DocMorris

FY results 2023

Walter Hess | Marcel Ziwica

21 March 2024

Today's presenters

Walter Hess
CEO

Marcel Ziwica
CFO

Agenda

1. **Business update**
2. Digital health ecosystem
3. Financial update
4. Outlook
5. Q&A
6. Back-up

Key messages and highlights

1 Back to growth and profitability in sight

FY outlook achieved

- Return to growth: 14% in Q4
- CHF 51m adj. EBITDA increase

H2 milestones achieved

- Growth of active customers in Q4
- Enhanced marketing and logistics performance
- Corporate structure streamlined
- Solid balance sheet with CHF 151m cash position

2 eRx is the new standard

Mandatory launch on January 1st

- >70% of scripts are electronic
- ~85% of doctors issue eScripts

Successful launch of eRx at DocMorris

- Promising first indications of market share development
- eRx ordered today, delivered tomorrow
- Stability and scalability confirmed

3 eRx as enabler of digital health ecosystem

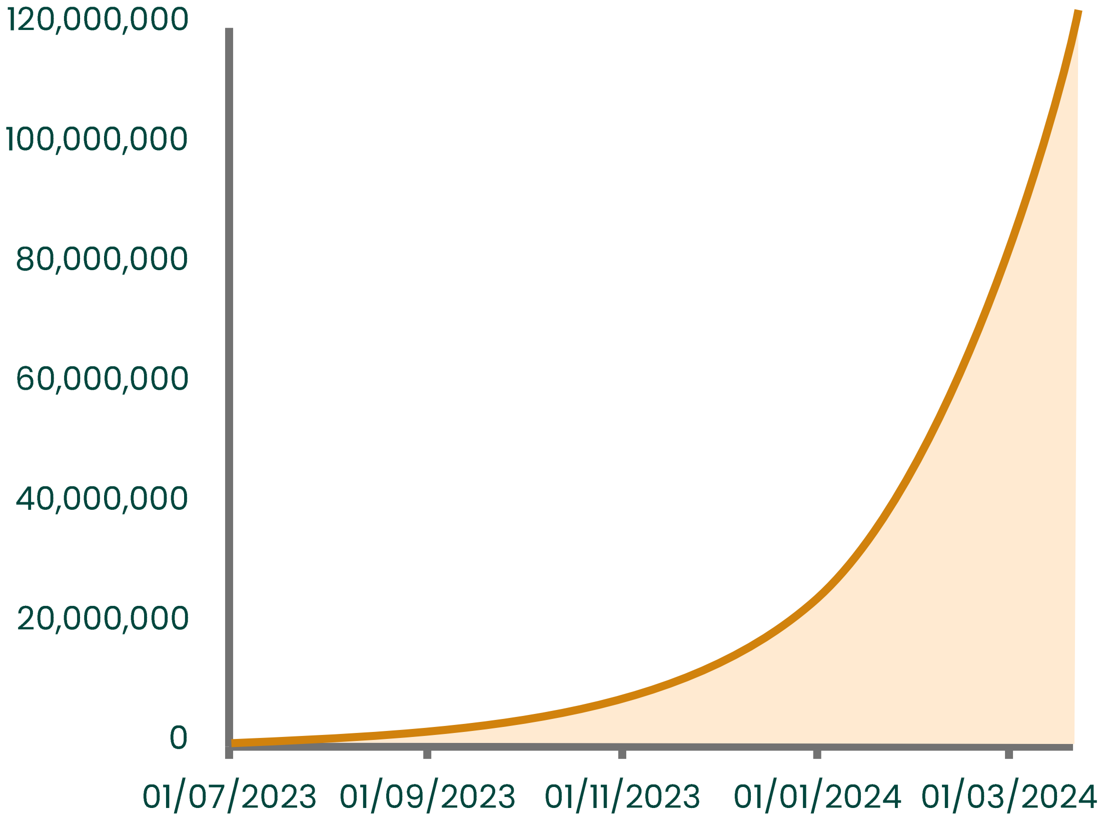
Fully digital redemption channel

- CardLink solution in final certification process
- Go-live expected in a few weeks

Seamless healthcare

- Repeat script will further accelerate profitable growth
- Telemedicine becomes integrated care solution

eScripts became the standard in Germany in only a few weeks!



- 120m eScripts redeemed in total
- >70% of scripts redeemed electronically[1]
- ~85% of doctors practices issued eScript[1]
- Encouraging eRx share in first months despite limited access to eScripts
- Full market access with go-live of fully digital redemption channel via CardLink (NFC-eGK)

Indicative curve, sources: Gematik, GAmSi, BFARM, company estimates | 1 last seven days

Seamless digital redemption channel will open access to the entire Rx market

CardLink solution

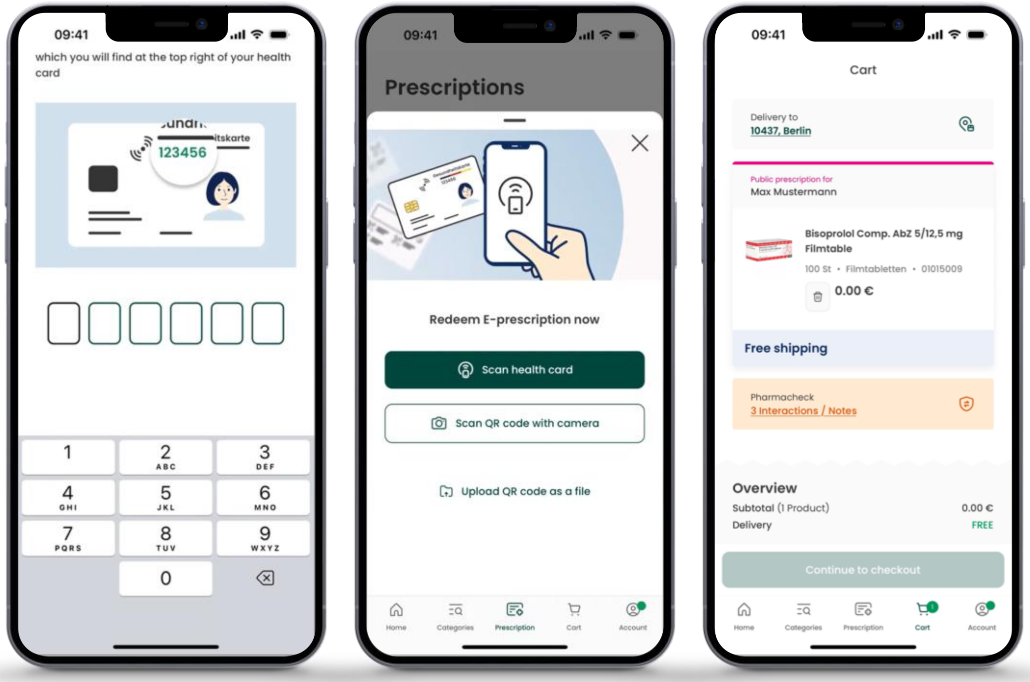
- Specifications published in agreement with data protection agencies (BSI[1] and BfDI[2])
- Certification request handed in this week
- Approval and go-live expected within few weeks

Best customer and patient convenience

- Fast and easy eScript ordering with possibility to add OTC and BPC products
- Delivered next day with cut-off 8pm
- Most convenient repeat script service

