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# Hims & Hers Health, Inc.

Hims & Hers Third Quarter 2025 Earnings Call

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## CORPORATE SPEAKERS:

**Bill Newby**

*Hims & Hers Health, Inc.; Head of Investor Relations*

**Andrew Dudum**

*Hims & Hers Health, Inc.; Co-Founder and Chief Executive Officer*

**Yemi Okupe**

*Hims & Hers Health, Inc.; Chief Financial Officer*

## PARTICIPANTS:

**Justin Patterson**

*KeyBanc Capital Markets; Analyst*

**Maria Ripps**

*Canaccord Genuity; Analyst*

**Craig Hettenbach**

*Morgan Stanley; Analyst*

**Brian Tanquilut**

*Jefferies; Analyst*

**Eric Percher**

*Nephron Research; Analyst*

**Ryan MacDonald**

*Needham & Company; Analyst*

**Jonna Kim**

*TD Cowen; Analyst*

## PRESENTATION:

Operator^ Thank you for standing by. (Operator Instructions)At this time, I would like to welcome everyone to the Hims & Hers third quarter 2025 Earnings Call. (Operator Instructions) I would now like to turn the call over to Bill Newby, Head of Investor Relations. Please go ahead.

Bill Newby^ Good afternoon, everyone.

Welcome to the Hims & Hers Health third quarter 2025 Earnings Call. Today after the market

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closed, we released this quarter's shareholder letter, a copy of which you can find on our website at [investors.hims.com](https://investors.hims.com).

On the call with me today is Andrew Dudum, our Co-Founder and Chief Executive Officer; and Yemi Okupe, our Chief Financial Officer. Before I hand it over to Andrew, I do remind you of legal safe harbor and cautionary declarations.

Certain statements and projections of future results made in this presentation constitute forward-looking statements that are based on among other things, our current market, competitors and regulatory expectations and are subject to risks and uncertainties that could cause actual results to vary materially.

We take no obligation to update publicly any forward-looking statements after this call whether as a result of new information, future events, changes in assumptions or otherwise.

The risks, uncertainties and other factors that could cause actual results to differ from our forward-looking statements are described in our earnings release and SEC filings. Please see our recent earnings release and recently filed 10-K and 10-Q reports for a discussion of these risk factors as it relate to forward-looking statements.

In today's presentation, we also have certain non-GAAP financial measures.

We refer you to the reconciliation tables to the most directly comparable GAAP financial measures contained in today's press release and shareholder letter.

You can find this information as well as a link to today's webcast at [investors.hims.com](https://investors.hims.com). After the call this webcast will be archived on the website for 12 months.

With that, I will turn the call over to Andrew.

Andrew Dudum^ Thanks, Bill. The third quarter was another strong step forward for Hims & Hers.

Our strategy is working. We're expanding reach, deepening engagement and transforming how people experience healthcare.

And the most exciting part is that this growing scale is making the entire experience better for our subscribers. Hims & Hers is one of the few healthcare platforms where each customer engagement improves the overall experience.

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Scale doesn't just make us bigger, it makes us better. The learnings from each encounter position us to drive better experiences, stronger customer relationships, and wider accessibility. Personalized care sits at the center of this evolution.

Our growing scale means more people have access to treatment plans that can adapt to their unique needs, biology and goals by incorporating a variety of factors, dosing regimens, and multi-condition solutions.

Our consistent focus on democratizing access to these types of experiences continues to deliver meaningful results for our business.

At the end of the quarter, subscribers using personalized solutions grew 50% year-over-year, helping drive nearly 50% in year-over-year revenue growth.

Over the past few years, how we serve our customers has evolved in extraordinary ways.

We started by helping people access simple, effective treatments for a narrow set of conditions. Then we expanded into personalized multi-condition care, giving customers a single place to manage a wide variety of health challenges with solutions tailored to them.

Now looking ahead, we plan to go beyond helping people treat their existing conditions and start helping them proactively manage their health before conditions even materialize.

As we continue building a platform that unlocks broader access to care that's personal, proactive, and connected, we expect that broader collaboration will become key. Whether that's through partnerships, investments or joint innovation, we see enormous potential to work alongside others across the healthcare ecosystem to make this future a reality.

As we noted in our earnings release, we are in active discussions with Novo Nordisk to make Wegovy injections and once FDA approved, Novo's oral Wegovy available through our platform to continue advancing consumer options.

Earlier in the quarter, we announced a partnership with Marius Pharmaceuticals, which will allow our customers to access one of the few FDA-approved oral testosterone treatments in 2026.

We expect these solutions combined with consistent provider support and the ability to seamlessly track hormone levels via the Hims app can help redefine how millions of men access effective hormonal care.

And most recently, we made a strategic investment in GRAIL, the company behind what we believe is the most advanced multi-cancer early detection test on the market.

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We are proud to invest in a company that shares our vision for the future. These relationships underscore the potential of what we've been building. They reflect our ongoing commitment to making our platform a powerful curator of the best-in-class health and wellness solutions.

Over time we plan to pursue a mix of strategic investments partnerships and collaborations in order to build a single destination where customers can access a range of innovative offerings alongside those personal, convenient care available.

These recent developments are an exciting glimpse into a future where access to proactive preventative care is not a privilege but a standard.

I've never been more excited about where this company is heading. When we initially shared our 2030 goals earlier this year of more than \$6.5 billion in revenue and \$1.3 billion in adjusted EBITDA, it was with this clear vision in mind.

Today we're delivering against that vision in a real way. The opportunity to accelerate our trajectory are materializing quicker than anticipated, and we are leaning in. Let's start with weight loss, which remains one of the most important global health challenges impacting nearly 1 billion adults around the world.

