

Transcending the Boundaries of Healthcare

NASDAQ: YI

First Quarter 2023 Earnings Call

June 15, 2023

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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 statements involve inherent risks, uncertainties and other factors that could cause actual results to differ materially from those contained in any such statements. Potential risks and uncertainties include, but are not limited to, uncertainties as to the Company’s ability comply with extensive and evolving regulatory requirements, its ability to compete effectively in the evolving PRC general health and wellness market, its ability to manage the growth of its business and expansion plans, its ability to achieve or maintain profitability in the future, its ability to control the risks associated with its pharmaceutical retail and wholesale businesses, and the Company’s ability to meet the standards necessary to maintain listing of its ADSs on the Nasdaq Global Market, including its ability to cure any non-compliance with Nasdaq’s continued listing criteria. Further information regarding these and other risks, uncertainties or factors is included in the Company’s filings with the U.S. Securities and Exchange Commission. All information provided in this press release is as of the date of this press release, and 111 does not undertake any obligation to update any forward-looking statement as a result of new information, future events or otherwise, except as required under applicable law.
- 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, 2023. 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.

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- 2 FINANCIAL REVIEW
- 3 APPENDIX



1 BUSINESS & OPERATIONAL PERFORMANCE HIGHLIGHTS

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China's Healthcare Digitization Continued: Digital Transformation and Breakthroughs Amidst the Pandemic

患者档案

病历模板

快速回复

核酸报告

刘

男 / 88岁

贵州遵义市红花岗区

UID: 10798795

身份证: 522101*****0419

手机号: 153****6721

地址: 贵州遵义市红花岗区飞天花园F栋一单元/八〇一

药网ID: 暂无信息

风险预警: 暂无

处方图片: 暂无凭证 拦截凭证: 暂无凭证

风险提示: 请选择风险等级

请输入提示信息

重症标签: 请选择重症标签

诊单记录

凭证记录

历史记录

请选择

2023-05-16

医生对话

患者: 刘兴邦

医生: 文玉慧-王洁

诊断: 脑梗塞

过敏史: 否认过敏史

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过敏史: 否认过敏史

2023-05-13

医生对话

患者: 刘兴邦

医生: 李强-李强

诊断: 脑梗塞

过敏史: 否认过敏史

Electronic Medical Records

1+诊

守护健康
电子处方

- 三甲医院.互联网医院 -

✓ 手机扫码问诊--无需另添设备

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✓ 真实医生问诊--不是自动问诊

医生工作时间: 8:00--22:00, (全年无休, 特殊节假日除外), 医生专业认证, 分科室问诊, 尤其男科用药都是“二级以上综合医院的泌尿外科医生”接诊, 符合国家法律法规要求。

✓ 店员操作方便--人人都会

注册购买完成, 会收到一个药店专有二维码+一个网址登陆的后台系统, 视频操作教程, 一看就会。

021-20508288

上海市浦东新区祖冲之路295号

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桂林西瓜霜9.9抢

上海

预防新冠

搜索

618

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星鲨D

星鲨助力全家骨健康

400U*36粒 低至0.5元/粒

1公告

流感再次来袭, 该如何预防和应对?

