Financial Statements

Consolidated Financial Statements of Zur Rose Group

Consolidated Income Statement

		2022		2021	
	Notes	CHF 1,000	%	CHF 1,000	%
Net revenue	5	**1,608,222**	**100.0**	1,726,503	100.0
Other operating income	7	**23,130**		6,747	
Cost of goods	8	**−1,362,595**		−1,466,457	
Personnel expenses	9	**−155,595**		−148,350	
Other operating expenses	10	**−190,819**		−261,077	
Earnings before interest, taxes, depreciation and amortisation (EBITDA)		**−77,657**	**−4.8**	−142,634	−8.3
Depreciation, amortisation and impairment	19–21	**−62,630**		−51,143	
Earnings before interest and taxes (EBIT)		**−140,287**	**−8.7**	−193,777	−11.2
Share of results of joint ventures and associates	18	**−1,487**		−8,548	
Finance income	11	**3,116**		579	
Finance expenses	11	**−31,211**		−24,938	
Earnings before taxes (EBT)		**−169,869**	**−10.6**	−226,684	−13.1
Income tax income / (expense)	12	**−1,246**		949	
Net income / (loss)		**−171,115**	**−10.6**	−225,735	−13.1
Attributable to Zur Rose Group AG shareholders		**−171,115**		−225,735	

		CHF 1		CHF 1	
Net income / (loss) per share	29	**−15.88**		−23.40	
Diluted net income / (loss) per share	29	**−15.88**		−23.40	

Consolidated Statement of Comprehensive Income

	Notes	2022 CHF 1,000	2021 CHF 1,000
Net income / (loss)		**–171,115**	–225,735
Exchange differences on translation of foreign operations		**–14,224**	–17,832
Other comprehensive income to be reclassified in subsequent periods to the income statement		**–14,224**	–17,832
Remeasurement pensions	28	**4,861**	5,642
Income tax	23	**–834**	–888
Share of other comprehensive income of joint ventures and associates		**211**	0
Other comprehensive income not to be reclassified in subsequent periods to the income statement		**4,238**	4,754
Other comprehensive income / (loss)		**–9,986**	–13,078
Total comprehensive income / (loss)		**–181,101**	–238,813
Attributable to Zur Rose Group AG shareholders		**–181,101**	–238,813

Consolidated Balance Sheet

ASSETS		31.12.2022		31.12.2021	
	Notes	CHF 1,000	%	CHF 1,000	%
Cash and cash equivalents	13	**126,042**		277,742	
Current financial assets	31	**30,360**		460	
Trade receivables	14	**129,351**		131,962	
Prepaid expenses	15	**11,021**		21,505	
Other receivables	16	**15,930**		13,007	
Inventories	17	**83,180**		92,464	
Current assets		**395,884**	**36.0**	537,140	42.3
Investments in joint ventures and associates	18	**1,645**		1,996	
Property, plant and equipment	19	**60,275**		59,628	
Right-of-use assets	20	**36,533**		39,075	
Intangible assets	21	**571,906**		595,362	
Non-current financial assets	22	**28,410**		29,361	
Deferred tax assets	23	**4,792**		6,652	
Non-current assets		**703,561**	**64.0**	732,074	57.7
Total assets		**1,099,445**	**100.0**	1,269,214	100.0

Consolidated Balance Sheet

LIABILITIES AND EQUITY		**31.12.2022**		**31.12.2021**	
	Notes	CHF 1,000	%	CHF 1,000	%
Current bonds	24	**30,229**		0	
Current lease liabilities	24	**5,278**		5,182	
Other current financial liabilities	24	**25,714**		11,247	
Trade payables		**112,781**		132,173	
Other payables	25	**15,920**		14,229	
Tax liabilities		**1,999**		1,969	
Accrued expenses	26	**39,691**		43,548	
Short-term provisions	27	**9,737**		4,189	
Short-term liabilities		**241,349**	**22.0**	212,537	16.7
Non-current bonds	24	**460,203**		485,407	
Non-current lease liabilities	24	**32,926**		34,563	
Other non-current financial liabilities	24	**0**		32,766	
Pension obligations	28	**7,323**		11,371	
Deferred tax liabilities	23	**6,865**		7,647	
Long-term liabilities		**507,317**	**46.1**	571,754	45.1
Total liabilities		**748,666**	**68.1**	784,291	61.8
Share capital	29	**404,728**		335,839	
Capital reserves		**659,294**		651,048	
Treasury shares	29	**–60,670**		–31,308	
Retained earnings		**–583,912**		–416,219	
Exchange differences		**–68,661**		–54,437	
Equity attributable to Zur Rose Group AG shareholders		**350,779**	**31.9**	484,923	38.2
Total equity		**350,779**	**31.9**	484,923	38.2
Total liabilities and equity		**1,099,445**	**100.0**	1,269,214	100.0

Consolidated Cash Flow Statement

	Notes	2022 CHF 1,000	2021 CHF 1,000
Net income / (loss)		**–171,115**	–225,735
Depreciation, amortisation and impairment	19 – 21	**62,630**	51,143
Finance expenses (net)		**26,964**	23,107
Share of results of joint ventures and associates		**1,487**	8,548
Income tax		**1,246**	–949
Non-cash income and expenses		**–11,683**	9,439
Income tax paid		**–2,184**	–31
Interest paid		**–15,989**	–14,438
Interest received		**485**	532
Change in trade receivables, other receivables and prepaid expenses		**8,892**	–29,043
Change in inventories		**6,855**	–3,037
Change in trade payables, other liabilities and accrued expenses		**–10,700**	52,275
Change in provisions		**5,825**	–2,442
Cash flow from operating activities		**–97,287**	–130,631
Acquisition of subsidiaries, net of cash acquired	6 / 24	**–2,769**	4,144
Disposal of interest in joint ventures and associates	18	**2,706**	0
Purchase of property, plant and equipment	19	**–15,469**	–14,621
Disposal of property, plant and equipment	19	**271**	0
Acquisition of intangible assets	21	**–43,820**	–48,856
Disposal of intangible assets	21	**302**	0
Investment in current financial assets	31	**–30,000**	0
Investments in non-current financial assets	22	**–4,141**	–2,495
Investments in joint ventures and associates	18	**–533**	–6,734
Repayment of financial assets	22	**3,682**	1,233
Cash flow from investing activities		**–89,771**	–67,329
Net proceeds from capital increases	29	**42,055**	187,305
Transaction costs of capital increases [1]		**–3,454**	0
Increase in financial liabilities (net after transaction costs)	24	**90,718**	0
Repayment of financial liabilities	24	**–90,212**	–7,580
Purchase of treasury shares		**0**	–4
Cash flow from financing activities		**39,107**	179,721
Increase / (decrease) in cash and cash equivalents		**–147,951**	–18,239
Cash and cash equivalents at the beginning of the year		**277,742**	300,614
Foreign currency differences		**–3,749**	–4,633
Cash and cash equivalents at the end of the year		**126,042**	277,742

1) Includes transaction costs paid related to the authorised capital increase in December 2021

Consolidated Statement of Changes in Equity

	Share capital	Capital reserves	Treasury shares	Retained earnings	Exchange difference	Attributable to Group shareholders	Total equity
	CHF 1,000	CHF 1,000	CHF 1,000	CHF 1,000	CHF 1,000	CHF 1,000	CHF 1,000
1 January 2021	**315,791**	**486,807**	**−31,927**	**−202,325**	**−36,605**	**531,741**	**531,741**
Net income / (loss)				−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	−238,813
Share-based payments				8,596		8,596	8,596
Issue of new shares for authorised 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**	**484,923**
Net income / (loss)				−171,115		−171,115	−171,115
Other comprehensive income				4,238	−14,224	−9,986	−9,986
Total comprehensive income				−166,877	−14,224	−181,101	−181,101
Share-based payments				4,201		4,201	4,201
Issue of new shares for contingent capital increase	30,000		−30,000			0	0
Issue of new shares for authorised capital increase	33,584	10,075				43,659	43,659
Transaction costs of capital increase		−2,504				−2,504	−2,504
Equity component for issued convertible bond				2,223		2,223	2,223
Allocation of treasury shares			638	−2,158		−1,520	−1,520
Issue of new shares for employees	5,305	675		−5,082		898	898
31 December 2022	**404,728**	**659,294**	**−60,670**	**−583,912**	**−68,661**	**350,779**	**350,779**

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 22 March 2023 and are subject to approval of the Annual General Meeting on 4 May 2023.

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 2022.

An entity is included in the consolidation from the date on which control over the company is transferred to the Zur Rose Group. An entity is removed from the scope of consolidation as of the date on which control over the company ceases.

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

	Share capital		Share of capital	
	31.12.2022	**31.12.2021**	**31.12.2022**	**31.12.2021**
	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
Aerztemedika AG, Liestal (CH) [1]	**500**	n/a	**100.0**	n/a
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) [2]	**n/a**	22	**n/a**	100.0
DocMorris N.V., Heerlen (NL)	**60**	60	**100.0**	100.0
DocMorris Services B.V., Heerlen (NL)	**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) [3]	**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)	**108**	108	**100.0**	100.0
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
TeleClinic GmbH, München (DE)	**857**	857	**100.0**	100.0
Ultra Pharm Medicalprodukte GmbH, Bad Rothenfelde (DE)	**29**	29	**100.0**	100.0
Visionrunner GmbH, Mannheim (DE)	**28**	28	**100.0**	100.0
Zur Rose Dutch B.V., Heerlen (NL) [3]	**0**	0	**100.0**	100.0
Zur Rose Finance B.V., Heerlen (NL) [3]	**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) Acquired in year 2022, see Note 6
2) Merger into DocMorris N.V. in year 2022
3) Share capital of less than EUR 500.00

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

2.3 Summary of significant accounting policies

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The following exchange rates were used for currencies:

		2022		**2021**
Currency	Year-end rate	Average rate for the year	Year-end rate	Average rate for the year
EUR 1	**0.9893**	**1.0049**	1.0353	1.0811

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
Revenue is 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 customer returns 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 are 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 and expenses 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 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 balance of the liability is constant for each period. Determining the lease term 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 lease term 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 commencement date of the lease, the carrying amount of right-of-use assets comprises the following:

— 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. 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	5 – 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 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, term deposits, 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 at fair value 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, term deposits, other liabilities and public bonds.
- *At fair value through profit or loss.* This includes 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 the lower of cost or net realisable value.

