

S&P Global
Market Intelligence

Celsius Holdings, Inc.

NasdaqCM:CELH

Earnings Call

Thursday, February 26, 2026 1:00 PM GMT

CALL PARTICIPANTS	2
PRESENTATION	3
QUESTION AND ANSWER	9

Call Participants

EXECUTIVES

Jarrold Langhans
Chief Financial Officer

John Fieldly
CEO & Chairman

Paul Wiseman
*Senior Vice President of
Communications & Investor
Relations*

ANALYSTS

Andrea Faria Teixeira
*JPMorgan Chase & Co, Research
Division*

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

Filippo Falorni
Citigroup Inc., Research Division

Gerald John Pascarelli
*Needham & Company, LLC,
Research Division*

Kevin Michael Grundy
BNP Paribas, Research Division

Peter K. Grom
*UBS Investment Bank, Research
Division*

Presentation

Operator

Hello, everyone. Thank you for joining us, and welcome to the Celsius Holdings Fourth Quarter 2025 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 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 fourth quarter and full year 2025 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 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 Q4 and full year 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

Thank you, Paul. Good morning, everyone, and thank you for joining us today to discuss our fourth quarter and full year results for fiscal year 2025. As I look back in 2025, the message is clear: We continue to execute with momentum and operating discipline, and we are reinforcing the scale of our platform as we build a modern energy portfolio.

One of the reasons we feel good about the progress is that we delivered full year record revenue of \$2.5 billion, reflecting our disciplined approach to growth and the material scale we've accomplished.

At the core, our focus is straightforward. We stay close to the consumer and we execute with consistency alongside Pepsi and our retail partners, which creates the opportunity to grow in a sustainable and profitable way over time. With that as context, let me start with the portfolio: what we see across CELSIUS, Alani Nu and Rockstar Energy.

Across the portfolio, we continue to manage and invest in CELSIUS, Alani Nu and Rockstar Energy with the intent to broaden our reach. Our combined portfolio represents approximately 1/5 of the U.S. energy market in tracked channels for the full year, which we believe to be very impressive both on an absolute basis and relatively. In addition, our portfolio includes 2 billion-dollar brands, validating that sustainability and scale of our portfolio.

Each brand can win in its own way, and our focus is to enable that to happen more and more. We operate with precision, making sure that we are present where it counts, bringing the right innovation and activating demand in a way that strengthens our core, not just the moment.

When you look at the CELSIUS brand, the opportunity is about strengthening momentum and executing in a way that positions us to outgrow the category over time. We are focused on the fundamentals that drive that outcome: staying disciplined with SKU productivity, sharpening revenue growth management and promotional efficiency, maintaining a consistent innovation cadence, and elevating market execution with Pepsi and our retail partners, particularly during key priority periods.

LIVE. FIT. GO. continues to be the core part of how we connect with consumers, and we remain focused on the long-term runway and household penetration, expanding reach while also driving frequency and loyalty as modern energy becomes more embedded in daily routines.

For Alani, we continue to see momentum supported by the strength of our core brand and the opportunity to expand distribution. As the brand transitions into the PepsiCo system, we are focused on what is complete, what remains in motion and what improves as the transition finishes. We saw the momentum with Cherry Bomb as the first limited time offer in the PepsiCo system, and we are taking those key learnings forward.

And with Rockstar, our integration remains on track, and we expect to complete the remaining integration in the first half of 2026. Importantly, this is not just about completing 1 integration. It's about strengthening our growing operations. We are building repeatable processes, executing transitions with discipline and refining a playbook that improves how we manage complexity across our growing portfolio. On that note, let me give you a quick update on the integration and transition progress across the portfolio.

Starting with Alani Nu, we are making strong progress moving the business into the PepsiCo system. As of year-end, we are substantially complete on the U.S. DSD transition. The way we're approaching the remaining work is intentional and methodical and is designed to make sure we set up the portfolio the right way with Pepsi and our retail partners. And they are brought in on this too. We believe we are set up for success and we continue to expect the Alani implementation and integration to be completed by the end of the first quarter of 2026.

With Rockstar, we are progressing through the remaining integration steps and staying focused on the work required to fully bring the brand into our operating model. We are executing against a clear plan and remain on track to complete the integration in the first half of 2026.

And when you talk about success, it is very clear. It is consistent execution, a more focused SKU set and improving the margin structure over time as we bring the brand further into our platform. As we think about brand health and durability, our view is rooted in what drives loyalty and relevance. Across the portfolio, we continue to differentiate through sugar-free and flavor innovation, and really believe the category continues to support brands that stay closely aligned with evolving consumer preferences.

Looking at 2026, our focus is on making sure that loyalty and brand relevance remains durable. That means staying consistent on what each brand stands for, continuing to bring innovation that creates trial and drives frequency, and executing with that kind of operational discipline that protects the long-term value of our business.

