Use these links to rapidly review the document
Table of Contents

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 September 30, 2020

OR

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

For the transition period from _____ to _____ .

Commission File Number: 1-14829

Molson Coors Beverage Company

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of incorporation or organization)
P.O. BOX 4030, NH353, Golden, Colorado, USA
1555 Notre Dame Street East, Montréal, Québec, Canada
(Address of principal executive offices)
84-0178360
(I.R.S. Employer Identification No.)
80401
H2L 2R5
(Zip Code)

303-279-6565 (Colorado)
514-521-1786 (Québec)
(Registrant's telephone number, including area code)

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

Title of each class	Trading symbols	Name of each exchange on which registered
Class A Common Stock, $0.01 par value	TAP.A	New York Stock Exchange
Class B Common Stock, $0.01 par value	TAP	New York Stock Exchange
1.25% Senior Notes due 2024	TAP	New York Stock Exchange

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

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

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

Large accelerated filer ☒ Accelerated filer ☐ Non-accelerated filer ☐ Smaller reporting company ☐ Emerging growth company ☐

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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of October 22, 2020:

Class A Common Stock — 2,561,670 shares
Class B Common Stock — 200,296,645 shares

Exchangeable shares:

As of October 22, 2020, the following number of exchangeable shares were outstanding for Molson Coors Canada, Inc.:

Class A Exchangeable shares — 2,718,267 shares
Class B Exchangeable shares — 11,104,592 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

Glossary of Terms and Abbreviations

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

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

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

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

Forward-looking statements are subject to risks and uncertainties that could cause actual results to be materially different from those indicated (both favorably and unfavorably). These risks and uncertainties include, but are not limited to, those described under the heading "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, 2019. Caution should be taken not to place undue reliance on any such forward-looking statements. Forward-looking statements speak only as of the date when made and we undertake no obligation to update any forward-looking statement, whether as a result of new information, future events or otherwise.

Market and Industry Data

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

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS (UNAUDITED)

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

	Three Months Ended		Nine Months Ended	
	September 30, 2020	September 30, 2019	September 30, 2020	September 30, 2019
Sales	$ 3,378.4	$ 3,498.0	$ 8,946.0	$ 9,918.1
Excise taxes	(624.9)	(656.4)	(1,586.3)	(1,824.9)
Net sales	2,753.5	2,841.6	7,359.7	8,093.2
Cost of goods sold	(1,551.0)	(1,685.4)	(4,486.6)	(4,858.2)
Gross profit	1,202.5	1,156.2	2,873.1	3,235.0
Marketing, general and administrative expenses	(634.5)	(690.2)	(1,788.7)	(2,115.1)
Special items, net	(59.7)	(703.3)	(210.6)	(666.4)
Operating income (loss)	508.3	(237.3)	873.8	453.5
Interest income (expense), net	(67.9)	(65.6)	(206.5)	(204.5)
Other pension and postretirement benefits (costs), net	7.6	8.0	22.7	25.0
Other income (expense), net	2.4	(13.7)	3.4	(0.7)
Income (loss) before income taxes	450.4	(308.6)	693.4	273.3
Income tax benefit (expense)	(104.0)	(90.7)	(265.2)	(193.3)
Net income (loss)	346.4	(399.3)	428.2	80.0
Net (income) loss attributable to noncontrolling interests	(3.6)	(3.5)	(7.4)	(2.0)
Net income (loss) attributable to Molson Coors Beverage Company	$ 342.8	$ (402.8)	$ 420.8	$ 78.0
Net income (loss) attributable to Molson Coors Beverage Company per share:				
Basic	$ 1.58	$ (1.86)	$ 1.94	$ 0.36
Diluted	$ 1.58	$ (1.86)	$ 1.94	$ 0.36
Weighted-average shares outstanding:				
Basic	216.9	216.6	216.8	216.6
Dilutive effect of share-based awards	0.1	—	0.2	0.3
Diluted	217.0	216.6	217.0	216.9
Anti-dilutive securities excluded from the computation of diluted EPS	2.3	1.6	2.3	1.3

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		Nine Months Ended	
	September 30, 2020	September 30, 2019	September 30, 2020	September 30, 2019
Net income (loss) including noncontrolling interests	$ 346.4	$ (399.3)	$ 428.2	$ 80.0
Other comprehensive income (loss), net of tax:				
Foreign currency translation adjustments	149.8	(144.8)	(104.0)	(31.2)
Unrealized gain (loss) on derivative instruments	14.5	(55.8)	(114.1)	(123.8)
Reclassification of derivative (gain) loss to income	0.2	0.2	(0.9)	—
Amortization of net prior service (benefit) cost and net actuarial (gain) loss to income	(1.5)	(0.8)	(4.7)	(1.9)
Ownership share of unconsolidated subsidiaries' other comprehensive income (loss)	0.7	0.5	2.2	2.3
Total other comprehensive income (loss), net of tax	163.7	(200.7)	(221.5)	(154.6)
Comprehensive income (loss)	510.1	(600.0)	206.7	(74.6)
Comprehensive (income) loss attributable to noncontrolling interests	(5.1)	(2.5)	(7.1)	(0.9)
Comprehensive income (loss) attributable to Molson Coors Beverage Company	$ 505.0	$ (602.5)	$ 199.6	$ (75.5)

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	
	September 30, 2020	**December 31, 2019**
Assets		
Current assets:		
Cash and cash equivalents	$ 731.3	$ 523.4
Accounts receivable, net	694.2	714.8
Other receivables, net	123.1	105.5
Inventories, net	657.7	615.9
Other current assets, net	434.2	224.8
Total current assets	2,640.5	2,184.4
Properties, net	4,180.1	4,546.5
Goodwill	7,624.1	7,631.4
Other intangibles, net	13,410.4	13,656.0
Other assets	820.2	841.5
Total assets	$ 28,675.3	$ 28,859.8
Liabilities and equity		
Current liabilities:		
Accounts payable and other current liabilities	$ 3,068.4	$ 2,767.3
Current portion of long-term debt and short-term borrowings	1,242.1	928.2
Total current liabilities	4,310.5	3,695.5
Long-term debt	7,129.5	8,109.5
Pension and postretirement benefits	691.5	716.6
Deferred tax liabilities	2,276.0	2,258.6
Other liabilities	492.2	406.5
Total liabilities	14,899.7	15,186.7
Commitments and contingencies (Note 12)		
Molson Coors Beverage Company stockholders' equity		
Capital stock:		
Preferred stock, $0.01 par value (authorized: 25.0 shares; none issued)	—	—
Class A common stock, $0.01 par value per share (authorized: 500.0 shares; issued and outstanding: 2.6 shares and 2.6 shares, respectively)	—	—
Class B common stock, $0.01 par value per share (authorized: 500.0 shares; issued: 209.8 shares and 205.7 shares, respectively)	2.1	2.1
Class A exchangeable shares, no par value (issued and outstanding: 2.7 shares and 2.7 shares, respectively)	102.3	102.5
Class B exchangeable shares, no par value (issued and outstanding: 11.1 shares and 14.8 shares, respectively)	417.8	557.8
Paid-in capital	6,931.3	6,773.6
Retained earnings	7,914.0	7,617.0
Accumulated other comprehensive income (loss)	(1,383.4)	(1,162.2)
Class B common stock held in treasury at cost (9.5 shares and 9.5 shares, respectively)	(471.4)	(471.4)
Total Molson Coors Beverage Company stockholders' equity	13,512.7	13,419.4
Noncontrolling interests	262.9	253.7
Total equity	13,775.6	13,673.1
Total liabilities and equity	$ 28,675.3	$ 28,859.8

See notes to unaudited condensed consolidated financial statements.

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

	Nine Months Ended	
	September 30, 2020	September 30, 2019
Cash flows from operating activities:		
Net income (loss) including noncontrolling interests	$ 428.2	$ 80.0
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Depreciation and amortization	714.9	641.4
Amortization of debt issuance costs and discounts	6.3	11.2
Share-based compensation	18.0	7.5
(Gain) loss on sale or impairment of properties and other assets, net	39.8	630.6
Unrealized (gain) loss on foreign currency fluctuations and derivative instruments, net	(25.9)	16.2
Income tax (benefit) expense	265.2	193.3
Income tax (paid) received	(75.7)	(50.3)
Interest expense, excluding interest amortization	202.5	207.0
Interest paid	(236.1)	(249.5)
Change in current assets and liabilities and other	156.0	(199.2)
Net cash provided by (used in) operating activities	1,493.2	1,288.2
Cash flows from investing activities:		
Additions to properties	(456.4)	(457.3)
Proceeds from sales of properties and other assets	4.6	101.0
Other	0.5	37.3
Net cash provided by (used in) investing activities	(451.3)	(319.0)
Cash flows from financing activities:		
Exercise of stock options under equity compensation plans	4.0	1.5
Dividends paid	(125.3)	(300.9)
Payments on debt and borrowings	(913.5)	(1,575.9)
Proceeds on debt and borrowings	1.5	—
Net proceeds from (payments on) revolving credit facilities and commercial paper	224.6	262.9
Change in overdraft balances and other	(32.6)	(1.2)
Net cash provided by (used in) financing activities	(841.3)	(1,613.6)
Cash and cash equivalents:		
Net increase (decrease) in cash and cash equivalents	200.6	(644.4)
Effect of foreign exchange rate changes on cash and cash equivalents	7.3	(3.3)
Balance at beginning of year	523.4	1,057.9
Balance at end of period	$ 731.3	$ 410.2

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				Accumulated other comprehensive	Common stock held in treasury	Non controlling
	Total	Class A	Class B	Class A	Class B	Paid-in-capital	Retained earnings	income (loss)	Class B	interests
As of June 30, 2019	$ 14,145.0	$ —	$ 2.1	$ 103.0	$ 557.9	$ 6,783.3	$ 8,103.1	$ (1,178.6)	$ (471.4)	$ 245.6
Exchange of shares	—	—	—	(0.5)	(0.1)	0.6	—	—	—	—
Amortization of share-based compensation	(11.0)	—	—	—	—	(11.0)	—	—	—	—
Purchase of noncontrolling interest	(0.1)	—	—	—	—	—	—	—	—	(0.1)
Deconsolidation of VIE	(1.5)	—	—	—	—	—	—	—	—	(1.5)
Net income (loss) including noncontrolling interests	(399.3)	—	—	—	—	—	(402.8)	—	—	3.5
Other comprehensive income (loss), net of tax	(200.7)	—	—	—	—	—	—	(199.7)	—	(1.0)
Contributions from noncontrolling interests	3.9	—	—	—	—	—	—	—	—	3.9
Distributions and dividends to noncontrolling interests	(6.3)	—	—	—	—	—	—	—	—	(6.3)
Dividends declared and paid - $0.57 per share	(123.5)	—	—	—	—	—	(123.5)	—	—	—
As of September 30, 2019	$ 13,406.5	$ —	$ 2.1	$ 102.5	$ 557.8	$ 6,772.9	$ 7,576.8	$ (1,378.3)	$ (471.4)	$ 244.1

		Molson Coors Beverage Company Stockholders' Equity								
		Common stock issued		Exchangeable shares issued				Accumulated other comprehensive	Common stock held in treasury	Non controlling
	Total	Class A	Class B	Class A	Class B	Paid-in-capital	Retained earnings	income (loss)	Class B	interests
As of June 30, 2020	$ 13,268.0	$ —	$ 2.1	$ 102.5	$ 557.8	$ 6,786.3	$ 7,571.2	$ (1,545.6)	$ (471.4)	$ 265.1
Exchange of shares	—	—	—	(0.2)	(140.0)	140.2	—	—	—	—
Shares issued under equity compensation plan	(1.4)	—	—	—	—	(1.4)	—	—	—	—
Amortization of share-based compensation	6.2	—	—	—	—	6.2	—	—	—	—
Net income (loss) including noncontrolling interests	346.4	—	—	—	—	—	342.8	—	—	3.6
Other comprehensive income (loss), net of tax	163.7	—	—	—	—	—	—	162.2	—	1.5
Distributions and dividends to noncontrolling interests	(7.3)	—	—	—	—	—	—	—	—	(7.3)
As of September 30, 2020	$ 13,775.6	$ —	$ 2.1	$ 102.3	$ 417.8	$ 6,931.3	$ 7,914.0	$ (1,383.4)	$ (471.4)	$ 262.9

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						
	Total	Class A	Class B	Class A	Class B	Paid-in-capital	Retained earnings	Accumulated other comprehensive income (loss)	Common stock held in treasury Class B	Non controlling interests
As of December 31, 2018	$ 13,735.8	$ —	$ 2.0	$ 103.2	$ 557.6	$ 6,773.1	$ 7,692.9	$ (1,150.0)	$ (471.4)	$ 228.4
Exchange of shares	—	—	—	(0.7)	0.2	0.5	—	—	—	—
Shares issued under equity compensation plan	(7.9)	—	0.1	—	—	(8.0)	—	—	—	—
Amortization of share-based compensation	7.3	—	—	—	—	7.3	—	—	—	—
Acquisition of business and purchase of noncontrolling interest	0.6	—	—	—	—	—	—	—	—	0.6
Deconsolidation of VIE	(1.5)	—	—	—	—	—	—	—	—	(1.5)
Net income (loss) including noncontrolling interests	80.0	—	—	—	—	—	78.0	—	—	2.0
Other comprehensive income (loss), net of tax	(154.6)	—	—	—	—	—	—	(153.5)	—	(1.1)
Adoption of lease accounting standard	32.0	—	—	—	—	—	32.0	—	—	—
Reclassification of stranded tax effects	—	—	—	—	—	—	74.8	(74.8)	—	—
Contributions from noncontrolling interests	25.4	—	—	—	—	—	—	—	—	25.4
Distributions and dividends to noncontrolling interests	(9.7)	—	—	—	—	—	—	—	—	(9.7)
Dividends declared and paid - $1.39 per share	(300.9)	—	—	—	—	—	(300.9)	—	—	—
As of September 30, 2019	$ 13,406.5	$ —	$ 2.1	$ 102.5	$ 557.8	$ 6,772.9	$ 7,576.8	$ (1,378.3)	$ (471.4)	$ 244.1

		Molson Coors Beverage Company Stockholders' Equity								
		Common stock issued		Exchangeable shares issued				Accumulated other comprehensive income (loss)	Common stock held in treasury	Non controlling interests
	Total	Class A	Class B	Class A	Class B	Paid-in-capital	Retained earnings		Class B	
As of December 31, 2019	$ 13,673.1	$ —	$ 2.1	$ 102.5	$ 557.8	$ 6,773.6	$ 7,617.0	$ (1,162.2)	$ (471.4)	$ 253.7
Exchange of shares	—	—	—	(0.2)	(140.0)	140.2	—	—	—	—
Shares issued under equity compensation plan	(0.5)	—	—	—	—	(0.5)	—	—	—	—
Amortization of share-based compensation	18.0	—	—	—	—	18.0	—	—	—	—
Purchase of noncontrolling interest	(0.1)	—	—	—	—	—	—	—	—	(0.1)
Net income (loss) including noncontrolling interests	428.2	—	—	—	—	—	420.8	—	—	7.4
Other comprehensive income (loss), net of tax	(221.5)	—	—	—	—	—	—	(221.2)	—	(0.3)
Contributions from noncontrolling interests	14.0	—	—	—	—	—	—	—	—	14.0
Distributions and dividends to noncontrolling interests	(11.8)	—	—	—	—	—	—	—	—	(11.8)
Dividends declared - $0.57 per share	(123.8)	—	—	—	—	—	(123.8)	—	—	—
As of September 30, 2020	$ 13,775.6	$ —	$ 2.1	$ 102.3	$ 417.8	$ 6,931.3	$ 7,914.0	$ (1,383.4)	$ (471.4)	$ 262.9

See 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") (formerly known as Molson Coors Brewing Company), principally a holding company, and its operating and non-operating subsidiaries included within our reporting segments. As further discussed below, on January 1, 2020, we changed our management structure from a corporate center and four segments to two segments - North America and Europe. Our International segment was reconstituted with the Africa and Asia Pacific businesses reporting into the Europe segment and the remaining International business reporting into the North America segment. Accordingly, effective January 1, 2020, our reporting segments include: North America (North America segment), operating in the U.S., Canada and various countries in Latin and South America; and Europe (Europe segment), operating in Bulgaria, Croatia, Czech Republic, Hungary, Montenegro, the Republic of Ireland, Romania, Serbia, the U.K., various other European countries, and certain countries within Africa and Asia Pacific. We have recast the historical presentation of segment information as a result of these reporting segment changes accordingly.

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

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

These unaudited condensed consolidated interim financial statements should be read in conjunction with our Annual Report on Form 10-K for the year ended December 31, 2019 ("Annual Report"), and have been prepared on a consistent basis with the accounting policies described in Note 1 of the Notes to the Audited Consolidated Financial Statements included in our Annual Report, except as noted in Note 2, "New Accounting Pronouncements" as well as the changes to our reportable segments and reporting units as discussed above and in Note 3, "Segment Reporting" and Note 7, "Goodwill and Intangible Assets," respectively.

The results of operations for the three and nine months ended September 30, 2020 are not necessarily indicative of the results that may be achieved for the full year.

Coronavirus Global Pandemic

On March 11, 2020, the World Health Organization characterized the outbreak of the novel coronavirus disease, known as COVID-19, as a global pandemic and recommended containment and mitigation measures. We are actively monitoring the impact of the coronavirus pandemic, which had a material adverse effect on our operations, liquidity, financial condition, and results of operations during the second quarter of 2020 due to the on-premise closures worldwide. While the adverse effects of the coronavirus pandemic continued into the third quarter of 2020 due to on-premise locations only being open at partial capacity and at reduced hours and is expected to have an impact for the rest of 2020 and beyond, we do not currently anticipate the adverse effects to be as material as were observed in the second quarter of 2020. The effects of the pandemic remain highly uncertain especially around the severity and duration of the outbreak and actions by government authorities to contain the pandemic or address its impact, among other things.

During the nine months ended September 30, 2020, we recorded charges of $15.5 million within cost of goods sold related to temporary "thank you" pay for certain essential North America brewery employees. Additionally, in order to support and demonstrate our commitment to the continued viability of the many bars and restaurants which have been negatively impacted by the coronavirus pandemic, during the first quarter of 2020, we initiated temporary keg relief programs in many of our markets. As part of these voluntary programs, we committed to provide customers with reimbursements for untapped kegs that meet certain established return requirements. As a result, during the nine months ended September 30, 2020, we recognized a reduction to net sales of $31.1 million reflecting actual, and estimated remaining, sales returns and reimbursements through these keg relief programs, substantially all of which was recognized in the first quarter other than immaterial adjustments for changes in estimates recognized during the second and third quarters of 2020. Further, during the nine months ended September 30, 2020, we recognized charges of $12.6 million, substantially all of which was recognized in the first quarter other than immaterial adjustments for changes in estimates recognized during the second and third quarters of 2020, within cost of goods sold related to obsolete finished goods keg inventories that are not expected to be sold within our freshness specifications, as well as the costs to facilitate the above mentioned keg returns. As of September 30, 2020 and December 31,

2019, our aggregate allowance for obsolete inventories was approximately $14 million and $11 million, respectively. The actual duration of the coronavirus pandemic, including the length of government-mandated closures or ceased sit-down service limitations at bars and restaurants coupled with the subsequent economic recovery period relative to the assumptions utilized to derive these estimates, could result in further charges due to incremental finished goods keg inventory becoming obsolete in future periods.

Additionally, we continue to monitor the impacts of the coronavirus pandemic on our customers' liquidity and capital resources and therefore our ability to collect, or the timeliness of collection of our accounts receivable. While these receivables are not concentrated in any specific customer and our allowance on these receivables factors in expected credit loss, continued disruption and declines in the global economy could result in difficulties in our ability to collect and require increases to our allowance for doubtful accounts. As of September 30, 2020 and December 31, 2019, our allowance for trade receivables was approximately $9 million and $12 million, respectively, and allowance activity was immaterial during the three and nine months ended September 30, 2020.

Further, in response to the coronavirus pandemic, various governmental authorities globally have announced relief programs which among other items, provide temporary deferrals of non-income based tax payments, which have positively impacted our operating cash flows in the first nine months of 2020. These temporary deferrals of over $200 million as of September 30, 2020, are included within accounts payable and other current liabilities on our unaudited condensed consolidated balance sheet.

Finally, we continue to protect and support our liquidity position in response to the global economic uncertainty created by the coronavirus pandemic. During the second quarter, our board of directors suspended our regular quarterly dividends on our Class A and Class B common and exchangeable shares otherwise payable in fiscal year 2020.

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

Revitalization Plan

On October 28, 2019, we initiated a revitalization plan designed to allow us to invest across our portfolio to drive long-term, sustainable success. As part of our revitalization plan, we made the determination to establish Chicago, Illinois as our North American operational headquarters, close our office in Denver, Colorado and consolidate certain administrative functions into our other existing office locations. As discussed above, in connection with these consolidation activities, effective January 1, 2020, we changed our management structure to two segments - North America and Europe. We began to incur charges related to these restructuring activities during the fourth quarter of 2019 and have continued to incur charges in the first three quarters of 2020.

We also changed our name from Molson Coors Brewing Company to Molson Coors Beverage Company in January 2020 in order to better reflect our strategic intent to expand beyond beer and into other growth adjacencies in the beverage industry. See Note 3, "Segment Reporting," Note 5, "Special Items" and Note 7, "Goodwill and Intangible Assets" for further discussion of the impacts of this plan.

Non-Cash Activity

Non-cash activity includes non-cash issuances of share-based awards, as well as non-cash investing activities related to movements in our guarantee of indebtedness of certain equity method investments. See Note 4, "Investments" for further discussion. We also had non-cash activities related to capital expenditures incurred but not yet paid of $128.6 million and $126.3 million during the nine months ended September 30, 2020 and September 30, 2019, respectively.

Other than the activity mentioned above and the supplemental non-cash activity related to the recognition of leases further discussed in Note 13, "Leases," there was no other significant non-cash activity during the nine months ended September 30, 2020 and September 30, 2019.

Share-Based Compensation

We grant stock options, RSUs and PSUs to certain officers and other eligible employees and recognized share-based compensation expense of $6.2 million and $18.0 million during the three and nine months ended September 30, 2020, respectively, and a benefit of $11.1 million and expense of $7.5 million during the three and nine months ended September 30, 2019, respectively. The benefit in share-based compensation expense recognized in the third quarter of 2019 was driven by the reversal of cumulative compensation expense previously recognized for our 2018 and 2017 PSU awards as the achievement of the performance conditions was no longer deemed probable for the respective performance periods.

2. New Accounting Pronouncements

New Accounting Pronouncements Recently Adopted

In June 2016, the FASB issued authoritative guidance that changes the impairment model used to measure credit losses for most financial instruments. The new guidance replaces the existing incurred credit loss model, and requires the application of a forward-looking expected credit loss model, which will generally result in earlier recognition of allowances for credit losses for financial instruments that are in scope of the new guidance, including trade receivables. We adopted this guidance in the first quarter of 2020, which did not have a material impact on our financial statements.

In August 2018, the FASB issued authoritative guidance intended to address a customer's accounting for implementation costs incurred in a cloud computing arrangement that is a service contract. This guidance aligns the requirements for capitalizing implementation costs incurred in a hosting arrangement that is a service contract with the requirements for capitalizing implementation costs incurred to develop or obtain internal-use software. The guidance also requires presentation of the capitalized implementation costs in the statement of financial position and in the statement of cash flows in the same line item that a prepayment for the fees of the associated hosting arrangement would be presented, and the expense related to the capitalized implementation costs to be presented in the same line item in the statement of operations as the fees associated with the hosting element (service) of the arrangement. We adopted this guidance prospectively in the first quarter of 2020, which did not have a material impact on our financial statements. However, the adoption of this guidance resulted in the change in presentation of capitalized implementation costs related to hosting arrangements from properties to other assets on the consolidated balance sheet, as well as the expense related to such costs no longer being classified as depreciation expense and cash flows related to those costs no longer being presented as investing activities beginning in the first quarter of 2020.

New Accounting Pronouncements Not Yet Adopted

In March 2020, the FASB issued authoritative guidance which provides optional expedients and exceptions for applying U.S. GAAP to contracts, hedging relationships and other transactions affected by reference rate reform if certain criteria are met. The amendments apply only to contracts, hedging relationships, and other transactions that reference LIBOR or another reference rate expected to be discontinued because of reference rate reform and are effective for all entities upon issuance, March 12, 2020, through December 31, 2022, which is a full year after the current expected discontinuation date of LIBOR. We are currently evaluating the potential impact of this guidance on our financial statements.

In December 2019, the FASB issued authoritative guidance intended to simplify the accounting for income taxes. This guidance eliminates certain exceptions to the general approach to the income tax accounting model, and adds new guidance to reduce the complexity in accounting for income taxes. This guidance is effective for annual periods beginning after December 15, 2020, including interim periods within those annual periods. We are currently evaluating the potential impact of this guidance and do not expect it will have a material impact on our financial statements.

