

**UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK**

_____, Individually and on Behalf of All
Others Similarly Situated,

Plaintiff,

v.

BROWN-FORMAN CORPORATION,
LAWSON E. WHITING, and LEANNE D.
CUNNINGHAM,

Defendants.

Case No.

**CLASS ACTION COMPLAINT FOR
VIOLATIONS OF THE FEDERAL
SECURITIES LAWS**

DEMAND FOR JURY TRIAL

LAW OFFICES OF HOWARD G. SMITH

Plaintiff _____ (“Plaintiff”), individually and on behalf of all others similarly situated, by and through his attorneys, alleges the following upon information and belief, except as to those allegations concerning Plaintiff, which are alleged upon personal knowledge. Plaintiff’s information and belief is based upon, among other things, his counsel’s investigation, which includes without limitation: (a) review and analysis of regulatory filings made by Brown-Forman Corporation (“Brown-Forman” or the “Company”) with the United States (“U.S.”) Securities and Exchange Commission (“SEC”); (b) review and analysis of press releases and media reports issued by and disseminated by Brown-Forman; and (c) review of other publicly available information concerning Brown-Forman.

NATURE OF THE ACTION AND OVERVIEW

1. This is a class action on behalf of persons and entities that purchased or otherwise acquired Brown-Forman securities between June 5, 2024 and June 5, 2025, inclusive (the “Class Period”). Plaintiff pursues claims against the Defendants under the Securities Exchange Act of 1934 (the “Exchange Act”).

2. Brown-Forman Corporation, together with its subsidiaries, manufactures, distills, bottles, imports, exports, markets, and sells a variety of alcohol beverages. The United States is the Company’s most important market, accounting for 44% of net sales in fiscal 2025. In the United States, which generally prohibits spirits and wine manufacturers from selling their products directly to consumers, Brown-Forman generally sell its products to distribution partners who then sell to retail customers and consumers. Distribution partners are generally granted a contract for a ‘market’ or U.S. state. Republic National Distributing Co. (“RNDC”), has historically been Brown-Forman’s largest customer and distribution partner, with contracts in at least 24 markets in 2024 and representing 19% of consolidated net sales in fiscal 2021.

3. Throughout fiscal 2025, the Company reported declines in net sales which it attributed primarily to broader macroeconomic factors leading to a decrease in distributor inventories generally.

4. On May 29, 2025, after the market closed and as the Company's fiscal year drew to a close, Brown-Forman announced the "first significant change to [its] U.S. route-to-consumer landscape in more than 60 years," with the Company naming numerous new distribution partners and replacing RNDC in the majority of its markets, RNDC in only 12 markets.

5. On this news, Brown-Forman's Class B Common Stock price fell \$0.75, or 2.20%, to close at \$33.34 on May 30, 2025, on unusually heavy trading volume.

6. On June 5, 2025, before the market opened, Brown-Forman reported financial results for its fourth quarter and full year 2025. Amongst other things, the Company reported "net sales decreased 7% to \$894 million," "operating income decreased 45%," and "diluted earnings per share decreased 45%." The Company admitted its U.S. distribution would have to undergo a "significant evolution" to normalize sales, and it would "expect a low single-digit decline in organic net sales" as it works with its new distribution partners after completing its review of its route to market across the U.S.

7. On this news, Brown-Forman's Class B Common Stock price fell \$5.95, or 17.92%, to close at \$27.25 on June 5, 2025, on unusually heavy trading volume.

8. Throughout the Class Period, Defendants made materially false and/or misleading statements, as well as failed to disclose material adverse facts about the Company's business, operations, and prospects. Specifically, Defendants failed to disclose to investors: (1) that Brown-Forman was experiencing undisclosed issues with its primary distribution partner; (2) that the Company's sales were weakening due to undisclosed issues with its primary distribution partner;

(3) that, as a result, the Company was unlikely to meet its previously announced net sale guidance; (4) that, as a result, the Company was reasonably likely to face significant headwinds it overhaul its U.S. route-to-customer strategy; and (5) that, as a result of the foregoing, Defendants' positive statements about the Company's business, operations, and prospects were materially misleading and/or lacked a reasonable basis.

9. As a result of Defendants' wrongful acts and omissions, and the precipitous decline in the market value of the Company's securities, Plaintiff and other Class members have suffered significant losses and damages.

JURISDICTION AND VENUE

10. The claims asserted herein arise under Sections 10(b) and 20(a) of the Exchange Act (15 U.S.C. §§ 78j(b) and 78t(a)) and Rule 10b-5 promulgated thereunder by the SEC (17 C.F.R. § 240.10b-5).

11. This Court has jurisdiction over the subject matter of this action pursuant to 28 U.S.C. § 1331 and Section 27 of the Exchange Act (15 U.S.C. § 78aa).

12. Venue is proper in this Judicial District pursuant to 28 U.S.C. § 1391(b) and Section 27 of the Exchange Act (15 U.S.C. § 78aa(c)). Substantial acts in furtherance of the alleged fraud or the effects of the fraud have occurred in this Judicial District. Many of the acts charged herein, including the dissemination of materially false and/or misleading information, occurred in substantial part in this Judicial District.

13. In connection with the acts, transactions, and conduct alleged herein, Defendants directly and indirectly used the means and instrumentalities of interstate commerce, including the United States mail, interstate telephone communications, and the facilities of a national securities exchange.

PARTIES

14. Plaintiff _____, as set forth in the accompanying certification, incorporated by reference herein, purchased Brown-Forman securities during the Class Period, and suffered damages as a result of the federal securities law violations and false and/or misleading statements and/or material omissions alleged herein.

15. Defendant Brown-Forman is incorporated under the laws of Delaware with its principal executive offices located in Louisville, Kentucky. Brown-Forman's Class B common stock, nonvoting shares trade on the New York Stock Exchange ("NYSE") under the symbol "BF.B."

16. Defendant Lawson E. Whiting ("Whiting") was the Company's Chief Executive Officer ("CEO") at all relevant times.

17. Defendant Leanne D. Cunningham ("Cunningham") was the Company's Chief Financial Officer ("CFO") at all relevant times.

18. Defendants Whiting and Cunningham (together, the "Individual Defendants"), because of their positions with the Company, possessed the power and authority to control the contents of the Company's reports to the SEC, press releases and presentations to securities analysts, money and portfolio managers and institutional investors, i.e., the market. The Individual Defendants were provided with copies of the Company's reports and press releases alleged herein to be misleading prior to, or shortly after, their issuance and had the ability and opportunity to prevent their issuance or cause them to be corrected. Because of their positions and access to material non-public information available to them, the Individual Defendants knew that the adverse facts specified herein had not been disclosed to, and were being concealed from, the public, and that the positive representations which were being made were then materially false and/or misleading. The Individual Defendants are liable for the false statements pleaded herein.

SUBSTANTIVE ALLEGATIONS

Background

19. Brown-Forman Corporation, together with its subsidiaries, manufactures, distills, bottles, imports, exports, markets, and sells a variety of alcohol beverages. The United States is the Company's most important market, accounting for 44% of net sales in fiscal 2025. In the United States, which generally prohibits spirits and wine manufacturers from selling their products directly to consumers, Brown-Forman generally sell its products to distribution partners who then sell to retail customers and consumers. Distribution partners are generally granted a contract for a 'market' or U.S. state. Republic National Distributing Co., was Brown-Forman's largest customer and distribution partner, with contracts in at least 23 markets in 2024 and representing 19% of consolidated net sales in fiscal 2021.

