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Earnings Call

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Presentation

Operator

Hello, everyone. Thank you for joining, and welcome to the Celsius Holdings Third Quarter 2026 Earnings Conference Call. [Operator Instructions].

I will now hand the call over to Paul Wiseman, Investor Relations. Please go ahead.

Paul Wiseman
Senior Vice President of Communications & Investor Relations

Good morning, and thank you for joining Celsius Holdings Third Quarter 2026 Earnings Webcast. With me today are John Fieldly, Chairman and CEO; Jarrod Langhans, Chief Financial Officer; and Toby David, Chief of Staff. We'll take questions following the prepared remarks. Our third quarter earnings press release was issued this morning with all materials available on our website, ir.celsiusholdingsinc.com and on the SEC's website, sec.gov. An audio replay of this webcast will be accessible later today.

Today's discussion includes forward-looking statements based on our current expectations and information. These statements involve risks and uncertainties, many beyond the company's control. Celsius Holdings disclaims any duty to update forward-looking statements, except as required by law. Please review our safe harbor statements and risk factors in today's press release and in our most recent filings with the SEC, which contain additional information and a description of risks that may result in actual results differing materially from those contemplated by our forward-looking statements.

We will present results on both a GAAP and non-GAAP basis. Non-GAAP measures like adjusted EBITDA, adjusted EBITDA margin, adjusted diluted earnings per share, adjusted SG&A and adjusted SG&A as a percentage of revenue and their GAAP reconciliations are detailed in our third quarter press release, and non-GAAP financial measures should not be used as a substitute for our results reported in accordance with GAAP.

With that, I'll turn it over to John.

John Fieldly
CEO & Chairman

Thank you, Paul. Good morning, everyone, and thank you for joining us today to discuss our third quarter 2026 results. We delivered the third quarter revenue of approximately $847 million, up approximately 17% year-over-year. Alani Nu delivered the strongest quarter in the brand's history, led by Witch's Brew, the largest limited time offer in our portfolio's history. Brand CELSIUS performed in line with expectations we set out last quarter, setting the stage for the brand being back to expected growth across 2027. Rockstar remained stable quarter-over-quarter, and we have begun seeing green shoots in a number of areas. And our combined portfolio held approximately 21% dollar share of the energy category in tracked channels, roughly 1 in 5 energy drinks purchased in the United States. As we just saw at NACS, the largest convenience store showcase in the U.S., Energy remains one of the strongest performing categories in beverage, and our portfolio is key to driving that growth. Our modern energy brands contributed approximately 28% of Zero Sugar energy category growth in the third quarter.

Retail sales for our portfolio and tracked channels grew approximately 15% year-over-year in the third quarter, consistent with the second quarter, and we continue to bring new consumers into the category and win new occasions with them. We manage the business as a portfolio with each brand playing a distinct role. CELSIUS is the performance brand for active, health-conscious consumers. Alani Nu wins on flavor and self-expression and is an entry point for new female consumers to the category. Rockstar reaches the traditional energy consumer through gaming, motorsports and music. Together, these brands give us ways of growing across more channels, more occasions and more price points. That is the power of managing a portfolio and the third quarter is a good example of it.

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To fully capitalize on these opportunities, we're also evolving how we organize and lead our business. Today, we announced the establishment of 3 brand-led business units: CELSIUS, Alani Nu and Rockstar and Emerging Growth, each led by a dedicated brand President responsible for its strategy, growth and performance. This structure is designed to bring greater focus and speed to each brand while continuing to leverage the scale and capabilities of Celsius Holdings. We're excited to welcome Alex Zigliara as President of Brand CELSIUS in the U.S., bringing more than 2 decades of global CPG and beverage experience, and to announce Rishi Daing's expanded role as President, Rockstar Energy and Emerging Growth. Rishi currently serves as Celsius Holdings' Chief Marketing Officer and will transition from that role as the new organizational structure is implemented. We believe this brand-led structure will enable us to better execute with discipline against our total energy portfolio strategy to drive durable long-term growth by expanding consumer reach and consumption occasions through differentiated brands gaining distribution and shelf space, sustaining innovation, scaling internationally and realizing greater opportunities and efficiencies.

