

ZurRose Group

H1 2021 Results

Conference Call

18 August 2021

Today's presenters



Walter Oberhänsli
Founder, Group CEO



Marcel Ziwica
Group CFO



Walter Hess
Head Germany

H1 2021 in review

Revenue growth accelerates to
26.2% in Q2

Significant H1 revenue growth in all markets:
Germany 30.0%
Switzerland 5.6%
Europe 22.9%

DocMorris pharmacy app launched including **eRx scanner** function

Madhu Nutakki announced as CTO of Zur Rose Group

IBM and eHealth-Tec complete eRx server in time for launch of test phase

Number of active customers reaches
11.7 million

First flight of DocMorris marketing **campaign increases unaided brand awareness by 8 ppt**

Launch of DocMorris Adipositas Care

DocMorris wins 8 brand awards including Red Dot and New York Festivals

Successful completion of apo-rot integration

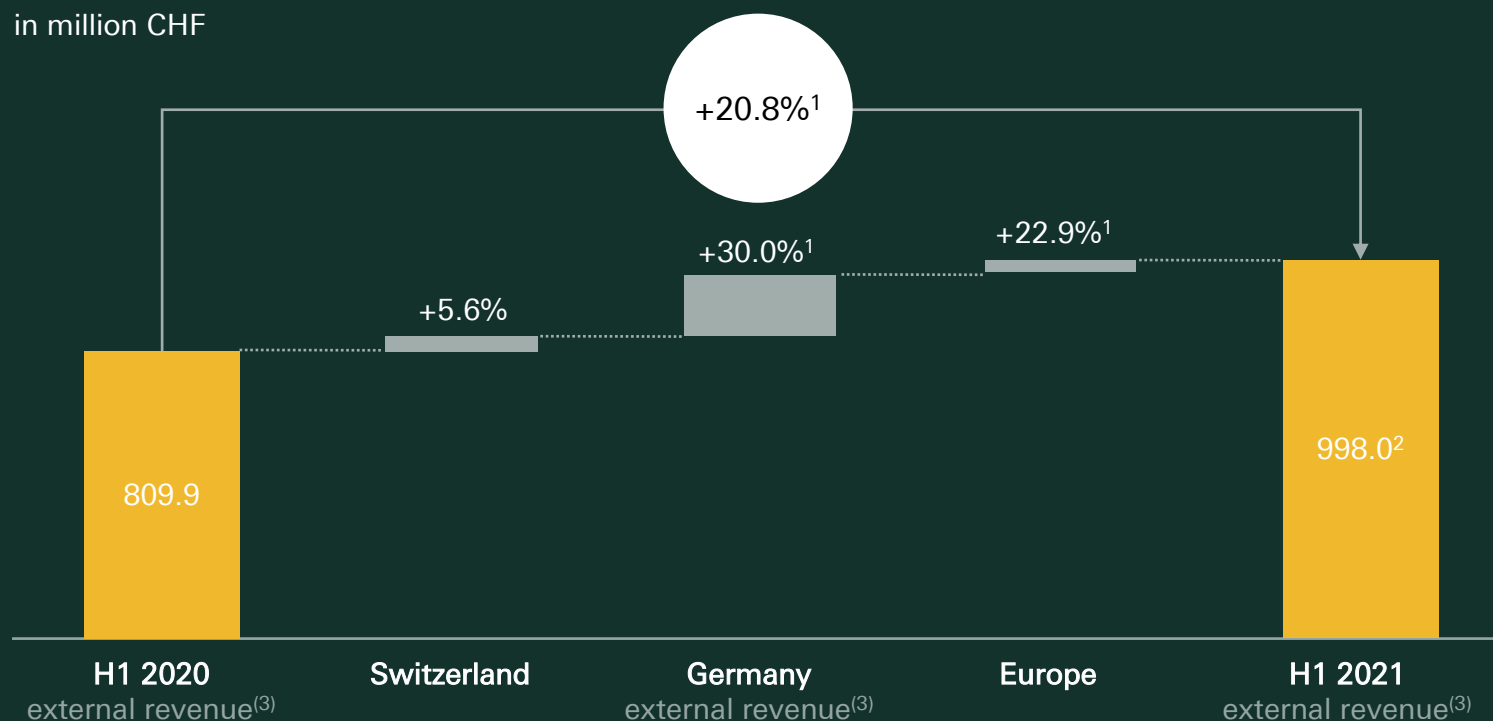
Best positioned for eRx and to create the European Healthcare Ecosystem

