

To the Shareholders of LifeMD,

In drafting our second annual letter to LifeMD shareholders, my co-founder, Stefan Galluppi, and I have never been more excited about the state of our business and what the future holds for our company.

The past several years have been a rollercoaster for growth-stage, public companies like ours. As we began scaling our telehealth business in 2020, a stimulus-driven frenzy combined with the pandemic-accelerated adoption of telehealth allowed us to raise a significant amount of capital. We invested this capital in our technology infrastructure, our people, and our growth. These investments, most notably our multi-year commitment to advance the technology that underpins our virtual primary care platform, enabled us to build a diversified, nationwide virtual and in-home care platform. We are confident this platform will continue to thrive, expand, and enable our vision of becoming the premier provider of patient-centric healthcare in America.

I am proud to serve as CEO of LifeMD, a company that is positively impacting the lives of so many people every day. It is our hope that you, our shareholders, share in this pride. Since the start of 2023, more than 200,000 Americans have opted for virtual care from LifeMD for the first time. Most importantly (this is my favorite statistic), out of the 15,000 patient reviews we received from patients after a virtual consult, the average rating was 4.9 out of 5. These off-the-charts patient satisfaction ratings speak to the quality of our providers and the strength of the LifeMD brand, and underscore the caliber of the revenue we generate as a business.

Since this letter is addressed to you, our shareholder, I'd like to take a moment to talk about the return on your investment, especially for those of you who have been with us since the early days of LifeMD. When I assumed the role of interim CEO in February 2018, our stock was trading at \$0.25, or \$1.25 adjusted for the reverse split conducted for our Nasdaq listing. At that time, our market capitalization was under \$10 million. Today, LifeMD boasts a market capitalization exceeding \$300 million, with a year-to-date average closing price of over \$8.00. This equates to a total shareholder return of more than 640%, or an annual return of 128%. Importantly, Stefan and I believe that we have the potential to continue to deliver outsized returns in the years to come, and you'll continue to see us be completely dedicated to this commitment.

Stefan and I, as two of the largest shareholders in LifeMD, along with our management team and founders, collectively own approximately 25% of the company. This significant level of insider ownership, akin to a co-investment model, is an important differentiator for our company and ensures alignment between our board, senior management, and investors. We take the management of your investment very seriously, treating your money with the same care as our own, and are dedicated to maximizing the value of your investment.

And with that, I'm excited to share our progress.

Our best investment yet

In 2020, the LifeMD leadership team and board of directors made the strategic decision to invest in building an end-to-end virtual primary care technology platform. We assembled a team of more than 50 engineers who collaborated closely with our medical, operations, and marketing professionals to design and build a care platform capable of facilitating complex virtual and in-home healthcare at scale. To achieve this, our platform needed to integrate with our 50-state affiliated medical group and a robust electronic medical record (EMR) system. It also had to support case-load balancing and scheduling nationwide, customer relationship management (CRM) functionality, remote and in-home lab testing, digital prescription capabilities, patient-provider audio/video interfacing, mail-order and brick-and-mortar pharmacy services, in-home healthcare tools, and more. Crucially, it had to be flexible enough to support all of this across various urgent and chronic care verticals.

As many of you are aware, this investment is paying off in a big way for both patients and shareholders. The substantial investment of time and resources into this platform positioned us to swiftly launch our comprehensive weight management offering. This new service is facilitating patient access to GLP-1 and other prescription medications for weight loss. As part of our growth strategy, weight management is just the first of many virtual chronic-care offerings we plan to launch under the LifeMD brand. We've identified cardiovascular health, diabetes, hormonal health and mental health as underserved chronic conditions with large addressable markets.

GLP-1s have vastly expanded the virtual care opportunity for LifeMD

GLP-1 medications that are marketed for weight loss under brands including Wegovy and Zepbound are making significant waves in the medical world. As the latest class of blockbuster drugs, GLP-1s have demonstrated impressive efficacy in treating type 2 diabetes as well as obesity. Beyond metabolic health, many patients on these medications also report improvements in cardiovascular health and find it easier to curb addictive behaviors. Although we don't yet know how big this class of drugs will ultimately be, and what the long-term effects might be, analysts are predicting that up to half of all Americans could eventually end up on one of these therapies, with annual sales in the U.S. alone as high as \$100-200 billion per year.

