

Molecule Group

Building scale in the regulated e-pharmacy market

Molecule Group (formerly Vulcan Two) was founded in 2025 to consolidate the regulated e-pharmacy market in the UK, with a focus on the growing private healthcare market, and led by founders who successfully consolidated the online contact lens market. It has since acquired three businesses with B2B and B2C exposure to the private e-pharmacy market. The plan to create a single brand, website and operations/logistics facility for the business is well progressed, with all three acquired businesses expected to be fully integrated by year-end. Investment in the core platform during FY26 provides the foundations for profitable growth, both through ongoing organic initiatives and future acquisitions.

Year end	Revenue (£m)	EBITDA (£m)	PBT (£m)	EPS (p)	DPS (p)	P/E (x)	EV/EBITDA (x)
12/25	0.0	(1.3)	(1.2)	(33.57)	0.00	N/A	N/A
12/26e	38.0	1.0	0.9	(0.78)	0.00	N/A	49.6
12/27e	42.7	2.0	1.5	4.10	0.00	52.4	25.0
12/28e	48.5	3.0	2.4	6.64	0.00	32.4	17.1

Note: EBITDA, PBT and diluted EPS exclude amortisation of acquired intangibles and exceptional items. FY26e revenue, EBITDA and PBT are on a pro forma basis.

FY26 a year of investment

In March, the company acquired CloudRx (prescription fulfilment for private clinics), Webmed (B2C online pharmacy) and Hyperdrug (online pet medication). Since then the company has been developing a single brand (Molecule), a consumer-facing website and a single operations/distribution centre. The brand and the website have just been launched and the Leeds facility housing the warehouse and head office is expected to be operational from December. The company has built out the senior leadership team, including adding a chief pharmacy officer, hired a sales team, and is working on organic growth initiatives. These include signing up new clinics to use CloudRx, developing cross-selling of over-the-counter products, improved digital marketing for the consumer-facing businesses and translating the CloudRx fulfilment model to the online veterinary medicines market.

Operational leverage from organic growth, M&A

The investment in developing a single platform has weighed on underlying profitability in FY26, but as double running costs drop out in FY27 and revenue growth accelerates, we expect profitability to improve. With the three acquisitions nearing full integration, we expect the company to consider further M&A in 2027. Future acquisitions should benefit from the single platform and brand, allowing more rapid achievement of revenue and cost synergies. End-H126 cash of £5.7m could fund small bolt-on acquisitions, but any more material deals would require financing.

Valuation: Platform to scale in place

On an EV/sales basis, Molecule trades at a small premium to online pharmacy peers and at a larger premium to online pet medication retailers and UK online retailers. At this stage in its life, when it has not yet reached scale, it is trading at a premium on EV/EBITDA multiples. As the plan is to consolidate the private online pharmacy market, we expect more value to be created in the medium term as the company adds new companies to its single platform, providing operational leverage.

Initiation of coverage

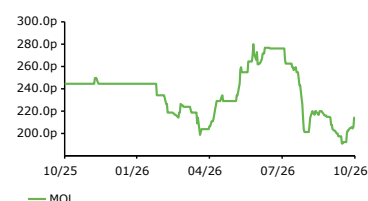
Retail

9 October 2026

Price 215.00p
Market cap £56m

Net cash/(debt) at end H126 £5.7m
(excluding lease liabilities)
Shares in issue 27.3m
Free float 53.0%
Code MOL
Primary exchange AIM
Secondary exchange N/A

Share price performance



%	1m	3m	12m
Abs	0.0	(22.1)	(12.2)
52-week high/low		282.0p	192.5p

Business description

Molecule Group (previously called Vulcan Two) is consolidating the private prescription sector of the regulated UK e-pharmacy market. The group currently consists of CloudRx, Hyperdrug and Webmed.

Next events

FY26 trading update January 2027

Analysts

Katherine Thompson +44 (0)20 3077 5700
Chloe Wong +44 (0)20 3077 5700

consumer@edisongroup.com

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Investment summary

Consolidating the e-pharmacy market in the UK

Molecule started life as a cash shell called Vulcan Two in September 2025, with the aim of consolidating the UK's regulated e-pharmacy market. Its founders previously ran a similar buy-and-build strategy in the online contact lens market, creating Vision Direct, which was ultimately sold to EssilorLuxottica. Molecule made its first three acquisitions in March 2026, funded by a £40m equity raise, and is in the process of building a unified platform to integrate current and future acquisitions. The acquisitions bring consumer-facing e-pharmacies selling medications for both humans and pets, and a prescription fulfilment business for private clinics. Supported by the increasing use of private healthcare (as the NHS struggles with demand that is always ahead of available funding), personalised medicine and telemedicine, and the added convenience, consumers are increasingly turning to online pharmacies in place of bricks-and-mortar pharmacies. The market for private e-pharmacies in the UK is fragmented, and the company sees the potential to acquire similar businesses to gain scale in this market. Once the three acquisitions have been fully integrated, we expect the company to consider further M&A in 2027. With the new platform and single brand in place, we would expect the company to achieve synergies from future acquisitions more rapidly, accelerating revenue and profit growth.

Financials

As the three businesses were acquired in March, FY26 reported forecasts are not indicative of underlying performance. On a pro forma basis, we forecast revenue growth of 8% in FY26 (to £38.0m) and 13% in FY27 (£42.7m) and FY28 (£48.5m). Growth in FY26 is dampened by the company's decision to move its B2B business away from some online pharmacies, particularly in the weight loss market, that operate on a post-pay basis. We expect growth to re-accelerate in FY27 as business development initiatives start to pay off. We assume gross margins of c 20% for FY26–28. In FY26 (on a reported basis), we expect break-even EBITDA. On a pro forma basis, we expect adjusted EBITDA of £1.0m in FY26, increasing to £2.0m in FY27 and £3.0m in FY28. Costs in FY26 include some double running of facilities and hiring to drive growth initiatives. We expect the operating cost base to reduce in FY27 without double running costs. On a normalised EPS basis, we forecast a loss per share of 0.8p in FY26 moving to a positive 4.1p per share in FY27 and 6.6p in FY28. We forecast a cash position of £3.9m at the end of FY26; the company has no debt other than lease liabilities estimated at £1.5m by year-end.

Valuation

In the UK, there is no directly comparable listed peer. The companies fulfilling private prescriptions are either privately owned (eg MedExpress, Pharmaciege) or subsidiaries of larger pharmacy groups that predominantly supply NHS prescriptions (eg Boots, Pharmacy2U) and, in some cases, also have bricks-and-mortar stores. There is also no directly comparable pet medication peer. We consider financial and valuation data for three groups: online pharmacies, online pet medication retailers and UK online retailers (single brand/acquisitive/online only). We use FY27 and FY28 multiples for comparison, as by then there should be no duplicate warehouse or other costs for Molecule. We forecast Molecule's revenue growth to be broadly in line with the average for online pharmacies and online pet medication retailers and well ahead of UK online retailers. Its EBITDA margins are expected to be below all peer groups over the forecast period, but EBIT margins are expected to grow more in line with peers. On an EV/sales basis (FY26e 1.4x, FY27e 1.2x, FY28e 1.0x) Molecule trades at a small premium to online pharmacy peers and at a larger premium to online pet medication retailers and UK online retailers. At this stage in the company's life, where it has not yet reached scale, it is trading at a premium on EV/EBITDA multiples. As Molecule's plan is to consolidate the private online pharmacy market, we expect more value to be created in the medium term as the company adds new companies to its single platform, providing operational leverage.

Sensitivities

Our forecasts and the Molecule share price will be sensitive to the following factors: the pace and size of acquisitions, the ability to integrate acquisitions, NHS funding decisions, the ability to manage supply chain risk, reliance on third-party delivery companies and the ability to meet regulatory requirements.

Company description

Molecule is a buy-and-build group consolidating the UK's regulated e-pharmacy market, focused on the fast-growing and higher-margin private-prescription segment.

From cash shell to operating group

The company was founded as Vulcan Two by CEO Michael Kraftman and COO Brendan O'Brien, who from 2009 to 2021 grew Vision Direct, a major European online contact lens retailer, both organically and through acquisition. Vulcan Two joined AIM on 3 September 2025 as a cash shell, raising £12.0m through the issue of 6m shares at 200p per share. The company's remit is to consolidate the private-prescription segment of the UK online pharmacy market.

Three targets were unveiled on 26 February 2026, with a combined price tag of up to c £41.7m (c £37.1m in cash), funded by the placing of 20m shares at 200p to raise gross proceeds of £40m. The placing closed and the acquisitions completed on 19 March.

On 29 September, Vulcan Two Group changed its name to Molecule Group and its ticker from VUL to MOL.

The enlarged group at a glance

The group now consists of Molecule plus its three acquisitions (CloudRx, Webmed, Hyperdrug), which are being brought together on a common platform. Together the acquired businesses booked unaudited revenue of c £35m in FY25 (to 31 December), about three-quarters of it recurring for the 12 months to 30 September 2025.

