ 4</u>	<u>\$ 36</u>	<u>\$ (46)</u>	<u>\$ 3</u>	<u>\$ (43)</u>

<sup>1</sup>Pre-tax amount for each period is classified as sales in the accompanying condensed consolidated statements of operations.

<sup>2</sup>Pre-tax amount for each period is classified as non-operating postretirement expense in the accompanying condensed consolidated statements of operations.

## Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

You should read the following discussion and analysis in conjunction with both our unaudited Condensed Consolidated Financial Statements and related notes included in Part I, Item 1 of this Quarterly Report and our Annual Report on Form 10-K for the fiscal year ended April 30, 2024 (2024 Form 10-K). Note that the results of operations for the three months ended July 31, 2024, are not necessarily indicative of future or annual results. In this Item, "we," "us," "our," "Brown-Forman," and the "Company" refer to Brown-Forman Corporation and its consolidated subsidiaries, collectively.

### Presentation Basis

#### Non-GAAP Financial Measures

We report our financial results in accordance with U.S. generally accepted accounting principles (GAAP). Additionally, we use some financial measures in this report that are not measures of financial performance under GAAP. These non-GAAP measures, defined below, should be viewed as supplements to (not substitutes for) our results of operations and other measures reported under GAAP. Other companies may define or calculate these non-GAAP measures differently.

"Organic change" in measures of statements of operations. We present changes in certain measures, or line items, of the statements of operations that are adjusted to an "organic" basis. We use "organic change" for the following measures: (a) organic net sales; (b) organic cost of sales; (c) organic gross profit; (d) organic advertising expenses; (e) organic selling, general, and administrative (SG&A) expenses; (f) organic other expense (income), net; (g) organic operating expenses<sup>1</sup>; and (h) organic operating income. To calculate these measures, we adjust, as applicable, for (1) acquisitions and divestitures, (2) other items, and (3) foreign exchange. We explain these adjustments below.

- *"Acquisitions and divestitures."* This adjustment removes (a) the gain or loss recognized on sale of divested brands and certain fixed assets, (b) any non-recurring effects related to our acquisitions and divestitures (e.g., transaction, transition, and integration costs), (c) the effects of operating activity related to acquired and divested brands for periods not comparable year over year (non-comparable periods), and (d) fair value changes to contingent consideration liabilities. Excluding non-comparable periods allows us to include the effects of acquired and divested brands only to the extent that results are comparable year over year.

During fiscal 2023, we acquired Gin Mare Brand, S.L.U. and Mareliquid Vanguard, S.L.U., which owned the Gin Mare brand (Gin Mare). This adjustment removes the fair value adjustments to Gin Mare's earn-out contingent consideration liability that is payable in cash no earlier than July 2024 and no later than July 2027.

During fiscal 2024, we sold our Finlandia vodka business, which resulted in a pre-tax gain of \$92 million, and entered into a related transition services agreement (TSA) for this business. This adjustment removes the (a) transaction costs related to the divestiture, (b) operating activity for the non-comparable period, which is activity in the first quarter of fiscal 2024, and (c) net sales, cost of sales, and operating expenses<sup>1</sup> recognized pursuant to the TSA related to distribution services in certain markets.

During fiscal 2024, we sold the Sonoma-Cutrer wine business in exchange for an ownership percentage of 21.4% in The Duckhorn Portfolio Inc. (Duckhorn) along with \$50 million cash and entered into a related TSA for this business. This transaction resulted in a pre-tax gain of \$175 million. This adjustment removes the (a) transaction costs related to the divestiture, (b) operating activity for the non-comparable period, which is activity in the first quarter of fiscal 2024, and (c) net sales, cost of sales, and operating expenses<sup>1</sup> recognized pursuant to the TSA related to distribution services in certain markets.

During the first quarter of fiscal 2025, we recognized a gain of \$13 million on the sale of the Alabama cooperage. This adjustment removes this gain from our other expense (income), net and operating income.

We believe that these adjustments allow for us to better understand our organic results on a comparable basis.

- *"Other Items."* Other Items include the additional items outlined below.

*"Jack Daniel's Country Cocktails business model change (JDCC)."* In fiscal 2021, we entered into a partnership with the Pabst Brewing Company for the supply, sales, and distribution of Jack Daniel's Country Cocktails in the United States while Brown-Forman continued to produce certain products. During fiscal 2024, this production fully transitioned to Pabst Brewing Company for the Jack Daniel's Country Cocktails products. This adjustment removes

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<sup>1</sup> Operating expenses include advertising expense, SG&A expense, and other expense (income), net.

the non-comparable operating activity related to the sales of Brown-Forman-produced Jack Daniel's Country Cocktails products for the first quarter of fiscal 2024 and fiscal 2025.

*“Franchise Tax Refund.”* During the first quarter of fiscal 2025, we recognized a \$13 million franchise tax refund due to a change in franchise tax calculation methodology for the state of Tennessee. This modification lowered our annual franchise tax obligation and was retroactively applied to franchise taxes paid during fiscal 2020 through fiscal 2023. This adjustment removes the franchise tax refund from our other expense (income), net and operating income.

- *“Foreign exchange.”* We calculate the percentage change in certain line items of the statements of operations in accordance with GAAP and adjust to exclude the cost or benefit of currency fluctuations. Adjusting for foreign exchange allows us to understand our business on a constant-dollar basis, as fluctuations in exchange rates can distort the organic trend both positively and negatively. (In this report, “dollar” means the U.S. dollar unless stated otherwise.) To eliminate the effect of foreign exchange fluctuations when comparing across periods, we translate current-year results at prior-year rates and remove transactional and hedging foreign exchange gains and losses from current- and prior-year periods.

We use the non-GAAP measure “organic change,” along with other metrics, to: (a) understand our performance from period to period on a consistent basis; (b) compare our performance to that of our competitors; (c) calculate components of management incentive compensation; (d) plan and forecast; and (e) communicate our financial performance to the Board of Directors, stockholders, and investment community. We provide reconciliations of the “organic change” in certain line items of the statements of operations to their nearest GAAP measures in the tables under “Results of Operations - Fiscal 2025 Year-to-Date Highlights” and “Results of Operations - Year-Over-Year Period Comparisons.” We have consistently applied the adjustments within our reconciliations in arriving at each non-GAAP measure. We believe these non-GAAP measures are useful to readers and investors because they enhance the understanding of our historical financial performance and comparability between periods. When we provide guidance for organic change in certain measures of the statements of operations we do not provide guidance for the corresponding GAAP change, as the GAAP measure will include items that are difficult to quantify or predict with reasonable certainty, such as foreign exchange, which could have a significant impact to our GAAP income statement measures.

## **Definitions**

### Aggregations.

From time to time, to explain our results of operations or to highlight trends and uncertainties affecting our business, we aggregate markets according to stage of economic development as defined by the International Monetary Fund (IMF), and we aggregate brands by beverage alcohol category. Below, we define the geographic and brand aggregations used in this report.

#### *Geographic Aggregations.*

In “Results of Operations - Fiscal 2025 Year-to-Date Highlights,” we provide supplemental information for our top markets ranked by percentage of net sales. In addition to markets listed by country name, we include the following aggregations:

- *“Developed International”* markets are “advanced economies” as defined by the IMF, excluding the United States. Our top developed international markets were Germany, Australia, the United Kingdom, France, Canada, and Spain. This aggregation represents our net sales of branded products to these markets.
  - *“Spain”* includes Spain and certain other surrounding territories.
- *“Emerging”* markets are “emerging and developing economies” as defined by the IMF. Our top emerging markets were Mexico, Poland, and Brazil. This aggregation represents our net sales of branded products to these markets.
  - *“Brazil”* includes Brazil, Uruguay, Paraguay, and certain other surrounding territories.
- *“Travel Retail”* represents our net sales of branded products to global duty-free customers, other travel retail customers, and the U.S. military, regardless of customer location.
- *“Non-branded and bulk”* includes net sales of used barrels, contract bottling services, and non-branded bulk whiskey, regardless of customer location.

### *Brand Aggregations.*

In “Results of Operations - Fiscal 2025 Year-to-Date Highlights,” we provide supplemental information for our top brands ranked by percentage of net sales. In addition to brands listed by name, we include the following aggregations outlined below.

Beginning in fiscal 2025, we aggregated the “Wine” and “Vodka” product categories into “Rest of Portfolio,” due to the divestitures of Sonoma-Cutrer and Finlandia. Please refer to the new definition of “Rest of Portfolio” for more information. The fiscal 2024 “Rest of Portfolio” amounts have been adjusted accordingly for comparison purposes.

- “*Whiskey*” includes all whiskey spirits and whiskey-based flavored liqueurs. The brands included in this category are the Jack Daniel’s family of brands (excluding the “Ready-to-Drink” products defined below), the Woodford Reserve family of brands (Woodford Reserve), the Old Forester family of brands (Old Forester), The Glendronach, Glenglassaugh, Benriach, Slane Irish Whiskey, and Coopers’ Craft.
  - “*American whiskey*” includes the Jack Daniel’s family of brands (excluding the “Ready-to-Drink” products defined below), Woodford Reserve, Old Forester, and Coopers’ Craft.
  - “*Super-premium American whiskey*” includes Woodford Reserve, Gentleman Jack, and other super-premium Jack Daniel’s expressions.
- “*Ready-to-Drink*” includes all ready-to-drink (RTD) and ready-to-pour (RTP) products. The brands included in this category are Jack Daniel’s RTD and RTP products (JD RTD/RTP), New Mix, and other RTD/RTP products.
  - “*Jack Daniel’s RTD/RTP*” products include all RTD line extensions of Jack Daniel’s, such as Jack Daniel’s & Cola, Jack Daniel’s & Coca-Cola RTD, Jack Daniel’s Country Cocktails, Jack Daniel’s Double Jack, and other malt- and spirit-based Jack Daniel’s RTDs, along with Jack Daniel’s Winter Jack RTP.
    - “*Jack Daniel’s & Coca-Cola RTD*” includes all Jack Daniel’s & Coca-Cola RTD products and Jack Daniel’s bulk whiskey shipments for the production of these products.
- “*Tequila*” includes el Jimador, the Herradura family of brands (Herradura), and other tequilas.
- “*Rest of Portfolio*” includes Sonoma-Cutrer, Korbel California Champagnes, Diplomático, Gin Mare, Chambord, Finlandia Vodka, Fords Gin, and Korbel Brandy.
- “*Non-branded and bulk*” includes net sales of used barrels, contract bottling services, and non-branded bulk whiskey and wine.
- “*Jack Daniel’s family of brands*” includes Jack Daniel’s Tennessee Whiskey (JDTW), JD RTD/RTP, Jack Daniel’s Tennessee Honey (JDTH), Gentleman Jack, Jack Daniel’s Tennessee Apple (JDTA), Jack Daniel’s Tennessee Fire (JDTF), Jack Daniel’s Single Barrel Collection (JDSB), Jack Daniel’s Bonded Tennessee Whiskey, Jack Daniel’s Sinatra Select, Jack Daniel’s Tennessee Rye Whiskey (JDTR), Jack Daniel’s Triple Mash Blended Straight Whiskey, Jack Daniel’s Bottled-in-Bond, Jack Daniel’s American Single Malt, Jack Daniel’s 12 Year Old, Jack Daniel’s 10 Year Old, and other Jack Daniel’s expressions.

### Other Metrics.

- “*Shipments.*” We generally record revenues when we ship or deliver our products to our customers. In this report, unless otherwise specified, we refer to shipments when discussing volume.
- “*Depletions.*” This metric is commonly used in the beverage alcohol industry to describe volume. Depending on the context, depletions usually means either (a) where Brown-Forman is the distributor, shipments directly to retail or wholesale customers or (b) where Brown-Forman is not the distributor, shipments from distributor customers to retailers and wholesalers. We believe that depletions measure volume in a way that more closely reflects consumer demand than our shipments to distributor customers do.
- “*Consumer takeaway.*” When discussing trends in the market, we refer to consumer takeaway, a term commonly used in the beverage alcohol industry that refers to the purchase of product by consumers from retail outlets, including products purchased through e-commerce channels, as measured by volume or retail sales value. This information is provided by outside parties, such as Nielsen and the National Alcohol Beverage Control Association (NABCA). Our estimates of market share or changes in market share are derived from consumer takeaway data using the retail sales value metric. We believe consumer takeaway is a leading indicator of consumer demand trends.

- “*Estimated net change in distributor inventories.*” We generally recognize revenue when our products are shipped or delivered to customers. In the United States and certain other markets, our customers are distributors that sell downstream to retailers and consumers. We believe that our distributors’ downstream sales more closely reflect actual consumer demand than do our shipments to distributors. Our shipments increase distributors’ inventories, while distributors’ depletions (as described above) reduce their inventories. Therefore, it is possible that our shipments do not coincide with distributors’ downstream depletions and merely reflect changes in distributors’ inventories. Because changes in distributors’ inventories could affect our trends, we believe it is useful for investors to understand those changes in the context of our operating results.

