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Dear Shareholders

The Zur Rose Group continued its growth and platform strategy in the first half of 2020 as planned. By taking over the e-commerce activities of Apotal, the Group is marking a considerable further expansion of the number one position in Germany with an additional 1.1 million customers. Economies of scale will also create a solid basis for launching digital healthcare offerings, including electronic prescriptions, and further expanding the Zur Rose healthcare ecosystem. In the first seven months of the year the Group raised a gross CHF 388 million to finance the growth and digitalisation projects by issuing a convertible bond and conducting a capital increase.

As already announced on 16 July 2020, including medpex sales the Zur Rose Group achieved revenue of CHF 809.9 million in the first half of 2020, equivalent to growth of 9.2 per cent in local currency terms. EBITDA was minus CHF 24.5 million. This was negatively affected by CHF 13.0 million of expenses in connection with acquisitions and integration. Adjusted EBITDA was CHF 8.9 million ahead of the previous year, partly due to a significant increase in the gross margin. The adjusted EBITDA margin before expenditure on the e-prescription and European expansion growth initiatives was minus 0.4 per cent, within the forecast target range for the full year.

Central management across all brands in Germany — As part of the reorganization, including centralized management across all brands in Germany, the Zur Rose Group is bundling the service functions with its own personnel and operating resources in Heerlen and Mannheim. Vitalsana, which like DocMorris has its head office in Heerlen, will be legally and economically, including employees and customers, merged with DocMorris and the Vitalsana site closed down. The marketing and non-pharma customer service divisions of Eurapon Pharmahandel GmbH, Bremen, will be combined at the DocMorris site in Heerlen. The marketing work carried out for various companies in the Germany segment by Zur Rose Pharma GmbH, Halle an der Saale, will be taken on by the Zur Rose sites in Heerlen and Mannheim. Eurapon Pharmahandel GmbH and Zur Rose Pharma GmbH have developed socially acceptable solutions in the form of severance packages to take adequate account of the interests of the 51 employees in total who are affected.

Acquisition of Apotal with access to additional 1.1 million customers — By acquiring the mail-order activities of Apotal the Zur Rose Group is continuing to drive ahead consolidation in the largest European market for mail-order medicines, Germany. In 2019, Apotal generated e-commerce pharmacy revenues of EUR 157 million. Once they have given their consent, additional 1.1 million additional customers will move over to Zur Rose. Including the customers of Apotal, the number of active Zur Rose Group customers¹ will rise more than 50 per cent year on year from six million to over nine million.

Continuing to press ahead with the platform strategy — The Zur Rose Group is continuing to press ahead with the platform strategy – at a time when the coronavirus crisis is proving to be an additional driver for digitalisation and acceptance of digital healthcare services is rising sharply, partly accelerated by the distancing rules associated with COVID-19 and changing personal preferences towards digital. The Zur Rose Group firmly believes that this digital transformation will remain in effect even after the distancing rules have ended.

The main focus is on creating a proprietary healthcare ecosystem networking qualified providers with products and digital services. The acquisition of TeleClinic GmbH, Germany's leading telemedicine provider, announced on 16 July 2020, is a key first building block in this strategy and adds telemedical services to the offering. Telemedicine is a decisive and convenient solution all along the digital patient pathway, for both acute and chronic illnesses.

The launch of the DocMorris marketplace app is planned for the fourth quarter of 2020. With the choice of having prescriptions filled locally or by an online pharmacy, the app gives customers a user-friendly application with additional services: for example, they have direct access to the telemedicine offering and a selection of different supplier and ordering options. The app also enables purchases of non-prescription drugs as well as beauty and personal care products with digital payment options.

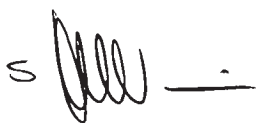
¹ Customers supplied by the Zur Rose Group, either directly or through its partners, including the Apotal e-commerce business.

Start of the nationwide launch of e-prescriptions in Germany — From 1 January 2022 it will be mandatory in Germany for prescription medicines to be prescribed electronically. This legislative framework paves the way for all market participants to launch electronic prescriptions nationwide. The Zur Rose Group is prepared for these digitalisation steps and is already setting standards today through its subsidiary eHealth-Tec GmbH, the market leader in digitalising the prescription process. eHealth-Tec networks doctors, patients and pharmacies all the way through to billing, making it possible for the first time to have a fully integrated digital prescription process without media breaks.