Strategy: Buy-and-build, with organic levers

The plan is to build the UK's foremost regulated e-pharmacy for the private-prescription market, folding the acquired companies into one operating unit on a platform built to scale. The company is focused on businesses that serve repeat prescription demand for chronic conditions, providing a high level of revenue that is recurring in nature.

Operationally, the group is setting up a central warehouse, a single group-wide ERP system (a dedicated ERP director is steering a phased introduction) and is migrating the various brands onto one consumer name and website. Management sees multiple routes to drive organic growth: building a B2B sales force to win prescribers and curb churn, cross-selling at the checkout, granular data analytics to lift retention, improved digital marketing and high-quality customer service, based on the same service-led retention approach Kraftman and O'Brien had at Vision Direct.

Once the company has digested the most recent acquisitions and successfully integrated them onto a single platform with a single brand, we would expect it to consider making further acquisitions. When Molecule first came to market in September 2025, it had a shortlist of six potential targets; it acquired three of them in March 2026. Of the remaining targets, only one is still of interest, and the company has developed a pipeline of other potential targets. We understand that the main criteria for future acquisitions are businesses with recurring revenue characteristics, operating in the private healthcare space and possibly introducing products where Molecule does not currently have a footprint.

While the initial plan is to consolidate the UK market, the company may consider acquisitions internationally in due course.

Management: E-commerce healthcare and listed-company pedigree

CEO Michael Kraftman built Vision Direct from the purchases of Postoptics (2008) and GetLenses (2009) followed by six more deals, sold it to EssilorLuxottica in 2016 for a 4.25x return and then tripled revenue past £100m. Prior to that, he grew computer dealer Bonsai to revenues of more than £70m and merged it with Tempo. COO Brendan O'Brien, once a clinical optometrist at Boots and a Specsavers director, founded GetLenses in 2000 and ran much of Vision Direct's operational scaling and European M&A. Keith Butcher, who joined as CFO in January 2026 and was appointed to the board at re-admission, is a veteran listed-company CFO whose past roles include Boku, DataCash and Paysafe. Chairing the board is Susan Clement Davies, who spent decades in investment banking and capital markets, joined by non-executives Martin Glanfield (CFO of Mercia Asset Management) and Dr David Wong (co-founder of Reset Health).

Current group structure

We provide more detail on each of the three acquired businesses.

CloudRx: B2B2C

CloudRx is a regulated digital prescription platform and regulated pharmacy with a B2B2C model through which it dispenses and distributes prescription medicine to patients referred by its network of prescribing partners. Molecule paid £32m in cash upfront, issued 0.5m shares worth £1m and has up to £3m in earn-outs payable over two years.

The business was founded in 2019 by the co-founders of Pharmacy2U, Daniel Lee and Dr Julian Harrison, with the goal to establish an integrated, technology-driven pharmacy fulfilment solution for private prescribers. The business was based in Leeds, with 21 employees and three consultants. After the acquisition, Lee stepped down from his role as CEO; however, he and his related entity (D&A Pharma) have agreed to a two-year consultancy agreement to support with the integration.

Growth and profitability

Initially, the business was concentrated in the women's health category, built on fulfilling private HRT prescriptions and growing to £5.4m in revenues in FY21 (the year to 30 November 2021). Newson Health, the UK's leading female hormonal health clinic, accounted for the majority of CloudRx's revenue in FY22. Revenue grew to £23.2m by FY25 as CloudRx diversified into other product categories, particularly weight loss, and added new prescribing partners. As a result, Newson Health's share of revenue fell to 27% in CY25, and women's health's overall contribution declined from 78% to 31% over the same period. In CY25, revenue was generated from weight loss (38%), women's health (31%), mental health (13%), men's health (7%) and general health (11%). The top four clinics accounted for c 50% of revenue. In addition, new prescribers and clinics were up c 30% and average order value was up 17%, from £109 to £128 in CY25.

Due to the nature of some prescriptions, such as attention deficit/hyperactivity disorder (ADHD) treatments, management sees CloudRx as a good source of recurring revenues, with target data showing 75% recurrence in the 12 months to September 2025.

Exhibit 1: CloudRx's financial results (£m)

YE Nov	2021	2022	2023	2024	2025	Dec-25
Revenue	5.4	9.1	12.0	18.1	23.2	23.9
growth %		69.2%	31.1%	51.2%	28.1%	
Gross profit		1.9	2.4	3.7	4.8	5.0
margin %		21.2%	20.3%	20.6%	20.7%	20.9%
EBITDA		1.3	1.6	2.6	3.3	3.5
margin %		14.7%	13.4%	14.4%	14.2%	14.6%
Operating profit		1.3	1.5	2.4		
margin %		13.8%	12.2%	13.5%		
Net profit		1.0	0.9	1.5	2.1	2.3

Source: Vulcan Two admission document

The API-enabled platform for prescribers

The CloudRx API integrates with the prescribing partner's existing private clinic software, allowing prescriptions to be sent more efficiently to CloudRx's platform, which grants the partner access to stock availability, prices and live prescription status updates. Management estimates that the API reaches more than 80% of the private practice systems market when measured by number of prescribers, including integrations with Semble, Pabau, WriteUpp and MidexPro.

However, the API integration is not mandatory to use CloudRx's platform. The prescriber decides whether they want to connect via CloudRx's API, or by registering on the website. Both ways allow partners to create digitally signed prescriptions.

Profit margins are earned through a mark-up on medicines and delivery, or a dispensing fee is added. If the prescriber chooses to add a prescribing fee, they will earn the full benefit of it. Payment from patients can be collected in two ways. The most commonly used model (76% of revenue in the year ending May 2025) works by taking payment for the

prescription directly from the patient through CloudRx's own secure online payment portal. Once payment is received, a CloudRx clinician reviews the prescription before dispensing and dispatching the medicine.

Alternatively, the partner collects payment from the patient directly, while CloudRx handles fulfilment and delivery, billing the partner monthly for the cost of medications, delivery and its agreed fee.

Repeat prescriptions and prescriptions for controlled drugs can be issued. Both the prescriber and patient are able to track the order's progress in real time.

Webmed: B2C

Webmed is a regulated online pharmacy specialising in intimate or sensitive treatments, which prescribes, dispenses and delivers medications directly to patients across the UK. The total consideration to acquire 100% of Webmed's ordinary shares was £2.1m in cash.

Peter and Margaret Hudson started Webmed in 2014 to meet the demand for patients who wanted privacy around conditions they might otherwise be reluctant to discuss face to face, such as sexually transmitted infections, erectile dysfunction, hair loss and weight loss. Webmed was run by a small team of five, consisting of dispensing staff, locum pharmacists, a wellness coach and a social media consultant. On completion, Margaret Hudson (Webmed's General Pharmaceutical Council (GPhC)-registered superintendent pharmacist) and Peter Hudson (managing director) both stepped down and have just completed six-month consultancy arrangements.

Webmed's website is powered by a unique algorithmic medical questionnaire that is designed to capture all the required information needed to issue a prescription. The questionnaire is fully digital, making it easy for the customer to fill out directly on the website, once the medication is selected. This typically takes around two to three minutes to complete. Once completed, customers are encouraged to create their own account on Webmed's website.

An external Care Quality Commission (CQC)-registered prescribing company (Antrobus Medical) is then responsible for the screening, approval and writing of the prescription. Depending on the treatment, additional information, such as identify confirmation, may be needed to issue the prescription. To comply with GPhC guidance for weight-loss treatments, Webmed's in-house pharmacist or dispenser conducts a consultation before sending the transcript and questionnaire for review.

Webmed previously dispensed its prescriptions through its own pharmacy premises. Webmed is now integrated with CloudRx, and all Webmed-issued prescriptions are fulfilled by CloudRx.

Strong growth from weight-loss treatments

Webmed generated revenue growth of 66.7% in FY24 and 46.1% in FY25 (March year-end), driven by the roll-out of weight-loss drugs (Mounjaro and Wegovy pens). In H126, the company generated 88% of revenue from the weight-loss market. Following the Medicines and Healthcare products Regulatory Agency's (MHRA's) approval of Wegovy pills for weight loss in the UK, the pills are available to buy from Webmed's website.

Exhibit 2: Webmed's financial results

YE Mar	2023	2024	2025	Dec-25
Revenue	0.9	1.5	2.2	2.7
growth %		66.7%	46.7%	24.1%
Gross profit	0.5	0.6	0.8	1.1
margin %	55.6%	40.0%	36.4%	40.7%
EBITDA	0.1	0.3	0.5	0.6
margin %	11.1%	20.0%	22.7%	22.2%
Net profit	0.1	0.2	0.4	0.4

Source: Vulcan Two admission document

Generating high margins

The business generated a gross margin of 40.7% in CY25, generated by marking up the price of the medication and charging prescription-writing and delivery fees. This dropped through to a strong 22.2% EBITDA margin.

Hyperdrug: D2C

Hyperdrug is an online pharmacy, dispensing and distributing prescription and non-prescription medications, products and accessories for pets and humans. The total consideration to acquire 100% of Hyperdrug's ordinary shares was £3.6m (£3.0m cash upfront and three annual deferred cash payments of £0.2m).

