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Market Intelligence

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Earnings Call

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Presentation

Operator

Good morning, and welcome to the Celsius Holdings Second Quarter 2025 Earnings Webcast. [Operator Instructions] I'd now like to 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 Second Quarter 2025 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 second 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 also 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'll present results on both a GAAP and non-GAAP basis. Non-GAAP measures like adjusted EBITDA, adjusted EBITDA margin, adjusted diluted earnings per share and their GAAP reconciliations are detailed in our Q2 earnings 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

Good morning, and thank you for joining us. Q2 was a strong quarter for Celsius Holdings and for the energy category at large. Among beverages, energy is outperforming with over 15% year-over-year retail sales growth with tailwinds coming from new to category consumers drawn to functional zero sugar innovation and increasingly great value among beverage choices. Celsius Holdings delivering meaningful strength across our portfolio in the second quarter led by standout performance from the newly acquired Alani Nu brand and continued positive momentum from our core Celsius brand.

For the 13 weeks ended June 29, total Celsius Holdings retail sales grew 29% and volume increased 31%, reflecting broad-based consumer demand and strong execution at retail. Celsius Holdings reported revenue of \$739.3 million for the second quarter ending June 30, 2025. The 84% year-over-year increase in revenue was primarily driven by \$301.2 million in revenue from the Alani Nu brand, the Celsius brand contributed \$438.1 million of revenue in the quarter.

Q2 consolidated gross margin held relatively steady at 51.5%, down 50 basis points year-over-year despite incorporating Alani Nu's lower-margin profile beginning in the second quarter. Overall, gross margin was supported by favorable material costs, improved production yields, leverage gains through our vertical integration initiatives and strong product and channel mix. Looking toward the back half of this year, we expect margin pressure associated with higher input costs, which Jarrod will discuss further on the call.

Adjusted EBITDA was a record in excess of \$200 million in Q2 of 2025. We are very pleased with the strong growth of Alani Nu and the pace of our integration with the teams and operations that Celsius

Holdings acquired in the transaction, which closed on April 1 of this year. Our focus today remains on delivering excellent customer service and supporting a robust distribution growth and innovation.

As we noted in our Alani Nu modeling call held in May, we expect to achieve \$50 million of run rate cost synergies over 2 years post-closing, contributing to strong pro forma profitability and significant cash flow generation. Celsius Holdings performance through the first half of the year was driven by strong execution across innovation, marketing, retail activations and operational discipline. We stay close to the consumer, remain focused on building brand equity and work hard to deliver value to our retail partners and consumers. Our team continue to operate with great focus and intention. We don't take growth for granted. And that mindset carries us through the first half of this year and positions us well for the back half of 2025 and beyond.

I'll turn the call over to Jarrod shortly to walk through the financials in more detail, but first, I want to talk more about what drove the quarter, how we showed up in market, what we're seeing across our brands and channels and where we're going from here.

Consumers today are making more intentional beverage choices reaching for functional, better-for-you products that fit their active and wellness lifestyles. The shift to zero sugar, functional energy drinks is fueling one of the fastest-growing segments in beverage, and Celsius Holdings is defining it. Recent industry reports pointed to double-digit category growth in 2025, with momentum coming from new to category consumers, namely females, Gen Z and the growing number of consumers who are switching to functional energy drinks from other energy sources like RTD cold coffee among them.

Younger, more diverse consumers are now leading the growth and brands that resonate with Gen Z and women like Celsius and Alani Nu are gaining share and building loyalty. The Celsius Holdings portfolio has reached a 43% household penetration with the Celsius brand at 34% and the Alani Nu brand at 22% household penetration with repeat rates over 65%. And on the retail side, buyer surveys continue to rank Celsius Holdings portfolio among the most likely to gain share, confidence we're backing up with strong execution in the market and track U.S. channels, the buyer surveys continue to rank Celsius Holdings portfolio among the most likely to gain share, confidence we're backing up with strong execution in the market. In tracked U.S. channels, the ready-to-drink energy category grew 15.2% year-over-year in second quarter, with unit growth of 13.5%.

