

Transcending the Boundaries of Healthcare

NASDAQ: YI

Fourth Quarter and Fiscal Year 2020 Earnings Call

March 18, 2021

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This document contains forward-looking statements. These statements constitute "forward-looking" statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended, and as defined in the U.S. Private Securities Litigation Reform Act of 1995. These forward-looking statements can be identified by terminology such as "will," "expects," "anticipates," "future," "intends," "plans," "believes," "estimates," "target," "confident" and similar statements. Among other things, the Business Outlook and quotations from management in this announcement, as well as 111's strategic and operational plans, contain forward-looking statements. 111 may also make written or oral forward-looking statements in its periodic reports to the U.S. Securities and Exchange Commission, in its annual report to shareholders, in press releases and other written materials and in oral statements made by its officers, directors or employees to third parties. Such statements are based upon management's current expectations and current market and operating conditions and relate to events that involve known or unknown risks, uncertainties and other factors, all of which are difficult

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This document also contains non-GAAP financial measures, the presentation of which is not intended to be considered in isolation or as a substitute for the financial information prepared and presented in accordance with accounting principles generally accepted in the United States of America. In addition, the Company's calculation of these non-GAAP financial measures may be different from the calculation used by other companies, and therefore comparability may be limited. The reconciliation of those measures to the most comparable GAAP measures is contained within this document or the earnings press release.

This document speaks as of December, 2020. Neither the delivery of this document nor any further discussions of the Company with any of the recipients shall, under and circumstances, create any implication that there has been no change in the affairs of the Company since that date.

Our Mission and S2B2C Business Model

Our Mission

Digitally Connecting Patients with Medicine and Healthcare Services

Our S2B2C Model

C



Patients

▲ Serve

B



Pharmacies



Doctors

▲ Enable

S

Supply Chain Platform

S2B2C: “Supply Chain Platform” to enable “Businesses” to better serve “Customers”

S2B2C Business Model

Laying the Foundation: Builds A Supply Chain Platform

S

Cloud Based Solutions



Centralized purchasing



Data services



Cloud Inventory

Proprietary Systems

SAM

Smart Assortment Management

PMS

Procurement Management System

PIS

Price Intelligence System

IOS

Inventory Optimization System

WMS

Warehouse Management System

TMS

Transportation Management System

HawkEye

Digital Business Development System

SSS

Smart Sourcing System

OMS

Order Management System

Digitalization Technologies



Doctors to Patient Platform



Digital Marketing

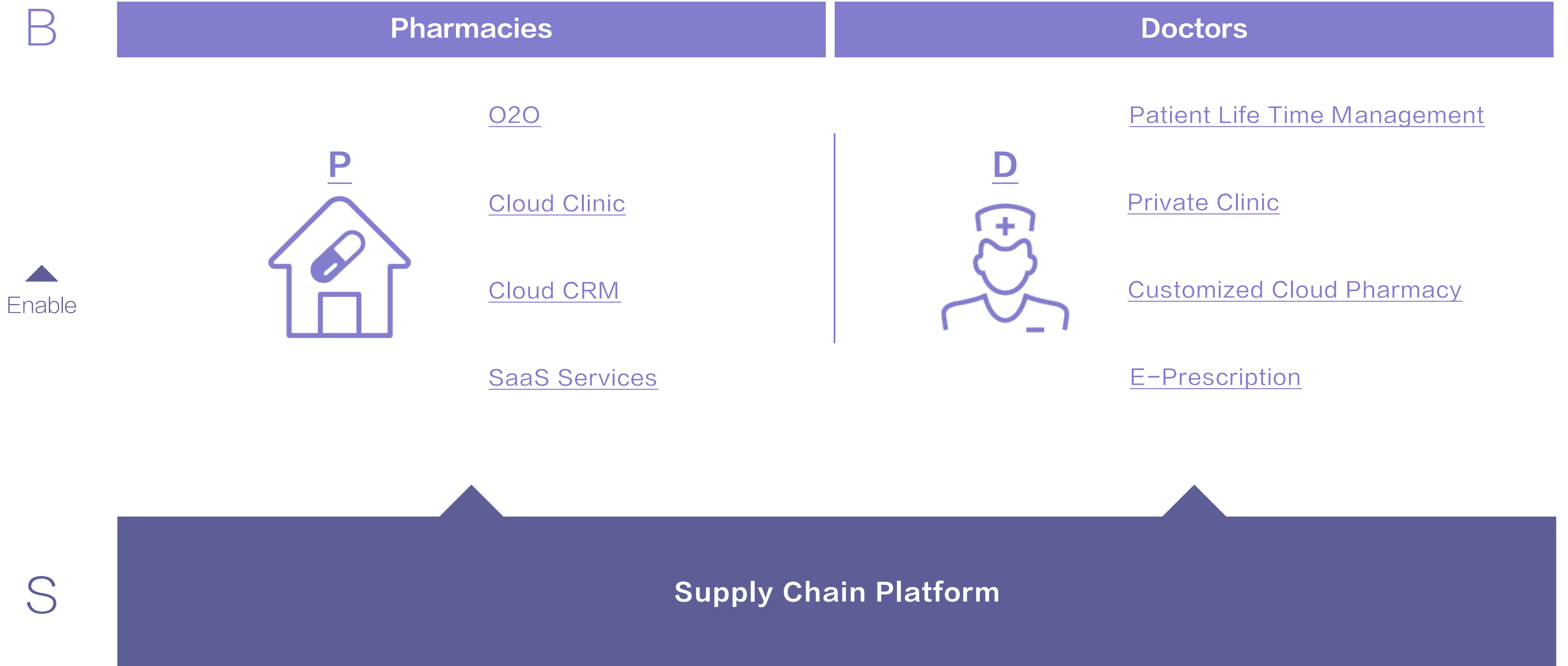


Omni-Channel Medicine Commercialization

Pharmaceutical Companies / Medicine Distributors / Marketplace Sellers / Insurance Companies

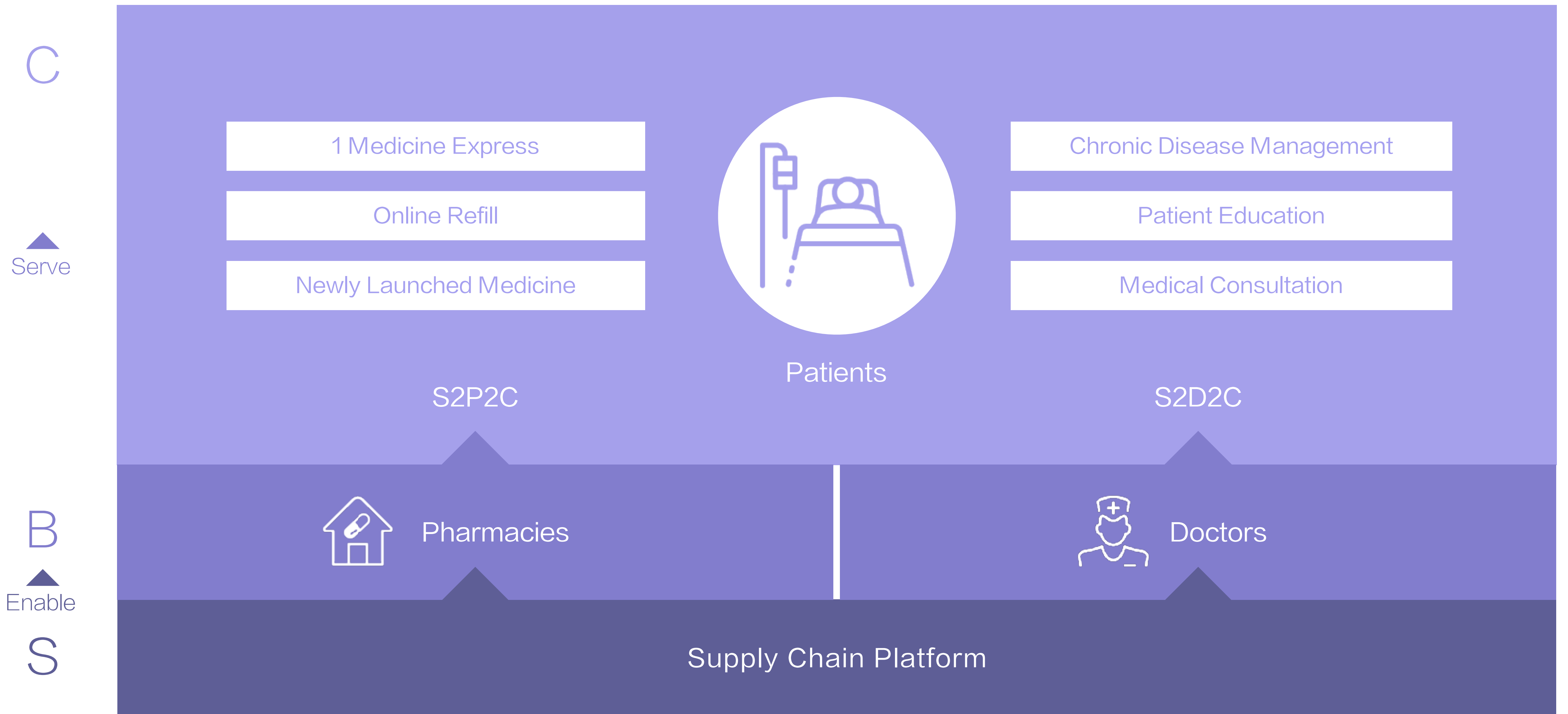
S2B2C Business Model

Fast Expanding Direct To-B: Empowers Pharmacies and Doctors



S2B2C Business Model

Enables Integrated Services to Customers/Patients

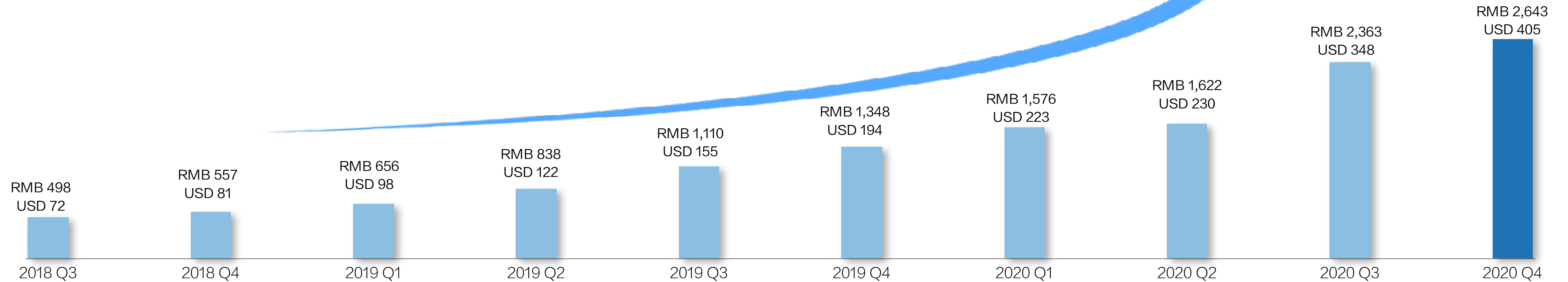


Exponential Growth Since IPO

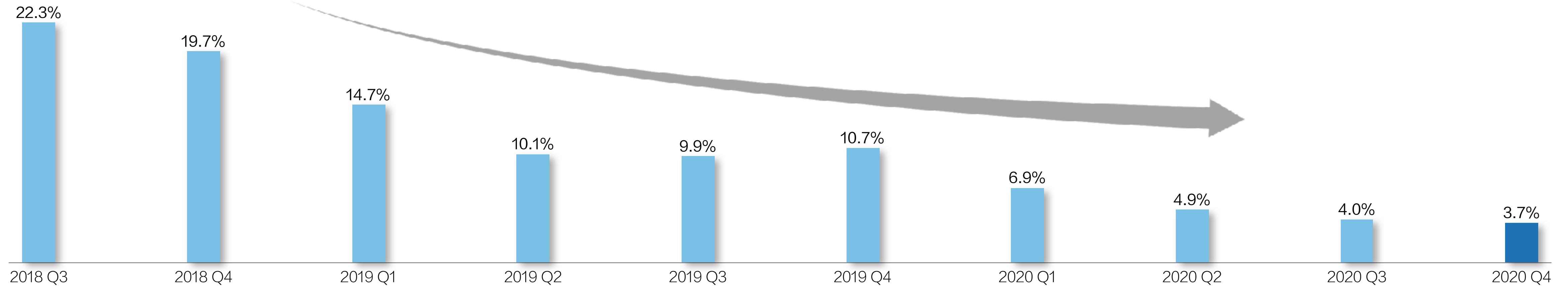
YoY

+100.3% +102.1% +98.5% +109.2% +123.2% +141.8% +140.3% +93.5% +112.8% +96.1%

Net Revenue (Million)

