



# H1 results 2024

Walter Hess | Marcel Ziwica

20 August 2024

# Today's presenters



Walter Hess  
CEO



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CFO

# Agenda

1. Business update
2. Financial update
3. Outlook
4. Q&A
5. Back-up

# Key messages and highlights

- 1** CardLink strongly accelerates eRx revenue after pRx drop in Q1, with yoy Rx growth in July
- 2** Monthly new Rx customers increased 4x yoy
- 3** Break-even excluding eRx, due to underlying CHF 14m cost improvement yoy
- 4** TeleClinic revenue continues to double on a yearly basis with positive EBITDA contribution
- 5** Solid balance sheet with CHF 195m cash position (plus CHF 26m property sale in August)



# At the very beginning to enter and capture the EUR 55bn Rx market

2022 – April 2024

April 2024+

>2025

«Break-even»

«Start digital eRx»

«Profitable growth»

## Streamlining of brands and platforms

- Reduction of complexity and cost
- Operational excellence
- eRx readiness, stability and scalability

## Entering new eRx market with CardLink solution

- Maximise transfer of existing to eRx customers
- Maximise acquisition and retention of new eRx customers
- Most effective invest in eRx resources and marketing

## Attractive unit economics

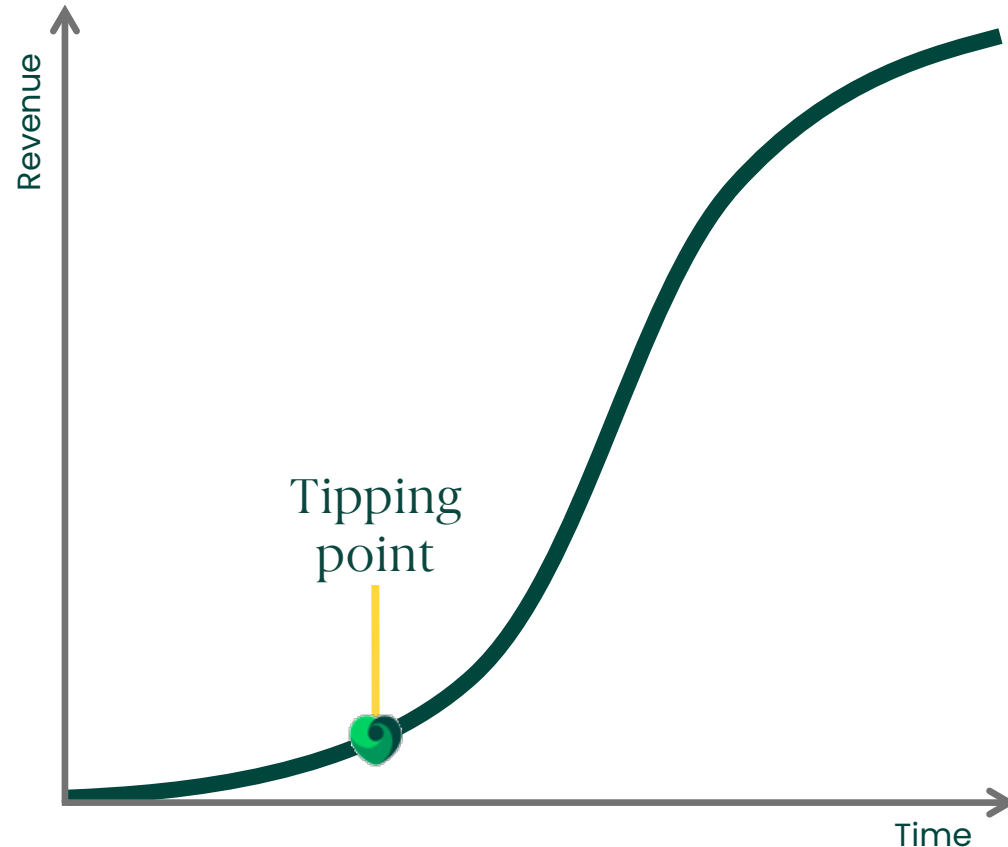
- eRx market penetration
- Profitable OTC and EU business
- Accretive scaling of TeleClinic

EBITDA break-even, excluding eRx

DocMorris eRx growth

Positive EBITDA

# Digitalisation in Germany and eRx at DocMorris taking off



## Remarkable progress in legislation:

- DigiG and GDNG in force and GVSG<sup>1</sup> promoting better chronic care
- Cross-quarterly repeat script for chronic patients planned from January 2025

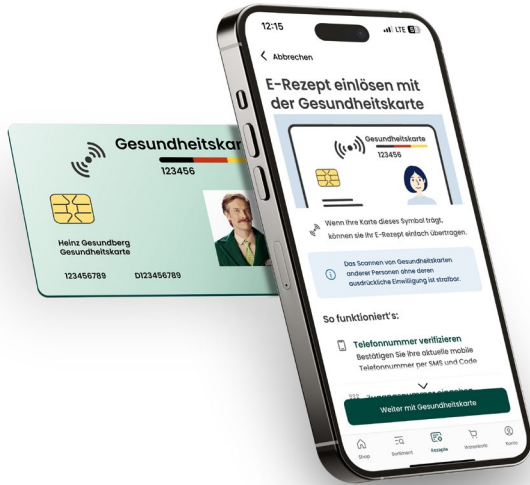
## DocMorris eRx growth picks up speed:

- >500,000 eRx orders processed
- eRx market share by volume: 0.52% in July<sup>2</sup>
- Rx market share by value: 0.29% in January to 0.37% in July<sup>3</sup>

Illustrative graphic | 1 DigiG = Digital Gesetz (Digital Law), GDND = Gesundheitsdatennutzungsgesetz (Law on using health data), GVSG = Gesundheitsversorgungsstärkungsgesetz (law to strengthen care) | 2 Number of eScripts DOCM received relative to total number of eScripts redeemed in Germany, source: gematik, BMG | 3 calculated by dividing July revenue by a twelfth of EUR 55bn Rx market

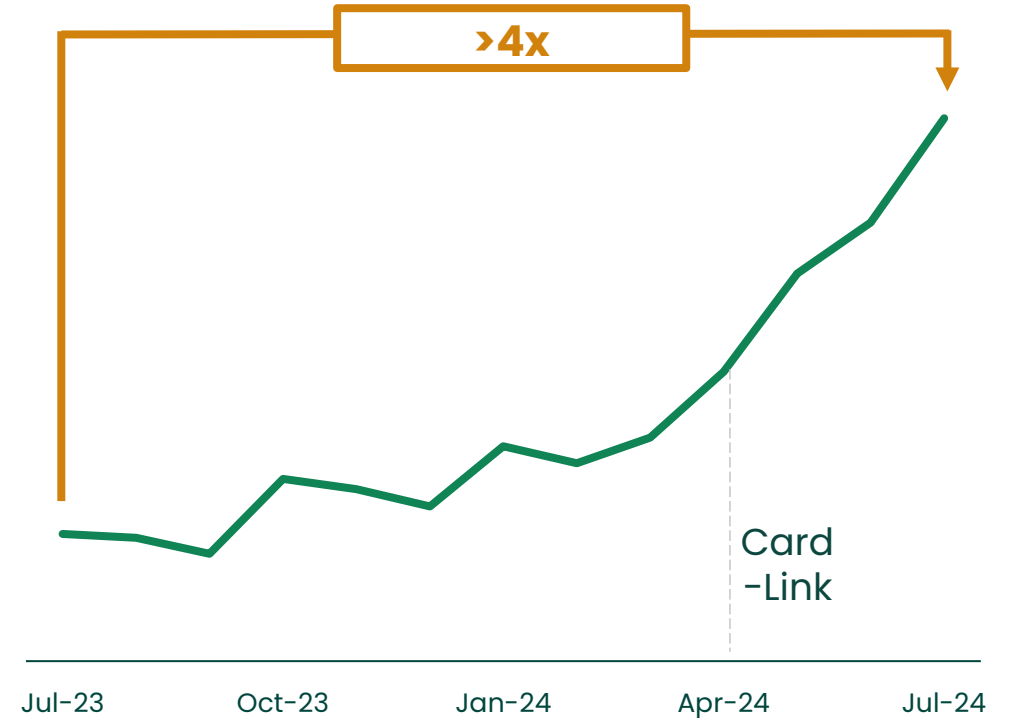
# CardLink triggers strong demand to redeem eRx with DocMorris