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

3. Segment Reporting

Our reporting segments are based on the key geographic regions in which we operate, and previously included the U.S. segment, Canada segment, Europe segment and International segment. As part of our revitalization plan announced in the fourth quarter of 2019, we made the determination to establish Chicago, Illinois as our North American operational headquarters, close our office in Denver, Colorado and consolidate certain administrative functions into our other existing office locations. In connection with these consolidation activities, effective January 1, 2020, we changed our management structure from a corporate center and four segments to two segments - North America and Europe. The North America segment consolidates the United States, Canada and corporate center, with a centralized North American leadership team, integrated North American supply chain network and centralized marketing and support functions, enabling us to move more quickly with an integrated portfolio strategy. The Europe segment allows for standalone operations, developed and supported by a European-based team, including local leadership, commercial, supply chain and support functions. The previous International segment was reconstituted to more effectively grow our global brands with the Africa and Asia Pacific businesses reporting into the Europe segment and the remaining International business reporting into the North America segment. As a result of these structural changes, the review of discrete financial information by our chief operating decision maker, our President and Chief Executive Officer, is now performed only at the consolidated North America and Europe geographic segment level, which is the basis on which our chief operating decision maker evaluates the performance of the business and allocates resources accordingly.

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.

Historical results have been recast to retrospectively reflect these changes in segment reporting.

Summarized Financial Information

No single customer accounted for more than 10% of our consolidated sales for the three and nine months ended September 30, 2020 and September 30, 2019. Consolidated net sales represent sales to third-party external customers less excise taxes. Inter-segment transactions impacting net sales revenues and income (loss) before income taxes eliminate upon consolidation and are primarily related to North America segment sales to the Europe segment.

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

	Three Months Ended		Nine Months Ended	
	September 30, 2020	September 30, 2019	September 30, 2020	September 30, 2019
	(In millions)			
North America	$ 2,252.3	$ 2,274.3	$ 6,242.2	$ 6,607.5
Europe	504.1	574.0	1,128.8	1,503.8
Inter-segment net sales eliminations	(2.9)	(6.7)	(11.3)	(18.1)
Consolidated net sales	$ 2,753.5	$ 2,841.6	$ 7,359.7	$ 8,093.2

	Three Months Ended		Nine Months Ended	
	September 30, 2020	September 30, 2019	September 30, 2020	September 30, 2019
	(In millions)			
North America[1]	$ 400.8	$ (287.4)	$ 888.5	$ 407.0
Europe[2]	40.9	52.9	(46.9)	57.9
Unallocated[3]	8.7	(74.1)	(148.2)	(191.6)
Consolidated income (loss) before income taxes	$ 450.4	$ (308.6)	$ 693.4	$ 273.3

(1) During the three months ended September 30, 2019, we recorded a goodwill impairment loss in our North America segment of $668.3 million, which was recorded as a special item. See Note 7, "Goodwill and Intangible Assets" for further discussion. During the second quarter of 2019, we completed the sale of our Montreal brewery for $96.2 million, resulting in a $61.3 million gain. Also, during the first quarter of 2019, we received payment and recorded a gain of $1.5 million resulting from a purchase price adjustment related to the historical sale of Molson Inc.'s ownership interest in the Montreal Canadiens, which is considered an affiliate of MCBC.

(2) The decrease during the nine months ended September 30, 2020 was primarily driven by the impacts of the coronavirus pandemic including lower volume and unfavorable channel and geographic mix due to the closure of the on-premise channel in second quarter followed by a reduced consumption after reopening, particularly in the higher margin U.K. business, which has a more significant exposure to the on-premise channel, as well as the estimated keg sales returns and finished goods obsolescence reserves recognized primarily in the first quarter of 2020.

(3) Includes unrealized mark-to-market changes on our commodity hedge positions. We recorded unrealized gains of $64.4 million and $24.7 million during the three and nine months ended September 30, 2020, respectively, compared to unrealized losses of $14.9 million and $12.0 million during the three and nine months ended September 30, 2019, respectively.

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

The following table presents total assets by segment:

	As of	
	September 30, 2020	December 31, 2019
	(In millions)	
North America	$ 23,118.6	$ 23,360.2
Europe	5,556.7	5,499.6
Consolidated total assets	$ 28,675.3	$ 28,859.8

4. Investments

Our investments include both equity method and consolidated investments. Those entities identified as VIEs have been evaluated to determine whether we are the primary beneficiary. The VIEs included under "Consolidated VIEs" below are those for which we have concluded that we are the primary beneficiary and accordingly, we have consolidated these entities. None of our consolidated VIEs held debt as of September 30, 2020 or December 31, 2019. 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.

In the third quarter of 2020, we, in collaboration with D.G. Yuengling & Son, Inc. ("Yuengling"), formed The Yuengling Company LLC ("TYC"), a 50% - 50% joint venture by MCBC and DGY West Holdings, LP that, pursuant to an operating agreement, formed to expand commercialization of Yuengling's brands with operation currently expected to commence in the second half of 2021. TYC will oversee any new market expansion in the U.S. outside Yuengling's current 22-state footprint and New England. We have concluded that TYC is a VIE for which we are not the primary beneficiary and will therefore apply the equity method of accounting. We have an obligation to proportionately fund TYC's operations. Initial funding of TYC is expected to begin in the fourth quarter of 2020 and is expected to be immaterial. Transactions between MCBC and TYC are expected to include billings for product under a supply agreement and fees under a services agreement and will be considered affiliate transactions.

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

Both BRI and BDL have outstanding third party debt which is guaranteed by their respective shareholders. As a result, we have a guarantee liability of $49.4 million and $37.7 million recorded as of September 30, 2020 and December 31, 2019, 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			
	September 30, 2020		December 31, 2019	
	Total Assets	Total Liabilities	Total Assets	Total Liabilities
	(In millions)			
RMMC/RMBC	$ 220.6	$ 17.5	$ 207.4	$ 17.9
Other	$ 86.2	$ 16.0	$ 65.3	$ 20.8

5. Special Items

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

	Three Months Ended		Nine Months Ended	
	September 30, 2020	September 30, 2019	September 30, 2020	September 30, 2019
	(In millions)			
Employee-related charges				
Restructuring	$ 8.9	$ 4.4	$ 61.8	$ 10.7
Impairments or asset abandonment charges				
North America - Asset abandonment[1]	20.6	3.8	110.5	20.7
North America - Impairment losses[2]	—	669.6	7.6	669.6
Europe - Asset abandonment	0.1	0.3	0.6	0.9
Europe - Impairment losses[3]	30.0	12.2	30.0	12.2
Termination fees and other (gains) losses				
North America[4]	0.1	—	0.1	(60.8)
Europe[5]	—	13.0	—	13.1
Total Special items, net	$ 59.7	$ 703.3	$ 210.6	$ 666.4

(1) Following management approval in December 2019, in January 2020, we announced plans to cease production at our Irwindale, California brewery and entered into an option agreement with Pabst Brewing Company, LLC ("Pabst"), granting Pabst an option to purchase our Irwindale, California brewery, including plant equipment and machinery and the underlying land for $150 million, subject to adjustment as further specified in the option agreement. Pursuant to the option agreement, on May 4, 2020, Pabst exercised its option to purchase the Irwindale brewery, and such purchase is currently expected to be completed in the fourth quarter of 2020, subject to the satisfaction of certain customary closing conditions. Production at the Irwindale brewery ceased during the third quarter of 2020.

Charges associated with the planned brewery closure for the three and nine months ended September 30, 2020 totaled $17.6 million and $115.9 million, respectively, and primarily consisted of accelerated depreciation in excess of normal depreciation of $13.0 million and $96.0 million, respectively. Charges also included employee related costs of retention and severance of $1.5 million and $16.3 million, recognized during the three and nine months ended September 30, 2020, respectively, which are included within the restructuring line above. We will continue to recognize related activity in special items through the expected sale of the brewery in the fourth quarter of 2020, however, this activity is not expected to be significant. The Irwindale brewery disposal group, which includes land, buildings, machinery and equipment and other intangible assets, with an aggregate carrying value of approximately $150 million, is considered held for sale and included within other current assets, net on our unaudited condensed consolidated balance sheet as of September 30, 2020. We could incur additional asset abandonment charges if the expected sale is not completed.

In addition, during the three and nine months ended September 30, 2020 and September 30, 2019 we incurred asset abandonment charges, primarily related to the accelerated depreciation in excess of normal depreciation as a result of the Vancouver brewery closure, which occurred in the third quarter of 2019, and the planned Montreal brewery closure, which is currently expected to occur in 2021. We currently expect to incur additional charges, including estimated accelerated depreciation charges in excess of normal depreciation of approximately CAD 14 million, through the completion of the Montreal brewery closure. However, due to the uncertainty inherent in our estimates, these estimated future accelerated depreciation charges as well as the timing of the brewery closure are subject to change.

(2) During the third quarter of 2019, we recognized goodwill impairment losses of $668.3 million. See Note 7, "Goodwill and Intangible Assets" for further discussion.

(3) During the third quarter of 2020, we recognized as a special charge an impairment loss of $30.0 million related to the held for sale classification of a disposal group within our India business, representing an insignificant part of our Europe segment. The held for sale disposal group was measured at fair value on a nonrecurring basis using Level 3 inputs. The estimated fair value less cost to sell was determined using a market approach, based upon the expected net sales proceeds of the disposal group. The remaining carrying value of the disposal group held for sale is presented within other current assets, net on our unaudited condensed consolidated balance sheet as of September 30, 2020.

In addition, during the third quarter of 2019, we recorded aggregate impairment losses of $12.2 million related to goodwill and definite-lived intangible assets. See Note 7, "Goodwill and Intangible Assets" for further discussion.

(4) During the second quarter of 2019, we completed the sale of the Montreal brewery property for $96.2 million and recognized a gain of $61.3 million.

(5) During the third quarter of 2019, we recorded special charges of $12.4 million resulting from the deconsolidation of the Grolsch joint venture, which were primarily comprised of impairment losses of the associated definite-lived intangible assets.

Restructuring Activities

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

In connection with these consolidation activities and related organizational and personnel changes, we currently expect to incur certain cash and non-cash restructuring charges related to severance, retention and transition costs, employee relocation, non-cash asset related costs, lease impairment and exit costs in connection with our office lease in Denver, Colorado, and other transition activities currently estimated in the range of approximately $90 million to $120 million in the aggregate, the majority of which will be cash charges that we began recognizing in the fourth quarter of 2019, and will be further recognized through the balance of fiscal years 2020 and 2021. During the three and nine months ended September 30, 2020, we recognized severance and retention charges of $2.8 million and $33.9 million, respectively, and our remaining accrued restructuring balance related to the revitalization plan as of September 30, 2020 was approximately $23 million. Actual severance and retention costs related to this restructuring, which are primarily being recognized ratably over the employees' required future service period, may differ from original estimates based on actual employee turnover levels prior to achieving severance and retention eligibility requirements. Employee relocation charges are recognized in the period incurred and totaled $2.6 million and $9.0 million for the three and nine months ended September 30, 2020, respectively. Additionally, during the second quarter of 2020, we recognized an aggregate impairment loss of $7.6 million related to the closure of the office facility in Denver, Colorado, including our lease right-of use asset, in light of the sublease market outlook as a result of the coronavirus pandemic. Should our ability to obtain future subtenant occupancy for the office location significantly differ from the estimates and assumptions used to determine its fair value, which represent Level 3 measurements, additional impairment losses may be recognized in the future.

Other than those noted above, there were no material changes to our restructuring activities since December 31, 2019, as reported in Part II - Item 8. Financial Statements and Supplementary Data, Note 7, "Special Items" in our Annual Report. We continually evaluate our cost structure and seek opportunities for further efficiencies and cost savings as part of ongoing and new initiatives. As such, we may incur additional restructuring related charges or adjustments to previously recorded charges in the future, however, we are unable to estimate the amount of charges at this time.

The accrued restructuring balances as of September 30, 2020 represent expected future cash payments required to satisfy our remaining obligations to terminated employees, the majority of which we expect to be paid in the next 12 months.

	North America	Europe	Total
		(In millions)	
As of December 31, 2019	$ 42.6	$ 4.5	$ 47.1
Charges incurred	58.3	8.3	66.6
Payments made	(60.6)	(10.2)	(70.8)
Changes in estimates	(4.0)	(0.8)	(4.8)
Foreign currency and other adjustments	(0.3)	—	(0.3)
As of September 30, 2020	$ 36.0	$ 1.8	$ 37.8

	North America	Europe	Total
		(In millions)	
As of December 31, 2018	$ 24.5	$ 1.1	$ 25.6
Charges incurred and changes in estimates	5.8	4.9	10.7
Payments made	(22.9)	(3.4)	(26.3)
Foreign currency and other adjustments	0.1	(0.1)	—
As of September 30, 2019	$ 7.5	$ 2.5	$ 10.0

6. Income Tax

	Three Months Ended		Nine Months Ended	
	September 30, 2020	September 30, 2019	September 30, 2020	September 30, 2019
Effective tax rate	23 %	(29) %	38 %	71 %

The change in the effective tax rate for the three and nine months ended September 30, 2020 was primarily driven by the impact of the $668.3 million goodwill impairment loss within our North America segment recognized in the third quarter of 2019. Specifically, this impairment loss, which resulted in a pretax loss during the three months ended September 30, 2019 and a significant reduction to our pretax income during the nine months ended September 30, 2019, was nondeductible for income tax purposes, resulting in a negative effective tax rate during the three months ended September 30, 2019, and a significant increase to our effective tax rate during the nine months ended September 30, 2019. Separately, our effective tax rate during the nine months ended September 30, 2020 was impacted by the recognition of approximately $135 million of discrete tax expense in the second quarter of 2020 related to the hybrid regulations enacted in the second quarter of 2020 as further discussed below.

Since 2018, the U.S. Department of Treasury has continued to issue proposed, temporary and final regulations to implement provisions of the 2017 Tax Act. We have continued to monitor these regulations, and on April 7, 2020, the U.S. Department of Treasury enacted final hybrid regulations with full retroactive application to January 1, 2018, with a few exceptions. We have reviewed the final regulations and their impact on our tax positions and financial statements. The final regulations, associated with the taxability of certain interest, impact tax positions we took in 2018 and 2019 and have resulted in additional income tax expense of approximately $135 million, which was recognized upon enactment in the second quarter of 2020. The impact of the finalized regulations could result in cash tax outflows up to this amount in 2021. We continue to analyze the potential cash impacts of the final regulations to minimize any cash outflows.

During the third quarter of 2020, the U.K. government enacted, and royal assent was received, legislation to repeal the previously enacted reduction to the corporate income tax rate that was due to take effect April 1, 2020, that changed the previously anticipated corporate income tax rate from 17% to 19%. As a result, we remeasured our deferred tax liabilities resulting in the recognition of discrete tax expense of approximately $6 million during the three months ended September 30, 2020.

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

7. Goodwill and Intangible Assets

Changes in Goodwill:	North America	Europe	Consolidated
		(In millions)	
Balance as of December 31, 2019	$ 6,146.6	$ 1,484.8	$ 7,631.4
Foreign currency translation	(5.4)	(1.9)	(7.3)
Balance as of September 30, 2020	$ 6,141.2	$ 1,482.9	$ 7,624.1

The gross amount of goodwill totaled approximately $8.3 billion as of both September 30, 2020 and December 31, 2019. Accumulated impairment losses as of September 30, 2020 and December 31, 2019 totaled $664.5 million and $681.3 million, respectively, all of which was related to our North America segment.

The following table presents details of our intangible assets, other than goodwill, as of September 30, 2020:

	Useful life	Gross	Accumulated amortization	Net
	(Years)	(In millions)		
Intangible assets subject to amortization:				
Brands	10 - 50	$ 5,011.2	$ (1,009.3)	$ 4,001.9
License agreements and distribution rights	15 - 20	201.8	(94.1)	107.7
Other	3 - 40	124.4	(49.6)	74.8
Intangible assets not subject to amortization:				
Brands	Indefinite	8,158.9	—	8,158.9
Distribution networks	Indefinite	759.5	—	759.5
Other	Indefinite	307.6	—	307.6
Total		$ 14,563.4	$ (1,153.0)	$ 13,410.4

The following table presents details of our intangible assets, other than goodwill, as of December 31, 2019:

	Useful life	Gross	Accumulated amortization	Net
	(Years)	(In millions)		
Intangible assets subject to amortization:				
Brands	10 - 50	$ 5,036.3	$ (865.1)	$ 4,171.2
License agreements and distribution rights	15 - 20	202.0	(90.6)	111.4
Other	3 - 40	124.0	(39.4)	84.6
Intangible assets not subject to amortization:				
Brands	Indefinite	8,172.4	—	8,172.4
Distribution networks	Indefinite	778.8	—	778.8
Other	Indefinite	337.6	—	337.6
Total		$ 14,651.1	$ (995.1)	$ 13,656.0

The changes in the gross carrying amounts of intangible assets from December 31, 2019 to September 30, 2020 are primarily driven by the impact of foreign exchange rates, as a significant amount of intangible assets are denominated in foreign currencies, and, $30.0 million of other intangibles held for sale reclassified to other current assets, net as discussed in Note 5, "Special Items."

Based on foreign exchange rates as of September 30, 2020, the estimated future amortization expense of intangible assets is as follows:

Fiscal year	Amount
	(In millions)
2020 - remaining	$ 54.0
2021	$ 215.3
2022	$ 209.9
2023	$ 208.8
2024	$ 208.8

Amortization expense of intangible assets was $55.4 million for both the three months ended September 30, 2020 and September 30, 2019, and $164.9 million and $166.0 million for the nine months ended September 30, 2020 and September 30, 2019, respectively. This expense is primarily presented within marketing, general and administrative expenses on the unaudited condensed consolidated statements of operations.

Reporting Unit Changes and Interim Impairment Testing

As of the date of completion of our 2019 impairment testing, the operations in each of the specific regions within our historical U.S., Canada, Europe and International segments were considered components based on the availability of discrete financial information and the regular review by segment management. We had further concluded that the components within the U.S., Canada and Europe segments each met the criteria of having similar economic characteristics and therefore we

previously aggregated these components into the U.S., Canada and Europe reporting units, respectively. Additionally, we previously determined that the components within our International segment did not meet the criteria for aggregation, and therefore, the operations of our India business constituted a separate reporting unit at the component level, however, the associated goodwill balance was fully impaired in the third quarter of 2019.

As discussed in Note 3, "Segment Reporting," effective January 1, 2020, we changed our management structure from a corporate center and four segments to two segments - North America and Europe. These structural changes included leadership re-alignment with a centralized North America leadership team, an integrated North American supply chain network, and centralized marketing and innovations functions including movement to a single brand manager and North America marketing strategy for our major brands. Additionally, as part of our leadership re-alignment, we moved from two separate U.S. and Canada segment managers, to a single North America segment manager, our President and Chief Executive Officer, who reviews discrete financial information only at the consolidated North America segment level. As a result of these changes, we re-evaluated our historical reporting unit conclusions and have consolidated our previously separate U.S. and Canada reporting units into a single North America reporting unit effective January 1, 2020. There were no changes to our existing Europe reporting unit, which was considered to be at risk of future impairment following the completion of our October 1, 2019 annual impairment testing.

We completed an interim impairment assessment for our U.S. and Canada reporting units as of January 1, 2020 immediately prior to the reporting unit change, as well as an impairment assessment of the combined North America reporting unit immediately after the change, and determined that no impairments existed. Additionally, as the changes resulted in the combination of our U.S. and Canada reporting units into a single North America reporting unit, no further reallocation of goodwill was required.

Additionally, as a result of the structural changes discussed above, including the centralization of the brand management and strategy for our *Coors* brands across North America, we have aggregated our *Coors* brand indefinite-lived intangible asset in the U.S. and *Coors Light* distribution agreement indefinite-lived intangible asset in Canada into a single unit of accounting for the purpose of testing for impairment, effective January 1, 2020. We completed an interim impairment assessment for each individual indefinite-lived intangible asset immediately prior to aggregation, and determined that no impairments existed.

We have further evaluated whether the effects of the coronavirus pandemic, and related impacts to the interest rate environment as well as market multiples, required an additional interim impairment assessment as of September 30, 2020. While factors are present that indicate that triggering events may exist, such as the decline in our market capitalization since the pandemic began in March 2020 combined with recent weakened financial performance, current circumstances do not indicate that it is more likely than not that the fair values of our reporting units or indefinite-lived intangible assets have fallen below their carrying values. Therefore, an interim impairment assessment was not performed as of September 30, 2020. However, we believe that the effects of the coronavirus pandemic may, depending on severity and duration, place our North America and Europe reporting units and certain of our indefinite-lived intangible assets at risk of future impairment. We will continue to monitor the length and severity of the impacts of the pandemic to our business, and if the duration is prolonged and the severity of its impacts continues or worsens, this may indicate the need to perform future interim impairment analyses that could result in material impairments.

2019 Interim Impairment Assessment

We identified a triggering event requiring an interim impairment assessment of the goodwill within our former Canada reporting unit, now part of our North America reporting unit, at the end of the third quarter of 2019, which resulted in a goodwill impairment loss of $668.3 million. The goodwill impairment trigger was the result of continued challenges and steepening declines within the Canadian beer industry reflected in the prolonged weakened performance of the Canada reporting unit through the third quarter of 2019.

Separately, during the third quarter of 2019 we also identified an interim triggering event related to goodwill within our former India reporting unit resulting from significant declines in performance in 2019, coupled with the continuation of challenging business conditions, which required us to perform an interim quantitative impairment analysis at the end of the third quarter of 2019. As a result of this interim analysis, we determined that the carrying value of the former India reporting unit exceeded its fair value, resulting in an aggregate impairment loss of $12.2 million related to the goodwill of our India reporting unit and a definite-lived brand intangible asset.

Key Assumptions

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

Based on known facts and circumstances, we evaluate and consider recent events and uncertain items, as well as related potential implications, as part of our annual and interim assessments and incorporate into the analyses as appropriate. These facts and circumstances are subject to change and may impact future analyses. For example, we continue to monitor the challenges within the beer industry for further weakening or additional systemic structural declines, as well as for adverse changes in macroeconomic conditions such as the coronavirus pandemic that could significantly impact our immediate and long-range results. Specifically, subsequent to the January 1, 2020 interim impairment assessments, the World Health Organization characterized the outbreak of the coronavirus disease as a global pandemic as further discussed in Note 1, “Basis of Presentation and Summary of Significant Accounting Policies.” Our business has been, and could continue to be, materially and adversely impacted by the coronavirus pandemic. The related weakening of economic conditions during a prolonged pandemic could lead to a material impairment as the duration and severity of the pandemic and resulting impacts to our financial projections are further understood. Additionally, we are monitoring the impacts the coronavirus pandemic has on the market inputs used in calculating our discount rates, including risk-free rates, equity premiums and our cost of debt, which could result in a meaningful change to our weighted-average cost of capital calculation, as well as the market multiples used in our impairment assessment. Furthermore, increased volatility in the equity and debt markets or other country specific factors, including, but not limited to, extended or future government intervention in response to the pandemic, could also result in a meaningful change to our weighted-average cost of capital calculation and other inputs used in our impairment assessment.

Separately, the Ontario government in Canada adopted a bill that, if enacted, could adversely impact the existing terms of the beer distribution and retail systems in the province, as further described in Note 12, "Commitments and Contingencies."

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

Definite-Lived Intangible Assets

Regarding definite-lived intangible assets, we continuously monitor the performance of the underlying assets for potential triggering events suggesting an impairment review should be performed. No such triggering events were identified in the first three quarters of 2020 that resulted in an impairment loss.

8. Debt

Debt obligations

	As of	
	September 30, 2020	December 31, 2019
	(In millions)	
Long-term debt:		
CAD 500 million 2.75% notes due September 2020[1]	$ —	$ 384.9
CAD 500 million 2.84% notes due July 2023	375.4	384.9
CAD 500 million 3.44% notes due July 2026	375.4	384.9
$500 million 2.25% notes due March 2020[2][3]	—	499.8
$1.0 billion 2.1% notes due July 2021[3]	1,000.0	1,000.0
$500 million 3.5% notes due May 2022[2]	504.4	506.5
$2.0 billion 3.0% notes due July 2026	2,000.0	2,000.0
$1.1 billion 5.0% notes due May 2042	1,100.0	1,100.0
$1.8 billion 4.2% notes due July 2046	1,800.0	1,800.0
EUR 800 million 1.25% notes due July 2024	937.7	897.0
Finance leases and other	97.6	129.5
Less: unamortized debt discounts and debt issuance costs	(51.6)	(56.7)
Total long-term debt (including current portion)	8,138.9	9,030.8
Less: current portion of long-term debt	(1,009.4)	(921.3)
Total long-term debt	$ 7,129.5	$ 8,109.5
Short-term borrowings:		
Commercial paper programs[4][5]	$ 224.9	$ —
Other short-term borrowings[6]	7.8	6.9
Current portion of long-term debt	1,009.4	921.3
Current portion of long-term debt and short-term borrowings	$ 1,242.1	$ 928.2

(1) In September 2020, we repaid our CAD 500 million 2.75% notes upon maturity through a combination of commercial paper issuances and cash on hand.

(2) The fair value hedges related to these notes have been settled and are being amortized over the life of the respective note.

(3) We repaid our $500 million 2.25% notes upon maturity in March 2020, at which time we also settled the associated cross currency swaps resulting in cash receipts of $3.2 million, which were classified as financing and investing activities in our unaudited condensed consolidated statement of cash flows. As of September 30, 2020, we have cross currency swaps associated with our $1.0 billion 2.1% senior notes due 2021 in order to hedge a portion of the foreign currency translational impacts of our European investment. As a result of the swaps, we have economically converted a portion of these notes and associated interest to EUR denominated, which results in a EUR interest rate to be received of 0.71%.

(4) We maintain a $1.5 billion revolving credit facility with a maturity date of July 7, 2024, that allows us to issue a maximum aggregate amount of $1.5 billion in commercial paper or other borrowings at any time at variable interest rates. We use this financing from time to time to leverage cash needs including debt repayments. During the first nine months of 2020, we utilized borrowings from this facility in order to fund the repayment of our $500 million 2.25% notes and CAD 500 million 2.75% notes upon maturity in March 2020 and September 2020, respectively, for working capital and general purposes, as well as a precautionary measure in order to provide enhanced financial flexibility due to uncertain market conditions arising from the impact of the coronavirus pandemic, as further discussed in Note 1, "Basis of Presentation and Summary of Significant Accounting Policies."

