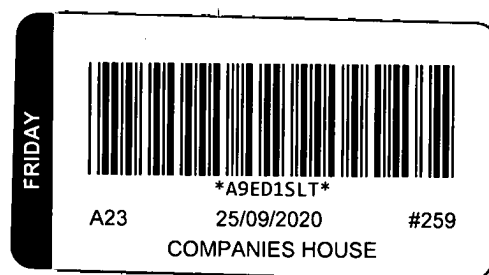


Monster Energy Europe Limited
Annual Report and Financial Statements
for the Year Ended 31 December 2019

Registered Number: 06394100



Monster Energy Europe Limited

Annual report and financial statements 2019

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Monster Energy Europe Limited

Strategic Report

Review of the business

The principal activity of Monster Energy Europe Limited ("the Company") during the year has been the marketing of energy drinks across Europe, the Middle East and Africa.

The business has achieved its goals in 2019 involving further expansion and investment in support of group activities and continuing with successful expansion into further new markets in EMEA. The directors anticipate the continuation of this model as the group continues to expand into further new markets and becomes more established in the existing markets. More information on Group results can be found on: <https://investors.monsterbevcorp.com/static-files/3a18c9a4-75b9-4d53-b041-14b1bb1c2403>

In the opinion of the directors, the key performance indicator of the Company is increase in profit. In the year to 31 December 2019, the Company's profit increased by £1,285,151 (18%) from £7,244,098 in 2018 to £8,529,249 in 2019 due to the above-mentioned expansion and investment. Revenue is earned on a cost-plus basis, all costs are recharged to the parent company, Monster Energy Limited.

As at 31 December 2019, the Company had net assets of £54,660,931 (2018: £42,086,550) and cash at bank and in hand of £23,558,126 (2018: £18,585,239).

Going concern

The directors view the Company as continuing in business for the foreseeable future with neither the intention nor the necessity of liquidation, ceasing trading or seeking protection from creditors.

The Company is reliant on a group intercompany service agreement being in place which the directors have no plans to terminate for a period of at least 12 months from the date of approving these financial statements. The Company continues to receive a high level of commitment to support the growth of the Energy brands across Europe and other territories from its immediate parent Monster Energy Limited (Incorporated in Ireland) and its ultimate parent Monster Beverage Corporation, incorporated in the USA. Monster Beverage Corporation is the ultimate controlling party of Monster Energy Europe Limited. The directors consider that the immediate parent company who provides the support has adequate liquidity and assets to support the Company for the foreseeable future and where necessary will make funds available to meet the Company's obligations as they fall due.

Principal risks and uncertainties & financial risk management

The Company is not directly exposed to price, competition and credit related risks as the principal activity during the year has been the provision of marketing services to a group company. Please refer to Covid-19 impact assessment on MEEL for risks arising from the pandemic, discussed further below.

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations, the company uses long term financial support from its immediate parent company, which continues to provide a high level of commitment.

There is exposure to the financial risk of changes in foreign currency exchange rates on intercompany funding and transactions in foreign currency.

Continued uncertainty in the financial markets and other changes in general economic or political conditions (e.g. Brexit) in any of the major countries in which we do business could adversely affect our industry, business and results of operations. However, this shouldn't have a significant effect on the Company as revenue is earned on a cost-plus basis, all costs are recharged to the parent company, Monster Energy Limited.

Covid-19 Impact Assessment

The directors are not aware of any material adjusting event which occurred after the reporting date and up to the date of this report, except for Covid-19, which was considered a non-adjusting event.

The Covid-19 pandemic did not have a material adverse impact on our revenue for the three-months ended 31 March 2020. Our revenue from April onwards has been affected by the Covid-19 pandemic as we have seen some reductions in our marketing spend in the period April - June 2020, due to the Covid-19 EMEA wide bans on social gatherings. The duration of these trends and the magnitude of such impacts cannot be precisely estimated at this time as they are affected by a number of factors, many of which are outside our control.

Monster Energy Europe Limited

Strategic Report (continued)

From the beginning of the Covid-19 pandemic, our top priority has been the health, safety and well-being of our employees. Early in March 2020, we implemented global travel restrictions and work-from-home policies for employees who are able to work remotely. For those employees who are unable to work remotely, safety precautions have been instituted, which were developed and adopted in line with guidance from public health authorities and professional consultants. We are incredibly proud of the teamwork exhibited by all our employees across EMEA.

Depending on the duration of any Covid-19 pandemic related issues, we may experience continuous reduction in our ability of being able to deliver marketing services to our parent company which may then result in lower marketing costs and lower revenue being recorded in 2020.

Our sources and use of cash were not impacted by the Covid-19 pandemic thus far and to date we have not identified any liquidity deficiencies as a result of the Covid-19 pandemic. Based on the information currently available, we do not expect the impact of the current Covid-19 pandemic to have a material impact on our liquidity. We will continue to monitor & assess the impact that the Covid-19 pandemic may have on our business, financial condition and operating results.

The Covid-19 pandemic has and we expect will continue to have, certain negative impacts on our business and operations. A detailed assessment of the impact of the Covid-19 pandemic on the global Monster business can be found in "Part II, Item 1A – Risk Factors" in Form 10-Q <https://investors.monsterbevcorp.com/static-files/3d3c5388-865c-462d-90ec-e5b02792f1a8>

Section 172 statement

Engaging with stakeholders:

MEEL is part of a worldwide Group, our ultimate parent company is based in the US. MEEL and its branches have extensive engagements with other companies in the Group as well as other stakeholders. Our directors are committed to the company maintaining the highest standards of business conduct and make decisions with a long-term perspective. It is of the utmost importance to operate with the highest ethical standards, in line with Group policies and practices. Our directors regularly report to the Group about the strategy, performance and key decisions taken. This provides them with assurance that proper consideration is given to all stakeholder interests. Where possible, decisions are carefully discussed with affected stakeholders and are therefore understood and supported when the decisions are taken.