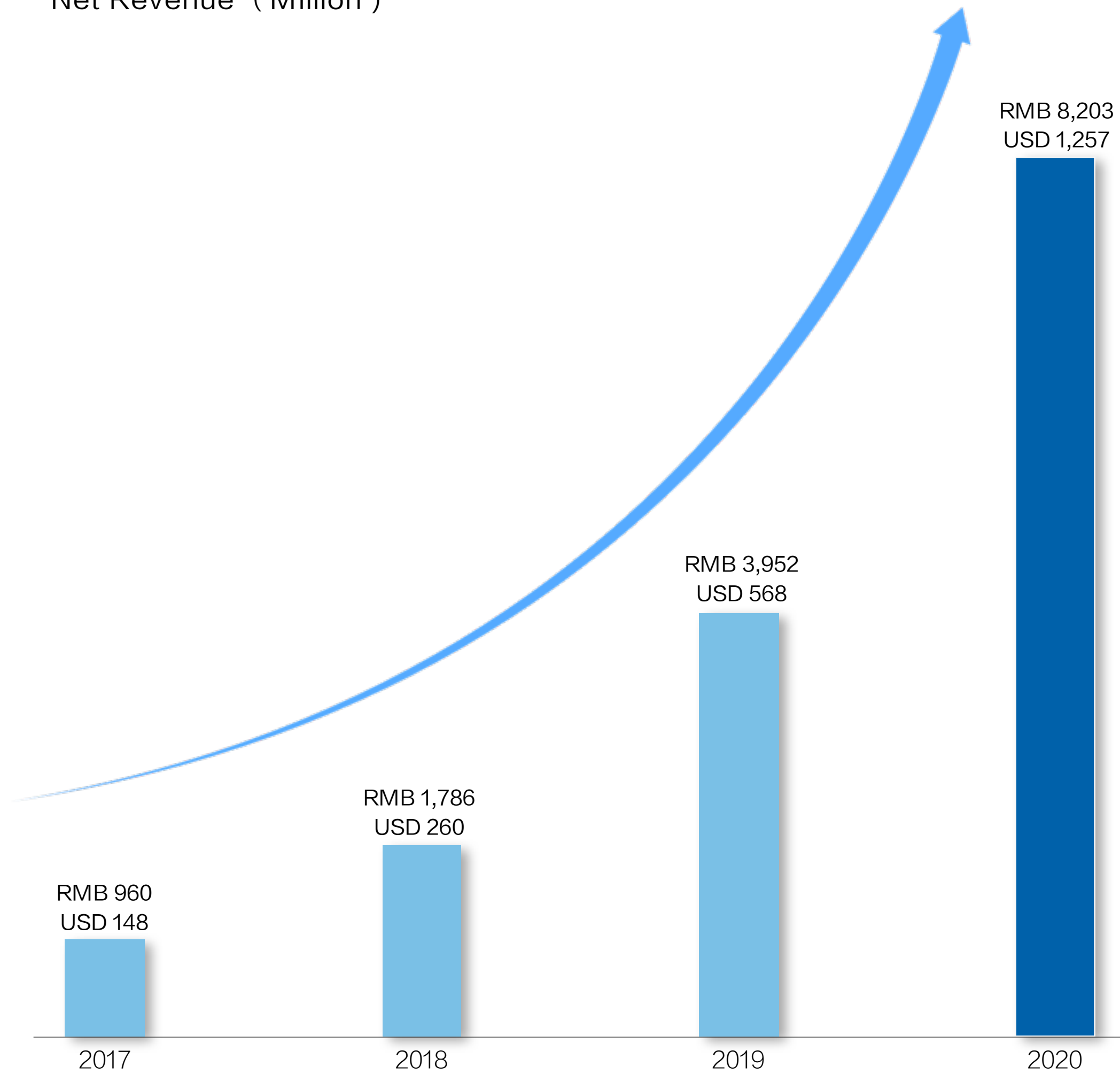


(Non-GAAP Net Loss as % of Net Revenue)

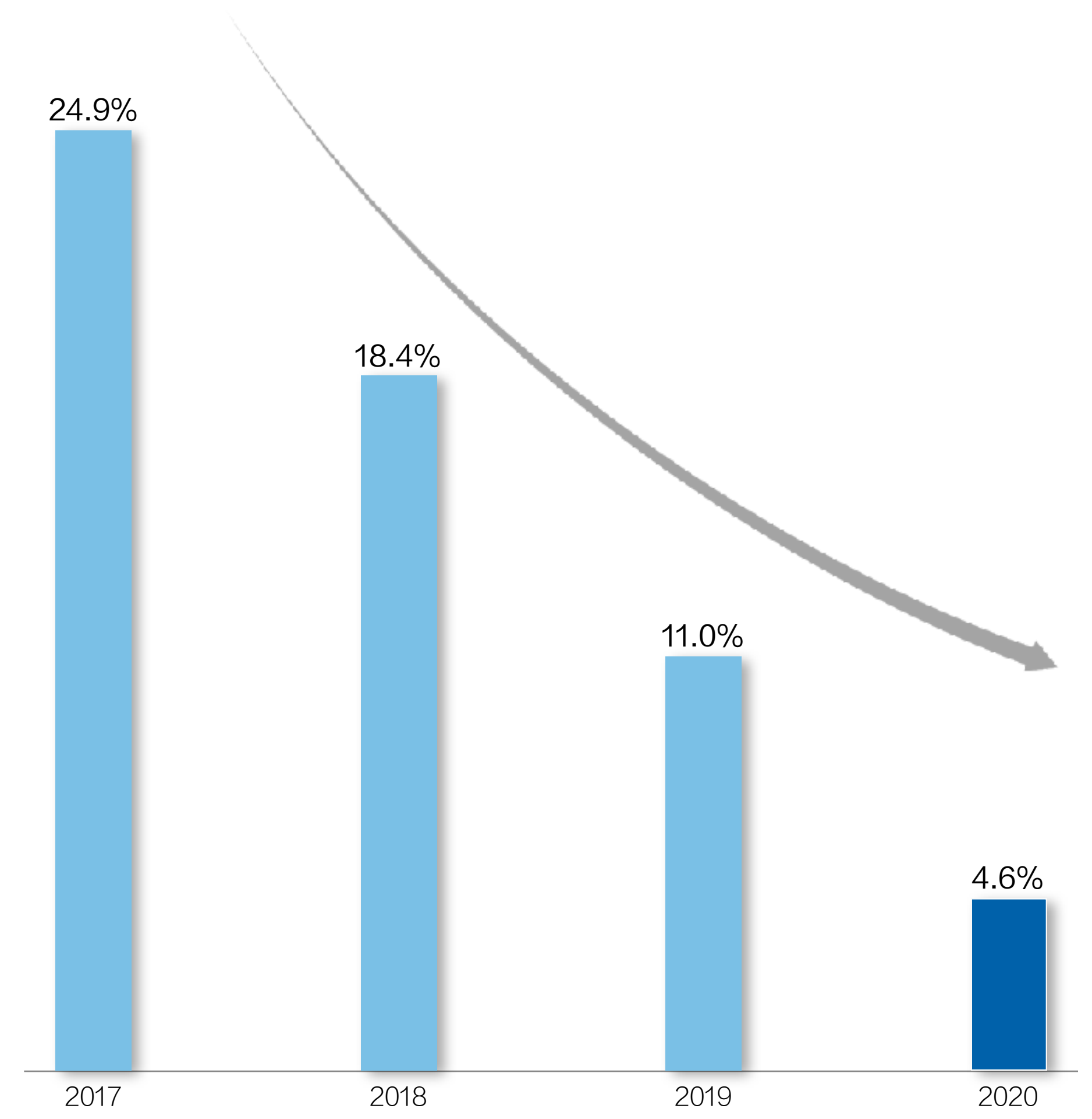


Net Revenue Recorded a Close to Nine-fold Increase from 2017

Net Revenue (Million)



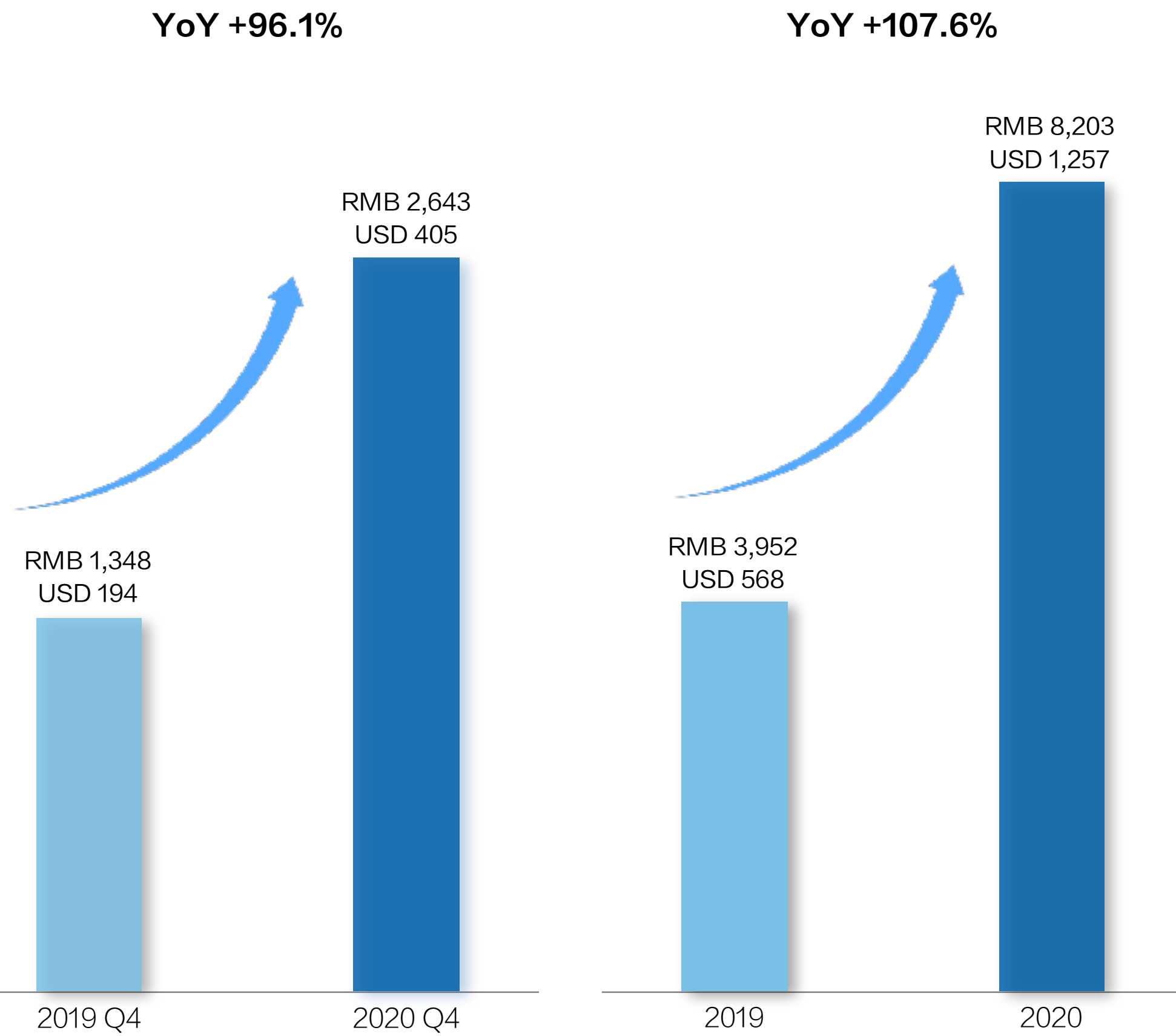
(Non-GAAP Net Loss as % of Net Revenue)



