

**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 June 30, 2021

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 Number: 1-14829



Molson Coors Beverage Company

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation or organization)

P.O. BOX 4030, NH353, Golden, Colorado, USA

1555 Notre Dame Street East, Montréal, Québec, Canada

(Address of principal executive offices)

84-0178360

(I.R.S. Employer Identification No.)

80401

H2L 2R5

(Zip Code)

303-279-6565 (Colorado)

514-521-1786 (Québec)

(Registrant's telephone number, including area code)

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

Title of each class	Trading symbols	Name of each exchange on which registered
Class A Common Stock, \$0.01 par value	TAP.A	New York Stock Exchange
Class B Common Stock, \$0.01 par value	TAP	New York Stock Exchange
1.25% Senior Notes due 2024	TAP	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 (§232.405 of this chapter) 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 ☒ Accelerated filer ☐ Non-accelerated filer ☐ Smaller reporting company ☐ Emerging growth company ☐

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 registrant's classes of common stock, as of July 22, 2021:

Class A Common Stock — 2,561,706 shares

Class B Common Stock — 200,572,269 shares

Exchangeable shares:

As of July 22, 2021, the following number of exchangeable shares were outstanding for Molson Coors Canada, Inc.:

Class A Exchangeable shares — 2,718,167 shares

Class B Exchangeable shares — 11,104,565 shares

The Class A exchangeable shares and Class B exchangeable shares are shares of the share capital in Molson Coors Canada Inc., a wholly-owned subsidiary of the registrant. They are publicly traded on the Toronto Stock Exchange under the symbols TPX.A and TPX.B,

respectively. These shares are intended to provide substantially the same economic and voting rights as the corresponding class of Molson Coors common stock in which they may be exchanged. In addition to the registered Class A common stock and the Class B common stock, the registrant has also issued and outstanding one share each of a Special

Class A voting stock and Special Class B voting stock. The Special Class A voting stock and the Special Class B voting stock provide the mechanism for holders of Class A exchangeable shares and Class B exchangeable shares to be provided instructions to vote with the holders of the Class A common stock and the Class B common stock, respectively. The holders of the Special Class A voting stock and Special Class B voting stock are entitled to one vote for each outstanding Class A exchangeable share and Class B exchangeable share, respectively, excluding shares held by the registrant or its subsidiaries, and generally vote together with the Class A common stock and Class B common stock, respectively, on all matters on which the Class A common stock and Class B common stock are entitled to vote. The Special Class A voting stock and Special Class B voting stock are subject to a voting trust arrangement. The trustee which holds the Special Class A voting stock and the Special Class B voting stock is required to cast a number of votes equal to the number of then-outstanding Class A exchangeable shares and Class B exchangeable shares, respectively, but will only cast a number of votes equal to the number of Class A exchangeable shares and Class B exchangeable shares as to which it has received voting instructions from the owners of record of those Class A exchangeable shares and Class B exchangeable shares, other than the registrant or its subsidiaries, respectively, on the record date, and will cast the votes in accordance with such instructions so received.

MOLSON COORS BEVERAGE COMPANY AND SUBSIDIARIES

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Glossary of Terms and Abbreviations

AOCI	Accumulated other comprehensive income (loss)
CAD	Canadian Dollar
CZK	Czech Koruna
DBRS	A global credit rating agency in Toronto
EBITDA	Earnings before interest, tax, depreciation and amortization
EPS	Earnings per share
EUR	Euro
FASB	Financial Accounting Standards Board
GBP	British Pound
HRK	Croatian Kuna
JPY	Japanese Yen
Moody's	Moody's Investors Service Limited, a nationally recognized statistical rating organization designated by the SEC
OCI	Other comprehensive income (loss)
OPEB	Other postretirement benefit plans
PSUs	Performance share units
RSD	Serbian Dinar
RSUs	Restricted stock units
SEC	U.S. Securities and Exchange Commission
Standard & Poor's	Standard and Poor's Ratings Services, a nationally recognized statistical rating organization designated by the SEC
STRs	Sales-to-retailers
STWs	Sales-to-wholesalers
2017 Tax Act	U.S. Tax Cuts and Jobs Act
U.K.	United Kingdom
U.S.	United States
U.S. GAAP	Accounting principles generally accepted in the U.S.
USD or \$	U.S. Dollar
VIEs	Variable interest entities

Cautionary Statement Pursuant to Safe Harbor Provisions of the Private Securities Litigation Reform Act of 1995

This report contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). From time to time, we may also provide oral or written forward-looking statements in other materials we release to the public. Such forward-looking statements are subject to the safe harbor created by the Private Securities Litigation Reform Act of 1995.

Statements that refer to projections of our future financial performance, our anticipated growth and trends in our businesses, and other characterizations of future events or circumstances are forward-looking statements, and include, but are not limited to, statements in Part I - Item 2 Management's Discussion and Analysis of Financial Condition and Results of Operations in this report, and under the headings "Executive Summary" and "Outlook" therein, with respect to expectations regarding the impact of the coronavirus pandemic on our operations, liquidity, financial condition and financial results, impact of the cybersecurity incident, including on revenues and related expenses, expectations regarding future dividends, overall volume trends, consumer preferences, pricing trends, industry forces, cost reduction strategies, including our revitalization plan announced in 2019 and the estimated range of related charges and timing of cash charges, anticipated results, expectations for funding future capital expenditures and operations, debt service capabilities, timing and amounts of debt and leverage levels, shipment levels and profitability, market share, and the sufficiency of capital resources. In addition, statements that we make in this report that are not statements of historical fact may also be forward-looking statements. Words such as "expects," "intend," "goals," "plans," "believes," "continues," "may," "anticipate," "seek," "estimate," "outlook," "trends," "future benefits," "potential," "projects," "strategies," and variations of such words and similar expressions are intended to identify forward-looking statements.

Forward-looking statements are subject to risks and uncertainties that could cause actual results to be materially different from those indicated (both favorably and unfavorably). These risks and uncertainties include, but are not limited to, those described in Part II - Item IA. Risk Factors in this report, and those described from time to time in our past and future reports filed with the SEC, including in our Annual Report on Form 10-K for the year ended December 31, 2020. Caution should be taken not to place undue reliance on any such forward-looking statements. Forward-looking statements speak only as of the date when made and we undertake no obligation to update any forward-looking statement, whether as a result of new information, future events or otherwise.

Market and Industry Data

The market and industry data used in this Quarterly Report on Form 10-Q are based on independent industry publications, customers, trade or business organizations, reports by market research firms and other published statistical information from third parties (collectively, the "Third Party Information"), as well as information based on management's good faith estimates, which we derive from our review of internal information and independent sources. Such Third Party Information generally states that the information contained therein or provided by such sources has been obtained from sources believed to be reliable.

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS (UNAUDITED)

MOLSON COORS BEVERAGE COMPANY AND SUBSIDIARIES **CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS** **(IN MILLIONS, EXCEPT PER SHARE DATA)** **(UNAUDITED)**

	Three Months Ended		Six Months Ended	
	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
Sales	\$ 3,564.0	\$ 3,029.8	\$ 5,820.1	\$ 5,567.6
Excise taxes	(624.6)	(526.4)	(982.3)	(961.4)
Net sales	2,939.4	2,503.4	4,837.8	4,606.2
Cost of goods sold	(1,667.9)	(1,456.6)	(2,835.3)	(2,935.6)
Gross profit	1,271.5	1,046.8	2,002.5	1,670.6
Marketing, general and administrative expenses	(681.7)	(524.5)	(1,224.6)	(1,154.2)
Special items, net	(9.0)	(64.3)	(19.9)	(150.9)
Operating income (loss)	580.8	458.0	758.0	365.5
Interest income (expense), net	(67.9)	(69.7)	(133.2)	(138.6)
Other pension and postretirement benefits (costs), net	13.0	7.6	26.0	15.1
Other income (expense), net	(3.3)	5.8	(1.9)	1.0
Income (loss) before income taxes	522.6	401.7	648.9	243.0
Income tax benefit (expense)	(132.3)	(204.5)	(176.6)	(161.2)
Net income (loss)	390.3	197.2	472.3	81.8
Net (income) loss attributable to noncontrolling interests	(1.7)	(2.2)	0.4	(3.8)
Net income (loss) attributable to Molson Coors Beverage Company	\$ 388.6	\$ 195.0	\$ 472.7	\$ 78.0
Net income (loss) attributable to Molson Coors Beverage Company per share				
Basic	\$ 1.79	\$ 0.90	\$ 2.18	\$ 0.36
Diluted	\$ 1.79	\$ 0.90	\$ 2.17	\$ 0.36
Weighted-average shares outstanding				
Basic	217.1	216.9	217.1	216.8
Dilutive effect of share-based awards	0.5	0.1	0.4	0.2
Diluted	217.6	217.0	217.5	217.0
Anti-dilutive securities excluded from the computation of diluted EPS	1.3	2.3	1.5	2.1

See notes to unaudited condensed consolidated financial statements.

MOLSON COORS BEVERAGE COMPANY AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(IN MILLIONS)
(UNAUDITED)

	Three Months Ended		Six Months Ended	
	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
Net income (loss) including noncontrolling interests	\$ 390.3	\$ 197.2	\$ 472.3	\$ 81.8
Other comprehensive income (loss), net of tax:				
Foreign currency translation adjustments	63.9	119.7	74.2	(253.8)
Reclassification of cumulative translation adjustment to income (loss)	—	—	7.5	—
Unrealized gain (loss) on derivative instruments	(59.5)	(0.7)	43.2	(128.6)
Reclassification of derivative (gain) loss to income (loss)	2.7	(1.1)	3.9	(1.1)
Amortization of net prior service (benefit) cost and net actuarial (gain) loss to income (loss)	0.2	(1.9)	0.6	(3.2)
Ownership share of unconsolidated subsidiaries' other comprehensive income (loss)	0.4	0.8	0.8	1.5
Total other comprehensive income (loss), net of tax	7.7	116.8	130.2	(385.2)
Comprehensive income (loss)	398.0	314.0	602.5	(303.4)
Comprehensive (income) loss attributable to noncontrolling interests	(2.1)	(3.3)	(0.1)	(2.0)
Comprehensive income (loss) attributable to Molson Coors Beverage Company	\$ 395.9	\$ 310.7	\$ 602.4	\$ (305.4)

See notes to unaudited condensed consolidated financial statements.

MOLSON COORS BEVERAGE COMPANY AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(IN MILLIONS, EXCEPT PAR VALUE)
(UNAUDITED)

	As of	
	June 30, 2021	December 31, 2020
Assets		
Current assets		
Cash and cash equivalents	\$ 1,308.9	\$ 770.1
Accounts receivable, net	932.3	558.0
Other receivables, net	154.4	129.1
Inventories, net	749.5	664.3
Other current assets, net	457.0	297.3
Total current assets	3,602.1	2,418.8
Properties, net	4,173.8	4,250.3
Goodwill	6,156.9	6,151.0
Other intangibles, net	13,498.3	13,556.1
Other assets	1,088.8	954.9
Total assets	<u>\$ 28,519.9</u>	<u>\$ 27,331.1</u>
Liabilities and equity		
Current liabilities		
Accounts payable and other current liabilities	\$ 3,366.8	\$ 2,889.5
Current portion of long-term debt and short-term borrowings	1,525.1	1,020.1
Total current liabilities	4,891.9	3,909.6
Long-term debt	6,701.9	7,208.2
Pension and postretirement benefits	751.8	763.2
Deferred tax liabilities	2,585.8	2,381.6
Other liabilities	352.1	447.2
Total liabilities	15,283.5	14,709.8
Commitments and contingencies (Note 12)		
Molson Coors Beverage Company stockholders' equity		
Capital stock		
Preferred stock, \$0.01 par value (authorized: 25.0 shares; none issued)	—	—
Class A common stock, \$0.01 par value (authorized: 500.0 shares; issued and outstanding: 2.6 shares and 2.6 shares, respectively)	—	—
Class B common stock, \$0.01 par value (authorized: 500.0 shares; issued: 210.0 shares and 209.8 shares, respectively)	2.1	2.1
Class A exchangeable shares, no par value (issued and outstanding: 2.7 shares and 2.7 shares, respectively)	102.3	102.3
Class B exchangeable shares, no par value (issued and outstanding: 11.1 shares and 11.1 shares, respectively)	417.8	417.8
Paid-in capital	6,955.2	6,937.8
Retained earnings	7,016.9	6,544.2
Accumulated other comprehensive income (loss)	(1,038.1)	(1,167.8)
Class B common stock held in treasury at cost (9.5 shares and 9.5 shares, respectively)	(471.4)	(471.4)
Total Molson Coors Beverage Company stockholders' equity	12,984.8	12,365.0
Noncontrolling interests	251.6	256.3
Total equity	13,236.4	12,621.3
Total liabilities and equity	<u>\$ 28,519.9</u>	<u>\$ 27,331.1</u>

See notes to unaudited condensed consolidated financial statements.

MOLSON COORS BEVERAGE COMPANY AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(IN MILLIONS)
(UNAUDITED)

	Six Months Ended	
	June 30, 2021	June 30, 2020
Cash flows from operating activities		
Net income (loss) including noncontrolling interests	\$ 472.3	\$ 81.8
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities		
Depreciation and amortization	403.9	494.2
Amortization of debt issuance costs and discounts	3.1	4.0
Share-based compensation	16.5	11.8
(Gain) loss on sale or impairment of properties and other assets, net	2.5	7.7
Unrealized (gain) loss on foreign currency fluctuations and derivative instruments, net	(222.7)	40.9
Income tax (benefit) expense	176.6	161.2
Income tax (paid) received	(58.0)	(16.7)
Interest expense, excluding interest amortization	131.2	136.0
Interest paid	(122.5)	(129.8)
Change in current assets and liabilities and other	(54.4)	268.8
Net cash provided by (used in) operating activities	748.5	1,059.9
Cash flows from investing activities		
Additions to properties	(211.9)	(345.1)
Proceeds from sales of properties and other assets	3.2	3.0
Other	8.6	0.6
Net cash provided by (used in) investing activities	(200.1)	(341.5)
Cash flows from financing activities		
Exercise of stock options under equity compensation plans	4.5	4.0
Dividends paid	(0.2)	(125.3)
Payments on debt and borrowings	(1.9)	(507.6)
Proceeds on debt and borrowings	—	1.0
Net proceeds from (payments on) revolving credit facilities and commercial paper	1.4	199.8
Change in overdraft balances and other	(7.7)	(21.7)
Net cash provided by (used in) financing activities	(3.9)	(449.8)
Cash and cash equivalents		
Net increase (decrease) in cash and cash equivalents	544.5	268.6
Effect of foreign exchange rate changes on cash and cash equivalents	(5.7)	(11.2)
Balance at beginning of year	770.1	523.4
Balance at end of period	\$ 1,308.9	\$ 780.8

See notes to unaudited condensed consolidated financial statements.

MOLSON COORS BEVERAGE COMPANY AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
AND NONCONTROLLING INTERESTS
(IN MILLIONS)
(UNAUDITED)

Molson Coors Beverage Company Stockholders' Equity										
	Total	Common stock issued		Exchangeable shares issued		Paid-in-capital	Retained earnings	Accumulated other comprehensive income (loss)	Common stock held in treasury	Non controlling interests
		Class A	Class B	Class A	Class B				Class B	
As of March 31, 2020	\$ 12,946.0	\$ —	\$ 2.1	\$ 102.5	\$ 557.8	\$ 6,780.7	\$ 7,376.2	\$ (1,661.3)	\$ (471.4)	\$ 259.4
Shares issued under equity compensation plan	(0.3)	—	—	—	—	(0.3)	—	—	—	—
Amortization of share-based compensation	5.9	—	—	—	—	5.9	—	—	—	—
Net income (loss) including noncontrolling interests	197.2	—	—	—	—	—	195.0	—	—	2.2
Other comprehensive income (loss), net of tax	116.8	—	—	—	—	—	—	115.7	—	1.1
Contributions from noncontrolling interests	5.4	—	—	—	—	—	—	—	—	5.4
Distributions and dividends to noncontrolling interests	(3.0)	—	—	—	—	—	—	—	—	(3.0)
As of June 30, 2020	<u>\$ 13,268.0</u>	<u>\$ —</u>	<u>\$ 2.1</u>	<u>\$ 102.5</u>	<u>\$ 557.8</u>	<u>\$ 6,786.3</u>	<u>\$ 7,571.2</u>	<u>\$ (1,545.6)</u>	<u>\$ (471.4)</u>	<u>\$ 265.1</u>
Molson Coors Beverage Company Stockholders' Equity										
	Total	Common stock issued		Exchangeable shares issued		Paid-in-capital	Retained earnings	Accumulated other comprehensive income (loss)	Common stock held in treasury	Non controlling interests
		Class A	Class B	Class A	Class B				Class B	
As of March 31, 2021	\$ 12,834.0	\$ —	\$ 2.1	\$ 102.3	\$ 417.8	\$ 6,947.1	\$ 6,628.3	\$ (1,045.4)	\$ (471.4)	\$ 253.2
Shares issued under equity compensation plan	(0.4)	—	—	—	—	(0.4)	—	—	—	—
Amortization of share-based compensation	8.2	—	—	—	—	8.2	—	—	—	—
Purchase of noncontrolling interest	0.1	—	—	—	—	0.3	—	—	—	(0.2)
Net income (loss) including noncontrolling interests	390.3	—	—	—	—	—	388.6	—	—	1.7
Other comprehensive income (loss), net of tax	7.7	—	—	—	—	—	—	7.3	—	0.4
Contributions from noncontrolling interests	1.7	—	—	—	—	—	—	—	—	1.7
Distributions and dividends to noncontrolling interests	(5.2)	—	—	—	—	—	—	—	—	(5.2)
As of June 30, 2021	<u>\$ 13,236.4</u>	<u>\$ —</u>	<u>\$ 2.1</u>	<u>\$ 102.3</u>	<u>\$ 417.8</u>	<u>\$ 6,955.2</u>	<u>\$ 7,016.9</u>	<u>\$ (1,038.1)</u>	<u>\$ (471.4)</u>	<u>\$ 251.6</u>

Molson Coors Beverage Company Stockholders' Equity

		Common stock issued		Exchangeable shares issued		Paid-in- capital	Retained earnings	Accumulated other comprehensive income (loss)	Common stock held in treasury Class B	Non controlling interests
	Total	Class A	Class B	Class A	Class B					
As of December 31, 2019	\$ 13,673.1	\$ —	\$ 2.1	\$ 102.5	\$ 557.8	\$ 6,773.6	\$ 7,617.0	\$ (1,162.2)	\$ (471.4)	\$ 253.7
Shares issued under equity compensation plan	0.9	—	—	—	—	0.9	—	—	—	—
Amortization of share-based compensation	11.8	—	—	—	—	11.8	—	—	—	—
Purchase of noncontrolling interest	(0.1)	—	—	—	—	—	—	—	—	(0.1)
Net income (loss) including noncontrolling interests	81.8	—	—	—	—	—	78.0	—	—	3.8
Other comprehensive income (loss), net of tax	(385.2)	—	—	—	—	—	—	(383.4)	—	(1.8)
Contributions from noncontrolling interests	14.0	—	—	—	—	—	—	—	—	14.0
Distributions and dividends to noncontrolling interests	(4.5)	—	—	—	—	—	—	—	—	(4.5)
Dividends declared - \$0.57 per share	(123.8)	—	—	—	—	—	(123.8)	—	—	—
As of June 30, 2020	<u>\$ 13,268.0</u>	<u>\$ —</u>	<u>\$ 2.1</u>	<u>\$ 102.5</u>	<u>\$ 557.8</u>	<u>\$ 6,786.3</u>	<u>\$ 7,571.2</u>	<u>\$ (1,545.6)</u>	<u>\$ (471.4)</u>	<u>\$ 265.1</u>

Molson Coors Beverage Company Stockholders' Equity

		Common stock issued		Exchangeable shares issued		Paid-in- capital	Retained earnings	Accumulated other comprehensive income (loss)	Common stock held in treasury Class B	Non controlling interests
	Total	Class A	Class B	Class A	Class B					
As of December 31, 2020	\$ 12,621.3	\$ —	\$ 2.1	\$ 102.3	\$ 417.8	\$ 6,937.8	\$ 6,544.2	\$ (1,167.8)	\$ (471.4)	\$ 256.3
Shares issued under equity compensation plan	0.6	—	—	—	—	0.6	—	—	—	—
Amortization of share-based compensation	16.5	—	—	—	—	16.5	—	—	—	—
Purchase of noncontrolling interest	(0.1)	—	—	—	—	0.3	—	—	—	(0.4)
Net income (loss) including noncontrolling interests	472.3	—	—	—	—	—	472.7	—	—	(0.4)
Other comprehensive income (loss), net of tax	130.2	—	—	—	—	—	—	129.7	—	0.5
Contributions from noncontrolling interests	1.7	—	—	—	—	—	—	—	—	1.7
Distributions and dividends to noncontrolling interests	(6.1)	—	—	—	—	—	—	—	—	(6.1)
As of June 30, 2021	<u>\$ 13,236.4</u>	<u>\$ —</u>	<u>\$ 2.1</u>	<u>\$ 102.3</u>	<u>\$ 417.8</u>	<u>\$ 6,955.2</u>	<u>\$ 7,016.9</u>	<u>\$ (1,038.1)</u>	<u>\$ (471.4)</u>	<u>\$ 251.6</u>

See notes to unaudited condensed consolidated financial statements.

MOLSON COORS BEVERAGE COMPANY AND SUBSIDIARIES
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of Presentation and Summary of Significant Accounting Policies

Unless otherwise noted in this report, any description of "we," "us" or "our" includes Molson Coors Beverage Company ("MCBC" or the "Company"), principally a holding company, and its operating and non-operating subsidiaries included within our reporting segments. Our reporting segments include North America and Europe. Our North America segment operates in the U.S., Canada and various countries in Latin and South America, and our Europe segment operates in Bulgaria, Croatia, Czech Republic, Hungary, Montenegro, the Republic of Ireland, Romania, Serbia, the U.K., various other European countries, and certain countries within Africa and Asia Pacific.

Unless otherwise indicated, information in this report is presented in USD and comparisons are to comparable prior periods. Our primary operating currencies, other than the USD, include the CAD, the GBP, and our Central European operating currencies such as the EUR, CZK, HRK and RSD.

The accompanying unaudited condensed consolidated interim financial statements reflect all adjustments which are necessary for a fair statement of the financial position, results of operations and cash flows for the periods presented in accordance with U.S. GAAP. Such unaudited interim condensed consolidated financial statements have been prepared in accordance with the instructions to Form 10-Q pursuant to the rules and regulations of the SEC. Certain information and footnote disclosures normally included in financial statements prepared in accordance with U.S. GAAP have been condensed or omitted pursuant to such rules and regulations.

These unaudited condensed consolidated interim financial statements should be read in conjunction with our Annual Report on Form 10-K for the year ended December 31, 2020 ("Annual Report"), and have been prepared on a consistent basis with the accounting policies described in Note 1 of the Notes to the Audited Consolidated Financial Statements included in our Annual Report, except as noted in [Note 2, "New Accounting Pronouncements"](#).

The results of operations for the three and six months ended June 30, 2021 are not necessarily indicative of the results that may be achieved for the full year or any other future period.

Cybersecurity Incident

During March 2021, we experienced a systems outage that was caused by a cybersecurity incident. We engaged leading forensic information technology firms and legal counsel to assist our investigation into the incident and we restored our systems after working to get the systems back up as quickly as possible. Despite these actions, we experienced some delays and disruptions to our business, including brewery operations, production and shipments. This incident caused us to not produce or ship as much as we would have in the first quarter of 2021. During the second quarter of 2021, we made progress recovering from the incident with increased shipments and continue to expect to recover fully by the end of 2021. In addition, we incurred certain incremental net one-time costs of \$2.7 million in the six months ended June 30, 2021 related to consultants, experts and data recovery efforts, net of insurance recoveries.

Coronavirus Global Pandemic

Starting at the end of the first quarter of 2020, the coronavirus pandemic had a material adverse effect on our operations, liquidity, financial condition and results of operations in 2020. In 2021, we have begun to see initial improvements in the marketplace related to the coronavirus global pandemic as on-premise locations begin to open around the world at varying degrees. The extent to which our operations will continue to be impacted by the pandemic will depend largely on future developments, which are highly uncertain and cannot be accurately predicted, including the severity and duration of the pandemic, including outbreaks of variants, the rate of vaccination and the efficacy of vaccines against the coronavirus and related variants. We continue to actively monitor the ongoing evolution of the pandemic and resulting impacts to our business.

During the three and six months ended June 30, 2020, we recorded charges of \$15.5 million within cost of goods sold related to temporary "thank you" pay for certain essential North America brewery employees. Additionally, in order to support and demonstrate our commitment to the continued viability of the many bars and restaurants which were negatively impacted by the coronavirus pandemic, during the first quarter of 2020, we initiated temporary keg relief programs in many of our markets. We committed to provide customers with reimbursements for untapped kegs that met certain established return requirements in conjunction with the voluntary programs. As a result, during the six months ended June 30, 2020, we recognized a reduction to net sales of \$31.8 million, substantially all of which was recognized in the first quarter of 2020 other than immaterial adjustments for changes in estimates during the second quarter of 2020, reflecting estimated sales returns and reimbursements through these keg relief programs.