While Celsius Holdings outpaced the category across nearly every key retail metric. Dollar sales grew 28.9%, nearly double the category. Unit sales increased 31.2%. Total points of distribution and items per store both rose roughly 23%. Velocity increased 20% quarter-over-quarter. For the last 13 weeks ended June 29, Celsius Holdings achieved a 17.3% dollar share in RTD energy category, a 180 basis point increase versus the prior period.

The Celsius brand delivered resilient growth in the second quarter, growing unit sales, 6.1% and dollar sales by 3% to achieve 11-point share for the 13 weeks ended June 29. And the Alani brand had a breakout quarter. Dollar sales rose 129% with share up 3.2 points year-over-year, making it the largest share gainer in RTD energy and reaching a 6.3 share for the 13 weeks ended June 29.

The Celsius Holdings portfolio also recently surpassed a key retail milestone, achieving \$4 billion in the past 52-week retail sales and tracked channels for the period ending July 20, 2025, a major milestone. That's more than the next 8 RTD energy brands combined in the same period, a clear signal of the category momentum we're leading and the demand our brands have generated.

Innovation continues to be a core driver of growth, and both brands delivered meaningful in Q2. Alani Nu showed extraordinary strength and innovation in the second quarter, led by Sherbet Swirl and Cotton Candy which drove sales incrementality across the business. Alani Nu, Cotton Candy set sales records and is debut at Walmart by orders of magnitude.

And Alani Nu consumers are already buzzing about the recent arrival of Alani Nu Witch's Brew, which this year is accompanied by another great LTO, Pumpkin Cream. Importantly, growth wasn't limited to new items. Alani Nu's core SKUs are sustaining strong velocity and retention, evidence that this is a brand with

staying power. Brand loyalty data across the category show Celsius and Alani brands, are clear standouts, particularly among Gen-Z and female consumers.

The Celsius brand delivered strong innovation in Q2 with the release of 2 great refreshing Fizz Free flavors, including Pink Lemonade and Dragon Fruit Lime. Consumer insights guide our innovation and the introduction of these 2 new flavors feeds into strong consumer demand for more great-tasting, zero sugar fizz free energy.

The Celsius brand also continues to build scale in e-com, on track channels and food service. The Celsius brand was the #1 trademark in RTD Energy on Amazon during the summer Prime Day event with a 18.4% share for the week ending July 12. With sales led by our variety packs and top-performing flavors. The Alani Nu brand jumped to a 10.9% share on Amazon during the Prime Day event for the week ending July 12, up from 6.5% the prior week.

Celsius foodservice volume grew 9.8% year-over-year in the second quarter, representing approximately 12% of our North America Celsius brand sales to PepsiCo. Distribution and activation continues to expand, particularly lodging, recreation, health care and quick-serve restaurants. International revenue grew 27% year-over-year in the second quarter, with strong contributions from Australia, the U.K. and France. These are still early days, but our approach is resonating, lead with brand and best in localized execution and scale with discipline. Internally, we're building our capabilities to support this growth in systems, supply chain, analytics and operations.

In July, we welcomed John Cole, an Executive Vice President of Technology, to help us strengthen cross-functional connectivity and scale our infrastructure for a multi-brand omnichannel future. John's 30-year career in technology spans name brands like Fanatics, Philip Morris and Point72, among others.

We continue to invest in brand awareness, touching more people in more places, more often, focusing on driving trial and loyalty. In June, we launched the next wave of our LIVE. FIT. GO marketing campaign, our most ambitious creative yet, connecting purposeful energy to real-world action. Early results are strong with rising aided awareness and positive feedback from retailers.

The Celsius brand also activated a key cultural moments like F1 Miami, the CMA Fest and the Breakaway Festival. While Alani Nu expanded its reach through influencer engagement and lifestyle partnerships. Looking ahead, we're excited to debut Celsius First National TV commercial during NFL broadcast this fall, a major milestone.