Three simple steps

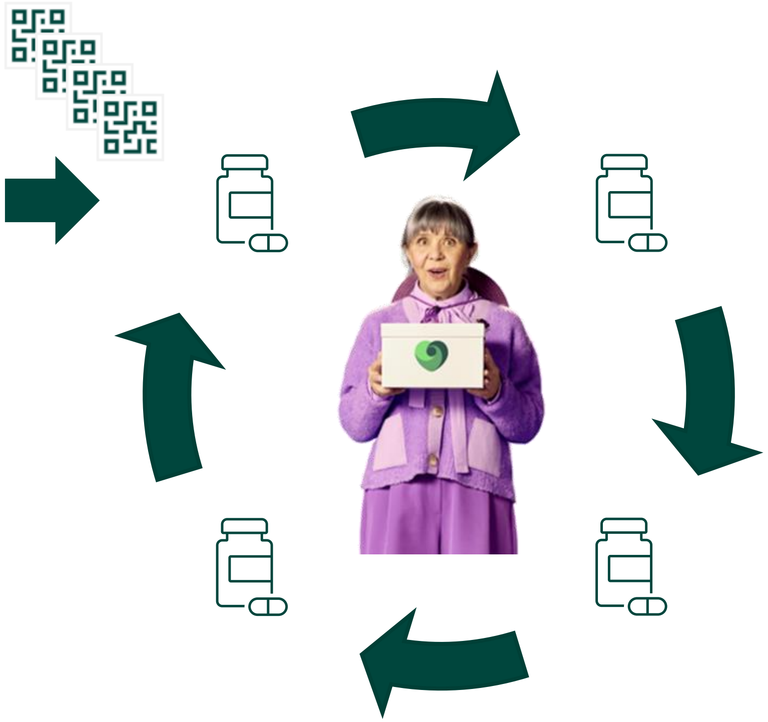
1. Authentication
2. Scan eGK[3]
3. Check out



1 Bundesamt für Sicherheit in der Informationstechnik (BSI) is the German Federal Office for Information Security | 2 Bundesbeauftragte für den Datenschutz und die Informationsfreiheit is the Federal Commissioner for Data Protection and Freedom of Information | 3 eGK is a mandatory digital health insurance card for every publicly insured resident in Germany

Rx repeat script model is live and leads to higher share of wallet and customer lifetime value

Rx subscription model



Beneficial for all stakeholders

Patients

- Most convenient
- Secured continuity of supply
- Better adherence[1]

Physicians

- Upfront payment for annual medication treatment[2]
- Freeing up time for patients
- Increased efficiency

Multiplicator of key KPIs

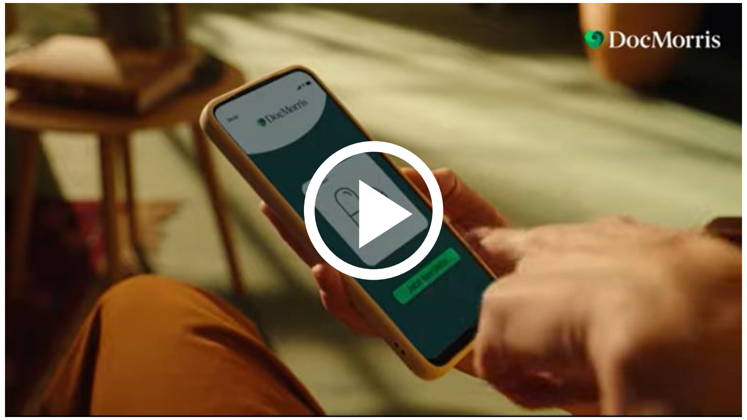
DocMorris

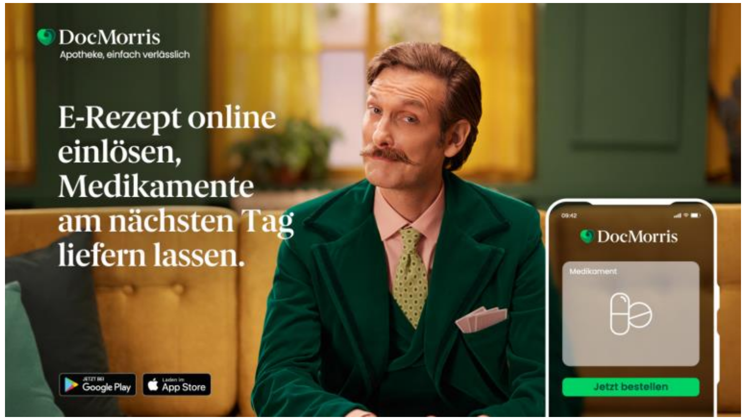
- Higher basket size
- Higher order frequency
- Higher retention rate
- Higher customer lifetime value
- Higher return on advertising spend

1 Copenhagen Economics Report for ASOP EU states „57% of respondents who used online dispensing believe that online access helps improve their adherence." |
2 Draft of Versorgungsstärkungsgesetz I (Law to strengthen care I) expected to be published in Q2

eRx campaign „Die Gesundbergs“ successfully launched with >400m views

eRx marketing campaign



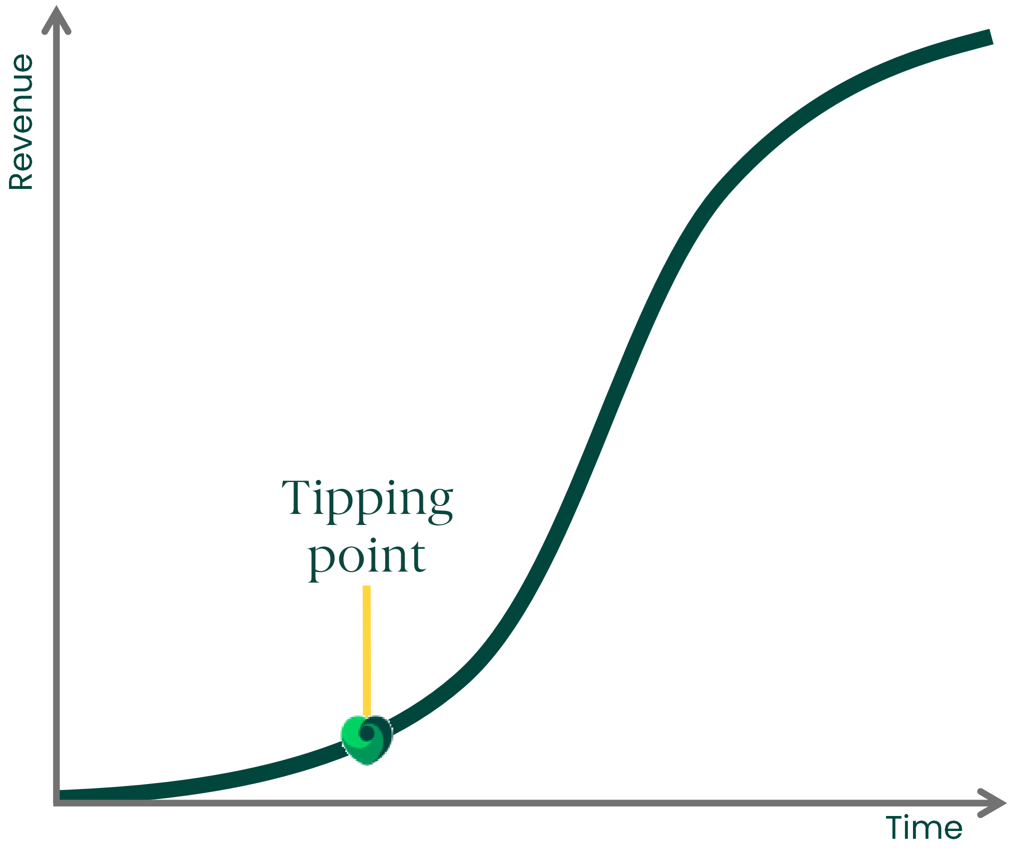


KPIs[1]