The success of our business is dependent on the support of our stakeholders. Building positive relationships with stakeholders who share our values is important to us. Working together towards shared goals assists us in delivering long-term sustainable success.

Details of our key stakeholders and how we engage with them are set out below.

Colleagues

Our people are key to our success and we want them to be successful individually and as a team. There are many ways we engage with and listen to our people, including employee surveys, monthly business updates, internal communications, monthly newsletters, and through our anonymous employee help lines.

Key areas of focus include health and well-being, development opportunities, training, pay and benefits. Regular reports about what is important to our colleagues are shared with the Group, ensuring consideration is given to their needs. Further examples on our Group policies can be found here: <https://www.monsterbevcorp.com/hr-policy.php>

Suppliers

We build strong relationships with our suppliers to develop mutually beneficial and lasting partnerships. Engagement with our suppliers is primarily through ongoing interactions and formal reviews of goals and targets. We also host several events which bring our suppliers and the Group's customers together, to discuss shared goals and build relationships. Key areas of focus include innovation and marketing strategies. The Group recognises that relationships with suppliers are important to our long-term success, and it is briefed on supplier feedback and issues on a regular basis. More information on our Group supplier relationships and our suppliers code of conduct can be found here: <https://www.monsterbevcorp.com/sc-conduct.php>

Monster Energy Europe Limited

Strategic Report (continued)

Communities

At MEEL and Group itself, we are committed to improving sustainability, reducing impact on the environment, and giving back to the community through various philanthropic efforts. We are investing substantial time and resources to positively impact people, society, and the planet. We engage with the communities in which we operate to build trust and understand the local issues that are important to them. Key areas of focus include how we support local causes and issues, create opportunities to recruit and develop local people, and help to look after the environment. We partner with various charities and organisations to generate awareness and raise funds. Issues and themes across local communities are reported back to the Group.

During the Corona Virus Pandemic our parent company, with MEEL's employees' assistance and execution, delivered millions of Monster cans to Key Workers – Hospitals, Police stations, Army basis etc. across US and EMEA. Further details on our Communities efforts can be found here:

<https://www.monsterbevcorp.com/sr-philanthropy.php>

At MEEL, and within our Group, we are committed to improving sustainability and working to reduce our impact on the environment through certain initiatives and conservation programmes. We are investing substantial time and resources towards creating an integrated approach focused on minimizing our environmental impact. Further information can be found here:

<https://www.monsterbevcorp.com/sr-environmental.php>

Government and regulators

At Group level we engage with the government and regulators through a range of industry consultations, forums, and meetings to communicate our views to policy makers relevant to our business.

MEEL's key areas of focus include compliance with laws and regulations and health and safety across all branches. The Group is updated on legal and regulatory developments and takes these into account when considering future actions. Further information on the ways in which the Group engages with stakeholders is set out in the Group Governance Report which can be found here:

<https://investors.monsterbevcorp.com/corporate-governance>

<https://investors.monsterbevcorp.com/static-files/262dce6e-fc85-4e8f-9fbf-58c53a8ba63c>

Disabled employees

Applications for employment by disabled persons are always fully considered, bearing in mind the abilities of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Company continues and that appropriate training is arranged. It is the policy of the Company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Employee Consultation

The Company places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the Company. This is achieved through formal and informal meetings, the Company website and annual financial statements. All employees receive discretionary bonuses based on personal and company performance.

Monster Energy Europe Limited

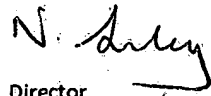
Strategic Report (continued)

Future developments

The directors expect the general level of activity to stay the same or slightly decrease compared with 2019 in the forthcoming year. The business has achieved its goals in 2019 involving steady expansion and investment. This should continue in 2020 as the company enters new markets and expands, however its marketing activities may temporarily decrease in 2020 due to Covid-19 as discussed earlier.

The strategic report is approved for issue by the board of Directors.

Neil Shirley



Director

15 September 2020

Registered Address in England, UK:

Unit 51 Metropolitan Park,

Bristol Road, Greenford,

Middlesex, UB6 8UP

Monster Energy Europe Limited

Directors' Report

The directors present their annual report on the affairs of Monster Energy Europe Limited ('the Company'), together with the financial statements and auditor's report, for the year ended 31 December 2019 and up to the date of signing the financial statements.

Disclosures required by s416 (4) elevated to the strategic report are:

- Financial risk management objectives and policies
- Future developments
- Employee consultation
- Disabled employees
- Use of Financial Instruments

Engagement with suppliers, customers and others will be addressed within the section 172 statement.

Going concern is discussed within the strategic report.

