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Hims & Hers Health

Second Quarter 2026 Earnings Call

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PRESENTATION:

Operator^ Hello everyone. Thank you for joining us. Welcome to the Hims & Hers Health second quarter 2026 Earnings Call. (Operator Instructions) I will now hand the conference over to Bill Newby, Director of Investor Relations. Bill, please go ahead.

Bill Newby^ Good afternoon, everyone. Welcome to the Hims & Hers Health second quarter 2026 Earnings Call.

On the call with me today are Andrew Dudum, our Co-Founder and Chief Executive Officer; Yemi Okupe, our Chief Financial Officer; and Mo ElShenawy, our Chief Technology Officer.

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Before I hand it over to Andrew, I need to 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 statement 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 most recently filed 10-K and 10-Q reports for a discussion of these risk factors as they 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. You can find this information as well as a link to today's webcast at investors.hims.com. After the call this webcast will be archived on the website for 12 months. And with that, I'll turn the call over to Andrew.

Andrew Dudum^ Thanks, Bill. Good afternoon, everyone.

Thank you for being here. This quarter, we made significant progress on building a first-of-its-kind health experience that proves it is possible to deliver access to world-class care on a global scale at a reasonable price.

As our customer base grows and our influence on the industry deepens we are showing that a business can both take care of people and to be profitable. Before Yemi walks us through financials, I want to highlight three key areas driving our continued growth.

First, our investment in AI and technology is delivering a health experience that we believe no other company can replicate.

Our CTO, Mo ElShenawy, is on the call today to walk us through how that is coming to life in both deeper customer relationships and increasing business efficiencies.

Second, our world-class infrastructure means we can not only support customers across a greater spectrum of needs from beginning to end but also safely enter more complex categories at a faster pace and at a greater scale than others in the industry.

And third, our global reach. When paired with our technology and infrastructure has created a platform that shows customers and industry leaders alike that access to high-quality care can be personal and widely accessible.

Hims & Hers is building something entirely new, and it is increasingly difficult to replicate. Nearly 3 million customers believe in the future of health that is proactive, personal and built for their lives.

We are thrilled to be the partner bringing it to them every day. Let's start with our investment in AI. By reading AI into the entire platform we'll deliver a unified AI-native health experience, we believe no other peer or LLM can match.

Mo, our CTO, will walk us through what that looks like for our customers and the early success we've seen, but I want to start with the why. Why we are taking this approach and why we know it is the path to dramatically improving the care experience for customers everywhere.

In the second quarter, we welcomed more than 300,000 subscribers, bringing our global subscriber base to nearly 3 million people. To put that into context, we are now serving a patient population that rivals some of the largest healthcare systems in the United States.

And unlike Frontier AI companies that many people currently rely on for day-to-day advice we support customers through their entire health journey from their very first question to their clinical treatment and continued follow-up care.

That end-to-end closed-loop relationship, combined with our scale, is incredibly powerful. Customer trust isn't something you can buy. It has to be earned. For nine years, millions of people have trusted Hims & Hers to help them feel comfortable seeking care for conditions that should be normalized.

We have earned that trust by listening to their concerns, we're finding solutions to meet them and delivering outcomes year after year, special team by special team. Nine years of data that deepen our evidence base in what works, for whom, and why. That accumulated understanding is what makes our platform different. It's powered by the millions of customers who have shown us just how impactful great care can be. That's why they trust us with what comes next.

Other companies, major and the minor. They tack on minor improvements to the existing system, while we're making our platform completely AI new [ph], so that our platform can provide an integrated experience that is alive and personal, one where AI coaches and support agents, a care team, a clinician, and a pharmacy are one unified system with a single goal, keeping people well.

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Our customers don't just ask us about their health or seek out specific treatments through a platform. They go on a long journey with us.

We believe the intelligence we are building around that relationship will make Hims & Hers their preferred everyday health partner. I'd now like to turn it over to Mo to speak more on how this is coming to life.

Mo ElShenawy^ Thanks, Andrew. Our AI center technical strategy is the difference between adding a feature and reimagining the entire customer experience. We are making AI load bearing not decorative.

We are replacing the traditional telehealth model with something entirely new for our industry, a unified care experience, where customers care team lives in a single platform that already knows them.

No portals, no starting over, no explaining yourself to a tool that can only give you one size fits all advice, just care that is built for you, guided by data delivered by clinicians and powered by seamless technology. This is the foundation of customer experience which we plan to roll out across our entire platform over time.

It leverages our closed-loop data, and it is becoming the basis for personalization across the entire journey., smarter outreach, earlier risk signals and tools that help providers tailor treatment to each patient.

We are seeing impacts for our customers and our business as a result of this approach.

I would like to walk you through both. To start, the AI native experience we just launched for Hers Weight Loss customers is driving meaningful change for the people who come to us for care.

We began a phased rollout in early July and the results were immediate. Customers began engaging more often. Hers customers using the new care experience are sending three times as many messages on the platform, with AI answering 80% of their questions to support their treatment journey.

As a result, AI has reduced non-clinical tasks like order updates and general side effect questions that are handled by our support teams by nearly 50%.

We know that the lack of engagement and poor adherence can lead to poor outcomes, which is why we're thrilled to see customers having more engaged, intentional conversations, without overloading our care teams.

This also means clinical challenges like dosage adjustments or changes in treatments can be identified and flagged for a provider more quickly, resulting in earlier interventions that help our customers stay on track.

