

Olaplex Holdings, Inc.
Second Quarter 2025 Earnings Results
August 7, 2025

Operator

Greetings, and welcome to the Olaplex Holdings, Inc. Second Quarter 2025 Earnings Results Conference Call. At this time, all participants are in listen-only mode. A question-and-answer session will follow the formal presentation. If anyone should require operator assistance, please press Star zero on your telephone keypad. As a reminder, this conference is being recorded.

It is now my pleasure to introduce Michael Oriolo, Vice President of Investor Relations. Please go ahead.

Michael Oriolo

Good morning, everyone. Welcome to our Second-Quarter Fiscal 2025 Earnings Call. Joining me today are Amanda Baldwin, Chief Executive Officer, and Catherine Dunleavy, Chief Operating Officer and Chief Financial Officer.

Before we start, I would like to remind you that management will make certain statements today, which are forward-looking, including statements about the outlook for the Olaplex business and other matters referenced in the company's earnings release issued today. Each forward-looking statement is subject to risks and uncertainties that could cause actual results to differ materially from those projected or implied by such statements. Additional information regarding these factors appears under the heading Cautionary Note Regarding Forward-Looking Statements in the company's earnings release and the filings the company makes with the Securities and Exchange Commission that are available at www.sec.gov and on the Investor Relations section of the company's website at ir.olaplex.com. The forward-looking statements on this call speak only as of the original date of this call, and we undertake no obligation to update or revise any of these statements.

Also, during this call, management will discuss certain non-GAAP financial measures, which management believes can be useful in evaluating the company's performance. The presentation of non-GAAP financial measures should not be considered in isolation or as a substitute for results prepared in accordance with GAAP. You will find additional information regarding these non-GAAP financial measures and a reconciliation of these non-GAAP financial measures to the most directly comparable GAAP measures in the company's earnings release.

A live broadcast of this call is also available on the Investor Relations section of the company's website at ir.olaplex.com. Additionally, during this call, management will refer to certain data points, estimates, and forecasts that are based on industry publications or other publicly available information, as well as our internal sources. The company has not independently

verified the accuracy or completeness of the data contained in these industry publications and other publicly available information. Furthermore, this information involves assumptions and limitations, and you are cautioned not to give undue weight to these estimates.

For today's call, Amanda will start by providing highlights of our second quarter performance and discuss the progress we have made on our strategic areas of focus. Then Catherine will discuss our financial results and outlook. Following this, we will turn the call over to the operator to conduct the question-and-answer session.

With that, I will now turn the call over to Amanda.

Amanda Baldwin

Good morning, everyone. Thank you, Mike, and welcome to the Olaplex team. Mike brings over 15 years of investor relations and financial services experience, including leadership roles at Shake Shack and multiple years covering the consumer sector as both a public market and private equity investor. I look forward to you all getting to meet him as he partners with myself and the rest of the Olaplex team at this pivotal time in our ongoing transformation.

We're pleased to share our second-quarter results that marked continued progress in our transformation journey. As I have said consistently since day one of joining Olaplex, it remains important to recognize that the transformations are rarely linear, especially those that are as broad as ours, touching all parts of our organization and business model. We are encouraged by the signs of progress year-to-date, and we also recognize that there remains more work ahead as we balance improving the business in the immediate term with simultaneously positioning Olaplex for sustainable long-term success.

Through our team's tireless execution of our Bonds and Beyond strategy, we delivered a solid first half of the year and are encouraged by our progress. As we enter into the second half of 2025, we remain focused on delivering the results we guided to at the outset of the year and further laying the foundation for our ongoing transformation.

Before diving into our strategic progress, here is a summary of our second-quarter results. Net sales of \$106.3 million, up 2.3% year-over-year, with adjusted EBITDA of \$24.6 million, a margin of 23.1%.

Turning to our performance by channel. In Professional, we are seeing early traction from our Pro First efforts driven largely by our U.S. business. Specialty retail sales were down in the quarter. However, our sell-through at key retailers improved sequentially versus first-quarter levels as we are beginning to see the benefits from our marketing investments. Direct-to-consumer led our performance with sales rising low double digits, aided by a favorable response to our upgraded olaplex.com site and strategy to consolidate promotions into key tentpole moments.