As an e-prescription technology partner to the remote treatment service of health insurer Techniker Krankenkasse (TK), eHealth-Tec already connects more than one thousand pharmacies via its e-prescription solution. A shared interface allows more than 50 per cent of local pharmacies across the country to be technically integrated with various pharmacy services. DocMorris joined the TK project in June 2020, allowing TK members to have e-prescriptions filled by mail-order. With further health insurers joining the cooperation with TK, 35 per cent of all people with statutory health insurance in Germany could now already use e-prescriptions.

In June 2020 eHealth-Tec also entered into a strategic partnership with medatixx, a leading supplier of software solutions for practising doctors. Its software solutions for practices are used by 38,000 doctors across Germany, who will be able to access the eHealth-Tec e-prescription solution from the third quarter onwards as part of a multi-stage roll-out. This is equivalent to a market share of around 27 per cent.

Outlook — The recent acquisitions have strengthened the market position of the Zur Rose Group. Management is expecting growth, including the sales of medpex, Apotal and TeleClinic, of more than 10 per cent and to break even at the adjusted EBITDA level before expenditure on additional growth initiatives, especially in electronic prescriptions and European opportunities, for the full year 2020. From next year onwards the Group anticipates significant growth in prescription drugs and confirms the medium-term revenue outlook of more than CHF 3 billion. The medium-term EBITDA margin target, adjusted for growth initiatives, is around 8 per cent. The introduction of mandatory electronic prescriptions from 2022 and the implementation of the healthcare ecosystem will additionally create relevant potential for revenue and profit.



Prof. Stefan Feuerstein
Chairman of the Board



Walter Oberhänsli
Executive Director and CEO

Consolidated Income Statement

		1.1. – 30.6.2020		1.1. – 30.6.2019	
	Notes	CHF 1,000	%	CHF 1,000	%
Net revenue	3	697,997	100.0	668,360	100.0
Other operating income	5	6,426		24,184	
Cost of goods		-576,604		-563,569	
Personnel expenses		-70,749		-59,866	
Other operating expenses		-81,524		-71,565	
Earnings before interest, taxes, depreciation and amortisation (EBITDA)		-24,454	-3.5	-2,456	-0.4
Depreciation, amortisation and impairment		-17,515		-14,628	
Earnings before interest and taxes (EBIT)		-41,969	-6.0	-17,084	-2.6
Share of results of joint ventures		-1,628		113	
Finance income		1,148		1,314	
Finance expenses		-10,903		-1,161	
Earnings before taxes (EBT)		-53,352	-7.6	-16,818	-2.5
Income tax income / (expense)		1,015		-267	
Net income / (loss)		-52,337	-7.5	-17,085	-2.6
Attributable to Zur Rose Group AG shareholders		-52,388		-17,101	
Attributable to non-controlling interests		51		16	
		CHF 1		CHF 1	
Net income / (loss) per share		-6.03		-1.97	
Diluted net income / (loss) per share		-6.03		-1.97	

Consolidated Statement of Comprehensive Income

	1.1. – 30.6.2020	1.1. – 30.6.2019
	CHF 1,000	CHF 1,000
Net income / (loss)	-52,337	-17,085
Exchange differences on translation of foreign operations	-4,661	-11,726
Other comprehensive income to be reclassified in subsequent periods to the income statement	-4,661	-11,726
Remeasurement pensions	455	-4,344
Income tax	-253	797
Other comprehensive income not to be reclassified in subsequent periods to the income statement	202	-3,547
Other comprehensive income / (loss)	-4,459	-15,273
Total comprehensive income / (loss)	-56,796	-32,358
Attributable to Zur Rose Group AG shareholders	-56,839	-32,223
Attributable to non-controlling interests	43	-135

Consolidated Balance Sheet

ASSETS	Notes	30.6.2020		31.12.2019	
		CHF 1,000	%	CHF 1,000	%
Cash and cash equivalents		258,020		204,681	
Current financial assets		297		225	
Trade receivables		120,190		126,721	
Prepaid expenses		20,118		8,715	
Other receivables		18,818		17,117	
Inventories		105,718		70,608	
Current assets		523,161	48.4	428,067	43.2
Investments in joint ventures		5,389		7,053	
Property, plant and equipment		33,845		32,724	
Right-of-use assets		41,297		44,403	
Intangible assets		458,641		465,253	
Non-current financial assets		11,381		6,158	
Deferred tax assets		7,916		8,067	
Non-current assets		558,469	51.6	563,658	56.8
Total assets		1,081,630	100.0	991,725	100.0

