

Transcending the Boundaries of Healthcare

NASDAQ: YI

Second Quarter 2022 Earnings Call

August 25, 2022

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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 June, 2022. 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.

- 1 BUSINESS & OPERATIONAL PERFORMANCE HIGHLIGHTS
- 2 FINANCIAL REVIEW
- 3 APPENDIX



1 BUSINESS & OPERATIONAL PERFORMANCE HIGHLIGHTS

2 FINANCIAL REVIEW

3 APPENDIX



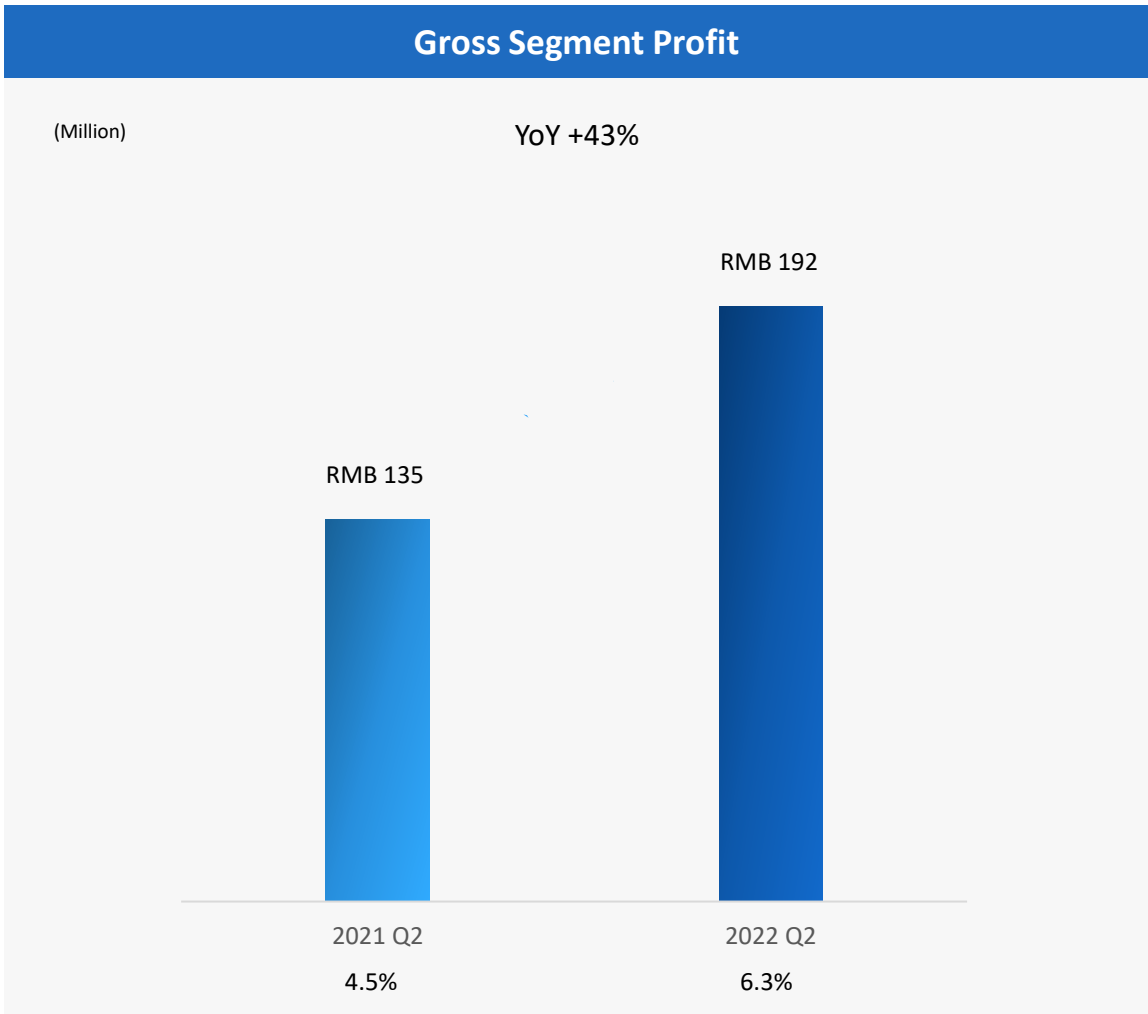
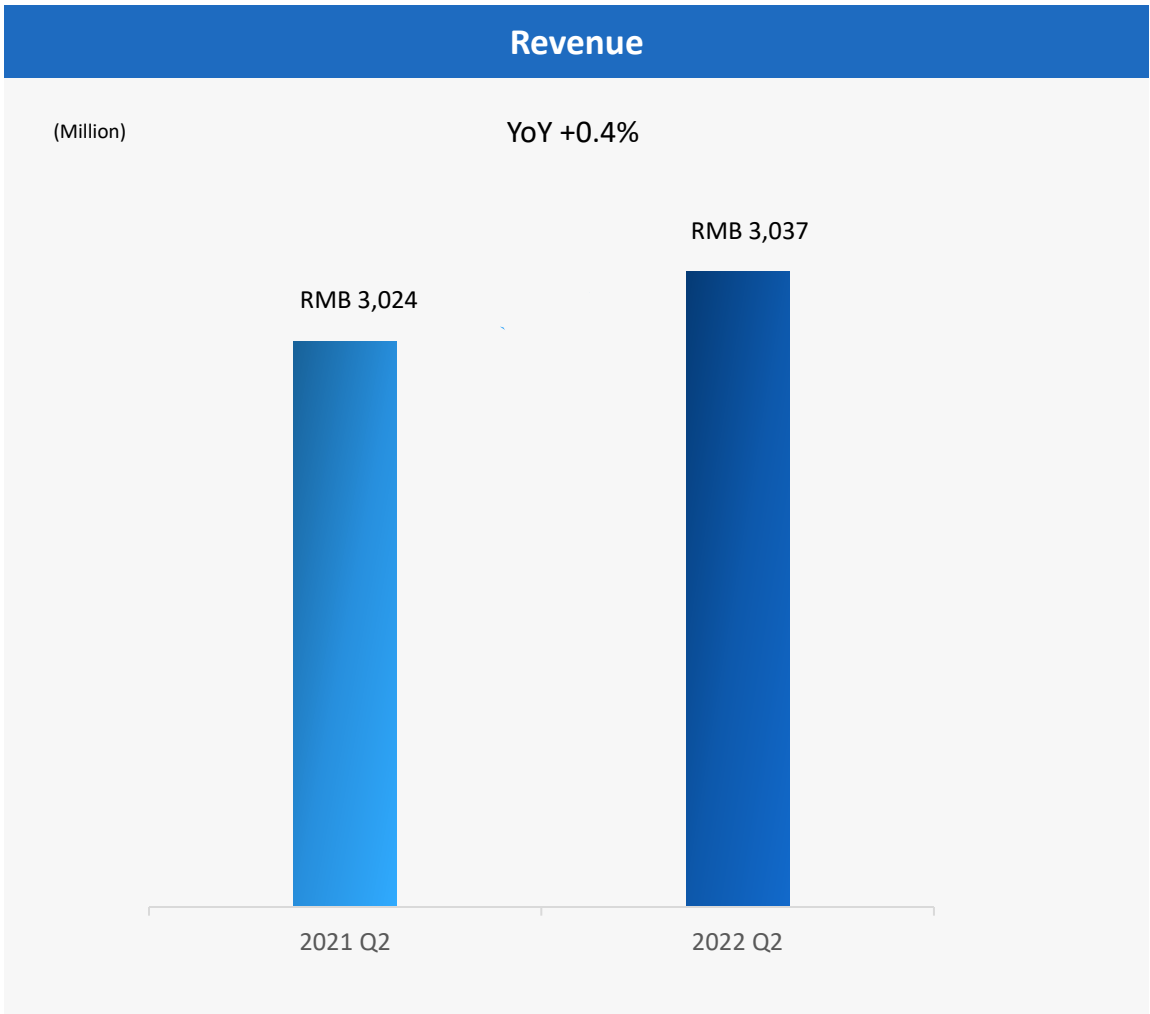
111 Has Proactively Provided a Timely Boost to the Ongoing Fight Against the Epidemic