Existence of branches outside the UK

The company has branches, as defined in section 1046(3) of the Companies Act 2006, outside the UK as follows:

Monster Energy [Albania]

Monster Energy Europe Limited [Belgium]

Monster Energy Europe Limited Branch [Bulgaria]

Monster Energy Europe Limited – Podružnica Zagreb [Croatia]

Monster Energy Europe Limited [Cyprus]

Monster Energy Europe Limited organizacni slozka [Czech Republic]

Monster Energy [Denmark]

Monster Energy Europe Limited [Dubai]

Monster Energy Europe Limited eesti filiaal [Estonia]

Monster Energy Europe Limited Suomen sivuliike [Finland]

Monster Energy Europe Limited Zweigniederlassung Deutschland [Germany]

Monster Energy Europe Limited [Greece]

Monster Energy Europe Limited Magyarorszagi Fioktelepe [Hungary]

Monster Energy Europe Limited [Italy]

Monster Energy Europe Ltd Kenya [Kenya]

Monster Energy Europe Limited Latvijas filiale [Latvia]

Monster Energy Europe Limited filialas [Lithuania]

Monster Energy UK Ltd [Netherlands]

Monster Energy Europe Limited SP. ZO.O. W Polsce [Poland]

Monster Energy Europe Ltd. Sucursal em [Portugal]

Monster Energy Europe Limited Uxbridge Sucursala Bucuresti [Romania]

Monster Energy Europe Limited organizacna zlozka [Slovakia]

Monster Energy Europe Limited Podružnica v Ljubljani [Slovenia]

Monster Energy Europe Limited Sucursal en España [Spain]

Monster Energy Europe Limited UK Filial [Sweden]

Monster Energy Europe Ltd Uxbridge Zweigniederlassung Zurich [Switzerland]

Monster Energy Europe Limited

Directors' Report (continued)

Directors

The directors, who served throughout the year and to the date of this report, were as follows:

Guy Carling

Rodney Sacks

Hilton Schlosberg

Neil Shirley

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

A resolution to reappoint Deloitte LLP will be proposed at the forthcoming Annual General Meeting.

Dividends

No dividends were proposed in the year (2018: nil).

Events after the balance sheet date

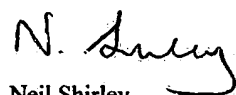
There are no events after the balance sheet date to report on other than Covid-19, that is discussed within the strategic report.

Approval of reduced disclosures

The Company, as a qualifying entity, has taken advantage of the disclosure exemptions in FRS 102 paragraph 1.12. The Company's shareholders have been notified in writing about the intention to take advantage of the disclosure exemptions and no objections have been received.

The Company also intend to take advantage of these exemptions in the financial statements to be issued in the following year. Objections may be served on the Company by Monster Energy Limited, as the immediate parent of the entity, or by a shareholder's holding in aggregate 5 per cent or more of the total allocated shares in the Company or more than half of the allotted shares in the entity not held by Monster Energy Limited as the immediate parent. They should be served by no later than 15 September 2020.

Approved by the Board and signed on its behalf by:



Neil Shirley
Director

15 September 2020
Unit 51 Metropolitan Park,
Bristol Road, Greenford,
Middlesex, UB6 8UP

Monster Energy Europe Limited

Directors' Responsibilities Statement

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Monster Energy Europe Limited

Independent Auditor's Report to the Members of Monster Energy Europe Limited **Report on the audit of the financial statements**

Opinion

In our opinion the financial statements of Monster Energy Europe Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 21.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Monster Energy Europe Limited

Independent Auditor's Report to the Members of Monster Energy Europe Limited (continued)

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

Monster Energy Europe Limited

Independent Auditor's Report to the Members of Monster Energy Europe Limited (continued)

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Matthew Hall

Matthew Hall FCA (Senior statutory auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

Cambridge, United Kingdom

16 September 2020

Monster Energy Europe Limited

Statement of Comprehensive Income For the Year Ended 31 December 2019

	Note	2019 £	2018 £
Turnover	3	101,368,132	92,800,676
Cost of sales		-	-
Gross Profit		<u>101,368,132</u>	<u>92,800,676</u>
Administrative expenses		(91,046,699)	(83,330,482)
Operating profit		<u>10,321,433</u>	<u>9,470,194</u>
Finance costs (net)	4	(285,208)	(1,020,333)
Profit before taxation	5	10,036,225	8,449,861
Tax on profit	9	(1,506,976)	(1,205,763)
Profit for the financial year attributable to the equity shareholders of the Company		<u><u>8,529,249</u></u>	<u><u>7,244,098</u></u>

All activities derive from continuing operations.

There are no comprehensive income or expenses other than the profit for the financial year and the preceding financial year.

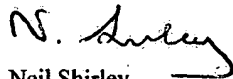
Monster Energy Europe Limited

Balance Sheet

As at 31 December 2019

	Note	2019 £	2018 £
Non Current Assets			
Tangible fixed assets	11	15,323,609	17,204,449
Fixed asset investments	12	596,880	596,880
Deferred tax asset	14	2,615,260	1,713,011
		<u>18,535,749</u>	<u>19,514,340</u>
Current assets			
Debtors	13	28,355,037	22,397,400
Cash at bank and in hand		23,558,126	18,585,239
		<u>51,913,163</u>	<u>40,982,639</u>
Creditors: amounts falling due within one year	15	<u>(14,779,162)</u>	<u>(17,483,524)</u>
Net current assets		37,134,001	23,499,115
Total assets less current liabilities		<u>55,669,750</u>	<u>43,013,455</u>
Provisions for liabilities	16	(1,008,819)	(926,905)
Net assets		<u>54,660,931</u>	<u>42,086,550</u>
Capital and reserves			
Called-up share capital	17	500,000	500,000
Profit and loss account		54,160,931	41,586,550
Shareholders' funds		<u>54,660,931</u>	<u>42,086,550</u>

The financial statements of Monster Energy Europe Limited (registered number: 06394100) were approved by the board of directors and authorised for issue on 15 September 2020. They were signed on its behalf by:



