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EMERGING TECH RESEARCH

Hinge Health Breaks IPO Logjam

Healthcare IPO window “hinges” on listing

PitchBook is a Morningstar company providing the most comprehensive, most accurate, and hard-to-find data for professionals doing business in the private markets.

Key takeaways

- Hinge Health’s listing is a key test case for the digital health IPO window—and for the IPO window broadly, considering the number of even larger delayed tech IPOs, such as those for Klarna, StubHub, Circle, and others.
- While there have been no major IPOs of VC-backed digital health companies in over three years, there are well over 50 digital health unicorns globally, and many of these are likely to explore exit options soon.
- Hinge Health’s listing is the first in what could be a wave of “B2B2C” companies going public in a shift from the more consumer-oriented digital health startups that went public in the 2020-2021 period.
- Fellow virtual care unicorn Omada Health filed to go public on May 9 and could follow with its own IPO in the coming weeks, assuming a successful Hinge Health listing.
- Other digital health companies on our IPO radar include Sword Health (Hinge competitor), Ro, Quantum Health, Spring Health, Zocdoc, Headway, Maven Clinic, and others.
- Hinge Health’s IPO pricing put the company’s valuation at \$2.6 billion, or \$2.9 billion on a fully diluted basis. This valuation is a nearly 60% decline from its \$6.2 billion valuation in October 2021, though this was near the top of the last market cycle.
- At its current public valuation of about \$2.8 billion, Hinge Health trades at a 5.6x forward EV/sales multiple, a reasonable figure considering Hinge’s growth profile.

Introduction

On May 22, virtual musculoskeletal (MSK) care platform Hinge Health completed its IPO—marking the first major public listing of a VC-backed healthtech company since 2021. The company initially filed its Form S-1 on March 10, but market uncertainty and tariff concerns temporarily delayed the offering. Despite those headwinds, Hinge Health moved forward with its debut and now trades at a valuation of approximately \$2.8 billion.

Hinge Health's platform provides virtual MSK care, overseen by a team of health professionals through AI motion tracking and an electrical nerve stimulation wearable cleared by the US Food and Drug Administration. Hinge Health offers a comprehensive suite of MSK care programs tailored to different needs. Its core offerings include long-term support for chronic conditions, acute injury care, surgical risk management, and recovery support before and after procedures. Specialized programs target women's pelvic health, fall prevention for older adults, and general wellness through preventive care and HingeConnect, a program where users can integrate electronic health records and coordinate with external providers.

By relying on digital delivery, Hinge Health offers a scalable, cost-effective care model while providing greater personalization for patients compared with traditional, in-person MSK treatment. Hinge Health markets to employers, typically through partnerships with health plans, third-party administrators, and pharmacy benefit managers. The company has established a strong enterprise customer base through active client agreements with 49% of Fortune 500 companies.¹ Hinge Health's 2,250 clients generated over \$390 million in revenue in 2024, a 33% YoY increase, though the company is not yet profitable on a full-year basis, incurring a net loss of \$11.9 million in 2024. Prior to the IPO, lead investors included Tiger Global Management and Coatue Management, and other investors from previous VC rounds were Atomico, Insight Partners, and Bessemer Venture Partners.

Other key players in the virtual MSK platform space include Sword Health, Kaia Health, Vori Health, and OneStep, and Sword currently stands alone as a similarly scaled market player with \$454 million raised, last valued at \$3 billion. We expect Hinge's listing could lead other healthtech unicorns to consider their own IPOs in the coming months, particularly if Hinge can sustain positive share price momentum. Other healthtech companies on our IPO radar for the year ahead include Omada Health, Zocdoc, Ro Health, Noom, Headspace, and Quantum Health.

Hinge Health: 10 key statistics²

1. 40% of US adults have a musculoskeletal (MSK) condition; 9% have sought physical therapy.
2. There are 120 million covered lives in the addressable market; 19 million are currently contracted in the existing client base.
3. Hinge has over 530,000 active members.

¹: "Form S-1 Registration Statement," US Securities and Exchange Commission, Hinge Health, March 10, 2025.

²: "Form S-1 Registration Statement," US Securities and Exchange Commission, Hinge Health, March 10, 2025.

