



H1 results 2023

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17 August 2023

Today's presenters



Walter Hess
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Agenda

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

Key messages and highlights

1 On track to profitable growth

H1 targets achieved:

- Inflection point: return to quarterly revenue growth
- EBITDA margin improves by 6.6 ppt yoy

H1 Milestones achieved:

- Swiss business sale closed with proceeds of CHF 360m
- Long-tail marketplace launched

2 eRx mandatory as of January 2024

Nationwide roll out started in July 2023:

- 70% increase in redeemed eScripts since June
- Technologies, doctors and pharmacies ready

3 Seamless digital eRx channel

Multiple eRx redemption channels:

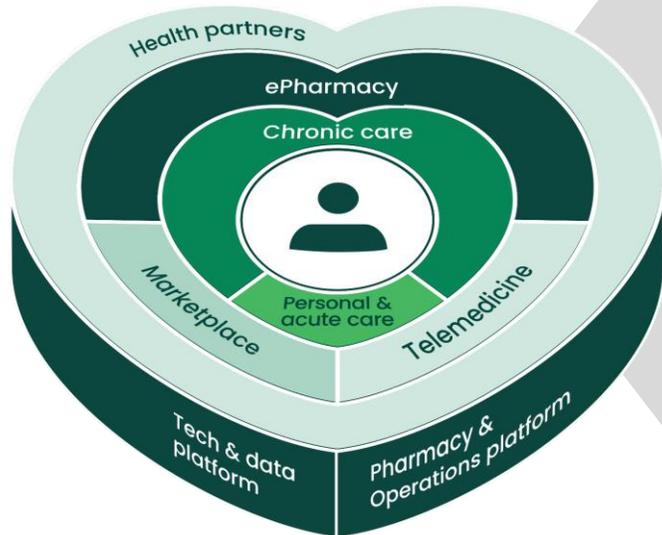
- NFC eGK digital solution ready for use in Q4
- eGK in local pharmacies launched on time

DocMorris eRx readiness:

- Resources, processes and capacity ready
- Marketing/communication prepared

Delighting our patients and customers with health in one click

The most customer-centric, convenient and caring digital health ecosystem



Unique eRx and chronic care experience

- Digital medication services and management: medication history, reminder, follow-up and repeat script
- eRx same day and next day delivery
- Integrated telemedicine/doctor service

Profitable OTC and BPC business

- Full range of products at attractive prices
- State-of-the-art customer experience
- Continuous improvement of operational excellence

Extended Marketplace offering

- Long tail marketplace (> 150 sellers, >50k products)
- Same day coverage with pharmacy partners
- Integrated DocMorris shopping experience on own technology

Stakeholders are ready: “The eScript is starting”

1. Close to 3m eRx redeemed with c.70% increase since the eGK launch in July¹
2. New “Digital law” in legislative process. Cabinet approval expected 30.08.2023
 - Mandatory eRx as of January 2024 with close monitoring
 - Reduced level of data security by choice of the patients (e.g. Face ID for identification)
 - German health minister Lauterbach: “It is not acceptable that we still have paper prescriptions. We need a race to catch up.”³
3. All relevant stakeholders are (getting) ready for eRx:
 - Doctors and pharmacies
 - Software system providers for doctors and pharmacies
 - Telematics infrastructure (Gematik)

¹ Increase calculated on 7 day average in the last 10 days compared to the 7 day average on June 30th |

² KBV: National Physician Association, German: Kassenärztliche Bundesvereinigung (KBV) |

³ www.deutsche-apotheker-zeitung.de

KBV² information campaign to doctors: “The eScript is starting!”

The poster features a large pink and blue pill graphic. A doctor is sitting at a desk with a laptop, and a large signature is written over the pill. The text 'DAS eREZEPT STARTET!' is prominently displayed. A small pink box in the top right corner says 'AUF EINEN BLICK'. The KBV logo and name are in the bottom right. The text 'WANN?' and 'WAS IST PFLICHT?' are followed by bullet points detailing the implementation timeline and requirements.

AUF EINEN BLICK

DAS eREZEPT STARTET!

WANN?

- › ab 1. Juli 2023, verpflichtend ab 1. Januar 2024 laut Gesetzentwurf

WAS IST PFLICHT?

- › Verschreibungspflichtige Arzneimittel zulasten der gesetzlichen Krankenversicherung (rosa Rezept) müssen als eRezept verordnet werden.
- › Für alle anderen Verordnungen die bisher auf dem rosa Rezept erfolgen, z. B. Verband- und Hilfsmittel, nutzen Praxen weiterhin Muster 16. Auch BtM-Rezepte und T-Rezepte werden vorerst noch als Papierrezept ausgestellt.

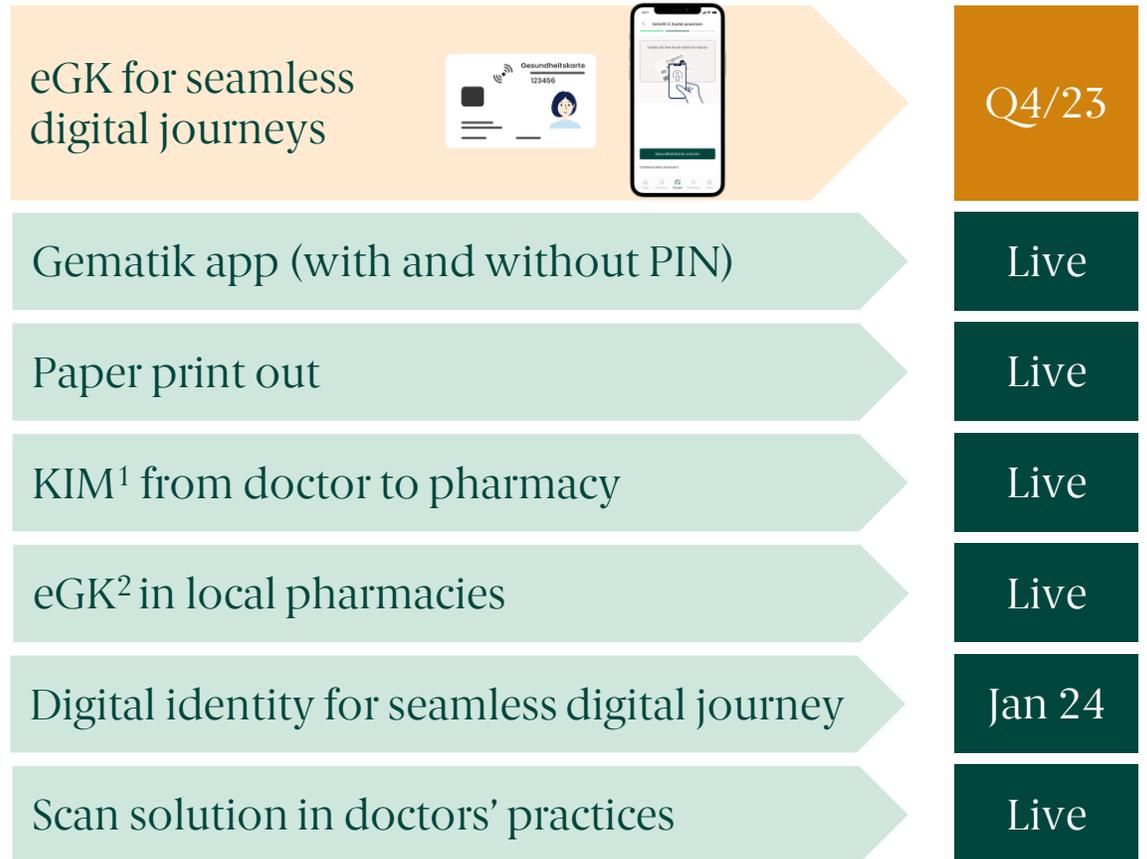
KBV KASSENÄRZTLICHE BUNDESVEREINIGUNG

Multiple eScript redemption channels with digital process via NFC eGK

Similar process and equal data protection standard as use of eGK in local pharmacies

