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Company Conference Presentation

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Call Participants

EXECUTIVES

Jarrod Langhans
Chief Financial Officer

Toby David
Chief of Staff

ANALYSTS

Eric Adam Serotta
Morgan Stanley, Research Division

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Presentation

Eric Adam Serotta
Morgan Stanley, Research Division

I think we're ready to get started. Good afternoon, everyone. I'm Eric Serotta from Morgan Stanley's Beverages Tobacco and Household Products team, and I'm very pleased to welcome Celsius back to our Global Consumer and Retail Conference.

Before we begin, please see the Morgan Stanley website at www.morganstanley.com/researchdisclosures for important disclosures. And if you have any questions, you could reach out to your Morgan Stanley sales rep.

Celsius is the #3 player in the U.S. energy drink category with a market share of more than 20% following the acquisition of Alani Nu earlier this year and the recent acquisition of Rockstar. And Celsius has been a leading driver of category growth.
So joining us today, we have Chief of Staff, Toby David; and CFO, Jarrod Langhans. Toby, Jarrod, thanks for joining us and for the product samples to keep us energized. All the cold here helps.

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Question and Answer

Eric Adam Serotta
Morgan Stanley, Research Division

So Jarrod, to start out, I don't want to dwell too much on the past, but touching upon the third quarter, stock down sharply since then, obviously, very high and lofty expectations heading in. What happened in the third quarter in terms of the Celsius shipments versus cycling last year's inventory reductions? And what do you think the market has kind of misunderstood and anything you want to highlight here?

Jarrod Langhans
Chief Financial Officer

Yes, sure. And thanks for having us, Eric. Pleasure to be here. In terms of kind of Q3, it was a phenomenal quarter for us on the top line from a gross margin perspective, EBITDA margin perspective. There was a little bit of a disconnect in terms of brand Celsius as to the net sales that occurred. We were in line with kind of what the sell side was showing, the buy side had anticipated a little bit more.

From a volume perspective, if you go back to Q3 of 2023 and then work forward, there was some optimization in Q3 of 2024. And then really, the volumes more or less have come back over the first 9 months of the year. If you look at Q3 of 2023 versus Q3 of 2025, it's probably a 10% to 11% increase in volume. Where the real disconnect was, was the promotional activity. So as we looked at Celsius -- brand Celsius under pressure in Q1, we started to see that brand come back in Q2. Really June was where we started to really see that growth come back.

As we went into Q3, we really put additional investments behind it from a promotional perspective. And so as you looked at those cases coming back because of the promotional activity we did to really supercharge that brand, they came back at a slightly lower case rate, so net sales per case. And as they came back, that caused a disconnect. That was a primary disconnect within the numbers. There's some other nuances like timing of some load-ins with Amazon Prime and things like that, but that was really the primary issue.

Eric Adam Serotta
Morgan Stanley, Research Division

Great. And then you pointed out on the third quarter call, fourth quarter would be noisy. I know kind of regretting that word, as we said earlier, but you have the Alani move into the Pepsi system 3 days ago, the Rockstar integration into Celsius and then potential year-end inventory management by Pepsi. So realizing, again, we're only 3 days in, but do you have any better visibility today in terms of the fourth quarter top line and margin?

Jarrod Langhans
Chief Financial Officer

Yes. I'd say for starters, getting 80% of the Alani DSD system in the U.S. into Pepsi as of 12/1 is spot on. We were hoping for that plus or minus. I do actually -- a couple of hours ago, I got a note saying it was actually -- as we got through this week, we were able to bring some more on. So it's probably high 80s as opposed to just kind of in excess of 80%. So we're really on track and doing a very good job. And what that means is the percentage of DSD that existed within the Alani system 80-plus percent or high 80s has now moved into the Pepsi system and Pepsi is delivering to that high 80% from a DSD perspective. We'll still see some more. You never get the full 100, but we're on track to get even more beyond that high 80s number. So really excited about that.

