Prenetics™

Prenetics Global Limited

Fourth Quarter and Full Year 2025 Earnings Conference Call

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CORPORATE PARTICIPANTS

Danny Yeung, *Chief Executive Officer and Co-Founder*

Stephen Lo, *Chief Financial Officer*

CONFERENCE CALL PARTICIPANTS

George Kelly, *Roth Capital Partners*

Thomas Forte, *Maxim Group*

Alex Hartman, *Sidoti & Company*

PRESENTATION

Operator

Greetings, and welcome to the Prenetics Fourth Quarter and Full Year 2025 Earnings Conference Call.

As a reminder, this call is being recorded.

Your hosts today are Danny Yeung, Chief Executive Officer and Co-Founder, and Stephen Lo, Chief Financial Officer. Mr. Yeung and Mr. Lo will present results of operations for the fourth quarter and full year ended December 31, 2025, and provide a corporate update. A press release detailing these results was released today and is available on the Investor Relations section of our Company's website, www.prenetics.com.

Before we begin the formal presentation, I would like to remind everyone that statements made on the call and webcast may include predictions, estimates, and other information that might be considered forward-looking. These statements are made under the Safe Harbor provisions of the U.S. Private Securities Litigation Reform Act of 1995. While these forward-looking statements represent our current judgment on what the future holds, they are subject to risks and uncertainties that could cause actual results to differ materially and are not a guarantee of future performance. You are cautioned not to place undue reliance on these forward-looking statements, which reflect our opinions only as of the date of this presentation.

Please keep in mind that we are not obligating ourselves to revise or publicly release the results of any revision to these forward-looking statements in light of new information or future events. Throughout today's discussion, we will attempt to present some important factors relating to our business that may affect our predictions. Unless otherwise specified, all information provided on this call is as of today's date and we undertake no duty to update such information. For a more complete discussion of these factors and other risks, you should review our annual reports and other documents and disclosures on file with the Securities and Exchange Commission at www.sec.gov.

At this time, I'll turn the call over to Prenetics' Chief Executive Officer, Danny Yeung. Please go ahead, sir.

Danny Yeung

Thank you, and good morning, everyone. Welcome to our fourth quarter and full year 2025 earnings call. For those who have been following our story, thank you very much for your continued support. For those new to Prenetics, you are joining us at a pivotal inflection moment.

2025 was the most transformative year in our Company's history. We achieved record revenue of $92.4 million, a 480% increase year-over-year, driven by the explosive launch of IM8, our premium consumer health brand, co-founded alongside David Beckham. In just our first year, IM8 reached a $120 million annualized revenue run rate, a trajectory that we believe is one of the fastest ever recorded in the global supplement industry.

We also completed a decisive strategic pivot, divesting our non-core assets to become a pure play consumer health leader. This has sharpened our focus, improved our margin profile, and solidified our balance sheet, which now stands at approximately $171 million in total liquidity with zero debt. Most importantly, we now have a clear roadmap to adjust EBITDA profitability by Q4 of 2027, supported by strong unit economics and significant operating leverage.

Today, I'll walk you through our strategic transformation and the incredible growth story of IM8. Stephen will then provide a detailed overview of our financial results, and I'll conclude with our outlook for 2026 before we open it up for Q&A.

Let me begin first with the transformation that occurred in 2025 and early 2026. Our goal was to streamline the Company and focus all of our resources on the highest growth, highest margin opportunities. We executed this by divesting three non-core assets. In June 2025, we sold ACT Genomics for $72 million with $46 million in cash back to Prenetics. In January of 2026, we exited the low-margin Europa business and completed an all-stock $13 million deal. Just yesterday, we announced that we sold our 35% stake in Insighta to Tencent for $70 million in cash, in which we have already received $69 million in our bank accounts.

These moves have unlocked significant Shareholder value, simplified our story, and fortified our financial position. As a result, our balance sheet is stronger than ever. As of February 15, 2026, we have $171.1 million in total adjusted liquid assets, including cash, financial assets, and our BTC holdings with zero debt. This gives us ample runway to invest in IM8's global expansion.