- NFC-capability of eGKs and smartphones:
 - eGK Cards: about 90%
 - Smartphones: since ~2016 all Apple iPhone 6s and major Android phones
- No separate eGK PIN needed
- Close interaction with the relevant regulatory bodies and stakeholders to bring it live

Redemption channels are easy, convenient and digital



¹ KIM: electronic letters between healthcare providers (German: Kommunikation im Medizinwesen) |

² eGK: electronic health insurance card (German: elektronische Gesundheitskarte)

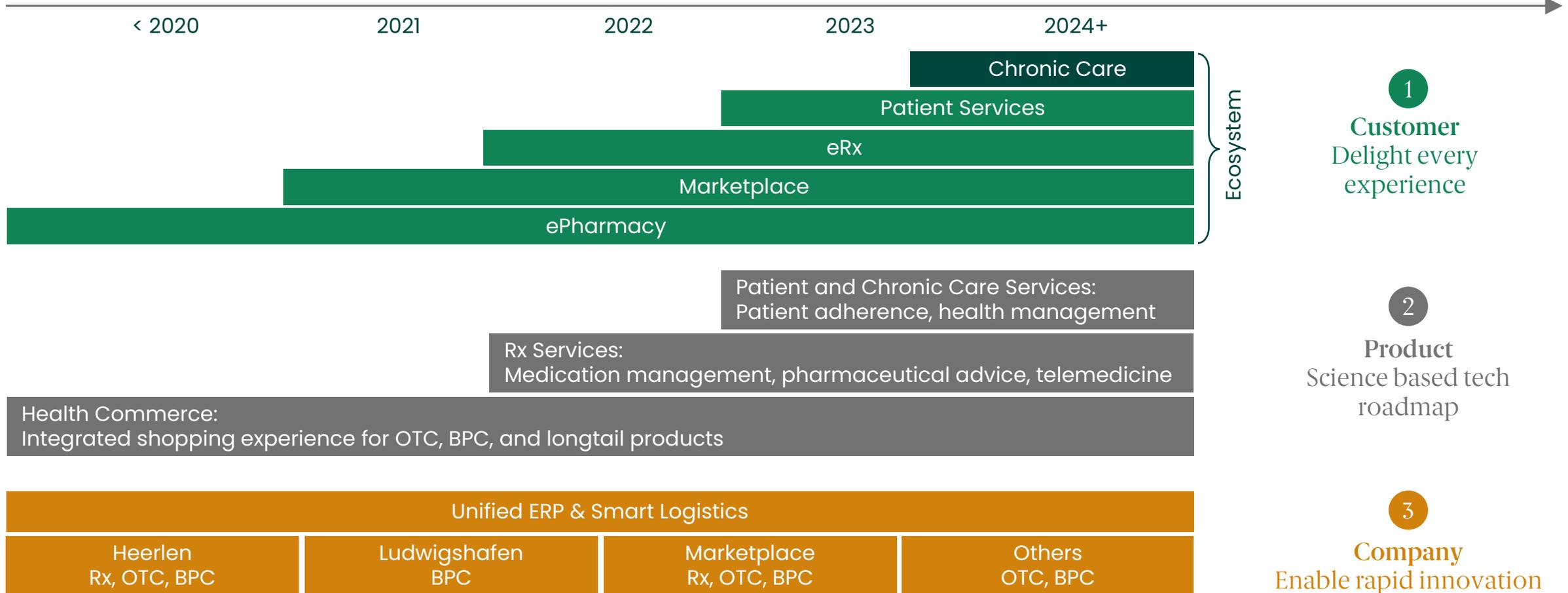
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Transformation journey to the preferred digital health destination

From eCommerce...

...to health in one click



The DocMorris app addresses barriers to medication adherence

1

eRx + Rx

Many ways to redeem

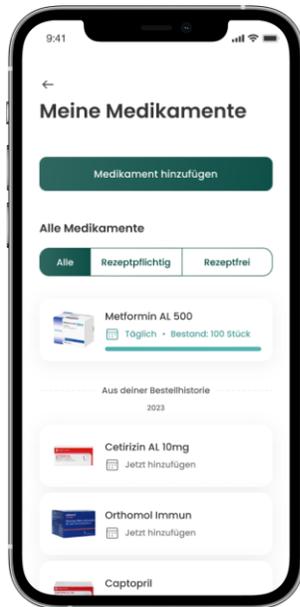


convenience

2

Medication History

All in one – place



peace of mind

3

Reminders

Smartphone enabled

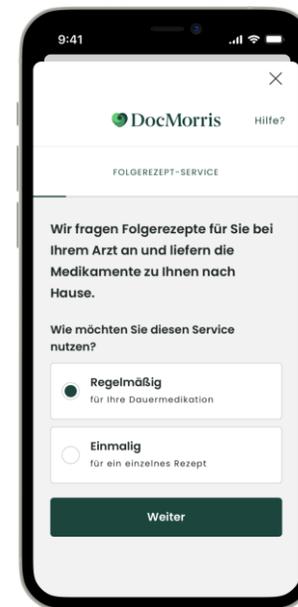


improve adherence

4

Follow-Up/Refills

We take care of it for you

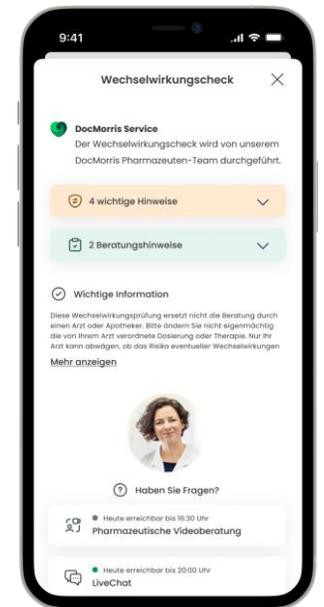


simplified process

5

Interaction check

Pharmacist advice



medication safety

Improved new shopping cart experience

Customer journey enhancements

- State-of-the-art design
- Cart performance < 1 sec
- Real time product availability and price updates

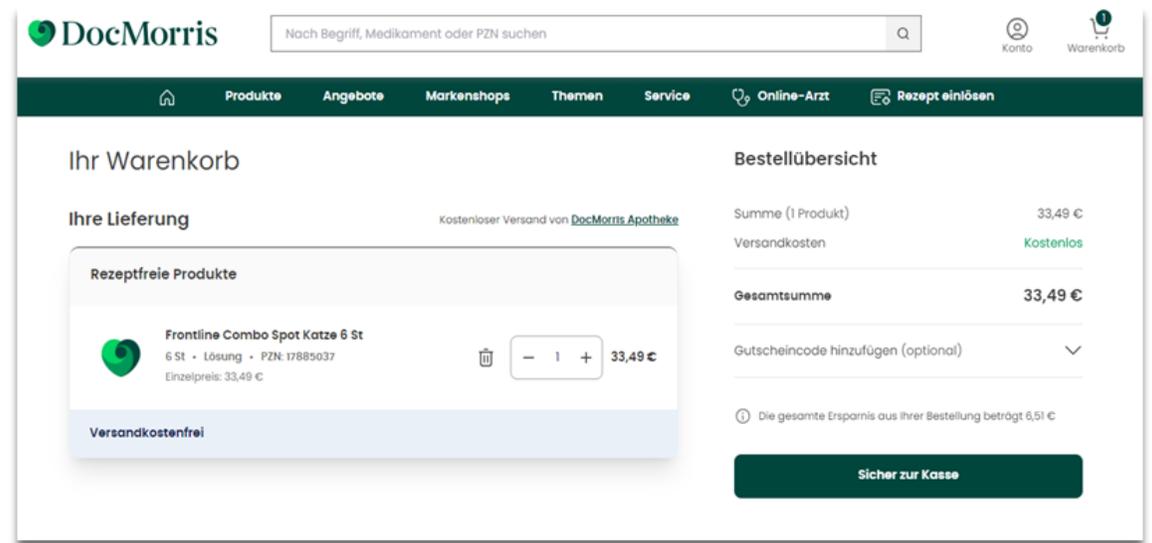
Achieved business success

- Increase in average daily transactions by ~15%
- Notable uplift in conversion rate
- Increased average basket size