Consolidated Balance Sheet

LIABILITIES AND EQUITY	30.6.2020			31.12.2019		
	Notes	CHF 1,000	%	CHF 1,000	%	
Current financial liabilities		30,580		80,441		
Current lease liabilities		6,550		6,954		
Trade payables		101,739		92,109		
Other payables		8,479		10,123		
Tax liabilities		575		43		
Accrued expenses		32,247		22,045		
Short-term provisions		559		881		
Short-term liabilities		180,729	16.7	212,596		21.4
Non-current financial liabilities		1,701		1,685		
Non-current lease liabilities		33,951		36,451		
Bonds	5	483,183		312,070		
Pension obligations		15,483		15,170		
Long-term provisions		1,893		1,995		
Deferred tax liabilities		5,284		6,216		
Long-term liabilities		541,495	50.1	373,587		37.7
Total liabilities		722,224	66.8	586,183		59.1
Share capital		289,267		262,199		
Capital reserves		269,905		269,694		
Treasury shares		-32,126		-5,219		
Retained earnings		-128,326		-86,369		
Exchange differences		-39,314		-34,653		
Equity attributable to Zur Rose Group AG shareholders		359,406	33.2	405,652		40.9
Non-controlling interests		0		-110		
Total equity		359,406	33.2	405,542		40.9
Total liabilities and equity		1,081,630	100.0	991,725		100.0

Consolidated Cash Flow Statement

	1.1. – 30.6.2020	1.1. – 30.6.2019
	CHF 1,000	CHF 1,000
Net income / (loss)	-52,337	-17,085
Depreciation, amortisation and impairment	17,515	14,628
Finance expenses (net)	9,324	-421
Share of results of joint ventures	1,628	-113
Income tax	-1,015	267
Non-cash income and expenses	11,393	-18,632
Income taxes paid	0	-751
Interest paid	-1,042	-416
Interest received	216	26
Change in trade receivables, other receivables and prepaid expenses	-8,340	-8,633
Change in inventories	-35,836	-260
Change in trade payables, other liabilities and accrued expenses	17,694	16,425
Change in provisions	-322	-335
Cash flows from operating activities	-41,122	-15,300
Acquisition of subsidiaries, net of cash acquired	-42,276	-99,207
Purchase of property, plant and equipment	-4,286	-5,959
Disposal of property, plant and equipment	0	43
Acquisition of intangible assets	-12,463	-11,488
Investment in non-current financial assets	0	-3,211
Repayment of current financial assets	25	49
Investments in non-current financial assets	-5,477	-55
Cash flow from investing activities	-64,477	-119,827
Acquisition of non-controlling interests Bluecare	-743	0
Proceeds from capital increases	279	0
Issue of a convertible bond (net after transaction costs)	171,963	0
Repayment of financial liabilities	-10,303	-2,187
Purchase of treasury shares	-1	-1
Transaction cost of capital increases ¹⁾	0	-314
Cash flow from financing activities	161,195	-2,502
Increase / (decrease) in cash and cash equivalents	55,596	-137,630
Cash and cash equivalents at the beginning of the year	204,681	230,693
Foreign currency differences	-2,257	-1,660
Cash and cash equivalents at the end of the period	258,020	91,403

1) Non-liquidity related capital increase because of acquisition of medpex

Consolidated Statement of Changes in Equity

	Share capital	Capital reserves	Treasury shares	Retained earnings	Exchange difference	Attributable to Group shareholders	Non-controlling interests	Total equity
	CHF 1,000	CHF 1,000	CHF 1,000	CHF 1,000	CHF 1,000	CHF 1,000	CHF 1,000	CHF 1,000
1 January 2019	48,127	450,946	-5,453	-34,473	-15,571	443,576	30	443,606
Net income / (loss)				-17,101		-17,101	16	-17,085
Other comprehensive income				-3,396	-11,726	-15,122	-151	-15,273
Total comprehensive income				-20,497	-11,726	-32,223	-135	-32,358
Share-based payments				2,176		2,176		2,176
Issue of new shares for acquisition medpex	2,046	30,126				32,172		32,172
Transaction costs of capital increases		-314				-314		-314
Conversion of capital reserves	211,603	-211,603						
Purchase of treasury shares			-1			-1		-1
Allocation of treasury shares (employees)			183	-183		0		0
30 June 2019	261,776	269,155	-5,271	-52,977	-27,297	445,386	-105	445,281
1. January 2020	262,199	269,694	-5,219	-86,369	-34,653	405,652	-110	405,542
Net income / (loss)				-52,388		-52,388	51	-52,337
Other comprehensive income				210	-4,661	-4,451	-8	-4,459
Total comprehensive income				-52,178	-4,661	-56,839	43	-56,796
Share-based payments				10,360		10,360		10,360
Issue of new shares for contingent capital increase	27,000		-27,000			0		0
Equity component for issued convertible bond				765		765		765
Acquisition of non-controlling interests Bluecare			94	-904		-810	67	-743
Purchase of treasury shares			-1			-1		-1
Allocation of treasury shares (employees)	68	211				279		279
30 June 2020	289,267	269,905	-32,126	-128,326	-39,314	359,406	0	359,406

