AZ STOCKS
Stocks from A to Z

# Hims & Hers Health

*Extraordinary growth that still has to prove it can be profitable*

DEEP DIVE

November 2026

azstocks.net

COMPANY PROFILE

# Hims & Hers Health

THESIS

*Hims & Hers is growing fast. But is it creating value? The analysis looks at its digital health model, growth, margins, ROIC, risks and what the company is really worth.*

TARGET PRICE
USD 17

UPSIDE / DOWNSIDE
-25.9%

SECTOR
Healthcare

EXCHANGE
NYSE

CURRENCY
USD

LAST UPDATED
November 2026

## THE COMPANY

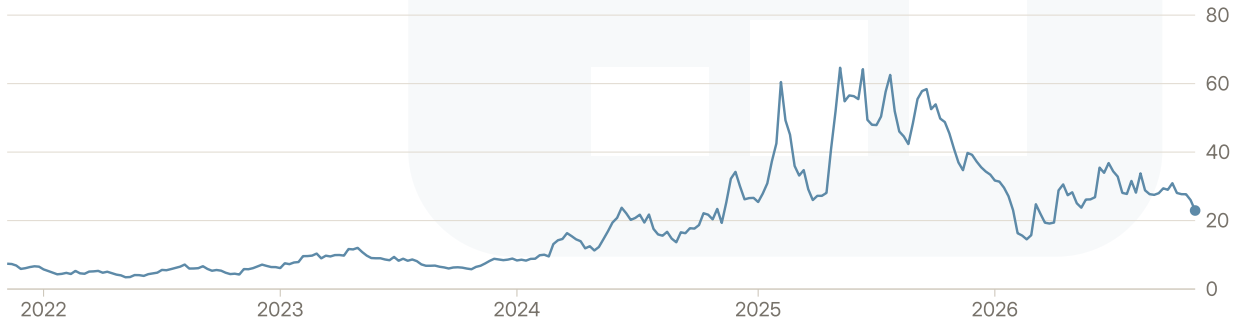
Hims & Hers, founded in 2017 and headquartered in San Francisco, runs a consumer-facing health and wellness platform: digital customer acquisition, remote care, pharmacy, logistics and, increasingly, diagnostics and personalization.

It does not develop patented drugs like a traditional pharmaceutical company. Its business consists of connecting demand with licensed professionals and treatments, with different degrees of operational integration.

MARKET DATA AS OF 2026-11-09

| PRICE | 52-WEEK RANGE | 5-YEAR CHANGE | BETA (5Y) |
|---|---|---|---|
| USD 22.94 | 13.74 – 42.70 | +210% | 2.57 |

WEEKLY SHARE PRICE, LAST 5 YEARS



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SECTION 01

# Introduction

Every so often some companies become fashionable in the investing community. Hims & Hers flooded my feed for quite a while, so I wanted to include it in my analyses because I understand many people are interested in this company.

Founded in 2017 and headquartered in San Francisco, Hims & Hers runs a consumer-facing health and wellness platform: digital customer acquisition, remote care, pharmacy, logistics and, increasingly, diagnostics and personalization. It does not develop patented drugs like a traditional pharmaceutical company. Its business consists of connecting demand, licensed professionals and products, with different degrees of operational integration.

Hims & Hers was basically born as a way to simplify the US healthcare system: find a professional, talk about sensitive problems, receive a treatment and renew it without repeating the whole process. The appeal is obvious, but so is its difficulty: as it adds more expensive drugs and acquires international operators, the gross margin we knew in the original business is no longer a sufficient reference.

Today the key is not just how many subscribers it can acquire. It is how much it costs to get them, how long they stay, which treatments they consume, how much capital it takes to serve them and how much of that result finally reaches the shareholder.

SECTION 02

# Business model

The early years were linked to conditions many patients prefer to treat discreetly, such as hair loss, sexual health, dermatology and mental health. The business then expanded into weight management and, more recently, international solutions, diagnostics and a broader offering of approved drugs. This evolution increases the available market, but it also changes the unit economics. Selling a recurring generic treatment does not have the same cost structure as distributing, for example, a branded GLP-1.

Hims & Hers reports a single consolidated operating segment. To understand the business, however, it helps to separate a few things. Product lines and geography give a better picture of the transformation.

**Traditional US business.** It includes sexual health, hair loss, dermatology, mental health and other solutions, generally with generic drugs and subscription follow-up. Its value for the patient lies in convenience, discretion and continuity. Repeat purchase potential is high, although there are cheap alternatives and acquisition costs are significant.

**Weight management.** It is the growth driver that most changed the structure of results. After the FDA announcement of February 6, 2026, Hims announced on March 9 a transition of its US offering towards approved GLP-1 drugs, in collaboration with Novo Nordisk, limiting compounded semaglutide to clinically justified cases and no longer advertising it.

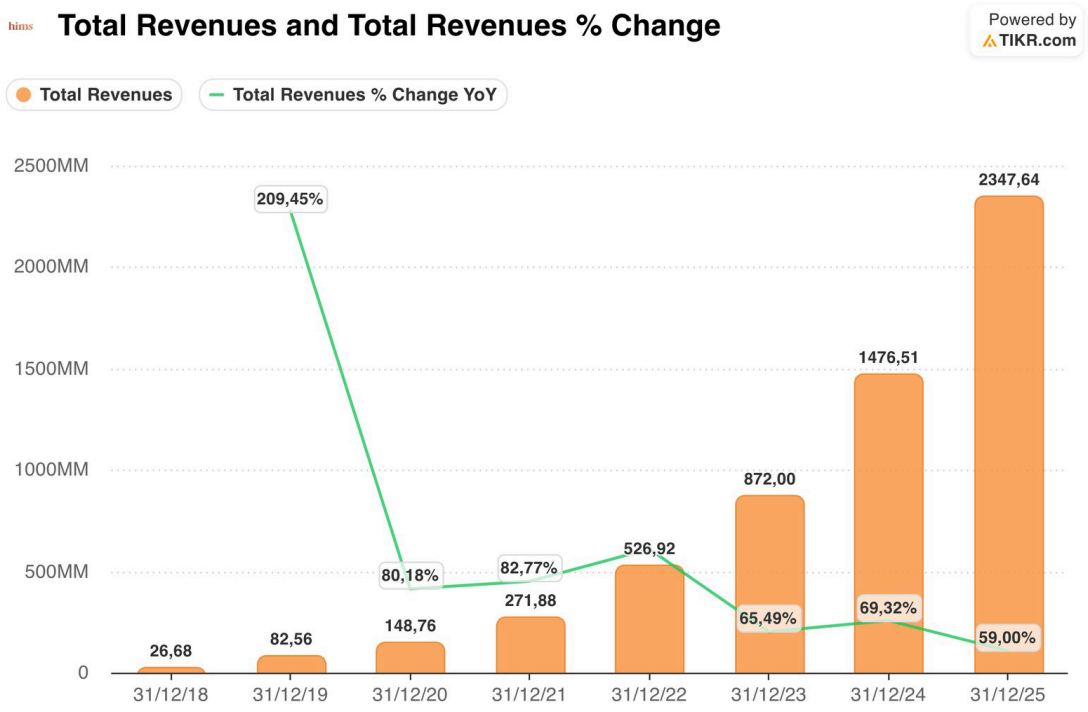
**International expansion.** In July 2025 it acquired ZAVA and in June 2026 it closed the purchase of Eucalyptus, complemented by Livewell in Canada. Eucalyptus brings a presence in Australia, the United Kingdom, Germany, Canada and Japan. This strategy speeds up scale and adds geographic diversification.

**Diagnostics and own infrastructure.** The acquisition of YourBio, closed in January 2026, adds capillary blood collection technology; the build-out of labs and pharmacy capabilities pursues a more complete clinical relationship. The thesis is to raise customer lifetime value and improve the experience. The flip side is that Hims is moving away from the asset-light model it started with.

SECTION 03

# Business quality

## REVENUE




Source: Tikr.