- The uncertainties in the international economic environment and the strict lock down measures created significant challenges to many companies.
 - COVID infections broke out in Shanghai in the spring and the epidemic subsequently worsened in quite a few cities. The Chinese government instituted lockdowns in numerous cities to curb the spread of the epidemic.
-
- 111's Shanghai headquarters and several of the fulfillment centers were shut down. Exchange of permits with customers and suppliers, chopping contracts for normal business transactions became impossible.
 - 111's overall supply chain was severely disrupted, transportation and other logistics were tightly regulated in epidemic-hit areas. Logistics cost rose significantly, deliveries stuck in transit in many cities and the company experienced a severe shortage of medicinal supplies.
 - 111 was appointed by the Shanghai government as a supply guarantee enterprise and opened a special green channel to Shanghai.
 - 111 launched free online consultation services, free prescription renewal services and other medical services to the public, provided free online services for customers in over 370 cities, and provided over 3,000 drugs covering more than 400 diseases.
 - 111 proactively organized donations and offered anti-epidemic PPEs for enterprises resuming work and production.

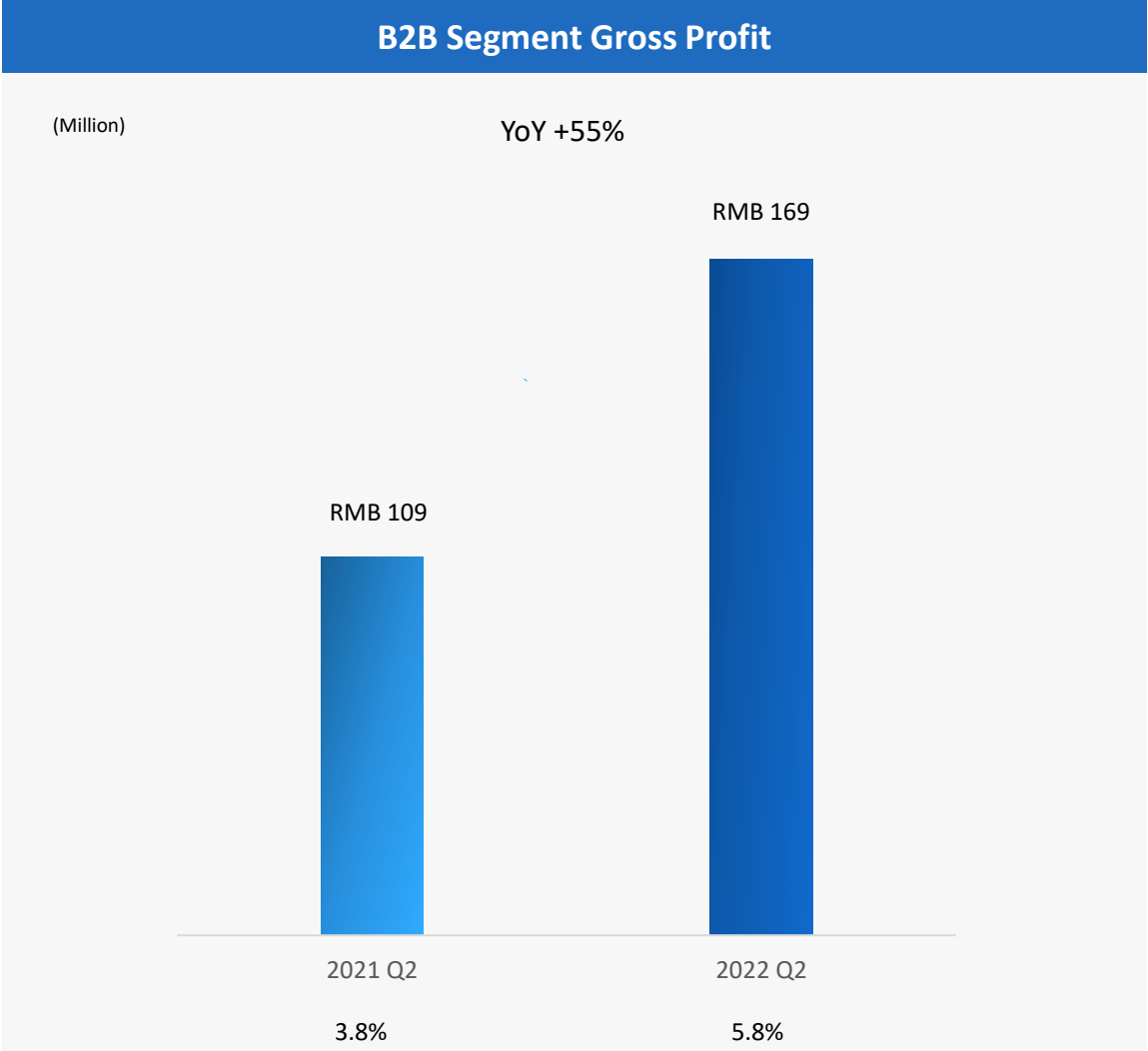
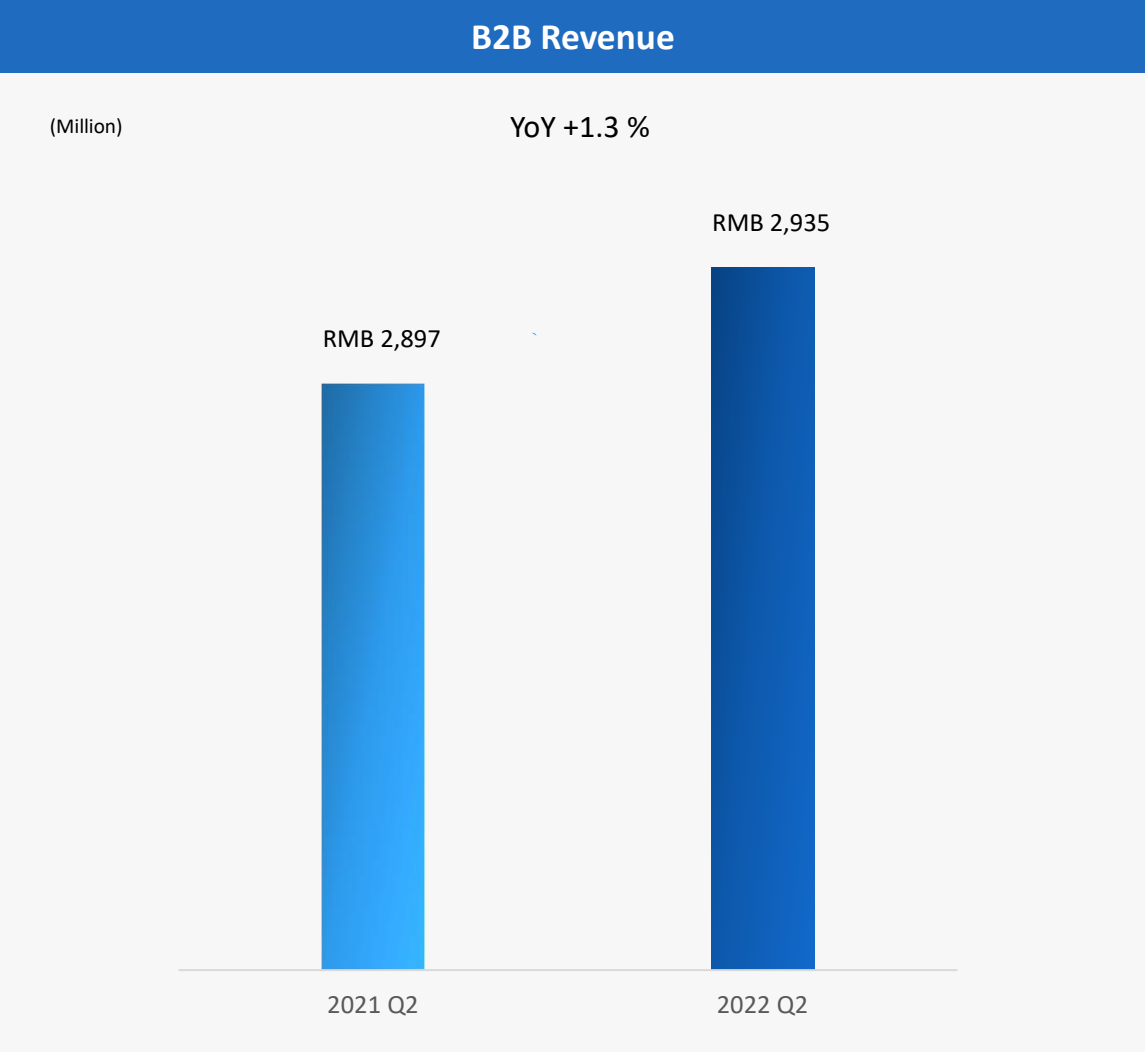
Despite Pandemic Lock-down, Revenue Kept Stable and Gross Profit Continued to Grow

- Revenue achieved 3.04 billion under extremely difficult circumstance
- Gross profit significantly grew to RMB192 million, with 43% increase YoY