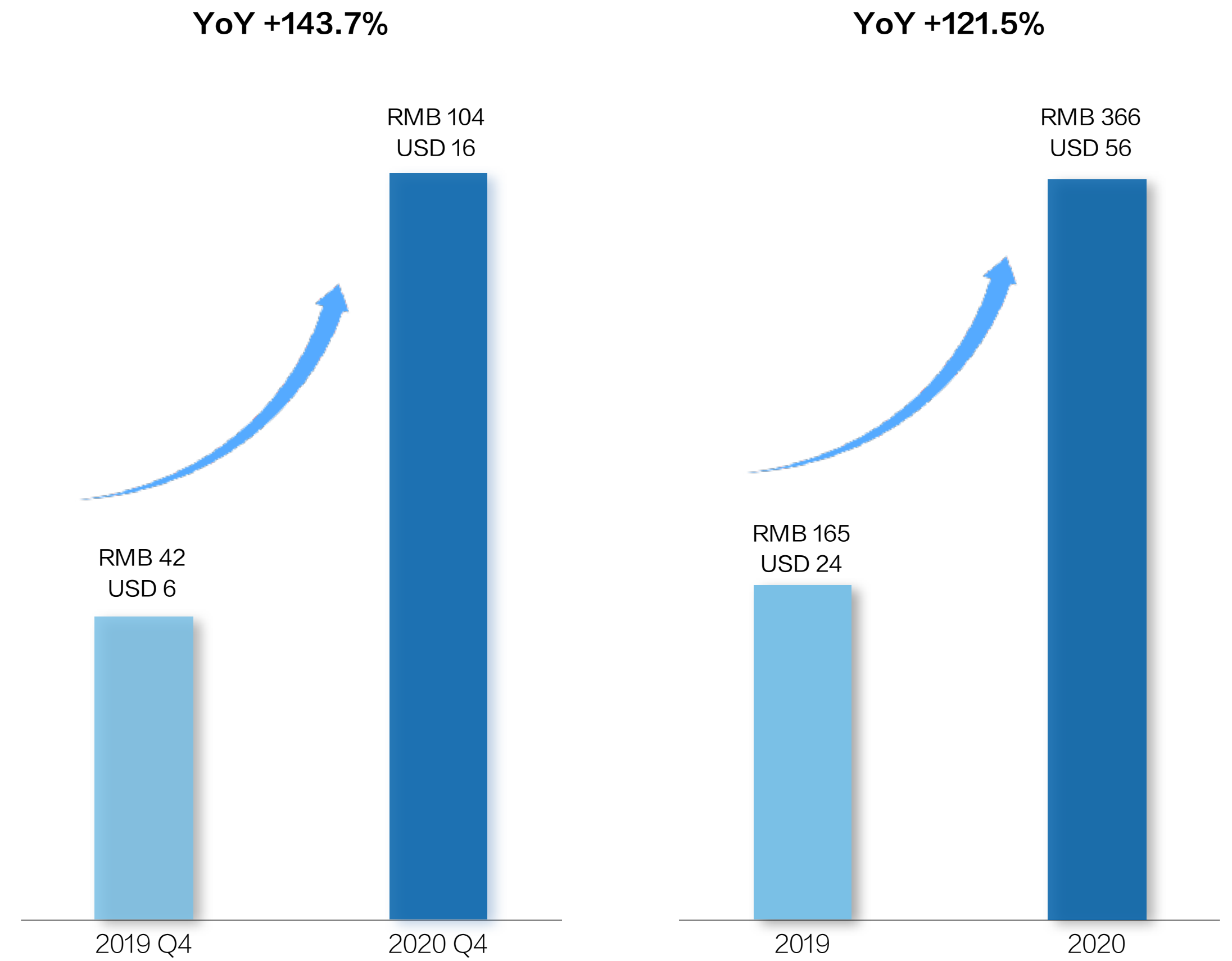
Stellar Business Growth

Delivering Strong Revenue and Gross Profit Growth

Net Revenue (Million)



Gross Profit (Million)

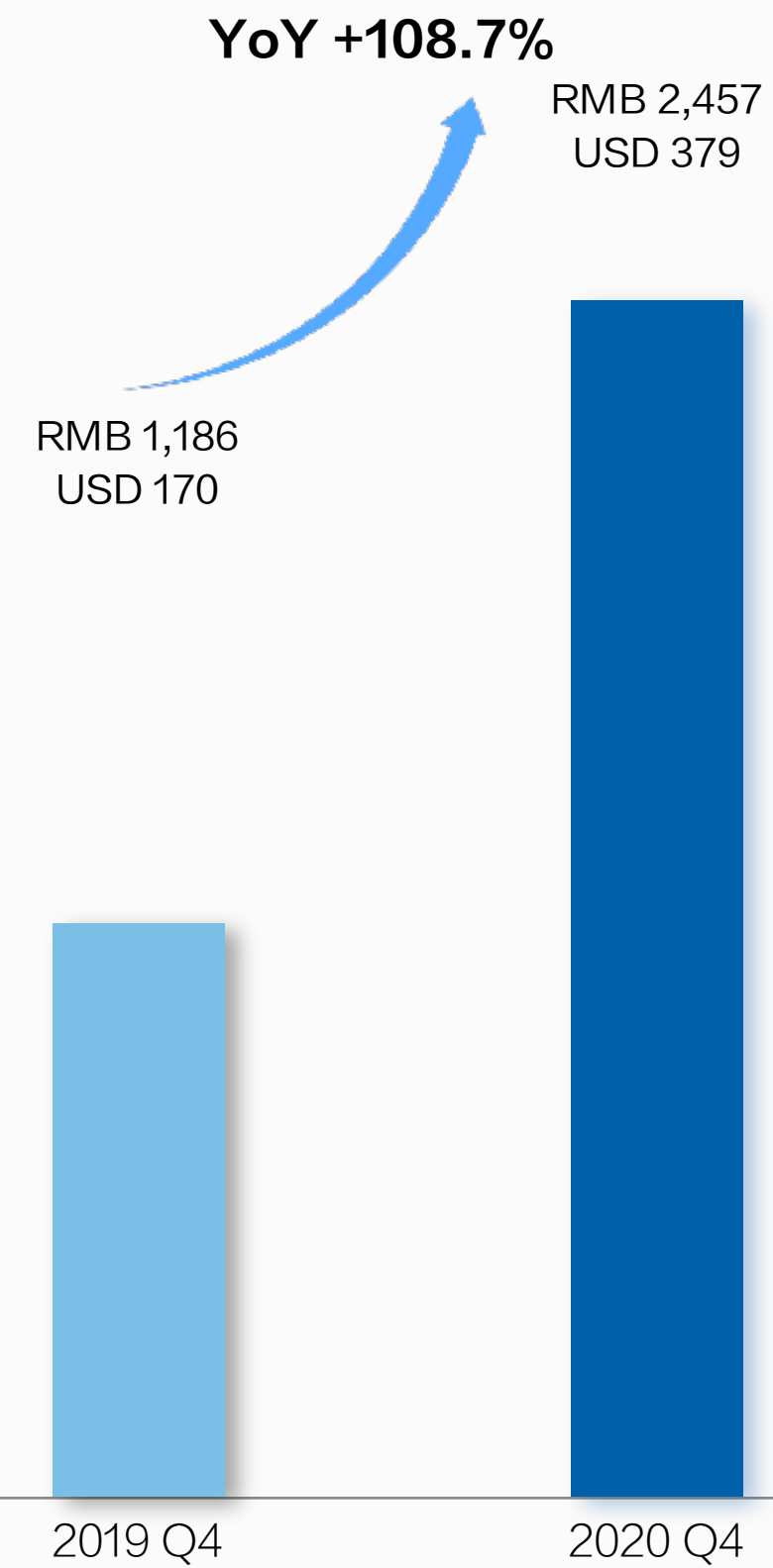


Robust Growth in B2B Continues

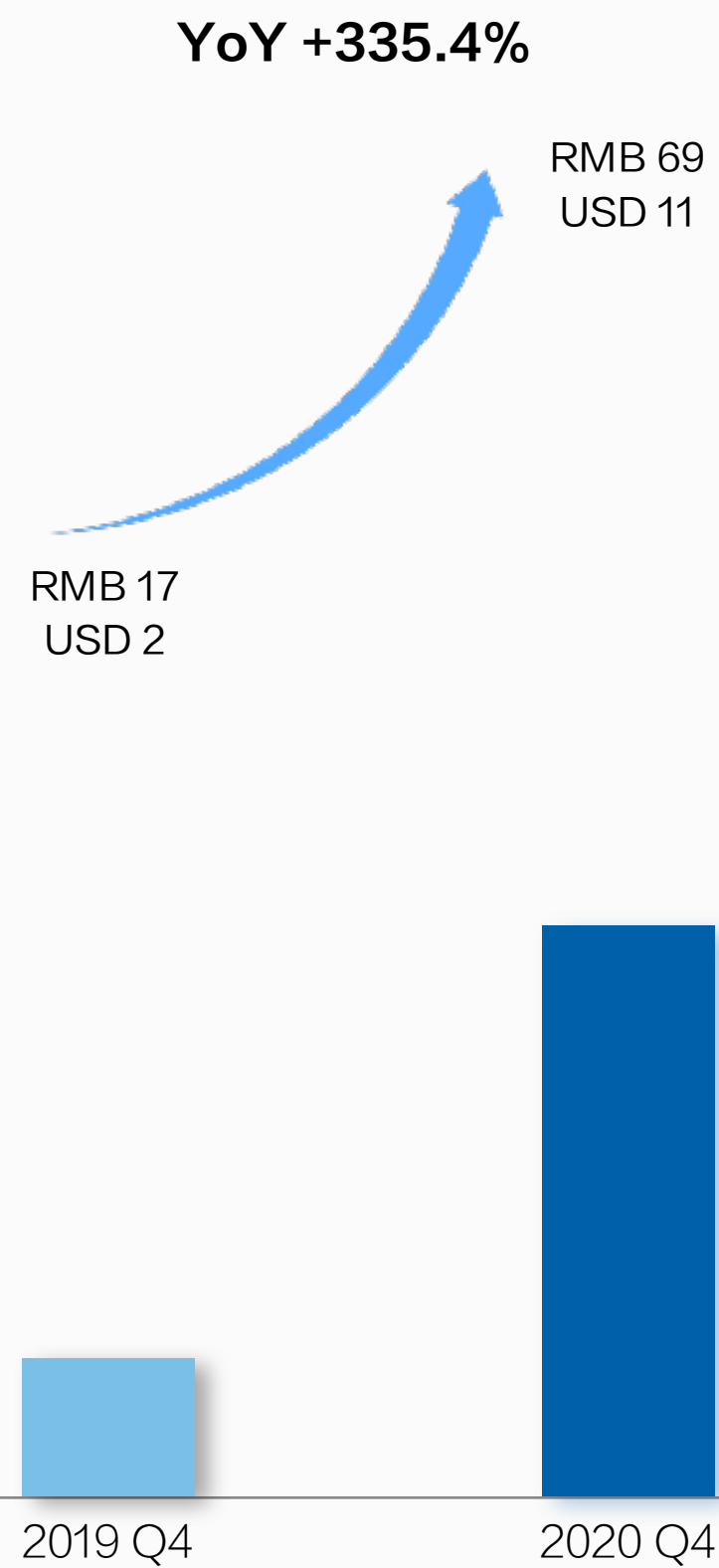
While Maintaining Growth Traction & Diversifying Revenues Streams

