Prenetics Global Ltd.

Buy

(PRE – $18.99 - intraday) Price Target: $35

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IM8 Demand Remains Strong As Customer Economics Improve And Growth Outlook Expands; Reiterate Buy And $35 Price Target

Our Take - We believe Prenetics' Q2 results and subsequent July performance further demonstrate that demand for IM8 continues. While Q2 adj. EBITDA was materially below our expectations due to a significant increase in customer acquisition spending, we believe the underlying operating trends were more important. Prenetics acquired ~118K new customers during the quarter, nearly doubling q/q, while CAC remained essentially flat despite the higher spend. July then showed further acceleration, with revenue reaching $20.9M and CAC declining to approximately $239. Importantly, the company has continued to maintain strong retention across customer cohorts, with approximately 87% of revenue now recurring and active subscriptions reaching roughly 140K. We believe these trends support the view that growth is being driven by more than simply elevated marketing spend, as customers are not only trying the product but continuing to purchase it. The company has also demonstrated that elevated marketing spend is generating attractive returns over time. We believe the General Catalyst relationship meaningfully reduces the financial risk associated with continuing to scale this investment, as the facility can fund a significant portion of customer acquisition while preserving Prenetics' own liquidity and reducing the cash-flow burden typically associated with rapid DTC growth. With management now guiding to more than $400M of IM8 revenue in 2027, compared with $215M-$222M expected in 2026, we continue to see a substantial runway ahead. Despite this growth profile, >60% gross margins, a strong balance sheet, and increasingly visible recurring revenue, shares trade at less than 1x next year's revenue. We believe the current valuation materially understates the quality and growth profile of the business and see meaningful potential for multiple expansion. We reiterate our Buy rating and $35 price target.

Results And Outlook – Prenetics reported Q2 results that demonstrated continued momentum in the IM8 brand. Revenue increased approximately 289% y/y to $46.5M (consensus: $49.9M), including $45.0M from IM8, which increased 33% q/q. Adj. EBITDA of ($19.0M) was below consensus of ($6.8M), primarily reflecting a significant increase in customer acquisition spending as the company accelerated investment behind IM8. EPS was ($0.53) compared to consensus of ($0.84), benefiting from approximately $10M of net fair value gains and other related items. Management raised FY26 revenue guidance to $220M-$230M from $210M-$220M, with IM8 expected to contribute $215M-$222M. Q3 revenue is expected to be $63M-$64M, including $61.5M-$62.5M from IM8, while the high end of FY26 guidance implies approximately $81M of IM8 revenue in Q4. Management also introduced FY27 IM8 revenue guidance of more than $400M, guided to a 2H'26 adj. EBITDA loss of ($8M)-($12M), and reiterated its expectation to exit 2026 at an IM8 annualized revenue run-rate above $300M.

Changes	Previous	Current
Rating:	--	Buy
Price Target:	--	$35
FY26E Rev M:	$221.3	$225.0
FY27E Rev M:	--	$400.0
FY26E EPS:	($5.40)	($2.91)
FY27E EPS:	($4.49)	($1.26)

Profile	
Price (intraday):	$18.99
Shares Out (M):	17.3
Market Cap (M):	$328
Enterprise Value (M):	$269
Avg. Daily Vol (K):	196
Insiders Own:	14%
Short Int (M) / % of Float:	0.7 / 5%
Net Cash /Sh:	$3.42
Div / Yield:	NA / NA

Rev (M)	2025A	2026E	2027E
Mar	$14.6	$36.0A	$82.0
Jun	$12.0	$46.5A	$94.0
Sep	$23.6	$63.0	$110.0
Dec	$36.6	$79.6	$114.0
FY	$86.7	$225.0	$400.0

EPS	2025A	2026E	2027E
Mar	($0.68)	($1.61)A	($0.69)
Jun	($0.82)	($0.53)A	($0.51)
Sep	($0.41)	($0.68)	($0.12)
Dec	($1.77)	($0.36)	$0.06
FY	($3.79)	($2.91)	($1.26)
AEBITDA (M)	($18.7)	($36.5)	($9.6)

Valuation	2025A	2026E	2027E
EV/Rev	3.1x	1.2x	0.7x
EV/AEBITDA	NA	NA	NA

Management	
CEO	Danny Yeung
CFO – IM8	Brian Rosin

Company Description

Prenetics Global is a consumer health company focused on premium nutrition supplements and genetic testing services.