Further, during the six months ended June 30, 2020, we recognized charges of \$16.8 million substantially all of which was recognized in the first quarter of 2020 other than immaterial adjustments for changes in estimates during the second quarter of 2020, within cost of goods sold related to obsolete finished goods keg inventories that were not expected to be sold within our freshness specifications, as well as the estimated costs to facilitate the above mentioned keg returns.

The actual duration of the coronavirus pandemic as a result of the evolution of variants, the rate of vaccination and the efficacy of vaccines against the coronavirus and related variants coupled with the severity of government-mandated closures or limitations at bars and restaurants as well as large events, could result in future charges due to incremental finished goods keg inventory becoming obsolete in future periods.

We continue to monitor the impacts on our customers' liquidity and capital resources and therefore our ability to collect, or the timeliness of collection of our accounts receivable. While these receivables are not concentrated with any specific customer and our allowance on these receivables factors in expected credit loss, continued disruption and declines in the global economy could result in difficulties in our ability to collect and require increases to our allowance for doubtful accounts. As of June 30, 2021 and December 31, 2020, our allowance for trade receivables was approximately \$16 million and \$18 million, respectively, and allowance activity was immaterial during the three and six months ended June 30, 2021.

In response to the onset of the coronavirus pandemic in 2020, various governmental authorities globally announced relief programs which among other items, provided temporary deferrals of non-income based tax payments, which positively impacted our operating cash flows in 2020. These temporary deferrals of approximately \$130 million as of June 30, 2021 and December 31, 2020 were included within accounts payable and other current liabilities on our unaudited condensed consolidated balance sheets.

We protected and supported our liquidity position in response to the global economic uncertainty created by the coronavirus pandemic. Beginning with the second quarter of 2020 through the second quarter of 2021, our board of directors suspended our regular quarterly dividends on our Class A and Class B common and exchangeable shares. A quarterly dividend was reinstated in the third quarter of 2021.

For considerations of the effects of the coronavirus pandemic and related potential impairment risks to our goodwill and indefinite-lived intangible assets, see [Note 7, "Goodwill and Intangible Assets."](#)

Revitalization Plan

On October 28, 2019, we initiated a revitalization plan designed to allow us to invest across our portfolio to drive long-term, sustainable success. The revitalization plan established Chicago, Illinois as our North American operational headquarters. We closed our office in Denver, Colorado and consolidated certain administrative functions into our other existing office locations. As of January 1, 2020, we changed our name to Molson Coors Beverage Company and changed our management structure to two segments - North America and Europe. We began to incur charges related to these restructuring activities during the fourth quarter of 2019 and will continue to incur charges through fiscal year 2021.

See [Note 5, "Special Items"](#) for further discussion of the impacts of this plan.

Non-Cash Activity

Non-cash activity includes non-cash issuances of share-based awards, as well as non-cash investing activities related to movements in our guarantee of indebtedness of certain equity method investments. See [Note 4, "Investments"](#) for further discussion. We also had non-cash activities related to capital expenditures incurred but not yet paid of \$164.2 million and \$135.4 million during the six months ended June 30, 2021 and June 30, 2020, respectively.

In June 2021, we rolled forward our July 2021 \$250.0 million forward starting interest rate swap to May 2022 through a cashless settlement. The unrealized loss on the 2021 forward starting interest rate swap at the time of the transaction was factored into the effective interest rate assigned to the new May 2022 forward starting interest rate swap. See [Note 11, "Derivative Instruments and Hedging Activities"](#) for further details.

Other than the activity mentioned above and the supplemental non-cash activity related to the recognition of leases further discussed in [Note 13, "Leases,"](#) there was no other significant non-cash activity during the six months ended June 30, 2021 and June 30, 2020, respectively.

Share-Based Compensation

During the first half of 2021 and 2020, we granted stock options, RSUs and PSUs to certain officers and other eligible employees, and recognized share-based compensation expense of \$8.2 million and \$5.9 million during the three months ended June 30, 2021 and June 30, 2020, respectively, and \$16.5 million and \$11.8 million during the six months ended June 30, 2021 and June 30, 2020, respectively.

2. New Accounting Pronouncements

New Accounting Pronouncements Recently Adopted

In December 2019, the FASB issued authoritative guidance intended to simplify the accounting for income taxes. This guidance eliminated certain exceptions to the general approach to the income tax accounting model and added new guidance to reduce the complexity in accounting for income taxes. We adopted this guidance in the first quarter of 2021, which did not have a material impact on our financial statements.

New Accounting Pronouncements Not Yet Adopted

In March 2020, the FASB issued authoritative guidance which provides optional expedients and exceptions for applying U.S. GAAP to contracts, hedging relationships and other transactions affected by reference rate reform if certain criteria are met. The amendments apply only to contracts, hedging relationships and other transactions that reference LIBOR or another reference rate expected to be discontinued because of reference rate reform and are effective for all entities upon issuance, March 12, 2020 through December 31, 2022. However, it is possible that LIBOR will become unavailable prior to that point. If LIBOR is not available, our financial contracts contain fallback provisions to determine the applicable replacement base rate. We anticipate managing the transition to an alternative rate using the language set out in our agreements and through potentially modifying the credit agreement governing our revolving credit facility. However, future market conditions may not allow immediate implementation of our desired modifications and we may incur significant costs in connection with doing so. We are currently evaluating the potential impact of this guidance on our financial statements.

Other than the items noted above, there have been no new accounting pronouncements not yet effective or adopted in the current year that we believe have a significant impact, or potential significant impact, to our unaudited condensed consolidated interim financial statements.

3. Segment Reporting

Our reporting segments are based on the key geographic regions in which we operate, and include the North America and Europe segments. Our North America segment operates in the U.S., Canada and various countries in Latin and South America and our Europe segment operates in Bulgaria, Croatia, Czech Republic, Hungary, Montenegro, the Republic of Ireland, Romania, Serbia, the U.K., various other European countries, and certain countries within the Middle East, Africa and Asia Pacific.

We also have certain activity that is not allocated to our segments, which has been reflected as “Unallocated” below. Specifically, "Unallocated" activity primarily includes financing-related costs such as interest expense and income, foreign exchange gains and losses on intercompany balances related to financing and other treasury-related activities, and the unrealized changes in fair value on our commodity swaps not designated in hedging relationships recorded within cost of goods sold, which are later reclassified when realized to the segment in which the underlying exposure resides. Additionally, only the service cost component of net periodic pension and OPEB cost is reported within each operating segment, and all other components remain unallocated.

Summarized Financial Information

No single customer accounted for more than 10% of our consolidated sales for the three and six months ended June 30, 2021 or June 30, 2020. Consolidated net sales represent sales to third-party external customers less excise taxes. Inter-segment transactions impacting net sales revenues and income (loss) before income taxes eliminate upon consolidation and are primarily related to North America segment sales to the Europe segment.

The following tables present net sales and income (loss) before income taxes by segment:

	Three Months Ended		Six Months Ended	
	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
	(In millions)			
North America	\$ 2,422.4	\$ 2,200.2	\$ 4,114.4	\$ 3,989.9
Europe	520.5	307.1	727.4	624.7
Inter-segment net sales eliminations	(3.5)	(3.9)	(4.0)	(8.4)
Consolidated net sales	<u>\$ 2,939.4</u>	<u>\$ 2,503.4</u>	<u>\$ 4,837.8</u>	<u>\$ 4,606.2</u>

	Three Months Ended		Six Months Ended	
	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
	(In millions)			
North America	\$ 428.2	\$ 411.5	\$ 572.4	\$ 487.7
Europe	47.4	(11.0)	(42.0)	(87.8)
Unallocated	47.0	1.2	118.5	(156.9)
Consolidated income (loss) before income taxes	\$ 522.6	\$ 401.7	\$ 648.9	\$ 243.0

Income (loss) before income taxes includes the impact of special items. Refer to [Note 5, "Special Items"](#) for further discussion.

The following table presents total assets by segment:

	As of	
	June 30, 2021	December 31, 2020
	(In millions)	
North America	\$ 24,312.1	\$ 23,375.6
Europe	4,207.8	3,955.5
Consolidated total assets	\$ 28,519.9	\$ 27,331.1

4. Investments

Our investments include both equity method and consolidated investments. Those entities identified as VIEs have been evaluated to determine whether we are the primary beneficiary. The VIEs included under "Consolidated VIEs" below are those for which we have concluded that we are the primary beneficiary and accordingly, we have consolidated these entities. None of our consolidated VIEs held debt as of June 30, 2021 or December 31, 2020. We have not provided any financial support to any of our VIEs during the year that we were not previously contractually obligated to provide. Amounts due to and due from our equity method investments are recorded as affiliate accounts payable and affiliate accounts receivable.

Authoritative guidance related to the consolidation of VIEs requires that we continually reassess whether we are the primary beneficiary of VIEs in which we have an interest. As such, the conclusion regarding the primary beneficiary status is subject to change and we continually evaluate circumstances that could require consolidation or deconsolidation. Our consolidated VIEs are Cobra Beer Partnership, Ltd. ("Cobra U.K."), Rocky Mountain Metal Container ("RMMC"), Rocky Mountain Bottle Company ("RMBC") and Truss LP ("Truss"), as well as other immaterial entities. Our unconsolidated VIEs are Brewers Retail Inc. ("BRI") and Brewers' Distributor Ltd. ("BDL"), as well as other immaterial investments.

Both BRI and BDL have outstanding third party debt which is guaranteed by their respective shareholders. As a result, we have a guarantee liability of \$46.8 million and \$38.2 million recorded as of June 30, 2021 and December 31, 2020, respectively, which is presented within accounts payable and other current liabilities on the unaudited condensed consolidated balance sheets and represents our proportionate share of the outstanding balance of these debt instruments. The carrying value of the guarantee liability equals fair value, which considers an adjustment for our own non-performance risk and is considered a Level 2 measurement. The offset to the guarantee liability was recorded as an adjustment to our respective equity method investment within the unaudited condensed consolidated balance sheets. The resulting change in our equity method investments during the year due to movements in the guarantee represents a non-cash investing activity.

Consolidated VIEs

The following summarizes the assets and liabilities of our consolidated VIEs (including noncontrolling interests):

	As of			
	June 30, 2021		December 31, 2020	
	Total Assets	Total Liabilities	Total Assets	Total Liabilities
	(In millions)			
RMMC/RMBC	\$ 207.5	\$ 20.9	\$ 239.3	\$ 17.9
Other	\$ 84.7	\$ 19.2	\$ 93.4	\$ 18.0

5. Special Items

We incurred charges or realized benefits that either we do not believe to be indicative of our core operations, or we believe are significant to our current operating results warranting separate classification. As such, we separately classified these charges (benefits) as special items.

	Three Months Ended		Six Months Ended	
	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
(In millions)				
<u>Employee-related charges</u>				
Restructuring	\$ 3.7	\$ 20.8	\$ 7.3	\$ 52.9
<u>Impairments or asset abandonment charges</u>				
North America - Asset abandonment ⁽¹⁾	2.7	35.7	5.6	89.9
North America - Impairment losses ⁽²⁾	—	7.6	—	7.6
Europe - Asset abandonment	2.6	0.2	4.7	0.5
<u>Termination fees and other (gains) losses</u>				
North America	—	—	0.4	—
Europe ⁽³⁾	—	—	1.9	—
Total Special items, net	\$ 9.0	\$ 64.3	\$ 19.9	\$ 150.9

- (1) In January 2020, we announced plans to cease production at our Irwindale, California brewery and entered into an option agreement with Pabst Brewing Company, LLC ("Pabst"), granting Pabst an option to purchase our Irwindale, California brewery, including plant equipment and machinery and the underlying land for \$150 million, subject to adjustment as further specified in the option agreement. Pursuant to the option agreement, on May 4, 2020, Pabst exercised its option to purchase the Irwindale brewery and the purchase was completed in the fourth quarter of 2020. Production at the Irwindale brewery ceased during the third quarter of 2020. Charges incurred in the three and six months ended June 30, 2021 were immaterial. Charges associated with the brewery closure for the three and six months ended June 30, 2020 totaled \$40.3 million and \$98.3 million, respectively, and primarily consisted of accelerated depreciation in excess of normal depreciation, as well as other closure costs including employee related costs.

In addition, during the three and six months ended June 30, 2021 and June 30, 2020 we incurred asset abandonment charges, primarily related to the accelerated depreciation in excess of normal depreciation as a result of the Montreal brewery closure, which is expected to occur in the second half of 2021.

- (2) During the three and six months ended June 30, 2020 we recognized an aggregate impairment loss of \$7.6 million related to the closure of the office facility in Denver, Colorado, including our lease right-of-use asset, in light of the sublease market outlook during that same period as a result of the coronavirus pandemic. No further impairment was recorded in 2021 due to the signing of sublease agreements during the three months ended June 30, 2021.
- (3) During the six months ended June 30, 2021, we recognized termination fees and other losses of \$1.9 million related to the sale of a disposal group within our India business which represented an insignificant part of our Europe segment. The loss includes the reclassification of the associated cumulative foreign currency translation adjustment losses from AOCI into special items, net at the time of sale. See [Note 10, "Accumulated Other Comprehensive Income \(Loss\)"](#) for further details.

Restructuring Activities

On October 28, 2019, as part of our revitalization plan, we established Chicago, Illinois as our North American operational headquarters, closed our office in Denver, Colorado and consolidated certain administrative functions into our other existing office locations. In connection with these consolidation activities, certain impacted employees were extended an opportunity to continue their employment with MCBC in the new organization and locations and, for those not continuing with MCBC, certain of such employees were asked to provide transition assistance and offered severance and retention packages in connection with their termination of service. We expect the costs associated with the restructuring to be substantially recognized by the end of fiscal year 2021. After taking into account all changes in each of the business units, including Europe, the revitalization plan reduced employment levels, in aggregate, by approximately 600 employees globally.

In connection with the revitalization plan, we incurred and expect we may continue to incur cash and non-cash restructuring charges related to severance, retention and transition costs, employee relocation, non-cash asset related costs, lease impairment and exit costs in connection with our office lease in Denver, Colorado, and other transition activities related to the

consolidation activities and related organizational and personnel changes of the revitalization plan through 2021 which is expected to aggregate in the range of approximately \$100 million to \$120 million. During the three and six months ended June 30, 2021, we recognized severance and retention charges of \$1.1 million and \$2.6 million, respectively, and our remaining accrued restructuring balance related to the revitalization plan as of June 30, 2021 was approximately \$10 million. During the three and six months ended June 30, 2020, we recognized severance and retention charges of \$8.4 million and \$31.1 million, respectively. Actual severance and retention costs related to this restructuring, which are primarily being recognized ratably over the employees' required future service period, may differ from original estimates based on actual employee turnover levels prior to achieving severance and retention eligibility requirements.

Other than those noted above, there were no material changes to our restructuring activities since December 31, 2020, as reported in Part II - Item 8. Financial Statements and Supplementary Data, Note 7, "Special Items" in our Annual Report. We continually evaluate our cost structure and seek opportunities for further efficiencies and cost savings as part of ongoing and new initiatives. As such, we may incur additional restructuring related charges or adjustments to previously recorded charges in the future, however, we are unable to estimate the amount of charges at this time.

The accrued restructuring balances as of June 30, 2021 represent expected future cash payments required to satisfy our remaining obligations to terminated employees, the majority of which we expect to be paid in the next 12 months.

	North America	Europe	Total
	(In millions)		
As of December 31, 2020	\$ 24.5	\$ 2.0	\$ 26.5
Charges incurred	6.1	1.1	7.2
Payments made	(16.4)	(1.4)	(17.8)
Changes in estimates	0.2	(0.1)	0.1
Foreign currency and other adjustments	0.2	—	0.2
As of June 30, 2021	\$ 14.6	\$ 1.6	\$ 16.2
	North America	Europe	Total
	(In millions)		
As of December 31, 2019	\$ 42.6	\$ 4.5	\$ 47.1
Charges incurred	47.8	8.0	55.8
Payments made	(39.5)	(9.2)	(48.7)
Changes in estimates	(2.1)	(0.8)	(2.9)
Foreign currency and other adjustments	(0.5)	(0.1)	(0.6)
As of June 30, 2020	\$ 48.3	\$ 2.4	\$ 50.7

6. Income Tax

	Three Months Ended		Six Months Ended	
	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
Effective tax rate	25 %	51 %	27 %	66 %

The decrease in the effective tax rate during the three and six months ended June 30, 2021 compared to the prior year was primarily due to a decrease in net discrete tax expense, partially offset by the effect of proportionally higher pretax income in jurisdictions with a higher tax rate. We recognized \$38.5 million of net discrete tax expense through the second quarter of 2021 versus \$121.7 million net discrete tax expense through the second quarter of 2020. The difference is primarily due to the \$135 million discrete tax expense recognized in the second quarter of 2020, which was related to the enactment of the hybrid regulations as further discussed below.

During the second quarter of 2021, the U.K. government enacted, and royal assent was received for, legislation to increase the corporate income tax rate from 19% to 25%. Remeasurement of our deferred tax liabilities under the higher income tax rate resulted in the recognition of additional discrete tax expense of approximately \$18 million in the second quarter of 2021.

Our tax rate is volatile and may increase or decrease with changes in, among other things, the amount and source of income or loss, our ability to utilize foreign tax credits, excess tax benefits or deficiencies from share-based compensation, changes in tax laws, and the movement of liabilities established pursuant to accounting guidance for uncertain tax positions as statutes of limitations expire, positions are effectively settled, or when additional information becomes available. There are

proposed or pending tax law changes in various jurisdictions and other changes to regulatory environments in countries in which we do business that, if enacted, may have an impact on our effective tax rate.

Due to anticipated settlements and expected expiration of statutes of limitations, it is reasonably possible that the amount of unrecognized tax benefits may decrease by approximately \$250 million within the next 12 months.

Since 2018, the U.S. Department of Treasury has continued to issue proposed, temporary and final regulations to implement provisions of the 2017 Tax Act. We will continue to monitor these regulations. The final hybrid regulations issued in April 2020 resulted in recognition of approximately \$135 million of tax expense in the six months ended June 30, 2020. We currently estimate the impact of the final regulations to be cash tax outflows of approximately \$100 million in 2021. We continue to analyze the potential cash impacts of the final regulations to minimize cash outflows over time.

7. Goodwill and Intangible Assets

Goodwill

The changes in the carrying amount of goodwill for the North America segment are presented in the table below.

	North America
	(In millions)
Changes in Goodwill	
Balance as of December 31, 2020	\$ 6,151.0
Foreign currency translation	5.9
Balance as of June 30, 2021	<u>\$ 6,156.9</u>

As of December 31, 2020, due to the goodwill impairment recorded in the fourth quarter of 2020, the Europe segment had no goodwill. The North America segment had goodwill as of June 30, 2021 and December 31, 2020 as presented in the table above.

The gross amount of goodwill totaled approximately \$8.4 billion as of both June 30, 2021 and December 31, 2020. Accumulated impairment losses as of June 30, 2021 and December 31, 2020 totaled \$2,276.0 million and \$2,264.5 million, respectively, and are comprised of a full impairment taken on the Europe reporting unit and a partial impairment taken on the North America reporting unit as well as our historic India reporting unit, which was fully impaired in 2019.

As of the date of our annual impairment test, performed as of October 1, 2020, the North America reporting unit goodwill balance was at risk of future impairment in the event of significant unfavorable changes in assumptions including the forecasted cash flows (including company-specific risks like the performance of our above premium transformation efforts and overall market performance of new innovations like hard seltzers, along with macro-economic risks such as the continued prolonged weakening of economic conditions, or significant unfavorable changes in tax rates, environmental or other regulations, including interpretations thereof), terminal growth rates, market multiples and/or weighted-average cost of capital utilized in the discounted cash flow analyses. For testing purposes of our reporting units, management's best estimates of the expected future results are the primary driver in determining the fair value. Current projections used for our North America reporting unit testing reflect growth assumptions associated with our revitalization plan to build on the strength of our iconic core brands, aggressively grow our above premium portfolio, expand beyond the beer aisle, invest in our capabilities and support our people and our communities all of which are intended to benefit the projected cash flows of the business. The cash flow assumptions were tempered somewhat by the impacts the coronavirus has had on our overall business and specifically our more profitable on-premise business.

We determined that there was no triggering event that occurred during the first half of 2021 that would indicate the carrying value of our goodwill was greater than its fair value.

Intangible Assets, Other than Goodwill

The following table presents details of our intangible assets, other than goodwill, as of June 30, 2021:

	Useful life (Years)	Gross	Accumulated amortization (In millions)	Net
Intangible assets subject to amortization:				
Brands	10 - 50	\$ 5,165.4	\$ (1,179.9)	\$ 3,985.5
License agreements and distribution rights	15 - 20	208.9	(105.1)	103.8
Other	3 - 40	98.8	(29.5)	69.3
Intangible assets not subject to amortization:				
Brands	Indefinite	8,216.1	—	8,216.1
Distribution networks	Indefinite	816.0	—	816.0
Other	Indefinite	307.6	—	307.6
Total		<u>\$ 14,812.8</u>	<u>\$ (1,314.5)</u>	<u>\$ 13,498.3</u>

The following table presents details of our intangible assets, other than goodwill, as of December 31, 2020:

	Useful life (Years)	Gross	Accumulated amortization (In millions)	Net
Intangible assets subject to amortization:				
Brands	10 - 50	\$ 5,128.4	\$ (1,070.6)	\$ 4,057.8
License agreements and distribution rights	15 - 20	206.8	(99.5)	107.3
Other	3 - 40	109.1	(36.4)	72.7
Intangible assets not subject to amortization:				
Brands	Indefinite	8,215.7	—	8,215.7
Distribution networks	Indefinite	795.0	—	795.0
Other	Indefinite	307.6	—	307.6
Total		<u>\$ 14,762.6</u>	<u>\$ (1,206.5)</u>	<u>\$ 13,556.1</u>

The changes in the gross carrying amounts of intangible assets from December 31, 2020 to June 30, 2021 are primarily driven by the impact of foreign exchange rates, as a significant amount of intangible assets are denominated in foreign currencies.

Based on foreign exchange rates as of June 30, 2021, the estimated future amortization expense of intangible assets is as follows:

Fiscal year	Amount (In millions)
2021 - remaining	\$ 108.8
2022	\$ 213.5
2023	\$ 212.6
2024	\$ 210.9
2025	\$ 210.8

Amortization expense of intangible assets was \$54.8 million and \$54.6 million for the three months ended June 30, 2021 and June 30, 2020, respectively, and \$109.3 million and \$109.5 million for the six months ended June 30, 2021 and June 30, 2020, respectively. This expense is primarily presented within marketing, general and administrative expenses on the unaudited condensed consolidated statements of operations.

As of the date of our annual impairment test of indefinite-lived intangible assets, performed as of October 1, 2020, the fair value of the indefinite-lived *Miller*, *Coors* and *Carling* brands and distribution networks were sufficiently in excess of their carrying values. We determined at the annual impairment testing date that the *Staropramen* indefinite-lived brand intangible asset in Europe was considered to be at risk of future impairment as a result of the coronavirus' impact on the on-premise

business throughout Europe that commenced in 2020 and is continuing in 2021. No triggering events occurred during the first half of 2021 that would indicate the carrying value of these indefinite-lived assets was greater than their fair value.

We continuously monitor the performance of the underlying definite-lived intangible assets for potential triggering events suggesting an impairment review should be performed. While no triggering events have occurred in the first half of 2021, we continue to monitor the impacts of the coronavirus in our key markets and the potential implications that may have on the values of definite-lived intangible assets.

Fair Value Assumptions

Fair value determinations require considerable judgment and are sensitive to changes in underlying assumptions and factors. The key assumptions used to derive the estimated fair values of our reporting units and indefinite-lived intangible assets are discussed in Part II—Item 8 Financial Statements, Note 10, "Goodwill and Intangible Assets" in our Annual Report, and represent Level 3 measurements.

Overall Considerations

Based on known facts and circumstances, we evaluate and consider recent events and uncertain items, as well as the related potential implications, as part of our annual and interim assessments and incorporate into the analyses as appropriate. These facts and circumstances are subject to change and may impact future analyses. For example, we continue to monitor the progress we are making against our revitalization plan, challenges within the beer industry for further weakening or additional systemic structural declines, as well as for adverse changes in macroeconomic conditions such as the coronavirus pandemic that could significantly impact our immediate and long-range results. Additionally, we are monitoring the impacts the coronavirus pandemic has on the market inputs used in calculating our discount rates, including risk-free rates, equity premiums and our cost of debt, which could result in a meaningful change to our weighted-average cost of capital calculation, as well as the market multiples used in our impairment assessment. Furthermore, increased volatility in the equity and debt markets or other country specific factors, including, but not limited to, extended or future government intervention in response to the pandemic, could also result in a meaningful change to our weighted-average cost of capital calculation and other inputs used in our impairment assessment. Separately, the Ontario government in Canada adopted a bill that, if enacted, could adversely impact the existing terms of the beer distribution and retail systems in the province, as further described in [Note 12, "Commitments and Contingencies."](#)

While historical performance and current expectations have resulted in fair values of our reporting units and indefinite-lived intangible assets equal to or in excess of carrying values, if our assumptions are not realized, it is possible that an impairment loss may need to be recorded in the future.

