

# Transcending the Boundaries of Healthcare

NASDAQ: YI

## First Quarter 2021 Earnings Call

May 19, 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 to predict and many of which are beyond the Company's control.

Forward-looking

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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 March, 2021. 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.

# 111 Snapshot

## Our Mission

Digitally Connecting Patients with Medicine and Healthcare Services

## Our S2B2C Model

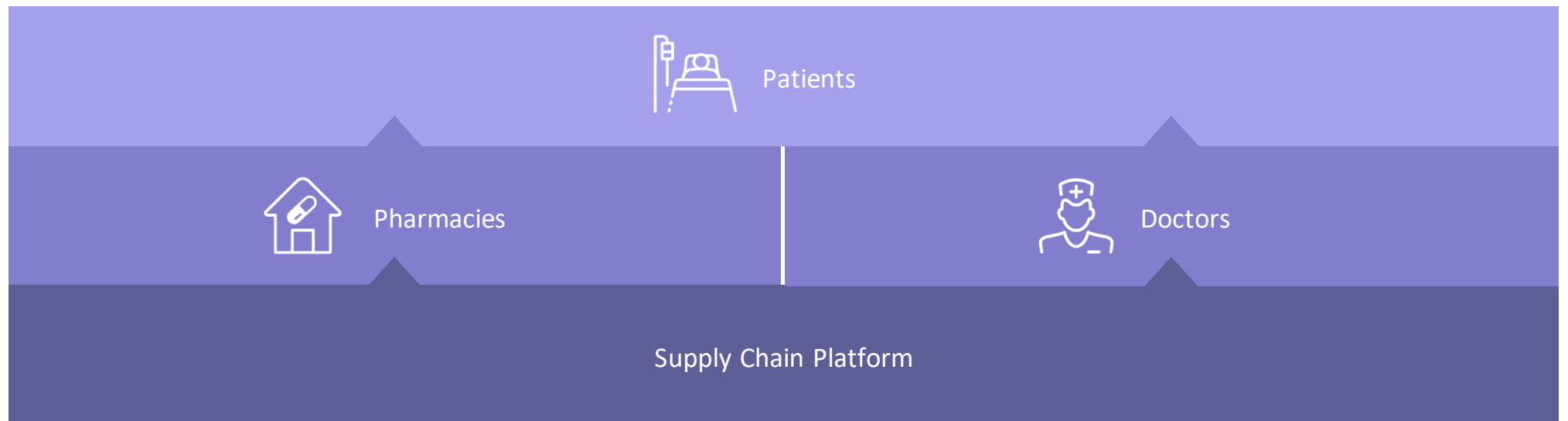
C

▲ Serve

B

▲ Enable

S

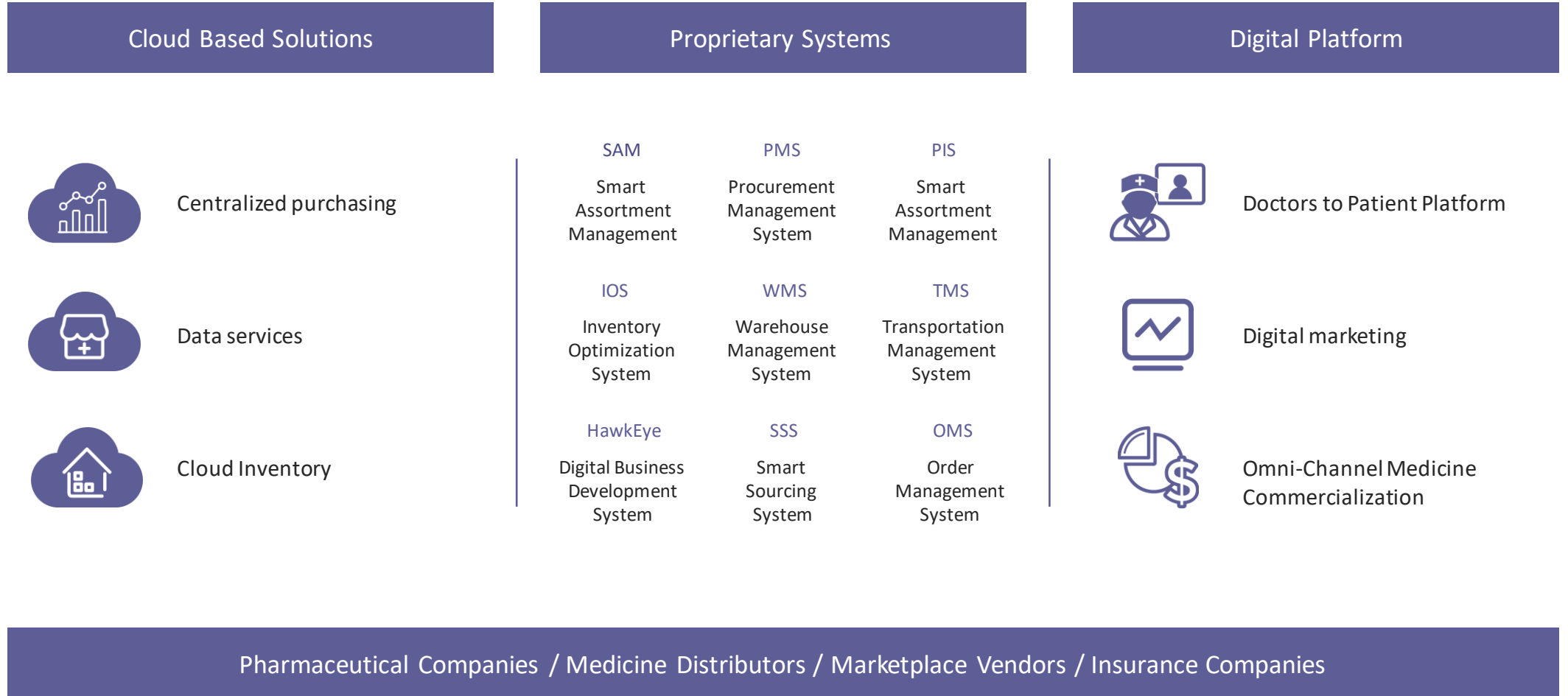


S2B2C: “Supply Chain Platform to enable Businesses to better serve Consumers”

