

ZurRose Group

2020 Results - Analyst & Media Conference Call

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Today's Presenters



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2020 in review

e-prescriptions to become
mandatory
in Germany from 2022

DocMorris+ healthcare
platform and app launch
represent strategic
milestones on the way to
an integrated healthcare
platform

Revenue growth
accelerates to
14.4%

DocMorris Christmas film
generates
147 million
views worldwide on social
media

Convertible bond and
capital increase:
CHF 388 million
raised for further growth

European market leadership
extended: acquisition of the
mail-order and diabetes
activities of the
Apotal Group

Significant revenue growth
in all markets:
Germany 16.5%
Switzerland 7.1%
Europe 73.5%

DocMorris
to become the umbrella
brand for the European
healthcare ecosystem

Digital healthcare
platform of Zur Rose
Group AG and insurers
Allianz Care, CSS and
Visana sets new standards
in Swiss healthcare

Acquisition of
TeleClinic,
Germany's leading provider
of telemedicine

Number of active
customers exceeds
10 million

TeleClinic online
consultations up
500%

Summary FY2020 Financial Results

Summary FY 2020 results

2020 targets achieved

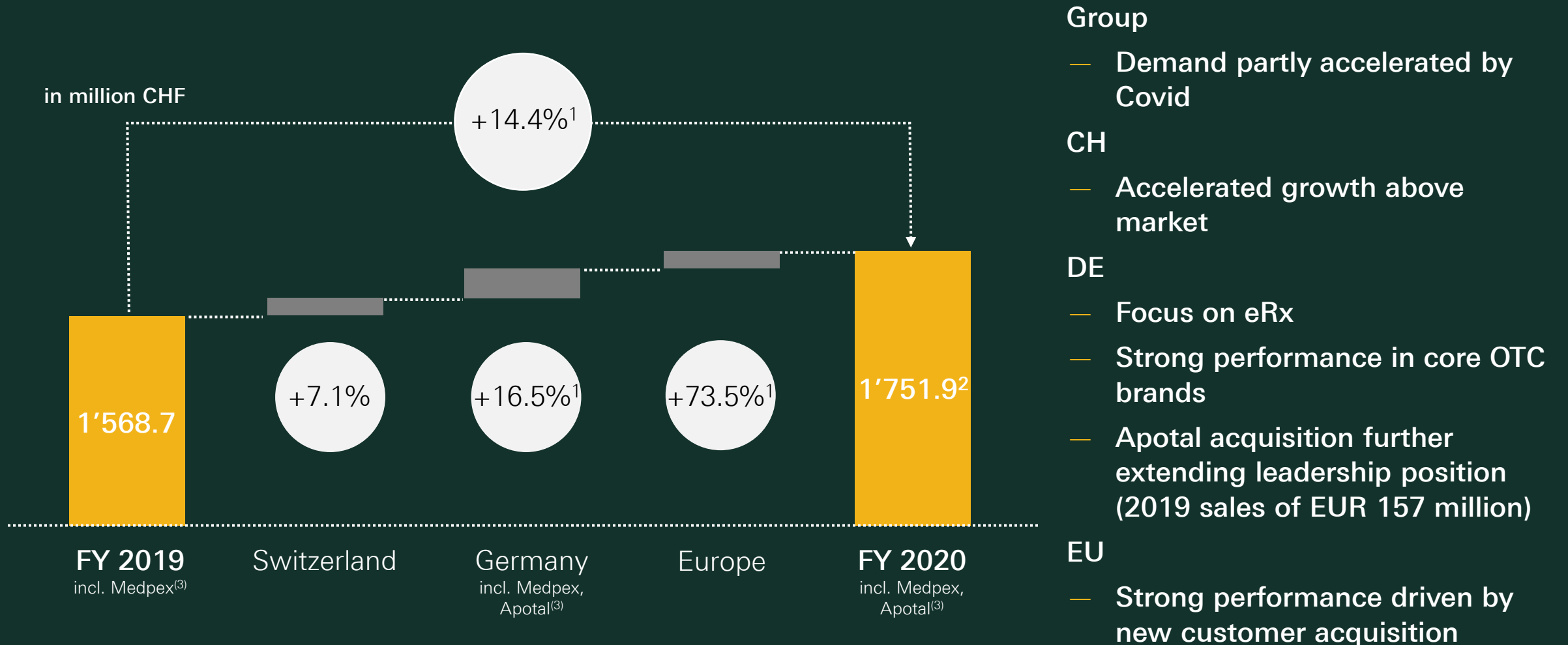
Sales growth of over 10% y-o-y (including Medpex, Apotal)

+14.4% y-o-y in local currency

Break even on adjusted EBITDA level and before expenses for additional growth initiatives, especially in the area of electronic prescriptions and for European opportunities

Adjusted EBITDA before growth initiatives of CHF -0.9 million translates to operational improvements of CHF 29.9 million

