

Hinge Health

Q1 2026

Earnings Script



Introduction

Bianca Buck

Good afternoon, and welcome to Hinge Health's first quarter 2026 earnings call. I'm Bianca Buck, Head of Investor Relations.

With me on the call are Daniel Perez, our Co-founder and CEO, and James Budge, our CFO. Our President, Jim Pursley, is spending this week advancing relationships with some of the largest state and local governments in the country so can't be with us today.

I want to thank everyone for joining us. 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 Annual Report on Form 10-K for the year ended December 31, 2025. We expect to file our latest Quarterly Report on Form 10-Q in the coming days.

All income statement financial measures discussed today are non-GAAP, except for revenue which is GAAP. 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.

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

Overview of business section

Daniel Perez

Thanks, Bianca. I'm excited to share our first quarter 2026 results.

We've had a strong start to the year – let me tell you why. I'll cover three things today:

1. **First**, our Q1 financial performance – which came in well above expectations.
2. **Second**, the launch of our Migraine Care Program – our first expansion beyond muscle and joint pain, and a proof point that our platform can automate care delivery across multiple conditions.
3. **Third**, where we stand commercially as we head into the sales season.

Then I'll hand it over to James to go deeper on our financials and updated guidance. After that, we'll take your questions. Let's get into it.

Financial snapshot

Daniel Perez

We delivered strong results across all key financial metrics this quarter, outperforming our expectations and demonstrating the continued strength of our business.

Starting with revenue, we generated \$182 million in Q1, representing 47% year-over-year growth compared to \$124 million in the first quarter of 2025. This performance came in well above our guidance range of \$171 to \$173 million, showing the continued strong demand we're seeing across our client and member base.

Our LTM calculated billings reached \$770 million, up an impressive 52% from \$507 million in the prior year period, reflecting the continued expansion of our member base and strong engagement with our platform.

On profitability, we achieved a gross margin of 85%, demonstrating continued care team and hardware efficiency as we scale our platform. And our operating margin was 25%, generating \$46 million in operating income, exceeding our guidance range of \$30 to \$32 million for the quarter.

Our free cash flow performance was excellent once again – at \$42 million, it was up 10x year-over-year, for a free cash flow margin of 23%.

These are strong numbers. And they reflect something important: our business is scaling efficiently. Our AI and automation investments are driving real operating leverage – we're serving more members, delivering improved outcomes, and reducing costs for clients, all

while expanding margins. That's the triple aim in action, and it's also what makes this model durable in a world where every company is being asked what AI means for their business.

For us, AI is an accelerant – helping us better deliver the triple aim whilst building a uniquely efficient business. We've spent over a decade building the number one rated digital MSK app, leveraging data from the millions of members we've served to develop technology that automates over 95% of clinician hours associated with traditional PT.

Combine that with our distribution – almost 3,000 clients, 60-plus health plans, PBMs, TPAs and ecosystem partnerships – and we have a double-walled moat: advanced platform capabilities on one side, difficult to replicate commercial reach on the other. And frankly, in the age of AI when things are easier to build than ever – proprietary data and preferential access to clients is a recipe for outsized returns.

James will unpack the financials in more detail shortly, including our raised guidance for the year.

Product updates

Daniel Perez

Now let me shift to product – and an expansion I've been waiting a long time to talk to you about.

Our vision is to use technology to automate care – transforming outcomes, improving experiences, and reducing costs. We've proven this in MSK. Over 2 million people served. Twenty-one peer-reviewed papers with demonstrable outcomes. And the top-rated digital MSK app.

But here's the thing. We've spent years building a unified platform for our core technical and clinical capabilities: from enrollment to treatment, outcomes collection, member engagement, nerve stimulation, and more. Combined with a leading go-to-market motion, we're well positioned to extend into adjacent conditions.

This quarter, I'm excited to share that we're launching our Migraine Care Program.

Migraine is a form of chronic pain that shares neurological roots with the neck and spine conditions we already treat. The nerves in the neck and head converge in a shared pain-processing center. So not surprisingly, roughly 75% of people with migraine also have MSK

pain. And our existing neck program members have already reported fewer migraine days and lower medication usage – simply from engaging with our existing product.

The scale of the problem is massive. One in six American adults has migraine and the prevalence rate is twice as high for women. On average, Migraine sufferers drive more than \$16,000 in annual healthcare spend – over double that of people without migraine. And nationally, migraine costs U.S. businesses an estimated \$78 billion each year, and drives absenteeism and reduced productivity.