# S2B2C Business Model

Building the Healthcare Platform of the Future

S

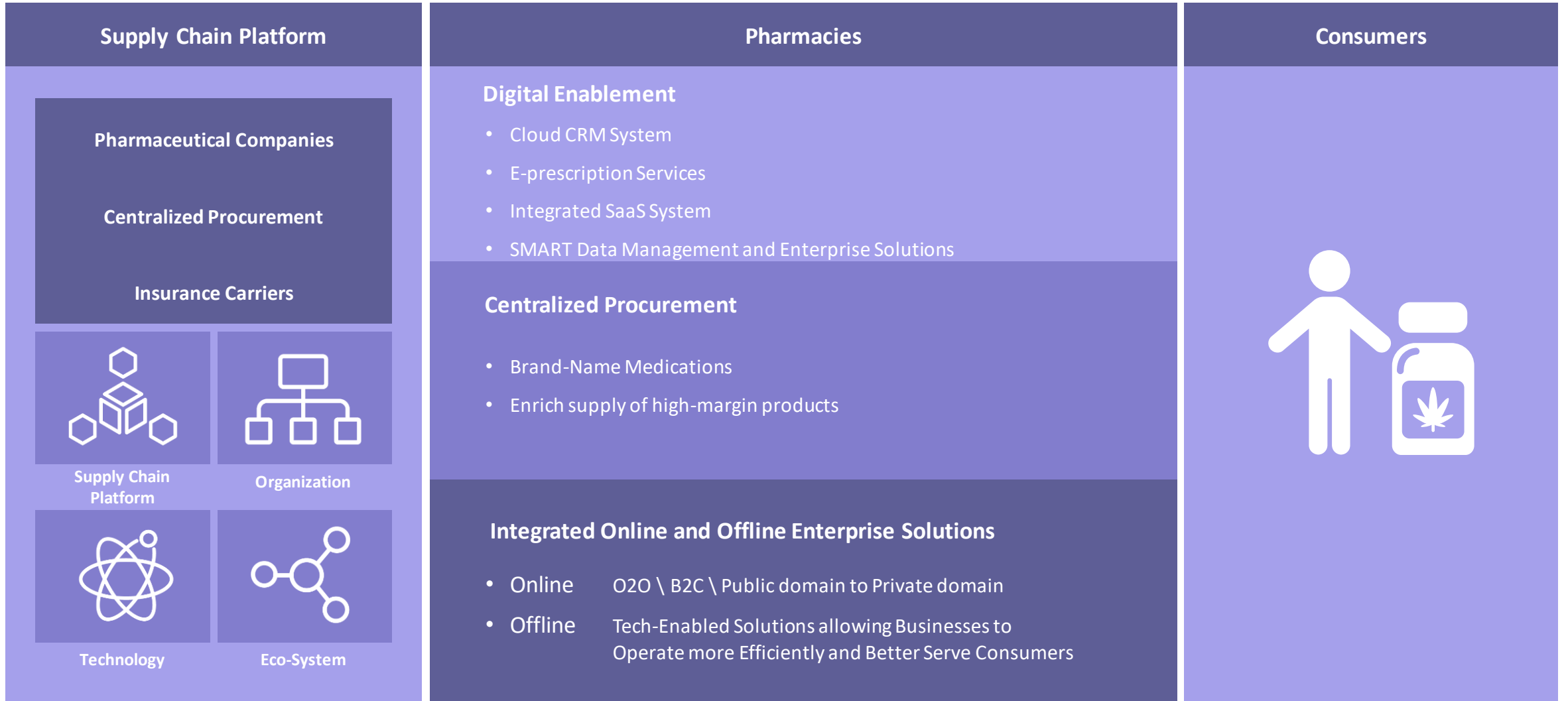


# S2B2C Business Model

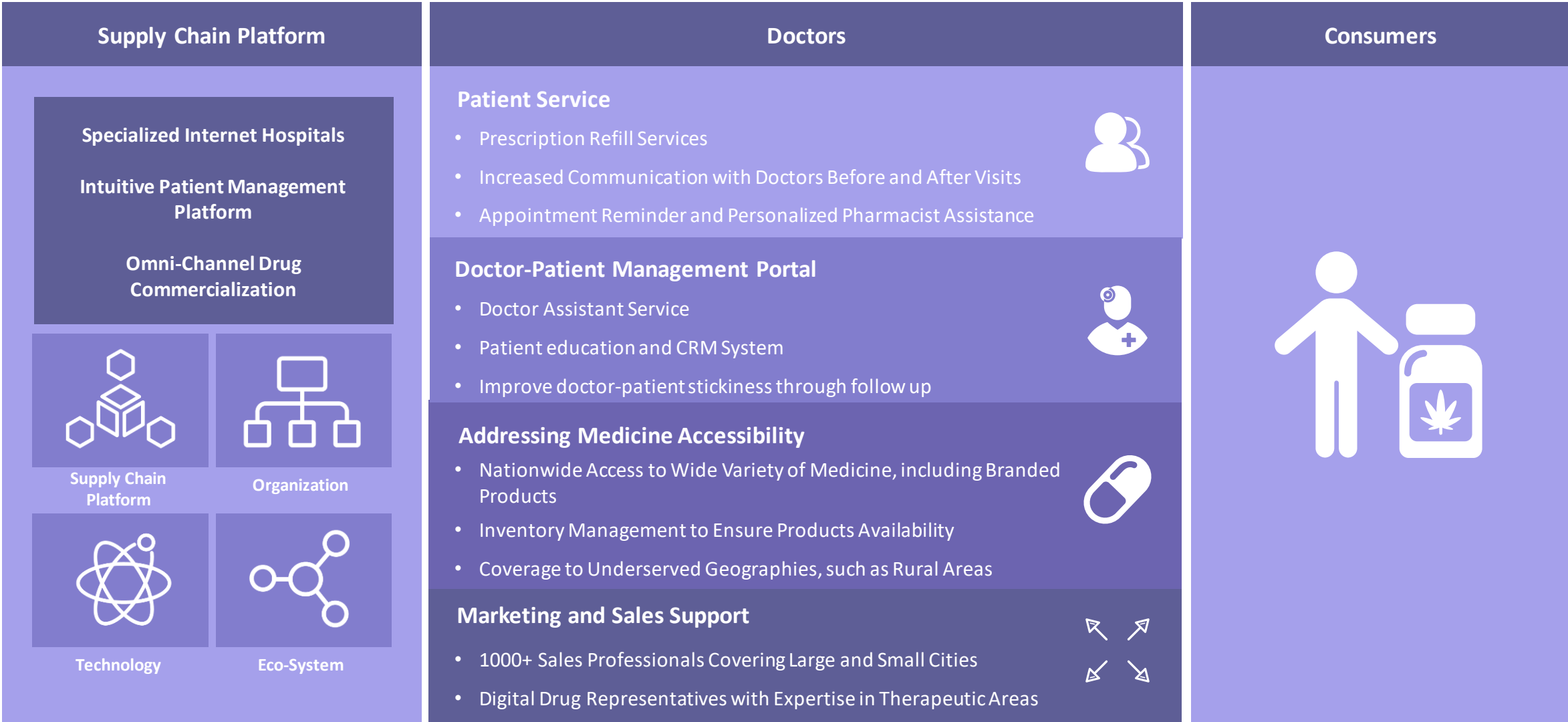
Empowering Pharmacies and Doctors



# Supply Chain Platform to Pharmacy to Consumers

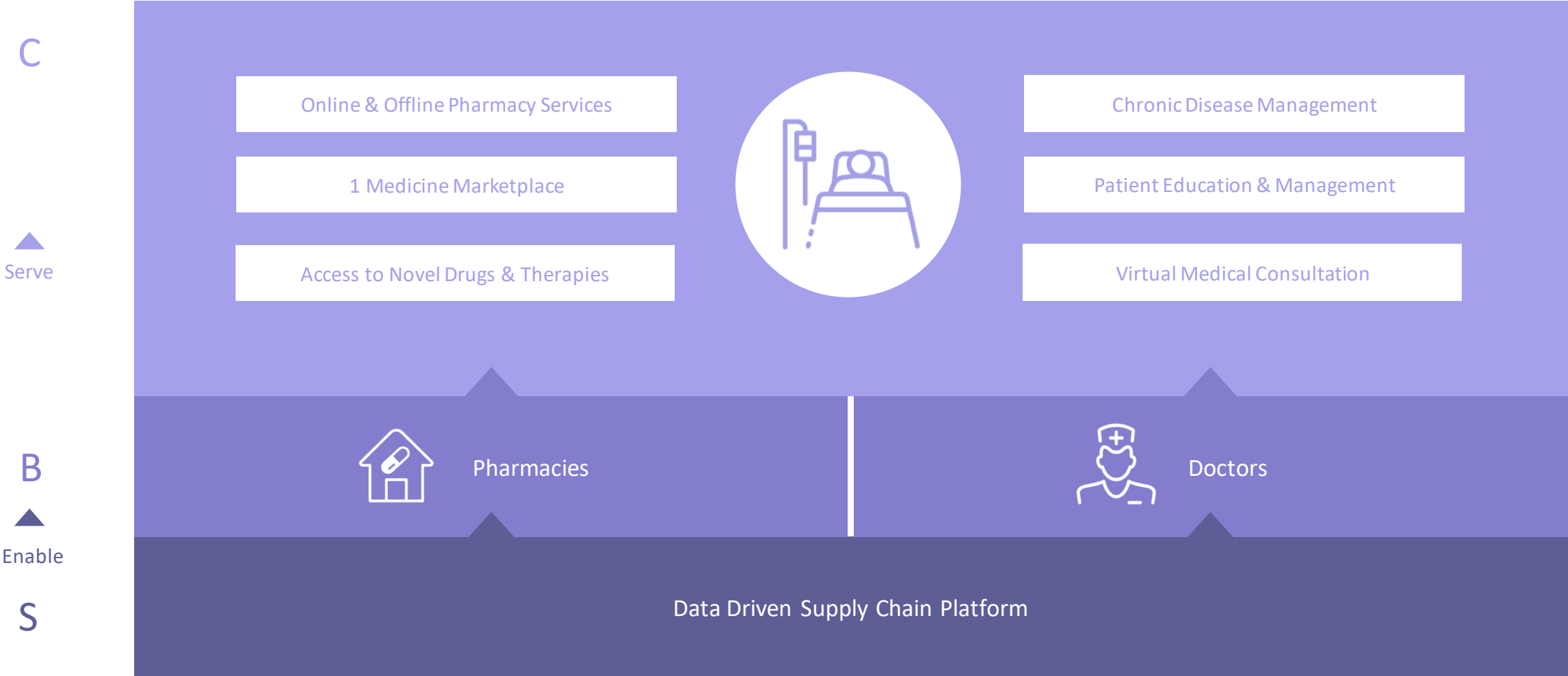


