S&P Global
Market Intelligence

Rockwell Medical, Inc.

NasdaqCM:RMTI

Earnings Call

Wednesday, November 12, 2025 1:00 PM GMT

CALL PARTICIPANTS	2
PRESENTATION	3
QUESTION AND ANSWER	6

Call Participants

EXECUTIVES

Heather H. Hunter
Senior VP & COO

Jesse Neri
Senior VP & CFO

Mark Strobeck
President, CEO & Director

ANALYSTS

Anthony V. Vendetti
Maxim Group LLC, Research Division

Nicholas Sherwood
Maxim Group LLC, Research Division

Raghuram Selvaraju
H.C. Wainwright & Co, LLC, Research Division

Copyright © 2025 S&P Global Market Intelligence, a division of S&P Global Inc. All Rights reserved.

Presentation

Operator

Good morning, and welcome to Rockwell Medical's Third Quarter 2025 Results Conference Call and Webcast. Please note, this event is being recorded. At this time, I would like to turn the conference call over to Heather Hunter, Chief Operating Officer at Rockwell Medical. Heather, please go ahead.

Heather H. Hunter
Senior VP & COO

Good morning, and thank you for joining us for this update on Rockwell Medical. Joining me on today's conference call are Dr. Mark Strobeck, Rockwell Medical's President and Chief Executive Officer; and Jesse Neri, Rockwell Medical's Chief Financial Officer.

Before we begin, I would like to remind you that this conference call will contain forward-looking statements about Rockwell Medical within the meaning of the federal securities laws, including, but not limited to, the types of statements identified as forward-looking in our annual report on Form 10-K and our subsequent periodic reports filed with the SEC. These statements are subject to risks and uncertainties that could cause actual results to differ.

Please note that these forward-looking statements reflect our opinions and expectations only as of today. Except as required by law, we specifically disclaim any obligation to update or revise these forward-looking statements in light of new information or future events. Factors that could cause actual results or outcomes to differ materially from those expressed in or implied by such forward-looking statements are discussed in greater detail in our periodic reports filed with the SEC.

Rockwell Medical's quarterly report on Form 10-Q for the 3 months ended September 30, 2025, was filed prior to this call and provides a full analysis of the company's business strategy as well as the company's third quarter 2025 results. The reconciliation of non-GAAP measures we discuss on today's call can also be found in today's press release. Our Form 10-Q and other reports filed with the SEC, along with today's press release, our updated investor presentation and a replay of today's conference call and webcast can be found on Rockwell Medical's website under the Investors section.

Now I would like to turn the conference call over to Rockwell Medical's President and CEO, Dr. Mark Strobeck.

Mark Strobeck
President, CEO & Director

Thank you, Heather. Good morning, and thank you for joining us today for Rockwell Medical's Third Quarter 2025 Earnings Conference Call and Webcast. As we approach the end of the year, I want to provide you with an update on what has truly been a year of resilience, transformation and growth for Rockwell. We are effectively managing the transition of our largest customer away from us while securing our base business through multiyear contracts, rightsizing our organization to enhance operational efficiency and adding new customers, all while continuing to meet strong customer demand with high-quality products supported by exceptional customer service.

I am proud to say that we have made substantial progress. We continue to fundamentally strengthen our contract portfolio with over 80% of our customers operating under long-term agreements. This provides stability and revenue visibility that positions us well for the future. We continue to optimize our organizational structure to align with our current scale while maintaining our operational excellence and customer service standards. This rightsizing effort has been executed thoughtfully, ensuring we retain the capabilities and capacity needed to serve our customers and capitalize on growth opportunities as they emerge.

And most importantly, we have demonstrated our ability to successfully manage through this transition period while maintaining our market position and building momentum for future growth. The strategic

Copyright © 2025 S&P Global Market Intelligence, a division of S&P Global Inc. All Rights reserved.

decisions we made earlier in the year are now translating into tangible results, and we remain confident in our ability to achieve our full year guidance targets.

Looking at our third quarter financial performance, I am pleased to report several key achievements that demonstrate our continued progress through this year of transition. Most notably, we are pleased to report that we were profitable on an adjusted EBITDA basis for the third quarter. This continues to track in line with our full year guidance range. The trajectory we are seeing gives us confidence in our ability to achieve sustainable profitability as we move forward with our strengthened contract portfolio and further optimize cost structure.

