

ZurRose Group

FY Results 2021

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Today's presenters



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Founder, Group CEO



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Group CFO



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Head Germany

Strong strategic progress – eRx delay as lowlight

All set for e-prescriptions with the new DocMorris healthcare app

1.3 million downloads

New high for DocMorris brand recognition

71% aided awareness

Steady revenue growth of

14.8%

Vitalsana and apo-rot brands successfully integrated

New position of CTO emphasises focus as a tech company

Strategic partnerships with Novo Nordisk and Roche

CHF 190 million successfully raised for further growth

CEO handover in 2022 a sign of continuity and ongoing development

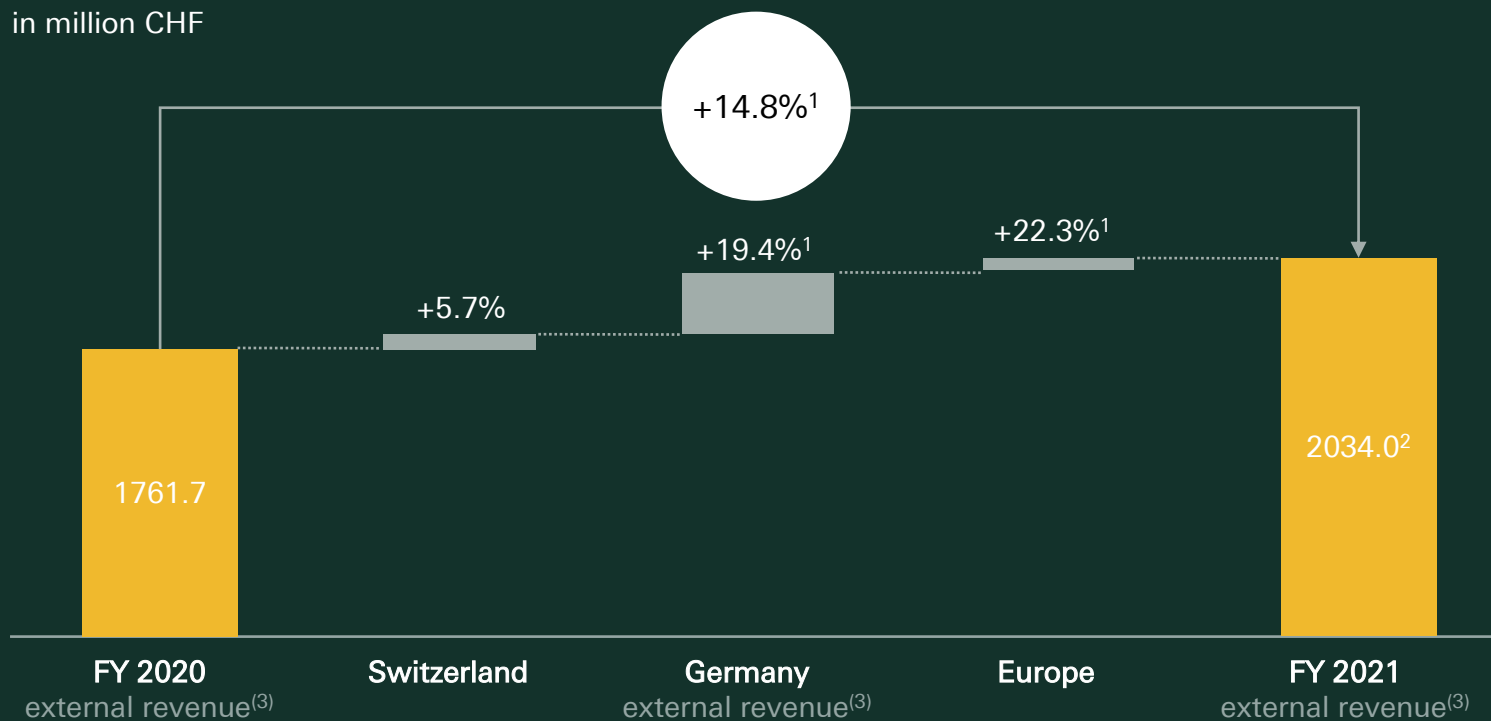
First sustainability report published, covering financial year 2021

First e-prescriptions at DocMorris successfully processed

Summary FY 2021 Financial Results

Sales target achieved: Group sales growth of 14.8%

in million CHF



Group

- Growth of 14.8%

Switzerland

- Sustainable growth level

Germany

- Slightly declining Rx business ahead of eRx launch
- Challenging OTC online market
- Growth including contribution of Apotal (M&A)

