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Hims, Inc

Third Quarter 2026 Earnings Call

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PRESENTATION:

Operator^ Hello, everyone. Thank you for joining us. And welcome to the Hims & Hers Health Third Quarter 2026 Earnings Call. (Operator Instructions)

I will now hand the conference over to Bill Newby, Director of Investor Relations.

Bill, please go ahead.

William Newby^ Good afternoon everyone. And welcome to the Hims & Hers Health Third Quarter 2026 Earnings Call.

On the call with me today is Andrew Dudum, our co-Founder and Chief Executive Officer; Oluyemi Okupe, our Chief Financial Officer; and Mo ElShenawy, our Chief Technology Officer.

Before I hand it over to Andrew, I need to remind you of legal safe harbor and cautionary declarations.

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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. And thank you for joining us. This was a quarter of real progress toward building a company that we believe has never existed before.

In everyday digital health platform that tens of millions of people rely on not for a single treatment, but for the whole of how they take care of themselves.

Before we turn it to the quarter, I want to spend a few minutes on the thesis behind everything we're building, because it explains both the results you're seeing today and the decisions we're making for the years ahead.

Our conviction is simple in healthcare, whoever owns the customer relationship wins. That's easy to say and very hard to do. Most companies in our industry build around a treatment, a condition or a moment in time. They capture a single transaction, but then lose the thread.

Customers want something different. They want a place that knows them, stays with them and grows with them as their needs change.

We are building that place one platform to bring together the best clinical expertise diagnostics, prescription medications, daily insights from wearables, supplements and other tools that support how someone lives every day.

What makes this possible as a business model we believe is unique in healthcare.

We own brands that the customer trusts.

We own a platform that connects customers with care.

We own more than 1 million square feet of pharmacy, lab and compounding infrastructure that fulfills that care. And we own the AI technology that connects all of it into a single continuous thread.

Because our relationship is directly with the customer, every improvement we make in one specialty strengthens all of them and every efficiency we unlock in our infrastructure can be returned to the customer as a lower price or more comprehensive care. That is a multiplier model, not a transactional one. And it's the reason we believe the value in this industry will accrue to us and our ecosystem partners over time.

The foundation is already substantial. Revenue growth accelerated to nearly 50% this quarter. Nearly 3 million people across four continents rely on us to access care. That trust has made us a valuable partner to global pharmaceutical leaders like Novo and Lilly and it positions us to keep bringing the most innovative treatments to our customers as they come to market.

We've also welcomed Andrew Guberman, the world-renowned neuroscientist and tenured Stanford professor, to our Board and as a scientific and brand marketing adviser.

Our own pharmacy and lab infrastructure continues to scale, driving efficiency across every specialty. And paired with an AI native experience that can support customers around the clock, that infrastructure positions us to launch treatments of increasing complexity including testosterone replacement therapy this quarter and our peptides plus offering later this month.

Our long-term strategy flows directly from this thesis that rests on three critical commitments.

First, win metabolic health in the U.S. and around the world.

Second, lead the major markets globally; third, be the forefront of category expansion so that the platform is always growing in what it can do for the people who trust it. Each of these reinforces the other and together, they describe how Hims & Hers becomes the global destination for consumer health.

We are investing aggressively against all three because this opportunity is growing quickly, and we believe it will become more valuable every quarter. Every decision we made this quarter

serve those commitments including how and when we put our marketing dollars to work. The weight loss business has undergone structural changes in the last few quarters, and we've intentionally pulled back on marketing spend in order to execute on three things in advance of the new year.

The first was to position ourselves to win the metabolic business. That means working with Lilly, so we can offer a seamless experience across a full assortment of weight loss medicines.

It means working closely with Novo on expanding assortment and pricing options while preparing for the launch of CagriSema Once it becomes available. And it means developing innovative multi-month subscriptions that make it easier for customers to get access to medications at more accessible price points.

The second was preparing to invest aggressively in our international markets in key regions like the U.K., Germany and Australia, we're consolidating our brands under Hims & Hers and we'll be redeploying marketing investment alongside pricing actions designed to win share in markets where we believe the revenue potential is substantial.

The third was to create the flexibility to invest behind the new specialties and offerings we're bringing to the platform, both in the capabilities needed to deliver them building awareness, so customers know they're here as we enter 2027.

Each of these choices trade near-term subscriber growth for a stronger position in the years that follow. That's a trade we will make every time and we will put our next wave of marketing investment to work ahead of the new year. when interest in weight loss reaches its annual peak and when the broader assortment, the more connected care experience and the greater ability to serve our customers' full set of needs are in place.

Let me take each commitment in turn. Metabolic health comes first for a reason.

It's the entry point.

It's where people most often first seek help. And when we earn a strong, trusted relationship there, we earn the right to care for them in other areas that matter to them. That is what makes it the foundation of the customer relationship rather than simply our largest category.

It is also one of the largest markets in healthcare, and we believe we are still in the earliest days of adoption.

It's also a very profitable business over the long term, and we don't have to speculate about that.

Our international markets are ahead of the U.S. in the arrival of lower prices and generics and they show us where this category is going.

Our teams abroad have years of experience working with Novo and Lilly and the pattern is consistent, as prices come down and treatment options expand, more customers come to the platform. They stay longer and our margins strengthen. Economics often improve as categories mature, and we are building the U.S. business with that in mind.

It is the same cycle we have seen in sexual health and hair. Maturation brings more people into care and the strength of our platform is that customers can access all of it in one place with a care team that helps them find what's right for them.

In the U.S., our collaboration with Novo reignited growth in our weight loss specialty.

We are now deepening that partnership and plan to expand assortment and pricing options to make it easier for customers to start and stick with their treatment.