Materially False and Misleading

Statements Issued During the Class Period

20. The Class Period begins on June 5, 2024.¹ On that day, Brown-Forman issued a press release reporting its operating results for the fourth fiscal quarter and twelve month period ended April 30, 2024. The press release purported to report the Company's financial results and the factors effecting the same, including that the Company's decline in U.S. net sales was "***driven by lower volumes largely reflecting an estimated net decrease in distributor inventories.***" The Company further purported to guide that the Company anticipated "***[o]rganic net sales growth in the 2% to 4% range.***" Specifically, the press release stated as follows, in relevant part:

Brown-Forman Corporation (NYSE: BFA, BFB) reported financial results for its fourth quarter and fiscal year ended April 30, 2024. ***Fourth quarter reported net sales decreased 8%1 to \$1.0 billion (-5% on an organic basis2) compared to the same prior-year period.*** In the quarter, reported operating income increased 26%

¹ Unless otherwise stated, all emphasis in bold and italics hereinafter is added, and all footnotes are omitted.

to \$375 million (-16% on an organic basis) and diluted earnings per share increased 31% to \$0.56.

For the full year, the company's reported net sales decreased 1% to \$4.2 billion (-1% on an organic basis) compared to the same prior-year period. Operating income increased 25% to \$1.4 billion (-2% on an organic basis) and diluted earnings per share increased 32% to \$2.14.

* * *

Fiscal 2024 Market Results

•Reported net sales in the United States decreased 4% (-4% organic) *driven by lower volumes largely reflecting an estimated net decrease in distributor inventories*. This decline was partially offset by higher prices across the portfolio, led by el Jimador and Woodford Reserve, and the growth of super-premium Jack Daniel's expressions such as Jack Daniel's Single Barrel Rye Barrel Proof and Jack Daniel's Sinatra.

* * *

Fiscal 2025 Outlook

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 expect the following in 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.

* * *

	2023	2024	Change
Net sales	\$ 1,046	\$ 964	(8%)
Cost of sales	411	395	(4%)
Gross profit	635	569	(10%)
Advertising expenses	134	115	(14%)
Selling, general, and administrative expenses	201	231	14%
Gain on business divestitures	—	(177)	
Other expense (income), net	2	25	
Operating income	298	375	26%
Non-operating postretirement expense	2	1	
Interest expense, net	27	27	
Income before income taxes	269	347	29%
Income taxes	62	81	
Net income	<u>\$ 207</u>	<u>\$ 266</u>	29%

21. On June 14, 2024, the Company submitted its annual report for the fiscal year ended April 30, 2024 on a Form 10-K filed with the SEC (the “2024 10-K”). The 2024 10-K purported to state the Company’s financial results and the factors effecting the same, including that the Company’s decline in U.S. net sales was “*driven by lower volumes largely reflecting an estimated net decrease in distributor inventories.*” Specifically, the 2024 10-K stated as follows, in relevant part:

Executive Summary

Fiscal 2024 Highlights

- *We delivered reported net sales of \$4.2 billion, a decrease of 1% compared to fiscal 2023.* The decline in reported net sales was driven by lower volumes, largely offset by favorable price/mix and the positive effect of acquisitions and divestitures. An estimated net decrease in distributor inventories negatively impacted reported net sales.
 - From a brand perspective, the decline in reported net sales was driven by JDTW, partially offset by growth from our recently acquired brands, Diplomático and Gin Mare.
 - From a geographic perspective, the decline in reported net sales was driven by the United States and Japan, partially offset by growth in Mexico and Germany.
- We delivered reported gross profit of \$2.5 billion, an increase of 1% compared to fiscal 2023. Gross margin increased to 60.5% in fiscal 2024, up 1.5 percentage points from 59.0% in fiscal 2023. The increase in gross margin was primarily driven

by favorable price/mix and lower supply chain disruption related costs, partially offset by higher input costs and the negative effect of foreign exchange.

- We delivered reported operating income of \$1.4 billion, an increase of 25% compared to fiscal 2023, driven primarily by the positive effect of acquisitions and divestitures (the gains on sale of the Finlandia vodka business and the Sonoma-Cutrer wine business), favorable price/mix, the absence of the prior year period Finlandia non-cash impairment, and lower supply chain disruption related costs, partially offset by operating expense growth, the negative effect of foreign exchange, and the \$23 million commitment to the Foundation and Dendrifund.

- We delivered diluted earnings per share of \$2.14, an increase of 32% compared to fiscal 2023, driven primarily by the increase in reported operating income.

* * *

Summary of Operating Performance Fiscal 2023 and Fiscal 2024

<u>Fiscal year ended April 30</u>	2023 vs. 2024			
	2023	2024	Reported Change	Organic Change¹
Net sales	\$ 4,228	\$ 4,178	(1 %)	(1 %)
Cost of sales	\$ 1,734	\$ 1,652	(5 %)	(7 %)
Gross profit	\$ 2,494	\$ 2,526	1 %	2 %
Advertising	\$ 506	\$ 529	4 %	2 %
SG&A	\$ 742	\$ 826	11 %	7 %
Gain on business divestitures	\$ —	\$ (267)	nm ⁴	nm ⁴
Other expense (income), net	\$ 119	\$ 24	nm ⁴	nm ⁴
Operating income	\$ 1,127	\$ 1,414	25 %	(2 %)
Total operating expenses ²	\$ 1,367	\$ 1,379	1 %	7 %

* * *

The United States' reported net sales declined 4%, driven by lower volumes largely reflecting an estimated net decrease in distributor inventories. The decline was partially offset by higher prices across our portfolio, led by el Jimador and Woodford Reserve, and the growth of our super-premium Jack Daniel's expressions.

22. The 2024 10-K further purported to warn of risks related to the Company's business and operations which "*could*" hinder the sale or distribution of products, including the following, in relevant part:

Changes to our route-to-consumer models and consolidation among beverage alcohol producers, distributors, wholesalers, suppliers, and retailers, could hinder the marketing, sale, or distribution of our products.

We use various business models to market and distribute our products in different countries around the world. In the United States, we sell our products either to distributors for resale to retail outlets or e-commerce retailers or, in those states that control alcohol sales, to state governments who then sell them to retail customers and consumers.

* * *

Changes to any of our route-to-consumer models or distribution partners in important markets could result in temporary or longer-term sales disruption, higher costs, and harm to other business relationships we might have with that partner. Disruption of our distribution network or fluctuations in our product inventory levels at distributors, wholesalers, or retailers could negatively affect our results for a particular period.

23. On August 29, 2024, Brown-Forman Corporation issued a press release reporting its operating results for the first fiscal quarter and three month period ended July 31, 2024. The press release purported to report the Company's financial results and the factors effecting the same, including that the Company's decline in U.S. net sales was ***“driven by lower volumes in a challenging economic environment.”*** The Company further continued to guide that the Company allegedly anticipated ***“[o]rganic net sales growth in the 2% to 4% range.”*** Specifically, the press release stated as follows, in relevant part:

Brown-Forman Corporation (NYSE: BFA, BFB) reported financial results for its first quarter of fiscal 2025, ended July 31, 2024, with ***net sales decreasing 8%1 to \$1.0 billion (-4% on an organic basis2) compared to the same prior year period.*** Operating income decreased 14% to \$281 million (-13% on an organic basis) and diluted earnings per share decreased 14% to \$0.41.