## Simple digital eRx redemption via CardLink

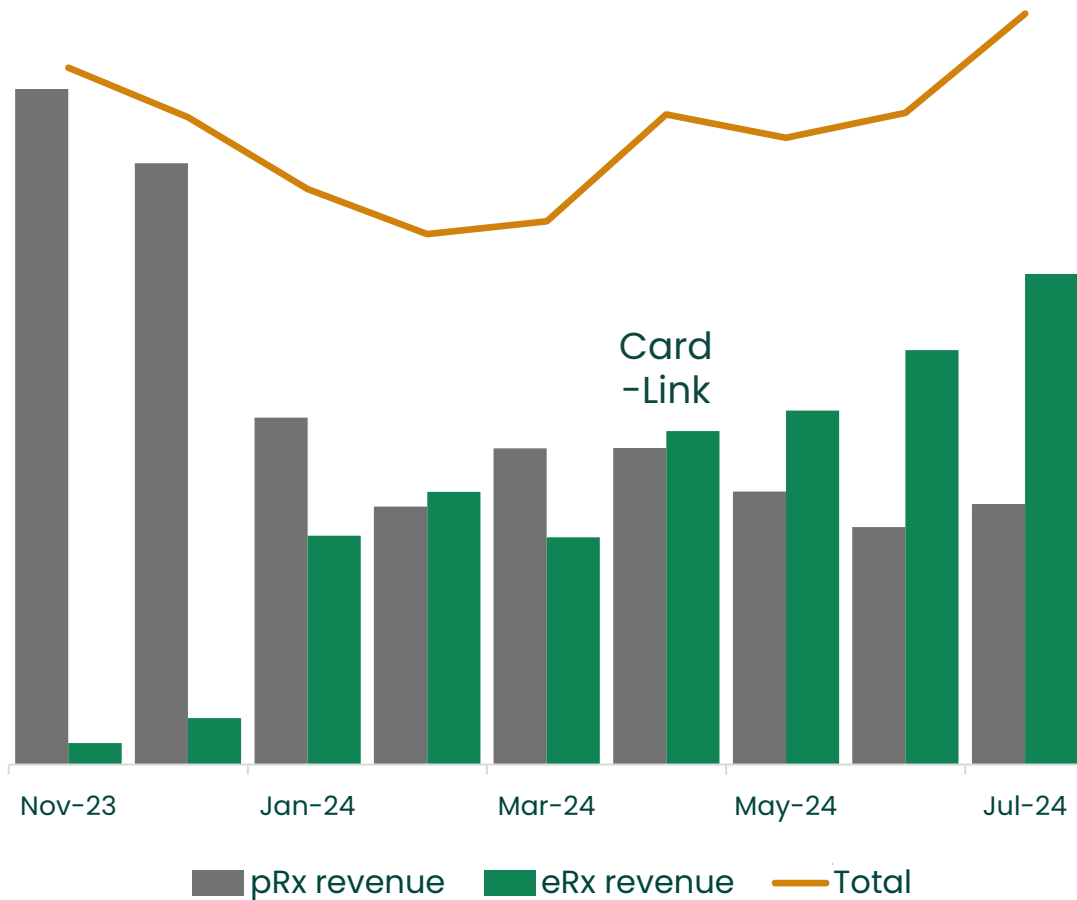


The app for the e-script  
**Scan. Redeem. Simply DocMorris.**

## Monthly new app downloads increased more than 4-fold



# Strong eRx growth overcompensates pRx drop since July

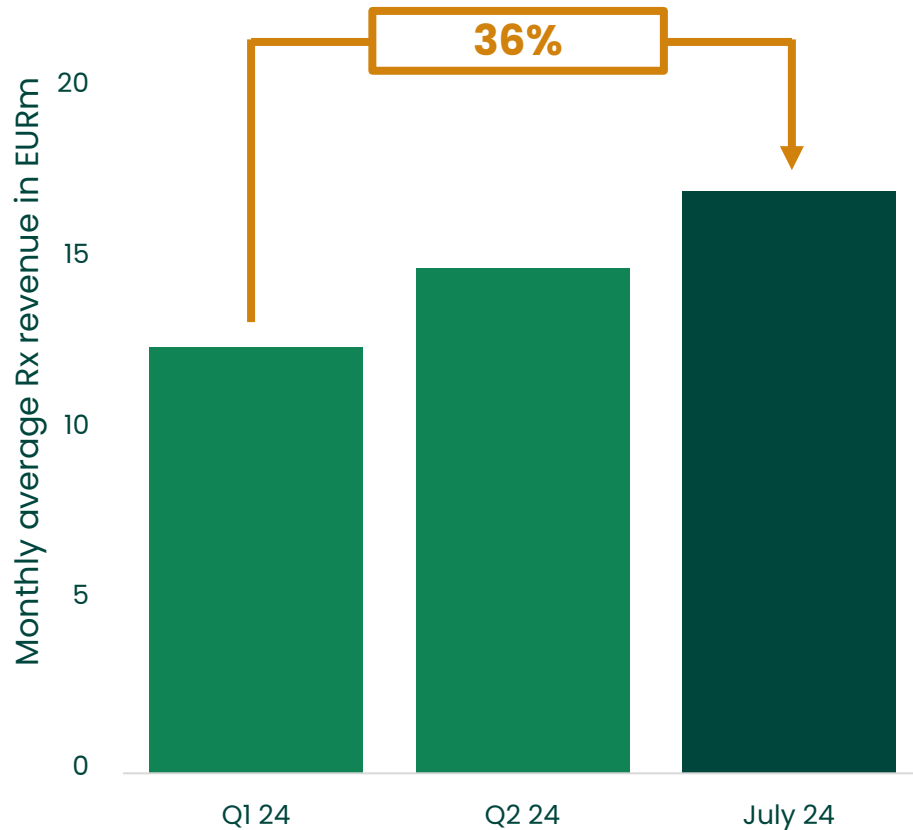


- High 2023 pRx base shows strong loyalty of DocMorris customers, even after Rx bonus ban
- Fast drop of pRx revenues due to system change to eRx and high statutory insurance share (GKV)
- >85% of former pRx customers ordered via eRx or pRx in Q2
- Continuous eRx ramp up due to very strong increase of new customers