Before moving on, I want to take a moment to acknowledge the recent passing of our Chief Supply Chain Officer, Paul Storey. Paul was a valued member of our leadership team. We are deeply grateful for his many contributions to Celsius Holdings, including the deep bench and the talented team that he developed at Celsius. Our thoughts remain with his family, friends and colleagues during this difficult time. To ensure continuity across our supply chain operations, Seth Nicholas has assumed the role of Executive Vice President, Operations and Interim Chief Supply Chain Officer.

Turning now to our brand performance. Let me start with brand CELSIUS. The quarter played out the way we expected. Retail sales in tracked channels were down approximately 7% year-over-year as we cycled last year's innovation. And on a dollar basis, the quarter ran a lot like the second, as we said it would. Brand CELSIUS is not yet where we want it to be. We have spent this year strengthening the sequencing of the planograms or said another way, getting our faster cars on the track, and that work continues. But it is important to keep in mind that a brand is built with the consumer, not on the shelf. CELSIUS was built one consumer at a time, in the gyms, the run clubs, the daily routines of people who live an active lifestyle. LIVE. FIT. GO is not just a tagline to us. It is a lifestyle of the consumer we serve.

So this fall, we sharpened our focus on the consumer with a multiyear partnership with ESPN College GameDay, putting CELSIUS in front of college football fans every Saturday and every weekend during the season. We are on campus, putting our product in the hands of the next generation of active consumers. We are doing this within the marketing investments we laid out, and we are measuring it the way we measure everything; brand health, new consumers coming into the brand and most importantly, repeat purchases. That is the foundation. This growth comes from what we talked about on our last earnings call, a core set of national SKUs. Retailers are planning 2027 with us earlier than they ever have. And innovation, which was not there to bridge the gap this year, but will be much more prominent in 2027. I'll come back to that in a moment.

Alani Nu delivered the biggest quarter in brand's history with net sales of approximately $410 million, up approximately 24% year-over-year and accelerating from the second quarter. Retail sales in tracked channels grew approximately 58% year-over-year. The story of the quarter was Witch's Brew. Last quarter, we said Witch's Brew would be the biggest limited time offer in the brand's history, and it was. It was the largest limited time offer in our portfolio's history with more than $130 million in retail sales across traditional retail and club. And our core 12-ounce Witch's Brew was nearly 80% ahead of last year. At its peak, it delivered the biggest single week of any item in the Celsius Holdings portfolio has ever delivered on record, more than double the next best. And in that peak week, if Witch's Brew had been its own brand, it would have ranked as the fifth largest energy drink in tracked channels.

What is most important is what sits underneath. Excluding Witch's Brew, core Alani Nu sales in tracked channels grew approximately 50% year-over-year in the third quarter. This is continued evidence that we are bringing new consumers into the brand and keeping them. We are graduating top-performing SKUs into permanent core, which adds stability as the brand scales. And the program sold through at retail, which sets up well for the fourth quarter. Alani Nu's share of the category in tracked channels reached approximately 9.8% in the quarter, up nearly 3 points year-over-year. Importantly, Alani Nu is still underpenetrated in channels where our portfolio is strong, and that remains a clear road map for growth

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in 2027. Given the brand's tremendous momentum and the opportunities ahead, we're excited to bring dedicated leadership to Alani Nu as part of our new brand-led organizational structure.

For Rockstar, our focus this year has been stabilizing the brand. The brand is tracking in line with expectations we set at the time of acquisition. While total retail sales remained down year-over-year as we cycle the SKUs we exited, the SKUs we are carrying forward are getting healthier. In fact, the year-over-year trend has improved in each quarter since we acquired the brand with the remaining SKUs being within about 1% of last year in the third quarter. We're also seeing broader geographic momentum, more than twice as many states now growing since the end of last year. Our plan for Rockstar in 2027 is simple: Expand distribution, accelerate the velocity of the core and recruit the next generation of Rockstar's consumers. We will do that by going deeper into the platforms that built this brand; music, motorsports and by taking Rockstar into college towns in a way that only Rockstar can. With Rishi Daing now leading the Rockstar and Emerging Growth business unit, we're bringing dedicated leadership and greater focus on these opportunities ahead.

That brings me to innovation. It is one of the biggest growth drivers in the category, and it was a piece missing from the CELSIUS brand this year. 2027 will look very different. We purposely delayed innovation on brand CELSIUS this year while we brought Alani Nu and Rockstar into the system and that is now behind us. For 2027, we have incredible innovation planned across both CELSIUS and Alani Nu; new flavors, new lines, new permanent SKUs. It's going to be an exciting year. And innovation is already landing in the fourth quarter. CELSIUS Spritz Vibe Shirley Temple is on shelf. Two more Celsius SKUs land around Thanksgiving, and Alani Nu Winter Wonderland, our winter limited time offer launches at the end of November.

