UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTIONS 13 OR 15 (d) OF THE SECURITIES AND EXCHANGE ACT OF 1934

FOR THE QUARTERLY PERIOD ENDED SEPTEMBER 30, 2019

Commission file number: 001-34611

CELSIUS HOLDINGS, INC.
(Exact name of registrant as specified in its charter)

Nevada	20-2745790
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)

2424 N Federal Highway, Suite 208, Boca Raton, Florida 33431
(Address of Principal Executive Offices)

(561) 276-2239
(Registrant's telephone number, including area code)
(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (ss.232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes X No ☐

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol(s)	Name of Each Exchange on Which Registered
Common Stock, $.001 par value	CELH	Nasdaq Capital Market

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act:

Large Accelerated Filer ☐	Accelerated Filer X
Non-accelerated filer ☐	Smaller reporting company X
	Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No X

The number of shares outstanding of the registrant's common stock, $0.001 par value, as of November 7, 2019 was 68,875,257 shares.

TABLE OF CONTENTS

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements.

Celsius Holdings, Inc. and Subsidiaries
Consolidated Balance Sheets

		September 30, 2019 (Unaudited)		December 31, 2018 (1)
ASSETS				
Current assets:				
Cash	$	20,531,891	$	7,743,181
Accounts receivable-net (note 2)		14,008,998		12,980,396
Note receivable-current (note 6)		1,149,791		-
Unbilled royalty revenue		252,302		-
Inventories-net (note 4)		8,786,975		11,482,701
Prepaid expenses and other current assets (note 5)		4,212,180		2,299,375
Total current assets		**48,942,137**		**34,505,653**
Cash held in escrow		14,849,999		
Note receivable-long term (note 6)		10,348,115		-
Operating lease-right of use asset (note 7)		153,257		-
Property and equipment-net (note 8)		128,886		121,854
Total Assets	**$**	**74,422,394**	**$**	**34,627,507**
LIABILITIES AND STOCKHOLDERS' EQUITY				
Current liabilities:				
Accounts payable and accrued expenses (note 9)	$	10,808,603	$	14,845,211
Other current liabilities (note 10)		117,445		19,933
Operating lease liability-current (note 7)		146,584		-
Total current liabilities		11,072,632		14,865,144
Long-term liabilities:				
Convertible line of credit note payable-related party-net (note 11)		-		3,500,000
Convertible notes payables -related party-net (note 11)		-		4,459,381
Operating lease liability-long term (note 7)		12,747		-
Total Liabilities		11,085,379		22,824,525
Commitments and contingences (note 16)				
Stockholders' Equity:				
Preferred Stock, $0.001 par value; 2,500,000 shares authorized, zero and zero shares issued and outstanding at September 30, 2019 and December 31, 2018, respectively (note 12)		-		-
Common stock, $0.001 par value; 75,000,000 shares authorized, 68,875,257 and 57,002,508 shares issued and outstanding at September 30, 2019 and December 31, 2018, respectively (note 14)		68,876		57,003
Additional paid-in capital		126,075,609		85,153,667
Accumulated other comprehensive income/(loss)		(571,120)		(26,997)
Accumulated deficit		(62,236,350)		(73,380,691)
Total Stockholders' Equity		63,337,015		11,802,982
Total Liabilities and Stockholders' Equity	**$**	**74,422,394**	**$**	**34,627,507**

(1) Derived from Audited Financial Statements

The accompanying notes are an integral part of these unaudited consolidated financial statements

Celsius Holdings, Inc. and Subsidiaries
Consolidated Statements of Operations
(Unaudited)

	For the three months ended September 30,		For the nine months ended September 30,	
	2019	**2018**	**2019**	**2018**
Revenue (note 3)	$ 20,423,847	$ 16,565,316	$ 51,031,426	$ 37,923,619
Cost of revenue (note 2)	11,801,478	9,694,932	29,821,968	22,307,735
Gross profit	8,622,369	6,870,384	21,209,458	15,615,884
Selling and marketing expenses	4,923,968	8,671,792	14,086,910	18,419,236
General and administrative expenses	2,194,530	2,287,374	7,249,378	7,430,580
Total operating expenses	7,118,498	10,959,166	21,336,288	25,849,816
Income (loss) from operations	**1,503,871**	**(4,088,782)**	**(126,830)**	**(10,233,932)**
Other Income (Expense):				
Interest income	96,300	-	288,070	-
Interest on notes	(105,385)		(348,493)	-
Interest on other obligations	(3,393)	(42,932)	(12,041)	(122,944)
Amortization of discount on notes payable	(528,463)	-	(707,285)	-
Gain on Investment repayment-China (Note Receivable Note 6)	(1,888)	-	12,050,921	-
Total other income (expense)	(542,829)	(42,932)	11,271,172	(122,944)
Net Income (Loss)	961,042	(4,131,714)	11,144,342	(10,356,876)
Preferred stock dividend		(43,639)		(169,494)
Net income (loss) available to common stockholders	**$ 961,042**	**$ (4,175,353)**	**$ 11,144,342**	**$ (10,526,370)**
Income (Loss) per share:				
Basic	$ 0.02	$ (0.08)	$ 0.19	$ (0.21)
Diluted	$ 0.03	$ (0.08)	$ 0.20	$ (0.21)
Weighted average shares outstanding:				
Basic	59,307,404	51,098,575	58,023,685	49,675,624
Diluted [1]	**62,532,510**	**51,098,575**	**62,050,032**	**49,675,624**

1 *Please refer to Earnings Per Share section for further details*

The accompanying notes are an integral part of these unaudited consolidated financial statements

Celsius Holdings, Inc. and Subsidiaries
Consolidated Statements of Comprehensive Income/(Loss)
For the three and nine months ended September 30, 2019 and 2018

	For the three months ended September 30,		For the nine months ended September 30,	
	2019	**2018**	**2019**	**2018**
Net income (loss) available to common stockholders, as reported	$ 961,042	$ (4,175,353)	$ 11,144,342	$ (10,526,370)
Other comprehensive (loss) income:				
Unrealized foreign currency translation (loss) income	(55,303)	65,949	(71,793)	46,130
Comprehensive income/(loss)	$ 905,739	$ (4,109,404)	$ 11,072,549	$ (10,480,240)

The accompanying notes are an integral part of these unaudited consolidated financial statements

Celsius Holdings, Inc. and Subsidiaries
Consolidated Statements of Changes in Stockholders' Equity
For the three and nine months ended September 30, 2019
(Unaudited)

	Preferred Stock		Common Stock		Additional Paid-In Capital	Accumulated Other-Comprehensive Income (Loss)	Accumulated Deficit	Total
	Shares	Amount	Shares	Amount				
Balance at December 31, 2018	-	$ -	57,002,508	$ 57,003	$ 85,153,667	$ (26,997)	$ (73,380,691)	$ 11,802,982
Stock option expense					1,358,503			1,358,503
Issuance of common stock pursuant to exercise of stock options-Cashless			115,107	115	(115)			-
Issuance of common stock pursuant to exercise of stock options-Cash			80,750	80	24,680			24,760
Beneficial Conversion Feature on Convertible Instruments					166,667			166,667
Foreign currency translation gain						260,665		260,665
Net Income							11,656,594	11,656,594
Balance at March 31, 2019		**$ -**	**57,198,365**	**$ 57,198**	**$ 86,703,402**	**$ 233,668**	**$ (61,724,097)**	**$ 25,270,171**
Stock option expense					1,095,792			1,095,792
Issuance of common stock pursuant to exercise of stock options-Cashless			79,488	80	(80)			-
Issuance of common stock pursuant to exercise of stock options-Cash			93,334	93	122,574			122,667
Foreign currency translation loss						(256,974)		(256,974)
Net Loss							(1,473,295)	(1,473,295)
Balance at June 30, 2019	**-**	**$ -**	**57,371,187**	**$ 57,371**	**$ 87,921,688**	**$ (23,306)**	**$ (63,197,392)**	**$ 24,758,361**
Stock option expense					900,000			900,000
Issuance of common stock-Capital Raise			7,986,110	7,986	26,947,451			26,955,437
Issuance of common stock-Notes Payable Conversion			3,196,460	3,197	10,230,136			10,233,333
Issuance of common stock pursuant to exercise of stock options-Cashless			250,000	250	(250)			-
Issuance of common stock pursuant to exercise of stock options-Cash			71,500	72	76,584			76,656
Foreign currency translation loss						(547,814)		(547,814)
Net Income							961,042	961,042
Balance at September 30, 2019	**-**	**$ -**	**68,875,257**	**$ 68,876**	**$ 126,075,609**	**$ (571,120)**	**$ (62,236,350)**	**$ 63,337,015**

The accompanying notes are an integral part of these unaudited consolidated financial statements

Celsius Holdings, Inc. and Subsidiaries
Consolidated Statements of Changes in Stockholders' Equity
For the three and nine months ended September 30, 2018
(Unaudited)

