

Biote Corp.

Third Quarter 2024 Earnings Conference Call

Tuesday, November 12, 2024, 5:00 PM
Eastern

CORPORATE PARTICIPANTS

Terry Weber - *Chief Executive Officer*

Robert Peterson - *Chief Financial Officer*

Simon Serowiecki - *Investor Relations*

PRESENTATION

Operator

Welcome to the Biote Third Quarter 2024 Earnings Conference Call. All participants are in listen-only mode. If you need assistance, please dial "*", "0" to signal an operator. After today's presentation, there will be an opportunity to ask questions. To ask a question, you may press "*" then "1" on your touchtone phone, to withdraw your question, please press "*" then "2." Please note, this event is being recorded.

I would like now to turn the conference over to Szymon Serowiecki from Investor Relations. Please go ahead.

Simon Serowiecki

Thank you for joining us today. This afternoon, Biote published financial results for the third quarter ended September 30th, 2024. This news release is available in the Investor Relations section of the company's website. Terry Weber, Chief Executive Officer and Bob Peterson, Chief Financial Officer, will host today's call.

Before we get started, I'd like to remind everyone that management will make 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, strategies, goals, research and development, manufacturing and commercialization activities, its competitive position, regulatory process operations, benefits of its solutions, the anticipated impact of macroeconomic conditions of the business, results of operations, financial conditions and other matters.

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's current expectations as of today.

Biote undertakes no obligation to update them in the future. Therefore, these statements should not be relied upon as representative of 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 and 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, which is a non-GAAP financial measure to provide additional information to investors. A reconciliation of the non-GAAP to GAAP measure is provided in our earnings release with the primary differences being stock-based compensation, fair value adjustments of certain liabilities, transaction-related expenses and other non-operating expenses. Please refer to our third quarter 2024 earnings release for a reconciliation of adjusted EBITDA to net income, the closest comparable GAAP measure.

I'll now turn the call over to Terry Weber.

Terry Weber

Thank you, Szymon, and thank you all for joining us. On the call with me today is Bob Peterson, our Chief Financial Officer, who will review our financial results and discuss our

outlook for 2024. Marc Beer, our Executive Chairman, is also on today's call to help answer your questions during the Q&A session following our prepared remarks.

Biote delivered strong financial performance in the third quarter, highlighted by double-digit growth in both revenue and adjusted EBITDA. Revenue was driven by continued growth in procedures and a strong return to growth in our dietary supplement business as we continue to drive improvements in our Amazon channel.

We also generated solid improvement in both our gross profit and adjusted EBITDA margins, realizing cost savings from the vertical integration and effective management of our operating expenses.

As a result, our third quarter adjusted EBITDA improved approximately 15% compared to the same quarter last year and adjusted EBITDA margins exceeded 30%. During the quarter, we continued to focus on driving growth from our top-tier accounts who consistently generate the majority of our revenue.

Over the past year, we have strengthened engagement with our top practitioners. By expanding our offering and treatment protocols, we can more comprehensively serve the needs of our providers and their patients.

Additionally, we have further enhanced our research, training and educational programs to meet the growing demand for evidence-based medicine. In doing so, we believe we have further enhanced our position as the leading authority in hormone optimization and therapeutic wellness.

We have also continued to make progress in training and certifying new practitioners. As I noted last quarter, our quick start program creates an efficient workflow for the new practitioners to optimize clinic success. Since launching this program, we have found that clinics that achieve quick start status generate stronger performance over time. As a result, we continue to assist our new practitioners to efficiently build and promote their hormone and therapeutic wellness practices.

We believe Biote's patient data set and proprietary algorithms are key advantages in the marketplace. In the third quarter of 2024, we introduced targeted enhancements to our proprietary clinical decision support software, further strengthening our position in the marketplace.