We kicked off 2026 by making our Fizz-Free line available nationally. And we see a meaningful opportunity as there's many consumers that prefer beverages without carbonation or like the optionality of fizz or fizz-free. Across 2026, you will see a more intentional innovation and a limited time offer cadence, supported by broader distribution and strong end market execution. For Alani, that also includes expanding distribution of the core SKUs as we complete the transition into the PepsiCo system.

International represents a meaningful long-term growth opportunity for us. Today we are present in approximately 10 markets. While international remains a smaller portion of the total business, we see a significant runway as global consumer trends increasingly mirror what we're seeing in the U.S., particularly around fitness, wellness and better-for-you energy.

Our approach to expansion is intentional. We are prioritizing focused market selection, clear entry plans and ensure the right execution model is in place before we scale. This is not about entering as many markets as possible. It's about building our brands the right way, with strong local partnerships, disciplined launch plans and sustained marketing and distribution support.

To support this next phase, we've brought on Garrett Quigley as President of International. Garrett brings deep experience scaling beverage brands globally and is building a dedicated international sales and marketing organization to expand our footprint in a thoughtful and profitable manner.

As global consumer behaviors continue to shift towards zero sugar, functional energy that fits into daily routines, we believe our portfolio is well positioned to participate in that structural growth. We will continue to prioritize strong execution and long-term value creation as we build our international presence.

That same focus on execution and scale also shapes how we're evolving our marketing capabilities. On marketing, we're continuing to sharpen how we tell our story and activate demand across the portfolio. Historically, our brands use separate creative teams across different companies. A key step forward, the creation of our new brand studio, a full-service in-house agency built to drive brand growth with speed, consistency and sophistication.

More than a creative team, the brand studio is a strategic engine that will shape, produce and scale how our brands show up across every consumer touch point, from packaging and campaigns, to digital-first content and 3D motion graphics. And importantly, this strengthens our ability to run the portfolio in a more intentional way, helping us reach more consumers and connect awareness to trial, and ultimately, to retail activation. The scale of our portfolio allows us to leverage the team, maintain clear control of each brand's voice.

Innovation remains central to how we grow the portfolio. That includes leaning into consumer preferences, like fizz-free, while also deploying limited time offers in a disciplined way. For us, LTOs are not about chasing short-term spikes. They are about expanding the funnel, driving incremental trial, reinforcing the strength of the core portfolio. When executed with the right distribution and retail alignment, they can become a repeatable lever within our broader growth framework.

Energy remains one of the most attractive growth areas in beverage, with zero sugar offerings leading expansion. We believe our positioning allows us to help grow the category, not just participate in it, by staying relevant to consumers and executing with discipline across both mature and white space markets. And that matters because it speaks to the runway. In more mature markets, the work is about consistency, innovation and driving frequency. In white space markets, the focus is on building awareness, expanding distribution and scaling trial, all while staying disciplined to how we execute.

Our partnerships and activations are part of how we do that. We continue to leverage partnerships and others to connect awareness to trial and then the retail activation. These programs are designed to put the brands in motion, in real consumer moments and to convert that energy into demand where consumers shop. Through our social media community building as well as our macro and micro influencer bases, we are building excitement, brand awareness and loyalty to further grow the brands.

And we're also proud to see Alani Nu recognized by BevNET's 2025 Brand of the Year. Congratulations to all of our team members. That recognition reflects the strength of our brand and the momentum we're building as we expand reach and execution.

Finally, as we look ahead, we have a clear strategy and priorities for 2026 and believe they will support sustainable, profitable growth. Our focus on continuing to strengthen the platform we have built, executing with discipline across the portfolio and staying closely aligned with consumers as the category continues to evolve. Across each of these priorities, our intent is the same: execute consistently, strengthen our operating system and create long-term value.

With that, I'll turn it over to Jarrod to walk through our financials. He'll begin with some context around the Rockstar accounting treatment, then cover full year and quarterly results. Jarrod?

Jarrold Langhans
Chief Financial Officer

Thanks, John, and good morning, everyone. From a financial perspective, we have a lot to cover. As John noted, I'll begin with Rockstar given the accounting treatment during the integration, then move to Alani and brand CELSIUS to walk through the components of our consolidated results.

Beginning with Rockstar, during the quarter, we were actively integrating the brand into our supply chain, back office and commercial organization, which impacted how certain sales activities reflected under generally accepted accounting principles. As a result, some components were required to be recorded in other income rather than net sales.

For the quarter, \$45 million was recorded within net sales and an additional \$6 million was recorded in other income. As we move into the first quarter, we expect to fully transition the U.S. portion of the business to the finished goods model and we expect that only the Canadian portion will remain in the other income. We expect the Canadian portion of transition to the finished goods model in the first half of 2026.

On a full year basis, we recorded \$56 million in net sales for Rockstar and an additional \$13 million in other income. And as we sit here 6 to 8 weeks into 2026, we remain confident the brand continues to resonate with many consumers, and we have a plan to stabilize the business and move it back into growth over the next handful of years as previously discussed.