Now, let me discuss the execution of our strategy and an update on our progress year-to-date. As a reminder, we have three strategic priorities for 2025. First, generate brand demand, second, harness innovation and third, execute with excellence. First, generate brand demand. Year-to-date, we have invested \$45.4 million in non-payroll sales and marketing, an increase of approximately \$14.6 million over the same period last year, while still generating strong 24.7% adjusted EBITDA margin. In the second quarter, we were Number 1 in EMV across prestige hair care and are pleased this investment is driving improvement in sell-through and other leading indicators of long-term brand health.

Generating demand requires building a brand and a marketing engine, which we view as being implemented in three stages: first, building the brand baseline, second, creating a brand platform, and third, building an ongoing content engine. We began 2025 by building the brand baseline, making fundamental changes in how Olaplex shows up for professionals and for consumers, representing a new more elevated, emotionally resonant, and Pro First visual identity while still maintaining our scientific core. In late February, we unveiled this new look in the U.S., featuring a revamped website designed to elevate storytelling, education, and commerce. We also rolled out a refreshed in-store visual merchandising at key retail and Pro partners, launched a revitalized social media strategy, and enhanced our presence at professional trade shows, upgraded boost designs and engagements. Our new brand identity has now been rolled out across most of our markets, with plans to be completed across the entire globe by the end of the year.

In April, we moved to the brand platform stage of our development with the launch of Designed to Defy. This new platform captures both our history and our future with a philosophy of innovation, creativity, and confidence. We launched with a storytelling vignette featuring our ambassadors and their clients across full funnel media, including out-of-home, connected TV, social, and experiential activation with our Bond House immersive pop-up experience. KPIs were positive with increased share of voice, social mentions up 35%, social impressions up 140% and improvement in Google search volume.

Building on this effort, beginning in June, we launched our Endless Summer Endless Possibilities campaign, which focused on our top-selling Olaplex #6 and #7 products, both of which are key staples to fight the frizz and create the shine and sheen prevalent in summertime hair across the globe. We connected the campaign with a high visibility cultural moment through our Olaplex Summer Soiree, bringing together Olaplex global brand ambassador and celebrity stylist, Tracey Cunningham, and real-life best friends from hit TV show, The White Lotus, Leslie Bibb and Michelle Monaghan, who showcased the Olaplex product line they use to maintain healthy hair during extensive filming in Thailand.

The Soiree generated over 1 billion impressions and secured coverage across more than 14 stories, including two national broadcast segments. Importantly, the Summer Soiree was launched with a more full-funnel content engine focused on personalized digital content at scale in an effort to bring these products to life for the everyday consumer.

As we move into the second half of the year, we'll focus on the third phase of brand building: developing a consistent digital-first content engine. This will support both the transformational and scientific storytelling behind our core, as well as our new product launches. Underlying each step of brand building we have achieved thus far in 2025 is our focus on honoring and empowering the pro as the start of the flywheel of our business.

In the first quarter of 2025, we were joined by a new Head of Education and have since built out the team and added to our talent, as well as split our education and sales functions to allow more focus and the creation of clear, measurable KPIs. We also updated our education materials in line with our Design to Defy branding and simplified copy and usage instructions. These important changes have allowed us to start to implement an essential part of our strategy, which I have been discussing since very early on, explaining and getting credit for the power of our science.

In addition to the reset of our education program, we also launched a new market blitz strategy so that our team can reconnect directly with the pro in Olaplex-dedicated environments. We started in three initial cities: Portland, Oregon, Fort Lauderdale, Florida, and Edmonton, Canada, our first ever event showcasing the Olaplex brand in Canada. At these ticketed events, we host upwards of 100 guests from top salons in the region, providing education from our Olaplex ambassadors with a focus on the transformational qualities that our brand and products can have for their clients and their business overall. Following these events, our sales and education teams connect with the attendees to discuss the full breadth of our Olaplex offering. While early, we are pleased by what we've seen in these initial markets and expect to expand this strategy to other regions throughout the remainder of 2025 and into 2026 and beyond.