- >400m ad impressions
- >200m TV reach
- Thumb Stop Ratio: 35% vs. 25% channel benchmark
- View Rate Skippable: 16% vs. 13% channel benchmark

1 As of mid March 2024

Finally at the tipping point to access the EUR 55bn[1] Rx market



Digitalisation in German healthcare system has taken off

- **Mandatory eScript** is the **base** to enter the EUR 55bn market of prescribed medication
- Seamless digital eScript redemption with **CardLink** is the **accelerator**
- **Repeat script** in combination with yearly reimbursement of doctors will be the **multiplicator** for state-of-the-art patient care
- **Digital identity** and **ePatient records** (ePA) will **complete** an integrated digital medication supply and healthcare

Illustrative graphic | 1 Source: German Ministry of Health, GKV Spitzenverband GAmSi

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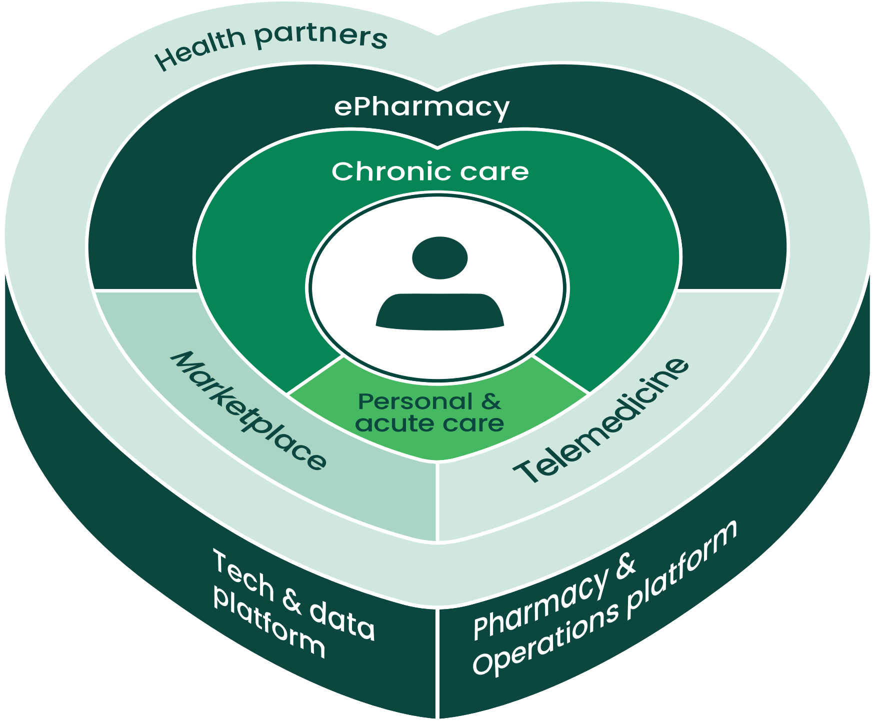
eScript enables an effective and efficient digital health ecosystem



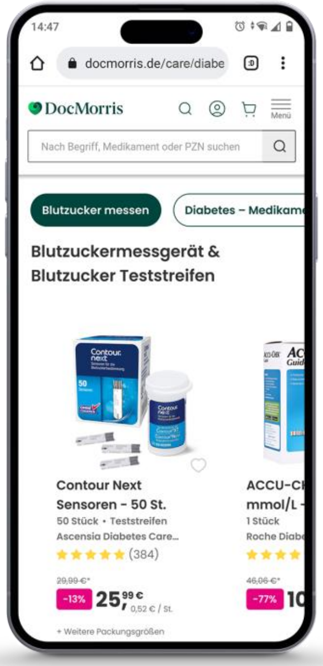
Significant financial impact

- Extended offering beyond medication
- Added value services with high margins (Telemedicine, Care, PaaS)
- Increased patient loyalty and retention
- Highly efficient, effective and scalable services and solutions
- Platform for swift international expansion

Digital health ecosystem ready to scale and contribute to long-term profitability

DocMorris chronic care supports patients along their health journey and significantly increases share of wallet

1 Increase basket sizes of existing customers



2 Acquire & enable new customers

3 Increase loyalty & minimize churn

- Providing products, services and content for patients with specific chronic demand
- Leverage on eRx, repeat script and marketplace
- Care is already live for diabetes, asthma, thyroid, adipositas and erectile dysfunction

TeleClinic breakthrough in Germany: Addressing need of lower healthcare costs with effective and convenient care

TeleClinic telemedicine platform

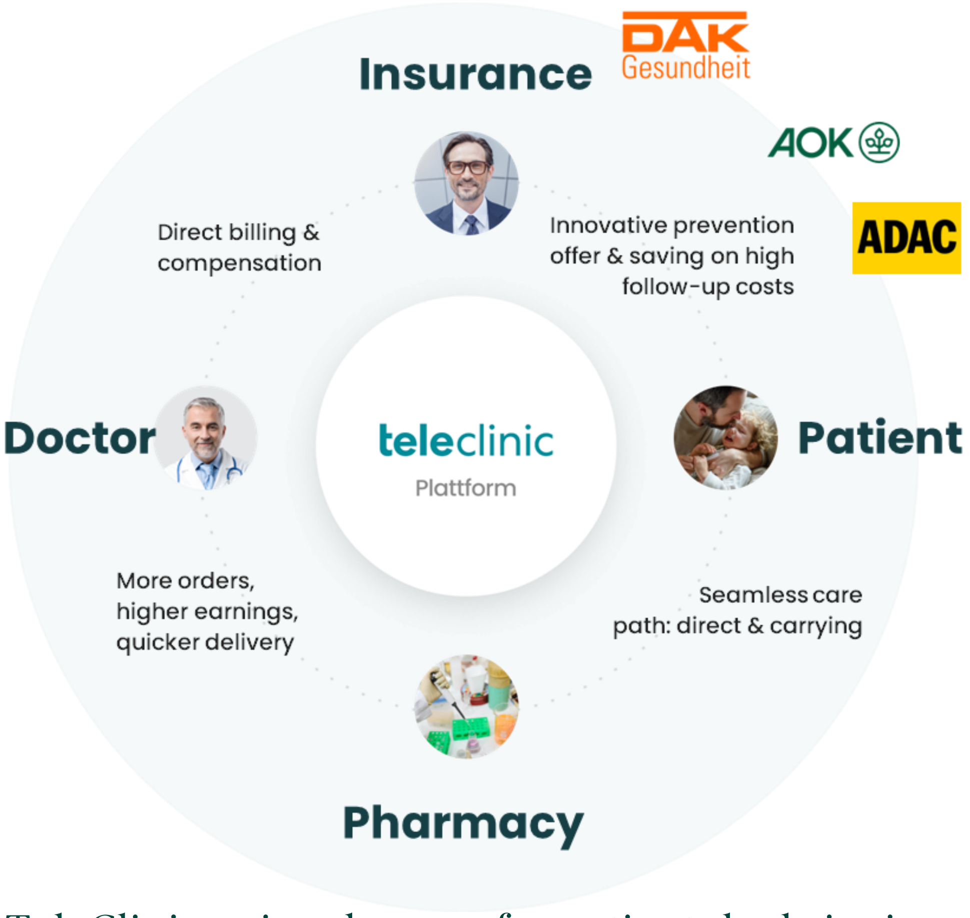
- ~30% market share of video consultations[1]
- 2,000+ active doctors
- 40+ insurance partnerships