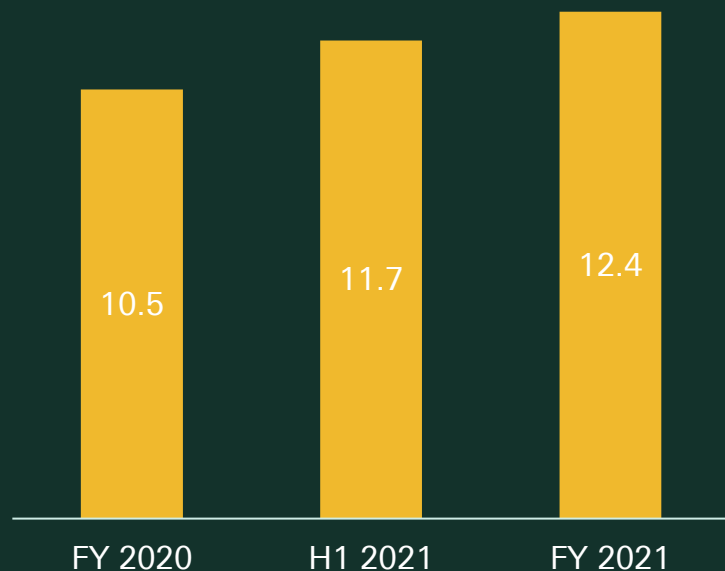
Europe

- Slightly lower growth rates due to strong PY period driven by Covid effects

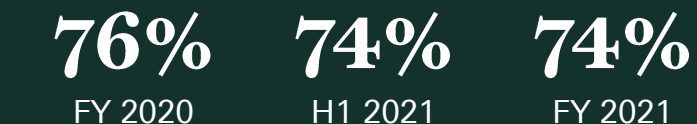
Notes: ¹ In local currencies | ² Including eliminations of CHF 6.9 million | ³ Consolidated revenue of the Zur Rose Group in CHF million plus the mail order revenue of pharmacies supplied by the Zur Rose Group less the consolidated revenue for their supply