We have also enhanced our presence at key trade shows, including America's Beauty Show in Chicago in May and Premiere Orlando in June, where we held multiple days of classroom education with headliners and participated on the main stage through a partnership with one of our key retailers. At Premiere, we're proud to also celebrate the success of Vernon François, one of our Olaplex ambassadors, who was awarded the prestigious North American Hair Styling Award for texture. We also began to make investments in Pro internationally. As with our partners, we attended key trade shows such as Top Hair in Germany in March and Hair Australia in June, with nearly 30,000 visitors across the two shows. We expect to attend shows in additional markets in the second half of 2025.

According to our ongoing internal surveys, pros are excited by the programs we are creating to become a more trusted partner. This gives us confidence in our strategy and the ultimate potential for this important channel.

Moving on to our second priority, harness innovation. Over the last year, we have built an innovation team and cross-functional processes that we believe set the stage for a robust and

consistent forward-looking pipeline with a cohesive launch calendar. Our long-term goal is to have two to three strategic product launches annually, each supported by strong consumer education, stylist engagement, and omnichannel marketing activation.

To provide context on the progress we've already made, during the first half of 2025, we accelerated our new product development efforts, and we launched three new innovations compared to only one in the first half of 2024.

In late February, we launched our scalp longevity treatment, which marked our entry into one of the fastest-growing niches in premium hair care. In May, we launched Number 4 and 5 FINE, used customized formulations designed to optimize the hair health of those consumers who have fine hair. According to Circana, on both dollar and unit sales, Olaplex Number 5 FINE Bond Maintenance conditioner and Olaplex Number 4 FINE Bond Maintenance shampoo were the Number 1 and Number 2 hair launches of 2025 in the prestige beauty space. While still early post-launch, we've seen sequential improvement in sell-through in wash care overall.

In the back half, we just recently launched our Pro-exclusive scalp service. As we have discussed, scalp is an important vertical for innovation as it sets the critical foundation for long-term hair health, as one of the fastest-growing categories in premium hair care. While overall, this category is in the early stages, the launch is strategically important as we focus on the pro and our journey from damage repair to overall hair health. This is an express service product designed to drive stylist revenue efficiently.

We also plan to launch additional innovation across all channels this fall. As we look beyond 2025, we are excited about the pipeline we are building, focusing on developing breakthrough innovations and capturing new consumers and categories. With fewer than 30 SKUs in our current lineup, we remain confident that we have substantial white space for expansion.

Lastly, our third strategic priority, execute with excellence, which is primarily focused on two core areas: streamlining and modernizing our business processes and executing a globally aligned go-to-market strategy.

First, streamlining and modernizing our business processes. To achieve a best-in-class business, we must first hire the right people in the right positions. Building upon the strategic hires we already made in 2024, in 2025, we've added new talent across education, data and marketing analytics, finance, creative, and sales. We are also working diligently to improve our internal processes and tools. In the second quarter, we stood up our AI-supported demand planning tool and added new data science capabilities.

We are still in the testing phase, but we are excited about the ultimate unlock these tools can provide our teams and businesses overall. We are also enhancing visibility across the organization as we launched a dynamic sales dashboard to better track sales and sell-through, which we can then use to change strategic direction as necessary.

Second, executing a globally aligned go-to-market strategy. We remain in the process of shifting our international strategy from a one-size-fits-all model to a tiered approach that balances direct investment with strong local partnerships. The Olaplex brand continues to resonate across the globe, garnering strong interest from distributors, retailers, pros, and consumers. Our strategy is aimed at how we harness that baseline to get at future growth.

To properly manage these complex unique relationships across the globe, it is vital that we strategically set up our international business for success. To that end, we opened an office in London during the quarter and now reorganizing our international team by geographies and key accounts. We are also implementing similar process changes that have been successful in our North American business, including cohesive go-to-market strategy, joint business planning, regular measurement of KPIs, and implementing new tools, including a self-serve portal for our distributor partners.

A systematic market-by-market reset of distribution networks is ongoing. We've completed our evaluation stage, are now executing a tiered approach that prioritizes investments to meet the unique characteristics of each market.