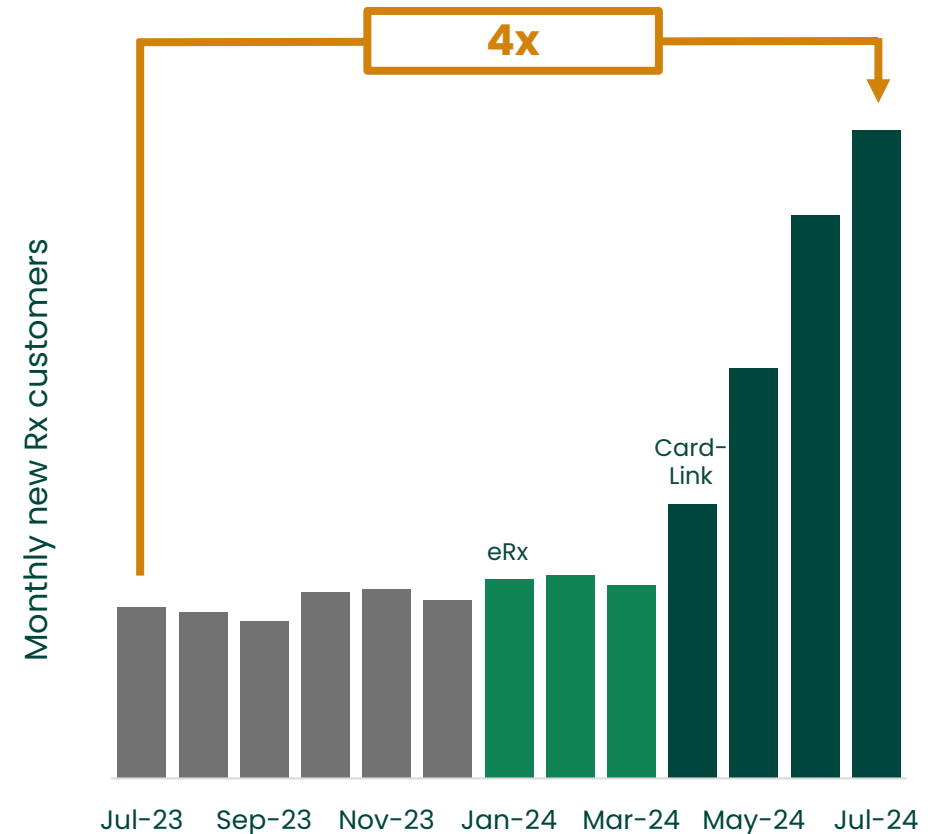


# Continuous, encouraging eRx revenue and new customer growth

Monthly average Rx revenue grew 36% July on Q1

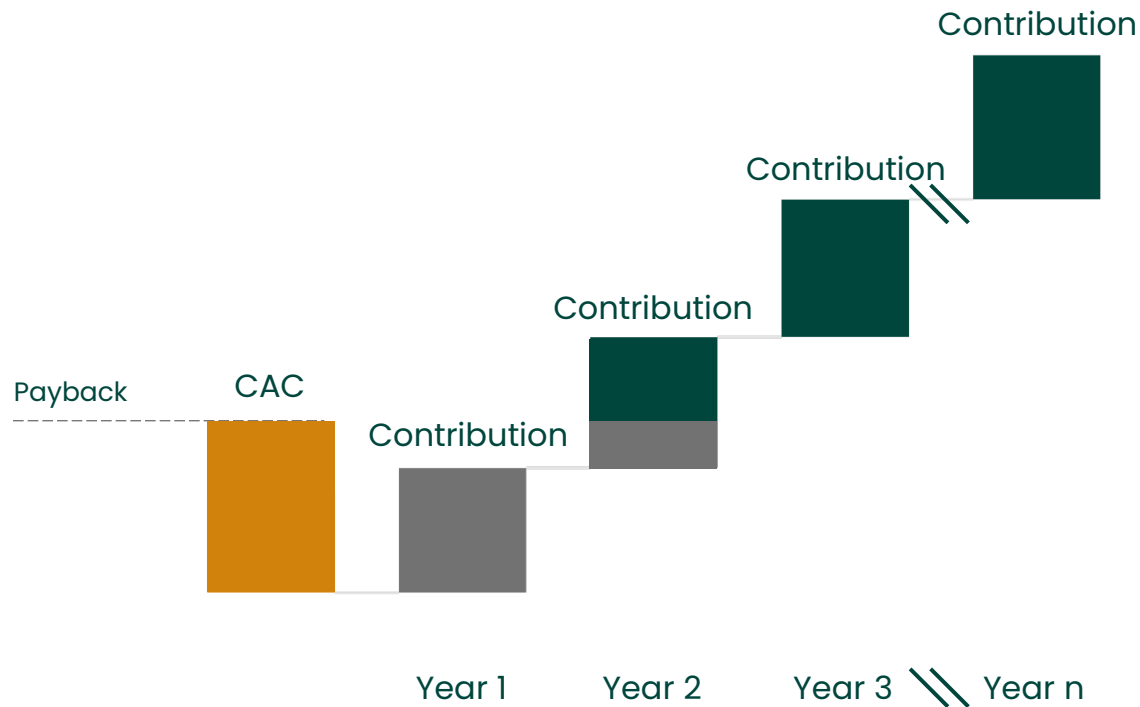


Quadrupling of new Rx customers yoy



# New eRx customer payback in less than 18 months, yet tend to stay for life

## Cumulative contribution margin



## Typical eRx customer steady state unit economics

- Basket size: >EUR100
- Order frequency p.a.: >4.5x
- Annual contribution: >EUR 63<sup>1</sup>
- Retention rate: >95%

eRx unit economics and key KPIs are better than expected

Illustrative graphic | 1 Contribution margin III excl. marketing

# Acceleration of successful Gesundbergs eRx campaign

## Strong positive response to Gesundbergs campaign

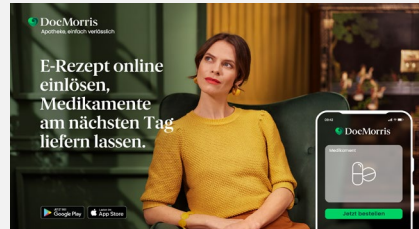
### Digital campaign

- >900m ad impressions
- Cost per app install reduced (CPI)



### TV campaign

- > 1.4 billion reach
- All main KPIs in consumer testing above benchmark



Die App für das E-Rezept  
**Einscannen. Einlösen.**  
**Einfach DocMorris**

## Marketing focus evolved in three phases

January – April 2024:  
**Create awareness**  
Switch pRx patients to eRx with QR  
print-out

April – August 2024:  
**Test and learn**  
Implement CardLink and enhance  
conversion

