Second Quarter 2026 Earnings Conference Call

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Craig Gracey, Vice President & Chief Accounting Officer, Investor Relations

Thank you. Good afternoon. Welcome to Omada Health's second quarter 2026 earnings conference call. Joining me today are Sean Duffy, our Co-Founder and CEO; Wei-Li Shao, our President; and Steve Cook, our CFO.

Before we begin, I'd like to note that we will be discussing non-GAAP financial measures that we consider helpful in evaluating Omada's performance. You can find details on how these relate to our GAAP measures, along with the reconciliations, in the press release that is available on our website.

We will also make forward-looking statements based on our current expectations and assumptions, which are subject to risks and uncertainties, including factors listed in our press release and in the Risk Factors found in our filings with the SEC. Actual results could differ materially, and we assume no obligation to update these forward-looking statements.

With that, I'll turn the call over to Sean.

Sean Duffy, Co-Founder and CEO

Thank you, Craig. Good afternoon, everyone, and thank you for joining us.

We are excited to be speaking with you today to discuss two significant points in Omada's journey to bend the curve in healthcare.

First, we just reported our strongest quarter ever, reaching a record number of members and our highest revenue and gross margin to-date. With more than two million lifetime members served, commercial relationships with the nation's three leading PBMs, and a proven and profitable model, Omada is in its strongest position since the company's founding.

Second, this strong foundation is why, after founding Omada over 15 years ago, I am ready to pass the leadership baton. On January 1, 2027, Omada's President, Wei-Li Shao, will become the Chief Executive Officer. Wei-Li is known to many of you. Seven years ago he joined Omada as Chief Commercial Officer and, for over four years he has served as our President. Wei-Li has cultivated the trust of the team and our partners, delivering not only reliable performance, but new innovations that have put Omada on what we believe is a durable long-term trajectory. I am excited to watch Omada accelerate into its next chapter under Wei-Li's leadership.

I am equally excited to move into my new role as Executive Chair, where I will continue as part of the management team, focusing on long-term strategy, catalyzing partnerships, and other opportunities we believe will create the greatest value for Omada over the long term.

Member Voice

Before I hand it over to Wei-Li to discuss our operational performance, I want to spend a moment to highlight what matters most to us here at Omada and that's the people we serve.

> **"I am glad my organization provided Omada as a health option. Over the past year, the helpful resources, daily tracking, and guidance from my diabetes specialist and my health coach helped me achieve major milestones. Thanks to them, I reached my target weight, put my diabetes in full control, and completely reversed my hypertension by transforming my lifestyle. I am incredibly grateful for the support."**

Stories like that are why we exist. As we talk about revenue, margins and membership growth, which are important indicators of the business we're building, I want to remind everybody that behind those numbers is someone working to live healthier, avoid disease progression, and get the support they need between visits with their physician. That's the mission that continues to drive us.

With that, I'll turn it over to Wei-Li to discuss the operational momentum we have seen across the business.

Wei-Li Shao, President

Thanks, Sean. Before we turn to the quarter, I want to express my gratitude for the opportunity to become Omada's CEO in January. It is a genuine honor.

This is a defining moment for Omada as three powerful forces converge to shape our next chapter. First, the commercial reach we are building allows us to bring high-quality clinical care to more and more Americans, allowing us to further our mission to bend the curve. Second, GLP-1s and adjacent therapies are powerful new tools that complement what we treat and how we treat it. And third, the rapid evolution of AI is reshaping how personalized care can be delivered at scale.

My focus as CEO will be to translate these forces into better health outcomes for millions of Americans. We have shown our model works, and our results support our ambitions. Now is the time to push even harder on our mission to bend the curve of chronic disease in America.