Our international strategy follows a three-tiered approach. First, partner-led priority markets. In select sizable markets, we're establishing partnerships with strong omnichannel distributors. These markets receive dedicated support from our team, including talent and resources to ensure long-term success. Second, direct investment markets. In our top priority markets where we already have strong professional and retail presence, we're taking a more hands-on approach. We plan to directly manage key aspects of the business, invest in areas such as marketing and education. Third, light-touch partner markets. In markets where dynamics make direct involvement less effective, we work with partners through a lighter touch model. We expect this tiered approach will allow us to focus our investments on the countries that we believe offer the greatest growth potential while providing the tools and direction needed for our brand and business execution to be consistent around the world.

In summary, we delivered a solid first half of the year, and we remain on track to deliver our 2025 guidance as we continue to implement our Bonds & Beyond strategy. We know transformation takes time, and we still have a lot of work to do to reach our ultimate potential, but I am pleased with our progress.

With that, I'll turn it over to Catherine to walk through more of our second quarter and year-to-date results and the outlook for the remainder of the year.

Catherine Dunleavy

Thank you, Amanda, and good morning, everyone. We are proud of our team's execution this quarter, yet we remain clear that we are still in the midst of executing our transformational strategy and that much of the work to unlock long-term growth is still ahead of us. Second

quarter net sales were \$106.3 million, a 2.3% increase year-over-year. Growth in direct-to-consumer and strong results in our professional channel helped offset expected declines in our specialty retail channel.

Growth was led by the U.S., where we are further along in our transformation. Net sales continued to benefit from our focus on driving profitable sales and managing discounts. Given the significant transformation underway and the potential variability in quarterly net sales metrics, we believe looking at year-to-date results is helpful to understand the progress made in our transformation. Accordingly, I will review both our second quarter and year-to-date performance, which shows net sales flat through the first half of the year.

By channel, Professional grew 12.1% year-over-year in the quarter to \$37.4 million, with net sales approximately flat year-to-date. Year-to-date strength was led by North America and tailwinds from our management of promotions. In June, we implemented our Blitz strategy and are looking forward to expanding this program in the back half of 2025. Within international, we are starting to implement initiatives that have been well received in North America. Specialty retail declined 16.7% year-over-year in the quarter to \$30.4 million, with net sales down approximately 3% year-to-date.

Sell-through improved slightly in the second quarter versus the first quarter. It is important to note that we believe inventory levels at our key customers are in healthy position. Direct-to-consumer grew 12.8% year-over-year to \$38.5 million in the quarter and is up approximately 4% in the first half of 2025. Our performance was aided by our strategy to prioritize storytelling and education on our website while focusing marketing and promotions around key moments such as our Friends and Family event, which took place in the second quarter.

Year-to-date by region. U.S. net sales are up low single digits, and international sales are down low single digits as we continue to undergo our transformation. It is important to put our year-to-date net sales results in context. We are still in the midst of transformation, and approximately flat sales represents a notable improvement compared to the net sales decline seen in the fiscal years of 2023 of down 35% and of 2024, down 8%. We believe that this indicates our strategy and investments are beginning to have impact.

Adjusted gross profit margin for the quarter was 73.2% and 72.6% year-to-date, down 50 basis points year-to-date from the prior year, as lower margin on innovation that has not yet reached full production scale or margin efficiency was partially offset by results of our improved promotion experience.

Adjusted SG&A was \$54.3 million for the quarter and \$98.7 million year-to-date, an increase of \$18.9 million year-over-year. This increase is aligned with our strategic priorities and primarily reflects investment in sales and marketing, which increased \$9.8 million year-over-year in the quarter and approximately \$14.6 million year-to-date. We view our marketing investment as dynamic, adjusting spend based on real-time performance insights and continuously optimizing

across investment type and channels. This test-and-learn mindset is part of a broader transformation across the organization. Improvements in our people, processes, and tools have enhanced visibility into key metrics, accelerated decision-making, and enabled more strategic resource allocations, not just in marketing, but across the business. With more integrated business planning, we're now able to shift resources more effectively, and that agility is starting to show in our financial results.

Adjusted EBITDA was \$24.6 million for the quarter and \$50.2 million year-to-date, representing a 24.7% margin year-to-date. This compares to 33.3% margin year-to-date a year ago, largely reflecting the strategic investments in marketing and people we are making to position our business for sustainable long-term growth.