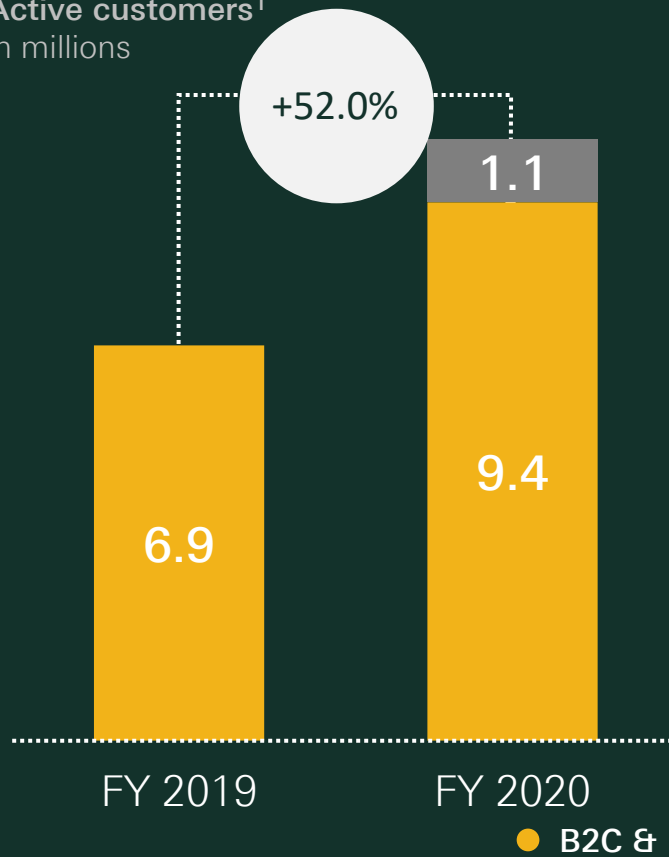
Group Sales growth of 14.4% - well ahead of guidance



Group B2C & marketplace KPIs

Expanding market leadership with more than 10 million active customers

Active customers¹
in millions



Repeat order rate²

79%
FY 2019

76%
FY 2020

Site visits³

216m
FY 2019

244m
FY 2020

Basket size⁴
in EUR



(5.2%)

Order frequency⁵
in #



(8.3%)

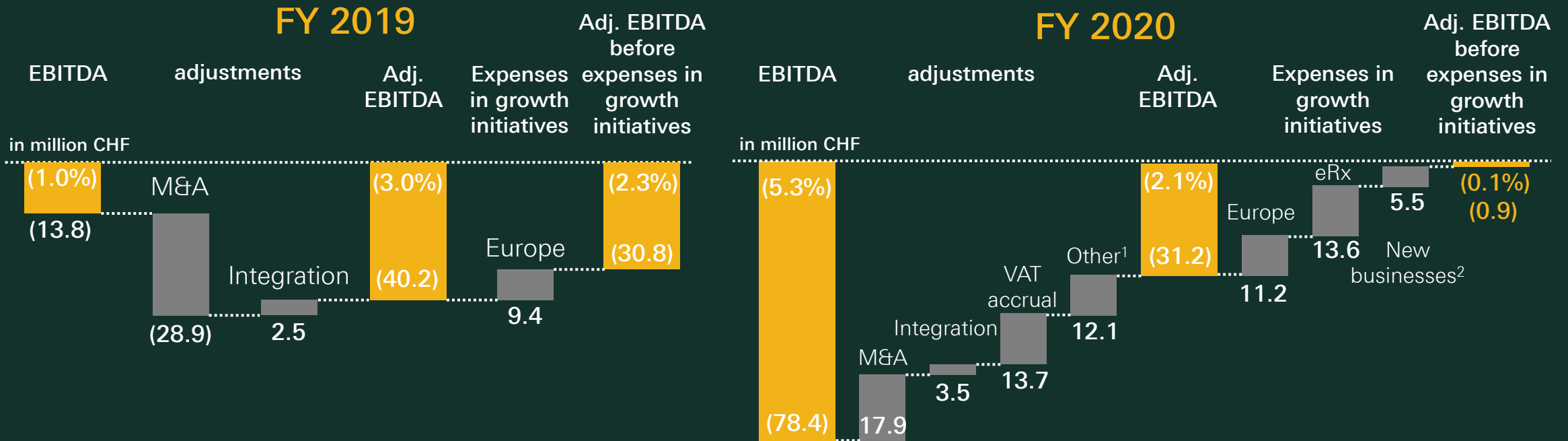
Notes: Figures reflecting performance of entire B2C & marketplace business regardless of integration and consolidation progress of the acquired businesses with Apotal only included in active customer numbers; all numbers reflecting the performance in the last twelve months period ending as indicated | 1 Customers, supplied by the Zur Rose Group either directly or via its partners, placing an order within the past twelve months | 2 Share of orders from existing customers in relation to total number of orders | 3 Number of website visits | 4 Basket size equals average value of the purchase per order | 5 Number of orders per active customer in 12 months period

Operational performance improved driven by gross margin

in million CHF	FY 2019	Margin in %	FY 2020	Margin in %
Sales incl. Medpex, Apotal	1'568.7		1'751.9	
Sales reported	1'355.5		1'476.9	
Gross profit adj.	208.7	15.4	250.9	17.0
Personnel expenses adj.	(112.8)	(8.3)	(126.8)	(8.6)
Marketing expenses	(53.2)	(3.9)	(60.6)	(4.1)
Other operating income & expenses adj.	(82.9)	(6.1)	(94.7)	(6.4)
Adj. EBITDA	(40.2)	(3.0)	(31.2)	(2.1)
Adjustments	26.4	2.0	(47.2)	(3.2)
EBITDA	(13.8)	(1.0)	(78.4)	(5.3)
EBIT	(45.7)	(3.4)	(117.6)	(8.0)
Net income	(52.4)	(3.9)	(135.6)	(9.2)

- Sales growth above guidance
- **Strong development of gross margin mainly driven by German OTC business**
- Growth initiatives included in expenses
- Adjusted EBITDA improving by CHF 9.0 million
- Depreciation increased due to M&A and tech development
- Finance expenses increased due to convertible and bond interest payments