While our net sales of $15.9 million reflected the expected impact from our largest customers' transition, our adjusted gross margin performance remained consistent and well within the range -- well within our guidance range of 16% to 18%. This growing stability in our margin profile even during a period of customer transition speaks to the quality of our customer base and the value proposition we deliver in the hemodialysis concentrates market. We continue to make meaningful progress with both new and existing customers.

Our pipeline has the potential to be transformational for Rockwell Medical. These discussions span various customer segments and geographic markets. And while we maintain our characteristically conservative approach to guidance, the breadth and quality of these opportunities reinforce our optimism about the company's growth trajectory in '26 and beyond.

During the third quarter, we signed several new long-term product purchasing agreements with university medical centers, kidney centers and hospital systems. One agreement worth highlighting is the -- is with a single dialysis center located in Southern Florida. This is a 3-year commitment with the option to renew for 2 additional 1-year periods that has the potential to generate approximately $1 million in annualized net sales for the company.

During the third quarter, we also expanded our product purchase segment agreement with the largest provider of dialysis and skilled nursing facilities in the United States. The agreement will be in effect for 3 years with the option to renew for 1 additional year and includes supply and purchasing minimums for our liquid and dry acid and bicarbonate concentrates, including our bicarbonate cartridge, which, as a reminder, officially launched earlier this year. Discussions with our formerly largest customer are still ongoing.

We continue to supply them through the third quarter and expect to supply them through the end of the year. As a reminder, this customer originally planned to complete their transition to a new supplier in the middle of this year. However, due to a Class 1 recall of this -- by this new supplier and other unforeseen circumstances, the customer continues to rely on Rockwell Medical for a portion of its hemodialysis concentrate supply. We believe that this speaks to both the quality of our products and the operational challenges inherent in switching suppliers for mission-critical dialysis treatments.

It's worth noting that this large customer represented 12% of our net sales in the third quarter of 2025, demonstrating that while this relationship remains meaningful to our business, our successful diversification efforts have significantly reduced our dependence on any single customer. We believe that this reduced concentration risk, combined with our strengthened contract portfolio across our broadened customer base positions us well regardless of how our discussions with the largest customer ultimately end up.

We will continue to approach these discussions with the same professionalism and customer-centric focus that have characterized our long-standing relationship with this large customer while maintaining our disciplined approach to guidance and ensuring that any future commitments align with our strategic objectives and operational capabilities.

Now I'll turn the call over to Jesse to review our third quarter 2025 financial results in further detail.

Jesse Neri
Senior VP & CFO

Copyright © 2025 S&P Global Market Intelligence, a division of S&P Global Inc. All Rights reserved.

Thanks, Mark. Good morning, everyone. Our focus in 2025 has been to adjust our cost structure to align with the changes to our customer base. While improving efficiency is an ongoing exercise, we have made progress over the last 2 quarters in restructuring the size of our operations and expect those efforts to be substantially completed by the end of this year. We measure our progress in this area by focusing on 3 key metrics: gross margin, adjusted EBITDA and cash.

We believe adjusted EBITDA is a good proxy for profitability because we remove noncash items, nonoperating items, restructuring costs and other items that are not part of the concentrates business. Since there have been so many changes over the past year, we believe the most meaningful comparison is against the previous quarter instead of the prior year.

I will now review our financial results for the 3 and 9 months ended September 30, 2025, in greater detail. Net sales for the third quarter were $15.9 million, which were in line with net sales for the second quarter and represent a 44% decrease over net sales of $28.3 million for the same period in 2024. The decrease in net sales was driven by the transition of our largest customer to another supplier. Net sales for the 9 months ended September 30, 2025, were $50.9 million, which represents a 34% decrease over net sales of $76.8 million for the same period in 2024.

Gross profit for the third quarter was $2.3 million, which was in line with the gross profit for the second quarter and represents a 64% decrease over $6.2 million for the same period in 2024. Gross profit for the 9 months ended September 30 was $7.8 million, which represents a 44% decrease over $13.9 million for the same period in 2024. Gross margin for the third quarter 2025 was 14%, down from 16% in Q2 2025 and 22% for Q2 2024.