Hims & Hers' evolution over the last few years has been extraordinary. Revenue went from just **USD 26.7 M in 2018 to USD 2,347.6 M in 2025**, multiplying almost 88 times in seven years. Even taking 2021 as a starting point, when the business already had considerably greater scale, sales multiplied 8.6 times in just four years.

The first stage was marked by explosive growth from a very small base. In **2019 revenue reached USD 82.6 M (+209%)**, and in **2020 it grew another 80%, to USD 148.8 M**. In **2021 it reached USD 271.9 M (+83%)** and in **2022 it practically doubled again, to USD 526.9 M (+94%)**. These early years mainly reflect the rapid adoption of the platform, the addition of new treatments and categories and an ever larger subscriber base.

As Hims gained scale some slowdown was to be expected, but growth rates remained exceptionally high. In **2023 sales reached USD 872 M (+65%)** and in **2024 they jumped to USD 1,476.5 M (+69%)**. The latter year was especially strong because of the expansion of the customer base: subscribers ended 2024 up approximately **45% year over year**, helped, among other factors, by the strong development of the weight loss category.

In **2025 revenue accelerated again in absolute terms to USD 2,347.6 M, growth of 59%**. However, this is where an important change in the composition of growth appears. Subscribers grew only **13%**, while average monthly revenue per subscriber went from approximately **USD 65 to USD 83 (+28%)**.

In other words, Hims no longer depended only on adding users at high speed: an increasing share of growth came from **better monetizing the existing base**, thanks to product mix, higher-ticket treatments and higher spending per customer.

This distinction matters going forward. A company can sustain growth well above 50% for a while by adding millions of new users, but doing so indefinitely is much harder. The recent evolution shows that Hims is developing a second lever: increasing revenue per subscriber. If it manages to combine both, even at more moderate rates, the growth potential can still be considerable.

Geographically, the business still depends largely on the United States. In **2025 it generated USD 2,113.6 M in the country, approximately 94.3% of total revenue**. However, 2026 is starting to show a different mix. In the second quarter Hims billed **USD 621.8 M in the United States (+16% year over year)** and **USD 131.4 M internationally**, so markets outside the US already represented around **17.4% of quarterly sales**.

But careful, that international growth has to be read with caution. **Eucalyptus started being consolidated in June and contributed approximately 5% of the quarter's revenue**, so a relevant part of the jump is inorganic. Even so, internationalization can become a new growth leg and gradually reduce the huge concentration Hims still has in the United States.

Finally, in the **second quarter of 2026 subscribers reached 2.891 million (+19%)**, while average monthly revenue per subscriber reached **USD 92 (+21%)**. The 2025 trend therefore continues: Hims keeps adding customers, but growth in revenue per user is becoming much more important than in the early stages of the business.

The **third quarter of 2026** deepened that shift. Revenue reached **USD 890.4 M (+49%)**: **USD 657.1 M in the United States (+21%)** and **USD 233.3 M outside the country (+321%)**, which is already **26% of the total**. A good part of the international jump is still inorganic, because of Eucalyptus. What caught my attention is that **subscribers fell to 2.788 million**, about 100,000 fewer than in the previous quarter (although still +13% year over year), while monthly revenue per subscriber rose to **USD 105 (+30%)**. The company attributes this to more moderate weight-loss marketing in the United States and to brand migrations abroad, and it warned that the fourth quarter may stay weak in subscribers. For full-year 2026, guidance stands at **USD 3,130 to 3,150 M of revenue**.

## VERTICAL ANALYSIS

### *Income Statement*

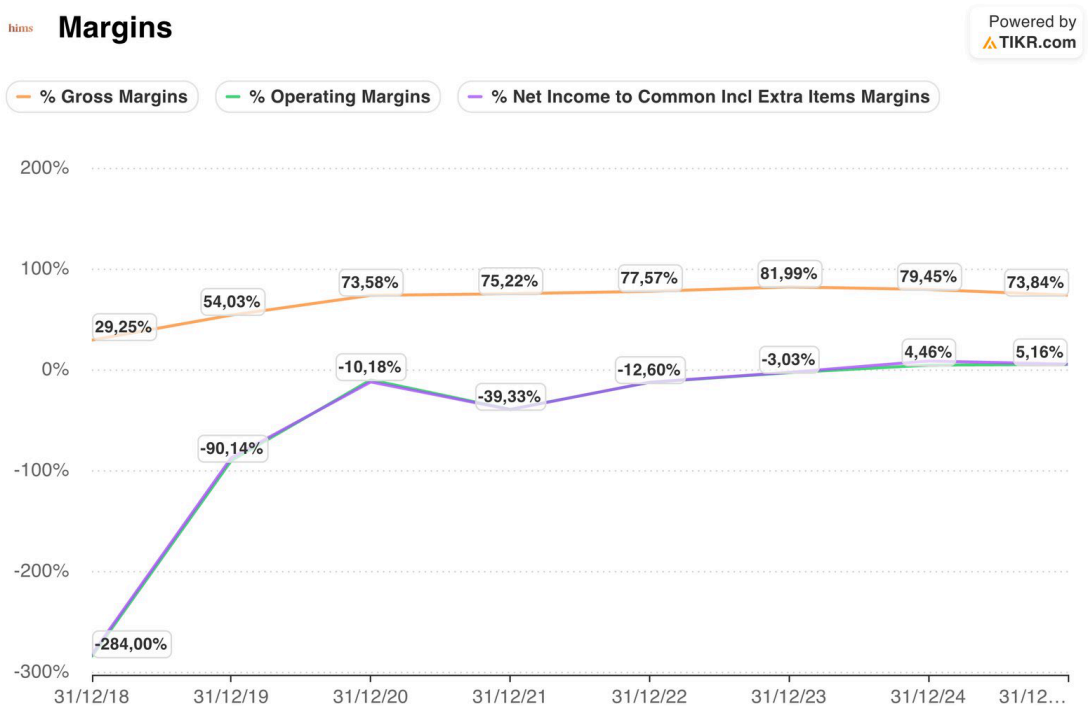
| Fiscal year<br>Income Statement — % of revenue | FY2018A | FY2019A | FY2020A | FY2021A | FY2022A | FY2023A | FY2024A | FY2025A | 3Y avg | 5Y avg |
|---|---|---|---|---|---|---|---|---|---|---|
| **Total Revenues** | **100.0%** | **100.0%** | **100.0%** | **100.0%** | **100.0%** | **100.0%** | **100.0%** | **100.0%** | **100.0%** | **100.0%** |
| Cost of Goods Sold | (70.8%) | (46.0%) | (26.4%) | (24.8%) | (22.4%) | (18.0%) | (20.5%) | (26.1%) | **(21.6%)** | **(22.4%)** |
| **Gross Profit** | **29.2%** | **54.0%** | **73.2%** | **75.0%** | **77.6%** | **82.0%** | **79.4%** | **73.8%** | **78.4%** | **77.6%** |
| Selling General & Admin Expenses | (313.2%) | (144.1%) | (75.8%) | (106.3%) | (84.6%) | (79.5%) | (69.6%) | (62.3%) | **(70.5%)** | **(80.5%)** |
| R&D Expenses | – | – | (7.5%) | (8.2%) | (5.5%) | (5.5%) | (5.3%) | (6.3%) | **(5.7%)** | **(6.2%)** |
| **Total Operating Expenses** | **(313.2%)** | **(144.1%)** | **(83.9%)** | **(114.3%)** | **(90.1%)** | **(85.0%)** | **(74.9%)** | **(68.7%)** | **(76.2%)** | **(86.6%)** |
| **Operating Income** | **(284.0%)** | **(90.1%)** | **(10.2%)** | **(39.3%)** | **(12.6%)** | **(3.0%)** | **4.5%** | **5.2%** | **2.2%** | **(9.1%)** |
| Interest Expense | (0.6%) | (0.4%) | – | – | – | – | – | (0.2%) | **(0.1%)** | **(0.0%)** |
| **EBT Incl. Unusual Items** | **(281.9%)** | **(87.2%)** | **(12.1%)** | **(40.8%)** | **(12.5%)** | **(2.5%)** | **4.9%** | **5.3%** | **2.6%** | **(9.1%)** |
| Income Tax Expense | (0.1%) | (0.1%) | (0.1%) | 1.2% | 0.0% | (0.2%) | 3.7% | 0.2% | **1.2%** | **1.0%** |
| **Net Income** | **(282.0%)** | **(87.3%)** | **(12.2%)** | **(39.7%)** | **(12.5%)** | **(2.7%)** | **8.5%** | **5.5%** | **3.8%** | **(8.2%)** |
| EBITDA | – | (89.8%) | (9.5%) | (37.9%) | (11.2%) | (1.9%) | 5.6% | 7.5% | **3.7%** | **(7.6%)** |

Source: author's analysis based on Tikr data.