4. Membership increased 43% in 2024 compared with 2023.
5. 3.4% of the member base engaged with Hinge Health in 2024, up from 3% in the year prior.
6. Hinge has over 2,200 clients, including 49% of Fortune 500 companies.
7. Five of the largest national health plans partner with Hinge in addition to three of the largest pharmacy benefit managers (PBMs) by market share.
8. Hinge saw 33% YoY sales growth in 2024, and 50% growth for the three months ending March 31, 2025.
9. Q1 2025 was the company's third straight profitable quarter, with a net income of \$17.1 million (marking a net loss of \$11.9 million for full-year 2024).
10. Hinge saw a gross margin of 81% in Q1 2025.

Select business risks:

- **Competitive dynamics:** In the longer term, Hinge Health's core product may not be significantly differentiated from other virtual MSK platforms. If competitors can produce similar offerings, it may increase pressure on pricing and lead to potential commoditization of the space.
- **Profitability outlook:** While Hinge Health's current financial performance appears strong, there is uncertainty about the durability of these results. The company may have deprioritized investment to generate pre-IPO profits; expansion into new markets such as fully insured employers, government health plans, and Medicare Advantage will require additional expense.
- **Market adoption:** Market acceptance may be hindered by limited clinical validation compared with established, in-person MSK care models. Concerns include a lack evidence for the benefits of virtual care over traditional methods and potential resistance from traditional providers.
- **Customer concentration:** Hinge Health relies significantly on a few large clients: Health Care Service Corporation (17% of 2024 revenue), Elevance Health (14%), and Aetna (12%), with contracts signed on three-year terms. Despite this concentration, health plan partners may be more likely to reduce promotion of the platform rather than fully cut ties.
- **Governance risk from dual-class structure:** Voting power is concentrated, with founders and preferred stockholders holding over 97% of voting control, reducing influence for other shareholders and potentially limiting governance transparency.³

Business model

Hinge Health takes a dual approach to its go-to-market strategy, working both directly with employers and through strategic partners such as health plans and PBMs. Employers can either contract with Hinge directly or use existing agreements

³: "Form S-1 Registration Statement," US Securities and Exchange Commission, Hinge Health, May 16, 2025.

through partners, which helps simplify and speed up implementation—the company is often able to launch with new clients within 40 to 100 days. Billing is triggered after members complete a session or reach key milestones. Hinge offers a few different options for billing its clients, ranging from a one-time payment, milestone-based payments, and its newest pricing approach of engagement-based pricing, which combines an upfront fee with billing for each completed session. For Hinge, revenue is typically recognized over the 12-month subscription period. The business model is built around recurring engagement and strong customer retention. In 2024, Hinge reported a net dollar retention rate of 117% and a 12-month client retention rate of 98%. A key strength is that billing is integrated into an employer’s medical spending through its health plan rather than being treated as a separate wellness expense, making the platform easier to adopt and stickier over time. While most partner contracts are structured as three-year agreements, they are nonexclusive and can be terminated with notice, introducing some contractual risk. However, we think termination is highly unlikely considering the platform’s increasing traction among health plan partner members and the current cost savings being generated.

Market analysis

The prevalence of MSK pain and the high cost of treating it makes MSK treatment a top driver of employer healthcare spending. In 2023, total US direct spending on MSK medical costs was \$661 billion, \$70 billion of which was spent on physical therapy.⁴ An aging population and growing shortage of physical therapists are likely to continue increasing total care spend on MSK pain.

By offering a more accessible and cost-effective alternative, Hinge Health hopes to capture current spending on in-person care as well as expand its core market by reaching the large patient population that does not seek physical therapy for their MSK condition due to inconvenience, cost, or inaccessibility. To achieve this, Hinge Health is targeting growth among its primary client base, self-insured employers, as well as further expansion into fully insured employers, Medicare Advantage, and federal insurance plans. The company estimates the total addressable market across these client segments to be \$18 billion, led by an estimated \$10 billion market opportunity in the self-insured market alone. Additionally, the expansion into Medicare and Medicaid presents an addressable market of \$9 billion.⁵ To better cater to the Medicare population, Hinge Health added a fall prevention program in 2023.

Other sources of total addressable market expansion include international markets and specialized product offerings. Hinge Health expanded to Canada in Q3 2024 and plans to continue expanding platform access for Europe-based employees of US clients in 2025. The company’s expansion into the market of non-US payers is still in its early stages.⁶ Additionally, new products such as the women’s pelvic health program introduced in 2022 help increase active users among the current client base.

4: "Form S-1 Registration Statement," US Securities and Exchange Commission, Hinge Health, March 10, 2025.

5: Ibid.

