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SharkNinja, Inc. (SN)

Q2 2025 Earnings Call

CORPORATE PARTICIPANTS

James Lamb

Senior Vice President-Investor Relations & Treasury, SharkNinja, Inc.

Patraic Reagan

Chief Financial Officer, SharkNinja, Inc.

Mark Adam Barrocas

Chief Executive Officer & Director, SharkNinja, Inc.

OTHER PARTICIPANTS

Brooke Roach

Analyst, Goldman Sachs & Co. LLC

Alexander Perry

Analyst, BofA Securities

Randal J. Konik

Analyst, Jefferies LLC

Steven Forbes

Analyst, Guggenheim Securities LLC

MANAGEMENT DISCUSSION SECTION

Operator: Good morning and thank you, all, for attending the SharkNinja's Second Quarter 2025 Earnings Call. My name is Rica and I will be your moderator today. All lines will be muted during the presentation portion of the call with an opportunity for questions and answers at the end. [Operator Instructions] Thank you.

I would now like to pass the conference over to your host, James Lamb, Senior Vice President of Investor Relations and Treasury. Thank you. You may proceed, James.

James Lamb

Senior Vice President-Investor Relations & Treasury, SharkNinja, Inc.

Good morning and welcome to SharkNinja's second quarter 2025 earnings conference call. Earlier today, we issued our Q2 earnings release, which is available on the company's website at ir.sharkninja.com. A replay of today's webcast will also be available on the site shortly after the call.

Before we begin, let me remind you that today's discussion will include forward-looking statements based on our current perspective of the business environment. These statements involve risks and uncertainties, and actual results may differ materially. For more details, please refer to our earnings release and the company's most recent SEC filings, which outline factors that could impact these statements. The company assumes no obligation to update or revise forward-looking statements in the future.

Additionally, during the call, we will reference non-GAAP financial measures which we believe provide valuable insight into the underlying growth trends of our business. You can find a full reconciliation of these measures to their most directly comparable GAAP measures in the earnings release.

Joining me today are Chief Executive Officer, Mark Barrocas; and Chief Financial Officer, Patraic Reagan. Mark will start by providing a business update, followed by Patraic, who will review our Q2 financial results and share

our outlook for 2025. Mark will then offer some closing remarks before we open the call to questions. During the Q&A session, please limit yourself to one question and one follow-up.

I would now like to turn the call over to Mark.

Mark Adam Barrocas

Chief Executive Officer & Director, SharkNinja, Inc.

Thank you, James. Good morning, everyone, and thank you for joining us today. Our second quarter results exemplify SharkNinja at its best, executing on our differentiated growth strategy even amid unprecedented global challenges. We believe we've built a durable business model that can deliver demonstrable success in all operating environments. This quarter reinforces the power of creating disruptive and innovative products, supporting them with world-class marketing and demand generation, leveraging our diversified global supply chain, and executing our omnichannel strategy to benefit our consumers, retail partners, employees and shareholders.

We did what we said we would do, and our efforts produced another outstanding quarter of results. Net sales growth of nearly 16% year-over-year, higher gross margins compared to the year ago period, and adjusted EBITDA growth of approximately 33% year-over-year. Importantly, we also followed through on the expense discipline we committed to with operating expenses as a percentage of net sales, decreasing by more than 200 basis points compared to the prior-year quarter. How did we achieve these results in such a challenging environment? Let's take a look at the underlying drivers of our strength, starting with the consumer.

Put simply, we're seeing strong demand for SharkNinja products globally. Our steadfast focus on solving consumer problems with innovative five-star products is resonating worldwide. Year-over-year, net sales growth was up nearly 14% domestically, and our international segment accelerated to over 20% growth year-over-year, compared to roughly 14% year-over-year in the first quarter. This momentum reflects broad strength across our diversified portfolio of categories and geographies. Consumers are demonstrating a healthy appetite for spending on products, offering differentiated performance and value, that's synonymous with SharkNinja.

We have a trusted relationship with consumers, one that we hold sacred. This trust grows as we drive towards an extraordinary value proposition, no matter what is changing around us. In the second quarter, we hit the challenges of global tariffs head on in multiple ways. Supplier concessions, limited discounting activity, and strategic pricing actions are all tools we utilized in a balanced way.

Our targeted price changes to date have resulted in minimal, if any, demand degradation. We don't take price increases lightly and we're constantly trying creative approaches and testing to measure their impact. SharkNinja is deeply committed to ensuring the trust we've earned is durable. We do this by solving consumer problems, both known and undiscovered. We do this by innovating and relentlessly delivering value. These core principles allow us to continue to grow and take market share even when the markets we serve are under pressure.

In the first half of 2025, our data indicates the end markets we participate in globally declined in the low-single-digit range year-over-year when excluding SharkNinja's performance. Our relative strength is significant and positions us to play offense. This is a theme I will return to later. Our reputation with consumers is the result of how we differentiate ourselves as a company. At SharkNinja, problem solving is in our DNA.

