Annual Report 2023

Redeem prescriptions online, medication delivered tomorrow.

DocMorris

Contents

The Sustainability Report 2023 can be found here.

Cover image in the context of the marketing campaign for e-prescriptions, with the fictitious "Gesundberg" family at the centre. The following QR code leads to the adverts:

At a glance

DocMorris in 2023 in facts and figures.

E-prescription

Usage in Germany started to grow exponentially even before mandatory start in 01/2024

CardLink solution

enables seamless digital redemption of e-prescriptions in Germany as approved by gematik in 12/2023

CHF 50.6 million

EBITDA improvement (adjusted)

Inflection point

Strong basis for sustainable, profitable revenue and customer growth

Health in one click

DocMorris healthcare ecosystem enabled by electronic prescriptions

Lean structure

B2C focus leverages synergy and savings potential and enables faster decision-making

CHF 360 million

expected proceeds from the sale of the Swiss business, significantly strengthening our capital structure

Sustainable Planet

13% CO_2 reduction overall and 100% recyclable filling material in all entities

Profile

The Swiss-based DocMorris AG is a leading company in the fields of online pharmacy, marketplace and professional healthcare with strong brands in Germany and other European countries. Deliveries are mainly from the highly automated logistics centre in Heerlen, the Netherlands, with a capacity of over 27 million parcels per year. In Spain and France, the company operates the leading marketplace for health and personal care products in Southern Europe. With its business model, DocMorris offers its patients, customers and partners a broad range of products and services. In doing so, DocMorris is pursuing its vision of creating a digital health ecosystem for everyone to manage their health in one click. The company was renamed from Zur Rose Group AG to DocMorris AG in May 2023 after the Swiss business was sold to Migros/Medbase. Excluding the Swiss business, about 1,600 employees in Germany, the Netherlands, Spain, France and Switzerland generated an external revenue of CHF 1,038 million serving over 9 million active customers in 2023. The shares of DocMorris AG are listed on the SIX Swiss Exchange (securities number 4261528, ISIN CH0042615283, ticker DOCM). For further information, please visit corporate.docmorris.com.

Key Financials

	31.12.2023	31.12.2022 restated [1]	31.12.2021
	in CHF million	in CHF million	in CHF million
Key financials, in CHF million			
External revenue [2) 3)]	**1,037.5**	1,159.5	2,034.0
Year-on-year-change of external revenue in % in local currency [2) 3)]	**–7.4**	[4)] –11.8	14.8
Year-on-year-change of external revenue in % [2) 3)]	**–10.5**	[4)] –18.0	15.5
Net revenue [3)]	**966.9**	931.0	1,726.5
Year-on-year change of net revenue in % [3)]	**3.9**	[4)] –15.8	16.9
Net revenue	**969.5**	931.0	1,726.5
Year-on-year change of net revenue in %	**4.1**	[4)] –15.8	16.9
Gross margin in % of net revenue	**21.0**	17.2	15.1
Earnings before interest, taxes, depreciation and amortisation adjusted (EBITDA adjusted)	**–34.9**	–85.5	–128.9
in % of net revenue [3)]	**–3.6**	–9.2	–7.5
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	**–38.4**	–92.6	–142.6
in % of net revenue	**–4.0**	–9.9	–8.3
Earnings before interest and taxes (EBIT)	**–83.2**	–140.0	–193.8
in % of net revenue	**–8.6**	–15.0	–11.2
Net income / (loss) from continuing operations	**–117.6**	–171.1	–225.7
in % of net revenue	**–12.1**	–18.4	–13.1
Net income / (loss) from discontinued operations	**199.8**	0.0	0.0
Net income / (loss)	**82.3**	–171.1	–225.7
in % of net revenue	**8.5**	–18.4	–13.1
Equity	**430.5**	350.8	484.9
in % of total assets	**49.7**	31.9	38.2
Investments	**27.7**	46.6	63.5
Number of employees in full-time equivalents	**1,453**	1,865	2,131

1) Restated due to the disposal of the Swiss business.
2) External revenue consists of the consolidated revenue of DocMorris plus online revenues of pharmacies supplied by DocMorris, less the consolidated revenue from supplying them.
3) Adjusted revenue in 2023 for the payment of performance obligations fulfilled in previous years.
4) Due to the disposal of the Swiss business and for the purpose of comparability, year-on-year change of revenue in % is calculated based on the adjusted sales for 2021 (excl. Switzerland segment).

Letter to Shareholders

Dear Shareholders

DocMorris successfully continued its break-even programme in 2023. By increasing the gross margin, productivity and marketing efficiency as well as structural cost savings, adjusted EBITDA improved significantly by CHF 50.6 million to minus CHF 34.9 million (continuing operations, i.e. excluding the Swiss business). This means DocMorris reached its targets for 2023. At the end of the year, the number of active customers rose to 9.1 million[1]. External revenue[2] amounted to CHF 1,037.5 million, down 7.4 per cent in local currency terms compared to the previous year. This was at the upper end of the expectations set out in October 2023. DocMorris reached the inflection point in the second half of 2023 and strengthened its basis for sustainable, profitable growth.

Positive earnings trend in the segments — In Germany, the focus on profitable customer groups led to a decline in external revenue of 7.2 per cent. In the fourth quarter the inflection point was reached thanks to intensified customer loyalty measures. For 2023 as a whole, DocMorris generated external revenue of CHF 975.4 million in Germany. The break-even programme resulted in an adjusted EBITDA improvement of CHF 41.7 million to minus CHF 31.8 million. In Spain and France, DocMorris focused on creating an even better customer experience to attract more profitable customers. The company generated revenue of CHF 62.1 million in the Europe segment in 2023. As a consequence of the break-even programme, adjusted EBITDA improved by CHF 8.9 million to minus CHF 3.0 million.

Capital structure significantly strengthened and strategy secured — As part of the sale of the Swiss business to Migros subsidiary Medbase in May 2023, Zur Rose Group AG changed its name to DocMorris AG. With the cash inflow from this transaction totalling around CHF 360 million (including an earn-out of CHF 47 million), DocMorris secured its strategy in order to be optimally positioned for e-prescriptions in Germany and digitalisation in healthcare. The equity ratio increased a substantial 17.8 percentage points year-on-year to 49.7 per cent at the end of 2023. The sale of the property in Frauenfeld, which is expected to be completed by the middle of the year, will further strengthen liquidity.

B2C focus and streamlining of the organisational structure — The successful integration of the medpex and Eurapon brands in 2022 significantly reduced the complexity of structures and processes. In addition, the sale of the Swiss business allowed a pure focus on the core B2C business. As a result, the organisational structure could be optimised and potential synergies and savings leveraged.

1 Customers supplied by DocMorris, either directly or through its partners.

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

Group functions were largely merged with the operational organisation in Germany and decision-making was made more efficient. As part of personnel changes, CEO Walter Hess also took on the role of Head Germany in November 2023.

Fully digital channel to redeem e-prescriptions for online pharmacies — Since 1 January 2024, e-prescriptions have been mandatory for publicly insured residents in Germany. The electronic prescription process has quickly become the new standard: To date, more than 84,000[3] medical institutions – around 85 per cent of all institutions – have issued more than 115 million[3] electronic prescriptions. These numbers will continue to rise over the course of 2024. In addition, a fully digital redemption channel with enormous market potential will soon be available. The eHealth CardLink, based on an innovation from DocMorris, is an independent product that integrates with the telematics infrastructure, which enables mobile use of an electronic healthcare card (eGK) without a PIN thanks to NFC (near field communication) technology. Patients can use it to view and redeem their e-prescriptions on their smartphone from anywhere. The final eHealth-CardLink specifications were published by gematik this week. In response, DocMorris handed in its request for certification. This simple, convenient and secure redemption channel is also integrated in the DocMorris app. It will be activated as soon as certification has been granted by the gematik; which is expected shortly. DocMorris launched a cross-media marketing campaign based on the "Gesundberg" family to coincide with the launch of electronic prescriptions.

Broader offering and improved digital customer experience — DocMorris significantly improved the webshop and app in 2023, boosting customer satisfaction and conversion rates. The product range was also extended. In July 2023 the existing marketplace on the DocMorris healthcare platform was expanded using propriety technology to include a long-tail range of adjacent product categories. There are now over 150 retailers with more than 50,000 products from the fields of nutrition, beauty, family, remedies and aids on the marketplace.

Expanding the health ecosystem — During the reporting year DocMorris further expanded its digital health ecosystem, adding services for chronically ill patients and customers and strategic partnerships. For people on long-term medications, the way prescriptions are handled has been expanded to include a follow-up prescription service. In the Care segment, the range of services for people with diabetes was expanded. The offer supports patients along their treatment path with information, products and services for diabetics. Direct online access to doctors via TeleClinic allows patients to make flexible use at short notice of telemedical services such as electronic sick notes, issuing prescriptions and medical consultations.

3 Source: gematik

CO_2 emissions cut by 13 per cent — DocMorris made further substantial progress as reflected in its third Sustainability Report 2023. The company achieved its targets in its four strategic pillars – Healthier People, Sustainable Planet, Caring Company and Reliable Partnerships – and set ambitious new targets for 2024. In 2023 DocMorris cut CO_2 emissions by 13 per cent, reduced its already low gender pay gap, raised awareness of cybersecurity among employees and implemented a Supplier Code of Conduct.

Outlook — The ramp-up of the prescription medication business in Germany is not yet fully predictable. By way of indication, for the 2024 financial year DocMorris is expecting:

— an increase of more than 10 per cent in external revenue (including e-prescriptions);
— an improvement in adjusted EBITDA to between CHF 0 million and minus CHF 35 million (including e-prescriptions);
— capital expenditure of CHF 30 million to CHF 40 million.

In the medium term, an adjusted EBITDA margin of 8 per cent remains the target.

Thanks — We feel it is very important to express our warmest thanks to all who supported us last year: our customers, for their confidence in our services; our staff, for their impressive commitment to the good of the company and the great motivation with which they carry out their daily responsibilities; and you our shareholders, for your loyalty to our company.

Walter Oberhänsli
Chairman of the Board

Walter Hess
Chief Executive Officer

Walter Oberhänsli (left) and Walter Hess.

Interview with the Chairman of the Board and the CEO

Electronic prescriptions are a turning point for DocMorris. CEO Walter Hess and Chairman of the Board of Directors Walter Oberhänsli report on the opportunities offered by this long-awaited leap into digitalisation. They also take stock of the 2023 financial year.

Walter Hess, 2023 was an eventful year. Let's start with the results we achieved. Adjusted EBITDA at DocMorris rose CHF 50 million compared to the previous year. What were the measures that led to this result?

W. H. — This is the result of the break-even programme we launched in 2022 and implemented systematically in 2023. The programme included integrating brands and locations, significantly improving performance in marketing and logistics, increasing the gross margin and walking away from revenue and orders that were not profitable. And – most importantly – reducing the complexity of the organisation, and reducing costs accordingly.

I would like to take this opportunity to thank the entire DocMorris team for their tremendous efforts to make this result possible.

Walter Oberhänsli, what was your personal highlight in 2023?

W. O. — What a question! We have waited long enough for it, and you may not even want to hear about it any more. But it's electronic prescriptions. This is THE highlight we've been working towards for a very, very long time. Looking back, they should have been introduced in the early 2000s. But that didn't happen. Then it was supposed to be 2022. There was a delay, but now they're here!

Walter Oberhänsli, the sale of the Swiss business in 2023 broke new ground for DocMorris. What do you think of this decision, one year later?

W. O. — Even a year later, I am completely convinced that the decision was the right one from a business perspective. It allowed us to make our business more streamlined. It used to be much more complex than it is today. That was a constant point of criticism by investors. And now we have a very clear strategy. That's one thing. The other thing is that we were able to hugely improve our capital base and secure our strategy.

Walter Hess, the focus is now on the core B2C business. How has this change affected the organisation?

W. H. — We have been able to streamline the organisation significantly. In addition to integrating the various locations, we have combined group functions at the headquarters in Frauenfeld into the operational organisation in Germany and cover them with the teams there. We reduced the size of the Executive Board, I also took on the role as Head Germany. At the same time, we were able to significantly intensify cross-divisional and cross-segment collaboration again in order to make better use of expertise and resources across the various countries.

Walter Hess, the long-awaited electronic prescription has been mandatory since the start of 2024. What does this mean for online pharmacies in general and DocMorris in particular?

W. H. — For one thing, it's really a very, very big event for us, as Walter said. We have been working towards this for a very long time and I think we share some of the credit for it happening at all. As of today, well over 100 million prescriptions have already been issued and redeemed electronically. More than 70 per cent of prescriptions are now redeemed electronically every day.

Of course, the fact that there will soon be a fully digital redemption channel means, for online pharmacies in general, but for us at DocMorris in particular, that we will gain direct access to the 55 billion Euro market in prescription medicines. And that's not all. There is still a lot of potential for the future. The intention is that doctors will no longer be reimbursed for prescribing medication on a quarterly basis, but once a year instead. This opens up further potential for us in terms of offerings and services that make it easier for people with chronic diseases to access medications.

Walter Hess, how does the fully digital redemption channel work at DocMorris?

W. H. — It's very simple. You pick up your smartphone, open the DocMorris app and select the "Dispense prescription" function with your healthcare card. Then you enter the six-digit number on your healthcare card and hold it up to your smartphone for a few seconds. You can then see in the shopping basket all the medications that have been prescribed.

Users also have the option of ordering non-prescription medication or beauty and personal care products at the same time. If the prescription is sent before 8 p.m., the medication and the other products ordered will be delivered to your home by the evening of the following day at the latest.

Walter Oberhänsli, your vision is for people to be able to manage their health in one click. What progress has DocMorris made towards this vision?

W. O. — We've just heard about it. Electronic prescriptions play a key role in this world of digitalisation and our ecosystem. We are trying to bring health closer to people and make everything simpler. This requires electronic prescriptions. Over the last two years, a great deal has been done towards what we have just been hearing about. A lot of things have become easier. In that sense, e-prescriptions were an important focus. The evolution of the ecosystem has lagged behind a little.

In addition to electronic prescriptions, telemedicine certainly plays a decisive role. We introduced this into our ecosystem some time ago and still consider it to be a major pillar. Specifically, the fact that people can use our platform to consult a doctor very quickly and easily to obtain health advice and an electronic prescription. And be able to call on other services the same way in future.

A third topic with great prospects for the future is the Care Program, which we just launched for Diabetes. Of these three topics, electronic prescriptions were the main focus. That's why I can say from my point of view: I am very, very happy about the current situation. It's far better than where we were two years ago. We are much more certain that our customers will now be able to follow this digital path.

Walter Hess, the number of DocMorris customers rose again in the second half of the year to over 9 million. The inflection point?

W. H. — It was very important that the number of active customers passed the nine million mark and is now growing again. Our revenues are increasing from quarter to quarter. The inflection point has been passed. Now we are heading towards profitable growth.

Walter Hess, what is your focus for the current year 2024?

W. H. — We have set ourselves three priorities: First, that everything we do is really geared to the needs and desires of our customers and patients. Second, that we now enter the market with electronic prescriptions and are able to expand our market share as quickly as possible. And third, that we grow into profitable growth overall.

Walter Oberhänsli, how do you see the long-term opportunities for DocMorris?

W. O. — We always come to the same point. It's about electronic prescriptions, which are a turning point. The pharmacy markets will change significantly as a result of this innovation. That's why the opportunities are really huge. We have seen in other industries what digitalisation means and how it changes purchasing behaviour. This will happen in our industry, i.e. the pharmacy market, too, because the situation has now changed entirely. That's why I think the odds are better than ever. I'm counting on it.

Walter Oberhänsli (left) and Walter Hess.

Segment Germany

Market environment

The digitalisation of the German healthcare system advanced significantly in 2023. The Digital Act has created the basis for better and faster provision through digital health applications such as telemedicine and e-prescriptions. Following the start of the nationwide roll-out of e-prescriptions on 1 July 2023, mandatory introduction took place on 1 January 2024. The development of fully digital redemption of using the electronic healthcare card (eGK) by gematik will enable user-friendly redemption of e-prescriptions via the DocMorris app without a PIN.

Market growth in Germany[1,2] — The German pharmacy market experienced structural growth in the mid-single-digit percentage range in 2023, primarily in the prescription segment, with a value of around EUR 55 billion. The online share of prescription drugs amounted to around 0.7 per cent[3], while for over-the-counter drugs it amounted to around 25 per cent.

Exponential growth in e-prescriptions — More than 18.7 million[4] electronic prescriptions had been redeemed by 31 December 2023. Use of e-prescriptions increased significantly in the fourth quarter in particular. The number of medical institutions issuing e-prescriptions increased to over 49,000[4], equivalent to almost 50 per cent[5] of doctors' practices. Since 1 January 2024 practices have been obliged to issue electronic prescriptions for regular care to people with statutory health insurance. The use of e-prescriptions has therefore increased significantly since the beginning of the year. By the time of the editorial deadline of this report (20 March 2024), around 84,000[4] medical institutions had already issued more than 115 million[4] e-prescriptions. A further increase is expected over the course of 2024.

Digitalisation strategy for healthcare — On 9 March 2023 the Federal Minister of Health published the digitalisation strategy "Digital Together". The strategy was developed over a period of several months in collaboration with a wide range of stakeholders in the healthcare sector. It focuses on further developing care processes and using data and technologies to improve healthcare.

1 IQVIA™ Market Report, Performance of the German Pharmaceuticals Market in 2023
2 Insight Health, OTC pharmacy market development December 2023
3 Federal Ministry of Health: Financial results of the SHI system 1st – 3rd quarter 2023 (CW45)
4 gematik TI dashboard
5 National Association of Statutory Health Insurance Physicians (KBV), key figures for outpatient care

Corresponding legislative proposals are being derived from the digitalisation strategy; the Digital Act is intended to improve the provision of digital solutions such as e-prescriptions.

E-prescriptions are the mandatory standard from 1 January 2024 — On 22 June 2023 the gematik shareholders' meeting decided to start the nationwide roll-out of e-prescriptions without delay. From 1 July 2023 it was possible to have e-prescriptions redeemed using a physical insurance card in local pharmacies. As a result, the roll-out was completed by the end of 2023. All the conditions for making use of e-prescriptions in Germany mandatory from 1 January 2024 were therefore satisfied.

Complaint to the European Commission — On 6 July 2023 DocMorris lodged a complaint with the European Commission against the bonus ban on prescription drugs (Rx) and demanded non-discriminatory, fully digital access to e-prescriptions. Up to that point there was still no mandatory dispensing procedure equivalent to the physical eGK solution that allowed online pharmacies to receive e-prescriptions. The Commission had closed an earlier infringement procedure against Germany in view of the non-discriminatory launch of e-prescriptions as of January 2022.

gematik decides on fully digital eGK use — On 12 December 2023 the gematik shareholders' meeting decided to implement the eHealth-CardLink in the first quarter of 2024, a product for mobile use of the electronic healthcare card (eGK) without PIN in the telematics infrastructure. This enables a mobile solution to be implemented throughout Germany for typical applications of doctors' practices as well as local and online pharmacies. Online pharmacies based in the EU outside Germany provided the impetus for this decision as part of the European Association of E-Pharmacies (EAEP), creating a non-discriminatory, fully digital way of dispensing e-prescriptions. With DocMorris, patients select the "Read healthcare card" function on their smartphone in the DocMorris app and enter the access number (CAN) printed on the electronic healthcare card. The eGK is then held up to the smartphone and the e-prescriptions issued are displayed within seconds. The patient selects the desired medication and orders it from DocMorris with only one more click.

European Health Data Space — On 13 December 2023 the European Parliament adopted its final position on the European Health Data Space (EHDS). This stipulates that Member States are responsible for their own health policies. However, different reimbursement policies should not create barriers to the free movement of digital health services such as telemedicine or online pharmacy services. The purpose of the EHDS is to enable service providers to access patient health data (such as electronic prescriptions and electronic health records) across borders. The European Council adopted its position on 6 December 2023. The text will be finalised as part of the trilogues between the EU institutions – Council, Parliament and Commission. Negotiations are expected to be concluded by April 2024.

Law to Accelerate the Digitalisation of Healthcare — On 14 December 2023 the German Bundestag passed the Law to Accelerate the Digitalisation of Healthcare (Law – DigiG) at its second and third readings. Among other things, the law includes further improvements of e-prescriptions. These have been established as a mandatory standard in the supply of pharmaceuticals and a further access channel has been opened via the ePA app. In addition, telemedicine should become an integral part of healthcare provision. The limit on video consultations to a maximum of 30 per cent of doctors' working hours has been lifted. The Digital Law also governs the provision of electronic patient records (ePA) to all people with statutory health insurance from 2025. The ePA will improve patient care in a targeted manner – initially by integrating patients' current medication data. The Bundesrat also approved the law on 2 February 2024.

Key points for pharmacy reform — On 20 December 2023 the Federal Ministry of Health (BMG) published the first key points for a reform of pharmacy fees and structures. The measures planned are aimed at securing the supply of medicines across the country for the medium and long term. The BMG intends to take part in the corresponding discussions within the Federal Government as soon as possible in order to initiate the next steps in the legislative procedure. DocMorris is monitoring further developments and analysing possible adjustments to the requirements of the healthcare provider landscape.

Business performance

In 2023 DocMorris generated external revenue[1] of CHF 975.4 million in Germany. With an increase in revenue of 14.6 per cent in local currency in the fourth quarter, DocMorris reached its inflection point and strengthened the basis for sustainable, profitable growth. This development was driven by over-the-counter (OTC) drugs and a recovery in prescription drugs (Rx). The Rx business strengthened compared to previous quarters due to increased customer loyalty measures. Thanks to the profitability programme, adjusted EBITDA improved from minus CHF 73.6 million to minus CHF 31.8 million, a significant step towards break-even.

Significantly improved digital customer experience — In the second quarter of 2023 DocMorris significantly improved its online shop and app. As a result, it improved customer quality and achieved higher conversion rates. E-prescription medication management has been expanded to include reminders and automatic follow-up prescriptions. DocMorris also expanded its core pharmacy offering. In July 2023, the existing marketplace on the DocMorris healthcare platform was expanded to include a long-tail range of adjacent product categories based on propriety technology. There are now over 150 retailers with more than 50,000 products from the fields of nutrition, beauty, family, remedies and aids on the marketplace.

B2C focus and streamlining of the organisational structure — By selling the Swiss business to Migros subsidiary Medbase in May 2023, DocMorris focused on its core B2C business and growth in Germany – with patients and customers at the centre. The proceeds of the transaction allowed DocMorris to secure its strategy to be optimally positioned for e-prescriptions in Germany and digitalisation in healthcare.

The concentration of logistics in the new distribution centre in Heerlen and the focused brand strategy improved productivity, profitability and marketing efficiency. The productivity improvements enable savings of CHF 10 million per year. The hybrid brand strategy for Germany with DocMorris at its core and medpex and Apotal as complementary brands covers the needs of specific customer segments.

As part of the integration and consolidation measures, CEO Walter Hess also took on the role of Head Germany at the end of November 2023. Matthias Peuckert, Head Germany until then, decided to leave the company. The merger of Group functions with the operational organisation in Germany leveraged further potential

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

synergies and savings. DocMorris also positioned itself for growth with e-prescriptions. Cross-sector collaboration has further strengthened the e-prescription team.

Expanding the healthcare ecosystem — Ahead of the introduction of mandatory e-prescriptions, DocMorris launched a seamless and convenient follow-up prescription subscription service for customers in February 2023. Once they have registered for the new service, DocMorris requests the desired prescription from the doctor and delivers the medication directly to the patient's home at intervals of their choice. In particular, the service saves chronically ill patients unnecessary effort for their medication therapy.

In October 2023 DocMorris expanded its range of care services for people with diabetes. The offer supports patients along their treatment pathway with basic information, the follow-up prescription service and direct access to the most important OTC range for diabetics. The integration of the Ultra-Pharm service portfolio enables manufacturer-independent advice on all insulin pumps available on the market as well as suitable accessories. Thanks to direct access to online consultations with doctors, patients can also take advantage of telemedical services such as electronic sick notes, prescriptions or medical consultations at short notice.

TeleClinic, Germany's leading technical platform for online doctor's consultations, continued to grow in 2023. The number of doctors on the platform also increased significantly. Around 2,000 registered physicians who actively use TeleClinic's technical platform have now treated more than 1.6 million cases. TeleClinic now has more than 40 partnerships with health insurers. The company also entered into further relevant partnerships in 2023, for example with the ADAC mobility club, and strengthened its links with 20 healthcare apps. New digital services such as child sick leave notes via video consultations and further cooperations with partner companies in preventive healthcare are expanding the range of services available to patients.

Launch of a retail media offering — In September 2023 DocMorris entered into a retail media advertising partnership with Criteo, a global online marketing company. Using its own platform technology, Criteo acts in Germany as a partner for sponsored product ads, native brand ads and native video ads on the DocMorris and medpex online shops. At the same time, DocMorris bundled its retail media business in a central marketing unit: dmr Advertising. Targeted use of the various retail media advertising formats of dmr Advertising gives advertising brand manufacturers a leading range to offer the right product at the right time and extend and increase reach and visibility along the entire customer journey.

Enhanced online shopping experience — In December 2023 DocMorris and Klarna, an AI-supported payment network and shopping assistant, announced a strategic partnership to set new standards for e-commerce in the healthcare and medical industry in Germany. The aim of the collaboration is to provide consumers with a seamless, fair and secure payment experience while further improving convenience and access to healthcare products.

Segment Europe

Business performance

DocMorris generated revenue of CHF 62.1 million in the southern European marketplace business. Sales fell 11.7 per cent in local currency year-on-year as a result of the continued optimisation of marketing expenditure to focus on profitable customers. PromoFarma by DocMorris in Spain and DocMorris DoctiPharma in France focused on improving the customer experience to attract profitable customers. As a result of these measures, adjusted EBITDA improved from minus CHF 11.9 million to minus CHF 3.0 million and laid the foundation for sustainable, profitable growth.

Named best marketplace in 2023 — PromoFarma by DocMorris was named the best marketplace in Spain in the E-AWARDS in June 2023, successfully outperforming other industry majors. Recognition was given to the best companies, strategies and managers in the field of e-commerce and digital marketing. Consumers' shopping experience was taken into account when evaluating the marketplace. PromoFarma by DocMorris was named the marketplace with the largest range and product variety.

Health Points loyalty programme successfully established — Launched in September 2022, the Health Points loyalty programme performed successfully in 2023. More than one million customers have now registered for the PromoFarma By DocMorris programme. Participants can collect points for their purchases and redeem them on their next purchase. As a new feature since last year, customers also receive extra points every time they reach a higher point level. The more health points collected through purchases, the better the benefits for customers. The programme also offers attractive discounts and exclusive benefits. The aim of PromoFarma's loyalty programme is to strengthen the customer journey and the shopping experience and make it even more enjoyable, in order to build a long-term customer relationship.

DocMorris own-brand range expands product offering — A new own-brand range of health-related products has been added to the extensive range on the PromoFarma by DocMorris marketplace in 2023. The currently around 60 products are subject to the same requirements and meet the same standards as comparable branded products. In doing so, they offer customers a low-cost, high-quality alternative that stands for quality and good value for money. With its own-brand products, PromoFarma by DocMorris wants to differentiate itself from the competition, retain customers and offer them added-value. The items have a uniform design and the range is gradually being expanded.

Corporate Governance

DocMorris applies the principles and rules of Corporate Governance set out in the "Swiss Code of Best Practice for Corporate Governance" of economiesuisse. The content and structure of this section comply with the Directive on Information relating to Corporate Governance issued by the SIX Swiss Exchange. Unless otherwise stated, all information relates to the reporting date of 31 December 2023. The key elements of Corporate Governance are defined in the Company's Articles of Association, Organisational Regulations and Terms of Reference of the Committees of the Board of Directors. DocMorris publishes these documents online.

1 Corporate structure and shareholders

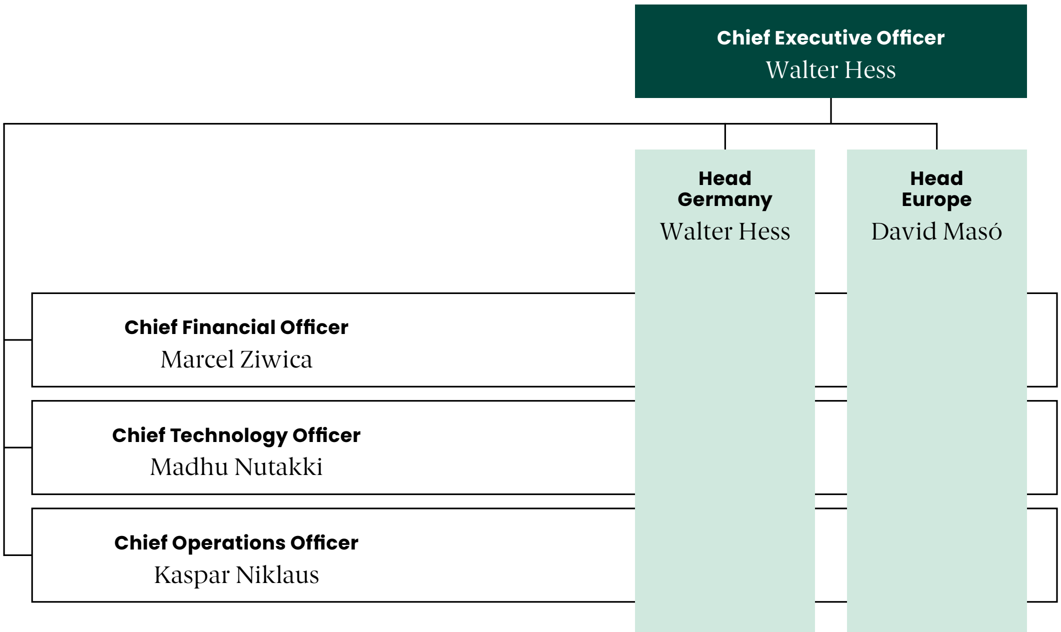
1.1 Corporate structure

DocMorris AG based in Frauenfeld is organised as a stock corporation under Swiss law. The registered shares with the security number 4261528 are listed on the SIX Swiss Exchange. The Board of Directors supervises DocMorris, while the Executive Board is responsible for the operational management. The CEO is responsible for managing the business. Under his leadership the Executive Board deals with all issues of relevance for DocMorris, takes decisions within its authority and submits motions to the Board of Directors. The corporate structure consists of the segment organisation, responsible for regions and revenue, and the Finance, Technology and Operations functions. The members of the Executive Board are responsible for devising and achieving their entrepreneurial objectives and running their units independently. People, Communications, Internal Audit and Strategic Initiatives report to the CEO; Finance, Legal and Investor Relations & Sustainability report to the CFO. These provide services for the Company and its subsidiaries.