I also want to clarify our position on Bitcoin. We seized all Bitcoin purchases as of December 4, 2025, and we will permanently not engage in any Bitcoin or crypto purchases in the future. We currently hold 510 BTC on our balance sheet, which provides additional financial flexibility as we scale IM8. Our focus is squarely on building IM8 into a global consumer health powerhouse.

In line with this strategic focus, we recently announced a change to our Board of Directors. Andy Cheung, who joined our Board in connection with our Bitcoin strategy, has resigned. At the same time, we are thrilled to welcome Dr. Darshan Shah to our Board. Dr. Darshan is a leading expert in longevity, performance optimization, as well as building a network of longevity clinics in the U.S. His expertise will be invaluable as we scale IM8 globally.

Now let's turn to IM8. As everyone knows, we co-founded it with David Beckham. IM8 was built on the vision of making elite, science-backed nutrition accessible to everyone. This powerful combination of global influence and scientific credibility allowed us to achieve a $120 million annual recurring run rate in less than 12 months. This growth trajectory has been nothing but extraordinary. We went from $6 million Q1 to $27.4 million Q4. This isn't just a launch spike. It's a reflection of deep product market fit with IM8 on a global basis with 40% of revenues coming from the U.S. and 60% of revenues coming internationally across 30 different markets.

We achieved this growth with exceptional capital efficiency. Our blended LTV to CAC ratio is projected to be approximately 3X across all of our products, including the premium Beckham stack. Our payback period for the full year of '25 was just 3.4 months, allowing us to recycle marketing capital incredibly quickly.

In early 2026, we made a strategic shift to prioritize quarterly subscriptions, which was a new option for our customers. This, we believe, has been a game changer. Our blended average order value for every new customer has more than doubled, from $110 in 2025 to approximately $233 in early 2026. We are intentionally acquiring higher value customers, which strengthens our cash flow and locks in long-term predictable revenue. With an 80% new customer subscription rate, our business is built on a foundation of recurring revenue.

Our brand is also validated by the best. We've built an amazing scientific advisory board, including leading doctors and professors from the Mayo Clinic, Cedars-Sinai, and many more. Our global ambassadors, including world number one tennis champion, Aryna Sabalenka, and recently announced F1 phenom, Ollie Bearman, reinforce our credibility in the world of elite performance.

Before I hand it over to Steve, I want to share some exciting news on the investor research front. We are happy to announce that both Ralph Capital and Sidoti & Company have recently initiated research coverage on Prenetics, both with buy ratings and 12-month price targets, respectively, of $36 and $30. This is a strong validation of our strategy and growth trajectory. Given our momentum and increased market cap, we also expect a few more investment banks to initiate coverage in the coming quarter as well.

With that, I'll turn the call over to our CFO, Stephen Lo, to walk through the financials in more detail. Stephen?

Stephen Lo

Thank you, Danny, and good morning, everyone.

I'll begin with our fourth quarter results. Total revenue in the fourth quarter surged 457% year-over-year to $36.6 million, and increased 55% sequentially from Q3. This was driven by IM8, which contributed $27.4 million in Q4. Gross profit in Q4 grew over 800% year-over-year to $21.7 million, with a consolidated gross margin of 59%. Adjusted EBITDA loss for the fourth quarter was $2.3 million, a 70.4% improvement from the same period in the prior year, demonstrating significant operating leverage in our model as we scale.

For the full year 2025, total revenue was $92.4 million, up approximately 480% from 2024. Gross profit was $48.9 million, an approximately 428% increase. Full-year Adjusted EBITDA loss improved by 27% to $13 million. IM8 was the clear driver, generating $60.1 million in revenue for the full year 2025 at a healthy 63% gross margin. The divestiture of the low-margin Europa business will further enhance our consolidated margin profile in 2026.