8. Debt

Debt Obligations

	As of	
	June 30, 2021	December 31, 2020
	(In millions)	
Long-term debt:		
CAD 500 million 2.84% notes due July 2023	\$ 403.3	\$ 392.9
CAD 500 million 3.44% notes due July 2026	403.3	392.9
\$1.0 billion 2.1% notes due July 2021 ⁽¹⁾	1,000.0	1,000.0
\$500 million 3.5% notes due May 2022 ⁽²⁾	502.3	503.7
\$2.0 billion 3.0% notes due July 2026	2,000.0	2,000.0
\$1.1 billion 5.0% notes due May 2042	1,100.0	1,100.0
\$1.8 billion 4.2% notes due July 2046	1,800.0	1,800.0
EUR 800 million 1.25% notes due July 2024	948.6	977.3
Finance leases and other	100.2	97.8
Less: unamortized debt discounts and debt issuance costs	(47.2)	(50.3)
Total long-term debt (including current portion)	8,210.5	8,214.3
Less: current portion of long-term debt	(1,508.6)	(1,006.1)
Total long-term debt	\$ 6,701.9	\$ 7,208.2
Short-term borrowings ⁽³⁾	\$ 16.5	\$ 14.0
Current portion of long-term debt	1,508.6	1,006.1
Current portion of long-term debt and short-term borrowings	\$ 1,525.1	\$ 1,020.1

- As of June 30, 2021, we had cross currency swaps associated with our \$1.0 billion 2.1% senior notes due July 2021 in order to hedge a portion of the foreign currency translational impacts of our European investment. As a result of the swaps, we have economically converted a portion of these notes and associated interest to EUR denominated, which results in a EUR interest rate to be received of 0.71%. See [Note 11, "Derivative Instruments and Hedging Activities"](#) for further details. We repaid our \$1.0 billion 2.1% notes at maturity on July 15, 2021 using a combination of commercial paper borrowings and cash on hand and also settled the associated cross currency swap.
- The fair value hedges related to these notes have been settled and are being amortized over the life of the respective note.
- As of June 30, 2021, we had \$12.5 million in bank overdrafts and \$129.0 million in bank cash related to our cross-border, cross-currency cash pool, for a net positive position of \$116.5 million. As of December 31, 2020, we had \$11.0 million in bank overdrafts and \$103.7 million in bank cash related to our cross-border, cross-currency cash pool for a net positive position of \$92.7 million. We had total outstanding borrowings of \$4.0 million and \$3.0 million under our two JPY facilities as of June 30, 2021 and December 31, 2020, respectively. In addition, we have USD, CAD and GBP overdraft facilities under which we had no outstanding borrowings as of June 30, 2021 or December 31, 2020.

Debt Fair Value Measurements

We utilize market approaches to estimate the fair value of certain outstanding borrowings by discounting anticipated future cash flows derived from the contractual terms of the obligations and observable market interest and foreign exchange rates. As of June 30, 2021 and December 31, 2020, the fair value of our outstanding long-term debt (including the current portion of long-term debt) was approximately \$8.9 billion and \$9.1 billion, respectively. All senior notes are valued based on significant observable inputs and classified as Level 2 in the fair value hierarchy. The carrying values of all other outstanding long-term borrowings and our short-term borrowings approximate their fair values and are also classified as Level 2 in the fair value hierarchy.

Revolving Credit Facility and Commercial Paper

We maintain a \$1.5 billion revolving credit facility with a maturity date of July 7, 2024 that allows us to issue a maximum aggregate amount of \$1.5 billion in commercial paper or other borrowings at any time at variable interest rates. We use this facility from time to time to leverage cash needs including debt repayments. We had no borrowings drawn on this revolving credit facility and no commercial paper borrowings as of June 30, 2021 or December 31, 2020.

Subsequent to June 30, 2021, we had net commercial paper borrowings of approximately \$140 million, as of July 29, 2021. As such, as of July 29, 2021, we have approximately \$1.4 billion available to draw on our total \$1.5 billion revolving credit facility.

Debt Covenants

Under the terms of each of our debt facilities, we must comply with certain restrictions. These include customary events of default and specified representations, warranties and covenants, as well as covenants that restrict our ability to incur certain additional priority indebtedness (certain thresholds of secured consolidated net tangible assets), certain leverage threshold percentages, create or permit liens on assets, and restrictions on mergers, acquisitions, and certain types of sale lease-back transactions. Additionally, the maximum leverage ratio, as defined by our revolving credit facility agreement as of June 30, 2021 is 4.75x net debt to EBITDA. As of June 30, 2021, we were in compliance with all of these restrictions and have met all debt payment obligations. All of our outstanding senior notes as of June 30, 2021 rank pari-passu.

9. Inventories

	As of	
	June 30, 2021	December 31, 2020
	(In millions)	
Finished goods	\$ 330.6	\$ 266.7
Work in process	82.7	72.7
Raw materials	235.3	242.2
Packaging materials	100.9	82.7
Inventories, net	<u>\$ 749.5</u>	<u>\$ 664.3</u>

10. Accumulated Other Comprehensive Income (Loss)

	MCBC stockholders' equity				
	Foreign currency translation adjustments	Gain (loss) on derivative instruments	Pension and postretirement benefit adjustments	Equity method investments	Accumulated other comprehensive income (loss)
	(In millions)				
As of December 31, 2020	\$ (539.5)	\$ (173.9)	\$ (397.7)	\$ (56.7)	\$ (1,167.8)
Foreign currency translation adjustments	40.5	—	—	—	40.5
Reclassification of cumulative translation adjustment to income (loss) ⁽¹⁾	7.5	—	—	—	7.5
Gain (loss) on net investment hedges	37.4	—	—	—	37.4
Unrealized gain (loss) on derivative instruments	—	58.7	—	—	58.7
Reclassification of derivative (gain) loss to income (loss)	—	5.3	—	—	5.3
Amortization of net prior service (benefit) cost and net actuarial (gain) loss to income (loss)	—	—	0.8	—	0.8
Ownership share of unconsolidated subsidiaries' other comprehensive income (loss)	—	—	—	1.0	1.0
Tax benefit (expense)	(4.2)	(16.9)	(0.2)	(0.2)	(21.5)
As of June 30, 2021	<u>\$ (458.3)</u>	<u>\$ (126.8)</u>	<u>\$ (397.1)</u>	<u>\$ (55.9)</u>	<u>\$ (1,038.1)</u>

- (1) As a result of the sale of a disposal group within our India business, the associated cumulative foreign currency translation adjustment was reclassified from AOCI and recognized within special items.

11. Derivative Instruments and Hedging Activities

Our risk management and derivative accounting policies are presented within Part II—Item 8 Financial Statements, Note 1, "Basis of Presentation and Summary of Significant Accounting Policies" and Note 16, "Derivative Instruments and Hedging Activities" in our Annual Report and did not significantly change during the first half of 2021. As noted in Note 16 of the Notes included in our Annual Report, due to the nature of our counterparty agreements, and the fact that we are not subject to master netting arrangements, we are not able to net positions with the same counterparty and, therefore, present our derivative positions on a gross basis in our unaudited condensed consolidated balance sheets. Except as noted below, our significant derivative positions have not changed considerably since December 31, 2020.

Forward Starting Interest Rate Swaps

During the third quarter of 2018, we entered into forward starting interest rate swaps with a notional amount totaling \$1.5 billion with termination dates of July 2021, May 2022 and July 2026. The swaps had effective dates mirroring the terms of the forecasted debt issuances. Under the agreements, we are required to early terminate these swaps at the time we expect to issue the related forecasted debt. We have designated these contracts as cash flow hedges. As a result, the unrealized mark-to-market gains or losses will be recorded to AOCI until termination at which point the realized gain or loss of these swaps at issuance of the hedged debt will be reclassified from AOCI and amortized to interest expense over the term of the hedged debt.

In June 2021, we early terminated our \$250.0 million forward starting interest rate swap that was set to terminate in July 2021. This forward starting interest rate swap was rolled forward to May 2022 through a cashless settlement. The new May 2022 forward starting interest rate swap is incremental to our existing May 2022 forward starting interest rate swap that was executed in 2018, both of which are hedging our forecasted debt issuance expected to occur next year. At the time of the transaction, there was approximately \$33.4 million of unrealized losses recorded in AOCI. Approximately \$1.7 million was recorded to interest expense in the second quarter when it became probable that one of the forecasted interest payments originally hedged would not occur. The remaining \$31.7 million will be amortized to interest expense throughout the term of the respective debt unless it becomes probable that the cash flows originally hedged will not occur, in which case the proportionate amount of the loss will be recorded to interest expense at that time. The new forward starting interest rate swap has an effective date of June 2021, with a termination date of May 2022 and an effective interest rate of approximately 3.22%.

Cash settlements related to interest rate contracts are generally classified as operating activities on the condensed consolidated statements of cash flows. However, due to an other-than-insignificant financing element in the May 2022 forward starting interest rate swap that was designated in June 2021, the cash flow related to this contract will be classified as financing activities.

Derivative Fair Value Measurements

We utilize market approaches to estimate the fair value of our derivative instruments by discounting anticipated future cash flows derived from the derivative's contractual terms and observable market interest, foreign exchange and commodity rates. The fair values of our derivatives also include credit risk adjustments to account for our counterparties' credit risk, as well as our own non-performance risk, as appropriate. The fair value of our warrants to acquire common shares of HEXO Corp. ("HEXO") at a strike price of CAD 24.00 per share are estimated using the Black-Scholes option-pricing model.

The table below summarizes our derivative assets and liabilities that were measured at fair value as of June 30, 2021 and December 31, 2020.

	As of June 30, 2021	Fair value measurements as of June 30, 2021			
		Quoted prices in active markets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
		(In millions)			
Cross currency swaps	\$ (17.8)	\$ —	\$ (17.8)	\$ —	
Interest rate swaps	(159.1)	—	(159.1)	—	
Foreign currency forwards	(6.8)	—	(6.8)	—	
Commodity swaps	288.7	—	288.7	—	
Total	\$ 105.0	\$ —	\$ 105.0	\$ —	

	As of December 31, 2020	Fair value measurements as of December 31, 2020		
		Quoted prices in active markets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
		(In millions)		
Cross currency swaps	\$ (26.5)	\$ —	\$ (26.5)	\$ —
Interest rate swaps	(221.5)	—	(221.5)	—
Foreign currency forwards	(4.9)	—	(4.9)	—
Commodity swaps and options	65.2	—	65.2	—
Warrants	0.3	—	0.3	—
Total	\$ (187.4)	\$ —	\$ (187.4)	\$ —

As of June 30, 2021 and December 31, 2020, we had no significant transfers between Level 1 and Level 2. New derivative contracts transacted during the six months ended June 30, 2021 were all included in Level 2.

Results of Period Derivative Activity

The tables below include the results of our derivative activity in our unaudited condensed consolidated balance sheets as of June 30, 2021 and December 31, 2020, and our unaudited condensed consolidated statements of operations for the three and six months ended June 30, 2021 and June 30, 2020.

Fair Value of Derivative Instruments in the Unaudited Condensed Consolidated Balance Sheets (in millions):

	As of June 30, 2021					
	Notional amount	Derivative Assets		Derivative Liabilities		
		Balance sheet location	Fair value	Balance sheet location	Fair value	
Derivatives designated as hedging instruments:						
Cross currency swaps	\$ 400.0	Other current assets	\$ —	Accounts payable and other current liabilities	\$ (17.8)	
Interest rate swaps	\$ 1,500.0	Other current assets	—	Accounts payable and other current liabilities	(69.6)	
		Other non-current assets	—	Other liabilities	(89.5)	
Foreign currency forwards	\$ 194.7	Other current assets	0.3	Accounts payable and other current liabilities	(5.1)	
		Other non-current assets	0.3	Other liabilities	(2.3)	
Total derivatives designated as hedging instruments			<u>\$ 0.6</u>		<u>\$ (184.3)</u>	
Derivatives not designated as hedging instruments:						
Commodity swaps ⁽¹⁾	\$ 817.6	Other current assets	\$ 189.0	Accounts payable and other current liabilities	\$ (2.6)	
		Other non-current assets	102.4	Other liabilities	(0.1)	
Commodity options ⁽¹⁾	\$ 16.8	Other current assets	—	Accounts payable and other current liabilities	—	
Warrants	\$ 55.7	Other current assets	—	Accounts payable and other current liabilities	—	
Total derivatives not designated as hedging instruments			<u>\$ 291.4</u>		<u>\$ (2.7)</u>	

	As of December 31, 2020				
	Notional amount	Derivative Assets		Derivative Liabilities	
		Balance sheet location	Fair value	Balance sheet location	Fair value
Derivatives designated as hedging instruments:					
Cross currency swaps	\$ 400.0	Other current assets	\$ —	Accounts payable and other current liabilities	\$ (26.5)
Interest rate swaps	\$ 1,500.0	Other non-current assets	—	Accounts payable and other current liabilities	(47.7)
				Other liabilities	(173.8)
Foreign currency forwards	\$ 181.2	Other current assets	0.3	Accounts payable and other current liabilities	(3.0)
		Other non-current assets	—	Other liabilities	(2.2)
Total derivatives designated as hedging instruments			<u>\$ 0.3</u>		<u>\$ (253.2)</u>
Derivatives not designated as hedging instruments:					
Commodity swaps ⁽¹⁾	\$ 918.9	Other current assets	\$ 44.5	Accounts payable and other current liabilities	\$ (20.6)
		Other non-current assets	45.4	Other liabilities	(4.1)
Commodity options ⁽¹⁾	\$ 16.8	Other current assets	—	Accounts payable and other current liabilities	—
Warrants	\$ 54.2	Other non-current assets	0.3	Other liabilities	—
Total derivatives not designated as hedging instruments			<u>\$ 90.2</u>		<u>\$ (24.7)</u>

- (1) Notional includes offsetting buy and sell positions, shown in terms of absolute value. Buy and sell positions are shown gross in the asset and/or liability position, as appropriate.

Items Designated and Qualifying as Hedged Items in Fair Value Hedging Relationships in the Unaudited Condensed Consolidated Balance Sheets (in millions):

Line item in the balance sheet in which the hedged item is included	Carrying amount of the hedged assets/liabilities		Cumulative amount of fair value hedging adjustment(s) in the hedged assets/liabilities ⁽¹⁾ Increase/(Decrease)	
	As of June 30, 2021	As of December 31, 2020	As of June 30, 2021	As of December 31, 2020
	(In millions)			
Current portion of long-term debt and short-term borrowings	\$ —	\$ —	\$ —	\$ —
Long-term debt	\$ —	\$ —	\$ 2.3	\$ 3.7

- (1) Entire balances relate to hedging adjustments on discontinued hedging relationships.

The Pretax Effect of Cash Flow Hedge and Net Investment Hedge Accounting on Accumulated Other Comprehensive Income (Loss) (in millions):

Three Months Ended June 30, 2021					
Derivatives in cash flow hedge relationships	Amount of gain (loss) recognized in OCI on derivative	Location of gain (loss) reclassified from AOCI into income	Amount of gain (loss) recognized in income on derivative (amount excluded from effectiveness testing)	Location of gain (loss) recognized in income on derivative (amount excluded from effectiveness testing)	Amount of gain (loss) recognized in income on derivative (amount excluded from effectiveness testing) ⁽¹⁾
Forward starting interest rate swaps	\$ (76.7)	Interest income (expense), net	\$ (2.4)		
Foreign currency forwards	(1.8)	Cost of goods sold	(1.7)		
		Other income (expense), net	0.4		
Total	\$ (78.5)		\$ (3.7)		
Three Months Ended June 30, 2021					
Derivatives in net investment hedge relationships	Amount of gain (loss) recognized in OCI on derivative	Location of gain (loss) reclassified from AOCI into income	Amount of gain (loss) recognized in income on derivative (amount excluded from effectiveness testing)	Location of gain (loss) recognized in income on derivative (amount excluded from effectiveness testing)	Amount of gain (loss) recognized in income on derivative (amount excluded from effectiveness testing) ⁽¹⁾
Cross currency swaps	\$ (6.5)	Interest income (expense), net	\$ —	Interest income (expense), net	\$ 2.8
Total	\$ (6.5)		\$ —		\$ 2.8
Three Months Ended June 30, 2021					
Non-derivative financial instruments in net investment hedge relationships	Amount of gain (loss) recognized in OCI on derivative	Location of gain (loss) reclassified from AOCI into income	Amount of gain (loss) recognized in income on derivative (amount excluded from effectiveness testing)	Location of gain (loss) recognized in income on derivative (amount excluded from effectiveness testing)	Amount of gain (loss) recognized in income on derivative (amount excluded from effectiveness testing)
EUR 800 million notes due 2024	\$ (10.2)	Other income (expense), net	\$ —	Other income (expense), net	\$ —
Total	\$ (10.2)		\$ —		\$ —
Three Months Ended June 30, 2020					
Derivatives in cash flow hedge relationships	Amount of gain (loss) recognized in OCI on derivative	Location of gain (loss) reclassified from AOCI into income	Amount of gain (loss) recognized in income on derivative (amount excluded from effectiveness testing)	Location of gain (loss) recognized in income on derivative (amount excluded from effectiveness testing)	Amount of gain (loss) recognized in income on derivative (amount excluded from effectiveness testing)
Forward starting interest rate swaps	\$ 6.1	Interest income (expense), net	\$ (0.7)		
Foreign currency forwards	(7.0)	Cost of goods sold	2.6		
		Other income (expense), net	(0.5)		
Total	\$ (0.9)		\$ 1.4		

Three Months Ended June 30, 2020

Derivatives in net investment hedge relationships	Amount of gain (loss) recognized in OCI on derivative	Location of gain (loss) reclassified from AOCI into income	Amount of gain (loss) recognized from AOCI on derivative	Location of gain (loss) recognized in income on derivative (amount excluded from effectiveness testing)	Amount of gain (loss) recognized in income on derivative (amount excluded from effectiveness testing)⁽¹⁾
Cross currency swaps	\$ (7.8)	Interest income (expense), net	\$ —	Interest income (expense), net	\$ 2.8
Total	<u>\$ (7.8)</u>		<u>\$ —</u>		<u>\$ 2.8</u>

Three Months Ended June 30, 2020

Derivative financial instruments in net investment hedge relationships	Amount of gain (loss) recognized in OCI on derivative	Location of gain (loss) reclassified from AOCI into income	Amount of gain (loss) recognized from AOCI on derivative	Location of gain (loss) recognized in income on derivative (amount excluded from effectiveness testing)	Amount of gain (loss) recognized in income on derivative (amount excluded from effectiveness testing)
10 million notes due 2024	\$ (16.2)	Other income (expense), net	\$ —	Other income (expense), net	\$ —
	<u>\$ (16.2)</u>		<u>\$ —</u>		<u>\$ —</u>

Six Months Ended June 30, 2021

Derivatives in cash flow hedge relationships	Amount of gain (loss) recognized in OCI on derivative	Location of gain (loss) reclassified from AOCI into income	Amount of gain (loss) recognized from AOCI on derivative	Location of gain (loss) recognized in income on derivative (amount excluded from effectiveness testing)	Amount of gain (loss) recognized in income on derivative (amount excluded from effectiveness testing)
Forward starting interest rate swaps	62.4	Interest income (expense), net			(3.2)
Foreign currency forwards	(3.7)	Cost of goods sold			(2.6)
		Other income (expense), net			0.5
Total	<u>\$ 58.7</u>				<u>\$ (5.3)</u>

Six Months Ended June 30, 2021

Derivatives in net investment hedge relationships	Amount of gain (loss) recognized in OCI on derivative	Location of gain (loss) reclassified from AOCI into income	Amount of gain (loss) recognized from AOCI on derivative	Location of gain (loss) recognized in income on derivative (amount excluded from effectiveness testing)	Amount of gain (loss) recognized in income on derivative (amount excluded from effectiveness testing)⁽¹⁾
Cross currency swaps	\$ 8.7	Interest income (expense), net	\$ —	Interest income (expense), net	\$ 5.7
Total	<u>\$ 8.7</u>		<u>\$ —</u>		<u>\$ 5.7</u>

Six Months Ended June 30, 2021

Non-derivative financial instruments in net investment hedge relationships	Amount of gain (loss) recognized in OCI on derivative	Location of gain (loss) reclassified from AOCI into income	Amount of gain (loss) recognized from AOCI on derivative	Location of gain (loss) recognized in income on derivative (amount excluded from effectiveness testing)	Amount of gain (loss) recognized in income on derivative (amount excluded from effectiveness testing)
EUR 800 million notes due 2024	\$ 28.7	Other income (expense), net	\$ —	Other income (expense), net	\$ —
Total	<u>\$ 28.7</u>		<u>\$ —</u>		<u>\$ —</u>

Six Months Ended June 30, 2020

Derivatives in cash flow hedge relationships	Amount of gain (loss) recognized in OCI on derivative	Location of gain (loss) reclassified from AOCI into income	Amount of gain (loss) recognized from AOCI on derivative	Location of gain (loss) recognized in income on derivative (amount excluded from effectiveness testing)	Amount of gain (loss) recognized in income on derivative (amount excluded from effectiveness testing)
Forward starting interest rate swaps	(179.8)	Interest income (expense), net			(1.4)
Foreign currency forwards	8.8	Cost of goods sold			3.6
		Other income (expense), net			(0.8)
Total	<u>\$ (171.0)</u>				<u>\$ 1.4</u>

Six Months Ended June 30, 2020

Derivatives in net investment hedge relationships	Amount of gain (loss) recognized in OCI on derivative	Location of gain (loss) reclassified from AOCI into income	Amount of gain (loss) recognized from AOCI on derivative	Location of gain (loss) recognized in income on derivative (amount excluded from effectiveness testing)	Amount of gain (loss) recognized in income on derivative (amount excluded from effectiveness testing)⁽¹⁾
Cross currency swaps	\$ 5.2	Interest income (expense), net	\$ —	Interest income (expense), net	\$ 8.5
Total	\$ 5.2		\$ —		\$ 8.5

Six Months Ended June 30, 2020

Non-derivative financial instruments in net investment hedge relationships	Amount of gain (loss) recognized in OCI on derivative	Location of gain (loss) reclassified from AOCI into income	Amount of gain (loss) recognized from AOCI on derivative	Location of gain (loss) recognized in income on derivative (amount excluded from effectiveness testing)	Amount of gain (loss) recognized in income on derivative (amount excluded from effectiveness testing)
EUR 800 million notes due 2024	\$ (1.7)	Other income (expense), net	\$ —	Other income (expense), net	\$ —
Total	\$ (1.7)		\$ —		\$ —

(1) Represents amounts excluded from the assessment of effectiveness for which the difference between changes in fair value and period amortization is recorded in other comprehensive income.

As of June 30, 2021, we expect our reclassification of AOCI into earnings related to cash flow hedges to be approximately \$8 million over the next 12 months. For derivatives designated in cash flow hedge relationships, the maximum length of time over which forecasted transactions are hedged as of June 30, 2021 is approximately 4 years, as well as those related to our forecasted debt issuances in 2022 and 2026.

The Effect of Fair Value and Cash Flow Hedge Accounting on the Unaudited Condensed Consolidated Statements of Operations (in millions):

Three Months Ended June 30, 2021

	Location and amount of gain (loss) recognized in income on fair value and cash flow hedging relationships⁽¹⁾		
	Cost of goods sold	Other income (expense), net	Interest income (expense), net
Total amount of income and expense line items presented in the unaudited condensed consolidated statement of operations in which the effects of fair value or cash flow hedges are recorded	\$ (1,667.9)	\$ (3.3)	\$ (67.9)
Gain (loss) on cash flow hedging relationships:			
Forward starting interest rate swaps			
Amount of gain (loss) reclassified from AOCI into income	—	—	(2.4)
Foreign currency forwards			
Amount of gain (loss) reclassified from AOCI into income	(1.7)	0.4	—

Three Months Ended June 30, 2020

	Location and amount of gain (loss) recognized in income on fair value and cash flow hedging relationships⁽¹⁾		
	Cost of goods sold	Other income (expense), net	Interest income (expense), net
Total amount of income and expense line items presented in the unaudited condensed consolidated statement of operations in which the effects of fair value or cash flow hedges are recorded	\$ (1,456.6)	\$ 5.8	\$ (69.7)
Gain (loss) on cash flow hedging relationships:			
Forward starting interest rate swaps			
Amount of gain (loss) reclassified from AOCI into income	—	—	(0.7)
Foreign currency forwards			
Amount of gain (loss) reclassified from AOCI into income	2.6	(0.5)	—

Six Months Ended June 30, 2021

	Location and amount of gain (loss) recognized in income on fair value and cash flow hedging relationships ⁽¹⁾		
	Cost of goods sold	Other income (expense), net	Interest income (expense), net
Total amount of income and expense line items presented in the unaudited condensed consolidated statement of operations in which the effects of fair value or cash flow hedges are recorded	\$ (2,835.3)	\$ (1.9)	\$ (133.2)
Gain (loss) on cash flow hedging relationships:			
Forward starting interest rate swaps			
Amount of gain (loss) reclassified from AOCI into income	—	—	(3.2)
Foreign currency forwards			
Amount of gain (loss) reclassified from AOCI into income	(2.6)	0.5	—

Six Months Ended June 30, 2020

	Location and amount of gain (loss) recognized in income on fair value and cash flow hedging relationships ⁽¹⁾		
	Cost of goods sold	Other income (expense), net	Interest income (expense), net
Total amount of income and expense line items presented in the unaudited condensed consolidated statement of operations in which the effects of fair value or cash flow hedges are recorded	\$ (2,935.6)	\$ 1.0	\$ (138.6)
Gain (loss) on cash flow hedging relationships:			
Forward starting interest rate swaps			
Amount of gain (loss) reclassified from AOCI into income	—	—	(1.4)
Foreign currency forwards			
Amount of gain (loss) reclassified from AOCI into income	3.6	(0.8)	—

(1) We had no outstanding fair value hedges during the first half of 2021 or 2020.

