

**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, 2023**
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, BC555, Golden, Colorado, USA

111 Boulevard Robert-Bourassa, 9th Floor, Montréal, Québec, Canada

(Address of principal executive offices)

84-0178360

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

80401

H3C 2M1

(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 24	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 issuer's classes of common stock, as of July 25, 2023:

Class A Common Stock — 2,563,034 shares

Class B Common Stock — 200,959,878 shares

Exchangeable shares:

As of July 25, 2023, the following number of exchangeable shares were outstanding for Molson Coors Canada, Inc.:

Class A Exchangeable shares — 2,716,839 shares

Class B Exchangeable shares — 9,961,854 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**INDEX**

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Glossary of Terms and Abbreviations

AOCI	Accumulated other comprehensive income (loss)
CAD	Canadian Dollar
COGS	Cost of goods sold
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
LIBOR	London Interbank Offered Rate
MG&A	Marketing, general and administrative
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
RON	Romanian Leu
RSD	Serbian Dinar
RSUs	Restricted stock units
SEC	U.S. Securities and Exchange Commission
SOFR	Secured Overnight Financing Rate
Standard & Poor's	Standard and Poor's Ratings Services, a nationally recognized statistical rating organization designated by the SEC
STWs	Sales-to-wholesalers
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 Quarterly Report on Form 10-Q ("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 under the heading ["Items Affecting Reported Results"](#), with respect to expectations of cost inflation, limited consumer disposable income, consumer preferences, overall volume and market share trends, pricing trends, industry forces, cost reduction strategies, shipment levels and profitability, the sufficiency of capital resources, anticipated results, expectations for funding future capital expenditures and operations, debt service capabilities, timing and amounts of debt and leverage levels, market share and expectations regarding future dividends. 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 1A. "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, 2022 ("Annual Report"). 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, except as required by applicable law.

Market and Industry Data

The market and industry data used in this report 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, 2023	June 30, 2022	June 30, 2023	June 30, 2022
Sales	\$ 3,871.1	\$ 3,501.4	\$ 6,645.9	\$ 6,144.7
Excise taxes	(604.5)	(579.7)	(1,033.0)	(1,008.4)
Net sales	3,266.6	2,921.7	5,612.9	5,136.3
Cost of goods sold	(2,047.7)	(2,101.7)	(3,623.3)	(3,388.5)
Gross profit	1,218.9	820.0	1,989.6	1,747.8
Marketing, general and administrative expenses	(734.9)	(707.6)	(1,349.9)	(1,383.3)
Other operating income (expense), net	0.2	(0.6)	(0.3)	(28.2)
Equity income (loss)	4.3	2.7	7.3	2.6
Operating income (loss)	488.5	114.5	646.7	338.9
Interest income (expense), net	(54.6)	(66.6)	(113.7)	(129.9)
Other pension and postretirement benefits (costs), net	2.6	10.3	5.2	20.9
Other non-operating income (expense), net	4.6	(3.3)	4.8	(1.3)
Income (loss) before income taxes	441.1	54.9	543.0	228.6
Income tax benefit (expense)	(95.0)	(7.0)	(123.7)	(43.4)
Net income (loss)	346.1	47.9	419.3	185.2
Net (income) loss attributable to noncontrolling interests	(3.7)	(0.6)	(4.4)	13.6
Net income (loss) attributable to Molson Coors Beverage Company	\$ 342.4	\$ 47.3	\$ 414.9	\$ 198.8
Net income (loss) attributable to Molson Coors Beverage Company per share				
Basic	\$ 1.58	\$ 0.22	\$ 1.92	\$ 0.92
Diluted	\$ 1.57	\$ 0.22	\$ 1.91	\$ 0.91
Weighted-average shares outstanding				
Basic	216.4	217.0	216.5	217.1
Dilutive effect of share-based awards	1.4	0.8	1.1	0.7
Diluted	217.8	217.8	217.6	217.8

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, 2023	June 30, 2022	June 30, 2023	June 30, 2022
Net income (loss) including noncontrolling interests	\$ 346.1	\$ 47.9	\$ 419.3	\$ 185.2
Other comprehensive income (loss), net of tax				
Foreign currency translation adjustments	73.3	(208.9)	127.5	(219.1)
Reclassification of cumulative translation adjustment	—	—	—	12.1
Unrealized gain (loss) on derivative instruments	7.0	70.3	(11.5)	124.4
Reclassification of derivative (gain) loss to income (loss)	0.1	8.4	1.0	9.1
Pension and other postretirement prior service (benefit) cost and net actuarial (gain) loss amortization and settlements to income (loss)	(2.8)	(0.9)	(5.7)	(1.8)
Ownership share of unconsolidated subsidiaries' other comprehensive income (loss)	0.1	10.1	1.6	10.3
Total other comprehensive income (loss), net of tax	77.7	(121.0)	112.9	(65.0)
Comprehensive income (loss)	423.8	(73.1)	532.2	120.2
Comprehensive (income) loss attributable to noncontrolling interests	(4.2)	1.0	(5.2)	15.6
Comprehensive income (loss) attributable to Molson Coors Beverage Company	\$ 419.6	\$ (72.1)	\$ 527.0	\$ 135.8

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, 2023	December 31, 2022
Assets		
Current assets		
Cash and cash equivalents	\$ 960.9	\$ 600.0
Trade receivables, less allowance for doubtful accounts of \$12.9 and \$13.2, respectively	1,015.1	739.8
Other receivables, net	129.1	126.4
Inventories, net	863.4	792.9
Other current assets, net	360.7	378.9
Total current assets	3,329.2	2,638.0
Properties, net	4,338.0	4,222.8
Goodwill	5,296.1	5,291.9
Other intangibles, net	12,807.0	12,800.1
Other assets	1,019.3	915.5
Total assets	<u>\$ 26,789.6</u>	<u>\$ 25,868.3</u>
Liabilities and equity		
Current liabilities		
Accounts payable and other current liabilities	\$ 3,406.7	\$ 2,978.3
Current portion of long-term debt and short-term borrowings	423.2	397.1
Total current liabilities	3,829.9	3,375.4
Long-term debt	6,191.9	6,165.2
Pension and postretirement benefits	468.7	473.3
Deferred tax liabilities	2,671.4	2,646.4
Other liabilities	370.8	292.8
Total liabilities	13,532.7	12,953.1
Commitments and contingencies (Note 10)		
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: 211.7 shares and 210.5 shares, respectively)	2.1	2.1
Class A exchangeable shares, no par value (issued and outstanding: 2.7 shares and 2.7 shares, respectively)	102.2	102.2
Class B exchangeable shares, no par value (issued and outstanding: 10.1 shares and 11.0 shares, respectively)	380.7	413.3
Paid-in capital	7,059.5	7,006.4
Retained earnings	7,129.3	6,894.1
Accumulated other comprehensive income (loss)	(1,093.4)	(1,205.5)
Class B common stock held in treasury at cost (10.9 shares and 10.5 shares, respectively)	(549.6)	(522.9)
Total Molson Coors Beverage Company stockholders' equity	13,030.8	12,689.7
Noncontrolling interests	226.1	225.5
Total equity	13,256.9	12,915.2
Total liabilities and equity	<u>\$ 26,789.6</u>	<u>\$ 25,868.3</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, 2023	June 30, 2022
Cash flows from operating activities		
Net income (loss) including noncontrolling interests	\$ 419.3	\$ 185.2
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities		
Depreciation and amortization	339.9	345.4
Amortization of debt issuance costs and discounts	2.9	4.1
Share-based compensation	20.3	16.9
(Gain) loss on sale or impairment of properties and other assets, net	(1.9)	21.6
Unrealized (gain) loss on foreign currency fluctuations and derivative instruments, net	111.6	105.7
Equity (income) loss	(7.3)	(2.6)
Income tax (benefit) expense	123.7	43.4
Income tax (paid) received	(78.2)	(7.8)
Interest expense, excluding amortization of debt issuance costs and discounts	118.4	127.2
Interest paid	(109.4)	(119.5)
Change in current assets and liabilities and other	(44.9)	(52.8)
Net cash provided by (used in) operating activities	894.4	666.8
Cash flows from investing activities		
Additions to properties	(335.1)	(388.7)
Proceeds from sales of properties and other assets	5.5	15.0
Other	(11.0)	4.2
Net cash provided by (used in) investing activities	(340.6)	(369.5)
Cash flows from financing activities		
Exercise of stock options under equity compensation plans	7.2	1.5
Dividends paid	(178.2)	(164.9)
Payments for purchases of treasury stock	(26.7)	(26.2)
Payments on debt and borrowings	(6.1)	(502.4)
Proceeds on debt and borrowings	7.0	5.0
Net proceeds from (payments on) revolving credit facilities and commercial paper	—	225.9
Other	(5.1)	(8.7)
Net cash provided by (used in) financing activities	(201.9)	(469.8)
Effect of foreign exchange rate changes on cash and cash equivalents	9.0	(22.8)
Net increase (decrease) in cash and cash equivalents	360.9	(195.3)
Balance at beginning of year	600.0	637.4
Balance at end of period	\$ 960.9	\$ 442.1

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										
		Common stock issued		Exchangeable shares issued		Paid-in-capital	Retained earnings	Accumulated other comprehensive income (loss)	Common stock held in treasury	Non controlling interests
	Total	Class A	Class B	Class A	Class B				Class B	
As of March 31, 2022	\$ 13,770.5	\$ —	\$ 2.1	\$ 102.2	\$ 417.2	\$ 6,975.6	\$ 7,469.8	\$ (949.6)	\$ (485.5)	\$ 238.7
Amortization of share-based compensation	8.4	—	—	—	—	8.4	—	—	—	—
Purchase of noncontrolling interest	(1.5)	—	—	—	—	0.1	—	—	—	(1.6)
Net income (loss) including noncontrolling interests	47.9	—	—	—	—	—	47.3	—	—	0.6
Other comprehensive income (loss), net of tax	(121.0)	—	—	—	—	—	—	(119.4)	—	(1.6)
Share repurchase program	(12.1)	—	—	—	—	—	—	—	(12.1)	—
Distributions and dividends to noncontrolling interests	(6.1)	—	—	—	—	—	—	—	—	(6.1)
Dividends declared	(83.3)	—	—	—	—	—	(83.3)	—	—	—
As of June 30, 2022	<u>\$ 13,602.8</u>	<u>\$ —</u>	<u>\$ 2.1</u>	<u>\$ 102.2</u>	<u>\$ 417.2</u>	<u>\$ 6,984.1</u>	<u>\$ 7,433.8</u>	<u>\$ (1,069.0)</u>	<u>\$ (497.6)</u>	<u>\$ 230.0</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	Non controlling interests
	Total	Class A	Class B	Class A	Class B				Class B	
As of March 31, 2023	\$ 12,919.0	\$ —	\$ 2.1	\$ 102.2	\$ 397.7	\$ 7,025.6	\$ 6,877.0	\$ (1,170.6)	\$ (537.5)	\$ 222.5
Exchange of shares	—	—	—	—	(17.0)	17.0	—	—	—	—
Shares issued under equity compensation plan	6.4	—	—	—	—	6.4	—	—	—	—
Amortization of share-based compensation	10.5	—	—	—	—	10.5	—	—	—	—
Net income (loss) including noncontrolling interests	346.1	—	—	—	—	—	342.4	—	—	3.7
Other comprehensive income (loss), net of tax	77.7	—	—	—	—	—	—	77.2	—	0.5
Share repurchase program	(12.1)	—	—	—	—	—	—	—	(12.1)	—
Contributions from noncontrolling interests	2.4	—	—	—	—	—	—	—	—	2.4
Distributions and dividends to noncontrolling interests	(3.0)	—	—	—	—	—	—	—	—	(3.0)
Dividends declared	(90.1)	—	—	—	—	—	(90.1)	—	—	—
As of June 30, 2023	<u>\$ 13,256.9</u>	<u>\$ —</u>	<u>\$ 2.1</u>	<u>\$ 102.2</u>	<u>\$ 380.7</u>	<u>\$ 7,059.5</u>	<u>\$ 7,129.3</u>	<u>\$ (1,093.4)</u>	<u>\$ (549.6)</u>	<u>\$ 226.1</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	Non controlling interests
	Total	Class A	Class B	Class A	Class B				Class B	
As of December 31, 2021	\$ 13,664.1	\$ —	\$ 2.1	\$ 102.2	\$ 417.8	\$ 6,970.9	\$ 7,401.5	\$ (1,006.0)	\$ (471.4)	\$ 247.0
Exchange of shares	—	—	—	—	(0.6)	0.6	—	—	—	—
Shares issued under equity compensation plan	(4.4)	—	—	—	—	(4.4)	—	—	—	—
Amortization of share-based compensation	16.9	—	—	—	—	16.9	—	—	—	—
Purchase of noncontrolling interest	(1.5)	—	—	—	—	0.1	—	—	—	(1.6)
Net income (loss) including noncontrolling interests	185.2	—	—	—	—	—	198.8	—	—	(13.6)
Other comprehensive income (loss), net of tax	(65.0)	—	—	—	—	—	—	(63.0)	—	(2.0)
Share repurchase program	(26.2)	—	—	—	—	—	—	—	(26.2)	—
Contributions from noncontrolling interests	7.3	—	—	—	—	—	—	—	—	7.3
Distributions and dividends to noncontrolling interests	(7.1)	—	—	—	—	—	—	—	—	(7.1)
Dividends declared	(166.5)	—	—	—	—	—	(166.5)	—	—	—
As of June 30, 2022	<u>\$ 13,602.8</u>	<u>\$ —</u>	<u>\$ 2.1</u>	<u>\$ 102.2</u>	<u>\$ 417.2</u>	<u>\$ 6,984.1</u>	<u>\$ 7,433.8</u>	<u>\$ (1,069.0)</u>	<u>\$ (497.6)</u>	<u>\$ 230.0</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	Non controlling interests
	Total	Class A	Class B	Class A	Class B				Class B	
As of December 31, 2022	\$ 12,915.2	\$ —	\$ 2.1	\$ 102.2	\$ 413.3	\$ 7,006.4	\$ 6,894.1	\$ (1,205.5)	\$ (522.9)	\$ 225.5
Exchange of shares	—	—	—	—	(32.6)	32.6	—	—	—	—
Shares issued under equity compensation plan	0.2	—	—	—	—	0.2	—	—	—	—
Amortization of share-based compensation	20.3	—	—	—	—	20.3	—	—	—	—
Net income (loss) including noncontrolling interests	419.3	—	—	—	—	—	414.9	—	—	4.4
Other comprehensive income (loss), net of tax	112.9	—	—	—	—	—	—	112.1	—	0.8
Share repurchase program	(26.7)	—	—	—	—	—	—	—	(26.7)	—
Contributions from noncontrolling interests	2.4	—	—	—	—	—	—	—	—	2.4
Distributions and dividends to noncontrolling interests	(7.0)	—	—	—	—	—	—	—	—	(7.0)
Dividends declared	(179.7)	—	—	—	—	—	(179.7)	—	—	—
As of June 30, 2023	<u>\$ 13,256.9</u>	<u>\$ —</u>	<u>\$ 2.1</u>	<u>\$ 102.2</u>	<u>\$ 380.7</u>	<u>\$ 7,059.5</u>	<u>\$ 7,129.3</u>	<u>\$ (1,093.4)</u>	<u>\$ (549.6)</u>	<u>\$ 226.1</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 Americas and EMEA&APAC. Our Americas segment operates in the U.S., Canada and various countries in the Caribbean, Latin and South America, and our EMEA&APAC 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, RON and RSD.