Starting August 2024:  
**Optimise and grow**  
Drive eRx growth

# TeleClinic is expanding fast as a key pillar of the digital health ecosystem

## Large untapped market with regulatory tailwind

> EUR 50 bn<sup>1</sup> medical consultations in Germany

~30% acute

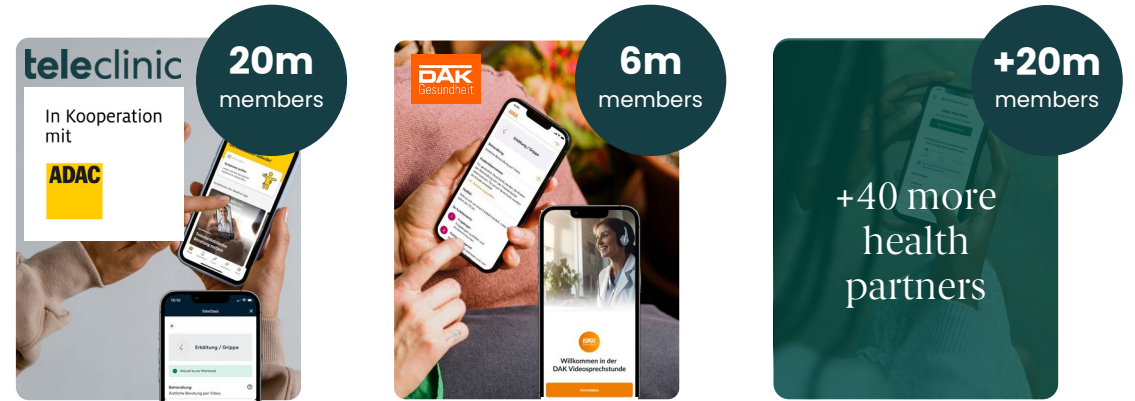
~70% chronic

> EUR 15 bn

Total addressable market (TAM)

<1% current penetration

## Numerous strategic partners won

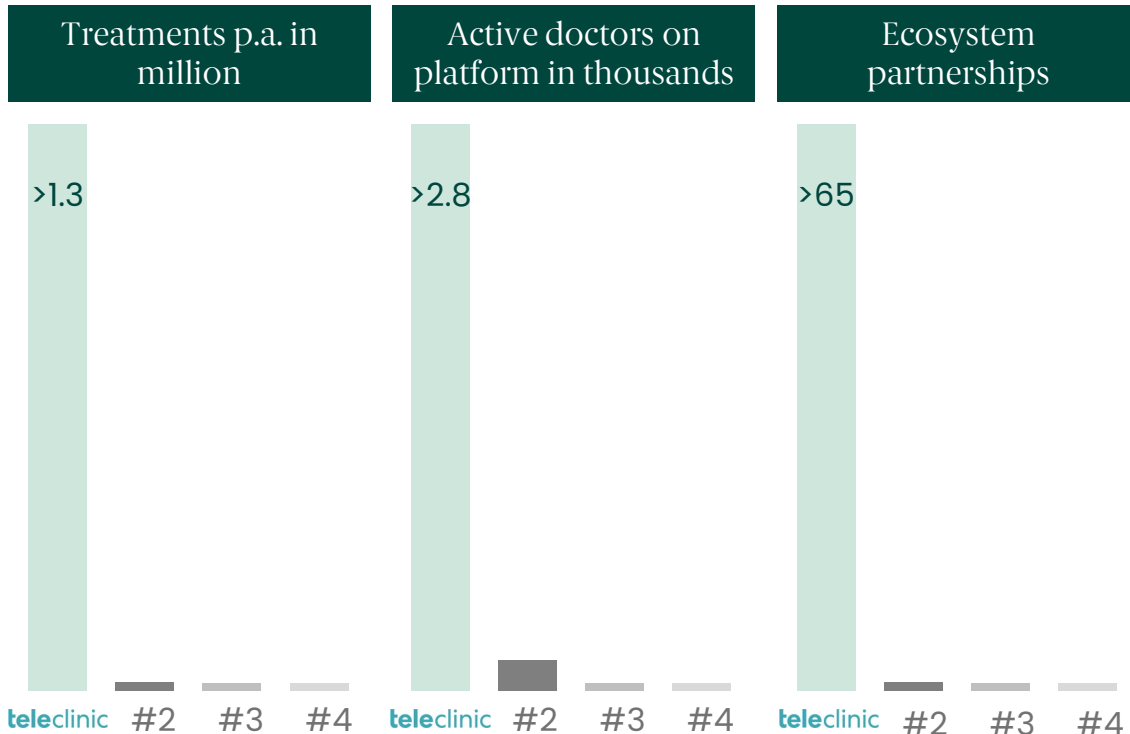


- TeleClinic revenue (take rate) to double in 2024, exceeding CHF 10m
- Highly attractive gross margin and strong EBITDA margin
- Similar growth expected 2025 and beyond

<sup>1</sup> Statutory insurance payments for ambulatory care in 2022: 46bn (Source: GKV Spitzenverband) & Private insurance payments of 7bn in 2022 (Source: Wissenschaftliche Institut der PKV)

# TeleClinic is the leading telemedicine platform in Germany

## Healthcare platforms for fully reimbursed treatments



## High entry barriers

- Requirement to be integrative part of the complex and decentralised statutory care system
- Established service with very high user satisfaction (app rating 4.8 out of 5)
- >65 ecosystem partners with >40 long-term insurance partnerships
- TeleClinic market share >30% in video consultations

Source: Market research, competitor's websites, DocMorris internal research

# Sustainability targets exceeded; tremendous CO<sub>2</sub> reduction

## Healthier People

- New chronic care services: HIV & kidney health
- New clinical pharmacy services and repeat script scaling

## Sustainable Planet

- DE segment powered with renewable energy, saving ~75% scope 1 & 2 emissions

## Caring Company

- Gender pay gap remains low: Focus on equal pay for new hires and promotions
- #OurJourney (culture) for 95% of employees reached

## Reliable Partnerships

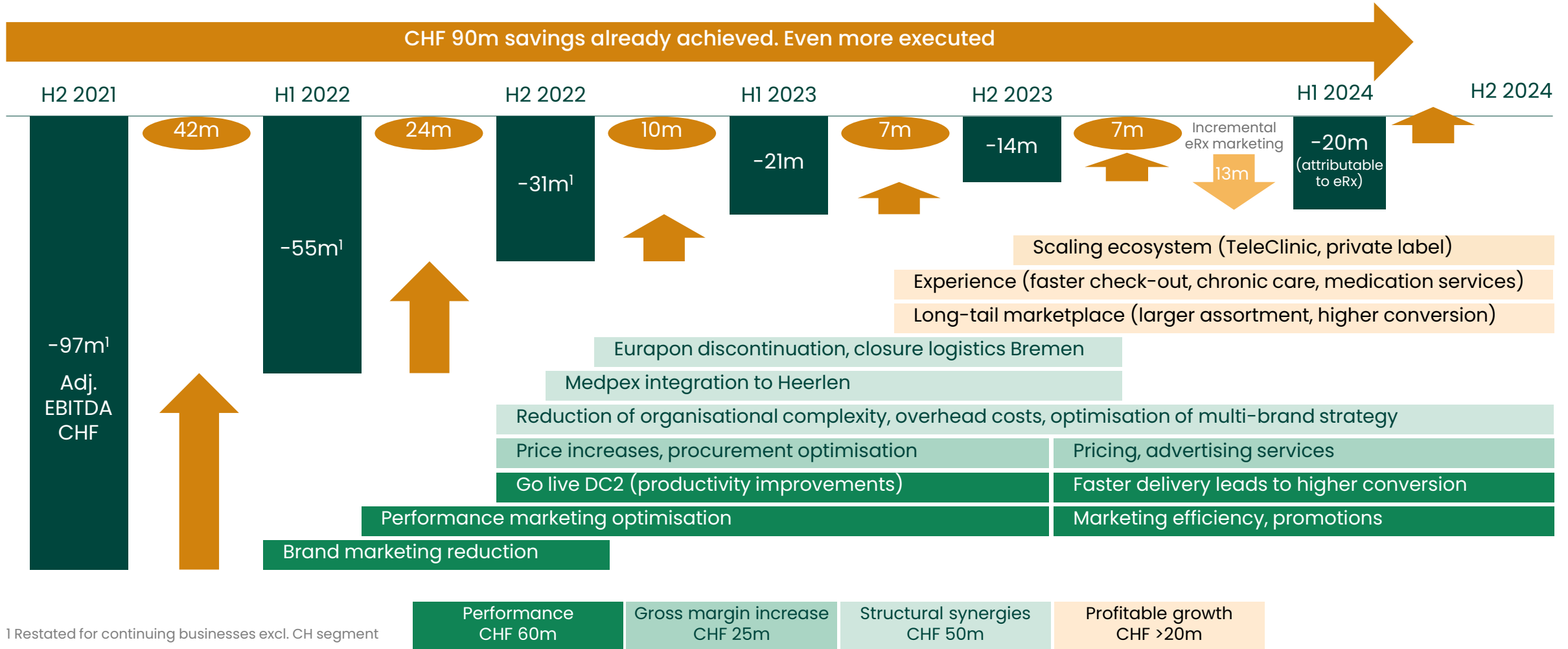
- ~30% signed Supplier Code of Conduct, above 25% target



