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Earnings Call

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Presentation

Operator

Thank you for standing by, and welcome to the SharkNinja First Quarter 2026 Earnings Conference Call.

[Operator Instructions]

I'd now like to turn the call over to James Lamb, Senior Vice President of Investor Relations and Treasury. You may begin.

James Lamb

Senior VP of Investor Relations & Treasury

Good morning, and welcome to SharkNinja's First Quarter 2026 Earnings Conference Call. Earlier today, we issued our Q1 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 our Chief Executive Officer, Mark Barrocas, and Chief Financial Officer, Adam Quigley. Mark will start by providing a business update, followed by Adam, who will review our Q1 financial results and share our outlook for 2026. Mark will then offer some closing remarks before we open the call to the 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

President, CEO & Director

Thank you, James. Good morning, everyone, and thank you for joining us today. SharkNinja is firing on all cylinders as we kick off 2026. Our Q1 results are a powerful testament of what we believe this company is built to do: Win with consumers, execute with precision and grow from a position of real strength. Consumers are actively seeking out SharkNinja products, talking about them and making them part of their daily lives from product innovation to marketing to our expanded omnichannel presence, we see exciting momentum across the business.

Global sales trends are strong and broad-based. Social engagement is surging. We're not just winning with consumers, we're becoming part of culture. And what makes this even more exciting is how we're growing. The diversification of our business across categories, geographies and channels is powering our trajectory in a way we feel is difficult to replicate.

While the macro environment has remained unpredictable, our operational discipline never wavered. We stayed focused on what matters most, delivering breakthrough accessible innovation to consumers around the world. That focus is our foundation. And today, it has never felt more solid. Our Q1 financial results reflect these themes in action.

Net sales increased nearly 16% year-over-year driven by contributions from all 3 growth pillars. Domestic grew 8.4%, while point-of-sale growth even higher in the double digits. Our international growth accelerated to almost 32% with broad-based strength across geographies. Adjusted EBITDA increased roughly 18%, with higher adjusted EBITDA margins compared to the prior period. This performance was

driven by our fourth consecutive quarter of leverage in adjusted operating expense as a percentage of net sales. Finally, adjusted EPS increased more than 25% year-over-year, consistent with our goal of driving strong profitability and earnings growth.

Across the board, Q1 was another outstanding quarter for SharkNinja. Our recently released 2025 shareholder letter highlights last year's accomplishments and our ambitions for 2026 and beyond. I encourage everyone to read it. Today, I want to expand on one of its most critical concepts, culture as SharkNinja's superpower and how will harness our unique culture to drive continued success into the future.

SharkNinja is a company of world-class problem solvers. Problem-solving is at the core of how we think of who we are. That mindset, what we call Outrageously Extraordinary, or OE, comes to life through rapid iteration, continuous improvement and an entrepreneurial fearlessness to test, learn and pivot. We believe our unique culture is a powerful competitive advantage, enabling us to move faster, adapt quicker and consistently deliver disruptive innovation at breakneck speed.

Importantly, this cultural edge goes way beyond product innovation into all areas of the business, marketing, finance, operations, technology and everywhere else. The OE mentality thrives on adapting quickly to challenges. The macro environment has unfolded in surprising and difficult ways so far in 2026. When excluding SharkNinja's performance, the U.S. market declined in the low single-digit to mid-single-digit range across all 4 of our major categories in Q1 according to Circana. In contrast, SharkNinja just delivered our 12th consecutive quarter of double-digit organic net sales growth. While many factors drive this outperformance we believe the key differentiator is the culture that powers our mission, to positively impact people's lives in every home around the world and the existential need to be the best of what we do and to win.

Our second mantra, the intrinsic drive to win, requires constant evolution as we grow, new categories, new geographies, new ways to reach and serve consumers. These will always be motivating forces behind how we scale SharkNinja. But there's another force at play here, one that will profoundly reshaped everything going forward, artificial intelligence. In a short time, SharkNinja has rapidly and comprehensively embraced AI across the board. We expect AI will touch every part of our business: consumer insights, product development, marketing and demand generation, supply chain and our omnichannel strategy. SharkNinja stands to benefit from all of it.

To unleash this vision, we've launched a company-wide initiative called JailBreak SharkNinja. JailBreak means hacking through limitations to enable full access to a technology. It's the perfect description of how we're leveraging our unique culture to maximize our opportunity with AI. Some companies are hiring AI consultants and taking months to develop a top-down solution. We see other companies reluctant to get started at AI. We're only granting access to very few. We don't think either of approach is right for SharkNinja. Instead, our program incentivizes broad-based experimentation by proliferating AI tools and trainings company-wide. It's purpose-built for everyone to participate at all levels, an opportunity for early talent to contribute meaningfully and gain senior leadership visibility.

We believe that putting technology in the hands of our people, the ones who live in the details of our business every day can maximize the insights we capture. What started off in a small way is now growing exponentially and early signs are that it can have a transformational impact on the business.