Since launching the specialty nearly two years ago, we've shown that combining reliable access to effective medication with a best-in-class experience has the potential to change lives.

We believe that customers are best supported when they have access to data-driven provider recommendations, ongoing clinical guidance and easy-to-use digital tools that track progress. The foundation behind our continued growth will be the ongoing verticalization of our compounded infrastructure.

We believe investments in these facilities are establishing a new gold standard for compounding infrastructure broadly, positioning us to accelerate growth while maintaining the high standards of safety, quality, and affordability our customers are accustomed to.

Importantly, this means all active pharmaceutical ingredients in compounded treatments are sourced from FDA-registered facilities, and in cases such as semaglutide, for which the FDA recently established a green list of GLP-1 API suppliers resourced solely from the suppliers.

As our scale has grown, we've also shown a consistent track record of translating that growth into greater efficiency. This track record and ongoing efforts to verticalize our sterile compounding operations support our ongoing pursuit to make GLP-1 offerings increasingly accessible.

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Recently, we strategically reduced prices across compounded GLP-1 treatment plans by as much as 20%, extending accessible care to an even broader population. In the quarters ahead, we'll also continue expanding the breadth of options accessible through our platform.

Our technology and vertically integrated infrastructure are unlocking new levels of personalization, most recently with the addition of microdosing options for compounded semaglutide treatments.

It's allowing us to deliver what we believe is the most high touch patient-centric experience in the market. And as we help more customers find the right treatment and support providers in evolving patient care, we're continuing to strengthen that leadership position.

Put simply, we're making it easier for more customers to start, stay on and succeed in their own weight loss journey, and we're confident that we'll continue to drive results for a growing set of customers by doing so. We're also extending the benefits of our consumer-centric approach to new specialties.

We believe recent launches supporting low testosterone and menopause unlock significant long-term growth opportunities and increase our ability to deepen relationships with existing subscribers while expanding access to care for millions more.

The current state of hormone healthcare in the U.S. reflects the exact challenge Hims & Hers was designed for, conditions that impact millions, available treatment options that can make a real difference and a system that still makes access far too hard.

We're changing that. Millions of men experience symptoms of low testosterone but face stigma, confusion, or limited access to effective care.

Our recent launch aims to address these issues with access to personalized provider guided treatment plans supported by at-home lab testing.

While still early, the responses launch has already indicated an immediate product market fit, and we're actively optimizing both the experience and the operational engine behind this offering to meet the strong demand.

Through our perimenopause and menopause offering, we're addressing one of the biggest gaps in women's health, nearly 1.3 million women in the U.S. enter menopause each year, yet only 30% of OB/GYN residency programs offer formal training on how to treat it.

Our new Hers offering helps close this gap by providing access to personalized care and support designed specifically for women during this stage of life.

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We expect this offering to become a meaningful growth driver as the Hers brand reaches more women and scales towards \$1 billion in annual revenue in 2026. Together, these launches expand our reach across life stages and conditions. And more importantly, they lay the groundwork for the next era, where Hims & Hers can change the status quo for millions of customers, proactive health and diagnostics.

We plan to launch comprehensive whole body lab testing before year-end, which will represent a significant step forward in this evolution. By scaling capabilities like blood testing, we're thrilled to help more customers affordably access the insights they need to monitor, maintain and improve their overall health.

We envision these capabilities empowering consumers to proactively address health concerns such as vitamin deficiencies, unoptimized hormonal levels and genetic risk factors, while also identifying early indicators of more serious conditions like cancer and cardiovascular disease. Historically, people have come to us to manage existing conditions, soon will help them take a more proactive role in managing their health.

In doing so, can potentially impact millions of lives.

Our goal is to one day help identify and manage risks associated with heart disease, metabolic disorders, neurodegenerative diseases and cancer, long before symptoms appear.

We believe our platform is uniquely positioned to make this possible.

We have the lab-testing capabilities to give customers and providers deeper health insights.

We have the provider network and compounding infrastructure in place to help take action against those insights and we have a strengthening data feedback loop that can help measure, adapt and refine care at scale.

We believe that combination positions Hims & Hers to do a few others in healthcare can, turn data into tailored action for millions of people.

These capabilities alongside our California-based peptide manufacturing facility, which is actively onshoring R&D for core peptide applications form the foundation of the longevity specialty we plan to launch in 2026.

We plan to scale the specialty to feature a broad range of therapies in addition to our new testing options.

Over time we expect these will include peptides, coenzymes, GLP and GIP treatments designed to improve performance, recovery in cardiometabolic longevity markers. Each of these initiatives

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are part of a broader effort to make advanced diagnostics and the care that follows more accessible.

Through investments and when appropriate partnerships, we expect this type of care, which has historically been acceptable only to a small affluent subset of the population available to each of our customers. Finally, our success in the U.S. and U.K. gives us a real conviction that our model can scale globally.

We believe that this team, vision and balance sheet we have in place are uniquely positioned to scale a leading consumer health platform globally. In Europe, our acquisition of ZAVA Global gives us the infrastructure to serve customers across the U.K., Germany, France, Ireland and Spain.

We're now reaching a total addressable market of more than 200 million adults across these regions, and the early response continues to validate how naturally our model translates. Next, we're preparing to launch in Canada in the near future, notably expanding our North America presence.

With two-thirds of Canadian adults overweight or living with obesity, we're incredibly excited about this opportunity to make high-touch care more accessible.

We are in active discussions with leading generic manufacturers to ensure that once semaglutide becomes available in generic form in 2026, we are ready to deliver access through our platform.

