

Biote Corp.

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Second Quarter 2025 Earnings Conference Call

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**CORPORATE PARTICIPANTS**

**Bret Christensen**--*Chief Executive Officer*

**Bob Peterson**--*Chief Financial Officer*

**Marc Beer**--*Executive Chairman*

**Szymon Serowiecki**--*Investor Relations*

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## PRESENTATION

### Operator

Good day, and welcome to the Biote Second Quarter 2025 Earnings Conference Call. [Operator Instructions].

I would now like to turn the conference 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 30, 2025. This news release is available in the Investor Relations section of the company's website. Hosting today's call are Bret Christensen, Chief Executive Officer; Bob Peterson, Chief Financial Officer; and Marc Beer, Executive Chairman.

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, anticipated impact of macroeconomic conditions on its business, results of operations and financial conditions and other matters that do not relate 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'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 representing the company's views as of any subsequent date. For 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 and adjusted EBITDA margin, which are non-GAAP financial measures to provide additional information for investors. A reconciliation of the non-GAAP to GAAP measures is provided in our earnings release with the primary differences being stock-based compensation, fair value adjustments to certain liabilities, transaction-related expenses, and other non-operating expenses. Please refer to our second quarter 2025 earnings release for a reconciliation of these non-GAAP measures to the most comparable GAAP measure.

I'll now turn the call over to Bret.

### Bret Christensen

Thank you, Szymon, and thank you all for joining us. I'll provide an update on our business and our reorganization initiatives, then I'll turn the call over to Bob for a review of our second quarter financials and our 2025 financial outlook. After our comments, we'll open the call for your questions. In the second quarter, our procedure revenue was softer than we anticipated. Bob will discuss the reasons for the shortfall and our financials in more detail while I detail our strategic initiatives.

The second quarter was pivotal for Biote as we implemented a strategic organizational restructuring designed to drive increased and sustainable growth. Launched in May, this comprehensive reorganization encompassed difficult but necessary changes to our people, our processes, and our culture. In making these adjustments, we have moved forward swiftly with the strategic clarity to build a more fundamentally sound business that can scale efficiently to capture significantly more of our addressable market opportunity.

As a reminder, we aim to realize three key strategic objectives: one, accelerate new provider wins; two, strengthen relationships with our existing practitioners; and three, generate improved financial performance through greater accountability, consistency, and discipline. Over the last few months, we have achieved solid initial progress against our goals. While progress will not be linear and will take time, I have been pleased to see renewed energy and enthusiasm across our organization, and our team is unified and committed in pursuit of our strategic objectives.

As we implement both organizational and cultural changes, our initial efforts have centered on two key categories: one, commercial priorities that drive revenue growth; and two, foundation priorities that enhance our core capabilities and enable corporate process improvements. To start, I will review some of our key initiatives on the commercial side. First, we brought in new leadership. These strategic additions include Joey Lopes, our Senior VP of Strategy and Commercial Operations. I previously worked with Joey at Insulet, and I'm excited about the expertise and capabilities he brings to Biote.

Joey is spearheading our efforts to reaccelerate procedure growth, improve commercial productivity and instill a high-performance culture in our commercial team. In addition to new leadership, we continue to recruit external sales talent who collectively bring fresh energy and a proven track record of success to Biote. We continue to rebuild and enhance our sales team following headcount adjustments related to our reorganization. We remain focused on capturing a large and underpenetrated addressable market opportunity in hormone replacement therapy and therapeutic wellness.

We have also updated our sales compensation structure, rewarding initiative and achievement by aligning incentives with our sales growth strategy. Our revamped sales compensation program is highly focused on new clinic additions as well as new clinic revenue generated from our successful quick start program. Because progress in these key metrics strongly correlates with long-term procedure revenue growth, these remain among our top strategic priorities.

