LifeStance Reports First Quarter 2025 Results

May 7, 2025

SCOTTSDALE, Ariz., May 07, 2025 (GLOBE NEWSWIRE) -- LifeStance Health Group, Inc. (Nasdaq: LFST), one of the nation's largest providers of outpatient mental healthcare, today announced financial results for the first quarter ended March 31, 2025.

(All results compared to prior-year comparative period, unless otherwise noted)
Q1 2025 Highlights and FY 2025 Outlook

- Revenue of $333.0 million increased 11% compared to revenue of $300.4 million
- Clinician base increased 10% to 7,535 clinicians, a sequential net increase of 152 in the first quarter
- First quarter visit volumes increased 10% to 2.1 million
- Net income of $0.7 million compared to net loss of $21.1 million
- Net cash used in operations of $3.1 million in the first quarter
- Adjusted EBITDA of $34.6 million compared to Adjusted EBITDA of $27.7 million
- Free Cash Flow of negative $10.3 million in the first quarter
- For full year 2025, reiterating expectations for revenue of $1.40 billion to $1.44 billion, Center Margin of $440 million to $464 million, and Adjusted EBITDA of $130 million to $150 million

"We delivered a solid quarter to kick off 2025, thanks to the commitment and dedication of our employees, including over 7,500 clinicians," said Dave Bourdon, CEO of LifeStance. "We exceeded our financial expectations with double-digit margins as well as positive net income in the quarter for the first time in our history as a public company. We look forward to continuing to enhance the patient and clinician experience at LifeStance while delivering on our mission of expanding access to mental healthcare services."

Financial Highlights

	Q1 2025	Q1 2024	Y/Y
(in millions)			
Total revenue	$ 333.0	$ 300.4	11 %
Income (loss) from operations	1.6	(16.8)	(110 %)
Center Margin	109.8	94.7	16 %
Net income (loss)	0.7	(21.1)	(103 %)
Adjusted EBITDA	34.6	27.7	25 %
As % of Total revenue:			
Income (loss) from operations	*0.5 %*	*(5.6 %)*	
Center Margin	*33.0 %*	*31.5 %*	
Net income (loss)	*0.2 %*	*(7.0 %)*	
Adjusted EBITDA	*10.4 %*	*9.2 %*	

(All results compared to prior-year period, unless otherwise noted)

- Revenue grew 11% to $333.0 million. Revenue growth in the first quarter was driven primarily by higher visit volumes from net clinician growth and improvements in total revenue per visit.
- Income from operations was $1.6 million and net income was $0.7 million.
- Center Margin grew 16% to $109.8 million, or 33.0% of total revenue.
- Adjusted EBITDA increased 25% to $34.6 million, or 10.4% of total revenue. Adjusted EBITDA as a percentage of revenue increased in the first quarter as a result of higher total revenue per visit and lower center costs as a percentage of revenue.

Balance Sheet, Cash Flow and Capital Allocation

For the three months ended March 31, 2025, LifeStance used $3.1 million cash flow from operations. The Company ended the first quarter with cash of $134.3 million and net long-term debt of $276.3 million.

2025 Guidance

LifeStance is providing the following outlook for 2025:

- The Company is reiterating full year revenue of $1.40 billion to $1.44 billion, Center Margin of $440 million to $464 million, and Adjusted EBITDA of $130 million to $150 million.
- For the second quarter of 2025, the Company expects total revenue of $332 million to $352 million, Center Margin of $100

million to $114 million, and Adjusted EBITDA of $28 million to $34 million.

Conference Call, Webcast Information, and Presentations

LifeStance will hold a conference call today, May 7, 2025 at 8:30 a.m. Eastern Time to discuss the first quarter 2025 results. Investors who wish to participate in the call should dial 1-800-715-9871, domestically, or 1-646-307-1963, internationally, approximately 10 minutes before the call begins and provide conference ID number 6060781 or ask to be joined into the LifeStance call. A real-time audio webcast can be accessed via the Events and Presentations section of the LifeStance Investor Relations website (https://investor.lifestance.com), where related materials will be posted prior to the conference call.

About LifeStance Health Group, Inc.

Founded in 2017, LifeStance (Nasdaq: LFST) is reimagining mental health. We are one of the nation's largest providers of virtual and in-person outpatient mental healthcare for children, adolescents and adults experiencing a variety of mental health conditions. Our mission is to help people lead healthier, more fulfilling lives by improving access to trusted, affordable, and personalized mental healthcare. LifeStance and its supported practices employ approximately 7,500 psychiatrists, advanced practice nurses, psychologists and therapists and operates across 33 states and more than 550 centers. To learn more, please visit www.LifeStance.com.

