

ZurRose Group

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Dear Shareholders

The Zur Rose Group launched a major break-even programme in the second quarter of 2022. This aims to improve adjusted EBITDA by CHF 130 million compared to 2021 by increasing the gross margin, structural cost savings, improving productivity and optimising marketing so as to reach the break-even point already in 2023 (i. e. one year earlier than announced in March).

No additional cash needed for the operating business — Based on the planned break-even in 2023, the operating capital requirement is covered by liquidity held. The capital required by the Zur Rose Group is therefore limited to refinancing existing bonds and a liquidity reserve. The Group is examining various financing options that take the interests of all relevant stakeholders into account in a balanced manner. Any capital raising measures will be considered in light of the market environment at the time.

The initial results of the break-even programme can already be seen in the first half of 2022 — The Zur Rose Group increased the gross margin by 0.6 percentage points to 14.8 per cent compared to the second half of 2021. Adjusted EBITDA improved from minus CHF 86.0 million to minus CHF 49.2 million, putting it within the target range in the outlook announced for the full year. EBITDA was minus CHF 43.1 million and includes a positive effect of CHF 13.1 million from a share-price related earn-out valuation.

External revenue¹ in the first half of 2022 amounted to CHF 963.9 million, which as planned was on a par with the previous year (and up 0.4 per cent in local currency terms). In Germany, external revenue declined 3.9 per cent in local currency terms, in line with expectations. In Switzerland, Zur Rose maintained its growth path in all business areas, increasing revenue by 9.6 per cent. In the Europe segment, the Group posted revenue growth of 2.9 per cent in local currency terms, in line with expectations and reflecting optimisation of marketing expenditure to focus on more profitable orders. The number of active customers at 30 June 2022 was 11.7 million² – the same level as in mid-2021.

CHF 10 million productivity improvement through new distribution centre in Heerlen — The new distribution centre in Heerlen successfully moved into operation at the end of the second quarter of 2022. The degree of automation of logistics has now risen from 50 per cent to 70 per cent, and capacity more than doubled from 12 million parcels per year to 27 million. This gives the facility sufficient capacity to scale up the number of e-prescriptions handled and process the volume from medpex. Thanks to productivity improvements from

¹ This consists of 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.

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

the state-of-the-art logistics, the Zur Rose Group is anticipating annual savings of CHF 10 million, with the first effects already in the current year.

CHF 8 million efficiency gains through integration of the medpex brand into the Heerlen facility — The DocMorris pharmacy will integrate the medpex brand into its operations in Heerlen and continue to run it. This step is a consequence of the planned closure of the owner-managed Stifts-Apotheke and its associated medpex online business in Ludwigshafen by the current proprietor at the end of October 2022. The Zur Rose Group is offering some 200 logistics employees and pharmaceutical technicians of the 350 employees at the Stifts-Apotheke the opportunity to continue working in Ludwigshafen and Heerlen. The logistics facility in Ludwigshafen will be retained and used by the Zur Rose Group to handle orders for non-pharmaceutical orders for the Germany segment; it has a capacity of seven million parcels per year. 36 jobs at the Zur Rose company Visionrunner GmbH providing administrative services for the Stifts-Apotheke will be cut. In accordance with its sense of social responsibility, Visionrunner is voluntarily offering these employees individual redundancy packages. Integrating the medpex brand, cutting complexity and capturing synergies will generate savings and efficiency gains totalling CHF 8 million per year.

National roll-out of e-prescriptions in Germany to start on 1 September 2022 — The trend towards using e-prescriptions is rising steadily. To date, more than 150,000 e-prescriptions³ have been filled. All quality criteria to complete the test phase by 31 August 2022 have therefore been met and the way is clear to implement e-prescriptions nationally. Roll-out across the country will be in stages, starting on 1 September 2022 with the Westfalen-Lippe region in the federal state of Nordrhein-Westfalen and the federal state of Schleswig-Holstein, which have a total population of 11.2 million.

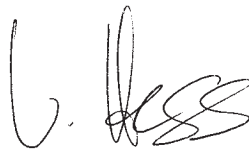
Along with a hard copy of the prescription code and the e-prescription app, the Federal Ministry of Health and gematik are also looking at other ways of transmission. Amongst other things, gematik is consulting with all parties involved on how it might be possible for prescriptions to be filled using the electronic healthcare card (eGK) as an additional digital process. For reasons of non-discrimination, this option ought to be open to online pharmacies too in the EU internal market. It will be necessary to put the necessary technical framework in place. The European Association of E-Pharmacies (EAEP) is already engaged in direct discussions about this with the Federal Ministry of Health to together identify a non-discriminatory and user-friendly solution for its members' millions of customers.