We are also preparing for the launch of CagriSema once available. Through our recently announced agreement, we will expand access to Lilly's GLP-1 medications, Zepbound and Foundayo, offering customers a seamless experience across the full assortment of their weight loss medicines.

We are thrilled to be working with Lilly in this new capacity and look forward to our continued collaboration to benefit patients.

In addition, ahead of the new year, we are preparing to launch flexible multi-month subscriptions across our assortment, making it easier for customers to commit to a course of treatment and address their health goals at a price that works for them.

We will continue to prioritize partnerships across the industry with the goal that whenever an innovative therapy reaches the market, our customers can access it here. That assortment will sit alongside an AI native experience that will soon be available to nearly every weight loss customer on our platform.

As Mo will describe this experience is driving higher engagement across the specialty making it easier for customers to adhere to their treatment plan, manage side effects and reach a provider quickly when something needs to change. That engagement is how the entry point becomes a relationship. The better we know our customers, the more we can do for them.

Our access in the U.S. gives us confidence to execute on our second priority, leading internationally, where digital health is still maturing as a trusted option.

We intend for Hims & Hers to become synonymous with consumer-centric healthcare, not only in the U.S., but in every one of the world's major markets.

International revenue is on track to eclipse a $1 billion revenue run rate in 2027 as customers across these markets embrace a comprehensive digital health experience that we believe has

never been available to them locally. That is why we are directing more investment toward the U.K., Germany and Australia.

We believe these markets carry substantial revenue potential, and we intend to act with conviction in establishing market leadership while the category is still being defined.

We don't believe anyone operating in these markets has our combination of breadth, scale, infrastructure and expertise.

Since closing Eucalyptus in June, we've moved quickly. Hers now live in the U.K. and Australia, serving customers in hair, menopause and weight loss, and Hims has launched in Germany and Australia. The learnings run in both directions.

Our international markets are teaching us what a broad metabolic assortment does for our customers. And we are applying that in the U.S. And the breadth of specialties that made our U.S. strategy so effective is now flowing out to a global consumer base, putting us in a position to lead in the markets we enter.

Our third commitment is to stay at the forefront of category expansion, and this is where our platform investment is already paying off.

We believe the platform is what lets us go deeper into complex care and launch fast, and this quarter offered two clear examples.

We expanded our testosterone offering to include both injectable and oral TRT, our first launch of controlled substances.

We were ready for that step because of how complete the testosterone experience has become, at-home blood collection, longitudinal tracking and provider guided treatment that adapts over time.

Our testosterone customers aren't simply accessing a broad set of prescriptions. They are doing so with a clinical team supporting them. the insights to make informed decisions and the ability to ask a question whenever one arises. That same readiness is why we're confident in launching our peptides plus offering later this month. which will include clinician-led treatment plans and access to regular blood testing.

We plan to follow with TB-500 and BPC-157 manufactured and compounded in the U.S.

Behind every one of these offerings sits more than 1 million square feet of pharmacy and lab facilities, deep expertise in sterile compounding and clinical leadership shaping the design. This model can be applied to any complex health need that calls for ongoing monitoring and a consistent care team and the list of categories we can serve this way continues to grow.

As our pharmacy and technology infrastructure scale, we become more efficient in every specialty we serve, and we intend to keep passing those efficiencies back to customers, whether it's lower prices or as more comprehensive care at the same price. Either way each category we add makes the platform more valuable to the customer and more difficult to compete with.

When we started this company, people came to us for convenient access.

Today they expect far more, more choice, better value and the care team that knows them and stays with them as their lives change. That is raising the bar for everyone in healthcare, and it is exactly what we have been building toward from the beginning. The platform makes all of this possible.

Today our customers have a single care team in a single thread with care coaches, support, clinicians and pharmacy working as one unified system.

It is what allowed us to launch TRT, what has us ready for peptides plus in what is steadily improving the care experience for every customer.

We are beginning to see what the future of care looks like and no one is closer to it than Mo and his team.

I'd like to turn it to Mo, our CTO, to share more on the impact this is having on our customers and our business.

Mohamed ElShenawy^ Thanks, Andrew.

It's great to be back to share a deeper look at what our technology team delivered this quarter.

I want to frame our progress in three ways: how far the AI native experience now reaches how deeply it works within the care journey and how quickly the team can build on it. All three rest on the same idea, we're not building an AI feature and attaching it to a healthcare business.

We are building a platform with AI at the foundation designed to handle clinical complexity. The clearest proof came with our first controlled substance launch, bringing injectable and oral TRT to the platform meant weaving prescription procedures, compliance checks and lab integrations directly into the care flow. And it went live on the same foundation that powers every other category. That is what a platform approach means in practice. New specialties can launch faster even as our customer relationships grow deeper and more complex.

On reach, last quarter, only a portion of Hers weight loss customer had access to our AI native experience.

As of quarter end, it's available to the large majority of weight loss customers across both Hims & Hers. And it's changing how customers engage with their care, customers with access to the

new experience are sending 4x as many messages on the platform, helping them stay more connected to their care team and on track with their treatment. Very soon, we expect this experience will be available to all weight loss customers, and we will begin bringing it to customers across our other specialties including hair, sexual health and testosterone.

On that, I now shifts the customer journey at every stage.

We began by applying AI after a prescription was issued, resolving the routine needs and handing off to a provider or care coach for clinical decisions.

We are continuing to see this drive a reduction in nonclinical tasks handled by Him, even as daily customer touch points expand dramatically with higher engagement. And we are starting to introduce those AI capabilities earlier in the journey before a prescription is ever written, helping us understand each customer's need sooner and more completely, provide a feel the difference as much as customers do. Clinicians remain in charge of every clinical decision and every AI interaction is monitored and evaluated against clinical standards.

