



Nasdaq: CELH

Celsius Holdings Announces Record Second Quarter 2022 Financial Results

Revenue of **\$154.0 million**, up **137%** from \$65.1 million in the year ago quarter

North America revenue increased **171%** to **\$145.4 million**, up from \$53.6 million in the year ago quarter

Flash Financials \$(000)'s*	2Q 2022	2Q 2021	% Change	6M 2022	6M 2021	% Change
Revenue	\$154.0	\$65.1	137%	\$287.4	\$115.1	150%
N. America	\$145.4	\$53.6	171%	\$268.9	\$92.6	190%
International	\$8.6	\$11.5	-25%	\$18.5	\$22.5	-18%
Gross Margin % (Ex OB Freight)**	38.5% (44.0%)	43.4% (51.8%)	-490 BPS (-780 BPS)	39.4% (43.5%)	42.4% (50.8%)	-300 BPS (-730 BPS)
Net Income	\$9.2	\$0.8	1050%	\$15.8	\$1.4	1029%
EBITDA**	\$17.1	\$8.0	114%	\$31.9	\$12.7	151%

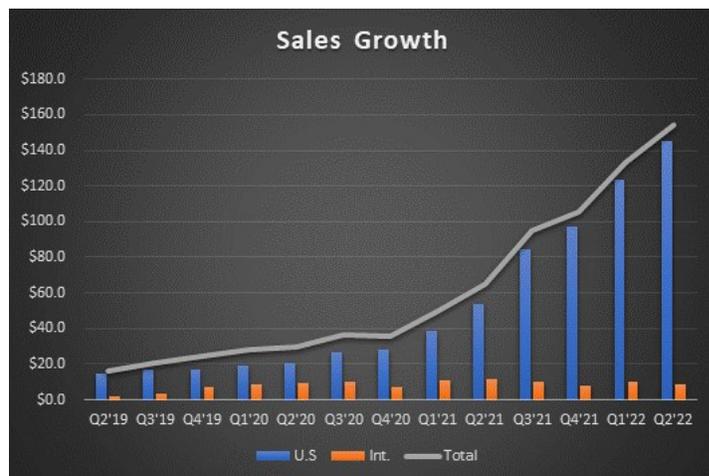
*Unaudited Financial Presentation

**Non-GAAP Adjusted EBITDA



2nd Quarter 2022 Highlights

Growth Trends in Revenue By Quarter (Unaudited)



- Revenue of \$154.0 million, up 137% from \$65.1 million in the year ago quarter
 - Domestic revenue increased 171% to \$145.4 million, up from \$53.6 million in the year ago quarter. The increase was driven by accelerating triple-digit growth in traditional channels, optimization and SKU expansion in existing accounts, expansion of Direct Store Delivery (“DSD”) network and new store additions lead by C-store expansion
 - Direct Store Delivery (DSD) network delivered growth of 208% in our distributor revenues when compared to the prior year quarter
- International revenue decreased 25% to \$8.6 million, from \$11.5 million in the year ago quarter
 - European revenues decreased 32.4% to \$7.3 million compared to \$10.8 million in the year ago period.
 - Revenues from other International markets totaled \$1.3 million, up 91.2% from \$680,000 which included royalty revenues from China
- Gross profit of \$59.3 million, up 110% from \$28.2 million in the year ago quarter
- Gross Profit margins were 38.5% (44.0% excluding OB freight) of revenues for the three months ended June 30, 2022, from 43.4% (51.8% excluding OB freight) for the prior year quarter

- Net Income of \$9.2 million, or \$0.12 per diluted share, compared to income of \$0.8 million, or \$0.01 per diluted share in the year ago quarter
- *Non-GAAP Adjusted EBITDA increased 114% to approximately \$17.1 million, compared to \$8.0 million in the year ago quarter