Turning to a review of cash flow and the balance sheet. We generated positive cash flow in the quarter, reflecting the power of our asset-light business model even as we invest for growth. We ended the quarter with cash and cash equivalents of \$289.3 million and debt of \$351.9 million. Inventory was \$78.3 million, down approximately \$22 million from \$100.2 million in Q2 of fiscal 2024. We feel good about the composition and content of our inventory in both our warehouses and at our key retail partners and continue to carefully manage stock levels in support of new product launches and refreshed merchandising.

As Amanda noted, we are maintaining our full-year 2025 guidance, which reflects our performance in the first half of the year and acknowledgment that our trends are improving, albeit at a slow pace.

We expect net sales in the range of minus 3% to plus 2% versus fiscal year 2024, adjusted gross margin between 70.5% and 71.5% and adjusted EBITDA margins of 20% to 22%. This guidance assumes no material impact from tariffs, as we believe we are minimally exposed, although the trade environment remains fluid.

And while we plan our business on an annual basis and provide guidance accordingly, we currently expect second-half net sales dollars to be more weighted towards the fourth quarter. We're actively working to best align the flow of our product and timing of key initiatives with customer needs and have developed a more structured cadence of our campaigns and innovation calendar.

For the second half of 2025, there are several notable factors which will impact net sales. First, in DTC, we expect third-quarter headwinds following large sales events in the second quarter of 2025. In specialty retail, we expect the percentage of holiday shipments to be more split between the third and fourth quarters versus concentrated in the third quarter of 2024. In Pro, we expect fourth quarter to benefit from the participation in Black Friday, Cyber Monday events after not participating in 2024. Lastly, we expect the fourth quarter to benefit from pipe sell-in of 2026 innovation in anticipation of launch early next year.

As a result, third-quarter net sales are expected to decline high single digits year-over-year, offset by strong high single-digit net sales growth in the fourth quarter. We are encouraged by our year-to-date results while remaining clear-eyed that we are in the midst of a significant transformation. We're confident that the changes underway are the right ones to position Olaplex for long-term success. Yet in a period of meaningful change, we acknowledge that the precise timing of impact across professional channel, consumer behavior, and ultimately, sales can be difficult to predict. We remain focused on driving sustainable improvements aimed at laying a strong foundation for the future while delivering on the commitments we set at the beginning of the year.

Olaplex is an iconic global brand, generating healthy EBITDA margins and strong cash flow. Due to execution of our Bonds & Beyond strategy, we believe we are positioning the company to grow successfully over the long term as a leader in foundational health and beauty.

Operator, we're now ready to take questions.

Operator

Thank you. Ladies and gentlemen, if you would like to ask a question, please press Star 1 on your telephone keypad, and a confirmation tone will indicate your line is in the question queue. You may press Star 2 if you would like to remove your question from the queue. For participants using speaker equipment, it may be necessary to pickup your handset before pressing the Star keys. We also ask that each analyst limit themselves to one question and one follow-up, and then re-queue for any additional questions. Thank you. One moment please while we poll for questions.

And the first question comes from the line of Susan Anderson with Canaccord Genuity. Please proceed.

Susan Anderson

Hi, good morning. Thanks for taking my questions. I guess for third quarter, just a follow-up there on the sales. I guess, are you expecting most of the decline in specialty retailer in the specialty retail channel, just given the shift in sell-in to be more even between third and fourth quarter?

Catherine Dunleavy

Hi. Thanks for the question. Nice to hear your voice. Let me just talk about the third and the fourth quarter dynamics in a little bit more detail across. When you think about the third and fourth quarter, there are just natural ebbs and flows on a quarterly basis, especially as we're in the midst of the transformation. And we really are planning our business annually versus managing for any single quarter as we work to deliver what our customer needs and wants.

And so broadly speaking, we are intentionally working to establish a more consistent and demand-driven cadence of launches and events. As we apply these learnings, the timing of the

commercial activity has shifted a bit, resulting in lighter third quarter and greater concentration of sales in the fourth quarter. And while this does create some variability in year-over-year comparisons, it better reflects the meeting customer demands and us building, quite frankly, a more effective go-to-market model over time.