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

Payments to suppliers that are not payments for distinct goods or services are recognised as a reduction in the purchase cost of goods held in inventory respectively deducted from the cost of goods.

Goods that can no longer be sold 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. The pension benefits and years of services of the employees up to the balance sheet date are taken into account, and assumptions are made regarding discount factors and further salary development, withdrawal and mortality probabilities, 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) in personnel expenses in profit or loss,
— Net interest on net pension liability or asset in finance expenses in profit or loss, and
— 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, with the exception of the following revised standards which the Group has applied since 1 January 2022. However, they have no material impact on the net assets, financial income and results of operations of the Group.

— IFRS 3 – Reference to the Conceptual Framework
— IFRS 9 – Fees in the "10 per cent" Test for Derecognition of Financial Liabilities
— IAS 16 – Property, Plant and Equipment – Proceeds before Intended Use
— IAS 37 – Onerous Contracts – Cost of Fulfilling a Contract

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 400.8 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:

- IAS 1 and IFRS Practice Statement 2 – Disclosure of accounting policies and accounting estimates (comes into effect on 1 January 2023)
- IAS 8 – Defining Accounting Estimates (comes into effect on 1 January 2023)
- IAS 12 – Deferred Tax related to Assets and Liabilities arising from a Single Transaction (comes into effect on 1 January 2023)
- IAS 1 – Classification of Liabilities as Current or Non-Current and Non-current Liabilities with Covenants (comes into effect on 1 January 2024)
- IFRS 16 – Lease Liability in a Sale and Leaseback transaction (comes into effect on 1 January 2024)
- IFRS 10 and IAS 28 – Sales or contributions of assets between an investor and its associate / joint venture (effective date is still open)

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

5 Operating segments

The Zur Rose Group manages its activities by geographical regions. The heads of the segments are members of the Group Executive Board. The Group Executive Board is the highest operational management body that measures the success of the operating segments and allocates resources. Due to a stronger focus on profitability instead of growth, the profitability of the segments is newly determined at the level of EBITDA adjusted. The disclosure for the financial year 2021 has been adjusted. The EBITDA adjusted shows the development of the operating result irrespective of the influence of special items, i.e. special effects in terms of their nature and magnitude for the management of the Zur Rose Group. These may include expenses and income related to acquisition, restructuring, integration and litigation. In the calculation, the EBITDA is increased by special expenses and reduced by special income. The allocation to the segments is determined on the basis of the information reported in the internal financial reporting. Assets and liabilities are not allocated to the operating segments in the management reports. Corporate includes mainly group-wide areas of Zur Rose Group AG such as strategic management, technology development and financing.

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

Reporting as per 31 December 2022	Switzerland	Germany	Europe	Corporate	Eliminations	Group
	CHF 1,000	CHF 1,000	CHF 1,000	CHF 1,000	CHF 1,000	CHF 1,000
Income statement						
Net revenue with external customers	679,240	858,533	70,449	0	0	1,608,222
Revenue with other segments	7,522	0	0	0	–7,522	0
Total net revenue	**686,762**	**858,533**	**70,449**	**0**	**–7,522**	**1,608,222**
EBITDA adjusted	22,141	–47,951	–9,738	–31,782	–2,362	–69,692
Adjustments [1]						–7,965
Earnings before interest, taxes, depreciation and amortisation (EBITDA)						**–77,657**
Depreciation and amortisation						–62,630
Earnings before interest and taxes (EBIT)						**–140,287**
Finance result, net						–29,582
Earnings before taxes (EBT)						**–169,869**

1) Includes expenses and income related to acquisition of CHF +13,873 thousand, restructuring and integration of CHF –17,489 thousand, litigation of CHF –3,517 thousand and other special effects in terms of their nature and magnitude for Group management of CHF –832 thousand

Reporting as per 31 December 2021 (restated)	Switzerland	Germany	Europe	Corporate	Eliminations	Group
	CHF 1,000	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	0	1,726,503
Revenue with other segments	6,944	0	50	0	−6,994	0
Total net revenue	**627,127**	**1,024,435**	**81,935**	**0**	**−6,994**	**1,726,503**
EBITDA adjusted	21,709	−95,784	−23,161	−30,640	−1,030	−128,906
Adjustments [1]						−13,729
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**

1) Includes expenses and income related to acquisition of CHF −9,642 thousand, restructuring and integration of CHF −2,169 thousand and other special effects in terms of their nature and magnitude for Group management of CHF −1,918 thousand

Net revenue by customer location	Switzerland	Germany	Other	Group
	CHF 1,000	CHF 1,000	CHF 1,000	CHF 1,000
2022	**679,240**	**858,533**	**70,449**	**1,608,222**
2021	620,183	1,024,435	81,885	1,726,503

Non-current 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
2022	**132,602**	**358,164**	**172,073**	**5,875**	**668,714**
2021	127,753	265,692	294,742	5,878	694,065

1) Non-current assets excluding investments in joint ventures and associates, non-current financial assets and deferred taxes

The Switzerland segment consists of the two business units B2C and Professional Services. The Professional Services business unit, which supplies affiliated physicians and provides them with drug management services, generates around three quarters of the segment's sales. The B2C business unit 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, through which pharmacy-type products in health, cosmetics and personal care are traded.

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

Segment Switzerland	**2022**	**2021**
Type of goods or service	CHF 1,000	CHF 1,000
Professional Services	**527,642**	469,524
Retail Business (B2C)	**151,598**	150,659
Total revenue from contracts with customers	**679,240**	620,183

Segment Germany	**2022**	**2021**
Type of goods or service	CHF 1,000	CHF 1,000
Retail Business (B2C)	**858,533**	1,024,435
Total revenue from contracts with customers	**858,533**	1,024,435

Segment Europe	**2022**	**2021**
Type of goods or service	CHF 1,000	CHF 1,000
Marketplace	**70,449**	81,885
Total revenue from contracts with customers	**70,449**	81,885

6 Changes in consolidation scope

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

Aerztemedika AG
On 29 April 2022 Zur Rose Group AG acquired Aerztemedika AG, which is domiciled in Liestal. Aerztemedika AG supplies regional physicians with medical products. The purchase price was CHF 3.9 million and consisted of a cash payment of CHF 3.5 million and a deferred purchase price payment of CHF 0.4 million. The settlement of the deferred purchase price payment is planned in the first half of 2023. The acquired net assets of CHF 3.7 million (provisional values) consist mainly of cash and cash equivalents (CHF 1.4 million), other short-term receivables (CHF 1.4 million), acquired customers (CHF 1.6 million) and short-term liabilities (CHF 0.7 million). The goodwill of CHF 0.2 million was allocated to the Switzerland segment and represents the added value of the expected buyer-specific synergies and the increasing regional market share. Transaction costs of CHF 0.1 million were recognised in other operating expenses. Since acquisition, Aerztemedika AG has contributed CHF 1.6 million to revenues and -CHF 0.1 million to net income.

Up to twelve months from the effective date of acquisition, fair value adjustments can be made to the identifiable assets acquired and liabilities assumed, as well as to the purchase price consideration, in order to reflect new information or circumstances that existed at the acquisition date.

The purchase price allocation for the following company was finalised in 2022 and no adjustments were made.

Helena Abreu
On 1 October 2021, Zur Rose Group AG acquired 100 per cent of Helena Abreu, Unipessoal, Lda, 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), which was paid in 2022. The goodwill was allocated to the Europe segment.

The change in goodwill from CHF 418.4 million as at 31 December 2021 to CHF 400.8 million as at 31 December 2022 is due to the acquisition of Aerztemedika AG (CHF 0.2 million) and foreign currency effects (–CHF 17.8 million).

7 Other operating income

	2022	2021
	CHF 1,000	CHF 1,000
Rental income from third parties	**596**	556
Rental income of joint ventures and associates	**67**	70
Income from partnerships	**1,331**	2,824
Fair value adjustment on contingent consideration [1]	**17,507**	0
Other income	**3,629**	3,297
	23,130	6,747

1) Includes the fair value adjustment of the contingent consideration Apotal (see Note 31 Financial instruments)

8 Cost of goods

	2022	2021
	CHF 1,000	CHF 1,000
Goods purchased and held for resale (net)	**–1,358,827**	–1,463,144
Packaging materials / waste	**–3,768**	–3,313
	–1,362,595	–1,466,457

9 Personnel expenses

	2022	2021
	CHF 1,000	CHF 1,000
Wages and salaries	**–107,362**	–107,343
Pension expenses	**–5,437**	–2,977
Other social security expenses	**–21,936**	–20,798
Other personnel expenses	**–20,860**	–17,232
	–155,595	–148,350

The increase in pension costs is mainly due to plan changes in the previous year (see Note 28). The increase in other personnel expenses is mainly due to more external logistics employees at the Heerlen site.