Turning to Alani Nu, during the fourth quarter, Alani achieved record net sales of \$370 million, benefiting from significant ongoing customer demand, increased distribution points and increased orders as we move the business out of its prior distribution system and into the PepsiCo distribution system. On a pro forma basis, that would equate to growth of 136% for the quarter compared to the prior year. In the 9 months since we purchased the brand, Alani has contributed \$1 billion to our net sales.

During the quarter, we continued to execute against the integration plan we presented in May, and we are pleased to note we remain on track, including moving the business into our supply chain, back office and commercial operations. We have also moved a substantial portion of the distribution network into the Pepsi system, with only a few pieces of the DSD network remaining outside of Pepsi today.

Moving a substantial portion of the business into Pepsi was a significant operational milestone, and I want to recognize the teams across our organization, our former distribution partners and Pepsi for making that happen as seamlessly as it did.

We also saw the execution show up in innovation. Cherry Bomb, our first Alani LTO launched in the Pepsi system, and was very successful running out in record time. With strong pull-through, we saw increased orders in the last few weeks of the year above and beyond our initial projections, supporting triple-digit growth in the first 6 to 8 weeks of the year. As we look across 2026, we expect continued expansion into more locations with more SKUs and overall triple-digit space gains.

As expected, the transition of Alani into Pepsi drove increased orders and strong execution, which in turn impacted reported results for brand CELSIUS as we manage the timing and sequencing of inventory movements within the Pepsi system as we balance the Alani load-in with total inventory across the network. As a result, scanner data is a healthy 12.8% for the quarter, while underlying GAAP sales for CELSIUS showed a 7.7% decline due to the timing activities noted. When combining brand CELSIUS inventory movements with the Alani load-in, the company had a net benefit of approximately \$25 million.

Just a year ago, we were coming off a period in which both the category and brand CELSIUS experienced pressure in the back half of 2024, with some continued softness in the first quarter of 2025. As a result, we put a plan in place across our commercial organization, and we are pleased by the improvements seen since then where tracked sales are more aligned with the upper range of the energy category growth.

As a result, for the full year, brand CELSIUS delivered \$1.46 billion of net sales, growing 7.5% year-over-year. So combining everything for the fourth quarter, consolidated revenue was approximately \$722 million and full year consolidated revenue was \$2.5 billion, including having 2 billion-dollar brands.

Taking a step down the P&L, for the 3 months ended December 31, 2025, gross profit increased by \$175.1 million to \$341.8 million from \$166.7 million for the prior year period. Gross profit margin was 47.4%, compared to 50.2% in the prior year period, reflecting dilution from Rockstar Energy, higher cost of product related to integration costs and tariffs, partially offset by improved outbound freight, lower consolidation billbacks as a percentage of revenue and favorable product impact mix.

As previously discussed, gross margin was impacted by onetime integration and distribution transition costs associated with the timing and sequencing of integrating Alani Nu and Rockstar and transitioning Alani into the Pepsi DSD system. While operational efficiencies and revenue growth management will be ongoing initiatives, we continue to expect the Alani integration to be completed by the end of the first quarter of 2026, and we expect the Rockstar integration to be completed in the first half of 2026.

As integrations progress and ongoing initiatives take hold, we expect margins to expand across 2026 and return to a more normalized profile, with gross margins in the low 50s driven by savings across raw materials, scrap, manufacturing tolling fees, freight and package and brand mix, offset in part by tariffs and aluminum costs.

For the full year, gross profit increased by (sic) [at] approximately \$1.27 billion, from \$680 million in 2024. Gross profit margin increased by 20 basis points from the prior year to 50.4% in 2025.

Sales and marketing expense in the fourth quarter was \$249.2 million or 34.5% of sales, and administrative expense was \$66.6 million or 9.2% of sales. Adjusted for distributor termination and integration costs of \$81 million, sales and marketing expense in the fourth quarter was 23.3% of sales, and administrative expense was 8.5% of sales when adjusting for \$5 million in acquisition and integration costs.

On a GAAP basis, we reported a net income of \$24.7 million for the quarter. On a non-GAAP basis, adjusted EBITDA was \$134.1 million, up from \$62.9 million in the prior year period. Adjusted SG&A for the quarter was 31.8% of sales.

For the full year, sales and marketing expense was \$876.3 million or 34.8% of sales, and administrative expense was \$250 million or 9.9% of sales. Adjusted for distributor termination and integration costs of \$327.5 million, the full year sales and marketing expense was 21.8% of sales, and administrative expense was 7.5% of sales when adjusting for \$60.2 million of acquisition and integration and other costs. Adjusted SG&A for the year was 29.4% of sales.