Looking ahead, we see international markets as a powerful long-term growth opportunity, representing more than \$1 billion in potential annual revenue.

We're deploying meaningful capital to bring the Hims & Hers experience to more customers across the U.K. and broader European markets, where we see a significant opportunity to scale our model and deepen our presence.

We believe Hims & Hers will soon become the largest global consumer health platform, unlocking access to direct-to-consumer personalized care for more customers than any company in the world. This approach extends across our entire business. The runway for growth and the opportunities to drive accelerating adoption across a wide range of conditions and health concerns are clear.

We'll keep investing in what matters most expanding our reach, deepening engagement and broadening our capabilities, allowing customers to manage and improve their health on one single platform.

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Since founding this company, I've never been more excited than I am right now. The future of healthcare is ours to build and we are building it piece by piece. With that, I'll pass it over to Yemi to talk through our financial performance and updated outlook for 2025.

Yemi Okupe^ Thanks, Andrew. I'll start by providing an overview of our third quarter financial results before going deeper into our final outlook for 2025. In the third quarter, our commitment to doing more for our customers drove another period of exceptional growth and expansion.

By consistently introducing new innovative offerings and broadening the range of specialties we support, we're systematically increasing the number of individuals we are able to reach and help. This growing breadth of care anchored in a precision medicine-based approach is enabling us to reach customers at multiple points throughout their healthcare journey and evolve with them as their needs change.

During the third quarter, revenue grew 49% year-over-year to nearly \$600 million, while adjusted EBITDA margins were above 13%. In the third quarter, our subscriber base increased sequentially by more than 30,000, reflecting a year-over-year growth rate of 20%.

We see the formation of a robust foundation of multiyear growth levers across three key areas of our portfolio, offerings under our Hims brand in the U.S., offerings under our Hers brand in the U.S. and an expanding portfolio of international markets.

Within our Hims brand, we are making a deliberate effort to transition away from generic on-demand sexual health solutions towards more personalized daily treatment offerings that allow providers to address a wider spectrum of needs.

Excluding the impact of the current sexual health transition, subscribers in the third quarter grew north of 40% year-over-year.

Our expectation is that the effects of this transition will meaningfully dissipate in the second half of next year.

We believe that these dynamics in conjunction, with the launch of new offerings such as testosterone, will result in accelerating growth in the second half of 2026 within our Hims portfolio.

Switching to Hers. We've seen the collective offerings on our Hers brand grow near or above triple digits for the last several years, and are now on pace to deliver revenue of over \$1 billion in 2026.

We expect the addition of new specialties such as menopause, diagnostics and longevity to continue driving strong growth across the Hers portfolio. Before going deeper in the investments

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we are making to drive growth across our strategic areas, I'll provide an overview of profitability dynamics.

During the third quarter, adjusted EBIT grew more than 50% year-over-year to \$78 million, offering another strong proof point of our team's ability to execute with discipline and deliver results consistent within our capital allocation framework.

Adjusted EBITDA margins increased relative to the prior year, a significant leverage on our marketing spend, more than offset higher costs, and we continue to benefit from investments that are enabling us to scale new specialties, expand our global footprint and further elevate the talent across the organization.

In particular, we're making meaningful investments in talent across our technology organization as we build out the team and infrastructure that will power our next phase of expansion. Marketing as a percentage of revenue was 39%, representing more than six points of leverage year-over-year.

We continue to see acquisition gains through lower-cost and nonpaid channels, benefits from higher retention as more subscribers benefit from personalized offerings and a more stable backdrop within our weight loss offering. Each of these factors has resulted in leverage from revenue growth outpacing marketing and investment.

Gross margins declined over two points quarter-over-quarter to 74% as tailwinds from continued growth in non-weight specialties were offset by lower intra-quarter revenue recognized per shipment from certain weight loss offerings due to shorter shipping cadences. G&A costs were also pressured as a result of the ZAVA integration as well as additional expenses related to the hiring of new leadership talent.

G&A as a percentage of revenue increased two points year-over-year. A similar dynamic was seen in operations and support costs. Technology and development costs as a percentage of revenue increased nearly two points year-over-year to 7%, reflecting ongoing investment in engineering and product talent across the organization.

We expect to continue investing in this area over the coming quarters as these initiatives enhance the customer experience and drive long-term financial returns.

We believe these investments will pay back over the mid- to long term in the form of reduced costs from greater efficiency, but more importantly, through unlocking new growth factors for the company in the future.

Our priority center around long-term free cash flow generation and each of the investments we are making today set the foundation for greater free cash flow generation in the future. In the

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third quarter, cash flow from operations was \$149 million, which translated into free cash flow of \$79 million.

At quarter end, we had over \$1.1 billion of cash, short-term and long-term investments, of which \$630 million was held in cash and short-term investments. The strength of our cash flow and balance sheet places us in a unique position to strategically deploy capital to expand both organically as well as the strategic M&A opportunities.

We believe this to be a meaningful differentiator and opportunity to cement our leadership position as we do not believe that there is a peer in our space that has the resources and expertise to do the same.

Similar to prior quarters, we expect to invest across the following areas. First is continued verticalization and expansion of personalized capabilities within our facilities. In the coming quarters, we expect our operational footprint and capabilities to continue to expand.

We entered the year with a facility footprint of just under 400,000 square feet and expect to leave the year with a footprint north of \$1 million. This will enable us to unlock additional form factors like gummies across a broader set of specialties, increased capacity for fulfillment and sterile offerings as well as leverage insights from diagnostic capabilities to have an even more comprehensive set of multi-condition offerings.