10 Other operating expenses

	2022	2021
	CHF 1,000	CHF 1,000
Distribution expenses	**–47,847**	–54,556
Office and administrative expenses	**–59,177**	–52,894
Marketing and acquisition expenses	**–58,365**	–118,829
Expenditure on premises	**–6,890**	–4,884
Fair value adjustment of contingent consideration	**–832**	–1,700
Other operating expenses	**–17,708**	–28,214
	–190,819	–261,077

The decrease in other operating expenses is mainly due to lower marketing expenses and cost reductions in connection with integrations.

11 Financial result

	2022	2021
	CHF 1,000	CHF 1,000
Finance income		
Interest income	**219**	241
Interest income from joint ventures and associates	**319**	266
Gain on disposal from join ventures and associates [1]	**2,510**	0
Income from securities	**14**	46
Interest income on leases	**54**	26
	3,116	579
Finance expenses		
Interest expenses	**−16,575**	−14,939
Bank charges and fees	**−1,131**	−1,252
Losses from securities	**0**	−15
Foreign exchange losses, net	**−12,354**	−7,485
Interest expenses on leases	**−1,151**	−1,247
	−31,211	−24,938
Financial result (net)	**−28,095**	−24,359

1) See Note 18 Investments in joint ventures and associates

12 Income tax income / (expense)

	2022	2021
	CHF 1,000	CHF 1,000
Current income tax of the current period	**−1,940**	−727
Deferred income tax	**694**	1,676
	−1,246	949

Analysis of tax expenses	2022	2021
	CHF 1,000	CHF 1,000
Earnings before taxes (EBT)	**−169,869**	−226,684
Tax rate of the operating Swiss company	**13.2%**	13.4%
Expected income / expenses from income tax	**22,440**	30,285
Effect of unrecognised tax losses	**−51,120**	−52,959
Effect of tax losses not recognised in previous periods	**955**	790
Effect of non-deductible expenses and income [1]	**12,855**	1,128
Effect of differing tax rates at foreign subsidiaries	**14,730**	21,675
Effect of valuation adjustment on deferred tax assets	**−1,419**	−402
Effect of tax rate changes	**0**	−18
Other effects	**313**	450
	−1,246	949

1) Mainly due to impairments on investments

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

13 Cash and cash equivalents	31.12.2022	31.12.2021
	CHF 1,000	CHF 1,000
CHF	**71,817**	226,116
EUR	**54,225**	51,626
	126,042	277,742

Cash at financial institutions bears variable interest rates for balances callable on demand. Short-term deposits are made for varying 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	31.12.2022	31.12.2021
	CHF 1,000	CHF 1,000
From third parties	**133,614**	132,485
From joint ventures and associates	**2,647**	5,634
Bad debt allowance	**–6,910**	–6,157
	129,351	131,962

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 aging schedule of trade receivables is as follows:

			31.12.2022			31.12.2021
CHF 1,000	Gross	Expected credit losses	Net	Gross	Expected credit losses	Net
Total receivables	136,261	6,910	**129,351**	138,119	**6,157**	**131,962**
not due	90,480	133	**90,347**	96,888	90	96,798
less than 30 days overdue	31,420	711	**30,709**	24,179	371	23,808
31 – 60 days overdue	8,274	1,517	**6,757**	8,641	246	8,395
61 – 90 days overdue	1,462	343	**1,119**	1,708	136	1,572
91 – 180 days overdue	683	420	**263**	1,140	120	1,020
181 – 360 days overdue	688	592	**96**	431	317	114
> 360 days overdue	3,254	3,194	**60**	5,132	4,877	255

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

Bad debt allowance	2022	2021
	CHF 1,000	CHF 1,000
1 January	**–6,157**	–5,497
Additions	**–3,635**	–1,505
Utilisation	**2,725**	721
Reversals	**37**	138
Exchange differences	**120**	–14
31 December	**–6,910**	–6,157

15 Prepaid expenses

	31.12.2022	31.12.2021
	CHF 1,000	CHF 1,000
Unbilled receivables	**601**	469
Prepaid expenses	**10,420**	21,036
	11,021	21,505

16 Other receivables

	31.12.2022	31.12.2021
	CHF 1,000	CHF 1,000
Payments on account and creditors with debit balances	**6,340**	3,023
VAT	**7,233**	8,342
Tax receivables	**274**	0
Security deposits	**953**	968
Other	**1,130**	674
	15,930	13,007

17 Inventories

	31.12.2022	31.12.2021
	CHF 1,000	CHF 1,000
Goods purchased and held for resale	**84,754**	103,261
Inventory allowance	**–1,574**	–10,797
	83,180	92,464

The decrease in the inventory allowance is due to the utilisation of valuation allowances on sold pandemic products.

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
	31.12.2022	**31.12.2021**	**31.12.2022**	**31.12.2021**
Joint Ventures and associates	CHF 1,000	CHF 1,000	%	%
WELL Gesundheit AG, Zürich (CH)	**0**	233	**18.6**	29.7
König Gesellschaft für Image- und Dokumentenverarbeitung mbH, Gottmadingen (DE)	**930**	840	**50.0**	50.0
König IT-Systeme GmbH, Gottmadingen (DE)	**377**	391	**50.0**	50.0
PolyRose AG, Frauenfeld (CH)	**134**	134	**50.0**	50.0
DatamedIQ GmbH, Köln (DE) [1]	**204**	0	**37.5**	37.5
ZRMB Marketplace AG, Frauenfeld (CH) [2]	**0**	398	**49.9**	49.9
MBZR Apotheken AG, Frauenfeld (CH) [3]	**0**	0	**49.9**	49.9
Total investments	**1,645**	1,996		

1) Unrecognised share of losses CHF 0 thousand (previous year: 41)
2) Unrecognised share of losses CHF 1,163 thousand (previous year: 0)
3) Unrecognised share of losses CHF 3,560 thousand (previous year: 1,379)

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 founded in 2020 with three other Swiss partners from different areas of the healthcare sector to jointly run a company operating an integrated digital healthcare platform. Despite holding less than 20 per cent of the voting rights, Zur Rose Group AG has significant influence due to contractual agreements, therefore WELL Gesundheit AG qualifies as an associate. In 2022, the Zur Rose Group made a contribution in the amount of CHF 533 thousand. In addition, the existing shareholders sold their shares on a pro rata basis to two new investors. Zur Rose Group's disposal proceeds of CHF 2,706 thousand led to a gain on disposal of CHF 2,510 thousand. The Group's share of losses of CHF 566 thousand not recognised using the equity method were recognised as accrued expenses due to financing obligations, because the carrying amount is zero (see Note 26). In addition, there are unrecognised financing liabilities of CHF 743 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 2021	**25,175**	**56,685**	**30,493**	**1,261**	**113,614**
Additions	483	13,308	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**
Additions	504	1) 10,285	2) 2,261	109	13,159
Additions from acquisition of subsidiaries	0	0	2	16	18
Disposals	0	−251	−1,095	−344	−1,690
Other movements	0	−792	792	0	0
Exchange differences	−341	−1,999	−429	−2	−2,771
31 December 2022	**20,552**	**74,511**	**30,224**	**921**	**126,208**
Accumulated depreciation and impairment					
1 January 2021	**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**
Additions	592	7,290	2,321	71	10,274
Disposals	0	−248	−1,065	−215	−1,528
Impairment losses	0	3) 341	3) 4	0	345
Other movements	0	−393	393	0	0
Exchange differences	−101	−571	−348	−2	−1,022
31 December 2022	**6,976**	**38,063**	**20,109**	**785**	**65,933**
Net carrying amount as at					
31 December 2021	13,904	35,624	9,889	211	59,628
31 December 2022	**13,576**	**36,448**	**10,115**	**136**	**60,275**

1) Of which CHF 641 thousand of additions yet to be paid
2) Of which CHF 248 thousand of additions yet to be paid
3) Includes impairment losses on leasehold and equipment and Office furnishings and IT systems in the Germany segment in connection with integrations

As of 31 December 2022, no property, plant and equipment is pledged except for the properties in Frauenfeld and Steckborn with a carrying amount of CHF 6,163 thousand (previous year: CHF 6,121 thousand).

20 Right-of-use assets and leases

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

In the Consolidated Cash Flow Statement, principal payments on lease liabilities are shown under cash flow from financing activities. Cash flow from operating activities includes interest payments on lease liabilities, reported under interest paid. During the year under review, the total cash outflow relating to lease activities of the Zur Rose Group was CHF 7.8 million (previous year: CHF 8.6 million).

