

Recommendation: Short

12-Month Blended PT: \$6.95 | Implied Downside: (69.8%) | MoM: 1.7x | R/R: 1:1

hims & hers

(NYSE:HIMS)

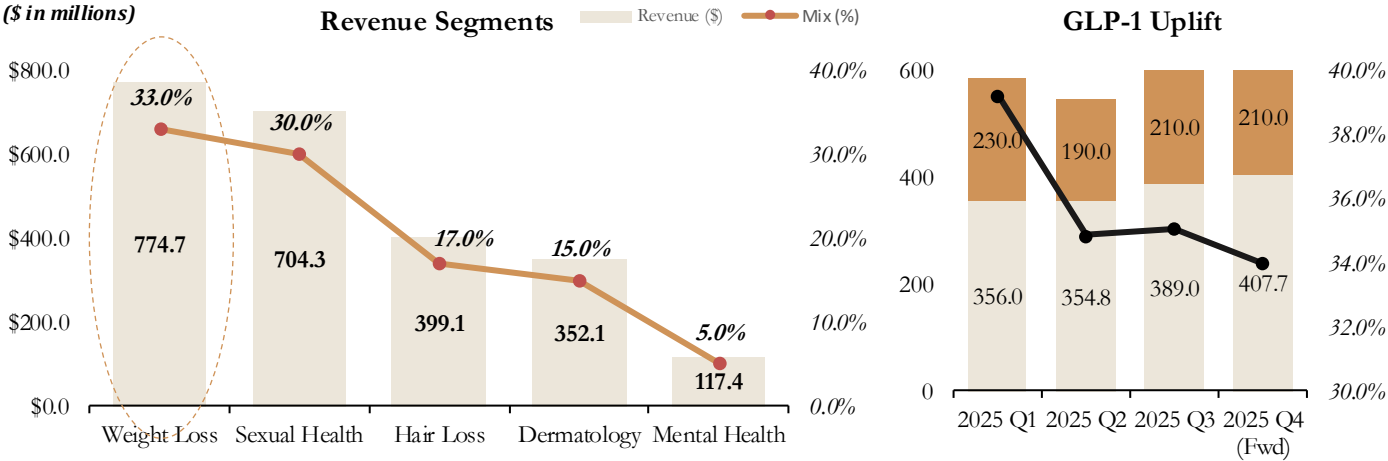
Spring 2026

Sector Team: Healthcare

Business Overview: Nothing More Than a GLP-1 Story

Hims & Hers Health (NYSE: HIMS) is a subscription-based DTC telehealth platform

YOU CAN THINK OF THE BUSINESS IN TWO BUCKETS

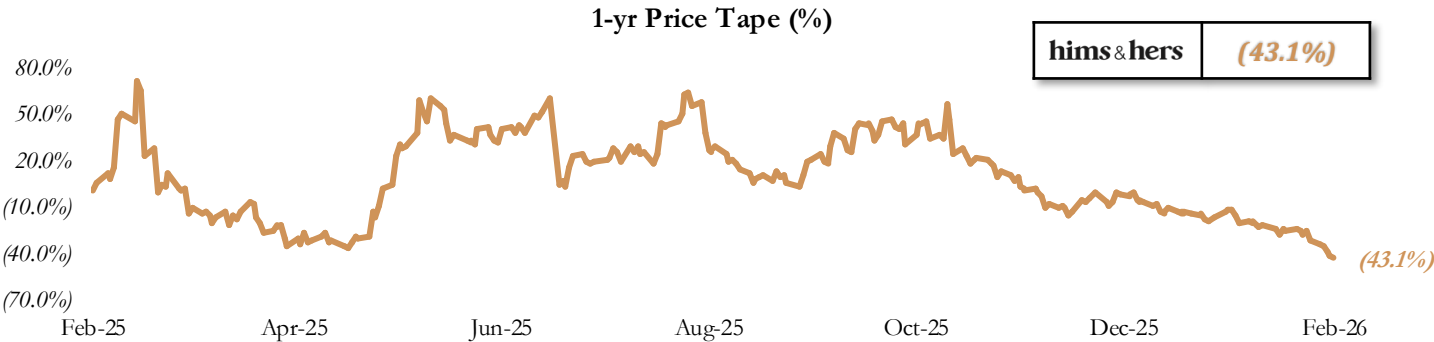


Weight Loss: Compounded GLP-1s have been the **primary growth engine** on the back of highly favorable industry tailwinds (FDA declared GLP-1 shortage)

Other: Consists of their Sexual health, hair loss, dermatology, and mental health business units. These units **tend to be reliant on the Weight Loss segment**

Using historical Q1 '25 & Q2 '26 financials, we backed into the total GLP-1 revenue uplift. Resulting in **210mm of run-rate incremental revenue** per quarter and around **~36% of GLP-1 related revenue for FY '25**

IN THE EARLY INNINGS OF INVESTOR CHURN...