We're also collaborating with country music star, Kelsea Ballerini on branded content that reinforces our growing connection and connectivity with female consumers. We're proud of how our team executed our growth strategy to reach more people in more places and more often in the second quarter and how our brands continue to lead one of the most dynamic categories in beverage. Celsius and Alani Nu brands are driving growth, gaining share, staying relevant with the next generation of modern energy drinkers.

With that, I'll turn the call over to Jarrod for more details around our financial results for the quarter and the first half of the year. Jarrod?

Jarrod Langhans

Chief Financial Officer

Thanks, John, and good morning, everyone. We delivered strong financial results in the second quarter with meaningful contributions from both the Celsius and Alani Nu brands.

Let's walk through the numbers. Starting with Q2 2025 financial highlights. For the 3 months ended June 30, 2025, revenue totaled \$739 million, up 84% from the prior year period. Growth was led by \$301 million of revenue from Alani Nu, which delivered record results fueled by strong limited time offer sales of their Sherbet Swirl and Cotton Candy and continued growth in the brand's core flavors.

Celsius brand revenue increased 9% year-over-year, supported by velocity improvements and expanded distribution. Scanner data showed approximately 3% sales growth as our reported results benefited from a favorable comp from the prior year inventory movements at our largest distributor. Gross profit increased

to \$381 million compared to \$209 million for the year ago period with consolidated gross margin of 51.5% compared to 52% last year. The margin reflects lower ingredient costs, stronger production yields and favorable mix, partially offset by Alani Nu's structurally lower margin and the impact of \$21.7 million in purchase accounting inventory step up. That said, Alani Nu gross margin improved sequentially driven by cost efficiencies and product mix.

For both brand Celsius and Alani, we saw some favorable mix impacts in areas such as channel mix and product mix, but most impactful with savings across raw materials and freight. With that said, our inventory is recorded on a FIFO or first-in first-out basis, and as a result, we did not see a material impact from tariffs in the second quarter. We would expect tariffs to impact the overall margin profile through increased costs across our raw materials in Q3 and Q4.

Moving to operating expenses and profitability. Sales and marketing expenses were \$152 million or 20.5% of revenue in the second quarter benefiting from some outsized growth relative to the timing of investments made in the quarter. As we look to the back half of the year, we will continue to support the brand with increased investment relative to the second quarter, including further investments in our LIVE. FIT. GO. campaign, summer promotions and increased retail activation.

As always, we'll remain agile in managing spend. We continue to build organizational capability during the quarter with new hires in field sales, brand marketing and customer experience, all critical to executing our commercial priorities in Q2 and beyond. G&A expenses were \$86 million or 11.7% of revenue compared to 6% last year. The increase was primarily driven by \$16 million in acquisition-related costs and \$13.8 million related to the contingent consideration associated with the earnout.

Let me provide a little color on the contingent consideration. In connection with the acquisition of Alani Nu, the company recorded a liability at fair value for the contingent consideration potentially payable to the sellers of Alani Nu subject to achievement of certain 2025 net sales targets with a maximum payment of \$25 million. The fair value of the liability was estimated using discounted future cash flows based on a probability weighted expected return methodology. The company evaluates the fair value of the contingent consideration quarterly and adjust the carrying value of new information becomes available.

As of June 30, 2025, the contingent consideration was remeasured to the maximum \$25 million payout driven by the outperformance of Alani Nu's revenue results for the 3 months ended June 30, 2025, relative to the initial financial projections as of the closing date and a resulting revised upward forecast for the remainder of the calendar year.

On to net income. Net income was \$99.6 million for the second quarter of 2025 as compared to \$79.8 million for the second quarter of 2024. Net income attributable to common shareholders for Q2 was \$85.7 million or \$0.33 per diluted share compared to \$66.7 million and \$0.28 per share last year. Adjusted diluted EPS was \$0.47 per share compared to \$0.28 per share in the prior year. Adjusted EBITDA increased 109% to \$210 million compared to \$100 million in the prior year.