While we expect to see retention and acquisition benefits across each of our specialties, this will be a particularly important component with respect to one, broadening the appeal of our sexual health offering, while we transition from on-demand offerings, daily solutions; and two, leveraging verticalization to make higher complexity offerings, inclusive of our weight loss and testosterone solutions, more affordable with minimal long-term margin sacrifices.

Second, we plan to continue expanding the breadth of solutions and enhancing the customer experience across our new specialties. In the third quarter, we were pleased to launch our low-testosterone offering and have already seen strong interest from our current subscriber base.

In the fourth quarter, we have launched solutions for perimenopause and menopause support and plan to launch comprehensive lab testing diagnostics, both of which we believe will be meaningful accelerant to the business.

We expect continued investments in our facilities will enable us to broaden solutions within these specialties as well as reduce cost of verticalization. Third, we continue to see strategic investments, partnerships and collaborations as powerful tools to extend our impact and advance our mission.

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Our recent investment in GRAIL exemplifies this approach. Through these initiatives, we see real opportunity to leverage our balance sheet to strengthen relationships across the broader healthcare ecosystem.

Over time these efforts can make new and innovative development in healthcare more accessible to a broader portion of the population. Fourth, we expect to make meaningful investments in the capabilities of our technology platform.

We believe the breadth of data on our platform and its utility value in helping our subscribers optimize their health will meaningfully increase with the launch of deeper diagnostic testing from our offerings. This can come in the form of data-driven treatment recommendations, chatbots to enable faster nonclinical customer solutions or AI-assisted tools such as nutritional coaches.

We are already seeing early wins and look forward to bringing deeper updates on this front in the future. Lastly, our mission to help the world feel great for the power of better health does not have borders.

Success in the U.K. was a catalyst in our expansion into Germany, France, Ireland and Spain for ZAVA acquisition, and soon, we will add Canada to that list. The strength of our balance sheet and the considerable cash flow profile we built in the U.S. position us to deploy capital into these more nascent markets in a disciplined way.

Additionally, we expect to meaningfully scale our operations in the U.K. with more investment in expanded capabilities and reinforcement of our brand given signals around the significant opportunity that we see.

Further refinement of our playbook unlocks our potential to expand in Brazil, Australia and other Latin American and Asian markets in the future. Hims & Hers is undergoing another significant evolution on multiple fronts: technology, new capabilities, new specialties as well as expanding geographical coverage.

One of the most exciting shifts will come from what our upcoming launch of comprehensive whole body diagnostic testing will bring. Currently, consumers come to our platform seeking a solution for a known condition that they want help with.

With deeper diagnostics, we believe we'll be able to orient toward a model that allows subscribers to proactively manage their health and pursuit of healthier and longer lives.

This will enable us to attract a broader set of consumers as well as deepen engagement with our current subscribers.

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Over the coming quarters, we expect to elevate investment to unlock capabilities to improve the experience we bring to current and future subscribers.

Investment will be focused on accelerating adoption in new specialties, enhancing our technical talent to build a next-generation technology platform and cementing our leadership position by delivering greater value to our subscribers.

Our capital allocation framework will remain in place.

We believe similar to past investment periods, we will realize a meaningful return on these investments in the future. With that, I'll double click into our outlook for the remainder of the year.

In the fourth quarter, we expect revenue to be between \$605 million to \$625 million, representing a year-over-year growth rate of between 26% and 30%.

We are anticipating adjusted EBITDA in the range of \$55 million to \$65 million, reflecting a 10% margin at the midpoint.

For the full year, we expect revenue to be between \$2.335 billion and \$2.355 billion, reflecting a year-over-year increase that ranges from 58% to 59%.

We are anticipating adjusted EBITDA in the range of \$307 million to \$317 million, reflecting a 13% margin at the midpoint.

Behind our outlook are the following assumptions: First, we expect the migration fulfillment for sterile weight loss products to 503(a) facilities to drive between \$20 million to \$25 million of headwinds in the fourth quarter from shorter shipment cadences that result in less revenue recognized per shipment. This dynamic will normalize in the second half of 2026 as the cohorts of customers refilling their orders accumulate.

We are making meaningful investments to expand our internal 503(a) sterile fulfillment capacity. Progress on this front gave us conviction to make GLP-1s more accessible through lowering the price points for our three-month, four-month and six-month offerings in the fourth quarter.

This is expected to come with near-term margin headwinds that will normalize in the second half of next year as we continue to progress with the verticalization of our sterile fulfillment capabilities. Second, we continue to expect at least \$50 million of incremental revenue from ZAVA in the second half of the year.

Since closing the acquisition in July, momentum has been strong, and we're actively deploying resources in our proven consumer-centric playbook to capture the significant market

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opportunities we see across Europe. Lastly, we expect a continued moderation in our on-demand sexual health business to persist in the near term.

So these headwinds should begin to ease in 2026 as daily sexual health subscribers and multi-condition treatment plans become a larger share of the mix. The ongoing shift for personalized offerings remains a key driver of long-term revenue retention, supporting our target of 85% or higher, positioning the business for more durable recurring growth over time.

As Andrew mentioned, we're excited to be in a position where we can confidently invest in the long-term trajectory of our business.

We expect these investments to start in the fourth quarter and continue through 2026 as we scale new categories to a larger presence in new markets, and begin driving greater value to subscribers through innovative partnerships.

While this may result in a temporary pause in the year-over-year margin expansion, we believe these investments will meaningfully extend the reach of our platform around the world.

With the immense opportunity in front of us, our conviction remains high in our ability to meet or exceed the 2030 targets we established earlier this year, at least \$6.5 billion in revenue and \$1.3 billion in adjusted EBITDA.

Our success would not be possible without the significant efforts of Hims & Hers employees around the world.