新冠

感冒灵

五宝素丸

安宫牛黄丸

逍遥丸

藿香正气水

感冒发烧

男科用药

心脑血管

女性健康

皮肤用药

消化片

新乐片

舒筋活络丸

多倍健固本强精

阿司匹林

消化用药

神经用药

风湿骨科

肝胆用药

滋补保健

儿童健康

维钙营养

眼耳鼻喉

防脱养发

成人计生

新人专享优惠

GO

新人价¥1.00

新人价¥0.10

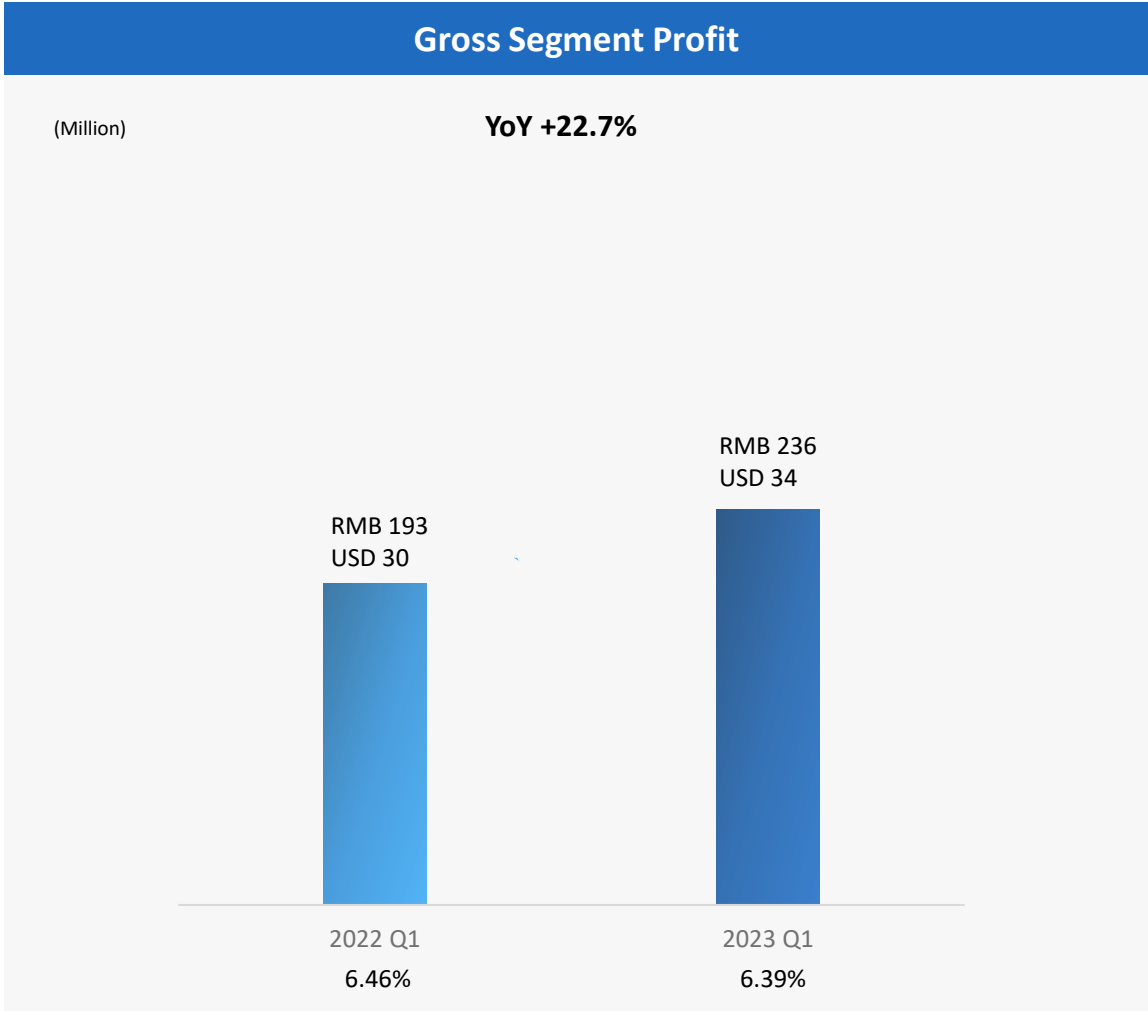
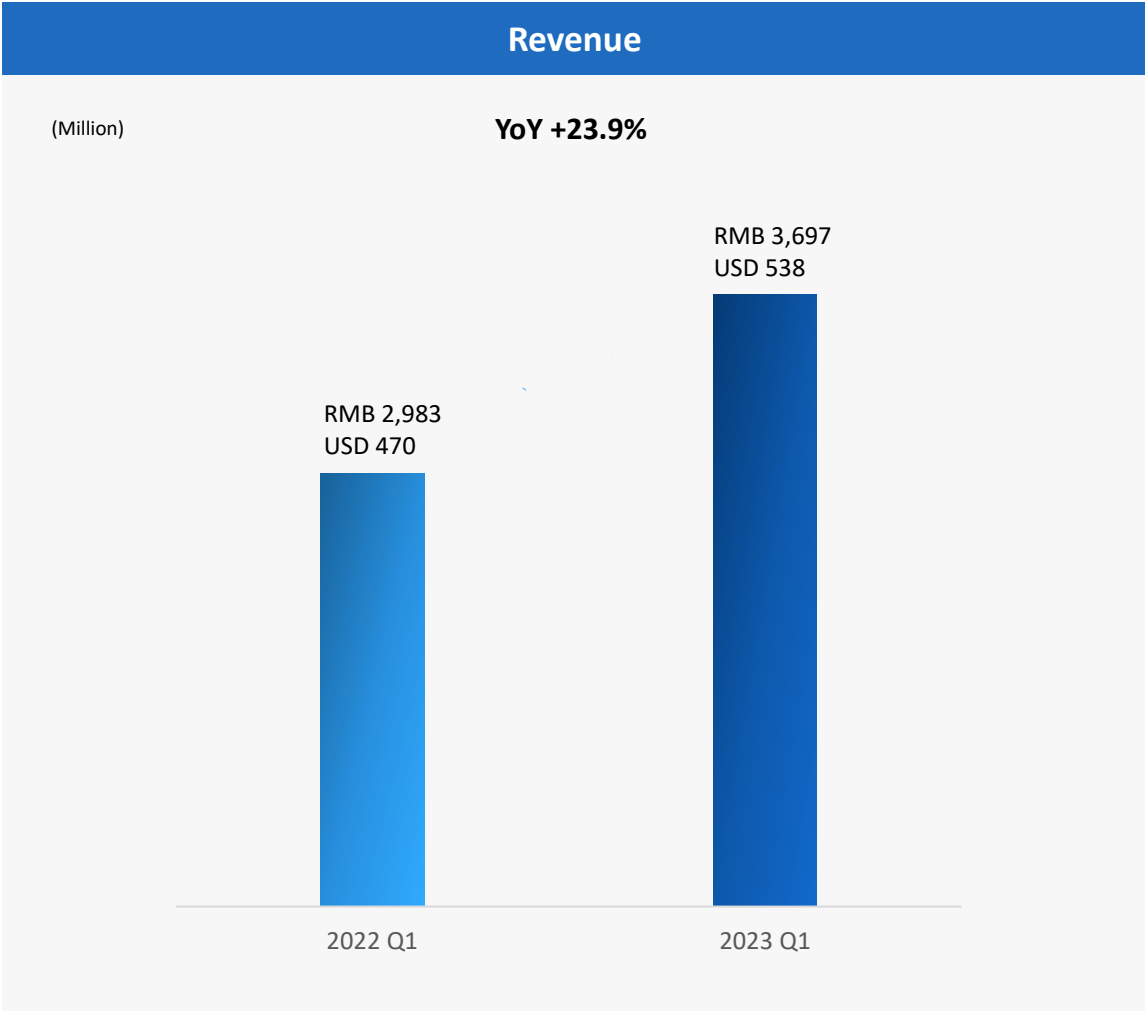
新人价¥9.90