6: Ibid.

Select VC-backed MSK startups

Company	HQ location	Total VC raised (\$M)	Last financing valuation (\$M)	Last financing deal type	Date of last financing	Last financing deal value (\$M)
Hinge Health	San Francisco, US	\$827.6	\$2,600.0	IPO	May 22, 2025	\$437.0
Sword Health	Draper, US	\$453.7	\$3,000.0	Late-stage VC	June 4, 2024	\$130.0
Kaia Health	New York, US	\$126.8	N/A	Series C	April 21, 2021	\$75.0
Vori Health	Nashville, US	\$109.3	N/A	Series B	March 11, 2025	\$53.0
OneStep	New York, US	\$53.1	\$76.5	Series B	October 22, 2024	\$40.5
IncludeHealth	Dublin, US	\$30.7	\$8.8	Late-stage VC	November 19, 2024	\$5.0
Caspar	Berlin, Germany	\$20.1	N/A	Series B	July 14, 2021	\$10.7
Limber Health	Bethesda, US	\$17.2	\$33.5	Series A	May 31, 2024	\$16.1
Flok Health	Cambridge, UK	\$2.3	\$8.2	Series A	November 6, 2022	\$2.3

Source: PitchBook • Geography: Global • As of May 22, 2025

Valuation

Hinge Health currently holds a market capitalization of approximately \$2.8 billion, positioning it firmly within the mid-cap category. This valuation exceeds that of more established consumer-facing digital health peers such as GoodRx and Teladoc Health. Prior to its IPO, Hinge Health ranked among the top 10 most highly valued private healthtech startups; however, its current trading value places it within the top 50 when compared to still-private digital health peers.

Assuming a projected 2025 revenue of around \$500 million, Hinge Health trades at an EV/revenue multiple of 5.6x. This figure stands above that of most publicly traded digital health peers, but the premium appears justified given the company's stronger growth trajectory and healthier margin profile.

Hinge Health maintains a robust cash position, with over \$470 million on its balance sheet.⁷ This surplus likely exceeds its near-term operational cash requirements and should therefore be factored into valuation considerations. While the company raised more than \$400 million through its IPO, the majority of these proceeds are expected to be allocated toward tax withholding and other obligations related to restricted stock units, implying a neutral effect on enterprise value.⁸

7: "Form S-1 Registration Statement," US Securities and Exchange Commission, Hinge Health, May 16, 2025.

8: Ibid.

Hinge Health funding history

Deal	Date	Cumulative VC raised (\$M)	Post-money valuation (\$M)	Deal value (\$M)
Series A	July 2017	\$9.6	\$26.4	\$9.6
Series B	August 2018	\$35.6	\$90.0	\$26.0
Series C	February 2020	\$125.6	\$435.9	\$90.0
Series D	January 2021	\$425.6	\$3,000.0	\$300.0
Series E	October 2021	\$825.6	\$6,200.0	\$400.0
IPO	April 2025	\$825.6	\$4,000.0	N/A

Source: PitchBook • Geography: Global • As of March 26, 2025

For illustrative purposes, we have developed a simplified DCF model to provide a baseline range for Hinge Health’s intrinsic, cash flow based valuation. Our base-case assumptions lead to a valuation of just over \$3 billion for the company, near the company’s current market cap of \$2.8 billion. A key underlying assumption in our analysis is the free cash flow margin—currently 12%—which we view as an uncertain data point considering the company has a limited history of generating cash flow, having just achieved profitability for the first time in late 2024. In a more bullish scenario, bringing the firm’s free cash flow margin up to over 20% in the longer term leads to a significantly higher valuation of \$6.5 billion, as shown below.

Key model assumptions:

- **Cost of equity:** 10.5%
- **Forecast 2025 revenue growth:** 30%
- **Terminal revenue growth:** 5%
- **Current free cash flow margin:** 12%
- **Terminal free cash flow margin:** 16%
- **Nonoperating cash added to valuation:** \$300 million (\$466 million on balance sheet as of December 31, 2024)

DCF model output—base case:

Hinge Health	
Beta	1.5
Equity risk premium	5%
Risk-free rate	3%
Cost of equity	10.5%
2025 growth	30%
Terminal growth	5%
2025 FCF margin	12%

Year	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Revenue	\$390	\$507	\$634	\$767	\$905	\$1,041	\$1,165	\$1,270	\$1,359	\$1,427
Growth rate	N/A	30%	25%	21%	18%	15%	12%	9%	7%	5%
FCF margin	12%	12%	13%	13%	14%	14%	15%	15%	16%	16%
FCF	\$45.0	\$61.0	\$79.5	\$100.0	\$122.5	\$146.1	\$169.4	\$191.0	\$211.2	\$228.9

Terminal value	\$4,370.1
Present value terminal value	\$1,966.0
Net present value	\$819.4
2025 enterprise value (EV) excl. cash	\$2,785.4
2025 EV with cash	\$3,085.4
2025 EV/revenue	5.5x

Source: PitchBook
 Note: this model is for illustrative purposes only.