Neil Shirley

Director

Monster Energy Europe Limited

Statement of Changes in Equity For the Year Ended 31 December 2019

	Called-up share capital	Profit and loss account	Total
	£	£	£
At 1 January 2018	500,000	30,993,469	31,493,469
Profit for the year and total comprehensive income	-	7,244,098	7,244,098
Share-based payments (Note 10)	-	3,348,983	3,348,983
At 31 December 2018	500,000	41,586,550	42,086,550
At 1 January 2019	500,000	41,586,550	42,086,550
Profit for the year and total comprehensive income	-	8,529,249	8,529,249
Share-based payments (Note 10)	-	4,045,132	4,045,132
At 31 December 2019	500,000	54,160,931	54,660,931

Monster Energy Europe Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

1. Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the preceding year.

a. General information and basis of accounting

Monster Energy Europe Limited ('the Company') is a private company limited by shares incorporated in the United Kingdom under the Companies Act 2006 and is registered in England and Wales. The address of the registered office is given on page 3. The nature of the Company's operations and its principal activities are set out in the Strategic report on pages 1 to 3.

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council. The Company has applied the amendments to FRS 102 issued by the FRC in December 2017 with effect from 1 January 2019.

The functional currency of the Company is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates.

The Company meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements. Exemptions have been taken in relation to financial instruments, presentation of a cash flow statement, intra-group transactions and remuneration of key management personnel.

The Company has taken advantage of the exemption from preparing consolidated financial statements afforded by Section 400 of the Companies Act 2016 because it is a wholly owned subsidiary of another company. Group financial statements which include the Company, for Monster Beverage Corporation are publicly available. These may be obtained at 1 Monster Way, Corona, California 92879, USA.

Going concern

The financial statements have been prepared using the going concern basis of accounting. The directors view the Company as continuing in business for the foreseeable future with neither the intention nor the necessity of liquidation, ceasing trading or seeking protection from creditors. The Company is reliant on a group intercompany service agreement being in place which the directors have no plans to terminate for a period of at least 12 months from the date of approving these financial statements. The Company continues to receive a high level of commitment to support the growth of the Energy brands across Europe and other territories from its immediate parent Monster Energy Limited (Incorporated in Ireland) and its ultimate parent Monster Beverage Corporation, incorporated in the USA. Monster Beverage Corporation is the ultimate controlling party of Monster Energy Europe Limited. The directors consider that the immediate parent Company has adequate liquidity and assets to support the company for the foreseeable future and where necessary will make funds available to meet the company's obligations as they fall due.

b. Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets, other than investment properties and freehold land, at rates calculated to write off the cost, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

Leasehold improvements	lower of term of lease and useful life
Motor vehicles	4-5 years
Office and computer equipment	3-5 years
Coolers	3 years

Monster Energy Europe Limited

Notes to the Financial Statements (continued)

For the Year Ended 31 December 2019

1. Accounting policies (continued)

b. *Tangible fixed assets (continued)*

Event equipment

3-5 years

Residual value represents the estimated amount which would currently be obtained from disposal of an asset, after deducting estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

Assets under construction are accounted for at cost and are not depreciated until the accounting period in which they are brought into use.

c. *Financial instruments*

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

(i) *Financial assets and liabilities*

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the balance sheet when, and only when there exists a legally enforceable right to set off the recognised amounts and the Company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Debt instruments which meet the following conditions are subsequently measured at amortised cost using the effective interest method:

- (a) The contractual return to the holder is (i) a fixed amount; (ii) a positive fixed rate or a positive variable rate; or (iii) a combination of a positive or a negative fixed rate and a positive variable rate.
- (b) The contract may provide for repayments of the principal or the return to the holder (but not both) to be linked to a single relevant observable index of general price inflation of the currency in which the debt instrument is denominated, provided such links are not leveraged.
- (c) The contract may provide for a determinable variation of the return to the holder during the life of the instrument, provided that (i) the new rate satisfies condition (a) and the variation is not contingent on future events other than (1) a change of a contractual variable rate; (2) to protect the holder against credit deterioration of the issuer; (3) changes in levies applied by a central bank or arising from changes in relevant taxation or law; or (ii) the new rate is a market rate of interest and satisfies condition (a).
- (d) There is no contractual provision that could, by its terms, result in the holder losing the principal amount or any interest attributable to the current period or prior periods.
- (e) Contractual provisions that permit the issuer to prepay a debt instrument or permit the holder to put it back to the issuer before maturity are not contingent on future events, other than to protect the holder against the credit deterioration of the issuer or a change in control of the issuer, or to protect the holder or issuer against changes in levies applied by a central bank or arising from changes in relevant taxation or law.
- (f) Contractual provisions may permit the extension of the term of the debt instrument, provided that the return to the holder and any other contractual provisions applicable during the extended term satisfy the conditions of paragraphs (a) to (c).

Monster Energy Europe Limited

Notes to the Financial Statements (continued)

For the Year Ended 31 December 2019

1. Accounting policies (continued)

c. Financial instruments (continued)

Debt instruments that have no stated interest rate (and do not constitute financing transaction) and are classified as payable or receivable within one year are initially measured at an undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

With the exception of some hedging instruments, other debt instruments not meeting these conditions are measured at fair value through profit or loss.

Commitments to make and receive loans which meet the conditions mentioned above are measured at cost (which may be nil) less impairment.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the Company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Company, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

(ii) Investments

Investments in subsidiaries and associates are measured at cost less impairment. For investments in subsidiaries acquired for consideration including the issue of shares qualifying for merger relief, cost is measured by reference to the nominal value of the shares issued plus fair value of other consideration. Any premium is ignored.