³ Source: [gematik](#)

Outlook – The Zur Rose Group confirms the target announced earlier this year for 2022 at the adjusted EBITDA level of minus CHF 75 million to minus CHF 95 million. EBITDA break-even (adjusted) is expected for the 2023 financial year. To achieve this target, the measures in the break-even programme are being speeded up and will lead to a reduction of external revenue in 2022 in the mid-single digit percentage range. The Group confirms the medium-term EBITDA margin target of 8 per cent.



Walter Oberhänsli
Chairman of the Board



Walter Hess
Chief Executive Officer

Consolidated Income Statement

	Notes	1.1. – 30.6.2022		1.1. – 30.6.2021	
		CHF 1,000	%	CHF 1,000	%
Net revenue	3	823,964	100.0	839,788	100.0
Other operating income	5	16,367		4,462	
Cost of goods		-703,241		-704,516	
Personnel expenses		-78,831		-76,944	
Other operating expenses		-101,334		-112,502	
Earnings before interest, taxes, depreciation and amortisation (EBITDA)		-43,075	-5.2	-49,712	-5.9
Depreciation, amortisation and impairment		-26,376		-23,397	
Earnings before interest and taxes (EBIT)		-69,451	-8.4	-73,109	-8.7
Share of results of joint ventures and associates		-1,219		-1,299	
Finance income	2.4	3,761		5,972	
Finance expenses	2.4	-19,920		-9,362	
Earnings before taxes (EBT)		-86,829	-10.5	-77,798	-9.3
Income tax income / (expense)		742		764	
Net income / (loss)		-86,087	-10.4	-77,034	-9.2
Attributable to Zur Rose Group AG shareholders		-86,087		-77,034	
		CHF 1		CHF 1	
Net income / (loss) per share		-8.29		-8.03	
Diluted net income / (loss) per share		-8.29		-8.03	

Consolidated Statement of Comprehensive Income

		1.1. – 30.6.2022	1.1. – 30.6.2021
	Notes	CHF 1,000	CHF 1,000
Net income / (loss)		-86,087	-77,034
Exchange differences on translation of foreign operations	2.4	-11,366	3,548
Other comprehensive income to be reclassified in subsequent periods to the income statement		-11,366	3,548
Remeasurement pensions	2.3	12,093	2,508
Income tax		-1,898	-373
Share of other comprehensive income of joint ventures and associates		295	0
Other comprehensive income not to be reclassified in subsequent periods to the income statement		10,490	2,135
Other comprehensive income / (loss)		-876	5,683
Total comprehensive income / (loss)		-86,963	-71,351
Attributable to Zur Rose Group AG shareholders		-86,963	-71,351

Consolidated Balance Sheet

ASSETS	Notes	30.06.2022		31.12.2021	
		CHF 1,000	%	CHF 1,000	%
Cash and cash equivalents		199,185		277,742	
Current financial assets		497		460	
Trade receivables		127,159		131,962	
Prepaid expenses		19,796		21,505	
Other receivables		15,578		13,007	
Inventories		70,414		92,464	
Current assets		432,629	37.8	537,140	42.3
Investments in joint ventures and associates		1,389		1,996	
Property, plant and equipment		60,562		59,628	
Right-of-use assets		35,821		39,075	
Intangible assets		580,777		595,362	
Non-current financial assets		27,069		29,361	
Assets from pension plans		216		0	
Deferred tax assets		5,330		6,652	
Non-current assets		711,164	62.2	732,074	57.7
Total assets		1,143,793	100.0	1,269,214	100.0