Now turning to markets outside the United States. Last quarter, we laid out a road map, focused market entries, strong local partnerships and disciplined launch plans with markets outside the U.S. expected to grow to more than 15% of total revenue over the next 5 years. The third quarter was another step on that path with our non-U.S. market revenue up approximately 56% year-over-year. And when you look at the runway in front of us, the ready-to-drink energy category across our key international markets is in excess of $8 billion and expected to grow double digits next year. Our playbook in Europe is working. In the U.K., France, Ireland, the Netherlands, Belgium, Spain, Portugal, we are building awareness and trial. We are seeing it in the metrics underneath. Our brand tracking shows aided awareness have roughly doubled in both the U.K. and France since early last year. And our share of the category is up year-over-year in every one of our new European markets.

Growth is coming from the right places, quality distribution where our consumers shop and rising rate of sale, not price, Ireland is a great example. Energy has been the growth engine for immediate consumption beverages this year with Modern Energy being the fastest-growing segment. In Australia and New Zealand, growth is well ahead of last year, and Orange has become the #1 CELSIUS flavor in every Australian account. We are also finalizing the select international markets where Alani Nu is planned to launch in 2027. And we'll leverage the learnings, market entry playbooks that have helped Celsius grow globally.

With that, I'll turn the call over to Jarrod to walk through our financials. Jarrod?

Jarrod Langhans
Chief Financial Officer

Thanks, John, and good morning, everyone. I will walk through the quarter by brand, then cover profitability, operating discipline and capital allocation. I will then close with how we are thinking about the fourth quarter as well as a few comments on 2027 planning.

We delivered third quarter revenue of approximately $847 million, up approximately 17% year-over-year as a portfolio. On net sales, there is one timing item I want to call out upfront. Relative to the expectations that we set in August, we did see some benefit from timing of shipments moving into the third quarter that were planned for the fourth quarter. Brand CELSIUS came in a little stronger, and part of that was as a result of the shipment timing as did Rockstar and Alani Nu. This was in the range of $20 million to $25 million.

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Looking at the brands, starting with Brand Celsius. Reported net sales were down approximately 6% year-over-year. Retail sales in tracked channels were down approximately 7%. Within that, U.S. orders ran below scans as the system continued to work through inventory, offset by growth in International and Powders, which is not in the tracked data. Dollars per point of distribution improved again versus the second quarter on fewer points of distribution, so the productivity gains we delivered in the second quarter helped. What is most important to stress is that the trade investment on brand CELSIUS as a percentage of gross sales improved year-over-year. That is the revenue growth management program beginning to flow through on the brand. I will go into more detail on this in a bit.

Turning to Alani Nu. Net sales were approximately $410 million, up approximately 24% year-over-year and retail sales in tracked channels grew approximately 58%. Excluding the timing item, Alani Nu growth still accelerated from the second quarter. We have again included a bridge in our earnings deck, so I will focus on the main drivers. The largest item this quarter was Witch's Brew, and the performance was phenomenal. Shipments ahead of the August launch landed in July and August and the products sold through quicker than we had anticipated. The remaining items are the same dynamics we walked through last quarter, a higher mix of DSD volume, which carries higher trade investment and pack mix. As it relates to DSD mix, the third quarter was more consistent with the second quarter as these quarters have largely been fully impacted by the transition to our new DSD system, including bringing on some new markets in the second phase of transitions during 2026. Two points on that. While Witch's Brew was the largest driver of the quarter, the base Alani Nu business grew without it, with core Alani Nu retail sales in tracked channels up approximately 50% year-over-year, excluding the limited time offer.

For Rockstar, net sales were approximately $80 million, up from approximately $67 million in the second quarter. Third quarter revenue was partially driven by a strong performance in Canada due to the timing of orders across the second and third quarter of 2026. With the integration complete and the reconfigured assortment in place, the brand is working towards stability. I want to spend a moment on how we think about the path to stability and then to growth because it is a question we get often. On a scanner basis, total Rockstar retail sales were down approximately 13% year-over-year, and that is in large part from the items we exited. The way I think about the brand is velocity times distribution. Productivity is moving the right way with dollars per point of distribution up approximately 14% versus the second quarter on a more focused assortment. Distribution is where the declines have been. As we cycle the rationalization, that distribution headwind narrows, and that is what allows the velocity gains to show up in the top line. We are not calling a return to growth today, but the building blocks are coming into place.