JailBreak SharkNinja aims to drive real business impact and reward employees who deliver breakthrough solutions. This impact is showing up in multiple ways. Our product innovation engine is benefiting from deeper consumer insights all the way through the development process. We're getting smarter at creating consumer demand with tools to improve our content and the efficiency of our media dollars. Operationally, we're discovering meaningful productivity gains. And across the business, we're unlocking intelligent insights we couldn't access before. Most importantly, we're freeing up time spent on mundane tasks to focus on strategic thinking to deliver real insights.

JailBreak is spreading across SharkNinja like wildfire. Over 150 employee submissions and counting. Each one a signal of the ingenuity and ambition alive inside the company. A few weeks ago, a 20-year-old intern from Clark University walked up to me at lunch and asked if I had 5 minutes. He had been up until 4:00

a.m. for multiple nights, building an AI solution from scratch. I called over two members of my leadership team and had him presented on the spot. The idea was that good. This is exactly the kind of boldness JailBreak is designed to find, fuel and reward. And the world is taking notice. When I shared the story on LinkedIn, it went viral, over 500,000 impressions and a top 1% post across all of SharkNinja's content on the platform.

Fast Company and others have since covered the program and the \$1 million price fund we've committed to back it up. We could not be more inspired by the momentum of JailBreak SharkNinja so far, but we're already thinking bigger and bolder. 10 years ago, we shut down the company for a week and held our first company-wide weeklong hack. That event became a defining moment for SharkNinja. It captured exactly how we operate, moving fast, focusing intently as a team and solving the hard problems. It also made us rethink who we are and what we're capable of.

As an example, the very first conversations about moving into outdoor products happened during this hack inspiring years of innovation since. Last week, we did it again. Team members across the globe completely cleared their calendars for JailBreak Live and all company Hack Week devoted to tackling some of our most important and complex problems as we embrace the biggest technological shift of our lifetime. We identified 20 cross-functional projects, spanning product development and quality, to commercial and revenue and supply chain and operations and so much more. We also hacked on over 400 departmental projects that engage thousands of people across the world. Truly an all hands on deck moment for SharkNinja.

The JailBreak live Hack Week is testament to our desire to find problems and then concentrate our resources to solve them. It's also a direct expression of how we can utilize AI to once again reshape who we are and how we operate. And just like a decade ago, we came away with even more excitement about where we can go from here.

SharkNinja is also thinking about the AI long game by building institutional capabilities through 2 parallel initiatives. First, we're investing in training and other resources to scale company-wide AI adoption from beginners to super users. We believe everyone at SharkNinja should consider themselves part of our AI expertise. Second, we're actively recruiting the next generation of AI talent, who we call AI Sharks. These are ambitious forward-thinking builders who are already experimenting with emerging technologies and delivering solutions. This approach ensures we both capture immediate grassroots innovation and build sustainable long-term AI competency.

SharkNinja's culture is our superpower. And our most durable competitive advantage, our people don't wait to be asked, they just go. This impatience for action is defining character trait in people who are successful at SharkNinja. We empower, nurture and reward this OE behavior that we feel distinguishes SharkNinja and drives results. We view the dawn of AI as an opportunity to take this differentiation to the next level. And our JailBreak culture is the powerful force behind how we strive to be the very best and to win.

With that, let me turn to our 3-pillar growth strategy beginning with our first pillar: Expansion into new and adjacent categories. At the end of Q1, we launched the Shark BlastBoss, the only indoor-outdoor air blasting system that converts into a powerful blast room to clear, loosen, lift and sweep debris with ease. This innovative multifunctional solution represents a new subcategory for SharkNinja, taking our total to 39. We remain on track to enter another new subcategory in 2026, in line with our goal of adding 2 per year.

SharkNinja's product development philosophy centers on listening to consumer problems and innovating in perfect built solutions, often establishing product lines that don't exist elsewhere. The Shark BlastBoss exemplifies this, a novel portable device with multiple use cases. Our solution helps solve a problem that we identified through social media comments and other consumer insights. Initial feedback has been exciting. And we think the BlastBoss unlocks a road map for future product development to help us expand outdoors even further.

The Shark ChillPill is a similar story, a revolutionary personal cooling system that offers 3 ways to chill, a blade-less fan, a dry touch mister and our cryo-inspired InstaChill direct-contact cooling plate. This

technology can lower skin temperature by up to 16 degrees Fahrenheit in seconds, to offer customizable cooling and instant relief. The Shark ChillPill has been a smash hit among consumers, generating tens of millions of social media impressions in its first month. We believe such a passionate and growing level of engagement showcase how SharkNinja is increasingly becoming a part of popular culture.

Justin Bieber, headlined Coachella a few weeks ago with an exclusive chilled zone featuring a Shark ChillPill. We also partnered with Bieber and his lifestyle brands, Skylark on a limited edition ChillPill in a custom Heat colorway. Extensive press coverage from Variety, Mashable and Rolling Stone highlighted this collaboration. As we continue to introduce exciting new products that consumers love, we're confident we can expand the ways the cultural conversation revolves around SharkNinja.