What AI changes is where a provider time goes, to judgment rather than paperwork.

Our tools now generate first drafts of patient response informed by each patient unique chart.

And more providers and care coaches are using that draft as the starting point. for the thousands of messages they send every day. AI tools help customers complete their medical charts, and keep them updated.

So providers spend less time gathering information and more time making clinical decisions.

As these tools become more commonplace on our platform, customers see the results directly. The average response time for nonclinical questions within our AI native experience is now defined in minutes rather than ours, creating a true always-on experience for our customers.

On Velocity, bringing this to life at scale requires world-class talent, and this was the largest hiring quarter in the history of our engineering organization. with strong efficient teams added both domestically and internationally. Just as important, our platform approach multiplies the impact of each of those engineers. Teams are shipping platform updates in under a day and we have more than doubled the number of large-scale project completions quarter-over-quarter.

We are shipping more and we are getting more efficient.

Individually, these are incremental steps. Together, quarter after quarter, they change what the platform can do for the people who depend on it.

As more customers move on to the updated experience and more providers use these tools to bring their clinical judgments to patients faster, we expect the quality and depth of care on the platform to keep pricing.

We believe that customers who experience that will ultimately stay with us longer, and that more will join us for a truly connected comprehensive health experience.

I am grateful to the talented team that makes this possible. The work is complex and the stakes are high and that is what makes the impact on millions of people worth it.

I look forward to sharing more progress next quarter. Back to you, Andrew.

Andrew Dudum^ Thanks, Mo.

So that's how we're winning the customer relationship, every category, every market, every day.

We believe that over time the value in healthcare will accrue to the platform that puts the customer relationship ahead of everything.

We are building that platform.

For nearly a decade, we have earned the trust of close to 3 million people, more than any other company in digital health, who came to us with health concerns they didn't feel comfortable taking anywhere else.

Today they can rely on us for something far more complete, accessible diagnostics and AI native care experience, industry partnerships that unlock assortment and a steadily expanding set of specialties. More than 1 million square feet of our own pharmacies, labs and supply chain, make that care faster and more affordable.

And with leading AI mines guiding the platform every customer we serve today makes the experience better for the next one. People come to Hims & Hers for any number of reasons.

What they are discovering because of nine years of investment in these capabilities is that they can rely on us for their entire journey, whatever treatment turns out to be right for them. That is why we're confident we can earn the trust of tens of millions of customers over time.

We won't do it with a single product or a single specialty, we'll do it by bringing (inaudible) to a deeply personal experience with assortment as the foundation. That is what has always separated the companies that have redefined how people live from those that captured a moment and lost it.

We are building a platform that will redefine how people access healthcare and building it takes aggressive, disciplined investment. The quarter behind us and the quarter ahead matter, of course but our eyes are on the longer arc of industry transformation.

With that, I'll hand it over to Oluyemi to walk through the financials in more detail.

Yemi Okupe^ Thanks, Andrew.

In the third quarter, we continue to apply learnings to make a deliberate set of decisions that we are confident will position Hims & Hers for durable multiyear growth.

We expect some of these decisions to create near-term volatility, but we believe they will strengthen the subscriber experience across our platform and ultimately drive long-term revenue growth and healthy free cash flow.

I'll cover four areas to them.

First, our third quarter results include the subscriber trends we saw in the quarter; second, the investments we're making as we head into the new year and why they give us high confidence in the path forward. Third, our outlook for the fourth quarter and full year; and lastly, our framework for continuing to hold our high bar for capital allocation as we head into 2027.

In the third quarter, revenue grew 49% year-over-year to $890 million, marking our second consecutive quarter of accelerating revenue growth. Revenue for the quarter excluded $18 million from the scaling of membership revenue and our weight loss offering that is deferred and will be recognized in the fourth quarter. This revenue deferral has no impact on free cash flow generation.

Subscribers grew 13% year-over-year to $2.8 million, though declined sequentially by 100,000 net subscribers quarter-over-quarter as a result of measured marketing spend in our domestic weight loss specialty and brand migrations in our international markets.

I'll address this dynamic as we walk through the performance of the domestic and international areas of the business before moving on to how growth is influencing profitability and cash flow generation. Domestic revenue growth accelerated for the second consecutive quarter to 21% year-over-year as the U.S. operations generated $657 million of revenue, up from 16% growth in the second quarter.

This acceleration occurred even as we held back on marketing investment in the third quarter.

Over the last six months, we've learned an incredible amount from the weight loss pivot made late in the first quarter. From our partnership with Novo, we've learned how to scale a new category consisting predominantly of branded offerings at higher price points than our historical offerings. The introduction of the Wegovy pill from our partnership with Novo has brought in an amount of interest in consumer acquisition to the platform, which resulted in record level subscriber additions in the first half of the year.

Rapid scaling of our weight loss specialty has reinforced the learnings across our other specialties that durable growth requires a broad assortment of options that appeal to different consumer segments, as well as tools that unlock deep engagement throughout a subscriber's care journey.

Knowing that a broader weight loss assortment and a more connected care experience were coming into the platform in the fourth quarter, we made a deliberate decision to pace our marketing spend in the third quarter.

As Andrew noted, the choice trades near-term subscriber growth for what we believe is a stronger long-term position.

Let me briefly walk through each of these levers and how we see them supporting long-term growth in the weight loss specialty.

First, we expect to expand the assortment of offerings available across the platform, giving consumers access to a broader set of treatments.

Our agreement with Lilly unlocks an experience that will allow our subscribers to more seamlessly access Foundayo and Zepbound.

We also expect our partnership with Novo to continue to succeed as we continue offering both the Wegovy pen and pill today with plans to add CagriSema once available.