Now let's take a look at year-to-date. For the 6 months of 2025, revenue totaled \$1.07 billion, up 41% year-over-year. North American revenue reached \$1.02 billion up 41% and international revenue grew 33% to \$48 million. Gross margin for the first half was 51.8%, up from 51.6% last year, driven by lower input costs, improved production yields and mix, partially offset by Alani Nu's gross margin structure and inventory step-up.

Sales and marketing expenses for the first half were \$232 million or 21.8% of revenue down from 22% in the prior year. G&A totaled \$125.8 million or 11.8% of revenue versus 6.2% last year. with the increase primarily driven by transaction-related costs and the previously mentioned earn-out adjustment. Non-GAAP adjusted EBITDA increased 49% to \$280 million compared to \$188 million in the first half of 2024. GAAP net income for the first half was \$144 million with net income attributable to common shareholders of \$119.9 million or \$0.48 per diluted share versus \$0.55 last year. Adjusted diluted EPS was \$0.65 per diluted share compared to \$0.55 per diluted share, even with the increase in share count from the Alani Nu acquisition.

Moving to the balance sheet and capital structure. We ended the quarter with \$615 million in cash, providing flexibility to support our innovation pipeline, international expansion and other long-term growth initiatives as well as debt reduction. As of June 30, total debt outstanding consisted of the \$900 million term loan used to fund a portion of the Alani Nu acquisition and our revolver remains undrawn. Looking ahead, we remain focused on profitable growth and operational discipline. With that, I'll turn it back to the operator for questions.

Question and Answer

Operator

[Operator Instructions] Your first question comes from the line of Peter Grom with UBS.

Peter K. Grom

UBS Investment Bank, Research Division

Thanks, operator, and good morning, everyone. So obviously, the top line performance was outstanding. But I was hoping to get some color on gross margin, both in the quarter but also just how to think about the path from here, back in May, you outlined gross margin in the range of 47% to 49%, but this came in nicely ahead of that and after backing out the inventory adjustment was even stronger.

So can you maybe unpack the drivers of the better performance in the quarter, how it compared versus your expectations? And then just on the path forward, you mentioned the impact from tariffs is not significant in the quarter. But can you maybe give us a sense for how we should be thinking about the gross margin trajectory from here given the increases in aluminum and the Midwest premium?

John Fieldly

CEO & Chairman

Thanks, Peter. Yes, we had a phenomenal quarter. Top line came in extremely strong, especially on the -- with the Alani portfolio. And as we talked about in the prepared remarks, some of the new flavor launches, the LTOs with Cotton Candy and the Slush just did extremely well. But in regards to the gross profit margin, I'll turn it over to Jarrod for more color on some of those drivers. Jarrod?

Jarrod Langhans

Chief Financial Officer

Yes. Again, to just like John said, let me reiterate hats off to the operations and commercial teams across Celsius, Alani and Congo as well with the TSA that we're working with them on. It was a great quarter. I think we're pacing well ahead of, obviously, what we modeled in, and you can see very strong margins coming through.

In terms of how those break down for Q2, let's start with Alani. For Alani, John did mention the LTOs, those end up -- tend to be from a COGS perspective and an overall perspective, higher-margin products. So when those things take off, they do provide a benefit to the margin. They've got longer runs and you typically don't see promos or a lot of promos on those. So from a net perspective, they're accretive.

We saw a good mix as well. So the RTD component of the portfolio within Alani way outweighed anything else within the portfolio and the RTD portfolio or a portion of the portfolio is a higher-margin product. And then we saw -- from an operations perspective, we saw some freight savings and some raw material savings pacing ahead of expectations. So a great job to them to really start driving those really as soon as we kind of hit the ground, so hit the ground running. So all in all, great job from Alani's perspective.

For Celsius, we saw some savings as well across raw materials. Our scrap rates are at some of the lowest levels we've seen in years. And then we did benefit from some mix in terms of the channels that we're seeing outsized growth above that 9% that we noted in the script in the press release. So a great quarter overall. And lots of good things happening.

