EQUITY RESEARCH · HEALTHCARE — BENEFITS MANAGEMENT

PROGYNY, INC.

$30.65

close 10 Jul 2026 · +81% in four months

NASDAQ: PGNY · ALL FIGURES IN USD

13 JULY 2026

THE BUSINESS Sells fertility and family-building cover to large self-insured US employers. Members receive a bundled treatment allowance and concierge support; Progyny runs a selective clinic network and bills the employer per cycle. An in-house pharmacy arm is 36% of revenue. 595 clients, 7.2mm covered lives, no debt.

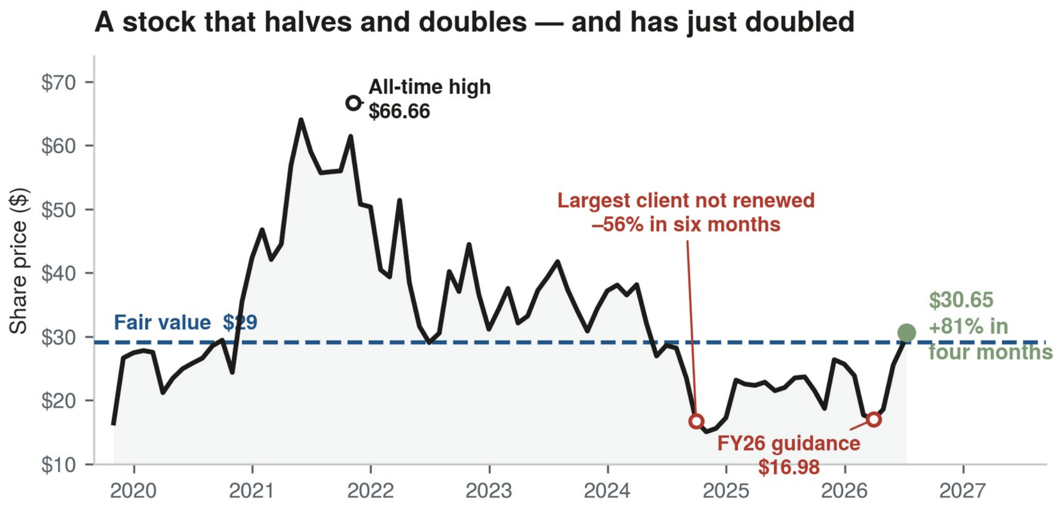
RATING	VALUE PER SHARE	VS TRADED	52-WEEK RANGE	SHORT INTEREST
HOLD	**$29**	**–5.1%**	**$16.10–$31.36**	**7.1%**

MARKET CAP	ENTERPRISE VALUE	EV / ADJ. EBITDA	P/E, ADJUSTED	P/E, GAAP	NEXT EVENT
$2.40bn	**$2.17bn**	**9.1×**	**15.1×**	**23.9×**	**06 Aug**

The disagreement is eighty million dollars of stock compensation.

Progyny is not a growth puzzle. Revenue is members multiplied by price, engagement is stable, and every term is disclosed each quarter. The shares trade at 15.1× adjusted earnings and 23.9× the same year's GAAP earnings, and the gap between those two numbers is one line: $80mm of stock compensation, a third of adjusted EBITDA. Treat it as the cost it is and the shares are worth $29.10. Treat it as free, which is what the market does, and they are worth $37.50. That single judgement is worth $8.40 a share — 27% of the price — and nothing else in the model comes close.

