
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

Form 10-Q

**Quarterly Report Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934**

For the quarterly period ended September 30, 2024

Commission File Number 001-18761

MONSTER BEVERAGE CORPORATION

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

47-1809393
(I.R.S. Employer
Identification No.)

1 Monster Way
Corona, California 92879
(Address of principal executive offices) (Zip code)

(951) 739 - 6200
(Registrant's telephone number, including area code)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock	MNST	Nasdaq Global Select Market

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

Yes No

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

Large accelerated filer
Non-accelerated filer

Accelerated filer
Smaller reporting company
Emerging growth company

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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

The registrant had 972,519,659 shares of common stock, par value \$0.005 per share, outstanding as of October 31, 2024.

MONSTER BEVERAGE CORPORATION AND SUBSIDIARIES
SEPTEMBER 30, 2024

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PART I – FINANCIAL INFORMATION

ITEM 1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

MONSTER BEVERAGE CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
AS OF SEPTEMBER 30, 2024 AND DECEMBER 31, 2023
(In Thousands, Except Par Value) (Unaudited)

	September 30, 2024	December 31, 2023
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 1,625,339	\$ 2,297,675
Short-term investments	—	955,605
Accounts receivable, net	1,285,397	1,193,964
Inventories	770,338	971,406
Prepaid expenses and other current assets	124,656	116,195
Prepaid income taxes	92,028	54,151
Total current assets	3,897,758	5,588,996
INVESTMENTS	—	76,431
PROPERTY AND EQUIPMENT, net	1,006,788	890,796
DEFERRED INCOME TAXES, net	183,430	175,003
GOODWILL	1,417,941	1,417,941
OTHER INTANGIBLE ASSETS, net	1,442,426	1,427,139
OTHER ASSETS	104,958	110,216
Total Assets	\$ 8,053,301	\$ 9,686,522
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	\$ 549,028	\$ 564,379
Accrued liabilities	259,088	183,988
Accrued promotional allowances	301,973	269,061
Deferred revenue	45,627	41,914
Accrued compensation	81,787	87,392
Income taxes payable	7,641	14,955
Total current liabilities	1,245,144	1,161,689
DEFERRED REVENUE	186,135	204,251
DEFERRED INCOME TAXES	28,896	—
OTHER LIABILITIES	64,884	91,838
LONG-TERM DEBT	748,842	—
COMMITMENTS AND CONTINGENCIES (Note 12)		
STOCKHOLDERS' EQUITY:		
Common stock - \$0.005 par value; 5,000,000 shares authorized; 1,125,699 shares issued and 972,450 shares outstanding as of September 30, 2024; 1,122,592 shares issued and 1,041,571 shares outstanding as of December 31, 2023	5,628	5,613
Additional paid-in capital	5,105,957	4,975,115
Retained earnings	7,178,073	5,939,736
Accumulated other comprehensive loss	(137,842)	(125,337)
Common stock in treasury, at cost; 153,249 shares and 81,021 shares as of September 30, 2024 and December 31, 2023, respectively	(6,372,416)	(2,566,383)
Total stockholders' equity	5,779,400	8,228,744
Total Liabilities and Stockholders' Equity	\$ 8,053,301	\$ 9,686,522

See accompanying notes to condensed consolidated financial statements.

MONSTER BEVERAGE CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
FOR THE THREE- AND NINE-MONTHS ENDED SEPTEMBER 30, 2024 AND 2023
(In Thousands, Except Per Share Amounts) (Unaudited)

	Three-Months Ended September 30,		Nine-Months Ended September 30,	
	2024	2023	2024	2023
NET SALES	\$ 1,880,973	\$ 1,856,028	\$ 5,680,668	\$ 5,409,919
COST OF SALES	881,174	872,265	2,634,235	2,554,086
GROSS PROFIT	999,799	983,763	3,046,433	2,855,833
OPERATING EXPENSES	519,883	473,236	1,497,363	1,336,437
OPERATING INCOME	479,916	510,527	1,549,070	1,519,396
INTEREST and OTHER INCOME (EXPENSE), net	(5,820)	71,357	54,311	99,010
INCOME BEFORE PROVISION FOR INCOME TAXES	474,096	581,884	1,603,381	1,618,406
PROVISION FOR INCOME TAXES	103,177	129,190	365,044	354,397
NET INCOME	\$ 370,919	\$ 452,694	\$ 1,238,337	\$ 1,264,009
NET INCOME PER COMMON SHARE:				
Basic	\$ 0.38	\$ 0.43	\$ 1.22	\$ 1.21
Diluted	\$ 0.38	\$ 0.43	\$ 1.21	\$ 1.19
WEIGHTED AVERAGE NUMBER OF SHARES OF COMMON STOCK AND COMMON STOCK EQUIVALENTS:				
Basic	975,841	1,047,015	1,015,252	1,046,337
Diluted	983,171	1,059,966	1,023,912	1,059,809

See accompanying notes to condensed consolidated financial statements.

MONSTER BEVERAGE CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE THREE- AND NINE-MONTHS ENDED SEPTEMBER 30, 2024 AND 2023
(In Thousands) (Unaudited)

	Three-Months Ended		Nine-Months Ended	
	September 30,		September 30,	
	2024	2023	2024	2023
Net income, as reported	\$ 370,919	\$ 452,694	\$ 1,238,337	\$ 1,264,009
Other comprehensive income (loss), net of tax:				
Change in foreign currency translation adjustment	47,846	(48,280)	(13,953)	(46,074)
Change in net unrealized gain (loss) on available-for-sale investments	—	1,272	758	3,680
Change in net gain (loss) on commodity derivatives	(3,384)	4,700	690	3,434
Other comprehensive income (loss)	44,462	(42,308)	(12,505)	(38,960)
Comprehensive income	\$ 415,381	\$ 410,386	\$ 1,225,832	\$ 1,225,049

See accompanying notes to condensed consolidated financial statements.

MONSTER BEVERAGE CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
FOR THE THREE- AND NINE-MONTHS ENDED SEPTEMBER 30, 2024 AND 2023
(In Thousands) (Unaudited)

	Common stock		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive (Loss) Income	Treasury stock		Total Stockholders' Equity
	Shares	Amount				Shares	Amount	
Balance, December 31, 2023	1,122,592	\$ 5,613	\$ 4,975,115	\$ 5,939,736	\$ (125,337)	(81,021)	\$ (2,566,383)	\$ 8,228,744
Stock-based compensation	—	—	21,452	—	—	—	—	21,452
Stock options/awards	2,278	11	38,381	—	—	—	—	38,392
Unrealized gain (loss), net on available-for-sale securities	—	—	—	—	223	—	—	223
Repurchase of common stock	—	—	—	—	—	(2,151)	(120,245)	(120,245)
Foreign currency translation	—	—	—	—	(30,695)	—	—	(30,695)
Net gain (loss) on commodity derivatives	—	—	—	—	(2,131)	—	—	(2,131)
Net income	—	—	—	442,049	—	—	—	442,049
Balance, March 31, 2024	1,124,870	\$ 5,624	\$ 5,034,948	\$ 6,381,785	\$ (157,940)	(83,172)	\$ (2,686,628)	\$ 8,577,789
Stock-based compensation	—	—	19,645	—	—	—	—	19,645
Stock options/awards	460	3	13,698	—	—	—	—	13,701
Unrealized gain (loss), net on available-for-sale securities	—	—	—	—	535	—	—	535
Repurchase of common stock	—	—	—	—	—	(58,778)	(3,145,817)	(3,145,817)
Foreign currency translation	—	—	—	—	(31,104)	—	—	(31,104)
Net gain (loss) on commodity derivatives	—	—	—	—	6,205	—	—	6,205
Net income	—	—	—	425,369	—	—	—	425,369
Balance, June 30, 2024	1,125,330	\$ 5,627	\$ 5,068,291	\$ 6,807,154	\$ (182,304)	(141,950)	\$ (5,832,445)	\$ 5,866,323
Stock-based compensation	—	—	27,659	—	—	—	—	27,659
Stock options/awards	369	1	10,007	—	—	—	—	10,008
Repurchase of common stock	—	—	—	—	—	(11,299)	(539,971)	(539,971)
Foreign currency translation	—	—	—	—	47,846	—	—	47,846
Net gain (loss) on commodity derivatives	—	—	—	—	(3,384)	—	—	(3,384)
Net income	—	—	—	370,919	—	—	—	370,919
Balance, September 30, 2024	1,125,699	\$ 5,628	\$ 5,105,957	\$ 7,178,073	\$ (137,842)	(153,249)	\$ (6,372,416)	\$ 5,779,400

See accompanying notes to condensed consolidated financial statements.

MONSTER BEVERAGE CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
FOR THE THREE- AND NINE-MONTHS ENDED SEPTEMBER 30, 2024 AND 2023
(In Thousands) (Unaudited) (Continued)

	Common stock		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive (Loss) Income	Treasury stock		Total Stockholders' Equity
	Shares	Amount				Shares	Amount	
Balance, December 31, 2022	1,283,688	\$ 6,418	\$ 4,776,804	\$ 9,001,173	\$ (159,073)	(239,088)	\$ (6,600,281)	\$ 7,025,041
Stock-based compensation	—	—	15,743	—	—	—	—	15,743
Stock options/awards	3,704	19	36,329	—	—	—	—	36,348
Unrealized gain (loss), net on available-for-sale securities	—	—	—	—	3,181	—	—	3,181
Repurchase of common stock	—	—	—	—	—	(1,688)	(90,378)	(90,378)
Retirement of treasury stock	(170,000)	(850)	425	(4,692,425)	—	170,000	4,692,850	—
Foreign currency translation	—	—	—	—	7,981	—	—	7,981
Net income	—	—	—	397,444	—	—	—	397,444
Balance, March 31, 2023	1,117,392	\$ 5,587	\$ 4,829,301	\$ 4,706,192	\$ (147,911)	(70,776)	\$ (1,997,809)	\$ 7,395,360
Stock-based compensation	—	—	17,176	—	—	—	—	17,176
Stock options/awards	877	4	23,314	—	—	—	—	23,318
Unrealized gain (loss), net on available-for-sale securities	—	—	—	—	(773)	—	—	(773)
Repurchase of common stock	—	—	—	—	—	(8)	(447)	(447)
Foreign currency translation	—	—	—	—	(5,775)	—	—	(5,775)
Net gain (loss) on commodity derivatives	—	—	—	—	(1,266)	—	—	(1,266)
Net income	—	—	—	413,871	—	—	—	413,871
Balance, June 30, 2023	1,118,269	\$ 5,591	\$ 4,869,791	\$ 5,120,063	\$ (155,725)	(70,784)	\$ (1,998,256)	\$ 7,841,464
Stock-based compensation	—	—	17,605	—	—	—	—	17,605
Stock options/awards	229	1	5,893	—	—	—	—	5,894
Unrealized gain (loss), net on available-for-sale securities	—	—	—	—	1,272	—	—	1,272
Repurchase of common stock	—	—	—	—	—	(7,294)	(402,200)	(402,200)
Foreign currency translation	—	—	—	—	(48,280)	—	—	(48,280)
Net gain (loss) on commodity derivatives	—	—	—	—	4,700	—	—	4,700
Net income	—	—	—	452,694	—	—	—	452,694
Balance, September 30, 2023	<u>1,118,498</u>	<u>\$ 5,592</u>	<u>\$ 4,893,289</u>	<u>\$ 5,572,757</u>	<u>\$ (198,033)</u>	<u>(78,078)</u>	<u>\$ (2,400,456)</u>	<u>\$ 7,873,149</u>

See accompanying notes to condensed consolidated financial statements.

MONSTER BEVERAGE CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE NINE-MONTHS ENDED SEPTEMBER 30, 2024 AND 2023
(In Thousands) (Unaudited)

	Nine-Months Ended September 30,	
	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 1,238,337	\$ 1,264,009
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	59,822	50,364
Non-cash lease expense	9,801	6,471
Loss (gain) on disposal of property and equipment	2,070	(686)
Gain on Bang Transaction	—	(45,382)
Loss on impairment of intangibles	—	2,800
Loss on impairment of property and equipment	6,067	—
Stock-based compensation	68,793	52,465
Deferred income taxes	(10,242)	—
Effect on cash of changes in operating assets and liabilities net of acquisition:		
Accounts receivable	(106,404)	(218,804)
Inventories	197,107	69,796
Prepaid expenses and other assets	(5,861)	(67,368)
Prepaid income taxes	(39,668)	8,032
Accounts payable	(14,346)	109,823
Accrued liabilities	46,749	24,697
Accrued promotional allowances	31,492	42,425
Accrued compensation	(6,043)	3,523
Income taxes payable	4,213	4,217
Other liabilities	(2,403)	(3,636)
Deferred revenue	(12,652)	(19,320)
Net cash provided by operating activities	1,466,832	1,283,426
CASH FLOWS FROM INVESTING ACTIVITIES:		
Sales of available-for-sale investments	1,377,915	1,546,038
Purchases of available-for-sale investments	(342,121)	(1,405,233)
Acquisition of Bang Energy	—	(363,385)
Purchases of property and equipment	(172,795)	(110,224)
Proceeds from sale of property and equipment	2,095	1,753
Additions to intangibles	(21,473)	(9,110)
Increase in other assets	(603)	(19,862)
Net cash provided by (used in) investing activities	843,018	(360,023)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payments on short-term debt	(6,717)	(11,273)
Borrowings on credit facilities	750,000	—
Payments for debt issuance costs	(2,904)	—
Issuance of common stock	62,101	65,560
Purchases of common stock held in treasury	(3,770,184)	(488,080)
Net cash used in financing activities	(2,967,704)	(433,793)
Effect of exchange rate changes on cash and cash equivalents	(14,482)	(22,902)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(672,336)	466,708
CASH AND CASH EQUIVALENTS, beginning of period	2,297,675	1,307,141
CASH AND CASH EQUIVALENTS, end of period	\$ 1,625,339	\$ 1,773,849
SUPPLEMENTAL INFORMATION:		
Cash paid during the period for:		
Interest	\$ 13,808	\$ 254
Income taxes	\$ 411,884	\$ 348,948

See accompanying notes to condensed consolidated financial statements.

MONSTER BEVERAGE CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE NINE-MONTHS ENDED SEPTEMBER 30, 2024 AND 2023
(In Thousands) (Unaudited) (Continued)

SUPPLEMENTAL DISCLOSURE OF NON-CASH ITEMS

Included in accrued liabilities as of September 30, 2024 and 2023 were additions to other intangible assets of \$10.9 million and \$14.3 million, respectively.

Included in accounts payable as of September 30, 2024 and 2023 were property and equipment purchases of \$20.3 million and \$2.0 million, respectively.

Included in accounts payable as of September 30, 2023 were treasury stock repurchases of \$2.6 million.

Included in accounts payable as of September 30, 2023 were available-for-sale short-term investment purchases of \$8.7 million.

Included in accounts receivable as of September 30, 2023 were available-for-sale short-term investment sales of \$5.9 million.

See accompanying notes to condensed consolidated financial statements.

MONSTER BEVERAGE CORPORATION AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Tabular Dollars in Thousands, Except Per Share Amounts) (Unaudited)

1. BASIS OF PRESENTATION

Reference is made to the Notes to Consolidated Financial Statements, in Monster Beverage Corporation and Subsidiaries (the “Company”) Annual Report on Form 10-K for the year ended December 31, 2023 for a summary of significant accounting policies utilized by the Company and its consolidated subsidiaries and other disclosures, which should be read in conjunction with this Quarterly Report on Form 10-Q (“Form 10-Q”).

The Company’s condensed consolidated financial statements included in this Form 10-Q have been prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”) and Securities and Exchange Commission (“SEC”) rules and regulations applicable to interim financial reporting. They do not include all the information and footnote disclosures normally included in annual financial statements prepared in accordance with GAAP. The information set forth in these interim condensed consolidated financial statements for the three-and nine-months ended September 30, 2024 and 2023, respectively, is unaudited and reflects all adjustments, which include only normal recurring adjustments and which in the opinion of management are necessary to make the interim condensed consolidated financial statements not misleading. Results of operations for periods covered by this report may not necessarily be indicative of results of operations for the full year.

The preparation of financial statements in conformity with GAAP necessarily requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from these estimates.

Recent Accounting Pronouncements

In November 2023, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) No. 2023-07, *Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures*. The amendments in this update improve reportable segment disclosure requirements, primarily through enhanced disclosures about significant segment expenses. The amendments in ASU No. 2023-07 are effective for fiscal years beginning after December 15, 2023. Early adoption is permitted. The Company is currently evaluating the impact ASU No. 2023-07 will have on its consolidated financial statements.

In December 2023, the FASB issued ASU No. 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures*. The amendments in this update primarily require more detailed disclosures related to the rate reconciliation and income taxes paid. The amendments in ASU No. 2023-09 are effective for fiscal years beginning after December 15, 2024. Early adoption is permitted. The Company is currently evaluating the impact ASU No. 2023-09 will have on its consolidated financial statements.

2. REVENUE RECOGNITION

Revenues are accounted for in accordance with FASB Accounting Standards Codification (“ASC”) 606, “Revenue from Contracts with Customers”. The Company has four operating and reportable segments: (i) Monster Energy® Drinks segment (“Monster Energy® Drinks”), which is primarily comprised of the Company’s Monster Energy® drinks, Reign Total Body Fuel® high performance energy drinks, Reign Storm® total wellness energy drinks and Bang Energy® drinks, (ii) Strategic Brands segment (“Strategic Brands”), which is primarily comprised of the various energy drink brands acquired from The Coca-Cola Company (“TCCC”) in 2015 as well as the Company’s affordable energy brands, Predator® and Fury®, (iii) Alcohol Brands segment (“Alcohol Brands”), which is comprised of various craft beers, hard seltzers and flavored malt beverages (“FMBs”) and (iv) Other segment (“Other”), which is comprised of certain products sold by American Fruits and Flavors, LLC, a wholly-owned subsidiary of the Company, to independent third-party customers (the “AFF Third-Party Products”).

The Company’s Monster Energy® Drinks segment primarily generates net operating revenues by selling ready-to-drink packaged drinks primarily to bottlers and full service beverage distributors (“bottlers/distributors”). In some cases, the Company sells ready-to-drink packaged drinks directly to retail grocery and specialty chains, wholesalers, club stores, mass merchandisers, convenience and gas chains, drug stores, foodservice customers, value stores, e-commerce retailers and the military.

MONSTER BEVERAGE CORPORATION AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Tabular Dollars in Thousands, Except Per Share Amounts) (Unaudited)

The Company's Strategic Brands segment primarily generates net operating revenues by selling "concentrates" and/or "beverage bases" to authorized bottling and canning operations. Such bottlers generally combine the concentrates and/or beverage bases with sweeteners, water and other ingredients to produce ready-to-drink packaged energy drinks. The ready-to-drink packaged energy drinks are then sold by such bottlers to other bottlers/distributors and to retail grocery and specialty chains, wholesalers, club stores, mass merchandisers, convenience and gas chains, foodservice customers, drug stores, value stores, e-commerce retailers and the military. To a lesser extent, the Strategic Brands segment generates net operating revenues by selling certain ready-to-drink packaged energy drinks to bottlers/distributors.