In terms of some of the things we talked about in Q4, there's going to be some timing and sequencing of different things, whether it be the Rockstar integration, where we're moving them into our orbit model. There's a piece of Rockstar that's a finished goods that people are used to that goes on the top line. There's a brand transition service piece that goes into other income. So the timing and sequencing of getting that all into our orbit and all up to the top line, we're in process with that.

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From an Alani perspective, we're having kind of a more methodical step approach with the Celsius business. When we went into Pepsi, it was a time period that they were pulling one brand out and dropping our brand in. So there was a little bit of quicker movement because they had to fill all those slots. With Alani, it's going to be more incremental. In Q1, we'll see kind of what we'll call Tier 3 and Tier 4 accounts, which are the Pepsi-controlled accounts. So your thousands and thousands of independent convenience, which is a part of the captaincy we own those planograms. There's the food service at colleges and universities. Those will really ramp in Q1.

Across Q1 and Q2, you'll see the Tier 1 and Tier 2 accounts. So think of your Walmart and your Targets. Those really will reset according to their plans. So from an Alani perspective, it's not really just a big bang. It's more of a step approach, more of a methodical approach. And with the whole kind of portfolio setup, it makes really more sense. So it really is more intentional in working with Pepsi to make sure that we get everything set up the way we want to set up with the captaincy. So that caused some nuances. And then there's your typical cash management, nothing material or specific to call out, but that's just something additional that you'll see from a timing and sequencing perspective when you're looking at brands Celsius and Rockstar that's already sitting in the distribution centers of Pepsi.

Eric Adam Serotta
Morgan Stanley, Research Division

And that just -- I know there's -- given the history here, there's fears, $100 million plus in third quarter '24. Just to frame it, a day is $5 million or so. So a couple of days. I'm not going to...

Jarrod Langhans
Chief Financial Officer

At the end of the year, if they shut it down for a week, there could be something like that. We're not talking about anything significant, and we would look for that to be more of a timing type issue as opposed to some kind of new program.

Eric Adam Serotta
Morgan Stanley, Research Division

Okay. And do you have any communications or like visibility that, that's happening? Or you're just sort of leaving some cushion and preparing us that it's [indiscernible].

Jarrod Langhans
Chief Financial Officer

I mean, we're looking at a $2-plus billion business. A couple of days here or there is -- I don't think there's a need to really draw a line in the sand over something like that. But I think, like I said, we're set up. We're in the middle of multiple integrations. We're set up for success. The implementations are going well. Alani's implementation and integration will be completed by Q1. Rockstar will be done in the first half of the year. So we're set up for a fantastic 2025. And the typical kind of cash management you see at the end of the year that you expect across CPG, nothing material beyond that to call out.

Eric Adam Serotta
Morgan Stanley, Research Division

Great. So we could move on from those questions. So Toby, turning to the consumer, past few days, we've been hearing from really across the gamut of CPG companies about weak volume growth, weak demand growth. Energy seems to be the standout here from a category. You guys are a standout from a brand standpoint. Why do you think the category has been more resilient? And how do you plan to maintain the Celsius and Alani momentum, especially if the consumer environment weakens from here?

Toby David
Chief of Staff

Yes, absolutely. I think you take a look at what occurred last year with the slowdown in the category, and we said at the time, all of CPG was struggling. And even at that moment, when energy was flat, we still

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felt like it was still outperforming the rest of our peers. You saw kind of the resiliency of the category this year with this substantial bounce back. Alani obviously has been a big driver of the growth. Monster has had an incredible year. Red Bull has had a solid year, and you've seen the turnaround of Celsius, where we were at the low single digits earlier in the year, negative. Now we're into the double digits and exceeding category in many of the most recent weeks, which is exactly where we wanted to be at this moment in time.

You look at the -- what consumers are looking for right now. It's being driven by better-for-you, healthier, sugar-free, females are entering the category. I feel really good about the positioning of Celsius Holdings with -- between Celsius and Alani Nu that we're right there in that sweet spot of what folks are looking for.