The Effect of Derivatives Not Designated as Hedging Instruments on the Unaudited Condensed Consolidated Statements of Operations (in millions):

Three Months Ended June 30, 2021

Derivatives not in hedging relationships	Location of gain (loss) recognized in income on derivative	Amount of gain (loss) recognized in income on derivative
Commodity swaps	Cost of goods sold	137.2
Warrants	Other income (expense), net	(0.6)
Total		\$ 136.6

Three Months Ended June 30, 2020

Derivatives not in hedging relationships	Location of gain (loss) recognized in income on derivative	Amount of gain (loss) recognized in income on derivative
Commodity swaps	Cost of goods sold	24.6
Warrants	Other income (expense), net	0.3
Total		\$ 24.9

Six Months Ended June 30, 2021

Derivatives not in hedging relationships	Location of gain (loss) recognized in income on derivative	Amount of gain (loss) recognized in income on derivative
Commodity swaps	Cost of goods sold	265.1
Warrants	Other income (expense), net	(0.3)
Total		\$ 264.8

Six Months Ended June 30, 2020

Derivatives not in hedging relationships	Location of gain (loss) recognized in income on derivative	Amount of gain (loss) recognized in income on derivative
Commodity swaps	Cost of goods sold	(87.9)
Warrants	Other income (expense), net	(1.4)
Total		\$ (89.3)

The gains and losses recognized in income related to our commodity swaps are largely driven by changes in the respective commodity market prices.

12. Commitments and Contingencies

Litigation and Other Disputes and Environmental

Related to litigation, other disputes and environmental issues, we have an aggregate accrued contingent liability of \$15.7 million and \$17.9 million as of June 30, 2021 and December 31, 2020, respectively. While we cannot predict the eventual aggregate cost for litigation, other disputes and environmental matters in which we are currently involved, we believe adequate reserves have been provided for losses that are probable and estimable. Additionally, as noted below, there are certain loss contingencies that we deem reasonably possible for which a range of loss is not estimable at this time; for all other matters, we believe that any reasonably possible losses in excess of the amounts accrued are immaterial to our unaudited condensed consolidated interim financial statements. Our litigation, other disputes and environmental issues are discussed in further detail within Part II—Item 8 Financial Statements, Note 18, "Commitments and Contingencies" in our Annual Report and did not significantly change during the first half of 2021, except as noted below.

Other than those disclosed below, we are also involved in other disputes and legal actions arising in the ordinary course of our business. While it is not feasible to predict or determine the outcome of these proceedings, in our opinion, based on a review with legal counsel, other than as noted, none of these disputes or legal actions are expected to have a material impact on our business, consolidated financial position, results of operations or cash flows. However, litigation is subject to inherent uncertainties and an adverse result in these or other matters may arise from time to time that may harm our business.

On February 12, 2018, Stone Brewing Company filed a trademark infringement lawsuit in federal court in the Southern District of California against Molson Coors Beverage Company USA LLC ("MCBC USA" formerly known as MillerCoors LLC) alleging that the *Keystone* brand has "rebranded" itself as "Stone" and is marketing itself in a manner confusingly similar to Stone Brewing Company's registered Stone trademark. Stone Brewing Company seeks treble damages in the amount of MCBC USA's profit from *Keystone* sales. MCBC USA subsequently filed an answer and counterclaims against Stone Brewing Company. On May 31, 2018, Stone Brewing Company filed a motion to dismiss MCBC USA's counterclaims and for a preliminary injunction seeking to bar MCBC USA from continuing to use "STONE" on *Keystone Light* cans and related marketing materials. In March 2019, the court denied Stone Brewing Company's motion for preliminary injunction and its motion to dismiss MCBC USA's counterclaims. The jury trial scheduled to begin on October 13, 2020 was continued by the court and has now been reset to begin on November 8, 2021. We intend to vigorously assert and defend our rights in this lawsuit. A range of potential loss is not estimable at this time.

On March 26, 2019, a purported stockholder filed a purported shareholder derivative action in Colorado District Court against the Company's board of directors and certain officers (the "Individual Defendants"), and the Company as a nominal defendant. On May 14, 2019, another purported stockholder filed a substantially similar complaint in the Colorado District Court. On August 12, 2019, a third derivative complaint was filed in Colorado District Court by a purported stockholder. All three derivative complaints assert claims against the Individual Defendants for breaches of fiduciary duty and unjust enrichment arising out of the Company's dissemination to shareholders of purportedly materially misleading and inaccurate information in connection with the Company's restatement of consolidated financial statements for the years ended December 31, 2016 and December 31, 2017. The complaints further allege that the Company lacked adequate internal controls over financial reporting. The third derivative complaint filed in August also alleges the Individual Defendants violated Sections 14(a) and 20(a) of the Exchange Act by issuing misleading statements in the Company's proxy statement. The relief sought in the complaints include changes to the Company's corporate governance procedures, unspecified damages, restitution, and attorneys' fees, expert fees, other costs and such other relief as the court deems proper. All three derivative actions have been administratively closed and stayed. The *Schmier* derivative case was dismissed on June 3, 2021 and the *Murr* derivative case was dismissed on June 28, 2021. Plaintiffs in the lone remaining derivative case, *Fong*, filed a motion to dismiss that case on June 25, 2021. The court has not yet ruled on that motion. Relatedly, but in a different action, the United States District Court for the District of Colorado dismissed with prejudice on December 2, 2020 a putative class action complaint filed against the Company, Mark Hunter, and Tracey Joubert asserting largely the same allegations as those in the above mentioned purported derivative suits. No appeal was taken and that case is now fully resolved and closed. In the lone remaining administratively closed purported derivative suit, a range of potential loss is not estimable at this time.

Regulatory Contingencies

In December 2018, the U.S. Department of Treasury issued a regulation that impacts our ability to claim a refund of certain federal duties, taxes and fees paid for beer sold between the U.S. and certain other countries effective in February 2019. As a result, based on the terms of the regulation, it is the U.S. Department of Treasury's position that future claims will no longer be accepted, and we may be further unable to collect previously claimed, but not yet received, refunds. In January 2020, the United States Court of International Trade issued an opinion and order ruling the challenged portions of this regulation dealing with refunds of certain federal duties, taxes and fees paid with respect to certain imported beer, to the extent of certain exported beer, to be unlawful. On April 17, 2020, the U.S. Department of Treasury appealed this ruling as well as filed a motion for stay of the enforcement of judgment and suspension of claims pending appeal. The U.S. Department of Treasury's motion to stay was denied pending appeal and they were ordered to pay on all claims under the accelerated payment program. As a result, we have collected approximately \$51 million of previously filed claims through the second quarter of 2021, and have previously claimed, but not yet received, refunds of approximately \$8 million recorded within other receivables, net on our unaudited condensed consolidated balance sheet as of June 30, 2021. On July 23, 2020, the U.S. Department of Treasury filed its opening appellate brief in the United States Court of Appeals for the Federal Circuit. An opposition/response brief was filed on October 1, 2020 and final reply brief was submitted on December 11, 2020. The Federal Circuit Court of Appeals heard oral argument on March 1, 2021 and took the matter under advisement. We will continue to monitor this matter including our ability to collect the remainder of our previously claimed refunds, our potential liability to repay refunds received, as well our ability to claim ongoing refunds as the appeal process progresses.

In June 2019, the Ontario government adopted a bill that, if enacted, would terminate a 10-year Master Framework Agreement that was originally signed between the previous government administration and Molson Canada 2005, a wholly owned indirect subsidiary of the Company, Labatt Brewing Company Limited, Sleeman Breweries Ltd., and Brewers Retail Inc. in 2015 and dictates the terms of the beer distribution and retail systems in Ontario through 2025. The government has not yet proclaimed the bill as law. The impacts of these potential legislative changes are unknown at this time, but could have a negative impact on the results of operations, cash flows and financial position of the North America segment. Molson Canada 2005 and the other Master Framework Agreement signatories are prepared to vigorously defend our rights and pursue legal recourse, should the Master Framework Agreement be unilaterally terminated by the enactment of the legislation.

Guarantees and Indemnities

We guarantee indebtedness and other obligations to banks and other third parties for some of our equity method investments and consolidated subsidiaries. As of June 30, 2021 and December 31, 2020, the unaudited condensed consolidated balance sheets include liabilities related to these guarantees of \$46.8 million and \$38.2 million, respectively. See [Note 4, "Investments"](#) for further detail.

Separately, related to our Cervejarias Kaiser Brasil S.A. ("Kaiser") indemnities, we accrued \$11.5 million and \$7.7 million, in aggregate, as of June 30, 2021 and December 31, 2020, respectively. The maximum potential claims amount remaining for the Kaiser-related purchased tax credits was \$70.4 million, based on foreign exchange rates as of June 30, 2021. Our Kaiser liabilities are discussed in further detail within Part II—Item 8 Financial Statements, Note 18, "Commitments and Contingencies" in our Annual Report and did not significantly change during the first half of 2021.

13. Leases

Supplemental balance sheet information related to leases as of June 30, 2021 and December 31, 2020 was as follows:

Balance Sheet Classification		As of	
		June 30, 2021	December 31, 2020
		(In millions)	
Operating Leases			
Operating lease right-of-use assets	Other assets	\$ 133.9	\$ 136.2
Current operating lease liabilities	Accounts payable and other current liabilities	\$ 48.1	\$ 47.1
Non-current operating lease liabilities	Other liabilities	101.5	106.4
Total operating lease liabilities		\$ 149.6	\$ 153.5
Finance Leases			
Finance lease right-of-use assets	Properties, net	\$ 63.2	\$ 60.5
Current finance lease liabilities	Current portion of long-term debt and short-term borrowings	\$ 4.1	\$ 4.1
Non-current finance lease liabilities	Long-term debt	62.6	59.9
Total finance lease liabilities		\$ 66.7	\$ 64.0

Supplemental cash flow information related to leases for the six months ended June 30, 2021 and June 30, 2020 was as follows

	Six Months Ended	
	June 30, 2021	June 30, 2020
	(In millions)	
Cash paid for amounts included in the measurements of lease liabilities:		
Operating cash flows from operating leases	28.0	25.7
Operating cash flows from finance leases	2.4	1.9
Financing cash flows from finance leases	1.3	3.1
Supplemental non-cash information on right-of-use assets obtained in exchange for new lease liabilities:		
Operating leases	21.6	12.0
Finance leases	3.7	—

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") in this Quarterly Report on Form 10-Q is provided as a supplement to, and should be read in conjunction with, our audited consolidated financial statements, the accompanying notes and the MD&A included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2020 ("Annual Report"), as well as our unaudited condensed consolidated interim financial statements and the accompanying notes included in this report. Due to the seasonality of our operating results, quarterly financial results are not an appropriate basis from which to project annual results.

Unless otherwise noted in this report, any description of "we," "us" or "our" includes Molson Coors Beverage Company ("MCBC" or the "Company"), principally a holding company, and its operating and non-operating subsidiaries included within our reporting segments. Our reporting segments include North America and Europe. Our North America segment operates in the U.S., Canada and various countries in Latin and South America and our Europe segment operates in Bulgaria, Croatia, Czech Republic, Hungary, Montenegro, the Republic of Ireland, Romania, Serbia, the U.K., various other European countries, and certain countries within the Middle East, Africa and Asia Pacific.

Unless otherwise indicated, information in this report is presented in USD and comparisons are to comparable prior periods. Our primary operating currencies, other than the USD, include the CAD, the GBP, and our Central European operating currencies such as the EUR, CZK, HRK and RSD.

Operational Measures

We have certain operational measures, such as STWs and STRs, which we believe are important metrics. STW is a metric that we use in our business to reflect the sales from our operations to our direct customers, generally wholesalers. We believe the STW metric is important because it gives an indication of the amount of beer and adjacent products that we have produced and shipped to customers. STR is a metric that we use in our business to refer to sales closer to the end consumer than STWs, which generally means sales from wholesalers or our company to retailers, who in turn sell to consumers. We believe the STR metric is important because, unlike STWs, it provides the closest indication of the performance of our brands in relation to market and competitor sales trends.

Executive Summary

For over two centuries, we have been brewing beverages that unite people to celebrate all life's moments. From *Coors Light*, *Miller Lite*, *Molson Canadian*, *Carling* and *Staropramen* to *Coors Banquet*, *Blue Moon Belgian White*, *Blue Moon LightSky*, *Vizzy*, *Leinenkugel's Summer Shandy*, *Creemore Springs*, *Hop Valley* and more, we produce many beloved and iconic beer brands. While the company's history is rooted in beer, Molson Coors offers a modern portfolio that expands beyond the beer aisle as well. As a business, our ambition is to be the first choice for our people, our consumers and our customers, and our success depends on our ability to make our products available to meet a wide range of consumer segments and occasions.

Cybersecurity Incident

During March 2021, we experienced a systems outage that was caused by a cybersecurity incident. We engaged leading forensic information technology firms and legal counsel to assist our investigation into the incident and we restored our systems after working to get the systems back up as quickly as possible. Despite these actions, we experienced delays and disruptions to our business, including brewery operations, production and shipments. This incident caused a shift in our production and shipments from the first quarter of 2021 to the balance of fiscal year 2021. During the second quarter of 2021, we made progress recovering from the incident with increased shipments and continue to expect to recover fully by the end of 2021. In addition, we incurred certain incremental net one-time costs of \$2.7 million in the six months ended June 30, 2021 related to consultants, experts and data recovery efforts, net of insurance recoveries.

Coronavirus Global Pandemic

Starting at the end of the first quarter of 2020, the coronavirus pandemic had a material adverse effect on our operations, liquidity, financial condition and results of operations in 2020. In 2021, we have begun to see improvements in the marketplace related to the coronavirus global pandemic as on-premise locations begin to open across the world, including in the U.S. which led to a shift in revenue from off-premise to on-premise during the second quarter of 2021. The extent to which our operations will continue to be impacted by the pandemic will depend largely on future developments, which are highly uncertain and cannot be accurately predicted, including the severity and duration of the pandemic, including outbreaks of variants, the rate of vaccination and the efficacy of vaccines against the coronavirus and related variants. We continue to actively monitor the ongoing evolution of the pandemic and resulting impacts to our business.

Despite the improvements in re-openings of on-premise locations, closures and openings with restrictions impacted the financial results during the three and six months ended June 30, 2021. Certain governmental entities across Europe, particularly throughout the U.K., required that bars and restaurants close during the first quarter of 2021 which continued to negatively impact the on-premise sales of our beverages. Certain countries in Europe slowly started to reopen in the second quarter of 2021 with a partial re-opening with restrictions in the U.K. In addition, during the first quarter of 2021 and second quarter of 2021, certain provinces of Canada, including the most populous provinces, continued to endure lockdowns pursuant to which bars and restaurants were required to close. Throughout the first six months of 2021, while the U.S. started to reopen, sales to restaurants and bars have not returned to pre-pandemic levels because certain bars and restaurants remain closed, have modified hours or restricted capacity. Certain sporting events, festivals and other large public gatherings where our products are served have started to return with reduced capacities or other restrictions and other events have been postponed. See ["Outlook"](#) for additional details. Sales to on-premise customers tend to be higher margin than sales to off-premise (retail outlets) customers. Throughout the world, any governmental or societal impositions of restrictions on public gatherings, especially if prolonged in nature will continue to impact on-premise traffic and, in turn, our business.

During the three and six months ended June 30, 2020, we recorded charges of \$15.5 million within cost of goods sold related to temporary "thank you" pay for certain essential North America brewery employees. Additionally, in order to support and demonstrate our commitment to the continued viability of the many bars and restaurants which were negatively impacted by the coronavirus pandemic, during the first quarter of 2020, we initiated temporary keg relief programs in many of our markets. We committed to provide customers with reimbursements for untapped kegs that met certain established return requirements in conjunction with the voluntary programs. As a result, during the six months ended June 30, 2020, we recognized a reduction to net sales of \$31.8 million, substantially all of which was recognized in the first quarter of 2020 other than immaterial adjustments for changes in estimates during the second quarter of 2020, reflecting estimated sales returns and reimbursements through these keg relief programs.

Further, during the six months ended June 30, 2020, we recognized charges of \$16.8 million substantially all of which was recognized in the first quarter other than immaterial adjustments for changes in estimates during the second quarter of 2020, within cost of goods sold related to obsolete finished goods keg inventories that were not expected to be sold within our freshness specifications, as well as the estimated costs to facilitate the above mentioned keg returns. See Part I—Item 1. Financial Statements, [Note 1, "Basis of Presentation and Summary of Significant Accounting Policies"](#) for additional details.

As a result of the ongoing impacts of the pandemic, we continue to take various mitigating actions to offset some of the implications to our employees and communities, as well as the challenges to performance, while also ensuring liquidity and deleverage remain key priorities. We continue to monitor the pandemic and will take additional actions as necessary if the pandemic takes a negative turn. Such potential actions may include, but are not limited to, drawing on our revolving line of credit facility, issuing additional commercial paper under our U.S. commercial paper program (see Part I—Item 1. Financial Statements, [Note 8, "Debt"](#) for further discussion of the facilities and our remaining capacity), further accessing the capital markets, reducing discretionary spending as well as capital expenditures and asset monetization.

In response to the global economic uncertainty created by the coronavirus pandemic, our board of directors suspended our regular quarterly dividends on our Class A and Class B common and exchangeable shares in May 2020. In the third quarter of 2021, a quarterly dividend was reinstated. See ["Liquidity and Capital Resources"](#) for additional information regarding the impact of the global coronavirus pandemic on our liquidity. While we are encouraged by the improvements through the second quarter of 2021, we continue to monitor the impacts of the pandemic on the recoverability of our assets, including goodwill and indefinite-lived intangible assets. Given the length and severity of the impacts of the coronavirus pandemic on our Europe business, as well as the protracted recovery expected in certain on-premise markets, we recorded a goodwill impairment loss of \$1,484.3 million in the fourth quarter of 2020. If the duration of the pandemic is prolonged and the severity of its impact worsens, it could result in additional significant impairment losses. See Part I—Item 1. Financial Statements, [Note 7, "Goodwill and Intangible Assets"](#) for further detail as well as Part I - Item 1A. "Risk Factors" in our Annual Report.

Revitalization Plan

On October 28, 2019, we initiated a revitalization plan designed to allow us to invest across our portfolio to drive long-term, sustainable success. The revitalization plan established Chicago, Illinois as our North American operational headquarters. We closed our office in Denver, Colorado and consolidated certain administrative functions into our other existing office locations. As of January 1, 2020, we changed our name to Molson Coors Beverage Company and changed our management structure to two segments - North America and Europe. We began to incur charges related to these restructuring activities during the fourth quarter of 2019 and will continue to incur charges through fiscal year 2021. See Part I—Item 1. Financial Statements, [Note 5, "Special Items"](#) for further details.

Consolidated Results of Operations

The following table highlights summarized components of our unaudited condensed consolidated statements of operations for the three and six months ended June 30, 2021 and June 30, 2020. See [Part I-Item 1. Financial Statements](#) for additional details of our U.S. GAAP results.

	Three Months Ended			Six Months Ended		
	June 30, 2021	June 30, 2020	% change	June 30, 2021	June 30, 2020	% change
	(In millions, except percentages and per share data)					
Financial volume in hectoliters	23.823	22.586	5.5 %	40.040	41.014	(2.4)%
Net sales	\$ 2,939.4	\$ 2,503.4	17.4 %	\$ 4,837.8	\$ 4,606.2	5.0 %
Net income (loss) attributable to MCBC	\$ 388.6	\$ 195.0	99.3 %	\$ 472.7	\$ 78.0	N/M
Net income (loss) attributable to MCBC per diluted share	\$ 1.79	\$ 0.90	98.9 %	\$ 2.17	\$ 0.36	N/M

N/M = Not meaningful

Second Quarter 2021 Financial Highlights

Net sales of approximately \$2.9 billion in the second quarter of 2021 increased 17.4% from the prior year, primarily due to higher financial volumes, favorable brand and channel mix as well as positive pricing. Financial volume growth of 5.5% was primarily due to improved brand volume growth, particularly in Europe as a result of an increase in on-premise re-openings, as well as favorable shipment timing in the U.S., higher contract brewing and wholesaler volumes. Improved brand volume growth, particularly in Europe, was due to on-premise re-openings, higher above premium and core brand volumes, partially offset by lower economy brand volumes.

During the second quarter of 2021, we recognized net income attributable to MCBC of \$388.6 million compared to \$195.0 million in the prior year. The increase was primarily due to higher financial volumes, favorable net pricing, positive brand and channel mix, lower tax expense, lower special items charges, as well as favorable unrealized gains in our mark-to-market commodity positions, partially offset by higher marketing, general and administrative ("MG&A") expense and higher cost of goods sold inflation, including higher transportation, brewery and packaging material costs.

Regional financial highlights:

- In our [North America](#) segment, income before income taxes increased 4.1% to \$428.2 million in the second quarter of 2021, compared to \$411.5 million in the prior year primarily due to net pricing increases, lower special items charges, favorable brand mix in the U.S., cost savings in cost of goods sold, higher financial volumes and the cycling of prior year charges for temporary "thank you" pay for certain essential North America brewery employees, partially offset by higher MG&A expense and inflation within cost of goods sold, including higher transportation, brewery and packaging material costs, increased inventory obsolescence, as well as the cycling of favorable prior year resolution of a property tax appeal for the Golden, Colorado brewery. The higher MG&A expense reflects increased marketing investment on innovation brands as well as the cycling of lower spending in the prior year in areas impacted by the coronavirus pandemic.
- In our [Europe](#) segment, income before income taxes increased to \$47.4 million in the second quarter of 2021, compared to a loss of \$11.0 million in the prior year primarily due to higher financial volumes as a result of progressive re-opening of the on-premise channel during the quarter compared to greater restrictions in the same period of the prior year, favorable channel, geographic and brand mix, positive pricing and the impacts of favorable foreign currency, partially offset by higher MG&A expenses due to lower spend in the prior year driven by cost mitigation efforts as a result of the impact of the coronavirus pandemic and higher special items charges.

See ["Results of Operations"](#) below for further analysis of our segment results.

Worldwide Brand and Financial Volume

Worldwide brand volume (or "brand volume" when discussed by segment) reflects owned or actively managed brands sold to unrelated external customers within our geographic markets, net of returns and allowances, royalty volume and an adjustment from STWs to STRs calculated consistently with MCBC owned volume. Contract brewing and wholesaler volume is removed from worldwide brand volume as this is non-owned volume for which we do not directly control performance. We believe this definition of worldwide brand volume more closely aligns with how we measure the performance of our owned

brands within the markets in which they are sold. Financial volume represents owned brands sold to unrelated external customers within our geographical markets, net of returns and allowances as well as contract brewing, wholesale non-owned brand volume and company-owned distribution volume. Royalty volume consists of our brands produced and sold by third parties under various license and contract-brewing agreements and because this is owned volume, it is included in worldwide brand volume. The adjustment from STWs to STRs provides the closest indication of the performance of our owned brands in relation to market and competitor sales trends, as it reflects sales volume one step closer to the end consumer and generally means sales from our wholesalers or our company to retailers.

	Three Months Ended			Six Months Ended		
	June 30, 2021	June 30, 2020	% change	June 30, 2021	June 30, 2020	% change
(In millions, except percentages)						
Volume in hectoliters:						
Financial volume	23.823	22.586	5.5 %	40.040	41.014	(2.4)%
Less: Contract brewing and wholesaler volume	(1.833)	(1.566)	17.0 %	(3.071)	(3.163)	(2.9)%
Add: Royalty volume	1.124	0.673	67.0 %	2.050	1.552	32.1 %
Add: STW to STR adjustment	(0.983)	(0.218)	N/M	(0.640)	(0.063)	N/M
Total worldwide brand volume	<u>22.131</u>	<u>21.475</u>	3.1 %	<u>38.379</u>	<u>39.340</u>	(2.4)%
Worldwide Brand Volume by Segment in hectoliters						
North America	15.986	16.151	(1.0)%	28.817	29.897	(3.6)%
Europe	6.145	5.324	15.4 %	9.562	9.443	1.3 %
Total	<u>22.131</u>	<u>21.475</u>	3.1 %	<u>38.379</u>	<u>39.340</u>	(2.4)%

Our worldwide brand volume increased 3.1% for the three months ended June 30, 2021 and decreased 2.4% for the six months ended June 30, 2021, respectively, compared to prior year. Financial volume increased 5.5% for the three months ended June 30, 2021 and decreased 2.4% for the six months ended June 30, 2021, respectively, compared to prior year. The growth in the three months ended June 30, 2021 was primarily due to the increase in re-openings of the on-premise channel, particularly in our Europe segment as well as favorable shipment timing. The decline for the six months ended June 30, 2021 was primarily due to the impacts of the coronavirus pandemic which had a greater impact in the 2021 first quarter due to on-premise restrictions in both North America and Europe, particularly in the U.K. and Canada as well as the cycling of the March 2020 pantry loading at the onset of the coronavirus pandemic.