Consolidated Balance Sheet

LIABILITIES AND EQUITY	30.06.2022			31.12.2021		
	Notes	CHF 1,000	%	CHF 1,000	%	
Current financial liabilities		4,467		11,247		
Current lease liabilities		4,810		5,182		
Trade payables		116,933		132,173		
Other payables		15,201		14,229		
Tax liabilities		1,629		1,969		
Accrued expenses		45,741		43,548		
Short-term provisions		4,248		4,189		
Short-term liabilities		193,029	16.9	212,537	16.7	
Non-current financial liabilities		25,750		32,766		
Non-current lease liabilities		32,112		34,563		
Bonds	5	486,163		485,407		
Pension obligations		310		11,371		
Deferred tax liabilities		7,365		7,647		
Long-term liabilities		551,700	48.2	571,754	45.0	
Total liabilities		744,729	65.1	784,291	61.8	
Share capital		340,965		335,839		
Capital reserves		651,396		651,048		
Treasury shares		-30,689		-31,308		
Retained earnings		-496,805		-416,219		
Exchange differences		-65,803		-54,437		
Equity attributable to Zur Rose Group AG shareholders		399,064	34.9	484,923	38.2	
Total equity		399,064	34.9	484,923	38.2	
Total liabilities and equity		1,143,793	100.0	1,269,214	100.0	

Consolidated Cash Flow Statement

	1.1. – 30.6.2022	1.1. – 30.6.2021
	CHF 1,000	CHF 1,000
Net income / (loss)	-86,087	-77,034
Depreciation, amortisation and impairment	26,376	23,397
Finance expenses (net)	15,649	2,787
Share of results of joint ventures and associates	1,219	1,299
Income tax	-742	-764
Non-cash income and expenses	-9,827	6,847
Income taxes paid / received	-668	40
Interest paid	-3,208	-3,154
Interest received	248	265
Change in trade receivables, other receivables and prepaid expenses	2,954	-14,448
Change in inventories	20,682	9,036
Change in trade payables, other liabilities and accrued expenses	-7,048	37,532
Change in provisions	216	-2,155
Cash flow from operating activities	-40,236	-16,351
Acquisition of subsidiaries, net of cash acquired	-2,223	0
Purchase of property, plant and equipment	-8,276	-6,906
Acquisition of intangible assets	-21,764	-23,109
Investment in non-current financial assets	-2,745	-1,527
Repayment of financial assets	3,174	230
Disposal of interest in joint ventures and associates	2,706	0
Investments in joint ventures and associates	-533	0
Cash flow from investing activities	-29,661	-31,311
Proceeds from capital increases	899	808
Transaction cost of capital increases ¹⁾	-3,741	0
Repayment of financial liabilities	-2,856	-3,334
Purchase of treasury shares	0	-2
Cash flow from financing activities	-5,698	-2,527
Increase / (decrease) in cash and cash equivalents	-75,595	-50,189
Cash and cash equivalents at the beginning of the year	277,742	300,614
Foreign currency differences	-2,962	1,247
Cash and cash equivalents at the end of the period	199,185	251,672

1) Transaction costs paid related to the authorised capital increase in December 2021.

Consolidated Statement of Changes in Equity

	Share capital	Capital reserves	Treasury shares	Retained earnings	Exchange difference	Attributable to Group shareholders	Total equity
	CHF 1,000	CHF 1,000	CHF 1,000	CHF 1,000	CHF 1,000	CHF 1,000	CHF 1,000
1 January 2021	315,791	486,807	-31,927	-202,325	-36,605	531,741	531,741
Net income / (loss)				-77,034		-77,034	-77,034
Other comprehensive income				2,135	3,548	5,683	5,683
Total comprehensive income				-74,899	3,548	-71,351	-71,351
Share-based payments				5,399		5,399	5,399
Transaction costs of capital increase		-37				-37	-37
Purchase of treasury shares			-2			-2	-2
Allocation of treasury shares			322	-322		0	0
Issue of new shares for employees	358	714		-682		390	390
30 June 2021	316,149	487,484	-31,607	-272,829	-33,057	466,140	466,140
1 January 2022	335,839	651,048	-31,308	-416,219	-54,437	484,923	484,923
Net income / (loss)				-86,087		-86,087	-86,087
Other comprehensive income				10,490	-11,366	-876	-876
Total comprehensive income				-75,597	-11,366	-86,963	-86,963
Share-based payments				2,052		2,052	2,052
Transaction costs of capital increase		-327				-327	-327
Allocation of treasury shares			619	-2,138		-1,519	-1,519
Issue of new shares for employees	5,126	675		-4,903		898	898
30 June 2022	340,965	651,396	-30,689	-496,805	-65,803	399,064	399,064

Notes to the Interim Consolidated Financial Statements

1 Operating activities

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 Zur Rose Group (the “Group”). The registered office of Group Management and the headquarters of business activities are based at Walzmühlestrasse 60, 8500 Frauenfeld (Switzerland).