* * *

First Quarter of Fiscal 2025 Market Results

•Net sales in the United States declined 5% (-4% organic) ***driven by lower volumes in a challenging economic environment,*** led by Jack Daniel's Tennessee Whiskey, el Jimador, and Korbel California Champagnes along with the negative impact of JDCC. The declines were partially offset by growth of Woodford Reserve and Old

Forester as these brands continued to outperform the US Whiskey category. Consistent with company expectations, distributors are continuing to target the low end of their normal inventory range as continued high inflation and interest rates are negatively impacting the consumer and the trade.

* * *

Fiscal 2025 Outlook

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.

* * *

	2023	2024	Change
Net sales	\$ 1,038	\$ 951	(8%)
Cost of sales	387	386	0%
Gross profit	651	565	(13%)
Advertising expenses	131	126	(4%)
Selling, general, and administrative expenses	200	188	(6%)
Other expense (income), net	(7)	(30)	
Operating income	327	281	(14)%
Non-operating postretirement expense	1	—	
Interest expense, net	27	28	
Income before income taxes	299	253	(15)%
Income taxes	68	58	
Net income	<u>\$ 231</u>	<u>\$ 195</u>	(16)%

24. On August 29, 2024, the Company submitted its quarterly report for the period ended July 31, 2024 on a Form 10-Q filed with the SEC. The report purported to state the Company’s financial results and the factors effecting the same, including that the Company’s decline in U.S. net sales was “*driven by lower volumes*” generally. Specifically, the report stated as follows, in relevant part:

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 ¹
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 ⁴	nm ⁴
Operating income	327	281	(14 %)	(13 %)
<i>Total operating expenses²</i>	\$ 324	\$ 284	(12 %)	(3 %)
<i>As a percentage of net sales³</i>				
<i>Gross profit</i>	62.7 %	59.4 %	(3.3) pp	
<i>Operating income</i>	31.5 %	29.6 %	(1.9) pp	
Non-operating postretirement expense	\$ 1	\$ —	nm ⁴	
Interest expense, net	\$ 27	\$ 28	2 %	
<i>Effective tax rate</i>	22.9 %	23.1 %	0.2 pp	
Diluted earnings per share	\$ 0.48	\$ 0.41	(14 %)	
	*	*	*	

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

25. On December 5, 2024, Brown-Forman Corporation issued a press release reporting its operating results for the second fiscal quarter and six month period ended October 31, 2024. The press release purported to report the Company’s financial results and the factors effecting the same, including that the Company’s decline in U.S. net sales was “***driven by lower volumes***” generally. The Company further purported to guide that the Company continued to anticipate “***[o]rganic net sales growth in the 2% to 4% range.***” Specifically, the press release stated as follows, in relevant part:

Second quarter reported net sales decreased 1% to \$1.1 billion (+3% on an organic basis) compared to the same prior-year period. In the quarter, reported operating income increased 1% to \$341 million (+5% on an organic basis) and diluted earnings per share increased 9% to \$0.55.

For the first six months of the fiscal year, the company's reported net sales decreased 5% to \$2.0 billion (flat on an organic basis) compared to the same prior-year period. First half reported operating income decreased 7% to \$622 million (-3% on an organic basis) and diluted earnings per share decreased 3% to \$0.96.

* * *

First Half of Fiscal 2025 Highlights

- Net sales declines were largely due to the Finlandia and Sonoma-Cutrer divestitures.
- Net sales declined across all geographic aggregations, but improved sequentially in international markets and the Travel Retail3 channel.
- Gross profit declined 8% (-4% organic) primarily due to the Finlandia and Sonoma-Cutrer divestitures. Gross margin contracted 240 basis points largely related to the timing of input cost fluctuations coupled with high inventory levels, partially offset by favorable price/mix.
- Operating expenses declined by 10% (-4% organic).
- The Brown-Forman Board of Directors increased the quarterly cash dividend for the 41st consecutive year.

* * *

First Half of Fiscal 2025 Market Results

•In a challenging economic environment, net sales in the United States declined 7% (-3% organic) driven by lower volumes, led by Jack Daniel's Tennessee Whiskey and Korbel California Champagnes, coupled with the divestiture of Sonoma-Cutrer and the impact of JDCC. The declines were partially offset by growth of Woodford Reserve and Old Forester as these brands continued to outperform the US Whiskey category. An estimated net increase in distributor inventories positively impacted net sales.

* * *

Fiscal 2025 Outlook

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 expectations for fiscal 2025:

- Organic net sales growth in the 2% to 4% range.
- Organic operating income growth in the 2% to 4% range.
- An effective tax rate to be in the range of approximately 21% to 23%.

The estimated capital expenditure range has been updated to \$180 to \$190 million from \$195 to \$205 million.

*	*	*	
	2023	2024	Change
Net sales	\$ 1,107	\$ 1,095	(1%)
Cost of sales	436	449	3%
Gross profit	671	646	(4%)
Advertising expenses	140	126	(9%)
Selling, general, and administrative expenses	192	187	(3%)
Other expense (income), net	—	(8)	
Operating income	339	341	1%
Non-operating postretirement expense	—	1	
Interest expense, net	29	29	
Equity method investment income	—	(2)	
Income before income taxes	310	313	1%
Income taxes	68	55	
Net income	\$ 242	\$ 258	7%
Earnings per share:			
Basic	\$ 0.50	\$ 0.55	8%
Diluted	\$ 0.50	\$ 0.55	9%

26. On December 5, 2024, the Company submitted its quarterly report for the period ended October 31, 2024 on a Form 10-Q filed with the SEC. The report purported to state the Company's financial results and the factors effecting the same, including that the Company's decline in U.S. net sales was *“driven by (a) the divestiture of Sonoma-Cutrer; (b) lower volumes of Korbel California Champagnes, JDTW, and el Jimador; and (c) the impact of JDCC.”* Specifically, the report stated as follows, in relevant part:

Fiscal 2025 Year-to-Date Highlights

- We delivered net sales of \$2.0 billion for the six months ended October 31, 2024, a decrease of 5%. The decrease was driven by (a) the negative effect of

acquisitions and divestitures; (b) lower volumes; (c) the negative effect of foreign exchange; and (d) the impact of JDCC, partially offset by favorable price/mix.

◦From a brand perspective, net sales declines were led by the Finlandia and Sonoma-Cutrer divestitures, the impact of JDCC, and our Tequila portfolio, partially offset by growth of the non-branded and bulk business (primarily used barrel sales) and Woodford Reserve.

◦From a geographic perspective, the declines in net sales were across geographic aggregations.

•We delivered gross profit of \$1.2 billion for the six months ended October 31, 2024, a decrease of 8%. Gross margin decreased 2.4 percentage points to 59.2% from 61.6% 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, the negative effect of foreign exchange, and 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 \$622 million for the six months ended October 31, 2024, a decrease of 7% largely driven by the timing of input cost fluctuations coupled with high inventory levels, the negative effect of the acquisitions and divestitures, and the negative effect of foreign exchange. The decrease was partially offset by (a) favorable price/mix; (b) advertising and SG&A expense leverage; (c) the franchise tax refund; and (d) the gain on sale of the Alabama cooperage.