We routinely post information that may be important to investors on the "Investor Relations" section of our website at investor.lifestance.com. We encourage investors and potential investors to consult our website regularly for important information about us.

Forward-Looking Statements

Statements in this press release and on the related teleconference that express a belief, expectation or intention, as well as those that are not historical fact, are forward-looking statements. These statements include, but are not limited to, statements with respect to: full year and second quarter guidance and management's related assumptions; business plans and objectives; and other statements contained in this press release that are not historical facts. When used in this press release and on the related teleconference, words such as "may," "will," "should," "could," "intend," "potential," "continue," "anticipate," "believe," "estimate," "expect," "plan," "target," "predict," "project," "seek" and similar expressions as they relate to us are intended to identify forward-looking statements. They involve a number of risks and uncertainties that may cause actual events and results to differ materially from such forward-looking statements. These risks and uncertainties include, but are not limited to: if reimbursement rates paid by third-party payors are reduced or if third-party payors otherwise restrain our ability to obtain or deliver care to patients, our business could be materially harmed; we may not grow at the rates we historically have achieved or at all, even if our key metrics may imply future growth, including if we are unable to successfully execute on our growth initiatives and business strategies; if we fail to manage our growth effectively, our expenses could increase more than expected, our revenue may not increase proportionally or at all, and we may be unable to execute on our business strategy; our ability to recruit new clinicians and retain existing clinicians; we conduct business in a heavily regulated industry and if we fail to comply with these laws and government regulations, we could incur penalties or be required to make significant changes to our operations or experience adverse publicity, which could have a material adverse effect on our business, results of operations and financial condition; we are dependent on our relationships with supported practices, which we do not own, to provide healthcare services, and our business would be harmed if those relationships were disrupted or if our arrangements with these entities became subject to legal challenges; we operate in a competitive industry, and if we are not able to compete effectively, our business and financial performance would be harmed; the impact on us of healthcare reform legislation and other changes in the healthcare industry and in healthcare spending is currently unknown, but may harm our business; if our or our vendors' security measures fail or are breached and unauthorized access to our employees', patients' or partners' data is obtained, our systems may be perceived as insecure, we may incur significant liabilities, including through private litigation or regulatory action, our reputation may be harmed, and we could lose patients and partners; our business depends on our ability to effectively invest in, implement improvements to and properly maintain the uninterrupted operation and data integrity of our information technology and other business systems; our existing indebtedness could adversely affect our business and growth prospects; and other risks and uncertainties set forth under "Risk Factors" included in the reports we have filed or will file with the Securities and Exchange Commission, including our Annual Report on Form 10-K for the year ended December 31, 2024 and subsequent filings made with the Securities and Exchange Commission. LifeStance does not undertake to update any forward-looking statements made in this press release to reflect any change in management's expectations or any change in the assumptions or circumstances on which such statements are based, except as otherwise required by law.

Non-GAAP Financial Information

This press release contains certain non-GAAP financial measures, including Center Margin, Adjusted EBITDA, and Adjusted EBITDA margin. Tables showing the reconciliation of these non-GAAP financial measures to the comparable GAAP measures are included at the end of this release. Management believes these non-GAAP financial measures are useful in evaluating the Company's operating performance, and may be helpful to securities analysts, institutional investors and other interested parties in understanding the Company's operating performance and prospects. This press release also refers to Free Cash Flow, which is calculated as net cash used in operating activities less purchases of property and equipment. Management believes Free Cash Flow is a useful indicator of liquidity that provides information to management and investors about the amount of cash generated from our operations that, after investments in property and equipment, can be used for future growth. These non-GAAP financial measures, as calculated, may not be comparable to companies in other industries or within the same industry with similarly titled measures of performance. Therefore, the Company's non-GAAP financial measures should be considered in addition to, not as a substitute for, or in isolation from, measures prepared in accordance with GAAP, such as net income (loss) or income (loss) from operations.

Center Margin and Adjusted EBITDA anticipated for the second quarter of 2025 and full year 2025 are calculated in a manner consistent with the historical presentation of these measures at the end of this release. Reconciliation for the forward-looking second quarter of 2025 and full year 2025 Center Margin, Adjusted EBITDA guidance and Free Cash Flow is not being provided, as LifeStance does not currently have sufficient data to accurately estimate the variables and individual adjustments for such reconciliation. As such, LifeStance management cannot estimate on a forward-looking basis without unreasonable effort the impact these variables and individual adjustments will have on its reported results.

Management acknowledges that there are many items that impact a company's reported results and the adjustments reflected in these non-GAAP measures are not intended to present all items that may have impacted these results.