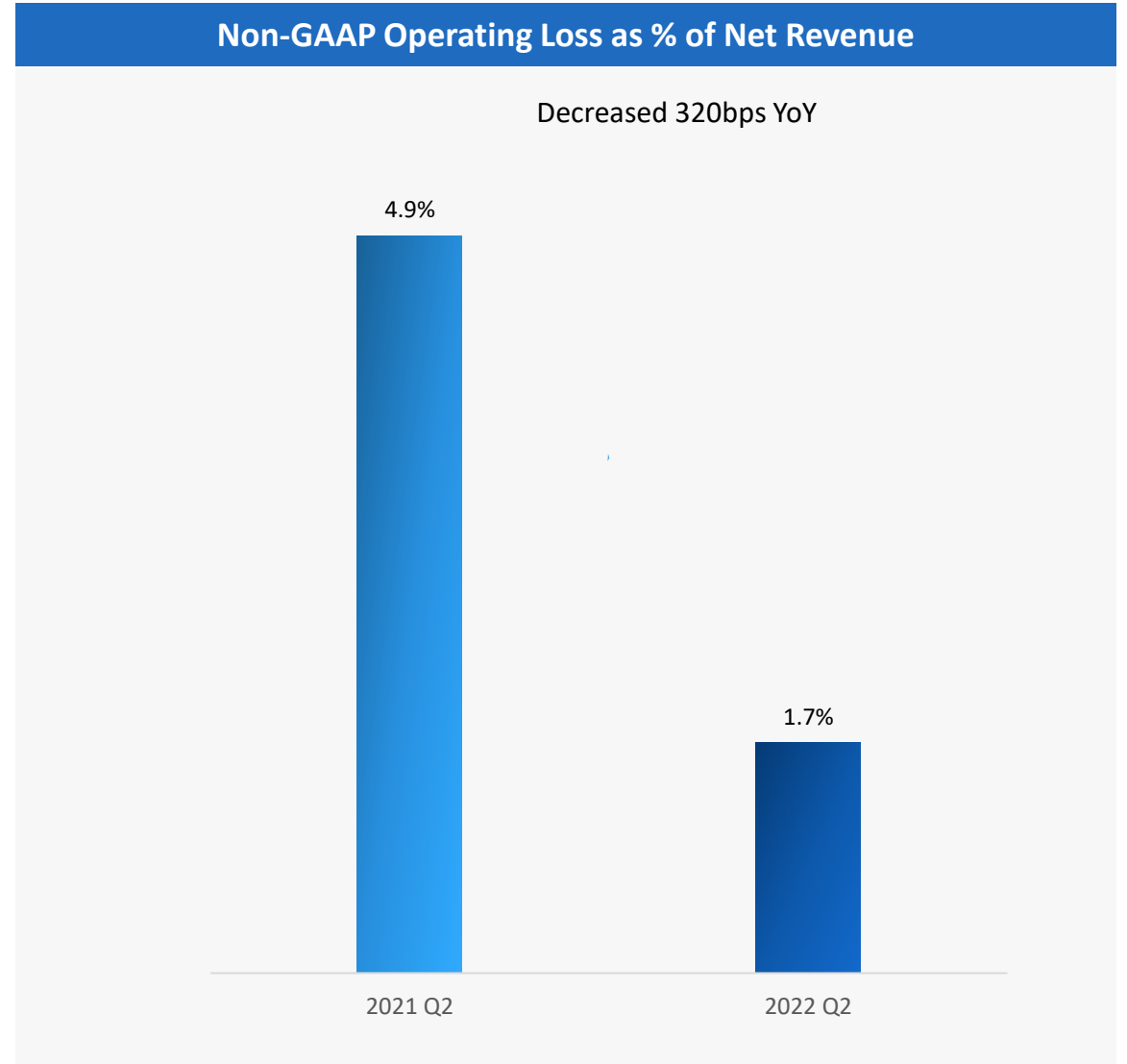
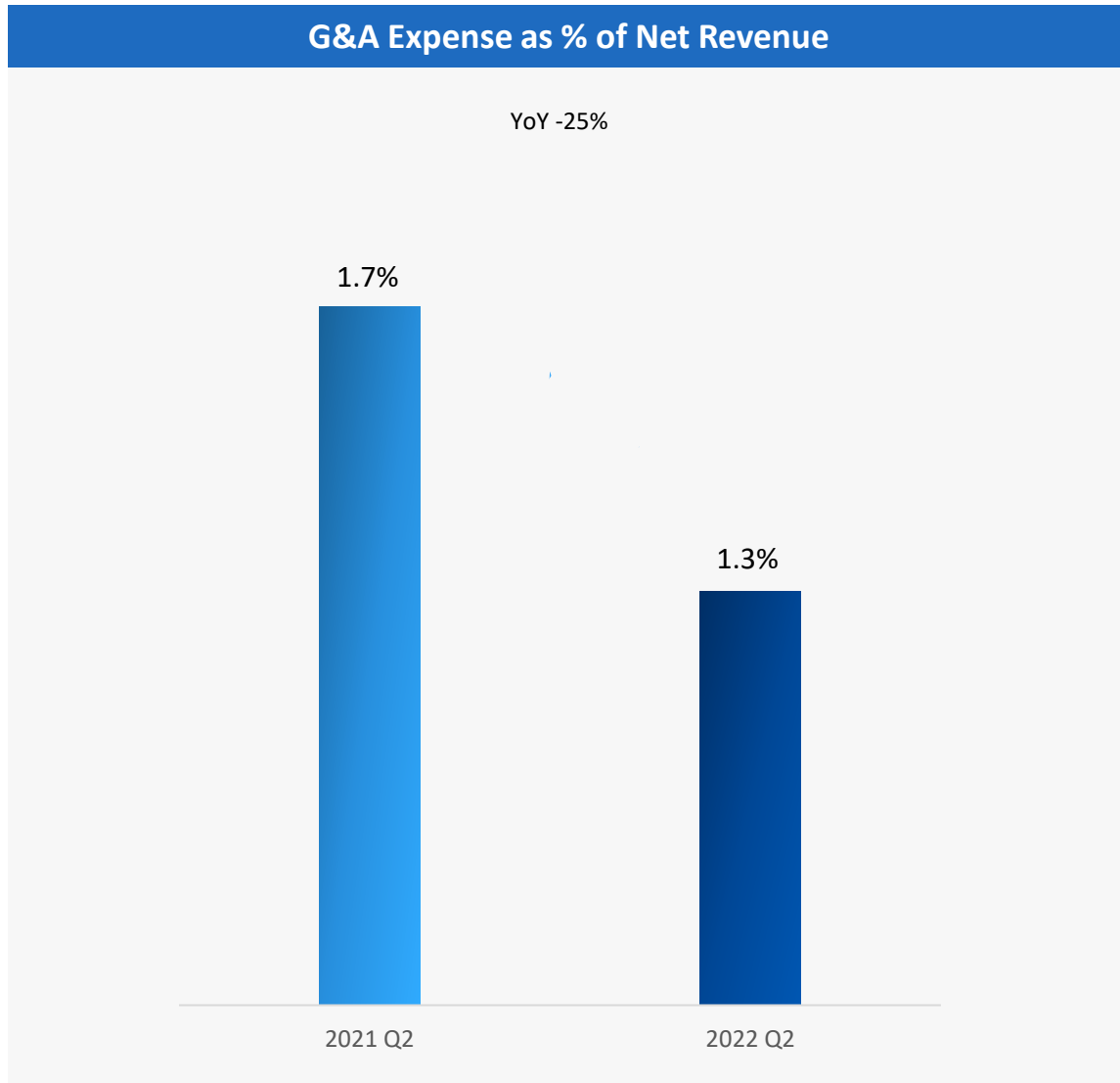


B2B Segment Remained the Key Contributor in Q2

- Gross profit significantly grew to RMB169 million with 55% increase YoY



Operational Efficiency Continued to Improve



New Initiative: 1 Health

11K+
Participating
Pharmacies

- 95% of the pharmacies keep participating in the program in the new year
- Renewal rate 86%
- Active user 98%