DCF model output—bull case:

Hinge Health	
Beta	1.5
Equity risk premium	5%
Risk-free rate	3%
Cost of equity	10.5%
2025 growth	30%
Terminal growth	7%
2025 FCF margin	12%

Year	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Revenue	\$390	\$507	\$639	\$786	\$943	\$1,103	\$1,258	\$1,396	\$1,522	\$1,628
Growth rate	N/A	30%	26%	23%	20%	17%	14%	11%	9%	7%
FCF margin	12%	13%	14%	15%	17%	18%	19%	20%	22%	23%
FCF	\$45.0	\$64.8	\$89.7	\$120.1	\$155.9	\$196.2	\$239.4	\$283.2	\$327.7	\$371.0
Terminal value		\$11,342.8								
Present value terminal value		\$5,103.0								
Net present value		\$1,122.3								
2025 EV excluding cash		\$6,225.3								
2025 EV with cash		\$6,525.3								
2025 EV/revenue		12.3x								

Source: PitchBook

Note: this model is for illustrative purposes only.

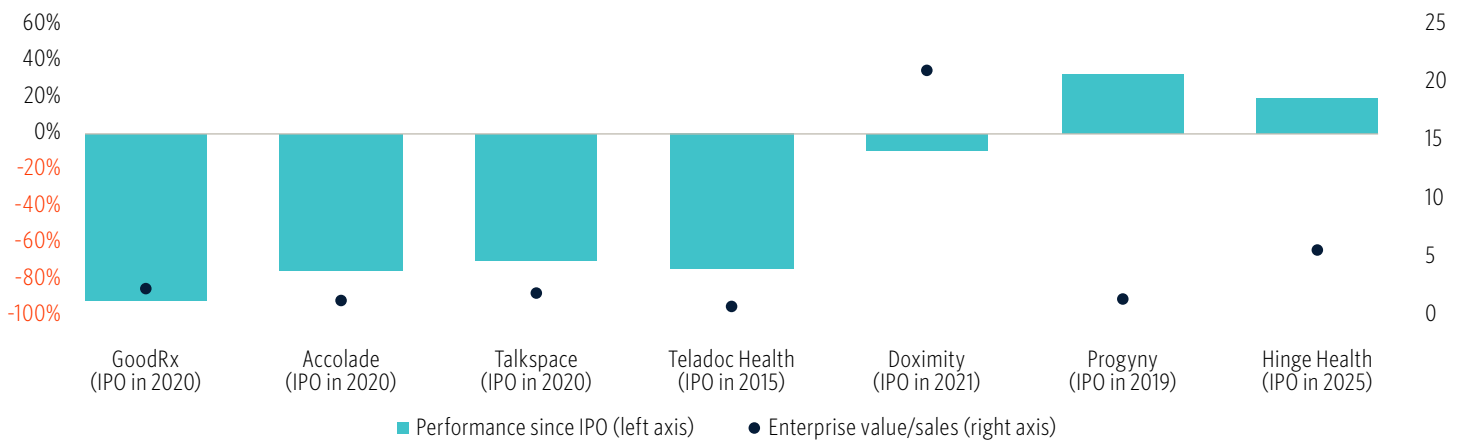
Beyond standalone valuation analysis, we expect investors will also look to analyze comparable companies as they develop a view of Hinge Health's valuation. One key challenge here is that there are no perfect comparables that could properly anchor Hinge's valuation, as Hinge Health is the first in what could be an upcoming wave of digital health companies seeking a public listing following the COVID-19 pandemic. The first wave was dominated by telehealth companies (Teladoc Health, Talkspace, and GoodRx) rather than the chronic-condition, employer-facing companies that account for the largest backlog of IPO-ready companies today. Below, we briefly review a few select comparables, as these public peers can provide a window into how investors value Hinge Health:

Doximity: The online networking service for medical professionals trades at a premium multiple to Hinge Health, though this is justified by a strong gross margin of over 90% and a free cash flow margin exceeding 35%. The company also operates a materially different business model with an ad-supported clinician platform.