Looking ahead, we are confidently reaffirming our 2026 guidance. We expect IM8 revenue of approximately $180 million to $200 million for full year 2026, representing nearly 300% year-over-year growth. We are targeting a gross margin of approximately 60% in full year 2026. We expect full year 2026 Adjusted EBITDA loss of approximately $16 million to $20 million, as we continue to invest in marketing to drive growth with a clear path to achieving Adjusted EBITDA profitability by Q4 2027.

With that, I'll turn it back to Danny for closing remarks.

Danny Yeung

Thank you, Stephen.

To summarize, we have successfully transformed Prenetics into a high-growth, well-capitalized consumer health leader. IM8 is on a clear path to becoming a billion-dollar global brand. Even for myself in my last 20-plus years of entrepreneurial career as both an operator and investor, I have never seen such strong momentum in one brand. We have the team, the strategy, and the financial strength to execute on this massive opportunity. I'm particularly excited about what's ahead.

In Q4 of this year, we plan to announce two new products that will enter very large total addressable markets. These launches will further diversify our portfolio and accelerate our growth trajectory. I am more confident than ever in the future of Prenetics and IM8.

Thank you for joining us today. I will now turn it over to the Operator for Q&A.

Operator

Thank you. We will now be conducting a question-and-answer session. If you would like to ask a question, please press star, one on your telephone keypad. A confirmation tone will indicate your line is in the question queue. You may press star, two if you would like to remove your question from the queue. For participants using speaker equipment, it may be necessary to pick up your handset before pressing the star keys.

Our first question will come from George Kelly with ROTH Capital Partners.

George Kelly

My first question is about the 90-day offering. I was wondering if you could walk us through the reasoning behind having that available, and what do you expect the benefit to be to your model?

Danny Yeung

Yes, great question. We actually started quarterly subscriptions in the U.S. first in December. Typically, how we do things, we do a lot of testing on our website, including optimizations on a daily basis. We start testing in the U.S. It was clear basically after a month of testing that consumers, number one, they really like this option. Number two, it provides benefits for both sides. The benefits from the consumer side, they get three months of product at a time. Consumers also save about $10 monthly as well.

From a comparison perspective, typically a normal customer previously, they would buy a one-month subscription for $89 monthly. Since the introduction of the quarterly subscription, it becomes $78 times three. Basically $235 for a quarterly subscription. We get that payment upfront. We also save on logistics costs because instead of shipping three monthly shipments, we ship it all at once. What that has done is actually has significantly increased our average order value from approximately $130 from end of Q4 to $233.

Basically, if you think about every single new customer that's coming into im8health.com, on average, every new subscriber is paying us $233. What this does is that basically it shortens our payback period or the period of time that we recoup our custom acquisition costs. We believe this is a significant benefit. At the same time, now for consumers, they now have three months of product to try the product.

Based upon our clinical trial results, after 90 days, individuals will then significantly feel the difference. For example, 95% of individuals after 90 days have felt a noticeable difference in higher energy levels, better sleep quality, better recovery, greater sleep. We do believe the 90 days will also increase retention rates as well. Overall, we believe it's a significant enhancement to our overall business.

George Kelly

Thank you. Then a second question, Danny, in your concluding remarks, you talked about two new SKUs coming this year. I understand if you're not going to tell us what they are at this point, but maybe if you could provide a little more information about timing of those launches, and how should we broadly think about new product opportunities? Do you expect any kind of new product, at least in the near term, to be similar to what you offer now where it's a subscription and it's monthly? Or might you expand into categories where there's whole different characteristics to the products?

Danny Yeung

Great question. Yes. Right now, our plan is to release two new SKUs by the end of Q4 of this year. Now, due to competitive reasons, I think we don't want to release too soon what these two SKUs are, but it will be in the health and performance space. It will definitely be in the health supplements categories. Also, these will be two large total addressable markets, which competitors are already doing easily anywhere from $500 million to $1 billion annually in terms of these SKUs. We do believe it could be a significant growth driver for us.