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

Leasing activities	**2022**	**2021**
	CHF 1,000	CHF 1,000
Expense for short-term lease contracts	1,101	883
Expense for equipment of low value	53	86
Expense recognised in other operating expenses	**1,154**	**969**
Depreciation of right-of-use assets	5,941	6,302
Interest expense on lease liabilities	1,151	1,247
Total expense recognised in the income statement	**8,246**	**8,518**

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 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
Reassessments	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**
Net book values 2022					
1 January 2022	35,801	2,598	77	599	39,075
Additions	932	0	0	363	1,295
Reassessments	3,637	0	0	–8	3,629
Depreciations	–5,012	–530	–37	–362	–5,941
Exchange differences	–1,417	–97	–2	–9	–1,525
31 December 2022	**33,941**	**1,971**	**38**	**583**	**36,533**

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 2021	**452,523**	**189,359**	**99,290**	**741,172**
Additions	0	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**
Additions	0	1) 3) 42,904	0	42,904
Additions from acquisition of subsidiaries	211	0	1,618	1,829
Disposals	0	–9,861	0	–9,861
Exchange differences	–18,132	–5,027	–3,204	–26,363
31 December 2022	**417,892**	**246,413**	**94,255**	**758,560**
Accumulated amortisation and impairment				
1 January 2021	**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**
Additions	0	30,932	7,735	38,667
Disposals	0	–9,559	0	–9,559
Impairment losses	0	4) 7,156	4) 247	7,403
Exchange differences	–290	–3,138	–1,118	–4,546
31 December 2022	**17,112**	**137,902**	**31,640**	**186,654**
Net carrying amount as at				
31 December 2021	418,411	105,886	71,065	595,362
31 December 2022	**400,780**	**108,511**	2) **62,615**	**571,906**

1) Of which CHF 1,399 thousand of additions yet to be paid
2) Of which CHF 20,323 thousand (previous year CHF 20,323 thousand) for the DocMorris trademark (strategic trademark with high trademark awareness) 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 Apotal trademark over CHF 2.5 million (previous year CHF 3.6 million) and for the Apotal customers over CHF 13.4 million (previous year CHF 15.9 million) with a remaining term of 2.5 years respectively 7.5 years as well as for the medpex trademark over CHF 5.4 million (previous year CHF 6.6 million) and for the medpex customers over CHF 9.5 million (previous year CHF 11.5 million) with a remaining term of 6 years.
3) Of which CHF 23,379 thousand own work capitalised (previous year CHF 21,947 thousand)
4) Includes an impairment loss on software and trademark of CHF 6,086 thousand in the Germany segment and an impairment loss on development costs of CHF 1,317 thousand in Corporate in connection with integrations

Impairment testing of intangible assets with indefinite useful lives
The Zur Rose Group performed its annual impairment test in December 2022 and 2021. 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 of the Zur Rose Group. The goodwill from the acquisition of Aerztemedika AG was allocated to the CGU Switzerland in 2022. The impairment test of the DocMorris trademark was made at the level of CGU trademark DocMorris, which is included in the CGU Germany.

Cash-generating units and intangibles	Switzerland		Germany [1]		Europe	
	2022	2021	2022	2021	2022	2021
	CHF 1,000	CHF 1,000	CHF 1,000	CHF 1,000	CHF 1,000	CHF 1,000
Goodwill	**16,884**	16,673	**380,909**	398,612	**2,987**	3,126
Trademarks	**543**	543	**20,323**	20,323	**0**	0
	17,427	**17,216**	**401,232**	**418,935**	**2,987**	**3,126**

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

The recoverable amount used for the asset impairment test of the Switzerland segment per December 2022 is based on fair value less costs of disposal (see Note 35). To determine the recoverable amount of all other assets, Zur Rose applies the value-in-use method based on cash flow projections from the financial and business plan.

The following table illustrates the pre-tax discount rates, the growth rate used for cash flows arising after the five-year period and the EBITDA margin for residual value.

Discount rates	2022	2021
	%	%
Switzerland	–	5.2
Germany	**12.0**	8.0
Europe	**12.6**	10.5
Trademark DocMorris	**11.3**	7.5

The growth rates for the residual values are 1.0 per cent each for Switzerland, Germany, Europe and the trademark DocMorris in 2022, as in the previous year.

EBITDA margins for residual value	2022	2021
	%	%
Switzerland	–	3.6
Germany	**7.0**	9.9
Europe	**6.4**	5.8
Trademark DocMorris	**7.4**	8.1

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 business plans of the 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	**31.12.2022**	**31.12.2021**
	CHF 1,000	CHF 1,000
Equity securities	**46**	46
Loans granted	**26,486**	25,025
Escrow account for TeleClinic	**0**	2,899
Receivables sub leasing	**1,878**	1,391
	28,410	29,361

The position Loans granted include loans to MBZR Apotheken AG and ZRMB Marketplace AG of CHF 14,829 thousand (previous year: CHF 12,085 thousand), a loan to WELL Gesundheit AG of CHF 1,396 thousand (previous year: CHF 0 thousand), a loan to PolyRose AG of CHF 100 thousand (previous year: CHF 100 thousand), loans to employees of CHF 1 thousand (previous year: CHF 1,852 thousand), whereby in 2022 the loan granted to the sellers of TeleClinic of CHF 1,510 thousand was offset against the allocation of treasury shares, and other loans to third parties of CHF 10,160 thousand (previous year: CHF 10,647 thousand), of which CHF 10,010 thousand (previous year: CHF 10,424 thousand) relates to the loan granted to the sellers of the Apotal Group.

Due to the settlement of the deferred purchase price payment TeleClinic in 2022, the security deposit made on the escrow account was repaid.

23 Deferred tax

Net carrying amounts	Balance sheet **31.12.2022**	Balance sheet **31.12.2021**	Income statement **2022**	Income statement **2021**
	CHF 1,000	CHF 1,000	CHF 1,000	CHF 1,000
Deferred tax due to temporary differences				
Deferred tax assets				
Non-current assets	**1,652**	3,536	**–1,812**	82
Pension obligations	**1,015**	1,673	**79**	–113
Tax loss carryforwards	**13,031**	7,856	**5,175**	6,786
	15,698	13,065	**3,442**	6,755
Deferred tax liabilities				
Intangible assets	**–9,589**	–7,523	**–1,987**	1,296
Provisions	**–7,364**	–6,413	**–855**	–6,413
Convertible bond	**–818**	–124	**94**	38
	–17,771	–14,060	**–2,748**	–5,079
Net deferred tax liabilities	**–2,073**	–995		
Deferred tax expense (income)			**694**	1,676

Deferred tax reported on the balance sheet	**31.12.2022**	**31.12.2021**
	CHF 1,000	CHF 1,000
Deferred tax assets	**4,792**	6,652
Deferred tax liabilities	**–6,865**	–7,647
	–2,073	–995

Movement of deferred tax	**2022**	**2021**
	CHF 1,000	CHF 1,000
1 January	**–995**	–1,846
Recognition / reversal of deferred tax in income statement	**694**	1,676
Recognition / reversal of deferred tax in other comprehensive income	**–834**	–888
Recognition / reversal of deferred tax in retained earnings [1)]	**–788**	0
Additions from acquisition of subsidiaries	**–254**	0
Exchange differences	**104**	63
31 December	**–2,073**	–995

1) Deferred tax on the equity component of the convertible bond issued in 2022 (see Note 24 Financial liabilities)

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	31.12.2022	31.12.2021
	CHF 1,000	CHF 1,000
Total tax loss carryforwards	**733,881**	563,231
Of which loss carryforwards recognised in deferred income tax	**85,413**	58,001
Unrecognised tax loss carryforwards (total)	**648,468**	505,230

Deferred tax assets from loss carryforwards changed as follows:

Movement in tax assets from loss carryforwards	2022	2021
	CHF 1,000	CHF 1,000
1 January	**7,856**	1,070
Recognition of deferred tax assets from loss carryforwards	**5,388**	6,984
Use of deferred tax assets from loss carryforwards	**–213**	–198
31 December	**13,031**	7,856

	31.12.2022	31.12.2021
	CHF 1,000	CHF 1,000
Unrecognised loss carryforwards expire as follows:		
Within a year	**0**	0
In two to five years	**20,875**	26,796
In more than five years	**200,564**	84,804
Unlimited	**427,029**	393,630
	648,468	505,230
Tax effect on unrecognised tax loss carryforwards	**145,829**	121,119

In addition to the unrecognised loss carryforwards, the Zur Rose Group has further unrecognised deferred tax assets of CHF 2.3 million as of 31 December 2022, 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	31.12.022	31.12.2021
	CHF 1,000	CHF 1,000
Current financial liabilities and bonds	**61,221**	16,429
Non-current financial liabilities and bonds	**493,129**	552,736
	554,350	569,165

Current financial liabilities and bonds		
Current lease liabilities	**5,278**	5,182
Bond 2.5% 2018 – 2023, nominal CHF 115 million	**30,229**	0
Deferred consideration liabilities	**11,531**	159
Contingent consideration liabilities	**14,183**	11,088
	61,221	16,429

Non-current financial liabilities and bonds	31.12.2022	31.12.2021
	CHF 1,000	CHF 1,000
Bond 2.5% 2018 – 2023, nominal CHF 115 million	**0**	114,688
Bond 2.5% 2019 – 2024, nominal CHF 200 million	**199,126**	198,670
Convertible Bond 2.75% 2020 – 2025, nominal CHF 175 million	**172,924**	172,049
Convertible Bond 6.875% 2022–2026, nominal CHF 95 million	**88,153**	0
Non-current lease liabilities	**32,926**	34,563
Deferred consideration liabilities	**0**	11,332
Contingent consideration liabilities	**0**	21,434
	493,129	552,736

On 26 March 2020 the Zur Rose Group placed a senior unsecured convertible bond in the amount of CHF 175 million maturing in 2025. The convertible bond has a coupon of 2.75 per cent per annum and a conversion price of CHF 142.39. The shares to be delivered upon converstion will be provided by existing shares or by issuing new shares from authorised capital. If not previously converted, redeemed or repurchased and cancelled, the bond will be redeemed at 100 per cent at maturity, scheduled for 31 March 2025. No rights were converted during the reporting period.

On 1 September 2022 the Zur Rose Group placed a senior unsecured convertible bond in the amount of CHF 95 million maturing in 2026. The issue price on the settlement date of 15 September 2022 was 100 per cent. The convertible bond has a coupon of 6.875 per cent per annum and a conversion price of CHF 49.73. The shares to be delivered upon conversion will be delivered from existing treasury shares or by issuing new shares from authorised capital. If not previously converted, redeemed or repurchased and cancelled, the bond will be redeemed at 100 per cent at maturity, expected on 15 September 2026. The convertible bond is split into a debt and an equity component for accounting purposes. The debt component corresponds to the fair value of a comparable bond without conversion rights and is recognised at amortised cost. The equity component is calculated as the difference to the amount of the issue proceeds and less the deferred tax to be recognised on the equity component. The equity component is no longer remeasured. Transaction costs have been allocated proportionately to the debt and equity components. The net cash inflow of CHF 90.7 million is composed of the debt and equity components (excluding deferred taxes).