The business model of DocMorris covers online distribution of prescription and OTC medications, health, beauty and personal care products and digital services (marketplace, ecosystem, technology and telemedicine). DocMorris also had a pharmaceutical wholesaling business in Switzerland until the sale of the entire Swiss business to the migros subsidiary Medbase on 4 May 2023. Information on segment reporting can be found in the management report starting on page 14.

The subsidiaries included in the Group consolidation, with details of their names and registered offices, share capital and the percentage interest held by Group companies, are listed in the Notes to the Consolidated Financial Statements on page 70. The consolidation does not include any companies whose equity securities are listed on a stock exchange, with the exception of DocMorris AG.

CORPORATE STRUCTURE



1.2 Significant shareholders

According to the disclosure notices to the SIX Swiss Exchange, the following shareholders held three per cent or more of the share capital on 31 December 2023:

Beneficial owner(s) / Person(s) entitled to exercise voting rights [1]	**Direct shareholder**	**Issued shares Purchase / sale position**	**Shares on loan Purchase / sale position**
Frank M. Sands	Sands Capital Management, LLC Sands Capital Team Fund, L.P. Sands Capital International Growth Master Fund, L.P. Sands Capital Global Leaders Funds Plc	4.931% / –	
Patrick Schmitz-Morkramer Patrick Bierbaum	PSquared Master SICAV Ltd. Leveraged Event Fund LP PB Investment Ltd.	3.79% / –	
Benjamin Leslie Levine	LMR Partners LP LMR Partners (Offshore) Limited LMR Management Services Limited LMR Partners LLP	3.02% / 2.12%	
BlackRock, Inc.		2.89%/ 0.12%	

1) Compared to share capital at the time of disclosure (changes in capital see 2.3)

Changes in significant shareholders after the reporting date: JPMorgan Chase & Co. (shares on loan) 16.495 / 6.462 per cent and UBS Group AG (shares on loan) 20.87 / 0.59 per cent of the share capital at the editorial deadline of the Annual Report.

Treasury shares: As of 31 December 2023, DocMorris AG holds 16,835 treasury shares, which are dedicated to employee programs as per article 3b of the Company's Articles of Association. Furthermore, 1,900,000 treasury shares are held by DocMorris Finance B.V. These shares serve as a share lending facility to support the convertible bonds issued in 2020 and 2022. When shares are lent under the lending facility, the shareholding of DocMorris Finance B.V. remains in place for disclosure purposes.

The disclosure notifications published by DocMorris AG via the electronic publication platform of the SIX Swiss Exchange can be found here. The shareholdings of the members of the Board of Directors and Executive Board are shown in detail in the Compensation Report on page 56.

1.3 Cross-shareholdings

There are no cross-shareholdings with other companies.

2 Capital structure

Information on the capital structure can be found in note 30 to the consolidated financial statements.

2.1 Capital

The share capital of DocMorris AG as at 31 December 2023 was CHF 411,019,170.00, divided into 13,700,639 registered shares with a par value of CHF 30.00 each.

2.2 Capital band and conditional capital in particular

Capital band

The Board of Directors is authorised during the period until 30 September 2027 to (a) increase the share capital in one or more steps by a maximum of CHF 79,223,070.00 to CHF 485,673,840.00 (upper limit) by issuing a maximum of 2,640,769 fully paid up registered shares with a par value of CHF 30.00 each and (b) to reduce the share capital in one or more steps by a maximum of CHF 58,722,570.00 to not less than CHF 347,728,200.00 (lower limit) exclusively by cancelling registered shares with a nominal value of CHF 30.00 each which were issued for the purpose of securities lending for convertible bonds of DocMorris AG and are (possibly for the time being) no longer required. Increases in partial amounts are permitted. In the event of a capital reduction, the amount of the reduction shall be booked to the reserves.

Conditional share capital for employee participations

The share capital of DocMorris AG may be increased by an amount not to exceed CHF 7,431,600.00 through the issuance of up to 247,720 fully paid up registered shares with a par value of CHF 30.00 each through issuance of shares to employees, consultants and members of the Board of Directors of DocMorris AG and its subsidiaries.

Conditional share capital for financing, acquisitions and other purposes

The share capital of DocMorris AG may be increased by an amount not to exceed CHF 118,113,360.00 through the issuance of up to 3,937,112 fully paid up registered shares with a par value of CHF 30.00 each through the exercise or mandatory exercise of conversion, exchange, option, warrant or similar rights for the subscription of shares granted to shareholders or third parties alone or in connection with bonds, notes, options, warrants or other financial market instruments or contractual obligations of DocMorris AG or any of its subsidiaries

Further provisions on the capital band and conditional capital can be found in articles 3a, 3b, 3c, 3d and 3e of the Articles of Association.

2.3 Changes in capital

On 31 December 2022, the share capital of DocMorris AG was CHF 404,728,200.00. On 26 June 2023, the share capital increased by CHF 1,722,570.00, with 57,419 new shares issued from the capital band. Between 1 January 2023 and 24 November 2023, DocMorris issued 152,280 new shares from conditional capital for employee participations, thereby increasing the share capital by CHF 4,568,400.00. The Articles of Association were amended accordingly on 5 December 2023. No new shares were issued between 24 November 2023 and 31 December 2023. On 31 December 2023, the share capital was CHF 411,019,170.00.

For previous years please refer to the Annual Report 2022, page 39, and the Annual Report 2021, page 39.

2.4 Shares and participation certificates

On 31 December 2023, the share capital was divided into 13,700,639 registered shares with a par value of CHF 30.00 each. The shares are fully paid up. DocMorris AG has not issued any participation certificates.

2.5 Dividend-right certificates

The Company has not issued any dividend-right certificates.

2.6 Limitations on transferability and nominee registrations

Persons acquiring registered shares are registered in the share register as shareholders with voting rights upon their request if they expressly declare to have acquired these registered shares in their own name and for their own account. The Board of Directors may register individual persons who do not expressly declare in their registration application to hold the registered shares for their own account (the Nominees) as shareholders with voting rights with regard to up to three per cent of the share capital recorded in the commercial register if the Nominee has entered into an agreement with the Company regarding his/her status and is subject to recognised bank or financial market supervision. Beyond such registration limit, the Board of Directors may register Nominees as shareholders with voting rights if such Nominees disclose the first and last names (in the case of legal entities, the company names), addresses and nationality (in the case of legal entities, the registered office) and shareholdings of those persons for whose account they hold 0.5 per cent or more of the share capital recorded in the commercial register. In particular cases, the Board of Directors may grant exceptions from the rules concerning Nominees.

The Nominees recorded in the share register are therefore registered without voting rights. There are no other transfer limitations and no statutory privileges. Any lifting or amendment of the limitations on transferability requires a shareholders' resolution by a voting majority of at least two thirds of the shares represented.

2.7 Convertibles bonds and options

Convertible bond 2022 to 2026

DocMorris AG placed a convertible bond in the amount of CHF 94.972 million through its subsidiary DocMorris Finance B.V. in 2022 and listed it on the SIX Swiss Exchange. The bond has a term of four years (maturity 15 September 2026), a coupon of 6.875 per cent per annum, which is distributed quarterly, and a conversion price of CHF 49.725. This represents a premium of 27.5 per cent over the reference share price of CHF 39.00, the offer price determined in an accelerated bookbuilding for a simultaneous capital increase. The Bonds will be issued and redeemed at par. The Issuer has the right to redeem the Bonds early. This at any time after the payment date at par, plus accrued interest if less than 15 per cent of the principal amount of the Bonds is outstanding. In the event of a full conversion of the Bonds, a total of 1,909,945 shares would be issued to the owners of the Convertible Bonds, representing a share capital of CHF 57,298,350 and a ratio of 15.06 per cent to the share capital outstanding at the time of issuance (CHF 380,549,310), taking into account the simultaneous capital increase.

Convertible bond 2020 to 2025

DocMorris AG placed a convertible bond in the amount of CHF 175 million through its subsidiary DocMorris Finance B.V. in 2020 and listed it on the SIX Swiss Exchange. The bond has a term of five years and matures on 31 March 2025, a coupon of 2.75 per cent per annum, payable semi-annually in arrear, and a conversion price of CHF 142.3944 which represents a premium of 20 per cent to the volume weighted average price ("VWAP") of the DocMorris Shares between launch of the Bonds and close of trading on SIX Swiss Exchange on 26 March 2020. The issue price and the redemption price are set at 100 per cent. The Issuer may call the Bonds at any time on or after the day which falls 21 calendar days after the third anniversary of the Settlement Date at par, plus accrued interest, if any, if the VWAP of the Shares is at least 130 per cent of the conversion price on at least 20 out of 30 consecutive trading days or at any time after the Settlement Date at par, plus accrued interest, if less than 15 per cent in aggregate of the principal amount of the Bonds is outstanding. If the bonds were fully converted, a total of 1,228,981 shares would be issued to the owners of the convertible bonds, representing a share capital of CHF 36,869,430 and a ratio of 14.1 per cent to the share capital outstanding at the time of issuance (CHF 262,199,160).

Further details of the convertible bonds and the public bonds can be found in note 25 to the consolidated financial statements.

DocMorris AG has not issued any options.

3 Board of Directors

3.1 Members of the Board of Directors

The majority of the Board of Directors of DocMorris AG is independent. The Board applies the criteria in the Swiss Code of Best Practice for Corporate Governance 2023 from economiesuisse to determine if its members are independent. This states that non-executive members who either never belonged to the Executive Board or did so more than three years ago and who have no or only relatively minor business relations with the Company are deemed independent. The term of office of members of the Board of Directors is not a criterion for judging their independence. No members of the Board of Directors act as an executive for DocMorris. Within the past three reporting years only the former CEO Walter Oberhänsli acted as an executive. The members of the Board do not have any significant business relationships with the DocMorris. There are no cross-involvements.

The Board of Directors consists of six members. When members are nominated, the emphasis is on experience in leadership and management roles, e-commerce, technology, digitalisation, law, regulatory issues, healthcare, marketing, finance and accounting, M&A, capital markets, risk management, compensation and sustainability, plus in particular international experience. The Board of Directors strives to make a balanced allowance for the skills and knowledge that reflect the strategic and operational focuses of DocMorris, the international outlook and the accounting requirements for listed companies. The skills and knowledge needed are broadly covered by the Board.

On 31 December 2023, the Board of Directors consisted of the following persons:

MEMBERS OF THE BOARD OF DIRECTORS

	Position	First elected	Term expires
Walter Oberhänsli	Chairman, non-executive	1993	2024
Prof. Stefan Feuerstein	Vice Chairman, non-executive, independent	2010	2024
Prof. Dr. Andréa Belliger	non-executive, independent	2021	2024
Rongrong Hu	non-executive, independent	2022	2024
Dr. Christian Mielsch	non-executive, independent	2019	2024
Florian Seubert	non-executive, independent	2019	2024

EXPERIENCE AND COMPETENCIES OF THE BOARD OF DIRECTORS

	represented proportionally
Capital market	3/6
E-Commerce	3/6
Finance/Accounting	2/6
Healthcare	2/6
International experience	4/6
Leadership	5/6
Legal and Regulatory	1/6
Marketing	2/6
Mergers and Acquisitions	3/6
Remuneration	2/6
Risk Management	2/6
Sustainability	2/6
Technology and Digitisation	3/6

— **Walter Oberhänsli** (1958, Swiss national)
Chairman of the Board of DocMorris AG (formerly Zur Rose Group AG) since April 2022 as well as from 1996 to 2011. Walter Oberhänsli served as Executive Director and CEO of the Zur Rose Group from 2005 to 2022. He co-founded Zur Rose in 1993 while practising as an independent lawyer. He holds a master's degree in Law from the University of Zurich.

— **Stefan Feuerstein** (1955, German national, Prof.)
Chairman of the Board of Partners of the UNIMO-Gerstner Group in Switzerland and holder of different directorships in various companies. Stefan Feuerstein served as Executive Director and CEO of Markant AG until 2010 and prior to this, he was a member of the Management Board of METRO AG, responsible for strategic group purchasing and food and retail. He holds a degree in Business Administration and has been an honorary professor at Worms University of Applied Sciences since 2001.

— **Andréa Belliger** (1970, Swiss national, Prof. Dr.)
Prorector of the University of Teacher Education Lucerne from 2007 until 31 December 2023 and Director of the Institute for Communication and Leadership IKF since 2003. Andréa Belliger is also Director of and an advisor to various Swiss and German companies in the healthcare, financial, insurance and energy sectors. As well as being an author and international keynote speaker on digital transformation – particularly in healthcare – she also holds a PhD in Theology, Philosophy and History from the universities of Lucerne, Strasbourg and Athens, and has a master's degree in International Business Administration from ZfU International Business School, Switzerland and United States.

— **Rongrong Hu** (1980, Chinese national)
Investor focusing on the technology sector. From 2013 to 2018, Rongrong Hu worked for eBay as Senior Director of Innovation, M&A and Business Development EMEA and earlier as Chief Strategy Officer Greater China. Previously, she worked for McKinsey & Company and CITIC Capital, and founded various businesses. She graduated with a dual bachelor's degree in Telecommunication Engineering and International Economics & Trading from Shanghai Jiao Tong University and holds a master's degree in Business Administration from Harvard Business School.

— **Christian Mielsch** (1962, German national, Dr. rer. nat.)
Currently active in various non-executive functions. Christian Mielsch was a member of the Management Board and CFO of the German REWE Group from 2012 to 2022. He previously held a number of management positions at Bertelsmann AG and METRO Group until 2012, including CFO of METRO Cash & Carry International and ultimately, COO of METRO Cash & Carry Central East Europe. Prior to that, he worked as a Consultant and Engagement Manager at McKinsey & Company. He earned a doctorate degree in Physics from the Technical University Dortmund and studied Business Administration at the University of Hagen.

— **Florian Seubert** (1973, German national)
Partner and private investor at the German Maxburg Capital Partners as well as AB1204 Capital since 2013. Florian Seubert was Co-founder and CFO of Zooplus AG from 1999 to 2013 and prior to this, worked in the Securities Division of JPMorgan. He earned a master's degree in Philosophy, Politics and Economics from Oxford University.


1 —


2 —


3 —


4 —


5 —


6 —

1 — Walter Oberhänsli
2 — Stefan Feuerstein
3 — Andréa Belliger
4 — Rongrong Hu
5 — Christian Mielsch
6 — Florian Seubert

3.2 Other activities and vested interests
Information on other activities and vested interests of the Board of Directors can be found in chapter 6 of the Compensation Report.

3.3 Number of permitted activities
Under the Articles of Association of DocMorris AG, no member of the Board of Directors may hold more than ten additional mandates and, in addition to those, no more than four in listed companies. Each of these mandates is subject to approval by the Chairman of the Board of Directors and, in case of a mandate of the Chairman of the Board of the Directors, by the majority of the other members of the Board of Directors. Any exceptions (e.g. mandates in companies which are held at the request of DocMorris or companies controlled by it or in charitable organizations) are defined in the Articles of Association.

3.4 Elections and terms of office
The General Meeting of Shareholders elects the members of the Board of Directors and the Chairman of the Board of Directors individually and for a term of office until the end of the next Annual General Meeting of Shareholders. They are eligible for re-election. If the office of the Chairman of the Board of Directors is vacant, the Board of Directors appoints a new Chairman from among its members for a term of office extending until the end of the next Annual General Meeting of Shareholders. The year in which the members of the Board of Directors were first elected to office is shown in the table in chapter 3.1. No restrictions on their terms of office have been set.

3.5 Internal organisational structure

3.5.1 Allocation of tasks within the Board of Directors
Except for the election of the Chairman of the Board of Directors and the members of the Compensation and Nomination Committee by the General Meeting of Shareholders, the Board of Directors constitutes itself. The Board of Directors may elect one or several Vice Chairmen. The Board of Directors also appoints a secretary, who need not be a member of the Board of Directors. Walter Oberhänsli serves as the Chairman of the Board. Prof. Stefan Feuerstein holds the office of Vice Chairman. The allocation of tasks between the Board of Directors and the CEO, as well as the duties and powers of the Chairman of the Board of Directors and the Committees, are set out in the Organisational Regulations and related Committee Terms of Reference.

3.5.2 Committees of the Board of Directors
The Audit Committee and the Compensation and Nomination Committee are standing committees of the Board of Directors. The Board of Directors may resolve to establish (and dissolve) additional committees and entrust them with certain responsibilities and project-related tasks.

AUDIT COMMITTEE
Dr. Christian Mielsch, Chairman
Prof. Dr. Andréa Belliger
Prof. Stefan Feuerstein

The Audit Committee is comprised of three non-executive members of the Board of Directors, who must all have business management skills. The members and the chairman are appointed by a resolution of the Board of Directors. The Audit Committee assists the Board of Directors in overseeing the management of the business, in particular in its non-delegable duties of ultimate supervision and financial control (Art. 716a CO), as well as in the preparation of the annual report and financial statements, by forming its own judgement of the organisation and operation of the internal and external control systems, as well as the financial report. The Audit Committee is established as a standing committee. Its role is exclusively advisory and supervisory, and includes the preparation of resolutions. The decision-making authority of the full Board of Directors remains unaffected. The Audit Committee does not appoint any subcommittees.

COMPENSATION AND NOMINATION COMMITTEE
Walter Oberhänsli, Chairman *
Rongrong Hu
Florian Seubert

*) Provided that the current members are re-elected by the Annual General Meeting on 2 May 2024, Florian Seubert will take over as Chairman from this date.

The Compensation and Nomination Committee comprises three members of the Board of Directors and constitutes itself. It supports the Board of Directors in establishing and reviewing the compensation strategy and guidelines, and in preparing the proposals to the General Meeting of Shareholders regarding the compensation of the Board of Directors and Executive Board. It may submit proposals to the Board of Directors on other compensation issues and assists it in matters relating to the nomination and promotion of members of the Board and Executive Board. The role of the Compensation and Nomination Committee is exclusively advisory and includes the preparation of resolutions. The decision-making authority of the full Board of Directors remains unaffected. The Compensation and Nomination Committee does not appoint any subcommittees.

3.5.3 Working methods of the Board of Directors and its committees

The Board of Directors meets as often as is deemed necessary or when requested in writing by a member. The meetings usually take place about every two months, taking up a full day. Meetings of the Board of Directors are convened by the Chairman or, should he be prevented from doing so, by the Vice Chairman or by the oldest member of the Board of Directors. Meetings of the Board of Directors and its Committees may also be held by telephone or video conference. Meetings are convened in writing, with details of the agenda items. The Board of Directors constitutes a quorum if the majority of its members are present. Participation by telephone or video equates to attendance in person. No quorum is required if solely the completion of a share capital increase or reduction is to be ascertained and the subsequent amendment to the Articles of Association is to be resolved. The Chairman's style of leadership and the way meetings are conducted promote an open, transparent and collegiate culture of discussion based on trust and respect. The Board of Directors passes its resolutions by a majority of the votes cast; unanimous decisions are normal. In the event of a tie, the Chairman has the casting vote. Resolutions may be passed by written consent unless a member requests a verbal deliberation.

In 2023 the Board came together for six meetings. In addition, three video conferences were held. Meetings of the Board of Directors are normally also attended by the CEO, the CFO and the General Counsel (as minute-taker) in an advisory capacity. The other members of the Executive Board are invited to meetings of the Board of Directors where the strategy and budget or market-specific agenda items are to be deliberated.

NUMBER OF BOARD MEETINGS	9
Average length (in hours and minutes)	4:43
Attendance	97.7%
Walter Oberhänsli	9/9
Prof. Stefan Feuerstein	9/9
Prof. Dr. Andréa Belliger	8/9
Rongrong Hu	9/9
Dr. Christian Mielsch	8/9
Florian Seubert	9/9

The Committees meet at least twice a year (spring and autumn) and at such other times as required and may be requested by any member of the Committees. The meetings usually last between one and three hours. The role of the Committees is restricted to the preparation of decision-making criteria for the attention of the Board of Directors. The composition, organisation, powers and roles of the individual Committees are defined by the Board of Directors in appropriate Committee Terms of Reference, to the extent that they are not prescribed by the Articles of Association or a resolution of the General Meeting of Shareholders. The chairmen of the Committees keep the Board of Directors informed of their activities at the next ordinary meeting of the Board of Directors or, in urgent cases, immediately. Both the Audit Committee and the Compensation and Nomination Committee met four times via video conference during the 2023 financial year. All Committee members attended all the meetings. Members of the Executive Board are also usually present at the Committee meetings in an advisory capacity, as well as individual specialist departments, when required.

NUMBER OF MEETINGS OF THE AUDIT COMMITTEE	4
Average length (in hours and minutes)	1:56
Attendance	100%
Dr. Christian Mielsch	4 / 4
Prof. Dr. Andréa Belliger	4 / 4
Prof. Stefan Feuerstein	4 / 4

NUMBER OF MEETINGS OF THE COMPENSATION AND NOMINATION COMMITTEE	4
Average length (in hours and minutes)	1:21
Attendance	100%
Walter Oberhänsli	4 / 4
Rongrong Hu	4 / 4
Florian Seubert	4 / 4

3.6 Definition of areas of responsibility

The Board of Directors is responsible for the ultimate management of the Company and the supervision of the management. It specifies the sustainable interests of the Company as part of its duties. In its decisions, in addition to the interests of shareholders, it also takes account of the interests of employees, business partners, customers, society and the environment. In doing so, it follows any requirements set out in the articles of association.

In particular, the Board of Directors has the following responsibilities:

a) ultimate management of the Company, including the definition of medium and long-term strategies and planning priorities as well as corporate policy guidelines, and the issuance of the necessary directives;
b) determination of the underlying organisation, in particular the issuance of these Organisational Regulations including the organisational chart in the appendix, which shall be determined in each case at the request of the CEO;
c) decisions on business of significant strategic importance;
d) appointment and dismissal of the persons entrusted with the management and the representation, namely the CEO, the other members of the Executive Board, the Head of Internal Audit as well as the granting of signatory powers at the level of the Company;
e) ultimate supervision of the corporate bodies entrusted with the management, in particular in terms of compliance with laws, the Articles of Association, regulations and directives;
f) preparation of the annual report, the compensation report and the report on non-financial matters;
g) preparation of the General Meeting of Shareholders of the Company and implementation of its resolutions;

h) filing of a petition for moratorium and the notification of the court in case of over-indebtedness of the Company;
i) adoption of resolutions on the increase or reduction of the share capital of the Company, to the extent that such power is vested in the Board of Directors (Art. 653u II CO), as well as the ascertainment of capital increases and capital reductions and the respective amendments to the Articles of Association;
j) approval of the annual budget.

The Board of Directors delegates all other areas of management in full to the Executive Board under the leadership of the CEO, unless otherwise provided by statutory legal provisions or the Articles of Association. The duties and powers of the Executive Board are set out in the Organisational Regulations.

3.7 Information and control instruments vis-à-vis the Executive Board

Each member of the Board of Directors receives the monthly, half-yearly and annual financial statements. The financial statements provide information such as details of the balance sheet, income statement, cash flow statement and the key financials of DocMorris and its segments. In addition, the Board of Directors receives the annual sustainability report, which describes the strategy, processes, risks and controls regarding ESG (environmental, social, governance). Furthermore, the CEO and the CFO report on the course of business and all matters of relevance for DocMorris at every ordinary meeting of the Board of Directors, which receives a forecast of the annual results at least twice a year. At these meetings, the chairmen of the Committees also report on the agenda items dealt with by their Committee, as well as the key findings and assessments, and they present the corresponding proposals. Each year, the Board of Directors discusses and adopts the budget for the following year. It defines the medium-term strategic plan and reviews it annually. The Chairman of the Board of Directors consults regularly with the CEO and other representatives of the Executive Board. In addition, the Board of Directors regularly receives a current status report on investor relations.

DocMorris has implemented three main information and control tools to support the Executive Board and the Board of Directors in running the Company: a risk management system, an internal control system and an internal audit function. The internal control system (ICS) covers all procedures and actions that ensure business operations run properly, in particular that the financial statements are accurate and reliable. For each process, key risks and controls are defined; these are carried out and checked on a regular basis. The external auditors also check that an adequate internal control system is in place.

DocMorris has a system in place to monitor and control the risks associated with its business operations. This process includes the identification, analysis, control and reporting of risks, plus risk reporting from the individual organisational units all the way up to the level of DocMorris. The Board of Directors and CEO are responsible for creating the necessary organizational framework for the operation of the risk management system. The CFO is operationally responsible for risk management control. He may delegate subtasks. The people responsible for these tasks take concrete measures to manage the risks and monitor their implementation.

Based on the Organisational Regulations and risk management, Internal Auditing conducts risk-based operational, process and systems reviews and assists DocMorris' organisational units in regulating, improving and assuring the effectiveness of their risk management and internal control processes. To preserve its independence, Internal Auditing reports directly to the CEO and the Audit Committee of the Board of Directors, which also approves the audit plan for Internal Auditing. Internal Auditing coordinates its work as far as possible with the external auditors. The Board of Directors may entrust Internal Auditing with special audits, internal investigations or other tasks extending beyond the regular activities of Internal Auditing.

4 Executive Board

4.1 Members of the Executive Board

After successful brand integrations in Germany, the sale of the Swiss business and the associated focus on the B2C core business, the complexity of structures and processes was reduced, and the top management level downsized. Emanuel Lorini, Head Switzerland, was no longer part of the Executive Board following the sale of the Swiss business on 4 May 2023. Matthias Peuckert, Head Germany, resigned on 22 November 2023 and CEO Walter Hess also took over the role as Head Germany.

On 31 December 2023, the Executive Board consisted of the following members:

— **Walter Hess** (1965, Swiss national), Chief Executive Officer and Head Germany
CEO of DocMorris AG (formerly Zur Rose Group AG) since May 2022 and Head Germany since November 2023. Prior to his current role, Walter Hess was Head Germany between 2020 and 2022 and Head Switzerland from 2015 to 2020. Previously he was Managing Director of Zur Rose Pharma in Halle for two years. From 2008 until 2013 he acted as an external consultant, among other roles, for the former Zur Rose Group. He previously held a number of management positions within Swiss and international industrial companies. Following a business education, Walter Hess graduated with a degree in Business Administration from FHS St. Gallen, University of Applied Sciences.

— **David Masó** (1971, Spanish national), Head Europe
Head Europe at DocMorris AG (formerly Zur Rose Group AG) since 2020 and CEO of PromoFarma by DocMorris since 2012. David Masó has co-founded several start-ups in the e-commerce and digital sectors in Spain, including PromoFarma, Qporama and Futurlink. Before this, he worked as a management consultant for web-based projects on a European level. He earned a degree in Engineering, Telecommunications and Microelectronics from UPC Barcelona, a master's degree in Business Administration from ESADE and completed the Executive Program at Stanford.

— **Kaspar Niklaus** (1968, Swiss national), Chief Operations Officer
COO of DocMorris AG (formerly Zur Rose Group AG) since November 2022. Kaspar Niklaus served as Chairman of the Executive Board of the Swiss pharmaceutical retailer Phoenix from 2015 to 2022 and was CEO of the De Sede Group from 2012 to 2014. Previously, he held management positions at Valora and Coop. He earned a degree in Agronomy from ETH Zurich and holds a master's degree in Business Administration and Informatics from the Rotterdam School of Management.

— **Madhu Nutakki** (1971, US national), Chief Technology Officer
CTO of DocMorris AG (formerly Zur Rose Group AG) since 2021. Prior to joining the Company, Madhu Nutakki was with the Nissan Motor Corporation in Japan as Chief Digital Officer, Chief Customer Experience Officer and Global Business Head of Connected Cars from 2016 to 2021. He served as CTO and Global Digital Head at American International Group from 2014 to 2016 after spending 12 years at Kaiser Permanente in various management positions, most recently as Vice President Digital Health Applications and Platforms. A graduate with a master's degree in Computer Engineering from Iowa State University, he also completed an Executive Business Management programme at the Wharton School of Management of the University of Pennsylvania.

— **Marcel Ziwica** (1975, Swiss national), Chief Financial Officer
CFO of DocMorris AG (formerly Zur Rose Group AG) since 2014. Marcel Ziwica previously held a variety of management positions at Zur Rose Group from 2001 to 2014, most recently as Head of Group Finance and Controlling for Zur Rose Suisse AG. Prior to joining Zur Rose, he worked as a consultant at Spider Innoventure AG. He holds a master's degree in Business Administration from the University of St. Gallen.


1 —


2 —


3 —


4 —


5 —

1 — Walter Hess
2 — Marcel Ziwica
3 — Kaspar Niklaus
4 — Madhu Nutakki
5 — David Masó

4.2 Other activities and vested interests

Information on other activities and vested interests of the Executive Board can be found in chapter 6 of the Compensation Report.

4.3 Number of permitted activities

No member of the Executive Board may hold more than four mandates and, in addition to those, no more than two in a listed company. Any exceptions (e.g. for mandates held on behalf of DocMorris or in charitable organisations) are defined in the Articles of Association.

4.4 Management contracts

There are no management contracts with third parties.

5 Compensation, shareholdings and loans

Information about the compensation and shareholdings of the Board of Directors and Executive Board, and about loans to them, can be found in the Compensation Report starting on page 37 of this report.

6 Shareholders' participation rights

6.1 Voting rights restrictions and representation

Restrictions only exist for Nominees (see 2.6 Limitations on Transferability and Nominee Registrations). No exceptions were granted during the reporting year, and no measures to lift restrictions are planned. A shareholder may only be represented at a General Meeting of Shareholders by the independent proxy, his or her legal representative or by any other proxy authorised in writing, who need not be a shareholder. All shares held by a shareholder may only be represented by one person.

6.2 Quorums required by the Articles of Association

The Company's Articles of Association do not provide for resolutions of the General Meeting of Shareholders that can only be passed by a majority greater than that required by the statutory legal provisions. The one exception is a resolution to convert registered shares into bearer shares, which requires at least two thirds of the votes represented and an absolute majority of the par value of shares represented.

6.3 Convocation of the General Meeting of Shareholders

The rules for the convocation of a General Meeting of Shareholders can be found in Article 9 of the Articles of Association.

6.4 Inclusion of items on the agenda

Shareholders who, alone or together, either hold shares with a par value of at least CHF 1,000,000 or who represent at least ten per cent of the share capital may request that an item be included on the agenda. Such request must be made in writing at least 45 calendar days prior to the General Meeting of Shareholders, specifying the agenda item and the shareholders' proposals. No resolutions may be passed at a General Meeting of Shareholders on proposals concerning agenda items for which proper notice was not given. This provision does not apply to proposals made during a General Meeting of Shareholders to convene an Extraordinary General Meeting of Shareholders or to initiate a special audit. No prior notice is required to bring motions related to items already on the agenda or for the discussion of matters on which no resolution is to be taken.