•We delivered diluted earnings per share of \$0.96 for the six months ended October 31, 2024, a decrease of 3% from the \$0.98 reported for the same period last year, driven primarily by the decrease in operating income, partially offset by the benefit of the lower effective tax rate.

Summary of Operating Performance

(Dollars in millions)	Three Months Ended October 31,				Six Months Ended October 31,			
	2023	2024	Reported Change	Organic Change ¹	2023	2024	Reported Change	Organic Change ¹
Net sales	\$ 1,107	\$ 1,095	(1 %)	3 %	\$ 2,145	\$ 2,046	(5 %)	— %
Cost of sales	436	449	3 %	8 %	823	835	1 %	6 %
Gross profit	671	646	(4 %)	— %	1,322	1,211	(8 %)	(4 %)
Advertising	140	126	(9 %)	(7 %)	271	252	(7 %)	(4 %)
SG&A	192	187	(3 %)	(1 %)	392	375	(4 %)	(3 %)
Other expense (income), net	—	(8)	nm ⁴	nm ⁴	(7)	(38)	nm ⁴	nm ⁴
Operating income	339	341	1 %	5 %	666	622	(7 %)	(3 %)
Total operating expenses ²	\$ 332	\$ 305	(8 %)	(5 %)	\$ 656	\$ 589	(10 %)	(4 %)
<i>As a percentage of net sales³</i>								
Gross profit	60.6 %	59.1 %	(1.5) pp		61.6 %	59.2 %	(2.4) pp	
Operating income	30.6 %	31.1 %	0.5 pp		31.0 %	30.4 %	(0.6) pp	
Effective tax rate	22.0 %	17.6 %	(4.4) pp		22.4 %	20.1 %	(2.3) pp	
Diluted earnings per share	\$ 0.50	\$ 0.55	9 %		\$ 0.98	\$ 0.96	(3 %)	

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The United States' net sales declined 5% driven by (a) the divestiture of Sonoma-Cutrer; (b) lower volumes of Korbel California Champagnes, JDTW, and el Jimador; and (c) the impact of JDCC. The decline was partially offset by higher volumes and favorable price/mix of Woodford Reserve. An estimated net increase in distributor inventories positively impacted net sales.

27. On February 24, 2025, the Company issued a press release announcing a new California distributor partnership, replacing RNDC as its distributor partner in California, following “a formal request for proposal process that began in 2024.” The press release purported the Company and RNDC remained in a committed partnership “including throughout the 23 other states where we work together.” Specifically, the press release stated as follows in relevant part:

“We are incredibly excited to expand our distribution partnership with Reyes Beverage Group in California,” said Michael Masick, executive vice president and president, Americas, Brown-Forman. “As we strive to continue to grow our business, optimizing our routes to market is critical. *After careful consideration, including a formal request for proposal process that began in 2024,* we’re confident that Reyes Beverage Group is the ideal partner to help us achieve our ambitious growth objectives in this key market.”

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This expanded partnership reflects Brown-Forman's ongoing commitment to evolving its distribution network to ensure long-term success in the U.S. The company recognizes the dynamic landscape of the beverage alcohol industry and is proactively adapting to capitalize on new opportunities.

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Brown-Forman currently distributes its remaining spirits in California through Republic National Distributing Company (RNDC).

"We are grateful for the many years of partnership with RNDC in California and deeply appreciate their contributions to our business in this important market," continued Brown. "We value the relationships we've built with RNDC, including throughout the 23 other states where we work together, and we appreciate their continued partnership and focus on our shared success."

28. On March 5, 2025, Brown-Forman Corporation issued a press release reporting its operating results for the third fiscal quarter and nine month period ended January 31, 2025. The press release purported to report the Company's financial results and the factors effecting the same, including that the Company's year over year decline in U.S. net sales were "***led by the divestiture of Sonoma-Cutrer***, lower volumes of Korbel California Champagnes and Jack Daniel's Tennessee Whiskey, and the impact of JDCC." The Company further purported to guide that the Company continued to anticipate "***[o]rganic net sales growth in the 2% to 4% range.***" Specifically, the press release stated as follows, in relevant part:

Third quarter reported net sales decreased 3%1 to \$1.0 billion (+6% on an organic basis) compared to the same prior-year period. Third quarter reported operating income decreased 25% to \$280 million (+23% on an organic basis) and diluted earnings per share decreased 5% to \$0.57.

For the nine months of the fiscal year, reported net sales decreased 4% to \$3.1 billion (+2% on an organic basis) compared to the same prior-year period. Year-to-date reported operating income decreased 13% to \$902 million (+5% on an organic basis) and diluted earnings per share decreased 4% to \$1.53.

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Year-to-Date Fiscal 2025 Highlights

•*Net sales declines were largely driven by the Finlandia and Sonoma-Cutrer divestitures.*

•Net sales declined across all geographic aggregations with sequential improvement in the United States and Developed International3 markets.

•Gross profit declined 6% (-1% organic). Gross margin contracted 150 basis points largely driven by higher costs and the negative effect of foreign exchange, partially offset by favorable price/mix.

•Operating expenses declined by 8% (-6% organic).

•Recognized a \$78 million gain on the sale of our investment in The Duckhorn Portfolio, Inc. (“Duckhorn”); diluted earnings per share impact of \$0.14.

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Year-to-Date Fiscal 2025 Market Results

•*Net sales in the United States improved sequentially with a decline of 5% (-1% organic) led by the divestiture of Sonoma-Cutrer,* lower volumes of Korbel California Champagnes and Jack Daniel’s Tennessee Whiskey, and the impact of JDCC. The declines were partially offset by growth of Woodford Reserve as the brand continued to outperform the US Whiskey category. An estimated net increase in distributor inventories positively impacted net sales.

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Fiscal 2025 Outlook

The operating environment continues to be increasingly volatile due to geopolitical uncertainties and global macroeconomic conditions. Based on the currently known factors, we anticipate a return to organic net sales and organic operating income growth for fiscal 2025. Accordingly, we reaffirm the following expectations:

•***Organic net sales growth in the 2% to 4% range.***

•Organic operating income growth in the 2% to 4% range.

•Capital expenditures planned to be in the range of \$180 to \$190 million.

The forecasted effective tax rate range has been updated to approximately 20% to 22% from 21% to 23%.