Hyperdrug was founded by the Watson family in 1985. Geoffrey Watson acted as the registered superintendent pharmacist, Christine Watson as the finance director and their sons, John and Ben Watson, were on the senior management team. The business had a total of 19 employees, 10 full-time. Post acquisition, Ben Watson has taken on a group role as director of IT for Molecule, while all other family members have stepped down. Geoffrey and Christine Watson have completed six-month consultancy agreements and John Watson is currently supporting the transition of the business via a nine-month agreement. Management sees Hyperdrug as a good source of diversification into veterinary medicines.

Diversified revenue from broad product catalogue

Hyperdrug's catalogue consists of around 15,000 products, ranging from animal wormers, flea and tick treatments, medicated grooming suppliers, supplements and pet treats to human allergy medicine, blood glucose test strips and sleep aids. The veterinary product mix largely caters for horses, dogs, cats, small pets and farm animals, with horse worming treatments being the largest product category at c 20% of FY25 revenue (April year-end). A small part of this catalogue includes several own-branded veterinary medicinal products. Revenue growth has been modest, but we understand that the company did not have a dedicated sales team. In CY25, the company generated a gross margin of 22% and an EBITDA margin of 5.5%.

Exhibit 3: Hyperdrug's financial results

YE Apr	2023	2024	2025	Dec-25
Revenue	8.2	8.3	8.7	9.1
growth %		1.2%	4.8%	
Gross profit	1.7	1.8	1.8	2.0
margin %	20.7%	21.7%	20.7%	22.0%
EBITDA	0.2	0.5	0.5	0.5
margin %	2.4%	6.0%	5.7%	5.5%
Net profit	0.1	0.3	0.3	0.4

Source: Vulcan Two admission document

Opportunity to adopt CloudRx's model within the vet market

Hyperdrug operates under a distance-selling pharmacy model, regulated by the GPhC. Non-prescription medications require customers to fill out a digital questionnaire, providing supporting information for a qualified manager or pharmacist to approve the sale. For prescription medications, only private prescriptions are accepted and must be uploaded via the website (for animal prescriptions) or via post (for human prescriptions) for approval. We understand that the intention is to use CloudRx's platform to allow vet practices to route digital prescriptions directly to Hyperdrug.

One platform, one brand

The company has outlined the main ways in which it intends to integrate the acquired businesses and drive organic growth.

Opportunities to grow organic revenue

Develop a B2C brand and unified website

The company has just announced the new brand name, Molecule, which all three acquired businesses will adopt. Having a known household brand should reduce churn and customer acquisition cost.

CloudRx, Webmed and Hyperdrug each operated customer/clinic-facing websites. The company has developed a B2C website under the new brand, molecule.co.uk, which will incorporate all three businesses, each with its own landing

page. The company started rolling out the new website from the end of September on a phased basis.

The new website brings together:

- **Molecule Clinic:** this will initially incorporate the Webmed weight loss and erectile dysfunction treatments, with the remaining Webmed treatments moving over by year-end. This will have a streamlined prescribing flow.
- **Molecule Pharmacy:** the enhanced over-the-counter (OTC) range will be continuously expanded over the coming weeks.
- **Molecule Veterinary:** this is the rebranded Hyperdrug B2C business. It will also form the foundation of a B2B offering that the company plans to launch in early 2027.

Cross-sell products

Currently, there is limited cross-selling in any of the businesses. Management sees the opportunity to offer complementary products (ie those not needing a prescription) at checkout. The objective is to grow average order value and volumes. The new OTC products on the Molecule website will form the basis of the cross-selling offering planned for CloudRx's B2B business.

Scale the sales team

CloudRx had no business development or outbound sales function. Molecule has already hired a B2B sales team with the aim of signing up more private clinics to the CloudRx service and reducing churn. A sales manager has also been recruited to sign up veterinary practices to work with Hyperdrug.

Implement analytics

The company intends to undertake deep data analysis to understand customer behaviour, building up a detailed customer cohort analysis. The output of this will be used to inform the strategy for things such as extended working hours, later carrier collections and where AI tools could be used to improve service.

Use digital marketing

Digital marketing has only been used in a relatively simplistic way by the businesses to date. The company sees scope to professionalise and digitise marketing across the group. This will be helped by having a single brand.

Deliver best-in-class service

Following on from the approach used by Vision Direct, the company is keen to differentiate itself through the quality of customer service. The private e-pharmacy market is relatively fragmented, but there are well-known household names operating in this market, so Molecule will need to have high levels of customer service to retain customers. As mentioned above, the company is looking at ways of offering a more flexible delivery service, and we note that CloudRx already offers 24- and 48-hour delivery options.

Opportunities to reduce costs

Greater wholesale purchasing power

Each acquired business had their own relationships with medicine suppliers. Combined, the group should have better purchasing power and management is working through the best way to achieve this.

Supply chain management

The company has signed a five-year licence for ERP software that will be used to bring all key processes onto a single managed platform. This should support inventory control in the new warehouse. The company is targeting go-live in December.

New warehouse

In March, the company signed a 10-year lease for a new 22,000 sq ft operational and distribution centre in Leeds. Operating from one rather than three sites should reduce warehousing and logistics costs, creating centralised purchasing power and the ability to negotiate improved carrier terms. The location was chosen for its proximity to carrier

hubs, providing better opportunities for flexible delivery timings.

All staff will be based in the new Leeds facility from December. We expect double running costs in FY26 for the facilities leased by the three acquired businesses.

Market opportunity

An e-pharmacy is a digital platform that allows customers to fulfil prescriptions and buy OTC medication and other healthcare products through a website or mobile app. E-pharmacies usually offer online prescription transmission and fulfilment, home delivery, virtual consultations with doctors, automated reminders and subscription-based refills for repeat prescriptions.

UK prescription market: Private market opportunity

The UK has a well-established regulatory framework for pharmacies. E-pharmacies made up \$2.7bn of UK prescribing volumes in 2024 (we estimate this was c 15% of total prescription volumes) and had a patient penetration rate of 32.8% (percentage of the patient population that used an e-pharmacy in the year). The volume is forecast to grow at a CAGR of 9% to \$4.2bn by 2029 (source: Statista) and patient penetration to 60.4%.

E-pharmacies can be broadly split into those focused on fulfilling NHS prescriptions and those serving the private prescription market, each of which has differing dynamics.

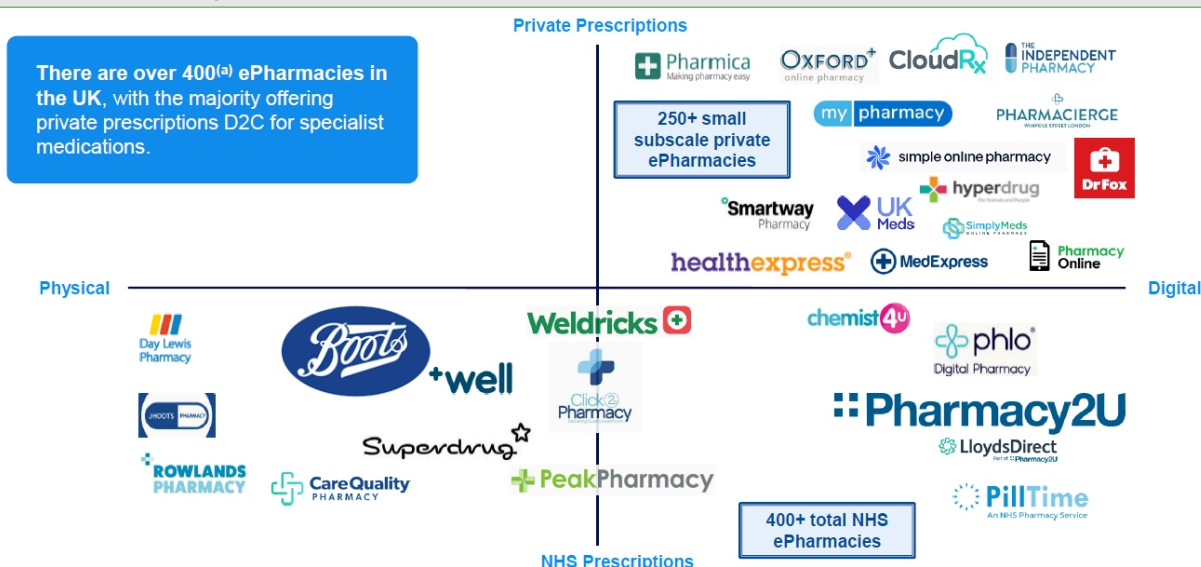
The NHS online prescription market is not appealing to Molecule: it is not permitted to charge for delivery, so e-pharmacies make their money from set fees and potentially a margin on the cost of medications. Having to bear the cost of delivery means that e-pharmacies servicing the NHS make very low margins. There are not the same restrictions on the private-prescription market. The sources of revenue for e-pharmacies servicing the private-prescription market include: a prescription fee (for those online pharmacies that offer a GP service, this covers consultation and providing a prescription), a prescription management fee, a mark-up on the cost of medication and a mark-up on the delivery cost.

