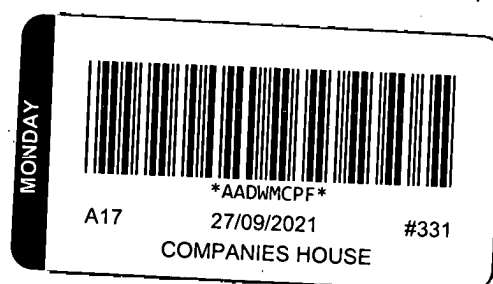


Monster Energy Europe Limited
Annual Report and Financial Statements
For the year ended 31 December 2020
Registered Number: 06394100



Monster Energy Europe Limited

Annual report and financial statements 2020

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Monster Energy Europe Limited

Strategic Report

Review of the business and key performance indicators

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

Despite Covid-19 the overall EMEA business has achieved its goals in 2020 involving steady growth and investment in support of group activities and continuing with successful business in existing and new markets across 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 (defined below) results can be found here: <https://investors.monsterbevcorp.com/financial-information/sec-filings>

In the opinion of the directors, the key performance indicator of the Company is to increase profits each year. In the year to 31 December 2020, the Company's profit remained constant year on year (£8,566,063 in 2020 and £8,529,249 in 2019) due to decrease in marketing expenditure related to Covid-19 restrictions on mass gatherings and events offset by an increase in headcount and staff related expenditure. Revenue is earned on a cost-plus basis, all costs are recharged to the parent company, Monster Energy Limited.

As at 31 December 2020, the Company had net assets of £67,162,769 (2019: £54,660,931) and cash at bank and in hand of £22,733,873 (2019: £23,558,126).

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 benefits from a Group intercompany service agreement being in place which the directors of the Monster Energy Group 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 EMEA from its immediate parent Monster Energy Limited (Incorporated in Ireland) and its parent Monster Energy Company, incorporated in the USA. Monster Energy Europe Limited are reliant on support from Monster Energy Company who the directors deem to have adequate liquidity and assets to support the Company for the 12 months from the approval of the financial statements 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. This risk is covered at a group level where hedging is performed to mitigate this risk.

Continued uncertainty in the financial markets and other changes in general economic or political conditions (e.g. the effects of Brexit) in any of the major countries in which we do business could adversely affect our industry, business and results of operations. However, this should not 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.

Monster Energy Europe Limited

Strategic Report (continued)

Covid-19 Impact Assessment

The Covid-19 pandemic has had, and we expect will continue to have, certain impacts on our business and operations, and such impacts may have a material adverse or other effect on our business and results of operations. The current Covid-19 pandemic has presented and continues to present a substantial public health and economic challenge around the world and is affecting our employees, communities and business operations, as well as the global economy and financial markets. The human and economic consequences of the Covid-19 pandemic as well as the measures taken or that may be taken in the future by governments, businesses (including the Company and our suppliers and other service providers) and the public at large to limit the Covid-19 pandemic, have and will directly and indirectly impact our business and results of operations, including, without limitation, the following:

Our advertising, marketing, promotional, sponsorship and endorsement activities have been, and will continue to be, disrupted by reduced opportunities for such activities due to measures taken to limit the spread of the COVID-19 pandemic and the cancellations of or reduced capacity at sporting events, concerts and other events may result in decreased demand for our products. Our product sampling programs, which are part of our strategy to develop brand awareness, have been, and will continue to be, disrupted by the Covid-19 pandemic. If we are unable to successfully adapt to the changing landscape of advertising, marketing, promotional, sponsorship and endorsement opportunities created by the Covid-19 pandemic, our revenue and overall financial results could be negatively affected.

We rely on relationships with third parties for cloud data storage and other information technology services for certain functions or for services in support of our operations. These third parties are subject to risks and uncertainties related to the Covid-19 pandemic, which may interfere with their ability to fulfil their respective commitments and responsibilities to us in a timely manner and in accordance with the agreed-upon terms.

As a result of the Covid-19 pandemic, including related governmental measures, restrictions, directives and guidance, we have required most of our office-based employees to work remotely. We may experience reductions in productivity and disruptions to our business routines while our remote work policy remains in place. If our employees working remotely do not maintain appropriate measures to mitigate potential risks to our technology and operations from information technology-related disruptions, we may face cybersecurity threats. Employees of our third-party service providers who are working remotely, with whom we may share data, are subject to similar cybersecurity risks.

