Financial Statements

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

	Notes	2021 CHF 1,000	2020 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		31.12.2021		31.12.2020	
	Notes	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 then 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:

		2021		**2020**
Currency	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 company[1]	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**
Type of goods or service	CHF 1,000	CHF 1,000
Retail Business (B2C)	**1,024,435**	821,270
Total revenue from contracts with customers	**1,024,435**	821,270

Europe	**2021**	**2020**
Type of goods or service	CHF 1,000	CHF 1,000
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:

			31.12.2021			31.12.2020
CHF 1,000	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:

		Carrying amount		Share of capital
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
Joint Ventures	CHF 1,000	CHF 1,000	%	%
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 payments 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	Balance sheet **31.12.2021**	Balance sheet **31.12.2020**	Income statement **2021**	Income statement **2020**
	CHF 1,000	CHF 1,000	CHF 1,000	CHF 1,000
Deferred tax due to temporary differences				
Deferred tax assets				
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
Deferred tax liabilities				
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.

Financial assets and liabilities		**31.12.2021** Fair value	**31.12.2021** Carrying amount	**31.12.2020** Fair value	**31.12.2020** Carrying amount
		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 respectiv 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.

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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.

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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	Notes	31.12.2021 CHF 1,000	31.12.2020 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	Notes	31.12.2021 CHF 1,000	31.12.2020 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 Capital	2020 Capital	2021 Equity interest and ordinary shares	2020 Equity interest and ordinary shares
	CHF 1,000	CHF 1,000	%	%
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 Gschaider, 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

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

3.6 Contingent and authorised capital

	31.12.2021 CHF	31.12.2020 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

Building a better working world

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