Molecule was attracted to the private-prescription market as it sees multiple drivers for growth. These include:

- long waiting lists for treatment on the NHS;
- unavailability of certain drugs on the NHS;
- limited availability of some drugs on the NHS due to strict criteria (eg weight loss drugs);
- convenience;
- growth in telemedicine and e-pharmacy integration (UK telemedicine market was worth \$2.0bn in 2023 and is forecast to grow to \$7.6bn by 2030 (source: GrandView Research via admission document));
- better service, including responsiveness, longer consultation appointments and more personalised medicine;
- increased use of private health insurance, particularly for private GP services; and
- an ageing population with more chronic conditions.

The market (see Exhibit 4) is currently made up of bricks-and-mortar pharmacies with an online presence (eg Boots, Superdrug), online-only pharmacies focused on the NHS, such as Pharmacy2U, and online pharmacies focused on the private market, such as MedExpress. The company estimates that there at least 250 small, subscale online pharmacies servicing the private market.

Exhibit 4: UK pharmacy market

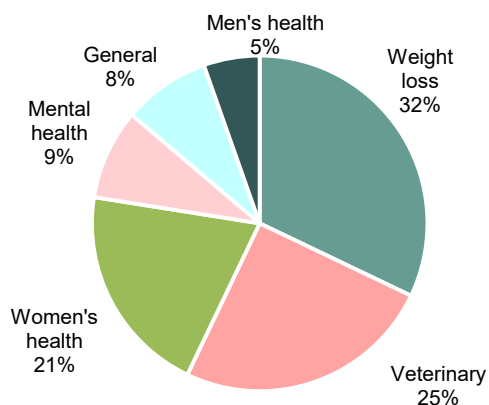


Source: Molecule

Trends by drug category

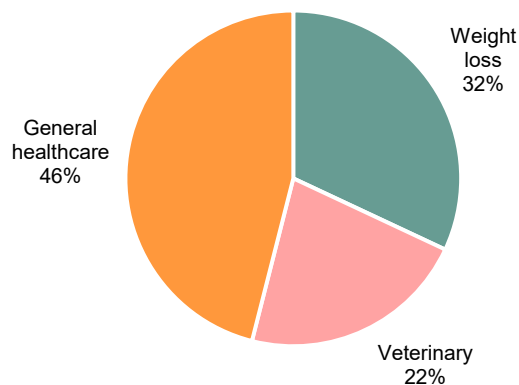
Exhibits 5 and 6 show the split of revenue by drug category on a pro forma basis for CY25 and our forecast for FY27.

Exhibit 5: Revenue by drug category, CY25 pro forma



Source: Vulcan Two. Note: Women's health, mental health, men's health & general combined = 43%

Exhibit 6: Revenue by drug category, FY27



Source: Edison Investment Research

Weight loss

With the introduction of glucagon-like peptide-1 (GLP-1) weight loss drugs to the UK market from 2023, this has been the fastest growing category for CloudRx and Webmed. The two main drugs available in the UK are Wegovy (semaglutide), from Novo Nordisk, and Mounjaro (tirzepatide), from Eli Lilly. Both developed their weight loss drugs from GLP-1 drugs used to manage type 2 diabetes and both are delivered by injection pens. Wegovy was approved by the MHRA in 2021 and recommended by the National Institute for Health and Care Excellence (NICE) in March 2023, but was only commercially launched in the UK in September 2023, at which time it became available on the NHS. Mounjaro, which is a combination of GLP-1 and glucose-dependent insulinotropic polypeptide (GIP), was approved by the MHRA in November 2023. The KwikPen delivery mechanism was approved by the MHRA in January 2024 and became commercially available in the UK in February 2024.

Although Wegovy had a head start in the market, trial results show that Mounjaro results in greater weight loss over a comparable period. Novo Nordisk's initial STEP 1 trial showed that patients lost on average 14.9% of body weight over 68 weeks on the maximum 2.4mg dose. The SURMOUNT-1 tirzepatide trial showed 15.0%/19.5%/20.9% weight

loss at 5mg/10mg/15mg over 72 weeks. The more recent SURMOUNT-5 trial, run by Eli Lilly, compares tirzepatide and semaglutide with 20.2% and 13.7% average weight loss respectively over 72 weeks. Wegovy has developed a higher dosage (7.2mg), which on the STEP UP trial showed 18.7% loss over 72 weeks and this is now available in the UK, creating a more competitive position versus Mounjaro.

Both drugs are available on the NHS but with different, and strict, prescribing criteria.

Wegovy: Earlier availability, but only via specialist NHS clinics

Wegovy is available from specialist weight loss clinics only after referral by a GP. The clinics are multidisciplinary and may include clinicians, dietitians, psychologists, physical activity support and prescribing clinicians. They assess whether medication, intensive lifestyle support, psychological support or bariatric surgery referral is appropriate. Patients need a minimum BMI of 35 (32.5 if from certain ethnic minorities) and at least one weight-related health condition. Wegovy can only be prescribed for a maximum of two years and is intended to be used in conjunction with dietary changes and exercise.

Mounjaro: Long-term plan to reach 3.4m patients

In October 2024, NHS England (which covers 84% of the UK population) outlined its plans to make Mounjaro available to patients, but due to restricted budgets and staffing availability, it proposed a limited initial roll-out to 220,000 patients over three years and a long-term plan to reach all NICE-eligible patients over the following nine years. It clarified this in March 2025 with its formal interim commissioning guidance. There is no maximum prescribing period for Mounjaro.

It set the following criteria for the three-year roll-out:

- Year 1: patients need a minimum BMI of 40 and at least four co-morbidities;
- Year 2: a BMI of 35–39.9 and at least four co-morbidities; and
- Year 3: a BMI of >40 and at least three co-morbidities.

There has already been strong take-up of Mounjaro on the NHS. In the year-ended 31 March 2026, the NHS spent £400m more on Mounjaro KwikPens than in the prior year.

Emerging evidence of long-term demand

Patients take the drugs via a weekly injection pen, starting on a minimum dose for four weeks and moving up in dosage every four weeks until the maximum tolerated effective dose is reached. Once the patient stops taking the drug, studies have shown that at least two-thirds of weight is likely to be regained as appetite returns. Many doctors view obesity as a chronic condition, like high blood pressure or cholesterol, and therefore would expect patients to take a maintenance level of the drug once the target weight has been achieved. There is not yet enough data to ascertain what the best maintenance regime is. Some people move down to lower dosages at the same weekly frequency while others space out their jabs to make them last longer.

Private clinics democratise availability

The NICE-eligible population of 3.4m is only a fraction of the more than 66% of the UK population (c 45.9m people) who are overweight (BMI >25) or obese (BMI ≥30). As the ability to access the drugs on the NHS is currently very limited, and looks likely to remain that way, the private market has exploded. This includes both online and in-person weight loss clinics and has become a very competitive market (see below for discussion on pricing).

The GPhC has had to step in to tighten regulation to ensure that only overweight or obese patients are prescribed the drugs. The updated guidance emphasises that for high-risk medicines, the prescriber cannot base prescribing decisions on the information provided in an online questionnaire alone. Instead, the prescriber has to independently verify the information the person provides, either through timely two-way communication with the person, accessing the person's clinical records, or contacting the person's GP, their regular prescriber, or a third-party provider. Medicines used for weight-management and medicines requiring physical examination before a prescribing decision is made have been added to the list of high-risk medicines requiring extra safeguards before being prescribed. Before providing medicines for weight management, the prescriber now has to independently verify the person's weight, height and/or body mass index. The updated guidance also says there should always be a means of having two-way communication between the person and the prescriber for all online prescribing, so both the person and the prescriber can discuss the possible

treatments, ask questions and get further information, and make informed decisions. We note that Webmed offers online prescribing of weight loss drugs as well as fulfilment, whereas CloudRx only fulfils prescriptions written by private clinics.

Approval of pills widens the addressable market

The pill version of Wegovy was approved in the US at the end of last year and launched in January 2026. It has had rapid take-up and has since been approved in the UK (11 June), where it is now available on private prescription. In the OASIS-4 trial, average weight loss of 16.6% was achieved over 64 weeks.

Eli Lilly's version (Foundayo, based on a different molecule called orforglipron) was approved in the UK on 10 August, after being approved in the US in April. In the ATTAIN-1 trial, at the highest dose, average weight loss of 12.4% was achieved over 72 weeks.

Both pills are designed to be taken daily, with Wegovy's pill having to be taken on an empty stomach every morning.

Novo Nordisk provided an update (7 June) on uptake of the pill in the US. Since the launch on 5 January, three million prescriptions have been written for the pill, with one million in the first 12 weeks and two million in the subsequent 10 weeks. The majority (more than 80%) was for people new to GLP-1 therapy, which indicates that the availability of the pill appears to be widening the addressable market rather than acting as a substitute for the injection pen. In addition to providing an option for patients unwilling to inject the drug, it is possible that the pill will be useful for maintenance after a target weight has been achieved. The pill also has the benefit of not needing cold storage. Although some private clinics are already advertising introductory offers, it is not clear what the maintenance level pricing will be, but there is an expectation that it is likely to be slightly below the injection pen pricing.