# Supply Chain Platform to Doctor to Consumers



# S2B2C Business Model

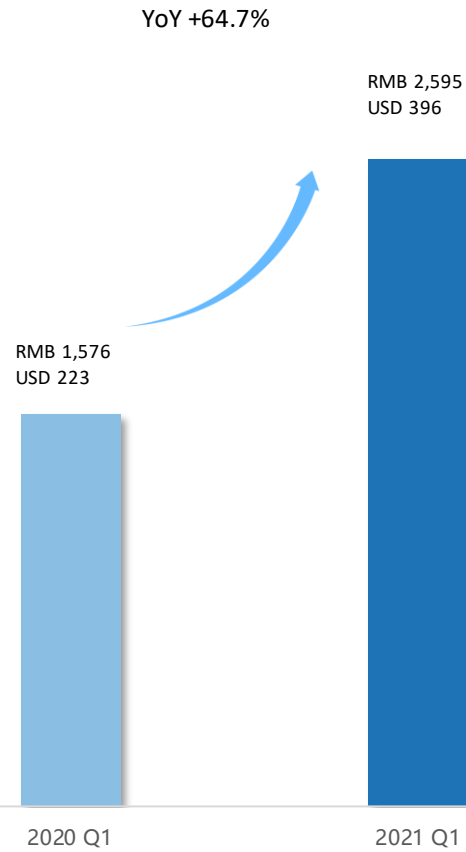
Enables Integrated Services to Consumers/Patients



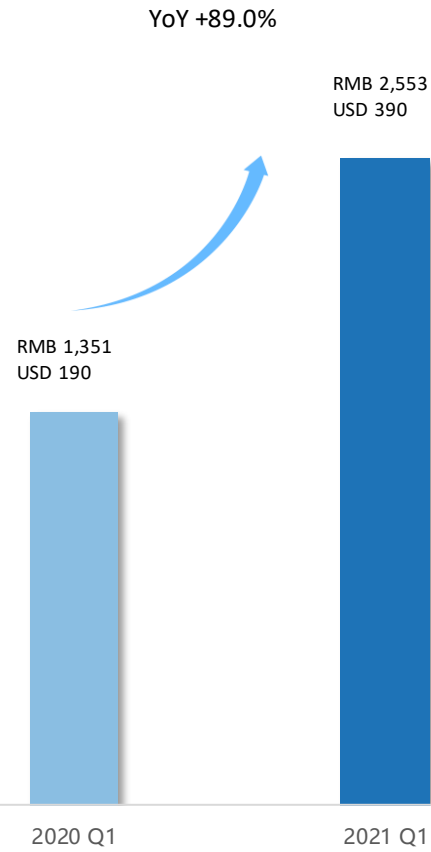


# Delivering Strong Revenue and Gross Profit Growth

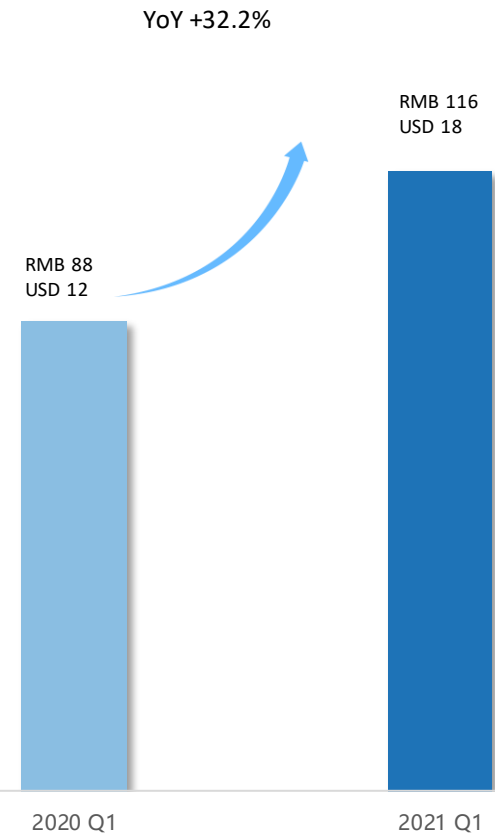
Net Revenue (Million)



Net Revenue Excluding Pandemic Items (Million)