Here the mix change I mentioned at the beginning is clearly visible. Gross margin reached 81.99% in 2023, but fell back to 73.84% in 2025 and is around 69.5% on an LTM basis. The trend continued in 2026: in the second quarter gross margin was just 64% and in the third, **57%**, versus 74% a year ear-

lier. It is probably the most important data point in the vertical analysis. Hims keeps growing strongly, but the composition of that growth is less profitable at the gross level today than a few years ago.

Operating leverage partially offsets that pressure. SG&A fell from 79.49% of sales in 2023 to 69.65% in 2024 and 62.31% in 2025. R&D stayed at around 5%-6%. As a result, operating margin went from negative in 2023 to 5.16% in 2025. Net margin, on the other hand, fell from 8.54% in 2024 to 5.47% in 2025. That is why the thesis does not require gross margin to return to its highs, but it does require commercial scale to keep diluting operating expenses faster than the mix deteriorates.




Source: Tikr.

## *Balance Sheet*

| Fiscal year<br>Balance Sheet — % of total assets | FY2018A | FY2019A | FY2020A | FY2021A | FY2022A | FY2023A | FY2024A | FY2025A | 3Y avg | 5Y avg |
|---|---|---|---|---|---|---|---|---|---|---|
| **Total Cash And Short Term Investments** | **87.3%** | **83.8%** | **84.0%** | **58.7%** | **49.2%** | **50.1%** | **42.4%** | **26.8%** | **39.8%** | **45.4%** |
| **Total Receivables** | **1.1%** | **1.2%** | **0.6%** | **0.9%** | **0.9%** | **1.5%** | **0.9%** | **1.5%** | **1.3%** | **1.1%** |
| Inventory | 7.8% | 5.9% | 3.0% | 3.2% | 5.9% | 5.1% | 9.1% | 3.7% | **6.0%** | **5.4%** |
| **Total Current Assets** | **99.6%** | **96.6%** | **95.0%** | **64.1%** | **59.3%** | **60.1%** | **55.9%** | **35.6%** | **50.6%** | **55.0%** |
| Net Property Plant And Equipment | – | 0.3% | 1.4% | 1.7% | 4.4% | 10.4% | 13.1% | 20.8% | **14.8%** | **10.1%** |
| Long-term Investments | – | – | – | – | – | – | – | 16.3% | **5.4%** | **3.3%** |
| Goodwill | – | – | – | 26.4% | 30.3% | 25.2% | 16.0% | 12.9% | **18.0%** | **22.1%** |
| Other Intangibles | – | 1.8% | 2.4% | 7.5% | 6.0% | 4.2% | 6.1% | 9.1% | **6.5%** | **6.6%** |
| **Total Assets** | **100.0%** | **100.0%** | **100.0%** | **100.0%** | **100.0%** | **100.0%** | **100.0%** | **100.0%** | **100.0%** | **100.0%** |
| **Total Current Liabilities** | **50.7%** | **28.6%** | **12.8%** | **18.8%** | **13.1%** | **20.1%** | **31.2%** | **18.7%** | **23.3%** | **20.4%** |
| Long-Term Debt | 1.3% | – | – | – | – | – | – | 45.2% | **15.1%** | **9.0%** |
| Capital Leases | – | – | – | 1.0% | 1.0% | 2.0% | 1.3% | 6.6% | **3.3%** | **2.4%** |
| **Total Liabilities** | **52.0%** | **34.9%** | **13.1%** | **20.4%** | **14.9%** | **22.0%** | **32.6%** | **74.9%** | **43.2%** | **33.0%** |
| **Total Equity** | **47.9%** | **65.1%** | **86.6%** | **79.6%** | **85.2%** | **78.0%** | **67.4%** | **25.1%** | **56.8%** | **67.1%** |
| **Total Debt** | **17.7%** | **2.1%** | – | **1.3%** | **1.5%** | **2.3%** | **1.6%** | **52.0%** | **18.6%** | **11.7%** |
| Net Debt | (69.6%) | (81.7%) | (84.0%) | (57.5%) | (47.5%) | (47.8%) | (40.8%) | 25.2% | **(21.2%)** | **(33.7%)** |

Source: author's analysis based on Tikr data.

The balance sheet also changed in nature. In 2024, cash and short-term investments represented 42.44% of assets and current assets 55.94%. In 2025 those proportions fell to 26.80% and 35.63%. At the same time, net PP&E rose from 13.14% to 20.84% of assets, long-term investments of 16.30% appeared, and goodwill plus intangibles represent about 22.0%. **Hims is today a considerably more capital-intensive and acquisitive business than just a year ago**.

**The most relevant change is on the financing side.** Total liabilities went from 32.62% of assets in 2024 to 74.90% in 2025, while equity fell from 67.38% to 25.10%. Long-term debt, practically non-existent in 2024, represents 45.14% of assets in 2025.

### *Cash Flow Statement*

| Fiscal year<br>Cash Flow — % of revenue | FY2018A | FY2019A | FY2020A | FY2021A | FY2022A | FY2023A | FY2024A | FY2025A | 3Y avg | 5Y avg |
|---|---|---|---|---|---|---|---|---|---|---|
| **Net Income** | **(282.0%)** | **(87.3%)** | **(12.2%)** | **(39.7%)** | **(12.5%)** | **(2.7%)** | **8.5%** | **5.5%** | **3.8%** | **(8.2%)** |
| **Total Depreciation & Amortization** | **–** | **0.3%** | **0.7%** | **1.5%** | **1.4%** | **1.1%** | **1.2%** | **2.3%** | **1.5%** | **1.5%** |
| Stock-Based Compensation | 27.4% | 9.7% | 3.9% | 24.7% | 8.1% | 7.6% | 6.3% | 5.7% | **6.5%** | **10.5%** |
| **Cash from Operations** | **(214.8%)** | **(90.7%)** | **(1.7%)** | **(12.7%)** | **(5.0%)** | **8.4%** | **17.0%** | **12.8%** | **12.7%** | **4.1%** |
| Capital Expenditure | (0.0%) | (0.4%) | (1.2%) | (0.3%) | (0.5%) | (2.0%) | (2.8%) | (9.6%) | **(4.8%)** | **(3.0%)** |
| Cash Acquisitions | – | – | – | (17.1%) | (0.1%) | – | (1.0%) | (6.2%) | **(2.4%)** | **(4.9%)** |
| **Cash from Investing** | **(0.0%)** | **(47.6%)** | **(26.6%)** | **(57.4%)** | **6.6%** | **(1.4%)** | **(1.3%)** | **(43.7%)** | **(15.4%)** | **(19.4%)** |
| **Total Debt Issued** | **35.1%** | **2.6%** | **–** | **–** | **–** | **–** | **–** | **41.3%** | **13.8%** | **8.3%** |
| **Total Debt Repaid** | **(7.2%)** | **(11.0%)** | **(1.0%)** | **–** | **–** | **–** | **–** | **–** | **–** | **–** |
| Repurchase of Common Stock | – | – | – | (10.3%) | (0.7%) | (1.8%) | (9.2%) | (8.8%) | **(6.6%)** | **(6.2%)** |
| **Cash from Financing** | **292.9%** | **115.5%** | **32.0%** | **86.4%** | **(6.3%)** | **(1.3%)** | **(7.3%)** | **31.1%** | **7.5%** | **20.5%** |
| Free Cash Flow | (214.9%) | (91.1%) | (2.8%) | (13.0%) | (5.5%) | 6.5% | 14.2% | 3.1% | **7.9%** | **1.0%** |

Source: author's analysis based on Tikr data.