Q4

Revenue (Million)



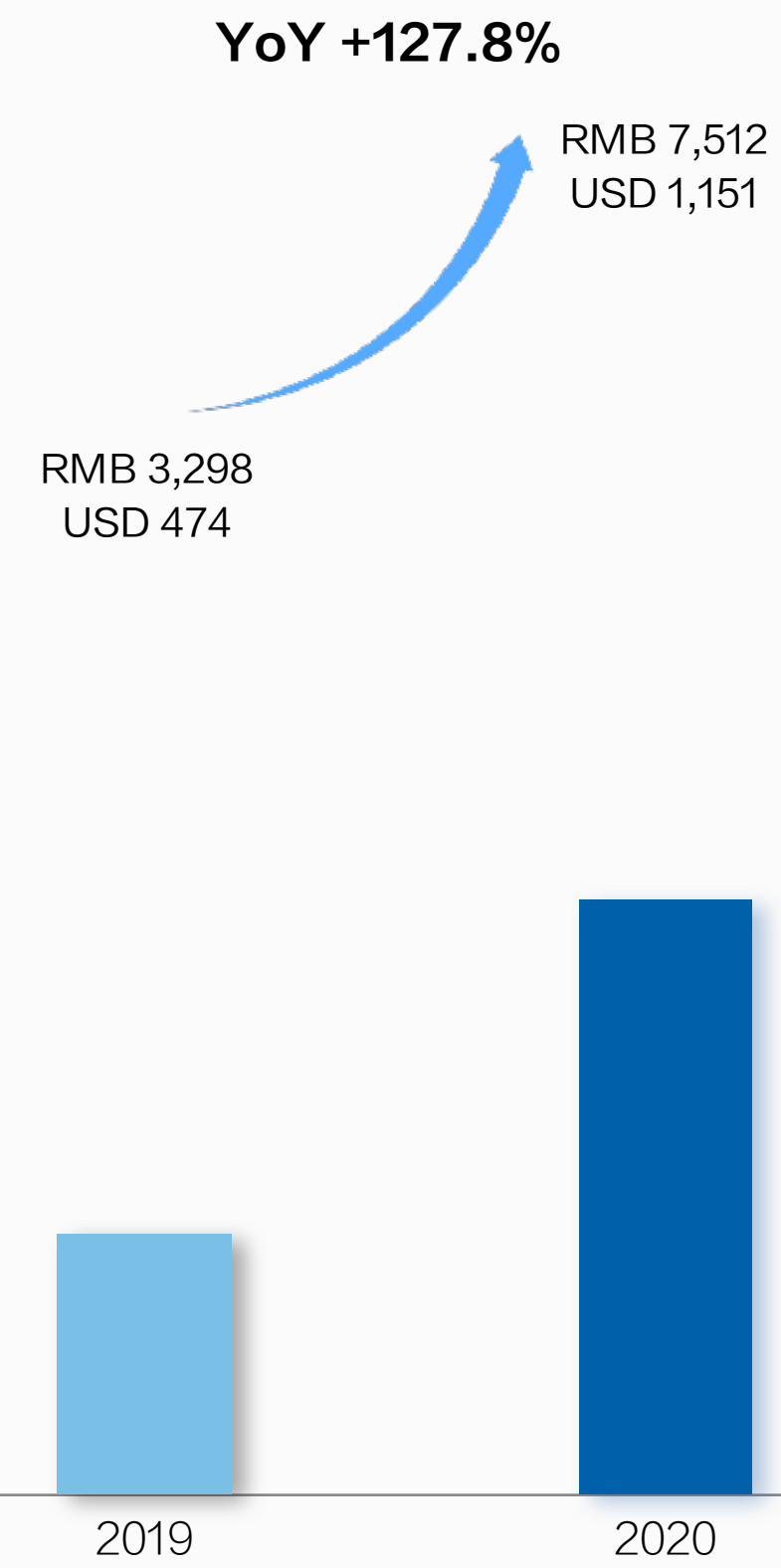
Gross Profit (Million)



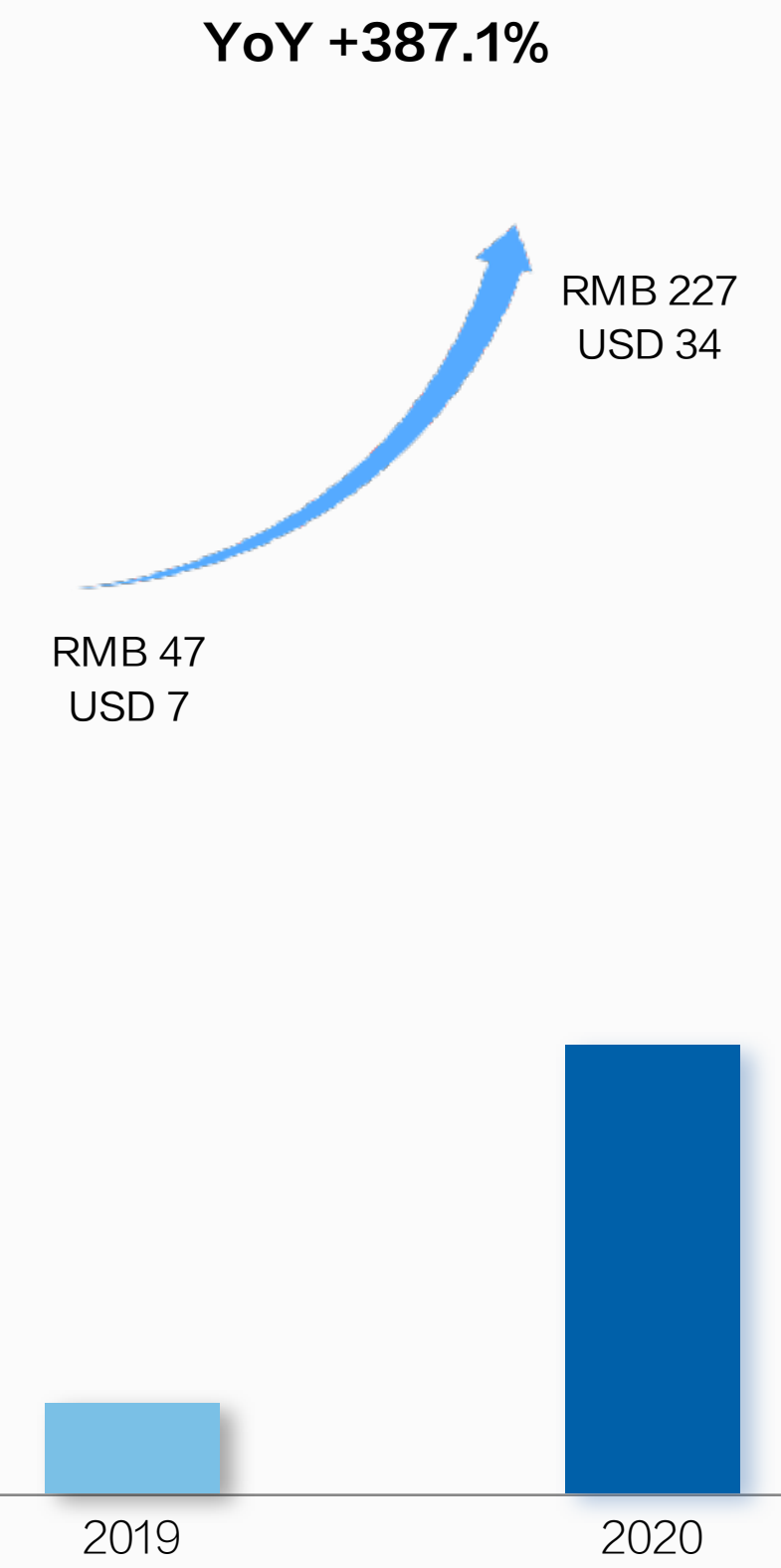
GM% 1.4% 3.0%

Full Year

Revenue (Million)