The second quarter introduced unprecedented global supply challenges but we did what SharkNinja does with any problem. We attacked it from all angles, mobilized the strategy, and navigated our way to success. We view this capability as a foundational competitive advantage, particularly given the significant scale and complexity of

our global operations. While there are tariffs dynamics at play everywhere we source products, we believe it's becoming clear that China will be subject to a higher rate than most other manufacturing centers in Southeast Asia.

That's why it's so important to be diversified in other countries, another area where we feel we have an industry-leading optionality. I'm pleased to confirm that we have now achieved our goal of enabling approximately 90% of our US volume to be produced outside of China. And we remain on track to get to nearly 100% by the end of the year. This is a major milestone for SharkNinja and a significant competitive advantage.

The depth of investment in our supplier network is another edge. We spent multiple years and considerable resources developing independent sub supplier and component vendors to support the expansion of our Tier 1 partners across Southeast Asia.

I will now turn to our three-pillar growth strategy. Starting with our first pillar, expanding into new and adjacent categories. Before I get into some of the exciting highlights from the second quarter, I want to remind everyone of three important elements that differentiate SharkNinja in new product development.

The first is the scope of our ambition. Our mission statement is to positively impact people's lives every day in every home around the world. This means we're always on the hunt for problems to solve and ways to delight the consumer. In turn, this mindset empowers SharkNinja to enter two new categories every year, while simultaneously introducing 25 ground up new products over the same period.

The second factor is the rigor of our process. We recognize the broad strength of our innovation engine that allows us to enter new categories but it's not easy to do. We're constantly planting seeds, some of which will propel us into a new category quickly and some that might take time. The process to enter a new category is challenging and not linear. There is lots of criteria, decisions and multiple-stage gates at every step. We've spent years developing this approach as a key enabler of consistently driving innovation. Like everything else at SharkNinja, there's always room for improvement. We'll continue to refine and reinvent our process as we evolve.

The third key differentiator is the size of our pipeline. We intentionally sequence new product introductions to maximize impact and success. For example, we're in 37 different categories in the US, but in fast growing countries like France and Germany, that number is only roughly 10 today. As a result, our global geographies have multiple years of structural growth, simply by continuing to introduce our already successful products in new categories within these markets.

As we continue to add to our innovation pipeline, where we're already deep into developing 2026 launches, we constantly build for the long-term. Back to Q2 specifically, we saw tremendous strength across newer categories. Our Ninja SLUSHi remains a viral sensation. We earned 1.3 billion impressions globally, up from over a billion impressions last quarter, and so robust performance across geographies.

Our Ninja Luxe Café business continues its sizeable contribution to growth as we establish ourselves as a disruptive player within the espresso category. We launched our Lux Café Pro series in the second quarter with enhanced automation and versatility features to easily create even more beverage options.

Taking a step back, SLUSHi and Luxe Café are great examples of how we're transforming products into franchises. When we have a viral hit, we don't rest on our laurels because we realize that we need to continue to deliver an even better product the following year.

Over time, we've proven that SharkNinja's success comes from building large, durable franchises. To do this, we have to create an assortment of products across price points, feature sets, sizes, and do it globally. If we're successful, we'll capture additional new customers while keeping existing customers satisfied. This is important to keep in mind when we discuss new categories that eventually transition into existing categories.

Our fan business performed incredibly well during the quarter across key products like the FlexBreeze Go, an indoor/outdoor misting fan; and the recently introduced TurboBlade that's gone viral on social media. Fans offer a great example of how SharkNinja completely rethinks categories that are, in this case, more than a century-old. We want you to take fans with you outdoors. We want you to sleep better with fans. We want fans to convert from pedestal to portable with ease. And we show consumers how to benefit from all these use cases using social media with tremendous success.

Other companies may look at fans and decide it's a break fix, no growth category. At SharkNinja leaning into a novel approach has turned into big growth and another proof point on building sustainable franchises. We introduced the Shark FlexBreeze last year and followed that up with multiple new products in 2025, all with stronger marketing support and broader channel reach.

Turning to Beauty, momentum continues to build globally for Shark CryoGlow. The product is launched in the US, UK, and LatAm markets, with availability in Continental Europe starting this month. CryoGlow enables at-home access to high-quality skincare treatments, a market that we think can be huge. This is a prime example of the differentiated thinking we pursue with SharkNinja, and it's only the beginning. We aspire to establish Shark Beauty as the runaway leader in beauty technology, an enormous whitespace opportunity, we're seizing at full speed.

We plan to introduce several significant and disruptive new products in hair and skincare before year-end, with an exciting pipeline for 2026 and beyond. Beauty is an incredibly attractive market that naturally aligns with our recipe for success. Huge demand for innovation and prestige products, visual storytelling and social media interest, the potential for high margins and more.

Let's turn to our second growth pillar, growing share in existing categories. The foundation of SharkNinja's success is a healthy base business that delivers strong average selling prices, healthy gross margins and marketing efficiencies. In Q2, the story is about breadth and consistency across all four of our category groupings Cleaning, Cooking, Food Prep and Beauty and Home Environment, we drove market share gains.