Net Sales Drivers

For the three months ended June 30, 2021 versus June 30, 2020, by segment (in percentages):

	Financial Volume		Price, Product and Geography Mix		Currency		Total	
	5.5	%	8.2	%	3.7	%	17.4	%
Consolidated								
North America	1.9	%	6.4	%	1.8	%	10.1	%
Europe	17.8	%	34.5	%	17.2	%	69.5	%

For the six months ended June 30, 2021 versus June 30, 2020, by segment (in percentages):

	Financial Volume		Price, Product and Geography Mix		Currency		Total	
Consolidated	(2.4)	%	4.7	%	2.7	%	5.0	%
North America	(3.2)	%	5.0	%	1.3	%	3.1	%
Europe	—	%	5.7	%	10.7	%	16.4	%

Income taxes

	Three Months Ended		Six Months Ended	
	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
Effective tax rate	25 %	51 %	27 %	66 %

The decrease in the effective tax rate during the three and six months ended June 30, 2021 compared to the prior year was primarily due to a decrease in net discrete tax expense, partially offset by the effect of proportionally higher pretax income in jurisdictions with a higher tax rate. We recognized \$38.5 million net discrete tax expense through second quarter of 2021 versus \$121.7 million net discrete tax expense through second quarter of 2020. The difference is primarily due to the \$135 million discrete tax expense recognized in the second quarter of 2020, which was related to the enactment of the hybrid regulations as further discussed below.

During the second quarter of 2021, the U.K. government enacted, and royal assent was received for, legislation to increase the corporate income tax rate from 19% to 25%. Remeasurement of our deferred tax liabilities under the higher income tax rate resulted in the recognition of additional discrete tax expense of approximately \$18 million in second quarter of 2021.

Our tax rate is volatile and may increase or decrease with changes in, among other things, the amount and source of income or loss, our ability to utilize foreign tax credits, excess tax benefits or deficiencies from share-based compensation, changes in tax laws, and the movement of liabilities established pursuant to accounting guidance for uncertain tax positions as statutes of limitations expire, positions are effectively settled, or when additional information becomes available. There are proposed or pending tax law changes in various jurisdictions and other changes to regulatory environments in countries in which we do business that, if enacted, may have an impact on our effective tax rate.

Due to anticipated settlements and expected expiration of statutes of limitations, it is reasonably possible that the amount of unrecognized tax benefits may decrease by approximately \$250 million within the next 12 months.

Since 2018, the U.S. Department of Treasury has continued to issue proposed, temporary and final regulations to implement provisions of the 2017 Tax Act. We will continue to monitor these regulations. The final hybrid regulations issued in April 2020 resulted in recognition of approximately \$135 million of tax expense in the six months ended June 30, 2020. We currently estimate the impact of the final regulations to be cash tax outflows of approximately \$100 million in 2021. We continue to analyze the potential cash impacts of the final regulations to minimize cash outflows over time.

Refer to Part I - Item 1. Financial Statements, [Note 6, "Income Tax"](#) for discussion regarding our effective tax rate.

Segment Results of Operations

North America Segment

	Three Months Ended			Six Months Ended		
	June 30, 2021	June 30, 2020	% change	June 30, 2021	June 30, 2020	% change
(In millions, except percentages)						
Financial volume in hectoliters ⁽¹⁾⁽²⁾	17,986	17,648	1.9 %	31,088	32,104	(3.2)%
Sales ⁽²⁾	\$ 2,775.7	\$ 2,548.8	8.9 %	\$ 4,711.6	\$ 4,603.8	2.3 %
Excise taxes	(353.3)	(348.6)	1.3 %	(597.2)	(613.9)	(2.7)%
Net sales ⁽²⁾	2,422.4	2,200.2	10.1 %	4,114.4	3,989.9	3.1 %
Cost of goods sold ⁽²⁾	(1,448.6)	(1,302.0)	11.3 %	(2,561.9)	(2,434.4)	5.2 %
Gross profit	973.8	898.2	8.4 %	1,552.5	1,555.5	(0.2)%
Marketing, general and administrative expenses	(537.8)	(425.2)	26.5 %	(968.2)	(921.8)	5.0 %
Special items, net ⁽³⁾	(5.8)	(64.1)	(91.0)%	(12.3)	(143.2)	(91.4)%
Operating income (loss)	430.2	408.9	5.2 %	572.0	490.5	16.6 %
Interest income (expense), net	(0.4)	(0.7)	(42.9)%	(0.7)	(1.7)	(58.8)%
Other income (expense), net	(1.6)	3.3	N/M	1.1	(1.1)	N/M
Income (loss) before income taxes	\$ 428.2	\$ 411.5	4.1 %	\$ 572.4	\$ 487.7	17.4 %

N/M = Not meaningful

- (1) Excludes royalty volume of 0.585 million hectoliters and 1.152 million hectoliters for the three and six months ended June 30, 2021, respectively, and excludes royalty volume of 0.288 million hectoliters and 0.803 million hectoliters for the three and six months ended June 30, 2020, respectively.
- (2) Includes gross inter-segment sales, purchases, and volumes, which are eliminated in the consolidated totals.
- (3) See Part I—Item 1. Financial Statements, [Note 5, "Special Items"](#) for detail of special items.

Significant events

In March 2021, we experienced a systems outage that was caused by a cybersecurity incident. We engaged leading forensic information technology firms and legal counsel to assist our investigation into the incident and we restored our systems after working to get the systems back up as quickly as possible. Despite these actions, we experienced delays and disruptions to our business, including brewery operations, production and shipments. This incident caused a shift in our production and shipments from the first quarter of 2021 to the balance of fiscal year 2021.

In February 2021, a winter ice storm severely impacted the southern United States. In particular, local government authorities in Texas were forced to impose energy restrictions, causing the Fort Worth brewery to be offline which resulted in our inability to produce or ship product during the downtime.

We continue to monitor the coronavirus pandemic, which had a material adverse effect on our North America results of operations for fiscal year 2020, starting at the end of the first quarter of 2020, and we expect it will continue to have a material adverse effect on our results of operations in 2021. While we have begun to see the on-premise reopen, due to limitations and restrictions as well as consumer uncertainty, volume has not returned to pre-pandemic levels. Additionally, continuing governmental or societal impositions on bars and restaurants and restrictions on public gatherings including the growing risk of variants, the rate of vaccination, the effectiveness and prompt distribution of vaccines and further shutdowns, specifically in certain populous provinces of Canada, will continue to have adverse effects on on-premise traffic and, in turn, our business performance, cash flows and liquidity.

Our results for the six months ended June 30, 2020 included a reduction to net sales of \$19.6 million and charges to cost of goods sold of \$12.2 million related to the recognition of estimated sales returns and finished good obsolescence reserves and related costs resulting from the on-premise impacts at the onset of the coronavirus pandemic. These charges were primarily recognized during the first quarter of 2020, with immaterial adjustments for changes in estimates recognized in the second quarter of 2020. We also recognized charges to cost of goods sold of \$15.5 million related to temporary "thank you" pay for certain essential North America brewery employees during the three months ended June 30, 2020.

As part of our revitalization plan announced during the fourth quarter of 2019, we initiated restructuring activities and will continue to incur severance and other employee-related costs as special items through the end of 2021.

Following management approval in December 2019, in January 2020, we announced plans to cease production at our Irwindale, California brewery and entered into an option agreement with Pabst Brewing Company, LLC ("Pabst"), granting Pabst an option to purchase our Irwindale, California brewery, including plant equipment and machinery and the underlying land for \$150 million, subject to adjustment as further specified in the option agreement. Pursuant to the option agreement, on May 4, 2020, Pabst exercised its option to purchase the Irwindale brewery and the purchase was completed in the fourth quarter of 2020. Production at the Irwindale brewery ceased during the third quarter of 2020. We recorded special charges related to the Irwindale brewery closure during the six months ended June 30, 2020 as further discussed in Part I—Item 1. Financial Statements, [Note 5, "Special Items."](#)

The volatility of aluminum prices, inclusive of Midwest Premium and tariffs, continued to significantly impact our results during the first half of 2021. To the extent these prices continue to fluctuate, our business and financial results could be materially adversely impacted. We continue to monitor these risks and rely on our risk management hedging program to help mitigate price risk exposure for commodities including aluminum and fuel.

In further efforts to help optimize the North America brewery network, in the third quarter of 2017, we announced a plan to build a more efficient and flexible brewery in Longueuil, Quebec. During the second quarter of 2019, we completed the sale of our Montreal brewery for \$96.2 million, resulting in a \$61.3 million gain, which was recorded as a special item. In conjunction with the sale, we agreed to lease back the existing property to continue operations on an uninterrupted basis until the new brewery is operational, which we currently expect to occur in 2021. However, due to the uncertainty inherent in our estimates, and the impacts of the coronavirus pandemic potentially delaying construction of the new brewery, the timing of the brewery closure is subject to change. We will continue to incur significant capital expenditures associated with the construction of the new brewery in Longueuil, Quebec, through its estimated completion in late 2021.

In June 2019, the Ontario government adopted a bill that, if enacted, would terminate a 10-year Master Framework Agreement that was originally signed between the previous government administration and Molson Canada 2005, a wholly owned indirect subsidiary of the Company, Labatt Brewing Company Limited, Sleeman Breweries Ltd., and Brewers Retail Inc. in 2015 and dictates the terms of the beer distribution and retail systems in Ontario through 2025. The government has not yet proclaimed the bill as law. The impacts of these potential legislative changes are unknown at this time, but could have a negative impact on the results of operations, cash flows and financial position of the North America segment. While discussions remain ongoing with the government to reach a mutually agreeable alternative to the enactment of the law, it is unclear how the coronavirus pandemic will impact these discussions. Molson Canada 2005 and the other Master Framework Agreement signatories are prepared to vigorously defend our rights and pursue legal recourse, should the Master Framework Agreement be unilaterally terminated by the enactment of the legislation. For additional information, see Part I—Item 1. Financial Statements, [Note 12, "Commitments and Contingencies."](#)

Foreign currency impact on results

During the three and six months ended June 30, 2021, foreign currency movements favorably impacted our income (loss) before income taxes by \$0.7 million and \$0.9 million, respectively. Included in these amounts are both translational and transactional impacts of changes in foreign exchange rates. The impact of transactional foreign currency gains and losses is recorded within other income (expense) in our unaudited condensed consolidated statements of operations.

Volume and net sales

Brand volume decreased 1.0% and 3.6% for the three and six months ended June 30, 2021, respectively, compared to prior year. The decrease in brand volume was primarily due to lower economy brand volumes in the U.S. and declines in Canada, partially offset by growth in both the Latin America and the U.S. above premium portfolio. Financial volume increased 1.9% for the three months ended June 30, 2021 and decreased 3.2% for the six months ended June 30, 2021, compared to prior year. The increase in the three months ended June 30, 2021 was driven by favorable shipment timing in the U.S. and strong volume performance in Latin America. The decrease in the six months ended June 30, 2021 was reflective of the lower brand volume and lower U.S. shipments attributed to the March 2021 cybersecurity incident and the February 2021 Fort Worth, Texas brewery shutdown due to a winter storm, partially offset by favorable U.S. shipment timing in the second quarter of 2021.

Net sales per hectoliter on a brand volume basis in local currency increased 4.7% and 3.8% for the three and six months ended June 30, 2021, respectively, compared to prior year. The increase in the three months ended June 30, 2021 was primarily due to positive brand mix in the U.S. and net pricing increases in the U.S. and Canada, partially offset by unfavorable geographic mix attributed to growing license volume in Latin America. The increase for the six months ended June 30, 2021 was primarily due to the same factors as the three month period in addition to cycling prior year estimated keg sales returns and reimbursement related to the on-premise impacts of the coronavirus pandemic. Net sales per hectoliter on a financial volume

basis in local currency increased 6.3% and 5.1% for the three and six months ended June 30, 2021, respectively, compared to the prior year.

Cost of goods sold

Cost of goods sold per hectoliter in local currency increased 7.2% and 7.1% for the three and six months ended June 30, 2021, respectively, compared to prior year primarily due to cost inflation, including higher transportation costs, brewery and packaging material costs, mix impacts due to premiumization, increased inventory obsolescence and cycling the favorable prior year resolution of a property tax appeal for the Golden, Colorado brewery, partially offset by cost savings and the cycling of prior year charges for the temporary "thank you" pay for certain essential North America brewery employees. The increase in the six months ended June 30, 2021 was also due to volume deleverage, partially offset by cycling finished good obsolescence reserves and related costs recognized in the first quarter of 2020 resulting from the on-premise impacts of the coronavirus pandemic.

Marketing, general and administrative expenses

Marketing, general and administrative expenses increased 26.5% and 5.0% for the three and six months ended June 30, 2021, respectively, compared to prior year primarily due to increased marketing investment on innovation brands, higher media spend behind *Coors Light* and *Miller Lite* and the cycling of lower spend in the prior year in areas impacted by the coronavirus pandemic, partially offset by cost savings related to the revitalization plan.

Other income (expense), net

The change in other income (expense), net during the three and six months ended June 30, 2021 was primarily due to foreign currency transaction (gains) losses and the unrealized mark-to-market changes on our HEXO warrants.

Europe Segment

	Three Months Ended			Six Months Ended		
	June 30, 2021	June 30, 2020	% change	June 30, 2021	June 30, 2020	% change
(In millions, except percentages)						
Financial volume in hectoliters ⁽¹⁾⁽²⁾	5.844	4.963	17.8 %	8.966	8.965	— %
Sales ⁽²⁾	\$ 791.8	\$ 484.9	63.3 %	\$ 1,112.5	\$ 972.2	14.4 %
Excise taxes	(271.3)	(177.8)	52.6 %	(385.1)	(347.5)	10.8 %
Net sales ⁽²⁾	520.5	307.1	69.5 %	727.4	624.7	16.4 %
Cost of goods sold ⁽²⁾	(324.7)	(217.9)	49.0 %	(500.8)	(469.9)	6.6 %
Gross profit	195.8	89.2	119.5 %	226.6	154.8	46.4 %
Marketing, general and administrative expenses	(143.9)	(99.3)	44.9 %	(256.4)	(232.4)	10.3 %
Special items, net ⁽³⁾	(3.2)	(0.2)	N/M	(7.6)	(7.7)	(1.3)%
Operating income (loss)	48.7	(10.3)	N/M	(37.4)	(85.3)	(56.2)%
Interest income (expense), net	(1.6)	(1.3)	23.1 %	(3.0)	(2.7)	11.1 %
Other income (expense), net	0.3	0.6	(50.0)%	(1.6)	0.2	N/M
Income (loss) before income taxes	\$ 47.4	\$ (11.0)	N/M	\$ (42.0)	\$ (87.8)	(52.2)%

N/M = Not meaningful

- (1) Excludes royalty volume of 0.539 million hectoliters and 0.898 million hectoliters for the three and six months ended June 30, 2021, respectively, and excludes royalty volume of 0.385 million hectoliters and 0.749 million hectoliters for the three and six months ended June 30, 2020, respectively.
- (2) Includes gross inter-segment sales, purchases, and volumes, which are eliminated in the consolidated totals.
- (3) See Part I - Item I. Financial Statements, [Note 5, "Special Items"](#) for detail of special items.

Significant events

We continue to monitor the coronavirus pandemic, which had a material adverse effect on our Europe results of operations in 2020 and we expect it will continue to have a material adverse effect on our Europe results of operations in 2021. In the fourth quarter of 2020, a new pandemic wave triggered new lockdowns with different levels of restrictions in Europe from one market to another and continued through the first half of 2021. The additional lockdowns, particularly in the U.K., had

an adverse effect on on-premise sales during the first quarter and part of the second quarter and will continue to have adverse effects on our business performance, cash flows and liquidity until on premise locations fully reopen and all restrictions are lifted.

Our results for the six months ended June 30, 2020 included a reduction to net sales of \$12.2 million and charges to cost of goods sold of \$4.6 million related to the recognition of estimated sales returns and finished good obsolescence reserves and related costs resulting from the on-premise impacts of the coronavirus pandemic. These charges were primarily recognized during the first quarter of 2020, with immaterial adjustments for changes in estimates recognized in the second quarter of 2020.

As part of our revitalization plan announced during the fourth quarter of 2019, we initiated restructuring activities and continue to incur severance and other employee-related costs as special items through the end of 2021.

Foreign currency impact on results

Our Europe segment operates in numerous countries and each country's operations utilize distinct currencies. During the three months ended June 30, 2021, foreign currency movements favorably impacted our income (loss) before income taxes by \$4.8 million and during the six months ended June 30, 2021, foreign currency movements unfavorably impacted our income (loss) before income taxes by \$3.5 million. Included in this amount are both translational and transactional impacts of changes in foreign exchange rates. The impact of transactional foreign currency gains and losses is recorded within other income (expense) in our unaudited condensed consolidated statements of operations.

Volume and net sales

Our Europe brand volume increased 15.4% and 1.3% for the three and six months ended June 30, 2021, respectively, compared to prior year. The increase in Europe brand volume was primarily due to less severe on-premise restrictions as a result of the coronavirus pandemic across Europe. Financial volume increased 17.8% and was flat for the three and six months ended June 30, 2021, respectively, compared to prior year.

Net sales per hectoliter on a brand volume basis in local currency increased 16.6% and 5.9% for the three and six months ended June 30, 2021, respectively, compared to prior year. The increase in the three months ended June 30, 2021 was primarily due to favorable channel, geographic and brand mix due to on-premise starting to reopen at various levels throughout Europe and positive pricing. The increase for the six months ended June 30, 2021 was primarily due to favorable brand and channel mix and favorable pricing, as well as the cycling of prior year estimated keg sales returns and reimbursements related to the on-premise impacts of the coronavirus pandemic and positive pricing. Net sales per hectoliter on a financial volume basis in local currency increased 29.4% and 5.6% for the three and six months ended June 30, 2021, respectively, compared to prior year.

Cost of goods sold

Cost of goods sold per hectoliter in local currency increased 13.7% and decreased 3.1% for the three and six months ended June 30, 2021, respectively, compared to prior year. The increase in the three months ended June 30, 2021 was primarily due to unfavorable channel and brand mix and cost inflation, partially offset by the positive impact of volume leverage. The decrease in the six months ended June 30, 2021 was primarily due to cost savings and the impact of the cycling of the estimated finished goods obsolescence reserves and costs recognized in the six months ended June 30, 2020 resulting from the on-premise impacts of the coronavirus pandemic, partially offset by unfavorable channel and brand mix and cost inflation.

Marketing, general and administrative expenses

Marketing, general and administrative expenses increased 44.9% and 10.3% for the three and six months ended June 30, 2021, respectively, compared to prior year. The increase in the three months ended June 30, 2021 was primarily due to increased support for our brands, increased incentive compensation as well as unfavorable foreign currency movements. The increase in the six months ended June 30, 2021 was primarily due to unfavorable foreign currency movements and an increase in the marketing support for our brands.

Unallocated

	Three Months Ended			Six Months Ended		
	June 30, 2021	June 30, 2020	% change	June 30, 2021	June 30, 2020	% change
(In millions, except percentages)						
Financial volume in hectoliters	—	—	— %	—	—	— %
Sales	\$ —	\$ —	— %	\$ —	\$ —	— %
Excise taxes	—	—	— %	—	—	— %
Net sales	—	—	— %	—	—	— %
Cost of goods sold	101.9	59.4	71.5 %	223.4	(39.7)	N/M
Gross profit	101.9	59.4	71.5 %	223.4	(39.7)	N/M
Marketing, general and administrative expenses	—	—	— %	—	—	— %
Special items, net	—	—	— %	—	—	— %
Operating income (loss)	101.9	59.4	71.5 %	223.4	(39.7)	N/M
Interest income (expense), net	(65.9)	(67.7)	(2.7)%	(129.5)	(134.2)	(3.5)%
Other pension and postretirement benefits (costs), net	13.0	7.6	71.1 %	26.0	15.1	72.2 %
Other income (expense), net	(2.0)	1.9	N/M	(1.4)	1.9	N/M
Income (loss) before income taxes	\$ 47.0	\$ 1.2	N/M	\$ 118.5	\$ (156.9)	N/M

N/M = Not meaningful

Cost of goods sold

The unrealized changes in fair value on our commodity swaps, which are economic hedges, are recorded as cost of goods sold within unallocated and make up the entirety of the activity presented within cost of goods sold in the table above for the three and six months ended June 30, 2021 and June 30, 2020. As the exposure we are managing is realized, we reclassify the gain or loss to the segment in which the underlying exposure resides, allowing our segments to realize the economic effects of the derivative without the resulting unrealized mark-to-market volatility. See Part I—Item 1. Financial Statements, [Note 11, "Derivative Instruments and Hedging Activities"](#) for further information.

Interest income (expense), net

Net interest expense decreased for the three and six months ended June 30, 2021 compared to the prior year, primarily due to the repayment of debt as part of our deleveraging commitments. See Part I—Item 1. Financial Statements, [Note 8, "Debt"](#) for further details.

Other pension and postretirement benefit (costs), net

Unallocated other pension and postretirement benefits increased for the three and six months ended June 30, 2021 compared to the prior year primarily due to lower pension and postretirement non-service costs.

Liquidity and Capital Resources

Our primary sources of liquidity have included cash provided by operating activities and access to external capital. However, the worldwide disruption caused by the coronavirus pandemic could materially affect our future access to our sources of liquidity. In the event of a sustained market deterioration and declines in net sales, profit and operating cash flow, we may need additional liquidity, which would require us to evaluate available alternatives and take appropriate actions. We currently believe that our cash and cash equivalents, cash flows from operations and cash provided by short-term and long-term borrowings, when necessary, will be adequate to meet our ongoing operating requirements, scheduled principal and interest payments on debt, capital expenditures and other obligations for the twelve months subsequent to the date of the issuance of this quarterly report, and our long-term liquidity requirements.

We continue to focus on navigating the lingering challenges presented by the coronavirus pandemic by preserving our liquidity and managing our cash flow through taking preemptive action to enhance our ability to meet our short-term liquidity needs. Specifically, we have taken several actions and considered various potential actions that may be needed to meet short-term and mid-term liquidity needs and have resources in place should we need to act on any of these quickly. Such potential actions include, but are not limited to, drawing on our \$1.5 billion revolving credit facility, including issuing commercial paper

under our U.S. commercial paper program (see Part I—Item 1. Financial Statements, [Note 8, "Debt"](#) regarding details of our current borrowings and remaining capacities under these programs), further accessing the capital markets, reducing discretionary spending including marketing, general and administrative as well as capital expenditures, asset monetization, and taking advantage of certain government-sponsored legislation and programs. In addition, we and our board of directors continue to actively evaluate various capital allocation considerations.

While we currently expect to have the necessary cash on hand to repay obligations when due, declines in net sales and profit could have a material adverse effect on our financial operations, cash flow and our ability to raise capital. The effects of the coronavirus pandemic are ongoing, and because of its dynamic nature, including uncertainties relating to the spread of variants, the rate of vaccinations and the efficacy of vaccines, the duration of the pandemic, the duration of on-premise restrictions and closures and related prolonged weakening of economic or other negative conditions, and governmental reactions, we cannot fully anticipate future conditions given the substantial uncertainties in the economy in general. We may have unexpected costs and liabilities; revenue and cash provided by operations may decline; macroeconomic conditions may weaken; prolonged and severe levels of unemployment may negatively impact our consumers; and competitive pressures may increase. These factors may result in difficulty maintaining liquidity, meeting our deleverage commitments and complying with our revolving credit facility covenants. As a result, our credit ratings could be downgraded, which would increase our costs of future borrowing and harm our ability to refinance our debt in the future on acceptable terms or at all. However, in anticipation of these uncertainties, we entered into Amendment No. 2 to our \$1.5 billion revolving credit facility on June 19, 2020. While the amendment did not increase our borrowing capacity or extend the term of the facility, it, among other things, (i) temporarily increased certain levels of the applicable rate by 25 basis points for the period beginning June 19, 2020 and ending on the last day of the fiscal quarter ending September 30, 2021, and (ii) revised the leverage ratios under the financial maintenance covenant for each fiscal quarter ending on or after June 30, 2020 through the maturity of the credit agreement.

There can be no assurance that we will be able to secure additional liquidity if our revolving credit facility is fully drawn, the capital markets become inaccessible or if our credit rating is adversely impacted, which may result in difficulties in accessing debt markets or increase our debt costs. Even if we have access to the capital markets, we may not be able to raise capital on acceptable terms or at all. If we are unable to maintain or access adequate liquidity, our ability to timely pay our obligations when due could be adversely affected.

Continued disruption and declines in the global economy could also impact our customers' liquidity and capital resources and therefore our ability to collect, or the timeliness of collection of our accounts receivable from them, which may have a material adverse impact on our performance, cash flows and capital resources. We continue to monitor our accounts receivable aging and have recorded reserves as appropriate. In addition, measures taken by governmental agencies to provide relief to businesses could further impact our ability to collect from customers. See Part I—Item 1. Financial Statements, [Note 1, "Basis of Presentation and Summary of Significant Accounting Policies"](#) for additional discussion related to our accounts receivable and associated reserves.

Additionally, in response to the coronavirus pandemic, various governmental authorities globally have implemented relief programs which we continue to monitor and evaluate, such as the CARES Act in the U.S. Certain of these relief programs provide temporary deferrals of non-income based tax payments, which positively impacted our operating cash flows in 2020. Of the approximate \$130 million of cash flow benefits recognized in 2020 from these temporary deferrals, the majority is expected to be paid in the second half of 2021.