In just a few months the internal updates we've rolled out are powerful enough that we have meaningfully reduced how much we rely on agentic AI customer support vendors. And eventually, we expect to roll off them completely. We've built a clinically grounded agentic AI customer support experience that we believe serves our customers better.

We are excited to bring the experience to more of our customers across the world and we think we are moving closer to a future where the model we are building becomes the backbone for health platforms beyond Hims & Hers.

We are also continuing to invest in our core technical foundation, rebuilding core components so that updates to our customer flow, product fulfillment, and capital management are all modular [ph].

This will allow us to stand up new categories and markets in a fraction of the time it used to take us, at a lower cost to us, which has historically translated into lower prices for our customers. This is just the beginning of how we are weaving AI into every step of the customer journey.

These early signals [ph] are why we are accelerating our investment in bringing this experience to life for all of our customers.

In the coming months, we plan to add new AI talent to the team, continue to develop our existing talent and open an AI R&D lab in Menlo Park, where the team responsible for this innovation can work together in the heart of Silicon Valley.

We expect this investment to pay for itself in short order. Importantly, we're not doing this to replace providers but instead to elevate them.

We feel strongly about always keeping clinicians in the loop and in charge of clinical decisions.

At Hims & Hers, AI takes the routine work of clinicians' plate so they can spend their time on judgment, complexity, and the person in front of them.

Our AI is bound by clinical protocols and guidelines developed by our medical experts, not the open internet, and every AI interaction is traceable and auditable by design.

We are taking this approach because we know AI models are becoming a commodity.

On their own, they are an incomplete part of a wider health experience. The only way to confidently build an AI infrastructure that can improve clinical outcomes is by tracking those outcomes.

We believe we are the only company operating a closed loop that includes the intake, the treatment, the follow-up and the outcome at this scale.

The system learns from all of it.

We believe this will have a transformative impact on our business as well.

As we roll out this new experience to more customers, we expect we will improve the quality and depth of care access on the platform which will, in turn, keep customers with us longer and bring new customers through the door.

We believe this is something only we can do well.

Our advantage is being an everyday partner to customers rather than just the chat bot that lives on their home screen.

We walk alongside our customers throughout their entire journey. Helping them find qualified providers and treatments that work. We’ve built an AI infrastructure that learns not just what works, but what works best for each person.

And we have the scale to do it with millions of customers globally, creating an ongoing cycle of improvement. Better care produces better understanding and better understanding produces better care.

This is how we are reshaping what the world thinks is possible in health, and we are only at the start. I am excited to come back next quarter with updates on the progress we will continue to make here. Thank you.

Andrew Dudum^ Thanks, Mo. I’d like to move us to the second area of focus for today our growing ability to do more for the people who trust us with their health and why that matters now more than ever.

We can support customers across a wide spectrum of needs from beginning to end because we spent years building an infrastructure, no one else has.

It’s why we’ve been able to and will continue to enter more complex categories with more tailored accessible solutions. This is how we support the deep customer relationship you’ve heard me talk about so often.

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Our customers are increasingly trusting us with their care across more than one condition, and each additional need they bring to the platform, strengthens their trust and extends our relationship with them.

We believe we are in the best position to help millions of people get proactive about more complex health challenges that often go unseen or ignored. Testosterone is a powerful example. Most men experiencing low test testosterone, don't know it, and they chalk up symptoms to fatigue or aging.

We've designed an experience that changes that. At-home blood collection, longitudinal tracking, and provider guided treatment that adapts over time.

That experience is resonating.

Only three quarters after launch, testosterone is scaling faster than any other specialty outside of weight loss. That gives us real confidence in our ability to expand not only into injectable and oral TRT before the end of this year, but also to extend this model across other specialties.

That's part of why we welcome Dr. Anant Vinjamoori as our new Chief Medical Officer of Hims, joining Dr. Pat's incredible team of medical leaders to provide our clinical backbone. Dr. Vinjamoori more has more than a decade of clinical experience in internal medicine, primary care and longevity, which will be a critical part of how we build and expand our offerings in categories like hormonal health, longevity medicine, and peptide therapy.

His participation the recent PCAC hearing demonstrated just how valuable and trusted his voice is among industry leaders and regulators, and his expertise will be a fundamental part of how we accelerate into our next chapter.

We've developed the infrastructure to succeed in higher complexity categories, over 1 million square feet of pharmacy and lab testing facilities, deep expertise in sterile compounding and a global reach.

Our verticalization efforts are focused on delivering a better, higher quality experience at a price no one else can match. Which brings me to peptides. Moments like this where a category is surging in popularity, while the market is struggling to find a safe, sustainable way to support it is where our scale, infrastructure, and ecosystem drive.

We are currently developing a best-in-class peptide experience including U.S. manufactured products, clinical led guidance, and ongoing blood testing.

While we wait to hear the FDA's decision on the six peptides recommended at the last month's PCAC hearing, we've started validation and stability testing on APIs for those peptides developed in our Menlo Park facility. This will ensure we can bring them to the market with a safe, verified supply chain if the FDA decides to allow them for compounding.

In the meantime, we plan to offer access to already allowed peptides with safe and well-established supply chains before the end of the year. This will include solutions like Sermorelin, Glutathione, and MEDplus [ph]. Finally, I'd like to discuss our third area of growth which underpins everything we've already discussed today our global scale.

The promise of our platform started with what we could do for our customers in the U.S. where we have five specialties operating above a $100 million annual run rate.

We are now bringing that comprehensive experience to customers across the world.

In June, we became the leading global consumer health platform when we closed our acquisition of Eucalyptus. This was the largest acquisition in our company's history, and we now have three international markets outside of the U.S. also pacing above a $100 million annual run rate. This is the evolution of the company we always knew was possible.