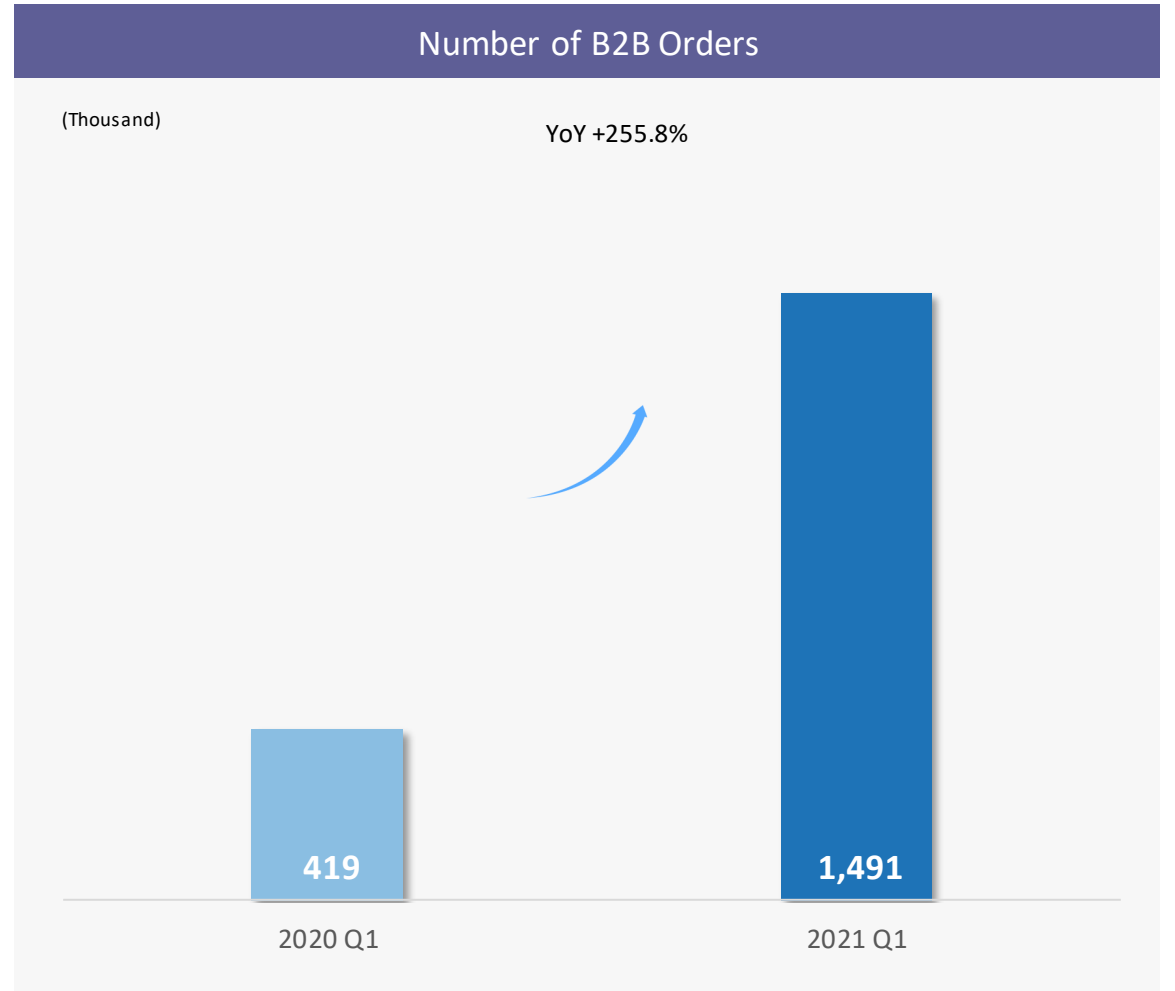
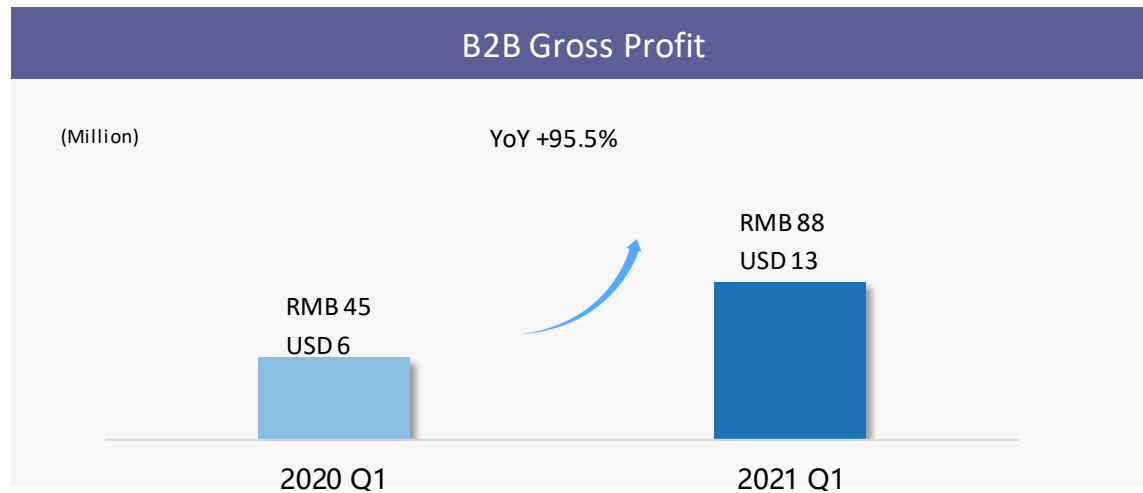
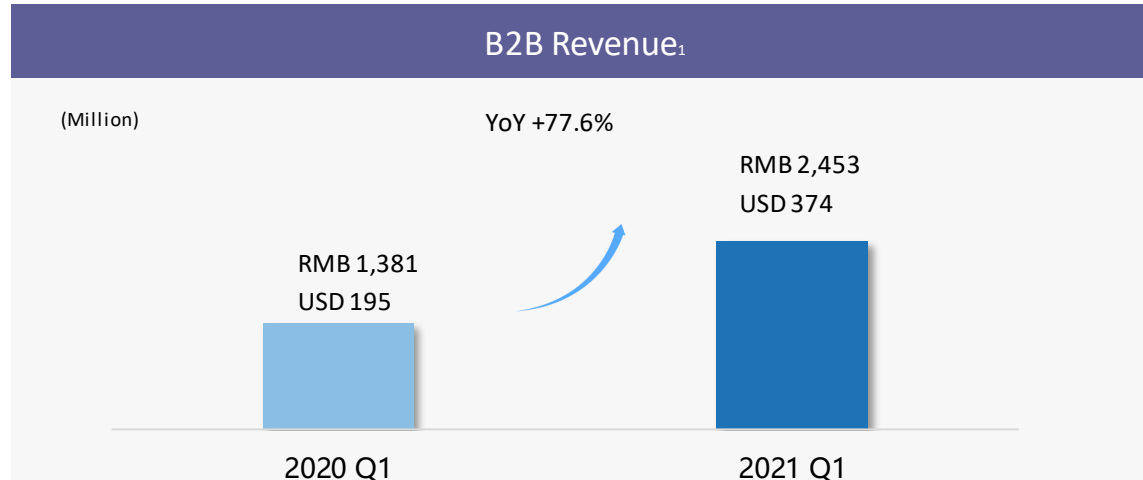


Gross Profit (Million)



