

CELSIUS HOLDINGS, INC.

OTCQX® ANNUAL DISCLOSURE STATEMENT

For the year ended December 31, 2015

Filed on March 24, 2016

All references herein to “we,” “us,” “our,” “Celsius” or “the Company” refer to Celsius Holdings, Inc. and its subsidiaries.

PART A GENERAL COMPANY INFORMATION

Item 1 The exact name of the issuer and its predecessor (if any).

We were incorporated in Nevada on April 26, 2005 under the name “Vector Ventures, Inc.” and originally we engaged in mineral exploration. Such business was unsuccessful. On January 26, 2007, we acquired the Celsius® beverage business of Elite FX, Inc., a Florida corporation engaged in the development of “functional” beverages since 2004 in a reverse merger, and subsequently changed our name to Celsius Holdings, Inc. In addition, on March 28, 2007, the Company established Celsius Netshipments, Inc. a Florida corporation as a wholly-owned subsidiary of the Company.

Item 2 The address of the issuer’s principal executive offices.

Address: 2424 North Federal Hwy, Suite 208, Boca Raton, Florida 33431

Phone: 561-276-2239

Email: investor@celsius.com

Website: www.celsius.com

Item 3 The jurisdiction(s) and date of the issuer’s incorporation or organization.

We were incorporated in Nevada on April 26, 2005.

PART B SHARE STRUCTURE

Item 4 The exact title and class of securities outstanding.

A. Common Stock

Exact title and class
of securities outstanding: Common Stock

CUSIP: 155118V207

Trading Symbol: CELH

B. Preferred Stock

Exact title and class
Of securities outstanding: Preferred Stock

CUSIP: Not applicable

Trading Symbol: Not applicable

Item 5 Par or stated value and description of the security.

A. Par or stated value

Common Stock: \$.001 per share

Preferred Stock: \$.001 per share

B. Description of Securities

Common Stock

The shares of common stock presently outstanding are fully paid and non-assessable. Each holder of common stock is entitled to one vote for each share owned on all matters voted upon by shareholders, and a majority vote is required for all actions to be taken by shareholders. In the event we liquidate, dissolve or wind-up our operations, the holders of the common stock are entitled to share equally and ratably in our assets, if any, remaining after the payment of all our debts and liabilities and the liquidation preference of any shares of preferred stock that may then be outstanding. The common stock has no preemptive rights, no cumulative voting rights, and no redemption, sinking fund, or conversion provisions.

Holders of common stock are entitled to receive dividends, if and when declared by the board of directors, out of funds legally available for such purpose, subject to the dividend and liquidation rights of any preferred stock that may then be outstanding.

Preferred Stock

Our board of directors has the authority, without further action by the shareholders, to issue shares of preferred stock in one or more series and to fix the rights, preferences and the number of shares constituting any series or the designation of such series. While our Articles of Incorporation and bylaws do not contain any provisions that may delay, defer or prevent a change in control, the issuance of preferred stock may have the effect of delaying or preventing a change in control or make removal of our management more difficult.

We currently have shares of Series C Preferred Stock (the “**Preferred C Shares**”) and shares of Series D Preferred Stock (the “**Preferred D Shares**”) outstanding.

The Preferred C Shares can be converted into Company common stock at any time until December 31, 2018 at a conversion price of \$0.52 per share. The conversion price per share was based on the weighted average of the ten daily VWAPs for the ten (10) trading days immediately preceding August 26, 2013 (the date the Preferred C Shares were initially issued). The Preferred C Shares accrue a 6% annual cumulative dividend, payable in additional Preferred C Shares. The Preferred C Shares mature on December 31, 2018 and are redeemable only in shares of the Company’s common stock.

The Preferred D Shares can be converted into Company common stock at any time until the 2020 expiration date of the Company’s line of credit (the “**Line of Credit**”) with CD Financial, LLC (“**CD Financial**”), an affiliate of Carl De Santis, a principal shareholder of the Company or the earlier satisfaction of the Line of Credit in full, at a conversion price of \$0.86 per share. The Preferred D Shares accrue a 5% annual cumulative cash dividend, payable quarterly and accords the holders thereof voting rights on an “**as converted**” basis.

Item 6 The number of shares or total amount of the securities outstanding for each class of securities authorized.

A. Common Stock

Total shares authorized:	75,000,000 shares.
Total shares outstanding:	38,380,380 shares and 20,459,032 shares issued and outstanding as of December 31, 2015 and December 31, 2014, respectively.
Public float:	9,002,256 shares as of December 31, 2015.
Shareholders of record:	53 as of March 24, 2015 and excess of 5,000 beneficial owners.

B. Preferred Stock

Total shares authorized: 2,500,000 shares.

Total shares outstanding: 2,380 and 2,200 Series C Shares and 4,000 and 0 Series D Shares issued and outstanding as of December 31, 2015 and December 31, 2014, respectively.

Public float: Not applicable.

Shareholders of record: One holder of Series C Shares and one holder of Series D Shares.

Item 7 The name and address of the transfer agent.

Name: Interwest Transfer Company, Inc.

Address: 1981 East 4800 South, Suite 100, Salt Lake City, Utah 84117

Phone: 801-272-9242

Is the Transfer Agent registered under the Securities Exchange Act of 1934?: Yes

List any restriction on the transfer security: None

Describe any trading suspension orders issued By the SEC in the past 12 months: None

PART C BUSINESS INFORMATION

Item 8 The nature of the issuer's 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 shows 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.