For the first time a single platform can deliver a truly personal, accessible, and effective weight management experience to customers around the world. Whether home is Boston, Bristol, or Byron Bay we plan to make this true for customers in all of our specialties, and I can't wait to share more on our global plans with all of you in the coming quarters.

We have the ability to create sticky relationships with millions of customers worldwide, and we believe that makes us invaluable to our industry partners.

We have been thrilled with the strength of our relationship with Novo Nordisk.

By working with the leading innovators in one of the highest demand categories, we're expanding our addressable market, and we look forward to finding ways to work with other partners of the same caliber.

We are now giving more people access to a world-class weight loss experience than any other digital platform in the world. This isn't just a sign of our scale, it's proof that healthcare is finally adopting the consumer-centric model that is already standard in industries like entertainment, travel, and transportation.

We are leading a transformation that removes the middle layers and ensures that access goes straight from innovators to consumers.

We believe our growing scale and our increasing investment in our technology and infrastructure makes us structurally more efficient than anyone else in healthcare.

We plan to continue to leverage our leadership position to deliver more value to customers at better prices. Put more plainly, we're playing offense and we have the balance sheet and cost structure to sustain it in a way others cannot. This is the beginning of what our platform will deliver for both our customers and our industry partners.

We believe we are not far from the future where all of us will be able to access preventive screening, the innovative medications we need to feel great, and the guarantee supporting our progress, all for an affordable monthly price and tailored for the life we are actually living.

I'll end by saying that this quarter has been about a single word, proof; proof that you can build a world-class health experience at global scale and a reasonable price, proof that deeper customer relationships and a profitable business aren't in conflict, they strengthen each other.

We are proving that Hims & Hers is the destination for the most comprehensive personal health experience in the industry. Nearly 3 million people rely on us daily and that's a responsibility too big to meet with anything less than the best technology, infrastructure, treatments, providers, and platform that we can provide.

You've heard me say this before that we're building the future of health, but that future is closer than it's ever been, and it's because of the strides we are making on behalf of our customers every day. I'll now pass it over to Yemi to walk through the financials.

Yemi Okupe^ Thanks, Andrew. Today I'll walk through progress made in the second quarter across our key growth levers as well as investments we are making to bring a better health experience to millions of consumers globally and capture the immense opportunity in front of us.

In the second quarter, revenue grew nearly 40% year-over-year to more than $753 million, expanded assortment, new geographic markets, and elevated consumer experience allowed us to add 300,000 net new subscribers and end the quarter with nearly 3 million subscribers on our platform. Domestic revenue growth accelerated to 16% year-over-year in the second quarter as U.S. operations generated $622 million of revenue.

The pivot we made in March to expand the assortment of branded weight loss products on our platform was a key driver of the reaccelerating growth in the second quarter as more subscriber additions offset revenue recognition headwinds from the shift to a monthly cadence and branded weight loss offerings.

Increasingly, we view specialties with large audiences such as weight loss and sexual health as strategically important beyond just their direct revenue contributions as they provide advantages such as, first, a meaningful expansion of the cross-sell opportunities across the platform as consumers often seek treatment for conditions beyond weight.

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Cross-sell potential increases further as we extend the reach of lab testing on our platform which can surface underlying needs for treatment within specialties like low testosterone and cardiovascular health that subscribers may not know they have and would not otherwise act upon.

What begins the weight loss treatment has the potential to become a pathway to providing access to care for a much broader range of subscriber needs. Second, it allows us to rapidly deepen the structured data set across our platform.

The more subscribers we serve, the richer our data set becomes. This allows us to equip providers with tools to better match subscribers with effective treatments as well as design more customized subscriber tools for follow-up care. Each subscriber makes the platform smarter and better for the next. Finally, our infrastructure is built to continuously capture economies of scale.

As our subscriber base grows, we realize efficiencies across our supply chain including our provider network, pharmacy fulfillment, and follow-up care operations. This reduces our cost to serve, expanding our ability to reach more subscribers at accessible price points.

Strength in our domestic operations has provided us with the conviction to invest internationally, and bring our value proposition to millions of consumers overseas. In the second quarter, international revenue increased over 17 fold year-over-year to $131 million.

We welcomed the Eucalyptus team in June, deepening our presence in Europe, and extending our reach to Australian and Japanese consumers. Eucalyptus contributed approximately $40 million of revenue in the second quarter, further accelerating our already strong existing international business that grew 13% quarter-over-quarter organically.

Our revenue footprint continues to rapidly diversify across specialties and now also across geographies. Hers is on track to deliver north of $1 billion of revenue this year, and new specialties such as low testosterone, continue to serve as strong growth drivers for Hims.

In fact, in the coming quarters, we expect testosterone will become our sixth U.S. specialty to reach a $100 million annual revenue run rate.

Our growing international business makes this diversification even more robust.

The U.K., Australia, and Germany are each already generating more than $100 million in annualized revenue, with Canada also on track to join this group as well as we scale our generic weight loss offering.

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We believe we have the infrastructure to improve the overall quality and efficiency of our platform as we continue to scale.

Our aim is to continue to drive scale but do so in a thoughtful way lays the foundation for robust EBITDA and cash flow generation.

Our second quarter results reflect that discipline. Adjusted EBITDA in the quarter was $60 million, representing an 8% adjusted EBITDA margin.

This represented a 1-point improvement quarter-over-quarter as operating leverage more than offset gross margin headwinds from the ongoing mix shift toward weight loss and accelerating revenue contributions from our international business.