The Company's Alcohol Brands segment primarily generates operating revenues by selling kegged and ready-to-drink canned beers, hard seltzers and FMBs primarily to beer distributors in the United States.

The majority of the Company's revenue is recognized when it satisfies a single performance obligation by transferring control of its products to a customer. Control is generally transferred when the Company's products are either shipped or delivered based on the terms contained within the underlying contracts or agreements. Certain of the Company's bottlers/distributors may also perform a separate function as a co-packer on the Company's behalf. In such cases, control of the Company's products passes to such bottlers/distributors when they notify the Company that they have taken possession or transferred the relevant portion of the Company's finished goods. The Company's general payment terms are short-term in duration. The Company does not have significant financing components or payment terms. The Company did not have any material unsatisfied performance obligations as of September 30, 2024 and December 31, 2023.

The Company excludes from revenues all taxes assessed by a governmental authority that are imposed on the sale of its products and collected from customers.

Distribution expenses to transport the Company's products, where applicable, and warehousing expenses after manufacture are accounted for within operating expenses.

Promotional and other allowances (variable consideration) recorded as a reduction to net sales for the Company's energy drink products primarily include consideration given to the Company's non-alcohol bottlers/distributors or retail customers, including, but not limited to, the following:

- discounts granted off list prices to support price promotions to end-consumers by retailers;
- reimbursements given to the Company's bottlers/distributors for agreed portions of their promotional spend with retailers, including slotting, shelf space allowances and other fees for both new and existing products;
- the Company's agreed share of fees given to bottlers/distributors and/or directly to retailers for advertising, in-store marketing and promotional activities;
- the Company's agreed share of slotting, shelf space allowances and other fees given directly to retailers, club stores and/or wholesalers;
- incentives given to the Company's bottlers/distributors and/or retailers for achieving or exceeding certain predetermined sales goals;
- discounted or free products;
- contractual fees given to the Company's bottlers/distributors related to sales made directly by the Company to certain customers that fall within the bottlers'/distributors' sales territories; and
- commissions to TCCC based on the Company's sales to wholly-owned subsidiaries of TCCC (the "TCCC Subsidiaries") and/or to TCCC bottlers/distributors accounted for under the equity method by TCCC (the "TCCC Related Parties").

The Company's promotional allowance programs for its energy drink products are executed through separate agreements in the ordinary course of business. These agreements generally provide for one or more of the arrangements described above and are of varying durations, typically ranging from one week to one year. The Company's promotional and other allowances for its energy drink products are calculated based on various programs with bottlers/distributors and retail customers, and accruals are established at the time of initial product sale for the Company's anticipated liabilities. These accruals are based on agreed upon terms as well as the Company's historical experience with similar programs and require management's judgment with respect to estimating consumer

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participation and/or bottler/distributor and retail customer performance levels. Differences between such estimated expenses and actual expenses for promotional and other allowance costs have historically been insignificant and are recognized in earnings in the period such differences are determined. Promotional and other allowances for our Alcohol Brands segment primarily include price promotions where permitted.

Amounts received pursuant to new and/or amended distribution agreements entered into with certain bottlers/distributors relating to the costs associated with terminating the Company’s prior distributors, are accounted for as deferred revenue and recognized as revenue ratably over the anticipated life of the respective distribution agreements, generally over 20 years.

The Company also enters into license agreements that generate revenues associated with third-party sales of non-beverage products bearing the Company’s trademarks including, but not limited to, clothing, hats, t-shirts, jackets, helmets and automotive wheels.

Management believes that adequate provision has been made for cash discounts, returns and spoilage based on the Company’s historical experience.

Disaggregation of Revenue

The following tables disaggregate the Company’s revenue by geographical markets and reportable segments:

Net Sales	Three-Months Ended September 30, 2024				
	U.S. and Canada	EMEA ¹	Asia Pacific (including Oceania)	Latin America and Caribbean	Total
Monster Energy® Drinks	\$ 1,071,923	\$ 371,026	\$ 124,136	\$ 155,608	\$ 1,722,693
Strategic Brands	54,524	46,562	7,910	3,570	112,566
Alcohol Brands	39,784	—	—	—	39,784
Other	5,930	—	—	—	5,930
Total Net Sales	\$ 1,172,161	\$ 417,588	\$ 132,046	\$ 159,178	\$ 1,880,973

Net Sales	Three-Months Ended September 30, 2023				
	U.S. and Canada	EMEA ¹	Asia Pacific (including Oceania)	Latin America and Caribbean	Total
Monster Energy® Drinks	\$ 1,069,856	\$ 355,898	\$ 118,869	\$ 163,618	\$ 1,708,241
Strategic Brands	50,084	35,985	8,398	4,296	98,763
Alcohol Brands	42,326	—	—	—	42,326
Other	6,698	—	—	—	6,698
Total Net Sales	\$ 1,168,964	\$ 391,883	\$ 127,267	\$ 167,914	\$ 1,856,028

¹Europe, Middle East and Africa (“EMEA”)

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Net Sales	Nine-Months Ended September 30, 2024				
	U.S. and Canada	EMEA ¹	Asia Pacific (including Oceania)	Latin America and Caribbean	Total
Monster Energy® Drinks	\$ 3,266,832	\$ 1,075,240	\$ 378,232	\$ 474,248	\$ 5,194,552
Strategic Brands	153,745	131,837	30,117	14,533	330,232
Alcohol Brands	137,417	—	—	—	137,417
Other	18,467	—	—	—	18,467
Total Net Sales	\$ 3,576,461	\$ 1,207,077	\$ 408,349	\$ 488,781	\$ 5,680,668

Net Sales	Nine-Months Ended September 30, 2023				
	U.S. and Canada	EMEA ¹	Asia Pacific (including Oceania)	Latin America and Caribbean	Total
Monster Energy® Drinks	\$ 3,160,071	\$ 972,531	\$ 379,342	\$ 444,854	\$ 4,956,798
Strategic Brands	140,353	108,986	25,209	10,263	284,811
Alcohol Brands	149,692	—	—	—	149,692
Other	18,618	—	—	—	18,618
Total Net Sales	\$ 3,468,734	\$ 1,081,517	\$ 404,551	\$ 455,117	\$ 5,409,919

¹Europe, Middle East and Africa (“EMEA”)

Contract Liabilities

Amounts received from certain bottlers/distributors at inception of their distribution contracts or at the inception of certain sales/marketing programs are accounted for as deferred revenue. As of September 30, 2024 and December 31, 2023, the Company had \$231.8 million and \$246.2 million, respectively, of deferred revenue, which is included in current and long-term deferred revenue in the Company’s condensed consolidated balance sheets. During both the three-months ended September 30, 2024 and 2023, \$10.0 million of deferred revenue was recognized in net sales. During the nine-months ended September 30, 2024 and 2023, \$29.9 million and \$30.0 million, respectively, of deferred revenue was recognized in net sales. See Note 10.

3. LEASES

The Company leases identified assets consisting primarily of office and warehouse space, warehouse equipment and vehicles. Leases are classified as either finance leases or operating leases based on criteria in ASC 842, “Leases”. The Company’s leases have remaining lease terms of less than one year to 10 years, some of which include options to extend the leases for up to five years, and some of which include options to terminate the leases within one year.

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The components of lease cost were as follows:

	Three-Months Ended September 30,		Nine-Months Ended September 30,	
	2024	2023	2024	2023
Operating lease cost	\$ 4,086	\$ 2,968	\$ 11,776	\$ 8,051
Short-term lease cost	2,182	2,209	7,004	4,258
Variable lease cost	231	295	672	736
Finance leases:				
Amortization of right-of-use assets	131	383	1,215	708
Interest on lease liabilities	27	88	175	146
Finance lease cost	158	471	1,390	854
Total lease cost	<u>\$ 6,657</u>	<u>\$ 5,943</u>	<u>\$ 20,842</u>	<u>\$ 13,899</u>

Supplemental cash flow information was as follows:

	Nine-Months Ended September 30,	
	2024	2023
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash outflows from operating leases	\$ 11,163	\$ 7,600
Operating cash outflows from finance leases	175	146
Financing cash outflows from finance leases	6,718	3,660
Right-of-use assets obtained in exchange for lease obligations:		
Finance leases	2,977	10,120
Operating leases	6,405	15,944

Supplemental balance sheet information was as follows:

	Balance Sheet Location	September 30,	December 31,
		2024	2023
Operating leases:			
Right-of-use assets	Other assets	\$ 55,808	\$ 58,845
Current lease liabilities	Accrued liabilities	\$ 11,331	\$ 11,088
Noncurrent lease liabilities	Other liabilities	45,380	48,459
Total operating lease liabilities		<u>\$ 56,711</u>	<u>\$ 59,547</u>
Finance leases:			
Right-of-use assets	Property and equipment, net	\$ 5,190	\$ 11,147
Current lease liabilities	Accrued liabilities	\$ 2,676	\$ 6,449
Noncurrent lease liabilities	Other liabilities	43	19
Total finance lease liabilities		<u>\$ 2,719</u>	<u>\$ 6,468</u>

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Weighted-average remaining lease term and weighted-average discount rate for the Company's leases were as follows:

	September 30, 2024	December 31, 2023
Weighted-average remaining lease term in years:		
Operating leases	5.8	6.3
Finance leases	0.9	0.7
Weighted-average discount rate:		
Operating leases	4.8 %	4.7 %
Finance leases	6.1 %	6.3 %

The following table outlines maturities of the Company's lease liabilities as of September 30, 2024:

	Undiscounted Future Lease Payments	
	Operating Leases	Finance Leases
2024 (from October 1, 2024 to December 31, 2024)	\$ 3,329	\$ 1,117
2025	13,424	1,638
2026	11,080	14
2027	10,174	11
2028	8,606	11
2029 and thereafter	18,566	6
Total lease payments	65,179	2,797
Less imputed interest	(8,468)	(78)
Total	<u>\$ 56,711</u>	<u>\$ 2,719</u>

As of September 30, 2024, the Company did not have any significant leases that had not yet commenced.

4. INVESTMENTS

The following table summarizes the Company's investments at December 31, 2023. The Company held no short-term or long-term investments at September 30, 2024.

December 31, 2023	Amortized Cost	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Fair Value	Continuous Unrealized Loss Position less than 12 Months	Continuous Unrealized Loss Position greater than 12 Months
Available-for-sale						
Short-term:						
Commercial paper	\$ 163,775	\$ —	\$ 1	\$ 163,774	\$ 1	\$ —
Certificates of deposit	15,590	—	—	15,590	—	—
Municipal securities	361	—	—	361	—	—
U.S. government agency securities	116,524	90	66	116,548	66	—
U.S. treasuries	412,936	205	1,084	412,057	1,084	—
Corporate bonds	247,340	89	154	247,275	154	—
Long-term:						
U.S. government agency securities	23,485	51	5	23,531	5	—
U.S. treasuries	35,896	79	8	35,967	8	—
Corporate bonds	16,903	32	2	16,933	2	—
Total	<u>\$ 1,032,810</u>	<u>\$ 546</u>	<u>\$ 1,320</u>	<u>\$ 1,032,036</u>	<u>\$ 1,320</u>	<u>\$ —</u>

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During the three-and nine-months ended September 30, 2024 and 2023, realized gains or losses recognized on the sale of investments were not significant.

The Company's investments at December 31, 2023 carried investment grade credit ratings.

The following table summarizes the underlying contractual maturities of the Company's investments at December 31, 2023. The Company held no short-term or long-term investments at September 30, 2024.

	December 31, 2023	
	Amortized Cost	Fair Value
Less than 1 year:		
Commercial paper	\$ 163,775	\$ 163,774
Municipal securities	361	361
U.S. government agency securities	116,524	116,548
Certificates of deposit	15,590	15,590
U.S. treasuries	412,936	412,057
Corporate bonds	247,340	247,275
Due 1 - 10 years:		
U.S. treasuries	35,896	35,967
U.S. government agency securities	23,485	23,531
Corporate bonds	16,903	16,933
Total	<u>\$ 1,032,810</u>	<u>\$ 1,032,036</u>

5. FAIR VALUE OF CERTAIN FINANCIAL ASSETS AND LIABILITIES

ASC 820, "Fair Value Measurement", provides a framework for measuring fair value and requires disclosures regarding fair value measurements. ASC 820 defines fair value as the price that would be received on the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. ASC 820 also establishes a fair value hierarchy that requires an entity to maximize the use of observable inputs, where available. The three levels of inputs required by the standard that the Company uses to measure fair value are summarized below.

- **Level 1:** Quoted prices in active markets for identical assets or liabilities.
- **Level 2:** Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the related assets or liabilities.
- **Level 3:** Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

ASC 820 requires the use of observable market inputs (quoted market prices) when measuring fair value and requires a Level 1 quoted price to be used to measure fair value whenever possible.

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The following tables present the fair value of the Company's financial assets and liabilities that are recorded at fair value on a recurring basis, segregated among the appropriate levels within the fair value hierarchy at:

September 30, 2024	Level 1	Level 2	Level 3	Total
Cash	\$ 1,173,863	\$ —	\$ —	\$ 1,173,863
Money market funds	409,065	—	—	409,065
Certificates of deposit	—	42,411	—	42,411
Foreign currency derivatives	—	(485)	—	(485)
Commodity derivatives	—	4,181	—	4,181
Total	\$ 1,582,928	\$ 46,107	\$ —	\$ 1,629,035

Amounts included in:

Cash and cash equivalents	\$ 1,582,928	\$ 42,411	\$ —	\$ 1,625,339
Accounts receivable, net	—	6,283	—	6,283
Other assets	—	77	—	77
Accrued liabilities	—	(2,664)	—	(2,664)
Total	\$ 1,582,928	\$ 46,107	\$ —	\$ 1,629,035

December 31, 2023	Level 1	Level 2	Level 3	Total
Cash	\$ 1,105,701	\$ —	\$ —	\$ 1,105,701
Money market funds	960,873	—	—	960,873
Certificates of deposit	—	33,824	—	33,824
Commercial paper	—	163,774	—	163,774
Corporate bonds	—	264,208	—	264,208
Municipal securities	—	361	—	361
U.S. government agency securities	—	159,585	—	159,585
U.S. treasuries	—	641,385	—	641,385
Foreign currency derivatives	—	(1,083)	—	(1,083)
Commodity derivatives	—	4,410	—	4,410
Total	\$ 2,066,574	\$ 1,266,464	\$ —	\$ 3,333,038

Amounts included in:

Cash and cash equivalents	\$ 2,066,574	\$ 231,101	\$ —	\$ 2,297,675
Short-term investments	—	955,605	—	955,605
Accounts receivable, net	—	4,618	—	4,618
Other assets	—	316	—	316
Investments	—	76,431	—	76,431
Accrued liabilities	—	(1,607)	—	(1,607)
Total	\$ 2,066,574	\$ 1,266,464	\$ —	\$ 3,333,038

At December 31, 2023, all of the Company's short-term and long-term investments were classified within Level 1 or Level 2 of the fair value hierarchy. At September 30, 2024, the Company held no short-term or long-term investments. The Company's valuation of its Level 1 investments is based on quoted market prices in active markets for identical securities. The Company's valuation of its Level 2 investments is based on other observable inputs, specifically a market approach which utilizes valuation models, pricing systems, mathematical tools and other relevant information for the same or similar securities. The Company's valuation of its Level 2 foreign currency exchange contracts is based on quoted market prices of the same or similar instruments, adjusted for counterparty risk. There were no transfers between Level 1 and Level 2 measurements during the three- and nine-months ended September 30, 2024, or during the year-ended December 31, 2023, and there were no changes in the Company's valuation techniques.

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6. DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES

The Company accounts for its derivative instruments and hedging activities under ASC 815, “Derivatives and Hedging.” The following table presents the fair values of the Company’s derivative instruments:

Derivatives designated as hedging instruments	Fair value		Balance Sheet location
	September 30, 2024	December 31, 2023	
Assets:			
Commodity contracts	\$ 5,165	\$ 4,480	Accounts receivable, net
Commodity contracts	\$ 77	\$ 316	Other assets
Liabilities:			
Commodity contracts	\$ (1,061)	\$ (386)	Accrued liabilities
Commodity contracts	\$ —	\$ —	Other liabilities

Derivatives not designated as hedging instruments	Fair value		Balance Sheet location
	September 30, 2024	December 31, 2023	
Assets:			
Foreign currency exchange contracts	\$ 1,118	\$ 138	Accounts receivable, net
Liabilities:			
Foreign currency exchange contracts	\$ (1,603)	\$ (1,221)	Accrued liabilities

Cash Flow Hedging Strategy

The Company uses cash flow hedges to minimize the variability in cash flows of forecasted transactions caused by fluctuations in commodity prices. The changes in the fair values of derivatives designated as cash flow hedges are recorded in accumulated other comprehensive income (loss) (“AOCI”) and are reclassified into the line item in our condensed consolidated statement of income in which the hedged items are recorded in the same period that the hedged items affect earnings. The changes in the fair values of hedges that are determined to be ineffective are immediately reclassified from AOCI into earnings. The maximum length of time for which the Company hedges its exposure to the variability in future cash flows is currently less than two years.

The Company has entered into commodity hedge contracts to mitigate the price risk associated with a portion of its forecasted aluminum purchases. These derivative instruments were designated as part of the Company’s commodity cash flow hedging program. The objective of this hedging program is to reduce the variability of cash flows associated with future purchases of aluminum. The total notional values of derivatives that were designated and qualified for this program were \$106.2 million and \$98.3 million as of September 30, 2024 and December 31, 2023, respectively.

The following table presents the impact that changes in the fair values of derivatives designated as cash flow hedges had on other comprehensive income, AOCI and earnings:

Three-Months Ended September 30, 2024			
Derivatives designated as hedging instruments	Gain (loss) recognized in AOCI	Location of gain (loss) recognized in income	Gain (loss) reclassified from AOCI into income
Commodity contracts	\$ (501)	Cost of sales	\$ 2,883

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Three-Months Ended September 30, 2023			
Derivatives designated as hedging instruments	Gain (loss) recognized in AOCI	Location of gain (loss) recognized in income	Gain (loss) reclassified from AOCI into income
Commodity contracts	\$ 4,700	Cost of sales	\$ —

Nine-Months Ended September 30, 2024			
Derivatives designated as hedging instruments	Gain (loss) recognized in AOCI	Location of gain (loss) recognized in income	Gain (loss) reclassified from AOCI into income
Commodity contracts	\$ 2,606	Cost of sales	\$ 1,917

Nine-Months Ended September 30, 2023			
Derivatives designated as hedging instruments	Gain (loss) recognized in AOCI	Location of gain (loss) recognized in income	Gain (loss) reclassified from AOCI into income
Commodity contracts	\$ 3,434	Cost of sales	\$ —

As of September 30, 2024, the Company estimates that it will reclassify into earnings net gains (losses) of \$5.1 million from the amount recorded in AOCI as the anticipated cash flows occur during the next 12 months.

Economic (Non-Designated) Hedging Strategy

The Company is exposed to foreign currency exchange rate risks related primarily to its foreign business operations. During the three- and nine-months ended September 30, 2024 and 2023, the Company entered into forward currency exchange contracts with financial institutions to create an economic hedge to specifically manage a portion of the foreign exchange risk exposure associated with certain consolidated subsidiaries' non-functional currency denominated assets and liabilities. All foreign currency exchange contracts of the Company that were outstanding as of September 30, 2024 have terms of approximately one month or less. The Company does not enter into forward currency exchange contracts for speculation or trading purposes.