From the beginning of the Covid-19 pandemic, our top priority has been the health, safety and well-being of our employees. The global travel restrictions and work-from-home policies for employees who were able to work remotely remained in place in 2020 and throughout 2021 to date. For those employees who were/are unable to work remotely, safety precautions were 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 further Covid-19 pandemic related issues in 2021, we may continue to experience reduction in our ability of being able to deliver marketing services to our parent company which may then result in continuous lower marketing costs and lower revenue being recorded in 2021.

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 and assess the impact that the Covid-19 pandemic may have on our business, financial conditions and operating results.

A detailed assessment of the impact of the Covid-19 pandemic on the Group can be found in 10-K form; "Risk Factors": <https://investors.monsterbevcorp.com/static-files/7b78ca2a-9fb6-4b1e-b8c5-fb2787da2cb0>

Monster Energy Europe Limited

Strategic Report (continued)

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 helplines.

Key areas of focus include: Diversity and inclusion, health and well-being, health and safety, 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>

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 Covid-19 pandemic our parent company, with MEEL's employees' assistance and execution, delivered millions of Monster cans to Key Workers — Hospitals, Police stations, Army bases etc. across US and EMEA. Further details on our Communities efforts can be found here: <https://www.monsterbevcorp.com/sr-philanthropy.php>

Monster Energy Europe Limited

Strategic Report (continued)

Section 172 statement (continued) Communities (continued)

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>

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.

Future developments:

The directors expect the general level of activity to increase compared with 2020 in the forthcoming year. The business has achieved its goals in 2020 involving steady expansion and investment. This should continue in 2021 as the company enters new markets and expands, with its marketing activities expected to marginally increase in 2021 as the world recovers from the Covid-19 pandemic as discussed earlier.



Neil Shirley

Director

Date: 17th September 2021

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 2020 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 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 Magyarization Fióktelepe [Hungary]

Monster Energy Europe Limited [Italy]

Monster Energy Europe Ltd Kenya [Kenya]

Monster Energy Europe Limited Latvijas filiāle [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 Espana [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.

Deloitte LLP have expressed their willingness to continue in office as auditors and appropriate arrangements have been put in place for them to be deemed reappointed as auditors in the absence of an Annual General Meeting.

Dividends

No dividends were proposed in the year (2019: nil).

Energy and carbon reporting

We have reported on all sources of GHG emissions and energy usage as required under The Large and Medium-Sized Companies and Groups (Accounts and Reports) Regulations 2008 as amended.

GHG emissions and energy usage

GHG emissions and energy usage data for period 1 January 2020 to 31 December 2020		
	UK and offshore	
	2020	2019*
Emissions from combustion of gas (Scope 1 – tons of CO ₂ e)	68.79	
Emissions from combustion of fuel for transport purposes (Scope 1 – tonnes of CO ₂ e)	141.44	
Emissions from electricity purchased for own use, including for the purposes of transport (Scope 2 – tonnes of CO ₂ e)	439.61	
Emissions from business travel in rental cars or employee-owned vehicles where company is responsible for purchasing the fuel (Scope 3 – tonnes of CO ₂ e)	2.23	
Total gross CO₂e based on above	652.06	
Energy consumption used to calculate emissions - kwh	1,656,800.19	
Intensity measurement - tonnes of CO ₂ e per square footage	0.01	
Intensity measurement - tonnes of CO ₂ e per headcount	2.73	

Comparative information is not required for the first year in which this information is disclosed.

Monster Energy Europe Limited

Directors' Report (continued)

Reporting boundary and methodology

The reporting boundary used for collation of the above data is based on operational and covers the period between 1 January 2020 to 31 December 2020. Data was collected by analysing utility vendor invoices for energy usage and mapped to produce the above report.

We have followed the 2019 UK Government environmental reporting guidance. We have used the GHG Protocol Corporate Accounting and Reporting Standard (revised edition) and emission factors from the UK Government's GHG Conversion Factors for Company Reporting 2019 to calculate the above disclosures.

Energy efficiency actions taken

During the 2020 reporting year, the company replaced fluorescent lighting with LED lighting at our Greenford facility. This is expected to result in approximately 5.14 MT CO₂e in annual savings.

Events after the balance sheet date

There are no events after the balance sheet date to report on.

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 13 September 2021.

Approved by the Board and signed on its behalf by:



Neil Shirley
Director

Date: 17th September 2021

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.