While a significant portion of our cash flows from operating activities is generated within the U.S., our cash balances may be comprised of cash held outside the U.S. and in currencies other than USD. As of June 30, 2021, approximately 35% of our cash and cash equivalents were located outside the U.S., largely denominated in foreign currencies. The recent fluctuations in foreign currency exchange rates may have a material impact on these foreign cash balances. When the earnings are considered indefinitely reinvested outside of the U.S., we do not accrue taxes. To the extent necessary, we accrue for tax consequences on the earnings of our foreign subsidiaries upon repatriation. However, we continue to assess the impact of the 2017 Tax Act and related U.S. Department of Treasury proposed, temporary and final regulations, on the tax consequences of future cash repatriations. We utilize a variety of tax planning and financing strategies in an effort to ensure that our worldwide cash is available in the locations in which it is needed. We periodically review and evaluate these strategies, including external committed and non-committed credit agreements accessible by MCBC and each of our operating subsidiaries. We believe these financing arrangements, along with the cash generated from the operations of our U.S. business and other liquidity measures resulting from considerations of the on-going coronavirus global pandemic, as discussed above, are sufficient to fund our current cash needs in the U.S..

Additionally, our cash balances in foreign countries are often subject to additional restrictions and covenants. We may, therefore, have difficulties repatriating cash held outside of the U.S. which would also be subject to various repatriation taxes. In some countries repatriation of certain foreign balances is restricted by local laws and could have adverse tax consequences if

we were to move the cash to another country. These limitations may affect our ability to fully utilize our cash resources for needs in the U.S. or other countries and may adversely affect our liquidity.

Separately, as discussed in Part I - Item 1. Financial Statements, [Note 6, "Income Tax"](#), the U.S. Department of Treasury issued final hybrid regulations in April 2020, which resulted in recognition of approximately \$135 million in the six months ended June 30, 2020. We currently estimate the impact of the final regulations to be cash tax outflows of approximately \$100 million in 2021. We continue to analyze the potential cash impacts of the final regulations to minimize any cash outflows over time.

Cash Flows and Use of Cash

Our business generates positive operating cash flow each year, and our debt maturities are of a longer-term nature. However, our liquidity could be impacted significantly by the risk factors we described in Part I—Item 1A. "Risk Factors" in our Annual Report, Part II-Item 1A. "Risk Factors" in this report and the items listed above.

Cash Flows from Operating Activities

Net cash provided by operating activities was \$748.5 million for the six months ended June 30, 2021 compared to \$1,059.9 million for the six months ended June 30, 2020. The decrease in net cash provided by operating activities of \$311.4 million was primarily due to the unfavorable timing of working capital and higher cash paid for taxes partially offset by higher net income adjusted for non-cash add-backs and lower interest paid during the six months ended June 30, 2021. The unfavorable timing of working capital was impacted by prior year tax payment deferrals, timing of receipts related to higher volumes as well as incentive payments. During the six months ended June 30, 2020, working capital and cash paid for taxes benefited from over \$500 million in tax payment deferrals from various government-sponsored payment deferral programs initiated in response to the coronavirus pandemic.

Cash Flows from Investing Activities

Net cash used in investing activities of \$200.1 million for the six months ended June 30, 2021 decreased by \$141.4 million compared to the six months ended June 30, 2020, primarily due to lower capital expenditures and higher inflows from other investing activities, including the sale of the India disposal group. The decrease in capital expenditures was primarily due to the timing of capital projects.

Cash Flows from Financing Activities

Net cash used in financing activities was \$3.9 million for the six months ended June 30, 2021 compared to \$449.8 million for the six months ended June 30, 2020. The decrease in the net cash used in financing activities was primarily due to lower net debt repayments, lower dividend payments as a result of the suspension of our dividend from May 2020 through the second quarter of 2021 and lower net cash outflows from other financing activities, partially offset by lower borrowings under our revolving credit facility and commercial paper program.

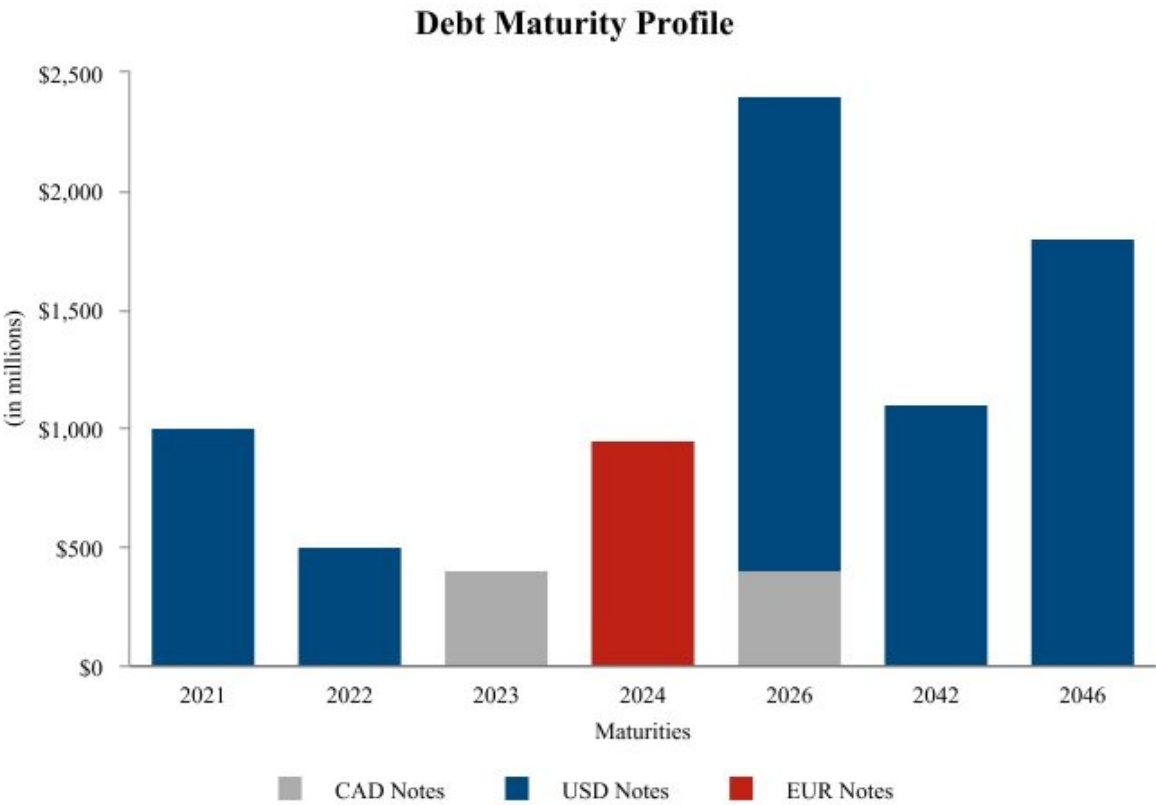
Capital Resources

Cash and Cash Equivalents

As of June 30, 2021, we had total cash and cash equivalents of \$1,308.9 million, compared to \$770.1 million as of December 31, 2020 and \$780.8 million as of June 30, 2020. The increase in cash and cash equivalents from December 31, 2020 was primarily due to the cash generated from operating activities, partially offset by capital expenditures. The increase in cash and cash equivalents from June 30, 2020 was primarily due to cash generated from operating activities and the proceeds from the sale of properties and other assets, including the prior year Irwindale brewery sale, partially offset by capital expenditures, the repayment of debt and repayment of borrowings under our revolving credit facility and commercial paper program.

Borrowings

We repaid in full our \$1.0 billion 2.1% notes that matured on July 15, 2021 using a combination of commercial paper borrowings and cash on hand and also settled the associated cross currency swap. Notional amounts below are presented in USD based on the applicable exchange rate as of June 30, 2021. Refer to Part I —Item 1. Financial Statements, [Note 8, "Debt"](#) for details.





Based on the credit profile of our lenders that are party to our credit facilities, we are confident in our ability to continue to draw on our revolving credit facility if the need arises. As of June 30, 2021 and December 31, 2020, we had \$1.5 billion available to draw on our \$1.5 billion revolving credit facility, as there were no outstanding revolving credit facility or commercial paper borrowings. Subsequent to June 30, 2021, we had net commercial paper borrowings of approximately \$140 million as of July 29, 2021. As such, as of July 29, 2021, we have approximately \$1.4 billion available to draw on our total \$1.5 billion revolving credit facility.

We intend to further utilize our cross-border, cross currency cash pool as well as our commercial paper programs for liquidity as needed. We also have JPY, CAD, GBP and USD overdraft facilities as well as an additional JPY line of credit across several banks should we need additional short-term liquidity.

Under the terms of each of our debt facilities, we must comply with certain restrictions. These include customary events of default and specified representations, warranties and covenants, as well as covenants that restrict our ability to incur certain additional priority indebtedness (certain thresholds of secured consolidated net tangible assets), certain leverage threshold percentages, create or permit liens on assets and restrictions on mergers, acquisitions and certain types of sale lease-back transactions. Additionally, under the \$1.5 billion revolving credit facility, the maximum leverage ratio as of June 30, 2021 is 4.75x net debt to EBITDA with a 0.25x reduction to 4.50x net debt to EBITDA for the fiscal quarter ending September 30, 2021. The leverage ratio requirement is reduced by a further 0.50x to 4.00x net debt to EBITDA as of the last day of the fiscal quarter ending December 31, 2021 through maturity of the credit facility. As of June 30, 2021 and December 31, 2020, we were in compliance with all of these restrictions, have met such financial ratios and have met all debt payment obligations. All of our outstanding senior notes as of June 30, 2021 rank pari-passu.

See Part I—Item 1. Financial Statements, [Note 8, "Debt"](#) for further discussion of our borrowings and available sources of borrowing, including lines of credit.

Credit Rating

Our current long-term credit ratings are BBB-/Negative Outlook, Baa3/Stable Outlook and BBB(Low)/Negative Outlook with Standard & Poor's, Moody's and DBRS, respectively. Our short-term credit ratings are A-3, Prime-3 and R-2(low), respectively. A securities rating is not a recommendation to buy, sell or hold securities, and it may be revised or withdrawn at any time by the applicable rating agency.

Guarantor Information

SEC Registered Securities

For purposes of this disclosure, including the tables, "Parent Issuer" shall mean MCBC. "Subsidiary Guarantors" shall mean certain Canadian and U.S. subsidiaries reflecting the substantial operations of our North America segment.

Pursuant to the indenture dated May 3, 2012 (as amended, the "May 2012 Indenture"), MCBC issued its outstanding 3.5% senior notes due 2022 and 5.0% senior notes due 2042. Additionally, pursuant to the indenture dated July 7, 2016, MCBC issued its outstanding 2.1% senior notes due 2021 (subsequently repaid in July 2021), 3.0% senior notes due 2026, 4.2% senior

notes due 2046 and 1.25% senior notes due 2024. The senior notes issued under the May 2012 Indenture and the July 2016 Indenture were registered under the Securities Act of 1933, as amended. These senior notes are guaranteed on a senior unsecured basis by certain subsidiaries of MCBC, which are listed on Exhibit 22 of our Annual Report (the "Subsidiary Guarantors", and together with the Parent Issuer, the "Obligor Group"). "Parent Issuer" in this section is specifically referring to MCBC in its capacity as the issuer of the senior notes under the May 2012 Indenture and the July 2016 Indenture. Each of the Subsidiary Guarantors is 100% owned by the Parent Issuer. The guarantees are full and unconditional and joint and several.

None of our other outstanding debt was issued in a transaction that was registered with the SEC, and such other outstanding debt is issued or otherwise generally guaranteed on a senior unsecured basis by the Obligor Group or other consolidated subsidiaries of MCBC. These other guarantees are also full and unconditional and joint and several.

The senior notes and related guarantees rank pari-passu with all other unsubordinated debt of the Obligor Group and senior to all future subordinated debt of the Obligor Group. The guarantees can be released upon the sale or transfer of a Subsidiary Guarantors' capital stock or substantially all of its assets, or if such Subsidiary Guarantor ceases to be a guarantor under our other outstanding debt.

See Part I—Item 1. Financial Statements, [Note 8, "Debt"](#) for details of all debt issued and outstanding as of June 30, 2021.

The following summarized financial information relates to the Obligor Group as of June 30, 2021 on a combined basis, after elimination of intercompany transactions and balances between the Obligor Group, and excluding the investments in and equity in the earnings of any non-guarantor subsidiaries. The balances and transactions with non-guarantor subsidiaries have been separately presented.

Summarized Financial Information of Obligor Group

		Six Months Ended June 30, 2021 (in millions)
Net sales, out of which:	\$	4,072.1
Intercompany sales to non-guarantor subsidiaries	\$	14.3
Gross profit, out of which:	\$	1,743.1
Intercompany net costs from non-guarantor subsidiaries	\$	(210.8)
Net interest expense third parties	\$	(130.1)
Intercompany net interest income from non-guarantor subsidiaries	\$	60.7
Income before income taxes	\$	744.6
Net income	\$	570.3

	As of June 30, 2021		As of December 31, 2020	
	(in millions)			
Total current assets, out of which:	\$	2,630.5	\$	1,662.5
Intercompany receivables from non-guarantor subsidiaries	\$	248.7	\$	184.4
Total noncurrent assets, out of which:	\$	25,500.3	\$	25,378.7
Noncurrent intercompany notes receivable from non-guarantor subsidiaries	\$	4,053.4	\$	3,962.2
Total current liabilities, out of which:	\$	3,786.4	\$	3,089.4
Current portion of long-term debt and short-term borrowings	\$	1,503.7	\$	1,001.4
Intercompany payables due to non-guarantor subsidiaries	\$	90.0	\$	72.3
Total noncurrent liabilities, out of which:	\$	13,666.3	\$	14,046.4
Long-term debt	\$	6,624.0	\$	7,129.8
Noncurrent intercompany notes payable due to non-guarantor subsidiaries	\$	4,226.2	\$	4,117.6

Foreign Exchange

Foreign exchange risk is inherent in our operations primarily due to the significant operating results that are denominated in currencies other than USD. Our approach is to reduce the volatility of cash flows and reported earnings which result from currency fluctuations rather than business related factors. Therefore, we closely monitor our operations in each country and seek to adopt appropriate strategies that are responsive to foreign currency fluctuations. Our financial risk management policy is intended to offset a portion of the potentially unfavorable impact of exchange rate changes on net income and earnings per share. See Part II —Item 8. Financial Statements and Supplementary Data, Note 16, "Derivative Instruments and Hedging Activities" of our Annual Report for additional information on our financial risk management strategies.

Our consolidated financial statements are presented in USD, which is our reporting currency. Assets and liabilities recorded in foreign currencies that are the functional currencies for the respective operations are translated at the prevailing exchange rate at the balance sheet date. Translation adjustments resulting from this process are reported as a separate component of other comprehensive income. Revenue and expenses are translated at the average exchange rates during the respective period throughout the year. Gains and losses from foreign currency transactions are included in earnings for the period. The significant exchange rates to the USD used in the preparation of our consolidated financial results for the primary foreign currencies used in our foreign operations (functional currency) are as follows:

	Three Months Ended		Six Months Ended	
	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
Weighted-Average Exchange Rate (1 USD equals)				
Canadian Dollar (CAD)	1.22	1.36	1.25	1.36
Euro (EUR)	0.83	0.91	0.83	0.91
British Pound (GBP)	0.71	0.81	0.72	0.80
Czech Koruna (CZK)	21.17	23.91	21.27	23.80
Croatian Kuna (HRK)	6.23	6.74	6.23	6.75
Serbian Dinar (RSD)	97.59	107.44	97.76	106.92
Romanian Leu (RON)	4.09	4.35	4.07	4.35
Bulgarian Lev (BGN)	1.62	1.77	1.62	1.77
Hungarian Forint (HUF)	291.45	313.79	297.71	311.51

	As of	
	June 30, 2021	December 31, 2020
Closing Exchange Rate (1 USD equals)		
Canadian Dollar (CAD)	1.24	1.27
Euro (EUR)	0.84	0.82
British Pound (GBP)	0.72	0.73
Czech Koruna (CZK)	21.51	21.47
Croatian Kuna (HRK)	6.32	6.18
Serbian Dinar (RSD)	99.11	96.34
Romanian Leu (RON)	4.16	3.98
Bulgarian Lev (BGN)	1.65	1.60
Hungarian Forint (HUF)	296.32	296.94

The weighted-average exchange rates in the above table have been calculated based on the average of the foreign exchange rates during the relevant period and have been weighted according to the foreign denominated earnings from operations of the USD equivalent. If foreign currencies in the countries in which we operate devalue significantly in future periods, most significantly the CAD, GBP, EUR and other European operating currencies included in the above table, then the impact on USD reported earnings may be material.

Capital Expenditures

We incurred \$204.3 million, and paid \$211.9 million, for capital improvement projects worldwide in the six months ended June 30, 2021, excluding capital spending by equity method joint ventures, representing a decrease of \$67.1 million from the \$271.4 million of capital expenditures incurred in the six months ended June 30, 2020. This decrease was primarily due to the timing of expenditures for capital projects. We continue to focus on where and how we employ our planned capital expenditures, with an emphasis on strengthening our focus on required returns on invested capital as we determine how to best allocate cash within the business.

Contractual Obligations and Commercial Commitments

There were no material changes to our contractual obligations and commercial commitments outside the ordinary course of business or due to factors similar in nature to inflation, changing prices on operations or changes in the remaining terms of the contracts since December 31, 2020, as reported in Part II - Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations, Contractual Obligations and Commercial Commitments in our Annual Report with the exception of the repayment of our \$1.0 billion 2.1% notes in July 2021. We continue to review and monitor our contractual obligations and commitments relative to the potential considerations resulting from the on-going coronavirus pandemic.

Guarantees

We guarantee indebtedness and other obligations to banks and other third parties for some of our equity method investments and consolidated subsidiaries. See Part I - Item 1. Financial Statements, [Note 12, "Commitments and Contingencies"](#) for further discussion.

Contingencies

We are party to various legal proceedings arising in the ordinary course of business, environmental litigation and indemnities associated with our sale of Kaiser to FEMSA. See Part I—Item 1. Financial Statements, [Note 12, "Commitments and Contingencies"](#) for further discussion.

Off-Balance Sheet Arrangements

Refer to Part II—Item 8 Financial Statements, [Note 18, "Commitments and Contingencies"](#) in our Annual Report for discussion of off-balance sheet arrangements. As of June 30, 2021, we did not have any other material off-balance sheet arrangements.

Outlook

While the first quarter of 2021 was a challenge with the February 2021 Texas winter storm, the March 2021 cybersecurity incident, and the continued government restrictions related to the pandemic, including those that shut down the entire on-premise channel in the U.K., the second quarter of 2021 showed improvements in our performance. We continue to strive to build on the strength of our iconic core brands, grow our above premium portfolio, expand beyond the beer aisle, invest in our

capabilities and support our people and communities. While uncertainty still exists in the severity and duration of the pandemic, including outbreaks of variants, the rate of vaccination and the efficacy of vaccines against the coronavirus and related variants we continue to make progress under the revitalization plan, and continue to reinvest in the business to drive sustainable top- and bottom-line growth.

We experienced delays and disruptions to our business, including brewery operations, production and shipments in the first quarter of 2021 as a result of the March 2021 cybersecurity incident. This incident caused a shift in our production and shipments from the first quarter of 2021 to the balance of fiscal year 2021. During the second quarter of 2021, we made progress recovering from the incident with increased shipments and expect to recover fully by the end of the year. In addition, we expect on-premise trends to improve in the balance of the year as we lap restrictions in the prior year comparison period.

We plan to build on the strength of our core brands, *Coors Light* and *Miller Lite*, by putting even more marketing behind these two iconic brands in 2021.

Our revitalization plan continues to deliver results as we grow our above premium portfolio and expand beyond the beer aisle. We delivered positive brand mix in the U.S. in the second quarter of 2021 which was driven by strong growth in our U.S. hard seltzer portfolio. To continue to grow our share of the hard seltzer market, we introduced line extensions of our hard seltzer *Vizzy* and improved the supply of *Topo Chico Hard Seltzer* to meet the demand. In addition, we expanded our hard seltzer portfolio around the world with *Vizzy* and *Coors Seltzer* recently launching in Canada. We launched the Three Fold hard seltzer brand in the U.K. and extended seltzers into Central Europe as well. We are also investing in our hard seltzer production capacity in the U.S., Canada and the U.K. which will drive efficiencies and improve our profit margin. We plan to continue to grow our share of the hard seltzer market.

We also expect to have further growth opportunities in 2021 as we bring Yuengling brands west in the U.S. under our new joint venture, which will oversee any new market expansion outside Yuengling's current 22-state footprint and New England, beginning with plans to bring Yuengling to Texas in the third quarter of 2021.

We expect this expansion beyond beer to continue throughout 2021. In early 2021, we commenced our new energy drink partnership with *ZOA* and co-owner Dwayne Johnson continues to amplify the product across his social media presence as well as through new TV campaigns that will debut during the Olympics.

We are mindful of the continued challenges and the uncertainty that remains and are focused on doing what is best not only in the near-term, but also positioning the business for medium- and long-term success. Our improved financial flexibility has enabled us to invest in our business while continuing to deliver our balance sheet and to reinstate a dividend.

Interest

We anticipate 2021 consolidated net interest expense of approximately \$270 million, plus or minus 5%.

Deleverage & Dividends

We repaid in full our \$1.0 billion 2.1% notes at maturity on July 15, 2021 using a combination of commercial paper borrowings and cash on hand and also settled the associated cross currency swap. In addition, a quarterly dividend was reinstated in the third quarter of 2021. We currently intend to maintain our investment grade debt rating and we are committed to further deleveraging in 2021 in accordance with our plans.

Critical Accounting Estimates

Our accounting policies and accounting estimates critical to our financial condition and results of operations are set forth in our Annual Report and did not change during the first half of 2021, except as noted below. See Part I—Item 1. Financial Statements, [Note 2, "New Accounting Pronouncements"](#) for discussion of recently adopted accounting pronouncements. See also Part I—Item 1. Financial Statements, [Note 7, "Goodwill and Intangible Assets"](#) for discussion of the results of our 2020 annual impairment testing analysis, the related risks to our indefinite-lived intangible brand assets and the goodwill amounts associated with our reporting units.

New Accounting Pronouncements Not Yet Adopted

See Part I—Item 1. Financial Statements, [Note 2, "New Accounting Pronouncements"](#) for a description of any new accounting pronouncements that have or could have a significant impact on our financial statements.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

In the normal course of business, we actively manage our exposure to various market risks by entering into various supplier-based and market-based hedging transactions, authorized under established risk management policies that place clear

controls on these activities. Our objective in managing these exposures is to decrease the volatility of our earnings and cash flows due to changes in underlying rates and costs.

The counterparties to our market-based transactions are generally highly rated institutions. We perform assessments of their credit risk regularly. Our market-based transactions include a variety of derivative financial instruments, none of which are used for trading or speculative purposes.

For details of our derivative instruments that are presented on the balance sheet, including their fair values as of period end, see Part I—Item 1. Financial Statements, [Note 11. "Derivative Instruments and Hedging Activities."](#) On a rolling twelve-month basis, maturities of derivative financial instruments held on June 30, 2021, based on foreign exchange rates as of June 30, 2021, are as follows:

Total	Less than 1 year	1 - 3 years	3 - 5 years	More than 5 years
(In millions)				
\$ 105.0	\$ 94.2	\$ 100.3	\$ —	\$ (89.5)

Sensitivity Analysis

Our market risk sensitive derivative and other financial instruments, as defined by the SEC, are debt, foreign currency forward contracts, commodity swaps, commodity options, cross currency swaps, forward starting interest rate swaps and warrants. We monitor foreign exchange risk, interest rate risk, commodity risk, equity price risk and related derivatives using a sensitivity analysis.

The following table presents the results of the sensitivity analysis, which reflects the impact of a hypothetical 10% adverse change in each of these risks to our derivative and debt portfolio, with the exception of interest rate risk to our forward starting interest rate swaps in which we have applied an absolute 1% adverse change to the respective instrument's interest rate:

	As of	
	June 30, 2021	December 31, 2020
	(In millions)	
Estimated fair value volatility		
Foreign currency risk:		
Forwards	\$ (22.1)	\$ (20.5)
Foreign currency denominated debt	\$ (186.5)	\$ (190.4)
Cross currency swaps	\$ (41.7)	\$ (43.0)
Interest rate risk:		
Debt	\$ (207.0)	\$ (219.7)
Forward starting interest rate swaps	\$ (163.0)	\$ (177.1)
Commodity price risk:		
Commodity swaps	\$ (106.9)	\$ (96.0)
Commodity options	\$ —	\$ —
Equity price risk:		
Warrants	\$ —	\$ (0.1)

The volatility of the applicable rates and prices are dependent on many factors that cannot be forecast with reliable accuracy. Therefore, actual changes in fair values could differ significantly from the results presented in the table above.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we conducted an evaluation of our disclosure controls and procedures as such term is defined under Rule 13a-15(e) under the Exchange Act. Based on this evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of June 30, 2021 to provide reasonable assurance that information required to be disclosed in our reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC rules and forms and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to

allow timely decisions regarding required disclosure. Management necessarily applies its judgment in assessing the costs and benefits of such controls and procedures that, by their nature, can only provide reasonable assurance regarding management's control objectives. Also, we have investments in certain unconsolidated entities that we do not control or manage.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting (as defined in Exchange Act Rule 13a-15(f)) during the three months ended June 30, 2021 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

Litigation and other disputes

For information regarding litigation, other disputes and environmental and regulatory proceedings see Part I—Item 1. Financial Statements, [Note 12, "Commitments and Contingencies."](#)

ITEM 1A. RISK FACTORS

In addition to the other information set forth in this report and the risk factor noted below, you should carefully consider the factors discussed in Part I—[Item 1A. "Risk Factors"](#) in our Annual Report, which could materially affect our business, financial condition and/or future results. The risks described in our Annual Report and herein are not the only risks facing us. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial may also materially adversely affect our business, financial condition, cash flows and/or future results.