资质与规则

Online Pharmacies

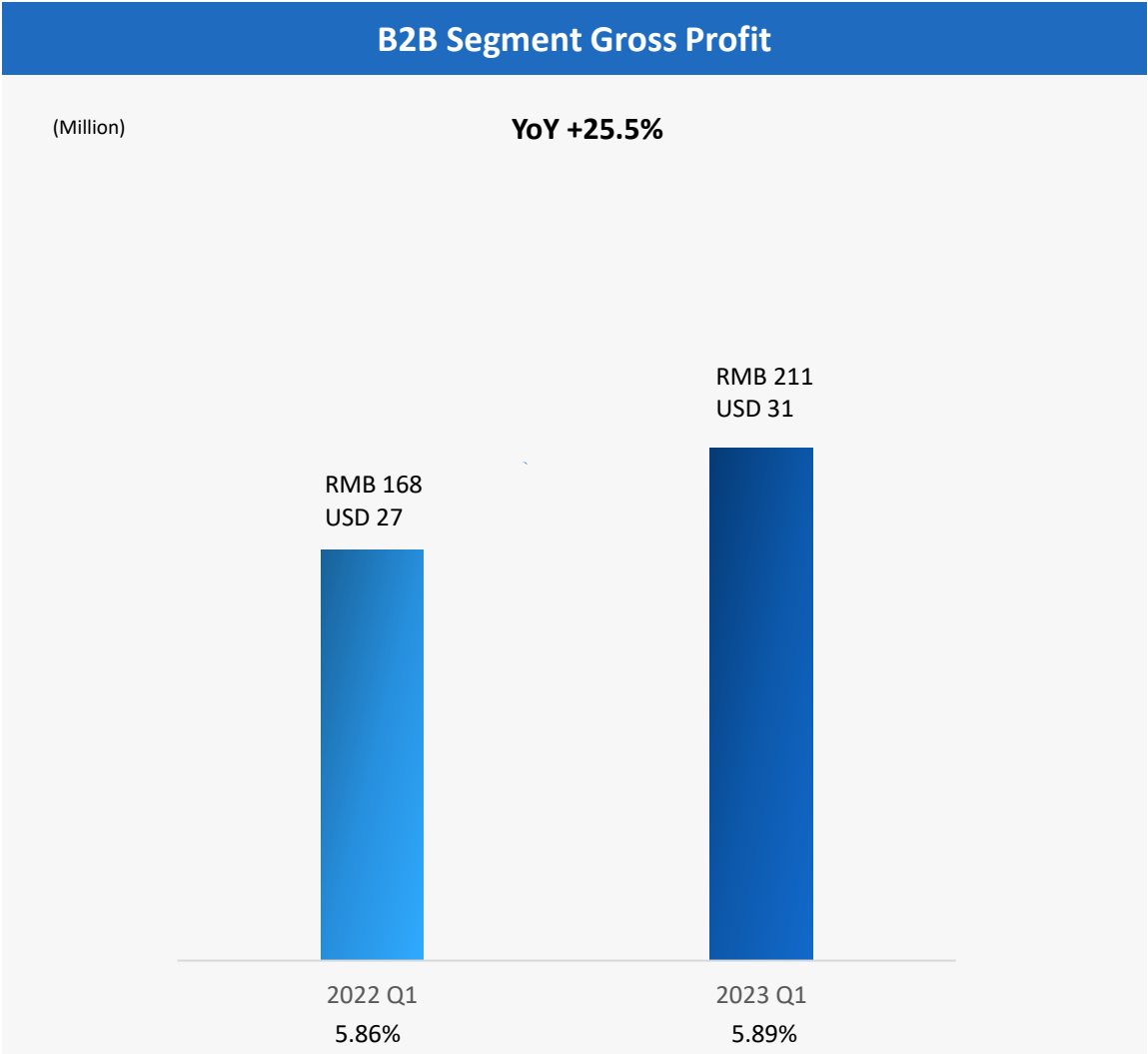
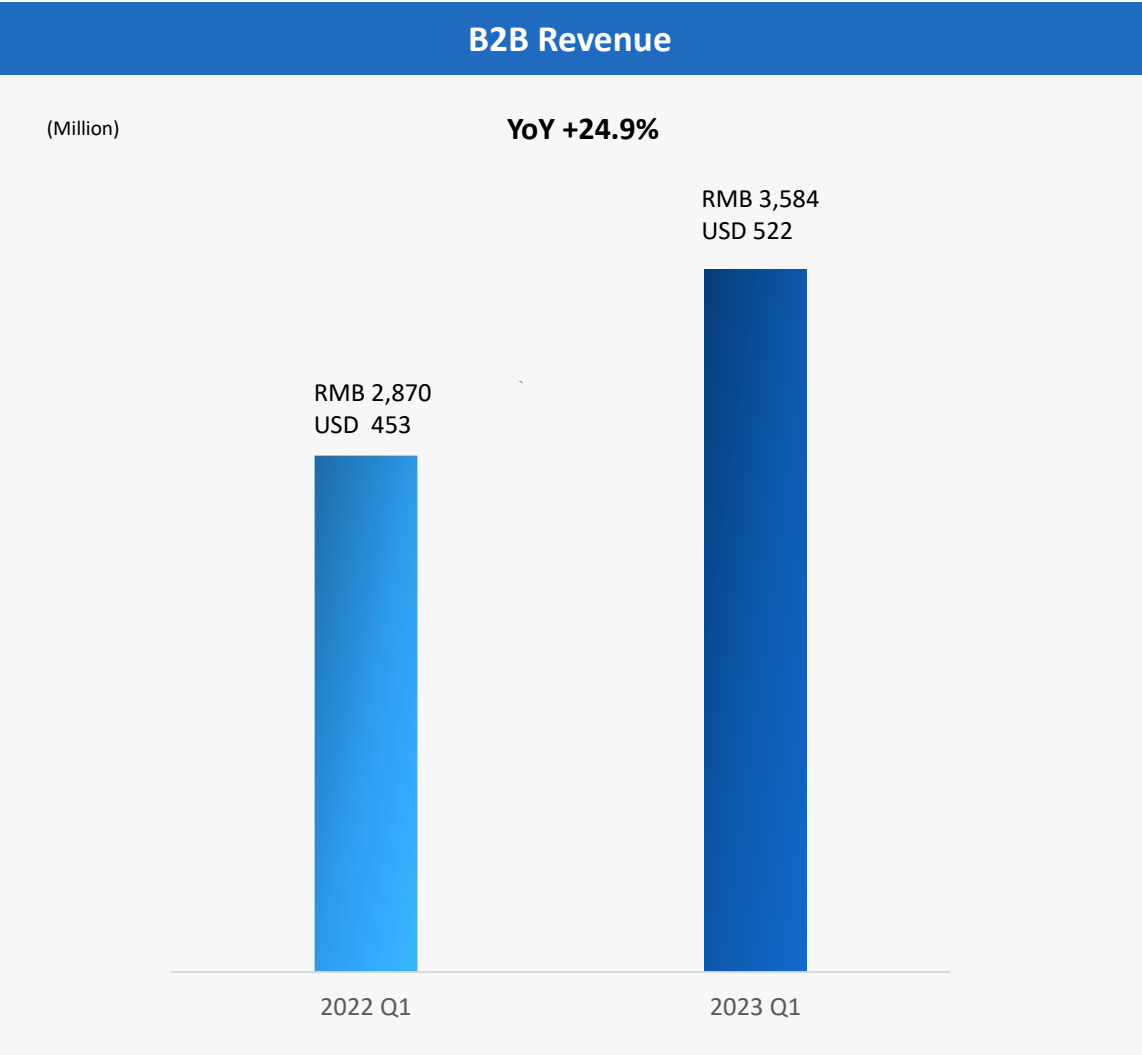
Unwavering Growth: 111, Inc.'s Continuous Pursuit of Sustained Expansion and Improved Margins

- Revenue achieved 3.7 billion, marking the 19th consecutive quarter of YoY growth since IPO
- Gross profit grew to new level of RMB236 million