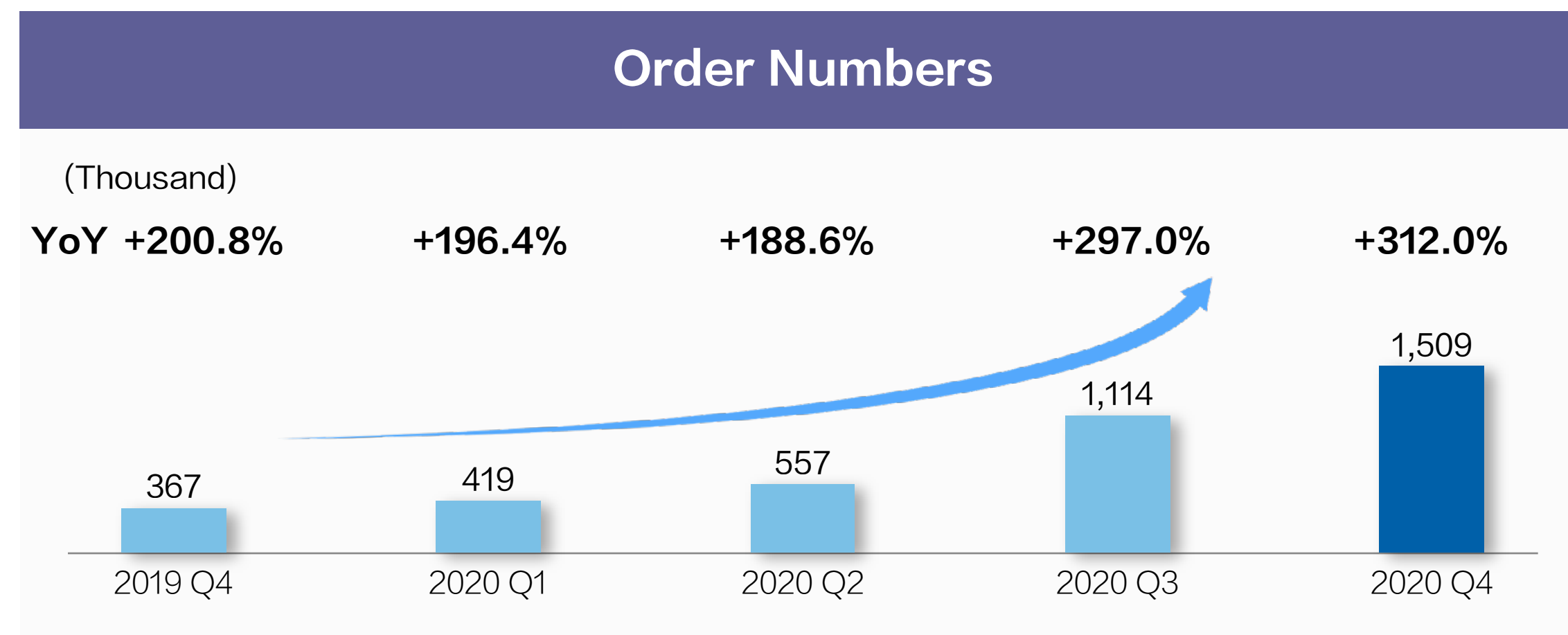
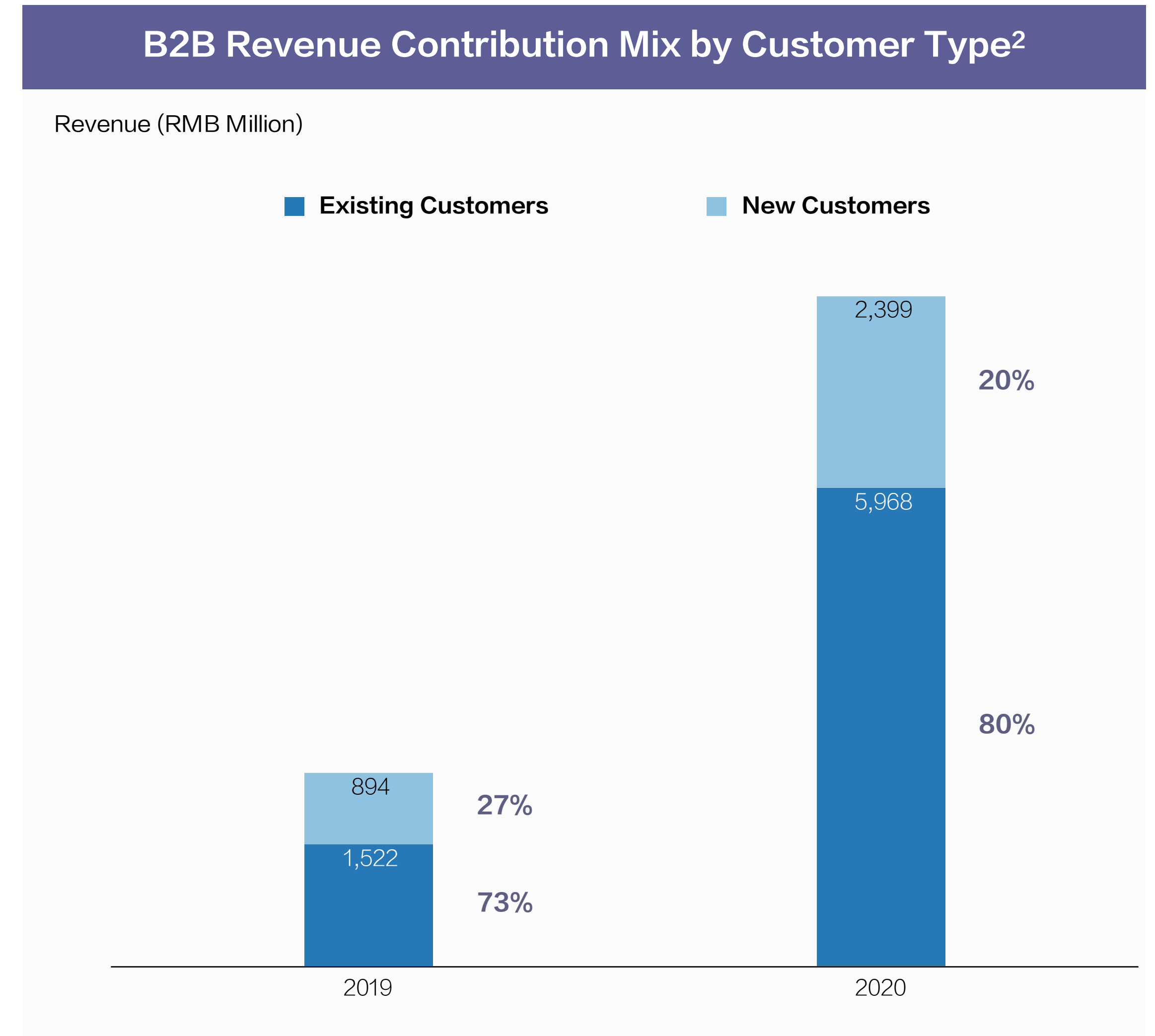
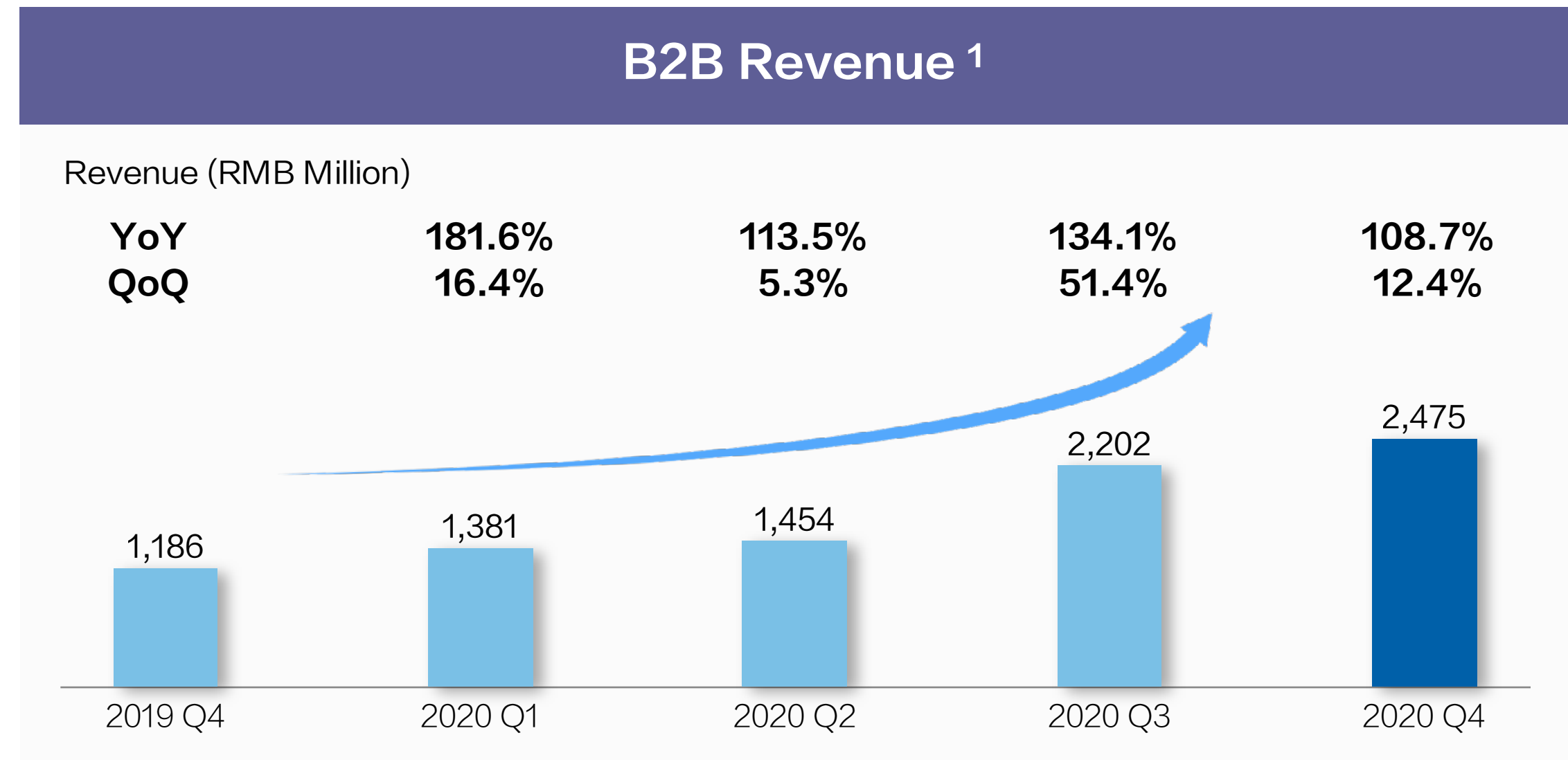
Gross Profit (Million)



GM% 1.4% 3.0%

B2B: Net Revenue Up 108% with Order Numbers Increased 312% YoY

Underpinned by Strong Market Demand & Expansive Portfolio of Services



Notes:
 1. B2B segment historical revenue is restated to include E-Channel revenue in the segment.
 2. We define existing customers as the customers who have placed orders from 111 prior to FY.

B2C Showing Growth & Traction

With Improvement in Gross Margin

Q4

Revenue (Million)

YoY +3.9%

RMB 162
USD 23

RMB 168
USD 26

Gross Profit (Million)

YoY +15.4%

RMB 25
USD 4

RMB 29
USD 5

2019 Q4

2020 Q4

2019 Q4

2020 Q4

GM% 15.7%

17.5%

Full Year

Revenue (Million)

YoY +5.7%

RMB 654
USD 94

RMB 691
USD 106

2019

2020

Gross Profit (Million)