George Kelly

Okay. That's helpful. Last question for me. With respect to the guidance you put out for IM8 of $180 million to $200 million for the year, two questions on that. First, we're now through January and into February. I was wondering if you could help at all articulate trends you've seen so far. I think January is a pretty important month for the year. Any commentary there would be great. Then secondly, are the new products baked into that guide?

Danny Yeung

Great question. I think we are still seeing continued momentum. The momentum hasn't stopped basically on a month-over-month basis. In terms of the two new products, in terms of the revenue guidance, those are not baked into the $180 million to $200 million number.

George Kelly

Okay. Excellent. Thank you very much.

Operator

We will go next to Thomas Forte with Maxim Group.

Thomas Forte

Great. First off, Danny, congratulations on a wonderful fourth quarter and year and the breakout performance of IM8. I have three questions. I'll go one at a time. The first one is, can you talk about your customer acquisition costs and lifetime values for IM8 and how that's trended over time?

Danny Yeung

Yes. The customer acquisition costs. We actually lay this out in our investor deck. We actually have an investor deck that we publish on our website. Also, there's a link to it on the press release. You should think about it as it's roughly about 0.8X in terms of return ad spend. If let's say our blended average order last year for 2025 was $110, our CAC was $130. Then the key thing about this is that the payback pair is roughly 3.4 months. Basically, we factor that in when we're making decisions in terms of increasing spending or not increasing spending. But given the short time period of 3.4 months, we believe we actually have significant flexibility to go from three to six months, because in the DTC space, if you're at three months, it's excellent. At six months, it's good. That means we have a lot of runway.

Your other question, in terms of how that has trended, our CAC has, of course, our average order value has increased significantly from $110 basically to $233. Equally, our CAC has increased with that at the same ratio. Even from last January until now, we have not seen significant increases in CAC even as we scale. Also, we've been primarily focusing our marketing efforts, digital marketing efforts, on Meta and Google, roughly 85% on Meta, 15% on Google. By the end of this quarter and into Q2, we're going to be diversifying our marketing channels to include YouTube, podcasts, AppLovin, TikTok. We believe we're also going to be able to diversify our marketing channels even more in greater detail.

Thomas Forte

Excellent. Then for my second question, one of the many things you're doing that's impressed me is capitalizing on artificial intelligence. Can you talk about how you're using AI, including from a digital marketing standpoint?

Danny Yeung

Yes, great question. I'm a big proponent of the whole entire company using the latest AI tools and systems in place for us, not just from a digital marketing perspective, but across the organization, every function, every single employee, no matter what the department is. My team knows this very, very well. Any free time I have personally, I'm studying AI like crazy. For example, how we leverage AI in terms of digital marketing on a weekly basis, we'll roll out anywhere from about 800 to 1,000 new ads. We just let the algorithm decide what ads works. Then only about 10% of these ads will actually work. We call these a winning ad. Then every single week, we'll take 10% of those that work, and we replicate another 800 ads on a weekly basis. That gives you one example of basically how we use AI.

Of course, I think if you look in the investor deck, you'll also see, we launched an AI video last September with Aryna Sabalenka right before the U.S. Open. This one AI video garnered the highest number of views of any brand on Instagram. It reached 233 million views with one AI video featuring Aryna Sabalenka. When you get 233 million views in one video on top of funnel, you can then easily target new customers that have seen that video. These are specific examples of how we're leveraging AI, but we use AI in all parts of our business.

Thomas Forte

Wonderful. Onto the last one for me, you've done a great job of divesting multiple successful businesses. You have an unbelievable balance sheet. As a result, can you talk about your strategic M&A strategy, including your decision process and when to build versus when to buy?

Danny Yeung

Yes, I think 2025 was an extremely busy year. You can see, not only have we built a very strong business, which was from scratch. We built that organically, the whole brand, the playbook, all the doctors, all the scientists, all the brand ambassadors, and of course, the product. At the same time, we executed the selling of three of our non-core assets because the growth of IM8 was just so unbelievable that we knew we needed to double down on that.