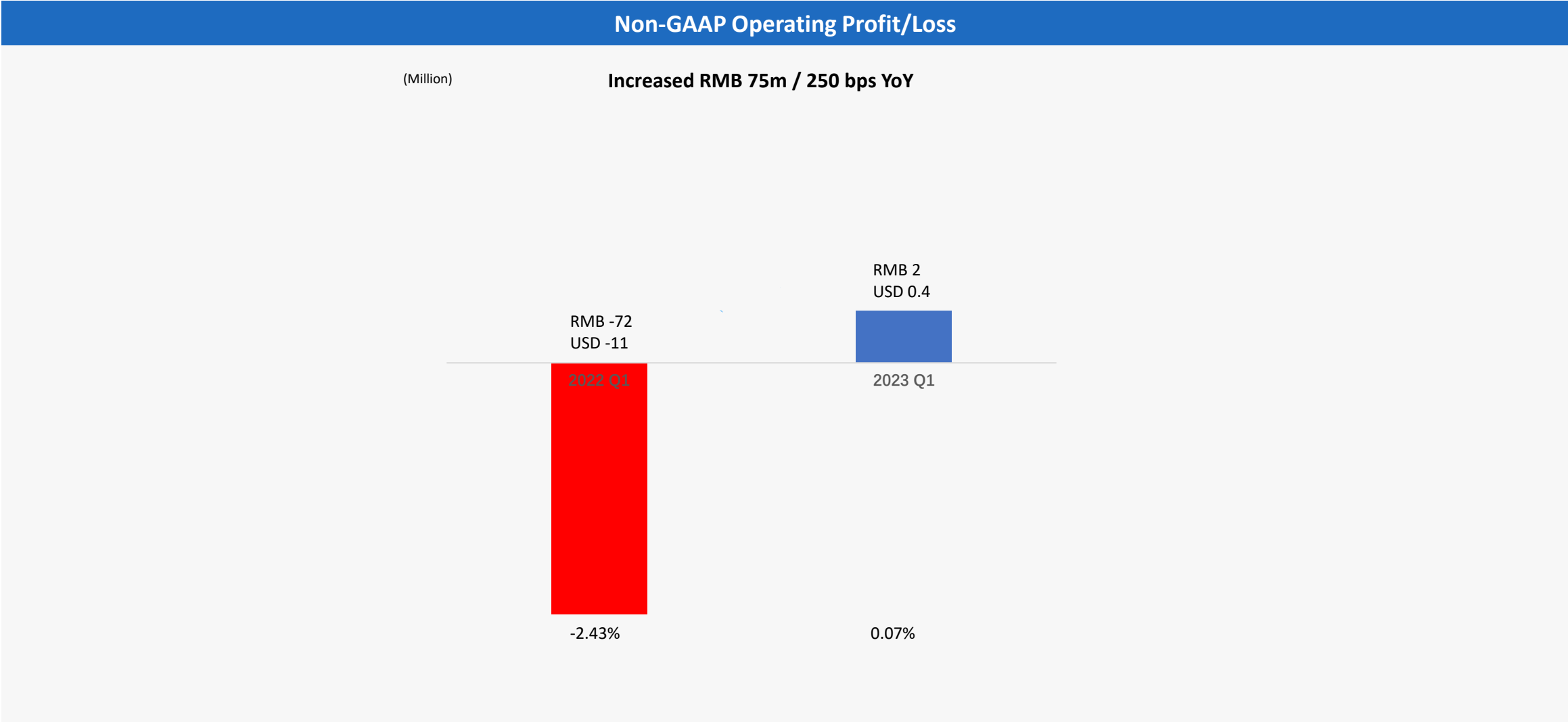
Dominating Segment: B2B Remains the Key Driver for 111, Inc.

- B2B revenue reached RMB 3.6 billion, representing a YoY increase of 24.9%
- Gross profit increased to RMB 211 million, an increase of 25.5% YoY



Achieving Milestone: 111, Inc.'s Non-GAAP Operating Profit Soars to Positive Territory

- Our goal to reach quarterly break-even at the non-GAAP operating income level in 2023 Q1 attained



Deepening Pharmaceutical Partnerships: New Drugs Launch on 111's Digital Platform

- We have successfully enhanced our partnership with upstream pharmaceutical partners by promoting mutual understanding, upgrading cooperation level, enhancing supply chain efficiency, and bolstering our comprehensive digital capabilities
- In addition to the successful launch of Hua Medicine's Dorzagliatin, Sanofi's Allegra® (Fexofenadine Hydrochloride), made its debut on 111, marking its first online nationwide release on the platform. This medication is indicated for the treatment of seasonal allergic rhinitis and chronic idiopathic urticaria in individuals aged 12 and above.



Hua Medicine's Dorzagliatin
Online Debut on 111, Inc (2022)



Allegra® (Fexofenadine Hydrochloride)
Online Debut on 111, Inc.

Empowering Pharmas: Unlocking Digital Transformation with Project “Telescope”

- Telescope serves as a lens for pharmaceutical companies, allowing them to gain a more direct and comprehensive view of their drug sales and pricing dynamics real time
- By leveraging advanced data analytics and market insights, Telescope enables these companies to analyze sales patterns, identify pricing opportunities, and make data-driven decisions to optimize their strategies
- With Telescope, pharmaceutical companies can assess the performance of their products in real-time, identify market trends, and adjust their marketing campaigns accordingly

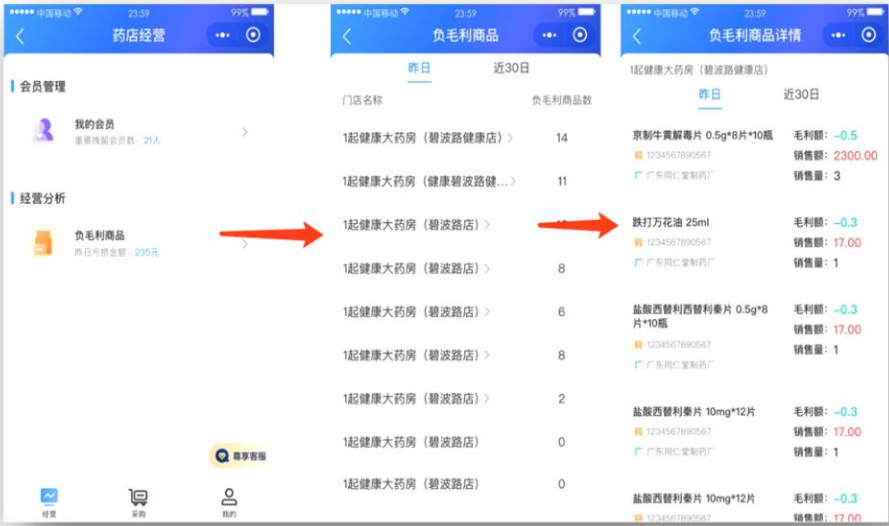


“Telescope” : A powerful digital marketing tool for Pharmaceutical Companies
Non-real data, for demonstration purposes only.