Regulatory drivers (2024)

- Unlimited number of telemedicine treatments
- Possibility for physicians treat patients from home

Technology drivers

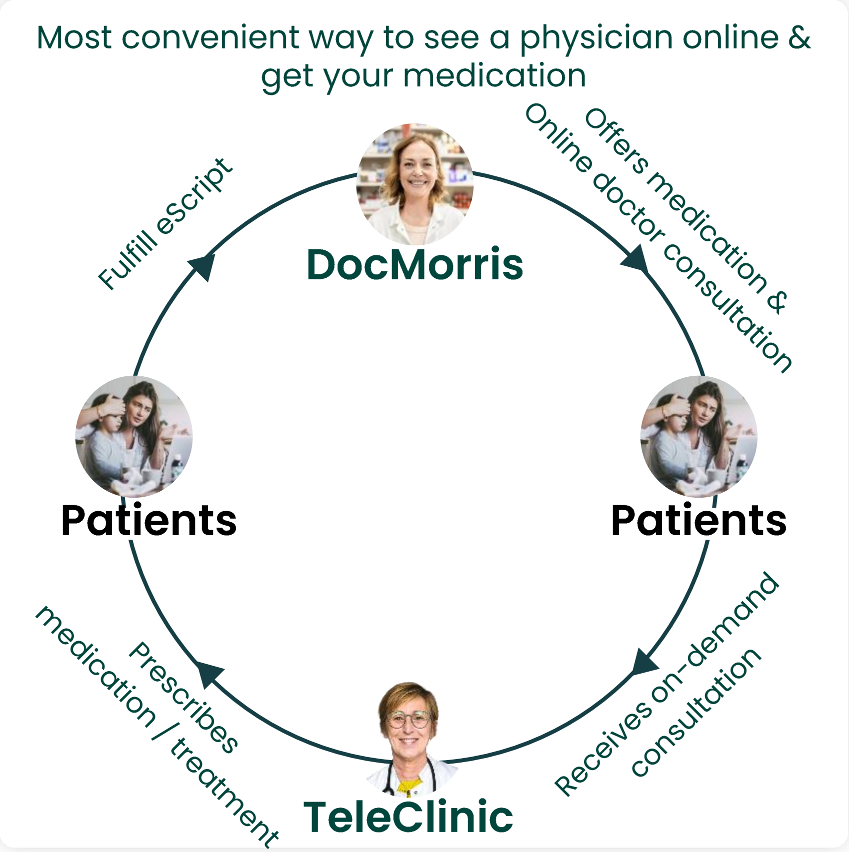
- eSick note (2023)[2]
- eScript (2024)
- ePatient record (2025)



TeleClinic uniquely cares for patients by bringing together established healthcare providers

1 Source: Zi Zentralinstitut Kassenärztliche Versorgung 14.2.2024 | 2 German: elektronische Arbeitsunfähigkeitsbescheinigung (eAU). A mandatory doctors note required by employers.

As an integral part of the DocMorris ecosystem, TeleClinic has highly attractive standalone financials that are ready to scale with the eScript



Significant upside beginning to emerge

- Revenues doubled in 2023
- High margin take-rate business
- Positive EBITDA in 2024 expected

>50bn[1] largely untapped market with regulatory tailwind

- < 1% telemedicine penetration in German ambulatory care
- Telehealth to save > 4bn German healthcare costs[2]

1 Statutory insurance payments for ambulatory care in 2022 46bn (Source: GKV Spitzenverband) & Private insurance payments of 7bn in 2022 (Source Wissenschaftliche Institut der PKV) | 2 McKinsey Health Monitor

Sustainability: Executing on our ambitious goals

Healthier People

- New care service: Diabetes & polymedication consultation
- Chronic disease services to be expanded

Sustainable Planet

- CO_2 emissions reduced by 13% 2023
- Commitment to reduce CO_2 emissions by at least 4.2% p.a.

Caring Company

- 100% of management trained in core cultural principles
- Gender pay gap reduced to below 5% in all major regions
- Measures of new well-being strategy to be implemented

Reliable Partnerships

- Implemented Supplier Code of Conduct in Dec 2023
- 2024 Target: >25% suppliers to sign Code of Conduct