Also, we talked about FIFO, we talked about in the last quarter price locks we had for a good part of the year that helped with the aluminum. So all those things benefited us in the quarter. We had 51.5% margin. Obviously, if you add back the inventory step-up, it's even above that. It's -- we're looking at more of a 54% or 54-plus margin from that perspective.

Looking to Q3 and Q4, I'll do my best to not everyone kind of get over their skis on the results. So let's kind of look at the FIFO and the price locks. Obviously, first in first out, we'll probably have some benefit in Q3 still from FIFO with some inventory coming in that wasn't significantly impacted by aluminum tariffs.

So that's -- that will help Q3. We also have some price locks across the back half of the year that will be helpful. But we'll see some tariff LME and aluminum increases across raw materials. It's hard to peg it with the tariffs kind of changing weekly as well as the LME and aluminum changing on a weekly basis.

Clearly, we're up above the model that we showed and above the 50% that I kind of flagged for Celsius last quarter. Where we'll land between kind of that 50% to 54% number. I think we're comfortable saying we're going to be low 50s as things are today, if nothing changes. But with that said, it's up to us to do better and to drive those cost initiatives to be above that expectation.

John Fieldly
CEO & Chairman

Yes. And I think with the systems and processes, we implemented as well as the vertical integration initiatives. We're just able to take advantage of the scale, and this was another reason to bring Alani into Celsius Holdings. So hats off and great job to the organization and team. We're focused on discipline and execution, driving additional profitability and scale and taking advantage of the organization we've built. So we're going to continue to do that. But thank you for your question.

Operator

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

Eric Adam Serotta
Morgan Stanley, Research Division

Hoping you could give some color on expectations for Alani shipments versus takeaway. Shipments were really robust in the quarter despite presumably some sell-in for the first LTO before the deal closed. How -- first, is that correct? And then second, how should we think about that for the balance of the year? And then could you touch upon expectations for Witch's Brew, which is always a big LTO for Alani, what you're doing to grow that year-on-year and your kind of expectations for Witch's Brew this year?

John Fieldly
CEO & Chairman

Yes. Excellent. Thank you, Eric. In regards to the shipping data, if you look at just for the quarter, the growth we saw in Alani and the growth on the scan data, it's not a perfect match, but it's relative. I guess, you could say. It is really hard to really anticipate the future. There always is going to be some deviation from sell-in to sell-out. And -- but I will tell you, we are in -- mainly an independent network with the Alani Nu portfolio. And there's relatively a number of days on hand there. So we expect it to be somewhat fairly close to the scans, but something if we see any outliers, we'll go ahead and highlight that.

But it's coming in fairly close. You always are going to have fluctuations as we've seen prior. So -- and the timing of LTOs and these launches will fluctuate on a quarter-to-quarter basis. We do have Witch's Brew currently has launched and is rolling into retail right now. So if you can get to a retailer, please go out and try it. It's an amazing flavor that kicked it off on social with been great marketing and hats off to the team. And also, we have a variety pack this year. It's also in conjunction with Pumpkin Spice, which is a new flavor, and really excited about that and how that's going to be perceived within the portfolio.

So a lot of timing and sequencing. There's a lot of great innovation that's planned. We have the winter addition coming as well within the Alani portfolio. And we've been working very closely for 2026 planning and 2027. We're going to have a really robust portfolio of innovation not only for Celsius but also -- not only for Alani but also for Celsius. And then with the Celsius portfolio, we have our first LTO, limited time offer, that will be coming to market this fall that the Celsius team is excited about.

Jarrod Langhans
Chief Financial Officer

Yes. Let me jump in. I'll give some directional data. If you kind of look back to Q2 '24, if you go back to the modeling call we did back in May, we were at net revenue number of \$146 million. And today, we're at \$301 million, so call it roughly 106% quarter-over-quarter growth. If you look at the scanner data, and

it's not perfect, but it's directionally helpful. The scanner data for Q2 was around 129%. So that gives us some confidence that we're not seeing that we're seeing the sell-through happen, us going into the distributor, the distributor going to the retailer and the consumer pulling the product off the shelf.