A great example is cleaning, where multiple existing product lines contributed to sizable outperformance relative to the industry at large, including our cordless vacuums, robotics and carpet extraction products. The ability to scale and reinvent existing categories is vital to how SharkNinja builds and maintains big businesses.

The success of Ninja CRISPi reflects the power of this concept within the air fryer category. Our leading position in this market presents a new challenge to solve, figuring out how to grow even bigger. This is where SharkNinja shines. The portable glass system CRISPi revolutionizes air fryer cooking. With this innovation, we're capturing new consumers into the market and even seeing existing consumers retiring their legacy air fryers to upgrade.

Excitement for this product is a global phenomenon. CRISPi first launched in the US with great success and we've just introduced it into the UK with France and Germany next in line. By design, we don't expect to achieve full reach until year-end. And then we've got a big roadmap of innovation lined up to follow. Along the way, we're building a strong intellectual property moat around CRISPi while we're collecting valuable consumer feedback to power the next wave of new products.

Market share gains within existing categories do not happen by accident. Our ability to gain share comes from disruptive products like CRISPi, but also the halo effect from our unstoppable innovation and marketing engines throughout the business. Across our direct-to-consumer sites, we see more repeat buying behavior and more cross-brand shopping than ever before. The strength of our core product categories is a fundamental cornerstone of how we pursue durable success. Nearly 20 of the 25 new products per year come with an existing category to support the core business, and we'll never stop driving innovation, as this base grows larger.

Our third pillar is international where we're seeing significant whitespace for years to come. We experienced growth across all our international geographies in Q2, with continued strong trends in Europe, including France, Benelux and Central Europe. Importantly, our UK business also returned to form more quickly than expected with traction across a wide range of products. SLUSHi, CREAMi, Luxe Café, blenders, robots, fans, CryoGlow and more. In fact, sales momentum in the UK strengthened throughout the quarter.

This result shows the power of our diversified business model. Despite an approximately 25% year-over-year decline in air fryers, the largest category in the UK, our net sales in this geography still grew in the second quarter. The more we expand our portfolio of products and geographies, the more the power of diversification drives success. This is evident in places like France and Germany, where we're running the same playbook. We're further penetrating the market in these countries with a broader selection of products. We anticipate a big holiday selling season in 2025 in both France and Germany, that can drive additional momentum heading into next year.

As our other international geographies keeps scaling rapidly, we'll continue evolving from distributor-led to direct models. The next geographies we have targeted include Benelux, Poland and the Nordics, with conversions happening over the coming quarters. Our goal is to execute more transitions in 2026 as another lever to drive strong international growth. There's a lot of growth potential ahead of us in Continental Europe.

We're equally excited about our opportunity in Latin America. Our Mexico business successfully transitioned to a direct model in Q1 with shipments accelerating throughout Q2. We expect to see further strength in the second half of 2025 and we're building our teams to support growth. In fact, even as we continue using distributors in other Latin America countries, we're adding our own boots on the ground in areas like marketing and social media. These investments help SharkNinja build connections with local consumers directly as we learn about their insights and needs.

Our three-pillar growth strategy is the cornerstone of how we intend to deliver sustainable, top-line success. And it all stems from our outrageously extraordinary mindset. At SharkNinja, we're obsessed with winning. It's what drives our relentless innovation engine, breakthrough social media campaigns, agile and differentiated supply chain, and deep relationships with retailers. We play to win big and cannot be more excited to be fully on offense in the second half of 2025 to drive momentum heading into 2026 and beyond.

This enthusiasm is reflected in our updated outlook, where we're once again raising our net sales and adjusted EBITDA growth ranges for FY 2025. Patraic will provide more details, but allow me to underscore how excited we are to attack growth opportunities by leveraging every advantage we have. Momentum across both brands, a robust new product pipeline, healthy inventory availability, and increasing interest from retail partners globally.

We will also take advantage of the lessons we're learning, related to pricing actions and promotional activity, as we continue to experiment thoughtfully with both in the second half of the year. Taken individually, these attributes are meaningful. Taken together, we feel strongly about the degree of our competitive edge as we ever have.

When it comes to our brand aspirations, SharkNinja's dreaming bigger and acting bolder. In Q2, we broke new ground as a key sponsor featured in the Apple Original Film F1: The Movie from Warner Bros. Pictures. With a focus on precision engineering and elite performance, the F1 audience is a perfect fit for SharkNinja. We saw tremendous consumer activation throughout multiple marketing events associated with the movie.

F1: The Movie also marks an important evolution in our branding strategy, as we build consumer awareness of the combined Shark and Ninja brands. We intend to take an even bigger step in this direction with the upcoming relaunch of our direct-to-consumer site at sharkninja.com, powered by the Salesforce e-commerce platform. We're on track to go live in North America in Q4 and expect to follow suit with international DTC sites in Q1 of 2026.

The more we demonstrate how our unique culture and innovation strategy drives success, the more outside recognition we receive. In the second quarter, we were deeply honored to be named to Time Magazine's list of Time100 Most Influential Companies for 2025. It's a true privilege to be part of this elite list of disruptive companies and a major validation of how our relentless focus on solving consumer problems is resonating.