WHY THE QUESTION IS BEING ASKED NOW

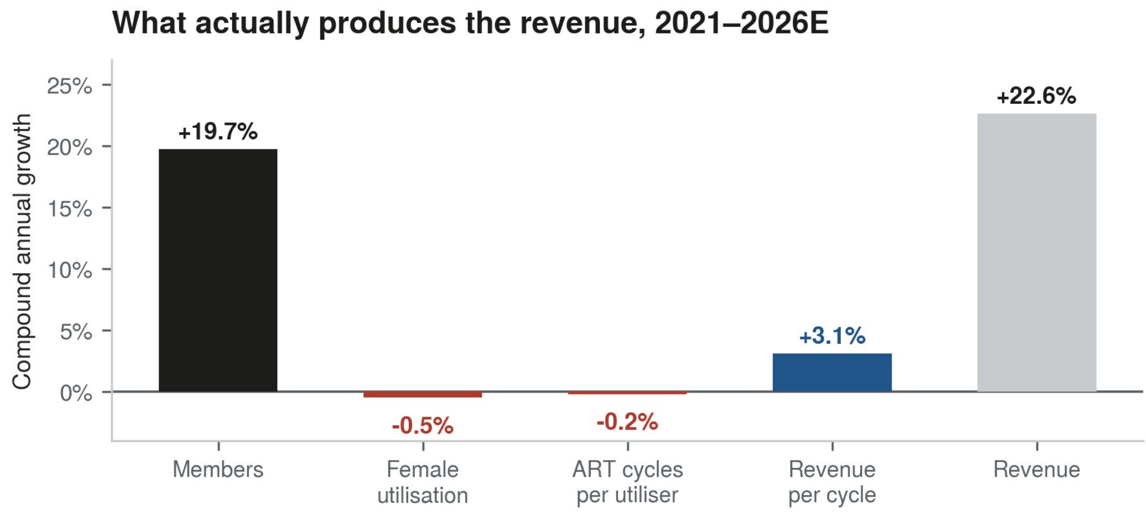


Month-end closing price, October 2019 (IPO) to June 2026, plus the close on 10 July 2026. Source: Digrin, verified against MacroTrends annual closes on all six year-ends. The shares are 54% below their November-2021 high, 90% above their 52-week low of $16.10, and 81% above their March-2026 low. The re-rating followed one earnings beat: first-quarter adjusted EPS of $0.50 against a $0.26 consensus, on 7 May 2026.

Figure 1 — Month-end closes since the 2019 listing. The shares halve and double, and have just doubled.

This is a violent stock, and it has just re-rated. It sits 54% below its November-2021 high, 90% above its 52-week low and 81% above where it stood in March. The first collapse was a single client: the largest one did not renew for 2025 and the shares lost 56% in six months. The second was FY2026 guidance. The recovery was one earnings beat — Q1 adjusted EPS of $0.50 against a $0.26 consensus, on 7 May. A stock that moves 80% on one print is not being valued, it is being re-forecast, and the margin of safety that existed at $17 has gone.

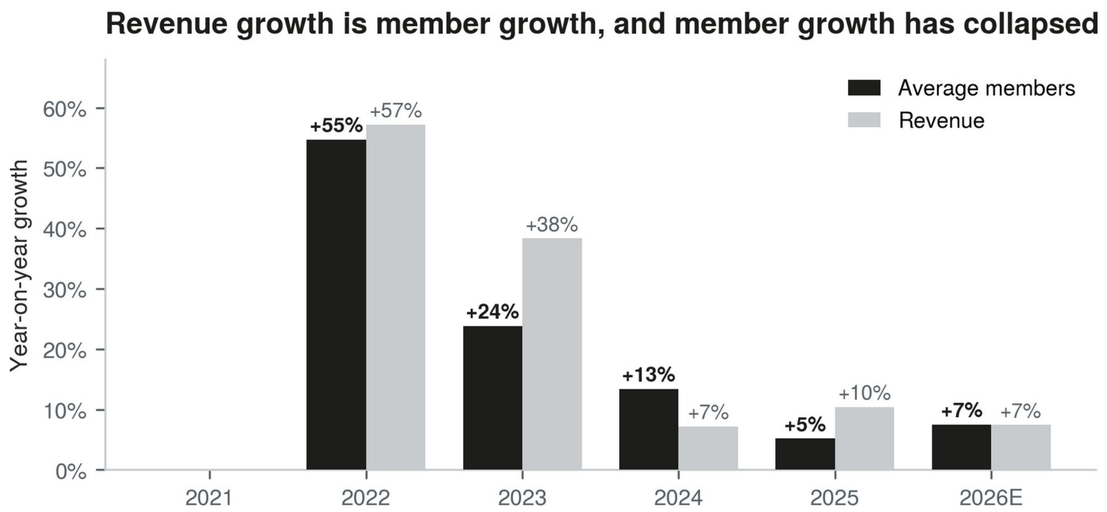
REVENUE IS MEMBERS AND PRICE



Revenue = members × female utilisation × ART cycles per utiliser × revenue per cycle. Each term is disclosed. Engagement (the two red bars) is flat, not falling — the decline visible from 2023 is mean reversion from a 2023 peak, not a trend. The company grows by adding employers.