Third quarter gross margin was 46.8% compared with 48.1% in the second quarter and 51.3% a year ago. In August, we said that at current diesel and aluminum levels, margin expansion was largely offset and that we would expect the third quarter to remain in the high 40s. Since then, both diesel and aluminum prices have moved higher. Aluminum costs remain elevated on both the LME and the Midwest premium and diesel reached its highest level in several years. Outbound freight as a percentage of revenue was slightly favorable versus the second quarter, which reflects the work the operations team has done on freight and the benefit largely offset the increase in diesel. For the full year, depending on commodity fluctuations, we would expect gross margin in the high 40s.

On contra, trade investment as a percentage of gross sales increased modestly from the second quarter. In August, we said the price pack architecture work would deliver an initial impact in the back half and help offset the mix impact of more cases moving through DSD. The initial impact is there. The actions we took earlier in the year began to flow through and slotting fees declined as a percentage of revenue as Alani Nu scaled. This quarter, though, it was outweighed by mix as Alani Nu's growth, including Witch's Brew, moved more volume through DSD. That is why the much larger opportunity sits in the 2027 program, which I will come to.

The 3 buckets I walked through last quarter; integration, structural costs and revenue growth management, have not changed. I will update the first 2 briefly and spend more time on the third. On integration, the improved case costs for Alani Nu and Rockstar are now flowing through, but they are being offset by aluminum. On structural costs, our second manufacturing line in North Carolina is now running with the full benefit to be realized in 2027 and vertical integration and direct sourcing continue to advance.

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On revenue growth management, we have seen the initial impact this year and the much larger opportunity is in 2027 because it is a different program than the one we ran this year. In 2026, we built the capability and used it to fix what was in front of us, post-event analysis by promotion and by account and elasticity work at the SKU and account level so that trade dollars go where they earn a return. For 2027, we are moving from tactical decisions to a portfolio level program, and it has 3 parts. First, a clear brand ladder across CELSIUS, Alani Nu and Rockstar so that each brand's pricing reflects its role in the portfolio. Second, a pack architecture that is consistent across the brand, which gives us a cleaner price slope from singles to multipacks and supports the formats coming with the 2027 innovation. And third, a multiyear road map, so pricing and trade are managed as a system rather than as a 1-year event. We are planning 2027 around that program with our retail partners and our DSD partner now, and we would expect trade investment as a percentage of gross sales to improve as it takes hold with the benefits building through 2027 and into 2028.

Selling, general and administrative expenses were $221 million or approximately 26.1% of revenue compared with 29% in the second quarter and 28.4% a year ago. Sales and marketing was $162 million, including the investment behind the fall programming John described and general and administrative expenses was $59 million. Adjusted EBITDA was approximately $199 million or approximately 23.4% of revenue compared with $184 million or 22.5% in the second quarter. The sequential improvement came from operating leverage with SG&A as a percentage of revenues more than offsetting the lower gross margin. Year-to-date, adjusted EBITDA was $578 million or approximately 23.6% of revenue. The year-over-year comparison reflects the gross margin pressure from commodities and the investments we are making behind the brands.

On capital deployment, our balance sheet remains a source of strength and flexibility. During the third quarter, we repurchased approximately $45 million of stock, bringing year-to-date repurchases to approximately $169 million with approximately $91 million remaining under the $300 million authorization. The reason we continue to lean into repurchases is the same as last quarter. Our cash flow return on investment is among the strongest in the beverage category. And at current levels, we view repurchasing our own stock as an attractive use of capital. Our approach continues to be grounded in the same 3 priorities: Investing to support brand growth and execution, maintaining the strength of our balance sheet and returning capital to shareholders.

Moving to the fourth quarter. To give you some context on the factors that will influence reported revenue as we close out the year. First, the comparison. A year ago, the fourth quarter included the inventory build that came with moving Alani Nu into the DSD system, partly offset by inventory reductions on brand CELSIUS. As we noted when we reported the fourth quarter of 2025, that was a net benefit of approximately $25 million to our reported results, and it does not recur. Second, shipment timing. Separate from last year's item, the approximately $25 million of shipments that moved into the third quarter this year comes out of the fourth. Third, contra. Trade investment as a percentage of gross sales will be higher than it was a year ago because a year ago, Alani Nu was not yet carrying a full quarter of DSD economics. Our DSD partner began delivering the brand in the first week of December.