(iii) Equity instruments

Equity instruments issued by the Company are recorded at the fair value of cash or other resources received or receivable, net of direct issue costs.

d. Impairment of assets

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

Financial assets

For financial assets carried at amortised cost, the amount of impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

Monster Energy Europe Limited

Notes to the Financial Statements (continued)

For the Year Ended 31 December 2019

1. Accounting policies (continued)

e. Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax liabilities are recognised for timing differences arising from investments in subsidiaries and associates, except where the Company is able to control the reversal of the timing difference and it is probable that it will not reverse in the foreseeable future.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference. Deferred tax relating to non-depreciable property, plant and equipment measured using the revaluation model and investment property is measured using the tax rates and allowances that apply to sale of the asset. In other cases, the measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income.

Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the Company intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are offset only if: a) the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and b) the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

f. Turnover

Turnover is stated net of VAT. Turnover from the supply of services represents recharges for marketing services performed across Europe and other territories for another group company and is recognised on an accruals basis. Interest receivable and other income is prepared on an accruals basis.

g. Employee benefits

For defined contribution schemes the amount charged to the statement of comprehensive income in respect of pension costs and other retirement benefits is the contributions payable in the year. Differences between

Monster Energy Europe Limited

Notes to the Financial Statements (continued)

For the Year Ended 31 December 2019

1. Accounting policies (continued)

g. Employee benefits (continued)

contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Other long-term employee benefits are measured at the present value of the benefit obligation at the reporting date.

h. Foreign currency

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date.

Exchange differences are recognised in profit or loss in the period in which they arise except for:

- exchange differences on transactions entered into to hedge certain foreign currency risks (see above); and
- exchange differences arising on gains or losses on non-monetary items which are recognised in other comprehensive income.

i. Leases

The Company as lessee

Assets held under finance leases, hire purchase contracts and other similar arrangements, which confer rights and obligations similar to those attached to owned assets, are capitalised as tangible fixed assets at the fair value of the leased asset (or, if lower, the present value of the minimum lease payments as determined at the inception of the lease) and are depreciated over the shorter of the lease terms and their useful lives. The capital elements of future lease obligations are recorded as liabilities, while the interest elements are charged to the statement of comprehensive income over the period of the leases to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term.

j. Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Monster Energy Europe Limited

Notes to the Financial Statements (continued)

For the Year Ended 31 December 2019

1. Accounting policies (continued)

k. Share-based payment

The Company grants to its employees rights to equity instruments of Monster Beverage Corporation, its ultimate parent company. The required disclosures are therefore included in Monster Beverage Corporation consolidated financial statements. The Company records compensation expense for employee stock options based on the estimated fair value of the options on the date of grant using the Black-Scholes-Merton option pricing formula.

l. Interest Revenue

Interest income is recognised when it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

2. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the Company's accounting policies

There are no critical judgements, apart from those involving estimations (which are dealt with separately below), that the directors have made in the process of applying the Company's accounting policies and that have significant effect on the amounts recognised in the financial statements.

Key source of estimation uncertainty

There are no key sources of estimation uncertainty.

Monster Energy Europe Limited

Notes to the Financial Statements (continued)

For the Year Ended 31 December 2019

3. Turnover and revenue

An analysis of the Company's turnover by class of business is set out below:

Turnover:

Rendering of services (Intercompany recharge)

2019	2018
£	£
101,368,132	92,800,676

All the Company's turnover is generated in Europe.

An analysis of the Company's revenue (including turnover) by category is as follows:

Rendering of services (Intercompany recharge)

Interest income

2019	2018
£	£
101,368,132	92,800,676
288,633	245,410
101,656,765	93,046,086

4. Finance costs (net)

Interest payable and similar charges

Interest receivable and similar charges

2019	2018
£	£
(595,229)	(1,265,743)
310,021	245,410
(285,208)	(1,020,333)

Interest payable and similar charges

Other intercompany balances

Exchange loss on foreign currency

2019	2018
£	£
(595,229)	(687,798)
-	(577,945)
(595,229)	(1,265,743)

Interest receivable and similar income

Interest receivable on intercompany balances

Exchange gain on foreign currency

2019	2018
£	£
288,633	245,410
21,388	-
310,021	245,410

Monster Energy Europe Limited

Notes to the Financial Statements (continued)

For the Year Ended 31 December 2019

5. Profit before taxation

Profit before taxation is stated after charging/(crediting):

	2019 £	2018 £
Depreciation of tangible fixed assets (note 11)	8,983,205	7,827,421
Operating lease rentals	1,212,615	1,039,665
Foreign exchange (gain)/loss	(21,388)	577,946
Share-based payments	4,045,132	3,348,983
Gain on disposal of fixed assets	(83,071)	(176,295)

6. Auditor's remuneration

Fees payable to Deloitte LLP and their associates for the audit of the Company's annual accounts were £47,500 (2018: £34,700).