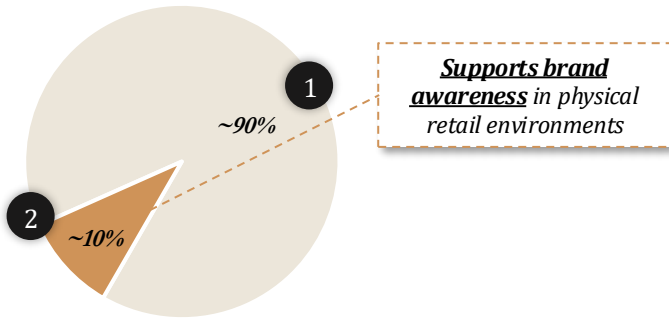
CAPITALIZATION (AS OF 02.06.2026)

Capitalization	
Share Price (02.06.2026)	\$23.02
FDSO	227.6
Market Cap (\$M)	\$5,240.5
(+) Debt	1118.0
(-) Cash	(629.7)
TEV (\$M)	\$5,728.7

REVENUE COMPOSITION

Subscription vs DTC Sales Mix

- Subscription % of Sales
- Wholesale % of Sales



- Subscription Revenue (~90%)** – Customers pay **recurring fees** for access to treatments across dermatology, mental health, sexual health and primary care
- Wholesale Revenue (~10%)** – Includes selling **private label OTC** consumer health products (i.e. hair loss shampoos, skin-care items) to retail partners

Highly Fragmented, price elastic industry with the broader U.S. Pharmaceutical Industry growing MSD

COMPANY

SEXUAL HEALTH

DERMATOLOGY

MENTAL HEALTH

WEIGHT LOSS

HORMONE HEALTH

COMMENTARY

hims & hers

ro

LifeMD+

THIRTY MADISON

X 23andMe



PHOENICIAN INVESTMENT FUND

- Leading U.S. DTC telehealth platform spanning sexual health, dermatology, mental health, and weight loss; subscription-focused model with strong brand and heavy consumer marketing economics.
- Vertically integrated telehealth platform combining virtual care and pharmacy fulfillment; focused on chronic conditions with a more clinically managed approach than pure DTC wellness peers.
- Diversified virtual care provider offering primary care, mental health, and pharmacy services; tech-enabled platform with hybrid capabilities for broader patient engagement.
- Portfolio of condition-specific digital health brands in dermatology and specialty care; leveraging a vertical strategy with recurring subscription-driven revenue.
- Consumer genetics company expanding into personalized healthcare and therapeutics; data-centric model more product-focused than service-heavy health competitors.

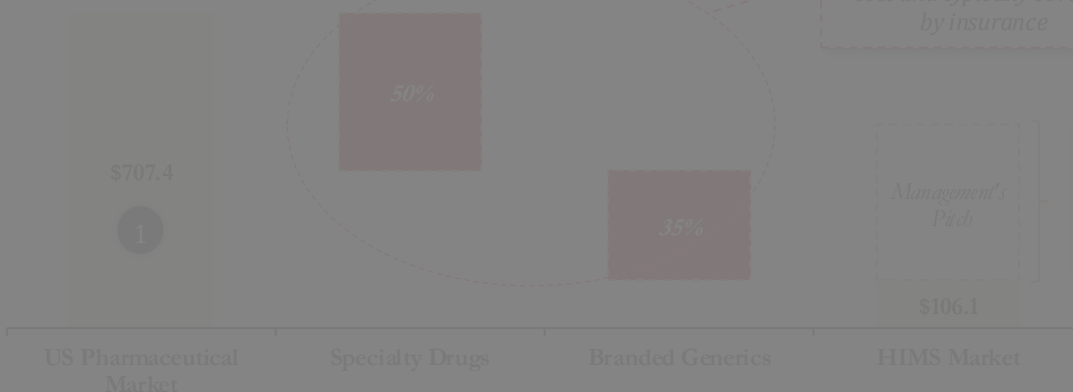
MANAGEMENT OVERESTIMATES THE SIZE HIM'S ADDRESSABLE MARKET...

...CONTINUED

(\$ in billions)

HIM's Actual Addressable Market

Effectively inaccessible to HIMS because they are high-cost and typically covered by insurance



1 According to NIH, the US Pharmaceutical Market expected to reach \$883B by 2030, with a 5.7% CAGR. We backed into a current US Pharmaceutical Market size of \$707.4B

"We currently have offerings in sexual health, hair loss, dermatology, behavioral health, and primary care, categories representing an approximately \$350 billion aggregate market opportunity."
- Hims & Hers Health, Inc. Form S-1

"Additionally, our expansion roadmap is clear and we believe there is an incremental opportunity of approximately \$120 billion...as we launch offerings in categories that feature similar characteristics to the conditions currently treatable through the platform."
- Hims & Hers Health, Inc. Form S-1

The debate between longs and shorts widens, creating a clear asymmetric bet

HOW HAS THE STORY EVOLVED?