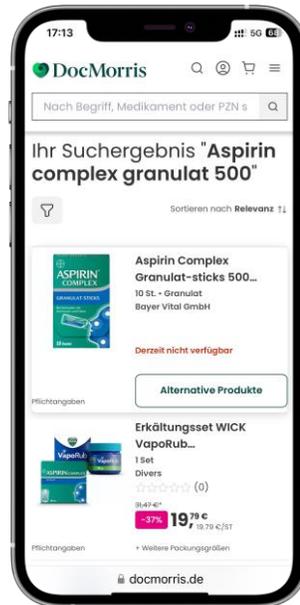
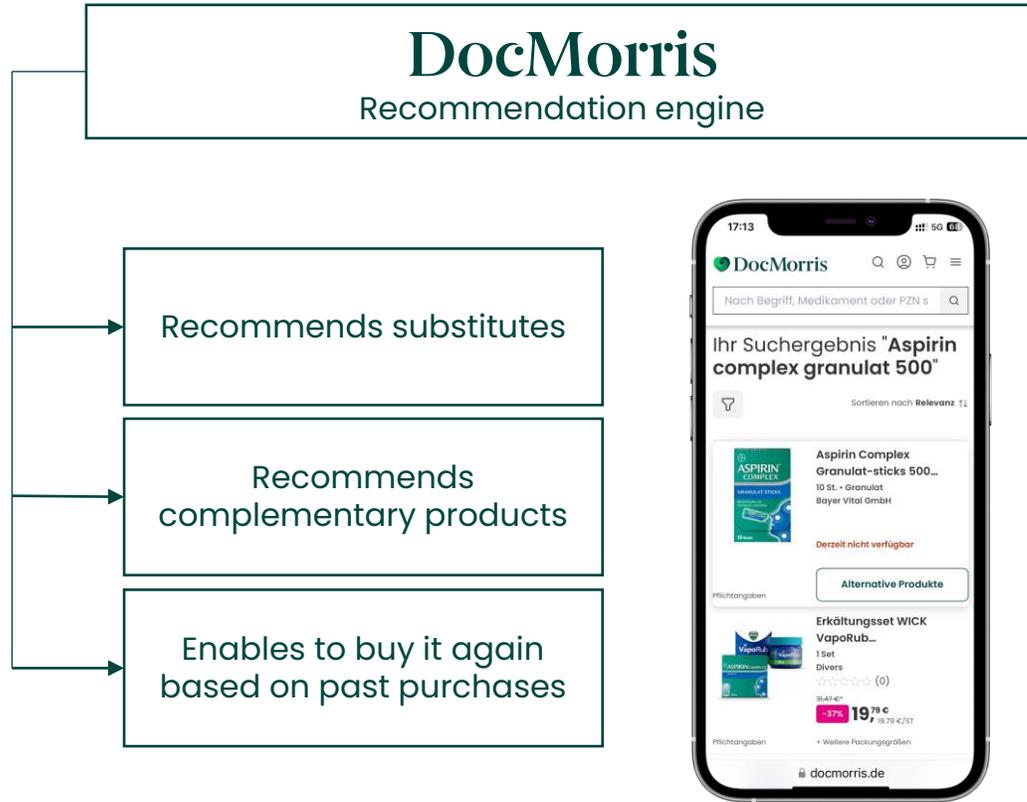
Continued improvements

- Improve self-service (e.g. returns)
- Increased customer protection against fraud

New cart / check-out



Data science in action: improved experience learned from millions of inputs



Customer impact

- Finds exact equivalent if product not available
- Finds complementary products
- Reminded to order products before running out

Business impact

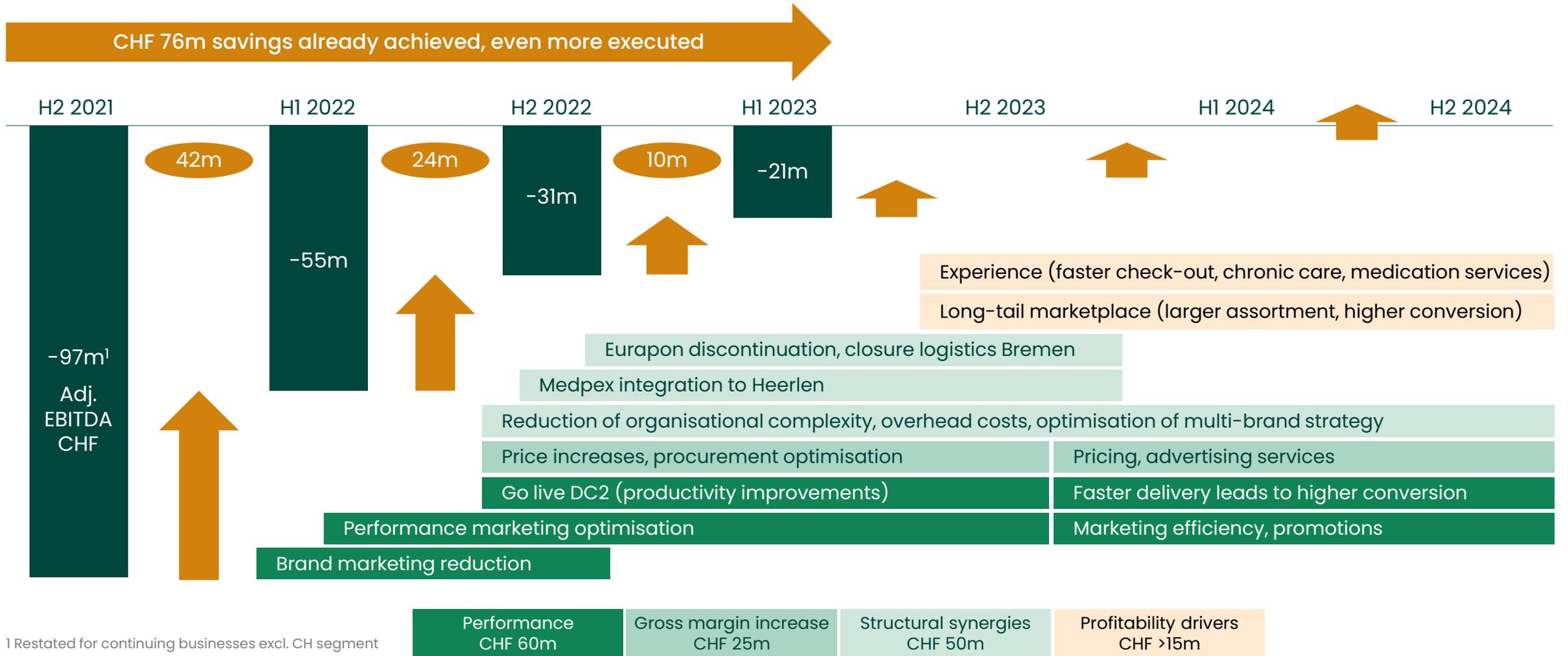
- Reduction in lost sales due to limited availability
- Higher average order value with recommendations
- Increase in orders and net sales

In-house model trained on **100M+** shopping baskets and **'always on'** predictions of highly relevant recommendations