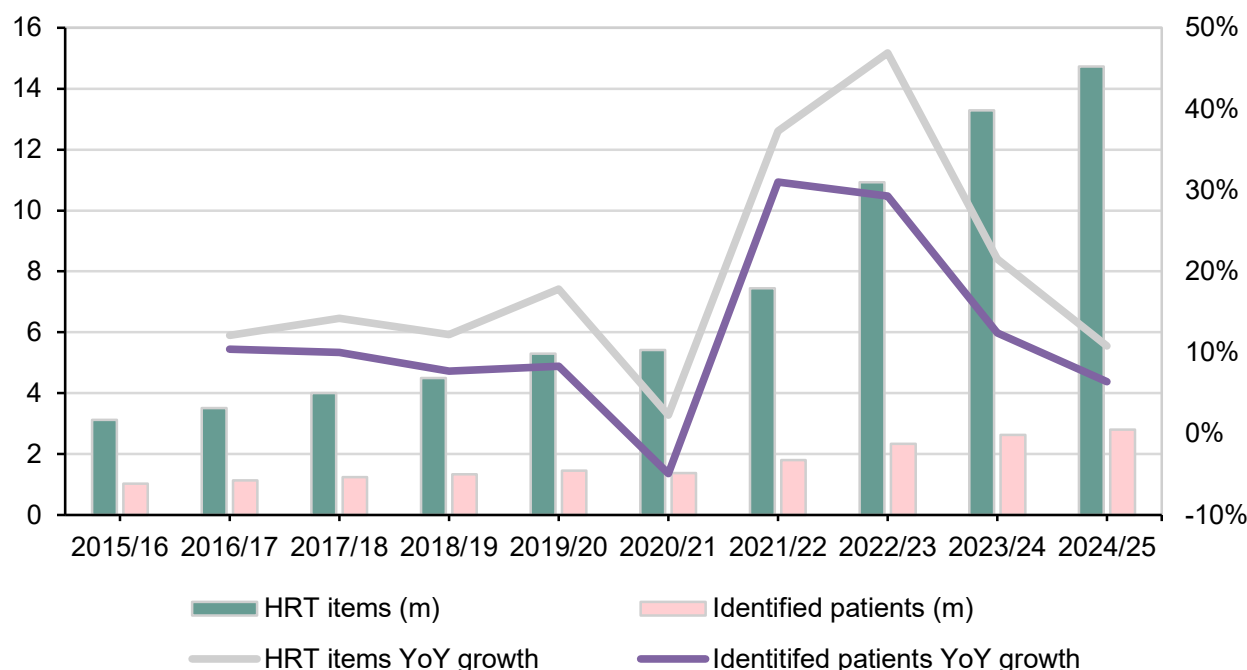
Cost of the drugs limits gross margins

In the private market, the cost of either drug is relatively expensive. Wegovy is available at a cost of c £199 for a four-week supply of the maintenance dose (2.4mg). The list price for the maintenance dose of Mounjaro (10mg or 15mg) is £330 for a four-week supply. This relatively high monthly outlay means that it is more difficult to add material mark-up to the cost, and the mark-up on delivery costs will only be a small percentage of the overall order value. It is also a highly competitive market, with many providers offering discounted pricing to attract customers, and many customers switching providers to take advantage of these offers. While weight loss was the fastest-growing category for the pro forma group in CY25, the pricing dynamics make it the lowest category by gross margin.

Women's health

The main area covered by this category is hormone replacement therapy (HRT). While HRT is supposed to be available on the NHS, many women find it difficult to access due to GPs not taking their concerns seriously. In addition, when it is available, the NHS does not have the resources to truly personalise the prescription, as this requires more lab work to assess the level of hormones before and after treatment, and the NHS may not offer the full range of hormone options. Many women have turned to private clinics to get access to personalised treatment plans. Prominent HRT expert Dr Louise Newson's Newson Health has been a customer of CloudRx for several years, contributing 27% of revenue in CY25.

Exhibit 7 below shows the strong growth in HRT prescribing on the NHS (data is not available for private prescribing). We would expect the private market to have seen similar growth as awareness has increased.

Exhibit 7: HRT prescribed items and identified patients, FY16–25


Source: NHS Business Services Authority

In terms of duration of use, many women will reduce HRT and stop taking the medication after several years. But there is no clinical restriction on continuing it indefinitely and this is increasingly being considered the norm for HRT treatment.

Mental health

The main condition treated in this category is ADHD. Increasing recognition of the condition, particularly among girls and women who have historically been underdiagnosed, has resulted in strong demand for ADHD medication over the last nine years. In the year to 31 March 2025 (FY25), ADHD drugs were prescribed to 326,000 people via NHS England, up from 107,000 in FY16 (CAGR 13%). As ADHD drugs are controlled substances, private prescribers must report prescriptions to the NHS. The number of prescriptions reported in FY24 was 398k, up from 28k in FY19 (CAGR 69%; the number of patients is not available).

There are currently very long waits on the NHS for an initial consultation, and if diagnosed with the condition, there is typically a further wait to start treatment. Under the NHS's Right to Choose policy, the NHS can fund access to private providers for the initial diagnosis. Once diagnosed, the patient can request that they are switched to shared care, which means they would be able to access medication via the NHS. Not all private providers participate in these schemes.

Many patients who want a timely diagnosis and control over their treatment start the process via a private clinic. After initial diagnosis, the patient will start titration, the process where the medication is introduced at a low dosage and increased in increments to assess efficacy and side effects. Each step requires a consultation. Once on the correct medication at the optimum dosage, the patient will still need to see the doctor twice a year to review the medication. The patient also has the ongoing cost of the medication via the private prescription provided by the doctor. In some cases it is possible to switch to shared care if the patient's GP agrees, at which point the NHS would prescribe the medication on an ongoing basis. Most people diagnosed with ADHD who take medication will need to take it for the rest of their lives, providing recurring demand for privately prescribed medication.

Men's health

This category includes medication for hair loss, erectile dysfunction and testosterone replacement therapy (TRT). In many cases, the drugs are not available on the NHS or customers prefer a more discrete approach. For example, the NHS will only fund TRT if the patient has testosterone deficiency. Those who would benefit from TRT but do not meet the strict NHS criteria may be able to access support from private clinics. Demand for TRT has grown in recent years due to increased awareness and studies supporting its safety.

General

This category contains any medication that does not fit in the categories above. It includes areas such as dermatology, allergies, digestion and first aid. With the rise in private GP practices, this includes prescriptions that may be one-off in nature. It also includes OTC medications and vitamins.

Veterinary

Many pets have chronic conditions requiring ongoing medication, and no NHS equivalent exists. For drugs prescribed by a veterinary clinic, customers can buy the drugs from the clinic or request a prescription that they can use at their drug provider of choice. Drugs purchased online can cost less than half the price charged by veterinary clinics.

In recent years, the veterinary clinic market has undergone consolidation, with around 60% of veterinary practices owned by several private-equity owned groups. This prompted a Competition and Markets Authority review, which concluded that the 60% market share held by the groups is not permitted to increase. Other remedies to improve competition include the requirement that a prescription must be provided in paper form at the end of a consultation or in electronic format with 48 hours. This provides customers with the ability to choose where they purchase their pet's medication.

The Veterinary Medicines Directorate (VMD) register lists 169 regulated online veterinary medicine retailers. In the table below, we show the main providers in the veterinary online pharmacy market. Three of six are linked to the large veterinary groups, two are linked to other areas in the pet market (insurance, retail) and one is an online provider of human medication that has branched out into veterinary medicine (Pharmacy2U).

Exhibit 8: Large online pharmacies supplying veterinary medicines

Brand	Owner	Details
Animed	CVS (UK)	Vet group with c 11% market share; CVS Group is AIM-listed.
Pets at Home	Pets at Home Group	Only registered as SQP (suitably qualified person) rather than VPP (veterinary practice premises) or Ph (Pharmacy) so provides a more limited selection of prescription drugs; listed on LSE
Pet Drugs Online	IVC Evidensia	Vet group with c 17% market share; backed by EQT, Silverlake and Nestlé
Pharmacy2U	G Square, BGF	Mainly human medicines but partnered with (2023) and then acquired The Pharm Pet Co (2024) to supply vet medicines
Vet UK	Vet Partners Group	Vet group with c 11% market share; owned by BC Partners
Viovet	Pinnacle Pet Group	Pet insurer; controlled by JAB Holding Co, the investment group owned by the Reimann family

Source: Edison Investment Research, www.whoownsyourvet.co.uk

Molecule sees scope to use Hyperdrug as a vehicle to integrate with independent veterinary practices in a similar way to CloudRx. This would provide independents and their customers the opportunity to avoid the large providers, provide a more convenient service for customers and the opportunity for veterinary practices to earn commission.