1-Yr Relative Stock Performance



PHOENICIAN INVESTMENT FUND

BUIL DEBATE

- Product Suite is subscription-based, creating **recurring and predictable revenue**
- Net subscriber count continues to grow q/q coupled with **MSD Monthly ARPU growth**
- Telehealth adoption is set to inflect, and **HIMS is best positioned to capture share**

BEAR DEBATE

- Nothing more than a **GLP-1 story** and faces **underlying user retention issues**
- Competitive pressure** from telehealth peers, big pharma, and strategics **erodes value prop**
- Worst-In-Class Management Team** ruining potential partnerships with FDA approved players

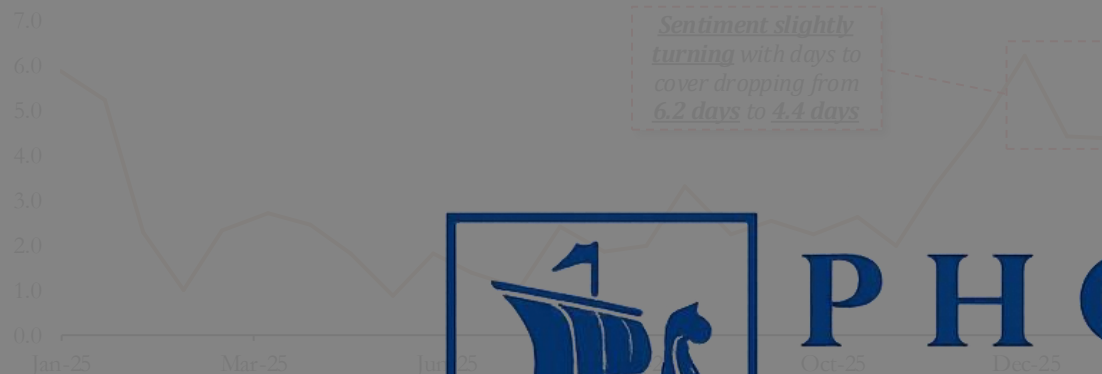
KEY DEVELOPMENTS

- Feb 2025:** FDA officially declares the semaglutide shortage has ended
- July 2025:** Novo Nordisk terminates partnership after regulatory disputes around weight-loss products
- Nov 2025:** Murky Q3 Earnings Call (Mgmt gives little context)
- Feb 2026:** FDA adds new restrictions and warns telehealth firms about compounded offerings

Strong technical setup makes HIMS a compelling short

SHORT INTEREST

Short Interest Ratio



SELL-SIDE SENTIMENT

Sell-Side Revisions



PHOENICIAN INVESTMENT FUND

With bears recently pulling back, HIMS is a compelling short. Sell-side sentiment is still positive with the near P/E ratio at current levels and recommendation ratings display a neutral outlook likely to the upside

Top 10 Ownership Table

Blackrock Inc	10.5%
Vanguard Group Inc/The	9.5%
JPMorgan Chase & Co	8.6%
Capital Group Cos Inc/The	6.5%
Farallon Capital Management LLC	4.9%
Goldman Sachs Group Inc/The	4.7%
Dudum Andrew	4.2%
State Street Corp	3.3%
Geode Capital Management LLC	2.5%
UBS AG	2.3%

- **Farallon Capital Management** (Event-Driven, L/S Equity) has decreased their stake by ~70% (Cut from 10.7m shares to 3.4M)
- Top 3 holders of the stock (Blackrock Inc, Vanguard Group, and JPMorgan Chase & Co) are **pre-IPO investors** and have started selling their 2021 investments
- We believe these will continue to be the **incremental sellers** of the stock

ANDREW DUDUM RUNS THE SHOW

Dual-Class Share Structure



"Shares of our Class V common stock have 175 votes per share, while shares of our Class A common stock have one vote per share."

- Hims & Hers Health Inc., '25 10-K

"Mr. Dudum holds, directly or indirectly, approximately 90% of the outstanding voting power."

- Hims & Hers Health Inc., '25 10-K

With Andrew owning ~90% of voting power, it makes it **nearly impossible for an activist to come into the stock** and proves that the board is solely there for **investor optics**

Early innings of insurance adoption paired with a secular shift towards branded medication puts pressure on HIMS' cash cow

UNIT ECONOMICS POINT TOWARDS COMPOUNDED MEDICATION...