To wrap up, this quarter demonstrates the power of our proven operating model and competitive moat. Even with all the distractions and challenges around us, SharkNinja is winning because we're problem solvers at our core. This skill set extends from our products and consumer focus to our business strategy and execution. Going forward, we believe we're poised to outperform our competitors from a position of strength.

Even as we focus on delivering 2025, we're building a strong foundation for the future. SharkNinja's making a concerted investment into our world-class team to enhance our ability to scale and globalize the business. The level of talent we're adding to the organization is profound and deliberate. I would like to thank all SharkNinja team members for their unwavering dedication to our success.

And now, Patraic will walk you through our second quarter financial and updated 2025 outlook.

Patraic Reagan

Chief Financial Officer, SharkNinja, Inc.

Thank you, Mark, and good morning, everyone. I'm excited to speak with you today about our outstanding Q2 results and increased outlook for 2025. SharkNinja is a product innovation powerhouse that thrives on solving problems, whether it's consumer need or a business challenge. Inherently, we believe that makes us an enormously resilient company. Resiliency is one of the key themes that we have discussed today as we operate within a significant and sometimes unprecedented and unclear set of challenges.

This applies to how our products are resonating with consumers and how our global teams are executing across our innovation and growth initiatives. Our results this quarter also demonstrate the resiliency of our business model, which has adapted to the ever-changing macro backdrop and continues to deliver strong growth and profitability. While the environment may remain turbulent, we are increasingly confident in our ability to navigate through, all while pursuing our growth agenda.

Now let's review the quarter. Net sales in Q2 increased 15.7% year-over-year to \$1.4 billion. Adjusted EBITDA increased at more than twice the rate of net sales growth or 33% to \$223 million. Adjusted EBITDA margin also improved to 15.5%, up 210 basis points year-over-year. Strong top line growth, higher gross margins and disciplined management of our operating expenses all contributed to the robust performance in the quarter. We are pleased with these results and our overall execution in the first half of 2025, despite significant challenges.

As we mentioned last quarter, moments like these present SharkNinja with an opportunity to do what we do best, rallying together and taking quick actions to solve problems.

Turning to our geographical results. Domestic net sales increased roughly 14% year-over-year and our international net sales reaccelerated to more than 20% year-over-year. As previously communicated, our Mexico business successfully transitioned from distributor-led to a direct model in Q1, and I'm happy to report that results are right on track.

Our acceleration in EMEA continues with strong growth in countries like France, Germany, Belgium, the Netherlands and more. As Mark mentioned, we continue to believe we are in the early innings of our expansion in both existing and new countries, and this gives us great confidence in our future within Europe and beyond.

Looking at performance by category. Net sales in the Cleaning category increased 8% year-over-year to \$501 million from \$466 million in the prior year period. Our robotics and extraction businesses were standouts in the quarter, offset slightly by corded vacuums. Our family of Shark StainStriker products in extraction and our PowerDetect franchise across both robots and cordless led the way.

Net sales in Food Preparation category increased 53% year-over-year to \$405 million, compared to \$265 million. This strong growth was driven by the continued viral success of our SLUSHi frozen drink maker, as well as our CREAMi ice cream platform. Put simply, consumers around the globe want their frozen treats and they are turning to our ninja products in a big way.

Net sales in the cooking and beverage category decreased 4% year-over-year to \$366 million, compared to \$379 million. Continued global momentum of the Ninja Luxe Café Espresso business was offset by our air fryer and outdoor grill subcategories, mostly related to lapping a strong second quarter of 2024.

Finally, our Beauty and Home Environment category increased 25% year-over-year to \$173 million, compared to \$138 million, primarily driven by continued strength of our air purifiers and fans like the Shark FlexBreeze and Shark TurboBlade, as well as momentum behind our Shark CryoGlow skincare product.

Now let's move to gross profit. In the second quarter, adjusted gross profit increased 16% year-over-year to \$714 million or 49.4% of net sales. Adjusted gross margin increased approximately 30 basis points year-over-year with cost optimization and favorability on pricing and promotional activity, partially offset by the impact of tariffs with mix being a secondary offset in the quarter.

With our ever-expanding product and category offering focused on solving consumer problems, SharkNinja continues to prioritize investment across our growth driving engines of R&D, product innovation, sales and marketing, geographic expansion, and supply chain diversification. The power of our sales growth and profitability profile enable us to reinvest purposefully in these areas while also working to drive down operating expenses as a percent to net sales.

We achieved OpEx leverage in the quarter, consistent with our focus on cost discipline and remain confident we will see leverage for the full year. Research and development expenses were roughly flat year-over-year at \$89 million compared to \$90 million in the year-ago period. We continue to invest aggressively in key talent, as you've seen from recent announcements, to support our growth initiatives and new product development while driving efficiencies by incurring lower professional and consulting fees. Sales and marketing expenses increased 18% year-over-year to \$358 million compared to \$303 million in the year-ago period.