Excluding restructuring costs, gross margin was 18% in Q3 2025, an improvement over the first and second quarters of 2025. Gross margin for the 9 months ended September 30, 2025, was 15%, which represents a decrease from 18% for the same period in 2024. Gross margin in 2025 was 17%, excluding restructuring expenses.

Net loss for the third quarter of 2025 was $1.8 million, which was consistent with the first and second quarters of 2025, but was down compared to net income of $1.7 million for the same period in 2024. Net loss for the 9 months ended September 30, 2025, was $4.8 million compared to a net income of $300,000 for the same period in 2024. Adjusted EBITDA for Q3 2025 was $50,000, which represents an improvement over adjusted EBITDA of negative $200,000 in Q2 2025 and a negative $400,000 in Q1 of 2025. Adjusted EBITDA for the 9 months ended September 30, 2025, was a negative $600,000 compared with a positive adjusted EBITDA of $3.7 million for the same period in 2024.

While this represents a significant year-over-year decline, the trajectory shows meaningful improvement when compared to the first half performance, indicating that our strategic initiatives and new customer relationships are beginning to generate positive momentum for our financial results. Cash, cash equivalents and investments available for sale at September 30, 2025, was $23.7 million, an increase from $18.4 million at the end of Q2. The increase in cash was primarily driven by the issuance of common stock in connection with our ATM facility, partially offset by cash paid in connection with the Evoqua asset acquisition.

The increased cash position offers us the opportunity to continue to preserve, pursue business development opportunities and further invest in infrastructure enhancements and modernization.

Now we'll turn the call back over to Mark.

Mark Strobeck
President, CEO & Director
Thank you, Jesse. Operator, please open the phone lines for any questions.

Copyright © 2025 S&P Global Market Intelligence, a division of S&P Global Inc. All Rights reserved.

Question and Answer

Operator

[Operator Instructions]

Our first question comes from Ram Selvaraju from H.C. Wainwright.

Raghuram Selvaraju
H.C. Wainwright & Co, LLC, Research Division

Firstly, I was wondering if you could give us some additional color on when you expect the situation with your former largest customer to be fully resolved, if you anticipate a final decision to be taken before the end of this year or if you anticipate continuing to provide services to this customer into 2026?

Mark Strobeck
President, CEO & Director

Yes. Thanks, Ram. We expect that to resolve this quarter. We are currently in a contract discussion with them, and we expect to be able to discuss that shortly.

Raghuram Selvaraju
H.C. Wainwright & Co, LLC, Research Division

Okay. And then with respect to 2026, can you give us a sense of when you believe you might be in a position to provide forward revenue guidance for the full year 2026? And also, I wondered if you could elaborate on what types of business development activities you might look to undertake given your current balance sheet strength?

Mark Strobeck
President, CEO & Director

Yes. Yes. So typically, we provide 2026 guidance early in the year. So we expect to continue to do that. So our anticipation is that as we release our fourth quarter earnings, we'll be able to provide visibility into the company's performance in 2026. As far as business development activities, we continue to be very active in that.

There are -- now that we have a strong cash balance that we are now employing as growth capital, we are currently in discussions with multiple companies around acquisitions of their business and customer base. And assuming those continue to progress, we'll be able to announce shortly what the impact of those will be.

Raghuram Selvaraju
H.C. Wainwright & Co, LLC, Research Division

Okay. And then lastly, could you just talk a little bit about what you see as the key prospects near and medium term for the bicarbonate disposables business?

Mark Strobeck
President, CEO & Director

Yes. So with the introduction of our bicarbonate cartridge with earlier in the year and now with our first large customer now beginning to access that particular product, we think that there's an opportunity to grow significantly beyond that. That's a much higher-margin product opportunity for us. And it's been a significant effort to put that in place in relatively short order, have that ready to go, having it, again, with the quality standards that we expect for all of our products leaving our organization. It's taken us some time to put all of that in place, but we are now in a position, I think, to maximize that. And we expect more and more of our customer -- existing customer base to begin to start purchasing that product from us.

Copyright © 2025 S&P Global Market Intelligence, a division of S&P Global Inc. All Rights reserved.

Operator

Our next question comes from Nick Sherwood from Maxim Group.

