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ODDITY 1Q 2026 Earnings Call Prepared Remarks

June 2, 2026

Maria Lycouris, ODDITY Investor Relations:

Thank you, operator. I'm joined by Oran Holtzman, **ODDITY's** Co-Founder and CEO, and Lindsay Drucker Mann, **ODDITY's** Global CFO. Niv Price, **ODDITY's** CTO, will also be available for the question and answer session.

As a reminder, management's remarks on this call that do not concern past events are forward-looking statements. These may include predictions, expectations, or estimates, including statements about **ODDITY's** business strategy, market opportunity, future financial performance, customer acquisition costs and potential long-term success. Forward-looking statements involve risks and uncertainties, and actual results could differ materially due to a variety of factors. These factors are described under forward-looking statements in our earnings press release issued earlier today and in our most recent Annual Report on Form 20-F filed with the Securities and Exchange Commission on March 17, 2026. We do not undertake any obligation to update forward-looking statements which speak only as of today. Finally, during this call we will discuss certain non-GAAP financial measures, which we believe are useful, supplemental measures for understanding our business. Additional information about these non-GAAP financial measures, including their definitions, are included in our earnings press release, which we issued today.

I will now hand the call over to Oran.

Oran Holtzman, ODDITY Co-Founder and CEO:

Thanks everyone for joining our call today.

While we continue to navigate account dislocation with our largest advertising partner, we remain hopeful that we will return to normalization in the second half of this year, as we communicated in Q4 earnings.

We saw a meaningful improvement in **IL MAKIAGE** CPA this May, which declined an estimated 28% from April, breaking a negative trend of multiple months of CPA increases with this advertising partner.

And while we cannot guarantee that this positive trend will continue, it is a good indication after months of a negative trend. We plan to continue to aggressively implement improvements until the problem is completely solved.

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We have been working closely with this advertising partner, including top product and engineering team, to fix the issue. We have heard from them directly that they estimate that we can recover 40-60% of CPA based on their systems alone, without considering macro or other factors. If we get there, it would signal that the business is healthy and positioned to go back to growth and profitability as it was for many years. And if we had planned for that level of CPA in 2026, we believe we would have guided to a normal earnings year of 20% revenue growth and 20% adjusted EBITDA margin.

We want to share more data and context for the anomaly we experienced. We provide detail on historic **IL MAKIAGE** indexed CPA levels with this advertising partner based on our internal attribution system in our press release, which I will refer to now.

IL MAKIAGE *CPA INDEX WITH LARGEST ADVERTISING PARTNER, INTERNAL ATTRIBUTION SYSTEM*

Half-Year	CPA INDEX	YOY % CHG
H122	1.0	
H123	1.2	16%
H124	1.3	14%
H125	1.5	15%
H1 through May 26	2.8	83%

For many years, our CPA was very stable. As you can see in the table provided, steady and consistent mid-teens CPA increases every year, with gradual yearly increases correlated with our industry.

While we didn't build our business on favorable user acquisition costs, rather on strong over 100% 12-month repeat rate, in 2026 we saw levels of CPA that in some cases were 2x higher than what we were expecting and what we see in other competitors. At these levels, the unit economics get much difficult as expected for off market costs.

The data indicates in our view how the issue is technical, and not a brand or saturation issue.

1. The change was sudden, indicating a dramatic break. Not a steady deterioration over time, but clear and definitive months of collapse.
2. A breakdown occurred in different **IL MAKAIGE** ad accounts, different markets with the same pattern simultaneously – US, Canada, UK, Australia, and Israel - which suggests it has nothing to do with the brand. There is nothing that happened in our offering or business that can explain it at the same time in multiple geographies.

3. We believe a significant driver of the break comes from spiking bounce rates. In our view it suggests the issue is with lower quality audience being served with our ads by this algorithm.

Furthermore, our fundamental brand health is confirmed by the behavior we see among existing customers. Net revenue repeat on 12-month basis cohorts are strong which supports our 12-month contribution margins.