As with previous quarters, this increase was driven primarily by our strategic investment in advertising and personnel to support our new product rollouts and expansion into new markets, as well as higher delivery and distribution costs from increased order volumes.

Within D2C, we are seeing greater efficiency in our distribution expenses, driven by warehouse consolidation and favorable outbound and transfer freight negotiations in North America. General and administrative expenses decreased 11% year-over-year to \$92 million, compared to \$104 million in the year-ago period. This decrease was driven primarily by reduction in legal, professional and consulting fees compared to the prior year.

Our GAAP effective tax rate was 22.8% in Q2, while our non-GAAP effective tax rate was 23.2%. Adjusted net income for the second quarter was \$138 million or \$0.97 per diluted share, compared to \$100 million or \$0.71 per diluted share in the year-ago period. And as mentioned, adjusted EBITDA for the quarter increased by 33% year-over-year to \$223 million, or 15.5% of net sales compared to \$168 million or 13.4% of net sales in the prior year.

Turning to the balance sheet and cash flow. The size and profile of our balance sheet is a critical strength for SharkNinja as we grow internationally and exercise flexibility on inventory purchases. We continue to pre-build inventory based on evolving tariff policies, but to a lesser degree with the dollar amount in the second quarter, less than half of what we added in the first quarter.

At the end of the second quarter, cash and cash equivalents totaled \$188 million, up 36% year-over-year, with total debt outstanding of \$759 million. We also have nearly \$490 million of capacity available to us on our \$500 million revolving credit facility. Total inventories reached \$1.1 billion exiting the quarter, up 25% year-over-year as we continue to invest behind our growth initiatives globally.

Let's move to our updated outlook for 2025. As we discussed last quarter, our internal teams continue to model a wide range of macro and policy scenarios as an ongoing part of our tariff mitigation strategy. All three major components of this plan, how we source, how we sell, and operating expense management are contributing and poised to deliver more savings as we put our strategy into operation.

Relative to when we spoke on our last earnings call in May, we feel there is better clarity on the tariff outlook for our business. As a result, we have incrementally higher confidence in the rigor of our analysis and how this is reflected in our guidance ranges.

Our revised outlook assumes tariffs remain where they are today, including 30% for China, 20% for Vietnam, and 19% for Indonesia, Thailand, Malaysia and Cambodia. Our guidance ranges incorporate these tariff assumptions and our mitigation efforts to offset, including the incremental headwind from tariff rates in our Southeast Asia footprint, moving higher compared to the 10% rates we assumed in our guidance update in May. It's important to note that the impact of tariffs will be more weighted towards the second half of the year, based on the phasing of when the higher costs fully impact P&L.

With the above context in mind, let's review our updated outlook. For the full year 2025, we now expect net sales to increase between 13% and 15% compared to our prior guidance of an 11% to 13% increase. Adjusted net income per diluted share is now expected to be in the range of \$5 to \$5.10 compared to \$4.90 to \$5 previously. Adjusted EBITDA is now expected to be in the range of \$1.1 billion to \$1.12 billion, representing growth of 16% to 18% year-over-year compared to \$1.09 billion to \$1.11 billion, representing growth of 15% to 17% year-over-year.

Net interest expense is still expected to be flat to 2024, and our GAAP effective tax rate expectations remain in the range of approximately 24% to 25%. On capital expenditures, the cost control we are applying to our

operating expense extends to our discipline on CapEx. We are reaffirming our previous guidance of \$180 million to \$200 million for the year, but would no longer point you to the higher end of the range.

To close, our performance in Q2 is a credit to the resiliency of our business model and our tenacious execution to deliver on behalf of our consumers, retailers, employees, and shareholders. As we have reinforced several times today, SharkNinja is all about solving problems and remaining resilient. We entered the second half of the year knowing that whatever new challenges come our way, we feel energized and confident in the path ahead.

I would like to join Mark in thanking the entire SharkNinja team worldwide for their tireless efforts and ongoing commitments to our success.

With that, I will hand it back to Mark.

Mark Adam Barrocas

Chief Executive Officer & Director, SharkNinja, Inc.

Thanks, Patraic. We're proud of our Q2 results and incredibly optimistic about the future because of how SharkNinja operates. We took on enormous challenges in the second quarter and did what we always strive to do. Stay agile, act quickly and determine a path to win.

A big part of this is connecting with consumers in a way we feel stands out considerably from the competition. We listen, we innovate, and we deliver disruptive five-star products. And we do this all globally at massive scale, while spanning more than three dozen product categories.

The reality of the current macro and policy environment is that we'll need to stay just as nimble to drive continued success. Accomplishing this at our size requires careful attention, new product introductions, continued supply chain diversification, geographic expansion, and more.

For all of this complexity, our business strategy is actually quite simple. Drive a solid base business franchise, add new and adjacent categories, and replicate our success internationally. This three-pillar growth strategy is powerful, and we're excited to play offense and push SharkNinja forward. Thank you.

This concludes our prepared remarks, and I will now turn it over to the operator to kick off Q&A. Operator?