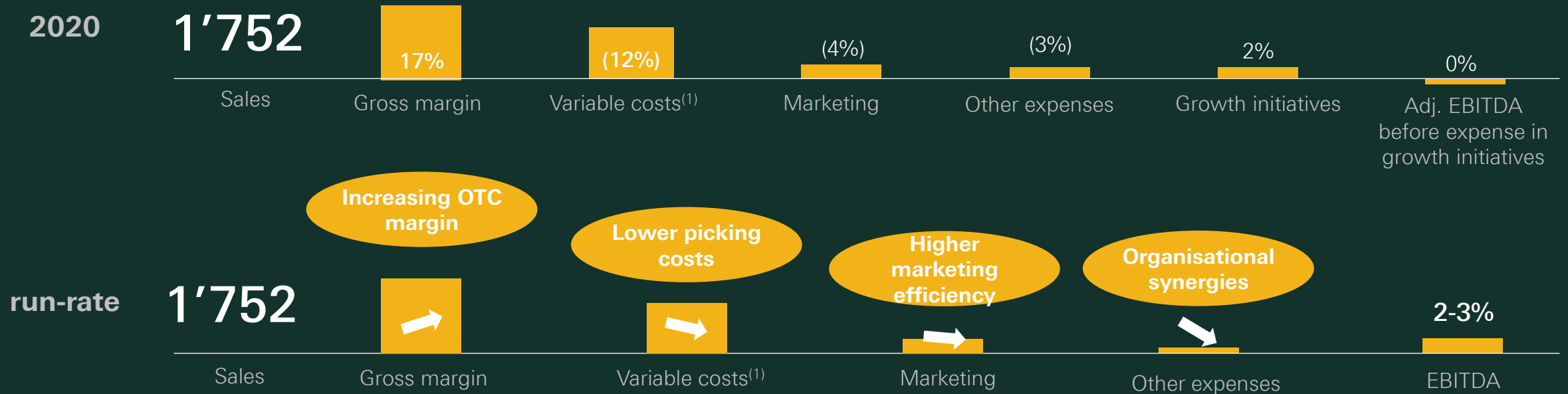
Adj. EBITDA before growth initiatives in line with guidance



- Positive effect from earn-out reevaluation and disposal of assets to medbase JVs
- Integration related expenses of CHF 2.5 million

- Share based retention package for founders as largest position within M&A adjustments
- Increase of accruals due to an interim ruling in VAT proceedings connected to Rx bonuses
- CHF 29.9 million increase in profitability excluding expenses in growth initiatives compared to 2019

Run-rate analyses - assuming full integration - shows a steady state EBITDA margin of 2-3% in relation to current Sales



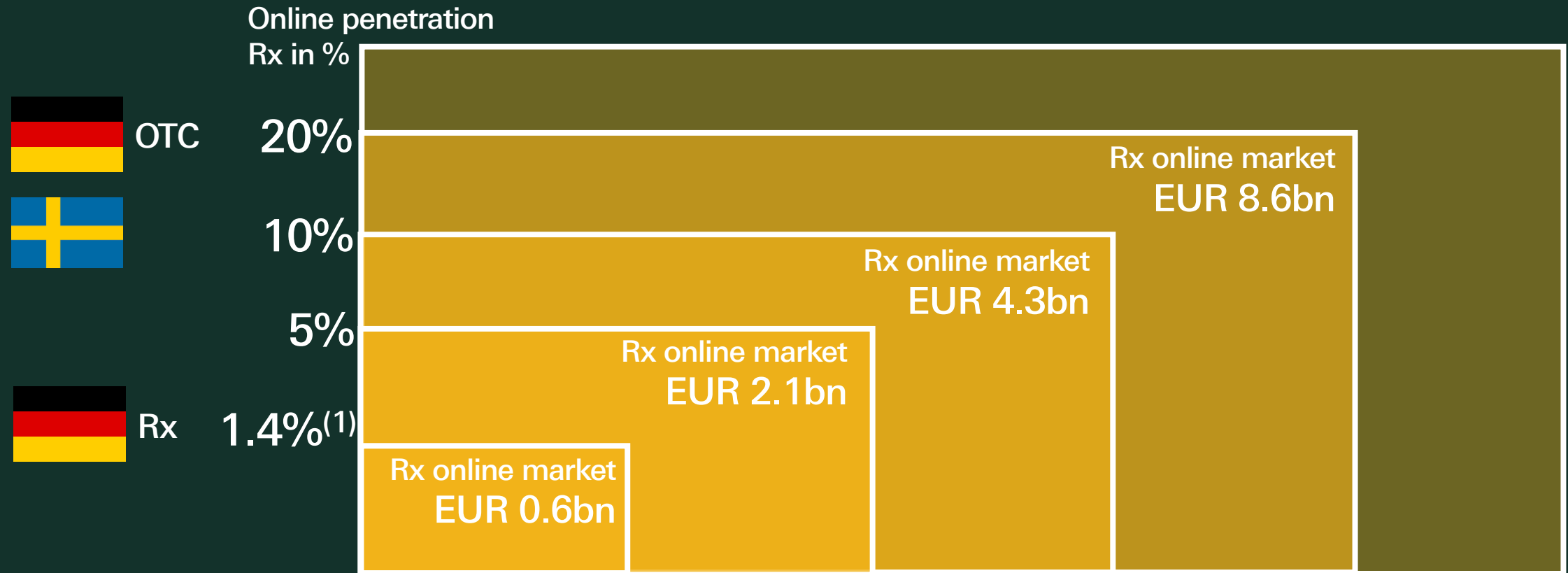
Strong financial position ahead of eRx roll-out

in million CHF	31 Dec 2019	%	31 Dec 2020	%
Cash and cash equivalents	204.7		300.6	
Receivables	152.6		145.4	
Inventories	70.6		92.9	
Property, plant & equipment	77.1		96.6	
Intangible assets	465.3		604.5	
Other assets	21.4		38.5	
Total assets	991.7		1278.5	
Financial liabilities	125.5		86.7	
Payables & accrued expenses	127.2		149.9	
Bonds	312.1		483.9	
Other liabilities	21.4		26.3	
Equity	405.5	40.9	531.7	41.6
Total equity and liabilities	991.7	100.0	1278.5	100.0