Expanding market leadership with more than 12 million active customers

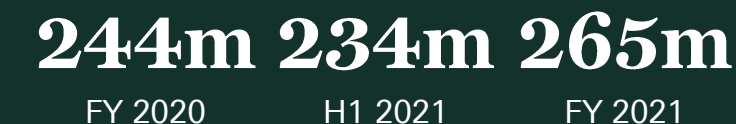
Active customers¹
in millions



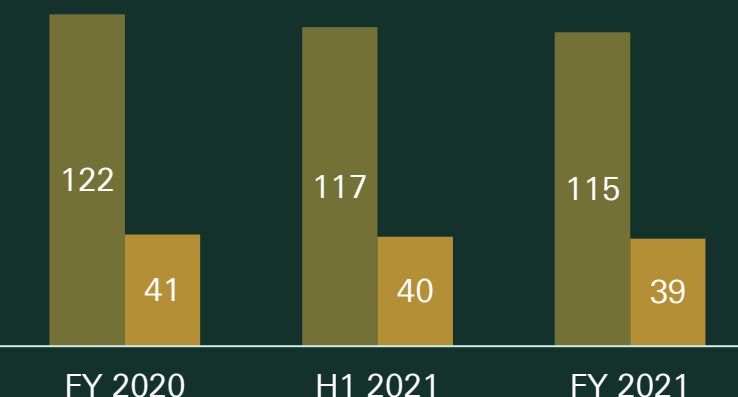
Repeat order rate²



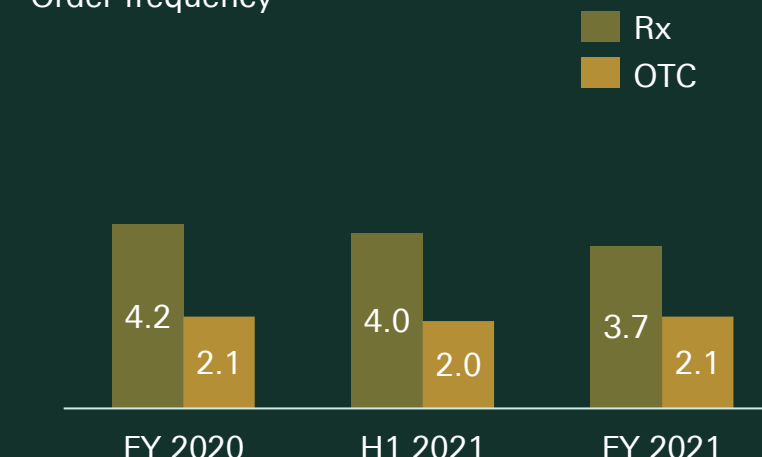
Site visits³



Basket size⁴
in EUR



Order frequency⁵



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

Increased growth expenses ahead of eRx opportunity

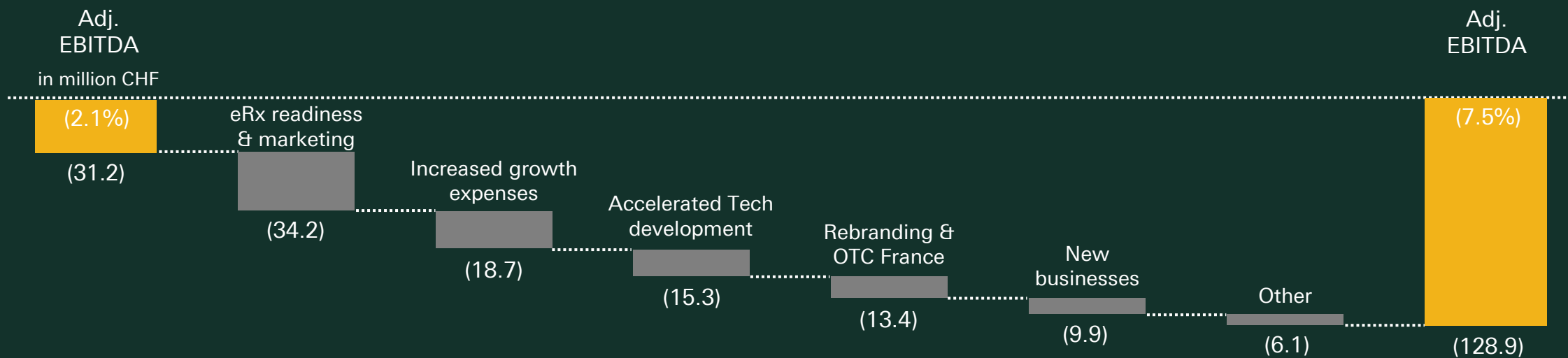
in million CHF	FY 2021	Margin in %	FY 2020	Margin in %
External revenue	2034.0		1761.7	
Consolidated revenue	1726.5		1476.9	
Gross profit adj.	263.0	15.2	250.9	17.0
Personnel expenses adj.	(143.1)	(8.3)	(126.8)	(8.6)
Marketing expenses	(118.8)	(6.9)	(60.6)	(4.1)
Distribution expenses	(54.5)	(3.2)	(49.2)	(3.3)
Other operating income & expenses adj.	(75.5)	(4.4)	(45.5)	(3.1)
Adj. EBITDA	(128.9)	(7.5)	(31.2)	(2.1)
Adjustments	(13.7)		(47.2)	
EBITDA	(142.6)	(8.3)	(78.4)	(5.3)
EBIT	(193.8)	(11.2)	(117.6)	(8.0)
Net income	(225.7)	(13.1)	(135.6)	(9.2)

- Sales growth of 14.8%
- Gross margin below previous year due to slower growth in non-Rx online channel, but in line with pre-pandemic levels
- Increased growth expenses ahead of eRx opportunity, especially in technology, marketing and gross margin
- Slight leverage in personnel and distribution expenses due to larger scale
- Depreciation & amortization increased due to M&A and tech development
- Net financial result impacted by negative fx effect and results of joint ventures