GoodRx: The telemedicine platform has a comparable gross margin of about 90% and a free cash flow margin of about 14% to Hinge Health, but a significantly lower growth profile, as the company reported YoY sales growth of just 6% for 2024.⁹ GoodRx currently trades at price/sales multiple of about 2.3x.

Teladoc and Talkspace: Both trade at lower multiples compared with Hinge Health. This is deserved in our view, due to each company’s meaningfully lower margin profiles. Additionally, both companies are currently unprofitable.

Comparable healthtech company valuation and performance since IPO



Source: PitchBook • Geography: Global • As of May 22, 2025

Outlook

Hinge Health is well positioned from a business perspective in its core market of contracting with self-insured employers, both directly and through health plan partners. This segment benefits from excellent margins—over 80% as of last quarter—strong growth, and a scalable model that will require relatively modest investment as the company seeks to increase member engagement. However, we anticipate investors will also place significant weight on Hinge Health’s potential in adjacent markets, including fully insured employer clients, Medicare Advantage, and federal insurance populations. While we do not question the growth potential in these segments, meaningful expansion will likely require additional investment in research & development, sales, marketing, and technology. While Hinge Health achieved profitability for the first time in late 2024, we do not expect profits to accelerate rapidly. Instead, we expect the company will continue to aggressively pursue growth opportunities in the coming years. Investors should be mindful that future growth will require ongoing investment, which may compress margins in the medium term before profitability can meaningfully expand at scale.

Hinge Health faces considerable competition from both traditional in-person physical therapy and other virtual providers, most notably Sword Health. While there are some differences between Hinge Health and its competitors in pricing strategy and user experience, these platforms are ultimately more similar than

⁹ "GoodRx Reports Fourth Quarter and Full Year 2024 Results," GoodRx, February 27, 2025.

different. Emerging players could also put pressure on margins over time and lead Hinge to cut pricing to improve cost effectiveness for competitive payer partner contracts. And over time, payers may also begin to challenge pricing if the return on investment fails to meet the high expectations currently being promoted. That said, if Hinge Health can scale quickly, it may be able to cede some margin to protect market share. The inherently sticky nature of the product—due to patients' established routines and employers' bias toward benefit stability—should help reduce per-member operational costs over time. It also remains to be seen whether Hinge Health can establish effective integration with other care providers, as a patient's existing care team may lack visibility into or awareness of the care pathways provided through Hinge Health's platform. Hinge Health's HingeConnect feature is a good start here, although this product is primarily intended to provide patient information to Hinge Health's care team rather than share information externally. While Hinge Health has not prioritized formal integration with health systems to date, it has forged strategic partnerships with care navigation provider Quantum Health and specialty care network Carrum Health. These collaborations aim to connect Hinge Health's virtual physical therapy services with existing care pathways, enhancing coordination across different patient touchpoints.

As of March 31, Hinge Health held over \$470 million of cash on its balance sheet and could consider acquisitions to accelerate the build-out of a more comprehensive platform. As CEO Dan Perez stated in the company's S-1 filing, "we didn't come this far with digital physical therapy to stop at digital physical therapy,"¹⁰ indicating that expansion into other virtual-first care areas could be on the horizon. While there would be execution risk in expansion to noncore markets, we maintain a positive view of the leadership team's current vision and overall strategy, and we think Hinge Health has effectively balanced growth and profitability to date. Also of note is that Hinge Health will face added scrutiny as a public company, which could make it more cautious in pursuing bold strategic moves given the need to maintain a strong financial profile for investors focused primarily on quarterly and annual financial results.