YTD June 30, 2022 Highlights

- Revenue of \$287.4 million, up 150% from \$115.1 million for the six months ended June 30, 2022
 - Domestic revenue increased 190% to \$268.9 million, up from \$92.6 million in the year ago period
 - Continued expansion of Direct Store Delivery (DSD) network delivered growth of 269% in our distributor revenues compared to the prior year period
 - Club channel revenue totaled \$57.3 million for the first six months of 2022, up 516%, compared to \$9.3 million in the year ago period.
- International revenue decreased 18% to \$18.5 million, from \$22.5 million in the 2021 period
 - European revenues decreased by 25% to \$15.8 million from \$21.2 million in the prior year period
 - Revenues from other International markets totaled \$2.8 million, an increase of 115% from \$1.3 million for the prior year period
- Gross profit of \$113.2 million, up 132% from \$48.8 million for the six months ended June 30, 2022
- Gross profit margins were 39.4% (43.5% excluding outbound freight), for the six months ended June 30, 2022, from 42.4% (50.8% excluding outbound freight), for the prior year period
- Net Income of \$15.8 million, or \$0.20 per diluted share, compared to a net income of \$1.4 million, or \$0.02 per diluted share, in the 2021 period
- *Non-GAAP Adjusted EBITDA totaled approximately \$31.9 million compared to \$12.7 million in 2021, an increase of 151%



* The Company reports financial results in accordance with accounting principles generally accepted in the United States ("GAAP"), but management believes that disclosure of adjusted EBITDA, a non-GAAP financial measure, may provide users with additional insights into operating performance



PepsiCo Distribution and Investment Agreement

Transaction Overview



Overview	<ul style="list-style-type: none"> Celsius and PepsiCo have entered into a long-term strategic distribution agreement and investment PepsiCo to acquire certain Celsius distribution rights in the U.S. with future expansion opportunity as preferred global distribution partner PepsiCo has made a \$550 million investment in Celsius convertible preferred stock
Distribution Agreement	<ul style="list-style-type: none"> PepsiCo to become Celsius' primary distribution partner in the U.S. through its leading DSD network and the preferred partner internationally Celsius represents a rapidly growing lifestyle energy brand that enhances PepsiCo's existing energy portfolio Celsius to manage transition of and make buy-out payment to existing distributors; PepsiCo to contribute funding to Celsius related thereto
Preferred Equity Investment	<ul style="list-style-type: none"> PepsiCo made a net cash investment of \$550 million in Celsius in exchange for convertible preferred stock (representing an estimated 8.5% ownership in Celsius on an as-converted basis¹) and is entitled to a 5% annual dividend paid quarterly in cash or at Celsius' option, paid-in-kind (PIK) Convertible preferred stock to automatically convert into common shares after 6 years on certain market share triggers and if above conversion price Primary proceeds used to fund growth CapEx and operating expenses PepsiCo has the right to nominate one director to the Board, increasing the Board size from 8 to 9
Strategic Rationale	<ul style="list-style-type: none"> Transformational opportunity to gain immediate scale and accelerate market share by securing access to leading North America DSD network with global reach Access to new consumption occasions through diversified channel exposure Go-to-market portfolio optimization through strategic alliance with a global leader in beverages Meaningful preferred equity investment aligns long-term interests while strengthening balance sheet position for working capital and growth investment
Pro Forma Impact	<ul style="list-style-type: none"> Cash proceeds of \$550 million will strengthen balance sheet position and fund ongoing growth initiatives Distribution agreement expected to add significant topline scale and accelerate growth Substantial margin accretion expected from leveraging PepsiCo's leading DSD network to rapidly scale the business

Note:

- Based on fully diluted shares outstanding of 78.3 million as of March 31, 2022. Assumes \$550mm of convertible preferred stock is converted to common at a conversion price of \$75.00 per share, implying 7.3 million of additional diluted shares outstanding



Distribution Highlights



**CELSIUS BRAND
PERFORMANCE VS. CATEGORY**



OUTPACING GROWTH 20X
12W (7.10.22 IRI MULOC+C)

CELSIUS is the #1 Brand Driver of Growth to the Energy Category, responsible for 34% of the category growth, driving over \$118.7 million in incremental sales

