Biote Corp.

Second Quarter 2026 Earnings Conference Call

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CORPORATE PARTICIPANTS

Bob Peterson - *Interim Chief Executive Officer and Chief Financial Officer*

Marc Beer - *Executive Chairman*

Szymon Serowiecki - *Investor Relations*

PRESENTATION

Operator
Thank you for standing by. My name is Tina, and I will be your conference operator. At this time, I would like to welcome everyone to the Biote Second Quarter 2026 Earnings Conference Call. All lines have been placed on mute to prevent any background noise. After the speaker's remarks, there will be a question-and-answer session. To ask a question, press "*", "1" on your telephone keypad. To withdraw your question, press "*", "1" again. It is now my pleasure to turn the call over to Szymon Serowiecki, Investor Relations. Please go ahead.

Szymon Serowiecki
Thank you for joining us today. This afternoon, Biote published financial results for the second quarter ended June 30th, 2026. This news release is available in the investor relations section of the company's website. Hosting today's call are Bob Peterson, Interim Chief Executive Officer and Chief Financial Officer, and Marc Beer, Executive Chairman.

Before we get started, I'd like to remind everyone management will make some statements during this call that include forward-looking statements regarding, among other things, the company's financial results, future performance and growth opportunities, business outlook, strategic plans and anticipated benefits, goals, research and development, manufacturing and commercialization activities, its competitive position, regulatory process operations, benefits of its solutions, anticipated impacts of macroeconomic conditions on business, results of operations, financial conditions, and other matters not related to historical facts. These statements are not guarantees of future performance. They are subject to a variety of risks and uncertainties, some of which are beyond the company's control.

Actual results could differ materially from expectations reflected in any forward-looking statements. These statements are subject to risks, uncertainties and assumptions that are based on management current expectations as of today. Biote undertakes no obligation to update them in the future.

Therefore these statements should not be relied upon as representing the company's views as of any subsequent date. For a discussion of risks and other important factors that could affect our actual results, please refer to our SEC filings available on the SEC's website or on the investor relations section of our website, as well as risks and other important factors discussed in the earnings release.

Management will also refer to adjusted EBITDA and adjusted EBITDA margin, which are non-GAAP financial measures, to provide additional information to investors. A reconciliation of the non-GAAP to GAAP measures is provided in the earnings release, with the primary differences being stock-based compensation, fair value adjustments to certain liabilities, and other non-operating expenses. Please refer to our second quarter 2026 earnings release for a reconciliation of these non-GAAP measures to the closest comparable GAAP measure.

I will now turn the call over to Bob Peterson.

Bob Peterson
Thanks, Szymon and good afternoon, everyone. I appreciate you joining us today. Before we get into the details of the quarter, I want to take a step back and talk about where the company stands and how we're thinking about the work ahead.

Over the past year, Biote has achieved meaningful progress in advancing several foundational initiatives that we believe position the company to return to growth and generate improved financial performance. Most notably, we've strengthened our corporate culture, emphasizing accountability and discipline throughout the organization. We've also realigned and invested significantly in our commercial team, optimized our structure and enhanced our capabilities to drive sustainable growth. The improvements we have achieved are meaningful and they reflect a tremendous amount of effort across the organization.

At the same time, our reported financial results do not yet reflect the significant progress we've made internally against our strategic objectives. As we've discussed previously, the voluntary product recall earlier in the year created temporary headwinds that affected commercial activity.

As we exited the second quarter with these challenges largely resolved, Asteria Health is once again operating at normalized inventory and increased production levels, supported by the addition of a second production shift. We expect that as we steadily increase our supply of internally manufactured pellets in the second half of the year, we will see a corresponding improvement in our profitability.

When I stepped into the interim CEO role in June, I reinforced our continued commitment to advancing the operational and organizational initiatives already underway to make our platform more scalable, improve cross-functional execution, and support long-term growth. And that's exactly what we're doing.

We are strengthening our commercial processes and team, improving operational alignment, building a performance-oriented, data-driven culture, and investing in technology capabilities that will help drive growth.