As Sean mentioned, this was a record-setting quarter that we're incredibly proud of. Q2 caps off an exceptional first half of 2026 for Omada. Year over year, we delivered 43% revenue growth and expanded gross margin by 700 basis points to 73% on a GAAP basis and by 600 basis points to 74% on a non-GAAP basis. We also generated $5 million in net income and $11 million in Adjusted EBITDA versus a loss a year ago. Once again, we exceeded consensus enabling us to raise our full-year outlook. More importantly, we saw strong momentum across our programs, bringing the total members as of the end of the second quarter to 1.1 million – up 45% year over year.

I will walk through our Q2 execution through the four parts we are focused on: Covered Lives, Enrollment, Engagement, and Operating Efficiency.

Building Covered Lives

Covered lives represents the individuals with benefits coverage to apply for and enroll in one or more of our programs, through our employer, health plan, pharmacy benefit manager, and other customers. We update this figure annually. As of December 2025, we had more than 25 million estimated eligible covered lives, and we are building off that base as we set up for 2027.

A quick reminder on the typical seasonality of our commercial year: The first half is when we build new customer relationships, the second half is historically when we close them, and January is when the annual benefits cycle launches. Q2 sits at the front end of that cycle.

Our commercial progress in Q2 continued to be strong like we saw last year. During the quarter, we added new customers spanning food service, national retail, public-sector education, and industrial employers. These wins support the pipeline we expect to close the rest of the year, and we have seen particular strength in our new products including our GLP-1 suite and cholesterol. The breadth here reflects something fundamental to our business: the need for chronic care support is broad and diverse across the types of employers and categories of conditions we are positioned to treat.

Turning to our newer PBM channels, we also saw continued progress in Q2. One channel, now in its second year, has built a strong customer pipeline into the second half and tracking ahead of our expectations. The other, which is also our first partner to include our prescribing program, is in the very early stages of its sales motion with encouraging signs.

We also deepened our footprint inside customers we already serve. The expansion I'm most excited to talk about this quarter is with Health Care Services Corporation, or HCSC, one of the largest Blues plans in the country and a partner we have worked with for several years across our prevention and hypertension programs. In Q2 we extended those programs into HCSC's fully-insured book of business in three additional states, reaching an additional 1.5 million covered lives launching in 2027. This expansion matters for a couple of reasons. First, HCSC is an example of the kind of long-standing partner we can expand with over time as we prove our results across successive programs. And second, the fully-insured component is embedded at the benefit level, which means members can enroll directly, without a downstream employer sales cycle. This is the kind of channel dynamic we are working to build for scale.

We believe Q2 was a strong quarter for the front end of our commercial cycle. We saw new customer wins spanning diverse industries, meaningful progress in our newer PBM channels, and continued expansion inside customers we already serve. This is the covered lives base we will seek to activate through the 2027 benefits cycle, and we believe that the momentum here is setting up a strong second half.

Turning now to Enrollment.

Enrollment

Enrollment is where we turn covered lives into Omada members. Let me highlight three things for the quarter.

The first, and most important, is the breadth of our enrollment growth. As in Q1, growth in Q2 was broad-based through our cardiometabolic suite, reinforcing that our momentum extends well beyond a single program.

Since our last earnings call, we reached two important milestones that speak to the breadth ahead. First, we launched cholesterol as a standalone care track for the first time, with one of the largest retailers in America, and that early engagement is an encouraging proof point of demand. Second, we have advanced prescribing discussions with channel partners and employers, including our first closed prescribing customer that will launch in 2027, which gives us an early signal on market fit for this program.

Building on that same theme, revenue growth from our diabetes and hypertension programs continued to meaningfully outpace our Prevention and Weight Health program in Q2, reflecting a healthy shift in mix toward our higher-value programs. As we continue to expand the platform, through the likes of our GLP-1 suite and cholesterol, we believe we can continue to increase enrollment over time.

The second is the effectiveness of our enrollment engine. Our email campaigns are the primary channel through which employees learn about and enroll in our programs, and they converted approximately 20 percent higher year-over-year. We believe this is a leading indicator of the health of our enrollment efforts, reflecting improvements in targeting, personalization, and messaging on the same audience.