Increased growth expenses ahead of eRx opportunity

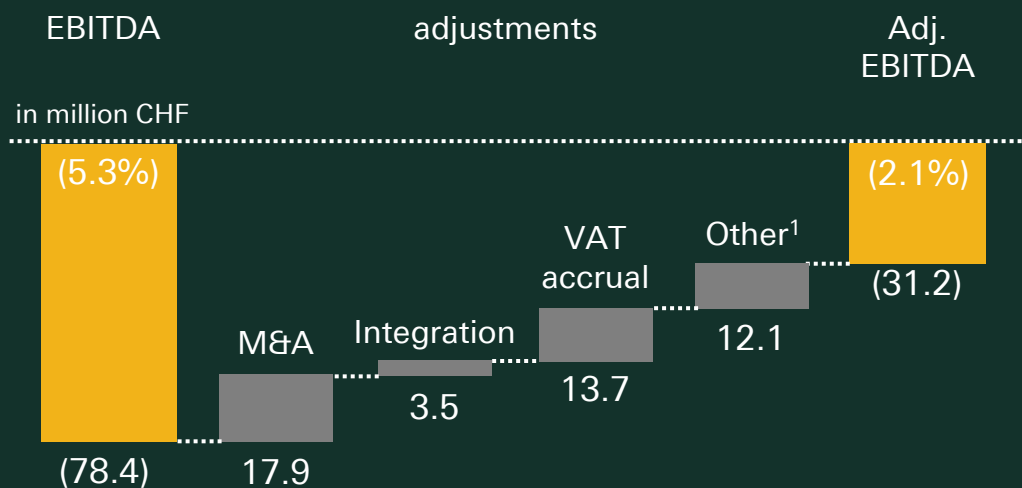
FY 2020

FY 2021

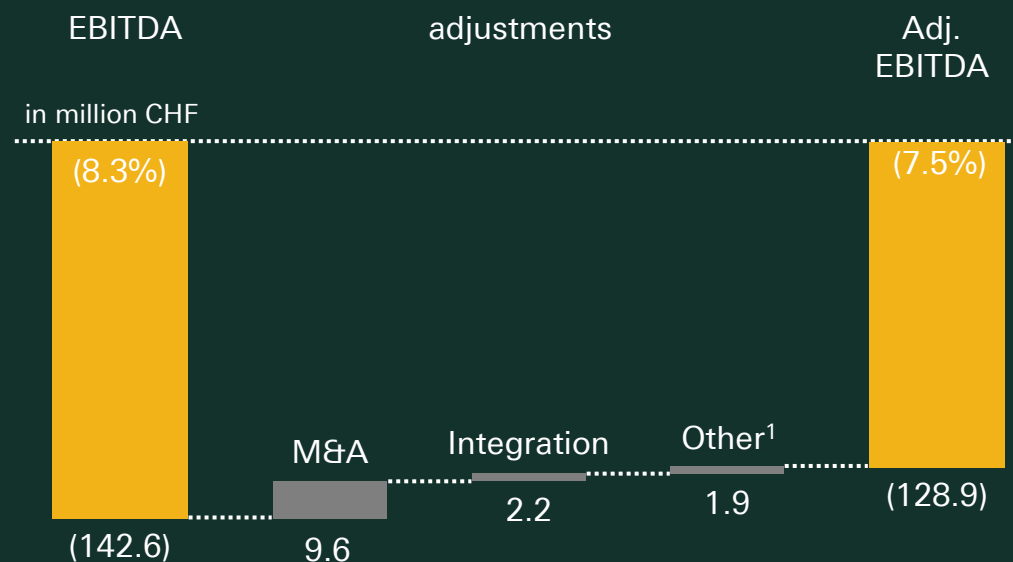


Update on EBITDA adjustments

FY 2020



FY 2021



- Share based retention package for founders as largest position within M&A adjustments
- Increase of accruals due to an interim ruling in VAT proceedings connected to Rx bonuses

- Share based retention package for founders as largest position within M&A adjustments

Notes: 1 Mainly related to Covid19 product price declines

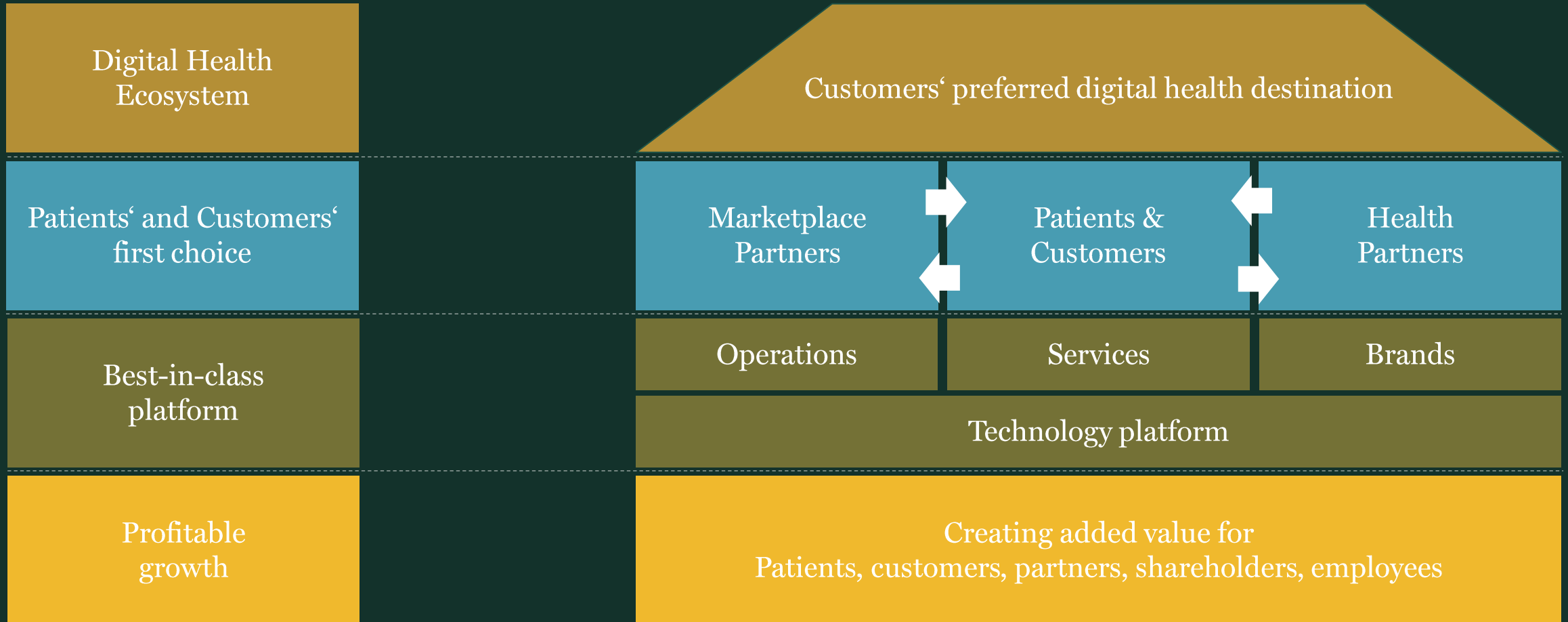
Strong balance sheet ahead of eRx roll-out

in million CHF	31 Dec 2021	%	31 Dec 2020	%
Cash and cash equivalents	277.7		300.6	
Receivables	166.5		145.4	
Inventories	92.5		92.9	
Property, plant & equipment	98.7		96.6	
Intangible assets	595.4		604.5	
Other assets	38.4		38.5	
Total assets	1269.2		1278.5	
Financial liabilities	83.8		86.7	
Payables & accrued expenses	196.1		149.9	
Bonds	485.4		483.9	
Other liabilities	19.0		26.3	
Equity	484.9	38.2	531.7	41.6
Total equity and liabilities	1269.2		1278.5	