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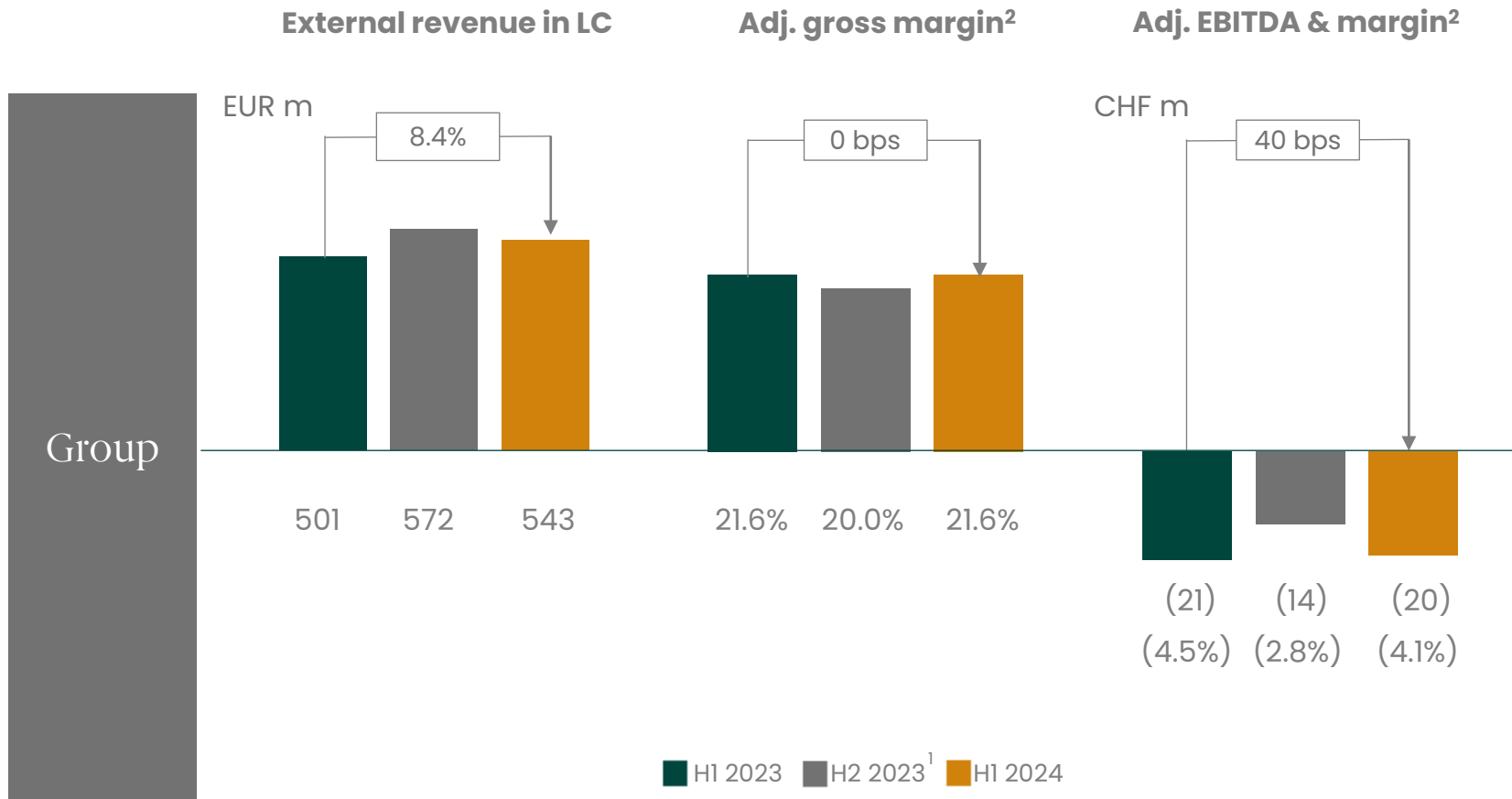
# Continuous execution of path to profitability programme led to break-even in base business