We were incorporated in Nevada on April 26, 2005 under the name “Vector Ventures, Inc.” and originally we engaged in mineral exploration. Such business was unsuccessful. On January 26, 2007, we acquired the Celsius® beverage business of Elite FX, Inc., a Florida corporation engaged in the development of “functional” beverages since 2004 in a reverse merger, and subsequently changed our name to Celsius Holdings, Inc.

Item 9 The nature of products or services offered.

Our Products

Celsius® calorie-burning beverages were first introduced to the marketplace in 2005.

According to multiple clinical studies we funded, a single serving (12 ounce can) of Celsius® burns 100 to 140 calories by increasing a consumer’s metabolism an average of 12% for up to a three-hour period. In addition, these studies have indicated that drinking a single serving of Celsius® prior to exercising may improve cardiovascular health and fitness and enhance the loss of fat and gain of muscle from exercise.

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 or sodas. Celsius® has no chemical 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. Celsius is 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. Each

12 ounce can of Celsius® contains 200 milligrams of caffeine which is comparable to one 12 ounce cup of coffee from the leading coffeehouse.

We currently offer Celsius® in five flavors, orange, wild berry, cola (which are carbonated) and non-carbonated green tea raspberry/acai, and green tea/peach mango. Our beverages are sold in 12 ounce cans, and we have recently begun to market the active ingredients in powdered form in individual On-The-Go packets as well as multiple serving canisters.

Celsius® is packaged in a distinctive twelve ounce sleek can that uses vivid colors in abstract patterns to create a strong on-shelf impact. The cans are sold as singles or in four-packs.

We target a niche in the functional beverage segment of the beverage industry consisting of consumers seeking calorie-burning beverages to help them manage their weight and enhance their exercise regimen. Our target consumers are generally individuals that exercise two to five times a week and are concerned about their health.

Clinical Studies

It is our belief that clinical studies substantiating product claims will become more important as more and more beverages are marketed with health claims. Celsius® was one of the first functional beverages to be launched along with a clinical study. Celsius® is also one of very few functional beverages that has clinical research on the actual product itself. Some beverage companies that do mention studies backing their claims are actually referencing independent studies conducted on one or more of the ingredients in the product. We believe that it is important and will become more important to have studies on the actual product.

We have funded seven U.S. based clinical studies for Celsius®. Each was conducted by a research organizations and each studied the total Celsius® formula. The first study was conducted by the Ohio Research Group of Exercise Science and Sports Nutrition. The remaining studies were conducted by the Applied Biochemistry & Molecular Physiology Laboratory of the University of Oklahoma. We funded all of the studies and provided Celsius® beverage for the studies. However, none of our directors, executive officers or principal shareholders is in any way affiliated with either of the two research organizations which conducted the studies.

The first study was conducted in 2005 by the Ohio Research Group of Exercise Science and Sports Nutrition. The Ohio Research Group of Exercise Science & Sports Nutrition is a multidisciplinary clinical research team dedicated to exploring the relationship between exercise, nutrition, dietary supplements and health, www.ohioresearchgroup.com. This placebo-controlled, double-blind cross-over study compared the effects of Celsius® and the placebo on metabolic rate. Twenty-two participants were randomly assigned to ingest a twelve ounce serving of Celsius® and on a separate day a serving of twelve ounces of Diet Coke®. All subjects completed both trials using a randomized, counterbalanced design. Randomized means that subjects were selected for each group randomly to ensure that the different treatments were statistically equivalent. Counterbalancing means that individuals in one group drank the placebo on the first day and drank Celsius® on the second day. The other group did the opposite. Counterbalancing is a design

method that is used to control “order effects.” In other words, to make sure the order that subjects were served, does not impact the results and analysis.

Metabolic rate (via indirect calorimetry, measurements taken from breaths into and out of calorimeter) and substrate oxidation (via respiratory exchange ratios) were measured at baseline (pre-ingestion) and for ten minutes at the end of each hour for three hours post-ingestion. The results showed an average increase of metabolism of twelve percent over the three hour period, compared to statistically insignificant change for the control group. Metabolic rate, or metabolism, is the rate at which the body expends energy. This is also referred to as the “caloric burn rate.” Indirect calorimetry calculates heat that living organisms produce from their production of carbon dioxide. It is called “indirect” because the caloric burn rate is calculated from a measurement of oxygen uptake. Direct calorimetry would involve the subject being placed inside the calorimeter for the measurement to determine the heat being produced. Respiratory Exchange Ratio is the ratio oxygen taken in a breath compared to the carbon dioxide breathed out in one breath or exchange. Measuring this ratio can be used for estimating which substrate (fuel such as carbohydrate or fat) is being metabolized or ‘oxidized’ to supply the body with energy.

The second study was conducted by the Applied Biochemistry & Molecular Physiology Laboratory of University of Oklahoma in 2007. This blinded, placebo-controlled study was conducted on a total of 60 men and women of normal weight. An equal number of participants were separated into two groups to compare one serving (a single 12 ounce can) of Celsius to a placebo of the same amount. According to the study, those subjects consuming Celsius burned significantly more calories versus those consuming the placebo, over a three-hour period. The study confirmed that over the three-hour period, subjects consuming a single serving of Celsius® burned 65% more calories than those consuming the placebo beverage and burned an average of more than 100 to 140 calories compared to the placebo. These results were statistically significant.