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 2020 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;
- the related notes 1 to 20.

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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. 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.

Monster Energy Europe Limited

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

Other information (continued)

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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 this regard.

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.

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.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory frameworks that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act, pensions legislation, tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty. These include the Food and Drugs Administration and other regulators of food and beverages industry.

Monster Energy Europe Limited

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

Extent to which the audit was considered capable of detecting irregularities, including fraud (continued)

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the following areas, and our specific procedures performed to address it are described below:

- Cut-off of expenditure has been determined a significant risk due to it carrying the greatest potential for fraud. Our audit procedures involve reviewing the design and implementation of internal controls surrounding the expenditure business process as well as substantive procedures that test purchases made around the year end date, post year end payments and accruals made at year end.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

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.

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.



Paul Adkins FCA (Senior statutory auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

Cambridge, UK

24 September 2021

Monster Energy Europe Limited

Statement of Comprehensive Income For the Year Ended 31 December 2020

	Note	2020 £	2019 £
Turnover	3	96,376,421	101,368,132
Cost of sales		-	-
Gross profit		96,376,421	101,368,132
Administrative expenses		(86,115,046)	(91,046,699)
Operating profit		10,261,375	10,321,433
Finance income/(costs)	4	12,527	(285,208)
Profit before taxation	5	10,273,902	10,036,225
Tax on profit	9	(1,707,839)	(1,506,976)
Profit for the financial year and total comprehensive income attributable to the equity shareholders of the company		<u>8,566,063</u>	<u>8,529,249</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 2020

	Note	2020 £	2019 £
Fixed assets			
Tangible fixed assets	11	11,259,505	15,323,609
Fixed asset investments	12	596,880	596,880
Deferred tax asset	14	2,852,874	2,615,260
		<u>14,709,259</u>	<u>18,535,749</u>
Current assets			
Debtors	13	46,642,991	28,355,037
Cash at bank and in hand		<u>22,733,873</u>	<u>23,558,126</u>
		69,376,864	51,913,163
Creditors: amounts falling due within one year	15	<u>(15,424,994)</u>	<u>(14,779,162)</u>
Net current assets		<u>53,951,870</u>	<u>37,134,001</u>
Total assets less current liabilities		68,661,129	55,669,750
Provisions for liabilities	16	<u>(1,498,360)</u>	<u>(1,008,819)</u>
Net assets		<u>67,162,769</u>	<u>54,660,931</u>
Capital and reserves			
Called up share capital	17	500,000	500,000
Profit and loss account		<u>66,662,769</u>	<u>54,160,931</u>
Shareholders' funds		<u>67,162,769</u>	<u>54,660,931</u>

The financial statements of Monster Energy Europe Limited (registered number: 06394100) were approved by the board of directors and authorised for issue on 13th September 2021. They were signed on its behalf by:

N. Shirley

Neil Shirley

Director

Monster Energy Europe Limited

Statement of Changes in Equity

As at 31 December 2020

	Called up share capital £	Profit and loss account £	Total £
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
At 1 January 2020	500,000	54,160,931	54,660,931
Profit for the year and total comprehensive income	-	8,566,063	8,566,063
Share-based payments (Note 10)	-	3,935,775	3,935,775
At 31 December 2020	500,000	66,662,769	67,162,769

Monster Energy Europe Limited

Notes to the Financial Statements For the Year Ended 31 December 2020

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 4. The nature of the Company's operations and its principal activities are set out in the Strategic report on pages 1 to 4.

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 benefits from a Group intercompany service agreement being in place which the directors of the Monster Energy Group 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 EMEA from its immediate parent Monster Energy Limited (Incorporated in Ireland) and its parent Monster Energy Company, incorporated in the USA. Monster Energy Europe Limited are reliant on support from Monster Energy Company who the directors deem to have adequate liquidity and assets to support the Company for the 12 months from the approval of the financial statements 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 2020

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 2020

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 2020

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 2020

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 2020

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 2020

3. Turnover and revenue

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

	2020 £	2019 £
Turnover:		
Rendering of services (Intercompany recharge)	96,376,421	101,368,132

All the Company's turnover is generated in Europe.