To put this in perspective, no one is saying Shark made a new fan, based on our consumer insights feedback. Instead, we're being recognized as creating a new personal cooling system that didn't exist before. In doing so, we've created desire and demand at a premium price point that ChillPill's benefits and lifestyle appeal are resonating with consumers in a remarkable way showcases just how influential the Shark and Ninja brands have become.

We derive InstaChill cooling plate technology from the expertise we developed with our sharp CryoGlow-LED face mask. Within our overall Shark beauty skin care business, the strong holiday momentum has continued into Q1. Consumer demand in POS remained incredibly robust for our disruptive skin care products globally. Our new product road map features exciting new skin care launches in the next 12 to 18 months, further leveraging our beauty technology platform.

Let's turn to our second growth pillar: growing share in existing categories. A healthy core business is SharkNinja's cornerstone of success. Our goal is to find new ways to drive growth and productivity within legacy categories through relentless innovation. The new Shark SilkiPro Straight is a great example of how we keep existing franchises vibrant. The SilkiPro Straight cleverly combines drying, straightening and combing hair without heat damage in one convenient device. Importantly, it is designed for every hair type, including curly and coily hair, that other products don't address well based on our consumer insights.

The Shark SilkiPro Straight strengthens an already robust lineup of hair care solutions designed to address a wide array of consumer needs. The Ninja Luxe Cafe is another area in which we continue to push the envelope on innovation and differentiation. Global momentum for Luxe Cafe remains incredibly exciting with consumers eager to see what's next. Last week, we launched limited-edition Lux Cafe Color Collection including our first-ever collaboration with SharkNinja's global ambassador, David Beckham. Our design leaders worked with Beckham to create a one-of-a-kind version of Luxe Cafe, featuring a matte black stainless steel body, black chestnut wood grain and gold accents to channel his signature aesthetic. Colorways and Collections present opportunities across many of our product lines with many more exciting developments in the pipeline.

Finally, our large cleaning franchise delivered an exceptional Q1 with vacuums in floor care leading the way, highlighted by a standout performance from the recently introduced Shark StainForce cordless spot and stain cleaner. Strong results in our largest category are an important proof point.

Our base business isn't just healthy, it's thriving, and that matters because healthy, profitable core businesses are the engine of everything SharkNinja does. They establish the foundation of our growth and fund our expansion into new categories, new geographies and new channels. Later in 2026, we plan to have a meaningful innovation to subcategories like upright vacuums and cordless sticks driving further momentum and reinforcing the strength of the core.

Our steadfast focus on refreshing and renewing legacy categories is essential to the success of SharkNinja. But broad-based market share gains we observed this quarter validate this approach. They also underscore the power of diversification as another vital element of our strategy. Our food preparation category declined slightly year-over-year. Driven largely by lapping a very large sell-in period for Slushie in Q1 '25. Our strong overall net sales growth underscores the power of category diversification in SharkNinja, which we also expect will drive improved trends in our food preparation category going forward.

Our third pillar: International expansion, saw robust results across multiple geographies. I spoke last quarter about how our model can scale globally, particularly as we become a direct operator in more countries. Q1 showcased strong international performance even as we work through business model transitions in certain EMEA countries, like Italy and Spain. Net sales growth in the U.K. business accelerated this quarter to over 18% year-over-year after a very strong second half of 2025. We're winning in multiple ways with category and channel diversification, both driving success. We see a lot of excitement for SharkNinja products in the U.K. and expect continued strength for the remainder of the year.

Our France and Germany business are a similar story, both continue to grow well with increasing diversification across categories, and we're eager to see what's to come with additional shelf placement in 2026. Since our last update, SharkNinja has successfully earned larger commitments from retailers throughout EMEA for the holiday season. These outcomes reflect deeper relationships with our retail partners and continued exciting demand signals for global consumers.

Latin America experienced another exceptionally strong quarter. Last year, we transitioned our Mexico business from a distributor led to a direct business model. Since that time, our results have been outstanding. The benefits of directly operating in Mexico are multiplying. We have strong and growing relationships with retailers. Our consumer engagement continues to expand with local language social media content and we believe our opportunity with partners like Mercado Libre is enormous. Across our international business, we're seeing a strengthening of our omnichannel strategy. Additional placement from retailers reflect the trust and success we're driving together, and we deeply appreciate the partnership. We're also excited about how our direct-to-consumer business is developing.

Last fall, we meaningfully improved our capabilities by rolling out new DTC sites in the U.S. and Canada. In the first half of '26, we're bringing this enhanced experience to all our major international markets, including the U.K., France, Germany and more. In parallel, we're activating our presence on TikTok Shop in several countries within EMEA. Our success within TikTok Shop in the U.S. and the U.K. allows us to launch confidently in Germany, France, Spain and beyond. The combination of these elements, a healthy and growing retail presence our new DTC platform and further TikTok Shop penetration fortifies our international omnichannel strategy with additional opportunities to come in the back half.