These results exclude approximately $81 million of nonrecurring costs incurred during the quarter, consisting of acquisition and transaction costs, primarily related to the closing of our Eucalyptus acquisition, restructuring costs following the strategic pivot in our weight loss specialty earlier this year, and legal contingency accruals related to recent litigation with the FTC.

Let me briefly address that last item directly. As disclosed in our filings, following nearly three years of cooperation throughout the FTC's investigation and several months of good faith settlement negotiations, the FTC filed a complaint on July 29th. Ultimately, we were not prepared to accept the terms we do not believe reflect the facts or the law.

We are confident in our position and intend to defend it vigorously. These onetime costs primarily impacted G&A, operations, and support costs during the quarter. Unless otherwise noted, the remainder of my commentary today reflects our results excluding these costs. Gross margin in the second quarter was 64%, down approximately six points quarter-over-quarter on an adjusted basis.

This compression reflects deliberate strategic action to scale the specialties and markets that we believe will drive the long-term value of our platform.

We do not believe anyone else in consumer health has the scale, infrastructure, and balance sheet to invest in this way.

As branded weight loss products and international revenue become a larger portion of the business, we expect gross margins will remain below the levels we have historically achieved.

What matters to us is that the underlying unit economics of the platform remains strong and that each of these investments expands the base of subscribers we can serve and positions us to unlock efficiencies across our platform over time.

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In recent quarters, a meaningful portion of our investment has gone into technology and G&A, as we've leaned into the engineering and AI organizations and the leadership talent required to deliver a first-of-its-kind health experience to consumers around the world.

That investment will continue, but we were encouraged to see modest sequential leverage across both lines this quarter which we believe offer an early signal that investments here can be meaningfully accretive over time. Those investments are also beginning to generate cost savings elsewhere in the business.

Operations and support delivered sequential leverage in the second quarter. This is a reflection of the improving efficiencies we are driving across our pharmacy operations as we increase throughput and early cost savings from the AI initiatives we have deployed across customer support.

As Mo mentioned, successful pilots have demonstrated that AI has the capacity to drive a 50% reduction in non-clinical tasks handled by our support teams.

Early signs in the same pilot are also demonstrating stronger engagement and lower cancellations for the participating subscribers.

As these capabilities mature, we expect the overall subscriber experience to improve and our cost to serve to decline.

Finally, we continue to increase efficiency in our marketing spend as we scale. Marketing as a percentage of revenue improved five points year-over-year and two points quarter-over-quarter to 34%. Many of the drivers that remain consistent with past quarters, strengthening the retention, improving rates across -- organically across the platform, and years of brand investment, helping to lift customer acquisition and lower cost channels.

With that said, we also see two new net dynamics that are presenting additional opportunities. First, our collaboration with the pharmaceutical innovators, like Novo Nordisk, are resulting in real marketing talents.

We've seen groundbreaking treatments draw enormous consumer attention to categories like weight loss, but when people go looking for a trusted, approachable place to start, they increasingly start with Hims & Hers.

We built a platform that makes health simple, personal, and easy to stay with, and that is allowing us to turn consumer curiosity into new care relationships in an increasingly efficient way.

Additionally, our expanded international presence unlocks the potential for larger global brand moments while also driving far greater optionality and where we can deploy capital to drive awareness of our platform.

We believe we are in one of the most exciting stages in our history.

It is a stage that demands we lean into investment, act decisively on the right M&A opportunities, and attract the caliber of talent that enables us to capitalize on the significant growth run rate in front of us.

Periodically, we expect this long-term oriented mindset will impact our GAAP results, and that was the case in the second quarter. GAAP net income was a loss of $86 million which was impacted by the previously mentioned nonrecurring acquisition, restructuring, and legal costs.

Over the last 12 months, our platform generated over $260 million of operating cash flow.

That’s inclusive of second quarter results or operating cash flow momentum took a pause due to the increased working capital demands associated with our rapidly expanding branded weight loss offering. During the quarter, operating cash flow was negative $36 million and free cash flow was negative $68 million.

Since the end of the first quarter, we successfully completed two actions that we believe will help ensure our balance sheet will not limit our ability to capture the growth opportunities in front of us.

First, we established a $400 million receivables facility, giving us an efficient mechanism to convert the growing base of short-dated receivables generated by our branded weight loss offering into cash with capacity that scales alongside the business. Second, we completed a convertible debt offering of over $400 million, further reinforcing our balance sheet.

Our expectation is to resume free cash flow generation in the second half of the year. After accounting for the approximately $225 million upfront payment made at the closing of Eucalyptus, we ended the quarter with more than $840 million of cash and short-term investments.

We also have $225 million remaining on our share repurchase program which continues to give us the ability to act when we believe the market value of our stock disconnect from its intrinsic value. Taken together, our balance sheet or access to efficient sources of liquidity and the cash generation of our domestic business give us the flexibility to fund an accelerating platform while continuing to invest with conviction.

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Our investments will continue to orient around our core strategic growth levers which we believe will solidify the pathway of 2030 financial ambitions.

Utilizing technology to elevate the quality of care for our users, expanding into new specialties brought in access to personalized care across specialties, leveraging partnerships to become a best-in-class curator of health services and expanding internationally. I'll highlight a few of these where we expect heavier near-term investment.

First, we are accelerating investment in our technology and AI capabilities. AI investments on our platform are driving a meaningfully better consumer experience that is resulting in a reduction in cancellations. Subscribers are able to get faster answers to questions alongside a more consistent and personalized experience.