Notes to the Interim Consolidated Financial Statements

1 Operating activities

Zur Rose Group operates an e-commerce pharmacy 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, a stock corporation under Swiss law based at Seestrasse 119, 8266 Steckborn (Switzerland), is the parent of Zur Rose Group (the “Group”). The registered office of Group Management and the headquarters of business activities are based at Walzmühlestrasse 60, 8500 Frauenfeld (Switzerland).

The interim consolidated financial statements cover the period from 1 January to 30 June 2020 (hereinafter the “reporting period”) and were approved by the Board of Directors on 18. August 2020.

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

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

2 Accounting policies

2.1 Basis of preparation

The unaudited interim consolidated financial statements of the Zur Rose Group for the first half year 2020 have been prepared in accordance with IAS 34 Interim Financial Reporting.

Since the interim consolidated financial statements do not include all disclosures as contained in the consolidated financial statements, they should be read in conjunction with the consolidated financial statements as at 31 December 2019. Changes in or new accounting policies from those for the consolidated financial statements for 2019 are shown in Note 2.2.

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

The accounting policies for the interim financial statements are consistent with those applied in the preparation of the consolidated financial statements for the financial year ending on 31 December 2019. The following revised standards, which the Group has applied since 1 January 2020, form exceptions. However, they have no material impact on the net assets, financial position and results of operations of the Group.

- Amendments to IFRS 3 – Definition of a business
- Amendments to IAS 1 and IAS 8 – Definition of material
- Amendments to IFRS 9, IAS 39 and IFRS 7 – Interest rate benchmark reform
- Changes to the conceptual framework

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

2.3 Estimates and assumptions

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

Influences on operations

The sales of the Zur Rose Group were materially affected by the coronavirus (COVID-19) in the first half of 2020. At the start of the lockdown in mid-March, sales rose as a result of new customers and stocking

up by existing customers to the limits of their capacity. Orders declined in April due to the lockdown and the increased level of inventories held by customers. From May onwards sales gradually normalised and stabilised.

Income tax

Current income tax is based on an estimate of the expected income tax rate for the full year 2020. A referendum in the Canton of Thurgau on 9 February 2020 accepted the tax proposal related to the Federal Tax Reform Act. The amended cantonal Tax Act provides for a reduction in the rates of profit tax by around 3-4% and came into force with retrospective effect as of 1 January 2020. Based on this amendment, deferred tax items at Zur Rose companies based in the Canton of Thurgau have been remeasured. The affected net deferred tax assets decreased by CHF 0.5 million, of which CHF 0.3 million were charged to deferred tax expense and CHF 0.2 million to other comprehensive income.

2.4 Principal exchange rates

The following exchange rates were used for currencies:

Currency	1.1. – 30.6.2020		1.1. – 30.6.2019		31.12.2019
	End of period	Average rate of period	End of period	Average rate of period	End of period
EUR 1	1.0663	1.0639	1.1097	1.1290	1.0853

3 Operating segments

Segment profitability is reported based on the contribution to operating earnings, as in the internal financial reporting. The contribution to operating earnings is defined as earnings before indirect costs, interest, taxes, depreciation of property, plant and equipment and amortisation of intangible assets and rights of use. The contribution to operating earnings achieved by each segment is considered an adequate measure of operating performance of segments reported to the Group Management for the purposes of resource allocation and performance assessment.

Assets and liabilities are not allocated to operating segments in the management reports. Financing of the Group companies is managed centrally by the Zur Rose Group AG and not allocated to the operating segments.

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

Unallocated operating income includes rental income and other service income.

The following tables show the operating segments of the Zur Rose Group for the first six months as at 30 June 2020 and the previous year as at 30 June 2019.