- **Lake Street's BIG10 Conference –** Prenetics will be participating in Lake Street's 10th Annual Best Ideas Growth (BIG) Conference held in New York on September 10th.
- **New Products Excluded From Guidance –** Hydration is expected to launch in Q4, followed by Gummies in Q1'27, and management reiterated that neither product is included in current FY26 or FY27 revenue guidance. More than 20% of surveyed existing customers have requested Hydration or Gummies, providing a potential cross-sell opportunity into the existing subscriber base.
- **General Catalyst Financing –** Subsequent to quarter-end, on July 14, Prenetics entered into a $1.0B non-dilutive growth financing agreement with General Catalyst's Customer Value Fund. The facility can fund up to 70% of IM8's monthly sales and marketing spend on a cohort-by-cohort basis, with Prenetics retaining full discretion over how much capital to draw and how that marketing spend is deployed. General Catalyst is repaid solely from the revenue generated by each financed cohort and earns a capped return, with no equity, warrants, fixed maturity, financial covenants, cross-collateralization, or recourse beyond the financed cohorts. Based on management's expected payback periods, General Catalyst's blended premium is projected at approximately 4.7%-7.6%, with a maximum return capped at 1.17x. Once General Catalyst recovers its capital plus the capped return, all subsequent customer value accrues to IM8. We view the structure as an important de-risking event for the business, as it allows Prenetics to continue investing aggressively in customer acquisition while preserving liquidity for product development, clinical research, international expansion, and other strategic uses. Importantly, the facility does not reduce reported marketing expense or benefit adjusted EBITDA; funding is recorded as a financial liability, with General Catalyst's return recognized as interest expense.
- **Guidance Summary –**

Guidance

Period	CircleDNA / Other	IM8	Total
Q3'26 Revenue	$1.5M	$61.5M-$62.5M	$63M-$64M
Q4'26 Revenue	NM	$81M	NM
Dec. '26 ARR	NM	$300M+	NM
2H'26 Adj. EBITDA	NM	NM	($8M)-($12M)
FY26 Revenue	$5M-$8M	$215M-$222M	$220M-$230M
FY27 Revenue	NM	$400+	NM

Source: Company Information

Figure 1 – Prenetics Guidance

INVESTMENT THESIS AND VALUATION

Prenetics is a consumer health company centered around its rapidly growing IM8 supplement platform. Following the divestiture of several non-core assets, the company has transitioned into a focused direct-to-consumer health platform built around a high-growth, subscription-driven model. IM8 has scaled rapidly since launching in late 2024, supported by strong customer acquisition, consistent retention, approximately 87% recurring revenue, and gross margins in the mid-60% range. We believe these metrics increasingly demonstrate that demand is durable and that IM8 is developing into a scaled global wellness brand rather than simply an early-stage supplement product. The recently announced $1.0B General Catalyst facility further strengthens the investment case by providing non-dilutive capital to support customer acquisition while preserving liquidity for new products, international expansion, and clinical research. Looking ahead, management expects IM8 revenue to exceed $400M in 2027, with additional upside from new product launches not included in current guidance. We believe continued execution, improving operating leverage, and sustained customer economics can support meaningful multiple expansion over time.

Our $35 Price Target – We derive our $35 price target by applying a 1.5x EV/Revenue multiple to our 2027 total revenue estimate of $400.0M. Our valuation incorporates $59.0M of cash and cash equivalents to arrive at our equity value. We believe a 1.5x revenue multiple is appropriate given the company's early-stage growth profile, its transition to a pure-play consumer health platform centered around IM8, and management's expectation for continued strong revenue growth.

RISKS

A position in Prenetics includes the following risks:

- **Single-Brand Concentration –** After divesting from ACT Genomics, Insighta, and Europa, Prenetics has narrowed its business down to IM8 and CircleDNA. While CircleDNA offers some diversification, it is a relatively small contributor to revenue and is not a meaningful offset to IM8 in terms of scale or trajectory. Therefore, the investment thesis rests almost entirely on IM8's execution.
- **Customer Retention –** IM8 has demonstrated strong retention across its first 20 months, with approximately 87% of revenue recurring and retention trends remaining relatively consistent across customer cohorts. However, the business remains early in its lifecycle, and higher-than-expected churn could reduce lifetime customer value and negatively impact the returns generated on customer acquisition spending.
- **Lack Of Profitability –** The company is currently not profitable. If the company continues to post losses, it may need additional capital in the future.
- **Competitive Market Dynamics –** The dietary supplement sector is highly competitive, featuring well–established brands and new market entrants. Increased competition could lead to pricing pressures, reduced margins, and market share erosion. Additionally, shifting consumer preferences and emerging health trends may require continuous innovation, potentially leading to higher expenses.
- **Regulatory Compliance And Industry Oversight –** The nutritional supplement industry is subject to strict regulatory scrutiny from agencies such as the FDA and FTC. Changes in legislation, enforcement actions, or evolving consumer protection policies could increase compliance costs and limit the company's ability to market or sell certain products. Regulatory risks present potential operational hurdles that could impact future growth.
- **Celebrity And Influencer Dependency –** IM8 has built significant brand equity around its high–profile ambassador relationships. These endorsements have driven meaningful awareness and lend credibility to the brand's premium positioning. However, a reputational issue involving an ambassador could damage consumer trust at a critical stage of growth. The company has continued to add ambassadors, broadening the portfolio but also increasing exposure to the public actions of individuals outside management's direct control.
- **Dual-Class Share Structure** – The company maintains a dual-class share structure in which Class B shares carry 20 votes per share compared to one vote per share for Class A shares. As a result, holders of Class B shares, primarily company insiders and early investors, maintain a disproportionate level of voting control relative to their economic ownership. This structure limits public shareholders' ability to influence corporate governance decisions and may reduce the impact of shareholder votes on matters such as board composition and strategic