Second, we expect to continue scaling the capabilities in a range of our proprietary consumer-facing AI platform. This AI native experience reached 70% of weight loss subscribers as of quarter end, and we anticipate reaching nearly 100% of weight loss subscribers before the end of the year.

We expect continued scaling will help providers match patients with the right treatment plans more efficiently while also offering an easy way for patients to connect with providers or different treatment plans or dosages may be required.

We anticipate continued long-term domestic revenue growth outside of our weight loss specialty. Hers continues to progress towards achieving $1 billion of revenue this year, specialties such as dermatology and menopause continue to scale alongside weight loss. Testosterone continues to progress towards achieving a $100 million annualized revenue run rate and we expect this trajectory to continue to strengthen with the launch of injectable solutions onto the platform last month.

Switching to international.

Our global expansion efforts continue to thrive, revenue more than 4x to a year to $233 million. This includes an approximately $135 million contribution from Eucalyptus with the remaining portion of the international portfolio growing nearly 80% year-over-year.

In the third quarter, we began the process of introducing and expanding the Hims & Hers brands around the world utilizing Eucalyptus' platform. The Hers brand launched in Australia and Germany and the breadth of specialties expanded within the U.K. The Hims brand also launched in Germany and Australia, further expanding its global presence beyond the U.K. The consolidation of our brands is expected to result in some near-term subscriber volatility, but will unlock future opportunities to leverage global branding strategies and assets.

Switching to profitability. GAAP net income in the third quarter was a loss of $33 million.

As we've previously mentioned, our priority is to scale the platform but to do so in a way that allows for strong adjusted EBITDA and free cash flow generation. Adjusted EBITDA grew 37% quarter-over-quarter to $82 million in the third quarter, representing a 9% adjusted EBITDA margin.

Similar to revenue, adjusted EBITDA did not reflect the $18 million of revenue that was deferred at the end of the third quarter. Gross margins were 57% in the third quarter, down approximately seven points on a quarter-over-quarter basis. The scaling of branded weight loss products in our international business which carry lower gross margins, primarily drove this decline.

Our priority remains to continue to reach the broadest set of consumers possible to scale the platform, and we will continue to utilize a few key levers to ensure continued strong capital generation as we scale.

At the foundation of these levers is investment in our technology talent and platform which represented 8% of revenue in the third quarter.

We've strategically scaled technology talent which is well positioned to help drive leverage across a few key areas. The first being marketing, providing consumers with a world-class experience from beginning to end drives higher retention. The new Hers 2.0 app launched last quarter and the scaling of our new AI native experience are showing an early ability to drive stronger consumer satisfaction which we believe will result in stronger retention. Marketing as a percentage of revenue improved seven points quarter-over-quarter to 28% despite revenue growth accelerating quarter-over-quarter.

Second, we see an opportunity for this talent to create new tools and capabilities that can further automate our fulfillment facilities. The progress we've made on this front allowed us to improve operations and support costs as a percentage of revenue, one point quarter-over-quarter to 12%.

Lastly, over the long term, the engineering talent that we've brought on can establish an architecture that fundamentally transforms the way that we operate as an organization.

We expect this will allow us to scale G&A and supporting functions at a slower rate than revenue providing multiyear leverage opportunities as it gains traction. G&A expenses already improved five points on a GAAP basis quarter-over-quarter in the third quarter to 17%. A key focus on scale and efficiency resulted in $65 million in cash flow from operations and $26 million in free cash flow in the third quarter.

As of the end of the third quarter, we had over $710 million of cash and investments.

That brings me to the investments we're making as we head into the new year and why they give us confidence in the path forward.

As Andrew mentioned, our long-term objective is to be the first and primary contact for consumers for their daily health needs globally. A robust balance sheet and healthy execution will uniquely position us to execute on growth levers necessary to continue making this objective a reality, leveraging technology to elevate the subscriber experience, new specialty expansion, brought in access to more personalized care, expanding partnerships to become a world-class curator of cold services and extending our global reach.

I'll highlight three areas where we expect to focus investment in the coming quarters.

First, we expect the investment in international to be more significant as the Hims & Hers brands come online around the world.

We have strong early signals from AI initiatives that meaningful improvements to our U.S. operating cost structure are possible.

As these savings occur, we expect them to unlock a greater pool of resources for reinvestment to accelerate expansion of the platform.

While we learned a great deal around scaling our branded weight loss category in the U.S. our international teams have multiple years of experience in this area.

As a result, we expect to lean aggressively into marketing strategies and strategic pricing initiatives in the U.K. and Germany within the weight loss specialty as well as in the expansion of other specialties such as dermatology, sexual health and low testosterone.

In the U.S., we designed ecosystems to benefit from economies of scale and deliver strong cash flow.

We believe that experience uniquely positions us to capture scale and set up the next wave of future profit generators which we expect to include the U.K. and Germany.

Second, we will continue investing in our technology talent and platform. This was the largest hiring quarter in our engineering organization's history, and early impact on the platform enhancements is already starting to multiply what each of our engineers can deliver.

We believe this will allow us to extend our AI-native experience to more subscribers across the care journey, driving stronger engagement, retention and helping more subscribers leverage the platform for more comprehensive care.

Additionally, this talent is a critical component to transforming our operating cost structure and enabling strong leverage on G&A cost over time. Third, our supply chain is a critical part of our brand which consumers associate with safety and trust that allows us to efficiently scale new specialties. Later this month, we expect to launch the first phase of our peptide offering that includes Sermorelin, Glutathione and NAD+.

We plan to add BPC-157 and TB-500 when the regulatory environment permits.

Our years of investment in our U.S.-based peptide manufacturing facility and our fulfillment facilities unlock the ability for us to manufacture and compound key peptides domestically which we believe differentiates from other offerings currently in, or likely to come to market.