In conjunction with our new sales compensation framework, we have made fundamental improvements to continue how we recruit and train our commercial team. For example, we expanded the depth of our sales training program and implemented targeted commercial sales strategies that align with our shift to a performance-based culture. We believe these enhancements will ensure that our commercial team is equipped with the essential knowledge, skills, and support to optimize their success.

Moving now to our foundational priorities. We have undertaken a top-to-bottom review of our core functions and internal processes. In thoroughly reviewing our operations and making necessary adjustments, we seek to enhance our internal efficiency, deepen our connection to both our patients and practitioners, and establish greater consistency and discipline throughout the company. We have several initiatives currently underway, and I'm confident that these actions will ultimately strengthen our operations, enabling Biote to achieve a higher level of performance.

Before I turn the call over to Bob, I will close my remarks by saying that while I am pleased with the initial progress we have achieved in such a short time frame, we still have work to do. Across the organization, we are rapidly implementing many necessary changes and improvements that I believe are critical to our long-term success. While these changes have been disruptive to our business, specifically with respect to procedure-related sales, I strongly believe we are on the right path to drive long-term growth and build sustained value for our shareholders.

I'll now turn the call over to Bob.

### **Bob Peterson**

Thank you, Bret, and good afternoon, everyone. Unless otherwise noted, all quarterly financial comparisons in my prepared remarks are made against the second quarter of 2024. Second quarter revenue was approximately flat at \$48.9 million, reflecting an 8.4% decrease in procedure revenue that was partially offset by more than 30% sales growth in dietary supplements.

Similar to the first quarter of 2025, procedure revenue was impacted by a combination of factors, including a slower growth rate of new clinic additions, higher-than-normal attrition of established clinics and lower procedure volume in the second quarter of 2025. As Bret noted, the organizational changes we implemented in the quarter contributed to this performance as did the lingering effects of the Clinical Decision Support Software disruption.

Dietary supplement revenue increased 30.4% to \$10.7 million, primarily driven by the growth of our e-commerce channel. We continue to expect solid growth this year from our dietary supplements business. Gross profit margin was 71.6%, a 280-basis point increase. The improvement primarily reflected cost savings from the continued vertical integration of our 503(B)-manufacturing facility.

Selling, general and administrative expenses decreased 12.2% to \$24.2 million. While we continue to invest in sales and marketing to drive new customer growth, the decrease in SG&A was in part due to the timing of our annual marketing event, which last year was held in the second quarter and will be held this year in the third quarter. This timing effect will move approximately \$2 million of SG&A spend into the third quarter. Second quarter 2025 SG&A expense was also temporarily lower due to headcount adjustments.

Net income was \$3.9 million, inclusive of a \$1.8 million loss due to the change in the fair value of the earn-out liabilities. Diluted earnings per share attributed to Biote Corp. shareholders was \$0.10 per share. This compares to a net loss in the second quarter of 2024 of \$10.4 million, inclusive of a \$13.9 million loss due to the change in the fair value of earnout liabilities and diluted loss per share attributable to Biote Corp. stockholders of \$0.21 per share.

Adjusted EBITDA increased 19.1% to \$15.2 million with an adjusted EBITDA margin of 31.1%. This compares to adjusted EBITDA of \$12.7 million and adjusted EBITDA margin of 25.9%. The increases in adjusted EBITDA and adjusted EBITDA margin were due to improved gross profit and lower operating expenses, which included the timing shift of our annual provider event previously noted.

Second quarter cash flow from operations was \$7.1 million and \$13.6 million for the first half of 2025. I would highlight our continued strong cash flow even as we undergo our organizational restructuring and execute against our strategic objectives. As of June 30, 2025, cash and cash equivalents were \$19.6 million compared to \$41.7 million as of March 31, 2025. The reduction in

cash and cash equivalents reflected payments for the previously announced share repurchases related to our founder and affiliated parties.

Now turning to our financial outlook for 2025. As Bret discussed, Biote has achieved meaningful initial progress in realigning our commercial organization and aligning on our strategic priorities to drive long-term growth. As we have implemented improvements to our core sales and marketing functions, procedure volume has been negatively impacted to a greater degree than we anticipated.