<sup>1</sup> Restated for continuing businesses excl. CH segment



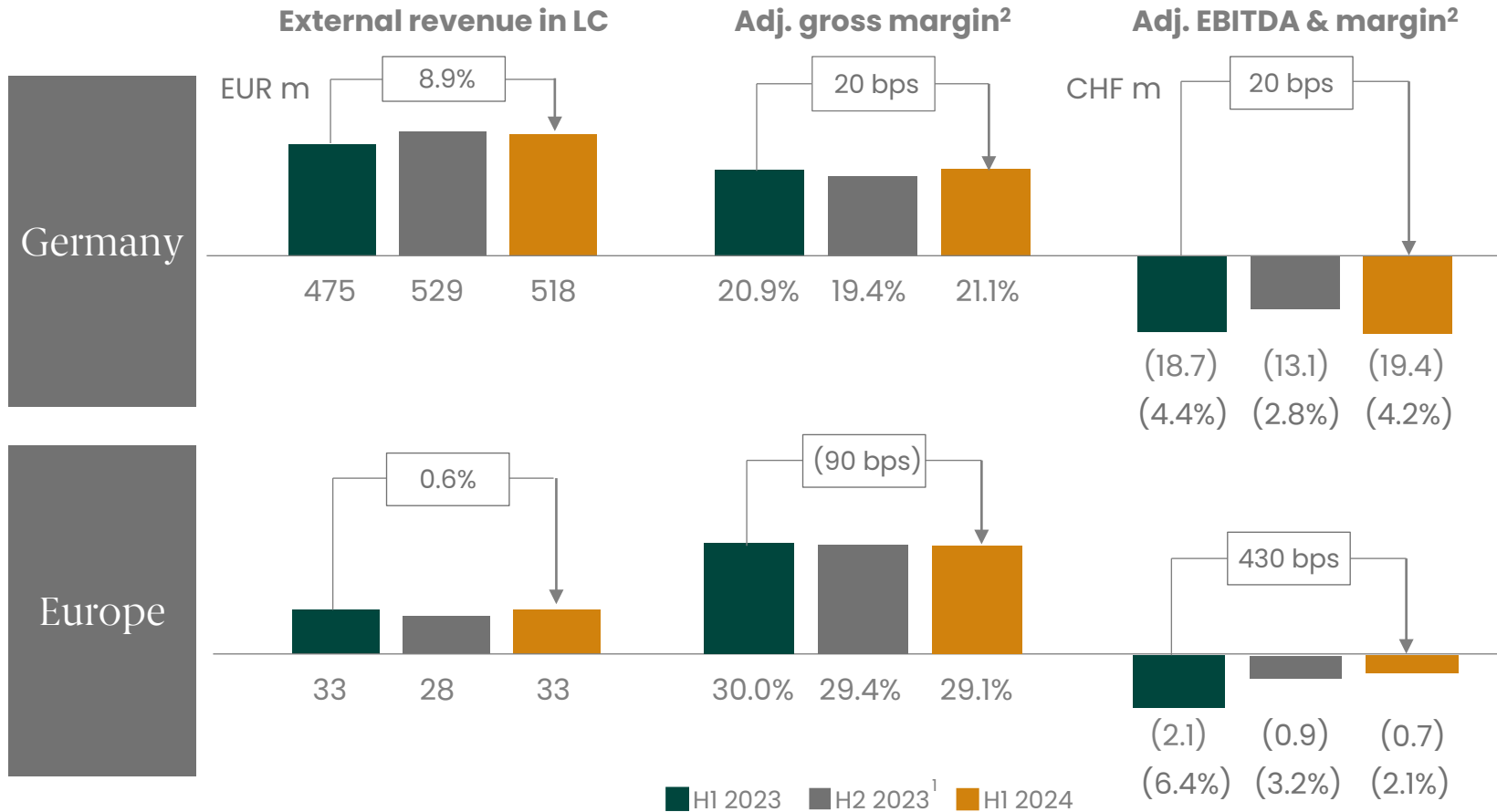
# Revenue growth and stable EBITDA despite pRx drag from Q1 and incremental eRx marketing spent



- Continuous focus on profitable customer base and efficient marketing despite eRx campaign
- Rx headwind due to pRx drag starting in Q1 and CardLink only being available since mid-end April
- External revenue up 5.7% (8.4% in LC)
- Adj. EBITDA improved CHF 14m excluding incremental marketing for eRx

<sup>1</sup> Due to positive court ruling, DocMorris received manufacturer rebates that led to a CHF 3m one-off adjustment in the German segment | <sup>2</sup> based on consolidated revenue in CHF

# Both segments, Germany and Europe, improve adj. EBITDA margins yoy



- OTC revenue grew 9.7% (12.5% in LC)
- Rx down at start of H1 as eRx shift led to patients not being able to redeem paper scripts at online pharmacies
- Adj. EBITDA margin and gross margin improved yoy
- Adj. EBITDA includes CHF 13m eRx opportunity marketing increment

- Turnaround achieved with 10.9% revenue growth H1 vs 23H2
- Continued focus on profitable customers and marketing efficiency
- Strong improvement in EBITDA margin yoy by 430 bps

<sup>1</sup> Due to positive court ruling, DocMorris received manufacturer rebates that led to a CHF 3m one-off adjustment in the German segment | <sup>2</sup> based on consolidated revenue in CHF

# Inflection point in active customer growth confirmed

Million active customers<sup>1</sup> last 12 months

9.0  
H1 2023

9.1  
H2 2023

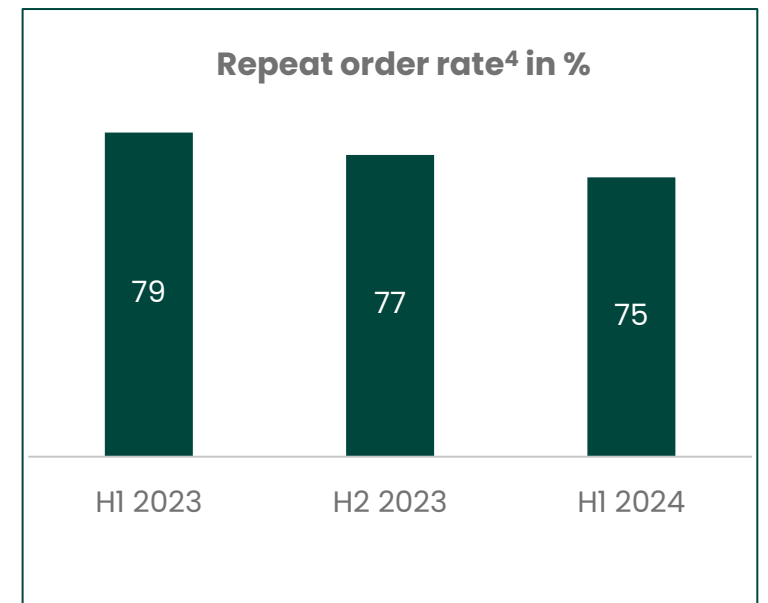
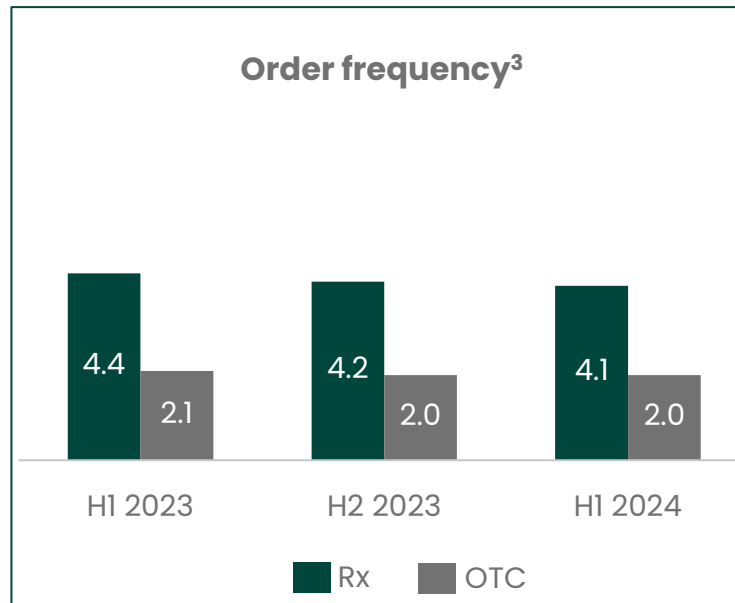
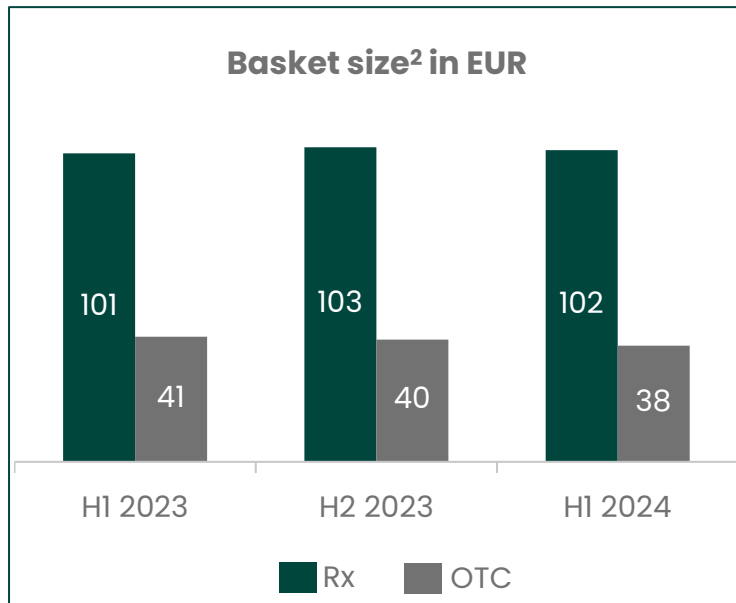
10.0  
H1 2024

