

ZurRose Group

Contents

At a Glance	3
Profile	6
Key Financials	7
Letter to Shareholders	8
Interview Management Handover	13
Interview CTO Madhu Nutakki	16
Segment Switzerland	21
Segment Germany	26
Segment Europe	31
Sustainability	33
Corporate Governance	36
Compensation Report	57
Consolidated Financial Statements	73
Zur Rose Group AG Financial Statements	128
Alternative Performance Measures of Zur Rose Group	141
Points to Note	144

1

**million downloads:
all set for e-pre-
scriptions with the
new DocMorris
healthcare app.**

**First report
published.**

**Sustain-
ability**

Launch

**OTC in
France
and brand
transfer
DocMorris.fr**

**Start of DocMorris
Obesity Care with
Novo Nordisk, the first
ecosystem health
journey, and strategic
partnership with
Roche Diabetes.**

**“Health
in one
click”**

14.8

**per cent:
steady
revenue
growth.**

**Handover in
2022 a sign
of continuity
and ongoing
development.**

CEO

71

**per cent:
new high for
DocMorris
brand recog-
nition.**

**Successful
brands
integration
Vitalsana
and apo-rot.**

Brand

CHF

190

**million
successfully
raised
for further
growth.**

**Federal Council:
online sales of OTC
products in Switzerland
possible, based on
innovative technology
and clearly defined
quality criteria.**

OTC

CTO

**New position
of CTO
emphasises
focus as a
tech company.**

**First e-prescrip-
tions at DocMorris,
despite delay to
mandatory start.**

e-

Profile

The Swiss Zur Rose Group is Europe's largest e-commerce pharmacy and one of the leading medical wholesalers in Switzerland. It also operates the leading marketplace in southern Europe for consumer health, beauty and personal care products commonly sold in pharmacies. The company is internationally present with strong brands, including Germany's best-known pharmacy brand, DocMorris, and employs more than 2,400 people at sites in Switzerland, Germany, the Netherlands, Spain and France. Now serving more than 12 million active customers in core European markets, Zur Rose generated external revenue of CHF 2,034 million in 2021.

With its business model, the Zur Rose Group offers high-quality, safe and cost-effective pharmaceutical care, as well as digital services relating to marketplaces, ecosystems, technology and telemedicine. In addition, Zur Rose is actively driving forward its positioning as a comprehensive healthcare service provider, with focus on building up and extending its European healthcare ecosystem networking qualified providers of products, services and digital solutions. Its ambition is to provide customer-centred health journeys so people are offered optimum supply and a range of medication and treatment options. By doing so, Zur Rose is pursuing its vision of creating a world where people can manage their own health in one click.

The shares of Zur Rose Group AG are listed on the SIX Swiss Exchange (securities number 4261528, ISIN CH0042615283, ticker ROSE). For further information, please visit zurrosegroup.com.

Key Financials

	2021	2020	2019
	in CHF million	in CHF million	in CHF million
External revenue ¹⁾	2,034.0	1,761.7	1,568.7
Year-on-year-change of external revenue in % in local currency	14.8	15.1	32.9
Year-on-year-change of external revenue in %	15.5	12.3	30.0
Net revenue	1,726.5	1,476.9	1,355.5
Year-on-year change of net revenue in %	16.9	9.0	12.3
Gross margin in % of net revenue	15.1	16.3	15.4
Earnings before interest, taxes, depreciation and amortisation (EBITDA) adjusted	-128.9	-31.2	-40.2
in % of net revenue	-7.5	-2.1	-3.0
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	-142.6	-78.4	-13.8
in % of net revenue	-8.3	-5.3	-1.0
Earnings before interest and taxes (EBIT)	-193.8	-117.6	-45.7
in % of net revenue	-11.2	-8.0	-3.4
Net operating income	-225.7	-135.6	-52.4
in % of net revenue	-13.1	-9.2	-3.9
Equity	484.9	531.7	405.5
in % of total assets	38.2	41.6	40.9
Investments	63.5	59.8	41.5
Number of employees in full-time equivalents	2,131	1,960	1,710

1) External revenue consists of the consolidated revenue of the Zur Rose Group plus online revenues of pharmacies supplied by the Zur Rose Group, less the consolidated revenue from supplying them. The definition was slightly revised in 2021 and the figures for the previous year restated accordingly.

Dear Shareholders

The Zur Rose Group continued to rigorously pursue the growth strategy in 2021 – in particular seizing the opportunities arising from electronic prescriptions in Germany and internationalisation. The successful launch of the DocMorris healthcare app in 2021 created a central, easily accessible portfolio of healthcare services and laid the technical foundations for recording and forwarding e-prescription information. In France the Group extended the product range with a strategic partner by including OTC medications, giving customers easy and secure access to a broad range of health-related products and pharmaceutical advice. In this dynamic environment the Zur Rose Group raised CHF 188.5 million in a capital increase at the end of 2021, which was intended to be mainly used for e-prescriptions when they were launched nationally in Germany; however, this was unexpectedly deferred at the end of the year.

Result in line with expectations — External revenue¹ rose 15.5 per cent to CHF 2,034.0 million, meaning the Zur Rose Group met forecasts in the second year of the pandemic. Growth continued in all market segments: Switzerland, Germany and Europe. The number of active customers rose by more than 18 per cent year on year in 2021 to 12.4 million². To support the growth strategy, the Zur Rose Group is investing heavily in electronic prescriptions and high-margin future areas: the healthcare eco-system, telemedicine and PaaS (Platform as a Service). As the European umbrella brand for the ecosystem and with a view to the mandatory launch of e-prescriptions originally set for the start of 2022, in February 2021 DocMorris started a large-scale marketing campaign in Germany on the theme “Das neue Gesund”. In total, expenses for these activities were up roughly CHF 60 million year on year. The OTC market stagnated because of the pandemic, so growth costs were higher, which had an impact on the margin and the marketing ratio. One-off expenses also affected the result, mainly in connection with acquisitions and restructurings. EBITDA adjusted for one-off effects came to minus CHF 128.9 million, putting it in line with expectations. The operating result (EBITDA) was minus CHF 142.6 million.

¹ External revenue consists of the consolidated revenue of the Zur Rose Group plus online revenues of pharmacies supplied by the Zur Rose Group, less the consolidated revenue from supplying them.

² Customers supplied by the Zur Rose Group in 2021, either directly or through its partners.

Starting basis laid for the launch of electronic prescriptions in Germany — The Zur Rose Group is technically and logistically ready for the national launch of electronic prescriptions in Germany, which is still expected to take place this year despite the delay. DocMorris used 2021 to focus its healthcare app even more closely on customer needs. This has now been downloaded more than 1.3 million times, making it one of the fastest growing healthcare apps. It provides direct access to physical doctors and the telemedical offering, seamless and personalised customer journeys, adherence solutions, same day delivery options and marketplace offerings. A handy scan function for having e-prescriptions dispensed makes it possible to transmit digital prescription information to the desired pharmacy quickly and securely. As part of the test phase, more than 200 e-prescriptions have already been successfully dispensed by DocMorris and partner pharmacies in the Germany segment. The logistics extension in Heerlen will go into operation in the second quarter of 2022 to handle the volumes expected. The state-of-the-art technology will raise the level of automation to 70 per cent and more than double the site's capacity.

Recognition of the DocMorris umbrella brand increases — The Zur Rose Group launched a national multimedia campaign for the DocMorris brand in 2021 on the theme of “Das neue Gesund” to convey the new brand values following the extensive rebranding. The new campaign showcased the brand as an approachable and reliable partner and makes the digital services on the healthcare platform come alive. DocMorris won numerous awards for the new branding. By the end of the year, supported brand recognition had risen to over 70 per cent.

Healthcare management at a single click — With an eye to the intended European digital healthcare ecosystem, Zur Rose is pursuing the vision of creating a world where people can manage their health in one click. The collaboration with global healthcare company Novo Nordisk agreed in January 2021 is another major step towards the ecosystem. The aim is to enter into further cooperations with best-in-class healthcare services linked to the core business of the Zur Rose Group.

Strategic partnerships for innovative health journeys — The Zur Rose Group continued to expand the European healthcare ecosystem under the DocMorris umbrella brand. This is being gradually anchored in all business units and segments. Telemedicine, marketplace and pharmacy services are already available in the DocMorris app. The Zur Rose Group also entered into two ecosystem partnerships in 2021. In collaboration with Novo Nordisk, it launched the first customer-centric health journey for people living with obesity. The offering helps those affected find their way to the best possible treatment. Initially, the focus is on Germany. Another partnership, with Roche Diabetes, brings together both companies' healthcare products with solutions and high-quality services from third parties to make life easier for people with diabetes.

Continuing the transformation into a tech company — The Zur Rose Group further drove ahead the transformation into a technology company in 2021. Interdisciplinary teams in the three tech hubs in Barcelona, Winterthur and Berlin are working at a European level to make customer journeys more intuitive, user-focused and seamless. The Group is also focused on further developing and building up platform technologies and offers platform as a service and marketplace as a service models to partners from the beauty and personal care sector in particular. The benefit for these companies lies not only in gaining visibility, traffic and reach, but also in establishing a new sales channel. A multi-channel strategy allows them to both strengthen their own brand and provide optimal and seamless customer service. The Zur Rose Group also contributed its technology expertise to the healthcare app launched by Swiss healthcare platform Well in late summer 2021.

apo-rot merged with DocMorris — apo-rot B.V. merged with DocMorris N.V. as at 30 June 2021. All employees were taken over and integrated into the existing structures at the Heerlen site. The Zur Rose Group has therefore completed the next step of the integration towards achieving efficiency improvements.

Changes to the Board of Directors — As announced, CEO Walter Oberhänsli will be put forward for election as Chairman at the Annual General Meeting of Shareholders on 28 April 2022. Chairman Prof. Stefan Feuerstein will take on the role of Vice Chairman. Dr. Thomas Schneider, Vice Chairman, and Prof. Dr. Volker Amelung will not be standing for re-election. On 10 January 2022, the Zur Rose Group announced the nomination of Rongrong Hu as a new director. In the event that all proposed persons are elected, the Board of Directors will shrink from its current seven members to six and one-third of these will be female. This means the Board's target of achieving at least 30 per cent female members by 2023, announced in the 2020 Annual Report, will be reached a year ahead of schedule.

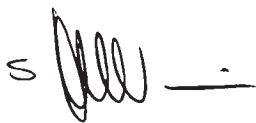
Matthias Peuckert to be Head Germany — Following the Annual General Meeting of Shareholders Matthias Peuckert, who since 2018 has been CEO of Windeln.de, a Munich-based online retailer of baby and children's articles, will become Head Germany and CEO of DocMorris. He will be stepping into the shoes of Walter Hess, who will succeed Walter Oberhänsli as CEO of the Zur Rose Group after the General Meeting. Matthias Peuckert will share considerable responsibility for driving ahead growth in the core German market and provide major impetus for further expanding the European healthcare ecosystem. The 48-year old German citizen is a proven expert in e-commerce with broad experience at listed companies, including internationally. He can look back on 14 years at Amazon, where he was most recently Group Director for Core Consumables Germany and Amazon Pantry Europe with responsibility for revenue in the low single-digit billions and several key strategic projects.

First sustainability report lays the basis for further improvements — Today the Zur Rose Group published its first sustainability report. The main pillars of the sustainability strategy have been defined as healthy people, healthy planet, healthy company and healthy relationships. On this basis, the Group has set seven sustainable development goals (SDGs), which match those of the United Nations. In 2022 Zur Rose will set specific targets for the areas defined as the basis for further improvements.

Focus for 2022: e-prescriptions and leveraging synergies — The first focus for 2022 is electronic prescriptions in Germany. With around 11 million active customers, DocMorris is the best known pharmacy brand and one of the most successful healthcare apps in the German market; this gives the Zur Rose Group an excellent starting position to convince customers of its service offering and win them over to e-prescriptions. The Group is also keen to leverage efficiencies through synergies. The emphasis is on creating cross-border shared service functions, pooling expertise and using a common platform for technology, products, logistics, services and brands. This will lay solid foundations for further expansion and sustainable profitability at the Zur Rose Group.

Outlook — Management is confident that the business with prescription medications on the basis of electronic prescriptions (eRx) in Germany will get under way this year. However, since the timing is not confirmed, the Zur Rose Group is excluding the influence of eRx for 2022. The objective for the core DocMorris brand is double-digit growth in non-prescription products. At the Group level, the focus in the short term is on operational leverage and profitability, so external revenue is likely to remain flat year on year. For 2022, management is aiming for adjusted EBITDA between minus CHF 75 million and minus CHF 95 million driven by continued investment in technology and maintaining eRx readiness. As a result of the delay in eRx, break even at the EBITDA level is expected in 2024. The Group confirms the medium-term EBITDA margin target of around 8 per cent.

Thanks — We feel it is very important to express our warmest thanks to all who supported us last year: our customers, for their confidence in our services; our staff, for their impressive commitment to the good of the company and the great motivation with which they carry out their daily responsibilities; and you our shareholders, for your loyalty to our company.



Prof. Stefan Feuerstein
Chairman of the Board



Walter Oberhänsli
Executive Director and CEO



WALTER OBERHÄNSLI (*left*)
AND STEFAN FEUERSTEIN.

Interview

“Walter Hess is the right type of person. He has a great deal of experience as a successful manager”

Chairman-designate Walter Oberhänsli and new CEO Walter Hess talk about the forthcoming management handover and the future planning and strategic positioning of the Zur Rose Group.

Walter Oberhänsli, you are passing the top job on to Walter Hess. What's the condition of the company you are handing over?

W.O. — It's doing absolutely fantastically. On the one hand, we have put together an incredibly good team in the past few years and we have an amazing market opportunity in front of us in the shape of the launch of electronic prescriptions. On the other hand, there is a lot to be done, from integration to developing our company even further as a technology firm.

Walter Hess, you're stepping into the shoes of Walter Oberhänsli. Do you think he's right in his assessment?

W.H. — Oh yes, absolutely. We're starting from a great position as far as the company is concerned, and the markets too. And above all we have an excellent basis in our staff, in Spain, France, Germany, the Netherlands and Switzerland.

Walter Oberhänsli, you've fought a few legal battles in your time as CEO. What was your most important victory?

W.O. — I think that would be the ruling of the European Court of Justice in October 2016 that the German ban on discounts for prescription medicines is not compatible with EU law. That set clear boundaries to the protectionism surrounding bricks-and-mortar pharmacies.

Walter Hess, you've also been with the Zur Rose Group for some time; what positions have you held at the company?

W.H. — Initially I was supporting Walter Oberhänsli and the Board of Directors as an external consultant. Between 2015 and December 2020 I was Head Switzerland, and since December 2020 I have been Head Germany. I have enjoyed all my jobs, because at the Zur Rose Group you can just enjoy yourself and achieve things wherever you are.

Walter Oberhänsli, why was Walter Hess the first choice to succeed you as CEO?

W.O. — Walter Hess is the right type of person. He has a great deal of experience as a successful manager. And of course he knows the Zur Rose Group inside out.

Walter Hess, what are your plans for the traditional first hundred days?

W.H. — First, to make sure the transition from Walter Oberhänsli to me is seamless. Second, to be rigorous about implementing the projects and actions that will take us through to profitability and growth. Third, and this is particularly important, to bring even more great and highly talented people on board to join us in the Group.

What are you most looking forward to in the new job?

W.H. — Working together to get an even deeper understanding of our customers, so we can offer them what they want and what they need.

What strategic and operational focuses do you have planned for the short, medium and long term?

W.H. — In the short term, it has to be the launch of electronic prescriptions in Germany. Also exploiting the potential and the synergies within the Zur Rose Group. In the medium and long term, it's about continuing to develop a shared corporate culture while still retaining the strengths of the individual units in the organisation. And crucially, of course, to lead Zur Rose to a position where the company is profitable over the longer term.

Will there be any strategic changes? Do you see potential for optimisation?

W.H. — The long-term direction has been clearly set out: we want to become THE European healthcare platform. As a company, we also want to move into a new phase and shift from a strong focus on growth towards profitability and growth. And we will keep up the transformation into a company based on technology and data.

Walter Oberhänsli, you are the Chairman-designate. What matters to you in this position?

W.O. — It's important for me to keep the Board as close as possible to the strategic and major operational issues, so the collaboration between the directors and management works well. We also have very strong experience and expertise in the Board, and that has to be made available to management.

The video of the interview is available at the following link: <https://gb.zurrosegroup.com/en/gb2021/management-handover.html>

The transcription of the interview contains minor deviations from the online version.



WALTER OBERHÄNSLI (*left*)
AND WALTER HESS.

Interview

“The European healthcare sector has enormous potential in terms of digital transformation”

Madhu Nutakki was appointed Chief Technology Officer in August 2021 and is thus the newest member of the Executive Board at the Zur Rose Group. Innovation is Nutakki's world – whether it is digital transformation, digital marketing or global ecosystems.

Madhu Nutakki, you've been CTO at the Zur Rose Group for more than half a year now. You previously worked for the Nissan Motor Corporation in Japan and Kaiser Permanente, among other companies. At the latter, the U.S. health maintenance organisation, your most recent position was Vice President Digital Health Applications and Platforms. What made you decide to become part of the Swiss Zur Rose Group?

The Corona pandemic has highlighted that healthcare is a fundamental pillar for the entire economy. The European healthcare sector in particular has enormous potential in terms of digital transformation. Being actively involved in this development has been a great incentive for me. One of the most important lessons I have learned from my career so far in a wide variety of industries: The end consumer has the greatest benefit from technological solutions. Therefore, technology should be embraced as an opportunity and not a threat. I joined the Zur Rose Group at a time when digital customer expectations are continuously increasing and government framework conditions are also developing in the direction of digitalisation. At Zur Rose, I am not only able to work in an international organisation that is a key player in its industry with its vision to become the leading European healthcare ecosystem. Ultimately, returning to the healthcare industry also feels like coming home.

You come from an international environment and you yourself are an American. Where do you see the European healthcare system at the moment in comparison to the USA or Asia? Where do we in Europe have to catch up in particular in terms of digital health?

Digitisation is inevitable – regardless of the sector or location. I truly believe that the healthcare sector determines the timing of the digital transformation itself, i.e. it sets its own pace. This is due to the enormous complexity of the industry, which is also one of the few that is actually capable of “touching people's lives” to a decisive extent. Also, digitalisation of healthcare is heavily dependent on the particular system of social values of a country. It should therefore be less of a

question of who is at the forefront but rather who is lagging behind. What really matters is whether all the relevant factors can come together in the specific region: Are people ready? Are the regulatory frameworks in place? Are the underlying value chains sufficiently mature? These are just a few of many essential questions. One of the concrete upcoming opportunities to integrate digital health into the everyday lives of people in Europe is, for example, via the introduction of electronic prescriptions. This requires a well-thought-out roadmap that also always keeps customer convenience in mind.

“One of the concrete upcoming opportunities to integrate digital health into the everyday lives of people in Europe is, for example, via the introduction of electronic prescriptions.”

You just mentioned the Zur Rose Group’s vision to become the leading European healthcare ecosystem. Is that one of the topics that is a main point on your CTO agenda at the moment?

Our vision of becoming the leading European healthcare ecosystem is certainly one of the topics that my team and I currently have a strong focus on. Achieving this goal requires a good combination of short-term tactics and long-term planning. 80 per cent of all digitalisation measures are always the same, irrespective of the industry: Gathering customer-centric experiences, leveraging data, adopting a mobile-first approach, and implementing value into the ecosystem. In the end, the remaining 20 per cent is where the Zur Rose Group is able to make the difference.

One major lesson I learned in my professional career was to never take the customer for granted. At the same time, as a software engineer, I was taught the “superpower” behind digital solutions. Balancing these two aspects – having the necessary empathy towards the customer and leveraging the power of software – is what I focus on now and will continue to do so in the future.

You are not only in charge of the technology-driven topics of the Group – and thus throughout Europe – but also of the three tech hubs in Barcelona, Berlin and Winterthur. What is the main focus for 2022?

It’s important for me to be able to think outside the box. I don’t think it’s appropriate to just chase after future-oriented developments such as Artificial Intelligence, Machine Learning, Cloud, Robotic Process Automation or Blockchain. I see my job as fulfilled when I – together with a team of experienced designers, product managers, software enthusiasts and data jugglers – can develop a range of solutions that are not only convenient, but also offer actual value to users. In a world turned upside down by Covid-19, the concept of a technology hub has also fundamentally changed. While the importance of location per se has greatly diminished, it is collaboration and the ability to add value that has become the all-distinguishing feature. We will continue to pool expertise in each of the three hubs, but with product-oriented specialisations in mind. My overarching goal is to empower every employee – regardless of location – to make their own decisions.

“One major lesson I learned in my professional career was to never take the customer for granted.”

The DocMorris app is and will be the digital flagship of the Zur Rose Group. How satisfied are you with the current status and what can users expect in terms of further development in 2022?

Here’s a little anecdote: I remember my first mobile application, which was also in the health industry and which I worked on more than a decade ago. The initial version was jam-packed with bells and whistles, so one of the product managers called it “cute and functional”. In the end, the release did not meet with the expected success. The relevant insight behind this story? An app is just one of many channels. But what we really want to

achieve is to establish an empathetic connection with the user. The numerous brands of the Zur Rose Group have already built up a strong trust among customers. The digital channel behind them must now also deliver on this promise. Convenience is the underlying value, trust the key benefit and experience is king.

Our current concern for customers in Germany is to make the path to the e-prescription as seamless and intuitive as possible via the DocMorris app. The app is a relevant channel towards a more comprehensive health journey for our customers.

“I am interested in creating a sustainable foundation that allows us to develop products and functions that enrich the lives of customers.”

Finally, let’s take a look into the crystal ball: Where do you see the European healthcare system in general and the Zur Rose Group in particular in five years?

Developments in the health sector are not really predictable – and that is at the same time one of its greatest strengths. After all, who could have predicted the global impact of the pandemic, for example? I am not interested in jumping on trends. Instead, I am interested in creating a sustainable foundation that allows us to develop products and functions that enrich the lives of customers – irrespective of current trends.

Creating a connected health journey for people in Europe is not a distant dream. Many of the key components are already being implemented step by step. The Zur Rose Group is an established, strong brand in the healthcare sector and can therefore contribute its accumulated knowledge about its customers – especially when it comes to their needs and expectations. The collaborations that have already taken place also show the commitment Zur Rose has to the digitalisation of European healthcare. Last but not least, one of my key goals is to transform current users into long-term digital health advocates at an early stage.

Madhu Nutakki is American and born in India. The visionary brings over 20 years of experience in the successful transformation of organisations and their technologies and business models.



MADHU NUTAKKI

Technology Hubs

Total employees

> **350**

Software engineers, UX designers,
data scientists and product managers

Focus

- Improving user experience (UX)
- DocMorris app (e-prescription)
- Making customer journeys seamless
- Leveraging data and science
- Expanding the European healthcare ecosystem
- Expanding physician software and IT solutions



Switzerland

Germany

Spain

The issues healthcare policy focused on in 2021 were managing the Covid crisis and ways to keep costs under control. As the National Council did earlier, the Council of States of the Swiss parliament also rejected the proposed system of reference prices. There are currently two proposals under way in parliament to promote the introduction of electronic prescriptions. And in November, in its report on the Stahl proposal, the Federal Council announced that online sales of OTC medications can be permitted in Switzerland, subject to certain conditions.

Market environment

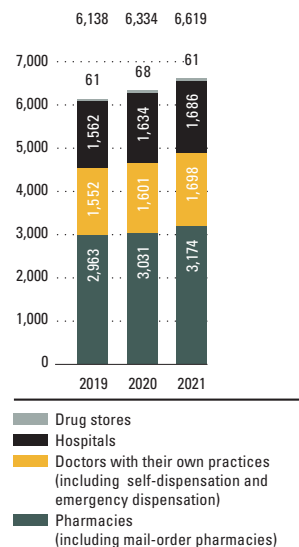
Trends in the market for medicines — The total volume in the drugs market in 2021 amounted to CHF 6.6 billion, a year-on-year rise of over 4 per cent.

Restructuring of the price system for medications — Following the rejection by the National Council during the year under review of the proposal to bring in a reference price system for drugs on which the patent has expired, December saw it fail to pass the Council of States too. Zur Rose reiterated in 2021 that when setting prices for medicines, factors such as ex-factory and generics prices as well as service-based remuneration and distribution margins have to be seen as an inter-related whole. Fair prices and high-quality supply would no longer be possible if the distribution margin were adjusted across the board in isolation. For medium to high-priced medicines in particular, any pricing system that will stand the test of time has to cover costs, otherwise supply to chronically ill people in Switzerland, who frequently depend on drugs in this price segment, will be put at risk.

Pushing rapidly ahead with the introduction of electronic prescriptions — Electronic prescriptions are a key factor when it comes to digitalising healthcare. Both chambers of parliament currently have a motion pending that seeks to introduce electronic prescriptions in Switzerland. Zur Rose welcomes these moves and is committed to the mandatory nationwide introduction of electronic prescriptions, because the benefits for patients and the entire healthcare system are obvious: it increases patient safety by removing error-prone media

DRUGS MARKET VOLUME IN SWITZERLAND

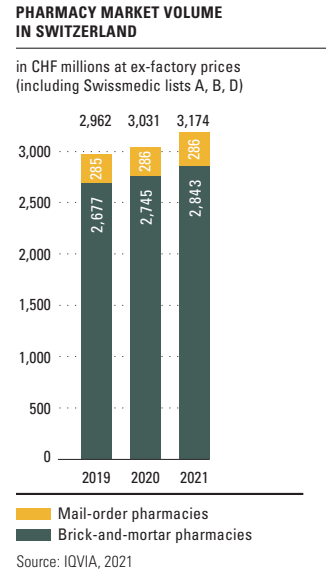
in CHF millions at ex-factory prices (including Swissmedic lists A, B, D)



Source: IQVIA, 2021

breaks and cuts out both forged prescriptions and follow-up costs due to incorrect medication.

Liberalisation of online sales of OTC medications – The publication in November of the Federal Council report on the proposal by National Councillor Jürg Stahl triggered movement in the discussion on the liberalisation of online sales of OTC medications. Back in April 2020 the Federal Council had turned down an application by Zur Rose for exceptional permission to sell OTC emergency, cold and flu medications online during the pandemic. In November 2021 it stated in its report that online OTC sales can be permitted subject to certain conditions: “The spread of new technologies, online shopping and the increasing quality and security of IT-supported solutions and software mean it is now possible to consider innovative approaches to ensure quality of care and patient safety with online sales other than a doctor’s prescription. The Covid-19 crisis has considerably speeded up technological development and the use of such processes in the healthcare sector. Digital applications and telemedicine have demonstrably grown in importance.”¹ The intention is to hold a consultation on amending the Therapeutic Products Act (TPA) by early 2023.



¹ Report of the Federal Council in response to proposal 19.3382 Stahl dated 22 March 2019: online sales of OTC medications, 24 November 2021.

The revenue performance in the Switzerland segment remained positive, gaining 5.7 per cent on the previous year. The coronavirus continued to be a key factor in 2021, and Zur Rose contributed to fighting the pandemic by providing various solutions for authorities, doctors and the public. Zur Rose further expanded its digital offering for doctors’ practices and online pharmacies. The increased shift towards demand for digital services was apparent in the growth of the online pharmacy, and highlights patients’ growing need to order their medications to be delivered directly to their homes.

Business performance

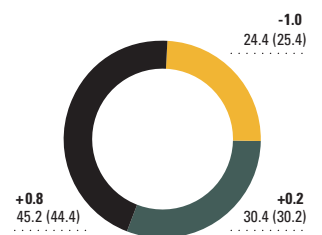
Innovative solutions in combating the coronavirus pandemic — In the second year of the coronavirus Zur Rose continued to feel obliged to ensure the highest possible security of deliveries and supplies of urgently needed medications and to contribute to combating the pandemic with innovative and unbureaucratic solutions. For example, the company supported the cantons of Thurgau and Schaffhausen with logistics for supplying the vaccine to vaccination centres and doctors’ practices. To ease the strain of administering Covid tests and vaccinations, Zur Rose and partners developed and financed a technological solution that became the most significant software in Switzerland for this purpose. More than 800 practices used the free offering to carry out 77,000 test registrations and perform 120,000 vaccination registrations during the year under review. Between April and September the FOPH insisted that self-testing kits be available free of charge. Here too, Zur Rose quickly provided a digital solution that allowed all Swiss residents to order self-testing kits online and settle directly with their health insurer.

Supplying medications and advising doctors’ practices — Zur Rose had a market share of 24.4 per cent in supplying medications to doctors’ practices.

The trend away from individual practices towards larger doctors’ centres continued unabated in 2021. Zur Rose is supporting this structural change with specialised services aimed at digitalising practice pro-

MARKET SHARES IN THE PHYSICIANS BUSINESS

As per end of 2021 (value of previous year 2020) in %



Zur Rose
 Direct suppliers
 Other wholesalers and purchasing organisations

Source: IQVIA, 2021

cesses and the supply chain. Automating medication management brings a demonstrable gain in efficiency for practices: there is a time saving of up to 35 per cent and cost savings of up to 20 per cent compared to running things manually. This is shown in a study conducted jointly by Zur Rose and the University of Applied Sciences of Eastern Switzerland, which won the WTT Young Leader Award 2021.

A technology provider in e-health — In close collaboration with BlueCare as the technology hub of Zur Rose Switzerland, the Company is focused on developing and expanding platform technologies and offers this expertise as platform-as-a-service and marketplace-as-a-service. The Swiss healthcare platform Well announced last year, which Zur Rose set up with health insurers CSS and Visana and telemedicine provider Medi24, and to which it contributed some of the technology, went live in late summer with the beta version of the app. The digital healthcare navigator provides access around the clock to quality-checked physical and digital healthcare services. As part of the platform-as-a-service offering, BlueCare concentrated on connecting registered service providers to the Well platform. The various different transactions are brought together in the central user interface for sending and receiving medical documents (BlueConnect), so they are ideally integrated in the workflows at doctors' practices. The compatibility with existing practice information systems is ensured.

Pleasing performance in the online pharmacy — In the online pharmacy business, Zur Rose stepped up the linking of the various players involved (patients, doctors and physicians) to further improve services for customers and patients. Various digital functions were added to the Zur Rose customer account: personal medication plans can now be scanned directly into the customer account electronically by QR code. This means users always have a full overview of their medications and can also set electronic reminders to take them. Further medications can be added to the electronic medication plan and at each visit to the general practitioner, be checked for interactions with other drugs and approved again. The customer account lets patients digitally request a prescription or renew a repeat prescription directly from a practice electronically. The enhanced functionalities, combined with various marketing campaigns, resulted in considerable year-on-year growth in the average number of daily active users of the online pharmacy.

Dailymed's individual blister packaging for medications also saw strong demand during the year under review. For people who take multiple medications at the same time, Dailymed sorts them into individual pouches in the order of when they are to be taken, as the doctor prescribes. This increases safety when taking the medication and boosts compliance, in turn generating better treatment success. In an effort to make services available to all barrier-free, in collaboration with the Swiss Association for the Blind and Visually Impaired Zur Rose developed a new Dailymed box specially adapted to the needs of people with a visual impairment. QR codes affixed to the individual pouches can be easily scanned with a smartphone, allowing the information on taking the medications to be made audible using the voice output for people who are blind. Zur Rose uses some of the revenue from this Dailymed box to support projects that make daily life easier for people with a visual impairment.

