

• TRADE THESIS — BEAR CASE

Priced For Trust It's *Already Losing.*

NASDAQ: DASH

The DoorDash short thesis. A widening gap between a fee-and-billing complaint trend and a valuation still priced for flawless execution — tested by a binary catalyst on August 5.

DOCUMENT TYPE	AUDIENCE	CATALYST	EXPRESSION
Trade Thesis	Members & Applicants	Q2 Earnings — Aug 5	Long Puts

CHAPTER 01 — THE SETUP

01

A Stock Priced For Perfection

DASH trades near 88x trailing earnings. That multiple isn't paying for a delivery company — it's paying for a trusted, sticky, three-sided marketplace that keeps compounding without friction.

Shares have round-tripped from a 52-week high near \$285 down to the \$180s, and even after that reset, sell-side fair-value estimates are still being **cut**, not raised — recent revisions have trimmed target prices by \$3 to \$35 on softer growth and margin assumptions.

Consensus is still technically constructive on the name. That's exactly the setup we look for: a crowded, complacent "Buy" resting on top of a trust problem the market hasn't fully priced.

Our job in this thesis isn't to argue DoorDash is a bad business. Order volume is genuinely strong. Our job is to show that the multiple assumes a level of consumer trust and margin durability that the evidence in the next three chapters actively works against.

"Risk comes from not knowing what you're doing."

— WARREN BUFFETT

~88x

Trailing P/E, well above the platform-economy average

KEY FINDING

Fair-value estimates are being cut into the print, not raised — a sign the multiple is the risk, not the business.

FOCUS AREA

Valuation & Setup

CHAPTER 02 — THE COMPLAINT PATTERN

02

Overcharged, Duplicated, Denied

The complaints aren't scattered. They cluster around one failure mode, repeated across review platforms, social video, and support transcripts through 2026.

Duplicate charges. Customers describe the app processing an order twice with no warning, then support declining to refund the second charge without a fight.

Refund friction. A recurring theme is DoorDash tightening its own dispute process — users with clean order histories being told they're "ineligible" for compensation, in one case after receiving a stranger's food entirely.

The subscriber angle. Several complaints involve customers charged full delivery and service fees despite paying for DashPass, the exact membership tier priced to waive those fees. That's the highest-retention, highest-LTV cohort feeling the friction hardest.

None of this shows up cleanly in a headline revenue number. It shows up in churn, in chargeback rates, and eventually in the multiple.

KEY FINDING

The pattern repeats across independent sources: duplicate billing, denied refunds, and fees charged straight through paid memberships.

WHO'S AFFECTED

Disproportionately DashPass subscribers — the cohort the retention thesis depends on.

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Consumer Trust

CHAPTER 03 — THE LEGAL EXPOSURE

03

From Complaint Threads To Federal Court

Consumer frustration has already converted into litigation — twice, and recently.

A proposed class action alleges DoorDash's fee structure has cost consumers billions annually through misrepresented delivery, "priority," and "expanded range" charges — and specifically claims those expanded-range fees are applied more aggressively to DashPass subscribers.

A second, newer suit filed in Maryland federal court alleges device-based price discrimination: testing that allegedly shows iPhone users charged higher delivery fees than Android users for identical orders. It's seeking **\$1 billion** in relief for a class of potentially millions of customers.

This sits on top of prior regulatory settlements in DC and Chicago over disguised fees and tip handling — meaning this isn't a first offense pattern the market can wave off as noise.

\$1B+

Sought across the two active consumer pricing class actions

KEY FINDING

Two live class actions plus a settlement history means legal cost and disclosure risk is cumulative, not isolated.

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Legal & Regulatory Risk

CHAPTER 04 — THE FINANCIAL PICTURE

04

Growing Fast, Thinning Fast

The fundamentals aren't broken. They're decelerating in exactly the place a billing-trust problem would show up first: margin.

Q1 2026 revenue grew a strong 33% year-over-year to roughly \$4 billion. In the same quarter, net income attributable to shareholders **fell 5%**, and free cash flow dropped from \$494M to \$420M. Growth is accelerating; profitability isn't following it.

Consensus already has Q2 EPS down roughly 23% year-over-year heading into the August 5 print — the bar is lowered, but not so low that elevated refund, chargeback, or dispute costs couldn't still miss it.

Add the driver side: a viral internal-culture controversy this year forced CEO Tony Xu into a public, unscripted defense of driver treatment. A three-sided marketplace under pressure from both the consumer and supply side at once is a harder story to tell than one clean earnings beat can fix.

-5%

YoY net income decline in Q1 2026, despite 33% revenue growth

KEY FINDING

Margin compression during a growth quarter is the clearest fingerprint of rising service, refund, and dispute costs.

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Fundamentals

CHAPTER 05 — THE TRADE

05

Structuring The Bet

Asymmetry is the whole point. We want bounded downside and a catalyst that forces the thesis to resolve on a known date.

The August 5 print is that date. Between now and then, implied volatility on the name will carry an earnings premium — the cost of admission for a defined-risk bet against a name still trading on complacent consensus.

What proves us right: elevated refund/chargeback disclosure, DashPass member growth or engagement softening, or guidance that acknowledges dispute-related cost pressure.

What proves us wrong: a clean beat-and-raise with stable or improving net margin, continued "Buy"-consensus reinforcement, and no incremental disclosure tied to the pending litigation.

We are not treating this as a conviction hold. It's a time-bound, catalyst-driven position sized the way our risk framework requires: small enough that being wrong costs little, structured so that being right pays disproportionately.

Aug 5

Q2 2026 earnings — the binary catalyst this thesis is built around

KEY FINDING

Defined-risk, catalyst-bound puts let us express the thesis without needing to be right about DoorDash's long-run business.

FOCUS AREA

Trade Structure

POSITIONING & DISCLOSURE

How We're Sizing It.

TheDegenGroup | IC will be expressing this thesis through **long puts** on DASH into the August 5 catalyst — a defined-risk structure consistent with our asymmetric-bet framework: bounded downside, sized small, held for a reason, closed if the reason stops being true.

IMPORTANT DISCLOSURE

This document is a research working note prepared for TheDegenGroup | IC members and applicants. It reflects our own research and opinions as of the publication date and is provided for informational and educational purposes only.

Nothing here is financial, investment, tax, or legal advice, and it is not a recommendation to buy or sell any security or derivative. Options trading, including buying puts, carries the risk of losing the entire amount invested and is not suitable for every investor.

Facts referenced above (complaint reports, litigation, and financial figures) are drawn from public reporting and company disclosures believed reliable as of the publication date, but have not been independently audited by TheDegenGroup | IC. Litigation outcomes are uncertain and allegations referenced are, at time of writing, unproven claims. Do your own research before making any investment decision.

A working thesis. Revisited before the catalyst. Closed if it stops being true.

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