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	2024	2025	Change
Net sales	\$ 1,069	\$ 1,035	(3%)
Cost of sales	434	416	(4%)
Gross profit	635	619	(3%)
Advertising expenses	143	125	(13%)
Selling, general, and administrative expenses	203	178	(13%)
Restructuring and other charges	—	31	
Gain on sale of business	(90)	—	
Other expense (income), net	6	5	
Operating income	373	280	(25)%
Non-operating postretirement expense	1	3	
Interest expense, net	30	26	
Equity method investment income and gain on sale	—	(81)	
Income before income taxes	342	332	(3)%
Income taxes	57	62	
Net income	\$ 285	\$ 270	(6)%

29. On March 5, 2025, the Company submitted its quarterly report for the period ended January 31, 2025 on a Form 10-Q filed with the SEC. The report purported to state the Company's financial results and the factors effecting the same, including that the Company's decline in U.S. net sales were "*driven by (a) the divestiture of Sonoma-Cutrer; (b) lower volumes of Korbel California Champagnes, JDTW, and el Jimador; and (c) the impact of JDCC.*" Specifically, the report stated as follows, in relevant part:

Fiscal 2025 Year-to-Date Highlights

•*We delivered net sales of \$3.1 billion for the nine months ended January 31, 2025, a decrease of 4%. The decrease was driven by (a) the negative effect of acquisitions and divestitures; (b) the negative effect of foreign exchange; and (c) the impact of JDCC.* The decrease was partially offset by higher volumes.

◦From a brand perspective, net sales declines were led by the Finlandia and Sonoma-Cutrer divestitures, our Tequila portfolio, and the impact of JDCC, partially offset by growth of Woodford Reserve and the non-branded and bulk business (primarily used barrel sales).

◦From a geographic perspective, net sales declined across geographic aggregations.

•We delivered gross profit of \$1.8 billion for the nine months ended January 31, 2025, a decrease of 6%. Gross margin decreased 1.5 percentage points to 59.4% from 60.9% in the same period last year. The decrease in gross margin was largely driven by the higher costs and the negative effect of foreign exchange, partially offset by favorable price/mix, the impact of JDCC, and the positive effect of acquisitions and divestitures.

•We delivered operating income of \$902 million for the nine months ended January 31, 2025, a decrease of 13%, largely driven by (a) higher costs, (b) the absence of the gain on sale of the Finlandia vodka business; (c) the negative effect of foreign exchange; and (d) restructuring and other costs. The decrease was partially offset by (a) lower SG&A and advertising expenses; (b) favorable price/mix; (c) the franchise tax refund; and (d) the gain on sale of the Alabama cooperage.

•We delivered diluted earnings per share of \$1.53 for the nine months ended January 31, 2025, a decrease of 4% from the \$1.58 reported for the same period last year, driven primarily by the decrease in operating income, partially offset by the gain on sale of our investment in Duckhorn and the benefit of the lower effective tax rate.

Summary of Operating Performance

(Dollars in millions)	Three Months Ended January 31,				Nine Months Ended January 31,			
	2024	2025	Reported Change	Organic Change ¹	2024	2025	Reported Change	Organic Change ¹
Net sales	\$ 1,069	\$ 1,035	(3 %)	6 %	\$ 3,214	\$ 3,081	(4 %)	2 %
Cost of sales	434	416	(4 %)	7 %	1,257	1,251	— %	6 %
Gross profit	635	619	(3 %)	5 %	1,957	1,830	(6 %)	(1 %)
Advertising	143	125	(13 %)	(9 %)	414	377	(9 %)	(6 %)
SG&A	203	178	(13 %)	(7 %)	595	551	(7 %)	(4 %)
Restructuring and other charges	—	31	nm ⁴	nm ⁴	—	33	nm ⁴	nm ⁴
Gain on sale of business	(90)	—	nm ⁴	nm ⁴	(90)	—	nm ⁴	nm ⁴
Other expense (income), net	6	5	nm ⁴	nm ⁴	(1)	(33)	nm ⁴	nm ⁴
Operating income	373	280	(25 %)	23 %	1,039	902	(13 %)	5 %
<i>Total operating expenses²</i>	<i>\$ 352</i>	<i>\$ 339</i>	<i>(4 %)</i>	<i>(9 %)</i>	<i>\$ 1,008</i>	<i>\$ 928</i>	<i>(8 %)</i>	<i>(6 %)</i>
Equity method investment income and gain on sale	—	(81)	nm ⁴	nm ⁴	—	(83)	nm ⁴	nm ⁴
<i>As a percentage of net sales³</i>								
<i>Gross profit</i>	<i>59.4 %</i>	<i>59.8 %</i>	<i>0.4 pp</i>		<i>60.9 %</i>	<i>59.4 %</i>	<i>(1.5) pp</i>	
<i>Operating income</i>	<i>34.9 %</i>	<i>27.1 %</i>	<i>(7.8) pp</i>		<i>32.3 %</i>	<i>29.3 %</i>	<i>(3.0) pp</i>	
<i>Effective tax rate</i>	<i>16.5 %</i>	<i>18.7 %</i>	<i>2.2 pp</i>		<i>20.3 %</i>	<i>19.5 %</i>	<i>(0.8) pp</i>	
Diluted earnings per share	\$ 0.60	\$ 0.57	(5 %)		\$ 1.58	\$ 1.53	(4 %)	
	*			*			*	

The United States' net sales declined 5% driven by (a) the divestiture of Sonoma-Cutrer; (b) lower volumes of Korbel California Champagnes, JDTW, and el Jimador; and (c) the impact of JDCC. The decline was partially offset by higher volumes and favorable price/mix of Woodford Reserve. An estimated net increase in distributor inventories positively impacted net sales.

30. The above statements identified in ¶¶ 20-29 were materially false and/or misleading, and failed to disclose material adverse facts about the Company's business, operations, and prospects. Specifically, Defendants failed to disclose to investors: (1) that Brown-Forman was experiencing undisclosed issues with its primary distribution partner; (2) that the Company's sales were weakening due to undisclosed issues with its primary distribution partner; (3) that, as a result, the Company was unlikely to meet its previously announced net sale guidance; (4) that, as a result, the Company was reasonably likely to face significant headwinds it overhaul its U.S. route-to-customer strategy; and (5) that, as a result of the foregoing, Defendants' positive statements about the Company's business, operations, and prospects were materially misleading and/or lacked a reasonable basis.

Disclosures at the End of the Class Period

31. On May 29, 2025, after the market closed and as the Company's fiscal year drew to a close, Brown-Forman announced the "*first significant change to [its] U.S. route-to-consumer landscape in more than 60 years,*" with the Company naming numerous new distribution partners and replacing RNDC in the majority of its markets, RNDC in only 12 markets. Specifically, the Company issued a press release which stated as follows, in relevant part:

Brown-Forman Announces Significant Evolution in U.S. Distribution

New Distributor Relationships Across 13 Markets

LOUISVILLE, KY – Brown-Forman Corporation (NYSE:BFA,BFB) today announced the successful completion of its Request for Proposal (RFP) process for portfolio distribution in select markets across the United States. The company named new distributors for 13 markets, a transition that will involve seven new distributor organizations. The company will maintain its current distributor network in the remaining markets where the RFP was conducted.

These carefully considered decisions underscore Brown-Forman's enduring commitment to ensure its brands have the dedication, focus, investment, and route-to-market capabilities needed to succeed in the increasingly dynamic beverage alcohol industry.

“This milestone marks an exciting evolution in our U.S. strategy, building upon our commitment to elevate our premium spirits portfolio and reach consumers in impactful ways,” said Michael Masick, executive vice president and president, Americas, Brown-Forman. “This process has enabled us to evolve existing relationships, form new ones, and, in every instance, align around a common vision for Brown-Forman brands and a strategy to achieve our collective aspirations.”