As we enter into the second half of 2026, we are moving into the next phase of our strategic roadmap, which is designed to drive deeper operational improvements across our business. In this phase, our goal is to restore procedure volume growth.

Key areas of focus include strengthening clinic retention and enhancing the practitioner experience, accelerating sales productivity, and achieving a higher rate of quick-start success for newly added clinics. These priorities will determine our long-term success and they require disciplined, sustained effort across our organization.

With our larger commercial team, we now have the capacity to deepen our relationships with existing practitioners across our network and support them in ways that further enhance patient outcomes and long-term clinic performance.

While we've made important progress in improving alignment and accountability, which should improve sales productivity, we are fine-tuning our sales processes, strengthening coaching and development programs for our field team, and ensuring our teams are laser-focused on the activities that drive clinic engagement and procedure volume. This is a multi-quarter effort and we will continue to work to raise our sales productivity so that we can achieve our growth objectives.

As an innovator in the hormone replacement therapy market and the established leader in clinical support, Biote remains focused on expanding our provider network and accelerating growth. We continue to strengthen our training and onboarding programs so new practitioners can ramp efficiently, build momentum and stay engaged through their first year.

Our commitment to early-stage success remains unwavering. Alongside these operational and strategic initiatives, we continue to evaluate inorganic opportunities that complement our strategy and supplement our growth.

To be clear, organic growth remains our priority, and we will continue to improve our fundamentals. But we also recognize that as our market opportunity in hormone optimization and healthy aging solutions evolves, we can expand our platform, enhance our capabilities, and accelerate our strategic progress through inorganic means.

Although we are not yet in a position to discuss the specifics, we are actively evaluating several opportunities that will allow us to expand our footprint in our market. However, what I can say is that inorganic growth represents an important complement to the internal work underway, and we will be thoughtful and disciplined in how we approach it.

Now, I'll review the second quarter financial results. Unless otherwise noted, all quarterly financial comparisons in my prepared remarks are made against the second quarter of 2025.

Revenue decreased 9.5% to $44.2 million. Procedure revenue declined 13.9% to $30.3 million, which included an estimated $3.3 million impact related to the voluntary recall of certain hormone pellets shipped by Asteria Health.

Procedure revenue was primarily impacted by the following factors. One, lower procedure volume in existing clinics, which includes the impact of procedure deferrals and hormone pellet supply constraints related to the recall. Two, elevated clinic attrition and three, slower productivity from new clinics as our sales team focused on supporting recall-impacted clinics.

Dietary supplements revenue grew 5.7% to $11.4 million. The increase was primarily driven by the continued growth of our e-commerce channel. Overall, we continue to forecast our dietary supplements revenue will grow at a mid-to-high single-digit rate for the 2026 year.

Gross margin was 65.4% compared to 71.6%. The decrease was primarily due to $0.6 million of incremental costs related to the recall, which includes reduced operating efficiency at Asteria Health, coupled with increased sourcing of high-cost third-party pellets. In the second quarter, Asteria Health supplied around 30% of our shipped pellets as compared to a similar level in the first quarter of 2026 and over 50% in the fourth quarter of 2025.

As I noted, we have fully restored Asteria Health supply continuity and inventory levels are now normalized. As a result, we expect our third quarter product mix to improve as we source a lower percentage of pellets from our third-party suppliers, which with time will improve our gross margin. Going forward, we aim to meet our practitioners' needs through the vertical integration of Asteria Health.

Selling, general, and administrative expenses increased to $32.4 million from $24.2 million. The increase reflected higher legal expenses. I would note that we have recently resolved many of our outstanding legal matters, which we expect should reduce quarterly legal expenses going forward.

Net loss was $7.4 million, and diluted loss per share attributed to Biote corporate stockholders was $0.23. This compares to a net income of $3.9 million and diluted earnings per share attributed to Biote Corp stockholders of $0.10. Net loss for the second quarter of 2026 included a loss of $0.8 million due to the changes in the fair value of the earn-out liabilities. By comparison, net income for the second quarter of 2025 included a loss of $1.8 million due to the changes in the fair value of the earn-out liabilities.