As of September 30, 2020, we had $1.3 billion available to draw on the $1.5 billion revolving credit facility, as the borrowing capacity is also reduced by borrowings under our commercial paper program. The outstanding borrowings under our commercial paper program had a weighted-average effective interest rate and tenor of 0.72% and 90 days, respectively, as of September 30, 2020. We had no borrowings drawn on this revolving credit facility and no commercial paper borrowings as of December 31, 2019.

Subsequent to September 30, 2020, we had commercial paper payments of approximately $125 million, for a total amount outstanding of approximately $100 million as of October 29, 2020. As such, as of October 29, 2020, we have approximately $1.4 billion available to draw on our total $1.5 billion revolving credit facility.

(5) On May 26, 2020, Molson Coors Brewing Company (UK) Limited ("MCBC U.K."), a subsidiary of MCBC that operates and manages the Company's business in the U.K., established a commercial paper facility for the purpose of issuing short-term, unsecured Sterling-denominated notes that are eligible for purchase under the Joint HM Treasury and Bank of England's COVID Corporate Financing Facility commercial paper program (the "CCFF Program") in an aggregate principal amount up to GBP 300 million, subject to certain conditions, which may be increased from time to time as provided in the Dealer Agreement (as defined below). Commercial paper issuances under the CCFF Program do not impact the borrowing capacity under our revolving credit facility.

In connection with the CCFF Program, MCBC U.K. and MCBC entered into a Dealer Agreement (the "Dealer Agreement") with Lloyds Bank Corporate Markets PLC ("Lloyds"), as both the arranger and dealer, pursuant to which notes may be issued to Lloyds at such prices and upon such terms as MCBC U.K. and Lloyds may agree. The maturities of the notes vary but will not be less than seven days nor greater than 364 days. The Dealer Agreement contains customary representations, warranties, covenants and indemnification provisions typical for the issuance of commercial paper of this type. In addition, MCBC entered into a Deed of Guarantee to guarantee the payment of all sums payable from time to time by MCBC U.K. in respect of the notes to the holders of any notes.

As of both September 30, 2020 and October 29, 2020, we had no borrowings outstanding under the CCFF Program.

(6) As of September 30, 2020, we had $4.9 million in bank overdrafts and $82.3 million in bank cash related to our cross-border, cross-currency cash pool, for a net positive position of $77.4 million. As of December 31, 2019, we had $1.1 million in bank overdrafts and $55.0 million in bank cash related to our cross-border, cross-currency cash pool for a net positive position of $53.9 million. We had total outstanding borrowings of $2.9 million and $2.8 million under our two JPY overdraft facilities as of September 30, 2020 and December 31, 2019, respectively. In addition, we have USD, CAD and GBP lines of credit under which we had no borrowings as of September 30, 2020 or December 31, 2019.

Debt Fair Value Measurements

We utilize market approaches to estimate the fair value of certain outstanding borrowings by discounting anticipated future cash flows derived from the contractual terms of the obligations and observable market interest and foreign exchange rates. As of September 30, 2020 and December 31, 2019, the fair value of our outstanding long-term debt (including the current portion of long-term debt) was approximately $8.6 billion and $9.2 billion, respectively. All senior notes are valued based on significant observable inputs and classified as Level 2 in the fair value hierarchy. The carrying values of all other outstanding long-term borrowings and our short-term borrowings approximate their fair values and are also classified as Level 2 in the fair value hierarchy.

Debt Covenants

On June 19, 2020, we entered into an amendment to our existing revolving credit facility agreement, which among other things, revised the leverage ratios under the financial maintenance covenant for each fiscal quarter ending on or after June 30, 2020 through the maturity of the credit facility. The maximum leverage ratio, as defined by the amended revolving credit facility agreement as of September 30, 2020 is 5.25x net debt to EBITDA with a 0.50x reduction to 4.75x net debt to EBITDA for the fiscal quarter ending June 30, 2021. The leverage ratio requirement as of the last day of the fiscal quarter ending September 30, 2021 is reduced by 0.25x to 4.50x net debt to EBITDA, with a further 0.50x reduction to 4.00x net debt to EBITDA as of the last day of the fiscal quarter ending December 31, 2021 through maturity of the credit facility.

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. As of September 30, 2020, we were in compliance with all of these restrictions and have met all debt payment obligations. All of our outstanding senior notes as of September 30, 2020 rank pari-passu.

9. Inventories

	As of	
	September 30, 2020	December 31, 2019
	(In millions)	
Finished goods	$ 267.0	$ 236.7
Work in process	72.2	84.0
Raw materials	238.0	227.1
Packaging materials	80.5	68.1
Inventories, net	$ 657.7	$ 615.9

10. Accumulated Other Comprehensive Income (Loss)

	MCBC stockholders' equity				
	Foreign currency translation adjustments	Gain (loss) on derivative instruments	Pension and postretirement benefit adjustments	Equity method investments	Accumulated other comprehensive income (loss)
	(In millions)				
As of December 31, 2019	$ (652.5)	$ (87.8)	$ (351.0)	$ (70.9)	$ (1,162.2)
Foreign currency translation adjustments	(56.6)	—	—	—	(56.6)
Gain (loss) on net investment hedges	(54.5)	—	—	—	(54.5)
Unrealized gain (loss) on derivative instruments	—	(151.5)	—	—	(151.5)
Reclassification of derivative (gain) loss to income	—	(1.2)	—	—	(1.2)
Amortization of net prior service (benefit) cost and net actuarial (gain) loss to income	—	—	(6.2)	—	(6.2)
Ownership share of unconsolidated subsidiaries' other comprehensive income (loss)	—	—	—	3.0	3.0
Tax benefit (expense)	7.4	37.7	1.5	(0.8)	45.8
As of September 30, 2020	$ (756.2)	$ (202.8)	$ (355.7)	$ (68.7)	$ (1,383.4)

Reclassifications from AOCI to net income (loss) were immaterial for the three and nine months ended September 30, 2020 and September 30, 2019.

11. Derivative Instruments and Hedging Activities

Our risk management and derivative accounting policies are presented within Part II—Item 8 Financial Statements, Note 1, "Basis of Presentation and Summary of Significant Accounting Policies" and Note 16, "Derivative Instruments and Hedging Activities" in our Annual Report and did not significantly change during the first three quarters of 2020. As noted in Note 16 of the Notes included in our Annual Report, due to the nature of our counterparty agreements, and the fact that we are not subject to master netting arrangements, we are not able to net positions with the same counterparty and, therefore, present our derivative positions on a gross basis in our unaudited condensed consolidated balance sheets. Our significant derivative positions have not changed considerably since December 31, 2019.

Derivative Fair Value Measurements

We utilize market approaches to estimate the fair value of our derivative instruments by discounting anticipated future cash flows derived from the derivative's contractual terms and observable market interest, foreign exchange and commodity rates. The fair values of our derivatives also include credit risk adjustments to account for our counterparties' credit risk, as well as our own non-performance risk, as appropriate. The fair value of our warrants to acquire common shares of HEXO Corp. ("HEXO") at a strike price of CAD 6.00 per share are estimated using the Black-Scholes option-pricing model.

The table below summarizes our derivative assets and liabilities that were measured at fair value as of September 30, 2020 and December 31, 2019.

	As of September 30, 2020	Fair value measurements as of September 30, 2020		
		Quoted prices in active markets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
	(In millions)			
Cross currency swaps	$ (7.0)	$ —	$ (7.0)	$ —
Interest rate swaps	(267.4)	—	(267.4)	—
Foreign currency forwards	3.0	—	3.0	—
Commodity swaps	(17.6)	—	(17.6)	—
Warrants	0.5	—	0.5	—
Total	$ (288.5)	$ —	$ (288.5)	$ —

	As of December 31, 2019	Fair value measurements as of December 31, 2019		
		Quoted prices in active markets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
	(In millions)			
Cross currency swaps	$ 10.0	$ —	$ 10.0	$ —
Interest rate swaps	(111.5)	—	(111.5)	—
Foreign currency forwards	2.1	—	2.1	—
Commodity swaps and options	(41.2)	—	(41.2)	—
Warrants	2.7	—	2.7	—
Total	$ (137.9)	$ —	$ (137.9)	$ —

As of September 30, 2020 and December 31, 2019, we had no significant transfers between Level 1 and Level 2. New derivative contracts transacted during the nine months ended September 30, 2020 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 September 30, 2020 and December 31, 2019, and our unaudited condensed consolidated statements of operations for the three and nine months ended September 30, 2020 and September 30, 2019.

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

	As of September 30, 2020				
		Derivative Assets		Derivative Liabilities	
	Notional amount	Balance sheet location	Fair value	Balance sheet location	Fair value
Derivatives designated as hedging instruments:					
Cross currency swaps	$ 400.0	Other current assets	$ —	Accounts payable and other current liabilities	$ (7.0)
		Other non-current assets	—	Other liabilities	—
Interest rate swaps	$ 1,500.0	Other current assets	—	Accounts payable and other current liabilities	(53.1)
		Other non-current assets	—	Other liabilities	(214.3)
Foreign currency forwards	$ 169.5	Other current assets	3.1	Accounts payable and other current liabilities	(0.5)
		Other non-current assets	0.9	Other liabilities	(0.5)
Total derivatives designated as hedging instruments			$ 4.0		$ (275.4)
Derivatives not designated as hedging instruments:					
Commodity swaps[1]	$ 938.3	Other current assets	$ 16.1	Accounts payable and other current liabilities	$ (47.2)
		Other non-current assets	25.1	Other liabilities	(11.6)
Warrants	$ 51.8	Other non-current assets	0.5	Other liabilities	—
Total derivatives not designated as hedging instruments			$ 41.7		$ (58.8)

	As of December 31, 2019				
		Derivative Assets		Derivative Liabilities	
	Notional amount	Balance sheet location	Fair value	Balance sheet location	Fair value
Derivatives designated as hedging instruments:					
Cross currency swaps	$ 900.0	Other current assets	$ 1.8	Accounts payable and other current liabilities	$ —
		Other non-current assets	8.2	Other liabilities	—
Interest rate swaps	$ 1,500.0	Other non-current assets	—	Other liabilities	(111.5)
Foreign currency forwards	$ 237.9	Other current assets	1.9	Accounts payable and other current liabilities	(0.8)
		Other non-current assets	1.4	Other liabilities	(0.4)
Total derivatives designated as hedging instruments			$ 13.3		$ (112.7)
Derivatives not designated as hedging instruments:					
Commodity swaps[1]	$ 598.4	Other current assets	$ 5.7	Accounts payable and other current liabilities	$ (36.4)
		Other non-current assets	1.0	Other liabilities	(11.5)
Commodity options[1]	$ 18.4	Other current assets	—	Accounts payable and other current liabilities	—
Warrants	$ 53.1	Other non-current assets	2.7	Other liabilities	—
Total derivatives not designated as hedging instruments			$ 9.4		$ (47.9)

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

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

Line item in the balance sheet in which the hedged item is included	Carrying amount of the hedged assets/liabilities		Cumulative amount of fair value hedging adjustment(s) in the hedged assets/liabilities[1] Increase/(Decrease)	
	As of September 30, 2020	As of December 31, 2019	As of September 30, 2020	As of December 31, 2019
	(In millions)			
Current portion of long-term debt and short-term borrowings	$ —	$ —	$ —	$ (0.2)
Long-term debt	$ —	$ —	$ 4.4	$ 6.5

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

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

	Three Months Ended September 30, 2020		
Derivatives in cash flow hedge relationships	Amount of gain (loss) recognized in OCI on derivative	Location of gain (loss) reclassified from AOCI into income	Amount of gain (loss) recognized from AOCI on derivative
Forward starting interest rate swaps	$ 23.9	Interest income (expense), net	$ (0.8)
Foreign currency forwards	(4.4)	Cost of goods sold	0.9
		Other income (expense), net	(0.3)
Total	$ 19.5		$ (0.2)

	Three Months Ended September 30, 2020				
Derivatives in net investment hedge relationships	Amount of gain (loss) recognized in OCI on derivative	Location of gain (loss) reclassified from AOCI into income	Amount of gain (loss) recognized from AOCI on derivative	Location of gain (loss) recognized in income on derivative (amount excluded from effectiveness testing)	Amount of gain (loss) recognized in income on derivative (amount excluded from effectiveness testing)[1]
Cross currency swaps	$ (19.0)	Interest income (expense), net	$ —	Interest income (expense), net	$ 2.8
Total	$ (19.0)		$ —		$ 2.8

Three Months Ended September 30, 2020

Non-derivative financial instruments in net investment hedge relationships	Amount of gain (loss) recognized in OCI on derivative	Location of gain (loss) reclassified from AOCI into income	Amount of gain (loss) recognized from AOCI on derivative	Location of gain (loss) recognized in income on derivative (amount excluded from effectiveness testing)	Amount of gain (loss) recognized in income on derivative (amount excluded from effectiveness testing)
EUR 800 million notes due 2024	$ (39.0)	Other income (expense), net	$ —	Other income (expense), net	$ —
Total	$ (39.0)		$ —		$ —

Three Months Ended September 30, 2019

Derivatives in cash flow hedge relationships	Amount of gain (loss) recognized in OCI on derivative	Location of gain (loss) reclassified from AOCI into income	Amount of gain (loss) recognized from AOCI on derivative
Forward starting interest rate swaps	$ (77.8)	Interest income (expense), net	$ (0.7)
Foreign currency forwards	3.6	Cost of goods sold	0.5
		Other income (expense), net	(0.1)
Total	$ (74.2)		$ (0.3)

Three Months Ended September 30, 2019

Derivatives in net investment hedge relationships	Amount of gain (loss) recognized in OCI on derivative	Location of gain (loss) reclassified from AOCI into income	Amount of gain (loss) recognized from AOCI on derivative	Location of gain (loss) recognized in income on derivative (amount excluded from effectiveness testing)	Amount of gain (loss) recognized in income on derivative (amount excluded from effectiveness testing)[1]
Cross currency swaps	$ 37.6	Interest income (expense), net	$ —	Interest income (expense), net	$ 6.6
Total	$ 37.6		$ —		$ 6.6

Three Months Ended September 30, 2019

Non-derivative financial instruments in net investment hedge relationships	Amount of gain (loss) recognized in OCI on derivative	Location of gain (loss) reclassified from AOCI into income	Amount of gain (loss) recognized from AOCI on derivative	Location of gain (loss) recognized in income on derivative (amount excluded from effectiveness testing)	Amount of gain (loss) recognized in income on derivative (amount excluded from effectiveness testing)
EUR 800 million notes due 2024	$ 37.9	Other income (expense), net	$ —	Other income (expense), net	$ —
Total	$ 37.9		$ —		$ —

Nine Months Ended September 30, 2020

Derivatives in cash flow hedge relationships	Amount of gain (loss) recognized in OCI on derivative	Location of gain (loss) reclassified from AOCI into income	Amount of gain (loss) recognized from AOCI on derivative
Forward starting interest rate swaps	$ (155.9)	Interest income (expense), net	$ (2.2)
Foreign currency forwards	4.4	Cost of goods sold	4.5
		Other income (expense), net	(1.1)
Total	$ (151.5)		$ 1.2

Nine Months Ended September 30, 2020

Derivatives in net investment hedge relationships	Amount of gain (loss) recognized in OCI on derivative	Location of gain (loss) reclassified from AOCI into income	Amount of gain (loss) recognized from AOCI on derivative	Location of gain (loss) recognized in income on derivative (amount excluded from effectiveness testing)	Amount of gain (loss) recognized in income on derivative (amount excluded from effectiveness testing)[1]
Cross currency swaps	$ (13.8)	Interest income (expense), net	$ —	Interest income (expense), net	$ 11.3
Total	$ (13.8)		$ —		$ 11.3

Nine Months Ended September 30, 2020

Non-derivative financial instruments in net investment hedge relationships	Amount of gain (loss) recognized in OCI on derivative	Location of gain (loss) reclassified from AOCI into income	Amount of gain (loss) recognized from AOCI on derivative	Location of gain (loss) recognized in income on derivative (amount excluded from effectiveness testing)	Amount of gain (loss) recognized in income on derivative (amount excluded from effectiveness testing)
EUR 800 million notes due 2024	$ (40.7)	Other income (expense), net	$ —	Other income (expense), net	$ —
Total	$ (40.7)		$ —		$ —

Nine Months Ended September 30, 2019

Derivatives in cash flow hedge relationships	Amount of gain (loss) recognized in OCI on derivative	Location of gain (loss) reclassified from AOCI into income	Amount of gain (loss) recognized from AOCI on derivative
Forward starting interest rate swaps	$ (156.5)	Interest income (expense), net	$ (2.2)
Foreign currency forwards	(7.9)	Cost of goods sold	2.8
		Other income (expense), net	(0.6)
Total	$ (164.4)		$ —

Nine Months Ended September 30, 2019

Derivatives in net investment hedge relationships	Amount of gain (loss) recognized in OCI on derivative	Location of gain (loss) reclassified from AOCI into income	Amount of gain (loss) recognized from AOCI on derivative	Location of gain (loss) recognized in income on derivative (amount excluded from effectiveness testing)	Amount of gain (loss) recognized in income on derivative (amount excluded from effectiveness testing)[1]
Cross currency swaps	$ 44.2	Interest income (expense), net	$ —	Interest income (expense), net	$ 17.0
Total	$ 44.2		$ —		$ 17.0

Nine Months Ended September 30, 2019

Non-derivative financial instruments in net investment hedge relationships	Amount of gain (loss) recognized in OCI on derivative	Location of gain (loss) reclassified from AOCI into income	Amount of gain (loss) recognized from AOCI on derivative	Location of gain (loss) recognized in income on derivative (amount excluded from effectiveness testing)	Amount of gain (loss) recognized in income on derivative (amount excluded from effectiveness testing)
EUR 800 million notes due 2024	$ 45.5	Other income (expense), net	$ —	Other income (expense), net	$ —
EUR 500 million notes due 2019	10.1	Other income (expense), net	—	Other income (expense), net	—
Total	$ 55.6		$ —		$ —

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

As of September 30, 2020, we expect our reclassification of AOCI into earnings related to cash flow hedges to be immaterial over the next 12 months as our expected net losses primarily offset our expected net gains. For derivatives designated in cash flow hedge relationships, the maximum length of time over which forecasted transactions are hedged as of September 30, 2020 is approximately 4 years, as well as those related to our forecasted debt issuances in 2021, 2022, and 2026.

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

Three Months Ended September 30, 2020

	Location and amount of gain (loss) recognized in income on fair value and cash flow hedging relationships[1]		
	Cost of goods sold	Other income (expense), net	Interest income (expense), net
Total amount of income and expense line items presented in the unaudited condensed consolidated statement of operations in which the effects of fair value or cash flow hedges are recorded	$ (1,551.0)	$ 2.4	$ (67.9)
Gain (loss) on cash flow hedging relationships:			
Forward starting interest rate swaps			
Amount of gain (loss) reclassified from AOCI into income	—	—	(0.8)
Foreign currency forwards			
Amount of gain (loss) reclassified from AOCI into income	0.9	(0.3)	—

Three Months Ended September 30, 2019

	Location and amount of gain (loss) recognized in income on fair value and cash flow hedging relationships[1]		
	Cost of goods sold	Other income (expense), net	Interest income (expense), net
Total amount of income and expense line items presented in the unaudited condensed consolidated statement of operations in which the effects of fair value or cash flow hedges are recorded	$ (1,685.4)	$ (13.7)	$ (65.6)
Gain (loss) on cash flow hedging relationships:			
Forward starting interest rate swaps			
Amount of gain (loss) reclassified from AOCI into income	—	—	(0.7)
Foreign currency forwards			
Amount of gain (loss) reclassified from AOCI into income	0.5	(0.1)	—

Nine Months Ended September 30, 2020

	Location and amount of gain (loss) recognized in income on fair value and cash flow hedging relationships[1]		
	Cost of goods sold	Other income (expense), net	Interest income (expense), net
Total amount of income and expense line items presented in the unaudited condensed consolidated statement of operations in which the effects of fair value or cash flow hedges are recorded	$ (4,486.6)	$ 3.4	$ (206.5)
Gain (loss) on cash flow hedging relationships:			
Forward starting interest rate swaps			
Amount of gain (loss) reclassified from AOCI into income	—	—	(2.2)
Foreign currency forwards			
Amount of gain (loss) reclassified from AOCI into income	4.5	(1.1)	—

Nine Months Ended September 30, 2019	Location and amount of gain (loss) recognized in income on fair value and cash flow hedging relationships[1]		
	Cost of goods sold	Other income (expense), net	Interest income (expense), net
Total amount of income and expense line items presented in the unaudited condensed consolidated statement of operations in which the effects of fair value or cash flow hedges are recorded	$ (4,858.2)	$ (0.7)	$ (204.5)
Gain (loss) on cash flow hedging relationships:			
Forward starting interest rate swaps			
Amount of gain (loss) reclassified from AOCI into income	—	—	(2.2)
Foreign currency forwards			
Amount of gain (loss) reclassified from AOCI into income	2.8	(0.6)	—

(1) We had no outstanding fair value hedges during the first three quarters of 2020 or 2019.

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

Three Months Ended September 30, 2020		
Derivatives not in hedging relationships	**Location of gain (loss) recognized in income on derivative**	**Amount of gain (loss) recognized in income on derivative**
Commodity swaps	Cost of goods sold	$ 41.4
Warrants	Other income (expense), net	(0.7)
Total		$ 40.7

Three Months Ended September 30, 2019		
Derivatives not in hedging relationships	**Location of gain (loss) recognized in income on derivative**	**Amount of gain (loss) recognized in income on derivative**
Commodity swaps	Cost of goods sold	$ (25.3)
Warrants	Other income (expense), net	(11.4)
Total		$ (36.7)

Nine Months Ended September 30, 2020		
Derivatives not in hedging relationships	**Location of gain (loss) recognized in income on derivative**	**Amount of gain (loss) recognized in income on derivative**
Commodity swaps	Cost of goods sold	$ (46.5)
Warrants	Other income (expense), net	(2.1)
Total		$ (48.6)

Nine Months Ended September 30, 2019		
Derivatives not in hedging relationships	**Location of gain (loss) recognized in income on derivative**	**Amount of gain (loss) recognized in income on derivative**
Commodity swaps	Cost of goods sold	$ (29.8)
Warrants	Other income (expense), net	(3.5)
Total		$ (33.3)

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

12. Commitments and Contingencies

Litigation and Other Disputes and Environmental

Related to litigation, other disputes and environmental issues, we have an aggregate accrued contingent liability of $16.7 million and $16.2 million as of September 30, 2020 and December 31, 2019, respectively. While we cannot predict the eventual aggregate cost for litigation, other disputes and environmental matters in which we are currently involved, we believe adequate reserves have been provided for losses that are probable and estimable. Additionally, as noted below, there are certain loss contingencies that we deem reasonably possible for which a range of loss is not estimable at this time; for all other matters, we believe that any reasonably possible losses in excess of the amounts accrued are immaterial to our unaudited condensed consolidated interim financial statements. Our litigation, other disputes and environmental issues are discussed in further detail

within Part II—Item 8 Financial Statements, Note 18, "Commitments and Contingencies" in our Annual Report and did not significantly change during the first three quarters of 2020, except as noted below.

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

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

On February 15, 2019, two purported stockholders filed substantially similar putative class action complaints against the Company, Mark R. Hunter, and Tracey I. Joubert (the “Defendants”) in the United States District Court for the District of Colorado (the “Colorado District Court”), and in the United States District Court for the Northern District of Illinois (the “Illinois District Court”). On February 21, 2019, another purported stockholder filed a substantially similar complaint in the Colorado District Court. The plaintiffs purport to represent a class of the Company’s stockholders and assert that the Defendants violated Sections 10(b) and 20(a) of the Exchange Act by allegedly making false and misleading statements or omissions regarding the Company’s restatement of consolidated financial statements for the years ended December 31, 2016 and December 31, 2017, and that the Company purportedly lacked adequate internal controls over financial reporting. The plaintiffs seek, among other things, an unspecified amount of damages and attorneys’ fees, expert fees and other costs. On April 16, 2019, motions to consolidate and appoint a lead plaintiff were filed in each case. On May 24, 2019, the securities class action suit filed with the Illinois District Court was transferred to the Colorado District Court, and subsequently was voluntarily dismissed on July 25, 2019. On October 2, 2019, the class action lawsuits originally filed in Colorado District Court were consolidated, and, on October 3, 2019, the court appointed a lead plaintiff and lead counsel for the consolidated case. On December 9, 2019, the lead plaintiff filed its amended complaint alleging that the Defendants made false statements and material omissions to the market beginning in February 2017 and ending in February 2019, which, it alleges, misled the market as to the strength of our financial condition and internal control processes related to financial accounting. The amended complaint further alleges that the Company and the Defendants caused the Company to falsely report its financial results by overstating retained earnings, net income, and tax benefits and understating deferred tax liabilities in an effort to inflate the price of our common stock. We filed a motion to dismiss the amended complaint on January 23, 2020; the plaintiff subsequently filed an opposition to our motion to dismiss on March 9, 2020; and we filed our reply brief in support of our motion to dismiss on April 8, 2020. Oral argument on the motion occurred on October 28, 2020. We intend to defend the claims vigorously. A range of potential loss is not estimable at this time.