The third study, conducted by the Applied Biochemistry & Molecular Physiology Laboratory of University of Oklahoma in 2007, extended our second study with the same group of 60 individuals and protocol for 28 days and showed the same statistical significance of increased calorie burn (minimal attenuation). While the University of Oklahoma study did extend for 28 days, more testing would be needed for long term analysis of the Celsius® calorie-burning effects. Also, these studies were on relatively small numbers of subjects, they have statistically significant results. Additional studies on a larger number and wider range of body compositions can be considered to further the analysis.

Our fourth study, conducted by the Applied Biochemistry & Molecular Physiology Laboratory of University of Oklahoma in 2009, combined Celsius® use with exercise. This ten-week placebo-controlled, randomized and blinded study was conducted on a total of 37 subjects. Participants were randomly assigned into one of two groups: Group 1 consumed one serving of Celsius® per day, and Group 2 consumed one serving of an identically flavored and labeled placebo beverage. Both groups participated in ten weeks of combined aerobic and weight training, following the American College of Sports Medicine guidelines of training for previously sedentary

adults. The results showed that consuming a single serving of Celsius® prior to exercising may enhance the positive adaptations of exercise on body composition, cardio-respiratory fitness and endurance performance. According to the preliminary findings, subjects consuming a single serving of Celsius® lost significantly more fat mass and gained significantly more muscle mass than those subjects consuming the placebo — a 93.75% greater loss in fat and 50% greater gain in muscle mass, respectively. The study also confirmed that subjects consuming Celsius® significantly improved measures of cardio-respiratory fitness and the ability to delay the onset of fatigue when exercising to exhaustion.

Our fifth study was conducted by the Applied Biochemistry & Molecular Physiology Laboratory of University of Oklahoma in 2009. This ten-week placebo-controlled, randomized and blinded study was conducted on a total of 27 previously sedentary overweight and obese female subjects. Participants were randomly assigned into groups that consumed identically tasting treatment beverages with exercise or without exercise. All participants consumed one drink, either placebo or Celsius, per day for 10 weeks. The exercise groups participated in ten weeks of combined aerobic and weight training, following the American College of Sports Medicine guidelines of training for previously sedentary adults. No changes were made to their diet. The results showed that consuming a single serving of Celsius® prior to exercising may improve cardiovascular health and fitness and enhance the positive adaptations of exercise on body composition. According to the preliminary findings, subjects consuming a single serving of Celsius® lost significantly more fat mass and gained significantly more muscle mass when compared to exercise alone — a 46% greater loss in fat, 27% greater gain in muscle mass, respectively. The study also confirmed that subjects consuming Celsius® significantly improved measures of cardio-respiratory fitness — 35% greater endurance performance with significant improvements to lipid profiles — total cholesterol decreases of 5 to 13% and bad LDL cholesterol 12 to 18%. Exercise alone had no effect on blood lipid levels.

Our sixth study was conducted by the Applied Biochemistry & Molecular Physiology Laboratory of University of Oklahoma in 2009. This ten-week placebo-controlled, randomized and blinded study was conducted on a total of 37 previously sedentary male subjects. Participants were randomly assigned into groups that consumed identically tasting treatment beverages with exercise or without exercise. All participants consumed one drink, either placebo or Celsius, per day for 10 weeks. The exercise groups participated in ten weeks of combined aerobic and weight training, following the American College of Sports Medicine guidelines of training for previously sedentary adults. No changes were made to their diet. The results showed that consuming a single serving of Celsius® prior to exercising may improve cardiovascular health and fitness and enhance the positive adaptations of exercise on body composition. Significantly greater decreases in fat mass and percentage body fat and increases in VO_2 were observed in the subjects that consumed Celsius before exercise versus those that consumed the placebo before exercise. Mood was not affected. Clinical markers for hepatic, renal, cardiovascular and immune function, as determined by pre and post blood work revealed no adverse effects.

Our seventh study was conducted by Miami Research Institute in 2010 and demonstrated the efficacy and safety of the powders and the shots. This study allows the Company to make the same structure/function claims as the ready to drink beverages.

Manufacture and Supply of Our Products

Our beverages are produced by established third party beverage co-packers. A co-packer is a manufacturing plant that provides the service of filling bottles or cans for the brand owner. We believe one benefit of using co-packers is that we do not have to invest in the production facility and can focus our resources on brand development, sales and marketing. It also allows us produce in multiple locations strategically placed throughout the country. We purchase most of the ingredients and all packaging materials. The co-pack facility assembles our products and charges us a fee by the case. The shelf life of Celsius® is specified as 15 to 18 months.

Substantially all of the raw materials used in the preparation, bottling and packaging of our products are purchased by us or by our co-packers in accordance with our specifications. Generally, we obtain the ingredients used in our products from domestic suppliers and some ingredients have several reliable suppliers. The ingredients in Celsius® include green tea (EGCG), ginger (from the root), caffeine, B vitamins, vitamin C, taurine, guarana, chromium, calcium, glucuronolactone, sucralose, natural flavors and natural colorings. Celsius® is labeled with a supplements facts panel. We have no major supply contracts with any of our suppliers. We single-source all our ingredients for purchasing efficiency; however, we have identified a second source for our critical ingredients and there are many suppliers of flavors, colorings and sucralose. In case of a supply restriction or interruption from any of the flavor and coloring suppliers, we would have to test and qualify other suppliers that may disrupt our production schedules.