- Highly attractive, asset-light business model
- CHFm 277.7 of cash on balance sheet
- CHFm 48.7 of tech investments
- CHFm 28.2 reduction of net working capital

Strategy Update

Digital Health Ecosystem strategy confirmed



Great talents added to our team

- Matthias Peuckert will join as Head Germany and CEO DocMorris in April 2022
 - E-Commerce expert with 14 years of experience with Amazon
 - CEO of windeln.de from 2018-2022
- Besides technology and E-commerce also digital marketing, data & science and health procurement expertise further strengthened by recent key hires



Keep Best eRx Starting Position

Ministry of health & gematik committed to eRx: Joint quality criteria defined for testphase

- Law for mandatory eRx in place and in force since January 1
- Ministry of health declared that technology is not yet ready and extended the test phase for which a set of quality criteria has been defined
- We are confident that eRx scaling will start H2 2022

1. 30'000 fully processed eRx

2. 99.9% availability of eRx infrastructure

3. Health insurers eRx ready & no retaxation

4. No severe errors

5. Physician information systems eRx ready

6. Pharmacy information systems eRx ready

DocMorris is best-positioned to benefit from eRx opportunity

- 25% of people say they prefer to redeem an e-prescription, in an online pharmacy¹
- High cross sell potential: Estimated potential of >2 million chronically ill patients within customer base
- DocMorris eRx and aided brand awareness at record levels of 26% and 71%²