Figure 2 — Compound annual growth of each term in the revenue identity, 2021 to 2026E.

Four disclosed quantities produce the revenue. Female unique utilisers are average members times the female utilisation rate; ART cycles are utilisers times cycles per utiliser; revenue is cycles times revenue per cycle. Over five years members compounded at 19.7% and price at 3.1%. Utilisation moved −0.5% a year and cycles per utiliser −0.2%. Engagement is flat, and that kills two arguments at once: the bear case that utilisation is deteriorating is an artefact of measuring from a 2023 peak, and the bull case that engagement will improve has no support either.

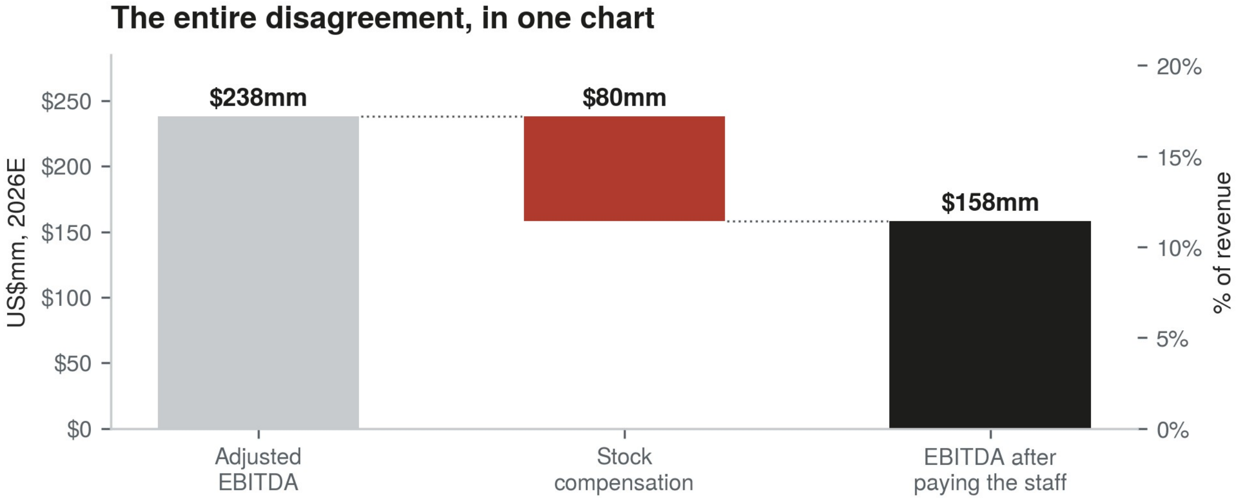


Average members and revenue, per company disclosure. The two series track each other because engagement is stable: female utilisation has moved −0.5% a year since 2021 and ART cycles per utiliser −0.2%. Price adds roughly 3 points. Everything else is covered lives.

Figure 3 — Member growth and revenue growth track each other because nothing else is moving.

Member growth has gone +55%, +24%, +13%, +5%, +7.5%. Guidance is 6.9mm average members against 6.4mm, and 595 clients against 532. The re-acceleration is real but small, and it follows the year a single client worth $31.3mm a quarter walked out. The question is not whether members convert. It is how many employers are left to win.

WHAT THE MARKET IS PAYING FOR



2026 guidance mid-points. At 9.1× adjusted EBITDA the shares look cheap; at 13.8× EBITDA after stock compensation they do not. The buyback ($200mm, completed) covers the $80mm 2.5× and the diluted share count is genuinely falling — but the cash spent to do it is not free either.

Figure 4 — 2026 guidance mid-points. Stock compensation is a third of adjusted EBITDA.

	Adjusted	GAAP	Difference
EBITDA, 2026E	$238mm	$158mm	$80mm
EBITDA margin	17.2%	11.4%	5.8pp
Earnings per share	$2.04	$1.29	$0.75
Enterprise value / EBITDA	9.1×	13.8×	4.7×
Price / earnings	15.1×	23.9×	8.8×

The same company, the same year, two sets of books. Stock compensation is $80mm — 5.8% of revenue and 33.6% of adjusted EBITDA. It is falling as a share of revenue: 10.0% in Q1 2025, 6.0% in Q1 2026. That is the strongest fact in the bull case.