The Cash Flow Statement confirms that transition. Cash from Operations (CFO) was equivalent to 17.00% of sales in 2024 and fell to 12.78% in 2025. At the same time, capex went from 2.82% to 9.63% of sales and FCF shrank from 14.18% to just 3.15%. SBC is still material, 5.76% of sales in 2025. In other words, **operating profit is still solid, but a much larger share of cash is reinvested to support infrastructure, capacity and expansion.** This pressure on cash generation did not disappear in 2026. In the second quarter the company reported USD 35.9 M of negative operating cash flow and USD 68.2 M of negative free cash flow. In the third quarter cash flow turned positive again: USD 65.4 M of operating cash flow and USD 26.0 M of free cash flow, although well below the USD 148.7 M and USD 79.4 M of the same quarter of 2025. A single quarter does not determine the structural cash-generating capacity of the business, but it reinforces the need to watch whether today's heavy investments end up turning into more FCF as they mature.

As for investments, in 2025 acquisitions consumed 6.19% of sales and net purchases of marketable securities 27.14%. Investing cash flow reached 43.66% of sales, financed largely with new debt equivalent to 41.32% of sales. **This explains why looking only at EBITDA or CFO can give an incomplete picture of the current financial risk.**

## FINANCIAL RATIOS

- **Growth**

| Fiscal year | FY2018A | FY2019A | FY2020A | FY2021A | FY2022A | FY2023A | FY2024A | FY2025A | 3Y avg | 5Y avg |
|---|---|---|---|---|---|---|---|---|---|---|
| **Growth** | | | | | | | | | | |
| Revenue growth | | 209.4% | 80.5% | 82.6% | 93.8% | 65.5% | 69.4% | 59.0% | **64.6%** | **74.0%** |
| EBIT growth | | n.m. | n.m. | n.m. | n.m. | n.m. | n.m. | 83.7% | **83.7%** | **83.7%** |
| Diluted EPS growth | | n.m. | n.m. | n.m. | n.m. | n.m. | n.m. | (3.8%) | **(3.8%)** | **(3.8%)** |
| Change in diluted shares (dilution / buybacks) | | (48.3%) | 1.7% | 429.0% | 9.6% | 2.0% | 13.4% | 8.9% | **8.1%** | **92.6%** |

Source: author's analysis based on Tikr data.

Sales growth was extraordinary throughout the series: 59% in 2025 and an average of 65% over the last three years. EBIT only turned positive in 2024, so earlier growth rates are not meaningful. One point not to lose sight of is dilution: the share count grew 13.4% in 2024 and 8.9% in 2025.

- **Profitability**

| Fiscal year | FY2018A | FY2019A | FY2020A | FY2021A | FY2022A | FY2023A | FY2024A | FY2025A | 3Y avg | 5Y avg |
|---|---|---|---|---|---|---|---|---|---|---|
| **Profitability** | | | | | | | | | | |
| Gross margin | 29.2% | 54.0% | 73.2% | 75.0% | 77.6% | 82.0% | 79.4% | 73.8% | **78.4%** | **77.6%** |
| SG&A % revenue | 313.2% | 144.1% | 75.8% | 106.3% | 84.6% | 79.5% | 69.6% | 62.3% | **70.5%** | **80.5%** |
| R&D % revenue | – | – | 7.5% | 8.2% | 5.5% | 5.5% | 5.3% | 6.3% | **5.7%** | **6.2%** |
| EBIT margin | (284.0%) | (90.1%) | (10.2%) | (39.3%) | (12.6%) | (3.0%) | 4.5% | 5.2% | **2.2%** | **(9.1%)** |
| EBITDA margin (EBIT + D&A) | (284.0%) | (89.8%) | (9.4%) | (37.8%) | (11.2%) | (1.9%) | 5.6% | 7.5% | **3.7%** | **(7.6%)** |
| Net margin | (282.0%) | (87.3%) | (12.2%) | (39.7%) | (12.5%) | (2.7%) | 8.5% | 5.5% | **3.8%** | **(8.2%)** |
| Stock-based compensation % revenue | 27.4% | 9.7% | 3.9% | 24.7% | 8.1% | 7.6% | 6.3% | 5.7% | **6.5%** | **10.5%** |
| Effective tax rate | (0.1%) | (0.1%) | (0.7%) | 2.8% | 0.0% | (9.2%) | (75.8%) | (3.6%) | **(29.5%)** | **(17.1%)** |

Source: author's analysis based on Tikr data.

Here the mix change is visible: gross margin fell from 82% in 2023 to 73.8% in 2025, while operating leverage (SG&A falling from 79.5% to 62.3% of sales) took EBIT margin from -3% to 5.2%. Stock-based compensation is still high: 5.7% of sales in 2025.

- **Cash flow and reinvestment**

| Fiscal year | FY2018A | FY2019A | FY2020A | FY2021A | FY2022A | FY2023A | FY2024A | FY2025A | 3Y avg | 5Y avg |
|---|---|---|---|---|---|---|---|---|---|---|
| **Cash flow & reinvestment** | | | | | | | | | | |
| Cash from operations % revenue | (214.8%) | (90.7%) | (1.7%) | (12.7%) | (5.0%) | 8.4% | 17.0% | 12.8% | **12.7%** | **4.1%** |
| FCF margin (TIKR FCF / revenue) | (214.9%) | (91.1%) | (2.8%) | (13.0%) | (5.5%) | 6.5% | 14.2% | 3.1% | **7.9%** | **1.0%** |
| FCF conversion (FCF / net income) | n.m. | n.m. | n.m. | n.m. | n.m. | n.m. | 165.9% | 57.8% | **111.8%** | **111.8%** |
| Capex % revenue | 0.0% | 0.4% | 1.2% | 0.3% | 0.5% | 2.0% | 2.8% | 9.6% | **4.8%** | **3.0%** |
| D&A % revenue | – | 0.3% | 0.7% | 1.5% | 1.4% | 1.1% | 1.2% | 2.3% | **1.5%** | **1.5%** |
| Capex / D&A | – | 1.2x | 1.6x | 0.2x | 0.4x | 1.8x | 2.4x | 4.1x | **2.8x** | **1.8x** |
| D&A % beginning net PP&E | | – | 530.0% | 240.0% | 102.2% | 59.0% | 37.4% | 58.6% | **51.7%** | **99.4%** |
| Acquisitions % revenue | – | – | – | 17.1% | 0.1% | – | 1.0% | 6.2% | **2.4%** | **4.9%** |

Source: author's analysis based on Tikr data.

Capex jumped from 2.8% to 9.6% of sales in 2025, four times the year's depreciation. That is why the free cash flow margin fell from 14.2% to 3.1%, even with operating cash flow of 12.8% of sales. Hims is becoming a much more capital-intensive company.