6.5 Entries in the share register

No entries can be made in the share register within one week prior to the General Meeting of Shareholders. The date is published in the notice of the General Meeting of Shareholders. Shareholders who sell their shares before the General Meeting of Shareholders are no longer entitled to vote or receive dividends.

7 Changes of control and defence measures

7.1 Duty to make an offer

The Articles of Association do not contain any provisions relating to opting out (Art. 125 para. 3 and Art. 4 FMIA) or opting up (Art. 135 para. 1 FMIA).

7.2 Clauses on changes of control

The contracts and schemes of the Board of Directors and Executive Board as well as other members of the management of DocMorris AG do not contain any change of control clauses for their benefit.

8 Auditors

8.1 Duration of the mandate

The Auditors are elected annually by the General Meeting of Shareholders. Ernst & Young AG has served as Auditors since 2002. The function of Lead Auditor has held Jolanda Dolente since 2021 (for the first time for the annual report 2021). The term of office of the Lead Auditor is limited to a maximum of seven years.

8.2 Auditing fees

The total cost of the auditing services charged by Ernst & Young during 2023 was CHF 846,026. In addition, the audit firm charged fees of CHF 144,900 for audit-related services.

8.3 Additional fees

Fees amounting to CHF 31,992 were incurred during 2023 for tax advice and people advisory services provided by the audit firm.

8.4 Information instruments pertaining to the external audit

Before each scheduled meeting, the external Auditors report to the Audit Committee in writing on relevant auditing activities and other important issues associated with the Company. Representatives of the external Auditors attend the meetings of the Audit Committee for specific agenda items, and to comment on their activities and answer questions. During 2023, the external Auditors attended three meetings of the Audit Committee. The Audit Committee assesses the performance, remuneration and independence of the auditors annually and submits a proposal to the Board of Directors for the nomination of the Auditors, for the attention of the General Meeting of Shareholders. The Audit Committee also reviews the scope of the external audit, audit plans and relevant procedures annually. The results of the audit are discussed with the external Auditors.

9 Information policy

The most important sources of information are the Annual Report, the Half Year Report, the Sustainability Report, the website (www.corporate.docmorris.com), press releases, press conferences, meetings for financial analysts and investors as well as the Annual General Meeting. DocMorris provides information about its annual and half-year results in the form of press releases and by holding analyst and media conferences. Quarterly revenue is announced in press releases. The Annual Report and Half-Year Report are available online as a PDF version. The Annual General Meeting for the registered shareholders is held in the first half of the year. DocMorris reports on key events by way of press releases, which are available in the Newsroom. This information can be subscribed to via News Service.

The financial calendar maps the regular reporting dates. Key dates in 2024 are:

21 March	2023 Full-year results and outlook 2024 (conference call/webcast)
16 April	First quarter trading update
2 May	Annual General Meeting of Shareholders
20 August	Half-year results (conference call/webcast)
15 October	Third quarter trading update

The address of the head office and contacts for specific questions are listed at the end of this Annual Report.

10 Quiet periods

General close periods start each 1 January and 1 July and end immediately after the financial statements have been released. During these periods, all transactions in the Company's securities are forbidden for people to whom they apply. The general close periods apply to members of the Board of Directors and the Executive Board, members of the segment executive boards and employees with access to material information included in the financial statements. The CFO may order a deviation from the general close periods.

Compensation Report

Dear Shareholders

On behalf of the Compensation and Nomination Committee and the entire Board of Directors it is my pleasure to submit to you the Compensation Report 2023.

The Compensation Report describes the principles of compensation, the governance framework and the compensation systems of DocMorris AG ("DocMorris") for the members of the Board of Directors and the Executive Board. It contains detailed information on compensation awarded for 2023 (the year under review). Furthermore we explain the current compensation policy and the decisions taken. This report complies with the requirements of the revised Code of Obligations in effect of 1 January 2023 and with Section 5 of the Annex to the Directive on Information relating to Corporate Governance (DCG) issued by SIX Swiss Exchange dated 1 January 2023.

DocMorris successfully executed the profitability program in 2023. By increasing the gross margin, productivity and marketing efficiency as well as making structural cost savings, adjusted EBITDA from continuing operations improved significantly by CHF 50,6 million to minus CHF 34.9 million. DocMorris has thus achieved its earnings target for 2023. At the same time, the company increased its active customer base to over 9 million, marking an inflection point for the return to sales growth in the second half year. External sales amounted to CHF 1,038 million and, at minus 7.4 percent in local currency compared to the previous year, are at the upper end of the expectations specified in October 2023. The operating result (EBITDA) amounted to minus CHF 38,4 million (previous year from continuing operations: minus CHF 92,6 million).

In the year under review, DocMorris implemented the changes to the compensation system as announced in the 2022 Compensation Report, aiming to improve overall disclosure. Changes to the system are reflected in the variable long-term compensation plan by replacing the parts originally granted in Restricted Stock Units with Performance Share Units in order to further strengthen the relationship between performance and compensation. In addition, clawback provisions were introduced in the variable long-term compensation plan. To reflect the sustainability agenda of DocMorris, the performance measures of the short-term variable compensation were complemented with environmental, social and governance targets. Lastly, DocMorris also implemented share ownership guidelines for the Board of Directors as well as the Executive Board to align with the long-term interests of shareholders.

In May 2023, DocMorris sold its Swiss business to Migros/Medbase and centered its focus more on its B2C core business, mainly in Germany. With the sale of the Swiss business, Emanuel Lorini left the Executive Board of DocMorris.

The Compensation and Nomination Committee also carried out its regular duties in compensation matters, including the annual review of compensation programmes, setting the performance targets for the Executive Board at the beginning of the year and its performance appraisal at the end of the year. It also determined the compensation of the members of the Board of Directors and the Executive Board, prepared the Compensation Report and the "say-on-pay" votes at the General Meeting of Shareholders.

At the 2024 Annual General Meeting of Shareholders we will ask for approval on the maximum aggregate amount of fixed compensation for the Board of Directors and fixed compensation for the Executive Board as well as the long-term-variable compensation for 2025 and the short-term variable compensation for the Executive Board for 2023. You will also have the opportunity to express your opinion on this Compensation Report in an advisory vote.

The Compensation and Nomination Committee appreciates your ongoing feedback on our management compensation programmes and hopes this report will provide a lot of information. We look forward to your support and feedback at the Annual General Meeting of Shareholders on 2 May 2024.

Yours sincerely,

Walter Oberhänsli
Chairman of the Compensation and Nomination Committee

1 Compensation programmes at a glance

1.1 Summary: Compensation of the members of the Board of Directors

Principles

The members of the Board of Directors are expected to act independently in exercising their supervisory activities. The members of the Board of Directors are awarded only fixed compensation (a retainer) for each term of office, which is granted partly in cash and partly in blocked shares in the Company.

Compensation structure

In CHF 1,000 (gross p.a.)	Total compensation	Of which in cash	Of which in shares
Chair	340	238	102
Vice Chair	180	126	54
Director	130	91	39

Compensation for serving on committees

In CHF 1,000 (gross p.a.)	Cash compensation
Committee chair	40
Committee member	20

1.2 Summary: Compensation of the members of the Executive Board

Principles

The compensation system at DocMorris is based on the following principles:

- The compensation system embeds the strategic growth targets
- The compensation supports the recruitment, motivation and retention of talented and motivated employees
- The compensation is fair, in line with the market and transparent

Compensation structure

- **Annual base salary** in cash to attract, retain and motivate employees
- **Short-term variable compensation** in cash and over a performance period of one year to reward performance
- **Long-term variable compensation** in Performance Share Units over a performance period of three years based on the performance criteria of revenue growth and relative Total Shareholder Return to reward sustainable value creation and alignment with shareholders' interests
- **Pension and fringe benefits** to protect against risks

Short-term variable compensation 2023

The short-term variable compensation decreased compared to the previous year, which is due to changes in the Executive Board and the less precise achievement of the budget.

Long-term variable compensation (realized)

The transfer amount of the Performance Share Units (PSUs) and Restricted Stock Units (RSUs) granted in 2021 into shares to be transferred as at the end of 2023, based on the TSR ranking of DocMorris and the revenue target achieved amounted to 45.0 per cent.

1.3 Governance

Each year, the shareholders of DocMorris approve the maximum aggregate amounts of fixed compensation for the members of the Board of Directors and the Executive Board, as well as the amount of variable compensation for the Executive Board. Shareholders also have the opportunity to express their opinion on the Compensation Report in an advisory vote. In addition, the principles governing compensation are subject to the Articles of Association, which are also approved by the shareholders.

The Compensation and Nomination Committee supports the Board of Directors in establishing and reviewing the compensation policy and guidelines and in preparing proposals for submission to the Annual General Meeting of Shareholders on the compensation of the Board of Directors and the Executive Board. It also makes recommendations regarding the appointment of members of the Board of Directors and Executive Board for the attention of the Board of Directors.

1.4 Summary of changes made in 2023

The following changes were implemented in 2023:

Short-term variable compensation plan	Inclusion of environment, social and governance measures with an overall weighting of 10 per cent of the performance measures in the STI.
Long-term variable compensation plan	Amendment to a fully performance based LTI plan with Performance Share Units (i.e., discontinuation of Restricted Share Units) and the implementation of clawback provisions.
Governance	Introduction of share ownership guidelines for the members of the Board of Directors and the members of the Executive Board.

2 Governance

2.1 Role of shareholders and compensation provisions in the Articles of Association

Under the Swiss "say on pay" provisions, shareholders of companies listed in Switzerland have a significant influence on the compensation of the Board of Directors and the Executive Board. First, the shareholders annually approve the maximum total amounts of compensation for the members of the Board of Directors and the Executive Board. In addition, the principles governing compensation are subject to the Articles of Association, which are also approved by the shareholders. The Articles of Association can be viewed online. These include the rules for voting on compensation by the General Meeting of Shareholders (Art. 25), the principles of compensation and rules concerning the principles of performance-related compensation (Art. 27), the supplementary amount (Art. 26) and the granting of loans and credits (Art. 30). The corresponding provisions of the Articles of Association are summarised below:

Approval of compensation (Art. 25): The General Meeting of Shareholders approves the proposals of the Board of Directors regarding the total amounts for the maximum fixed compensation of the Board of Directors and for the maximum fixed, maximum long-term variable compensation as well as the short-term variable compensation of the Executive Board.

Supplementary amount for changes to the Executive Board (Art. 26): If the maximum aggregate amount of compensation already approved by the General Meeting of Shareholders is not sufficient to cover new members of the Executive Board, the Company may pay a supplementary amount, which may not in total exceed 50 per cent of the last aggregate compensation amount approved.

Principles of compensation of the members of the Board of Directors and the Executive Board (Art. 27): The compensation of the non-executive members of the Board of Directors consists of fixed and variable compensation elements as well as further compensation elements and benefits. The compensation of the executive members of the Board of Directors and the members of the Executive Board consists of fixed and variable compensation elements as well as further compensation elements and benefits. Total compensation takes into account the position and level of responsibility of the recipient. Fixed compensation comprises the base salary or director's fees, as applicable, and may comprise other compensation elements and benefits. Variable compensation takes into account the achievement of specific performance targets and may be awarded in cash or in equity-based instruments. The Board of Directors determines performance targets and other conditions such as grant, vesting, exercise, restriction and forfeiture conditions and periods.

Loans and credits (Art. 30): Loans and credits to members of the Board of Directors and the Executive Board may be granted on market conditions. The total amount of such outstanding loans and credits may not exceed the total annual compensation of that member.

2.2 Compensation and Nomination Committee

The Articles of Association specify that the Compensation and Nomination Committee consists of three members of the Board of Directors, each elected individually every year by the General Meeting of Shareholders. It supports the Board of Directors in establishing and reviewing the compensation strategy and guidelines, and in preparing the proposals to the General Meeting of Shareholders regarding the compensation of the Board of Directors and the Executive Board. It also makes recommendations regarding the appointment of members of the Board of Directors and Executive Board for the attention of the Board of Directors.

LEVELS OF RESPONSIBILITY

Decision on	CEO	CoB	CNC	Board of Directors	General Meeting of Shareholders
Compensation policy, including structuring of variable compensation			Recommends	Approves	
Performance criteria for the compensation of the members of the Executive Board	Recommends		Proposes	Approves	
Maximum total compensation of the Board of Directors and Executive Board			Recommends	Proposes	Approves (binding vote)
Individual compensation Chairman			Proposes	Approves	
Performance assessment and individual compensation CEO		Recommends	Proposes	Approves	
Individual compensation of the members of the Board of Directors			Proposes	Approves	
Performance assessment and individual compensation of the members of the Executive Board (excluding the CEO)	Recommends		Proposes	Approves	
Compensation Report			Recommends	Approves	Advisory vote

CEO = Chief Executive Officer, CoB = Chairman of the Board, CNC = Compensation and Nomination Committee

At the 2023 Annual General Meeting of Shareholders, Walter Oberhänsli (Chairman), Rongrong Hu and Florian Seubert were re-elected as members of the Compensation and Nomination Committee. The members of the Compensation and Nomination Committee serve for a term of one year ending at the end of the next Annual General Meeting of Shareholders (term of office). They are eligible for re-election. Provided that the current members are re-elected by the Annual General Meeting on 2 May 2024, Florian Seubert will take over as Chairman from this date.

As a rule, the meetings of the Compensation and Nomination Committee are held before the meetings of the Board of Directors, so that the proposals can be formulated and approved by the full Board. In addition, the Chairman of the Compensation and Nomination Committee reports to the Board of Directors on the Committee's activities after each meeting. The minutes of the Committee meetings are provided to the members of the Board of Directors. Members of the Executive Board may attend the meetings in an advisory capacity upon invitation, but are not present during the discussion and determination of their own compensation. The Compensation and Nomination Committee meets at least twice a year. In 2023 it held four meetings and considered, amongst other things, the recurring agenda items mentioned below. The meetings lasted one hour and 21 minutes on average. All members of the Compensation and Nomination Committee attended all meetings.

The Compensation and Nomination Committee may engage the services of an external consultant in compensation matters from time to time. In 2023, the Compensation and Nomination Committee sought advice from HCM International Ltd. as an external, independent compensation consultant. This firm holds no other appointments from DocMorris. In 2023 Pricewaterhouse Coopers AG provided advice to the Executive Board in relation to compensation disclosure matters. This firm holds additional appointments (e.g. tax advisory) from DocMorris. The Compensation and Nomination Committee may also consult internal experts on compensation issues, such as the Chief Executive Officer, the Chief Financial Officer and the Chief People Officer.

2.3 Determination procedure and disclosure of compensation

Benchmarking of the Board of Directors

Every two to three years the compensation of the Board of Directors is compared with standard practice at other Swiss listed companies. Last in-depth review of the compensation of the Board of Directors was carried out in 2021 and resulted in increased compensation levels with effect from 1 January 2022. In light of the considerable structural transformation of the Company, the Board of Directors has resolved to schedule the forthcoming benchmarking review for 2025. This timing would facilitate a more appropriate evaluation of the competitiveness of our compensation practices for the Board of Directors.

Peer group for the compensation benchmarking in 2021

Also	Belimo	Bossard	Bucher Industries	Bystronic
Dätwyler	Dormakaba	Emmi	Forbo	Galenica
Inficon	Interroll	Landis+Gyr	LEM	Medacta
OC Oerlikon	Schweiter Technologies	SFS	Siegfried	Stadler Rail
Sulzer	Tecan	Ypsomed		

Benchmarking of the Executive Board

Every two to three years the Compensation and Nomination Committee benchmarks the compensation of Executive Board against the compensation paid by comparable listed companies and European e-commerce companies. Companies with comparable market capitalisation and revenue are taken into account. Last in-depth review of the compensation of the Executive Board was last carried out in 2021. Given the evolving company situation, characterized by significant structural transformation and strategic realignment, the Compensation and Nomination Committee has decided to conduct the forthcoming benchmarking review in 2025. This decision will enable a more accurate assessment of the competitiveness of our compensation practices, encompassing both structure and overall amounts, for the Executive Board.

Peer group for the compensation benchmarking in 2021

AO World	APG SGA	Arbonia	Ascom	Bobst
Bossard	Burckhardt Compression	Burkhalter	Bystronic	Comet
Dätwyler	Delticom	Hawesko	Huber+Suhner	Inficon
Interroll	Kardex	Komax	Kudelski	Metall Zug
Rieter	Schweiter Technologies	Siegfried	SRP	u-blox
Zooplus				

The Compensation and Nomination Committee used the peer group data as a basis to analyse the compensation of the CEO and the Executive Board and to set the target compensation of the individual members of the Executive Board for the year under review.

Performance management process

The actual compensation of the individual members of the Executive Board is based on the Company's success and their individual performance. Individual performance is assessed as part of the annual performance management process. In determining individual performance, the achievement of individual goals and the fulfilment of tasks within the framework of the corporate values and the expected management skills are taken into account. The individual performance assessment and the Company's success form the basis for determining the variable compensation.

3 Compensation of the members of the Board of Directors

3.1 Principles of compensation for the Board of Directors

The members of the Board of Directors are expected to act independently in exercising their supervisory activities. Therefore, they receive for their work only fixed compensation (a retainer) for each term of office, which is granted partly in cash and partly in blocked shares in the Company.

3.2 Compensation structure

The compensation system for the Board of Directors is primarily intended to ensure it acts independently in overseeing the Executive Board. Board members therefore receive only a fixed fee for their services for each term of office. The basic compensation (retainer) is paid 70 per cent in cash and 30 per cent in registered shares of the Company with a three-year vesting period. In addition to the basic compensation they receive cash compensation for serving on various committees. The size of the fee reflects the function (chair, vice-chair or member) and memberships and functions in the Board's committees and is not discretionary. Depending on the role, the following compensation is paid:

Compensation for the Board of Directors for 2023

In CHF 1,000 (gross p.a.)	Total compensation	Of which in cash	Of which in shares
Chair	340	238	102
Vice Chair	180	126	54
Director	130	91	39

The following compensation is paid solely in cash for serving on committees (for 2023):

In CHF 1,000 (gross p.a.)	Cash compensation
Committee chair	40
Committee member	20

The cash payment and the transfer of shares are made after the Annual General Meeting of Shareholders. Shares are released in the event of liquidation or a change of control. In all other instances, the shares remain blocked. The Company may reimburse members of the Board of Directors for expenses in the form of reimbursement of actual expenses incurred and / or an expense allowance within the amounts allowed for tax purposes. This reimbursement of expenses does not count as compensation. Individual members are insured with the DocMorris pension fund, if required by law.

No additional outlays were incurred for individual members of the Board during the year under review.

Share ownership guideline for members of the Board of Directors
Members of the Board of Directors are required to build up and maintain a minimum amount of DocMorris shares within five years of their appointment to the Board of Directors (or within five years of the implementation of the guideline).

Role	Minimum shareholding
Members of the Board of Directors including the Chair of the Board	100% of total annual base salary

To calculate whether the minimum shareholding requirement is met, all shares are taken into account, regardless of whether they are blocked or not.

3.3 Compensation paid to the Board of Directors in 2023

This section was audited by the auditors in accordance with the requirements under the Code of Obligations.

For 2023, the members of the Board of Directors received fixed fee of CHF 1,034,000 (2022: CHF 1,031,000), compensation of CHF 171,000 for serving on committees (2022: CHF 192,000) and social security contributions of CHF 107,000 (2022: CHF 70,000). Of the total compensation of CHF 1,312,000 (2022: CHF 1,293,000), CHF 306,000 (2022: CHF 315,000) was awarded in the form of shares with a blocking period of three years. The fixed compensation for members of the Board of Directors was unchanged from the previous year. The table below shows the compensation paid to members of the Board of Directors in 2023.

Name, function [1]	Fixed gross compensation in cash		Fixed gross compensation in shares		Committee fee in cash		Social security contributions [2]		Total [3] [4]	
1,000 CHF	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022
Walter Oberhänsli [5] (Chair since 28 April 2022)	**238**	159	**101**	70	**51**	41	**42**	13	**432**	283
Prof. Stefan Feuerstein (Vice Chair since 28 April 2022)	**126**	163	**53**	72	**27**	40	**11**	18	**217**	293
Dr. Thomas Schneider (Vice Chair until 28 April 2022)	–	30	–	13	–	13	–	3	–	59
Prof. Dr. Volker Amelung [5] (Director until 28 April 2022)	–	30	–	13	–	18	–	8	–	69
Prof. Dr. Andréa Belliger [5] (Director)	**91**	91	**38**	40	**20**	27	**18**	18	**167**	176
Rongrong Hu (Director since 28 April 2022)	**91**	61	**38**	27	**20**	13	**15**	10	**164**	111
Dr. Christian Mielsch (Director)	**91**	91	**38**	40	**33**	20	**21**	–	**183**	151
Florian Seubert (Director)	**91**	91	**38**	40	**20**	20	–	–	**149**	151
Total	**728**	716	**306**	315	**171**	192	**107**	70	**1,312**	1,293

1) As at 31 December 2023, six members of the Board of Directors were in office (31 December 2022: six members). Dr Thomas Schneider and Prof. Dr. Volker Amelung stepped down from the Board of Directors at the Annual General Meeting of Shareholders on 28 April 2022. At the same time, Rongrong Hu was elected to the Board. Walter Oberhänsli (former Executive Director and CEO) was elected as Chairman and non-executive director. Prof. Stefan Feuerstein served as Chairman until 28 April 2022 and then took on the position of Vice Chairman.
2) Includes social security contributions where they result in a benefit entitlement. Additional amounts that do not result in an increased benefit entitlement are not included (additional amounts not included in the above amount in 2023: CHF 33,705; in 2022: CHF 19,073).
3) The relevant fair value on the day of allocation of CHF 38.94 (2022: CHF 120.60) per share is the closing share price of that day on the Swiss stock exchange; this may differ slightly from the contractually determined amount of the fee in shares because the number of shares allocated under the share-based fee is set using the volume-weighted average daily closing price for the 20 days prior to the allocation of the shares.
4) For disclosure in the Compensation Report, the accrual principle was applied to all compensation elements. Grants are reported in the Compensation Report for the year for which they are awarded.
5) The committee fees include a Board of Director's fee for a subsidiary on a pro rata level.

At the Annual General Meeting of Shareholders on 28 April 2022, the shareholders approved a maximum total amount of fixed compensation for the Board of Directors for 2023 of CHF 1,330,000. The compensation for 2023 granted to the Board of Directors and as disclosed in the table above is within the maximum authorised total amount.

Compensation to former members of the Board of Directors and loans
No compensation was paid to former members of the Board of Directors during the reporting year. No compensation was paid to related parties to the members of the Board of Directors. A loan was

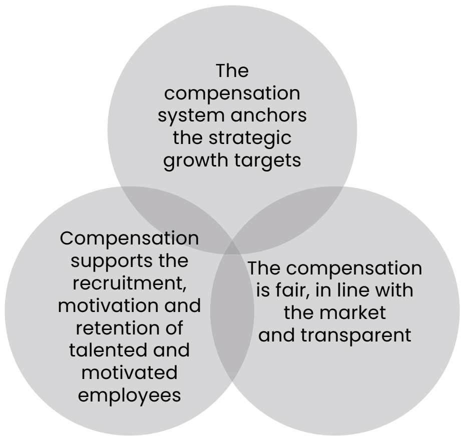
granted to Walter Oberhänsli during the reporting year. At the end of the reporting year, the outstanding loan amount is CHF 300.000. No loans outstanding to members of the Board of Directors, former members of the Board of Directors or related parties that were not at market terms.

4 Compensation of the members of the Executive Board

4.1 Principles of compensation for the Executive Board

The value and success of DocMorris largely depends on the quality and commitment of its employees. Its compensation policy pursues the goal of recruiting, motivating and retaining qualified individuals for the Group. The performance-related and share-based components are also designed to align the way of thinking and acting with shareholders' long-term interests.

The compensation system is based on the following principles:



4.2 Compensation structure

The compensation system for the Executive Board is aligned with the corporate strategy and linked to the relevant key performance indicators for the variable compensation elements. This allows the compensation of the members of the Executive Board to be determined transparently and based on performance. The Board of Directors decides on targets.

Criteria such as position, responsibility, experience and market data are used to determine the compensation of the Executive Board. The individual compensation of the members of the Executive Board consists of an annual base salary and short-term and long-term variable, performance-related compensation, as well as pension and fringe benefits (company car).

The Company may reimburse members of the Executive Board for expenses in the form of reimbursement of actual expenses incurred and / or an expense allowance within the limits permissible for tax purposes. This does not count as compensation.

COMPENSATION STRUCTURE

Element	Purpose	Instrument	Performance criterion	Performance period	Determinants
Annual base salary	Recruitment, retention, motivation	Cash compensation	–	–	Position, qualification, market rates
Short-term variable compensation	Rewarding performance	In cash	Revenue, EBITDA, ESG and individual targets	1 year	Financial result, sustainable goals and qualitative performance
Long-term variable compensation	Rewarding sustainable value creation, alignment with shareholders' interests	Performance Share Units	Share price targets, relative Total Shareholder Return	3 years	Success of the Group, share price performance, competitive position
Pension and fringe benefits	Protection against risks	Pension plan, insurance plans, fringe benefits	–	–	Market rates and legal requirements

Annual base salary
Base salaries are determined in line with the scope and responsibilities of a given position and the qualifications required to perform the job, comparison against market and the personal qualifications, experience and performance of each member of the Executive Board. Payment is made monthly in cash. To ensure market competitiveness the base salaries of the Executive Board are reviewed regularly, taking into account the Company's income, the results of the peer group analysis, market performance, the economic environment and personal performance.

Short-term variable compensation
Short-term variable compensation is a performance bonus that recognises the Group's or segment's financial performance, the Groups's environmental, social and governance (ESG) measures and employees' individual performance in a given financial year. Through this variable compensation, employees participate in the Group's success and are rewarded for their individual performance. The target value of short-term variable compensation is expressed as a percentage of the annual base salary and is 68 per cent for the CEO and between 34 per cent and 66 per cent for the other members of the Executive Board. The performance bonus can be a total of zero up to a maximum of 150 per cent of the target value.

The targets established by the CEO are set by the Board of Directors at the beginning of each year at the request of the Compensation and Nomination Committee and assessed at the end of the financial year based on the actual results achieved. To measure the short-term variable components, the financial targets of the Group or segments are 50 per cent, Group ESG measures are weighted 10 per cent and individual targets are weighted 40 per cent.

Group's and segment's performance
The financial measures during the year under review continued to be revenue and earnings targets. These have been selected because they represent the main value drivers for the Company and reflect the expansion of the business and market share (in terms of revenue) and operational profitability. Revenue is weighted 20 per cent and the earnings target is weighted 30 per cent of all short-term variable compensation measures.

Group's environmental, social and governance performance

In alignment with the sustainability approach of DocMorris, the following four ESG measures were implemented in the short-term variable compensation as of 2023 onwards with an overall weight of 10 per cent. The ESG measures cover the following elements:

— Healthier people: launching care pathways and becoming a leading digital health ecosystem
— Sustainable planet: optimizing logistics and reducing CO_2 emissions by 4.2 per cent p.a.
— Caring company: achieving compensation equality and fairness and introducing cultural principles
— Reliable partnerships: increasing the number of industry partners and convince all suppliers to sign our supplier code of conduct

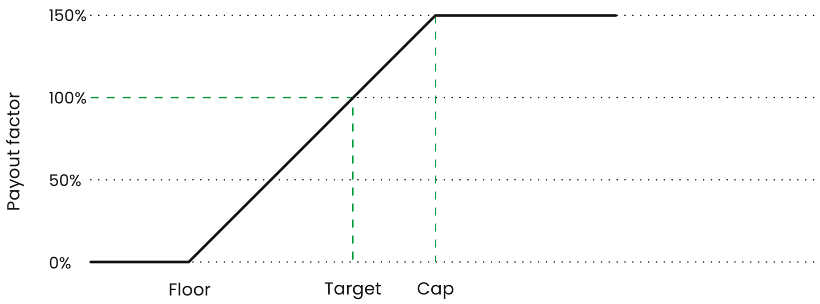
Individual performance

Individual performance includes personal and collective measures which are set as part of the annual performance management process comprising financial and non-financial targets. Individual financial measures include specific key performance indicators, break-even measures etc. Non-financial measures relate to tasks within the framework of the corporate values and individual qualitative performance.

OVERVIEW OF PERFORMANCE MEASURES

		Measure	Weighting
Short-term variable compensation	Group and segment financial performance	Revenue	20%
		EBITDA	30%
	Group ESG measures	Healthier people, sustainable planet, caring company, reliable partnerships	10%
	Individual performance	Other Group and segment financial targets, corporate values, individual qualitative measures, etc.	40%

For each target, an expected level of performance (target) is defined based on the budget and strategy. A minimum threshold of target achievement, below which no variable compensation is paid, and a maximum threshold of target achievement, above which the variable compensation is capped, are determined as well. The payout amount between minimum threshold, target and maximum threshold is interpolated linearly. It is at the discretion of the Board of Directors to adjust variable compensation upwards and downwards, if necessary, on the basis of individual, qualitative performance of the individual members of the Executive Board.



Targets are not published as disclosure would provide insight into DocMorris's forward-looking strategy and lead to a competitive disadvantage. The short-term variable compensation for the reporting year is paid in cash after approval by shareholders at the Annual General Meeting of Shareholders held the following year. Details on the payment of short-term variable compensation can be found in the notes to the compensation table.

Long-term variable compensation (performance-based share plan)
The performance-based share plan is intended to enable the members of the Executive Board and selected executives of DocMorris and its subsidiaries to participate in the Company's sustainable and long-term growth. In the performance-based share plan, the performance criteria are concentrated on entrepreneurial focus directed to the share price and the competition. As of 2023, the RSUs, which previously counted one-third of the long-term variable compensation were discontinued and replaced by PSUs. From 2023 onwards, the long-term variable compensation is therefore based entirely on the future performance of DocMorris over a period of three years. The performance conditions are divided equally into challenging share price targets and relative Total Shareholder Return (TSR). In addition to the forfeiture provisions already in place, clawback provisions were introduced. No further changes were made to the performance-based share plan for allocations for the year under review.

The performance-based share plan
a) supplements the short-term variable compensation component, which is based on the annual achievement of targets, with a long-term compensation component;
b) helps align the interests of executives with those of shareholders;
c) anchors the strategic growth targets in compensation;
d) is intended to be an attractive incentive instrument compared with competitors and have a strong impact on retention.