QUESTION AND ANSWER SECTION

Operator: Thank you, Mark. We will now begin the question-and-answer session. [Operator Instructions] We'll pause here briefly whilst questions are registered. The first question comes from Brooke Roach with Goldman Sachs. Please go ahead.

Brooke Roach

Analyst, Goldman Sachs & Co. LLC

Q

Good morning and thank you for taking our question. Mark, you spoke about being fully on offense in the back half. How are you thinking about what that means for the growth opportunity between US and international?

And then for Patraic, can you help us understand your tariff commentary? How should we be thinking about gross margins for the year and the tariff pressure that you expect in each of the third and fourth quarters on a mitigated basis? Thank you.

Mark Adam Barrocas

Chief Executive Officer & Director, SharkNinja, Inc.

A

Yeah. Thanks, Brooke. So, look, we're excited that we had strong demand in our domestic business, our North America business in the second quarter. And we're continuing to see nice demand from the core domestic business. We've got a lot of new product introductions that are coming over the next 60 days. We've got a lot of strong retailer commitments in the back half of the year. So, we feel good about the domestic business in spite of the market being down.

I mean, when you remove SharkNinja's numbers, the market was down almost mid- to high-single digits in the second quarter. So, we're not seeing a strong market overall, but we're seeing strong consumer demand for our products domestically.

When we look at the international business, we talked about our business in the UK accelerated as we moved out of the second quarter. We're continuing to see those new product launches from last year move into the UK business. So, we're expecting some acceleration from our UK business as we go into the second half of the year.

Germany and France continues to be strong. I've talked about the commitments that we have from retailers in those markets, as we go into the third and fourth quarter. And we're starting to see some great traction. Mexico, we obviously had the transition in the first quarter. We didn't really get up and going until kind of mid-May in the second quarter. But we're seeing really nice POS growth in Mexico. Countries like the Nordics, Benelux, Poland, we're seeing nice POS growth.

So overall we feel like there's kind of balanced growth in the second half of the year, driven by lots of new product introductions in North America and the UK and just continued market penetration in the rest of the world.

Patraic Reagan

Chief Financial Officer, SharkNinja, Inc.

A

Yeah. And then, Brooke, on gross margin and tariff question, so, one, if we go back 90 days ago the biggest variable in in our P&L and outlook for the year was the clarity of tariff assumptions for the balance of the year. And so we took our best guess at that point in time.

And if you'll remember, our assumption was roughly 145% for China. It was roughly 10% for the balance of the Southeast Asia countries. And so we said at the time the thing that we were craving the most in terms of putting together what the balance of our year looks like was clarity. And we now feel like we're getting more clarity in terms of what the tariff rates look like for balance of year.

So, now that we see China at 30%, the Vietnam at 20%, the rest of Southeast Asia, at least for right now, at 19%, as you saw in the prepared remarks that we put forward, we feel like that gives us the clarity that we need to operate. And so that is reflected in terms of what you see relative to our raised guidance for the balance of year on EBITDA.

What I would say is the China rate going from 145% to 30%, that's not a massive economic impact to us because we weren't planning on shipping a lot of product at the 145% rate. But what it does do is it gives us increased flexibility in our supply chain, which gives us the flexibility and balance of year, from a shipment standpoint, if we choose to make certain decisions of product coming out of China. So, I can address that question saying that we feel better than where we did 90 days ago in terms of clarity on tariffs.

Brooke Roach

Analyst, Goldman Sachs & Co. LLC

Q

Great. Thanks so much. I'll pass it on.

Operator: Your next question comes from Randy Konik with Jefferies. Your line is open.

Randal J. Konik

Analyst, Jefferies LLC

Q

Yeah. Thanks a lot. I guess, Mark, I want to key in on the comments made around the talent acquisition. I think you hired at least five key executives over the last few months here since the beginning of the year. What's the approach? Are you adding additional types of capabilities into the organization, added muscle that you didn't have before? I think you said there's less use of external professional services as a result. Just maybe kind of dimensionalize that a little bit more on what these different leaders bring to the table and other capabilities they're going to be adding to the business to help continue to elevate the growth rate of the business over the long-term. Thanks.

Mark Adam Barrocas

Chief Executive Officer & Director, SharkNinja, Inc.

A

Yeah. Randy, I mean, look, we've grown our business so much over the last 24 months and not just in dollars, but in complexity and scale. I mean, we're a much more international business than we were 24 months ago. I mean, we're in more new product categories. I mean our product categories and our products are getting much more complex. I mean, when you think about hires Mike Harris, we're seeing a lot more software and a lot more electronics and mechatronics being driven into our products. We think that's only going to continue to escalate as we move forward on the product development side.

Howard Nuk coming on board. We got to drive a big pipeline of innovation, and we've got a great advanced development team. But we needed kind of strong leadership over that advanced development group reporting to Ross that would be able to keep driving that pipeline. So we're really excited.

