Hinge Health

Q4 2025

Earnings Script

Introduction

Bianca Buck

Good afternoon, and welcome to Hinge Health's fourth quarter and full year 2025 earnings call. I'm Bianca Buck, Head of Investor Relations.

With me on the call are Daniel Perez, our Co-founder and CEO; Jim Pursley, our President; and James Budge, our CFO. I want to thank everyone for joining us today. We'll be walking you through our Q4 and 2025 annual performance, sharing updates on our product innovations and commercial momentum and providing expectations for our Q1 and full year 2026 revenue and operating profit.

As a reminder, this conference call is being recorded. All relevant materials are available on the Investor Relations section of our website.

Today's discussion will include forward-looking statements, which are subject to various risks, uncertainties, and assumptions. These statements reflect our current views and expectations regarding future events, including expected performance of our business, future financial results, and growth strategies. While these statements represent our good faith judgment and beliefs, actual results may differ materially from those projected or implied. We undertake no obligation to update any forward-looking statements, except as required by law. For a detailed discussion of the risks, please refer to our SEC filings, including our most recent quarterly report on Form 10-Q filed on November 7, 2025, and our annual report on Form 10-K which will be filed in the coming weeks.

All financial measures discussed today are non-GAAP, except for revenue which is GAAP, or as otherwise indicated. These measures should be viewed in addition to, and not as a substitute for, our GAAP results. Reconciliations to the most comparable GAAP measures are included in our earnings release appendix available on the Investor Relations section of our website.

With that, I'll turn it over to Dan.

Overview of business section

Daniel Perez

Thanks, Bianca, and good afternoon everyone. I’m excited to share our fourth quarter and full year 2025 results and provide an update on our overall progress.

2025 was an exceptional year that demonstrated the power of our vision to automate healthcare delivery through technology. We delivered outstanding financial performance while making meaningful advances in our AI related investments and expanding our market reach to nearly 25 million contracted lives, in the best year we've ever had.

Today, we will walk you through the following areas:

1. First, I'll give you a high-level recap of our financial performance for the fourth quarter and full year, highlighting the continued momentum in our core metrics and strong finish to 2025

2. Second, I'll share some exciting product updates, particularly around our AI initiatives that are transforming how we deliver care to our members as well as an update on HingeSelect, our high-performance provider network

3. Third, Jim will discuss our commercial progress, including the tremendous success of our sales season and some encouraging market developments

4. Next, James will walk you through the detailed financials and our outlook for 2026

5. And lastly, I'll wrap up with thoughts on why we're so bullish about our business and our future before we open it up for your questions.

Financial snapshot

Daniel Perez

Let me start with our financial results.

We delivered $171 million in revenue for Q4, representing 46% year-over-year growth. For the full year 2025, revenue reached $588 million, up 51% compared to 2024. Our LTM calculated billings reached $671 million, up 44% compared to the same period in 2024. These results demonstrate the growing demand for Hinge Health from our clients.

Our operational efficiency remains strong. Gross margin was 85% in Q4 and 83% for the full year 2025, reflecting the scalability of our technology-driven care model. Operating margin reached 28% in Q4, with a full year 2025 operating margin of 20%, demonstrating the impact of our investments in automation, and how far along we are in achieving our target of 25 percent-plus operating margin.

Perhaps most notably, we generated $62 million in free cash flow in Q4 - representing a free cash flow margin of 36%. For the full year, we generated $180 million in free cash flow, for an annual free cash flow margin of 31%, reaching the target free cash flow margin we shared at the IPO much sooner than anticipated. In 2025, our performance on the 'rule of 40' metric - which combines revenue growth and free cash flow margin - was 81 for the full year and 82 in Q4, both more than double the 40 standard. We anticipate significantly exceeding the rule of 40 again in 2026.

To put our numbers into context: in the last 10 years I think there have been less than 10 other public tech companies with over $500m of revenue, over 50% growth and 30% free cash flow margin. We're a very unique company - and still on the first page of our story - poised to significantly expand our platform and market presence in 2026.

Product updates

Daniel Perez

Before I dive into our product updates, I want to emphasize what drives everything we do at Hinge Health: we're using technology to automate healthcare delivery, starting with musculoskeletal conditions. This quarter, we surpassed 100 million lifetime member activity sessions, with 41 million of those sessions completed in 2025 alone. Every session generates data that helps us improve our programs, making our care more effective for the next member.

We build around the triple aim: delivering better health outcomes, creating a superior experience, and reducing overall healthcare costs. The more members we serve, the smarter our platform becomes, and the better we can deliver on all three of these goals.

This quarter, I want to highlight two key areas where we've made significant progress.

First, our AI-powered tools are transforming the efficiency of our care delivery while also improving the member experience. We've rolled out improvements that help our clinicians work more effectively and handle more members without compromising care quality. The results have been remarkable. In 2025, we served 47% more members while keeping care team costs flat.