Institutions like nursing homes and homecare organisations are showing growing interest in Dailymed, as automatic blister packaging releases resources that would otherwise have to be used on organising medications by hand, which takes a great deal of time. To be able to offer more safety and efficiency with drug orders from institutions, the Company jointly with a software partner, produced a digital interface for ordering medications, to which data can be uploaded directly from the care documentation software.

Specialty Care, which provides specialist support for complex medication treatments, also posted strong growth during the year under review. The cooperation with specialist doctors was expanded and further cooperations with manufacturers were added.

In addition, Zur Rose expanded collaboration with various health insurers as part of alternative insurance models with solutions to improve compliance.

Joint ventures with Migros subsidiary Medbase — The trend towards more online shopping since the outbreak of the pandemic continued in 2021 in the online shop for beauty and personal care products that Zur Rose operates as a joint venture with the Medbase Group. Revenue in 2021 was once more up considerably on the previous year. Orders from mobile end-devices and use of electronic forms of payment such as Twint grew strongly. Shipping packaging was optimised to improve sustainability and more environmentally-friendly materials were used. The six existing shop-in-shop pharmacies in Migros branches continued to perform positively. An additional shop-in-shop pharmacy was opened in the canton of Bern in the Shoppyland Schönbühl branch.

The new federal government in Germany has agreed a digitalisation strategy for the healthcare sector with the slogan “Dare to make more progress”. This will be regularly updated and the focus will be on solving supply problems and being user-centred. Telemedicine will also be further expanded and should now be possible on a “regular basis”. Under the Digital Provision and Care Modernisation Act the charging rate for video consultations will be increased to 30 per cent. In January 2022, the shareholders of gematik set quality criteria for the ongoing test phase for e-prescriptions in Germany this year. The test phase will be followed by a nationwide rollout.

Market environment

Market growth in Germany^{1,2} — 2021 saw Europe’s largest market for medicines grow by 7.3 per cent to EUR 54 billion. Pharmacies currently have a market share of 86 per cent. The other 14 per cent of sales are generated through hospitals and clinics. In the pharmacy channel, mail order accounts for around 0.7 per cent³ of prescription drugs and 23.2 per cent of OTC medicines. Pharmacy sales of prescription medicines increased by 8.7 per cent in 2021 to EUR 38.8 billion, while sales of OTC medicines rose by 1.7 per cent to EUR 5.6 billion. Revenue from non-prescription products (OTC medicines and products commonly sold in pharmacies) in the pharmaceutical mail-order business rose by 3.6 per cent to EUR 2.6 billion in 2021.

¹ IQVIA™ Market Report Classic, Performance of the German Pharmaceuticals Market in 2021

² Insight Health, OTC Pharmacy market development December 2021

³ Federal Ministry of Health: Financial results of the Statutory Health Insurance (GKV)

1st to 3rd quarter 2021 (KV45)

Digital Provision and Care Modernisation Act (DVPMG) — On 6 May 2021, with the consent of the governing parties, the German parliament approved another digitalisation act for healthcare. Amongst other things, the DVPMG will increase the rate at which video consultations can be charged to 30 per cent. The insurers are also obliged to set a digital authentication procedure for video consultations. This will remove some of the barriers to using video consultations, such as showing an electronic health card over video or afterwards at the practice.

Coalition agreement in Germany — The coalition agreement between the SPD, ALLIANCE 90/THE GREENS and the FDP of 7 December 2021 places a strong emphasis on digitalisation in healthcare. This includes accelerated introduction of electronic health records (ePA) and e-prescriptions and using these in a way that provides benefits. Telemedical services including prescriptions for medication, remedies and appliances plus video consultations, teleconsultations, telemonitoring and emergency medical assistance over the phone are also to be possible as a general rule. In addition, the Strengthening Local Pharmacies Act will be revised to better reward pharmaceutical services and make use of efficiency gains within the financing system.

Launch of electronic prescriptions — On 20 December 2021 the Federal Ministry of Health announced that the test phase for e-prescriptions in Germany was to be extended. As a result, the test and pilot operations have been continued and expanded in stages beyond 1 January 2022, as feedback from service providers and funding agencies to the Ministry of Health indicated that the technical process had not been sufficiently tested by that time. Under section 360 para. 1 of the Social Security Code V, across-the-board technical availability was a fundamental condition for the mandatory launch of e-prescriptions on 1 January 2022. On 26 January 2022 the shareholders of gematik decided to intensify the ongoing test phase for e-prescriptions and set corresponding quality criteria. For example, at least 30,000 e-prescriptions should be successfully processed. The test phase will be followed by a nationwide rollout in Germany.

In 2021 the Zur Rose Group saw a significant increase in external revenue¹ in the Germany segment by 19.4 per cent to EUR 1,232,2 million. The increase is mainly due to the online business in non-prescription drugs and healthcare products, which more than made up for the slight decline in revenue from prescription drugs on a paper prescription. In Germany, the DocMorris healthcare platform completed the next step in its development. By the start of January 2022, the DocMorris app had already reached one million downloads. More than 200 local pharmacies are already cooperating with DocMorris on the marketplace integrated into the platform. Strategic partnerships expand the offering for patients

Business performance

Strategic partnerships for innovative treatment paths — The Zur Rose Group is continuing to expand the European healthcare ecosystem under the DocMorris umbrella brand. In 2021, Zur Rose entered into two strategic partnerships with global healthcare companies to offer customer-centred health journeys for people living with chronic diseases such as obesity and diabetes, with the initial focus on Germany:

January 2021 saw Zur Rose and Novo Nordisk pool their skills in the field of obesity. Since March 2021, DocMorris Obesity Care has been helping people with obesity find the way to get the best treatment. Via the digital hub people who are affected can find out about healthcare solutions, get in touch with specialist doctors and gain access to digital solutions for obesity care.

¹ External revenue consists of the consolidated revenue of the Zur Rose Group plus online revenues of pharmacies supplied by the Zur Rose Group less the consolidated revenue from supplying them.

The partnership with Roche, which has been in place since October 2021, brings together both companies' healthcare products with solutions and high-quality services from third parties to make life easier for people living with diabetes. Over the course of 2022 they will gain easy, centralised and digital access to information about the disease, optimum supply and a range of medication and treatment options.

Multi-media campaign across Germany — February 2021 saw the launch of “The New Healthy”, a multimedia campaign across Germany for the DocMorris brand. This will convey the new brand values of DocMorris following its extensive rebranding at the end of 2020. DocMorris won eight highly prestigious international prizes, including the Red Dot for brand design and four New York Festival awards, for the new branding and the #TakeCare Christmas campaign. These came in recognition of the new brand image, which reflects the values and positioning of DocMorris. The campaign showcased the brand as an approachable and reliable partner and makes the digital services on the healthcare platform come alive. By the end of the year, supported brand recognition had risen significantly to about 70 per cent.

Merger of apo-rot and DocMorris — apo-rot B.V. merged with DocMorris N.V. as of 30 June 2021. All employees were taken over and integrated into the existing structures at the Heerlen site. The Zur Rose Group has therefore successfully completed the next step of the integration towards achieving efficiency improvements.

Technical components supplied for e-prescriptions — On 30 June 2021 all technical components – the gematik app for forwarding e-prescriptions, the identity provider as the central access system and the specialist e-prescription service on which all e-prescriptions are stored in encrypted form (and which the Zur Rose subsidiary eHealth-Tec was involved as a partner to IBM) – were supplied on schedule. A test phase could therefore start for e-prescriptions on 1 July 2021 using Berlin-Brandenburg as a focus region. DocMorris was also part of it. The aim was for selected doctors in their practices or by telemedicine, local and online pharmacies and patients to try out the new prescription and dispensing process with e-prescriptions. The controlled test and pilot operations were extended beyond 1 January 2022.

eHealth-Tec devised a compatible software development kit (SDK) to ensure software from providers of practice and pharmacy management systems and hospital information systems were connected to the gematik specialist e-prescription service on time. The tool met the highest security standards and all gematik requirements and combined many individual steps into a single rigorous process.

Next step in developing the DocMorris healthcare platform in Germany — By the end of 2021 all services and functions, such as e-commerce, healthcare services and marketplace, had been brought together in a digital DocMorris healthcare platform with a new app. The platform will therefore be even more closely focused on the needs of its customers. By the start of January 2022 the DocMorris app had already reached one million downloads, making it one of the fastest growing healthcare apps in the German market. The platform will therefore be even more closely

focused on the needs of its customers. With its centralised portfolio of services and easy access using a mobile app, the DocMorris healthcare platform is creating a holistic way for people to manage their health in one click – from diagnosis in an online consultation with a doctor and dispensing an e-prescription all the way through to pharmaceutical advice, an interaction check and the various options for delivery.

As a result of the integration of the DocMorris Express marketplace, which comprises a network of just over 200 partner pharmacies and their services, customers on the DocMorris healthcare platform have the option of same-day express delivery by local partner pharmacies when ordering their medications and healthcare products, as well as having them posted. Same-day delivery is already possible in many of the major cities in Germany.

Right from the start of the gematik e-prescription test phase on 1 July 2021 the app had a smart scan function for having e-prescriptions dispensed. When the launch of e-prescriptions becomes mandatory across the country, customers will expect functions tailored to their needs. Dispensing e-prescriptions has to be user-friendly and barrier-free and there must be direct access to local doctors, as well as online by TeleClinic, with the ability to choose the method of transfer. Scanning an e-prescription in particular gives patients a secure and rapid way to send the digital prescription information to the pharmacy of their choice. OTC medicines and healthcare products can be ordered directly in the DocMorris app at the same time.

In its two leading marketplaces in Southern Europe – Spain and France – the Zur Rose Group recorded continuous pleasing growth in 2021. Sales revenue increased by 22.3 per cent to EUR 75.8 million, reflecting the enormous online potential of the little-regulated segment of over-the-counter, standard pharmacy health and care products. The total market in Europe amounts to around EUR 100 billion.

Business performance

Marketplaces in Spain and France adopt DocMorris brand identity — PromoFarma, the leading brand for online pharmacy marketplaces in Spain, and DoctiPharma, the second largest online pharmacy platform in France, were linked to the brand identity of DocMorris, the umbrella brand for the European healthcare ecosystem, in February 2021. The lettering “by DocMorris” forms the brand essence and shows that both marketplaces belong to the healthcare ecosystem. The company focused even more closely on the almost 1.2 million active customers and caring for their health. People all over Europe will thus be enabled to manage their health in one click – quickly, easily and securely – while experiencing seamless 360-degree care tailored to them. As a next step for the new brand architecture, DoctiPharma was renamed DocMorris in November 2021. The number of partner pharmacies of both marketplaces increased by 5 per cent to over 1,300 in 2021 and the number of products increased by 16 per cent to 235,000. The app has already had over one million downloads in the popular app stores.

Expansion of the product portfolio in France — In November 2021, the Zur Rose Group expanded its product range on the Docmorris.fr marketplace by adding non-prescription (OTC) drugs through a strategic partner. This provides customers in France with easy and secure access to a wide range of healthcare products and pharmaceutical advice that goes beyond the over-the-counter pharmacy products from the areas of healthcare, cosmetics and personal care included so far.

Continuous expansion of the Zur Rose Group as a technology provider — The team around CTO Madhu Nutakki, who joined the company in August 2021, is focusing on the further expansion of the Zur Rose Group’s three technology hubs in Barcelona, Winterthur and Berlin. The more than 200 software engineers, data scientists, UX designers and product managers from over 20 nations working in Spain took leading

roles in the development of the Swiss platform-as-a-service (PaaS) application Well. The joint venture, which connects the stakeholders of the Swiss healthcare industry on a single platform, had its soft launch in August 2021 (see report p. 24). The development of the Zur Rose Group's European healthcare ecosystem also remains on the agenda. Through comprehensive journeys, patients – especially those living with chronic conditions – will be enabled to manage their own health in just one click. To achieve these goals, the employees in Spain collaborate with the other hubs across the different locations. This enables the pooling of individual expertise, while at the same time taking into account product-oriented specialisations.

Dear Shareholders

Sustainability is becoming increasingly important – not just for you and me as private individuals, but in the corporate context too. Today, customers insist that companies are managed sustainably, whether it be in terms of energy, CO₂ emissions or packaging materials. Investors have also long recognised the relevance, as can be seen from the investments made by both institutions and private clients.

It therefore follows as a logical consequence that the Board of Directors and Executive Board have decided to firmly embed sustainability across the Group in 2021 and steadily build on the issue in the years ahead. We too wish to do our bit – for the environment, the economy and society. We don't just regard sustainability as one more item on the agenda – we see it as a core part of everything we do.

Zur Rose has set the fields of action healthy people, healthy planet, healthy company and healthy relationships as the basic pillars of its sustainability strategy. These were mainly identified in the course of a materiality analysis Zur Rose conducted in 2021, in close consultation with key stakeholders. As part of the strategy, the Zur Rose Group is committing to the UN Sustainable Development Goals (SDGs).

From its core business alone, Zur Rose has a special responsibility to society: to create a world where everyone can manage their health in just one click. As well as providing access to high-quality healthcare products and medications, the health and safety of all Group staff are also close to our heart. Other important areas include impact on the environment and the climate, success based on sustainable corporate governance and productive employees and the collective contribution to sustainable development made jointly with the stakeholders.

Diversity and inclusivity are further important aspects of our corporate culture. These are already fully integrated into the business model. Zur Rose is dedicated to building up a workforce that is diverse at all levels as well as to overcoming inequalities and exclusion in the healthcare system. Physical impairment, mobility and age often result in access to healthcare services being very restricted. Zur Rose is aware

of groups of people with particular needs and adapts its communication, services and offerings accordingly.

The sustainability strategy drafted last year and the focus on the SDGs are key pillars in our efforts and progress. On this basis, Zur Rose is keen to set and implement targets that are ambitious but nonetheless realistic.

Overall responsibility for sustainable development lies with the Board of Directors and Executive Board. Zur Rose has also appointed a Sustainability Council to act as a coordinating body across locations and businesses. This meets regularly and consists of members of the Executive Board and experts from departments where sustainability is relevant. A new management position has been created at the operating level: Head of Sustainability, to integrate the sustainability strategy across the whole Group and coordinate the initiatives proposed by the Sustainability Council.

In this first Sustainability Report we disclose current and future trends. This transparency helps us to appreciate our strengths and identify room for improvement. We will continue to engage in an active dialogue with major stakeholders to gain sound and relevant findings. The purpose of exchanging views is to jointly encourage the commitment to sustainability and boost the future success of the measures taken. In 2022 the Zur Rose Group will set specific targets for the issues mentioned, so we have a solid foundation for further improvements.



Walter Oberhansli
Executive Director and CEO



WALTER OBERHÄNSLI

Corporate Governance

The Zur Rose Group applies the principles and rules of Corporate Governance set out in the “Swiss Code of Best Practice for Corporate Governance” of *economiesuisse*. The content and structure of this section comply with the Directive on Information relating to Corporate Governance issued by the SIX Swiss Exchange. Unless otherwise stated, all information relates to the reporting date of 31 December 2021. The key elements of corporate governance are defined in the Company’s Articles of Association, Organisational Regulations and Terms of Reference of the Committees of the Board of Directors. The Zur Rose Group publishes these documents online at zurrosegroup.com > “Investors & Media” > “Corporate Governance”.

1 Group Structure and Shareholders

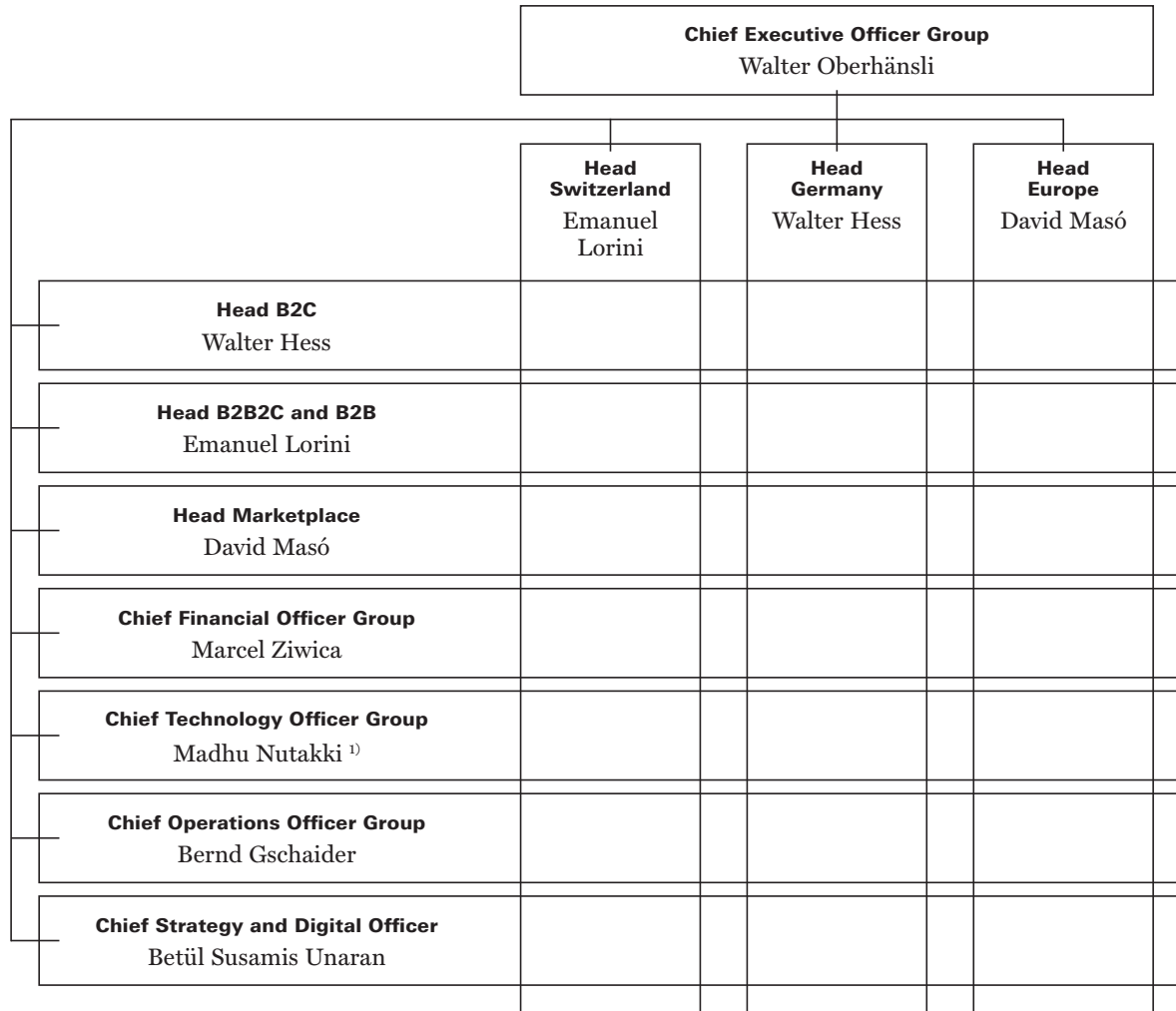
1.1 Group Structure

Zur Rose Group AG based in Steckborn is organised as a stock corporation under Swiss law. The registered shares with the security number 4261528 are listed on the SIX Swiss Exchange. The Board of Directors supervises the Zur Rose Group, while the Executive Board is responsible for the operational management. The CEO is responsible for managing the business of the Zur Rose Group. Under his leadership the Executive Board deals with all issues of relevance for the Group, takes decisions within its authority and submits motions to the Board of Directors. The Group structure is organised into segments responsible for regions and revenue, B2C, B2B2C/ B2B and marketplace business models and the finance, technology, operations and strategy & digitalisation functions. The members of the Executive Board are responsible for devising and achieving their entrepreneurial objectives and running their units independently. Human Resources, Legal, Communications, Investor Relations, Sustainability and Internal Audit report to the CEO; Finance reports to the CFO. These provide services for the whole Group.

The business model of the Zur Rose Group covers online distribution of prescription and OTC medications, health and care products and digital services (marketplace, ecosystem, technology and telemedicine). In Switzerland, Zur Rose also has a pharmaceutical wholesaling business. Information on segment reporting can be found in the management report starting on page 21.

The subsidiaries included in the Group consolidation, with details of their names and registered offices, share capital and the percentage interest held by Group companies, are listed in the Notes to the Consolidated Financial Statements on page 82. The consolidation does not include any companies whose equity securities are listed on a stock exchange, with the exception of Zur Rose Group AG.

STRUCTURE OF THE ZUR ROSE GROUP



1) Member of the Executive Board since 1 August 2021

1.2 Significant Shareholders

According to the disclosure notices to the SIX Swiss Exchange, the following shareholders held 3 per cent or more of the share capital on 31 December 2021:

Beneficial owner(s)/Person(s) entitled to exercise voting rights ¹⁾	Direct shareholder	Percentage
Patrick Schmitz-Morkamer Patrick Bierbaum	PSquared Master SICAV Ltd. Leveraged Event Fund LP BP Investment Ltd.	3.08
Invesco Ltd.		3.05
FMR LLC		3.03
The Capital Group Companies, Inc.	Capital Research and Management Company	3.01

1) Compared to share capital at the time of disclosure (changes in capital see 2.3)

Changes in significant shareholders after the reporting date: Capital Group Companies, Inc. holds 5.29 per cent, BlackRock, Inc. 3.91 per cent and FMR LLC below 3 per cent of the share capital at the editorial deadline of the Annual Report.

Treasury shares: Zur Rose Group AG holds 47,226 treasury shares on 31 Dezember 2021. Furthermore, 900,000 treasury shares are held by Zur Rose Finance B.V. These shares serve as a share lending facility to support the convertible bond issued in spring 2020. When shares are lent, the shareholding of Zur Rose Finance B.V. remains in place for disclosure purposes.

The disclosure notices published by Zur Rose Group AG via the electronic publication platform of the SIX Swiss Exchange can be found at www.six-exchange-regulation.com/en/home/publications/significant-shareholders.html. The shareholdings of the members of the Board of Directors and Executive Board are shown in detail in the Notes to the Financial Statements of Zur Rose Group AG on page 136.

Zur Rose Group AG had 10,063 shareholders at 31 December 2021 (7,519 at the end of 2020).

1.3 Cross-Shareholdings

There are no cross-shareholdings with other companies.

2 Capital Structure

Information on the capital structure can be found in the financial report on page 116.

2.1 Capital

The share capital of Zur Rose Group AG as at 31 December 2021 was CHF 335,839,110.00, divided into 11,194,637 registered shares with a par value of CHF 30.00 each.

2.2 Authorised and Conditional Share Capital in Particular

Authorised Capital

The Board of Directors is authorised to increase the share capital at any time until 29 April 2023 by a maximum amount of CHF 12,079,080.00 by issuing a maximum of 402,636 fully paid up shares with a par value of CHF 30.00 each. An increase of the share capital in partial amounts shall be permissible.

Conditional Share Capital for Employee Participations

The share capital of the Company may be increased by an amount not to exceed CHF 4,656,960.00 through the issuance of up to 155,232 fully paid up registered shares with a par value of CHF 30.00 each through issuance of shares to employees and members of the Board of Directors of the Company and its subsidiaries.

Conditional Share Capital for Financing, Acquisitions and other Purposes

The share capital may be increased by an amount not to exceed CHF 31,579,080.00 through the issuance of up to 1,052,636 fully paid up registered shares with a par value of CHF 30.00 each through the exercise or mandatory exercise of conversion, exchange, option, warrant or similar rights for the subscription of shares granted to shareholders or third parties alone or in connection with bonds, notes, options, warrants or other securities or contractual obligations of the Company or any of its subsidiaries.

Until 29 April 2023, the total number of new shares issued from authorised capital where the preemptive rights were restricted or excluded and conditional capital where the advance subscription rights of the existing shareholders were restricted or excluded and may not exceed 402,636 new shares.

Further provisions on authorised and conditional capital can be found in articles 3a, 3b, 3c and 3d of the Articles of Association. The Articles of Association can be found at <https://zurrosegroup.com/websites/zurrosegroup/English/2080/corporate-governance.html>.

2.3 Changes in Capital

At 31 December 2020, the share capital of Zur Rose Group AG was CHF 315,790,980.00. On 9 December 2021, the share capital was increased by CHF 19,500,000.00. The new shares were issued from the existing authorised capital. In 2021 the Company issued 18,271 shares from the conditional capital for employee participations, increasing the share capital by CHF 548,130.00. On 31 December 2021, the share capital was CHF 335,839,110.00.

For previous years please refer to the Annual Report 2020 (can be downloaded at <https://gb.zurrosegroup.com/en/gb2020/home.html>), page 43, and the Annual Report 2019 (can be downloaded at <http://gb.zurrosegroup.com/en/gb2019/home.html>), page 31.

2.4 Shares and Participation Certificates

On 31 December 2021, the share capital was divided into 11,194,637 registered shares with a par value of CHF 30.00 each. The shares are fully paid up. Zur Rose Group AG has not issued any participation certificates.

2.5 Dividend-Right Certificates

The Company has not issued any dividend-right certificates.

2.6 Limitations on Transferability and Nominee Registrations

Persons acquiring registered shares are registered in the share register as shareholders with voting rights upon their request if they expressly declare to have acquired these registered shares in their own name and for their own account. The Board of Directors may register individual persons who do not expressly declare in their registration application to hold the registered shares for their own account (the Nominees) as shareholders with voting rights with regard to up to 3 per cent of the share capital recorded in the commercial register if the Nominee has entered into an agreement with the Company regarding his/her status and is subject to recognised bank or financial market supervision. Beyond such registration limit, the Board of Directors may register Nominees as shareholders with voting rights if such Nominees disclose the first and last names (in the case of legal entities, the company names), addresses and nationality (in the case of legal entities, the registered office) and shareholdings of those persons for whose account they hold 0.5 per cent or more of the share capital recorded in the commercial register. In particular cases, the Board of Directors may grant exceptions from the rules concerning Nominees.

The Nominees recorded in the share register are therefore registered without voting rights. There are no other transfer limitations and no statutory privileges. Any lifting or amendment of the limitations on transferability requires a shareholders' resolution by a voting majority of at least two thirds of the shares represented.

2.7 Convertibles Bonds and Options

Zur Rose Group AG placed a convertible bond in the amount of CHF 175 million through its subsidiary Zur Rose Finance B.V. in 2020 and listed it on the SIX Swiss Exchange. The bond has a term of five years and matures on 31 March 2025, a coupon of 2.75 per cent per annum, payable semi-annually in arrear, and a conversion price of CHF 142.3944 which represents a premium of 20 per cent to the volume weighted average price (“VWAP”) of the Zur Rose Shares between launch of the Bonds and close of trading on SIX Swiss Exchange on 26 March 2020. The issue price and the redemption price are set at 100 per cent. The Issuer may call the Bonds at any time on or after the day which falls 21 calendar days after the third anniversary of the Settlement Date at par, plus accrued interest, if any, if the VWAP of the Shares is at least 130 per cent of the conversion price on at least 20 out of 30 consecutive trading days or at any time after the Settlement Date at par, plus accrued interest, if less than 15 per cent in aggregate of the principal amount of the Bonds is outstanding. If the bonds were fully converted, a total of 1,228,981 shares would be issued to the owners of the convertible bonds, representing a share capital of CHF 36,869,430 and a ratio of 14.1 per cent to the share capital outstanding at the time of issuance (CHF 262,199,160). In this context, 900,000 new shares were created and a securities lending agreement was concluded. Further details of the convertible bond and the public bonds can be found in note 24 to the consolidated financial statements. Zur Rose Group AG has not issued any options.

3 Board of Directors

3.1 Members of the Board of Directors

The majority of the Board of Directors of Zur Rose Group AG are independent directors. The Board uses the criteria in the Swiss Code of Best Practice for Corporate Governance from *economiesuisse* to determine if its members are independent. This states that non-executive members who either never belonged to the Executive Board or did so more than three years ago and who have no or only relatively minor business relations with the Company are deemed independent. The term of office of members of the Board of Directors is not a criterion for judging their independence. With the exception of the CEO Walter Oberhänsli, no members of the Board of Directors act as an executive for the Zur Rose Group or have done so within the past three reporting years. None of the directors have significant business relations with the Zur Rose Group. There are no crossdirectorships.

The Board of Directors consists of seven members. When members are nominated, the emphasis is on experience in leadership and management roles, e-commerce, technology, digitalisation, law, regulatory issues, healthcare, marketing, finance and accounting, M&A, capital markets, risk management, compensation and sustainability, plus in particular international experience. At the Annual General Meeting of Shareholders on 29 April 2021, Prof. Dr. Andréa Belliger was elected to the Board; as a result, one director is female. Tobias Hartmann did not stand for re-election. The Board of Directors strives to make a balanced allowance for the skills and knowledge that reflect the strategic and operational focuses of the Zur Rose Group, the international outlook and the accounting requirements for listed companies. The skills and knowledge needed are broadly covered by the Board.

Management Changes at the General Meeting of Shareholders on 28 April 2022

On 21 October 2021 the Zur Rose Group announced that Walter Oberhänsli will be put forward as Chairman at the General Meeting of Shareholders on 28 April 2022. Chairman Prof. Stefan Feuerstein will take on the role of Vice Chairman. Dr. Thomas Schneider, Vice Chairman, and Prof. Dr. Volker Amelung will not be standing for re-election. Walter Oberhänsli will be succeeded as CEO by Walter Hess, Head Germany at the Zur Rose Group. On 10 January 2022, the Zur Rose Group announced the nomination of Rongrong Hu as independent director. The 42-year-old Chinese national has been living in Switzerland since 2016 acting as an investor with a focus on the technology sector. From 2013 to 2018 she worked for eBay, most recently as Sr. Director of Innovation, M&A & Business Development EMEA. She graduated with a joint bachelor’s degree in telecommunications engineering and international business and trade from Shanghai Jiao Tong University and holds an MBA from Harvard Business School. In the event that all the proposed persons are elected, the Board of Directors will shrink from its current seven members to six and one-third of these will be female. This means the Board’s target of achieving

at least 30 per cent female members by 2023, announced in the 2020 Annual Report, will be reached a year ahead of schedule.

On 31 December 2021, The Board of Directors consisted of the following persons:

MEMBERS OF THE BOARD OF DIRECTORS

	Position	First elected	Term expires
Prof. Stefan Feuerstein	Chairman, non-executive and independent	2010	2022
Walter Oberhänsli	CEO, executive	1993	2022
Dr. Thomas Schneider	Vice Chairman, non-executive and independent	1995	2022
Prof. Dr. Volker Amelung	non-executive and independent	2010	2022
Prof. Dr. Andréa Belliger	non-executive and independent	2021	2022
Dr. Christian Mielsch	non-executive and independent	2019	2022
Florian Seubert	non-executive and independent	2019	2022

EXPERIENCE AND COMPETENCIES OF THE BOARD OF DIRECTORS

	represented proportionally
Capital markets	3/7
E-Commerce	2/7
Finance / Accounting	2/7
Healthcare	4/7
International experience	3/7
Leadership	4/7
Legal and Regulatory	1/7
Marketing	2/7
Merger and Acquisition	2/7
Remuneration	3/7
Risk Management	3/7
Sustainability	2/7
Technology and Digitisation	2/7

— **Stefan Feuerstein** (1955, German national, Prof.)