We had an adjusted EBITDA margin of approximately 18.6% for the quarter. For the full year, on a GAAP basis, we reported net income of \$108 million, and adjusted EBITDA was \$619.6 million, representing an adjusted EBITDA margin of approximately 24.6%.

On cash flow and the balance sheet, we remain focused on free cash flow generation and working capital discipline. We ended the year with \$399 million in cash and approximately \$670 million in total debt. Operating cash flow was \$359 million. Working capital reflects the timing dynamics we discussed earlier, including inventory positioning and customer order cadence during the transition period. As cadence normalizes, we expect working capital volatility to moderate.

On capital deployment, we remain focused on 3 priorities. One, investing to support brand growth and integration execution. Two, strengthening the balance sheet. And three, returning capital to shareholders.

During the quarter, we reduced debt by approximately \$200 million and repurchased \$40 million of shares. We ended the period with \$260 million remaining under our share repurchase program. We will continue to evaluate repurchase activity based on cash generation, market conditions and capital priorities while preserving flexibility for strategic M&A opportunities.

As we look at 2026, I want to briefly frame how we are thinking about cadence and variability following an active fourth quarter. As I mentioned, the fourth quarter included integration and distribution transition activity that we expected, and those actions created timing effects within the Pepsi network. At times, reported results can vary when shipments, inventory positioning and promotions are not perfectly aligned

with consumer takeaway. When that occurs, it is typically a function of timing and sequencing, and we will continue to be clear about what we believe is transitory versus what we believe reflects underlying trends.

As we progress through the first half of 2026, we expect those impacts to moderate as integration milestones are completed. We remain focused on tightening alignment between shipments and underlying takeaway where possible, while recognizing that periods of integration and large customer ordering cycles can still create some quarter-to-quarter variability.

On pricing and revenue growth management, we are taking a portfolio approach with greater precision and ROI discipline. Revenue growth management for us is not about broad-based price increases. It's about shaping the business through mix, price pack architecture by channel, pack strategy, and disciplined promotion to improve both growth and quality of earnings. As we scale, we are tailoring price pack architecture by channel, sharpening priority periods and using data to allocate investment where it drives the highest return. Over time, this should lead to promotional activity that is tighter, more intentional and more measurable.

In addition, aligned planning and the captaincy with Pepsi support more consistent end market execution and a more repeatable commercial playbook across retailers.

With that, I'll turn the call back to the operator to open the line for questions.

Question and Answer

Operator

[Operator Instructions] Your first question comes from the line of Filippo Falorni with Citi.

Filippo Falorni

Citigroup Inc., Research Division

The shelf space gains that you discussed last week at the CAGNY conference for both CELSIUS and Alani, can you give us a bit of an update on the spring shelf space resets and when we should start to see some of the benefits from the shelf space gains? And then in particular for the brand CELSIUS, you explained the gap versus consumption in Q4. That was very helpful to add it to the release, so thank you for that. So could we see an improvement in Q1 as we think about it on a reported sales basis given the shelf space for brand CELSIUS?

John Fieldly

CEO & Chairman

I appreciate the questions. In regards to the shelf gains, historically, we've seen them really materialize through and kind of finalize right around the end of spring, has historically been when the final resets take place as everyone is gearing up, as we call, the beverage summer selling season.

So we do expect those to continue to materialize through the end of spring, really with the biggest gains, especially for Alani, would be in convenience. So that's been a big white space opportunity for the portfolio as well as with the CELSIUS portfolio. And really excited about, as we're heading into summer, especially leading off with a lot of our innovation that's coming.

In regards to some of the timing and some of the differences as we look through consumption data versus the revenue that's recognized as we sell through to our distributor, there is timing and sequencing. Jarrod made some comments on that in our prepared remarks. Jarrod, do you want to provide any color? Historically, we don't provide any forward-looking information.

But we do anticipate there could be gaps going forward within consumption on a weekly or within a moment of time. But over the long term, we'll start to see some more consistency there. But Jarrod?

Jarrold Langhans

Chief Financial Officer

Yes. I mean if you look at it from a portfolio perspective, I think you'll see it tighten up quicker than if you're going specifically brand by brand, because we are looking at different things across the calendar. So for instance, we just launched an LTO, the Lime Slush, it's delicious, with Alani, so you'll see some spikes in some of the data. We also have LTOs coming out with CELSIUS this year. So depending upon the timing of those activities, you might see some differences within the scanner data versus load-ins in those kind of things.

And then as we continue to expand distribution, with Alani in particular, as we continue to move across the Pepsi system and gain shelf space, you'll see some expansion there. And then you'll also see expansion within CELSIUS with the 17% space gains that we had as well.

Operator

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

Peter K. Grom

UBS Investment Bank, Research Division

Great. I wanted to follow up on that. Obviously, a lot of moving pieces as it relates to the top line growth. But when we think about the \$25 million net benefit from CELSIUS versus Alani, can you help us unpack what that looks like from a brand perspective?