The third is seasonality. Q1 was exceptionally strong, and that strength pulled enrollments earlier into the year. That is a benefit over the balance of the year, because enrollments from Q1 are already in active care and generating revenue sooner. Typically, Total Member base continues to grow throughout the year, but Q1 remains our strongest new enrollment period as employers launch new benefits programs. Our next major inflection comes with the 2027 benefits cycle, where we expect millions of Americans will get the opportunity to enroll with Omada and receive treatment.

Which brings me to Engagement.

Engagement

Engagement is where members receive care from Omada and where the durability of our business shows up. One important signal from Q2 is worth highlighting.

Members have stayed in active treatment with Omada nearly 10 percent longer than a year ago, driven by growth in our GLP-1, diabetes, and hypertension programs, in which members have typically engaged on our platform longer. This builds on the ongoing investments in our platform, including Omada Spark and Meal Map, and the increasing personalization and clinical depth we bring to member care. Longer tenure in our programs generally reflects more billable months per member, higher lifetime value, and stronger margin per member over time.

Finally, let's talk about how we deliver care and support this mission as a company.

Operating Efficiency

Our cost to serve has declined over 10 percent year-over-year, as measured by cost of revenue per member on a trailing twelve month basis. This has been driven by increased efficiency in delivering both digital and human care. On human care delivery, we have continued to see rising capacity per care team member as we scale. We are putting AI and machine learning to work throughout our support for the care team, from smarter tooling for our coaches, to better prediction of member demand, to more standardized ways of working across our member-facing teams.

Beyond the decline in the cost to deliver care, the broader business has also become more efficient in support of our mission. Despite significant investments to stand up new programs and channel partners, we have delivered 41 percent incremental Adjusted EBITDA margin and lowered non-GAAP operating expenses from 68 percent of revenue a year ago to 62 percent this quarter. We believe that this demonstrates our ability to invest in Omada's growth at increasing rates of return, and it is the operational engine behind the margin expansion Steve is about to walk through.

With that operational picture in mind, let me turn it over to Steve for the financials.

Steve Cook, CFO

Thank you, Wei-Li. Hello, everyone.

Q2 was the strongest second quarter in Omada's history. We set quarterly records for revenue at $88 million, gross margin at 73 percent on a GAAP basis, and 74 percent on a non-GAAP basis, net income at $5 million, and Adjusted EBITDA at $11 million. Q2 also marked our second quarter of GAAP net income profitability, following the fourth quarter of 2025. These are meaningful milestones for the business, and we believe they reflect the structural profitability of the model we are building.

I will walk through Q2 with the four operational drivers Wei-Li just covered in mind, then turn to guidance and the balance sheet.

Revenue

Starting with revenue, Q2 revenue was $88 million, up 43 percent year-over-year and up 13 percent sequentially from Q1, driven by continued strength across our GLP-1 Care Track, increased multi-condition penetration across our cardiometabolic suite, and continued progress in enrollment effectiveness. Revenue growth in our diabetes and hypertension programs continued to outpace our overall revenue growth of 43 percent, consistent with the enrollment breadth Wei-Li described.

Our growing member base is a direct result of that revenue-driving activity, and it brings me to something new we are sharing this quarter.

Members and Revenue per Member

We ended Q2 with approximately 1.1 million total members, up 45 percent year-over-year, reflecting the enrollment effectiveness Wei-Li described.

As a reminder, we define a member for this purpose as a person enrolled in one of our virtual care programs who generated a billing event in the preceding twelve months. Because we primarily bill based on the care activity our members receive, rather than on a flat subscription, we believe the most representative measurement of our unit economics is trailing-twelve-month revenue set against that same twelve-month member base.

On that basis, trailing-twelve-month revenue per total member was $284 dollars in Q2, compared with $279 dollars in Q2 of last year. We believe this evaluates the unit economics of our member base, and we would typically expect this metric to move modestly up or down in any given quarter as cohort mix, pricing mix, and seasonality shift at the margin. The consistency we have seen here continues to reflect the durability of our per-member economics.