Eric Adam Serotta
Morgan Stanley, Research Division

Great. So Jarrod, turning to pricing. Monster took another price increase this year or last month, much more targeted by channel, SKU, much more leaning into RGM. Red Bull's pricing, if you look at scanners, still moving up largely, I think, RGM, they took pricing a year ago. You've historically targeted kind of being between Red Bull and Monster on a price per ounce basis. So how are you thinking about the opportunity for Celsius to take pricing from here, whether it's lift, promo optimization, RGM?

Jarrod Langhans
Chief Financial Officer

Yes. I think we'd agree with Monster, Red Bull and that there is price elasticity there, and there is opportunity. With that said, I think our focus really is going to be a year ago, we were just brand Celsius. Today, we've got 3 brands in our portfolio. And so there's a real opportunity to look at price pack promotional activity across the portfolio, look at really revenue management and revenue growth management.

We are building out a revenue growth team as we moved from a single brand to a multi-brand portfolio. We brought Eric on in March of '25. And so he's got a number of years in really managing Pepsi's portfolio from an RGM perspective. So we're really building that team out to make sure that we're getting our ROI and that we're being really efficient and effective with that. So that will help from a pricing perspective. We do see pricing as an opportunity for us as well. We'll see how it goes with Monster, but that's definitely something that we see as something that we can add to the kind of the tool belt, but nothing specific to call out on pricing other than a big focus for us in '26 and beyond is the RGM.

Eric Adam Serotta
Morgan Stanley, Research Division

Great. And then as a segue into margins, Jarrod, can you talk a bit about sort of the puts and takes for gross margins and OpEx for 2026? We could leave the fourth quarter and even the first quarter out of the picture for a little bit because I know there's going to be noise. You benefited from some forward purchases on aluminum last year, both the metal and the midwest premium have continued to rise. On other hand, you've got the Alani synergies coming in. You also have Rockstar coming in at low margin. Maybe more broadly, can you talk about the confidence of getting first back to the low 50s and then to the mid-50s on the gross margin?

Jarrod Langhans
Chief Financial Officer

Yes, absolutely. I'll start with Q4 anyway. But Q4, you'll probably see kind of, as we talked about, the most pressure because there's a number of things going on with the integration, with onetime charges. As we move into the Pepsi distribution system, you'll have some returns and some scrap and things like that. There is some tariff activity out there, too.

Rockstar is currently a lower margin business. As we move into Q1, we'll really look to get Alani fully into our orbit structure. And then if you go back to May and you look at the modeling call, we're right on track

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for that from the implementation and the integration to have them fully baked in. So as we move into kind of April, you'll kind of have the fully baked in synergies every month going forward.

As it looks at Rockstar, we'll have most of that in really by Q1. Canada is kind of lagging and that's intentional. So we want to get the U.S. done first and then Canada kind of a month or two behind. So that's kind of why we call out the first half. So once we get through the first half, we'll really have from a COGS, raw material freight perspective, all that stuff implemented. So as we look at the back half of the year, you'll see our margins get back to kind of that low 50s.

We also have big beverage second line coming in place that will be online on track for Q3. So we'll get that fully baked in, in Q4. So then you'll be able to see kind of margins continue to expand into Q4. And then as we go into 2027, assuming no other kind of specific macro factors exist out there, the business is set up to continue to expand margins into 2027. So think of it as if you were kind of rolling at each step of the way, Q4 to Q1 to Q2, each step getting better and better, you get to Q3 kind of getting back to that profile, you talked about Q4 getting even better and then going into 2027 with a full portfolio that's really locked and loaded.