I'd like to thank them, our subscribers and our shareholders for supporting us in our mission to help the world through the power of better health. With that, I'll turn it back to Bill to kick off Q&A with two questions from our retail investor community.

Bill Newby^ Thanks, Yemi.

Thank you, to all the investors for sending questions over the weekend.

We received a number of questions on the upcoming launches of lab testing and our longevity offering. This one comes from Nick G.

What is the timeline to release a full stack subscription service that includes at-home testing and additional products and services like peptides and a broader longevity offering?

What are the biggest hurdles to this type of rollout?

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Andrew Dudum^ Yes. Thanks, Nick, for that question. Great question.

We are extremely excited about both of those two categories.

As we shared in the prepared remarks, we will be launching the whole buy lab testing on the platform of very soon before the year-end. I think this is a really exciting one for me personally.

I mean this is a set of tests that historically cost me and my family upwards of anywhere from \$5,000 to \$10,000 for this type of comprehensive testing, and we'll be bringing it to market for an absolute fraction of that cost.

So really an incredibly powerful opportunity for true equalization for anybody out there to be able to get a sense of where their body is at, where their family is standing and the people that they love making sure that they're getting ahead of any issues that they're aware of.

I think this testing lays the foundation for the longevity specialty that we mentioned, which, again is a really exciting new category. This specialty will be coming to market in 2026, and will include a really wide range of treatments from on-market peptides, coenzymes, GLP, GIP treatments.

All of them will be designed and blended with performance recovery, cardiometabolic longevity markers as the core optimization of choice.

So this is a category that is again leading the charge on health and wellness.

It's something that very few have access to today.

I think the great equalization and bringing this to more people is going to be something that's going to be incredibly powerful. In that category, we're also hopeful that the current administration can help further expand access to more of these peptides.

I think there's a growing list of them from BPC 157 and TB 500 and others where research is starting to show real health and longevity benefits.

I think expanded care there is just going to be great for customers.

I think the other advantage we have in this category, which is an exciting one as you all remember, we acquired the California-based peptide manufacturing plant.

That facility is up running, operating and currently onshoring a lot of R&D that I think is going to be very important for the vast range of options on the peptide side that will be a part of this future category.

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Bill Newby^ Thanks, Andrew. The next question comes from the inhouse community and focuses on some of the trends we're seeing in our longer-tenured businesses. The question is, earlier this year, you indicated the core business was meeting or exceeding expectations.

It's now clear that we've started to see some growth acceleration in a few of these places. How confident are you that you'll be able to reaccelerate core growth over the coming quarters?

And what specific levers can you pull?

And what's the realistic timeline to see in these results?

Yemi Okupe^ Yes. Thanks for the question. I think what we see is we see the world rapidly evolving with new specialties and we see the specialties more and more becoming a blend of one another.

I think as we look at some of the new capabilities that we'll have later this year, such as diagnostics, I think that's only going to further accelerate.

So we increasingly see each of the components that we outlined and Andrew laid out and the vision for where the company is going to in the future is really becoming part of the core offering.

So we spoke around this a little bit in the prepared remarks.

But we increasingly look at the business across a few strategic areas. The first is Hims U.S., next is our Hers U.S. business. And finally, we see a great deal of opportunity in the international markets.

As we look around just the scale and the footprint of opportunities, which in each of those strategic areas, we see several growth factors that have the ability to not only continue to drive strong growth, but potentially accelerate in the second half.

To being new specialties such as testosterone, the Hims brand or menopause and longevity in the Hers brand, as we also start to shift towards being able to proactively help consumers manage their care with lab diagnostics. I think these trends are only going to accelerate.

We spoke about some of the near-term headwinds that we're seeing this year with respect to the shift towards the daily sexual health consumers and away from the on-demand sexual health users as well as some of the dynamics around the shorter weight loss cadences.

As we start to turn the corner around those in the second half of the year, we remain very confident that we'll see both the Hims & Hers businesses, not only remain strong growth drivers but also potentially accelerate growth in the future.

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Bill Newby^ Thanks, Yemi, and thanks again to everyone who's sending questions. With that, I will pass it back to the operator to begin the regular way analyst Q&A.

Operator^ (Operator Instructions) Your first question comes from the line of Justin Patterson at KeyBanc Capital Markets.

Justin Patterson^ Great. Andrew, as diagnostic capabilities ramp up, how do you envision the pace in which you provide personalized treatments and expand in the new specialties changes?

Then related to that, how much you adjust your marketing efforts to make more consumers aware of just this expanded offering?

Andrew Dudum^ Yes. Great question, Justin. I think it's going to rapidly accelerate the pace of bringing products to market.

When you can understand everything from nutrient deficiencies to pre kind of genetic risk markers your ability to adapt the assortment and SKU and hyper-personalized just accelerates.

So we shared in the prepared remarks that by year-end will be north of 1 million square feet of infrastructure and have really built what I think is gold standard and true high-quality compounding capabilities.

My hope is that the diagnosis to open up a real floodgate of opportunity for hyperpersonalization.

On the marketing side, I think it's a really big change, which is a really exciting one.

I think historically, the business has been very much direct to marketing focus, given the very stabitized conditions that we offer, right, things like hair loss, sexual health, et cetera. When you start getting into diagnostics, when you start digging in the longevity, whole body health, wellness, these are categories that you want to talk about, other categories that you want to share with the people you love, right?

The carriers you want to share with your family. There are products within this offering that I personally have been buying for my family for years because I just want my loved ones that have access to them.

So I do think there's going to be a really structural change in how you see the Hims & Hers brand show up, the types of messaging that is going to be going out there. I think this ultimately allows for great long-term leverage in the business, which is really exciting, but also just can really transform how people know our business to be, right?