Gross Margin

Turning to gross margin, GAAP gross margin for Q2 was 73 percent, up from 66 percent in Q2 of last year, representing approximately 700 basis points of year-over-year expansion. On a non-GAAP basis, gross margin was 74 percent, up from 68 percent in Q2 of last year.

Gross margin expansion this quarter reflects a lower cost to serve our members, driven by the lower care team delivery cost, and reinforced by deeper multi-condition engagement and the maturation of our longer-tenured cohorts.

We have previously said we believe there is a path to exceed our current long-term target of 70 percent annual gross margin. Our Q2 result is consistent with that trajectory, and we will update our long-term financial framework, including gross margin, at Investor Day.

Operating Expenses

Moving to operating expenses. We drove significant operating leverage this quarter. On a GAAP basis, operating expenses fell approximately 4 percentage points as a percentage of revenue, from 73 percent to 69 percent. On a non-GAAP basis, they fell approximately 6 percentage points, from 68 percent to 62 percent.

That leverage reflects the drivers we have consistently pointed to: scaling through channel partnerships, getting more from our existing sales force, and tight spending discipline across the rest of the business.

AI continued to be an increasingly important driver of our operating leverage as well. As we shared last quarter, we are evaluating AI tooling across every function of the company, not just any one area. As AI adoption deepens, we believe it can continue to support operating leverage as we look toward 2027 and beyond.

Bottom Line — Net Income and Adjusted EBITDA

GAAP net income for Q2 was more than $5 million, compared with a GAAP net loss of approximately $5 million in Q2 of last year, representing an improvement of approximately $11 million year-over-year. This is our second quarter of GAAP net income profitability, following the fourth quarter of 2025.

Adjusted EBITDA for Q2 was approximately $11 million, an improvement of approximately $11 million year-over-year, and a quarterly record for Omada. We believe this level of Adjusted EBITDA in the second quarter reflected the structural profitability of our model playing out at scale, and it is a meaningful contributor to the improved full-year Adjusted EBITDA outlook I will discuss in a moment.

Balance Sheet

Our strengthened profitability profile has continued to contribute to a strong balance sheet as well. We ended Q2 with cash and cash equivalents of approximately $222 million and continue to carry no debt.

Guidance — Full-Year Outlook

Now let me turn to our outlook. Our extraordinary second-quarter performance and continued visibility into the second half give us the confidence to raise our full-year 2026 outlook on both revenue and Adjusted EBITDA.

- We are raising full-year revenue guidance to $334 million to $340 million, up from prior guidance of $322 million to $330 million. At the midpoint, this represents approximately 30 percent revenue growth compared with 2025.
- We are raising full-year Adjusted EBITDA guidance to $21 million to $27 million, up from prior guidance of $14 million to $20 million. At the midpoint, this represents an improvement of approximately $18 million compared with 2025, or roughly four times our 2025 result.

Our raised outlook reflects both the extraordinary strength of Q2 and a more measured second-half growth trajectory based on historic seasonality and contracted visibility. As Wei-Li described earlier, our business has historically followed a typical seasonal pattern where typically Q1 is our strongest new enrollment period, followed by continued revenue contribution from that member base through the balance of the year. Consistent with that pattern, our year-over-year growth rate is expected to moderate in the second half as we follow an exceptionally strong first-half enrollment period. We expect those first-half enrollments to continue to generate revenue at healthy per-member economics to sustain a strong margin profile through the rest of 2026. Q1 remains our strongest enrollment period each year as employers launch new benefits programs, and the next significant enrollment inflection point comes with the 2027 benefits cycle.

At our Investor Day on September 10th, we will lay out an updated long-term financial framework, including the growth, gross margin, and operating leverage trajectories that will inform how we manage this business over the next several years.

With that, we will open it up for questions.