Half Year Report 2018

Zur Rose Group

Contents

Dear Shareholders

The Zur Rose Group continued its dynamic performance in the first half of 2018 with an increase in sales of just under 30 percent to CHF 602.7 million. As the largest mail-order pharmacy in Europe, it will continue to promote organic and acquisition-based growth and take advantage of opportunities in the market. With the acquisition of the marketplace platform Promofarma, the Group is bolstering its internationalisation strategy and increasing its technology competence in e-commerce.

The continued growth momentum is clearly reflected in the figures for the first half of the year: Consolidated sales increased by 29.4 percent year-on-year to CHF 602.7 million. In local currency terms, the increase stood at 24.7 percent. As a consequence of the increased marketing expenses, the Group reported an operating result (EBITDA) of minus CHF 8.7 million as planned. This also includes non-recurring exceptional expenses in connection with the acquisitions of around CHF 2.1 million. A net income / (loss) of minus CHF 17.6 million was incurred.

Almost ten percent sales growth in Switzerland — In its home market of Switzerland, the Zur Rose Group posted a significant surge in sales of 9.5 percent to CHF 262.1 million. In the light of the government-mandated price reductions which entered into force at the beginning of the year, this growth is even more positive. The high level of customer orientation and the further development of digital services led to the acquisition of new customers in the doctors' segment (B2B): Zur Rose increased its market share to almost 25 percent in this segment. Sales increased by 7.6 percent. The retail segment (B2C) grew by a significant 12.6 percent. This acceleration in growth was driven in particular by the fast-growing specialty care business and brick-and-mortar business combined with the omni-channel strategy. In June 2018, Zur Rose opened its second shop-in-shop pharmacy at the Claramarkt Basel Migros branch. A location at Limmatplatz in Zurich will be added in November.

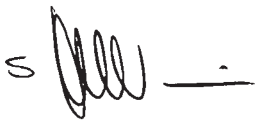
Significant expansion of market position in Germany — In Germany, the Zur Rose Group continued its accelerated growth in the first half of the year. Sales in local currency terms altogether increased significantly by 38.4 percent to EUR 291.2 million. The online business in non-prescription drugs (OTC) continued to gain in importance and grew organically, clearly outstripping the market as a whole. The mail-order business of the Eurapon and Vitalsana acquisitions also performed very well. Overall, OTC sales in local currency terms rose by 77.7 percent to EUR 157.8 million, now making the Group the clear market leader for OTC drugs in Germany. In the prescription drugs (Rx) segment, sales increased by 9.7 percent in local currency terms, around the same level as the previous year. The number of active customers in Germany increased by 66 percent to over three million in the last 12 months. In the light of ongoing discussions about a ban on the mail-order business in prescription drugs, the Group continues to believe that a ban is not in line with EU law. The German Federal Minister of Health recently announced that he would prefer a fair solution rather than a ban.

Implementation of expansion strategy in new markets — With the takeover of the state-of-the-art e-commerce marketplace Promofarma as announced at the start of August, the Zur Rose Group is driving the digital transformation of its own business. Promofarma is a springboard for the Group's international expansion, both cross-border and through the addition of new partners in other countries, with a capital-efficient business model.

Ongoing consolidation in Germany — The Zur Rose Group will continue to leverage the opportunities presented by consolidation of the largest mail-order market, Germany. In May, it announced the acquisition of apo-rot's mail order business in Hamburg. The pharmacy generated sales of around EUR 100 million in 2017. The closing is expected in the fourth quarter of 2018. The logistics of apo-rot are to be transferred to Heerlen at the end of the year. This measure represents the first step by the Zur Rose Group towards bundling its entire mail-order activities in the German market in Heerlen. As a result of the synergy effects, the management expects a contribution margin of the acquired sales of five to ten percent.

Increase in logistics capacity at Heerlen site — Buoyed by these plans, the Board of Directors of the Zur Rose Group has resolved to expand the logistics infrastructure and construct a new building to adjoin the existing one in Heerlen. The new logistics building covering more than 20,000 square metres will be ready for occupancy in mid 2020. The shipping capacity of the site will accordingly be tripled to a volume of 30 million packages per year. The logistics can be increased in a further expansion phase to a package volume of 50 million. After completion, the mail-order business of Eurapon, Vitalsana and Zur Rose Pharma as well as any other acquired mail-order pharmacies will be processed in Heerlen. Streamlining at one site will enable the Zur Rose Group to scale back logistics costs significantly. The expansion of logistics will set new standards as regards efficiency in the German pharmacy mail-order business.