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Instead of coming just for acute issues, I think there's an opportunity here to build a platform globally where not only tens of millions but hundreds of millions of people can rely on you to help get ahead of help, and help get proactive with health.

I think you're really going to see that show up in the transformation of the brand and the types of messaging and the types of places that we're showing up.

Operator^ The next question comes from the line of Maria Ripps with Canaccord Genuity.

Maria Ripps^ I just wanted to ask about sort of your approach to the portfolio of GLP-1 solutions on the platform, especially if the Novo partnership moves forward?

And I guess are there any other GLP-1 solutions that you may add sort of to the specialty?

Then secondly, can you maybe talk about sort of consumer price sensitivity to compound the GLT-1 at this point?

And how do you sort of price reductions impacting demand?

Andrew Dudum^ Yes. Thanks, Maria, great question. I'll talk to the first part, maybe Yemi jump in a second. Generally, I think breadth and assortment and choice for patients is the winning formula.

So we're excited to be able to reengage with Novo about what going to be pill that is hopefully to be FDA approved as well as the commercial dosing.

I say they and others will have more and more innovation coming. There's also obviously advancements in biotech that are in Phase II and Phase III trials that have next-generation GLP-1, GIP dual and triagonist opportunities.

So our stance is that breadth and assortment and choice ultimately gives each individual more personalized abilities to just have great outcomes.

So you'll see us continue to pursue a wide range of treatments here.

I think generally, it's inevitable that partnerships like this where we are the largest consumer distribution platform in healthcare and others are the best in bringing new therapeutic innovations to market, those types of companies should be working together ultimately.

So I think you're going to see more of that in the ecosystem, but it's definitely something that we have a lot of brain power on and are making sure that as advancements in the next generation

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comes we have great relationships with the teams and they understand the opportunities that we can have together.

Yemi Okupe^ Yes.

Then I hit the second part of your question, Maria. I think our weight loss specialty follows a very similar principle that we deployed across our historical specialties.

Then around scaling verticalize and then optimizing then passing the value and the savings back to our subscribers.

So we do see across both our weight loss specialty inclusive of the orals as low GLP-1s is the high-touch model that we have with the providers really is resonating with our subscribers.

We see strong retention across the platform.

Our view that as we sort of other specialties that we've done with in the past, as we're able to make the price points more accessible to a broader base of users, that will enable us to continue to draw on a broader audience.

And so we see some very early promising signs with some of the recent changes that we've made. We're excited to continue to invest to verticalize operations at a high-quality standard to continue to pass those benefits back to our subscribers.

Operator^ The next question comes from the line of Craig Hettenbach with Morgan Stanley.

Craig Hettenbach^ First question is just on the Hers business and the color of kind of approaching \$1 billion in revenue in 2026.

Can you just touch on just the cadence of the new menopause products like how much that may move the needle or do you expect kind of the growth to be driven mainly by the existing products going into 2026?

Andrew Dudum^ Yes. I can speak a little bit to that, Craig, and Yemi feel free to jump in. I think Hers is a really nice range of growth drivers.

We talked about in the last couple of quarters, that growth rate being triple digits or around there.

I think there's a real path over the next few years for it to maintain that type of trajectory. You've got legacy categories "legacy" that are a few years old on the dermatology side, that are still growing extremely quickly.

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You've got obviously the oral waste business, the personalized weight business on the GLP side that is growing very robustly.

Then I think these new categories in mental health, perimenopause as well as longevity and diagnostics are going to be very, very important for women and this demographic.

So it's a business line that I think has four or five different growth engines.

It's probably one of the more exciting parts for me of the business just because you're able to see the platform extend to completely new audiences, different ages, different demographics and completely new therapeutic categories, but it's one where there's real diversity coming from the composition of that growth.

Yemi Okupe^ Yes. I'll just to add a couple of things to that, Craig. I think what we also see as the Hers platform has scaled our ability to invest in the brands distinctly continues to increasingly elevate.

So now with the broader set of portfolio that we have across things like mental health, the medicals support, hair, weight soon to be diagnostic.

I think similar to what we saw with him that just gives us a broader spectrum with which to speak to our consumer base and capture them early in their journey.

We also see, as Andrew mentioned, diagnostics as being a key evolution point for the company that will benefit both the Hims business and Hers business.

I think that will enable us to proactively help consumers manage their care.

So while we're very excited by that business on a stand-alone basis, its ability to also highlight new specialties that we should be entering or personalize the treatments in a more precise fashion, I think will not only increase retention, but also broaden the subscriber base that we're able to reach not only within the Hers business, but also the Hims business as well.

Craig Hettenbach^ Great.

Then just as my follow-up, Yemi appreciate the color on the investments you're making in the business. You kind of alluded to a temporary pause in margins.

Is it possible margins could contract year-over-year in 2026 before you see the follow-through?

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Or do you think despite these investments, should kind of hold ground on margins into next year?

Yemi Okupe^ Yes. I think it's a bit too early to give specific color around 2026. The teams are actively undergoing the plans.

I think we're following a similar investment thesis to what we deployed the past somewhere in 2023, where we lean into investment. Within a couple of quarters, we started to see rapid margin expansion.

I didn't hear we have a much broader set of levers.

I think what also just gives us the conviction in these investments, they will be accretive.

Some of them will be in new capabilities, in new specialties.

I think we have a broad set of options to verticalize and optimize the unit economics on some of those new specialties that gives a great deal of confidence. I think we're also investing in things like talent that tend to have a exponential and asymmetric ROI.

As those folks come in and start to really just change the capabilities and the trajectory for what our technology platform can do, we see a significant amount of upside.