At the same time, we have continued to experience stronger-than-expected revenue growth in our dietary supplements business. This growth has served to partially offset the shortfall in procedure revenue. As a result, we are adjusting our fiscal 2025 revenue guidance to be above \$190 million and our fiscal 2025 adjusted EBITDA guidance to be above \$50 million. For the full year, we forecast procedure revenue declines of high single digits and dietary supplement growth at approximately a mid-teens percentage rate.

We are forecasting second half trends in our procedure revenue growth to be similar to that of the second quarter with strong but moderating sales growth in dietary supplements. This revised guidance reflects the impacts we are seeing as we continue to reorganize our commercial organization and drive towards our strategic priorities.

I'll now turn the call back to Bret for his closing comments.

### **Bret Christensen**

Thanks, Bob. As we continue to execute our corporate growth plan with urgency, I would emphasize that our actions represent more than simply a collection of discrete operational fixes. We are recommitting to excellence in everything we do in pursuit of a higher and more consistent level of operational and financial performance.

While 2025 is a transition year from a financial perspective, I believe the decisive actions we are taking now will enable us to elevate our growth, achieve our strategic objectives, and further advance patient health and wellness.

Operator let's now open the call for questions.

## **QUESTION AND ANSWER**

### **Operator**

Thank you. We will now begin the question-and-answer session. [Operator Instructions]. And today's first question comes from Jeff Van Sinderen with B. Riley. Please proceed.

### **Jeff Van Sinderen**

Hi everyone. I wonder if we could just start with the verticalization process. Wondering, I guess, at this point, how far along you are in that process? What percentage of your pellets are being made there? And then what is still left to do in moving to, I guess, as far as you're going to go on verticalization?

### **Bob Peterson**

Jeff, it's Bob. Yes, just to give you a little bit of a visibility into where we are on Asteria. So given, as we talked last call, we have highlighted that we are in that low 40% penetration for, and it oscillates anywhere from about 40% to around 50%. We are currently in that same range. And

the primary driver there is, as you know, at the end of the first quarter call, we said that we didn't want to disrupt any of the commercial activities given the CDSS. And now given the shift that we've had in the, and the restructure, we have kind of paused on that also, but we do intend to start back up in Q3 to drive up penetration, which should have some solid benefits to margin.

**Jeff Van Sinderen**

Okay. And then turning to the procedure revenue decline. How much -- and I'm not sure you necessarily report this. But how much was the absolute number of procedures down in the quarter? I know that's not necessarily apples or 100% with the procedure revenue? How much was the absolute number of procedures down?

**Bret Christensen**

Jeff, this is Bret. I'll speak to that kind of just qualitatively. So really, the headwinds that we are having are volume related. And that's twofold. It's clinic attrition, so any customers that we've lost, and then volumes within our existing clinics. All of that is, of course, offset sometimes with new clinic starts.

But all three of those categories have been headwinds for us in 2025. We've highlighted that. We saw that start actually with the launch of CDSS in Q3 of last year. That's when we started to see attrition tick up slightly and new starts tick down as our sales force was distracted with the launch of that product and making sure all of our customers got able to use that product and trained in the right way.

We saw that continue into the first part of this year, which is why we have always categorized this year as a transition year for Biote and it's why the caution in the guide is we are -- all everything we've done this year is focused on growth, but it has been disruptive. And so we compounded a little bit with the reorganization that we did in May.

And all of those were the right things to do: the launch of CDSS, which is going to be great for us going forward to the reorganization of the team, including the sales team, that's going to be amazing for us because it's a growth focus. But all those things have been disruptive and have really slowed our growth -- volume growth with procedures this year and we'll continue until we start to see those normalize and trend up.

**Jeff Van Sinderen**

And what do you think needs to happen for the -- I mean, there's a number of different metrics there. You've got clinic attrition, you've got new physician adds, you've got procedure volume. What do you think needs to happen? And I realize some of those are -- one is dependent on the others. But what do you think needs to happen for those metrics to turn around at this point?