YoY +17.4%

RMB 119
USD 17

RMB 139
USD 21

2019

2020

GM% 18.1%

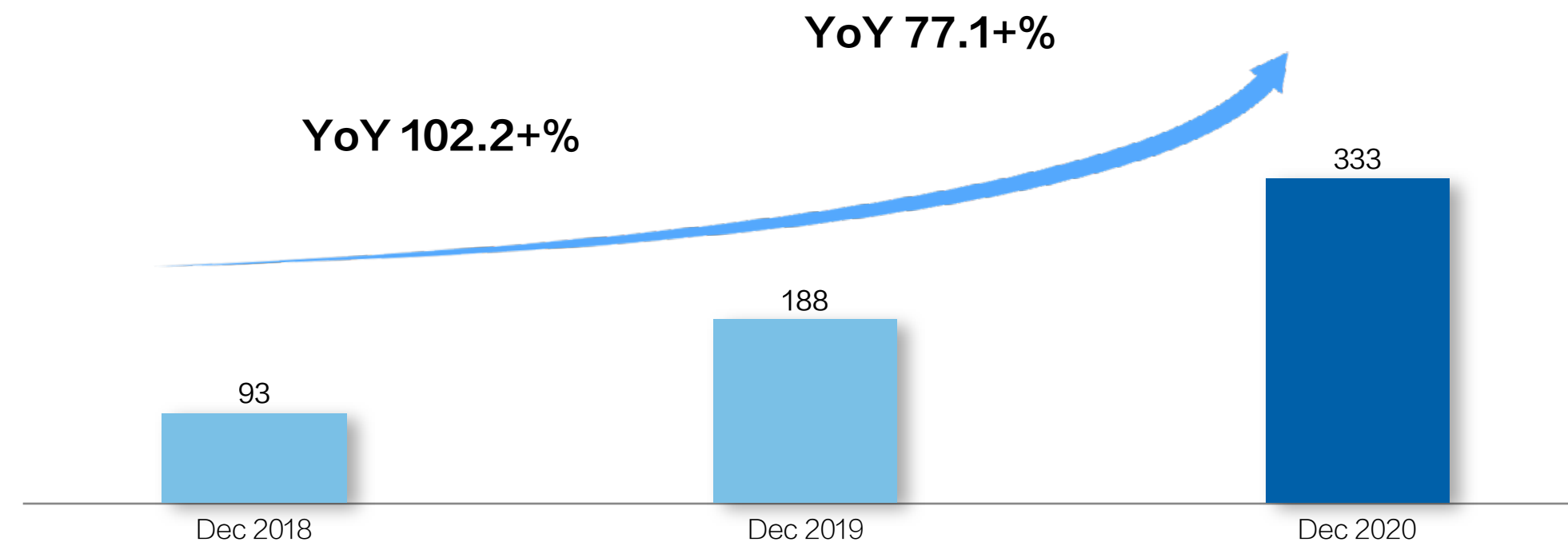
20.1%

Significantly Strengthened Our Supply Chain Platform

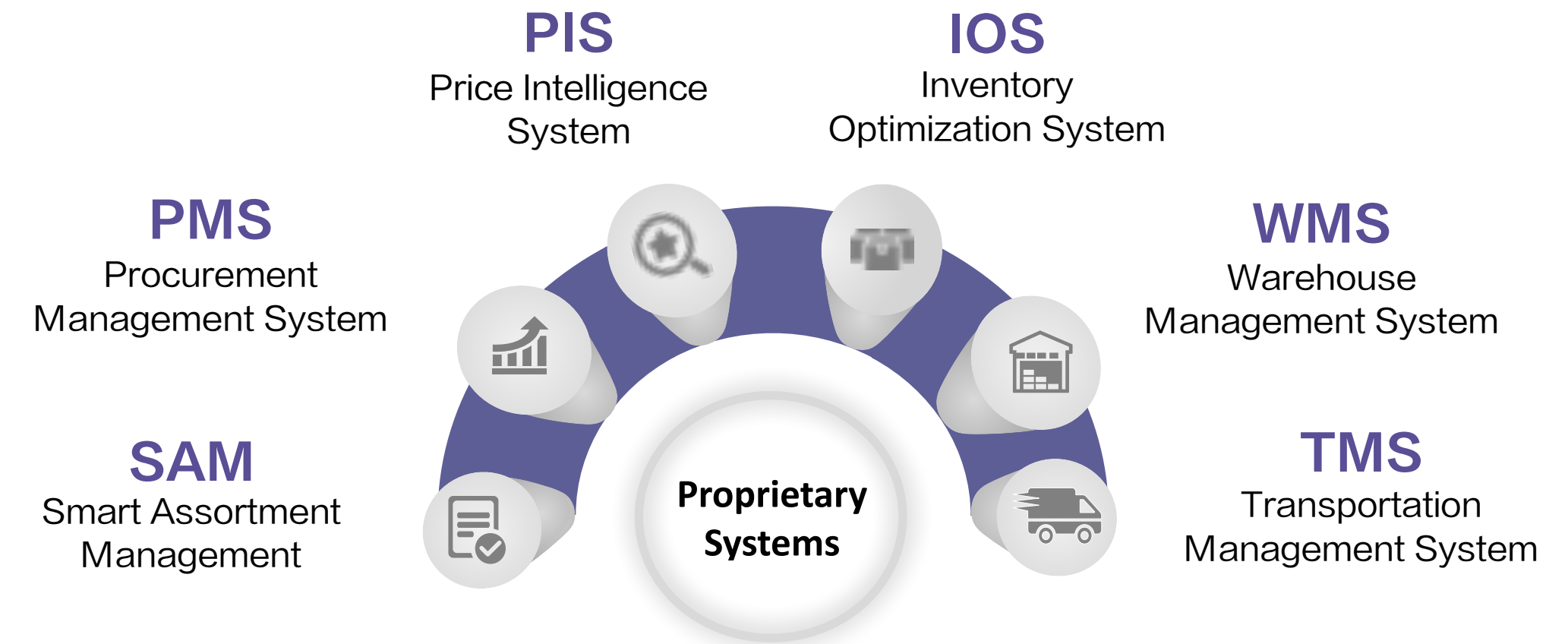
With Substantial Growth in Partnership & Significant Improvement in Fulfillment Cost

Growth of Partnership

(No. of Partners)

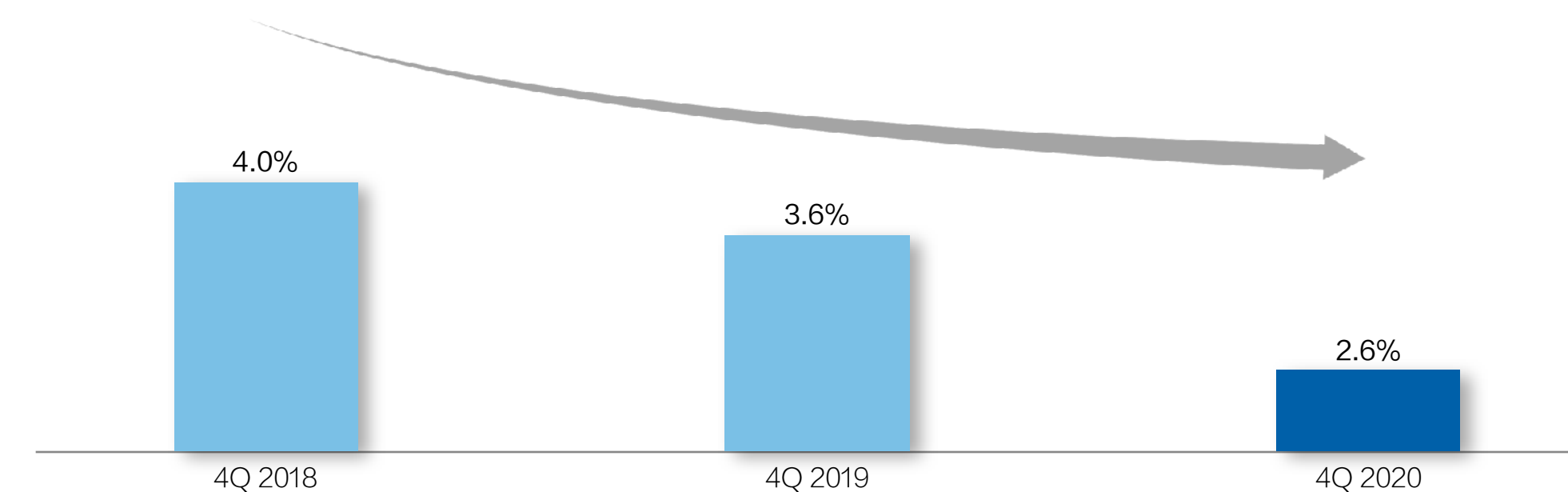


Best-in-Class Smart Supply Chain Management Systems



Fulfillment Cost

(% of Total Revenue)



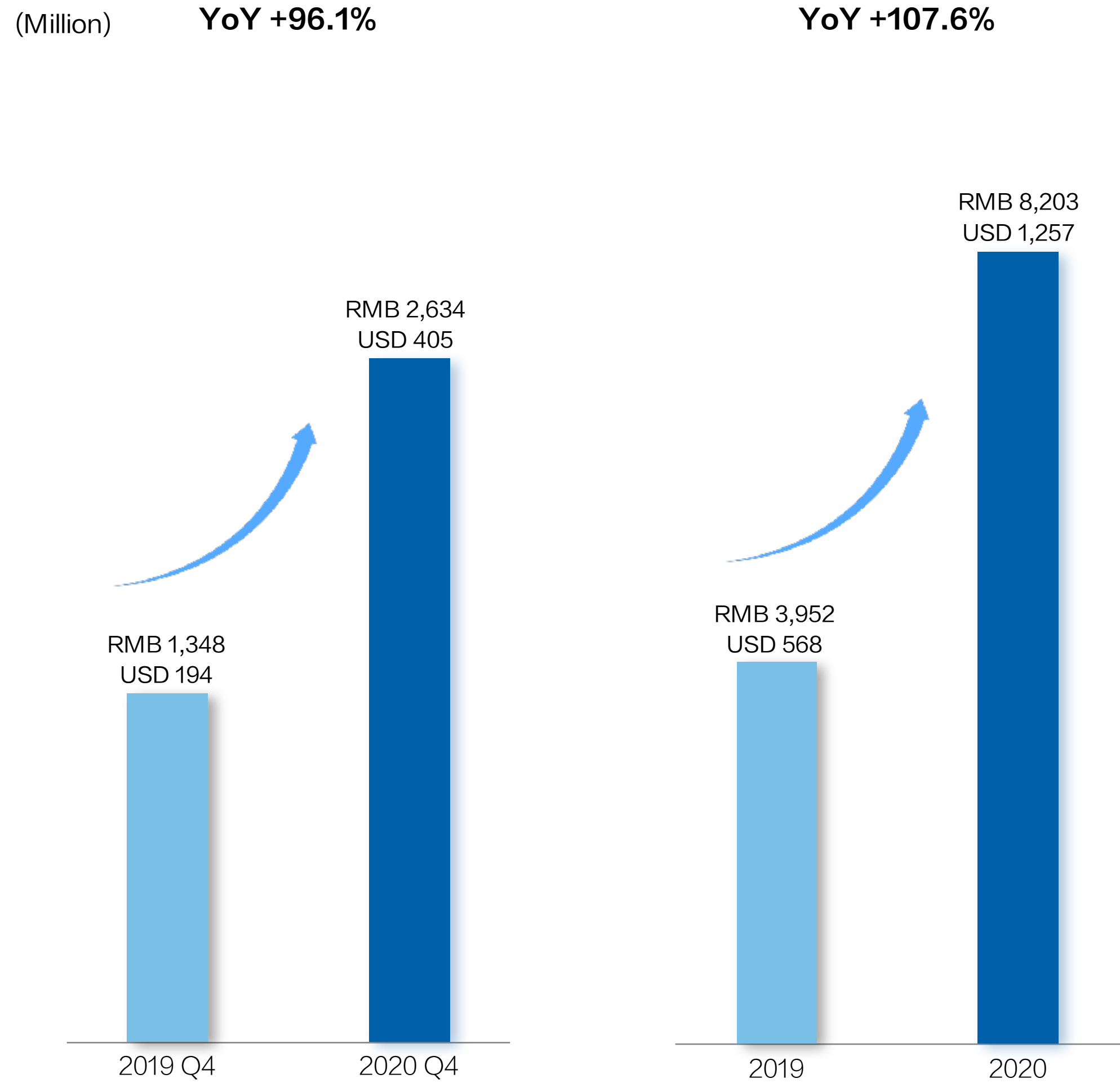
8 self-managed Regional Fulfillment Centers