Consolidated Financial Information and Reconciliations

CONSOLIDATED BALANCE SHEETS
(unaudited)
(In thousands, except for par value)

	March 31, 2025	December 31, 2024
CURRENT ASSETS		
Cash and cash equivalents	$ 134,336	$ 154,571
Patient accounts receivable, net	140,370	131,802
Prepaid expenses and other current assets	29,927	26,137
Total current assets	304,633	312,510
NONCURRENT ASSETS		
Property and equipment, net	163,718	166,041
Right-of-use assets	148,068	147,878
Intangible assets, net	187,333	190,799
Goodwill	1,293,346	1,293,346
Other noncurrent assets	7,574	7,724
Total noncurrent assets	1,800,039	1,805,788
Total assets	$ 2,104,672	$ 2,118,298
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable	$ 7,415	$ 7,242
Accrued payroll expenses	99,922	117,461
Other accrued expenses	43,245	46,942
Operating lease liabilities, current	47,301	49,449
Other current liabilities	9,502	7,792
Total current liabilities	207,385	228,886
NONCURRENT LIABILITIES		
Long-term debt, net	276,322	279,790
Operating lease liabilities, noncurrent	149,391	148,699
Deferred tax liability, net	14,221	14,329
Other noncurrent liabilities	254	309
Total noncurrent liabilities	440,188	443,127
Total liabilities	$ 647,573	$ 672,013
COMMITMENTS AND CONTINGENCIES		
STOCKHOLDERS' EQUITY		
Preferred stock – par value $0.01 per share; 25,000 shares authorized as of March 31, 2025 and December 31, 2024; 0 shares issued and outstanding as of March 31, 2025 and December 31, 2024	—	—
Common stock – par value $0.01 per share; 800,000 shares authorized as of March 31, 2025 and December 31, 2024; 388,826 and 382,735 shares issued and outstanding as of March 31, 2025 and December 31, 2024, respectively	3,888	3,827
Additional paid-in capital	2,270,179	2,259,818
Accumulated other comprehensive income	612	929
Accumulated deficit	(817,580)	(818,289)
Total stockholders' equity	1,457,099	1,446,285
Total liabilities and stockholders' equity	$ 2,104,672	$ 2,118,298

CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)
(unaudited)
(In thousands, except per share amounts)

	Three Months Ended March 31,	
	2025	2024
TOTAL REVENUE	$ 332,970	$ 300,437
OPERATING EXPENSES		
Center costs, excluding depreciation and amortization shown separately below	223,179	205,711
General and administrative expenses	94,431	88,934
Depreciation and amortization	13,756	22,564

Total operating expenses	$ 331,366	$ 317,209
INCOME (LOSS) FROM OPERATIONS	$ 1,604	$ (16,772)
OTHER EXPENSE		
Gain on remeasurement of contingent consideration	—	2,015
Interest expense, net	(3,073)	(5,903)
Other expense	(1)	(74)
Total other expense	$ (3,074)	$ (3,962)
LOSS BEFORE INCOME TAXES	(1,470)	(20,734)
INCOME TAX BENEFIT (PROVISION)	2,179	(363)
NET INCOME (LOSS)	$ 709	$ (21,097)
EARNINGS (LOSS) PER SHARE		
Basic	0.00	(0.06)
Diluted	0.00	(0.06)
Weighted-average shares outstanding		
Basic	383,272	376,331
Diluted	390,666	376,331
NET INCOME (LOSS)	$ 709	$ (21,097)
OTHER COMPREHENSIVE (LOSS) INCOME		
Unrealized (losses) gains on cash flow hedge, net of tax	(317)	583
COMPREHENSIVE INCOME (LOSS)	$ 392	$ (20,514)

CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited)
(In thousands)

	Three Months Ended March 31,	
	2025	**2024**
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income (loss)	$ 709	$ (21,097)
Adjustments to reconcile net income (loss) to net cash used in operating activities:		
Depreciation and amortization	13,756	22,564
Non-cash operating lease costs	10,231	9,687
Stock-based compensation	18,584	20,581
Amortization of discount and debt issue costs	251	424
Gain on remeasurement of contingent consideration	—	(2,015)
Other, net	357	(47)
Change in operating assets and liabilities, net of businesses acquired:		
Patient accounts receivable, net	(8,568)	(50,532)
Prepaid expenses and other current assets	(4,515)	2,491
Accounts payable	(77)	4,981
Accrued payroll expenses	(17,540)	(2,045)
Operating lease liabilities	(11,894)	(9,608)
Other accrued expenses	(4,386)	2,778
Net cash used in operating activities	$ (3,092)	$ (21,838)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(7,168)	(5,104)
Net cash used in investing activities	$ (7,168)	$ (5,104)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments of long-term debt	(1,813)	(731)
Payments of contingent consideration	—	(1,700)
Taxes related to net share settlement of equity awards	(8,162)	—
Net cash used in financing activities	$ (9,975)	$ (2,431)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(20,235)	(29,373)
Cash and Cash Equivalents - Beginning of period	154,571	78,824
CASH AND CASH EQUIVALENTS – END OF PERIOD	$ 134,336	$ 49,451
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		