Chairman of the Board of Partners of the UNIMO-Gerstner Group, Zug/Xanten. Director of various companies. Served as Executive Director and CEO of Markant AG until 2010 and previously as a member of the Management Board of METRO AG, responsible for Strategic Group Purchasing and Food & Retail. He studied business administration and has been an honorary professor at Worms University of Applied Sciences since 2001.

— **Walter Oberhänsli** (1958, Swiss national)

Chairman of the Board from 1996 to 2011, serving as Executive Director and Chief Executive Officer (CEO) since 2005. He practised as an independent lawyer in Kreuzlingen (Canton of Thurgau) until the end of 2004 and studied law at the University of Zurich.

— **Thomas Schneider** (1955, Swiss national, Dr. med.)

Specialist in general medicine (FMH), working as a family and general practitioner in a group practice in Tägerwilen (Canton of Thurgau) since 1989. Served as a member of the Medical Ethics Board of the Thurgau Medical Society in 2009, having previously occupied various roles in professional policy at national and cantonal level. He studied medicine at the University of Basel.

— **Volker Amelung** (1965, dual German-Swiss national, Univ. Prof. Dr. oec. HSG)

Specialist Professor of International Health Systems Research at Hannover Medical School since 2001, following teaching appointments at the University of Economics and Politics, Hamburg, and Columbia University, New York. He studied business administration at the Universities of St. Gallen and Paris-Dauphine.

— **Andréa Belliger** (1970, Swiss national, Prof. Dr.)

Prorector of the Teacher Training University of Central Switzerland since 2007 and director of the Institute for Communication and Leadership IKF in Lucerne since 2003. Director and advisor of various Swiss and German companies in the healthcare, financial, insurance and energy sectors. Author and international keynote speaker on digital transformation issues, particularly in healthcare. She studied theology, philosophy and history at the universities of Lucerne, Strasbourg and Athens and holds an international MBA degree (CH / USA).

— **Christian Mielsch** (1962, German national, Dr. rer. nat.)

Management Board member and CFO of the REWE Group, Cologne, since 2012. Member of various supervisory boards and boards of directors. Occupied various executive positions in the Metro Group from 1997 to 2012, including CFO of Metro Cash & Carry International and ultimately COO of Metro Cash & Carry Central East Europe, after holding executive finance roles at Bertelsmann AG, Munich, from 1994 to 1997 and working for McKinsey & Company, Düsseldorf, from 1990 to 1994. He studied physics and business administration in Dortmund and Hagen.

— **Florian Seubert** (1973, German national)

Partner and private investor at Maxburg Capital Partners, Munich, since 2013. Served as co-founder and CFO of zooplus AG, Munich, from 1999 to 2013 and in the Securities Division of JPMorgan in London and New York from 1998 to 1999. He earned a master's degree (MA Oxon) in philosophy, politics and economics from Oxford University.

3.2 Other Activities and Vested Interests

– Stefan Feuerstein

Chairman of the Board of the Al Faisaliah Group's Electronics & Systems Company, Riyadh (SA)
 Chairman of the Board of Electronic Partner Handel SE as well as Vice Chairman of the holding company Haubrich Holding SE, Düsseldorf (DE)
 Chairman of the Supervisory Board of Kühnl + Schmidt Architekten AG, Karlsruhe (DE)
 Chairman of the Shareholders' Council of the UNIMO-Gerstner Group, Zug (CH), Xanten (DE), La Valetta (MLT); associated functions on the Executive Board, Management Board and Supervisory Board of various affiliated companies
 Member of the Research Advisory Board at Worms University of Applied Sciences (DE)

– Walter Oberhänsli

President of the Association of Swiss Mail-Order Pharmacies (VSVA), Bern

– Thomas Schneider

Board Member of the Dispensing Doctors' Association (APA), St. Gallen
 Board Member of the Pharma Code Committee of the Scienceindustries Business Association, Zurich

– Volker Amelung

President of the German Managed Care Association, Berlin (DE)
 Managing Director of the private Institute for Applied Health Services Research (Institut für angewandte Versorgungsforschung GmbH, inav), Berlin (DE)
 Member of the Doctors' Health Fund (Ärzte-Krankenkasse) State Committee in Lower Saxony, Hanover (DE)
 Healthcare Denmark Ambassador, Copenhagen (DK)

– Andréa Belliger

Director of Aargauische Kantonalbank, Aarau
 Director of WAS Wirtschaft Arbeit Soziales of the canton of Lucerne, Lucerne
 Director of Lernetz AG, Zurich
 Member of the Health Policy Advisory Board of ApoBank – Deutsche Apotheker- und Ärztebank, Düsseldorf (DE)
 Member of the Digital Advisory Board of allthisfuture AG, Risch-Rotkreuz

– Christian Mielsch

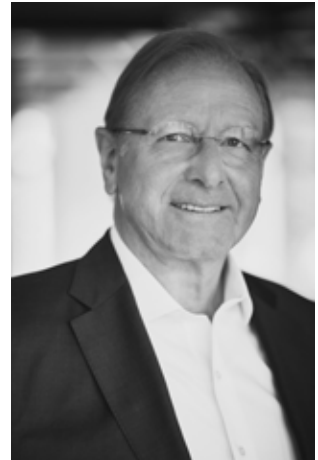
Board Member of REWE Zentralfinanz eG, Köln (DE); associated with this are Executive Board, management and Supervisory Board functions in various companies belonging to the Group
 Chairman of the Supervisory Board of Wasgau Produktions- und Handels AG, Pirmasens (DE)
 Director of Electronic Partner Handel SE as well as Haubrich Holding SE, Düsseldorf (DE)

– Florian Seubert

Board Member of Attikon Finanz AG, Düsseldorf (DE)
 Managing Partner of AB1204 Verwaltungs GmbH, Brannenburg (DE)
 Member of the Advisory Board of Econnext KgaA, Frankfurt (DE)
 Board Member of Pacifico Renewables Yield AG, Grünwald (DE)
 Member of the Board of Electronics and Systems Company Al Faisaliah Group, Riad (SA)



1 –



2 –

- 1 – WALTER OBERHÄNSLI
- 2 – STEFAN FEUERSTEIN
- 3 – ANDRÉA BELLIGER



3 –

- 4 – CHRISTIAN MIELSCH
- 5 – FLORIAN SEUBERT
- 6 – THOMAS SCHNEIDER
- 7 – VOLKER AMELUNG



4 –



5 –



6 –



7 –

3.3 Additional Mandates Outside the Zur Rose Group

Under the Articles of Association of Zur Rose Group AG, no member of the Board of Directors may hold more than ten additional mandates and, in addition to those, no more than four in listed companies. Each of these mandates is subject to approval by the Chairman of the Board of Directors and, in case of a mandate of the Chairman of the Board of the Directors, by the majority of the other members of the Board of Directors. Any exceptions (e.g. mandates in companies which are held at the request of the Zur Rose Group or companies controlled by it or in charitable organizations) are defined in the Articles of Association.

3.4 Elections and Terms of Office

The General Meeting of Shareholders elects the members of the Board of Directors and the Chairman of the Board of Directors individually and for a term of office until the end of the next Annual General Meeting of Shareholders. They are eligible for re-election. If the office of the Chairman of the Board of Directors is vacant, the Board of Directors appoints a new Chairman from among its members for a term of office extending until the end of the next Annual General Meeting of Shareholders. The year in which the members of the Board of Directors were first elected to office is shown in the table in chapter 3.1. No restrictions on their terms of office have been set.

3.5 Internal Organisational Structure

3.5.1 Allocation of tasks within the Board of Directors

Except for the election of the Chairman of the Board of Directors and the members of the Compensation and Nomination Committee by the General Meeting of Shareholders, the Board of Directors constitutes itself. The Board of Directors may elect one or several Vice Chairmen. The Board of Directors also appoints a secretary, who need not be a member of the Board of Directors. Prof. Stefan Feuerstein serves as the Chairman of the Board. Walter Oberhänsli is the Executive Director and CEO of the Company. Dr. Thomas Schneider holds the office of Vice Chairman. The allocation of tasks between the Board of Directors and the CEO, as well as the duties and powers of the Chairman of the Board of Directors and the Committees, are set out in the Organisational Regulations and related Committee Terms of Reference (available at <https://zurrosegroup.com/websites/zurrosegroup/English/2080/corporate-governance.html>).

3.5.2 Committees of the Board of Directors

The Audit Committee and the Compensation and Nomination Committee are standing committees of the Board of Directors. The Board of Directors may resolve to establish (and dissolve) additional committees and entrust them with certain responsibilities and project-related tasks.

AUDIT COMMITTEE

Prof. Dr. Volker Amelung, Chairman

Prof. Stefan Feuerstein

Dr. Christian Mielsch

The Audit Committee is comprised of three non-executive members of the Board of Directors, who must all have business management skills. The members and the chairman are appointed by a resolution of the Board of Directors. The Audit Committee assists the Board of Directors in overseeing the management of the business, in particular in its non-delegable duties of ultimate supervision and financial control (Art. 716a CO), as well as in the preparation of the annual report and financial statements, by forming its own judgement of the organisation and operation of the internal and external control systems, as well as the financial report. The Audit Committee is established as a standing committee. Its role is exclusively advisory and supervisory, and includes the preparation of resolutions. The decision-making authority of the full Board of Directors remains unaffected. The Audit Committee does not appoint any subcommittees.

COMPENSATION AND NOMINATION COMMITTEE

Dr. Thomas Schneider, Chairman

Prof. Stefan Feuerstein

Florian Seubert

The Compensation and Nomination Committee comprises three members of the Board of Directors and constitutes itself. It supports the Board of Directors in establishing and reviewing the compensation strategy and guidelines, and in preparing the proposals to the General Meeting of Shareholders regarding the compensation of the Board of Directors and Executive Board. It may submit proposals to the Board of Directors on other compensation issues and assists it in matters relating to the nomination and promotion of members of the Board and Executive Board. The role of the Compensation and Nomination Committee is exclusively advisory and includes the preparation of resolutions. The decision-making authority of the full Board of Directors remains unaffected. The Compensation and Nomination Committee does not appoint any subcommittees.

3.5.3 Working methods of the Board of Directors and its Committees

The Board of Directors meets as often as is deemed necessary or if a member requests this in writing. The meetings usually take place about every two months, taking up a full day. Meetings of the Board of Directors are convened by the Chairman or, should he be prevented from doing so, by the Vice Chairman or by the oldest member of the Board of Directors. Meetings of the Board of Directors and its Committees may also be held by telephone or video conference. Meetings are convened in writing, with details of the agenda items. The Board of Directors constitutes a quorum if the majority of its members are present. Participation by telephone or video equates to attendance in person. No quorum is required if solely the completion of a share capital increase is to be ascertained and the subsequent amendment to the Articles of Association is to be resolved. The Chairman's style of leadership and the way meetings are conducted promote an open, transparent and collegiate culture of discussion based on trust and respect. The Board of Directors passes its resolutions by a majority of the votes cast; unanimous decisions are normal. In the event of a tie, the Chairman has the casting vote. Resolutions may be passed by circular letter unless a member requests a verbal consultation. The Board defends its decisions collectively, both internally and externally.

In 2021 the Board came together for three meetings and a strategy workshop. In addition, 12 video conferences of the Board were held. Meetings of the Board of Directors are normally also attended by the CFO and the Group General Counsel (as minute-taker) in an advisory capacity. The other members of the Executive Board are invited to meetings of the Board of Directors where the strategy and budget or market-specific agenda items are to be deliberated.

NUMBER OF BOARD MEETINGS	16
Average length (in hours)	3:17
Attendance	95.5%
Prof. Stefan Feuerstein	16
Dr. Thomas Schneider	16
Walter Oberhänsli	16
Prof. Dr. Volker E. Amelung	14
Prof. Dr. Andréa Belliger ¹⁾	12 (von 13)
Tobias Hartmann ²⁾	3 (von 3)
Dr. Christian Mielsch	14
Florian Seubert	16

1) Prof. Dr. Andréa Belliger joined the Board on 29 April 2021

2) Tobias Hartmann stepped down from the Board on 29 April 2021

The Committees meet at least twice a year (spring and autumn) and at such other times as required and may be requested by any member of the Committees. The meetings usually last two or three hours. The role of the Committees is restricted to the preparation of decision-making criteria for the attention of the Board of Directors. The composition, organisation, powers and roles of the individual Committees are defined by the Board of Directors in appropriate Committee Terms of Reference (available at <https://zurrosegroup.com/websites/zurrosegroup/English/2080/corporate-governance.html>), to the extent that they are not prescribed by the Articles of Association or a resolution of the General Meeting of Shareholders. The chairmen of the Committees keep the Board of Directors informed of their activities at the next ordinary meeting of the Board of Directors or, in urgent cases, immediately. The Audit Committee met four times and the Compensation and Nomination Committee five times during the 2021 financial year. All Committee members attended all the meetings. Members of the Executive Board are also usually represented at the Committee meetings in an advisory capacity, as well as individual specialist departments, when required.

NUMBER OF MEETINGS OF THE AUDIT COMMITTEE	4
Average length (in hours)	1:56
Attendance	100%
Prof. Dr. Volker E. Amelung	4
Prof. Stefan Feuerstein	4
Dr. Christian Mielsch	4
NUMBER OF MEETINGS OF THE COMPENSATION AND NOMINATION COMMITTEE	5
Average length (in hours)	1:36
Attendance	100%
Dr. Thomas Schneider	5
Prof. Stefan Feuerstein	5
Florian Seubert	5

3.6 Definition of Areas of Responsibility

The Board of Directors is responsible for the ultimate management of the Company and overseeing the management of business. In particular, the Board of Directors has the following responsibilities:

- a) ultimate management of the Company, including the definition of medium- and long-term strategies and core planning priorities together with the guidelines for corporate policy, and the issuance of the necessary instructions;
- b) establishment of the underlying organisation, in particular the issuance of Organisational Regulations;
- c) decisions on transactions of key strategic significance;
- d) appointment and dismissal of the persons entrusted with the management and representation of the Company, in particular the Executive Director and CEO, the members of the Executive Board and the Head of Internal Auditing, as well as establishment of rules on signature powers;
- e) ultimate supervision of the corporate bodies entrusted with the management of the Company, in particular in terms of compliance with laws, the Articles of Association, regulations and directives;
- f) preparation of the annual report and the compensation report, as well as preparation of the General Meeting of Shareholders and implementation of its resolutions;
- g) notification of the judge if liabilities exceed assets;
- h) adoption of resolutions on the increase of the share capital, to the extent that such power is vested in the Board of Directors (CO 651 IV), as well as the ascertainment of capital increases and the respective amendments to the Articles of Association;
- i) approval of the annual budget.

The Board of Directors delegates all other areas of management in full to the Executive Director and CEO and to the Executive Board, unless otherwise provided by statutory legal provisions or the Articles of Association. The duties and powers of the Executive Board are set out in the Organizational Regulations (available at <https://zurrosegroup.com/websites/zurrosegroup/English/2080/corporate-governance.html>).

3.7 Information and Control Instruments Relating to the Executive Board

Each member of the Board of Directors receives the monthly, half-yearly and annual financial statements. The financial statements provide information such as details of the balance sheet, income statement, cash flow statement and the key financials of the Group and its segments. Furthermore, the CEO and the CFO report on the course of business and all matters of relevance for the Group at every ordinary meeting of the Board of Directors, which receives a forecast of the annual results at least twice a year. At these meetings, the chairmen of the Committees also report on the agenda items dealt with by their Committee, as well as the key findings and assessments, and they present the corresponding proposals. Each year, the Board of Directors discusses and adopts the budget for the following year. It defines the medium-term strategic plan and reviews it annually. The Chairman of the Board of Directors consults regularly with the CEO and other representatives of the Executive Board. In addition, the Board of Directors regularly receives a current status report on investor relations.

The Zur Rose Group has implemented three main information and control tools to support the Executive Board and the Board of Directors in running the Company: a risk management system, an internal control system and an internal audit function. The internal control system (ICS) covers all procedures and actions that ensure business operations run properly, in particular that the financial statements are accurate and reliable. For each process, key risks and controls are defined; these are carried out and checked on a regular basis. The external auditors also check that an adequate internal control system is in place.

The Zur Rose Group has a system in place to monitor and control the risks associated with its business operations. This process includes the identification, analysis, control and reporting of risks, plus risk reporting from the individual organisational units all the way up to the level of the Group. The Board of Directors and CEO are responsible for creating the necessary organizational framework for the operation of the risk management system. The CFO is operationally responsible for risk management control. He may delegate subtasks. The people responsible for these tasks take concrete measures to manage the risks and monitor their implementation.

Based on the Organisational Regulations (available at <https://zurrosegroup.com/websites/zurrosegroup/English/2080/corporate-governance.html>) and risk management, Internal Auditing conducts risk-based operational, process and systems reviews and assists the Group's organisational units in regulating, improving and assuring the effectiveness of their risk management and internal control processes. To preserve its independence, Internal Auditing reports directly to the CEO and the Audit Committee of the Board of Directors, which also approves the audit plan for Internal Auditing. Internal Auditing coordinates its work as far as possible with the external auditors. The Board of Directors may entrust Internal Auditing with special audits, internal investigations or other tasks extending beyond the regular activities of Internal Auditing.

4 Executive Board

4.1 Members of the Executive Board

Madhu Nutakki was appointed Chief Technology Officer with effect from 1 August 2021. Since then, the Executive Board has consisted of eight members; previously it had been seven. Walter Oberhänsli will be put forward to the General Meeting of Shareholders on 28 April 2022 as Chairman of the Board (see 3.1). Walter Hess, Head Germany, has been appointed his successor. He will take up the position after the General Meeting of Shareholders on 28 April 2022. Walter Hess will be succeeded by Matthias Peuckert (48). Matthias Peuckert spent 14 years working at Amazon, latterly (until 2017) as Group Director for Core Consumables Germany and Amazon Pantry Europe. Since 2018 he has been CEO of windeln.de.

On 31 December 2021, the Executive Board consisted of the following members:

– **Walter Oberhänsli** (1958, Swiss national), Executive Director and CEO

Chairman of the Board from 1996 to 2011, serving as Executive Director and Chief Executive Officer (CEO) since 2005. He practised as an independent lawyer in Kreuzlingen (Canton of Thurgau) until the end of 2004 and studied law at the University of Zurich.

– **Bernd Gschaidner** (1966, German national), Chief Operations Officer

Chief Operations Officer of the Zur Rose Group since May 2020. Previously, he worked at Amazon, first as Director Operations, then as Country Director Logistics for Germany and Austria, from 2016 to 2020. He held various senior positions at Robert Bosch GmbH in Turkey, France and Germany from 1998 to 2016. Prior to joining Bosch, he served for Bundy Systemwerk Neunkirchen GmbH from 1995 to 1998. He studied mechanical engineering at RWTH Aachen University.

– **Walter Hess** (1965, Swiss national), Head Germany

Head Germany of the Zur Rose Group since 2020 and Head Switzerland from 2015 to December 2020. Before that he spent two years as Managing Director of Zur Rose Pharma GmbH, Halle (Saale). Between 2008 and 2013 he was an external consultant, for Zur Rose amongst others. CEO of Praevmedic AG, Zurich, until 2013. Previously held a number of management positions in international industrial companies. After a business education, he studied business administration at FHS St. Gallen University of Applied Sciences.

– **Emanuel Lorini** (1977, dual Swiss-Italian national), Head Switzerland

Head Switzerland of the Zur Rose Group since December 2020. Serving as Head of the medical wholesaler business and member of the Executive Committee of Zur Rose Suisse AG from 2011 until 2020. Before that, he was with Blue-Care AG in Winterthur in corporate development for managed care system solutions from 2008 to 2010. Previously he worked at Health Info Net (HIN) AG in Wallisellen, ultimately as Head of E-Health Platform. He studied business administration at the University of St. Gallen.

– **David Masó** (1971, Spanish national), Head Europe

Head Europe of the Zur Rose Group since May 2020 and CEO of PromoFarma, Barcelona, since 2012. Co-founder of several start-ups in the e-commerce and digital sector in Spain: 2012 PromoFarma; 2009 Qporama, active until 2011; 2003 Futurlink, CEO until 2009. Previously management consultant for internet projects at European level. Telecommunications engineering studies at UPC Barcelona, Master of Business Administration at ESADE Barcelona and Executive Program at Stanford.

– **Madhu Nutakki** (1971, US national), Chief Technology Officer

Chief Technology Officer of the Zur Rose Group since August 2021. Before that, he was with Nissan Motor Corporation in Japan as Global Head of Customer Experience and Connected Car from 2016 to 2021. He served as Chief Technology Officer and Global Digital Head at American International Group (AIG) insurance company in New York, USA, from 2014 to 2016. Previously he worked twelve years at Kaiser Permanente in various management positions, most recently as V.P. Digital Health Applications and Platforms. He holds a master's degree in Computer Engineering from Iowa State University and completed an Executive Business Management program at the Wharton School of Management at the University of Pennsylvania.

– **Betül Susamis Unaran** (1976, dual Swiss-Turkish national), Chief Strategy and Digital Officer
Chief Strategy and Digital Officer of the Zur Rose Group since November 2019. Before that, she was Global Head of Digital Medicines at Novartis Pharmaceuticals from 2018 to 2019. She served as Director of Global Operations and then as Global Head of Digital at Ferring Pharmaceuticals from 2012 to 2017. Consultant at McKinsey & Company in London and Geneva from 2004 to 2011. Previously she worked at Procter & Gamble in Istanbul and Frankfurt. She studied Industrial Engineering at Bogaziçi University in Istanbul and has an MBA from INSEAD.

– **Marcel Ziwica** (1975, Swiss national), Chief Financial Officer
CFO of the Zur Rose Group since November 2014. Before that, he held a variety of management positions in Zur Rose from 2001 to 2014, ultimately as Head of Group Finance and Controlling and a member of the Executive Committee for Switzerland. Prior to joining the Zur Rose Group, he worked as a consultant with Spider Innoventure AG in Tägerwil. He studied business administration at the University of St. Gallen.

4.2 Other Activities and Vested Interests

– **Walter Oberhänsli**

President of the Association of Swiss Mail-Order Pharmacies (VSVA), Bern

– **Bernd Gschaidler**

No other activities or vested interests.

– **Walter Hess**

Chairman of the Board and co-owner of Praevmedic AG, Zurich

Chairman of the Board of Sportemotion AG, Rorschach

Director of Hohlflex AG, Abtwil

President of the European Association of E-Pharmacies (EAEP), Berlin (DE)

– **Emanuel Lorini**

No other activities or vested interests.

– **David Masó**

Director of Mascoteros.com, Barcelona (ES)

Associate teacher at ESADE and ISDI school for e-commerce and marketplace strategies in Barcelona (ES)

– **Madhu Nutakki**

No other activities or vested interests.

– **Betül Susamis Unaran**

Director of Ypsomed Holding AG, Burgdorf

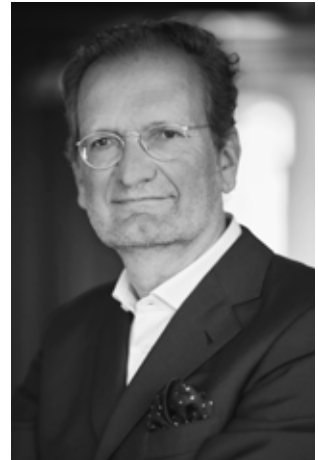
Senior Advisor of Native Design Ltd., London (UK) and San Francisco (USA)

– **Marcel Ziwica**

No other activities or vested interests.



1 –



2 –

- 1 – WALTER HESS
- 2 – WALTER OBERHÄNSLI
- 3 – MARCEL ZIWICA



3 –



4 –

- 4 – MADHU NUTAKKI
- 5 – BETÜL SUSAMIS UNARAN
- 6 – EMANUEL LORINI
- 7 – BERND GSCHAIER
- 8 – DAVID MASÓ



5 –



6 –



7 –



8 –

4.3 Number of Permitted Activities Outside the Zur Rose Group

No member of the Executive Board may hold more than four mandates and, in addition to those, no more than two in a listed company. Any exceptions (e.g. for mandates held on behalf of the Zur Rose Group or in charitable organisations) are defined in the Articles of Association.

4.4 Management Contracts

There are no management contracts with third parties.

5 Compensation, Shareholdings and Loans

Information about the compensation and shareholdings of the Board of Directors and Executive Board, and about loans to them, can be found in the Compensation Report starting on page 57 and in the notes to the financial statements of Zur Rose Group AG on page 136.

6 Shareholders' Participation Rights

6.1 Voting Right Restrictions and Representation

Restrictions only exist for Nominees (see 2.6 Limitations on Transferability and Nominee Registrations). No exceptions were granted during the reporting year, and no measures to lift restrictions are planned. A shareholder may only be represented at a General Meeting of Shareholders by the independent proxy, his or her legal representative or by any other proxy authorised in writing, who need not be a shareholder. All shares held by a shareholder may only be represented by one person.

6.2 Quorums Required by the Articles of Association

The Company's Articles of Association do not provide for resolutions of the General Meeting of Shareholders that can only be passed by a majority greater than that required by the statutory legal provisions. The one exception is a resolution to convert registered shares into bearer shares, which requires at least two thirds of the votes represented and an absolute majority of the par value of shares represented.

6.3 Convocation of the General Meeting of Shareholders

There are no rules for the convocation of a General Meeting of Shareholders that differ from the statutory legal provisions.

6.4 Inclusion of Items on the Agenda

Shareholders who, alone or together, either hold shares with a par value of at least CHF 1,000,000 or who represent at least 10 per cent of the share capital may request that an item be included on the agenda. Such request must be made in writing at least 45 calendar days prior to the General Meeting of Shareholders, specifying the agenda item and the shareholders' proposals. No resolutions may be passed at a General Meeting of Shareholders on proposals concerning agenda items for which proper notice was not given. This provision does not apply to proposals made during a General Meeting of Shareholders to convene an Extraordinary General Meeting of Shareholders or to initiate a special audit. No prior notice is required to bring motions related to items already on the agenda or for the discussion of matters on which no resolution is to be taken.

6.5 Entries in the Share Register

No entries can be made in the share register within one week prior to the General Meeting of Shareholders. The date is published in the notice of the General Meeting of Shareholders. Shareholders who sell their shares before the General Meeting of Shareholders are no longer entitled to vote or receive dividends.

7 Changes of Control and Defence Measures

7.1 Duty to Make an Offer

The Articles of Association make no provision for opting out or opting up.

7.2 Clauses on Changes of Control

The contracts of the Board of Directors and Executive Board contain no change of control clause.

8 Auditors

8.1 Duration of the Mandate

The Auditors are elected annually by the General Meeting of Shareholders. Ernst & Young AG has served as Auditors since 2002. The function of Lead Auditor is now held by Jolanda Dolente (for the first time for the annual report 2021). The term of office of the Lead Auditor is limited to a maximum of seven years.

8.2 Auditing Fees

The total cost of the auditing services charged by Ernst & Young during 2021 was CHF 637,747. In addition, the audit firm charged fees of CHF 151,200 for audit-related services.

8.3 Additional Fees

Fees amounting to CHF 70,943 were incurred during 2021 for tax advice and people advisory services provided by the audit firm.

8.4 Information Instruments Pertaining to the External Audit

Before each scheduled meeting, the external Auditors report to the Audit Committee in writing on relevant auditing activities and other important issues associated with the Company. Representatives of the external Auditors attend the meetings of the Audit Committee for specific agenda items, and to comment on their activities and answer questions. During 2021, the external Auditors attended two meetings of the Audit Committee. The Audit Committee assesses the performance, remuneration and independence of the auditors annually and submits a proposal to the Board of Directors for the nomination of the Auditors, for the attention of the General Meeting of Shareholders. The Audit Committee also reviews the scope of the external audit, audit plans and relevant procedures annually. The results of the audit are discussed with the external Auditors.

9 Information Policy

The most important sources of information are the Annual Report and the Half Year Report, the website (www.zurrosegroup.com), press releases, press conferences, meetings for financial analysts and investors as well as the Annual General Meeting. Zur Rose Group provides information about its annual and half-year results in the form of press releases and by holding analyst and media conferences. Quarterly revenue is announced in press releases. Shareholders are sent the printed summary report on the financial year upon request. A full online version of the annual report can be accessed at <https://gb.zurrosegroup.com/en/gb2021/home.html>. Furthermore, the half-year report is available online as a PDF at <https://zurrosegroup.com/websites/zurrosegroup/English/2050/publications.html>. The Annual General Meeting for the shareholders of record is held in the first half of the year. The Group reports on key events by way of press releases, which are available at <https://zurrosegroup.com/websites/zurrosegroup/English/2010/press-releases.html>. This information can be subscribed to at <https://zurrosegroup.com/websites/zurrosegroup/English/2095/subscribe-to-press-releases.html>.

The regular reporting dates are shown under <https://zurrosegroupp.com/websites/zurrosegroupp/English/2090/financial-calendar.html>. Key dates in 2022 are:

24 March	2021 Full-Year Results
20 April	First Quarter Trading Update
28 April	Annual General Meeting of Shareholders
18 August	Half-Year Results
20 October	Third Quarter Trading Update

The address of the head office and contacts for specific questions are listed at the end of this annual report.

10 Quiet Periods

General close periods start each 1 January and 1 July and end after the financial statements have been released. All transactions in the Company's securities are forbidden for people to whom they apply. The general close periods apply to members of the Board of Directors and the Executive Board, members of the segment executive boards and employees with access to material information included in the financial statements. The CFO may order a deviation from the general close periods.

Compensation Report

Dear Shareholders

On behalf of the Compensation and Nomination Committee and the entire Board of Directors it is my pleasure to submit to you the Compensation Report 2021.

The Compensation Report describes the principles of compensation, the governance framework and the compensation systems of Zur Rose Group AG (“Zur Rose”) for the members of the Board of Directors and the Executive Board. It contains detailed information on compensation paid for the 2021 (the year under review). Furthermore we explain the current compensation policy and the decisions taken. This report complies with the requirements of the Ordinance against Excessive Remuneration in Listed Companies Limited by Shares (ERCO) of 1 January 2014 and with Section 5 of the Annex to the Directive on Information relating to Corporate Governance (DCG) issued by SIX Swiss Exchange on 18 June 2021.

External revenue rose 15.5 per cent to CHF 2,034.0 million, meaning the Zur Rose Group met forecasts in the second year of the pandemic. Growth continued in all market segments: Switzerland, Germany and Europe. The number of active customers rose by more than 18 per cent year on year in 2021 to 12.4 million. To support the growth strategy, the Zur Rose Group is investing heavily in electronic prescriptions and high-margin future areas: the healthcare ecosystem, telemedicine and PaaS (Platform as a Service). As the European umbrella brand for the ecosystem and with a view to the mandatory launch of e-prescriptions originally set for the start of 2022, in February 2021 DocMorris started a large-scale marketing campaign in Germany on the theme “Das neue Gesund”. The OTC market stagnated because of the pandemic, so growth costs were higher, which had an impact on the margin and the marketing ratio. One-off expenses also affected the result, mainly in connection with acquisitions and restructurings. EBITDA adjusted for one-off effects came to minus CHF 128.9 million, putting it in line with expectations.

Over the course of the year the Compensation and Nomination Committee carried out its regular tasks in compensation matters, including the annual review of the compensation programmes, setting the performance targets for the Executive Board at the start of the year and assessing their performance at the year-end. In addition, it set the compensation of the members of the Board of Directors and the Executive Board, drafted the Compensation Report and prepared the “say on pay” votes at the General Meeting of Shareholders.