Our Migraine Care Program delivers three things:

1. First, rapid drug-free pain relief using our groundbreaking neuromodulation device – Enso. What’s more, we just received 510k Clearance from the FDA to extend Enso into Migraine care. This means for many people, we can deliver drug-free migraine relief in minutes.
2. Second, AI-powered tracking that helps members identify personal triggers across environmental, lifestyle, and dietary factors.
3. Third, proactive prevention through exercise therapy and clinically proven lifestyle guidance from our care teams, designed to reduce both the frequency and severity of attacks.

Our Migraine Care Program will roll out later this month. The client response has been overwhelming – in just a few weeks we’ve had over 125 clients adopt the program, representing more than two million eligible lives. Time and again our clients mention that they themselves, or a family member, or someone they know, is afflicted with migraine.

We expect revenue contribution to be minimal this year, with a more meaningful impact beginning in 2027.

But the real significance is what this demonstrates. We didn't come this far with digital physical therapy to stop at digital physical therapy. Migraine is a compelling data point in the broader applicability of our platform. The clinical overlap is strong, our capabilities translate directly, and the speed of client adoption – over two million lives approved within weeks – underlines the credibility we’ve built with our clients and partners. This is exactly the kind of innovation that gets us excited about the decades of work ahead.

We’re building infrastructure to automate healthcare delivery across multiple conditions. Migraine is our next step – but it won't be the last.

With that, let me now speak to our commercial progress.

Commercial updates

Daniel Perez

As many of you know, our sales cycle follows a predictable seasonal pattern. The first half of the year is primarily focused on building our pipeline and nurturing prospects, and we typically close the majority of new clients during the second half of the year as employers finalize their benefits decisions for the following year.

This quarter, we created substantially more pipeline compared to Q1 2025, which gives us confidence as we look ahead to the back half of the year. The interest level from prospects continues to be strong, and we're seeing good momentum across our client verticals and markets. Our investments in the SMB space are also paying off, where we're seeing substantially more pipeline generated in that category than in years past.

We also continue to win at record rates and the competitive takeaway trends we saw last year have also persisted, which speaks to the strength of our platform and the value proposition we're delivering to clients.

Our HingeSelect offering is also seeing positive momentum. We ended Q1 with 4,100 provider locations, and we are also thrilled to share that we recently expanded HingeSelect access through one of our national PBM partners and three out of the five largest national health plans by self-insured lives. We expect this to help accelerate client adoption during our sales season in the second half of the year.

While I don't want to get ahead of ourselves, the fundamentals we're seeing give us good reason to be optimistic. We expect the combination of strong pipeline development, solid win rates, and the added value we can now offer through our Migraine Care and HingeSelect programs to position us well for the foreseeable future.

With that, let me turn it over to James.

Financial highlights

James Budge

Thank you, Dan.

Let me start by reminding everyone how our billings model works. Our calculated billings are driven by three key components: the number of average eligible lives, multiplied by our yield - which is the percentage of those lives that actually engage with our programs - multiplied by our average selling price per engaged member.

For Q1, our LTM calculated billings reached \$770 million, representing an exceptional 52% year-over-year growth rate compared to \$507 million in the prior year period. Revenue came in at \$182 million, up 47% from \$124 million in Q1 2025. This result meaningfully exceeded our guidance range of \$171 to \$173 million.

This revenue beat was driven by better than expected billings, stemming from strong performance in both yields and lives. On the yield front, we're seeing two continuing and encouraging trends: we are converting members from new clients at a faster rate and our legacy clients are also growing yields. This demonstrates that our platform continues to resonate with members across all cohorts, and that our AI-powered personalization and targeted enrollment improvements are driving real results.

On the lives side, we've seen two beneficial drivers. First, as in prior years, newly launched clients have come in with more lives than we anticipated, and second, our legacy clients have also increased in size overall, suggesting no impact on our business from any AI-driven employee displacement. This increase in eligible lives speaks to the diversification of our client base across industries and the essential nature of MSK care in employee benefits packages to create better outcomes for members and lower costs for clients.

Moving to pricing, as of the end of Q1 2026, around 80% of our contracted lives were using our new engagement based pricing model. We expect this percentage to stay consistent throughout the rest of the year.

Moving to profitability metrics, our gross margin for Q1 was 85%, up from 81% in Q1 2025. This ~400 basis point improvement reflects our continued care team efficiency gains as we leverage AI and automation to serve more members without proportional increases in care delivery costs - all while sending Ensos to more members than in prior years.

