LifeStance Second Quarter 2026 Earnings Script

Monica Prokocki, VP of Finance & Investor Relations

Thank you, Operator.

Good morning, everyone, and welcome to LifeStance Health's second quarter 2026 earnings conference call.

I'm Monica Prokocki, Vice President of Finance and Investor Relations. Joining me today are Dave Bourdon, Chief Executive Officer and Ryan McGroarty, Chief Financial Officer.

We issued the earnings release and presentation before the market opened this morning. Both are available on the Investor Relations section of our website, investor.lifestance.com. In addition, a replay will be available following the call.

Before turning over to management for their prepared remarks, please direct your attention to the disclaimers about forward-looking statements included in the earnings press release and SEC filings.

Today's remarks contain forward-looking statements, including statements about our financial performance outlook, business model and strategy. Those statements involve risks, uncertainties, and other factors, as noted in our periodic filings with the SEC that could cause actual results to differ materially.

Please note that we report results using non-GAAP financial measures, which we believe provide additional information for investors to help facilitate comparison of current and past performance. A reconciliation to the most directly comparable GAAP measures is included in the earnings press release tables and presentation appendix.

Unless otherwise noted, all results are compared to the comparable period in the prior year.

At this time, I'll turn the call over to Dave Bourdon, CEO of LifeStance. Dave?

Dave Bourdon, Chief Executive Officer

Thanks, Monica, and thank you all for joining us today.

This was another exceptional quarter for LifeStance. We exceeded each of our guided metrics for the quarter, delivering remarkable revenue growth of over 26% and Adjusted EBITDA margins that exceeded 15%.

Given the outperformance in the quarter, we are again raising our full-year guidance across all metrics. Ryan will provide the details on our improved view of 2026 later.

Regarding operational execution, we continue to grow our clinician base, now at over 8,500 clinicians, as our value proposition continues to resonate. Clinician productivity also remained strong in the quarter, reflecting the power of our operating model and discipline.

As for specialty services, we continue to expand our reach, as we launched TMS and Spravato in additional centers to support patients with treatment-resistant depression and to drive clinically meaningful improvements in outcomes.

Turning to technology, we continue to deploy digital, AI-enabled, and workflow automation tools that improve patient access, enhance the clinician experience, and drive operational efficiency across the organization.

Regarding our new EHR, we have begun our preparations for the transition to a new vendor planned for 2027. This investment is expected to be a critical enabler of our long-term strategy, helping us streamline front- and back-office operations through more intelligent workflows, deliver a better patient and clinician experience that supports engagement and retention, and equip clinicians with better tools to provide high-quality care and drive improved clinical outcomes.

Turning to geographic expansion, we have a significant opportunity to increase density within our existing markets and expand our footprint into new geographies as we only have a presence in roughly half of the 150 largest U.S. markets. In addition, there is substantial room to expand in smaller markets as well. Tuck-in acquisitions remain our preferred approach for entering new geographies, and we have a strong pipeline of opportunities that support our disciplined growth strategy.

During the second quarter, we successfully completed another small tuck-in acquisition that expands our therapy and psychiatry presence in Arizona.

Where compelling acquisition opportunities are not available, we will pursue expansion through our proven de novo approach.

Finally, I'd like to highlight our ongoing commitment to clinical excellence. Delivering high-quality care and improving patient outcomes is central to our mission and remains a key differentiator for LifeStance.

During our first quarter call, we discussed outcomes data we published in April from nearly 180,000 LifeStance patients with moderate to severe anxiety and depression, which showed that roughly three quarters experienced clinically significant improvements in their symptoms.

More recently, we took that analysis a step further by examining outcomes from nearly 140,000 LifeStance patients across different generations and geographic regions. What we found was remarkably consistent: at least 75% of patients experienced clinically meaningful improvement regardless of generation or region where they received care.

We believe these findings are important because they demonstrate that our strong outcomes are consistent across the diverse populations we serve.

More broadly, we believe mental healthcare is entering its next phase, where differentiation will increasingly be driven by outcomes, not just access. While we're pleased to have delivered another quarter of exceptional growth and outstanding margin expansion, we believe the larger opportunity lies ahead. The combination of our scale, clinical outcomes, and geographic expansion opportunities positions LifeStance to lead the evolution of outpatient mental healthcare and supports our confidence in the significant growth runway still in front of us.