The enhancements we introduced reinforce our commitment to patient health and wellness as we advance the Biote method by following the latest evidence based medical literature. Importantly, our clinical decision support software now makes recommendations across an expanded range of our product portfolio, enhancing patient care with highly personalized therapies that can include hormone optimization, therapeutic wellness, and dietary supplements.

Additionally, our updated software strengthens our practitioners' capabilities to serve a broader range of patients, expanding our long-term market opportunity. As we introduced these enhancements in the third quarter of 2024, we experienced a temporary disruption in procedure volume as our practitioners adjusted to the updated software and workflow in their clinics.

To facilitate this transition, we're assisting our practitioners with additional workflow support and training. Although we're seeing some residual impact in the fourth quarter of 2024, we have begun to experience a rebound in procedure activity over the last several weeks, and as we look ahead to next year, we anticipate procedure revenue growth will reaccelerate in 2025. We are confident that our enhanced clinical decision support software strengthens our competitive position and supports our growth objectives.

Our refined dosing considerations expand patient treatment options while better positioning Biote to attract a broader range of practitioners. Additionally, our advanced software allows for a greater range of data input, empowering practitioners to more precisely tailor care to a broader base of patients.

Over time, we believe the deeper patient data set provided by our enhanced software will enable us to leverage traditional and AI-driven analytics to identify new growth opportunities in hormone optimization and therapeutic wellness.

We continue to take a measured approach to expanding our footprint of BioteRx, ensuring that all enrolled clinics maintain consistent access to our personalized therapeutic wellness solutions. As of the third quarter, the total number of BioteRx enrolled clinics throughout our network exceeded 1,100.

In addition to new product offerings for sexual health, weight loss, and preventative wellness, the BioteRx marketplace features a comprehensive portfolio of advanced technical tools, support, training and educational resources.

While our BioteRx program currently provides a relatively small direct revenue contribution, the BioteRx formulary is expansive and essential to enhancing our competitive offerings in the marketplace. I would note that our BioteRx formulary is not dependent on any single category of therapeutic treatments including GLP-1s.

In the third quarter, we continued the integration of Asteria Health into our operations. Consistent with our strategic objectives, the vertical integration of our manufacturing has strengthened our supply chain and has yielded expected cost savings.

As we continue to vertically integrate our pellet manufacturing, we are narrowing our current vendor network to better manage our supply chain. On a longer-term basis, we believe Asteria Health will strengthen our 503B manufacturing expertise, enabling us to develop and provide a wider range of high-quality compounded medications. In the near-term, we remain focused on expanding Asteria Health's licenses to additional states.

I will now turn the call over to Bob to discuss our third quarter financial results and provide our outlook for 2024.

Robert Peterson

Thank you, Terry, and good afternoon everyone. Total revenue in the third quarter was \$51.4 million, up 12.8% from the prior quarter period. Procedure revenue growth increased 7.1%, primarily reflecting growth of established top tier clinics and contribution from new clinics.

As Terry noted, we experienced a temporary disruption in procedure volume towards the end of the third quarter as we introduced enhancements to our clinical decision support software. To a lesser extent, Hurricane Helene caused clinic closures in several of our core states, slightly

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impacting third quarter procedure volumes. We estimate the associated impact of these headwinds as approximately 2.5 percentage points on our year-over-year procedure revenue growth rate in the third quarter.

Third quarter dietary supplement revenue increased 21.7% year-over-year. Dietary supplement sales benefited from continued transition of a portion of our business, as we continue to drive improvements in our Amazon business.

Third quarter gross profit margin was 17.5%, a 160 basis point increase from the third quarter of 2023. The year-over-year improvement in gross profit margin reflected cost savings from the vertical integration of Asteria Health as well as continued cost management. These gains more than offset the impact of revenue mix shift towards dietary supplements.

Selling, general and administrative costs were \$24.0 million, compared to \$23.8 million in the third quarter of 2023. As expected, third quarter SG&A expenses moderated on a sequential basis from the second quarter of 2024 as certain investments were incurred in the first half of the current year. Driven by strong sales growth and increased gross profit, operating income increased to \$12.2 million up from \$7.6 million in the prior year quarter.