The accompanying unaudited condensed consolidated 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 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 financial statements should be read in conjunction with our Annual Report on Form 10-K for the year ended December 31, 2022, 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, 2023 are not necessarily indicative of the results that may be achieved for the full year or any other future period.

Cost Inflation

We have been experiencing significant cost inflation, including materials and manufacturing expenses, which negatively impacted our results of operations for the three and six months ended June 30, 2023. These impacts were partially driven by the Russian invasion of Ukraine, which commenced in February 2022 and remains ongoing. While cost inflation has been high in all of our markets, the impact to COGS on a percentage basis was higher for our EMEA&APAC segment than our Americas segment. In addition, consumers in certain markets in our EMEA&APAC segment continued to be impacted by local inflation leading to a reduction in their discretionary purchases. We continue to monitor the inflationary environment and currently expect cost inflation to moderate in the second half of 2023 with continued easing into 2024.

To the extent materials, manufacturing and logistics prices continue to fluctuate, our business and financial results could continue to be materially adversely impacted. We continue to monitor these risks and rely on our risk management hedging program, increased pricing to our customers, our premiumization strategy and cost savings programs to help mitigate some of the inflationary pressures. Even if we are able to raise the prices of our products, consumers might react negatively to such price increases, which could have a material adverse effect on, among other things, our brands, reputation and sales. If our competitors maintain or substantially lower their prices, we may lose customers or be forced to lower prices to remain competitive. Our profitability may be impacted by prices that do not offset the inflationary pressures, which would negatively impact gross margins. In addition, even if we increase the prices of our products in response to increases in the cost of commodities or other cost increases, we may not be able to sustain our price increases or customers may trade down to cheaper alternatives.

Anti-Dilutive Securities

Anti-dilutive securities excluded from the computation of diluted EPS were 0.4 million and 1.2 million for the three months ended June 30, 2023 and June 30, 2022, respectively, and 0.6 million and 1.5 million for the six months ended June 30, 2023 and June 30, 2022, respectively.

Dividends

On May 18, 2023, our Company's Board of Directors declared a cash dividend of \$0.41 per share, paid on June 15, 2023, to shareholders of Class A and Class B common stock of record on June 2, 2023. Shareholders of exchangeable shares received the CAD equivalent of dividends declared on Class A and Class B common stock, equal to CAD 0.55 per share.

During the six months ended June 30, 2023, dividends declared to eligible shareholders were \$0.82 per share, with the CAD equivalent equal to CAD 1.10 per share. Dividends declared to eligible shareholders were \$0.38 per share, with the CAD equivalent equal to CAD 0.48 per share, and \$0.76 per share, with the CAD equivalent equal to CAD 0.96 per share, during the three and six months ended June 30, 2022, respectively.

On July 13, 2023, the Company's Board of Directors declared a cash dividend of \$0.41 per share, to be paid on September 15, 2023, to shareholders of Class A and Class B common stock of record on September 1, 2023. Shareholders of exchangeable shares will receive the CAD equivalent of dividends declared on Class A and Class B common stock.

Share Repurchase Program

During the first quarter of 2022, our Company's Board of Directors approved a share repurchase program up to an aggregate of \$200 million of our Company's Class B common stock through March 31, 2026, with the program primarily intended to offset annual employee equity award grants.

The following table presents the shares repurchased under the share repurchase program for the three and six months ended June 30, 2023 and June 30, 2022:

	Three Months Ended		Six Months Ended	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
Shares repurchased	200,000	230,000	475,000	510,000
Weighted average price, including brokerage commissions	\$ 60.62	\$ 52.61	\$ 56.18	\$ 51.40
Aggregate value (in millions)	\$ 12.1	\$ 12.1	\$ 26.7	\$ 26.2

Non-Cash Activity

Non-cash investing activities include movements in our guarantee of indebtedness of certain equity method investments. See [Note 3, "Investments"](#) for further discussion. We also had non-cash activities related to capital expenditures incurred but not yet paid of \$204.2 million and \$158.9 million during the six months ended June 30, 2023 and June 30, 2022, respectively. In addition, we had non-cash activities related to certain issuances of share-based awards.

During the first quarter of 2022, we recorded a non-cash transaction related to the establishment of an accrued liability of \$56.0 million as the best estimate of the probable loss in the *Keystone* litigation case based on the jury verdict. During the six months ended June 30, 2023, we recorded a non-cash transaction of \$1.0 million in accrued interest associated with this accrued liability. See [Note 10, "Commitments and Contingencies"](#) 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 6, "Leases,"](#) there was no other significant non-cash activity during the six months ended June 30, 2023 and June 30, 2022, respectively.

Share-Based Compensation

During the six months ended June 30, 2023 and June 30, 2022, we granted stock options, RSUs and PSUs to certain officers and other eligible employees. We recognized share-based compensation expense of \$10.5 million and \$8.4 million during the three months ended June 30, 2023 and June 30, 2022, respectively, and \$20.3 million and \$16.9 million during the six months ended June 30, 2023 and June 30, 2022, respectively.

Supplier Financing

We are the buyer under a supplier finance program with Citibank N.A. ("Citi" or "the bank"), with \$134.7 million and \$135.2 million confirmed as valid and outstanding as of June 30, 2023 and December 31, 2022, respectively. We recognize these unpaid balances in accounts payable and other current liabilities on our unaudited condensed consolidated balance sheets. Under the program, we agree to pay the bank the stated amount of confirmed invoices from our designated suppliers on the original maturity dates of the invoices. We have no involvement in establishing the terms or conditions of the arrangement between the suppliers and the bank and do not participate in such transactions. Either Citi or us may terminate the agreement upon at least 30 days written notice. We do not provide secured legal assets or other forms of guarantees under the arrangement. Our current payment terms with the majority of the suppliers participating in the supplier finance program generally range from 60 to 120 days, which we deem to be commercially reasonable.

2. New Accounting Pronouncements

New Accounting Pronouncements Recently 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 was effective for all entities upon issuance on March 12, 2020 and remains effective through December 31, 2024. The guidance permits a company to elect certain optional expedients and exceptions when affected by the changes in reference rate reform. We have adopted this guidance and elected to apply certain optional expedients related to our derivative instruments with maturity dates extending beyond the discontinuance date of LIBOR. Specifically, in May 2023, we amended our 2026 forward starting interest rate swaps to replace LIBOR with SOFR and applied the optional expedients to account for the transition. None of the changes made as a result of reference rate reform had a material impact on our financial statements.

In September 2022, the FASB issued authoritative guidance intended to provide consistent and transparent disclosures for a buyer in a supplier finance program by requiring disclosures of key program terms, the amount of obligations that have been confirmed as valid with the finance provider that are deemed outstanding as of the end of the period, a description of the financial line item in which this unpaid balance resides and a rollforward of the obligations including the amount of obligations confirmed and paid. We adopted this guidance, with the exception of the rollforward disclosure requirement, in our quarterly report for the three months ended March 31, 2023. See [Note 1, "Basis of Presentation and Summary of Significant Accounting Policies"](#) for additional information on our supplier finance program. The rollforward disclosure requirement is effective for us in our annual report for the year ending December 31, 2024 and is required to be applied prospectively.

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, on our unaudited condensed consolidated financial statements.

3. 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. 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, respectively.

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"), Brewers Distributor Ltd. ("BDL") and The Yuengling Company LLC ("TYC"), as well as other immaterial investments.

On June 22, 2023, HEXO Corp, our joint venture partner in Truss, was acquired by Tilray Brands. The acquisition of HEXO Corp had no impact on Molson Coors' ownership in the joint venture or on our consolidated results.

Both BRI and BDL have outstanding third party debt which is guaranteed by their respective shareholders. As a result, we had a guarantee liability of \$39.9 million and \$33.3 million recorded as of June 30, 2023 and December 31, 2022, 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, 2023		December 31, 2022	
	Total Assets	Total Liabilities	Total Assets	Total Liabilities
	(In millions)			
RMMC/RMBC	\$ 239.0	\$ 24.6	\$ 228.2	\$ 21.2
Other	\$ 38.0	\$ 14.9	\$ 43.3	\$ 16.1

4. Inventories

	As of	
	June 30, 2023	December 31, 2022
	(In millions)	
Finished goods	\$ 318.2	\$ 269.1
Work in process	90.7	71.9
Raw materials	282.2	290.4
Packaging materials	172.3	161.5
Inventories, net	\$ 863.4	\$ 792.9

5. Goodwill and Intangible Assets

Goodwill

The changes in the gross carrying value of goodwill and accumulated impairment losses are presented in the table below by segment.

	Americas	EMEA&APAC ⁽¹⁾	Consolidated
	(In millions)		
Gross carrying value of goodwill	\$ 6,790.4	\$ 1,387.6	\$ 8,178.0
Accumulated impairment losses	(1,498.5)	(1,387.6)	(2,886.1)
Balance as of December 31, 2022	\$ 5,291.9	\$ —	\$ 5,291.9
Foreign currency translation, net	4.2	—	4.2
Gross carrying value of goodwill	6,810.7	1,439.8	8,250.5
Accumulated impairment losses	(1,514.6)	(1,439.8)	(2,954.4)
Balance as of June 30, 2023	\$ 5,296.1	\$ —	\$ 5,296.1

(1) The EMEA&APAC goodwill balance was fully impaired during the year ended December 31, 2020. Subsequent changes in the gross carrying value of goodwill and accumulated impairment loss balances are due to fluctuations in foreign exchange rates, which are presented net in the table above.

