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Zacks Small-Cap Research

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Prenetics Global Ltd. (PRE-NASDAQ)

PRE: Company Posts Another Stellar Quarter

Prenetics Global is a health care company with a rapidly growing product in the premium growth supplement market. We value PRE at $33.00 per share using conservative assumptions on a DCF basis.

Current Price (11/17/26)	$16.33
Valuation	**$33.00**

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.

The Company released its preliminary 3Q2026 financial results, which again showed robust growth and continued high execution by management.

SUMMARY DATA

52-Week High	**$26.25**
52-Week Low	**$11.79**
One-Year Return (%)	**32.60**
Beta	**0.40**
Average Daily Volume (sh)	**182,947**
Shares Outstanding (mil)	**17**
Market Capitalization ($mil)	**$276**
Short Interest Ratio (days)	**N/A**
Institutional Ownership (%)	**25**
Insider Ownership (%)	**8**
Annual Cash Dividend	**$0.00**
Dividend Yield (%)	**0.00**
5-Yr. Historical Growth Rates	
Sales (%)	**N/A**
Earnings Per Share (%)	**N/A**
Dividend (%)	**N/A**
P/E using TTM EPS	**N/A**
P/E using 2026 Estimate	**N/A**
P/E using 2027 Estimate	**N/A**

Risk Level	**Average**
Type of Stock	**Small-Blend**
Industry	**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	36 A	46 A	64 A	80 E	226 E
2027	85 E	95 E	110 E	127 E	417 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	-$1.36 A	-$0.52 A	-$1.45 A	-$1.17 E	-$4.10 E
2027	-$0.13 E	$0.00 E	$0.00 E	$0.22 E	$0.09 E

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Update

Prenetics Global Limited (NASDAQ: PRE) delivered another impressive demonstration of the growth potential of its IM8 consumer wellness platform with third-quarter 2026 financial results. The results reinforce the company's transformation into a rapidly expanding global health and nutrition business, while providing increasingly compelling evidence that its growth is supported by strong customer retention, attractive customer economics, and a highly scalable business model. Perhaps most importantly to us and to investors, management is demonstrating that it can acquire customers at increasingly efficient rates while those customers continue generating revenue long after their initial purchases.

IM8 has emerged as one of the fastest-growing brands in premium nutritional supplements. Its flagship Daily Ultimate Essentials product combines 90 ingredients into a convenient daily drink designed to simplify consumers' health and wellness routines. The brand's combination of premium positioning, science-backed formulations, subscription-based purchasing, and high-profile global partnerships has allowed Prenetics to establish a meaningful presence in an enormous and fragmented market in less than two years.

The 3Q results provide additional evidence that IM8 is developing into considerably more than a successful new supplement brand. It is increasingly demonstrating the characteristics of a recurring-revenue consumer business with substantial opportunities to expand its customer base, introduce complementary products, and improve profitability as it scales.

Record Third-Quarter Results Demonstrate Exceptional Growth

Prenetics reported third-quarter revenue of $64.1 million, an increase of approximately 228% from the prior year and 37.9% sequentially. Revenue exceeded management's previous guidance of $63 million to $64 million, providing another example of the company delivering on its stated growth objectives. IM8 accounted for $62.9 million of quarterly revenue, representing approximately 266% year-over-year growth and nearly 40% sequential growth. This marked the brand's seventh consecutive record quarter, an impressive achievement for a business that launched in December 2024.

The company's performance accelerated throughout the quarter, with September generating $23.7 million in IM8 revenue, its strongest month ever. Annualizing September's revenue produces a run rate of approximately $284 million, highlighting how rapidly the business has expanded from virtually no revenue less than two years earlier. Although this run rate is not the same as contracted recurring revenue or a full-year forecast, it provides an indication of the sales momentum entering the final quarter of 2026. Importantly, management reaffirmed its full-year 2026 total revenue guidance of $220 million to $230 million, including $215 million to $222 million from IM8. The company also maintained its expectation for IM8 to generate more than $400 million in revenue during 2027. This outlook is particularly encouraging because it is based entirely on existing products, without contributions from several significant expansion initiatives scheduled for next year.

Customer Retention and Economics Strengthen the Investment Case

In our view, the most important information in today's shareholder letter and investor presentation concerns the economics of customer acquisition and retention. Rapid revenue growth can be expensive and difficult to sustain, especially in a consumer business that depends heavily on marketing. Prenetics, however, is providing increasingly substantial evidence that its customer acquisition investments are producing attractive long-term returns.