Net income was \$12.7 million inclusive of a \$7.2 million gain due to a change in the fair value of the earn out liabilities. This compares to net income of \$19.6 million in the third quarter of 2023 which includes a \$17.5 million gain due to the net change in the fair value of the earn out liability. Third quarter income was \$0.33 per diluted share, an increase of 38% on a year-over-year basis.

Adjusted EBITDA was \$16.2 million with an adjusted EBITDA margin of 31.5%. In the comparable quarter of 2023, adjusted EBITDA was \$14.0 million with an adjusted EBITDA margin of 30.8%. The increases in adjusted EBITDA and adjusted EBITDA margin reflected improved sales, higher gross profit margin, and effective operating cost management.

Biote generated strong cash flow from operations in the third quarter and on a year-to-date basis. The nine months year-to-date cash flow from operations totaled \$32.9 million compared to \$19.9 million for the nine months ended September 30, 2023.

Cash and cash equivalents at the end of the third quarter of 2024 were \$38.2 million, up from \$26.4 million at the end of the second quarter of 2024. The sequential increase in cash and cash equivalents from the second quarter of 2024 was primarily due to increased cash flow from operations.

Turning to our financial outlook, we are adjusting our previously reported 2024 financial guidance as we navigate two temporary headwinds impacting our fourth quarter results. First, we anticipate some residual impact on fourth quarter procedure revenue as we assist our practitioners with additional workflow support and training on our updated clinical decision support software. Second, and to a lesser extent, both Hurricanes Helene and Milton caused clinic closures in several of our core states, delaying certain procedure revenue into early 2025.

As a result of these factors, we now forecast 2024 revenue of \$197 million to \$201 million and adjusted EBITDA of \$58 million to \$61 million. This compares to our previously reported guidance of \$200 million to \$204 million in revenue and \$60 million to \$63 million in adjusted EBITDA.

Our updated 2024 revenue guidance reflects our expectations for continued growth within our top tier accounts, the continued expansion of our network, and a growing contribution from clinics that achieve quick start status. We also anticipate continued year-over-year growth in dietary supplement sales in the fourth quarter of 2024.

From a cost perspective, we remain focused on driving incremental savings from vertical integration. We expect that these cost savings, along with our ongoing cost management efforts, will generate continued strength in both gross profit and adjusted EBITDA margins in the fourth quarter of 2024.

I'll now turn the call back to Terry for her closing comments.

Terry Weber

Thank you, Bob. Over the course of this year, Biote has achieved significant progress against our strategic priorities and has laid the foundation for accelerated growth. We are confident our updated clinical decision support software represents a true game changer, further differentiating Biote from our competitors while enhancing patient health and supporting our long-term growth objectives.

With the introduction of BioteRx, we have leveraged our leadership in hormone optimization to expand our growth opportunity into that broader category of therapeutic wellness. At the same time, we've strengthened our capabilities through the acquisition of Asteria Health. We have also enhanced our dietary supplement business as we continue to drive improvements in our Amazon business.

Throughout this journey, we have provided our growing network of practitioners with unparalleled leadership in education, training, and research to further advance patient health and well-being. Biote remains focused on driving profitable growth and building long-term value for all stakeholders as we widen our competitive moat.

Now I would like to open the call for questions. Operator, please begin the question and answer session.

QUESTION AND ANSWER

Operator

We will now begin the question and answer session. To ask a question, you may press "*" then "1" on your telephone keypad. If you're using a speakerphone, please pick-up your handset before pressing the keys. To withdraw your question, please press "*" then "2." At this time, we will pause momentarily to assemble our roster.

Our first question comes from Jonna Kim from Cowen. Please go ahead.

Jonna Kim

Thank you for taking my question. First one on BioteRx, could you help us quantify how big that business is now and where you see that trending over time and also just the profit profile, margin profile of that business will be helpful as well. And then just a follow-up, would love any color on how the Amazon storefront is progressing versus your expectations and how you think that business will trend next year. Thank you so much.