Packaging materials, except for our distinctive sleek aluminum cans, are easily available from multiple sources in the United States; however, due to efficiencies we utilize single source vendor relationships.

We believe that our co-packing arrangement and supply sources are adequate for our present needs.

Distribution

Celsius® is sold across many retail segments. They include supermarkets, convenience stores, drug stores, nutritional stores, and mass merchants. We also sell to health clubs, spas, gyms, the military, e-commerce websites and a limited number of international markets.

We distribute our products through a hybrid of direct-store delivery (DSD) distributors and as well as sales direct to retailers (DTR).

Seasonality of Sales

As is typical in the beverage industry, sales of our beverages are seasonal, with the highest sales volumes generally occurring in the second and third fiscal quarters, which correspond to the warmer months of the year in our major markets.

Competition

We believe that we are one of the few calorie-burning fitness beverages whose effectiveness is supported by clinical studies, which gives us a unique position in the beverage market. However, our products do compete broadly with all categories of consumer beverages. The beverage market is highly competitive, and includes international, national, regional and local producers and distributors, most of whom have greater financial, management and other resources than us. Our direct competitors in the functional beverage market include, but are not limited to The Coca-Cola Company, Dr. Pepper Snapple Group, PepsiCo, Inc., Nestlé, Waters North America, Inc., Hansen Natural Corp., and Red Bull.

Proprietary Rights

We have registered the Celsius® and MetaPlus® trademarks with the United States Patent and Trademark Office, as well as a number of additional trademarks.

We have and will continue to take appropriate measures, such as entering into confidentiality agreements with our contract packers and ingredient suppliers, to maintain the secrecy and proprietary nature of our MetaPlus® formulation and product formulas.

We maintain our MetaPlus® formulation and product formulas as trade secrets. We believe that trade secrecy is a preferable method of protection for our formulas as patenting them might require their disclosure. Other than a company that is our outsourced production manager, no single member of the raw material supply chain or our co-packers has access to the complete formula.

We consider our trademarks and trade secrets to be of considerable value and importance to our business. No successful challenges to our registered trademarks have arisen and we have no reason to believe that any such challenges will arise in the future.

Government Regulation

The production, distribution and sale of our products in the United States is subject to the *Federal Food, Drug and Cosmetic Act*, the *Dietary Supplement Health and Education Act of 1994*, the *Occupational Safety and Health Act*, various environmental statutes and various other federal, state and local statutes and regulations applicable to the production, transportation, sale, safety, advertising, labeling and ingredients of such products. California law requires that a specific warning appear on any product that contains a component listed by California as having been found to cause cancer or birth defects. The law exposes all food and beverage producers to the possibility of having to provide warnings on their products because the law recognizes no generally applicable quantitative thresholds below which a warning is not required. Consequently, even trace amounts of listed components can expose affected products to the prospect of warning labels.

Products containing listed substances that occur naturally in the product or that are contributed to the product solely by a municipal water supply are generally exempt from the warning requirement. While none of our products are required to display warnings under this law, we cannot predict whether an important component of any of our products might be added to the California list in the future. We also are unable to predict whether or to what extent a warning under this law would have an impact on costs or sales of our products.

Measures have been enacted in various localities and states that require that a deposit be charged for certain non-refillable beverage containers. The precise requirements imposed by these measures vary. Other deposit, recycling or product stewardship proposals have been introduced in certain states and localities and in Congress, and we anticipate that similar legislation or regulations may be proposed in the future at the local, state and federal levels, both in the United States and elsewhere.

Our facilities in the United States are subject to federal, state and local environmental laws and regulations. Compliance with these provisions has not had, and we do not expect such compliance to have, any material adverse effect upon our business, financial condition and results of operations.

Employees

As of the date of this Annual Disclosure Statement, the Company employs 34 persons, including its executive officers.

Item 10 The nature and extent of the issuer's facilities.

Our principal executive offices are located at 2424 N Federal Hwy, Boca Raton, Florida 33431. Our telephone number is (561) 276-2239 and our website is www.celsius.com. The information accessible through our website does not constitute part of this report. The Company has no warehouses or other facilities as we store our product at third party contract warehouse facilities.

PART D MANAGEMENT STRUCTURE AND FINANCIAL INFORMATION

Item 11 The name of the chief executive officer, members of the board of directors, as well as control persons.

A. Officers and Directors.

The following sets forth the name of each of our officers and, directors and control persons and their positions with Celsius. The address for each of such individuals is c/o Celsius, 2424 N Federal Highway, Boca Raton, Florida 33431.

<u>Name</u>	<u>Position with the Company</u>
Gerry David	Chief Executive Officer
John Fieldy	Chief Financial Officer
Nickolas Castaldo	Director
Kathleen M. Dwyer	Director
Kevin Harrington	Director
Chris Lai	Director
Tim Leissner	Director
Thomas E. Lynch	Director
William H. Milmo	Director

Gerry David joined Celsius in October 2011 as its Chief Executive Officer and has served in that position since that time. Prior to joining the Company, Mr. David served as Executive Vice President of Oragenics, Inc., a publicly held pharmaceutical development company based in Tampa, Florida, from September 2008 until October 2011.