- **Working capital**

| Fiscal year | FY2018A | FY2019A | FY2020A | FY2021A | FY2022A | FY2023A | FY2024A | FY2025A | 3Y avg | 5Y avg |
|---|---|---|---|---|---|---|---|---|---|---|
| **Working capital** | | | | | | | | | | |
| Receivables days (DSO) | 6.8 | 3.8 | 1.8 | 4.8 | 2.2 | 2.8 | 1.5 | 5.0 | **3.1** | **3.3** |
| Inventory days (DIO) | 71.5 | 40.6 | 32.9 | 73.5 | 66.7 | 52.2 | 77.6 | 47.6 | **59.2** | **63.5** |
| Payables days (DPO) | 257.3 | 69.5 | 74.9 | 106.4 | 100.1 | 100.1 | 109.8 | 85.0 | **98.3** | **100.3** |
| Cash conversion cycle (DSO + DIO − DPO) | (178.9) | (25.1) | (40.2) | (28.1) | (31.2) | (45.1) | (30.7) | (32.4) | **(36.1)** | **(33.5)** |
| Deferred revenue % revenue | 2.0% | 0.9% | 0.9% | 1.2% | 0.3% | 0.9% | 5.1% | 5.4% | **3.8%** | **2.6%** |
| Operating NWC % revenue | (37.9%) | (11.2%) | (1.1%) | (19.9%) | (1.6%) | (4.9%) | (8.2%) | (8.5%) | **(7.2%)** | **(8.6%)** |

Source: author's analysis based on Tikr data.

One of the most attractive features of the model: Hims collects from its customers before paying its suppliers. The cash conversion cycle is negative (about -32 days in 2025), so growth generates cash instead of consuming it.

- **Returns on capital**

| Fiscal year | FY2018A | FY2019A | FY2020A | FY2021A | FY2022A | FY2023A | FY2024A | FY2025A | 3Y avg | 5Y avg |
|---|---|---|---|---|---|---|---|---|---|---|
| **Returns on capital** | | | | | | | | | | |
| NOPAT = EBIT × (1 − normalized tax rate) | (57) | (56) | (11) | (80) | (50) | (20) | 49 | 91 | **40** | **(2)** |
| Invested capital = debt + equity − cash & ST inv. | (10) | (12) | 3 | 93 | 137 | 133 | 188 | 1,085 | **469** | **327** |
| ROIC = NOPAT / average invested capital | n.m. | n.m. | | (166.4%) | (43.1%) | (14.7%) | 30.8% | 14.3% | **10.1%** | **(35.8%)** |
| ROIC incl. cash = NOPAT / average (debt + equity) | (140.1%) | (15.0%) | | (36.2%) | (15.1%) | (5.9%) | 11.7% | 8.4% | **4.8%** | **(7.4%)** |
| Pre-tax ROIC = EBIT / average invested capital (reference) | n.m. | n.m. | | (221.8%) | (57.5%) | (19.6%) | 41.0% | 19.0% | **13.5%** | **(47.8%)** |
| ROE = net income / average equity | (206.7%) | (24.2%) | | (49.3%) | (20.3%) | (7.2%) | 30.7% | 25.1% | **16.2%** | **(4.2%)** |
| ROA = net income / average total assets | (120.5%) | (19.0%) | | (40.0%) | (16.7%) | (5.8%) | 21.9% | 8.9% | **8.3%** | **(6.3%)** |

Source: author's analysis based on Tikr data.

ROIC went from 30.8% in 2024 to 14.3% in 2025. The drop is explained by the huge increase in invested capital, which went from USD 188 M to almost USD 1,100 M in a single year because of acquisitions, pharmacy infrastructure and labs. If we include cash within capital, ROIC is just 8.4%, below the cost of capital.

- **Leverage and liquidity**

| Fiscal year | FY2018A | FY2019A | FY2020A | FY2021A | FY2022A | FY2023A | FY2024A | FY2025A | 3Y avg | 5Y avg |
|---|---|---|---|---|---|---|---|---|---|---|
| **Leverage & liquidity** | | | | | | | | | | |
| Net debt (debt − cash & ST inv.) | (33) | (59) | (100) | (242) | (175) | (211) | (289) | 544 | **15** | **(74)** |
| Net debt / EBITDA | n.m. | n.m. | n.m. | n.m. | n.m. | n.m. | (3.5x) | 3.1x | **(0.2x)** | **(0.2x)** |
| Interest coverage (EBIT / interest expense) | (505.1x) | (201.1x) | n.m. | n.m. | n.m. | n.m. | n.m. | 31.0x | **31.0x** | **31.0x** |
| Debt / (debt + equity), book | 26.9% | 3.1% | – | 1.6% | 1.7% | 2.8% | 2.3% | 67.4% | **24.2%** | **15.2%** |
| Current ratio | 1.96 | 3.38 | 7.42 | 3.41 | 4.53 | 3.00 | 1.79 | 1.90 | **2.23** | **2.92** |

Source: author's analysis based on Tikr data.

**The jump in leverage is very clear**: Hims went from net cash of almost USD 290 M in 2024 to net debt of USD 544 M in 2025, equivalent to 3.1 times EBITDA, mainly because of the issue of convertible bonds. Debt came to represent 67% of the book capital structure. Short-term liquidity is still reasonable (current ratio of 1.90), so the problem is not an immediate lack of liquidity, but the size of the obligations, the commitments arising from acquisitions and potential dilution for shareholders.

- **Shareholder returns and valuation**

| Fiscal year | FY2018A | FY2019A | FY2020A | FY2021A | FY2022A | FY2023A | FY2024A | FY2025A | 3Y avg | 5Y avg |
|---|---|---|---|---|---|---|---|---|---|---|
| **Shareholder returns & market valuation (TIKR, at fiscal year end)** | | | | | | | | | | |
| Dividends + buybacks % FCF | n.m. | n.m. | n.m. | n.m. | n.m. | 28.6% | 65.1% | 279.9% | **124.5%** | **124.5%** |
| EV / EBITDA | n.m. | n.m. | n.m. | n.m. | n.m. | n.m. | 60.7x | 44.8x | **52.8x** | **52.8x** |
| EV / revenue | n.m. | n.m. | 3.5x | 4.0x | 2.2x | 1.9x | 3.4x | 3.4x | **2.9x** | **3.0x** |
| P/E | n.m. | n.m. | n.m. | n.m. | n.m. | n.m. | 41.9x | 57.8x | **49.8x** | **49.8x** |
| FCF yield (FCF / market cap) | n.m. | (30.2%) | (1.1%) | (2.6%) | (2.2%) | 3.0% | 4.0% | 1.0% | **2.6%** | **0.6%** |

Source: author's analysis based on Tikr data.

In 2024 Hims used 65% of its free cash flow for buybacks, but in 2025 it practically stopped them. The stock ended 2025 at 45 times EBITDA and 58 times earnings, with an FCF yield of just 1%. These are high-growth company multiples, which require growth and margin improvement to continue for many years.

SECTION 04

# Management and capital allocation

**Andrew Dudum is co-founder, CEO and chairman of the board. Oluyemi (Yemi) Okupe heads finance.**

The dual-class share structure matters more than the economic stake on its own: Class V shares carry 175 votes per share and Dudum holds, directly or through affiliates, close to 90% of the voting power. There is skin in the game and the ability to execute a long-term strategy. On the other hand, minority shareholders have limited influence over matters such as acquisitions, compensation and potential changes of control.

**Capital allocation has become the key aspect of management.** Management chose to buy ZAVA and Eucalyptus, build pharmacy infrastructure and acquire YourBio, financing itself largely with convertibles and deferred payments. These are decisions that can increase retention and speed up internationalization, but they require a ROIC above the cost of capital and a tangible conversion into FCF. The company's stated goal for 2030 is to exceed US$6,500 M in revenue and US$1,300 M in adjusted EBITDA.

SECTION 05

# Competitive position

## INDUSTRY, TAM AND COMPETITION

In the United States alone, NHANES data (National Health and Nutrition Examination Survey) for August 2021 to August 2023 show an obesity prevalence of 40.3% among adults aged 20 or over. But careful, that figure describes clinical need, not customers willing to pay, eligible for GLP-1s or Hims' monetizable TAM. The accessible market depends on more variables such as medical indication, access, price, coverage, treatment persistence and competition.

As for competitors, Hims competes on several layers. **In telemedicine and digital experience there are Ro and LifeMD; in pharmacy and treatment search, Amazon Pharmacy, CVS, Walgreens and GoodRx; in primary care, Teladoc and One Medical; in weight loss, also the manufacturers' direct channels such as NovoCare and LillyDirect.** In any case, I do not think any of them is a perfect comparable: a pharmaceutical company has patent economics, a retailer monetizes distribution and a direct-to-consumer platform has to sustain its CAC (customer acquisition cost).