Adjusted EBITDA decreased to $5.6 million, with an adjusted EBITDA margin of 12.6%. Cash flow used by operations in the second quarter was negative $1.2 million. As of June 30, 2026, cash and cash equivalents were $11.2 million, as compared to $5.3 million in March 31, 2026.

Now, turning to our financial outlook for 2026. We expect procedure revenue to show sequential improvement in both the third and fourth quarters, benefiting from more consistent supply continuity and growth in new clinics.

However, the impacts from the voluntary product recall earlier in the year have delayed our expected return to year-over-year procedure revenue growth. As a result, we are revising our full year financial outlook to reflect our first half performance and our current expectation for the remainder of the year.

With respect to our 2026 revenue outlook, procedure revenue is expected to improve sequentially in both the third and fourth quarters versus prior guidance that anticipated a return to year-over-year growth in the second half. However, year-over-year procedure revenue in these periods is expected to be negative due to the first half disruption and other factors affecting near-term performance. Dietary supplements revenue is expected to grow at a mid-to-high single-digit rate from 2025.

For the 2026 year, we estimate revenue above $175 million and adjusted EBITDA above $25 million. This compares to our prior guidance of revenue above $190 million and adjusted EBITDA above $38 million.

In closing, despite our near-term financial results, I'm encouraged by the foundational progress we have achieved and our team's shared commitment to delivering on our next phase of our strategic roadmap. As we execute on our key initiatives, we are building a resilient platform that we believe will support sustainable profitable growth over the long term.

Operator, let's now open the call for questions.

QUESTION AND ANSWER

Operator
And our first question comes from the line of Kaumil Gajrawala with Jefferies. Please go ahead.

Kaumil Gajrawala
Hey, guys. I guess the first question, Bob, you sort of opened or at least early in your prepared remarks, you talked about inorganic opportunities, but obviously you don't want to provide too many details. But can you maybe just provide strategy or outlook, like what would be the ideal type of deal for you guys? And how adjacent is it to your core? Is it more consolidating the core with others? In general how would it work and what would you prefer?

Bob Peterson
Yes, I think the biggest thing here is it's a little bit early. We're not in a position to discuss the specifics. We are evaluating our opportunities that can really support and strengthen the position that we're in now, the platform that we're participating in. And I would just say, to really

dive into your question a little bit, is really we want to get into things that can expand our reach and accelerate our strategic objectives. These opportunities would include the capabilities to complement our core offering. Adjacent products too, to basically enhance the practitioner engagement and other opportunities to broaden our footprint within the space.

Kaumil Gajrawala
Okay, got it. And on the Asteria recall, you gave some figures, I think $3.3 million. Anything as it relates to the brand, have you lost practitioners that are difficult to bring back? And it is now sort of the exercise now is to accelerate the recruitment of new ones. I'm just curious, beyond just the sort of losses of the moment, any lingering effects, either in change of strategy or maybe new things we need to be thinking about?

Bob Peterson
Yes. No, specifically related to Asteria, I have to say that the Asteria brand itself remains quite strong. People appreciated what we had done, and I can say that as it relates to building inventory and driving stock, we're really in a solid place. And we don't see that there will be any challenges in shifting that inventory back over to Asteria. And I would just say, as we begin to do that, then, as you mentioned, we would start to see that gross margin improvement. So that's underway right now, and we haven't received too much pushback on it. So hopefully that answers your question.

Kaumil Gajrawala
Yes, great. Thank you very much.

Bob Peterson
Appreciate it.

Operator
Your next question comes from the line of Jonna Kim with TD Cowen.

Jonna Kim
Thank you for taking my question. Just maybe additional color around, compared to when you had the call last time to now, sort of what led to lower volume than you expected, and you mentioned also elevated clinic attrition, you know sort of what drove that sort of the quarter-on-quarter delta, per se, on the results? Just any additional color would be helpful there. And as related to that also as you think about attrition, what are some measures that you're implementing in the second half to drive better retention? And any new measures that you're thinking of to drive that retention up? That'll be helpful. Thank you.