The Company has not designated its foreign currency exchange contracts as hedge transactions. Therefore, gains and losses on the Company's foreign currency exchange contracts are recognized in interest and other income (expense), net, in the condensed consolidated statements of income, and are largely offset by the changes in the fair value of the underlying economically hedged item. The total notional values of derivatives related to our foreign currency economic hedges were \$354.1 million and \$282.7 million as of September 30, 2024 and December 31, 2023, respectively.

The net gains (losses) on derivatives not designated as hedging instruments in the condensed consolidated statements of income were as follows:

Derivatives not designated as hedging instruments	Location of gain (loss) recognized in income on derivatives	Gain (loss) recognized in income on derivatives	
		September 30, 2024	September 30, 2023
Foreign currency exchange contracts	Interest and other income (expense), net	\$ (3,914)	\$ 5,080

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Derivatives not designated as hedging instruments	Location of gain (loss) recognized in income on derivatives	Gain (loss) recognized in income on derivatives	
		Nine-Months Ended	
		September 30, 2024	September 30, 2023
Foreign currency exchange contracts	Interest and other income (expense), net	\$ (1,204)	\$ (4,695)

Certain of the Company's counterparty agreements contain provisions that require the Company to post collateral on derivative instruments in a net liability position. As of September 30, 2024, \$1.9 million was held as collateral and \$2.8 million was posted as collateral.

7. INVENTORIES

Inventories consist of the following at:

	September 30, 2024	December 31, 2023
Raw materials	\$ 257,050	\$ 330,021
Work in process	1,522	1,403
Finished goods	511,766	639,982
	<u>\$ 770,338</u>	<u>\$ 971,406</u>

8. PROPERTY AND EQUIPMENT, NET

Property and equipment consist of the following at:

	September 30, 2024	December 31, 2023
Land	\$ 158,873	\$ 152,253
Leasehold improvements	33,803	37,946
Furniture and fixtures	11,639	11,422
Office and computer equipment	27,904	30,904
Equipment	482,932	426,466
Buildings	218,364	211,951
Vehicles	71,544	69,527
Assets under construction	307,724	211,562
	<u>1,312,783</u>	<u>1,152,031</u>
Less: accumulated depreciation and amortization	(305,995)	(261,235)
	<u>\$ 1,006,788</u>	<u>\$ 890,796</u>

Total depreciation and amortization expense was \$17.7 million and \$16.7 million for the three-months ended September 30, 2024 and 2023, respectively. Total depreciation and amortization expense was \$54.6 million and \$46.1 million for the nine-months ended September 30, 2024 and 2023, respectively.

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9. GOODWILL AND OTHER INTANGIBLE ASSETS

The following is a roll-forward of goodwill for the nine-months ended September 30, 2024 and 2023 by reportable segment:

	Monster Energy® Drinks	Strategic Brands	Alcohol Brands	Other	Total
Balance at December 31, 2023	\$ 693,644	\$ 637,999	\$ 86,298	\$ —	\$ 1,417,941
Acquisitions	—	—	—	—	—
Balance at September 30, 2024	<u>\$ 693,644</u>	<u>\$ 637,999</u>	<u>\$ 86,298</u>	<u>\$ —</u>	<u>\$ 1,417,941</u>

	Monster Energy® Drinks	Strategic Brands	Alcohol Brands	Other	Total
Balance at December 31, 2022	\$ 693,644	\$ 637,999	\$ 86,298	\$ —	\$ 1,417,941
Acquisitions	—	—	—	—	—
Balance at September 30, 2023	<u>\$ 693,644</u>	<u>\$ 637,999</u>	<u>\$ 86,298</u>	<u>\$ —</u>	<u>\$ 1,417,941</u>

Intangible assets consist of the following at:

	September 30, 2024	December 31, 2023
Amortizing intangibles	\$ 151,344	\$ 144,582
Accumulated amortization	(79,904)	(74,699)
	71,440	69,883
Non-amortizing intangibles	1,370,986	1,357,256
	<u>\$ 1,442,426</u>	<u>\$ 1,427,139</u>

Amortizing intangibles primarily consist of customer relationships. All amortizing intangibles have been assigned an estimated finite useful life and such intangibles are amortized on a straight-line basis over the number of years that approximate their respective useful lives, generally ten to fifteen years. Total amortization expense was \$2.2 million and \$1.3 million for the three-months ended September 30, 2024 and 2023, respectively. Total amortization expense was \$5.2 million and \$4.2 million for the nine-months ended September 30, 2024 and 2023, respectively. For the three- and nine-months ended September 30, 2024, no impairment charges were recorded to intangible assets. For the three-months ended September 30, 2023, no intangible impairment charges were recorded to intangible assets. For the nine-months ended September 30, 2023, impairment charges of \$2.8 million were recorded to non-amortizing intangibles.

The following is the future estimated amortization expense related to amortizing intangibles as of September 30, 2024:

2024 (from October 1, 2024 to December 31, 2024)	\$ 2,101
2025	8,359
2026	7,718
2027	6,388
2028	5,952
2029 and thereafter	40,922
	<u>\$ 71,440</u>

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10. DISTRIBUTION AGREEMENTS

In the normal course of business, amounts received pursuant to new and/or amended distribution agreements entered into with certain bottlers/distributors, relating to the costs associated with terminating agreements with the Company's prior distributors, or at the inception of certain sales/marketing programs are accounted for as deferred revenue and are recognized as revenue ratably over the anticipated life of the respective agreement, generally 20 years or program duration, as the case may be. Revenue recognized was \$10.0 million for both the three-months ended September 30, 2024 and 2023. Revenue recognized was \$29.9 million and \$30.0 million for the nine-months ended September 30, 2024 and 2023, respectively.

11. DEBT

The Company's long-term debt consisted of the following:

	September 30, 2024	December 31, 2023
Term loan	\$ 750,000	\$ —
Revolving credit facility	—	—
Total debt	750,000	—
Less: unamortized debt issuance costs	(1,158)	—
Total debt, net of unamortized debt issuance costs	748,842	—
Less: current portion of long-term debt	—	—
Long-term debt	<u>\$ 748,842</u>	<u>\$ —</u>

In May 2024, the Company entered into a credit agreement with JPMorgan Chase Bank, N.A., as administrative agent, and certain other lenders, which provides for senior unsecured credit facilities in an aggregate principal amount of \$1.50 billion (collectively, the "Credit Facilities"). The Credit Facilities consist of a \$750.0 million term loan (the "Term Loan") and up to \$750.0 million in multicurrency revolving loan commitments (the "Revolving Credit Facility"). The Term Loan matures May 2027 and the Revolving Credit Facility matures May 2029. As of September 30, 2024, the Company was in compliance with all covenants under the Credit Facilities.

Borrowings under the Credit Facilities bear interest at a variable rate per annum equal to the applicable rate plus margin (as defined in the Credit Facilities). The interest rate in effect on the Term Loan was 6.09% as of September 30, 2024. No borrowings were outstanding under the Revolving Credit Facility as of September 30, 2024.

Borrowings under the Credit Facilities are due on the respective maturity date. Borrowings may be repaid at any time during the term of the Credit Facilities and, in the case of the Revolving Credit Facility, may be reborrowed prior to the maturity date.

Additionally, the Company has a line of credit of up to \$15.0 million with HSBC Bank (China) Company Limited, Shanghai Branch. At September 30, 2024, the interest rate on borrowings under the line of credit was 5.5%. As of September 30, 2024, no amount was outstanding on this line of credit.

Based on Level 2 inputs, the carrying value of the Company's debt approximates fair value, as borrowings are subject to variable interest rates that adjust with changes in market rates and market conditions and the current interest rate approximates that which would be available under similar financial arrangements.

12. COMMITMENTS AND CONTINGENCIES

The Company had purchase commitments aggregating approximately \$238.1 million at September 30, 2024, which represented commitments made by the Company and its subsidiaries to various suppliers of raw materials for the production of its products. These obligations vary in terms but are generally satisfied within one year.

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The Company had contractual obligations aggregating approximately \$400.6 million at September 30, 2024, which related primarily to sponsorships and other marketing activities.

Litigation — From time to time in the normal course of business, the Company is named in litigation, including labor and employment matters, personal injury matters, consumer class actions, intellectual property matters and claims from prior distributors. Although it is not possible to predict the ultimate outcome of such litigation, based on the facts known to the Company, management believes that such litigation in aggregate will likely not have a material adverse effect on the Company’s financial position or results of operations.

The Company evaluates, on a quarterly basis, developments in legal proceedings and other matters that could cause an increase or decrease in the amount of the liability that is accrued, if any, and any related insurance reimbursements. As of September 30, 2024 and December 31, 2023, \$16.8 million and \$0.3 million, respectively, of loss contingencies were included in the Company’s accompanying condensed consolidated balance sheets.

13. ACCUMULATED OTHER COMPREHENSIVE LOSS

Changes in accumulated other comprehensive loss by component, after tax, for the nine-months ended September 30, 2024 and 2023 are as follows:

	Accumulated Net Gains (Losses) on Commodity Derivatives	Currency Translation Gains (Losses)	Unrealized Gains (Losses) on Available- for-Sale Securities	Total
Balance at December 31, 2023	\$ 4,410	\$ (128,989)	\$ (758)	\$ (125,337)
Other comprehensive income (loss) before reclassifications	690	(13,953)	758	(12,505)
Net current-period other comprehensive income (loss)	690	(13,953)	758	(12,505)
Balance at September 30, 2024	\$ 5,100	\$ (142,942)	\$ —	\$ (137,842)

	Accumulated Net Gains (Losses) on Commodity Derivatives	Currency Translation Gains (Losses)	Unrealized Gains (Losses) on Available- for-Sale Securities	Total
Balance at December 31, 2022	\$ —	\$ (153,230)	\$ (5,843)	\$ (159,073)
Other comprehensive income (loss) before reclassifications	3,434	(46,074)	3,680	(38,960)
Net current-period other comprehensive income (loss)	3,434	(46,074)	3,680	(38,960)
Balance at September 30, 2023	\$ 3,434	\$ (199,304)	\$ (2,163)	\$ (198,033)

14. TREASURY STOCK

Share Repurchase Programs

On November 2, 2022, the Company’s Board of Directors authorized a share repurchase program for the purchase of up to an additional \$500.0 million of the Company’s outstanding common stock (the “November 2022 Repurchase Plan”). During the three-months ended September 30, 2024, the Company repurchased approximately 0.7 million shares of its common stock at an average purchase price of \$49.83 per share, for a total amount of approximately \$34.7 million, which exhausted the availability under the November 2022 Repurchase Plan.

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On November 7, 2023, the Company's Board of Directors authorized a share repurchase program for the purchase of up to an additional \$500.0 million of the Company's outstanding common stock (the "November 2023 Repurchase Plan"). During the three-months ended September 30, 2024, the Company repurchased approximately 10.6 million shares of its common stock at an average purchase price of \$47.16 per share, for a total amount of approximately \$500.0 million, which exhausted the availability under the November 2023 Repurchase Plan.

On August 19, 2024, the Company's Board of Directors authorized a share repurchase program for the purchase of up to an additional \$500.0 million of the Company's outstanding common stock (the "August 2024 Repurchase Plan"). During the three-months ended September 30, 2024, no shares were repurchased under the August 2024 Repurchase Plan. As of November 6, 2024, \$500.0 million remained available for repurchase under the August 2024 Repurchase Plan.

The aggregate amount of the Company's outstanding common stock that remains available for repurchase under all previously authorized repurchase plans is \$500.0 million as of November 6, 2024.

Tender Offer

On May 1, 2024, the Board of Directors authorized the Company to execute a modified "Dutch auction" tender offer to repurchase up to \$3.0 billion of its outstanding shares of common stock. On May 8, 2024, the Company commenced the tender offer, with such offer expiring on June 5, 2024. On June 10, 2024, the Company accepted for purchase a total of approximately 56.6 million shares of common stock at a purchase price of \$53.00 per share, for an aggregate purchase price of approximately \$3.0 billion. The repurchase was funded with approximately \$2.25 billion of cash on hand and approximately \$750 million in borrowings. The cost of these shares and the fees relating to the tender offer are included in common stock in treasury in the accompanying condensed consolidated balance sheet at September 30, 2024.

15. STOCK-BASED COMPENSATION

The Company has two stock-based compensation plans under which shares were available for grant at September 30, 2024: (i) the Monster Beverage Corporation 2020 Omnibus Incentive Plan, including the Monster Beverage Corporation Deferred Compensation Plan as a sub-plan thereunder, and (ii) the Monster Beverage Corporation 2017 Compensation Plan for Non-Employee Directors as Amended and Restated on February 23, 2022, including the Monster Beverage Corporation Deferred Compensation Plan for Non-Employee Directors as a sub-plan thereunder.

The Company recorded \$27.5 million and \$17.9 million of compensation expense relating to outstanding options, restricted stock units, performance share units and other share-based awards during the three-months ended September 30, 2024 and 2023, respectively. The Company recorded \$68.8 million and \$52.5 million of compensation expense relating to outstanding options, restricted stock units, performance share units and other share-based awards during the nine-months ended September 30, 2024 and 2023, respectively.

The tax benefit for tax deductions from non-qualified stock option exercises, disqualifying dispositions of incentive stock options and vesting of restricted stock units and performance share units for the three-months ended September 30, 2024 and 2023 was \$1.3 million and \$(0.2) million, respectively. The tax benefit for tax deductions from non-qualified stock option exercises, disqualifying dispositions of incentive stock options and vesting of restricted stock units and performance share units for the nine-months ended September 30, 2024 and 2023 was \$10.3 million and \$29.9 million, respectively.

Stock Options

Under the Company's stock-based compensation plans, all stock options granted as of September 30, 2024 were granted at prices based on the fair value of the Company's common stock on the date of grant. The Company records compensation expense for stock options based on the estimated fair value of the options on the date of grant using the Black-Scholes-Merton option pricing formula with the assumptions included in the table below. The Company uses historical data to determine the exercise behavior, volatility and forfeiture rate of the options.

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The following weighted-average assumptions were used to estimate the fair value of options granted during:

	Three-Months Ended September 30,		Nine-Months Ended September 30,	
	2024	2023	2024	2023
Dividend yield	0.0 %	0.0 %	0.0 %	0.0 %
Expected volatility	26.9 %	27.0 %	27.4 %	27.6 %
Risk-free interest rate	3.7 %	4.2 %	4.2 %	3.7 %
Expected term	6.3 years	6.3 years	6.4 years	6.3 years

Expected Volatility: The Company uses historical volatility as it provides a reasonable estimate of the expected volatility. Historical volatility is based on the most recent volatility of the stock price over a period of time equivalent to the expected term of the option.

Risk-Free Interest Rate: The risk-free interest rate is based on the U.S. treasury zero-coupon yield curve in effect at the time of grant for the expected term of the option.

Expected Term: The Company's expected term represents the weighted-average period that the Company's stock options are expected to be outstanding. The expected term is based on the expected time to post-vesting exercise of options by employees. The Company uses historical exercise patterns of previously granted options to derive employee behavioral patterns used to forecast expected exercise patterns.

The following table summarizes the Company's activities with respect to its stock option plans as follows:

Options	Number of Shares (in thousands)	Weighted-Average Exercise Price Per Share	Weighted-Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value
Outstanding at January 1, 2024	24,983	\$ 33.64	5.8	\$ 598,866
Granted 01/01/24 - 03/31/24	4,332	\$ 60.29		
Granted 04/01/24 - 06/30/24	62	\$ 51.89		
Granted 07/01/24 - 09/30/24	1,236	\$ 48.40		
Exercised	(2,281)	\$ 27.22		
Cancelled or forfeited	(514)	\$ 48.00		
Outstanding at September 30, 2024	27,818	\$ 38.75	6.0	\$ 407,665
Vested and expected to vest in the future at September 30, 2024	26,723	\$ 38.21	5.9	\$ 403,609
Exercisable at September 30, 2024	14,760	\$ 29.27	3.8	\$ 338,040

The weighted-average grant-date fair value of options granted during the three-months ended September 30, 2024 and 2023 was \$17.01 per share and \$21.01 per share, respectively. The weighted-average grant-date fair value of options granted during the nine-months ended September 30, 2024 and 2023 was \$21.41 per share and \$18.27 per share, respectively.

The total intrinsic value of options exercised during the three-months ended September 30, 2024 and 2023 was \$8.2 million and \$7.1 million, respectively. The total intrinsic value of options exercised during the nine-months ended September 30, 2024 and 2023 was \$66.0 million and \$164.9 million, respectively.

Cash received from option exercises under all plans for the three-months ended September 30, 2024 and 2023 was \$10.0 million and \$5.9 million, respectively. Cash received from option exercises under all plans for the nine-months ended September 30, 2024 and 2023 was \$62.1 million and \$65.6 million, respectively.

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At September 30, 2024, there was \$165.2 million of total unrecognized compensation expense related to non-vested options granted to employees under the Company's stock-based compensation plans. That cost is expected to be recognized over a weighted-average period of 3.3 years.

Restricted Stock Units and Performance Share Units

The cost of stock-based compensation for restricted stock units and performance share 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 or performance share 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 units and performance share units as follows:

	Number of Shares (in thousands)	Weighted-Average Grant- Date Fair Value
Non-vested at January 1, 2024	1,964	\$ 40.95
Granted 01/01/24 - 03/31/24 ¹	502	\$ 57.04
Granted 04/01/24 - 06/30/24	27	\$ 49.12
Granted 07/01/24 - 09/30/24	32	\$ 48.40
Vested	(826)	\$ 40.71
Forfeited/cancelled	(13)	\$ 37.77
Non-vested at September 30, 2024	1,686	\$ 46.15

¹The grant activity for performance share units is recorded based on the target performance level earning 100% of target performance share units. The actual number of performance share units earned could range from 0% to 200% of target depending on the achievement of pre-established performance goals.

The weighted-average grant-date fair value of restricted stock units and/or performance share units granted during the three-months ended September 30, 2024 and 2023 was \$48.40 and \$56.38 per share, respectively. The weighted-average grant-date fair value of restricted stock units and/or performance share units granted during the nine-months ended September 30, 2024 and 2023 was \$58.80 and \$51.22 per share, respectively.

As of September 30, 2024, 1.6 million of restricted stock units and performance share units are expected to vest over their respective terms.

At September 30, 2024, total unrecognized compensation expense relating to non-vested restricted stock units and performance share units was \$44.9 million, which is expected to be recognized over a weighted-average period of 1.4 years.

Other Share-Based Awards

The Company has granted other share-based awards to certain employees that are payable in cash. These awards are classified as liabilities and are valued based on the fair value of the award at the grant date and are remeasured at each reporting date until settlement, with compensation expense being recognized in proportion to the completed requisite service period up until date of settlement. At September 30, 2024, other share-based awards outstanding included grants that vest over three years payable in the first quarters of 2025, 2026 and 2027.

At September 30, 2024, there was \$0.1 million of total unrecognized compensation expense related to nonvested other share-based awards granted to employees under the Company's stock-based compensation plans. That cost is expected to be recognized over a weighted-average period of 0.3 years.