Financials

Business model

Molecule recognises **revenue** on order receipt. This will include the cost of medication plus mark-up, the cost of delivery plus mark-up and, if agreed with the prescriber, a prescribing fee.

Gross profit is after the cost of medication and delivery, the prescribing fee to the prescriber, clinic commissions and merchant fees.

Operating costs include warehouse staff, the sales team, advertising and marketing costs, head office staff and related administrative costs.

Income statement

H126 results review

On 4 August, the company provided an update on trading since the acquisitions completed in March. While it had seen strong growth in general healthcare, particularly women's health and ADHD, it had rationalised a number of

lower-margin clinic customers, mainly in the weight loss segment. These customers operated on a post-pay basis, which increased bad debt risk for the company. The company estimates that c 85% of revenue is now generated from customers who pay at the point of order.

H126 results are summarised in the table below. Reported results comparison with the prior year is meaningless as the company did not exist in the prior period.

Exceptional costs incurred in H126 consisted of c £2.4m related to the acquisitions and a further £0.4m accrual for contingent consideration. Reported operating profit is also after amortisation of acquired intangibles of £0.6m. The company provided pro forma revenue (total and by category), gross profit and adjusted EBITDA. At the end of H126, the company had a cash position of £5.7m and lease liabilities of £1.5m.

Exhibit 9: H126 results highlights

£m	H126a	H126 pro forma
Revenue		
General health	4.9	8.9
Weight loss	2.9	6.7
Veterinary	2.2	4.4
Revenue	10.0	19.9
Gross profit	2.2	4.3
Administrative costs	(3.5)	
Exceptional costs	(2.8)	
Reported operating profit	(4.1)	
Net income	(4.2)	
Basic & diluted EPS (p)	(20.3)	
Normalised operating profit	(0.7)	
Depreciation & amortisation	0.0	
Adjusted EBITDA	(0.6)	0.5
Gross margin	21.5%	21.6%
Adjusted EBITDA margin	-6.1%	2.5%
Normalised operating margin	-6.6%	
Reported operating margin	-40.7%	

Source: Molecule, Edison Investment Research

Forecasts

In the tables below, we summarise our forecasts. We have also provided pro forma revenue and gross profit for FY25 and FY26e to show performance on an underlying basis. The FY25 pro forma revenue and gross profit figures differ from the total of the three businesses as per the admission document as the company has since made adjustments to reflect i) overhead costs of £1m that have been recategorised as cost of sales and ii) pass through revenues of £0.6m that have been stripped out of revenue and cost of sales.

Exhibit 10: Reported and pro forma forecasts

£m	FY25a	FY25 PF	FY26e	FY26e PF	FY27e	FY28e
Revenue	0.0	35.1	28.5	38.0	42.7	48.5
Gross profit	0.0	7.0	6.3	8.0	8.7	9.9
EBITDA	(1.3)		0.0	1.0	2.0	3.0
Depreciation & amortisation	0.0		(0.3)		(0.5)	(0.5)
Normalised operating profit	(1.3)		(0.2)		1.5	2.4
Reported operating profit	(1.3)		(5.9)		(1.8)	(0.1)
Normalised PBT	(1.2)		(0.2)	0.9	1.5	2.4
PBT	(1.2)		(5.9)		(1.8)	(0.1)
Normalised net income	(0.9)		(0.2)		1.1	1.8
Net income	(1.2)		(5.9)		(1.8)	(0.1)
Basic normalised EPS (p)	(33.6)		(0.8)		4.1	6.6
Basic EPS (p)	(44.8)		(26.9)		(6.5)	(0.5)
Revenue growth	N/A	N/A	N/A	8.2%	12.6%	13.5%
Gross margin	N/A	19.9%	22.3%	21.1%	20.4%	20.4%
EBITDA margin	N/A	0.0%	0.1%	2.7%	4.7%	6.1%
Normalised operating margin	N/A	N/A	-0.9%	N/A	3.6%	5.0%
Reported operating margin	N/A	N/A	-20.9%	N/A	-4.1%	-0.3%

Source: Molecule, Edison Investment Research

Exhibit 11: Revenue and gross profit by category

£m	FY25 PF	FY26e PF	FY27e	FY28e
<u>Revenue by drug category</u>				
General health	15.1	17.1	19.7	22.6
Weight loss	11.3	11.9	13.7	15.6
Veterinary	8.8	9.0	9.4	10.3
	35.1	38.0	42.7	48.5
<u>Revenue growth by category</u>				
General health		13.8%	14.8%	14.8%
Weight loss		5.4%	15.0%	14.0%
Veterinary		2.0%	5.0%	10.0%
		8.2%	12.6%	13.5%
<u>Gross profit by category</u>				
General health	3.7	4.3	5.0	5.7
Weight loss	1.8	2.2	2.2	2.4
Veterinary	1.5	1.5	1.6	1.8
	7.0	8.0	8.7	9.9
<u>Gross margin by category</u>				
General health	24.6%	25.2%	25.2%	25.2%
Weight loss	16.0%	18.3%	15.9%	15.7%
Veterinary	17.1%	17.1%	17.1%	17.1%
	19.9%	21.1%	20.4%	20.4%

Source: Molecule, Edison Investment Research

We forecast revenue on a company basis and on a drug category basis (weight loss, veterinary and general health (which includes women's health, men's health, mental health and other)). Once the three businesses have been fully integrated, we would expect the company to disclose performance solely on a drug category basis. We have made the following assumptions in our forecasts:

- **Molecule CloudRx:** we expect pro forma revenue growth of 11% in FY26, with growth moderating, particularly in weight loss, as the company pruned clinics that operated on a post-pay basis. For FY27 and FY28 we expect growth to accelerate to 15%, as we expect the sales team to sign up new clinics and for average order value to increase from cross-selling.
- **Molecule Clinic (was Webmed):** we forecast pro forma revenue growth of 6% for FY26, reflecting a more competitive market for weight loss medication in 2026. We forecast an acceleration of growth to 15% in FY27 and 11% in FY28 as digital marketing campaigns increase consumer awareness and cross-selling increases average order value.
- **Molecule Veterinary (was Hyperdrug):** we forecast minimal pro forma revenue growth of 2% in FY26, increasing to 5% in FY27 and 10% in FY28 as veterinary practices are signed up and digital marketing increases awareness.
- **Weight loss:** we forecast pro forma revenue growth of 5% for FY26, reflecting the more competitive market and the loss of certain post-pay clinics. We expect growth to accelerate to 15% in FY27 and 14% in FY28.
- **Veterinary:** as for Hyperdrug, we expect pro forma revenue growth of 2% in FY26, increasing to 5% in FY27 and 10% in FY28.
- **General health:** we forecast pro forma revenue growth of 14% for FY26, and 15% in FY27 and FY28.

We forecast a pro forma gross margin of 21.1% in FY26 and expect this to reduce to 20.4% in FY27 and FY28.

Although we expect some people to leave the acquired businesses due to the relocation to the new central warehouse, we expect replacement hires will be made. In the August trading update, the company indicated that it had made some key hires ahead of plan and combined with certain double running costs, operating costs will be higher than originally anticipated in FY26 but should reduce in FY27 as certain historical costs associated with the acquired businesses fall away. We forecast underlying operating costs of £7.0m in FY26 (excluding depreciation, amortisation and exceptional costs) falling to £6.7m in FY27 as double running costs disappear, and then increasing to £6.9m in FY28.

This results in adjusted EBITDA of £0.0m/pro forma adjusted EBITDA of £1.0m for FY26 (2.7% pro forma margin) rising to £2.0m in FY27 (4.7% margin) and £3.0m in FY28 (6.1% margin).

The company will account for the new warehouse lease according to IFRS16, capitalising the value of the lease and charging depreciation and finance costs to the income statement. It will also capitalise fit-out costs of c £650k, which will be depreciated over five years. The company will make lease payments of £200k per year over 10 years. For FY26, the

company will incur double warehouse costs until all the operations have been fully transferred to the new facility.

The ERP software licence is a five-year contract. The £822k implementation cost has been capitalised and will be amortised over five years. The annual licence starts at £80k, rising to £100k over the five-year term, and is treated as an operating cost.

We use the UK corporate tax rate of 25% for our normalised profits; we assume zero tax charge on a reported basis as the company is loss-making through the forecast period, mainly due to amortisation of acquired intangibles of c £2.4m per year.

The company does not currently intend to pay a dividend but will review this regularly.

Balance sheet and cash flow

Most orders fulfilled by the three acquired businesses are paid for upfront before dispatch by the customer ('patient paid'), while suppliers are generally paid on a 30-day basis. The overall working capital requirement will depend on the level of inventory the group maintains. With the centralised warehouse and ERP system being put in place, we would expect the group to keep stock of the most commonly used drugs to ensure delivery times within 24 or 48 hours. The warehouse has twice-daily deliveries from its major wholesalers, which should allow it timely access to less commonly ordered drugs that the company does not hold in stock. At the end of H126 there were various working capital items that related to the acquisitions, a large proportion of which should normalise by year-end (eg corporation tax payments, VAT refunds, debt repayment).