To wrap up, the year is off to a fantastic start. We're executing on the complex multidimensional task of growing across categories, geographies and channels, all while navigating a constantly shifting environment. Yet underneath it all, it's business as usual at SharkNinja. Our unique, ambitious culture is as dependable as ever. and it continues to be the driving force behind our strategy and our confidence in where this company is headed. That confidence shows up in our guidance raise for 2026. Even against the backdrop of changing cost dynamics, our momentum is undeniable, and signs what we're seeing give us every reason to lean in. Consumers are responding to our innovation with real enthusiasm. SharkNinja products are becoming an increasingly embedded part of culture and the partnership and support we're seeing from retailers continues to strengthen. The macro environment will likely stay dynamic, but we believe we built this company to handle uncertainty better than anyone.

Most of all, we're genuinely energized about everything ahead. With the momentum and fresh creativity coming out of our global Hack Week propelling SharkNinja boldly into the future.

With that, I'll turn it over to Adam, who will walk you through our financial results and share our updated outlook for 2026.

Adam Quigley
CFO & EVP

Thank you, Mark, and good morning, everyone. I'd like to echo the enthusiasm that Mark just shared coming out JailBreak Live and Hack Week. The buy-in we saw in the entire organization reflects how SharkNinja responds to any major call to action, similar to the tariff challenges about a year ago.

Through intense focus and cross-functional collaboration, we've generated an exciting number of high-impact work streams that we are eager to pursue. When this company drops everything and collaborates to solve problems, we can be unstoppable.

Now let's dive into our excellent results for Q1. Net sales in the first quarter increased 15.6% year-over-year to \$1.41 billion. By geography, domestic net sales increased 8.4% to \$916 million. International net sales were \$497 million, up 31.6%. Our U.K. business grew robustly in Q1 with net sales up 18% year-over-year to \$220 million. This strong result underscores the power of the category diversification strategy that we intend to utilize across our global markets.

The rest of our international business also performed quite well in the quarter. Our EMEA region grew nicely across multiple geographies with encouraging trends in some of the markets we recently converted to a direct business model. Latin America continues to see exciting momentum in Mexico and across the region.

Turning to performance by category. Net sales in the cleaning category increased 17% year-over-year to \$517 million. Corded Uprights, the largest subcategory in the company performed well as did our carpet extraction business. Net sales in the cooking and beverage category increased 19.8% year-over-year to \$415 million. Consumer demand for the Ninja Luxe Cafe espresso machine continues to be strong worldwide. The Ninja CRISPi is also seeing great momentum across multiple markets.

Net sales in the food preparation category decreased 3.3% year-over-year to \$288 million. Strong growth in our blending franchise was offset by lapping a particularly large quarter of selling for our frozen treats business in Q1 of '25. This is another great example of the importance of healthy core franchises, like blending. Our frozen treatment remains an exciting growth area for us with more innovation coming in the second half of the year.

Finally, our Beauty and Home Environment category increased 40.8% year-over-year to \$194 million. Our Shark beauty technology portfolio to stand out in the quarter, particularly our skin care business, led by Shark CryoGlow.

Now let's move to gross profit, where our results came in at the high end of our expectations. Tariffs presented presents a sizable headwind for the full quarter of impact in Q1 of 2026 compared to a baseline of minimal tariffs in the prior year period. On the positive side, our tariff mitigation strategies continue to benefit gross margin. Cost optimization efforts remain robust, while favorable trends within pricing and mix also positively impacted margins in the quarter.

Adjusted gross margin in the first quarter decreased approximately 100 basis points year-over-year to 49.2% of net sales, and GAAP gross margins decreased roughly 10 basis points to 49.3% of net sales. The difference between our adjusted and GAAP gross profit remains negligible.

Moving down to P&L. Our adjusted operating expenses this quarter totaled \$495 million or 35% of net sales. This compares to 36% of net sales in the year ago quarter or roughly 100 basis points of favorability year-over-year. SharkNinja has now driven leverage on adjusted operating expense as a percentage of net sales for 4 quarters in a row. We feel that this consistency speaks to how we prioritize investments to fuel growth while remaining disciplined on spending.

I will now break down our operating expense line items on a GAAP basis. Research and development expenses increased 12.9% year-over-year to \$99 million compared to \$88 million in the prior year period, leveraging almost 20 basis points year-over-year. We believe our robust investment in R&D remains a critical differentiator to SharkNinja's disruptive innovation engine. Sales and marketing expenses increased 14.4% year-over-year to \$315 million compared to \$276 million in the prior year period, leveraging just over 20 basis points year-over-year. We continue to deploy resources to expand our social media prowess from advertising dollars to additional personnel around the globe.

General and administrative expenses increased 22.4% year-over-year to \$116 million compared to \$95 million in the prior year period, deleveraging about 50 basis points year-over-year. The bulk of this increase came from tax related to share-based compensation. On an adjusted basis, general and administrative expenses grew 11%, roughly 30 basis points of leverage year-over-year.

SharkNinja's top priority is to deliver full year adjusted EBITDA growth that outpaces net sales growth. In Q1, we achieved this goal with adjusted EBITDA growing 17.5% year-over-year to \$235 million. This represents a 16.7% adjusted EBITDA margin, up approximately 30 basis points compared to the prior year period. Even with all the moving parts on the COGS line, we remain confident in our ability to stay flexible and opportunistic with operating expenses where needed.