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16. INCOME TAXES

The following is a roll-forward of the Company's total gross unrecognized tax benefits, not including interest and penalties, for the nine-months ended September 30, 2024:

	Gross Unrecognized Tax Benefits
Balance at December 31, 2023	\$ 3,109
Additions for tax positions related to the current year	—
Additions for tax positions related to the prior years	631
Decreases for tax positions related to the prior years	—
Balance at September 30, 2024	<u>\$ 3,740</u>

The Company recognizes accrued interest and penalties related to unrecognized tax benefits in the provision for income taxes in the Company's condensed consolidated financial statements. As of September 30, 2024, the Company had approximately \$0.9 million in accrued interest and penalties related to unrecognized tax benefits. If the Company were to prevail on all uncertain tax positions, the resultant impact on the Company's effective tax rate would not be significant. It is expected that any change in the amount of unrecognized tax benefits within the next 12 months will not be significant.

The Company is subject to U.S. federal income tax as well as to income tax in multiple state and foreign jurisdictions.

The Company is in various stages of examination with certain states and certain foreign jurisdictions. The Company's 2020 through 2023 U.S. federal income tax returns are subject to examination by the IRS. The Company's state income tax returns are subject to examination for the 2019 through 2023 tax years. The United Kingdom and Ireland income tax returns are subject to examination for the 2019 through 2023 tax years.

17. EARNINGS PER SHARE

A reconciliation of the weighted-average shares used in the basic and diluted earnings per common share computations is presented below (in thousands):

	Three-Months Ended September 30,		Nine-Months Ended September 30,	
	2024	2023	2024	2023
Weighted-average shares outstanding:				
Basic	975,841	1,047,015	1,015,252	1,046,337
Dilutive	7,330	12,951	8,660	13,472
Diluted	<u>983,171</u>	<u>1,059,966</u>	<u>1,023,912</u>	<u>1,059,809</u>

For the three-months ended September 30, 2024 and 2023, options and awards outstanding totaling 9.2 million shares and 4.1 million shares, respectively, were excluded from the calculations as their effect would have been antidilutive. For the nine-months ended September 30, 2024 and 2023, options and awards outstanding totaling 7.6 million shares and 3.1 million shares, respectively, were excluded from the calculations as their effect would have been antidilutive.

18. SEGMENT INFORMATION

The Company has four operating and reportable segments: (i) Monster Energy® Drinks segment, which is primarily comprised of the Company's Monster Energy® drinks, Reign Total Body Fuel® high performance energy drinks, Reign Storm® total wellness energy drinks and Bang Energy® drinks, (ii) Strategic Brands segment, which is primarily comprised of the various energy drink brands acquired from TCCC in 2015 as well as the Company's affordable energy brands, Predator® and Fury®, (iii) Alcohol Brands segment, which is comprised of various craft beers, hard seltzers and FMBs and (iv) Other segment, which is comprised of the AFF Third-Party Products.

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The Company's Monster Energy® Drinks segment primarily generates net operating revenues by selling ready-to-drink packaged drinks primarily to bottlers/distributors. In some cases, the Company sells ready-to-drink packaged drinks directly to retail grocery and specialty chains, wholesalers, club stores, mass merchandisers, convenience and gas chains, drug stores, foodservice customers, value stores, e-commerce retailers and the military.

The Company's Strategic Brands segment primarily generates net operating revenues by selling "concentrates" and/or "beverage bases" to authorized bottling and canning operations. Such bottlers generally combine the concentrates and/or beverage bases with sweeteners, water and other ingredients to produce ready-to-drink packaged energy drinks. The ready-to-drink packaged energy drinks are then sold by such bottlers to other bottlers/distributors and to retail grocery and specialty chains, wholesalers, club stores, mass merchandisers, convenience and gas chains, foodservice customers, drug stores, value stores, e-commerce retailers and the military. To a lesser extent, the Strategic Brands segment generates net operating revenues by selling certain ready-to-drink packaged energy drinks to bottlers/distributors.

Generally, the Monster Energy® Drinks segment generates higher per case net operating revenues, but lower per case gross profit margin percentages than the Strategic Brands segment.

The Company's Alcohol Brands segment primarily generates operating revenues by selling kegged and ready-to-drink canned beers, hard seltzers and FMBs primarily to beer distributors in the United States.

Generally, the Alcohol Brands segment has lower gross profit margin percentages than the Monster Energy® Drinks segment.

Corporate and unallocated amounts that do not relate to a reportable segment have been allocated to "Corporate & Unallocated." No asset information, other than goodwill and other intangible assets, has been provided in the Company's reportable segments, as management does not measure or allocate such assets on a segment basis.

The net revenues derived from the Company's reportable segments and other financial information related thereto for the three- and nine-months ended September 30, 2024 and 2023 were as follows:

	Three-Months Ended		Nine-Months Ended	
	September 30,		September 30,	
	2024	2023	2024	2023
Net sales:				
Monster Energy® Drinks ¹	\$ 1,722,693	\$ 1,708,242	\$ 5,194,552	\$ 4,956,797
Strategic Brands	112,566	98,763	330,232	284,810
Alcohol Brands	39,784	42,326	137,417	149,692
Other	5,930	6,697	18,467	18,620
Corporate and unallocated	—	—	—	—
	<u>\$ 1,880,973</u>	<u>\$ 1,856,028</u>	<u>\$ 5,680,668</u>	<u>\$ 5,409,919</u>

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	Three-Months Ended September 30,		Nine-Months Ended September 30,	
	2024	2023	2024	2023
Operating Income:				
Monster Energy® Drinks ¹	\$ 601,688	\$ 603,670	\$ 1,842,066	\$ 1,762,410
Strategic Brands	60,091	52,730	183,768	159,639
Alcohol Brands	(22,609)	(11,734)	(51,187)	(25,193)
Other	1,510	1,296	3,929	2,654
Corporate and unallocated	(160,764)	(135,435)	(429,506)	(380,114)
	<u>\$ 479,916</u>	<u>\$ 510,527</u>	<u>\$ 1,549,070</u>	<u>\$ 1,519,396</u>

	Three-Months Ended September 30,		Nine-Months Ended September 30,	
	2024	2023	2024	2023
Income before tax:				
Monster Energy® Drinks ¹	\$ 603,442	\$ 604,688	\$ 1,846,003	\$ 1,765,018
Strategic Brands	60,096	52,746	183,803	159,683
Alcohol Brands	(22,636)	(11,757)	(51,308)	(25,208)
Other	1,511	1,315	3,958	2,679
Corporate and unallocated	(168,317)	(65,108)	(379,075)	(283,766)
	<u>\$ 474,096</u>	<u>\$ 581,884</u>	<u>\$ 1,603,381</u>	<u>\$ 1,618,406</u>

(1) Includes \$10.0 million for both the three-months ended September 30, 2024 and 2023, related to the recognition of deferred revenue. Includes \$29.9 million and \$30.0 million for the nine-months ended September 30, 2024 and 2023, respectively, related to the recognition of deferred revenue.

	Three-Months Ended September 30,		Nine-Months Ended September 30,	
	2024	2023	2024	2023
Depreciation and amortization:				
Monster Energy® Drinks	\$ 13,330	\$ 10,023	\$ 39,043	\$ 27,830
Strategic Brands	237	199	690	616
Alcohol Brands	3,419	3,816	10,825	11,973
Other	48	50	145	1,224
Corporate and unallocated	2,875	3,891	9,119	8,721
	<u>\$ 19,909</u>	<u>\$ 17,979</u>	<u>\$ 59,822</u>	<u>\$ 50,364</u>

Corporate and unallocated expenses for the three-months ended September 30, 2024 include \$96.6 million of payroll costs, of which \$27.3 million was attributable to stock-based compensation expenses (see Note 15 “Stock-Based Compensation”), as well as \$22.4 million attributable to professional service expenses, including accounting and legal costs, and \$41.8 million of other operating expenses.

Corporate and unallocated expenses for the three-months ended September 30, 2023 include \$82.7 million of payroll costs, of which \$17.4 million was attributable to stock-based compensation expenses (see Note 15 “Stock-Based Compensation”), as well as \$27.3 million attributable to professional service expenses, including accounting and legal costs, and \$25.4 million of other operating expenses.

Corporate and unallocated expenses for the nine-months ended September 30, 2024 include \$282.7 million of payroll costs, of which \$67.0 million was attributable to stock-based compensation expenses (see Note 15 “Stock-Based Compensation”), as well as \$56.9 million attributable to professional service expenses, including accounting and legal costs, and \$89.9 million of other operating expenses.

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Corporate and unallocated expenses for the nine-months ended September 30, 2023 include \$245.5 million of payroll costs, of which \$51.1 million was attributable to stock-based compensation expenses (see Note 15 “Stock-Based Compensation”), as well as \$74.7 million attributable to professional service expenses, including accounting and legal costs, and \$59.9 million of other operating expenses.

Coca-Cola Europacific Partners accounted for approximately 15% and 14% of the Company’s net sales for the three-months ended September 30, 2024 and 2023, respectively. Coca-Cola Europacific Partners accounted for approximately 14% and 13% of the Company’s net sales for the nine-months ended September 30, 2024 and 2023, respectively.

Coca-Cola Consolidated, Inc. accounted for approximately 10% of the Company’s net sales for both the three-months ended September 30, 2024 and 2023. Coca-Cola Consolidated, Inc. accounted for approximately 10% of the Company’s net sales for both the nine-months ended September 30, 2024 and 2023.

Reyes Holdings, LLC accounted for approximately 9% of the Company’s net sales for both the three-months ended September 30, 2024 and 2023. Reyes Holdings, LLC accounted for approximately 9% of the Company’s net sales for both the nine-months ended September 30, 2024 and 2023.

Net sales to customers outside the United States amounted to \$760.1 million and \$733.7 million for the three-months ended September 30, 2024 and 2023, respectively. Such sales were approximately 40% of net sales for both the three-months ended September 30, 2024 and 2023. Net sales to customers outside the United States amounted to \$2.25 billion and \$2.07 billion for the nine-months ended September 30, 2024 and 2023, respectively. Such sales were approximately 40% and 38% of net sales for the nine-months ended September 30, 2024 and 2023, respectively.

Goodwill and other intangible assets for the Company’s reportable segments were as follows at:

	September 30, 2024	December 31, 2023
Goodwill and other intangible assets:		
Monster Energy® Drinks	\$ 1,681,859	\$ 1,663,814
Strategic Brands	982,362	982,471
Alcohol Brands	196,146	198,795
Other	—	—
	<u>\$ 2,860,367</u>	<u>\$ 2,845,080</u>

19. RELATED PARTY TRANSACTIONS

TCCC controls approximately 21.0% of the voting interests of the Company. The TCCC Subsidiaries, the TCCC Related Parties and certain TCCC independent bottlers, purchase and distribute the Company’s products in domestic and certain international markets. The Company also pays TCCC a commission based on certain sales within the TCCC distribution network.

TCCC commissions, based on sales to the TCCC Subsidiaries and the TCCC Related Parties, were \$25.5 million and \$21.4 million for the three-months ended September 30, 2024 and 2023, respectively, and are included as a reduction to net sales. TCCC commissions, based on sales to the TCCC Subsidiaries and the TCCC Related Parties, were \$67.8 million and \$55.2 million for the nine-months ended September 30, 2024 and 2023, respectively, and are included as a reduction to net sales.

TCCC commissions, based on sales to TCCC independent bottlers, were \$9.9 million and \$8.8 million for the three-months ended September 30, 2024 and 2023, respectively, and are included in operating expenses. TCCC commissions, based on sales to TCCC independent bottlers, were \$28.3 million and \$25.7 million for the nine-months ended September 30, 2024 and 2023, respectively, and are included in operating expenses.

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Net sales to the TCCC Subsidiaries for the three-months ended September 30, 2024 and 2023 were \$54.1 million and \$40.2 million, respectively. Net sales to the TCCC Subsidiaries for the nine-months ended September 30, 2024 and 2023 were \$151.3 million and \$108.4 million, respectively.

The Company also purchases concentrates from TCCC which are then sold to certain of the Company's bottlers/distributors. Concentrate purchases from TCCC were \$7.4 million and \$7.8 million for the three-months ended September 30, 2024 and 2023, respectively. Concentrate purchases from TCCC were \$22.2 million and \$22.5 million for the nine-months ended September 30, 2024 and 2023, respectively.

Certain TCCC Subsidiaries also contract manufacture certain of the Company's energy drinks. Such contract manufacturing expenses were \$10.2 million and \$10.1 million for the three-months ended September 30, 2024 and 2023, respectively. Such contract manufacturing expenses were \$28.7 million and \$25.1 million for the nine-months ended September 30, 2024 and 2023, respectively.

Accounts receivable, accounts payable, accrued promotional allowances and accrued liabilities related to the TCCC Subsidiaries were as follows at:

	September 30, 2024	December 31, 2023
Accounts receivable, net	\$ 107,495	\$ 135,246
Accounts payable	\$ (33,754)	\$ (68,386)
Accrued promotional allowances	\$ (17,034)	\$ (13,794)
Accrued liabilities	\$ (44,826)	\$ (19,745)

One director of the Company through certain trusts, and a family member of one director are the principal owners of a company that provides promotional materials to the Company. Expenses incurred with such company in connection with promotional materials purchased during the three-months ended September 30, 2024 and 2023 were \$1.5 million and \$0.9 million, respectively. Expenses incurred with such company in connection with promotional materials purchased during the nine-months ended September 30, 2024 and 2023 were \$5.1 million and \$3.0 million, respectively.

The Company occasionally charters a private aircraft that is indirectly owned by Mr. Rodney C. Sacks, Co-Chief Executive Officer and Chairman of the Board of Directors. On certain occasions, Mr. Sacks is accompanied by guests and other Company personnel when using such aircraft for business travel. During the three-months ended September 30, 2024 and 2023, the Company incurred expenses of \$0.02 million and \$0.10 million, respectively, in relation to the aircraft. During the nine-months ended September 30, 2024 and 2023, the Company incurred expenses of \$0.04 million and \$0.13 million, respectively, in relation to the aircraft.

In December 2018, the Company and a director of the Company entered into a 50-50 partnership that purchased land, and real property thereon, in Kona, Hawaii for the purpose of producing coffee products. In October 2023, the partnership made a special, one-time distribution to each of the partners, reflecting the amount of their initial capital contributions. This partnership meets the definition of a Variable Interest Entity ("VIE") for which the Company has determined that it is the primary beneficiary. Therefore, the Company consolidates the VIE in the accompanying consolidated financial statements. The aggregate carrying values of the VIE's assets and liabilities, after elimination of any intercompany transactions and balances, as well as the results of operations for all periods presented, are not material to the Company's condensed consolidated financial statements.

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

Our Business

When this report uses the words “the Company”, “we”, “us”, and “our”, these words refer to Monster Beverage Corporation and its subsidiaries, unless the context otherwise requires. Based in Corona, California, Monster Beverage Corporation is a holding company and conducts no operating business except through its consolidated subsidiaries. The Company’s subsidiaries primarily develop and market energy drinks, and to a lesser extent, craft beers, hard seltzers and flavored malt beverages (“FMBs”).

Pricing Actions

We implemented price increases at various times in certain international markets during the fourth quarter of 2023 as well as the first, second and third quarters of 2024 (collectively, the “Pricing Actions”), all of which positively impacted net sales and gross profit margins in the third quarter of 2024, as compared to the third quarter of 2023.

We implemented a previously announced price increase in the United States of approximately 5% on our core brands and packages, effective November 1, 2024.

Bang Energy®

On July 31, 2023, we completed our acquisition of substantially all of the assets of Vital Pharmaceuticals, Inc. and its debtor affiliates (collectively, “Bang Energy”) (the “Bang Transaction”). The acquired assets primarily included Bang Energy® drinks and a beverage production facility in Phoenix, AZ.

The following items impacted the comparative financial results for the three-months ended September 30, 2023.

Inventory purchased as part of the Bang Transaction was recorded at fair value. Certain of the purchased inventory was subsequently sold in the three-months ended September 30, 2023 and was recognized through cost of sales at fair value (the “Bang Inventory Step-Up”). Gross profit was negatively impacted by approximately \$7.8 million during the three-months ended September 30, 2023 as a result.

During the three-months ended September 30, 2023, in connection with the Bang Transaction, we recorded a gain of \$45.4 million in interest and other income (expense), net within the condensed consolidated statements of income and reported within the Corporate and Unallocated segment (the “Bang Transaction Gain”).

During the three- and nine-months ended September 30, 2023, we incurred approximately \$8.0 million and \$15.1 million, respectively, of acquisition costs related to the Bang Transaction (the “Bang Transaction Expenses”).

Overview

We develop, market, sell and distribute energy drink beverages and concentrates for energy drink beverages, primarily under the following brand names:

- Monster Energy®
- Monster Energy Ultra®
- Monster Rehab®
- Monster Energy® Nitro
- Java Monster®
- Punch Monster®
- Juice Monster®
- Reign Total Body Fuel®
- Reign Inferno® Thermogenic Fuel
- Reign Storm®
- Bang Energy®
- NOS®
- Full Throttle®
- Burn®
- Mother®
- Nalu®
- Ultra Energy®
- Play® and Power Play® (stylized)
- Relentless®
- BPM®
- BU®
- Gladiator®
- Samurai®
- Live+®
- Predator®
- Fury®

We also develop, market, sell and distribute craft beers, FMBs and hard seltzers under a number of brands, including Jai Alai® IPA, Florida Man™ IPA, Dale's Pale Ale®, Wild Basin® Hard Seltzers, Dallas Blonde®, Deep Ellum™ IPA, Perrin Brewing Company™ Black Ale, Hop Rising® Double IPA, Wasatch® Apricot Hefeweizen, The Beast™, Nasty Beast™ Hard Tea and a host of other brands.

We also develop, market, sell and distribute still and sparkling waters under the Monster Tour Water® brand name.

We have four operating and reportable segments: (i) Monster Energy® Drinks segment (“Monster Energy® Drinks”), which is primarily comprised of our Monster Energy® drinks, Reign Total Body Fuel® high performance energy drinks, Reign Storm® total wellness energy drinks and Bang Energy® drinks, (ii) Strategic Brands segment (“Strategic Brands”), which is primarily comprised of the various energy drink brands acquired from The Coca-Cola Company (“TCCC”) in 2015 as well as our affordable energy brands, Predator® and Fury®, (iii) Alcohol Brands segment (“Alcohol Brands”), which is comprised of various craft beers, hard seltzers and FMBs and (iv) Other segment (“Other”), which is comprised of certain products sold by American Fruits and Flavors LLC, a wholly-owned subsidiary of the Company, to independent third-party customers (the “AFF Third-Party Products”).

During the three-months ended September 30, 2024, we continued to expand our existing drink portfolio by adding additional products to our portfolio in a number of countries and further developed our distribution markets. During the three-months ended September 30, 2024, we sold the following new products to our customers:

- Monster Energy® Ultra Vice Guava™
- The Beast™ Gnarly Grape™
- The Beast™ Killer Sunrise™
- The Beast Pink Poison™
- Ultra Energy® Fruit Punch

In the normal course of business, we discontinue certain products and/or product lines. Those products or product lines discontinued in the three-months ended September 30, 2024, either individually or in aggregate, did not have a material adverse impact on our financial position, results of operations or liquidity.