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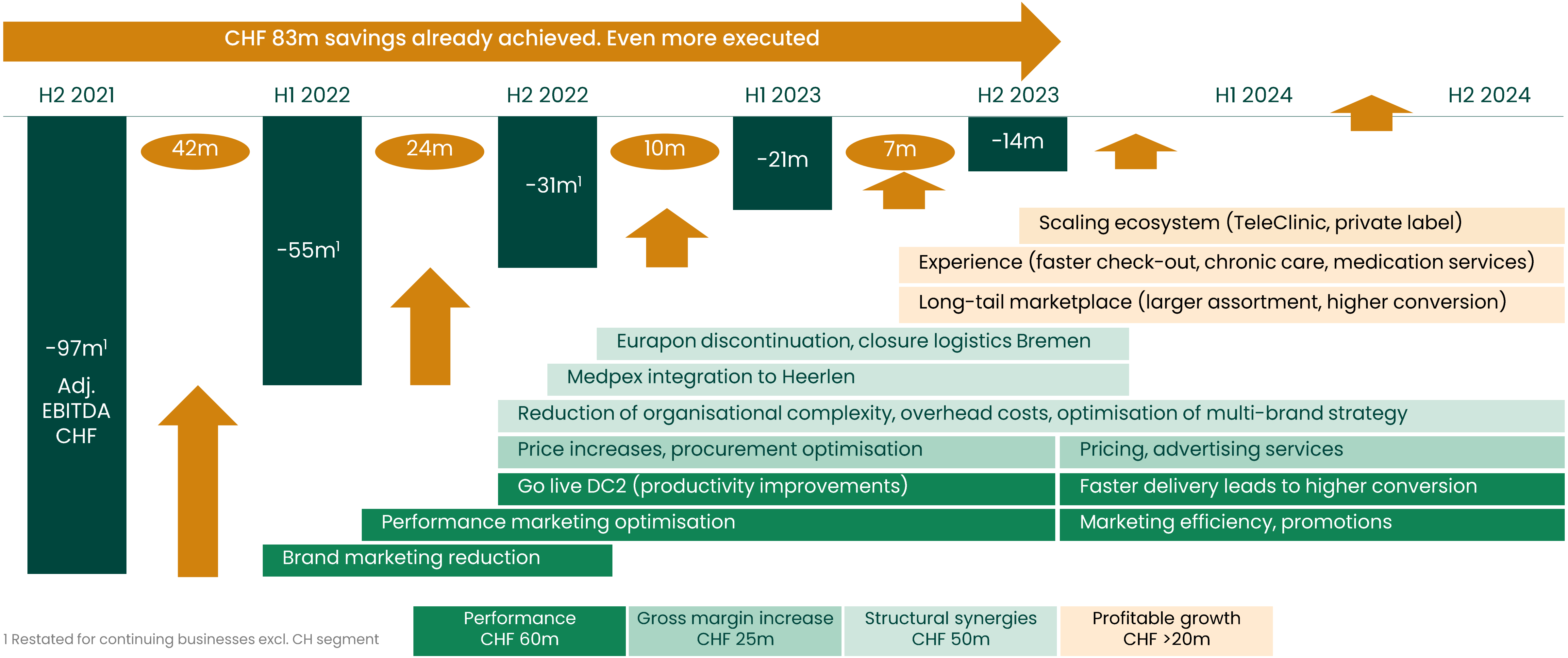
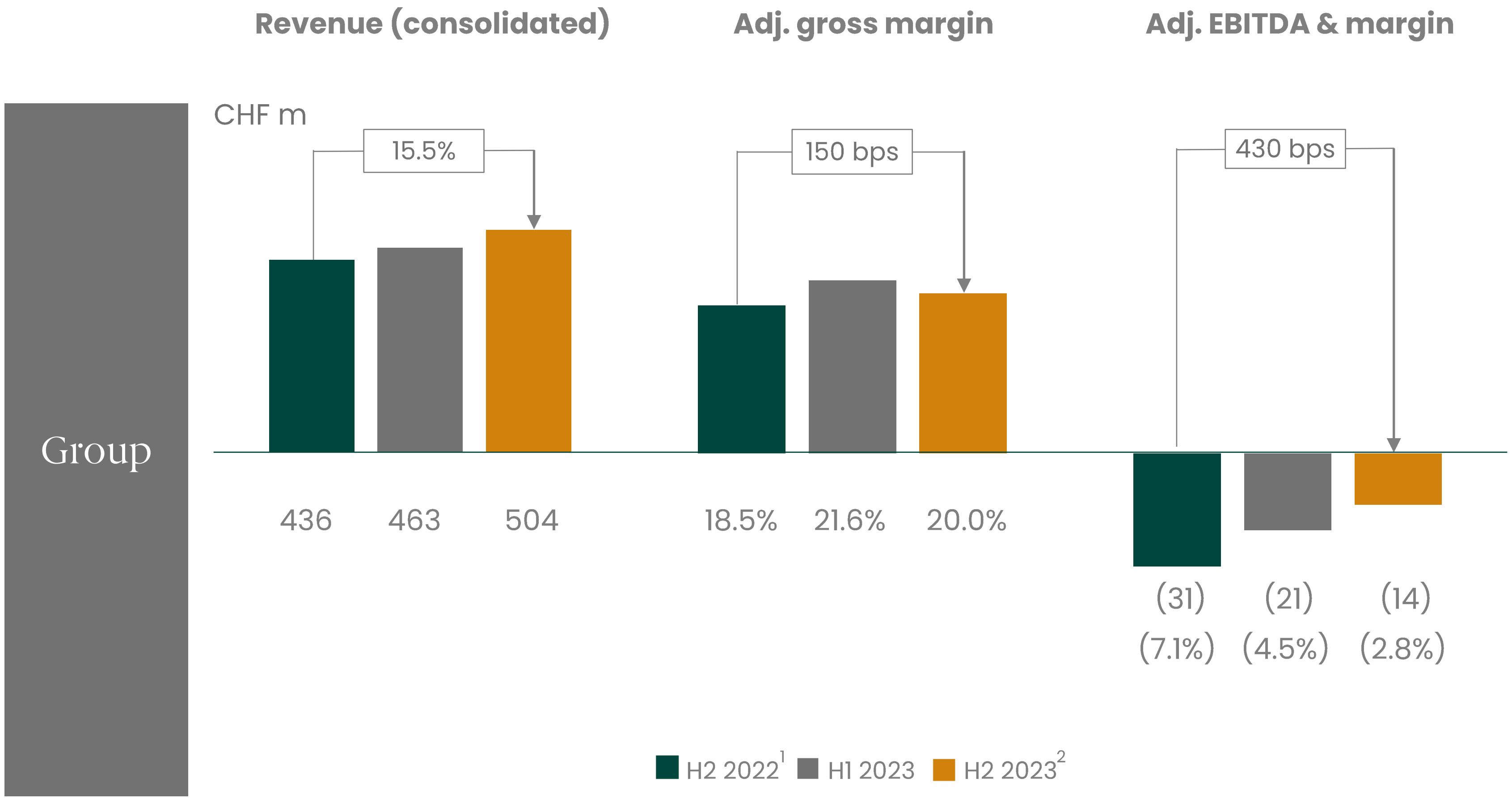
Swift execution towards break-even in base business



1 Restated for continuing businesses excl. CH segment

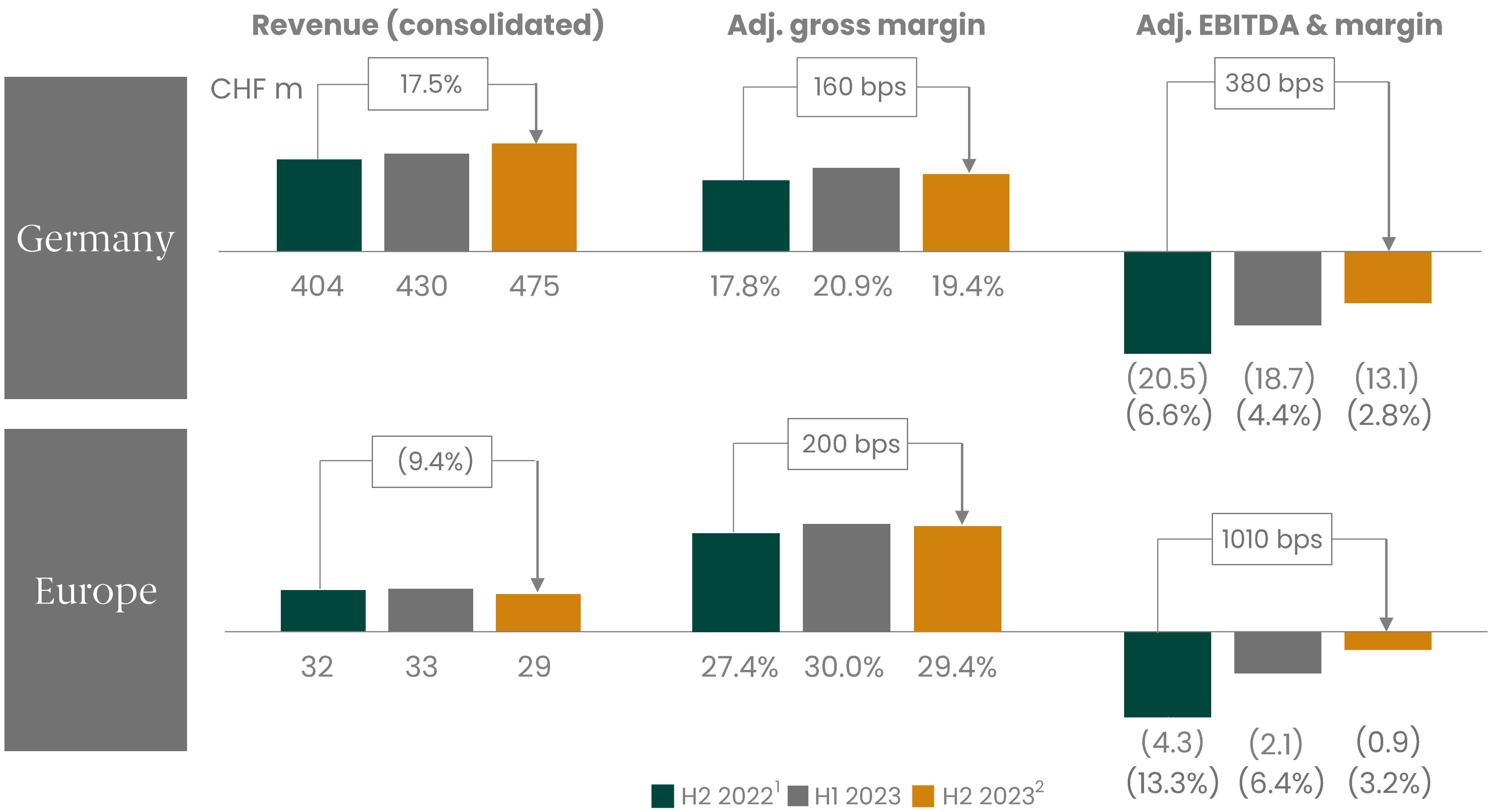
Break-even programme led to significant EBITDA improvement and return to revenue growth