In particular, a review of the compensation of the Board of Directors was carried out in 2021 to determine how competitive it is in terms of structure and overall amount. The analysis revealed that the compensation structure was in line with standard market practice; the level of compensation, by contrast, was below the market median. Nevertheless, the level of compensation was not adjusted in 2021. The compensation structure and programmes of the Executive Board were also left unchanged in 2021.

At the General Meeting of Shareholders in 2022 we will submit the maximum total amount of fixed compensation for the Board of Directors and the fixed compensation for the Executive Board for 2023, plus the total amount of variable compensation for the Executive Board for 2021, to you for approval. In addition, you will have the opportunity to express your views on this Compensation Report in an advisory vote. When you read the report you will see that the compensation to the Board of Directors for 2021 was within the limits approved at the General Meeting of Shareholders in 2020. Owing to the two new additional members, the compensation to the Executive Board exceeded the amount approved under the Articles of Association currently in force.

At the General Meeting of Shareholders held on 29 April 2021 the Compensation Report 2020 received 80 per cent approval. Zur Rose took this result as an occasion to enter into an active dialogue with share-

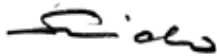
holders. The purpose was to understand and deal with the suggestions concerning the compensation policy and plans. In future we will continue to review whether our compensation programmes still fulfil their purpose in the constantly changing corporate environment. We maintain an open dialogue with our shareholders on how the compensation system may develop from here. Environmental, social and governance issues, known as ESG for short, are becoming increasingly important. As a way of underlining responsibility in these areas, we will include ESG targets in the compensation of the Executive Board from 2022 onwards.

This report contains all relevant information on the compensation of the Board of Directors and the Executive Board in 2021. Our compensation system makes it possible to reward performance in a way that is balanced and appropriate while at the same time upholding the interests of shareholders.

The Compensation Report describes the principles of compensation, the governance framework and the compensation systems of Zur Rose Group AG (“Zur Rose”) for the members of the Board of Directors and the Executive Board. It also contains detailed information on compensation paid for the 2021 (the year under review). This report complies with the requirements of the Ordinance against Excessive Remuneration in Listed Companies Limited by Shares (ERCO) of 1 January 2014 and with Section 5 of the Annex to the Directive on Information relating to Corporate Governance (DCG) issued by SIX Swiss Exchange on 20 June 2019.

The Compensation and Nomination Committee enjoys receiving your ongoing comments and feedback on our management compensation programmes and hopes this report will provide you with a great deal of information. We look forward to your support and feedback at the General Meeting of Shareholders in April 2022.

Yours



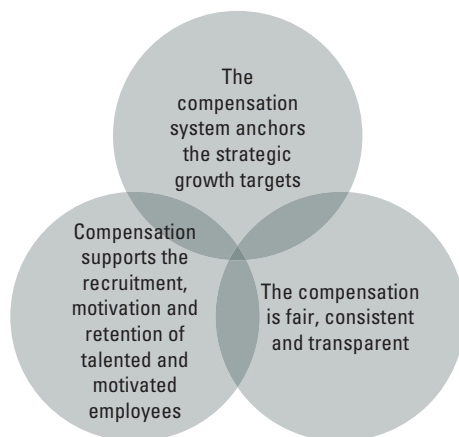
Dr. Thomas Schneider
Chair of the Compensation and Nomination Committee

1 Principles

1.1 Principles of the compensation of the Executive Board

The value and success of Zur Rose largely depend on the quality and commitment of its employees. Its compensation policy supports the goal of recruiting, motivating and retaining qualified individuals for the Group. The performance-related and share-based components are also designed to align the way of thinking and acting with shareholders' long-term interests.

The compensation system is based on the following principles:



1.2 Principles of the compensation of the Board of Directors

The members of the Board of Directors are expected to act independently in exercising their supervisory activities. Therefore they receive for their work only fixed compensation (a retainer) for each term of office, which is granted partly in cash and partly in blocked shares in the Company.

2 Governance

2.1 Role of shareholders and compensation provisions in the Articles of Association

Under the Swiss "say on pay" provisions, shareholders of companies listed in Switzerland have a significant influence on the compensation of the Board of Directors and the Executive Board. First, the shareholders annually approve the maximum total amounts of compensation for the members of the Board of Directors and the Executive Board. In addition, the principles governing compensation are defined in the Articles of Association, which are also subject to the approval of shareholders. The Articles of Association can be viewed online at <https://zurrosegroup.com/websites/zurrosegroup/English/2080/corporate-governance.html>. These include the rules for voting on compensation by the General Meeting of Shareholders (Art. 25), the principles of compensation and rules concerning the principles of performance-related compensation (Art. 27), the supplementary amount (Art. 26) and the granting of loans and credits (Art. 30). The key provisions of the Articles of Association are summarised below:

Approval of compensation (Art. 25): The General Meeting of Shareholders approves the proposals of the Board of Directors in relation to the aggregate amounts of the maximum fixed compensation of the Board of Directors for the following financial year, the variable compensation of the Board of Directors for the preceding financial year, the maximum fixed compensation of the Executive Board for the following financial year, and the variable compensation of the Executive Board for the preceding financial year.

Supplementary amount for changes to the Executive Board (Art. 26): If the maximum aggregate amount of compensation already approved by the General Meeting of Shareholders is not sufficient to cover new members of the Executive Board as well, the Company may pay a supplementary amount, which may not in total exceed 50 per cent of the last aggregate compensation amount approved.

Principles of compensation of the members of the Board of Directors and the Executive Board (Art. 27): The compensation of the non-executive members of the Board of Directors consists of fixed and variable compensation elements as well as further compensation elements and benefits. The compensation of the executive members of the Board of Directors and the members of the Executive Board consists of fixed and variable compensation elements as well as further compensation elements and benefits. Total compensation takes into account the position and level of responsibility of the recipient. Fixed compensation comprises the base salary or director's fees, as applicable, and may comprise other compensation elements and benefits. Variable compensation takes into account the achievement of specific performance targets and may be awarded in cash or in equity-based instruments. The Board of Directors determines performance targets and other conditions such as grant, vesting, exercise, restriction and forfeiture conditions and periods.

Loans and credits (Art. 30): Loans and credits to members of the Board of Directors and the Executive Board may be granted on market conditions. The total amount of such outstanding loans and credits may not exceed the total annual compensation of that member.

In addition, the Compensation Report is submitted to the shareholders for an advisory vote to allow them to express their opinion on the compensation policy and the compensation programmes.

2.2 Compensation Committee

The Articles of Association specify that the Compensation and Nomination Committee consists of three members of the Board of Directors, each elected individually every year by the General Meeting of Shareholders. It supports the Board of Directors in establishing and reviewing the compensation strategy and guidelines, and in preparing the proposals to the General Meeting of Shareholders regarding the compensation of the Board of Directors and the Executive Board. It also makes recommendations regarding the appointment of members of the Board of Directors and Executive Board for the attention of the Board of Directors.

LEVELS OF RESPONSIBILITY

Decision on:	CEO	CoB	CNC	Board of Directors	General Meeting of Shareholders
Compensation policy, including structuring of variable compensation			Recommends	Approves	
Performance criteria for the compensation of the members of the Executive Board	Recommends		Proposes	Approves	
Maximum total compensation of the Board of Directors and Executive Board			Recommends	Proposes	Approves (binding vote)
Individual compensation Chairman			Proposes	Approves	
Performance assessment and individual compensation CEO		Recommends	Proposes	Approves	
Individual compensation of the members of the Board of Directors			Proposes	Approves	
Performance assessment and individual compensation of the members of the Executive Board (excluding the CEO)	Recommends		Proposes	Approves	
Compensation Report			Recommends	Approves	Advisory vote

CEO = Chief Executive Officer, CoB = Chairman of the Board, CNC = Compensation and Nomination Committee

Since the 2021 General Meeting of Shareholders, the Compensation and Nomination Committee has comprised Dr. Thomas Schneider as chair plus Prof. Stefan Feuerstein and Florian Seubert as members. The members of the Compensation and Nomination Committee serve for a term of one year ending at the end of the next Annual General Meeting of Shareholders (term of office). They are eligible for re-election.

As a rule, the meetings of the Compensation and Nomination Committee are held before the meetings of the Board of Directors, so that the proposals can be formulated and approved by the full Board. In addition, the chairman of the Compensation and Nomination Committee reports to the Board of Directors on the Committee's activities after each meeting. The minutes of the Committee meetings are provided to the members of the Board of Directors. Members of the Executive Board may attend the meetings in an advisory capacity upon invitation, but are not present during the discussion and determination of their own compensation. The Compensation and Nomination Committee meets at least twice a year. In 2021 it held five meetings and considered, amongst other things, the recurring agenda items mentioned above. The meetings lasted 1.5 hours on average and all members took part in all meetings.

The Compensation and Nomination Committee may engage the services of an external consultant in compensation matters from time to time. In 2020, hkp Deutschland GmbH were appointed to carry out a benchmarking exercise for the compensation of the Executive Board. This firm holds other appointments from the Zur Rose Group. In addition, in 2021 Agnès Blust Consulting AG were appointed to carry out a benchmarking exercise for the compensation of the Board of Directors. This firm holds no other appointments from the Zur Rose Group. The Compensation and Nomination Committee may also consult internal experts on compensation issues, such as the Chief Executive Officer, the Chief Financial Officer and the Group Head of Human Resources.

2.3 Determination procedure and disclosure of compensation

Benchmarking of the Executive Board

Every two to three years the Compensation and Nomination Committee benchmarks the compensation of Executive Board against the compensation paid by comparable listed companies and European e-commerce companies. Companies with comparable market capitalisation and revenue are taken into account. An in-depth review of the compensation of the Executive Board was carried out in 2021, to determine how competitive it is in terms of structure and overall amount. The peer group consists of AO World, APG SGA, Arbonia, Ascom, Bobst Group, Bossard, Burckhardt, Burkhalter, Comet, Conzetta, Daetwyler, Delticom, Hawesko, Huber+Suhner, Inficon, Interroll, Kardex, Komax, Kudelski, Metall Zug, Rieter, Schweiter, Siegfried, SRP, u-blox and Zooplus, and is balanced in terms of market capitalisation, income and headcount. The compensation of the CEO of DocMorris was also compared with a sector-specific group of e-commerce companies and direct competitors.

The Compensation and Nomination Committee used the peer group data as a basis to analyse the compensation of the CEO and the Executive Board and to set the target compensation of the individual members of the Executive Board for the year under review.

Performance management process

The actual compensation of the individual members of the Executive Board is based on their personal performance and the Company's success. Personal performance is assessed as part of the annual performance management process. In determining personal performance, the achievement of individual goals and the fulfilment of tasks within the framework of the corporate values and the expected management skills are taken into account. The individual performance assessment and the Company's success form the basis for determining the variable compensation.

Benchmarking of the Board of Directors

Every two to three years the compensation of the Board of Directors is compared with standard practice at other Swiss companies. An in-depth review of the compensation of the Board of Directors was carried

out in 2021 to determine how competitive it is in terms of structure and overall amount. To gain a full overview of market practice, a peer group was created of 23 Swiss companies of similar size in terms of market capitalisation, income and headcount. The analysis revealed that the compensation structure was in line with standard market practice; the level of compensation, by contrast, was slightly below the market median. The level of compensation was not adjusted in 2021.

Peer group

Also	Belimo	Bossard	Bucher Industries	Bystronic
Dätwyler	Dormakaba	Emmi	Forbo	Galenica
Inficon	Interroll	Landis+Gyr	LEM	Medacta
OC Oerlikon	Schweiter Technologies	SFS Group	Siegfried	Stadler Rail
Sulzer	Tecan	Ypsomed		

Following the review of the compensation of the Board of Directors, the Compensation and Nomination Committee also reviewed compensation at subsidiary BlueCare.

3 Compensation of the members of the Board of Directors

3.1 Compensation structure

The compensation system for the Board of Directors is primarily intended to ensure it acts independently in overseeing the Executive Board. Board members therefore receive a fixed base fee for their services for each term of office, which is not discretionary. The basic compensation (retainer) is paid 70 per cent in cash and 30 per cent in registered shares of the Company with a three-year vesting period. In addition to the basic compensation they receive cash compensation for sitting on various committees. The size of the fee reflects the function (chair, vice-chair or member) and memberships and functions in the Board's committees. Depending on the role, the following compensation is paid:

In CHF 1,000 (gross p.a.)	Total compensation	of which in cash	of which in shares
Chair	300	210	90
Vice Chair	130	91	39
Director	100	70	30

The following compensation is paid solely in cash for serving on committees:

In CHF 1,000 (gross p.a.)	Cash compensation
Committee chairman	20
Committee member	10

The Chairman of the Board of Directors does not receive a fee for serving on the committees. The Executive Director and CEO is remunerated for his services as part of his ordinary compensation as a member of the Executive Board and does not receive any additional compensation for serving on the Board of Directors.

The cash payment is made after the Annual General Meeting of Shareholders and the shares are transferred shortly afterwards. Shares are released in the event of liquidation or a change of control. In all other instances the shares remain blocked. The Company may reimburse members of the Board of Directors for expenses in the form of reimbursement of actual expenses incurred and / or an expense allowance within the amounts allowed for tax purposes. This reimbursement of expenses does not count as compensation. The members of the Board of Directors do not participate in the Zur Rose pension plan.

No additional outlays were incurred for individual members of the Board during the year under review.

3.2 Compensation paid to the Board of Directors in 2021

This section was audited by the auditors in accordance with Article 17 of the Ordinance against Excessive Remuneration in Listed Companies Limited by Shares (ERCO).

For 2021, the members of the Board of Directors received fixed basic compensation of CHF 805,000 (2020: CHF 845,000), compensation of CHF 83,000 for serving on committees (2020: CHF 74,000) and social security contributions of CHF 49,000 (2020: CHF 51,000). Of the total compensation of CHF 937,000 (2020: CHF 970,000), CHF 224,000 (2020: CHF 264,000) was awarded in the form of shares with a vesting period of three years. The fixed compensation for members of the Board of Directors who had been members for the last two years was unchanged from the previous year. The table below shows the compensation paid to members of the Board of Directors in 2021.

Name, function ¹⁾	Fixed gross compensation in cash		Fixed gross compensation in shares		Committee fee in cash		Social security contributions		Total ^{2) 3)}	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
1,000 CHF										
Prof. Stefan Feuerstein (Chairman)	210	210	81	95	–	–	17	22	308	327
Dr. Thomas Schneider (Vice Chairman)	91	91	35	41	20	20	8	11	154	163
Prof. Dr. Volker Amelung (Director) ⁴⁾	70	70	27	32	34	34	10	10	141	146
Prof. Dr. Andréa Belliger (Director) ⁴⁾	47	–	18	–	9	–	5	–	79	–
Tobias Hartmann (Director)	23	70	9	32	–	–	–	–	32	102
Dr. Christian Mielsch (Director)	70	70	27	32	10	10	–	–	107	112
Florian Seubert (Director)	70	70	27	32	10	10	8	8	115	120
Non-Executive Directors	581	581	224	264	83	74	49	51	937	970
Walter Oberhänsli (Executive Director and CEO)	–	–	–	–	–	–	–	–	–	–
Board of Directors	581	581	224	264	83	74	49	51	937	970

1) As at 31 December 2021 and 31 December 2020, seven members of the Board of Directors were in office. Tobias Hartmann stepped down at the Annual General Meeting of Shareholders on 29 April 2021. At the same time, Andréa Belliger was elected to the Board. The previous year's members were re-elected to the Board at the Annual General Meeting of Shareholders on 23 April 2020.

2) The relevant fair value on the day of allocation of CHF 304.00 (2020: CHF 158.40) per share is the closing price that day on the Swiss stock exchange; this may differ slightly from the contractually determined amount of the fee in shares because the number of shares allocated under the share-based fee is set using the volume-weighted average daily closing price for the 20 days prior to the allocation of the shares.

3) For disclosure in the Compensation Report, the accrual principle was applied to all compensation elements. Grants are reported in the Compensation Report for the year for which they are awarded.

4) The committee fees for Prof. Dr. Volker Amelung and Prof. Dr. Andréa Belliger include a director's fee for a subsidiary amounting to CHF 14,000 and CHF 9,333 respectively (pro rated).

At the Annual General Meeting held on 23 April 2020, the shareholders approved a maximum total amount of the fixed compensation for the Board of Directors for 2021 worth CHF 1,000,000. The compensation for 2021 granted to the Board of Directors and disclosed in the table above is within the maximum authorised total amount.

Compensation to former members of the Board of Directors and loans

No compensation was paid to former members of the Board of Directors during the reporting year. No compensation was paid to parties closely associated with members of the Board of Directors. No loans

were granted to members of the Board of Directors during the financial year. At the end of the reporting year, there were no loans to members of the Board of Directors, former members of the Board of Directors or related parties.

4 Compensation of the members of the Executive Board

4.1 Compensation Structure

The compensation system for the Executive Board is aligned with the corporate strategy and linked to the relevant key performance indicators for the variable compensation elements. This allows the compensation of the members of the Executive Board to be determined transparently and based on performance. The Board of Directors decides on targets.

Criteria such as position, responsibility, experience and market data are used to determine the compensation of the Executive Board. The individual compensation of the members of the Executive Board consists of a fixed and a performance-related salary component limited in amount, as well as pension and fringe benefits (company car).

The Company may reimburse members of the Executive Board for expenses in the form of reimbursement of actual expenses incurred and/or an expense allowance within the amounts allowed for tax purposes. This reimbursement of expenses does not count as compensation.

COMPENSATION STRUCTURE

Element	Purpose	Instrument	Performance criterion	Performance period	Determinants
Fixed basic annual salary	Recruitment, retention, motivation	Cash compensation	–	–	Position, qualification, market rates
Short-term variable compensation	Rewarding performance	In cash	Revenue, EBIT, individual targets	1 year	Financial result and qualitative performance
Long-term variable compensation	Rewarding sustainable value creation, Alignment with shareholders' interests	Shares (2/3 in performance share units and 1/3 in restricted stock units)	Revenue growth, relative Total Shareholder Return	3 years	Success of the Group, share price performance, competitive position
Pension and fringe benefits	Protection against risks, employee recruitment and retention	Pension plan, insurance plans, fringe benefits	–	–	Market rates and legal requirements

Fixed basic annual salary

Base salaries are determined in line with the scope and responsibilities of a given position and the qualifications required to perform the job, the market rate of compensation and the personal qualifications, experience and performance of each member of the Executive Board. Payment is made monthly in cash. To ensure market competitiveness the basic salaries of the Executive Board are reviewed regularly, taking into account the Company's income, the results of the peer group analysis, market performance, the economic environment and personal performance.

Short-term variable compensation

Short-term variable compensation is a performance bonus that recognises both the Group's financial performance and employees' personal performance in a given financial year. Through this variable compensation, employees participate in the Group's success and are rewarded for their personal perfor-

mance. The target value of short-term variable compensation is expressed as a percentage of annual base salary and is 46 per cent for the CEO and between 33 and 45 per cent for the other members of the Executive Board. The performance bonus can be a total of zero up to a maximum of 150 per cent of the target value.

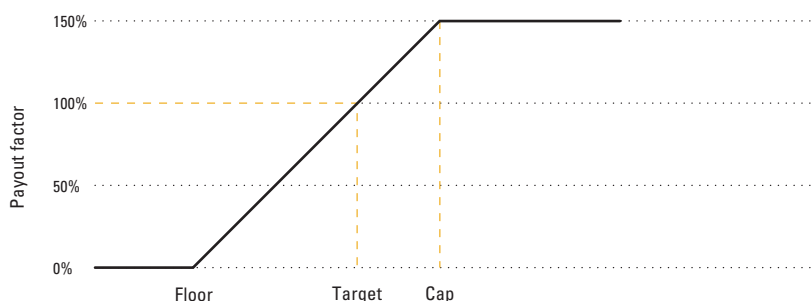
The targets established by the CEO are set by the Board of Directors at the beginning of each year at the request of the Compensation and Nomination Committee and assessed at the end of the financial year based on the actual results achieved. To measure the short-term variable components, the financial targets of the Group or segments may be between 40 and 60 per cent and individual targets between 40 and 60 per cent.

The financial metrics during the year under review continued to be revenue and earnings targets. These have been selected because they represent the main value drivers for the Company and reflect the expansion of the business and market share (in terms of revenue) and operational profitability. The basis for measuring the short-term variable components was 50 per cent revenue and income targets of the Group and 50 per cent individual targets.

For each target, an expected level of performance (target) and strategy is defined based on the budget. A minimum threshold of target achievement, below which no variable compensation is paid, and a maximum threshold of target achievement, above which the variable compensation is capped, are determined as well. The payout amount between minimum threshold, target and maximum threshold is interpolated linearly. It is at the discretion of the Board of Directors to adjust variable compensation upwards and downwards, if necessary, on the basis of individual, qualitative performance of the individual members of the Executive Board.

Overview of performance targets and their weighting for the CEO and the other members of the Executive Board

		Targets	Weighting
Short-term variable compensation	Financial targets	Revenue (Group)	30%
		EBIT (Group)	20%
	Individual targets	Inc. net working capital, segment targets, strategic initiatives	50%



Targets are not published, as disclosure would provide an insight into the Zur Rose’s forward-looking strategy and thus lead to a competitive disadvantage. The short-term variable compensation for the reporting year is paid in cash after approval by shareholders at the Annual General Meeting of Shareholders held the following year.

Long-term variable compensation (performance-based share plan)

The performance-based share plan is designed to enable selected executives of Zur Rose and its subsidiaries to participate in the Company's sustainable, long-term growth. In the performance-based share plan, the performance criteria are concentrated on the dedicated growth strategy, and entrepreneurial focus directed to the share price and the competition. In addition to revenue growth, relative Total Shareholder Return (TSR), i.e. the share price performance allowing for reinvested dividends over the three-year performance period is therefore measured, linking internal financial growth metrics with external financial data oriented to the capital markets and the competitive position. No changes were made to the performance-based share plan during the year under review.

The performance-based share plan

- (a) supplements the short-term variable compensation component, which is based on the annual achievement of targets, with a long-term compensation component;
- (b) helps align the interests of executives with those of shareholders;
- (c) anchors the strategic growth targets in compensation;
- (d) is intended to be an attractive incentive instrument compared with competitors and to have a strong retention impact.

At the request of the Compensation and Nomination Committee, the Board of Directors determines the amount of individual grants for the financial year in Swiss francs depending on the role and the influence on long-term success and taking into account individual performance and strategic considerations. The amounts allocated in 2021 amount to 43 per cent of basic salary for the CEO and 33 to 54 per cent for the other members of the Executive Board. Under this plan, two-thirds of the shares to be transferred are allocated to participants in Performance Share Units (PSUs) and one-third in Restricted Stock Units. The entitlements are blocked for three years. The total amount in Swiss francs granted to members of the Executive Board for the grant year is approved by the shareholders at the General Meeting of Shareholders held the following year retrospectively for the grant year in accordance with the Articles of Association. In principle, if a participant joins during the year no entitlements are granted. However, the Board of Directors reserves the ability to make a reduced grant of entitlements, provided this remains within the limits of what is permitted by law and under the Articles of Association.

Role	CEO	Other members of the Executive Board
Target	43% of basic annual salary	Between 33% and 54% of basic annual salary
Maximum opportunity	166% of target	166% of target

Conditions of transfer

At the end of a performance period of three years (starting on 1 January of the reporting year and ending on 31 December three years later), after the General Meeting of Shareholders at which the annual financial statements for the last year of the performance period are approved, the performance share units are converted into shares. At that point, the number of shares to be transferred is calculated by multiplying the number of performance share units granted by the target achievement factor. The target achievement factor for the PSUs is based half on achieving the relative TSR and half on achieving the revenue objective. The target achievement factor is restricted to a lower limit of 0 and an upper limit of 2. The number of restricted stock units (RSUs) is not subject to a target achievement factor.

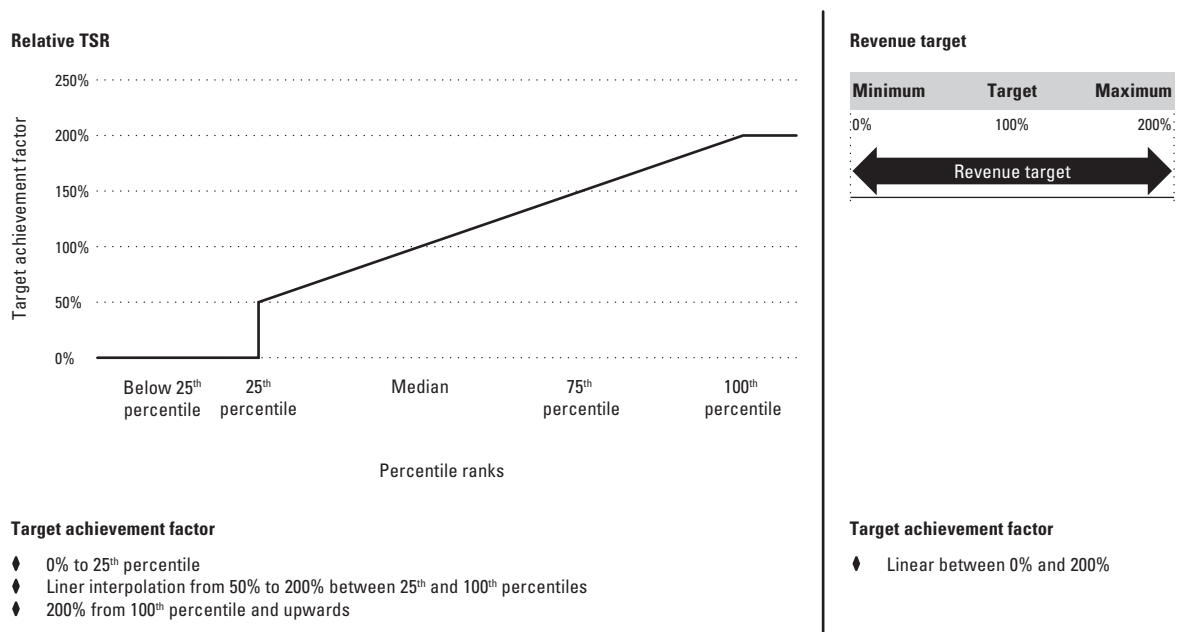
TSR refers to share price performance plus notionally reinvested gross dividends during the performance period. To calculate target achievement, the TSR performance of Zur Rose is compared to the TSR performance of the companies in the STOXX® Europe 600 Retail and an individual peer group. The individual peer group comprises AO World, ASOS, boohoo, Delivery Hero, Delticom, HolidayCheck, Home24, Just Eat, Ocado, Scout24, Shop Apotheke Europe, Spotify, trivago, Zalando and Zooplus. TSR performance is measured using one-month moving averages to smooth share price fluctuations around the reference date. The TSR performance of the companies in the STOXX® Europe 600 Retail and the

individual peer group thus calculated are ranked in each group. The relative positioning of Zur Rose is determined using the ranking achieved. If the positioning of Zur Rose is on the median (50th percentile), this is equivalent to a target achievement factor of 1.0. If the positioning of Zur Rose is on the 25th percentile, the target achievement factor is 0.5; below the 25th percentile it is zero. If Zur Rose is positioned on or above the 100th percentile, the target achievement factor is 2.0. Target achievement for rankings in between is calculated by linear interpolation. The total target achievement factor for relative TSR is then calculated applying a 50 per cent weighting to each target achievement factor from the comparison with the STOXX[®] Europe 600 Retail and with the individual peer group. The internal financial target is not disclosed. Disclosure of the target would provide an insight into the Zur Rose forward-looking strategy and thus lead to a competitive disadvantage for the Group. After transfer, the shares are not subject to a vesting period and the members of the Executive Board may freely dispose of them.

Instrument	Performance-based entitlements (PSUs) Two-third of allocation		Unconditional entitlements (RSUs) One-third of allocation
Purpose	Measures the relative three-year share price performance against an individual peer group (50%) and the STOXX [®] Europe 600 Retail (50%)	Measures the increase in revenue over three years compared to budget based on growth	Not subject to any target and hence amount remains unchanged
Weighting	50% of 2/3 of the allocation	50% of 2/3 of the allocation	1/3 of the allocation
Performance condition	Relative TSR	Revenue target	None
Other condition	Notice of termination of employment not given during the vesting period		

Payment arrangements

At the time of transfer, the performance of the relative TSR and the percentage revenue growth are measured and set in line with the two payment factors as follows:



In the event of a delisting, acquisition of the majority of the shares or winding up of Zur Rose, for whatever reason, the plan will be terminated early by the Board of Directors and all performance share units allocated converted and transferred, pro rata to the starting year.

In the event of termination of employment due to the disability or death of the participant, the performance share units allocated will be converted within one month of notification and transferred as shares, provided the allocation thereof has already been approved by the General Meeting of Shareholders. Performance share units that have not yet been approved by the General Meeting of Shareholders will not be converted and transferred as shares until the General Meeting of Shareholders has given its approval. The performance share units are adjusted on a pro rata temporis basis and multiplied by a target achievement factor of 1.0.

If employment is terminated by Zur Rose or a subsidiary without the participant having given any grounds for termination by their performance or conduct or because they have reached retirement age, the standard provisions regarding the conversion date and target achievement factor remain unchanged. However, the performance share units are adjusted on a pro rata temporis basis. The same applies in the event of termination of the participant's employment for cause.

If employment is terminated by Zur Rose or a subsidiary because the participant having given any grounds for termination by their performance or conduct or for cause or is terminated by the participant without cause, the performance share units are forfeit without compensation.

Anti-hedging and anti-pledging provisions

Entitlements granted under the plan are not tradable and may not be assigned, pledged or transferred except under a will or testamentary dispositions. Hedging against price risks is also forbidden.

Pension benefits

The purpose of pension benefits is to provide security for employees and their dependants in the event of retirement, sickness, inability to work and death. The members of the Executive Board participate in the social insurance and pension plans in the countries where their employment contracts were entered into. The plans vary according to local competition and legal conditions; they at least meet the legal requirements of the countries concerned. Members of the Executive Board with a Swiss employment contract are members of the Zur Rose pension plans open to all employees in Switzerland. These comprise a basic pension from the ALSA PK collective foundation, which insures salaries up to CHF 129,060 per year, plus a supplementary pension (1e pension) from the PensFlex collective foundation, which insures basic salaries above this limit up to the legally permitted maximum. Members of the Executive Board with a foreign employment contract receive pension insurance commensurate with the market and their position.

Fringe benefits

Members of the Executive Board also receive expenses in line with the expenses regulations and a company car as a fringe benefit. Other benefits may be provided as part of international assignments (including tax compensation). The value is estimated at fair market value and included in the compensation tables. Any gifts or Board of Directors fees of subsidiaries are also included in this position.

Employment contracts

The members of the Executive Board are employed under permanent employment contracts; they all have individual notice periods up to a maximum of 12 months. The members of the Executive Board are not entitled to any contractual joining or severance payments or special change of control provisions, except for the early vesting of the long-term compensation plan as explained above. Under the Articles of Association of Zur Rose, employment contracts may contain competition and poaching bans up to a maximum of one year and specify compensation up to one year's salary.