1. «Once in a lifetime» eRx opportunity
2. Customer centricity is at our core
3. Creating Europe's leading Healthcare Ecosystem
4. Leverage existing platforms and resources to become the tech leader
5. Management committed to execute and create value

Financial Update

Compelling Group sales growth of 20.8% indicating market share gain

in million CHF



Group

- Acceleration of growth to 20.8% in H1

Switzerland

- Sustainable growth level

Germany

- Stable development of Rx business ahead of eRx launch
- Strong performance in OTC

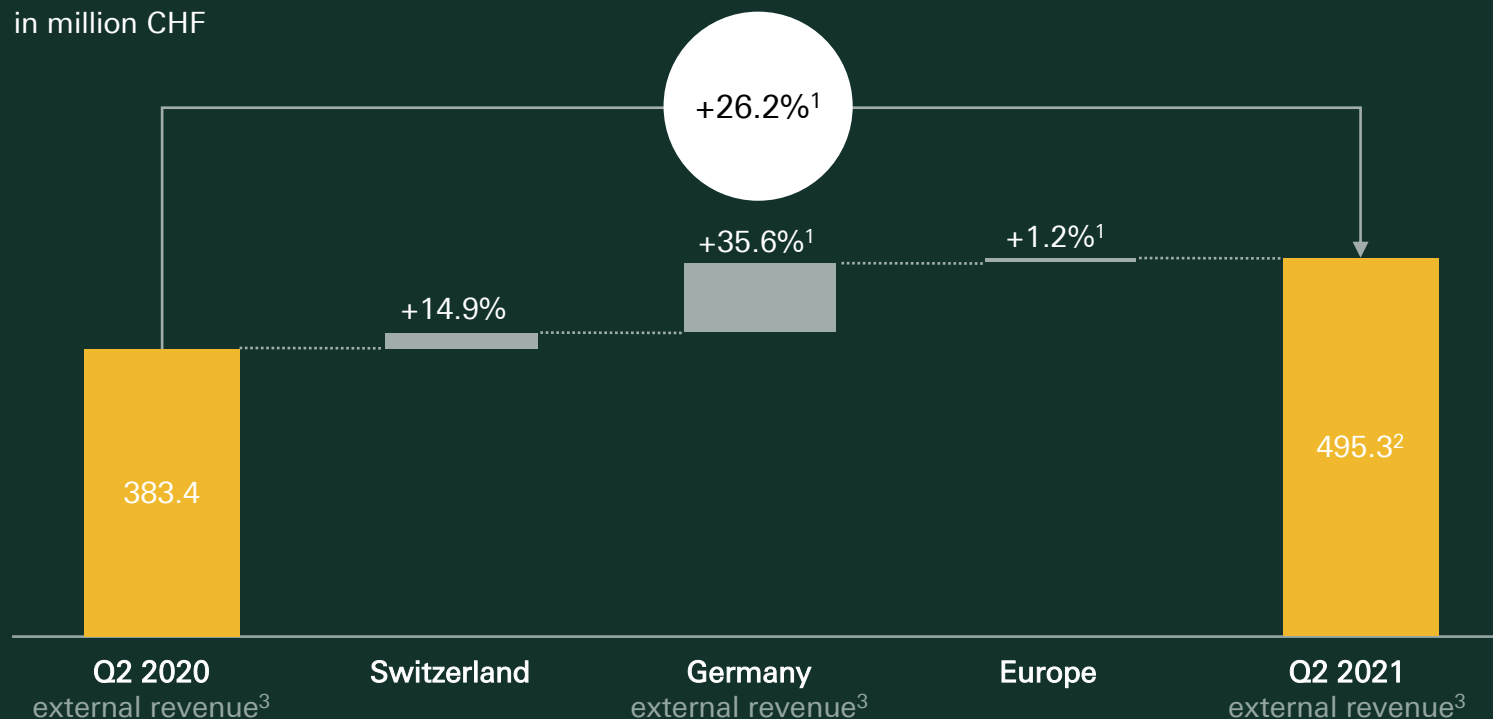
Europe

- Slightly lower growth rates due to strong PY period driven by lockdown in Spain