- Highly attractive, asset-light business model
- **Strong liquidity position with CHFm 300 of cash on balance sheet**
- Increased inventory due to COVID-19
- Acquisitions adding to PPE and intangible assets
- Equity base strengthened with CHF 213 million capital increase

eRx Opportunity

Increasing online penetration through eRx expected, unlocking substantial upside potential



Illustrative, assuming constant total market size of 49.1bn
Source: 1 Sempora 2018 incl. VAT

eRx opportunity

Roadmap of German government / gematik leads to multiple implementation scenarios

- Launch of national gematik infrastructure targeted for July 2021
- Connection of remaining doctors and pharmacies to Telematik infrastructure and roll-out of eRx capabilities
- Specifications on gematik APIs for third party apps expected to be published in Q2 21
- Handling and adoption of identification & authentication processes

eRx opportunity

Roadmap Zur Rose Group: Preperation for full acceleration of eRx scaling

- Journey mapping for each e-script redemption scenario
- Readiness of all webshops / apps
- Backend readiness at all locations
- Roll-out and scale digital healthcare ecosystem

Foundation for eRx set in pre-gematik phase to ensure implementation

Solution for physician
information systems



National eRx server

gematik

developed by
IBM and eht

Solution for pharmacy
information systems



- Zur Rose as pioneer and driver of eRx technology solutions
- “eRezept Deutschland” project is live with first e-scripts handled via insurance apps
- Proof of technology achieved
- Important building blocks for eRx implementation created within pre-gematik phase

eRx opportunity

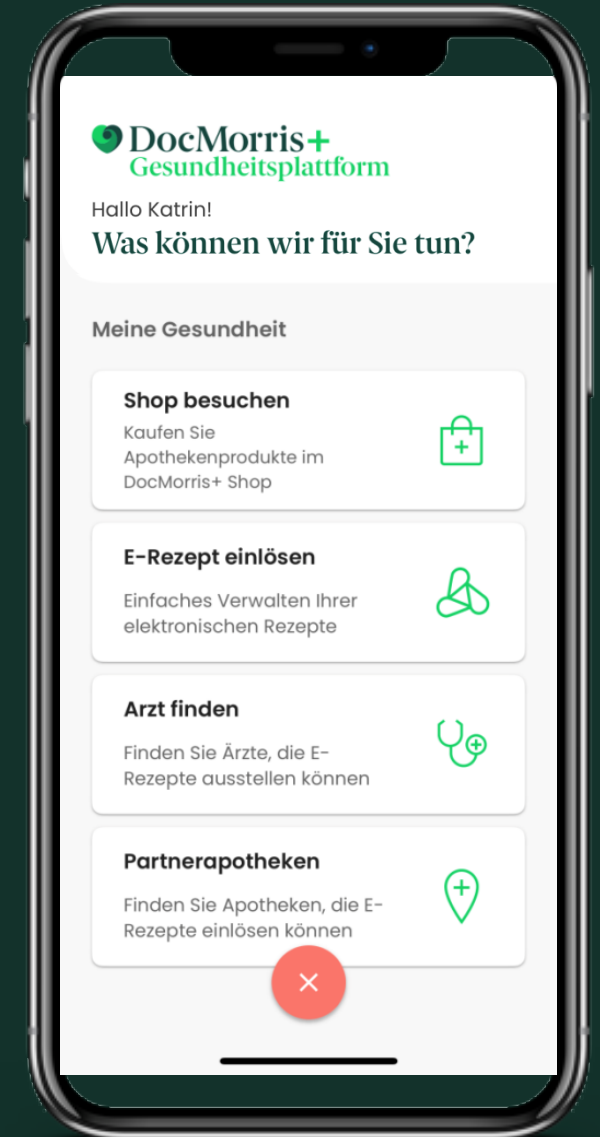
Marketing campaign – Drive awareness ahead of and during eRx launch



- Further increase leading brand awareness
- Expand brand values of DocMorris from e-commerce to digital health provider as initiated via viral Christmas campaign with 147 million views
- Activate customers ahead of eRx launch