Investment in our supply chain also allows us to broaden the assortment of offerings in the platform similar to the launch of injectable testosterone last month as well as realize efficiencies as we verticalize offerings more of time.

With that context, I will now walk through outlook for the remainder of the year.

In the fourth quarter, we are anticipating revenue in the range of $875 million to $895 million, representing a year-over-year increase of approximately 42% to 45%.

We expect adjusted EBITDA to be between $70 million to $90 million representing an adjusted EBITDA margin of 9% at the midpoint of both ranges.

For the full year, we are tightening our 2026 revenue outlook to $3.13 billion to $3.15 billion representing a year-over-year increase of 33% to 34%.

We are reducing our 2026 adjusted EBITDA guidance range to between $257 million to $277 million. This is a reflection of the more aggressive strategic pricing and marketing actions that we expect to take in the U.K. and Germany and the weight loss membership deferral noted above.

Adjusted EBIT and revenue ranges imply an adjusted EBITDA margin of 9% at the midpoint of both ranges. To help context on our outlook, I'll highlight a few key points.

First, we expect the impact of deferred revenue from accelerating membership revenue in our weight loss newer specialties to negatively impact revenue and adjusted EBITDA by at least $20 million for the full year as certain membership payments received in December will not be recognized as revenue until January.

Second, we expect to invest and bring in additional value through pricing changes in our weight loss specialty and heavy marketing investment to scale the Hims & Hers brands in strategic markets such as the U.K. and Germany, prior to the period of historically higher acquisition levels in the first quarter.

While this will impact near-term revenue, we believe that efficiencies from economies of scale and subscriber gains will make these moves accretive in the midterm.

Our expectation is that our international business delivers at least $650 million of revenue in 2026, up from our prior expectation of $600 million.

Third, we expect to continue to moderate domestic marketing investment in the U.S. within our weight loss specialty in the fourth quarter which may lead to an additional quarter of subscriber count headwinds.

Our focus in the fourth quarter will center on broaden our platform's weight loss assortment inclusive of (inaudible).

As we enter the new year, we're excited to bring an assortment from both Lilly and Novo to our customers and believe it will present real opportunities to strengthen our weight loss business. Fourth, Revenue contribution from our peptide offering is not expected to be material in the fourth quarter.

We will take a similar approach of gated investments to scale this offering as well as closely monitor the regulatory landscape to inform the overall breadth of the offering.

Fifth, we expect gross margin decline to start to moderate as the pace of mix shift towards international and weight loss specialty begins to moderate.

Continued gains in our operating cost structure from our technology investments set a foundation for further reinvestment in new specialty and international expansion as well as future margin expansion. Lastly, our expectation is that we will drive positive free cash flow for the full year 2026 and be well positioned to do the same in 2027. The strategic pivot we made in the first quarter has transformed the business and will position us well in the long term.

As Andrew mentioned, we are in a period where we are investing to achieve our long-term ambition of becoming the primary channel for consumers' health and wellness needs globally. The investments that we make to fulfill this objective are likely to result in some quarter-to-quarter variability but position us well over the long term, similar to investments

we've made in the past. Learning how to scale our branded weight loss specialty will be instrumental in the long term as we expect a rapid rate of innovation in this area over the next several years.

We believe future generic offerings in the specialty will be additive to the branded offerings, unlocking our ability to reach an even broader population as well as benefit from strong unit economics from verticalized operations.

We've seen this in the U.S. and other specialties, such as sexual health and hair, both in terms of scale and economics.

We're now seeing early signs of the same dynamic in our weight loss specialty in Canada, where generic options became available earlier this year. Average monthly orders have grown more than 50% following the launch of generics, while margins are also benefiting from a mix shift towards these lower cost options.

In our longer term in specialties, that same shift expand our addressable market, strengthen retention and drove meaningful margin expansion over time.

Canada gives us an early view of how we expect weight loss to evolve.

Before I hand it over to Bill, I'll close with our framework that we expect will allow us to continue holding a high bar for capital allocation as we head into 2027.

As we make long-term investments, we constantly assess them against a comprehensive scorecard.

We expect to go deeper into our longer-term success metrics next quarter, alongside our 2027 outlook.

But at a high level, we actively measure investments against our ability to deliver against our long-term corporate objectives which are to increase subscriber count and drive to holistic care as measured by the number of subscribers, retention and subscribers treated with two or more conditions on the platform, drive greater breadth of partnerships with other healthcare players on our platform, reduce our overall operating cost structure, measured in the form of leverage on cost as a percentage of revenue, expand our category leadership in countries that we operate in, as measured by the number of countries where we hold the number1 or number2 position, efficiently scale new specialties and the breadth of assortment on our platform; and lastly, drive strong free cash flow.

We look forward to providing updates on our progress across our investments and developments across each of these areas in the future.

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 to the power of better health.

With that, I will now turn the call back over to Bill to kick off Q&A with questions from our retail community

William Newby^ Thanks, Oluyemi and thank you to everyone for saying questions over the weekend.

Our first question is on the evolving wearable space and comes from the henhouse community.

Several leading wearable companies now offer NF blood panels health record import and clinician access.

At the same time we've seen industry thought leaders arguing that as health data collection becomes commoditized, the value is going to shift to whoever owns the action layer, I mean the point where an insight turns into a treatment plan or a clinician interaction. Hims has talked about wearable integration and upload outside health data.

Can you update us on your plans here and whether you'll integrate with wearable partners or launch your own devices, and will customers get from the Hims experience that's different from what they can get inside those other apps?

Andrew Dudum^ Yes. Thanks, Bill and thanks (inaudible) for the question.