To wrap up the income statement, our GAAP effective tax rate in Q1 was 17.7%, while our non-GAAP effective tax rate was 20.7%. Adjusted net income in the period was \$155 million or \$1.09 per diluted share compared to \$124 million or \$0.87 per diluted share in the year ago period. Our adjusted net income per share in Q1 grew 25% year-over-year, our fourth consecutive quarter of growth in excess of 23%.

Turning to the balance sheet and cash flow. At the end of the first quarter, cash and cash equivalents totaled almost \$512 million, up more than 100% year-over-year. Total debt outstanding at quarter end was \$729 million, and we continue to have nearly \$489 million of capacity available to us on our \$500 million revolving credit facility. Total inventories were \$1.03 billion exiting the quarter, up 6.3% year-over-year. It's important to keep in mind that we are now lapping the large tariff prebuild inventory levels from late 2024 and early 2025. We feel confident that our healthy inventory positions us well to support our growth ambitions.

Last quarter, we announced that our Board of Directors had approved SharkNinja's inaugural \$750 million share repurchase authorization. Through the end of March, we have repurchased roughly \$20 million worth of stock, the details of which will be available in our 10-Q filing. We will continue to utilize the authorization opportunistically when we feel it is appropriate while steadfastly reinvesting into the business as our priority.

Let's move to our outlook. As Mark mentioned, we see encouraging trends across the business, including all 3 of our growth pillars. We believe we are executing against what we committed to, which gives us incremental confidence. Consistent with prior quarters, our updated 2026 outlook assumes current tariff levels persist for the remainder of the year, including minimum rates that have shifted from 20% and to 10% for China, Vietnam, Indonesia, Thailand, Malaysia and Cambodia. As of today, our guidance does not incorporate any potential tariff refund benefit.

On the raw material side, we continue to actively assess the situation while already taking action on both cost mitigation and supply procurement. The duration of the Middle East conflict is unknown and therefore, oil prices may change for resins and other commodities. But we view the potential impact as manageable and have incorporated this into our guidance. For the full year 2026, we now expect net sales to increase between 11.5% and 12.5% compared to our prior guidance of a 10% to 11% increase. Adjusted net income per diluted share is now expected to be in the range of \$6 to \$6.10 compared to \$5.90 to \$6 previously.

Adjusted EBITDA is now expected to be in the range of \$1.29 billion to \$1.30 billion, representing growth of 13.5% to 14.5% year-over-year compared to the prior expectation of \$1.27 billion to \$1.28 billion, representing growth of 11.8% to 12.7% year-over-year. Net interest expense is still expected to be flat relative to 2025. Our GAAP effective tax rate expectation remains approximately 22% to 23%, and capital expenditures are still expected to be between \$190 million and \$210 million for the year.

To close, our Q1 performance demonstrates the best of SharkNinja. Strong net sales growth with contributions across all 3 of our growth pillars, an adaptable P&L that can absorb challenges on the gross margin line while driving material OpEx leverage to deliver on our adjusted EBITDA goals and a robust balance sheet that enables us to retain flexibility while also returning capital to shareholders, these factors, along with continued momentum of the Shark and Ninja brands with consumers worldwide give us the confidence to increase our outlook for FY 2026. None of this is possible without the diligent efforts of the entire team. We exit our JailBreak Live Hack Week squarely focused on execution for the remainder of the year while also building for the next chapter at SharkNinja.

Thank you. With that, I will now turn it back to Mark.

Mark Adam Barrocas

President, CEO & Director

Thanks, Adam. Simply put, SharkNinja is strong today. and we're built to get even stronger. That confidence isn't just about the numbers. It's about how we keep winning, growing fast, tackling problems and pushing our differentiated strategy further than ever before. And at the center of all of it is our cultural DNA. The outrageously extraordinary mindset is not commonplace. It demands boldness, decisiveness and adaptability, and it ignites our people to set their sites on something truly great, not just good enough.

That's exactly why we're all in on AI and the JailBreak SharkNinja initiative. We genuinely can't think of a more perfect fit between our unique OE mentality and the most revolutionary technological advancement of our lifetimes. Our culture wasn't built for the old world. It was made for this one. We went deep on cultural differentiation today because we believe it is the single most important driver of our outperformance past, present and future.

Since our NYSE listing in July of 2023, the outside world has watched us deliver 12 straight quarters of double-digit organic net sales growth. But inside SharkNinja, we've been living and building this culture for 18 straight years. Long before the spotlight, long before the listings, the results you see today are in a hot streak. They are the compounding output of nearly 2 decades of relentless outrageously extraordinary execution, a track record that we believe speaks for itself, and we're just getting started.

Thank you. This concludes our prepared remarks, and I'll turn it over to the operator to kick off Q&A. Operator?

Question and Answer

Operator

[Operator Instructions]

Your first question comes from the line of Randy Konik from Jefferies.