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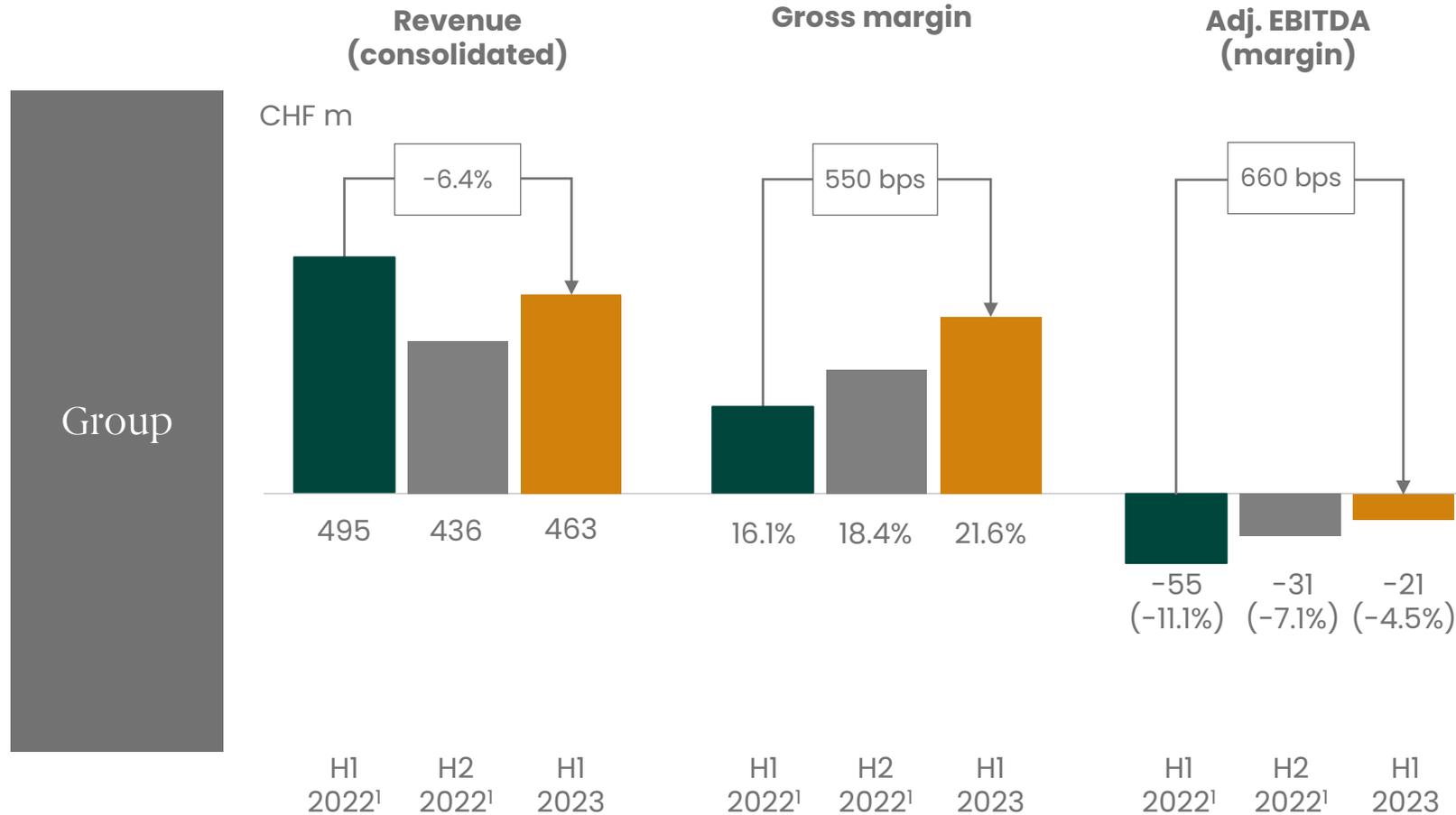
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Swift execution towards profitability with significantly reduced complexity



1 Restated for continuing businesses excl. CH segment

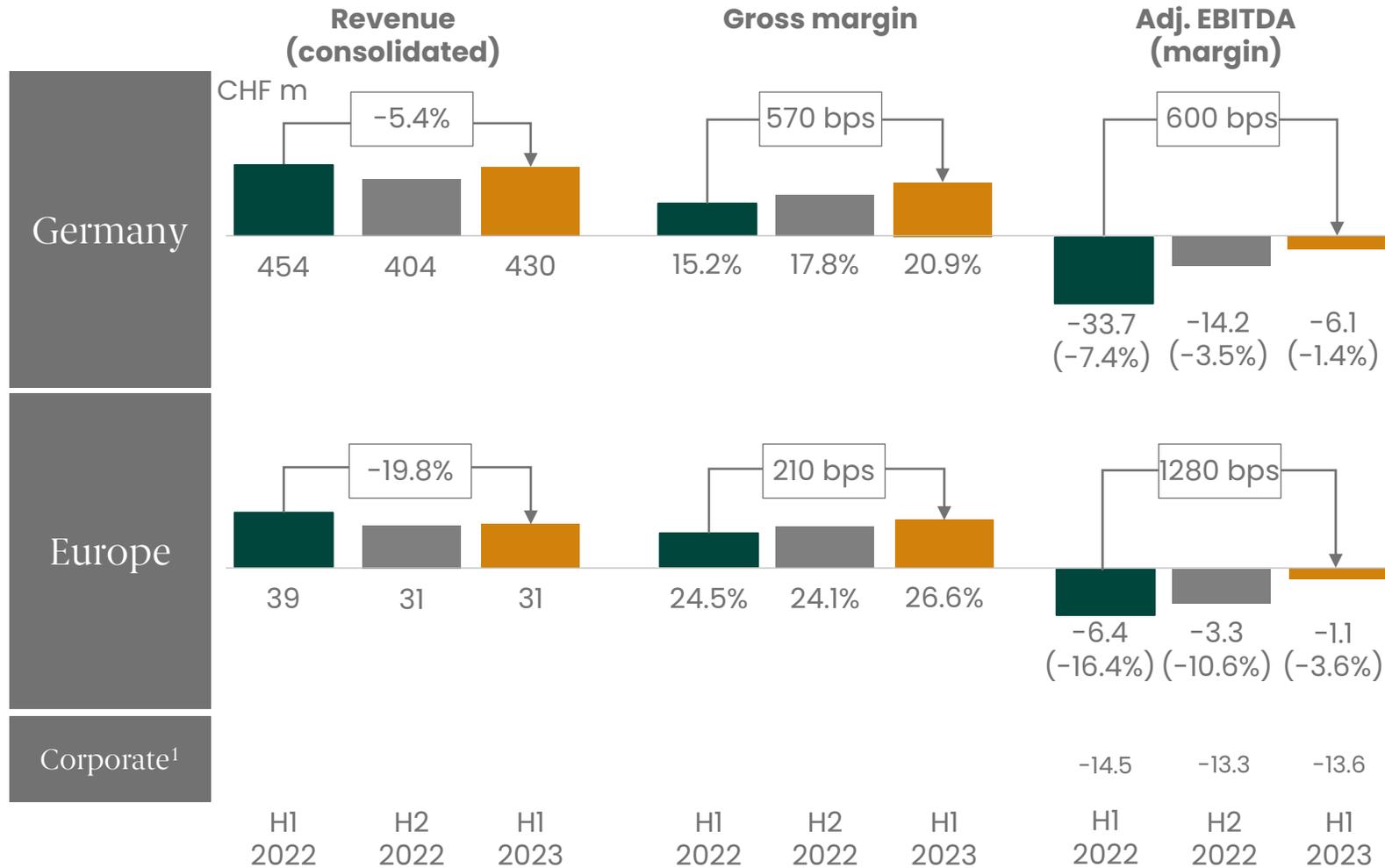
Break-even programme led to strong EBITDA improvement



- Focus on profitable customer base and marketing efficiency
- H1 consolidated revenue declined by 6.4% yoy (-2.0% in LC, external revenues: -17.3% external revenues), in line with full-year guidance
- Return to quarter on quarter growth
- Gross margin improvement due to Medpex integration, selected price increases and procurement optimisation
- Adj. EBITDA improved strongly by CHF 34m yoy in H1

¹ Restated for continuing businesses excl. CH segment

Finding a base in H1: Germany and Europe with similar developments



- Brand consolidation drives consolidated revenue and EBITDA
- Focus on profitable customers
- Streamlining of organisation
- Declining pRx business due to delayed bonus ban effect. Trough expected in Q3

- Focus on profitable customers and marketing efficiency
- Streamlining of organisation
- Strong improvement in profitability due to front-loaded break-even programme in H2 2022

- Structural optimisation, no more management fees from CH
- Significant cost reductions in H2 executed