Partly offsetting those, in terms of the timing and sequencing of the 2027 innovation, the first wave loads into the system in November and December with the balance in the first quarter. So some innovation revenue lands in the fourth quarter ahead of the January launches. Putting it together, the fourth quarter is the most difficult comparison of the year on a reported basis, and we expect that reported revenue growth will be below what we delivered through the first 3 quarters. That is a function of the comparison and the timing items I just walked through, not underlying demand, which you can see in the scanner data.

For Rockstar, the fourth quarter is the first quarter with the brand fully in both periods. As a reminder, a portion of last year's fourth quarter Rockstar sales was recorded in other income during the integration, so reported growth will be elevated. On an underlying basis, we would expect sales to trend closer to what we delivered in the first and second quarters of this year. For the full year, we would expect gross margin in the high 40s. And from a portfolio perspective, our focus is on strengthening our brands and execution, service through the network, product displays on the floor and winning at the register through the holiday selling season and into 2027.

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Moving to 2027. We are currently wrapping up key meetings with our retail partners and the innovation plans, promotional calendar and activations are being locked in. In addition, our commercial teams are meeting with Pepsi this week to finalize our priorities as well as the timing and sequencing of our various programs and launches. From a 10,000-foot perspective, our plans include brand CELSIUS returning to growth, Rockstar continuing to work towards stability and then growth and Alani continues to benefit from its entrance into the PepsiCo DSD system as well as the outsized growth the brand is delivering as it drives the modern energy category.
With that, I will turn the call back to the operator to open lines for questions.

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Question and Answer

Operator

Your first question comes from the line of Peter Grom with UBS.

Peter K. Grom
UBS Investment Bank, Research Division

So I wanted to ask about brand CELSIUS. Can you maybe just talk about expectations for the brand as you look out to 4Q and into '27?

And then related, Jarrod, you touched on all the different moving pieces in 4Q across the total portfolio. But just any thoughts on how we should be thinking about CELSIUS itself, maybe relative to what we might see from a tracked trend standpoint?

John Fieldly
CEO & Chairman

Yes. Peter, thank you for the question. And great question, fair question. The way we're looking at it, when you look at the third quarter, it played out the way we said it would. On scan dollars, it ran a lot like the second. Year-over-year rate moved down about 7% because of the comparisons. And then a year ago, the brand grew about 3% in tracked channels in the second quarter and about 13% in the third quarter. So when you're looking at the fourth quarter, it's really a lot of the same dynamic. Last year's fourth quarter was up approximately 13% on scanner, including our first limited time offer with the CELSIUS portfolio.

So the turn in consumption shows up as we move through 2027 when we really cycle the rationalization and the innovation is back in the brand and what we've been talking about for '27. We simplified the portfolio in '26. And now we're back to innovation. We have really robust plans. The way we're looking at it, and you look at the kind of the run rate on a weekly basis based on the scanner data. The brand has been running in the $50 million to $55 million range on a weekly basis. As we're exiting the year, there is a few weeks, 2 weeks, where the brand last year dipped down into the $49 million range. So the way we're looking at it, if we can hold within the $50 million range, the brand will be back to slight growth breakeven in a variety of weeks exiting the year.

We do have innovation launching as we talked in our prepared remarks, but that distribution will build over time in 2027. So when you're looking at it, that's the way we're thinking about it. When we're seeing it, we're highly confident. Brand health is strong. We got a variety of tent poles and strategies in place for '27 that we're excited about. But at the end of the day, the register is the scoreboard, and that's what we're focusing on. We're adding additional focus, enhancements to our commercialization from revenue management, portfolio management and we're highly confident in the Celsius portfolio.

Operator

Your next question comes from the line of Bonnie Herzog with Goldman Sachs.

Bonnie Lee Herzog
Goldman Sachs Group, Inc., Research Division

I had a question on your gross margins. I guess I was hoping you could touch on your expectations for gross margin and the pace of recovery, I guess, maybe in the fourth quarter and then into next year, just in light of the stubborn inflation. And I guess, what levers do you have to help mitigate some of the pressures? And I'm thinking about this in the context of pricing actions. I believe you've already raised prices at certain retailers. So if you could talk about your pricing strategy, that would be helpful.