Terry Weber

Thank you, Jonna. So, I'll cover your first question. As we talked about BioteRx, if you remember, it was a next-generation platform or a marketplace that offers all these enhanced tools and products and access for both hormone optimization and therapeutic wellness. So, what we've done is expanded BioteRx's offering, and that has moved and been incorporated in the new clinical decision support software enhancements. So, it really covers an expansive range of products, but it was always done as an addition to this core business we have. It was an access platform that allowed our providers to find the products that we had recommended in our software platform.

So, it is at this point a small amount of income, but it is a large value in the competitive area to provide that access all through one platform. And it is basically not, it's a transfer price. We don't manufacture those products. We simply provide them very effectively through one platform. So, it's a modest contribution from BioteRx in 2024, and a greater, though still minor contribution expected in 2025, because it's the transaction fees until we start creating more of those products internally in our 503(b).

And then I'll have Bob address the Amazon.

Robert Peterson

Sure. And hi, Jonna. The one thing that I would say is we definitely made the right decision to change our distribution channel model. And I can tell you the exciting piece for us is as we start the conversion process and working through competing in the new Amazon market with us in control, it is going according to plan and we do see line of sight into accelerated growth. So, I would just say, as we expect to continue that growth into Q2 or Q4, sorry, and then into 2025, I don't see any major mix shift changes, but yes, I think, yes, that is probably the biggest area. You'll start to see that real benefit in 2025.

Jonna Kim

Got it. Thank you so much.

Operator

The next question comes from Jeff Van Sinderen of B. Riley. Please go ahead.

Jeff Van Sinderen

Hi everyone, and let me say nice work on the P&L leverage and reaccelerating the supplement business. Okay, not sure what happened there? Can you guys hear me? Okay, so, one of the things you mentioned around the decision support software disruption was that it sounds like you're through most of that, and I think you said that you're seeing I guess the impact of that abate as we're getting through Q4. Can you just, I mean, I guess give us a sense of kind of what happened there, and now that you're doing the enhanced training, and support how you're getting those clinics that struggled, kind of up to speed on that?

Terry Weber

Good question. So, when we first talked at the end of Q2, we had forecasted accelerated growth and we were on the path to that accelerated growth. We had created these enhancements to the clinical decisions software that were such game changers. We felt the need to get them out in the marketplace and get them to our 7100 clinics. So, what we saw was a workflow adjustment. So essentially there were two headwinds in Q3. One was this workflow adjustment with the new CDSS. And we've seen a bounce back in the last couple of weeks. So, 7100 clinics shifting takes a little time, and it's difficult for doctors' offices to change. But

we're really seeing that change in the last few weeks where we're getting back to the regular workflow at those clinics. So, we've really seen the benefit. There's so many compliments on the enhancements here, and how it really expands our competitive moat. And I can go over that in some detail in a minute.

But we also had this ability through this new clinical decision support enhancement to not only add the new products that we were teaching on, they've also added and expanded the number of patients we could treat. We could now treat perimenopausal patients very effectively with this decision support software, which no one else has in the industry. And then we expanded that base of providers where we're a very attractive option for them, more to the mainstream providers and academic groups. So that was the reasoning for that CDSS, but it did have that workflow adjustment. We're seeing that recovering and rebounding. We know it will have a small impact in Q4 as well.

And let me pass it to Bob to talk about the exact impact.

Robert Peterson

Yes, excellent. Thanks, Terry. Yes, looking at the workflow, we're working to assist those practitioners through training, as you mentioned, as Terry mentioned. I think the big thing to highlight is the impact that we saw was around 2.5 percentage point increase in growth, which obviously hurt us. But back to your original point, Jeff, as we begin to see the trends post-launch, we are starting to see a bounce back over the past several weeks, but I have to stress that there is still work to be done. But let me just be really clear, the patient demand remains solid and practitioner loyalty remains strong. And at the end of the day, we would have hit guidance if not for the CDSS. But we are excited about getting this back on track and having procedure and nutra revenue growth in the future.