Our net sales of \$1.88 billion for the three-months ended September 30, 2024 represented record sales for our third fiscal quarter. Net changes in foreign currency exchange rates had an unfavorable impact on net sales of approximately \$62.8 million (\$26.5 million related to Argentina) for the three-months ended September 30, 2024. Net sales on a foreign currency adjusted basis increased 4.7% (3.3% exclusive of Argentina's impact) for the three-months ended September 30, 2024.

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The vast majority of our net sales are derived from our Monster Energy® Drinks segment. Net sales of our Monster Energy® Drinks segment were \$1.72 billion for the three-months ended September 30, 2024. Net sales of our Strategic Brands segment were \$112.6 million for the three-months ended September 30, 2024. Net sales of our Alcohol Brands segment were \$39.8 million for the three-months ended September 30, 2024. Net sales of our Other segment were \$5.9 million for the three-months ended September 30, 2024.

Our Monster Energy® Drinks segment represented 91.6% and 92.0% of our net sales for the three-months ended September 30, 2024 and 2023, respectively. Our Strategic Brands segment represented 6.0% and 5.3% of our net sales for the three-months ended September 30, 2024 and 2023, respectively. Our Alcohol Brands segment represented 2.1% and 2.3% of our net sales for the three-months ended September 30, 2024 and 2023, respectively. Our Other segment represented 0.3% and 0.4% of our net sales for the three-months ended September 30, 2024 and 2023, respectively.

Our growth strategy includes further developing our domestic markets, expanding our international business and growing our business into new sectors, such as the alcohol beverage sector. Net sales to customers outside the United States were \$760.1 million for the three-months ended September 30, 2024, an increase of approximately \$26.4 million, or 3.6% higher than net sales to customers outside of the United States of \$733.7 million for the three-months ended September 30, 2023. Such sales were approximately 40% of net sales for both the three-months ended September 30, 2024 and 2023. Net changes in foreign currency exchange rates had an unfavorable impact on net sales to customers outside of the United States of approximately \$62.8 million (\$26.5 million related to Argentina) for the three-months ended September 30, 2024. Net sales to customers outside the United States, on a foreign currency adjusted basis, increased 12.1% (8.5% exclusive of Argentina’s impact) for the three-months ended September 30, 2024.

Our non-alcohol customers are primarily full service beverage bottlers/distributors, retail grocery and specialty chains, wholesalers, club stores, mass merchandisers, convenience and gas chains, foodservice customers, value stores, e-commerce retailers and the military. Our alcohol customers are primarily beer distributors who in turn sell to retailers within the alcohol distribution system. Percentages of our gross billings to our various customer types for the three- and nine-months ended September 30, 2024 and 2023 are reflected below. Such information includes sales made by us directly to the customer types concerned, which include our full service beverage bottlers/distributors in the United States. Such full service beverage bottlers/distributors in turn sell certain of our products to some of the same customer types listed below. We limit our description of our customer types to include only our sales to our full service bottlers/distributors without reference to such bottlers/distributors’ sales to their own customers.

	Three-Months Ended September 30,		Nine-Months Ended September 30,	
	2024	2023	2024	2023
U.S. full service bottlers/distributors	45 %	46 %	46 %	47 %
International full service bottlers/distributors	42 %	41 %	41 %	40 %
Club stores and e-commerce retailers	8 %	8 %	8 %	8 %
Retail grocery, direct convenience, specialty chains and wholesalers	2 %	2 %	2 %	2 %
Alcohol, value stores and other	3 %	3 %	3 %	3 %

Our non-alcohol customers include Coca-Cola Canada Bottling Limited, Coca-Cola Consolidated, Inc., Coca-Cola Bottling Company United, Inc., Reyes Holdings, LLC, Coca-Cola Southwest Beverages LLC, The Coca-Cola Bottling Company of Northern New England, Inc., Swire Pacific Holdings, Inc. (USA), Liberty Coca-Cola Beverages, LLC, Coca-Cola Europacific Partners (formerly Coca-Cola European Partners and Coca-Cola Amatil), Coca-Cola Hellenic, Coca-Cola FEMSA, Swire Coca-Cola (China), COFCO Coca-Cola, Coca-Cola Beverages Africa, Coca-Cola İçecek and certain other TCCC network bottlers, Asahi Soft Drinks, Co., Ltd., Wal-Mart, Inc. (including Sam’s Club), Costco Wholesale Corporation and Amazon.com, Inc.

Our alcohol customers include Reyes Beverage Group, Ben E. Keith Company, J.J. Taylor Distributing, and Sheehan Family Companies.

A decision by any large customer to decrease amounts purchased from us or to cease carrying our products could have a material adverse effect on our financial condition and consolidated results of operations.

Coca-Cola Europacific Partners accounted for approximately 15% and 14% of our net sales for the three-months ended September 30, 2024 and 2023, respectively. Coca-Cola Europacific Partners accounted for approximately 14% and 13% of our net sales for the nine-months ended September 30, 2024 and 2023, respectively.

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Coca-Cola Consolidated, Inc. accounted for approximately 10% of our net sales for both the three-months ended September 30, 2024 and 2023. Coca-Cola Consolidated, Inc. accounted for approximately 10% of our net sales for both the nine-months ended September 30, 2024 and 2023.

Reyes Holdings, LLC accounted for approximately 9% of our net sales for both the three-months ended September 30, 2024 and 2023. Reyes Holdings, LLC accounted for approximately 9% of our net sales for both the nine-months ended September 30, 2024 and 2023.

Results of Operations

The following table sets forth key statistics for the three-and nine-months ended September 30, 2024 and 2023.

(In thousands, except per share amounts)	Three-Months Ended September 30,		Percentage Change 24 vs. 23	Nine-Months Ended September 30,		Percentage Change 24 vs. 23
	2024	2023		2024	2023	
Net sales ¹	\$ 1,880,973	\$ 1,856,028	1.3 %	\$ 5,680,668	\$ 5,409,919	5.0 %
Cost of sales	881,174	872,265	1.0 %	2,634,235	2,554,086	3.1 %
Gross profit* ¹	999,799	983,763	1.6 %	3,046,433	2,855,833	6.7 %
Gross profit as a percentage of net sales	53.2 %	53.0 %		53.6 %	52.8 %	
Operating expenses	519,883	473,236	9.9 %	1,497,363	1,336,437	12.0 %
Operating expenses as a percentage of net sales	27.6 %	25.5 %		26.4 %	24.7 %	
Operating income ¹	479,916	510,527	(6.0)%	1,549,070	1,519,396	2.0 %
Operating income as a percentage of net sales	25.5 %	27.5 %		27.3 %	28.1 %	
Interest and other income (expense), net	(5,820)	71,357	(108.2)%	54,311	99,010	(45.1)%
Income before provision for income taxes ¹	474,096	581,884	(18.5)%	1,603,381	1,618,406	(0.9)%
Provision for income taxes	103,177	129,190	(20.1)%	365,044	354,397	3.0 %
Income taxes as a percentage of income before taxes	21.8 %	22.2 %		22.8 %	21.9 %	
Net income	\$ 370,919	\$ 452,694	(18.1)%	\$ 1,238,337	\$ 1,264,009	(2.0)%
Net income as a percentage of net sales	19.7 %	24.4 %		21.8 %	23.4 %	
Net income per common share:						
Basic	\$ 0.38	\$ 0.43	(12.1)%	\$ 1.22	\$ 1.21	1.0 %
Diluted	\$ 0.38	\$ 0.43	(11.7)%	\$ 1.21	\$ 1.19	1.4 %
Energy drink case sales (in thousands) (in 192-ounce case equivalents)	219,409	203,087	8.0 %	643,033	583,937	10.1 %

¹Includes \$10.0 million for both the three-months ended September 30, 2024 and 2023, related to the recognition of deferred revenue. Includes \$29.9 million and \$30.0 million for the nine-months ended September 30, 2024 and 2023, respectively, related to the recognition of deferred revenue.

*Gross profit may not be comparable to that of other entities since some entities include all costs associated with their distribution process in cost of sales, whereas others exclude certain costs and instead include such costs within another line item such as operating expenses. We include out-bound freight and warehouse costs in operating expenses rather than in cost of sales.

Three-Months Ended September 30, 2024 Compared to the Three-Months Ended September 30, 2023.

Net Sales

Net sales were \$1.88 billion for the three-months ended September 30, 2024, an increase of approximately \$24.9 million, or 1.3% higher than net sales of \$1.86 billion for the three-months ended September 30, 2023. Net changes in foreign currency exchange rates had an unfavorable impact on net sales of approximately \$62.8 million (\$26.5 million related to Argentina) for the three-months ended September 30, 2024. Net sales on a foreign currency adjusted basis increased 4.7% (3.3% exclusive of Argentina’s impact) for the three-months ended September 30, 2024.

Net sales were \$708.8 million for the three-months ended September 30, 2024, an increase of \$21.7 million, or 3.2% higher than net sales of \$687.1 million for the three-months ended September 30, 2023, in EMEA, Asia Pacific (including Oceania), Latin America and the Caribbean. Net changes in foreign currency exchange rates had an unfavorable impact on net sales to customers in EMEA, Asia Pacific (including Oceania), Latin America and the Caribbean of approximately \$61.4 million (\$26.5 million related to Argentina) for the three-months ended September 30, 2024. Net sales on a foreign currency adjusted basis in EMEA, Asia Pacific (including Oceania), Latin America and the Caribbean increased 12.1% (8.2% exclusive of Argentina's impact) for the three-months ended September 30, 2024.

Net sales for the Monster Energy® Drinks segment were \$1.72 billion for the three-months ended September 30, 2024, an increase of approximately \$14.5 million, or 0.8% higher than net sales of \$1.71 billion for the three-months ended September 30, 2023. Net changes in foreign currency exchange rates had an unfavorable impact on net sales for the Monster Energy® Drinks segment of approximately \$52.8 million (\$26.5 million related to Argentina) for the three-months ended September 30, 2024. Net sales for the Monster Energy® Drinks segment on a foreign currency adjusted basis increased 3.9% (2.4% exclusive of Argentina's impact) for the three-months ended September 30, 2024.

Net sales for the Strategic Brands segment were \$112.6 million for the three-months ended September 30, 2024, an increase of approximately \$13.8 million, or 14.0% higher than net sales of \$98.8 million for the three-months ended September 30, 2023. Net sales for the Strategic Brands segment increased primarily due to increased sales by volume of our Burn®, Predator® and Full Throttle® brand energy drinks. Net changes in foreign currency exchange rates had an unfavorable impact on net sales of approximately \$10.0 million for the Strategic Brands segment for the three-months ended September 30, 2024. Net sales for the Strategic Brands segment on a foreign currency adjusted basis increased 24.1% for the three-months ended September 30, 2024. Net sales of concentrates within the Strategic Brands segment tend to have more pronounced fluctuations from period to period as compared to net sales of our finished goods within the Monster Energy® Drinks segment primarily as a result of bottler production schedules.

Net sales for the Alcohol Brands segment were \$39.8 million for the three-months ended September 30, 2024, a decrease of approximately \$2.5 million, or 6.0% lower than net sales of \$42.3 million for the three-months ended September 30, 2023. The decrease in net sales for the three-months ended September 30, 2024 was primarily due to decreased sales by volume of craft beers.

Net sales for the Other segment were \$5.9 million for the three-months ended September 30, 2024, a decrease of approximately \$0.8 million, or 11.5% lower than net sales of \$6.7 million for the three-months ended September 30, 2023.

Case sales for our energy drink products, in 192-ounce case equivalents, were 219.4 million cases for the three-months ended September 30, 2024, an increase of approximately 16.3 million cases or 8.0% higher than case sales of 203.1 million cases for the three-months ended September 30, 2023. The overall average net sales per case for our energy drink products (excluding net sales of Alcohol Brands and Other segments) decreased to \$8.36 for the three-months ended September 30, 2024, which was 6.0% lower than the average net sales per case of \$8.90 for the three-months ended September 30, 2023. The decrease in overall average net sales per case for our energy drink products for the three-months ended September 30, 2024 compared to the three-months ended September 30, 2023 was primarily due to higher promotional allowances as a percentage of net sales as well as geographical/product sales mix.

Case sales for our craft beers, hard seltzers and FMBs, in 192-ounce equivalents, were 2.8 million cases for the three-months ended September 30, 2024, a decrease of approximately 0.2 million cases or 6.2% lower than case sales of 3.0 million cases for the three-months ended September 30, 2023. Barrel sales for our craft beers, hard seltzers and FMBs, in 31 U.S. gallon equivalents, were 0.14 million barrels for the three-months ended September 30, 2024, a decrease of approximately 0.01 million barrels or 6.2% lower than barrel sales of 0.15 million barrels for the three-months ended September 30, 2023.

Gross Profit

Gross profit was \$999.8 million for the three-months ended September 30, 2024, an increase of approximately \$16.0 million, or 1.6% higher than the gross profit of \$983.8 million for the three-months ended September 30, 2023. Gross profit for the three-months ended September 30, 2024 was adversely impacted by an increase in inventory reserves due to excess inventory levels in the Alcohol Brands segment of \$10.6 million (the "Alcohol Brands Inventory Reserves"). The increase in gross profit dollars was primarily the result of the \$24.9 million increase in net sales, partially offset by the Alcohol Brands Inventory Reserves for the three-months ended September 30, 2024.

Gross profit as a percentage of net sales increased to 53.2% (53.7% exclusive of the Alcohol Brands Inventory Reserves) for the three-months ended September 30, 2024 from 53.0% for the three-months ended September 30, 2023. The increase in gross profit as a percentage of net sales for the three-months ended September 30, 2024 was primarily the result of lower input costs, the Pricing Actions, the Bang Inventory Step-Up (included in the comparative 2023 third quarter) and decreased freight-in costs, partially offset by higher promotional allowances as a percentage of net sales as well as the Alcohol Brands Inventory Reserves.

Operating Expenses

Total operating expenses were \$519.9 million for the three-months ended September 30, 2024, an increase of approximately \$46.6 million, or 9.9% higher than total operating expenses of \$473.2 million for the three-months ended September 30, 2023.

The increase in operating expenses was primarily due to increased payroll expenses of \$20.7 million (\$9.6 million related to stock-based compensation), increased selling and marketing expenses of \$18.9 million (primarily sponsorships and endorsements) and a \$16.7 million provision in connection with an intellectual property claim brought by the descendants of Hubert Hansen in relation to the Company's use of the Hubert Hansen name prior to the transaction with TCCC, which closed in 2015 (the "Hansen Expenses"). The increase in stock-based compensation was primarily related to estimated performance share unit vesting levels for our Section 16 officers. Operating expenses as a percentage of net sales for the three-months ended September 30, 2024 were 27.6% as compared to 25.5% for the three-months ended September 30, 2023. Operating expenses for the three-months ended September 30, 2023 included approximately \$8.0 million of Bang Transaction Expenses.

Operating Income

Operating income was \$479.9 million for the three-months ended September 30, 2024, a decrease of approximately \$30.6 million, or 6.0% lower than operating income of \$510.5 million for the three-months ended September 30, 2023. Operating income as a percentage of net sales decreased to 25.5% for the three-months ended September 30, 2024 from 27.5% for the three-months ended September 30, 2023.

Operating income was \$135.3 million and \$114.1 million for the three-months ended September 30, 2024 and 2023, respectively, for our operations in EMEA, Asia Pacific (including Oceania), Latin America and the Caribbean.

Operating income for the Monster Energy® Drinks segment, exclusive of corporate and unallocated expenses, was \$601.7 million for the three-months ended September 30, 2024, a decrease of approximately \$2.0 million, or 0.3% lower than operating income of \$603.7 million for the three-months ended September 30, 2023. The decrease in operating income for the Monster Energy® Drinks segment was primarily the result of an increase in operating expenses in excess of an increase in net sales.

Operating income for the Strategic Brands segment, exclusive of corporate and unallocated expenses, was \$60.1 million for the three-months ended September 30, 2024, an increase of approximately \$7.4 million, or 14.0% higher than operating income of \$52.7 million for the three-months ended September 30, 2023. The increase in operating income for the Strategic Brands segment was primarily the result of an increase in net sales.

Operating loss for the Alcohol Brands segment, exclusive of corporate and unallocated expenses, was \$22.6 million for the three-months ended September 30, 2024, an increase of approximately \$10.9 million, or 92.7% higher than the operating loss of \$11.7 million for the three-months ended September 30, 2023. The increase in operating loss for the three-months ended September 30, 2024 was primarily due to the Alcohol Brands Inventory Reserves.

Operating income for the Other segment, exclusive of corporate and unallocated expenses, was \$1.5 million for the three-months ended September 30, 2024, as compared to operating income of \$1.3 million for the three-months ended September 30, 2023. The increase in operating income for the three-months ended September 30, 2024 was primarily the result of an increase in gross profit.

Interest and Other Income (Expense), net

Interest and other non-operating income (expense), net, was \$(5.8) million for the three-months ended September 30, 2024, as compared to interest and other non-operating income (expense), net, of \$71.4 million for the three-months ended September 30, 2023. Foreign currency transaction losses were \$10.8 million and \$13.2 million for the three-months ended September 30, 2024 and 2023, respectively. Interest income was \$18.1 million and \$39.3 million for the three-months ended September 30, 2024 and 2023, respectively. The decrease in interest income for the three-months ended September 30, 2024 was primarily related to lower short- and long-term investment balances as a result of treasury stock repurchases made in the second and third quarters of 2024. Interest expense was \$12.5 million and \$0.1 million for the three-months ended September 30, 2024 and 2023, respectively. Interest and other non-operating income (expense), net, for the three-months ended September 30, 2023 included the Bang Transaction Gain.

Provision for Income Taxes

Provision for income taxes was \$103.2 million for the three-months ended September 30, 2024, a decrease of \$26.0 million, or 20.1% lower than the provision for income taxes of \$129.2 million for the three-months ended September 30, 2023. The effective combined federal, state and foreign tax rate decreased to 21.8% from 22.2% for the three-months ended September 30, 2024 and 2023, respectively. The decrease in the effective tax rate was primarily attributable to an increase in income in lower tax jurisdictions in the three-months ended September 30, 2024, as compared to the three-months ended September 30, 2023.

Net Income

Net income was \$370.9 million for the three-months ended September 30, 2024, a decrease of \$81.8 million, or 18.1% lower than net income of \$452.7 million for the three-months ended September 30, 2023. The decrease in net income for the three-months ended September 30, 2024 was primarily due to the decrease in interest and other income (expense), net and the increase in operating expenses, which were partially offset by the increase in net sales and the decrease in provision for income taxes. The comparative 2023 third quarter included the Bang Transaction Gain, the Bang Inventory Step-Up and the Bang Transaction Expenses.

Nine-Months Ended September 30, 2024 Compared to the Nine-Months Ended September 30, 2023.

Net Sales

Net sales were \$5.68 billion for the nine-months ended September 30, 2024, an increase of approximately \$270.7 million, or 5.0% higher than net sales of \$5.41 billion for the nine-months ended September 30, 2023. Net sales increased primarily due to increased worldwide sales by volume of our Monster Energy® brand energy drinks as a result of increased consumer demand, as well as due to the Pricing Actions. Net changes in foreign currency exchange rates had an unfavorable impact on net sales of approximately \$194.8 million (\$110.9 million related to Argentina) for the nine-months ended September 30, 2024. Net sales on a foreign currency adjusted basis increased 8.6% (6.6% exclusive of Argentina's impact) for the nine-months ended September 30, 2024.