Randal J. Konik

Jefferies LLC, Research Division

Mark, to start off, you gave a perspective on the industry trends for the United States in the quarter. Can you give us some perspective of how you think about how those trends play out for the balance of the year from an industry perspective? And then the second kind of part of the story globally, when you think about you're talking about your bullishness on international, you talked about great order growth for holiday in international markets. When you think about what you said in the past, I think you said, you think international can be about 50% of the business. I don't know about when you think you get there.

But when you think about what you said in the past and then combine that with -- your brand awareness is growing internationally but still low. I don't think you started TikTok Shop yet. You're about to. Not all the countries have -- international countries have all your products. The U.K. just showed a big acceleration. You're going to add some more countries on top of that in terms of new organic growth opportunities. Have you changed or become even more bullish on where international can go and how fast you can get there? That would be really helpful in sizing that up for the audience.

Mark Adam Barrocas

President, CEO & Director

Yes. Thanks for the question, Randy. Let's start on the North America side. I mean, the industry was down low to mid-single digits. Our U.S. business was up 10%. On shipments, it was up more than that in POS that sets us up really well as we move into the second quarter. Our Canada business had some structural changes and kind of moves from direct import to domestic, that had the Canada business down year-on-year. That will change as we move into the back half of this year.

So I think as you look inside the numbers, yes, our international business grew quite a bit, but we're really excited about the domestic business. I mean, we're excited about the fact that our cleaning business is strong. Our cooking business is strong. Our base business is really healthy. Our POS is double-digit increase. And so that bodes really well for us as we move through the year.

As it relates to the international business, we actually just went live with our new DTC platform in the U.K. 2 weeks ago. In Germany and France, this week. Spain and Italy are right behind it. We'll have TikTok Shop up and running in France and Germany. We have it up and running right now. It just started. Spain, Italy, Mexico is coming in the next 2 weeks. So when we come out of Q2, Randy, I mean, we're now going to have the entire world on our new sales force platform. We're going to have TikTok Shop operating in 7 countries. It sets us up really well on the D2C business and the TikTok Shop business as we get into the second half of the year.

There's also some noise within the international business because we're in the midst right now of transitioning Italy and Spain from a distributor market to a direct market. So we took a bit of a hit in that in Q1. That will get rectified as we close out Q2. And then again, as we move into the back half of the year, we've now transitioned all the major markets that we want to transition to direct. We'll have increased ad spending as we get into the second half of the year in a lot of those markets. And we're expecting a strong holiday season. As I mentioned in the prepared remarks that we received really great signals from the European retailers in terms of commitments as we head into the holiday season into Q4. So that played out as we expected and as we wanted it to.

Randal J. Konik

Jefferies LLC, Research Division

Great. And then, can we follow up on the beauty category. I think 4 years ago, it was essentially 0% of sales, and now it's almost, I think, around 15% of sales. The buckets I see that you're kind of focused on today are skin care and hair care. Can you kind of frame up how you think about that category in terms of adding more potential areas of that business and frame out how big you think that business can be or how all-encompassing you think that category can be for you guys?

Mark Adam Barrocas

President, CEO & Director

Yes. Look, Randy, I've been historically bad at answering how big a business could be because whatever number I give you, I think we're going to undershoot and surpass that number. Look, I think here is a great example. There's still lots of categories in hair that we've yet to enter into. I mean our Silki is our first hair straightener product. It puts us in a really attractive price point. That product won't launch into Europe until the second half of the year. So we're expecting a strong holiday season.

We've got a back half, second half really strong road map in skin care with new products coming out in skin care. We see other categories on the road map within beauty that we think are exciting. I mean, I'm personally very excited about the wellness category. I think that our beauty business is going to help us ultimately expand into wellness in 2027. So I see it -- I see there's a lot of doors that are open for us. I mean as the consumer accepts us in hair and accepts us in skin and understands us for our LED light therapy, and our cryotherapy. And Randy, I think what's so interesting is look at what we've done with the CryoGlow InstaChill pads. We put them on to our Shark ChillPill that just launched. And that product has gone viral here in the last couple of weeks. I mean, we've got tens of millions of social media impressions.

So it's not just what we're doing in beauty, it's how is what we're doing from one category, helping us translate to product innovation in another category.

Operator

Your next question comes from the line of Brooke Roach from Goldman Sachs.

Brooke Siler Roach

Goldman Sachs Group, Inc., Research Division

Mark, what are the implications of the Iran war and higher oil prices to SharkNinja this year and into 2027? How are you thinking about potential demand implications by geography? Have you seen any change in demand quarter-to-date in any of the consumer bases in any of your geographies? How are you thinking about fuel and freight costs and then raw materials?