Branded Medication	
Branded Medication	500.0
HIMS Program Fees	100.0
Total GMV Per Order	600.0
(-) Fees remitted to big pharma	(500.0)
Total HIMS Revenue Per Order	100.0
(-) Associated Costs	(10.0)
Total HIMS GP Per Order	90.0
GM% per Order	90.0%
GM% on GMV	15.0%
Assumed Lifetime per Customer (Months)	18
Customer LTV	1,620.0
Consensus CAC	943.6
LTV / CAC	1.7x

Assuming they earn software like margins on solely selling branded medication (idea is big pharma's digital pharmacy dispenses the medication i.e. NovoCare)

Street's outlook on HIMS CAC looks less attractive for branded medication, since HIMS CAC will likely trend accordingly as does LTV

PHOENICIAN INVESTMENT FUND

Compounded Medication	
Compounded Medication	200.0
HIMS Program Fees	100.0
Total GMV Per Order	300.0
(-) Fees remitted to big pharma	-
Total HIMS Revenue Per Order	300.0
(-) Associated Costs	(105.0)
Total HIMS GP Per Order	195.0
GM% per Order	65.0%
Assumed Lifetime per Customer (Months)	18
Customer LTV	3,510.0
Consensus CAC	943.6
LTV / CAC	3.7x

Cost associated with manufacturing and distributing the compounded meds

Assuming the lower end of typical margins for compounded meds

HIMS recognizes that their LTV / CAC looks more attractive selling compounded meds

...CHANNEL CHECKS CONFIRM SHIFT TOWARDS BRANDED MEDICATION

"If I look at the data, the market is increasingly moving towards branded medication. If you organize the product offering, the merchandising, the product offerings that these telehealth platforms have on a two-by-two, where one axis is branded versus compounded, the other axis is self-cash-pay versus insurance, Hims is playing squarely in cash pay compounded only, which just means that they're playing in a certain segment of the market."

- Director of Strategy and Operations at Ro



HIMS continues to indirectly push their personalized, compounded drug

PHOENICIAN INVESTMENT FUND



1

hims

Would you be interested in a personalized dose to help reduce any of these side effects?

Select all that apply.

Gastrointestinal issues (like nausea, vomiting, diarrhea, constipation, and bloating)

Abdominal pain (like cramping and discomfort)

Decreased appetite

Fatigue

Diarrhea

Headaches

2

hims

What would create a better experience for you when it comes to weight loss medication?

Guidance on how to get the most out of treatment

Fewer side effects

Lower cost

Easier access to medication

Other

3

hims

Would you be interested in a personalized dosage plan that can help manage gastrointestinal side effects like nausea, vomiting, constipation, and diarrhea?

Yes

No

I'm not sure

hims

Would you be interested in a personalized dosage plan that can be adjusted by a licensed provider anytime?

Yes

No

I'm not sure

4

Limited time: up to \$800/mo* off Wegovy®

Savings may be plan purchase, paid upfront in full. First order only. If eligible. See limits.

Based on your medical history, a provider may prescribe one of these treatments:

Compounded Semaglutide

From \$165/mo

Paid upfront, in full

- Offered in personalized dosages
- Only for specific clinical needs
- A provider will review your medical history and determine if it's right for you

Give me a recommendation

Wegovy®

From \$1,350/mo

Paid upfront, in full

- Lose 20% of your body weight**
- Promotes sustained weight loss**
- Convenient single-use pen
- Save up to 60% off* on your first order

Give me a recommendation

*FSA/HSA eligible

These treatments are eligible for FSA/HSA reimbursement. You could save an average of 30% based on state and federal tax rates.

Compounded drug products are not approved or evaluated for safety, efficacy, or quality by the FDA.

**Based on clinical trial results. Not including insurance coverage. Savings may be plan purchase. Substitution may occur. See your provider for a medical history review. Active pharmaceutical ingredients may change without notice. See your provider for details.

Continue with Compounded Semaglutide

Pretty much continues to push a personalized option (i.e. "lower cost," "fewer side effects," "easier access to medication")

The first recommendation so happens to be the compounded semaglutide. Once again, haven't spoken to a doctor, mentioned we've never taken a GLP-1 before, No prior health conditions

The problem is that we are being offered personalized questions and options before a provider has even spoken to us

HIMS clearly has the easiest possible flow to just sell more meds and make more money

Ro's Decision Tree

1

Your provider needs you to complete a lab test

A metabolic lab test will check for underlying health conditions to see if you're a good candidate for GLP-1 treatment.

What's covered in the metabolic lab test?

- A lipid profile and A1c, thyroid, and kidney function testing
- Detection for conditions such as high cholesterol, prediabetes, hypothyroidism

How do I complete the lab test?