4.2 Compensation paid to members of the Executive Board in 2021

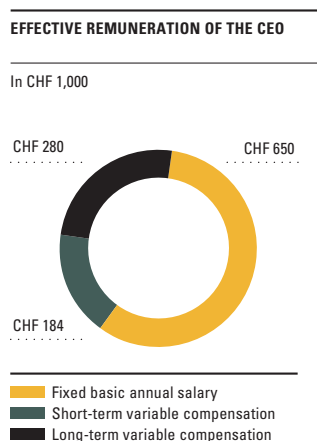
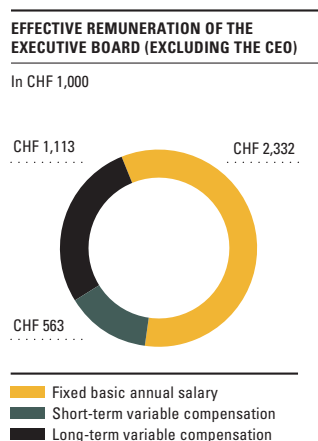
This section was audited by the auditors in accordance with Article 17 of the Ordinance against Excessive Remuneration in Listed Companies Limited by Shares (ERCO).

In 2021, the members of the Executive Board received total compensation of CHF 6,131,000 (2020: CHF 5,253,000). This amount includes fixed base salaries of CHF 2,982,000 (2020: CHF 2,435,000), short-term variable compensation of CHF 747,000 (2020: CHF 746,000), long-term compensation of CHF 1,393,000 (2020: CHF 1,386,000), fringe benefits of CHF 190,000 (2020: CHF 103,000) and pension benefits of CHF 819,000 (2020: CHF 583,000).

The table below shows the fixed and variable compensation and the total compensation allocated to the members of the Executive Board for 2021 and 2020.

Executive Board ¹⁾	Variable compensation												Total	
	Fixed compensation in cash		Short-term in cash		Long-term in shares ²⁾				Fringe benefits ³⁾		Pension benefits ⁴⁾			
	2021	2020	2021	2020	PSU		RSU		2021	2020	2021	2020	2021	2020
In CHF 1,000 (gross)	2,982	2,435	747	746	829	647	564	739	190	103	819	583	6,131	5,253
Total compensation of the Executive Board	2,982	2,435	747	746	829	647	564	739	190	103	819	583	6,131	5,253
Of which: Walter Oberhänkli, CEO (highest total compensation)	650	600	184	201	187	160	93	80	34	35	191	188	1,339	1,264

- 1) On 31 December 2021, eight members of the Executive Board were in office. One new member joined during the year. On 31 December 2020, seven members of the Executive Board were in office, three of whom had joined during the year.
- 2) The nominal target value of the performance-based share plan allocated in 2021 for the 2021 to 2023 performance period and in 2020 for the 2020 to 2022 performance period. Including replacement payments in 2020 for a member of the Executive Board in the form of entitlements and additional entitlements for a member of the Executive Board depending on qualitative target achievement in 2021, due to expansion of the role within the Executive Board.
- 3) Including all other compensation and benefits, such as company cars, expenses in connection with assignments, and director's fees from subsidiaries.
- 4) Includes social security contributions where they result in a pension entitlement. Additional amounts that do not result in an increased pension entitlement are not included (additional amounts not included in the above amount in 2021: CHF 323,141, of which CHF 79,809 relate to the CEO; in 2020: CHF 264,676, of which CHF 73,443 relate to the CEO). The calculation method was changed during the year and the prior-year amount restated accordingly to allow comparability.



Notes on the compensation table

The total compensation of the Executive Board for 2021 was CHF 6,131,000. This is equivalent to a 17 per cent increase year-on-year, owing to the expansion of the Executive Board from seven to eight members.

Payment of short-term variable compensation

The measurement of short-term variable bonus payments is largely based on the development of revenue and EBIT at Group and regional level compared with the budget and on qualitative factors. Consequently, the percentage of target achievement of the bonus payment for 2021 ranges from 41 to 100 per cent (2020: 50 to 130 per cent) for the Executive Board and is 61 per cent (2020: 84 per cent) for the CEO.

The variable component of the fixed compensation for the year under review corresponds to 55 to 165 per cent for the Executive Board and 71 per cent for the CEO. The degree of target achievement of the short-term variable compensation for 2021 decreased year-on-year and amounted to 65 per cent in the year under review (previous year: 85 per cent). The effective short-term variable compensation for 2021 has been adjusted downwards accordingly.

STI variables	Minimum	Target (100%)	Maximum
Group financial targets			
Revenue		■	
EBIT	■		
Individual targets			
Net working capital, cash flow, strategic initiatives, etc.			
Total		65%	

Conversion of long-term variable compensation

In the allocation of the performance-based share plan in 2021 (performance period 2021 to 2023), the members of the Executive Board received an allocation value of CHF 1,243,000 in total. This is equivalent to 2,535 PSUs and 1,276 RSUs. The performance period for the PSUs ends on 31 December 2023, based on the trend in relative TSR and revenue between 2021 and 2023. The number of RSUs remains unchanged. Entitlements are only allocated if notice of termination of employment with Zur Rose has not been given on that date.

For the payment of the performance-based share plan in 2021 (performance period 2018 to 2020), a revenue target achievement factor of 2.0 was achieved. The EBIT target achievement factor was zero. A total of 6,313 shares were paid out to members of the Executive Board (including the CEO), worth CHF 1,919,152 at the time of transfer. This value was well above the allocation value as the share price had performed positively during the 2018 to 2020 performance period.

Transfer of entitlements granted in previous years subject to performance conditions

The final transfer amount of entitlements granted under the 2019 performance-based share plan (performance period 2019 to 2021) at the end of 2021 in shares to be transferred based on the TSR ranking of Zur Rose compared to the peer group was 156 per cent.

Year allocated	Year converted	Transfer amount in per cent ¹
2019	2021	156%
2020	2022	Outstanding ²
2021	2023	Outstanding ²

1) Transfer amount of the PSU granted. Members of the Executive Board who join after the corresponding performance-based share plans have been allocated are not entitled to take part in these allocations.

2) The performance period is not yet over. The percentage transfer amount of the PSUs granted is available after the performance period.

At the Annual General Meeting held on 23 April 2020, the shareholders approved a maximum total amount of fixed compensation for the Executive Board for 2021 of CHF 3.7 million. This amount consists of the fixed basic salary, the fringe benefits and the pension benefits. The total compensation of CHF 4.5 million paid to the Executive Board in 2021 exceeds the maximum total amount of CHF 3.7 million approved for 2021 by the shareholders at the Annual General Meeting of Shareholders in 2020. This is due to the fact that two new members were appointed to the Executive Board in 2021 and one member was promoted within it. Under the Articles of Association the Board of Directors may grant a supplementary amount of up to 50 per cent of the last total amounts of compensation approved for the Executive Board for members newly appointed to the Executive Board or promoted within the Executive Board.

This supplementary amount under the Articles of Association for new members is CHF 1.85 million. For the new members of the Executive Board Emanuel Lorini, who was appointed Head Switzerland with effect from 1 January 2021, and Madhu Nutakki, who was appointed Chief Technology Officer with effect from 1 August 2021, and for Walter Hess, who with effect from 1 December 2020 was promoted within the Executive Board to Head Germany, CHF 41,000 was first allocated until the approved maximum total amount of CHF 3.7 million was exhausted, and then a total of CHF 833,000 was allocated, of which CHF 395,000 went to Emanuel Lorini, CHF 314,000 to Madhu Nutakki, and CHF 124,000 to Walter Hess.

The variable compensation to the Executive Board for 2021 disclosed in the table above will be submitted to the 2022 Annual General Meeting of Shareholders for approval.

Compensation to former members of the Executive Board and loans

During the year under review compensation of CHF 857,000 including a locally required statutory severance payment was paid to a former member of the Executive Board. No compensation was paid to parties closely associated with the members of the Executive Board. No loans were granted to members of the Executive Board during the year. The total amount of loans outstanding on market terms to members of the Executive Board as at 31 December 2021 was CHF 566,725. The largest outstanding loan that has been granted is to Betül Susamis Unaran as Chief Strategy and Digital Officer and amounted to CHF 341,725 as at 31 December 2021. There were no loans to related parties to members of the Executive Board or former members of the Executive Board that were not on market terms.

Share ownership

Information on the shares held by members of the Board of Directors and the Executive Board can be found in the Financial Report on page 136.



Ernst & Young Ltd
Maagplatz 1
P.O. Box
CH-8010 Zurich

Phone: +41 58 286 31 11
Fax: +41 58 286 30 04
www.ey.com/ch

To the General Meeting of
Zur Rose Group AG, Steckborn

Zurich, 23 March 2022

Report of the statutory auditor on the remuneration report

We have audited the accompanying remuneration report of Zur Rose Group AG for the year ended 31 December 2021. The audit was limited to the information according to articles 14–16 of the Ordinance against Excessive Compensation in Stock Exchange Listed Companies (Ordinance) contained in the tables labeled “audited” on page 63 and page 69 of the remuneration report.



Board of Directors’ responsibility

The Board of Directors is responsible for the preparation and overall fair presentation of the remuneration report in accordance with Swiss law and the Ordinance. The Board of Directors is also responsible for designing the remuneration system and defining individual remuneration packages.



Auditor’s responsibility

Our responsibility is to express an opinion on the accompanying remuneration report. We conducted our audit in accordance with Swiss Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the remuneration report complies with Swiss law and articles 14–16 of the Ordinance.

An audit involves performing procedures to obtain audit evidence on the disclosures made in the remuneration report with regard to compensation, loans and credits in accordance with articles 14–16 of the Ordinance. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatements in the remuneration report, whether due to fraud or error. This audit also includes evaluating the reasonableness of the methods applied to value components of remuneration, as well as assessing the overall presentation of the remuneration report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Opinion

In our opinion, the remuneration report for the year ended 31 December 2021 of Zur Rose Group AG complies with Swiss law and articles 14–16 of the Ordinance.

Ernst & Young Ltd

Jolanda Dolente
Licensed audit expert
(Auditor in charge)

Michael Britt
Licensed audit expert

Financial Statements

Consolidated Financial Statements	73
Consolidated Income Statement	74
Consolidated Statement of Comprehensive Income	75
Consolidated Balance Sheet	76
Consolidated Cash Flow Statement	78
Consolidated Statement of Changes in Equity	79
Notes to the Consolidated Financial Statements	80
Report of the Statutory Auditor	125
Zur Rose Group AG Financial Statements	128
Income Statement	128
Balance Sheet	129
Notes to the Annual Financial Statements	131
Appropriation of Available Earnings	138
Report of the Statutory Auditor	139
Alternative Performance Measures of Zur Rose Group	141
Contact, Imprint	144

Consolidated Income Statement

		2021		2020	
	Notes	CHF 1,000	%	CHF 1,000	%
Net revenue	5	1,726,503	100.0	1,476,930	100.0
Other operating income	7	6,747		14,796	
Cost of goods	8	-1,466,457		-1,235,597	
Personnel expenses	9	-148,350		-142,910	
Other operating expenses	10	-261,077		-191,601	
Earnings before interest, taxes, depreciation and amortisation (EBITDA)		-142,634	-8.3	-78,382	-5.3
Depreciation, amortisation and impairment	19 – 21	-51,143		-39,251	
Earnings before interest and taxes (EBIT)		-193,777	-11.2	-117,633	-8.0
Share of results of joint ventures	18	-8,548		-3,295	
Finance income	11	579		3,509	
Finance expenses	11	-24,938		-15,790	
Earnings before taxes (EBT)		-226,684	-13.1	-133,209	-9.0
Income tax income / (expense)	12	949		-2,435	
Net income / (loss)		-225,735	-13.1	-135,644	-9.2
Attributable to Zur Rose Group AG shareholders		-225,735		-135,695	
Attributable to non-controlling interests		0		51	
		CHF 1		CHF 1	
Net income / (loss) per share	29	-23.40		-14.95	
Diluted net income / (loss) per share	29	-23.40		-14.95	

Consolidated Statement of Comprehensive Income

		2021	2020
	Notes	CHF 1,000	CHF 1,000
Net income / (loss)		-225,735	-135,644
Exchange differences on translation of foreign operations		-17,832	-1,952
Other comprehensive income to be reclassified in subsequent periods to the income statement		-17,832	-1,952
Remeasurement pensions	28	5,642	-1,812
Income tax	23	-888	71
Share of other comprehensive income of joint ventures		0	-2
Other comprehensive income not to be reclassified in subsequent periods to the income statement		4,754	-1,743
Other comprehensive income / (loss)		-13,078	-3,695
Total comprehensive income / (loss)		-238,813	-139,339
Attributable to Zur Rose Group AG shareholders		-238,813	-139,382
Attributable to non-controlling interests			43

Consolidated Balance Sheet

ASSETS	Notes	31.12.2021		31.12.2020	
		CHF 1,000	%	CHF 1,000	%
Cash and cash equivalents	13	277,742		300,614	
Current financial assets		460		358	
Trade receivables	14	131,962		114,948	
Prepaid expenses	15	21,505		13,040	
Other receivables	16	13,007		17,372	
Inventories	17	92,464		92,941	
Current assets		537,140	42.3	539,273	42.2
Investments in joint ventures	18	1,996		3,785	
Property, plant and equipment	19	59,628		53,792	
Right-of-use assets	20	39,075		42,787	
Intangible assets	21	595,362		604,537	
Non-current financial assets	22	29,361		27,877	
Deferred tax assets	23	6,652		6,431	
Non-current assets		732,074	57.7	739,209	57.8
Total assets		1,269,214	100.0	1,278,482	100.0

Consolidated Balance Sheet

LIABILITIES AND EQUITY		31.12.2021		31.12.2020	
	Notes	CHF 1,000	%	CHF 1,000	%
Current financial liabilities	24	11,247		441	
Current lease liabilities	24	5,182		6,360	
Trade payables		132,173		93,319	
Other payables	25	14,229		13,916	
Tax liabilities		1,969		1,273	
Accrued expenses	26	43,548		34,528	
Short-term provisions	27	4,189		6,821	
Short-term liabilities		212,537	16.7	156,658	12.3
Non-current financial liabilities	24	32,766		43,741	
Non-current lease liabilities	24	34,563		36,156	
Bonds	24	485,407		483,917	
Pension obligations	28	11,371		17,961	
Long-term provisions	27	0		31	
Deferred tax liabilities	23	7,647		8,277	
Long-term liabilities		571,754	45.1	590,083	46.2
Total liabilities		784,291	61.8	746,741	58.4
Share capital	29	335,839		315,791	
Capital reserves		651,048		486,807	
Treasury shares	29	-31,308		-31,927	
Retained earnings		-416,219		-202,325	
Exchange differences		-54,437		-36,605	
Equity attributable to Zur Rose Group AG shareholders		484,923	38.2	531,741	41.6
Total equity		484,923	38.2	531,741	41.6
Total liabilities and equity		1,269,214	100.0	1,278,482	100.0

Consolidated Cash Flow Statement

		2021	2020
	Notes	CHF 1,000	CHF 1,000
Net income / (loss)		-225,735	-135,644
Depreciation, amortisation and impairment	19 – 21	51,143	39,251
Finance expenses (net)		23,107	11,262
Share of results of joint ventures		8,548	3,295
Income tax		-949	2,435
Non-cash income and expenses		9,439	17,969
Income taxes paid		-31	-518
Interest paid		-14,438	-12,265
Interest received		532	431
Change in trade receivables, other receivables and prepaid expenses		-29,043	13,519
Change in inventories		-3,037	-20,068
Change in trade payables, other liabilities and accrued expenses		52,275	8,871
(Increase) / decrease in provisions		-2,442	3,951
Cash flow from operating activities		-130,631	-67,511
Acquisition of subsidiaries, net of cash acquired	6/24	4,144	-116,045
Purchase of property, plant and equipment	19	-14,621	-26,417
Acquisition of intangible assets	21	-48,856	-33,410
Investments in non-current financial assets	22	-2,495	-24,009
Investments in joint ventures	18	-6,734	0
Repayment of financial assets	22	1,233	25
Cash flow from investing activities		-67,329	-199,856
Acquisition of non-controlling interests Bluecare		0	-743
Proceeds from capital increases	29	187,305	206,097
Increase in financial liabilities (net after transaction costs)	24	0	171,350
Repayment of financial liabilities	24	-7,580	-13,455
Purchase of treasury shares		-4	-2
Cash flow from financing activities		179,721	363,247
Increase / (decrease) in cash and cash equivalents		-18,239	95,880
Cash and cash equivalents at the beginning of the year		300,614	204,681
Foreign currency differences		-4,633	53
Cash and cash equivalents at the end of the year		277,742	300,614

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 2020	262,199	269,694	-5,219	-86,369	-34,653	405,652	-110	405,542
Net income / (loss)				-135,695		-135,695	51	-135,644
Other comprehensive income				-1,735	-1,952	-3,687	-8	-3,695
Total comprehensive income				-137,430	-1,952	-139,382	43	-139,339
Share-based payments				17,452		17,452		17,452
Issue of new shares for contingent capital increase	27,000		-27,000			0		0
Issue of new shares for approved capital increase	22,225	190,392				212,617		212,617
Acquisition of Apotal group	3,995	33,227	117	245		37,584		37,584
Acquisition of TeleClinic GmbH				5,294		5,294		5,294
Transaction costs of capital increase		-6,717				-6,717		-6,717
Equity component for issued convertible bond				574		574		574
Acquisition of non-controlling interests Bluecare			94	-904		-810	67	-743
Purchase of treasury shares			-2			-2		-2
Allocation of treasury shares			83	-307		-224		-224
Issue of new shares for employees	372	211		-880		-297		-297
31 December 2020	315,791	486,807	-31,927	-202,325	-36,605	531,741	0	531,741
Net income / (loss)				-225,735		-225,735		-225,735
Other comprehensive income				4,754	-17,832	-13,078		-13,078
Total comprehensive income				-220,981	-17,832	-238,813	0	-238,813
Share-based payments				8,596		8,596		8,596
Issue of new shares for approved capital increase	19,500	169,000				188,500		188,500
Transaction costs of capital increase		-5,473				-5,473		-5,473
Purchase of treasury shares			-4			-4		-4
Allocation of treasury shares			774	-637		137		137
Issue of new shares for employees	548	714	-151	-872		239		239
31 December 2021	335,839	651,048	-31,308	-416,219	-54,437	484,923	0	484,923

Notes to the Consolidated Financial Statements

1 Operating activities

The Zur Rose Group operates several e-commerce pharmacies and a wholesale business for medical 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 (the “Company”), a stock corporation under Swiss law based at Seestrasse 119, 8266 Steckborn (Switzerland), is the parent of the 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).

The consolidated financial statements were authorised for issue by the Board of Directors on 23 March 2022 and are subject to approval of the Annual General Meeting on 28 April 2022.

Zur Rose Group AG has been listed on the stock exchange since 6 July 2017. The shares are traded on SIX Swiss Exchange under the International Reporting Standard (ISIN CH0042615283).

The amounts listed in the 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 consolidated financial statements of the Zur Rose Group have been prepared in accordance with International Financial Reporting standards (IFRS), as published by the International Accounting Standard Board (IASB).

The consolidated financial statements are prepared on a historical cost basis, with the exception of shares included in the financial assets and contingent consideration liabilities measured at fair value.

The financial statements are presented in Swiss francs, and all values were rounded to the nearest thousand (CHF 1,000), unless specified otherwise.

2.2 Basis of consolidation

The consolidated financial statements include the financial statements of the Zur Rose Group AG and its subsidiaries as at 31 December 2021.

An entity is included in consolidation when the Zur Rose Group obtains control and deconsolidated upon loss of control.

The following companies were included in the group of consolidated companies of Zur Rose Group AG:

	Share capital		Share of capital	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
	CHF 1,000	CHF 1,000	%	%
0800 DocMorris Ltd., London (GB)	1	1	100.0	100.0
AdBest Werbeagentur GmbH, Hilter am Teutoburger Wald (DE)	27	27	100.0	100.0
apo-rot B.V., Heerlen (NL) ¹⁾	n/a	22	n/a	100.0
apo-rot Service GmbH, Hamburg (DE)	29	29	100.0	100.0
Bluecare AG, Winterthur (CH)	1,288	1,288	100.0	100.0
Centropharm GmbH, Aachen (DE)	30	30	100.0	100.0
Clustertec AG, Baar (CH)	100	100	100.0	100.0
Comventure GmbH, Forst (DE)	28	28	100.0	100.0
D&W Mailorder Service B.V., Heerlen (NL)	22	22	100.0	100.0
Dia Plus Minus Handelsgesellschaft mbH, Hilter am Teutoburger Wald (DE)	28	28	100.0	100.0
DocMorris Holding GmbH, Berlin (DE)	6,085	6,085	100.0	100.0
DocMorris Kommanditist B.V., Heerlen (NL)	22	22	100.0	100.0
DocMorris N.V., Heerlen (NL)	60	60	100.0	100.0
DocMorris Services B.V., Heerlen (NL) ²⁾	22	22	100.0	100.0
Doctipharma SAS, Paris (FR)	618	618	100.0	100.0
eHealth-Tec GmbH, Berlin (DE)	27	27	100.0	100.0
Eurapon B.V., Heerlen (NL) ⁶⁾	0	0	100.0	100.0
Eurapon Pharmahandel GmbH, Bremen (DE)	28	28	100.0	100.0
Helena Abreu, Unipessoal, Lda, Montemor-o-Novo (PRT) ³⁾	108	n/a	100.0	n/a
medpex wholesale GmbH, Ludwigshafen (DE)	28	28	100.0	100.0
Promofarma Ecom, S.L., Barcelona (ES)	15,004	15,004	100.0	100.0
Specialty Care Therapiezentren AG, Frauenfeld (CH)	100	100	100.0	100.0
Tanimis Pharma C.V., Heerlen (NL) ⁴⁾	n/a	11,249	n/a	100.0
TeleClinic GmbH, München (DE) ⁵⁾	857	119	100.0	100.0
Ultra Pharm Medicalprodukte GmbH, Bad Rothenfelde (DE)	29	29	100.0	100.0
VfG Cosmian s.r.o., Prague (CZ) ⁴⁾	n/a	12	n/a	100.0
Visionrunner GmbH, Mannheim (DE)	28	28	100.0	100.0
Zur Rose Dutch B.V., Heerlen (NL) ⁶⁾	0	0	100.0	100.0
Zur Rose Finance B.V., Heerlen (NL) ⁶⁾	0	0	100.0	100.0
Zur Rose Pharma GmbH, Halle (DE)	8,479	8,479	100.0	100.0
Zur Rose Suisse AG, Frauenfeld (CH)	7,650	7,650	100.0	100.0

1) Merger into DocMorris N.V. in year 2021

2) Change of company name in year 2021

3) Acquired in year 2021, see Note 6

4) Liquidation in year 2021

5) Capital increase in year 2021

6) Share capital of less than EUR 500.00

All intragroup balances, transactions, unrealised gains and losses from intragroup transactions and dividends are eliminated in full. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

2.3 Summary of significant accounting policies

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at fair value at the acquisition date in addition to any non-controlling interests in the acquiree. For each business combination, the acquirer measures the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Transaction costs incurred are recognised in profit or loss and reported within other operating expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and the prevailing conditions as at the acquisition date.

Goodwill is initially measured at cost, as the excess of the aggregate of the consideration transferred and the amount of non-controlling interests over the identifiable assets acquired and liabilities assumed by the Group. If the fair value of the net assets acquired exceeds the aggregate consideration transferred, the difference is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to the cash-generating units of the Group that are expected to benefit from the business combination. This applies regardless of whether other assets or liabilities of the acquiree are assigned to these cash-generating units.

Investments in associates and joint ventures

The Group's investments in associates and joint ventures are accounted for using the equity method. An associate is an entity over which the Group has significant influence (generally a share of voting rights of 20 per cent to 49.9 per cent). A joint venture is a jointly controlled entity.

Using the equity method, investments in an associate or joint venture are recognised at cost in the balance sheet plus the Group's share of changes in the net assets of the associates and joint ventures since the acquisition date.

The consolidated income statement includes the Group's share in the result of the associate / joint venture. Changes recognised outside profit or loss of the associate / joint venture are proportionately recognised and presented in the Group's other comprehensive income, if applicable. Unrealised gains and losses resulting from transactions between the Group and the associate / joint venture are eliminated to the extent of the interest in the associate / joint venture.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on its investment in the associate / joint venture. At the end of each reporting period, the Group determines whether there is any objective evidence that the investment in the associate / joint venture is impaired. If this is the case, the difference between the recoverable amount of the investment in the associate / joint venture and its carrying amount is recognised as an impairment loss in profit or loss.

Currency translation

The Zur Rose Group operates mainly in Switzerland and in some countries in the European Union. The Group's presentation currency is the Swiss franc. Each Group company determines its own functional currency. Foreign currency balances exist in the form of bank accounts, accounts receivable and payable and loans. Foreign currency transactions are converted into the functional currency at the monthly rate at the transaction date. Gains and losses from foreign currency transactions and the adjustment of monetary foreign currency assets and liabilities at the end of the reporting period are recognised in profit or loss.

The financial statements of Group companies in foreign currencies are translated into Swiss francs as follows:

- balance sheet at year-end exchange rates, income statement and statement of comprehensive income at average rates for the year,
- cash flow statement at average rates for the year.

Exchange differences arising on translation are recognised in other comprehensive income.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition of that foreign operation are treated as assets and liabilities of the foreign operation and translated at the year-end rate.

Exchange differences resulting from a monetary item that is part of the net investment in a foreign operation (e.g. long-term loans which are not expected or likely to be settled in the foreseeable future) are also recognised in other comprehensive income and, in the event of a sale or loss of control over the foreign operation, are reclassified from equity to profit or loss.

The following exchange rates were used for currencies:

Currency	2021		2020	
	Year-end rate	Average rate for the year	Year-end rate	Average rate for the year
EUR 1	1.0353	1.0811	1.0822	1.0721

Current and non-current classification

The Group presents its assets and liabilities in the balance sheet based on current and non-current classification. An asset is current when:

- It is expected to be realised or intended to be sold or consumed in the normal operating cycle,
- it is held primarily for the purpose of trading,
- it is expected to be realised within twelve months after the reporting period, or
- the asset is a cash or cash equivalent.

All other assets are classified as non-current. A liability is current when:

- It is expected to be settled in the normal operating cycle,
- it is held primarily for the purpose of trading,
- it is due to be settled within twelve months after the reporting period, or
- the Zur Rose Group has no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

Net revenue

Sales are recognised when an obligation under a customer contract (promised goods or services) has been fulfilled by transferring control of the promised goods or services to the customer. Control over promised goods or services refers to the ability to decide on the use of those goods or services and to obtain any remaining benefits from them. Control is usually transferred at the time of shipment or service provision in accordance with the terms of delivery and acceptance agreed with the customer. The total of sales to be recognised (transaction price) is based on the consideration that the Zur Rose Group expects to receive in return for the goods and services, less the interests withheld for third parties, such as VAT.

Net revenue is recognised less discounts and goods returned. All deductions on product sales are determined at the time of sale.

After the end of a period, the Zur Rose Group determines a liability for goods returned based on empirical data.

Taxes*Current income tax*

Current tax assets and liabilities for current and for prior periods are measured at the amount expected to be paid to or recovered from the tax authorities. The tax rates and tax laws used to calculate this amount are the ones that apply at the end of the reporting period in the countries where the Zur Rose Group operates and generates taxable income.

Current taxes relating to items recognised in other comprehensive income or directly in equity are also recognised in other comprehensive income or directly in equity.

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation. If necessary, tax liabilities were recognised.

Deferred tax

Deferred tax is recognised using the liability method based on temporary differences between the carrying amount of an asset or liability on the balance sheet and the tax base at the end of the reporting period.

Deferred tax liabilities are recognised for all taxable temporary differences, with the exception of:

- deferred tax liabilities arising from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the transaction date, affects neither accounting profit nor taxable profit or loss, and
- deferred tax liabilities arising from taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, unused tax loss carryforwards and unused tax credits to the extent that it is likely that taxable profit will be available against which the deductible temporary differences and unused tax loss carryforwards and tax credits can be used, with the exception of:

- deferred tax assets arising from deductible temporary differences from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the transaction date, affects neither accounting profit nor taxable profit or loss, and
- deferred tax assets from deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures if it is probable that the temporary differences will not reverse in the foreseeable future or insufficient taxable profit will be available against which these temporary differences can be utilised.

The carrying amount of deferred tax assets is assessed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available against which all or part of the deferred tax asset can be utilised. Unrecognised deferred tax assets are assessed at the end of each reporting period and recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which an asset is realised or a liability is settled. Tax rates (and tax laws) that have been enacted or substantively enacted at the end of the reporting period are applied.

Deferred tax relating to items recognised in other comprehensive income or directly in equity are also recognised in other comprehensive income or directly in equity.

VAT

Revenue, expenses and assets are recognised net of VAT. The amount of VAT recoverable from or payable to taxation authorities is recognised in other receivables or in other payables.

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation.

Cost includes the purchase price, customs duties, non-refundable taxes and levies in addition to directly attributable costs. Expenses for maintenance and repair are recognised in profit or loss when incurred.

Depreciation is charged to profit or loss using the straight-line or diminishing balance methods over the estimated useful lives as follows:

Asset category	Useful life	Method
Leasehold improvements	5 years	Straight-line
Equipment	3 – 7 years	Straight-line
Office furnishings	3 – 5 years	Straight-line
Shop furnishings	5 – 10 years	Straight-line
IT systems	3 – 5 years	Straight-line
Vehicles	5 years	Diminishing balance method
Real estate	33 years	Straight-line

Gains or losses from the disposal of property, plant and equipment are included in other operating income or expenses.

Leases

Leases are recognised at net present value as a right-of-use asset and corresponding lease liability at the time the leased asset becomes available to the Zur Rose Group to use. The lease payment is divided into a repayment component and a financing component. The financing component is recognised in profit or loss over the term of the lease, so that the interest rate on the residual balance of the liability is constant for each period. Determining the term of leases with options involves the use of judgement. Such options are individually assessed as to whether they are reasonably certain to be exercised.

Subsequent measurement of the lease liability is at amortised cost using the effective interest rate method. The liabilities are remeasured in the event of changes to the lease term, future lease payments or a reassessment of options. The right-of-use asset is generally depreciated on a straight-line basis over the shorter period of economic life or the term of the lease and adjusted by the amount of any remeasurement of the associated lease liabilities. An impairment test is carried out if there are indications of impairment.

Lease liabilities include the net present value of the following lease payments:

- fixed lease payments including any in substance fixed lease payments less any lease incentives accruing to the lessee;
- variable lease payments based on an index or rate, measured at the index or rate at the commencement date;
- the amount expected to be paid under residual value guarantees;
- the exercise price of a purchase option, if the lessee is reasonably certain to exercise that option;
- penalty payments for early termination of the lease, provided the lessee is reasonably certain of being able to terminate the lease early.

At the start of the term, the composition of right-of-use assets is as follows:

- the amount of the initial measurement of the lease liability;
- any lease payments that have to be made on or before the commencement date, less any incentives received from the lessor;
- any initial direct costs incurred by the lessee. This means direct costs only incurred because the specific lease was entered into;
- estimated costs for dismantling the leased item at the end of the lease.

If the rate implicit in the lease cannot be readily determined, the Zur Rose Group uses incremental borrowing rates as discount rates which take into account foreign currencies, the term of the agreements and company and asset-specific risks.

No short-term lease agreements with a term of less than 12 months or where the underlying asset is of low value are recognised in the balance sheet.

