

FY Results 2022

ZurRose Group

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Today's presenters



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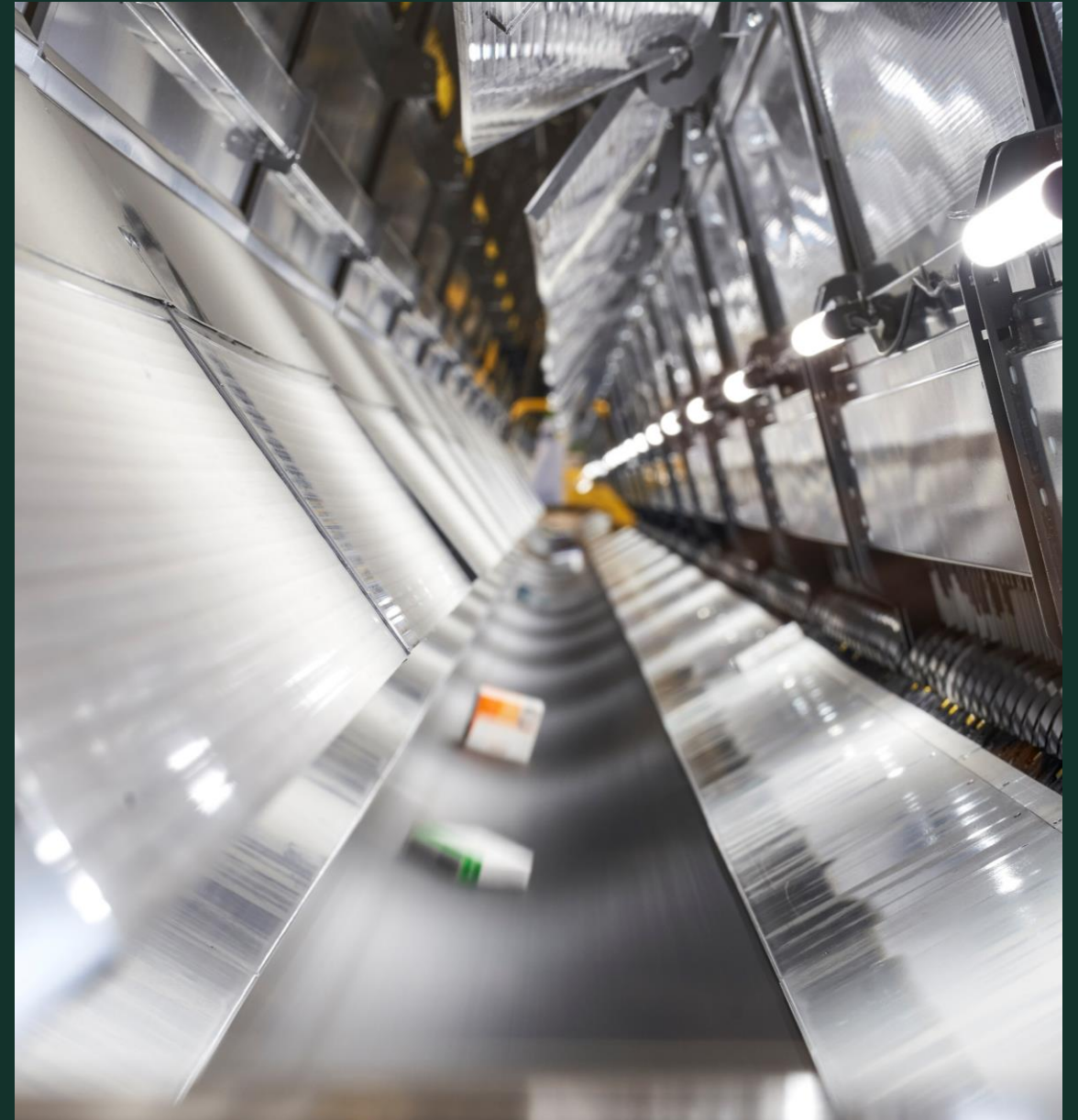
Agenda

1. Highlights

2. Business update
3. Pure focus on B2C with DocMorris digital health ecosystem
4. Financial update: Path to profitability
5. Outlook
6. Q&A

Key messages

- 1** All targets 2022 reached and milestones delivered
- 2** Convincing signals for nationwide roll-out of EUR 50bn eRx within second half of 2023
- 3** Sale of Swiss business significantly strengthens balance sheet
- 4** Adj. EBITDA break-even (excl. eRx) moved to 2024, following sale of Swiss business
- 5** Clear focus on B2C core business;
DocMorris best positioned to benefit from eRx in Germany



Targets and milestones achieved – first results of break-even programme delivered with significantly streamlined structure

Targets 2022

External revenue ¹	Revenue 2022: -5.4% ² within guidance	✓
Adj. EBITDA	CHF -69.7m: improvement of CHF 59m, better than planned	✓

Milestones achieved

DC2 Heerlen	Up and running (increased capacity by 125%, 30% reduced CPP ³)	✓
Medpex	Successfully integrated (savings of CHF 8m)	✓
Eurapon	Discontinued and Bremen closed (savings of CHF 5m)	✓
Structure	Simplified with reduced overhead (savings of CHF 10m)	✓
Swiss business	Sold to focus on B2C and strengthening balance sheet (proceeds of CHF 360m ⁴)	✓

¹External revenue consists of the consolidated revenue of the Zur Rose Group plus mail order revenues of pharmacies supplied by the Zur Rose Group, less the consolidated revenue from supplying them | ²in local currency |

³CPP: Cost per parcel | ⁴excluding sale of real estate

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Convincing signals for nationwide roll-out with multiple channels to redeem the eRx token

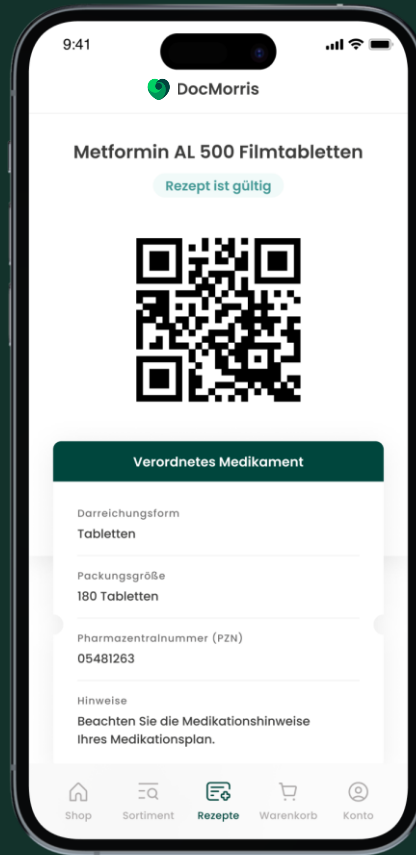
- New German digital law (draft): eScript to become binding standard as of 1.1.24
- Start of eRx roll-out expected in H2 2023, details to be provided in Q2 by Ministry of Health
- More than 1.4m eRx successfully redeemed
- Digital identities specified
 - Precondition for digital eGK and seamless customer journey with online pharmacies
 - Patients may choose convenient security level, e.g. identification with face ID