Ongoing capex should be minimal, and we factor in combined deferred and contingent consideration payments of £0.8m in FY27 and £1.7m in FY28. We have factored in net proceeds of £37.7m from the share issue in March (gross proceeds were £40m). At the end of FY26, we forecast gross cash of £3.9m and a lease liability of £1.5m, with gross cash increasing by £0.8m in FY27 and FY28.

Sensitivities

Our forecasts and the share price are sensitive to the following factors:

- **Acquisition risk:** Molecule has already made three acquisitions, which are in the process of being integrated into the group, and has the stated intention to continue to consolidate the market. This brings integration risk and future funding requirements.
- **Supply chain risk:** the ability to obtain the medications that are in demand on a timely basis and at a stable cost will be crucial to providing high-quality customer service and predictable gross margins.
- **Reliance on third-party delivery providers:** Molecule uses a number of delivery companies to deliver medication. Its ability to manage these relationships to achieve optimal pricing and delivery times will be crucial to provide high-quality customer service and to maximise gross margins.
- **NHS funding decisions:** demand for private healthcare is inversely proportional to the availability of healthcare in the NHS. If the NHS changes its prescribing policy for key drugs, such as HRT, weight loss or ADHD medications, this could influence demand for private prescriptions. In the current tight funding environment for the NHS, we expect it is more likely that medication will become harder to obtain on the NHS. One exception could be higher funding for weight loss drugs if there is strong evidence that the current roll-out has improved the overall health of patients.
- **Regulation:** regulators that oversee Molecule's businesses include the GPhC, the MHRA, the General Medical Council, the CQC and the VMD. Failure to comply with regulations could result in fines, loss of approvals and reputational damage. It is also possible that the introduction of new regulations could impact the sales of certain products.

Valuation

In the UK, there is no directly comparable listed peer. The companies fulfilling private prescriptions are either privately owned (eg MedExpress, Pharmaciege) or subsidiaries of larger pharmacy groups that predominantly supply NHS prescriptions (eg Boots, Pharmacy2U) and, in some cases, also have bricks-and-mortar stores. There is also no directly

comparable pet medication peer. We provide financial and valuation data for three groups:

- **Online pharmacies:** this includes Hims & Hers in the US. Hims & Hers is a digital health platform that provides online consultations with licensed clinicians and, where appropriate, personalised treatment plans and prescription fulfilment. It focuses on similar conditions to Molecule: those suited to remote, recurring care, including weight management, sexual health, hair loss, dermatology and mental health. The business is largely subscription-based and combines telehealth, pharmacy fulfilment and direct-to-consumer health products on a single digital platform. We have also included several European online pharmacies, although a large proportion of their revenue will come from their equivalent of NHS prescriptions.
- **Online pet medication retailers:** we include two US-listed businesses – PetMed Express is more like Hyperdrug, whereas Chewy has more recently entered into the veterinary practice space so is becoming more like CVS. We also include Pet Service Holding, a European consolidator in the pet care market. While the majority of its business is currently from online retail, it is also moving into the veterinary clinic market so will not be completely comparable.
- **UK online retailers:** we have attempted to include companies that fit three criteria: online-only, single brand and acquisitive. This results in a limited pool so we have included some companies that meet two out of the three criteria.

We prefer to use FY27 and FY28 multiples for comparison, as by then there should be no duplicate warehouse or other costs for Molecule. We forecast Molecule's revenue growth to be broadly in line with the average for online pharmacies and online pet medication retailers and well ahead of UK online retailers. Its EBITDA margins are expected to be below all peer groups over the forecast period, but EBIT margins are expected to grow to be more in line with peers.

On an EV/sales basis, Molecule trades at a small premium to online pharmacy peers and at a larger premium to online pet medication retailers and UK online retailers. At this stage in the company's life, where it has not yet reached scale, it is trading at a premium on EV/EBITDA multiples. As Molecule's plan is to consolidate the private online pharmacy market, we expect more value to be created in the medium term as the company adds new companies to its single platform, providing operational leverage.

Exhibit 12: Peer group financial metrics

Company	Year-end	Market cap (m)		EV (m)	Revenue growth (%)			EBITDA margin (%)			EBIT margin (%)		
		Exchange	Quoted currency		FY1	FY2	FY3	FY1	FY2	FY3	FY1	FY2	FY3
Molecule	31-Dec	AIM	£59	£53	8.2	12.6	13.5	2.7	4.7	6.1	(0.9)	3.6	5.0
Online pharmacies & related													
Hims & Hers Health	31-Dec	NYSE	\$6,876	\$7,400	36.7	25.0	12.2	9.2	10.1	11.4	(2.1)	4.4	5.8
Apotea	31-Dec	Nasdaq Stockholm	SEK 8,499	SEK 8,731	12.2	13.2	10.7	7.4	7.7	7.7	4.7	5.3	5.5
DocMorris	31-Dec	SIX	CHF 683	CHF 856	11.8	11.3	9.8	(1.4)	1.3	3.0	(5.0)	(1.5)	0.3
Redcare Pharmacy	31-Dec	Frankfurt	€ 1,396	€ 1,650	17.4	12.2	10.4	2.8	3.5	4.2	0.5	1.4	2.2
Average					19.5	15.4	10.8	4.5	5.6	6.6	(0.5)	2.4	3.5
Online pet medication: D2C													
Chewy	31-Jan	NYSE	\$7,291	\$7,270	7.6	6.7	5.8	6.7	7.4	8.0	3.2	4.1	4.7
Pet Service Holding	31-Dec	Euronext Growth Paris	€ 13	€ 18	33.1	34.3	23.0	5.5	10.7	13.4	2.8	8.2	11.4
Petmed Express	31-Mar	Nasdaq	\$28	\$15	(16.7)	2.2	2.9	7.7	7.8	2.2	1.2	1.4	(4.9)
Average					8.0	14.4	10.6	6.7	8.6	7.9	2.4	4.6	3.7
UK online retail													
Angling Direct	31-Jan	AIM	£36	£38	5.0	5.7		8.4	8.7		3.5	3.7	
AO World	31-Mar	LSE	£501	£487	5.6	5.7	6.5	6.3	6.5	6.7	4.1	4.4	4.7
ASOS	31-Aug	LSE	£542	£1,061	(8.7)	0.9	2.3	6.7	7.9	8.3	0.5	1.3	2.0
Boohoo Group	28-Feb	AIM	£395	£564	(3.1)	1.7	6.4	6.2	7.0	7.0	3.6	4.7	5.0
Gear4music	31-Mar	AIM	£51	£63	5.0	6.9		8.0	8.2		4.1	4.1	
Moonpig Group	30-Apr	LSE	£794	£906	6.0	6.1	6.1	27.4	27.3	27.3	22.2	22.3	22.5
THG	31-Dec	LSE	£430	£916	4.8	4.7	5.3	5.7	6.4	6.9	1.4	2.4	3.5
Victorian Plumbing Group	30-Sep	AIM	£253	£286	6.0	6.1	6.8	10.1	10.5	10.8	7.0	7.5	7.8
Average					2.6	4.7	5.6	9.8	10.3	11.2	5.8	6.3	7.6
Average excl. Moonpig					2.1	4.5	5.5	7.3	7.9	7.9	3.5	4.0	4.6

Source: Edison Investment Research, LSEG Data & Analytics (as at 7 October). Molecule FY1 revenue and EBITDA are pro forma.

Exhibit 13: Peer group valuation metrics

Company	EV/Sales			EV/EBITDA			P/E		
	FY1	FY2	FY3	FY1	FY2	FY3	FY1	FY2	FY3
Molecule	1.4	1.2	1.1	52.1	26.2	17.9	N/A	52.4	32.4
<u>Online pharmacies & related</u>									
Hims & Hers Health	2.3	1.8	1.6	25.1	18.3	14.4	N/A	60.2	37.3
Apotea	1.1	1.0	0.9	14.6	12.5	11.2	29.2	23.0	19.8
DocMorris	0.7	0.6	0.6	N/A	46.8	18.6	N/A	N/A	N/A
Redcare Pharmacy	0.5	0.4	0.4	17.3	12.1	9.3	N/A	57.9	25.0
Average	1.1	1.0	0.9	19.0	22.4	13.4	29.2	47.1	27.3
<u>Online pet medication: D2C</u>									
Chewy	0.5	0.5	0.5	7.9	6.8	6.0	23.5	15.5	12.8
Pet Service Holding	1.0	0.7	0.6	17.8	6.8	4.4	N/A	N/A	N/A
Petmed Express	0.1	0.1	0.1	1.3	1.3	4.4	18.7	14.6	
Average	0.5	0.4	0.4	9.0	5.0	4.9	21.1	15.0	12.8
<u>UK online retail</u>									
Angling Direct	0.4	0.3		4.2	3.8		14.7	12.7	
AO World	0.4	0.3	0.3	5.7	5.3	4.8	12.8	11.3	9.9
ASOS	0.5	0.5	0.5	7.1	5.9	5.5	N/A	N/A	N/A
Boohoo Group	0.6	0.6	0.6	10.3	8.9	8.3	22.1	11.9	10.0
Gear4music	0.3	0.3		3.9	3.6		11.6	11.5	
Moonpig Group	2.3	2.2	2.0	8.4	7.9	7.5	14.1	12.3	10.7
THG	0.5	0.5	0.5	9.0	7.5	6.7	N/A	N/A	17.7
Victorian Plumbing Group	0.9	0.8	0.8	8.6	7.8	7.1	15.4	13.6	12.0
Average	0.7	0.7	0.8	7.1	6.3	6.7	15.1	12.2	12.1
Average excl. Moonpig	0.5	0.5	0.5	7.0	6.1	6.5	15.3	12.2	12.4

Source: LSEG Data & Analytics (as at 7 October). Molecule FY1 EV/sales and EV/EBITDA are on a pro forma basis.