One major driver of this improvement was our successful rollout of automated, AI-powered communications for routine messaging, freeing up our care team to focus on higher-value, human interactions where they can make the biggest difference. This led to the average time our care team spends in asynchronous sessions supporting members falling by 28% in just one quarter, from Q3 to Q4 2025.

A key contributor to both our care team efficiency and member satisfaction has been Robin, our AI Care Assistant. While still early in the rollout, members engaging with Robin are giving it a 92% positive rating, and we're seeing higher response rates compared to interactions with our human care team, an early indicator of the trust and comfort members are building with these AI-driven experiences.

While we're driving these efficiency gains, our member NPS scores are at an all-time high. This shows we can deliver better care at a lower cost.

Moreover, given our tech investments - we're currently planning to keep the size of the care team flat once again in 2026. This will allow us to invest more in the member experience, such as increasing the percentage of members who receive an Enso. Notably, when a member receives Enso, their NPS score goes up meaningfully and they complete about 70% more exercise therapy sessions because it's hard to do your exercises when in pain.

Second, HingeSelect, our high-performance provider network, was available to several hundred thousand eligible lives in the fourth quarter. Multiple ecosystem partners have recognized HingeSelect's potential and included the offering in our co-selling agreements, and we have major momentum with our biggest health plan and PBM partners, with one of the largest five national plans by self-insured lives already approving HingeSelect to be sold into their self-insured client base.

And while it's still early in our launch, the data is promising. We're seeing a mix of member experiences - some do in-person physical therapy only, some do one or two in-person sessions then transition to our digital platform, and most excitingly, we've had members who thought they were headed for surgery but were able to avoid elective surgeries altogether after consultations with our orthopedic specialists. Notably, about 85% of HingeSelect members were able to move forward with a conservative care plan – most often digital physical therapy.

This demonstrates HingeSelect can bend the cost curve. When you compare our data to commercial benchmarks, members that have used HingeSelect on average have more "good" spend, such as non-surgical orthopedic evaluations and physical therapy, and less "low value" spend, such as imaging, procedures and surgery.

As a reminder, we're building what's essentially a two-sided marketplace connecting members with high-quality providers. These take time to build, but once built, they create a lasting moat through network effects. We're not expecting much revenue impact from HingeSelect until at least 2027, but we firmly believe that once scaled, this will become one of our most enduring competitive advantages.

With that, let me turn it over to Jim to discuss the outcome of our sales season.

Commercial updates

Jim Pursley

Thanks, Dan. As a quick reminder our sales cycle aligns with corporate benefits planning, with most new contracts signed during the second half of each year as companies finalize their employee benefit packages. These newly contracted clients typically go live in the first half of the following year, creating the predictable cadence that underpins our billings and revenue growth model.

I'm thrilled to report that our 2025 sales season was exceptional. We added 4.8 million net new contracted lives to end the year at approximately 24.6 million contracted lives across over 2,800 clients. This represents 25% year-over-year growth at the client level and 24% year-over-year growth on a contracted lives basis.

That breaks down to 22 million self-insured lives and 2.6 million lives across fully-insured, Medicare Advantage, and Federal Employee Programs (known as FEP). Within the non-self-insured segment, we saw a 135% increase from the 1 million lives we had at the end of 2024, with the largest growth coming from fully-insured and FEP.

For many of our fully-insured, Medicare Advantage and FEP clients, we take a staged approach to roll out, targeting partial populations similar to a land-and-expand model. In 2025, due to our success and the strong ROI outcomes we delivered, we were able to unlock several existing fully-insured and Medicare Advantage clients, bringing with them hundreds of thousands of lives in expansions.

On the enterprise side, our clients now represent 53% of the Fortune 100 and 45% of the Fortune 500. This demonstrates the scale of trust we’ve earned from leading organizations nationally, representing an enviable asset from which to bring our future products to market. Moreover, it shows the scale of whitespace remaining - given our roughly 25 million lives under contract is but a fraction of the approximately 215 million people in our current markets.

We ended the year with an overall head-to-head competitive win rate at an all-time high, which speaks to both the strength of our value proposition and our team's execution. While the majority of our wins continue to come from organizations that are adopting a digital MSK solution for the first time, in 2025 we also saw a meaningful number of competitive conversions where clients chose to move to Hinge Health from an existing provider. One notable example was a large enterprise with over 200,000 lives that made the decision to leave a competitor and partner with us in the final month of the year, reflecting the strength of our product breadth and demonstrated ROI. Combined with our annual client retention rate of 97% in 2025, we believe this underscores the long-term value we deliver to our clients.