Multiple eRx token transfer channels:

Gematik app	Live
Paper print out	Live
KIM ¹ from doctor to pharmacy (emergency access)	Live
eGK ² in local pharmacies	1.8.23
Scan solution in doctors' practices	TBC
Digital eGK for seamless online journey	1.1.24

¹KIM: electronic letters between healthcare providers (German: Kommunikation im Medizinwesen) | ²eGK: electronic health insurance card (German: elektronische Gesundheitskarte)

eRx is the key digitalisation enabler with significant value for all stakeholders



EUR 50bn market¹

<1% Rx online penetration
(OTC online Germany: 23%², Rx online Sweden: 13%³)

EUR >1bn eRx potential with existing OTC customers
26%⁴ potentially chronic patients

10x higher Customer Lifetime Value (CLV) than OTC
EUR 14 contribution margin vs. OTC EUR 3

DocMorris #1 brand

DocMorris brand awareness: 65%⁵ (DocMorris eRx: 18%⁵)

¹<https://www.bundesgesundheitsministerium.de/themen/krankenversicherung/zahlen-und-fakten-zur-krankenversicherung/finanzergebnisse.html> | ²IQVIA | ³Sveriges Apoteksforening: Swedish pharmacy sector report 2022 | ⁴Wissenschaftliches Institut der AOK 2020 | ⁵Kantarstudie and YouGov BrandIndex 2022 (aided)

Zur Rose Group becomes DocMorris

- DocMorris brand for corporate and business
- Zur Rose Group (holding company) will be renamed into DocMorris AG¹
- Headquarters to remain in Switzerland
- Listing to remain on SIX Swiss exchange
- Customer centric, lean organisational structure with strong footprint in Germany




DocMorris



¹Subject to approval by Annual General Meeting

Hybrid brand strategy for Germany with DocMorris as core brand to cater to the needs of specific customer segments



			
Brand category	Core brand	Sub-brand	Sub-brand
Positioning	Digital health ecosystem	Feel good pharmacy	Discount pharmacy
Key target groups	Chronic patients 40+	Wellbeing & families 30+	Smart shoppers 30+
Products	Rx OTC / BPC Marketplace Chronic Care Services	OTC / BPC Rx Marketplace	OTC / BPC Rx

Significantly advanced sustainability agenda in 2022 and clear targets tied to executive compensation

Healthier People

- Launch of two Chronic Care paths
- Industry-leader: Drug safety notes and telemedicine

Sustainable Planet

- Optimised logistics with new distribution centre
- Commit to reduce CO₂ emissions by 4.2% p.a.

Caring Company

- No gender pay gap at group on average
- Cultural principles to be introduced group-wide

Reliable Partnerships

- >150 industry partners at Supplier Day
- Supplier Code of Conduct to be published



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DocMorris digital health ecosystem is the solution for multiple challenges of the German healthcare and pharmacy market

German healthcare industry challenges

- Increasing treatment needs due to chronic diseases
- Public budget deficit >EUR 20bn in 2024
- Lack of digitalisation across healthcare landscape
- Inefficient coordination between healthcare providers

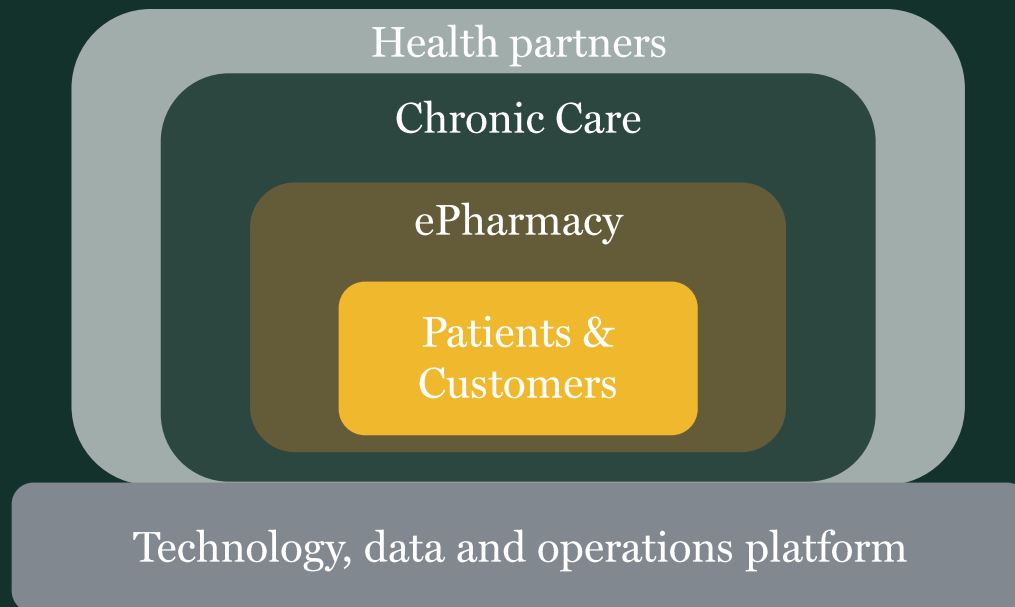
German pharmacy market challenges

- Shortage of skilled staff leads to pharmacy closures
- No digital scalability and limited convenience
- Structural inefficiencies due to fragmented landscape



To deliver the most efficient, empathetic healthcare imaginable. For everyone. Anywhere. In one click.

