

# Zacks Small-Cap Research

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## Prenetics Global Ltd. (PRE-NASDAQ)

### PRE: Initiating Coverage: Rapid Growth and Worldwide Reach

Prenetics Global is a health care company with a rapidly growing product in the premium growth supplement market. We value PRE at \$30.00 per share using conservative assumptions on a DCF basis.

### OUTLOOK

Prenetics is a health care company that has undergone a dramatic transformation that has resulted in exponential growth in revenues and a worldwide reach for a premium supplement.

IM8 is the company's brand name premium supplement and through great science, customer retention and smart marketing, sales growth has been exponential. Recurring revenue and new products, combined with increased word of mouth, should result in continuing rapid growth.

Current Price (04/07/26) \$19.10  
Valuation \$30.00

### SUMMARY DATA

52-Week High \$22.15  
52-Week Low \$3.29  
One-Year Return (%) 423.29  
Beta 0.27  
Average Daily Volume (sh) 170,713

Shares Outstanding (mil) 17  
Market Capitalization (\$mil) \$321  
Short Interest Ratio (days) N/A  
Institutional Ownership (%) 25  
Insider Ownership (%) N/A

Annual Cash Dividend \$0.00  
Dividend Yield (%) 0.00

5-Yr. Historical Growth Rates  
Sales (%) -29.7  
Earnings Per Share (%) N/A  
Dividend (%) N/A

P/E using TTM EPS N/A  
P/E using 2026 Estimate -7.5  
P/E using 2027 Estimate 26.6

Risk Level  
Type of Stock Industry  
Average Small-Blend Health care

### ZACKS ESTIMATES

#### Revenue

(in millions of \$)

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2024	6 A	6 A	8 A	18 A	31 A
2025	17 A	18 A	24 A	37 A	92 A
2026	40 E	44 E	49 E	53 E	186 E
2027	60 E	65 E	72 E	81 E	278 E

#### Earnings per share

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2024	-\$0.38 A	-\$0.88 A	-\$0.84 A	-1.29 A	-\$3.39 A
2025	-\$0.80 A	-\$0.94A	-\$0.53 A	-\$1.75 A	-\$4.02 A
2026	-\$0.73 E	-\$0.67 E	-\$0.59E	-\$0.50 E	-\$2.49 E
2027	-\$0.32 E	-\$0.05 E	\$0.22 E	\$0.52 E	\$0.37 E

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## KEY POINTS

- Prenetics has undergone a dramatic transformation that has resulted in a more efficient and focused company poised to capitalize on its premium supplement product.
- IM8 is the company's signature product and has experienced rapid growth, with most customers signing up on a subscription basis.
- Through new product development backed by solid science combined with a smart global market effort, Prenetics is poised to continue to grow rapidly and reach profitability in the near future.

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## OVERVIEW

Zacks is initiating coverage of Prenetics Global Limited (PRE) with valuation of \$30.00. Prenetics is a health care company focused on the premium supplement market that has undergone a dramatic transformation over the past several years, evolving from a pandemic-era diagnostics company into a consumer-focused health and wellness platform. Early results indicate that pivot—anchored by its IM8 brand which was co-founded by David Beckham—is already delivering hypergrowth, with \$120 million in annualized recurring revenue achieved within 12 months of launch, and a clear path to profitability.

Prenetics was founded in 2014 as a genomics and diagnostic testing company, building its early reputation through genetic testing products such as CircleDNA and clinical diagnostics services. The company experienced rapid growth during the COVID-19 pandemic, when testing demand drove substantial revenue to the tune of more than \$700m revenue in 3 years. However, like many pandemic beneficiaries, Prenetics faced a sharp reset as COVID-related revenues declined. This triggered a multi-year strategic overhaul beginning around 2023–2024, during which the company divested non-core and clinical assets, including ACT Genomics, and shifted toward a consumer health model.