The approximately 27,000 customers acquired during IM8's first full quarter of operations in early 2025 have already generated gross profit equal to approximately 4.1 times their original acquisition cost in less than two years. This exceeds the commonly referenced three-to-one lifetime-value-to-acquisition-cost benchmark for subscription businesses, and those customers continue to purchase products.
Even more encouraging, another 91,000 customers acquired subsequently are on pace to exceed that benchmark in early 2027, according to management's projections. Prenetics also reported that a January 2026 customer cohort recovered its acquisition costs through gross profit in approximately six months, indicating that newer customers can potentially become economically attractive relatively quickly.
The company is also becoming more efficient at attracting those customers. Average customer acquisition cost declined to approximately $285 in the third quarter, compared with roughly $301 in the second quarter and $305 in the first. This improvement occurred even as acquisition spending increased, suggesting that the IM8 brand is becoming more effective at converting marketing investment into new customers.

Retention figures provide further support for our belief in the durability of IM8's revenue model. Approximately 59% of third-quarter direct customer billings came from repeat purchases, totaling $37.5 million. Prenetics ended September with approximately 160,000 active subscriptions.

The independent customer data presented by Prenetics is particularly interesting to us. According to U.S. credit and debit card data from Indagari, IM8 demonstrated stronger customer purchasing persistence than AG1, Grüns, and Thorne in the measured cohort. Approximately 11% of IM8 customers were still purchasing in their 22nd month, compared with 7.4% to 8.7% for the three competing brands. The same dataset showed significantly greater growth in observed IM8 sales than its competitors during the first nine months of 2026. These figures are based on a third-party sample rather than the entire market, but they provide encouraging outside validation of the company's internal customer metrics.
SEC

For investors, we believe the implications are substantial. A business that retains customers for extended periods, earns attractive margins on repeat purchases, and recovers acquisition costs relatively quickly can reinvest aggressively in growth while developing an increasingly valuable existing customer base.

Improving Operating Leverage and a Clearer Path to Profitability

Another important development in Prenetics' third-quarter results is the emergence of meaningful operating leverage. While the company remains unprofitable, several underlying financial measures are improving as revenue grows.

Prenetics generated approximately $40.7 million in gross profit during the quarter, representing a gross margin of roughly 64%. This compares with 65% in the previous quarter, with the modest decline largely attributable to inventory provisions and write-offs associated with an earlier product formulation. Management expects additional manufacturing capacity, including a new manufacturer scheduled to come online in early 2027, to support future production efficiencies and potentially improve margins.
Perhaps more significant is the improvement in operating expenses relative to revenue. Operating costs, as defined in management's financial framework, declined from approximately 25% of revenue in the first quarter to 16% in the third quarter. Selling and marketing expenses also improved as a percentage of sales, falling from 89% in the second quarter to 74% in the third quarter despite an increase in absolute marketing expenditures.

The resulting improvement in adjusted EBITDA is particularly encouraging to us. Prenetics reported a third-quarter adjusted EBITDA loss of $12.7 million, equivalent to approximately 20% of revenue, compared with a loss equivalent to 39% of revenue in the second quarter. The company also generated $30.6 million in contribution profit, representing a 48% contribution margin before customer acquisition marketing and brand-partner costs.

These figures demonstrate that the underlying business is developing a substantial gross profit base, even as management continues investing aggressively in attracting new customers. As the proportion of revenue generated by existing customers increases, Prenetics should have an opportunity to reduce marketing expenses as a percentage of revenue and convert more of its gross profit into operating earnings.

Management is deliberately prioritizing growth over near-term profitability and we are in full support of this approach and believe it is the appropriate one for long-term value creation for shareholders. Reflecting this strategy, Prenetics increased its expected second-half 2026 adjusted EBITDA loss to $30 million to $35 million, compared with its previous expectation of $8 million to $12 million. This is a meaningful increase and should not be overlooked. However, management believes that continuing to acquire customers while acquisition economics remain attractive will ultimately create substantially greater long-term shareholder value than reducing marketing spending to accelerate short-term profitability.

Strong Liquidity and Innovative Financing Support Continued Expansion

Prenetics' financial position is another important element of the investment story. The company ended September with approximately $111.5 million in cash and current financial assets, an increase from $109.4 million at the end of June.

This liquidity is especially noteworthy given the company's aggressive marketing investments and inventory expansion during the quarter.

A major reason Prenetics can pursue this strategy is its $1 billion customer acquisition financing arrangement with General Catalyst's Customer Value Fund. Under the agreement, General Catalyst can finance up to 70% of qualifying customer acquisition spending in exchange for a capped share of revenue generated by the associated customer cohorts.

The financing provided approximately $31.6 million of net funding during the third quarter. After incorporating that funding, Prenetics reported positive adjusted free cash flow of $4.1 million, meeting a commitment made in its previous shareholder letter.

It is important to distinguish this adjusted measure from conventional free cash flow. Prenetics used $27.5 million in operating cash during the quarter, and the reported positive adjusted free cash flow includes external financing proceeds. Nevertheless, the arrangement provides a potentially valuable mechanism for financing growth without issuing new common shares, although it creates repayment obligations linked to future customer revenue.