	Preferred Stock		Common Stock		Additional Paid-In	Accumulated Other-Comprehensive	Accumulated	
	Shares	Amount	Shares	Amount	Capital	Income (Loss)	Deficit	Total
Balance at December 31, 2017	6,760	$ 7	45,701,593	$ 45,702	$ 79,101,824	$ (39,378)	$ (61,960,910)	$ 17,147,245
Issuance of common stock in exchange of preferred stock	(4,000)	(4)	4,651,163	$ 4,651	(5,251)			(604)
Stock option expense					770,861			770,861
Issuance of common stock pursuant to exercise of stock options-Cashless			306,340	$ 306	(306)			-
Issuance of common stock pursuant to exercise of stock options-Cash			297,773	$ 298	142,329			142,627
Preferred stock dividend payable							(82,691)	(82,691)
Foreign currency translation loss						(53,504)		(53,504)
Net loss							(2,876,504)	(2,876,504)
Balance at March 31, 2018	**2,760**	**$ 3**	**50,956,869**	**$ 50,957**	**$ 80,009,457**	**$ (92,882)**	**$ (64,920,105)**	**$ 15,047,430**
Stock option expense					1,179,764			1,179,764
Issuance of common stock pursuant to exercise of stock options-Cash			106,282	106	37,575			37,681
Preferred stock dividend payable							(43,164)	(43,164)
Foreign currency translation loss						33,685		33,685
Net loss							(3,348,658)	(3,348,658)
Balance at June 30, 2018	**2,760**	**$ 3**	**51,063,151**	**$ 51,063**	**$ 81,226,796**	**$ (59,197)**	**$ (68,311,927)**	**$ 12,906,738**
Stock option expense					1,153,152			1,153,152
Issuance of common stock pursuant to exercise of stock options-Cashless			1,795	2	(2)			-
Preferred stock dividend payable							(43,639)	(43,639)
Foreign currency translation loss						65,949		65,949
Issuance of common stock in exchange of service			60,000	60	279,540			279,600
Net loss							(3,348,658)	(3,348,658)
Balance at September 30, 2018	**2,760**	**$ 3**	**51,124,946**	**$ 51,125**	**$ 82,659,486**	**$ 6,752**	**$ (71,704,224)**	**$ 11,013,142**

The accompanying notes are an integral part of these unaudited consolidated financial statements

Celsius Holdings, Inc. and Subsidiaries
Consolidated Statements of Cash Flows
(Unaudited)

	For the nine months ended September 30, 2019	For the nine months ended September 30, 2018
Cash flows from operating activities:		
Net Income (loss)	$ 11,144,342	$ (10,356,876)
Adjustments to reconcile net income/(loss) to net cash used in operating activities:		
Depreciation and amortization	761,649	34,620
Shares issued for settlement of legal claim	-	279,600
Stock-based compensation expense	3,354,295	3,103,778
Allowance for bad debt	62,678	(9,632)
Inventory allowance for excess and obsolete products	300,143	-
Gain on Investment repayment from China (Note Receivable Note 6)	(12,050,921)	-
Changes in operating assets and liabilities:		
Accounts receivable-gross	(4,405,426)	(6,451,701)
Inventories	2,136,895	(1,543,250)
Prepaid expenses and other current assets	(2,087,991)	(2,156,230)
Accounts payable and accrued expenses	(27,338)	8,189,325
Accrued preferred dividends	-	(91,111)
Unbilled royalty revenue	(252,302)	-
Other current assets/liabilities	97,512	(3,387)
Net cash used in operating activities	**(966,464)**	**(9,004,864)**
Cash flows from investing activities:		
Purchase of property and equipment	(55,321)	(93,482)
Cash paid to escrow for acquisition	(14,849,999)	-
Net cash (used in) investing activities	(14,905,320)	(93,482)
Cash flows from financing activities:		
Proceeds from notes payable related party-net	1,500,000	-
Proceeds from exercise of stock options	224,083	179,704
Net proceeds from sale of common stock	26,955,437	-
Net cash provided by financing activities	**28,679,520**	**179,704**
Effect of exchange rate changes on cash and cash equivalents	(19,026)	46,130
Net increase (decrease) in cash	**12,788,710**	**(8,872,512)**
Cash at beginning of the period	7,743,181	14,186,624
Cash at end of the period	$ 20,531,891	$ 5,314,112
Supplemental disclosures:		
Cash paid during period for:		
Interest	$ 131,528	$ 132,425
Non-cash investing and financing activities:		
Accrued preferred dividends	$ -	$ 129,493
Debt Conversion and Related Accrued Expenses	10,233,333	-
Non-Cash Items Related to China Settlement:		
Accounts Receivable	3,314,146	-
Inventory	258,688	-
Pre-paid expense and other current assets	175,185	-
Accounts payable and accrued expenses	(3,748,019)	-

The accompanying notes are an integral part of these unaudited consolidated financial statements

1. ORGANIZATION AND DESCRIPTION OF BUSINESS

Business —Celsius Holdings, Inc. (the "**Company**" or "**Celsius Holdings**") was incorporated under the laws of the State of Nevada on April 26, 2005. On January 24, 2007, the Company entered into a merger agreement and plan of reorganization with Elite FX, Inc., a Florida corporation. Under the terms of the Merger Agreement, Elite FX, Inc. was merged into the Company's subsidiary, Celsius, Inc. and became a wholly-owned subsidiary of the Company on January 26, 2007. In addition, on March 28, 2007 the Company established Celsius Netshipments, Inc. a Florida corporation as a subsidiary of the Company. On February 7, 2018, the Company established Celsius Asia Holdings Limited a Hong Kong corporation as a wholly-owned subsidiary of the Company. On February 7, 2017 Celsius China Holdings Limited a Hong Kong corporation became a wholly-owned subsidiary of Celsius Asia Holdings Limited and on May 9, 2017, Celsius Asia Holdings Limited established Celsius (Beijing) Beverage Limited, a China corporation as a wholly-owned subsidiary of Celsius Asia Holdings Limited.

The Company is engaged in the development, marketing, sale and distribution of "**functional**" calorie-burning fitness beverages under the Celsius® brand name.

2. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation and Principles of Consolidation – The accompanying unaudited consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the United States of America ("**US GAAP**") for interim financial information and with the instructions to Form 10-Q and Article 8-03 of Regulation S-X. Accordingly, the consolidated financial statements do not include all of the information and footnotes required by US GAAP for complete financial statements. In the opinion of management, all adjustments considered necessary for a fair presentation have been included and such adjustments are of a normal recurring nature. These unaudited consolidated financial statements should be read in conjunction with the 10K filed for December 31, 2018 and the accompanying notes. The consolidated financial statements of the Company include the Company and its wholly owned subsidiaries. All material inter-company balances and transactions have been eliminated.

Significant Estimates — The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses and disclosure of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates. Significant estimates include the allowance for doubtful accounts, allowance for inventory obsolescence, the useful lives and values of property, fixtures and equipment, valuation of stock-based compensation, and deferred tax asset valuation allowance.

Segment Reporting — Although the Company has a number of operating divisions, separate segment data has not been presented, as they meet the criteria for aggregation as permitted by ASC Topic 280, Segment Reporting, (formerly Statement of Financial Accounting Standards (SFAS) No. 131, *Disclosed About Segments of an Enterprise and Related Information.)*

2. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Our chief operating decision-maker is considered to be our Chief Executive Officer (CEO). The CEO reviews financial information presented on a consolidated basis for purposes of making operating decisions and assessing financial performance. The financial information reviewed by the CEO is identical to the information presented in the accompanying consolidated statement of operations. Therefore, the Company has determined that it operates in a single operating segment. For the nine months ended September 30, 2019 and 2018 all material assets and revenues of the Company were in the United States except as disclosed in Note 3.

Concentrations of Risk — Substantially all of the Company's revenue derives from the sale of Celsius ® beverages.

The Company uses single supplier relationships for its raw materials purchases and filling capacity, which potentially subjects the Company to a concentration of business risk. If these suppliers had operational problems or ceased making product available to the Company, operations could be adversely affected.

Financial instruments that potentially subject the Company to concentrations of credit risk consist primarily of cash and cash equivalents and accounts receivable. The Company places its cash and cash equivalents with high-quality financial institutions. At times, balances in the Company's cash accounts may exceed the Federal Deposit Insurance Corporation limit. At September 30, 2019, the Company had approximately $20.3 million in excess of the Federal Deposit Insurance Corporation limit.

For the nine months ended September 30, 2019 and 2018, the Company had the following 10 percent or greater concentrations of revenue with its customers:

	2019	2018
A*	13.9%	17.6%
B*	12.9%	7.9%
All other	73.2%	74.5%
Total	**100.0**%	**100.0**%

Revenues from customer A are derived from a customer located in Sweden and customer B are derived from a customer located in the United States. Revenues from all other customers were mainly derived in the United States.

At September 30, 2019 and December 31, 2018, the Company had the following 10 percent or greater concentrations of accounts receivable with its customers:

	2019	2018
A*	32.4%	39.1%
B*	11.5%	5.5%
All other	56.1%	55.4%
Total	**100.0**%	**100.0**%

* Receivables from customer A are derived from a customer located in Sweden and customer B are derived from a customer located in the United States.

Cash Equivalents — The Company considers all highly liquid instruments with maturities of three months or less when purchased to be cash equivalents. At September 30, 2019 and 2018, the Company did not have any investments with maturities of three months or less.

2. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounts Receivable — Accounts receivable are reported at net realizable value. The Company establishes an allowance for doubtful accounts based upon factors pertaining to the credit risk of specific customers, historical trends, and other information. Delinquent accounts are written-off when it is determined that the amounts are uncollectible. At September 30, 2019 and December 31, 2018, there was an allowance for doubtful accounts of $245,682 and $183,000, respectively.

Inventories — Inventories include only the purchase cost and are stated at the lower of cost and net realizable value. Cost is determined using the FIFO method. Inventories consist of raw materials and finished products. The Company establishes an inventory allowance to reduce the value of the inventory during the period in which such materials and products are no longer usable or marketable. Specifically, the Company reviews inventory utilization during the past twelve months and also customer orders for subsequent months. If there has been no utilization during the last 12 months and there are no orders in-place in future months which will require the use of inventory item, then inventory item will be included as part of the allowance during the period being evaluated. Management will then specifically evaluate whether these items may be utilized within a reasonable time frame (e.g., 3 to 6 months). At September 30, 2019 and December 31, 2018, the Company recorded an allowance of $374,795 and $74,652 respectively. The changes in the allowance are included in cost of revenue.

Property and Equipment — Property and equipment are stated at cost less accumulated depreciation and amortization. Depreciation of property and equipment is calculated using the straight-line method over the estimated useful life of the asset generally ranging from three to seven years.