Robinson Brown IV, senior vice president and managing director, USA & Canada, Brown-Forman, added, “This is Brown-Forman’s first significant change to our U.S. route-to-consumer landscape in more than 60 years. These decisions were taken with great thought and care, and we believe they will bring tremendous opportunities for growth in the years and decades to come. Together, we will share Brown-Forman’s iconic family of brands with consumers across the U.S., fueling accelerated momentum and achieving new levels of success.”

Brown continued, “I would also like to recognize and thank all of our distributors, whose dedication and expertise over the years have been foundational to establishing Brown-Forman’s strong presence across these markets. Though our relationships may be evolving, their dedication and hard work have been instrumental in building the strong foundation upon which this next chapter of growth will be built.”

Announced today, the following distributors will, beginning August 1, 2025, represent the Brown-Forman portfolio of brands in the states listed:

— **Johnson Brothers:** Indiana, Minnesota, Nebraska, North Dakota, South Dakota, and Texas

— **Southern Glazer’s Wine & Spirits:** Louisiana and New York; Continued alignment in Arkansas, Kansas, Massachusetts, Missouri, and Rhode Island

— **Columbia Distributing:** Washington

— **Keg-1 River City:** Kentucky

— **Oklahoma Spirits Alliance, a partnership with Capital, LDF, & Fisher 59 Distributors:** Oklahoma

— **Reyes Beverage Group:** Hawaii; California (announced February 2025, effective May 2025)

— **Specialty Imports:** Alaska

These distributor partners were selected for their proven track records, strong capabilities, and shared commitment to accelerate growth of Brown-Forman’s iconic brands. In addition, as a result of the reshaping of the company’s U.S. distributor relationship landscape, Breakthru Beverage Group (BBG) will become

the company's largest national distributor partner, covering 14 key markets across the U.S. and Canada.

This announcement marks the conclusion of Brown-Forman's RFP process for the U.S. open states.

32. On this news, Brown-Forman's Class B Common Stock price fell \$0.75, or 2.20%, to close at \$33.34 on May 30, 2025, on unusually heavy trading volume.

33. Then, on June 5, 2025, before the market opened, Brown-Forman reported financial results for its fourth quarter and full year 2025. Amongst other things, the Company reported "net sales decreased 7% to \$894 million," "operating income decreased 45%," and "diluted earnings per share decreased 45%." The Company admitted its U.S. distribution would have to undergo a "significant evolution" to normalize sales, and it would "expect a low single-digit decline in organic net sales" as it works with its new distribution partners after completing its review of its route to market across the U.S. Specifically, the Company issued a press release which stated as follows, in relevant part:

Fourth quarter reported net sales decreased 7% to \$894 million (-3% on an organic basis) compared to the same prior-year period. In the quarter, reported operating income decreased 45% to \$205 million (-2% on an organic basis) and diluted earnings per share decreased 45% to \$0.31, largely due to the absence of the prior-year gain on sale of the Sonoma-Cutrer wine business.

For the full year, the company's reported net sales decreased 5% to \$4.0 billion (+1% on an organic basis) compared to the same prior-year period. Reported operating income decreased 22% to \$1.1 billion (+3% on an organic basis) and diluted earnings per share decreased 14% to \$1.84.

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Fiscal 2025 Highlights

- The operating environment remained challenging in fiscal 2025 due to ongoing macroeconomic and geopolitical uncertainties, which the company believes negatively impacted consumer confidence and reduced discretionary spending in many of our top markets.

- Net sales declined across all geographic aggregations, largely driven by the Finlandia and Sonoma-Cutrer divestitures.

- Gross profit declined 7% (-2% organic). Gross margin contracted 150 basis points largely driven by higher input costs, unfavorable fixed cost absorption related to lower production levels, and the negative effect of foreign exchange, partially offset by favorable price/mix.

- Operating expenses declined 10% (-6% organic).

- A series of strategic restructuring initiatives designed to position the company for future growth resulted in charges of \$63 million.

- Brown-Forman returned \$420 million to stockholders through regular quarterly dividends, received \$350 million in cash in exchange for its 21.4% ownership interest in The Duckhorn Portfolio Inc. (Duckhorn), and repaid \$300 million in principal on maturing notes.

* * *

Fiscal 2025 Market Results

- Net sales in the United States decreased 7% (-2% organic) led by the divestiture of Sonoma-Cutrer; volume declines in a challenging consumer environment, primarily Jack Daniel's Tennessee Whiskey and Korbel California Champagnes; and the impact of JDCC. The declines were partially offset by

growth of Woodford Reserve as the brand continued to gain market share and outperformed the U.S. Whiskey category. An estimated net increase in distributor inventories positively impacted net sales.

* * *

Fiscal 2026 Outlook

We anticipate the operating environment for fiscal 2026 will be challenging, with low visibility due to macroeconomic and geopolitical volatility as we face headwinds from consumer uncertainty, the potential impact from currently unknown tariffs, and lower non-branded sales of used barrels. We remain focused on building our business for the long term and navigating the current environment at pace with strategic initiatives in fiscal 2026 that we believe will unlock future growth led by the significant evolution of our U.S. distribution, the restructuring initiative, and meaningful new product innovation. Considering these factors, we expect the following in fiscal 2026:

- Organic net sales decline in the low-single digit range.

- Organic operating income decline in the low-single digit range.

- Our effective tax rate to be in the range of approximately 21% to 23%.
- Capital expenditures planned to be in the range of \$125 to \$135 million.

34. On this news, Brown-Forman's Class B Common Stock price fell \$5.95, or 17.92%, to close at \$27.25 on June 5, 2025, on unusually heavy trading volume.

CLASS ACTION ALLEGATIONS

35. Plaintiff brings this action as a class action pursuant to Federal Rule of Civil Procedure 23(a) and (b)(3) on behalf of a class, consisting of all persons and entities that purchased or otherwise acquired Brown-Forman securities between June 5, 2024 and June 5, 2025, inclusive, and who were damaged thereby (the "Class"). Excluded from the Class are Defendants, the officers and directors of the Company, at all relevant times, members of their immediate families and their legal representatives, heirs, successors, or assigns, and any entity in which Defendants have or had a controlling interest.

36. The members of the Class are so numerous that joinder of all members is impracticable. Throughout the Class Period, Brown-Forman's shares actively traded on the NYSE. While the exact number of Class members is unknown to Plaintiff at this time and can only be ascertained through appropriate discovery, Plaintiff believes that there are at least hundreds or thousands of members in the proposed Class. Millions of Brown-Forman shares were traded publicly during the Class Period on the NYSE. Record owners and other members of the Class may be identified from records maintained by Brown-Forman or its transfer agent and may be notified of the pendency of this action by mail, using the form of notice similar to that customarily used in securities class actions.

37. Plaintiff's claims are typical of the claims of the members of the Class as all members of the Class are similarly affected by Defendants' wrongful conduct in violation of federal law that is complained of herein.

38. Plaintiff will fairly and adequately protect the interests of the members of the Class and has retained counsel competent and experienced in class and securities litigation.

39. Common questions of law and fact exist as to all members of the Class and predominate over any questions solely affecting individual members of the Class. Among the questions of law and fact common to the Class are:

(a) whether the federal securities laws were violated by Defendants' acts as alleged herein;

(b) whether statements made by Defendants to the investing public during the Class Period omitted and/or misrepresented material facts about the business, operations, and prospects of Brown-Forman; and

(c) to what extent the members of the Class have sustained damages and the proper measure of damages.