An analysis of the Company's total income by category is as follows:

	2020 £	2019 £
Rendering of services (Intercompany recharge)	96,376,421	101,368,132
Interest income	176,141	288,633
	<u>96,552,562</u>	<u>101,656,765</u>

4. Finance costs (net)

	2020 £	2019 £
Interest payable and similar expenses	(163,614)	(595,229)
Interest receivable and similar income	176,141	310,021
	<u>12,527</u>	<u>(285,208)</u>
Interest payable and similar charges		
Interest payable on intercompany balances	(102,766)	(595,229)
Exchange loss on foreign currency	(60,848)	-
	<u>(163,614)</u>	<u>(595,229)</u>
Interest receivable and similar income		
Interest receivable on intercompany balances	176,141	288,633
Exchange gain on foreign currency	-	21,388
	<u>176,141</u>	<u>310,021</u>

Monster Energy Europe Limited

Notes to the Financial Statements (continued) For the Year Ended 31 December 2020

5. Profit before taxation

	2020 £	2019 £
Profit before taxation is stated after charging/(crediting):		
Depreciation of tangible fixed assets (note 11)	7,606,291	8,983,205
Operating lease rentals	1,856,532	1,212,615
Foreign exchange loss/(gain)	60,848	(21,388)
Share-based payments	3,935,775	4,045,132
Loss/(Gain) on disposal of fixed assets	92,328	(83,071)
	<u> </u>	<u> </u>

6. Auditor's remuneration

Fees payable to Deloitte LLP and their associates for the audit of the Company's annual accounts were £52,500 (2019: £47,500).

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

	2020 £	2019 £
Non-audit fees:		
Taxation compliance services	14,626	14,626
Other taxation advisory services	26,500	15,000
Other advisory services	108,217	83,000
	<u> </u>	<u> </u>
	149,343	112,626
	<u> </u>	<u> </u>

7. Staff numbers and costs

	2020 No	2019 No
The average monthly number of employees (including executive directors) was:		
Marketing	309	298
Administrative staff	176	148
	<u> </u>	<u> </u>
	485	446
	<u> </u>	<u> </u>
	£	£

Their aggregate remuneration comprised:

Wages and salaries	27,721,958	24,346,776
Social security costs	5,309,955	4,186,806
Other pension costs (note 19)	1,027,927	884,095
Share-based payments (note 10)	3,935,775	4,045,132
	<u> </u>	<u> </u>
	37,995,615	33,462,809
	<u> </u>	<u> </u>

Monster Energy Europe Limited

Notes to the Financial Statements (continued) For the Year Ended 31 December 2020

8. Directors' remuneration and transactions

	2020 £	2019 £
Directors' remuneration:		
Emoluments	941,000	850,000
Company contributions to money purchase pension schemes	33,100	30,650
	<u>974,100</u>	<u>880,650</u>
	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	2
Had awards receivable in the form of shares in the parent company under a long-term incentive scheme	2	2
	<u>£</u>	<u>£</u>
Remuneration of the highest paid director:		
Emoluments	697,000	617,000
Company contributions to defined benefit pension schemes	23,500	21,500
	<u>£</u>	<u>£</u>

The highest paid director did exercise options in the year.

The highest paid director received new shares in the year.

9. Tax on profit

The tax charge comprises:

	2020 £	2019 £
Current tax on profit		
UK corporation tax at 19.00% (2019: 19.00%)	1,540,681	1,726,927
Double tax relief	(394,708)	(427,383)
Foreign tax	506,584	500,660
	<u>1,652,557</u>	<u>1,800,204</u>
Adjustments in respect of prior years		
UK corporation tax	307,727	541,288
Foreign tax	(14,831)	67,733
	<u>1,945,453</u>	<u>2,409,225</u>
Deferred tax		
Origination and reversal of timing differences	(237,614)	(700,718)
Effect of increase in tax rate on opening asset	-	(201,531)
	<u>(237,614)</u>	<u>(902,249)</u>
Total deferred tax (note 14)		
	<u>1,707,839</u>	<u>1,506,976</u>

Monster Energy Europe Limited

Notes to the Financial Statements (continued)

For the Year Ended 31 December 2020

9. Tax on profit (continued)

The standard rate of current tax for the year, based on the United Kingdom standard rate of corporation tax is 19% (2019 - 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 20% with effect from 1 April 2015, 19% effective from 1 April 2017 and 19% effective from 1 April 2020. 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. The tax rate is set to increase to 25% as of April 2023. However, as this rate had not been substantively enacted at the balance sheet date, the deferred tax balances as at 31 December 2020 continues to be measured at 19%. Remeasurement of current deferred tax balances at the new rate of 25% would not have a material impact on the accounts.