A breach of our information systems could cause material financial or reputational harm.

Our information systems have been, and may continue to be in the future, the target of cyber-attacks or other security breaches, which, if successful, could, among other things, cause a disruption to our operations, expose us to the loss of key business, employee, customer or vendor information, cause us to breach our legal, regulatory or contractual obligations, generate a disruption in the continuity of our business applications and services, create an inability to access or rely upon critical business records, cause reputational damage, or impact the costs or ability to obtain adequate insurance coverage. These breaches may result from human errors, equipment failure, or fraud or malice on the part of employees or third parties. A breach of our information systems, including the March 2021 cybersecurity incident disclosed in [Part 1 - Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations](#) in this report, could subject us to litigation, including class action or derivative lawsuits, regulatory fines, and penalties, any of which could have a significant negative impact on our cash flows, competitive position, financial condition or results of operations. If our information systems suffer outages, we could experience delays and disruptions in our business, including brewery operations, production and shipments, such as those we experienced with the March 2021 cybersecurity incident. In addition, if our information systems suffer severe damage, disruption or shutdown, such as those we experienced with the March 2021 cybersecurity incident, we could experience delays in reporting our financial results, and we may lose revenue and profits as a result of our inability to timely invoice and collect payments from our customers. We have seen an increase in the number of such attacks recently as a large number of our employees are working remotely and accessing our technology infrastructure remotely as a result of the coronavirus pandemic. In addition, the March 2021 cybersecurity incident may embolden other individuals or groups to target our information systems and impact the costs or ability for us to obtain adequate insurance coverages moving forward. Further, such attacks may originate from nation states or attempts by outside parties, hackers, criminal organizations or other threat actors.

We expend significant financial resources to protect against threats and cyber-attacks and may be required to further expend financial resources to alleviate problems caused by physical, electronic and cyber security breaches, including the potential for increased ongoing expenses related to the March 2021 cybersecurity incident and to address possible increased information system attacks as a result of the incident. As techniques used to breach security are growing in frequency and sophistication and are generally not recognized until launched against a target, regardless of our expenditures and protection efforts, we may not be able to implement security measures in a timely manner or, if and when implemented, these measures could be circumvented. We could also be required to spend significant financial and other resources to remedy the damage caused by a security breach or to repair or replace networks and information systems, which could have a material adverse effect on our business and financial results. For example, we incurred certain incremental net one-time costs of \$2.7 million in the six months ended June 30, 2021 related to consultants, experts and data recovery efforts, net of insurance recoveries.

Misuse, leakage or falsification of information could result in a violation of data privacy laws and regulations, such as the European Union's General Data Protection Regulation, damage our reputation and credibility or expose us to increased risk of lawsuits, loss of existing or potential future customers and/or increases in our security costs, any of which could have a material adverse effect on our business and financial results. In addition, we may suffer financial and reputational damage because of lost or misappropriated confidential information and may become subject to legal action and increased regulatory oversight or consumers may avoid our brands due to negative publicity. In the event of a breach resulting in loss of data, such as personally identifiable information or other such data protected by data privacy or other laws, we may be liable for damages, fines and penalties for such losses under applicable regulatory frameworks despite not handling the data. Further, the regulatory framework around data custody, data privacy and breaches varies by jurisdiction and is an evolving area of law. We may not be able to limit our liability or damages in the event of such a loss.

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

None.

ITEM 6. EXHIBITS

The following are filed, furnished or incorporated by reference as a part of this Quarterly Report on Form 10-Q:

(a) Exhibits

Exhibit Number	Document Description
10.1	<u>Molson Coors Beverage Company Incentive Compensation Plan, as amended and restated (incorporated by reference to Exhibit 10.1 of our Current Report on Form 8-K filed on May 28, 2021).</u>
10.2	<u>Directors Service Agreement, dated as of April 30, 2020, by and between Molson Coors Brewing Company (UK) Limited and Simon Cox.</u>
31.1	<u>Section 302 Certification of Chief Executive Officer.</u>
31.2	<u>Section 302 Certification of Chief Financial Officer.</u>
32	<u>Written Statement of Chief Executive Officer and Chief Financial Officer furnished pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 USC, Section 1350).</u>
101.INS	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.*
101.SCH	XBRL Taxonomy Extension Schema Document.*
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document.*
101.LAB	XBRL Taxonomy Extension Label Linkbase Document.*
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document.*
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document.*

* Attached as Exhibit 101 to this report are the following documents formatted in iXBRL (Inline Extensible Business Reporting Language): (i) the Unaudited Condensed Consolidated Statements of Operations, (ii) the Unaudited Condensed Consolidated Statements of Comprehensive Income (Loss), (iii) the Unaudited Condensed Consolidated Balance Sheets, (iv) the Unaudited Condensed Consolidated Statements of Cash Flows, (v) the Unaudited Condensed Consolidated Statements of Stockholders' Equity and Noncontrolling Interests, (vi) the Notes to Unaudited Condensed Consolidated Financial Statements, and (vii) document and entity information.

SIGNATURE

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.

MOLSON COORS BEVERAGE COMPANY

By:

/s/ ROXANNE M. STELTER

Roxanne M. Stelter
Vice President and Controller
(Principal Accounting Officer)
July 29, 2021

DATED this 30th of April 2020

MOLSON COORS BEVERAGE COMPANY (UK) LIMITED

- and -

Mr Simon Cox

DIRECTORS SERVICE AGREEMENT

THIS AGREEMENT is effective from 1st November 2019

BETWEEN

- (1) Molson Coors Beverage Company (UK) Ltd (registered in England No. 26018) whose registered office is at 137 High Street, Burton upon Trent, Staffordshire, DE14 1JZ (the "Company") and
- (2) Simon Cox, 97 Gaia Lane, Lichfield, WS13 7LS (the "Executive")

WHEREBY IT IS AGREED as follows:-

1. Definitions

In this Agreement:

"Appointment"	means the Executive's employment under this Agreement.
"Associated Company"	means a company which is from time to time a subsidiary or a holding company of the Company or a subsidiary (other than the Company) of a holding company of the Company. In this definition "subsidiary" and "holding company" have the same meanings as in Section 1159 of the Companies Act 2006, as originally enacted.
the "President"	means the President & Chief Executive Officer of Molson Coors Beverage Company.
the "CEO"	Means the Chief Executive Officer, EMEA & APAC
"Garden Leave"	means any period of suspension or complete exclusion as described in clause 16.

2. Appointment

2.1 The Executive shall serve the Company as Chief Executive Officer EMEA APAC or in such other capacity of a like status as the Company may require unless and until his employment shall be terminated by either the Company or the Executive in accordance with this Agreement.

2.2 There is no probationary period applicable to this appointment.

3. Powers and Duties

3.1 The Executive shall exercise such powers and perform such duties in relation to the business of the Company or any Associated Company as may from time to time be vested in or assigned to his by the Company. The Company reserves the right to require the Executive to cease to perform part of his duties and/or to require his to perform additional duties (provided such duties are not inappropriate to his status). The Executive shall comply

with all reasonable and lawful directions from, and all regulations, policies and procedures of, the Company. At any time, the Company may appoint any person or persons to act jointly with the Executive to discharge his duties and functions under this agreement.

3.2 The Executive shall report to the President and shall at all times promptly give to the President or Molson Coors Beverage Company (in writing if so requested) all information, advice and explanations as it may reasonably require in connection with matters relating to his employment or directorship under this Agreement or with the business of the Company generally. The Executive shall obey all lawful and reasonable directions of the President.

3.3 If requested by the Company, the Executive shall act as a director of the Company. The Executive shall also carry out duties on behalf of any Associated Company, including, if required by the President, acting as an officer of any such Associated Company. If the Executive is appointed as a statutory director of either the Company or any Associated Company he shall comply with his statutory duties as a director under the Companies Act 2006 and any other fiduciary or common law duties owed to the Company and any Associated Company of which he is a director. He shall also comply with the articles of association of the Company and any Associated Company of which he is a director.

3.4 The Executive shall immediately report his own wrongdoing and any actual or suspected wrongdoing on the part of other staff of the Company or any Associated Company of which he becomes aware.

3.5 The Executive's normal working hours are 35 hours Monday to Friday, but he shall work such other or additional hours as may reasonably be required for the proper performance of his duties. For the avoidance of doubt, the Executive agrees that he will work in excess of an average of 48 hours per week should the Company require he to do so. If the Executive wishes to terminate his agreement to opt out of the 48-hour average limit, he is required to give the Company three months' written notice of his intention to do so. Overtime pay is not applicable.

3.6 The Executive shall devote the whole of his working time, attention and abilities during those hours to carrying out his duties in a proper, loyal and efficient manner. The Executive shall well and faithfully serve the Company and any Associated Company and use his utmost efforts to promote the interests thereof.

3.7 During the performance of his duties of employment, the Executive shall travel to such places inside and outside the UK as the Company may from time to time require. It is not expected that the Executive will be required to work outside of the UK for more than one month at a time.

3.8 The Executive will be based at the company's Burton Office although may be required to work from any of the Company's premises on a temporary basis should the need arise. The executive may also be required to travel to customer sites and premises in the course of normal duties and on occasion to attend training sessions and meetings elsewhere as the company may determine. The executive may also be required to undertake such travel within the total geography as may be necessary for the proper performance of your duties.

4. Salary and Incentives

4.1 The Executive shall be paid monthly on the 1st day of each month (or last working day prior to the 1st) for his services for the prior month, at a salary rate of £406,500 per annum (inclusive of any director's fees and salaries which may be payable to the Executive by the Company or any Associated Company), less normal deductions for tax and employee National Insurance contributions.

4.2 The Executive shall be paid a salary supplement to compensate for pension contributions due over and above the annual allowance. This will be calculated based on the projected target compensation package for the tax year. This amount will be confirmed at the start of each tax year and will be reviewed annually. This supplement will not form part of any salary amount connected to MCIP.

4.3 The Executive shall be entitled to participate in the Company's annual cash incentive scheme, Molson Coors Incentive Plan (MCIP) in accordance with the rules of the MCIP prevailing at that time, including the target % will be based on the executives grade level at the time. However, the Company reserves the right to discontinue or amend the terms of the MCIP or any replacement thereof annual cash incentive scheme at any time and from time to time without any obligation to provide a replacement or equivalent incentive scheme or to pay compensation in respect of such amendment or withdrawal. The Executive acknowledges that he has no contractual or other legal right to receive any annual cash incentive payment and that the Company is under no obligation to operate any cash incentive scheme. He further acknowledges that he will not acquire such a right (or to receive any cash incentive payment at a particular level), nor shall the Company come under such an obligation, merely by virtue of the Executive having received one or more cash incentive payments during the course of the Appointment. The Executive will cease to be eligible to receive any payments under the MCIP if he is not employed at the payment date.

4.4 The Company will first review (but shall not be obliged to increase) the salary payable under this Agreement on 1st April. Thereafter at least

once in each 12 months the Company shall review (but shall not be obliged to increase) the salary payable under this Agreement.

4.5 The Executive shall not be entitled to any other salary or fees as an officer, director or employee of the Company or any Associated Company. The Executive shall, as the Company may direct, either waive his right to any such salary or fees or account for the same to the Company.

4.6 The Company shall be entitled to deduct from the Executive's salary or other remuneration (including but not limited to any MCIP payments, commission, payment in lieu of notice, holiday pay and sick pay) all or any sums owed by him to the Company including, but not limited to, advances, overpayments, unauthorised expenses, relocation costs, the costs of repairing or replacing any equipment or property belonging to the Company or any Associated Company which has been lost or damaged by the Executive or any loss suffered by the Company as a result of any neglect or breach of duty by the Executive.

5. Pensions and Life Assurance

5.1 The Executive is eligible to participate in the Group Personal Pension Plan for Molson Coors Beverage Company subject to the Rules of that plan. As a legacy Defined Benefit pension member, the Executive is currently entitled to an enhanced pension contribution of 27.7% of base salary from the Company, any change to this would be subject to consultation. In addition to pension provision, four times salary life assurance is provided under the plan. The Executive will make contributions to that plan in accordance with its rules and those contributions will be deducted from salary. The Company reserves the right, in its absolute discretion, to close or amend any such plans and schemes and shall not be obliged to provide a replacement scheme or to compensate the Executive for any loss in benefits incurred as a result of such closure or amendment (save as may be required by law).

6. Car or Car Allowance

6.1 The Company shall provide for the Executive (subject to him being qualified to drive in the UK and holding a current valid driving licence) a company car or non-pensionable car cash allowance. Which of these he receives will be dependent on his predicted business mileage in line with the Company Car Policy in force from time to time.

6.2 Where the Executive has been provided with a company car, the Company may at its option, at any time, elect to pay an appropriate non-pensionable cash sum by way of car allowance, instead of the provision of a car. The rate and full terms of such allowance shall be entirely at the Company's discretion but will be made in consultation with the Executive

and upon giving the Executive reasonable notice. Payment of any such allowance shall be subject to tax and National Insurance deductions and will be made with salary in accordance with the time scales set out in clause 4.1.

6.3 In the event that the Executive is paid a car cash allowance, this will be a non-pensionable allowance, paid monthly with the Executive's salary and subject to deductions for income tax and employee National Insurance contributions and will be deemed to include all costs of road fund licence, insurance premiums and running expenses in respect of the car. The value of the car cash allowance will be based on the allowance rates published within the Company Car Policy determined by grade.

6.4 In the event that the Executive is provided with a company car, the Executive will immediately return the car, its keys and all documents relating to it to the Company at a location directed by the Company in the following circumstances:

(a) on termination of this Agreement for any reason; or

(b) if requested by the Company and on reasonable notice to implement a change from the provision of a company car to car cash allowance in accordance with clause 6.2.

7. Other Benefits and Stock Options

7.1 The Executive shall be entitled to participate in the Company's private health insurance scheme, subject to the terms and conditions of that scheme and of any related policy of insurance as are from time to time in force. In the event that for whatever reason the insurer or third party provider in respect of any such scheme does not meet a claim or fails to continue to pay or provide a benefit, the Company and all Associated Companies shall not be responsible for providing the Executive with any benefit under any such insurance scheme, for providing any replacement scheme or any payment to compensate the Executive.

7.2 The Company at its absolute discretion reserves the right to discontinue or amend any private health insurance scheme provided for the benefit of the Executive at any time and will not be liable to provide any replacement benefit of the same or similar kind, or compensation in lieu of such benefit.

7.3 Nothing in this agreement will prevent the Company from terminating the Executive's employment for whatever reason (including by reason of incapacity), even if such termination results in the Executive losing any existing or prospective benefits.

7.4 The Executive will be eligible to participate in the Molson Coors Long Term Incentive Plan (the "Plan"), subject to the terms of the Plan, including the levels of award as per the grade of the executive. The Company reserves the right to discontinue or amend the terms of this Plan at any time and from time to time and, in such event, the Company or any Associated Company shall not be required to provide a replacement plan or to pay compensation in respect of such discontinuance or amendment. The Executive acknowledges that he has no right to receive an annual allocation (or an allocation of a particular level) under the Plan and that the Company is under no obligation to operate a long term incentive plan. The Executive also acknowledges that he will not acquire such a right, nor shall the Company come under such an obligation, merely by virtue of having received one or more allocations or payments (or allocations or payments of a particular level) under this or any other plan during the course of his employment.

7.5 The Executive shall maintain his membership of all professional, trade and other bodies deemed necessary by the Company or statute for the performance of his duties hereunder. The Executive shall be entitled to payment or reimbursement by the Company of up to two subscriptions to recognised professional bodies where such a professional body is directly related to the Executive's current job or to his normal professional skills.

7.6 The Executive shall be entitled to purchase goods or services from the Company or any Associated Company with the benefit of such discount and commissions as are from time to time authorised by the Chief Executive Officer of the Company.

8. Expenses

8.1 The Company shall reimburse to the Executive against production of satisfactory receipts, if requested, all reasonable travelling, hotel, entertainment and other out-of-pocket expenses which he may from time to time be authorised to incur in the execution of his duties herein. Such expenses must be incurred in accordance with the Company's Travel and Expenses policy from time to time in force.

9. Holidays

9.1 The Executive is entitled to 31 working days of paid annual holiday in every holiday year (calendar year) to be taken at such times as may be approved by the President of the Company. This entitlement is inclusive of any bank and public holidays. Due to the nature of the Company's business and because the Company's offices may be open for business on bank and public holidays, the Executive may be required to work on bank and public holidays. If the Executive wishes not to work on a bank or public holiday when the Company offices are open for business and his request for holiday

is approved by the Chief Executive Officer, the above holiday allowance will be reduced by one day for each day of absence. In addition the Executive is required to take holiday on Christmas Day, Boxing Day and New Year's Day or such other days as the Company declares when Company offices will be closed and the above holiday allowance will be reduced accordingly.

9.2 The Company and the Executive agree that in any holiday year, the Executive will be deemed to take any holiday accruing under the Working Time Regulations 1998 first.

9.3 The Executive may carry over up to 5 days of unused holiday into the following calendar year with approval of the President of the Company, provided that such days are taken before the end of February in that following year. Any other holiday not taken in the calendar year of entitlement will be forfeited.

9.4 During the Executive's first and last years of employment with the Company his holiday entitlement shall be calculated on a pro rata basis.

9.5 Upon termination the Executive will be entitled to any pay in lieu of holiday accrued but untaken. However if, upon termination, the Executive has taken more holiday than his accrued holiday entitlement, he will be required to reimburse the Company in respect of the excess days taken and the Executive hereby authorises the Company to make deductions in respect of the same from his final salary payment.

9.6 The Company may at its discretion require the Executive to take (or not take) during his notice period any holiday entitlement which has accrued by the date of the termination of his employment but which has not been taken, including where the Company has exercised its right to place the Executive on garden leave in accordance with clause 17.2 of this agreement.

10. Sickness and other paid leave

10.1 Subject to the production of medical certificates satisfactory to the Company (as required) and compliance with the Company's attendance management policy and procedure in relation to the reporting of sickness absence and attendance at Occupational Health appointment when requested, if the Executive is absent from work due to sickness or accident, he shall be entitled to receive 100% of his salary during the first 6 months of sickness absence, and thereafter he shall be entitled to 50% of his salary for the second 6 months of sickness absence ("Company Sick Pay"). These entitlements apply in respect of all sickness absence occurring in any rolling 12 month period and are inclusive of any Statutory Sick Pay payable. When Statutory Sick Pay is exhausted, it will be reduced by the amount of any Social Security Sickness Benefit or other benefits recoverable by the Executive.

10.2 Any Company Sick Pay in addition to that to which the Executive is entitled under clause 10.1 shall be at the discretion of the President. Such remuneration shall include any Statutory Sick pay the Company is obliged to pay to the Executive.

10.3 The Company's attendance management policy and procedure confirms details of how sickness absence is to be reported, when a fit note is required and other matters such as when we can ask you to attend an Occupational Health appointment. The Executive should familiarise himself with that policy and procedure, which is non-contractual unless stated otherwise in the policy and procedure.

10.4 If the Executive shall be or become incapacitated from any cause whatsoever from efficiently performing his duties hereunder for a continuous period of at least 365 days or in aggregate periods in excess of 300 normal working days in any period of 104 weeks, the Company may terminate this Agreement by giving the Executive 12 months' written notice.

10.5 In addition to the leave provisions set out in this Agreement the Executive is entitled to other paid statutory leave for which he qualifies. Details of the other types of paid leave that the Executive may be entitled to are available from the HR department. Unless stated otherwise, these do not form part of the Executive's contract of employment and the Company may amend them at any time.

11. Confidential Information

11.1 For the purposes of this clause 11 "Confidential Information" means, without limitation:

- (i) trade secrets,
- (ii) any inventions or improvements which the Executive may from time to time make or discover in the course of his duties,
- (iii) details of suppliers, their services, or customers and the services and their terms of business,
- (iv) prices charged to and terms of business with clients,
- (v) marketing plans and sales forecasts,
- (vi) any proposals relating to the future of the Company or its business or any part thereof,
- (vii) details of employees and officers and of the remuneration and other benefits paid to them,
- (viii) any existing or proposed business ventures, acquisitions, disposals, production agreements or outsourcings relating to the Company or any Associated Company,

(ix) information relating to any business matters, corporate or strategic or business plans, management systems, finances, marketing or sales of any past, present or future products or services, management reports, processes, inventions, designs, know how, pitch lists, discoveries, technical specifications and other technical information relating to the creation, production or supply of any past, present or future products or service of the Company or any Associated Company,

(x) any information given to the Company or any Associated Company in confidence by clients/customers, suppliers or other persons,

(xi) any other information (whether or not recorded in documentary form, or on computer disk or tape) which is confidential or commercially sensitive and is not in the public domain,

(xii) any other information which is notified to the Executive as confidential; and

(xiii) any other information which the Executive should reasonably expect that the company or any Associated Company would regard as confidential or commercially sensitive.

11.2 The Executive acknowledges that in the ordinary course of his employment he will be exposed to Confidential Information. The Executive shall not, either during this Appointment, or at any time thereafter without limitation in time, except in the proper course of his duties (or as required by law), directly or indirectly:-

(a) use, divulge or disclose, or

(b) through any failure to exercise all due care and diligence, cause or permit to be disclosed,

to any person any other Confidential Information concerning the business or affairs of the Company or any Associated Company, or any of their clients or customers, which may have come to his knowledge at any time during his employment by the Company or any Associated Company.

11.3 The Executive shall be responsible for protecting the confidentiality of the Confidential Information and shall use his best endeavours to prevent the use, disclosure or communication of any Confidential Information and inform the MD immediately on becoming aware or suspecting that any Confidential Information has been used, disclosed or communicated.

11.4 Clause 11.2 will cease to apply to Confidential Information which:

(a) enters the public domain other than (directly or indirectly) by way of unauthorised disclosure or unauthorised use by any person (whether or not by the Executive), or

(b) is disclosed by way of a protected disclosure pursuant to the Public Interest Disclosure Act 1998.

12. Restrictions During the Appointment

12.1 The Executive shall not during the Appointment directly or indirectly be employed by, provide services to, or be an officer or director, agent, partner or consultant of, or have any financial interest in, or otherwise be concerned or interested in, any trade, business or occupation other than the business of the Company except:

(a) with the prior written consent of the President CEO, but consent may be given subject to any terms or conditions which the President CEO requires, a breach of which shall be deemed to be a breach of the terms of this Agreement; or

(b) as a holder of not more than 3% of any class of shares, debentures or other securities in a company which is listed or dealt in on a Recognised Investment Exchange.

In this clause the expression "occupation" includes membership of Parliament or of a local authority council or other public or private work (whether for profit or otherwise) which, in the reasonable opinion of the Company, may hinder or otherwise interfere with the efficient and full performance by the Executive of his duties under this Agreement. The Executive confirms that prior to entering into this Agreement, he has fully disclosed to the Company in writing all circumstances of which he is aware in respect of which there is, or might be perceived to be, a conflict of interest between the Company or any Associated Company and the Executive or his spouse, civil partner (or anyone living as such), children, parents or other close family member and he agrees to promptly disclose to the President CEO any further such circumstances which may arise during this Agreement.

12.2 In the event that the Executive becomes aware of any actual or potential conflict of interest between himself (or a member of his immediate family) and the Company or any Associated Company, he shall immediately give full details of it to the President and shall comply with any reasonable instructions of the President regarding the resolution of such conflict.

12.3 The Executive shall not during the Appointment directly or indirectly have any dealings with any of the Company's or any Associated Company's past, current or prospective suppliers, customers, agents or clients with

whom he has had direct or indirect business dealings, or with the competitors of the Company or any Associated Company, other than:-

- (a) for the legitimate business interests of the Company or any Associated Company;
- (b) on a purely social basis; or
- (c) with the prior consent of the President.

12.4 The Executive shall not during the Appointment either on his own behalf or on behalf of any person, firm or company directly or indirectly:

- (a) solicit or endeavour to entice away from the Company an employee, or discourage from being employed by the Company or an Associated Company any person who, to the knowledge of the Executive, is an existing or prospective Restricted Employee of Company or any Associated Company;
- (b) employ or receive services from any Restricted Employee;
- (c) procure or assist or facilitate another person to employ or receive services from any Restricted Employee.

A "Restricted Employee" means any person who is already employed in, or is in the process of being recruited by, the Company or any Associated Company into a senior management role.

12.5 The Executive shall not during the Appointment copy or memorise Confidential Information (as defined in clause 11) or trade secrets of the Company or any Associated Company with a view to using or disclosing such information for a purpose other than for the benefit of the Company or any Associated Company.

12.6 The Executive shall not, without the prior written consent of the MD, other than in the performance of his duties, whether during his employment or after its termination, either directly or indirectly:

- (a) publish an opinion, fact or material;
- (b) deliver any lecture or address;
- (c) make any untrue or misleading statement;
- (d) participate in the making of any film, radio broadcast or television transmission; or

(e) communicate with any representative of the media (including but not limited to television (terrestrial, satellite and cable), radio, the internet, newspapers and other journalistic publications) or any third party,

relating to the business or affairs of the Company or any Associated Company or to any of its or their officers, employees, customers, clients, suppliers, distributors, agents or shareholders or to the development or exploitation of any Intellectual Property belonging to the Company or any Associated Company.

12.7 The Executive shall not during the Appointment, encourage, procure or assist any third party to do anything which, if done by the Executive would be a breach of this clause 12.