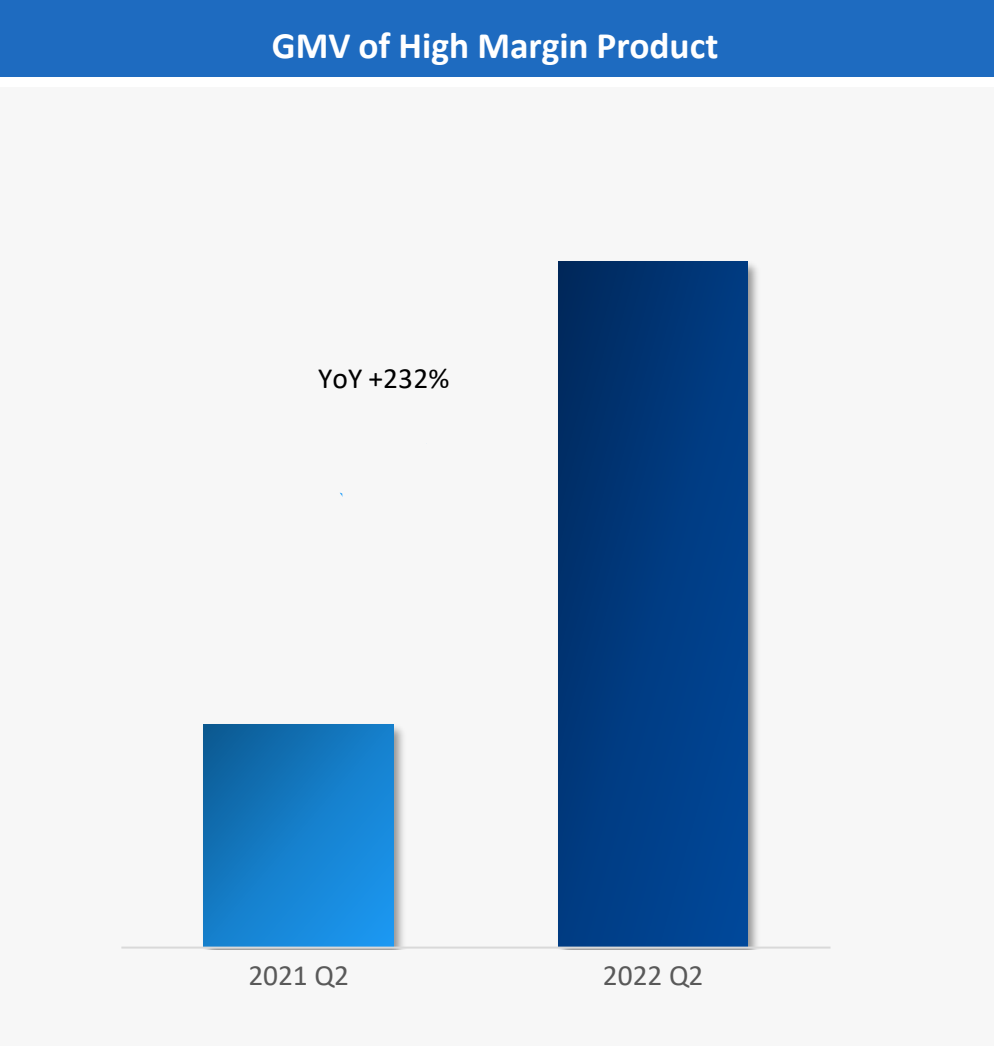
Digitally
Connecting
6.7M+
Patients

- Patients increased 48% QoQ
- ~200 disease tags
- Customized service

High Margin
Product GMV
8M+

- Gross margin >15%
- 400+ pharmaceutical companies
- 35 categories

New Initiative: High Margin Product Program



~1,150 Pharmaceutical Companies



~3,050 SKUs



Product Margin > 20%

New Initiative: Private Label Program

- Developed 3 brands for chain pharmacies, individual pharmacies and customers

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维生素AD滴剂

(胶囊型/一岁以下)

[适应症]: 用于预防和治疗维生素A及D的缺乏症。如何佝偻病、夜盲症及小儿手足抽搐症。



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氯雷他定片

7片装

[适应症]: 用于缓解过敏性鼻炎有关的症状, 如喷嚏、流涕、鼻痒、鼻塞以及眼部痒及烧灼感。口服药物后, 鼻和眼部症状及特征得以迅速缓解。亦适用于缓解慢性荨麻疹、瘙痒性皮肤病及其他过敏性皮肤病的症状及特征。



万特制药(海南)有限公司 24h 一日一次

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铝碳酸镁咀嚼片

[适应症]

- 慢性胃炎。
- 与胃酸有关的胃部不适症状, 如胃痛、胃灼热感(烧心)、酸性呃气、饱胀等。



32片

孙悟空



关照

关照

【批准文号】国药准字H51023460 OTC

小儿氨酚黄那敏颗粒

Xiao'er Anfen Huang Namin KeLi 6岁/袋×13袋

[适应症]

适用于缓解儿童普通感冒及流行性感冒引起的发热、头痛、四肢酸痛、打喷嚏、流鼻涕、鼻塞、咽痛等症状。



关照

【批准文号】国药准字H20084090 OTC

复方板蓝根颗粒

Fufang Banlangen Keli

清热解暑, 凉血

用于风热感冒 咽喉肿痛



15克×21袋

广州诺金制药有限公司

New Initiative: Cloud Promotion Platform

- An innovative cloud based digital platform
- Directly connecting pharmaceutical companies, pharmacies and customers
- Have covered 7,000+ pharmacies, 9,000+ pharmacy managers/pharmacists/sales persons