Copyright © 2026 S&P Global Market Intelligence, a division of S&P Global Inc. All Rights reserved.

And then I guess, Jarrod, maybe more specifically as you think about Alani, would you expect inventory levels to remain elevated as we move through this transition? And similar to kind of what we saw when CELSIUS moved into the Pepsi system a couple of years ago, implying that maybe more of the unwind would be a 4Q, into '27 dynamic? Or would you anticipate maybe kind of some under-shipment to occur faster?

Jarrold Langhans

Chief Financial Officer

Peter, so as we're looking at Q4 and into the future, I'd say John and I are committed to tightening up the peaks and the valleys of the data. With the captaincy and the more aligned partnership we have with our largest distributor, we're definitely much tighter and working very closely. We actually had the supply chain from their team in -- back in January. So we're committed to really tightening up those peaks and valleys.

From an operational perspective, we'll continue to have our supply chain and commercial teams focused on what ultimately is going to drive the success of our modern energy portfolio, which is winning at the register as that is where we're going to win or lose. So if we have the opportunity to load an additional volume of 1 brand kind of at or near the end of the quarter while adjusting another brand, while maintaining our service levels and the growth of those brands, that's something that we're committed to doing so that we win.

So as we look at kind of the results that you saw in the quarter, we benefited to the tune of roughly \$25 million in our reported results. We were excited to see brand CELSIUS come out of gate with low double-digit growth and great service levels while seeing Alani kind of rocket out of the gate with triple-digit growth. And we have seen brand CELSIUS orders align more closely to the tracked data as we look at kind of the initial deliveries and orders in 2026. I will caveat that by saying there are 4 to 5 more weeks in the quarter, so we'll continue to manage the business holistically and make adjustments along the way as we do manage the portfolio.

So I think there -- again, we'll manage the peaks and the valleys. I think, as a portfolio, playing a much more scaled business, we'll be able to get those a bit tighter and manage that. So we don't have as many kind of as much volatility as we've seen historically when we just had a 1 brand and when we were really learning each other within that supply chain.

If I go back to kind of Q4 and I boil it down, if I'm looking at our supply chain around DSD in particular, as we approached the end of Q4, we did adjust an additional week for brand CELSIUS and loaded in additional Alani. That benefited Alani. And it benefited the portfolio from a net basis, as I said.

So this didn't have an impact on service levels, and we continue to win at the register with both brands. And as John mentioned, as a proof point, we're picking up roughly 17% additional space with brand CELSIUS in '26, really as a result of that scanner growth and, obviously, even more with Alani, triple-digit space gains with Alani.

Operator

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

Bonnie Lee Herzog

Goldman Sachs Group, Inc., Research Division

I guess I had a question on gross margins. You mentioned you expect your gross margins to return to a more normalized profile, in the mid-50% range, across this year. So maybe first, could you touch on the potential impact that the Midwest premium is having on your business near term? And then second, can you give us a sense of phasing gross margins this year? And then I guess beyond this year, how should we think about the evolution of your margins over the next few years? Can you highlight maybe some of the key puts and takes that we should think about?

John Fieldly

CEO & Chairman

No, excellent question. I would say in regards to the margin profile, and a lot of the infrastructure and strategies we've built about building on our orbit model with the CELSIUS portfolio, further looking at opportunities with supply chain, purchasing strategies, as well as vertical integration with the acquisition of our co-packer over a year ago, really driving further leverage and scale and efficiencies through that location.

We also, as we're further integrating Alani and Rockstar, as it's moving through orbit over the next several quarters, we'll be able to gain additional leverage as well. Jarrod, do you want to provide additional color in regards to some of the timing around that and also some of the opportunities we see as we're progressing to this low to mid-50% margin profile by the end of the year?

Jarrod Langhans
Chief Financial Officer

Yes. So I think our target for this year is to get back to a more normalized low 50s. In terms of the opportunity, we do see ability to move up into the mid-50s like you noted. I wouldn't necessarily call that a '26 target, but definitely a near-term target, into the next handful of years.

Some of the things that are going to drive our benefit in order to get back, call it, from the 47.4% that we sat in Q4, and work our way to the low 50s, are really getting the cost of sales, the COGS, the raw material prices in line with what you see with brand CELSIUS. So we are working through that with Alani and with Rockstar. We're a bit ahead on Alani, so we should have that cost structure in place by the end of Q1. For Rockstar, we should have that in place by the end of Q2.

Some of that has to do with integration, some of that has to do with just moving through the inventory balances and moving through some of the higher raw material costs as we have them fully integrated. So Alani will be fully integrated by end of Q1 and Rockstar by the end of Q2. So we've got those costs.

Some other things that are going to benefit us is our orbit model and our freight structure. Getting them fully baked into that structure will provide us with benefit. Our mix, when you kind of look at a blended mix of our price pack and promotion strategy, will also be beneficial. So you kind of put those together. If you look at Q4, some of the kind of onetime things we had, we did have some transition costs where we had some COGS write-offs and we had some scrap and things like that, that were more onetime, so those will be gone after Q4. And so we'll have that benefit directly into Q1.