Nicholas Sherwood
Maxim Group LLC, Research Division

My first question is, how are you balancing some of this organizational restructuring while also ensuring you're making proper investments in the business? I mean you just mentioned potential acquisitions, but is there anything more internal that you're focusing on? Are you making new hires? Or is kind of a lot of that investment based on some of these potential acquisitions you mentioned?

Mark Strobeck
President, CEO & Director

Yes. So it's -- as you can imagine, it's been a sort of a tricky algorithm for us to work through, which is decreasing certain obviously, products and the single largest customer moving away from us while simultaneously adding new customers and making sure that we continue to supply product to our existing customer base with the quality standards and with the service that we've provided previously.

What that has essentially amounted to is a titration of resources within our organization, shifting of priorities, shifting of some of those resources to focus more on growth opportunities in those areas and winding down some of the activities and sort of operations in areas that are no longer going to be supported by our organization. So it's been a balance, and the team has done an incredibly good job of managing that difficult sort of titration exercise.

And as Jesse pointed out in his section, we're beginning to start to see the fruits of that. And we expect more -- to see more of that here in the fourth quarter coming up and through '26.

Nicholas Sherwood
Maxim Group LLC, Research Division

Understood. I appreciate the detail. And my second question is, where do you see the most kind of room to run with improving your gross margin? Is it material costs? Is it labor costs? Are there sort of efficiencies that you can develop in your distribution system where you can kind of get more product on fewer shipments? Or is it packaging? Can you kind of just thinking about 2026, what are some of those early targets you're looking at that can make the biggest impact in improving margins?

Jesse Neri
Senior VP & CFO

So I think in the immediate term, labor cost is certainly an area where we can become more efficient. So I think that's number one. But over the long term, we definitely see upside in reducing our materials costs and distribution as well.

Nicholas Sherwood
Maxim Group LLC, Research Division

Okay. So labor and then some of the materials aspect of that. And then my third and final question is there's -- on the adjusted EBITDA reconciliation, there is a facility closure. Can you kind of just give a little bit of background to what was happening there and kind of just any detail you can provide?

Mark Strobeck
President, CEO & Director

Yes. So we have -- one of our facilities we've now trimmed. Again, in part because it was -- the lease for that facility was coming up. We were able to consolidate our manufacturing activities into our existing facilities. And so we were able to essentially wind that down and begin to start to offload that expense. So that's what you're going to begin to see here in the third quarter and then more specifically in the fourth quarter.

Copyright © 2025 S&P Global Market Intelligence, a division of S&P Global Inc. All Rights reserved.

Nicholas Sherwood
Maxim Group LLC, Research Division

Okay. So we should see maybe a little bit of a similar impact on the operating expenses in the fourth quarter as well as compared to the third quarter?

Jesse Neri
Senior VP & CFO

That's correct.

Operator

Our last question comes from Anthony Vendetti from Maxim Group.

Anthony V. Vendetti
Maxim Group LLC, Research Division

Sure. So Mark, I was wondering if you could give us an update on 2 things, one is the West Coast expansion and then just an update on the home dialysis business.

Mark Strobeck
President, CEO & Director

Yes. Yes. So the West Coast continues to be an area of opportunity for us. We are expanding our customer base now into the West Coast. We expect to have -- we hope to have an announcement here shortly related to sort of further customers that we are acquiring in that area that's going to be an area of focus for us in '26, which will be how to maximize the opportunity there for Rockwell, whether that comes through continued customer acquisition or that comes through setting up a small facility in the West.

I think we're now beginning to build a critical mass of customers out there that likely warrants that. As we've said previously, we've taken the approach of not building something hoping folks would come, but waiting until we have a significant customer base out there to warrant the presence of a facility. And I think based on our assessment now and certainly through the fourth quarter, we're likely in a position of where we will contemplate that. So we believe that's a significant area of growth for us.

Your second question -- so at home, we continue to be a very large supplier to that market. As you know, we supply one of the largest at-home hemodialysis providers in the United States. Our new product configuration, which I think is more amenable for at-home use has begun to start to take off. Again, that is a higher-margin product opportunity for us. And we believe we'll continue to see that growth through the end of the year and into 2026 as more of the at-home users begin to convert to that product configuration.