LifeMD's virtual care platform was designed for complex care such as what's required for our weight management offering, which includes convenient and affordable access to comprehensive medical care, diagnostics and GLP-1 medications, if appropriate for the patient. While we ended 2023 with nearly 25,000 patients on an active weight management program, we believe it's possible or even highly likely that over the next three years, hundreds of thousands of patients will choose LifeMD's platform and providers to lose weight and improve their metabolic health.

There are three key takeaways I'd like to emphasize around our weight management business:

- 1. We have seen firsthand the remarkable efficacy of GLP-1 medications when delivered in conjunction with high quality care, and we think it's highly likely that utilization of these medications will continue to increase over the next decade.** Especially when combined with diet and lifestyle modification programs, these drugs have the potential to help large numbers of Americans lose weight, improve their metabolic health, and reduce their risk of chronic disease. LifeMD will be collaborating with Medifast to publish a real world evidence study that documents the clinical outcomes from our comprehensive weight management program.
- 2. We anticipate that higher levels of utilization, especially via comprehensive programs like ours, will result in long-term outcomes data that encourage and justify broader coverage of these drugs by private and government payors.** In 2023, LifeMD launched a major initiative to contract with private payors across

the country, initially targeting the top 10 most populous states. I'm pleased to announce that we are now in-network with 9 major health plans, and we expect this number to grow throughout 2024. We also have built the compliance, technology, and billing infrastructure to support patients with Medicare coverage, and will be launching these offerings later this year. This infrastructure and capability will be a major differentiator for LifeMD in the coming years as coverage increases, and patients seek long-term virtual and in-home care options that are covered by their health insurance provider.

3. Our goal is to provide amazing care and help patients access a GLP-1 medication, but most importantly to use this offering to build long-term relationships with patients. Weight loss and metabolic health isn't a 6-, 12- or 18-month initiative for our patients. It's something that nearly all of our patients will need support with for the rest of their lives. In addition, many of our patients do not have access to quality and timely primary care, and many have other chronic health conditions that can be treated through the LifeMD platform. With this in mind, our membership programs for weight management are being designed in a manner that will encourage patients to continue to use and pay for our care platform following their initial program, which is usually centered around GLP-1 therapy. It's also worth noting that LifeMD is not a "weight loss" company, but rather we're a platform for delivering amazing virtual and in-home care across any condition that can be treated or managed using virtual providers and in-home tools.

While I'm excited about the revenue and earnings potential for this segment of our business, I'm most excited about how this validates the virtual care technology platform we spent the last two years building. The only way to prove out and optimize a complex, technology-enabled healthcare service offering like ours is to put it to use, and scale it. This is exactly what the growth in our weight management offering has enabled us to do. Weight management will likely be the first of many chronic care offerings supported by LifeMD's primary care platform.

Our new collaboration with Medifast

One of LifeMD's most significant recent achievements is our collaboration with Medifast. Medifast is one of the largest weight loss companies in the world,

generating over \$1 billion in 2023 revenue. Medifast's **OPTA**VIA branded diet and lifestyle program has touched more than three million Americans, and is endorsed by thousands of physicians across the country. Most importantly, **OPTA**VIA has 40,000 active coaches across the country. In addition to coaching, these individuals are independent salespeople who are financially incentivized to enroll customers in the **OPTA**VIA program, and to then help those customers achieve lasting weight loss, and diet and lifestyle change.

There are three important points that shareholders should know about this collaboration.

First, you should know that Medifast is a high-quality organization managed by exceptional individuals who truly care about helping their customers improve their health and overall quality of life. Culturally and professionally, our teams work great together and see eye-to-eye on almost everything we do together.

Second, the **OPTA**VIA engine, powered by 40,000 active coaches, is very powerful. Not only is it a powerful customer-acquisition channel, but it's also a very powerful retention tool. The retention rates we are seeing where there is an **OPTA**VIA coach involved in the collaborative program are off-the-charts. We also believe that positive retention equals better outcomes for patients, which is the ultimate goal of everything we do.

Third, this collaboration validates the quality and capabilities of our 50-state virtual care platform. Put another way, this collaboration underscores that LifeMD is a platform for amazing, comprehensive care. Medifast ran a pilot program with multiple telehealth providers, large and small. LifeMD was the only participant that could produce a co-branded offering in a reasonable period of time that met their immediate and long-term needs. Financially, this was a great transaction for our shareholders. Medifast paid us \$10 million upfront in the form of a collaboration fee and made a \$10 million equity investment in LifeMD. We believe this partnership will be a powerful acquisition channel for new patients where the margin profile will be similar to our direct acquisition programs.