Mark Adam Barrocas

President, CEO & Director

Yes. Thanks, Brooke. I'll start and then hand it over to Adam. On the demand side, look, we're looking at daily POS around the world, and we have not seen any impacts right now in the second quarter as it relates to demand from the war. Look, Brooke, I mean, this is another one of those challenges that SharkNinja is good at addressing and figuring out. I mean, I think there's a lot of movement in our gross margin line. I think that tariffs have come down since our last call. That present the benefit to us. I think there will be some impact on resin prices that are going to partially offset some of those tariff benefits. I think there's a lot of mix movement going on in our business. Our international business is growing faster than our domestic business. Our D2C business and TikTok Shop business is growing faster than our retail business. So I think there's a lot of different things at play here within gross margin, but it's just another problem that SharkNinja, I think, is so good at managing through. We've demonstrated that year after year.

Adam Quigley

CFO & EVP

And maybe to add to what Mark just said there, I mean, you go back a year ago in the way that we responded to the tariff situation, something that our competitive peer set was also faced with. And our goal at that time was to win in that situation, right, to come out of it better than our competition to come

out of it and play the game, play the hand that we dealt better than others. It's the same thing here. The raw materials are going to be an impact to everybody in our industry. Our goal is how do we face that challenge better than others.

Mark hit on this, but there's a lot of movement within that gross margin line. And it also gives us a lot of different levers to be able to pull. We are seeing some favorable impact on the tariff front as those rates have softened as we've gone throughout the year. We planned that very much straight up in terms of what the rate is at that moment in time. And so I think there's some conservatism on that front. But also as we go through the rest of the year and look at where we're at, you see it in our guidance, I mean, we're very much feeling very good about where the gross margin trajectory is heading and what we have in front of us in terms of the levers to pull in this macro environment.

Brooke Siler Roach

Goldman Sachs Group, Inc., Research Division

Great. As a follow-up, can you unpack how you're thinking about pricing, both for new innovation and for your existing categories as you look throughout the rest of the year?

Mark Adam Barrocas

President, CEO & Director

Yes. Brooke, there's nothing at this point, planned from a price increase standpoint in our guide through the end of the year. As it relates to new product pricing, look, I think we've started that process going back 1.5 years ago and as I've mentioned on other calls, we're doing a lot of price testing. We're probably erring on the side of going a little bit higher as we launch and then seeing how it plays out in the numbers, and we can always adjust accordingly. We launched our Shark ChillPill at \$149. We think that's kind of the upper range of what we tested at, but we think it's a fair price, and we think that consumers are responding with strong demand.

So we'll continue to evaluate and assess as we see how consumer demand plays out. But from a pricing standpoint, we feel good about where we are.

Operator

Your next question comes from the line of Rupesh Parikh from Oppenheimer.

Rupesh Dhinoj Parikh

Oppenheimer & Co. Inc., Research Division

So just going back to the International segment, a very strong momentum in Q1. Just curious how you're thinking about the growth rates for the balance of the year.

Mark Adam Barrocas

President, CEO & Director

Yes. Listen, Rupesh, Adam can speak to the specific numbers, but I guess, just qualitatively, I want to point out that what we've done starting last year with kind of rightsizing the international business and moving it from the countries that we want to be selling direct from distributor to direct I can underscore how much of a big challenge that has been and also how successfully we've done it. And I think it's something that kind of goes unnoticed from an investor standpoint. I mean, by the end of Q2, I mean we will completely have rightsized our international sales model in 1.5 years. And I think it sets us up really well as we get into the second half of this year and into next year.

We're really understanding more and more the impact of how media and content travels around the world. We call this concept spillover. We just launched, as an example, in South Africa, this week. There's already incredible amount of demand that's been created in South Africa. Our Head of Sales was over in South Africa a couple of weeks ago. The response that he got from retailers was incredible. They all know Shark and Ninja products, consumers know Shark and Ninja products, all of that media, English language media that's generated in the U.S. and the U.K., spills over into places like South Africa. We're seeing our Spanish language content spill over from Spain into Latin America and Latin America into Spain and

even into the U.S. Latin market. So I think it's not just about the fact that our products are resonating. Our media is traveling. Our content is traveling and then our omnichannel strategy is getting set up. With expanded brick-and-mortar penetration, our D2C platform getting set up in these markets and TikTok Shops standing up.

Adam Quigley

CFO & EVP

Yes. And maybe just to add a little bit more to that. I mean, I think we feel very strong that international growth will remain in the low 20s range, right, not official guidance, but certainly where we think that business is heading. Some of the things that you can look at in terms of the international business is take a market like the U.K., which is our most domestic -- most developed market overall, and you saw very strong growth from it in Q1. You're seeing a very healthy diversified business, no dependence on any one category and firing on all cylinders and especially porting over the TikTok Shop playbook and seeing that take off really well. You've got a really strong base in international with a market such as that.

Mexico being kind of the next one that's really taken hold extremely strong performance coming out of Q1. We've got really high hopes as we look through the rest of the year. And that market is one that's paving the way for other expansion within Latin America, developing some of the playbooks that we're able to deploy across those regions. Mark spoke to the Spanish-speaking media and the impact of that. And so that's one that's taken hold, and we continue to see accelerate.

And then there's the seeds, right? The more entry we just got into South Africa as an example, those are the seeds, that are going to continue to grow throughout this year so that we continue to have this maturity cycle across the international business. It's not reaching a matter of development too rapidly. It's a matter of continuing to expand and develop these seeds across the regions.