So, I went through earlier what are the drivers, but I can list them a little bit again, which is DTC, second quarter, we had some events, third quarter, that's going to have some headwinds. In specialty retail, we expect the percentage of holiday shipments to be better split between the third and the fourth quarter, versus being more concentrated in the third quarter of 2024. When you think about in specialty retail, what happened last year is we are pretty broken in the fourth quarter in some of our big partners. And so, we've worked together to split out that flow. And so, more of that is actually going into the fourth quarter. And then on Pro, we expect the fourth quarter, as I said, to benefit from Black Friday, Cyber Monday events. I'll stop there.

Susan Anderson

Okay, great. That was really helpful. Thanks for all the additional details. And then I guess maybe just one follow-up question just on the promotional environment. I guess, what you saw in the quarter? And then how are you thinking it kind of pans out for the back half and into holiday? You talked about participating now in the Pro channel. I guess, are you expecting that to be up in the back half year-over-year? Thanks.

Amanda Baldwin

Good morning, Susan. So basically, I think we've talked about this a couple of times as we've looked at the business overall, and how do we think about promotions more strategically. It's been an initiative that Catherine and I have undertaken over the course of the last year and really thinking about promotions are certainly an important part of how to drive sales in our category but we want to really focus on those events that are what we call key tentpole moments, whether those are things like our own friends and family event on our direct-to-consumer or Black Friday, Cyber Monday or specific retailer events and really make sure that we're concentrating our efforts around those moments versus having what I'll call more of a day in, day out point of view before I joined.

So, that's certainly a shift, and that impacts how the quarterly flows. And we did think that it was important to participate in Black Friday, Cyber Monday for our pro as a part of just supporting the pro. At the end of the day, it's really making sure that they have access to what the consumer does as well. So, it's not an intention to be more promotional, but it's really more to be more strategic about how we're being promotional.

Susan Anderson

Okay, great. That's really helpful. Thanks so much. Good luck the rest of the year.

Amanda Baldwin

Thank you.

Catherine Dunleavy

Thank you.

Operator

The next question comes from the line of Olivia Tong with Raymond James. Please proceed.

Lillian Moffett

Good morning. This is Lillian on for Olivia. I'm wondering if you can share some of your key learnings so far from your refreshed marketing. And just as a follow-up, as we look to the second half, can you give any color on the cadence of SG&A spend and whether it's relatively balanced between the quarters or if it follows the same timing shift between Q3 and Q4?

Amanda Baldwin

Sure. I'm happy to talk a little bit more about marketing, which has obviously been a significant part of our strategy coming into this year and really something that we are approximately about four, five months in, if you really think about when we started to really operate in the way that I look forward to continuing to operate in this business. And it is a three-stage process, and I think we've had incredibly strong response to each stage of the process, but we're still mid-build, I think, is really the way to think about this.

So, Phase 1 was what we were talking about in terms of setting the brand baseline. That's always a big and exciting bet that one makes when you're taking a brand and you're really looking at the visual identity and updating it for the future. We've heard tremendously positive feedback on that from -- I think we mentioned in last quarter's call from our retail partners. And then you get to be out there and see the consumer response, which has been really enthusiastic. And I think the best way that I've been able to articulate is people who know and love the brand say it looks like Olaplex and what it deserves to be.

The second piece was the Designed to Defy platform, which launched in April. And that's really the way to think about that and translate the marketing strategy, is this is the broader purpose that our brand needs to live up to and really ties together the way in which we go to market. So, you have the visual identity, and then you have the ways in which we're taking that and bringing it to life. That is also a first for this brand. And those are the metrics that I was referring to earlier on the call in terms of some of the really positive responses to the initial launch of that, and really what we're able to showcase for our brand.

The third phase, I would say we're still in mid-build. We did some great work around the Summer Soiree and really building a full funnel content engine, and there'll be a lot more to come as we get into the second half. And that's really, really critical to our growth across different channels. And the way to think about that when we speak about that language is really not just the upper funnel, not just how the brand looks, but every single touch point and

connecting every single dot in the case of the pro for them, and in the case of the consumer education is a very important part of that.

We talked on the call today about some of our initiatives there. So, it's really about getting that full flywheel going. So, a lot more to come with that. And in my experience, one gets better and better every single launch, every single quarter, and that's really what we'll be focused on. If we remember, Katie, our CMO, she just hit her 1-year anniversary. So, I think we've made tremendous progress and the talented organization that she's building to support that effort.