OTC

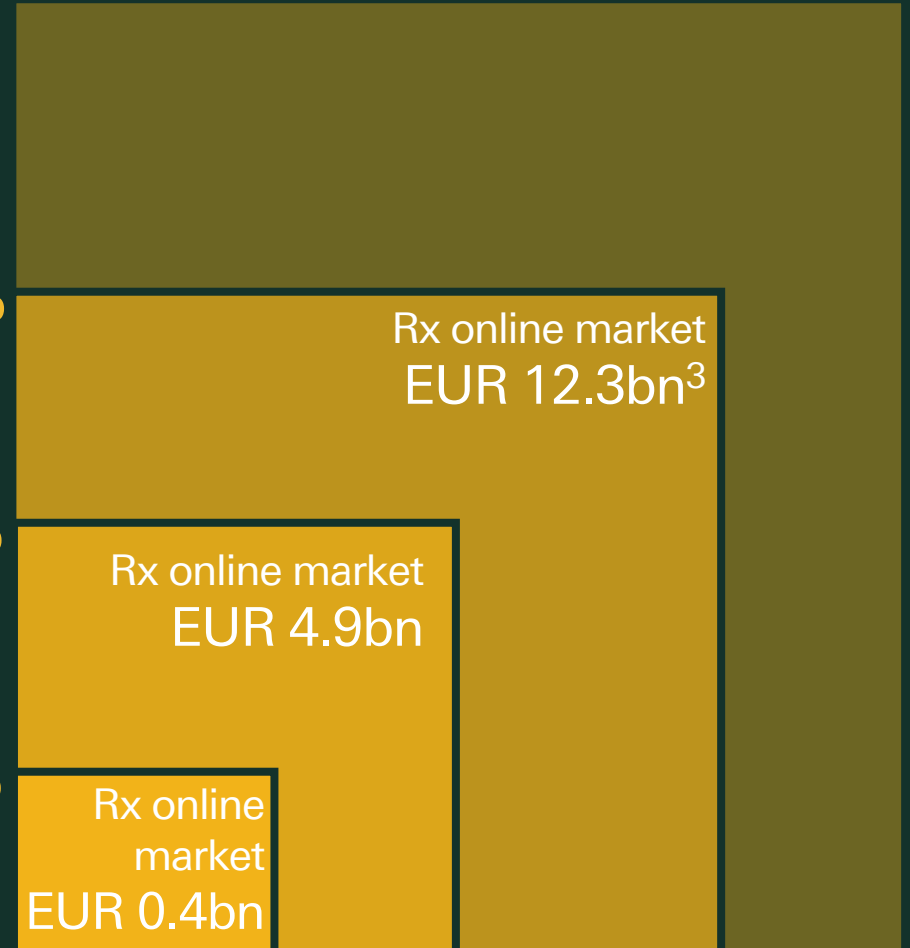


Rx

25%

10%

1%



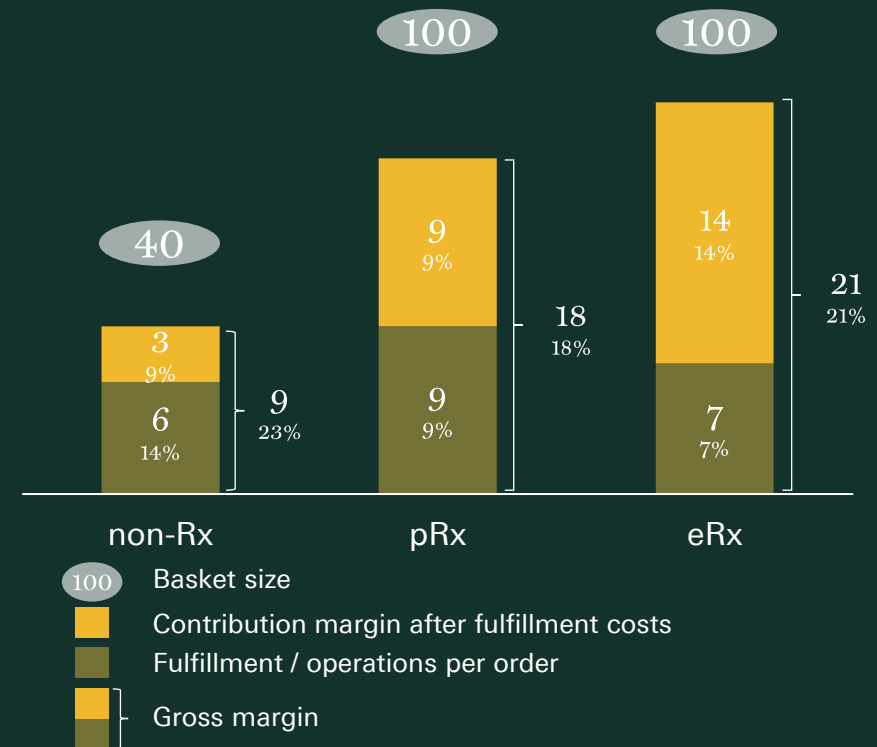
Notes: 1 Sempora 2020 2 Kantar 2022 3 Assuming constant German Rx market size of EUR 49 bn

eRx unit economics significantly more attractive than non-Rx / pRx

- Rx customers with highest scores amongst key KPIs:
 - Basket Size
 - Order frequency
 - Retention Rate
 - CLV
- DocMorris and all German brands fully ready for eRx driven by significant tech investments
- 226 gematik eRx received and successfully processed during testphase¹

Note: 1 As of 23 March 2022

Unit economics of non-Rx, pRx and eRx orders in EUR



Operational Leverage

Ensuring operational efficiency to fully capture the eRx opportunity

- Management fully committed to reach EBITDA break-even in 2024
- Gross margin increase through category management, services and procurement
- Improvement of marketing performance, reduction of operational cost/package and indirect costs
- Significant efficiency gains through organisational optimisation and platform integration

Gross margin increase

Performance improvements

Structural synergies

Go-Live of new distribution center on track

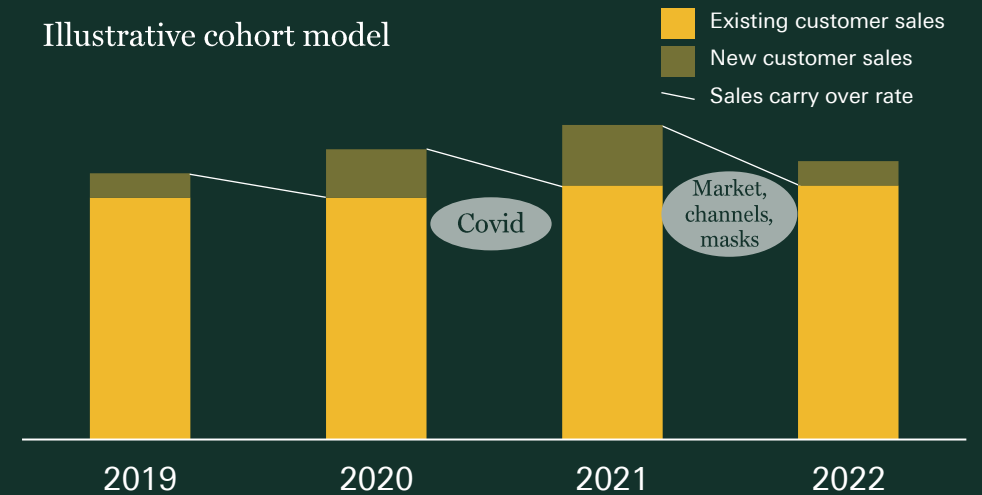
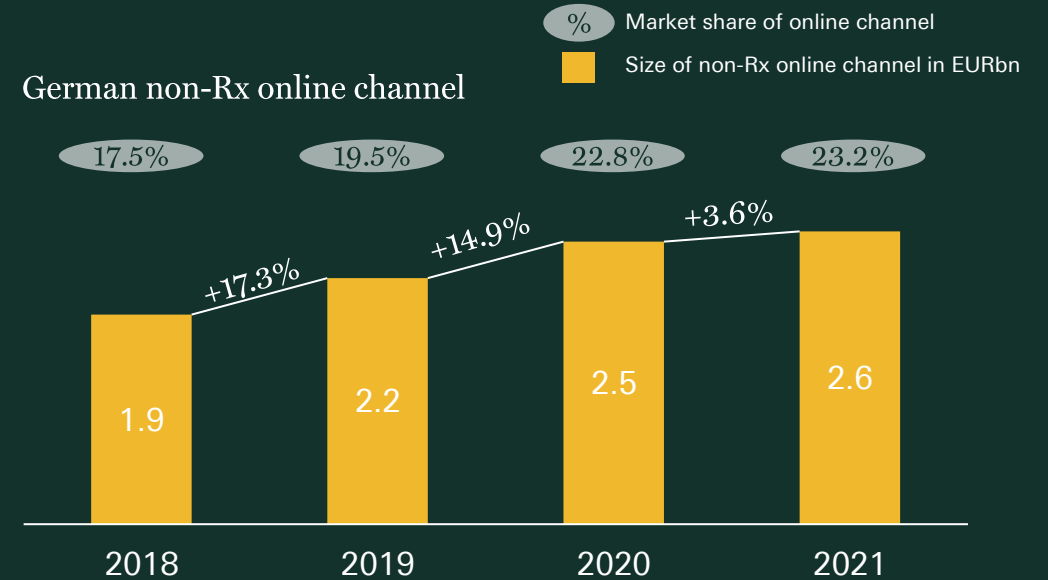
- Go live in Q2 2022 with low risk due to modular set up and extensive testing
- Increased **degree of automation to 70%** will lead to a yearly **productivity improvement of EUR 10 million**
- Additional capacity of 15 million parcels per year more than doubles capacity in Heerlen