Outlook — Management has confirmed further double-digit organic sales growth for 2018 and an overall increase of more than 20 percent in local currency terms. At the EBITDA level, a break-even result adjusted for extraordinary expenses is still expected. The Zur Rose Group will continue its long-term growth strategy and achieve further expansion of its strong position in the European drugs mail-order business. To this end it is relying on a high-quality, cost-effective supply of medicines, a high level of customer focus and the further development of digital services. Economies of scale due to the growing size, further automation in logistics and the integration of the acquired companies are paying off systematically and exerting a positive effect on the operating result.



Prof. Stefan Feuerstein
Chairman of the Board

Walter Oberhänsli
Executive Director and CEO

Consolidated Income Statement

	Notes	1.1. – 30.6.2018 CHF 1,000	%	1.1. – 30.6.2017 CHF 1,000	%
Net revenue	3	**602,706**	**100.0**	465,763	100.0
Other operating income	4	**784**		3,755	
Cost of goods	4	**–506,457**		–396,785	
Personnel expenses		**–46,880**		–37,621	
Other operating expenses		**–58,895**		–46,663	
Earnings before interest, taxes, depreciation and amortisation (EBITDA)		**–8,742**	**–1.5**	–11,551	–2.5
Depreciation, amortisation and impairment		**–7,749**		–5,406	
Earnings before interest and taxes (EBIT)		**–16,491**	**–2.7**	–16,957	–3.6
Share of results of joint ventures		**8**		98	
Finance income		**217**		817	
Finance expenses		**–1,118**		–1,390	
Earnings before taxes (EBT)		**–17,384**	**–2.9**	–17,432	–3.7
Income tax income / (expense)		**–210**		–660	
Net income / (loss)		**–17,594**	**–2.9**	–18,092	–3.9
Attributable to Zur Rose Group AG shareholders		**–17,513**		–18,078	
Attributable to non-controlling interests		**–81**		–14	

	CHF 1	CHF 1
Net income / (loss) per share	**–2.83**	–4.21
Diluted net income / (loss) per share	**–2.83**	–4.21

Consolidated Statement of Comprehensive Income

	1.1. – 30.6.2018	1.1. – 30.6.2017
	CHF 1,000	CHF 1,000
Net income / (loss)	**–17,594**	–18,092
Exchange differences on translation of foreign operations	**–1,089**	503
Other comprehensive income to be reclassified in subsequent periods to the income statement	**–1,089**	503
Remeasurement pensions	**1,860**	–580
Income tax	**–304**	95
Share of other comprehensive income of joint ventures	**0**	88
Other comprehensive income not to be reclassified in subsequent periods to the income statement	**1,556**	–397
Other comprehensive income / (loss)	**467**	106
Total comprehensive income / (loss)	**–17,128**	–17,986
Attributable to Zur Rose Group AG shareholders	**–17,103**	–17,972
Attributable to non-controlling interests	**–25**	–14

Consolidated Balance Sheet

ASSETS	30.6.2018		31.12.2017 restated [1]	
	CHF 1,000	%	CHF 1,000	%
Cash and cash equivalents	**75,824**		107,764	
Current financial assets	**205**		174	
Trade receivables	**94,570**		84,005	
Prepaid expenses	**9,182**		10,226	
Other receivables	**14,721**		12,045	
Inventories	**60,718**		59,279	
Current assets	**255,220**	**56.7**	273,493	59.2
Investments in joint ventures	**1,012**		1,012	
Property, plant and equipment	**35,414**		29,685	
Intangible assets	**149,335**		147,573	
Non-current financial assets	**897**		981	
Deferred tax assets	**8,570**		9,024	
Non-current assets	**195,228**	**43.3**	188,275	40.8
Total assets	**450,448**	**100.0**	461,768	100.0