On March 26, 2019, a purported stockholder filed a purported shareholder derivative action in Colorado District Court against the Company’s board of directors and certain officers (the “Individual Defendants”), and the Company as a nominal defendant. On May 14, 2019, another purported stockholder filed a substantially similar complaint in the Colorado District Court. On August 12, 2019, a third derivative complaint was filed in Colorado District Court by a purported stockholder. All three derivative complaints assert claims against the Individual Defendants for breaches of fiduciary duty and unjust enrichment arising out of the Company’s dissemination to shareholders of purportedly materially misleading and inaccurate information in connection with the Company’s restatement of consolidated financial statements for the years ended December 31, 2016 and December 31, 2017. The complaints further allege that the Company lacked adequate internal controls over financial reporting. The third derivative complaint filed in August also alleges the Individual Defendants violated Sections 14(a) and 20(a) of the Exchange Act by issuing misleading statements in the Company’s proxy statement. The relief sought in the complaints include changes to the Company’s corporate governance procedures, unspecified damages, restitution, and attorneys’ fees, expert fees, other costs and such other relief as the court deems proper. All three derivative actions have been administratively closed, subject to being reopened for good cause shown. A range of potential loss is not estimable at this time.

Regulatory Contingencies

In December 2018, the U.S. Department of Treasury issued a regulation that impacts our ability to claim a refund of certain federal duties, taxes, and fees paid for beer sold between the U.S. and certain other countries effective in February 2019. As a result, based on the terms of the regulation, it is the U.S. Department of Treasury's position that future claims will no longer be accepted, and we may be further unable to collect previously claimed, but not yet received, refunds. In January 2020, the United States Court of International Trade issued an opinion and order ruling the challenged portions of this regulation dealing with refunds of certain federal duties, taxes and fees paid with respect to certain imported beer, to the extent of certain exported beer, to be unlawful. On April 17, 2020, the U.S. Department of Treasury appealed this ruling as well as filed a motion for stay of the enforcement of judgment and suspension of claims pending appeal. The U.S. Department of Treasury's motion to stay was denied pending appeal and they were ordered to pay on all claims under the accelerated payment program. As a result, we have collected approximately $33 million of previously filed claims through the third quarter of 2020, and have previously claimed, but not yet received, refunds of approximately $14 million recorded within other receivables, net on our unaudited condensed consolidated balance sheet as of September 30, 2020. On July 23, 2020, the U.S. Department of Treasury filed its opening appellate brief in the United States Court of Appeals for the Federal Circuit. An opposition/response brief was filed on October 1, 2020 and final briefing will conclude on December 11, 2020. We will continue to monitor this matter including our ability to collect the remainder of our previously claimed refunds, our potential liability to repay refunds received, as well our ability to claim ongoing refunds as the appeal process progresses.

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

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 September 30, 2020 and December 31, 2019, the unaudited condensed consolidated balance sheets include liabilities related to these guarantees of $49.4 million and $37.7 million, respectively. See Note 4, "Investments" for further detail.

Separately, related to our Cervejarias Kaiser Brasil S.A. ("Kaiser") indemnities, we have accrued $10.2 million and $14.2 million, in aggregate, as of September 30, 2020 and December 31, 2019, respectively. The maximum potential claims amount remaining for the Kaiser-related purchased tax credits was $62.4 million, based on foreign exchange rates as of September 30, 2020. Our Kaiser liabilities are discussed in further detail within Part II—Item 8 Financial Statements, Note 18, "Commitments and Contingencies" in our Annual Report and did not significantly change during the first three quarters of 2020.

13. Leases

Supplemental balance sheet information related to leases as of September 30, 2020 and December 31, 2019 was as follows:

	Balance Sheet Classification	As of September 30, 2020	As of December 31, 2019
		(In millions)	
Operating Leases			
Operating lease right-of-use assets	Other assets	$ 137.6	$ 154.5
Current operating lease liabilities	Accounts payable and other current liabilities	$ 47.1	$ 46.6
Non-current operating lease liabilities	Other liabilities	104.7	119.5
Total operating lease liabilities		$ 151.8	$ 166.1
Finance Leases			
Finance lease right-of-use assets	Properties, net	$ 62.1	$ 73.0
Current finance lease liabilities	Current portion of long-term debt and short-term borrowings	$ 7.7	$ 34.5
Non-current finance lease liabilities	Long-term debt	57.1	60.0
Total finance lease liabilities		$ 64.8	$ 94.5

Supplemental cash flow information related to leases for the nine months ended September 30, 2020 and September 30, 2019 was as follows:

	Nine Months Ended September 30, 2020	Nine Months Ended September 30, 2019
	(In millions)	
Cash paid for amounts included in the measurements of lease liabilities:		
Operating cash flows from operating leases	$ 39.5	$ 39.6
Operating cash flows from finance leases	$ 6.7	$ 2.7
Financing cash flows from finance leases	$ 29.4	$ 1.8
Supplemental non-cash information on right-of-use assets obtained in exchange for new lease liabilities:		
Operating leases	$ 18.2	$ 36.4
Finance leases	$ 4.0	$ 2.1

Separately, we recorded an impairment loss inclusive of our Denver, Colorado office lease right-of use asset during the nine months ended September 30, 2020 as discussed in Note 5, "Special Items."

14. Supplemental Guarantor Information

For purposes of this Note 14, including the tables, "Parent Issuer" shall mean MCBC. "Subsidiary Guarantors" shall mean certain Canadian and U.S. subsidiaries reflecting the substantial operations of our North America segment.

SEC Registered Securities

On May 3, 2012, MCBC issued $1.9 billion of senior notes, in a registered public offering, consisting of $300 million 2.0% senior notes due 2017 (subsequently repaid in the second quarter of 2017), $500 million 3.5% senior notes due 2022, and $1.1 billion 5.0% senior notes due 2042. Additionally, on July 7, 2016, MCBC issued $500 million 1.45% senior notes due 2019 (subsequently repaid in the third quarter of 2019), $1.0 billion 2.10% senior notes due 2021, $2.0 billion 3.0% senior notes due 2026, $1.8 billion 4.2% senior notes due 2046 and EUR $800.0 million 1.25% senior notes due 2024, in a registered public offering. "Parent Issuer" in the below tables is specifically referring to MCBC in its capacity as the issuer of these 2012 and 2016 issuances. These senior notes are guaranteed on a senior unsecured basis by the Subsidiary Guarantors. 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 is registered with the SEC, and such other outstanding debt is guaranteed on a senior unsecured basis by the Parent and/or Subsidiary Guarantors. These guarantees are full and unconditional and joint and several. See Note 8, "Debt" for details of all debt issued and outstanding as of September 30, 2020.

Presentation

The following information sets forth the unaudited condensed consolidating statements of operations for the three and nine months ended September 30, 2020 and September 30, 2019, unaudited condensed consolidating balance sheets as of September 30, 2020 and December 31, 2019, and unaudited condensed consolidating statements of cash flows for the nine months ended September 30, 2020 and September 30, 2019. Investments in subsidiaries are accounted for under the equity method; accordingly, entries necessary to consolidate the Parent Issuer and all of our guarantor and non-guarantor subsidiaries are reflected in the eliminations column. In the opinion of management, separate complete financial statements of MCBC and the Subsidiary Guarantors would not provide additional material information that would be useful in assessing their financial composition.

MOLSON COORS BEVERAGE COMPANY AND SUBSIDIARIES
CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS
(IN MILLIONS)
(UNAUDITED)

	Three Months Ended September 30, 2020				
	Parent Issuer	Subsidiary Guarantors	Subsidiary Non Guarantors	Eliminations	Consolidated
Sales	$ 4.4	$ 2,588.2	$ 929.3	$ (143.5)	$ 3,378.4
Excise taxes	—	(354.1)	(270.8)	—	(624.9)
Net sales	4.4	2,234.1	658.5	(143.5)	2,753.5
Cost of goods sold	(0.5)	(1,241.4)	(446.1)	137.0	(1,551.0)
Gross profit	3.9	992.7	212.4	(6.5)	1,202.5
Marketing, general and administrative expenses	(22.2)	(479.2)	(139.6)	6.5	(634.5)
Special items, net	(1.4)	(27.8)	(30.5)	—	(59.7)
Equity income (loss) in subsidiaries	400.2	(6.7)	52.3	(445.8)	—
Operating income (loss)	380.5	479.0	94.6	(445.8)	508.3
Interest income (expense), net	(59.3)	23.2	(31.8)	—	(67.9)
Other pension and postretirement benefits (costs), net	(0.1)	5.1	2.6	—	7.6
Other income (expense), net	0.6	1.9	(0.1)	—	2.4
Income (loss) before income taxes	321.7	509.2	65.3	(445.8)	450.4
Income tax benefit (expense)	21.1	(109.1)	(16.0)	—	(104.0)
Net income (loss)	342.8	400.1	49.3	(445.8)	346.4
Net (income) loss attributable to noncontrolling interests	—	—	(3.6)	—	(3.6)
Net income (loss) attributable to MCBC	$ 342.8	$ 400.1	$ 45.7	$ (445.8)	$ 342.8
Comprehensive income (loss) attributable to MCBC	$ 505.0	$ 581.2	$ 252.9	$ (834.1)	$ 505.0

MOLSON COORS BEVERAGE COMPANY AND SUBSIDIARIES
CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS
(IN MILLIONS)
(UNAUDITED)

	Three Months Ended September 30, 2019				
	Parent Issuer	Subsidiary Guarantors	Subsidiary Non Guarantors	Eliminations	Consolidated
Sales	$ 31.5	$ 2,631.6	$ 1,004.3	$ (169.4)	$ 3,498.0
Excise taxes	—	(367.6)	(288.8)	—	(656.4)
Net sales	31.5	2,264.0	715.5	(169.4)	2,841.6
Cost of goods sold	(2.0)	(1,330.5)	(477.5)	124.6	(1,685.4)
Gross profit	29.5	933.5	238.0	(44.8)	1,156.2
Marketing, general and administrative expenses	(45.0)	(528.6)	(161.4)	44.8	(690.2)
Special items, net	—	(324.9)	(378.4)	—	(703.3)
Equity income (loss) in subsidiaries	(398.3)	(320.3)	(265.3)	983.9	—
Operating income (loss)	(413.8)	(240.3)	(567.1)	983.9	(237.3)
Interest income (expense), net	(74.7)	87.2	(78.1)	—	(65.6)
Other pension and postretirement benefits (costs), net	—	1.2	6.8	—	8.0
Other income (expense), net	(0.4)	(59.7)	46.4	—	(13.7)
Income (loss) before income taxes	(488.9)	(211.6)	(592.0)	983.9	(308.6)
Income tax benefit (expense)	86.1	(185.4)	8.6	—	(90.7)
Net income (loss)	(402.8)	(397.0)	(583.4)	983.9	(399.3)
Net (income) loss attributable to noncontrolling interests	—	—	(3.5)	—	(3.5)
Net income (loss) attributable to MCBC	$ (402.8)	$ (397.0)	$ (586.9)	$ 983.9	$ (402.8)
Comprehensive income (loss) attributable to MCBC	$ (602.5)	$ (592.5)	$ (696.9)	$ 1,289.4	$ (602.5)

MOLSON COORS BEVERAGE COMPANY AND SUBSIDIARIES
CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS
(IN MILLIONS)
(UNAUDITED)

	Nine Months Ended September 30, 2020				
	Parent Issuer	Subsidiary Guarantors	Subsidiary Non Guarantors	Eliminations	Consolidated
Sales	$ 10.1	$ 7,156.6	$ 2,174.3	$ (395.0)	$ 8,946.0
Excise taxes	—	(964.1)	(622.2)	—	(1,586.3)
Net sales	10.1	6,192.5	1,552.1	(395.0)	7,359.7
Cost of goods sold	(1.4)	(3,696.9)	(1,165.4)	377.1	(4,486.6)
Gross profit	8.7	2,495.6	386.7	(17.9)	2,873.1
Marketing, general and administrative expenses	(85.3)	(1,304.5)	(416.8)	17.9	(1,788.7)
Special items, net	(16.8)	(154.9)	(38.9)	—	(210.6)
Equity income (loss) in subsidiaries	641.3	(240.0)	48.6	(449.9)	—
Operating income (loss)	547.9	796.2	(20.4)	(449.9)	873.8
Interest income (expense), net	(179.7)	38.1	(64.9)	—	(206.5)
Other pension and postretirement benefits (costs), net	(0.4)	15.3	7.8	—	22.7
Other income (expense), net	0.3	1.8	1.3	—	3.4
Income (loss) before income taxes	368.1	851.4	(76.2)	(449.9)	693.4
Income tax benefit (expense)	52.7	(208.8)	(109.1)	—	(265.2)
Net income (loss)	420.8	642.6	(185.3)	(449.9)	428.2
Net (income) loss attributable to noncontrolling interests	—	—	(7.4)	—	(7.4)
Net income (loss) attributable to MCBC	$ 420.8	$ 642.6	$ (192.7)	$ (449.9)	$ 420.8
Comprehensive income (loss) attributable to MCBC	$ 199.6	$ 583.0	$ (270.3)	$ (312.7)	$ 199.6

MOLSON COORS BEVERAGE COMPANY AND SUBSIDIARIES
CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS
(IN MILLIONS)
(UNAUDITED)

	Nine Months Ended September 30, 2019				
	Parent Issuer	Subsidiary Guarantors	Subsidiary Non Guarantors	Eliminations	Consolidated
Sales	$ 96.1	$ 7,606.7	$ 2,688.1	$ (472.8)	$ 9,918.1
Excise taxes	—	(1,032.5)	(792.4)	—	(1,824.9)
Net sales	96.1	6,574.2	1,895.7	(472.8)	8,093.2
Cost of goods sold	(5.9)	(3,864.2)	(1,323.0)	334.9	(4,858.2)
Gross profit	90.2	2,710.0	572.7	(137.9)	3,235.0
Marketing, general and administrative expenses	(188.1)	(1,552.1)	(512.8)	137.9	(2,115.1)
Special items, net	(0.4)	(281.3)	(384.7)	—	(666.4)
Equity income (loss) in subsidiaries	221.5	(450.0)	(186.2)	414.7	—
Operating income (loss)	123.2	426.6	(511.0)	414.7	453.5
Interest income (expense), net	(228.3)	255.7	(231.9)	—	(204.5)
Other pension and postretirement benefits (costs), net	—	3.5	21.5	—	25.0
Other income (expense), net	(0.5)	(67.1)	66.9	—	(0.7)
Income (loss) before income taxes	(105.6)	618.7	(654.5)	414.7	273.3
Income tax benefit (expense)	183.6	(395.2)	18.3	—	(193.3)
Net income (loss)	78.0	223.5	(636.2)	414.7	80.0
Net (income) loss attributable to noncontrolling interests	—	—	(2.0)	—	(2.0)
Net income (loss) attributable to MCBC	$ 78.0	$ 223.5	$ (638.2)	$ 414.7	$ 78.0
Comprehensive income attributable to MCBC	$ (75.5)	$ 102.3	$ (760.2)	$ 657.9	$ (75.5)

MOLSON COORS BEVERAGE COMPANY AND SUBSIDIARIES
CONDENSED CONSOLIDATING BALANCE SHEET
(IN MILLIONS)
(UNAUDITED)

	As of September 30, 2020				
	Parent Issuer	Subsidiary Guarantors	Subsidiary Non Guarantors	Eliminations	Consolidated
Assets					
Current assets:					
Cash and cash equivalents	$ 48.4	$ 152.5	$ 530.4	$ —	$ 731.3
Accounts receivable, net	—	375.5	318.7	—	694.2
Other receivables, net	2.4	77.2	43.5	—	123.1
Inventories, net	—	494.5	163.2	—	657.7
Other current assets, net	0.8	313.7	119.7	—	434.2
Intercompany accounts receivable	458.2	1,487.7	92.8	(2,038.7)	—
Total current assets	509.8	2,901.1	1,268.3	(2,038.7)	2,640.5
Properties, net	3.0	3,013.8	1,163.3	—	4,180.1
Goodwill	—	6,141.1	1,483.0	—	7,624.1
Other intangibles, net	2.5	11,530.5	1,877.4	—	13,410.4
Net investment in and advances to subsidiaries	22,014.5	8,152.1	4,262.7	(34,429.3)	—
Other assets	122.0	361.2	419.4	(82.4)	820.2
Total assets	$ 22,651.8	$ 32,099.8	$ 10,474.1	$ (36,550.4)	$ 28,675.3
Liabilities and equity					
Current liabilities:					
Accounts payable and other current liabilities	$ 167.2	$ 1,830.3	$ 1,070.9	$ —	$ 3,068.4
Current portion of long-term debt and short-term borrowings	1,224.0	5.7	12.4	—	1,242.1
Intercompany accounts payable	1,208.0	496.0	334.7	(2,038.7)	—
Total current liabilities	2,599.2	2,332.0	1,418.0	(2,038.7)	4,310.5
Long-term debt	6,293.7	760.5	75.3	—	7,129.5
Pension and postretirement benefits	7.7	669.9	13.9	—	691.5
Deferred tax liabilities	—	1,608.2	750.2	(82.4)	2,276.0
Other liabilities	239.7	164.0	88.5	—	492.2
Intercompany notes payable	—	3,942.2	3,788.6	(7,730.8)	—
Total liabilities	9,140.3	9,476.8	6,134.5	(9,851.9)	14,899.7
MCBC stockholders' equity	13,512.7	26,410.4	8,018.9	(34,429.3)	13,512.7
Intercompany notes receivable	(1.2)	(3,787.4)	(3,942.2)	7,730.8	—
Total stockholders' equity	13,511.5	22,623.0	4,076.7	(26,698.5)	13,512.7
Noncontrolling interests	—	—	262.9	—	262.9
Total equity	13,511.5	22,623.0	4,339.6	(26,698.5)	13,775.6
Total liabilities and equity	$ 22,651.8	$ 32,099.8	$ 10,474.1	$ (36,550.4)	$ 28,675.3

MOLSON COORS BEVERAGE COMPANY AND SUBSIDIARIES
CONDENSED CONSOLIDATING BALANCE SHEET
(IN MILLIONS)
(UNAUDITED)

	As of December 31, 2019				
	Parent Issuer	Subsidiary Guarantors	Subsidiary Non Guarantors	Eliminations	Consolidated
Assets					
Current assets:					
Cash and cash equivalents	$ 15.7	$ 119.6	$ 388.1	$ —	$ 523.4
Accounts receivable, net	—	396.3	318.5	—	714.8
Other receivables, net	14.4	58.4	32.7	—	105.5
Inventories, net	—	449.1	166.8	—	615.9
Other current assets, net	3.0	126.0	95.8	—	224.8
Intercompany accounts receivable	94.1	190.0	14.9	(299.0)	—
Total current assets	127.2	1,339.4	1,016.8	(299.0)	2,184.4
Properties, net	19.8	3,294.7	1,232.0	—	4,546.5
Goodwill	—	6,146.5	1,484.9	—	7,631.4
Other intangibles, net	4.0	11,750.6	1,901.4	—	13,656.0
Net investment in and advances to subsidiaries	21,200.6	8,364.9	4,497.9	(34,063.4)	—
Other assets	137.2	364.4	417.9	(78.0)	841.5
Total assets	$ 21,488.8	$ 31,260.5	$ 10,550.9	$ (34,440.4)	$ 28,859.8
Liabilities and equity					
Current liabilities:					
Accounts payable and other current liabilities	$ 170.7	$ 1,722.0	$ 874.6	$ —	$ 2,767.3
Current portion of long-term debt and short-term borrowings	499.7	415.1	13.4	—	928.2
Intercompany accounts payable	—	150.7	148.3	(299.0)	—
Total current liabilities	670.4	2,287.8	1,036.3	(299.0)	3,695.5
Long-term debt	7,250.3	779.1	80.1	—	8,109.5
Pension and postretirement benefits	7.2	695.5	13.9	—	716.6
Deferred tax liabilities	—	1,593.3	743.3	(78.0)	2,258.6
Other liabilities	142.6	172.2	91.7	—	406.5
Intercompany notes payable	—	—	65.0	(65.0)	—
Total liabilities	8,070.5	5,527.9	2,030.3	(442.0)	15,186.7
MCBC stockholders' equity	13,419.4	25,796.5	8,266.9	(34,063.4)	13,419.4
Intercompany notes receivable	(1.1)	(63.9)	—	65.0	—
Total stockholders' equity	13,418.3	25,732.6	8,266.9	(33,998.4)	13,419.4
Noncontrolling interests	—	—	253.7	—	253.7
Total equity	13,418.3	25,732.6	8,520.6	(33,998.4)	13,673.1
Total liabilities and equity	$ 21,488.8	$ 31,260.5	$ 10,550.9	$ (34,440.4)	$ 28,859.8

MOLSON COORS BEVERAGE COMPANY AND SUBSIDIARIES
CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS
(IN MILLIONS)
(UNAUDITED)

	Nine Months Ended September 30, 2020				
	Parent Issuer	Subsidiary Guarantors	Subsidiary Non Guarantors	Eliminations	Consolidated
Net cash provided by (used in) operating activities	$ 498.3	$ 774.0	$ 220.9	$ —	$ 1,493.2
CASH FLOWS FROM INVESTING ACTIVITIES:					
Additions to properties	(4.9)	(333.2)	(118.3)	—	(456.4)
Proceeds from sales of properties and other assets	—	2.3	2.3	—	4.6
Other	3.2	(4.5)	1.8	—	0.5
Net intercompany investing activity	(73.2)	(3,611.3)	(3,569.1)	7,253.6	—
Net cash provided by (used in) investing activities	(74.9)	(3,946.7)	(3,683.3)	7,253.6	(451.3)
CASH FLOWS FROM FINANCING ACTIVITIES:					
Exercise of stock options under equity compensation plans	4.0	—	—	—	4.0
Dividends paid	(115.3)	—	(10.0)	—	(125.3)
Payments on debt and borrowings	(500.0)	(404.2)	(9.3)	—	(913.5)
Proceeds on debt and borrowings	—	—	1.5	—	1.5
Net proceeds from (payments on) revolving credit facilities and commercial paper	224.6	—	—	—	224.6
Change in overdraft balances and other	(4.0)	(34.6)	6.0	—	(32.6)
Net intercompany financing activity	—	3,641.0	3,612.6	(7,253.6)	—
Net cash provided by (used in) financing activities	(390.7)	3,202.2	3,600.8	(7,253.6)	(841.3)
CASH AND CASH EQUIVALENTS:					
Net increase (decrease) in cash and cash equivalents	32.7	29.5	138.4	—	200.6
Effect of foreign exchange rate changes on cash and cash equivalents	—	3.4	3.9	—	7.3
Balance at beginning of year	15.7	119.6	388.1	—	523.4
Balance at end of period	$ 48.4	$ 152.5	$ 530.4	$ —	$ 731.3

MOLSON COORS BEVERAGE COMPANY AND SUBSIDIARIES
CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS
(IN MILLIONS)
(UNAUDITED)

	Nine Months Ended September 30, 2019				
	Parent Issuer	Subsidiary Guarantors	Subsidiary Non Guarantors	Eliminations	Consolidated
Net cash provided by (used in) operating activities	$ 990.0	$ 341.7	$ 162.0	$ (205.5)	$ 1,288.2
CASH FLOWS FROM INVESTING ACTIVITIES:					
Additions to properties	(7.2)	(276.8)	(173.3)	—	(457.3)
Proceeds from sales of properties and other assets	—	97.3	3.7	—	101.0
Other	46.2	0.2	(9.1)	—	37.3
Net intercompany investing activity	46.5	69.4	48.4	(164.3)	—
Net cash provided by (used in) investing activities	85.5	(109.9)	(130.3)	(164.3)	(319.0)
CASH FLOWS FROM FINANCING ACTIVITIES:					
Exercise of stock options under equity compensation plans	1.5	—	—	—	1.5
Dividends paid	(276.3)	(205.5)	(24.6)	205.5	(300.9)
Payments on debt and borrowings	(1,566.3)	(0.3)	(9.3)	—	(1,575.9)
Net proceeds from (payments on) revolving credit facilities and commercial paper	264.8	—	(1.9)	—	262.9
Change in overdraft balances and other	(3.5)	(9.8)	12.1	—	(1.2)
Net intercompany financing activity	—	(95.8)	(68.5)	164.3	—
Net cash provided by (used in) financing activities	(1,579.8)	(311.4)	(92.2)	369.8	(1,613.6)
CASH AND CASH EQUIVALENTS:					
Net increase (decrease) in cash and cash equivalents	(504.3)	(79.6)	(60.5)	—	(644.4)
Effect of foreign exchange rate changes on cash and cash equivalents	3.1	3.3	(9.7)	—	(3.3)
Balance at beginning of year	515.8	156.1	386.0	—	1,057.9
Balance at end of period	$ 14.6	$ 79.8	$ 315.8	$ —	$ 410.2

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

Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") in this Quarterly Report on Form 10-Q is provided as a supplement to, and should be read in conjunction with, our audited consolidated financial statements, the accompanying notes and the MD&A included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2019 ("Annual Report"), as well as our unaudited condensed consolidated interim financial statements and the accompanying notes included in this report. Due to the seasonality of our operating results, quarterly financial results are not an appropriate basis from which to project annual results.

Unless otherwise noted in this report, any description of "we," "us" or "our" includes Molson Coors Beverage Company ("MCBC" or the "Company") (formerly known as Molson Coors Brewing Company), principally a holding company, and its operating and non-operating subsidiaries included within our reporting segments.