Cash paid for interest, net	$ 4,382	$ 6,270
Cash paid for taxes, net of refunds	$ 609	$ (252)
SUPPLEMENTAL DISCLOSURES OF NON CASH INVESTING AND FINANCING ACTIVITIES		
Acquisition of property and equipment included in liabilities	$ 2,348	$ 3,104

RECONCILIATION OF INCOME (LOSS) FROM OPERATIONS TO CENTER MARGIN

	Three Months Ended March 31,	
	2025	**2024**
(in thousands)		
Income (loss) from operations	$ 1,604	$ (16,772)
Adjusted for:		
Depreciation and amortization	13,756	22,564
General and administrative expenses (1)	94,431	88,934
Center Margin	**$ 109,791**	**$ 94,726**

(1) Represents salaries, wages and employee benefits for our executive leadership, finance, human resources, marketing, billing and credentialing support and technology infrastructure and stock-based compensation for all employees.

RECONCILIATION OF NET INCOME (LOSS) TO ADJUSTED EBITDA

	Three Months Ended March 31,	
	2025	**2024**
(in thousands)		
Net income (loss)	$ 709	$ (21,097)
Adjusted for:		
Interest expense, net	3,073	5,903
Depreciation and amortization	13,756	22,564
Income tax (benefit) provision	(2,179)	363
Gain on remeasurement of contingent consideration	—	(2,015)
Stock-based compensation expense	18,584	20,581
Loss on disposal of assets	1	74
Executive transition costs	185	31
Litigation costs (1)	205	537
Strategic initiatives (2)	—	751
Real estate optimization and restructuring charges (3)	(45)	(147)
Amortization of cloud-based software implementation costs (4)	357	11
Other expenses (5)	—	95
Adjusted EBITDA	**$ 34,646**	**$ 27,651**

(1) Litigation costs include only those costs which are considered non-recurring and outside of the ordinary course of business based on the following considerations, which we assess regularly: (i) the frequency of similar cases that have been brought to date, or are expected to be brought within two years, (ii) the complexity of the case (e.g., complex class action litigation), (iii) the nature of the remedy(ies) sought, including the size of any monetary damages sought, (iv) the counterparty involved, and (v) our overall litigation strategy. During each of the three months ended March 31, 2025 and 2024, litigation costs included cash expenses related to distinct litigation matters, including a privacy class action litigation and a compensation model class action litigation, and for the three months ended March 31, 2024, a securities class action litigation.
(2) Strategic initiatives consist of expenses directly related to a multi-phase system upgrade in connection with our recent and significant expansion. During the three months ended March 31, 2024, we continued a process of evaluating and adopting critical enterprise-wide systems for (i) human resources management and (ii) clinician credentialing and onboarding process. Strategic initiatives represents costs, such as third-party consulting costs and one-time costs, that are not part of our ongoing operations related to these enterprise-wide systems. We considered the frequency and scale of this multi-part enterprise upgrade when determining that the expenses were not normal, recurring operating expenses.
(3) Real estate optimization and restructuring charges consist of cash expenses and non-cash charges related to our real estate optimization initiative, which included certain asset impairment and disposal costs, certain gains and losses related to early lease terminations, and exit and disposal costs related to our real estate optimization initiative to consolidate our physical footprint during 2023. As the decision to close these centers was part of a significant strategic project driven by a historic shift in behavior, the magnitude of center closures was greater than what would be expected as part of ordinary business operations and did not constitute normal recurring operating activities. During the three months ended March 31,

2025 and 2024, real estate optimization and restructuring charges consisted of certain gains and losses related to early lease terminations of previously abandoned real estate leases in 2023.

(4) Represents amortization of capitalized implementation costs related to cloud-based software arrangements that are included within general and administrative expenses included in our unaudited consolidated statements of operations and comprehensive income (loss).

(5) Represents costs incurred pre- and post-center acquisition to integrate operations, including expenses related to conversion of compensation model, legacy system costs and data migration, consulting and legal services, and overtime and temporary labor costs, which are included in our unaudited consolidated statements of operations and comprehensive income (loss).

Investor Relations Contact Monica Prokocki VP of Finance & Investor Relations 602-767-2100 investor.relations@lifestance.com