A focus area for us in the last few months has been successful remediation in our Try Before You Buy model.

As a reminder, Try Before You Buy is a pro consumer model that allows us to replicate the online experience of physical stores, like Sephora, where consumers can try products in real life and materially reduce their risk of purchase.

This model is rare in beauty due to its complex execution, which we believe makes it an edge case and a non-obvious interaction within the platform's new dynamics.

Toward the end of Q1 we already successfully shifted 40% of our acquisition revenue out of Try Before You Buy and into a standard Buy model, reducing our exposure to this model with no impact on our unit economics which is very encouraging.

Unfortunately, because it takes time for algorithms to recalibrate, as expected, this dislocation will have a meaningful negative impact on our 2026 financial results, especially in H1. As forecasted in Q4 earnings, it had a material impact to Q1. Sales declined 26% versus the prior year, slightly better than our outlook for sales to decline approximately 30%.

I noted the strong improvement in May from April. This is our first month of sequential recovery since Q425 and, we believe, it's a positive sign. It is also supported by our deliberate decision to maintain a reduced level of acquisition spend as we work towards recovery.

All things taken together, we remain hopeful that we will achieve normalization as planned in the second half of this year as we continue to implement recovery initiatives to recalibrate the algorithm.

Moving to our other brands and growth drivers.

Similar to **IL MAKIAGE**, **SpoiledChild** is navigating higher CPA costs but with less severity. We plan to implement similar remediation steps in **SpoiledChild** once we finish identifying the technical initiatives that can resolve the algorithm and CPA problems in **IL MAKIAGE**.

Moving onto **METHODIQ**, which is off to a strong start following its launch late last year. We expect it to deliver $25 million in revenue this year, in-line with **SpoiledChild's** strong success in year 1.

As a reminder, **METHODIQ** is a medical telehealth platform designed to deliver high-efficacy treatments at scale. Our goal is to help transform a broken medical care system, starting in dermatology, using our best treatments and the highest standards of care, available to everyone.

We are proud of **METHODIQ's** product line, which spans 28 prescription and non-prescription products, including orals, topicals, supplements, and medical grade makeup, all designed to maximize efficacy, minimize side effects, and give an unparalleled beauty experience. We believe it is game changing innovation for the benefit of a large, underserved customer base.

We are also seeing good signs from our progress tracking app, where users are delivered continuous care through the combination of our vision technology and care team engagement. App download rates, weekly check in rates, and care team engagement are strong signals of demand and our ability to use this technology to drive compliance, satisfaction, and success.

ODDITY Labs continues to push the frontier of ingredient innovation in beauty and wellness, focusing on pain points with large commercial opportunities like acne, hyperpigmentation, and aging.

We added 2 additional products made with **Labs** molecules to our **METHODIQ** product lineup this quarter.

- First, Neurexa—a topical eczema treatment, formulated with our proprietary ODDL1669 molecule and other skin soothing actives, engineered with the goal of achieving superior efficacy to traditional eczema treatments with minimal side effects.
- Second, Zeralaq—a first of its kind acne-scar prevention treatment, powered by our ODDL103 molecule, which reduces inflammation and promotes the healing of active breakouts

Looking ahead, we are working on several novel molecules targeting different indications:

1. In our **anti-aging program**, our novel molecules have demonstrated robust in-vitro efficacy in increasing collagen synthesis and reducing aging markers. We are now conducting human focus group testing to ensure clinical translation.

2. To optimize **hyperpigmentation treatment**, we are targeting novel pathways designed to work with our existing ODDL1007 molecule. Focus groups are currently underway to evaluate the enhanced therapeutic efficacy and performance of this combined treatment.
3. In our **acne prevention pipeline**, we are developing a novel topical approach designed to prevent acne breakouts by reducing sebum production and preventing clogged pores. Our leading candidate molecules are currently in the final laboratory validation phase.