So I think we're -- it's a little bit too early to give you specifics around 2026 guidance, but we do see an immense opportunity not just for future growth levers, but for continued free cash flow generation as well as in the midterm expensive margin expansion that we've seen in prior quarters as well.

Operator^ Your next question comes from the line of Brian Tanquilut with Jefferies.

Brian Tanquilut^ Congrats on the quarter. Maybe just on the topic of cash flows, I mean buybacks were kind of strong in the quarter. Just curious how you're thinking about capital deployment towards buybacks versus obviously you're spending a good amount of capital and CapEx?

Yemi Okupe^ Yes. I think we have the luxury of very strong free operating cash flow as well as a very strong cash, cash position.

I think similar to prior quarters, any time we review that there is a meaningful disconnect in the valuation of the company, the market value relative to intrinsic value, we will step in and act.

So I think in the prior quarter, we did see those dynamics take play with some of the volatility

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that we saw on our stock.

So we opted to lean in.

That said, I think the first and foremost priority will always be around investing in the appropriate levers to grow the business. That includes, if we talked to on early in the prepared remarks, extending the asset of personalized capabilities that we have to offer our patients, investing in the overall platform as well as in international markets.

But I think we just have the luxury of a very strong balance sheet and very strong cash flow. We're able to do all of those things while at the same time realize disconnects between the intrinsic value and the market value and

Brian Tanquilut^ Got it.

Then I guess my follow-up, as I think about -- obviously in the press release, you talked about the negotiations with Novo.

As we think about your decision to bring down price on your GLPs in those conversations.

I'm just curious, what are the negotiating points?

What are the discussion topics that are kind of holding that agreement back right now?

Or what will it take to get it over the line?

Then maybe just thinking about what the pros and cons are for rolling out a Novo product here, both for you and maybe for Novo?

Andrew Dudum^ Brian, I can probably answer that and for better not give you too much information, but there's probably not much we can share on the specific conversations that have been going with Novo, I think we're excited to be engaging with them.

I think Mike is a great new leader for the organization. Generally, like I said, we believe and have always said breadth of options for patients is best.

We're a platform where we hope to give people the absolute right course of treatment, the right course of care and connect them with providers that can help them make those decisions.

And so from our perspective, we are constantly engaging with great innovative therapeutics, great innovative diagnostic companies, et cetera, next-gen biotech companies because we just

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want to make sure that, that Hims & Hers truly does represent the must-have in healthcare over time.

And ultimately, our job is to fight on behalf of every people to to hopefully bring that to them at a price that is truly affordable to them in our family.

Operator^ Your next question comes from the line of Eric Percher with Nephron Research.

Eric Percher^ I'd like to check in on weight loss growth components versus your initial expectations for the year, ask if you're still on path for \$725 million for the year or better and a little bit of context on how the compound versus oral market has developed?

Yemi Okupe^ Thanks for the question, Eric. Yes. I think the short answer is we see continued strength across each component of the weight loss specialty. The oral business continues to remain robust and grow healthy rates. A lot of that is driven by the fact that there's broader eligibility requirements for offering as well as there's the ability to reach a broader audience of people that may be apprehensive around injectables.

They're also at a price point where users are able to access them at a lower price but still realize over half of the benefits that they're able to see on the injectable side.

We also continue to see the GLP-1 offer remains strong as well.

So we are on pace to achieve the \$725 million or greater target that we put for earlier this year.

Eric Percher^ And on the personalized compounded side, you provided us with \$20 million to \$25 million headwind. Was that I cast that as 4Q?

And could you just kind of speak to the cadence as you off-boarded the commercial doses into 2Q to 3Q to 4Q, help us a little bit there.

Yemi Okupe^ Yes.

So I think a lot of the drop that you saw earlier this year between the first quarter and the second quarter, that was primarily the result of offboarding the commercially available dosages but subscribers are on.

I think as we look to what's going to transpire over the next couple of quarters, what's effectively occurred as we started to ship the GLP-1s in smaller shipments. The net effect of that is we recognize our revenue on when shipments occur, not necessarily when the consumers place their orders.

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So we continue to see very strong order velocity, but because we're shipping in smaller cadences, that's effectively what's driving the headwind in the back half of this year that you see that that we expect will materialize in the \$20 million to \$25 million headwind.

Now what happens is as those consumers renew because they're on a smaller or shorter cadence as they renew, they renew more frequently throughout the year.

So what happens is you see a stacking of cohorts that kind of compound each quarter.

So our expectation is by the time we get to the back half of next year, this dynamic will normalize.

So it's less around internal dynamics around the business.

It's more around just like the adjustments of the shipping profile is profile that we have for our subscribers.

Operator^ Your next question comes from the line of Ryan MacDonald.

Ryan MacDonald^ Great. Andrew, I want to start on international dynamics. You've got ZAVA, obviously under your belt now for about a quarter.

I'm just curious, as you've gotten more comfortable and familiar with that business and started to spend more time international markets of how much is the sort of Hims messaging and approach resonating outside of the U.S. market?

And how is that informing sort of this international expansion plan?

And as you think about these markets, it sounds like there's some pretty aggressive expansion.

I feel like there's some a unique aspect within each country that sort of changes the dynamics of how care is provided, how do you -- and what investments do you need to make to sort of scale your network of clinicians as you continue to broaden your reach and internationally?

Andrew Dudum^ Yes. Thanks, Ryan. It's a great question. Yes. I think ZAVA been a wonderful first buy into the international space, an immediately accretive acquisition, just great team, great operational capabilities and incredible learnings. They've already moved through quite a few markets already, which has been really fun to watch.