Eric Adam Serotta
Morgan Stanley, Research Division

Got it. So shifting gears, I want to talk about the individual brands. maybe this one is for Toby. Looking at brand Celsius, a lot of people, myself included, were skeptical last year and even early this year that you'd be able to return the brand to growth. And you've been growing since June, you're up low double digits in scanner recently. I think you said in convenience, you're up closer to 20%. How do you keep that momentum going in 2026 and then longer term?

Toby David
Chief of Staff

Yes. We heard you every two weeks. I appreciate your enthusiasm. But yes, I mean, listen, we really leaned in earlier this year into this whole LIVE. FIT. GO. campaign. And what that campaign was all about wasn't changing the identity of who Celsius was. It was just speaking and messaging in a way that could broaden out the message and try to capture new consumers that we weren't necessarily tapping into previously. So we really feel like that campaign has been a massive success for us, and that's what's really brought us back to this [right] to category growth or exceeding category growth type of figure.

So we're going to continue to lean into that as we move forward. Every month that we continue with this broad media campaign, we're getting more efficient. We're figuring out which elements of the media campaign are more effective, delivering a better ROI. So I would anticipate that along with some other marketing tactics to really continue to build around the healthy halo of Celsius. On top of that, the captaincy program, which is really the key element of the transaction with Pepsi a few months ago, really are going to continue to lean into that. That's going to provide a big opportunity not only for Alani, but for Celsius as well. Celsius already has a pretty massive footprint around the country. But as we look at controlling that space that Pepsi used to control and making sure that maybe Rockstar isn't necessarily over-indexed, we're going to make sure we put the fast cars on the track, the highest performing SKUs and a lot of circumstances that's going to be more Celsius on the shelf. So really excited about what 2026 has in store.

Eric Adam Serotta
Morgan Stanley, Research Division

Great. And then you used to speak in terms of brand Celsius in terms of the share in your most developed markets, whether it's South Florida, New York City, your share on Amazon as sort of indicators as a runway for the brand or blue sky scenario as to where it could go. So where are your market shares today in some of these highly developed markets? And what does your growth look like in Florida, New York versus the less mature markets?

Toby David
Chief of Staff

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Yes. I think it's different across the board. What I'd say is in South Florida, we continue to have a low 20 to mid-20s type of market share, high teens, close to 20% in New York City. We have other major markets around the country that in that 15% to 20% range. Amazon, you cited both Monster and us performed very, very well there. We've rotated over the past between 1 and 2. I think we're #2 energy brand on Amazon right now.

We have a number of other markets around the country where we're under-indexed at the moment. So we call it like upper single digits. I think across the board, there's room for improvement, and nothing has changed our perspective that some of these, call it, blue sky markets, there's no reason why we can't achieve with Celsius that mid-teens, upper teens type of figure. It's just going to maybe take a little bit longer than maybe we had anticipated 1.5 years ago. But if we can continue to grow at, let's call it, double-digit type of rate, you've got Alani Nu, which is growing at an exceptional rate right now. We've got a heck of a portfolio.

The plan is to stabilize Rockstar and then see what we can do. And as you mentioned at the outset, we're sitting at a 20% market share. And I think if you had spoken to folks 1.5 years ago and say that Celsius Holdings is sitting here at 20%, maybe not quite the way that people thought we would get here, but it's still a pretty impressive thing because you've got this duopoly at top with Red Bull and Monster have never been challenged before. Now you've got this third horse in the race that has an opportunity to create some more noise.

Eric Adam Serotta
Morgan Stanley, Research Division

Yes. And then you did your first LTO for brand Celsius, Spritz Vibe. I think we still have some outside back in the fall. You said upfront, this is more kind of dipping your toe in the water. I don't expect this to be the next Witch's Brew, but it's kind of a test and learn. So today, what were the learnings from Spritz Vibe? What are the plans for brand Celsius LTOs in '26 and broader innovation for [2027]?