# B2B: Net Revenue Up 77% with Gross Margin Increased 96% YoY

Underpinned by Strong Market Demand & Expansive Portfolio of Services

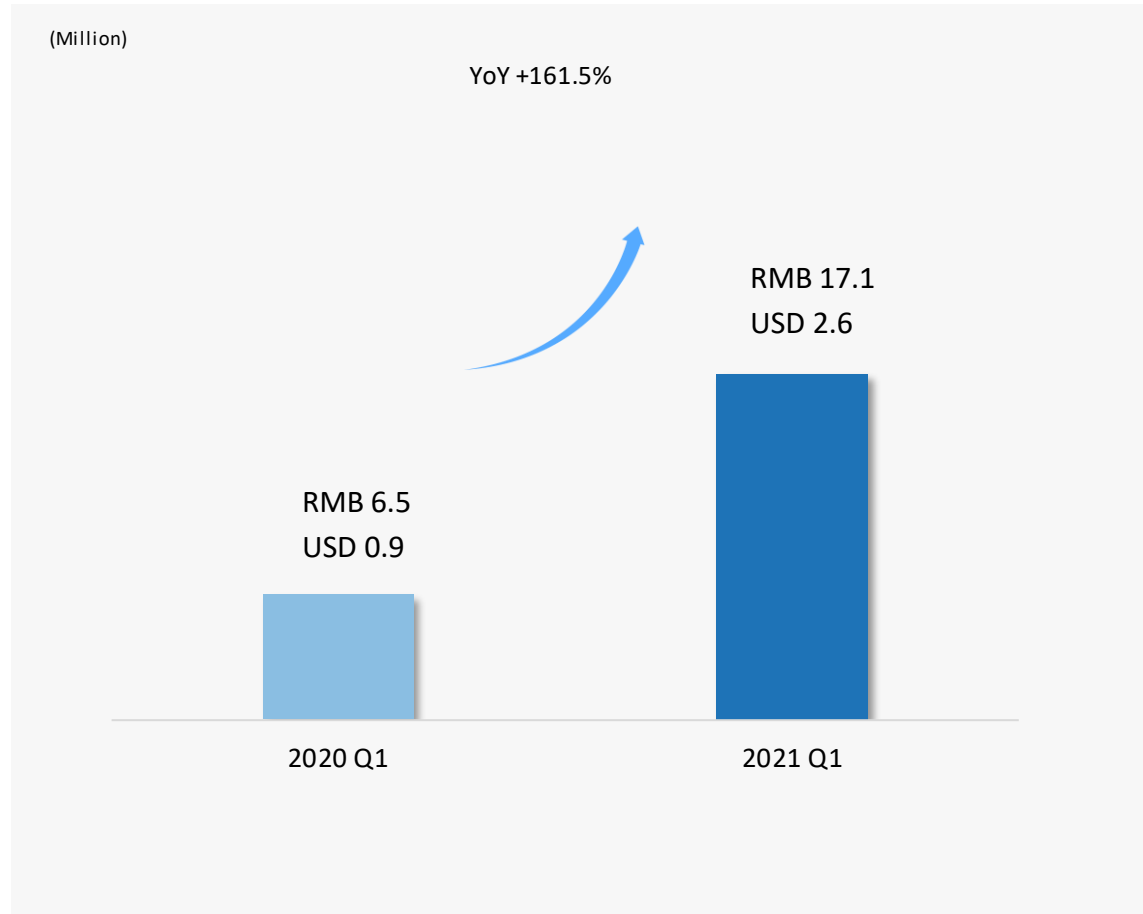


Notes:

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.

## Diversified Revenue Stream: Service Revenue Increase 162% YoY

### Service Revenue

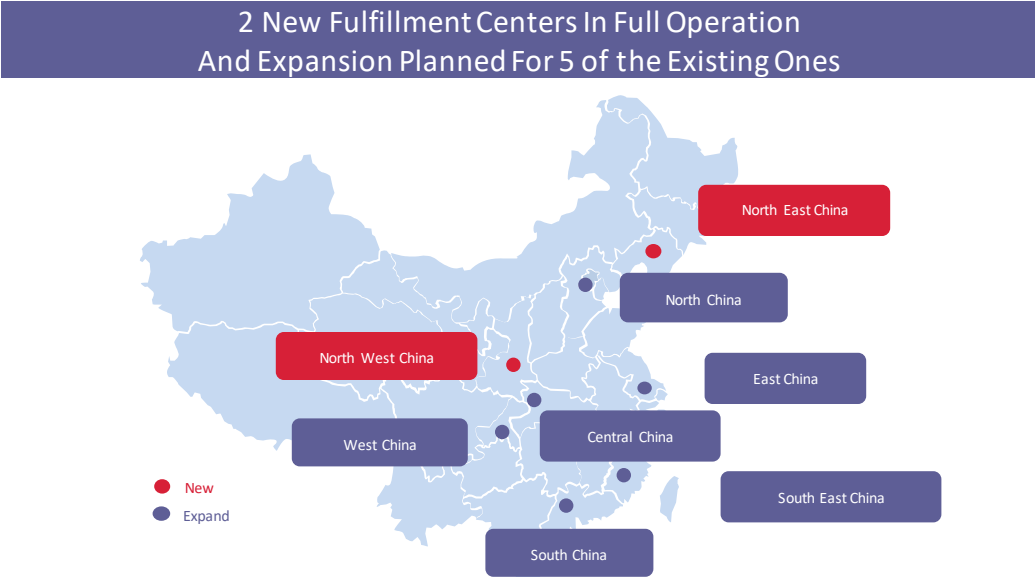
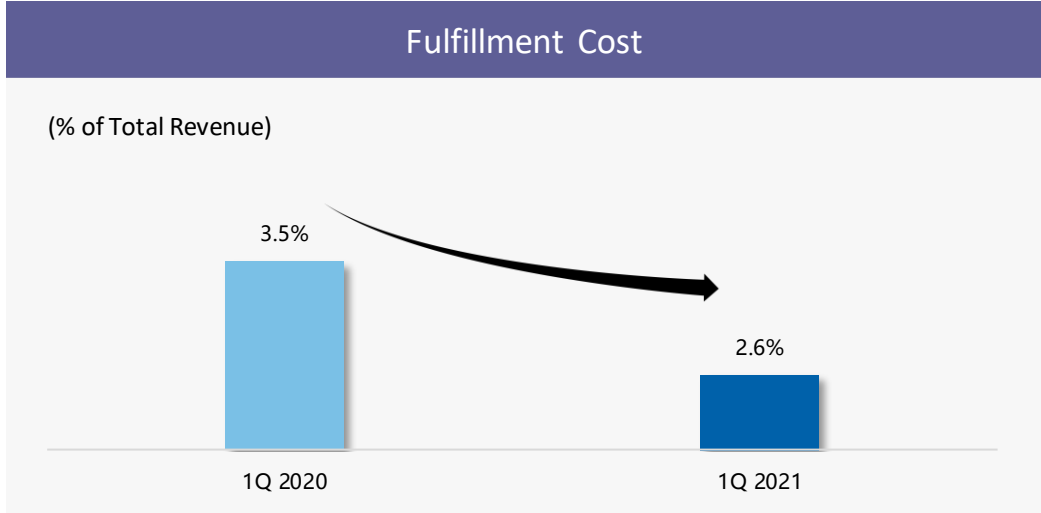
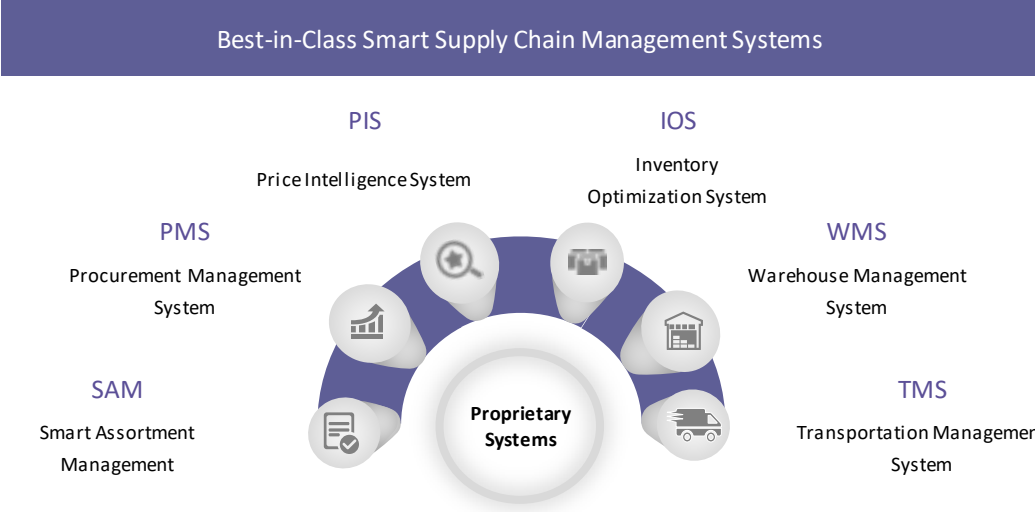