At a high level, I entirely agree that as these devices proliferate which is a fantastic thing for consumer empowerment and consumer understanding of their health. The value is really going to accrue to the actual clinical layer and then the care management layer.

Because ultimately, I think that device data, coupled with healthcare practitioners making great decisions about your health is where the value really exists.

I think wearable data, in general, is a key part of looking at a person's whole health. And so the plan from our perspective is to be universal in allowing integration of all of these wearable devices into platforms so that providers and patients can bring that data into the ecosystem, really no matter the preference, right?

You might have men having a preference towards a certain form factor, women towards another. And I think there are obviously emerging devices for example, what Google launched recently that bringing the price down and making it more accessible.

At a high level, I think in addition to that, broad allowance of integration.

I also just generally believe that these devices are still too expensive and that ultimately, the data should be owned by the patient and shouldn't be restricted by a subscription.

So as a strategy for us, I also think a part of this eventually is to offer our own devices to patients of Hims & Hers as part of membership dynamics at near cost with really no data subscription lock-ins. And so the purpose of this really to broaden this type of monitoring to the masses.

And ultimately, I believe this type of integration will drive much higher overall engagement, much stronger retention, better clinical outcomes and ultimately drive value for the platform and for consumers and mass who currently do not have access to these types of devices.

William Newby^ Great. Thanks, Andrew. The next question is on the growing opportunity in peptides from Andrew T.

Recent hiring suggest that Hans is continuing to build out the capabilities and expertise to bring peptides to the platform, how much of the peptide manufacturing process do you ultimately intend to bring in-house versus working partners and what's the expected timeline for commercial production, have you seen any early demand signals from the wait list you guys recently launched?

And on the membership side, do you expect customers to pay an additional fee for peptides? Or is there an opportunity to combine them with existing specialties like weight loss or hormone therapies?

Andrew Dudum^ Yes. Great question, Andrew.

We've had a tremendous amount of excitement on the waitlist that we launched quite recently. And so as we have shared in the prepared remarks, the peptide plus category is going to be coming to market end of this month which includes things like Glutathione, NAD, Sermorelin, B12 and then as additional therapies for the new peptides like 157 and 500, as those become allowed from a regulatory standpoint, those will also be brought to the platform. There's been a big investment for us.

As most of you know we acquired and have integrated a peptide manufacturing facility in Menlo Park.

For some of the newer peptides where the supply chains of the raw active ingredients like TB-500 and 157 where those manufacturing supply chains are not really at the quality that we'd like to see.

We'll be manufacturing the raw APIs in our facilities in Menlo Park, I think actually positions us as really the only company in the U.S. capable of having that degree of quality oversight for

these therapies which I think is incredibly important. The team has been actively building the guard rails, the clinical standard, the lab testing for this as well. led by Dr. Anand, our Him Chief Medical Officer as well as in partnership and with guidance from Dr. Andrew Huberman, who we announced today has joined the Board of Directors.

I think on the membership side, it is also a great question. we're going to be bringing this offering to market with a membership dynamic that really over time incentivizes and allow us for more whole life care and that means multiple treatments across multiple therapies and allowing you to attack different aspects of your health with incentivized pricing.

So it's just easier and more affordable and more flexible for you as an individual.

So you should expect this membership will allow cross-category expansion in a really seamless way a more cost-effective manner across categories like hormonal health, peptides, hair, sex and weight eventually as well.

William Newby^ Great. And with that, I will pass it back to the operator, and we'll start our regular way.

QUESTION & ANSWER:

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

Maria Ripps^ I just wanted to ask about subscriber dynamics here in the near term sort of despite accelerating revenue growth. How much of the subscriber decline sort of reflects lower acquisition spending versus maybe changes in retention and how should we think about sort of subscriber growth going forward here over the next quarter or 2? And then I have a quick follow-up.

Yemi Okupe^ Yes. Thanks for the question. Maria, I think with respect to the subscriber trends that we saw in the third quarter and we add to some of what we're expecting in the fourth quarter, a meaningful portion of that is related to the decision that was deliberate to hold back on investment into the specialty.

I think our view, as Andrew mentioned in the prepared remarks is as we lean into in the fourth quarter, expanding the assortment with the new Lilly partnership, (inaudible) and CagriSema once available. That just gives us a broader assortment in an overall holistic experience. that we expect to have that by the first quarter which is historically one of the seasonally most heaviest quarters for acquisition.

At that point, we'll lean back into the marketing engines, and we would expect subscriber growth to recover and start to grow from there?

Maria Ripps^ Got it. That's very helpful. And then with Lilly joining Novo on the platform, how much of the opportunity is sort of attract an incremental or new members to the platform versus maybe shifting demand between the 2? And how should we think about sort of you now offering sort of solutions from both Lilly and Novo and that's sort of driving stronger customer acquisition and retention?

Andrew Dudum^ Yes. Thanks, Maria, That's a great question.

What we see from other categories historically is assortment and breadth ultimately is the real way to unlock a category growth. There are so many different customers coming in to the metabolic healthcategory that have very different goals, very different concerns and sensitivities, very different preferences on form factor and dosing and side effect to weight loss trade-off. And so I think integrating Lilly's therapies into the category are going to do, I think wonders for the entire category, and I believe will ultimately lift complete volume in mass across all partners.

I think that, to Oluyemi's point, was a big driver of this intentional pullback in marketing which is there are very known aspects of this weight category that we could improve from driving assortment through this new partnership with Lilly, through real deep collaboration in the last month in the coming months. with Novo with regard to different starter packs and pricing offerings that allow patients to have more success with their therapies, preparation for new therapies coming down the line like CagriSema.

And then also introducing technical capabilities in this new category with multi-month subscription and flexible plans which as you know I've been such a hallmark part of all other categories on the platform, giving patients more flexibility, better pricing, lock in and ultimately better commitments.