On January 1, 2020, we changed our management structure from a corporate center and four segments to two segments - North America and Europe. Our International segment was reconstituted with the Africa and Asia Pacific businesses reporting into the Europe segment and the remaining International business reporting into the North America segment. Accordingly, effective January 1, 2020, our reporting segments include: North America (North America segment), operating in the U.S., Canada and various countries in Latin and South America; and Europe (Europe segment), operating in Bulgaria, Croatia, Czech Republic, Hungary, Montenegro, the Republic of Ireland, Romania, Serbia, the U.K., various other European countries, and certain countries within Africa and Asia Pacific. We have recast the historical presentation of segment information as a result of these reporting segment changes accordingly. See Part 1 - Item 1. Financial Statements, Note 3 "Segment Reporting" for further discussion of the segment change.

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

Operational Measures

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

Executive Summary

We are one of the world's largest brewers and have a diverse portfolio of owned and partner brands, including global brands *Blue Moon, Coors Banquet, Coors Light, Miller Genuine Draft, Miller Lite,* and *Staropramen*, regional champion brands *Carling*, *Molson Canadian* and other leading country-specific brands, as well as craft and specialty beers such as *Creemore Springs*, *Cobra*, *Sharp's Doom Bar* and *Leinenkugel's*. With centuries of brewing heritage, we craft high-quality, innovative beverages with the purpose of uniting people to celebrate all life's moments. 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.

Coronavirus Global Pandemic

On March 11, 2020, the World Health Organization characterized the outbreak of the novel coronavirus disease, known as COVID-19, as a global pandemic and recommended containment and mitigation measures. We are actively monitoring the impact of the coronavirus pandemic, which had a material adverse effect on our operations, liquidity, financial condition, and results of operations during the second quarter of 2020 due to the on-premise closures worldwide. While the adverse effects of the coronavirus pandemic continued into the third quarter of 2020 due to on-premise locations only being open at partial capacity and at reduced hours and is expected to have an impact for the rest of 2020 and beyond, we do not currently anticipate the adverse effects to be as material as were observed in the second quarter of 2020. The effects of the pandemic remain highly uncertain especially around the severity and duration of the outbreak and actions by government authorities to contain the pandemic or address its impact, among other things.

Many governmental entities across North America and Europe required that bars and restaurants close or cease sit-down service during the second quarter of 2020, which negatively impacted the on-premise sales of our beverages and led to the

incurrence of costs to repurchase products that on-premise accounts or distributors were unable or prohibited from selling as a result of the governmental regulations. This can be seen in our financial results during the nine months ended September 30, 2020. During this same period, other restaurants and bars implemented closures or modified their hours, either voluntarily or as a result of governmental orders or quarantines. At the end of the second quarter and into the third quarter of 2020, there was a phased reopening of a significant number of on-premise accounts in certain of our markets, but with restrictions. Sales to restaurants and bars have not returned to pre-pandemic levels and in many instances, the reopened on-premise accounts have been impacted by further restrictions imposed as a result of increased spread of the coronavirus. In addition, sporting events, festivals and other large public gatherings where our products are served have been canceled throughout North America and Europe. See "Outlook" for additional details. Sales to on-premise customers tend to be higher margin than sales to off-premise (retail outlets) customers. Additionally, these and other governmental or societal impositions of restrictions on public gatherings, especially if prolonged in nature, whether government or self-imposed, will have adverse effects on on-premise traffic and, in turn, our business.

As expected, we experienced a significant adverse volume impact in the nine months ended September 30, 2020 resulting from the initial closure of, and subsequent continued impacts to, the on-premise channel. As perspective, we estimate that approximately 23% of our 2019 consolidated net sales resulted from on-premise consumption, with approximately 17% of our North America net sales and approximately 50-55% of our Europe net sales each coming from this important part of the industry, and in many of our markets the on-premise business had been reduced to zero for much of the second quarter. See further discussion below under "Results of Operations" regarding the historical percentage of volume and net sales represented in the on-premise within our North America and Europe segment businesses and resulting implications to expected profitability as a result of the effective closures of the on-premise in the markets in which we operate. While we began to see some of the on-premise return in June in many of these markets, with the notable exception of the U.K. which did not reopen until early July, business and consumer behavior in the channel has been slow and remains uncertain. Therefore, as a result of this uncertainty, along with the growing risk of a return of shutdowns in certain markets, we currently continue to expect a significant adverse impact to both net sales and profit performance for fiscal 2020, and, possibly, beyond.

In addition, where we have seen shifts in demand to the off-premise, and certain package types, this has strained our supply chain and package availability, particularly with aluminum can demand and other packaging materials, requiring that we strategically prioritize certain brands and package types. Our supply chain continues to work diligently to ensure sufficient supply of these high demand brand and packages as we adjust to these changing consumer dynamics.

Further, during the nine months ended September 30, 2020 we recorded charges of $15.5 million within cost of goods sold related to temporary "thank you" pay for certain essential North America brewery employees. Additionally, in order to support the challenges facing our on-premise customers and retailers, and our overall commitment to quality, during the first quarter of 2020, we initiated voluntary temporary keg relief programs in many of our markets providing customers with reimbursements for untapped kegs that meet certain established return requirements. As a result, our results for the nine months ended September 30, 2020 further include aggregate charges of $43.7 million, inclusive of a reduction to net sales of $31.1 million for estimated reimbursements through these keg relief programs, as well as charges of $12.6 million within cost of goods sold related to obsolete finished goods keg inventories that were unable to be sold within our freshness specifications as a result of the ongoing on-premise impacts, as well as the estimated costs to facilitate the above mentioned keg returns. These keg return and inventory obsolescence charges were recognized primarily during the first quarter of 2020. See Part I—Item 1. Financial Statements, Note 1, “Basis of Presentation and Summary of Significant Accounting Policies” for additional details.

With the continued spread of the coronavirus and the reversal of certain on-premise re-openings, the extent, severity and duration to which our operations will be impacted by the pandemic remains uncertain. Therefore, we previously withdrew our financial outlook for 2020 and beyond and have determined that the market remains too unpredictable to provide an updated detailed financial outlook at this time.

As a result of the ongoing impacts of the pandemic, we have continued to take various mitigating actions to offset some of the implications to our employees and communities, as well as the challenges to performance, while also ensuring liquidity and deleverage remain key priorities as further discussed within "Outlook" below. In addition to actions already taken, additional actions may be necessary. Such potential actions include, but are not limited to, drawing on our revolving line of credit facility, issuing additional commercial paper under our U.S. commercial paper program, issuing commercial paper under the COVID Corporate Financing Facility in the U.K. (see Part I—Item 1. Financial Statements, Note 8, "Debt" for further discussion of the facilities and our remaining capacity), further accessing the capital markets, reducing discretionary spending including marketing, general and administrative as well as capital expenditures, asset monetization and taking advantage of certain governmental programs such as furloughs in the U.K. and government relief and payment deferral programs, for example by the U.S. Coronavirus Aid, Relief, and Economic Security Act (the “CARES Act”), and other such government-sponsored legislation and programs. In late May 2020, our board of directors also suspended our regular quarterly dividends on our Class A and Class B common and exchangeable shares otherwise payable in fiscal year 2020. See "Liquidity and Capital

Resources" and Part II—Item 1A. "Risk Factors" in this report for additional information regarding the impact of the global coronavirus pandemic. We also continue to monitor the impacts of the pandemic on the recoverability of our assets, including goodwill and indefinite-lived intangible assets. While we have not recognized any resulting impairment losses at this time, if the duration of the pandemic is prolonged and the severity of its impact continues or worsens, it could result in significant impairment losses. See Part I—Item 1. Financial Statements, Note 7, "Goodwill and Intangible Assets" for further details.

Revitalization Plan

On October 28, 2019, we initiated a revitalization plan designed to allow us to invest across our portfolio to drive long-term, sustainable success. The plan is to accelerate investments behind our largest brands, invest significantly in the above premium segment and invest more in whitespace and beyond beer opportunities. Progress has been made against these ambitions despite the complexities and adversity brought by the coronavirus pandemic. The savings from the revitalization plan have been routed not only to the goals of the revitalization plan, but also to protecting our cash and liquidity position during the uncertain time brought on by the pandemic. The combined segment share for *Coors Light* and *Miller Lite* continues to grow in the United States despite the constraints of the pandemic restrictions. We increased the proportion of our above premium products in our North America portfolio and introduced new hard seltzer products to markets in the United States and parts of Europe. Additionally, Truss, our joint venture with HEXO, introduced ready-to-drink cannabis beverages in Canada. See "Outlook" below for additional discussion regarding progress on our revitalization plan.

We also made the determination to establish Chicago, Illinois as our North American operational headquarters, close our office in Denver, Colorado and consolidate certain administrative functions into our other existing office locations. Effective January 1, 2020, we changed our management structure from a corporate center and four segments to two segments - North America and Europe. We also have certain activity that is not allocated to our segments, which has been reflected as “Unallocated.” 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. We have recast the historical presentation of segment information as a result of these reporting segment changes accordingly. See Part I - Item 1. Financial Statements, Note 3, "Segment Reporting" for additional details.

In connection with these consolidation activities, we have incurred and currently expect to continue to incur certain cash and non-cash restructuring charges related to severance, retention and transition costs, employee relocation, non-cash asset related costs, lease impairment and exit costs in connection with our office lease in Denver, Colorado, and other transition activities currently estimated in the range of approximately $90 million to $120 million in the aggregate, the majority of which are cash charges that we began recognizing as special items in the fourth quarter of 2019, and have been, and will continue to, further recognize through fiscal years 2020 and 2021. During the three and nine months ended September 30, 2020, we recognized severance and retention charges of $2.8 million and $33.9 million, respectively. These charges, along with the other revitalization costs, bring the aggregate of such charges to approximately $95 million since the plan was initiated in 2019. See Part I—Item 1. Financial Statements, Note 5, "Special Items” for additional details related to these restructuring and other charges.

After taking into account all changes in each of the business units, including Europe, the plan is expected to reduce employment levels, in aggregate, by approximately 600 employees globally. We currently expect the costs associated with the restructuring to be substantially recognized by the end of fiscal year 2021.

Summary of Consolidated Results of Operations

The following table highlights summarized components of our unaudited condensed consolidated statements of operations for the three and nine months ended September 30, 2020 and September 30, 2019. See Part I-Item 1. Financial Statements for additional details of our U.S. GAAP results.

	Three Months Ended			Nine Months Ended		
	September 30, 2020	September 30, 2019	% change	September 30, 2020	September 30, 2019	% change
	(In millions, except percentages and per share data)					
Financial volume in hectoliters	23.789	25.044	(5.0)%	64.803	70.956	(8.7)%
Net sales	$ 2,753.5	$ 2,841.6	(3.1)%	$ 7,359.7	$ 8,093.2	(9.1)%
Net income (loss) attributable to MCBC	$ 342.8	$ (402.8)	N/M	$ 420.8	$ 78.0	N/M
Net income (loss) attributable to MCBC per diluted share	$ 1.58	$ (1.86)	N/M	$ 1.94	$ 0.36	N/M

N/M = Not meaningful

Third Quarter 2020 Financial Highlights

During the third quarter of 2020, we recognized net income attributable to MCBC of $342.8 million compared to a net loss of $402.8 million in the prior year. This increase was driven by lower special charges of approximately $644 million primarily due to cycling a $668.3 million goodwill impairment charge recognized in our North America segment in the third quarter of 2019 partially offset by higher current year asset impairment losses in Europe, an approximate $90 million year-over-year variance resulting from favorable unrealized mark-to-market changes on our commodity positions and HEXO Corp. ("HEXO") warrants, as well as lower marketing, general and administrative expenses, positive pricing in the U.S. and Canada, partially offset by lower financial volume and unfavorable mix. The decline in marketing, general and administrative expense was driven by adjusting marketing spend related to areas impacted by the coronavirus pandemic, particularly sports and live entertainment events, cost savings related to the revitalization plan and targeted cost mitigation actions. The savings were partially offset by cycling lower incentive compensation in the prior year and higher current year media investment in North America.

Net sales of approximately $2.8 billion in the third quarter of 2020 decreased 3.1% from the prior year, driven by financial volume declines related to continued on-premise restrictions from the coronavirus pandemic, as well as unfavorable channel mix across all major markets, partially offset by higher net pricing in the U.S. and Canada as well as positive brand and package mix in the U.S. In addition to the on-premise restrictions, North America packaging material constraints contributed to lower brand and financial volumes, particularly in the economy and premium segments.

Regional financial highlights:

- North America segment income before income taxes was $400.8 million in the third quarter of 2020, compared to a loss before income taxes of $287.4 million in the prior year driven by lower special charges, including the above mentioned goodwill impairment loss, net pricing increases in the U.S and Canada, favorable brand and package mix in the U.S., lower marketing, general and administrative expense and cost savings in cost of goods sold, partially offset by lower financial volume and cost of goods sold inflation. The lower marketing, general and administrative expense was driven by lower marketing spend in areas impacted by the coronavirus pandemic, particularly sports and live entertainment events, and other cost mitigation actions, as well as cost savings related to the revitalization plan, partially offset by cycling lower incentive compensation in the prior year and higher current year media investment.
- Europe segment, income before income taxes was $40.9 million in the third quarter of 2020, compared to $52.9 million in the prior year primarily due to lower gross profit as a result of the on-premise impacts of the coronavirus pandemic and higher special charges, partially offset by lower marketing, general administrative expenses driven by cost mitigation actions.

See "Results of Operations" below for further analysis of our segment results.

Brand highlights:

- *Blue Moon* global brand volume decreased 7.3% in the third quarter of 2020 versus 2019, driven by declines in North America, specifically in the U.S, primarily as a result of the on-premise impacts of the coronavirus

pandemic. However, declines in the third quarter of 2020 were significantly less than declines in the second quarter of 2020 as on-premise accounts began to re-open in the U.S. and *Blue Moon LightSky*'s successful U.S. performance boosted the overall brand performance.

- *Carling* brand volume in Europe decreased 6.9% during the third quarter of 2020 versus 2019, due to lower volumes in the U.K., the brand's primary market as a result of the on-premise impacts of the coronavirus pandemic.
- *Coors* global brand volume - *Coors Light* global brand volume decreased 6.7% during the third quarter of 2020 versus 2019. The overall volume decrease in the third quarter of 2020 was primarily driven by declines across North America and Europe primarily as a result of the on-premise impacts of the coronavirus pandemic. Despite volume declines in the U.S., *Coors Light* gained share of the U.S. premium light segment for the sixth consecutive quarter.
- *Miller* global brand volume - *Miller Lite* global brand volumes decreased 1.9% during the third quarter of 2020 versus 2019, primarily driven by declines in the U.S. and Canada primarily as a result of the on-premise impacts of the coronavirus pandemic, partially offset by growth in Latin America. However, *Miller Lite* gained share of the U.S. premium light segment for the twenty-fourth consecutive quarter. *Miller Genuine Draft* global brand volume decreased 4.3% during the third quarter of 2020 versus 2019, primarily due to coronavirus related decreases in the U.S and Canada, partially offset by growth in Latin America.
- *Staropramen* global brand volume, including royalty volume, increased 3.2% during the third quarter of 2020 versus 2019, primarily driven by higher volumes in European markets outside Czech Republic, the brand's primary market.

Worldwide Brand Volume

Worldwide brand volume (or "brand volume" when discussed by segment) reflects owned brands sold to unrelated external customers within our geographic markets, net of returns and allowances, royalty volume and an adjustment from STWs to STRs calculated consistently with MCBC owned volume. Contract brewing and wholesaler volume is removed from worldwide brand volume as this is non-owned volume for which we do not directly control performance. We believe this definition of worldwide brand volume more closely aligns with how we measure the performance of our owned brands within the markets in which they are sold. Financial volume represents owned brands sold to unrelated external customers within our geographical markets, net of returns and allowances as well as contract brewing, wholesale non-owned brand volume and company-owned distribution volume. Royalty volume consists of our brands produced and sold by third parties under various license and contract-brewing agreements and because this is owned volume, it is included in worldwide brand volume. The adjustment from STWs to STRs provides the closest indication of the performance of our owned brands in relation to market and competitor sales trends, as it reflects sales volume one step closer to the end consumer and generally means sales from our wholesalers or our company to retailers.

	Three Months Ended			Nine Months Ended		
	September 30, 2020	September 30, 2019	% change	September 30, 2020	September 30, 2019	% change
	(In millions, except percentages)					
Volume in hectoliters:						
Financial volume	23.789	25.044	(5.0)%	64.803	70.956	(8.7)%
Less: Contract brewing, wholesaler and non-beer volume	(1.739)	(1.986)	(12.4)%	(4.902)	(5.921)	(17.2)%
Add: Royalty volume	1.116	1.169	(4.5)%	2.668	2.946	(9.4)%
Add: STW to STR adjustment	0.211	0.441	(52.2)%	0.148	(0.823)	N/M
Total worldwide brand volume	23.377	24.668	(5.2)%	62.717	67.158	(6.6)%
Worldwide Brand Volume by Segment						
North America	16.561	17.461	(5.2)%	46.458	48.677	(4.6)%
Europe	6.816	7.207	(5.4)%	16.259	18.481	(12.0)%
Total	23.377	24.668	(5.2)%	62.717	67.158	(6.6)%

N/M = Not meaningful

Our worldwide brand volume decreased 5.2% and 6.6% during the three and nine months ended September 30, 2020, respectively, compared to prior year, while financial volume decreased 5.0% and 8.7% during the three and nine months ended September 30, 2020, respectively, compared to prior year. This reflects the impacts of the coronavirus pandemic and the related closure of on-premise outlets in both North America and Europe, as well as market share declines in part due to prioritization of certain key brands and package types to meet off-premise demand while dealing with packaging supply constraints, and lower contract brewing volumes in North America. Despite this and the gradual re-opening of on-premise locations during the third quarter, the increase in off-premise brand volumes was not sufficient to offset the volume losses experienced related to the on-premise restrictions, resulting in overall brand volume declines. This has continued into October 2020 as we see further uncertainty around the level of on-premise restrictions across North America and Europe. As a result, we do not expect off-premise volumes to fully offset the loss of the on-premise volume due to closures related to the pandemic.

Net Sales Drivers

For the three months ended September 30, 2020 versus September 30, 2019, by segment (in percentages):

	Volume	Price, Product and Geography Mix	Currency	Total
Consolidated	**(5.0)%**	**1.4 %**	**0.5 %**	**(3.1)%**
North America	(4.0) %	3.2 %	(0.2) %	(1.0) %
Europe	(7.7) %	(7.6) %	3.1 %	(12.2) %

For the nine months ended September 30, 2020 versus September 30, 2019, by segment (in percentages):

	Volume	Price, Product and Geography Mix	Currency	Total
Consolidated	**(8.7)%**	**(0.1) %**	**(0.3) %**	**(9.1)%**
North America	(6.7) %	1.4 %	(0.2) %	(5.5) %
Europe	(14.5) %	(10.3) %	(0.1) %	(24.9) %

Income taxes

	Three Months Ended		Nine Months Ended	
	September 30, 2020	September 30, 2019	September 30, 2020	September 30, 2019
Effective tax rate	23 %	(29) %	38 %	71 %

The change in the effective tax rate for the three and nine months ended September 30, 2020 was primarily driven by the impact of the $668.3 million goodwill impairment loss within our North America segment recognized in the third quarter of 2019. Specifically, this impairment loss, which resulted in a pretax loss during the three months ended September 30, 2019 and a significant reduction to our pretax income during the nine months ended September 30, 2019, was nondeductible for income tax purposes, resulting in a negative effective tax rate during the three months ended September 30, 2019, and a significant increase to our effective tax rate during the nine months ended September 30, 2019. Separately, our effective tax rate during the nine months ended September 30, 2020 was impacted by the recognition of approximately $135 million of discrete tax expense in the second quarter of 2020 related to the hybrid regulations enacted in the second quarter of 2020 as further discussed below.

Since 2018, the U.S. Department of Treasury has continued to issue proposed, temporary and final regulations to implement provisions of the 2017 Tax Act. We have continued to monitor these regulations, and on April 7, 2020, the U.S. Department of Treasury enacted final hybrid regulations with full retroactive application to January 1, 2018, with a few exceptions. We have reviewed the final regulations and their impact on our tax positions and financial statements. The final regulations, associated with the taxability of certain interest, impact tax positions we took in 2018 and 2019 and have resulted in additional income tax expense of approximately $135 million, which was recognized upon enactment in the second quarter of 2020. The impact of the finalized regulations could result in cash tax outflows up to this amount in 2021. We continue to analyze the potential cash impacts of the final regulations to minimize any cash outflows.

During the third quarter of 2020, the U.K. government enacted, and royal assent was received, legislation to repeal the previously enacted reduction to the corporate income tax rate that was due to take effect April 1, 2020, that changed the previously anticipated corporate income tax rate from 17% to 19%. As a result, we remeasured our deferred tax liabilities resulting in the recognition of discrete tax expense of approximately $6 million during the three months ended September 30, 2020.

Our tax rate is volatile and may increase or decrease with changes in, among other things, the amount and source of income or loss, our ability to utilize foreign tax credits, excess tax benefits or deficiencies from share-based compensation,

changes in tax laws, and the movement of liabilities established pursuant to accounting guidance for uncertain tax positions as statutes of limitations expire, positions are effectively settled, or when additional information becomes available. There are proposed or pending tax law changes in various jurisdictions and other changes to regulatory environments in countries in which we do business that, if enacted, may have an impact on our effective tax rate.

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

Results of Operations

North America Segment

	Three Months Ended			Nine Months Ended		
	September 30, 2020	September 30, 2019	% change	September 30, 2020	September 30, 2019	% change
	(In millions, except percentages)					
Financial volume in hectoliters[1][2]	17.329	18.050	(4.0)%	49.433	52.972	(6.7)%
Sales[2]	$ 2,609.4	$ 2,644.6	(1.3)%	$ 7,213.2	$ 7,647.7	(5.7)%
Excise taxes	(357.1)	(370.3)	(3.6)%	(971.0)	(1,040.2)	(6.7)%
Net sales[2]	2,252.3	2,274.3	(1.0)%	6,242.2	6,607.5	(5.5)%
Cost of goods sold[2]	(1,304.4)	(1,322.3)	(1.4)%	(3,738.8)	(3,896.2)	(4.0)%
Gross profit	947.9	952.0	(0.4)%	2,503.4	2,711.3	(7.7)%
Marketing, general and administrative expenses	(517.3)	(552.9)	(6.4)%	(1,439.1)	(1,674.9)	(14.1)%
Special items, net[3]	(29.3)	(677.3)	(95.7)%	(172.5)	(635.3)	(72.8)%
Operating income (loss)	401.3	(278.2)	N/M	891.8	401.1	122.3 %
Interest income (expense), net	(0.3)	2.6	N/M	(2.0)	4.6	N/M
Other income (expense), net	(0.2)	(11.8)	(98.3)%	(1.3)	1.3	N/M
Income (loss) before income taxes	$ 400.8	$ (287.4)	N/M	$ 888.5	$ 407.0	118.3 %

N/M = Not meaningful

(1) Excludes royalty volume of 0.584 million hectoliters and 1.387 million hectoliters for the three and nine months ended September 30, 2020, and excludes royalty volume of 0.632 million hectoliters and 1.550 million hectoliters for the three and nine months ended September 30, 2019, respectively. The results for the three and nine months ended September 30, 2019 have been recast to reflect the segment changes as part of the revitalization plan.

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

(3) See Part I—Item 1. Financial Statements, Note 5, "Special Items" for detail of special items.

Significant events

We continue to monitor the coronavirus pandemic, which has had, and we currently expect will continue to have, a material adverse effect on our North America results of operations for fiscal year 2020 and, possibly, beyond. As expected, we experienced a significant adverse impact in the nine month period ended September 30, 2020 resulting from the initial closure of, and subsequent continued impacts to, the on-premise channel. As perspective, we estimate that approximately 16% and 17% of our fiscal year 2019 North America volume and net sales, respectively, was from the on-premise channel, which tends to be more profitable than the off-premise channel as a result of its higher above premium brand mix. While we began to see some of the on-premise return in June, due to limitations and restrictions as well as consumer uncertainty, volume has not returned to pre-pandemic levels. We have seen some of the on-premise demand shift to the off-premise; however, this shift has not been proportionate to the severe declines in volume lost from the on-premise closures and weakened demand. As a result of the coronavirus pandemic and resulting government-imposed restrictions and related on-premise closures, this portion of our business effectively ceased entirely from the middle of March of 2020 into the beginning of the third quarter of 2020. Additionally, continuing governmental or societal impositions on bars and restaurants and restrictions on public gatherings including the growing risk of a return of shutdowns, especially if prolonged in nature, we expect will continue to have adverse effects on on-premise traffic and, in turn, our business performance, cash flows and liquidity. Further, the CAD has become volatile as a result of the ongoing uncertainties and impacts of the coronavirus pandemic. Any significant weakening of the CAD to the USD could have an adverse impact on our results due to the relative magnitude of our Canadian business.

Our results for the nine months ended September 30, 2020 include a reduction to net sales of $14.1 million and charges to cost of goods sold of $9.7 million related to the recognition of estimated sales returns and finished good obsolescence reserves and related costs resulting from the on-premise impacts of the coronavirus pandemic. These charges were primarily recognized during the first quarter of 2020, with reductions in charges recognized within net sales and cost of goods sold of $5.5 million and $2.5 million, respectively, in the third quarter as a result of changes in estimates. We also recognized charges to cost of goods sold of $15.5 million in the second quarter of 2020 related to temporary "thank you" pay for certain essential North America brewery employees.