### Increasing Demand for 111's Service Offerings:

- Marketplace Vendor Services
- Online Medical Consultation
- Cloud and E-Prescription Services
- Digital Marketing
- Supply Chain Management
- Data and Analysis
- Drug Commercialization Tools

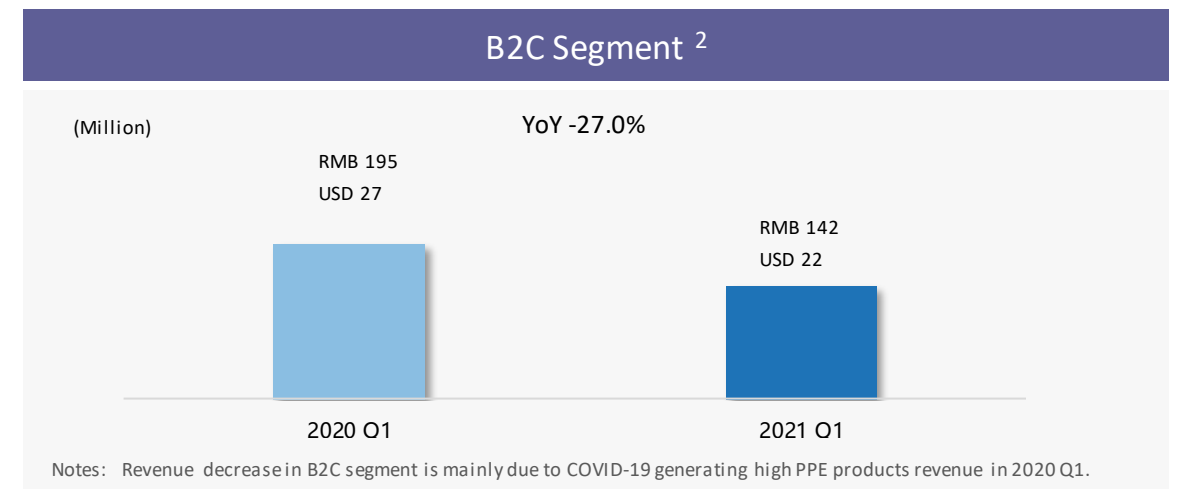
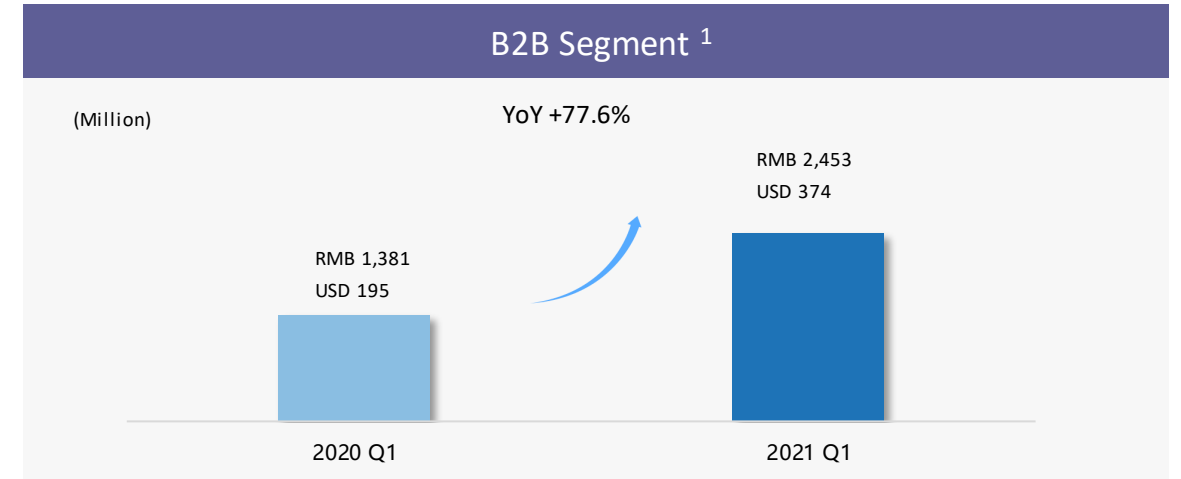
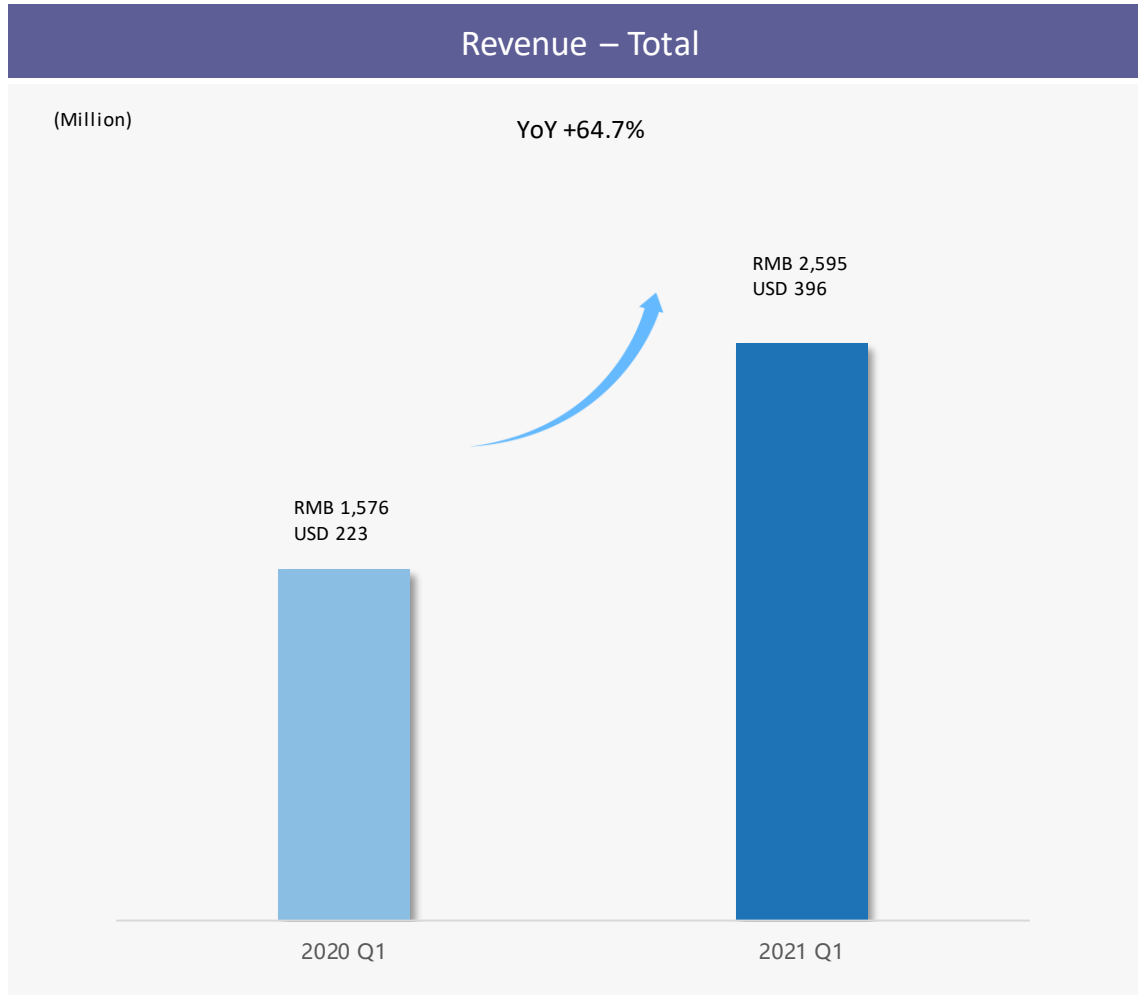
# Supply Chain