(Last 12 Weeks Ending 07.10.22, IRI MULO+C)

- ⇒ The most recent reported Nielsen scan data as of 7.16.22, shows Celsius sales up +143% y/y for 4-wks, +194% for 12-wks and +185% for the second quarter. This compares to the energy category which grew 8% y/y for 4-wks and 8% for 12-wks and 8% in the second quarter over the same time period
 - ⇒ On Amazon, CELSIUS® is the SECOND largest energy drink with a 22.62 % share of the Energy Drink Category, ahead of RED BULL® at a 10.57% share, just behind MONSTER® at a 24.73% (Last 4 Weeks Ending 07/30/22, Stackline, Energy Drink Category: Total US)
 - ⇒ CELSIUS YoY Growth up 185.14%, compared to Amazon's Energy Drink Category at 78.55% growth (CELSIUS is outpacing category growth by almost 2.5x YoY) (Last 4 Weeks Ending 07/30/22, Stackline, Energy Drink Category: Total US)
 - ⇒ With a strategic marketing push around Amazon Prime Day Week, CELSIUS gained significant market share in the category, soaring to position ONE at 31.88% vs Monster in SECOND at 19.58%. CELSIUS' growth during this same period YoY was 368.26% vs Monster at 95.69%. (*Stackline Data, Period ending 7/16/2022, Energy Drink Category: Total US)
 - ⇒ Amazon YTD 2022: \$27.3 million vs YTD 2021: \$10.1 million, up 170%
- ⇒ US store count now exceeds 169,000 locations nationally, growing over 59,000 doors or 54%, from the 109,000 doors in Q2 2021, with additional expansion planned throughout 2022, accelerated by the PepsiCo distribution agreement
 - ⇒ Convenience Channel store locations increased by 97%, or over 40,000 locations to 82,000 locations at the end of the second quarter, compared to 42,000 locations at the end of the second quarter of 2021
 - ⇒ 75% of MULO+C retail stores are now serviced by Direct Store Delivery (DSD). Mass Channel now 99% DSD serviced, 70% of Convenience, with majority of all expansions immediately launching with DSD
 - ⇒ Direct Store Delivery (DSD) network delivered growth of 208% in the second quarter of 2022 when compared to the prior year quarter, totaling over \$62.3 million, with over \$42.2 million in incremental revenue generated
- ⇒ The Company placed an additional 800 coolers in the second quarter of 2022 and over 2,700 since the beginning of 2021. The Company anticipates a continued acceleration of cooler placements through 2022
- ⇒ Club channel expansion:
 - ⇒ Club channel stores now total 1,337 locations with approximately 175 BJ's Wholesales locations added in the second quarter and generated \$24.9 million of incremental revenue when compared to the prior year second quarter
 - ⇒ Total revenue for the Club channel in the second quarter totaled \$30.9 million, up approximately 415%, compared to \$6.0 million in the year ago period





Q2 2022 Display & Cooler Expansion



INNOVATIVE PORTFOLIO CAPITALIZING ON TODAY'S HEALTH & WELLNESS TRENDS

Conference Call

Management will host a conference call today, Tuesday, August 9, 2022 at 4:30 p.m. ET to discuss the results with the investment community.

To participate in the conference call, please call one of the following telephone numbers at least 10 minutes before the start of the call:

US: **888-428-7458**
International: **404-267-0368**

Webcast: <https://event.choruscall.com/mediaframe/webcast.html?webcastid=1X0SaP97>

Replay of the conference call can be accessed through the webcast link above

Disclosures can be found on the Company's online disclosure portal at: <https://www.celsiusholdingsinc.com/sec-filings/>

Investor Contact: Cameron Donahue (651) 707-3532 cdonahue@celsius.com

About Celsius Holdings, Inc.