In this case, the likely moat is not a patent on the drug. It lies in the brand, the experience, the commercial system, operating data and, potentially, integrated fulfillment scale. Individual switching costs are low or moderate and there is no network effect. Integration can reduce certain frictions, but it also adds fixed assets, regulation and more complexity.

## PORTER'S FIVE FORCES

- **Competitive rivalry: high**
  With telehealth, pharmacies, retailers and manufacturers investing in direct channels.
- **Supplier power: medium-high**
  High mainly in branded drugs, where Novo and Lilly control the product and shape the distributor's margin.
- **Customer power: high**
  Because cancelling is simple and there are multiple ways to access treatment.
- **Threat of new entrants: medium**
  Although the initial investment for a website is low, brand, customer acquisition, clinical licenses and pharmacy are increasingly demanding.
- **Substitutes: high**
  From in-person visits and traditional pharmacies to cheaper solutions.

## SWOT

- **Strengths:** Brand and digitalization; a large recurring base; a direct relationship with patients.
- **Opportunities:** International expansion and new specialties. Clinically appropriate cross-selling, diagnostics, a higher ticket and retention.
- **Weaknesses:** Apparently high CAC; gross margin sensitive to mix; dependence on retention and third parties. Integration complexity, goodwill and capex.
- **Threats:** Regulation; price pressure on GLP-1s. Competition; dilution for shareholders.

## RISKS AND CATALYSTS

Some of these are mentioned in the SWOT, mainly under Opportunities and Threats, but let's look at them in detail:

**Regulatory risk**: In February 2026 the FDA announced measures aimed at restricting compounded GLP-1s marketed as substitutes for approved drugs. The transition to approved products announced in March reduces the strategic dependence, but it does not bring the risk to zero. In pharmacy, telemedicine, advertising and privacy, the rules change by jurisdiction.

**Mix risk**. Branded drug billing can grow a lot while gross margin falls. If the added service does not generate enough contribution per customer, **growing more does not necessarily mean creating more value.**

**Capital and debt risk**. As we saw earlier, Hims' leverage structure changed significantly from one year to the next. At the end of September 2026 it had USD 1,367 M in convertible bonds and another USD 734 M in deferred payments and earn-outs for acquisitions, mostly for Eucalyptus, against USD 712 M of cash and short-term investments. In addition, in 2026 it recorded a USD 62.5 M legal contingency.

**Integration and data risk.** ZAVA, Livewell, Eucalyptus and YourBio bring opportunities, but clinical systems, licenses, customer service and privacy are not easily exported between countries. The risk of goodwill and intangible impairments also increases.

**Subscription model risk.** The danger of the subscription model is that the number of users and sales do not guarantee profitability. If customers cancel more or become more expensive to attract, the business can quickly become unsustainable. In the third quarter of 2026 the subscriber base shrank compared with the previous quarter, so this risk is no longer theoretical.

As for **catalysts**, we have:

Moving from isolated treatments to a **broader health relationship**. With its own or partnered diagnostics, follow-up and clinically supervised recommendations, a patient acquired through dermatology could add other appropriate services. If retention improves and CAC is amortized over more years, the return on existing infrastructure can exceed that of selling additional products without integration.

**International expansion.** Eucalyptus and ZAVA bring infrastructure, a local brand and regulatory knowledge. What to watch is not only international growth, but the contribution margin after marketing and the payback of the initial investment.

**Evolution of the GLP-1 market.** The benefit for Hims depends on capturing part of the value of distribution and follow-up, not on the manufacturer's commercial success. The opposite is also possible: that cheaper drugs reduce revenue per user or that manufacturers control more of the channel.

SECTION 06

# The bulls vs. the bears

Hims is one of the most polarizing stocks in the US market. Few companies generate so much enthusiasm and so much skepticism at the same time.

### *What do the bulls say?*

The first argument is **growth**. A company that billed USD 27 M in 2018 and today exceeds USD 2,300 M, with almost 2.8 million subscribers and revenue per user growing at 30%, has shown that its customer acquisition and monetization model works.

The second is **international and category expansion**. Eucalyptus and ZAVA open up new markets, and the move into diagnostics, hormonal health and branded drugs increases the lifetime value of each customer.

The third is the company's 2030 goal: more than USD 6,500 M in revenue and USD 1,300 M in adjusted EBITDA. If it achieves it, today's valuation could look cheap in hindsight.

### *What do the bears say?*

The first argument is the **quality of growth**: gross margin is falling, capex is multiplying, debt is rising and ROIC has halved. Scale is not yet producing the economic improvement it should. The third quarter of 2026 gave them more arguments: a 57% gross margin, fewer subscribers than in the previous quarter and another cut to adjusted EBITDA guidance, from USD 275 to 325 M to USD 257 to 277 M.

The second is **dependence on regulation and third parties**. Much of the recent growth came from compounded semaglutide, which the FDA restricted in 2026. Hims now depends on agreements with Novo Nordisk, which controls the product and its price.

The third is that the **moat is weak**: customers can cancel easily, there are many alternatives and manufacturers are building their own direct channels.

And fourth, governance: Dudum controls close to 90% of the voting power and dilution is still significant.

SECTION 07

# Valuation

Valuing Hims is not simple. We are looking at a company that still grows at very high rates, but whose fundamentals are changing quickly. That is why I think it is especially important to avoid extrapolating recent growth and to build scenarios that reflect different possible paths for the business.

For the valuation I use a ten-year **discounted cash flow (DCF) model** with three scenarios and two methods to calculate the terminal value: **perpetuity growth** and **exit multiple on EBITDA**. Rather than trying to predict exactly how much Hims will bill a decade from now, the goal is to ask **what combination of growth, margins and reinvestment would have to happen to justify different values for the company**.

### *Model inputs and assumptions*

**2. Operating drivers by scenario (explicit forecast)**

| Driver | Δ vs Base | FY2023A | FY2024A | FY2025A | 3Y avg | FY2026E | FY2027E | FY2028E | FY2029E | FY2030E | FY2031E | FY2032E | FY2033E | FY2034E | FY2035E |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| *Forecast year #* | | | | | | *1* | *2* | *3* | *4* | *5* | *6* | *7* | *8* | *9* | *10* |
| **Revenue growth ▸ selected scenario** | | 65.5% | 69.4% | 59.0% | **64.5%** | **33.7%** | **17.0%** | **15.0%** | **13.0%** | **11.5%** | **10.0%** | **8.5%** | **7.0%** | **6.0%** | **5.0%** |
| Best case | 3.0% | | | | | 33.7% | 20.0% | 18.0% | 16.0% | 14.5% | 13.0% | 11.5% | 10.0% | 9.0% | 8.0% |
| Base case | | | | | | 33.7% | 17.0% | 15.0% | 13.0% | 11.5% | 10.0% | 8.5% | 7.0% | 6.0% | 5.0% |
| Worst case | (7.0%) | | | | | 33.7% | 10.0% | 8.0% | 6.0% | 4.5% | 3.0% | 1.5% | – | (1.0%) | (2.0%) |
| **Gross margin ▸ selected scenario** | | 82.0% | 79.4% | 73.8% | **78.4%** | **60.5%** | **61.0%** | **62.5%** | **64.0%** | **65.0%** | **66.0%** | **67.0%** | **67.5%** | **68.0%** | **68.5%** |
| Best case | 3.0% | | | | | 60.5% | 64.0% | 65.5% | 67.0% | 68.0% | 69.0% | 70.0% | 70.5% | 71.0% | 71.5% |
| Base case | | | | | | 60.5% | 61.0% | 62.5% | 64.0% | 65.0% | 66.0% | 67.0% | 67.5% | 68.0% | 68.5% |
| Worst case | (5.0%) | | | | | 60.5% | 56.0% | 57.5% | 59.0% | 60.0% | 61.0% | 62.0% | 62.5% | 63.0% | 63.5% |
| **EBIT margin ▸ selected scenario** | | (3.0%) | 4.5% | 5.2% | **2.2%** | **(10.0%)** | **(1.0%)** | **3.0%** | **6.0%** | **8.0%** | **10.0%** | **11.5%** | **13.0%** | **14.0%** | **15.0%** |
| Best case | 4.0% | | | | | (10.0%) | 3.0% | 7.0% | 10.0% | 12.0% | 14.0% | 15.5% | 17.0% | 18.0% | 19.0% |
| Base case | | | | | | (10.0%) | (1.0%) | 3.0% | 6.0% | 8.0% | 10.0% | 11.5% | 13.0% | 14.0% | 15.0% |
| Worst case | (6.0%) | | | | | (10.0%) | (7.0%) | (3.0%) | – | 2.0% | 4.0% | 5.5% | 7.0% | 8.0% | 9.0% |
| **Capex % of revenue ▸ selected scenario** | | 2.0% | 2.8% | 9.6% | **4.8%** | **4.0%** | **5.0%** | **4.5%** | **4.5%** | **4.0%** | **4.0%** | **4.0%** | **3.5%** | **3.5%** | **3.5%** |
| Best case | (1.0%) | | | | | 4.0% | 4.0% | 3.5% | 3.5% | 3.0% | 3.0% | 3.0% | 2.5% | 2.5% | 2.5% |
| Base case | | | | | | 4.0% | 5.0% | 4.5% | 4.5% | 4.0% | 4.0% | 4.0% | 3.5% | 3.5% | 3.5% |
| Worst case | 1.0% | | | | | 4.0% | 6.0% | 5.5% | 5.5% | 5.0% | 5.0% | 5.0% | 4.5% | 4.5% | 4.5% |