John Fieldly
CEO & Chairman

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Bonnie, thank you. I'm going to let Jarrod cover that question. As we all know, everyone has been affected by some of the commodity prices, and we are no different. But I'm going to let Jarrod talk about some of those key drivers there.

Jarrod Langhans
Chief Financial Officer

Yes. So let me talk pricing first, and then we can talk the other margin drivers. So our posture is to follow the category rather than lead it. We're positioning CELSIUS and Alani as premium brands. So we don't want to become value brands. And so we don't want to be priced out of that. So with the category leaders taking pricing, it's created room for us, which has created opportunity. We are taking a look at the elasticities to make sure it sticks.

But for our perspective, as we look at 2027, it's not necessarily about that headline price. It's really about the revenue growth management program we're putting into place, looking at price pack architecture by channel, looking at pack strategy, looking at disciplined promotion. So the bigger near-term prize for us is really bringing that contra line down. So price is a part of that infrastructure and a part of that program, but not necessarily the biggest driver and not necessarily where we're just saying there's -- we're taking price everywhere. It's all about going account by account and really working to see what's the best position we can put the portfolio in, whether it's about price pack architecture, different promotions, price increases, those kind of things. So there's a variety of everything within our revenue growth management program, and we're really excited to put that into play in 2027, which will be the first year we're really able to take all 3 brands and really put a focus to that by account.

So that's what kind of where we're thinking on pricing in '27. And then that kind of revenue growth management program will really play out across 2027 and into 2028 and then should be in a really great place from there forward. As we're looking at gross margin outside of pricing, we've got the same key strategies that I talked about on the call. In terms of the -- there's 3 buckets under our control. Those haven't changed. We've got the revenue growth management opportunity. We've got the improvements that we're doing across the board when it comes to our plant in North Carolina as well as some direct sourcing. And then we've got some other things we're doing as a part of the integrations to really drive cost out of the bonds within our portfolio. So we are working through those processes. Improvements in commodities will help us get to the low 50s goal quicker. Unfortunately, right now, the commodities aren't really moving. So it's really working through those other 3 buckets to get our margin expansion, which, unfortunately, because of the commodities, it's going to take a little longer than we had anticipated a year ago.

John Fieldly
CEO & Chairman

Yes. And as Jarrod mentioned, we really have invested a lot in the revenue management piece. And now that the integration is done, it's time to leverage scale. And that's what really 2027 is all about, maximizing the revenue management, gaining leverage with the portfolio, gaining productivity with our space and allocations. That's going to enhance our margin structure, driving the purchase strategies and unlocking that leverage and then maximizing the benefit. We have a scaled portfolio, almost 21% share in the Energy category. Now the opportunity is to really drive that through.

Operator

Your next question comes from the line of Kaumil Gajrawala from Jefferies.

Kaumil S. Gajrawala
Jefferies LLC, Research Division

A couple of quick ones. Just, Jarrod, I know you gave us some back and forth on the timing. But just to make sure, it sounded like you had mentioned that -- or John, you had mentioned that CELSIUS is trending around what you had expected, which was about a down 12%. But does that include $25 million buy ahead, which case it would obviously maybe on run rate be down more than that? And then maybe we take that -- and I think from a modeling perspective, Jarrod, it was the intention to take $25 million out

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from last year, $25 million from the pull forward out of 4Q. But then how much should we -- like what are your intentions in terms of the inventory build for 2027s innovations?

John Fieldly
CEO & Chairman

Thank you, Kaumil. What I was referencing is really the scanner data, what's happening at the registers. And that's really -- looking at the overall health of the portfolio, as I mentioned, on a weekly basis, running in the low 50s. So that's what we're really looking at. Now there's puts and takes on the GAAP revenue recognition, and that's what Jarrod really outlined in his prepared remarks. So with that, I'll turn it over to Jarrod to talk more about that. But what I was referencing is specifically the scans at the register, which ultimately is how we track the business and how we scorecard it.

Jarrod Langhans
Chief Financial Officer

Yes. So like John said, mine was more of the GAAP movements. We set some expectations back in August with brand CELSIUS and in particular, brand CELSIUS came in a little bit stronger as did Alani Nu, and that was really, in part, driven by some inventory timing. There was still -- if you go to the deck, we've got kind of a bridge for brand CELSIUS, and it shows kind of the orders versus the scans were still down. They're probably a little less down than we had anticipated, and that was part of the timing of when we had some inventory movement across the very end of the quarter. So there was a little bit of benefit that rolled into Q3 and out of Q4 in terms of that really orders versus scan comparison. So that was where that 2025 comes into play. Some of that was also Rockstar where you see that Rockstar benefited in Canada from some timing of orders where Q2 and Q3 would have had a little bit of a blend of what we delivered in Q3. So that was really mainly just a GAAP thing.