Celsius Holdings, Inc. (Nasdaq: CELH), is a global company with a proprietary, clinically proven formula for its master brand CELSIUS® and all its sub-brands. A lifestyle fitness drink and a pioneer in the rapidly growing performance energy sector, CELSIUS® has five beverage lines that each offer proprietary, functional, healthy-energy formulas clinically-proven to offer significant health benefits to its users. The five lines include, CELSIUS® Originals, CELSIUS HEAT™, CELSIUS® BCAA +Energy, CELSIUS® On-the-Go, and CELSIUS® Sweetened with Stevia. CELSIUS® has zero sugar, no preservatives, no aspartame, no high fructose corn syrup, and is non-GMO, with no artificial flavors or colors. The CELSIUS® line of products is Certified Kosher and Vegan. CELSIUS® is also soy and gluten-free and contains very little sodium. CELSIUS® is backed by six university studies that were published in peer-reviewed journals validating the unique benefits CELSIUS® provides. CELSIUS® is sold nationally at Target, CVS, Walmart, GNC, Vitamin Shoppe, 7-Eleven, Dick's Sporting Goods, The Fresh Market, Sprouts and other key regional retailers such as HEB, Publix, Winn-Dixie, Harris Teeter, Shaw's and Food Lion. It is also available on Amazon, at fitness clubs and in select micro-markets across the country. For more information, please visit: <http://www.celsiusholdingsinc.com>

Forward-Looking Statements

This press release may contain statements that are not historical facts and are considered forward-looking within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements contain projections of Celsius Holdings' future results of operations and/or financial position, or state other forward-looking information. In some cases, you can identify these statements by forward-looking words such as "anticipate," "believe," "could," "estimate," "expect," "intend," "may," "should," "will," "would," or similar words. You should not rely on forward-looking statements since Celsius Holdings' actual results may differ materially from those indicated by forward-looking statements as a result of a number of important factors. These factors include but are not limited to: general economic and business conditions; our business strategy for expanding our presence in our industry; anticipated trends in our financial condition and results of operation; the impact of competition and technology change; existing and future regulations affecting our business; the Company's ability to satisfy in a timely manner, all Securities and Exchange Commission (SEC) required filings and the requirements of Section 404 of the Sarbanes-Oxley Act of 2002 and the rules and regulations adopted under that Section; and other risks and uncertainties discussed in the reports Celsius Holdings has filed previously with the Securities and Exchange Commission. Celsius Holdings does not intend to and undertakes no duty to update the information contained in this press release.



Financial Tables

Celsius Holdings, Inc.
Consolidated Balance Sheets
(In thousands, except par value)
(Unaudited)

	<u>June 30,</u> <u>2022</u>	<u>December 31,</u> <u>2021</u>
ASSETS		
Current assets:		
Cash	\$ 60,031	\$ 16,255
Accounts receivable-net	66,195	38,741
Note receivable-current	3,066	2,588
Inventories-net	162,138	191,222
Prepaid expenses and other current assets	12,298	13,555
Total current assets	303,728	262,361
Note receivable	3,679	7,117
Property and equipment-net	5,135	3,180
Deferred tax asset	7,686	9,019
Right of use assets-operating leases	954	1,128
Right of use assets-finance leases	180	86
Other long term assets	264	300
Intangibles	14,689	16,301
Goodwill	13,323	14,527
Total Assets	\$ 349,638	\$ 314,019
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued expenses	\$ 102,416	\$ 91,479
Lease liability obligation-operating leases	556	512
Lease liability obligation-finance leases	101	157
Other current liabilities	2,761	976
Total current liabilities	105,834	93,124
Long-term liabilities:		
Lease liability obligation-operating leases	420	658
Lease liability obligation-finance leases	138	45
Deferred tax liability	2,886	3,146
Other long-term liabilities	487	—
Total Liabilities	109,765	96,973
<u>Stockholders' Equity:</u>		
Common stock, \$0.001 par value; 100,000 shares authorized, 75,622 and 74,909 shares issued and outstanding at June 30, 2022 and December 31, 2021, respectively	76	75
Additional paid-in capital	277,623	267,847
Accumulated other comprehensive income (loss)	(2,173)	614
Accumulated deficit	(35,653)	(51,490)
Total Stockholders' Equity	239,873	217,046
Total Liabilities and Stockholders' Equity	\$ 349,638	\$ 314,019