**Bret Christensen**

I think the actions we've taken already are going to bear fruit and start to turn volume around in our existing clinics and get new clinic additions headed back in the right direction in a meaningful way. We just can't predict that yet. We haven't seen a trend or an uptick in volume to suggest that those changes are having an effect yet.

Remember, the reorganization that we did was in May, was in this past quarter. That led to some vacancies in the sales territory. Some of those we initiated, some of those have been due to the cultural change and the new focus on growth, the new compensation plans, the new level of accountability. I'll tell you; I'm thrilled with the team's attitude, the current team's attitude and energy level and accepting the new way forward. We've also had a number of really exciting

training classes with some fantastic new hires that are going to bring us new energy and new blood to the team.

So the changes are exactly the right thing to do and will -- it's not a matter for me of if, it's just a matter of when that we start to see those changes start to get the business growing again. Those are all sort of short term. And then we've got a laundry list of longer-term initiatives to improve the value proposition with our customers, which should drive retention higher and allow us to have a better value pitch to new customers. So there's a lot going on here. We're just as excited about the long term as we've ever been. But again, this year is a transition year for us, and all the changes have yet to bear fruit.

**Jeff Van Sinderen**

Okay. And then if I -- sorry if I could just add one more on that. The -- what do you think is the time frame? I realize it's early in the process. You haven't really seen it bear fruit yet. But what do you think the time frame is for those KPIs to start to turn upward?

**Bret Christensen**

I wouldn't project that yet, which is why the guide was somewhere north of 190 million total revenue. We want to see a trend in the right direction. We do have earlier KPIs as far as training classes, new starts, which we know will have an effect. We just want to wait to make sure that we see that trend headed the right way. It's too early to project still.

**Jeff Van Sinderen**

Okay. Thanks for taking my questions. I'll take the rest offline.

**Bret Christensen**

Yes. Thank you.

**Operator**

And the next question comes from Les Sulewski with Truist. Please proceed.

**Les Sulewski**

Good evening. Thank you for taking our questions. I have two, maybe one from a more fundamental view. What is driving the attrition, the faster expected attrition? Would you say the hormone replacement therapy is being sidelined potentially by strong GLP-1 adoption across the same patient pool? Essentially, are you losing market share to GLP-1s or is the pressure across your clinics driven by more of internal factors? And then second, I guess, Bret, what are some of these longer-term initiatives that you have in place? Thank you.

**Bret Christensen**

Yes. Thanks, Les. The answer to the first part of your question, I would say, absolutely not. In fact, we've always viewed GLP-1s and hormone replacement therapy as complementary, which is the reason why we added GLP-1s to our portfolio last year. It's an immaterial amount of revenue for us and not a focus of the team, but is an offering that we want to be able to provide to our providers. I wouldn't say that's impacting procedure revenue at all.

I think the real headwind for procedure revenue for us this year started with the launch of CDSS in Q3 of last year. That just distracted the team. It was a multi headwind for us as it slowed new starts down clearly. We have those data. We know for sure that new clinic starts slowed down starting with the launch of CDSS.

It also distracted us from launching some of the new starts that we had launched earlier in the year in the right way and doing what we call a quick start program. Because, again, the field was focused on making sure that software launch went more smoothly and helping our customers adjust.

And then as we moved into this year and shortly after I started and recognized we needed to change the culture of the organization and have a sole focus on top line growth, we made the reorganization. We changed territories. We changed alignment. We made some adjustments to people's titles so that everybody had a growth focus. We changed comp plans. All of that was disruptive as well.

And so while some of the factors have remained constant, some of the historical headwinds of competition, macroeconomic factors, what we did is we distracted the team two times with CDSS and with the reorganization. And again, both of those initiatives were exactly the right thing to do for us, but it did slow us down. And we're still feeling those effects as an annuity business. We feel those effects for 12 months forward. So we're still feeling the effects of those two major activities. But again, those will start to bear fruit and get us going in the right direction.