By 2024, Prenetics had entered what management described as a “rebuilding phase,” generating approximately \$30.6 million in revenue with its legacy business units. The balance sheet remained solid, with roughly \$85 million in cash and no debt, giving the company flexibility to reinvest in growth. The inflection point that we believe will be the difference maker came in 2025, driven entirely by the launch and rapid scaling of IM8, a premium nutrition and longevity brand co-founded with David Beckham. IM8 demonstrated exceptional early traction, reaching approximately \$120 million in annualized recurring revenue within just 12 months—an unusually fast ramp for a consumer health product. This translated into full-year 2025 company revenue of \$92.4 million, representing approximately 480% year-over-year growth.

Importantly, this growth was accompanied by a broader simplification of the business. Prenetics exited lower-margin or non-core operations, strengthened its liquidity position to roughly \$170 million, and remained debt-free. While the company is still operating at an EBITDA loss, those losses are narrowing even as marketing spend accelerates to support IM8's global expansion.

Finally, the company has added a couple of impressive athletes to its endorser list—World #1 female tennis player Aryna Sabalenka, global basketball superstar Giannis Antetokounmpo, and F1 phenom driver Ollie Bearman, which we believe further backs up the claims of IM8 and enhances the worldwide marketing effort.

What makes the ambassador model particularly noteworthy from an investment perspective is the structure of these partnerships. Aryna Sabalenka, Giannis Antetokounmpo and Ollie Bearman chose to take equity in Prenetics rather than a traditional cash endorsement, becoming shareholders in Prenetics. This mirrors the David Beckham co-founder arrangement and represents, to our knowledge, one of the first instances in the supplement industry where multiple world-class athletes across different sports have independently opted into equity-based partnerships with a single brand. We view this as a meaningful signal of product conviction—these athletes and their advisory teams conducted due diligence on IM8 and chose long-term upside over guaranteed cash. This equity-aligned model also reduces the cash burden of ambassador deals on the P&L, which is strategically advantageous as the company scales toward profitability.

### **The Key to the Turnaround—IM8**

As outlined above, IM8, the flagship consumer product of Prenetics, represents a deliberate attempt to reposition the company at the intersection of longevity science, premium nutrition, and direct-to-consumer subscription health. Rather than a traditional supplement line, IM8 is designed as a “platform product”—a daily, all-in-one formulation intended to consolidate a wide range of health interventions into a single regimen.

At its core, IM8’s primary product suite revolves around powdered drink supplements such as “Daily Ultimate Essentials” and the more advanced “Daily Ultimate Longevity.” These are positioned as comprehensive nutritional systems rather than single-function supplements. The flagship formulation is marketed as replacing up to 16 different supplements in one daily serving, combining vitamins, minerals, adaptogens, amino acids, and longevity-focused compounds into a single delivery format. This is one of its selling points as far as value is concerned, instead of consumers having to buy multiple supplement that can add up to hundreds of dollars a month, they can get all of those in one product—IM8. What differentiates IM8 conceptually is its explicit grounding in modern longevity science, particularly the “12 hallmarks of aging,” a framework widely discussed in academic biology following landmark research published in *Cell* (a *Cell Press* journal) in January 2023. The “Daily Ultimate Longevity” product is specifically formulated to target these biological pathways—such as genomic instability, mitochondrial dysfunction, and cellular senescence—through a multi-ingredient approach.

The formulation itself is built around what the company calls a proprietary “5-Complex System,” designed to deliver clinically relevant doses of multiple compounds within a single powdered format. This delivery mechanism is notable because it allows for significantly higher ingredient loading than capsule-based supplements—reportedly over 1,000% greater active ingredient capacity—enabling inclusion of compounds such as NMN (linked to NAD+ metabolism), spermidine (associated with autophagy), and amino acids like glycine.

From a scientific validation standpoint, IM8 sits in a middle ground typical of the premium supplement industry. The company emphasizes that its ingredients are “clinically validated,” meaning the individual compounds included in the formulation have been studied in isolation in peer-reviewed settings. Additionally, the development process involved collaboration with an impressive scientific advisory board that includes physicians, longevity researchers, and advisors affiliated with institutions such as the Mayo Clinic and even former NASA scientific leadership. The company also notes that the formulations are rigorously tested by third parties, which includes NSF Certified for Sport verification, to ensure safety, purity, and performance. This certification tests for over 280 banned substances, heavy metals, and contaminants while verifying ingredient dosages to match the label.