Subsequent to taking a partial impairment as a result of the annual impairment test performed as of October 1, 2022, the Americas reporting unit goodwill balance was considered at risk of future impairment. The remaining goodwill is at risk in the event of significant unfavorable changes in assumptions including the forecasted future cash flows, terminal growth rates, market multiples and/or weighted-average cost of capital utilized in the discounted cash flows analysis. We continue to build on the strength of our iconic core brands, increase our above premium portfolio and expand beyond the beer aisle. While progress has been made on this strategy, including the increasing proportion of our above premium portfolio over the last several years and the strengthening of our core brands, the growth targets included in management's forecasted future cash flows are inherently at risk given that the strategies are still in progress. In addition, the growth targets were adjusted to align with current expectations of the beer industry environment and broader macroeconomic conditions such as cost inflation for certain inputs, which could continue to put pressure on achieving key margin and cash flow projections into the future. Additionally, the fair value determinations are sensitive to further macroeconomic conditions, including the ongoing impacts of cost inflation, further increases to interest rates and other external industry factors impacting our business.

We determined that there was no triggering event that occurred during the six months ended June 30, 2023 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, 2023:

	Useful life (Years)	Gross	Accumulated amortization (In millions)	Net
Intangible assets subject to amortization				
Brands	10 - 50	\$ 4,936.0	\$ (1,532.9)	\$ 3,403.1
License agreements and distribution rights	10 - 20	205.0	(113.9)	91.1
Other	5 - 40	84.7	(24.7)	60.0
Intangible assets not subject to amortization				
Brands	Indefinite	8,181.3	—	8,181.3
Distribution networks	Indefinite	763.9	—	763.9
Other	Indefinite	307.6	—	307.6
Total		\$ 14,478.5	\$ (1,671.5)	\$ 12,807.0

The following table presents details of our intangible assets, other than goodwill, as of December 31, 2022:

	Useful life (Years)	Gross	Accumulated amortization (In millions)	Net
Intangible assets subject to amortization				
Brands	10 - 50	\$ 4,861.1	\$ (1,416.7)	\$ 3,444.4
License agreements and distribution rights	15 - 20	200.0	(108.0)	92.0
Other	5 - 40	88.8	(27.7)	61.1
Intangible assets not subject to amortization				
Brands	Indefinite	8,148.6	—	8,148.6
Distribution networks	Indefinite	746.4	—	746.4
Other	Indefinite	307.6	—	307.6
Total		\$ 14,352.5	\$ (1,552.4)	\$ 12,800.1

The changes in the gross carrying amounts of intangible assets from December 31, 2022 to June 30, 2023 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, 2023, the estimated future amortization expense of intangible assets is as follows:

Fiscal year	Amount (In millions)
2023 - remaining	\$ 103.1
2024	\$ 204.9
2025	\$ 204.8
2026	\$ 186.4
2027	\$ 121.9

Amortization expense of intangible assets was \$51.4 million and \$52.2 million for the three months ended June 30, 2023 and June 30, 2022, respectively, and \$102.5 million and \$105.5 million for the six months ended June 30, 2023 and June 30, 2022, respectively. This expense was presented within MG&A expenses in our 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, 2022, the fair value of all indefinite-lived brands exceeded their respective carrying values by over 15%.

No triggering events occurred during the six months ended June 30, 2023 that would indicate the carrying value of our indefinite-lived or definite-lived intangible assets were greater than their fair value.

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 6, "Goodwill and Intangible Assets" in our Annual Report, and represent Level 3 measurements.

6. Leases

Supplemental balance sheet information related to leases as of June 30, 2023 and December 31, 2022 was as follows:

Balance Sheet Classification		As of	
		June 30, 2023	December 31, 2022
		(In millions)	
Operating Leases			
Operating lease right-of-use assets	Other assets	\$ 204.7	\$ 132.7
Current operating lease liabilities	Accounts payable and other current liabilities	\$ 49.3	\$ 44.7
Non-current operating lease liabilities	Other liabilities	165.6	99.3
Total operating lease liabilities		\$ 214.9	\$ 144.0
Finance Leases			
Finance lease right-of-use assets	Properties, net	\$ 50.0	\$ 50.2
Current finance lease liabilities	Current portion of long-term debt and short-term borrowings	\$ 5.3	\$ 5.3
Non-current finance lease liabilities	Long-term debt	55.9	56.2
Total finance lease liabilities		\$ 61.2	\$ 61.5

Supplemental cash flow information related to leases for the six months ended June 30, 2023 and June 30, 2022 was as follows:

	Six Months Ended	
	June 30, 2023	June 30, 2022
	(In millions)	
Cash paid for amounts included in the measurements of lease liabilities		
Operating cash flows from operating leases	\$ 28.3	\$ 25.1
Operating cash flows from finance leases	\$ 1.5	\$ 1.9
Financing cash flows from finance leases	\$ 2.3	\$ 1.7
Supplemental non-cash information on right-of-use assets obtained in exchange for new lease liabilities		
Operating leases	\$ 93.5	\$ 35.8
Finance leases	\$ —	\$ 2.3

7. Debt

Debt Obligations

	As of	
	June 30, 2023	December 31, 2022
	(In millions)	
Long-term debt		
CAD 500 million 2.84% notes due July 2023 ⁽¹⁾	\$ 377.6	\$ 368.9
EUR 800 million 1.25% notes due July 2024	872.7	856.4
CAD 500 million 3.44% notes due July 2026	377.6	368.9
\$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
Finance leases	61.2	61.5
Other	25.4	25.4
Less: unamortized debt discounts and debt issuance costs	(37.5)	(39.7)
Total long-term debt (including current portion)	6,577.0	6,541.4
Less: current portion of long-term debt	(385.1)	(376.2)
Total long-term debt	\$ 6,191.9	\$ 6,165.2
Short-term borrowings ⁽²⁾	38.1	20.9
Current portion of long-term debt	385.1	376.2
Current portion of long-term debt and short-term borrowings	\$ 423.2	\$ 397.1

(1) We repaid our CAD 500 million 2.84% notes upon maturity on July 15, 2023 using cash on hand.

(2) Our short-term borrowings include bank overdrafts, borrowings on our overdraft facilities and other items.

As of June 30, 2023, we had \$29.1 million in bank overdrafts and \$77.7 million in bank cash related to our cross-border, cross-currency cash pool for a net positive position of \$48.6 million. As of December 31, 2022, we had \$15.9 million in bank overdrafts and \$49.7 million in bank cash related to our cross-border, cross-currency cash pool for a net positive position of \$33.8 million.

In addition, we have CAD, GBP and USD overdraft facilities under which we had no outstanding borrowings as of June 30, 2023 and December 31, 2022. See further detail within Part II.—Item 8. Financial Statements, Note 13, "Commitments and Contingencies" in our Annual Report for further discussion related to letters of credit.

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 using observable market interest and foreign exchange rates. As of June 30, 2023 and December 31, 2022, the fair value of our outstanding long-term debt (including the current portion of long-term debt) was approximately \$6.1 billion and \$5.9 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 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

On June 26, 2023, we amended and restated our multi-currency revolving credit facility to, among other things, extend the term through June 26, 2028, and to increase the borrowing capacity to \$2.0 billion. This \$2.0 billion revolving credit facility amended our pre-existing \$1.5 billion revolving credit facility, which was scheduled to mature on July 7, 2024. Our commercial paper program, which reduces borrowing capacity under the revolving credit facility, remains at a maximum aggregate amount outstanding of \$1.5 billion to borrow at any time at variable interest rates. Similarly, the \$150.0 million sub-facility available for the issuance of letters of credit remains unchanged. Concurrent with these transactions, in the second quarter of 2023, we incurred incremental issuance costs of \$5.2 million related to the \$2.0 billion revolving credit facility, which are recorded within other current assets, net, and other assets on the unaudited condensed consolidated balance sheets and will be amortized over the term of the facility. We use this facility from time to time to leverage cash needs including debt repayments. We had no borrowings drawn on the revolving credit facility and no commercial paper borrowings as of June 30, 2023 and December 31, 2022.

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.

Under the amended and restated \$2.0 billion revolving credit facility, we are required to maintain a maximum leverage ratio, calculated as net debt to EBITDA (as defined in the revolving credit facility agreement) of 4.00:1.00, measured as of the last day of each fiscal quarter through maturity of the credit facility. As of June 30, 2023, we were in compliance with all of these restrictions and covenants, have met such financial ratios and have met all debt payment obligations. All of our outstanding senior notes as of June 30, 2023 rank pari-passu.

8. 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 10, "Derivative Instruments and Hedging Activities" in our Annual Report and did not significantly change during the six months ended June 30, 2023. As noted in Note 10 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, 2022.

Forward Starting Interest Rate Swaps

In late April 2022, the forward starting interest rate swaps associated with the \$500 million 3.5% notes that we repaid upon maturity on May 1, 2022 were terminated and settled. The immaterial loss on settlement of the swaps was recorded through interest expense during the second quarter of 2022.

Foreign Currency Forwards

In the second quarter of 2023, we entered into approximately CAD 260 million (approximately 195 million USD) of foreign exchange forward contracts to manage our exposure to foreign currency fluctuations related to the repayment of our CAD 500 million 2.84% notes that matured on July 15, 2023. These contracts were not designated in hedge accounting relationships; as such, changes in the fair value were recorded in other non-operating income (expense), net in the unaudited condensed consolidated statements of operations. These contracts settled on July 12, 2023 in advance of the notes repayment for an immaterial amount.

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 table below summarizes our derivative assets and liabilities that were measured at fair value as of June 30, 2023 and December 31, 2022.

	As of June 30, 2023	Fair value measurements as of June 30, 2023		
		Quoted prices in active markets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
		(In millions)		
Forward starting interest rate swaps	\$ 29.3	\$ —	\$ 29.3	\$ —
Foreign currency forwards	2.7	—	2.7	—
Commodity swaps and options	(45.9)	—	(45.9)	—
Total	\$ (13.9)	\$ —	\$ (13.9)	\$ —

	As of December 31, 2022	Fair value measurements as of December 31, 2022		
		Quoted prices in active markets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
		(In millions)		
Forward starting interest rate swaps	\$ 40.0	\$ —	\$ 40.0	\$ —
Foreign currency forwards	7.6	—	7.6	—
Commodity swaps and options	69.0	—	69.0	—
Total	\$ 116.6	\$ —	\$ 116.6	\$ —

As of June 30, 2023 and December 31, 2022, we had no significant transfers between Level 1 and Level 2. New derivative contracts transacted during the six months ended June 30, 2023 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, 2023 and December 31, 2022, and our unaudited condensed consolidated statements of operations for the three and six months ended June 30, 2023 and June 30, 2022.

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

	As of June 30, 2023				
	Notional amount	Derivative Assets		Derivative Liabilities	
		Balance sheet location	Fair value	Balance sheet location	Fair value
Derivatives designated as hedging instruments					
Forward starting interest rate swaps	\$ 1,000.0	Other non-current assets	\$ 29.3	Other liabilities	\$ —
Foreign currency forwards	\$ 238.6	Other current assets	2.4	Accounts payable and other current liabilities	(0.7)
		Other non-current assets	0.2	Other liabilities	(1.1)
Total derivatives designated as hedging instruments			\$ 31.9		\$ (1.8)
Derivatives not designated as hedging instruments					
Commodity swaps ⁽¹⁾	\$ 678.6	Other current assets	\$ 18.9	Accounts payable and other current liabilities	\$ (47.4)
		Other non-current assets	0.8	Other liabilities	(18.2)
Commodity options ⁽¹⁾	\$ 19.7	Other current assets	1.3	Accounts payable and other current liabilities	(1.3)
Foreign currency forwards	\$ 194.7	Other current assets	2.6	Accounts payable and other current liabilities	(0.7)
Total derivatives not designated as hedging instruments			\$ 23.6		\$ (67.6)

As of December 31, 2022

As of December 31, 2022					
		Derivative Assets		Derivative Liabilities	
	Notional amount	Balance sheet location	Fair value	Balance sheet location	Fair value
Derivatives designated as hedging instruments					
Forward starting interest rate swaps	\$ 1,000.0	Other non-current assets	\$ 40.0	Other liabilities	\$ —
Foreign currency forwards	\$ 176.6	Other current assets	6.2	Accounts payable and other current liabilities	(0.1)
		Other non-current assets	1.6	Other liabilities	(0.1)
Total derivatives designated as hedging instruments			<u>\$ 47.8</u>		<u>\$ (0.2)</u>
Derivatives not designated as hedging instruments					
Commodity swaps ⁽¹⁾	\$ 525.2	Other current assets	\$ 86.1	Accounts payable and other current liabilities	\$ (14.1)
		Other non-current assets	7.4	Other liabilities	(10.4)
Commodity options ⁽¹⁾	\$ 19.7	Other current assets	0.8	Accounts payable and other current liabilities	(0.8)
Total derivatives not designated as hedging instruments			<u>\$ 94.3</u>		<u>\$ (25.3)</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.