The Medifast collaboration is off to a great start, and we look forward to keeping you updated on our progress.

What's next for our virtual care platform?

I believe that our technology platform, affiliated medical group and operational infrastructure position LifeMD well to build a significant chronic care management business over the next several years. Many of the patients currently being treated by our affiliated medical group for weight management or erectile dysfunction have heart disease, diabetes, or other chronic conditions. Accessible interaction with a virtual provider combined with diagnostics, remote patient monitoring, in-home tools and other wellness resources can make a big impact on improving outcomes for these patients and reducing the cost of these chronic diseases to our nation's healthcare system.

Importantly, attractive reimbursement from private and government payers is in place for chronic care management and remote patient monitoring. As we continue to expand the size of our patient population and the capabilities of our platform, these areas represent a very large market opportunity that can have a positive impact on health outcomes for the hundreds of thousands of patients who trust LifeMD for their virtual care, while simultaneously building shareholder value.

Another important initiative for us is building the right infrastructure for accepting reimbursement from commercial and federal payers. While our cash-pay healthcare business continues to experience rapid growth and increasing profitability, accepting payments from commercial insurance companies and Medicare will dramatically increase the accessibility of our offerings, lower the out-of-pocket cost of our services to patients, and improve our overall retention. We remain on track to launch our commercial payer and Medicare program in 2024.

I also believe that in order for our technology platform and company to maintain its telehealth market leadership, we must continue to innovate in the following key areas:

- **In-home diagnostics.** For us to accomplish our mission of increasing access to high-quality and affordable care, we must offer our patients convenient and affordable diagnostics, wherever they live. We have begun the diligence phase with several of the leading in-home collection technologies and lab providers in the U.S., and we anticipate our first in-home collection kits will be available to patients before year-end.

- **Artificial intelligence (AI).** There are a number of important areas in our business where AI can help us reduce costs and improve the overall patient experience. We're in the process of building tools that will leverage AI to enable faster and better patient care and customer support, and greater efficiencies for our providers. I look forward to keeping shareholders updated on our progress in these areas over the next several quarters, and to providing metrics on the impact they are having on our business and the quality of care we are providing.

Longer term, we are optimistic and even enthusiastic about the role that AI will play in clinical decision making, and the contribution it can make to patient outcomes. These efforts internally are being led by Stefan Galluppi, and our shareholders should be confident that we will continue to make forward-thinking investments into these technologies to maintain our competitive advantage in the market and maximize the quality of care we provide to patients.

- **Remote monitoring.** Remote monitoring includes wearables and medical equipment that's enabled by microprocessors, the Internet, Bluetooth, and other technologies. These devices make it possible to collect and transmit actionable, real-time and accurate data related to blood pressure, heart rate, weight, blood glucose, oxygen saturation, and more. While many of these devices have been available for some time, when combined with a virtual provider and integrated into a platform like LifeMD's, they become exponentially more useful. LifeMD plans to build APIs for larger platforms relevant to our therapeutic roadmap to sync the appropriate data so our providers will be able to see a complete picture of their patient.

Delivering quality care requires incredible providers

One aspect of LifeMD that perhaps doesn't receive the recognition it deserves is our exceptional medical group. It's a simple truth: **to deliver quality healthcare, you need exceptional providers.**

The leadership of our affiliated medical group has done an outstanding job assembling what I believe to be the finest medical group operating in telehealth today. Our affiliated medical group grew five-fold last year, from fewer than 10 providers to now nearly 50 medical doctors and nurse practitioners.

What's truly special about LifeMD is the reasoning behind why these extremely talented professionals choose to work for us. It's not for higher compensation or more convenient hours, but principally it's because of our medical group's reputation in the industry. They appreciate our unwavering commitment to putting patients first, respecting the medical opinions of our providers, and equipping them with the tools they need to deliver exceptional care, day in and day out. We're grateful for the trust they put in our mission and our platform.