Net sales were \$2.10 billion for the nine-months ended September 30, 2024, an increase of \$163.0 million, or 8.4% higher than net sales of \$1.94 billion for the nine-months ended September 30, 2023, in EMEA, Asia Pacific (including Oceania), Latin America and the Caribbean. Net changes in foreign currency exchange rates had an unfavorable impact on net sales to customers in EMEA, Asia Pacific (including Oceania), Latin America and the Caribbean of approximately \$193.2 million (\$110.9 million related to Argentina) for the nine-months ended September 30, 2024. Net sales on a foreign currency adjusted basis in EMEA, Asia Pacific (including Oceania), Latin America and the Caribbean increased 18.4% (12.6% exclusive of Argentina's impact) for the nine-months ended September 30, 2024.

Net sales for the Monster Energy® Drinks segment were \$5.19 billion for the nine-months ended September 30, 2024, an increase of approximately \$237.8 million, or 4.8% higher than net sales of \$4.96 billion for the nine-months ended September 30, 2023. Net sales for the Monster Energy® Drinks segment increased primarily due to increased worldwide sales by volume of our Monster Energy® brand energy drinks as a result of increased consumer demand as well as due to the Pricing Actions. Net changes in foreign currency exchange rates had an unfavorable impact on net sales for the Monster Energy® Drinks segment of approximately \$161.0 million (\$110.9 million related to Argentina) for the nine-months ended September 30, 2024. Net sales for the Monster Energy® Drinks segment on a foreign currency adjusted basis increased 8.0% (5.8% exclusive of Argentina's impact) for the nine-months ended September 30, 2024.

Net sales for the Strategic Brands segment were \$330.2 million for the nine-months ended September 30, 2024, an increase of approximately \$45.4 million, or 15.9% higher than net sales of \$284.8 million for the nine-months ended September 30, 2023. Net sales for the Strategic Brands segment increased primarily due to increased sales by volume of our Burn®, NOS®, Predator® and Fury® brand energy drinks. Net changes in foreign currency exchange rates had an unfavorable impact on net sales of approximately \$33.8 million for the Strategic Brands segment for the nine-months ended September 30, 2024. Net sales for the Strategic Brands segment on a foreign currency adjusted basis increased 27.8% for the nine-months ended September 30, 2024. Net sales of concentrates within the Strategic Brands segment tend to have more pronounced fluctuations from period to period as compared to net sales of our finished goods within the Monster Energy® Drinks segment primarily as a result of bottler production schedules.

Net sales for the Alcohol Brands segment were \$137.4 million for the nine-months ended September 30, 2024, a decrease of approximately \$12.3 million, or 8.2% lower than net sales of \$149.7 million for the nine-months ended September 30, 2023. The decrease in net sales for the nine-months ended September 30, 2024 was primarily due to decreased sales by volume of craft beers.

Net sales for the Other segment were \$18.5 million for the nine-months ended September 30, 2024, a decrease of approximately \$0.2 million, or 0.8% lower than net sales of \$18.6 million for the nine-months ended September 30, 2023.

Case sales for our energy drink products, in 192-ounce case equivalents, were 643.0 million cases for the nine-months ended September 30, 2024, an increase of approximately 59.1 million cases or 10.1% higher than case sales of 583.9 million cases for the nine-months ended September 30, 2023. The overall average net sales per case for our energy drink products (excluding net sales of Alcohol Brands and Other segments) decreased to \$8.59 for the nine-months ended September 30, 2024, which was 4.3% lower than the average net sales per case of \$8.98 for the nine-months ended September 30, 2023. The decrease in overall average net sales per case for our energy drink products for the nine-months ended September 30, 2024 compared to the nine-months ended September 30, 2023 was primarily due to higher promotional allowances as a percentage of net sales as well as geographical/product sales mix.

Case sales for our craft beers, hard seltzers and FMBs, in 192-ounce equivalents, were 10.0 million cases for the nine-months ended September 30, 2024, a decrease of approximately 0.6 million cases or 5.8% lower than case sales of 10.6 million cases for the nine-months ended September 30, 2023. Barrel sales for our craft beers, hard seltzers and FMBs, in 31 U.S. gallon equivalents, were 0.48 million barrels for the nine-months ended September 30, 2024, a decrease of approximately 0.03 million barrels or 5.8% lower than barrel sales of 0.51 million barrels for the nine-months ended September 30, 2023.

Gross Profit

Gross profit was \$3.05 billion for the nine-months ended September 30, 2024, an increase of approximately \$190.6 million, or 6.7% higher than the gross profit of \$2.86 billion for the nine-months ended September 30, 2023. The increase in gross profit dollars was primarily the result of the \$270.7 million increase in net sales for the nine-months ended September 30, 2024.

Gross profit as a percentage of net sales increased to 53.6% for the nine-months ended September 30, 2024 from 52.8% for the nine-months ended September 30, 2023. The increase in gross profit as a percentage of net sales for the nine-months ended September 30, 2024 was primarily the result of the Pricing Actions, decreased freight-in costs and lower aluminum can costs, partially offset by higher promotional allowances as a percentage of net sales as well as production inefficiencies.

Operating Expenses

Total operating expenses were \$1.50 billion for the nine-months ended September 30, 2024, an increase of approximately \$160.9 million, or 12.0% higher than total operating expenses of \$1.34 billion for the nine-months ended September 30, 2023.

The increase in operating expenses was primarily due to increased selling and marketing expenses of \$63.9 million (primarily sponsorships and endorsements), increased payroll expenses of \$55.3 million, increased distribution expenses (including storage and warehouse) of \$20.5 million and the Hansen Expenses of \$16.7 million. Operating expenses as a percentage of net sales for the nine-months ended September 30, 2024 were 26.4% as compared to 24.7% for the nine-months ended September 30, 2023. Operating expenses for the nine-months ended September 30, 2023, included approximately \$15.1 million of Bang Transaction Expenses.

Operating Income

Operating income was \$1.55 billion for the nine-months ended September 30, 2024, an increase of approximately \$29.7 million, or 2.0% higher than operating income of \$1.52 billion for the nine-months ended September 30, 2023. The increase in operating income was primarily the result of an increase in net sales, as well as an increase in gross profit as a percentage of net sales, partially offset by an increase in operating expenses. Operating income as a percentage of net sales decreased to 27.3% for the nine-months ended September 30, 2024 from 28.1% for the nine-months ended September 30, 2023.

Operating income was \$419.0 million and \$322.0 million for the nine-months ended September 30, 2024 and 2023, respectively, for our operations in EMEA, Asia Pacific (including Oceania), Latin America and the Caribbean.

Operating income for the Monster Energy® Drinks segment, exclusive of corporate and unallocated expenses, was \$1.84 billion for the nine-months ended September 30, 2024, an increase of approximately \$79.7 million, or 4.5% higher than operating income of \$1.76 billion for the nine-months ended September 30, 2023. The increase in operating income for the Monster Energy® Drinks segment was primarily the result of an increase in net sales as well as an increase in gross profit as a percentage of net sales.

Operating income for the Strategic Brands segment, exclusive of corporate and unallocated expenses, was \$183.8 million for the nine-months ended September 30, 2024, an increase of approximately \$24.1 million, or 15.1% higher than operating income of \$159.6 million for the nine-months ended September 30, 2023. The increase in operating income for the Strategic Brands segment was primarily the result of an increase in net sales.

Operating loss for the Alcohol Brands segment, exclusive of corporate and unallocated expenses, was \$51.2 million for the nine-months ended September 30, 2024, an increase of approximately \$26.0 million, or 103.2% higher than operating loss of \$25.2 million for the nine-months ended September 30, 2023. The operating loss for the nine-months ended September 30, 2024 was primarily due to the decrease in net sales and the Alcohol Brands Inventory Reserves.

Operating income for the Other segment, exclusive of corporate and unallocated expenses, was \$3.9 million for the nine-months ended September 30, 2024, as compared to operating income of \$2.7 million for the nine-months ended September 30, 2023. The increase in operating income for the nine-months ended September 30, 2024 was primarily the result of a decrease in operating expenses.

Interest and Other Income (Expense), net

Interest and other non-operating income (expense), net, was \$54.3 million for the nine-months ended September 30, 2024, as compared to interest and other non-operating income (expense), net, of \$99.0 million for the nine-months ended September 30, 2023. Foreign currency transaction losses were \$24.7 million and \$38.6 million for the nine-months ended September 30, 2024 and 2023, respectively. Interest income was \$97.5 million and \$92.1 million for the nine-months ended September 30, 2024 and 2023, respectively. Interest expense was \$17.5 million and \$0.4 million for the nine-months ended September 30, 2024 and 2023, respectively. Interest and other non-operating income (expense), net, for the nine-months ended September 30, 2023 included the Bang Transaction Gain.

Provision for Income Taxes

Provision for income taxes was \$365.0 million for the nine-months ended September 30, 2024, an increase of \$10.6 million, or 3.0% higher than the provision for income taxes of \$354.4 million for the nine-months ended September 30, 2023. The effective combined federal, state and foreign tax rate increased to 22.8% from 21.9% for the nine-months ended September 30, 2024 and 2023, respectively. The increase in the effective tax rate was primarily attributable to a decrease in the stock-based compensation deduction in the nine-months ended September 30, 2024, as compared to the nine-months ended September 30, 2023.

Net Income

Net income was \$1.24 billion for the nine-months ended September 30, 2024, a decrease of \$25.7 million, or 2.0% lower than net income of \$1.26 billion for the nine-months ended September 30, 2023. The decrease in net income for the nine-months ended September 30, 2024 was primarily due to the increase in operating expenses and the decrease in interest and other income (expense), net, which were partially offset by the increase in net sales and in the increase in gross profit as a percentage of net sales.

Key Business Metrics

We use certain key metrics and financial measures not prepared in accordance with United States Generally Accepted Accounting Principles (“GAAP”) to evaluate and manage our business. For a further discussion of how we use key metrics and certain non-GAAP financial measures, see “Non-GAAP Financial Measures and Other Key Metrics.”

Non-GAAP Financial Measures and Other Key Metrics

Gross Billings**

Three-Months Ended September 30, 2024 Compared to the Three-Months Ended September 30, 2023.

Gross billings were \$2.21 billion for the three-months ended September 30, 2024, an increase of approximately \$60.2 million, or 2.8% higher than gross billings of \$2.15 billion for the three-months ended September 30, 2023. Net changes in foreign currency exchange rates had an unfavorable impact on gross billings of approximately \$65.2 million (\$26.8 million related to Argentina) for the three-months ended September 30, 2024. Gross billings on a foreign currency adjusted basis increased 5.8% (4.6% exclusive of Argentina’s impact) for the three-months ended September 30, 2024.

Gross billings for the Monster Energy® Drinks segment were \$2.03 billion for the three-months ended September 30, 2024, an increase of approximately \$47.2 million, or 2.4% higher than gross billings of \$1.99 billion for the three-months ended September 30, 2023. Net changes in foreign currency exchange rates had an unfavorable impact on gross billings for the Monster Energy® Drinks segment of approximately \$55.2 million (\$26.8 million related to Argentina) for the three-months ended September 30, 2024. Gross billings for the Monster Energy® Drinks segment on a foreign currency adjusted basis increased 5.2% (3.8% exclusive of Argentina’s impact) for the three-months ended September 30, 2024.

Gross billings for the Strategic Brands segment were \$128.5 million for the three-months ended September 30, 2024, an increase of \$15.9 million, or 14.2% higher than gross billings of \$112.5 million for the three-months ended September 30, 2023. Gross billings for the Strategic Brands segment increased primarily due to increased sales by volume of our Burn® and Predator® brand energy drinks. Net changes in foreign currency exchange rates had an unfavorable impact on gross billings in the Strategic Brands segment of approximately \$10.0 million for the three-months ended September 30, 2024. Gross billings for the Strategic Brands segment on a foreign currency adjusted basis increased 23.1% for the three-months ended September 30, 2024.

Gross billings for the Alcohol Brands segment were \$40.8 million for the three-months ended September 30, 2024, a decrease of approximately \$2.3 million, or 5.3% lower than gross billings of \$43.1 million for the three-months ended September 30, 2023. The decrease in gross billings for the three-months ended September 30, 2024 was primarily due to decreased sales by volume of craft beers.

Gross billings for the Other segment were \$6.0 million for the three-months ended September 30, 2024, a decrease of \$0.7 million, or 9.8% lower than gross billings of \$6.7 million for the three-months ended September 30, 2023.

Promotional allowances, commissions and other expenses, as described in the footnote below, were \$338.1 million for the three-months ended September 30, 2024, an increase of \$35.2 million, or 11.6% higher than promotional allowances, commissions and other expenses of \$302.8 million for the three-months ended September 30, 2023. Promotional allowances, commissions and other expenses as a percentage of gross billings increased to 15.3% from 14.1% for the three-months ended September 30, 2024 and 2023, respectively.

Nine-Months Ended September 30, 2024 Compared to the Nine-Months Ended September 30, 2023.

Gross billings were \$6.62 billion for the nine-months ended September 30, 2024, an increase of approximately \$370.1 million, or 5.9% higher than gross billings of \$6.25 billion for the nine-months ended September 30, 2023. Net changes in foreign currency exchange rates had an unfavorable impact on gross billings of approximately \$196.6 million (\$111.2 million related to Argentina) for the nine-months ended September 30, 2024. Gross billings on a foreign currency adjusted basis increased 9.1% (7.3% exclusive of Argentina’s impact) for the nine-months ended September 30, 2024.

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Gross billings for the Monster Energy® Drinks segment were \$6.08 billion for the nine-months ended September 30, 2024, an increase of approximately \$330.3 million, or 5.7% higher than gross billings of \$5.75 billion for the nine-months ended September 30, 2023. Gross billings for the Monster Energy® Drinks segment increased primarily due to increased worldwide sales by volume of our Monster Energy® brand energy drinks as a result of increased consumer demand as well as due to the Pricing Actions. Net changes in foreign currency exchange rates had an unfavorable impact on gross billings for the Monster Energy® Drinks segment of approximately \$162.8 million (\$111.2 million related to Argentina) for the nine-months ended September 30, 2024. Gross billings for the Monster Energy® Drinks segment on a foreign currency adjusted basis increased 8.6% (6.6% exclusive of Argentina’s impact) for the nine-months ended September 30, 2024.

Gross billings for the Strategic Brands segment were \$374.1 million for the nine-months ended September 30, 2024, an increase of \$51.3 million, or 15.9% higher than gross billings of \$322.8 million for the nine-months ended September 30, 2023. Gross billings for the Strategic Brands segment increased primarily due to increased sales by volume of our Burn®, NOS®, Predator® and Fury® brand energy drinks. Net changes in foreign currency exchange rates had an unfavorable impact on gross billings in the Strategic Brands segment of approximately \$33.8 million for the nine-months ended September 30, 2024. Gross billings for the Strategic Brands segment on a foreign currency adjusted basis increased 26.4% for the nine-months ended September 30, 2024.

Gross billings for the Alcohol Brands segment were \$140.8 million for the nine-months ended September 30, 2024, a decrease of approximately \$11.5 million, or 7.6% lower than gross billings of \$152.3 million for the nine-months ended September 30, 2023. The decrease in gross billings for the nine-months ended September 30, 2024 was primarily due to decreased sales by volume of craft beers.

Gross billings for the Other segment were \$18.7 million for the nine-months ended September 30, 2024, an increase of \$0.1 million, or 0.3% higher than gross billings of \$18.6 million for the nine-months ended September 30, 2023.

Promotional allowances, commissions and other expenses, as described in the footnote below, were \$965.3 million for the nine-months ended September 30, 2024, an increase of \$99.3 million, or 11.5% higher than promotional allowances, commissions and other expenses of \$866.0 million for the nine-months ended September 30, 2023. Promotional allowances, commissions and other expenses as a percentage of gross billings increased to 14.6% from 13.9% for the nine-months ended September 30, 2024 and 2023, respectively.

***Gross Billings represent amounts invoiced to customers net of cash discounts, returns and excise taxes. Gross billings are used internally by management as an indicator of and to monitor operating performance, including sales performance of particular products, salesperson performance, product growth or declines and is useful to investors in evaluating overall Company performance. The use of gross billings allows evaluation of sales performance before the effect of any promotional items, which can mask certain performance issues. We therefore believe that the presentation of gross billings provides a useful measure of our operating performance. The use of gross billings is not a measure that is recognized under GAAP and should not be considered as an alternative to net sales, which is determined in accordance with GAAP, and should not be used alone as an indicator of operating performance in place of net sales. Additionally, gross billings may not be comparable to similarly titled measures used by other companies, as gross billings has been defined by our internal reporting practices. In addition, gross billings may not be realized in the form of cash receipts as promotional payments and allowances may be deducted from payments received from certain customers.*

The following table reconciles the non-GAAP financial measure of gross billings with the most directly comparable GAAP financial measure of net sales:

(In thousands)	Three-Months Ended		Percentage Change 24 vs. 23	Nine-Months Ended		Percentage Change 24 vs. 23
	September 30,			September 30,		
	2024	2023		2024	2023	
Gross Billings	\$ 2,209,023	\$ 2,148,834	2.8 %	\$ 6,616,108	\$ 6,245,968	5.9 %
Deferred Revenue	10,044	10,043	0.0 %	29,897	29,974	(0.3)%
Less: Promotional allowances, commissions and other expenses***	338,094	302,849	11.6 %	965,337	866,023	11.5 %
Net Sales	<u>\$ 1,880,973</u>	<u>\$ 1,856,028</u>	1.3 %	<u>\$ 5,680,668</u>	<u>\$ 5,409,919</u>	5.0 %

****Although the expenditures described in this line item are determined in accordance with GAAP and meet GAAP requirements, the presentation thereof does not conform to GAAP presentation requirements. Additionally, our definition of promotional and other allowances may not be comparable to similar items presented by other companies. Promotional and other allowances for our energy drink products primarily include consideration given to our non-alcohol bottlers/distributors or retail customers including, but not limited to the following: (i) discounts granted off list prices to support price promotions to end-consumers by retailers; (ii) reimbursements given to our bottlers/distributors for agreed portions of their promotional spend with retailers, including slotting, shelf space allowances and other fees for both new and existing products; (iii) our agreed share of fees given to*

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bottlers/distributors and/or directly to retailers for advertising, in-store marketing and promotional activities; (iv) our agreed share of slotting, shelf space allowances and other fees given directly to retailers, club stores and/or wholesalers; (v) incentives given to our bottlers/distributors and/or retailers for achieving or exceeding certain predetermined sales goals; (vi) discounted or free products; (vii) contractual fees given to our bottlers/distributors related to sales made by us direct to certain customers that fall within the bottlers'/distributors' sales territories; and (viii) certain commissions paid based on sales to our bottlers/distributors. The presentation of promotional and other allowances facilitates an evaluation of their impact on the determination of net sales and the spending levels incurred or correlated with such sales. Promotional and other allowances for our energy drink products constitute a material portion of our marketing activities. Our promotional allowance programs for our energy drink products with our numerous bottlers/distributors and/or retailers are executed through separate agreements in the ordinary course of business. These agreements generally provide for one or more of the arrangements described above and are of varying durations, ranging from one week to one year. Promotional and other allowances for our Alcohol Brands segment primarily include price promotions where permitted.