13. Post-termination Restrictions

13.1 In this clause 13 the following words and phrases shall have the following meanings:

(i) "Prospective Customer" means any person, firm or company who in the 12 months immediately prior to the Restriction Date has been (i) an active target of the Company or any Relevant Associated Company, or (ii) offered contract terms by the Company or any Relevant Associated Company, or (iii) participating in active negotiations with the Company or any Relevant Associated Company in respect of the supply of goods or services by the Company or any Relevant Associated Company and with whom the Executive:

- (a) had dealings on behalf of the Company or any Relevant Associated Company; or
- (b) was responsible or concerned via an employee, agent or consultant of the Company or any Relevant Associated Company who reported to his; or
- (c) about whom the Executive possessed Confidential Information.

ii) "Relevant Associated Company" means any Associated Company for which the Executive has performed services under this agreement or for which the Executive has had material operational management responsibility or has provided material services or about which the Executive possessed Confidential Information at any time during the period of 12 months immediately prior to the Restriction Date";

- ii) "Relevant Products or Services" means any products or services sold or supplied by the Company or any Associated Company during the period of 12 months immediately prior to the Effective Date and with which sale or supply the Executive was directly involved, concerned or connected or about which he possessed Confidential Information;
- v) "Restricted Business" means those of the businesses of the Company and the Relevant Associated Companies with which the Executive was involved to a material extent at any time during the period of 12 months immediately prior to the Restriction Date;
- v) "Restricted Customer" means any firm, company or other person who at any time during the period of 12 months immediately prior to the Restriction Date, was a customer of, or in the habit of dealing with the Company or any Relevant Associated Company and with whom or which the Executive;
 - (a) had dealings on behalf of the Company or any Relevant Associated Company; or
 - (b) was responsible or concerned via an employee, agent or consultant of the Company or any Relevant Associated Company who reported to him; or
 - (c) about whom the Executive possessed Confidential Information
- i) "Restricted Employee" means any person who, at the date of the termination of the Executive's employment, was employed by the Company or any Relevant Associated Company at Senior Executive level or above or was an employee or consultant, and in either case with whom the Executive worked or had material dealings or whose work he was responsible for or managed during the period of 12 months immediately prior to the Restriction Date; and
- ii) "Restricted Supplier" means any firm, company or other person who at any time during the period of 12 months immediately prior to the Restriction Date, was a provider or supplier or a prospective provider or supplier of goods or services (other than utilities and goods or services supplied for administrative purposes) to the Company or any Relevant Associated Company, including any person who provided services to the Company or any Relevant Associated Company by way of a consultancy agreement, and with whom the Executive dealt to a material extent during that period or for whom the Executive had responsibility;
- ii) "Restricted Territory" means EMEA APAC division, where on the Restriction Date the Company or any Associated Company was engaged in

the research into, development, distribution, sale or supply of or otherwise dealt with Relevant Products or Services.

x) "Restriction Date" means the earlier of the date of termination of this Agreement and the start of any period of Garden Leave under clause 17.

13.2 The Executive will not, without the prior written consent of the President, for a period of 12 months immediately following the Restriction Date, canvas, solicit or approach, or cause to be canvassed, solicited or approached, for the purpose of obtaining business, orders or custom any person, firm or company who was (i) a Restricted Customer, or (ii) a Prospective Customer with a view to providing them with any Competing Products or Services;

13.3 The Executive will not, without the prior written consent of the President, for a period of 12 months immediately following the Restriction Date, solicit or attempt to solicit or place orders for the supply of products or services from a Supplier if as a result the Supplier may reasonably be expected to cease supplying or materially reduce its supply or vary detrimentally the terms on which it supplies products or services to the Company or any Relevant Associated Company.

13.4 The Executive will not, without the prior written consent of the President, for the period of 12 months immediately following the Restriction Date perform or agree to perform any services or supply or agree to supply any goods to any person, firm or company who was (i) a Restricted Customer, or (ii) a Prospective Customer, or (iii) a Restricted Supplier if as a result that Restricted Customer or Prospective Customer may reasonably be expected to cease to use or materially reduce its usage of the products or services of the Company or any Associated Company or in respect of the Supplier, if the Supplier may reasonably be expected to cease supplying or materially reduce its supply or vary detrimentally the terms on which it supplies products or services to the Company or any Relevant Associated Company.

13.5 The Executive will not, without the prior written consent of the President, for the period of 12 months immediately following the Restriction Date,

- (a) offer employment to or employ any Restricted Employee; or
- (b) offer or conclude any contract for services with any Restricted Employee; or
- (c) procure, or facilitate or assist in the making of such an offer of employment or contract for services to a Restricted Employee by any person, firm, company or other organisation; or

(d) entice away any Restricted Employee from the employment of the Company or any Associated Company.

13.6 The Executive will not without the prior written consent of the President, for the period of 12 months immediately following the Restriction Date, be engaged in, provide services to, be an officer of, have any financial interest in, or be concerned with in any capacity, in any business concern providing Competing Products or Services within or related to the Restricted Territory, including but not being limited to the following competitors of the Company:

- (i) Anheuser-Busch InBev;
- (ii) Asahi;
- (iii) Carlsberg; and
- (iv) Heineken.

The Company's competitors change from time to time and the Company reserves the right to notify you of any changes to the above list at any time.

13.7 The Executive will not encourage, assist or procure any third party to do anything which, if done by the Executive would be in breach of clauses 13.2 to 13.6 above.

13.8 Clause 13.6 shall not prevent the Executive from being a holder of not more than 3% of any class of shares, debentures or other securities in a company which is listed or dealt in on a Recognised Investment Exchange nor being employed, engaged, concerned or interested in any business insofar as the Executive's duties or work relate solely to geographical areas where the business is not in competition with the Company or any Relevant Associated Company.

13.9 The obligations imposed on the Executive by this clause 13 extend to him acting not only on his own account but also on behalf of any other firm, company or other person and shall apply whether he acts directly or indirectly.

13.10 The Executive agrees that:

- (a) each of the sub-paragraphs contained in this clause 13 constitutes an entirely separate, severable and independent covenant and restriction on him;

(b) the duration, extent and application of each of the restrictions contained in this clause 13 is no greater than is necessary for the protection of the goodwill and trade connections of the Company; and

(c) if the Executive is offered new employment, or a new appointment or engagement he agrees to immediately bring the terms of this clause 13 to the attention of the person making the offer.

(d) if a restriction on his contained in this clause 13 is found void but would be valid if some part of it were deleted or amended, the restriction shall apply with such deletion or amendment as may be necessary to make it valid and effective.

14. Return of Property

14.1 For the purposes of this clause 14, "Property" means keys, mobile phone, computer equipment, all lists of clients or customers, correspondence and all other documents, disks, information storage devices, papers and records (including, without limitation, any records stored by electronic means, together with any codes or implements necessary to give full access to such records), system designs, software designs, software programmes (in whatever media), presentations, proposals or specifications which may have been prepared by him or have come into his possession, custody or control in the course of his employment. This shall include all copies, reproductions, extracts and summaries of any of the above.

14.2 The Executive shall upon termination of this Agreement, or whenever requested by the Company, including if he is placed on garden leave in accordance with clause 16.2:

(a) immediately deliver up to the Company all Property of the Company or any Associated Company and the Executive shall not be entitled to and shall not retain any copies thereof. Title and copyright therein shall vest in the Company.

(b) provide access (including passwords) to any computer or other equipment or software in his possession or under his control which contains information relation to the Company or any Associated Company. The Executive also agrees that the Company is entitled to inspect, copy and/or remove any such information from any such computer, equipment or software owned by the Executive or under his control and the Executive agrees to allow the Company reasonable access to the same for these purposes.

15. Directorships

15.1 The removal of the Executive from the office of director of the Company or any Associated Company or the failure of the Company in general meeting to re-elect the Executive as a director of the Company or any Associated Company, if under the Articles of Association for the time being of the Company he shall be obliged to retire by rotation or otherwise, shall not terminate his employment under this Agreement.

15.2 The Executive shall not except with the consent of the Company during his employment resign his office as a director of the Company or any Associated Company or do anything which could cause him to be disqualified from continuing to act as such a director.

15.3 The Executive shall resign as a director of the Company and all Associated Companies with immediate effect on the termination of this Appointment or (if so requested by the Company) with effect from the date when the Company exercises all or any of its rights under clause 17. In the event that the Executive fails to comply with this obligation, he hereby irrevocably authorises the Company to appoint any person as his attorney to do all acts and execute all such documents in his name and on his behalf to give immediate effect to such resignation(s).

16. Suspension and Garden Leave

16.1 The Company may suspend the Executive for a reasonable period on full pay for the purpose of investigating the substance of any potential disciplinary matter involving the Executive and holding a disciplinary hearing or in any other circumstances where the Company considers the Executive's continued presence on the Company's premises may hinder an investigation. The Executive must not during any period of suspension, without the written consent of the Company, go to any premises of the Company or any Associated Company or contact or deal with any employee, customer, client or supplier of the Company or any Associated Company.

16.2 Where either the Company or the Executive gives notice to terminate this Appointment, the Company may require the Executive to cease to perform all or part his duties under this Agreement and/or not to attend at the Company's premises during all or any part of the notice period as the Company so decides. The Company may require the Executive during part or all of such period to perform part but not all of his normal duties or to perform duties different from his normal duties, including carrying out specific projects or tasks (but not being duties inappropriate to his status) and working from home. The Executive shall comply with any other reasonable instructions and conditions imposed by the Company during such period.

16.3 During any period of Garden Leave in accordance with clause 16.2, the Company shall continue to pay the Executive his normal salary and provide other contractual benefits to which he has an entitlement under this Agreement. Whilst the Executive will remain entitled to receive any MCIP payments earned prior to his Garden Leave but due to be paid during Garden Leave, the Executive shall not be entitled to any further accrual or payment of any incentive, bonus or commission payments not yet earned on the date the Executive's Garden Leave began. During this period the Executive, who shall remain in employment, shall continue to be bound by all obligations owed to the Company under this Agreement.

16.4 The Executive must not during Garden Leave directly or indirectly be employed by or retained by or advise or assist any other person, company or entity in any capacity whether paid or unpaid.

16.5 The Executive shall during Garden Leave remain available to perform any reasonable duty requested by the Company and shall co-operate generally with the Company to ensure a smooth hand over of his duties. Should the Executive fail to make himself available for work having been requested by the Company to attend, he shall, notwithstanding any other provision of this Agreement, forfeit his right to salary and contractual benefits in respect of such period of non-availability.

16.6 The Company may appoint another individual to carry out the duties of the Executive during any period that he is on Garden Leave in accordance with this clause 16.

16.7 During Garden Leave, the Executive must not make contact (including socially) with any employees, agents, suppliers or customers or clients of the Company or any Associated Company except as directed by the Company.

16.8 The Executive must not make any public announcement of his departure from the Company prior to or during Garden Leave save at a time and in terms reasonably directed by the Company.

17. Termination of Employment

17.1 The Company may terminate the Executive's employment by serving 12 months' written notice on the Executive. The Executive may terminate his employment by serving 12 months' written notice on the Company.

17.2 The Company may, in its absolute discretion, lawfully terminate the employment of the Executive at any time by paying to the Executive a sum in lieu of notice equal to his basic salary under clause 4.1 and the value of such other benefits. The Company may opt not to provide for all or part of any unexpired notice period (whether given by the Executive or the

Company). Any such payment shall be subject to appropriate statutory deductions. To avoid doubt, nothing in this clause 17.2 shall give rise to any right for the Executive to require the Company to exercise its discretion or shall give him any right to receive any such payment in lieu of notice unless and until he has been notified in writing by the Company of its decision to make such a payment.

17.3 The Company reserves the right to pay any sums due under clause 17.2 in equal monthly instalments during what would have been the unexpired portion of the Executive's contractual notice period.

17.4 The Company reserves the right to withhold any payments to the Executive on termination of his employment subject to his compliance with clauses 13, 16.3 and all other terms of this Agreement.

17.5 If applicable, should the Executive lose the right to work in the UK and/or is unable to provide the Company with the required documentary evidence, the Company reserves the right to terminate the Executive's employment without notice, within a reasonable period of discovery of this.

17.6 If the Executive:-

- (a) Without any reasonable cause neglects, omits or refuses to perform all or any of his duties or obligations under this agreement to the reasonable satisfaction of the President;
- (b) becomes a patient for any purpose of any statute relating to mental health; or
- (c) is convicted of any criminal offence (other than a motoring offence for which no custodial sentence is given to him, unless that motoring offence involves driving over the legal alcohol limit or whilst under the influence of prohibited substances, or is an offence which does not in the opinion of the President affect his position under this agreement); or
- (d) shall have an order under Section 252 of the Insolvency Act 1986 made in respect of him or if an interim receiver of his property is appointed under Section 286 of that Act; or
- (e) shall be or become prohibited by law from being a director; or
- (f) shall be guilty of any gross misconduct (which, for the avoidance of doubt, includes any conduct whether during the course of or outside his which tends to bring the Company or any Associated Company into material disrepute e.g. driving whilst over the legal alcohol limit), or gross negligence or shall commit any serious or

persistent breach of any of his obligations to the Company or any Associated Company (whether under this Agreement or otherwise);

(g) commits any act of fraud, dishonest, corrupt practice, a breach of the Bribery Act 2020 relating to the Company or any Associated Company. Misconducts himself whether during or outside the course of his duties under this Agreement in such a way that in the reasonable opinion of the President, the business, operation, interests or reputation of the Company or any Associated Company is or is likely to be prejudicially affected;

(h) shall refuse or neglect to comply with any lawful orders given to him by the Company;

(g) resigns as a director of the Company or any Associated Company without the Company's consent.

then the Company shall be entitled to terminate this agreement immediately without notice in writing and without obligation to pay any compensation to the Executive.

17.7 If the Executive is dismissed by reason of redundancy, he will be entitled to a severance payment calculated in accordance with the rules of the Senior Severance policy in force from time to time. The Senior Severance policy does not form part of the Executive's contract of employment and the Company reserves the right to discontinue or amend the policy or the calculation of any payments provided under it without any obligation to provide a replacement or equivalent policy in compensation of such amendment or withdrawal. Any payments made to the Executive under the Senior Severance policy shall be inclusive of the Executive's right to a statutory redundancy payment and subject to appropriate deductions for income tax and employee's National Insurance contributions if applicable and as required by law at the time the payment is made.

17.8 Any delay or forbearance by the Company in exercising any right of termination shall not constitute a waiver of it.

18. Intellectual Property

18.1 For the purposes of this clause 18 the following words and phrases shall have the following meanings:

(i) **"Works"** means all works, designs, innovations, inventions, improvements, processes, get-up, trade marks and trade names.

(ii) **"Company Works"** means all Works authored, originated, conceived, written or made by the Executive alone or with others

(except only those Works which are authored, originated, conceived, written or made by the Executive wholly outside the course of his employment).

(iii) **"Intellectual Property Rights"** means any and all patents, trade marks, signs and services marks, rights in designs, trade or business names or signs, copyrights, database rights and topography rights (whether or not any of these is registered and including applications for registration of any such thing) and all rights or forms of protection of a similar nature or having equivalent or similar effect to any of these which may subsist anywhere in the world.

18.2 The parties foresee that the Executive may create Company Works during the course of this Appointment. All Company Works shall vest in and be owned by the Company immediately upon their creation. It shall be part of the Executive's normal duties at all times to:

(i) consider in what manner and by what new methods or devices the products, services, processes, equipment or systems of the Company with which the Executive is concerned or for which the Executive is responsible might be improved; and

(ii) promptly disclose to the Company full details of any invention or improvement which the Executive may from time to time make or discover in the course of his duties including, without limitation, details of all Company Works; and

(iii) further the interests of the Company's undertaking with regard thereto

with the intent that subject to the Patents Act 1977, the Company shall be entitled to the sole and absolute ownership of any such Company Works and to the exclusive use thereof free of charge and free of any third party rights.

18.3 To the extent such rights do not vest immediately in the Company the Executive hereby agrees to assign to the Company all of the Executive's right, title and interest in the Company Works together with all of his right, title and interest in any and all Intellectual Property Rights which subsist from time to time in the Company Works.

18.4 To the extent such rights do not vest immediately in the Company the Executive hereby assigns to the Company all future copyright in the Company Works and the parties agree that all such future copyright shall vest in the Company by operation of law pursuant to section 91 of the Copyright, Designs and Patents Act 1988.

18.5 The Executive hereby irrevocably and unconditionally waives, in favour of the Company, its licensees and successors-in-title any and all moral rights conferred on the Executive by Chapter IV of Part I of the Copyright, Designs and Patents Act 1988 in relation to the Company Works (existing or future) and any and all other moral rights under any legislation now existing or in future enacted in any part of the world including, without limitation, the right conferred by section 77 of that Act to be identified as the author of any of the Company Works and the right conferred by section 80 of that Act not to have any such work subjected to derogatory treatment. The Executive shall, at the Company's request and expense, take all steps that may be necessary or desirable to the Company to enforce against any third party the Executive's moral rights in any of the Company Works.

18.6 The Executive acknowledges that, for the purpose of the proviso to section 2(1) of the Registered Designs Act 1949 (as amended), the covenants made under this Agreement on the part of the Executive and the Company will be treated as good consideration and the Company will be the proprietor of any design which forms part of the Company Works.

18.7 Nothing in this clause 18 shall be construed as restricting the rights of the Executive or the Company under sections 39 to 43 (inclusive) of the Patents Act 1977.

18.8 The Executive shall not knowingly do anything to imperil the validity of any patent or protection or any application therefore, relating to any of the Company Works but shall at the cost of the Company render all possible assistance to the Company both in obtaining and in maintaining such patents or other protection.

18.9 The Executive shall not either during the Executive's employment or thereafter exploit or assist others to exploit any of the Company Works or any invention or improvement which the Executive may from time to time make or discover in the course of his duties or (unless the same shall have become public knowledge) make public or disclose any such Company Works or invention or improvement or give any information in respect of it except to the Company or as the Company may direct.

18.10 The Executive hereby irrevocably authorises the Company for the purposes of this clause 18 to make use of his name and to sign and to execute any documents or do anything on his behalf (or where permissible to obtain the patent or other protection in the Company's own name or in that of its nominees in relation to any of the Company Works).

18.11 The Executive shall forthwith and from time to time both during the Appointment under this contract and thereafter, at the request and expense of the Company, do all things and execute all documents necessary or desirable to give effect to the provisions of this clause 19 including, without

limitation, all things necessary or conducive to obtain a patent or other protection for any invention or improvement relating to any of the Company Works in any part of the world and to vest such letters patent or other protection in the Company or its nominees.

19. Waiver of Rights

19.1 If the Executive's employment is terminated:-

- (a) by reason of liquidation of the Company for the purpose of amalgamation or reconstruction; or
- (b) as part of any arrangement for the amalgamation of the undertaking of the Company not including liquidation or the transfer of the whole or part of the undertaking of the Company to any Group Company; and

the Executive is offered employment of a similar nature with the amalgamated or reconstructed company on terms not less favourable to the Executive than the terms of this Agreement, the Executive will have no claim against the Company under this Agreement in respect of that termination.

20. Data Protection

20.1 The Company shall hold and process personal data (including special categories of personal data) relating to the Executive in manual and automated filing systems. Details about how and why the Company generally processes employee personal data (including the Executive's personal data) are set out in the Company's staff privacy notice, the current version of which is available from the legal department. By entering into this agreement, the Executive confirms that he has read and understood the Company's staff privacy notice.

20.2 It is important that all Company employees take appropriate steps to protect personal data and use it lawfully. Accordingly, the Executive shall treat all personal data relating to any person, whether within or outside the Company, which he acquires in the proper course of his employment in effect as if it were confidential information of the Company and shall not do/or omit to do anything that would put the Company in breach of any applicable data protection laws in force from time to time, including but not limited to the General Data Protection Regulation as enacted into UK law. He also confirms that he will comply with the Company's current data protection policy and other Company policies relating to the security and use of personal data, copies of which are available from the HR department. A failure to comply with these policies may be dealt with under the Company's disciplinary procedure and, in deliberate or very serious cases of data

misuse, may be treated as gross misconduct potentially leading to summary dismissal.

20.3 The Executive agrees to keep the Company informed of any changes to his personal data.

21. Communications

21.1 Telephone calls made and received by the Executive using the Company's equipment and use of the Company's e-mail system to send or receive personal correspondence may be recorded by the Company on its communications systems. Any recordings made shall at all times remain the property of the Company and, if necessary, may be used as evidence in the case of investigations or disputes between the Company and third parties.

22. Notices

22.1 Any notice may be given personally to the Executive or to the Chief Executive Officer of the Company (as the case may be) or may be posted to the Executive either at his address given above or at his last known address or to the Company (for the attention of its Chief Executive Officer) at its registered office for the time being. Any such notice sent by post shall be deemed served forty-eight hours after it is posted and in proving such service it shall be sufficient to prove that the notice was properly addressed and put in the post.

23. Miscellaneous Matters

23.1 For the purpose of the Employment Rights Act 1996 the Executive's continuous period of employment began on 7th November 2005.

23.2 The Company's Disciplinary Procedure, as in force from time to time, shall apply to the Executive. This is non-contractual. If the Executive is dissatisfied with any disciplinary decision taken against him/he may appeal in accordance with the terms of the Company's Disciplinary Procedure.

23.3 If the Executive has a grievance relating to his employment he should first apply in person to the President. If the matter is not then settled, the Executive should send written grounds of appeal to the Chief People and Diversity Officer, EMEA and APAC, who will appoint an appropriate individual to hear the appeal. The appeal manager's decision on such matters shall be final.

23.4 There are no collective agreements which are applicable to this Appointment.

23.5 Upon the termination of the Executive's employment (for whatever reason and howsoever arising) the Executive shall immediately repay all outstanding debts or loans due to the Company or any Associated Company and the Company is hereby authorised to deduct from any payment of salary a sum in repayment of all or any part of such debts or loans.

23.6 The Executive may be required by the Company at any time to undergo an appropriate medical examination as determined by a doctor appointed by the Company.

23.7 The Executive will be provided with copies of the Molson Coors Code of Business Conduct and the Company's Competition Law Compliance Code. The Executive agrees to review these Codes and sign an affirmation that he understands and will comply with their provisions.

23.8 Details of any training that the Executive is entitled to participate in will be notified to him from time to time.

24. Other Agreements

24.1 The Executive acknowledges and warrants that there are no agreements or arrangements or court orders which limit or restrict in any way the Executive from fully and efficiently performing his duties under this Agreement with effect from its commencement.

24.2 Other than where other policies, plans, codes or procedures are specifically referred to and imported into this Agreement, this Agreement represents the entire agreement between the Company or any Associated Company and the Executive relating to the employment of the Executive. In the event of any inconsistencies between any such policies, plans, codes or procedures, the terms of this Agreement shall prevail. This Agreement cancels and is in substitution of all previous agreements, arrangements and understandings (whether oral or in writing) between the Executive and the Company and/or any Associated Company.

24.3 This Agreement may only be varied in writing between the parties.

24.4 The Executive warrants that he is not entering into this Agreement in reliance on any representation not expressly set out herein.

25. Governing Law and Jurisdiction

25.1 This Agreement shall be governed by and construed in accordance with the law of England and Wales or Scotland where appropriate and each of the parties hereby irrevocably agrees for the exclusive benefit of the Company that the Courts of England and Wales or Scotland are to have jurisdiction to settle any disputes which may arise out of or in connection

with this Agreement. Any delay by the Company in exercising any of its rights under this agreement will not constitute a waiver of such rights.

IN WITNESS whereof this Agreement has been signed by or on behalf of the parties hereto the day and year first before written.

SIGNED by

Katie Pearce, Chief People & Diversity Officer /s/ Katie Pearce
on behalf of the company

SIGNED by the Executive as a Deed /s/ Simon Cox

in the presence of:-

Signature of Witness

Name of Witness

Address of Witness

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SECTION 302 CERTIFICATION OF CHIEF EXECUTIVE OFFICER

I, Gavin D.K. Hattersley, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Molson Coors Beverage Company;
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.

/s/ GAVIN D.K. HATTERSLEY

Gavin D.K. Hattersley
President and Chief Executive Officer
(Principal Executive Officer)
July 29, 2021

SECTION 302 CERTIFICATION OF CHIEF FINANCIAL OFFICER

I, Tracey I. Joubert, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Molson Coors Beverage Company;
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.

/s/ TRACEY I. JOUBERT

Tracey I. Joubert
Chief Financial Officer
(Principal Financial Officer)
July 29, 2021

**WRITTEN STATEMENT OF CHIEF EXECUTIVE OFFICER
AND CHIEF FINANCIAL OFFICER
FURNISHED PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002 (18 U.S.C. SECTION 1350)
AND FOR THE PURPOSE OF COMPLYING WITH RULE 13a-14(b)
OF THE SECURITIES EXCHANGE ACT OF 1934.**

The undersigned, the Chief Executive Officer and the Chief Financial Officer of Molson Coors Beverage Company (the "Company") respectively, each hereby certifies that to his or her knowledge on the date hereof:

- (a) the Quarterly Report on Form 10-Q of the Company for the quarterly period ended June 30, 2021 filed on the date hereof with the Securities and Exchange Commission (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (b) Information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ GAVIN D.K. HATTERSLEY

Gavin D.K. Hattersley
President and Chief Executive Officer
(Principal Executive Officer)
July 29, 2021

/s/ TRACEY I. JOUBERT

Tracey I. Joubert
Chief Financial Officer
(Principal Financial Officer)
July 29, 2021

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version 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.