**Les Sulewski**

That's helpful. Thank you.

**Operator**

The next question is from Kaitlyn Korich with Jefferies. Please proceed.

**Kaitlyn Korich**

Hi, everyone. Good evening. Thanks for taking my question. I just wanted to drill into the new clinic additions a little bit more and just understand where the biggest delta is between performance versus your expectations coming out of last quarter that resulted in the guide down? And then secondly, just if anything has changed in the marketplace as it relates to competition or more broadly the consumer?

**Bret Christensen**

Yes. Thanks, Kaitlyn, for the question. Our guide down was essentially, we took a look at a number of scenarios. So we've seen a slowdown of new starts. We've seen volume at existing clinics go down slightly. And then, of course, we've seen attrition tick up this year and all of those things we've spoken about and highlighted, including last quarter. So as those headwinds persist, we've looked into the future and said what are the different scenarios throughout the year, which got us comfortable with the guide of something north of 190 million for 2025.

Again, all of our initiatives are focused on the top line and essentially made to drive growth in that number, but it does take a little bit of time. And we do need to get new clinic additions going in a better direction, higher, and we also need to improve retention with our existing clinics. So the initiatives that we've got in place to do that are both short term and long term. And we've spoken a lot about the short-term initiatives around the reorganization and sales force changes.

And then we've got longer-term initiatives. We haven't spoken about too much yet that are really designed around improving the value proposition to our customers, which will do two things, help us bring more clinics on board and make our offering more sticky to improve retention. So that will continue to be our focus.

**Kaitlyn Korich**

Got it. Thank you.

**Operator**

And our next question comes from Jonna Kim with TD Cowen. Please proceed.

**Jonna Kim**

Hi, thank you for taking my question. My question is just around what would be the biggest change in the sales force and the way that you market just given the restructuring there? I would love any color there. And you did mention the attrition is a little bit higher. Also on that front, what are some of tangible changes that you are already seeing, if any, based on your restructuring? That would be helpful. Thank you.

**Bret Christensen**

Jonna, thanks for the question. The sales force changes that really needed to happen one and are going to be essential for us to drive growth going forward, have essentially just all been around what the focus of that team and what we've incentivized with that team. So without getting into too much detail, we had a compensation plan and a focus that was around maintaining the business essentially. And that's not uncommon with a company that's new as we were.

So especially the way we started was growing -- you grow your business, you get compensated for that book of business and that just sort of happens in perpetuity. The challenge with that model is you get reps that have really large territories and not only don't get compensated on growing those territories, but just have a hard time growing large territories because all of your efforts are around servicing the existing base. And so in order for us to scale, we need smaller territories, we need growth targets and we need a comp plan that pays everybody on a growth target. So that, in a nutshell are the biggest changes.

But on top of that, we wanted a single voice that everybody heard. So we consolidated leadership and elevated individuals so that we have one person leading the sales team. Everybody is hearing the same thing. That's going to lead to greater accountability, better messaging, greater efficiency across the team. And then we've done a number of initiatives around hiring profiles, our recruiting, and our sales training, which all have been revamped.

So we've got a team that's starting to come together that we think is going to be fantastic and able to drive growth in the short term. And then we -- as far as your question on attrition, attrition is essentially about one, making sure you've got that sales team in place because if you've got vacancies, it's hard to service and defend your business. And then two, making sure as a leader in the space like we are and a premium product, you've got to make sure your value proposition is strong and always getting stronger. And so we do have a number of initiatives there that will just make doing business with Biote easier and we think increase the gap of what we offer versus others in the industry and make us strong with retention.

**Jonna Kim**

Thank you so much.

**Conclusion****Operator**

And this concludes our question-and-answer session. I would now like to turn the conference back over to Bret Christensen for any closing remarks.

**Bret Christensen**

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 for attending today's presentation. You may now disconnect your lines and have a pleasant day.