At the request of the Compensation and Nomination Committee, the Board of Directors determines the amount of individual grants for the financial year in Swiss francs depending on the role and the influence on long-term success and taking into account individual performance and strategic considerations. Under this plan, the shares to be transferred are allocated to participants in Performance Share Units (PSUs). The PSUs are blocked for a period of three years. The total amount in Swiss francs granted to members of the Executive Board for the grant year is approved by the shareholders at the Annual General Meeting of Shareholders prospectively for the grant year in accordance with the Articles of Association. In principle, if a participant joins during the year no PSUs are granted. However, the Board of Directors reserves the ability to make a reduced grant of PSUs, provided this remains within the limits of what is permitted by law and under the Articles of Association.

Role	CEO	Other members of the Executive Board
Target (nominal amount of grant)	67% of annual base salary	Between 36% and 60% of annual base salary
Maximum opportunity	166% of target	166% of target

Conditions of transfer
At the end of a performance period of three years (starting on 1 January of the reporting year and ending on 31 December three years later), after the Annual General Meeting of Shareholders at which the annual financial statements for the last year of the performance period are approved, the PSUs are converted into shares. At that point, the number of shares to be transferred is calculated by multiplying the number of PSUs granted by the target achievement factor. The target achievement factor for the PSUs is based half on the performance achievement of the relative TSR and half on the performance achievement of the share price target. The target achievement factor is restricted to a lower limit of 0 and an upper limit of 2.

In order to further promote a rapid recovery of DocMorris's share price and thus to increase value creation for shareholders, the Board of Directors has made an adjustments to the long-term variable compensation from 2023 onwards. The performance condition of sales growth was replaced by challenging share price targets. Thus, PSUs for the share price target will only be converted into shares if the DocMorris share price has increased to at least CHF 60 at the end of the three-year performance period. The maximum conversion rate of one PSU into two shares is if the DocMorris share price increases to above CHF 100 with linear interpolation within the price range of CHF 60 and CHF 100. This evolution of the PSU plan anchors the strategic initiatives, including the break-even programme (incl. refinancing) and the expansion of the digital health ecosystem, which DocMorris has under-taken to support the transformation, and aligns the final payout under the long-term variable compensation with the shareholders' experience.

TSR refers to the share price performance plus notionally reinvested gross dividends during the performance period. To calculate target achievement, the TSR performance of DocMorris is compared to the TSR performance of the companies in the STOXX® Europe 600 Retail and an individual peer group.

Individual peer group

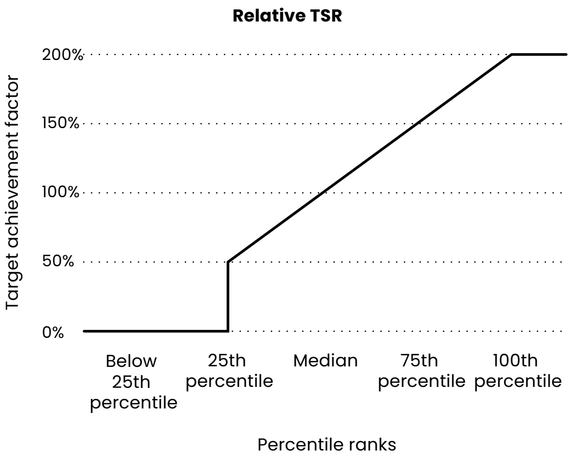
AO World	ASOS	Boohoo	Delivery Hero	Delticom
Home24	Just Eat Takeaway	Ocado	Redcare	Scout24
Spotify Technology	Trivago	Zalando		

TSR performance is measured using one-month moving averages to smooth share price fluctuations around the reference date. The TSR performance of the companies in the STOXX® Europe 600 Retail and the individual peer group calculated in this way is ranked for each group. The relative positioning of DocMorris is determined using the ranking achieved. If the positioning of DocMorris is at the median (50th percentile), this is equivalent to a target achievement factor of 1.0. If the positioning of DocMorris is at the 25th percentile, the target achievement factor is 0.5; positioning below the 25th percentile results into an achievement factor of zero. If DocMorris is positioned at or above the 100th percentile, the target achievement factor is 2.0. Target achievement for rankings in between is calculated by linear interpolation. The total target achievement factor for relative TSR is then calculated applying a 50 per cent weighting to each target achievement factor from the comparison with the STOXX® Europe 600 Retail and with the individual peer group. The internal financial targets are not disclosed. Disclosure of the targets would provide an insight into the DocMorris forward-looking strategy and thus lead to a competitive disadvantage for the Group. After transfer, the shares are no longer subject to a vesting period and the members of the Executive Board may freely dispose of them.

Instrument	**Performance Share Units**	
Purpose	Measures the relative three-year share price performance against an individual peer group (50%) and the STOXX® Europe 600 Retail (50%)	Measures the absolute three-year share price performance
Weighting	50% of the grant	50% of the grant
Performance condition	Relative TSR	Share price
Other condition	Employment relationship without notice during the vesting period	

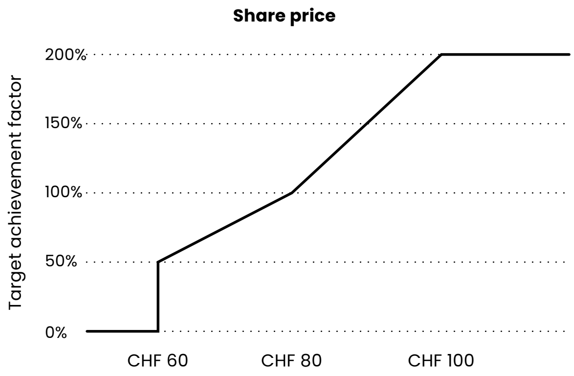
Payout arrangements

At the time of transfer, the performance of the relative TSR and the share price are measured and set in line with the two payout factors as follows:



Target achievement factor

- 0% to 25th percentile
- Linear interpolation from 50% to 200% between 25th and 100th percentiles
- 200% from 100th percentile



Target achievement factor

- 0% to CHF 60 share price
- Linear interpolation from 50% to 100% between CHF 60 and CHF 80 share price
- Linear interpolation from 100% to 200% between CHF 80 and CHF 100 share price
- 200% from CHF 100 share price

In the event of a delisting, acquisition of the majority of the shares or winding up of DocMorris, for whatever reason, the plan will be terminated early by the Board of Directors and all PSUs granted will be converted and transferred, on a pro rata temporis basis of the grant year.

In the event of termination of employment due to the disability or death of the participant, the PSUs granted will be converted within one month of notification and transferred as shares, provided the grant thereof has already been approved by the Annual General Meeting of Shareholders. Granted PSUs that have not yet been approved by the Annual General Meeting of Shareholders will not be converted and transferred as shares until the Annual General Meeting of Shareholders has approved. Granted PSUs are adjusted on a pro rata temporis basis to the starting year and multiplied by a target achievement factor of 1.0.

If employment is terminated by DocMorris or a subsidiary without the participant having given any grounds for termination by their performance, conduct or due to retirement age, the standard provisions regarding the conversion date and target achievement factor remain unchanged. However, the granted PSUs are adjusted on a pro rata temporis basis to the starting year. The same applies in the event of termination of the participant's employment for cause.

If employment is terminated by DocMorris or a subsidiary because the participant has given grounds for termination by their performance and conduct, for cause or is terminated by the participant without cause, the PSUs are forfeit without compensation.

Clawback provisions

Clawback provisions apply to the performance-based share plan. In case of restatements of the accounts due to failure to comply with accounting standards or fraud and / or breaches of the law or internal regulations, or in cases of individual misconduct, the Board of Directors may claw back shares allocated within three years of the year in which the restatement occurred or the fraudulent behaviour took place.

Anti-hedging and anti-pledging provisions
PSUs granted under the plan are not tradable and may not be assigned, pledged or transferred. Hedging against price risks is also forbidden.

Share ownership guideline for the members of the Executive Board
Members of the Executive Board are required to build up and maintain a minimum amount of DocMorris shares within five years of their nomination to the Executive Board or within five years of the implementation of the guideline:

Role	Minimum shareholding
CEO	200% of annual base salary
Members of the Executive Board	100% of annual base salary

To calculate whether the minimum shareholding requirement is met, all vested shares are taken into account, regardless of whether they are blocked or not. However, unvested PSUs as well as blocked RSUs from the previous long-term variable compensation plan are excluded.

Pension benefits
The purpose of pension benefits is to provide security for employees and their dependants in the event of retirement, sickness, inability to work and death. The members of the Executive Board participate in the social insurance and pension plans in the countries where their employment contracts were entered into. The plans vary according to local competition and legal conditions; they at least meet the legal requirements of the countries concerned. Members of the Executive Board with a Swiss employment contract are members of the DocMorris pension plans open to all employees in Switzerland. These comprise a basic pension from the ALSA PK collective foundation, which insures salaries up to CHF 132,300 per year, plus a supplementary pension (1e pension) from the PensFlex collective foundation, which insures basic salaries above this limit up to the legally permitted maximum. Members of the Executive Board with a foreign employment contract receive pension insurance commensurate with the market and their position.

Fringe benefits
Members of the Executive Board also receive expenses in line with the expenses regulations and a company car as a fringe benefit. Other benefits may be provided as part of international assignments (including tax compensation). The value is estimated at fair market value and included in the compensation tables. Any gifts or Board of Directors fees of subsidiaries are also included in this position.

Employment contracts
The members of the Executive Board are employed under permanent employment contracts with individual notice periods up to a maximum of 12 months. The members of the Executive Board are not entitled to any contractual sign-on or severance payments or special change of control provisions, except for the accelerated vesting of the long-term compensation plan as explained above. Under the Articles of Association of DocMorris, employment contracts may contain competition and poaching bans up to a maximum of one year and specify compensation up to one year's salary.

4.3 Compensation paid to the members of the Executive Board in 2023

This section was audited by the auditors in accordance with the requirement under the Code of Obligations.

In 2023 the members of the Executive Board received total compensation of CHF 6,554,000 (2022: CHF 7,431,000). This amount includes annual base salaries of CHF 2,775,000 (2022: CHF 3,469,000), short-term variable compensation of CHF 1,355,000 (2022: CHF 1,446,000), long-term compensation of CHF 1,568,000 (2022: CHF 1,496,000), fringe benefits of CHF 195,000 (2022: CHF 138,000) and pension benefits of CHF 661,000 (2022: CHF 883,000).

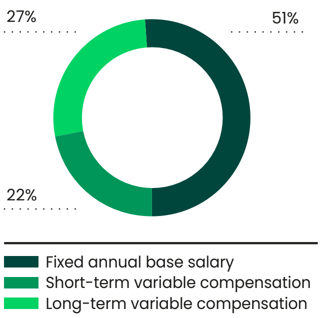
The table below shows the fixed and variable compensation and the total compensation allocated to the members of the Executive Board for 2023 and 2022. The former CEO Walter Oberhänsli stepped down from his position at the end of April 2022 and Walter Hess took over as CEO as of May 2022.

			Variable compensation											
					Long-term in shares [3]				Fringe benefits [4]		Pension benefits [5]		Total	
Executive Board [1]	Annual base salary in cash		Short-term in cash [2]		PSU		RSU							
CHF 1,000	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022
Total compensation of the Executive Board	**2,775**	3,469	**1,355**	1,446	**1,568**	953	**–**	543	**195**	138	**661**	883	**6,554**	7,431
Of which: CEO [6]	**700**	617	**442**	277	**470**	199	**–**	166	**30**	13	**195**	173	**1,837**	1,445

1) On 31 December 2023, five members of the Executive Board were in office. The total compensation of the member of the Executive Board who stepped down in the year under review includes contractual obligations during their notice period. As at 31 December 2022 seven members of the Executive Board were in office. Of these, two new members joined or were promoted to the Executive Board during the year, and one member was promoted within the Executive Board.
2) For 2023 performance year, the members of the Executive Board received up to 33 per cent of their target annual short-term variable compensation in form of DocMorris shares. These shares were allocated to the members of the Executive Board on 18. December 2023.
3) The nominal target value of the performance-based share plan granted in 2023 for the performance period 2023 to 2025 and in 2022 for the performance period 2022 to 2024. In 2022, this included additional PSUs and RSUs for a member of the Executive Board depending on qualitative target achievement in 2021, due to expansion of the role within the Executive Board.
4) Including all other compensation and benefits such as company cars, expenses in connection with assignments and Board of Directors fees from subsidiaries.
5) Includes social security contributions where they result in a benefit entitlement. Additional amounts that do not result in an increased pension entitlement are not included (additional amounts not included in the above amount in 2023: CHF 278,906, of which CHF 107,562 relates to the CEO; in 2022: CHF 364,769 of which CHF 88,356 relates to the CEO).
6) Highest total compensation: Walter Hess, CEO.

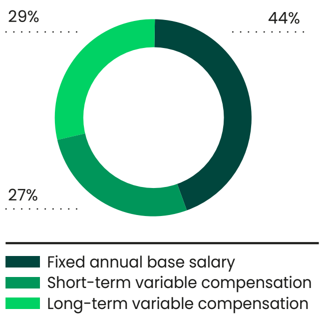
Effective compensation of the Executive Board (excluding the highest-paid member)

In per cent



Effective COMPENSATION of the highest-paid member of the Executive Board

In per cent



Explanation to the compensation table

- **Changes to the Executive Board:** As at 31 December 2023 the Executive Board consisted of five members, five of whom had been members for the whole year. During the year, Emanuel Lorini left DocMorris in connection with the sale of the Swiss business, Matthias Peuckert stepped down in November 2023. In the previous year, there were seven members of the Executive Board, five of whom had been members for the entire year.
- **Annual base salary:** The annual base salary in 2023 was lower than in the previous year due to the changes to the Executive Board.
- **Payment of short-term variable compensation:** The short-term variable compensation in 2023 was lower than in the previous year. Further information is provided below. When determining the effective short-term variable compensation for 2023, a one-off additional amount of CHF 20,000 was applied to one member.
- **Grant of long-term variable compensation:** The grant value of long-term variable compensation increased by 4.8 per cent compared to the previous year. This increase aims to partly balance the increased payout risk of the LTI program due to the discontinuation of RSU grants i.e. participants are granted only PSUs with vesting subject to explicit challenging performance condition.
- **Total variable compensation** amounted to 105 per cent of the average annual base salary or 81 per cent of average total fixed compensation (annual base salary plus amounts from fringe benefits and pension benefits). For the CEO Walter Hess, total variable compensation amounted to 130 per cent of the annual base salary and 99 per cent of total fixed compensation.
- **Fringe and pension benefits:** Fringe benefits and pension benefits were 16 percentage points lower than in the previous year.
- **Change in total compensation:** Total compensation paid to the Executive Board for 2023 amounted to CHF 6,554,000. This equates to a year-on-year decrease of 12 per cent.

Payment of short-term variable compensation

The measurement of short-term variable compensation payments is largely based on the performance of revenue and EBITDA at Group level compared to budget and qualitative factors. Consequently, the achievement of targets for short-term variable compensation for 2023 resulted in an effective payment of 81 to 100 per cent (2022: 80 to 111 per cent) for the Executive Board, and 93 per cent (2022: 108 per cent) for the CEO.

The short-term variable compensation decreased compared to the previous year, which is mainly due to changes to the Executive Board and the less precise achievement of budget.

Expressed as a percentage of fixed compensation for the year, the short-term variable compensation is equivalent to 35 to 62 per cent for the Executive Board and 63 per cent for the CEO. The degree of target achievement for short-term variable compensation for 2023 decreased year on year and amounted to 91 per cent in the year under review (previous year: 103 per cent). The effective short-term variable compensation per person for 2023 was decreased accordingly.

Overview of short-term variable compensation payments

Variable	Weighting	Target payout (100%)
Group financial targets		
Group revenue	20%	♦ 91 %
Group EBITDA	30%	♦ 82 %
Group ESG measures	10%	♦ 106 %
Individual targets	40%	
Other Group and Segment financial targets, strategic initiatives, etc.		50 % – 150 %
Total	100 %	**The total payout for the Executive Board amounts to 91% (2022: 103%)**

Conversion of long-term variable compensation

In 2023, the members of the Executive Board are granted a performance based share plan in the amount of CHF 1,568,000 in total. This is equivalent to 53,056 PSUs. The performance period for the PSUs will end on 31 December 2025, based on the trend in absolute share price and relative TSR between 2023 and 2025.

Transfer of PSUs and RSUs granted in previous years

Under the performance-based share plan for the performance period 2021 to 2023, a revenue target achievement factor of 0 per cent was achieved. The TSR target achievement factor was 35 per cent. A total of 590 shares will be paid out to the members of the Executive Board (including the CEO). Overall, the value of these shares as at 31 December 2023 was significantly below the value at grant.

The final amount of the PSUs and RSUs granted under the performance-based share plan 2021 (performance period 2021 to 2023) in shares to be transferred at the beginning of 2024, based on the TSR ranking of DocMorris compared to the peer group and the revenue target achieved was 45 per cent. No discretion was applied in determining the final amount.

Year of grant	Year of vesting	Allocation amount in per cent [1]
2019	2021	156%
2020	2022	45.5%
2021	2023	45.0%
2022	2024	Outstanding [2]
2023	2025	Outstanding [2]

1) Allocation amount of the PSUs granted. Members of the Executive Board who join after the corresponding performance-based share plans have been granted are not entitled to take part in these allocations.
2) The performance period is not yet completed. The final amount to be allocated of the PSUs granted is available once the performance period is completed.

At the Annual General Meeting of Shareholders on 28 April 2022, the shareholders approved a maximum total amount of fixed compensation of CHF 3.90 million and at the 4 May 2023 a maximum total amount of long-term variable compensation of CHF 1.60 million for the Executive Board for 2023.

- Fixed compensation for 2023: This amount consists of the annual base salary, fringe benefits and pension benefits. The total compensation of CHF 3.45 million paid to the seven members of the Executive Board in 2023 as disclosed in the table above is within the maximum amount of CHF 3.90 million approved by the shareholders at the Annual General Meeting of Shareholders in 2022.
- Long-term variable compensation for 2023: A total amount of CHF 1.57 million was granted to the Executive Board in 2023 as disclosed in the table above. The amount is within the maximum amount of CHF 1.60 million approved for 2023 by the shareholders at the Annual General Meeting of Shareholders in 2023.

The short-term variable compensation of CHF 1.36 million awarded to the Executive Board for 2023 as disclosed in the table above will be submitted for approval by the shareholders at the 2024 Annual General Meeting of Shareholders.

The variable compensation awarded to the Executive Board for 2022 disclosed in the table above was approved at the 2023 Annual General Meeting of Shareholders.

Loans and compensation to former members of the Executive Board and related parties

A former member of the Executive Board received a compensation for notice period and non-compete in the amount of CHF 413,000. No compensation was paid to related parties to the members of the Executive Board. No loans were granted to members of the Executive Board in the course of the financial year. There were no loans outstanding to members of the Executive Board nor were there loans outstanding to related parties to members of the Executive Board or former members of the Executive Board that were not on market terms.

5 Shareholdings

This section was audited by the auditors in accordance with the requirements under the Code of Obligations. As at 31 December 2023 the Board of Directors and the Executive Board held the shares listed below. Around six per cent of the shares held by members of the Board of Directors have a remaining blocking period of up to three years. Shares held by the members of the Executive Board are not subject to a blocking period. No cash was paid for the allocated shares in the reporting year.

Shareholdings Board of Director and Executive Board [1)]

	31 December 2023	31 December 2022
	Number of shares	Number of shares
Board of Directors		
Walter Oberhänsli (Chairman)	**115,452**	112,870
Prof. Stefan Feuerstein (Vice Chairman)	**54,232**	52,865
Prof. Dr. Andréa Belliger (Director)	**3,065**	2,078
Rongrong Hu (Director)	**3,009**	222
Christian Mielsch (Director)	**10,987**	10,000
Florian Seubert (Director)	**3,903**	2,916
Total	**190,648**	180,951
Executive Board		
Walter Hess (CEO)	**36,517**	35,919
Emanuel Lorini (Head Switzerland until 4 May 2023)	–	4,747
David Masó (Head Europe)	**35,470**	7,601
Kaspar Niklaus (Chief Operations Officer)	**530**	530
Madhu Nutakki (Chief Technology Officer)	**0**	0
Matthias Peuckert (Head Germany until 22 November 2023)	–	0
Marcel Ziwica (Chief Financial Officer)	**45,421**	44,830
Total	**117,938**	93,627

1) Includes shareholdings for related parties of the respective members.

6 External mandates

This section was audited by the auditors in accordance with the requirements under the Code of Obligations. At at 31 December 2023, members of the Board of Directors and the Executive Board have the following external mandates according to Article 734e of the Code of Obligations.

Board of Directors

Name	Company	Function
Walter Oberhänsli	Foundation Ortsbild Steckborn, Steckborn	Co-Chairman
Prof. Stefan Feuerstein	Al Faisaliah Group's Electronics & Systems Company, Riyadh (SA)	Chairman of the Board
	Electronic Partner Handel SE, Düsseldorf (DE)	Chairman of the Board
	Haubrich Holding SE, Düsseldorf (DE)	Vice Chairman of the Board
	Kühnl + Schmidt Architekten AG, Karlsruhe (DE)	Chairman of the Supervisory Board
	UNIMO-Gerstner Group, Rotkreuz, Xanten (DE)	Member of the Shareholders' Council, including functions on the Executive Board and Board of Directors of various affiliated companies
	SINN GmbH, Hagen (DE)	Chairman of the Advisory Board
	Fondation E. et C. Renaud, Neuchâtel	Member of the Board of Trustees
	Worms University of Applied Sciences (DE)	Member of the Research Advisory Board
	Wellnest GmbH, Essen (DE)	Member of the Advisory Board
Prof. Dr. Andréa Belliger	Aargauische Kantonalbank, Aarau	Board Member
	ApoBank – Deutsche Apotheker- und Ärztebank, Düsseldorf (DE)	Member of the Health Policy Advisory Board
	Association of the Institute for Communication & Leadership, Lucerne	Chairwoman
	Engadin Tourismus AG, St. Moritz	Board Member
	Gebert Rüf Foundation, Zurich	Board Member
	Institute for Communication & Leadership, Lucerne	Managing Co-Director
	Lernetz AG, Berne	Board Member
	Lucerne University of Teacher Education	Member of the Executive Board (until 31.12.2023)
	OES Online Education Solutions GmbH, Geiss	Managing Director
	WAS Wirtschaft Arbeit Soziales of the canton of Lucerne, Lucerne	Board Member

Name	Company	Function
Rongrong Hu	Harvard Club of Switzerland, Zürich	Board Member
	People & Places AG, Horgen	Board Member
Dr. Christian Mielsch	Electronic Partner Handel SE, Düsseldorf (DE)	Board Member
	Haubrich Holding SE, Düsseldorf (DE)	Board Member
Florian Seubert	Attikon Finanz AG, Düsseldorf (DE)	Board Member
	AB1204 Capital GmbH, Brannenburg (DE)	Managing Partner
	AB1204 Verwaltungs GmbH, Brannenburg (DE)	Managing Partner
	Calibria Industrieholding GmbH, Gräfelfing (DE)	Chairman of the Advisory Board
	Eviva Espana GmbH, Brannenburg (DE)	Managing Partner
	Maxburg Capital Partners GmbH, München (DE)	Venture Partner

Executive Board

Name	Company	Function
Walter Hess	Hohlflex AG, Abtwil	Board member
	European Association of E-Pharmacies (EAEP), Berlin (DE)	President
	Praevmedic AG, Zurich	Chairman
	Sportsemotion AG, Gossau	Board member
	Sportsevision AG, Gossau	Board member
David Maso	ESADE and ISDI school for e-commerce and marketplace strategies, Barcelona (ES)	Associate teacher
	Lanjux10 SL, Barcelona (ES)	Administrator
Kaspar Niklaus	Neuroth Hörcenter AG, Zug	Board Member
	Unternehmergruppe Wettbewerbsfähigkeit (Group of Entrepreneurs Competitiveness), Zurich	Board Member
Madhu Nutakki	none	
Marcel Ziwica	Sunnehalde AG, Weinfelden	Board Member

Ernst & Young Ltd
Maagplatz 1
P.O. Box
CH-8010 Zurich

Phone: +41 58 286 31 11
Fax: +41 58 286 30 04
www.ey.com/ch

To the General Meeting of
DocMorris AG, Frauenfeld

Zurich, 20 March 2024

Report of the statutory auditor on the audit of the compensation report

Opinion

We have audited the compensation report of DocMorris AG (the Company) for the year ended 31 December 2023. The audit was limited to the information pursuant to Art. 734a-734f of the Swiss Code of Obligations (CO) in the tables marked "audited" on pages 45, 53, 56 and 57-58 of the compensation report.

In our opinion, the information pursuant to Art. 734a-734f CO in the compensation report complies with Swiss law and the Company's articles of incorporation.

Basis for opinion

We conducted our audit in accordance with Swiss law and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the "Auditor's responsibilities for the audit of the compensation report" section of our report. We are independent of the Company in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the tables marked "audited" in the compensation report, the consolidated financial statements, the stand-alone financial statements and our auditor's reports thereon.

Our opinion on the compensation report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the compensation report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the audited financial information in the compensation report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Building a better working world

Board of Directors' responsibilities for the compensation report
The Board of Directors is responsible for the preparation of a compensation report in accordance with the provisions of Swiss law and the Company's articles of incorporation, and for such internal control as the Board of Directors determines is necessary to enable the preparation of a compensation report that is free from material misstatement, whether due to fraud or error. It is also responsible for designing the compensation system and defining individual compensation packages.

Auditor's responsibilities for the audit of the compensation report
Our objectives are to obtain reasonable assurance about whether the information pursuant to Art. 734a-734f CO is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and SA-CH will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this compensation report.

As part of an audit in accordance with Swiss law and SA-CH, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the compensation report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.

We communicate with the Board of Directors or its relevant committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

Ernst & Young Ltd

/s/ Jolanda Dolente	/s/ Michael Britt
Jolanda Dolente Licensed audit expert	**Michael Britt** Licensed audit expert

Financial Statements

Consolidated Financial Statements of DocMorris

Consolidated Income Statement

		1.1. – 31.12.2023		1.1. – 31.12.2022	
	Notes	CHF 1,000	%	CHF 1,000	%
				restated[1]	
Net revenue	5	969,462	**100.0**	930,969	100.0
Other operating income	7	6,909		22,502	
Cost of goods	8	–766,114		–770,818	
Personnel expenses	9	–108,849		–113,664	
Other operating expenses	10	–139,777		–161,590	
Earnings before interest, taxes, depreciation and amortisation (EBITDA)		–38,369	**-4.0**	–92,601	-9.9
Depreciation, amortisation and impairment	19-21	–44,857		–47,389	
Earnings before interest and taxes (EBIT)		–83,226	**-8.6**	–139,990	-15.0
Share of results of joint ventures and associates	18	–712		–1,088	
Finance income	11	9,672		2,889	
Finance expenses	11	–44,390		–30,927	
Earnings before taxes (EBT)		–118,656	**-12.2**	–169,116	-18.2
Income tax income / (expense)	12	1,091		–1,996	
Net income / (loss) from continuing operations		–117,565	**-12.1**	–171,112	-18.4
Net income / (loss) from discontinued operations	6.2	199,845		–3	
Net income / (loss)		82,280	**8.5**	–171,115	-18.4
Attributable to Doc Morris AG shareholders		82,280		–171,115	

		CHF 1		CHF 1	
Basic loss per share from continuing operations	31	–10.07		–15.88	
Diluted loss per share from continuing operations	31	–10.07		–15.88	
Basic income / (loss) per share	31	7.05		–15.88	
Diluted income / (loss) per share	31	7.05		–15.88	

1) See Note 6.2 Discontinued operations

Consolidated Statement of Comprehensive Income

	Notes	1.1. – 31.12.2023 CHF 1,000	1.1. – 31.12.2022 CHF 1,000
Net income / (loss)		**82,280**	–171,115
Exchange differences on translation of foreign operations		**–10,663**	–14,224
Other comprehensive income to be reclassified in subsequent periods to the income statement		**–10,663**	–14,224
Remeasurement pensions	29	**864**	4,861
Income tax	24	**–124**	–834
Share of other comprehensive income of joint ventures and associates		**0**	211
Other comprehensive income not to be reclassified in subsequent periods to the income statement		**740**	4,238
Other comprehensive income / (loss)		**–9,923**	–9,986
Total comprehensive income / (loss)		**72,357**	–181,101
Attributable to DocMorris AG shareholders		**72,357**	–181,101

Consolidated Balance Sheet

ASSETS		**31.12.2023**		**31.12.2022**	
	Notes	CHF 1,000	%	CHF 1,000	%
Cash and cash equivalents	13	**54,028**		126,042	
Current financial assets	33	**97,022**		30,360	
Trade receivables	14	**55,387**		129,351	
Prepaid expenses	15	**12,546**		11,021	
Other receivables	16	**11,262**		15,930	
Inventories	17	**51,758**		83,180	
Non-current assets held for sale	22	**11,671**		0	
Current assets		**293,674**	**33.9**	395,884	36.0
Investments in joint ventures and associates	18	**1,541**		1,645	
Property, plant and equipment	19	**33,834**		60,275	
Right-of-use assets	20	**28,220**		36,533	
Intangible assets	21	**495,083**		571,906	
Non-current financial assets	23	**11,207**		28,410	
Deferred tax assets	24	**2,864**		4,792	
Non-current assets		**572,749**	**66.1**	703,561	64.0
Total assets		**866,423**	**100.0**	1,099,445	100.0

Consolidated Balance Sheet

LIABILITIES AND EQUITY		31.12.2023		31.12.2022	
	Notes	CHF 1,000	%	CHF 1,000	%
Current bonds	25	**90,665**		30,229	
Current lease liabilities	25	**3,878**		5,278	
Other current financial liabilities	25	**3,329**		25,714	
Trade payables		**38,470**		112,781	
Other payables	26	**11,854**		15,920	
Tax liabilities		**1,690**		1,999	
Accrued expenses	27	**26,614**		39,691	
Short-term provisions	28	**3,819**		9,737	
Short-term liabilities		**180,319**	**20.8**	241,349	22.0
Non-current bonds	25	**211,442**		460,203	
Non-current lease liabilities	25	**24,830**		32,926	
Other non-current financial liabilities	25	**10,778**		0	
Pension obligations	29	**1,575**		7,323	
Deferred tax liabilities	24	**6,947**		6,865	
Long-term liabilities		**255,572**	**29.5**	507,317	46.1
Total liabilities		**435,891**	**50.3**	748,666	68.1
Share capital	30	**411,019**		404,728	
Capital reserves		**659,253**		659,294	
Treasury shares	30	**–58,638**		–60,670	
Retained earnings		**–501,778**		–583,912	
Exchange differences		**–79,324**		–68,661	
Equity attributable to DocMorris AG shareholders		**430,532**	**49.7**	350,779	31.9
Total equity		**430,532**	**49.7**	350,779	31.9
Total liabilities and equity		**866,423**	**100.0**	1,099,445	100.0