DocMorris digital health ecosystem

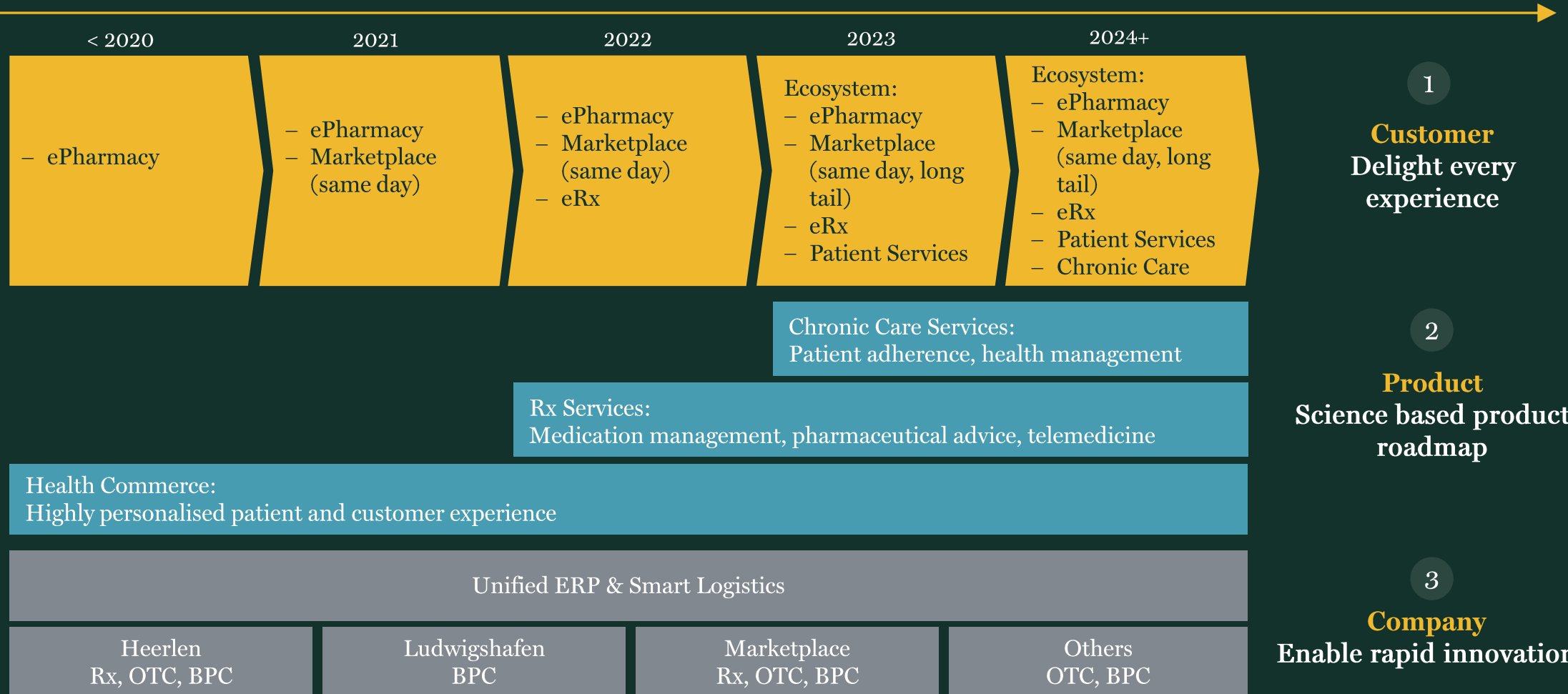


- Centred around users, fulfilling the needs and wishes of patients and customers
- Making care personal and medication conveniently accessible for everyone
- Being competent and innovative, using the latest knowledge, state-of-the art skills and relevant data for the benefit of patients and customers
- Using technology and connecting health partners and professionals to support patients and customers
- Being agile and adaptive, leveraging technology to always meet the changing needs of patients and customers

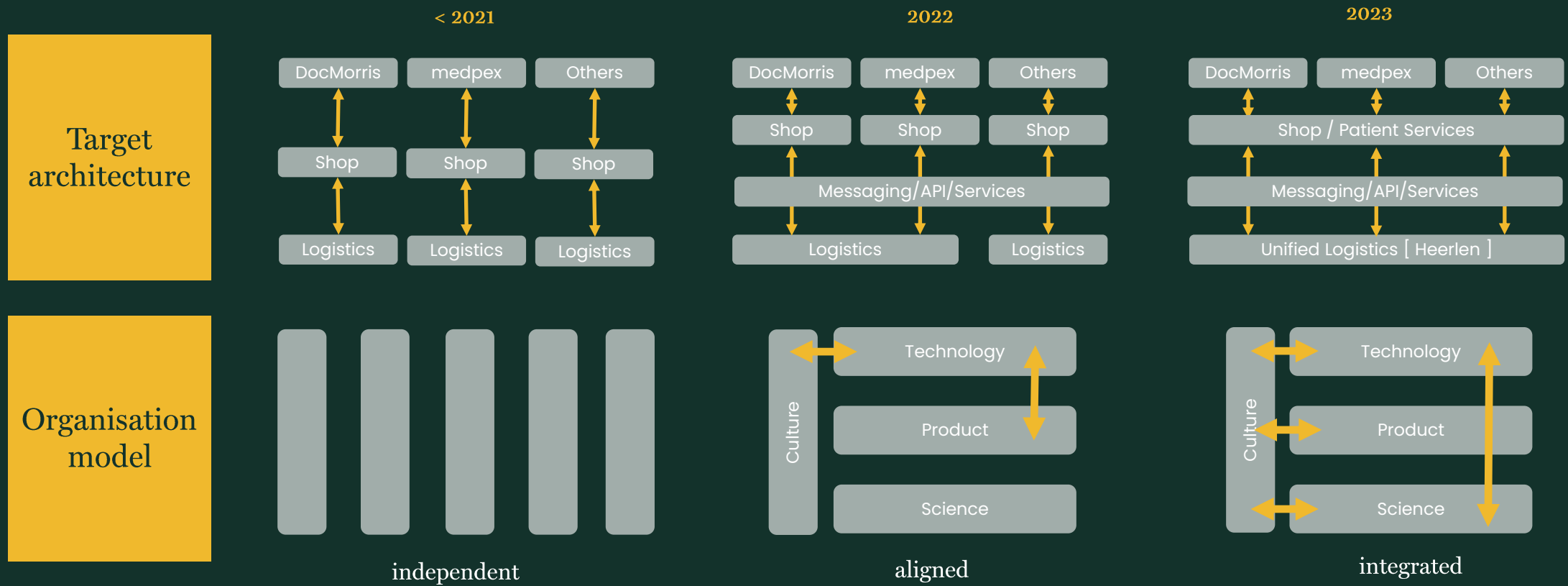
Transformation journey to the preferred digital health destination

From eCommerce ...