Toby David
Chief of Staff

Yes. You kind of stole some of my talking points there with dipping the toe in the water. So I'll have to figure out what to say here. Listen, at the end of the day, we've seen quite a bit of success with Alani. Some of our peers out there, Monster and Red Bull have had great success with LTOs. This is something we had talked about internally for a while. We finally were able to achieve that with the Spritz Vibe. It was a high-velocity item for us. It was actually our top velocity item. We took a lot of key learnings from it.

In particular, we had never won an LTO before, in particular with Pepsi. So we wanted to understand what are the puts and takes? Where are the pros and cons, strengths and weaknesses so that when we integrate Alani into Pepsi and when we run our first LTO with Alani and with Pepsi, we want to make sure it's flawless. And I certainly think that given the learnings that we took, not that there was anything wrong that went wrong, but you learned quite a bit when you actually put it to action.

So given what we saw, given we just brought on a new Board member from Pepsi, Michael, who reports directly into [Ramon], I remember talking with him at our last Board meeting and explain, hey, listen, we need to make sure these LTOs are flawless. And when you have somebody right there at the top of the food chain that can understand what the dynamics are within the Pepsi system, it can help cut through the noise and make sure that you have these flawless integrations, feel really good about what 2026 looks for both Alani and then the LTO strategy for Celsius.

Eric Adam Serotta
Morgan Stanley, Research Division

Great. And then shifting gears to Alani. Jarrod, you spoke earlier in terms of a little bit of cadence more of a stair step than a big bang. How are you thinking about what the ultimate distribution potential is for Alani relative to Celsius? Celsius is pretty much fully distributed, 95% ACV in Nielsen, close at 98% in Circana, TDPs or items per store, kind of high teens. How do you look at conceptually, I'm not going to

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hold you to a number a year from now, but how do you look at conceptually that -- what that gap, if any, there should be between the brands?

Jarrod Langhans
Chief Financial Officer

Yes. I mean start with ACV. I think we'll be on a path to get to a similar ACV, probably won't be kind of, like I said, that big bang, no pun intended for over 6 weeks, right? I think we'll see kind of a slower role but a more methodical role. I do see us getting to a similar ACV point between Celsius and Alani. Alani is a little bit farther along than we were when we went into the Pepsi system. So we do see a path to Alani working its way to similar metrics at Celsius. But ACV definitely would see kind of nearing the same percentages that Celsius did. That's one of the reasons why we want to be on the Pepsi truck.

They do have a bit stronger velocity in a number of areas, and they carry that off of a few less SKUs. So I don't know that the same average number of SKUs will kind of match up right away. But we do see them continuing to add SKUs, continuing to demand space. They'll pick up a significant amount of space in those Tier 1 and Tier 2 accounts this year. The ACV pickup will really be helpful when we move into kind of the Pepsi controlled accounts. So those independent convenience will really help drive their ACV to that, call it, mid-90 level. So very excited. We think that once we get, call it, to the end of Q2 when all of the resets are completed and you've got them fully baked on the Pepsi trucks and we're fully integrated that you'll have a really good view as to where that business is going, and we're really excited about 2026.

Eric Adam Serotta
Morgan Stanley, Research Division

Great. And then more broadly, looking at the potential for Alani, growth has been terrific since you acquired it. Second quarter was clearly unreal or unsustainable given you had those fully incremental LTOs. Come down to earth a little bit, but still pretty strong even when you -- especially when you correct the scanner numbers for missing Winter Wonderland as I think most people are aware of now. But more broadly, with LTOs so central to the brand, I hear a lot of concern about sort of the hamster wheel or the treadmill of having to cycle last year's and sort of keep feeding the beast. So how are you thinking about long-term growth for Alani? What gives you confidence in the runway there?