However, it is important from an investment and scientific perspective to distinguish between ingredient-level evidence and product-level clinical validation. While the ingredients themselves may have supporting literature, there is limited public evidence of large-scale, randomized controlled trials specifically validating the IM8 formulation as a whole. However, the company does report on a 12-week randomized controlled clinical trial that 95% of participants felt a noticeable difference in daily energy levels, 80% reported getting better sleep, 85% felt less bloated and had improved digestion, and 75%

noticed sharper focus and improved mental clarity. We also believe the increasing number of consumers subscribing to receive the product on a quarterly basis speaks to the effectiveness of IM8 in the opinion of those that use it on a daily basis.

Commercially, IM8 has demonstrated one of the fastest growth trajectories seen in the global supplements market. Launched in December 2024, the product scaled from roughly \$600,000 in monthly revenue at inception to approximately \$6.6 million by September 2025, implying a compound growth rate exceeding 2,400%. By October 2025, monthly revenue had reached about \$9 million, and by December 2025 it surpassed \$10 million per month.

## IM8 Sales by Month



Source: Prenetics.com

This rapid scaling translated into approximately \$60 million in full-year 2025 revenue attributable to IM8 alone, making it the dominant contributor to Prenetics' overall \$92.4 million in revenue. Even more striking is the product's subscription-driven model: roughly 80% of customers enroll in recurring purchases, providing a high degree of revenue visibility and underpinning its annualized recurring revenue (ARR) metric.

By the end of 2025, IM8 had achieved an ARR run rate of approximately \$120 million within just 12 months of launch—a pace that management has described as unprecedented in the supplement industry. This growth has been supported by strong unit economics, including gross margins around 60%, high average order values exceeding \$130, and relatively short customer acquisition payback periods of under four months.

Looking forward, the company's projections for IM8 remain aggressive and are central to the broader investment thesis. Management has guided to \$180–\$200 million in IM8 revenue for full-year 2026, implying continued rapid scaling and a potential \$300 million ARR run rate by the end of this year. This growth is expected to be driven by international expansion, additional product launches within the IM8 ecosystem—with the company expecting to add two new products later this year, and continued emphasis on subscription retention, much of which as switched to quarterly from monthly, and premium branding.

In essence, IM8 is less a single product and more a vertically integrated consumer health model built around three pillars: science-backed longevity positioning, premium branding (including high-profile partnerships such as David Beckham), and a subscription-based revenue engine. Its early commercial success suggests strong product market fit, particularly among consumers seeking simplified, all-in-one health optimization solutions.

## Premium Supplement Market

The premium health supplement market sits at the intersection of a large, structurally growing industry and a rapidly evolving consumer preference set that increasingly favors quality, efficacy, and brand trust over commoditized nutrition, which we see as an advantage to companies like Prenetics. The broader dietary supplement market provides important context: globally, the category spans hundreds of billions of dollars with steady mid-to-high single digit growth, while the U.S. alone represents a \$60–80 billion market growing near or above 9% annually according to Grand View Research. Against this backdrop, the premium segment—though not always separately reported—is outgrowing the category, driven by higher-income consumers, aging populations, and a shift toward preventive healthcare and personalization.

Competition in the premium segment is best understood as a three-tiered structure consisting of scaled legacy brands moving upmarket, digitally native premium challengers, which is where Prenetics primarily lives, and practitioner-grade or science-led niche companies. Each cohort competes on different axes—price, formulation credibility, distribution control, and brand equity—creating a fragmented but increasingly sophisticated competitive landscape.

Legacy supplement companies, including large multinationals and mass-market vitamin brands, retain structural advantages in scale, manufacturing, and distribution. These firms dominate retail shelf space and benefit from long-standing consumer awareness. However, we believe their historical positioning around commoditized vitamins and minerals leaves them vulnerable in the premium segment, where consumers are willing to pay for perceived quality differentiation such as bioavailability, clean-label ingredients, or clinically backed formulations. As a result, many incumbents have tried to play catch up by launching premium sub-brands, acquiring niche players, or reformulating products to align with emerging trends like probiotics, herbal blends, and functional nutrition—segments that are among the fastest growing in the industry.