... to Health in one click



Best customer experience delivered through digital transformation of architecture, product and culture



DocMorris transformation into a state-of-the-art technology company through product, technology and science

Focus on science for clear, actionable signals to drive value

Security and privacy design for best-in-class digital trust

decision. SCIENCE

Influence business outcomes by acting on reliable leading indicators

customer. SCIENCE

Increase profitability for every customer through algorithms on pricing and assortment

patient. SCIENCE

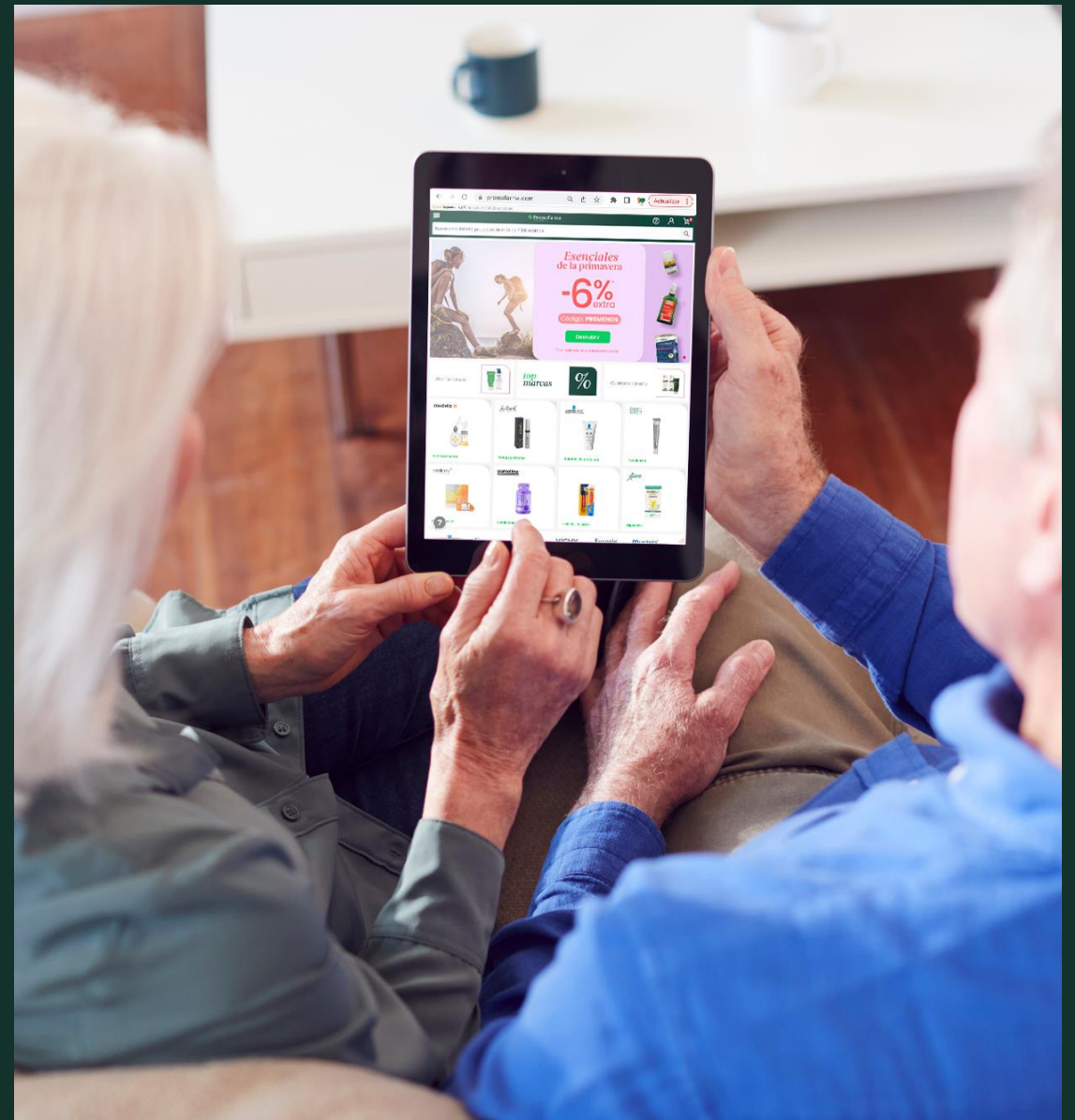
Optimised Rx conversion and retention by leveraging patient condition & need-based segments

product. SCIENCE

Prioritisation of the right digital features to continually grow customer digital adoption

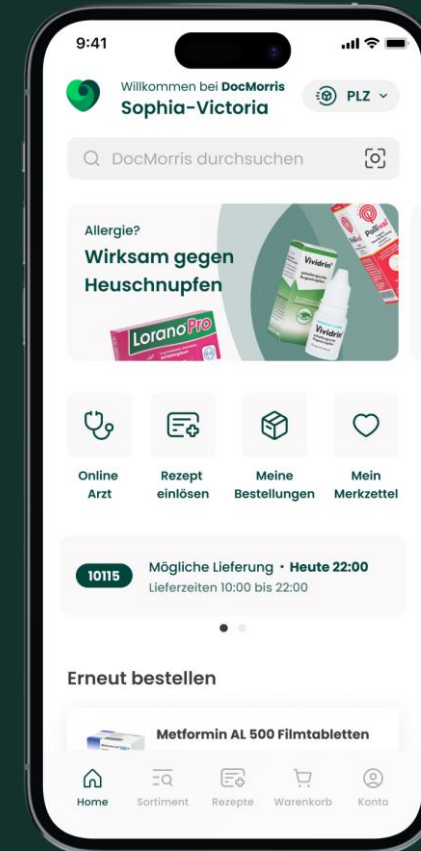
behavioural. SCIENCE

Actionable customer insights to influence behavior towards better treatments and improved adherence towards better health



Successful and exciting transformation journey to put patient happiness at the centre of everything we do