Toby David
Chief of Staff

Yes. I mean I think when you look at the LTO strategy, there's a few different things you're trying to accomplish. The first thing is you're trying to get trial from new consumers where you can create some buzz and maybe some flavor profiles that bring people into the brand or consumers in the brand that have never tried it before. The second thing, and you certainly see it with Alani, is creating that frequency of -- gain that frequency of consumption. You log on to TikTok you see some college girls going to Target and just wiping out full sections of these LTOs that are out there. So I'm not sure if there's necessarily anything wrong with driving both trial and frequency. And one of the data points that we've seen with Alani is when you take a look at where their market share is at the start or prior to an LTO, you see obviously a big bump up during the LTO. But by the end of the LTO when it's over, the entire brand is lifted up and you see a net gain by the end of that time period.

So not only that, but you see the core SKUs continue to perform, whether it's on or off of an LTO. So they've really done a phenomenal job. They carry a lot fewer SKUs than Celsius has historically. And those core SKUs really performed well, and then you can cycle in these LTOs. And then there's opportunities for the LTOs that perform very well that aren't necessarily seasonal to bring them into the rotation in the future if they're a potential power SKU.

Eric Adam Serotta
Morgan Stanley, Research Division

Great. And then Rockstar -- the acquisition of Rockstar was a piece of the transaction you announced in August really strengthening your partnership with PepsiCo. So how does Rockstar fit into the Celsius

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Holdings portfolio going forward? And what are your plans to stabilize and grow the brand versus your willingness to cannibalize some space to have the fastest cars on the track as Toby and John like to say?

Jarrod Langhans
Chief Financial Officer

Yes. I mean if you just take a step back in all the transactions that happened at the end of August, not just Rockstar, it was about getting the captaincy, so it was about really owning the portfolio for energy for the Pepsi system, and so that was one of the pieces. It was getting Alani into the Pepsi DSD system, and then it was adding Rockstar as well. We look at Rockstar, there's a number of folks within our organization that participated in really building Rockstar, so they know what it takes to kind of get that -- where that business should be. I think, having an energy specific company that's focused on energy only where you need to have more frequency in terms of visiting, in terms of merchandising, I think those things will all help the brand, also really getting back to the basics with Rockstar.

There will be some SKU rationalization we talked about when we talked about kind of the $250 million run rate for '26. That is intentional. That does allow us to put some other things in that space as well where we can put some of the faster cars from Alani and Celsius on there. So from a portfolio perspective, we think it's advantageous to do that. And so we'll look to get Rockstar into stabilization. Rockstar also plays in some different categories, right? So Rockstar, we don't play in sugar right now. Now it's not quite 50%, but just under 50% of the category is still sugar. So that gives us the opportunity to kind of go in there and see what we can do from that perspective where there's really only been 2 primary players in that area. And then also looking at some other customers, some other drinking occasions that don't necessarily fit our modern energy profile for Rockstar that allows us to kind of work on those channels as well.

So we're bullish on what we think we can do with Rockstar. We know it's not going to happen overnight, but we think that the brand carries a lot more than kind of what the revenue say it is today. So we're excited about Rockstar, super excited about the captaincy that we have within the Pepsi system. Obviously, very excited about getting Alani Nu into that DSD system this week.

Eric Adam Serotta
Morgan Stanley, Research Division

Great. So in terms of the competitive set, this one is for you, Toby. Competitors have really been coming at the sugar-free flavor segment that you guys owned for quite some time, really over the past 18 months or so since kind of summer 2024, when Red Bull really came in. Monster has been accelerating the innovation with the Ultra line, a lot of their other sugar-free offerings. So I guess what is Celsius doing to kind of protect your positioning and your moat in that sugar-free active lifestyle segment whether it's from both the big 2 or bloom or the other upstarts that are coming? And then, I guess, what are the differentiating factors for Celsius that you think keeps consumers loyal to the brand?

Toby David
Chief of Staff

Yes. I mean you look at sugar free, there's a reason why everybody is going into that portion of the category. It's what's really driving the category right now, health and wellness, functional, fitness, lifestyle, these are all the elements that the folks and consumers are going into the sugar-free portion of the category are looking for. And obviously, there's always going to be competition. It's been a highly competitive category for years. We respect our competitors. We also feel like we're incredibly well positioned between both Celsius and Alani, who both have roots in fitness, in the gyms. I mean Alani was actually founded and started in GNC. Celsius, many know here, we're born in the gyms. I mean that's where we started.