We perform the following calculation to determine the “estimated net change in distributor inventories”:

- For both the current-year period and the comparable prior-year period, we calculate a “depletion-based” amount by (a) dividing the organic dollar amount (e.g. organic net sales) by the corresponding shipment volumes to arrive at a shipment per case amount, and (b) multiplying the resulting shipment per case amount by the corresponding depletion volumes. We subtract the year-over-year percentage change of the “depletion-based” amount from the year-over-year percentage change of the organic amount to calculate the “estimated net change in distributor inventories.”
- A positive difference is interpreted as a net increase in distributors’ inventories, which implies that organic trends could decrease as distributors reduce inventories; whereas, a negative difference is interpreted as a net decrease in distributors’ inventories, which implies that organic trends could increase as distributors rebuild inventories.

### **Important Information on Forward-Looking Statements:**

This report contains statements, estimates, and projections that are “forward-looking statements” as defined under U.S. federal securities laws. Words such as “aim,” “ambition,” “anticipate,” “aspire,” “believe,” “can,” “continue,” “could,” “envision,” “estimate,” “expect,” “expectation,” “intend,” “may,” “might,” “plan,” “potential,” “project,” “pursue,” “see,” “seek,” “should,” “will,” “would,” and similar words indicate forward-looking statements, which speak only as of the date we make them. Except as required by law, we do not intend to update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise. By their nature, forward-looking statements involve risks, uncertainties, and other factors (many beyond our control) that could cause our actual results to differ materially from our historical experience or from our current expectations or projections. These risks and uncertainties include, but are not limited to:

- Our substantial dependence upon the continued growth of the Jack Daniel's family of brands
- Substantial competition from new entrants, consolidations by competitors and retailers, and other competitive activities, such as pricing actions (including price reductions, promotions, discounting, couponing, or free goods), marketing, category expansion, product introductions, or entry or expansion in our geographic markets or distribution networks
- Route-to-consumer changes that affect the timing of our sales, temporarily disrupt the marketing or sale of our products, or result in higher fixed costs
- Disruption of our distribution network or inventory fluctuations in our products by distributors, wholesalers, or retailers
- Changes in consumer preferences, consumption, or purchase patterns – particularly away from larger producers in favor of small distilleries or local producers, or away from brown spirits, our premium products, or spirits generally, and our ability to anticipate or react to them; further legalization of marijuana; bar, restaurant, travel, or other on-premise declines; shifts in demographic or health and wellness trends; or unfavorable consumer reaction to new products, line extensions, package changes, product reformulations, or other product innovation
- Production facility, aging warehouse, or supply chain disruption
- Imprecision in supply/demand forecasting
- Higher costs, lower quality, or unavailability of energy, water, raw materials, product ingredients, or labor
- Risks associated with acquisitions, dispositions, business partnerships, or investments – such as acquisition integration, termination difficulties or costs, or impairment in recorded value
- Impact of health epidemics and pandemics, and the risk of the resulting negative economic impacts and related governmental actions
- Unfavorable global or regional economic conditions and related economic slowdowns or recessions, low consumer confidence, high unemployment, weak credit or capital markets, budget deficits, burdensome government debt, austerity measures, higher interest rates, higher taxes, political instability, higher inflation, deflation, lower returns on pension assets, or lower discount rates for pension obligations
- Product recalls or other product liability claims, product tampering, contamination, or quality issues
- Negative publicity related to our company, products, brands, marketing, executive leadership, employees, Board of Directors, family stockholders, operations, business performance, or prospects

- Failure to attract or retain key executive or employee talent
- Risks associated with being a U.S.-based company with a global business, including commercial, political, and financial risks; local labor policies and conditions; protectionist trade policies, or economic or trade sanctions, including additional retaliatory tariffs on American whiskeys and the effectiveness of our actions to mitigate the negative impact on our margins, sales, and distributors; compliance with local trade practices and other regulations; terrorism, kidnapping, extortion, or other types of violence; and health pandemics
- Failure to comply with anti-corruption laws, trade sanctions and restrictions, or similar laws or regulations
- Fluctuations in foreign currency exchange rates, particularly a stronger U.S. dollar
- Changes in laws, regulatory measures, or governmental policies, especially those affecting production, importation, marketing, labeling, pricing, distribution, sale, or consumption of our beverage alcohol products
- Tax rate changes (including excise, corporate, sales or value-added taxes, property taxes, payroll taxes, import and export duties, and tariffs) or changes in related reserves, changes in tax rules or accounting standards, and the unpredictability and suddenness with which they can occur
- Decline in the social acceptability of beverage alcohol in significant markets
- Significant additional labeling or warning requirements or limitations on availability of our beverage alcohol products
- Counterfeiting and inadequate protection of our intellectual property rights
- Significant legal disputes and proceedings, or government investigations
- Cyber breach or failure or corruption of our key information technology systems or those of our suppliers, customers, or direct and indirect business partners, or failure to comply with personal data protection laws
- Our status as a family “controlled company” under New York Stock Exchange rules, and our dual-class share structure

For further information on these and other risks, please see the risks and uncertainties described in Part I, Item 1A. Risk Factors of our 2024 Form 10-K, and those described from time to time in our reports on Form 10-Q filed with the Securities and Exchange Commission (SEC).

## Overview

Unless otherwise indicated, all related commentary is on a reported basis and is for the three months ended July 31, 2024 compared to the same period last year.

### *Divestitures*

During the third quarter of fiscal 2024, we sold the Finlandia vodka business for \$196 million cash and entered into a TSA for this business. During the fourth quarter of fiscal 2024, we sold the Sonoma-Cutrer wine business in exchange for an ownership percentage of 21.4% in Duckhorn along with \$50 million cash and entered into a TSA for this business. The TSAs for these divestitures negatively impacted our gross margin for the three months ended July 31, 2024.

### *Fiscal 2025 Year-to-Date Highlights*

- We delivered net sales of \$1.0 billion for the three months ended July 31, 2024, a decrease of 8%. The decrease was driven by (a) lower volumes; (b) the negative effect of acquisitions and divestitures; (c) the negative effect of foreign exchange; and (d) the impact of the Jack Daniel's Country Cocktails business model change (JDCC), partially offset by favorable price/mix.
  - From a brand perspective, net sales declines were led by JDTW and the Finlandia divestiture.
  - From a geographic perspective, the declines in net sales were across all geographic aggregations.
- We delivered gross profit of \$565 million for the three months ended July 31, 2024, a decrease of \$86 million, or 13%. Gross margin decreased 3.3 percentage points to 59.4% from 62.7% in the same period last year. The decrease in gross margin was largely driven by the timing of input cost fluctuations coupled with high inventory levels, as well as the impact of the TSAs for the divestitures (as described above), partially offset by favorable price/mix and the impact of JDCC.
- We delivered operating income of \$281 million for the three months ended July 31, 2024, a decrease of 14% largely driven by the timing of input cost fluctuations coupled with high inventory levels, the impact of the TSAs for the divestitures (as described above), and the negative effect of foreign exchange. The decrease was partially offset by the gain on sale of the Alabama cooperage, Franchise Tax Refund, and favorable price/mix.
- We delivered diluted earnings per share of \$0.41 for the three months ended July 31, 2024, a decrease of 14% from the \$0.48 reported for the same period last year, driven primarily by the decrease in operating income.

## Summary of Operating Performance

(Dollars in millions)	Three Months Ended July 31,			
	2023	2024	Reported Change	Organic Change <sup>1</sup>
Net sales	\$ 1,038	\$ 951	(8 %)	(4 %)
Cost of sales	387	386	— %	2 %
Gross profit	651	565	(13 %)	(8 %)
Advertising	131	126	(4 %)	(1 %)
SG&A	200	188	(6 %)	(5 %)
Other expense (income), net	(7)	(30)	nm <sup>4</sup>	nm <sup>4</sup>
Operating income	327	281	(14 %)	(13 %)
<i>Total operating expenses<sup>2</sup></i>	<i>\$ 324</i>	<i>\$ 284</i>	<i>(12 %)</i>	<i>(3 %)</i>
<i>As a percentage of net sales<sup>3</sup></i>				
<i>Gross profit</i>	<i>62.7 %</i>	<i>59.4 %</i>	<i>(3.3) pp</i>	
<i>Operating income</i>	<i>31.5 %</i>	<i>29.6 %</i>	<i>(1.9) pp</i>	
Non-operating postretirement expense	\$ 1	\$ —	nm <sup>4</sup>	
Interest expense, net	\$ 27	\$ 28	2 %	
<i>Effective tax rate</i>	<i>22.9 %</i>	<i>23.1 %</i>	<i>0.2 pp</i>	
Diluted earnings per share	\$ 0.48	\$ 0.41	(14 %)	

Note: Totals may differ due to rounding

<sup>1</sup>See “Non-GAAP Financial Measures” above for details on our use of “organic change,” including how we calculate these measures and why we believe this information is useful to readers.

<sup>2</sup>Operating expenses include advertising expense, SG&A expense, and other expense (income), net.

<sup>3</sup>Year-over-year changes in percentages are reported in percentage points (pp).

<sup>4</sup>Percentage change is not meaningful.

## Results of Operations – Fiscal 2025 Year-to-Date Highlights

### Market Highlights

The following table provides supplemental information for our largest markets. We discuss results of the markets most affecting our performance below the table. Unless otherwise indicated, all related commentary is on a reported basis and is for the three months ended July 31, 2024 compared to the same period last year.

### Top Markets

Geographic area <sup>1</sup>	Net Sales % Change vs. 2024				
	Reported	Acquisitions and Divestitures	JDCC <sup>2</sup>	Foreign Exchange	Organic <sup>3</sup>
<b>United States</b>	<b>(5 %)</b>	<b>(1 %)</b>	<b>2 %</b>	<b>— %</b>	<b>(4 %)</b>
<b>Developed International</b>	<b>(9 %)</b>	<b>2 %</b>	<b>— %</b>	<b>1 %</b>	<b>(6 %)</b>
Germany	(6 %)	— %	— %	— %	(6 %)
Australia	(4 %)	— %	— %	3 %	(1 %)
United Kingdom	(21 %)	— %	— %	(1 %)	(23 %)
France	(5 %)	— %	— %	1 %	(5 %)
Canada	(8 %)	3 %	— %	2 %	(2 %)
Spain	(14 %)	— %	— %	1 %	(14 %)
Rest of Developed International	(9 %)	9 %	— %	3 %	3 %
<b>Emerging</b>	<b>(16 %)</b>	<b>5 %</b>	<b>— %</b>	<b>6 %</b>	<b>(5 %)</b>
Mexico	(18 %)	— %	— %	2 %	(16 %)
Poland	(21 %)	19 %	— %	(7 %)	(10 %)
Brazil	18 %	— %	— %	11 %	29 %
Rest of Emerging	(23 %)	6 %	— %	11 %	(5 %)
<b>Travel Retail</b>	<b>(11 %)</b>	<b>2 %</b>	<b>— %</b>	<b>— %</b>	<b>(8 %)</b>
<b>Non-branded and bulk</b>	<b>27 %</b>	<b>— %</b>	<b>— %</b>	<b>— %</b>	<b>27 %</b>
<b>Total</b>	<b>(8 %)</b>	<b>2 %</b>	<b>1 %</b>	<b>2 %</b>	<b>(4 %)</b>

Note: Results may differ due to rounding

<sup>1</sup>See “Definitions” above for definitions of market aggregations presented here.

<sup>2</sup>“JDCC” is included in “Other Items”. See “Non-GAAP Financial Measures” above for additional details.

<sup>3</sup>See “Non-GAAP Financial Measures” above for details on our use of “organic change” in net sales, including how we calculate this measure and why we believe this information is useful to readers.

The **United States**’ net sales declined 5% driven by lower volumes, led by JDTW and el Jimador, along with the negative impact of JDCC. The declines were partially offset by higher volumes of Woodford Reserve, reflecting an estimated net increase in distributor inventories.

#### Developed International

- **Germany**’s net sales declined 6% driven by lower volumes of JDTW, partially offset by the positive contribution from Diplomático.
- **Australia**’s net sales declined 4% led by the negative effect of foreign exchange.
- The **United Kingdom**’s net sales declined 21% driven by lower volumes, led by JDTW, partially due to the buy-in ahead of an excise tax increase in the same prior-year period.
- **France**’s net sales declined 5% driven by declines across our Jack Daniel’s family of brands and the negative effect of foreign exchange, partially offset by the positive contribution from Diplomático.
- **Canada**’s net sales declined 8% driven by the negative effect of foreign exchange and the divestitures of Sonoma-Cutrer and Finlandia.

