ODDITY 3Q 2026 Earnings Call Prepared Remarks

November 11, 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; new product, brand and category launches and related regulatory developments; 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. Unless otherwise stated, references to revenue refer to net revenue.

I will now hand the call over to Oran.

Oran Holtzman, ODDITY Co-Founder and CEO:

Thanks everyone for joining our call today.

ODDITY continues to make progress stabilizing our business and positioning for growth in 2027.

Third quarter financial results exceeded the top end of our guidance on revenue and adjusted EBITDA. Revenue pressure improved significantly from the first half. We are raising our revenue and adjusted EBITDA outlook for 2026.

SpoiledChild had an excellent Q3 and is on track to grow at least 35% for the year, approaching $350 million of revenue. A huge milestone for a brand that launched less than 5 years ago, and we believe it has a lot of runway ahead.

METHODIQ is off to a strong start and is on track to beat SpoiledChild's first-year revenue. We have exciting expansion plans for 2027, including new products and categories that we believe can be meaningful growth drivers.

And we made progress at IL MAKIAGE, and we remain hopeful that we are on a path to normalization.

Taking a step back, our long-term ambitions for ODDITY have not changed. Our goal is to build one of the biggest beauty and wellness companies in the world. We have a strong foundation for it, starting with our direct relationship with 70 million users, which allows us to identify big demand opportunities and scale into them fast.

We have continued investing in growth drivers like ODDITY Labs, new brands, and technology. And we built out new muscles to expand our scope. In the past 5 years we transformed from a single brand into three brands and soon four, and from the beauty category we added skincare, haircare, and dermatology. Next year we will plan to add longevity, metabolic health, and more we have not yet announced.

Turning to our third quarter results.

Starting with SpoiledChild, which grew strong double digits in the third quarter and continued the trend into the fourth quarter. As I said, it is on track to grow at least 35% for the year.

The success of SpoiledChild is a proof point of the ODDITY platform. Countless other beauty companies tried and failed to add new brands organically, or scale into new categories without M&A.

We did it with SpoiledChild in less than 5 years, leveraging our user base, our technology, and our brand scaling machine.

It's a repeatable playbook that we believe gets better with time, and we are running it again with METHODIQ, with Brand 4, and beyond.

More to come for SpoiledChild, with strong momentum exiting 2026, excellent repeat rates, and an exciting product lineup for 2027.

Moving on to METHODIQ, which is off to a strong start in its first year since launch.

Our success so far, including high customer satisfaction and retention rates, combined with powerful secular trends in the medical grade space, makes us bullish on METHODIQ's potential.

Our plan is to expand into more medical grade products and categories across 2027, where we see large addressable markets with meaningful demand.

As a first step into longevity and metabolic health, we plan to offer prescription injectable therapies, including NAD+, Sermorelin, and others, prescribed by our licensed providers and fulfilled through our US-based licensed pharmacy partners.

From there, we plan to launch 6 additional peptide therapies covered by the enforcement discretion policy published by HHS last month.

We have been preparing for this opportunity for a long time. We spent the last several years building out our infrastructure of online clinical intake, transparent nationwide pharmacy fulfillment, and licensed provider networks, and are now in a strong position to expand from here.

We believe the market potential for peptides and therapies across longevity, metabolic health, recovery, and cognitive function is highly attractive, and METHODIQ is well positioned to win. With ODDITY's platform and financial muscle, METHODIQ's success in dermatology RX, and the provider networks, pharmacy infrastructure, and supply chain already in place, we believe we can build a leading offering.

This is just the beginning of METHODIQ. More categories and products to come.

Moving to IL MAKIAGE.

We continue to work extremely hard with our largest advertising partner to solve the algorithm dislocation.

And while we are not there yet, we remain very hopeful that due to the substantial resources this ad partner is allocating to fix it, combined with our 24/7 efforts, we will be successful.

Turning to ODDITY Labs.

Three years ago, we founded our frontier biotech lab in Boston to bring capabilities like artificial intelligence and digital biology – the same tools that pharma uses for drug discovery – into beauty and wellness, and do it at high scale.