Growth Focus DocMorris

German non-Rx online market with Covid related slowdown in 2021

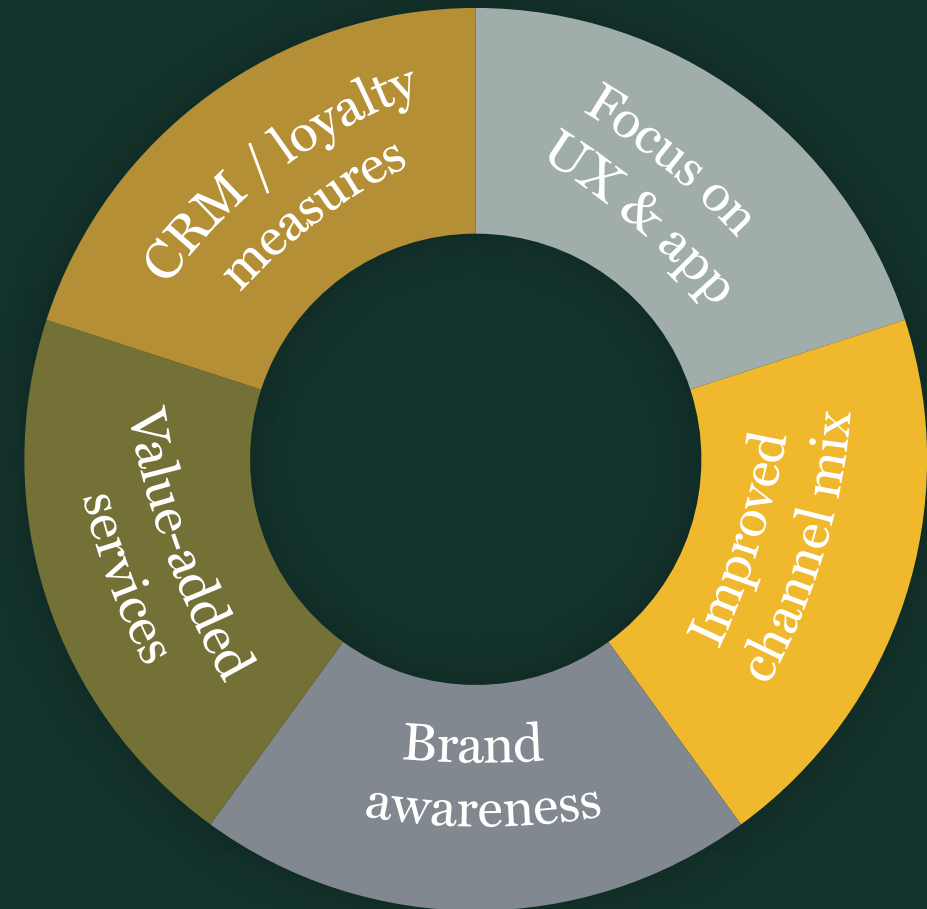
- Non-Rx online market saw a significant slowdown in 2021
- Lower quality of Covid and mask cohorts reducing retention of new customer cohorts
- Stickiness of existing customer cohorts remains on high levels



Source: 1 Insight Health 2022 non-Rx Sales excl. diagnostics in mail-order pharmacies by real pharmacy retail price (rAVP) in EUR billion

Focus DocMorris – double digit non-Rx growth

- Focus on double-digit non-Rx growth with core brand DocMorris
- Priority 2022 on customers with Rx potential and higher CLVs to set the base for sustainable growth going forward
- Reinforced marketing performance with strengthened cross-segmental marketing team
- Profitability focus on non-core brands
- Market recovery as upside potential



DocMorris is leveraging its core e-commerce expertise to provide a best-in-class digital health ecosystem experience