So I think what's really important is having that authenticity that consumers can identify with. And you look at the trends, sugar free, female, I can't think of a better positioned portfolio to be able to capitalize on that. It's going to be a fight out there in the street. It's highly competitive, but we feel like we're as well positioned as anybody to capitalize on it.

Eric Adam Serotta

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Morgan Stanley, Research Division

Great. And then, Jarrod, turning to capital allocation. You announced a $300 million open-ended repurchase authorization after third quarter results. Have you been in the market since then? And then more broadly, can you talk about your capital allocation priorities from here? I think you said you were paying down some debt, but you still have an awfully clean balance sheet.

Jarrod Langhans
Chief Financial Officer

Yes. So we've had a lot of strong cash generation, had a significant amount of cash on the balance sheet as we ended Q3. We took about $200 million and paid down part of our debt. So we deployed some of that. Our #1 kind of deployment strategy is going to be investing behind the business. So that's going to be our main focus on what are we going to do with our cash flows is really driving the growth of our businesses and driving the growth of our portfolio. .

When it comes to other capital deployment things, obviously, we'll look at debt paydown. But with our strong balance sheet, we looked at it as an opportunity to go into the market and start repurchasing some stock when we felt that there was a value gap. And so yes, we have been in the market. We have been buying up some shares and supporting the business from that perspective.

Again, we have a sound balance sheet. We have a strong cash generation. So we feel it's a responsible deployment of our capital and the right thing to do at this time.

Eric Adam Serotta
Morgan Stanley, Research Division

Great. And then you've made some pretty big hires over the past year, some sizable investments in people, Eric Hansen, President, COO; Rishi, on the CMO; Garrett on the international side. Can you talk a little bit about what they bring to the table? Any impact on your relationship with Pepsi, positive or negative, as some of these were Pepsi employees?

Jarrod Langhans
Chief Financial Officer

Yes. I mean in terms of relationship, I think, overall, it's going to be a very positive impact on the relationship. There's -- we have people within our current organization before we added those folks that had great relationships or that had been in the Pepsi system. So it gets us better connected. The experience that Eric brings to the table from a commercialization perspective and from a portfolio perspective, and we mentioned from a revenue growth management perspective, are all value-added to us and drive some additional competencies into our business, especially as we've built out now a 3-brand portfolio and then working within the DSD system within Pepsi is something that he's obviously done his entire career. So having him in place to help really drive that ship and take our portfolio to the next level around revenue management, around commercialization, around these primary periods is something that will be very valuable to us as we look out to '26, '27 and beyond.

Looking at Rishi, Rishi's been involved in global operations. He's been involved prior to some of the recent activities done, he was with Pepsi for, I think, 16 years. But he brings that mentality of being able to maintain kind of that brand voice by managing a number of brands and making sure that each of the brand is positioned for success and in working with portfolios as well. He's worked with kind of more tenured brands in the Pepsi system, but also newer brands that are up and coming in high growth. So really adding him helps to put structure in place. We do have brand teams across the board. So each of our brands has their own brand teams so that they maintain their brand voice. But he's kind of there to be the conductor and really drive the entire portfolio so that we're working together and we're being as efficient as effective as possible. And that's from a global perspective.

Then adding Garrett, who's been with us 2 or 3 weeks, so he owes me an international plan next week. Actually, he's -- he'll be super valuable. The countries that he's most familiar with are the ones that we've expanded into, and that are new for us. So bringing his experience into those will really help supercharge

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those. In addition, he's got a ton of relationships and experience across Europe and Asia with a variety of different strategies. So is it a concentrate model? Is it a licensing model? Is it a franchising model? Is it your typical finished goods model and then working with the various distribution systems across the world. So bringing him into the mix will allow us to really take the business and the team that we've built in Dublin, in particular, where we created a global HQ that's kind of fully built out at this point in time to really take that team and drive strategy and really start attacking really a lot of that white space internationally.