	CHF 1,000
Liability component upon issue at fair value	91,819
Proportionate issue costs	−4,113
Net liability component upon issue	**87,706**
Carrying amount of equity component	3,153
Proportionate issue costs	−141
Deferred taxes	−788
Net equity component upon issue	**2,224**

No rights were converted in the reporting period. In connection with the issuance of the convertible bond, Zur Rose Group AG created 1,000,000 new shares and a share lending agreement ("Securities Lending") was concluded with a financial institution. As the risks and rewards of the shares remain with Zur Rose Group, the shares lent continue to be treated as treasury shares. The purpose of this agreement is to facilitate the hedging activities of the investors. As consideration for this arrangement, Zur Rose receives a lending fee, which is recognised in profit or loss.

On 23 September 2022 the Zur Rose Group made a repurchase offer to its bondholders for the 2.50 per cent bond due on 19 July 2023. The repurchase price was CHF 5,000.00 per bond or 100.00 per cent of the nominal value, plus accrued and unpaid interest of CHF 33.68 (0.67 per cent). The bonds in the total amount of CHF 84.8 million tendered until 20 October 2022 and accepted for purchase by the Zur Rose Group were paid and returned step-by-step on 26 October 2022. The remaining outstanding amount of the 2.50 per cent bond due on 19 July 2023 amounts to CHF 30.3 million.

Changes in liabilities arising from financing activities	Mortgages and loans from banks	Bonds	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 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	–3,488
31 December 2021	**0**	**485,407**	**39,745**	**44,013**	**569,164**
1 January 2022	**0**	**485,407**	**39,745**	**44,013**	**569,164**
Proceeds from financial liabilities	0	87,706	0	0	87,706
Repayment of financial liabilities	0	–84,745	–5,467	0	–90,212
Change in financial liabilities (non-financing cash flow, non-cash movements)	0	2,064	1,797	–16,338	–12,477
Changes in fair values and other changes	0	0	3,629	0	3,629
Additions from acquisition of subsidiaries	0	0	0	369	369
Payment of purchase price	0	0	0	–654	–654
Currency translation effects	0	0	–1,500	–1,676	–3,176
31 December 2022	**0**	**490,432**	**38,204**	**25,714**	**554,350**

1) See Note 6 Business combinations and Note 31 Financial instruments

Average interest	**2022**	**2021**
	%	%
Bonds	**2.75**	2.72
Convertible Bonds	**5.37**	3.30
	4.16	2.93

25 Other payables

	31.12.2022	**31.12.2021**
	CHF 1,000	CHF 1,000
Social security	**4,434**	5,262
Debtors with credit balances	**2,368**	2,521
VAT	**7,625**	4,896
Other	**1,493**	1,550
	15,920	14,229

26 Accrued expenses

	31.12.2022	**31.12.2021**
	CHF 1,000	CHF 1,000
Goods purchased	**5,137**	5,336
Personnel expenses	**12,856**	13,183
Marketing expenses	**2,042**	5,945
Other operating expenses	**19,090**	19,084
Share of results of joint ventures and associates	**566**	0
	39,691	43,548

27 Provisions

	Other	Restructuring	Total
	CHF 1,000	CHF 1,000	CHF 1,000
1 January 2022	**4,189**	**0**	**4,189**
Recognition	5,744	966	6,710
Utilisation	−894	0	−894
Reversal	−8	0	−8
Foreign currency differences	−245	−15	−260
31 December 2022	**8,786**	**951**	**9,737**
of which short-term	8,786	951	9,737
of which long-term	0	0	0

Other provisions include mainly a risk position from a VAT case of approximately CHF 3.1 million related to bonuses granted on prescriptions, a provision in connection with insolvency proceedings against a former customer of approximately CHF 3.5 million and an item of approximately CHF 1.8 million for onerous contracts due to integration activities in the Germany segment. The restructuring provision is also related to integrations in the Germany segment.

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 are 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 Disability 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 an underfunding of 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	**2022**	**2021**
	CHF 1,000	CHF 1,000
Present value of obligations (DBO)	**66,609**	69,253
Plan assets at fair value	**59,286**	57,882
Net pension liabilities	**7,323**	11,371
of which Switzerland	**6,966**	10,745
of which Germany	**357**	626

Net pension obligations developed as follows:	**2022**	**2021**
	CHF 1,000	CHF 1,000
Net pension obligations as at 1 January	**11,371**	17,961
Pension expense recognised in profit or loss	**4,365**	2,166
Pension expense recognised in other comprehensive income	**−4,861**	−5,642
Employer contributions	**−3,528**	−3,087
Foreign exchange differences	**−24**	−27
Net pension obligations as at 31 December	**7,323**	11,371

Present value of obligations (DBO)	**2022**	**2021**
	CHF 1,000	CHF 1,000
Present value of obligations as at 1 January	**69,253**	69,037
Interest cost	**264**	105
Current service cost	**4,502**	4,466
Employee contributions	**2,514**	2,101
Benefits paid / transferred	**1,771**	426
Past service cost[2]	**−219**	−2,367
Settlement[1]	**0**	−2,436
Administrative costs	**34**	34
Actuarial (gains) / losses [3) 4)]	**−11,486**	−2,087
Foreign exchange differences	**−24**	−27
Present value of obligations as at 31 December	**66,609**	69,253
of which Switzerland	**66,252**	68,627
of which Germany	**357**	626
of which active	**66,325**	68,909
of which pensioners	**284**	344
Average duration	**13.6 years**	17.1 years

Development of fair value of plan assets	**2022**	**2021**
	CHF 1,000	CHF 1,000
Fair value of plan assets as at 1 January	**57,882**	51,077
Interest income from plan assets	**216**	72
Employer contributions	**3,528**	3,087
Employee contributions	**2,514**	2,101
Benefits paid / transferred	**1,771**	426
Settlement[1]	**0**	−2,436
Actuarial gain (loss)	**−6,625**	3,555
Fair value of plan assets as at 31 December	**59,286**	57,882

1) The settlement of the defined benefit plan in the year 2021 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:	**2022**	**2021**
	CHF 1,000	CHF 1,000
Current service cost (employer)	**4,502**	4,466
Past service cost[2]	**−219**	−2,367
Administrative costs	**34**	34
Net interest expense	**48**	33
Total pension expense	**4,365**	2,166
of which personnel expense	**4,317**	2,133
of which finance expense	**48**	33

2) The past service cost in the years 2022 and 2021 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:	**2022**	**2021**
	CHF 1,000	CHF 1,000
Changes in financial assumptions[3]	**15,370**	–196
Changes in demographic assumptions[4]	**0**	2,960
Experience adjustments	**–3,884**	–677
Subtotal remeasurement pension obligations gain / (loss)	**11,486**	2,087
Actuarial gain / (loss) on the asset	**–6,625**	3,555
Total remeasurement pensions	**4,861**	5,642

3) The change in financial assumptions for the year 2022 was based in particular on an adjustment of the discount rate (increase from 0.35% to 2.20%).
4) The change in demographic assumptions for the year 2021 was based in particular on an adjustment of mortality tables (change from BVG 2015 GT to BVG 2020 GT).

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

Assumptions	**2022**	**2021**
	%	%
Discount rate in Switzerland	**2.20**	0.35
Salary increases	**1.5**	1.5
Mortality tables	**BVG 2020 GT, CMI (1.5%)**	BVG 2020 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 3.4 per cent. An increase / decrease in the salary growth rate by 0.25 per cent would lead to an increase / decrease in DBO of 0.6 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.

For the fiscal year 2023, the Zur Rose Group anticipates employer contributions to defined benefit plans of CHF 1,530 thousand (Switzerland), whereby the expected employer contributions for the companies of the Switzerland segment are only taken into account until the planned date of disposal (see Note 35).

The weighted average duration of defined benefit obligation in 2022 amounts to 13.6 years (previous year: 17.1 years).

29 Share capital

		31.12.2022	31.12.2021
Issued and paid share capital	Value in CHF 1,000	**404,728**	335,839
	Number of shares	**13,490,940**	11,194,637
Authorised capital	Value in CHF 1,000	**67,168**	12,079
	Number of shares	**2,238,928**	402,636
Contingent capital	Value in CHF 1,000	**41,853**	36,236
	Number of shares	**1,395,086**	1,207,868

The increase in the number of issued and paid share capital by 2,296,303 shares includes: 1,000,000 shares in connection with the conditional capital increase and the placement of the convertible bond in September 2022, 1,119,463 shares in connection with the authorised capital increase in September 2022, as well as 176,840 shares created for participation programs. Furthermore, the position includes 1,900,000 treasury shares from the stock lending facility (SLF) offered to the investores of the convertible bonds (see note 24).

Treasury shares / amount	2022	2021
	CHF 1,000	CHF 1,000
1 January	**31,308**	31,927
Purchases	**0**	4
Issue of new shares	**30,000**	151
Allocations	**–638**	–774
31 December	**60,670**	31,308

Allocations mainly relate to shares granted to participants under the Group's share-based payment plans.