- Continuous focus on profitable customer base and efficient marketing
- H2 consolidated revenue up 15.5% (18.1% in LC and 2.1% external), in line with specified full-year guidance
- Q4 external revenues in LC grew 14.1% yoy
- Adj. gross margin expanded yoy, less than anticipated due to lower Rx
- Adj. EBITDA improved by 17m yoy, margin up 430bps
- ~CHF 5m incremental eRx ramp-up costs, for marketing and CardLink development

1 Restated for continuing businesses excl. CH segment | 2 Due to positive court ruling, DocMorris received manufacturer rebates that led to a CHF 3m one-off adjustment in the German segment

Both, Germany and Europe segment heading towards EBITDA break-even



- Brand integration further drives consolidated revenue and EBITDA
- Continued focus on profitable customers and marketing efficiency
- 11.7% Rx revenue decline yoy, mainly due to delayed bonus ban effect
- Limited Rx contribution reduced adj. gross margin in H2 vs. H1; strong expansion yoy

- Continued focus on profitable customers and marketing efficiency
- 9.4% revenue decline yoy due to conservative pricing strategy
- Strong improvement in EBITDA margin yoy by 10ppt

To reflect market standards, corporate costs are fully allocated to the segments. FY23 adj. EBITDA impact CHF -25m. FY22 CHF -28m.

1 Restated for continuing businesses excl. CH segment | 2 Due to positive court ruling, DocMorris received manufacturer rebates that led to a CHF 3m one-off adjustment in the German segment

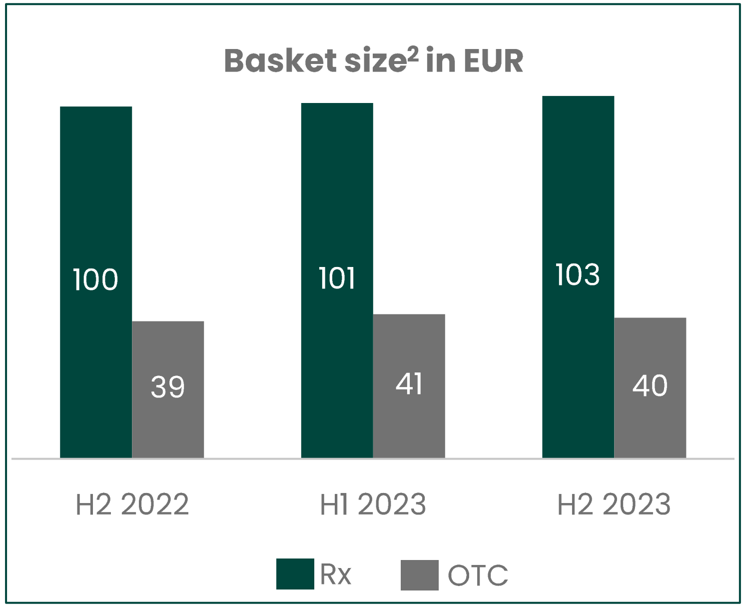
Stable KPIs and inflection point in active customers achieved

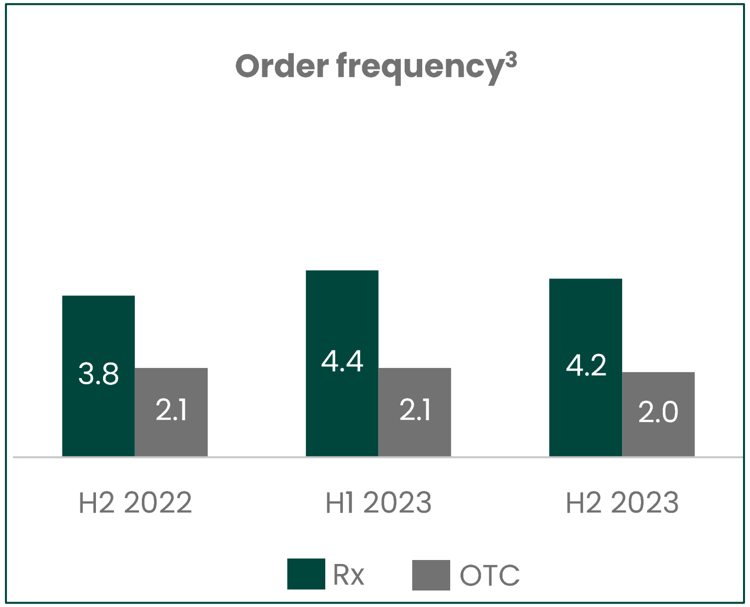
Million active customers[1] last 12 months

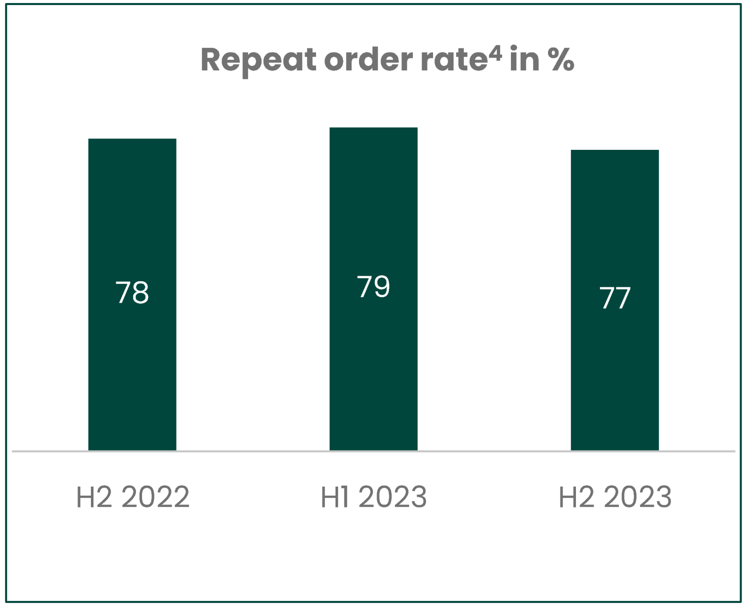
10.2	9.0	9.1
H2 2022	H1 2023	H2 2023

Million site visits in last 12 months

190	195	185
H2 2022	H1 2023	H2 2023







1 all mail order customers who have placed an order with DocMorris or a pharmacy supplied by DocMorris in the last 12 months | 2 basket size equals average value of the purchase per order | 3 number of orders per active customer in 12 months period | 4 share of orders from existing customers in relation to total number of orders | All figures reflect the B2C & marketplace business regardless of integration and consolidation progress of the acquired businesses in Germany and are restated for continuing businesses excl. CH segment