In the third quarter of 2020, we, in collaboration with D.G. Yuengling & Son, Inc. ("Yuengling"), formed The Yuengling Company LLC ("TYC"), a 50% - 50% joint venture by MCBC and DGY West Holdings, LP that, pursuant to an operating agreement, formed to expand commercialization of Yuengling's brands with operation currently expected to commence in the second half of 2021. TYC will oversee any new market expansion in the U.S. outside Yuengling's current 22-state footprint and New England. We expect that TYC will expand in a methodical pace following disciplined and steady growth.

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

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

The volatility of aluminum prices, inclusive of Midwest Premium and tariffs, continued to significantly impact our results during the first three quarters of 2020. To the extent these prices continue to fluctuate, our business and financial results could be materially adversely impacted. We continue to monitor these risks and rely on our risk management hedging program to help mitigate price risk exposure for commodities including aluminum and fuel.

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

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

In June 2019, Health Canada released final regulations resulting in the legalization of new classes of cannabis products including edibles and cannabis infused beverages on October 17, 2019, with product sales being permitted sixty days after submission of the beverage formulations to Health Canada and satisfaction of all other licensing and regulatory preconditions. Truss, our joint venture with HEXO in Canada, began sales of its THC and CBD infused beverages across the Canadian market during the third quarter of 2020. Separately, in April 2020, we completed the formation of a new joint venture with HEXO to explore opportunities for non-alcohol hemp-derived CBD beverages in Colorado.

Foreign currency impact on results

During the three and nine months ended September 30, 2020, foreign currency movements unfavorably impacted our North America USD income before income taxes by $0.5 million and $1.8 million, respectively. Included in this amount are

both translational and transactional impacts of changes in foreign exchange rates. The impact of transactional foreign currency gains and losses is recorded within other income (expense) in our unaudited condensed consolidated statements of operations.

Volume and net sales

Brand volume decreased 5.2% and 4.6%, for the three and nine months ended September 30, 2020 compared to prior year, due to on-premise outlet restrictions as well as packaging constraints contributing to declines in the economy and premium segments. Financial volume declined 4.0% and 6.7% for the three and nine months ended September 30, 2020 respectively, compared to prior year, reflecting lower brand volume. North America shipment timing was positive in the third quarter of 2020, but unfavorable for the nine months ended September 30, 2020, largely due to aluminum can supply and other packaging material constraints as well as lower contract brewing volume.

Net sales per hectoliter on a brand volume basis increased 3.6% and 1.2% for the three and nine months ended September 30, 2020, respectively, compared to prior year. The increase in the third quarter was driven by positive brand and package mix in the U.S. as well as net pricing increases in the U.S. and Canada, partially offset by negative brand and channel mix in Canada attributed to the shift of volume from on-premise to off-premise. The increase for the first three quarters was driven by the same factors, partially offset by the estimated keg sales returns and reimbursements recognized in the first quarter of 2020 related to the on-premise impacts of the coronavirus pandemic. Net sales per hectoliter on a reported basis in local currency increased 3.3% and 1.5% for the three and nine months ended September 30, 2020 compared to prior year.

Cost of goods sold

Cost of goods sold per hectoliter in local currency for the three and nine months ended September 30, 2020 increased 2.9% and 3.1%, respectively, compared to prior year, driven by volume deleverage, product mix and cost inflation, partially offset by cost savings. Additionally, cost of goods sold per hectoliter in local currency for the nine months ended September 30, 2020 was also impacted by finished good obsolescence reserves and related costs recognized in the first quarter of 2020 resulting from the on-premise impacts of the coronavirus pandemic, as well as temporary "thank you" pay for certain essential North America brewery employees, partially offset by the favorable resolution of our property tax appeal for our Golden, Colorado brewery.

Marketing, general and administrative expenses

Marketing, general and administrative expenses in local currency for the three and nine months ended September 30, 2020 decreased 6.3% and 13.8%, respectively, compared to prior year, primarily driven by lower marketing spend in areas impacted by the coronavirus pandemic, such as sports and live entertainment events, and other cost mitigation actions, as well as cost savings related to the revitalization plan, partially offset by cycling lower incentive compensation in the prior year. The three months ended September 30, 2020 also included higher media investment versus the third quarter of 2019.

Other income (expense), net

The change in other income (expense) during the three and nine months ended September 30, 2020 was primarily driven by unrealized mark-to-market changes on our HEXO warrants.

Europe Segment

	Three Months Ended			Nine Months Ended		
	September 30, 2020	September 30, 2019	% change	September 30, 2020	September 30, 2019	% change
	(In millions, except percentages)					
Financial volume in hectoliters[1][2]	6.478	7.020	(7.7)%	15.443	18.066	(14.5)%
Sales[2]	$ 771.9	$ 860.1	(10.3)%	$ 1,744.1	$ 2,288.5	(23.8)%
Excise taxes	(267.8)	(286.1)	(6.4)%	(615.3)	(784.7)	(21.6)%
Net sales[2]	504.1	574.0	(12.2)%	1,128.8	1,503.8	(24.9)%
Cost of goods sold[2]	(313.9)	(354.9)	(11.6)%	(783.8)	(968.1)	(19.0)%
Gross profit	190.2	219.1	(13.2)%	345.0	535.7	(35.6)%
Marketing, general and administrative expenses	(117.2)	(137.3)	(14.6)%	(349.6)	(440.2)	(20.6)%
Special items, net[3]	(30.4)	(26.0)	16.9 %	(38.1)	(31.1)	22.5 %
Operating income (loss)	42.6	55.8	(23.7)%	(42.7)	64.4	N/M
Interest income (expense), net	(1.3)	(1.5)	(13.3)%	(4.0)	(4.3)	(7.0)%
Other income (expense), net	(0.4)	(1.4)	(71.4)%	(0.2)	(2.2)	(90.9)%
Income (loss) before income taxes	$ 40.9	$ 52.9	(22.7)%	$ (46.9)	$ 57.9	N/M

N/M = Not meaningful

(1) Excludes royalty volume of 0.532 million hectoliters and 1.281 million hectoliters for the three and nine months ended September 30, 2020, and excludes royalty volume of 0.537 million hectoliters and 1.396 million hectoliters for the three and nine months ended September 30, 2019, respectively. The results for the three and nine months ended September 30, 2019 have been recast to reflect the segment changes as part of the revitalization plan.

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

(3) See Part I-Item 1. Financial Statements, Note 5, "Special Items" for detail of special items.

Significant events

We continue to monitor the coronavirus pandemic, which has had, and we currently expect will continue to have, a material adverse effect on our Europe results of operations for fiscal year 2020 and, possibly, beyond. As expected, we experienced a significant adverse impact in the first three quarters of 2020 resulting from the initial closure of, and subsequent continued impacts to, the on-premise channel. As perspective, we estimate that approximately 40% and 50-55% of our fiscal year 2019 Europe volume and net sales, respectively, was from the on-premise channel, which tends to be more profitable than the off-premise channel. In addition, the U.K. is further negatively being impacted by the on-premise restrictions as the U.K. comprises approximately 55% of our Europe net sales, which were $1,986.4 million for the year ended December 31, 2019 (the Europe net sales includes the U.K. factored brand business, which represents approximately 17% of this amount), and, we estimate, nearly 60% and approximately 70-75% of the U.K. volume and net sales revenue, respectively, originate from the U.K. on-premise channel. While we began to see some of the on-premise return during June, and the on-premise reopening on July 4, 2020 in the U.K., consumer behavior throughout Europe in the channel has been uncertain and has not returned to pre-pandemic levels during the third quarter. In the U.K., this was despite the positive impact in the third quarter from good weather and the U.K. government stimulus package "*Eat Out to Help Out*." We expect the governmental or societal impositions on bars and restaurants and restrictions on public gatherings in Europe including the growing risk of a return of shutdowns, especially if prolonged in nature, will continue to have adverse effects on on-premise traffic and, in turn, our business performance, cash flows and liquidity.

Our results for the nine months ended September 30, 2020 include a reduction to net sales of $17.0 million and charges to cost of goods sold of $2.9 million related to the recognition of estimated sales returns and finished good obsolescence reserves and related costs resulting from the on-premise impacts of the coronavirus pandemic. These charges were primarily recognized during the first quarter of 2020, with immaterial adjustments for changes in estimates recognized in the second quarter. During the third quarter of 2020, we recorded a reduction to net sales of $4.8 million, and a benefit to cost of goods sold of $1.7 million, respectively, resulting from changes in estimates.

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

The U.K. exited the European Union (EU) on January 31, 2020, which subjects our Europe segment to regulatory and market uncertainty as the U.K. remains in the EU customs union and single market until December 31, 2020, while the full terms of future trade agreements continue to be negotiated. The GBP has become volatile as a result of the government discussions related to the uncertainty and terms of the exit as well as from the ongoing uncertainties and impacts of the coronavirus pandemic. Any significant weakening of the GBP to the USD could have an adverse impact on our results due to the importance and relative magnitude of U.K. sales.

During the third quarter of 2020, we recognized as a special charge an impairment loss of $30.0 million related to the held for sale classification of a disposal group within our India business, representing an insignificant part of our Europe segment.

Foreign currency impact on results

Our Europe segment operates in numerous countries and each country's operations utilize distinct currencies. Foreign currency movements did not have a net impact to our Europe USD income before income taxes for the three months ended September 30, 2020, and favorably impacted our Europe USD loss before income taxes by $4.0 million for the nine months ended September 30, 2020. Included in this amount are both translational and transactional impacts of changes in foreign exchange rates. The impact of transactional foreign currency gains and losses is recorded within other income (expense) in our unaudited condensed consolidated statements of operations.

Volume and net sales

Our Europe brand volume decreased 5.4% and 12.0% for the three and nine months ended September 30, 2020, respectively, as a result of the coronavirus pandemic. Financial volume declined 7.7% and 14.5% for the three and nine months ended September 30, 2020 respectively, also as a result of the coronavirus pandemic.

Net sales per hectoliter on a brand volume basis decreased 5.9% and 8.0% in local currency for the three and nine months ended September 30, 2020, respectively, compared to prior year, driven by unfavorable channel, brand and geographic mix, particularly from our higher margin U.K. business, which has a more significant exposure to the on-premise channel which re-opened with restrictions in the third quarter of 2020. Net sales per hectoliter on a brand volume basis was also impacted by the estimated keg sales returns primarily recognized in the first and in the third quarters of 2020 related to the on-premise impacts resulting from the coronavirus pandemic and slightly unfavorable pricing during the second quarter of 2020. Net sales per hectoliter on a reported basis decreased 8.3% and 12.1% in local currency for the three and nine months ended September 30, 2020, respectively, compared to prior year.

Cost of goods sold

Cost of goods sold per hectoliter decreased 7.7% and 4.8% in local currency for the three and nine months ended September 30, 2020, respectively, versus prior year, driven by changes in geographic and product mix, partially offset by volume deleverage and cost inflation as well as the estimated finished good obsolescence reserves and costs resulting from the on-premise impacts of the coronavirus pandemic.

Marketing, general and administrative expenses

Marketing, general and administrative expenses decreased 17.8% and 19.8% in local currency for the three and nine months ended September 30, 2020, respectively, compared to prior year, primarily as a result of actions taken to mitigate the impacts associated with the coronavirus pandemic and lower incentive compensation for the nine months ended September 30, 2020.

Unallocated

	Three Months Ended			Nine Months Ended		
	September 30, 2020	September 30, 2019	% change	September 30, 2020	September 30, 2019	% change
	(In millions, except percentages)					
Financial volume in hectoliters	—	—	— %	—	—	— %
Sales	$ —	$ —	— %	$ —	$ —	— %
Excise taxes	—	—	— %	—	—	— %
Net sales	—	—	— %	—	—	— %
Cost of goods sold	64.4	(14.9)	N/M	24.7	(12.0)	N/M
Gross profit	64.4	(14.9)	N/M	24.7	(12.0)	N/M
Marketing, general and administrative expenses	—	—	— %	—	—	— %
Special items, net	—	—	— %	—	—	— %
Operating income (loss)	64.4	(14.9)	N/M	24.7	(12.0)	N/M
Interest income (expense), net	(66.3)	(66.7)	(0.6)%	(200.5)	(204.8)	(2.1)%
Other pension and postretirement benefits (costs), net	7.6	8.0	(5.0)%	22.7	25.0	(9.2)%
Other income (expense), net	3.0	(0.5)	N/M	4.9	0.2	N/M
Income (loss) before income taxes	$ 8.7	$ (74.1)	N/M	$ (148.2)	$ (191.6)	(22.7)%

N/M = Not meaningful

Cost of goods sold

The unrealized changes in fair value on our commodity swaps, which are economic hedges, are recorded as cost of goods sold within unallocated and make up the entirety of the activity presented within cost of goods sold in the table above for both the three and nine months ended September 30, 2020 and September 30, 2019. As the exposure we are managing is realized, we reclassify the gain or loss to the segment in which the underlying exposure resides, allowing our segments to realize the economic effects of the derivative without the resulting unrealized mark-to-market volatility.

Interest income (expense), net

Net interest expense decreased during the three and nine months ended September 30, 2020 compared to the prior year, primarily driven by the repayment of debt as part of our deleveraging commitments. See Part I—Item 1. Financial Statements, Note 8, "Debt" for further details.

Liquidity and Capital Resources

Our primary sources of liquidity have included cash provided by operating activities and access to external capital. However, a continued worldwide disruption due to the pandemic could materially affect our future access to our sources of liquidity. In the event of a sustained market deterioration and continued declines in net sales, profit and operating cash flow, we may need additional liquidity, which would require us to evaluate available alternatives and take appropriate actions. We currently believe that our cash and cash equivalents, cash flows from operations and cash provided by short-term and long-term borrowings, when necessary, will be adequate to meet our ongoing operating requirements, scheduled principal and interest payments on debt, capital expenditures and other obligations for the twelve months subsequent to the date of the issuance of this quarterly report, and our long-term liquidity requirements. Additionally, in the second quarter of 2020, as part of our planned actions to mitigate liquidity considerations related to the coronavirus pandemic, we amended our $1.5 billion revolving credit facility to revise the leverage ratios under the financial maintenance covenant upwards for the six fiscal quarters beginning second quarter 2020 to consider the effects of the pandemic on our business. Separately we have entered into the COVID Corporate Financing Facility commercial paper program in the U.K. allowing for an incremental borrowing capacity of up to GBP 300 million, subject to certain conditions, as further discussed below.

We are currently focused on navigating the recent challenges presented by the coronavirus pandemic by preserving our liquidity and managing our cash flow through taking preemptive action to enhance our ability to meet our short-term liquidity needs. Specifically, we have taken several actions and considered various potential actions that may be needed to meet short-term and mid-term liquidity needs and have resources in place should we need to act on any of these quickly. Such potential

actions include, but are not limited to, drawing on our $1.5 billion revolving credit facility, including issuing commercial paper under our U.S. commercial paper program, issuing, as necessary, up to GBP 300 million in commercial paper under the COVID Corporate Financing Facility in the U.K. (see Part I—Item 1. Financial Statements, Note 8, "Debt" regarding details of our current borrowings and remaining capacities under these programs), further accessing the capital markets, reducing discretionary spending including marketing, general and administrative as well as capital expenditures, asset monetization, and taking advantage of certain governmental programs such as furloughs in the U.K. and government relief and payment deferral programs, for example by the U.S. Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act"), discussed below, and other such government-sponsored legislation and programs. In addition, we and our board of directors continue to actively evaluate various capital allocation considerations, which most recently led to taking the action in late May 2020 to suspend our regular quarterly dividends otherwise payable in fiscal year 2020.

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

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

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

Additionally, in response to the coronavirus pandemic, various governmental authorities globally have announced relief programs which we continue to monitor and evaluate, such as the CARES Act in the U.S. Certain of these relief programs provide temporary deferrals of non-income based tax payments, which have positively impacted our operating cash flows in the first nine months of 2020. Approximately half of the remaining approximate $200 million tax payment deferrals is expected to be paid in the fourth quarter of 2020 with the balance to be paid beyond this fiscal year.

While a significant portion of our cash flows from operating activities is generated within the U.S., our cash balances may be comprised of cash held outside the U.S. and in currencies other than USD. As of September 30, 2020, approximately 86% of our cash and cash equivalents were located outside the U.S., largely denominated in foreign currencies. The recent fluctuations in foreign currency exchange rates may have a material impact on these foreign cash balances. We accrue for tax consequences on the earnings of our foreign subsidiaries upon repatriation. When the earnings are considered indefinitely reinvested outside of the U.S., we do not accrue taxes. However, we continue to assess the impact of the 2017 Tax Act and related U.S. Department of Treasury proposed, temporary and final regulations, on the tax consequences of future cash repatriations. We utilize a variety of tax planning and financing strategies in an effort to ensure that our worldwide cash is available in the locations in which it is needed. We periodically review and evaluate these strategies, including external committed and non-committed credit agreements accessible by MCBC and each of our operating subsidiaries. We believe these financing arrangements, along with the cash generated from the operations of our U.S. business and other liquidity measures

resulting from considerations of the on-going coronavirus global pandemic, as discussed above, are sufficient to fund our current cash needs in the U.S.

Additionally, our cash balances in foreign countries are often subject to additional restrictions and covenants. We may, therefore, have difficulties repatriating cash held outside of the U.S. which would also be subject to various repatriation taxes. In some countries repatriation of certain foreign balances is restricted by local laws and could have adverse tax consequences if we were to move the cash to another country. These limitations may affect our ability to fully utilize our cash resources for needs in the U.S. or other countries and may adversely affect our liquidity.

Separately, as discussed in Part I - Item 1. Financial Statements, Note 6, "Income Tax", the U.S. Department of Treasury recently enacted final hybrid regulations which impact tax positions we took in 2018 and 2019 and have resulted in additional income tax expense of approximately $135 million recognized during the second quarter of 2020. The impact of the finalized regulations could result in cash tax outflows up to this amount in 2021. We continue to analyze the potential cash impacts of the final regulations to minimize any cash outflows.

Cash Flows and Use of Cash

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

Cash Flows from Operating Activities

Net cash provided by operating activities of approximately $1.5 billion for the nine months ended September 30, 2020 increased by $205.0 million compared to net cash provided by operating activities of approximately $1.3 billion during the nine months ended September 30, 2019. This benefit was primarily driven by favorable timing of working capital and lower interest paid, partially offset by lower net income adjusted for non-cash add-backs and higher cash paid for income taxes during the nine months ended September 30, 2020. Notably, working capital benefited from the deferral of over $200 million of tax payments from various government-sponsored payment deferral programs initiated in response to the coronavirus pandemic, of which we currently anticipate approximately half to be paid in the fourth quarter of 2020 with the remaining amounts to be paid beyond this fiscal year.

Cash Flows from Investing Activities

Net cash used in investing activities of $451.3 million for the nine months ended September 30, 2020 increased by $132.3 million compared to the nine months ended September 30, 2019, driven primarily by the receipt of $94.2 million of net proceeds from the sale of our Montreal brewery during the second quarter of 2019 and lower net cash inflows from other investing activities including the proceeds of approximately $47 million received from the voluntary settlement of our cross currency swaps during the second quarter of 2019.

Cash Flows from Financing Activities

Net cash used in financing activities was $841.3 million for the nine months ended September 30, 2020 compared to net cash used in financing activities of approximately $1.6 billion for the nine months ended September 30, 2019. This decrease was primarily driven by lower net debt repayments for the nine months ended September 30, 2020 compared to the nine months ended September 30, 2019 and lower dividends paid resulting from the suspension of dividend payments in the second quarter of 2020, partially offset by decreased borrowings under our commercial paper program and higher net cash outflows from other financing activities.

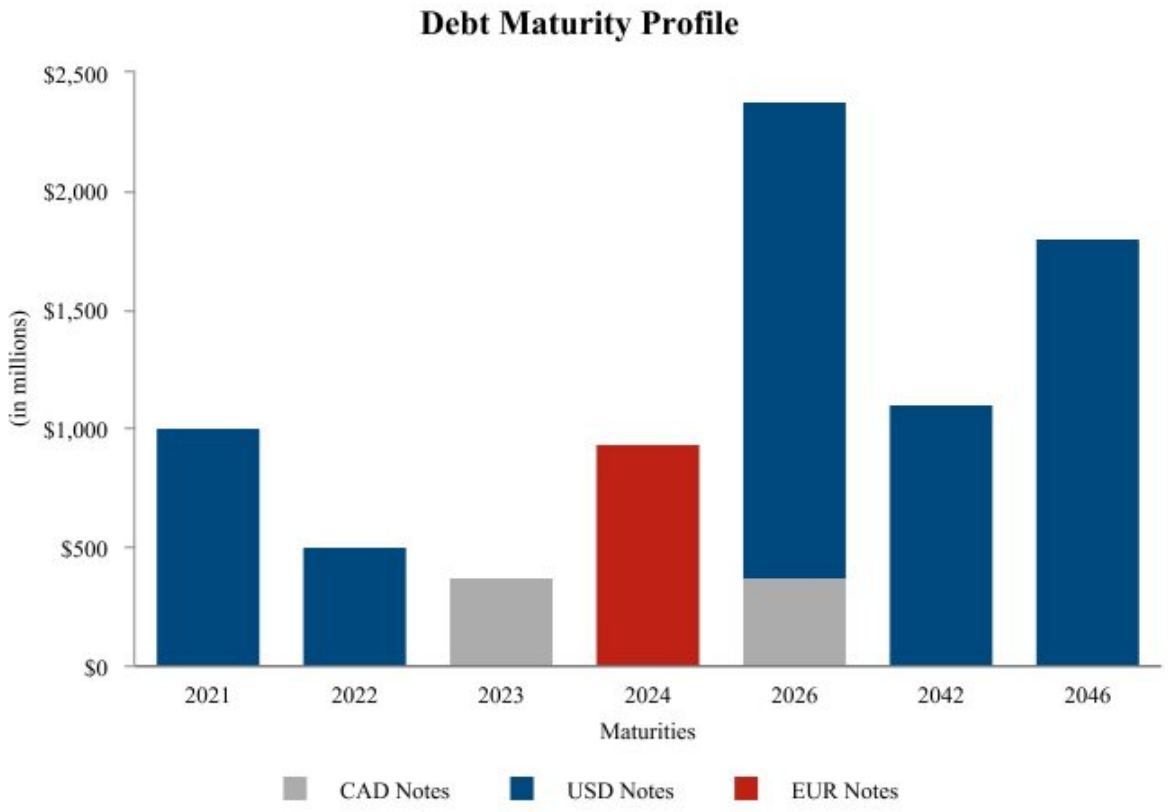
Capital Resources

Cash and Cash Equivalents

As of September 30, 2020, we had total cash and cash equivalents of $731.3 million, compared to $523.4 million as of December 31, 2019 and $410.2 million as of September 30, 2019. The increase in cash and cash equivalents from both prior periods was primarily driven by cash generated from operating activities, including the deferral of tax payments, mentioned above, from various government-sponsored payment deferral programs, partially offset by the repayment of debt, capital expenditures and dividend payments. The increase in cash and cash equivalents from December 31, 2019 was further driven by commercial paper borrowings.

Borrowings

During the first quarter of 2020, we repaid our $500 million 2.25% notes, which matured in March 2020. Additionally, during the third quarter of 2020, we repaid our CAD 500 million 2.75% notes, which matured in September 2020. Notional amounts below are presented in USD based on the applicable exchange rate as of September 30, 2020. We have economically converted a portion of our $1.0 billion 2.1% senior notes due 2021 to EUR denominated using cross currency swaps of $400 million. Refer to Part I—Item 1. Financial Statements, Note 8, "Debt" for details.



Based on the credit profile of our lenders that are party to our credit facilities, we are confident in our ability to continue to draw on our revolving credit facility if the need arises. As of September 30, 2020, we had $1.3 billion available to draw on our $1.5 billion revolving credit facility, as the borrowing capacity is also reduced by borrowings under our commercial paper program. As of September 30, 2020, we had total outstanding borrowings under our commercial paper program of approximately $225 million. Subsequent to September 30, 2020, we had commercial paper payments of approximately $125 million, for a total amount outstanding of approximately $100 million as of October 29, 2020. As such, as of October 29, 2020, we have approximately $1.4 billion available to draw on our total $1.5 billion revolving credit facility. We had no borrowings drawn on this revolving credit facility and no commercial paper borrowings as of December 31, 2019.

Separately, on May 26, 2020, Molson Coors Brewing Company (UK) Limited ("MCBC U.K."), a subsidiary of MCBC that operates and manages the Company's business in the U.K., established a commercial paper facility for the purpose of issuing short-term, unsecured Sterling-denominated notes that are eligible for purchase under the Joint HM Treasury and Bank of England's COVID Corporate Financing Facility commercial paper program (the "CCFF Program") in an aggregate principal amount up to GBP 300 million, subject to certain conditions, which may be increased from time to time as provided in the Dealer Agreement (as defined in Part I—Item 1. Financial Statements, Note 8, "Debt"). Commercial paper issuances under the CCFF Program do not impact the borrowing capacity under our revolving credit facility. We had no borrowings outstanding under the CCFF Program as of September 30, 2020 or October 29, 2020.

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

Under the terms of each of our debt facilities, we must comply with certain restrictions. These include customary events of default and specified representations, warranties and covenants, as well as covenants that restrict our ability to incur certain additional priority indebtedness (certain thresholds of secured consolidated net tangible assets), certain leverage threshold percentages, create or permit liens on assets and restrictions on mergers, acquisitions and certain types of sale lease-back transactions.