Notes: ¹ In local currencies | ² Including eliminations of CHF 3.6 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

Strong Q2 performance with 26.8% growth

in million CHF



Group

- Acceleration of growth to 26.2% in Q2

Switzerland

- Strong Q2 performance

Germany

- Stable development of Rx business ahead of eRx launch
- Acceleration of growth in OTC & BPC business

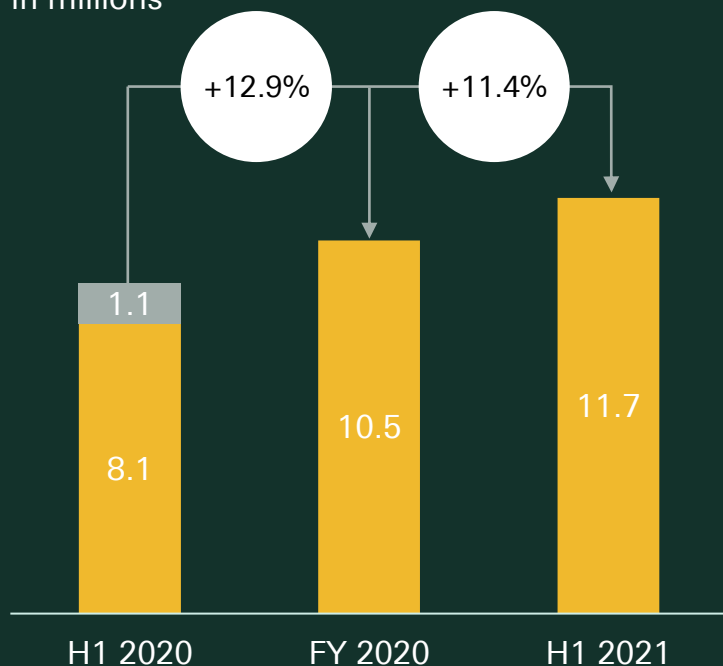
Europe

- Low growth in Q2 due to strong PY period driven by lockdown in Spain

Notes: ¹ in local currencies | ² Including eliminations of CHF 2.2 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 11 million active customers

Active customers¹
in millions



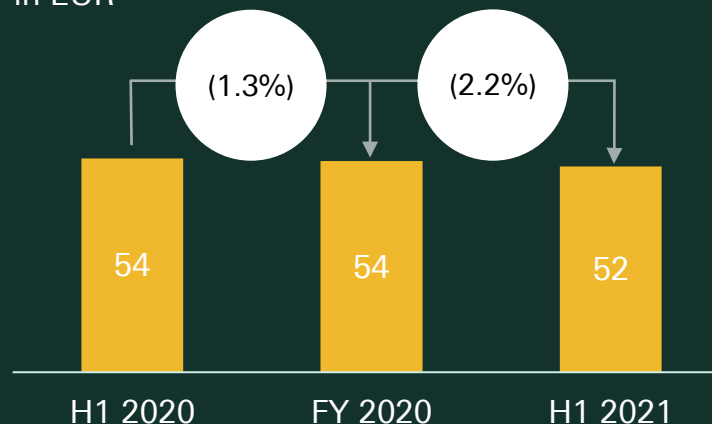
Repeat order rate²



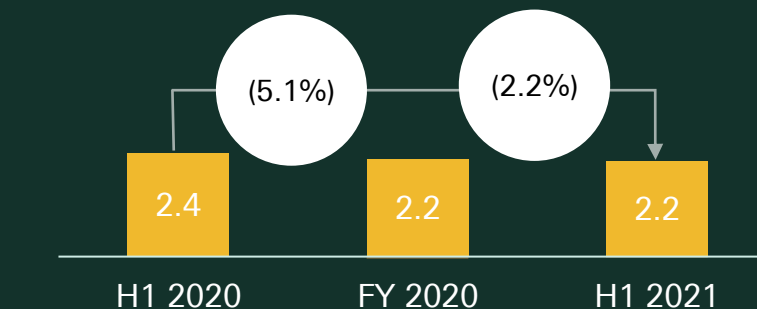
Site visits³



Basket size⁴
in EUR



Order frequency⁵



● B2C & Marketplace ● Addition via acquisitions

Notes: Figures reflecting performance of entire B2C & marketplace business regardless of integration and consolidation progress of the acquired businesses with Apotal only 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