Digitally native brands, where primarily Prenetics lives, in our view, represent the most disruptive competitive force in the premium category. These companies have leveraged direct-to-consumer (DTC) distribution, subscription models, and personalized nutrition platforms to build high-margin, recurring revenue businesses. Their competitive advantage lies in customer acquisition, branding, and speed of innovation rather than manufacturing scale. We want to note that this model is typically capital intensive, reliant on sustained marketing spend, and increasingly competitive as customer acquisition costs rise and large players attempt to adopt similar digital strategies.

A third, highly defensible segment of the market consists of practitioner-grade and science-led companies that emphasize clinical validation, physician endorsement, and premium sourcing. These companies often distribute through healthcare professionals or specialized channels, creating a perception of medical credibility that commands premium pricing. In an industry where regulatory oversight is relatively limited—dietary supplements in the U.S. are not pre-approved for efficacy by regulators—trust becomes a key competitive moat. As a result, brands that invest in clinical studies, transparent labeling, and third-party testing are increasingly differentiated, particularly among affluent and health-conscious consumers and could be the largest threat to Prenetics meeting its projected growth rate.

## Competitive Environment

At the highest level, Prenetics' IM8 competes directly with a defined set of premium brands spanning multinational platforms, practitioner-grade specialists, and digitally native disruptors. Notably, the company itself identifies competitors such as Nestlé Health Science, Thorne, Ritual, Athletic Greens, Huel, and Elysium Health as key competitive benchmarks.

In our view, the most direct comparison for IM8 comes from the “all-in-one” nutrition category, where Athletic Greens (AG1) and Huel have established strong positions. These companies pioneered the

concept of consolidating multiple supplements into a single daily product, creating high customer lifetime value and subscription-driven models. However, as shown above, Prenetics appears to be compressing the traditional growth curve dramatically—IM8 reached a \$120 million annualized revenue run rate within roughly one year, far outpacing the multi-year scaling timelines typical of these competitors. To put this in context, AG1 was founded in 2010 and took over 14 years to reach a comparable revenue scale, building its brand through a podcast-driven marketing strategy and sustained influencer spend over more than a decade. IM8 achieved a similar ARR milestone in approximately one-twelfth of that time. This suggests to us that while the category itself is proven, IM8’s execution—particularly around branding, celebrity-backed distribution, and capitalized scale—may be structurally advantaged versus earlier entrants. Against digitally native peers like Ritual, we believe Prenetics competes more on platform breadth than single-product transparency. Ritual has built its brand around ingredient traceability and minimalist formulations, appealing to a highly targeted demographic, particularly women’s health. In contrast, IM8 positions itself as a comprehensive “core nutrition” solution designed to replace an entire supplement stack. This distinction is strategically important: while Ritual appears to do well in brand trust and customer affinity, we believe IM8’s higher average order value and bundled offering (~\$100–150 per order) enable stronger unit economics and potentially lower churn due to higher switching costs. At the top end of the competitive spectrum sits Nestlé Health Science, which likely represents the most formidable structural competitor. Nestlé’s advantages lie in its global distribution network, manufacturing scale, and portfolio breadth across medical nutrition, vitamins, and personalized health. However, we’ve seen large incumbents often struggle with brand agility and premium positioning authenticity—areas where newer entrants like Prenetics can differentiate. IM8’s rapid growth, high subscription rates (~80%), and strong gross margins (~60%) indicate that consumers are willing to adopt newer premium brands despite the presence of established players, a trend we believe will continue.

From an investment standpoint, we believe Prenetics occupies a hybrid position across these competitive sets. It primarily combines the growth profile and DTC economics of digitally native brands but adds the scientific positioning of practitioner-grade companies, and—importantly and somewhat uniquely—the capital base and infrastructure more typical of scaled incumbents. We believe this mix provides Prenetics with the firepower, scientific backing and marketing prowess that will allow the company to succeed in an increasingly competitive environment.