Fees payable to Deloitte LLP and their associates for non-audit services to the Company are as follows:

Non-audit fees:

	2019 £	2018 £
Taxation compliance services	14,626	14,200
Other taxation advisory services	15,000	-
Other advisory services	83,000	10,000
	<u>112,626</u>	<u>24,200</u>

Monster Energy Europe Limited

Notes to the Financial Statements (continued) For the Year Ended 31 December 2019

7. Staff numbers and costs

The average monthly number of employees (including executive directors) was:

	2019 Number	2018 Number
Marketing	298	310
Administration	148	121
	<u>446</u>	<u>431</u>

Their aggregate remuneration comprised:

	2019 £	2018 £
Wages and salaries	24,346,776	21,873,217
Social security costs	4,186,806	3,366,783
Other pension costs (note 19)	884,095	702,430
Share-based payments (note 10)	4,045,132	3,348,983
	<u>33,462,809</u>	<u>29,291,413</u>

Monster Energy Europe Limited

Notes to the Financial Statements (continued) **For the Year Ended 31 December 2019**

8. Directors' remuneration and transactions

	2019	2018
	£	£
<i>Directors' remuneration</i>		
Emoluments	850,000	775,208
Company contributions to money purchase pension schemes	30,650	22,923
	<u>880,650</u>	<u>798,131</u>

	2019	2018
	Number	Number
The number of directors who:		
Are members of a money purchase pension scheme	2	2
Exercised options over shares in the parent company	2	1
Had awards receivable in the form of shares in the parent company under a long-term incentive scheme	<u>2</u>	<u>2</u>

	2019	2018
	£	£
Remuneration of the highest paid director:		
Emoluments	617,000	567,000
Company contributions to money purchase pension schemes	<u>21,500</u>	<u>16,042</u>

The highest paid director did exercise options in the year.

The highest paid director received new shares in the year.

Monster Energy Europe Limited

Notes to the Financial Statements (continued)

For the Year Ended 31 December 2019

9. Tax on profit

The tax charge comprises:

	2019 £	2018 £
Current tax on profit		
UK corporation tax at 19.00% (2018: 19.00%)	1,726,927	2,348,010
Double tax relief	(427,383)	(365,575)
Foreign tax	500,660	498,763
	<u>1,800,204</u>	<u>2,481,198</u>
Adjustments in respect of prior years		
UK corporation tax	541,288	(982,411)
Foreign tax	67,733	79,565
	<u>609,021</u>	<u>(902,846)</u>
Total current tax	<u>2,409,225</u>	<u>1,578,352</u>
Deferred tax		
Origination and reversal of timing differences	(700,718)	(372,589)
Effect of increase in tax rate on opening asset	(201,531)	-
Total deferred tax (note 14)	<u>(902,249)</u>	<u>(372,589)</u>
Total tax on profit	<u>1,506,976</u>	<u>1,205,763</u>

The standard rate of current tax for the year, based on the United Kingdom standard rate of corporation tax is 19% (2018 - 19%).

In recent years the UK Government has steadily reduced the rate of UK corporation tax, with the latest rates substantively enacted by the balance sheet date being 19% effective from 1 April 2017. The closing deferred tax assets and liabilities have been calculated at 19%, on the basis that this is the rate at which those assets and liabilities are expected to unwind.

Monster Energy Europe Limited

Notes to the Financial Statements (continued)

For the Year Ended 31 December 2019

9. Tax on profit (continued)

The difference between the total tax charge shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows:

	2019 £	2018 £
Profit before tax	10,036,225	8,449,861
Tax on profit at standard UK corporation tax rate of 19.00% (2018: 19.00% / 2017: 19.25% / 2016: 20%)	1,906,883	1,605,474
Effects of:		
- Expenses not deductible for tax purposes	40,556	10,519
- Timing differences	(96,431)	141,960
- Share base acquisition	(1,026,330)	217,468
- Higher tax rates on overseas earnings	73,277	133,188
- Adjustments to tax charge in respect of previous years	609,021	(902,846)
Total tax charge	1,506,976	1,205,763

Monster Energy Europe Limited

Notes to the Financial Statements (continued)

For the Year Ended 31 December 2019

10. Share-based payments

Equity settled share option plan

Certain employees of the Company have been granted Monster Beverage Corporation share options, restricted stock and restricted stock units under the Monster Beverage Corporation 2011 Omnibus Incentive Plan. This plan provided for a grant price equal to the quoted price of Monster Beverage Corporation shares at the date of grant. The vesting period is generally five years. These options are exercisable at such time and in such amounts as determined by the Compensation Committee of the Board of Directors of Monster Beverage Corporation up to a ten-year period after their date of grant.

If the options remain unexercised after a period of ten years from the date of grant the options expire. Options are forfeited if the employee leaves the Company before the options vest.

The company recognised a total expense of £4,045,132 (2018: £3,348,983) related to equity-settled share based payment transactions in the year.

Stock Split

On 14 October 2016, the Group announced a three-for-one stock split of Monster Beverage Corporation common stock ("the Stock Split"), to be effected in the form of a 200% stock dividend. The common stock dividend was issued on 9 November 2016 and the common stock of Monster Beverage Corporation began trading at the split adjusted price on 10 November 2016. Accordingly, all per share amounts, average common stock outstanding, common stock outstanding, common stock repurchased and equity-based compensation presented in this disclosure have been adjusted retroactively, where applicable, to reflect the stock split.

Stock Options

Details of the Monster Beverage Corporation share options granted to Monster Energy Europe Limited employees during the year ended 31 December 2019 and 2018 are outstanding are as follows:

	2019		2018	
	Options	Weighted average exercise price US \$	Options	Weighted average exercise price US \$
Outstanding at beginning of year	1,475,582	42.73	1,251,800	37.21
Granted during the year	203,250	58.95	398,500	57.93
Forfeited during the year	(86,875)	53.59	(102,125)	46.28
Exercised during the year	(327,732)	31.21	(72,593)	26.01
Outstanding at the end of the year	1,264,225	47.58	1,475,582	42.73
Exercisable at the end of the year	405,000	36.52	498,207	30.33

The weighted average exercise price has been expressed in US dollars, as that is the currency in which the options strike price has been granted.