Operator

Your next question comes from the line of Jeff Van Sinderen with B. Riley Securities.

Jeffrey Wallin Van Sinderen

B. Riley Securities, Inc., Research Division

I wonder if we could turn a little bit to international for a moment. Maybe you can touch on plans to expand further internationally during the second half of the year?

John Fieldly

CEO & Chairman

Yes. Thank you, Jeff. Really excited about the international opportunity. As we've seen, we started to see -- we've been building out really the teams and the organization. We have a variety of additional team members that will be coming on here in the back half of the year to really further set us up for additional focus and execution and really building these brands in these new markets like the U.K., Ireland, New Zealand, Australia and Benelux. We've been working very closely with Suntory in a lot of these markets. For the quarter, we had a 27% growth rate. It is a -- at a run rate getting close to \$100 million business.

So a lot of opportunity ahead. The same health and wellness trends we see in North America or global trends. And a lot of these -- our markets are growing at a much -- growing at a great rate within energy. So just like we're seeing energy grow here in the U.S. It is growing around the world and health and wellness resonates with such a broad consumer. And this portfolio delivers on that. You're seeing more females coming into the category in international markets and health and wellness is just as strong. So we think we're well positioned.

As we look for new markets, we're really focused on our existing markets right now for the back half of 2025. We're just getting started, lots of opportunities, but we really got to keep the teams focused at this point. It's timing and sequencing, but the opportunity presents itself for '26 and beyond for sure.

Operator

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

Gerald John Pascarelli

Needham & Company, LLC, Research Division

I know it will be out in the queue, and I apologize if I missed this in your prepared remarks. But can you give us an idea of what the Costco channel revenue was in the quarter? I'm just curious if there was a benefit from an MVM coupon program there? And then just how we should think about that channel progression going forward?

John Fieldly

CEO & Chairman

Yes. I'll just start off, Gerald. I mean, the club channel is a big portion of our business from Costco to Sam's to BJ's, it is a growing segment. We did have a promotional activity take place. So we did see uplift at Costco, and that will come through in our queue. And I think when you look for the back half of the year, we've adjusted some of our promotions and timing. We talked about that on our last earnings call where we saw some of the timing and promotion shift. So we're optimizing there as well as the timing of innovation and new launches. So Jarrod, do you have any additional color you want to add?

Jarrod Langhans

Chief Financial Officer

Yes, you'll be able to back into the data, I guess, it's probably only in Costco, but we're up from a Q2 perspective as a portfolio about 17% for the quarter. And that was in part driven by the MVM that John talked about with Celsius.

Operator

Your next question comes from the line of Filippo Falorni with Citi.

Filippo Falorni

Citigroup Inc., Research Division

I wanted to ask on the Celsius brand. Obviously, great to see the brand return to growth, maybe can you discuss some of the drivers of the acceleration in the brand, including a new marketing campaign, the easier comps and some of the innovation? And then specifically on innovation, you mentioned your first LTO on Celsius. Can you give maybe a little more color on what we should expect for the back half of the year in terms of innovation, in terms of growth for the brand?

John Fieldly

CEO & Chairman

Yes. Excellent. Great question. We've talked about this in the Q1 call, we had a slow start with the Celsius portfolio. There's a lot of timing and promotion and innovation launches. And some of those changes have really -- we started to see the progression really month-over-month and some week over weeks where we've seen Celsius has come back to growth.

So we're really focused and disciplined. We've changed a lot of our strategies internally as well as our channel strategy amongst our promotional strategies. We're really excited about where we are with the Celsius portfolio, getting it back to growth, we're focused on continuing that. We have embraced and launched our first really holistic campaign around LIVE. FIT.GO. If you haven't seen it, please check it out on some of our social and you'll also see it on some of TV and a variety of other mediums that are out there. And it's really about connecting with consumers in a meaningful way.