For shareholders, this structure is attractive because Prenetics can finance much of its customer acquisition strategy through a dedicated capital partner while preserving more of its existing resources for product development, inventory, research, and expansion into new markets. Management also completed a $40 million share repurchase program earlier in 2026, demonstrating a willingness to return capital when appropriate.

Multiple Growth Catalysts Could Accelerate the Business in 2027

Although today's financial results are impressive, we are even more excited about the company's anticipated expansion opportunities that we believe may be equally significant for longer-term investors.

The first major catalyst is the planned launch of IM8 Hydration in the first quarter of 2027. Hydration represents a natural extension of the IM8 platform into a large category with broad appeal beyond the brand's existing core nutritional supplement customers. By offering an additional daily-use product to its existing subscriber base, Prenetics has an opportunity to increase average revenue per customer without necessarily incurring substantial additional acquisition costs.

Another potentially important initiative is the recently announced 10-year exclusive partnership with Authentic Brands Group to create Care Bears by IM8. Expected to launch in the first half of 2027, this product line will initially focus on gummy multivitamins for children and adults. The partnership allows Prenetics to leverage a widely recognized consumer brand to establish a presence in family-oriented wellness products.

Authentic Brands Group will also become a strategic shareholder in Prenetics, aligning the interests of the two companies.

These launches represent more than opportunities to introduce additional products. They could expand IM8's addressable customer population, increase revenue from existing customers, improve lifetime customer value, and create additional opportunities to develop a broader portfolio of premium wellness brands.

Prenetics is also planning to expand its distribution channels. IM8 currently operates primarily through direct-to-consumer sales, shipping products to customers in 46 countries. Management intends to enter retail distribution and the Chinese market by the end of 2027, potentially providing access to substantial additional customer populations.

The company's recent partnership with the NBA in Australia and eight Southeast Asian markets should further enhance IM8's international visibility. Combined with its existing relationships with Beckham and other prominent athletes and entertainers, these arrangements give Prenetics considerable global marketing reach.

Finally, it’s important to understand that none of these proposed new products, retail initiatives, or Chinese market expansion opportunities are included in management's more than $400 million IM8 revenue guidance for 2027. If executed successfully, they could create meaningful upside to the company's existing revenue projections.

Scientific Validation Could Strengthen IM8's Competitive Position

An additional aspect of Prenetics' long-term strategy that we believe sets it apart from many of its competitors is its commitment to supporting its products through clinical research rather than relying exclusively on celebrity endorsements and traditional consumer marketing.

The company currently has three additional randomized, placebo-controlled studies underway. These include a study involving 100 healthcare workers at Mayo Clinic in Florida, a 180-participant longevity study, and a 135-participant gut-health study. The latter two studies are expected to report results by the end of the first quarter of 2027.

These programs could become important competitive differentiators if they produce convincing evidence supporting the benefits of IM8's formulations.

With a global supplement market estimated by management at approximately $200 billion annually, consumer trust and product differentiation are important considerations. The ability to combine recognizable branding, convenient daily formulations, and credible clinical evidence could help Prenetics distinguish its products in a crowded marketplace.

Investment Outlook: Building a Potential Global Consumer Health Franchise

Prenetics' November 18 announcement, shareholder letter, and investor presentation collectively strengthen the investment case for PRE in our opinion. The company continues to deliver exceptional revenue growth while providing increasingly persuasive evidence that its customers remain engaged, purchase repeatedly, and generate attractive returns on acquisition spending.

Perhaps the most important development is that IM8's business model is becoming more measurable. Prenetics is no longer asking investors to rely solely on projections for a newly launched consumer product. It can now point to actual customer cohorts with nearly two years of purchasing history, declining quarterly acquisition costs, growing repeat revenue, and evidence of improving operating leverage. The combination of these characteristics creates a potentially powerful financial model. Each new customer represents not simply an initial product sale, but an opportunity to generate recurring revenue and introduce additional products over time. As the customer base expands, the company has the potential to improve profitability through increased purchasing activity, manufacturing efficiencies, and Nevertheless, the company's financial performance and expanding strategic opportunities suggest that Prenetics is moving beyond the earliest stages of brand development and into a period where the scale of its business could increase substantially.

Management's reaffirmation of more than $400 million in IM8 revenue for 2027, excluding several potentially meaningful new growth initiatives, provides an especially encouraging foundation for future expectations. Strong international brand recognition, growing recurring customer revenue, substantial liquidity, and dedicated acquisition financing further enhance its competitive position.

For investors willing to accept the risks associated with an aggressively expanding, currently unprofitable consumer business, PRE presents an increasingly compelling growth opportunity that we believe will reward shareholders. Its latest results suggest that IM8 is developing the customer loyalty, financial characteristics, and global reach necessary to become a significant participant in the premium health and wellness market. Continued execution could translate that operating momentum into substantial long-term shareholder value.