- **Spain's** net sales declined 14% driven by lower volumes of JDTW, partially offset by the positive contributions from Diplomático and Gin Mare.
- Net sales in the **Rest of Developed International** declined 9% driven by the Finlandia divestiture, the negative effect of foreign exchange, and lower volumes of Gin Mare in Italy. The declines were partially offset by higher JDTW volumes in Japan primarily due to changes in distributor ordering patterns in the same prior-year period (we transitioned to owned distribution April 1, 2024).

#### **Emerging**

- **Mexico's** net sales declined 18% led by lower volumes of Herradura and New Mix.
- **Poland's** net sales declined 21% driven by the Finlandia divestiture and lower volumes of JDTW, partially offset by the positive effect of foreign exchange.
- **Brazil's** net sales increased 18% driven by higher volumes across the portfolio, led by JDTA, JDTW, and JDTH. The growth was partially offset by the negative effect of foreign exchange.
- Net sales in the **Rest of Emerging** declined 23% led by (a) lower JDTW volumes in the United Arab Emirates, due to an estimated net decrease in distributor inventories; (b) lower volumes of el Jimador in Colombia; (c) the Finlandia divestiture; and (d) the negative effect of foreign exchange (reflecting the strengthening of the dollar primarily against the Turkish lira). These declines were partially offset by JDTW growth in Türkiye and Sub-Saharan Africa.

**Travel Retail's** net sales declined 11% driven by lower volumes of the other super-premium Jack Daniel's expressions and Woodford Reserve, as well as the Finlandia divestiture. The declines were partially offset by the growth of Diplomático.

**Non-branded and bulk's** net sales increased 27% driven by higher prices for used barrels.

### Brand Highlights

The following table provides supplemental information for our largest brands. We discuss results of the brands most affecting our performance below the table. Unless otherwise indicated, all related commentary is on a reported basis and is for the three months ended July 31, 2024 compared to the same period last

#### Major Brands

Three months ended July 31, 2024

Product category / brand family / brand <sup>1</sup>	Net Sales % Change vs 2024				
	Reported	Acquisitions and Divestitures	JDCC <sup>2</sup>	Foreign Exchange	Organic <sup>3</sup>
<b>Whiskey</b>	<b>(5 %)</b>	<b>— %</b>	<b>— %</b>	<b>2 %</b>	<b>(3 %)</b>
JDTW	(8 %)	— %	— %	2 %	(6 %)
JDTH	— %	— %	— %	4 %	4 %
Gentleman Jack	(1 %)	— %	— %	2 %	1 %
JDTA	(1 %)	— %	— %	6 %	5 %
JDTF	(1 %)	— %	— %	2 %	1 %
Woodford Reserve	3 %	— %	— %	— %	3 %
Old Forester	16 %	— %	— %	— %	16 %
Rest of Whiskey	(20 %)	— %	— %	2 %	(18 %)
<b>Ready-to-Drink</b>	<b>(12 %)</b>	<b>— %</b>	<b>7 %</b>	<b>2 %</b>	<b>(4 %)</b>
JD RTD/RTP	(13 %)	— %	10 %	2 %	(2 %)
New Mix	(11 %)	— %	— %	2 %	(9 %)
<b>Tequila</b>	<b>(23 %)</b>	<b>— %</b>	<b>— %</b>	<b>— %</b>	<b>(23 %)</b>
el Jimador	(26 %)	— %	— %	— %	(26 %)
Herradura	(15 %)	— %	— %	— %	(14 %)
<b>Rest of Portfolio</b>	<b>(18 %)</b>	<b>21 %</b>	<b>— %</b>	<b>(2 %)</b>	<b>1 %</b>
<b>Non-branded and bulk</b>	<b>27 %</b>	<b>— %</b>	<b>— %</b>	<b>— %</b>	<b>27 %</b>

Note: Results may differ due to rounding year.

<sup>1</sup>See “Definitions” above for definitions of brand aggregations presented here.

<sup>2</sup>“JDCC” is included in “Other Items”. See “Non-GAAP Financial Measures” above for additional details.

<sup>3</sup>See “Non-GAAP Financial Measures” above for details on our use of “organic change” in net sales, including how we calculate this measure and why we believe this information is useful to readers.

#### Whiskey

- Net sales for **JDTW** declined 8% driven by lower volumes, led by the United States, the United Arab Emirates, and the United Kingdom, along with the negative effect of foreign exchange (primarily reflecting the strengthening of the dollar against the Turkish lira). The declines were partially offset by higher volumes in Japan following the transition to owned-distribution and higher prices in Türkiye, in response to high inflation and currency devaluation.
- Net sales for **JDTH** were flat driven by growth in Brazil and Türkiye, offset by the negative effect of foreign exchange. An estimated net increase in distributor inventories positively impacted net sales.
- Net sales for **Gentleman Jack** declined 1% driven by the negative effect of foreign exchange.
- Net sales for **JDTA** declined 1% driven by the negative effect of foreign exchange and declines in South Korea following the continued product launch in the same prior-year period, partially offset by higher volumes in Brazil.
- Net sales for **JDTF** declined 1% driven by the negative effect of foreign exchange.
- **Woodford Reserve’s** net sales increased 3% driven by higher volumes in the United States, partially offset by lower volumes in Travel Retail.
- **Old Forester’s** net sales increased 16% driven by higher prices and volumes in the United States.

- Net sales for **Rest of Whiskey** declined 20% driven by lower volumes of the other super-premium Jack Daniel's expressions and Glendronach.

#### **Ready-to-Drink**

- Net sales for the **JD RTD/RTP** brands declined 13% led by the impact of JDCC and the negative effect of foreign exchange.
- **New Mix** net sales declined 11% driven by lower volumes.

#### **Tequila**

- **el Jimador's** net sales declined 26% driven by lower volumes in the United States, Colombia, and Mexico. The declines were partially offset by higher prices in the United States.
- **Herradura's** net sales declined 15% led by lower volumes in Mexico.

Net sales for **Rest of Portfolio** declined 18% driven by the Finlandia divestiture and the negative effect of foreign exchange, partially offset by the positive contribution from Diplomático due to timing of order patterns in the same prior-year period. An estimated net increase in distributor inventories positively impacted net sales.

**Non-branded and bulk's** net sales increased 27% driven by higher prices for used barrels.

### Year-Over-Year Period Comparisons

Unless otherwise indicated, all related commentary is on a reported basis and is for the three months ended July 31, 2024 compared to the same period last year.

#### Net Sales

Percentage change versus the prior year period ended July 31	3 Months		
	Volume	Price/mix	Total
Change in reported net sales	(17 %)	9 %	(8 %)
Acquisitions and divestitures	3 %	(2 %)	2 %
JDCC <sup>1</sup>	6 %	(5 %)	1 %
Foreign exchange	— %	2 %	2 %
Change in organic net sales	(8 %)	4 %	(4 %)

Note: Results may differ due to rounding

<sup>1</sup>“JDCC” is included in “Other Items”. See “Non-GAAP Financial Measures” above for additional details.

For the three months ended July 31, 2024, net sales were \$1.0 billion, a decrease of \$87 million, or 8%, driven by (a) lower volumes; (b) the negative effect of acquisitions and divestitures; (c) the negative effect of foreign exchange; and (d) the impact of JDCC, partially offset by favorable price/mix. Lower volumes were led by JDTW, our RTD portfolio, and el Jimador. Price/mix reflects higher prices, led by Türkiye (in response to high inflation and currency devaluation) and the United States, as well as favorable product mix. See “Results of Operations - Fiscal 2025 Year-to-Date Highlights” above for further details on net sales for the three months ended July 31, 2024.

#### Cost of Sales

Percentage change versus the prior year period ended July 31	3 Months		
	Volume	Cost/mix	Total
Change in reported cost of sales	(17 %)	17 %	— %
Acquisitions and divestitures	3 %	(5 %)	(2 %)
JDCC <sup>1</sup>	6 %	(3 %)	3 %
Foreign exchange	— %	1 %	1 %
Change in organic cost of sales	(8 %)	10 %	2 %

Note: Results may differ due to rounding

<sup>1</sup>“JDCC” is included in “Other Items”. See “Non-GAAP Financial Measures” above for additional details.

For the three months ended July 31, 2024, cost of sales were \$386 million, a decrease of \$1 million, as lower volumes and the impact of JDCC were offset by unfavorable cost/mix (timing of input cost fluctuations coupled with high inventory levels) and the impact of the TSAs for the divestitures of Finlandia and Sonoma-Cutrer.

### Gross Profit

Percentage change versus the prior year period ended July 31	3 Months
Change in reported gross profit	(13 %)
Acquisitions and divestitures	4 %
JDCC <sup>1</sup>	— %
Foreign exchange	2 %
Change in organic gross profit	(8 %)

Note: Results may differ due to rounding

<sup>1</sup>“JDCC” is included in “Other Items”. See “Non-GAAP Financial Measures” above for additional details.

### Gross Margin

For the period ended July 31	3 Months
Prior year gross margin	62.7 %
Price/mix	2.0 %
Cost	(4.4) %
Acquisitions and divestitures	(1.4) %
JDCC <sup>1</sup>	0.7 %
Foreign exchange	(0.3) %
Change in gross margin	(3.3) %
Current year gross margin	59.4 %

Note: Results may differ due to rounding

<sup>1</sup>“JDCC” is included in “Other Items”. See “Non-GAAP Financial Measures” above for additional details.

For the three months ended July 31, 2024, gross profit of \$565 billion, a decrease of \$86 million, or 13%. Gross margin decreased 3.3 percentage points to 59.4% from 62.7% in the same period last year. The decrease in gross margin was largely driven by the timing of input cost fluctuations coupled with high inventory levels, as well as the impact of the TSAs for the divestitures (as described above), partially offset by favorable price/mix and the impact of JDCC.

### Operating Expenses

Percentage change versus the prior year period ended July 31

3 Months	Reported	Acquisitions and Divestitures	Franchise Tax Refund <sup>1</sup>	Foreign Exchange	Organic
Advertising	(4 %)	2 %	— %	1 %	(1 %)
SG&A	(6 %)	1 %	— %	1 %	(5 %)
<b>Total operating expenses<sup>2</sup></b>	<b>(12 %)</b>	<b>4 %</b>	<b>4 %</b>	<b>1 %</b>	<b>(3 %)</b>

Note: Results may differ due to rounding

<sup>1</sup>“Franchise Tax Refund” is included in “Other Items”. See “Non-GAAP Financial Measures” above for additional details.

<sup>2</sup>Operating expenses include advertising expense, SG&A expense, and other expense (income), net.

For the three months ended July 31, 2024, operating expenses totaled \$284 million, a decrease of \$40 million, or 12%. The decrease in operating expenses was primarily driven by (a) the gain on sale of the Alabama coopperage, (b) the Franchise Tax Refund, (c) the decrease in SG&A expense, (d) the decrease in advertising expense, and (e) the positive effect of foreign exchange.

- Advertising expense decreased 4% for the three months ended July 31, 2024 led by lower Jack Daniel’s and Coca-Cola RTD spend as compared to the prior-year period launch in the United States, as well as the impact of our recently divested brands. The declines were partially offset by an increase in JDTW advertising expense.
- SG&A expense decreased 6% for the three months ended July 31, 2024 driven by lower compensation-related expenses, discretionary spend, and benefit-related expenses.

## Operating Income

Percentage change versus the prior year period ended July 31

	<b>3 Months</b>
Change in reported operating income	(14 %)
Acquisitions and divestitures	3 %
Other Items <sup>1</sup>	(4 %)
Foreign exchange	3 %
Change in organic operating income	(13 %)

Note: Results may differ due to rounding

<sup>1</sup>“Other Items” includes “JDCC” and “Franchise Tax Refund”. See “Non-GAAP Financial Measures” above for additional details.

For the three months ended July 31, 2024, operating income totaled \$281 million, a decrease of \$46 million, or 14%. Operating margin decreased 1.9 percentage points to 29.6% from 31.5% in the same period last year largely driven by the timing of input cost fluctuations coupled with high inventory levels, the impact of the TSAs for the divestitures (as described above), and the negative effect of foreign exchange. The decrease was partially offset by the gain on sale of the Alabama cooperage, Franchise Tax Refund, and favorable price/mix.

The **effective tax rate** for the three months ended July 31, 2024 was 23.1% compared to 22.9% for the same period last year. The increase in our effective tax rate was driven primarily by a larger impact of state taxes, which was partially offset by the net impact of discrete items.

**Diluted earnings per share** of \$0.41 for the three months ended July 31, 2024, decreased 14% from the \$0.48 reported for the same period last year driven primarily by the decrease in operating income.