But really, the goal is, once we get through that first half of the year, to be in good shape to get into that low 50s as you look at the back half of the year. Those do also factor in the Midwest premium that has picked up as well as tariffs. So depending upon where the Midwest premium goes, there could be some impact in terms of timing. And as well as tariffs, if the tariffs kind of subside quicker, then there's an opportunity to get to some of those numbers quicker.

Operator

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

Andrea Faria Teixeira
JPMorgan Chase & Co, Research Division

So I was hoping to see, John, if we step back and think about the 3-brand portfolio and the opportunities of trimming at some point the SKUs and -- or you think that this cadence of LTOs now with Celsius, like how is the experience that you've had? And how do you think velocity, obviously, with the increase in shelf space, you obviously will have a reduction in velocity at some point, but just thinking of how to position the SKUs, how to position the category?

And we all know this is a record year of innovation for everyone in the space. So hoping to see how you're seeing that set. And what are you hearing from the retailers as far as the competitor set and the -- what we think going forward?

And just also on the -- just a clarification on the margin. It's very encouraging to see that you see the opportunity for synergies and improvements in the execution. I also was encouraged to hear from you

guys at CAGNY in terms of the systems and visibility. So I was hoping to see if you can kind of wrap it up on how predictable your sales have been with the view from Pepsi and how you can see margins evolving as we go from a promo perspective.

John Fieldly
CEO & Chairman

Excellent, Andrea. In your question, you're absolutely right in regards to the overall category and what we're seeing as driving growth. Innovation has been a key factor of that. And also, innovation has been a great, not only for our portfolio, but the total category -- it's bringing new consumers in.

And we're starting to see, as in CAGNY, we were talking about the evolution of a category, expanding day parts, expanding usage occasions. Big opportunity is social occasions with energy drinks. As we're seeing alcohol and liquor come into some challenges and headwinds, and what we're seeing is consumers are switching to energy drinks to -- as a replacement. And that's a huge opportunity with our CELSIUS mocktails and dirty Alanis that we have out there. So that's a big push for us as well. They continue to bring excitement and new consumers, new occasions in.

When you look at the SKU prioritization, that's the beauty of a portfolio. We're able to really maximize the value of the portfolio now with CELSIUS, Alani and Rockstar, making sure we're maximizing the SKUs really for the channel and also for a regional basis. So that's going to allow us to put the fastest-turning SKUs on -- in the coolers, in the planograms.

The space allocations are also, that we're seeing with resets, 17% with CELSIUS and over 100% with Alani, is allowing us not only getting additional slots and distribution and more flavors and availability in retail, but also additional points of disruption. And having that path to purchase is so important, those cold checkouts, the impulse purchases, the expanded shelf space in the dry sets.

So that's all going to come into landing on exactly what you're talking about, velocity. Velocity is very important in the category. That's what is going to continue to drive it. We feel confident with the innovation. We're going to see the space gains. We're focused on velocity with some of our marketing strategies. Jarrod mentioned Lime Slush just hitting within our LTO strategy. And the LTOs are designed to lift up the core, to bring new consumers into the portfolio, into the franchise, and then build that daily consumption, daily routine.

The other big area we see a huge opportunity is with the female consumer. That's a big opportunity. We're seeing them expand purchase occasions. There's a higher adoption rate that's taking place as well. And our portfolio is really positioned to leverage that tailwind with Alani and with CELSIUS.

So we think we're really well positioned there, especially as coming through the finalization of the resets at the end of spring. Really excited about great innovation from an LTO standpoint, not only for Alani, but also for CELSIUS. We got some great innovation coming out, and it's going to be an exciting summer for us.

Talk about the synergies and some of the costs within our system, Jarrod touched on that in our prepared remarks, and I also covered it, in regards to some of the investments we've made, the vertical integration, the optimization of our purchasing strategies, the further investment we've made in revenue management.

Revenue management, RGM, is a really big component as we maximize the value. We're not just a singular brand anymore going on promotion against many other brands. We're really to maximize that value within the portfolio, gain that trial, gain that scale and compete at the highest level within the energy category.

So I think when you look at all those components there, where consumers are, where our portfolio is connecting with consumers and then also the infrastructure we built here with the organization, really sets us up to continue to optimize and improve and continue to grow this category.

Operator

Your next question comes from the line of Kevin Grundy with BNP Paribas.

Kevin Michael Grundy

BNP Paribas, Research Division

Great to see you at CAGNY last week. John, just a follow-up, and Jarrod, for you as well, the distribution gains again. Not to beat the dead horse. But obviously, super strong with Alani up triple digits, CELSIUS up 17%. Three questions here, if I may. Number one, what -- can you quantify what you sort of estimate the distribution gains to be for the category given the strength? That would be question number one.