The options outstanding at 31 December 2019 had a weighted average exercise price of \$47.58 (2018: \$42.73) and a weighted average remaining contractual life of 6.82 years (2018: 6.91 years). In the year to 31 December 2019 options were granted on a number of dates. The aggregate of the estimated fair value of the options granted on those dates is \$4,003,366 (2018: \$8,896,183).

Monster Energy Europe Limited

Notes to the Financial Statements (continued)

For the Year Ended 31 December 2019

10. Share-based payments (continued)

The inputs into the Black-Scholes-Merton Options Pricing Formula are as follows:

	2019	2018
Weighted average share price (US \$)	58.95	57.93
Weighted average exercise price (US \$)	58.95	57.93
Expected volatility	30.16%	34.57%
Expected life (years)	5.89	6.01
Risk free rate	2.26%	2.81%
Expected dividend yield	0.00%	0.00%

Expected volatility was determined by calculating the historical volatility of Monster Beverage Corporation share price over a period of time equivalent to the expected term of option. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

Restricted Stock Units

Stock based compensation cost for restricted stock awards and restricted stock units is measured based on the closing fair market value of the Company's common stock at the date of grant. In the event that the Company has the option and intent to settle a restricted stock unit in cash, the award is classified as a liability and revalued at each balance sheet date

The following table summarizes the Company's activities with respect to non-vested restricted stock awards and non-vested restricted stock units as follows:

	Number of Shares	Weighted Average Grant – Date Fair Value US\$
Non-vested at 1 January 2019	14,250	51.34
Granted	49,450	59.67
Vested	(600)	50.47
Forfeited/cancelled	(800)	59.67
Non-vested at 31 December 2019	62,300	57.85

In the year ended 31 December 2019, 49,450 restricted stock units were granted. As of 31 December 2019, approximately 52,194 of restricted stock units are expected to vest.

At 31 December 2019, total unrecognised compensation expense relating to non-vested restricted stock awards and non-vested restricted stock units was \$3.3 million, which is expected to be recognized over a weighted-average period of 4 years.

Monster Energy Europe Limited

Notes to the Financial Statements (continued)
For the Year Ended 31 December 2019

11. Tangible fixed assets

	Leasehold Improvements	Motor Vehicles	Office & Computer Equipment	Coolers	Event Equipment	Assets in the course of construction	Total
Cost	£	£	£	£	£	£	£
At 1 January 2019	1,688,023	7,024,845	1,878,013	24,566,496	2,693,473	66,416	37,917,266
Additions	1,946,244	603,944	1,295,949	3,063,120	211,531	4,725	7,125,513
Disposals	-	(579,923)	(15,641)	(547,400)	(1,756)	-	(1,144,720)
At 31 December 2019	3,634,267	7,048,866	3,158,321	27,082,216	2,903,248	71,141	43,898,059
Depreciation							
At 1 January 2019	648,631	4,468,939	1,399,318	12,651,682	1,544,247	-	20,712,817
Additions	578,238	822,985	281,883	6,888,437	411,662	-	8,983,205
Disposals	-	(576,040)	(14,145)	(530,977)	(410)	-	(1,121,572)
At 31 December 2019	1,226,869	4,715,884	1,667,056	19,009,142	1,955,499	-	28,574,450
Net book values							
At 31 December 2019	2,407,398	2,332,982	1,491,265	8,073,074	947,749	71,141	15,323,609
At 31 December 2018	1,039,392	2,555,906	478,695	11,914,814	1,149,226	66,416	17,204,449

Monster Energy Europe Limited

Notes to the Financial Statements (continued)

For the Year Ended 31 December 2019

12. Fixed asset investments

	2019 £	2018 £
Subsidiary undertakings	596,880	596,880

Investments

The Company has investments in the following subsidiary undertakings.

Subsidiary undertakings	Country of incorporation or principal business address	Principal activity	Type of shares held	%
Monster Energy France SAS	41 rue Camille Desmoulins, 92130 Issy les Moulineaux, France	Marketing of Monster Energy	Ordinary	100%
Monster Energy Ukraine LLC	01001, Ukraine, Kiev, Kreschatik str., 12	Marketing & distribution of Monster Energy	Ordinary	99%
Monster Energy Austria GmbH	Teinfaltstraße 8, 1010 Wien, Austria.	Marketing of Monster Energy	Ordinary	100%
Monster Energy Russia LLC	125171, Russia, Moscow, Leningradskoye shosse, 16A, bld.1	Marketing & distribution of Monster Energy	Ordinary	100%
Monster Energy Beverage Company of South Africa (Proprietary) Limited	Unit 3 Meadowbrook Business Estate, Jacaranda Avenue, Olivedale Ext 18, Randburg 2158, South Africa	Marketing & distribution of Monster Energy	Ordinary	100%
Energy Beverages Rus LLC	125171, Russia, Moscow, Leningradskoye shosse, 16A, bld.1	Marketing & distribution of Monster Energy	Ordinary	100%
Monster Energy Southeast Asia	Level 02.02A Menara Keck Seng, 203 Jalan Bukit Bintang, 55100 Kuala Lumpur, Malaysia	Marketing & distribution of Monster Energy	Ordinary	100%

All subsidiary undertakings are held directly by Monster Energy Europe Limited. Subsidiary undertakings have not been consolidated by Monster Energy Europe Limited as permitted by s.401 of the Companies Act 2006 as they are consolidated in the financial statements of Monster Beverage Corporation.