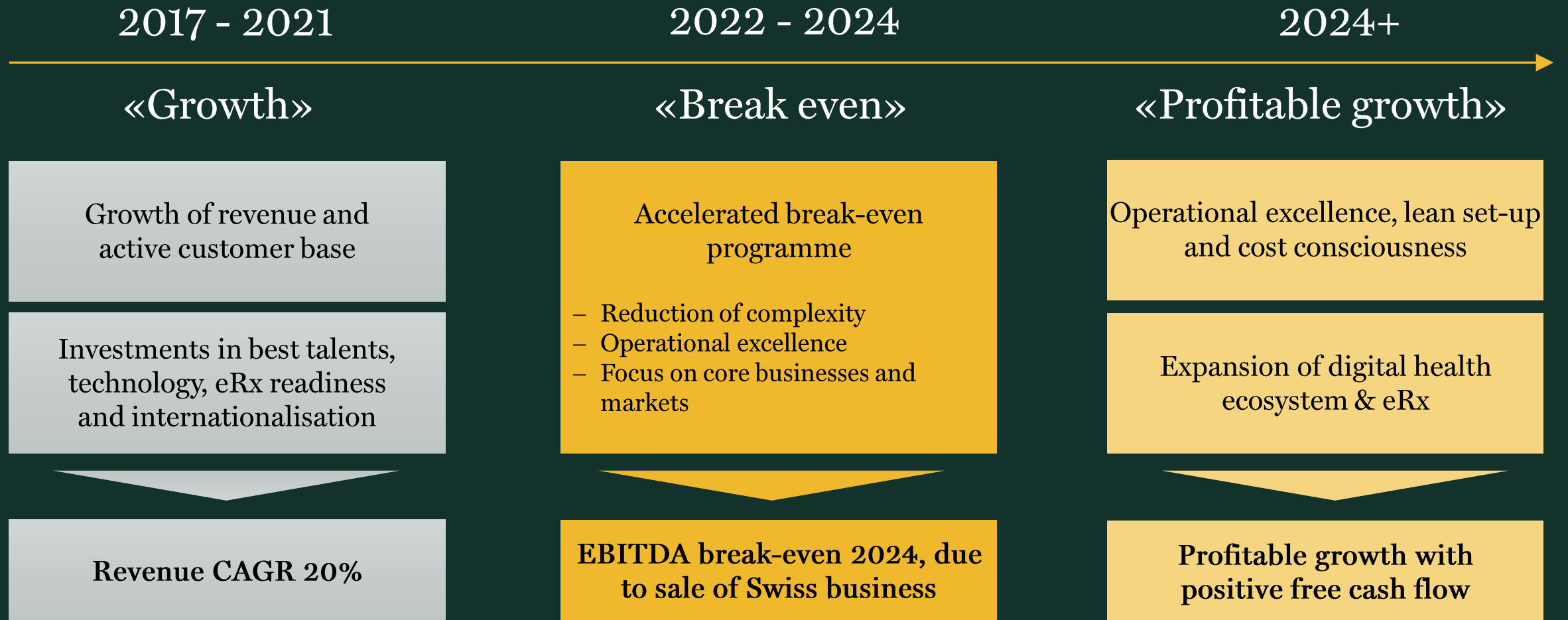
- Digital transformation of architecture, product and culture
- Focus on science for clear, actionable signals to drive better outcomes internally and externally
- Preferred digital health destination that helps our patients and customers to manage and understand their health



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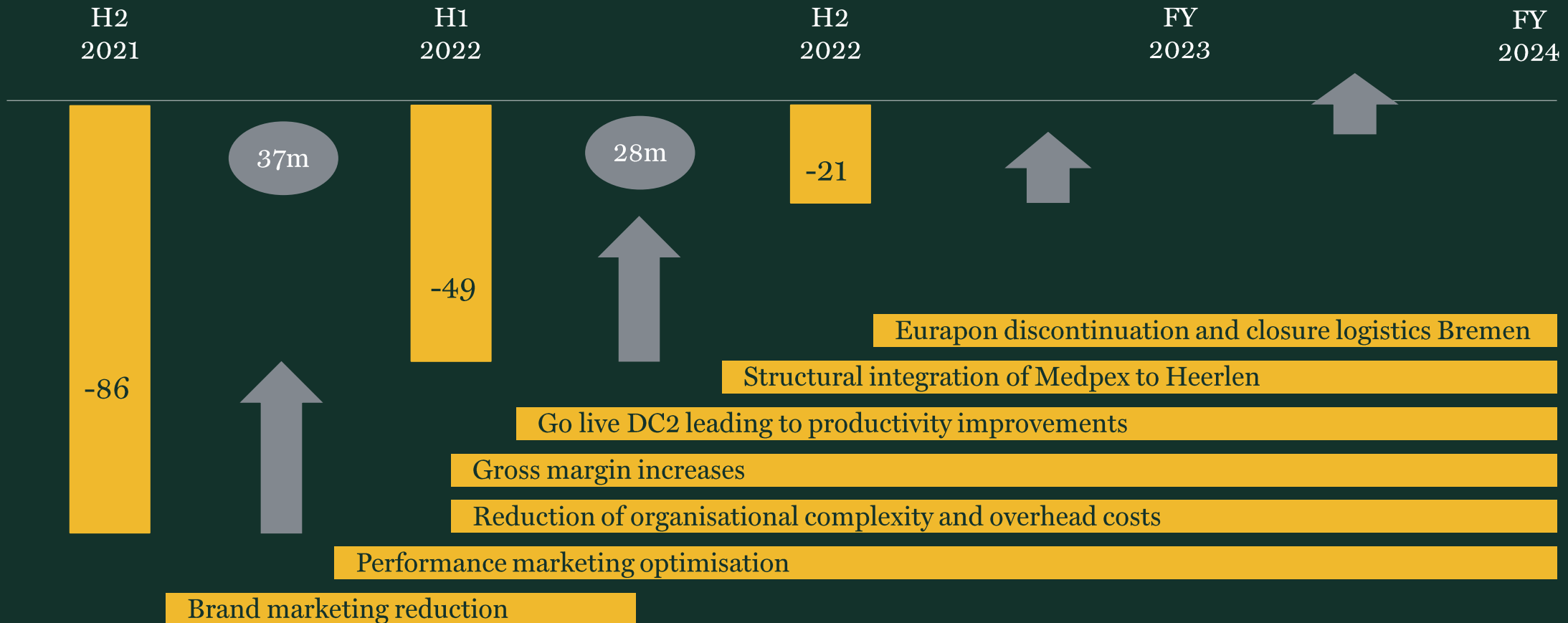
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Well on track for profitable growth as of 2024



Significant savings due to swift execution of measures on path to profitability with significantly reduced complexity