And so these are very known things that have worked across categories.

I think our perspective is in advance of Jan 1, when we know that this category really explodes the demand let's unlock those levers.

Let's face there. That's not unnecessarily burn that cash and prepare in order to do this the right way 45 days from now.

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

Ryan MacDonald^ Maybe digging into the decision to sort of pull back on the marketing spend.

Were you seeing sort of a lower return on that incremental marketing dollar investment for any reason during this period of time? Or was this potentially a move sort of in advance of the of the Lilly deal signing to sort of more evenly sort of distribute marketing across multiple partners now?

Just sort of double-click into that. And then as you think about the sort of return on these incremental investments as we look at the additional product expansion, what are you thinking in terms of the timeframe for actually receiving the benefit on that spend once you kind of rekick up the marketing at the beginning of the year?

Andrew Dudum^ Yes, Oluyemi, I'll take the first part and take a second.

We had, as you all saw in the last quarter or 2, just massive transformation of the business. moving from the compounding offerings to the partnership with Novo. And the Wegovy offering on that platform including the pill just had absolutely extraordinary acceleration and there's massive customer demand for that therapy. There continues to be massive customer demand.

What we've seen just in the last few months as we've gone into those customers is just very clear opportunities that are set them up for success, opportunities to allow them to have subscription capabilities that lock in better pricing as they get to titration levels, where they're seeing benefits of weight loss, better early start offerings, to allow them to get the benefits of higher doses, at better pricing and then ultimately have seen this across the board where a lot of patients are coming in asking explicitly for Lilly products such as (inaudible) vials.

And so I think given all of that, as we reflected on the category, there was a real opportunity to just take a little bit of a beat and set it up for success for January and make sure that, that gets done the right way as opposed to trying to put the team towards the necessary challenges when scaling very quickly, putting that same team towards setting up the structural opportunities for customers to be better served.

We felt it was a much better use of that resource, especially given the dynamics we've seen historically in January where that demand is really accelerated into Q1.

Yemi Okupe^ Yes. And I think what I would just add to that, Ryan, is we've seen this playbook historically before that as you add new capabilities like duration as well as more breadth and pricing options as well as assortment Historically, across our tenured specialties, a couple of things happen.

We traditionally do see higher retention as you're able to route consumers to various products or duration levels.

I think we also historically have seen acquisition to pick up as well whether that's in the form of lower tax for consumers coming to the platform organically.

I think as Andrew mentioned, I think it's -- we are actively leaning into expanding those capabilities in the platform through Q4 to be ready to go when an seasonally high or seasonal period start. And so we would expect to start to realize some of the benefits in Q1. And then for elements such as retention, those would cascade through the year throughout 2027.

But I mean this is a playbook that we've seen across all of our historical specialties.

Ryan MacDonald^ Helpful. And maybe as a follow-up, a question on clarification on the peptide opportunity. You mentioned with TB-500 and BPC-157 that you look to offer those on the platform once sort of regulatory -- it's allowed from a regulatory perspective.

Can you just talk about what maybe the additional factors you're looking for on the regulatory side now that HHS has sort of put the proposal out to -- talking about enforcement discretion across the six approved peptides from the recommended peptides from the PAC.

I guess what incrementally are you looking for in addition to the enforcement discretion?

Andrew Dudum^ Yes. It's a great question.

I'll butcher the actual terminology but essentially, now we're in a comment period where the FDA has put out the proposed ruling from HHS, and we expect in the next couple of weeks for those comments to be aggregated and then a perspective from FDA on the explicit rulemaking to take place. And with that comes all types of decisions with regard to necessity of API testing, the types of tests that they are going to be looking for. The types of standards are going to be expecting from different facilities. And so I think as those all get finalized in the next few weeks, we'll have much more clarity about what the final regulatory rule-making decision actually looks like.

Operator^ Your next question comes from the line of Justin Patterson with KeyBanc Capital Markets.

Unidentified Participant^ This is Jacob on for Justin.

Can you still work towards developing a more AI native platform? Can you highlight a opportunities across both the (inaudible) the consumer experience and driving internal efficiencies? And how have these changed since the team began working on building this out?

Andrew Dudum^ Yes. It's a great question. Maybe I'll talk a little bit about the consumer experience and Oluyemi you can hit on some of the operational side.

We are investing in this in just an incredibly exciting manner. This quarter, we're the largest quarter of engineering head count addition in the company's life and a huge portion of this was an investment in our AI team that is showing very real outcomes for patients. The 2.0 Hers which has really elevated the AI coach to the top of the conversation has more than 4x the actual engagement with patients. And so just driving much higher touch conversations elevating side effect concerns earlier, elevating titration questions, dosing adjustments, documentation and outcomes.

And so we're really excited to see that level of engagement because ultimately, that has downstream impacts for getting patients on the right therapy sooner and ultimately, having much better outcomes.

I think in addition to this, the ability to help transform the conversation from when -- where you are passing a baton between half a dozen different individuals, whether it's a pharmacist to a nurse to hair coach to a doctor, being able to actually start to build out the capabilities of this AI care coach to start allowing each of those individuals in the threaded conversation to have higher leverage on speed and quality.

I think is a massive unlock. And so right now within our EMR, for example, providers are getting prewritten notes back to patients given all of their sensitivities, all of their charts, all of their existing medications that are allowing the providers to have a much higher quality response to patients.

It's notifying different care coaches of sensitivities.

It's elevating side effect concerns much faster and then breaking those to the providers so that they can focus their time not on note-taking and documentation and administrative work which is often so much of their job to actually delivering high-quality care to the patients in the priority that need it. And so we think this is going to have massive effects ultimately in engagement, outcomes, retention as well as quality of experience with the provider and the patient relations.