We achieved strong operating leverage across all expense categories. Total operating expenses were 60% of revenue in Q1, down from 69% in the prior year period, demonstrating our ability to continue to scale efficiently as we grow.

This translated to strong profitability, with \$46 million in income from operations, well above our guidance range of \$30 to \$32 million for Q1. Our operating margin was 25%, compared to 12% in Q1 2025, an improvement of over 1,300 basis points year-over-year.

Free cash flow performance was excellent at \$42 million for Q1, compared to \$4 million in Q1 2025. This represents a free cash flow margin of 23%, up from 3% in the prior year period, primarily driven by higher billings and improved efficiency.

From a balance sheet perspective, we ended Q1 with \$407 million in cash and cash equivalents. During the quarter, we continued executing on our share repurchase program, purchasing 2.5 million shares for \$105 million. Our diluted weighted average share count as of Q1 dropped to 82.4 million shares, down 2.5% compared to the ending 2025 figure. Our diluted net income per share attributable to common shareholders for the quarter was 45 cents.

Financial guidance and outlook

James Budge

Looking forward, based on our strong Q1 performance and strong outlook for the remainder of the year, we're raising the expected outcomes for all elements of our guidance. For Q2 2026, we expect revenue to be in the range of \$194 to \$196 million, representing 40% year-over-year growth at the midpoint. For income from operations, we're projecting \$47 to \$49 million for the second quarter, or a 25% margin at the midpoint.

For the full year 2026, we're raising our revenue guidance to \$798 to \$804 million, up from our previous guidance of \$732 to \$742 million. At the midpoint of \$801 million, this represents 36% year-over-year growth, up from the 25% previously expected at the midpoint. We're also raising our full year income from operations guidance to \$205 to \$215 million, or a 26% margin at the midpoint, up from our previous range of \$151 to \$156 million, or a 21% margin at the midpoint.

Several factors are driving this upward revision to our guidance. Average eligible lives for the year are expected to be slightly higher than what we previously shared, as we're seeing stronger than anticipated growth from both new client launches and expansion within our existing client base. Additionally, our yield is trending up to slightly north of 4%, as both new and legacy clients are seeing better member yields than we initially projected. Of our guidance raise, approximately half is attributable to yield improvements and half from lives growth.

The increase in our income from operations and margin expansion comes from two primary sources: first, the top-line outperformance, and second, some slower hiring than anticipated as AI has increased our efficiency across all operating categories. We do still expect to catch up on hiring as we move through the year and in the meantime, these savings give us additional operating leverage while still maintaining our commitment to investing and expanding our product portfolio and commercial reach.

For share count expectations in 2026, we anticipate ending the year with 82 to 84 million diluted shares outstanding, which does not include the impact of the continued execution of our share repurchase program.

Before I turn it back to Dan, I want to remind everyone that we'll be hosting our annual client conference, Movement, in Chicago on June 10th. This year, we're excited to welcome analysts and investors to attend our inaugural investor track alongside the main conference. You'll have the opportunity to hear directly from leaders across our company and get to mingle with the people who make Hinge Health a success - our clients, members, and partners. You can register on our investor relations website, where we also just uploaded an agenda, and we'd love to see you there.

With that, let me turn it back over to Dan to wrap up.

CEO wrap up

Daniel Perez

Thanks James. Looking at our strong Q1 performance and the trajectory we're on, I'm incredibly optimistic about Hinge Health's future.

We're bullish on our business for several key reasons.

1. First, our core MSK market remains massive and underpenetrated - we have a tremendous runway for growth even before expanding into new areas.
2. Second, our expansion into migraine care - and strong client demand in this space - signifies that our platform can successfully automate healthcare delivery for other conditions, our distribution affords us uniquely powerful paths to market, and we're deepening the value we deliver to clients. AI now lets us build faster than ever, but our distribution channels turn innovation into adoption at scale.

3. And third, our financial performance continues to demonstrate the scalability and durability of our business model – we're generating strong cash flows, investing in innovation and growth, all while returning capital to shareholders.

What excites me most is that we're just scratching the surface of what's possible. Healthcare remains one of our economy's last redoubts of manual labor, and we have the opportunity to transform how care is delivered across multiple conditions. Our vision to build a new health system that uses technology to scale and automate care delivery isn't just a long-term aspiration – it's happening right now, one condition at a time. And we're moving with urgency to extend our leadership position.

But our journey is just getting started. We have decades of work ahead. I'm confident our best days are still in front of us.

Thank you all for joining us today and for your continued support of our mission.