1.1. – 30.6.2020	Switzerland	Germany	Europe	Eliminations	Group
	CHF 1,000	CHF 1,000	CHF 1,000	CHF 1,000	CHF 1,000
Income statement					
Net revenue with external customers	287,164	378,779	32,054	0	697,997
Revenue with other segments	1,593	0	0	-1,593	0
Total net revenue	288,757	378,779	32,054	-1,593	697,997
Operating profit contribution	19,921	13,846	-1,800	-1,593	30,374
Unallocated operating costs					-61,260
Unallocated operating income					6,432
Earnings before interest, taxes, depreciation and amortisation (EBITDA)					-24,454
Depreciation and amortisation					-17,515
Earnings before interest and taxes (EBIT)					-41,969
Finance profit, net ¹⁾					-11,383
Earnings before taxes (EBT)					-53,352

1) of which associated companies and joint ventures CHF -1.6 million

1.1. – 30.6.2019	Switzerland	Germany	Europe	Eliminations	Group
	CHF 1,000	CHF 1,000	CHF 1,000	CHF 1,000	CHF 1,000
Income statement					
Net revenue with external customers	273,330	377,174	17,857	0	668,360
Revenue with other segments	253	0	0	-253	0
Total net revenue	273,583	377,174	17,857	-253	668,360
Operating profit contribution	15,236	¹⁾ 33,069	-1,467	-608	46,229
Unallocated operating costs					-48,685
Earnings before interest, taxes, depreciation and amortisation (EBITDA)					-2,456
Depreciation and amortisation					-14,628
Earnings before interest and taxes (EBIT)					-17,084
Finance profit, net ²⁾					266
Earnings before taxes (EBT)					-16,818

1) includes a fair value adjustment for the earn-out of medpex of CHF 21.8 million

2) of which associated companies and joint ventures CHF 0.1 million

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

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

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

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

Segment Switzerland	1.1. – 30.6.2020	1.1. – 30.6.2019
	CHF 1,000	CHF 1,000
Professional services	220,272	210,670
Retail Business (B2C)	66,892	62,659
Total revenue from contracts with customers	287,164	273,329

Segment Germany	1.1. – 30.6.2020	1.1. – 30.6.2019
	CHF 1,000	CHF 1,000
Retail Business (B2C)	378,779	377,174
Total revenue from contracts with customers	378,779	377,174

Europe	1.1. – 30.6.2020	1.1. – 30.6.2019
	CHF 1,000	CHF 1,000
Marketplace	32,054	17,857
Total revenue from contracts with customers	32,054	17,857

4 Business combinations

There were no business combinations in the reporting period. The payments for the acquisition of subsidiaries relate to transactions from previous years.

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

The purchase price allocations for the following companies were finalised as at 30 June 2020, with no adjustments made:

Doctipharma

On 14 February 2019 Zur Rose Group AG acquired 100 per cent of Doctipharma SAS, which is based at Levallois-Perret near Paris (F).

Clinpath (new: eHealth-Tec Innovations GmbH)

On 17 July 2019 Zur Rose Group AG, through its subsidiary Zur Rose Pharma GmbH of Halle (Germany), acquired 100 per cent of Clinpath GmbH of Berlin (Germany), which was renamed eHealth-Tec Innovations GmbH at the end of 2019.

Clustertec

On 25 July 2019 Zur Rose Group AG acquired 100 percent of Clustertec AG in Baar (Switzerland).

5 Financial instruments

The consolidated balance sheet as at 30 June 2020 shows liabilities from contingent consideration arrangements of CHF 19.9 million arising from the acquisitions of Eurapon, Clustertec and eHealth-Tec (formerly Clinpath).

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

Contingent consideration liabilities	30.6.2020	31.12.2019
	CHF 1,000	CHF 1,000
As per 1. January	62,254	18,556
Investment cash flow	-42,276	-2,656
Through business combinations ¹⁾	0	67,635
Change in fair value (through profit or loss)	270	-18,817
Exchange differences	-382	-2,464
Total contingent consideration liabilities	19,867	62,254

¹⁾ Acquisition of medpex as of 4 January 2019, eHealth-Tec Innovation as of 17 July 2019 and Clustertec as of 25 July 2019

The contingent consideration payments as at 30 June 2020 include CHF 18.0 million for Eurapon, CHF 1.0 million for eHealth-Tec Innovations GmbH and CHF 0.9 million for Clustertec AG. The remeasured fair value of the contingent consideration payments as at 30 June 2020 is unchanged since 31 December 2019.