¹ Restated for continuing businesses incl. CH segment

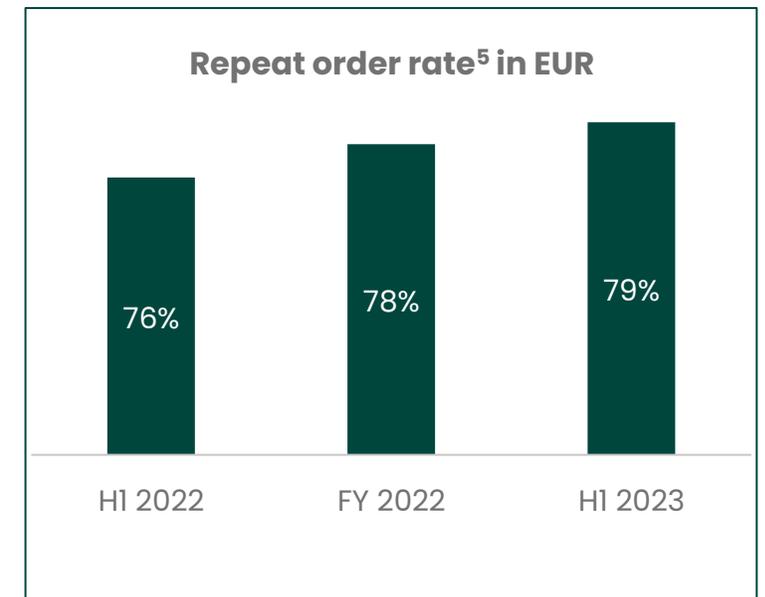
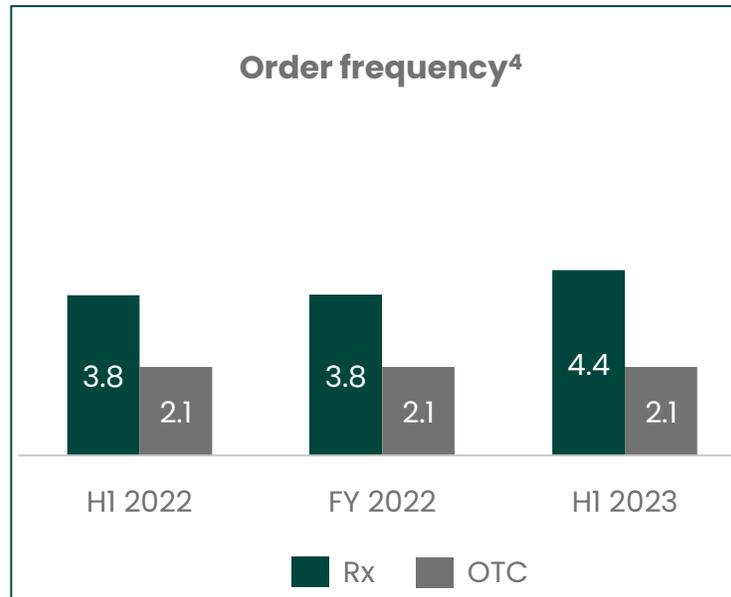
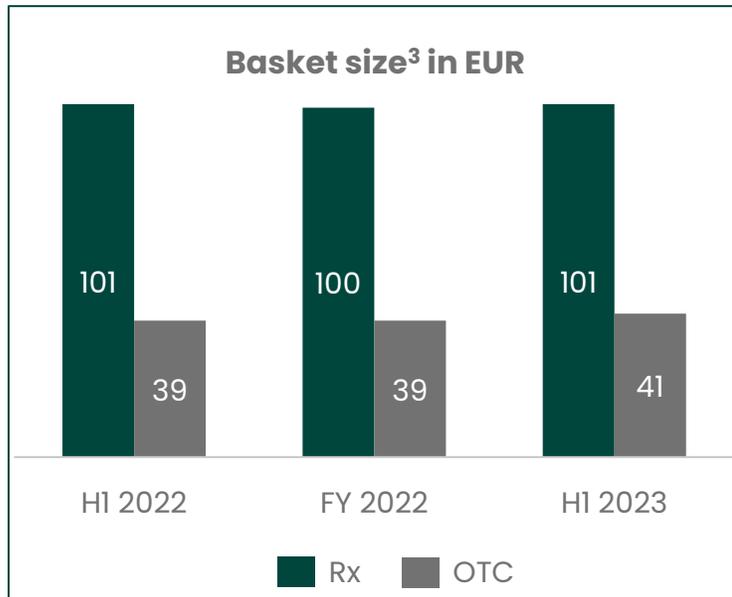
Customer KPIs: Improving basket sizes and order frequency

Site visits¹

249m **190m** **195m**
 HI 2022 FY 2022 HI 2023

Active customers² in m

11.5 **10.2** **9.0**
 HI 2022 FY 2022 HI 2023



¹ number of website visits in the last 12 months | ² all mail order customers who have placed an order with DocMorris or a pharmacy supplied by DocMorris in the last 12 months | ³ basket size equals average value of the purchase per order | ⁴ number of orders per active customer in 12 months period | ⁵ share of orders from existing customers in relation to total number of orders | All figures reflect the B2C & marketplace business regardless of integration and consolidation progress of the acquired businesses in Germany and are restated for continuing businesses excl. CH segment

Operational expenses improved noticeably vs. 2022

in CHF m	H1 2022 ¹	Margin in %	H2 2022 ¹	Margin in %	H1 2023	Margin in %	Yoy %
External revenue	634.6		524.9		501.4		(21.0)
External revenue, in local currency							(17.3)
Consolidated revenue	494.6		436.3		463.0		(6.4)
Gross profit adj.	80.7	16.3	80.7	18.5	99.9	21.6	23.9
Personnel expenses adj.	(56.0)	(11.3)	(50.2)	(11.5)	(55.1)	(11.9)	(1.6)
Marketing expenses	(35.5)	(7.2)	(17.3)	(4.0)	(22.2)	(4.8)	37.5
Distribution expenses	(19.3)	(3.9)	(17.7)	(4.1)	(23.1)	(5)	(19.7)
Other operating income & expenses adj.	(24.6)	(5.0)	(26.3)	(6.0)	(20.3)	(4.4)	(17.5)
Adj. EBITDA	(54.7)	(11.1)	(30.8)	(7.1)	(20.8)	(4.5)	62.0
Adjustments	6.1		(14.0)		(7.3)		
M&A	12.0		1.9		(4.7)		
Restructuring, Integration	(5.0)		(12.5)		(2.6)		
Other	(0.9)		(3.4)		(0.0)		
EBITDA	(48.6)	(9.8)	(44.8)	(10.3)	(28.1)	(6.1)	
EBIT	(67.3)	(13.6)	(73.5)	(16.9)	(48.8)	(10.5)	
Net income from cont. operations	(83.6)	(16.9)	(88.3)	(20.3)	(58.2)	(12.6)	
Net income from disc. operations					199.8		

¹ Restated for continuing businesses excl. CH segment

- Gross margin increased by 530 bps yoy, due to integration of Medpex, discontinuation of Eurapon and price increases
- Reduction of personnel expenses limited due to insourcing of Medpex staff
- Break-even programme with positive impact on marketing, distribution and other expenses
- Net financial result improved: Bond buybacks and saving interest payments; negatively impacted by foreign currency (CHF-EUR)