The buyback covers it, and that matters. The $200mm programme completed in Q1 retired 8.8mm shares against $80mm of annual stock compensation — 2.5× covered. Diluted shares have gone from 89.3mm to 84.8mm to a guided 84.0mm. The count is falling, which is more than most companies making this argument can say. But the cash spent to hold it down is real cash and is not available for anything else. Paid in stock or bought back with cash, the shareholder pays.

VALUATION

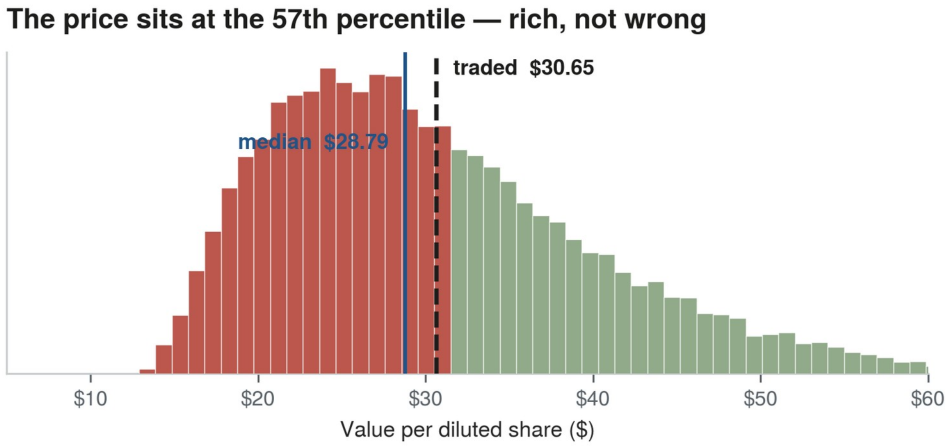
Seven years on the four factors, then a fade. Members grow 7% in year one and decay toward maturity; utilisation and cycles per utiliser carry their five-year trend; revenue per cycle grows 2.7%. Stock compensation glides from 5.8% of revenue to 3.0%. Cost of equity 8.95% on the published beta of 1.02 against a 4.56% ten-year. There is no debt, so that is the discount rate.

Figure 5 — One judgement decides this stock. The beta barely matters beside it.

Value per diluted share	Stock comp is a cost	Stock comp is free	The wedge
Beta 1.02 — published, used here	$29.10 −5.1%	$37.50 +22.3%	$8.40
Beta 0.91 — regression	$31.29 +2.1%	$40.34 +31.6%	$9.05
Beta 1.10 — a premium, rejected	$27.70 −9.6%	$35.69 +16.4%	$7.99

The published five-year beta is used, not a premium to it. Client concentration is the obvious reason to want a higher discount rate, but concentration is idiosyncratic and CAPM prices systematic risk only; that risk belongs in the distribution below, and putting it in the discount rate as well counts it twice. Read across the rows, not down them: moving beta from 1.02 to 0.91 is worth $2.19 a share. Moving stock compensation from a cost to free is worth $8.40.

The price does not require heroics. Solving for $30.65 one lever at a time: member growth of 8.5% in year one against 7.0% guided; persistence of 0.92× against 0.85×; an adjusted EBITDA margin of 17.9% against 17.2%; a beta of 0.94; or revenue per cycle growing 3.7% rather than 2.7%. The price is only 5% above the base case, so nothing has to strain. The market is pricing a forecast, and the forecast is that the employer channel keeps opening.



20,000 draws, correlated through one latent factor (whether the employer channel keeps expanding). 80% interval $19–$44.
P(worth less than the price) = 57%. P(losing more than 20%) = 31%; P(gaining more than 20%) = 23%. The distribution is wide because two judgements decide it.

Figure 6 — 20,000 correlated draws. The price sits at the 57th percentile: rich, not wrong.

WHAT ALREADY WENT WRONG ONCE

A single client worth $31.3mm a quarter left, and the shares lost 56%. Reported revenue grew 1.4% in Q1 2026; excluding that client it grew 12.2%. The company is right that the underlying business compounded. It is also true that one contract loss cost a year of growth and more than half the equity value, that the top clients are not disclosed, and that renewal is annual. Concentration here is structural, not a one-off — and it is deliberately not in the discount rate.

Short interest is 7.1% of shares. On a $2.4bn company that is a crowded position, and it cuts both ways: the run from $16.10 has been powered partly by covering, and the next disappointment has fuel behind it. It is not evidence for either side of the valuation and is not used as such.