direction. Some institutional investors view dual-class structures unfavorably, which could limit the potential investor base for the shares.

FINANCIAL MODEL

Prenetics Global Ltd.

Fiscal Year End Dec. 30	2024	2025					2026					2027				
Income Statement *($ and shares in 000s)*	**2024A**	**Mar-25A Q1**	**Jun-25A Q2**	**Sep-25A Q3**	**Dec-25A Q4**	**2025A**	**Mar-26A Q1**	**Jun-26A Q2**	**Sep-26E Q3**	**Dec-26E Q4**	**2026E**	**Mar-27E Q1**	**Jun-27E Q2**	**Sep-27E Q3**	**Dec-27E Q4**	**2027E**
Revenue	**15.936**	14.597	11.964	23.555	36.558	**86.674**	35.954	46.488	63.000	79.558	**225.000**	82.000	94.000	110.000	114.000	**400.000**
Direct costs	**6.659**	8.707	10.391	9.531	14.817	**43.446**	12.671	16.285	22.680	28.641	**80.277**	28.880	32.660	37.900	38.760	**138.200**
Gross Profit	**9.277**	**5.890**	**1.573**	**14.024**	**21.741**	**43.228**	**23.283**	**30.203**	**40.320**	**50.917**	**144.723**	**53.120**	**61.340**	**72.100**	**75.240**	**261.800**
Operating expenses																
Other income and other net gain	**(2.006)**	(0.203)	0.196	(0.395)	(0.227)	**(0.629)**	(0.840)	(0.941)	(0.941)	(0.941)	**(3.663)**	(0.941)	(0.941)	(0.941)	(0.941)	**(3.764)**
Selling and marketing expenses	**5.413**	4.133	5.457	9.859	16.091	**35.540**	22.205	41.300	45.000	50.000	**158.505**	56.000	60.000	64.000	63.000	**243.000**
Research and development expenses	**9.051**	2.007	1.212	1.170	0.743	**5.132**	1.443	0.757	1.000	1.000	**4.200**	2.000	2.000	2.000	2.000	**8.000**
Impairment loss of goodwill	**0.000**	0.000	0.000	0.000	8.194	**8.194**	0.000	0.000	0.000	0.000	**0.000**	0.000	0.000	0.000	0.000	**0.000**
Administrative and other expenses	**33.090**	8.315	10.489	9.554	17.298	**45.656**	9.341	10.065	11.000	11.000	**41.406**	12.000	13.000	13.000	14.000	**52.000**
Total Operating Expenses	45.548	14.252	17.354	20.188	42.099	93.893	32.149	51.181	56.059	61.059	200.448	69.059	74.059	78.059	78.059	299.236
Operating Income (Loss)	**(36.271)**	**(8.362)**	**(15.781)**	**(6.164)**	**(20.358)**	**(50.665)**	**(8.866)**	**(20.978)**	**(15.739)**	**(10.142)**	**(55.725)**	**(15.939)**	**(12.719)**	**(5.959)**	**(2.819)**	**(37.436)**
Total other income	(9.754)	(0.460)	(0.889)	(0.615)	(8.012)	(9.976)	(18.442)	11.895	3.939	3.939	1.331	3.939	3.939	3.939	3.939	15.756
Pre-Tax Income (Loss)	**(46.025)**	**(8.822)**	**(16.670)**	**(6.779)**	**(28.370)**	**(60.641)**	**(27.308)**	**(9.083)**	**(11.800)**	**(6.203)**	**(54.394)**	**(12.000)**	**(8.780)**	**(2.020)**	**1.120**	**(21.680)**
Income tax (expense)/credit	7.639	(0.020)	0.033	(0.009)	(0.043)	(0.039)	0.028	0.005	(0.024)	(0.012)	(0.003)	(0.024)	(0.018)	(0.004)	0.002	(0.043)
Loss from continuing operations	(38.386)	(8.842)	(16.637)	(6.788)	(28.413)	(60.681)	(27.336)	(9.088)	(11.776)	(6.190)	(54.397)	(11.976)	(8.762)	(2.016)	1.118	(21.723)
Net Income (Loss)	**(49.806)**	**(11.015)**	**(18.443)**	**(8.693)**	**(28.157)**	**(66.309)**	**(23.105)**	**(8.980)**	**(11.776)**	**(6.190)**	**(50.058)**	**(11.976)**	**(8.762)**	**(2.016)**	**1.118**	**(21.723)**
Net income (Loss) / share - Diluted	**(3.04)**	**(0.68)**	**(0.82)**	**(0.41)**	**(1.77)**	**(3.79)**	**(1.61)**	**(0.53)**	**(0.68)**	**(0.36)**	**(2.91)**	**(0.69)**	**(0.51)**	**(0.12)**	**0.06**	**(1.26)**
Weighted Avg. Shares Out. Diluted (M)	12.495	13.004	13.247	13.895	16.034	14.053	16.983	17.266	17.266	17.266	17.195	17.266	17.266	17.266	17.266	17.266
Adj. EBITDA	*(17.853)*	*(4.524)*	*(9.848)*	*(2.083)*	*(2.252)*	*(18.705)*	*(5.599)*	*(19.028)*	*(8.740)*	*(3.165)*	*(36.538)*	*(8.939)*	*(5.732)*	*1.001*	*4.129*	*(9.628)*
Growth Y/Y																
Revenue	*NA*	*127.6%*	*370.3%*	*567.7%*	*457.0%*	*443.9%*	*146.3%*	*288.6%*	*167.5%*	*117.6%*	*159.6%*	*128.1%*	*102.2%*	*74.6%*	*43.3%*	*77.8%*
Margins																
Gross Profit	*58.2%*	*40.4%*	*13.1%*	*59.5%*	*59.5%*	*49.9%*	*64.8%*	*65.0%*	*64.0%*	*64.0%*	*64.3%*	*64.8%*	*65.3%*	*65.5%*	*66.0%*	*65.5%*
Adj. EBITDA	*-112.0%*	*-31.0%*	*-82.3%*	*-8.8%*	*-6.2%*	*-21.6%*	*-15.6%*	*-40.9%*	*-13.9%*	*-4.0%*	*-16.2%*	*-10.9%*	*-6.1%*	*0.9%*	*3.6%*	*-2.4%*