Consolidated Cash Flow Statement

	Notes	1.1. – 31.12.2023 CHF 1,000	1.1. – 31.12.2022 CHF 1,000 restated[1]
Net income / (loss) from continuing operations		**– 117,565**	– 171,112
Depreciation, amortisation and impairment	19–21	**44,857**	47,389
Finance expenses (net)		**33,914**	26,972
Share of results of joint ventures and associates		**712**	1,088
Income tax		**– 1,091**	1,996
Non-cash income and expenses		**2,381**	– 12,665
Income tax paid		**– 1,066**	– 2,110
Interest paid		**– 16,545**	– 15,832
Interest received		**2,636**	258
Change in trade receivables, other receivables and prepaid expenses		**– 4,547**	15,952
Change in inventories		**– 4,260**	6,850
Change in trade payables, other liabilities and accrued expenses		**– 19,495**	– 23,720
Change in provisions		**– 5,843**	5,825
Contingent consideration paid	33	**– 3,995**	0
Operating cash flow from discontinued operations		**2,492**	21,823
Cash flow from operating activities		**– 87,415**	– 97,286
Acquisition of subsidiaries, net of cash acquired	6 / 33	**– 6,815**	– 154
Purchase of property, plant and equipment	19	**– 4,988**	– 12,906
Disposal of property, plant and equipment	19	**142**	210
Acquisition of intangible assets	21	**– 22,721**	– 33,660
Disposal of intangible assets	21	**0**	302
Investment in current financial assets	33	**– 50,000**	– 30,000
Investments in non-current financial assets	18 / 23	**– 1,045**	– 1,338
Repayment of financial assets	33	**37,725**	3,682
Disposal of interest in joint ventures and associates		**0**	2,706
Investments in joint ventures and associates		**0**	– 533
Dividends received		**139**	0
Net proceeds from disposal of Swiss business	6.2	**275,666**	0
Investing cash flow from discontinued operations		**– 8,284**	– 18,081
Cash flow from investing activities		**219,819**	– 89,772
Net proceeds from capital increases	30	**31**	42,055
Transaction costs of capital increases[2]		**0**	– 3,454
Increase in financial liabilities (net after transaction costs)		**0**	90,718
Repayment of financial liabilities	25	**– 202,290**	– 89,295
Financing cash flow from discontinued operations		**– 368**	– 917
Cash flow from financing activities		**– 202,627**	39,107
Increase / (decrease) in cash and cash equivalents		**– 70,223**	– 147,951
Cash and cash equivalents at the beginning of the year		**126,042**	277,742
Foreign currency differences		**– 1,791**	– 3,749
Cash and cash equivalents at the end of the period		**54,028**	126,042

1) See Note 6.2 Discontinued operations
2) Includes transaction costs paid in 2022 related to the authorised capital increase in December 2021

Consolidated Statement of Changes in Equity

	Share capital	Capital reserves	Treasury shares	Retained earnings	Exchange difference	Attributable to Group shareholders	Total equity
	CHF 1,000	CHF 1,000	CHF 1,000	CHF 1,000	CHF 1,000	CHF 1,000	CHF 1,000
1 January 2022	**335,839**	**651,048**	**– 31,308**	**– 416,219**	**– 54,437**	**484,923**	**484,923**
Net income / (loss)				– 171,115		– 171,115	– 171,115
Other comprehensive income				4,238	– 14,224	– 9,986	– 9,986
Total comprehensive income				– 166,877	– 14,224	– 181,101	– 181,101
Share-based payments				4,201		4,201	4,201
Issue of new shares for contingent capital increase	30,000		– 30,000			0	0
Issue of new shares for authorised capital increase	33,584	10,075				43,659	43,659
Transaction costs of capital increase		– 2,504				– 2,504	– 2,504
Equity component for issued convertible bond				2,223		2,223	2,223
Allocation of treasury shares			638	– 2,158		– 1,520	– 1,520
Issue of new shares for employees	5,305	675		– 5,082		898	898
31 December 2022	**404,728**	**659,294**	**– 60,670**	**– 583,912**	**– 68,661**	**350,779**	**350,779**
Net income / (loss)				82,280		82,280	82,280
Other comprehensive income				740	– 10,663	– 9,923	– 9,923
Total comprehensive income				83,020	– 10,663	72,357	72,357
Share-based payments				3,487		3,487	3,487
Issue of new shares from capital band	1,723		– 1,723			0	0
Settlement of contingent consideration Apotal group			4,900	– 1,022		3,878	3,878
Transaction costs of capital increase		– 63				– 63	– 63
Issue of new shares for employees	4,568	22	– 1,145	– 3,351		94	94
31 December 2023	**411,019**	**659,253**	**– 58,638**	**– 501,778**	**– 79,324**	**430,532**	**430,532**

Notes to the Consolidated Financial Statements

1 General information

DocMorris operates several e-commerce pharmacies for medical and pharmaceutical products. In addition, it offers services in the field of professional health care. Sales are made to mail-order pharmacies and directly to private individuals.

DocMorris AG (the "Company"), a stock corporation under Swiss law based at Walzmühlestrasse 49, 8500 Frauenfeld (Switzerland), is the parent of DocMorris (the "Group"). The Company was established on 6 April 1993. The registered office of Group Management and the headquarters of business activities are based at Walzmühlestrasse 49, 8500 Frauenfeld (Switzerland).

The consolidated financial statements were authorised for issue by the Board of Directors on 20 March 2024 and are subject to approval of the Annual General Meeting on 2 May 2024.

DocMorris AG has been listed since 2017. The shares are traded on SIX Swiss Exchange under the International Reporting Standard (ISIN CH0042615283).

The amounts listed in the financial statements are rounded. If the calculations are performed with a higher numerical accuracy, small rounding differences can occur.

2 Accounting policies

2.1 Basis of preparation

The consolidated financial statements of DocMorris have been prepared in accordance with IFRS® Accounting Standards, as published by the International Accounting Standard Board (IASB).

The consolidated financial statements are prepared on a historical cost basis, with the exception of shares included in the financial assets and contingent consideration liabilities measured at fair value.

The financial statements are presented in Swiss francs, and all values were rounded to the nearest thousand (CHF 1,000), unless specified otherwise.

2.2 Basis of consolidation

The consolidated financial statements include the financial statements of DocMorris AG and its subsidiaries as at 31 December 2023.

An entity is included in the consolidation from the date on which control over the company is transferred to DocMorris until the date on which control over the company ceases.

The following companies were included in the group of consolidated companies of DocMorris AG:

	Share capital		Share of capital	
	31.12.2023	**31.12.2022**	**31.12.2023**	**31.12.2022**
	CHF 1,000	CHF 1,000	%	%
0800 DocMorris Ltd., London (GB)	**1**	1	**100.0**	100.0
AdBest Werbeagentur GmbH, Hilter am Teutoburger Wald (DE)	**27**	27	**100.0**	100.0
Aertzemedika AG, Liestal (CH) [1]	**n / a**	500	**n/a**	100.0
apo-rot Service GmbH, Hamburg (DE) [5]	**n / a**	29	**n/a**	100.0
Bluecare AG, Winterthur (CH) [1]	**n / a**	1,288	**n/a**	100.0
Centropharm GmbH, Aachen (DE)	**30**	30	**100.0**	100.0
Clustertec AG, Baar (CH) [1]	**n / a**	100	**n/a**	100.0
Comventure GmbH, Forst (DE)	**28**	28	**100.0**	100.0
D&W Mailorder Service B.V., Heerlen (NL)	**22**	22	**100.0**	100.0
DCMS Service AG, Frauenfeld (CH) [2]	**100**	n / a	**100.0**	n / a
Dia Plus Minus Handelsgesellschaft mbH, Hilter am Teutoburger Wald (DE)	**28**	28	**100.0**	100.0
DocMorris Finance B.V., Heerlen (NL) [3/6]	**0**	0	**100.0**	100.0
DocMorris Holding GmbH, Berlin (DE)	**6,085**	6,085	**100.0**	100.0
DocMorris N.V., Heerlen (NL)	**60**	60	**100.0**	100.0
DocMorris Services B.V., Heerlen (NL)	**22**	22	**100.0**	100.0
Doctipharma SAS, Paris (FR)	**618**	618	**100.0**	100.0
eHealth-Tec GmbH, Berlin (DE)	**27**	27	**100.0**	100.0
eHealth-Tec Services S.R.L., Bucharest (RO) [2/6]	**0**	n / a	**100.0**	n / a
Eurapon B.V., Heerlen (NL) [4]	**n / a**	0	**n/a**	100.0
Eurapon Pharmahandel GmbH, Bremen (DE) [5]	**n / a**	28	**n/a**	100.0
Helena Abreu, Unipessoal, Lda, Montemor-o-Novo (PRT)	**108**	108	**100.0**	100.0
medpex wholesale GmbH, Ludwigshafen (DE)	**28**	28	**100.0**	100.0
Promofarma Ecom, S.L., Barcelona (ES)	**15,004**	15,004	**100.0**	100.0
Specialty Care Therapiezentrum AG, Frauenfeld (CH) [1]	**n / a**	100	**n/a**	100.0
TeleClinic GmbH, München (DE)	**857**	857	**100.0**	100.0
Ultra Pharm Medicalprodukte GmbH, Bad Rothenfelde (DE)	**29**	29	**100.0**	100.0
Visionrunner GmbH, Mannheim (DE)	**28**	28	**100.0**	100.0
Zur Rose Dutch B.V., Heerlen (NL) [6]	**0**	0	**100.0**	100.0
Zur Rose Pharma GmbH, Halle (DE)	**8,479**	8,479	**100.0**	100.0
Zur Rose Suisse AG, Frauenfeld (CH) [1]	**n / a**	7,650	**n/a**	100.0

1) Disposed in 2023, see Note 6.2 Discontinued operations
2) Founded in 2023
3) Renamed in 2023
4) Merged into DocMorris N.V. in 2023
5) Merged into DocMorris Holding GmbH in 2023
6) Share capital of less than EUR 500

All intragroup balances, transactions, unrealised gains and losses from intragroup transactions and dividends are eliminated in full. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

2.3 Summary of material accounting policies

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at fair value at the acquisition date in addition to any non-controlling interests in the acquiree. Transaction costs incurred are recognised in profit or loss and reported within other operating expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and the prevailing conditions as at the acquisition date.

Goodwill is initially measured at cost, as the excess of the aggregate of the consideration transferred and the amount of non-controlling interests over the identifiable assets acquired and liabilities assumed by the Group.

After initial recognition, goodwill is measured at cost less accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to the cash-generating units of the Group that are expected to benefit from the business combination. This applies regardless of whether other assets or liabilities of the acquiree are assigned to these cash-generating units.

Investments in associates and joint ventures

The Group's investments in associates and joint ventures are accounted for using the equity method. An associate is an entity over which the Group has significant influence (generally a share of voting rights of 20 per cent to 49.9 per cent). A joint venture is a jointly controlled entity.

Using the equity method, investments in an associate or joint venture are recognised at cost in the balance sheet plus the Group's share of changes in the net assets of the associates and joint ventures since the acquisition date.

The consolidated income statement includes the Group's share in the result of the associate / joint venture. Changes recognised outside profit or loss of the associate / joint venture are proportionately recognised and presented in the Group's other comprehensive income, if applicable. Unrealised gains and losses resulting from transactions between the Group and the associate / joint venture are eliminated to the extent of the interest in the associate / joint venture.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on its investment in the associate / joint venture. At the end of each reporting period, the Group determines whether there is any objective evidence that the investment in the associate / joint venture is impaired. If this is the case, the difference between the recoverable amount of the investment in the associate / joint venture and its carrying amount is recognised as an impairment loss in profit or loss.

Currency translation

Since the disposal of the Swiss Business in May 2023, DocMorris operates mainly in Germany and in other European countries. The Group's presentation currency is the Swiss franc. Each Group company determines its own functional currency. Foreign currency balances exist in the form of bank accounts, accounts receivable and payable and loans. Foreign currency transactions are converted into the functional currency at the monthly rate at the transaction date. Gains and losses from foreign currency transactions and the adjustment of monetary foreign currency assets and liabilities at the end of the reporting period are recognised in profit or loss.

The financial statements of Group companies in foreign currencies are translated into Swiss francs as follows:

— balance sheet at year-end exchange rates, income statement and statement of comprehensive income at average rates for the year,
— cash flow statement at average rates for the year.

Exchange differences arising on translation are recognised in other comprehensive income.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition of that foreign operation are treated as assets and liabilities of the foreign operation and translated at the year-end rate.

Exchange differences resulting from a monetary item that is part of the net investment in a foreign operation (e.g. long-term loans which are not expected or likely to be settled in the foreseeable future) are also recognised in other comprehensive income and, in the event of a sale or loss of control over the foreign operation, are reclassified from equity to profit or loss.

The following exchange rates were used for currencies:

		2023		**2022**
Currency	Year-end rate	Average rate for the year	Year-end rate	Average rate for the year
EUR	**0.9287**	**0.9714**	0.9893	1.0049

Net revenue

Revenue is recognised when a performance obligation under a customer contract (promised goods or services) has been fulfilled by transferring control of the promised goods or services to the customer. Control is usually transferred at the time of shipment or as the services are rendered in accordance with the terms of delivery and acceptance agreed with the customer. The total of sales to be recognised (transaction price) is based on the consideration that DocMorris expects to receive in return for the goods and services, less the interests withheld for third parties, such as VAT.

Net revenue is recognised less discounts and goods returned. All deductions on product sales are determined at the time of sale.

After the end of a period, DocMorris determines a liability for customer returns based on empirical data.

Taxes

Current income tax

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the taxation authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Current taxes relating to items recognised in other comprehensive income or directly in equity are also recognised in other comprehensive income or directly in equity.

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation. If necessary, tax liabilities are recognised.

Deferred tax
Deferred tax is recognised using the liability method based on temporary differences between the carrying amount of an asset or liability on the balance sheet and the tax base at the end of the reporting period.

Deferred tax liabilities are recognised for all taxable temporary differences, with the exception of:

- deferred tax liabilities arising from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the transaction date, affects neither accounting profit nor taxable profit or loss, and
- deferred tax liabilities arising from taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, unused tax loss carryforwards and unused tax credits to the extent that it is likely that taxable profit will be available against which the deductible temporary differences and unused tax loss carryforwards and tax credits can be used, with the exception of:

- deferred tax assets arising from deductible temporary differences from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the transaction date, affects neither accounting profit nor taxable profit or loss, and
- deferred tax assets from deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures if it is probable that the temporary differences will not reverse in the foreseeable future or insufficient taxable profit will be available against which these temporary differences can be utilised.

The carrying amount of deferred tax assets is assessed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available against which all or part of the deferred tax asset can be utilised. Unrecognised deferred tax assets are assessed at the end of each reporting period and recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which an asset is realised or a liability is settled. Tax rates (and tax laws) that have been enacted or substantively enacted at the end of the reporting period are applied.

Deferred tax relating to items recognised in other comprehensive income or directly in equity are also recognised in other comprehensive income or directly in equity.

VAT
Revenue and expenses are recognised net of VAT. The amount of VAT recoverable from or payable to taxation authorities is recognised in other receivables or in other payables.

Property, plant and equipment
Property, plant and equipment are measured at cost less accumulated depreciation.

Cost includes the purchase price, customs duties, non-refundable taxes and levies in addition to directly attributable costs. Expenses for maintenance and repair are recognised in profit or loss when incurred.

Depreciation is charged to profit or loss using the straight-line or diminishing balance methods over the estimated useful lives as follows:

Asset category	Useful life	Method
Interior construction	5 years	Straight-line
Equipment	3 – 7 years	Straight-line
Office furnishings	3 – 5 years	Straight-line
IT systems	3 – 5 years	Straight-line
Vehicles	5 years	Diminishing balance method
Real estate	33 years	Straight-line

Gains or losses from the disposal of property, plant and equipment are included in other operating income or expenses.

Leases
Leases are recognised as a right-of-use asset and corresponding lease liability at the time the leased asset becomes available to DocMorris to use. The lease payment is divided into a repayment component and a financing component. The financing component is recognised in profit or loss over the term of the lease, so that the interest rate on the balance of the liability is constant for each period. Determining the lease term with options involves the use of judgement. Such options are individually assessed as to whether they are reasonably certain to be exercised.

Subsequent measurement of the lease liability is at amortised cost using the effective interest rate method. The liabilities are remeasured in the event of changes to the lease term, future lease payments or a reassessment of options. The right-of-use asset is generally depreciated on a straight-line basis over the shorter period of economic life or the lease term and adjusted by the amount of any remeasurement of the associated lease liabilities. An impairment test is carried out if there are indications of impairment.

Lease liabilities include the net present value of the following lease payments:

— fixed lease payments including any in substance fixed lease payments less any lease incentives accruing to the lessee;
— variable lease payments based on an index or rate, measured at the index or rate at the commencement date;
— the amount expected to be paid under residual value guarantees;
— the exercise price of a purchase option, if the lessee is reasonably certain to exercise that option;
— penalty payments for early termination of the lease, provided the lessee is reasonably certain of being able to terminate the lease early.

At the commencement date of the lease, the carrying amount of right-of-use assets comprises the following:

— the amount of the initial measurement of the lease liability;
— any lease payments that have to be made on or before the commencement date, less any incentives received from the lessor;
— any initial direct costs incurred by the lessee. This means direct costs only incurred because the specific lease was entered into;
— estimated costs for dismantling the leased item at the end of the lease.

If the rate implicit in the lease cannot be readily determined, the Group uses incremental borrowing rates as discount rates which take into account foreign currencies, the term of the agreements and company and asset-specific risks.

No short-term lease agreements with a term of less than 12 months or where the underlying asset is of low value are recognised in the balance sheet.

Intangible assets
Intangible assets that are not acquired as part of a business combination are initially measured at cost. The cost of intangible assets acquired in a business combination corresponds to their fair value at the acquisition date. In subsequent periods, intangible assets are reported at cost less accumulated amortisation and accumulated impairment. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period the expenditure is incurred. The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite useful lives are amortised on a straight-line basis over their estimated useful lives and tested for impairment if there is any indication that the intangible asset may be impaired. The amortisation period and the amortisation method for intangible assets with finite useful lives are reviewed at the end of each reporting period. Changes to the amortisation method or amortisation period due to changes in the expected useful life or expected consumption of the future economic benefits of the asset are treated as changes in estimates.

Intangible assets with indefinite useful lives are not amortised but tested for impairment at least once a year, either individually or at the level of the cash-generating unit. The assessment of indefinite useful life is reviewed annually.

Gains or losses arising from the derecognition of intangible assets are determined as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss in the period in which the asset is derecognised.

The useful lives for the intangible assets of DocMorris can be summarised as follows:

Asset category	Useful life
Software	3 – 5 years
ERP system	5 – 10 years
Customer relationships	5 – 10 years
Trademarks	Indefinite or 5 – 10 years

Impairment of non-financial assets
At the end of each reporting period or if there is any indication that a non-financial asset is impaired, the Group estimates the recoverable amount of the respective asset or cash generating unit (CGU). The recoverable amount of an asset is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. The recoverable amount is determined for each individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. If the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is impaired and written down to its recoverable amount. To determine the value in use, the expected future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In order to determine fair value less costs of disposal, an appropriate measurement model is used.

Goodwill is tested for impairment at the level of the CGU to which it has been allocated at 31 December and whenever circumstances indicate that the value might be impaired. If the recoverable amount of the CGU is lower than its carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill cannot be reversed in subsequent periods.

Financial assets
Classification and measurement of financial assets

Trade receivables are initially recognised at the transaction price pursuant to IFRS 15. All other financial instruments are initially recognised at fair value and, in the case of financial assets not measured at fair value through profit or loss, plus transaction costs.

With regard to subsequent measurement, DocMorris distinguishes between the following two measurement categories:

— At amortised cost. Assets held for the purpose of collecting contractual cash flows consisting solely of interest and principal payments are accounted for at amortised cost less impairments. Interest income from these financial assets is recognised in the item “finance income” using the effective interest method. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. Assets recognised at amortised cost mainly consist of cash and cash equivalents, term deposits, trade receivables, other receivables and loans.
— At fair value through profit or loss. This category includes financial assets recognised at fair value. Fair value changes are recognised in profit or loss. Assets measured at fair value through profit and loss mainly consist of equity instruments (securities).

Purchases and disposals of financial assets are recognised on the settlement date. Financial assets are derecognised when DocMorris loses control over the rights to cash flows comprising the financial asset.

At the end of each reporting period, DocMorris determines whether a financial asset is impaired. Impairments for expected credit losses are recognised using the expected credit loss model. The level of the impairment is the difference between the carrying amount of the asset and the present value of the expected future cash flows discounted at the original effective interest rate.

For trade receivables, DocMorris applies the simplified method for calculating expected credit losses. Consequently, an impairment loss is recognised initially and also at each subsequent reporting date for lifetime expected credit losses. The receivables are derecognised provided they are qualified as irrecoverable.

Financial liabilities
Classification and measurement of financial liabilities

All financial liabilities are initially measured at fair value, and in the case of public bonds and loans at fair value less directly attributable transaction costs. The subsequent measurement depends on the classification. DocMorris divides its financial liabilities into the following two measurement categories:

— At amortised cost. After initial recognition, measurement is at amortised cost using the effective interest rate method. Gains and losses are recognised through profit or loss when the payable is amortised or derecognised. Financial liabilities at amortised cost include, in particular, trade payables, other liabilities and public bonds.
— At fair value through profit or loss. This includes financial liabilities that were initially designated at fair value through profit or loss, or financial liabilities that must be recognised through profit or loss at fair value. The financial liabilities of DocMorris recognised through profit or loss include contingent consideration liabilities agreed in the context of business combinations.

All purchases and disposals of financial liabilities are recognised on the settlement date. A financial liability is derecognised when the underlying obligation is discharged, cancelled, or expired. If an existing financial liability is replaced with another financial liability of the same lender with substantially different terms or conditions, or if the terms of an existing liability are substantially changed, such replacement or change is treated as derecognition of the original liability and as recognition of a new liability.

If a financial instrument meets the definition of an equity instrument, it is initially measured at fair value and recognised directly in equity. Equity instruments are not remeasured. Any gains or losses and transaction costs associated with an equity instrument are also recognised in equity.

Fair value of financial instruments

The fair value of financial instruments traded on active markets is determined using the quoted market price or publicly quoted price (bid price quoted by the buyer in a long position and ask price in a short position) at the end of the reporting period without deducting transaction costs.

The fair value of financial instruments that are not traded on active markets is determined using suitable measurement methods. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing and unrelated parties, referring to the current fair value of another instrument that is substantially the same, using discounted cash flow methods and other measurement models.

Inventories

Inventories include goods purchased and held for resale only and are measured at the lower of cost or net realisable value.

The lower net realisable value corresponds to the expected selling price within normal business activities less expected costs of disposal.

Payments from suppliers that are not payments for distinct goods or services are recognised as a reduction in the purchase cost of goods held in inventory respectively deducted from the cost of goods.

Goods that can no longer be sold are written down in full.

Cash and cash equivalents

Cash and cash equivalents include cash on hand and cash at banks in addition to fixed-term deposits with a maturity of no more than three months. These are reported at nominal value.

Treasury shares

When DocMorris acquires treasury shares, these are recognised at cost and deducted from equity. The purchase, sale, issue, or cancellation of treasury shares are recognised outside profit or loss. Any differences between the carrying amount and the consideration received are recognised directly in equity.

Provisions

Provisions are recognised only if DocMorris has a legal or constructive obligation towards third parties as a result of a past event, if the obligation can be reliably estimated and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation. If the period until payment is significant, the present value of the payment is determined.

Restructuring provisions are recognised only if there is a detailed formal plan, the associated costs can be determined reliably and a valid expectation has been raised in those affected either as a result of communication or implementation of the plan.

Pension assets and liabilities

Contributions to defined contribution plans are recognised in personnel expense on an accrual basis.

For defined benefit plans, the obligation is determined every year by external experts using the projected unit credit method. The pension benefits and years of services of the employees up to the balance sheet date are taken into account, and assumptions are made regarding discount factors and further salary development, withdrawal and mortality probabilities, etc.

The present value of the defined benefit obligation (DBO) is compared with the fair value of the plan assets for funded plans and recognised as a net pension liability or net pension asset. A surplus is recognised only to the extent that DocMorris is entitled to future benefits in the form of future contribution reductions or refunds.

The pension costs of defined benefit plans are recognised as follows:

— Service cost (current and past from plan amendments) in personnel expenses in profit or loss,
— Net interest on net pension liability or asset in finance expenses in profit or loss, and
— Actuarial gains and losses from the remeasurement of the pension obligation and return on plan assets (less interest income recognised in profit or loss) and the effects from a potential asset ceiling are immediately recognised in other comprehensive income.

2.4 Changes in accounting policies

Introduction of amended or new IFRS and new interpretations
The accounting policies applied are the same as those used in the previous financial year, with the exception of the following revised standards which the Group has applied since 1 January 2023. However, they have no material impact on the net assets, financial income and results of operations of the Group:

— IAS 1 – Disclosure of accounting policies and accounting estimates
— IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors , Amendments regarding the definition of accounting estimates
— IAS 12 – Deferred Tax related to Assets and Liabilities arising from a Single Transaction
— IAS 12 – International Tax Reform – Pillar Two Model Rules

3. Significant judgements, estimates and assumptions

In preparing these financial statement management has made judgements in applying accounting policies as well as estimates and assumptions regarding the future that affect the carrying amounts of reported assets and liabilities and may result in adjustments in future reporting periods. Such estimates and assumptions are based on experience and other factors considered to be reasonable in the circumstances. By their very nature, estimates will very rarely correspond to the actual outcomes. Areas with key assumptions concerning the future results and other sources of estimation uncertainty are:

Impairment testing for goodwill and indefinite life intangibles
Every year, the Group tests goodwill (carrying amount CHF 360.4 million) and its other indefinite-life intangibles (carrying amount CHF 20.3 million) for impairment. See Note 21 for a description of the significant assumptions and uncertainties.

Pension obligations
Pension assets and liabilities are calculated in accordance with IAS 19 on the basis of assumptions, such as the discount rate, salary increases and pension adjustments. These assumptions are assessed and adjusted on an annual basis. Changes in assumptions can have a significant impact on the amount of pension assets and liabilities and amounts recognised in other comprehensive income, which are to be reported in future periods. See Note 29.

Deferred tax assets
Deferred tax assets are recognised for all tax loss carryforwards that can be utilised to the extent that it is probable that taxable profit will be available against which the tax loss carryforwards can be utilised. Significant management judgement is required to determine the amount of deferred tax assets, based on the expected timing and amount of future taxable profits and future tax planning strategies. Further information can be found in Note 24.

4 Standards issued but not yet effective

The IASB has published new standards and interpretations as well as amendments to standards and interpretations before the publication date of these consolidated financial statements. The Group intends to adopt the following amendments when they become effective. The following changes potentially relevant for the Group are

- IAS 1 – Classification of Liabilities as Current or Non-Current and Non-current Liabilities with Covenants (comes into effect on 1 January 2024)
- IFRS 16 – Lease Liability in a Sale and Leaseback transaction (comes into effect on 1 January 2024)
- IAS 7, IFRS 7 – Statement of Cash Flows, amendments regarding supplier finance arrangements (comes into effect on 1 January 2024)
- IAS 21 – Lack of Exchangeability (applicable as of January 1, 2025)

DocMorris does not currently anticipate any material effects on the consolidated financial statements.

5 Operating segments

DocMorris manages its activities by geographical regions. With the disposal of the Swiss business on 4 May 2023 (see Note 6.2), the Group reports its continuing operations in the Germany and Europe segments. The heads of the segments are members of the Group Executive Board. The Group Executive Board is the highest operational management body that measures the success of the operating segments and allocates resources. The profitability of the segments is determined at the level of EBITDA adjusted which represents the development of the operating result adjusted for special items, i.e. effects that are special in their nature and magnitude for the management of the Group. This includes, in particular, expenses and income related to acquisitions, restructuring, integration and legal cases. For the calculation, EBITDA is increased or decreased by such expenses and income from special effects. Assets and liabilities are not allocated to the operating segments in the management reports. Cost of group-wide functions of DocMorris AG (Corporate) such as strategic management, technology development and financing are allocated to the segments corresponding to their relative size to the Group.

The following tables show the operating segments of the Group (continuing operations) for the year ending 31 December 2023 and the previous year as at 31 December 2022.

1.1. – 31.12.2023	Germany	Europe	Group (continuing operations)
	CHF 1,000	CHF 1,000	CHF 1,000
Income statement			
Net revenue with external customers	**907,382**	**62,080**	**969,462**
EBITDA adjusted	–31,842	–3,037	**–34,879**
Adjustments [1]			**–3,490**
Earnings before interest, taxes, depreciation and amortisation (EBITDA)			**–38,369**
Depreciation and amortisation			**–44,857**
Earnings before interest and taxes (EBIT)			**–83,226**
Share of results of joint ventures and associates			**–712**
Finance result, net			**–34,718**
Earnings before taxes (EBT)			**–118,656**

1) Includes expenses and income related to acquisitions and disposals of CHF -234 thousand, restructuring and integration of CHF -4,844 thousand and other exceptional items of CHF 1,588 thousand

1.1 - 31.12.2022 (restated)	Germany	Europe	Group (continuing operations)
	CHF 1,000	CHF 1,000	CHF 1,000
Income statement			
Net revenue with external customers	**858,533**	**72,436**	**930,969**
EBITDA adjusted	–73,555	–11,898	**–85,453**
Adjustments [1]			**–7,148**
Earnings before interest, taxes, depreciation and amortisation (EBITDA)			**–92,601**
Depreciation and amortisation			**–47,389**
Earnings before interest and taxes (EBIT)			**–139,990**
Share of results of joint ventures and associates			**–1,088**
Finance result, net			**–28,038**
Earnings before taxes (EBT)			**–169,116**

1) Includes expenses and income related to acquisitions of CHF 14,690 thousand, restructuring and integration of CHF -17,489 thousand and other exceptional items of CHF -4,349 thousand

Net revenue by customer location	Germany	Other	Group (continuing operations)
	CHF 1,000	CHF 1,000	CHF 1,000
2023	**907,382**	**62,080**	**969,462**
2022 (restated)	858,533	72,436	930,969

Non-current assets by registered office of the company [1]	Switzerland	Netherlands	Germany	Other	Group
	CHF 1,000	CHF 1,000	CHF 1,000	CHF 1,000	CHF 1,000
2023	**65,880**	**330,392**	**155,951**	**4,914**	**557,137**
2022	132,602	358,164	172,073	5,875	668,714

1) Non-current assets excluding investments in joint ventures and associates, non-current financial assets and deferred taxes

The Germany segment consists of the B2C business.