## Looking Back at Divestitures

Often it helps to look back in order to get a clearer picture of the future and Prenetics’ management has made moves, in our view, that makes the future look clearer and more promising. Prenetics’ divestiture activity over the past 18–24 months represents a deliberate and financially meaningful repositioning of the company—from a multi-segment diagnostics and services platform into a focused, consumer health business centered on IM8. The two primary transactions—ACT Genomics in 2025 and Europa in 2026—are central, in our view, to understanding both the balance sheet transformation and the forward earnings profile.

The most significant divestiture was the sale of ACT Genomics, Prenetics’ precision oncology and genomic profiling subsidiary. In June 2025, the company announced an agreement to sell the business to Delta Electronics in a transaction valued at up to approximately \$71.8 million. While the headline value approached \$72 million, the actual cash proceeds to Prenetics were lower—approximately \$46 million, consisting of roughly \$39.9 million received at closing and an additional ~\$6.3 million held in escrow and payable over time.

Strategically, ACT Genomics had been one of Prenetics’ more clinically oriented and capital-intensive assets, requiring ongoing investment in R&D, regulatory processes, and commercialization. By mid-2025, management classified the business as “held for sale” and discontinued operations under IFRS 5, with its financial results separated from continuing operations even before the deal closed. The transaction formally closed on October 1, 2025, at which point ACT Genomics was fully removed from Prenetics’ ongoing financials.

From a financial perspective, we believe the divestiture had three immediate effects. First, it materially strengthened liquidity, increasing cash reserves and contributing to a debt-free balance sheet. Second, it simplified reported earnings by removing a business that carried different margin characteristics and investment timelines relative to consumer health. Third, it enabled management to redeploy capital toward IM8, which was demonstrating significantly faster revenue growth and a more scalable, subscription-driven model.

The second major transaction was the divestiture of the Europa business, completed on January 1, 2026. Europa was a U.S.-based sports nutrition distribution and logistics platform that Prenetics had previously acquired to support early-stage scaling of its consumer products. The business generated meaningful revenue—guidance suggested \$20–\$25 million annually—but operated with relatively low margins and was apparently increasingly misaligned with Prenetics’ evolving strategy.

The Europa sale was structured as an all-stock transaction valued at up to \$13 million, contingent on performance milestones. While smaller in absolute size than the ACT Genomics transaction, its impact on profitability was arguably more immediate. Europa generated approximately \$6 million in operating losses in fiscal 2025, meaning its removal is expected to directly improve operating margins beginning in 2026. Unlike the ACT Genomics deal, which primarily bolstered liquidity, we believe the Europa divestiture was aimed at eliminating earnings drag and operational complexity.

Finally, in February 2026, Prenetics completed the sale of its 35% equity interest in Insighta for total cash consideration of \$70 million. The structure of the transaction was straightforward and notably shareholder-friendly: approximately \$69 million in cash was received immediately upon closing, with a modest \$1 million held in escrow subject to customary conditions. This simplicity underscores the liquidity-driven nature of the deal, with minimal contingent considerations or earnouts that might otherwise delay capital deployment.

From a financial standpoint, the transaction had an immediate and material impact on Prenetics’ balance sheet. Pro forma for the sale, total adjusted liquidity rose to approximately \$171 million, composed of cash, financial assets, and other holdings, while the company maintained a zero-debt position. In practical terms, this completed the transformation of Prenetics from a capital-constrained, multi-vertical healthcare business into a well-capitalized, focused consumer health platform with substantial financial flexibility. The injection of non-dilutive capital is particularly important in the context of high-growth consumer health brands, where marketing spend, customer acquisition, and product innovation require sustained investment.

From an investment perspective, these transactions enhance clarity, liquidity, and strategic coherence. However, there is the potential that concentration risk increased with the divestitures, as Prenetics is now more heavily reliant on the continued success of IM8. While early indicators—such as rapid revenue growth and global distribution expansion—are encouraging, the company’s future performance is more tightly coupled to execution within a competitive premium supplement landscape.

Overall, these sales represent a well-executed monetization of a non-core asset that materially strengthens Prenetics’ financial position and sharpens its strategic focus and should give investors confidence in management to drive the business forward. It reflects a decisive shift toward a single-platform growth model—one that offers higher potential returns and requires consistent execution to justify the management’s increasingly concentrated investment thesis.