## Fiscal 2025 Outlook

Below we discuss our outlook for fiscal 2025, which reflects the trends, developments, and uncertainties (including those described above) that we expect to affect our business.

We anticipate a return to growth for organic net sales and organic operating income in fiscal 2025 driven by gains in international markets and the benefit of normalizing inventory trends. This outlook is tempered by our belief that global macroeconomic and geopolitical uncertainties will continue to create a challenging operating environment. Accordingly, we reiterate the following expectation for fiscal 2025:

- Organic net sales growth in the 2% to 4% range.
- Organic operating income growth in the 2% to 4% range.
- Our effective tax rate to be in the range of approximately 21% to 23%.
- Capital expenditures planned to be in the range of \$195 to \$205 million.

## Liquidity and Financial Condition

*Liquidity.* We generate strong cash flows from operations, which enable us to meet current obligations, fund capital expenditures, and return cash to our stockholders through regular dividends and, from time to time, through share repurchases and special dividends. We believe our investment-grade credit ratings (A1 by Moody's and A- by Standard & Poor's) provide us with financial flexibility when accessing global debt capital markets and allow us to reserve adequate debt capacity for investment opportunities and unforeseen events.

Our cash flows from operations are supplemented by our cash and cash equivalent balances, as well as access to other liquidity sources. Cash and cash equivalents were \$446 million at April 30, 2024, and \$416 million at July 31, 2024. As of July 31, 2024, approximately 41% of our cash and cash equivalents were held by our foreign subsidiaries whose earnings we expect to reinvest indefinitely outside of the United States. We continue to evaluate our future cash requirements and may decide to repatriate additional cash held by our foreign subsidiaries, which may require us to provide for and pay additional taxes.

We have a \$900 million commercial paper program that we use, together with our cash flows from operations, to fund our short-term operational needs. See Note 7 to the Condensed Consolidated Financial Statements included in Part I, Item 1 of this Quarterly Report for outstanding commercial paper balances, interest rates, and days to maturity at April 30, 2024, and July 31, 2024. The average balances, interest rates, and original maturities during the periods ended July 31, 2023 and 2024, are presented below.

(Dollars in millions)	Three Months Average	
	July 31,	
	<u>2023</u>	<u>2024</u>
Average commercial paper	\$310	\$438
Average interest rate	5.27%	5.52%
Average days to maturity at issuance	32	29

Our commercial paper program is supported by available commitments under our \$900 million bank credit facility that expires on May 26, 2028. Although unlikely, under extreme market conditions, one or more participating banks may not be able to fund its commitments under our credit facility. To manage this counterparty credit risk, we partner with banks that have investment grade credit ratings, limit the amount of exposure we have with each bank, and monitor each bank's financial conditions.

Our most significant short-term cash requirements relate primarily to funding our operations (such as expenditures for raw materials, production and distribution, advertising and promotion, and current taxes), repayment of our notes maturing in April 2025, dividend payments, and capital investments. We expect to meet our planned short-term liquidity needs largely through cash generated from operations and borrowings under our commercial paper program. If we have additional liquidity needs, we believe that we could access financing in the capital markets. Our most significant longer-term cash requirements primarily include payments related to our long-term debt, employee benefit obligations, and deferred tax liabilities.

We believe our current liquidity position, supplemented by our ability to generate positive cash flows from operations in the future, and our ample debt capacity enabled by our strong short-term and long-term credit ratings, will be sufficient to meet all of our expected future short- and long-term financial commitments.

*Cash flows.* Cash provided by operations of \$17 million during the three months ended July 31, 2024, declined \$21 million from the same period last year, reflecting lower earnings offset partially by lower working capital requirements.

Cash provided by investing activities was \$10 million during the three months ended July 31, 2024, compared to \$44 million used for investing activities during the same period last year. The \$54 million change largely reflects proceeds of \$51 million received from the sale of our Alabama coeprage in May 2024.

Cash used for financing activities was \$51 million during the three months ended July 31, 2024, compared to \$50 million in cash provided by financing activities during the same prior-year period. The \$101 million change largely reflects a \$99 million decrease in net proceeds from short-term borrowings.

*Dividends.* See Note 8 to the Condensed Consolidated Financial Statements included in Part I, Item 1 of this Quarterly Report for information about cash dividends declared per share on our Class A and Class B common stock during fiscal 2025.

*Item 3. Quantitative and Qualitative Disclosures about Market Risk*

We face market risks arising from changes in foreign currency exchange rates, commodity prices, and interest rates. Foreign currency fluctuations affect our net investments in foreign subsidiaries and foreign currency-denominated cash flows. Commodity price changes can affect our production and supply chain costs. Interest rate changes affect (a) the fair value of our fixed-rate debt and (b) cash flows and earnings related to our variable-rate debt and interest-bearing investments. We manage market risks through procurement strategies as well as the use of derivative and other financial instruments. Our risk management program is governed by policies that authorize and control the nature and scope of transactions that we use to mitigate market risks. Since April 30, 2024, there have been no material changes to the market risks faced by us or to our risk management program as disclosed in our 2024 Form 10-K.

*Item 4. Controls and Procedures*

*Evaluation of Disclosure Controls and Procedures.* Our management, with the participation of our Chief Executive Officer (CEO) and Chief Financial Officer (CFO) (our principal executive and principal financial officers), has evaluated the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934, as amended (Exchange Act)), as of the end of the period covered by this report. Based on that evaluation, our CEO and CFO concluded that our disclosure controls and procedures: (a) are effective to ensure that information required to be disclosed by the Company in the reports filed or submitted under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms; and (b) include controls and procedures designed to ensure that information required to be disclosed by the Company in such reports is accumulated and communicated to the Company's management, including the CEO and the CFO, as appropriate, to allow timely decisions regarding required disclosure.

*Changes in Internal Control over Financial Reporting.* There has been no change in our internal control over financial reporting during the most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

## PART II - OTHER INFORMATION

### Item 1. Legal Proceedings

We operate in a litigious environment and we are sued in the normal course of business. We do not anticipate that any pending legal proceedings will have, individually or in the aggregate, a material adverse effect on our financial position, results of operations, or liquidity.

### Item 1A. Risk Factors

In addition to the other information set forth in this report, you should carefully consider the risks and uncertainties discussed in Part I, Item 1A. Risk Factors in our 2024 Form 10-K, which could materially adversely affect our business, financial condition, or future results. There have been no material changes to the risk factors disclosed in our 2024 Form 10-K.

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

None.

### Item 3. Defaults Upon Senior Securities

None.

### Item 4. Mine Safety Disclosures

Not applicable.

### Item 5. Other Information

During the three months ended July 31, 2024, no director or officer of the Company adopted or terminated a “Rule 10b5-1 trading arrangement” or “non-Rule 10b5-1 trading arrangement,” as each term is defined in Item 408(a) of Regulation S-K.

### Item 6. Exhibits

The following documents are filed with this report:

#### **Exhibit Index**

10.1	<a href="#">Fiscal 2025 Form of Performance-Based Restricted Stock Unit Award Agreement [portions of exhibit have been omitted]*</a>
10.2	<a href="#">Fiscal 2025 Form of Employee Stock-Settled Stock Appreciation Right Award Agreement*</a>
31.1	<a href="#">CEO Certification pursuant to Section 302 of Sarbanes-Oxley Act of 2002.</a>
31.2	<a href="#">CFO Certification pursuant to Section 302 of Sarbanes-Oxley Act of 2002.</a>
32	<a href="#">CEO and CFO Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (not considered to be filed).</a>
101	The following materials from Brown-Forman Corporation's Quarterly Report on Form 10-Q for the quarter ended July 31, 2024, in Inline XBRL (eXtensible Business Reporting Language) format: (a) Condensed Consolidated Statements of Operations, (b) Condensed Consolidated Statements of Comprehensive Income, (c) Condensed Consolidated Balance Sheets, (d) Condensed Consolidated Statements of Cash Flows, and (e) Notes to the Condensed Consolidated Financial Statements.
104	Cover Page Interactive Data File in Inline XBRL format (included in Exhibit 101).

The following document has been previously filed:

#### **Exhibit Index**

10.3	<a href="#">Services Agreement, dated May 6, 2024, by and between Brown-Forman Corporation and Thomas W. Hinrichs, incorporated into this report by reference to Exhibit 10.1 of Brown-Forman Corporation's Form 8-K filed on May 8, 2024 (File No. 001-00123).*</a>
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\* Indicates management contract, compensatory plan, or arrangement.

**SIGNATURES**

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

**BROWN-FORMAN CORPORATION**

(Registrant)

Date: August 29, 2024

By: /s/ Leanne D. Cunningham

Leanne D. Cunningham  
Executive Vice President  
and Chief Financial Officer

(On behalf of the Registrant and  
as Principal Financial Officer)

**BROWN-FORMAN  
2022 OMNIBUS COMPENSATION PLAN  
PERFORMANCE-BASED RESTRICTED STOCK UNIT AWARD**

SUMMARY	
Participant:	
Award Date:	[ _____ ]
Performance Period	May 1, [ ____ ] through April 30, [ ____ ]
Target Number of RSUs:	
Threshold Number of RSUs:	<b>50% of Target Number of RSUs</b>
Maximum Number of RSUs:	<b>150% of Target Number of RSUs</b>

THIS PERFORMANCE-BASED RESTRICTED STOCK UNIT AWARD, effective as of the Award Date set forth in the table above, represents a grant of Performance-Based Restricted Stock Units (“*RSUs*”), by Brown-Forman Corporation, a Delaware corporation (the “*Company*”), under the Brown-Forman 2022 Omnibus Compensation Plan (the “*Plan*”) to the employee of the Company or an Affiliate named above (“*Participant*”). Capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Plan.

**1. Grant of Restricted Stock Units.** The Company hereby grants to the Participant that number of RSUs set forth in the table above. Each RSU represents the right to receive one share of the Company’s Class B Common Stock, \$0.15 par value per share (“*Share(s)*”), subject to the additional terms and conditions set forth in this Performance-Based Restricted Stock Unit Award (the “*Award*”) and the Plan. For purposes of this Award, “*Common Stock*” means a share of common stock of the Company. The RSUs are granted pursuant to Section 7.3 of the Plan as “market value units” (“*MVUs*”), and for purposes of the Plan, shall be designated and treated as MVUs under the Plan.

**2. Performance-Based Vesting and Settlement.** The number of Shares, if any, that may be issued pursuant to the terms of this Award will be calculated based on the attainment, as determined by the Plan Administrator, of the performance goals described in Exhibit A to this Award (the “*Performance Goals*”) over the Performance Period set forth in the table above, which number of Shares may be equal to all or a portion, including none, of the Maximum Number of RSUs set forth in the table above. Promptly following the completion of the Performance Period the Plan Administrator will review and certify in writing (i) whether, and to what extent, the Performance Goals for the Performance Period have been achieved, and (ii) the number of RSUs (rounded up to the nearest whole number), if any, that will vest (or, in the case of vesting under Section 4.1 or Section 4.3, will be eligible to vest) as of the date of such certification (the “*Certification Date*”), based on the extent to which the Performance Goals have been satisfied (any such number of RSUs, the “*Realized RSUs*”). Realized RSUs will be settled in Shares promptly following the Certification Date and in no event later than seventy-five (75) days following the end of the Performance Period.

The Plan Administrator’s determinations pursuant to this Section 2 shall be final, conclusive and binding. Except as provided in Section 4 or in Section 5 below, the Participant must remain continuously employed by the Company or an Affiliate (the “*Employer*”) from the Award Date and extending through to the last day of the Performance Period in order to vest in the Realized RSUs.

Notwithstanding the foregoing, and subject to achievement of the Operating Income Metric (as set forth in Exhibit A), the Participant shall vest in a minimum number of RSUs equal to 50% of Target Number of RSUs in the event the Participant remains continuously employed by the Company or its Affiliates from the Award Date through the last day of the Performance Period. Any RSUs that vest pursuant to this paragraph shall be considered Realized RSUs.

**3. Forfeiture.** A Participant may not vest in a number of RSUs in excess of the Realized RSUs. Accordingly, any RSUs that do not become Realized RSUs in accordance with Section 2 shall be forfeited and immediately cancelled as of the Certification Date. If the Participant terminates employment with the Employer prior to the last day of the Performance Period, unless otherwise provided in Section 4 or in Section 5, such Participant will forfeit all right, title and interest in the RSUs. If Section 4 or 5 below applies to the Participant and the Participant becomes vested in a prorated number of Realized RSU or prorated Target Number of RSUs, the balance of the Award that does not thereby become vested shall be forfeited and immediately canceled.

Notwithstanding anything to the contrary herein, if the Participant is terminated by the Company for Cause, whether or not during or following the Performance Period, then all rights under the Award shall be immediately forfeited and no RSUs shall become vested on the Certification Date.