We think that there's a -- that will have a place within the overall hemodialysis market. And those organizations that are working in there and using our product, I think, are establishing that. So we continue to be excited about the prospects there, but are well positioned to support that market as it continues to develop.

Anthony V. Vendetti
Maxim Group LLC, Research Division

Okay. And maybe just a final question. Just to get an understanding of the magnitude, what percent right now of your business is at-home?

Mark Strobeck
President, CEO & Director

So right now, it's a small percentage, probably single-digit percentage at this point. And it's our anticipation that, that will continue to grow. We think the overall at-home market is probably going to be about 10% to 15% here in the near term in the overall hemodialysis market.

Operator

Copyright © 2025 S&P Global Market Intelligence, a division of S&P Global Inc. All Rights reserved.

There are no further questions. I will now turn the call back over to Dr. Strobeck.

Mark Strobeck
President, CEO & Director

Thank you for joining us today for an update on Rockwell Medical, and we look forward to providing you with more updates in the next quarter.

Operator
This concludes today's call. You may now disconnect.

Copyright © 2025 S&P Global Market Intelligence, a division of S&P Global Inc. All Rights reserved.

Copyright © 2025 by S&P Global Market Intelligence, a division of S&P Global Inc. All rights reserved.

These materials have been prepared solely for information purposes based upon information generally available to the public and from sources believed to be reliable. No content (including index data, ratings, credit-related analyses and data, research, model, software or other application or output therefrom) or any part thereof (Content) may be modified, reverse engineered, reproduced or distributed in any form by any means, or stored in a database or retrieval system, without the prior written permission of S&P Global Market Intelligence or its affiliates (collectively, S&P Global). The Content shall not be used for any unlawful or unauthorized purposes. S&P Global and any third-party providers, (collectively S&P Global Parties) do not guarantee the accuracy, completeness, timeliness or availability of the Content. S&P Global Parties are not responsible for any errors or omissions, regardless of the cause, for the results obtained from the use of the Content. THE CONTENT IS PROVIDED ON "AS IS" BASIS. S&P GLOBAL PARTIES DISCLAIM ANY AND ALL EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE, FREEDOM FROM BUGS, SOFTWARE ERRORS OR DEFECTS, THAT THE CONTENT'S FUNCTIONING WILL BE UNINTERRUPTED OR THAT THE CONTENT WILL OPERATE WITH ANY SOFTWARE OR HARDWARE CONFIGURATION. In no event shall S&P Global Parties be liable to any party for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including, without limitation, lost income or lost profits and opportunity costs or losses caused by negligence) in connection with any use of the Content even if advised of the possibility of such damages. S&P Global Market Intelligence's opinions, quotes and credit-related and other analyses are statements of opinion as of the date they are expressed and not statements of fact or recommendations to purchase, hold, or sell any securities or to make any investment decisions, and do not address the suitability of any security. S&P Global Market Intelligence may provide index data. Direct investment in an index is not possible. Exposure to an asset class represented by an index is available through investable instruments based on that index. S&P Global Market Intelligence assumes no obligation to update the Content following publication in any form or format. The Content should not be relied on and is not a substitute for the skill, judgment and experience of the user, its management, employees, advisors and/or clients when making investment and other business decisions. S&P Global Market Intelligence does not act as a fiduciary or an investment advisor except where registered as such. S&P Global keeps certain activities of its divisions separate from each other in order to preserve the independence and objectivity of their respective activities. As a result, certain divisions of S&P Global may have information that is not available to other S&P Global divisions. S&P Global has established policies and procedures to maintain the confidentiality of certain nonpublic information received in connection with each analytical process.

S&P Global may receive compensation for its ratings and certain analyses, normally from issuers or underwriters of securities or from obligors. S&P Global reserves the right to disseminate its opinions and analyses. S&P Global's public ratings and analyses are made available on its Web sites, www.standardandpoors.com (free of charge), and www.ratingsdirect.com and www.globalcreditportal.com (subscription), and may be distributed through other means, including via S&P Global publications and third-party redistributors. Additional information about our ratings fees is available at www.standardandpoors.com/usratingsfees.
© 2025 S&P Global Market Intelligence.

Copyright © 2025 S&P Global Market Intelligence, a division of S&P Global Inc. All Rights reserved.