Testing at Quest is included in the Body membership in most states, or you can get an at-home collection kit for \$75. In some states, you'll get an at-home kit at no extra cost [\(learn more\)](#).

What happens afterward?

A Ro-affiliated provider will discuss your lab results and options with you. If the lab tests do not show any underlying health conditions, you may not qualify for treatment.

I want to proceed

I do not want to proceed

When navigating the Ro Decision Tree, there was not one question that asked us about a blood panel. It was much more thorough about past and present health conditions.



PHOENICIAN INVESTMENT FUND

HIMS' META AD LIBRARY

1

2x Meta

hims hims

Ads: 10 results

Refined our search to "GLP-1"

Only run ads pushing their compounded options!

In order to even complete the online visit, we needed to get a blood panel to confirm our underlying health conditions. If we said no, then we couldn't finish!

2

Are you sure?

If you do not proceed with a lab test, you will not be eligible to continue with this online visit.

I want to proceed with lab testing

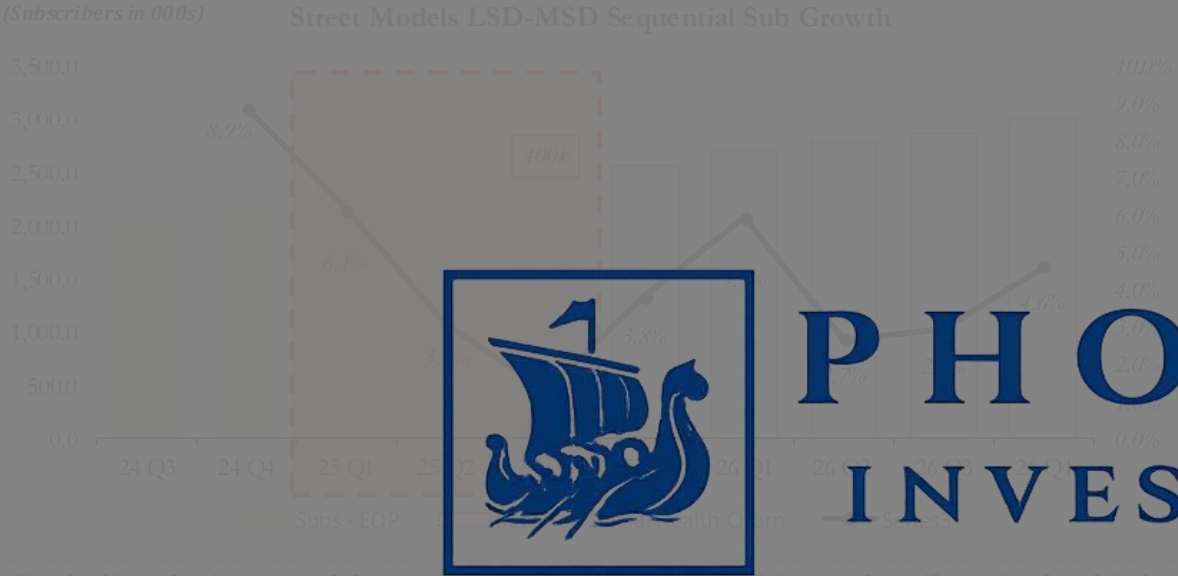
Opt-out & exit

2

Only run ads pushing their compounded options!

Despite 3 sequential quarters of fundamental decel, street remains optimistic on HIM's impaired growth algo

STREET PRESUMES VOLUME EXPANSION



PHOENICIAN INVESTMENT FUND

STREET EXTRAPOLATES PEAK PRICING AS STRUCTURAL

	Street Estimates				
	Q4 2025	Q1 2026	Q2 2026	Q3 2026	Q4 2026
Online Revenue	610.9	647.7	656.5	702.5	742.2
q/q growth		6.0%	1.3%	7.0%	5.6%
(/) Avg Sub EOP (Street)	2.6	2.7	2.8	2.9	3.0
q/q growth		5.9%	2.7%	2.9%	4.6%
ARPU per Quarter	238.1	238.3	235.3	244.6	247.0
(/) Monthly ARPU	79.4	79.4	78.4	81.5	82.3
q/q growth		0.1%	(1.3%)	3.9%	1.0%

RDCF shows street assumes a continued Monthly Avg ARPU increase and sustained price inflation. Consensus needs monthly ARPU >\$81.52 to justify FY26 - implying marketing-driven price floor is permanent

"Excluding the impact of the current sexual health transition, subscribers in the third quarter grew north of 40% year-over-year."

