Solésence (SLSN) Q3 2026 Earnings Script – November 12, 2026

Operator:

Good day. Thank you for standing by. Welcome to the Solésence Third Quarter 2026 conference call. Today's call is being recorded. On today's call, we have Kevin Cureton, President and Chief Executive Officer of Solésence, and Laura Riffner, Chief Financial Officer of Solésence. During this call, management will make statements that include forward-looking statements within the meaning of the federal securities laws, which are pursuant to the safe harbor provision of the Private Securities Litigation Reform Act of 1995.

This conference call may contain certain statements that reflect the company's current beliefs, and a number of important factors could cause actual results for future periods to differ materially from those stated on this call. These important factors include, without limitation, a decision of a customer to cancel purchase order or supply agreements, demand for and acceptance of the company's personal care ingredients, advanced materials, and formulated products, changes in development and distribution relationships, the impact of competitive products and technology, possible disruption in commercial activities occasioned by public health issues, terrorist activity and armed conflict and other risks indicated in the company's filings with the Securities and Exchange Commission.

Except as required by federal securities laws, the Company undertakes no obligation to update or revise these forward-looking statements to reflect new events, uncertainties, or other contingencies. I'll now hand the conference over to Kevin Cureton, President and Chief Executive Officer. Please go ahead, sir.

Speaker: Kevin Cureton, President & CEO

Thank you, operator. Thank you to all of our investors, business partners, and teammates for joining the call today.

In the third quarter, Solésence's progress toward implementing our Transform & Transcend strategy accelerated as we reached a notable milestone regarding our first and foundational pillar. In Q3, we completed the primary investment and implementation phase of our lean management initiatives, which contributed to the strong financial performance we achieved.

On today's call, we will discuss the continued convergence of the Beauty and Wellness industries, the opportunity this creates for Solésence, and how we uniquely serve consumers' needs and enhance our company's growth from this market evolution both now and into the future. But before we do this, we will offer more insight into our strong financial performance on Q3 and our guidance for the rest of 2026.
I'll now turn the call over to Laura.

Speaker: Laura Riffner, CFO

Thank you, Kevin.

For the third quarter of 2026, Solésence achieved revenue of $20.2 million, our highest third quarter revenue ever recorded, and a 38% increase compared to $14.6 million in the third quarter of 2025.

As Kevin mentioned, we have completed the implementation phase of the first pillar in our Transform & Transcend strategy that introduced lean management principles and resulted in improved operating efficiency. We also had a favorable product mix driven by the growth of our strategic brand partners. As a result, we have seen improved direct margins, improved gross profit margins, and improved free cash flow.

Gross margin for the third quarter increased by 1,550 basis points to 39.3%, compared to 23.8% in Q3 2025, driven largely by an improvement in our Overall Equipment Effectiveness, commonly referred to as OEE. Across all production lines, OEE increased from 40% at the end of the third quarter of 2025 to 55% at the end of the third quarter of 2026. This improvement reflects meaningful progress in operational execution and strengthens our guidance that 30% remains the floor for gross profit, with the potential to exceed this level as we finish 2026 and move forward into 2027.

Solésence also achieved record net income of $3.7 million for the third quarter, compared to a net loss of $1.0 million in the prior year. This represents the highest net income achieved by Solésence in our history.

As our new operational changes continue to integrate deeper into our culture over time, we expect to continue to drive greater margin expansion and gross profit as our efficiency increases, manufacturing scales, and operating costs decline as a percentage of revenue. Here are some specific examples we can share: On a YTD basis, we markedly improved labor efficiency with total direct labor costs down by over $2 million versus 2025. We also further reduced indirect labor costs by over $400k. These are signs that performance is improving. We believe that even with these substantial gains, additional opportunities to further improve our labor efficiency remain, and these are expected to boost our gross profit margins as we head into 2027.

Turning now to our outlook, looking first toward shipped and on-hand orders, we expect to achieve at least $65 million by year-end. We can confidently state that we expect 2026 to be a third consecutive year of record revenue growth and profit growth for our company. While we now anticipate full-year EBITDA margins to be slightly below our previously communicated double-digit target, primarily due to softer performance in the first half of the year, we are encouraged by the significant improvement in the third quarter. We expect

this positive momentum to continue into the fourth quarter, with EBITDA margins remaining well above first-half levels.