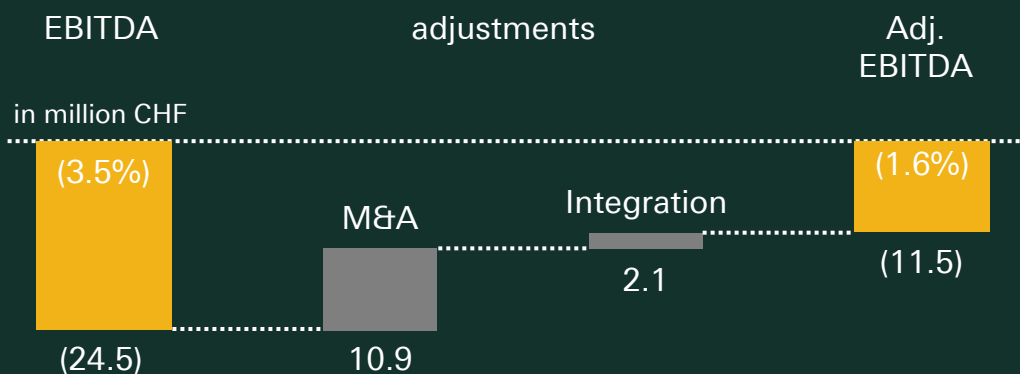
Increased growth expenses ahead of eRx opportunity impacting profitability

in million CHF	H1 2021	Margin in %	H1 2020	Margin in %
External revenue	998.0		809.9	
Consolidated revenue	839.8		698.0	
Gross profit adj.	136.9	16.3	121.4	17.4
Personnel expenses adj.	(73.2)	(8.7)	(60.9)	(8.7)
Marketing expenses	(49.4)	(5.9)	(27.6)	(4.0)
Distribution expenses	(28.4)	(3.4)	(24.3)	(3.5)
Other operating income & expenses adj.	(28.8)	(3.4)	(20.1)	(2.9)
Adj. EBITDA	(42.9)	(5.1)	(11.5)	(1.6)
Adjustments	(6.8)		(13.0)	
EBITDA	(49.7)	(5.9)	(24.5)	(3.5)
EBIT	(73.1)	(8.7)	(42.0)	(6.0)
Net income	(77.0)	(9.2)	(52.3)	(7.5)

- Sales growth accelerated to 20.8%
- Gross margin below previous year due to challenging market environment compared to first lockdown, but in line with H2 2020
- Increased growth expenses ahead of eRx opportunity, especially in marketing
- Depreciation & amortization increased due to M&A and tech development
- Net financial result improved due to positive exchange rate effect

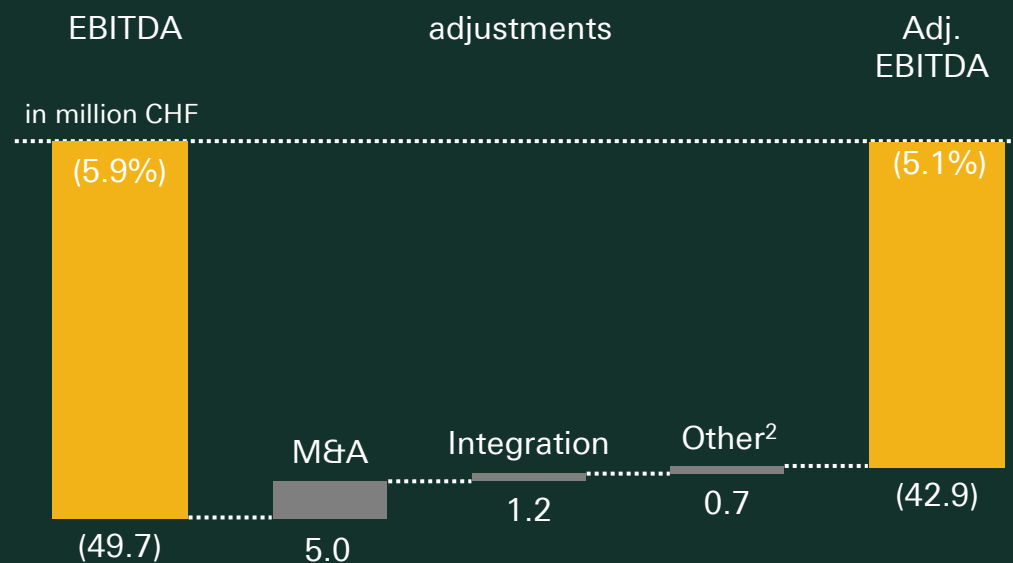
Update on EBITDA adjustments

H1 2020



- Share based retention package for founders¹ as largest position within adjustments
- Vitalsana and service function integration