The Europe segment contains the Marketplace business, through which pharmacy-type products in health, cosmetics and personal care are traded.

The breakdown of net revenue with external customers by segment is shown in the following tables.

Net revenue		**1.1. – 31.12.2023**	**1.1. – 31.12.2022**
Segment	Type of goods or service	CHF 1,000	CHF 1,000
			restated[1]
Germany	Retail Business (B2C)	**907,382**	858,533
Europe	Marketplace	**62,080**	72,436
Total net revenue with external customers		**969,462**	930,969

1) See Note 6.2 Discontinued operations

6 Changes in consolidation scope

The scope of consolidation has changed in 2023 as a result of the following transactions:

6.1 Acquisitions

No acquisitions took place in 2023. However, DocMorris settled certain deferred and contingent liabilities of prior acquisitions (refer to Note 33). Additionally, the purchase price allocation of Aerztemedika AG was finalised without any adjustments to the amounts reported in 2022.

On 29 April 2022, DocMorris AG acquired Aerztemedika AG located in Liestal. The purchase price of CHF 3.9 million consisted of a cash payment of CHF 3.5 million and a deferred purchase price payment of CHF 0.4 million that was paid in 2023 (included within investing cash flows from discontinued operations). The goodwill was allocated to the Switzerland segment. Aerztemedika was sold to Medbase AG on 4 May 2023 as part of the disposal of the Swiss business (see Note 6.2).

The change in goodwill from CHF 400.8 million as at 31 December 2022 to CHF 360.4 million as at 31 December 2023 is due to the disposal of the Swiss business to Medbase AG (CHF –16.9 million, see Note 6.2) and to foreign currency effects (CHF –23.5 million).

6.2 Discontinued operations

On 4 May 2023, DocMorris disposed the Swiss business (Switzerland segment) with all operating units (Zur Rose Suisse AG, Bluecare AG, Clustertec AG, Specialty Care Therapiezentrum AG, Aerztemedika AG) and the investments in joint ventures (ZRMB Marketplace AG, MBZR Apotheken AG, PolyRose AG) to the healthcare provider and Migros subsidiary Medbase AG, headquartered in Winterthur, Switzerland.

The cash inflow from the disposal consists of CHF 181.6 million for shares sold and CHF 115.9 million for outstanding loans settled. The loans settled included loans to the former subsidiaries (CHF 105.6 million) and the former joint ventures (CHF 10.3 million). After deducting CHF 12.5 million of cash and cash equivalents disposed, CHF 6.5 million of transaction costs paid and CHF 2.8 million of income taxes paid, the disposal of the Swiss business resulted in a net cash inflow of CHF 275.7 million.

	04.05.2023
	CHF 1,000
Cash received	297,494
Fair value earn-out consideration	44,650
Total consideration	**342,144**
Net assets disposed	21,822
Loans disposed	115,879
Gross gain on disposal	**204,443**
Total transaction costs (recognised in current and previous year)	6,501
Gain on disposal before income taxes	**197,942**
Income taxes	2,830
Gain on disposal after income taxes	**195,112**
Plus transaction costs already recognised in previous year	817
Gain on disposal after income taxes recognised in the fiscal year	**195,929**

The gain on disposal after income taxes recognised in the 2023 fiscal year amounts to CHF 195.9 million. Of the total transaction costs of CHF 6.5 million, CHF 0.8 million were already recognised in the previous year, and were accordingly adjusted to calculate the gain on disposal recognised in the 2023 fiscal year.

The following table shows the income statement for the Switzerland segment (discontinued operations). The resulting earnings per share (basic and diluted) for period 2023 are CHF 17.12 (previous year: CHF –0.00).

	1.1 – 04.05.2023		**1.1. – 31.12.2022**	
	CHF 1,000	%	CHF 1,000	%
Net revenue	**236,238**	**100.0**	677,253	100.0
Other operating income	**196**		628	
Operating expenses	**–231,121**		–662,120	
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	**5,313**	**2.2**	15,761	2.3
Depreciation, amortisation and impairment	**–1,297**		–15,241	
Earnings before interest and taxes (EBIT)	**4,016**	**1.7**	520	0.1
Financial result	**–59**		–456	
Earnings before taxes (EBT)	**3,957**	**1.7**	64	0.0
Income tax income / (expense)	**–41**		750	
Net income / (loss)	**3,916**	**1.7**	814	0.1
Gain / (loss) on disposal after income taxes recognised in the financial year	**195,929**		–817	
Net income / (loss) from discontinued operations	**199,845**	**84.6**	–3	-0.0

The following table shows the balance sheet for the Switzerland segment at the time of disposal.

	04.05.2023
	CHF 1,000
Cash and cash equivalents	12,497
Trade receivables	69,424
Inventories	33,631
Other current assets	13,196
Property, plant and equipment	8,080
Right-of-use assets	3,107
Intangible assets	61,253
Deferred tax assets	3,500
Total assets	**204,688**
Current liabilities	67,649
Non-current lease liabilities	4,094
Other non-current financial liabilities	105,600
Pension obligations	5,094
Deferred tax liabilities	429
Total liabilities	**182,866**
Net assets	**21,822**

7 Other operating income

	2023	2022
	CHF 1,000	CHF 1,000
		restated[1]
Rental income from third parties	**1,380**	590
Income from partnerships	**0**	1,331
Fair value adjustment on contingent consideration[2]	**0**	17,507
Other income[3]	**5,529**	3,074
	6,909	22,502

1) See Note 6.2 Discontinued operations
2) Includes in 2022 the fair value adjustment of the contingent consideration Apotal (see Note 33 Financial instruments)
3) Includes in 2023 the fair value adjustment of the earn-out receivable resulting from the disposal of the Swiss business in the amount of CHF 2,350 thousand (see Note 33 Financial instruments)

8 Cost of goods

	2023	2022
	CHF 1,000	CHF 1,000
		restated[1]
Goods purchased and held for resale (net)	**–762,530**	–767,714
Packaging materials / waste	**–3,584**	–3,104
	–766,114	–770,818

1) See Note 6.2 Discontinued operations

9 Personnel expenses

	2023	2022
	CHF 1,000	CHF 1,000
		restated[1]
Wages and salaries	**–73,132**	–76,152
Pension expenses	**–1,357**	–1,479
Other social security expenses	**–17,098**	–17,798
Other personnel expenses	**–17,262**	–18,235
	–108,849	–113,664

1) See Note 6.2 Discontinued operations

The decrease in personnel expenses is mainly due to cost reductions in connection with integrations.

10 Other operating expenses

	2023	2022
	CHF 1,000	CHF 1,000
		restated[1]
Distribution expenses	**–47,791**	–36,991
Office and administrative expenses	**–25,528**	–49,591
Marketing and acquisition expenses	**–48,781**	–52,816
Expenditure on premises	**–4,797**	–6,001
Fair value adjustment of contingent consideration	**–618**	–810
Other	**–12,262**	–15,381
	–139,777	–161,590

1) See Note 6.2 Discontinued operations

The decrease in other operating expenses is mainly due to cost reductions in connection with integrations and less recognised provisions compared to prior year (see note 28).

11 Financial result

	2023	2022
	CHF 1,000	CHF 1,000
		restated[1]
Finance income		
Interest income[2]	**2,911**	198
Interest income from joint ventures and associates	**112**	167
Gain on disposal from joint ventures and associates	**0**	2,510
Dividends	**188**	0
Gain on repurchased bonds[3]	**6,459**	0
Income from securities	**2**	14
	9,672	2,889
Finance expenses		
Interest expenses	**–18,109**	–16,511
Bank charges and fees	**–804**	–1,066
Foreign exchange losses, net	**–24,448**	–12,326
Interest expenses on leases	**–1,029**	–1,024
	–44,390	–30,927
Financial result (net)	**–34,718**	–28,038

1) See Note 6.2 Discontinued operations
2) Includes interest income on term deposits and penalty interests on late payments related to performance obligations fulfilled in previous years
3) See Note 25 Financial liabilities

12 Income tax income / (expense)

	2023	2022
	CHF 1,000	CHF 1,000
		restated[1]
Current income tax of the current period	**6**	–1,904
Deferred income tax	**1,085**	–92
	1,091	–1,996

1) See Note 6.2 Discontinued operations

Pillar Two legislation has been enacted or substantively enacted in certain jurisdictions in which the Group operates. The legislation will be effective for the Group's financial year beginning 1 January 2024. The Group has performed an assessment of the Group's potential exposure to Pillar Two income taxes. This assessment is based on the most recent information available regarding the financial performance of the constituent entities in the Group. Based on the assessment performed, the transitional safe harbour relief is applicable in almost all countries in which the Group operates and Pillar Two legislation has been enacted or substantively enacted and management is not currently aware of any circumstances under which this might change. The Group does not expect a material exposure to Pillar Two income taxes in those jurisdictions where the transitional safe harbour relief does not apply and the Pillar Two effective tax rate is below 15 percent. The Group has applied the mandatory exception to recognise and disclose information about deferred tax assets and liabilities arising from Pillar Two income taxes.

Analysis of tax expenses	2023	2022
	CHF 1,000	CHF 1,000
		restated[1]
Earnings before taxes (EBT) (continuing operations)	– 118,656	– 169,116
Tax rate of the parent company	13.2%	13.2%
Expected income/expenses from income tax	15,674	22,340
Effect of unrecognised tax losses	– 27,809	– 51,002
Effect of tax losses not recognised in previous periods	492	955
Effect of non-deductible expenses and income[2]	2,094	12,879
Effect of differing tax rates at foreign subsidiaries	9,663	14,804
Tax effects from previous periods	478	0
Effect of valuation adjustment on deferred tax assets	1,741	– 2,298
Effect of tax rate changes	– 1,557	0
Other effects	315	326
	1,091	– 1,996

1) See Note 6.2 Discontinued operations
2) In 2022, the effect of non-deductible expenses and income was mainly due to impairments on investments

Additional information on deferred taxes can be found in Note 24.

13 Cash and cash equivalents	31.12.2023	31.12.2022
	CHF 1,000	CHF 1,000
CHF	18,978	71,817
EUR	35,034	54,225
RON	16	0
	54,028	126,042

Cash at financial institutions bears variable interest rates for balances callable on demand. Short-term deposits are made for varying periods of between one day and three months, depending on the respective cash requirements. Short-term deposits earn interest at the respective short-term deposit rates.

14 Trade receivables	31.12.2023	31.12.2022
	CHF 1,000	CHF 1,000
From third parties	57,633	133,614
From joint ventures and associates	511	2,647
Bad debt allowance	– 2,757	– 6,910
	55,387	129,351

Due to the diversified customer base, there are no significant concentrations of credit risk. Most payments are made by direct debit and are thus generally recoverable before their due date. The receivables are settled by the customers in the local currency of their home market. The decrease compared to prior year is mainly due to the disposal of the Swiss business (see Note 6.2).

The aging schedule of trade receivables is as follows:

			31.12.2023			**31.12.2022**
CHF 1,000	Gross	Expected credit losses	Net	Gross	Expected credit losses	Net
Total receivables	58,144	2,757	**55,387**	136,261	**6,910**	**129,351**
not due	26,385	2	**26,383**	90,480	133	90,347
less than 30 days overdue	24,374	11	**24,363**	31,420	711	30,709
31 – 60 days overdue	2,938	22	**2,916**	8,274	1,517	6,757
61 – 90 days overdue	374	5	**369**	1,462	343	1,119
91 – 180 days overdue	2,752	1,731	**1,021**	683	420	263
181 – 360 days overdue	1,231	896	**335**	688	592	96
> 360 days overdue	90	90	**0**	3,254	3,194	60

The value adjustment on trade receivables (bad debt allowance) has developed as follows:

Bad debt allowance	**2023**	**2022**
	CHF 1,000	CHF 1,000
1 January	**– 6,910**	–6,157
Additions	**– 3,378**	–3,635
Utilisation	**5,298**	2,725
Reversals	**105**	37
Disposal of Swiss business [1]	**2,288**	0
Exchange differences	**– 160**	120
31 December	**– 2,757**	–6,910

1) See Note 6.2 Discontinued operations

15 Accrued income and prepaid expenses	**31.12.2023**	**31.12.2022**
	CHF 1,000	CHF 1,000
Accrued income from joint ventures and associates	**29**	4
Accrued income and prepaid expenses	**12,517**	11,017
	12,546	11,021

16 Other receivables	**31.12.2023**	**31.12.2022**
	CHF 1,000	CHF 1,000
Payments on account and creditors with debit balances	**323**	6,340
VAT	**8,475**	7,233
Tax receivables	**1,097**	274
Security deposits	**681**	953
Other	**686**	1,130
	11,262	15,930

17 Inventories

	31.12.2023	31.12.2022
	CHF 1,000	CHF 1,000
Goods purchased and held for resale	**52,344**	84,754
Inventory allowance	**–586**	–1,574
	51,758	83,180

The decrease in the inventory is mainly due to the disposal of the Swiss business (see Note 6.2).

18 Investments in joint ventures and associates

The following companies were measured using the equity method in the consolidated financial statements of DocMorris AG:

		Carrying amount		Share of capital
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
Joint Ventures and associates	CHF 1,000	CHF 1,000	%	%
WELL Gesundheit AG, Zürich (CH)	**0**	0	**18.6**	18.6
König Gesellschaft für Image- und Dokumentenverarbeitung mbH, Gottmadingen (DE)	**968**	930	**50.0**	50.0
König IT-Systeme GmbH, Gottmadingen (DE)	**392**	377	**50.0**	50.0
DatamedIQ GmbH, Köln (DE)	**181**	204	**37.5**	37.5
PolyRose AG, Frauenfeld (CH) [1]	**n / a**	134	**n/a**	50.0
ZRMB Marketplace AG, Frauenfeld (CH) [1/2]	**n / a**	0	**n/a**	49.9
MBZR Apotheken AG, Frauenfeld (CH) [1/3]	**n / a**	0	**n/a**	49.9
Total investments	**1,541**	1,645		

1) See Note 6.2 Discontinued operations
2) Unrecognised share of losses 0 (previous year: CHF 1,163 thousand)
3) Unrecognised share of losses 0 (previous year: CHF 3,560 thousand)

The König companies offer a comprehensive service to mail-order pharmacies for all matters related to the prescription invoice.

DatamedIQ GmbH helps pharmaceutical companies manage their mail-order activities with innovative analyses and exclusive databases.

WELL Gesundheit AG was founded in 2020 with three other Swiss partners from different areas of the healthcare sector to jointly run a company operating an integrated digital healthcare platform. In 2022, the existing shareholders sold their shares on a pro rata basis to two new investors. Despite holding less than 20 per cent of the voting rights, DocMorris AG has significant influence due to contractual agreements and accounts for WELL Gesundheit AG as an associate. DocMorris's share of losses of WELL Gesundheit AG amounts to CHF 737 thousand in 2023 and CHF 1,135 thousand in 2022. In prior year DocMorris accrued CHF 566 thousand of unrecognised losses because of its financing obligations. In 2023, DocMorris granted a loan to WELL Gesundheit AG of CHF 745 thousand, whereby the loans granted to the associate are considered part of the net investment. This loan was offset against the previous year's accrued losses of CHF 566 thousand and the balance of CHF 179 thousand was impaired because of the current year's share of losses. The Group's remaining share of losses of CHF 558 thousand not recognised using the equity method was recognised as accrued expenses due to financing obligations (see Note 27). In addition, there are unrecognised financing liabilities of CHF 7 thousand (2022: CHF 743 thousand).

19 Property, plant and equipment

	Real estate	Lease-hold and equipment	Office furnishings and IT systems	Vehicles	Total
	CHF 1,000	CHF 1,000	CHF 1,000	CHF 1,000	CHF 1,000
Cost					
1 January 2022	**20,389**	**67,268**	**28,693**	**1,142**	**117,492**
Additions	504	10,285	2,261	109	13,159
Additions from acquisition of subsidiaries	0	0	2	16	18
Disposals	0	–251	–1,095	–344	–1,690
Other movements	0	–792	792	0	0
Exchange differences	–341	–1,999	–429	–2	–2,771
31 December 2022	**20,552**	**74,511**	**30,224**	**921**	**126,208**
Additions	150	3,673	[3] 900	52	4,775
Disposals	0	–567	–272	0	–839
Non-current assets held for sale [1]	–9,773	–5,232	0	0	–15,005
Disposal of Swiss business [2]	0	–26,680	–13,624	–735	–41,039
Exchange differences	–455	–3,243	–485	–6	–4,189
31 December 2023	**10,474**	**42,462**	**16,743**	**232**	**69,911**
Accumulated depreciation and impairment					
1 January 2022	**6,485**	**31,644**	**18,804**	**931**	**57,864**
Additions	592	5,579	1,409	43	7,623
Additions from discontinued operations [2]	0	1,711	912	28	2,651
Disposals	0	–248	–1,065	–215	–1,528
Impairment losses	0	341	4	0	345
Other movements	0	–393	393	0	0
Exchange differences	–101	–571	–348	–2	–1,022
31 December 2022	**6,976**	**38,063**	**20,109**	**785**	**65,933**
Additions	324	7,224	1,386	13	8,947
Additions from discontinued operations [2]	0	135	89	3	227
Disposals	0	–496	–229	0	–725
Non-current assets held for sale [1]	–2,150	–1,184	0	0	–3,334
Disposal of Swiss business [2]	0	–21,313	–11,067	–579	–32,959
Exchange differences	–143	–1,356	–507	–6	–2,012
31 December 2023	**5,007**	**21,073**	**9,781**	**216**	**36,077**
Net carrying amount as at					
31 December 2022	13,576	36,448	10,115	136	60,275
31 December 2023	**5,467**	**21,389**	**6,962**	**16**	**33,834**

1) See Note 22 Non-current assets held for sale
2) See Note 6.2 Discontinued operations
3) Of which CHF 6 thousand of additions yet to be paid

As of 31 December 2023, no property, plant and equipment is pledged (previous year: CHF 6,163 thousand in relation with the properties in Frauenfeld and Steckborn).

20 Right-of-use assets and leases

DocMorris mainly leases various office and warehouse buildings, equipment and vehicles. The terms of lease agreements are negotiated individually and ranges from one to fifteen years. Leases are generally entered into for a fixed period, but may include renewal options.

In the Consolidated Cash Flow Statement, principal payments on lease liabilities are shown under cash flow from financing activities. Cash flow from operating activities includes interest payments on lease liabilities, reported under interest paid. During the year under review, the total cash outflow relating to lease activities of the Group (continuing operations) was CHF 6.2 million (previous year: CHF 6.3 million).

The following expenses relating to the leasing activities of the Group were charged through the income statement:

Leasing activities	2023	2022
	CHF 1,000	CHF 1,000
		restated[1)]
Expense for short-term lease contracts	534	635
Expense for equipment of low value	6	41
Expense recognised in other operating expenses	**540**	**676**
Depreciation of right-of-use assets	5,346	5,208
Interest expense on lease liabilities	1,029	1,024
Total expense recognised in the income statement	**6,915**	**6,908**

1) See Note 6.2 Discontinued operations

Right-of-use assets

	Real estate	Lease-hold and equipment	Office furnishings and IT systems	Vehicles	Total
	CHF 1,000	CHF 1,000	CHF 1,000	CHF 1,000	CHF 1,000
Net book values 2022					
1 January 2022	35,801	2,598	77	599	39,075
Additions	932	0	0	363	1,295
Reassessments	3,637	0	0	–8	3,629
Depreciations	–4,550	–498	–30	–130	–5,208
Depreciation from discontinued operations [1]	–462	–32	–7	–232	–733
Exchange differences	–1,417	–97	–2	–9	–1,525
31 December 2022	**33,941**	**1,971**	**38**	**583**	**36,533**
Net book values 2023					
1 January 2023	33,941	1,971	38	583	36,533
Additions	308	5	0	308	621
Reassessments	1,441	0	0	–19	1,422
Depreciations	–4,701	–480	–29	–136	–5,346
Depreciation from discontinued operations [1]	–39	–3	0	–18	–60
Disposal of Swiss business [1]	–2,429	–220	0	–458	–3,107
Exchange differences	–1,741	–85	–2	–15	–1,843
31 December 2023	**26,780**	**1,188**	**7**	**245**	**28,220**

1) See Note 6.2 Discontinued operations

21 Intangible assets

	Goodwill	Software and development costs	Trademarks, customers	Total
	CHF 1,000	CHF 1,000	CHF 1,000	CHF 1,000
Cost				
1 January 2022	**435,813**	**218,397**	**95,841**	**750,051**
Additions	0	42,904	0	42,904
Additions from acquisition of subsidiaries	211	0	1,618	1,829
Disposals	0	−9,861	0	−9,861
Exchange differences	−18,132	−5,027	−3,204	−26,363
31 December 2022	**417,892**	**246,413**	**94,255**	**758,560**
Additions	0	2/4) 44,279	0	44,279
Disposal of Swiss business 1)	−17,656	−97,718	−2,161	−117,535
Exchange differences	−24,821	−7,910	−4,370	−37,101
31 December 2023	**375,415**	**185,064**	**87,724**	**648,203**
Accumulated amortisation and impairment				
1 January 2022	**17,402**	**112,511**	**24,776**	**154,689**
Additions	0	19,183	7,627	26,810
Additions from discontinued operations 1)	0	11,749	108	11,857
Disposals	0	−9,559	0	−9,559
Impairment losses	0	5) 7,156	5) 247	7,403
Exchange differences	−290	−3,138	−1,118	−4,546
31 December 2022	**17,112**	**137,902**	**31,640**	**186,654**
Additions	0	22,159	6,984	29,143
Additions from discontinued operations 1)	0	996	14	1,010
Impairment losses	0	5) 1,421	0	1,421
Disposal of Swiss business 1)	−772	−55,388	−122	−56,282
Exchange differences	−1,298	−5,317	−2,211	−8,826
31 December 2023	**15,042**	**101,773**	**36,305**	**153,120**
Net carrying amount as at				
31 December 2022	400,780	108,511	62,615	571,906
31 December 2023	**360,373**	**83,291**	3) **51,419**	**495,083**

1) See Note 6.2 Discontinued operations
2) Of which CHF 245 thousand of additions yet to be paid
3) Of which CHF 20,323 thousand (previous year CHF 20,323 thousand) for the DocMorris trademark (strategic trademark with high trademark awareness) with an indefinite useful life, and in particular for the Apotal trademark of CHF 1.5 million (previous year CHF 2.5 million) and for the Apotal customers of CHF 10.9 million (previous year CHF 13.4 million) with a remaining term of 1.5 years respectively 6.5 years as well as for the medpex trademark of CHF 4.3 million (previous year CHF 5.4 million) and for the medpex customers of CHF 7.4 million (previous year CHF 9.5 million) with a remaining term of 5 years.
4) Of which CHF 19,166 thousand own work capitalised (previous year CHF 23,379 thousand)
5) Includes in 2023 an impairment loss on development costs of CHF 1,421 thousand in Corporate in connection with changing market conditions and customer needs. In 2022, an impairment loss of CHF 6,086 thousand was recognised on software and trademark in the Germany segment and an impairment loss of CHF 1,317 thousand was recognised on development costs in Corporate in connection with integrations.

Impairment testing of intangible assets with indefinite useful lives

Based on the five-year plan approved by the Board of Directors (consisting of one budget year and four plan years), DocMorris tests intangible assets with indefinite useful lives for impairment at the end of the financial year (or earlier if there are indications of impairment). The test is carried out using the value in use method, which is based on the cash flows derived from the five-year plan and the cash flows extrapolated with a growth rate after the fifth year of the plan. The intangible assets (goodwill and trademarks) acquired as part of business combinations were allocated to the cash generating units (CGUs) Germany and Europe, which are the operating and reportable segments of the Group. As a result of the disposal of the Swiss business in 2023, the CGU Switzerland ceased to exist (see Note 6.2). The DocMorris trademark is tested for impairment at the level of the DocMorris trademark CGU, which is included in the Germany CGU.

Cash-generating units and intangibles	Switzerland [2) / 3)]		Germany [1)]		Europe	
	2023	**2022**	**2023**	**2022**	**2023**	**2022**
	CHF 1,000	CHF 1,000	CHF 1,000	CHF 1,000	CHF 1,000	CHF 1,000
Goodwill	**0**	16,884	**357,569**	380,909	**2,804**	2,987
Trademarks	**0**	543	**20,323**	20,323	**0**	0
	0	**17,427**	**377,892**	**401,232**	**2,804**	**2,987**

1) The CGU Germany comprises the CGU trademark DocMorris, at the level of which the impairment test for the DocMorris trademark is performed.
2) See Note 6.2 Discontinued operations.
3) Due to the sale of the Swiss business, the 2022 impairment test of the goodwill and trademarks of the CGU Switzerland was based on the fair value less costs of disposal.

The following tables illustrate the pre-tax discount rates and the EBITDA margin for residual value.

Discount rates	2023	2022
	%	%
Germany	**10.8**	[1)] 11.7
Europe	**13.1**	12.6
Trademark DocMorris	**10.4**	11.3

1) The technical calculation of the value in use method was slightly revised in 2023. The previous year's value was adjusted accordingly.

EBITDA margins for residual value	2023	2022
	%	%
Germany	**7.3**	7.0
Europe	**8.2**	6.4
Trademark DocMorris	**6.9**	7.4

The growth rates for the residual values for Germany, Europe and the DocMorris trademark are 2.0% in 2023 (previous year: 1.0%).

Underlying assumptions to determine value in use
The value in use is based on the following significant assumptions, which are subject to estimation uncertainty and for reasons of materiality are disclosed only for the CGU Germany:

- Online penetration of prescription medicine (Rx) in Germany as main driver for sales growth
- Development of EBITDA margin
- Discount rates

Online penetration of prescription medicine (Rx) in Germany as main driver for sales growth
The sales development of the CGU is based on a budgeted year and a business plan for the following years. Sales planning is based on historical values per customer group and takes into consideration the planned marketing budget. The business in the CGU Germany focuses on over-the-counter medicines and healthcare products (OTC/BPC) in an established market and prescription medicines (Rx) in a digitalizing market. The main driver for sales growth of the CGU Germany is the expected online penetration of Rx where a broad range of outcomes with a high volatility is conceivable. As per January 2024, electronic prescriptions were mandatorily introduced. The value in use of the CGU Germany is significantly dependent on the assumption of how many customers will switch to the online channel (Rx online penetration). This also depends on the acceleration of the digitalization in the healthcare sector in general and specifically the convenience of the online ordering process.

When determining the expected Rx online penetration, management reviewed the planning against available external market research data and assessed how its own market position could change in comparison to its competitors during the forecast period. Management believes that a leading market position could be maintained also in a stronger competitive environment. In 2023, the prescription process is predominantly paper-based and only 0.7% of prescription medicines are purchased online via mail-order in Germany. In Sweden, the most comparable market, around 10% of all prescriptions were filled online within five years and the rate continued to increase thereafter. Management also considered the current online penetration of the OTC/BPC business in Germany of around 25%.

Based on these considerations, management expects a significant shift from the offline to the online channel for prescription medicine in Germany in the planning years, with an Rx online penetration of 10% in the residual value (unchanged to the previous year). Achieving a lower Rx online penetration would have a significant impact on the value in use of the CGU Germany.

Management has performed the following sensitivity analyses for the assumption of the Rx online penetration. The calculations assume that the projected EBITDA margin remains stable at around 7% in the terminal value calculation despite the lower penetration rate.

	Rx online penetration after 5 years	Headroom (EUR million)	Headroom in % to value in use
Base Case	10%	1,023	64%
Sensitivity 1	5%	501	47%
Sensitivity 2	1.7%	–5	–1%

An Rx online penetration after 5 years of 1.7% or less would result in an impairment of the CGU Germany.

Development of the EBITDA margin

The EBITDA margin is based on a bottom-up analysis of the current profitability, future income streams and the associated economies of scale as well as further efficiency gains and cost savings from measures introduced. Expected inflation and future market growth projections are also taken into account. The current EBITDA margin is -2%. Based on this, an average annual increase in profitability of just under 2 percentage points (previous year: 2.7 percentage points) is estimated up to an EBITDA margin of 7.3% (previous year: 7.0%) in the final planning year and in the residual value. A lower increase in volume, or unrealised synergy and efficiency gains may lead to a reduction in the planned EBITDA margin. An EBITDA margin increase to just 3.9% (previous year: 4.6%) within the next five years and for the residual value calculation, would lead to the value in use being equal to the carrying amount of the CGU Germany and thus the erosion of the headroom of EUR 1,023 million.

Discount rates

The discount rates represent the current market assessment of the specific risks of the CGU, taking into account the time value of money and the individual risks of the underlying assets that are not included in the cash flow estimates. The calculation of the discount rate is based on the specific circumstances of the Group and its business segments and is derived from the weighted average cost of capital (WACC). An increase in the pre-tax discount rate of 10.5 percentage points (previous year: 7.1 percentage points) to 21.3% (previous year: 18.8%) would lead to an impairment in the CGU Germany.

22 Non-current assets held for sale

Due to the disposal of the Swiss business, the Board of Directors of DocMorris AG decided in March 2023 to initiate the sales process for the administration and logistics building, including the land, used by the Swiss business but not sold to Medbase AG. The sale is expected in 2024. In the consolidated balance sheet as of 31 December 2023, the building and the land are reported as non-current assets held for sale (book value as of 31 December 2023: CHF 11.7 million). No depreciation has been made on the building since the end of March 2023.