Million site visits in last 12 months

195  
H1 2023

185  
H2 2023

195  
H1 2024



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

# Strong improvement of personnel expenses partially compensate for incremental eRx marketing

in CHF m	H1 2023	Margin in %	H1 2024	Margin in %
External revenue <sup>1</sup>	501.4		530.1	
External revenue <sup>1</sup> , in local currency	501.4		543.4	
<b>Consolidated revenue</b>	<b>463.0</b>		<b>496.3</b>	
Gross profit	99.9	21.6	107.2	21.6
Personnel expenses adj.	(55.1)	(11.9)	(47.3)	(9.5)
Marketing expenses	(22.2)	(4.8)	(35.4)	(7.1)
Distribution expenses	(23.1)	(5.0)	(26.4)	(5.3)
Other operating income & expenses adj.	(20.3)	(4.4)	(18.2)	(3.7)
<b>Adj. EBITDA</b>	<b>(20.8)</b>	<b>(4.5)</b>	<b>(20.1)</b>	<b>(4.1)</b>
Adjustments	(7.3)		(1.5)	
M&A	(4.7)		0.0	
Restructuring, Integration	(2.6)		(1.1)	
Other	(0.0)		(0.4)	
EBITDA	(28.1)	(6.1)	(21.7)	(4.4)
EBIT	(48.8)	(10.5)	(44.4)	(8.9)
Net income from cont. operations	(58.2)	(12.6)	(37.9)	(7.6)
Net income from disc. operations	199.8		0.0	

- Significant cost margin improvement due to path to profitability programme
  - personnel expense (+2.4 pp)
  - other operating income & expenses (+0.7 pp)
- Marketing expenses increased due to eRx launch
- Only minor adjustments in 1H24
- Financial result positively impacted by non-cash FX translation effect

<sup>1</sup> External revenue consists of the consolidated revenue of DocMorris plus mail order revenues of pharmacies supplied by DocMorris, less the consolidated revenue from supplying them

# Solid balance sheet with comfortable cash position

in CHF m	31 Dec 2023	%	30 Jun 2024	%
Cash and cash equivalents	54.0		105.1	
Current financial assets	97.0		90.0	
Receivables	79.2		82.0	
Inventories	51.8		44.3	
Property, plant & equipment	45.5		43.1	
Right-of-use assets	28.2		26.9	
Intangible assets	495.1		507.7	
Other non-current assets	15.6		15.9	
<b>Total assets</b>	<b>866.4</b>		<b>915.1</b>	
Financial liabilities	42.8		40.7	
Payables & accrued expenses	82.5		92.5	
Bonds	302.1		374.9	
Other liabilities	8.5		7.3	
Equity	430.5	49.7	399.7	43.7
<b>Total equity and liabilities</b>	<b>866.4</b>		<b>915.1</b>	

- Highly attractive asset-light business model
- Comfortable cash position of CHF 195.1m plus ~CHF 26m from sale of non-operational property in Q3 (transaction closed in August)
- Earn-out of CHF 47m for Swiss business sale received in Q2
- Convertible bond 2025 refinanced & purchased back in Q2
- Debt maturity profile with >50% outstanding in May 2029
- Net working capital normalised: Improvement by CHF 20m vs FY23 due to inventory reduction and increase of payables

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# Key takeaways

- 1** CardLink is a great success
- 2** App downloads, Rx sales and new Rx customers are growing significantly since CardLink
- 3** eRx unit economics and key KPIs are better than expected
- 4** eRx is the proven driver for profitable growth
- 5** Unique strategic opportunity to invest in valuable new eRx customers with payback less than 18 months



# Lower outlook: Investing in new eRx customer growth

External revenue <sup>1</sup> 2024 in local currency	5% to 10% growth (including eRx) previously: >10% growth (including eRx)	2023: CHF 1,038m
Adj. EBITDA 2024	Around CHF -50m (break-even excl. eRx) previously: CHF 0 to CHF -35m (including eRx)	2023: CHF -35m
Capital expenditure 2024	Around CHF 30m previously: CHF 30 to CHF 40m	2023: CHF 28m
Adj. EBITDA margin mid-term	Around 8% confirmed	

- Switching from indicative to firm outlook
- Lower revenue due to:
  - Limited market access until CardLink in April
  - pRx revenue drop
- Lower EBITDA due to:
  - Additional eRx customer growth investment
  - Lower Rx contribution

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



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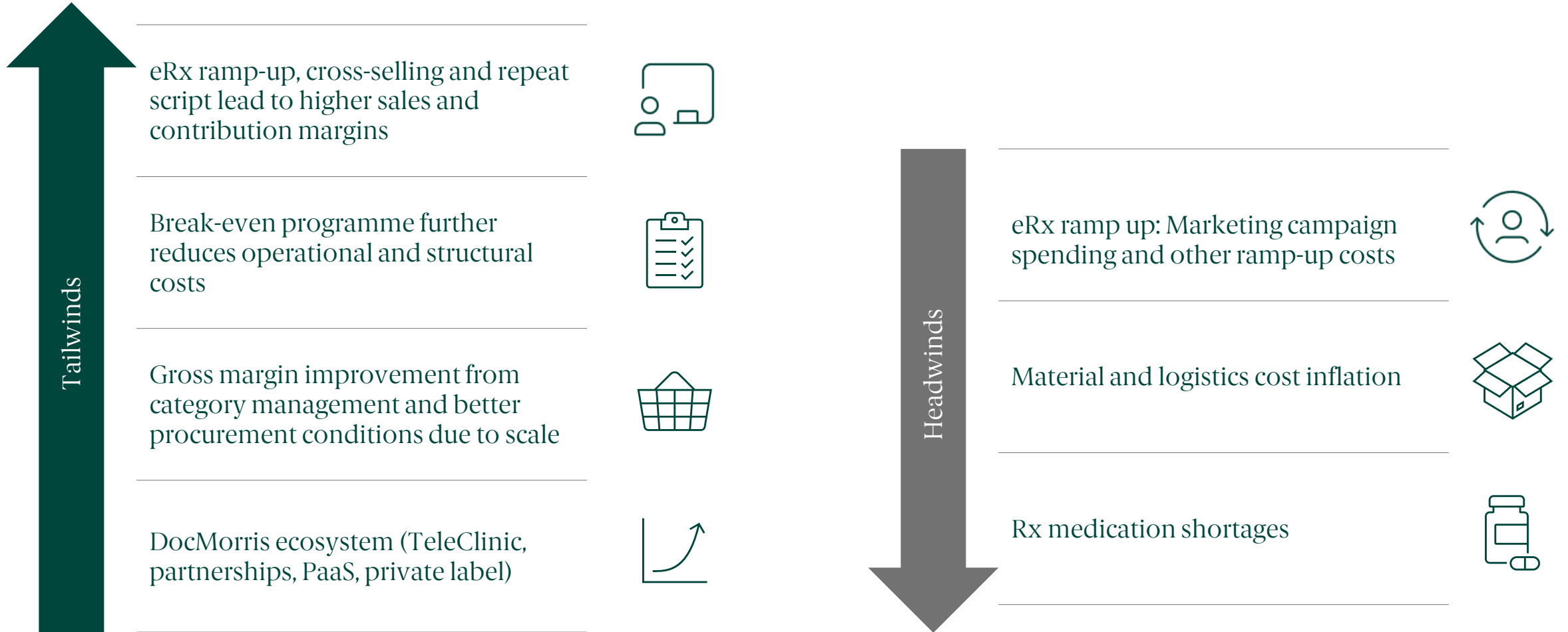
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# Q&A