Treasury shares / number	2022	2021
	Number	Number
1 January	**947,713**	954,625
Purchases	**3**	11
Issue of new shares	**1,000,000**	1,669
Allocations	**–7,073**	–8,592
31 December	**1,940,643**	947,713

Net income / (loss) per share		**31.12.2022**	**31.12.2021**
Net income / (loss) per share attributable to Zur Rose Group AG shareholders	CHF 1,000	**–171,115**	–225,735
Net income / (loss) per share	CHF 1	**–15.88**	–23.40
Diluted net income / (loss) per share	CHF 1	**–15.88**	–23.40
Average number of outstanding shares - basic	Number	**10,775,224**	9,645,376
Average number of theoretically outstanding shares - diluted	Number	**10,775,224**	9,645,376
Proposed dividend per share	CHF 1	**0.00**	0.00

30 Commitments and contingent liabilities

In connection with legal disputes, there are contingent liabilities totaling approximately CHF 6.9 million (previous year: CHF 7.2 million). Based on current estimates, no provisions had to be recorded either.

31 Financial instruments

Carrying amount of financial instruments	**31.12.2022**	**31.12.2021**
	CHF 1,000	CHF 1,000
Financial assets		
Cash and cash equivalents	**126,042**	277,742
Trade receivables	**129,351**	131,962
Prepaid expenses (financial instruments) [1]	**601**	469
Other receivables (financial instruments) [2]	**2,083**	1,642
Current financial assets [3]	**30,360**	460
Non-current financial assets	**28,410**	29,361
	316,847	441,636

1) Total amount of prepaid expenses as per balance sheet: CHF 11,021 thousand (previous year: CHF 21,505 thousand)
2) Total amount of other receivables as per balance sheet: CHF 15,930 thousand (previous year: CHF 13,007 thousand)
3) Includes a term deposit of CHF 30,000 thousand

The non-current financial assets include equity securities of CHF 46 thousand (previous year: CHF 46 thousand) and the current financial assets include securities of CHF 146 thousand (previous year: CHF 309 thousand), which are measured at fair value through profit or loss. All other financial assets are measured at amortised cost.

Carrying amount of financial instruments	**31.12.2022**	**31.12.2021**
	CHF 1,000	CHF 1,000
Financial liabilities		
Current financial liabilities	**30,992**	16,429
Trade payables	**112,781**	132,173
Other payables (financial instruments) [1]	**3,861**	4,071
Accrued expenses [2]	**26,835**	30,365
Non-current financial liabilities	**32,926**	67,329
Bond 2.5% 2018 – 2023, nominal CHF 115 million [3]	**30,229**	114,688
Bond 2.5% 2019 – 2024, nominal CHF 200 million	**199,126**	198,670
Convertible Bond 2.75% 2020 – 2025, nominal CHF 175 million	**172,924**	172,049
Convertible Bond 6.875% 2022 – 2026, nominal CHF 95 million	**88,153**	0
	697,827	735,774

1) Total amount of other payables as per balance sheet: CHF 15,920 thousand (previous year: CHF 14,229 thousand)
2) Total amount of accrued expenses as per balance sheet: CHF 39,691 thousand (previous year: CHF 43,548 thousand)
3) In 2022, CHF 84,745 thousand were settled as part of a tender offer (see Note 24 Financial liabilities)

Financial liabilities include contingent consideration liabilities of CHF 14,183 thousand (previous year: CHF 11,088 thousand) and CHF 0 thousand (previous year: CHF 21,434 thousand) and deferred consideration liabilities of CHF 11,531 thousand (previous year: CHF 159 thousand) and CHF 0 thousand (previous year: CHF 11,332 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 (except bonds) 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		**31.12.2022** Fair value	**31.12.2022** Carrying amount	**31.12.2021** Fair value	**31.12.2021** Carrying amount
		CHF 1,000	CHF 1,000	CHF 1,000	CHF 1,000
Current financial assets	Level 1	**30,360**	**30,360**	460	460
Equity securities	Level 3	**46**	**46**	46	46
Loans granted	Level 2	**26,486**	**26,486**	25,025	25,025
Bonds	Level 1	**169,801**	**229,355**	321,713	313,358
Convertible Bond	Level 1	**188,595**	**261,077**	320,775	172,049
Deferred consideration liabilities	Level 2	**11,531**	**11,531**	11,491	11,491
Contingent consideration liabilities	Level 2/3	**14,183**	**14,183**	32,522	32,522

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

Contingent consideration liability	**31.12.2022**	**31.12.2021**
	CHF 1,000	CHF 1,000
As per 1 January	**32,522**	32,472
Investing cash flow	**–500**	–200
Change in fair value (through profit or loss)	**–16,676**	1,700
Exchange differences	**–1,163**	–1,450
Total contingent consideration liability	**14,183**	32,522

Apotal

The fair value of the contingent consideration as at 31 December 2022 is CHF 3.6 million (EUR 3.6 million), compared to CHF 21.5 million (EUR 20.7 million) as at 31 December 2021. The change in fair value of CHF 17.9 million (EUR 17.1 million) compared to the fair value as of 31 December 2021 is, in addition to the accretion of interest and exchange rate fluctuations, mainly due to the share price development of Zur Rose Group AG (Level 1), as the number of shares to be delivered is capped due to a threshold mechanism regarding share price. This has led to a fair value adjustment of the two earn-outs to be settled in shares totaling CHF 17.3 million (EUR 17.3 million) recognised in profit or loss. As the effective applicable share price relates to a defined period prior to servicing, the number of shares and the fair value may still change. An isolated change in the share price applicable as of 31 December 2022 of minus or plus 20 per cent, all other factors being equal, would result in a reduction or increase of the earn-outs to be settled in shares of CHF –0.5 million and CHF 0.5 million, respectively, which would be recognised in profit or loss. In addition, the assessment of the revenue growth and EBITDA targets compared to the financial statements as of 31 December 2021 resulted in an immaterial fair value adjustment of CHF 0.2 million (EUR 0.2 million) recognised in profit or loss.

The total contingent consideration of CHF 3.6 million (EUR 3.6 million) is classified as current as at 31 December 2022, and will be settled mainly through the delivery of shares of Zur Rose Group AG. The obligation is essentially only subject to share price, exchange rate and interest rate fluctuations.

Eurapon

The payment of the remaining obligation of CHF 10.6 million (EUR 10.7 million) is due in 2023 and is only subject to fair value adjustments due to exchange rate and interest rate fluctuations (Level 2).

Bonds

The fair value (Level 1) of the listed bonds was CHF 169.8 million as at 31 December 2022 (31 December 2021: CHF 321.7 million) and the carrying amount was CHF 229.4 million as at 31 December 2022 (31 December 2021: CHF 313.4 million). The fair value (Level 1) of the listed convertible bond amounted to CHF 188.6 million as at 31 December 2022 (31 December 2021: CHF 320.8 million) and the carrying amount as at 31 December 2022 was CHF 261.1 million (31 December 2021: CHF 172.0 million).

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 from its commercial activities 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 from its commercial activities. 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
2022		
EUR	+/- 10	+/- 31,842
2021		
EUR	+/- 10	+/- 17,055

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 bonds issued on 26 March 2020 and 1 September 2022 have a fixed interest rate of 2.75 per cent and 6.875 per cent, respectively, and a maturity of five years and four years, respectively.

The following table shows the sensitivity of consolidated earnings 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
2022		
Increase/decrease in market interest rate	**+/– 1**	**+/– 621**
2021		
Increase/decrease in market interest rate	+/– 1	+/– 1,940

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 2022	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	**6,403**	**5,503**	**5,094**	**9,252**	**17,343**
Trade payables	**112,781**	**0**	**0**	**0**	**0**
Other current payables	**3,861**	**0**	**0**	**0**	**0**
Accrued expenses	**26,835**	**0**	**0**	**0**	**0**
Bonds	**36,011**	**205,000**	**0**	**0**	**0**
Convertible Bond	**11,342**	**11,342**	**183,936**	**99,869**	**0**
Deferred consideration liabilities	**11,531**	**0**	**0**	**0**	**0**
Contingent considerations liabilities[1)]	**11,675**	**0**	**0**	**0**	**0**
	220,439	**221,845**	**189,030**	**109,121**	**17,343**

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 31.12.2022: CHF 3,565 thousand).

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).

Capital management
Capital 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 31.9 per cent (previous year: 38.2 per cent).

33 Share-based payments

	2022	2021
	CHF 1,000	CHF 1,000
Stock ownership plans	49	74
Discount Share Plan	251	233
Restricted Stock Unit Plan	1,332	1,356
Restricted Stock Unit Plan medpex	0	2,206
Long term performance-based remunerations	901	1,694
Promofarma	1,473	1,785
TeleClinic	–266	930
Board of Directors compensation	316	224
Service Provider	145	63
Total share-based payments expense	**4,201**	**8,565**

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).

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: 9,018 (previous year: 3,320). The fair value of the discount is CHF 27.83 per share (previous year: CHF 70.16).

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 Zur Rose shares or in cash; Zur Rose has the right to choose the settlement option and intends to settle by issuing shares. The corresponding expense is being distributed on a straight-line basis over the next two years. Total Restricted Stock Units allocated: 35,416 (previous year: 4,346). The fair value per entitlement is CHF 37.75 (previous year: CHF 325.22).

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 (the fair value per unit was CHF 105.60). In 2022, the Zur Rose Group delivered the vested shares after the expiry of the two-year vesting period at the end of 2021.

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 awarded a monetary amount annually, which is converted into a certain number of vested rights at the beginning of the respective performance period. Although these awards are not legally granted to members of the Group Management until the compensation is approved at the following Annual General Meeting, the expense is nevertheless recognised over a service period beginning on January 1 of the reporting year, as the plan participants render services from that date. At the end of a three-year vesting period, the vested awards are settled either in Zur Rose shares or in cash. Zur Rose has the right to choose settlement option and intends to settle by issuing shares.