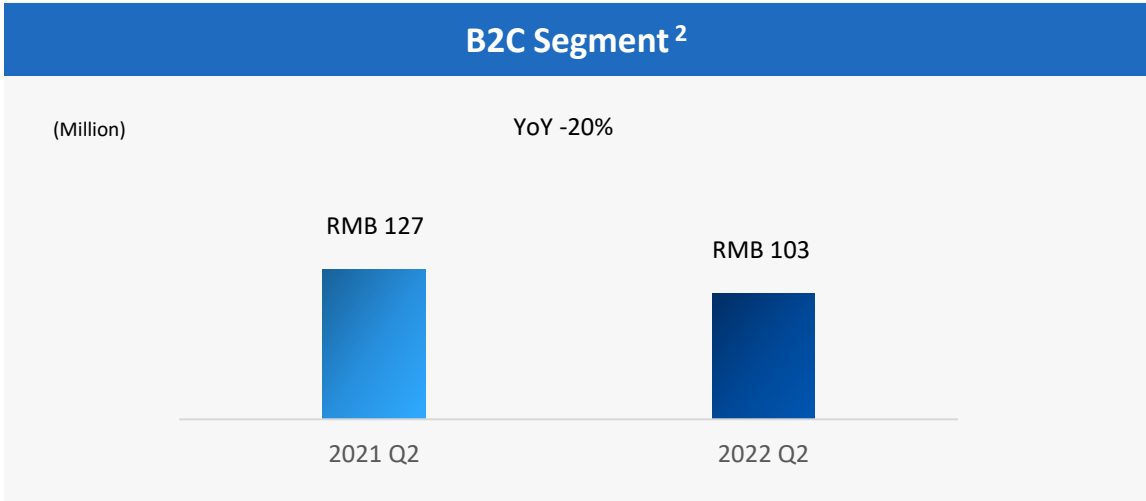
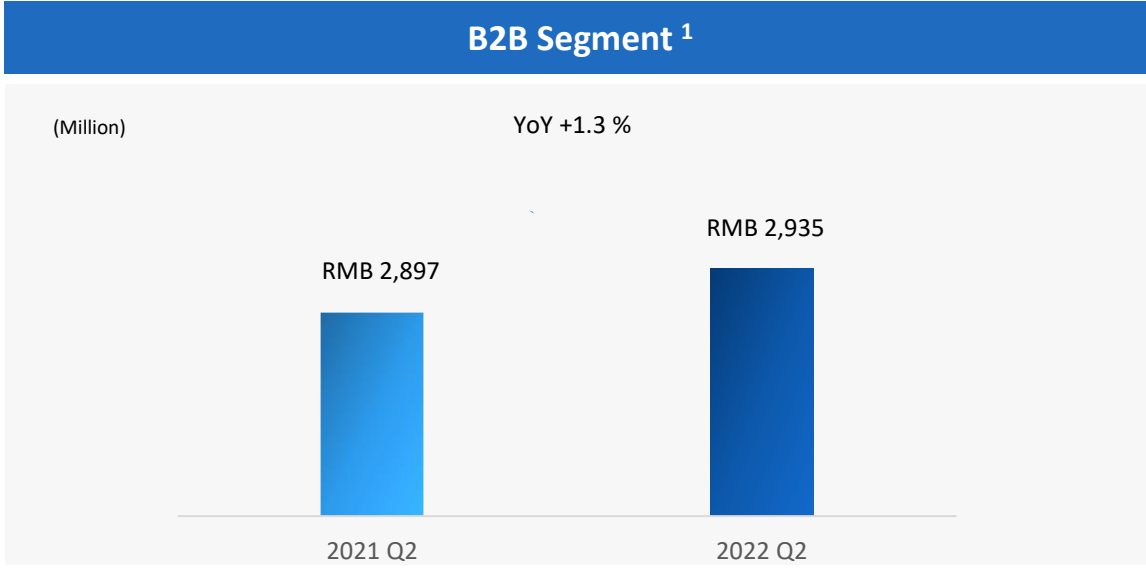
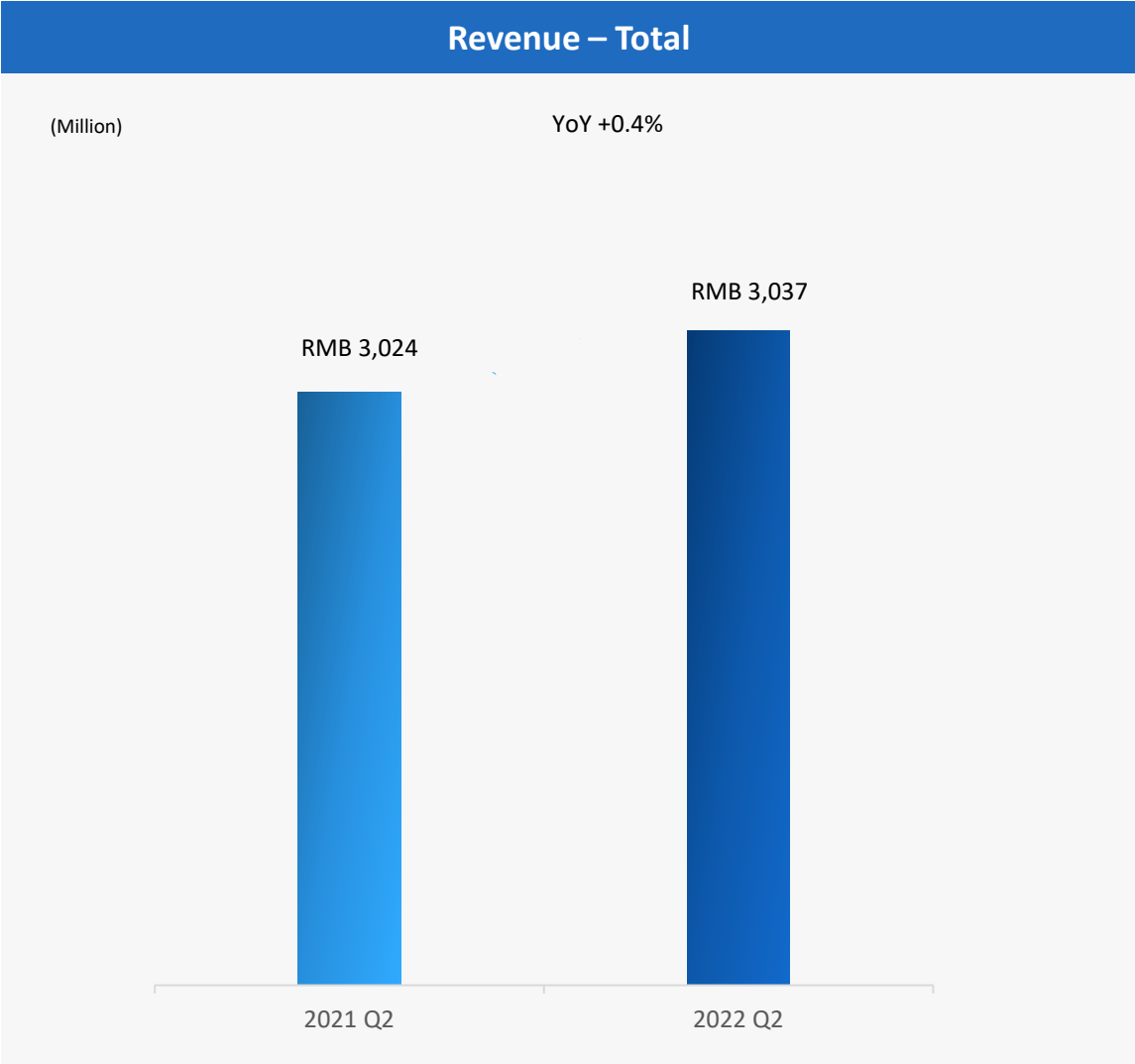
1 BUSINESS & OPERATIONAL PERFORMANCE HIGHLIGHTS