Number two, where are the shelf space gains coming from for Alani and CELSIUS? To the extent it's sort of above and beyond what you'd expect with the category, which certainly would seem to be the case, where are the shelf space gains being sourced from within the category?

And then just lastly, I think Andrea was sort of touching on this, with respect to velocity. When we think about holistically the innovation that's coming on and which seems like a really strong pipeline, but you're moving in to new areas, new geographies, particularly in convenience, how should we think holistically about velocity growth for CELSIUS and Alani this year sort of vis-a-vis the TDP gains that you're going to benefit from?

John Fieldly

CEO & Chairman

Kevin, great questions. We spent some time on the category on the space gains we anticipate for CELSIUS. But I think to your point in regards to the category, like where is that coming from? And when you look at the energy category, and it continues to grow as a larger percentage of LRB, retailers are expanding more space. They're expanding half-coolers and doors and more dry shelves.

Like in the convenience channel, we're hearing from a lot of retailers, they're optimizing some of the beer coolers just to -- they're trying to get as much productivity out of these coolers as possible. So you've heard that. Juice category as well, and high premium waters as well has been under pressure. So those are areas that retailers are making those decisions.

I think each retailer is a little bit different on how they're being able to carve out more space. But there is a lot more space coming in the energy category as it's becoming part of a daily lifestyle, daily routine, daily -- and expanded usage occasions. Historically, it's been an impulse purchase, and convenience has been a main driver of that, over 60% of sales.

But if you look at large format and you look at the space gains we saw over the last 2 years, we expect anticipated space gains in large format as they can capture a larger share of that -- of those energy drink sales that will continue to grow. So seeing a variety of different retailers react differently, but many in convenience are, we're hearing, cooler doors within the beer category getting a little optimized there.

And then you look at where we are within velocity, we're here to grow velocity. That's really important. That's a major KPI within our organization, within our teams. I think with the space gains, when you look at Alani particularly, we're expanding that distribution, right? So it's going into a lot of locations that are new. Many retailers, many regions, Alani is going to be new. So we will likely see a lower velocity entering new segments of the regions, within also channels and retailers, that we're going to have to build up those velocities.

So each channel is going to be different. Each market is going to be different. But any time, just like when we saw CELSIUS, as you expand out broader, we did see reduced velocities as that expansion takes place. And then you build upon that.

Remember, consumers are -- it's a daily routine, it's a daily lifestyle. We've got to get these brands into a cadence where consumers are purchasing on a frequency. And gaining distribution just doesn't mean the product starts flying right away. There is great momentum behind these brands. We're really excited about it. It's part of the LTO strategy, the innovation strategy to get trial and awareness. But that is something we're very keen on, is continuing to build velocity over time.

Operator

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

Gerald John Pascarelli

Needham & Company, LLC, Research Division

A couple of things. Just a housekeeping question going back to the cadence, Jarrod. I just want to make sure I'm understanding this correctly. But are there any parts of the inventory benefit that Alani got this quarter that should in any way be considered a pull forward in revenue? It doesn't sound like it just based on the distribution opportunities ahead, but just wanted to confirm that.

And then John, just going back to the shelf space growth that you're expecting for Alani this year, is there a way for you to broadly contextualize that in terms of what we saw for core CELSIUS back in 2022 when that brand transitioned? I understand that back then, CELSIUS has been benefiting in part from lost shelf space from Bang. But yes, just curious if you could provide your thoughts on how we should view that 102% in the context of the prior transition. Any similarities and differences? And then I guess, how that compares in this environment with a more competitive landscape.

Jarrod Langhans

Chief Financial Officer

Yes, I'll jump in first, Gerald. In terms of pull-through, I do think we saw opportunity to load in even more of Alani with the ability of the Pepsi distribution system and really how quickly they were able to get Alani out from an ACV perspective across the shelf. So I think there was, I would call that more of an opportunity than a load-in, that we took advantage of. And you saw coming out of the gate with the triple-digit growth that Alani has hit pretty quickly, and we continue to see that expand.

And then with our Cherry Bomb, we did -- that was kind of one of the pieces that was loaded in at the end of the year, and that really got depleted pretty quickly, record time. So we got the Lime Slush going out. We're looking for, hopefully, another record from an LTO perspective. But I would definitely see that as more of an opportunistic move as opposed to a pull back or pull forward.

John Fieldly

CEO & Chairman

In regards to some of the expansion when we look back on the CELSIUS integration, expansion to the PepsiCo network, and then timing of resets upon that, CELSIUS went in, in September, Alani's going in, obviously, in December. There are some similarities, but there's many differences as well. I think when you look at CELSIUS and Alani, when they were starting off, CELSIUS was at a lower ACV versus where Alani is. I think when you look at Alani, similar opportunities in convenience on distribution gains there.