I think probably the best takeaway so far is that we think the demand is the same as here in the U.S., whether it's a national system, insurance-based system, it kind of doesn't matter.

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I mean I think the global frustration with access to great healthcare is consistent wherever you live. The time it takes to meet with specialists, the quality of the care, the high-touch nature of the care, the personalized aspects of that care, the cost of that care, I mean it's really, really quite consistent.

And so we are, I think given that as well as given, I think our confidence in what we believe is a really scalable operating model here in the U.S., like I think we've -- over the last eight years, optimize what we think is the winning formula, the winning experience for customers.

I think we are now accelerating our ability to bring that into very key markets.

So as we shared Canada will be going live in the near future. We're already in great conversations with all the major generic manufacturers up there in anticipation of the generic semaglutide, which goes live in 2026.

We believe the Brazilian market is a really interesting market, where we'll be spending time further deepening investments in the U.K. likely as well as other smaller markets in Australia and Japan, et cetera.

So generally, I think we have a really good grasp of the competitive landscape in these markets, the consumer distinctions, the local dynamics to be aware of, the regulatory differences to be aware of.

So the experience might be slightly different. And each to your point, there might be nuances in positioning or in marketing or offering.

But generally, I think the frustration with care and the demand for a higher-touch consumer-centric care is very much widespread.

I think we have the team and the ambition and maybe the crazy, just a little bit of craziness in us, right, to go and attack this and be the winner quite quickly across all of these major markets.

Ryan MacDonald^ I'll put color there. Really appreciate it. Maybe from a follow-up perspective, I wanted to ask on sort of whole body lab testing and how that might be structured or packaged or integrated within some of the other offerings like menopausal health, longevity into next year.

Unless we're mistaken I think that what we've seen in our experience on sort of the whole body testing market, especially in the cost-efficient manner for the consumer, is it might -- it can tend to be a bit lower margin business from a gross margin perspective.

So one, is that what you're seeing?

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Or is that a risk from launching a stand-alone whole body lab testing offering?

Or if so, how are you going to package it with maybe more longitudinal offerings on the Hims platform to sort of enable that sort of, let's call it, strong LTV to CAC as we think about over the next year or 2?

Andrew Dudum^ Yes, a great question, Ryan. I think the -- I think we're really unique company in our ability to bring at-home lab testing or lab testing to the masses because our business is helping people be healthier, right?

So we do not, long term, need to make huge margin off of these tests, which is distinctly different from everybody in market, a distinctly different from major lab testing companies, other competitors that have diagnostics.

Our business is ultimately helping you feel great, in helping you ahead and helping you refine what that personalized care should be and then acting on it.

And so I think to your point, there will over time probably be a really nice mix of both stand-alone diagnostic opportunities, which then lead into advanced treatment care as well as bundled services for diagnostics in core treatment pathways, like you've seen with testosterone, I think you'll see that kind of continue to expand.

So I think there'll be a nice diversity there.

But ultimately, my ambition as we you have done in the past is to bring these offerings to market, verticalize the infrastructure over time which we've already started to do with our acquisition and other investments when it comes to lab diagnostics, establish that, systematize that, bringing cost down to incredible levels where you can really and truly undermine most of the peers on price and get customers huge access to this information and then ultimately be the trusted partner that can help them take that information and be incredibly action-oriented and precise with what the next step should be, how the personalized care should follow and handholding through that cadence.

So I think we're really uniquely positioned to do exactly what you're talking about, but I think there's a true distinction with us given the fact that our core business is to help keep you healthy and keep you on top of these issues. And also, we have the ability to verticalize this infrastructure in a way that can leverage testing at lead-gen into the platform.

Operator^ Your next question comes from the line of Jonna Kim with TD Cowen.

Jonna Kim^ You've seen nice leverage on the marketing side. Just curious if there has been changes in your marketing strategy or approach?

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And as you think about the New Year, how are you thinking about the marketing, especially around Super Bowl and just lapping your great success last year?

Yemi Okupe^ Yes. Thanks for the question, Jonna. I think we see a couple of different levers that we're able to deliver very strong marketing leverage, both in the quarter as well across the year.

One is like we do see that there is significant leverage coming from the fact that we see more and more acquisition coming from both organic channels as well as via lower-cost channels.

I think as we start to push further into the comprehensive whole body testing that we spoke around earlier, that dynamic is likely to continue to get better and better as we kind of optimize and tune that engine.

We also see from the shift of more and more users opting for personal isolation. The retention is becoming stronger and stronger. And most of the marketing spend that we have is either around educating consumers around the overall brand or acquiring the users.

So as we see retention elevate, we inherently get leverage on that front. No. What we do see is we have a wide array of different growth opportunities in front of us or that will be coming in front of us in the coming quarters.

That is some of the newer specialties that we've launched menopausal support elevating our presence in some of the markets where we've already seen success like the U.K.

As well as some of the markets that we will likely -- that we are going to enter in the near future, such as Canada.

So I think we're not going to be shy around investing.

That said, I think we're going to do so in a way that's consistent with our historical capital allocation framework that calls for the payback period of one year, basically positions the ecosystem to benefit from greater, greater economies of scale, so that as we look a couple of quarters down the road from those investments, you start to see some of the levers that we're enjoying right now from some of the investments we've made in the past.

So I'd say as we look to 2026, as mentioned, the growth opportunity is probably even larger than what we anticipated before.

So we will be an investment that. That said, I think the profile and our confidence in the -- at the 2030 target of the \$6.5 billion of revenue and \$1.3 billion of EBITDA is only increasing.

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Operator^ Ladies and gentlemen. this concludes today's call. Thank you, all for joining.

You may now disconnect.