John Fieldy joined Celsius in January 2012 as its Chief Financial Officer and has served in that position since that time. Mr. Fieldy joined the Company from Oragenics, Inc., where he served as corporate controller from April 2010 until January 2012.

Nickolas Castaldo became a director of Celsius in March 2013. Since September 2004 he has served as Senior Vice President and Chief Marketing Officer of Anthony's Coal Fired Pizza, Inc., a Florida based chain of casual dining restaurants.

Kathleen M. Dwyer became a director of Celsius in May 2013. Since October 2014, she has served as Senior Vice President of Finance and Accounting of Pinnacle Foods, Inc., a company that has acquired and seeks to invigorate a portfolio of iconic food brands such as *Duncan Hines* and *Birds Eye*. From December 2013 to September 2014, she served in a similar capacity with Fusion, Inc., a Cleveland, Ohio based, leader in brazing and soldering technology and from August

1988 to April 2010, Ms. Dwyer served in executive positions with PepsiCo, Inc., including Vice President of Worldwide Revenue Strategy.

Kevin Harrington joined Celsius' board of directors in March 2013. He has almost forty (40) years experience in product introduction and direct marketing, being one of the first to market products through infomercials. Since 2005, he has been Chief Executive Officer of Harrington Business Development, Inc., a privately-held consulting firm. A serial entrepreneur, Mr. Harrington appeared as one of the original panelists on the ABC television program, "*Shark Tank*." He currently also serves as Chairman of the Board of As Seen On TV, Inc., a public company which focuses on marketing products through infomercials and other direct marketing.

Chris Lai joined our board of directors in April 2015. Since September 2012, he has served as a Project Manager for Horizon Ventures, Limited ("**Horizon Ventures**"), a Hong Kong based private investment fund. From April 2011 to September 2012, Mr. Lai was an analyst with Mooreland Partners, LLC, another private investment concern. Mr. Lai serves on the Board as one of two designees of an investor group led by Horizon Ventures (the "**Investors**"), pursuant to an Investors' Rights Agreement entered into in April 2015 (the "**Investors' Rights Agreement**") by among the Company, the Investors, CD Financial and CDS Ventures of South Florida, LLC ("**CDS Ventures**"), another affiliate of Carl De Santis, one of our principal shareholders. The terms of April 2015 investment by the Investors and related transactions with CD Financial and CDS Ventures, as well as the terms of the Investors' Rights Agreement and other related agreements entered into in connection with those transactions are more fully set forth in **PART E, Item 17** of this Annual Disclosure Statement.

Tim Leissner joined Celsius' board of directors in April 2016 as the second designee of the Investors pursuant to the Investors' Rights agreement. From December 2002 to February 2016, Mr. Leissner was a partner at Goldman Sachs, Inc. Since that time, he has been acting a private investor and business consultant. Mr. Leissner serves as a member of the board of directors of All Def Digital, Inc. ("**All Def Digital**").

Thomas E. Lynch became a director of the Company in November, 2009. For over forty (40) years, Mr. Lynch has served as President of the Plastridge Agency, Inc., a five-office insurance agency based in Delray Beach, Florida, which traces its origins to 1919. He also serves as a director of First United Bancorp, Inc.

William H. Milmoe has served as a director of Celsius since August, 2008. Since June 2000, Mr. Milmo has served as President of CDS International Holdings, Inc., a privately-held holding company based in Boca Raton, Florida, which oversees the business investments and holdings of Carl De Santis, one of our principal shareholders.

Our directors are appointed for a one-year term to hold office until the next annual meeting of our shareholders and until their successors are appointed and qualified, or until their removal, resignation, or death. Pursuant to the Investors' Rights Agreement, the number of directors is set at seven (7) and the Investors have the right to appoint two (2) designees to the board of directors. Officers of the Company serve at the pleasure of the board of directors.

Non-employee directors do not receive cash compensation for their services as such, but are reimbursed for out-of-pocket costs incurred in connection with attending meetings and have been and may be granted options from time to time under our stock benefit plans. During 2015, Nickolas Castaldo, Kathleen M. Dwyer, Kevin Harrington, Thomas H. Lynch and William H. Milmoie, were each granted options to purchase 40,000 shares of common stock at an exercise price of \$1.05 per share under our 2015 Stock Incentive Plan (the “**2015 Plan**”). The options vest in three annual installments commencing one year from the date of grant, subject to continued service as a director and expire five (5) years from the date of grant. :

During 2015, Gerry David, our Chief Executive Officer, received total cash compensation of \$286,875, consisting of base salary of \$230,850, a discretionary bonus of \$45,825 and a housing allowance of \$10,200. John Fieldy, our Chief Financial Officer, received total cash compensation of \$203,670, consisting of base salary of \$169,290, a discretionary bonus of \$31,230 and a housing allowance of \$3,150. Messrs. David and Fieldy were also each granted options to purchase 90,000 shares of common stock at an exercise price of \$1.05 per share under the 2015 Plan. The options vest in three annual installments commencing one year from the date of grant, subject to continued employment and expire ten (10) years from the date of grant. In addition, Messrs. and Fieldy are entitled to participate in benefit plans maintained for employees of the Company generally.