With that, I'll turn it over to Ryan to provide additional commentary on our financial performance and outlook. Ryan?

Ryan McGroarty, Chief Financial Officer

Thanks, Dave.

I am pleased with the team's tremendous operational and financial performance in the second quarter, which exceeded our expectations.

For the quarter, revenue grew 26% to $435 million. Revenue surpassed our expectations from both better-than-expected visit volumes and total revenue per visit.

Visit volumes of 2.6 million increased 19%. The outperformance was driven by a combination of better-than-expected clinician productivity and net clinician adds.

Total revenue per visit of $167 increased 6% and was ahead of our expectations.

Our visits per average clinician were very strong once again, increasing 7% year-over-year for the third consecutive quarter. This was achieved while at the same time adding 193 clinicians in the second quarter, bringing our total clinician base to 8,542, representing growth of 11%.

Turning to profitability, Center Margin of $153 million in the quarter increased 41% and was 35.2% as a percentage of revenue. This came in ahead of our expectations primarily due to the revenue beat.

Adjusted EBITDA increased 94% to $66 million in the quarter, which was very strong and exceeded our expectations, with the outperformance driven by favorable Center Margin. This resulted in a margin as a percentage of revenue of 15.2%, which is an impressive improvement of over 500 basis points from the second quarter of last year.

We also finished with positive net income of $24 million in the quarter, which was an improvement of $27 million from the second quarter of last year.

Turning to liquidity – we generated robust free cash flow of $88 million in the quarter, as compared to $57 million in the second quarter of last year. Free cash flow was driven by strong performance and collections in the quarter, and also benefitted from the favorable timing of payroll. These payments, along with our annual 401k match, represent roughly $60 million and will impact free cash flow in the third quarter.

We exited the quarter with a strong balance sheet, including a cash position of $226 million and net long-term debt of $259 million. Importantly, that cash balance is post the $49 million deployment toward share repurchases during the quarter.

As a result, our net leverage is currently 0.2x and gross leverage is 1.3x.

Additionally, this morning we announced that our Board of Directors approved a $100 million share repurchase authorization. Since launching our initial $100 million program earlier this year, we deployed $97 million of the previously authorized capacity. We believe we are well positioned with significant financial flexibility to support the business and execute on our strategic priorities.

In terms of our outlook for the full year, we are raising our revenue range by $45 million at the midpoint to $1.685 to $1.725 billion. The midpoint of the revenue guidance range implies a growth rate of 20% for the full year.

We are also raising our Center Margin range by $23 million at the midpoint to $570 to $594 million and raising our Adjusted EBITDA range by $15 million at the midpoint to $215 to $235 million. The midpoint of the Adjusted EBITDA guidance range implies a margin as a percentage of revenue of 13.2%, which is over 200 basis points of margin expansion year-over-year.

Our updated annual guidance assumes year-over-year revenue growth driven primarily by higher visit volumes combined with mid-single digit increases to our total revenue per visit.

Based on the Adjusted EBITDA outperformance so far this year, we continue to give ourselves flexibility to make additional investments in the second half of this year to better position us to support our long-term growth objectives.

We are investing across a number of strategic priorities, including:

- First, we are driving **patient acquisition** and expanding access to our services through marketing and further growing our business development team;
- Second, we are investing in our **technology** team to support current and future tech and AI enablement;
- Third, we are building out the teams that lead and support **clinical excellence** to drive improved patient outcomes; and
- Finally, we enhanced total **compensation and benefits** for our clinicians and many of our center support staff.

These investments are reflected in our updated outlook and support our continued focus on balancing growth, operational execution, and profitability.

Additionally, we continue to expect stock-based compensation of approximately $60 to $70 million this year.

For the third quarter, we expect revenue of $420 to $440 million, Center Margin of $140 to $152 million, and Adjusted EBITDA of $49 to $59 million.

Given our excellent performance in the first half of the year and the strong momentum in the business, I remain excited about our long-term growth potential.

With that, I'll turn it back to Dave for his closing comments.

Dave Bourdon, Chief Executive Officer

Thanks, Ryan.

In closing, our performance in the second quarter underscores the substantial opportunity in front of us. As we go deeper in our existing markets, grow our geographic reach, broaden our specialty capabilities, and strengthen our differentiation through clinical excellence and measurable patient outcomes, we are positioning LifeStance for sustained long-term growth.

Operator, we will now take questions.