Celsius is part of a lifestyle, a daily routine to help you accomplish your goals and is what this program really works and delivers on. It's about increasing frequency and new trial within the portfolio and initial feedback has been extremely promising, and we're getting a lot of excitement from retailers as well as customers. We are going to get a lot of data and analytics back here in the next few weeks because we just recently kicked it off. But initial feedback has been positive and really allows us to have an ownable position within the Celsius brand LIVE. FIT. GO. and really owning that Live Fit.

A lot of other brands own particular positions. We've done a lot of research on it. We're hired Anomaly, a great creative agency, one of the top creative agencies in the world, and really putting a lot of effort behind it. So more to come on that as we continue to progress through summer.

As for innovation, we're really leaning into our fizz free, we haven't tried with the Celsius portfolio, we have launched a Dragon Fruit Lime as well as a Pink Lemonade, which is extremely refreshing opportunities that we're kicking off this summer. We expect to lean further into the fizz free as a big initiative.

And our innovation, first LTO, I'm not going to disclose exactly the name or what it is, but the teams are really excited about it. It's going to -- it will be kicked off here at the end -- in the back half of the year leading into the winter season. So that will be our first one. We do have more plans for 2026 and beyond. And we're taking some key learnings as the teams work come together, leveraging the integration with Alani and Celsius. We're taking the best of the best of both brands and strategies to really deliver a holistic approach with these brands and continue to drive them forward and take advantage of the opportunities we see in the energy category and this modern energy world we're living in today and beyond.

Operator

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

Michael Scott Lavery

Piper Sandler & Co., Research Division

I was wondering if you could just talk about your assortment optimization and what the priorities are for the shelf set? And what, if any, challenges come with having 2 separate distribution networks behind it? Is there a way you can still manage the portfolio as one? Do you -- how do the brands interact as you think about who gets priority for placement? Just help us understand how you're thinking about that?

John Fieldly

CEO & Chairman

Yes, absolutely. Thank you, Michael. Jarrod mentioned some price pack size and channel mix for the quarter. That will fluctuate. We had a greater single-serve growth that we saw in the quarter between the brands. And -- but we do still believe and we spoke about this in prior quarters that variety packs and larger pack size is a trend of the future, especially as we're seeing growth continue to take place and strong growth taking place in food in large format as Celsius is becoming -- as the energy category is becoming more of a take-home pantry purchase, part of the daily lifestyle and daily routine, moving away from, I think, largely that impulse purchase and being part a greater -- even further greater part of LRB.

As for the logistics and the strategy and bringing these 2 brands together, it's really our sales organization will own Tier 1 and Tier 2 accounts or account calls and then we'll leverage the distribution. So we have field sales organizations and strategies. We're using a lot of data and insights and analytics, but we're leveraging a lot of synergies as well as we integrate the organizations from finance and operations, key account management strategy, revenue management, promotional management and so on.

So we're going to continue to stay focused. We have great partners that are helping us. You can see what Alani was able to deliver through their distribution network, and we're extremely pleased with the partners as well as the customers we're serving and focus to execute today, tomorrow and beyond. Thank you.

Operator

Your next question comes from the line of Jim Salera with Stephens.

James Ronald Salera

Stephens Inc., Research Division

I wanted to ask, Jarrod, you had mentioned the year-over-year growth of Alani is [indiscernible]. Just how should we think about the pacing of that through the back half of the year, especially given all these exciting LTOs and flavor innovations you have coming into the market, increasing visibility? And then if you guys could offer any commentary on household penetration data that you'd be willing to share maybe so we can get a sense for how much of the Alani strength is coming from just increased frequency with existing households versus new consumers coming to the brand greater awareness building?

Jarrod Langhans

Chief Financial Officer

Yes. So I'll talk pacing. I think John mentioned household penetration. He can pull that up from his notes. If you look last year, we kind of went 136, 146, 166, 157 as I look at kind of 2024. So the comps are a little tougher. And also, we had fantastic Cotton Candy and Sherbet Swirl LTOs, our top 2 LTOs ever with Alani. So we've got Witch's Brew coming through, and then we've got our Winter Wonderland seasonal as well. So we really need those to be as successful as they were last year, and they did a great job.