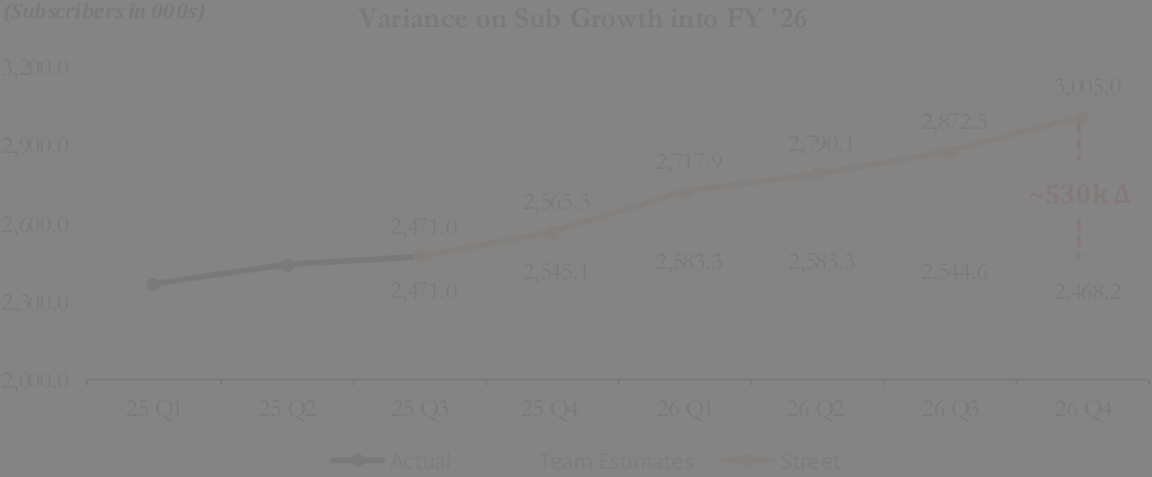
- Yemi Okupe, Hims CFO, Q3'25 Earnings Call

Backing into what Q3'25 End of Period (EOP) subscribers "should've been," based on Yemi's statement on the Q3 Earnings Call, EOP subscriber count "should've been" somewhere closer to ~2.865mm as opposed to the reported ~2.471mm reported for the quarter (only added 32k subscribers for the quarter - second slowest since IPO)

Meaning, the incremental difference would've been ~400k net subscribers. ~400k people rolling off their daily ED medication in one quarter gives us conviction that the street mismodels sub growth into FY26

RDCF gut checks and validates our thesis that HIM's artificial price floor isn't sustainable (without material downside risk to topline), as we model net subscriber decel (~530k) into FY26

MATERIAL SLOWDOWN IN VOLUME ON CONSERVATIVE ASSUMPTIONS



Monthly ARPU sustained on the back of elevated marketing spend

HIMS WILL BEGIN TO FEEL PRESSURE...

hims&hers

Quarterly Marketing / Net Subs Added



PHOENICIAN INVESTMENT FUND

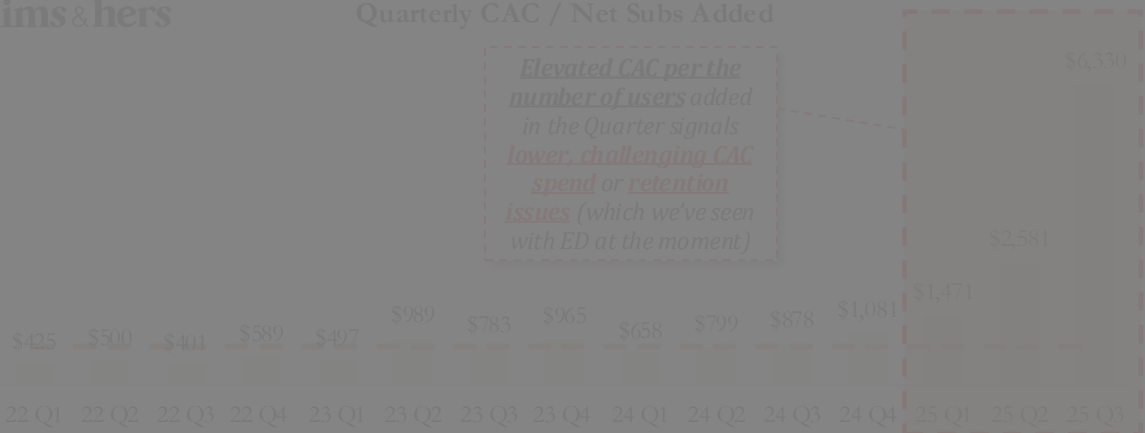
We drive most of our variance on subs in the backend of FY'26, as most marketing spend takes 2-3 quarters to flow through into incremental sales



hims&hers

Quarterly CAC / Net Subs Added

Elevated CAC per the number of users added in the Quarter signals lower, challenging CAC spend or retention issues (which we've seen with ED at the moment)