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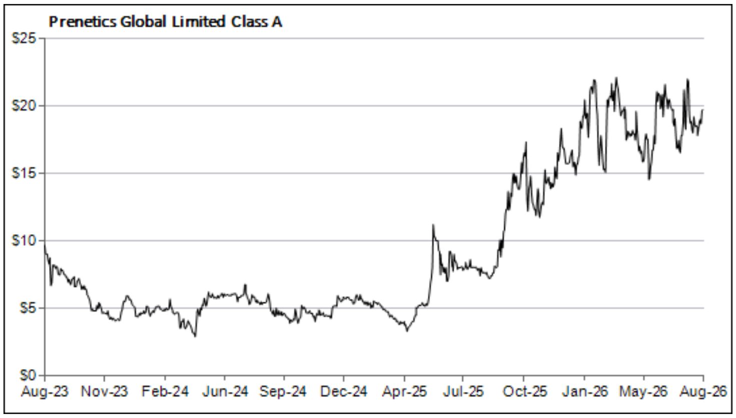

Source: FactSet

Initiate: March 16, 2026 – Rating: Buy – Price Target: $29

July 15, 2026 – Rating: Buy – Price Target: $35

RATINGS DEFINITION

Buy rated stocks are expected to generate greater than 10% returns during the next 12 months. **Hold** rated stocks are expected to generate returns of 0% to 10% during the next 12 months. **Sell** rated stocks are expected to generate negative returns over the next 12 months and generally do not have a price target.

Information on our valuation methodology and risks can be found in the "Investment Thesis & Valuation" and "Risks" sections.

RATINGS DISTRIBUTION

(as of June 10, 2026)

Rating	All Covered Companies (%)	Investment Banking Clients (%)
Buy	96.1%	22.6%
Hold	3.9%	0.0%
Sell	0.0%	0.0%

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