Impairment of Long-Lived Assets — In accordance with ASC Topic 360, "Property, Plant, and Equipment" the Company reviews the carrying value of intangibles and other long-lived assets for impairment at least annually or whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of long-lived assets is measured by comparison of its carrying amount to the undiscounted cash flows that the asset or asset group is expected to generate. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the property, if any, exceeds its fair value.

Revenue Recognition — As of January 1, 2018, the Company adopted Revenue from Contracts with Customers (Topic 606) ("ASC 606"). The new guidance sets forth a new five-step revenue recognition model which replaces the prior revenue recognition guidance in its entirety and is intended to eliminate numerous industry-specific pieces of revenue recognition guidance that have historically existed in U.S. GAAP. The underlying principle of the new standard is that a business or other organization will recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects what it expects to receive in exchange for the goods or services. The standard also requires more detailed disclosures and provides additional guidance for transactions that were not addressed completely in the prior accounting guidance. The Company adopted the standard using the modified retrospective method and the adoption did not have a material impact on its consolidated financial statements.

2. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue is derived from the sale of beverages. The Company recognizes revenue when obligations under the terms of a contract with the customer are satisfied. Product sales occur once control is transferred upon delivery to the customer. Revenue is measured as the amount of consideration the Company expects to receive in exchange for transferring goods. The amount of consideration the Company receives and revenue the Company recognizes varies with changes in customer incentives the Company offers to its customers and their customers. Any discounts, slotting fees, sales incentives or similar arrangements with the customer are estimated at time of sale and deducted from revenue. Sales taxes and other similar taxes are excluded from revenue.

Customer Advances — From time to time the Company requires prepayments for deposits in advance of delivery of products and/or production runs. Such amounts are initially recorded as customer advances. The Company recognizes such revenue as it is earned in accordance with revenue recognition policies.

Advertising Costs — Advertising costs are expensed as incurred. The Company uses mainly radio, local sampling events, sponsorships, endorsements, and digital advertising. The Company incurred advertising expense of approximately $5.4 million and $13.1, during nine months ending September 30, 2019 and 2018, respectively.

Research and Development — Research and development costs are charged to general and administrative expenses as incurred and consist primarily of consulting fees, raw material usage and test productions of beverages. The Company incurred expenses of $246,000 and $313,000 during the nine months ending September 30, 2019 and 2018, respectively.

Foreign Currency Translation-Chinese Yuan Renminbi — The Company's functional currency for our China operation is the Chinese Yuan or Renminbi (CNY). For financial reporting purposes, the Chinese Yuan has been translated into United States dollars ($) and/or (USD) as the reporting currency. Assets and liabilities are translated at the exchange rate in effect at the balance sheet date. Revenues and expenses are translated at the average rate of exchange prevailing during the reporting period. Equity transactions are translated at each historical transaction date spot rate. Translation adjustments arising from the use of different exchange rates from period to period are included as a component of stockholders' equity as "Accumulated other comprehensive income (loss)." Gains and losses resulting from foreign currency transactions are included in the consolidated statements of comprehensive income (loss), as other comprehensive income (loss). There have been no significant fluctuations in the exchange rate for the conversion of Chinese Yuan to USD after the balance sheet date.

As of and for the nine months ended September 30, 2019 and September 30, 2018, the exchange rates used to translate amounts in Chinese Yuan into USD for the purposes of preparing the consolidated financial statements were as follows:

	September 30, 2019	September 30, 2018
Exchange rate on balance sheet dates		
USD: CNY exchange rate	7.15	6.87
Average exchange rate for the period	7.12	6.85
USD: CNY exchange rate		

2. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value of Financial Instruments — The carrying value of cash and cash equivalents, accounts receivable, accounts payable, accrued expenses, and notes payable approximates fair value due to their relative short-term maturity and market interest rates.

Fair Value Measurements - ASC 820 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Additionally, ASC 820 requires the use of valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. These inputs are prioritized below:

Level 1: Observable inputs such as quoted market prices in active markets for identical assets or liabilities.

Level 2: Observable market-based inputs or unobservable inputs that are corroborated by market data.

Level 3: Unobservable inputs for which there is little or no market data, which require the use of the reporting entity's own assumptions.

Other than these noted previously, the Company did not have any other assets or liabilities measured at fair value at September 30, 2019 and December 31, 2018.

Income Taxes — The Company accounts for income taxes pursuant to the provisions of ASC 740-10, "Accounting for Income Taxes," which requires, among other things, an asset and liability approach to calculating deferred income taxes. The asset and liability approach require the recognition of deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities. A valuation allowance is provided to offset any net deferred tax assets for which management believes it is more likely than not that the net deferred asset will not be realized. The Company follows the provisions of the ASC 740 -10 related to, *Accounting for Uncertain Income Tax Positions.* When tax returns are filed, it is highly certain that some positions taken would be sustained upon examination by the taxing authorities, while others are subject to uncertainty about the merits of the position taken or the amount of the position that would be ultimately sustained. In accordance with the guidance of ASC 740-10, the benefit of a tax position is recognized in the financial statements in the period during which, based on all available evidence, management believes it is more likely than not that the position will be sustained upon examination, including the resolution of appeals or litigation processes, if any.

Tax positions taken are not offset or aggregated with other positions. Tax positions that meet the more-likely-than-not recognition threshold are measured as the largest amount of tax benefit that is more than 50 percent likely of being realized upon settlement with the applicable taxing authority. The portion of the benefits associated with tax positions taken that exceeds the amount measured as described above should be reflected as a liability for uncertain tax benefits in the accompanying balance sheet along with any associated interest and penalties that would be payable to the taxing authorities upon examination. The Company believes its tax positions are all highly certain of being upheld upon examination. As such, the Company has not recorded a liability for uncertain tax benefits.

The Company has adopted ASC 740-10-25 *Definition of Settlement,* which provides guidance on how an entity should determine whether a tax position is effectively settled for the purpose of recognizing previously unrecognized tax benefits and provides that a tax position can be effectively settled upon the completion of an examination by a taxing authority without being legally extinguished. For tax positions considered effectively settled, an entity would recognize the full amount of tax benefit, even if the tax position is not considered more likely than not to be sustained based solely on the basis of its technical merits and the statute of limitations remains open. The Company's tax returns for tax years in 2016 through 2018 remain subject to potential examination by the taxing authorities.

2. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Earnings per Share — Basic earnings per share are calculated by dividing net income (loss) available to stockholders by the weighted-average number of common shares outstanding during each period. Diluted earnings per share are computed using the weighted average number of common and dilutive common share equivalents outstanding during the period. Under ASC 260-10-45-16, the calculation of diluted earnings per share, the numerator should be adjusted to add back any convertible dividends and the after-tax amount of interest recognized in the period associated with any convertible debt. The denominator should include the number of additional common shares that would have been outstanding if the dilutive potential common shares had been issued.

The effects of dilutive instruments have been presented for the year-to-date net income as of September 30, 2019. Other periods presented do not reflect the dilutive shares, as the effects would be anti-dilutive due to the fact that losses are being reflected for those periods. Please refer to the below table for additional details:

	For the three months ended September 30,		For the nine months ended September 30,	
	2019	**2018**	**2019**	**2018**
Net income (loss) available to common stockholders	$ 961,042	$ (4,131,714)	$ 11,144,342	$ (10,356,876)
Adjustments for diluted earnings:				
Preferred Stock Dividend		(43,639)		(169,494)
Interest expense on convertible notes	105,385	-	348,493	-
Amortization of discount on notes payable	528,464	-	707,286	-
Diluted net income (loss) available to common stockholders	$ 1,594,891	$ (4,175,353)	$ 12,200,121	$ (10,526,370)
Income (Loss) per share:				
Basic	$ 0.02	$ (0.08)	$ 0.19	$ (0.21)
Diluted	$ 0.03	$ (0.08)	$ 0.20	$ (0.21)
Weighted average shares outstanding:				
Basic	59,307,404	51,098,575	58,023,685	49,675,624
Diluted	**62,532,510**	**51,098,575**	**62,050,032**	**49,675,624**

Share-Based Payments — The Company follows the provisions of ASC Topic 718 "Compensation — Stock Compensation" and related interpretations. As such, compensation cost is measured on the date of grant at the fair value of the share-based payments. Such compensation amounts, if any, are amortized over the respective vesting periods of the grants. On April 30, 2015, the Company adopted the 2015 Stock Incentive Plan. This plan is intended to provide incentives which will attract and retain highly competent persons at all levels as employees of the Company, as well as independent contractors providing consulting or advisory services to the Company, by providing them opportunities to acquire the Company's common stock or to receive monetary payments based on the value of such shares pursuant to Awards issued. The 2015 Plan permits the grant of options and shares for up to 5,000,000 shares. In addition, there is a provision for an annual increase of 15% to the shares included under the plan, with the shares to be added on the first day of each calendar year, beginning on January 1, 2017. As of September 30, 2019, total shares available are 1,898,195.

Cost of Sales — Cost of sales consists of the cost of concentrates and or beverage bases, the costs of raw materials utilized in the manufacture of products, co-packing fees, repacking fees, in-bound & out-bound freight charges, as well as certain internal transfer costs, warehouse expenses incurred prior to the manufacture of the Company's finished products, inventory allowance for excess & obsolete products and certain quality control costs. Raw materials account for the largest portion of the cost of sales. Raw materials include cans, bottles, other containers, flavors, ingredients and packaging materials.

Operating Expenses — Operating expenses include selling expenses such as warehousing expenses after manufacture, as well as expenses for advertising, samplings and in-store demonstrations costs, costs for merchandise displays, point-of-sale materials and premium items, sponsorship expenses, other marketing expenses and design expenses. Operating expenses also include such costs as payroll costs, travel costs, professional service fees (including legal fees), depreciation and other general and administrative costs.

Shipping and Handling Costs — Shipping and handling costs for freight expense on goods shipped are included in cost of sales. Freight expense on goods shipped for nine months ended September 30, 2019 and 2018 was $4.5 million and $4.1 million, respectively.

2. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recent Accounting Pronouncements

The Company adopts all applicable, new accounting pronouncements as of the specified effective dates.

In June 2016, the FASB issued ASU No. 2016-13 & updated in Nov 2018 ASU 2018-19, Financial Instruments – Credit Losses (Topic 326) ("ASU 2016-13"), which requires the immediate recognition of management's estimates of current and expected credit losses. ASU 2016-13 is effective for fiscal years and interim reporting periods within those years beginning after December 15, 2019. Early adoption is permitted after fiscal years beginning December 15, 2018. The Company is currently evaluating the potential impact of adopting this guidance on our financial statements.

In August 2018, the FASB issued ASU No. 2018-13, Fair Value Measurements (Topic 820): Disclosure Framework Changes to the Disclosure Requirements for Fair Value Measurement. The amendments in this update modify the disclosure requirements on fair value measurements in Topic 820. The ASU is effective for the Registrants for fiscal years beginning after December 15, 2019, and interim periods therein. Early adoption is permitted. The Company is currently assessing the impact of this standard on our consolidated financial statements.

All new accounting pronouncements issued but not yet effective are not expected to have a material impact on our results of operations, cash flows or financial position with the exception of the updated previously disclosed above, there have been no new accounting pronouncements not yet effective that have significance to our consolidated financial statements.

Liquidity — These financial statements have been prepared assuming the Company will be able to continue as a going concern. At September 30, 2019, the Company had an accumulated deficit of $61,784,834 which includes a net income available to common stockholders of $11,144,342 for the nine months ended September 30, 2019. During the nine months ending September 30, 2019 the Company net cash used in operating activities totaled $966,464.

In addition to cash flow from operations, our primary sources of working capital have been private placements of our securities and our credit facilities with CD Financial, LLC ("CD Financial"), an affiliate of a principal shareholder of the Company, as well as Charmnew Limited and Grieg International Limited. Charmnew Limited is an existing shareholder of record affiliated with Li Ka Shing, one of our principal shareholders. Grieg International Limited is an existing shareholder of record affiliated with Chau Hoi Shuen Solina, one of our principal shareholders.

If our sales volumes do not meet our projections, expenses exceed our expectations, our plans change, we may be unable to generate enough cash flow from operations to cover our working capital requirements. In such case, we may be required to adjust our business plan, by reducing marketing, lower our working capital requirements and reduce other expenses or seek additional financing.

3. REVENUE

The Company recognizes revenue when obligations under the terms of a contract with the customer are satisfied. Product sales occur once control is transferred upon delivery to the customer. Revenue is measured as the amount of consideration the Company expects to receive in exchange for transferring goods. The amount of consideration the Company receives and revenue the Company recognizes varies with changes in customer incentives the Company offers to its customers and their customers. Sales taxes and other similar taxes are excluded from revenue.

Information about the Company's net sales by geographical location for the nine months ended September 30, 2019 and 2018 are as follows:

	For the nine months ended	
	September 30, 2019	**September 30, 2018**
North America	$ 42,607,433	$ 27,911,538
Europe	7,635,845	7,097,942
Asia	629,028	2,740,175
Other	159,120	173,964
Net sales	**$ 51,031,426**	**$ 37,923,619**

License Agreement

In January 2019, the Company entered into a license and repayment of investment agreement with Qifeng Food Technology (Beijing) Co., Ltd ("Qifeng"). Under the agreement, Qifeng was granted the exclusive license rights to manufacture, market and commercialize Celsius branded products in China. The term of the agreement is 50 years, with annual royalty fees due from Qifeng after the end of each calendar year. The royalty fees are based on a percentage of Qifeng's sales of Celsius branded products; however, the fees are fixed for the first five years of the agreement, totaling approximately $6.9 million, and then are subject to annual guaranteed minimums over the remaining term of the agreement.

Under the agreement, the Company grants Qifeng exclusive license rights and provides ongoing support in product development, brand promotion and technical expertise. The ongoing support is integral to the exclusive license rights and, as such, both of these represent a combined, single performance obligation. The transaction price consists of the guaranteed minimums and the variable royalty fees, all of which are allocated to the single performance obligation.

The Company recognizes revenue from the agreement over time because the customer simultaneously receives and consumes the benefits from the services. The Company uses the passage of time to measure progress towards satisfying its performance obligation because its efforts in providing the exclusive license rights and ongoing support occur on a generally even basis throughout the year. Total revenue recognized under the agreement was approximately $263,273 for the nine months ended September 30, 2019 and is reflected in the Company's Asia reporting segment which was determined by the minimum royalties due during first year, as per the licensing agreement.

4. INVENTORIES

Inventories consist of the following at:

	September 30, 2019	December 31, 2018
Finished goods	$ 6,761,898	$ 8,739,877
Raw Materials	2,399,872	2,817,476
Less: Inventory allowance for excess & obsolete products	(374,795)	(74,652)
Inventories	**$ 8,786,975**	**$ 11,482,701**

5. PREPAID EXPENSES AND OTHER CURRENT ASSETS

Prepaid expenses and other current assets total $4.2 million and $2.3 million at September 30, 2019 and December 31, 2018, respectively. The $4.2 million and the $2.3 million at December 31, 2018, of pre-paid expenses consists mainly of prepaid advertising, prepaid insurance, prepaid slotting fees and net deposits on purchases.

6. NOTE RECEIVABLE

Note receivable consists of the following at:

	September 30, 2019	December 31, 2018
Note Receivable-current	$ 1,149,791	$ -
Note Receivable-non-current	10,348,115	-
Total Note Receivable	$ 11,497,906	**$ -**

On January 1, 2019, the Company entered into a license and repayment of investment agreement with Qifeng Food Technology (Beijing) Co., Ltd ("Qifeng"). Under the agreement, Qifeng will repay the market investment Celsius has made into China to date, over a five-year period, under an unsecured, interest-bearing note receivable ("Note"). The initial outstanding principal under the Note was approximately $12.2 million which is denominated in Chinese Renminbi (CNY) and was recorded as Other Income on the Consolidated Statements of Operations. The amount recognized considered the net of the balances of the accounts receivable, accounts payable and accrued expenses, as well as the marketing investments that were performed in the China market.

Scheduled principal payments plus accrued interest are due annually on March 31 of each year starting in 2020. The Note is recorded at amortized cost basis and accrues interest at a rate per annum equal to the weighted average of 5% of the outstanding principal up to $5 million and 2% of the outstanding principal above $5 million. For the nine months ended September 30, 2019, the weighted average interest rate was 3.21% and interest income was $288,070.

6. NOTE RECEIVABLE (Continued)

The Company assesses the Note for impairment periodically by evaluating whether it is probable that the Company will be unable to collect all the contractual interest and principal payments as scheduled in the Note agreement, based on historical experience about Qifeng's ability to pay, the current economic environment and other factors. If the Note is determined to be impaired, the impairment is measured based on the present value of the expected future cash flows under the Note, discounted at the Note's effective interest rate. At September 30, 2019, the Note was not deemed to be impaired.

7. LEASES

In February 2016, the FASB issued Accounting Standards Update 2016-02 (ASU 2016-02), Leases (Topic 842). ASU 2016-02 requires lessees to recognize a right-of-use (ROU) asset and lease liability in the balance sheet for all leases, including operating leases with terms of more than twelve months. The Company adopted ASU No. 2016-02, as amended, effective January 1, 2019. We recognized a ROU asset and a corresponding lease liability measured based on the present value of the future minimum lease payments utilizing our incremental borrowing rate as the basis for our computations. As of January 1, 2019, we recognized right to use assets in the amount of $259,358 and a corresponding liability. The asset is being amortized over the life of the lease agreement. As of September 30, 2019, the value of the asset amounted to $153,257. The adoption of the guidance did not have a material impact on our Statement of Operations or Statement of Cash flows.

The ROU represents our right to utilize the corresponding asset for the lease term and the related lease liability translates into an obligation related to the lease payments. The operating lease liability as of September 30, 2019 amounted to $159,332 of which the short-term value amounted to $146,586 and the long-term portion was $12,747. Company entered into an office lease with a related party effective October 2015. The monthly rent amounts to $12,452 per month until October 2019 and then increases to $12,826 per month until the termination of the lease in October 2020. As of September 30, 2019, the remaining lease term is 13 months and the discount rate is 5%. Future annual minimum cash payments required under this operating type lease as of September 30, 2019 are as follows:

Future Minimum Lease Payments		
2019	$	38,103
2020		128,259
Total Minimum Lease Payments	**$**	**166,362**
Less: Amount representing interest		(7,031)
Present value of lease liabilities	**$**	**159,331**
Less Current Portion		146,584
Long-Term Portion		**12,747**

8. PROPERTY AND EQUIPMENT

Property and equipment consist of the following at:

		September 30, 2019		December 31, 2018
Furniture and equipment	$	505,570	$	451,576
Less: accumulated depreciation		(376,684)		(329,722)
Total	$	128,886	$	121,854

Depreciation expense amounted to $48,289 and $34,644 during the nine months ended September 30, 2019 and 2018, respectively.

9. ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts payable and accrued expenses consist of the following at:

	September 30, 2019	December 31, 2018
Accounts payable	$ 5,119,452	$ 5,825,446
Accrued expenses	5,689,151	9,019,765
Total	**$ 10,808,603**	**$ 14,845,211**

10. OTHER LIABILITIES

Other current liabilities consist of the following at:

	September 30, 2019	December 31, 2018
Other Liabilities-State Beverage Container Deposit	$ 117,445	$ 19,933
Total	**$ 117,445**	**$ 19,933**

11. NOTES PAYABLE - RELATED PARTIES

Line of credit convertible note payable - related parties consists of the following as of:

	September 30, 2019	December 31, 2018
Note Payable – line of credit In July 2010, the Company entered into a line of credit note payable with a related party and major shareholder which carries interest of five percent per annum paid quarterly. The Company can borrow up to $9,500,000. The Company has pledged all its assets as security for the line of credit. The note matures in January 2020, at which time the principal amount is due. During April 2015, the Company issued $4,000,000 of convertible series D preferred series in exchange for cancellation of $4,000,000 of this line, reducing the amount to $4,500,000. During March 2018, the Company issued $1,000,000 of common stock in exchange for cancellation of $1,000,000 of this line, reducing the amount to $3,500,000. In December 2018, the Company amended and restated the note payable into a line of credit loan agreement continuing to carry a five percent per annum interest but payable semi-annually. The Company can now borrow up to $5.0 million. As a result, of this substantial modification which was treated as a debt extinguishment, a new liability was established and a loss of $377,048 on the extinguishment of debt was recognized. The note had a maturity date of December 2020. In January 2019, the Company increased the borrowed amount by $1,500,000. In September 16, 2019, the principal value of the note was converted into common shares as per promissory note which stated that in the event of financing greater than $25.0 million, there would be an automatic conversion of these balances. The principal balance of $5.0 million and the accrued but unpaid interest in the amount of $52,778 were converted into common shares. Consequently, a total of $5,052,778 were converted at the conversion price of $3.39 based on the on the average of the closing price for the shares during the ten (10) business days prior to the last advance date, less a discount of 10%, in accordance with the promissory note. As a result of the conversion of the promissory note, the company recognized the remaining un-amortized balance of the discount of $108,454, as interest expense.		
Long-term portion-Net of Discount	**$ -**	**$ 3,500,000**

11. NOTES PAYABLE - RELATED PARTIES (Continued)

	September 30, 2019	December 31, 2018
Convertible Note Payable		
In December 2018, the Company entered into a line of credit note payable with a related party and shareholder which carries interest of five percent per annum paid semi-annually. The Company can borrow up to $3.0 million. This note had an unamortized discount of $205,837 and $324,371 as of September 16, 2019 and as of December 31, 2018, respectively. The unamortized discount of $205,837 was recognized as interest expense upon conversion. The note matured in December 2020. In September 16, 2019, the principal value of the note of $3.0 million and the accrued but unpaid interest in the amount of $108,333 were converted into common shares as per promissory note which stated that in the event of financing greater than $25.0 million, there would be an automatic conversion of these balances. A total of 3,108,333 were converted at the conversion price of $3.04 which was determined based on the average of the closing price for the shares during the ten (10) business days prior to the Advance Date, less a discount of 10%, resulting in the issuance of 1,022,568 shares.	-	2,675,629
In December 2018, the Company entered into a line of credit convertible note payable with a related party and shareholder which carries interest of five percent per annum paid semi-annually. The Company can borrow up to $2.0 million. This note had an unamortized discount of $137,225 and $216,248 as of September 36, 2019 and as of December 31, 2018, respectively. The unamortized discount of $137,225 was recognized as interest expense upon conversion. The note matured in December 2020. In September 16, 2019, the principal value of the note of $2.0 million and the accrued but unpaid interest in the amount of $72,222 were converted into common shares as per promissory note which stated that in the event of financing greater than $25.0 million, there would be an automatic conversion of these balances. A total of 2,072,222 were converted at the conversion price of $3.04 which was determined based on the average of the closing price for the shares during the ten (10) business days prior to the Advance Date, less a discount of 10%, resulting in the issuance of 681,712 shares.	-	1,783,752
Long-term portion-Net of Discount	**$ -**	**$ 4,459,381**

12. PREFERRED STOCK – RELATED PARTY

The Company entered into a securities purchase agreement with CDS Ventures of South Florida, LLC (“CDS”) and CD Financial, LLC (“CD”). CDS and CD are limited liability companies which are affiliates of the Company’s principal shareholder. The Company issued 2,200 shares of its Series C Preferred Stock (the “Preferred C Shares”) in exchange for the conversion of a $550,000 short term loan from CDS and the conversion of $1,650,000 in indebtedness under the Company’s line of credit with CD (the “CD Line of Credit”). The Preferred C Shares are convertible into our common stock at the option of the holder thereof at a conversion price of $0.52 per share at any time until December 31, 2018, at which time they will automatically convert into shares of our common stock determined by dividing the liquidation preference of $1,000 per Preferred C Share by the conversion price then in effect. The conversion price is subject to adjustment in the event of stock dividends, stock splits and similar events. The Preferred C Shares accrue cumulative annual dividends at the rate of 6% per annum, payable by the issuance of additional Preferred C Shares. The holder of Preferred C Shares votes on an “as converted” basis, together with holders of common stock as a single class on all matters presented to shareholders for a vote, except as required by law. In April 2015, the Company issued 180 Preferred C Shares valued at $180,000 in settlement of $180,000 in accrued preferred C dividends. In October 2017, the Company issued 383 Preferred C Shares valued at $383,000 in settlement of $383,000 in accrued preferred C dividends. As of December 31, 2018, $255,903 of dividends have been accrued and converted into 256 of additional Preferred C. The Preferred C Shares matured on December 31, 2018 and were exchanged for 5,806,022 shares of Company common stock.

On April 16, 2015, the Company entered into an amendment to its existing Loan and Security Agreement (the “Amendment”) with CD an affiliate of CDS Ventures and Mr. DeSantis. Pursuant to the Amendment, the outstanding principal amount of the CD note payable was reduced by $4.0 million, which amount was converted into 4,000 shares of a newly-designated Series D Preferred Stock (the “Preferred D Shares”). This related party was given a conversion price of $0.86 per common share, whereas other investors purchased common shares at $0.89 in the private placement, as discussed in note 12. The difference of $0.03 per share, which resulted in $139,535, was recorded as a dividend in accordance with ASC 470-20-35, subsequent measurement for debt with conversion and other options.

12. PREFERRED STOCK – RELATED PARTY (Continued)

The Preferred D Shares are convertible into our common stock at the option of the holder thereof at a conversion price of $0.86 per share until the earlier of the January 2, 2021 due date of our note payable with CD Financial or such earlier date as the note payable is satisfied (the "Maturity Date"). The conversion price is subject to adjustment in the event of stock dividends, stock splits and similar events. The Preferred D Shares accrue cumulative annual cash dividends at the rate of 5% per annum, payable quarterly in cash and have a liquidation preference of $1,000 per share. On the Maturity Date, the Preferred D Shares automatically convert into shares of our common stock in a number determined by dividing the $1,000 per Preferred D Share liquidation preference plus any accrued but unpaid dividends, by the conversion price then in effect. The Holder shall have the right, at its election, to require the Company to redeem all or any portion of the shares held by the holder in exchange for cash or common stock upon the occurrence of certain events which management believes are under the control of the Company. As of September 30, 2018, none of the contingent events have occurred and in accordance with ASC-480-10-25 "Distinguishing Liabilities from Equity" and Regulation S-X-Rule 5-02-27, the Company has classified these shares as permanent equity. The Preferred D Shares may also be redeemed by us at any time on or after December 31, 2017, at a redemption price equal to 104% of the liquidation preference. The holder of the Preferred D Shares votes on an "as converted" basis, together with holders of common stock as a single class on all matters presented to shareholders for a vote, except as required by law. In March 2018, the Preferred D shares were converted into 4,651,163 shares of common stock.

13. RELATED PARTY TRANSACTIONS

The Company's office is rented from a company affiliated with CD Financial, LLC which is controlled by one of our major shareholders. Currently, the lease expires on October 2020 with monthly rent of $12,452. The rental fee is commensurate with other properties available in the market.

Other related party transactions are discussed in Notes 11 and 12.

14. STOCKHOLDERS' EQUITY

Issuance of common stock pursuant to services performed

On July 19, 2018 the Company settled a legal matter that was filed in Superior Court of the State of California, Los Angeles County, by Statewide Beverage Company, Inc. ("Statewide"), a former distributor of the Company's products. As part of the settlement the Company issued 60,000 shares of "restricted" stock, to the ten plaintiffs involved in the complaint for a total fair value of $279,600, or $4.66 per share, representing the closing stock price on the settlement date. The stock "restriction" pertains to the shareholders intention of using the shares for investment purposes only and not with a view to distribute or resell the shares or any part thereof or interest therein. However, the Stockholder's rights allow for the selling or otherwise disposal of all or part of the shares pursuant to an exemption under the Securities Act of 1933, as amended (the Securities Act") and applicable state securities laws or pursuant to registration of the share under such laws.

14. STOCKHOLDERS' EQUITY (Continued)

Issuance of common stock pursuant to exercise of stock options

During the nine months ended September 30, 2019, the Company issued an aggregate of 690,179 shares of its common stock pursuant to the exercise of stock options granted under the Company's 2015 Stock Incentive Plan. The Company received aggregate proceeds of $224,083 for 245,584 options exercised for cash, with the balance of the options having been exercised on a "cashless" basis.

During the nine months ended September 30, 2018, the Company issued an aggregate of 712,190 shares of its common stock pursuant to the exercise of stock options granted under the Company's 2006 & 2015 Stock Incentive Plan. The Company received aggregate proceeds of $180,308 for options exercised for cash, with the balance of the options having been exercised on a "cashless" basis.

Issuance of preferred stock pursuant to private placement

In March 2018, the 4,000 preferred D shares were converted into 4,651,163 shares of common stock.

Refer to Note 12 for discussion on preferred stock issuances.

Issuance of common stock pursuant to public placement

On September 16, 2019 the Company issued 7,986,110 in a public placement and obtained gross proceeds of $28,749,996 and paid $1,585,000 in commissions & fees and incurred in $209,559 of expenses related to the capital raise thereby resulting in net-proceeds in the amount of $26,955,437.