I, in fact, just got out of a meeting last night for products for 2027 that I'm just so excited about. Adds like Michelle in the growth area. We've got to deliver significant growth every year, significant organic growth. And so, where is it coming from by product category? Where is it coming from by geography? As we keep expanding into these new markets, there's operational challenges, there's compliance challenges. And so we felt like we really needed to develop this growth group, in a big way.

You've heard me talk about the opening of our New York office that's going to be a real creative epicenter for us. I think that one way of driving demand, obviously, is efficiency in our media. But I think, a big area is continuing to drive better and better content that consumers engage with. And we're not just developing content now in the English-speaking world, we've got to develop it in the Spanish speaking world. We've got to develop it in French. We've got to develop it in German. I mean, we've got to really scale that globally. And so on the creative side, that is an area that we need a lot more sophistication.

And then on the Beauty piece, look, I mean, we're not – we believe beauty tech is a real whitespace area for us to continue to develop in over the next five years. We've got some new hair care products that are coming out in the next 60 days. We've got some new skincare products that are coming out. We think there's other places for us to go in beauty tech. And so we felt like we needed to bring in a much stronger Beauty marketing team to be able to support that growth.

So, look, it's just a natural evolution of the business and how do we stay ahead? And we have this saying that we talk about here internally, which is we want to build unstoppable teams and we want to build teams that you would never want to compete against. And I think in a lot of areas of the business now we're building teams that you would not want to compete against. And so I'm excited about that.

Randal J. Konik

Analyst, Jefferies LLC

Q

Yeah. One last follow up. With the F1 movie and its success and the SharkNinja brand being so apparent. I think it's just the first time you ever kind of marketed the brand together. Does that kind of inform you – or how do you think about changing the way you go to market with media and almost kind of bring the brands together over time? You're doing, I think, on the website and kind of place products next to each other even though they're Shark and Ninja. Just how should we be thinking about how do you kind of do the marketing angle of the business, either same or different over the coming years? Thanks.

Mark Adam Barrocas

Chief Executive Officer & Director, SharkNinja, Inc.

A

Yeah. I mean, let's start with that – the F1 movie was a huge success for us. I think that sometimes you go into these things and you're not sure exactly how it's going to play out. But the awareness that we've gotten, I mean, how consumers have really looked at the car and what Brad Pitt was wearing, and really associated kind of SharkNinja with Formula One. I mean, we have every Formula One team after us right now in terms of how do we engage with them. It just seems like such a natural partnership from a performance and engineering standpoint and things like that.

I would say, Randy, that the next evolution to that is going to be the launch of this website, where the consumer is going to land on a SharkNinja website for the first time in our history where the consumer is going to have access to all of our SharkNinja products. We're going to be able to much more easily cross-sell to consumers. We're going to be able to drive much better loyalty programs across brands. So, I think it's an evolution.

I mean, I think the consumer is starting to recognize that there is this great company behind these two great brands. I think we need to take it in stages. I think the website will give us a lot of great data through the holiday season for us to think through. I think there will be more and more opportunities for us to market the SharkNinja business and not just the Shark or Ninja brands, but it's an evolution. And I think we'll kind of take it as we get more data around it. We'll keep evolving our thinking.

Patraic Reagan

Chief Financial Officer, SharkNinja, Inc.

A

And Randy, just one final point on that. As you brought up the website and Mark talked about it is, one of the reasons we're so excited to kind of co-brand and bring these brands together on the website is, if you think about from a consumer experience right now, the consumer is going to sharkclean and ninjakitchen, two separate websites, to kind of come together. And now, we see just a lot of synergy and a lot of benefit for the consumer coming in through one funnel. So, we're super excited about this as it lands in Q4.

Randal J. Konik

Analyst, Jefferies LLC

Q

Really helpful. Thanks, guys.

Operator: Your next question comes from Alex Perry with Bank of America. Your line is open, Alex.

Alexander Perry

Analyst, BofA Securities

Q

Hi. Thanks for taking my questions here and congrats on a strong quarter. I guess just first, as a follow-up, can you speak about sort of the domestic growth upside in the quarter? I think prior you had been expecting quite a lower growth rate domestically, but it came in materially better. Did the China shipment pause sort of not have as great an effect? And then how should we be thinking about back half domestic growth? Does it accelerate from here? And what are the key drivers? Thanks.

Mark Adam Barrocas

Chief Executive Officer & Director, SharkNinja, Inc.

A

Yeah. Look I think, the China supply chain still had a little bit of impact in the quarter but we really experienced good POS growth. We saw lot of great demands for our products. We actually saw that accelerate as we went through the quarter and into July. So, I think, Alex, that's just really a virtue of strong demand.

Now, in terms of how do we think about the back half, I mean, look, I think we've guided ourselves conservatively in the back half. There obviously continues to be uncertainty, albeit there is, I think a clearer playing field being laid out now as it relates to tariffs and what that tariff landscape is going to look like. But there are going to be some pricing increases in the second half of the year. We obviously want to see how consumers react from a demand perspective around those.