B. Legal/Disciplinary History. None of our officers and directors, in the last five (5) years, has been the subject of:

- a conviction in a criminal proceeding or named as a defendant in a pending criminal proceeding (excluding traffic violations and other minor offenses);
- the entry of an order, judgment, or decree, not subsequently reversed, suspended or vacated, by a court of competent jurisdiction that permanently or temporarily enjoined, barred, suspended or otherwise limited such person’s involvement in any type of business, securities, commodities, or banking activities;
- a finding or judgment by court of competent jurisdiction (in a civil action), the Securities and Exchange Commission, the Commodity Futures Trading Commission, or a state securities regulator of a violation of federal or state securities or commodity law, which finding or judgment has not been reversed, suspended or vacated; or
- the entry of an order by a self-regulatory organization that permanently or temporarily barred, suspended, or otherwise limited such person’s involvement in any type of business or securities activity.

C. Disclosure of Family Relationships. There are no family relationships among our officers, directors and 5% or greater beneficial holders of our common stock.

D. Disclosure of Related Party Transactions.

See **Part D, Item 17** of this Annual Disclosure Statement with respect to the April 2015 investment by the Investors and related transactions with CD financial and CDS Ventures.

The Company's executive offices (see **Item 10** of this Annual Disclosure Statement) are leased from a company affiliated with CD Financial. The lease expires in October 2020 and provides for monthly rent of \$6,408. We believe that the monthly rent is commensurate with other properties available in the market.

In April 2015, the Company entered into a strategic marketing and advisory services agreement (the "**Advisory Services Agreement**") with All Def Digital. Tim Leissner, a director of the Company is also a director of All Def Digital. As of December 31, 2015, the Company has paid All Def Digital \$237,959, for services relating to the Advisory Services Agreement.

All related party transactions are subject to the review, approval or ratification of our board of directors or an appropriate committee thereof.

E. Disclosure of Conflicts of Interest. None.

Item 12 Financial information for the issuer's most recent fiscal period.

The following consolidated financial statements of the Company are set forth in **Exhibit A** to this Annual Disclosure Statement:

Report of Independent Registered Public Accounting Firm

Consolidated Balance Sheets as of December 31, 2015 and 2014

Consolidated Statements of Operations for the years ended December 31, 2015 and 2014

Consolidated Statements of Changes in Stockholders' Equity (Deficit) for the years ended December 31, 2015 and 2014

Consolidated Statements of Cash Flows for the years ended December 31, 2015 and 2014

Notes to Consolidated Financial Statements

Item 13 Similar financial information for such part of the two preceding fiscal years as the issuer or its predecessor has been in existence.

See **Item 12** of this Annual Disclosure Statement.

Item 14 Beneficial Owners.

The following table sets forth, as of the date of this Annual Report, the beneficial ownership of our common stock by each officer and director, by each person known by us to beneficially own 5% or more of our common stock and by officers and directors as a group. Unless otherwise stated, the address of the persons set forth in the table is c/o the Company, 2424 North Federal Hwy, Suite 208, Boca Raton, Florida 33431.

Names and addresses of beneficial owners	Number of shares of common stock (1)	Percentage of class (%)
Gerry David	684,167(2)	1.8
John Fieldy	350,833(2)	*
Nickolas Castaldo	157,778(2)	*
Kathleen M. Dwyer	157,778(2)	*
Kevin Harrington	157,778(2)	*
Chris Lai	0	0
Tim Leissner	3,539,826	9.2
Thomas E. Lynch	157,778(2)	*
William H. Milmo	19,839,601(3)	41.5
all officers and directors as a group (nine (9) persons)	25,045,491(4)	50.8
Other 5% or greater shareholders:		
Carl De Santis	19,678,823(5)	41.3
Li Ka Shing	6,910,113(6)	18.0

The persons named above have full voting and investment power with respect to the shares indicated. Under the rules of the SEC, a person (or group of persons) is deemed to be a “beneficial owner” of a security if he or she, directly or indirectly, has or shares the power to vote or to direct the voting of such security, or the power to dispose of or to direct the disposition of such security. Accordingly, more than one person may be deemed to be a beneficial owner of the same security.

(1) Includes shares of our common stock that are issuable upon exercise of stock options or conversion of preferred stock as of the date of this Annual Disclosure Statement or within sixty (60) days thereafter.

(2) Represents shares of common stock issuable upon the exercise of stock options.

(3) Represents (a) 500 shares of common stock held of record by Mr. Milmo; (b) 160,278 shares of common stock issuable upon exercise of stock options; (c) 8,554,289 shares of common stock held of record by CDS Ventures; (d) 4,576,923 shares of common stock issuable upon conversion of Preferred C Shares held of record by CDS Ventures; (e) 1,896,448 shares of common stock held of record by CD Financial; and (f) 4,651,163 shares of common stock issuable upon conversion of Preferred D Shares held of record by CD Financial. Mr. Milmo and Carl DeSantis share voting power with respect to shares of common stock beneficially owned by CDS Ventures and CD Financial. Mr. Milmo does not have dispositive power with respect to such shares.

(4) Includes (a) the shares of common stock issuable upon the exercise of stock options held and the conversion of preferred stock beneficially owned by Mr. Milmo as set forth in footnote (3) above; and (b) 1,555,112 shares of common stock issuable upon the exercise of stock options held by the Company's other officers and directors.