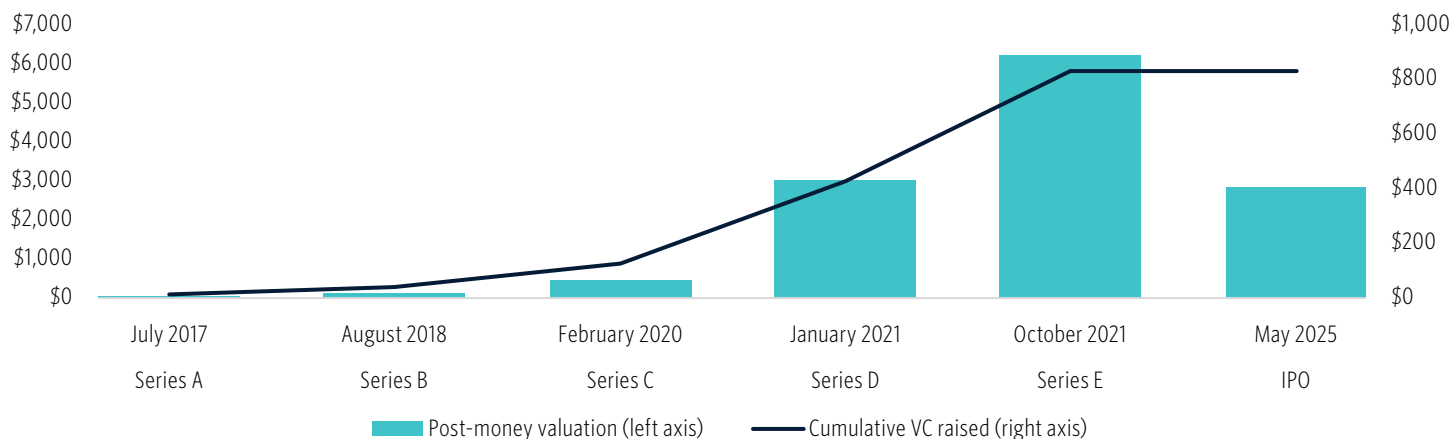
Implications for the Healthtech IPO window

Condition-specific virtual care companies focused on employer markets are shaping up to lead the next wave of digital health IPOs. Among the most closely watched is Omada Health, a digital health unicorn offering virtual programs for chronic conditions such as diabetes and hypertension. Omada reportedly filed confidentially this past summer, hinting that 2025 could be its year to go public, and we expect the outcome of Hinge Health's listing will be a significant factor in Omada's IPO decision. In healthcare broadly, PE-backed medical supply company Medline Industries has also filed confidentially for an IPO, and its potential listing this year could raise up to \$5 billion. Other potential IPO candidates in the Healthtech sector include a range of digital health & wellness companies like fellow MSK platform Sword Health, as well as Noom, Spring Health, Headspace, Headway, Zocdoc, Everly Health, and Quantum Health, among others. We expect these companies—and their investors—will be closely watching Hinge Health's IPO outcome as an indication of whether this year is the right time to explore a public listing.

¹⁰: "Form S-1 Registration Statement," US Securities and Exchange Commission, Hinge Health, March 10, 2025.

Appendix

Hinge Health valuation and cumulative VC raised (\$M) by series



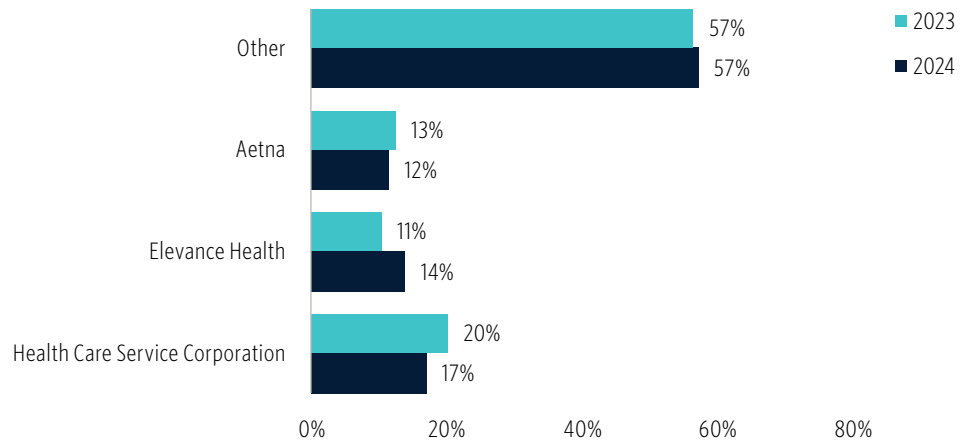
Source: PitchBook • Geography: Global • As of May 22, 2025