H1 2021

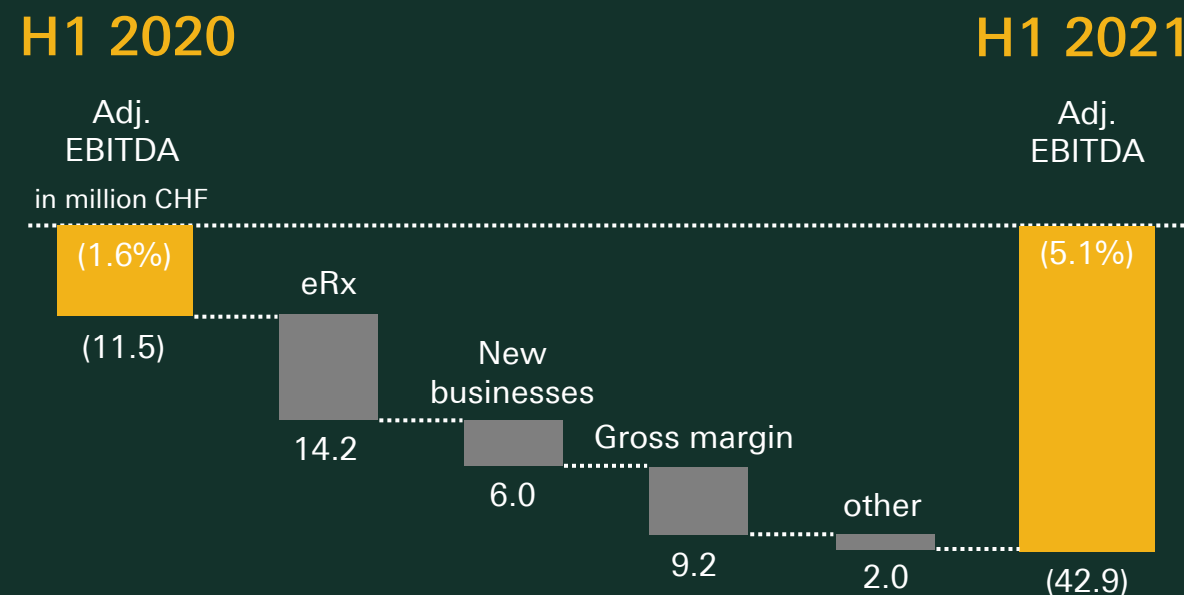


- Share based retention package for founders¹ as largest position within adjustments
- Apo-rot integration

Notes: 1 Founders of acquired businesses | 2 Mainly related to Covid-19 product price declines

Expenses in eRx and further growth opportunities impacting profitability in H1 2021

- Increased expenses in eRx readiness and marketing campaign ahead of the eRx opportunity
- Expenses in new businesses with high future margin potential: Telemedicine, PaaS, Ecosystem partnerships
- Gross margin H1 2021 below PY period (but comparable to H2 2020) as certain Covid-19 tailwinds faded in 2021
- Operational improvements overcompensated by growth expenses



Strong balance sheet ahead of eRx roll-out

in million CHF	30 June 2021	%	31 Dec 2020	%
Cash and cash equivalents	251.7		300.6	
Receivables	161.1		145.4	
Inventories	83.9		92.9	
Property, plant & equipment	99.1		96.6	
Intangible assets	617.0		604.5	
Other assets	38.6		38.5	
Total assets	1251.4		1278.5	
Financial liabilities	87.7		86.7	
Payables & accrued expenses	188.6		149.9	
Bonds	484.7		483.9	
Other liabilities	24.3		26.3	
Equity	466.1	37.2	531.7	41.6
Total equity and liabilities	1251.4		1278.5	