So as we're looking to Q4, there's kind of 3 things to focus on. One is, we talked about Rockstar being more like the Q1, Q2 GAAP reported results as opposed to what we saw in Q3 because of some of that timing. And then if you look at last year, if you combine CELSIUS and Alani as one number, they had a benefit of about $25 million with some inventory being built for Alani and some being pulled down to offset for CELSIUS. And then we had the pull forward that we talked about. That was a bit of all 3 brands benefiting from some pull forward. So those kind of are the 3 things I would factor in as you look at Q4 from a modeling perspective, from a GAAP perspective.

Operator

Your next question comes from the line of Gerald Pascarelli with Needham & Company.

Gerald John Pascarelli
Needham & Company, LLC, Research Division

Question on Alani regarding the scans versus the reported results. It's been pretty consistent between like negative 34 to 35 percentage points. I understand there are many considerations this year between the DSD mix, the continuation of nonenergy, which you've telegraphed. But just looking ahead, if you can maybe provide some color or thoughts on when you would expect or when we should expect scans and reported results to maybe start to align a little bit more closely?

Jarrod Langhans
Chief Financial Officer

Yes. Probably Q2 next year is the best to kind of get the cleanest. If you look at Q2 and Q3, if you back out kind of the non-RTD, if you back out some of that amortization from the contract, which the amortization will be the same year-over-year. So you won't see that impact next year. And then some of the non-GAAP -- or sorry, non-RTD stuff will be clean once we get to Q1. But because we also had some more transition and we had a second wave of distributors that we brought on in Q1, Q1 was a little bit different. Also we were just rolling into the full DSD system in Q1. So Q1 didn't get impacted as much this year as Q2 and Q3. If you look at Q2, Q3, kind of the delta is in that kind of 24%, 25% range. So that's

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been pretty consistent over the last 2 quarters. So once we get to Q2, it should be a lot cleaner. But Q1 will still have a little bit of activity in there as we're transitioning more into the DSD system.

Operator

Your next question comes from the line of Eric Serotta with Morgan Stanley.

Eric Adam Serotta
Morgan Stanley, Research Division

Great. One housekeeping item for Jarrod. Just wanted to come back. I think you made a comment about the fourth quarter growth being, I think, in line or maybe slightly below what you did year-to-date. Can you unpack that since -- are you talking organic or reported since you had additional quarters of the acquisitions in there? And is the way to think of it, you're basically cycling kind of $50 million of timing benefits or cycling $25 million plus another $25 million from the third quarter timing and then whatever is partially offset by inventory trade-ins -- inventory sell-in. So basically minus $50 million plus whatever we assume on the inventory side.

And then zooming back out, John, in terms of the actual CELSIUS takeaway performance during the quarter, it was a bit choppy kind of on a month-to-month basis. TDPs on a year-on-year basis, got a little bit worse. Just wondering what -- if you have any color as to what was happening in terms of the TDP trend and your confidence as to when TDPs start to improve both sequentially and year-on-year. I know there's a lot there.

Jarrod Langhans
Chief Financial Officer

Yes, I'll jump in first from a GAAP basis. I think your summary is reasonable. It's probably more simple than what I said. So kind of that makes the most sense. Now one is from one year, one is from another year. So how do you combine all that? And you kind of laid it out pretty simply from that perspective. But for -- John, do you want to jump in on the other piece?

John Fieldly
CEO & Chairman

Yes, absolutely, Eric. I think when you look at the choppiness within the quarter, there was a timing on Amazon, and now that's reported. And so there were some timing issues there that we saw, also timing of LTO last year. So those are the main drivers of that. I mean when we look at TDPs, we're going to be cycling the rationalization. So those TDP -- those SKUs will come out. But then we also have more permanent SKUs coming in, in -- will flow through the rest of 2027. So we're really looking at the productivity of the core portfolio, which is extremely important. That's going to not only drive increased top line revenue, but also gross profits and productivity on shelf.