Intangible assets

Intangible assets that are not acquired as part of a business combination are initially measured at cost. The cost of intangible assets acquired in a business combination corresponds to their fair value at the acquisition date. In subsequent periods, intangible assets are reported at cost less accumulated amortisation and accumulated impairment. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period the expenditure is incurred. The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite useful lives are amortised on a straight-line basis over their estimated useful lives and tested for impairment if there is any indication that the intangible asset may be impaired. The amortisation period and the amortisation method for intangible assets with finite useful lives are reviewed at the end of each reporting period. Changes to the amortisation method or amortisation period due to changes in the expected useful life or expected consumption of the future economic benefits of the asset are treated as changes in estimates.

Intangible assets with indefinite useful lives are not amortised but tested for impairment at least once a year, either individually or at the level of the cash-generating unit. These intangible assets are not amortised according to plan. The assessment of indefinite useful life is reviewed annually.

Gains or losses arising from the derecognition of intangible assets are determined as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss in the period in which the asset is derecognised.

The useful lives for the intangible assets of the Zur Rose Group can be summarised as follows:

Asset category	Useful life
Software	3 – 5 years
ERP system	5 – 10 years
Customer relationships	10 years
Trademarks	Indefinite or 5 – 10 years

Impairment of non-financial assets

At the end of each reporting period, the Zur Rose Group determines whether there is any indication that a nonfinancial asset is impaired. If there is any indication of this, or when annual impairment testing for an asset is required, the Group estimates the recoverable amount of the respective asset or cash generating unit (CGU). The recoverable amount of an asset is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. The recoverable amount is determined for each individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. If the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is impaired and written down to its recoverable amount. To determine the value in use, the expected future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In order to determine fair value less costs of disposal, an appropriate measurement model is used.

Goodwill is tested for impairment at the level of the CGU to which it has been allocated annually at 31 December and whenever circumstances indicate that the value might be impaired. If the recoverable amount of the CGU is lower than its carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill cannot be reversed in subsequent periods.

Financial assets

Classification and measurement of financial assets

Trade receivables are initially recognised at the transaction price pursuant to IFRS 15. All other financial instruments are initially recognised at fair value and, in the case of financial assets not measured at fair value through profit or loss, plus transaction costs.

With regard to subsequent measurement, the Zur Rose Group distinguishes between the following two measurement categories:

- *At amortised cost.* Assets held for the purpose of collecting contractual cash flows consisting solely of interest and principal payments are accounted for at amortised cost less impairments. Interest income from these financial assets is recognised in the item “finance income” using the effective interest method. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. Assets recognised at amortised cost mainly consist of cash and cash equivalents, trade receivables, other receivables and loans.
- *At fair value through profit or loss.* This category includes financial assets recognised at fair value. Fair value changes are recognised in profit or loss. Assets measured at fair value through profit and loss mainly consist of equity instruments (securities).

Purchases and disposals of financial assets are recognised on the settlement date. Financial assets are derecognised when the Zur Rose Group loses control over the rights to cash flows comprising the financial asset.

At the end of each reporting period, the Zur Rose Group determines whether a financial asset is impaired. Impairments for expected credit losses are recognised using the expected credit loss model. The level of the impairment is the difference between the carrying amount of the asset and the present value of the expected future cash flows discounted at the original effective interest rate.

For trade receivables, the Zur Rose Group applies the simplified method for calculating expected credit losses. Consequently, an impairment loss is recognised initially and also at each subsequent reporting date for lifetime expected credit losses. The receivables are derecognised provided they are qualified as irrecoverable.

Financial liabilities

Classification and measurement of financial liabilities

All financial liabilities are initially measured at fair value, and in the case of public bonds and loans less directly attributable transaction costs. The subsequent measurement depends on the classification. The Zur Rose Group divides its financial liabilities into the following two measurement categories:

- *At amortised cost.* After initial recognition, measurement is at amortised cost using the effective interest rate method. Gains and losses are recognised through profit or loss when the payable is amortised or derecognised. Financial liabilities at amortised cost include, in particular, trade payables, other liabilities and public bonds.
- *At fair value through profit or loss.* Financial liabilities that were initially recognised at fair value through profit or loss or financial liabilities that must be recognised through profit or loss at fair value. The financial liabilities of the Zur Rose Group recognised through profit or loss include contingent consideration liabilities agreed in the context of business combinations.

All purchases and disposals of financial liabilities are recognised on the settlement date. A financial liability is derecognised when the underlying obligation is discharged, cancelled, or expired. If an existing financial liability is replaced with another financial liability of the same lender with substantially different terms or conditions, or if the terms of an existing liability are substantially changed, such replacement or change is treated as derecognition of the original liability and as recognition of a new liability.

If a financial instrument meets the definition of an equity instrument, it is initially measured at fair value and recognised directly in equity. Equity instruments are not remeasured. Any gains or losses and transaction costs associated with an equity instrument are also recognised in equity.

Fair value of financial instruments

The fair value of financial instruments traded on active markets is determined using the quoted market price or publicly quoted price (bid price quoted by the buyer in a long position and ask price in a short position) at the end of the reporting period without deducting transaction costs.

The fair value of financial instruments that are not traded on active markets is determined using suitable measurement methods. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing and independent parties, referring to the current fair value of another instrument that is substantially the same, using discounted cash flow methods and other measurement models.

Inventories

Inventories include goods purchased and held for resale only and are measured at cost or the lower net realisable value.

The lower net realisable value corresponds to the expected selling price within normal business activities less expected costs of disposal.

Payments for goods-related remuneration to suppliers that does not represent distinct products or services are recognised as a reduction in the purchase cost of goods held in inventory or added to the cost of goods.

Goods that cannot be sold any more are written down in full.

Cash and cash equivalents

Cash and cash equivalents include cash on hand and cash at banks in addition to fixed-term deposits with a maturity of no more than three months. These are reported at nominal value.

Treasury shares

When the Zur Rose Group acquires treasury shares, these are recognised at cost and deducted from equity. The purchase, sale, issue, or cancellation of treasury shares are recognised outside profit or loss. Any differences between the carrying amount and the consideration received are recognised directly in equity.

Provisions

Provisions are recognised only if the Zur Rose Group has a legal or constructive obligation towards third parties as a result of a past event, if the obligation can be reliably estimated and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation. If the period until payment is significant, the present value of the payment is determined.

Restructuring provisions are recognised only if there is a detailed formal plan, the associated costs can be determined reliably and a valid expectation has been raised in those affected either as a result of communication or implementation of the plan.

Pension assets and liabilities

Contributions to defined contribution plans are recognised in personnel expense on an accrual basis.

For defined benefit plans, the obligation is determined every year by external experts using the projected unit credit method taking into account the plan benefits, employees' years of service as per balance sheet date, assumptions regarding discount rates and salary development and the probability of leaving or death, etc.

The present value of the defined benefit obligation (DBO) is compared with the fair value of the plan assets for funded plans and recognised as a net pension liability or net pension asset. A surplus is recognised only to the extent that the Zur Rose Group is entitled to future benefits in the form of future contribution reductions or refunds.

The pension costs of defined benefit plans are recognised as follows:

- Service cost (current and past from plan amendments): recognised in personnel expenses in profit or loss,
- Net interest on net pension liability / asset: recognised in finance expenses in profit or loss,
- Actuarial gains and losses from the remeasurement of the pension obligation and return on plan assets (less interest income recognised in profit or loss) and the effects from a potential asset ceiling are immediately recognised in other comprehensive income.

2.4 Changes in accounting policies**Introduction of amended or new IFRS and new interpretations**

The accounting policies applied are the same as those used in the previous financial year. The following revised standards, which the Group has applied since 1 January 2021, form exceptions. However, they have no material impact on the net assets, financial income and results of operations of the Group.

- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 – Interest Rate Benchmark Reform Phase 2

3. Significant judgements, estimates and assumptions

In preparing these financial statement management has made judgements in applying accounting policies as well as estimates and assumptions regarding the future that affect the carrying amounts of reported assets and liabilities and may result in adjustments in future reporting periods. Such estimates and assumptions are based on experience and other factors considered to be reasonable in the circumstances. By their very nature, estimates will very rarely correspond to the actual outcomes. Areas with key assumptions concerning the future results and other sources of estimation uncertainty are:

Impairment testing for goodwill and indefinite life intangibles

Every year, the Group tests goodwill (carrying amount CHF 418.4 million) and its other indefinite-life intangibles (carrying amount CHF 20.9 million) for impairment. See Note 21 for a description of the significant assumptions and uncertainties.

Contingent consideration arrangements (earn-out)

A significant portion of the purchase prices for recent acquisitions is comprised of earn-out arrangements that will result in payments to be made. The Zur Rose Group has to determine the fair value of the contingent consideration liabilities using estimates of future revenues, costs, results and discount rates. Additional information can be found in Note 31.

Pension obligations

Pension assets and liabilities are calculated in accordance with IAS 19 on the basis of assumptions, such as the discount rate, salary increases and pension adjustments. These assumptions are assessed and adjusted on an annual basis. Changes in assumptions can have a significant impact on the amount of pension assets and liabilities and amounts recognised in other comprehensive income, which are to be reported in future periods. See Note 28.

Deferred tax assets

Deferred tax assets are recognised for all tax loss carryforwards that can be utilised to the extent that it is probable that taxable profit will be available against which the tax loss carryforwards can be utilised. Significant management judgement is required to determine the amount of deferred tax assets, based on the expected timing and amount of future taxable profits and future tax planning strategies. Further information can be found in Note 23.

4 Standards issued but not yet effective

The IASB has published new standards and interpretations as well as amendments to standards and interpretations before the publication date of these consolidated financial statements. The Group intends to adopt the following amendments when they become effective. The following changes potentially relevant for the Group are:

- IFRS 3 – Reference to the Conceptual Framework (comes into effect on 1 January 2022)
- IFRS 9 – Fees in the “10 per cent” Test for Derecognition of Financial Liabilities (comes into effect on 1 January 2022)
- IAS 16 – Property, Plant and Equipment – Proceeds before Intended Use (comes into effect on 1 January 2022).
- IAS 37 – Onerous Contracts – Cost of Fulfilling a Contract (comes into effect on 1 January 2022)
- IAS 1 – Classification of Liabilities as Current or Non-Current (comes into effect on 1 January 2023)
- IFRS 10 and IAS 28 – Sales or contributions of assets between an investor and its associate/joint venture (date of entry into effect not yet known)
- IAS 12 – Deferred Tax related to Assets and Liabilities arising from a Single Transaction (comes into effect on 1 January 2023)
- The International Accounting Standards Board (IASB) has issued “Defining Accounting Estimates (Amendments to IAS 8)” to help entities distinguish between accounting policies and accounting estimates. The amendments are effective for reporting periods beginning on or after 1 January 2023.
- The International Accounting Standards Board (IASB) has issued “Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)”, which is intended to help companies distinguish between accounting policies and accounting estimates. The amendments are effective for reporting periods beginning on or after 1 January 2023.

The impact of these changes on the Zur Rose Group’s accounting policies were being assessed. The Zur Rose Group does not currently anticipate any material effects on the consolidated financial statements.

5 Operating segments

Segment profitability is reported based on the contribution to operating earnings, as in the internal financial reporting. The operating profit contribution is defined as earnings before indirect costs, interest, taxes, depreciation of property, plant and equipment, of right-of-use assets and of intangible assets and before unallocated other operating income. The contribution to operating earnings achieved by each segment is considered an adequate measure of operating performance of segments reported to the Executive Board for the purposes of resource allocation and performance assessment. Assets and liabilities are not allocated to operating segments in the management reports. Financing is managed centrally by the Group and not allocated to the operating segments.

Unallocated costs mainly include indirect expenses for IT, marketing, office and administrative expenses, management and other corporate costs.

Unallocated operating income comprises other operating income that has not been allocated such as rental income or income from partnerships.

The following tables show the operating segments of the Zur Rose Group:

Reporting as per 31 December 2021	Switzerland	Germany	Europe	Eliminations	Group
	CHF 1,000	CHF 1,000	CHF 1,000	CHF 1,000	CHF 1,000
Income statement					
Net revenue with external customers	620,183	1,024,435	81,885	0	1,726,503
Revenue with other segments	6,944	0	50	-6,994	0
Total net revenue	627,127	1,024,435	81,935	-6,994	1,726,503
Operating profit contribution	47,266	-14,922	-13,917	-6,944	11,483
Unallocated operating costs					-156,880
Unallocated operating income					2,763
Earnings before interest, taxes, depreciation and amortisation (EBITDA)					-142,634
Depreciation and amortisation					-51,143
Earnings before interest and taxes (EBIT)					-193,777
Finance result, net					-32,907
Earnings before taxes (EBT)					-226,684

Reporting as per					
31 December 2020					
	Switzerland	Germany	Europe	Eliminations	Group
	CHF 1,000	CHF 1,000	CHF 1,000	CHF 1,000	CHF 1,000
Income statement					
Net revenue with external customers	589,250	821,270	66,410	0	1,476,930
Revenue with other segments	3,806	0	0	-3,806	0
Total net revenue	593,056	821,270	66,410	-3,806	1,476,930
Operating profit contribution	41,477	37,018	-3,932	-3,806	70,757
Unallocated operating costs					-151,178
Unallocated operating income					2,039
Earnings before interest, taxes, depreciation and amortisation (EBITDA)					-78,382
Depreciation and amortisation					-39,251
Earnings before interest and taxes (EBIT)					-117,633
Finance result, net					-15,576
Earnings before taxes (EBT)					-133,209

Net revenue by customer location	Switzerland	Germany	Other	Group
	CHF 1,000	CHF 1,000	CHF 1,000	CHF 1,000
2021	620,183	1,024,435	81,885	1,726,503
2020	589,250	821,270	66,410	1,476,930

Fixed assets by registered office of the company¹⁾	Switzerland	Netherlands	Germany	Other	Group
	CHF 1,000	CHF 1,000	CHF 1,000	CHF 1,000	CHF 1,000
2021	127,753	265,692	294,742	5,878	694,065
2020	116,064	268,815	310,891	5,346	701,116

1) Fixed assets excluding investments in joint ventures, long-term financial assets and deferred taxes

The Switzerland segment consists of the two business units B2C and Professional Services. Around three quarters of segment revenue is generated in the Professional Services business unit, which supplies affiliated physicians and provides medicine management services. The B2C business is structured around deliveries to end customers.

The Germany segment consists of the B2C business unit. There is no direct supply to physicians.

The Europe segment contains the Marketplace business unit, which trades in pharmacy-type products in health, cosmetics and personal care.

The breakdown of revenue from contracts with customers by segment is shown in the following tables:

Segment Switzerland	2021	2020
	CHF 1,000	CHF 1,000
Type of goods or service		
Professional Services	469,524	449,321
Retail Business (B2C)	150,659	139,929
Total revenue from contracts with customers	620,183	589,250

Segment Germany	2021	2020
	CHF 1,000	CHF 1,000
Type of goods or service		
Retail Business (B2C)	1,024,435	821,270
Total revenue from contracts with customers	1,024,435	821,270

Europe	2021	2020
	CHF 1,000	CHF 1,000
Type of goods or service		
Marketplace	81,885	66,410
Total revenue from contracts with customers	81,885	66,410

6 Changes in consolidation scope

The scope of consolidation has changed in 2021 as a result of the following transactions:

Helena Abreu

On 1 October 2021 Zur Rose Group AG acquired Helena Abreu, Unipessoal, Lda, a stationary pharmacy located in Montemor-o-Novo (Portugal). The purchase price was CHF 176 thousand (EUR 165 thousand) and consisted of a cash payment of CHF 16 thousand (EUR 15 thousand) and a deferred purchase price payment of CHF 159 thousand (EUR 150 thousand). The deferred purchase price payment is payable in 2022. The acquired net assets of –CHF 1,153 thousand (–EUR 1,065 thousand) consist mainly of financial liabilities to the seller and to financial institutions.

The goodwill of CHF 1,328 thousand (EUR 1,230 thousand) was allocated to the Europe segment and represents the added-value of the market potential in the Portuguese mail order market, the increasing market share and the acquired employees. Since acquisition Helena Abreu has contributed CHF 239 thousand to revenues and –CHF 65 thousand to the net income. Transaction costs of CHF 313 thousand (EUR 289 thousand) were recognised in other operating expenses.

Up to twelve months from the effective date of these acquisitions, adjustments may be made to the fair values assigned to the identifiable assets acquired and liabilities assumed as well as to the consideration transferred to reflect new information about facts and circumstances that existed as of the acquisition date.

The purchase price allocation for the following companies was finalised in 2021 with no adjustments made.

TeleClinic

On 31 July 2020 Zur Rose Group AG acquired TeleClinic GmbH of Munich. The purchase price was CHF 46.8 million (EUR 43.5 million), broken down into a cash payment of CHF 41.5 million (EUR 38.5 million) and a deferred consideration of 20,964 shares of Zur Rose Group AG with a market value of CHF 5.3 million (EUR 4.9 million) on the date of acquisition. The shares will be transferred to the sellers over a period until August 2023. The goodwill has been allocated to the Germany segment.

Apotal

On 17 August 2020 the Zur Rose Group AG acquired through its subsidiary DocMorris Holding GmbH the mail-order and diabetes activities of online pharmacy Apotal. As part of the transaction, the Zur Rose Group acquired AdBest Werbeagentur GmbH of Hilter (DE), Ultra-Pharm Medicalprodukte GmbH of Bad Rothenfelde (DE) and Dia Plus Minus Handelsgesellschaft mbH of Hilter (DE). The purchase price of CHF 80.9 million (EUR 75.2 million) consists of a fixed purchase price of CHF 64.5 million (EUR 59.9 million), in turn comprising a cash payment of CHF 26.9 million (EUR 25.0 million) plus 134,468 shares of Zur Rose Group AG worth CHF 37.6 million (EUR 34.9 million) at the market price on the takeover date, a contingent earn-out component with a fair value of CHF 20.7 million (EUR 19.3 million) at the time of the takeover and a purchase price adjustment of CHF 4.3 million (EUR 4.0 million). The goodwill has been allocated to the Germany segment.

Change in Consolidation Scope 2020

	TeleClinic	Apotal
CHF 1,000	31.12.2020	31.12.2020
Identified net assets	5,448	23,302
Goodwill	43,528	57,640
Fair value of purchase consideration	46,822	80,942
Effective settlement of pre-existing loan receivable	2,154	-
	48,976	80,942
Cash payment	39,814	25,961
Settlement with treasury shares	-	37,584
Contingent consideration liabilities	-	20,737
Deferred consideration liabilities, payable in shares	5,294	-
Other receivables - from net current asset adjustments	-	-4,287
Acquired cash items	1,714	947
Pre-existing relationships	2,154	-

7 Other operating income	2021	2020
	CHF 1,000	CHF 1,000
Rental income from third parties	556	456
Rental income of joint ventures	70	63
Income from partnerships	2,824	0
Fair value adjustment on contingent consideration and other compensation claims	0	11,728
Other income	3,297	2,549
	6,747	14,796

8 Cost of goods	2021	2020
	CHF 1,000	CHF 1,000
Goods purchased and held for resale (net)	-1,457,064	-1,224,744
Packaging materials / disposal	-3,313	-3,206
Inventory allowance	-6,080	-7,647
	-1,466,457	-1,235,597

9 Personnel expenses	2021	2020
	CHF 1,000	CHF 1,000
Wages and salaries	-107,343	-103,933
Pension expenses	-2,977	-4,108
Other social security expenses	-20,798	-17,013
Other personnel expenses	-17,232	-17,856
	-148,350	-142,910

The increase in wages and salaries in 2021, which also includes share-based payments (see Note 33), is mainly due to the increase in volume and company acquisitions. The reduction in the pension expenses is due to plan changes in 2021 (see Note 28).

10 Other operating expenses	2021	2020
	CHF 1,000	CHF 1,000
Distribution expenses	-54,556	-49,153
Office and administrative expenses	-52,894	-50,881
Marketing and acquisition expenses	-118,829	-60,590
Expenditure on premises	-4,884	-4,904
Fair value adjustment of contingent consideration	-1,700	-399
Other operating expenses	-28,214	-25,674
	-261,077	-191,601

The increase in other operating expenses is mainly due to the acquisitions and the increase in volume as well as the rise in expenditure on marketing campaigns.

11 Financial result	2021	2020
	CHF 1,000	CHF 1,000
Finance income		
Interest income	241	929
Interest income from joint ventures	266	226
Income from securities	46	202
Foreign exchange gains, net	0	2,147
Interest income on leases	26	5
	579	3,509
Finance expenses		
Interest expenses	-14,939	-13,479
Bank charges and fees	-1,252	-1,019
Losses from securities	-15	-41
Foreign exchange losses, net	¹⁾ -7,485	0
Interest expenses on leases	-1,247	-1,251
	-24,938	-15,790
Financial result (net)	-24,359	-12,281

1) Includes CHF 915 thousand exchange differences reclassified from equity due to liquidation of subsidiaries.

12 Income tax income / (expense)	2021	2020
	CHF 1,000	CHF 1,000
Current income tax of the current period	-727	-1,748
Deferred income tax	1,676	-687
	949	-2,435

Analysis of tax expenses	2021	2020
	CHF 1,000	CHF 1,000
Earnings before taxes (EBT)	-226,684	-133,209
Tax rate of the operating Swiss company	13.4%	13.4%
Expected income/ expenses from income tax	30,285	17,797
Effect of unrecognised tax losses	-52,959	-25,426
Effect of tax losses not recognised in prior periods	790	696
Effect of non-deductible expenses and income	1,128	-6,614
Effect of other tax rates at foreign subsidiaries	21,675	12,633
Effect of valuation adjustment on deferred tax assets	-402	-1,634
Effect of tax rate changes ¹⁾	-18	-214
Other effects	450	327
	949	-2,435

1) Tax rate changes due to a tax reform in Switzerland

Additional information on deferred taxes can be found in Note 23.

13 Cash and cash equivalents	31.12.2021	31.12.2020
	CHF 1,000	CHF 1,000
CHF	226,116	189,263
EUR	51,626	111,296
CZK	0	55
	277,742	300,614

Cash at financial institutions bears variable interest rates based on daily traded bank deposit rates. Short-term deposits are made for various periods of between one day and three months, depending on the respective cash requirements. Short-term deposits earn interest at the respective short-term deposit rates.

14 Trade receivables	31.12.2021	31.12.2020
	CHF 1,000	CHF 1,000
From third parties	132,485	118,953
From joint ventures	5,634	1,492
Bad debt allowance	-6,157	-5,497
	131,962	114,948

Due to the diversified customer base, there are no significant concentrations of credit risk. Most payments are made by direct debit and are thus generally recoverable before their due date. The receivables are settled by the customers in the local currency of their home market.

The age structure of trade receivables is as follows:

CHF 1,000	31.12.2021			31.12.2020		
	Gross	Expected credit losses	Net	Gross	Expected credit losses	Net
Total receivables	138,119	6,157	131,962	120,446	5,498	114,948
not due	96,888	90	96,798	99,332	106	99,226
less than 30 days overdue	24,179	371	23,808	11,706	234	11,472
31 – 60 days overdue	8,641	246	8,395	2,194	115	2,079
61 – 90 days overdue	1,708	136	1,572	555	38	517
91 – 180 days overdue	1,140	120	1,020	1,412	173	1,239
181 – 360 days overdue	431	317	114	1,134	803	331
> 360 days overdue	5,132	4,877	255	4,113	4,029	84

The value adjustment on trade receivables (bad debt allowance) has developed as follows:

Bad debt allowance	2021	2020
	CHF 1,000	CHF 1,000
1 January	-5,497	-2,788
Additions	-1,505	-2,624
Utilisation	721	16
Reversals	138	50
Exchange differences	-14	-151
31 December	-6,157	-5,497

15 Prepaid expenses	31.12.2021	31.12.2020
	CHF 1,000	CHF 1,000
Unbilled receivables	469	419
Prepaid expenses	21,036	12,621
	21,505	13,040

16 Other receivables	31.12.2021	31.12.2020
	CHF 1,000	CHF 1,000
Payments on account and creditors with debit balances	3,023	2,273
VAT	8,342	9,519
Security deposits	968	908
Receivable purchase price adjustment Apotal	0	4,311
Other	674	361
	13,007	17,372

17 Inventories	31.12.2021	31.12.2020
	CHF 1,000	CHF 1,000
Goods purchased and held for resale	103,261	99,377
Prepayments for good purchased and held for sale	0	306
Inventory allowance	-10,797	-6,742
	92,464	92,941

18 Investments in joint ventures and associates

The following companies were measured using the equity method in the consolidated financial statements of Zur Rose Group AG:

	31.12.2021	31.12.2020	31.12.2021	31.12.2020
	CHF 1,000	CHF 1,000	%	%
Joint Ventures				
WELL Gesundheit AG, Zürich (CH)	233	30	29.7	29.7
König Gesellschaft für Image- und Dokumentenverarbeitung mbH, Gottmadingen (DE)	840	760	50.0	50.0
König IT-Systeme GmbH, Gottmadingen (DE)	391	392	50.0	50.0
PolyRose AG, Frauenfeld (CH)	134	132	50.0	50.0
DatamedIQ GmbH, Köln (DE) ¹⁾	0	0	37.5	37.5
ZRMB Marketplace AG, Frauenfeld (CH)	398	1,816	49.9	49.9
MBZR Apotheken AG, Frauenfeld (CH) ²⁾	0	655	49.9	49.9
Total investments	1,996	3,785		

1) Unrecognised share of losses TCHF 41 (previous year: 369)

2) Unrecognised share of losses TCHF 1,379 (previous year: 0)

The König companies offer a comprehensive service to mail-order pharmacies for all matters related to prescription accounting.

PolyRose Ltd. is a logistics company specialised in the transport of pharmaceutical products.

DatamedIQ GmbH helps pharmaceutical companies manage their mail-order activities with innovative analyses and exclusive databases.

ZRMB Marketplace AG and MBZR Apotheken AG (formerly Zur Rose Shop-in-Shop Apotheken AG) were sold in 2019 and have been run since 31 December 2019 as joint ventures with medbase.

WELL Gesundheit AG was established in 2020 with three other Swiss partners from different parts of the healthcare industry to jointly run a company operating an integrated digital healthcare platform. In 2021, the Zur Rose Group made a contribution of CHF 6,734 thousand. Due to the losses to be recognised on a pro rata basis, the carrying amount of the investment value decreased by CHF 6,531 thousand to CHF 233 thousand.

19 Property, plant and equipment

	Real estate	Lease- hold and equipment	Office furnishings and IT systems	Vehicles	Total
	CHF 1,000	CHF 1,000	CHF 1,000	CHF 1,000	CHF 1,000
Cost					
1 January 2020	25,126	32,687	27,536	1,092	86,441
Additions	160	23,562	3,016	231	26,969
Disposals	-88	-426	-70	-62	-646
Additions from acquisition of subsidiaries	0	736	21	0	757
Exchange differences	-23	126	-10	0	93
31 December 2020	25,175	56,685	30,493	1,261	113,614
Additions	483	¹⁾ 13,308	²⁾ 2,233	4	16,028
Disposals	-4,921	-772	-3,569	-118	-9,380
Exchange differences	-348	-1,953	-464	-5	-2,770
31 December 2021	20,389	67,268	28,693	1,142	117,492
Accumulated depreciation and impairment					
1 January 2020	10,357	24,172	18,328	860	53,717
Additions	577	3,778	2,186	105	6,646
Disposals	-3	-426	-71	0	-500
Exchange differences	-5	-29	-7	0	-41
31 December 2020	10,926	27,495	20,436	965	59,822
Additions	580	4,942	2,308	88	7,918
Disposals	-4,921	-248	-3,559	-117	-8,845
Exchange differences	-100	-545	-381	-5	-1,031
31 December 2021	6,485	31,644	18,804	931	57,864
Net carrying amount as at					
31 December 2020	14,249	29,190	10,057	296	53,792
31 December 2021	13,904	35,624	9,889	211	59,628

1) Of which CHF 3,052 thousand of additions yet to be paid

2) Of which CHF 147 thousand of additions yet to be paid

With the exception of the properties in Frauenfeld and Steckborn with a carrying amount of CHF 6,121 thousand (previous year: CHF 6,080 thousand), no property, plant or equipment was pledged as at 31 December 2021.

20 Right-of-use assets and leases

The Zur Rose Group mainly leases various office and warehouse buildings, equipment and vehicles. Leasing conditions are negotiated individually and include a range of varying conditions. Leases are generally entered into for a fixed period, but may include options to extend.

In the Consolidated Cash Flow Statement, principal payments on lease liabilities are shown under cash flow from financing activities. In cash flow from operating activities, interest paid includes interest pay-

ments on lease liabilities. During the year under review, the total cash outflow relating to lease activities of the Zur Rose Group was CHF 8.6 million (previous year: CHF 7.9 million).

The following expenses relating to the lease activities of the Zur Rose Group were charged through the income statement:

Leasing activities	2021	2020
	CHF 1,000	CHF 1,000
Lease payments for short-term lease contracts	883	538
Lease payments for equipment of low value	86	44
Expense recognised in other operating expenses	969	582
Depreciation of right-of-use assets	6,302	6,128
Interest expense on lease liabilities	1,247	1,251
Total expense recognised in the income statement	8,518	7,961

Right-of-use assets

	Real estate	Lease- hold and equipment	Office furnishings and IT systems	Vehicles	Total
	CHF 1,000	CHF 1,000	CHF 1,000	CHF 1,000	CHF 1,000
Net book values 2020					
1 January 2020	40,034	3,833	41	495	44,403
Additions	3,974	51	0	415	4,440
Additions from acquisition of subsidiaries	1,224	0	0	0	1,224
Revaluations	-793	0	0	0	-793
Depreciations	-5,184	-600	-17	-327	-6,128
Exchange differences	-346	-5	0	-8	-359
31 December 2020	38,909	3,279	24	575	42,787
Net book values 2021					
1 January 2021	38,909	3,279	24	575	42,787
Additions	2,019	0	97	346	2,462
Additions from acquisition of subsidiaries	18	0	0	0	18
Revaluations	1,643	0	0	30	1,673
Depreciations	-5,337	-573	-42	-350	-6,302
Exchange differences	-1,451	-108	-2	-2	-1,563
31 December 2021	35,801	2,598	77	599	39,075

21 Intangible assets

	Goodwill	Software and development costs	Trademarks, customers	Total
	CHF 1,000	CHF 1,000	CHF 1,000	CHF 1,000
Cost				
1 January 2020	352,421	153,468	71,184	577,073
Additions	0	32,625	26	32,651
Additions from acquisition of subsidiaries	101,168	4,282	28,400	133,850
Disposals	0	-866	-197	-1,063
Exchange differences	-1,066	-150	-123	-1,339
31 December 2020	452,523	189,359	99,290	741,172
Additions	0	^{1) 3)} 48,734	0	48,734
Additions from acquisition of subsidiaries	1,331	0	0	1,331
Disposals	0	-14,903	-319	-15,222
Exchange differences	-18,041	-4,793	-3,130	-25,964
31 December 2021	435,813	218,397	95,841	750,051
Accumulated amortisation and impairment				
1 January 2020	17,735	82,498	11,587	111,820
Additions	0	19,685	6,157	25,842
Disposals	0	-866	-197	-1,063
Impairment losses	0	⁴⁾ 499	⁴⁾ 136	635
Exchange differences	-488	-5	-106	-599
31 December 2020	17,247	101,811	17,577	136,635
Additions	0	27,851	8,366	36,217
Disposals	0	-14,882	-319	-15,201
Impairment losses	0	⁴⁾ 706	0	706
Exchange differences	155	-2,975	-848	-3,668
31 December 2021	17,402	112,511	24,776	154,689
Net carrying amount as at				
31 December 2020	435,276	87,548	81,713	604,537
31 December 2021	418,411	105,886	²⁾ 71,065	595,362

1) Of which CHF 2,315 thousand of additions yet to be paid

2) Of which CHF 20,323 thousand (previous year CHF 20,323 thousand) for the DocMorris trademark with an indefinite useful life and CHF 543 thousand (previous year CHF 543 thousand) for the BlueCare trademark with an indefinite useful life, and in particular for the brand Apotal over CHF 3.6 million (previous year CHF 4.8 million) and for the customers Apotal over CHF 15.9 million (previous year CHF 18.5 million) with a remaining term of 3.5 years respectively 8.5 years as well as for the brand medpex over CHF 6.6 million (previous year CHF 7.9 million) and for the customers medpex over CHF 11.5 million (previous year CHF 13.8 million) with a remaining term of 7 years.