- Highly attractive, asset-light business model
- Significant investments in technology of CHFm 23
- Strong liquidity position with CHFm 251.7 of cash on balance sheet
- CHFm 34.2 reduction of net working capital

Financial Outlook

Group Outlook 2021: Continued strong sales growth and marketing push ahead of eRx introduction

For 2021 management expects
external revenue growth of around 20%

First eRx sales are expected after the launch of gematik infrastructure in July 2021 and to accelerate with the mandatory introduction in 2022

A large marketing campaign to drive awareness for the European lead brand DocMorris has been initiated in February

Break-even on EBITDA is targeted within 12-18 months after 2021

Mid-term targets: Huge potential of increasing online penetration of Rx and EBITDA margin of 8%

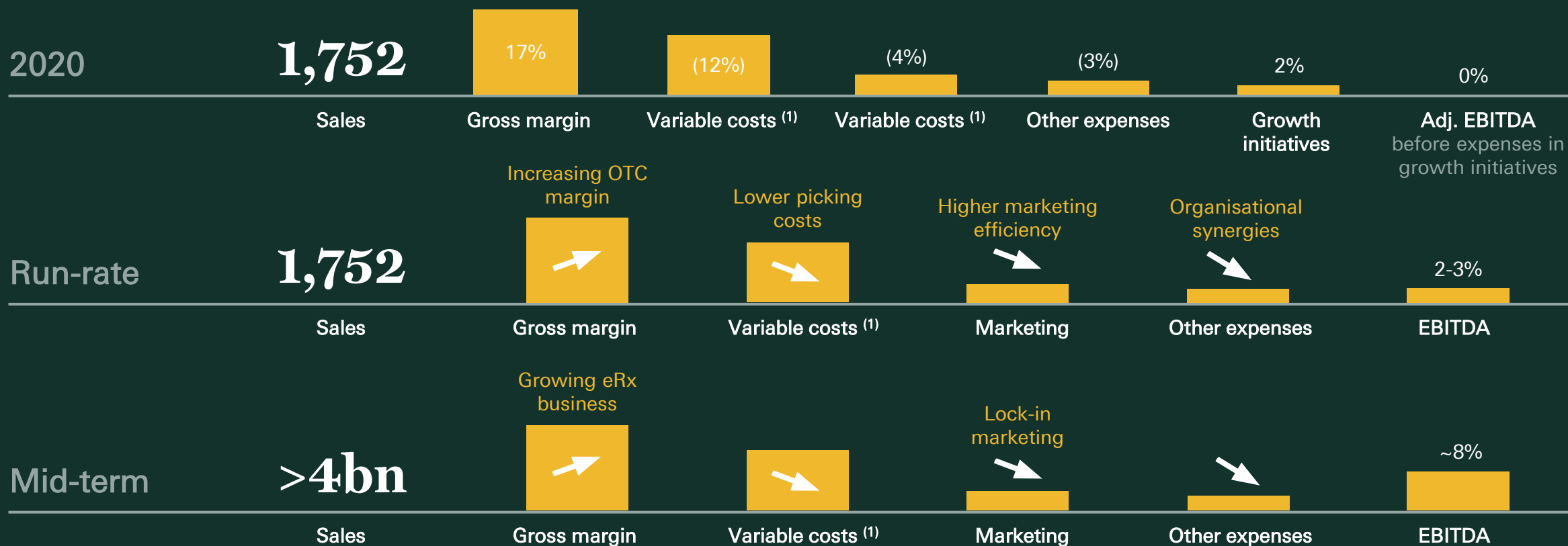
Management is convinced of the growth opportunity driven by the introduction of electronic prescriptions in Germany and believes that online penetration of Rx can reach a level of around 10% in the mid-term (time horizon of 3 to 5 years) with further potential beyond this time period

Towards the beginning of the guidance period management expects to grow revenue to above CHF 4 billion

The medium-term EBITDA margin target is confirmed at around 8%

The implementation of the healthcare eco-system is creating meaningful potential for additional revenue and profit upside