This success is a testament not only to our product but also to our partners. We added additional partners in 2025 and now have more than 60 health plans, Pharmacy Benefit Managers, Third Party Administrators, and ecosystem partners. These partnerships provide validated distribution channels, reduce the complexity for prospects to purchase Hinge Health, and position us as the incumbent to win their other lines of business. Notably, 3 out of the 5 largest national health plans by self-insured lives, now also offer Hinge Health to their own employee populations, two of which were won in 2025. This is a powerful validation of our platform's effectiveness and demonstrates our partners' confidence in our ability to deliver meaningful outcomes for their most important stakeholders - their own employees.

Finally, this quarter we published our 21st peer-reviewed research study and outcomes analysis. This study showed that participants in our chronic back program had 60% fewer imaging visits, such as X-rays and MRIs, for low back pain at three months compared to a similar control group. This peer-reviewed study, published in The Journal of Health Economics and Outcomes Research, reinforces our value proposition of reducing unnecessary medical interventions while improving outcomes.

With that commercial update, let me turn it over to James to walk through our financial results and outlook.

Financial highlights

James Budge

Thanks, Jim. Let's dive into our fourth quarter and full year 2025 financial performance.

As a reminder, our billings model is built on three key drivers: lives, yield, and price. Lives represents the number of people eligible for our program, yield is the percentage of those eligible people who actually enroll and engage with us, and price is what we charge per engaged member. When you multiply these three factors together, the result is our calculated billings, which is the foundation of our revenue model.

For the fourth quarter, our LTM calculated billings reached $671 million, representing strong 44% year-over-year growth compared to $468 million at the end of Q4 2024. Q4 revenue came in at $171 million, up 46% year-over-year from $117 million in the prior year fourth quarter, and well ahead of our guidance range of $155 to $157 million. For the full year 2025, revenue reached $588 million, representing 51% year-over-year growth over the $390 million in 2024, also coming in well above our guidance range of $572 to $574 million, and representing a cumulative 15% beat above analyst expectations at IPO. This revenue outperformance demonstrates the continued strength in our underlying business fundamentals.

The revenue beat was driven by better than expected billings, stemming from stellar yield improvements of over 50 basis points year-over-year from 3.4% as of the end of 2024 to 3.9% as of the end of 2025.

We ended the year with 20.1 million LTM average eligible lives. This resulted in over 783,000 members as of the end of the year, a 47% increase from 2024. On the pricing side, our average selling price stayed essentially flat as expected. As of the end of Q4, about 50% of our eligible lives had moved to the new engagement-based pricing model.

Our high client retention that Jim spoke to, combined with our strong yield improvements, were the main contributors to our net dollar retention being well above 110% for 2025. As a reminder on net dollar retention, we believe anything above 110% is the measure of success for our industry.

Moving to our operating efficiency, our gross margin reached 85% in the fourth quarter, up from 82% in Q4 2024; and 83% for the full year 2025 compared to 78% in 2024. This improvement was driven by continued care team efficiency gains enabled by our AI-powered tools, offset partially by the increase in the percentage of members that received Enso.

We saw strong leverage across all operating expense categories. Total operating expenses were 57% of revenue in Q4, down from 64% in Q4 2024; and 63% of revenue for the full year 2025, down from 84% in 2024.

Operating leverage translated to strong profitability and cash flow. We generated $48 million in income from operations for Q4, which came in well above our guidance range of $34 to $36 million, with an operating margin of 28% compared to 18% in Q4 2024. For the full year 2025, we generated $119 million in income from operations with an operating margin of 20%, a substantial improvement from negative 7% in 2024.

Free cash flow performance was exceptional. We generated $62 million in free cash flow in Q4, representing a free cash flow margin of 36%. For the full year, we generated $180 million in free cash flow compared to $45 million in 2024, with an annual free cash flow margin of 31% compared to 12% in 2024. For all of 2025, we generated $2.12 of free cash flow per share using our Q4 diluted weighted average shares outstanding of 85 million. I'll remind you, as Dan did, that in our May IPO, we set a target model for ourselves for a 30% free cash flow margin, and we've already achieved it only 7 months after becoming public.

We ended the quarter with $479 million in cash and equivalents, compared to $497 million at the end of Q3. Our strong cash flow generation was offset by the amount deployed through our share repurchase program announced in Q4. As a reminder, in November our Board authorized a share repurchase program of up to $250 million that we expect to execute as market conditions warrant. In Q4, we repurchased 1.4 million shares for $65 million. And speaking of shares, as we move beyond our IPO year and diluted share counts normalize in 2026, we will now also begin reporting earnings per share. Our diluted net income per share in Q4 with now normalized share counts was 49 cents, which we believe highlights the earnings power of the business as we head into 2026.

The overall trend in our financial results reflects the scalability and efficiency of our business model. As we continue to grow our member base and deliver outstanding member outcomes and cost savings to our clients, we are delivering top and bottom line performance.