So more to come on that. We will give them more than 3 or 4 weeks to really drive the plan and the strategy and working with John and Eric, myself and really bringing his ideas to the table, but we see a huge opportunity by adding him to the team.

Eric Adam Serotta
Morgan Stanley, Research Division

Great. So then shifting back, Toby, to you. You mentioned the success of LIVE. FIT. GO. Can you talk a bit about sort of the investment plans and strategies without giving away too much to Mark here on the front row. Could you talk a bit about sort of the investment plans you push more on LIVE. FIT. GO.? How do you think about balancing investments between your 2-star brands?

Toby David
Chief of Staff

Yes, it's a good question. I mean LIVE. FIT. GO. is a Celsius phenomenon, right? It's separate from Alani and Rockstar. We're going to continue to invest in that in 2026. We just believe we'll be more efficient with it. We have a number of other programs. That's just going to be like one of the key media programs that we're running in 2026. We brought on Rishi. We've restructured our marketing department so that we're going to have brand teams that sit above or sit on both Celsius, Alani and Rockstar. They're going to be dedicated solely to those brands to make sure they all get the TLC that they all deserve and merit. Then you're going to have cross-functional teams that share in different -- we'll work with all 3 brands as well. So this is when Jarrod references bringing Rishi on, he's more of a conductor, we've really come up as this kind of entrepreneurial, almost like a start-up type company. And when you kind of grow into this multi-brand portfolio, large head count, you need to make sure that you have all the people sitting in the right spots, communicating effectively, tying all the programs together.

And this restructuring that we've really underwent over the last 5 or 6 months is key to our success moving forward because we need to make sure that each brand has their own voice. We want to make sure that Alani in particular, that we don't get in the way of what that voice has been. And I think that's one of the mistakes that companies make way too often as they acquire a brand, they want to put their own touches on it. We brought on that entire Alani marketing team. We still work closely with Max and Trey to the cofounders who understand what that voice sounds like. And we're going to continue to allow them to drive that voice.

Now we'll work closely with them to give them the resources they need. But each team is going to have their own assets and headcount to make sure that we're able to drive for success next year.

Eric Adam Serotta
Morgan Stanley, Research Division

Great. And then look, the energy category in the U.S. has always been competitive, but Monster and Red Bull have kind of consistently held on to ballpark 70 share combined. So how do you see that category structure developing over time as you guys get a bigger piece of it? And kind of what differentiates Celsius today from all the challengers that have kind of come before?

Toby David
Chief of Staff

Yes. Well, we're going to be careful. I got some of our friends in the front row over here. Listen, what Red Bull and Monster have done has been really incredible, right? You just talked 70% market share. We

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feel really good about where we're positioned today with that close to 20% market share between our portfolio. I think what's important is you've got to be able to capitalize on where the trends are going. And you're seeing both Red Bull and Monster move there with the sugar-free, leaning in on females. We feel really good about our positioning within both of those.

It's not just capitalizing on females and sugar-free, it's also Gen Z as well and the people that are coming into the category for the first time. And you look at both Celsius and Alani, we certainly over-indexed with that younger generation. So this is a marathon, not a sprint. We don't expect to catch anybody in 2026. It's about continuing to climb in market share and be competitive.

And listen, this is a great category. You're seeing success right now across the board within the category. And we fully anticipate that we're going to be able to be hopefully the biggest beneficiaries of the next year.

Eric Adam Serotta
Morgan Stanley, Research Division

Great. Well, that puts us right at time here. I think you guys were the last fireside of our conference. So thanks for anchoring this. Thank you for attending as usual and until next year.

Jarrod Langhans
Chief Financial Officer

Great to be here. Thank you.

Toby David
Chief of Staff
Thanks, Eric.

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