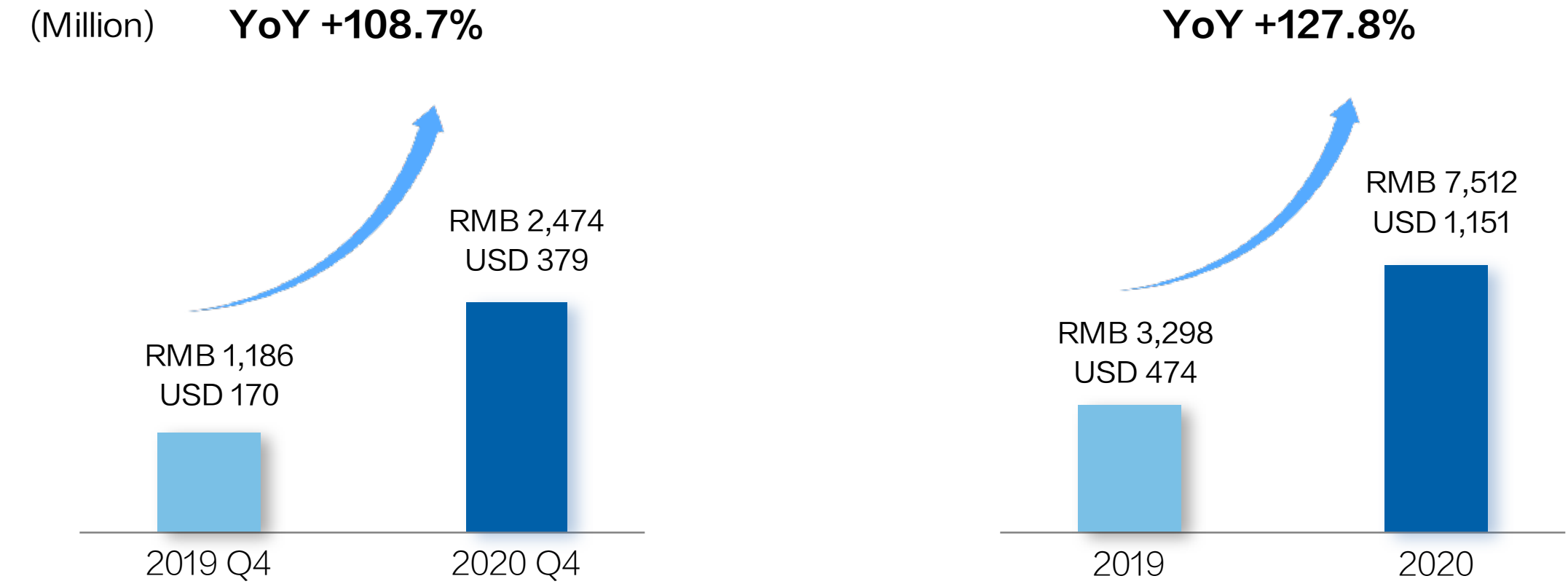
Financial Review

Revenue Exceeded Top End of Guidance Range

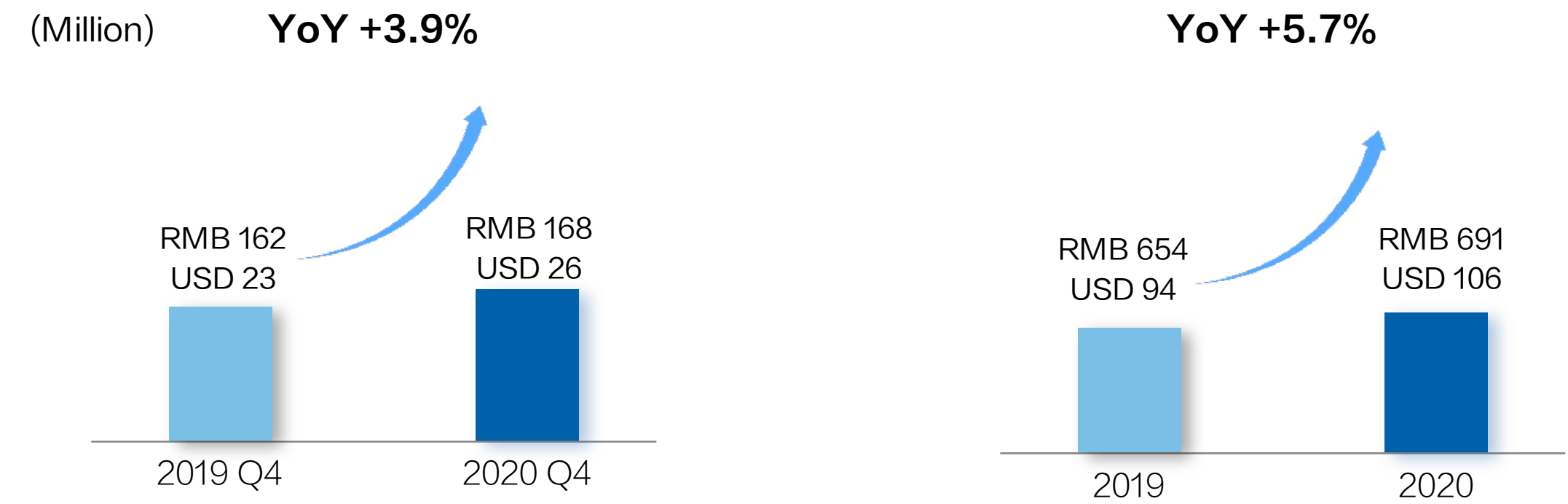
Revenue - Total



B2B Segment 1



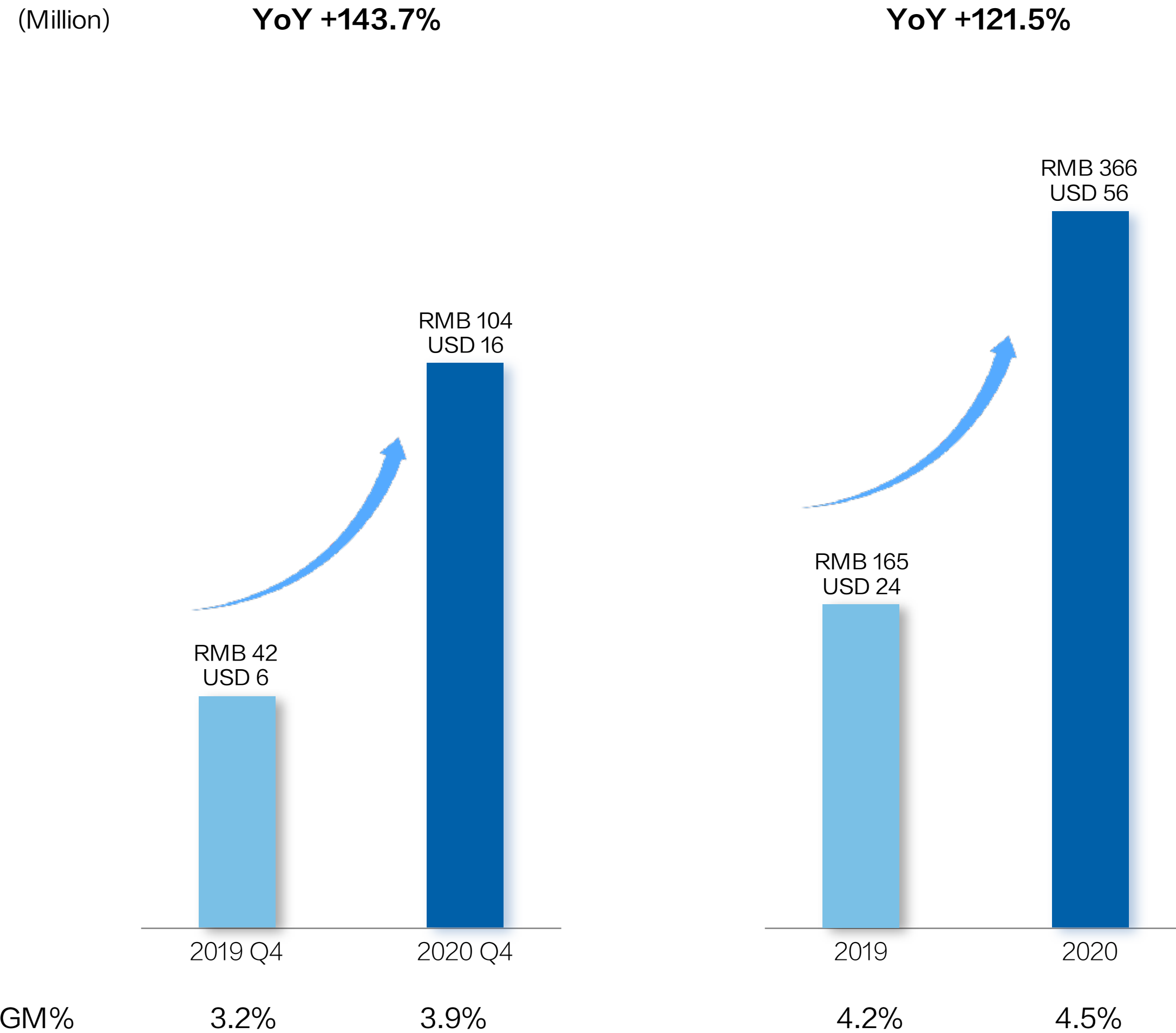
B2C Segment 2



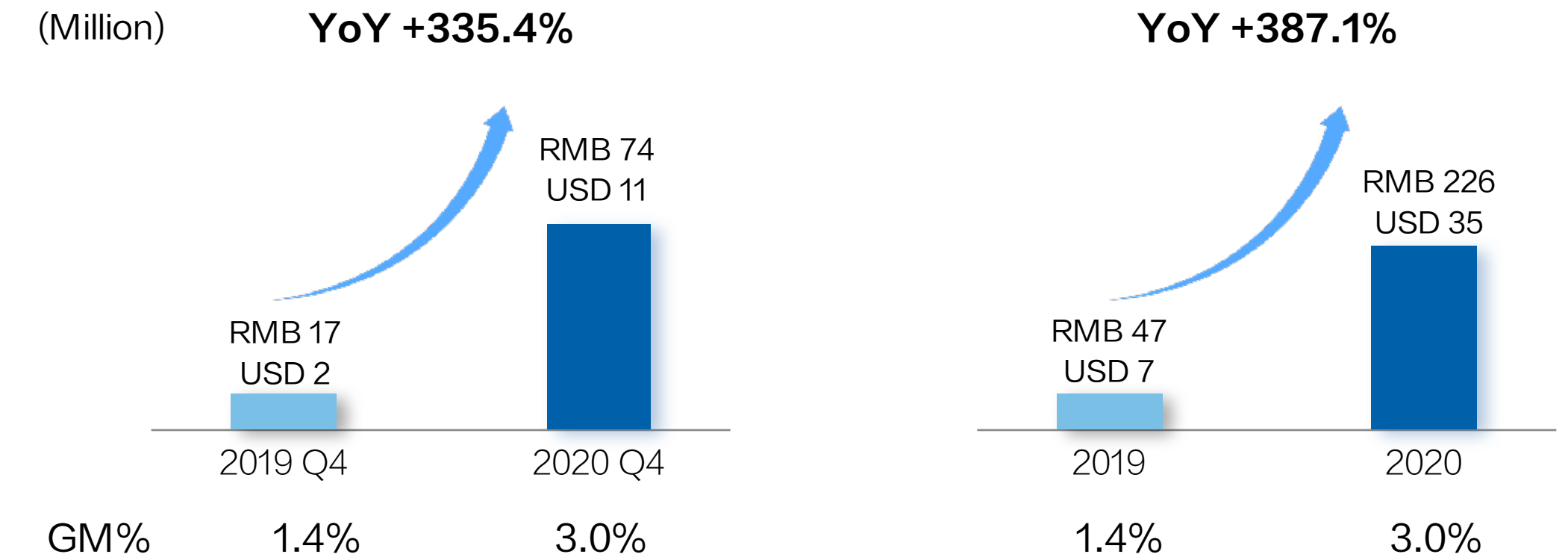
Notes:
 1. B2B Segment revenue includes B2B product revenue and B2B service revenue.
 2. B2C Segment revenue includes B2C product revenue and B2C service revenue.