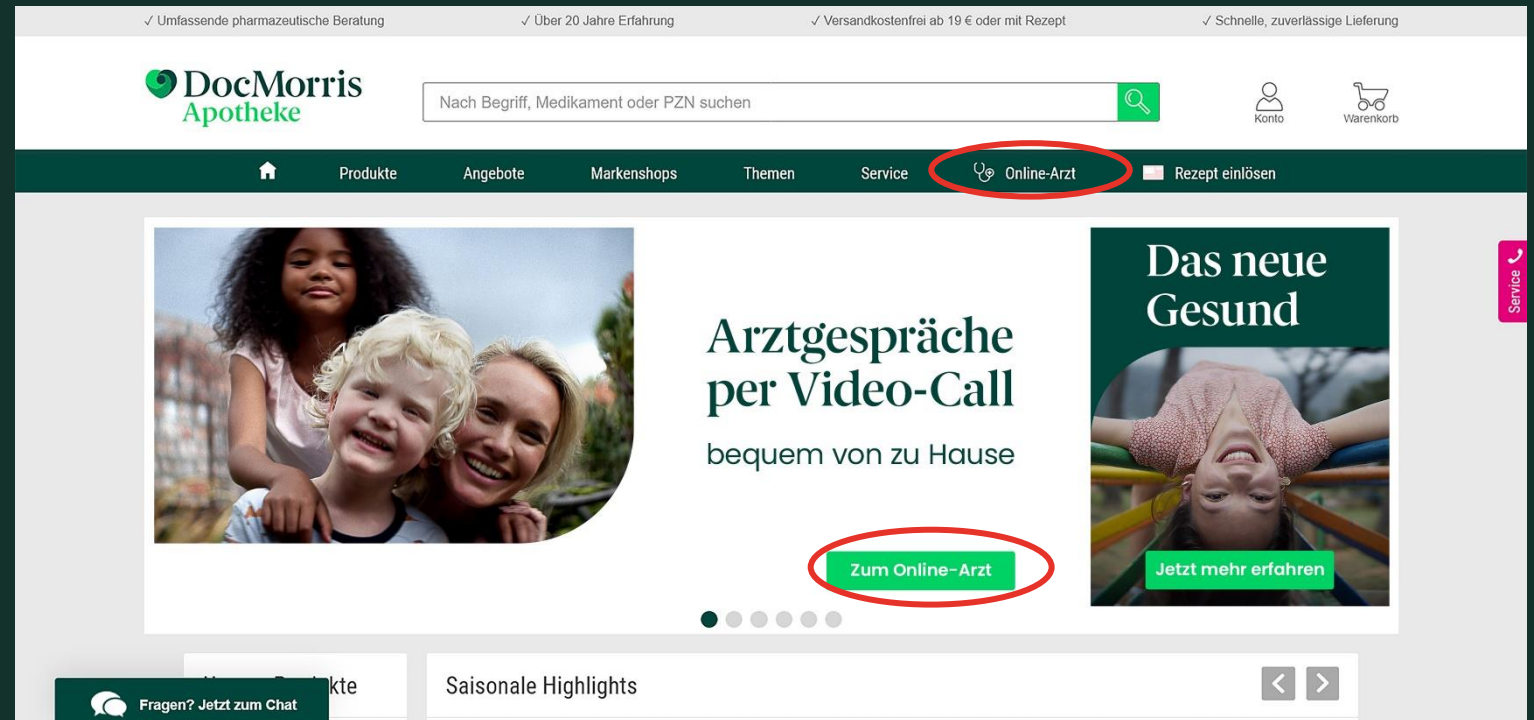
Further evolve eRx app by adding features and partners

- Expand customer journey from diagnosis to delivery via integration of telemedicine, same day delivery and click & collect
- Development roadmap: eRx readiness and further improve customer experience
- Convert partner pipeline post same day delivery and click & collect launch



eRx opportunity

TeleClinic integration in DocMorris website unlocks first synergies



teleclinic

- Integration of Online Doctor function to DocMorris website completed
- Better customer experience by offering digital journey via telemedicine and online pharmacy

Brand Integration and Logistics Capacity

Brand integration and logistics capacity

Brand integration – Transition towards single brand initiated



- DocMorris will be the lead brand across Europe
- Branding transition started with launch of new logo and campaign
- Step-by-step brand integration to optimise customer transition metrics
- Vitalsana brand integration completed

Brand integration and
logistics capacity

Extension of new distribution center on track

- Installation of warehouse automation in the new distribution center on track
- Increased degree of automation of 70% will lead to productivity improvements
- Additional capacity of 15 million parcels per year to be available in 2022 resulting in total capacity of 48 million parcels