Substantial Growth in Partnership & Continued Improvement in Fulfillment Cost



# Financial Review

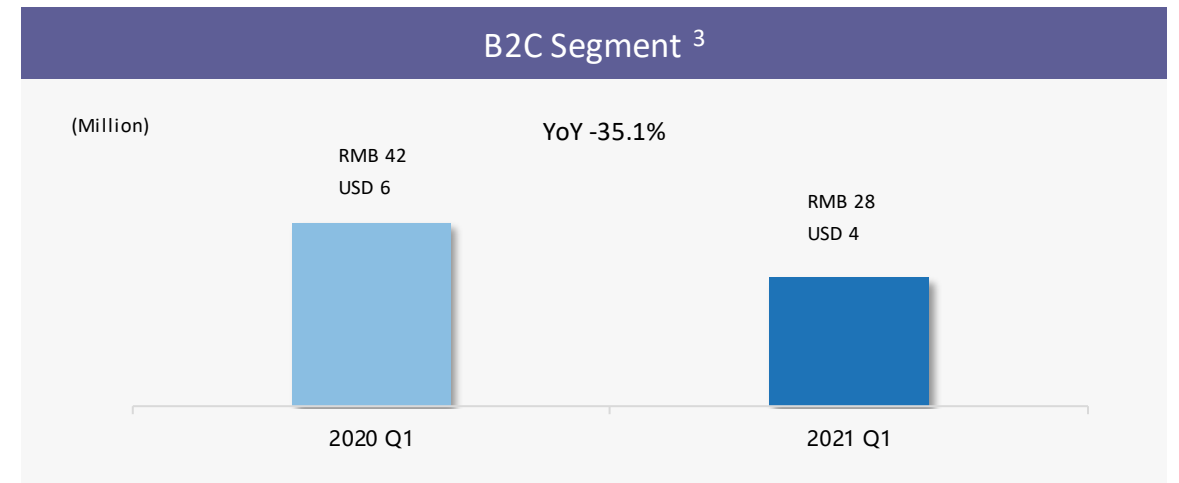
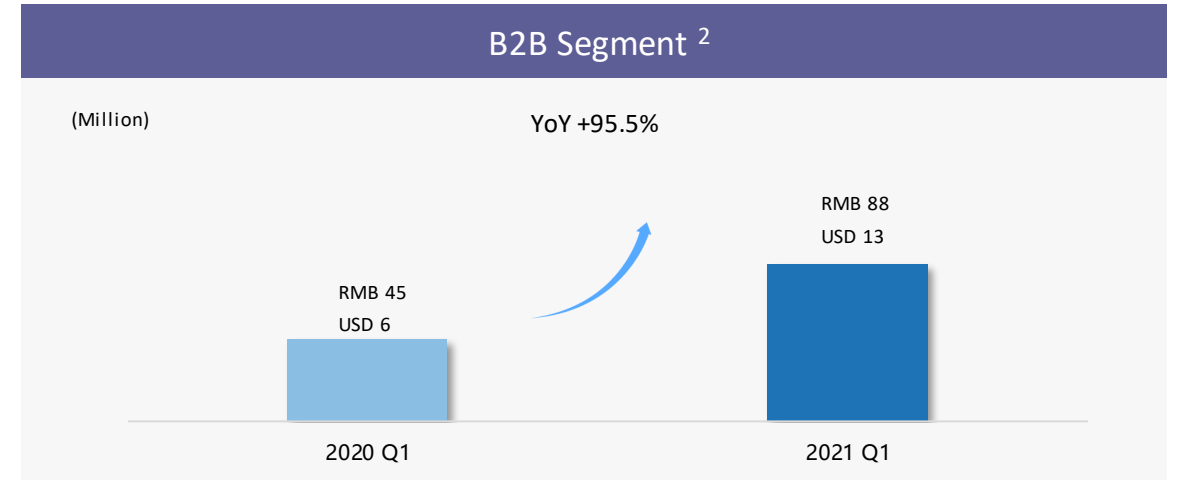
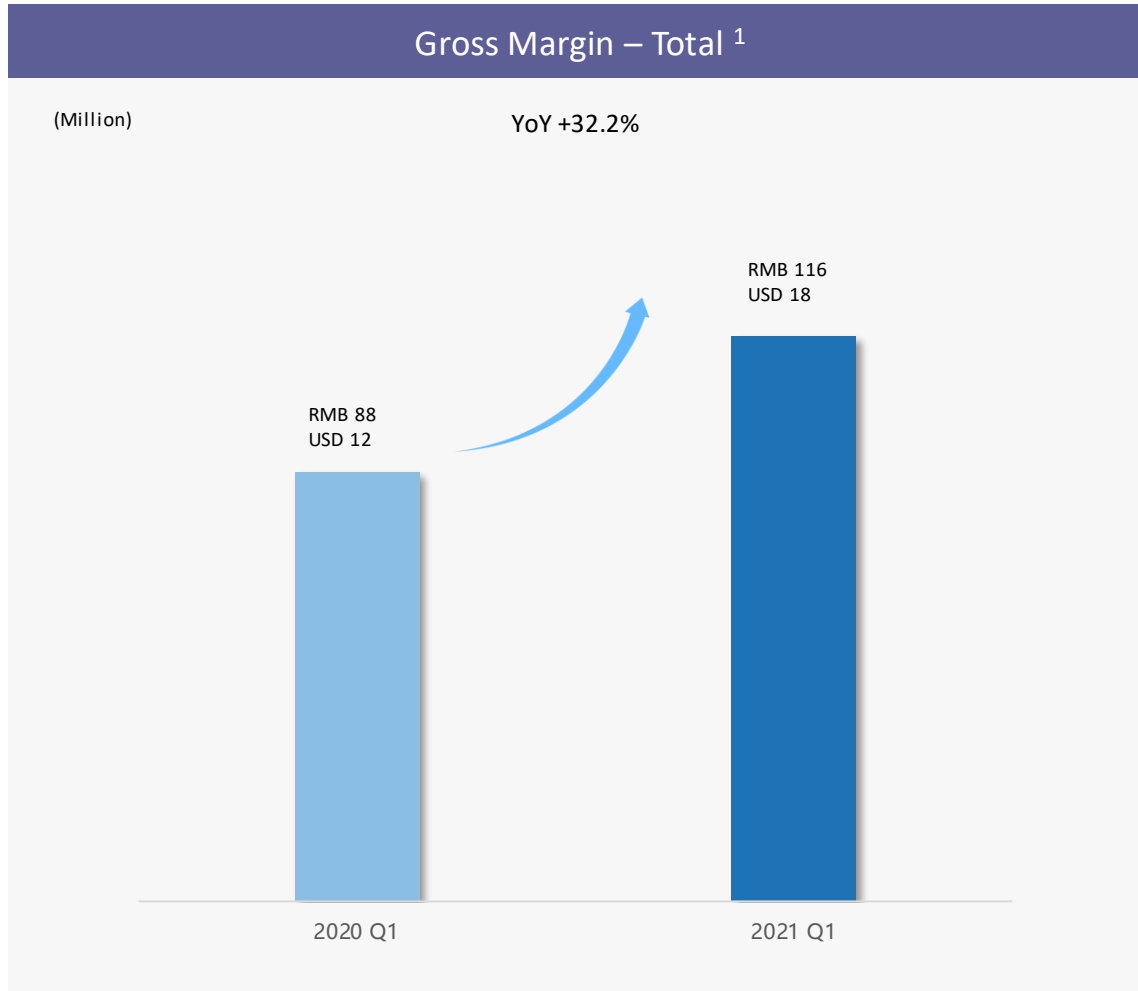
# Revenue at Top End of Guidance Range