Vesting is subject to service conditions and performance targets. The final number of vested shares remains unchanged at the level of the vested awards for 1 / 3 and depends on sales growth and share price performance for 2 / 3, where the target achievement can range from 0 to 200 per cent. The fair value of the awards is based on the monetary amount awarded to the plan participants. In the reporting year, 78,713 entitlements were allocated (previous year: 6,920). The fair value per entitlement is CHF 30.61 (previous year: CHF 327.00).

Promofarma
Some employees of the subsidiary Promofarma Ecom. S.L. which was acquired in 2018, participate in a plan for performance-related share-based compensation. 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 to choose the settlement option and intends to settle the plan by issuing shares. Vesting is subject to service conditions and performance targets. The final number of shares to be delivered depends on revenue targets, qualitative targets and share price development, and can range from 0 to 133 per cent. Half of the compensation is subject to a market condition with the share price development of Zur Rose Group AG and this was taken into account in the 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 recognised on a straight-line basis over the vesting period ending 31 December 2022. The other half of the compensation is subject to performance targets, which are not market conditions and are 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 granted to plan participants of CHF 4,384 thousand. This portion of the compensation vests in four annual tranches, and the expense is recognised on a straight-line basis over the respective period ending 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 to choose the settlement option and intends to settle 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 2,125 thousand. The expense is recognised on a straight-line basis over the four-year performance period.

Board of Directors compensation
In 2022, 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 15,946 shareholders (previous year: 10,063 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 and associates	Sales	Purchase	Accounts receivable	Liabilities	Loans
	CHF 1,000	CHF 1,000	CHF 1,000	CHF 1,000	CHF 1,000
2022	**3,507**	**6,977**	**2,752**	**653**	**16,326**
2021	8,345	7,373	5,729	558	12,526

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	**2022**	**2021**
	CHF 1,000	CHF 1,000
Short-term benefits to the Board of Directors	**999**	713
Share-based payments	**316**	224
	1,315	937

Executive Board	**2022**	**2021**
	CHF 1,000	CHF 1,000
Short-term benefits to the Executive Board	**5,410**	4,220
Retirement benefits	**800**	750
Share-based payments	**903**	1,206
	7,113	6,176

35 Events after the end of the reporting period

Disposal of the Zur Rose Switzerland business
With an agreement dated 2 February 2023, the Zur Rose Group announced on 3 February 2023 the disposal of the Swiss business (Switzerland segment) with all operating units to the healthcare provider and Migros subsidiary Medbase, based in Winterthur. Upon signing of the agreement, the assets and liabilities that form part of the agreement have been treated as a disposal group within the scope of IFRS 5. The expected cash inflow from the disposal transaction amounts to approximately CHF 360 million. The closing of the transaction is expected in Q2 2023.

Building a better working world

Ernst & Young Ltd
Maagplatz 1
Postfach
CH-8010 Zürich

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

To the General Meeting of
Zur Rose Group AG, Steckborn

Zurich, 22 March 2023

Report of the statutory auditor

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 balance sheet as at 31 December 2022, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated cash flow statement and the 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 77 to 127) give a true and fair view of the consolidated financial position of the Group as at 31 December 2022 and of 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 (ISA) and Swiss Standards on Auditing (SA-CH). 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, together with the requirements of the Swiss audit profession, as well as those of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (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.

Building a better working world

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 live

Area of focus	As at 31 December 2022, the Zur Rose Group records goodwill of CHF 400.8 million and trademarks with indefinite useful lives of CHF 20.9 million. Under IFRS, the Group is required to test the amount of goodwill and trademarks with indefinite useful lives for impairment, both annually and as soon as there is an indicator for impairment. The annual 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 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 Group, in particular those relating to the pre-tax discount rate and the valuation models. In addition, we tested the cash flow projections for each CGU (cash generating unit), respectively the fair value less costs of disposal for the CGU Switzerland, taking into account the relevant internal processes and controls of the Zur Rose Group. Furthermore, we assessed the historical accuracy of management’s estimates and 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 live.

Other information

The Board of Directors is responsible for the other information. The other information comprises the 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 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 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.

Board of Directors' responsibilities for the consolidated financial statements
The Board of Directors is responsible for the preparation of the consolidated financial statements, which 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, ISA and SA-CH 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 on EXPERTsuisse's website at: https://www.expertsuisse.ch/en/audit-report. This description forms an integral part of our report.

Report on other legal and regulatory requirements

In accordance with Art. 728a para. 1 item 3 CO and PS-CH 890, we confirm that an internal control system exists, which has been designed for the preparation of the 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

/s/ Jolanda Dolente	/s/ Michael Britt
Jolanda Dolente Licensed audit expert (Auditor in charge)	**Michael Britt** Licensed audit expert

Zur Rose Group AG Financial Statements

Income Statement

	Notes	2022	2021
		CHF 1,000	CHF 1,000
Net revenue		**8,034**	9,949
Other operating income	2.1	**7,904**	4,471
Total net income		**15,938**	14,420
Personnel expenses		**–17,068**	–16,197
Other operating expenses		**–24,137**	–24,350
Earnings before interest, taxes, depreciation and amortisation (EBITDA)		**–25,267**	–26,127
Depreciation and amortisation	2.2	**–70,240**	–6,310
Earnings before interest and taxes (EBIT)		**–95,507**	–32,437
Finance income	2.3	**21,673**	19,313
Finance expenses	2.3	**–51,820**	–46,216
Earnings before taxes (EBT)		**–125,654**	–59,340
Tax expenses		**–191**	120
Net income / (loss)		**–125,845**	–59,220

Balance Sheet

ASSETS	Notes	**31.12.2022** CHF 1,000	**31.12.2021** CHF 1,000
Cash and cash equivalents and short-term assets at market prices	2.4	**50,181**	226,772
Current financial assets		**30,000**	0
Receivables from investments		**21,553**	11,979
Other short-term receivables from third parties		**2,030**	2,820
Prepaid expenses from third parties		**1,410**	1,843
Prepaid expenses from investments		**4,367**	3,207
Current assets		**109,541**	246,621
Loans to investments		**652,696**	512,607
Long-term loans granted to related parties	2.5	**0**	1,852
Loans to third parties	2.5	**10,010**	10,424
Other non-current financial assets	2.5	**50**	2,949
Investments	2.6	**664,386**	638,170
Impairment of investments	2.2	**–119,829**	–60,829
Property, plant and equipment		**5,528**	5,187
Real estate	2.7	**15,962**	15,953
Intangible assets		**27,228**	31,653
Right-of-use	2.11	**1,091**	1,238
Non-current assets		**1,257,122**	1,159,204
Assets		**1,366,663**	1,405,825

Balance Sheet

LIABILITIES	Notes	31.12.2022 CHF 1,000	31.12.2021 CHF 1,000
Current liabilities to third parties		**2,733**	2,611
Current liabilities to investments		**4,074**	2,787
Other current liabilities to third parties	2.5	**1,260**	2,594
Current interest-bearing liabilities	2.8	**30,255**	0
Current lease liabilities	2.11	**154**	148
Accrued expenses to third parties		**3,959**	7,202
Accrued expenses to investments		**9,503**	9,963
Short-term provisions		**507**	1,080
Short-term liabilities		**52,445**	26,385
Non-current interest-bearing liabilities	2.8	**200,000**	315,000
Non-current lease liabilities	2.11	**967**	1,109
Other non-current liabilities	2.5	**0**	1,409
Loan from investments		**203,085**	142,385
Long-term provisions		**248**	1,299
Long-term liabilities		**404,300**	461,202
Liabilities		**456,745**	487,587
Share capital		**404,728**	335,839
Legal capital reserve	2.9	**660,316**	624,582
General reserve from equity contribution		**630,316**	624,582
General reserve from equity contribution for treasury shares in the Group	2.10	**30,000**	0
Legal retained earnings		**28,340**	28,340
General legal retained earnings		**1,340**	1,340
Reserve for treasury shares in the Group		**27,000**	27,000
Accumulated loss		**–183,466**	–57,621
Retained earnings brought forward		**–57,621**	1,599
Net income / (loss)		**–125,845**	–59,220
Treasury shares	2.10	**0**	–12,902
Equity		**909,918**	918,238
Liabilities and equity		**1,366,663**	1,405,825

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).

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 expense. Treasury shares are measured using the weighted average method. Where shares are held indirectly through subsidiaries, a corresponding reserve is recognised in the parent company's equity.

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 Other operating income
Other operating income includes extraordinary income of CHF 4.7 million from the sale of intangible assets.

2.2 Depreciation and amortisation
The position includes impairments of CHF 24 million and CHF 35 million on the investments in Promofarma Ecom, S.L and TeleClinic GmbH, respectively, and of CHF 1.3 million on intangible assets.

2.3 Financial result
Finance income includes mainly interest income from loans to investments. Finance expenses include unrealised foreign exchange losses of CHF 23.7 million, interest expenses of CHF 16.8 million and a realised loss of CHF 9.5 million on the sale of treasury shares.

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

	31.12.2022	31.12.2021
	CHF 1,000	CHF 1,000
Cash and cash equivalents	**50,128**	226,556
Securities (at market prices)	**53**	216
Total cash and cash equivalents and short-term assets at market prices	**50,181**	226,772

2.5 Loans and non-current financial assets
Due to the settlement of the deferred purchase price payment for TeleClinic GmbH in 2022, the security deposit (escrow) of CHF 2.9 million was repaid. In the previous year the deferred purchase price of CHF 3.2 million was included in other current liabilities to third parties and other non-current liabilities and the security deposit (escrow) was included in other non-current financial assets. Furthermore, the loan of CHF 1.5 million to the seller of TeleClinic GmbH, which was included in long-term loans granted to related parties in the previous year, was offset against the deferred purchase price payment.