2 FINANCIAL REVIEW

3 APPENDIX



Overall Revenue Kept Stable Despite Pandemic Lock-down While B2C Segment Revenue Was Impacted Negatively

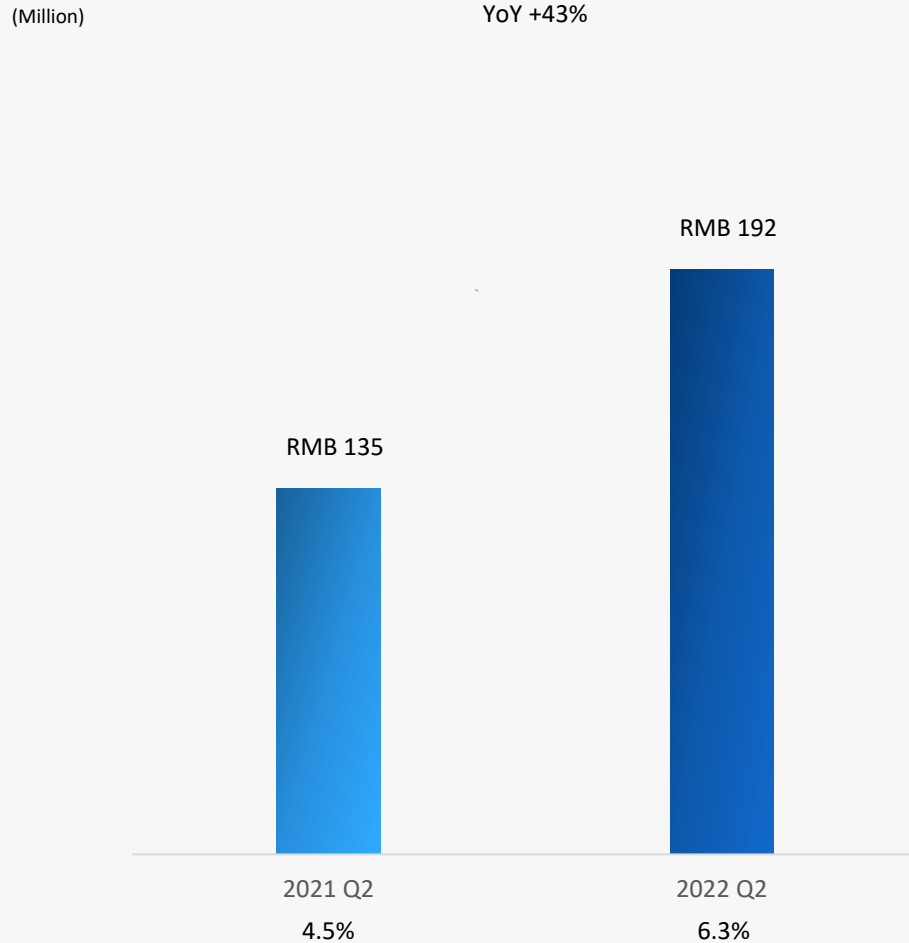


Notes:
1. B2B Segment revenue includes B2B product revenue and B2B service revenue.
2. B2C Segment revenue includes B2C product revenue and B2C service revenue.

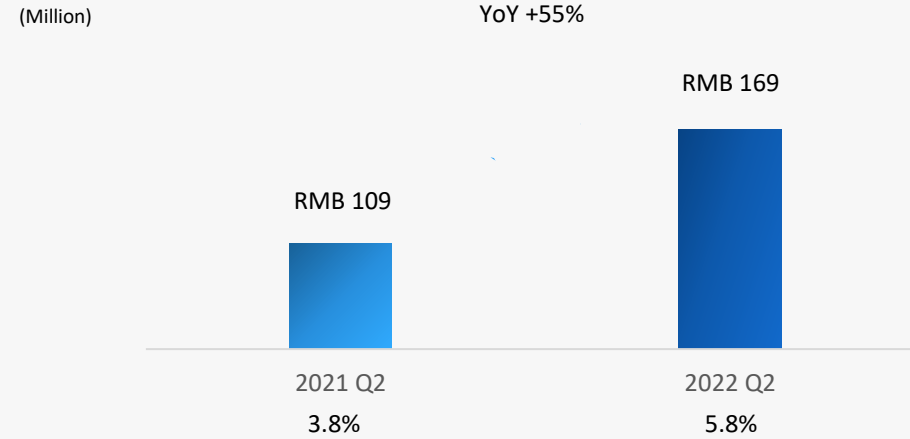
Gross Segment Profit Increased by 43%

- Optimized the product assortment and structure, improved team efficiency and technical capability

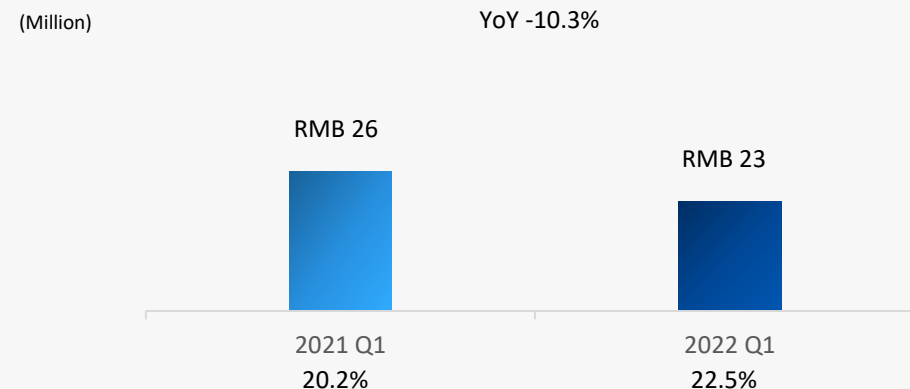
Gross Segment Profit/Margin¹ – Total Company