Operator

The next question comes from the line of Rob Ottenstein with Evercore ISI. Please proceed.

Robert Ottenstein

Great. Thank you very much. You've touched on this a little bit, but I was wondering if you could go into more detail on the relative and I'm stressing the relative weakness in the retail channel, perhaps touching on shelf space and positioning trends, display. In the past, you had had some in-store sort of sales help at one point or another. And also, perhaps touching on channel cannibalization. Thank you.

Amanda Baldwin

Yes. Happy to talk about that. I think as we mentioned earlier on the call, I think looking at the year-to-date results is probably the most indicative of where we are in that specialty retail was down 3%, and we are seeing sequential improvement in our sell-through in our key retail partners. So, we feel good about the progress there. We actually -- we don't talk about specific shelf space, but if you were to walk into a Sephora, walk into an Ulta, you would see new merchandising. You'd see the brand often in secondary exposure in places where it makes sense.

So, we -- really, it's been one of the most important efforts to make sure that we have really strong relationships with our critical partners in retail. I work on those personally. Our Chief Revenue Officer, Michelle, who joined in December, spends a lot of time with those partners, and we feel really great about those relationships.

Operator

The next question comes from the line of Ashley Helgans with Jefferies. Please proceed.

Sydney Wagner

Hi. This is Sydney on for Ashley. Just wondering, can you talk a little bit more about what you're seeing in the salon channel in terms of stylist sentiment and kind of the health of that channel for stylists as well? And then a recent company report called out seeing kind of a trend of lower maintenance, more natural hair color looks. Are you seeing that? And kind of when we do have those trend cycles, how does that affect your business? Thank you.

Amanda Baldwin

Happy to take that one. I think as we've been talking about this channel really since I joined, I think we have reflected upon a channel that it has shifted post-COVID and how it operates, that there -- as you mentioned, there are certainly different ways in which women are coloring their hair. And you're right, there is certainly less frequency in the needs in some of the styles. They also wear them longer. That does impact the frequency at which the consumer is visiting the salon and does put pressure on that channel. I think it's the reason that we really believe in things like our Pro scalp treatment and curl bond shaping treatment, is really bringing other reasons for someone to come to the stylist.

So, it's an important thing in which we even talk about within these blitzes is like, "How do we support those businesses?" So, for us, a strong pro is certainly something that we believe in, and I think there remains a lot of opportunity in that channel. But it's certainly one where you're right, there are some shifting dynamics, but we certainly believe that we can work within them.

Operator

The next question comes from the line of Kate Grafstein with Barclays. Please proceed.

Kate Grafstein

Thanks. I was wondering if you can talk about your performance in the professional channel in the U.S. versus international? And if the professional channel outside of the U.S. has inflected positive, we were wondering what's driving that? Thank you.

Amanda Baldwin

We don't break out geography within different channels, but I'm happy to talk to you a little bit more about what's happening in our international business, as we talked about today on the call, because it certainly is a significant portion of our business. I think we see similar trends, and I've personally visited nearly every single one. I've got a few more to go this fall of our largest markets to really get on the ground and make sure that I really understand what's happening within the channels. And I would say what I've seen is a lot of consistency in some of the things that we've reflected on in terms of where the pro is in their own business, where the retail business is, where Olaplex is as a player within those channels. So, I think that's really great news for us because that means that the strategies that we're implementing here in North America really should be able to translate.

And so, all of our work around international is about setting ourselves up in order to be able to take those learnings and execute them across the globe. So, that's really where I would want us to sort of point our focus in terms of how we're talking about the international business. And we certainly have gone from the plan it to the execute on it phase there, too. That's in the beginning there. And as we talked about, this year really overall being a year that's focused on moving from planning into execution. We're getting to some of those markets in international,

and we're starting to be able to execute our strategies there. And certainly, are still early days and a lot more to come, and we'll keep you posted as that unfolds.