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

Derivatives in cash flow hedge relationships	Amount of gain (loss) recognized in OCI on derivatives	Location of gain (loss) reclassified from AOCI into income	Amount of gain (loss) recognized from AOCI into income on derivative
Three Months Ended June 30, 2023			
Forward starting interest rate swaps	\$ 13.7	Interest income (expense), net	\$ (1.0)
Foreign currency forwards	(4.7)	Cost of goods sold	1.2
		Other non-operating income (expense), net	(0.3)
Total	\$ 9.0		\$ (0.1)
Three Months Ended June 30, 2022			
Forward starting interest rate swaps	\$ 87.5	Interest income (expense), net	\$ (11.5)
Foreign currency forwards	5.2	Cost of goods sold	—
Total	\$ 92.7		\$ (11.5)
Six Months Ended June 30, 2023			
Forward starting interest rate swaps	\$ (10.7)	Interest income (expense), net	\$ (3.5)
Foreign currency forwards	(4.8)	Cost of goods sold	2.7
		Other non-operating income (expense), net	(0.5)
Total	\$ (15.5)		\$ (1.3)
Six Months Ended June 30, 2022			
Forward starting interest rate swaps	\$ 167.8	Interest income (expense), net	\$ (12.3)
Foreign currency forwards	3.7	Cost of goods sold	(0.3)
		Other non-operating income (expense), net	0.1
Total	\$ 171.5		\$ (12.5)

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

	Amount of gain (loss) recognized in OCI	Location of gain (loss) recognized in income (amount excluded from effectiveness testing)	Amount of gain (loss) recognized in income (amount excluded from effectiveness testing) ⁽¹⁾
Net investment hedge relationships			
Three Months Ended June 30, 2023			
EUR 800 million notes due 2024	(5.6)	Other non-operating income (expense), net	—
Total	\$ (5.6)		\$ —
Three Months Ended June 30, 2022			
EUR 800 million notes due 2024	46.7	Other non-operating income (expense), net	—
Total	\$ 46.7		\$ —
Net investment hedge relationships			
Six Months Ended June 30, 2023			
EUR 800 million notes due 2024	(16.3)	Other non-operating income (expense), net	—
Total	\$ (16.3)		\$ —
Six Months Ended June 30, 2022			
EUR 800 million notes due 2024	70.9	Other non-operating income (expense), net	—
Total	\$ 70.9		\$ —

(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.

The cumulative translation adjustments related to our net investment hedges remain in AOCI until the respective underlying net investment is sold or liquidated. During the three and six months ended June 30, 2023 and June 30, 2022, respectively, we did not reclassify any amounts related to net investment hedges from AOCI into earnings.

As of June 30, 2023, we expect net losses of approximately \$2 million (pretax) recorded in AOCI will be reclassified into earnings within 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, 2023 is approximately 3 years, as well as those related to our remaining forecasted debt issuances in 2026.

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

	Location of gain (loss) recognized in income on derivative	Amount of gain (loss) recognized in income on derivative
Derivatives not in hedging relationships		
Three Months Ended June 30, 2023		
Commodity swaps	Cost of goods sold	(51.1)
Foreign currency forwards	Other non-operating income (expense), net	1.9
Total		\$ (49.2)
Three Months Ended June 30, 2022		
Commodity swaps	Cost of goods sold	(163.4)
Total		\$ (163.4)
Derivatives not in hedging relationships		
Six Months Ended June 30, 2023		
Commodity swaps	Cost of goods sold	(79.6)
Foreign currency forwards	Other non-operating income (expense), net	1.9
Total		\$ (77.7)
Six Months Ended June 30, 2022		
Commodity swaps	Cost of goods sold	75.2
Total		\$ 75.2

9. Income Tax

	Three Months Ended		Six Months Ended	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
Effective tax rate	22 %	13 %	23 %	19 %

The higher effective tax rate for the three and six months ended June 30, 2023 compared to the prior year was primarily due to an increase in net discrete tax expense in combination with higher income before income taxes. We recognized \$7.9 million discrete tax expense in the six months ended June 30, 2023 compared to \$3.2 million discrete tax benefit in the six months ended June 30, 2022. For the second quarter of 2022, there was a disproportionate impact from the discrete tax benefit recorded on our effective tax rate due to lower income before income taxes.

Our tax rate can be volatile and may change with, among other things, the amount and source of pre-tax 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, could have an impact on our effective tax rate.

On August 16, 2022, the Inflation Reduction Act of 2022 ("IRA") was signed into U.S. law. The IRA includes a new corporate alternative minimum tax of 15% on the adjusted financial statement income ("AFSI") of corporations with average AFSI exceeding \$1.0 billion over a three-year period, effective for tax years beginning after December 31, 2022. The alternative minimum tax is not expected to impact our financial or cash tax position in 2023. Additionally, the IRA imposes an excise tax of 1% on stock repurchases, effective January 1, 2023. The excise tax is recorded as an incremental cost in treasury stock on our unaudited condensed consolidated balance sheets and was immaterial for the three and six months ended June 30, 2023. Based on our current analysis, we do not expect these provisions to have a material impact on our financial statements in the near future. We will continue to evaluate their impact as additional information becomes available.

10. 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 \$79.1 million and \$77.0 million as of June 30, 2023 and December 31, 2022, 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. For all matters unless otherwise noted below, we believe that any reasonably possible losses in excess of the amounts accrued are immaterial to our unaudited condensed consolidated financial statements. Our litigation, other disputes and environmental issues are discussed in further detail within Part II.—Item 8. Financial Statements, Note 13, "Commitments and Contingencies" in our Annual Report and did not significantly change during the six months ended June 30, 2023, 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"), a wholly owned subsidiary of our Company, 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 sought treble damages and disgorgement 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 began on March 7, 2022. The jury returned a verdict in which it concluded that trademark infringement had occurred and awarded Stone Brewing Company \$56.0 million in damages. The jury also found that no "willful" trademark infringement had occurred. The trial court subsequently denied Stone Brewing Company's motion for permanent injunction, motion for disgorgement of profits and motion for treble damages. Judgment was entered on September 8, 2022. Both parties filed post-trial motions, including MCBC USA's renewed motion for judgment as a matter of law or, in the alternative, a new trial and/or remittitur and Stone Brewing Company's motion for partial

new trial of equitable issues. The court has taken those issues under advisement. Resolution of the remaining post-trial issues could alter or nullify the judgment. At the conclusion of these issues, either or both parties could appeal the case to the applicable federal appellate court. As of June 30, 2023 and December 31, 2022, the Company had a recorded accrued liability of \$57.6 million and \$56.6 million, respectively, within other liabilities on our unaudited condensed consolidated balance sheets reflecting the best estimate of probable loss in this case based on the judgment plus associated post-judgment interest. However, it is reasonably possible that the estimate of the loss could change in the near term based on the progression of the case, including any potential impact of the resolution of remaining post-trial issues, as well as any appeals process. We will continue to monitor the status of the case and will adjust the accrual in the period in which any significant change occurs which could impact the estimate of the loss for this matter.

In January 2023, MCBC USA received a Notice of Violation / Cease and Desist Order (“Order”) from the Colorado Department of Public Health & Environment’s Water Quality Control Division, alleging certain violations of the Colorado Water Quality Control Act (the “Act”) and the Colorado Discharge Permit related to our Company’s brewery and facilities in Golden, Colorado. The Order alleges MCBC USA has failed to comply with permit effluent limitations, has failed to properly monitor and report sampling results, and has failed to adhere to the permit compliance schedule. Under the Act, the likely maximum monetary penalty is not expected to be significant.

Regulatory Contingencies

In June 2019, the Ontario government adopted a bill that, if enacted, would terminate a 10-year Master Framework Agreement that was originally signed in 2015 between the previous government administration and Molson Canada 2005, a wholly owned indirect subsidiary of our Company, Labatt Brewing Company Limited, Sleeman Breweries Ltd. and Brewers Retail Inc. and dictates the terms of the beer distribution and retail systems in Ontario through 2025. The government has not proclaimed the bill as law and the impacts of the 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 Americas 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 2019 legislation. The initial term of the Master Framework Agreement does not expire until December 31, 2025, and the Master Framework Agreement contains a provision requiring two-year advance notice of the government's intention to not renew the Master Framework Agreement.

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, 2023 and December 31, 2022, the unaudited condensed consolidated balance sheets include liabilities related to these guarantees of \$39.9 million and \$33.3 million, respectively. See [Note 3, "Investments"](#) for further detail.

Separately, related to our Cervejarias Kaiser Brasil S.A. ("Kaiser") indemnities, we accrued \$11.9 million, in aggregate, as of June 30, 2023. Our Kaiser liabilities are discussed in further detail within Part II.—Item 8. Financial Statements, Note 13, "Commitments and Contingencies" in our Annual Report and did not significantly change during the six months ended June 30, 2023.

11. 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, 2022	\$ (875.2)	\$ 32.2	\$ (335.1)	\$ (27.4)	\$ (1,205.5)
Foreign currency translation adjustments	134.8	—	—	—	134.8
Gain (loss) on net investment hedges	(16.3)	—	—	—	(16.3)
Unrealized gain (loss) on derivative instruments	—	(15.5)	—	—	(15.5)
Reclassification of derivative (gain) loss to income (loss)	—	1.3	—	—	1.3
Reclassification of pension and other postretirement prior service (benefit) cost and net actuarial (gain) loss amortization and settlements to income (loss)	—	—	(7.6)	—	(7.6)
Ownership share of unconsolidated subsidiaries' other comprehensive income (loss)	—	—	—	2.4	2.4
Tax benefit (expense)	8.2	3.7	1.9	(0.8)	13.0
As of June 30, 2023	<u>\$ (748.5)</u>	<u>\$ 21.7</u>	<u>\$ (340.8)</u>	<u>\$ (25.8)</u>	<u>\$ (1,093.4)</u>

12. Other Operating Income (Expense), net

We have recorded incurred charges or realized benefits that we believe are significant to our current operating results warranting separate classification in other operating income (expense), net.

	Three Months Ended		Six Months Ended	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
	(In millions)			
Restructuring				
Employee-related charges ⁽¹⁾	\$ 0.2	\$ (0.2)	\$ (0.3)	\$ (0.5)
Asset abandonment and other restructuring costs	—	(0.1)	—	(1.1)
Intangible and tangible asset impairments, excluding goodwill ⁽²⁾	—	—	—	(28.6)
Gains and (losses) on other disposals	—	(0.3)	—	2.0
Other operating income (expense), net	<u>\$ 0.2</u>	<u>\$ (0.6)</u>	<u>\$ (0.3)</u>	<u>\$ (28.2)</u>

(1) See the restructuring section within this footnote for a summary of our restructuring activities.

(2) During the three months ended March 31, 2022, we identified a triggering event related to the Truss joint venture asset group within our Americas segment and recognized an impairment loss of \$28.6 million, of which \$12.1 million was attributable to the noncontrolling interest. The asset group was measured at fair value primarily using a market approach with Level 3 inputs.

Restructuring Activities

Our restructuring activities include strategic exit activities such as the disposal or wind down of certain brewery locations. We continually evaluate our cost structure and seek opportunities for 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, 2023 represent expected future cash payments required to satisfy our remaining obligations, the majority of which we expect to be paid in the next 12 months.

	Americas	EMEA&APAC	Total
	(In millions)		
As of December 31, 2022	\$ 3.6	\$ 6.4	\$ 10.0
Charges incurred and changes in estimates	—	0.3	0.3
Payments made	(1.8)	(4.9)	(6.7)
Foreign currency and other adjustments	0.1	0.1	0.2
As of June 30, 2023	\$ 1.9	\$ 1.9	\$ 3.8

	Americas	EMEA&APAC	Total
	(In millions)		
As of December 31, 2021	\$ 10.9	\$ 1.5	\$ 12.4
Charges incurred and changes in estimates	0.5	—	0.5
Payments made	(4.0)	(0.6)	(4.6)
Foreign currency and other adjustments	(0.1)	(0.1)	(0.2)
As of June 30, 2022	\$ 7.3	\$ 0.8	\$ 8.1

13. Segment Reporting

Our reporting segments are based on the key geographic regions in which we operate and include the Americas and EMEA&APAC segments. Our Americas segment operates in the U.S., Canada and various countries in the Caribbean, Latin and South America and our EMEA&APAC 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 net sales for the three and six months ended June 30, 2023 and June 30, 2022.