Yemi Okupe^ Yes. And just to add to that, Justin.

As Andrew mentioned, the focus is really on the quality of experience which will show up in metrics such as retention ease of acquisition.

But I think as we also focus on things like helping the providers identify and prioritize how to treat patients and some of the other elements that Andrew mentioned. one of the outcomes now as well as just overall enhanced efficiency within the platform as well really routing the most impactful or complicated cases to the right individuals and then identifying the most efficient ways to solve some of the more simpler elements.

Like I think we're already starting to see signs of success on that front, but we are sure will continue to propagate across the platform.

I think as we kind of mentioned in the prepared remarks as well the ability to start to leverage some of this technology within our fulfillment centers as well to start to unlock additional efficiency gains there. Really, some of that comes with the overall scale that we see paired with increasing technology capabilities that we're confident will enable us to continue to lock efficiency gains in the near term.

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

Craig Hettenbach^ Yes.

On the international front, the $50 million upside to sales relative to prior guidance, can you just touch on just certain products that are driving that as well as any context by geography?

Yemi Okupe^ Sorry, Andrew.

Andrew Dudum^ Yes. I'll kick off.

I think at a high level, what we're seeing is there's a lot of cross-market learnings. And so on the weight loss side here domestically, we've been able to take tremendous learnings from our international markets that have probably 18 to 24 months head start in interacting with the branded medications and figuring out the flexibility of how to bring those to market, the right pricing and the right packages, et cetera. And then flip side, the U.S. market success in having really diversified growth engines and different diversity in customer adoption across therapeutic categories is allowing us to bring that same strategy overseas to core markets like U.K., Germany and Australia, where we are either the number1 or number2 and trying to take massive gains in share.

And so what you're seeing in the next couple of quarters is the consolidation in those key markets of the Hims & Hers brands, but also the market of the existing categories in the U.S. that have driven incredible demand and scale across hair and dermatology and sexual health, hormonal balance, et cetera, into each of those Hims & Hers brands.

So it's not any one single category or product line, Craig, I think it's actually just the expansion of the brand in each of those markets growing from what was historically Juniper's weight loss centric brand to diversify across Hims & Hers and now expansive across three to five different categories.

Craig Hettenbach^ Got it. And then just a follow-up question for Yemi on the gross margin front. Understanding there's mix across weight loss and international? Can you just give any context in terms of what might be the bigger drag near term? And then longer term, are there any things you can do in the model in terms of to drive gross margin performance back up a bit?

Yemi Okupe^ Yes. Craig, I think for the quarter-on-quarter gains, like a large part of it was international.

I think your last quarter did not have the full effect of Eucalyptus in the results in Q3, have effectively three months in the quarter. And so with respect to impact from international, this would be one of the heavier quarters that we would expect on that front.

I think with respect to the question around gross margin, I think we'll come back to that in a moment.

I think effectively, what the focus is on right now is how do we leverage the platform to drive scale, but also at the same time ensure that we're driving strong free cash flow, EBITDA dollars being a proxy for that. And so I think while there are gross margin dynamics and some volatility on the financials that we talked around before stepping back, this is our second or third quarter -- highest quarter of adjusted EBITDA dollars that we brought on to the platform.

I think that remains the focus.

I think we're constantly have several levers to effectively pull that. That said, I think international like there are opportunities as Andrew mentioned, as we diversify the platform into scaling of additional categories, such as sexual health, dermatology, low testosterone overseas and kind of run the U.S. playbook, similar to kind of what we saw in the U.S. over kind of the mid- to long term, you would expect to start to see gross margin expansion there. That said, I think a lot of the focus, though, is around the principles of selling the platform but doing so in a way that drives strong economical EBITDA dollars?

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

Eric Percher^ You both comment on some of the learnings you've had from the EU and particularly the comment on improvement in economics over time which I think we've become used to seeing in the U.S. pre weight loss.

It sounds like what you're seeing in the EU is similar. And so I'd ask what has to be true or what is it about the market that occurs that enables you to expand gross profit and the assumption here that you're seeing significant increases in the number of patients that are adopting or the gross margin on a per script basis can also remain steady?

Andrew Dudum^ Yes. Thanks, Eric, for the question.

At a high level, what we've seen, and we've seen this both internationally and to your point, domestically with categories like sexual healthcategory or the hair category, is that over time as new offerings come into market, so in Canada, for example which is 24 to 36 months ahead of the U.S. with regard to new category entrants, you have the generic therapies now live in Canada. You see pretty meaningful competitive offerings expand.

You then see pricing come down through that competition, net pricing, even if somewhat marginal drives ultimately much broader uptake consumers much higher lock in from a duration standpoint because of the ability to pay and willingness to pay is much higher that ultimately drives much better customer adoption dynamics, retention profiles. And from there, as you verticalize all of these elements, some of which are the generic and some of them are just competitive offerings driving price down.

You see flow through that meaningfully better margins on a per script basis. This is essentially the exact same thing that happened in sexual health, in the hair category as assortment came to market. As prices came down as generics were introduced, you were able to both have a great range of therapies and verticalized offerings that in totality are really healthy categories.

And so we're investing in the weight loss category domestically with I think very clear eyes as to where this gets from a profitability standpoint. And I think that's why in this quarter there was a willingness to just spend the time to do the things that are known knowns, which are going to unlock much better engagement from patients, much better outcomes but also are willing to scale that category in the next few years domestically with an eye towards what is happening as new therapies come to market which there are nearly a dozen in Phase II and Phase III. And then also what happens as a generic comes out which has a very clear line of sight in both the U.S. and the EU markets.

Operator^ We've reached the end of the Q&A session. This concludes today's call. Thank you for attending.

You may now disconnect.