Balance sheet: Strong equity ratio and comfortable cash position

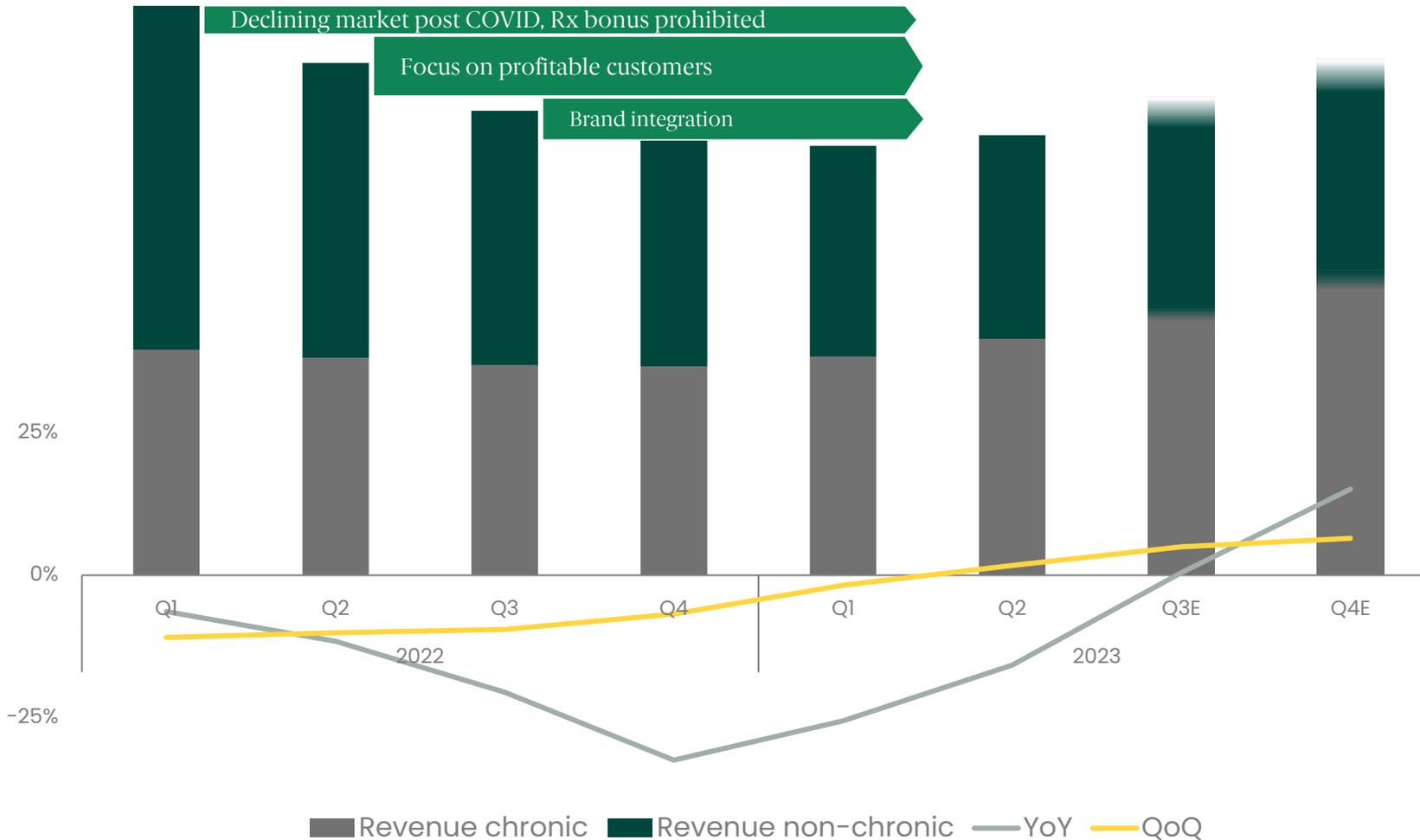
in CHF m	31 Dec 2022	%	30 June 2023	%
Cash and cash equivalents	126.0		199.7	
Current financial assets	30.4		82.4	
Receivables	156.3		68.1	
Inventories	83.2		43.7	
Property, plant & equipment	132.0		96.9	
Intangible assets	571.9		519.8	
Total assets	1'099.4		1'010.5	
Financial liabilities	63.9		52.0	
Payables & accrued expenses	180.1		104.5	
Bonds	490.4		352.6	
Other liabilities	14.2		7.3	
Equity	350.8	31.9	494.1	48.9
Total equity and liabilities	1'099.4		1'010.5	

- Highly attractive, asset-light business model
- Received initial proceeds of ~CHF 300m on closing on May 4th for sale of Swiss segment, excluding earn-out at fair value of CHF 44.7m
- Proceeds of sale of Swiss business mainly allocated to repay outstanding bonds, generating low double-digit CHF m savings in capital and interest in H1
 - Successful tender offer for 2024 CHF 200m straight bond: repurchased CHF 109m in May
 - Repurchases of 2025 CHF 175m convertible bond: repurchased CHF 31m in Q2
- Net working capital improved by CHF 20.2m to CHF 32.2m due to seasonality and distribution site consolidation

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Inflection point in Q2: Strong increase in chronic revenue share



- Return to growth in Q2
- Stable base in H1 to grow from profitably
- In Q2 achieved competitive quarter on quarter growth
- Largest sales decline intentionally with non-chronic customer cohorts with lower profitability
- Focus on profitable chronic patients leads to
 - much faster payback
 - higher marketing efficiency
 - lower marketing requirements

Indicative only | Restated for continuing businesses excl. CH segment | Horizontal columns: Length indicates duration of impact, height indicates magnitude of impact on revenues

Guidance confirmed: Adj. EBITDA break-even in 2024 independent of eRx

<p>External revenue¹ 2023 in local currency</p>	<p>Mid-single-digit decline confirmed</p>	<p>2022²: CHF 1'159</p>
<p>Adj. EBITDA 2023</p>	<p>CHF -20m to CHF -40m (excluding eRx) confirmed</p>	<p>2022²: CHF -85.5m</p>
<p>Capital expenditure 2023</p>	<p>CHF 30m to CHF 40m confirmed</p>	<p>2022²: CHF 40.4m</p>
<p>Adj. EBITDA 2024</p>	<p>Break-even (excluding eRx) confirmed</p>	
<p>Adj. EBITDA margin mid-term</p>	<p>~8% confirmed</p>	

¹ 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 | ² Restated for continuing businesses excl. CH segment

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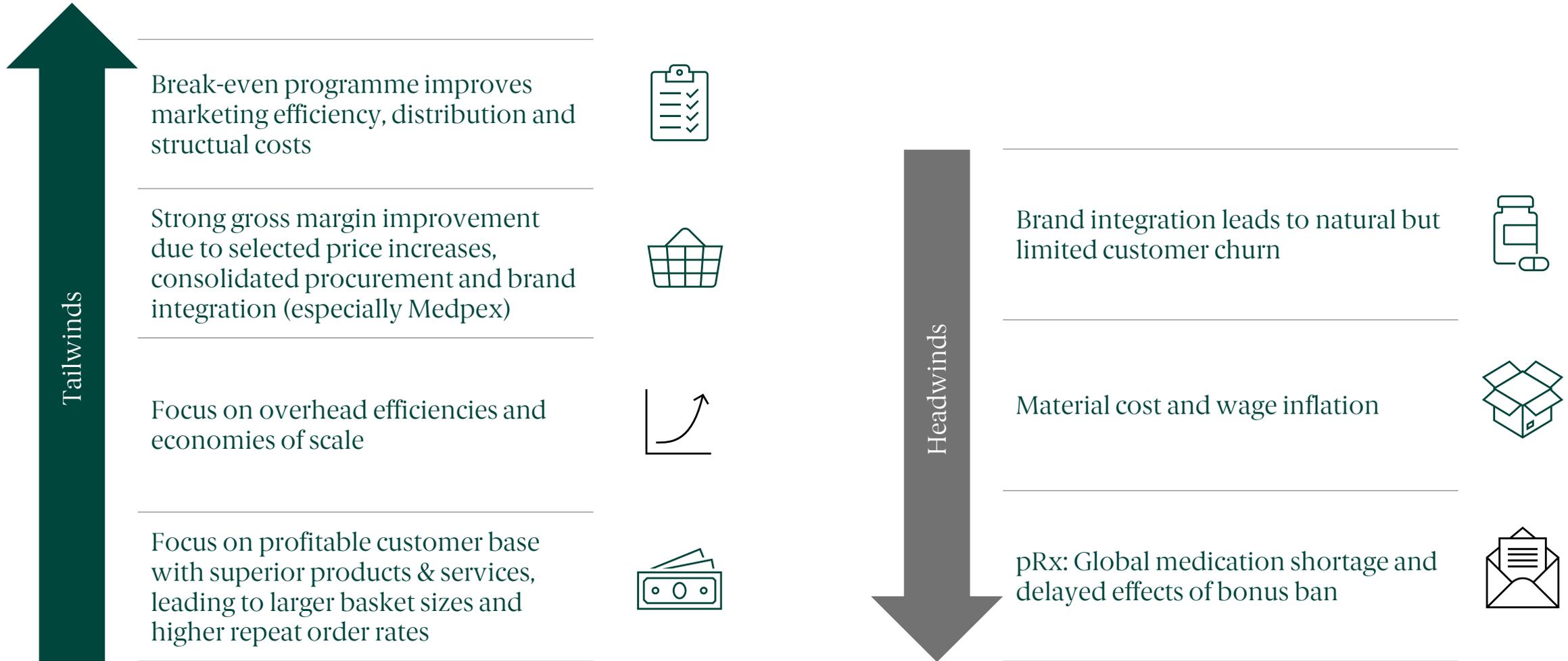
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Q&A