And yes, you are right, when we went into -- through that process, CELSIUS did take a lot of space from Bang at that point in time. But I will say when you look at Alani and the opportunity and you look at the category, this category has extremely strong growth. And although Alani will not likely be replacing brands, the category is expanding. We're hearing retailers expand their shelf presence for energy.

So that's what really allowed Alani to gain some of that -- the large distribution gains as well. Also, the consumer dynamics have changed as the -- as I mentioned, usage occasions have expanded. More females are coming into the category and increasing consumption. So there's a lot of different dynamics at play. Although there are some similarities, there's a variety of differences just due to the evolution of the category and the growth we've seen in energy overall, as well as the innovation that's come in.

And it's an exciting time for the portfolio. Coming out of NACS, where we presented in October, we felt the energy from a lot of retailers and the excitement about CELSIUS. And now with the partnership with Pepsi, being the energy captain with the Celsius Holdings portfolio, and having that distribution confidence and breadth. A lot of retailers really want to make sure you can keep those shelves full, especially with the velocity and how quickly these products turn. So that is really a show of confidence and really allowed our key accounts team to take advantage of those opportunities and gain that additional distribution for the total portfolio.

Operator

Copyright © 2026 S&P Global Market Intelligence, a division of S&P Global Inc. All Rights reserved.

There are no further questions at this time. I will now turn the call over to John Fieldly, Chairman and Chief Executive Officer, for closing remarks.

John Fieldly

CEO & Chairman

Thank you again for joining us today. 2025 was truly a defining year for Celsius Holdings. We recorded a record \$2.5 billion and continue to scale a true modern energy portfolio with CELSIUS, Alani Nu and Rockstar Energy. As we move through 2026, our priorities are clear: execute with discipline, strengthen our operating system and stay closely aligned with consumers as the category continues to evolve.

I want to take this opportunity to thank our employees, our partners and all of our customers out there for their focus, their teamwork that makes this all possible. 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.

Copyright © 2026 by S&P Global Market Intelligence, a division of S&P Global Inc. All rights reserved.

These materials have been prepared solely for information purposes based upon information generally available to the public and from sources believed to be reliable. No content (including index data, ratings, credit-related analyses and data, research, model, software or other application or output therefrom) or any part thereof (Content) may be modified, reverse engineered, reproduced or distributed in any form by any means, or stored in a database or retrieval system, without the prior written permission of S&P Global Market Intelligence or its affiliates (collectively, S&P Global). The Content shall not be used for any unlawful or unauthorized purposes. S&P Global and any third-party providers, (collectively S&P Global Parties) do not guarantee the accuracy, completeness, timeliness or availability of the Content. S&P Global Parties are not responsible for any errors or omissions, regardless of the cause, for the results obtained from the use of the Content. THE CONTENT IS PROVIDED ON "AS IS" BASIS. S&P GLOBAL PARTIES DISCLAIM ANY AND ALL EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE, FREEDOM FROM BUGS, SOFTWARE ERRORS OR DEFECTS, THAT THE CONTENT'S FUNCTIONING WILL BE UNINTERRUPTED OR THAT THE CONTENT WILL OPERATE WITH ANY SOFTWARE OR HARDWARE CONFIGURATION. In no event shall S&P Global Parties be liable to any party for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including, without limitation, lost income or lost profits and opportunity costs or losses caused by negligence) in connection with any use of the Content even if advised of the possibility of such damages. S&P Global Market Intelligence's opinions, quotes and credit-related and other analyses are statements of opinion as of the date they are expressed and not statements of fact or recommendations to purchase, hold, or sell any securities or to make any investment decisions, and do not address the suitability of any security. S&P Global Market Intelligence may provide index data. Direct investment in an index is not possible. Exposure to an asset class represented by an index is available through investable instruments based on that index. S&P Global Market Intelligence assumes no obligation to update the Content following publication in any form or format. The Content should not be relied on and is not a substitute for the skill, judgment and experience of the user, its management, employees, advisors and/or clients when making investment and other business decisions. S&P Global Market Intelligence does not act as a fiduciary or an investment advisor except where registered as such. S&P Global keeps certain activities of its divisions separate from each other in order to preserve the independence and objectivity of their respective activities. As a result, certain divisions of S&P Global may have information that is not available to other S&P Global divisions. S&P Global has established policies and procedures to maintain the confidentiality of certain nonpublic information received in connection with each analytical process.

S&P Global may receive compensation for its ratings and certain analyses, normally from issuers or underwriters of securities or from obligors. S&P Global reserves the right to disseminate its opinions and analyses. S&P Global's public ratings and analyses are made available on its Web sites, www.standardandpoors.com (free of charge), and www.ratingsdirect.com and www.globalcreditportal.com (subscription), and may be distributed through other means, including via S&P Global publications and third-party redistributors. Additional information about our ratings fees is available at www.standardandpoors.com/usratingsfees.

© 2026 S&P Global Market Intelligence.