The interim consolidated financial statements cover the period from 1 January to 30 June 2022 (hereinafter the “reporting period”) and were approved by the Board of Directors on 17 August 2022.

Zur Rose Group AG is listed on the stock exchange. The shares are traded on SIX Swiss Exchange under the International Reporting Standard (ISIN: CH0042615283).

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

2 Accounting policies

2.1 Basis of preparation

The unaudited interim consolidated financial statements of the Zur Rose Group for the first half year 2022 have been prepared in accordance with IAS 34 Interim Financial Reporting.

Since the interim consolidated financial statements do not include all disclosures as contained in the consolidated financial statements, they should be read in conjunction with the consolidated financial statements as at 31 December 2021. Changes in or new accounting policies from those for the consolidated financial statements for 2021 are shown in Note 2.2.

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

The accounting policies for the interim financial statements are consistent with those applied in the preparation of the consolidated financial statements for the financial year ending on 31 December 2021. The changes to existing standards and interpretations to be applied for the first time from 1 January 2022 have no material impact on the net assets, financial position or results of operations of the Group.

The Group has not early adopted any other published standards, interpretations or changes that have yet to come into force.

2.3 Estimates and assumptions

In preparing these interim financial statements management has made judgements in applying accounting policies as well as estimates and assumptions regarding the future. These may have an effect on the carrying amounts of the reported assets and liabilities and result in adjustments in future reporting periods. Such estimates and assumptions are based on experience and other factors considered to be reasonable in the circumstances. By their very nature, estimates will mostly differ from actual outcomes.

The remeasurement of pensions recognised in other comprehensive income of CHF 12.1 million is mainly due to a change in the assumption regarding the discount rate applied for the calculation of the present value of the defined benefit obligation. As at 30 June 2022, a discount rate of 2.20% was applied (31 December 2021: 0.35%).

Influences on operations

The operating business of the Zur Rose Group is subject to only marginal seasonal variation.

Income tax

Current income tax is based on an estimate of the expected income tax rate for the full year 2022.

2.4 Principal exchange rates

The following exchange rates were used:

Currency	1.1. – 30.6.2022		1.1. – 30.6.2021		31.12.2021
	End of period	Average rate of period	End of period	Average rate of period	End of period
EUR 1	0.9983	1.0319	1.0968	1.0942	1.0353

The exchange rate losses recognised in the first half year of 2022 due to the exchange rate development have negatively impacted earnings before taxes with CHF 10.4 million (previous year exchange rate gains of CHF 5.1 million) and led to exchange rate losses on translation of foreign operations recognised in other comprehensive income of CHF 11.4 million (previous year exchange rate gains of CHF 3.5 million).

3 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 unallocated operating costs, interest, taxes, depreciation of property, plant and equipment, right-of-use assets and intangible assets and before unallocated operating income. The contribution to operating earnings achieved by each segment is considered an adequate measure of operating performance of segments reported to the Group Management 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, fair value adjustments for earn-outs or income from partnerships.

The following tables show the operating segments of the Zur Rose Group for the first six months as at 30 June 2022 and the previous year as at 30 June 2021.

1.1. – 30.6.2022	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	330,378	454,403	39,183	0	823,964
Revenue with other segments	3,835	0	0	-3,835	0
Total net revenue	334,213	454,403	39,183	-3,835	823,964
Operating profit contribution	22,945	2,514	-1,425	-3,835	20,199
Unallocated operating costs					-78,314
Unallocated operating income					¹⁾ 15,040
Earnings before interest, taxes, depreciation and amortisation (EBITDA)					
Depreciation and amortisation					-43,075
Earnings before interest and taxes (EBIT)					-69,451
Finance result, net ²⁾					-17,378
Earnings before taxes (EBT)					-86,829

1) Includes a fair value adjustment for the earn-out of Apotal of CHF 13.1 million (see Note 5).

