

## **Soléence (SLSN) Q1 2026 Conference Call Script**

**Operator:** Good day. Thank you for standing by. Welcome to the Soléence First Quarter 2026 conference call. Today's call is being recorded. On today's call, we have Kevin Cureton, President and Chief Executive Officer of Soléence, and Laura Riffner, Chief Financial Officer of Soléence.

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 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. Welcome everyone to our call today. I'd like to thank our investors for their dedication and belief, and our team for their tireless effort in growing the world's most innovative skin health company.

As many of you know, over the past six years, we have transformed from a small-scale materials company into a leading developer and manufacturer of SPF-infused beauty products in the United States. The evolution of our company resulted in growth at a compounded annual rate of over 50%, enabled us to uplist to the NASDAQ exchange, and contributed to an increase in our market capitalization of more than 5X. Our growth was not limited to our top-line performance. Along with this top-line growth, a global patent portfolio was created around consumer-preferred products and technologies.

These changes in our business model bring new operating complexity as well as exciting new opportunities. The increased operating complexity requires us to significantly modify our business processes to fully capture the value we have created and build the foundation for our next phase of growth. The opportunities allow us to change our service model to increase our ability to capture a greater share of overall market and channel value, to more completely gain both the operating margins and enterprise value typically enjoyed by technology-driven companies.

In March, we introduced Transform and Transcend to our investor community, the strategic initiative we began at the end of 2025. Transform and Transcend is our structured, multi-year initiative designed to transform our operational execution to transcend beyond the traditional CDMO model into a strategic supply-side innovation partner that drives superior financial performance for both our brand partners and our company.

It is focused on aligning our operational performance with the strength of our technology platform, and positioning the business for long-term, sustainable profitability and growth.

Our performance in the first quarter of 2026 reflects the early stages of our disciplined execution against our plan. It is a period of intentional investment, organizational realignment, and implementation of new processes and procedures. This is work that we expect will position us for improved operational and financial results as we move through the year.

With that context in mind, I'll turn it over to Laura to walk you through our first quarter financial results. Laura?

**Speaker: Laura Riffner, CFO**

Thank you, Kevin.

For the first quarter of 2026, revenue was \$13.0 million, compared to \$14.6 million in the first quarter of 2025. As we had guided in the annual earnings call, we had shipped and open orders that would have resulted in more comparable year-over-year revenue results, but soft OTIF performance resulted in some delays in shipments. Despite lower revenue, gross margin increased by 300 basis points to 26%. This small but impactful improvement was related to improved labor efficiency and the elimination of product quality-related waste that we experienced in Q1 of 2025.

As Kevin mentioned, our first quarter results reflect the early-stage investments associated with Transform and Transcend, particularly within our operational infrastructure. In the first quarter, we implemented two key changes at the employee level. First, we introduced an updated shift structure. Through this reallocation of our personnel, we are addressing

the extended process changeovers and related downtime that were one of the biggest contributors to the elevated labor costs we experienced as we scaled our production volume. To ensure that our personnel also have the knowledge necessary to be as productive as possible, we also invested in training them in this new lean manufacturing structure.

While these investments resulted in some near-term pressure on profitability, they are aligned with a clearly defined roadmap to strengthen our operating model and improve our margin profile over time.

As a result of these investments and our shipping performance, net income for the first quarter was a loss of \$0.8 million, compared to net income of \$0.08 million in the prior year. Adjusted EBITDA for the first quarter was a loss of \$107,000, compared to Adjusted EBITDA of positive \$609,000 for the first quarter of last year.

From a demand perspective, our shipped and open orders now total \$47 million. While booking trends remain encouraging, this remains aligned with our previously communicated expectations for a more normalized revenue environment in 2026

Our priorities for 2026 remain centered on executing our Transform and Transcend initiative, beginning with Operational Excellence. This includes:

- Improving inventory management through our SIOP implementation;
- Improving efficiencies across our manufacturing and supply chain processes; and
- Enhancing procurement and working capital discipline

We are reiterating our previously communicated guidance for the year, in which we established a 30% floor for gross profit margins, and we remain on track to return to double-digit EBITDA margins by the end of the year as we realize improvements in labor efficiency and the six-figure annual savings from our facility consolidation.

I'll now turn it back to Kevin.

**Speaker: Kevin Cureton, President & CEO**

Thank you, Laura.

As we prepare to open up for questions from analysts and investors, we should share a couple of additional progress points related to our initiative. First, we remain on track with our guidance and plan for implementation of the initiative. In fact, we have already made important progress within three of the four pillars.

Laura has already shared the improvements we saw in pillar one, operational excellence, as evidenced by the improvement in our gross margin and reduced inventory levels.

In parallel with this foundational work, we are continuing to advance the second pillar of T&T, which focuses on leveraging our intellectual property to expand our addressable market.

Yesterday, we announced the launch of two new proprietary technologies: Chromalüm™ and WHSPR™.

These technologies build on our existing platform and enable us to develop SPF-infused hybrid products for our brand partners that combine UV protection, skin health benefits, and a joyful user experience consumers desire.

As we have mentioned, the continued convergence of health, wellness, and beauty is reshaping consumer expectations and creating a significant commercial opportunity for brands that can substantiate their claims. WHSPR™ and Chromalüm™ open product categories and formats that were previously out of reach to brands and consumers prior to their launch. Consistent with our goals for our second pillar, these technologies also expand our ability to participate in adjacent categories in the future, including hair and scalp care.

Importantly, these launches demonstrate that our innovation engine continues to move forward even as we invest in strengthening our operational foundation.

We are also progressing in the third pillar of Transform and Transcend, which is focused on evolving our service model to capture a greater share of the value chain for ourselves and our brand partners. Our co-marketing activations – which we are evolving into a formal program – have been well received by our brand partners. We have now completed 4 of these initiatives, with brands that include Colorescience, Bloomeffects, and Ciele, which has helped drive product-level performance while deepening our strategic relationships.

While there are many more miles to go on this Transform and Transcend journey, our early footsteps have reinforced that we are on the right track toward achieving our ultimate goal: maximizing enterprise value while delivering joy and enhancing human health and well-being.

Operator, we are now ready for questions.

**[Q&A]**

**Speaker: Kevin Cureton, President & CEO**

Thank you again for joining us today.

As I'm sure you can tell, we remain confident in the long-term value-creation opportunity ahead of us, and in our ability to execute through our Transform and Transcend strategy. During the next week, more information will be available about our Transform and Transcend initiative as we will post a one-pager on the investor relations section of our website. That one-pager will provide details on our strategy and a general timeline for each of our initiatives.

We also look forward to providing further updates on our strategy and our business as the year progresses, and as the impact of the different initiatives become more visible.

Again, thank you for continued support and we look forward to updating you in the next quarter. Cheers!