Source: author's analysis.

#### BASE CASE

The base case assumes Hims remains a high-growth company, but that it inevitably starts a normalization process.

For 2026 I use the midpoint of the company's guidance, **USD 3,140 M (+33.7%)**. From there I project growth of **17% in 2027**, which gradually eases to 5% in 2035. If the fourth quarter of 2026 repeated throughout 2027, growth would be around 13%; I use a somewhat higher number because the company expects subscribers to grow again and the international business to exceed USD 1,000 M a year in 2027. I am not assuming the growth story ends: Hims keeps expanding throughout the decade. In 2030 sales would be about USD 5,300 M, below the more than USD 6,500 M goal the company has set, and by the end of the period about USD 7,600 M.

The difference from recent years is that, as the comparison base grows and the market matures, I do not think it is reasonable to sustain growth rates of 40%-60% indefinitely, even less so with the subscriber base shrinking.

The second relevant assumption is profitability. **Gross margin is 60.5% in 2026** (it was 61.6% in the first nine months and 57% in the third quarter) and gradually recovers to **68.5% in 2035**, far from the 80% of a few years ago, because the mix of branded GLP-1s and international business is here to stay. **EBIT margin** starts at **-10% in 2026**, stays slightly negative in 2027 (-1%) and rises progressively to **15% in 2035**. This is probably one of the most important assumptions: for the thesis to work, Hims not only has to keep growing, but also has to show that this growth can generate **real operating leverage**.

**Capex** is around 4% of sales in 2026. I take it to 5% in 2027 and lower it to 3.5% by the end of the period, as the infrastructure build-out phase ends.

In other words, the base case is not particularly conservative. It assumes Hims sustains considerable growth for ten years, recovers part of its gross margin and progressively turns its scale into much higher operating profitability.

### BEST CASE

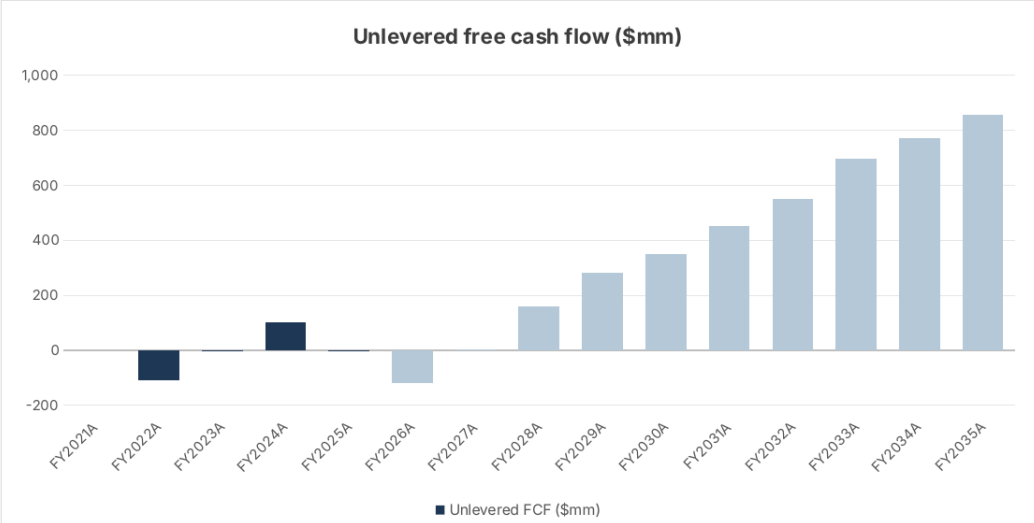
The optimistic scenario represents practically excellent execution: three more points of growth each year, a gross margin three points higher and an EBIT margin that reaches 19%. Since nine of the twelve months of 2026 have already passed, the three scenarios share that year and diverge from 2027. Hims successfully extends its model to new categories, keeps strong monetization per subscriber and international expansion becomes a relevant growth engine. It would be the scenario most consistent with the idea that the model has important competitive advantages and unit economics capable of improving substantially with scale.

### WORST CASE

The pessimistic scenario is very different. Hims keeps growing, but seven points below the base case every year, and margins do not recover their historical levels: gross margin stays five points lower and EBIT margin six points lower, with losses until 2028 and only breakeven in 2029.

The story behind this scenario does not require Hims to fail. It is enough that competition limits pricing, that acquiring and retaining customers keeps requiring heavy investment, that the product mix is structurally less profitable and that the company needs to keep reinvesting to sustain growth. It is

a company that keeps growing and eventually becomes profitable, but whose economics end up looking more like those of a competitive healthcare distributor than a platform with strong competitive advantages.




Source: author's analysis.

## DISCOUNT RATE - WACC

| 5. Discount rate (WACC) | | Value |
|---|---|---|
| **Risk-free rate** | | 4.9% |
| **Equity beta (levered)** | x | 2.00 |
| Equity risk premium | | 4.2% |
| Country risk premium | | - |
| Cost of equity | | 13.3% |
| Pre-tax cost of debt | | 7.0% |
| Tax rate (debt tax shield) | | 25.0% |
| After-tax cost of debt | | 5.3% |
| Market value of equity | $ mm | 5,924 |
| Total debt | $ mm | 1,561 |
| Debt / (Debt + Equity) | | 20.9% |
| Equity / (Debt + Equity) | | 79.1% |
| **WACC** | | 11.6% |

Source: author's analysis.

The cost of equity starts from a risk-free rate of **4.9%**, to which I apply an equity risk premium of **4.2%** with a beta of **2.0**, resulting in a cost of equity of approximately **13.3%**. The historical five-year beta is even higher (2.56), but I think it is excessive for a business that already generates profits. For debt I use a pre-tax cost of **7%**.

With a capital structure of 79% equity and 21% debt at market values, the **WACC is 11.6%**.

For the terminal value I use a long-run WACC of 10.8%, somewhat lower than today's, because ten years from now Hims should be a larger and more mature company, with lower risk.

To go from Enterprise Value to Equity Value I subtract **USD 1,627 M of net debt and other commitments**, with data as of September 30, 2026: USD 1,367 M of convertible bonds, USD 193 M of leases, USD 563 M of deferred acquisition payments, USD 171 M of earn-outs and USD 62.5 M for the legal contingency, less USD 712 M of cash and short-term investments and USD 18 M of equity stakes in

other companies. For the share count I use **258.23 million diluted shares**. I treat the convertible bonds as debt, because their conversion prices (USD 29.53 and USD 70.67) are currently above the share price.