Operator

Our next question comes from the line of Jonna Kim from TD Cowen.

Jungwon Kim

TD Cowen, Research Division

Just would love to get more color on how much TikTok and DTC contributed to your domestic sales this quarter. Any further color there? And if you're hearing any sort of pullback in inventory from domestic retailers? And just going forward, what are key building blocks for domestic growth going forward?

Mark Adam Barrocas

President, CEO & Director

Yes. Listen, I mean the key building blocks for domestic growth are a strong base business and layering on new innovation on top of that. I think it's a very clear formula. We're not seeing any significant change in terms of inventory levels from retailers. I mean, there's obviously some timing shifts or kind of quarter-to-quarter movements or things like that but kind of structure. We're not hearing from any of our retailers that they're pulling back on weeks of supply or that they have a conscious inventory decision.

Listen, on the domestic side, it's we've got a very large base business. We're innovating into the base. I mean, we have new products coming out and upright vacuums and cordless vacuums. We're reinventing our whole blender category in the second half of this year that's going to be launching. We're launching a new category. We're expanding products in existing categories. So I feel really good about the domestic business as we go into the second half of the year as it relates to DTC and TikTok Shop.

Adam?

Adam Quigley

CFO & EVP

Jonna, we don't break out specifically D2C and TikTok Shop overall. But what I can say is those channels are growing at a faster rate than the overall domestic business and doing so to a strong capacity. I mean

we're starting to annualize TikTok Shops. So certainly, there's an inherent benefit there. But I think what we're also seeing is just the maturity of that channel in terms of our ability to operate and operate well within it.

So feeling great on that front. Salesforce, again, another platform that we're annualizing as we go into the first half of this year. So DTC and TikTok Shop are certainly firing on all cylinders and growing very strongly.

Operator

Your next question comes from the line of Steve Forbes from Guggenheim Securities.

Steven Paul Forbes

Guggenheim Securities, LLC, Research Division

Given all the supply chain complexity and the color you provided, I was curious maybe if you can update us on the progress of the one SharkNinja voice initiative. How many of your vendor partners has the team met with thus far? What areas of optimization has the team identified and sort of what are your vendor partners asking of Shark on the back of that?

Mark Adam Barrocas

President, CEO & Director

Do you mean our factory partners, Steve?

Steven Paul Forbes

Guggenheim Securities, LLC, Research Division

Yes, yes, yes.

Mark Adam Barrocas

President, CEO & Director

Yes. Listen, the question is framed in a way like supply chain challenges are a new thing. Supply chain challenges have been a thing now for years. And when you say kind of one SharkNinja approach, I mean, tariffs or parity in China right now and outside of China, in about 66% of our business, it allows us now the flexibility of moving production back and forth very easily. There may be a factory that is pushing us more on price and we've had to move some of that production to another factory that is willing to not push on price, but wants more volume.

So I think there's a lot of levers at our disposal. I think the work that we've done to diversify our supply chain, all of our top SKUs resourced at more than 1 factory, most of our SKUs are sourced inside of China and outside of China.

I think the changes to the tariff that happened in November and then again in -- after the Supreme Court ruling, have played in our benefit of giving us lots more optionality than we had a year ago at this time, and we're leveraging that optionality. I mean we believe that there's lots of opportunity for us to have capacity in different areas of the world. And then assess where is the best place for us to place those orders. And literally, Steve, we're doing it at an individual order-by-order basis.

Steven Paul Forbes

Guggenheim Securities, LLC, Research Division

That's helpful. And then maybe just a quick follow-up. You mentioned social engagement is surging. And I know we spent a lot of time last year talking about your sort of brand affiliate plans for the future. And I think this was the first quarter, you delivered advertising leverage. So I don't know if you can maybe just update us on the brand affiliate plans, sort of refining the partners and really seeing leverage opportunities while also stimulating demand.

Mark Adam Barrocas

President, CEO & Director

Look, I think the work that we're doing with AI and technology on our media and marketing space is going to be transformational to the business, I mean, particularly as we get into Q4. Understanding how TikTok Shop also drives demand off platform. Understanding how median one market drives demand in another market. There is so much what we're putting out into the world, I think we're now getting the tools to kind of understand how one piece of content kind of impacts our business in lots of different ways. I think it's going to help us drive media efficiency. But also I don't think, Steve, that we should think of it is that we're going to get media leverage on a long-term basis. I think there's a lot of countries for us to continue to keep investing into.

I think there's a tremendous opportunity in Europe that we've got to just keep spending and investing and building brand awareness and building our product knowledge and who SharkNinja is. I think, Latin America is, again just at its infancy. I was with the CEO of Mercado Libre on Sunday. They're super excited. I mean, we're excited about our partnership with them and developing them as kind of a great pathway to reach Latin American consumers.

So I wouldn't expect lots of leverage moving forward, but I would expect that we're going to drive efficiency in our media through all the tools that we're implementing.

Operator

And we have reached the allotted time for questions. This concludes today's conference call. Thank you for your participation. You may now disconnect.

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