Now, we have a very strong balance sheet. The reality is we have so many options available to us, but I would say our first focus is going to be building organically because, again, we believe we already have this performance marketing flywheel behind us. Unless there is a very strategic M&A opportunity, right now, our main focus is on building organically because, again, that's something that we can control very well. But again, we're always open for new opportunities if it makes sense.

Operator

Our next question comes from Alex Hantman with Sidoti & Company.

Alex Hantman

Thank you, and hi, Danny and Stephen. Congrats on the quarter and thanks for taking questions.

Maybe we could just start on the revenue growth for this year. I know you mentioned that new products are not baked into that. Could you share a little bit more about how much of the growth is expected from customer-based expansion versus average revenue per user uplift from quarterly plans?

Danny Yeung

I would say the majority of that growth is going to come from basically new customers. If you think about it, we achieved $60 million in full year revenue in our first year, and that's still a very new brand. This year, while there's a lot of people that have heard about IM8, there's still a significant population around the world that hasn't heard about IM8 or hasn't tried or used a product. Once people try the product, they use the product. Again, the product is effective, they'll stick on. A significant part of that growth is going to come from new customers.

If you look at our breakdown in terms of our top five markets with the U.S. being number one, representing 40% of revenue. Last year, the U.S. only represented $23 million out of $60 million. I think realistically, the U.S. market can easily support or absorb $300 million to $400 million on this one product. There's still a lot of headways, a runway to go. Our number two market is Canada, number three is the U.K., number four is Australia, number five is Singapore. We're a truly global diversified brand. We believe there's significant opportunities just by acquiring new customers onto the platform.

Alex Hantman

Great context. Thanks. Two more from us. Danny, I know you just spoke about some of the international revenue opportunities. I'm curious, as you've started localizing websites, what kind of revenue uplift have you seen and what international market center are you most excited about given that?

Danny Yeung

Yes, great question. This is another example of how we're in the process of leveraging AI tools specifically for international localization efforts. By Q2 of this year, we will be localizing in at least five different markets in terms of our whole website, our ads, our campaigns. For example, in Germany, Germany is now number eight or number nine in terms of global top markets. We believe the localization of our entire website will be at least a 10% to 15% increase in these local markets. Again, that's something that we're going to be launching by Q2, likely by the end of this quarter, actually.

Alex Hantman

Perfect. Thank you. Last one from us. I know you mentioned the Q4 2027 EBITDA profitability target. Could you talk a little bit about some of the key factors to achieving that, marketing leverage, scale, product mix? Do you have an accompanying EPS target?

Danny Yeung

Yes. I think, again, as we scale and given our gross margin is at 60%, profit will come with that. We're going to be able to have so much more leverage once we get to $250 million, $300 million in revenue because we have our manufacturers, our suppliers, our logistics on. We do believe that we can even slowly increase our margins from 60% to 62%, 63% within the next 12 to 18 months as well. That, coupled with the scale, will then get us to, we believe, profitability by the end of Q4 2027. It's just kind of continue doing what we're doing now, but by a much greater scale. Of course, all the costs get absorbed.

Alex Hantman

Understood. Thank you very much.

Operator

This now concludes our question-and-answer session. I would like to turn the floor back over to Danny Yeung for closing comments.

Danny Yeung

Great. Thank you, everyone, for joining us this morning. Again, I can't be more excited about what the future holds. I know I've been an entrepreneur, as mentioned, for 20 plus years, but this is something I'm incredibly passionate about building; a global brand making impact to millions of people around the world. We have a lot of great support from around the world as well from highly influential athletes, doctors and professors that make it so much fun to be able to go on this journey.

Again, thank you, everyone, for being with us today.

Operator

Ladies and gentlemen, thank you for your participation. This does conclude today's teleconference. You may disconnect your lines and have a wonderful day.