Bob Peterson
Thanks, Jonna. Yes, first and foremost, attrition is still sitting at the high-single-digits rate. No material change. I would just say we're sitting at around that 8% level. The biggest thing that I would say, just from a driver, the recall and the supply challenges that we incurred did hurt in the same-store sales area and on procedure volumes. And the biggest thing that I would say, just to put a bow on Q2, is that we're happy to say now that the supply challenges, as I mentioned to Kaumil, the supply challenges that we had seen in Q2 are now behind us from a supply perspective at Asteria.

The second part of your question is really a good one because you know that I highlighted on the prepared remarks that phase one was largely completed, and that was really the setup for focusing on our foundational fixes, the structure, the commercial team expansion, operational processes, really focusing on data and systems improvement. But the exact question that you ask really dives into the second phase of the equation, which is really sales force productivity and performance. And I would tell you, in that segment, the things that we're going to be doing differently, focusing on attrition, focusing on those same-store sales, trying to drive new customer growth.

We're really going to be in a position of focusing and strengthening our clinic retention and enhancing our practitioner experience from a retention perspective. And I would just say one of the things that we've learned, and we've got line of sight into, is that as we look at the data in our field activity, we know that when we're in accounts every month and in front of the practitioner, we don't lose that account. So with that in mind, knowing that attrition should improve. So really, that's going to be an activity-based focus that we focus in on in the second half of 2026 in a real data-driven approach and focusing in on accountability.

And I would just say a handful of other areas that we'd be focusing in on are going to be just accelerating sales productivity and driving new performance for the customers that are coming in the top of the funnel.

Jonna Kim
Got it. And just one more question. As you evaluate the business today, do you have the right number of sales force now, or do you need to expand more, or you feel comfortable where you are?

Bob Peterson
No, absolutely. I think the real key now, we've got a full sales force, which is fantastic. And now, really, it comes down to driving that activity focus on performance. And I really do believe we've put the right processes and operational processes and systems in place. Now it's just a matter of driving that activity and focus in the second half.

Jonna Kim
Got it. Thank you.

Bob Peterson
Thanks, Jonna.

Operator
Your next question comes from the line of Jailendra Singh with Truist Securities. Please go ahead.

Jailendra Singh
Thank you, and thanks for taking my questions here. So maybe I want to follow-up on your comment around new clinic productivity being slower as the sales focus on supporting recall-impacted clinics. Is the issue simply delayed onboarding activity, or are you seeing lower-than-expected utilization from these new clinics once they become active? And does your guidance assume any improvement in productivity in second half on these clinics?

Bob Peterson
Just do me a favor and say the last part of the question. I got the first part. Could you say the last part?

Jailendra Singh
Does your guidance assume any improvement in the productivity for these clinics in second half?

Bob Peterson
Sure. So I would say that from a new customer perspective that we bring in, we haven't seen them ramp as quickly as we would've liked, and I would think that that is primarily due to the salesforce being really focused on supply challenges in Q2. When clinics don't have the pellets that they need, the reps have to go in and really support and that takes them away from driving performance.

And I would just say from a guidance perspective, I mean, we are expecting to see quarter-over-quarter improvements sequentially and I would just say that, that is going to be the primary driver that we expect on procedure revenue in the second half of the year, based on the phase two approach that we're going to be driving from a salesforce productivity perspective.

Jailendra Singh
Okay. And one more on supplement revenue. That seems still strong, up like, I think, 6%, even with disruption to procedure business. How do you see that business evolving over the next few years, and what's driving the resilience in that business? Any color around supplement revenue business?

Bob Peterson
Sure. I mean, adoption and penetration in our existing clinicians is strong. As you saw in Q1, the number was a little bit higher. We're starting to lap tougher comps. But the resilience in that space, we know that the product portfolio that we have based on the CDSS, the Clinical Decision Support Software that we have, makes solid recommendations. And we also know that it makes solid recommendations for nutraceuticals. And we also know that everyone who is on a pellet procedure should be on DIM. So our host of products are very complementary to the procedure that we offer. And so, I think that's really the primary driver of the resilience that we're seeing in the nutraceuticals.