1) See Note 6 Business combinations

Consolidated Balance Sheet

LIABILITIES AND EQUITY	30.6.2018		31.12.2017 restated 1)	
	CHF 1,000	%	CHF 1,000	%
Current financial liabilities	**10,769**		10,391	
Trade payables	**89,995**		75,268	
Other payables	**6,515**		9,221	
Tax liabilities	**1,252**		1,252	
Accrued expenses	**15,359**		19,046	
Short-term provisions	**3,555**		3,889	
Short-term liabilities	**127,445**	**28.3**	119,067	25.8
Non-current financial liabilities	**31,156**		32,024	
Pension obligations	**10,946**		12,987	
Deferred tax liabilities	**3,136**		3,467	
Long-term liabilities	**45,238**	**10.0**	48,478	10.5
Total liabilities	**172,683**	**38.3**	167,545	36.3
Share capital	**35,762**		35,762	
Capital reserves	**272,162**		272,162	
Treasury shares	**–1,147**		–1,216	
Retained earnings	**–15,366**		47	
Exchange differences	**–13,840**		–12,751	
Equity attributable to Zur Rose Group AG shareholders	**277,571**	**61.6**	294,004	63.7
Non-controlling interests	**194**		219	
Total equity	**277,765**	**61.7**	294,223	63.7
Total liabilities and equity	**450,448**	**100.0**	461,768	100.0

1) See Note 6 Business combinations

Consolidated Cash Flow Statement

	1.1. – 30.6.2018	1.1. – 30.6.2017
	CHF 1,000	CHF 1,000
Net income / (loss)	**–17,594**	–18,092
Depreciation, amortisation and impairment	**7,749**	5,406
Finance expenses (net)	**483**	189
Income tax	**210**	660
Non-cash income and expenses	**880**	2,535
Income taxes paid	**–210**	–196
Interest paid	**–126**	–128
Interest received	**119**	11
Change in trade receivables, other receivables and prepaid expenses	**–13,203**	–1,259
Change in inventories	**–1,867**	4,348
Change in trade payables, other liabilities and accrued expenses	**10,491**	1,280
Increase (+) / decrease (–) in provisions	**–334**	104
Cash flows from operating activities	**–13,402**	–5,142
Acquisition of subsidiaries, net of cash acquired	**0**	489
Acquisition / increase in interest in joint ventures	**0**	–589
Purchase of property, plant and equipment	**–8,746**	–2,033
Acquisition of intangible assets	**–8,659**	–8,214
Repayment of current financial assets	**0**	10
Investments in non-current financial assets	**0**	–487
Cash flow from investing activities	**–17,405**	–10,824
Proceeds from capital increases	**0**	507
Increase in financial liabilities	**0**	6,450
Repayment of financial liabilities	**–450**	–388
Purchase of treasury shares	**–1**	–382
Transaction cost of capital increases	**0**	–66
Cash flow from financing activities	**–451**	6,121
Increase / (decrease) in cash and cash equivalents	**–31,258**	–9,845
Cash and cash equivalents at the beginning of the year	**107,764**	25,225
Foreign currency differences	**–682**	144
Cash and cash equivalents at the end of the year	**75,824**	15,524

Consolidated Statement of Changes in Equity

	Share capital	Capital reserves	Treasury shares	Retained earnings	Exchange difference	Attributable to Group shareholders	Non-controlling interests	Total equity
	CHF 1,000	CHF 1,000	CHF 1,000	CHF 1,000	CHF 1,000	CHF 1,000	CHF 1,000	CHF 1,000
1 January 2017	**24,885**	**59,219**	**–903**	**33,597**	**–12,992**	**103,806**	**0**	**103,806**
Net income / (loss)				–18,078		–18,078	–14	–18,092
Other comprehensive income				–397	503	106		106
Total comprehensive income				–18,475	503	–17,972	–14	–17,986
Share-based payments				2,473		2,473		2,473
Issue of new shares (employees)	63	621				684		684
Purchase of treasury shares			–382			–382		–382
Additions from obtaining control of BlueCare AG						0	142	142
Transaction cost of anticipated capital increase		–255				–255		–255
30 June 2017	**24,948**	**59,585**	**–1,285**	**17,595**	**–12,489**	**88,354**	**128**	**88,482**
1 January 2018	**35,762**	**272,162**	**–1,216**	**47**	**–12,751**	**294,004**	**219**	**294,223**
Net income / (loss)				–17,513		–17,513	–81	–17,594
Other comprehensive income				1,500	–1,089	411	56	467
Total comprehensive income				–16,013	–1,089	–17,102	–25	–17,127
Share-based payments				670		670		670
Purchase of treasury shares			–1			–1		–1
Allocation of treasury shares (employees)			70	–70		0		0
30 June 2018	**35,762**	**272,162**	**–1,147**	**–15,366**	**–13,840**	**277,571**	**194**	**277,765**

Notes to the Interim Consolidated Financial Statements

1 General information

Zur Rose Group operates as an online mail-order pharmacy company and wholesale supplier to medical practitioners for medicine and pharmaceutical products. It also provides medicines management services. Sales are made directly to physicians who prescribe medicine themselves in addition to online mail-order pharmacies and private individuals. Further, Zur Rose operates stationary pharmacy shops.