Jeff Van Sinderen

Okay. So, it sounds like, I mean, the net of that, as I'm thinking about how you've portrayed it is really that maybe a little bit more of learning curve associated with adoption of that software, but the net result should be very positive.

Terry Weber

The net result will be excellent. It really enhances our abilities it updates these algorithms in a way that's not seen anywhere in the industry and really broadens the appeal. And I think that kind of gives us that comfort that we would have had this accelerated growth in this Q3 had not that headwind of the workflow, as well as, the hurricanes and we would not have changed guidance without that minor interruption.

Bob, do you want to talk a little bit about '25?

Robert Peterson

No, I think with all the things that you mentioned, all the enhancements, the additional recommendations across the expanded range of our product portfolio, the algorithms, I think it sets us up for a solid 2025.

Jeff Van Sinderen

Okay, great to hear. And then, if I could squeeze one more in, I was just curious on Asteria Health, getting the state licenses there. I know you said you made progress, just wondering kind of where we are in that process? Just I guess anything else you can tell us about that?

Robert Peterson

Yes, so as the vertical integration is key to us. We've said that for several quarters. We now are at a point where we're around 30 licenses. We continue to be on track. Probably the most exciting piece of this is that we're at that point where we've converted approximately 50% of our volume to Asteria. And so, that's a big piece of the puzzle. And also, in Q3 we saw about 100 basis points of margin improvement. So just to put the bow on it, I'm proud of the team, I think we've been able to meet the demand and yes, through expanding the capacity that we have. So far so good.

Jeff Van Sinderen

Okay, great to hear. Thanks for taking my questions. I'll take the rest offline.

Robert Peterson

Thanks.

Operator

Our next question comes from Kaumil Gajrawala from Jefferies. Please go ahead.

Kaumil Gajrawala

Hey guys, I'll take the bait, Terry, on your tease. Do you want to share maybe some more specifics on what specifically this new software is going to offer or I guess is offering, but what you're going to be able to do that you weren't able to do before once everybody is sort of accustomed to using it?

Terry Weber

Yes. So, what we've done is really taken where the science has advanced over these years, and there's new tests available, lab tests available, a lot of specificity in exact patient, every individual patient. So now what this software does is it treats to that very specific patient. So, all the algorithms are now built with the other opportunities. So, we now are treating patients from the early 40s all the way to 100. We have two patients turn 100 this month. And so, this new enhanced software delivers that whole guidance through the decades of somebody's life. It also makes recommendations across the whole product portfolio. So, something that may not be ideal for patients, where we've talked about, we are not just a pellet company. We absolutely delivered on that promise. We now offer this various education but we also offer the products. So, this clinical decision support software tells you how to dose and what are your options for that patient sitting in front of you. So, it greatly enhances what that practitioner offers to their patient base now. And it really broadens the appeal of the Biote Method to more mainstream doctors. So, this is not just products, its expanded patients and also a new base of providers and it creates this competitive moat. I couldn't say enough about the fact that these practitioners have never seen this kind of detail and guidance on that very complex patient who is sitting in front of them. And we all know if people age, you know, you are way too young to know. But as you age, there are so many comorbidities that need to be taken into account when treating hormone optimization in the whole patient. We are helping aging. So, we've done a very expanded job to deliver an exceptional product.

Kaumil Gajrawala

Okay. Great. And then may I ask a bit about what's going on in GLP-1 and your ability to compound and offer it? Obviously, there is some back and forth with what the FDA is or isn't going to allow over time. So any update there would be nice.