Hinge Health quarterly income statement

	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Q1 2025
Revenue	\$60,013	\$69,843	\$81,352	\$81,522	\$82,708	\$89,825	\$100,615	\$117,256	\$123,825
Cost of revenue	\$26,069	\$26,197	\$23,236	\$23,049	\$24,768	\$23,208	\$21,358	\$21,168	\$23,592
Gross profit	\$33,944	\$43,646	\$58,116	\$58,473	\$57,940	\$66,617	\$79,257	\$96,088	\$100,233
Gross margin	57%	62%	71%	72%	70%	74%	79%	82%	81%
Operating expenses:									
Research & development	\$25,223	\$27,800	\$28,457	\$28,578	\$29,763	\$24,920	\$23,785	\$22,371	\$23,499
Sales and marketing	\$33,911	\$36,072	\$36,370	\$41,266	\$42,143	\$44,894	\$44,570	\$35,451	\$46,716
General and administrative	\$15,392	\$16,906	\$15,601	\$19,117	\$17,458	\$14,354	\$14,747	\$17,356	\$16,881
Total operating expenses	\$74,526	\$80,778	\$80,428	\$88,961	\$89,364	\$84,168	\$83,102	\$75,178	\$87,096
Income from operations	-\$40,582	-\$37,132	-\$22,312	-\$30,488	-\$31,424	-\$17,551	-\$3,845	\$20,910	\$13,137
Operating margin	-68%	-53%	-27%	-37%	-38%	-20%	-4%	18%	11%
Other income, net	\$5,163	\$5,290	\$5,577	\$5,938	\$5,118	\$4,986	\$5,295	\$5,255	\$5,000
Net income before income taxes	-\$35,419	-\$31,842	-\$16,735	-\$24,550	-\$26,306	-\$12,565	\$1,450	\$26,165	\$18,137
Provision for income taxes	N/A	N/A	\$32	-\$437	\$158	\$361	\$1,109	-\$951	\$998
Net income after income taxes	-\$35,419	-\$31,842	-\$16,767	-\$24,113	-\$26,464	-\$12,926	\$341	\$27,116	\$17,139
Net Income margin	-59%	-46%	-21%	-30%	-32%	-14%	0%	23%	14%

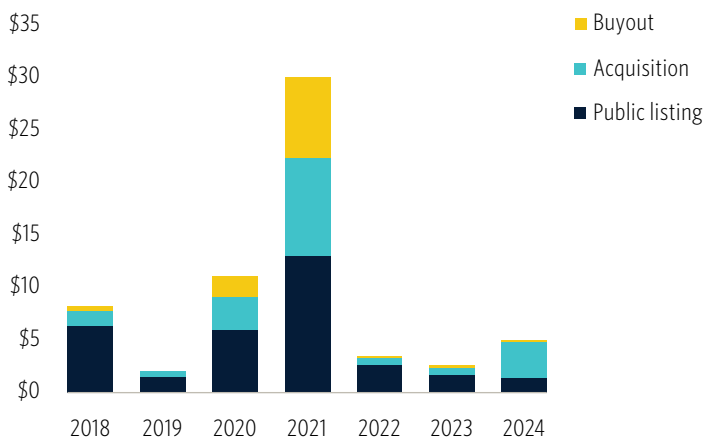
Source: Hinge Health S-1 filing • Geography: Global • As of March 10, 2025

Share of Hinge Health revenue by customer



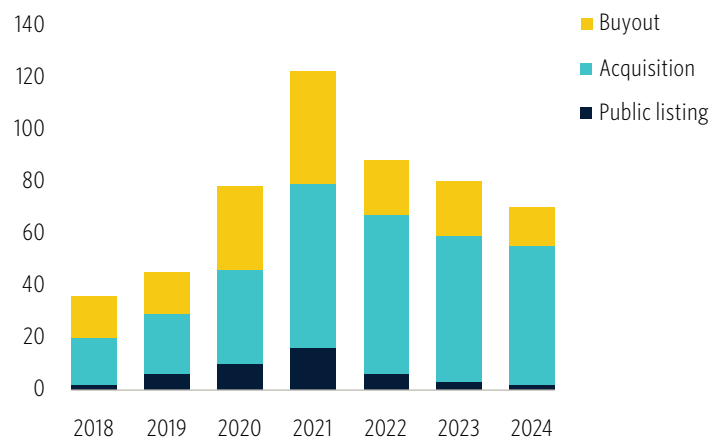
Source: PitchBook • Geography: Global • As of March 26, 2025

Healthtech VC exit value (\$M) by type



Source: PitchBook • Geography: Global • As of December 31, 2024

Healthtech VC exit count by type



Source: PitchBook • Geography: Global • As of December 31, 2024

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