A loan of CHF 9.9 million was granted to the sellers in connection with the acquisition of the Apotal Group on 17 August 2020.

2.6 Investments

	2022	2021	2022	2021
	Capital	Capital	Equity interest and ordinary shares	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**	**857**	**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**
Aerztemedika AG, Liestal (CH)	**500**	**n/a**	**100.0**	**n/a**
Helena Abreu, Unipessoal, Lda Montemor-o-Novo (PRT)	**108**	**108**	**100.0**	**100.0**
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**	**18.62**	**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**

2.7 Assets pledged

	31.12.2022	31.12.2021
	CHF 1,000	CHF 1,000
Real estate pledged as collateral	**15,962**	15,953
Total assets pledged	**15,962**	15,953

2.8 Bonds

	Amount CHF	Interest rate %	Maturity
Bond	**30,255,000**	**2.500**	**19.07.2023**
Bond	**200,000,000**	**2.500**	**21.11.2024**

2.9 Legal capital reserve

The balance of CHF 660'315'527 is still to be confirmed by the Federal Tax Administration. The transaction and the balance of CHF 624'581'426 as at 31 December 2021 were confirmed.

2.10 Treasury shares

	Number of transactions	Average price CHF	Number
Number of registered shares			
As at 1 January 2021			**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**
Acquisitions	3	121	3
Sales	1	41	−40,642
Allocation	8	253	−7,073
As at 31 December 2022			**1**

On 1 September 2022, Zur Rose Finance B.V. placed a senior unsecured convertible bond in the amount of CHF 95 million, which is guaranteed by Zur Rose Group AG. In this context, 1,000,000 new shares were created which will be used under the existing securities lending agreement (“securities lending”). 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 has recognised an additional CHF 30 million reserve for treasury shares for this purpose. The reserve was formed via the general reserve from equity contribution.

2.11 Financial Leasing	Useful life	31.12.2022	31.12.2021
		CHF 1,000	CHF 1,000
Right-of-use real estate	5 – 10 years	**1,091**	1,238
Lease liabilities		**1,121**	1,257
Depreciation right-of use assets		**171**	129
Interest expenses lease liabilities		**30**	26

3 Other disclosures

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

3.1 Allocated equity instruments	31.12.2022	31.12.2021
	Number	Number
Board of Directors	**2,623**	737
Executive Board	**26,177**	3,582
Employees	**14,783**	1,151
Total allocated equity instruments	**43,583**	5,470

The final cost of servicing the plans depends on the fulfillment of the service period, the share price performance and certain performance targets. The fair value of the Zur Rose share as of 31 December 2022 amounts to CHF 25.6 (previous year: CHF 235.5).

3.2 Significant shareholders	2022	2021
	%	%
Patrick Schmitz-Morkamer, Patrick Bierbaum	–	>3
Invesco Ltd.	–	>3
FMR LLC	–	>3
The Capital Group Companies, Inc.	–	>3
Frank M. Sands	**>3**	–
Reade Griffith	**>3**	–
UBS Group AG	**>3**	–
JPMorgan Chase & Co	**>3**	–
Bank of America Corporation	**>3**	–

3.3 Shareholdings Board of Directors and Executive Board	31.12.2022	31.12.2021
	Number of shares	Number of shares
Board of Directors		
Walter Oberhänsli, Chairman	**112,870**	104,262
Prof. Stefan Feuerstein, Vice Chairman	**52,865**	52,266
Prof. Dr. Andréa Belliger, Director	**2,078**	445
Rongrong Hu, Director	**222**	–
Dr. Christian Mielsch, Director	**10,000**	3,833
Florian Seubert, Director	**2,916**	483
Executive Board		
Walter Hess, Chief Executive Officer	**35,919**	28,173
Emanuel Lorini, Head Switzerland	**4,747**	4,041
David Maso, Head Europe	**7,601**	5,124
Kaspar Niklaus, Chief Operations Officer	**530**	–
Madhu Nutakki, Chief Technology Officer	**0**	0
Matthias Peuckert, Head Germany	**0**	–
Marcel Ziwica, Chief Financial Officer	**44,830**	42,751

As of 31 December 2022, the members of the Board of Directors and the Executive Board held the shares listed above. Around 2 per cent of the shares held by members of the Board of Directors have a remaining blocking period of up to three years. Shares held by the members of the Executive Board are not subject to a blocking period. No cash was paid for the allocated shares in the reporting year.

3.4 Employees

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

3.5 Unrecognised commitments	**31.12.2022**	**31.12.2021**
Nature	CHF 1,000	CHF 1,000
Other Guarantees	**44,177**	44,564

3.6 Contingent and authorised capital	**31.12.2022**	**31.12.2021**
	CHF	CHF
Contingent capital	**41,852,580**	36,236,040
Authorised capital	**67,167,840**	12,079,080

3.7 Significant events after the end of the reporting period

With an agreement dated 2 February 2023, the Zur Rose Group announced on 3 February 2023 the disposal of the Swiss business with all operating units (Zur Rose Suisse AG, Bluecare AG, Clustertec AG, Specialty Care Therapiezentren AG, Aerztemedika AG, ZRMB Marketplace AG, MBZR Apotheken AG, PolyRose AG) to the healthcare provider and Migros subsidiary Medbase, based in Winterthur. The expected cash inflow from the disposal transaction amounts to approximately CHF 360 million. The closing of the transaction is expected in Q2 2023.

Proposal to carry forward the accumulated loss to new account

(Proposal of the Board of Directors)

	31.12.2022	**31.12.2021**
	CHF	CHF
Retained earnings brought forward	**–57,621,092**	1,599,000
Net income / (loss)	**–125,845,303**	–59,220,092
Accumulated loss	**–183,466,395**	–57,621,092
Distribution to shareholders	–	–
Carried forward to new account	**–183,466,395**	–57,621,092

Ernst & Young Ltd
Maagplatz 1
Postfach
CH-8010 Zürich

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

To the General Meeting of
Zur Rose Group AG, Steckborn

Zurich, 22 March 2023

Report of the statutory auditor

Report on the audit of the financial statements

Opinion
We have audited the financial statements of Zur Rose Group AG (the Company), which comprise the balance sheet as at 31 December 2022 and the income statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements (pages 131 to 141) comply with Swiss law and the Company's articles of incorporation.

Basis for opinion
We conducted our audit in accordance with Swiss law and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the Company in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, 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 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 for the audit of the 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 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 2022, the Zur Rose Group holds investments of CHF 544.6 million and loans to investments of CHF 652.7 million corresponding to 88% of total assets. As disclosed in note 2.2, the annual impairment test for the investments in Promofarma Ecom, S.L and TeleClinic GmbH resulted in the recognition of an impairment charge of CHF 59 million. We consider the valuation of investments and loans to investments to be a key audit matter due to the significance of the balance of the investments and loans to investments compared to the balance of total assets and because the impairment test performed by management is complex and involves significant assumptions.
Our audit response	We assessed the impairment testing process of the Company and corroborated the determination of the key assumptions applied using internal and external 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.

Other information

The Board of Directors is responsible for the other information. The other information comprises the 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 financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the 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.

Board of Directors’ responsibilities for the financial statements

The Board of Directors is responsible for the preparation of the financial statements in accordance with the provisions of Swiss law and the Company's articles of incorporation, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Building a better working world

In preparing the financial statements, the Board of Directors is responsible for assessing the Company'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 Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the 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 and SA-CH 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 financial statements.

A further description of our responsibilities for the audit of the financial statements is located on EXPERTsuisse's website at: https://www.expertsuisse.ch/en/audit-report. This description forms an integral part of our report.

Report on other legal and regulatory requirements

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

We further confirm that the proposed carry forward of the accumulated losses complies with Swiss law and the Company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

Ernst & Young Ltd

/s/ Jolanda Dolente

Jolanda Dolente
Licensed audit expert
(Auditor in charge)

/s/ Michael Britt

Michael Britt
Licensed audit expert

Alternative Performance Measures of Zur Rose Group

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

— External revenue
— Growth in local currency
— Gross margin in per cent of net revenue
— EBIT
— EBITDA
— EBITDA adjusted
— EBITDA margin
— Net financial debt

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

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

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

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

EBIT statement of derivation

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

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

EBITDA statement of derivation

EBIT
+ / – Depreciation and amortisation / impairment / reversal of impairment of property, plant and equipment and intangible assets
= **EBITDA**

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

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

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

Net financial debt statement of derivation

Public bond
+ Liabilities to financial institutions
+ Lease liabilities
+ Other financial liabilities
= Financial debt
– Cash and cash equivalents
– Current financial assets [1)]
= **Net financial debt**

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

EBITDA adjusted

(condensed)

2022	IFRS	Acquisition	Restructuring, Integration	Other [1]	adjusted
Net revenue	**1,608,222**	–	–	–	**1,608,222**
Operating income	23,130	−17,685	–	–	5,445
Operating expense	−1,709,009	3,812	17,489	4,349	−1,683,359
EBITDA	**−77,657**	–	–	–	**−69,692**

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

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

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

Contacts

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

— Investor and analyst contact

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

— Media contact

Lisa Lüthi
Group Director Communications

T +41 52 724 08 14
media@zurrose.com

Imprint

Texts: Zur Rose Group AG, Frauenfeld
Photos: Christian Grund, Zurich
Publishing system: ns.publish by mms solutions ag, Zürich

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

Zur Rose Group AG
Walzmühlestrasse 60
8500 Frauenfeld
Switzerland

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