Early signals are already demonstrating AI's ability to improve the efficiency with which we serve our subscribers.

We expect these benefits to compound a time, unlocking a powerful combination of stronger revenue growth and cost savings.

Our expectation is that the AI investments will pay back within 12 to 18 months. More importantly, we believe these capabilities, combined with our scale, provide structural advantages to invest in ways that others cannot across key growth areas like weight loss in international markets.

Starting with weight loss, we will deploy a portion of efficiency improvements from AI into making our platform the most accessible place for consumers to begin their weight loss journey. The success across our AI efforts continues.

Our expectation is that we will unlock more value for our weight loss subscribers by the end of the year in the form of lower prices and/or additional tools. This is a playbook we know well.

Our sexual health and hair loss specialties scale allowed us to steadily lower prices for our customers, which expanded our addressable market, strengthen retention and ultimately drove stronger LTVs and margin expansion.

We see a similar opportunity taking shape in weight loss, where our growing scale, improving operational efficiencies, and AI-supported care model enable us to make treatment more affordable for more people.

Delivering more for less is how we extend the advantages of our platform, and we believe and consumer health are positioned to do the same.

We also expect to redeploy a portion of efficiencies to accelerate growth within our international business.

We have the necessary talent to meaningfully evolve the way consumers access their health and wellness needs across Australia, Japan, Canada, Germany, and the U.K.

We expect to invest aggressively in these markets as we build category leadership.

Importantly, adoption of weight loss solutions across many of these markets still lags the U.S. meaningfully and the same investments to strengthen our leadership position can accelerate growth of the category itself, expanding the market for us and for our industry partners.

We expect these markets to emerge as meaningful profit centers as they scale. Lastly, we will continue investing in the operational capabilities and clinical oversight required to bring new offerings to the platform responsibly including higher complexity offerings like injectable testosterone in the near term and peptide therapies if the regulatory landscape allows.

With that, I will walk through outlook for the remainder of the year. In the third quarter, we're anticipating revenue in the range of $880 million to $900 million, representing a year-over-year increase of approximately 47% to 50%.

We expect adjusted EBITDA to be between $75 million to $95 million, representing an adjusted EBITDA margin of 10% at the midpoint of both ranges. For the full year, we are raising our 2026 revenue outlook to $3.1 billion to $3.3 billion, representing a year-over-year increase of 32% to 41%.

It is our expectation that 2026 adjusted EBITDA will be between $275 million and $325 million. These adjusted EBITDA and revenue ranges imply an adjusted EBITDA margin of 9% at the midpoint of both ranges. To help contextualize our outlook, I will highlight a few points.

First, we expect the gross margin dynamics we saw in the second quarter to persist through the second half as branded weight loss offerings and international revenue continue to grow as the share of our business.

As I discussed earlier, this mix shift reflects a deliberate decision to scale the specialties and markets we believe will drive the long-term value of the platform.

Second, we expect the compounding effect of the weight loss cohorts acquired throughout the first half to drive a meaningful step-up in adjusted EBITDA dollars in the second half, accompanied by continued leverage across our operating expenses as revenue growth in the U.S. reaccelerates.

At the same time, our guidance is designed to preserve the flexibility to lean further into the investment priorities outlined today as opportunities materialize.

Finally, we expect our international business to generate at least $600 million of revenue in 2026 which will continue to operate at or near breakeven on an adjusted EBITDA basis as we prioritize scale.

Our platform is delivering a combination of value to consumers that we believe cannot be found anywhere else in healthcare.

We are addressing more health needs for our subscribers through an experience that becomes more personal with every interaction at prices that become more accessible as we scale. That combination is why more people are choosing our platform than ever before and why they are staying longer entrusting us with more of their health. What's most exciting is that now this is a truly global story.

The re-acceleration underway in our U.S. business is paired with leadership positions across key international markets, giving us more consumers to serve, more markets to scale and more ways to component our advantages than at any point in our history.

All of which reinforce our confidence in achieving our 2030 ambitions of 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 feel great through the power of better health. With that, I will now turn the call back over to Bill to kick off Q&A with two questions from our retail community.

Bill Newby^ Thanks, Yemi.

Thank you, to everyone who sent questions over the weekend.

Our first question comes from the (inaudible) community who would like to better understand how we're approaching the developing opportunity in peptides. They ask, following the July PCAC recommendations for the 503A peptide list, can you provide more detail on your go-to-market timeline once final FDA guidance is provided?

Are you compliance ready to launch within weeks given your existing California facility, or are there additional buildup steps that pushed this into 2027?

And do you still intend to let others go first, or has the July recommendation changed that calculus?

Andrew Dudum^ Yes. Great question. Thank you for that.

As we said in the past, I'm extremely excited about this category, holistically, the peptide and wellness category and was very excited to see six of the seven go through successfully with the PCAC meeting at the FDA a couple of weeks back.

To your question on timing, we've made incredible progress in the last couple of quarters on the clinical guidelines as well as the supply chain that gives me confidence that if and when the FDA does decide to move these peptides to the Category One list, we'll be able to move extremely quickly.

Specifically, we brought on Dr. Anant Vinjamoori as our Chief Medical Officer on the Hims side of the house, who is an expert across hormonal therapy longevity and peptide therapy. He's been building out the clinical protocols, the guardrails, the dosing regimens, and the provider training.

In addition, in Menlo Park in our API facility, where we have committed to actually manufacture the raw APIs in the U.S. which we think is extremely rare and likely the only company capable of delivering that, we are in the process of actually putting on BPC 157 on disability [ph] and validation testing to be ready shortly and following course with the remainder.