**4. Termination of Employment.** In the event the Participant does not remain continuously employed by the Employer until the last day of the Performance Period, the following rules will apply:

4.1 Retirement. If the Participant terminates employment by reason of Retirement (as defined below) during the first fiscal year of the Performance Period, (i) the Participant's RSUs shall continue until the Certification Date as if such Participant continued to be employed by the Employer, and (ii) if the Plan Administrator's certification of the Performance Goals on the Certification Date produces Realized RSUs, then the Participant shall vest in a prorated number of the Realized RSUs on the Certification Date. For purposes of the preceding sentence, in determining the Participant's prorated Realized RSUs, the Participant's Realized RSUs shall be reduced to the number of RSUs determined by multiplying the total Realized RSUs under the Award by a fraction, the numerator of which is the number of whole months worked during the first fiscal year of the Performance Period prior to the Participant's Retirement and the denominator of which is 12. For purposes of this paragraph and subject to achievement of the Operating Income Metric, the number of Realized RSUs shall not be less than 50% of Target Number of RSUs.

If the Participant terminates employment by reason of Retirement during the second or third fiscal years of the Performance Period, (i) the Participant's RSUs shall continue until the Certification Date as if such Participant continued to be employed by the Employer, and (ii) if the Plan Administrator's certification of the Performance Goals on the Certification Date produces Realized RSUs, then the Participant shall vest in such Realized RSUs (without proration) on the Certification Date. Notwithstanding the foregoing, and subject to achievement of the Operating Income Metric, the Participant's Realized RSUs for purposes of this paragraph shall not be less than 50% of Target Number of RSUs.

For purposes of this Section 4.1, "**Retirement**" means Termination (as defined below) of employment, other than by the Employer for Cause, on or after reaching age 55 with at least five (5) full years of service, or on or after reaching age 65 with any amount of service.

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4.2 Death/Disability. If the Participant terminates employment by reason of death or Disability during the first fiscal year of the Performance Period, the Participant shall immediately vest in a prorated Target Number of RSUs. For purposes of the preceding sentence, in determining the Participant's prorated Target Number of RSUs, the Target Number of RSUs shall be reduced to the number of RSUs determined by multiplying the Participant's Target Number of RSUs by a fraction, the numerator of which is the number of whole months worked during the first fiscal year of the Performance Period prior to the Participant's Termination and the denominator of which is 12. If the Participant terminates employment by reason of death or Disability during the second or third fiscal years of the Performance Period, the Participant shall immediately vest in the Target Number of RSUs. For purposes of this Section 4.2, "Disability" shall be determined by the Plan Administrator in its sole discretion, in accordance with Section 2.15 of the Plan.

4.3 Involuntary Termination without Cause. If the Participant is involuntarily terminated by the Employer without Cause during the first fiscal year of the Performance Period, (i) the Participant's RSUs shall continue until the Certification Date as if such Participant continued to be employed by the Employer, and (ii) if the Plan Administrator's certification of the Performance Goals on the Certification Date produces Realized RSUs, then the Participant shall vest in a prorated number of the Realized RSUs on the Certification Date. For purposes of the preceding sentence, in determining the Participant's prorated Realized RSUs, the Participant's Realized RSUs shall be reduced to the number of RSUs determined by multiplying the total Realized RSUs under the Award by a fraction, the numerator of which is the number of whole months worked during the first fiscal year of the Performance Period prior to the Participant's involuntary Termination without Cause and the denominator of which is 12. For purposes of this paragraph, and subject to achievement of the Operating Income Metric, the number of Realized RSUs shall not be less than 50% of Target Number of RSUs.

If the Participant is involuntarily terminated by the Employer without Cause during the second or third fiscal years of the Performance Period, (i) the Participant's RSUs shall continue until the Certification Date as if such Participant continued to be employed by the Employer, and (ii) if the Plan Administrator's certification of the Performance Goals on the Certification Date produces Realized RSUs, then the Participant shall vest in such Realized RSUs (without proration) on the Certification Date. For purposes of this paragraph, and subject to achievement of the Operating Income Metric, the number of Realized RSUs shall not be less than 50% of Target Number of RSUs.

4.4 Termination for Any Other Reason. Unless otherwise determined by the Plan Administrator, in its sole discretion, if the Participant's employment is terminated for any reason other than those set out in Sections 4.1, 4.2, 4.3, or 5 of this Award, unvested RSUs shall be immediately cancelled, and the Participant will forfeit any right to settlement of those cancelled RSUs.

**5. Change in Control.** Upon the occurrence of a Change in Control, the RSUs shall be treated in accordance with Article 10 of the Plan; provided however, that if within two (2) years following a Change in Control, a Termination of employment by the Employer without Cause or due to a Constructive Discharge occurs during the Performance Period, the Participant shall immediately vest in the Target Number of RSUs. Notwithstanding, if the Termination contemplated in the foregoing sentence occurs in the first fiscal year of the Performance Period, the RSUs shall vest in a prorated Target Number of RSUs, determined by multiplying the Target Number of RSUs by a fraction, the numerator of which is the number of months worked during the first fiscal year of the Performance Period prior to the Participant's Termination of employment and the denominator of which is 12.

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**6. Covenants.** In consideration of receiving the Award and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Participant agrees, without the advance written consent of the Company, to abide by the following covenants.

6.1 **Noncompetition.** From the Award Date until the one-year anniversary of the Participant's voluntary resignation as an employee of the Company (the "**Restricted Period**"), the Participant shall not engage, directly or indirectly, anywhere in the United States, whether as an executive officer, board member, agent, consultant, independent contractor, 1% or greater owner or partner in, shareholder of more than 5% of the outstanding shares, representative or employee in a business competitive with the Company or its Affiliates.

6.2 **Nonsolicitation.** During the Restricted Period, the Participant shall not directly or indirectly solicit any Customer or Prospective Customer (each as defined below) of the Company or any of its Affiliates for the purpose of engaging in a business competitive with the Company or its Affiliates; nor shall the Participant directly or indirectly induce, solicit, or attempt to persuade any employee of the Company or any of its Affiliates to terminate employment with the Company or such Affiliate in order to enter into any employment relationship with, or perform services in any capacity for, any other business entity, whether or not such entity is engaged in a business competitive with the Company.

A "**Customer**" means any customer of the Company or any of its Affiliates with respect to whom, at any time during the two (2) years before the termination of the Participant's employment with the Company, the Participant performed services on behalf of the Company or such Affiliate or had substantial contact or acquired or had access to Confidential Information (as defined below) or other substantial information relating to such customer as a result of such employment, including any actual or prospective tenant or vendor.

A "**Prospective Customer**" means any entity other than a Customer with respect to whom, at any time during the one (1) year period before the termination of the Participant's employment with the Company the Participant submitted or assisted in the submission of a presentation or proposal of any kind on behalf of the Company or any of its Affiliates, had substantial contact with or acquired or had access to Confidential Information or other substantial information relating to such Prospective Customer as a result of such employment, including any actual or prospective tenant or vendor.

A business will be considered "**competitive with the Company**" if such business is engaged in alcoholic beverage manufacturing, production, distribution, or similar activities.

6.3 **Confidential Information.** The Participant represents, warrants and agrees that the Participant will not, in the course of the Participant's employment with the Company, improperly use or disclose any Confidential Information or other proprietary information of any former employer or other person or entity for whom the Participant performed services of any kind.

The Company's employment of the Participant has and will result in the Participant's exposure and access to confidential and proprietary information of the Company and its Affiliates and, in certain situations, certain third parties who have provided or in the future provide information to the Company or any of its Affiliates subject to confidentiality and non-use restrictions. The term "**Confidential Information**" will mean all such confidential and proprietary information, in whatever form or medium, including actual and prospective client lists and pricing information; leases; actual and prospective vendor lists, pricing information and vendor contracts or arrangements; business plans, programs and tactics; trade secrets; inventions; research and development information and personnel information; *provided*,

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however, the term “**Confidential Information**” shall not include any of the above forms of information which has become public knowledge, unless such Confidential Information became public knowledge due to any act or acts by the Participant in violation of this Award. All Confidential Information is of irreplaceable value to the Company and such third parties. Except as required to perform the Participant’s responsibilities for the Company, to comply with law or regulation or as authorized in writing in advance by the Company, the Participant will not, at any time, use, disclose or take any action which may result in the use or disclosure of any Confidential Information. Notwithstanding the foregoing, the Participant may disclose such Confidential Information when required to do so by a court of competent jurisdiction, by any governmental agency having supervisory authority over the business of the Company and/or its Affiliates, as the case may be, or by any administrative body or legislative body (including a committee thereof) with jurisdiction to order the Participant to divulge, disclose or make accessible such information; *provided, further*, that in the event that the Participant is ordered by any such court or other governmental agency, administrative body, or legislative body to disclose any Confidential Information, the Participant shall (i) promptly notify the Company of such order, (ii) at the reasonable written request of the Company, diligently contest such order at the sole expense of the Company as expenses occur, and (iii) at the reasonable written request of the Company, seek to obtain, at the sole expense of the Company, such confidential treatment as may be available under applicable laws for any information disclosed under such order. Immediately upon the Company’s request or on the Termination date of the Participant’s employment, whichever comes first, the Participant will return to the Company all Confidential Information and any other property of the Company or any third parties which is in the Participant’s possession or control by virtue of the Participant’s employment by the Company. Property to be returned to the Company will include all documents and things in the Participant’s possession or control, whether in tangible or electronic format and whether such documents or things contain any Confidential Information, all computer programs, files, storage devices, all written or printed files, manuals, contracts, memoranda, forms, notes, records, charts and any and all copies of, or extracts from, any of the foregoing. The Participant may retain materials pertaining to his performance and compensation as an employee of the Company to the extent required by applicable law.

6.4 Intellectual Property and Developments. The Participant has not and will not, at any time, have or claim any right, title or interest in any trade name, patent, trademark, service mark, trade dress, trade design, logo, copyright, intellectual property, methodology, technology, procedure, concept, idea or other similar right or asset (collectively, “**Intellectual Property**”) belonging to the Company or any of its Affiliates or any third party contracting with the Company or any of its Affiliates. The Participant has not and will not have or claim any right, title or interest in any material or matter of any kind prepared for, or used in connection with, the business or promotion of the Company or any of its Affiliates or of any third party contracting with the Company, whether produced, prepared or published in whole or in part by the Participant, the Company or any of its Affiliates or any third party contracting with the Company or any of its Affiliates. All Intellectual Property that is conceived, devised, made, developed, reduced to practice or perfected by the Participant, alone or with others, during the Participant’s employment that is related in any way to the current or future business or products of the Company or any of its Affiliates or is devised, made, developed, reduced to practice or perfected utilizing equipment or facilities of the Company or any of its Affiliates will be promptly disclosed to the Company, will be deemed “works for hire” and will immediately upon creation become the sole, absolute and exclusive property of the Company. If and to the extent that any of such Intellectual Property should be determined for any reason not to be a work for hire, the Participant hereby assigns to the Company all of the Participant’s right, title and interest in and to such Intellectual Property. At the reasonable request and expense of the Company but without charge to the Company, the Participant will cooperate fully with the Company to secure any trade name, patent, trademark, copyright or intellectual property protection or other similar rights in the United States or foreign countries, including the execution and delivery of assignments, patent applications and other

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documents or papers. This Section 6.4 will not apply to any Intellectual Property for which no Confidential Information or equipment, supplies or facilities of the Company or any of its Affiliates or any third party contracting with the Company or any of its Affiliates were used and which was developed entirely on the Participant's own time, unless the Intellectual Property (a) relates to the business or products of the Company or any of its Affiliates or any actual or demonstrably anticipated research or development activity of the Company or any of its Affiliates or (b) results from any work performed by the Participant for the Company or any of its Affiliates.

6.5 **Remedies.** The Participant acknowledges that the covenants contained in this Section 6 are necessary to protect the Company's legitimate business interests. Without limiting the rights of the Company to pursue and obtain any other legal or equitable remedies available to it for any breach by the Participant of the covenants contained in this Section 6, the Participant further acknowledges that a breach of such covenants would cause a loss to the Company that could not reasonably or adequately be compensated in damages in an action at law, that remedies other than injunctive relief could not fully compensate the Company for a breach of such covenants and that, accordingly, the Company will be entitled to injunctive relief, without the requirement for the payment of a bond, to prevent any breach or continuing breaches of the Participant's covenants as set forth in this Section 6. Moreover, in the event the Participant breaches any of the Participant's obligations in this Section 6, the Participant shall immediately and automatically forfeit all RSUs granted hereunder (whether vested or unvested) and shall promptly repay to the Company any amounts received by the Participant pursuant to this Agreement.