Zur Rose Group AG, a stock corporation under Swiss law based at Seestrasse 119, 8266 Steckborn (Switzerland), is the parent of Zur Rose Group (the “Group”). The company was established on 6 April 1993. The registered office of Group management and the headquarters of business activities are based at Walzmühlestrasse 60, 8500 Frauenfeld (Switzerland).

Since 5 July 2017, the company is listed on SIX Swiss Exchange under the ISIN CH0042615283.

The interim consolidated financial statements cover the period from 1 January to 30 June 2018 (hereinafter “reporting period”) and were released by the Board of Directors on 14 August 2018.

The values listed in the interim financial statements are rounded. If the calculations are performed with a higher numerical accuracy, small rounding differences can occur.

2 Accounting policies

2.1 Basis of preparation

The unaudited interim consolidated financial statements of the Zur Rose Group for the first half year 2018 have been prepared in accordance with IAS 34 “interim financial reporting”.

Since the interim consolidated financial statements do not include all disclosures as contained in the consolidated financial statements, they should be read in conjunction with the consolidated financial statements for 2017. Changes or new accounting policies from those for the consolidated financial statements for 2017 are shown in note 2.2.

2.2 New standards, interpretations and changes for the Zur Rose Group

The accounting policies for the interim financial statements are consistent with those applied in the preparation of the consolidated financial statements for the financial year ending on 31 December 2017, except for the new standards applicable from 1 January 2018. The Group has not adopted early any other published standards, interpretations or changes that have yet to come into force.

The Zur Rose Group is adopting IFRS 15 “Revenue from Contracts with Customers” and IFRS 9 “Financial Instruments” for the first time.

IFRS 15 Revenue from Contracts with Customers

The new standard IFRS 15 replaces previous standards IAS 18 “Revenue” and IAS 11 “Construction Contracts” as well as the relevant interpretations.

The core principle of IFRS 15 is that revenue shall be recognised to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which an entity expect to be entitled, i.e. the control over goods and services has been transferred to the customer. Revenue is recognised in the amount exptected as consideration.

The Zur Rose Group applies the modified retrospective approach in accordance with IFRS 15.C3(b) and recognises the cumulative previous year’s effect from the initial application of IFRS 15 as at 1 January 2018 as an adjustment to the opening balance in retained earnings. The net effect from the initial application of IFRS 15 is immaterial for the Zur Rose Group.

Advertising allowances of CHF 7.5 million were presented in 2017 in “other operating income” (first half year of 2017: CHF 2.9 million). Under the new guidance, the Zur Rose Group does not provide goods or services that are considered distinct within the meaning of IFRS 15. Advertising allowances from suppliers are recognised as a reduction of the purchase cost of goods and presented in cost of goods since 1 January 2018. See Note 4 for the presentation of the effect. This change in presentation does not affect the net loss or profit.

IFRS 9 Financial instruments
The standard IFRS 9 "Financial Instruments" replaces the standard IAS 39 "Financial Instruments" from 1 January 2018 and comprises the following accounting aspects of financial instruments: classification and measurement, impairment and hedge accounting.

The new IFRS 9 essentially simplifies the classification and recognition of financial instruments, introduces a new impairment model (based on the expected credit loss approach) and aligns hedge accounting more closely with current methods of risk management.

The Zur Rose Group has performed a detailed analysis as at 1 January 2018, which confirms that the effects of the application of the new standard are immaterial for the Group.

2.3 Estimates and assumptions

The preparation of these interim consolidated financial statements has required management, in applying the accounting policies, to make judgements as well as estimates and assumptions regarding the future. These may have an effect on the carrying amounts of the reported assets and liabilities and result in adjustments in future reporting periods. Such estimates and assumptions are based on experience and other factors which appear reasonable under the given circumstances. Estimates will, by definition, seldom equal the subsequent actual circumstances.

Influences on operations
The sales of Zur Rose Group are not influenced by seasonal or cyclical fluctuations.

Income tax
Current income tax is based on an estimate of the expected income tax rate for the full year 2018.