Catherine Dunleavy

Yes. I'll just add on a little bit that internationally, it is important to look at it year-to-date, which we're down a bit, and we're working to build sustainable revenues across all the regions and our channels. If you look at the second quarter international growth, there's just natural ebbs and flows on a quarterly basis as we're in the middle of transformation. So that's, again, why we're cautiously pointing everybody towards the year-to-date trends. And when you think about, like, all the work that Amanda is referencing, whether it be in pro or specialty retail, what does it look like? We are renegotiating contracts one by one, ensuring our partners are really set up for success for the long term, right beside us. And just timing is not 100% controllable. It depends on when things come due, and finding the right partners and more, and that is the same in all channels. So, just a little more color on what Amanda said.

Operator

The next question comes from the line of Jonna Kim with TD Cowen. Please proceed.

Jonna Kim

Thank you for taking my question. As you continue to focus on transforming the brand, how are you thinking about the marketing spend level, especially in the second half, as you contrast that with the first half? And any changes in your marketing campaign or spend around the holiday season this year? Would love to get additional color around there. Thank you so much.

Amanda Baldwin

Yes. So, I can speak to it strategically. And I think we've certainly referenced this along the way that we are learning a lot every single day about what we believe is the appropriate level of marketing spend for the business. I think we feel good about where we are now and our plans going into the second half. The second half is for us, is an important half.

One of the things I've always thought is impressive about this business is that holiday is an important part of our business. I think it shows a lot about the brand that it plays well during that time period. It's also a very -- it's a great part of the business for the pro when you think about the business that's driven in salons during that period. So, we feel, again, very excited about what's coming up this fall and both our innovation as well as our holiday plans and the progress that we've made in our marketing engine that we were talking about before, we'll continue to make that throughout the second half of the year and quite frankly, all the way into the future.

Catherine Dunleavy

Yes. And I would just add that your question was specific to marketing. But as we think through what are all the investments that we're making that are leading us to reasserting our EBITDA

margin guidance for the year, our investments are aligned around the three priorities that Amanda went through earlier: generate demand, harness innovation, and execute with excellence. And our investment in marketing is the largest, and not only marketing that's tied to short-term sales, but it's building on the base of which our strategy is aligned for the future. So, we are relaunching the brand, and that's a long-term ROI.

And then on top of that, we layer on innovation, where we're investing there to strengthen our innovation pipeline, not just for this year but for the future. And all that is enabled by investing in new teams and ways of working, which we would expect to see leverage over time. So, we see the ultimate potential in all of our investment strategies coming together, and we're encouraged by the progress so far.

Jonna Kim

All right. Thank you.

Operator

And the next question comes from the line of Shovana Chowdhury with JPMorgan. Please proceed.

Shovana Chowdhury

Hi. Thanks for taking our question. I just wanted to quickly ask on your international sales inflected in the quarter, and thanks for providing all the details earlier. But can you shed some light on the progress you've made so far in the distributor rationalization process in markets outside the U.S.? And another question, on the tariff front, you reiterated that there's no material impact this year. But then again, you also said earlier that one of the mitigating levers is pricing on products that has the least elastic impact. Can you tell us when this pricing is expected to go in? And also, how is this pricing or selective pricing increase juxtaposed against your schedule of promotional events in the back half? Thank you.

Amanda Baldwin

Yes. Let me try and touch on a couple of those. I think as we iterated on the international business, we have moved out of planning mode into execution mode. And so, we're starting those processes, but that's sort of the detail that I'd share at this point. With respect to tariffs, I think we spoke about this on the first call that given where our product is manufactured, which is primarily in the United States, we don't see that as a large issue. So, I'm not sure I know the pricing reference that you're making in the question.

Catherine Dunleavy

But it's one of the things that we could do if we --

Amanda Baldwin

We could do, yes.

Catherine Dunleavy

-- if we needed it. But as Amanda said, 95% of our finished goods that are sold in the U.S are manufactured in the U.S. So, we have, as a North America company, have very limited exposure. As we see the events today, it's a fluid environment.

Operator

Thank you. There are no further questions at this time. And I'd like to turn the call back to Amanda Baldwin for closing remarks.

Amanda Baldwin

Just wanted to say thank you to everyone for joining us this morning, and we wish everyone a great day.

Operator

This concludes today's conference. You may disconnect your lines at this time. Enjoy the rest of your day.