PROJECTED INCOME STATEMENT & BALANCE SHEET

Prenetics Income Statement and Balance Sheet (US $ in thousands)										
		1Q2025A	2Q2025A	3Q2025A	4Q2025A	1Q2026A	2Q2026A	3Q2026A	4Q2026E	2027E
Total Revenues		17,312	17,680	23,555	36,558	35,954	46,488	64,100	80,100	416,520
	Cost of Revenues	9,970	10,391	9,531	14,817	12,671	16,285	23,400	32,040	166,608
Gross Profit		7,342	7,289	14,024	21,741	23,283	30,203	40,700	48,060	249,912
	Other operating income and gains	312	(196)	395	227	840	941	0	0	0
Operating Expenses										
	Selling and Distribution	4,789	5,457	9,859	16,091	22,205	41,300	43,365	45,533	191,240
	General and Admin.	11,081	10,489	9,554	17,298	9,341	10,065	10,266	10,472	41,887
	Research and Development	2,416	1,212	1,170	743	1,443	757	833	916	3,664
	Other Expense	0	0	0	8,194	18,442	0	0	0	0
Total operating expenses		18,286	17,158	20,583	42,326	51,431	52,122	54,464	56,921	236,790
Operating Income/(Loss)		(10,632)	(10,065)	(6,164)	(20,358)	(27,308)	(20,978)	(13,764)	(8,861)	13,122
Other income and (expenses)										
	Other income, net	(317)	(889)	(1,244)	(8,012)	3,866	11895	(11200)	(11424)	(11652)
Total other income and (expenses), net		(10,949)	(10,954)	(7,408)	(28,370)	(23,442)	(9,083)	(24,964)	(20,285)	1,469
Pretax Income/(Loss)		(10,949)	(10,954)	(7,408)	(28,370)	(23,442)	(9,083)	(24,964)	(20,285)	1,469
Income Tax Credit/(expense)		0	33	0	(43)	(28)	(5)	0	0	0
		(10,949)	(10,921)	(7,408)	(28,413)	(23,470)	(9,088)	(24,964)	(20,285)	1,469
Other after tax gains/(charges)		0	(1,485)	0	(932)	0	188	0	0	0
Total gain/(loss)-shareholders		(10,243)	(12,410)	(7,408)	(28,116)	(23,470)	(8,900)	(24,964)	(20,285)	1,469
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)	$ (1.36)	$ (0.52)	$ (1.45)	$ (1.17)	$ 0.09
Basic and diluted wtd avg common shares		13,002	13,247	13,895	16,034	16,983	17,266	17,266	17,266	17,266
Assets										
Current Assets:										
	Cash	47,966	17,249	13,264	32,131	56,017	59,050	63,436	66,608	69,938
	Accounts Receivable	4,462	1,845	1,787	2,978	2,529	5,131	15,388	16,157	16,965
	Other current assets	25,596	24,943	23,225	48,276	73,562	83,498	93,581	98,260	103,173
Total Current Assets		78,024	44,037	38,276	83,385	132,108	147,679	172,405	181,025	190,077
Property, Plant and Equipment, net		7,073	2,744	2,212	1,763	594	753	1,891	1,910	1,986
Goodwill		37,364	8,194	8,194	-	-	-	-	-	-
Other assets		81,554	144,131	147,825	118,371	42,600	5,223	5,745	6,320	6,952
Total Assets		204,015	199,106	196,507	203,519	175,302	153,655	180,041	189,255	199,014
Liabilities and stockholder equity										
Current liabilities:										
	Accounts Payable	4,137	4,958	5,920	7,725	1,961	1,030	1,040	1,051	1,061
	Accrued Expenses	10,231	8,692	10,727	15,496	20,293	30,821	30,205	29,600	29,008
	Current portion of lease	2,604	1,526	1,426	1,330	407	538	484	436	392
	Other current liabilities	20,724	6,636	7,205	3,117	2,979	4,171	4,046	3,924	3,807
Total Current Liabilities		37,696	21,812	25,278	27,668	25,640	36,560	35,775	35,011	34,269
Long-term Liabilities:										
	Lease less current portion	2,546	1,048	679	437	50	144	130	117	105
	Other non-current liabilities	2,657	25,354	9,348	905	28,590	24,028	24,629	25,244	25,876
Total liabilities		42,899	48,214	35,305	29,010	54,280	60,732	60,533	60,373	60,249
Stockholders Equity										
Total stockholders equity		161,116	150,892	161,202	174,509	121,022	92,923	119,508	110,673	119,646
Total liabilities and stockholder equity		204,015	199,106	196,507	203,519	175,302	153,655	180,041	171,046	179,895

HISTORICAL STOCK PRICE



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