RECOMMENDATION

HOLD, value $29. The shares are 5.1% above the base case and sit at the 57th percentile of the distribution. That is fair value, and it is not a short. But it is no longer cheap: the stock is 81% above its March low, at the top of its 52-week range, and it got there on one quarter. The whole of the remaining upside case is the $80mm of stock compensation. Count it and the shares are worth $29.10. Do not, and they are worth $37.50. There is no third argument of comparable size, and an investor buying here is taking a position on that single line whether they know it or not.

What would change it. Covered lives back above 7.6mm, or the fully-insured product landing in 2027, takes member growth to the 8.5% the price needs and makes this a buy. Stock compensation holding above 5% of revenue while member growth stays at 7% makes it a sell. The August print settles neither; the January selling season does.

Sources: Progyny Q1 2026 results and guidance tables (7 May 2026); FY2025 results; company operating-metric disclosures 2021–2026. Price, shares outstanding and balance sheet at 10 July 2026 and 31 March 2026. Monthly price history from Digrin, verified against MacroTrends annual closes. US 10-year Treasury at 10 July 2026. Beta per published five-year regression. Analyst targets: KeyBanc $35, Truist $33, Bank of America $31, Citizens $31, Canaccord $30, Barclays $27. All figures in US dollars.

APPENDIX — MODEL AND ASSUMPTIONS

Figure 7 — The revenue engine, as disclosed

	Avg members	Female util.	Uniques	ART cycles	Rev/cycle	Revenue
2021	2,812,000	1.07%	30,053	28,413	$17,619	$501mm
2022	4,349,000	1.03%	44,600	42,598	$18,473	$787mm
2023	5,383,000	1.09%	58,596	58,013	$18,765	$1,089mm
2024	6,104,000	1.07%	65,077	61,114	$19,099	$1,167mm
2025	6,419,000	1.04%	66,773	65,006	$19,824	$1,289mm
2026E	**6,900,000**	**1.045%**	**72,250**	**68,050**	**$20,353**	**$1,385mm**
CAGR	**+19.7%**	**–0.5%**	**+19.2%**	**+19.1%**	**+2.9%**	**+22.6%**

2026 is the guidance mid-point, not a forecast. 2025 revenue includes $48.5mm of transition-of-care revenue from the departed client, which does not recur; the cycle count for that year carries it too, which is why revenue per cycle looks flatter than it is.

Figure 8 — Free cash flow, and why it is lower than it looks

	2026E	Note
Operating cash flow (FY2025 actual)	$210mm	Reported
Less: capital expenditure	($20mm)	Asset-light
Free cash flow as usually quoted	**$190mm**	**7.9% yield on the market cap**
Less: stock compensation	($80mm)	A real cost, in stock or in buyback
Free cash flow after paying the staff	**$110mm**	**4.6% yield**

Receivables are $263.6mm net of a $56.3mm allowance, roughly 73 days of sales, because members owe cost-sharing that is slow to collect. That working-capital drag is modelled.

Figure 9 — What the traded price implies, one assumption at a time

Solving for $30.65	Base	Implied	What that requires
Member growth, year one	**7.0%**	**8.5%**	**The channel reopens a little**
Member growth persistence	**0.85×**	**0.92×**	**It decays more slowly**
Adjusted EBITDA margin	**17.2%**	**17.9%**	**Modest operating leverage**
Beta	**1.02**	**0.94**	**Inside the published range**
Revenue per cycle growth	**2.7%**	**3.7%**	**A point more pricing**

Each line holds everything else at base. Every one is reachable, which is the point. Note how little each lever has to move — the price is only 5% above the base case.

Figure 10 — Cost of capital

	Used	Basis
Risk-free rate	4.56%	US 10-year, 10 July 2026
Equity risk premium	4.30%	House standard
Beta	1.02	Published five-year monthly; regression prints 0.91
Cost of equity	**8.95%**	**Rf + beta × ERP**
Debt	None	$225mm cash and securities; undrawn $200mm revolver
WACC	**8.95%**	**= cost of equity**
Terminal growth	2.5%	Below nominal GDP

Lease liabilities are not deducted from cash: rent is already expensed inside the 17.2% EBITDA margin, and deducting both would charge it twice. Terminal value is 69% of enterprise value, which is high and is why the discount rate matters at all — though it still matters far less than the stock-compensation line.