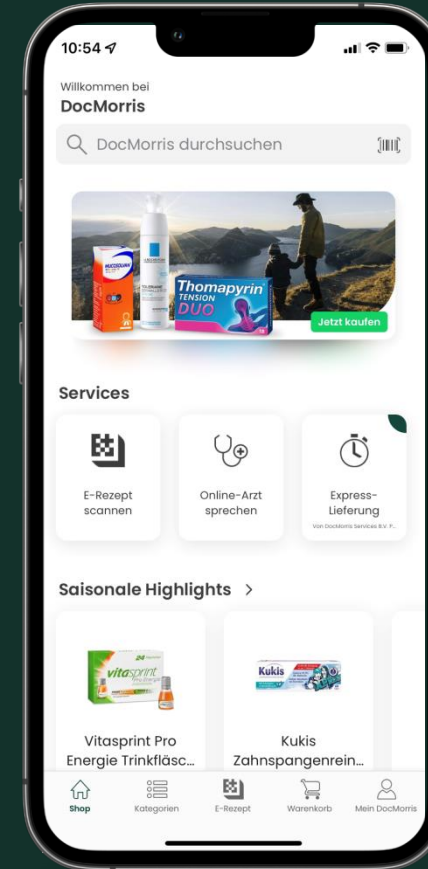
- USP: Unique health focused e-commerce experience with value-add for our customers and partners
- DocMorris ecosystem combines product and service offering from awareness to diagnosis, treatment and adherence
- Successful app scaling with 1.3 million downloads and 4.7-star average rating

DocMorris
Care

Tele-
medicine

eRx

Patient
services



Combined
shopping
Rx, OTC, BPC

Private label
products

Delivery
options

Marketplace/
Sellers

Note: Example screenshot for illustration purposes

Our key priorities for 2022

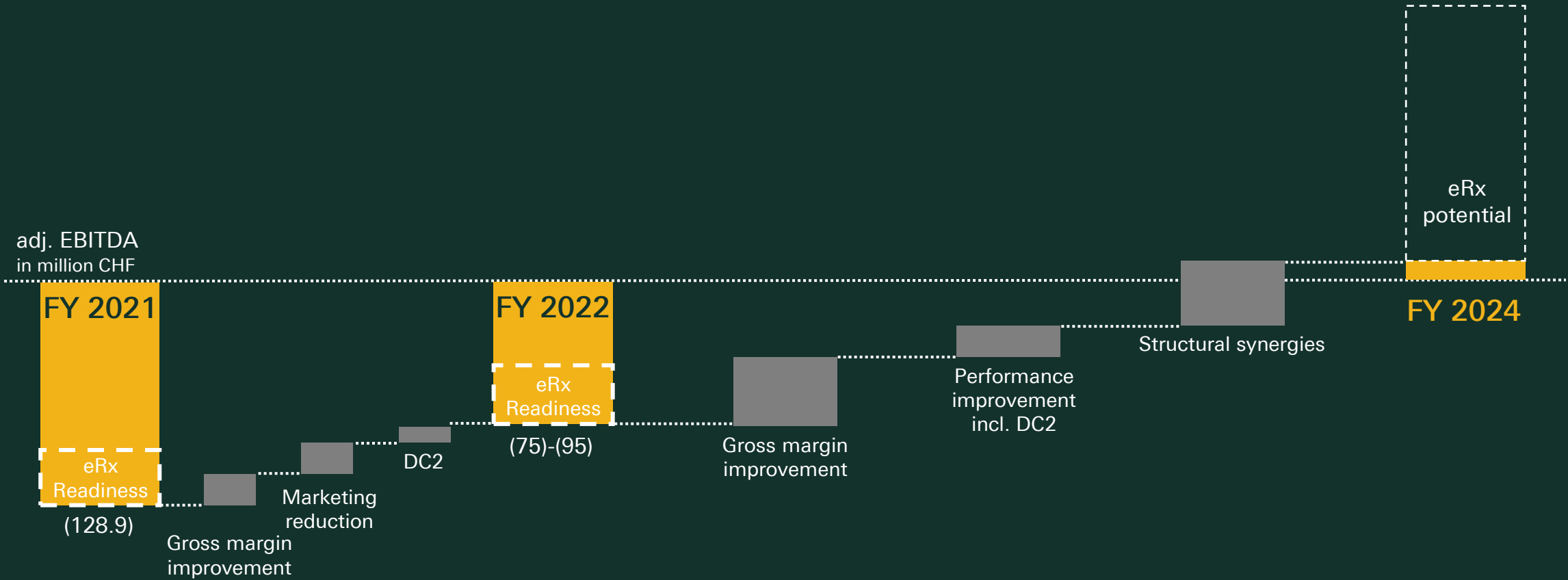
1. Keep best eRx starting position

2. Operational Leverage

3. Growth Focus DocMorris

Outlook

Measures to achieve Break Even in 2024 in execution – independent from eRx scaling



Note: Illustrative, not true to scale

Financial Outlook

We are confident that the German eRx market will ramp up in 2022 and this remains our core growth and profitability driver. As the timing is not yet confirmed we exclude any eRx impact from the outlook for 2022.

We target double digit non-Rx growth for our core brand DocMorris. Group external revenues are expected to remain flat relative to the previous year as we focus on operational leverage and profitability in the short-term.

Driven by continued tech invest and maintaining eRx readiness adj. EBITDA in the range of CHF -75m to CHF -95m in 2022 is expected.

As a result of the eRx delay we now expect to reach EBITDA break-even in 2024. Our medium-term EBITDA margin target is confirmed at around 8%.

Q&A