So in the meantime as we await FDA decision-making and rule making, we will be moving forward with the wellness and peptide category with a broader set of offerings. These include things like Sermorelin, Glutathione, and MEDplus [ph] and other wellness therapies and injections, and we expect hopefully that to come out by the end of this year.

Bill Newby^ Great. Thanks, Andrew. The next question comes from Tom T., who asked about the investments we're making in AI and our longer-term vision for kind of what the Hims & Hers customers experience can look like.

He asked, between labs, potential wearable partnerships, and the treatment and outcome data you're collecting for millions of customers, is there a plan to bring all of that together so a customer can eventually see something like a real-time health score, where the AI is connecting those data points, flagging things early and recommending next steps before they become actual problems?

How far away do you think something like that is? And is that something the team is actively building toward today?

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Andrew Dudum^ Absolutely. The short answer to that question is yes. We are also hiring. So if you're able to piece a lot of that together, so please apply.

But the vision really is to be able to bring together all of the elements of a 360 person's health, whether that's variable data, our own devices, external devices, lab testing data, our own labs, external labs, all the way to preventative screening and genetics to be able to have an ecosystem of doctors, specialists, coaches, agents, pharmacists, on call for you 24/7, actively monitoring how best we can assist you with living healthiest and best life.

I think this sets up very well for a natural membership offering for Hims & Hers, as you can imagine, coming out in the coming year or two.

I think this also sets up a really powerful freemium offering for Hims & Hers, where patients could just have the opportunity to come leverage these tools at Hims & Hers in a free manner to just get benefits of the 360 view of their health, a unified platform with an ecosystem, all powered by AI on the bottom layer of actual doctors, actual trained nutritionalists, as well as agents and care pilots.

And so when you really step back, like what this is that we're building is currently available. This is what most would consider concierge care today. It costs anywhere from $50,000 to $150,000 annually.

I think in the simplest way my vision is to make that same level of proactive, preventative, always-on care affordable to everybody globally for a price that is universally accessible.

Operator^ (Operator Instructions) Your first question comes from the line of Maria Ripps with Canaccord.

Maria Ripps^ I wanted to ask about the Novo partnership which clearly has been very successful on the volume side.

So now that the branded cohorts, a couple of quarters kind of in, a couple of quarters mature, how does the retention and engagement compared to what you saw historically across other products? Then how are you thinking about sort of deepening the Nova relationship from here?

Andrew Dudum^ Maybe, Yemi, I can speak a little bit about the relationship generally and opportunities, and then you can dive into the retention and profiles. Maria, a high level, we're extremely excited by the ongoing relationship with Novo Nordisk, top down from Mike as CEO, the team has been incredibly collaborative in thinking through ways in which we can broaden access to patients in the U.S. The Wegovy pill has had a staggering launch.

And I think we are the largest or one of the largest players that are helping people access that pill which has really opened up the floodgates of people who had injection fears, price point fears, and (inaudible) concerns.

So very strong relationship domestically. We also have extremely strong relationships internationally and are adopting many of those relationships from our acquisition with Eucalyptus.

So this is across Germany, across the U.K., where we were actually able to help generate tens of thousands of individuals on a wait list for the Wegovy pill within just a couple of days in some of these markets as they were getting ready to prepare the lawn [ph].

I think there's an increasing amount of collaboration around key strategic markets that are valuable to both businesses and thinking about how to collaborate into expanding the market and getting people more access. I think there is increasing ability to share data with regard to what's working for patients, adherence benefits, what we're seeing with regard to side effects or how to mitigate that in different dosing regimens.

So I do think there's a really powerful flywheel here when you start getting the leading drug manufacturers actually closer to the data on the ground of the consumers in a way that can not only help when it comes to commercializing therapies but also thinking through how we bring new therapies to market. So I think there's a growing set of opportunities that I think both of the teams are very excited by.

Yemi Okupe^ Then the second part of your question, Maria. Really, I think we're seeing retention in with our expectations. Part of the (inaudible) Q2 or large part of the (inaudible) was a result of really the weight category amongst others being much stronger than we thought.

As we saw that, that's what gave us conviction to elevate the guidance for the rest of the year. For us, what's even more exciting for us is that we see the experience continue to get better.

And in the prepared remarks, we spoke around how with a more immersive experience through the next evolution of the app and some of the AI tools as well as physical tools like the scale of the consumers are getting, that enables more connectivity with their providers.

And ultimately, we're already seeing signs of lower cancellation rates for the court of users that are receiving that. And as we look to continue to investment experience, and we see opportunities as we get more efficiencies to make price points more affordable, we see an already smaller retention rate getting stronger and stronger.

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

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Ryan MacDonald^ Congrats on a nice quarter. Andrew, as we think about, as you're integrating Eucalyptus now and the international acquisitions you've made, can you just talk about what some of the key specialty areas that you're seeing the most success with in those international markets, and where you see the potential low-hanging fruit to expand assortment in some of those markets, particularly for Eucalyptus that are already quite strong within the U.S. market?

Andrew Dudum^ Yes. Great question, Ryan.

Some of the specifically Eucalyptus has done a wonderful job building real dominance in the U.K., Australia, and Germany and newly in Japan and Canada in the weight lost category.

So they are serving that demographic very well one of the leading, if not the leading providers in those markets and in aggregate, the leading digital health providers in those markets, where we think there's real opportunity is actually bringing some of the core specialties that the Hims & Hers business have gotten very good at here domestically overseas.