Mid-term financial targets – path to profitability



% of sales

Notes: Illustrative, not true to scale ¹ including personnel and distribution expenses

eRx Update

Roadmap of German government / gematik

- Launch of gematik infrastructure on 1 July 2021 in Berlin/Brandenburg focus region on time
- Nationwide rollout in Q4 2021
- Mandatory roll-out confirmed by government and gematik for January 2022
- First e-scripts successfully tested in Q3 2021

Q3
2021

Test phase in focus region
Berlin Brandenburg
to evaluate application

Q4
2021

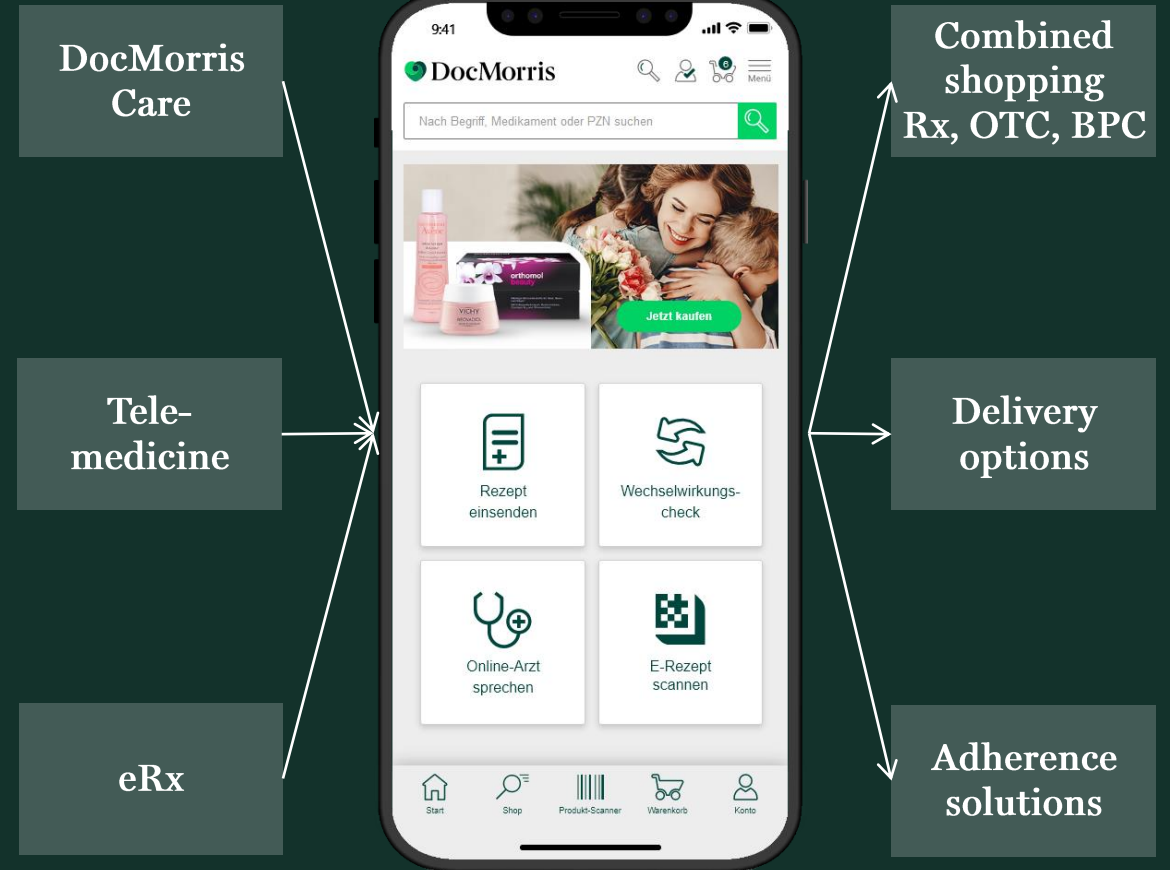
Nationwide introduction to
increase availability and
acceptance

1 January
2022

Mandatory introduction for all
stakeholders

DocMorris is leveraging its core e-commerce expertise to provide a full digital healthcare ecosystem experience

- USPs:
Unique health focused e-commerce experience with value-add services and flexible delivery options
- First version of the app including eRx scanner for highest customer convenience live
- eRx enabling quick delivery and combined Rx + OTC/BPC shopping
- Comprehensive offering of services to be available in the app in Q4 2021



Note: Example screenshot for illustration purposes

Q&A