Conversion of Notes Payable into common stock

On September 16, 2019, the company had three Notes Payable outstanding with related parties for a total principal value of $10 million. As per the terms of the agreements, the principal values of notes payable and any accrued but unpaid interest are convertible into common stock of the Company. Moreover, also as per the terms of the agreements, in the event of financing greater than $25.0 million, the principal value of the notes and any accrued but unpaid interest are automatically converted into the company's common stock. As result of the public financing which raised $27,063,779, the principal balance of the notes payable and the accrued but unpaid interest were converted resulting in the issuance of 3,196,460, shares of common stock. The shares were issued at the contractual conversion prices per the loan agreements.

Refer to Note 11 for discussion on the conversion of the notes payable.

15. STOCK-BASED COMPENSATION

The Company adopted an Incentive Stock Plan on January 18, 2007. This plan is intended to provide incentives which will attract and retain highly competent persons at all levels as employees of the Company, as well as independent contractors providing consulting or advisory services to the Company, by providing them opportunities to acquire the Company's common stock or to receive monetary payments based on the value of such shares pursuant to Awards issued. While the plan terminates 10 years after the adoption date, issued options have their own schedule of termination. During 2013, the majority of the shareholders approved to increase the total available shares in the plan from 2.5 million to 3.5 million shares of common stock. During May 2014, the majority of the shareholders approved to increase the total available shares in the plan from 3.5 million to 4.25 million shares of common stock, during February 2015, the majority of the shareholders approved to increase the total available shares in the plan from 4.25 million to 4.6 million shares of common stock and during April 2015, the majority of the shareholders approved to increase the total available shares in the plan from 4.6 million to 5.1 million shares of common stock. Upon exercise, shares of new common stock are issued by the Company.

The Company adopted the 2015 Stock Incentive Plan on April 30, 2015. This plan is intended to provide incentives which will attract and retain highly competent persons at all levels as employees of the Company, as well as independent contractors providing consulting or advisory services to the Company, by providing them opportunities to acquire the Company's common stock or to receive monetary payments based on the value of such shares pursuant to Awards issued. The 2015 Plan permits the grant of options and shares for up to 5,000,000 shares. In addition, there is a provision for an annual increase of 15% to the shares included under the plan, with the shares to be added on the first day of each calendar year, beginning on January 1, 2017. As of September 30, 2019, 1,898,195 shares are available.

15. STOCK-BASED COMPENSATION (Continued)

Under the 2015 Stock Option Plan the Company has issued options to purchase approximately 5.33 million shares at an average price of $3.66 per share with a fair value of $2.76 million. For the nine months ended September 30, 2019 and 2018, the Company issued options to purchase 1.68 million and 1.71 million shares. For the nine months ended September 30, 2019 and 2018, the Company recognized an expense of approximately $3,354,295 and $3,103,778 respectively, of non-cash compensation expense (included in General and Administrative expense in the accompanying Consolidated Statement of Operations) determined by application of a Black Scholes option pricing model with the following inputs: exercise price, dividend yields, risk-free interest rate, and expected annual volatility. As of September 30, 2019, the Company had approximately $7,217,396 of unrecognized pre-tax non-cash compensation expense, which the Company expects to recognize, based on a weighted-average period of 3 years. The Company used straight-line amortization of compensation expense over the two to three-year requisite service or vesting period of the grant. There are options to purchase approximately 2.30 million shares that are vested as of September 30, 2019.

The Company uses the Black-Scholes option-pricing model to estimate the fair value of its stock option awards and warrant issuances. The calculation of the fair value of the awards using the Black - Scholes option-pricing model is affected by the Company's stock price on the date of grant as well as assumptions regarding the following:

	Nine months ended September 30,	
	2019	**2018**
Expected volatility	58.62%-121.32%	91.19-113.03%
Expected term	4.02-5.00 Years	4.7 – 5.06 Years
Risk-free interest rate	1.79% - 2.72%	2.56% - 2.86%
Forfeiture Rate	0.00%	0.00%

The expected volatility was determined with reference to the historical volatility of the Company's stock. The Company uses historical data to estimate option exercise and employee termination within the valuation model. The expected term of options granted represents the period of time that options granted are expected to be outstanding. The risk-free interest rate for periods within the contractual life of the option is based on the U.S. Treasury rate in effect at the time of grant.

A summary of the status of the Company's outstanding stock options as of September 30, 2019 and changes during the period ending on that date is as follows:

	Shares (000's)	Weighted Average Exercise Price	Aggregate Intrinsic Value (000's)	Average Remaining Term (Yrs)
Options				
Balance at December 31, 2018	4,840	$ 3.04	$ 5,338	5.05
Granted	1,675	$ 3.87		
Exercised	(900)	$ 0.97		
Forfeiture and cancelled	(286)	$ 2.59		
Balance at September 30, 2019	5,329	$ 3.66	$ 2,758	6.10
Exercisable at September 30, 2019	2,305	$ 2.76		

15. STOCK-BASED COMPENSATION (Continued)

The following table summarizes information about employee stock options outstanding at September 30, 2019:

	Outstanding Options				Vested Options			
Range of Exercise Price	Number Outstanding at September 30, 2019 (000's)	Weighted Average Remaining Term		Weighted Average Exercise Price	Number Exercisable at September 30, 2019 (000's)		Weighted Average Exercise Price	Weighted Average Remaining Term
$0.20 - $0.53	359	3.45	$	0.27	359	$	0.27	3.45
$0.65 - $1.80	342	1.60	$	1.05	342	$	1.05	1.60
$1.83 - $2.84	554	0.85	$	2.06	555	$	2.07	2.85
$3.20 - $6.20	4,074	7.16	$	4.39	1,049		4.52	5.23
$7.20 - $22.00	0	0	$	0	0	$	0	0
Outstanding options	5,329	6.10	$	3.66	2,305	$	2.76	3.84

Restricted Stock Awards

Restricted stock awards are awards of common stock that are subject to restrictions on transfer and to a risk of forfeiture if the holder leaves the Company before the restrictions lapse. The holder of a restricted stock award is generally entitled at all times on and after the date of issuance of the restricted shares to exercise the rights of a shareholder of the Company, including the right to vote the shares. The value of stock awards that vest over time was established by the market price on the date of its grant. A summary of the Company's restricted stock activity for the nine months ended September 30, 2019 and 2018 is presented in the following table:

	For the Nine Months ended					
	September 30, 2019			September 30, 2018		
	(000's) Shares		Weighted Average Grant Date Fair Value	(000's) Shares		Weighted Average Grant Date Fair Value
Unvested at beginning of period	38,889	$	3.64	72,222	$	—
Granted	—		—	—		—
Vested	8,333		3.64	(25,000)		—
Unvested at end of period	**30,556**	**$**	**3.64**	**47,222**	**$**	**3.64**

Unrecognized compensation expense related to outstanding restricted stock awards to employees and directors as of September 30, 2019 was $50,709 and is expected to be recognized over a weighted average period of 0.42 years.

16. COMMITMENTS AND CONTINGENCIES

The Company has entered into distribution agreements with liquidated damages in the event the Company cancels the distribution agreements without cause. Cause has been defined in various ways. It is management's belief that no such agreement has created any liability as of September 30, 2019.

On December 18, 2018, Rockstar, Inc. ("Rockstar") filed suit against Celsius in federal district court in the District of Nevada. Rockstar's complaint alleges three claims for relief: (a) false advertising in violation of 15 USC §1125(a); (b) violation of the Nevada Deceptive Trade Practice Act; and (c) Nevada common law unfair competition. On January 30, 2019, Celsius filed its answer to the complaint denying the allegations by Rockstar, and setting forth certain affirmative defenses. On October 3, 2019, Celsius filed its motion for judgment on the pleadings or for summary judgment seeking a dismissal of the complaint because a) Rockstar produced no documents and took no discovery and has no facts to support its claims; b) Rockstar lacks a competitive injury sufficient for false advertising standing; c) Celsius' product claims are subjective and not actionable; and d) Rockstar's claims are really claims under the Food Drug and Cosmetics Act which have no private right of action. The motion is currently being briefed. Furthermore, discovery is closed and the Court is currently considering whether to permit additional time for discovery. Celsius believes that it has not committed the violations alleged, that it has strong defenses, and it intends to vigorously defend itself against the claims by Rockstar.

On April 8, 2019, Daniel Prescod filed suit against Celsius Holdings, Inc., Case No. 19STCV09321, pending in Superior Court for the State of California, County of Los Angeles (the "Prescod Litigation"). Daniel Prescod asserts that the Company's use of citric acid in its products while simultaneously claiming "no preservatives" violates California Consumer Legal Remedies Act, California Business and Professions Code Section 17200, et seq., and California Business and Professions Code Section 17500, et seq., because citric acid acts as a preservative. The Company does not use citric acid as a preservative in its products, but rather as a flavoring, and therefore it believes that its "no preservatives" claim is fair and not deceptive. The Company intends to contest the claims vigorously. Since this matter is still in its initial stages, the Company is unable to predict the outcome at this time.

In addition to the foregoing, from time to time, we may become party to litigation or other legal proceedings that we consider to be a part of the ordinary course of our business.

On September 25, 2019, as per the share purchase agreement that was executed in relation to the acquisition of our Nordics distributor, $14,849,999, were placed in an escrow account regarding the cash consideration to be provided as part of the transaction. The acquisition was finalized on October 25, 2019.

17. SUBSEQUENT EVENTS

Business Acquisition

On October 25, 2019, the Company acquired 100 percent of the outstanding common shares of Func Food Group OYJ ("Func Food") for approximately $24.2 million, which consisted of $14.8 million of cash and $9.4 million of bond issuances (net of bond discount of $476 thousand) to restructure and settle Func Food's pre-existing debt. Func Food is a marketer and distributor of nutritional supplements, health food products and beverages that support sport activities and healthy living and lifestyles in Finland, Sweden, and Norway. Func Food has been the Nordic distributor of Celsius products since 2015 and, as a result of the acquisition, the Company expects to further increase its Nordic market share by leveraging collaborations, revamping its marketing strategy and focusing on core products. It also expects to reduce costs through economies of scale.