And so these include things like testosterone replacement therapy, menopause therapy for women. This is basic assortment in the dermatology categories such as men's and women's hair, men's and women's sexual health and reproductive health as well as categories like peptides in some of these markets where actually there are different regulatory opportunities to expand and allow patients to have some of these more cutting-edge longevity therapies.

And so I would say at the very high level, there is some very low-hanging fruit in bringing some of the best and highest performing and even some of the fastest growing like testosterone categories that are here domestic into at least five or six markets overseas with the engine and the go-to-market commercial strategy that the Eucalyptus team is already well equipped to deliver on.

Ryan MacDonald^ Appreciate that.

Then as a follow-up, maybe just a clarifying point within the peptides. I know you talked about -- addressed it a little bit in the question earlier and all the preparations going on there.

But in terms of when you could -- or I guess maybe the catalyst you're waiting for, would you be waiting for sort of the full formal FDA guidance that's in the register that can take sort of the 6- to 12-month process to start selling those six of the seven?

Or does it simply sort of the proposed rule-making process kicking off with the commenting period, et cetera, sort of act as more of the signal sort of a nearer-term opportunity for you to start selling those six approved peptides?

Andrew Dudum^ Yes. Thanks, Ryan, for the clarification.

Our operating model today is that we are waiting on full and final rule making from the FDA.

So that could come in a lot of different forms and factors that could come on different timelines.

But we think it's really important for them to complete that process before we bring this to market.

Operator^ Your next question comes from the line of Mark Mahaney with Evercore.

Mark Mahaney^ Two questions, please. Just on the Eucalyptus contribution in the back half of the year. First, to the EBITDA kind of shading down or cut in the full year guidance, I know you mentioned investing in AI and in further international expansion.

But is Eucalyptus dilution part of that kind of shade down in the EBITDA growth for the full year?

Then just on the U.S. acceleration that you saw in Q2 and you talked about -- I think it's implied in your guidance for the back half of the year.

I think that's largely due to the kind of the broadening of the weight loss offerings that you have.

Could you -- would you want to help us quantify like how much more acceleration we could expect in the back half of the year?

Yemi Okupe^ Yes. Thanks for the question, Mark. Let me take the second question in that effectively the catalyst behind the first.

So we are expecting a greater acceleration on both revenue and EBITDA in the U.S. in the back half of the year.

Really, one of the driving forces behind that are a few things. The first is, just given the switch, particularly on the branded products to a monthly cadence as you start to see more cohort stock due to greater tenure of the offering on the platform. That inherently results in both more revenue EBITDA.

So we would expect those effects to start to compound in both Q3 as well as Q4. You already saw that to some degree with the roughly a 12-point acceleration in the first quarter.

I think to compound that as the experience gets better with some of the elements that Andrew mentioned as well as Mo mentioned in the prepared remarks around the AI and some of the tools that subscribers will be equipped with. Inevitably, our view is that the ability for retention to get strong role increases which will drive that acceleration further.

But I think what we're seeing is as we see efficiencies across the portfolio, both in the U.S. and particularly some of the early statements that we're receiving from AI, that will be reinvested into really two areas. The first is taking some of the savings and reinvesting it into a more immersive weight experience that passes more value to the consumers. That can be in the form of making the price points more accessible.

It can also be in the form of more tools in thinking through how to increase the stickiness on the platform. The other area where we're prepared to invest, we see an ability to secure leadership across many areas as we look at particularly attractive markets in Western Europe, like the U.K., Germany, as well as Canada, having the strength of the U.S. and domestic portfolio to really lean in there something that's reflected in our guidance.

So our guidance is the flexibility to make price points more accessible here domestically, but also relates to as we see opportunities to invest in ways that adhere to our capital allocation standards of the one year or less breakeven period.

We will do those particularly across international markets.

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

Craig Hettenbach^ On the push to drive AI adoption, anything unique on the Hers side in terms of starting there and then the rough timing of when you'd expect to see that on the Hims side as well?

Andrew Dudum^ Yes. Thanks, Craig, for the question. We're incredibly excited by this, as we shared in the prepared remarks. I think seeing on the Hers side, meaningful acceleration in engagement. Patients are interacting and messaging with their care teams three times as much with the new care operating plan and operating system that we've rolled out. And at the same time, the actual tasks for humans has dropped 50% when you're talking about nonclinical tasks.

And so it's this really rare combination of extreme engagement that we know has long-term trickle-down benefits when it comes to cancellation reductions and retention as well as very real cost savings that, to Yemi's point, we can immediately redeploy into more aggressive pricing and market capture opportunities in the weight category as well as the international category.

We started with the women's weight loss business because that is one of the highest engagement parts of the business. It's a category that there are a tremendous amount of questions. There's an incredible complexity with regard to injection fears, dosing regimens, side effect mitigation.

It is just -- it is probably the most complex category we operate in today.

So building the operating system and kind of this AI platform that can connect to pharmacists, a doctor, care coaches, agents all together in that environment, we thought was the best place to start.

We are quickly rolling this out to other markets.

We plan to bring, as we've shared some of the other therapies and peptides to market that are on -- that are currently already on the Category One list as well as expanding the TRT offering with injection testosterone as well as oral testosterone.

The plan is to be able to have this new experience powered by AI for some of those new category launches on the Hims side of the business as those come out in the next couple of quarters.

Craig Hettenbach^ That's helpful.

Then just a quick follow-up, Andrew, as you kind of step on the gas here with new product categories, you've talked about all the technology capabilities in AI as well as kind of the reach and capacity.