23 Non-current financial assets

	31.12.2023	**31.12.2022**
	CHF 1,000	CHF 1,000
Equity securities	**68**	46
Loans granted	**11,139**	26,486
Receivables sub leasing	**0**	1,878
	11,207	28,410

The position Loans granted include a loan to WELL Gesundheit AG of CHF 1,396 thousand (previous year: CHF 1,396 thousand), a loan to the sellers of the Apotal Group of CHF 9,443 thousand (previous year: CHF 10,010 thousand) and loans to board members and employees of CHF 300 thousand (previous year: CHF 1 thousand). Due to the disposal of the Swiss business on 4 May 2023 (see note 6.2), the loans granted by DocMorris AG to MBZR Apotheken AG and ZRMB Marketplace AG of CHF 10,279 thousand (previous year: CHF 10,279 thousand) were settled in cash. The loans from Zur Rose Suisse AG to MBZR Apotheken AG and ZRMB Marketplace AG of CHF 4,550 thousand (previous year: CHF 4,550 thousand), the loan to PolyRose AG of CHF 100 thousand (previous year: CHF 100 thousand), other loans to third parties of CHF 131 thousand (previous year: CHF 150 thousand) and the sub leasing receveibles of CHF 2,057 thousand (previous year: CHF 1,878 thousand) were disposed as part of the Swis business (included in other current assets, see note 6.2).

24 Deferred tax

	Balance sheet		Income statement	
Net carrying amounts	**31.12.2023**	**31.12.2022**	**2023**	**2022**
	CHF 1,000	CHF 1,000	CHF 1,000	CHF 1,000
Deferred tax due to temporary differences				
Deferred tax assets				
Non-current assets	**1,252**	1,652	**221**	–1,812
Pension obligations	**164**	1,015	**30**	79
Tax loss carryforwards	**20,590**	13,031	**9,753**	5,175
	22,006	15,698	**10,004**	3,442
Deferred tax liabilities				
Intangible assets	**–25,431**	–9,589	**–16,418**	–1,987
Provisions	**–70**	–7,364	**7,305**	–855
Convertible bond	**–588**	–818	**230**	94
	–26,089	–17,771	**–8,883**	–2,748
Net deferred tax liabilities	**–4,083**	–2,073		
Deferred tax expense (income)			**1,121**	694
of which discontinued operations [1]			**36**	786

1) See Note 6.2 Discontinued operations

Deferred tax reported in the balance sheet	**31.12.2023**	**31.12.2022**
	CHF 1,000	CHF 1,000
Deferred tax assets	**2,864**	4,792
Deferred tax liabilities	**–6,947**	–6,865
	–4,083	–2,073

Movement of deferred tax	**2023**	**2022**
	CHF 1,000	CHF 1,000
1 January	**–2,073**	–995
Recognition/reversal of deferred tax in income statement	**1,121**	694
Recognition/reversal of deferred tax in other comprehensive income	**–124**	–834
Recognition/reversal of deferred tax in retained earnings [1]	**0**	–788
Additions from acquisition of subsidiaries	**0**	–254
Disposal of Swiss business [2]	**–3,071**	0
Exchange differences	**64**	104
31 December	**–4,083**	–2,073

1) Deferred tax on the equity component of the convertible bond issued in 2022 (see Note 25 Financial liabilities)
2) See Note 6.2 Discontinued operations

Unrecognised deferred tax assets
Deferred tax assets on loss carryforwards and expected tax credits are recognised only if it is probable that future taxable profits will be available, against which the tax losses or credits can be used for tax purposes.

Tax loss carryforwards	31.12.2023	31.12.2022
	CHF 1,000	CHF 1,000
Total tax loss carryforwards	**736,341**	733,881
Of which loss carryforwards recognised in deferred income tax	**81,163**	85,413
Unrecognised tax loss carryforwards (total)	**655,178**	648,468

Deferred tax assets from loss carryforwards changed as follows:

Movement in tax assets from loss carryforwards	2023	2022
	CHF 1,000	CHF 1,000
1 January	**13,031**	7,856
Recognition of deferred tax assets from loss carryforwards	**17,258**	5,388
Remeasurement of deferred taxes capitalised in previous year	**– 6,342**	0
Use of deferred tax assets from loss carryforwards	**– 955**	– 213
Disposal of Swiss business [1]	**– 2,125**	0
Exchange differences	**– 277**	0
31 December	**20,590**	13,031

1) See Note 6.2 Discontinued operations

	31.12.2023	31.12.2022
	CHF 1,000	CHF 1,000
Unrecognised loss carryforwards expire as follows:		
In two to five years [1]	**0**	20,875
In more than five years [1]	**63,203**	200,564
Unlimited	**591,975**	427,029
	655,178	648,468
Tax effect on unrecognised tax loss carryforwards	**162,526**	145,829

1) The change in unrecognised loss carryforwards mainly relates to the disposal of the Swiss business (see Note 6.2 Discontinued operations).

In addition to the unrecognised loss carryforwards, DocMorris has further unrecognised deferred tax assets of CHF 1.7 million as of 31 December 2023, which expire pro rata each year until 2029.

Explanations on income tax and the analysis of tax expenses can be found in Note 12.

25 Financial liabilities

Current financial liabilities and bonds	31.12.2023	31.12.2022
	CHF 1,000	CHF 1,000
Current lease liabilities	**3,878**	5,278
Bond 2.5% 2018–2023, nominal CHF 115 million	**0**	30,229
Bond 2.5% 2019–2024, nominal CHF 200 million	**90,665**	0
Deferred consideration liabilities	**0**	11,531
Contingent consideration liabilities	**0**	14,183
Other current financial liabilities	**3,329**	0
	97,872	61,221

Non-current financial liabilities and bonds	31.12.2023	31.12.2022
	CHF 1,000	CHF 1,000
Bond 2.5% 2019–2024, nominal CHF 200 million	**0**	199,126
Convertible Bond 2.75% 2020–2025, nominal CHF 175 million	**121,670**	172,924
Convertible Bond 6.875% 2022–2026, nominal CHF 95 million	**89,772**	88,153
Non-current lease liabilities	**24,830**	32,926
Other non-current financial liabilities	**10,778**	0
	247,050	493,129

On 26 March 2020 DocMorris placed a senior unsecured convertible bond in the amount of CHF 175 million maturing in 2025. The convertible bond has a coupon of 2.75 per cent per annum and a conversion price of CHF 142.39. If not previously converted, redeemed or repurchased and cancelled, the bond will be redeemed at 100 per cent at maturity, scheduled for 31 March 2025. No rights were converted during the reporting period. In 2023, DocMorris acquired approximately 30% of this convertible bond, resulting in payments including interest totaling CHF 48.2 million and in a repurchase gain of CHF 4.3 million.

On 1 September 2022 DocMorris placed a senior unsecured convertible bond in the amount of CHF 95 million maturing in 2026. The convertible bond has a coupon of 6.875 per cent per annum and a conversion price of CHF 49.73. If not previously converted, redeemed or repurchased and cancelled, the bond will be redeemed at 100 per cent at maturity, expected on 15 September 2026. No rights were converted in the reporting period.

With a value date of 1 June 2023, the Group repurchased 55% of the 2.5% 2019–2024 bond (nominal CHF 200 million) at a buyback price of CHF 4,900 per bond (nominal CHF 5,000) or 98% of the nominal value, plus accrued and unpaid interest of CHF 65.97 (1.32%). The resulting payment including interest was CHF 107.9 million and the repurchase gain was CHF 2.2 million.

On 19 July 2023, the Group repaid in full the remaining balance of CHF 30.3 million on the bond 2.5% 2018–2023 (original nominal CHF 115 million).

Due to obligations and rights arising from multi-year technology agreements, CHF 14.1 million (of which CHF 3.3 million is current) is reported in other financial liabilities and CHF 13.3 million in intangible assets.

Changes in liabilities arising from financing activities	Bonds	Lease liabilities	Deferred and contingent consideration liabilities [1]	Other financial liabilities	Total
	CHF 1,000	CHF 1,000	CHF 1,000	CHF 1,000	CHF 1,000
1 January 2022	**485,407**	**39,745**	**44,013**	**0**	**569,164**
Proceeds from financial liabilities	87,706	0	0	0	87,706
Repayment of financial liabilities	–84,745	–5,467	0	0	–90,212
Change in financial liabilities (non-financing cash flow, non-cash movements)	2,064	1,797	–16,338	0	–12,477
Changes in fair values and other changes	0	3,629	0	0	3,629
Additions from acquisition of subsidiaries	0	0	369	0	369
Payment of purchase price	0	0	–654	0	–654
Currency translation effects	0	–1,500	–1,676	0	–3,176
31 December 2022	**490,432**	**38,204**	**25,714**	**0**	**554,350**
1 January 2023	**490,432**	**38,204**	**25,714**	**0**	**554,350**
Proceeds from financial liabilities	0	0	0	15,533	15,533
Repayment of financial liabilities	–185,109	–5,005	–11,118	–1,426	[3] –202,658
Change in financial liabilities (non-financing cash flow, non-cash movements)	3,243	899	618	0	4,760
Changes in fair values and other changes	0	1,422	0	0	1,422
Gain on repurchased bonds	–6,459	0	0	0	–6,459
Disposal of Swiss business [2]	0	–4,950	0	0	–4,950
Payment of purchase price	0	0	–11,178	0	–11,178
Settlement of Apotal contingent consideration liability in shares	0	0	–3,878	0	–3,878
Currency translation effects	0	–1,862	–158	0	–2,020
31 December 2023	**302,107**	**28,708**	**0**	**14,107**	**344,922**

1) See Note 33 Financial instruments
2) See Note 6.2 Discontinued operations
3) Of which CHF 368 thousands are repayments of lease liabilities allocated to discontinued operations

Average interest	2023	2022
	%	%
Bonds	**2.64**	2.75
Convertible Bonds	**5.89**	5.37
	4.93	4.16

26 Other payables

	31.12.2023	31.12.2022
	CHF 1,000	CHF 1,000
Social security	**2,357**	4,434
Debtors with credit balances	**393**	2,368
VAT	**8,317**	7,625
Other	**787**	1,493
	11,854	15,920

27 Accrued expenses

	31.12.2023	31.12.2022
	CHF 1,000	CHF 1,000
Goods purchased	**122**	5,137
Personnel expenses	**10,680**	12,856
Marketing expenses	**793**	2,042
Other operating expenses	**14,461**	19,090
Share of results of joint ventures and associates [1]	**558**	566
	26,614	39,691

1) See Note 18 Investments in joint ventures and associates

28 Provisions

	Other	Restructuring	Total
	CHF 1,000	CHF 1,000	CHF 1,000
1 January 2023	**8,786**	**951**	**9,737**
Recognition	633	0	633
Utilisation	–5,207	–866	–6,073
Reversal	–59	–68	–127
Foreign currency differences	–334	–17	–351
31 December 2023	**3,819**	**0**	**3,819**
of which short-term	3,819	0	3,819
of which long-term	0	0	0

Other provisions include mainly a risk position from a VAT case of approximately CHF 3.0 million (previous year: CHF 3.1 million) related to bonuses granted on prescriptions, a provision in connection with proceedings against a supplier of approximately CHF 0.3 million (previous year: CHF 0.0 million) and CHF 0.2 million (previous year: CHF 1.8 million) for onerous contracts due to integration activities in the Germany segment. In 2023, the provision in connection with insolvency proceedings against a former customer of approximately CHF 3.6 million was fully utilised and an item of approximately CHF 1.6 million was used for onerous contracts due to integration activities in the Germany segment. The restructuring provision related to integrations in the Germany segment was also fully utilised in 2023.

29 Pension obligations

There are pension plans in Switzerland and Germany which qualify as defined benefit plans in accordance with IAS 19. The German pension plan is unfunded. All other pension plans are defined contribution plans.

DocMorris AG as well as the disposed Swiss group companies are part of a semi-autonomous solution provided by a pension fund. This pension fund is a legally independent institution subject to the Swiss Federal Law on Occupational Old Age, Survivors' and Disability Pension Plans (Bundesgesetz über die berufliche Alters-, Hinterlassenen- und Invalidenvorsorge – BVG). The board of trustees of the fund is responsible for its management, the preparation of plan rules, the determination of the investment strategy and the financing of benefits. This board is made up of employee and employer representatives.

The pension fund's significant risks include investment risk, interest rate risk, disability risk, death risk and longevity risk. The semi-autonomous pension fund fully bears the risk of longevity and the interest and investment risk itself, with the risks of disability and death covered by Swiss insurance companies. An adverse development of the risks borne by the semi-autonomous pension fund may, according to the BVG, lead to an underfunding of the relevant fund. In such cases, the law requires restructuring measures (e.g. additional contributions or lower interest credited to savings accounts) to be implemented by the affiliated companies and their policyholders until the coverage ratio returns to 100 per cent.

Beneficiaries are insured against the financial consequences of old age, death and disability. Benefits for beneficiaries are determined in the pension plan rules and go beyond the minimum benefits of the BVG. Retirement benefits are based on the retirement savings of each insured individual, which increase as a result of annual employer and employee contributions and interest credited. Annual contributions are determined in the pension plan rules. Their amount is based on the insured salary, age and seniority of the plan participant.

Upon retirement, plan participants can choose between a lump-sum payment and a lifelong pension. In the event of a withdrawal from the pension fund, the assets of the insured individual are transferred to a new pension solution.

The net pension obligations of all defined benefit plans are derived as follows:

Net pension obligations of all defined benefit plans	**2023**	**2022**
	CHF 1,000	CHF 1,000
Present value of obligations (DBO)	**14,123**	66,609
Plan assets at fair value	**12,548**	59,286
Net pension liabilities	**1,575**	7,323
of which Switzerland	**1,241**	6,966
of which Germany	**334**	357

Net pension obligations developed as follows:	**2023**	**2022**
	CHF 1,000	CHF 1,000
Net pension obligations as at 1 January	**7,323**	11,371
Pension cost recognised in profit or loss	**1,703**	4,365
Pension cost recognised in other comprehensive income	**– 864**	–4,861
Employer contributions	**– 1,471**	–3,528
Disposal of Swiss business [1]	**– 5,094**	0
Foreign exchange differences	**– 22**	–24
Net pension obligations as at 31 December	**1,575**	7,323

Present value of obligations (DBO)	**2023**	**2022**
	CHF 1,000	CHF 1,000
Present value of obligations as at 1 January	**66,609**	69,253
Interest cost	**708**	264
Current service cost	**1,609**	4,502
Employee contributions	**1,006**	2,514
Benefits paid / transferred	**– 264**	1,771
Past service cost [2]	**0**	–219
Administrative costs	**15**	34
Actuarial (gains) / losses [3]	**73**	– 11,486
Disposal of Swiss business [1]	**– 55,611**	0
Foreign exchange differences	**– 22**	–24
Present value of obligations as at 31 December	**14,123**	66,609
of which Switzerland	**13,788**	66,252
of which Germany	**335**	357
of which active	**14,123**	66,325
of which pensioners	**0**	284
Average duration	**13.1 years**	13.6 years

Development of fair value of plan assets	2023	2022
	CHF 1,000	CHF 1,000
Fair value of plan assets as at 1 January	**59,286**	57,882
Interest income from plan assets	**629**	216
Employer contributions	**1,471**	3,528
Employee contributions	**1,006**	2,514
Benefits paid / transferred	**–264**	1,771
Actuarial gain (loss)	**937**	–6,625
Disposal of Swiss business [1]	**–50,517**	0
Fair value of plan assets as at 31 December	**12,548**	59,286

In the period under review, DocMorris recognised the following costs for defined benefit plans in profit or loss:	2023	2022
	CHF 1,000	CHF 1,000
Current service cost (employer)	**1,609**	4,502
Past service cost [2]	**0**	–219
Administrative costs	**15**	34
Net interest expense	**79**	48
Total pension cost	**1,703**	4,365
of which personnel expense	**1,624**	4,317
of which finance expense	**79**	48
of which discontinued operations [1]	**1,030**	3,475

1) See Note 6.2 Discontinued operations
2) The past service cost in the year 2022 includes a plan change resulting from a reduction in conversion rates.

The remeasurement of pensions recognised in other comprehensive income is made up of the following:	2023	2022
	CHF 1,000	CHF 1,000
Changes in financial assumptions [3]	**–824**	15,370
Changes in demographic assumptions	**44**	0
Experience adjustments	**707**	–3,884
Subtotal remeasurement pension obligations gain / (loss)	**–73**	11,486
Actuarial gain / (loss) on plan assets	**937**	–6,625
Total remeasurement pensions	**864**	4,861
of which discontinued operations	**985**	3,988

3) The change in financial assumptions for the year 2022 was based in particular on an adjustment of the discount rate (increase from 0.35% to 2.20%).

The remeasurement of pensions recognised in other comprehensive income is based on the following key assumptions for the Swiss plan:

Assumptions	2023	2022
	%	%
Discount rate	**1.50**	2.20
Salary increases	**1.5**	1.5
Mortality tables	**BVG 2020 GT, CMI (1.5%)**	BVG 2020 GT, CMI (1.5%)

Changes to these key actuarial assumptions would have the following estimated impact on the present value of the defined pension obligation:

An increase / decrease in the discount rate by 0.25 per cent would lead to a decrease / increase in DBO of 3.3 per cent. An increase / decrease in the salary growth rate by 0.25 per cent would lead to an increase / decrease in DBO of 0.3 per cent.

The individual sensitivities were calculated separately and reflect the changes deemed reasonably possible as at the end of the relevant reporting period. Interdependencies are not taken into account, and the actual outcome may differ from these estimates.

The fair value of the plan assets of all plans is entirely made up of the asset allocation of the pension fund.

The pension funds do not hold any DocMorris shares, and no Group companies make use of the assets of the pension funds.

For the fiscal year 2024, DocMorris anticipates employer contributions to defined benefit plans of CHF 426 thousand (Switzerland).

30 Share capital

		31.12.2023	31.12.2022
Issued and paid share capital	Value in CHF 1,000	**411,019**	404,728
	Number of shares	**13,700,639**	13,490,940
Authorised capital	Value in CHF 1,000	-	67,168
	Number of shares	-	2,238,928
Capital band (upper limit)	Value in CHF 1,000	**79,223**	-
	Number of shares	**2,640,769**	-
Capital band (lower limit)	Value in CHF 1,000	**– 58,723**	-
	Number of shares	**– 1,957,419**	-
Contingent capital	Value in CHF 1,000	**125,545**	41,853
	Number of shares	**4,184,832**	1,395,086

The increase in the number of issued and paid share capital by 209,699 shares includes 57,419 shares in connection with the settlement of the earn-out Apotal in 2023 (see note 33) as well as 152,280 shares created for employee participation programs. Furthermore, the position includes 1,900,000 treasury shares from the stock lending facility (SLF) offered to the investors of the convertible bonds.

Treasury shares	2023	2023
	Number	CHF 1,000
1 January	**1,940,643**	**60,670**
Issue of new shares	**95,602**	**2,868**
Settlement of contingent consideration Apotal group	**– 98,061**	**– 4,900**
31 December	**1,938,184**	**58,638**

Treasury shares	2022	2022
	Number	CHF 1,000
1 January	947,713	31,308
Purchases	3	0
Issue of new shares	1,000,000	30,000
Allocations	–7,073	–638
31 December	1,940,643	60,670

Allocations mainly relate to shares granted to participants under the Group’s share-based payment plans.

The Board of Directors proposes to the Annual General Meeting no dividend payment to the shareholders for 2023 (2022: CHF 0.00).

31 Earnings per share

As at 31 December 2023, potential shares were excluded from the weighted average number of shares outstanding for the calculation of diluted earnings per share, as they are antidilutive due to the loss from continuing operations.

Net income / (loss) per share		**31.12.2023**	**31.12.2022**
Net income / (loss) attributable to DocMorris AG shareholders	CHF 1,000	**82,280**	–171,115
Net loss from continuing operations	CHF 1,000	**–117,565**	–171,112
Net income / (loss) from discontinued operations	CHF 1,000	**199,845**	–3
Basic income / (loss) per share	CHF 1	**7.05**	–15.88
Diluted income / (loss) per share	CHF 1	**7.05**	–15.88
Basic loss per share from continuing operations	CHF 1	**–10.07**	–15.88
Diluted loss per share from continuing operations	CHF 1	**–10.07**	–15.88
Basic income / (loss) per share from discontinued operations	CHF 1	**17.12**	–0.00
Diluted income / (loss) per share from continuing operations	CHF 1	**17.12**	–0.00
Average number of outstanding shares - basic	Number	**11,673,661**	10,775,224
Average number of theoretically outstanding shares - diluted	Number	**11,673,661**	10,775,224

32 Commitments and contingent liabilities

In 2022, contingent liabilities included CHF 6.9 million in connection with legal disputes. Due to the successful outcome of these legal disputes in favour of DocMorris, there are no contingent liabilities as of 31 December 2023.

33 Financial instruments

Carrying amount of financial instruments	**31.12.2023**	**31.12.2022**
	CHF 1,000	CHF 1,000
Financial assets		
Cash and cash equivalents	**54,028**	126,042
Trade receivables	**55,387**	129,351
Prepaid expenses (financial instruments) [1]	**282**	601
Other receivables (financial instruments) [2]	**1,366**	2,083
Current financial assets	**97,022**	30,360
Non-current financial assets	**11,207**	28,410
	219,292	316,847

1) Total amount of prepaid expenses as per balance sheet: CHF 12,546 thousand (previous year: CHF 11,021 thousand)
2) Total amount of other receivables as per balance sheet: CHF 11,262 thousand (previous year: CHF 15,930 thousand)

The Current financial assets of CHF 97.0 million as at 31 December 2023 (31 December 2022: CHF 30.4 million) include fixed-term deposits of CHF 50.0 million (31 December 2022: CHF 30.0 million). The CHF 30.0 million fixed term deposit and a short-term loan of CHF 7.7 million were repaid in 2023. In addition, the disposal of the Swiss business resulted in a contingent purchase price consideration (earn-out receivable) with a fair value of CHF 47.0 million as at 31 December 2023. The earn-out component is dependent on certain EBITDA targets (normalised) of the divested Swiss business. The earn-out is capped at a maximum of CHF 47 million and is anticipated to be due in the first half of 2024. As DocMorris assumes that the agreed EBITDA target (normalised) will be achieved, the initially recognised fair value of CHF 44.7 million was remeasured to CHF 47 million, resulting in a fair value gain of CHF 2.3 million in 2023. However, a change in the estimate of the expected achievement of the targeted EBITDA (normalised 2023) can lead to a significant adjustment to the recognised financial receivable in 2024 and thus to the payment to DocMorris. A change in the estimate as at 31 December 2023 by –3 percent would, ceteris paribus, lead to a reduction in the receiveable of CHF –1.4 million, which would change the earnings accordingly.

The non-current financial assets include equity securities of CHF 68 thousand (previous year: CHF 46 thousand) and the current financial assets include securities of CHF 22 thousand (previous year: CHF 146 thousand), which are measured at fair value through profit or loss. All other financial assets are measured at amortised cost.

Carrying amount of financial instruments	31.12.2023	31.12.2022
	CHF 1,000	CHF 1,000
Financial liabilities		
Current financial liabilities	**7,207**	30,992
Trade payables	**38,470**	112,781
Other payables (financial instruments) [1]	**1,180**	3,861
Accrued expenses (financial instruments) [2]	**15,934**	26,835
Non-current financial liabilities	**35,608**	32,926
Bond 2.5% 2018–2023, nominal CHF 115 million [3]	**0**	30,229
Bond 2.5% 2019–2024, nominal CHF 200 million [4]	**90,665**	199,126
Convertible Bond 2.75% 2020–2025, nominal CHF 175 million [5]	**121,670**	172,924
Convertible Bond 6.875% 2022-2026, nominal CHF 95 million	**89,772**	88,153
	400,506	697,827

1) Total amount of other payables as per balance sheet: CHF 11,854 thousand (previous year: CHF 15,920 thousand)
2) Total amount of accrued expenses as per balance sheet: CHF 26,614 thousand (previous year: CHF 39,691 thousand)
3) In 2023, the remaining debt of CHF 30,255 thousand was repaid in full (see Note 25 Financial liabilities)
4) In 2023, CHF 106,972 thousand were repurchased as part of a tender offer (see Note 25 Financial liabilities)
5) In 2023, CHF 47,882 thousand were repurchased (see Note 25 Financial liabilities)

Financial liabilities as at 31 December 2022 included contingent consideration liabilities of CHF 14,183 thousand and deferred consideration liabilities of CHF 11,531 thousand under current financial liabilities. All other financial liabilities are measured at amortised cost.

For cash and cash equivalents as well as the other financial assets and liabilities (except bonds) expiring within 12 months, it is assumed that the carrying amount is a reasonable approximation of fair value due to their short-term nature.

Fair value measurement

The fair values of financial instruments that are actively traded on markets are based on market prices (offer prices) at the end of the reporting period. Such instruments are reported as Level 1. The fair values of financial instruments that are not actively traded on markets are determined using measurement models. If all parameters required for measurement are based on observable market data, the instrument is reported as Level 2. If one or more parameters are based on non-observable market data, the instrument is classified as Level 3.

Financial assets and liabilities		31.12.2023 Fair value	31.12.2023 Carrying amount	31.12.2022 Fair value	31.12.2022 Carrying amount
		CHF 1,000	CHF 1,000	CHF 1,000	CHF 1,000
Current financial assets	Level 2/3	**97,022**	**97,022**	30,360	30,360
Equity securities	Level 3	**68**	**68**	46	46
Loans granted	Level 2	**11,139**	**11,139**	26,486	26,486
Bonds	Level 1	**90,509**	**90,665**	169,801	229,355
Convertible Bond	Level 1	**275,703**	**211,442**	188,595	261,077
Deferred consideration liabilities	Level 2	**0**	**0**	11,531	11,531
Contingent consideration liabilities	Level 2/3	**0**	**0**	14,183	14,183

Details on the measurement of the fair values at level 3 are presented below:

Contingent consideration liabilities	31.12.2023	31.12.2022
	CHF 1,000	CHF 1,000
As at 1 January	**14,183**	32,522
Cash flow	**– 10,809**	– 500
Settlement in shares	**– 3,878**	0
Change in fair value (through profit or loss)	**618**	– 16,676
Exchange differences	**– 114**	– 1,163
Total contingent consideration liabilities	**0**	14,183

Apotal

In 2022, a fair value gain of CHF 17.9 million (EUR 17.1 million) resulted, mainly due to the share price development of DocMorris AG (Level 1). In 2023, the earn-out Apotal was settled in full. CHF 0.2 million (EUR 0.2 million) was paid in cash and CHF 3.9 million (EUR 4.0 million) was settled in shares. The fair value adjustment of CHF 0.6 million (EUR 0.6 million) relates mainly to the share price development of DocMorris AG (Level 1).

Eurapon

The remaining contingent consideration of CHF 10.6 million (EUR 10.7 million) was paid in February 2023 together with the deferred consideration of CHF 11.2 million (EUR 11.3 million). The portion of the contingent consideration payment that exceeded the obligation recognised as part of the acquisition (fair value) (CHF 4.0 million or EUR 4.1 million) is included in cash flow from operating activities and CHF 6.6 million (EUR 6.7 million) reported in cash flow from investing activities. The deferred purchase consideration of CHF 11.2 million (EUR 11.3 million) is recognised as a repayment of financial liabilities in cash flow from financing activities.

Bonds

The fair value (Level 1) of the listed bonds was CHF 90.5 million as at 31 December 2023 (31 December 2022: CHF 169.8 million) and the carrying amount was CHF 90.7 million as at 31 December 2023 (31 December 2022: CHF 229.4 million). The fair value (Level 1) of the listed convertible bonds amounted to CHF 275.7 million as at 31 December 2023 (31 December 2022: CHF 188.6 million) and the carrying amount as at 31 December 2023 was CHF 211.4 million (31 December 2022: CHF 261.1 million).

34 Financial risk management

Foreign currency effects
Since the disposal of the Swiss business, DocMorris operates mainly in Germany and in some other European countries. As most foreign income and expenses in EUR functional currency entities are incurred in EUR, these foreign companies are also not exposed to any significant foreign currency risks from their commercial activities. For these reasons, DocMorris does not hedge against foreign currency risks.

The impact of changes in exchange rates mainly relates to loans and receivables / liabilities balances between the parent in Switzerland and subsidiaries in European countries.

The following table shows the sensitivity of future earnings before taxes (EBT) assuming a change in exchange rate on the basis of historical experience. For the purpose of this sensitivity analysis all other parameters remain unchanged.

	Increase / decrease foreign currency	Impact on earnings before taxes (EBT)
	%	CHF 1,000
2023		
EUR	+ / – 10	+ / – 38 559
2022		
EUR	+ / – 10	+ / – 31 842

The methods and assumptions underlying the calculation of the sensitivities listed above do not differ from those in the previous year.

Credit risk
Credit risks result from the possibility that the counterparty to a transaction is unable or unwilling to meet its obligations, leading to a financial loss for the Group.

Credit risks from balances with banks and financial institutions are reviewed on an annual basis. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through a counterparty's potential failure to make payments. The cash and cash equivalents of DocMorris are held with several banks.

Receivables from activities in the Germany and Europe segments include receivables from health insurance companies, pharmacies, credit card companies and private individuals.

Before engaging in business relationships, counterparties with whom significant volumes are to be transacted are subject to credit verification procedures. Loans are only granted to related parties or known third parties.

Interest rate risk
Interest rate risks result from changes in interest rates that could have a negative impact on the net assets and financial position of DocMorris. Interest rate changes lead to changes in interest income and expenses of interest-bearing assets and liabilities at variable rate.

Financial instruments bear prevailing market interest rates. Contractually agreed terms are short-term in nature and can thus be adapted as necessary. The bonds issued in 2018 and 2019 both carry a fixed interest rate of 2.5 per cent and a term of five years. The convertible bonds issued in 2020 and 2022 have a fixed interest rate of 2.75 per cent and 6.875 per cent, respectively, and a maturity of five years and four years, respectively.

The following table shows the sensitivity of consolidated earnings before taxes. For the purpose of this sensitivity analysis all other parameters remain unchanged.

	Increase/decrease market interest rate	Impact on earnings before taxes (EBT)
	%	CHF 1,000
2023		
Increase/decrease in market interest rate	**+/– 1**	+ / – **112**
2022		
Increase/decrease in market interest rate	**+/– 1**	+ / – **621**

As with the calculation of the sensitivities of the foreign exchange risk, the interest rate risk was also calculated using the same methods and assumptions as in the previous year.

Variable interest rates on financial instruments are reset within a one-year period. The interest rate of the bond and the convertible bond is fixed until the end of the term. Other financial instruments of DocMorris which are not included in this presentation do not bear any interest and are thus not exposed to interest rate risks.

Liquidity risk
Liquidity is monitored and managed at Group level on an ongoing basis.