2.4 Principal exchange rates

The following exchange rates were used:

	1.1.2018 – 30.6.2018		**1.1.2017 – 30.6.2017**		**31.12.2017**
Currency	End of period	Average rate of period	End of period	Average rate of period	Year-end rate
EUR 1	**1.1565**	**1.1696**	1.0937	1.0763	1.1693
CZK 1	**0.0445**	**0.0459**	0.0417	0.0402	0.0458

3 Net revenue

The Switzerland segment comprises the two business units “Physicians business” (B2B) and “Retail business” (B2C) as well as BlueCare. Around three quarters of the segment revenue is generated in the physicians’ business, which supplies the affiliated doctors. The retail business is structured around deliveries to end customers. BlueCare provides services for the digitalisation of software solutions in the healthcare industry.

In the Germany segment the mail-order business is divided into the business units “Prescription Drugs” (Rx) and “Over-the-Counter Drugs” (OTC). There is no direct supply to physicians.

The disaggregation of revenue from contracts with customers according to IFRS 15 to the segments of Zur Rose Group is shown in the following tables:

Segment Switzerland	**1.1. – 30.6.2018**	**1.1. – 30.6.2017**
Type of goods or service	CHF 1,000	CHF 1,000
Physician business (B2B)	**193,609**	179,997
Retail business (B2C)	**65,609**	58,270
BlueCare	**2,903**	1,074
Total revenue from contracts with customers	**262,121**	239,341

Revenue in the Switzerland segment increased in the first half of the year by 9.5 percent to CHF 262.4 million. The physicians business (B2B) achieved an increase of 7.6 percent to CHF 193.6 million. The retail business (B2C) grew by 12.6 percent to CHF 65.6 million and was mainly driven by the specialty care and the in-patient business.

Segment Germany	**1.1. – 30.6.2018**	**1.1. – 30.6.2017**
Type of goods or service	CHF 1,000	CHF 1,000
Medication prescription (Rx)	**156,037**	130,856
Medication without prescription (OTC)	**184,548**	95,566
Total revenue from contracts with customers	**340,585**	226,422

In the Germany segment, revenue increased by 38.4 percent to CHF 340.5 million. The OTC business posted growth of 93.1 percent and now stands at CHF 184.5 million. This effect also intensified in the wake of the integration of Vitalsana and Eurapon. The prescription drug business (Rx) achieved an increase of 19.2 percent to CHF 156.0 million.

4 Other operating income and cost of goods

The advertising allowances are included in the cost of goods since 1 Januar 2018 (previously in “other operating income”) and reduce the cost of goods by CHF 5.0 million to CHF 506.5 million. Had the previous accounting policy been retained, cost of goods of CHF 511.5 million would have resulted.

The resulted effects of the old and new (IFRS 15) accounting policies as at 30 June 2018 are compared in the following table:

Advertising allowances as per 30.6.2018	old	new (IFRS 15)	change
	CHF 1,000	CHF 1,000	CHF 1,000
Other operating income	5,783	**784**	–4,999
Cost of goods	–511,456	**–506,457**	4,999

5 Operating segments

The following tables show the operating segments of the Zur Rose Group for the first six months as at 30 June 2018 and the previous year as at 30 June 2017.

As explained in Note 5 to the consolidated financial statements as at 31 December 2017, the net income of BlueCare AG consolidated since May 2017 is reported in the Switzerland segment, and the previous year' disclosures for 2017 have been adjusted accordingly.

Reporting as per 30 June 2018	Switzerland	Germany	Corporate	Eliminations	Group
	CHF 1,000	CHF 1,000	CHF 1,000	CHF 1,000	CHF 1,000
Income statement					
Net revenue with external customers	262,121	340,585	0	0	602,706
Revenue with other segments	276	0	0	–276	0
Total net revenue	**262,397**	**340,585**	**0**	**–276**	**602,706**
EBITDA	**6,149**	**–11,629**	**–3,262**	**0**	**–8,742**
Depreciation and amortisation	–2,961	–4,380	–408	0	–7,749
EBIT	**3,188**	**–16,009**	**–3,670**	**0**	**–16,491**
Investments	7,287	8,969	244	0	16,500

Reporting as per 30 June 2017	Switzerland	Germany	Corporate	Eliminations	Group
restated	CHF 1,000	CHF 1,000	CHF 1,000	CHF 1,000	CHF 1,000
Income statement					
Net revenue with external customers	239,341	226,422	0	0	465,763
Revenue with other segments	84	0	0	–84	0
Total net revenue	**239,425**	**226,422**	**0**	**–84**	**465,763**
EBITDA	**5,402**	**–10,198**	**–6,755**	**0**	**–11,551**
Depreciation and amortisation	–1,564	–3,134	–708		–5,406
EBIT	**3,838**	**–13,332**	**–7,463**	**0**	**–16,957**
Investments	5,751	2,130	1,780	0	9,661