Revolutionizing Pharmacy Operations: 111, Inc.'s Digital Enablement and Comprehensive Support for Pharmacies



Smart Sourcing System Example



Operation Analysis Example: Profit Optimization



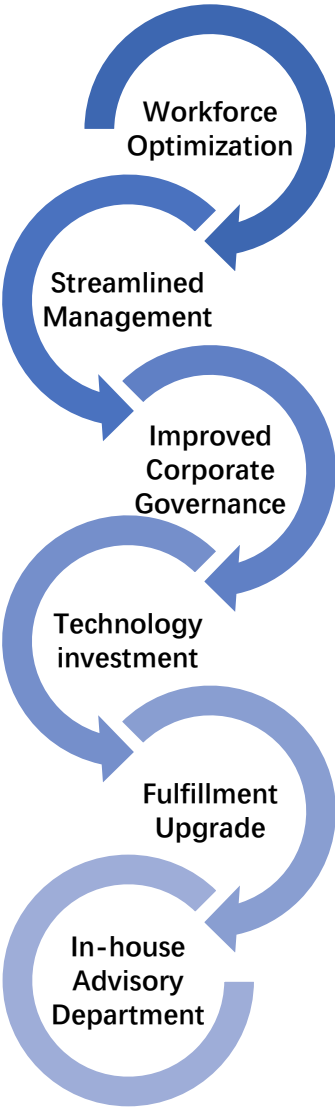
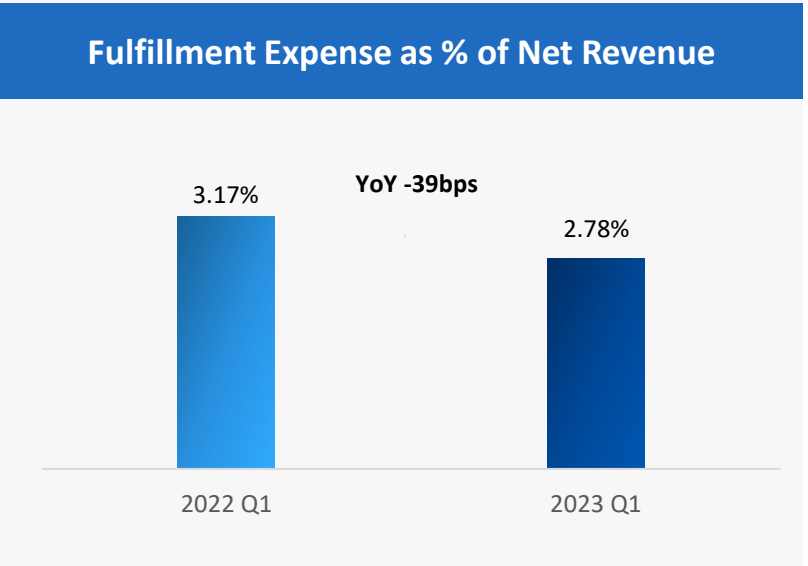
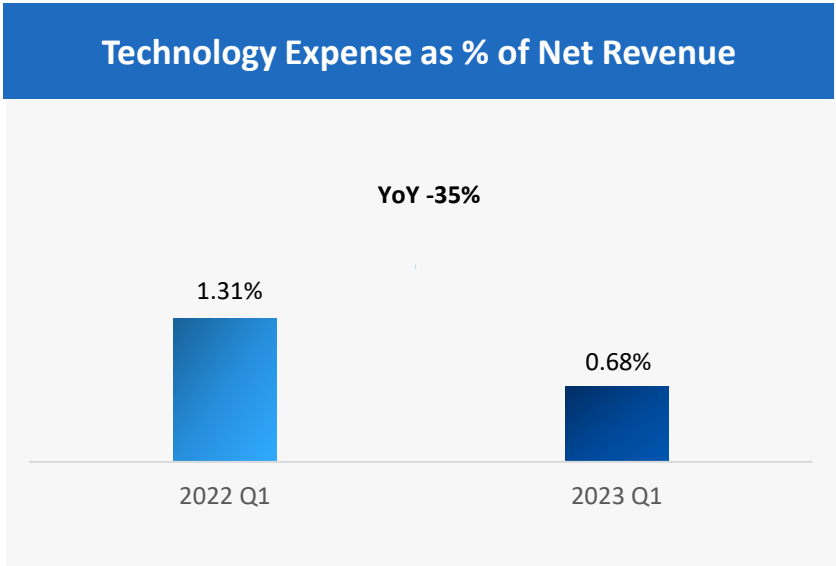
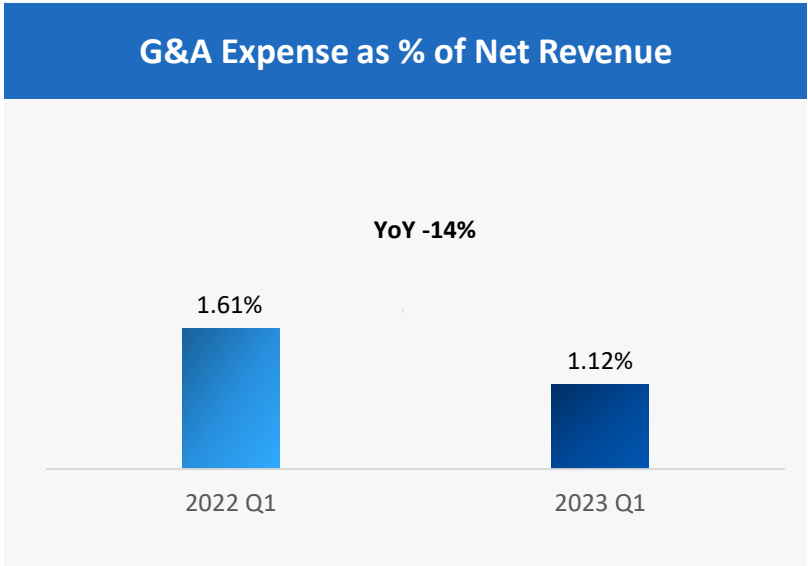
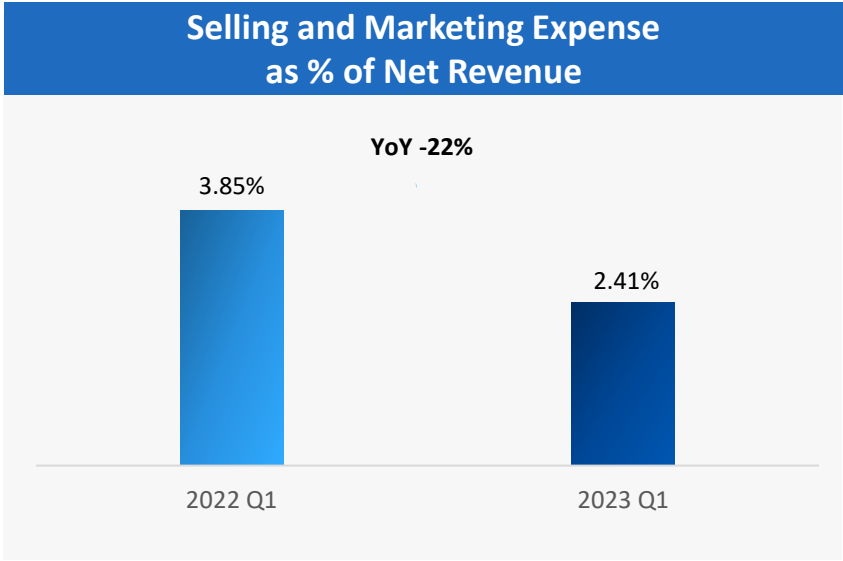
CRM and Membership Management Example