SELL-SIDE SETS A HIGH BAR HEADING INTO FY'26

	Our Estimates				
	Q4 2025	Q1 2026	Q2 2026	Q3 2026	Q4 2026
Online Revenue (Street)	610.9	647.7	656.5	702.5	742.2
q/q growth		6.0%	1.3%	7.0%	5.6%
(/) Avg Sub EOP (Our View)	2.5	2.6	2.6	2.5	2.5
q/q growth		1.5%	0.0%	-1.5%	-3.0%
ARPU per Quarter	240.0	250.7	254.1	276.1	300.7
(/) Months	3.0	3.0	3.0	3.0	3.0
Monthly Online ARPU	\$80.00	\$83.58	\$84.71	\$92.03	\$100.23
q/q growth		4.5%	1.3%	8.6%	8.9%

Straight-lined sell side revenue estimates reveal that in order to hit optimistic targets, given our belief on material sub decel, that would imply Avg Monthly ARPU jumps to ~\$100 (25% higher than current levels)

A lot more downside to go on what we view as unheroic assumptions...

Our Valuation is based on a 13.0x EBITDA multiple (2x compression from current sell side estimates on '27 numbers) and a 2.0% perpetual growth rate (which we view as conservative for a business with a highly debated terminal value), which, when averaged, produces an implied share price of \$6.95, or an implied return of 69%

WACC CALCULATION / BLENDED PRICE TARGET

Inputs		Multiples Method Output	Growth Method Output
D/(D+E)	17.6%	Cost of Capital	12.9%
E/(D+E)	82.4%	Cumulative NPV of FCF	\$837.6
		PV of Terminal Value	\$1,435.7
Pre-tax kD	4.00%	% of Total Value	63.2%
Tax rate	18.00%	Value of Firm	\$2,901.0
kD	3.28%	Less: Debt	\$1,111.0
Weighted kD	0.58%	Less: NCI	\$0.0
		MV OF EQUITY	\$1,789.9
rF	3.97%	FDSD	23.6
ERP	4.46%	VALUE OF FIRM	\$7.34
Beta	2.47	% Return	(65.5%)
kE	14.99%	Bagger	1.7x
Weighted kE	12.35%		
Opportunity Cost of Capital	12.50%		
WACC	12.93%		



PHOENICIAN INVESTMENT FUND

REVENUE BETS

Our model projects significant revenue decel (~\$200m variance from street on '27 numbers / growth stalls from HDD to LDD/HSD) resulting from material decel in sub growth coupled by eroding pricing power from telehealth incumbents and a paradigm shift towards branded medication - a double whammy! (Sell-side has price and volume rebounding - mistaking structurally for cyclical)

MARGIN BETS

We model HIMS not being able to scale margin at the expense of growth (flatline 7% operating margins with ~10bps margin expansion as business scales into '36) resulting in little/no incremental operating leverage flexed (it seems to be too optimistic on volume driving margin expansion) -> Historically that just hasn't been the case with HIMS!

SENSITIVITY ANALYSIS

Exit Multiple Share Price Sensitivity

WACC	11.0x	12.0x	13.0x	14.0x	15.0x
12.1%	\$7.55	\$8.07	\$8.60	\$9.13	\$9.65
12.3%	\$7.37	\$7.89	\$8.40	\$8.92	\$9.44
12.5%	\$7.20	\$7.71	\$8.21	\$8.72	\$9.22
12.7%	\$7.03	\$7.53	\$8.02	\$8.52	\$9.01
12.9%	\$6.87	\$7.36	\$7.84	\$8.33	\$8.81
13.1%	\$6.71	\$7.19	\$7.66	\$8.14	\$8.61
13.3%	\$6.55	\$7.02	\$7.48	\$7.95	\$8.42
13.5%	\$6.40	\$6.85	\$7.31	\$7.77	\$8.22
13.7%	\$6.25	\$6.69	\$7.14	\$7.59	\$8.04

Perpetuity Growth Share Price Sensitivity

WACC	1.5%	1.8%	2.0%	2.3%	2.5%
12.1%	\$6.78	\$6.92	\$7.06	\$7.21	\$7.36
12.3%	\$6.53	\$6.66	\$6.79	\$6.93	\$7.08
12.5%	\$6.29	\$6.41	\$6.54	\$6.67	\$6.81
12.7%	\$6.06	\$6.18	\$6.30	\$6.42	\$6.55
12.9%	\$5.84	\$5.95	\$6.06	\$6.18	\$6.30
13.1%	\$5.63	\$5.73	\$5.84	\$5.95	\$6.07
13.3%	\$5.43	\$5.52	\$5.62	\$5.73	\$5.84
13.5%	\$5.23	\$5.32	\$5.42	\$5.52	\$5.62
13.7%	\$5.04	\$5.13	\$5.22	\$5.31	\$5.41

Potential downside to our thesis: What could go wrong?