Consolidated net sales represent sales to third-party external customers less excise taxes. Inter-segment transactions impacting net sales and income (loss) before income taxes eliminate upon consolidation and are primarily related to the Americas segment royalties received from, and sales to the EMEA&APAC segment.

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

	Three Months Ended		Six Months Ended	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
	(In millions)			
Americas	\$ 2,621.7	\$ 2,367.4	\$ 4,560.7	\$ 4,203.6
EMEA&APAC	649.0	558.2	1,059.1	939.4
Inter-segment net sales eliminations	(4.1)	(3.9)	(6.9)	(6.7)
Consolidated net sales	\$ 3,266.6	\$ 2,921.7	\$ 5,612.9	\$ 5,136.3

	Three Months Ended		Six Months Ended	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
	(In millions)			
Americas	\$ 487.3	\$ 348.0	\$ 720.7	\$ 435.1
EMEA&APAC	64.2	34.4	38.8	2.2
Unallocated	(110.4)	(327.5)	(216.5)	(208.7)
Consolidated income (loss) before income taxes	<u>\$ 441.1</u>	<u>\$ 54.9</u>	<u>\$ 543.0</u>	<u>\$ 228.6</u>

The following table presents total assets by segment:

	As of	
	June 30, 2023	December 31, 2022
	(In millions)	
Americas	\$ 22,901.4	\$ 22,242.7
EMEA&APAC	3,888.2	3,625.6
Consolidated total assets	<u>\$ 26,789.6</u>	<u>\$ 25,868.3</u>

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

Overview

For more than 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*, *Vizzy Hard Seltzer*, *Leinenkugel's Summer Shandy*, *Miller High Life* and more, we produce many beloved and iconic beer brands. While our Company's history is rooted in beer, we offer 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.

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, 2022 ("Annual Report"), as well as our unaudited condensed consolidated financial statements and the accompanying notes included in this report. Due to the seasonality of our operating results, quarterly financial results are not necessarily indicative of the results that may be achieved for the full year or any other future period.

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 Americas and EMEA&APAC. Our Americas segment operates in the U.S., Canada and various countries in the Caribbean, Latin and South America and our EMEA&APAC 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, RON and RSD.

Items Affecting Reported Results

Items Affecting Consolidated Results of Operations

Cost Inflation

We have been experiencing significant cost inflation, including materials and manufacturing expenses, which negatively impacted our results of operations for the three and six months ended June 30, 2023. These impacts were partially driven by the Russian invasion of Ukraine, which commenced in February 2022 and remains ongoing. While cost inflation has been high in all of our markets, the impact to COGS on a percentage basis was higher for our EMEA&APAC segment than our Americas segment. In addition, consumers in certain markets in our EMEA&APAC segment continued to be impacted by local inflation leading to a reduction in their discretionary purchases. We continue to monitor the inflationary environment and currently expect cost inflation to moderate in the second half of 2023 with continued easing into 2024.

To the extent materials, manufacturing and logistics prices continue to fluctuate, our business and financial results could continue to be materially adversely impacted. We continue to monitor these risks and rely on our risk management hedging program, increased pricing to our customers, our premiumization strategy and cost savings programs to help mitigate some of the inflationary pressures. Even if we are able to raise the prices of our products, consumers might react negatively to such price increases, which could have a material adverse effect on, among other things, our brands, reputation and sales. If our competitors maintain or substantially lower their prices, we may lose customers or be forced to lower prices to remain competitive. Our profitability may be impacted by prices that do not offset the inflationary pressures, which would negatively impact gross margins. In addition, even if we increase the prices of our products in response to increases in the cost of commodities or other cost increases, we may not be able to sustain our price increases or customers may trade down to cheaper alternatives.

Items Affecting Americas Segment Results of Operations

Montreal/Longueuil, Québec Brewery and Distribution Centers Labor Strike

From late March 2022 until June 2022, approximately 400 unionized employees in our Montreal/Longueuil, Québec brewery and distribution centers went on strike which adversely affected our business and operations during the second quarter of 2022.

Keystone Litigation

During the first quarter of 2022, we accrued a liability of \$56.0 million within MG&A expenses related to probable losses as a result of the ongoing *Keystone* litigation case. During the three and six months ended June 30, 2023, we accrued \$0.5 million and \$1.0 million in associated interest related to this accrued liability, respectively. See [Part I. - Item 1. Financial Statements, Note 10, "Commitments and Contingencies"](#) for further information.

Impairment of an Asset Group

During the first quarter of 2022, we recognized an impairment loss of \$28.6 million related to the Truss joint venture asset group within other operating income (expense), net, of which \$12.1 million was attributable to the noncontrolling interest. See [Part I.—Item 1. Financial Statements, Note 12, "Other Operating Income \(Expense\), net"](#) for further information.

Items Affecting EMEA&APAC Segment Results of Operations

Russia-Ukraine Conflict

In February 2022, Russia invaded Ukraine and the conflict remains ongoing. As a result, we suspended exports of all our brands to Russia and subsequently terminated the license to produce any of our brands in Russia. While not material to our consolidated net sales, the Russia-Ukraine conflict negatively impacted our EMEA&APAC segment net sales for the three and six months ended June 30, 2023 and June 30, 2022. In addition, the Russia-Ukraine conflict has caused a negative impact to the global economy which has impacted our Company, driving further increases to materials and manufacturing expenses as discussed in more detail above.

India Entity Sale

During the first quarter of 2022, we completed the sale of our non-operating India entity in our EMEA&APAC segment resulting in an insignificant loss on disposal recorded within other operating income (expense), net in the unaudited condensed consolidated statements of operations. The disposal group had previously been classified as held for sale during the fourth quarter of 2021.

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, 2023 and June 30, 2022. See [Part I.—Item 1. Financial Statements](#) for additional details of our U.S. GAAP results.

	Three Months Ended			Six Months Ended		
	June 30, 2023	June 30, 2022	% change	June 30, 2023	June 30, 2022	% change
(In millions, except percentages and per share data)						
Net sales	\$ 3,266.6	\$ 2,921.7	11.8 %	\$ 5,612.9	\$ 5,136.3	9.3 %
Cost of goods sold	(2,047.7)	(2,101.7)	(2.6)%	(3,623.3)	(3,388.5)	6.9 %
Gross profit	1,218.9	820.0	48.6 %	1,989.6	1,747.8	13.8 %
Marketing, general and administrative expenses	(734.9)	(707.6)	3.9 %	(1,349.9)	(1,383.3)	(2.4)%
Other operating income (expense), net	0.2	(0.6)	N/M	(0.3)	(28.2)	(98.9)%
Equity income (loss)	4.3	2.7	59.3 %	7.3	2.6	180.8 %
Operating income (loss)	488.5	114.5	326.6 %	646.7	338.9	90.8 %
Total non-operating income (expense), net	(47.4)	(59.6)	(20.5)%	(103.7)	(110.3)	(6.0)%
Income (loss) before income taxes	441.1	54.9	703.5 %	543.0	228.6	137.5 %
Income tax benefit (expense)	(95.0)	(7.0)	1,257.1 %	(123.7)	(43.4)	185.0 %
Net income (loss)	346.1	47.9	622.5 %	419.3	185.2	126.4 %
Net (income) loss attributable to noncontrolling interests	(3.7)	(0.6)	516.7 %	(4.4)	13.6	N/M
Net income (loss) attributable to MCBC	\$ 342.4	\$ 47.3	623.9 %	\$ 414.9	\$ 198.8	108.7 %
Net income (loss) attributable to MCBC per diluted share	\$ 1.57	\$ 0.22	613.6 %	\$ 1.91	\$ 0.91	109.9 %
Financial volume in hectoliters	23.385	22.739	2.8 %	40.391	39.776	1.5 %

N/M = Not meaningful

Foreign currency impacts on results

During the three months ended June 30, 2023, foreign currency movements had the following impacts on our USD consolidated results:

- *Net sales* - Unfavorable impact of \$9.7 million (unfavorable impact for Americas of \$18.4 million, partially offset by favorable impact for EMEA&APAC of \$8.7 million).
- *Cost of goods sold* - Favorable impact of \$7.9 million (favorable impact for Americas and Unallocated of \$13.1 million and \$0.3 million, respectively, partially offset by unfavorable impact for EMEA&APAC of \$5.5 million).
- *MG&A* - Favorable impact of \$2.4 million (favorable impact for Americas of \$4.7 million, partially offset by unfavorable impact for EMEA&APAC of \$2.3 million).
- *Income (loss) before income taxes* - Favorable impact of \$3.7 million (favorable impact for Unallocated, EMEA&APAC and Americas of \$2.6 million, \$0.8 million and \$0.3 million, respectively).

The impacts of foreign currency movements on our consolidated USD results described above for the three months ended June 30, 2023 were primarily due to the strength of the USD as compared to the CAD partially offset by the slight weakening of the USD as compared to certain currencies throughout Europe.

During the six months ended June 30, 2023, foreign currency movements had the following impacts on our USD consolidated results:

- *Net sales* - Unfavorable impact of \$59.4 million (unfavorable impact for Americas and EMEA&APAC of \$35.8 million and \$23.6 million, respectively).

- *Cost of goods sold* - Favorable impact of \$47.1 million (favorable impact for Americas, EMEA&APAC and Unallocated of \$27.8 million, \$17.7 million and \$1.6 million, respectively).
- *MG&A* - Favorable impact of \$19.1 million (favorable impact for Americas and EMEA&APAC of \$11.7 million and \$7.4 million, respectively).
- *Income (loss) before income taxes* - Favorable impact of \$10.6 million (favorable impact for Americas, Unallocated and EMEA&APAC of \$4.6 million, \$4.0 million and \$2.0 million, respectively).

The impacts of foreign currency movements on our consolidated USD results described above for the six months ended June 30, 2023 were primarily due to the strength of the USD as compared to the CAD and GBP.

Included in these amounts are both translational and transactional impacts of changes in foreign exchange rates. We calculate the impact of foreign exchange by translating our current period local currency results at the average exchange rates used to translate the financial statements in the comparable prior year period during the respective period throughout the year and comparing that amount with the reported amount for the period. The impact of transactional foreign currency gains and losses is recorded within other non-operating income (expense), net in our unaudited condensed consolidated statements of operations.

Volume

Financial volume represents owned or actively managed brands sold to unrelated external customers within our geographic markets (net of returns and allowances), as well as contract brewing, wholesale/factored non-owned volume and company-owned distribution volume. This metric is presented on an STW basis to reflect the sales from our operations to our direct customers, generally distributors. We believe this metric is important and useful for investors and management because it gives an indication of the amount of beer and adjacent products that we have produced and shipped to customers. This metric excludes royalty volume, which consists of our brands produced and sold under various license and contract brewing agreements. Factored volume in our EMEA&APAC segment is the distribution of beer, wine, spirits and other products owned and produced by other companies to the on-premise channel, which is a common arrangement in the U.K.

We also utilize net sales per hectoliter and cost of goods sold per hectoliter, as well as the year over year changes in such metrics, as key metrics for analyzing our results. These metrics are calculated as net sales and cost of goods sold, respectively, per our consolidated statements of operations divided by financial volume for the respective period. We believe these metrics are important and useful for investors and management because they provide an indication of the trends in pricing and sales mix on our net sales and the trends of sales mix and other cost impacts such as inflation on our cost of goods sold.

Net Sales

The following table highlights the drivers of the change in net sales and net sales per hectoliter for the three months ended June 30, 2023 compared to June 30, 2022 (in percentages):

	Financial Volume	Price and Sales Mix	Currency	Total
Consolidated net sales	2.8 %	9.3 %	(0.3)%	11.8 %
Consolidated net sales per hectoliter	N/A	9.0 %	(0.3)%	8.7 %

Net sales increased 11.8% for the three months ended June 30, 2023, compared to prior year, driven by favorable price and sales mix as well as higher financial volumes, partially offset by unfavorable foreign currency impacts.