(5) Represents (a) 8,554,289 shares of common stock held of record by CDS Ventures; (b) 4,576,923 shares of common stock issuable upon conversion of Preferred C Shares held of record by CDS Ventures; (c) 1,896,448 shares of common stock held of record by CD Financial; and (d) 4,651,163 shares of common stock issuable upon conversion of Preferred D Shares held of record by CD Financial. Voting power of shares of common stock beneficially owned by CDS Ventures and CD Financial is shared by Mr. DeSantis and William H. Milmo. Mr. DeSantis has sole dispositive power with respect to such shares.

(6) Represents shares of common stock held of record by Charmnew Limited, over which shares Mr. Li has voting and dispositive power.

Item 15 The name, address, telephone number, and email address of each of the following outside providers that advise the issuer on matters relating to operations, business development and disclosure:

1. Investment Banker

None.

2. Promoters

None.

3. **Legal Counsel**

Dale S. Bergman, Esq.
Gutierrez Bergman Boulris, P.L.L.C.
100 Almeria Avenue, Suite 340
Coral Gables, Florida 33134
(305) 495-4157
dale.bergman@gbbpl.com

4. **Auditor**

D'Arelli Pruzansky, P.A.
5489 Wiles Road, Unit 303
Coconut Creek, Florida 33073
(754) 205-6417
mitchp@dp-cpas.com

5. **Public Relations Consultant**

None.

6. **Investor Relations Consultant**

Hayden IR, LLC
15879 N. 80th Street, Suite 400
Scottsdale, AZ 85260
(646) 536-7331
cameron@haydenir.com

7. **Other Advisor**

None.

Item 16 Management's Discussion and Analysis or Plan of Operation.

Results of Operations

Year ended December 31, 2015 Compared to Year ended December 31, 2014

Revenue

For the year ended December 31, 2015, revenue was approximately \$17.2 million, an increase of \$2.6 million or 18% from \$14.6 million in revenue for year ending December 31, 2014. The revenue growth of 18% from 2014 to the 2015 was mainly associated with blended growth rates of 13% growth in international revenue growth and 22% growth in domestic sales. The

domestic sales growth of 22% was mainly associated from blended growth rates of 18% from in retail accounts, 21% in health and fitness accounts and 46% in Internet retailer accounts from 2014.

Gross profit

For the year ended December 31, 2015, gross profit increased by approximately \$1.44 million or 25.8% to \$7.04 million compared to \$5.60 million for 2014. Gross Profit margins improved 2.6% to 40.9% in the fiscal year ended December 31, 2015 from 2014.

Sales and marketing expenses

Sales and marketing expenses for the year ended December 31, 2015 were approximately \$5.70 million, an increase of \$880,000, or 18.2% from \$4.82 million in 2014. The increase is due primarily to increases in investments in marketing programs of \$596,000, increases in human resource investments of \$239,000 and increases in warehousing costs totaling \$44,000.

General and administrative expenses

General and administrative expenses for the year ended December 31, 2015 were approximately \$3.17 million, an increase of \$860,000, or 37.3%, from \$2.31 million for the year ended December 31, 2014. The increase was primarily due to increases in stock based compensation of \$582,000, professional fees of \$129,000, research and development costs of \$46,000, office related costs of \$47,000, commercial insurance of \$19,000, investor relations of \$17,000, human resources of \$13,000, and other general administration expenses of \$12,000, offset by savings in depreciation and amortization of \$4,000.

Other expense

Total other expense decreased to approximately \$322,000 for year ended December 31, 2015 from \$497,000 for the same period in 2014, as a result of \$175,000 in savings in interest expense.

Liquidity and Capital Resources

As of December 31, 2015, we had cash of approximately \$10.1 million and working capital of \$13.2 million. Cash used in operations during the year ended December 31, 2015 totaled \$755,000. We incurred a net loss of \$2.15 million during year ended December 31, 2015, and our accumulated deficit increased to \$49.9 million as of December 31, 2015. In April 2015, the Company issued a total of 12,921,348 shares of common stock at \$0.89 per share for gross proceeds of \$11.5 million.

Our current operating plan for next twelve (12) months plans on a sufficient financial condition and we do not contemplate obtaining additional financing. However, if our sales volumes do not meet our projections, expenses exceed our expectations, or 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 and other expenses or seek additional financing. There can be no assurance that such financing, if required, will be available on commercially reasonable terms if at all.

PART E ISSUANCE HISTORY

Item 17 List of securities offerings and shares issued for services in the past two years.

A. On April 16, 2015, the Company entered into a common stock purchase agreement (the “**2015 Purchase Agreement**”) with the Investors, pursuant to which the Company sold 12,921,348 shares of its common stock on a private placement basis (the “**Private Placement Shares**”) to the Investors for an aggregate consideration of \$11,388,159, net of expenses. Certain of the Investors contemporaneously acquired an additional 5,000,000 shares of our common stock (the “**Conversion Shares**”) by purchasing an outstanding \$1.5 million convertible note held by CDS Ventures (the “**CDS Note**”) and immediately converting the CDS Note into the Conversion Shares.