2) of which joint ventures and associates CHF -1.2 million

1.1. – 30.6.2021	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	301,435	497,848	40,505	0	839,788
Revenue with other segments	3,636	0	0	-3,636	0
Total net revenue	305,071	497,848	40,505	-3,636	839,788
Operating profit contribution	22,819	5,941	-1,285	-3,636	23,839
Unallocated operating costs					-73,927
Unallocated operating income					376
Earnings before interest, taxes, depreciation and amortisation (EBITDA)					
Depreciation and amortisation					-49,712
Earnings before interest and taxes (EBIT)					-73,109
Finance result, net ¹⁾					-4,689
Earnings before taxes (EBT)					-77,798

1) of which joint ventures and associates CHF -1.3 million

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	1.1. – 30.6.2022	1.1. – 30.6.2021
Type of goods or service	CHF 1,000	CHF 1,000
Professional services	254,985	227,408
Retail Business (B2C)	75,393	74,027
Total revenue from contracts with customers	330,378	301,435

Segment Germany	1.1. – 30.6.2022	1.1. – 30.6.2021
Type of goods or service	CHF 1,000	CHF 1,000
Retail Business (B2C)	454,403	497,848
Total revenue from contracts with customers	454,403	497,848

Segment Europe	1.1. – 30.6.2022	1.1. – 30.6.2021
Type of goods or service	CHF 1,000	CHF 1,000
Marketplace	39,183	40,505
Total revenue from contracts with customers	39,183	40,505

4 Business combinations

The scope of consolidation has changed in the first half year 2022 as a result of the following transaction:

Aerztemedika AG

On 29 April 2022 Zur Rose Group AG acquired Aerztemedika AG located in Liestal. Aerztemedika AG supplies regional physicians with medical products. The purchase price was CHF 3.9 million and consisted of a cash payment of CHF 3.5 million and a deferred purchase price payment of CHF 0.4 million. The deferred purchase price payment is payable in the second half of 2022. The acquired net assets of CHF 3.7 million (provisional amounts) consist mainly of cash and cash equivalents (CHF 1.4 million), other short-term receivables (CHF 1.4 million), acquired customers (CHF 1.6 million) and short-term liabilities (CHF 0.7 million). The goodwill of CHF 0.2 million was allocated to the Switzerland segment and represents the added value based on the buyer-specific synergies expected to arise from the acquisition and the increasing regional market share. Transaction costs of CHF 0.1 million were recognised in other operating expenses. Since acquisition, Aerztemedika AG has contributed CHF 1.4 million to revenues and –CHF 28 thousand to net income.

Up to twelve months from the effective date of this acquisition, 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 company is still provisional as of 30 June 2022:

Helena Abreu

On 1 October 2021, the Zur Rose Group AG acquired 100 % of Helena Abreu, Unipessoal, Lda, located in Montemor-o-Novo (Portugal).

The change in goodwill from CHF 418.4 million as at 31 December 2021 to CHF 404.3 million as at 30 June 2022 is due to the acquisition of Aerztemedika AG (CHF 0.2 million) and foreign currency effects (–CHF 14.3 million).

5 Financial instruments

The consolidated balance sheet as at 30 June 2022 shows liabilities from contingent consideration arrangements of CHF 19.1 million arising from the acquisitions of Apotal, Eurapon and Clustertec.

Details on the measurement of the fair values at levels 2 and 3 are presented below:

Contingent consideration liabilities	30.06.2022	31.12.2021
	CHF 1,000	CHF 1,000
As at 1 January	32,522	32,472
Investing cash flow	0	–200
Change in fair value (through profit or loss)	–12,683	1,700
Exchange differences	–737	–1,450
Total contingent consideration liabilities	19,102	32,522

The contingent consideration liabilities as at 30 June 2022 include CHF 8.3 million for Apotal, CHF 10.3 million for Eurapon and CHF 0.5 million for Clustertec.

Apotal

The fair value of the contingent consideration as at 30 June 2022 is CHF 8.3 million (EUR 8.3 million), compared to CHF 21.5 million (EUR 20.7 million) as at 31 December 2021. CHF 3.9 million (EUR 3.9 million) relate to the earn-out component 2021 and are classified as current and CHF 4.4 million (EUR 4.4 million) relate to the earn-out component 2022 and are disclosed as non-current financial liabilities. The settlement of the current earn-out component will take place in the second half year 2022 mainly through