Sales

The table below discloses selected quarterly data regarding sales for the three- and nine-months ended September 30, 2024 and 2023, respectively. Data from any one or more quarters or periods is not necessarily indicative of annual results or continuing trends.

Sales of our energy drinks are expressed in unit case volume. A “unit case” means a unit of measurement equal to 192 U.S. fluid ounces of finished beverage (24 eight-ounce servings). Unit case volume means the number of unit cases (or unit case equivalents) of finished products or concentrates as if converted into finished products sold by us.

Our quarterly results of operations reflect seasonal trends that are primarily the result of increased demand in the warmer months of the year. Beverage sales tend to be lower during the first and fourth quarters of each calendar year. However, our experience with our energy drink products suggests they are less seasonal than the seasonality expected from traditional beverages. In addition, our continued growth internationally may further reduce the impact of seasonality on our business. Quarterly fluctuations may also be affected by other factors including the introduction of new products, the opening of new markets where temperature fluctuations are more pronounced, the addition of new bottlers/distributors, changes in the sales mix of our products and changes in advertising and promotional expenses.

(In thousands, except average net sales per case)	Three-Months Ended September 30,		Nine-Months Ended September 30,	
	2024	2023	2024	2023
Net sales	\$ 1,880,973	\$ 1,856,028	\$ 5,680,668	\$ 5,409,919
Less: Alcohol Brands segment sales	(39,784)	(42,326)	(137,417)	(149,692)
Less: Other segment sales	(5,930)	(6,698)	(18,467)	(18,620)
Adjusted net sales ¹	\$ 1,835,259	\$ 1,807,004	\$ 5,524,784	\$ 5,241,607
Case sales by segment: ¹				
Monster Energy® Drinks	172,587	165,504	507,970	479,964
Strategic Brands	46,822	37,584	135,063	103,973
Total case sales	219,409	203,088	643,033	583,937
Average net sales per case - Energy Drinks	\$ 8.36	\$ 8.90	\$ 8.59	\$ 8.98

¹Excludes Alcohol Brands segment and Other segment net sales.

Net changes in foreign currency exchange rates had an unfavorable impact on the overall average net sales per case for the three- and nine-months ended September 30, 2024.

The following represents case sales for our craft beers, hard seltzers and FMBs, in 192-ounce equivalents:

(In thousands, except average net sales per case)	Three-Months Ended September 30,		Nine-Months Ended September 30,	
	2024	2023	2024	2023
Alcohol Brands segment net sales	\$ 39,784	\$ 42,326	\$ 137,417	\$ 149,692
Case sales	2,845	3,034	9,967	10,581
Average net sales per case - Alcohol Brands	\$ 13.98	\$ 13.95	\$ 13.79	\$ 14.15

See Item 2, “Management’s Discussion and Analysis of Financial Condition and Results of Operations – Results of Operations” for additional information related to net sales.

Liquidity and Capital Resources

Cash and cash equivalents. At September 30, 2024, we had \$1.63 billion in cash and cash equivalents. Of our \$1.63 billion of cash and cash equivalents held at September 30, 2024, \$1.12 billion was held by our foreign subsidiaries.

Long-term debt. In May 2024, the Company entered into a credit agreement with JPMorgan Chase Bank, N.A., as administrative agent, and certain other lenders, which provides for senior unsecured credit facilities in an aggregate principal amount of \$1.50 billion (collectively, the “Credit Facilities”). The Credit Facilities consist of a \$750.0 million term loan (the “Term Loan”) and up to \$750.0 million in multicurrency revolving loan commitments (the “Revolving Credit Facility”). The Term Loan matures May 2027 and the Revolving Credit Facility matures May 2029. Borrowings under the Credit Facilities may be repaid at any time during the term of the Credit Facilities and, in the case of the Revolving Credit Facility, may be reborrowed prior to the maturity date. As of September 30, 2024, the Revolving Credit Facility had remaining availability of \$750.0 million.

We believe that cash available from operations, including our cash resources and access to credit, will be sufficient for our working capital needs, including purchase commitments for raw materials and inventory, increases in accounts receivable, payments of tax liabilities, expansion and development requirements, purchases of capital assets, purchases of equipment, purchases of real property and purchases of shares of our common stock, through at least the next 12 months. Based on our current plans, at this time we estimate that capital expenditures (exclusive of common stock repurchases) are likely to be less than \$500.0 million through September 30, 2025. However, future business opportunities may cause a change in this estimate.

Purchases of inventories, increases in accounts receivable and other assets, acquisition of property and equipment (including real property, personal property, plant and manufacturing equipment, and coolers), leasehold improvements, advances for or the purchase of equipment for our bottlers, acquisition and maintenance of trademarks, payments of accounts payable, income taxes payable and purchases of our common stock are expected to remain our principal recurring use of cash.

The following summarizes our cash flows for the nine-months ended September 30, 2024 and 2023 (in thousands):

Net cash provided by (used in):

	2024	2023
Operating activities	\$ 1,466,832	\$ 1,283,426
Investing activities	\$ 843,018	\$ (360,023)
Financing activities	\$ (2,967,704)	\$ (433,793)

Cash flows provided by operating activities. Cash provided by operating activities was \$1.47 billion for the nine-months ended September 30, 2024, as compared with cash provided by operating activities of \$1.28 billion for the nine-months ended September 30, 2023.

For the nine-months ended September 30, 2024, cash provided by operating activities was primarily attributable to net income earned of \$1.24 billion and adjustments for certain non-cash expenses, consisting primarily of \$69.6 million of depreciation and amortization and non-cash lease expense and \$68.8 million of stock-based compensation. For the nine-months ended September 30, 2024, cash provided by operating activities also increased due to a \$197.1 million decrease in inventories, a \$46.7 million increase in accrued liabilities, a \$31.5 million increase in accrued promotional allowances and a \$4.2 million increase in income taxes payable. For the nine-months ended September 30, 2024, cash used in operating activities was primarily attributable to a \$106.4 million increase in accounts receivable, a \$39.7 million increase in prepaid income taxes, a \$14.3 million decrease in accounts payable, a \$12.7 million decrease in deferred revenue, a \$6.0 million decrease in accrued compensation, a \$5.9 million increase in prepaid expenses and other assets and a \$2.4 million decrease in other liabilities.

For the nine-months ended September 30, 2023, cash provided by operating activities was primarily attributable to net income earned of \$1.26 billion and adjustments for certain non-cash expenses, consisting of \$50.4 million of depreciation and amortization, \$52.5 million of stock-based compensation, \$6.5 million of non-cash lease expense and \$2.8 million loss on impairment of intangibles, partially offset by the \$45.4 million Bang Transaction Gain. For the nine-months ended September 30, 2023, cash provided by operating activities also increased due to a \$109.8 million increase in accounts payable, a \$69.8 million decrease in inventories, a \$42.4 million

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increase in accrued promotional allowances, a \$24.7 million increase in accrued liabilities, a \$8.0 million decrease in prepaid income taxes, a \$4.2 million increase in income taxes payable and a \$3.5 million increase in accrued compensation. For the nine-months ended September 30, 2023, cash used in operating activities was primarily attributable to a \$218.8 million increase in accounts receivable, a \$67.4 million increase in prepaid expenses and other assets, a \$19.3 million decrease in deferred revenue and a \$3.6 million decrease in other liabilities.

Cash flows provided by (used in) investing activities. Cash provided by investing activities was \$843.0 million for the nine-months ended September 30, 2024, as compared to cash used in investing activities of \$360.0 million for the nine-months ended September 30, 2023.

For both the nine-months ended September 30, 2024 and 2023, cash provided by investing activities was primarily attributable to sales of available-for-sale investments. For both the nine-months ended September 30, 2024 and 2023, cash used in investing activities was primarily attributable to purchases of available-for-sale investments. For the nine-months ended September 30, 2023, cash used in investing activities included \$363.4 million related to the acquisition of the Bang Energy® business. To a lesser extent, for both the nine-months ended September 30, 2024 and 2023, cash used in investing activities also included the acquisitions of fixed assets consisting of vans and promotional vehicles, coolers and other equipment to support our marketing and promotional activities, production equipment, furniture and fixtures, office and computer equipment, computer software, equipment used for sales and administrative activities, certain leasehold improvements, as well as acquisitions of and/or construction of and/or improvements to real property. We expect to continue to use a portion of our cash in excess of our requirements for operations for purchasing short-term and long-term investments, leasehold improvements, the acquisition of capital equipment (specifically, vans, trucks and promotional vehicles, coolers, other promotional equipment, merchandise displays, warehousing racks as well as items of production equipment required to produce certain of our existing and/or new products) to develop our brand in international markets and for other corporate purposes. From time to time, we may also use cash to purchase additional real property related to our beverage business and/or acquire compatible businesses.

Cash flows used in financing activities. Cash used in financing activities was \$2.97 billion for the nine-months ended September 30, 2024, as compared to cash used in financing activities of \$433.8 million for the nine-months ended September 30, 2023. The cash used in financing activities for both the nine-months ended September 30, 2024 and 2023 was primarily the result of the repurchases of our common stock. The cash provided by financing activities for the nine-months ended September 30, 2024 was primarily attributable to borrowings under the Credit Facilities and, to a lesser extent, the issuance of our common stock under our stock-based compensation plans. The cash provided by financing activities for the nine-months ended September 30, 2023 was primarily attributable to the issuance of our common stock under our stock-based compensation plans.

The following represents a summary of the Company's contractual commitments and related scheduled maturities as of September 30, 2024:

Obligations	Payments due by period (in thousands)				
	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
Contractual Obligations ¹	\$ 400,579	\$ 299,956	\$ 88,133	\$ 11,168	\$ 1,322
Finance Leases	2,797	2,750	27	20	—
Operating Leases	65,179	13,624	21,868	16,277	13,410
Credit Facilities	750,000	—	—	750,000	—
Purchase Commitments ²	238,089	193,428	44,645	16	—
	<u>\$ 1,456,644</u>	<u>\$ 509,758</u>	<u>\$ 154,673</u>	<u>\$ 777,481</u>	<u>\$ 14,732</u>

¹Contractual obligations include our obligations related to sponsorships and other commitments.

²Purchase commitments include obligations made by us and our subsidiaries to various suppliers for raw materials used in the production of our products. These obligations vary in terms but are generally satisfied within one year.

In addition, approximately \$3.7 million of unrecognized tax benefits have been recorded as liabilities as of September 30, 2024. It is expected that the amount of unrecognized tax benefits will not significantly change within the next 12 months. As of September 30, 2024, we had \$0.9 million of accrued interest and penalties related to unrecognized tax benefits.

Critical Accounting Policies and Estimates

Our consolidated financial statements are prepared in accordance with GAAP. GAAP requires us to make estimates and assumptions that affect the reported amounts in our consolidated financial statements. Critical accounting estimates are those that management believes are the most important to the portrayal of our financial condition and results and require the most difficult, subjective or complex judgments, often as a result of the need to make estimates about the effect of matters that are inherently uncertain and that have had, or are reasonably likely to have, a material impact on our financial condition or results of operations. Judgments and uncertainties may result in materially different amounts being reported under different conditions or using different assumptions. There have been no material changes to our critical accounting policies or estimates from the information provided in “Part II, Item 7, Management’s Discussion and Analysis of Financial Condition and Results of Operations” and “Part II, Item 8 – Financial Statements and Supplementary Data – Note 1 – Organization and Summary of Significant Accounting Policies”, included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2023 (“Form 10-K”).

Recent Accounting Pronouncements

The information required by this Item is incorporated herein by reference to the Notes to Condensed Consolidated Financial Statements - Note 1. Recent Accounting Pronouncements, in Part I, Item 1, of this Quarterly Report on Form 10-Q.

Inflation

Inflation had an impact on our results of operations for the three- and nine-months ended September 30, 2024 primarily due to inflation related local currency price increases in certain international markets.

Forward-Looking Statements

Certain statements made in this report may constitute forward-looking statements (within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended) (the “Exchange Act”) regarding the expectations of management with respect to revenues, profitability, adequacy of funds from operations and our existing credit facility, among other things. All statements containing a projection of revenues, income (loss), earnings (loss) per share, capital expenditures, dividends, capital structure or other financial items, a statement of management’s plans and objectives for future operations, or a statement of future economic performance contained in management’s discussion and analysis of financial condition and results of operations, including statements related to new products, volume growth and statements encompassing general optimism about future operating results and non-historical information, are forward-looking statements within the meaning of the Exchange Act. Without limiting the foregoing, the words “believes,” “thinks,” “anticipates,” “plans,” “expects,” “estimates” and similar expressions are intended to identify forward-looking statements.

Management cautions that these statements are qualified by their terms and/or important factors, many of which are outside our control and involve a number of risks, uncertainties and other factors, that could cause actual results and events to differ materially from the statements made including, but not limited to, the following:

- Our ability to achieve profitability within our Alcohol Brands segment;
- Our ability to successfully integrate the Bang Energy® business and recognize the anticipated benefits of the transaction;
- Our ability to consolidate operations and/or rationalize brands acquired from Monster Brewing Company;
- Our ability to absorb, mitigate or pass on cost increases to our bottlers/distributors and/or customers and/or consumers;
- The impact of rising costs, interest rates, and inflation on the discretionary income of our consumers;
- Uncertainties associated with an economic slowdown or recession that could negatively impact the financial condition of our customers and could result in a reduced demand for our products;
- The impact of military conflicts, including supply chain disruptions, volatility in commodity and energy prices, increased economic uncertainty and escalating geopolitical tensions;
- Fluctuations in growth and/or growth rates (positive or negative) of the domestic and international energy drink categories generally, including in the convenience and gas channel (which is our largest channel) and the impact on demand for our products resulting from deteriorating economic conditions and/or financial uncertainties including a slowdown in consumer spending generally or reduced demand for consumer goods;

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- Lack of anticipated demand for our products in domestic and/or international markets;
- Our ability to sustain the current level of sales of and/or achieve growth for our Monster Energy®, Reign Total Body Fuel®, Reign Storm®, Bang Energy® and NOS® brand energy drinks and/or our other products, including our Strategic Brands and Alcohol Brands;
- The impact of temporary or permanent facility closures, production slowdowns and disruptions in operations experienced by our manufacturing facilities, our suppliers, bottlers/distributors, co-packers, and/or breweries, including any material disruptions on the production and distribution of our products;
- Disruption to our and/or our co-packers' manufacturing facilities and operations due to severe weather, natural disasters, climate change, labor-related issues, production difficulties, capacity limitations, cybersecurity incidents or other causes, which could impair our ability to produce or deliver finished products, resulting in a negative impact on our operating results;
- Our ability to modify our manufacturing facilities to comply with safety, health, environmental, and other regulations;
- The consolidation of co-packers leading us to increasingly rely on fewer co-packing groups, certain of which account for a large percentage of our co-packing capacity for our Monster Energy® drinks;
- The impact of logistical issues and delays, including shortages of shipping containers and port of entry congestion;
- We have extensive commercial arrangements with TCCC and, as a result, our future performance is substantially dependent on the success of our relationship with TCCC;
- The consequence of TCCC's bottlers/distributors distributing Coca-Cola brand energy drinks, possible reductions in the number of our SKUs carried by such bottlers/distributors and/or such bottlers/distributors imposing limitations on distributing new product SKUs;
- The effect of TCCC being one of our significant stockholders and the potential divergence of TCCC's interests from those of our other stockholders;
- Our ability to maintain relationships with TCCC system bottlers/distributors and manage their ongoing commitment to focus on our non-alcohol products;
- Disruptions in distribution channels and/or declines in sales due to the termination and/or insolvency of existing and/or new domestic and/or international bottlers/distributors;
- Fluctuations in our inventory levels or those of our bottlers/distributors, planned or otherwise, and the resultant impact on our revenues;
- Unfavorable regulations, including taxation, age restrictions imposed on the sale, purchase, or consumption of our products, marketing restrictions, product registration requirements, tariffs, trade restrictions, container size limitations and/or ingredient restrictions;
- The effect of inquiries from, and/or actions by, state attorneys general, the Federal Trade Commission (the "FTC"), the Food and Drug Administration (the "FDA"), the Bureau of Alcohol, Tobacco, Firearms and Explosives (the "ATF"), municipalities, city attorneys, other government agencies, quasi-government agencies, government officials (including members of the U.S. Congress) and/or analogous central and local agencies and other authorities in the foreign countries in which our products are manufactured and/or distributed into the advertising, marketing, promotion, ingredients, sale and/or consumption of our products, including voluntary and/or required changes to our business practices;
- Our ability to comply with laws, regulations and evolving industry standards regarding consumer privacy and data use and security, including, but not limited to, with respect to the General Data Protection Regulation and the California Consumer Privacy Act of 2018;
- Our ability to achieve profitability and/or repatriate cash from certain of our operations outside the United States;
- Our ability to manage legal and regulatory requirements in foreign jurisdictions, potential difficulties in staffing and managing foreign operations and potentially higher incidence of fraud or corruption and credit risk of foreign customers and/or bottlers/distributors;
- Changes in U.S. tax laws as a result of any legislation proposed by the U.S. Presidential Administration or U.S. Congress, which may include efforts to change or repeal the 2017 Tax Cuts and Jobs Act and the federal corporate income tax rate reduction;
- Our ability to produce our products in international markets in which they are sold, thereby reducing freight costs and/or product damages;
- Our ability to effectively manage our inventories and/or our accounts receivables;