And so, I could tell you that as we look at Q3 right now, we're seeing strong demand continue in Q3 in our domestic business. We've got a lot of new products that we're launching. We will have some delays in some of the new products, as we talked about in our previous call where we're launching some product outside of the US and not in the US this year because of that blip that we had during the China shutdown. But net-net, I think overall, we feel good about the domestic consumer.

Alexander Perry

Analyst, BofA Securities

Q

Really helpful. And just a follow-up. What categories and products do you expect to drive outsized back half growth? What categories do you have sort of more outsized innovation come in? Thank you.

Mark Adam Barrocas

Chief Executive Officer & Director, SharkNinja, Inc.

A

I think for the balance of this year, Alex, I think we have outsized innovation coming in Beauty. And I think you'll see that over the course of the next six to eight weeks with the products that we have coming out in the Beauty space.

I think we have a really innovative product that's going to be launching in the Ninja brand outdoors. It's a new category that we've never been in. I can't say that – we don't plan any of these categories to be a home run, but I think it just, again, puts us in more places outside the home for the consumer. So I'm excited about some of the new categories that are launching but I think beauty presents a real exciting opportunity for us.

Patraic Reagan

Chief Financial Officer, SharkNinja, Inc.

A

Hey, Alex, the other thing you could do, in terms of the reading the tea leaves on in that space in Beauty is, last call we talked about some key hires in the marketing space in Beauty. And so, that's kind of a little bit of insight into how we're thinking about teeing up the strength in the back half in the category and then going forward into 2026.

Alexander Perry

Analyst, BofA Securities

Q

That's incredibly helpful. Best of luck going forward.

Mark Adam Barrocas

Chief Executive Officer & Director, SharkNinja, Inc.

A

Thanks.

Operator: We now have Steve Forbes with Guggenheim.

Steven Forbes

Analyst, Guggenheim Securities LLC

Q

Good morning, Mark, Patraic. Mark, I was curious if you can maybe give us a glimpse, right, into the conversations you're having with your retail partners. And the thought here or what I'm trying to explore is, what opportunities are sort of being presented to you via those conversations as it pertains to distribution point share opportunities or even just market share opportunities as you look to sort of solve all the pain points, right or friction points that are out there for the retailer network in general?

Mark Adam Barrocas

Chief Executive Officer & Director, SharkNinja, Inc.

A

Yeah. I mean, look it's timely. Next week, myself and our Chief Commercial Officer, Neil are off to see the senior leaders at Walmart and Target and talk to them about the back half of the year. Listen, the conversations are that

they're excited about our innovation. I mean, how do they partner with us in a better way upfront? I mean, how do they get a leg up from a fair share standpoint when new products come out into the market. So I think those conversations domestically have been great. I think we've got a lot of support from our retailers.

But I think what's most exciting for me is that we've got a lot of great support internationally. I mean, I'll give you a good example. Like I was on the phone with the president of a really strong retailer in Latin America, in South America, and he was really pushing us, how do we get more products in there faster? How do we take advantage of the holiday season? Really pushing us to get into market and turn on our demand generation engine.

I had the same conversation with a CEO of a European retailer in Italy. Again, Italy hasn't been a direct market for us. It's going to become a direct market. Him asking us, can we accelerate it? Can he get certain products this holiday season to get a leg up on things into 2026?

So I think, for me, Steve, the most exciting thing is we've been working with the US, Canadian retailers, even the British retailers for so many years. It's the engagement that I'm getting at the CEO levels of European and South American retailers that are really, really excited about how Shark and Ninja can drive growth for them.

Steven Forbes

Analyst, Guggenheim Securities LLC



Yeah. It sort of gets back to sort of your comments right around the 10 products, right, being offered in France and Germany currently versus the portfolio as a whole. So any early teasers on what we should expect or model, right, as it pertains to sort of product category expansion in some of those key markets, right? Or even some markets that you haven't really framed up for us in the past, Spain, Italy, in a broader detail, like, where does that 10 go and how big could category expansion be internationally in 2026 and beyond?

Mark Adam Barrocas

Chief Executive Officer & Director, SharkNinja, Inc.



Yeah. So I mentioned it during an earlier question the hire of our Chief Growth Officer and we have a project here internally, which is called our Global Growth High Impact Initiative. And that is really focusing on how do we drive 50% of our sales outside of the US? I mean, that was something that we started earlier this year. And I guess, I can just say, Steve, that that's where I think we're headed. I mean, I think I don't know that we get there in 2026, but I think, in the near term, we believe that 50% of our sales come from outside the US.

We think that there's a lot of white space opportunity. And as you mentioned, Spain and Portugal and Italy and the Nordics and Poland, and Benelux and South America and the Middle East. But I think you can think about our business over the next few years as being a business that's going to be 50% of our sales coming from outside of the US.

Steven Forbes

Analyst, Guggenheim Securities LLC



That's great. Thank you, Mark.

Mark Adam Barrocas

Chief Executive Officer & Director, SharkNinja, Inc.

Thanks.

Operator: Thank you. I can confirm that does conclude today's call. Thank you all for joining. You may now disconnect and thank you. And please enjoy the rest of your day.

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