The acquisition of Func Food will be accounted for as a business combination using the acquisition method of accounting. The accounts receivable balance as of October 25, 2019 from Fund Food and it's subsidiaries amounted to $4.6 million, as part of the consolidation process this amount will be treated as an Intercompany balance. As a result of the limited time since the acquisition date and the effort required to conform the financial statements to the Company's practices and policies, the initial accounting for the business combination is incomplete at the time of this filing. As a result, the Company is unable to provide the amounts recognized as of the acquisition date for the major classes of assets acquired and liabilities assumed and goodwill. Also, the Company is unable to provide pro forma revenues and earnings of the combined entity. This information will be included in the Company's Annual Report on Form 10-K for the year ended December 31, 2019.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

When used in this report, unless otherwise indicated, the terms "**the Company**," "**Celsius**," "**we**," "**us**" and "**our**" refer to Celsius Holdings, Inc. and its subsidiaries.

Note Regarding Forward Looking Statements

This report contains forward-looking statements that reflect our current views about future events. We use the words "anticipate," "assume," "believe," "estimate," "expect," "will," "intend," "may," "plan," "project," "should," "could," "seek," "designed," "potential," "forecast," "target," "objective," "goal," or the negatives of such terms or other similar expressions. These statements relate to future events or our future financial performance and involve known and unknown risks, uncertainties and other factors that may cause our actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by these forward-looking statements.

Business Overview

We are engaged in the development, marketing, sale and distribution of "**functional**" calorie-burning fitness beverages under the Celsius® brand name. According to multiple clinical studies we funded, a single serving of Celsius® burns 100 to 140 calories by increasing a consumer's resting metabolism an average of 12% and providing sustained energy for up to a three-hour period. Our exercise focused studies show Celsius delivers additional benefits when consumed prior to exercise. The studies show benefits such as increase in fat burn, increase in lean muscle mass and increased endurance.

We seek to combine nutritional science with mainstream beverages by using our proprietary thermogenic (calorie-burning) MetaPlus® formulation, while fostering the goal of healthier everyday refreshment by being as natural as possible without the artificial preservatives often found in many energy drinks and sodas. Celsius® has no artificial preservatives, aspartame or high fructose corn syrup and is very low in sodium. Celsius® uses good-for-you ingredients and supplements such as green tea (EGCG), ginger, calcium, chromium, B vitamins and vitamin C. The main Celsius line of products are sweetened with sucralose, a sugar-derived sweetener that is found in Splenda®, which makes our beverages low-calorie and suitable for consumers whose sugar intake is restricted.

We have undertaken significant marketing efforts aimed at building brand awareness, including a wide variety of marketing vehicles such as television, radio, digital, social media, sponsorships, and magazine advertising. We also undertake various promotions at the retail level such as coupons and other discounts in addition to in-store sampling.

We do not directly manufacture our beverages, but instead outsource the manufacturing process to established third-party co-packers. We do, however, provide our co-packers with flavors, ingredient blends, cans and other raw materials for our beverages purchased by us from various suppliers.

Three months ended September 30, 2019 compared to three months ended September 30, 2018

Revenue

For the three months ended September 30, 2019, revenue was approximately $20.4 million, an increase of $3.8 million or 23% from $16.6 million for same quarter in 2018. The revenue increase of 23% was attributable to continued strong growth of 47% in North American revenues, reflecting double digit growth from both existing accounts and new distribution expansion. European sales were at 89% of the 2018 quarterly results, primarily due to timing of orders. Asian revenues for the 2019 quarter reflect the change in our China business model to a royalty and license fee arrangement, effective January 1, 2019 as well initiatives in entering additional markets during the 2019 quarter. The total increase in revenue from the 2018 quarter to the 2019 quarter was primarily attributable to an increase in sales volume, as opposed to increases in product pricing.

The following table sets forth the amount of revenues by segment and changes therein for the three months ended September 30, 2019 and 2018:

	Three months ended September 30,		
Revenue Source	**2019**	**2018**	**Change**
Total Revenue	$ 20,423,848	$ 16,565,316	23%
North American Revenue	$ 16,765,598	$ 11,360,474	47%
European Revenue	$ 3,374,868	$ 3,809,645	(11)%
Asian Revenue	$ 194,982	$ 1,351,215	(86)%
Other	$ 88,400	$ 43,982	101%

Gross profit

For the three months ended September 30, 2019, gross profit increased by approximately $1.7 million or 26% to $8.6 million, from $6.9 million for the same quarter in 2018. Gross profit margins for the three months ended September 30, 2019, were 42.2% which compared favorably to the results for the same period in 2018 of 41.5%. The increase in gross profit is mainly related to increase in sales volume from the 2018 quarter, as opposed to increases in product pricing.

Sales and marketing expenses

Sales and marketing expenses for the three months ended September 30, 2019 were approximately $4.9 million, a decrease of approximately $3.8 million or 43% from approximately $8.7 million in the same period in 2018. The decrease from the 2018 quarter to the 2019 quarter is primarily due to the change in our China business model to a royalty and licensing framework effective January 1, 2019, as direct marketing investments are no longer required by Celsius. Excluding the reduction related to the China investment which amounted to $5.1 million during the three-months ended September 30, 2019, our investment in marketing initiatives were $263,000 higher than in the prior year or an increase of 16%. Additionally, our support to distributors and investments in trade activities were $698,000 higher for the three-month ended September 30, 2019 than for the same period last year, to support our expanded distribution network. Moreover, due to our increase in business volume from the 2018 quarter, Broker Commissions and Storage & Distribution costs were $381,000 higher during three-months ended September 30, 2019 than for the same period last year.

General and administrative expenses

General and administrative expenses for the three months ended September 30, 2019 were approximately $2.2 million, a decrease of approximately $93,000 or 4%, from $2.3 million for the three months ended September 30, 2018. The decrease was primarily due to a reductions in our stock option expense of $253,000 and a reduction in administrative expenses of $33,000, partially offset by increases in expenses related to the acquisition of Func Food Group Oy ("Func Food), our distributor in the Nordics, in the amount of $145,000, as well as increases in other general and administrative expenses in the amount of $48,000 from the 2018 quarter.

Other income/(expense)

Total other expenses increased by approximately $500,000 from $43,000 in 2018 to $543,000 during the three months ended on September 2019. The net increase is mainly related to amortization of the discount on notes payable of approximately $528,500 and interest expense of $109,000, partially offset by interest income related to the receivable from our China license in the amount of $96,300.

Net Income/(Loss)

As a result of the above, for the three months ended September 30, 2019, net income to common shareholders was $961,042, or $0.02 per basic share based on a weighted average of 59,307,404 shares outstanding and after adding back interest expense on convertible notes of $105,385 and amortization of discounts on notes payable of $528,464, a dilutive net income available to common shareholders of $1.6 million or $0.03 per share, based on a weighted average of 62,532,510 shares outstanding which includes the dilutive impact of the stock options of 992,693 shares and the dilutive effect of the convertible notes of 2,232,412 shares. In comparison, for the three months ended September 30, 2018, the company reported a net loss of $4.2 million, inclusive of preferred stock dividends of $44,000, or a loss of $(0.08) per basic and diluted shares, based on a weighted average of 51,098,575 shares outstanding.

Nine months ended September 30, 2019 compared to nine months ended September 30, 2018

For the nine months ended September 30, 2019, revenue was approximately $51.0 million, an increase of $13.1 million or 35% from $37.9 million for the same period in 2018. The revenue increase of 35% was attributable in large part to continued strong growth of 52% in North American revenues, as we continue to realize double digit growth in both existing accounts and new distribution expansion. European sales achieved 7% growth from the 2018 period to the 2019 period, primarily related to the launch of new flavors that have been very well accepted in the market. Asian revenues for the 2019 period reflect the change in our China business model to a royalty and license fee arrangement, effective January 1, 2019 and our products gaining traction in other Asian markets during the 2019 period. The total increase in revenues from the 2018 period to the 2019 period was primarily attributable to an increase in sales volume, as opposed to increases in product pricing.

The following table sets forth the amount of revenues by category and changes therein for the nine months ended September 30, 2019 and 2018:

	Nine months Ended September 30,		
Revenue Source	**2019**	**2018**	**Change**
Total Revenue	$ 51,031,426	$ 37,923,619	35%
North American Revenue	$ 42,607,433	$ 27,963,164	52%
European Revenue	$ 7,635,845	$ 7,104,473	7%
Asian Revenue	$ 629,028	$ 2,708,756	(77)%
Other Revenue	$ 159,120	$ 147,226	8%

Gross profit

For the nine months ended September 30, 2019, gross profit increased by approximately $5.6 million or 35.8% to $21.2 million from $15.6 million for the same period in 2018. Gross profit margins increased to 41.6% for the nine months ended September 30, 2019 from 41.2% in the same period in 2018. The increase in gross profit dollars and gross profit margins is mainly related to increase in volume, as opposed to increases in product pricing.

Sales and marketing expenses

Sales and marketing expenses for the nine months ended September 30, 2019 were approximately $14.1 million, a decrease of $4.3 million or 24% from $18.4 million in the same period in 2018. The decrease is due primarily to the change in our China business model to a royalty and licensing framework effective January 1, 2019, which no longer requires direct marketing investments by Celsius. Excluding the impact of the reduction in sales and marketing expenses related to the China investment which amounted to $8.1 million during the nine-months ended September 30, 2019, our investment in marketing initiatives increased by $506,000 or 10.4% when compared to the same period in 2018. Moreover, our support to distributors and investments in trade activities were $1.8 million higher for the nine-month ended September 30, 2019 than for the same period last year, to support our expanded distribution network. Additionally, we made investments related to sales and marketing personnel costs of $350,000 and due to the increase in our business volume, broker commissions and storage and distribution costs were $1.1 million higher during nine-months ended September 30, 2019 than for the same period last year.