VALUATION RESULTS

### *Perpetuity method*

In the base case, with perpetual growth of 2.5% and a return on new invested capital of 15%, I get an Enterprise Value of approximately **USD 5,582 M**. After subtracting net debt and other commitments, the Equity Value is USD 3,955 M, equivalent to an intrinsic value of approximately **USD 15.32 per share**.




Source: author's analysis.

In the best case the value rises to **USD 33.92** and in the worst case it turns negative (**USD -1.48**). That number should not be read literally: what the model shows is that, under those assumptions, **the present value of the business is not enough to cover the debt and commitments**, so there would be no economic value left for shareholders.

The sensitivity shows that the value depends much more on the WACC than on perpetual growth. With a WACC of 11.1%, the value rises to about USD 17 per share.

### *Exit multiple on EBITDA method*

As a second method I apply a multiple of **8x EBITDA** to the last projected year in the base case (11x in the best case and 5x in the worst case). Using 8x means assuming that ten years from now the market will still recognize some growth and quality in the business, although considerably less than today (Hims ended 2025 trading at almost 45 times EBITDA). In fact, that multiple already implies perpetual growth of 2.8%.

With that multiple, the Enterprise Value is approximately **USD 6,368 M** and the Equity Value USD 4,741 M, equivalent to **USD 18.36 per share**.



**Hims & Hers Health, Inc.**

HIMS · Discounted Cash Flow · Exit Multiple Method

*Valuation date 10 Nov 2026 · USD mm · Scenario: Base Case*

AZ STOCKS Acciones de la A a la Z

**INTRINSIC VALUE PER SHARE**

**$18.36**

| | |
|---|---|
| Current share price | $22.94 |
| Upside / (downside) | (20.0%) |

**VALUATION SUMMARY**

| | |
|---|---|
| Enterprise value | 6,368 |
| Equity value | 4,741 |
| PV of forecast cash flows | 2,173 |
| PV of terminal value | 4,195 |
| Terminal value % of EV | 65.9% |
| Implied perpetual growth | 2.8% |

**KEY ASSUMPTIONS**

| | |
|---|---|
| WACC (year 1) | 11.6% |
| Terminal WACC | 10.8% |
| Exit EV / EBITDA | 8.0x |
| EBITDA, final forecast year | 1,380 |
| Net debt & other claims | 1,627 |
| Diluted shares (mm) | 258.2 |

**SCENARIOS**

| Scenario | Exit multiple | Enterprise value | Equity value | Value per share | Upside |
|---|---|---|---|---|---|
| Best case | 11.0x | 12,272 | 10,646 | $41.23 | +79.7% |
| Base case | 8.0x | 6,368 | 4,741 | $18.36 | (20.0%) |
| Worst case | 5.0x | 1,442 | (185) | -$0.72 | (103.1%) |
| *Current share price* | | | | *$22.94* | |

**VALUE PER SHARE VS. CURRENT PRICE**



**SENSITIVITY · VALUE PER SHARE**

*Exit EV / EBITDA multiple*

| WACC / multiple | 6.0x | 7.0x | 8.0x | 9.0x | 10.0x |
|---|---|---|---|---|---|
| 10.6% | $15.80 | $18.00 | $20.21 | $22.41 | $24.62 |
| 11.1% | $15.03 | $17.15 | $19.26 | $21.38 | $23.49 |
| 11.6% | $14.30 | $16.33 | **$18.36** | $20.39 | $22.42 |
| 12.1% | $13.59 | $15.54 | $17.49 | $19.44 | $21.39 |
| 12.6% | $12.92 | $14.79 | $16.66 | $18.53 | $20.40 |

Source: author's analysis.

In the best case the value is **USD 41.23** and in the worst case it is negative again (**USD -0.72**).

### *Reading the two methods together*

Averaging both methods in the base case I get a **target price of USD 17 per share**, against a price of USD 22.94 at the close of November 9, 2026. In other words, even after the decline, my target price is about 26% below the share price. The two methods differ by 20%, within a reasonable range.

The most striking point is the huge dispersion between scenarios: from zero in the worst case to USD 33.92 to 41.23 in the best case, depending on the method. That dispersion sums up the risk of the investment: today's price assumes fairly good execution, and the final outcome depends almost entirely on whether Hims manages to recover margins while it keeps growing.

SECTION 08

# Conclusion

For quite some time Hims kept appearing on my social media presented as a company **disrupting the US healthcare system**. After analyzing it in depth, I think that description is too ambitious.

I do not see Hims disrupting the healthcare system as a whole. I see, at least for now, something much more concrete: **a company that is disrupting the channel through which certain treatments reach consumers**. Hims simplifies access, removes certain frictions, builds an attractive digital experience and makes it possible to treat problems many patients probably preferred not to discuss in person. That has value and explains much of its extraordinary growth.

But changing the distribution of a product does not necessarily mean changing the economics of the industry behind it.

And that is precisely where my main doubts appear.

Hims achieved something undeniably hard: going from USD 27 M of revenue in 2018 to more than USD 2,300 M in 2025. The problem is that, as the business gains scale, **I am not yet seeing the evolution of fundamentals I would expect in a company with durable competitive advantages**.

Sales keep growing strongly, but margins are moving in the opposite direction. The company needs more capital, has significantly increased its debt, and both capex and acquisitions have taken on much greater weight. At the same time, returns on capital show signs of deterioration. This does not mean these trends cannot reverse, especially in a young company that is still investing aggressively, but it does mean that scale is not yet producing the economic improvement I would like to see.

The Porter's five forces analysis is not a section included just to fill the report. I think it is one of the most useful tools for understanding how an industry's profitability can evolve over the long term. In the end, it is competition, the power of suppliers and customers, barriers to entry and exit and the existence of substitutes that often end up determining how much economic value a company can earn. And, as we saw in that section, **the competitive structure around Hims does not look especially favorable to me**. Barriers to entry are not extraordinarily high, there are many substitutes, many of the underlying products can become commodities, and some of the most important assets in the value chain, from drugs to certain production capabilities, are not necessarily under its control.

This does not mean Hims is a bad company. Nor does it mean its strategy will fail. In fact, it has built a recognizable brand, a platform with millions of users and a customer acquisition and monetization capability that deserves recognition. In addition, there are still important catalysts in new specialties, personalization, international expansion and greater vertical integration.

The question for me is a different one: **is all of that enough to turn Hims into a high-quality business with competitive advantages that last for years?**

Today I do not find enough evidence to answer yes.

And the valuation does not give me much room for error either. My base case, which I do not consider particularly conservative because it still assumes many years of growth, a recovery in gross margin and a significant expansion of EBIT margin, gives a **target price of USD 17 per share**, below the USD 22.94 at which it trades today.

Third-quarter 2026 results point in the direction that worries me most: sales grew 49%, but gross margin fell to 57%, the subscriber base shrank compared with the previous quarter and the company cut its profitability guidance again. Even after the stock's decline during 2026, I think much of the future execution is still priced in. To get significant upside from these levels I need to assume a path considerably closer to the best case, especially in growth and margin expansion.

That is why my conclusion is not that Hims is a bad company. It is that **today it does not have the quality and valuation characteristics I look for to add it to my portfolio**.

Perhaps in a few years the company will show that I am being too skeptical. If it manages to keep growing quickly while recovering margins, reducing capital intensity and showing that returns improve with scale, this conclusion will probably need to be revisited.

But I prefer the fundamentals to convince me that the moat exists, rather than assuming it because the story is attractive.

**A good company, a good business and a good investment are not necessarily the same thing.** Hims has shown it can grow extraordinarily fast. What I still need to see is that this growth translates into a business with high and defensible returns, and that I can buy that business at a price that compensates for the risks taken.

*Alan*




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