B2B Drove Significant Gross Margin Expansion

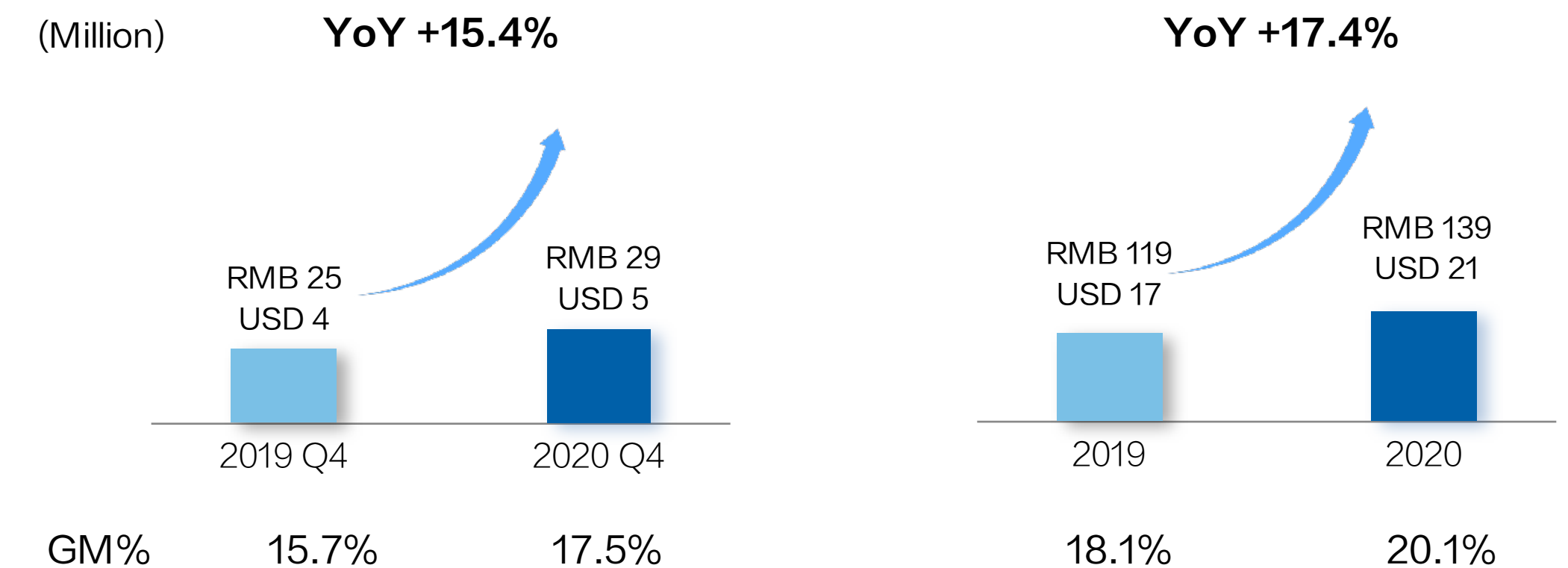
Gross Margin - Total ¹



B2B Segment ²



B2C Segment ³



Notes:

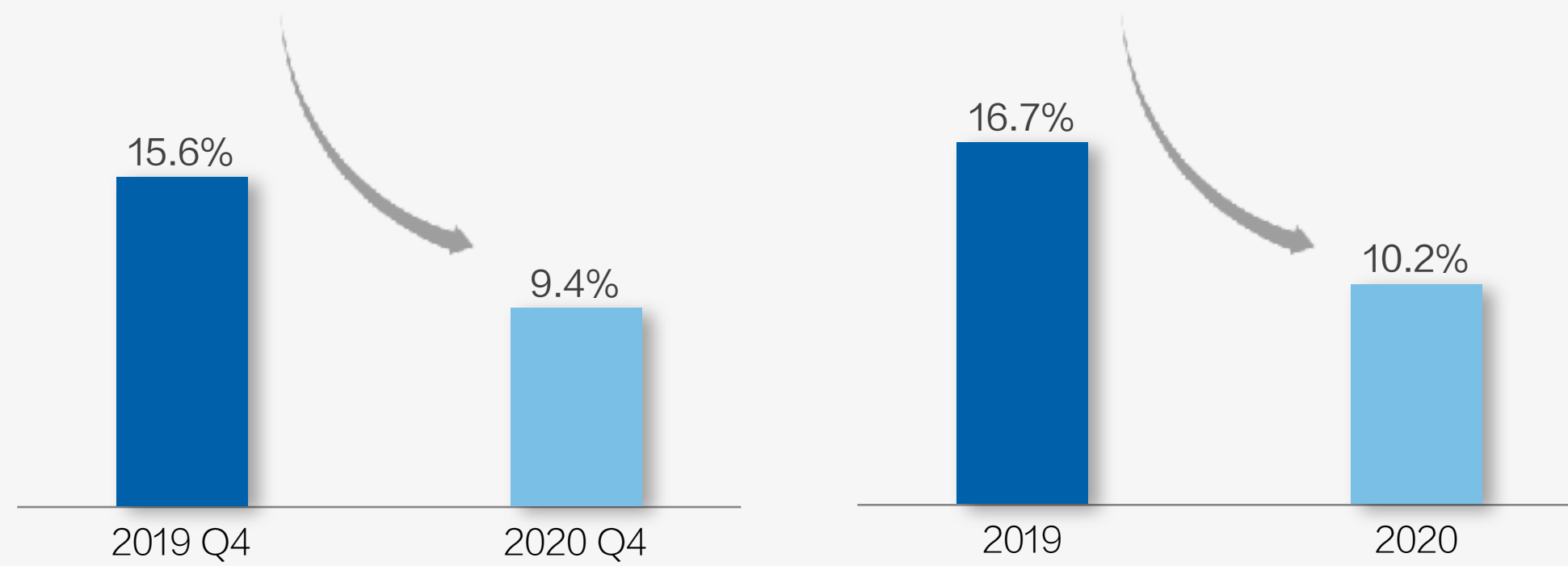
1. Total Margin% = (Product Revenue + Service Revenue - COGS)/Net Revenue

2. B2B Gross Margin% = (B2B Product Revenue + B2B Service Revenue - B2B COGS)/ B2B Revenue

3. B2C Gross Margin% = (B2C Product Revenue + B2C Service Revenue - B2C COGS)/B2C Revenue

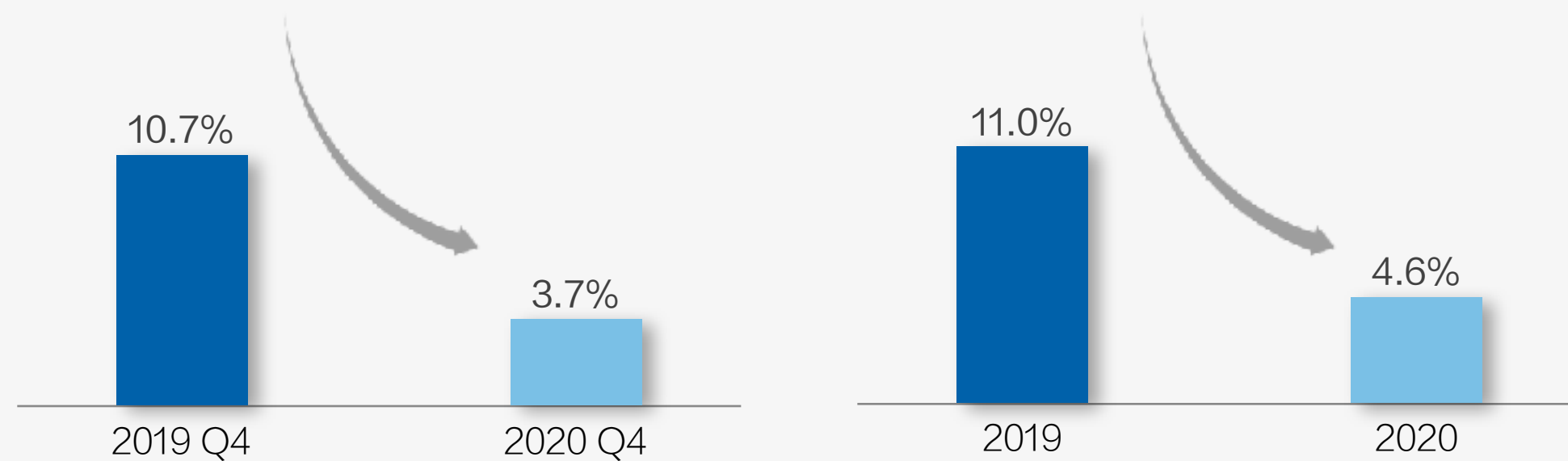
Net Loss Significantly Narrowed as a Percentage of Net Revenue

Operating Expense as % of Net Revenue



	2019 Q4	2020 Q4	2019	2020
Total	15.6%	9.4%	16.7%	10.2%
Selling and Marketing	7.6%	4.5%	8.6%	4.8%
G&A	2.6%	1.2%	3.1%	1.6%
Technology	1.5%	1.2%	1.6%	1.1%
Fulfillment	3.6%	2.6%	3.3%	2.8%
Others	0.3%	(0.1%)	0.1%	(0.1%)

Non-GAAP Net Loss Attributable to Ordinary Shareholders



2020 Q4
Decreased
700 BPS YoY

2020
Decreased
640 BPS YoY

Outlook and Guidance

2021 Q1 Guidance

Total Net Revenues

- RMB2.53 Billion to RMB2.60 Billion
- YOY Growth of 61% to 65%
- YOY Growth of 87% to 93% (if excluding the impacts of certain one-off sales of pandemic supplies in the first quarter 2020)

Q & A Session

Appendix

Selected Balance Sheet Summary

	As of			
	December 31, 2019		December 31, 2020	
'000	RMB	USD	RMB	USD
Cash and cash equivalents, restrict cash and short-term investments	697,722	100,222	1,618,701	248,080
Total current assets	1,481,431	212,795	2,872,704	440,261
Total assets	1,610,293	231,305	3,026,489	463,829
Total current liabilities	773,423	111,096	1,629,720	249,765
Total liabilities	836,370	120,138	1,695,844	259,899
Mezzanine Equity	–	–	924,245	141,647
111 Inc's Equity	776,656	111,560	357,405	54,775
Non-controlling interests	(2,733)	(393)	(48,995)	(7,508)
Total liabilities and shareholders' equity	1,610,293	231,305	3,026,489	463,829

Selected Income Statement Summary

	For the three months				For the Year			
	Ended December 31,		Ended December 31,		Ended December 31,		Ended December 31,	
	2019		2020		2019		2020	
'000	RMB	USD	RMB	USD	RMB	USD	RMB	USD
Net Revenues	1,347,840	193,605	2,642,950	405,049	3,952,053	567,677	8,203,157	1,257,189
Cost of products sold	1,305,348	187,502	2,539,396	389,179	3,786,870	543,950	7,837,325	1,201,123
Fulfillment expenses	48,683	6,993	69,550	10,659	128,996	18,529	226,930	34,779
Selling and marketing expenses	102,931	14,785	118,408	18,147	340,562	48,919	399,610	61,243
General and administrative expenses	35,501	5,099	31,776	4,870	123,501	17,740	128,226	19,651
Technology expenses	19,878	2,855	30,686	4,703	61,902	8,892	92,080	14,112
Loss from operations	(168,072)	(24,142)	(144,723)	(22,182)	(493,513)	(70,889)	(473,311)	(72,538)
Interest expense (net) and other loss (net)	(9,759)	(1,402)	(4,897)	(750)	8,314	1,194	(3,758)	(576)
Net Loss attributable to ordinary shareholders	(157,591)	(22,636)	(130,624)	(20,021)	(499,606)	(71,764)	(456,533)	(69,967)
Non-GAAP net loss attributable to ordinary shareholders	(143,682)	(20,638)	(98,207)	(15,053)	(434,325)	(62,387)	(380,838)	(58,366)

Non-GAAP Financial Measures Reconciliation

Non-GAAP Net Loss

	For the three months				For the Year			
	Ended December 31,		Ended December 31,		Ended December 31,		Ended December 31,	
	2019	2020	2019	2020	2019	2020	2019	2020
'000	RMB	USD	RMB	USD	RMB	USD	RMB	USD
Net loss attributable to 111, Inc.	157,591	22,636	130,624	20,021	499,606	71,764	456,533	69,812
Add:								
Share-based compensation	–	–	–	–	–	–	–	–
Selling and marketing expenses	6,382	917	21,296	3,264	24,772	3,558	28,246	6,216
General and administrative expenses	7,035	1,011	1,137	174	25,412	3,650	38,329	3,483
Technology expenses	492	71	9,984	1,530	4,097	589	5,288	1,910
Long-term investment impairment	–	–	–	–	11,000	1,580	–	–
Non-GAAP net loss	(143,682)	(20,638)	(98,207)	(15,053)	(434,325)	(62,387)	(380,838)	(58,366)

Thank You!