General and administrative expenses

General and administrative expenses for the nine months ended September 30, 2019 were approximately $7.2 million, a decrease of $181,000, or 2.4%, from $7.4 million for the nine months ended on September 30, 2018. The decrease was mainly due to the results for the 2018 period included an accrual of $945,000 pertaining to the settlement of a territorial dispute with a former distributor. Excluding this impact, general and administrative expenses actually reflected an increase of $764,000 from the 2018 period to the 2019 period, primarily related to an increase in stock option expense of $250,000 for the nine months ending September 30, 2019, as well as an increase of $145,000 related to the acquisition of Func Food. We also made investments in employee costs to have an adequate infrastructure to support our continued growth and experienced increases in professional fees, insurance, rent and legal costs which translated to a total increase of $361,000, in these areas when compared to the nine-month period ended in September 30, 2018.

Other Income/(expense)

Total other income increased by approximately $11.3 million for the nine months ended September 30, 2019, from a loss of $123,000 in the comparable 2018 period, primarily as a result of the recognition of a gain pertaining to the agreement executed with our China distributor, as part of our restructured relationship to repay the investment the Company made in the China market during 2017 and 2018. This has been recorded as a corresponding note receivable from our China distributor on the Balance Sheet, which is payable over a five-year period, on an unsecured, interest-bearing basis.

Net Income/(Loss)

As a result of the above, for the nine months ended September 30, 2019, net income to common shareholders was $11.1 million, or $0.19 per basic share based on a weighted average of 58,023,685 shares outstanding and after adding back interest expense on convertible notes of $348,493 and amortization of discount on notes payable of $707,286, a dilutive net income available to common shareholders of $12.2 million or $0.20 per share, based on a weighted average of 62,050,032 shares outstanding which includes the dilutive impact of the stock options of 1,223,700 shares and the dilutive effect of the convertible notes of 2,802,647 shares. In comparison, for the nine months ended September 30, 2018 we had net loss of approximately $10.4 million, and after giving effect to preferred stock dividends of approximately $169,494, a net loss available to common shareholders of $10.5 million or a loss of $0.21 per basic and diluted shares, based on a weighted average of 49,675,624 shares outstanding.

Liquidity and Capital Resources

As of September 30, 2019, and December 31, 2018, we had cash of approximately $20.5 million and $7.7 million, respectively, and working capital of approximately $52.7 million and $19.6 million, respectively. Cash used in operations during the nine months ended September 30, 2019 and September 30, 2018, totaled approximately $16.0 million and $9.0 million, respectively, mainly related to the investment in the acquisition of our Nordics distributor, increases in accounts receivable related to increase in sales, which were partially offset by reduction in inventories.

In addition to cash flow from operations, our primary sources of working capital have been private placements and public offerings of our securities (including an underwritten public offering of 7,986,110 shares at an offering price of $3.60 per share completed on September 16, 2019) and our credit facility with CD Financial, LLC ("CD Financial"), an affiliate of a principal shareholder of the Company.

We originally entered into a loan and security agreement with CD Financial in July 2010, which provided us with a line of credit to fund operations. As amended in connection with a private investment transaction consummated in April 2015, the loan and security agreement provided Celsius with a revolving line of credit pursuant to which Celsius can borrow up to an aggregate maximum of $4.5 million from time to time until maturity in January 2020. The credit facility requires quarterly cash payments of interest only at the rate of five percent (5%) per annum until maturity and is secured by a pledge of substantially all the Company's assets. In December 2018, the Company amended and restated the note payable into a convertible loan agreement, as reflected below, continuing to carry a five percent per annum interest but payable semi-annually. As a result, of this substantial modification which was treated as a debt extinguishment, a new liability was established and a loss of $377,048 on the extinguishment of debt was recognized as of December 31, 2018.

The Company entered into Convertible Loan Agreements (the "Loan Agreements") with Charmnew Limited ("Charmnew") and Grieg International Limited ("Grieg") on December 12, 2018, and with its affiliate CD Financial on December 14, 2018, providing for aggregate loans to the Company in principal amounts of US$3,000,000, US$2,000,000 and US$5,000,000. In connection with the Loan Agreements, the Company executed and delivered Convertible Promissory Notes (the "Notes") in favor of each of Charmnew, Grieg and CD Financial. The Loan Agreement and Note entered into with CD Financial replaces the existing credit facility between the Company and CD Financial described above. In accordance with their terms, the Notes converted into 1,022,568, 681,712 and 1,492,181 shares to Charmnew, Grieg and CD Financial, respectively, upon completion of our September 2019 public offering.

On September 16, 2019, the Company completed a public offering of 7,986,110 shares of its common stock at an offering price of $3.60 per share which provided net proceeds of $26,955,437. Approximately $14.9 million of these proceeds were utilized to pay the cash portion of the purchase price for Func Food in September of 2019.

Our current operating plan for the next twelve (12) months indicates a sufficient financial condition and we do not contemplate obtaining additional financing.

Off Balance Sheet Arrangements

As of September 30, 2019, and December 31, 2018, we had no off-balance sheet arrangements.

Item 3. Quantitative Disclosures About Market Risks.

As a "**smaller reporting company**," we are not required to provide the information required by this Item.

Item 4. Controls and Procedures

Management's Report on Disclosure Controls and Procedures

Our President and Chief Executive Officer and our Chief Financial Officer, conducted an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, as of September 30, 2019, to ensure that information required to be disclosed by us in the reports filed or submitted by us under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the rules and forms adopted by the SEC, including to ensure that information required to be disclosed by us in the reports filed or submitted by us under the Exchange Act is accumulated and communicated to our management, including our President and Chief Executive Officer (our principal executive officer) and our Chief Financial Officer (our principal financial and accounting officer), or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

Based on that evaluation, our President and Chief Executive Officer and our Chief Financial Officer have concluded that as of September 30, 2019, our disclosure controls and procedures were effective in that (a) we maintain records that in reasonable detail, accurately and fairly reflect the transactions and dispositions of our assets; (b) our records provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that our receipts and expenditures are being made only in accordance with authorizations of our management and board of directors; and (c) our records provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on our financial statements.

Our President and Chief Executive Officer and our Chief Financial Officer do not expect that our disclosure controls or internal controls will prevent all error and all fraud. Although our disclosure controls and procedures were designed to provide reasonable assurance of achieving their objectives and our principal executive officer and our Chief Financial Officer have determined that our disclosure controls and procedures are effective at doing so, a control system, no matter how well conceived and operated, can provide only reasonable, not absolute assurance that the objectives of the system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented if there exists in an individual a desire to do so. There can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions.

Changes in Internal Controls Over Financial Reporting

There were no changes in our internal controls over financial reporting that occurred during the period covered by this report that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings.

Not applicable

In addition to matters previously reported in our periodic reports filed under the Securities Exchange Act of 1934, as amended, from time to time, we may become party to litigation or other legal proceedings that we consider to be a part of the ordinary course of our business.

Item 1.A. Risk Factors.

See "**Item 1.A. Risk Factors.**" in our Annual Report on Form 10-K for the year ended December 31, 2018, as filed with the Securities and Exchange Commission.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

None.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information.

None.

Item 6. Exhibits.

Exhibit No.	Description of Exhibit
31.1	Section 302 Certification of Chief Executive Officer
31.2	Section 302 Certification of Chief Financial Officer
32.1	Section 906 Certification of Chief Executive Officer
32.2	Section 906 Certification of Chief Financial Officer
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

		CELSIUS HOLDINGS, INC.
Dated: November 7, 2019	By:	/s/ John Fieldly
		John Fieldly, Chief Executive Officer (Principal Executive Officer)
Dated: November 7, 2019	By:	/s/ Edwin Negron-Carballo
		Edwin Negron-Carballo, Chief Financial Officer (Principal Financial and Accounting Officer)

Exhibit 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, John Fieldly, the Chief Executive Officer of Celsius Holdings, Inc., a Nevada corporation (the "**Registrant**"), certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarter ended September 30, 2019 of the Registrant;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;

4. I, as the Registrant's Chief Executive Officer, am responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e)and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15 (f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under my supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under my supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report my conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and

5. I, as the Registrant's Chief Executive Officer, have disclosed, based on my most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of the Registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

Date: November 7, 2019

CELSIUS HOLDINGS, INC.

By: /s/ John Fieldly
John Fieldly, Chief Executive Officer; (Principal Executive Officer)

Exhibit 31.2

**CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Edwin Negron-Carballo, the Chief Financial Officer of Celsius Holdings, Inc., a Nevada corporation (the "**Registrant**"), certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarter ended September 30, 2019 of the Registrant;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;

4. I, as the Registrant's Chief Financial Officer, together with the Registrant's Chief Executive Officer, am responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e)and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15 (f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under my supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under my supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report my conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and

5. I, as the Registrant's Chief Financial Officer, have disclosed, based on my most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of the Registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

Date: November 7, 2019

CELSIUS HOLDINGS, INC.

By: /s/ Edwin Negron-Carballo
Edwin Negron-Carballo, Chief Financial Officer;
(Principal Financial and Accounting Officer)

Exhibit 32.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350 AS ADOPTED
PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Celsius Holdings, Inc., a Nevada corporation (the "**Company**") on Form 10-Q for the quarter ended September 30, 2019, as filed with the Securities and Exchange Commission on the date hereof (the "**Report**"), I, John Fieldly, the Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 7, 2019

CELSIUS HOLDINGS, INC.

By: /s/ John Fieldly
John Fieldly, Chief Executive Officer (Principal Executive Officer)

Exhibit 32.2

**CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350 AS ADOPTED
PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Celsius Holdings, Inc., a Nevada corporation (the "**Company**") on Form 10-Q for the quarter ended September 30, 2019, as filed with the Securities and Exchange Commission on the date hereof (the "**Report**"), I, Edwin Negron-Carballo, the Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 7, 2019

CELSIUS HOLDINGS, INC.

By: /s/ Edwin Negron-Carballo
Edwin Negron-Carballo, Chief Financial Officer (Principal Financial and Accounting Officer)