On June 19, 2020, we entered into an amendment to our existing revolving credit facility agreement, which among other things, revised the leverage ratios under the financial maintenance covenant for each fiscal quarter ending on or after June 30, 2020 through the maturity of the credit facility. The maximum leverage ratio, as defined by the amended revolving credit facility agreement as of September 30, 2020 is 5.25x net debt to EBITDA with a 0.50x reduction to 4.75x net debt to EBITDA for the fiscal quarter ending June 30, 2021. The leverage ratio requirement as of the last day of the fiscal quarter ending September 30, 2021 is reduced by 0.25x to 4.50x net debt to EBITDA, with a further 0.50x reduction to 4.00x net debt to EBITDA as of the last day of the fiscal quarter ending December 31, 2021 through maturity of the credit facility. As of September 30, 2020 and December 31, 2019, we were in compliance with all of these restrictions, have met such financial ratios and have met all debt payment obligations. All of our outstanding senior notes as of September 30, 2020 rank pari-passu.

See Part I—Item 1. Financial Statements, Note 8, "Debt" for a complete discussion and presentation of all borrowings and available sources of borrowing, including lines of credit.

Credit Rating

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

Foreign Exchange

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

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

	Three Months Ended		Nine Months Ended	
	September 30, 2020	September 30, 2019	September 30, 2020	September 30, 2019
Weighted-Average Exchange Rate (1 USD equals)				
Canadian Dollar (CAD)	1.34	1.31	1.35	1.32
Euro (EUR)	0.85	0.90	0.86	0.89
British Pound (GBP)	0.77	0.81	0.79	0.79
Czech Koruna (CZK)	22.72	23.30	23.71	22.75
Croatian Kuna (HRK)	6.46	6.62	6.68	6.58
Serbian Dinar (RSD)	101.25	106.37	104.16	104.55
Romanian Leu (RON)	4.12	4.26	4.22	4.23
Bulgarian Lev (BGN)	1.68	1.75	1.74	1.74
Hungarian Forint (HUF)	304.53	293.83	306.34	289.90

	As of	
	September 30, 2020	December 31, 2019
Closing Exchange Rate (1 USD equals)		
Canadian Dollar (CAD)	1.33	1.30
Euro (EUR)	0.85	0.89
British Pound (GBP)	0.77	0.75
Czech Koruna (CZK)	23.10	22.70
Croatian Kuna (HRK)	6.45	6.63
Serbian Dinar (RSD)	100.40	104.93
Romanian Leu (RON)	4.16	4.27
Bulgarian Lev (BGN)	1.67	1.74
Hungarian Forint (HUF)	310.18	295.21

The weighted-average exchange rates in the above table have been calculated based on the average of the foreign exchange rates during the relevant period and have been weighted according to the foreign denominated earnings from operations of the USD equivalent. During the first three quarters of 2020, the coronavirus pandemic has resulted in increased volatility in exchange rates including the weakening of the CAD and GBP versus the USD. If foreign currencies in the countries

in which we operate devalue significantly in future periods, most significantly the CAD, GBP and other European operating currencies included in the above table, then the impact on USD reported earnings may be material.

Capital Expenditures

We incurred $373.3 million, and have paid $456.4 million, for capital improvement projects worldwide in the nine months ended September 30, 2020 excluding capital spending by equity method joint ventures, representing an increase of $3.3 million from the $370.0 million of capital expenditures incurred in the nine months ended September 30, 2019. The capital expenditures in the nine months ended September 30, 2020, were comparable to those in the prior year and include the on-going construction of the new brewery in Longueuil, Quebec and increased investments to modernize our Golden, Colorado brewery. The comparable prior year capital expenditures included the construction of the Chilliwack, British Columbia brewery, which was substantially completed in the third quarter of 2019.

As a partial mitigating action to prepare to offset some of the financial implications of the coronavirus pandemic, we have reduced our capital expenditure plans by approximately $200 million for full year 2020, based on foreign exchange rates as of September 30, 2020. This expectation includes capital expenditures associated with the construction of our new Longueuil, Quebec brewery, which is under construction and not currently expected to be completed until 2021, and increased investment to modernize our Golden, Colorado brewery, which began in the fourth quarter of 2019. However, certain aspects of both projects are currently delayed and may continue to be delayed as a result of the pandemic.

We are currently focused on navigating the challenges presented by the coronavirus pandemic. Specifically, we have considered various actions that may be needed in relation to mitigation efforts, such as, but not limited to, reducing and/or delaying discretionary capital expenditure spend.

In light of this, we have heightened our focus on where and how we employ our remaining planned capital expenditures, with an emphasis on strengthening our focus on required returns on invested capital as we determine how to best allocate cash within the business.

Contractual Obligations and Commercial Commitments

There were no material changes to our contractual obligations and commercial commitments outside the ordinary course of business or due to factors similar in nature to inflation, changing prices on operations or changes in the remaining terms of the contracts since December 31, 2019, as reported in Part II - Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations, Contractual Obligations and Commercial Commitments in our Annual Report, with the exception of the repayment of our $500 million 2.25% notes during the first quarter of 2020 and our CAD 500 million 2.75% notes during the third quarter of 2020. However, we continue to review and monitor our contractual obligations and commitments relative to the potential considerations resulting from the on-going coronavirus pandemic.

Guarantees

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

Contingencies

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

Off-Balance Sheet Arrangements

Refer to Part II—Item 8 Financial Statements, Note 18, "Commitments and Contingencies" in our Annual Report for discussion of off-balance sheet arrangements. As of September 30, 2020, we did not have any other material off-balance sheet arrangements (as defined in Item 303(a)(4)(ii) of Regulation S-K).

Outlook

We set bold plans for our business for 2020 with the introduction of the revitalization plan at the end of 2019. We continue to strive to build on the strength of our iconic core brands, grow our above premium portfolio, expand beyond the beer aisle, invest in our capabilities and support our people and communities. However, 2020 has also presented challenges, particularly with the coronavirus pandemic, which required adjustments.

We have seen success in our response to the short-term impacts of the coronavirus pandemic, positioning ourselves to succeed in the medium- and long-term. Even though on-premise locations have reopened around much of the world, capacity restrictions and limits have prevented sales from returning to pre-pandemic levels. While we continue to monitor the evolution of the coronavirus pandemic, we currently expect to continue to see on-premise sales lag behind pre-pandemic levels due to continued capacity restrictions, potential additional closures in the near term and other limitations at on-premise locations. As a result, we expect to see a continued increase in off-premise sales. However, as we have seen throughout the pandemic, this increase in off-premise sales is not expected to completely offset the decrease in on-premise sales. Further, one of the biggest challenges for beverage companies this year has been the packaging supply shortage as a result of the significant increase in off-premise sales, particularly with aluminum cans. Our supply chain has worked diligently to ensure sufficient supply of high demand brands and packages notwithstanding these packaging challenges. While work remains and supply constraints continue to be a challenge, we have seen U.S. inventory levels steadily improve in the third quarter of 2020 versus second quarter of 2020.

With the plan to build on the strength of our core brands, we made progress as we continued to grow the combined segment share for *Coors Light* and *Miller Lite* in the United States even while on-premise sales remain constrained due to pandemic restrictions. In the first nine months of 2020, we have increased our number of major sports alliances across North America, an investment in partnerships that we believe will be important to the health and growth of our biggest brands for the future.

Our plan to grow our above premium portfolio progressed meaningfully as we announced our plans to significantly expand our production capacity for both hard seltzer and our newly released *Blue Moon LightSky.* We expect these expansions will allow us to meet increasing demand in the near future and we further plan to expand our hard seltzer and innovation production capacity in 2021 and 2022. *Blue Moon LightSky* was launched in the U.S. in February 2020 and is the top selling new beer in the United States in 2020 per Nielsen. Additionally, we launched *Vizzy* hard seltzer in the U.S. in April 2020 and launched *Coors Seltzer*, also in the U.S., during the third quarter of 2020. These two hard seltzers have diversified our portfolio and we believe position us well in the growing hard seltzer market. Also, next year, through an exclusive agreement with The Coca-Cola Company in the U.S., we expect to launch *Topo Chico Hard Seltzer,* which is an extension of an iconic brand with an already large following in various markets across the U.S., and, separately, we also intend to launch *Proof Point*, a new differentiated hard seltzer with premium ingredients like real spirits, early next year in the U.S. We plan to continue to grow our share of the hard seltzer market with these newly launched, or to be launched, products working towards the most diversified hard seltzer portfolio in the industry and we believe expanding production capacity will make the expected growth possible. We also expect to have further growth opportunities in 2021 as we bring Yuengling brands west in the U.S. under our new joint venture, which will oversee any new market expansion outside Yuengling's current 22-state footprint and New England. We also have a distribution deal for *Bodega Bay* hard seltzer in the U.K. and Ireland, which allows us to be an early entrant in the hard seltzer segment in these markets. We plan to build on the strategy to grow our above premium portfolio in the fourth quarter of 2020 and into the future.

We made steps this year to expand our portfolio beyond the beer aisle for future growth opportunities. Specifically, earlier this year we launched *MOVO*, our first canned wine. Truss, our Canadian joint venture, launched *Veryvell* CBD and THC drops earlier this year and its first ready-to-drink cannabis beverages during the third quarter of 2020. In addition, we launched a new line of non-alcohol products through our minority stake in the beverage incubator LA Libations LLC. We expect this expansion beyond beer to continue through the rest of 2020 and beyond. Future expansions beyond beer in the fourth quarter of 2020 include the planned launch by our joint venture with HEXO in the U.S. of its first CBD based products in Colorado. We also plan to launch distribution of La Colombe's line of ready-to-drink coffees in the U.S. in early 2021.

Our performance and agility in navigating the coronavirus pandemic and executing against our revitalization plan has proven meaningful, but we recognize there are still challenges ahead. Particularly, the pandemic continues to impact our business due to on-premise losses across all our geographies, and disproportionately in Europe. Also, we continue to face supply constraints. However, we currently expect to return to full inventory of 12-ounce industry standard cans in the U.S. by year end of 2020 and we are making progress on remediating constraints in the U.S. for the *Coors Light* tall can. As a result, we expect domestic shipment trends in the U.S. to be higher than brand volume trends in the fourth quarter of 2020 as we continue to build distributor inventories. We also expect marketing spend to increase in the fourth quarter of 2020 as compared to the fourth quarter of 2019 as we build on the strength of our core brands and ramp up support for key innovations like *Blue Moon LightSk*y, *Vizzy* and *Coors Seltzer* in alignment with additional supply availability, but some of this spend is dependent on a number of factors including the occurrence of, and capacity limitations related to, live sports and events. Additionally, in the fourth quarter of 2020 we will be cycling lower incentive compensation from the prior year and a non-recurring vendor benefit, which occurred in the U.S. in the fourth quarter of 2019. We are mindful of the continued challenges and the uncertainty that remains and are focused on doing what is best not only in the near-term, but also positioning the business for medium and long-term success.

In addition, in response to the coronavirus pandemic, we have shifted our focus to ensuring adequate liquidity for the near term while positioning ourselves for medium- and long-term success. We improved our liquidity position by amending the covenants on our $1.5 billion revolving credit facility, adding a commercial paper facility in our U.K. business, suspending the dividend in May for the remainder of 2020, reducing our capital expenditures in 2020 and generally reducing our discretionary spend. Maintaining our investment grade rating remains important and we have demonstrated our continued desire to maintain this rating as, since the announcement of the revitalization plan, we have significantly reduced our total debt outstanding.

Critical Accounting Estimates

Our accounting policies and accounting estimates critical to our financial condition and results of operations are set forth in our Annual Report and did not change during the first three quarters of 2020, except as noted below. See Part I—Item 1. Financial Statements, Note 2, "New Accounting Pronouncements" for discussion of recently adopted accounting pronouncements. See also Part I—Item 1. Financial Statements, Note 7, "Goodwill and Intangible Assets" for discussion of the interim impairment analysis performed as of January 1, 2020 as a result of our change in reporting units and aggregation of the *Coors* indefinite-lived intangible brand assets, and the related risks to our indefinite-lived intangible brand assets and 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 all new accounting pronouncements.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

In the normal course of business, we actively manage our exposure to various market risks by entering into various supplier-based and market-based hedging transactions, authorized under established risk management policies that place clear controls on these activities. Our objective in managing these exposures is to decrease the volatility of our earnings and cash flows due to changes in underlying rates and costs.

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

For details of our derivative instruments that are presented on the balance sheet, including their fair values as of period end, see Part I—Item 1. Financial Statements, Note 11, "Derivative Instruments and Hedging Activities." On a rolling twelve-month basis, maturities of derivative financial instruments held on September 30, 2020, based on foreign exchange rates as of September 30, 2020, are as follows:

Total	Less than 1 year	1 - 3 years	3 - 5 years	More than 5 years
		(In millions)		
$ (288.5)	$ (88.6)	$ (36.3)	$ —	$ (163.6)

Sensitivity Analysis

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

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

	As of	
	September 30, 2020	December 31, 2019
	(In millions)	
Estimated fair value volatility		
Foreign currency risk:		
Forwards	$ (18.5)	$ (25.8)
Foreign currency denominated debt	$ (169.8)	$ (194.2)
Cross currency swaps	$ (41.2)	$ (89.2)
Interest rate risk:		
Debt	$ (225.9)	$ (255.4)
Forward starting interest rate swaps	$ (185.2)	$ (150.4)
Commodity price risk:		
Commodity swaps	$ (91.9)	$ (52.9)
Equity price risk:		
Warrants	$ (0.2)	$ (0.6)

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

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we conducted an evaluation of our disclosure controls and procedures as such term is defined under Rule 13a-15(e) under the Exchange Act. Based on this evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of September 30, 2020 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 September 30, 2020 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

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

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, none of these disputes and 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.

ITEM 1A. RISK FACTORS

In addition to the other information set forth in this report and the risk factor noted below, you should carefully consider the factors discussed in Part I—Item 1A. "Risk Factors" in our Annual Report, which could materially affect our business, financial condition and/or future results and may be further impacted by the coronavirus pandemic. 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.

The novel coronavirus pandemic, efforts to mitigate or disrupt the pandemic and related weak, or weakening of, economic or other negative conditions, have disrupted, and may continue to disrupt our business, which has had and could continue to have a material adverse effect on our operations, liquidity, financial condition and financial results.

Our business has been, and we currently expect will continue to be, materially and adversely affected by the coronavirus pandemic and related weak, or continued weakening of, economic or other negative conditions, particularly in regions where we derive a significant amount of our revenue or profit or where our suppliers and business partners are located, including, in North America and Europe. Specifically, the coronavirus pandemic has been disruptive and may continue to cause a disruption to our business and potential associated financial impacts. Those impacts include, but are not limited to:

- lower net sales in markets affected by the pandemic, including potential material shifts in, and impacts to, demand;
- the inability to sell our products to on-premise consumers and further disruption to the on-premise channel, including staged or limited on premise re-openings and subsequent closure of on-premise accounts;
- the delay of, and potential increased costs related to, inventory production and fulfillment, including packaging availability impacted by package mix shifts related to off-premise demand;
- significantly increased need for and limited supplies of aluminum cans and paperboard, and lower return rates of our returnable packaging in certain markets, potentially impacting net sales and cost of goods globally; and
- increased incremental costs associated with mitigating the effects of the pandemic, including increased raw materials, freight and logistics costs and other expenses.

Packaging material supply shortages and supply chain constraints have impacted and could continue to negatively impact our ability to meet increased demand in off-premise channels or particular packages, particularly aluminum cans, which in turn could impact our net sales revenues and market share. Continued disruption and declines in the global economy have impacted and could continue to impact our customers' liquidity and capital resources and therefore our ability to collect, or the timeliness of collection of our accounts receivable from them, which may have a material adverse impact on our performance, cash flows and capital resources. The coronavirus pandemic is ongoing, and its dynamic nature, including uncertainties relating to the ultimate spread of the virus, the severity of the disease, the duration of the pandemic and related prolonged weakening of economic or other negative conditions, such as a recession or slowed economic growth in our markets, and actions that may be taken by governmental authorities to contain the pandemic or to mitigate its impact, makes it difficult to forecast any effects on our results of operations for 2020 and in subsequent years. However, our results of operations have been negatively affected and we currently expect our results of operations for the remainder of 2020, and possibly beyond, to be significantly and adversely affected.

Specifically, difficult macroeconomic conditions in our markets, such as further decreases in per capita income and level of disposable income, increased and prolonged unemployment or a further decline in consumer confidence as a result of the coronavirus pandemic, as well as limited or significantly reduced points of access of our product, could continue to have a material adverse effect on the demand for our products. Under difficult economic conditions, consumers may continue to seek to reduce discretionary spending by forgoing purchases of our products, by shifting away from our above-premium products to lower-priced products offered by us or other companies or by shifting to off-premise from on-premise consumption, negatively impacting our net sales and margins. Softer consumer demand for our products could reduce our profitability and could negatively affect our overall financial performance. A significant portion of our consolidated net sales revenues are concentrated in markets where the coronavirus pandemic impacts have been significant. Therefore, unfavorable macroeconomic conditions, including as a result of the coronavirus pandemic and any resulting recession or slowed economic growth, have had, and could continue to have, an outsized negative impact on us. In addition, difficult economic conditions may have a negative impact on our ability to access capital markets and other funding sources, on acceptable terms or at all, should we seek future financing. Additionally, we may have unexpected costs and liabilities; revenue and cash provided by operations may decline; macroeconomic conditions may continue to weaken; prolonged and severe levels of unemployment may negatively impact our consumers; and competitive pressures may increase, resulting in difficulty maintaining adequate liquidity and meeting our deleverage commitments and as a result, our credit ratings could be downgraded, which would adversely impact our business,

including by increasing our costs of future borrowing and harming our ability to refinance our debt in the future on acceptable terms or access the capital markets, if we are able to obtain additional financing on terms that are acceptable to us at all. Further, notwithstanding the amendment to our revolving credit facility on June 19, 2020 to revise the leverage ratios under the financial maintenance covenant upwards for the six fiscal quarters beginning second quarter 2020, should the impacts of the pandemic and resulting performance adversely affect our ability to remain compliant with our covenants in our revolving credit facility agreement and absent another amendment or waiver from participating lenders, the outstanding borrowings on our revolving credit facility agreement may become immediately due. Such events may additionally trigger an event of default on our senior notes resulting in the potential acceleration of amounts due thereunder.

In addition, the coronavirus pandemic and related efforts to mitigate its spread, have impacted, and may continue to impact for the foreseeable future, customer traffic to the on-premise channel, which includes bars, restaurants and sporting, festival and other large venues. Many governmental authorities in our North America and Europe businesses have required that bars and restaurants close or cease sit-down service, which has negatively impacted and we expect will continue to negatively impact on-premise sales of our beverages and previously led to the incurrence of costs to repurchase products that on-premise accounts or distributors were unable or prohibited from selling as a result of the governmental regulations. Despite the limited reopening of on-premise accounts in certain of our markets in the second and third quarters, sales to restaurants and bars have not returned to pre-pandemic levels and in many instances, the reopened on-premise accounts have been subsequently forced to close in certain of our markets as a result of an increase in the spread of the coronavirus. We currently expect that closures and reduced on-premise consumption may continue for an unknown period, negatively impacting our net sales and margins. We also expect some on-premise accounts will see a decrease in demand as colder weather in the North American and European markets may reduce or eliminate their outdoor seating capacity. In addition, sporting events, festivals and other large public gatherings where our products are served have been canceled throughout North America and Europe and we expect them to largely remain cancelled at least through the remainder of 2020. Additionally, these and other governmental or societal impositions of restrictions on public gatherings, especially if prolonged in nature, will have adverse effects on on-premise traffic and, in turn, our business. Even if such measures are not implemented and coronavirus does not spread more significantly, or if after the pandemic has subsided, fear of re-occurrence or the perceived risk of infection or health risk may adversely affect traffic to the on-premise channel and, in turn, may have a material adverse effect on our business, liquidity, financial condition and results of operations, particularly if any self-imposed or governmental changes are in place for a significant amount of time.

Moreover, our operations could be disrupted by our employees or employees of our business partners, including our supply chain partners, being diagnosed with coronavirus or were suspected of having coronavirus or other illnesses since this could require us or our business partners to quarantine some or all such employees or close and disinfect our or their facilities. If a significant percentage of our workforce or the workforce of our business partners are unable to work or if we or our business partners are required to close our or their production facilities, including because of illness or travel or government restrictions in connection with the coronavirus pandemic, our operations, including manufacturing and distribution capabilities, may be negatively impacted, potentially materially adversely affecting our business, liquidity, financial condition or results of operations.

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

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

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

(a) Exhibits

Exhibit Number	Document Description
4.1	Eighth Supplemental Indenture, dated as of August 31, 2020, to the Indenture dated May 3, 2012, by and among Molson Coors Beverage Company, the guarantors named therein and Deutsche Bank Trust Company Americas, as trustee.
4.2	Eighth Supplemental Indenture, dated as of August 31, 2020, to the Indenture dated September 18, 2015, by and among Molson Coors International LP, the guarantors named therein and Computershare Trust Company of Canada, as trustee.
4.3	Seventh Supplemental Indenture, dated as of August 31, 2020, to the Indenture dated July 7, 2016, by and among Molson Coors Beverage Company, the guarantors named therein and Deutsche Bank Trust Company Americas, as trustee.
4.4	Sixth Supplemental Indenture, dated as of August 31, 2020, to the Indenture dated July 7, 2016, by and among Molson Coors International LP, the guarantors named therein and Computershare Trust Company of Canada, as trustee.
10.1	Supplement No. 3, dated as of August 31, 2020, to the Subsidiary Guarantee Agreement, dated July 7, 2017, by and among Molson Coors Beverage Company, the subsidiaries named on Schedule I thereto, and Citibank N.A., as administrative agent.
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.*

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

SIGNATURE

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

MOLSON COORS BEVERAGE COMPANY
By:

/s/ BRIAN C. TABOLT

Brian C. Tabolt
Vice President and Controller
(Principal Accounting Officer)
October 29, 2020

Exhibit 4.1

EIGHTH SUPPLEMENTAL INDENTURE

DATED AS OF AUGUST 31, 2020

To

INDENTURE

dated as of May 3, 2012

among

MOLSON COORS BEVERAGE COMPANY, as Issuer

THE GUARANTORS NAMED THEREIN, as Guarantors

and

DEUTSCHE BANK TRUST COMPANY AMERICAS, as Trustee

THIS EIGHTH SUPPLEMENTAL INDENTURE, dated as of August 31, 2020 (this "**Eighth Supplemental Indenture**"), to the Indenture dated as of May 3, 2012 (the "**Original Indenture**"), as supplemented by the First Supplemental Indenture thereto dated as of May 3, 2012, the Second Supplemental Indenture thereto dated as of June 15, 2012, the Third Supplemental Indenture thereto dated as of May 13, 2016, the Fourth Supplemental Indenture thereto dated as of August 19, 2016, the Fifth Supplemental Indenture thereto dated as of September 30, 2016, the Sixth Supplemental Indenture dated as of October 11, 2016, and the Seventh Supplemental Indenture dated as of January 11, 2018 (collectively, the "**Supplemental Indentures**" and, together with the Original Indenture and this Eighth Supplemental Indenture, the "**Indenture**"), is among Molson Coors Beverage Company, a Delaware corporation (formerly known as Molson
Coors Brewing Company, the "**Company**"), Coors Distributing Company LLC, a Delaware limited liability company (the "**New Guarantor**"), and Deutsche Bank Trust Company Americas, a New York banking corporation, as Trustee (the "**Trustee**").

WHEREAS, Section 14.1(k) of the Original Indenture provides that the Company, the Guarantors (as defined in the Original Indenture) and the Trustee may amend or supplement the Indenture without notice to or consent of any Securityholder to add Guarantors or co-obligors with respect to any series of Securities;

WHEREAS, the Company desires to add the New Guarantor as a Guarantor under the Indenture;

NOW, THEREFORE, THIS EIGHTH SUPPLEMENTAL INDENTURE WITNESSETH:

That the parties hereto hereby agree as follows:

Section 1. *Defined Terms; Rules of Interpretation*. Capitalized terms used herein and not otherwise defined herein shall have the respective meanings ascribed thereto in the Indenture. The rules of interpretation set forth in the Indenture shall be applied hereto as if set forth in full herein.

Section 2. *Addition of Guarantor*. The New Guarantor hereby agrees to guarantee payment of the Securities as a Guarantor, on the same terms and conditions as those set forth in Article XVI of the Original Indenture.

Section 3. *Ratification of Original Indenture: Supplemental Indentures Part of Original Indenture*. Except as expressly amended or supplemented hereby, the Original Indenture is in all respects ratified and confirmed and all the terms, conditions and provisions thereof shall remain in full force and effect. This Eighth Supplemental Indenture shall form a part of the Original Indenture for all purposes, and every Holder of any Securities heretofore or hereafter authenticated and delivered pursuant thereto shall be bound hereby. Except only insofar as the Original Indenture may be inconsistent with the express provisions of this Eighth Supplemental Indenture, in which case the terms of this Eighth Supplemental Indenture shall govern and supersede those contained in the Original Indenture, this Eighth Supplemental Indenture shall henceforth have effect so far as practicable as if all the provisions of the Original Indenture were contained in one instrument.

Section 4. *Counterparts*. This Eighth Supplemental Indenture may be executed in any number of counterparts, each of which when so executed shall be deemed to be an original, but all such counterparts shall together constitute one and the same instrument.

Section 5. *Governing Law*. This Eighth Supplemental Indenture shall be governed by, and construed in accordance with, the laws of the State of New York but without giving effect to applicable principles of conflicts of law to the extent that the application of the laws of another jurisdiction would be required thereby.