Cloud Prescription Service Example

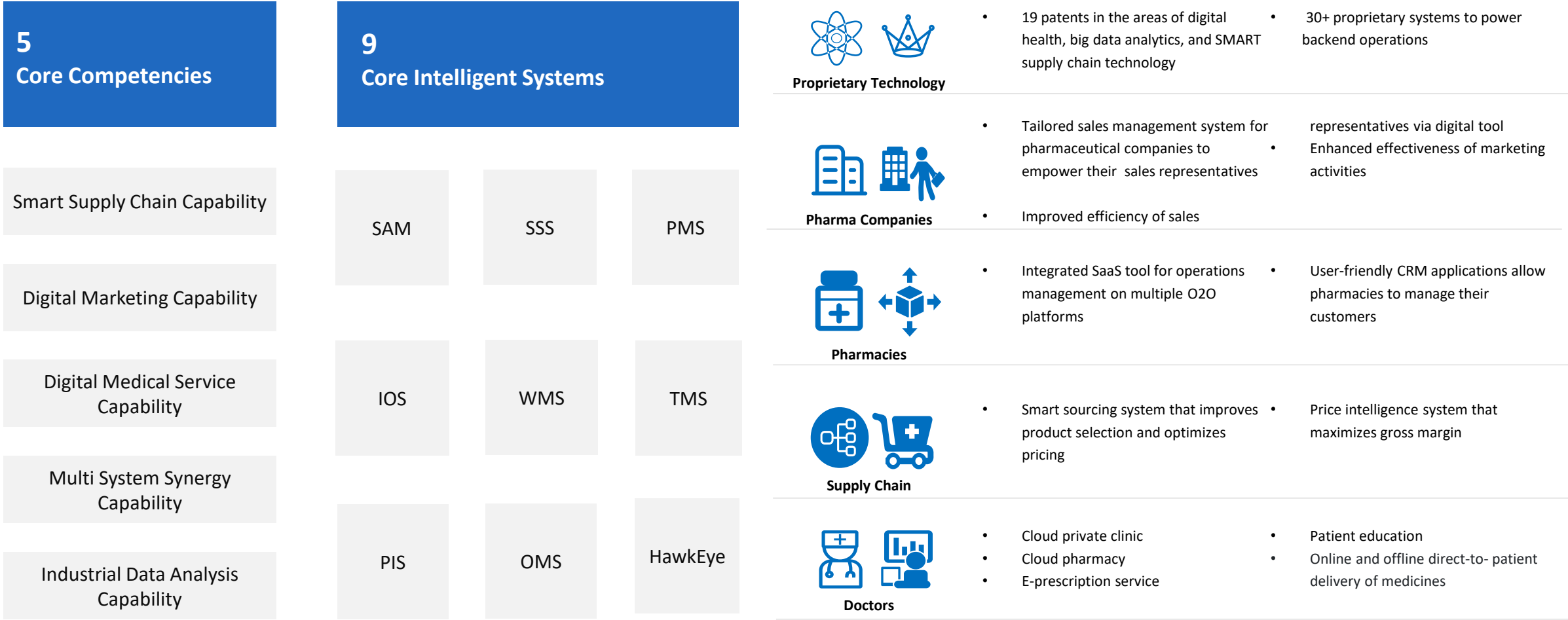
Non-real data, for demonstration purposes only.

Driving Operational Excellence: 111, Inc.'s Unyielding Focus on Efficiency with Scalable Growth