- (i) In connection with the issuance of the Private Placement Shares and the Conversion Shares, Celsius relied upon the exemptions from registration afforded by Sections 4(a)(2) and 3(a)(9) of the Securities Act, respectively.
- (ii) In connection with the issuance of the Private Placement Shares and the Conversion Shares, no securities were registered or qualified in any jurisdiction.
- (iii) The Company issued 12,921,348 Private Placement Shares to the Investors for \$0.89 per share and 5,000,000 Conversion Shares to certain of the Investors upon conversion of the \$1.5 million CDS Note.
- (iv) The Company issued 12,921,348 Private Placement Shares to the Investors and 5,000,000 Conversion Shares to certain of the Investors.
- (v) The Private Placement Shares were issued to the Investors for \$0.89 per share, less legal fees totaling \$111,840 for net proceeds received by the Celsius of \$11,388,159. The Conversion Shares were issued to certain of the Investors upon conversion of the \$1.5 million CDS Note.
- (vi) The Private Placement Shares and the Conversion Shares are “**restricted securities**” of the Company.
- (vii) The certificates evidencing the Private Placement Shares and the Conversion Shares bear a legend (a) stating that the shares have not been registered under the Securities Act and applicable state securities laws; and (b) setting forth and referring to the restrictions on transferability and sale of the shares under the Securities Act and applicable state securities laws.

B. On April 16, 2015, contemporaneously with the transactions with the Investors, the Company entered into an amendment to its existing Loan and Security Agreement (the “**Amendment**”) with CD Financial. Pursuant to the Amendment, the outstanding principal amount of the Line of Credit was reduced by \$4.0 million, which amount was converted into 4,000

Preferred D Shares. Contemporaneously with the issuance of the Preferred D Shares \$180,000 of accrued but unpaid dividends on outstanding Preferred C Shares was paid through the issuance of an additional 180 Preferred C Shares (the “**Additional Preferred C Shares**”).

- (i) In connection with the issuance of the Preferred D Shares and the Additional Preferred C Shares, Celsius relied upon the exemption from afforded by Section 4(a)(2) of the Securities Act.
- (ii) In connection with the issuance of the Preferred D Shares and the Additional Preferred C Shares, no securities were registered or qualified in any jurisdiction.
- (iii) The Preferred D Shares were issued in connection with the conversion of \$4.0 million in indebtedness under the Line of Credit. The Additional Preferred C Shares were issued in payment of \$180,000 in accrued but unpaid dividends on outstanding Preferred C Shares.
- (iv) The Company issued 4,000 Preferred D Shares and 180 Additional Preferred C Shares.
- (v) The Preferred D Shares were issued in connection with the conversion of \$4.0 million in indebtedness under the Line of Credit. The Additional Preferred C Shares were issued in payment of \$180,000 in accrued but unpaid dividends on outstanding Preferred C Shares.
- (vi) The Preferred D Shares and the Additional Preferred C Shares issued by Celsius are “**restricted securities**” of the Company.
- (vii) The certificates evidencing the Preferred D Shares and the Additional Preferred C Shares issued by Celsius bear a legend (i) stating that the shares have not been registered under the Securities Act and applicable state securities laws, and (ii) setting forth and referring to the restrictions on transferability and sale of the shares under the Securities Act and applicable state securities laws.

C. At closing of the April 16, 2015 transactions, Celsius, the Investors, CDS Ventures and CD Financial into the Investors’ Rights Agreement, pursuant to which, among matters, our board of directors was expanded to seven (7), two of whom shall be designated by the Investors, the shareholder parties were accorded certain registration rights for their respective shares of our common stock or underlying shares of common stock, as the case may be, under the Securities Act and the shareholder parties were granted certain participation rights as to future offerings of securities by Celsius. In order to effect the transactions, Celsius’ Amended and Restated Articles of Incorporation were amended as authorized by our board of directors, which amendment increased required), to increase the number of authorized shares of the which amendment increased the number of authorized shares of common stock from 50,000,000 to 75,000,000, increased the

number of authorized Preferred C Shares from 2,200 to 3,000 and designated the newly created Preferred D Shares.

PART F EXHIBITS

Item 18 Material Contracts.

Copies of the following Material Contracts are posted with this Agreement:

- (a) Investors' Rights Agreement dated April 16, 2016, by and among, the Company, the Investors, CD Financial and CDS Ventures.
- (b) Amendment to Loan and Security Agreement dated April 16, 2016, by and among the Company and CD financial.
- (c) 2015 Stock Incentive Plan.

Item 19 Articles of Incorporation and Bylaws.

- A. A copy of the April 2015 Amendment to the Company's Amended and Restated Articles of Incorporation is posted with this Agreement.
- B. There were no amendments to the Company's Bylaws.

Item 20 Purchases of Equity Securities by the Issuer and Affiliated Purchasers.

None.

Item 21 Issuer's Certifications.

- A. I, Gerry David certify that:
 - 1. I have reviewed this Annual Disclosure Statement of Celsius Holdings, Inc. (the "Company");
 - 2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statement made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and
 - 3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of

operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

Dated: March 24, 2016

CELSIUS HOLDINGS, INC.

By: /s/ Gerry David
Gerry David, President and
Chief Executive Officer

B. I, John Fieldly certify that:

1. I have reviewed this quarterly disclosure statement of Celsius Holdings, Inc. (the “**Company**”);

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

3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

Dated: March 24, 2016

CELSIUS HOLDINGS, INC.

By: /s/ John Fieldly
John Fieldly, Chief Financial Officer