Risks	Commentary	Mitigants
1 Sustained GLP-1 Shortage Tailwinds 	× The bull case relies on a perpetual FDA shortage designation for semaglutide, allowing HIMS to continue selling high-margin compounded versions without patent infringement...	✓ The FDA officially declared the semaglutide shortage ended in Feb 2025. Without this "safe harbor," HIMS faces immediate litigation risk from Novo Nordisk and must transition to a lower-margin branded model.
2 Successful Adoption of Branded Medications	× Bulls argue that HIMS can seamlessly transition its business from compounded drugs to branded medications via legacy/retail distribution through digital pharmacy partnerships	✓ Shifting to branded drugs destroys the unit economics. LTV/CAC becomes far less attractive because HIMS loses the high manufacturing margins of compounded meds and must compete on a level playing field with legacy pharmacies
3 ARPU Growth through Product Bundling	× The street expects Monthly Average Revenue Per User (ARPU) to jump to ~\$100 by FY'26, assuming HIMS can successfully upsell weight-loss patients into hair, skin, and sexual health.	✓ Channel checks show weight-loss users are not "sticky" lifestyle subscribers. Q3'25 data already shows a massive roll-off in core segments (e.g., 400k subscribers leaving ED meds), suggesting the "lifestyle platform" narrative is failing

Key Takeaway: Despite clouded NT factors, we derive confidence in HIMS' decelerating fundamentals coupled with years of overearning- **We believe this combination uniquely positions the stock for underperformance on incremental negative developments and downside revisions over the next 3-12 months**

"Regulatory risk remains the most significant uncertainty, particularly related to the use of compounded medications. Increased enforcement or changes in FDA guidance could limit product availability or force transition to lower margin branded offerings."

Can they even land another big pharma partnership?!



PHOENICIAN INVESTMENT FUND

"While diversification across product categories and therapeutic areas, the heavy concentration in weight loss and other high-profile categories exposes HIMS to shifts in consumer sentiment, reimbursement dynamics, clinical trends, or adverse publicity, which could result in growth volatility."

- Sell-Side Analyst covering HIMS

This was literally dispelled by Yemi on their Q3 '25 call

R/R Skew				
Tactical R/R				
Price	Reward	Risk	R/R	% Move
\$ 25.82	(73.1%)	12.4%	5.9x	12.2%
\$ 25.62	(72.9%)	13.3%	5.5x	11.3%
\$ 25.42	(72.7%)	14.2%	5.1x	10.4%
\$ 25.22	(72.4%)	15.1%	4.8x	9.6%
\$ 25.02	(72.2%)	16.0%	4.5x	8.7%
\$ 24.82	(72.0%)	16.9%	4.3x	7.8%
\$ 24.62	(71.8%)	17.9%	4.0x	7.0%
\$ 24.42	(71.5%)	18.8%	3.8x	6.1%
\$ 24.22	(71.3%)	19.8%	3.5x	5.2%
\$ 24.02	(71.1%)	20.8%	3.2x	4.3%
\$ 23.82	(70.8%)	21.8%	3.0x	3.5%
\$ 23.62	(70.6%)	22.9%	3.1x	2.6%
\$ 23.42	(70.3%)	23.9%	2.9x	1.7%
\$ 23.22	(70.1%)	24.9%	2.7x	0.9%
\$ 23.02	(69.8%)	26.1%	2.7x	0.0%
\$ 22.82	(69.5%)	27.2%	2.6x	(0.9%)
\$ 22.62	(69.3%)	28.3%	2.4x	(1.7%)
\$ 22.42	(69.0%)	29.4%	2.3x	(2.6%)
\$ 22.22	(68.7%)	30.6%	2.2x	(3.5%)
\$ 22.02	(68.4%)	31.8%	2.2x	(4.3%)
\$ 21.82	(68.1%)	33.0%	2.1x	(5.2%)
\$ 21.62	(67.8%)	34.2%	2.0x	(6.1%)
\$ 21.42	(67.5%)	35.5%	1.9x	(7.0%)
\$ 21.22	(67.2%)	36.8%	1.8x	(7.8%)
\$ 21.02	(66.9%)	38.1%	1.8x	(8.7%)
\$ 20.82	(66.6%)	39.4%	1.7x	(9.6%)
\$ 20.62	(66.3%)	40.7%	1.6x	(10.4%)
\$ 20.42	(66.0%)	42.1%	1.6x	(11.3%)
\$ 20.22	(65.6%)	43.5%	1.5x	(12.2%)
\$ 20.02	(65.3%)	45.0%	1.5x	(13.0%)
\$ 19.82	(64.9%)	46.4%	1.4x	(13.9%)