Financial volumes increased 2.8% for the three months ended June 30, 2023, compared to prior year, primarily due to higher financial volumes in the Americas segment, partially offset by a decrease in EMEA&APAC financial volumes.

Price and sales mix favorably impacted net sales and net sales per hectoliter for the three months ended June 30, 2023 by 9.3% and 9.0%, respectively, primarily due to increased net pricing to customers including the rollover benefit of taking several price increases in the previous year, as well as favorable sales mix driven by geographic mix and premiumization.

The following table highlights the drivers of the change in net sales and net sales per hectoliter for the six months ended June 30, 2023 compared to June 30, 2022 (in percentages):

	Financial Volume	Price and Sales Mix	Currency	Total
Consolidated net sales	1.5 %	8.9 %	(1.1)%	9.3 %
Consolidated net sales per hectoliter	N/A	8.8 %	(1.2)%	7.6 %

Net sales increased 9.3% for the six months ended June 30, 2023, compared to prior year, driven by favorable price and sales mix and an increase in financial volumes, partially offset by unfavorable foreign currency impacts.

Financial volumes increased 1.5% for the six months ended June 30, 2023, compared to prior year, primarily due to higher financial volumes in the Americas segment, partially offset by a decrease in EMEA&APAC financial volumes.

Price and sales mix favorably impacted net sales and net sales per hectoliter for the six months ended June 30, 2023 by 8.9% and 8.8%, respectively, primarily due to increased net pricing to customers including the rollover benefit of taking several price increases in the previous year, as well as favorable sales mix driven by premiumization and geographic mix.

A discussion of currency impacts on net sales is included in the "Foreign currency impact on results" section above.

Cost of goods sold

Cost of goods sold decreased 2.6% for the three months ended June 30, 2023, compared to prior year, primarily due to lower cost of goods sold per hectoliter and favorable foreign currency impacts, partially offset by higher financial volumes. Cost of goods sold per hectoliter decreased 5.3% for the three months ended June 30, 2023 compared to prior year, including the favorable impact of currency of 0.4%, primarily due to changes to our unrealized mark-to-market derivative positions of \$210.1 million, volume leverage and cost savings initiatives, partially offset by cost inflation related to materials and manufacturing expenses and unfavorable sales mix.

Cost of goods sold increased 6.9% for the six months ended June 30, 2023, compared to prior year, primarily due to higher cost of goods sold per hectoliter and higher financial volumes, partially offset by favorable foreign currency impacts. Cost of goods sold per hectoliter increased 5.3% for the six months ended June 30, 2023 compared to prior year, including the favorable impact of currency of 1.4%, primarily due to cost inflation related to materials and manufacturing expenses and unfavorable mix, partially offset by our cost savings initiatives.

Marketing, general and administrative expenses

MG&A expenses increased 3.9% for the three months ended June 30, 2023 compared to prior year, primarily due to higher incentive compensation expense and increased marketing investment on innovation brands.

MG&A expenses decreased 2.4% for the six months ended June 30, 2023 compared to prior year, primarily due to cycling the recording of a \$56.0 million accrued liability related to potential losses as a result of the ongoing *Keystone* litigation case and favorable foreign currency impacts, partially offset by higher incentive compensation expense.

Other operating income (expense), net

See [Part I.—Item 1. Financial Statements, Note 12, "Other Operating Income \(Expense\), net"](#) for detail of our other operating income (expense), net.

Total non-operating income (expense), net

Total non-operating expense, net decreased 20.5% and 6.0% for the three and six months ended June 30, 2023, compared to prior year, respectively primarily due to lower net interest expense driven by the repayment of debt as a result of our continued deleveraging actions, partially offset by lower pension and OPEB non-service net benefit.

Income taxes benefit (expense)

	Three Months Ended		Six Months Ended	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
Effective tax rate	22 %	13 %	23 %	19 %

The higher effective tax rate for the three and six months ended June 30, 2023 compared to the same periods in the prior year was primarily due to an increase in net discrete tax expense in combination with higher income before income taxes. We recognized \$7.9 million discrete tax expense in the six months ended June 30, 2023 compared to \$3.2 million discrete tax benefit in the six months ended June 30, 2022. For the second quarter of 2022, there was a disproportionate impact from the discrete tax benefit on our effective tax rate due to lower income before income taxes.

Our tax rate can be volatile and may change with, among other things, the amount and source of pre-tax 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, could have an impact on our effective tax rate.

On August 16, 2022, the Inflation Reduction Act of 2022 ("IRA") was signed into U.S. law. The IRA includes a new corporate alternative minimum tax of 15% on the adjusted financial statement income ("AFSI") of corporations with average AFSI exceeding \$1.0 billion over a three-year period, effective for tax years beginning after December 31, 2022. The alternative minimum tax is not expected to impact our financial or cash tax position in 2023. Additionally, the IRA imposes an excise tax of 1% on stock repurchases, effective January 1, 2023. The excise tax is recorded as an incremental cost in treasury stock on our unaudited condensed consolidated balance sheets and was immaterial for the three and six months ended June 30, 2023. Based on our current analysis, we do not expect these provisions to have a material impact on our financial statements in the near future. We will continue to evaluate their impact as additional information becomes available.

Refer to [Part I—Item 1. Financial Statements, Note 9, "Income Tax"](#) for discussion regarding our effective tax rate.

Segment Results of Operations

Americas Segment

	Three Months Ended			Six Months Ended		
	June 30, 2023	June 30, 2022	% change	June 30, 2023	June 30, 2022	% change
(In millions, except percentages)						
Net sales ⁽¹⁾	\$ 2,621.7	\$ 2,367.4	10.7 %	\$ 4,560.7	\$ 4,203.6	8.5 %
Income (loss) before income taxes	\$ 487.3	\$ 348.0	40.0 %	\$ 720.7	\$ 435.1	65.6 %
Financial volume in hectoliters ⁽²⁾	17.368	16.536	5.0 %	30.304	29.535	2.6 %

(1) Includes gross inter-segment sales and volumes which are eliminated in the consolidated totals.

(2) Excludes royalty volume of 0.645 million hectoliters and 1.263 million for the three and six months ended June 30, 2023, respectively, and excludes royalty volume of 0.645 million hectoliters and 1.246 million hectoliters for the three and six months ended June 30, 2022, respectively.

Net sales

The following table highlights the drivers of the change in net sales and net sales per hectoliter for the three months ended June 30, 2023 compared to June 30, 2022 (in percentages):

	Financial Volume	Price and Sales Mix	Currency	Total
Americas net sales	5.0 %	6.5 %	(0.8)%	10.7 %
Americas net sales per hectoliter	N/A	6.2 %	(0.8)%	5.4 %

Net sales increased 10.7% for the three months ended June 30, 2023, compared to prior year, driven by favorable price and sales mix and an increase in financial volumes, partially offset by unfavorable foreign currency impacts.

Financial volumes increased 5.0% for the three months ended June 30, 2023, compared to prior year, primarily due to an increase in U.S. domestic shipments driven by volume growth in our core brands, as well as higher shipments in Canada mainly attributed to cycling the prior year impacts of the Québec labor strike. The increase in U.S. volume is impacted by a shift in consumer purchasing behavior largely within the premium segment.

Price and sales mix favorably impacted net sales and net sales per hectoliter for the three months ended June 30, 2023 by 6.5% and 6.2%, respectively, primarily due to increased net pricing to customers including the rollover benefit of several price increases taken in the previous year and favorable sales mix.

The following table highlights the drivers of the change in net sales and net sales per hectoliter for the six months ended June 30, 2023 compared to June 30, 2022 (in percentages):

	Financial Volume	Price and Sales Mix	Currency	Total
Americas net sales	2.6 %	6.7 %	(0.8)%	8.5 %
Americas net sales per hectoliter	N/A	6.6 %	(0.9)%	5.7 %

Net sales increased 8.5% for the six months ended June 30, 2023, compared to prior year, driven by favorable price and sales mix and an increase in financial volumes, partially offset by unfavorable foreign currency impacts.

Financial volumes increased 2.6% for the six months ended June 30, 2023, compared to prior year, primarily due to an increase in U.S. domestic shipments driven by volume growth in our core brands and higher shipments in Canada mainly attributed to cycling the prior year impacts of the Québec labor strike, partially offset by lower Latin America volumes. The increase in U.S. volume is impacted by a shift in consumer purchasing behavior largely within the premium segment.

Price and sales mix favorably impacted net sales and net sales per hectoliter for the six months ended June 30, 2023 by 6.7% and 6.6%, respectively, primarily due to increased net pricing to customers including the rollover benefit of several price increases taken in the previous year and favorable sales mix.

A discussion of currency impacts on net sales is included in the "Foreign currency impact on results" section above.

Income (loss) before income taxes

Income before income taxes improved 40.0% for the three months ended June 30, 2023 compared to prior year, primarily due to increased net pricing, higher financial volumes, including volume leverage, lower logistics expenses and favorable sales mix, partially offset by cost inflation related to materials and manufacturing expenses, as well as higher MG&A expense. Higher MG&A spend was primarily due to higher incentive compensation expense and increased marketing investment on innovation brands.

Income before income taxes improved 65.6% for the six months ended June 30, 2023 compared to prior year, primarily due to increased net pricing, higher financial volumes, including volume leverage, lower MG&A expense, the cycling of the \$28.6 million non-cash impairment charge taken on our Truss LP joint venture asset group in the prior year, lower logistics expenses and favorable sales mix, partially offset by cost inflation related to materials and manufacturing expenses. Lower MG&A spend was driven by cycling the recording of a \$56.0 million accrued liability related to potential losses as a result of the ongoing *Keystone* litigation case, partially offset by higher incentive compensation expense.

EMEA&APAC Segment

	Three Months Ended			Six Months Ended		
	June 30, 2023	June 30, 2022	% change	June 30, 2023	June 30, 2022	% change
(In millions, except percentages)						
Net sales ⁽¹⁾	\$ 649.0	\$ 558.2	16.3 %	\$ 1,059.1	\$ 939.4	12.7 %
Income (loss) before income taxes	\$ 64.2	\$ 34.4	86.6 %	\$ 38.8	\$ 2.2	1,663.6 %
Financial volume in hectoliters ⁽²⁾	6.018	6.207	(3.0)%	10.089	10.246	(1.5)%

(1) Includes gross inter-segment sales and volumes which are eliminated in the consolidated totals.

(2) Excludes royalty volume of 0.250 million hectoliters and 0.406 million hectoliters for the three and six months ended June 30, 2023, respectively, and excludes royalty volume of 0.218 million hectoliters and 0.537 million hectoliters for the three and six months ended June 30, 2022, respectively.

Net sales

The following table highlights the drivers of the change in net sales and net sales per hectoliter for the three months ended June 30, 2023 compared to June 30, 2022 (in percentages):

	Financial Volume	Price and Sales Mix	Currency	Total
EMEA&APAC net sales	(3.0)%	17.7 %	1.6 %	16.3 %
EMEA&APAC net sales per hectoliter	N/A	18.3 %	1.6 %	19.9 %

Net sales increased 16.3% for the three months ended June 30, 2023, compared to prior year, mainly driven by favorable price and sales mix as well as by favorable foreign currency impacts, partially offset by a decline in financial volumes.

Financial volumes decreased 3.0% for the three months ended June 30, 2023, compared to prior year, primarily due to declines in Central and Eastern Europe due to industry softness including the inflationary pressures on the consumer, partially offset by resilient demand and growth in above premium volumes in the U.K.

Price and sales mix favorably impacted net sales and net sales per hectoliter for the three months ended June 30, 2023 by 17.7% and 18.3%, respectively, primarily due to increased net pricing to customers including the rollover benefits from price increases taken in the previous year and favorable sales mix driven by premiumization and geographic mix.

The following table highlights the drivers of the change in net sales and net sales per hectoliter for the six months ended June 30, 2023 compared to June 30, 2022 (in percentages):

	Financial Volume	Price and Sales Mix	Currency	Total
EMEA&APAC net sales	(1.5)%	16.8 %	(2.6)%	12.7 %
EMEA&APAC net sales per hectoliter	N/A	17.0 %	(2.5)%	14.5 %

Net sales increased 12.7% for the six months ended June 30, 2023, compared to prior year, mainly driven by favorable price and sales mix, partially offset by unfavorable foreign currency impacts and a decline in financial volumes.

Financial volumes decreased 1.5% for the six months ended June 30, 2023, compared to prior year, primarily due to declines in Central and Eastern Europe due to industry softness including the inflationary pressures on the consumer, partially offset by resilient demand and growth in above premium volumes in the U.K.