the delivery of shares of Zur Rose Group AG. The change in fair value of CHF 13.2 million (EUR 12.4 million) compared to the fair value assessment as at 31 December 2021 is, in addition to the unwinding of the effect of discounting and exchange rate fluctuations, solely attributable to the share price development of the Zur Rose Group AG (Level 1), as the number of shares to be delivered has an upper limit due to a threshold mechanism regarding the share price. This led to a fair value adjustment for the two earn-outs to be settled in shares totalling CHF 13.1 million (EUR 12.7 million) recognised in profit or loss. As the effective applicable share price relates to a defined period before settlement, the number of shares and the fair value may still change. An isolated change in the share price valid as of 30 June 2022 of minus or plus 20 percent, ceteris paribus, would result in a reduction or increase in the earn-outs to be settled in shares of CHF -1.4 million and CHF 1.4 million respectively, which would be recognised in profit or loss. The assessment of the sales growth and EBITDA targets has not changed compared to the financial statements as at 31 December 2021. The settlement of the earn-out component 2022 of CHF 4.4 million (EUR 4.4 million) is planned in the second half year 2023. The amount depends, in addition to the share price development, 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. Changing this input factor may lead to material adjustments to the liability recognised and thus the settlement to the vendors. An isolated change in the weighting of the “best case scenario” (from the buyer’s perspective) as at 30 June 2022 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 -0.5 million or CHF 0.0 million respectively, which would change the earnings before taxes accordingly. If only the EBITDA targets are achieved, only CHF 0.9 million (EUR 0.9 million) of the CHF 4.4 million (EUR 4.4 million) will be due. The Zur Rose Group assumes that the agreed revenue target will be achieved.

Eurapon

Payment of the remaining obligation of CHF 10.3 million (EUR 10.3 million) is due at the end of 2023 and is only subject to fair value adjustments due to exchange rate and interest rate fluctuations (Level 2).

Bonds

The fair value (Level 1) of the listed bonds was CHF 299.1 million as at 30 June 2022 (31 December 2021: CHF 321.7 million) and the carrying amount was CHF 313.7 million as at 30 June 2022 (31 December 2021: CHF 313.4 million). The fair value (Level 1) of the listed convertible bond amounted to CHF 158.9 million as at 30 June 2022 (31 December 2021: CHF 320.8 million) and the carrying amount as at 30 June 2022 was CHF 172.5 million (31 December 2021: CHF 172.0 million).

6 Financing

Zur Rose Group has sufficient funds to maintain its operating business and to carry out the planned business initiatives for the next 12 months from the balance sheet date. Partial refinancing is required for the repayment of the outstanding 2.5% bond of CHF 115 million in July 2023. The Board of Directors and Group Management will take the necessary steps to secure the financing. Given the strong position of the Zur Rose Group in the growing online pharmacy market, the successful fundraising to date and the broad portfolio of available financing instruments, the Board of Directors and Group Management are convinced of the ability to refinance.

7 Events after the end of the reporting period

As a result of the planned closure of the owner-operated Stifts-Apotheke and the associated mail-order business in Ludwigshafen by the previous owner, the Board of Directors decided on 17 August 2022, to integrate the medpex brand operationally into the pharmacy of DocMorris N.V. in Heerlen and to continue to operate it. The associated reorganization costs are estimated at CHF 3.5 to 5 million for the second half of 2022.

Alternative Performance Measures

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 revenue
- Growth in local currency
- Gross margin in percent of net revenue
- EBIT
- EBITDA
- EBITDA adjusted
- 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 percent 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 margin** is calculated by dividing EBITDA by consolidated revenue.

The **net financial debt** is a management 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 assets ¹⁾
=	Net financial debt

1) 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

(condensed)

June 2022	IFRS	Acquisition	Restructuring, Integration	Other ¹⁾	adjusted
Net revenue	823,964	-	-	-	823,964
Operating income	16,367	-13,075	-	-	3,292
Operating expense	-883,406	1,075	5,046	858	-876,427
EBITDA	-43,075	-	-	-	-49,171

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.

June 2021	IFRS	Acquisition	Restructuring, Integration	Other ¹⁾	adjusted
Net revenue	839,788	-	-	-	839,788
Operating income	4,462	-	-	-969	3,493
Operating expense	-893,962	4,992	1,187	1,641	-886,142
EBITDA	-49,712	-	-	-	-42,861

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.

— **Contacts**

Investor and analyst contact

Dr. Daniel Grigat
Head of Investor Relations
T +41 58 810 11 49
ir@zurrose.com

Media contact

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

All 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 half-year report is published online in German and English. The German half-year report is the authoritative version.

Zur Rose Group AG
Walzmühlestrasse 60
8500 Frauenfeld
Switzerland

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