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:

	2020 £	2019 £
Profit before tax	10,273,902	10,036,225
Tax on profit at standard UK corporation tax rate of 19.00% (2019: 19.00%)	1,952,041	1,906,883
Effects of:		
Expenses not deductible for tax purposes	112,747	40,556
Timing difference	(22,297)	(94,431)
Share base acquisition	(739,424)	(1,026,330)
Higher tax rates on overseas earnings	111,876	73,277
Adjustments to tax charge in respect of previous years	292,896	609,021
Total tax charge	1,707,839	1,506,976

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 2020 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. The 2020 Omnibus Incentive replaced the Monster Beverage Corporation 2011 Omnibus Incentive Plan (the "2011 Omnibus Incentive Plan").

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 £3,935,775 (2019: £4,045,132) related to equity-settled share-based payment transactions in the year.

Monster Energy Europe Limited

Notes to the Financial Statements (continued)

For the Year Ended 31 December 2020

10. Share-based payments (continued)

Stock Options

Details of the Monster Beverage Corporation share options granted to Monster Energy Europe Limited employees during the year ended 31 December 2020 and 2019 are outstanding are as follows:

	2020		2019	
	Options	Weighted average exercise price US\$	Options	Weighted average exercise price US\$
Outstanding at beginning of year	1,264,225	47.58	1,475,582	42.73
Granted during the year	96,250	62.39	203,250	58.95
Forfeited during the year	(155,950)	41.36	(86,875)	53.59
Exercised during the year	(282,375)	41.03	(327,732)	31.21
Outstanding at the end of the year	922,150	52.18	1,264,225	47.58
Exercisable at the end of the year	275,200	43.39	405,000	36.52

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 2020 had a weighted average exercise price of \$52.18 (2019: \$47.58) and a weighted average remaining contractual life of 6.80 years (2019: 6.82 years). In the year to 31 December 2020 options were granted on a number of dates. The aggregate of the estimated fair value of the options granted on those dates is \$1,803,225 (2019: \$4,003,366).

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

	2020	2019
Weighted average share price (US \$)	18.74	19.70
Weighted average exercise price (US \$)	62.39	58.95
Expected volatility	30.52%	30.16%
Expected life (years)	5.76	5.89
Risk free rate	0.70%	2.26%
Expected dividend yield	0.00%	0.00%

Monster Energy Europe Limited

Notes to the Financial Statements (continued) For the Year Ended 31 December 2020

10. Share-based payments (continued)

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 2020	62,300	57.85
Granted	16,300	62.39
Vested	(8,355)	55.91
Forfeited/cancelled	(2,600)	59.67
Non-vested at 31 December 2020	<u>67,645</u>	<u>59.12</u>

In the year ended 31 December 2020, 16,300 restricted stock units were granted. As of 31 December 2020, approximately 57,118 of restricted stock units are expected to vest.

At 31 December 2020, total unrecognised compensation expense relating to non-vested restricted stock awards and non-vested restricted stock units was \$2.4 million, which is expected to be recognized over a weighted-average period of 3 years.

Monster Energy Europe Limited

Notes to the Financial Statements For the Year Ended 31 December 2020

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 2020	3,634,267	7,048,866	3,158,321	27,082,216	2,903,248	71,141	43,898,059
Additions	437,859	481,896	49,299	2,517,742	150,931	71,242	3,708,969
Disposals	(530,132)	(165,312)	(132,526)	(1,247,385)	(368,995)	-	(2,444,350)
Reclassifications	4,726	-	(29,720)	-	29,720	(4,726)	-
At 31 December 2020	<u>3,546,720</u>	<u>7,365,450</u>	<u>3,045,374</u>	<u>28,352,573</u>	<u>2,714,904</u>	<u>137,657</u>	<u>45,162,678</u>
Depreciation							
At 1 January 2020	1,226,869	4,715,884	1,667,056	19,009,142	1,955,499	-	28,574,450
Additions	361,248	780,084	448,077	5,626,737	390,145	-	7,606,291
Disposals	(530,132)	(121,510)	(129,790)	(1,144,132)	(352,004)	-	(2,277,568)
Reclassifications	-	-	(23,949)	-	23,949	-	-
At 31 December 2020	<u>1,057,985</u>	<u>5,374,458</u>	<u>1,961,394</u>	<u>23,491,747</u>	<u>2,017,589</u>	<u>-</u>	<u>33,903,173</u>
Net book values							
At 31 December 2020	<u>2,488,735</u>	<u>1,990,992</u>	<u>1,083,980</u>	<u>4,860,826</u>	<u>697,315</u>	<u>137,657</u>	<u>11,259,505</u>
At 31 December 2019	<u>2,407,398</u>	<u>2,332,982</u>	<u>1,491,265</u>	<u>8,073,074</u>	<u>947,749</u>	<u>71,141</u>	<u>15,323,609</u>