Net revenue by customer location	Switzerland	Germany	Group
	CHF 1,000	CHF 1,000	CHF 1,000
30.6.2018	**262,121**	**340,585**	**602,706**
30.6.2017	239,341	226,422	465,763

Tangible and intangible assets by registered company location of statutory company	Switzerland	Netherlands	Germany	Group
	CHF 1,000	CHF 1,000	CHF 1,000	CHF 1,000
30.6.2018	**51,929**	**31,019**	**101,801**	**184,749**
31.12.2017 (restated)	65,092	28,960	83,206	177,258

6 Business combinations

Adjustments may be made up to twelve months after the acquisition date to the fair values allocated to the identifiable acquired assets and assumed liabilities as well as the purchase price payment in order to take account of new information concerning facts and circumstances pertaining at the time of acquisition.

BlueCare AG
BlueCare AG was fully consolidated on 1 May 2017. The purchase price allocation has not changed and is thus final.

Vitalsana
The Zur Rose Group acquired Vitalsana B.V. and ApDG Handels- und Dienstleistungsgesellschaft mbH on 29 December 2017. Based on the purchase price settlements, the purchase price was reduced by CHF 0.5 million to CHF 21.0 million. Goodwill was reduced by CHF 0.9 million and the other net assets increased by CHF 0.4 million. The cash inflow is expected in the third calendar quarter. The purchase price allocation remains provisional.

Eurapon
The Zur Rose Group acquired Eurapon Pharmahandel GmbH on 29 December 2017. Based on the purchase price settlements, the purchase price increased by CHF 4.9 million to CHF 59.4 million. The goodwill position and the other net assets increased by CHF 4.7 million and CHF 0.2 million respectively. The related cash outflow will take place in the second half of the year. The purchase price allocation remains provisional.

Change in Goodwill
The Zur Rose Group performed an impairment test of its intangible assets in June 2018. The goodwill of Zur Rose Group increased from CHF 79.3 million as disclosed in the annual report 2017 to CHF 82.2 million as at 30 June 2018. The change is mainly due to purchase price adjustments for the acquisitions Vitalsana and Eurapon.

	CHF 1,000
Value as per 31.12.2017 before adjustment	79,295
Adjustment PPA	3,842
Value as per 31.12.2017 after adjustment	83,137
Foreign exchange differences	–951
Value as per 30.6.2018	**82,186**

Due to the adjustments described, various consolidated balance sheet positions changed as at 31 December 2017. Above all intangible assets and current financial liabilities increased by CHF 3.8 million and CHF 4.9 million respectively.

7 Financial instruments

As at 30 June 2018, the Zur Rose Group has liabilities from contingent consideration arrangements of CHF 19.4 million, which are measured at fair value.

Details on measurement of the fair values at level 3 are presented below:

Contingent consideration liabilities	**30.6.2018**	**31.12.2017**
	CHF 1,000	CHF 1,000
As per 1. January	**19,435**	0
Through business combinations [1]	**0**	19,435
Change in fair value (through profit or loss)	**218**	0
Exchange differences	**–215**	0
Total contingent consideration liabilities	**19,438**	19,435

1) Acquisition Eurapon as per 29 December 2017

During the first half of 2018, these liabilities increased by CHF 0.2 million due to a reassessment of the achievement of revenue targets. The change in fair value was recognised in the income statement under financial expenses.

The contingent consideration liabilities comprises the earn-out component from the acquisition of Eurapon, which was agreed by contract. The contract does not specify a maximum amount. To determine the fair value of this financial liability, various non-observable input parameters are used. The "35% of additional sales" compared to the previous year is the most significant input factor. Other factors are the development of the number of new and existing customers, the future cost and margin development as well as the discount rate. Changes to these input parameters may result in significant adjustments to the recognised liability and the payments to the seller of Eurapon in 2018, 2019 and 2020.

The input factors impact each other and the fair value measurement is based on the weighting of various scenarios. An isolated change in the factor "35% of additional sales" of –10 respectively +20% results ceteris paribus in a reduction or increase in the liability of CHF –2.0 million respectively CHF 3.9 million, which would duly change the net income / (loss).

8 Events after the end of the reporting period

Zur Rose Group AG placed a public bond of CHF 115 million on 19 July 2018 to finance further expansion. These funds are earmarked, among other things, for the acquisition of apo-rot and Promofarma Ecom, S.L. Both transactions are expected to be completed in the second half of 2018.

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