Terry Weber

Yes, and I think we are all getting used to it in the market. Our providers are getting used to it, we are used to it, and I think what our BioteRx platform offers is what's available legally for our providers. We keep them right in step with regulation. So, we currently are offering the two main products that are on the shortage list. So, we are offering both the tirzepatide and the semaglutide injections. And as long as they stay on the shortage list, we will be able to provide them for all of our providers in the states where it's allowed. And there will be additions in the oral et cetera, but this is going to be not a primary focus for us. It's just one of the offerings of our BioteRx and we do it for competitive reasons and don't really worry the comings and goings. We will provide, obviously, access for prescription when it becomes only prescription. So, we don't really see it having an impact on our business.

Robert Peterson

And then I would just add to that, Kaamil, this is immaterial to our overall business.

Kaamil Gajrawala

Okay, got it. Thank you.

Operator

Our next question comes from Les Sulewski from Truist Securities. Please go ahead.

Les Sulewski

Good evening. Thank you for taking my questions. So, I have three. First, on the hurricane impact. Is there a number of clinic closures? And then, do you expect all those to reopen and essentially the patients that have had a delay in some of the procedure, do you expect those all to come back?

And then second, you mentioned some competitive pressure. I guess, when you look at the GLP-1 space, have you lost or have your prescriber network lost any patients to those clinics that specifically, I guess, cater to GLP-1 that you potentially then have initially that now you do offer? You expect that to kind of gain some traction?

And then third, have you identified any certain product offering, specifically as to BioteRx, maybe it's a little early, but are you thinking about any of those offerings that you like to bring in-house or perhaps broadly an M&A plans? Any particular products that your practitioner base has requested that you would like to, I guess, seamlessly fit to your current offerings. Thank you.

Terry Weber

Great questions. I will let Bob to start with the first one.

Robert Peterson

So, on the hurricane impact, I would just say these procedures don't go away. These procedures, while we did see closures, we do expect most of these procedures to start to come back over the fourth quarter and early next year. As you know, many of these docs have busy practices and getting into a clinic could be a challenge in these types of situations. But I would just say that we are monitoring this closely. We are starting to see that bounce back but there is still some work to be done there.

Terry Weber

Great. And Les, repeat your second one.

Les Sulewski

It was regarding the GLP-1 offering that potentially have other clinics, other prescribers have, that you didn't have. How competitive is this to you? Do you expect, I guess, pressure from these patients not coming to the clinics that you currently have in the network?

Terry Weber

No, we've done a great job on the clinics where we had the offering BioteRx in the states we were allowed. We've done well on the GLP-1 offering and they find it very competitive to work with us. So, we haven't lost anything at all to a weight loss clinic or something else like that. These providers are integrating it very well into their practices just as our current weight loss clinics are enhancing their hormone optimization as we expand the CDSS. So, we are seeing an overall positive on that access.

The other thing is that we added six more states to BioteRx in the last month. So those full states will now access to those GLP-1 products as well. And so that's an enhancement. So, I see it in a very positive as we look into 2025 and continue to offer products that these providers are looking for.

And then good question on the innovations, because when we look at these innovations, I think the ones that we are most focused on, and what do our providers using their practices on a regular basis, so those innovations would be, we've added these creams and things so any type of innovations where we look at what products we can offer into that expanded hormone optimization area. The other one that everybody is asking for is formulations for how to step people down off of GLP-1s. So, as we look at those patients and how they use testosterone to gain their lean muscle mass, what are the products we can bring? So, we're innovating in that special area where we've got the sweet spot of owning that aging patient from both the hormone optimization, therapeutic wellness and that includes stepping them down effectively from GLP-1s. So plan to see some interesting innovations on the products that we recommend in 2025.

Les Sulewski

Great color. Maybe I can squeeze one in if you don't mind. On the EBITDA margin front, is 3Q kind of a good proxy moving forward or is there additional room for improvement there as your vertical integration efforts take hold? Thank you.

Robert Peterson

Yes, so here's what I would say. It's a little bit contingent upon the licenses that we get and the additional states and volumes that we take over. But we are excited about the opportunity to expand margins further in 2025.