Monster Energy Europe Limited

Notes to the Financial Statements (continued) For the Year Ended 31 December 2020

12. Fixed asset investments

	2020 £	2019 £
Subsidiary undertakings	<u>596,880</u>	<u>596,880</u>

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%

Monster Energy Europe Limited

Notes to the Financial Statements (continued)

For the Year Ended 31 December 2020

12. Fixed asset investments (continued)

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.

	2020 £	2019 £
Cost		
At 1 January 2020 and 31 December 2020	<u>596,880</u>	<u>596,880</u>
Provisions for impairment		
At 1 January 2020 and 31 December 2020	<u>-</u>	<u>-</u>
Carrying value	<u>596,880</u>	<u>596,880</u>

13. Debtors

	2020 £	2019 £
Amounts falling due within one year:		
VAT	4,283,995	3,728,986
Other debtors	128,095	101,348
Prepayments and accrued income	2,718,228	3,202,010
Corporation tax	1,023,566	831,503
Amounts owed by group undertakings	<u>38,489,107</u>	<u>20,491,190</u>
	<u>46,642,991</u>	<u>28,355,037</u>

All intercompany balances are interest bearing, unsecured and repayable on demand.

Monster Energy Europe Limited

Notes to the Financial Statements (continued) For the Year Ended 31 December 2020

14. Deferred tax asset

	2020 £	2019 £
At 1 January	2,615,260	1,713,011
Credit to statement of comprehensive income	237,614	902,249
At 31 December	<u>2,852,874</u>	<u>2,615,260</u>
Analysis of deferred tax balance		
Depreciation in excess of capital allowances	2,007,676	1,624,101
Tax expense on outstanding share options	845,198	991,159
At 31 December	<u>2,852,874</u>	<u>2,615,260</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 2020 has been calculated at 19% reflecting the tax rate at which the deferred tax asset is expected to be reversed in future periods. If the deferred tax balance was to be calculated at the 25% tax rate (Effective from April 2023) the balance at year end would increase by £900,908.

15. Creditors: amounts falling due within one year

	2020 £	2019 £
Trade creditors	1,775,746	2,668,856
Amounts owed to group undertakings	558,732	383,839
Corporation tax	230,358	273,202
Other taxation and social security	1,125,483	1,024,967
Other creditors	113,694	147,337
Accruals and deferred income	<u>11,620,981</u>	<u>10,280,961</u>
	<u>15,424,994</u>	<u>14,779,162</u>

All intercompany balances are interest bearing, unsecured and repayable on demand.

Monster Energy Europe Limited

Notes to the Financial Statements (continued)

For the Year Ended 31 December 2020

16. Provisions for liabilities

	2020 £	2019 £
At 1 January	1,008,819	926,905
Charged to statement of comprehensive income	489,541	81,914
At 31 December	<u>1,498,360</u>	<u>1,008,819</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 1st January 2020 and 1st December 2024. 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 £70.11 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

	2020 £	2019 £
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 represents cumulative profits or losses, net of dividends paid and other adjustments.

18. Financial commitments

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

	Land and buildings	
	2020 £	2019 £
Within one year	711,101	1,171,328
Between two and five years	3,947,798	3,123,160
Over five years	<u>3,229,537</u>	<u>2,942,289</u>
	<u>7,888,436</u>	<u>7,236,777</u>

Monster Energy Europe Limited

Notes to the Financial Statements (continued)

For the Year Ended 31 December 2020

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 period ended 31 December 2020 was £1,027,927 (2019: £884,095). The total amount payable as at 31 December 2020 was £110,478 (2019: £123,644).

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 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 and the registered address South Bank House, Barrow Street, 6th Floor, Dublin, 4, Ireland; which is also the smallest group that the Company is consolidated into.

Link to Monster Beverage Corporation financial statements:

[:https://investors.monsterbevcorp.com/financial-information/annual-reports](https://investors.monsterbevcorp.com/financial-information/annual-reports)