Any provision, or any part of any provision, of this Section 6 found by a court (or an arbitrator or other adjudicator, if applicable) to be unreasonably broad or otherwise unenforceable in any respect (including with respect to geographic area, duration, or scope) shall be modified to render it enforceable to the maximum extent permitted by law and enforced as modified.

7. **Severance Recipients and Release of Claims.** Notwithstanding the provisions in the Plan or this Award to the contrary, any Participant who otherwise would become vested in any portion of the RSUs pursuant to Section 4.1, Section 4.2 or Section 4.3, and who is also eligible to receive a cash severance payment from the Employer, shall, as a condition of becoming so vested, receiving the Shares which are to be delivered pursuant to this Award and receiving such cash severance payment, be required to execute a general release waiving all claims, if any, arising from the Participant's employment or Termination from employment that such Participant may have against the Employer and its employees, agents and affiliates. The Participant's failure to execute such a general release or to allow an executed release to become irrevocable in accordance with its terms shall render this Award null and void, and the RSUs hereunder shall be forfeited and immediately canceled.

8. **Issuance of Shares; Delivery.** The issuance of the Shares with respect to the Participant's vested RSUs, if any, will be evidenced in such manner as the Company, in its discretion, deems appropriate, including, without limitation, book entry, registration or issuance of one or more share certificates. The number of Shares represented by the Participant's vested RSUs, if any, will be delivered to the Participant within seventy-five (75) days of vesting, with the delivery date within such period to be determined by the Company in its sole discretion.

9. **Rights as a Stockholder / Dividend Equivalents.** The Participant has no rights as a stockholder with respect to the RSUs. Applicable stockholder rights accrue only upon the delivery of the Shares subsequent to the vesting of the RSUs in accordance with the terms of this Award. However, dividend equivalents will be accrued on the Award if and to the extent the Company declares an ordinary cash or stock dividend on the Shares during either the second fiscal year or third fiscal year of the

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Performance Period based on the dividend yields for each such year as determined by the Plan Administrator in its sole discretion, and the number of vested Shares delivered to the Participant in respect of the Realized RSUs shall be increased to reflect such dividend equivalents. In addition, if, after the last day of the Performance Period the Company declares an ordinary cash or stock dividend on the Shares, and the record date for such dividend precedes delivery of the vested Shares to the Participant in respect of the Realized RSUs, then the Participant shall be entitled to a cash payment in an amount equivalent in value of the dividends that would have been payable to the Participant for each Share delivered to the Participant under this Award upon delivery of Participant's vested Shares.

**10. Non-Transferability of RSUs.** Until the delivery of the Shares with respect to the RSUs in accordance with terms of this Award, the RSUs may not be sold, transferred, pledged, assigned, or otherwise alienated or hypothecated by the Participant. Any attempt by the Participant to do so shall render this Award null and void, and the RSUs thereunder shall be forfeited and immediately cancelled.

**11. Recapitalization.** If there is any change in the Company's equity capitalization through the declaration of stock dividends, a recapitalization, stock splits, or through merger, consolidation, exchange of Shares, or otherwise, or in the event of an extraordinary dividend or other corporate transaction, the Plan Administrator shall adjust the number and class of Shares subject to this Award (including by making a different kind or class of securities subject to the Award), or take other action pursuant to Section 4.4 of the Plan, to prevent dilution or enlargement of the Participant's rights.

**12. Beneficiary Designation.** The Participant, if employed in the United States, may, from time to time, name any beneficiary or beneficiaries (who may be named contingently or successively) to whom any benefit under this Award is to be paid in case of his or her death before he or she receives any vested benefit. Each such designation shall revoke all prior designations by the Participant, shall be in a form prescribed by the Company, and will be effective only when delivered during the Participant's lifetime to the Company at its executive offices, addressed to the attention of the Compensation Department in Louisville, Kentucky. Absent a Participant's proper and timely designation of a beneficiary under this Section 12, any vested benefit payable under this Award upon the Participant's death shall be paid to the Participant's surviving spouse, or, if none, to the Participant's estate.

**13. Continuation of Employment.** This Award shall not confer upon the Participant any right to continued employment by the Employer, nor shall this Award interfere in any way with the Employer's right to terminate the Participant's employment at any time. A transfer of the Participant's employment between the Employer and any of its subsidiaries, or between any divisions or subsidiaries of the Employer shall not be deemed a Termination of employment for purposes of the vesting of the RSUs.

**14. Tax Consequences.** By accepting this Award, the Participant acknowledges that (i) the Participant (and not the Company) shall be responsible for any tax liability that may arise as a result of this Award and/or its vesting and the issuance of Shares in connection therewith; (ii) he or she understands that the Company may deduct or withhold a number of Shares, not to exceed 50% of the fair market value of Shares to be delivered pursuant to the vesting of this Award, or require the Participant to remit cash to the Company, sufficient to, except as next described, satisfy the minimum Federal, state, local and foreign taxes (including the Participant's FICA obligation) required by law to be withheld with respect to the delivery of Shares pursuant to the vesting of this Award and/or delivery of Shares as a result of vesting; and (iii) he or she is encouraged to consult with a qualified tax advisor concerning the RSUs. In the case of the Share withholding described in the preceding sentence, the Company may instead choose to withhold an amount of Shares greater than the minimum, up to the amount required to satisfy

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the Participant's maximum individual tax rate, provided updated accounting standards are in effect that would provide the same treatment for the increased withholding as provided for minimum withholding.

**15. Data Privacy.** As a condition of the grant of the RSUs, the Participant consents to the collection, use, and transfer of personal data as described in this paragraph. The Participant understands that the Company and its Affiliates hold certain personal information about the Participant, including his or her name, home address and telephone number, date of birth, social security number or equivalent, salary, nationality, job title, ownership interests or directorships held in the Company or its Affiliates, and details of all equity awards or other entitlements to Shares awarded, cancelled, exercised, vested or unvested ("**Data**"). The Participant further understands that the Company and its Affiliates will transfer Data amongst themselves as necessary for the purposes of implementation, administration, and management of his or her participation in the Plan, and that the Company and any of its Affiliates may each further transfer Data to any third parties assisting the Company in the implementation, administration, and management of the Plan. The Participant authorizes them to receive, possess, use, retain, and transfer such Data as may be required for the administration of the Plan or the subsequent holding of Shares on his or her behalf, in electronic or other form, for the purposes of implementing, administering, and managing his or her participation in the Plan, including any requisite transfer to a broker or other third party with whom he or she may elect to deposit any Shares acquired under the Plan. The Participant understands that he or she may, at any time, view such Data or require any necessary amendments to the Data.

**16. Miscellaneous.**

16.1 This Award and the Participant's rights under it are subject to all the terms and conditions of the Plan, as the same may be amended from time to time, as well as to such rules as the Plan Administrator may adopt. The Plan Administrator may, in its sole discretion, administer, construe, and make all determinations necessary or appropriate to the administration of the Plan and the RSUs, all of which shall be binding upon the Participant.

16.2 Subject to the provisions of the Plan and any applicable law (including Section 409A of the Code), the Board may terminate, amend, or modify the Plan; provided, however, that no such Termination, amendment, or modification of the Plan may in any way adversely affect the Participant's rights under this Award, without the written consent of the Participant.

16.3 This Award shall be subject to all applicable laws, rules, and regulations, and to such approvals by any governmental agencies or national securities exchanges as may be required. The Participant agrees to take all steps necessary to comply with all Federal and state securities laws applicable to this Award.

16.4 The Company's obligations under the Plan and this Award shall bind any successor to the Company, whether succession results from a direct or indirect purchase, merger, consolidation, or otherwise, of all or substantially all of the business and/or assets of the Company.

16.5 To the extent not preempted by Federal law, this Award shall be governed by, and construed in accordance with, the laws of the State of Delaware.

16.6 This Award is subject to the terms of the Plan and Administrative Guidelines promulgated thereunder from time to time. In the event of a conflict between this document and the Plan, the Plan as well as any determinations made by the Plan Administrator as authorized by the Plan, shall govern.

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16.7 The parties acknowledge and agree that, to the extent applicable, this Award shall be interpreted in accordance with, and the parties agree to use their best efforts to achieve timely compliance with or exemption from, Section 409A of the Code and the Treasury Regulations and other interpretive guidance issued thereunder, including without limitation any such regulations or other guidance that may be issued after the Award Date. Notwithstanding any provision of this Award to the contrary, in the event that the Company determines that any compensation or benefits payable or provided under this Award may be subject to Section 409A of the Code, the Company may adopt such limited amendments to this Award and appropriate policies and procedures, including amendments and policies with retroactive effect, that the Company reasonably determines are necessary or appropriate to (i) exempt the compensation and benefits payable under this Award from Section 409A of the Code and/or preserve the intended tax treatment of the compensation and benefits provided with respect to this Award or (ii) comply with the requirements of Section 409A of the Code. Although the Company intends to take such actions so as to allow the Award to avoid adverse tax treatment pursuant to Section 409A of the Code and otherwise, the Company makes no representation to that effect and expressly disavows any covenant to maintain favorable or avoid unfavorable tax treatment. The Company shall be unconstrained in its corporate activities without regard to the potential negative tax impact on the Participant.

16.8 Notwithstanding any other provision of this Award, to the extent the delivery of the Shares represented by this Award is treated as non-qualified deferred compensation subject to Section 409A of the Code, then (a) no delivery of such Shares shall be made upon a Participant's Termination of employment unless such Termination of employment constitutes a "separation from service" within the meaning of Section 1.409A-1(h) of the Treasury Regulations ("**Termination**" or "**Terminated**") and (b) if the Participant is deemed at the time of his Termination of employment to be a "specified employee" for purposes of Section 409A(a)(2)(B)(i) of the Code, then to the extent delayed delivery of the Shares to which the Participant is entitled under this Award, and which is deliverable to the Participant due to his or her Termination of employment, is required in order to avoid a prohibited distribution under Section 409A(a)(2)(B)(i) of the Code, such delivery of Shares shall not be made to the Participant prior to the earlier of (x) the expiration of the six-month period measured from the date of the Participant's "separation from service" with the Employer (as such term is defined in Section 1.409A-1(h) of the Treasury Regulations) or (y) the date of the Participant's death. The determination of whether the Participant is a "specified employee" for purposes of Section 409A(a)(2)(B)(i) of the Code as of the time of his separation from service shall be made by the Company in accordance with the terms of Section 409A of the Code and applicable guidance thereunder (including without limitation Section 1.409A-1(i) of the Treasury Regulations and any successor provision thereto).

16.9 THIS AWARD IS SUBJECT TO THE BROWN-FORMAN CORPORATION INCENTIVE COMPENSATION RECOUPMENT POLICY. BY ACCEPTING THIS GRANT, THE PARTICIPANT ACKNOWLEDGES THAT HE OR SHE HAS BEEN PROVIDED WITH A COPY OF SUCH INCENTIVE COMPENSATION RECOUPMENT POLICY AND UNDERSTANDS THE TERMS AND CONDITIONS THEREOF.

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This Award is subject to the terms and conditions hereof.

BROWN-FORMAN CORPORATION

By: [ \_\_\_\_\_ ]  
Executive Vice President,  
Chief People, Places, and Communications Officer

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[Certain information has been excluded because it is both not material and is the type that the registrant treats as private or confidential]

## EXHIBIT A PERFORMANCE GOALS

The number of Realized RSUs will be determined based on (i) Peer Group Relative TSR Performance and (ii) Peer Group Relative Operating Income Performance (as defined below).

Specifically, (i) the Peer Company Relative TSR Performance shall determine the vesting of up to 50% of the Target Number of RSUs that become Realized RSUs (“**TSR PBRsUs**”) and (ii) the Peer Group Relative Operating Income Performance determine the vesting of up to 50% of the Target Number of RSUs that become Realized RSUs (“**OI PBRsUs**”), each as described in the table below:

	TSR PBRsUs		OI PBRsUs	
	Peer Group Relative Performance	Percentage of Target Number of TSR PBRsUs that become Realized RSUs	Peer Group Relative Operating Income Performance	Percentage of Target Number of OI PBRsUs that become Realized RSUs
<b>Threshold</b>	30 <sup>th</sup> percentile or below	50%	30 <sup>th</sup> percentile or below	50%
<b>Target</b>	55 <sup>th</sup> percentile	100%	55 <sup>th</sup> percentile	100%
<b>Maximum</b>	80 <sup>th</sup> percentile	150%	80 <sup>th</sup> percentile	150%

Payouts for performance between Threshold and Target and between Target and Maximum will be interpolated using a straight-line method.