Beyond that, we're seeing good growth coming out of the core portfolio as well. So we do expect to see solid growth continue, albeit with a little tougher comps as we look at the back half of the year.

John Fieldly

CEO & Chairman

Yes. With regards to the household penetration question, as a prepared remarks, we talked about the Celsius Holdings portfolio has reached a 43% household penetration, and that is including not only Celsius

43%, but also Alani at 22%. And what we're seeing there, we talked about within the Celsius portfolio and both brands have a ton of runway with household penetration. And we think this is -- we're focused on continuing to progress and bring these brands to more people and more places.

But when you look at the Celsius portfolio specifically, we saw one of the largest increases, we've seen in the shortest time period with the kickoff of this LIVE. FIT. GO. campaign. So we're really pleased with that. We saw the increased household penetration increased at a much greater rate than it did in the prior 6 months. So really promising as we continue to progress with our LIVE. FIT. GO. program and strategy. And then Alani just continues to grow there.

So we have a lot of -- every new innovation, every limited time offer and push. We continue to attract more people into the portfolio and take advantage of the really new consumers coming in, looking for more function in beverage, looking for more energy and functionality. So I think both these brands are continued really to grab additional household penetration and just leverage the health and wellness trends we're seeing in the food and beverage category.

Operator

Your next question comes from the line of Andrea Teixeira with JPMorgan.

Andrea Faria Teixeira

JPMorgan Chase & Co, Research Division

I wanted to just like maybe parse out, and you commented that before in terms of like how to think of promo. But maybe give us some idea how the third quarter is unfolding. I know you spoke about the Costco promo, but perhaps talk about Prime Day? Anything we should be aware of in terms of like puts and takes of shipments and consumption?

And also when you think about the easy comparisons that you probably are facing, you face, I think, about \$20 million in the distribution issues last year. I think you have north of \$120 million for the quarter. Is that something we should be aware of? Is that a tailwind or it doesn't really matter? Do you get it back? Just to understand the puts and takes, please?

John Fieldly

CEO & Chairman

Yes. Thank you. I'll jump in on some of those questions, and then I'll toss it over to Jarrod as well for further comment. But we really stand -- hold on our modeling call that we conducted with -- that we conducted with Alani. There's always going to be puts and takes along the way. There's a lot of variability. We did optimize some of our promotions moving from the -- that we talked about in our last earnings call, moving from Q1 into kind of the summer season. So you have some timing and sequencing there.

Within the Alani portfolio, they did -- we did move the Witch's Brew forward several weeks. So if you're tracking weekly, there will be puts and takes all the time, but that has moved forward. And within -- when you're looking at Q3 within Celsius, it's really about some of the promotional timing there. And you saw that just the other question in regards to the club channel, there was a move within a promotional activity at one of the -- at Costco which moved into the third quarter. So there's timing and puts and takes there that will take place.

And with regards to other details in regards to how the quarter is actually going to turn out. Just we're not going to provide forward-looking information. It's just -- it's really difficult right now. We stand by the modeling call with the -- outside of the adjustment that Eric -- Jarrod mentioned in regards to the gross profit margins, which are coming in slightly better on the top end than expected. So thank you.

Operator

And at this time, Mr. John Fieldly, I'll turn the call back over to you.

John Fieldly

CEO & Chairman

Thanks again for joining us today. Q2 was a strong quarter that reflects the power of our portfolio, the discipline of our team and the strength of the category. Alani Nu delivered breakout growth, Celsius maintained momentum across channels and we executed with focus across innovation, operations and retail.

I want to thank our employees and our partners and for their teamwork and dedication that enables us to deliver our growth. As we look ahead, we remain committed to the long-term strategy, driving sustainable growth profitably, driving through brand leadership, disciplined investment and operational excellence. We're excited about what's ahead and in the back half of the year and beyond.

Thank you for joining us today as we continue to capitalize on the modern energy era. Grab a Celsius and live fit.

Operator

Thank you. This concludes today's conference call. You may now disconnect.

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