3) Of which CHF 21,947 thousand own work capitalised (previous year CHF 12,351 thousand)

4) Includes an impairment loss on software and trademark in the Germany segment

Impairment testing of intangible assets with indefinite useful lives

The Zur Rose Group performed its annual impairment test in December 2021 and 2020. For impairment testing, the intangible assets and goodwill acquired through business combinations and trademarks with indefinite useful lives are allocated to the following cash-generating units (CGUs) Switzerland, Germany and Europe, which are the operating and reportable segments from the Zur Rose Group. The goodwill from the acquisition of Helena Abreu was allocated to the CGU Europe in 2021. The impairment test of the DocMorris brand was carried out at the level of the CGU brand DocMorris, which is included in the Germany CGU.

Cash-generating units and intangibles

	Switzerland		Germany ¹⁾		Europe	
	2021	2020	2021	2020	2021	2020
	CHF 1,000	CHF 1,000	CHF 1,000	CHF 1,000	CHF 1,000	CHF 1,000
Goodwill	16,673	16,673	398,612	416,668	3,126	1,935
Trademarks	543	543	20,323	20,323	0	0
	17,216	17,216	418,935	436,991	3,126	1,935

1) The CGU Germany comprises the CGU brand DocMorris, at the level of which the impairment test for the DocMorris brand is performed.

The recoverable amounts have been determined based on a value in use calculation using cash flow projections from the financial business plans.

The tables below illustrate the discount rates before taxes, the growth rate used for cash flows after the five-year period and the EBITDA margin for residual value.

Discount rates	2021	2020
	%	%
Switzerland	5.2	5.7
Germany	8.0	8.7
Europe	10.5	11.3
Trademark DocMorris	7.5	8.2

The rates of growth for the residual values amount to 1.0 per cent each in 2021, as in the previous year, for Switzerland, Germany, Europe and the DocMorris brand.

EBITDA margins for residual value	2021	2020
	%	%
Switzerland	3.6	3.7
Germany	9.9	8.9
Europe	5.8	3.7
Trademark DocMorris	8.1	13.4

Assumptions to determine the value in use

The following assumptions underlying the determination of the value in use are subject to estimation uncertainty:

- Revenue development / EBITDA margins
- Discount rates
- Growth rate used to extrapolate cash flow forecasts outside the budget period.

Revenue development and EBITDA margins – The revenue development and planned EBITDA margins of the CGUs are based on marketing plans from the individual market segments for the budgeted year. On this basis, projections were used by management while taking into account market forecasts and the competitive situation. The underlying revenue and EBITDA margin development is based on multi-year planning approved by the Board of Directors.

Discount rates – Discount rates represent the current market assessment of the risks specific to each CGU, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rates for the individual CGUs are derived from the Group's weighted average cost of capital (WACC).

Growth rate estimates – Growth rates are based on published industry-related market research and management's estimates.

Sensitivity of the assumptions – Management has performed a sensitivity analysis and considers that no reasonably possible changes in one of the underlying assumptions for the CGU Switzerland, the CGU Germany (including the CGU DocMorris) and the CGU Europe would result in the carrying amount significantly exceeding the recoverable amount.

22 Non-current financial assets	31.12.2021	31.12.2020
	CHF 1,000	CHF 1,000
Equity securities	46	47
Loans granted	25,025	24,184
Security share delivery TeleClinic	2,899	3,030
Receivables sub leasing	1,391	616
	29,361	27,877

The loans include a loan to MBZR Apotheken AG and ZRMB Marketplace AG of CHF 12,085 thousand (previous year: CHF 9,690 thousand), a loan to DatamedIQ GmbH of CHF 341 thousand (previous year: CHF 668 thousand), a loan to PolyRose AG of CHF 100 thousand (previous year: zero), loans to employees of CHF 1,852 thousand (previous year: CHF 2,984 thousand) and other loans to third parties of CHF 10,647 thousand (previous year: CHF 10,843 thousand), of which CHF 10,424 thousand (previous year: CHF 10,771 thousand) relates to the loan granted to the sellers of the Apotal Group.

An escrow account was set up to secure the 20,964 Zur Rose shares to be delivered by 31 July 2023 (deferred purchase price payment TeleClinic).

23 Deferred tax

Net carrying amounts	31.12.2021	Balance sheet		Income statement	
		31.12.2020	2021	2020	
	CHF 1,000	CHF 1,000	CHF 1,000	CHF 1,000	CHF 1,000
Deferred tax due to temporary differences					
<i>Deferred tax assets</i>					
Non-current assets	3,536	2,686	82		-400
Pension obligations	1,673	2,675	-113		-52
Tax loss carryforwards	7,856	1,070	6,786		-1,838
	13,065	6,431	6,755		-2,290
<i>Deferred tax liabilities</i>					
Intangible assets	-7,523	-8,115	1,296		1,574
Provisions	-6,413	0	-6,413		0
Convertible bond	-124	-162	38		29
	-14,060	-8,277	-5,079		1,603
Net deferred tax liabilities	-995	-1,846			
Deferred tax expense (income)			1,676		-687
Deferred tax reported on the balance sheet					
			31.12.2021		31.12.2020
			CHF 1,000		CHF 1,000
Deferred tax assets			6,652		6,431
Deferred tax liabilities			-7,647		-8,277
			-995		-1,846
Movement of deferred tax					
			2021		2020
			CHF 1,000		CHF 1,000
1 January			-1,846		1,851
Recognition / reversal of deferred tax in income statement			1,676		-687
Recognition / reversal of deferred tax in other comprehensive income			-888		71
Recognition / reversal of deferred tax in retained earnings			0		-191
Additions from acquisition of subsidiaries			0		-2,870
Exchange differences			63		-20
31 December			-995		-1,846

Unrecognised deferred tax assets

Deferred tax assets, including on loss carryforwards that can be used for tax purposes and expected tax credits, are recognised only if it is probable that future taxable profits will be available, against which the tax losses or credits can be used for tax purposes.

Tax loss carryforwards	31.12.2021	31.12.2020
	CHF 1,000	CHF 1,000
Total tax loss carryforwards	563,231	412,707
Of which loss carryforwards recognised in deferred income tax	58,001	6,795
Unrecognised tax loss carryforwards (total)	505,230	405,912

Deferred tax assets from loss carryforwards changed as follows:

Movement in tax assets from loss carryforwards	2021	2020
	CHF 1,000	CHF 1,000
1 January	1,070	2,909
Recognition of deferred tax assets from loss carryforwards	6,984	231
Impairment of deferred taxes capitalised in previous years	0	-2,070
Use of deferred tax assets from loss carryforwards	-198	0
31 December	7,856	1,070

	31.12.2021	31.12.2020
	CHF 1,000	CHF 1,000
Unrecognised loss carryforwards expire as follows:		
Within a year	0	40,151
In two to five years	26,796	47,864
In more than five years	84,804	242,837
Unlimited	393,630	75,060
	505,230	405,912

Tax effect on unrecognised tax loss carryforwards	121,119	98,630
----------------------------------------------------------	----------------	--------

In addition to the unrecognised loss carryforwards, the Zur Rose Group has further unrecognised deferred tax assets of CHF 6.1 million as of 31 December 2021, which expire pro rata each year until 2029. Explanations on income tax and the analysis of tax expenses can be found in Note 12.

24 Financial liabilities	31.12.2021	31.12.2020
	CHF 1,000	CHF 1,000
Current financial liabilities	16,429	6,801
Non-current financial liabilities and bonds	552,736	563,814
	569,165	570,615
Current financial liabilities		
Other current financial liabilities	0	154
Current leasing liabilities	5,182	6,360
Deferred consideration liabilities	159	0
Contingent consideration liabilities	11,088	287
	16,429	6,801

Non-current financial liabilities and bonds	31.12.2021	31.12.2020
	CHF 1,000	CHF 1,000
Bond 2.5% 2018 – 2023, nominal CHF 115 million	114,688	114,501
Bond 2.5% 2019 – 2024, nominal CHF 200 million	198,670	198,213
Convertible Bond 2.75% 2020 – 2025, nominal CHF 175 million	172,049	171,203
Non-current lease liabilities	34,563	36,156
Deferred consideration liabilities	11,332	11,556
Contingent consideration liabilities	21,434	32,185
	552,736	563,814

On 26 March 2020 the Zur Rose Group placed a CHF 175 million senior unsecured convertible bond maturing in 2025. The convertible bond has a 2.75 per cent annual coupon and a conversion price of CHF 142.39. The shares to be delivered will be provided from existing shares or by issuing new shares from authorised capital. Unless previously converted, redeemed or repurchased and cancelled, the bond will be redeemed at 100 per cent on maturity, scheduled for 31 March 2025. No rights were converted during the reporting period.

Changes in liabilities arising from financing activities	Mortgages and loans from banks	Bond	Lease liabilities	Deferred and contingent consideration liabilities ¹⁾	Total ¹⁾
	CHF 1,000	CHF 1,000	CHF 1,000	CHF 1,000	CHF 1,000
1 January 2020	7,544	312,070	43,405	74,582	437,601
Proceeds from financial liabilities	2	170,586	0	0	170,588
Repayment of financial liabilities	-7,392	0	-6,063	0	-13,455
Change in financial liabilities (non-financing cash flow, non-cash movements)	0	1,261	2,411	-978	2,694
Changes in fair values and other changes	0	0	1,657	0	1,657
Additions from acquisition of subsidiaries	0	0	1,224	20,737	21,961
Payment of purchase price	0	0	0	-50,270	-50,270
Currency translation effects	0	0	-118	-43	-163
31 December 2020	154	483,917	42,516	44,028	570,614
1 January 2021	154	483,917	42,516	44,028	570,614
Proceeds from financial liabilities	0	0	0	0	0
Repayment of financial liabilities	-1,246	0	-6,334	0	-7,580
Change in financial liabilities (non-financing cash flow, non-cash movements)	0	1,490	3,397	1,989	6,876
Changes in fair values and other changes	0	0	1,673	0	1,673
Additions from acquisition of subsidiaries	1,092	0	18	159	1,269
Payment of purchase price	0	0	0	-200	-200
Currency translation effects	0	0	-1,525	-1,963	-3,487
31 December 2021	0	485,407	39,745	44,013	569,165

1) See Note 6 Business combinations and Note 31 financial instruments.

Average interest	2021	2020
	%	%
Bank mortgages	-	2.14
Bonds	2.72	2.72
Convertible Bond	3.30	3.30
	2.93	2.93

25 Other payables	31.12.2021	31.12.2020
	CHF 1,000	CHF 1,000
Social security	5,262	2,869
Debtors with credit balances	2,521	1,656
VAT	4,896	6,085
Other	1,550	3,306
	14,229	13,916

26 Accrued expenses	31.12.2021	31.12.2020
	CHF 1,000	CHF 1,000
Goods purchased	5,336	3,357
Personnel expenses	13,183	12,021
Marketing expenses	5,945	5,627
Other operating expenses	19,084	13,523
	43,548	34,528

The increase in accrued expenses is mainly due to the higher volume and the development and expansion of business activities.

27 Provisions	Other	Restructuring	Total
	CHF 1,000	CHF 1,000	CHF 1,000
1 January 2021	6,236	616	6,852
Recognition	598	0	598
Utilisation	-1,304	-31	-1,335
Reversal	-1,168	-566	-1,734
Foreign currency differences	-173	-19	-192
31 December 2021	4,189	0	4,189
of which short-term	4,189	0	4,189
of which long-term	0	0	0

Other provisions include in particular a risk item of around CHF 3.9 million for proceedings relating to VAT on bonuses granted on prescriptions. The release of other provisions includes the elimination of risk positions for impending losses from onerous contracts.

28 Pension

There are pension plans in Switzerland and Germany which qualify as defined benefit plans in accordance with IAS 19. The German pension plan is unfunded. All other pension plans are defined contribution plans.

All Swiss Group companies have been part of a semi-autonomous solution provided by a pension fund. This pension fund is a legally independent institution subject to the Swiss Federal Law on Occupational Old Age, Survivors' and Invalidity Pension Plans (Bundesgesetz über die berufliche Alters-, Hinterlassenen- und Invalidenvorsorge – BVG). The board of trustees of the fund is responsible for its management, the preparation of plan rules, the determination of the investment strategy and the financing of benefits. This board is made up of employee and employer representatives.

The pension fund's significant risks include investment risk, interest rate risk, disability risk, death risk and longevity risk. The semi-autonomous pension fund fully bears the risk of longevity and the interest and investment risk itself, with the risks of disability and death covered by Swiss insurance companies. An adverse development of the risks borne by the semi-autonomous pension fund may, according to the BVG, lead to deficient cover by the relevant fund. In such cases, the law requires restructuring measures (e.g. levying of additional contributions or lower interest payments) to be implemented by the affiliated companies and their policyholders until the coverage ratio returns to 100 per cent.

Beneficiaries are insured against the financial consequences of old age, death and disability. Benefits for beneficiaries are determined in the provisions of the pension plan and go beyond the minimum benefits of the BVG. Retirement benefits are based on the retirement savings of each insured individual, which increase as a result of annual employer and employee contributions and interest credited. Annual contributions are determined in the pension plan rules. Their amount is based on the insured salary, age and seniority of the plan participant.

Upon retirement, plan participants can choose between a lump-sum payment and a lifelong pension. In the event of a withdrawal from the pension fund, the assets of the insured individual are transferred to a new pension solution.

The net pension obligations of all defined benefit plans are derived as follows:

Net pension obligations of all defined benefit plans	2021	2020
	CHF 1,000	CHF 1,000
Present value of obligations (DBO)	69,253	69,037
Plan assets at fair value	57,882	51,077
Net pension liabilities	11,371	17,961
of which Switzerland	10,745	17,313
of which Germany	626	648

Net pension obligations developed as follows:	2021	2020
	CHF 1,000	CHF 1,000
Net pension obligations as at 1 January	17,961	15,170
Pension expense recognised in profit or loss	2,166	3,503
Pension expense recognised in other comprehensive income	-5,642	1,812
Employer contributions	-3,087	-2,523
Foreign exchange differences	-27	-1
Net pension obligations as at 31 December	11,371	17,961

Present value of obligations (DBO)	2021	2020
	CHF 1,000	CHF 1,000
Present value of obligations as at 1 January	69,037	61,640
Interest cost	105	139
Current service cost	4,466	3,933
Employee contributions	2,101	1,648
Benefits paid / transferred	426	5,994
Past service cost ²	-2,367	-497
Settlement ¹	-2,436	-3,914
Administrative costs	34	34
Actuarial (gains) / losses	-2,087	63
Foreign exchange differences	-27	-4
Present value of obligations as at 31 December	69,253	69,037
of which Switzerland	68,627	68,389
of which Germany	626	648
of which active	68,909	65,650
of which pensioners	344	3,387
Average duration	17.1 years	18.7 years

Development of fair value of plan assets	2021	2020
	CHF 1,000	CHF 1,000
Fair value of plan assets as at 1 January	51,077	46,470
Interest income from plan assets	72	105
Employer contributions	3,087	2,523
Employee contributions	2,101	1,648
Benefits paid / transferred	426	5,994
Settlement ¹	-2,436	-3,914
Actuarial gain (loss)	3,555	-1,749
Fair value of plan assets as at 31 December	57,882	51,077

1) The settlement of the defined benefit plan in the years 2021 and 2020 results from the retention of plan assets and liabilities in the same amount by the retirees remaining with the previous pension plan.

In the period under review, Zur Rose recognised the following costs for defined benefit plans in profit or loss:

	2021	2020
	CHF 1,000	CHF 1,000
Current service cost (employer)	4,466	3,933
Past service cost ²	-2,367	-497
Administrative costs	34	34
Net interest expense	33	34
Total pension expense	2,166	3,503
of which personnel expense	2,133	3,470
of which finance expense	33	34

2) The past service cost in the years 2021 and 2020 includes a plan change resulting from a reduction in conversion rates.

The remeasurement of pensions recognised in other comprehensive income is made up of the following:

	2021	2020
	CHF 1,000	CHF 1,000
Changes in financial assumptions	-196	-289
Changes in demographic assumptions ³	2,960	1,389
Experience adjustments	-677	-1,164
Subtotal remeasurement pension obligations gain / (loss)	2,087	-63
Actuarial gain / (loss) on the asset	3,555	-1,749
Total remeasurement pensions	5,642	-1,812

3) The change in demographic assumptions for year 2021 was based in particular on an adjustment of mortality tables (change from BVG 2015 GT to BVG 2020 GT). The change in year 2020 was based on an adjustment of the probability of mortality (change from the Menthonnex model to the CMI model, 1.5%).

The remeasurement of pensions recognised in other comprehensive income is based on the following key assumptions:

Assumptions	2021	2020
	%	%
Discount rate in Switzerland	0.35	0.18
Salary increases	1.5	1.5
Mortality tables	BVG 2020 GT, CMI (1.5%)	BVG 2015 GT, CMI (1.5%)

Changes to these key actuarial assumptions would have the following estimated impact on the present value of the defined pension obligation:

An increase / decrease in the discount rate by 0.25 per cent would lead to a decrease / increase in DBO of 4.4 per cent. An increase / decrease in the salary growth rate by 0.25 per cent would lead to an increase / decrease in DBO of 0.8 per cent.

The individual sensitivities were calculated separately and reflect the changes deemed reasonably possible as at the end of the relevant reporting period. Interdependencies are not taken into account, and the actual outcome may differ from these estimates.

The fair value of the plan assets of all plans is entirely made up of the asset allocation of the pension fund.

The pension funds do not hold any Zur Rose shares, and no Group companies make use of the assets of the pension funds.

The Zur Rose Group anticipates employer contributions to defined benefit plans of CHF 3,054 thousand (Switzerland) for the year 2022.

The weighted average duration of defined benefit obligation in 2021 amounts to 17.1 years (previous year: 18.7 years).

29 Share capital

		31.12.2021	31.12.2020
Issued and paid share capital	Value in CHF 1,000	335,839	315,791
	Number of shares	11,194,637	10,526,366
Authorised capital	Value in CHF 1,000	12,079	0
	Number of shares	402,636	0
Contingent capital	Value in CHF 1,000	36,236	17,471
	Number of shares	1,207,868	582,383

The increase in the number of issued and paid share capital by 668,271 shares includes 650,000 shares in connection with the authorised capital increase in December 2021 and 18,271 created shares issued for participation programmes.

Treasury shares / amount	2021	2020
	CHF 1,000	CHF 1,000
1 January	31,927	5,219
Purchases	4	2
Issue of new shares	151	27,000
Acquisition of Apotal Group	0	-117
Acquisition of non-controlling interests Bluecare	0	-94
Allocations	-774	-83
31 December	31,308	31,927

Allocations relate to shares delivered to participants under the Group's share-based payment arrangements.

Treasury shares / number	2021	2020
	Number	Number
1 January	954,625	57,875
Purchases	11	12
Issue of new shares	1,669	900,000
Acquisition of Apotal Group	0	-1,294
Acquisition of non-controlling interests Bluecare	0	-1,050
Allocations	-8,592	-918
31 December	947,713	954,625

Net income / (loss) per share		31.12.2021	31.12.2020
Net income / (loss) per share attributable to Zur Rose Group AG shareholders	CHF 1,000	-225,735	-135,695
Net income / (loss) per share	CHF 1	-23.40	-14.95
Diluted net income / (loss) per share	CHF 1	-23.40	-14.95
Average number of outstanding shares – basic	Number	9,645,376	9,076,414
Average number of theoretically outstanding shares – diluted	Number	9,645,376	9,076,414
Proposed dividend per share	CHF 1	0.00	0.00

30 Commitments and contingent liabilities

In connection with an insolvency proceeding against a former customer, a claim of around CHF 7.7 million was made against the Zur Rose Group. A forecast about the outcome of the pending proceedings is not possible at the moment. Based on current estimates, no provisions had to be recorded.

In addition further contingent liabilities in connection with legal disputes total around CHF 7.2 million exist (previous year: CHF 7.6 million). Based on current estimates, no provisions had to be recorded either.

31 Financial instruments

Carrying amount of financial instruments	31.12.2021	31.12.2020
	CHF 1,000	CHF 1,000
Financial assets		
Cash and cash equivalents	277,742	300,614
Trade receivables	131,962	114,948
Prepaid expenses (financial instruments) ¹⁾	469	419
Other receivables (financial instruments) ²⁾	1,642	5,580
Current financial assets	460	358
Non-current financial assets	29,361	27,877
	441,636	449,796

1) Total amount of prepaid expenses as per balance sheet: CHF 21,505 thousand (previous year: CHF 13,040 thousand)

2) Total amount of other receivables as per balance sheet: CHF 13,007 thousand (previous year: CHF 17,372 thousand)

The non-current financial assets include equity securities of CHF 46 thousand (previous year: CHF 47 thousand), which are measured at fair value through profit or loss similar to the current financial assets. All other financial assets are measured at amortised cost.

Carrying amount of financial instruments	31.12.2021	31.12.2020
	CHF 1,000	CHF 1,000
Financial liabilities		
Current financial liabilities	16,429	6,801
Trade payables	132,173	93,319
Other payables (financial instruments) ¹⁾	4,071	4,962
Accrued expenses ²⁾	30,365	22,507
Non-current financial liabilities	67,329	79,897
Bond 2.5% 2018 – 2023, nominal CHF 115 million	114,688	114,501
Bond 2.5% 2019 – 2024, nominal CHF 200 million	198,670	198,213
Convertible Bond 2.75% 2020 – 2025, nominal CHF 175 million	172,049	171,203
	735,774	691,403

1) Total amount of other payables as per balance sheet: CHF 14,229 thousand (previous year: CHF 13,916 thousand)

2) Total amount of accrued expenses as per balance sheet: CHF 43,548 (previous year: CHF 34,528 thousand)

Financial liabilities include contingent consideration liabilities of CHF 11,088 thousand (previous year: CHF 287 thousand) and CHF 21,434 thousand (previous year: CHF 32,185 thousand) and deferred consideration liabilities of CHF 159 thousand (previous year: zero) and CHF 11,332 thousand (previous year: CHF 11,556 thousand) under current financial liabilities and non-current financial liabilities respectively. All other financial liabilities are measured at amortised cost.

For cash and cash equivalents as well as the other financial assets and liabilities expiring within 12 months, it is assumed that the carrying amount is a reasonable approximation of fair value due to their short-term nature.

Fair value measurement

The fair values of financial instruments that are actively traded on markets are based on market prices (offer prices) at the end of the reporting period. Such instruments are reported as Level 1. The fair values of financial instruments that are not actively traded on markets are determined using measurement models. If all parameters required for measurement are based on observable market data, the instrument is reported as Level 2. If one or more parameters are based on non-observable market data, the instrument is classified as Level 3.

		31.12.2021	31.12.2021	31.12.2020	31.12.2020
		Fair value	Carrying amount	Fair value	Carrying amount
Financial assets and liabilities		CHF 1,000	CHF 1,000	CHF 1,000	CHF 1,000
Current financial assets	Level 1	460	460	358	358
Equity securities	Level 3	46	46	47	47
Loans granted	Level 2	25,025	25,025	24,184	24,184
Bonds	Level 1	321,713	313,358	321,185	312,714
Convertible Bond	Level 1	320,775	172,049	365,575	171,203
Loans from banks	Level 2	0	0	0	0
Deferred consideration liabilities	Level 2	11,491	11,491	11,556	11,556
Contingent consideration liabilities	Level 2/3	32,522	32,522	32,472	32,472

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

Contingent consideration liability	31.12.2021	31.12.2020
	CHF 1,000	CHF 1,000
As per 1 January	32,472	62,254
Investing cash flow	-200	-50,270
Additions from business combinations	0	20,737
Change in fair value (through profit or loss)	1,700	-206
Exchange differences	-1,450	-43
Total contingent consideration liability	32,522	32,472

Apotal

The fair value of the contingent consideration is CHF 21.5 million (EUR 20.7 million), of which CHF 10.6 million (EUR 10.2 million) is mainly fixed and classified as current. Payment of these short-term earn-out components is planned for 2022. Payment of the earn-out components still outstanding of CHF 10.9 million (EUR 10.5 million) is planned in 2023. The amount of these depends on revenue growth and EBITDA targets in 2022. The fair value measurement of the earn-out is based on the weighting of different scenarios. The weighting of the scenarios represents a significant unobservable input factor. The weighting of the scenarios depends on the current and future business development of the Apotal Group and thus on the expected degree of target achievement for the variables revenue and EBITDA margin. The change of this input factor may lead to material adjustments in the recognised liability and thus the payments to the vendors. An isolated change in the weighting of the “best case scenario” (from the buyer’s perspective) as at 31 December 2021 of -10 per cent or +5 per cent in favour or at the expense of the “worst case scenario” results, ceteris paribus, in a reduction or increase in the liability of CHF -1.1 million or CHF 0.1 million respectively, which would change the net income accordingly. If only the EBITDA targets are achieved in 2022, only CHF 0.9 million (EUR 0.9 million) of the CHF 10.9 million (EUR 10.5 million) are due. The Zur Rose Group assumes that the agreed revenue target will be achieved. The reassessment of the earn-out as at 31 December 2021 led to an increase of CHF 1.3 million (EUR 1.2 million) for 2021.

Eurapon

Of the CHF 18.1 million (EUR 16.7 million) of contingent consideration, CHF 6.6 million (EUR 6.1 million) was paid in 2020. Payment of the remaining obligation of CHF 10.6 million (EUR 10.2 million) is due in 2023 and is only subject to fair value adjustments due to exchange rate and interest rate fluctuations (Level 2).

medpex

The contingent purchase price payment of originally CHF 65.9 million (EUR 58.6 million) was terminated early with a contractually agreed one-time payment of CHF 42.3 million (EUR 39.0 million). The payment took place in January 2020.

Of the other contingent consideration liabilities, CHF 0.2 million was paid in 2021 and CHF 0.5 million is due in 2022.

32 Financial risk management

Foreign currency effects

The Zur Rose Group operates mainly in Switzerland and in some countries of the European Union. In Switzerland the Zur Rose Group is not exposed to any significant exchange risks as only minor foreign currency transactions take place. As most foreign income and expenses in EUR functional currency entities are incurred in EUR, these foreign companies are also not exposed to any significant foreign currency risks. For these reasons, the Zur Rose Group does not hedge against foreign currency risks.

The impact of changes in exchange rates is limited to the measurement at the end of the reporting period of loans and receivables / liabilities balances between the parent in Switzerland and subsidiaries in the European Union.

The following table shows the sensitivity of future earnings before taxes (EBT) assuming a change in exchange rate on the basis of historical experience. For the purpose of this sensitivity analysis all other parameters remain unchanged.

	Increase/decrease foreign currency	Impact on earnings before taxes (EBT)
	%	CHF 1,000
2021		
EUR	+/-10	+/-17,055
2020		
EUR	+/-10	+/-29,145

The methods and assumptions underlying the calculation of the sensitivities listed above do not differ from those in the previous year.

Credit risk

Credit risks result from the possibility that the counterparty to a transaction is unable or unwilling to meet its obligations, leading to a financial loss for the Zur Rose Group.

Credit risks from balances with banks and financial institutions are reviewed on an annual basis. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through a counterparty's potential failure to make payments. The cash and cash equivalents of the Zur Rose Group are held with several banks.

Credit default risks are considered minor because the amounts receivable from the physician business are attributable to a large number of physicians, who, for the most part, are also shareholders. These receivables are mainly collected by direct debit and thus collected before the due date.

Receivables from the mail order business of the Switzerland segment include, in particular, receivables from Swiss health insurance companies for which no substantial bad debt is expected.

Receivables from activities in the Germany and Europe segments include receivables from health insurance companies, pharmacies and private individuals.

Before engaging in business relationships, counterparties with whom significant volumes are to be transacted are subject to credit verification procedures. Loans are only granted to related parties or known third parties.

Interest rate risk

Interest rate risks result from changes in interest rates that could have a negative impact on the net assets and financial position of the Zur Rose Group. Interest rate changes lead to changes in interest income and expenses of interest-bearing assets and liabilities at variable rate.

Financial instruments bear prevailing market interest rates. Contractually agreed terms are short-term in nature and can thus be adapted as necessary. The bonds that were issued on 19 July 2018 and 21 November 2019 both carry a fixed interest rate of 2.5 per cent and a term of five years. The convertible bond that was issued on 26 March 2020 carries a fixed interest rate of 2.75 per cent and a term of five years.

The following table shows the sensitivity of consolidated profit before taxes. For the purpose of this sensitivity analysis all other parameters remain unchanged.

	Increase/decrease market interest rate	Impact on earnings before taxes (EBT)
	%	CHF 1,000
2021		
Increase / decrease in market interest rate	+/-1	+/-1,940
2020		
Increase / decrease in market interest rate	+/-1	+/-2,162

As with the calculation of the sensitivities of the foreign exchange risk, the interest rate risk was also calculated using the same methods and assumptions as in the previous year.

The interest rates of financial instruments, classified as variable rate financial instruments, are adjusted within a one-year period. The interest rate of the bond and the convertible bond is fixed until the end of the term. Other financial instruments of the Zur Rose Group which are not included in this presentation do not bear any interest and are thus not exposed to interest rate risks.

Liquidity risk

Liquidity is monitored and managed at Group level on an ongoing basis.

The contractually agreed due dates and cash flows (incl. interest) of financial liabilities are as follows:

Cash flows 2021	1 year	2 years	3 years	4 – 5 years	> 5 years
	CHF 1,000	CHF 1,000	CHF 1,000	CHF 1,000	CHF 1,000
Lease liabilities	6,279	5,554	4,647	8,617	20,535
Trade payables	132,173	0	0	0	0
Other current payables	4,071	0	0	0	0
Accrued expenses	30,365	0	0	0	0
Bonds	7,875	122,875	205,000	0	0
Convertible Bond	4,813	4,813	4,813	177,406	0
Deferred consideration liabilities	159	11,906	0	0	0
Contingent considerations liabilities ¹⁾	895	12,043	0	0	0
	186,630	157,191	214,460	186,023	20,535

1) Part of the contingent consideration for Apotal will be redeemed in shares and does not result in a cash outflow (fair value as of 31.12.2021: CHF 21,468 thousand).