Section 6. *Concerning the Trustee*. In carrying out the Trustee's responsibilities hereunder, the Trustee shall have all of the rights, protections, and immunities which the Trustee possesses under the Indenture. The recitals contained herein shall be taken as the statements of the Company, and the Trustee assumes no responsibility for their correctness. The Trustee makes no representations as to the validity or sufficiency of this Eighth Supplemental Indenture.

[*Signature Page Follows*]

IN WITNESS WHEREOF, the parties have caused this Eighth Supplemental Indenture to be duly executed by their respective officers thereunto duly authorized as of the date first above written.

MOLSON COORS BEVERAGE COMPANY

By: /s/ Gavin D.K. Hattersley
Name: Gavin D.K. Hattersley
Title: President and Chief Executive Officer

GUARANTOR:

COORS DISTRIBUTING COMPANY LLC

By: /s/ Gavin D.K. Hattersley
Name: Gavin D.K. Hattersley
Title: Chief Executive Officer

Exhibit 4.1

DEUTSCHE BANK TRUST COMPANY AMERICAS, as Trustee

By: /s/ Irina Golovashchuk
Name: Irina Golovashchuk
Title: Vice President

By: /s/ Debra A. Schwalb
Name: Debra A. Schwalb
Title: Vice President

Exhibit 4.2

MOLSON COORS INTERNATIONAL LP, as Issuer
and
THE GUARANTORS NAMED HEREIN, as Guarantors
and
COMPUTERSHARE TRUST COMPANY OF CANADA, as Trustee

EIGHTH SUPPLEMENTAL INDENTURE
Dated as of August 31, 2020
to the
INDENTURE dated as of September 18, 2015

THIS EIGHTH SUPPLEMENTAL INDENTURE, dated as of August 31, 2020 and effective as of August 31, 2020 (this "**Eighth Supplemental Indenture**"), to the Indenture dated as of September 18, 2015 (the "**Original Indenture**"), as supplemented by the First Supplemental Indenture and Second Supplemental Indenture thereto, each dated as of September 18, 2015, by the Third Supplemental Indenture thereto dated as of May 13, 2016, by the Fourth Supplemental Indenture thereto dated as of August 19, 2016, by the Fifth Supplemental Indenture dated as of September 30, 2016, by the Sixth Supplemental Indenture dated as of October 11, 2016, and by the Seventh Supplemental Indenture dated as of January 11, 2018 (collectively, the "**Supplemental Indentures**" and, together with the Original Indenture and this Eighth Supplemental Indenture, the "**Indenture**"), is entered into among MOLSON COORS INTERNATIONAL LP, a Delaware limited partnership (the "**Issuer**"), MOLSON COORS BEVERAGE COMPANY, a Delaware corporation (formerly known as Molson Coors Brewing Company, the "**Parent Guarantor**"), COORS BREWING COMPANY, a Colorado corporation, MOLSON CANADA 2005, an Ontario partnership, CBC HOLDCO LLC, a Colorado limited liability company, COORS INTERNATIONAL HOLDCO 2, ULC, a Nova Scotia unlimited liability company, MOLSON COORS CALLCO ULC, a Nova Scotia unlimited liability company, MOLSON COORS INTERNATIONAL GENERAL, ULC, a Nova Scotia unlimited liability company, CBC HOLDCO 2 LLC, a Colorado limited liability company, CBC HOLDCO 3, INC., a Colorado corporation, NEWCO3, INC., a Colorado corporation, MOLSON COORS HOLDCO INC., a Delaware Corporation, MOLSON COORS BEVERAGE COMPANY USA LLC, a Delaware limited liability company (formerly known as MILLERCOORS LLC), MOLSON COORS USA LLC, a Delaware limited liability company (formerly known as MILLERCOORS USA LLC), and COORS DISTRIBUTING COMPANY LLC, a Delaware limited liability company (collectively, the "**Subsidiary Guarantors**" and, together with the Parent Guarantor, the "**Guarantors**"), and COMPUTERSHARE TRUST COMPANY OF CANADA, a trust company duly existing under the laws of Canada (the "**Trustee**").

WHEREAS, Section 9.01(5) of the Original Indenture provides that the Issuer, the Guarantors and the Trustee may amend or supplement the Original Indenture without notice to or consent of any Securityholder to add guarantees with respect to the Securities, including any Subsidiary Guaranties;

WHEREAS, the Issuer desires to add Coors Distributing Company LLC (the "**New Guarantor**"), as a Subsidiary Guarantor under the Original Indenture;

WHEREAS, the foregoing are recitals and statements of fact made by the parties hereto other than the Trustee;

NOW, THEREFORE, THIS EIGHTH SUPPLEMENTAL INDENTURE WITNESSETH:

That the parties hereto hereby agree as follows:

Section 1. *Defined Terms; Rules of Interpretation*. Capitalized terms used herein and not otherwise defined herein shall have the respective meanings ascribed thereto in the Original Indenture. The rules of interpretation set forth in the Original Indenture shall be applied hereto as if set forth in full herein.

Section 2. *Addition of Guarantors*. The New Guarantor hereby agrees to guarantee payment of the Securities as a Subsidiary Guarantor, on the same terms and conditions as those set forth in Article X of the Original Indenture.

Section 3. *Ratification of Original Indenture: Supplemental Indentures Part of Indenture*. Except as expressly amended or supplemented hereby, the Original Indenture is in all respects ratified and confirmed and all the terms, conditions and provisions thereof shall remain in full force and effect. This Eighth Supplemental Indenture shall form a part of the Original Indenture for all purposes, and every Holder of any Securities heretofore or hereafter certified and delivered pursuant hereto shall be bound hereby. Except only insofar as the Original Indenture may be inconsistent with the express provisions of this Eighth Supplemental Indenture, in which case the terms of this Eighth Supplemental Indenture shall govern and supersede those contained in the Original Indenture, this Eighth Supplemental Indenture shall henceforth have effect so far as practicable as if all the provisions of the Original Indenture were contained in one instrument.

Section 4. *Counterparts*. This Eighth Supplemental Indenture may be executed in any number of counterparts, each of which when so executed shall be deemed to be an original, but all such counterparts shall together constitute one and the same instrument.

Section 5. *Governing Law*. This Eighth Supplemental Indenture shall be governed by, and construed in accordance with, the laws of the Province of Ontario and the federal laws of Canada applicable therein without giving effect to applicable principles of conflicts of law to the extent that the application of the laws of another jurisdiction would be required thereby.

Section 6. *Concerning the Trustee*. The recitals contained herein shall be taken as the statements of the Issuer, and the Trustee assumes no responsibility for the correctness of the same. The Trustee makes no representations as to the validity or sufficiency of this Eighth Supplemental Indenture.

[*Signature Page Follows*]

IN WITNESS WHEREOF, the parties have caused this Eighth Supplemental Indenture to be duly executed by their respective officers thereunto duly authorized as of the date first above written.

MOLSON COORS INTERNATIONAL LP

By: MOLSON COORS INTERNATIONAL GENERAL, ULC, its General Partner

By: /s/ Eric Gunning
Name: Eric Gunning
Title: Seretary

GUARANTORS:

MOLSON COORS BEVERAGE COMPANY

By: /s/ Gavin D.K. Hattersley
Name: Gavin D.K. Hattersley
Title: President and Chief Executive Officer

COORS BREWING COMPANY

By: /s/ Eric Gunning
Name: Eric Gunning
Title: Assistant Secretary

MOLSON CANADA 2005

By: /s/ Eric Gunning
Name: Eric Gunning
Title: Secretary

CBC HOLDCO LLC

By: /s/ Gavin D.K. Hattersley
Name: Gavin D.K. Hattersley
Title: President and Chief Executive Officer

COORS INTERNATIONAL HOLDCO 2, ULC

By: /s/ Eric Gunning
Name: Eric Gunning
Title: Secretary

MOLSON COORS CALLCO ULC

By: /s/ Eric Gunning
Name: Eric Gunning
Title: Secretary

MOLSON COORS INTERNATIONAL GENERAL, ULC

By: /s/ Eric Gunning
Name: Eric Gunning
Title: Secretary

CBC HOLDCO 2 LLC

By: /s/ Gavin D.K. Hattersley
Name: Gavin D.K. Hattersley
Title: President and Chief Executive Officer

NEWCO3, INC.

By: /s/ Gavin D.K. Hattersley
Name: Gavin D.K. Hattersley
Title: President and Chief Executive Officer

MOLSON COORS HOLDCO INC.

By: /s/ Gavin D.K. Hattersley
Name: Gavin D.K. Hattersley
Title: President and Chief Executive Officer

CBC HOLDCO 3, INC.

By: /s/ Gavin D.K. Hattersley
Name: Gavin D.K. Hattersley
Title: President and Chief Executive Officer

MOLSON COORS BEVERAGE COMPANY USA LLC

By: /s/ Gavin D.K. Hattersley
Name: Gavin D.K. Hattersley
Title: President and Chief Executive Officer

MOLSON COORS USA LLC

By: /s/ Gavin D.K. Hattersley
Name: Gavin D.K. Hattersley
Title: President and Chief Executive Officer

COORS DISTRIBUTING COMPANY LLC

By: /s/ Gavin D.K. Hattersley
Name: Gavin D.K. Hattersley
Title: Chief Executive Officer

COMPUTERSHARE TRUST COMPANY OF CANADA, as Trustee

By: /s/ Lisa M. Kudo
Name: Lisa M. Kudo
Title: Corporate Trust Officer

By: /s/ Danny Snider
Name: Danny Snider
Title: Corporate Trust Officer

Exhibit 4.3

SEVENTH SUPPLEMENTAL INDENTURE

DATED AS OF AUGUST 31, 2020

To

INDENTURE

dated as of July 7, 2016

among

MOLSON COORS BEVERAGE COMPANY, as Issuer

THE GUARANTORS NAMED THEREIN, as Guarantors

and

DEUTSCHE BANK TRUST COMPANY AMERICAS, as Trustee

THIS SEVENTH SUPPLEMENTAL INDENTURE, dated as of August 31, 2020 (this "**Seventh Supplemental Indenture**"), to the Indenture dated as of July 7, 2016 (the "**Original Indenture**"), as supplemented by the First Supplemental Indenture thereto dated as of July 7, 2016, the Second Supplemental Indenture thereto dated as of July 7, 2016, the Third Supplemental Indenture thereto dated as of August 19, 2016, the Fourth Supplemental Indenture thereto dated as of September 30, 2016, the Fifth Supplemental Indenture thereto dated as of October 11, 2016, and the Sixth Supplemental Indenture thereto dated as of January 11, 2018 (collectively, the "**Supplemental Indentures**" and, together with the Original Indenture and this Seventh Supplemental Indenture, the "**Indenture**"), is among Molson Coors Beverage Company, a Delaware corporation (formerly known as Molson Coors Brewing Company, the "**Company**"), Coors Distributing Company LLC, a Delaware limited liability company (the "**New Guarantor**"), and Deutsche Bank Trust Company Americas, a New York banking corporation, as Trustee (the "**Trustee**").

WHEREAS, Section 14.1(k) of the Original Indenture provides that the Company, the Guarantors (as defined in the Original Indenture) and the Trustee may amend or supplement the Indenture without notice to or consent of any Securityholder to add guarantors with respect to any series of Securities, including any Guarantors;

WHEREAS, the Company desires to add the New Guarantor as a Guarantor under the Indenture;

NOW, THEREFORE, THIS SEVENTH SUPPLEMENTAL INDENTURE WITNESSETH:

That the parties hereto hereby agree as follows:

Section 1. *Defined Terms; Rules of Interpretation*. Capitalized terms used herein and not otherwise defined herein shall have the respective meanings ascribed thereto in the Indenture. The rules of interpretation set forth in the Indenture shall be applied hereto as if set forth in full herein.

Section 2. *Addition of Guarantor*. The New Guarantor hereby agrees to guarantee payment of the Securities as a Guarantor, on the same terms and conditions as those set forth in Article XVI of the Original Indenture.

Section 3. *Ratification of Original Indenture: Supplemental Indentures Part of Original Indenture*. Except as expressly amended or supplemented hereby, the Original Indenture is in all respects ratified and confirmed and all the terms, conditions and provisions thereof shall remain in full force and effect. This Seventh Supplemental Indenture shall form a part of the Original Indenture for all purposes, and every Holder of any Securities heretofore or hereafter authenticated and delivered pursuant thereto shall be bound hereby. Except only insofar as the Original Indenture may be inconsistent with the express provisions of this Seventh Supplemental Indenture, in which case the terms of this Seventh Supplemental Indenture shall govern and supersede those contained in the Original Indenture, this Seventh Supplemental Indenture shall henceforth have effect so far as practicable as if all the provisions of the Original Indenture were contained in one instrument.

Section 4. *Counterparts*. This Seventh Supplemental Indenture may be executed in any number of counterparts, each of which when so executed shall be deemed to be an original, but all such counterparts shall together constitute one and the same instrument.

Section 5. *Governing Law*. This Seventh Supplemental Indenture shall be governed by, and construed in accordance with, the laws of the State of New York but without giving effect to applicable principles of conflicts of law to the extent that the application of the laws of another jurisdiction would be required thereby.

Section 6. *Concerning the Trustee*. In carrying out the Trustee's responsibilities hereunder, the Trustee shall have all of the rights, protections, and immunities which the Trustee possesses under the Indenture. The recitals contained herein shall be taken as the statements of the Company, and the Trustee assumes no responsibility for their correctness. The Trustee makes no representations as to the validity or sufficiency of this Seventh Supplemental Indenture.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties have caused this Seventh Supplemental Indenture to be duly executed by their respective officers thereunto duly authorized as of the date first above written.

MOLSON COORS BEVERAGE COMPANY

By: /s/ Gavin D.K. Hattersley
Name: Gavin D.K. Hattersley
Title: President and Chief Executive Officer

GUARANTOR:

COORS DISTRIBUTING COMPANY LLC

By: /s/ Gavin D.K. Hattersley
Name: Gavin D.K. Hattersley
Title: Chief Executive Officer

Exhibit 4.3

DEUTSCHE BANK TRUST COMPANY AMERICAS, as Trustee

By: /s/ Irina Golovashchuk
Name: Irina Golovashchuk
Title: Vice President

By: /s/ Debra A.Schwalb
Name: Debra A.Schwalb
Title: Vice President

Exhibit 4.4

SIXTH SUPPLEMENTAL INDENTURE

DATED AS OF AUGUST 31, 2020

To

INDENTURE

dated as of July 7, 2016

among

MOLSON COORS INTERNATIONAL LP, as Issuer
THE GUARANTORS NAMED THEREIN, as Guarantors

and

COMPUTERSHARE TRUST COMPANY OF CANADA, as Trustee

THIS SIXTH SUPPLEMENTAL INDENTURE, dated as of August 31, 2020 and effective as of August 31, 2020 (this "**Sixth Supplemental Indenture**"), to the Indenture dated as of July 7, 2016 (the "**Original Indenture**"), as supplemented by the First Supplemental Indenture thereto dated as of July 7, 2016, the Second Supplemental Indenture thereto dated as of August 19, 2016, the Third Supplemental Indenture thereto dated as of September 30, 2016, the Fourth Supplemental Indenture thereto dated as of October 11, 2016, and the Fifth Supplemental Indenture thereto dated as of January 11, 2018 (collectively, the "**Supplemental Indentures**" and, together with the Original Indenture and this Sixth Supplemental Indenture, the "**Indenture**"), is among Molson Coors International LP, a Delaware limited partnership (the "**Issuer**"), Coors Distributing Company LLC, a Delaware limited liability company (the "**New Guarantor**"), and Computershare Trust Company of Canada, a trust company existing under the laws of Canada, as Trustee (the "**Trustee**").

WHEREAS, Section 14.1(j) of the Original Indenture provides that the Issuer, the Guarantors (as defined in the Original Indenture) and the Trustee may amend or supplement the Indenture without notice to or consent of any Securityholder to add guarantors with respect to any series of Securities, including any Guarantors;

WHEREAS, the Issuer desires to add the New Guarantor as a Subsidiary Guarantor under the Indenture;

WHEREAS the foregoing are recitals and statements of fact made by the parties hereto other than the Trustee;

NOW, THEREFORE, THIS SIXTH SUPPLEMENTAL INDENTURE WITNESSETH:

That the parties hereto hereby agree as follows:

Section 1. *Defined Terms; Rules of Interpretation*. Capitalized terms used herein and not otherwise defined herein shall have the respective meanings ascribed thereto in the Indenture. The rules of interpretation set forth in the Indenture shall be applied hereto as if set forth in full herein.

Section 2. *Addition of Guarantor*. The New Guarantor hereby agrees to guarantee payment of the Securities as a Guarantor, on the same terms and conditions as those set forth in Article XVI of the Original Indenture.

Section 3. *Ratification of Original Indenture: Supplemental Indentures Part of Original Indenture*. Except as expressly amended or supplemented hereby, the Original Indenture is in all respects ratified and confirmed and all the terms, conditions and provisions thereof shall remain in full force and effect. This Sixth Supplemental Indenture shall form a part of the Original Indenture for all purposes, and every Holder of any Securities heretofore or hereafter authenticated and delivered pursuant thereto shall be bound hereby. Except only insofar as the Original Indenture may be inconsistent with the express provisions of this Sixth Supplemental Indenture, in which case the terms of this Sixth Supplemental Indenture shall govern and supersede those contained in the Original Indenture, this Sixth Supplemental Indenture shall henceforth have effect so far as practicable as if all the provisions of the Original Indenture were contained in one instrument.

Section 4. *Counterparts*. This Sixth Supplemental Indenture may be executed in any number of counterparts, each of which when so executed shall be deemed to be an original, but all such counterparts shall together constitute one and the same instrument.

Section 5. *Governing Law*. This Sixth Supplemental Indenture shall be governed by, and construed in accordance with, the laws of the State of New York but without giving effect to applicable principles of conflicts of law to the extent that the application of the laws of another jurisdiction would be required thereby.

Section 6. *Concerning the Trustee*. In carrying out the Trustee's responsibilities hereunder, the Trustee shall have all of the rights, protections, and immunities which the Trustee possesses under the Indenture. The recitals contained herein shall be taken as the statements of the Issuer, and the Trustee assumes no responsibility for their correctness. The Trustee makes no representations as to the validity or sufficiency of this Sixth Supplemental Indenture.

[*Signature Page Follows*]

IN WITNESS WHEREOF, the parties have caused this Sixth Supplemental Indenture to be duly executed by their respective officers thereunto duly authorized as of the date first above written.

MOLSON COORS INTERNATIONAL LP

By: MOLSON COORS INTERNATIONAL GENERAL, ULC, its General Partner

By: /s/ Gavin D.K. Hattersley Name: Gavin D.K. Hattersley
Title: President and Chief Executive Officer

GUARANTOR:

COORS DISTRIBUTING COMPANY LLC

By: /s/ Gavin D.K. Hattersley
Name: Gavin D.K. Hattersley
Title: Chief Executive Officer

[Signature Page to Sixth Supplemental Indenture]

COMPUTERSHARE TRUST COMPANY OF CANADA, as Trustee

By: /s/ Lisa M. Kudo
Name: Lisa M. Kudo
Title: Corporate Trust Officer

By: /s/ Danny Snider
Name: Danny Snider
Title: Corporate Trust Officer

Exhibit 10.1

SUPPLEMENT NO. 3, dated as of August 31, 2020 (this "*Supplement*"), to the Subsidiary Guarantee Agreement dated as of July 7, 2017 (as supplemented to date, the *Subsidiary Guarantee Agreement*"), among MOLSON COORS BEVERAGE COMPANY, a Delaware corporation (formerly known as Molson Coors Brewing Company, the "*Company*"), MOLSON COORS BREWING COMPANY (UK) LIMITED, MOLSON CANADA 2005, MOLSON COORS CANADA INC. and MOLSON COORS INTERNATIONAL LP (the "*Initial Borrowing Subsidiaries*" and, together with the Company and other Borrowing Subsidiaries from time to time party to the Credit Agreement, the "*Borrowers*"), each subsidiary of the Company listed on Schedule I hereto (each such subsidiary individually, a "*Guarantor*" and collectively, the "*Guarantors*") and CITIBANK N.A., as Administrative Agent (in such capacity, the "*Administrative Agent*").

A. Reference is made to the Credit Agreement dated as of July 7, 2017 (as amended, restated, supplemented or otherwise modified from time to time, the "*Credit Agreement*"), among the Company, the Initial Borrowing Subsidiaries and other Borrowing Subsidiaries from time to time party thereto, the Lenders and Issuing Banks from time to time party thereto and the Administrative Agent.

B. Capitalized terms used herein and not otherwise defined herein shall have the meanings assigned to such terms in the Credit Agreement and the Subsidiary Guarantee Agreement referred to therein.

C. The Guarantors have entered into the Subsidiary Guarantee Agreement in order to induce the Lenders to make Loans and accept and purchase B/As upon the terms and subject to the conditions set forth in the Credit Agreement. Section 21 of the Subsidiary Guarantee Agreement provides that additional Subsidiaries of the Company may become Guarantors under the Subsidiary Guarantee Agreement by execution and delivery of an instrument in the form of this Supplement. The undersigned Subsidiary (the "*New Subsidiary*") is executing this Supplement in accordance with the requirements of the Credit Agreement to become a Guarantor under the Subsidiary Guarantee Agreement in order to induce the Lenders to make additional Loans and accept and purchase additional B/As and as consideration for Loans previously made and B/As previously accepted and purchased.

Accordingly, the Administrative Agent and the New Subsidiary agree as follows:

SECTION 1. In accordance with Section 21 of the Subsidiary Guarantee Agreement, the New Subsidiary by its signature below becomes a Guarantor under the Subsidiary Guarantee Agreement with the same force and effect as if originally named therein as a Guarantor and the New Subsidiary hereby agrees to all the terms and provisions of the Subsidiary Guarantee Agreement applicable to it as a Guarantor thereunder. Each reference to a "Guarantor" in the Subsidiary Guarantee Agreement shall be deemed to include the New Subsidiary. The Subsidiary Guarantee Agreement is hereby incorporated herein by reference.

SECTION 2. The New Subsidiary represents and warrants to the Administrative Agent and the Lenders that this Supplement has been duly authorized, executed and delivered by it and constitutes its legal, valid and binding obligation, enforceable against it in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights generally and subject to general principles of equity, regardless of whether considered in a proceeding in equity or at law.

SECTION 3. This Supplement may be executed in counterparts (and by different parties hereto on different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. This Supplement shall become effective when the Administrative Agent shall have received a counterpart of this Supplement that bears the signature of the New Subsidiary.

Delivery of an executed signature page to this Supplement by facsimile transmission (or other electronic transmission (including by .pdf)) shall be as effective as delivery of a manually signed counterpart of this Supplement.

SECTION 4. Except as expressly supplemented hereby, the Subsidiary Guarantee Agreement shall remain in full force and effect.

SECTION 5. THIS SUPPLEMENT SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAW OF THE STATE OF NEW YORK.

SECTION 6. In case any one or more of the provisions contained in this Supplement should be held invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein shall not in any way be affected or impaired thereby (it being understood that the invalidity of a particular provision in a particular jurisdiction shall not in and of itself affect the validity of such provision in any other jurisdiction). The parties hereto shall endeavor in good- faith negotiations to replace the invalid, illegal or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the invalid, illegal or unenforceable provisions.

SECTION 7. All communications and notices hereunder shall be in writing and given as provided in Section 8 of the Subsidiary Guarantee Agreement. All communications and notices hereunder to the New Subsidiary shall be given to it at the address set forth under its signature below.

SECTION 8. The New Subsidiary agrees to reimburse the Administrative Agent for its reasonable out-of-pocket expenses in connection with this Supplement, including the reasonable fees, other charges and out-of-pocket disbursements of counsel for the Administrative Agent to the extent payable pursuant to Section 10.03 of the Credit Agreement.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the New Subsidiary and the Administrative Agent have duly executed this Supplement to the Subsidiary Guarantee Agreement as of the day and year first above written.

COORS DISTRIBUTING COMPANY LLC, as Guarantor

By: /s/ Gregory J. Tierney
Name: Gregory J. Tierney
Title: Chief Financial Officer

CITIBANK, N.A., as Administrative Agent

By: /s/ Carolyn Kee
Name: Carolyn Kee
Title: Vice President

Schedule I

to Supplement to the Subsidiary Guarantee Agreement

GUARANTORS

COORS BREWING COMPANY
CBC HOLDCO 3 INC.
CBC HOLDCO 2 LLC
CBC HOLDCO LLC
NEWCO3, INC.
MOLSON COORS BEVERAGE COMPANY USA LLC
MOLSON COORS USA LLC
MOLSON COORS INTERNATIONAL GENERAL, ULC
COORS INTERNATIONAL HOLDCO 2, ULC
MOLSON COORS INTERNATIONAL LP
MOLSON COORS CALLCO ULC
MOLSON COORS CANADA HOLDCO, ULC
MOLSON COORS CANADA INC.
MOLSON ULC
MOLSON CANADA 2005
3230600 NOVA SCOTIA COMPANY
MOLSON COORS (UK) HOLDINGS LLP
GOLDEN ACQUISITION
MOLSON COORS HOLDINGS LIMITED
MOLSON COORS BREWING COMPANY (UK) LIMITED
MOLSON COORS HOLDCO INC.
COORS DISTRIBUTING COMPANY LLC

EXHIBIT 31.1

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)

October 29, 2020

EXHIBIT 31.2

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)

October 29, 2020

EXHIBIT 32

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 September 30, 2020 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)
October 29, 2020

/s/ TRACEY I. JOUBERT

Tracey I. Joubert
Chief Financial Officer
(Principal Financial Officer)
October 29, 2020

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.