ODDITY 2Q 2026 Earnings Call Prepared Remarks

September 9, 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:

Thank you everyone for joining our call today.

While we continue to work through the ad account dislocation at **IL MAKIAGE**, I am pleased to report progress in our business that hopefully positions us for recovery in 2027 and beyond.

SpoiledChild had a good quarter and strong YTD 2026 overall, and is on track to grow at least 35% this year and approach $350 million of net revenue in 2026.

METHODIQ is showing great promise after launching only several months ago. We expect the brand to deliver first year revenue ahead of **SpoiledChild's** first year, and with huge potential for the future.

Both **SpoiledChild** and **METHODIQ** are building ambitious plans for 2027, and we will update you in coming months.

For **IL MAKIAGE**, we continue to work extremely hard with our main ad partner to solve the algorithm dislocation and remain hopeful that we are on a path to normalization.

We work day and night to solve the algorithm dislocation and we continue to believe, based on data we see, that it is technical in nature, solvable, and has nothing to do with brand runway.

Big picture, we remain bullish on **ODDITY's** future despite our recent customer acquisition cost challenges. We are working tirelessly to strengthen our business, move past the dislocation, and return to playing offense in what we see as one of the most attractive markets in the world.

Beauty and wellness has long been a large, resilient, and highly profitable growth market. We see the category in an exciting period of transformation today, with consumer demand for channel and product creating major shifts. Putting the current technical problem we face aside, we believe we are positioning our business to win in this moment and lead the next phase of growth.

With over 70 million users on our direct-to-consumer platform, we believe we have a clearer view than others of where demand is and how to best serve the customer.

Consumers are smarter than ever before, they have more information ready at their fingertips and they demand more from their products. More efficacy, more personalization.

The appetite for beauty and medicine is converging as a result. Consumers want real solutions to their pain points, from the inside out. They are taking control into their own hands. A lot of that is happening online, outside of traditional channels like a store or a medical office.

ODDITY's portfolio of trusted brands today is built to serve the consumer across a full range of needs, spanning categories and product types. From beauty to wellness to medical grade. From cosmetics to OTC to prescription products.

The goal is to reduce friction and deliver an unmatched experience, best in class products, and precise treatment protocols that truly solve consumer pain points.

Let's look at hyperpigmentation as an example of how our integrated platform works, and how we are building a moat with vision technology, personalized treatment regimens, and **ODDITY Labs**.

Hyperpigmentation is a big success story for **METHODIQ**, showing high customer satisfaction and retention signals, which is the best indicator for us that we are onto something great.

Our plans for this market began with **ODDITY's** user data, which showed us how much demand our users had for addressing dark spots and uneven skin tone, and also how unhappy they were with the current solutions.

With this insight, we made a deliberate push into hyperpigmentation to deliver something better.

We built a one-of-a-kind user experience at **METHODIQ**. It includes a computer vision assessment that identifies dark spots on the skin. The relevant data and analysis are then passed to a **METHODIQ** provider who issues a personalized treatment plan aimed at maximizing efficacy and minimizing side effects. It might be prescription or non-prescription or both, and can involve sequencing different products across several months to optimize for the best outcome.

The entire experience is designed to mimic and improve upon a high touch experience at a doctor's office, but with incredible convenience.

One of **METHODIQ's** hyperpigmentation hero products is Melanex 509, powered by ODDL1007, **ODDITY Labs'** patented molecule combination. It targets visible discoloration of the skin, with reduced side effects. This is just the beginning of what we think **ODDITY Labs** can do in hyperpigmentation. We have additional molecules in development and we are making good progress finding new pathways that we believe will help us to tackle hyperpigmentation from multiple angles at once.

This is just one example of how **ODDITY's** integrated platform is meeting unmet demand, and we are just at the beginning.

The strong start for **METHODIQ** has increased our conviction in the medical grade space. We are acquiring a more determined customer with attractive LTVs and good cross-sell characteristics. Acquisition costs are higher as compared to makeup, but we believe the AOV, retention and as a result the expected paybacks justify the cost.

Consumers are increasingly comfortable getting medical care online, and looking to brands like **METHODIQ** for innovation and upgraded offerings to meet their needs.

We are positioning **METHODIQ** to be a leader in this backdrop and launching new categories and products across 2027. This will build on our infrastructure of prescriptions and pharmacy fulfillment to better serve our existing customers and also reach new audiences. The opportunity set is large and we are moving quickly. We will plan to have more updates on this expansion in coming months.

Turning to **SpoiledChild**

We launched **SpoiledChild** around 4.5 years ago as a multi-category wellness brand. It has scaled faster than our expectations, and on track to approach $350 million of net revenue in 2026, which will put it more than a year ahead of the time it took **IL MAKIAGE** to hit that milestone.

SpoiledChild continues to deliver very strong customer cohort metrics like AOV and repeat at scale. 12-month net revenue repeat rates for the brand are well in excess of 100% today.

As we said in prior calls, we believe **SpoiledChild** is being impacted by the algorithm dislocation issues **IL MAKIAGE** is facing, but to a lesser degree, and this has allowed us to continue scaling the brand. We are hopeful that as we work through acquisition cost challenges with **IL MAKIAGE**, we will then be able to deliver efficiencies also for **SpoiledChild**.

The strong consumer metrics we see in **SpoiledChild** give us confidence in the brand's future potential. We plan to continue to invest in the base direct-to-consumer business, while adding new growth levers in 2027.

Moving on to **IL MAKIAGE**, where we continue to work on resolving our account dislocation with our largest advertising partner, and returning to normalized audience and CPA.