Notwithstanding the foregoing, if, as of close of the Performance Period, the Company fails to achieve its adjusted operating income metric determined by the Plan Administrator (the “**Operating Income Metric**”), the number of Realized RSUs shall equal zero (*i.e.* no RSUs shall vest pursuant to the Award). For grants of RSUs made pursuant to this Award, the Operating Income Metric shall be \$[REDACTED] during the Performance Period.

### **Definitions**

“**Company Adjusted Operating Income Growth**” means the compound annual growth rate, expressed as a percentage (rounded to the nearest tenth of a percent (0.1%)), of the Company’s annual operating income determined according to GAAP and adjusted to an organic basis, as defined in the Company’s non-GAAP measures, except that Company Adjusted Operating Income Growth will not include any adjustment related to foreign exchange. The period to be used in the calculation in the preceding sentence will be the most recent three (3) years from the last day of the Performance Period.

“**Company TSR Percentage**” means the cumulative return, expressed as a percentage (rounded to the nearest tenth of a percent (0.1%)), in the value per Share during the Performance Period due to the appreciation in the price per Share and dividends declared during the Performance Period, assuming dividends are reinvested. In determining the starting and ending prices per Share to perform the

calculation in the preceding sentence, the average price per Share for the sixty (60) trading days immediately prior to the first and last days of the Performance Period, as applicable, shall be used.

**“Peer Group Companies”** shall mean the companies constituting the Standard & Poor’s 500 Consumer Staples Index.

**“Peer Group Operating Income Growth”** means the compound annual growth rate, expressed as a percentage (rounded to the nearest tenth of a percent (0.1%)), of the annual operating income of each company of the Peer Group Companies during the Performance Period, calculated in a manner consistent with the Company Adjusted Operating Income Growth and from publicly available information. The period to be used in the calculation in the preceding sentence will be the most recent three (3) years from the last day of the Performance Period.

**“Peer Group Relative Operating Income Performance”** means the Company Adjusted Operating Income Growth compared to the Peer Group Operating Income Growth, expressed as a percentile ranking against the Peer Group Companies.

**“Peer Group Relative TSR Performance”** means the Company TSR Percentage compared to the Peer Group TSR Percentages, expressed as a percentile ranking against the Peer Group Companies.

**“Peer Group TSR Percentage”** means the cumulative return, expressed as a percentage (rounded to the nearest tenth of a percent (0.1%)), of each company of the Peer Group Companies during the Performance Period, calculated in a manner consistent with the Company TSR Percentage from publicly available information.

**BROWN-FORMAN  
2022 OMNIBUS COMPENSATION PLAN  
EMPLOYEE STOCK-SETTLED STOCK APPRECIATION RIGHT AWARD**

SUMMARY	
Participant:	
Award Date:	[_____]
First Exercise Date:	May 1, [____]
Expiration Date:	April 30, [____]
Number of Shares:	
Class of Shares:	<b>Brown-Forman Corporation Class B Common Stock</b>
Grant Price:	\$

THIS STOCK-SETTLED STOCK APPRECIATION RIGHT AWARD (the “*Award*”), effective as of the Award Date shown above, represents the grant of a stock appreciation right under the Brown-Forman 2022 Omnibus Compensation Plan (the “*Plan*”) by Brown-Forman Corporation, a Delaware corporation (the “*Company*”), to the Participant named above, who is an employee of the Company or an Affiliate. Capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Plan.

**1. Grant of Stock Appreciation Right.** The Company hereby grants to the Participant a Stock-Settled Stock Appreciation Right (the “*SSAR*”), subject to the terms and conditions of the Plan, the Administrative Guidelines to the Plan, and those set forth in this Award.

**2. Value of the SSAR.** The SSAR shall entitle the Participant, upon exercise of the SSAR (in whole or in part), to receive from the Company an amount payable in the form of the Company’s Class B Common Stock, \$0.15 par value per share (the “*Shares*”) determined by multiplying:

2.1 the appreciated value of one Share, calculated as the Fair Market Value of one Share on the date of exercise minus the Grant Price as shown above; by

2.2 the number of Shares with respect to which the SSAR is exercised.

For purposes of this Award, “*Common Stock*” means a share of common stock of the Company.

**3. Term.** Subject to Section 5 below, the term of this Award is for a period of ten years from the first day of the fiscal year of grant. To exercise the SSAR, the Participant must remain continuously employed by the Company or an Affiliate (the “*Employer*”) for at least three years from the first day of the fiscal year of grant, except as provided in Section 5 below. Assuming such continuous employment, the SSAR will become exercisable on the First Exercise Date as set forth in the table above, and it must be exercised before the close of business on the Expiration Date as set forth in the table above. Subject to applicable securities laws, if on the last day of the term of this SSAR (or, if earlier, the last date on which this SSAR may be exercised pursuant to Section 5 below) the Fair Market Value of one Share exceeds the Grant Price shown above, the Participant has not exercised the SSAR and the SSAR has not otherwise expired, the SSAR shall be deemed to have been exercised by the Participant on such day and

the appropriate number of Shares shall be issued to the Participant in accordance with Sections 2 and 4 hereof, or at such later time as would not violate any applicable securities laws. Notwithstanding anything to the contrary herein, if the Participant is terminated for Cause, as defined in the Plan, the SSAR shall expire immediately as of the date and time that the Participant is notified of the termination and may not be exercised.

**4. Form of Payment.** The Company shall satisfy its obligation upon the Participant's exercise of the SSAR (in whole or in part) in Shares based upon the Fair Market Value of the Company's Shares on the date of exercise, as determined by the Plan Administrator in accordance with Section 2.20 of the Plan. Notwithstanding the foregoing, no fractional Share shall be distributed in settlement of the SSAR, and any portion of the SSAR which would be settled in a fractional Share shall be treated in such manner as determined by the Compensation Committee not to have adverse financial accounting treatment or adverse federal income tax treatment pursuant to Section 409A of the Code.

**5. Termination of Employment.** In the event the Participant does not remain continuously employed by the Employer during the term of the SSAR, the following rules will apply:

5.1 Retirement. For purposes of this section, "Retirement" means termination of employment on or after reaching age 55 with at least five full years of service, or on or after reaching age 65 with any service. If the Participant terminates employment by reason of Retirement, this SSAR will continue in force until the earlier of (a) the Expiration Date; or (b) the end of seven years following the date of Retirement; provided however, that if the Participant terminates employment by reason of Retirement during the fiscal year in which the Award Date occurs, the number of Shares subject to this SSAR shall be prorated based upon the number of whole months worked during the current fiscal year prior to Retirement (out of a 12 month year), with the remaining portion being immediately canceled and forfeited. Retirement does not affect the First Exercise Date of this SSAR.

5.2 Death/Disability. If the Participant terminates employment due to death or Disability (as determined by the Plan Administrator in its sole discretion in accordance with Section 2.16 of the Plan), the SSAR will become immediately exercisable (if not already exercisable) and must be exercised by the earlier of (a) the Expiration Date or (b) the end of five years following the date of termination of employment due to death or Disability. If the Participant terminates employment due to death or Disability during fiscal year in which the Award Date occurs, the number of Shares with respect to which this SSAR shall become exercisable pursuant to the first sentence of this Section 5.2 shall be prorated based upon the number of whole months worked during the current fiscal year prior to termination of employment due to death or Disability (out of a 12 month year), with the remaining portion being immediately canceled and forfeited. An exercisable SSAR shall be exercised by the person(s) named as the Participant's beneficiary(ies), or, if the Participant has not named one or more beneficiaries, by whoever has acquired the Participant's rights by will or by the laws of descent and distribution.

5.3 Involuntary Termination without Cause. A SSAR granted to a Participant whose employment is involuntarily terminated by the Employer without Cause will continue in force until the later of (a) twelve months following the date of termination; or (b) twelve months following the First Exercise Date, but no later than the Expiration Date; provided however, that if the Participant's employment is involuntarily terminated without Cause during the fiscal year in which the Award Date occurs, the number of Shares subject to this SSAR shall be prorated based upon the number of whole months worked during the current fiscal year prior to termination (out of a 12 month year), with the remaining portion being immediately canceled and forfeited. Involuntary termination without Cause does not affect the First Exercise Date of this SSAR.

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5.4 Voluntary Termination. A SSAR granted to a Participant who terminates employment voluntarily prior to the First Exercise Date shall expire immediately as of the date and time of such termination and may not be exercised. A SSAR granted to a Participant who terminates employment voluntarily on or after the First Exercise Date shall continue in force until the earlier of (a) the Expiration Date or (b) the end of 30 days following the date of termination (provided, however, where necessary, the 30-day period may be delayed or bifurcated because of required trading black-out periods).

6. **Change in Control or Potential Change in Control**. In the event of a Change in Control, the First Exercise Date and the Participant's rights with respect to the SSAR shall be governed by the terms of Article 10 of the Plan.

## 7. Covenants.

7.1 Noncompetition. From the Award Date until the one-year anniversary of the Participant's voluntary resignation as an employee of the Company (the "**Restricted Period**"), the Participant shall not engage, directly or indirectly, anywhere in the United States (the "**Restricted Area**"), whether as an executive officer, board member, agent, consultant, independent contractor, 1% or greater owner or partner in, shareholder of more than 5% of the outstanding shares, representative or employee in a business competitive with the Company or its Affiliates.

7.2 Nonsolicitation. During the Restricted Period, the Participant shall not directly or indirectly solicit any Customer or Prospective Customer (each as defined below) of the Company or any of its Affiliates for the purpose of engaging in a business competitive with the Company or its Affiliates; nor shall the Participant directly or indirectly induce, solicit, or attempt to persuade any employee of the Company or any of its Affiliates to terminate employment with the Company or such Affiliate in order to enter into any employment relationship with, or perform services in any capacity for, any other business entity, whether or not such entity is engaged in a business competitive with the Company.

A "**Customer**" means any customer of the Company or any of its Affiliates with respect to whom, at any time during the two years before the termination of the Participant's employment with the Company, the Participant performed services on behalf of the Company or such Affiliate or had substantial contact or acquired or had access to Confidential Information or other substantial information relating to such customer as a result of such employment, including any actual or prospective tenant or vendor.

A "**Prospective Customer**" means any entity other than a Customer with respect to whom, at any time during the one year period before the termination of the Executive's employment with the Company the Participant submitted or assisted in the submission of a presentation or proposal of any kind on behalf of the Company or any of its Affiliates, had substantial contact with or acquired or had access to Confidential Information or other substantial information relating to such Prospective Customer as a result of such employment, including any actual or prospective tenant or vendor.

A business will be considered "**competitive with the Company**" if such business is engaged in alcoholic beverage manufacturing, production, distribution, or similar activities.

7.3 Confidential Information. The Participant represents, warrants, and agrees that the Participant will not, in the course of the Participant's employment with the Company, improperly use or disclose any Confidential Information or other proprietary information of any former employer or other person or entity for whom the Participant performed services of any kind.

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The Company's employment of the Participant has and will result in the Participant's exposure and access to confidential and proprietary information of the Company and its Affiliates and, in certain situations, certain third parties who have provided or in the future provide information to the Company or any of its Affiliates subject to confidentiality and non-use restrictions. The term "**Confidential Information**" will mean all such confidential and proprietary information, in whatever form or medium, including actual and prospective client lists and pricing information; leases; actual and prospective vendor lists, pricing information and vendor contracts or arrangements; business plans, programs and tactics; trade secrets; inventions; research and development information and personnel information; *provided*, however, the term "**Confidential Information**" shall not include any of the above forms of information which has become public knowledge, unless such Confidential Information became public knowledge due to any act or acts by the Participant in violation of this Award. All Confidential Information is of irreplaceable value to the Company and such third parties. Except as required to perform the Participant's responsibilities for the Company, to comply with law or regulation or as authorized in writing in advance by the Company, the Participant will not, at any time, use, disclose or take any action which may result in the use or disclosure of any Confidential Information. Notwithstanding the foregoing, the Participant may disclose such Confidential Information when required to do so by a court of competent jurisdiction, by any governmental agency having supervisory authority over the business of the Company and/or its Affiliates, as the case may be, or by any administrative body or legislative body (including a committee thereof) with jurisdiction to order the Participant to divulge, disclose or make accessible such information; *provided, further*, that in the event that the Participant is ordered by any such court or other governmental agency, administrative body, or legislative body to disclose any Confidential Information, the Participant shall (i) promptly notify the Company of such order, (ii) at the reasonable written request of the Company, diligently contest such order at the sole expense of the Company as expenses occur, and (iii) at the reasonable written request of the Company, seek to obtain, at the sole expense of the Company, such confidential treatment as may be available under applicable laws for any information disclosed under such order. Immediately upon the Company's request or on the termination date of the Participant's employment, whichever comes first, the Participant will return to the Company all Confidential Information and any other property of the Company or any third parties which is in the Participant's possession or control by virtue of the Participant's employment by the Company. Property to be returned to the Company will include all documents and things in the Participant's possession or control, whether in tangible or electronic format and whether such documents or things contain any Confidential Information, all computer programs, files, storage devices, all written or printed files, manuals, contracts, memoranda, forms, notes, records, charts and any and all copies of, or extracts from, any of the foregoing. The Participant may retain materials pertaining to his performance and compensation as an employee of the Company to the extent required by applicable law.

