

DALALBYTES RESEARCH

Hims & Hers

Five-Pillar Analysis

NYSE: HIMS | OCTOBER 15, 2026

Companion to the Hims & Hers investment report (64/100, Selective Positive). One pillar passes, four are partial: the demand sunrise is unquestioned, and everything else about this company is a negotiation between a brilliant model and its regulatory and governance bills.

Reference price \$27.72 (October 14, 2026 close). Fiscal 2029 targets: Bear \$12 / Base \$48 / Bull \$100.

>> THE SCORECARD

One pass, four partials

Pillar	Grade	One-line basis
1. Sunrise	PASS	Personalized consumer health, GLP-1 normalization, peptides, and international all expand the served market
2. Leadership	PARTIAL	Category creator with elite settlement craft; escalation misjudgments, FTC culture bill, heavy insider selling
3. Moat	PARTIAL	Brand, breadth, and owned fulfillment are real; the biggest category is rented from Novo's goodwill
4. Iron Fortress	PARTIAL	\$840M+ of liquid assets against \$1.35B of converts and ~\$900M of Eucalyptus obligations
5. Free Cash Flow	PARTIAL	\$318M of adjusted EBITDA converts to thin FCF after SBC; H1 2026 FCF negative on mix and one-offs

The sunrise is real. Whether this company keeps its place in it is a moat and leadership question, not a demand question.

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1 SUNRISE: PASS

Cash-pay consumer health keeps expanding as care shifts to asynchronous, condition-specific channels; GLP-1 adoption is being normalized by policy (MFN pricing at \$245/month for public programs, TrumpRx near \$350, a Medicare bridge at \$50 copays from July 2026, a CMS-negotiated \$274 semaglutide price for 2027), enlarging the treated population platforms distribute to. Adjacent dawns stack on the same infrastructure: at-home diagnostics, hormonal health (the sixth specialty approaching a \$100M run rate), and peptides, where a July 2026 FDA advisory vote recommended six of seven compounds for the 503A list (Leerink sizes the telehealth peptide market at ~\$2.2B). Internationally, ZAVA and Eucalyptus put the model into markets where DTC health is earlier than the US. PASS without reservation on demand.

2 LEADERSHIP: PARTIAL

Andrew Dudum's record splits cleanly. Creation: the defining consumer-health brand of the decade, subscribers ~290K (2020) to 2.89M, five specialties compounding at once, international distribution bought with structured deals (Eucalyptus ~\$225-240M upfront against a \$1.15B headline), and a settlement extracted from weakness (branded supply at parity prices, regulator praise) when the GLP-1 war reached an

injunction suit. Calibration: the February 2026 \$49 compounded pill launched into an announced crackdown and died in 48 hours with a DOJ referral; the FTC's July 2026 suit alleges operating-culture failures (data sharing, billing); insiders led by the CEO have sold persistently (secondary tallies ~7.5M shares, ~\$191M since 2021, minimal buying, a fresh 10b5-1 plan covering 2.4M shares from November 2025). PARTIAL until the docket stays quiet for a year.

3 MOAT: PARTIAL

Owned: the brand (marketing from ~52% to ~39% of revenue while subscribers compound at 19%; Walgreens and Walmart shelf presence), breadth (five-plus specialties on one account, 65% of subscribers on personalized formulations that cannot be comparison-shopped), vertical integration (503A pharmacies, MedisourceRx 503B, peptide plant, Trybe Labs, 1M+ sq ft), and a nine-market international footprint. Rented: weight loss, the largest category, where Hims distributes Novo's products at Novo's prices under a settlement preserving Novo's right to refile, while Lilly refuses supply and manufacturer-direct channels (LillyDirect at \$299-449, NovoCare, TrumpRx) cap the intermediary's take, with Amazon's funnel behind all of it. A moat owned in the long tail and rented at the head grades PARTIAL.

4 IRON FORTRESS: PARTIAL

Assets: over \$840M of cash and ST investments (Jun 2026), a \$175M revolver, a \$400M receivables facility matched to branded working capital. Obligations: \$1.0B zero-coupon converts due 2030 (conversion ~\$70.67) and \$350M due 2032 (conversion ~\$29.53), plus up to ~\$900M of Eucalyptus deferred and earnout consideration through early 2029, partly stock-settleable at the company's choice (protects cash, costs dilution). Accumulated deficit ~\$292M at June 2026; the equity cushion is thin against an unquantified FTC remedy and an open DOJ referral. No maturity lands before 2029: time is the fortress, and it grades PARTIAL.

5 FREE CASH FLOW: PARTIAL

Fiscal 2025 produced \$318.0M of adjusted EBITDA but only \$57.4M of free cash flow (\$300.0M operating cash flow less capex), after \$135.2M of SBC the adjusted figure adds back. H1 2026 ran negative (Q2 FCF -\$68.2M) as branded working capital, restructuring, and deal costs absorbed the recovery; fiscal 2026 guidance implies a sub-10% adjusted EBITDA margin in transition. The bull path is visible (marketing leverage, peptide and international mix, gross margin stabilization would convert quickly at this growth rate), but the pillar grades what exists. Upgrade trigger, the clearest of the five: two consecutive quarters of positive FCF at a 65%+ gross margin.

>> WHAT WOULD CHANGE THE GRADES

Leadership upgrades if the FTC file closes without structural remedies and insider selling pauses through 2027; it downgrades to FAIL on a DOJ filing. Moat upgrades if the Novo relationship renews on equal or better terms and peptide/international mix cuts weight-loss dependence. Iron Fortress upgrades if Eucalyptus earnouts settle mostly in cash from operating flow. FCF upgrades on the two-quarter test above. Overall: one pass, four partials, consistent with 64/100 Selective Positive and the \$12 / \$48 / \$100 fiscal 2029 targets in the companion report.

Sources: company releases and calls, FY2025 10-K, FDA and FTC materials, Reuters/AP, Finnhub market data, and the research base detailed in the companion investment report. Company claims and third-party estimates are labeled there.