Operational expenses improved noticeably

in CHF m	FY 2022[1]	Margin in %	FY 2023[2]	Margin in %	FY yoy in %
External revenue[3]	1,159.5		1,037.5		(10.5)
External revenue[3], in local currency	1,159.5		1,073.1		(7.4)
Consolidated revenue	931.0		966.9		3.9
Gross profit adj.	161.4	17.3	200.8	20.8	24.4
Personnel expenses adj.	(106.2)	(11.4)	(102.1)	(10.6)	(3.8)
Marketing expenses	(52.8)	(5.7)	(48.8)	(5.0)	(7.6)
Distribution expenses	(37.0)	(4.0)	(47.8)	(4.9)	29.2
Other operating income & expenses adj.	(50.8)	(5.5)	(37.0)	(3.8)	(27.2)
Adj. EBITDA	(85.5)	(9.2)	(34.9)	(3.6)	59.2
Adjustments	(7.1)		(3.5)		51.2
M&A	14.7		(0.2)		101.6
Restructuring, Integration	(17.5)		(4.8)		72.3
Other	(4.3)		1.6		136.5
EBITDA	(92.6)	(9.9)	(38.4)	(4.0)	58.6
EBIT	(140.0)	(15.0)	(83.2)	(8.6)	40.5
Net income from cont. operations	(171.1)	(18.4)	(117.6)	(12.2)	31.3
Net income from disc. operations	0.0		199.8		

- 23H2 Adj. gross margin increased by 150 bps yoy, due to brand integration and price increases
- Brand integration of Medpex limited the reduction of personnel expenses and increased distribution expenses
- Break-even programme with positive impact on other expenses
- H2 EBITDA adjustments positive due to rebates and earn-out
- Financial result negatively impacted by non-cash FX translation

1 Restated for continuing businesses excl. CH segment | 2 Due to positive court ruling, DocMorris received manufacturer rebates that led to a CHF 3m one-off adjustment in the German segment | 3 External revenue consists of the consolidated revenue of DocMorris plus mail order revenues of pharmacies supplied by DocMorris, less the consolidated revenue from supplying them

Solid balance sheet with strong equity ratio

in CHF m	31 Dec 2022	%	31 Dec 2023	%
Cash and cash equivalents	126.0		54.0	
Current financial assets	30.4		97.0	
Receivables	156.3		79.2	
Inventories	83.2		51.8	
Property, plant & equipment	60.3		45.5	
Right-of-use assets	36.5		28.2	
Intangible assets	571.9		495.1	
Other non-current assets	34.8		15.6	
Total assets	1'099.4		866.4	
Financial liabilities	63.9		42.8	
Payables & accrued expenses	180.1		82.5	
Bonds	490.4		302.1	
Other liabilities	14.2		8.5	
Equity	350.8	31.9	430.5	49.7
Total equity and liabilities	1'099.4		866.4	

- Highly attractive, asset-light business model
- CHF 151m comfortable cash position plus imminent further inflow due to Swiss property sale
- Net working capital temporarily increased by CHF 24m to CHF 52m due to strong payables reduction. Normalisation already seen in Q1
- ~CHF 360m total consideration for sale of Swiss segment, including earn-out of CHF 47m expected in Q2 2024
- Various line items reduced due to Swiss business sale, 2022 numbers include Swiss business

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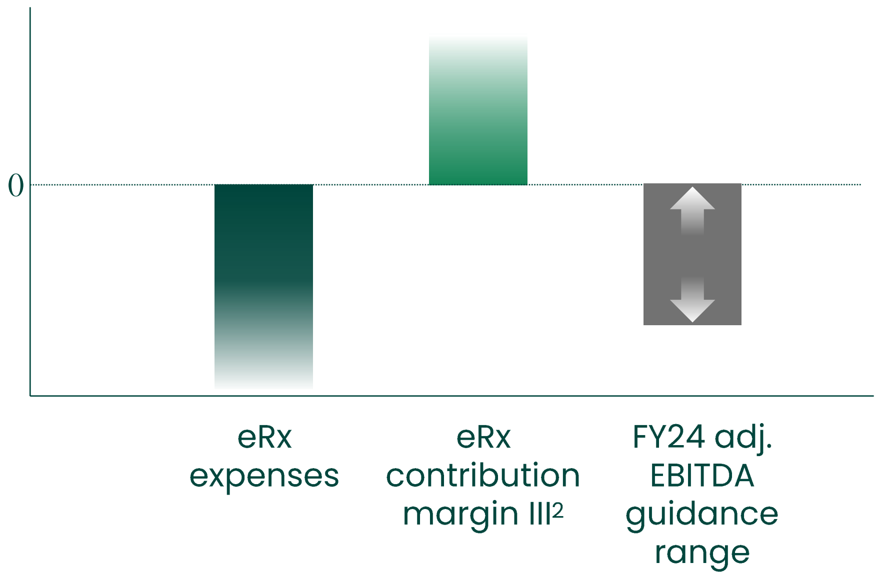
eRx customer lifetime value 10x more attractive than OTC customers

	OTC	eRx
Basket size / revenue per order	EUR 40	EUR 100
Order frequency p.a.	2x	4-5x
Annual revenue per customer	**EUR 80**	**EUR 450**
Contribution margin after fulfillment costs	14%	14%
Annual contribution amount	**EUR 11**	**EUR 63**
Retention rate	Rx >10ppt better	
Customer lifetime value (CLV)		

Adj. EBITDA 2024 eRx impact[1]



- Exceptional eCommerce CLV potential
- Unique customer acquisition opportunity
- Milestone-based marketing expenses

1 Indicative, chart not to scale | 2 Unit economics explained on slide 30

Outlook now includes eRx indication for 2024

External revenue[1] 2024 in local currency	> 10% growth (including eRx) new	2023: CHF 1,038m
Adj. EBITDA 2024	CHF 0m to CHF -35m (including eRx) Previously: Break-even excluding eRx	2023: CHF -35m
Capital expenditure 2024	CHF 30m to CHF 40m new	2023: CHF 28m
Adj. EBITDA margin mid-term	~8% confirmed	

- Outlook is indicative, due to unpredictable eRx ramp-up
- Further clarity with H1 results

1 External revenue consists of the consolidated revenue of DocMorris plus online revenues of pharmacies supplied by DocMorris, less the consolidated revenue from supplying them

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DocMorris

Q&A

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EBITDA drivers for 2024

Tailwinds

- eRx ramp-up: Higher sales and contribution margins
- Break-even programme further reduces operational and structural costs
- Gross margin improvement from category management and better procurement conditions due to scale
- DocMorris ecosystem (Marketplace, TeleClinic, PaaS, private label)

Headwinds

- eRx ramp up: Marketing campaign spending and other ramp-up costs
- Material cost and wage inflation
- Rx medication shortages

Achieving mid-term guidance: Newly opened eRx market in Germany offers highly attractive unit economics & strong contribution margins

Unit economics	OTC		pRx		eRx		DOCM	Mid-term development
Basket size / revenue	EUR 40		EUR 100		EUR 100		-	Cross-selling, repeat script
Gross margin	EUR 11	28%	EUR 18	18%	EUR 21	21%	-	Product mix, buying synergies
Fulfillment / operations	EUR 6	14%	EUR 9	9%	EUR 7	7%	-	Scale effects
Contribution margin after fulfillment costs	EUR 6	14%	EUR 9	9%	EUR 14	14%	-	Marketplace & ecosystem
Marketing							L-MSD%	Scale effects
Indirect / corporate							L-MSD%	Scale effects
Adj. EBITDA margin							**~8%**	Mid-term outlook