Price and sales mix favorably impacted net sales and net sales per hectoliter for the six months ended June 30, 2023 by 16.8% and 17.0%, respectively, primarily due to increased net pricing to customers including the rollover benefits from price increases taken in the previous year and favorable sales mix driven by premiumization and geographic mix.

A discussion of currency impacts on net sales is included in the "Foreign currency impact on results" section above.

Income (loss) before income taxes

Income before income taxes improved \$29.8 million or 86.6% for the three months ended June 30, 2023, compared to the prior year, primarily due to increased net pricing to customers and favorable sales mix, partially offset by lower financial volumes and cost inflation on materials, logistics and manufacturing expenses.

Income before income taxes increased \$36.6 million or 1,663.6% for the six months ended June 30, 2023, compared to the prior year, primarily due to net pricing to customers and favorable sales mix, partially offset by lower financial volumes and cost inflation on materials, logistics and manufacturing expenses, as well as higher MG&A spend. Higher MG&A spend was primarily due to cost inflation as well as higher incentive compensation expense.

Unallocated

We have certain activity that is not allocated to our segments and 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. 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.

	Three Months Ended			Six Months Ended		
	June 30, 2023	June 30, 2022	% change	June 30, 2023	June 30, 2022	% change
(In millions, except percentages)						
Cost of goods sold	\$ (61.7)	\$ (272.8)	(77.4)%	\$ (112.4)	\$ (102.0)	10.2 %
Gross profit	(61.7)	(272.8)	(77.4)%	(112.4)	(102.0)	10.2 %
Operating income (loss)	(61.7)	(272.8)	(77.4)%	(112.4)	(102.0)	10.2 %
Total non-operating income (expense), net	(48.7)	(54.7)	(11.0)%	(104.1)	(106.7)	(2.4)%
Income (loss) before income taxes	\$ (110.4)	\$ (327.5)	(66.3)%	\$ (216.5)	\$ (208.7)	3.7 %

Cost of goods sold

The unrealized changes in fair value on our commodity derivatives, which are economic hedges, make up substantially all of the activity presented within cost of goods sold in the table above for the three and six months ended June 30, 2023 and June 30, 2022, respectively. As the exposure we are managing is realized, we reclassify the gain or loss on our commodity derivatives 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 8, "Derivative Instruments and Hedging Activities"](#) for further information.

Total non-operating income (expense), net

Total non-operating expense, net decreased 11.0% for the three months ended June 30, 2023 compared to prior year, primarily due to lower net interest expense, partially offset by lower pension and OPEB non-service net benefit.

Total non-operating expense, net decreased 2.4% for the six months ended June 30, 2023 compared to prior year, primarily due to lower net interest expense, partially offset by lower pension and OPEB non-service net benefit.

See [Part I.—Item 1. Financial Statements, Note 7, "Debt"](#) for further details on our debt instruments.

Liquidity and Capital Resources

Liquidity

Overview

Our primary sources of liquidity include cash provided by operating activities and access to external capital. We continue to monitor world events which may create credit or economic challenges that could adversely impact our profit or operating cash flows and our ability to obtain additional liquidity. 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, anticipated dividend payments, 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 do not have any restrictions that prevent or limit our ability to declare or pay dividends.

While a significant portion of our cash flows from operating activities are generated within the U.S., our cash balances include cash held outside the U.S. and in currencies other than the USD. As of June 30, 2023, approximately 42% 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 have had and may continue to have a material impact on these foreign cash balances. Cash balances in foreign countries are often subject to additional restrictions and covenants. We may, therefore, have difficulties timely repatriating cash held outside the U.S., and such repatriation may be subject to tax. These limitations may affect our ability to fully utilize our cash resources for needs in the U.S. and other countries and may adversely affect our liquidity. To the extent necessary, we accrue for tax consequences on the earnings of our foreign subsidiaries as they are earned. We may utilize 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 plans and strategies, including externally committed and non-committed credit agreements accessible by our Company and each of our operating subsidiaries. We believe these financing arrangements, along with the cash generated from the operations of our U.S. business, are sufficient to fund our current cash needs in the U.S.

Cash Flows and Use of Cash

Our business historically generates positive operating cash flows each year and our debt maturities are generally 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 of \$894.4 million for the six months ended June 30, 2023 increased \$227.6 million compared to \$666.8 million for the six months ended June 30, 2022. The increase in net cash provided by operating activities was primarily due to higher net income, lower interest paid, as well as the favorable timing of working capital in the Americas, partially offset by higher income taxes paid.

Cash Flows from Investing Activities

Net cash used in investing activities of \$340.6 million for the six months ended June 30, 2023 decreased \$28.9 million compared to \$369.5 million for the six months ended June 30, 2022. The decrease in net cash used in investing activities was primarily due to lower capital expenditures as a result of the timing of capital projects, partially offset by lower proceeds from the sales of properties and other assets and higher cash outflows from other investing activities.

Cash Flows from Financing Activities

Net cash used in financing activities of \$201.9 million for the six months ended June 30, 2023 decreased \$267.9 million compared to \$469.8 million for the six months ended June 30, 2022. The decrease in net cash used in financing activities was primarily due to the repayment of our \$500 million 3.5% USD notes which matured in May 2022, partially offset by higher borrowings under our commercial paper program in the prior year, as well as higher dividend payments in the current year.

Capital Resources, including Material Cash Requirements

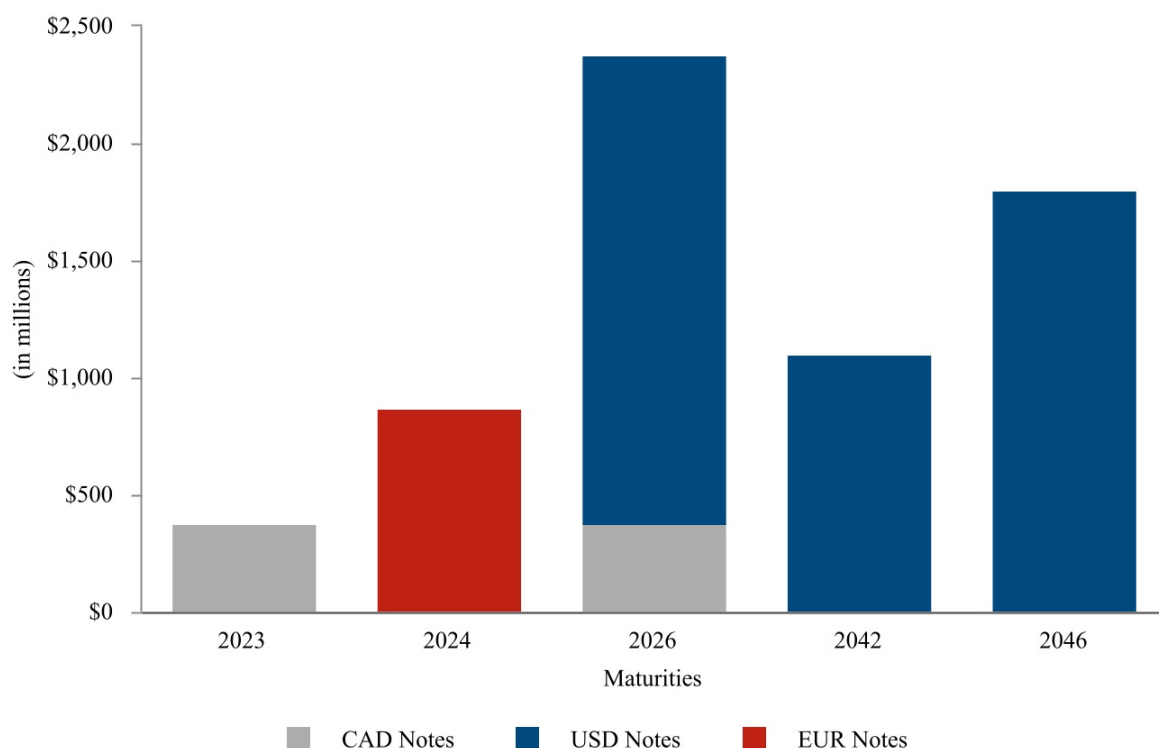
Cash and Cash Equivalents

As of June 30, 2023, we had total cash and cash equivalents of \$960.9 million, compared to \$600.0 million as of December 31, 2022 and \$442.1 million as of June 30, 2022. The increase in cash and cash equivalents from December 31, 2022 was primarily due to the net cash provided by operating activities, partially offset by capital expenditures, dividend payments, and class B common stock share repurchases. The increase in cash and cash equivalents from June 30, 2022 was primarily due to the net cash provided by operating activities and proceeds from the sales of properties and other assets, partially offset by capital expenditures, dividend payments, repayment of our commercial paper program, and class B common stock share repurchases.

Borrowings

We repaid our CAD 500 million 2.84% notes upon their maturity on July 15, 2023 using cash on hand. Refer to [Part I.—Item 1. Financial Statements, Note 7, "Debt"](#) for details.

Debt Maturity Profile



Long-Term Debt



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. On June 26, 2023, we amended and restated our multi-currency revolving credit facility. Among other things, the term was extended through June 26, 2028, and the borrowing capacity was increased to \$2.0 billion. This \$2.0 billion revolving credit facility amended our pre-existing \$1.5 billion revolving credit facility, which would have matured on July 7, 2024. Our commercial paper program, which reduces borrowing capacity under the revolving credit facility, remains at a maximum aggregate amount outstanding of \$1.5 billion to borrow at any time at variable interest rates. Similarly, the \$150.0 million sub-facility available for the issuance of letters of credit remains unchanged. As of June 30, 2023, we had \$2.0 billion available to draw on our \$2.0 billion revolving credit facility. As of June 30, 2023, we had no borrowings drawn on this revolving credit facility and no commercial paper borrowings.

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 CAD, GBP and USD overdraft facilities 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.

The maximum net debt to EBITDA leverage ratio, as defined by the amended and restated revolving credit facility agreement, was 4.00x as of June 30, 2023 which remained unchanged from the requirement as of December 31, 2022. As of June 30, 2023 and December 31, 2022, we were in compliance with all of these restrictions and covenants, have met such financial ratios and have met all debt payment obligations. All of our outstanding senior notes as of June 30, 2023 rank pari-passu.

See [Part I.—Item 1. Financial Statements, Note 7, "Debt"](#) for further discussion of our borrowings and available sources of borrowing, including lines of credit.

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 10, "Commitments and Contingencies"](#) for further discussion.

Material Cash Requirements from Contractual and Other Obligations

There were no material changes to our material cash requirements from contractual and other obligations 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, 2022, as reported in Part II.—Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations, "Material Cash Requirements from Contractual and Other Obligations" in our Annual Report.

Credit Rating

Our current long-term credit ratings are BBB-/Stable Outlook, Baa3/Stable Outlook and BBB(Low)/Stable 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 Americas segment.

Pursuant to the indenture dated May 3, 2012 (as amended, the "May 2012 Indenture"), MCBC issued its outstanding 5.0% senior notes due 2042. Additionally, pursuant to the indenture dated July 7, 2016 ("July 2016 Indenture"), MCBC issued its outstanding 3.0% senior notes due 2026, 4.2% senior notes due 2046 and 1.25% senior notes due 2024. The issuances of 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 in Exhibit 22 of our Annual Report on Form 10-K (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 7, "Debt"](#) for details of all debt issued and outstanding as of June 30, 2023.

The following summarized financial information relates to the Obligor Group as of June 30, 2023 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, 2023 (in millions)
Net sales, out of which:	\$ 4,472.9
Intercompany sales to non-guarantor subsidiaries	\$ 51.6
Gross profit, out of which:	\$ 1,643.1
Intercompany net costs from non-guarantor subsidiaries	\$ (191.2)
Net interest expense third parties	\$ (110.5)
Intercompany net interest income from non-guarantor subsidiaries	\$ 57.3
Income before income taxes	\$ 588.6
Net income	\$ 443.7

	As of June 30, 2023	As of December 31, 2022
	(in millions)	
Total current assets, out of which:	\$ 2,349.5	\$ 1,774.0
Intercompany receivables from non-guarantor subsidiaries	\$ 309.7	\$ 202.6
Total noncurrent assets	\$ 23,325.9	\$ 20,153.6
Noncurrent intercompany notes receivable from non-guarantor subsidiaries	\$ 3,020.7	\$ —
Total current liabilities, out of which:	\$ 2,720.8	\$ 2,441.3
Current portion of long-term debt and short-term borrowings	\$ 380.4	\$ 371.7
Intercompany payables due to non-guarantor subsidiaries	\$ 119.2	\$ 96.8
Total noncurrent liabilities, out of which:	\$ 12,182.8	\$ 9,055.9
Long-term debt	\$ 6,128.3	\$ 6,102.5
Noncurrent intercompany notes payable due to non-guarantor subsidiaries	\$ 3,324.9	\$ 310.9

Capital Expenditures

We incurred \$302.7 million, and paid \$335.1 million, for capital improvement projects worldwide in the six months ended June 30, 2023, excluding capital spending by equity method joint ventures, representing a decrease of \$44.6 million from the \$347.3 million of capital expenditures incurred in the six months ended June 30, 2022. This decrease was primarily due to the timing of 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.