Operator

Our next question comes from George Kelly of Roth Capital Partners. Please go ahead.

George Kelly

Hey everybody. Thanks for taking my questions. So most have been asked and answered, maybe just a couple follow-ups to some of the prior questions. First on Asteria, Bob you just mentioned it sounds like maybe there's a little bit of uncertainty on the state licensing like where you could end this year with respect to state licensing and percent of volume. I mean is it something that could sort of go into next year? What are you sort of anticipating around those two issues?

Robert Peterson

Yes, so here's what I would say. I want to say that we've obtained the licenses in approximately 30 states. We're on track, I would say, to continue to obtain licenses and throughout the remainder of the year, and I think the biggest piece that I would tell you is we continue to progress well on obtaining new licenses. So, I think that is... and it's right in line with where we thought we would be. So, our goal is to participate in those 50 states long term, but I think that we are on track and we are in the process of converting. So, I don't see a lot of risk in the second half as far as expansion.

Terry Weber

And I think we've really made excellent progress, George, on those licenses. And I think you've just got some outliers like California that can visit late, right. We will just have to wait for them to visit. And so, I think we've made great progress on the larger states and really being able to provide and accelerate integration and we are excited about it. But you can wait on California for a while.

Robert Peterson

Yes, I think the states we've obtained really overlay our core states quite well and some of our larger expansion states. And we're able to meet the demand at this point. So, this is...yes, hopefully that answers your question.

George Kelly

Yes, it does. And then second question. In the press release and a few times here in the conference call, you've commented that you're still expecting procedure revenue growth to accelerate. And I think you've said that it sets you up for a solid 2025 once this software issue is resolved. I was curious if you could be more specific at all, just high level like, is double-digit growth something that you think's achievable? What gives you confidence that it's going to re-accelerate? Just any more commentary around the 2025 outlook would be helpful.

Terry Weber

I think I can comment from a qualitative and then pass it to Bob, because before that launch of the CDSS and those two hurricanes, the enhanced CDSS before that, we were seeing that accelerated growth that we had committed to. So, we were very comfortable with that Q3 and Q4. What happened was those two headwinds, and we've got a good handle on the headwinds, but as you remember George, a lot of our clinics, it's two to three months before you can work a new patient in. So, that has to work through the system. And that's why we're talking about that comfort level in 2025. We're really seeing that recovery with the CDSS. This whole patient demand is there. This is an excellent market to be in. Our new clinics are, our top-tier clinics are really doing well and the CDSS expands a whole new market. So, I think that's where we're so comfortable with that accelerated growth in '25. And know that we'll be coming out of this in the end of the fourth quarter of '24.

Robert Peterson

Yes, George. The only thing I would add to that is that I kind of look at it as almost that three-step process. One, we've got to work with our practitioners to ensure that smooth transition. Number two, as Terry said, logically, we believe these customers haven't gone away and the patient demand is there. The practitioner loyalty is there. And I would just stress that leading up to this point where we were turning on the CDSS, we were performing quite well. And we need to ensure that we remain focused on our four key drivers of growth, which is growing our top tier clinics, accelerating the revenue ramp from those newer clinics, including Quick Starts,

expanding our geographic expansion, and then continuing to leverage our Nutra brands. And I think if we can do all of that, it sets us up very well for 2025.

Terry Weber

And I think, George, what we really want to do in changing and looking at that guidance for the whole year was to make sure we were totally transparent with what we anticipated and then what happened with the CDSS and those hurricanes. And I think that's what's most important to us is to have you feel comfortable with the trust of this management that we're on top of this and are keeping you well informed.

George Kelly

Alright. I'll hop back in the queue. Thanks.

Operator

This concludes our question and answer session. I would like to turn the conference back over to Terry Weber for any closing remarks.

CONCLUSION

Terry Weber

Thank you everybody for joining us today. We really appreciate your interest in Biote and we look forward to updating you on the progress on the next conference call.