Jailendra Singh
Great. Thanks a lot.

Bob Peterson
Thank you.

Operator
Your next question comes from the line of George Kelly with ROTH Capital Partners. Please go ahead.

George Kelly
Hi, everyone. Thanks for taking my questions. First one for you is just maybe a follow-up on the prior question on your expectation for sequential improvement in procedure revenue in 3Q. Just wondering what you're seeing that's giving you confidence in that projection. I don't know if you could talk to what you've seen in July or maybe at the tail end of 2Q, and just the trends that you're seeing with respect to procedure growth would be helpful.

Bob Peterson
Yes, for sure. Thanks, George. First of all, I think before we even get started, we have to make sure that everybody is aware the recall and the supply challenges are behind us. Knowing that we have adequate supply, that is absolutely key. And I would say, as I mentioned at the earlier part of the call, we're driving a level of accountability throughout the field. And as I said, when you're face-to-face with that doc and with that practitioner, we know that we can retain that business. So here's what I would say. We are expecting the sequential improvement Q3 to Q4, based on the normalization of supply that we have. We've executed phase one, the real focused approach on the foundational fixes, and we're starting to see some of the benefits of the operational fixes that we talked about regarding phase two.

Second half improvement, I would just say is we do believe that we can get there. The sequential improvements are a realistic expectation, and I would tell you the information that we have that can really support this. If you look back at the end of 2025 up through January right before we had the impact of the supply challenges and the recall, we saw growth in those several months leading up to the recall.

As we reviewed performance of our customers from the time of the recall to the end of Q2, what we saw was, as you're aware, well over 50% of our business was tied in to Asteria, and the remaining portion of our business was tied into pellets from other providers. What we saw is that the Asteria cohort declined in overall procedure volume, and comparatively, when we looked at the non-Asteria cohort, that cohort showed steady growth over a period during the supply shortage. So as we know, the supply challenges being behind us, knowing that we do have inventory build, knowing the information that I just shared, we believe and have conviction that we can grow sequentially in the second half of 2026.

George Kelly
Okay. That's helpful. And then second question for me on attrition. Outside of the recall, is there any kind of factors, I don't know if it's competition or anything else worth flagging that's kind of new and impacting your attrition number?

Bob Peterson
Yes, George. Not really and the one thing that I would say is competition is consistent. I don't see an up or a down from a pressure perspective on attrition. It really has stayed relatively flat. And I think that is the real key on attrition. I mean, the big key for me from shifting over to a little bit of the same-store sales front is if we look at the information that we just talked about, get the supply back into the hands, get the reps in front of the doctors. Those are the big keys that we need to make sure are occurring, and that should help both attrition and same-store sales and new customer growth for that matter. So I mean, that's the real focus. How do we become activity-focused on performance in the second half?

George Kelly
Okay, that's helpful. I guess just one last quick modeling question. SG&A in the quarter was over $32 million. You flagged the legal expenses. I saw that settlement that was added back to EBITDA. Was that included in SG&A or maybe if you could kind of just put all the legal stuff together. Trying to get to normalized SG&A.

Bob Peterson
No. So I mean, right so non-adjusted SG&A included a lot of legal expense, and the increases in legal for Q2 was due to the acceleration of several legal matters that involved depositions and

a bunch of pre-litigation support. These legal matters were settled and resolved in a positive way, which will assist in decreasing expense in the latter part of the year. And I think the big thing to note here, George, is that with these settlements, this will pretty much eliminate all material outstanding legal matters. Many of these will now be resolved. So looking into from a modeling perspective, the total adjusted impact is around $6 million in the front half of the year.

George Kelly
Okay. Thank you.

Bob Peterson
Of course.

Operator
And with no further questions in queue, I would like to turn the call back over to Bob Peterson for closing remarks.

CONCLUSION

Bob Peterson
Thank you, everyone, for joining us today. We appreciate your interest in Biote and look forward to speaking with you on our next conference call.

Operator
Thank you again for joining us today. This does conclude today's call. You may now disconnect.