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- Our foreign currency exchange rate risk with respect to our sales, expenses, profits, assets and liabilities denominated in currencies other than the U.S. dollar, which will continue to increase as foreign sales increase;
- Changes in accounting standards may affect our reported profitability;
- Implications of the Organization for Economic Cooperation and Development's base erosion and profit shifting project;
- Any proceedings that may be brought against us by the U.S. Securities and Exchange Commission (the "SEC"), the FDA, the FTC, the ATF or other governmental or quasi-governmental agencies or bodies;
- The outcome and/or possibility of future shareholder derivative actions or shareholder securities litigation that may be filed against us and/or against certain of our officers and directors, and the possibility of other private shareholder litigation;
- The outcome of product liability or consumer fraud litigation and/or class action litigation (or its analog in foreign jurisdictions) regarding the safety of our products and/or the ingredients in our products and/or claims made in connection with our products and/or alleging false advertising, marketing and/or promotion, and the possibility of future product liability and/or class action lawsuits;
- Exposure to significant liabilities due to litigation, legal or regulatory proceedings, including litigation directed at the energy and alcohol beverage industries generally or at the Company in particular;
- Intellectual property injunctions;
- Unfavorable resolution of possible tax matters;
- Uncertainty and volatility in the domestic and global economies, including risk of counterparty default or failure;
- Our ability to address any significant deficiencies or material weakness in our internal controls over financial reporting;
- Our ability to continue to generate sufficient cash flows to support our expansion plans and general operating activities;
- The sufficiency of our existing capital resources and credit facilities;
- Our anticipated use of our existing cash resources and our ability to obtain additional financing in the future;
- Decreased demand for our products resulting from changes in consumer preferences, including, but not limited to: changes in demand for different packages, sizes and configurations; changes due to perceived health concerns such as obesity, ingredients in our products or packaging, and alcohol abuse; changes due to product safety concerns; and/or changes due to decreased consumer discretionary spending power;
- Adverse publicity surrounding obesity, alcohol consumption, and other health concerns related to our products, product safety and quality, water usage, environmental impact and sustainability, human rights, our culture, workforce and labor and workplace laws;
- Our ability to meet or comply with sustainability-related expectations, standards, and regulations, including rules adopted by the SEC, laws implemented by the California legislature, and directives adopted by the European Commission;
- Changes in demand that are weather or season related and/or for other reasons, including changes in product category and/or package consumption;
- Changes in cost and availability of certain key ingredients including aluminum cans, as well as disruptions to the supply chain, as a result of climate change and poor or extreme weather conditions;
- The impact of unstable political conditions, civil unrest, large scale terrorist acts, the outbreak or escalation of armed hostilities, major natural disasters and extreme weather conditions, widespread outbreaks of infectious diseases (such as the COVID-19 pandemic), or unforeseen economic and political changes and local or international catastrophic events;
- The impact on our business of competitive products and pricing pressures and our ability to increase or maintain our market share as a result of actions by competitors, including unsubstantiated and/or misleading claims, false advertising claims and tortious interference, as well as competitors selling misbranded products;
- The impact on our business of trademark and trade dress infringement proceedings brought against us relating to any of our brands, which could result in an injunction barring us from selling certain of our products and/or require changes to be made to our current trade dress;
- Our ability to implement and/or maintain price increases, including through reductions in promotional allowances;
- An inability to achieve volume growth through product and packaging initiatives;
- Our ability to implement our growth strategy, including expanding our business in existing and new sectors, such as the alcohol beverage sector;
- The inherent operational risks presented by the alcohol beverage industry that may not be adequately covered by insurance or lead to litigation relating to alcohol marketing, advertising, or distribution practices, alcohol abuse problems and other health consequences arising from excessive consumption of or other misuse of alcohol, including death;

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- Our inability to transition distribution agreements in our Alcohol Brands segment and/or the impact of higher costs to change distributors for our alcohol beverages;
- The impact of criticism of our products and/or the energy drink and/or alcohol beverage markets generally and/or legislation enacted (whether as a result of such criticism or otherwise) that restricts the marketing or sale of energy drinks and/or alcohol beverages (including prohibiting the sale of energy and/or alcohol drinks at certain establishments or pursuant to certain governmental programs), limits caffeine or alcohol content in beverages, requires certain product labeling disclosures and/or warnings, imposes excise and/or sales taxes, limits product sizes and/or imposes age restrictions for the sale of energy and/or alcohol drinks;
- Our ability to comply with and/or resulting lower consumer demand and/or lower profit margins for energy drinks and/or alcohol beverages due to proposed and/or future U.S. federal, state and local laws and regulations and/or proposed or existing laws and regulations in certain foreign jurisdictions and/or any changes therein, including changes in taxation requirements (including tax rate changes, new tax laws, new and/or increased excise, sales and/or other taxes on our products and revised tax law interpretations) and environmental laws, as well as the Federal Food, Drug, and Cosmetic Act and regulations or rules made thereunder or in connection therewith by the FDA. In addition, our business may be adversely impacted by changes in other food, drug or similar laws in the United States and internationally as well as laws and regulations or rules made or enforced by the ATF and/or the FTC or their foreign counterparts;
- Disruptions in the timely import or export of our products and/or ingredients including flavors, flavor ingredients and supplement ingredients due to port congestion, strikes and related labor issues or otherwise;
- Our ability to satisfy all criteria set forth in any model energy and/or alcohol drink guidelines, including, without limitation, those adopted by the American Beverage Association, of which we are a member, and/or any international beverage associations and the impact that our failure to satisfy such guidelines may have on our business;
- The effect of unfavorable or adverse public relations, press, articles, comments and/or media attention;
- Changes in the cost, quality and availability of containers, packaging materials, aluminum cans or kegs, the Midwest and other premiums, raw materials, including flavors and flavor ingredients, and other ingredients and juice concentrates, co-packing fees, and our ability to obtain and/or maintain favorable supply arrangements and relationships and procure timely and/or sufficient production of all or any of our products to meet customer demand;
- Any shortages that may be experienced in the procurement of containers and/or other raw materials including, without limitation, water, flavors, flavor ingredients, supplement ingredients, aluminum cans generally, to a limited extent PET containers, 24-ounce aluminum cap cans, 19.2-ounce cans and 550ml BRE aluminum cans with resealable ends;
- Our ability to access, secure and purify sufficient supplies of quality water;
- Limitations in procuring sufficient quantities of aluminum cans;
- In order to secure sufficient quantities of aluminum cans and sufficient co-packing availability in the future, we may be required to commit to minimum purchase volumes and/or minimum co-packing volumes. In the event that we over-estimate future demand for our products and therefore may not purchase such minimum quantities in full, or utilize such minimum co-packing volumes in full, we may incur claims and/or costs or losses in respect of such shortfalls;
- The impact on our cost of sales of corporate activity among the limited number of suppliers from whom we purchase certain raw materials;
- Our ability to pass on to our customers all or a portion of any increases in the costs of raw materials, ingredients, commodities and/or other cost inputs affecting our business;
- Our ability to penetrate new domestic and/or international markets and/or gain approval or mitigate the delay in securing approval for the sale of our products in various countries;
- The effectiveness of sales and/or marketing efforts by us and/or by the bottlers/distributors of our products, most of whom distribute products that may be regarded as competitive with our products;
- Unilateral decisions by bottlers/distributors, buying groups, convenience and gas chains, grocery chains, mass merchandisers, specialty chain stores, e-commerce retailers, e-commerce websites, club stores and other customers to discontinue carrying all or any of our products that they are carrying at any time, restrict the range of our products they carry, impose restrictions or limitations on the sale of our products and/or the sizes of containers of our products and/or devote less resources to the sale of our products;
- The impact of certain activities by competitors and others to persuade regulators and/or retailers and/or customers in certain countries to reduce the permitted or maximum container sizes for our products from those currently being sold and marketed by us;

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- The impact of possible trading disputes between our bottler/distributors and their customers and/or one or more buying groups which may result in the delisting of certain of our products, temporarily or otherwise;
- The effects of retailer consolidation on our business and our ability to successfully adapt to the rapidly changing retail landscape, including, but not limited to, competition from new entrants, consolidations by competitors and retailers, and other competitive activities;
- Our ability to adapt to the changing retail landscape with the rapid growth in e-commerce retailers;
- The effects of bottler/distributor consolidation on our business;
- The costs and/or effectiveness, now or in the future, of our sponsorships and endorsements, marketing and promotional strategies;
- The success of our sports marketing, social media and other general marketing endeavors both domestically and internationally;
- Possible product recalls and/or reformulations of certain of our products and/or market withdrawals of certain of our products due to defective packaging and/or non-compliant formulas or production in one or more jurisdictions;
- The failure of our bottlers and/or co-packers to manufacture our products on a timely basis or at all;
- Our ability to make suitable arrangements and/or procure sufficient capacity for the co-packing of any of our products both domestically and internationally, the timely replacement of discontinued co-packing arrangements and/or limitations on co-packing availability, including for retort production;
- Our ability to make suitable arrangements for the timely procurement of non-defective raw materials;
- Our inability to protect and/or the loss of our intellectual property rights and/or our inability to use our trademarks, trade names or designs and/or trade dress in certain countries;
- Volatility of stock prices which may restrict stock sales, stock purchases or other opportunities as well as negatively impact the motivation of equity award grantees;
- Provisions in our organizational documents and/or control by insiders which may prevent changes in control even if such changes would be beneficial to other stockholders;
- Any disruption in and/or lack of effectiveness of our information technology systems, including a breach of cyber security, that disrupts our business or negatively impacts customer relationships, as well as cybersecurity incidents involving data shared with or by third parties; and
- Succession plans for and/or the recruitment and retention of senior management, other key employees and our employee base in general.

The foregoing list of important factors and other risks detailed from time to time in our reports filed with the SEC is not exhaustive. See “Part II, Item 1A – Risk Factors” for a more complete discussion of these risks and uncertainties and for other risks and uncertainties. Those factors and the other risk factors described therein are not necessarily all of the important factors that could cause actual results or developments to differ materially from those expressed in any of our forward-looking statements. Other unknown or unpredictable factors also could harm our results. Consequently, our actual results could be materially different from the results described or anticipated by our forward-looking statements due to the inherent uncertainty of estimates, forecasts and projections and may be better or worse than anticipated. Given these uncertainties, you should not rely on forward-looking statements. Forward-looking statements represent our estimates and assumptions only as of the date that they were made. We expressly disclaim any duty to provide updates to forward-looking statements, and the estimates and assumptions associated with them, after the date of this report, in order to reflect changes in circumstances or expectations or the occurrence of unanticipated events except to the extent required by applicable securities laws.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

There have been no material changes in our market risks during the three-months ended September 30, 2024 compared with the disclosures in Part II, Item 7A of our Form 10-K.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures – Under the supervision and with the participation of the Company’s management, including our Co-Chief Executive Officers and Chief Financial Officer, we have evaluated the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rules 13(a)-15(e) and 15(d)-15(e) of the Exchange Act) as of the end of the period covered by this report. Based upon this evaluation, the Co-Chief Executive Officers and Chief Financial Officer have concluded that our disclosure controls and procedures are adequate and effective to ensure that information we are required to disclose in reports that we file or submit under the Exchange Act is (1) recorded, processed, summarized and reported within the time periods specified in rules and forms of the SEC and (2) accumulated and communicated to our management, including its principal executive and principal financial officers, as appropriate, to allow timely decisions regarding required disclosures.

Changes in Internal Control Over Financial Reporting – There were no changes in the Company’s internal controls over financial reporting during the quarter ended September 30, 2024, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

The information required by this Item is incorporated herein by reference to the Notes to Condensed Consolidated Financial Statements - Note 12. Commitments and Contingencies: Litigation in Part I, Item 1, of this Quarterly Report on Form 10-Q.

ITEM 1A. RISK FACTORS

In addition to the other information set forth in this Quarterly Report on Form 10-Q, including Management's Discussion and Analysis of Financial Condition and Results of Operations and the condensed consolidated financial statements and related notes, you should carefully consider the risks discussed in "Part I, Item 1A – Risk Factors" in our Form 10-K. If any of these risks occur or continue to occur, our business, reputation, financial condition and/or operating results could be materially adversely affected. We also note that the risk factors described in this report and our Form 10-K are not the only risks facing our Company, and such additional risks or uncertainties that we currently deem to be immaterial or are unknown to us could negatively impact our business, operations, or financial results.

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

Share Repurchase Programs

On November 2, 2022, the Company's Board of Directors authorized a share repurchase program for the purchase of up to an additional \$500.0 million of the Company's outstanding common stock (the "November 2022 Repurchase Plan"). During the three-months ended September 30, 2024, the Company repurchased approximately 0.7 million shares of its common stock at an average purchase price of \$49.83 per share, for a total amount of approximately \$34.7 million, which exhausted the availability under the November 2022 Repurchase Plan.

On November 7, 2023, the Company's Board of Directors authorized a share repurchase program for the purchase of up to an additional \$500.0 million of the Company's outstanding common stock (the "November 2023 Repurchase Plan"). During the three-months ended September 30, 2024, the Company repurchased approximately 10.6 million shares of its common stock at an average purchase price of \$47.16 per share, for a total amount of approximately \$500.0 million, which exhausted the availability under the November 2023 Repurchase Plan.

On August 19, 2024, the Company's Board of Directors authorized a share repurchase program for the purchase of up to an additional \$500.0 million of the Company's outstanding common stock (the "August 2024 Repurchase Plan"). During the three-months ended September 30, 2024, no shares were repurchased under the August 2024 Repurchase Plan. As of November 6, 2024, \$500.0 million remained available for repurchase under the August 2024 Repurchase Plan.

The aggregate amount of the Company's outstanding common stock that remains available for repurchase under all previously authorized repurchase plans is \$500.0 million as of November 6, 2024.

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The following tabular summary reflects the Company's repurchase activity during the quarter ended September 30, 2024.

Period	Total Number of Shares Purchased	Average Price per Share ¹	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs ¹	Maximum Number (or Approximate Dollar Value) of Shares that May Yet Be Purchased Under the Plans or Programs (In thousands)
Jul 1 – Jul 31, 2024	3,876,692	\$ 49.60	3,876,692	\$ 342,400
Aug 19, 2024 Authorization				\$ 500,000
Aug 1 – Aug 31, 2024	7,422,440	\$ 46.13	7,422,440	\$ 500,000
Sep 1 – Sep 30, 2024	—	\$ —	—	\$ 500,000

¹ On November 3, 2022, November 8, 2023, and August 19, 2024, the Company publicly announced that its Board of Directors authorized the November 2022 Repurchase Plan, the November 2023 Repurchase Plan, and the August 2024 Repurchase Plan, respectively. Board authorizations of the repurchase plans remain in effect until shares in the amount authorized thereunder have been repurchased. During the three-months ended September 30, 2024, both the November 2022 Repurchase Plan and the November 2023 Repurchase Plan were exhausted. See Item 2, "Unregistered Sales of Equity Securities and Use of Proceeds" above for more information.

Tender Offer

On May 1, 2024, the Board of Directors authorized the Company to execute a modified "Dutch auction" tender offer to repurchase up to \$3.0 billion of its outstanding shares of common stock. On May 8, 2024, the Company commenced the tender offer, with such offer expiring on June 5, 2024. On June 10, 2024, the Company accepted for purchase a total of approximately 56.6 million shares of common stock at a purchase price of \$53.00 per share, for an aggregate purchase price of approximately \$3.0 billion. The repurchase was funded with approximately \$2.25 billion of cash on hand and approximately \$750 million in borrowings. The cost of these shares and the fees relating to the tender offer are included in common stock in treasury in the accompanying condensed consolidated balance sheet at September 30, 2024.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

During the three-months ended September 30, 2024, none of the Company's directors or officers adopted, modified or terminated a Rule 10b5-1 trading arrangement or a non-Rule 10b5-1 trading arrangement (each as defined in Item 408 of Regulation S-K under the Securities Exchange Act of 1934, as amended).

ITEM 6. EXHIBITS

- 3.1 [Second Amended and Restated Certificate of Incorporation of the Company \(incorporated by reference to Exhibit 3.1 to our Form 8-K dated June 27, 2023\).](#)
- 3.2 [Fourth Amended and Restated By-laws of the Company \(incorporated by reference to Exhibit 3.2 to our Form 8-K dated November 7, 2024\).](#)
- 31.1* [Certification of Co-Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002](#)
- 31.2* [Certification of Co-Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002](#)
- 31.3* [Certification of Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002](#)
- 32.1* [Certification of Co-Chief Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002](#)
- 32.2* [Certification of Co-Chief Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002](#)
- 32.3* [Certification by Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002](#)
- 101* The following financial information from Monster Beverage Corporation’s Quarterly Report on Form 10-Q for the quarter ended September 30, 2024, formatted in iXBRL (Inline eXtensible Business Reporting Language): (i) Condensed Consolidated Balance Sheets as of September 30, 2024 and December 31, 2023, (ii) Condensed Consolidated Statements of Income for the three- and nine-months ended September 30, 2024 and 2023, (iii) Condensed Consolidated Statements of Comprehensive Income for the three- and nine-months ended September 30, 2024 and 2023, (iv) Condensed Consolidated Statements of Stockholders’ Equity for the three- and nine-months ended September 30, 2024 and 2023, (v) Condensed Consolidated Statements of Cash Flows for the nine-months ended September 30, 2024 and 2023, and (vi) the Notes to Condensed Consolidated Financial Statements.
- 104* The cover page from Monster Beverage Corporation’s Quarterly Report on Form 10-Q for the quarter ended September 30, 2024, formatted in iXBRL (Inline eXtensible Business Reporting Language) and contained in Exhibit 101.

* Filed herewith

SIGNATURES

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

MONSTER BEVERAGE CORPORATION
Registrant

Date: November 7, 2024

/s/ RODNEY C. SACKS

Rodney C. Sacks
Chairman of the Board of Directors
and Co-Chief Executive Officer

Date: November 7, 2024

/s/ HILTON H. SCHLOSBERG

Hilton H. Schlosberg
Vice Chairman of the Board of Directors
and Co-Chief Executive Officer

CERTIFICATION PURSUANT TO RULE 13A-14(a) OR 15D-14(a) OF THE SECURITIES
EXCHANGE ACT OF 1934, AS ADOPTED PURSUANT TO SECTION 302 OF THE
SARBANES-OXLEY ACT OF 2002

I, Rodney Sacks, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Monster Beverage Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):
 - a. all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 7, 2024

/s/ Rodney C. Sacks

Rodney C. Sacks
Chairman of the Board of Directors
and Co-Chief Executive Officer

CERTIFICATION PURSUANT TO RULE 13A-14(a) OR 15D-14(a) OF THE SECURITIES
EXCHANGE ACT OF 1934, AS ADOPTED PURSUANT TO SECTION 302 OF THE
SARBANES-OXLEY ACT OF 2002

I, Hilton Schlosberg, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Monster Beverage Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):
 - a. all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 7, 2024

/s/ Hilton H. Schlosberg

Hilton H. Schlosberg
Vice Chairman of the Board of Directors and
Co-Chief Executive Officer

CERTIFICATION PURSUANT TO RULE 13A-14(a) OR 15D-14(a) OF THE SECURITIES
EXCHANGE ACT OF 1934, AS ADOPTED PURSUANT TO SECTION 302 OF THE
SARBANES-OXLEY ACT OF 2002

I, Thomas Kelly, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Monster Beverage Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):
 - a. all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 7, 2024

/s/ Thomas J. Kelly

Thomas J. Kelly
Chief Financial Officer

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the quarterly report of Monster Beverage Corporation (the "Company") on Form 10-Q for the quarter ended September 30, 2024 as filed with the Securities and Exchange Commission (the "Report"), the undersigned, Rodney C. Sacks, Chairman of the Board of Directors and Co-Chief Executive Officer of the Company, certifies, pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 7, 2024

/s/ Rodney C. Sacks

Rodney C. Sacks
Chairman of the Board of Directors
and Co-Chief Executive Officer

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the quarterly report of Monster Beverage Corporation (the "Company") on Form 10-Q for the quarter ended September 30, 2024 as filed with the Securities and Exchange Commission (the "Report"), the undersigned, Hilton H. Schlosberg, Vice Chairman of the Board of Directors and Co-Chief Executive Officer of the Company, certifies, pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 7, 2024

/s/ Hilton H. Schlosberg

Hilton H. Schlosberg
Vice Chairman of the Board of Directors and
Co-Chief Executive Officer

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the quarterly report of Monster Beverage Corporation (the "Company") on Form 10-Q for the quarter ended September 30, 2024 as filed with the Securities and Exchange Commission (the "Report"), the undersigned, Thomas J. Kelly, Chief Financial Officer of the Company, certifies, pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 7, 2024

/s/ Thomas J. Kelly

Thomas J. Kelly
Chief Financial Officer