Exhibit 14: Financial summary

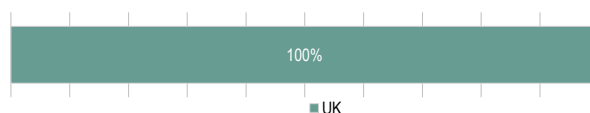
£'m	2024	2025	2026e	2027e	2028e
IFRS	IFRS	IFRS	IFRS	IFRS	IFRS
Year end 30 June					
INCOME STATEMENT					
Revenue	0.0	0.0	28.5	42.7	48.5
Gross profit	0.0	0.0	6.3	8.7	9.9
EBITDA	(0.0)	(1.3)	0.0	2.0	3.0
Normalised operating profit	(0.0)	(1.3)	(0.2)	1.5	2.4
Amortisation of acquired intangibles	0.0	0.0	(1.8)	(2.4)	(2.4)
Exceptionals	0.0	0.0	(3.9)	(0.9)	(0.2)
Share-based payments	0.0	0.0	0.0	0.0	0.0
Reported operating profit	(0.0)	(1.3)	(5.9)	(1.8)	(0.1)
Net Interest	0.0	0.1	0.0	(0.0)	(0.0)
Joint ventures & associates (post tax)	0.0	0.0	0.0	0.0	0.0
Exceptionals	0.0	0.0	0.0	0.0	0.0
Profit Before Tax (norm)	(0.0)	(1.2)	(0.2)	1.5	2.4
Profit Before Tax (reported)	(0.0)	(1.2)	(5.9)	(1.8)	(0.1)
Reported tax	0.0	0.0	0.0	0.0	0.0
Profit After Tax (norm)	(0.0)	(0.9)	(0.2)	1.1	1.8
Profit After Tax (reported)	(0.0)	(1.2)	(5.9)	(1.8)	(0.1)
Minority interests	0.0	0.0	0.0	0.0	0.0
Discontinued operations	0.0	0.0	0.0	0.0	0.0
Net income (normalised)	(0.0)	(0.9)	(0.2)	1.1	1.8
Net income (reported)	(0.0)	(1.2)	(5.9)	(1.8)	(0.1)
Basic average number of shares outstanding (m)	0.8	2.7	22.0	27.3	27.3
EPS - basic normalised (p)	(4.09)	(33.57)	(0.78)	4.10	6.64
EPS - normalised fully diluted (p)	(4.09)	(33.57)	(0.78)	4.10	6.64
EPS - basic reported (p)	(3.27)	(44.76)	(26.93)	(6.55)	(0.55)
Dividend (p)	0	0	0	0	0
Revenue growth (%)	0.0	0.0	0.0	50.1	13.5
Gross margin (%)	N/A	N/A	22.3	20.4	20.4
EBITDA Margin (%)	N/A	N/A	0.1	4.7	6.1
Normalised Operating Margin (%)	N/A	N/A	(0.9)	3.6	5.0
BALANCE SHEET					
Fixed Assets	0.0	0.0	45.7	43.0	40.3
Intangible Assets	0.0	0.0	43.5	40.9	38.3
Tangible Assets	0.0	0.0	2.2	2.1	2.0
Investments & other	0.0	0.0	0.0	0.0	0.0
Current Assets	0.0	10.0	7.9	9.2	10.3
Stocks	0.0	0.0	1.5	1.7	1.9
Debtors	0.0	0.0	0.5	0.8	0.9
Cash & cash equivalents	0.0	9.5	3.9	4.7	5.5
Other	0.0	0.5	2.0	2.0	2.0
Current Liabilities	(0.1)	(0.4)	(5.4)	(6.0)	(5.0)
Creditors	(0.0)	(0.4)	(3.8)	(4.3)	(4.9)
Tax and social security	0.0	0.0	0.0	0.0	0.0
Short-term borrowings	(0.1)	0.0	0.0	0.0	0.0
Other	0.0	0.0	(1.6)	(1.7)	(0.1)
Long-Term Liabilities	0.0	0.0	(5.6)	(5.1)	(4.4)
Long-term borrowings	0.0	0.0	(1.5)	(1.4)	(1.2)
Other long-term liabilities	0.0	0.0	(4.1)	(3.7)	(3.1)
Net Assets	(0.1)	9.7	42.6	41.1	41.2
Minority interests	0.0	0.0	0.0	0.0	0.0
Shareholders' equity	(0.1)	9.7	42.6	41.1	41.2
CASH FLOW					
Op Cash Flow before WC and tax	(0.0)	(1.3)	0.0	2.0	3.0
Working capital	(0.0)	(0.1)	(0.1)	0.0	0.2
Exceptional & other	0.0	0.0	(4.8)	0.3	0.3
Tax	0.0	0.0	(1.6)	(0.4)	(0.6)
Net operating cash flow	(0.0)	(1.4)	(6.4)	1.9	2.8
Capex	0.0	(0.0)	(1.6)	(0.2)	(0.2)
Acquisitions/disposals	0.0	0.0	(33.6)	(0.8)	(1.7)
Net interest	0.0	0.1	0.0	(0.0)	(0.0)
Equity financing	0.0	10.9	37.7	0.0	0.0
Dividends	0.0	0.0	0.0	0.0	0.0
Other	0.0	0.0	(0.1)	(0.1)	(0.1)
Net Cash Flow	(0.0)	9.6	(4.0)	0.8	0.8
Opening net debt/(cash)	0.1	0.1	(9.5)	(2.4)	(3.3)
FX	0.0	0.0	0.0	0.0	0.0
Other non-cash movements	0.0	0.1	(3.1)	0.1	0.1
Closing net debt/(cash)	0.1	(9.5)	(2.4)	(3.3)	(4.2)
Closing net debt/(cash) excluding leases	0.1	(9.5)	(3.9)	(4.7)	(5.5)

Source: Company data, Edison Investment Research

Contact details

Molecule
71-75 Shelton Street
London
WC2H 9JQ
investors.molecule.co.uk

Revenue by geography



Management team

CEO: Michael Kraftman

Michael Kraftman has extensive experience building and scaling businesses in technology and retail. Earlier in his career, he founded Bonsai, one of the UK's first computer dealerships, growing it to over £70m in sales before merging it with Tempo, backed by 3i Group, and exiting in 1999. He subsequently led the acquisitions of GetLenses UK and Postoptics, rebranding the combined entity as Vision Direct Group. He oversaw its sale to EssilorLuxottica in 2016 and continued as CEO, growing revenues to over £100m. Michael holds an MBA from Stanford Business School (Arjay Miller Scholar) and a first-class degree in engineering and operational research from St John's College, Cambridge.

CFO: Keith Butcher

Keith Butcher has over two decades of experience as a CFO of listed companies, with a focus on fintech and payments. He served as CFO of AIM-listed DataCash Group through its growth and sale to MasterCard, and as CFO of Paysafe Group (LSE) as its market capitalisation grew from £40m to £2bn. From 2019 to 2024, he was CFO of Boku (AIM: BOKU), having previously served on its board as a non-executive director and audit committee chair. He has also been a non-executive director of LHV Bank since May 2022. Keith was named Finance Director of the Year at the QCA Awards.

COO: Brendan O'Brien

Brendan O'Brien began his career as a clinical optometrist at Boots before becoming a director at Specsavers Optical Group. He founded GetLenses UK in 2000, selling it in 2009 to join the executive team that formed Vision Direct. Over the following 12 years, he scaled operations across four warehouses and two contact centres in the UK and Europe, and led business development activity resulting in acquisitions in France, Spain, Italy and the Netherlands. He holds an honours degree in optometry from the University of Manchester and is a member of the British College of Optometrists.

Principal shareholders

	%
Octopus Investments	16.6%
Dowgate Capital	16.0%
Gresham House Asset Management	10.9%
Canaccord Genuity Asset Management	6.5%
Schroder Investment Management	5.4%
Ruffer	4.6%
Premier Miton Group	4.5%
Downing	4.4%
Fidelity	4.0%
Michael Kraftman (CEO)	3.5%

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