## **Financial Position**

As can be seen by the actions described above, Prenetics has undergone a meaningful financial transformation over the past several years, shifting from a capital-intensive, diagnostics-driven model toward a more asset-light, consumer-focused health sciences platform.

The improved liquidity position has strategic implications in our view. With a stronger balance sheet, Prenetics is better positioned to fund internal innovation, which is likely to be a necessity in the hyper-

competitive premium supplement market, and commercialization efforts without immediate dependence on capital markets. This is particularly important as the company pivots toward higher-margin consumer health products, such as its IM8 health platform, which requires upfront investment in branding, distribution, and customer acquisition but offers more scalable and recurring revenue potential over time. Additionally, the strengthened financial position enhances Prenetics' optionality. The company can selectively pursue partnerships, acquisitions, or further investments in proprietary science without the pressure of near-term capital constraints. This flexibility is especially valuable in the current macro environment, where capital for growth-stage healthcare companies has become more selective and expensive.

From an investor perspective, the combination of divestiture-driven cash inflows, reduced operational complexity, and a leaner cost base has, in our view, materially de-risked the Prenetics' story. Providing additional fuel for the stock and confidence in the financial picture is the company's recent commitment to buy back up to \$40 million of PRE stock and with the CEO and management having already executed a total of \$2.75 million in open market purchases during the last 2 open-trading windows. The company has transitioned from a business model tied to volatile, event-driven revenue streams to one that is increasingly centered on sustainable, consumer-driven growth. Importantly, the cleaner balance sheet and limited debt burden mean that future upside from new product initiatives or partnerships is less likely to be offset by financing-related dilution or debt servicing obligations.

### **Geographic Diversity**

IM8's growth in 2025 was highly diversified across geographies, demonstrating strong global product-market fit and achieving \$60.1 million in revenue for FY2025. The top five markets by revenue were: the United States at \$23.8 million (39.7%), Canada at \$8.8 million (14.7%), the United Kingdom at \$7.7 million (12.8%), Australia at \$3.2 million (5.3%), and Singapore at \$2.4 million (4.0%). IM8 shipped to over 30 countries during the year, with more than 60% of revenue generated outside the United States. This international momentum provides a strong foundation for continued global expansion in 2026 and reduces dependence on any single market.

### **FY2025 Unit Economics: A Capital-Efficient Growth Engine**

In its first full fiscal year of operations, IM8 established a highly efficient and scalable operating model. The blended average order value was approximately \$110, with a payback period of roughly 3.4 months and Day-1 CAC recovery of approximately 55%. The projected 24-month LTV:CAC ratio stands at approximately 3x. These metrics reflect IM8's ability to rapidly recycle marketing capital while maintaining strong long-term customer value. Based on current cohort performance and modeled retention trends, IM8 is projected to achieve LTV:CAC ratios above 3x across its product portfolio, including premium offerings such as the Beckham Stack.

### **Strategic Evolution to Quarterly Subscriptions**

In January 2026, IM8 deliberately began driving a growing portion of new customers from monthly to quarterly subscription plans, a strategy designed to enhance cash flow, improve logistics efficiency, and increase long-term customer value. The impact has been substantial: FY2025 blended average order value was approximately \$110, Q4 2025 rose to approximately \$133, and January–February 2026 blended new average order value reached approximately \$233. This step-change reflects both the shift toward quarterly prepayments and increased adoption of higher-value product bundles such as the Beckham Stack. Quarterly plans now represent a meaningful and growing portion of new customer mix, with approximately half of Beckham Stack customers and more than one-third of Essentials customers choosing quarterly subscriptions. Adoption continues to accelerate across all SKUs, including Longevity. The key benefits include higher upfront revenue per customer, faster payback and reduced working-capital needs, lower per-unit fulfillment costs, and predictable auto-renewing revenue every three months. The Company views the resulting increase in blended customer acquisition cost from a position

of strength, as reflective of its deliberate acquisition of higher-quality, longer-duration subscribers with materially higher lifetime value.