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EBITDA drivers for 2023: On track for guidance



Achieving mid-term guidance: Highly attractive unit economics in Germany, strong contribution margins for eRx and further improvements initiated

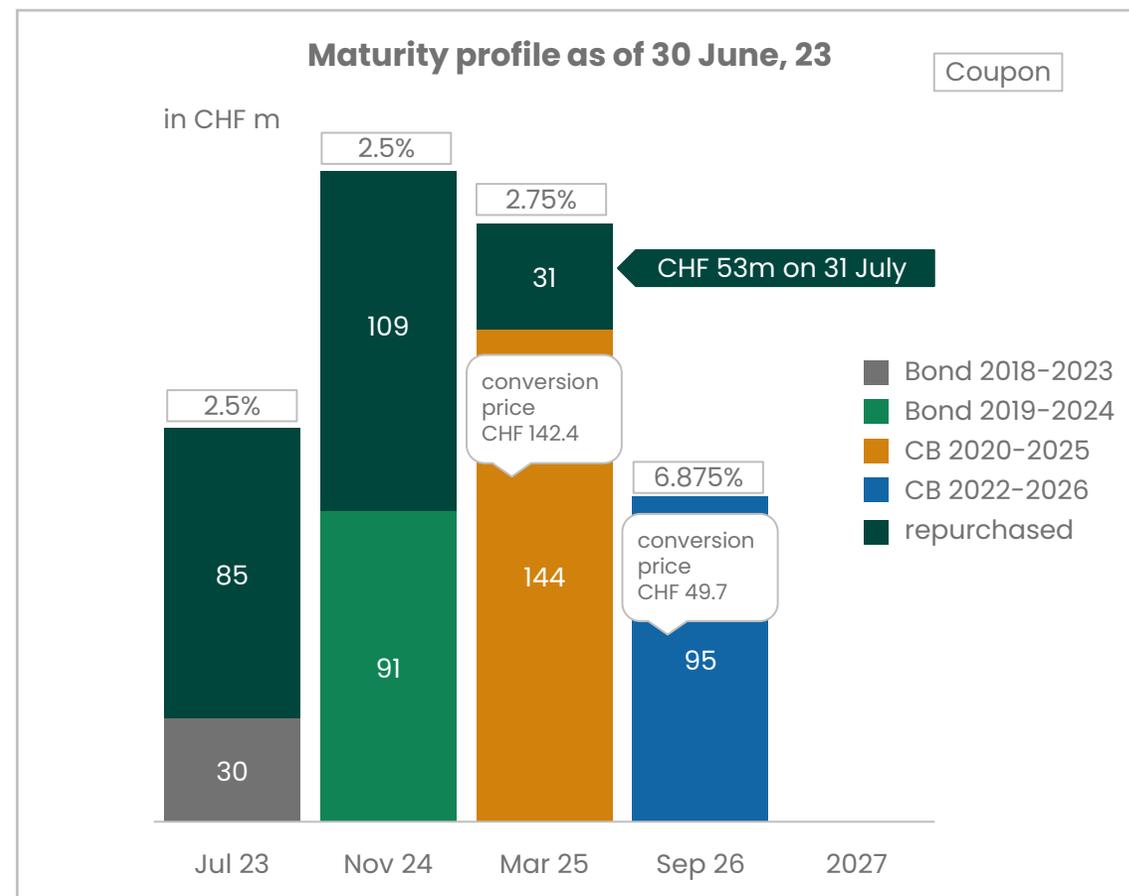
Unit economics	OTC		pRx		eRx		DOCM	Mid-term development
Basket size / revenue	EUR 40		EUR 100		EUR 100		-	 Cross-selling
Gross margin	EUR 11	28%	EUR 18	18%	EUR 21	21%	-	 product mix, buying synergies
Fulfillment / operations	EUR 6	14%	EUR 9	9%	EUR 7	7%	-	 scale effects
Contribution margin after fulfillment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

Numbers rounded to full Euros | Gross margins are as of FY22 | Operational expenses assume additional scale 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

Financial maturity and cash flow overview

in CHF m	H1 2022	H2 2022	H1 2023
Cash start of period	277.7	199.2	126.0
Operating cash flow	(40.2)	(57.1)	(34.6)
Financing cash flow	(5.7)	44.8	(14.3)
Investing cash flow	(29.7)	(60.1)	(24.0)
Sale CH segment net proceeds			282.7
Repurchase bonds			(136.0)
Foreign currency differences	(3.0)	(0.8)	(0.1)
= Free Cash Flow	(75.6)	(72.4)	73.8
Cash end of period	199.2	126.0	199.7

in CHF m	31 Dec 2022	30 June 2023
Public Bonds	490.4	352.6
+ Lease liabilities	38.2	32.2
+ Other financial liabilities	25.6	19.8
= Financial debt	554.2	404.6
- Cash and cash equivalents	126.0	199.7
- Current financial assets	30.4	82.4
= Net financial debt	398.0	122.5



Back-up

P&L restated for continuous operations and compared to previously reported numbers including divested Swiss business

in CHF m	H1 2022	H1 2022 restated ¹	H2 2022	H2 2022 restated ¹	FY 2022	FY 2022 restated ¹
External revenue	963.9	634.6	872.8	524.9	1'836.7	1'159.4
Consolidated revenue	824.0	494.6	784.2	436.3	1'608.2	931.0
Gross profit adj.	121.6	79.8	125.2	80.7	246.8	160.2
Personnel expenses adj.	(77.4)	(57.4)	(78.2)	(56.3)	(155.6)	(113.7)
Marketing expenses	(38.0)	(35.5)	(20.4)	(17.3)	(58.4)	(52.8)
Distribution expenses	(24.6)	(19.3)	(23.2)	(17.7)	(47.8)	(37.0)
Other operating income & expenses adj.	(30.8)	(24.6)	(31.4)	(26.3)	(62.2)	(50.9)
Adj. EBITDA	(49.2)	(55)	(20.5)	(31.0)	(69.7)	(85.5)
Adjustments	(6.1)	(6.1)	14.1	14.1	8.0	8.0
M&A	(12.0)	(12.0)	(1.9)	(1.9)	(13.9)	(13.9)
Restructuring, integration	5.1	5.1	12.4	12.4	17.5	17.5
Other	0.9	0.9	3.5	3.5	4.4	4.4
EBITDA	(43.1)	(48.6)	(34.6)	(44.8)	(77.7)	(93.4)
EBIT	(69.5)	(67.3)	(70.8)	(73.5)	(140.3)	(140.8)
Net income	(86.1)	(83.6)	(85.0)	(88.3)	(171.1)	(171.9)

¹ Restated for continuing businesses excl. CH

Sustainability progress update: On track to reach 2023 goals

2023 goals

Healthier People

- Increase number of pharmaceutical information letters¹
- Increase services for chronic disease patients

Sustainable Planet

- Reduce CO₂ emissions at our sites by 4.2% p.a. (Scope 1 & 2)

Caring Company

- Train >95% of management in core cultural principles
- Reduce gender pay gap in major regions to below 5%

Reliable Partnerships

- Finalise and publish Supplier Code of Conduct

H1 progress

- Strong increase to ~1m ytd; new letters for 10 additional indications
- Additional chronic care service to go live in Q3 2023