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

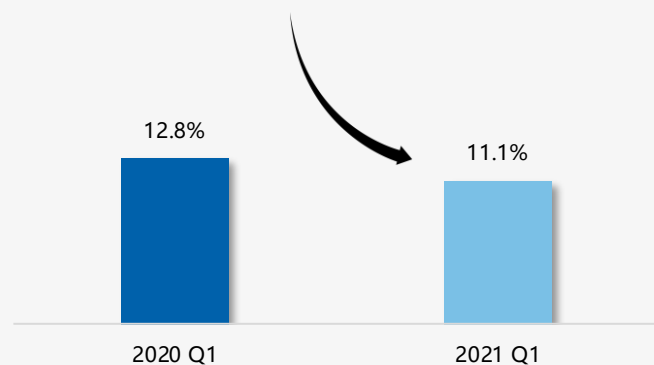


Notes:

- 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

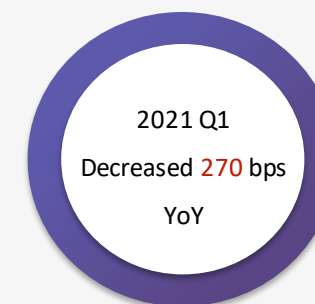
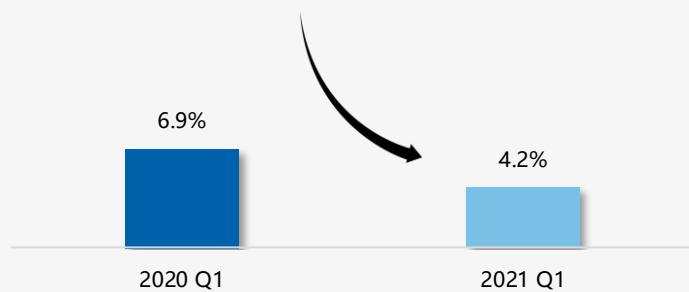
## Net Loss Significantly Narrowed as a Percentage of Net Revenue

### Operating Expense as % of Net Revenue



	2020 Q1	2021 Q1
Total	12.8%	11.1%
Selling and Marketing	6.1%	4.7%
G&A	1.9%	2.0%
Technology	1.3%	1.9%
Fulfillment	3.5%	2.6%
Others	0.0%	(0.1%)

### Non-GAAP Net Loss Attributable to Ordinary Shareholders





# Outlook and Guidance

## 2021 Q2 Guidance

### Total Net Revenues

- RMB2.92 Billion to RMB3.08 Billion
- YOY Growth of 80% to 90%

## Q & A Session

# Appendix

## Selected Balance Sheet Summary

	As of			
	December 31, 2020		March 31, 2021	
'000	RMB	USD	RMB	USD
Cash and cash equivalents, restrict cash and short-term investments	1,618,701	248,080	1,163,060	125,505
Total current assets	2,872,704	440,261	2,828,060	431,645
<b>Total assets</b>	<b>3,026,489</b>	<b>463,829</b>	<b>3,079,320</b>	<b>469,994</b>
Total current liabilities	1,629,720	249,765	1,747,600	266,735
<b>Total liabilities</b>	<b>1,695,844</b>	<b>259,899</b>	<b>1,877,578</b>	<b>286,573</b>
<b>Mezzanine Equity</b>	<b>924,245</b>	<b>141,647</b>	<b>908,915</b>	<b>138,728</b>
<b>111 Inc's Equity</b>	<b>357,405</b>	<b>54,775</b>	<b>251,345</b>	<b>38,362</b>
<b>Non-controlling interests</b>	<b>(48,995)</b>	<b>(7,508)</b>	<b>(41,482)</b>	<b>(6,331)</b>
<b>Total liabilities and shareholders' equity</b>	<b>3,026,489</b>	<b>463,829</b>	<b>3,079,320</b>	<b>469,994</b>

## Selected Income Statement Summary

	For the three months			
	Ended March 31,			
	2020		2021	
'000	RMB	USD	RMB	USD
Net Revenues	1,575,668	222,527	2,594,742	396,035
Cost of products sold	1,488,070	210,156	2,478,972	378,365
Fulfillment expenses	55,603	7,853	66,255	10,112
Selling and marketing expenses	95,751	13,523	122,428	18,686
General and administrative expenses	29,656	4,188	52,137	7,958
Technology expenses	21,037	2,971	49,698	7,585
Loss from operations	(113,695)	(16,058)	(173,265)	(26,445)
Interest expense (net) and other loss (net)	11,764	1,662	3,782	577
Net Loss attributable to ordinary shareholders	(124,612)	(17,600)	(146,640)	(22,381)
Non-GAAP net loss attributable to ordinary shareholders	(109,412)	(15,453)	(109,263)	(16,676)

## Non-GAAP Financial Measures Reconciliation

Non-GAAP Net Loss	For the three months			
	Ended March 31,			
	2020		2021	
'000	RMB	USD	RMB	USD
Net loss attributable to 111, Inc.	(124,612)	(17,600)	(146,640)	(22,381)
Add:				
Share-based compensation				
Selling and marketing expenses	6,411	905	18,007	2,749
General and administrative expenses	7,605	1,075	12,918	1,972
Technology expenses	1,183	167	6,452	984
Non-GAAP net loss	(109,412)	(15,453)	(109,263)	(16,676)

Thank You!