Before I hand it over to Lindsay, I want to reiterate our view on this moment in time.

We continue to be bullish on the structural dynamics of our industry. Beauty is a large category with attractive secular characteristics. Consumers continue to migrate online and towards high efficacy products. We believe incumbents are at a disadvantage to meet this demand while we are set up well to gain share.

We are working tirelessly to get back to our historically strong position.

As a company we have navigated algorithmic adjustments by our ad partners in the past with success. We are hopeful based on the improvements we see today that we will resolve this dislocation and get back to our long track record of consistent strong growth at attractive profitability. We see no reason that we couldn't solve what we believe is a technical problem as we have in the past.

With that I will turn it over to Lindsay

Lindsay Drucker Mann, ODDITY Global CFO:

Thanks Oran.

Let's turn to our Q1 results which I will refer to on an adjusted basis. You can find the full reconciliation to GAAP in our press release.

Net revenue declined 26%, slightly less negative than our expectation of an approximate 30% decline.

The decline was driven largely by first orders, which declined by around 50%, driven by the significant reduction in our acquisition efficiency due to the abnormal, higher CPA. Repeat orders declined by 15% mainly attributed to a decline in Q1 first orders and a decline in the portion of our repeat that is more sensitive to acquisition spend.

Repeat sales represented approximately two-thirds of our net revenue this quarter vs. approximately 56% in Q125.

AOV declined low single digits, driven by higher mix of **SpoiledChild** vs. **IL MAKIAGE** and product mix.

Gross margin was 69.7%, compressing approximately 520 bps year-over-year. The compression was driven in part by product mix and lower AOV.

Our remediation activity during the quarter created some temporary noise in the P&L. We ran many tests to try and isolate the technical problem, and this included turning off different tech products, funnel offerings, and testing different TBYB return policies. These changes had temporary negative impact on our Q1 margins.

We delivered adjusted EBITDA of -$7 million. The year-over-year decline reflects the abnormal CPA levels, and our decision to continue spending in order to accelerate a recalibration of the algorithm. Margins were also impacted by operating deleverage from lower revenue, and our continued planned investments in our core growth initiatives.

We are managing costs across the business to offset some of the EBITDA pressure while protecting these forward investments.

Adjusted diluted EPS was negative $0.17.

Q1 free cash flow was negative $21 million driven by the net loss.

We exited the quarter with a slightly elevated inventory position due to the revenue shortfall relative to our purchase plans late last year, and we plan to work through this inventory going forward. We exited the quarter with $667 million of cash, cash equivalents, and investments on our balance sheet. Our $350 million of amended credit facilities — secured in January of 2026 — remain undrawn.

Turning to capital return.

In March of 2026, **ODDITY's** Board of Directors approved a new share buyback program authorizing the repurchase of up to $200 million of the Company's Class A ordinary shares, which replaced and superseded the previously announced $150 million share buyback plan.

ODDITY repurchased approximately 6 million ordinary shares during the quarter for approximately $82 million, reducing ordinary shares outstanding by around 10%. We exited the quarter with approximately $167 million remaining on our authorization.

Turning to our outlook.

Media uncertainty continues to make visibility to full year financials challenging, although we are hopeful we’re moving in the right direction.

We expect adjusted EBITDA for the full year will be positive.

We hope to deliver a clearer picture of other key P&L items in coming months.

For the second quarter, we expect net revenue to decline between 25 and 30% year-over-year.

And we expect Adjusted EBITDA will be between $8 and $10 million, impacted by higher CPA and de-leverage on our reduced revenue.

A few things to keep in mind for your models:

- We continue to spend acquisition dollars despite higher CPA, in order to feed the algorithms the signals needed to reset and normalize.
- In addition, the reduced user acquisition activity in the first half will continue to weigh on repeat sales for the remainder of the year, even as CPAs normalize.

With that I will hand it back to the operator for questions.