Celsius Holdings, Inc.
Consolidated Statements of Operations and Comprehensive Income
(In thousands, except per share amounts)
(Unaudited)

	For the three months ended June 30,		For the six months ended June 30,	
	2022	2021	2022	2021
Revenue	\$ 154,020	\$ 65,073	\$ 287,408	\$ 115,108
Cost of revenue	94,701	36,824	174,195	66,280
Gross profit	<u>59,319</u>	<u>28,249</u>	<u>113,213</u>	<u>48,828</u>
Selling and marketing expenses	32,475	15,531	64,072	27,490
General and administrative expenses	14,414	12,300	26,595	20,106
Total operating expenses	<u>46,889</u>	<u>27,831</u>	<u>90,667</u>	<u>47,596</u>
Income from operations	\$ 12,430	\$ 418	\$ 22,546	\$ 1,232
Other income/(expense)				
Interest income on note receivable	55	76	133	163
Interest on other obligations	(3)	(1)	(4)	(3)
Other miscellaneous income	—	109	—	97
Foreign exchange gain/(loss)	(514)	178	(676)	(123)
Total other income (expense)	<u>(462)</u>	<u>362</u>	<u>(547)</u>	<u>134</u>
Net income before income taxes	\$ 11,968	\$ 780	\$ 21,999	\$ 1,366
Income tax expense	2,810	—	6,161	—
Net income	\$ 9,158	\$ 780	\$ 15,838	\$ 1,366
Other comprehensive income:				
Foreign currency translation gain/(loss)	(2,296)	277	(2,787)	84
Comprehensive Income	\$ 6,862	\$ 1,057	\$ 13,051	\$ 1,450
Income per share:				
Basic	\$ 0.12	\$ 0.01	\$ 0.21	\$ 0.02
Diluted	<u>\$ 0.12</u>	<u>\$ 0.01</u>	<u>\$ 0.20</u>	<u>\$ 0.02</u>
Weighted average shares outstanding:				
Basic	75,451	73,159	75,472	73,655
Diluted	<u>78,372</u>	<u>77,238</u>	<u>78,397</u>	<u>77,658</u>

Celsius Holdings, Inc.
Reconciliation of Non-GAAP Financial Measures*
(In thousands)
(Unaudited)

	Three months ended		Six months ended	
	June 30,		June 30,	
	2022	2021	2022	2021
Net income available to common stockholders (GAAP measure)	\$ 9,158	\$ 780	\$ 15,838	\$ 1,366
<u>Add back/(Deduct):</u>				
Income tax expense	2,810	-	6,161	-
Depreciation and amortization expense	445	242	831	553
Net interest	(52)	(90)	(129)	(160)
Stock-based compensation	4,207	7,202	8,517	10,777
Foreign exchange	514	(178)	676	123
Non-GAAP Adjusted EBITDA	\$ 17,082	\$ 7,956	\$ 31,894	\$ 12,659

	Three months ended		Six months ended	
	June 30,		June 30,	
	2022	2021	2022	2021
Gross Profit (GAAP measure)	\$ 59,319	\$ 28,249	\$ 113,213	\$ 48,828
Gross Profit %	38.5%	43.4%	39.4%	42.4%
<u>Add back/(Deduct):</u>				
Out Bound Freight	8,507	5,485	11,712	9,680
Non-GAAP Adjusted Gross Profit	\$ 67,826	\$ 33,734	\$ 124,925	\$ 58,508
Non-GAAP Adjusted Gross Margin %	44.0%	51.8%	43.5%	50.8%

* The Company reports financial results in accordance with accounting principles generally accepted in the United States ("GAAP"), but management believes that disclosure of adjusted EBITDA and adjusted Gross Margins, excluding outbound freight, non-GAAP financial measures, may provide users with additional insights into operating performance.

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