Monster Energy Europe Limited

Notes to the Financial Statements (continued) For the Year Ended 31 December 2019

12. Fixed asset investments (continued)

	2019 £	2018 £
Cost		
At 1 January 2019 and 31 December 2019	596,880	596,880
Provisions for impairment		
At 1 January 2019 and 31 December 2019	-	-
Carrying value	596,880	596,880

13. Debtors

	2019 £	2018 £
Amounts falling due within one year:		
VAT	3,728,986	3,567,028
Other debtors	101,348	92,287
Prepayments and accrued income	3,202,010	4,939,313
Corporation Tax	831,503	732,800
Amounts owed by group undertakings	20,491,190	13,065,972
	28,355,037	22,397,400

All intercompany balances are repayable on demand.

Monster Energy Europe Limited

Notes to the Financial Statements (continued)

For the Year Ended 31 December 2019

14. Deferred tax asset

	2019 £	2018 £
At 1 January	1,713,011	1,340,422
Credit to statement of comprehensive income	902,249	372,589
At 31 December	<u>2,615,260</u>	<u>1,713,011</u>

Analysis of deferred tax balance

Depreciation in excess of capital allowances	1,624,101	977,861
Tax expense on outstanding share options	991,159	735,150
At 31 December	<u>2,615,260</u>	<u>1,713,011</u>

Deferred tax assets and liabilities are offset only where the company has a legally enforceable right to do so and where the assets and liabilities relate to income taxes levied by the same taxation authority on the same taxable entity or another entity within the company.

The closing deferred tax asset as at 31 December 2019 has been calculated at 19% reflecting the tax rate at which the deferred tax asset is expected to be reversed in future periods.

15. Creditors: amounts falling due within one year

	2019 £	2018 £
Trade creditors	2,668,856	1,060,231
Amounts owed to group undertakings	383,839	6,534,201
Corporation tax	273,202	364,314
Other taxation and social security	1,024,967	595,975
Other creditors	147,337	109,361
Accruals and deferred income	10,280,961	8,819,442
	<u>14,779,162</u>	<u>17,483,524</u>

All intercompany balances are short-term and repayable on demand, with no guarantees.

Monster Energy Europe Limited

Notes to the Financial Statements (continued)

For the Year Ended 31 December 2019

16. Provisions for liabilities

	2019 £	2018 £
At 1 January 2019	926,905	880,670
Charged to statement of comprehensive income	81,914	46,235
At 31 December 2019	<u>1,008,819</u>	<u>926,905</u>

Other

Other provisions relate to National Insurance Contributions (NIC) which will become payable on exercise of share options. The share options can be exercised between 1 January 2019 and 1 December 2022. The amount payable is dependent on the Company's share price at the date of exercise of the options. The provision has been calculated based on the share price at the balance sheet date of £36.69 and the assumption that 100 per cent of employees will exercise the share options and that the rate of NIC is 13.8 per cent. There is uncertainty about timing, exchange rate as well as share price and rate of NIC when the share options are actually exercised.

17. Called-up share capital and reserves

	2019 £	2018 £
Allotted, called-up and fully-paid 500,000 ordinary shares of £1 each	<u>500,000</u>	<u>500,000</u>

The Company has one class of ordinary shares which carry no right to fixed income.

The Company's other reserves are as follows:

The profit and loss reserve is cumulative profits or losses, including net of dividends paid and other adjustments.

18. Financial commitments

Total future minimum lease payments under operating leases are as follows:

	Land and buildings £	Land and buildings £
- within one year	1,171,328	724,787
- between two and five years	3,123,160	1,174,966
- over five years	2,942,289	-
	<u>7,236,777</u>	<u>1,899,753</u>

Monster Energy Europe Limited

Notes to the Financial Statements (continued)

For the Year Ended 31 December 2019

19. Employee benefits

Defined contribution schemes

The Company operates defined contribution retirement benefit schemes for all qualifying employees. The total expense charged to profit or loss in the year ended 31 December 2019 was £884,095 (2018: £702,430). The total amount payable as at 31 December 2019 was £123,644 (2018: £81,786).

20. Controlling party

In the opinion of the directors, the Company's ultimate controlling party and parent Company is Monster Beverage Corporation, a Company incorporated in the USA. The parent undertaking of the largest group, which includes the Company and for which group accounts are prepared, is Monster Beverage Corporation, a Company incorporated in the USA and the registered address is 1 Monster Way, Corona, California 92879, USA. The Company's immediate controlling party is Monster Energy Limited, a company incorporated in the Republic of Ireland, which is also the smallest group that the Company is consolidated into. Please see the link to obtain financial statements of Monster Beverage Corporation: <http://investors.monsterbevcorp.com/financial-information/annual-reports>

21. Post balance sheet events

The directors are not aware of any material adjusting event which occurred after the reporting date and up to the date of this report. Covid-19 impact on the Company was considered a non-adjusting event. For that reason, the directors have assessed the potential effects of Covid-19 on the company's activities. This event has impacted the performance of the entity however, this has not reflected a major financial impact up to the date that the Financial Statements were issued. We will continue to monitor the risks associated with such economic and social crisis for the foreseeable future. This assessment is in line with the latest update provided by the ultimate parent company, Monster Beverage Corporation, in relation to this matter. Full report is available on the ultimate parent company's website:

<https://investors.monsterbevcorp.com/news-releases/news-release-details/monster-beverage-reports-2020-first-quarter-financial-results>