40. A class action is superior to all other available methods for the fair and efficient adjudication of this controversy since joinder of all members is impracticable. Furthermore, as the damages suffered by individual Class members may be relatively small, the expense and burden of individual litigation makes it impossible for members of the Class to individually redress the wrongs done to them. There will be no difficulty in the management of this action as a class action.

UNDISCLOSED ADVERSE FACTS

41. The market for Brown-Forman's securities was open, well-developed and efficient at all relevant times. As a result of these materially false and/or misleading statements, and/or failures to disclose, Brown-Forman's securities traded at artificially inflated prices during the Class Period. Plaintiff and other members of the Class purchased or otherwise acquired Brown-Forman's securities relying upon the integrity of the market price of the Company's securities and market information relating to Brown-Forman, and have been damaged thereby.

42. During the Class Period, Defendants materially misled the investing public, thereby inflating the price of Brown-Forman's securities, by publicly issuing false and/or misleading statements and/or omitting to disclose material facts necessary to make Defendants' statements, as set forth herein, not false and/or misleading. The statements and omissions were materially false and/or misleading because they failed to disclose material adverse information and/or misrepresented the truth about Brown-Forman's business, operations, and prospects as alleged herein.

43. At all relevant times, the material misrepresentations and omissions particularized in this Complaint directly or proximately caused or were a substantial contributing cause of the damages sustained by Plaintiff and other members of the Class. As described herein, during the Class Period, Defendants made or caused to be made a series of materially false and/or misleading statements about Brown-Forman's financial well-being and prospects. These material misstatements and/or omissions had the cause and effect of creating in the market an unrealistically positive assessment of the Company and its financial well-being and prospects, thus causing the Company's securities to be overvalued and artificially inflated at all relevant times. Defendants' materially false and/or misleading statements during the Class Period resulted in Plaintiff and other members of the Class purchasing the Company's securities at artificially inflated prices, thus causing the damages complained of herein when the truth was revealed.

LOSS CAUSATION

44. Defendants' wrongful conduct, as alleged herein, directly and proximately caused the economic loss suffered by Plaintiff and the Class.

45. During the Class Period, Plaintiff and the Class purchased Brown-Forman's securities at artificially inflated prices and were damaged thereby. The price of the Company's securities significantly declined when the misrepresentations made to the market, and/or the

information alleged herein to have been concealed from the market, and/or the effects thereof, were revealed, causing investors' losses.

SCIENTER ALLEGATIONS

46. As alleged herein, Defendants acted with scienter since Defendants knew that the public documents and statements issued or disseminated in the name of the Company were materially false and/or misleading; knew that such statements or documents would be issued or disseminated to the investing public; and knowingly and substantially participated or acquiesced in the issuance or dissemination of such statements or documents as primary violations of the federal securities laws. As set forth elsewhere herein in detail, the Individual Defendants, by virtue of their receipt of information reflecting the true facts regarding Brown-Forman, their control over, and/or receipt and/or modification of Brown-Forman's allegedly materially misleading misstatements and/or their associations with the Company which made them privy to confidential proprietary information concerning Brown-Forman, participated in the fraudulent scheme alleged herein.

APPLICABILITY OF PRESUMPTION OF RELIANCE

(FRAUD-ON-THE-MARKET DOCTRINE)

47. The market for Brown-Forman's securities was open, well-developed and efficient at all relevant times. As a result of the materially false and/or misleading statements and/or failures to disclose, Brown-Forman's securities traded at artificially inflated prices during the Class Period. On October 17, 2024 the Company's Class B share price closed at a Class Period high of \$49.54 per share. Plaintiff and other members of the Class purchased or otherwise acquired the Company's securities relying upon the integrity of the market price of Brown-Forman's securities and market information relating to Brown-Forman, and have been damaged thereby.

48. During the Class Period, the artificial inflation of Brown-Forman's shares was caused by the material misrepresentations and/or omissions particularized in this Complaint causing the damages sustained by Plaintiff and other members of the Class. As described herein, during the Class Period, Defendants made or caused to be made a series of materially false and/or misleading statements about Brown-Forman's business, prospects, and operations. These material misstatements and/or omissions created an unrealistically positive assessment of Brown-Forman and its business, operations, and prospects, thus causing the price of the Company's securities to be artificially inflated at all relevant times, and when disclosed, negatively affected the value of the Company shares. Defendants' materially false and/or misleading statements during the Class Period resulted in Plaintiff and other members of the Class purchasing the Company's securities at such artificially inflated prices, and each of them has been damaged as a result.

49. At all relevant times, the market for Brown-Forman's securities was an efficient market for the following reasons, among others:

(a) Brown-Forman shares met the requirements for listing, and was listed and actively traded on the NYSE, a highly efficient and automated market;

(b) As a regulated issuer, Brown-Forman filed periodic public reports with the SEC and/or the NYSE;

(c) Brown-Forman regularly communicated with public investors via established market communication mechanisms, including through regular dissemination of press releases on the national circuits of major newswire services and through other wide-ranging public disclosures, such as communications with the financial press and other similar reporting services; and/or

(d) Brown-Forman was followed by securities analysts employed by brokerage firms who wrote reports about the Company, and these reports were distributed to the sales force and certain customers of their respective brokerage firms. Each of these reports was publicly available and entered the public marketplace.

50. As a result of the foregoing, the market for Brown-Forman's securities promptly digested current information regarding Brown-Forman from all publicly available sources and reflected such information in Brown-Forman's share price. Under these circumstances, all purchasers of Brown-Forman's securities during the Class Period suffered similar injury through their purchase of Brown-Forman's securities at artificially inflated prices and a presumption of reliance applies.

51. A Class-wide presumption of reliance is also appropriate in this action under the Supreme Court's holding in *Affiliated Ute Citizens of Utah v. United States*, 406 U.S. 128 (1972), because the Class's claims are, in large part, grounded on Defendants' material misstatements and/or omissions. Because this action involves Defendants' failure to disclose material adverse information regarding the Company's business operations and financial prospects—information that Defendants were obligated to disclose—positive proof of reliance is not a prerequisite to recovery. All that is necessary is that the facts withheld be material in the sense that a reasonable investor might have considered them important in making investment decisions. Given the importance of the Class Period material misstatements and omissions set forth above, that requirement is satisfied here.

NO SAFE HARBOR

52. The statutory safe harbor provided for forward-looking statements under certain circumstances does not apply to any of the allegedly false statements pleaded in this Complaint. The statements alleged to be false and misleading herein all relate to then-existing facts and

conditions. In addition, to the extent certain of the statements alleged to be false may be characterized as forward looking, they were not identified as “forward-looking statements” when made and there were no meaningful cautionary statements identifying important factors that could cause actual results to differ materially from those in the purportedly forward-looking statements. In the alternative, to the extent that the statutory safe harbor is determined to apply to any forward-looking statements pleaded herein, Defendants are liable for those false forward-looking statements because at the time each of those forward-looking statements was made, the speaker had actual knowledge that the forward-looking statement was materially false or misleading, and/or the forward-looking statement was authorized or approved by an executive officer of Brown-Forman who knew that the statement was false when made.