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## VALUATION

With Prenetics in a somewhat unique position as described above, straddling several areas of the premium supplement market, we believe DCF analysis is the best way to find the intrinsic value of PRE. We use fairly conservative estimates in forward-looking assumptions in order to give investors the best possible chance of upside.

Starting with the top line, we use the low end of the company's guidance to put revenues at roughly \$185 million. We then assume that this growth moderates to a still impressive 30% in 2027 and 25% in 2028 and 2029, before settling into a still-robust 20% annual growth rate from 2030 onward. We believe this growth rate is reasonable for a company with the proven ability to bring a new product to market and scale it rapidly in an industry forecast to grow at 9% a year. This trajectory implies a company moving from hypergrowth into a more mature, but still premium-growth, health and wellness platform. Implicit in these assumptions is successful brand scaling in the U.S. and Asia, along with improving customer retention and recurring revenue characteristics. We also recognize the intense competition that exists in this market and believe that company management will be able to continue on the cutting edge of the premium supplement market due to the advisors on board and scientific research continuing to be undertaken.

We hold gross margins constant at 60%, which is consistent with a premium supplement and health product model, particularly if direct-to-consumer channels remain dominant. Below gross profit, operating expenses should initially remain elevated as a percentage of revenue, reflecting ongoing investments in marketing, R&D, and infrastructure. A reasonable assumption would be operating expenses at roughly 70–75% of revenue in 2026, declining steadily to 45–50% by the end of the explicit forecast period as scale efficiencies emerge. This implies a transition from operating losses to modest profit in the near term and then to meaningful operating profitability by 2028.

Under these assumptions, EBITDA margins could reasonably expand from low single digits (or slightly negative) in 2026 to the 20–25% range by the early 2030s. After accounting for modest capital expenditures—likely in the range of 3–5% of revenue given the asset-light nature of the business—and minimal working capital drag (assuming efficient inventory turnover and direct sales), free cash flow conversion should become strong as margins expand.

Discounting these projected cash flows requires a cost of capital that reflects both the company's small-cap profile and its improving financial stability post-divestitures. A discount rate of 8.5% is reasonable given the growth potential and stellar balance sheet the company has that enables Prenetics to obtain capital at low costs.

The resulting DCF suggests that Prenetics' valuation is back-end loaded, with the bulk of value derived from cash flows generated after 2029 as the company reaches scale and achieves sustained profitability. This is a key sensitivity: small changes in long-term margin assumptions or terminal growth can materially impact the valuation outcome. However, if management executes on its strategy as we expect—maintaining premium pricing, controlling customer acquisition costs, and leveraging its brand—we believe the opposite is more likely—that those small or even large changes to our assumptions could be on the upside. As a result of these projections, and discounting back to the present, we place the value on PRE at \$30.00/share.

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## RISKS

- The premium supplement market is competitive and there are players with more assets available to fight with and could produce a competing product that cuts into IM8 customer base.
- An economic downturn could cause consumers to reduce expenditures on items considered “luxury.”
- The company could fail to innovate and market according to our assumptions based on history, resulting in slower growth.
- As a result of geopolitical tensions, costs for shipping and materials used to produce and package IM8 could rise, cutting into margins.
- There have been instances when a popular figure in society was used to market a product and then had a legal or social issue that damaged the product’s reputation.
- Key employees could depart.

