

## CELH 3Q25 Post Earnings Write-Up

Celsius had a fairly lackluster quarter relative to market expectations with the stock tumbling ~30% as a result. That being said, their performance this quarter was very much in line with what I had personally been projecting. We saw income from operations come in almost exactly at my base line projection (excluding accounting noise from distributor termination as well as excluding the Rockstar revenue from the acquisition). Concerns are finally starting to sink into public sentiment about the now apparent growth slowdown. The market seemed to have been pricing in continued exponential growth from Alani Nu, but scanner data is showing slowing in the brand. The core Celsius brand has also been flat for a few quarters now in terms of market share. Growth issues were my number one concern in my initial thesis, and the worries here are proving to have been prudent as the market is now adjusting to said growth slowdown.

The one area of potential for the company I still see is international expansion. They did see their international numbers drop QoQ, but numbers look positive YoY. They brought on Garrett Quigley (ex-Pepsi guy of 25 years) to lead their international team which I see as a strong play by them given my other concern was management experience. I will be keeping my eye on international moving forward as they seem to be making reasonable decisions here.

Overall, the market is still overvaluing CELH and I am seeing a stock price of low 30s-high 20s in the long run. They still have a lot of room to drop, so I will maintain my short from earnings in the form of common stock. The key thing to watch out for is their international push as their new management hires seem solid and could drive growth in this area. That being said, the overall growth weakness on the whole is too much to overcome in the short term and I expect to see the market continue to correct the price as more scanner data comes in and eventually year end results show weakness in their leading brands.