Cash flows 2020	1 year	2 years	3 years	4 – 5 years	> 5 years
	CHF 1,000	CHF 1,000	CHF 1,000	CHF 1,000	CHF 1,000
Lease liabilities	7,163	5,463	4,438	7,578	23,887
Trade payables	93,319	0	0	0	0
Other current payables	4,962	0	0	0	0
Accrued expenses	22,507	0	0	0	0
Bank loans	154	0	0	0	0
Bonds	7,875	7,875	122,875	205,000	0
Convertible Bond	4,813	4,813	4,813	181,016	0
Deferred consideration liabilities	0	0	12,445	0	0
Contingent considerations liabilities ¹⁾	300	1,035	12,588	0	0
	141,093	19,186	157,159	393,594	23,887

1) Part of the contingent consideration for Apotal will be redeemed in shares (see note 6) and does not result in a cash outflow (fair value as of 31.12.2020: CHF 21,052 thousand).

Capital risk management

Capital risk management is aimed at ensuring a sustainable and strategic focus for the Group, adjusted for the financial, tax and financing structure. To ensure a balanced financing structure, the Group may sell assets, determine the amount of the dividend in line with requirements, obtain external funding, or increase equity.

One of the most important key figures is the equity ratio (equity / total assets), which was 38.2 per cent (previous year: 41.6 per cent).

33 Share-based payments

	2021	2020
	CHF 1,000	CHF 1,000
Stock ownership plans	74	218
Bluecare	0	-312
Discount Share Plan	233	84
Restricted Stock Unit Plan	1,356	578
Restricted Stock Unit Plan medpex	2,206	11,323
Long term performance-based remunerations	1,694	1,002
Promofarma	1,785	3,319
TeleClinic	930	664
Board compensation	224	264
Service Provider	63	0
Total share-based payments expense	8,565	17,140

Stock ownership plans

The members of the Board of Directors, the Executive Board and other selected employees of the Zur Rose Group have the right to participate in a stock ownership plan.

The shares are subject to a five-year vesting period. If plan participants leave the Zur Rose Group within four years, the Zur Rose Group AG has a right, but no obligation, to buy back a decreasing portion of the allocated shares. The right to buy back the allocated shares decreases on an annual basis, resulting in the cancellation of this right to buy back shares after the four-year period. No cash was paid for the allocated shares in the year under review. Total shares sold: zero (previous year: zero).

Bluecare

A former employee of the Group's subsidiary BlueCare AG acquired shares in that company at a purchase price below fair value in 2015. At the time BlueCare AG was a joint venture of the Zur Rose Group. A liability was recognised in the past for this share-based payment and released in 2020 (released liability previous year: CHF 312 thousand).

Discount Share Plan

In 2019, Zur Rose introduced a Discount Share Plan designed to enable employees to participate in the Company's sustainable, long-term growth and promote loyalty. Employees can buy Zur Rose shares at a 23 per cent discount to the current market price. Zur Rose shares acquired under the plan are subject to a three-year vesting period. The upper limit on the annual amount invested is 10 per cent of the employee's annual base salary. Total shares sold: 3,320 (previous year: 2,291). The fair value of the discount is CHF 70.16 per share (previous year: CHF 36.55).

Restricted Stock Unit Plan

Selected employees are offered an additional incentive instrument with the Restricted Stock Unit Plan introduced in 2019. Individually selected employees are allocated virtual shares, paid out after a two-year vesting period either in genuine Zur Rose shares or in cash; Zur Rose has the right of choice and intends to implement the plan by issuing shares. The corresponding expense is being distributed on a straight-line basis over the next two years. Total Restricted Stock Units allocated: 4,346 (previous year: 9,658). The fair value per entitlement is CHF 325.22 (previous year: CHF 187.60).

Restricted Stock Unit Plan medpex

In connection with the unwinding of the earn-out from the purchase of medpex, the founders were granted 132,999 Restricted Stock Units under management agreements at end of year 2019. These virtual shares will be paid out after a two-year vesting period either in genuine Zur Rose shares or in cash; Zur Rose has the right of choice and intends to implement the plan by issuing shares. The units vest monthly on a pro rata basis, so the expense is recognised in 24 tranches. The fair value per entitlement was CHF 105.60.

Long-term performance-based remunerations

Since 2017, the members of the Executive Board of the Zur Rose Group participate in the performance share plan. All participants are annually granted a monetary amount that can be converted into a certain number of Zur Rose Group AG shares based on the share price after the respective annual general meeting. Vesting is subject to meeting service conditions and performance targets. The final number of shares to be allocated is based on revenue growth and share price performance and can range between 0 and 200 per cent. The fair value of the awards is based on the monetary amount communicated to plan participants. Although these awards will not legally be granted until approval of the remuneration is obtained at the next annual general meeting of shareholders, the expense has been recognised over a service period starting from 1 January of the reporting year as plan participants have begun rendering services from that date. 6,920 entitlements (previous year: 15,132) were allocated in the year under review. The fair value per entitlement is CHF 327.00 (previous year: CHF 115.50).

Promofarma

Some employees of the subsidiary Promofarma Ecom. S.L. acquired in 2018 participated in a plan for performance-related share-based payments. All participants were granted a monetary amount that can be converted into a certain number of Zur Rose Group AG shares; Zur Rose has the right of choice and intends to implement the plan by issuing shares. Vesting is subject to meeting service conditions and performance targets. The final number of shares to be delivered depends on revenue targets, qualitative targets and the share price development and can range between 0 and 133 per cent. With the share price development of Zur Rose Group AG, half of the compensation is subject to market condition and these are included in fair value. 66,510 rights to shares of Zur Rose Group AG with a fair value of CHF 65.91 per right were granted. The corresponding expense is being distributed on a straight-line basis over the vesting period until 31 December 2022. The other half of the compensation is subject to performance targets that are not market conditions and not reflected in fair value, but the degree of target achievement is estimated at each balance sheet date. The fair value of the awards is based on the monetary amount communicated to plan participants of CHF 4,384 thousand. This portion of the compensation is vested in four annual tranches, and the expense is recognised on a straight-line basis over the respective period until 31 December 2022.

TeleClinic

Some employees of the subsidiary TeleClinic GmbH acquired in 2020 participate in a plan for performance-related share-based payments. All participants were granted a monetary amount that can be converted into a certain number of Zur Rose Group AG shares; Zur Rose has the right of choice and intends to implement the plan by issuing shares. Vesting is subject to meeting service conditions and performance targets. The final number of shares to be delivered depends on revenue growth, qualitative targets and the share price performance and can range between 0 and 100 per cent. The fair value of the awards is based on the monetary amount communicated to plan participants of CHF 4,250 thousand. The expense is recognised on a straight-line basis over the four-year performance period.

Board compensation

In 2021, board members received 30 per cent of their compensation in shares with a vesting period of three years.

34 Related party transactions

The outstanding shares in the Zur Rose Group AG are owned by 10,063 shareholders (previous year: 7,519 shareholders). None of them has a controlling interest in the Company.

Receivables and liabilities from joint ventures are shown separately in the Notes. Other income and interest income with joint ventures are disclosed separately in Note 7 and Note 11. Loans granted to employees are disclosed in Note 22.

Transactions and balances with joint ventures

	Sales	Purchase	Accounts receivable	Liabilities	Loans
	CHF 1,000	CHF 1,000	CHF 1,000	CHF 1,000	CHF 1,000
2021	8,345	7,373	5,729	558	12,526
2020	6,608	7,048	1,883	652	10,371

Compensation paid to the Board of Directors and the Executive Board

Part of compensation was paid in the form of the Zur Rose Group AG shares in the year under review. These share-based payments are aimed at aligning the interests of the Executive Board and the Board of Directors to the interests of shareholders.

Board of Directors	2021	2020
	CHF 1,000	CHF 1,000
Short-term benefits to the Board of Directors	713	706
Share-based payments	224	277
	937	983
Executive Board	2021	2020
	CHF 1,000	CHF 1,000
Short-term benefits to the Executive Board	4,220	3,509
Retirement benefits	750	523
Share-based payments	1,206	701
	6,176	4,733

35 Events after the end of the reporting period

No unrecognised events occurred after the balance sheet date.



To the General Meeting of
Zur Rose Group AG, Steckborn

Zurich, 23 March 2022

Statutory auditor's report on the audit of the consolidated financial statements



Opinion

We have audited the consolidated financial statements of Zur Rose Group AG and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2021 and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of cash flows and consolidated statement of changes in equity for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion the consolidated financial statements (pages 73 to 124) give a true and fair view of the consolidated financial position of the Group as at 31. December 2021, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and comply with Swiss law.



Basis for opinion

We conducted our audit in accordance with Swiss law, International Standards on Auditing (ISAs) and Swiss Auditing Standards. Our responsibilities under those provisions and standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report.

We are independent of the Group in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, as well as the International Code of Ethics for Professional Accountants (including International Independence Standards) of the International Ethics Standards Board for Accountants (IESBA Code) and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond



to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the consolidated financial statements.

Valuation of intangible assets with indefinite useful lives

Area of focus As at 31 December 2021, the Zur Rose Group records goodwill of CHF 418.4 million and trademarks with indefinite useful lives of CHF 20.9 million in relation to business combinations. Under IFRS, the company is required to test the amount of goodwill and trademarks with indefinite useful lives for impairment, both annually and if there is an indicator for impairment.

The impairment tests were significant to our audit due to the complexity of the assessment process, management's estimates and assumptions involved which are affected by expected future market or economic conditions.

Assumptions, sensitivities and results of the impairment tests are disclosed in note 21 of the consolidated financial statements of Zur Rose Group.

Our audit response Our audit procedures included, among others, the involvement of valuation experts to assist us in evaluating the assumptions and methodologies used by the company, in particular those relating to the pre-tax discount rate and the valuation model. Furthermore, we tested the cash flow projections for each cash-generating unit, taking into account the relevant internal processes and controls of the Zur Rose Group and an assessment of the historical accuracy of management's estimates and evaluation of business plans. In addition, we assessed the adequacy of the disclosures relating to the impairment test.

Our audit procedures did not lead to any reservations regarding the valuation of intangible assets with indefinite useful lives.



Other information in the annual report

The Board of Directors is responsible for the other information in the annual report. The other information comprises all information included in the annual report, but does not include the consolidated financial statements, the stand-alone financial statements, the remuneration report and our auditor's reports thereon.

Our opinion on the consolidated financial statements does not cover the other information in the annual report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information in the annual report and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



Responsibility of the Board of Directors for the consolidated financial statements

The Board of Directors is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS and the provisions of Swiss law, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.



Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law, ISAs and Swiss Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of the consolidated financial statements is located at the website of EXPERTsuisse: <http://www.expertsuisse.ch/en/audit-report-for-public-companies>. This description forms part of our auditor's report.



Report on other legal and regulatory requirements

In accordance with article 728a para. 1 item 3 CO and the Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

Ernst & Young Ltd

Jolanda Dolente
Licensed audit expert
(Auditor in charge)

Michael Britt
Licensed audit expert

Income Statement

	Notes	2021	2020
		CHF 1,000	CHF 1,000
Net revenue		9,949	6,175
Other operating income		4,471	1,328
Total net income		14,420	7,503
Personnel expenses		-16,197	-6,531
Other operating expenses		-24,350	-16,158
Earnings before interest, taxes, depreciation and amortisation (EBITDA)		-26,127	-15,186
Depreciation and amortisation		-6,310	-3,370
Earnings before interest and taxes (EBIT)		-32,437	-18,556
Finance income	2.1	19,313	32,909
Finance expenses	2.1	-46,216	-16,528
Earnings before taxes (EBT)		-59,340	-2,175
Tax expenses		120	-131
Net income / (loss)		-59,220	-2,306

Balance Sheet

ASSETS		31.12.2021	31.12.2020
	Notes	CHF 1,000	CHF 1,000
Cash and cash equivalents and short-term assets at market prices	2.2	226,772	145,646
Receivables from investments		11,979	14,265
Other short-term receivables from third parties		2,820	4,155
Prepaid expenses from third parties		1,843	2,301
Prepaid expenses from investments		3,207	3,019
Current assets		246,621	169,386
Loans to investments		512,607	493,369
Long-term loans granted to related parties	2.3	1,852	2,984
Loans to third parties	2.3	10,424	10,771
Other non-current financial assets	2.3	2,949	3,080
Investments	2.4	638,170	536,797
Impairment of investments		-60,829	-67,756
Property, plant and equipment		5,187	2,385
Real estate	2.5	15,953	15,946
Intangible assets		31,653	20,868
Right-of-use	2.9	1,238	932
Non-current assets		1,159,204	1,019,376
Assets		1,405,825	1,188,762

Balance Sheet

LIABILITIES		31.12.2021	31.12.2020
	Notes	CHF 1,000	CHF 1,000
Current liabilities to third parties		2,611	2,380
Current liabilities to investments		2,787	1,912
Other current liabilities to third parties	2.3	2,594	1,894
Current lease liabilities	2.9	148	536
Accrued expenses to third parties		7,202	5,474
Accrued expenses to investments		9,963	11,061
Short-term provisions		1,080	140
Short-term liabilities		26,385	23,397
Non-current interest-bearing liabilities	2.6	315,000	315,000
Non-current lease liabilities	2.9	1,109	403
Other non-current liabilities	2.3	1,409	3,074
Loan from investments		142,385	60,000
Long-term provisions		1,299	0
Long-term liabilities		461,202	378,477
Liabilities		487,587	401,874
Share capital		335,839	315,791
Legal capital reserve			
General reserve from equity contribution	2.7	624,582	455,524
Legal retained earnings		28,340	28,340
General legal retained earnings		1,340	1,340
Reserve for treasury shares		27,000	27,000
Voluntary retained earnings		-57,621	1,599
Retained earnings brought forward		1,599	3,905
Net income / (loss)		-59,220	-2,306
Retained earnings		-57,621	1,599
Treasury shares	2.8	-12,902	-14,366
Equity		918,238	786,888
Liabilities and equity		1,405,825	1,188,762

Notes to the Financial Statements

1 Basic principles

1.1 Accounting policies

These financial statements were prepared in accordance with the commercial accounting requirements set forth in the Swiss Code of Obligations (Art. 957 – 963b CO, effective from 1 January 2013).

1.2 Securities at market prices

Short-term securities are measured at market prices at the end of the reporting period.

1.3 Investments

Investments are recognised at acquisition cost and subsequently tested for impairment if there is any indication that an impairment is required. If an impairment is required, the investment is impaired and the impairment loss recognised.

1.4 Treasury shares

Treasury shares are recognised at acquisition cost and deducted from equity. The gain or loss on resale is recognised as finance income or finance costs. Measurement of treasury shares switched from the first-in-first-out (FIFO) method to the weighted average method in 2020. Where shares are held indirectly through subsidiaries, a corresponding reserve is recognised in equity at the parent company.

1.5 Share-based payments

The personnel expenses for share-based payments result from the difference between the acquisition cost and any payment made by the beneficiaries. The estimated personnel expenses are distributed over the vesting period.

1.6 Current and non-current interest-bearing liabilities

Interest-bearing liabilities are recognised at nominal value. The bond issue costs are recognised in prepaid expenses and amortised on a straight-line basis over the bond's term.

1.7 Finance leases

Leases are recognised in the balance sheet from an economic perspective that covers all leases apart from current leases (term of less than 12 months) and those relating to assets of low value. The right-of-use asset is capitalised as an asset and depreciated over the term of the lease. On initial recognition the right-of-use is equal to the net present value of the lease obligation at the time of entering into the lease. The term of the lease is determined by the contractually agreed fixed term and any options to extend. The lease obligation is equal to the net present value of the future lease payments, reduced by the amortisation payments.

2 Information on income statement and balance sheet items

2.1 Financial result

The decrease in finance income is partly due to CHF 3.9 million less interest income from loans to investments. In addition, a realised gain of CHF 9.3 million resulted in 2020 on disposal of treasury shares in connection with the acquisition of the Apotal Group.

The increase in finance expenses is partly due to increased unrealized foreign exchange losses and higher other financial expenses of total CHF 23.1 million in connection with loans to investments. In addition, higher interest expenses of CHF 6.1 million due to the increase in loans from investments resulted in 2021.

2.2 Cash and cash equivalents and short-term assets at market prices

	31.12.2021	31.12.2020
	CHF 1,000	CHF 1,000
Cash and cash equivalents	226,556	145,457
Securities (at market prices)	216	189
Total cash and cash equivalents and short-term assets at market prices	226,772	145,646

2.3 Loans and non-current financial assets

As part of the acquisition of TeleClinic GmbH on 31 July 2020 an employee loan of CHF 2.7 million (EUR 2.5 million) was granted. As of 31 December 2021 this loan amounts to CHF 1.5 million (EUR 1.4 million) and is reported under long-term loans granted to related parties. In addition, the deferred purchase price of CHF 3.2 million respectively EUR 3.1 million (previous year: CHF 4.7 million respectively EUR 4.3 million), included in other current and non-current liabilities to third parties and which is to be paid in shares, was secured in the amount of CHF 2.9 million (EUR 2.8 million). The collateral provided is included in other non-current financial assets.

As part of the acquisition of the Apotal Group with effect from 17 August 2020, the sellers were granted a loan of CHF 10.4 million (EUR 10.0 million).

2.4 Investments	2021	2020	2021	2020
	Capital CHF 1,000	Capital CHF 1,000	Equity interest and ordinary shares %	Equity interest and ordinary shares %
Direct Investments				
Zur Rose Pharma GmbH, Halle (DE)	8,479	8,479	100.0	100.0
Zur Rose Dutch B.V., Heerlen (NL)	0	0	100.0	100.0
Zur Rose Finance B.V., Heerlen (NL)	0	0	100.0	100.0
TeleClinic GmbH, München (DE)	857	119	100.0	100.0
Specialty Care Therapiezentren AG, Frauenfeld (CH)	100	100	100.0	100.0
Zur Rose Suisse AG, Frauenfeld (CH)	7,650	7,650	100.0	100.0
Promofarma Ecom. S.L., Barcelona (ES)	15,004	15,004	100.0	100.0
Doctipharma SAS, Paris (FR)	618	618	100.0	100.0
Clustertec AG, Baar (CH)	100	100	100.0	100.0
Bluecare AG, Winterthur (CH)	1,288	1,288	100.0	100.0
Helena Abreu, Unipessoal, Lda Montemor-o-Novo (PRT)	108	n/a	100.0	n/a
König Gesellschaft für Image- und Dokumentenverarbeitung GmbH, Gottmadingen (DE)	29	29	50.0	50.0
König IT Systeme GmbH, Gottmadingen (DE)	28	28	50.0	50.0
DatamedIQ GmbH, Köln (DE)	29	29	37.5	37.5
WELL Gesundheit AG, Schlieren (CH)	100	100	29.7	29.7
Material Indirect Investments				
DocMorris Holding GmbH, Berlin (DE)	6,085	6,085	100.0	100.0
Eurapon Pharmahandel GmbH, Bremen (DE)	28	28	100.0	100.0
DocMorris N.V., Heerlen (NL)	60	60	100.0	100.0
medpex wholesale GmbH, Ludwigshafen (DE)	28	28	100.0	100.0
AdBest Werbeagentur GmbH, Hilter am Teutoburger Wald (DE)	27	27	100.0	100.0

2.5 Assets pledged	31.12.2021	31.12.2020
	CHF 1,000	CHF 1,000
Real estate pledged as collateral	15,953	15,946
Total assets pledged	15,953	15,946

2.6 Bonds	Amount CHF	Interest rate %	Maturity
Bond	115,000,000	2.500	19.07.2023
Bond	200,000,000	2.500	21.11.2024

2.7 Legal capital reserve

The balance of CHF 624,581,426 is still to be confirmed by the Federal Tax Administration. The transaction and the balance of CHF 455,523,539 as at 31 December 2020 were confirmed.

2.8 Treasury shares

	Number of transactions	Average price CHF	Number
Number of registered shares			
As at 1 January 2020			57,875
Acquisitions	12	186	12
Issue of new shares	1	263	55,538
Acquisition of Apotal Group	1	263	-56,832
Acquisition of non-controlling interests Bluecare	2	107	-1,050
Allocation	1	253	-918
As at 31 December 2020			54,625
Acquisitions	11	368	11
Issue of new shares	1	333	1,669
Allocation	6	268	-8,592
As at 31 December 2021			47,713

On 26 March 2020, Zur Rose Finance B.V. issued a senior unsecured convertible bond in the amount of CHF 175 million, which is guaranteed by Zur Rose Group AG. In this context, 900,000 new shares were created and a securities lending agreement was concluded. As the risks and rewards of the shares remain with Zur Rose Group respectively Zur Rose Finance B.V., the loaned shares continue to be treated as treasury shares. Zur Rose Group AG reports the CHF 27 million as reserves for treasury shares. The creation of the reserve was carried out through the retained earnings brought forward and the other voluntary reserves.

2.9 Financial Leasing	useful life	31.12.2021	31.12.2020
		CHF 1,000	CHF 1,000
Right-of-use real estate	5 – 10 years	1,238	926
Right-of-use vehicles	3 – 4 years	0	6
Lease liabilities		1,257	939
Depreciation right-of use assets		129	114
Interest expenses lease liabilities		26	12

3 Other disclosures

The following participation rights were allocated under share-based payments programs:

3.1 Allocated equity instruments	31.12.2021	31.12.2020
	Number	Number
Board of Directors	737	1,668
Executive Board	3,582	8,795
Employees	1,151	1,721
Total allocated equity instruments	5,470	12,184

The final expense to implement the plans depends on the achievement of the service period, the share price development as well as certain performance targets. The fair value of the Zur Rose share as of 31 December 2021 amounts to CHF 235.5 (previous year: CHF 283.0).

3.2 Significant shareholders	2021	2020
	%	%
Patrick Schmitz-Morkamer, Patrick Bierbaum	>3	0
Invesco Ltd.	>3	0
FMR LLC	>3	0
The Capital Group Companies, Inc.	>3	0
UBS Group AG	0	>5
Credit Suisse Group AG	0	>5

3.3 Shareholdings Board of Directors and Executive Board	31.12.2021	31.12.2020
	Number of shares	Number of shares
Board of Directors		
Prof. Stefan Feuerstein, Chairman	52,266	60,000
Walter Oberhänsli, Executive Director and CEO	104,262	105,319
Dr. Thomas Schneider, Vice Chairman	25,010	24,895
Prof. Dr. Volker Amelung, Director	5,682	5,593
Prof. Dr. Andréa Belliger, Director	445	-
Dr. Christian Mielsch, Director	3,833	3,744
Florian Seubert, Director	483	394
Tobias Hartmann, Director	0	394
Executive Board		
Walter Hess, Head Germany	28,173	30,804
Marcel Ziwica, Chief Financial Officer	42,751	46,682
Betül Susamis Unaran, Chief Strategy and Digital Officer	7,500	7,500
David Maso, Head Europe	5,124	5,720
Bernd Gschaidler, Chief Operations Officer	0	0
Madhu Nutakki, Chief Technology Officer	0	-
Emanuel Lorini, Head Switzerland	4,041	-

As at 31 December 2021, the members of the Board of Directors and the Executive Board held the shares listed above. Around 41% of the shares held by members of the Board of Directors have a remaining blocking period of up to three years. Around 60% of the shares held by the members of the Executive Board have a remaining blocking period of up to three years. No cash was paid for the allocated shares in 2021.

3.4 Employees

The number of full-time equivalents was between 10 and 50, as in the previous year.

3.5 Unrecognised commitments	31.12.2021	31.12.2020
Nature	CHF 1,000	CHF 1,000
Other Guarantees	44,564	46,170
Co-obligation	0	1,030

3.6 Contingent and authorised capital	31.12.2021	31.12.2020
	CHF	CHF
Contingent capital	36,236,040	17,471,490
Authorised capital	12,079,080	0

3.7 Significant events after the end of the reporting period

None.

Appropriation of Available Earnings

(Proposal of the Board of Directors)

	31.12.2021	31.12.2020
	CHF	CHF
Retained earnings	1,599,000	3,905,073
Net income / (loss)	-59,220,092	-2,306,073
Retained earnings at the disposal of the Annual General Meeting	-57,621,092	1,599,000
Distribution to shareholders	-	-
Carried forward to new account	-57,621,092	1,599,000



To the General Meeting of
Zur Rose Group AG, Steckborn

Zurich, 23 March 2022

Report of the statutory auditor on the financial statements

As statutory auditor, we have audited the financial statements of Zur Rose Group AG, which comprise the income statement, balance sheet and notes (pages 128 to 137), for the year ended 31 December 2021.



Board of Directors' responsibility

The Board of Directors is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and the company's articles of incorporation. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.



Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Opinion

In our opinion, the financial statements for the year ended 31 December 2021 comply with Swiss law and the company's articles of incorporation.



Report on key audit matters based on the circular 1/2015 of the Federal Audit Oversight Authority

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each



matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the financial statements.

Valuation of investments and loans to investments

Area of focus As of 31 December 2021, the Zur Rose Group holds investments of CHF 577.3 million and loans to investments of CHF 512.6 million corresponding to 78% of total assets.

We consider the valuation of investments and loans to investments to be a key audit matter due to the fact that the investments' and loans to investments' value represents a significant share of total assets and because the impairment test performed by management is complex and involves significant assumptions.

The accounting principles used for the investments are disclosed in note 1.3 of the stand-alone financial statements of Zur Rose Group AG.

Our audit response We assessed the impairment testing process used by the company, which includes the impairment of investments and loans to investments, as well as the determination of the key assumptions made using internally and externally available evidence. We involved our valuation experts.

Our audit procedures did not lead to any reservation regarding the valuation of investments and loans to investments.



Report on other legal requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a para. 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We recommend that the financial statements submitted to you be approved.

Ernst & Young Ltd

Jolanda Dolente
Licensed audit expert
(Auditor in charge)

Michael Britt
Licensed audit expert

Alternative Performance Measures of Zur Rose Group

The financial statements of Zur Rose Group are prepared in accordance with International Financial Reporting Standards (IFRS). In addition to the disclosures required by the IFRS, Zur Rose publishes alternative performance measures (APM), which are not subject to the IFRS provisions and for which there is no generally accepted reporting standard. Zur Rose calculates APM in order to enable comparability of the performance measures over time. The APM result in particular from different methods of calculation and evaluation and provide useful information about the financial and operational performance of the Group. Zur Rose calculates the following APM:

- External revenue¹⁾
- Growth in local currency¹⁾
- Gross margin in per cent of net revenue
- EBIT
- EBITDA
- EBITDA adjusted
- EBITDA adjusted before expenditures on additional growth initiatives²⁾
- EBITDA margin
- Net financial debt

External revenue is defined as the consolidated revenue of the Zur Rose Group plus the mail order revenue of pharmacies supplied by the Zur Rose Group less the consolidated revenue for their supply.

Growth in local currency shows the percentage change of a performance measure compared with the previous year without the impact of exchange rate effects (conversion is at the previous year's rate).

The **gross margin in per cent of net revenue** corresponds to the division of consolidated revenue less cost of goods by consolidated revenue.

EBIT (Earnings Before Interest and Taxes) stands for earnings before interest and taxes and is used to report the operative earnings without the impact of internationally non-uniform taxation systems and different financing activities.

EBIT statement of derivation

Earnings before income taxes
 + / - Financial result (share of results of joint ventures, financial income, financial expense)
 = **EBIT**

EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortisation) stands for earnings before interest, taxes, depreciation and amortisation, impairment and reversal of impairment. EBITDA is calculated on the basis of EBIT plus the depreciation and amortisation as well as impairment recognised in the income statement less reversal of impairment of intangible assets and property, plant and equipment.

EBITDA statement of derivation

EBIT

+/- Depreciation and amortisation / impairment / reversal of impairment of property, plant and equipment and intangible assets

= **EBITDA**

The **EBITDA adjusted** shows the development of the operating result irrespective of the influence of special items, i.e. special effects in terms of their nature and magnitude for the management of the Zur Rose Group. These may include expenses and income related to acquisition, restructuring, integration and litigation. In the calculation, the EBITDA is increased by special expenses and reduced by special income.

The **EBITDA adjusted before expenditures on additional growth initiatives** shows the development of the operating result irrespective of the influence of special items (see EBITDA adjusted) and before expenditures on additional growth initiatives. Such additional growth initiatives may include expenditures on electronic prescriptions and on segment Europe. In the calculation, the EBITDA adjusted is increased by expenses and reduced by income related to such growth initiatives.

The **EBITDA margin** is calculated by dividing EBITDA by consolidated revenue.

The **net financial debt** is a performance indicator designed to measure the liquidity, capital structure and financial flexibility of Zur Rose Group. This indicator is calculated as follows:

Net financial debt statement of derivation

Public bond

+ Liabilities to financial institutions

+ Lease liabilities

+ Other financial liabilities

= Financial debt

- Cash and cash equivalents

- Current financial assets³⁾= **Net financial debt**

1) The definition was slightly revised in 2021 and the prior-year figures were adjusted accordingly.

2) This measure is no longer a relevant measurement and performance indicator for the Zur Rose Group as of 2021.

3) These include current assets and receivables due from banks and other companies with a term of > 3 months and < 12 months and financial assets held for sale, which are initially recognised as current.

**EBITDA adjusted,
EBITDA adjusted before expenditures on additional growth initiatives**

(condensed)

2021	IFRS	Acquisition	Restructuring, Integration	Other ¹⁾	adjusted
Net revenue	1,726,503	-	-	-	1,726,503
Operating income	6,747	-	-	-1,080	5,667
Operating expense	-1,875,884	9,642	2,169	2,998	-1,861,075
EBITDA	-142,634	-	-	-	-128,905

1) Including influence of special items, i.e. special effects in terms of their nature and magnitude for the management of the Zur Rose Group.

2020	IFRS	Acquisition	Restructuring, Integration	Other ²⁾	adjusted	Growth initiatives	before expenditures on additional growth initiatives
Net revenue	1,476,930	-	-	-	1,476,930	-	1,476,930
Operating income	14,796	-	-1,865	-	12,931	-	12,931
Operating expense	-1,570,108	17,928	5,315	25,779	-1,521,086	30,270	-1,490,816
EBITDA	-78,382	-	-	-	-31,225	-	-955

2) Including influence of special items, i.e. special effects in terms of their nature and magnitude for the management of the Zur Rose Group. In 2020, this includes an expense of CHF 13.7 million following an interim ruling in a VAT lawsuit relating to bonuses granted on prescriptions as well as impairments of CHF 10.5 million, mainly as a result of price falls in products to combat the pandemic and other one-off costs of CHF 1.6 million.

— Contacts

Zur Rose Group AG
Walzmühlestrasse 60
8500 Frauenfeld
Switzerland
T +41 52 724 00 20
zurrosegroup.com
info@zurrose.com

— Investor and analyst
contact

Christoph Herrmann
Head of Investor Relations
T +41 58 810 11 49
ir@zurrose.com

— Media contact

Lisa Lüthi
Head of Group Communications
T +41 52 724 08 14
media@zurrose.com

— Imprint

Texts: Zur Rose Group AG, Frauenfeld
Design: schneiterpartner AG, Zurich
Photos: Christian Grund, Zurich
Publishing system: ns.publish by Multimedia Solutions AG, Zurich

The statements in this report relating to matters that are not historical facts are forward-looking statements that are not guarantees of future performance and involve risks and uncertainties, including but not limited to: future global economic conditions, foreign exchange rates, statutory rulings, market conditions, the actions of competitors and other factors beyond the control of the Company. This Annual Report is published online in German and English. The German report is the authoritative version. A printed summary report is also available in German.

Zur Rose Group AG
Walzmühlestrasse 60
8500 Frauenfeld
Switzerland

T +41 52 724 00 20
info@zurrose.com
zurrosegroup.com