The future for RexMD is bright

We launched RexMD, our Men's Health brand, on a shoestring budget in late 2019. This was our first foray into telehealth, and in just a few years, RexMD has grown into a formidable channel with more than 165,000 active customers! The brand generated \$75 million in revenue in 2023 and is highly profitable. Last year, RexMD contributed more than \$60 million in gross margin and approximately \$28 million in net margin to our business.

I'm particularly pleased with the financial discipline we've maintained in our new patient acquisition efforts over the past 12-18 months. Our Day One return on advertising spend (ROAS) has seen a 25% increase over the past year. Even more impressive is the fact that the lifetime value of a RexMD customer in the first six months has nearly doubled compared with the same period last year. I believe there is a significant market opportunity for cash-pay men's telehealth services, and RexMD is well-positioned for profitable growth in the coming years.

What excites me is that there is so much more to come for RexMD. We are currently leveraging the clinical capabilities developed on the LifeMD virtual care platform to introduce new telehealth-enabled products and services that aim to address the unmet needs of our RexMD patient population and to drive new patient acquisition.

It's worth noting that since launch, RexMD has served over half a million patients. Of this population, 19% or nearly a fifth have expressed interest in a medically supported testosterone therapy program. Nearly a quarter have expressed interest in GLP-1 supported weight management services. These are tremendous cross-selling opportunities that we are in the process of exploring. I am confident that these initiatives will bear fruit later this year and will significantly expand RexMD's impact on men's telehealth.

Tremendous growth in WorkSimpli

As a final topic, I'd like to update shareholders on our plans for our investment in WorkSimpli, the global provider of workplace and document Software-as-a-Service offerings. Our journey with WorkSimpli began with a \$250,000 investment in 2018, before we decided to focus our business on telehealth. This modest investment has proven to be a very big win for our shareholders.

WorkSimpli generates significant and growing EBITDA and cash flow. The company generated over \$16 million in EBITDA in 2023. To highlight just how impressive this is, consider that WorkSimpli (then known as PDFSimpli), generated \$280,000 in revenue at a \$564,000 loss in 2018. The free cash flow from WorkSimpli has been instrumental in fueling the growth of our telehealth service offerings.

I believe that WorkSimpli's best days are ahead. Sean Fitzpatrick, WorkSimpli's founder and CEO, is a conscientious and passionate leader who has consistently outperformed. He is a rock star with a big vision for WorkSimpli in the years ahead, and we are fortunate to have him managing the business.

We are currently monitoring the environment to determine the best course of action with WorkSimpli. We will do what is best to maximize value for our shareholders and be supportive of Sean, the other equity holders, and the employees of WorkSimpli.

Looking forward

Now more than ever our focus is on harnessing our platform and technology to create an incredible healthcare experience for LifeMD patients. The opportunity that lies ahead for us is immense.

While we have not yet reached the summit, we have built an industry-leading platform for delivering comprehensive virtual and in-home healthcare, in the world's largest market for healthcare.

As I tell many of our investors on a regular basis, the incredible disruption that is being caused by platforms like ours is why I am energized each and every day to work with our incredible team of employees to build LifeMD.

We'll continue to concentrate on the fundamentals, such as attracting and hiring top talent, becoming more efficient, data security and compliance, and prioritizing the patient experience and quality of care being delivered by our affiliated medical group. We'll do this while keeping our sights on objectives that we know will further our mission of transforming healthcare into a more affordable, caring, and outcome-driven service. We know we will execute, thanks to the caliber of our team and the remarkable platform we've built.

By creating an exceptional experience for patients, we foster long-term relationships. We believe these relationships will further safeguard and enhance the health and happiness of those who place their trust in us. All our fundamental strategies and our commitment to shareholders follow this belief.

That said, we're still in the earliest days of telehealth. The opportunity remains the same, and we are barely scratching the surface. The utilization of telehealth, which was around 25% in 2022 according to the American Medical Association, is expected to climb. We foresee a return to the 70% peak usage experienced during the pandemic as telehealth's (read: LifeMD's) capabilities continue to evolve. Our work here will result in a healthcare system that makes more sense, helps more people, and creates better outcomes across the board for patients.

In conclusion, at LifeMD, we are leading the charge in transforming healthcare. We're making it more convenient, more accessible, and affordable, and more personalized than ever before. To our patients who trust us with their health, our employees and providers who believe in and advance our mission, and our shareholders who continue to support us, I thank you for joining us on this journey towards a healthier future.

March 11, 2024



Justin Schreiber



Stefan Galluppi