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 10, "Commitments and Contingencies"](#) for further discussion.

Off-Balance Sheet Arrangements

Refer to Part II.—Item 8. Financial Statements, Note 13, "Commitments and Contingencies" in our Annual Report for discussion of off-balance sheet arrangements. As of June 30, 2023, we did not have any other material off-balance sheet arrangements.

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 six months ended June 30, 2023. 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 5, "Goodwill and Intangible Assets"](#) for discussion of the results of our 2022 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

See Part II.—Item 7A. "Quantitative and Qualitative Disclosures About Market Risk" in our Annual Report for further details of our market risks and our market sensitive instruments as of December 31, 2022. During the six months ended June 30, 2023, our market risk sensitive instruments fluctuated as a result of changes in interest rates, currency exchange rates and commodity prices.

Interest Rate Risk

In May 2023, we amended our 2026 forward starting interest rate swaps to replace LIBOR with SOFR. Subsequent to this transition, we are no longer exposed to LIBOR. For the period ended June 30, 2023, the following table presents our fixed rate debt and forward starting interest rate swaps as well as the impact of an absolute 1% adverse change in interest rates on their respective fair values. For the period ended December 31, 2022, the following table presents our fixed rate debt and forward starting interest rate swaps and the impact of an absolute 1% adverse change in interest rates on our forward starting interest rate swaps and a 10% adverse change in the yield on our fixed rate debt. Notional amounts and fair values are presented in USD based on the applicable exchange rates as of June 30, 2023 and December 31, 2022, respectively. See Part I - Item 1. Financial Statements, [Note 7. "Debt"](#) for the maturity dates of our outstanding debt instruments.

(in millions)	Notional amounts		Fair Value Asset/(Liability)		Effect of Adverse Change	
	As of June 30, 2023	As of December 31, 2022	As of June 30, 2023	As of December 31, 2022	As of June 30, 2023	As of December 31, 2022
USD denominated fixed rate debt	\$ 4,900.0	\$ 4,900.0	\$ (4,436.4)	\$ (4,295.9)	\$ (409.3)	\$ (223.4)
Foreign currency denominated fixed rate debt	\$ 1,627.9	\$ 1,594.2	\$ (1,598.9)	\$ (1,557.4)	\$ (18.8)	\$ (11.1)
Forward starting interest rate swaps	\$ 1,000.0	\$ 1,000.0	\$ 29.3	\$ 40.0	\$ (76.9)	\$ (73.8)

Foreign Exchange Risk

The following table includes details of our foreign currency forwards used to hedge our foreign exchange rate risk as well as the impact of a hypothetical 10% adverse change in the related foreign currency exchange rates on the fair value of the foreign currency forwards. Notional amounts and fair values are presented in USD based on the applicable exchange rates as of June 30, 2023 and December 31, 2022.

(in millions)	Notional amounts		Fair Value Asset/(Liability)		Effect of Adverse Change	
	As of June 30, 2023	As of December 31, 2022	As of June 30, 2023	As of December 31, 2022	As of June 30, 2023	As of December 31, 2022
Foreign currency denominated fixed rate debt	\$ 1,627.9	\$ 1,594.2	\$ (1,598.9)	\$ (1,557.4)	\$ (149.4)	\$ (142.6)
Foreign currency forwards	\$ 238.6	\$ 176.6	\$ 0.8	\$ 7.6	\$ (22.7)	\$ (18.3)

The table above excludes approximately CAD 260 million (195 million USD) of undesignated foreign exchange forward contracts entered into in the second quarter of 2023 which were used to manage our exposure to foreign currency fluctuations related to the repayment of our CAD 500 million 2.84% notes that matured on July 15, 2023. These contracts settled on July 12, 2023 in advance of the CAD 500 million 2.84% note repayment for an immaterial amount.

Commodity Price Risk

The following table includes details of our commodity swaps used to hedge commodity price risk as well as the impact of a hypothetical 10% adverse change in the related commodity prices on the fair value of the derivatives. The following table excludes our commodity options because we have offsetting buy and sell positions. Notional amounts and fair values are presented in USD based on the applicable exchange rates as of June 30, 2023 and December 31, 2022.

(in millions)	Notional amounts		Fair Value Asset/(Liability)		Effect of Adverse Change	
	As of June 30, 2023	As of December 31, 2022	As of June 30, 2023	As of December 31, 2022	As of June 30, 2023	As of December 31, 2022
Swaps	\$ 678.6	\$ 525.2	\$ (45.9)	\$ 69.0	\$ (58.9)	\$ (55.8)

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, 2023 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, 2023 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 10, "Commitments and Contingencies."](#)

ITEM 1A. RISK FACTORS

In addition to the other information set forth in this report, 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, should be carefully considered. There have been no material changes to the risk factors contained in our Annual Report. 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.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

The following table presents information with respect to Class B common stock purchases made by our Company during the three months ended June 30, 2023:

Issuer Purchases of Equity Securities				
	Total number of shares purchased	Average price paid per share	Total number of shares purchased as part of publicly announced plans or programs	Maximum number (or approximate dollar value) of shares that may yet be purchased under the plans or programs ⁽¹⁾
April 1, 2023 through April 30, 2023	—	\$ —	—	\$ 134,021,016
May 1, 2023 through May 31, 2023	200,000	\$ 60.60	200,000	\$ 121,901,696
June 1, 2023 through June 30, 2023	—	\$ —	—	\$ 121,901,696
Total	200,000	\$ 60.60	200,000	\$ 121,901,696

- (1) On February 17, 2022, our Company's Board of Directors ("the Board") approved a share repurchase program to repurchase up to an aggregate of \$200 million, excluding brokerage commissions and excise taxes, of our Company's Class B common stock through March 31, 2026, with the program primarily intended to offset annual employee equity award grants. The number, price, structure and timing of the repurchases, if any, will be at our sole discretion and future repurchases will be evaluated by us depending on market conditions, liquidity needs, restrictions under our debt arrangements and other factors. Share repurchases may be made in the open market or in privately negotiated transactions. The repurchase authorization does not obligate us to acquire any particular amount of our Class B common stock. The Board may suspend, modify or terminate the repurchase program at any time without prior notice.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

Rule 10b5-1 Plan Elections

On May 12, 2023, Gavin Hattersley, our President, Chief Executive Officer and Director, entered into a pre-arranged stock trading plan (the "Hattersley 10b5-1 Sales Plan"). The Hattersley 10b5-1 Sales Plan provides for the potential exercise of vested stock options and the associated sale of up to 134,329 shares of the Company's Class B common stock generated from the exercise of the aforementioned options between August 14, 2023 and August 14, 2024. Further, the Hattersley 10b5-1 Sales Plan was entered into during an open insider trading window and is intended to satisfy the affirmative defense of Rule 10b5-1(c) under the Exchange Act.

On May 19, 2023, Tracey Joubert, our Chief Financial Officer, entered into a pre-arranged stock trading plan (the "Joubert 10b5-1 Sales Plan"). The Joubert 10b5-1 Sales Plan provides for the potential exercise of vested stock options and the associated sale of up to 4,170 shares of the Company's Class B common stock generated from the exercise of the aforementioned options between August 17, 2023 and February 13, 2024. Further, the Joubert 10b5-1 Sales Plan was entered into during an open insider trading window and is intended to satisfy the affirmative defense of Rule 10b5-1(c) under the Exchange Act.

On June 15, 2023, Michelle St. Jacques, our Chief Commercial Officer, entered into a pre-arranged stock trading plan (the "St. Jacques 10b5-1 Sales Plan"). The St. Jacques 10b5-1 Sales Plan provides for the potential exercise of vested stock options and the associated sale of up to 37,469 shares of the Company's Class B common stock generated from the exercise of

the aforementioned options between September 13, 2023 and September 13, 2024. Further, the St. Jacques 10b5-1 Sales Plan was entered into during an open insider trading window and is intended to satisfy the affirmative defense of Rule 10b5-1(c) under the Exchange Act.

ITEM 6. EXHIBITS

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

(a) Exhibit

Exhibit Number	Document Description
10.1†	Consulting Agreement, dated April 6, 2023, by and between Molson Coors Beverage Company and Anne-Marie D'Angelo (incorporated by reference to Exhibit 10.1 of our Current Report on Form 8-K filed on April 6, 2023).
10.2†	General Waiver and Release Agreement, dated April 6, 2023, by and between Molson Coors Beverage Company and Anne-Marie D'Angelo (incorporated by reference to Exhibit 10.2 of our Current Report on Form 8-K filed on April 6, 2023).
10.3	Amended and Restated Credit Agreement, dated June 26, 2023, by and among Molson Coors Beverage Company, Molson Coors Brewing Company (UK) Limited, Molson Canada 2005, Molson Coors Canada Inc., Molson Coors International LP, the lenders party thereto, and Citibank, N.A., as administrative agent (incorporated by reference to Exhibit 10.1 of our Current Report on Form 8-K filed on June 28, 2023).
10.4	Amended and Restated Subsidiary Guarantee Agreement, dated June 26, 2023, by and among Molson Coors Beverage Company, Molson Coors Brewing Company (UK) Limited, Molson Canada 2005, Molson Coors Canada Inc., Molson Coors International LP, each subsidiary listed on Schedule I thereto, and Citibank, N.A., as administrative agent (incorporated by reference to Exhibit 10.2 of our Current Report on Form 8-K filed on June 28, 2023).
22	Molson Coors Beverage Company List of Parent Issuer and Guarantor Subsidiaries.
31.1+	Section 302 Certification of Chief Executive Officer.
31.2+	Section 302 Certification of Chief Financial Officer.
32++	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).
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.*
104	Cover Page Interactive Data File (embedded within the Inline XBRL document and contained in Exhibit 101)
*	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.
†	Represents a management contract or compensatory plan or arrangement.
+	Filed herewith.
++	Furnished herewith.

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)
August 1, 2023

MOLSON COORS BEVERAGE COMPANY AND SUBSIDIARIES
LIST OF PARENT ISSUER AND GUARANTOR SUBSIDIARIES

The following companies of Molson Coors Beverage Company Obligor Group were, as of June 30, 2023, guarantors of the Company's 1.25% senior notes due 2024, 3.0% senior notes due 2026, 5.0% senior notes due 2042 and 4.2% senior notes due 2046:

Company	Jurisdiction of Incorporation or Organization	Parent Issuer / Guarantor
Molson Coors Beverage Company	Delaware	Parent Issuer
CBC Holdco LLC	Colorado	Guarantor Subsidiary
CBC Holdco 2 LLC	Colorado	Guarantor Subsidiary
CBC Holdco 3, Inc.	Colorado	Guarantor Subsidiary
Coors Brewing Company	Colorado	Guarantor Subsidiary
Coors International Holdco 2, ULC	Nova Scotia	Guarantor Subsidiary
Molson Coors Beverage Company USA LLC	Delaware	Guarantor Subsidiary
Molson Coors USA LLC	Delaware	Guarantor Subsidiary
Coors Distributing Company LLC	Delaware	Guarantor Subsidiary
Molson Canada 2005	Ontario	Guarantor Subsidiary
Molson Coors Callco ULC	Nova Scotia	Guarantor Subsidiary
Molson Coors Holdco, Inc.	Delaware	Guarantor Subsidiary
Molson Coors International General, ULC	Nova Scotia	Guarantor Subsidiary
Molson Coors International LP	Delaware	Guarantor Subsidiary
Newco3, Inc.	Colorado	Guarantor Subsidiary

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)

August 1, 2023

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)
August 1, 2023

**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, 2023 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)
August 1, 2023

/s/ TRACEY I. JOUBERT

Tracey I. Joubert
Chief Financial Officer
(Principal Financial Officer)
August 1, 2023

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.