Adj. EBITDA CHF m



Considerable structural savings in 2023 based on actions in 2022

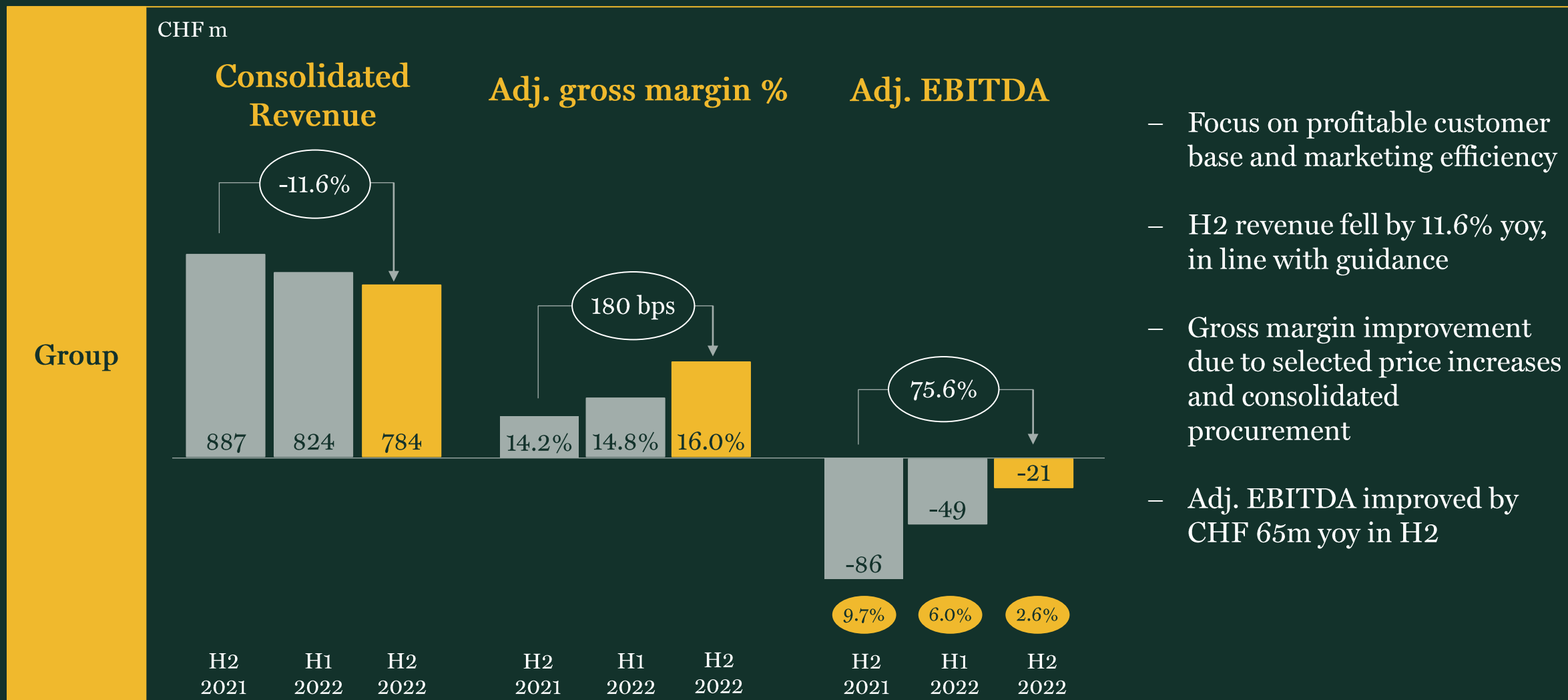
Break-even programme
CHF 130m



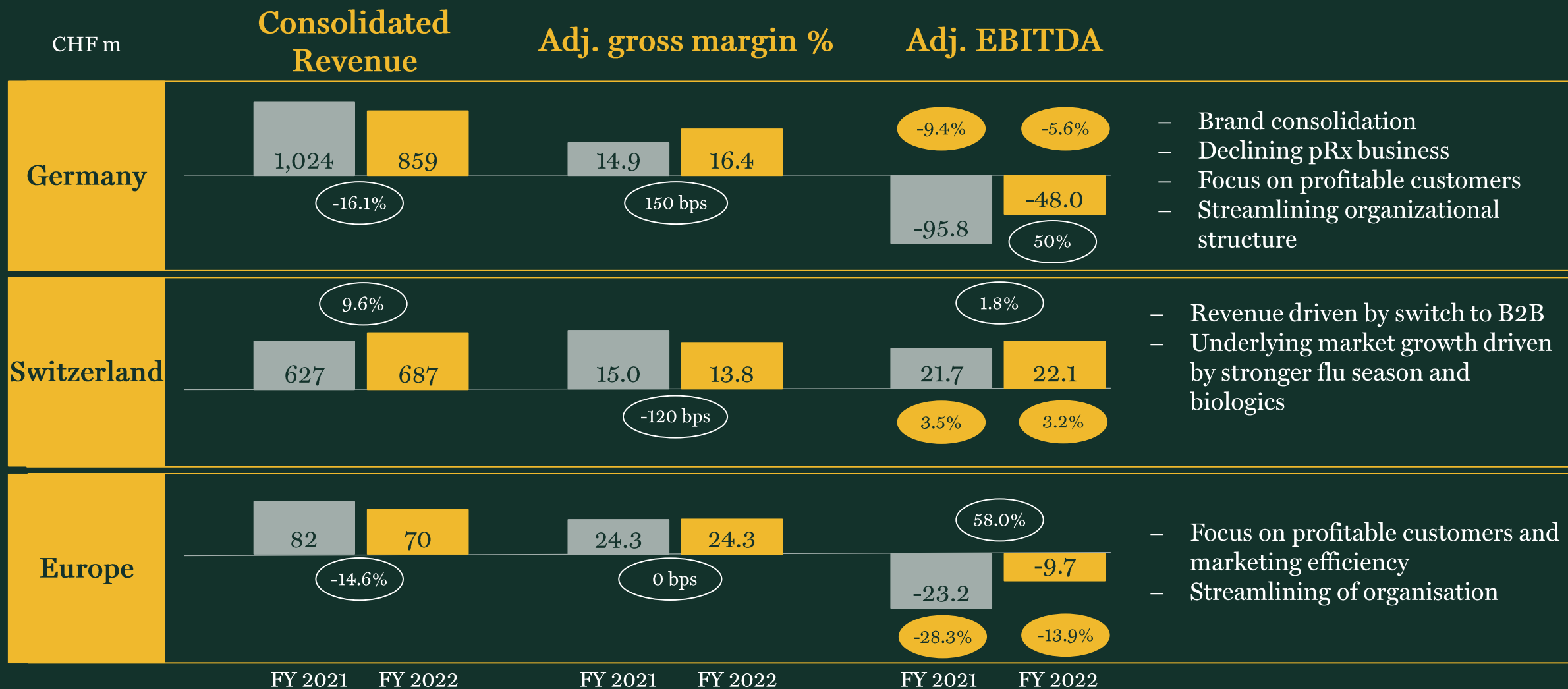
CHF 59m already achieved,
even more executed