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# EBITDA drivers for H2 2024



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

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

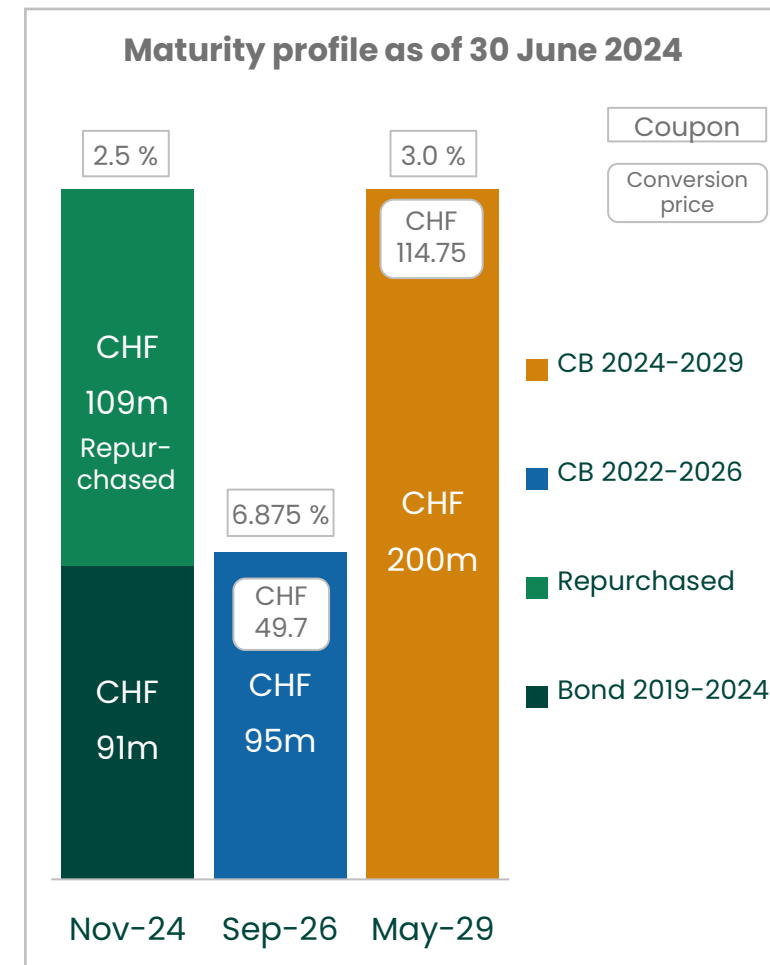
Numbers rounded to full Euros | Gross margins are as of FY23 | Operational expenses assume additional scale in mid-term due to eRx, with full readiness in costs now | Shows basket view, with c. 3 products in eRx as is observed today | EU segment has unit economics similar to OTC. The EU segment can be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

# Debt maturity and cash flow overview

in CHF m	H1 2023	H2 2023	H1 2024
<b>Cash start of period</b>	<b>126.0</b>	<b>199.7</b>	<b>54.0</b>
Operating cash flow	(34.6)	(50.2)	(11.1)
Financing cash flow	(14.3)	(3.2)	191.9
Investing cash flow	(24.0)	(31.9)	(6.7)
Sale CH segment net proceeds	282.7	(7.0)	0.0
Repurchase bonds	(136.0)	(51.8)	(124.0)
Foreign currency differences	(0.1)	(1.6)	1.0
<b>= Free Cash Flow</b>	<b>73.8</b>	<b>(144.0)</b>	<b>50.1</b>
Cash end of period	199.7	54.0	105.1
<b>Cash position<sup>1</sup></b>	<b>282.1</b>	<b>151.1</b>	<b>195.1</b>

in CHF m	30 June 2023	31 Dec 2023	30 June 2024
Public Bonds	352.6	302.1	374.9
+ Lease liabilities	32.2	28.7	27.7
+ Other financial liabilities	19.8	14.1	12.9
<b>= Financial debt</b>	<b>404.6</b>	<b>344.9</b>	<b>415.6</b>
- Cash and cash equivalents	199.7	54.0	105.1
- Current financial assets	82.4	97.0	90.0
<b>= Net financial debt</b>	<b>122.5</b>	<b>193.9</b>	<b>220.5</b>

<sup>1</sup> including fixed deposit investments and other current financial assets



# FY 2023: Operational expenses improved noticeably

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

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

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

# Shareholder structure

As of 15 August 2024

## 100% free float

UBS Fund Management	5.61%
Frank M. Sands, Jr.	4.93%
Psquared Asset Management	3.63%
Swisscanto Fondsleitung	3.06%
Management as per December 31, 2023	0.86%
Board of Directors as per December 31, 2023	1.39%
Other shareholders	80.52%

As of 15 August 2024

Shares	14,820,639
Thereof own shares	3,020,072
Thereof share lending facility <sup>1</sup>	3,018,596
<b>Shares outstanding</b>	<b>11,800,567</b>
Convertible Bond 22-26 (outstanding/nominal CHF 95m, conversion price CHF 49.7)	1,908,541
Convertible Bond 24-29 (outstanding/nominal CHF 200m, conversion price CHF 114.75)	1,742,919
Shares outstanding (diluted)	15,452,027

<sup>1</sup> DocMorris Finance B.V. holds 3,018,596 treasury shares, which serve as a share lending facility to support the convertible bonds issued in 2022 and 2024.



# Financial calendar

Date	Event/Publication
20 August 2024	H1 2024 Results (incl. conference call)
15 October 2024	Q3 2024 Trading Update
21 January 2025	Revenue 2024
13 March 2025	2024 FY Results and Outlook 2025 (incl. conference call)
17 April 2025	Q1 2025 Trading Update
8 May 2025	Annual General Meeting 2025
19 August 2025	H1 2025 Results (incl. conference call)
16 October 2025	Q3 2025 Trading Update

Thank you



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