We continue to work very closely with this partner to fix the problem, and while we are not there yet, every day that passes is helping us get to fixing the issue. We and the ad partner are in intensive testing mode and those tests are very important for solving the algorithm dislocation.

Looking ahead on an **ODDITY** level, we are hopeful the worst is behind us:

- As our guidance indicates, we have seen sequential improvement in the rate of year over year revenue declines at **ODDITY** and we expect Q3 net revenue will decline approximately 5% year over year.
- While **ODDITY's** revenue declines were severely impacted by the algorithm dislocation, we are seeing relatively stable trends in other parts of our business that are less correlated with acquisition spend.
- We continue to work hard on other advertising channels as well

Our goal for 2027 is for **IL MAKIAGE** to return to growth. We have an amazing pipeline of new products ready to support the brand once acquisition costs recover.

We will continue to work 24/7 until this technical problem is fixed. We remain hopeful that the amount of resources and time we spend on it will lead to resolution like any other big problem we faced since I started the business 14 years ago.

Full power, non stop hard work until fixing the problem. No other way.

With that I will hand it over to Lindsay.

Lindsay Drucker Mann, ODDITY Global CFO:

Thanks Oran.

Let's turn to our Q2 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 25% versus the prior year to $181 million, at the favorable end of our guidance for net revenue to decline between 25 and 30%.

The decline was driven by a year-over-year reduction in sales of **IL MAKIAGE**, which continues to be adversely impacted by a dislocation in its ad account with its largest advertising partner.

This dislocation continues to impact **IL MAKIAGE's** ability to reach the right audience and is driving sharply higher CPA.

It is impacting acquisition revenue, most notably in first orders, but also in the portion of repeat orders that are sensitive to acquisition spend, for example, existing customers that see an ad and are motivated to buy again.

We are also now seeing the compounding impact of lost repeat sales that would have naturally flowed through from customers making first order purchases early in the year.

Specifically, **ODDITY** net revenue from first orders declined approximately 40% in the second quarter versus the prior year driven by **IL MAKIAGE**.

Net revenue from repeat orders declined approximately 20% in the quarter from the prior year period.

AOV declined by approximately 8% in the second quarter versus the prior year, largely driven by a decline in **IL MAKIAGE** AOV.

- The decline in **IL MAKIAGE** AOV was driven by the above-mentioned reduction in first orders, which carry higher AOV than repeat.
- It was additionally impacted by product mix shift away from **IL MAKIAGE SKIN**.

Gross margin was 68.7% in the quarter compared to 72.3% in the prior year. Gross margin compressed approximately 360 bps year-over-year, driven in part by the decline in AOV.

We delivered adjusted EBITDA of $13 million, ahead of our outlook for adjusted EBITDA of $8 to $10 million. The year-over-year decline versus the prior year was largely driven by the **IL MAKIAGE** account dislocation, which has two primary impacts on our P&L.

- First, significantly higher CPA versus the prior year.
- Second, the decline in revenue and resulting de-leverage on our fixed costs.

EBITDA was also negatively impacted by our decision to ramp acquisition spend for **SpoiledChild** in support of faster revenue growth, where our upfront investment supports attractive 12-month contribution margins.

On operating expense, as discussed on prior calls, our approach is to balance sustained growth investments with finding cost efficiencies to support the bottom-line. This has translated into continued investments in areas like **ODDITY Labs** and our technology infrastructure, with some greater filtering and prioritization around projects where we see nearer-term payback potential.

We remain bullish about the potential for **ODDITY Labs** to provide real differentiation in product efficacy and experience with many applications in our portfolio, and the hyperpigmentation example from Oran is just one area. We also continue to invest in areas like aging, where our molecules have shown early in-vitro promise in increasing collagen synthesis and reducing aging markers.

Moving down the P&L adjusted diluted earnings per share was $0.20 for the quarter.

Free cash flow increased $14 million in the quarter and decreased by $8 million in the first half of the year.

Our inventory investments year-to-date include purchase commitments made last year in anticipation of much stronger revenue results for **IL MAKIAGE**, as well as inventory purchased to support growth in **SpoiledChild** and **METHODIQ**. **IL MAKIAGE** continues to work through excess inventory and we plan to be in better balance in 2027.

We exited the quarter in a strong liquidity position with $561 million of cash, cash equivalents, and investments on our balance sheet. Our $350 million in credit facilities remain undrawn.

During the quarter we continued to act on what we believe is an attractive price for our shares. We repurchased 5.6 million shares in the period for $80 million. This brings our year-to-date total repurchase amount to 11.7 million shares for $163 million, which reduced our ordinary shares outstanding by approximately 20%.

Approximately $87 million remains outstanding on our $200 million buyback authorization.

Separately, in March, 857 thousand shares were removed from our public float through Oran Holtzman's open market purchases.

In June, we repurchased $50 million face value of our zero coupon June 2030 exchangeable notes at a discounted price of $35 million.

We will continue to be opportunistic in managing our capital structure in order to drive shareholder value.

Turning to our outlook.

For the third quarter,

We expect net revenues to decline approximately 5% year over year, a meaningful sequential improvement versus the first half as we believe the worst of the acquisition-driven revenue pressure is behind us.

We expect adjusted EBITDA to be between $18 and $20 million.

For the full year,

We expect net revenue to decline approximately 19% year over year driven by the decline in net revenue in the first half.

And we expect adjusted EBITDA will be between $30 and $32 million.

And with that I will turn the call back to the operator for questions.