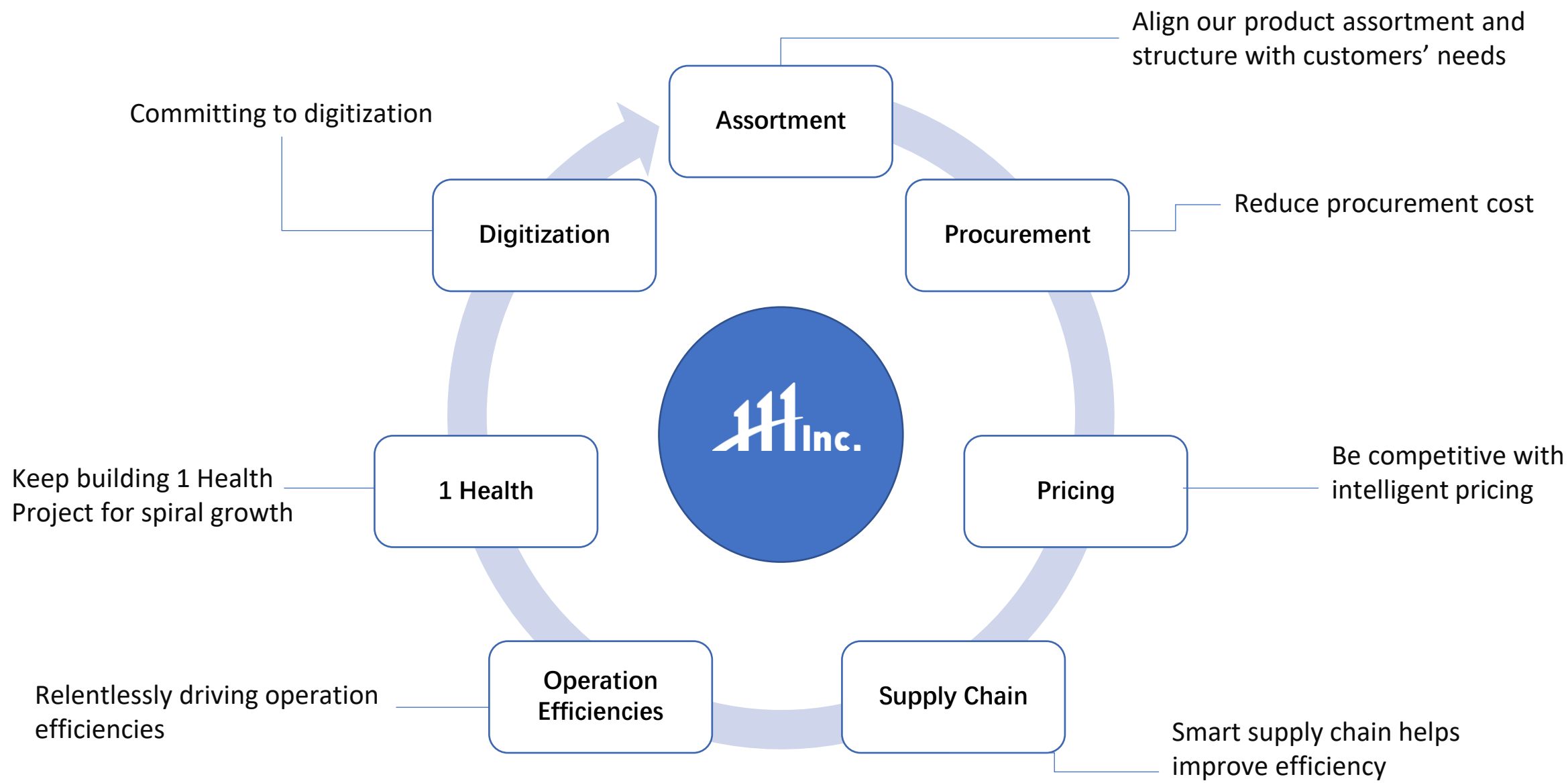


Firm Believer in Technology : Empowering Success through Ongoing Digital Investment

- Digitizing the healthcare industry has been our goal since our inception
- We have built a world class technology platform that is already transforming China's healthcare industry



Embracing the Future: Strengthening Leadership and Competitive Edge through a Systematic Approach



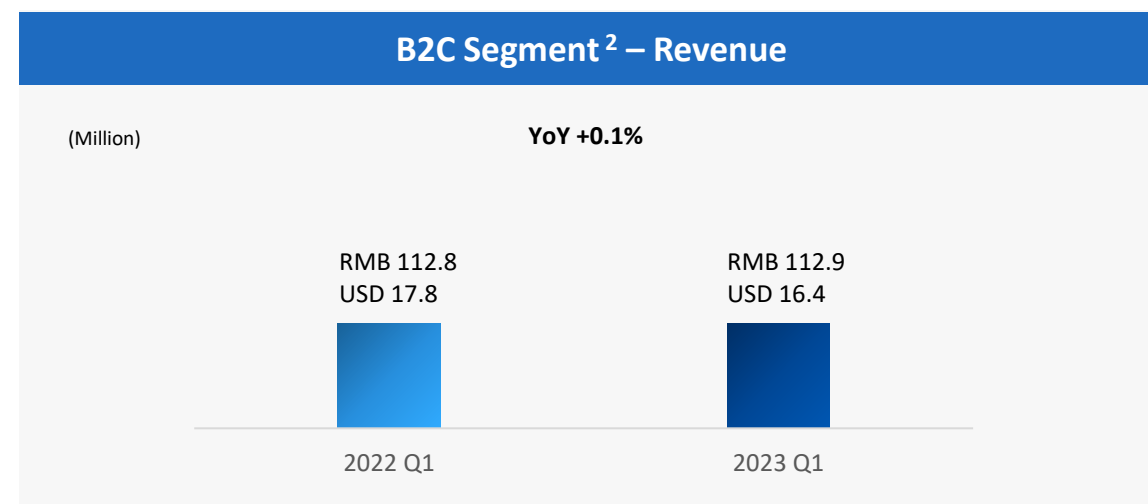
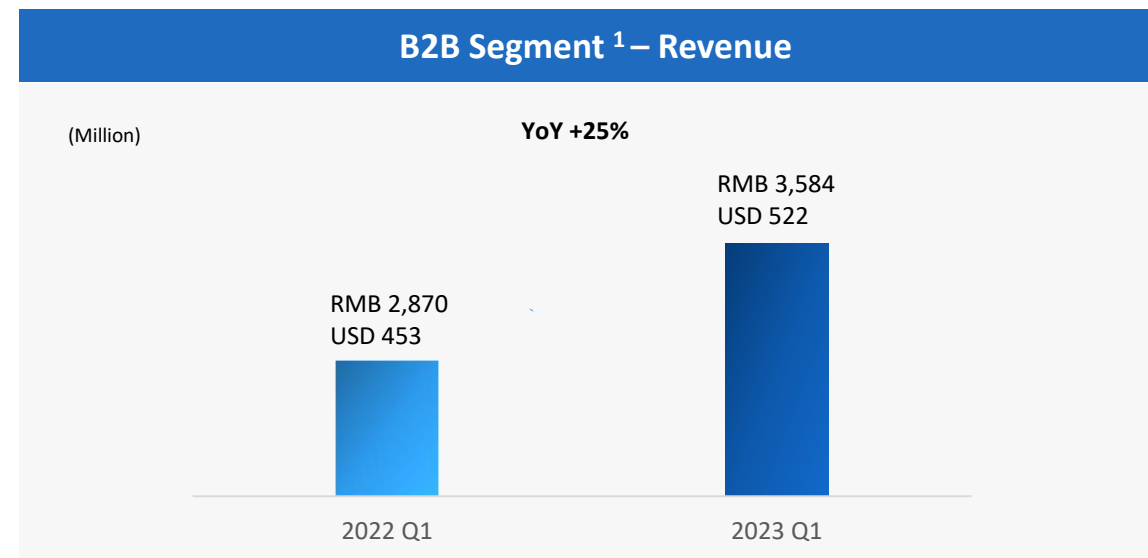
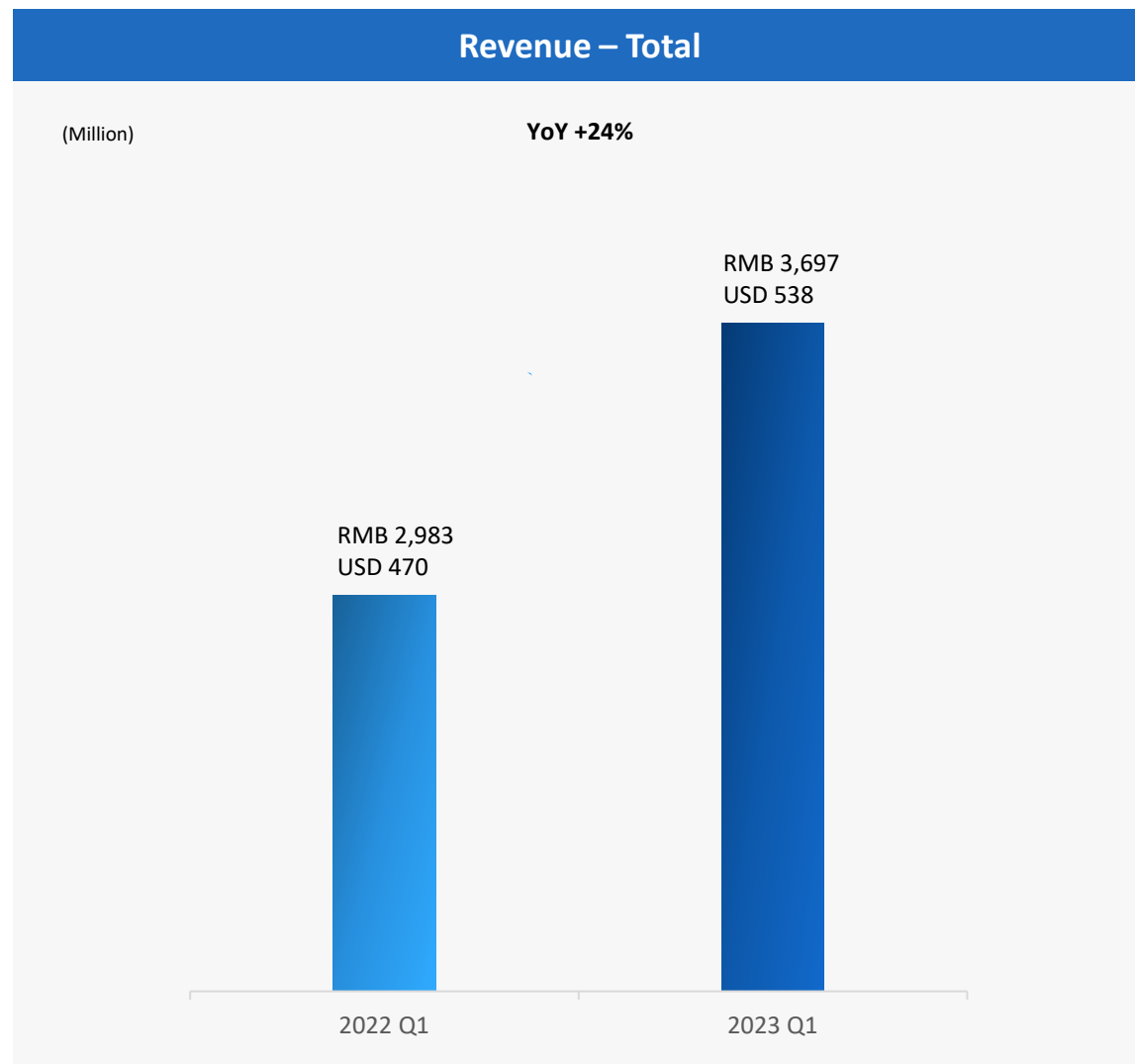
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Strong Revenue Growth Driven by B2B Segment