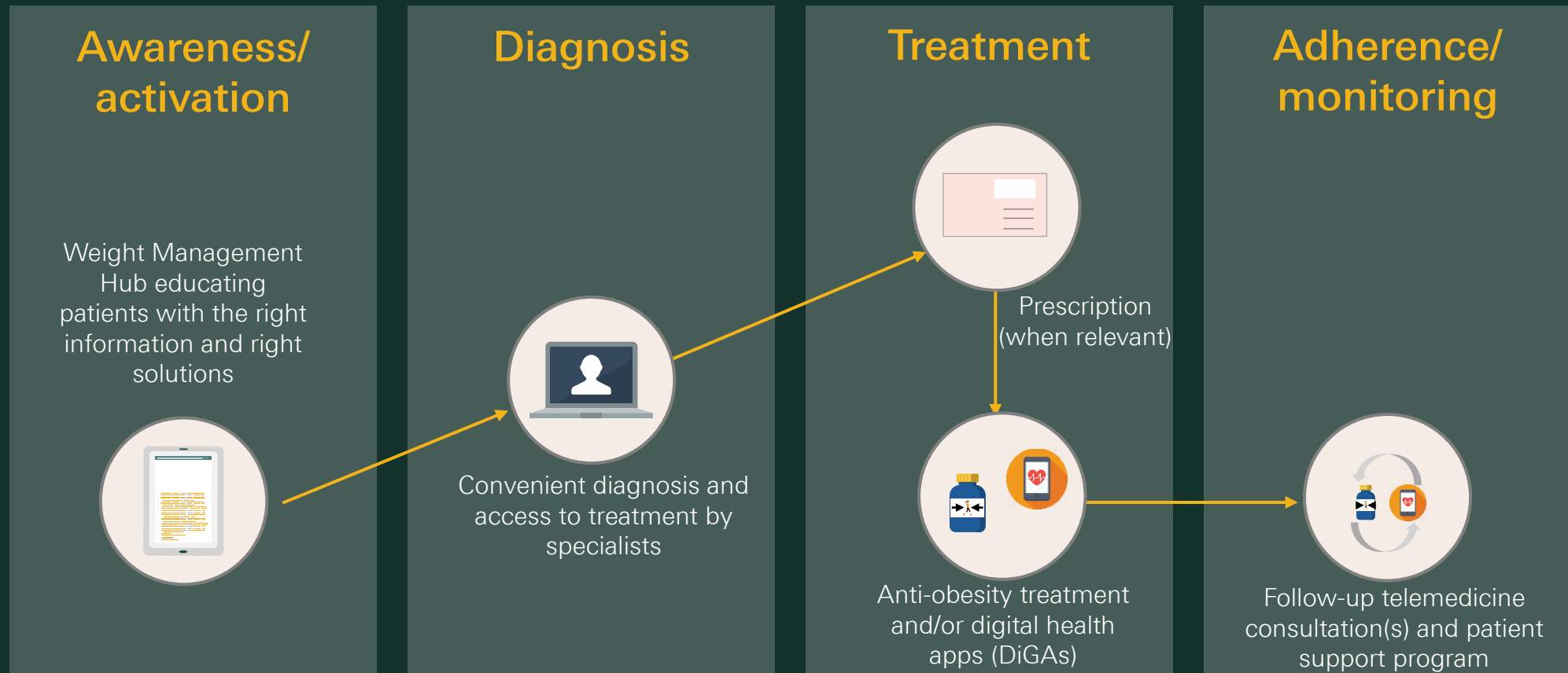
Technology & New Business

Technology & new business

Zur Rose has evolved towards a tech company setting the foundation for Europe's leading Healthcare Ecosystem

- 3 Tech Hubs in Berlin, Barcelona and Zurich¹
- Agile culture and continuous deployment
- 200+ employees from 20 nationalities
- Tech background: software engineers, data scientists, UX designers and product managers
- Product focus: eRx, marketplaces, telemedicine, digital health journeys, PaaS

Leveraging best-in-class digital solutions and convenient access to products and services to improve lives of people with chronic conditions – **Novo Nordisk partnership on obesity**



Leveraging best-in-class digital solutions, convenient access to products and services to improve the lives of people with chronic conditions – **DiGA portal at Teleclinic**

teleclinic So funktioniert's Ratgeber Für Ärzte Für Apotheken Über Uns

Erhalten Sie digitale Verschreibungen für Gesundheits-Apps

Eine App gegen Tinnitus oder für einen besseren Schlaf? Ärzte können jetzt Gesundheits-Apps verschreiben und Ihre gesetzliche Kasse übernimmt die Kosten.

Zu den Apps

Offizielle DiGA

zanadio – digitale Adipositas-Therapie als App auf Rezept

Verschreibung anfragen

zanadio ist die erste App auf Rezept für die Behandlung von starkem Übergewicht und zielt auf eine nachhaltige Gewichtsreduktion und vor allem -stabilisierung. Das Programm basiert auf den Therapiesäulen Ernährung, Bewegung und Verhalten der etablierten konservativen Adipositas-Therapie und setzt diese digital um. Bei ärztlicher Verordnung wird die Anwendung zu 100% von allen gesetzlichen Krankenkassen übernommen.

- Wissenschaftlich fundiert
Von erfahrenen Fachkräften entwickelt
- CE Kennzeichnung
Als Medizinprodukt zugelassen
- Kostenübernahme
100% erstattungsfähig durch gesetzliche Krankenkassen
- Strengster Datenschutz
Erfüllt höchste Datenschutz-Anforderungen

Was sind Gesundheits-Apps?

Gesundheits-Apps sollen helfen, Krankheiten zu erkennen, zu überwachen, zu behandeln. Zulassung als sogenannte Digitale Gesundheitsanwendung (DiGA) werden die Apps durch Arzneimittel und Medizinprodukte (BfArM) auf Datensicherheit und Nutzerfreundlichkeit geprüft.

Übersicht zu zanadio

Funktion
Das Programm richtet sich an Menschen mit einem BMI von 30 bis 40. zanadio unterstützt Patient:innen beim gesunden, nachhaltigen Abnehmen und setzt dabei auf langfristige Verhaltensänderungen statt Verbote oder kurzfristigen Verzicht. Als App ist zanadio jederzeit verfügbar, ortsunabhängig einsetzbar und kann auf Basis der eingegebenen Daten Nutzer:innen personalisierte Empfehlungen geben.