Break-even programme led to significant EBITDA improvement

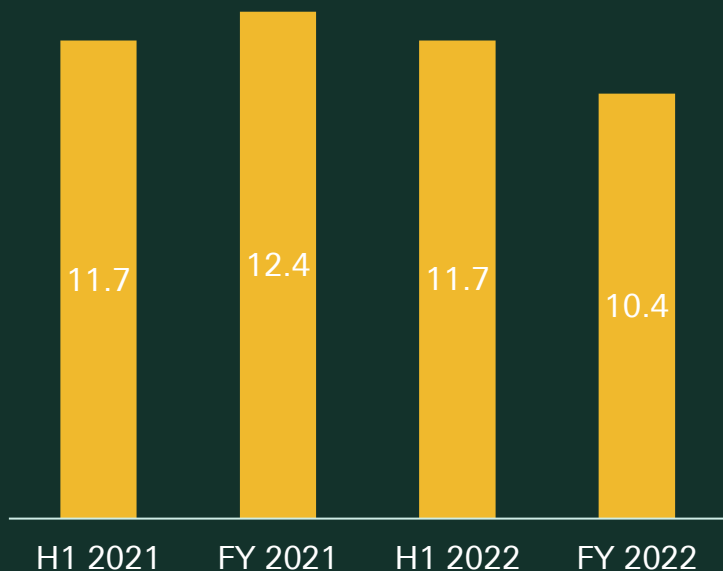


Increased transparency with segmental reporting



Focus on high quality customer cohorts supported by improving KPIs

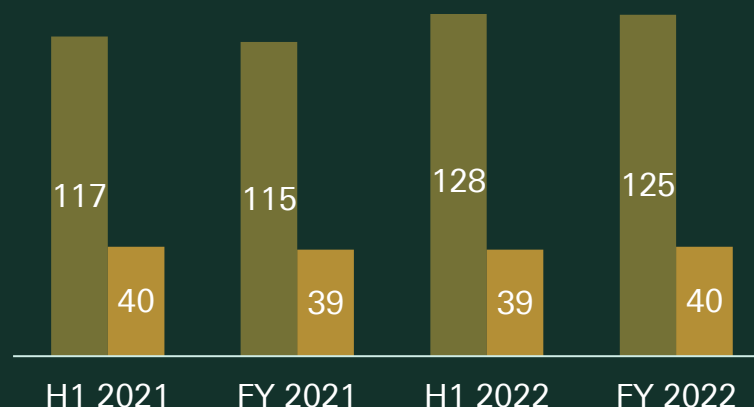
Active customers¹
in m



Repeat order rate²

74% **74%** **76%** **79%**
H1 2021 FY 2021 H1 2022 FY 2022

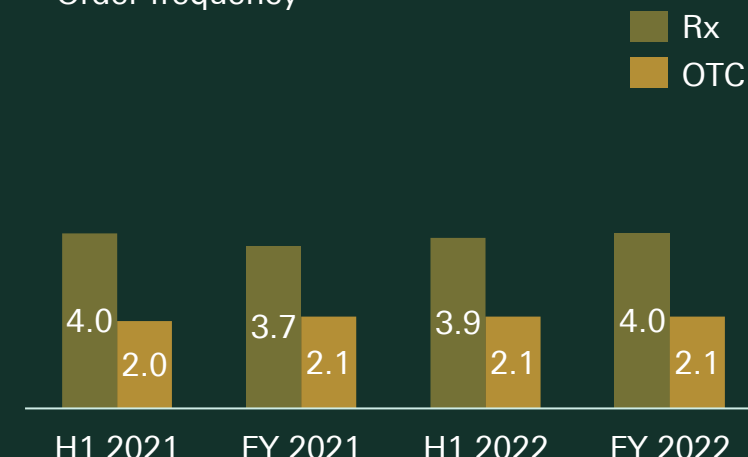
Basket size⁴
in EUR



Site visits³

234m **265m** **255m** **194m**
H1 2021 FY 2021 H1 2022 FY 2022

Order frequency⁵



Notes: Figures reflecting the B2C & marketplace business regardless of integration and consolidation progress of the acquired businesses | ¹all mail order customers who have placed an order with Zur Rose or a pharmacy supplied by Zur Rose in the last 12 months | ²share of orders from existing customers in relation to total number of orders | ³number of website visits in the last 12 months | ⁴basket size equals average value of the purchase per order | ⁵number of orders per active customer in 12 months period

Significant improvement to operational expenses vs. FY 2021

in CHF m	FY 2022	Margin in %	FY 2021	Margin in %	yoy %
External revenue	1,836.7		2,034.0		(9.7)
Consolidated revenue	1,608.2		1,726.5		(6.9)
Gross profit adj.	246.8	15.3	263.0	15.2	(6.2)
Personnel expenses adj.	(148.1)	(9.2)	(143.1)	(8.3)	(3.5)
Marketing expenses	(58.4)	(3.6)	(118.8)	(6.9)	50.8
Distribution expenses	(47.8)	(3.0)	(54.5)	(3.2)	12.3
Other operating income & expenses adj.	(62.2)	(3.9)	(75.5)	(4.4)	17.6
Adj. EBITDA	(69.7)	(4.3)	(128.9)	(7.5)	45.9
Adjustments	(8.0)		(13.7)		
M&A	13.9		(9.6)		
Restructuring, Integration	(17.5)		(2.2)		
Other	(4.4)		(1.9)		
EBITDA	(77.7)	(4.8)	(142.6)	(8.3)	45.5
EBIT	(140.3)	(8.7)	(193.8)	(11.2)	27.6
Net income	(171.1)	(10.6)	(225.7)	(13.1)	24.2