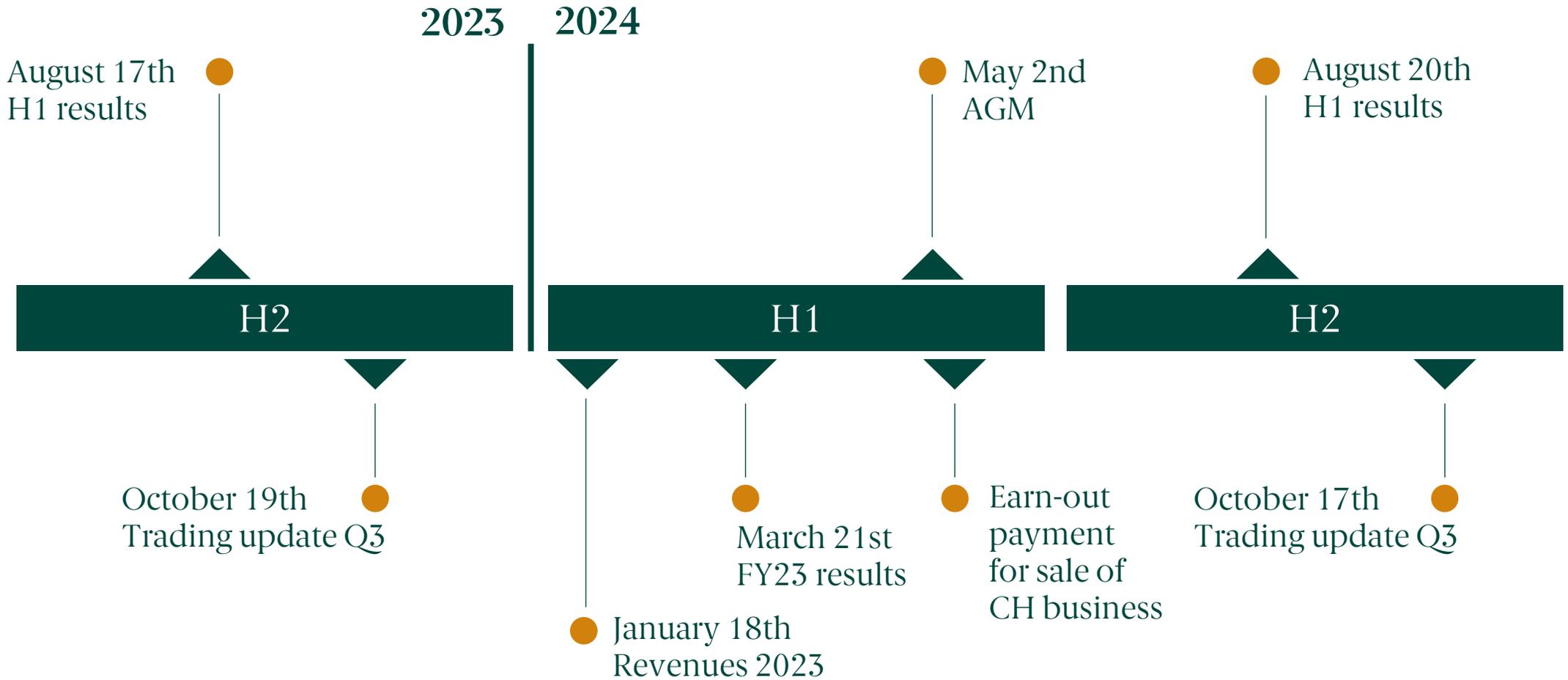
- Photovoltaic panels being installed in Ludwigshafen
- EU: Health points rolled out; eco-friendly parcels
- Comprehensive review of energy efficiency Heerlen; implementation of smaller parcel sizes

- Cultural workshops scheduled for Q3/Q4
- No further statistically significant pay gap
- Additional health benefits for employees planned

- Finalisation in cooperation with peers

¹ Information letters are prepared for patients who are first time users of a specific medicine or group of drugs

Financial calendar¹

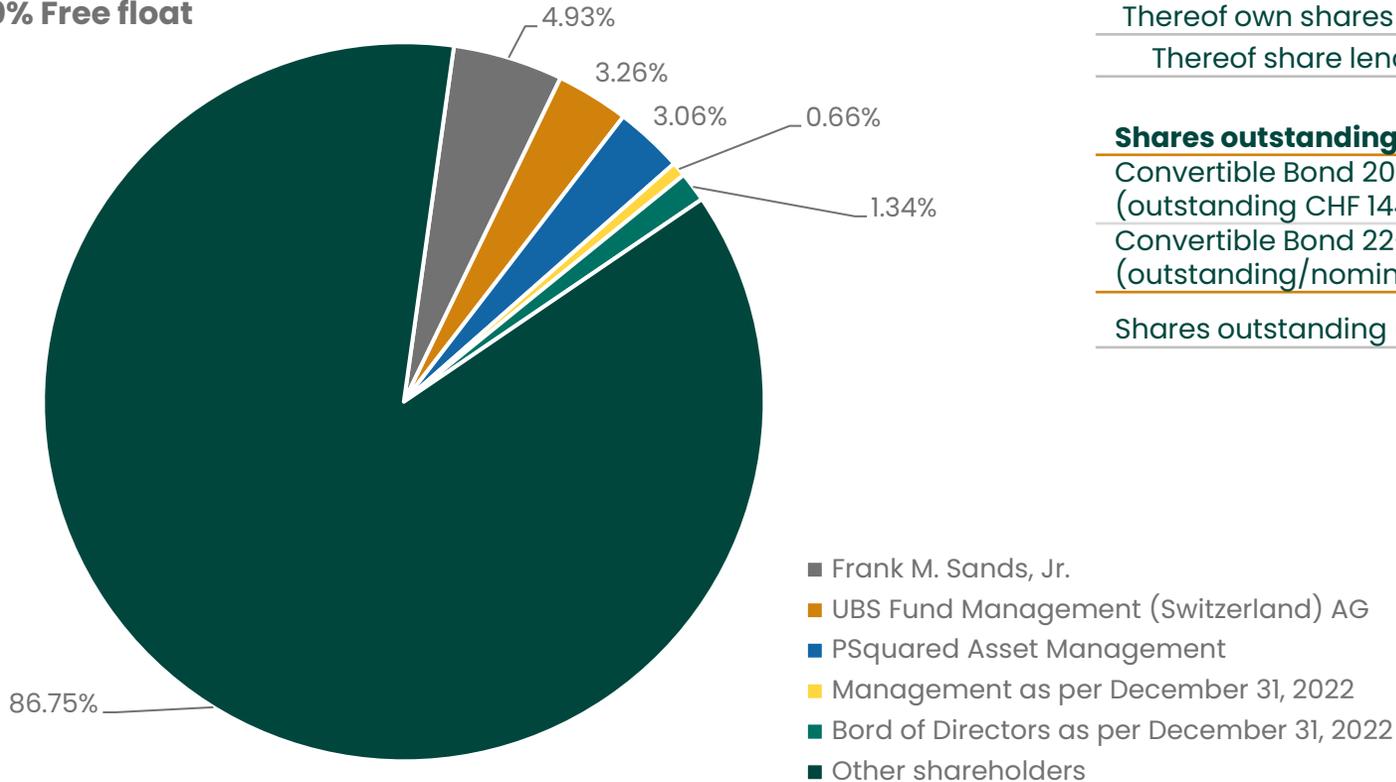


¹ Where dates are not shown, timings are indicative

Shareholder structure

as of 17 Aug, 2023

100% Free float



	30 June 2023
Shares (as per H1 financial report)	13'662'456
Thereof own shares	1'998'062
Thereof share lending facility ¹	1'900'000
Shares outstanding	11'762'455
Convertible Bond 20-25 (outstanding CHF 144m, conversion price CHF 142.4)	1'012'434
Convertible Bond 22-26 (outstanding/nominal CHF 95m, conversion price CHF 49.7)	1'909'753
Shares outstanding (diluted)	14'684'643

¹ In connection with the issuance of the convertible bonds, DocMorris created a share lending facility of 1,900,000 shares to facilitate the hedging for bond holders. These cannot in any case be converted into actual share holdings and are registered as treasury shares.

Thank you



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