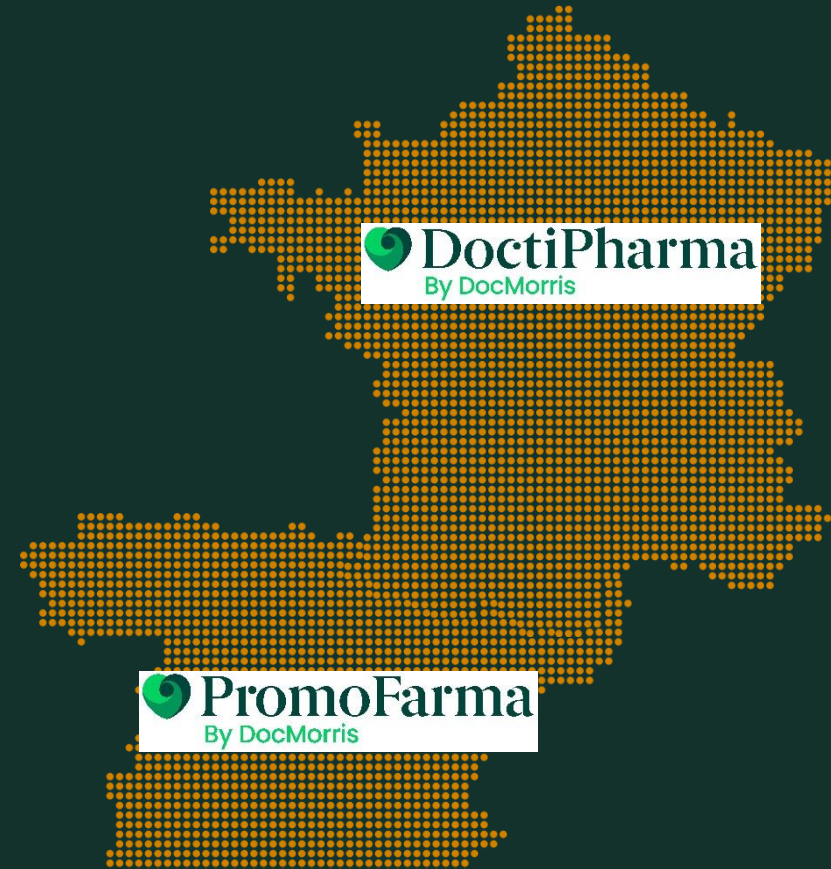
Voraussetzungen

Raising awareness and enabling convenient, online access to Digital Health Apps reimbursed by insurers in Germany (DiGAs) via TeleClinic

Growing interest in self developed tech assets is enabling the launch of a new PaaS business model

- Insurance cooperation in Switzerland¹ and gematik tender to provide eRx server as first use cases
- Third parties may accelerate time to market and enhance user experience with marketplace and digital health services
- Growth and profitability opportunity

Enabling a truly European Healthcare Ecosystem



>1.0 million
Active customers⁽¹⁾

>1'000
of sellers⁽¹⁾

+73.5%
Sales growth 2020

- Continue on growth trajectory
- Shift to DocMorris brand and invest in branding
- Explore extension to further geographies/ product categories

Summary of Strategic Priorities 2021

Summary of strategic priorities 2021

Growth focus

- 1 Continue on growth trajectory pre and post eRx introduction
- 2 Change of behavior via marketing campaign
- 3 Scale new business including telemedicine and ecosystem collaborations

eRx opportunity

- 1 eRx readiness across journeys & products
- 2 Take full advantage of eRx opportunity

Brand integration & logistics capacity

- 1 Continue building new European Ecosystem brand DocMorris with Promofarma and Doctipharma migrations
- 2 Increase capacity in new warehouse with next level automation

Path to profitability

- 1 Speed and productivity improvements
- 2 Drive tech development to improve user experience
- 3 Scale PaaS business model

Financial outlook

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

For 2021 management expects **sales growth of around 20%** including Medpex and Apotal

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

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

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

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

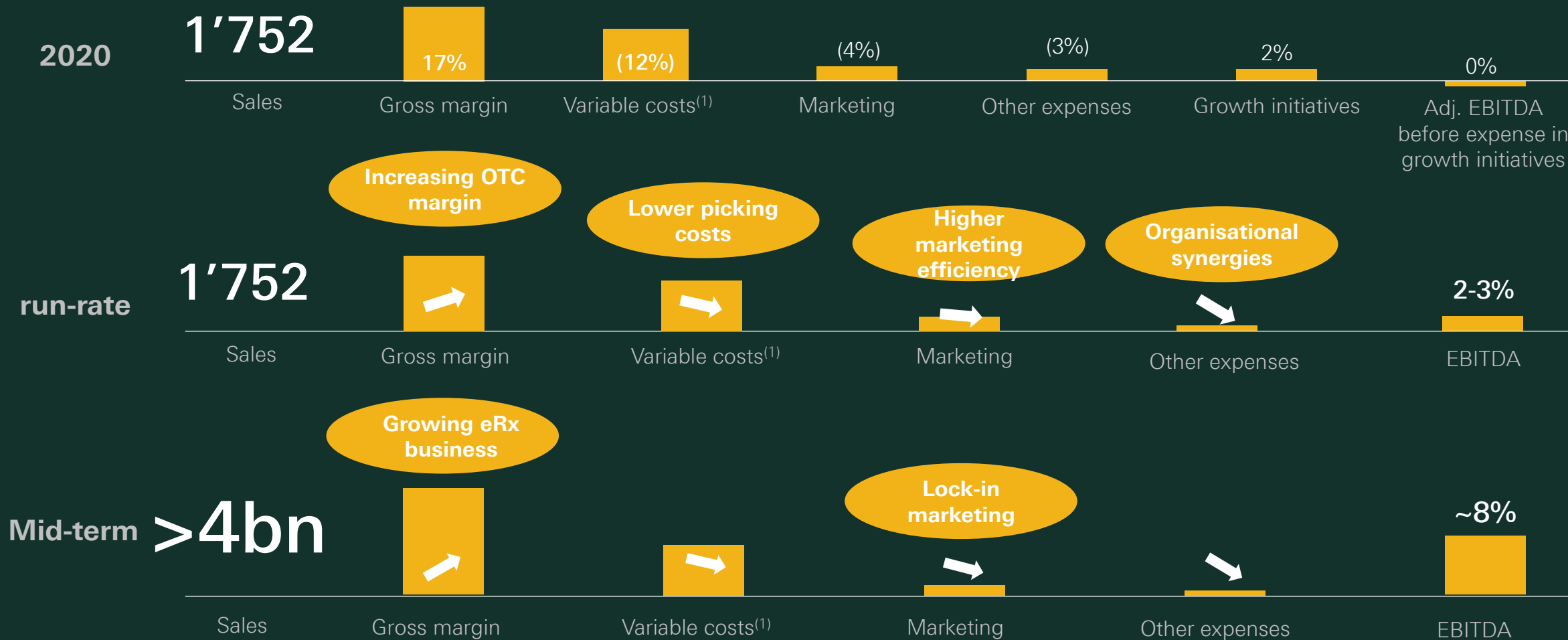
Management is convinced of the growth opportunity driven by the introduction of electronic prescriptions in Germany and believes that online penetration of Rx can reach a level of around 10% in the mid-term (time horizon of 3 to 5 years) with further potential beyond this time period