## PROJECTED INCOME STATEMENT & BALANCE SHEET

Prenetics Income Statement and Balance Sheet										
(US \$ in thousands)										
	1Q2025A	2Q2025A	3Q2025A	4Q2025A	1Q2026E	2Q2026E	3Q2026E	4Q2026E	2027E	
Total Revenues	17,312	17,680	23,555	36,558	40,214	44,235	48,659	53,525	278,328	
Cost of Revenues	9,970	10,391	9,531	14,817	16,086	17,694	19,463	21,410	111,331	
Gross Profit	7,342	7,289	14,024	21,741	24,128	26,541	29,195	32,115	166,997	
Other operating income and gains	312	(196)	395	227	0	0	0	0	0	
Operating Expenses										
Selling and Distribution	4,789	5,457	9,859	16,091	16,896	17,740	18,627	19,559	82,147	
General and Admin.	11,081	10,489	9,554	17,298	17,644	17,997	18,357	18,724	74,896	
Research and Development	2,416	1,212	1,170	743	817	899	989	1,088	4,351	
Other Expense	0	0	0	8,194	0	0	0	0	0	
Total operating expenses	18,286	17,158	20,583	42,326	35,357	36,636	37,973	39,370	161,394	
Operating Income/(Loss)	(10,632)	(10,065)	(6,164)	(20,358)	(11,229)	(10,095)	(8,778)	(7,256)	5,603	
Other income and (expenses)										
Other income, net	(317)	(889)	(1,244)	(8,012)	(175)	(179)	(182)	(186)	(189)	
Total other income and (expenses), net	(10,949)	(10,954)	(7,408)	(28,370)	(11,404)	(10,274)	(8,960)	(7,441)	5,414	
Pretax Income/(Loss)	(10,949)	(10,954)	(7,408)	(28,370)	(11,404)	(10,274)	(8,960)	(7,441)	5,414	
Income Tax Credit/(expense)	0	33	0	(43)	0	0	0	0	0	
	(10,949)	(10,921)	(7,408)	(28,413)	(11,404)	(10,274)	(8,960)	(7,441)	5,414	
Other after tax gains/(charges)	0	(1,485)	0	(932)	0	0	0	0	0	
Total gain/(loss)-shareholders	(10,243)	(12,410)	(7,408)	(28,116)	(11,404)	(10,274)	(8,960)	(7,441)	5,414	
Total gain/(loss)-non-controlling interests	(706)	(317)	(1,285)	(42)	0	0	0	0	0	
Basic and diluted loss per share	\$ (0.80)	\$ (0.94)	\$ (0.53)	\$ (1.75)	\$ (0.73)	\$ (0.67)	\$ (0.59)	\$ (0.50)	\$ 0.37	
Basic and diluted wtd avg common shares	13,002	13,247	13,895	16,034	15,713	15,399	15,091	14,789	14,493	
Assets										
Current Assets:										
Cash	47,966	17,249	13,264	32,131	33,738	35,424	37,196	39,055	41,008	
Accounts Receivable	4,462	1,845	1,787	2,978	3,127	3,283	3,447	3,620	3,801	
Other current assets	25,596	24,943	23,225	48,276	50,690	53,224	55,886	58,680	61,614	
Total Current Assets	78,024	44,037	38,276	83,385	87,554	91,932	96,529	101,355	106,423	
Property, Plant and Equipment, net	7,073	2,744	2,212	1,763	1,638	1,855	1,891	1,910	1,986	
Goodwill	37,364	8,194	8,194	-	-	-	-	-	-	
Other assets	81,554	144,131	147,825	118,371	130,208	143,229	157,552	173,307	190,638	
Total Assets	204,015	199,106	196,507	203,519	219,401	237,016	255,971	276,572	299,046	
Liabilities and stockholder equity										
Current liabilities:										
Accounts Payable	4,137	4,958	5,920	7,725	7,802	7,880	7,959	8,039	8,119	
Accrued Expenses	10,231	8,692	10,727	15,496	15,186	14,882	14,585	14,293	14,007	
Current portion of lease	2,604	1,526	1,426	1,330	1,197	1,077	970	873	785	
Other current liabilities	20,724	6,636	7,205	3,117	3,023	2,933	2,845	2,759	2,677	
Total Current Liabilities	37,696	21,812	25,278	27,668	27,209	26,773	26,358	25,964	25,588	
Long-term Liabilities:										
Lease less current portion	2,546	1,048	679	437	393	354	319	287	258	
Other non-current liabilities	2,657	25,354	9,348	905	928	951	975	999	1,024	
Total liabilities	42,899	48,214	35,305	29,010	28,530	28,078	27,651	27,249	26,870	
Stockholders Equity										
Total stockholders equity	161,116	150,892	161,202	174,509	190,871	208,938	228,320	249,323	272,176	
Total liabilities and stockholder equity	204,015	199,106	196,507	203,519	219,401	237,016	255,971	276,572	299,046	

# HISTORICAL STOCK PRICE



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