Eurapon

CHF 14.7 million of the total of CHF 18.0 million of the Eurapon purchase price payments were fixed at the end of 2019. The remaining variable component of CHF 3.3 million is mainly contingent affected by the size of the losses at Eurapon GmbH and Eurapon e.K. The purchase price payments are planned for the second half-year of 2020.

medpex

The contingent consideration liability originally amounting to CHF 65.9 million (EUR 58.6 million) was terminated early at the end of 2019 by making a contractually agreed one-off payment of CHF 42.2 million (EUR 39.0 million). The payment was made on 9 January 2020.

Convertible bond

On 26 March 2020 the Zur Rose Group placed a CHF 175 million senior unsecured convertible bond maturing in 2025 through subsidiary Zur Rose Finance B.V. The issue price on subscription date (31 March 2020) was 100 per cent. The bond has a 2.75% annual coupon and a conversion price of CHF 142.39. The shares to be delivered will be provided from existing shares or by issuing new shares from authorised capital. In this connection, at the Annual General Meeting on 23 April 2020 shareholders approved the creation of authorised share capital with a par value of CHF 26.2 million. Unless previously converted, redeemed or repurchased and cancelled, the bond will be redeemed at 100 per cent on maturity, expected for 31 March 2025.

For accounting purposes the convertible bond is divided into a debt component and an equity component. The debt component is equivalent to the market value of a comparable bond without conversion rights and recognised at amortised cost. The equity component is calculated as the difference from the issue proceeds. The equity component is not remeasured. Transactions costs are allocated proportionately to the debt and equity components.

	CHF 1,000
Liability component upon issue at fair value	174,219
Proportional issue costs	-3,633
Net liability component upon issue	170,586
Carrying amount of equity component	781
Proportional issue costs	-16
Net equity component upon issue	765

No rights were converted during the reporting period.

In connection with the issue of the convertible bond, Zur Rose Group AG created 900,000 new shares and entered into a securities lending agreement. Since the risks and rewards of the shares remain with the Zur Rose Group, the shares out on loan continue to be treated as treasury shares. The purpose of this agreement is to make hedging arrangements easier for investors. Zur Rose receives a lending fee in consideration for the loan.

The fair value (Level 1) of the listed bonds was CHF 324.5 million as of 30 June 2020 (31 December 2019: CHF 324.5 million) and the carrying amount was CHF 312.4 million as of 30 June 2020 (31 December 2019: CHF 312.1 million). The fair value (Level 1) of the convertible bond placed on 26 March 2020 amounted to CHF 327.1 million as of 30 June 2020 (carrying amount: CHF 170.8 million).

6 Events after the end of the reporting period

On 17 July 2020 the Zur Rose Group increased its share capital by 740,823 shares. The capital increase generated gross proceeds of CHF 212.6 million. The estimated transaction costs amount to CHF 4.4 million.

On July 31 Zur Rose Group acquired TeleClinic GmbH, based in Munich. For the Zur Rose Group, TeleClinic represents a strategically important building block in the Zur Rose healthcare ecosystem, which is being expanded by the acquisition to include telemedical services. The provisional purchase price was CHF 46.8 million (EUR 43.5 million), of which CHF 41.5 million (EUR 38.6 million) was paid in cash and the remaining amount in shares of Zur Rose Group AG. The definite amount and asset allocation are yet not known.

The Zur Rose Group also acquired the mail order activities of the online pharmacy Apotal on 17 August 2020. Improved economies of scale and scope support the introduction of further digital health services, including electronic prescriptions, and the further expansion to an eHealth platform. The provisional purchase price consists of a fixed purchase price of CHF 64.5 million (EUR 60.0 million), of which CHF 26.9 Mio. (EUR 25.0 Mio.) will be paid in cash and the remaining amount in shares of Zur Rose Group AG, as well as of contingent earn-out components for the years 2021 and 2022 of approximately CHF 10.8 million (EUR 10.0 million) each. The definite amount and asset allocation are yet not known. In connection with this transaction Zur Rose Group increased the share capital by 133,174 shares at 14 August 2020.

In addition, the Board of Directors announced mid of August the economic and legal merger of Vitalsana B.V. in Heerlen with DocMorris N.V. in Heerlen and the closing of the location Vitalsana. The related restructuring expenses are estimated at CHF 2.5 to 3.7 million.

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

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