FIRST CLAIM

**Violation of Section 10(b) of The Exchange Act and
Rule 10b-5 Promulgated Thereunder**

Against All Defendants

53. Plaintiff repeats and re-alleges each and every allegation contained above as if fully set forth herein.

54. During the Class Period, Defendants carried out a plan, scheme and course of conduct which was intended to and, throughout the Class Period, did: (i) deceive the investing public, including Plaintiff and other Class members, as alleged herein; and (ii) cause Plaintiff and other members of the Class to purchase Brown-Forman’s securities at artificially inflated prices. In furtherance of this unlawful scheme, plan and course of conduct, Defendants, and each defendant, took the actions set forth herein.

55. Defendants (i) employed devices, schemes, and artifices to defraud; (ii) made untrue statements of material fact and/or omitted to state material facts necessary to make the

statements not misleading; and (iii) engaged in acts, practices, and a course of business which operated as a fraud and deceit upon the purchasers of the Company's securities in an effort to maintain artificially high market prices for Brown-Forman's securities in violation of Section 10(b) of the Exchange Act and Rule 10b-5. All Defendants are sued either as primary participants in the wrongful and illegal conduct charged herein or as controlling persons as alleged below.

56. Defendants, individually and in concert, directly and indirectly, by the use, means or instrumentalities of interstate commerce and/or of the mails, engaged and participated in a continuous course of conduct to conceal adverse material information about Brown-Forman's financial well-being and prospects, as specified herein.

57. Defendants employed devices, schemes and artifices to defraud, while in possession of material adverse non-public information and engaged in acts, practices, and a course of conduct as alleged herein in an effort to assure investors of Brown-Forman's value and performance and continued substantial growth, which included the making of, or the participation in the making of, untrue statements of material facts and/or omitting to state material facts necessary in order to make the statements made about Brown-Forman and its business operations and future prospects in light of the circumstances under which they were made, not misleading, as set forth more particularly herein, and engaged in transactions, practices and a course of business which operated as a fraud and deceit upon the purchasers of the Company's securities during the Class Period.

58. Each of the Individual Defendants' primary liability and controlling person liability arises from the following facts: (i) the Individual Defendants were high-level executives and/or directors at the Company during the Class Period and members of the Company's management team or had control thereof; (ii) each of these defendants, by virtue of their responsibilities and

activities as a senior officer and/or director of the Company, was privy to and participated in the creation, development and reporting of the Company's internal budgets, plans, projections and/or reports; (iii) each of these defendants enjoyed significant personal contact and familiarity with the other defendants and was advised of, and had access to, other members of the Company's management team, internal reports and other data and information about the Company's finances, operations, and sales at all relevant times; and (iv) each of these defendants was aware of the Company's dissemination of information to the investing public which they knew and/or recklessly disregarded was materially false and misleading.

59. Defendants had actual knowledge of the misrepresentations and/or omissions of material facts set forth herein, or acted with reckless disregard for the truth in that they failed to ascertain and to disclose such facts, even though such facts were available to them. Such defendants' material misrepresentations and/or omissions were done knowingly or recklessly and for the purpose and effect of concealing Brown-Forman's financial well-being and prospects from the investing public and supporting the artificially inflated price of its securities. As demonstrated by Defendants' overstatements and/or misstatements of the Company's business, operations, financial well-being, and prospects throughout the Class Period, Defendants, if they did not have actual knowledge of the misrepresentations and/or omissions alleged, were reckless in failing to obtain such knowledge by deliberately refraining from taking those steps necessary to discover whether those statements were false or misleading.

60. As a result of the dissemination of the materially false and/or misleading information and/or failure to disclose material facts, as set forth above, the market price of Brown-Forman's securities was artificially inflated during the Class Period. In ignorance of the fact that market prices of the Company's securities were artificially inflated, and relying directly or

indirectly on the false and misleading statements made by Defendants, or upon the integrity of the market in which the securities trades, and/or in the absence of material adverse information that was known to or recklessly disregarded by Defendants, but not disclosed in public statements by Defendants during the Class Period, Plaintiff and the other members of the Class acquired Brown-Forman's securities during the Class Period at artificially high prices and were damaged thereby.

61. At the time of said misrepresentations and/or omissions, Plaintiff and other members of the Class were ignorant of their falsity, and believed them to be true. Had Plaintiff and the other members of the Class and the marketplace known the truth regarding the problems that Brown-Forman was experiencing, which were not disclosed by Defendants, Plaintiff and other members of the Class would not have purchased or otherwise acquired their Brown-Forman securities, or, if they had acquired such securities during the Class Period, they would not have done so at the artificially inflated prices which they paid.

62. By virtue of the foregoing, Defendants violated Section 10(b) of the Exchange Act and Rule 10b-5 promulgated thereunder.

63. As a direct and proximate result of Defendants' wrongful conduct, Plaintiff and the other members of the Class suffered damages in connection with their respective purchases and sales of the Company's securities during the Class Period.

SECOND CLAIM

Violation of Section 20(a) of The Exchange Act

Against the Individual Defendants

64. Plaintiff repeats and re-alleges each and every allegation contained above as if fully set forth herein.

65. Individual Defendants acted as controlling persons of Brown-Forman within the meaning of Section 20(a) of the Exchange Act as alleged herein. By virtue of their high-level

positions and their ownership and contractual rights, participation in, and/or awareness of the Company's operations and intimate knowledge of the false financial statements filed by the Company with the SEC and disseminated to the investing public, Individual Defendants had the power to influence and control and did influence and control, directly or indirectly, the decision-making of the Company, including the content and dissemination of the various statements which Plaintiff contends are false and misleading. Individual Defendants were provided with or had unlimited access to copies of the Company's reports, press releases, public filings, and other statements alleged by Plaintiff to be misleading prior to and/or shortly after these statements were issued and had the ability to prevent the issuance of the statements or cause the statements to be corrected.

66. In particular, Individual Defendants had direct and supervisory involvement in the day-to-day operations of the Company and, therefore, had the power to control or influence the particular transactions giving rise to the securities violations as alleged herein, and exercised the same.

67. As set forth above, Brown-Forman and Individual Defendants each violated Section 10(b) and Rule 10b-5 by their acts and omissions as alleged in this Complaint. By virtue of their position as controlling persons, Individual Defendants are liable pursuant to Section 20(a) of the Exchange Act. As a direct and proximate result of Defendants' wrongful conduct, Plaintiff and other members of the Class suffered damages in connection with their purchases of the Company's securities during the Class Period.

PRAYER FOR RELIEF

WHEREFORE, Plaintiff prays for relief and judgment, as follows:

(a) Determining that this action is a proper class action under Rule 23 of the Federal Rules of Civil Procedure;

(b) Awarding compensatory damages in favor of Plaintiff and the other Class members against all defendants, jointly and severally, for all damages sustained as a result of Defendants' wrongdoing, in an amount to be proven at trial, including interest thereon;

(c) Awarding Plaintiff and the Class their reasonable costs and expenses incurred in this action, including counsel fees and expert fees; and

(d) Such other and further relief as the Court may deem just and proper.

JURY TRIAL DEMANDED

Plaintiff hereby demands a trial by jury.

Dated: _____, 2025

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