Lastly, I would like to mention that we have completed the restatement of our historical financial statements and filed all related amendments. We have also implemented enhanced internal controls and are progressing through the required testing to validate their operating effectiveness. We are pleased to have completed the restatements and remain committed to strengthening our financial reporting processes.

I'll now turn it back to Kevin.

Speaker: Kevin Cureton, President & CEO

Thank you, Laura.

As we prepare to conclude the first full year of our Transform and Transcend initiative, I'd like to take a moment to discuss progress on our new strategy. On previous calls, we have spoken about how this strategy was born out of necessity as part of a larger evolution of our business. While Transform and Transcend has only been initiated in the last year, our work to elevate our operations began in 2022. Since then, we have worked diligently to evolve our business, strategically expanding our executive leadership and operational management teams as well as our infrastructure as we grew our manufacturing footprint from less than 80,000 $ft.^2$ to approximately 300,000 $ft.^2$. These decisions not only increased our capability and capacity, but they also increased our fixed costs, growing our indirect COGS at a similar or slightly higher rate than our revenue growth.

Through our Transform and Transcend initiative, we have figuratively "crossed the chasm" where the level of these expenses will increase at a rate substantially below the growth rate of our top line. The improvement is particularly apparent as our indirect costs on a YTD basis are down by a seven-figure amount versus last year. While there is still substantial opportunity to improve labor efficiency, production yields, and product mix, all areas that Transform & Transcend will address, we are pleased with our progress in this area and excited about our future.

Looking forward, we are also excited about the changes in our industry, which we believe over time will further help drive both the revenue and EBITDA growth of our company.

Specifically, we are seeing the line between beauty and wellness blur as consumers increasingly view beauty as a vital part of a holistic health routine. As a result, consumers across all income levels are increasingly prioritizing their discretionary spending toward their health and wellness over other categories – driving what we expect to be a near-term and sustained increase in our addressable market. This ongoing blending of the two sectors provides a significant opportunity to increase share of wallet for Solésence, whose very existence is to create products that enhance both the health and the appearance of

skin. Effectively, our company was born to participate in the very change that is driving market growth now and into the future.

In a related development, this year, the FDA approved bemotrizinol, or BEMT, a UV filter commonly used in European and Asian beauty products. As the first new active over-the-counter sunscreen ingredient approved in the United States in over two decades, the introduction of this new active has further raised consumers' awareness and excitement around UV protection. This excitement is driving the brand–level investment in new daily–use SPF products, including facial care, complexion products, and make-up. These product categories are at the very core of the Solésence innovation engine, and where we have been repeatedly recognized as a leader throughout the industry. As a result, we expect BEMT to provide Solésence with even greater potential to expand our market reach. And because of the unique mix of both proprietary actives and SPF-enhancing technologies we own, our company has unmatched flexibility in creating the innovative compositions and textures of the future.

To this end, we have already developed concept formulas with BEMT and have selectively shared these novel hybrid formulations with key brand partners, paring BEMT with our Active Stress Defense™ Technology suite and our other proprietary skin health technologies. While we do not have an official release date, consumers could begin to see these new hybrid products in 2027. Together with our other innovative technologies WHSPR™, Chromalum™, their sister technologies Miralüm™ and Teralüm™, and of course our patented award-winning zinc oxide technology Kleair™, BEMT provides us with greater capability to address the evolving needs of beauty consumers while actively benefiting their overall skin health.

With these powerful market tailwinds, our expanding formulation capabilities, and proactive efforts to increase our international reach, we believe that we are exceptionally well-positioned to achieve sustainable long-term growth as we head into 2027. We believe this will result in increases in our gross margins, ultimately enabling us to achieve greater than 20% EBITDA and drive higher valuation by realizing the technology company premium we are built to achieve. With that, we will now open the call to questions.

[Q&A]

Speaker: Kevin Cureton, President & CEO

Thank you again for joining us today.

With our record third-quarter results, we believe we have turned a meaningful corner in executing our Transform and Transcend strategy, and we're very pleased with our position as we reach the final stretch of 2026. Through disciplined execution, we have strengthened our foundation to drive greater efficiency at scale and lower operating expenses,

empowering profitable growth over time as we continue to expand our business to meet the demands of our brand partners and consumers.

Solésence will finish the year strong, with momentum that we believe will carry forward into 2027 and beyond.

Thank you for your continued support of Solésence, and we look forward to updating you next quarter.