The contractually agreed due dates and cash flows (incl. interest) of financial liabilities are as follows:

Cash flows 2023	1 year	2 years	3 years	4–5 years	> 5 years
	CHF 1,000	CHF 1,000	CHF 1,000	CHF 1,000	CHF 1,000
Lease liabilities	**4,734**	**4,419**	**3,993**	**7,607**	**11,753**
Other financial liabilities	**3,600**	**3,600**	**3,600**	**6,750**	**0**
Trade payables	**38,470**	**0**	**0**	**0**	**0**
Other current payables	**1,180**	**0**	**0**	**0**	**0**
Accrued expenses	**15,934**	**0**	**0**	**0**	**0**
Bonds	**93,116**	**0**	**0**	**0**	**0**
Convertible Bond	**9,898**	**130,704**	**99,869**	**0**	**0**
	166,933	**138,723**	**107,462**	**14,357**	**11,753**

Cash flows 2022	1 year	2 years	3 years	4–5 years	> 5 years
	CHF 1,000	CHF 1,000	CHF 1,000	CHF 1,000	CHF 1,000
Lease liabilities	6,403	5,503	5,094	9,252	17,343
Trade payables	112,781	0	0	0	0
Other current payables	3,861	0	0	0	0
Accrued expenses	26,835	0	0	0	0
Bonds	36,011	205,000	0	0	0
Convertible Bond	11,342	11,342	183,936	99,869	0
Deferred consideration liabilities	11,531	0	0	0	0
Contingent considerations liabilities[1)]	11,675	0	0	0	0
	220,439	221,845	189,030	109,121	17,343

1) Part of the contingent consideration for Apotal is redeemed in shares and does not result in a cash outflow (fair value as of 31.12.2022: CHF 3,565 thousand).

Capital management
Capital management is aimed at ensuring a sustainable and strategic focus for the Group, adjusted for the financial, tax and financing structure. To ensure a balanced financing structure, the Group may sell assets, determine the amount of the dividend in line with requirements, obtain external funding, or increase equity.

One of the most important key figures is the equity ratio (equity / total assets), which was 49.7 per cent (previous year: 31.9 per cent).

35 Share-based payments

	2023	2022
	CHF 1,000	CHF 1,000
		restated[1]
Stock ownership plans	0	49
Discount Share Plan	28	103
Restricted Stock Unit Plan	921	1,050
Long term performance-based remunerations	1,602	833
Promofarma	1,433	1,473
TeleClinic	–708	–266
Board of Directors compensation	306	316
Service Provider	75	145
Short-term performance-based remunerations	275	0
Total share-based payments expense	**3,932**	**3,703**

1) See Note 6.2 Discontinued operations

Stock ownership plans
The members of the Board of Directors, the Executive Board and other selected employees of DocMorris had the right to participate in this stock ownership plan. Total shares sold: zero (previous year: zero).

Discount Share Plan
With the Discount Share Plan, DocMorris enables employees to participate in the Company's sustainable, long-term growth and promote loyalty. Employees can buy DocMorris shares at a 23 per cent discount to the current market price. DocMorris shares acquired under the plan are subject to a three-year vesting period. The upper limit on the annual amount invested is 10 per cent of the employee's annual base salary. Total shares sold: 3,157 (previous year: 3,704). The fair value of the discount is CHF 8.99 per share (previous year: CHF 27.83).

Restricted Stock Unit Plan
Selected employees are offered an additional incentive instrument with the Restricted Stock Unit Plan. Individually selected employees are allocated virtual shares, paid out after a two-year vesting period either in DocMorris shares or in cash; DocMorris has the right to choose the settlement option and intends to settle by issuing shares. The corresponding expense is distributed on a straight-line basis over the two-year vesting period. Total Restricted Stock Units allocated: 15,282 (previous year: 23,461). The fair value per entitlement is CHF 40.33 (previous year: CHF 37.75).

Long-term performance-based remunerations
The members of the Executive Board and selected employees of DocMorris participate in the performance share plan. All participants are awarded a monetary amount annually, which is converted into a certain number of vested rights at the beginning of the respective performance period. The expense is recognised over a service period beginning on January 1 of the reporting year, as the plan participants render services from that date. At the end of a three-year vesting period, the vested awards are settled either in DocMorris shares or in cash. DocMorris has the right to choose settlement option and intends to settle by issuing shares.

Vesting is subject to service conditions and performance targets. For the 2023 allocation, the final number of vested shares depends equally on the share price development and the relative shareholder return. For the 2022 allocation, 1/3 remains unchanged at the level of the vested awards and 2/3 depends on sales growth and share price performance. The target achievement can range from 0 to 200 per cent. The fair value of the awards is based on the monetary amount awarded to the plan participants. In the reporting year, 82,822 entitlements were allocated (previous year: 65,621). The fair value per entitlement is CHF 29,55 (previous year: CHF 30.61).

Promofarma

Some employees of the subsidiary Promofarma Ecom. S.L. which was acquired in 2018, participated in a plan for performance-related share-based compensation. All participants were granted a monetary amount that can be converted into a certain number of DocMorris AG shares. DocMorris had the right to choose the settlement option. Vesting is subject to service conditions and performance targets. The final number of shares to be delivered depends on revenue targets, qualitative targets and share price development, and can range from 0 to 133 per cent. Half of the compensation was subject to a market condition with the share price development of DocMorris AG and this was taken into account in the fair value. 66,510 rights to shares of DocMorris AG with a fair value of CHF 65.91 per right were granted. The corresponding expense was recognised on a straight-line basis over the vesting period ending 31 December 2022. The other half of the compensation is subject to performance targets, which are not market conditions and are not reflected in fair value, but the degree of target achievement is estimated at each balance sheet date. The fair value of the awards was based on the monetary amount granted to plan participants of CHF 4,384 thousand. This portion of the compensation vested in four annual tranches, and the expense was recognised on a straight-line basis over the respective period ending 31 December 2022. In 2023 the plan was settled, resulted in a transfer of 96,344 shares.

TeleClinic

Some employees of the subsidiary TeleClinic GmbH acquired in 2020 participate in a plan for performance-related share-based payments. All participants were granted a monetary amount that can be converted into a certain number of DocMorris AG shares. DocMorris has the right to choose the settlement option and intends to settle by issuing shares. Vesting is subject to meeting service conditions and performance targets. The final number of shares to be delivered depends on revenue growth, qualitative targets and the share price performance and can range between 0 and 100 per cent. The fair value of the awards is based on the monetary amount communicated to plan participants of CHF 2,125 thousand. The expense is recognised on a straight-line basis over the four-year performance period.

Board of Directors compensation

In 2023, board members received 30 per cent of their compensation in shares with a vesting period of three years (previous year: 30 per cent).

Short-term performance-based remunerations

In 2023, Executive Board members were granted 5'402 DocMorris AG shares as part of the short-term remuneration. The fair value per share is CHF 50.85.

36 Related party transactions

The outstanding shares in DocMorris AG are owned by 14,636 shareholders (previous year: 15,946 shareholders). None of them has a controlling interest in the Company.

Receivables and liabilities from joint ventures are shown separately in the Notes. Other income and interest income with joint ventures are disclosed separately in Note 7 and Note 11. Loans granted to board members are CHF 0.3 million (see Note 23).

Transactions and balances with joint ventures and associates	Sales	Purchase	Accounts receivable	Liabilities	Loans
	CHF 1,000	CHF 1,000	CHF 1,000	CHF 1,000	CHF 1,000
	restated[1]	restated[1]			
2023	**287**	**310**	**510**	**0**	**1,396**
2022	198	345	2,752	653	16,326

1) See Note 6.2 Discontinued operations

Compensation paid to the Board of Directors and the Executive Board

Part of the compensation was paid in the form of DocMorris AG shares in 2023 and in 2022.

Board of Directors	2023	2022
	CHF 1,000	CHF 1,000
Short-term benefits to the Board of Directors	**1,039**	999
Share-based payments	**306**	316
	1,345	1,315

Executive Board	2023	2022
	CHF 1,000	CHF 1,000
		restated[1]
Short-term benefits to the Executive Board	**4,451**	4,844
Retirement benefits	**562**	703
Share-based payments	**1,164**	856
	6,177	6,403

1) See Note 6.2 Discontinued operations

37 Events after the end of the reporting period

There are no significant events after the balance sheet date that would require disclosure.

Ernst & Young Ltd
Maagplatz 1
P.O. Box
CH-8010 Zurich

Phone: +41 58 286 31 11
www.ey.com/en_ch

To the General Meeting of
DocMorris AG, Frauenfeld

Zurich, 20 March 2024

Report of the statutory auditor

Report on the audit of the consolidated financial statements

Opinion
We have audited the consolidated financial statements of DocMorris AG and its subsidiaries (the Group), which comprise the consolidated balance sheet as at 31 December 2023, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated cash flow statement and the consolidated statement of changes in equity for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements (pages 62 to 116) give a true and fair view of the consolidated financial position of the Group as at 31 December 2023 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards and comply with Swiss law.

Basis for opinion
We conducted our audit in accordance with Swiss law, International Standards on Auditing (ISA) and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the “Auditor's responsibilities for the audit of the consolidated financial statements” section of our report. We are independent of the Group in accordance with the provisions of Swiss law, together with the requirements of the Swiss audit profession, as well as those of the International Ethics Standards Board for Accountants’ *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters
Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For the matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the “Auditor's responsibilities for the audit of the consolidated financial statements” section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matter below, provide the basis for our audit opinion on the consolidated financial statements.

Valuation of intangible assets with indefinite useful live

Area of Focus

As at 31 December 2023, DocMorris records goodwill of CHF 360.4 million and trademarks with indefinite useful lives of CHF 20.3 million. In accordance with IFRS Accounting Standards, DocMorris is required to test the amount of goodwill and trademarks with indefinite useful lives for impairment, both annually and as soon as there is an indicator for impairment.

The annual impairment tests were significant to our audit due to the complexity of the assessment process, management's estimates and assumptions involved which are affected by expected future market conditions.

Assumptions, sensitivities and results of the impairment tests are disclosed in note 21 of the consolidated financial statements of DocMorris.

Our audit response

Our audit procedures included, among others, evaluating the significant assumptions used by DocMorris, which are subject to estimation uncertainty. We focused in particular on the expected sales growth, including the expected online penetration of prescription medicine (Rx) in Germany, the assumptions regarding EBITDA margin development and the pre-tax discount rate. Valuation experts were involved to assist us in evaluating the pre-tax discount rate and the valuation model. In addition, we tested the cash flow projections for each CGU (cash generating unit), taking into account the relevant internal processes and controls of DocMorris. Furthermore, we assessed the historical accuracy of management's estimates and business plans. In addition, we assessed the adequacy of the disclosures relating to the impairment test.

Our audit procedures did not lead to any reservations regarding the valuation of intangible assets with indefinite useful live.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements, the stand-alone financial statements, the compensation report and our auditor's reports thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is

materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.
If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Board of Directors' responsibilities for the consolidated financial statements
The Board of Directors is responsible for the preparation of the consolidated financial statements, which give a true and fair view in accordance with IFRS Accounting Standards and the provisions of Swiss law, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements
Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law, ISA and SA-CH will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of the consolidated financial statements is located on EXPERTsuisse's website at: https://www.expertsuisse.ch/en/audit-report. This description forms an integral part of our report.

Report on other legal and regulatory requirements

In accordance with Art. 728a para. 1 item 3 CO and PS-CH 890, we confirm that an internal control system exists, which has been designed for the preparation of the consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

Ernst & Young Ltd

/s/ Jolanda Dolente	/s/ Michael Britt
Jolanda Dolente Licensed audit expert (Auditor in charge)	**Michael Britt** Licensed audit expert

DocMorris AG, Frauenfeld
Financial Statements

Income Statement

	Notes	2023	2022
		CHF 1,000	CHF 1,000
Net revenue		**14,353**	8,034
Other operating income	2.1	**183,137**	7,904
Total net income		**197,490**	15,938
Personnel expenses		**– 17,497**	– 17,068
Other operating expenses		**– 20,067**	– 24,137
Earnings before interest, taxes, depreciation and amortisation (EBITDA)		**159,926**	– 25,267
Depreciation and amortisation	2.2	**– 13,303**	– 70,240
Earnings before interest and taxes (EBIT)		**146,623**	– 95,507
Finance income	2.3	**31,624**	21,673
Finance expenses	2.3	**– 59,345**	– 51,820
Earnings before taxes (EBT)		**118,902**	– 125,654
Tax expenses		**– 2,946**	– 191
Net income / (loss)		**115,956**	– 125,845

Balance Sheet

ASSETS		31.12.2023	31.12.2022
	Notes	CHF 1,000	CHF 1,000
Cash and cash equivalents and short-term assets at market prices	2.4	**19,746**	50,181
Current financial assets	2.5	**97,000**	30,000
Receivables from investments		**9,350**	21,553
Other short-term receivables from third parties		**1,364**	2,030
Prepaid expenses from third parties		**2,221**	1,410
Prepaid expenses from investments		**12,107**	4,367
Current assets		**141,788**	109,541
Loans to investments		**577,625**	652,696
Long-term loans granted to related parties		**300**	0
Loans to third parties		**9,443**	10,010
Other non-current financial assets	2.6	**51,013**	50
Investments	2.7	**615,975**	664,386
Impairment of investments	2.2	**– 107,208**	– 119,829
Property, plant and equipment		**4,283**	5,528
Real estate	2.8	**15,478**	15,962
Intangible assets	2.9	**42,856**	27,228
Right-of-use	2.10	**957**	1,091
Non-current assets		**1,210,722**	1,257,122
Assets		**1,352,510**	1,366,663

Balance Sheet

LIABILITIES	Notes	31.12.2023 CHF 1,000	31.12.2022 CHF 1,000
Current liabilities to third parties		**1,613**	2,733
Current liabilities to investments		**1,336**	4,074
Other current liabilities to third parties		**465**	1,260
Current interest-bearing liabilities	2.11	**90,845**	30,255
Current lease liabilities	2.10	**164**	154
Other current financial liabilities	2.9	**3,329**	0
Accrued expenses to third parties		**3,717**	3,959
Accrued expenses to investments		**1,602**	9,503
Short-term provisions		**566**	507
Short-term liabilities		**103,637**	52,445
Non-current interest-bearing liabilities	2.11	**0**	200,000
Non-current lease liabilities	2.10	**830**	967
Other non-current financial liabilities	2.9	**10,779**	0
Loan from investments		**203,085**	203,085
Long-term provisions		**609**	248
Long-term liabilities		**215,303**	404,300
Liabilities		**318,940**	456,745
Share capital		**411,019**	404,728
Statutory capital reserves	2.12	**662,577**	660,316
Statutory reserve from equity contribution		**632,577**	630,316
Other capital reserves from equity contribution for treasury shares in the Group		**30,000**	30,000
Statutory retained earnings		**28,340**	28,340
General statutory retained earnings		**1,340**	1,340
Reserve for treasury shares in the Group		**27,000**	27,000
Treasury shares	2.13	**–856**	0
Losses carried forward		**–183,466**	–57,621
Net income / (loss)		**115,956**	–125,845
Equity		**1,033,570**	909,918
Liabilities and equity		**1,352,510**	1,366,663

Notes to the Financial Statements

1 Basic principles

1.1 Accounting policies
The financial statements were prepared according to the Swiss Law on Accounting and Financial Reporting. The significant accounting and valuation principles applied are as described below.

1.2 Securities at market prices
Short-term securities are measured at market prices at the end of the reporting period.

1.3 Investments
Investments are recognised at acquisition cost and subsequently tested for impairment if there is any indication that an impairment is required. If an impairment is required, the investment is impaired and the impairment loss recognised.

1.4 Intangible Assets
Intangible assets are valued at acquisition cost less accumulated depreciation and impairment losses. Depreciation is calculated using the straight-line method based on the useful life of the asset.

1.5 Treasury shares
Treasury shares are recognised at acquisition cost and deducted from equity. The gain or loss on resale is recognised as finance income or finance expense. Treasury shares are measured using the weighted average method. Where shares are held indirectly through subsidiaries, a corresponding reserve is recognised in the parent company's equity.

1.6 Share-based payments
The personnel expenses for share-based payments result from the difference between the acquisition cost and any payment made by the beneficiaries. The estimated personnel expenses are distributed over the vesting period.

1.7 Current and non-current interest-bearing liabilities
Interest-bearing liabilities are recognised at nominal value. The bond issue costs are recognised in prepaid expenses and amortised on a straight-line basis over the bond's term.

1.8 Finance leases
Leases are recognised in the balance sheet from an economic perspective that covers all leases apart from current leases (term of less than 12 months) and those relating to assets of low value. The right-of-use asset is capitalised as an asset and depreciated over the term of the lease. On initial recognition the right-of-use is equal to the net present value of the lease obligation at the time of entering into the lease. The term of the lease is determined by the contractually agreed fixed term and any options to extend. The lease obligation is equal to the net present value of the future lease payments, reduced by the amortisation payments.

2 Information on income statement and balance sheet items

2.1 Other operating income

Other operating income includes extraordinary income of CHF 181.3 million resulting from the disposal of the Swiss business with all operating units (Zur Rose Suisse AG, Bluecare AG, Clustertec AG, Specialty Care Therapiezentren AG, Aerztemedika AG, ZRMB Marketplace AG, MBZR Apotheken AG, PolyRose AG) to the healthcare provider and Migros subsidiary Medbase in 2023.

In 2022, other operating income included extraordinary income of CHF 4.7 million from the sale of intangible assets.

2.2 Depreciation and amortisation

The position includes impairments of CHF 1.4 million (previous year: CHF 1.3 million) on intangible assets. Additionally, in 2022 the position included impairments of CHF 24 million and CHF 35 million on the investments in Promofarma Ecom, S.L and TeleClinic GmbH, respectively.

2.3 Financial result

Finance income consists mainly of interest income from loans to investments. Finance expenses primarily include unrealised foreign exchange losses of CHF 38.2 million (previous year: CHF 23.7 million) and interest expenses of CHF 20.0 million (previous year: CHF 16.8 million). Additionally, in 2022 finance expenses included a realised loss of CHF 9.5 million on the sale of treasury shares.

2.4 Cash and cash equivalents and short-term assets at market prices

	31.12.2023	**31.12.2022**
	CHF 1,000	CHF 1,000
Cash and cash equivalents	**19,724**	50,128
Securities (at market prices)	**22**	53
Total cash and cash equivalents and short-term assets at market prices	**19,746**	50,181

2.5 Current financial assets

The position includes a contingent purchase price consideration (earn-out) of CHF 47 million resulting from the disposal of the Swiss business in 2023 and fixed-term deposits of CHF 50 million (previous year: CHF 30 million).

2.6 Other non-current financial assets

The position includes the acquisition in 2023 of approximately 30% of the Convertible Bond 2.75% 2020–2025 with a nominal value of CHF 175 million issued by the subsidiary DocMorris Finance B.V.

2.7 Investments

	2023	2022	2023	2022
	Capital	Capital	Equity interest and ordinary shares	Equity interest and ordinary shares
	CHF 1,000	CHF 1,000	%	%
Direct Investments				
Aertzemedika AG, Liestal (CH) [3]	n/a	500	n/a	100.0
Bluecare AG, Winterthur (CH) [3]	n/a	1,288	n/a	100.0
Clustertec AG, Baar (CH) [3]	n/a	100	n/a	100.0
DatamedIQ GmbH, Köln (DE)	29	29	37.5	37.5
DCMS Service AG, Frauenfeld (CH) [4]	100	n/a	100.0	n/a
DocMorris Finance B.V., Heerlen (NL) [1)/2)]	0	0	100.0	100.0
Doctipharma SAS, Paris (FR)	618	618	100.0	100.0
Helena Abreu, Unipessoal, Lda Montemor-o-Novo (PRT)	108	108	100.0	100.0
König Gesellschaft für Image- und Dokumentenverarbeitung GmbH, Gottmadingen (DE)	29	29	50.0	50.0
König IT Systeme GmbH, Gottmadingen (DE)	28	28	50.0	50.0
Promofarma Ecom. S.L., Barcelona (ES)	15,004	15,004	100.0	100.0
Specialty Care Therapiezentrum AG, Frauenfeld (CH) [3]	n/a	100	n/a	100.0
TeleClinic GmbH, München (DE)	857	857	100.0	100.0
WELL Gesundheit AG, Schlieren (CH)	100	100	18.6	18.6
Zur Rose Dutch B.V., Heerlen (NL) [1]	0	0	100.0	100.0
Zur Rose Pharma GmbH, Halle (DE)	8,479	8,479	100.0	100.0
Zur Rose Suisse AG, Frauenfeld (CH) [3]	n/a	7,650	n/a	100.0
Material Indirect Investments				
AdBest Werbeagentur GmbH, Hilter am Teutoburger Wald (DE)	27	27	100.0	100.0
DocMorris Holding GmbH, Berlin (DE)	6,085	6,085	100.0	100.0
DocMorris N.V., Heerlen (NL)	60	60	100.0	100.0
Eurapon Pharmahandel GmbH, Bremen (DE) [5]	n/a	28	n/a	100.0
medpex wholesale GmbH, Ludwigshafen (DE)	28	28	100.0	100.0

1) Share capital of less than EUR 500.00
2) Renamed in 2023
3) Disposed in 2023
4) Founded in 2023
5) Merged into DocMorris Holding GmbH in 2023

2.8 Assets pledged	31.12.2023	31.12.2022
	CHF 1,000	CHF 1,000
Real estate pledged as collateral	**0**	15,962

2.9 Other current and non-current financial liabilities

Due to obligations and rights arising from multi-year technology agreements, CHF 14.1 million (of which CHF 3.3 million is current) is reported in other financial liabilities and CHF 13.3 million in intangible assets.

2.10 Financial Leasing	Useful life	31.12.2023	31.12.2022
		CHF 1,000	CHF 1,000
Right-of-use real estate	5 -10 years	**957**	1,091
Lease liabilities		**994**	1,121
Depreciation right-of use assets		**165**	171
Interest expenses lease liabilities		**27**	30

2.11 Bonds	Amount CHF	Interest rate %	Maturity
Bond	**90,845,000**	**2.500**	**21.11.2024**

2.12 Statutory capital reserves

The balance of CHF 662’576’639 is still to be confirmed by the Federal Tax Administration. The transaction and the balance of CHF 624’581’426 are confirmed as at 31 December 2023.

2.13 Treasury shares	Number of transactions	Average price CHF	Number
Number of registered shares			
As at 1 January 2022			**47,713**
Acquisitions	3	121	3
Sales	1	41	–40,642
Allocation	8	253	–7,073
As at 31 December 2022			**1**
Issue of new shares	1	51	38,183
Allocation	3	65	–21,349
As at 31 December 2023			**16,835**

In general, treasury shares are used for group-wide employee participation programs.

3 Other disclosures

The following participation rights were allocated under share-based payment programs:

3.1 Allocated equity instruments	31.12.2023	31.12.2022
	Number	Number
Board of Directors	**7,897**	2,623
Executive Board	**38,240**	26,177
Employees	**10,246**	14,783
Total allocated equity instruments	**56,383**	43,583

The final cost of servicing the plans depends on the fulfillment of the service period, the share price performance and certain performance targets. The fair value of the DocMorris share as of 31 December 2023 amounts to CHF 73.8 (previous year: CHF 25.6).

3.2 Employees
The number of full-time equivalents was between 10 and 50, as in the previous year.

3.3 Unrecognised commitments	31.12.2023	31.12.2022
Type	CHF 1,000	CHF 1,000
Other Guarantees	**48,238**	44,177

3.4 Contingent capital and capital band	31.12.2023	31.12.2022
	CHF	CHF
Contingent capital	**125,544,960**	41,852,580
Authorised capital	**-**	67,167,840
Capital band (upper limit)	**79,223,070**	-
Capital band (lower limit)	**– 58,722,570**	-

On 26 June 2023, the share capital increased by CHF 1,722,570.00, with 57,419 new shares issued from the capital band.

3.5 Significant events after the end of the reporting period
There are no significant events after the balance sheet date that would require disclosure.

Proposal to carry forward the accumulated losses to new account
(Proposal of the Board of Directors)

	31.12.2023	**31.12.2022**
	CHF	CHF
Losses carried forward	**–183,466,395**	–57,621,092
Net income / (loss)	**115,955,743**	–125,845,303
Accumulated losses	**–67,510,652**	–183,466,395
Distribution to shareholders	–	–
Carried forward to new account	**–67,510,652**	–183,466,395

Ernst & Young Ltd
Maagplatz 1
P.O. Box
CH-8010 Zurich

Phone: +41 58 286 31 11
www.ey.com/en_ch

To the General Meeting of
DocMorris AG, Frauenfeld

Zurich, 20 March 2024

Report of the statutory auditor

Report on the audit of the financial statements

Opinion
We have audited the financial statements of DocMorris AG (the Company), which comprise the balance sheet as at 31 December 2023 and the income statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements (pages 120 to 128) comply with Swiss law and the Company's articles of incorporation.

Basis for opinion
We conducted our audit in accordance with Swiss law and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the Company in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters
Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For the matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the "Auditor's responsibilities for the audit of the financial statements" section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matter below, provide the basis for our audit opinion on the financial statements.

Building a better working world

Valuation of investments and loans to investments

Area of focus	As of 31 December 2023, DocMorris AG holds investments of CHF 508.8 million and loans to investments of CHF 577.6 million corresponding to 80% of total assets. We consider the valuation of investments and loans to investments to be a key audit matter due to the significance of the balance of the investments and loans to investments compared to the balance of total assets and because the impairment test performed by management is complex and involves significant assumptions. The accounting principles used for the investments are disclosed in note 1.3 of the stand-alone financial statements of DocMorris AG.
Our audit response	We assessed the impairment testing process of the Company and corroborated the determination of the key assumptions applied using internal and external available evidence. We involved our valuation experts. Our audit procedures did not lead to any reservation regarding the valuation of investments and loans to investments.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements, the stand-alone financial statements, the compensation report and our auditor's reports thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Board of Directors' responsibilities for the financial statements

The Board of Directors is responsible for the preparation of the financial statements in accordance with the provisions of Swiss law and the Company's articles of incorporation, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and SA-CH will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on EXPERTsuisse's website at: https://www.expertsuisse.ch/en/audit-report. This description forms an integral part of our report.

Report on other legal and regulatory requirements

In accordance with Art. 728a para. 1 item 3 CO and PS-CH 890, we confirm that an internal control system exists, which has been designed for the preparation of the financial statements according to the instructions of the Board of Directors.

Furthermore, we confirm that the proposed carry forward of the accumulated losses complies with Swiss law and the Company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

Ernst & Young Ltd

/s/ Jolanda Dolente

Jolanda Dolente
Licensed audit expert
(Auditor in charge)

/s/ Michael Britt

Michael Britt
Licensed audit expert

Alternative Performance Measures of DocMorris

The financial statements of DocMorris are prepared in accordance with IFRS Accounting Standards. In addition to the disclosures required by the IFRS, DocMorris publishes alternative performance measures (APM), which are not subject to the IFRS provisions and for which there is no generally accepted reporting standard. DocMorris calculates APM in order to enable comparability of the performance measures over time. The APM result in particular from different methods of calculation and evaluation and provide useful information about the financial and operational performance of the Group. DocMorris calculates the following APM:

- External revenue
- Growth in local currency
- Gross margin in per cent of net revenue
- EBIT
- EBITDA
- EBITDA adjusted
- EBITDA margin
- Net financial debt

External revenue is defined as the consolidated revenue of DocMorris plus the mail order revenue of pharmacies supplied by DocMorris less the consolidated revenue for their supply.

Growth in local currency shows the percentage change of a performance measure compared with the previous year without the impact of exchange rate effects (conversion is at the previous year's rate).

The **gross margin in per cent of net revenue** corresponds to the division of consolidated revenue less cost of goods by consolidated revenue.

EBIT (Earnings Before Interest and Taxes) stands for earnings before interest and taxes and is used to report the operative earnings without the impact of internationally non-uniform taxation systems and different financing activities.

EBIT statement of derivation

Earnings before income taxes
+/− Share of results of joint ventures and associates
+/− Financial result, net (financial income, financial expenses)
= **EBIT**

EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortisation) stands for earnings before interest, taxes, depreciation and amortisation, impairment and reversal of impairment. EBITDA is calculated on the basis of EBIT plus the depreciation and amortisation as well as impairment recognised in the income statement less reversal of impairment of intangible assets and property, plant and equipment.

EBITDA statement of derivation

EBIT
+ / – Depreciation and amortisation / impairment / reversal of impairment of property, plant and equipment and intangible assets
= **EBITDA**

The **EBITDA adjusted** shows the development of the operating result irrespective of the influence of special items, i.e. special effects in terms of their nature and magnitude for the management of DocMorris. These may include expenses and income related to acquisitions and disposals, restructuring, integration and litigation. In the calculation, the EBITDA is increased by special expenses and reduced by special income.

The **EBITDA margin** is calculated by dividing EBITDA by consolidated revenue.

The **net financial debt** is a performance indicator designed to measure the liquidity, capital structure and financial flexibility of DocMorris. This indicator is calculated as follows:

Net financial debt statement of derivation

Public bond
+ Liabilities to financial institutions
+ Lease liabilities
+ Other financial liabilities
= Financial debt
– Cash and cash equivalents
– Current financial assets [1)]
= **Net financial debt**

1) These include current assets and receivables due from banks and other companies with a term of > 3 months and < 12 months and financial assets held for sale, which are initially recognised as current.

EBITDA adjusted

(condensed)

2023	IFRS	Acquisitions, Disposals	Restructuring, Integration	Other [1]	adjusted
Net revenue	969,462	-	-	–2,568	966,894
Operating income	6,909	–3,008	-	-	3,901
Operating expense	–1,014,740	3,242	4,844	980	–1,005,674
EBITDA	–38,369	-	-	-	–34,879

1) Including influence of other exceptional items, i.e. special effects in terms of their nature and magnitude for the management of DocMorris.

2022 (restated)	IFRS	Acquisitions	Restructuring, Integration	Other [1]	adjusted
Net revenue	930,969	-	-	-	930,969
Operating income	22,502	–17,685			4,817
Operating expense	–1,046,072	2,995	17,489	4,349	–1,021,239
EBITDA	–92,601	-	-	-	–85,453

1) Including influence of other exceptional items, i.e. special effects in terms of their nature and magnitude for the management of DocMorris.

Contact for investors and analysts
Dr. Daniel Grigat
Head of Investor Relations & Sustainability
T +41 52 560 58 10
ir@docmorris.com

Contact for media
Torben Bonnke
Director Communications
T +49 171 864 888 1
media@docmorris.com

Imprint
Texts: DocMorris AG, Frauenfeld
Photos: Christian Grund, Zurich
Photo campaign (cover page): Theresa Kaindl, Berlin and Vienna
Publishing system: ns.publish by mms solutions ag, Zürich

DocMorris AG
Walzmühlestrasse 49
8500 Frauenfeld
Switzerland

corporate.docmorris.com