How are you prioritizing these new categories?

Is there anything in terms of like thresholds or things that you look at from a market perspective that kind of greenlight some of these new categories versus others that maybe you might ultimately take more time with the launch?

Andrew Dudum^ Yes. It's a great question, Craig. We're out of scale now with nearly 3 million subs globally, where the patients do a fantastic job of telling us where the business needs and the clinical needs exist.

And so really core to this strategy was the lab testing infrastructure that we acquired and have rolled out in the last few quarters that will be bundled with a lot of these categories that we were just talking about and essentially free with your care.

What we've seen from that adoption is exactly where we need to be going. We're going towards metabolic health with broader sets assortment on the GLP-1 side.

We're going towards hormonal health because we're seeing both on men and women massive overlap between those patient populations or going towards sleep and recovery and longevity focus because that's what people are telling our providers that they're interested in or struggling with.

And so we're at this really powerful point in the flywheel where the scale of the business, the high engagements we have with patients on singular categories, really feeds and accelerates our understanding of new categories or our understanding of the cross-sell potential of those categories and ultimately what the overlap will be.

So I think over time that assortment and that breadth is a massive competitive advantage.

As we shared in the remarks, with testosterone, we're approaching six categories, growing over $100 million run rate.

I think that assortment is going to continue to accelerate the pace at which we can bring new things to market and the pace at which they hit that $100 million run rate threshold, just because they will be more informed by existing patient populations with much more clear targeting and the ability to bridge patients to more comprehensive care.

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

Eric Percher^ Andrew, I'd like to follow up on that comment about 3 million subs. It'd be interesting to hear your perspective on the recent growth, and how much of that may be a bolus that was waiting versus the ability to maintain it.

Then Yemi, I also want to check to see that that growth that we saw quarter-over-quarter include Eucalyptus subs as well in a meaningful fashion.

Andrew Dudum^ Yes. Great question, Eric. I'll let Yemi speak to Eucalyptus contribution. I think a big part of this came from the pivot in the business to expand the offerings on the weight loss side to bring some of the new therapies onto the platform. There's obviously just a tremendous amount of demand for these therapies.

And I think building the business model in such a manner that allows us to have very close and mutually beneficial relationships with large drug companies and the large biotech companies.

It's going to continue to allow for this type of accelerated growth as new therapies come to market where consumers have excitement, and there's great business potential.

At the same time, I think there's been also a re-acceleration across categories. Most notably on the men's hormonal side of the business within just a -- within a couple of quarters, has been the fastest growing business outside of weight loss and quickly, we'll be eclipsing that $100 million threshold.

So we're continuing to lean in on that category, expand assortment in that category, bring that overseas.

But generally, I think it's a nice combination of the business model, expanding great options on the metabolic side of the house as well as the traditional core Hims businesses reaccelerating as we put more focus into some of these new initiatives.

Operator^ Your next question --

Yemi Okupe^ I'm sorry. I am going to hit the second part of your question, Eric. The short answer is Eucalyptus (inaudible) revenue is included in the second quarter results.

On the revenue side, it's roughly $4 million coming from Eucalyptus (Technical Difficulty) overall and material portion behind the guide is really just the accelerating domestic revenue.

(Technical Difficulty) the assortment in the weight category definitely has been a catalyst towards us being able to accelerate the trajectory on both revenue and subs there, but then also on the Hims side as we see continued success with things (inaudible) testosterone offering and some of our other newer specialties.

As those scale, we continue to see the domestic business thrive, which provides more (inaudible) in from the international markets.

Operator^ Your next question comes from the line of Glen Santangelo with Barclays.

Glen Santangelo^ Two quick ones for me. Hey Yemi, I just want to follow up on Eric's Eucalyptus question. In the past, you told us that Eucalyptus was currently generating about a breakeven margin. Is that still the case? And any help there you can give us?

Then my follow-up is really around longer-term margins. If you look at your 3Q guide, the implied margins in the fourth quarter, I think you're calling for a 12% EBITDA margins or 12% at the midpoint.

Is that math correct? And is it reasonable to use that as sort of a jump-off point when we think about fiscal '27, appreciating that's still a few months away. I appreciate you don't want to say much about fiscal '27.

But I'm just trying to think about the margin trajectory given you're sort of confirming that 20% margin in 2030. Any sort of insights you can give us to how we should think about that would be helpful.

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Yemi Okupe^ Yes. Thanks for the question, Glen. To take the first part of your question for Eucalyptus, I think that roughly they were running at breakeven to moderate losses. I think as we see continued strength in the U.S., the international markets are something that we're prepared to lead into in a thoughtful way. Collectively, we do expect those to be near or at breakeven.

But as opportunities permit, I think that's one of the beautiful things about the domestic and the best domestic federation that we're seeing that provides the opportunity to invest there.

On your second question around just the longer-term margin profile, not necessarily prepared to speak to 2027 yet, but really just kind of reorient towards what does our philosophy look like for the next couple of quarters as we continue to lean in and invest. And really, that's towards, first and foremost, strong free cash flow generation as well as strong EBITDA dollar generation on an aggregate basis.

And so you see that the stacking of the cohorts, particularly in the weight loss category that we spoke around before as well as some of the benefits coming from the ramp in newer specialties that Andrew mentioned, those things give us conviction to be able to invest aggressively but still drive the strong cash flow generation in EBITDA dollars.

Operator^ We have reached the end of the Q&A session. This concludes today's call. Thank you for attending. You may now disconnect.