With hard work and investment, we have built a strong machine and a pipeline of proprietary molecules that we believe can deliver groundbreaking solutions for consumers.

In anti-aging, we are working on molecules that increase collagen, elastin, and NAD+ in the skin. We believe the early reads from in-vitro and ex-vivo testing, and from focus groups are really promising.

We also have projects in hair growth, and we continue to build on our success in hyperpigmentation, acne, and eczema.

Looking to the future, our focus is on returning ODDITY to growth in 2027, including growth for IL MAKIAGE.

The industry backdrop remains attractive, with large, profitable, and secularly growing markets that we believe are ripe for disruption. And we continue to be bullish on our strategic focus areas, including the consumer shift online and a demand for high efficacy products.

The success of both SpoiledChild and METHODIQ shows the power of our platform, with 3 distinct brands today, each with potential to achieve $1 billion in revenue.

On the product side, our slate of launches planned for 2027 across all brands is the most exciting we've ever had.

Brand 4 is planned to be ready for launch in 2027, with more details on timing as we get closer.

Lastly, we are continuing to explore new distribution where it makes sense. I'll share more when it's relevant.

With that I will hand it over to Lindsay.

Lindsay Drucker Mann, ODDITY Global CFO:

Thanks Oran.

Let's turn to our Q3 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 2% versus the prior year to $145 million. This is better than our outlook for net revenue to decline approximately 5%, and a substantial sequential improvement from the 25% net revenue decline we reported in the second quarter.

This sequential improvement was driven in part by the improved trend in repeat orders, which stabilized in the third quarter versus the prior year.

More than 80% of ODDITY net revenue in the third quarter was from repeat sales, representing a large majority of our revenue base in the period.

First order net revenue declined by approximately high-teens year over year. IL MAKIAGE first order revenue declined sharply due to the ongoing impact of the ad account

dislocation with its largest advertising partner. This was partially offset by increased first order revenue at SpoiledChild and at METHODIQ.

AOV declined approximately mid-single digits during the third quarter. The AOV reduction was driven in part by mix.

SpoiledChild revenue increased strong double digits during the quarter versus the prior year. METHODIQ revenue continues to build sequentially. The brand is on track to beat SpoiledChild's first year revenue performance.

Gross margin was 67.4% in the quarter compared to 71.6% in the prior year. The compression versus the prior year was driven in part by the decline in AOV.

We delivered adjusted EBITDA of $22 million, ahead of our outlook for adjusted EBITDA of $18 to $20 million. The decline versus the prior year was driven in part by the IL MAKIAGE account dislocation.

We continue to be disciplined on operating expenses while maintaining investment in critical growth areas like ODDITY Labs, METHODIQ, Brand 4, and our tech infrastructure. We believe these growth investments will be drivers of value creation for us in the future.

Moving down the P&L, adjusted diluted earnings per share was $0.37 for the quarter compared to $0.40 in the prior year, on a diluted share count approximately 23% lower year-over-year following our share repurchases.

Free cash flow was $10 million in the quarter, bringing free cash flow for the first nine months of the year to approximately $3 million.

Inventory ended the quarter at $158 million. As we discussed last quarter, IL MAKIAGE continues to work through excess inventory from purchase commitments made in anticipation of stronger revenue, and we plan to be in better inventory balance in 2027. We also continue to invest in inventory to support growth at SpoiledChild and at METHODIQ.

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 remains undrawn.

Turning to capital return. In the first 9 months of the year, we repurchased 11.7 million shares for $163 million, which reduced our ordinary shares outstanding by approximately 20% year to date. Approximately $86 million remains outstanding on our $200 million buyback authorization.

Approximately $550 million of our zero coupon 2030 exchangeable notes remain outstanding following the $50 million of face value we repurchased in June.

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

Turning to our full year outlook.

We are raising our guidance for full year net revenue and now expect a decline of approximately 18.5%.

And we are raising our guidance for full year adjusted EBITDA to be between $32 and $34 million.

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