Numbers rounded to full Euros | Gross margins are as of FY23 | Operational expenses assume additional scale in mid-term due to eRx, with full readiness in costs now | Shows basket view, with c. 3 products in eRx as is observed today | EU segment has unit economics similar to OTC. The EU segment can be seen as part of this calculation to approximate the company mid-term guidance of an 8% adj. EBITDA margin

H2 2023: Operational expenses improved noticeably yoy

in CHF m	H2 2022[1]	Margin in %	H2 2023[2]	Margin in %
External revenue[3]	524.9		536.1	
External revenue[3], in local currency	524.9		548.1	
Consolidated revenue	436.3		503.9	
Gross profit adj.	80.7	18.5	100.8	20.0
Personnel expenses adj.	(50.2)	(11.5)	(47.0)	(9.3)
Marketing expenses	(17.3)	(4.0)	(26.6)	(5.3)
Distribution expenses	(17.7)	(4.1)	(24.7)	(4.9)
Other operating income & expenses adj.	(26.3)	(6.0)	(16.6)	(3.3)
Adj. EBITDA	(30.8)	(7.1)	(14.0)	(2.8)
Adjustments	(13.2)		3.8	
M&A	2.7		4.5	
Restructuring, Integration	(12.4)		(2.3)	
Other	(3.5)		1.6	
EBITDA	(44.0)	(10.1)	(10.2)	(2.0)
EBIT	(72.7)	(16.7)	(34.4)	(6.8)
Net income from cont. operations	(87.5)	(20.1)	(59.3)	(11.8)
Net income from disc. operations	2.5		0.0	

- 23H2 Adj. gross margin increased by 150 bps yoy, due to brand integration and price increases
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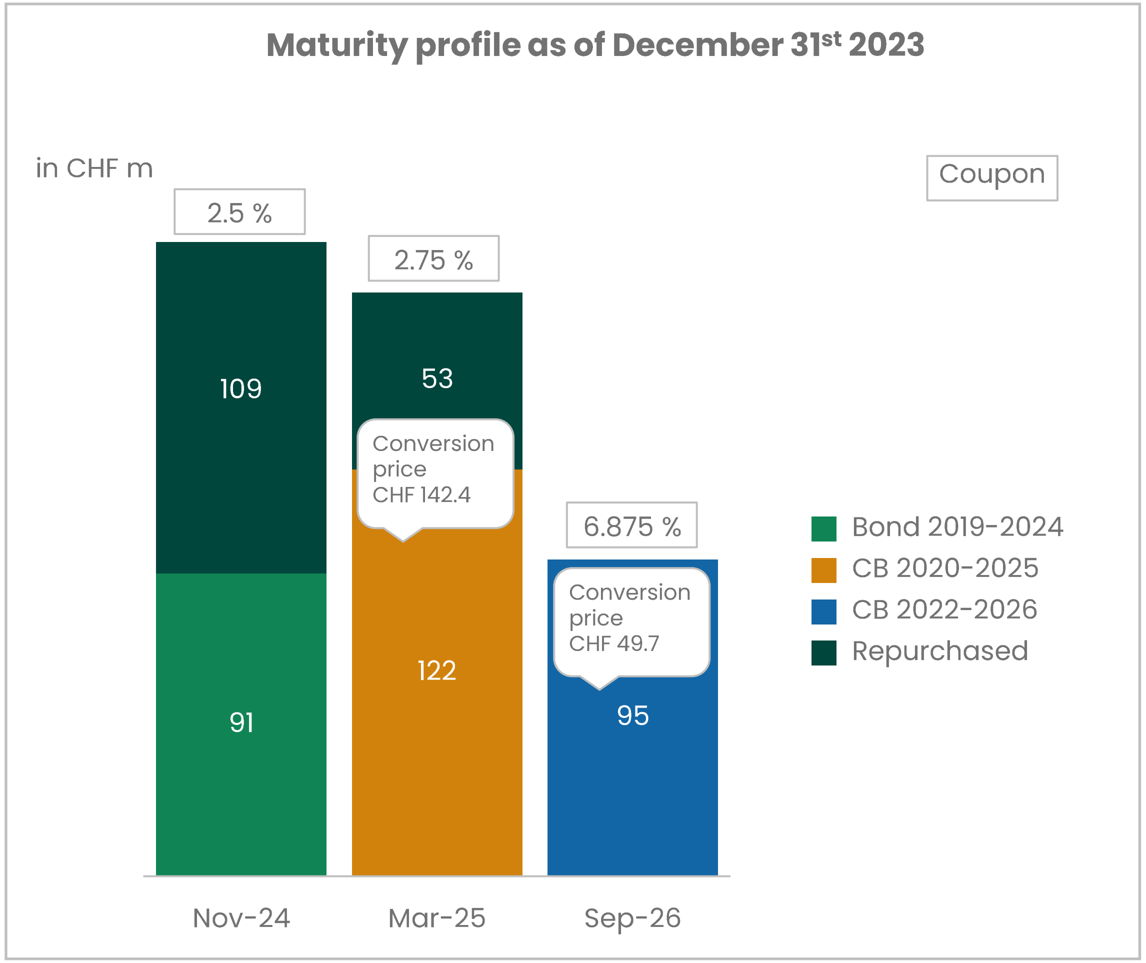
Financial maturity and cash flow overview

in CHF m	H2 2022	H1 2023	H2 2023
Cash start of period	**199.2**	**126.0**	**199.7**
Operating cash flow	(57.1)	(34.6)	(50.2)
Financing cash flow	44.8	(14.3)	(3.2)
Investing cash flow	(60.1)	(24.0)	(31.9)
Sale CH segment net proceeds		282.7	(7.0)
Repurchase bonds		(136.0)	(51.8)
Foreign currency differences	(0.8)	(0.1)	(1.6)
= Free Cash Flow	**(72.4)**	**73.8**	**(144.0)**
Cash end of period	126.0	199.7	54.0
Cash position[1]	**156.4**	**282.1**	**151.1**

in CHF m	31 Dec 2022	30 June 2023	31 Dec 2023
Public Bonds	490.4	352.6	302.1
+ Lease liabilities	38.2	32.2	28.7
+ Other financial liabilities	25.7	19.8	14.1
= Financial debt	**554.4**	**404.6**	**344.9**
- Cash and cash equivalents	126.0	199.7	54.0
- Current financial assets	30.4	82.4	97.0
= Net financial debt	**397.9**	**122.5**	**193.9**



1 including fixed deposit investments and other current financial assets

Shareholder structure

	As of December 31st 2023
100% free float	
Frank M. Sands, Jr.	4.93%
Psquared Asset Management	3.79%
Management as per December 31, 2023	0.86%
Board of Directors as per December 31, 2023	1.39%
Other shareholders	89.03%

	As of December 31st 2023
Shares	13,700,639
Thereof own shares	1,938,184
Thereof share lending facility[1]	1,900,000
Shares outstanding	**11,762,455**
Convertible Bond 20-25 (outstanding CHF 122m, conversion price CHF 142.4)	860,216
Convertible Bond 22-26 (outstanding/nominal CHF 95m, conversion price CHF 49.7)	1,909,753
Shares outstanding (diluted)	14,532,424

1 DocMorris Finance B.V. holds 1,900,000 treasury shares, which serve as a share lending facility to support the convertible bonds issued in 2020 and 2022.

Financial calendar

Date	Event/Publication
March 21st, 2024	FY 2023 Full results (incl. conference call)
April 16th, 2024	Q1 2024 Trading update
May 2nd, 2024	Annual General Meeting
August 20th, 2024	H1 2024 Full results (incl. conference call)
October 15th, 2024	Q3 2024 Trading update

Thank you

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