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

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

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

Mid-term financial targets – path to profitability



Adj. EBITDA before expense in growth initiatives

Q&A

Income Statement

	2020		2019		2018 ⁽¹⁾	
	CHF m	%	CHF m	%	CHF m	%
Sales	1'476.9		1'355.5	100.0	1'207.1	100.0
Cost of goods	(1'235.6)		(1'146.9)		(1'015.9) ⁽²⁾	
Other income	14.8		42.0		3.1 ⁽²⁾	
Personnel expenses	(142.9)	(9.7)	(117.5)	(8.7)	(93.7)	(7.8)
Marketing expenses	(60.6)	(4.1)	(53.2)	(3.9)	(41.3)	(3.4)
Distribution expenses	(49.2)	(3.3)	(41.9)	(3.1)	(33.1)	(2.7)
Administrative expenses	(50.9)	(3.4)	(34.9)	(2.6)	(24.9)	(2.1)
Rent expenses	(4.9)		(4.0)		(6.0)	
Fair Value adjustment	(0.4)		(2.9)		(1.5)	
Other operating expenses	(25.7)		(10.1)		(7.9)	
EBITDA	(78.4)	(5.3)	(13.8)	(1.0)	(14.0)	(1.2)
D&A	(39.3)		(31.9)		(18.9)	
EBIT	(117.6)	(8.0)	(45.7)	(3.4)	(32.9)	(2.7)
Financial result	(15.6)		(4.4)		(5.7)	
EBT	(133.2)	(9.0)	(50.1)	(3.7)	(38.5)	(3.2)
Income tax expenses	(2.4)		(2.3)		(0.6)	
Net income	(135.6)	(9.2)	(52.4)	(3.9)	(39.1)	(3.2)

Balance Sheet

	31 Dec 2020		31 Dec 2019		31 Dec 2018	
	CHF m	%	CHF m	%	CHF m	%
Cash and cash equivalents	300.6		204.7		230.7	
Current financial assets	0.4		0.2		0.2	
Trade receivables	114.9		126.7		92.3	
Other receivables & prepaid expenses	30.4		25.8		24.2	
Inventories	92.9		70.6		69.4	
Current assets	539.3	42.2	428.1	43.2	416.7	57.4
Property, plant & equipment	96.6		77.1		34.3	
Intangible assets	604.5		465.3		264.6	
Other assets ⁽¹⁾	38.1		21.3		10.9	
Non-current assets	739.2	57.8	563.7	56.8	309.8	42.6
Total assets	1278.5	100.0	991.7	100.0	726.5	100.0
Current financial liabilities	6.8		87.4		3.5	
Trade payables	93.3		92.1		83.1	
Other payables & accrued expenses ⁽²⁾	50.6		33.1		32.3	
Short-term liabilities	156.7	12.3	212.6	21.4	119.0	16.4
Non-current financial liabilities	79.9		38.1		30.6	
Bonds	483.9		312.1		114.1	
Pension liabilities	18.0		15.2		13.7	
Deferred taxes & long-term provisions	8.3		8.2		5.5	
Long-term liabilities	590.1	46.2	373.6	37.7	163.9	22.6
Equity	531.7	41.6	405.5	40.9	443.6	61.1
Total equity and liabilities	1278.5	100.0	991.7	100.0	726.5	100.0

Zur Rose Group financials

Cash Flow Statement

	2020	2019	2018 ⁽²⁾
CHF m			
Net income	(135.6)	(52.4)	(39.1)
D&A	39.3	31.9	18.9
Non cash items financial result	1.8	(2.2)	3.2
Non cash income and expenses	18.0	(35.3)	3.4
Income taxes paid	2.4	2.3	0.6
Change in trade receivables, other receivables and prepaid expenses	13.5	(37.3)	(12.2)
Change in inventories	(20.1)	(3.4)	(10.3)
Change in trade payables	8.9	13.5	4.1
Change in provisions	4.0	0.4	(1.8)
Cash flow from operating activities	(67.5)	(82.6)	(33.2)
Acquisition & Sale of subsidiaries, net	(116.0)	(103.1)	(108.6)
Purchase of property, plant and equipment	(26.4)	(10.4)	(10.3)
Acquisition of intangible assets	(33.4)	(31.1)	(21.2)
Investments/ (disposal) of financial assets	(24.0)	1.4	(0.2)
Cash flow from investing activities	(199.9)	(143.2)	(140.3)
Proceeds from capital increases	206.1	0.5	191.1
Transaction costs of capital increase	-	(0.3)	-
Increase in financial liabilities	171.4	205.0	114.1
Repayment of financial liabilities	(13.5)	(5.0)	(1.8)
Purchase of treasury shares	(0.7) ¹	(0.0)	(6.4)
Cash flow from financing activities	363.2	200.2	297.1
Total cash flow	(95.9)	(25.6)	123.6
Fx differences	0.1	(0.5)	(0.6)

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