B2B Segment²



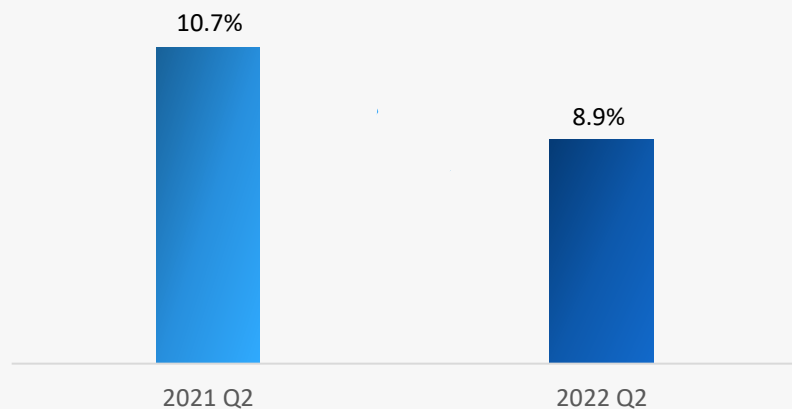
B2C Segment³



Notes:
1. Gross Segment Margin% = (Product Revenue + Service Revenue – COGS)/Net Revenue
2. B2B Gross Segment Margin% = (B2B Product Revenue + B2B Service Revenue – B2B COGS)/B2B Revenue
3. B2C Gross Segment Margin% = (B2C Product Revenue + B2C Service Revenue – B2C COGS)/B2C Revenue

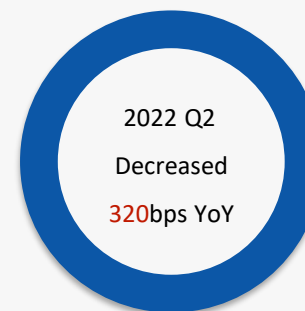
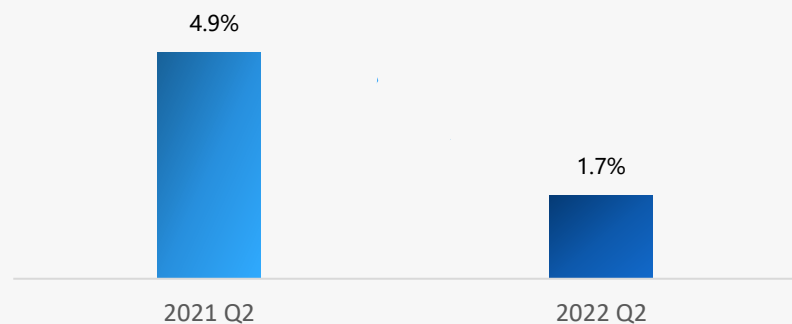
Non-GAAP loss from operations Further Narrowed as a Percentage of Net Revenue

Operating Expense as % of Net Revenue



	Including Share-based compensation expenses		Excluding Share-based compensation expenses	
	2021 Q2	2022 Q2	2021 Q2	2022 Q2
Total	10.7%	8.9%	9.3%	8.1%
Selling and Marketing	4.4%	3.3%	3.9%	3.1%
G&A	1.7%	1.3%	1.1%	0.7%
Technology	1.7%	1.1%	1.5%	1.1%
Fulfillment	2.8%	2.9%	2.8%	2.9%

Non-GAAP loss from operations as % of Net Revenue ¹



Notes:

1. Non-GAAP loss from operations represents loss from operations excluding share-based compensation expenses.

1 BUSINESS & OPERATIONAL PERFORMANCE HIGHLIGHTS

2 FINANCIAL REVIEW

3 APPENDIX



Selected Balance Sheet Summary

	As of			
	December 31, 2021		June 30, 2022	
	'000	RMB	USD	RMB
Cash and cash equivalents, restrict cash and short-term investments	943,228	148,014	885,597	132,216
Total current assets	2,801,737	439,654	2,815,651	420,365
Total assets	3,145,833	493,650	3,103,902	463,400
Total current liabilities	2,129,978	334,240	2,247,966	335,612
Total liabilities	2,297,129	360,469	2,377,394	354,935
Mezzanine equity	1,000,849	157,055	1,028,663	153,575
111 Inc's equity	(173,321)	(27,197)	(315,365)	(47,082)
Non-controlling interests	21,176	3,323	13,210	1,972
Total liabilities and shareholders' equity	3,145,833	493,650	3,103,902	463,400

Selected Income Statement Summary

	For the Three Months			
	Ended June 30,			
	2021		2022	
'000	RMB	USD	RMB	USD
Net revenues	3,024,082	468,371	3,037,145	453,434
Cost of products sold	2,889,506	447,527	2,845,178	424,774
Fulfillment expenses	84,144	13,032	87,908	13,124
Selling and marketing expenses	133,545	20,683	101,174	15,105
General and administrative expenses	51,429	7,965	38,493	5,747
Technology expenses	52,643	8,153	33,711	5,033
Loss from operations	(188,824)	(29,243)	(79,753)	(11,907)
Interest expense (net) and other loss (net)	4,806	744	(5,011)	(749)
Net loss	(184,018)	(28,499)	(84,764)	(12,656)
Non-GAAP net loss	(143,097)	(22,163)	(57,767)	(8,625)

Non-GAAP Financial Measures Reconciliation

Non-GAAP Net Loss	For the Three Months			
	Ended June 30,			
	2021		2022	
'000	RMB	USD	RMB	USD
Net loss	(184,018)	(28,501)	(84,764)	(12,656)
Add:				
Share-based compensation				
Selling and marketing expenses	15,942	2,469	8,388	1,252
General and administrative expenses	17,638	2,732	16,980	2,535
Technology expenses	7,341	1,137	1,629	244
Non-GAAP net loss	(143,097)	(22,163)	(57,767)	(8,625)

THANK YOU