Jarrod Langhans
Chief Financial Officer

Yes. And one more thing, there was a second part of the question you asked me. The kind of the Q4 versus year-to-date, and you mentioned it, it's the acquisition timing. So we didn't have Alani in Q1. We didn't have Rockstar in Q1, Q2, et cetera. So when you're looking at kind of the growth rate in Q4, you're not going to have those benefits. So it's going to be more with the kind of the simple factor you talked about with the $50 million plus the innovation, et cetera.

Operator

Your next question comes from the line of Michael Lavery with Piper Sandler.

Michael Scott Lavery
Piper Sandler & Co., Research Division

Just wanted to come back to some of the innovation and brand CELSIUS expectations for next year. I know you pointed to how you expect it to return to growth and you're well positioned for how you see

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2027 starting. Maybe can you just touch on how much of that is driven by something like the Energy Plus hydration launch specifically? Or would that be kind of expected to carry the weight? Is that over and above expectations for some base underlying brand CELSIUS growth on kind of existing brands? Or how do those play together? And maybe just touch a little bit too on what's driving such better performance in international.

John Fieldly
CEO & Chairman

Yes. No. Excellent, Mike. Let me just start off with some of the innovation there. In regards to Energy Plus, which we really showcase at the upcoming NACS. And when you look at Energy Plus, we're really continuing to drive new category consumers and occasions. We know the Energy category continues to grow in new occasions, bringing new consumers in. So this is really incremental to the core and adds benefit and enhancements to the overall trademark. We've done a lot of research. CELSIUS has the right and permission to expand in this adjacent category and opportunity, ties into fitness and health and wellness. The category is expanding and CELSIUS and our modern energy portfolio is leading that.

And when you look at some of the opportunities we have or incrementality, that's where we're playing with this portfolio. But we are extremely focused on the core. And the portfolio growth is not 100% reliant on Energy Plus success. We have a variety of core innovation coming in. As we mentioned in the prepared remarks, we're rolling out in the back half of Q4, and then it will start gaining further distribution throughout '27 as resets take place. We have some great flavor innovation that we're leaning into. Cranberry Apple is a new flavor that's launching, just some really, really core flavors. We're really excited about doing a variety of multipacks. We're also expanding categories and looking at further pack size configurations. As Jarrod mentioned, we're going after 8-ounce, just driving incrementality with that core trademark.

So really excited about the innovation that's in works, already been aligned with key retailers as well. So I think with the enhancements in our investments, strategic alignment, focus and most importantly, as integration is behind us, now we get to maximize this portfolio and the infrastructure we've built with focus on execution and top performance. So really excited there. International did phenomenal this quarter, and we've talked about the last several quarters. I see great opportunity and momentum. We saw great growth. The playbook is working. We're adding -- aided awareness has roughly doubled in the U.K. and France. We're seeing -- we mentioned in prepared remarks, Orange in Australia, #1 flavor in all accounts. We're going to continue with our disciplined approach. We're being very calculated. We have invested in a variety of strategic initiatives, sales, marketing, commercial. And the same growth trends we see in North America, the same growth trends we see internationally. Health and wellness gets stronger. CELSIUS has a right to play within the category. We are building great relationships with international retailers.

And then Alani, we're bringing that to new markets in '27, which we're excited about. We're going to run that same exact playbook, being extremely disciplined. And as we continue to get trial, but most importantly, loyalty and repeat purchases, we're going to continue to invest in. And that will be a big growth driver for the foreseeable future and years to come.

Operator

And we've reached the end of the Q&A session. I will now turn the call back to Mr. John Fieldly for closing remarks.

John Fieldly
CEO & Chairman

Thank you for joining us today. The third quarter showed the power of our portfolio, a record quarter for Alani, stability from Rockstar and the foundation set on brand CELSIUS. We entered the fourth quarter with a clear set of priorities. We have innovation landing on shelf with more around Thanksgiving and the Alani Nu Winter limited time offer at the end of November. Brand CELSIUS is back with the consumer who

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built it, and we are measuring it. And we are planning 2027 with retailer partners earlier than we ever have before, with strong innovation across CELSIUS and Alani Nu behind it.

I want to take this opportunity to thank our employees, our partners and all of our customers for their focus and their teamwork, which has made this all possible. To everyone listening today, we appreciate your support, and we look forward to updating you next quarter. Until then, grab a CELSIUS and LIVE FIT.

Operator
This concludes today's call. Thank you for attending. You may now disconnect.

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