- Gross margin increased by 10 bps yoy, uplift limited by higher share of B2B sales in Switzerland
- Increase of personnel expenses due to insourcing of specific functions and temporary workers
- Break-even programme with positive impact on marketing, distribution and other operating expenses.
- Net financial result impacted by foreign currency (CHF-EUR)
- Adjustments driven by positive fair value change of CHF 17.5m due to Apotal earn-out and integration costs

Balance sheet with strong cash position

in CHF m	31 Dec 2022	%	31 Dec 2021	%
Cash and cash equivalents	156.0		277.7	
Receivables	156.3		166.5	
Inventories	83.2		92.5	
Property, plant & equipment	96.8		98.7	
Intangible assets	571.9		595.4	
Other assets	35.2		38.4	
Total assets	1,099.4		1,269.2	
Financial liabilities	63.9		83.8	
Payables & accrued expenses	180.1		196.1	
Bonds	490.4		485.4	
Other liabilities	14.2		19.0	
Equity	350.8	31.9	484.9	38.2
Total equity and liabilities	1,099.4		1,269.2	

- Highly attractive, asset-light business model
- CHF 156m of cash on balance sheet, including CHF 30m in short-term fixed interest investments
- Net working capital roughly stable: Lower inventory due to brand consolidation
- Proceeds of sale of Swiss business mainly allocated to repay outstanding bonds

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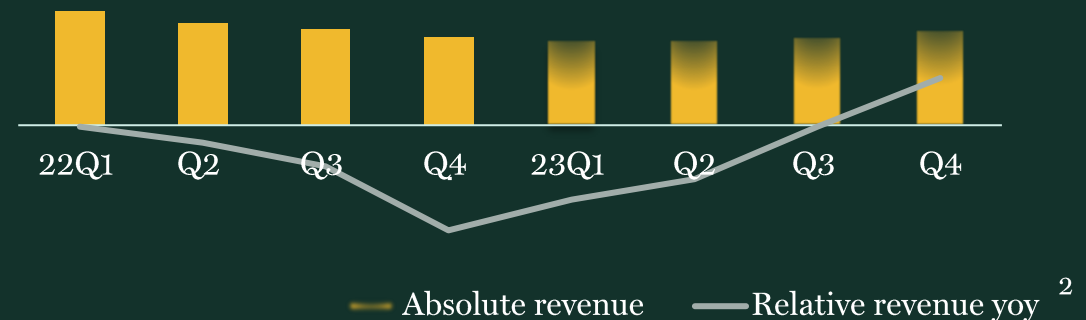
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Swiss business to be excluded from financials and indicative quarterly revenue development due to break-even programme

Including CH business	Adj. EBITDA 2023	Break-even
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- Adj. EBITDA break-even moved to 2024, following the sale of Swiss business
- 2023 will not include Swiss business as recurring (IFRS), we will adjust for the Swiss EBITDA contribution

Excluding CH business	Quarterly external revenue 2023¹
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- Quarterly sales in H1 on roughly similar level to H2 2022 with growth in H2 2023

¹External revenue consists of the consolidated revenue of the Zur Rose Group plus mail order revenues of pharmacies supplied by the Zur Rose Group, less the consolidated revenue from supplying them. | ²Chart not to scale

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

Excluding CH business	External revenue ¹ 2023 in local currency	Mid-single-digit decline
	Adj. EBITDA 2023	CHF -20m to CHF -40m (excluding eRx)
	Adj. EBITDA 2024	Break-even (excluding eRx)
	Capital expenditure 2023	CHF 30m to CHF 40m
	Adj. EBITDA margin mid-term	~8% unchanged

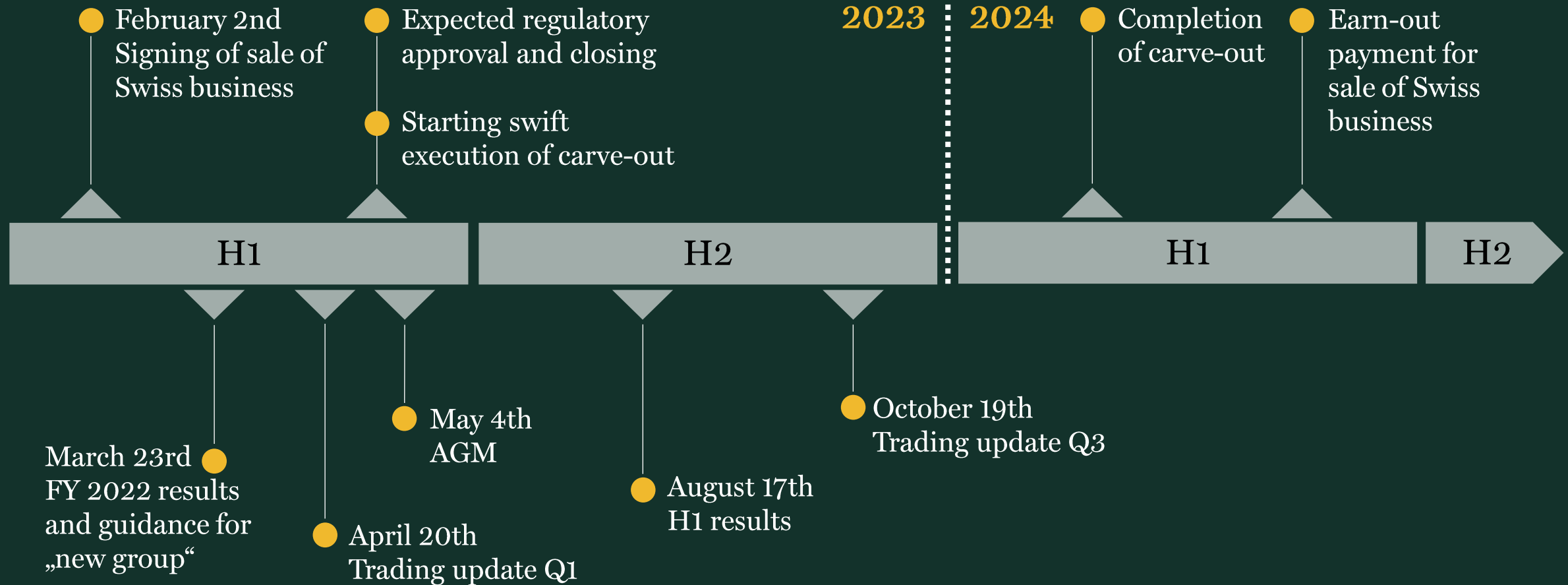
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Q&A

Financial calendar



Note: Where dates are not shown, timings are indicative

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