Financial guidance and outlook

James Budge

Looking ahead to 2026, I'm pleased to provide our guidance for the first quarter and full year, which reflects the strong foundation we've built and our continued confidence in the business.

For the first quarter of 2026, we expect revenue to be in the range of $171 to $173 million, representing 39% year-over-year growth at the midpoint. For non-GAAP income from operations, we're projecting $30 to $32 million in Q1, or 18% margin at the midpoint. As a reminder, our margins are typically lowest in the first quarter of the year and dip down from Q4 given the costs incurred to launch new clients while the full revenue benefit has yet to be realized.

For the full year 2026, we expect revenue to be in the range of $732 to $742 million, which represents 25% year-over-year growth at the midpoint, and is $39 million higher than the current sell-side estimate consensus. For full year non-GAAP income from operations, we expect $151 to $156 million, or 21% margin at the midpoint, which is $18 million higher than the current sell-side estimate consensus and represents a 100 basis point improvement over 2025 despite all the meaningful investments we expect to make in 2026.

Several key factors are driving our 2026 outlook. We currently expect average LTM eligible lives for full-year 2026 to be 24.4 million lives. This forms the baseline for our financial guidance, with the growth coming from the new lives we already won. While our guidance today assumes a flat yield, we have a clear roadmap to continue driving incremental improvements over time. We remain well below the roughly 9% of U.S. adults who see a physical therapist, which we view as a realistic long-term benchmark with an opportunity to close, and potentially surpass over time with our easier to access and lower cost to member solution. On the pricing side, we expect our average selling price to stay essentially flat.

We're viewing 2026 as a year to incrementally invest, given the strong margins we achieved in 2025. These include headcount investments in research and development to accelerate our new product initiatives, as well as targeted investments in sales and marketing to support HingeSelect expansion and accelerate our growth in the small and medium business market. These investments position us to capture the significant long-term opportunities we see ahead.

At the gross margin level, any further improvements we see from our AI efficiency tools for the care team will likely be mostly offset by broader Enso deployments. Given this, we anticipate around a 100 basis point improvement in 2026 over 2025.

As we move beyond our IPO year, we will transition to discussing GAAP based weighted average diluted shares, rather than the total diluted shares granted and outstanding. For 2026, we expect our GAAP based diluted weighted average share count to be in the range of 85 to 87 million shares, excluding the impact of any additional buybacks.

And a further word on GAAP, we believe GAAP profits are important and expect to be GAAP profitable in 2026, as we were in Q4 2025. Our annual dilution from stock grants has declined each of the last three years and we expect to manage to a further decline again in 2026.

Before I turn it back to Dan, I want to highlight an exciting opportunity for our analyst and investor community. We are hosting our annual client conference, Movement, in Chicago on June 9th and 10th, and we're launching our inaugural investor track. You'll hear from some of our leaders and mingle with those who make Hinge Health a success - our clients, members, and partners. Please reach out to Bianca after this call to express your interest in attending.

The combination of our commercial momentum, robust cash generation, and strategic investments positions us well for continued growth and market leadership, and we look forward to sharing more results in the coming quarters and at the investor event at Movement.

With that, let me turn it back over to Dan for some closing thoughts.

CEO wrap up

Daniel Perez

Thanks, James. Looking at our results this quarter and the trajectory of our business, I couldn't be more excited about what lies ahead for Hinge Health.

2025 was an exceptional year that demonstrates the power of our vision.

- We launched HingeSelect, our high-performance in-person provider product and added thousands of providers to our network.

- We introduced new AI-powered care tools that are driving deeper personalization and quality for our members, and efficiencies for the business.
- We grew our reach to 25 million people across over 2,800 clients, spanning every industry you can imagine - manufacturing, retail, hospitality, tech, public sector, and more.
- And we began trading on the NYSE, embracing the high standard of public accountability that comes with it.

The momentum we're seeing across every aspect of our business reinforces my conviction that we're executing on a generational opportunity. Our platform is becoming more intelligent with every interaction, powered by the proprietary data we’ve built across more than 1.5 million members and over 100 million sessions - insights that allow us to deliver a complete, clinically proven offering that now extends from software and connected hardware into high-quality, in-person networks. At the same time, we’ve spent more than a decade building deep, trusted partnerships across the healthcare ecosystem, embedding ourselves with health plans and employers who value working with a proven market leader in a highly regulated, outcomes-driven space. The compounding impact of those investments is clear: higher member satisfaction, stronger clinical outcomes, and durable client retention, all working together to drive long-term growth.

As we look ahead, I'm energized by the breadth of opportunities in front of us. We have a clear roadmap to expand our impact, the financial strength to continue investing in innovation, and a team that’s proven we can execute at scale. The healthcare system needs what we’re building, and we’re just getting started.

Thank you for joining us today and for your continued partnership. With that, I’ll turn it back to Bianca to open up the call for your questions.