7.4 Intellectual Property and Developments. The Participant has not and will not, at any time, have or claim any right, title or interest in any trade name, patent, trademark, service mark, trade dress, trade design, logo, copyright, intellectual property, methodology, technology, procedure, concept, idea or other similar right or asset (collectively, "**Intellectual Property**") belonging to the Company or any of its Affiliates or any third party contracting with the Company or any of its Affiliates. The Participant has not and will not have or claim any right, title or interest in any material or matter of any kind prepared for, or used in connection with, the business or promotion of the Company or any of its Affiliates or of any third party contracting with the Company, whether produced, prepared or published in whole or in part by the Participant, the Company or any of its Affiliates or any third party contracting with the Company or any of its Affiliates. All Intellectual Property that is conceived, devised, made, developed, reduced to practice or perfected by the Participant, alone or with others, during the Participant's employment that is related in any way to the current or future business or products of the Company or any of its Affiliates or is devised, made, developed, reduced to practice or perfected utilizing equipment or facilities of the Company or any

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of its Affiliates will be promptly disclosed to the Company, will be deemed “works for hire” and will immediately upon creation become the sole, absolute and exclusive property of the Company. If and to the extent that any of such Intellectual Property should be determined for any reason not to be a work for hire, the Participant hereby assigns to the Company all of the Participant’s right, title and interest in and to such Intellectual Property. At the reasonable request and expense of the Company but without charge to the Company, the Participant will cooperate fully with the Company to secure any trade name, patent, trademark, copyright or intellectual property protection or other similar rights in the United States or foreign countries, including the execution and delivery of assignments, patent applications and other documents or papers. This Section 7.4 will not apply to any Intellectual Property for which no Confidential Information or equipment, supplies or facilities of the Company or any of its Affiliates or any third party contracting with the Company or any of its Affiliates were used and which was developed entirely on the Participant’s own time, unless the Intellectual Property (a) relates to the business or products of the Company or any of its Affiliates or any actual or demonstrably anticipated research or development activity of the Company or any of its Affiliates or (b) results from any work performed by the Participant for the Company or any of its Affiliates.

7.5 **Remedies.** The Participant acknowledges that the covenants contained in this Section 7 are necessary to protect the Company’s legitimate business interests. Without limiting the rights of the Company to pursue and obtain any other legal or equitable remedies available to it for any breach by the Participant of the covenants contained in this Section 7, the Participant further acknowledges that a breach of such covenants would cause a loss to the Company that could not reasonably or adequately be compensated in damages in an action at law, that remedies other than injunctive relief could not fully compensate the Company for a breach of such covenants and that, accordingly, the Company will be entitled to injunctive relief, without the requirement for the payment of a bond, to prevent any breach or continuing breaches of the Participant’s covenants as set forth in this Section 7. Moreover, in the event the Participant breaches any of the Participant’s obligations in this Section 7, the Participant shall immediately and automatically forfeit all SSARs granted hereunder (whether vested or unvested) and shall promptly repay to the Company any amounts received by the Participant pursuant to this Agreement.

Any provision, or any part of any provision, of this Section 7 found by a court (or an arbitrator or other adjudicator, if applicable) to be unreasonably broad or otherwise unenforceable in any respect (including with respect to geographic area, duration, or scope) shall be modified to render it enforceable to the maximum extent permitted by law and enforced as modified.

**8. Severance Recipients and Release of Claims.** Notwithstanding the provisions in the Plan or this Award to the contrary, any Participant who is entitled to the extended time for exercise of this SSAR pursuant to Section 5.1 or Section 5.3 and who is also eligible to receive a cash severance payment from the Employer shall, as a condition of being afforded the extended exercise period and of receiving such cash severance payment, be required to execute a general release waiving all claims, if any, arising from the Participant’s employment or termination from employment that such Participant may have against the Employer and its employees, agents and affiliates. The Participant’s failure to execute such a general release or to allow an executed release to become irrevocable in accordance with its terms shall render this Award null and void, and the SSAR shall expire immediately and may not be exercised.

**9. Rights as a Stockholder.** The Participant has no rights as a stockholder (including, but not limited to, the right to receive dividends or dividend equivalents, or to vote on stockholder issues) with respect to Shares potentially available upon exercise of the SSAR. Applicable stockholder rights accrue only to holders of Shares issued and delivered pursuant to exercise of the SSAR.

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**10. Restrictions on Transfer.** The SSAR may not be sold, transferred, pledged, assigned, or otherwise alienated or hypothecated, other than by will or by the laws of descent and distribution. Further, the SSAR shall be exercisable during the Participant's lifetime only by the Participant or the Participant's duly appointed legal representative.

**11. Recapitalization.** If there is any change in the Company's equity capitalization through the declaration of Share dividends or extraordinary cash dividends, or through a recapitalization resulting in Share splits, or through merger, consolidation, exchange of Shares, or similar corporate transaction, the Plan Administrator shall adjust the number and class of Shares subject to the SSAR, as well as the Grant Price, or take other action pursuant to Section 4.4 of the Plan to prevent dilution or enlargement of the Participant's rights.

**12. Beneficiary Designation.** The Participant, if employed in the United States, may, from time to time, name any beneficiary or beneficiaries (who may be named contingently or successively) to whom any benefit under this Award is to be paid in case of his or her death before he or she receives any or all of such benefit. Each such designation shall revoke all prior designations by the Participant, shall be in a form prescribed by the Company, and will be effective only when delivered during the Participant's lifetime to the Company at its executive offices, addressed to the attention of the Compensation Department in Louisville, Kentucky. Absent a Participant's proper and timely designation of a beneficiary under this Section 12, any benefit payable under this Award upon the Participant's death shall be paid to the Participant's surviving spouse, or, if none, to the Participant's estate.

**13. Continuation of Employment.** This Award shall not confer upon the Participant any right to continued employment by the Employer, nor shall this Award interfere in any way with the Employer's right to terminate the Participant's employment at any time. A transfer of the Participant's employment between the Employer and any of its subsidiaries, or between any divisions or subsidiaries of the Employer shall not be deemed a termination of employment.

**14. Tax Consequences.** By accepting the SSAR, the Participant acknowledges that (i) he or she understands that upon either the grant or the exercise of the SSAR, he or she may recognize adverse tax consequences, and (ii) he or she understands that the Company may deduct or withhold a number of Shares, or require the Participant to remit cash to the Company, sufficient to satisfy minimum Federal, state, local and foreign taxes (including the Participant's FICA obligation) required by law to be withheld with respect to any exercise of the Participant's rights under this Award. In the case of the Share withholding described in the preceding sentence, the Company may instead choose to withhold an amount of Shares greater than the minimum, up to the amount required to satisfy the Participant's maximum individual tax rate, provided updated accounting standards are in effect that would provide the same treatment for the increased withholding as provided for minimum withholding. The Participant is encouraged to consult with a qualified tax advisor concerning the SSAR.

**15. Data Privacy.** As a condition of the grant of the SSAR, the Participant consents to the collection, use, and transfer of personal data as described in this paragraph. The Participant understands that the Company and its Affiliates hold certain personal information about the Participant, including his or her name, home address and telephone number, date of birth, social security number or equivalent, salary, nationality, job title, ownership interests or directorships held in the Company or its Affiliates, and details of all equity awards or other entitlements to Shares awarded, cancelled, exercised, vested or unvested ("**Data**"). The Participant further understands that the Company and its Affiliates will transfer Data amongst themselves as necessary for the purposes of implementation, administration, and management of his or her participation in the Plan, and that the Company and any of its Affiliates may

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each further transfer Data to any third parties assisting the Company in the implementation, administration, and management of the Plan. The Participant authorizes them to receive, possess, use, retain, and transfer such Data as may be required for the administration of the Plan, in electronic or other form, for the purposes of implementing, administering, and managing his or her participation in the Plan, including any requisite transfer to a broker or other third party with whom he or she may elect to deposit any Shares acquired under the Plan. The Participant understands that he or she may, at any time, view such Data or require any necessary amendments to the Data.

## **16. Miscellaneous.**

16.1 This Award and the Participant's rights under it are subject to all the terms and conditions of the Plan, as the same may be amended from time to time, as well as any Administrative Guidelines the Plan Administrator may adopt. The Plan Administrator may impose such restrictions on any Shares acquired pursuant to the exercise of the SSAR as it may deem advisable, including, without limitation, restrictions under applicable Federal securities laws, under the requirements of any stock exchange or market upon which such Shares are then listed and/or traded, and under any blue sky or state securities laws applicable to such Shares. The Plan Administrator in conjunction with the Company's compliance officer may designate periods during which the SSAR may not be exercised by Participants.

The Plan Administrator may, in its sole discretion, administer, construe, and make all determinations necessary or appropriate to the administration of the Plan and the SSAR, all of which shall be binding upon the Participant.

16.2 Subject to the provisions of the Plan, the Board may terminate, amend, or modify the Plan; *provided, however*, that no such termination, amendment, or modification of the Plan may in any way adversely affect the Participant's rights under this Award, without the written consent of the Participant.

16.3 The Participant agrees to take all steps necessary to comply with all applicable Federal and state securities law in exercising his or her rights under this Award.

16.4 This Award shall be subject to all applicable laws, rules, and regulations, and to such approvals by any governmental agencies or national securities exchanges as may be required.

16.5 The Company's obligations under the Plan and this Award, with respect to the SSAR, shall bind any successor to the Company, whether succession results from a direct or indirect purchase, merger, consolidation, or otherwise, of all or substantially all of the business and/or assets of the Company.

16.6 To the extent not preempted by Federal law, this Award shall be governed by, and construed in accordance with, the laws of the State of Delaware.

16.7 This Award is subject to the terms of the Plan and Administrative Guidelines promulgated thereunder from time to time. In the event of a conflict between this document and the Plan, the Plan document as well as any determinations made by the Plan Administrator as authorized by the Plan document, shall govern.

16.8 In addition, the Participant agrees that the SSAR shall be administered and settled as required for the SSAR to be deemed not to be deferred compensation subject to the provisions of Section 409A of the Code or the Treasury Regulations promulgated thereunder. Although the Company intends to

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take such actions so as to allow the Award to avoid adverse tax treatment pursuant to Section 409A of the Code and otherwise, the Company makes no representation to that effect and expressly disavows any covenant to maintain favorable or avoid unfavorable tax treatment. The Company shall be unconstrained in its corporate activities without regard to the potential negative tax impact on the Participant.

16.9 THIS AWARD IS SUBJECT TO THE BROWN-FORMAN CORPORATION INCENTIVE COMPENSATION RECOUPMENT POLICY. BY ACCEPTING THIS GRANT, THE UNDERSIGNED ACKNOWLEDGES THAT HE OR SHE HAS BEEN PROVIDED WITH A COPY OF SUCH INCENTIVE COMPENSATION RECOUPMENT POLICY AND UNDERSTANDS THE TERMS AND CONDITIONS THEREOF.

*[remainder of page intentionally left blank]*

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This Award is subject to the terms and conditions hereof.

BROWN-FORMAN CORPORATION

By: [ \_\_\_\_\_ ]  
Executive Vice President,  
Chief People, Places, and Communications Officer

**CERTIFICATION PURSUANT TO SECTION 302 OF SARBANES-OXLEY ACT OF 2002**

I, Lawson E. Whiting, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Brown-Forman Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: August 29, 2024

By: /s/ Lawson E. Whiting

Lawson E. Whiting  
President and Chief Executive Officer

**CERTIFICATION PURSUANT TO SECTION 302 OF SARBANES-OXLEY ACT OF 2002**

I, Leanne D. Cunningham, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Brown-Forman Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: August 29, 2024

By: /s/ Leanne D. Cunningham

Leanne D. Cunningham  
Executive Vice President and Chief Financial  
Officer

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

In connection with the Quarterly Report of Brown-Forman Corporation (“the Company”) on Form 10-Q for the period ended July 31, 2024, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), each of the undersigned hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, in the capacity as an officer of the Company, that:

- (1) The Report fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: August 29, 2024

By: /s/ Lawson E. Whiting  
Lawson E. Whiting  
President and Chief Executive Officer

By: /s/ Leanne D. Cunningham  
Leanne D. Cunningham  
Executive Vice President and Chief Financial Officer

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

This certificate is being furnished solely for purposes of Section 906 and is not being filed as part of the Report.