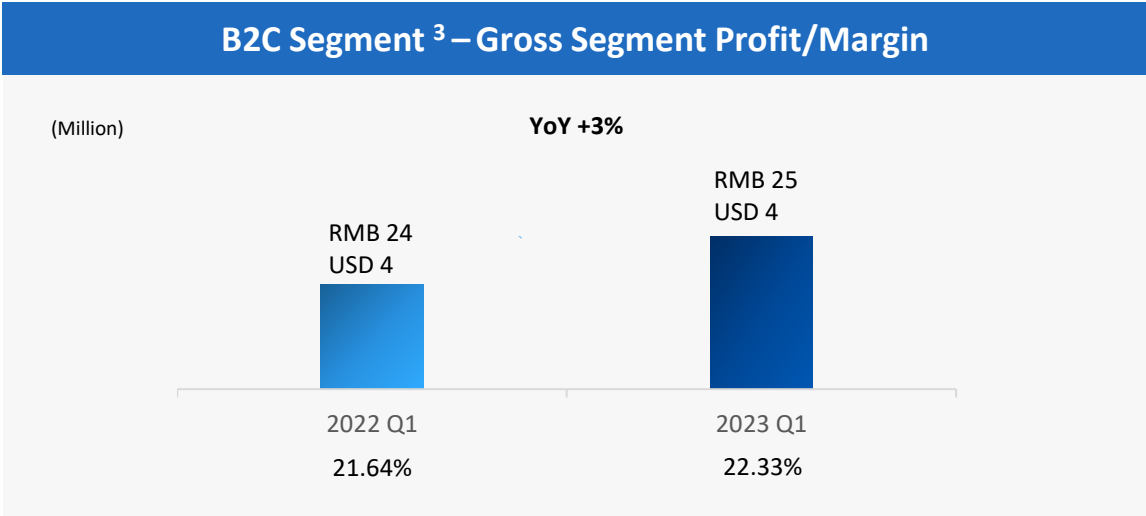
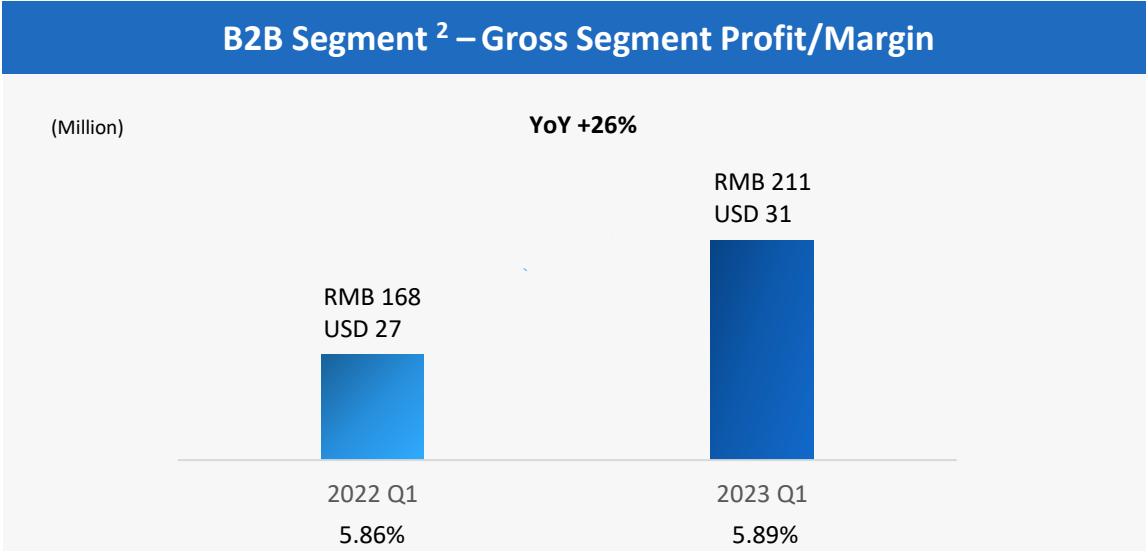
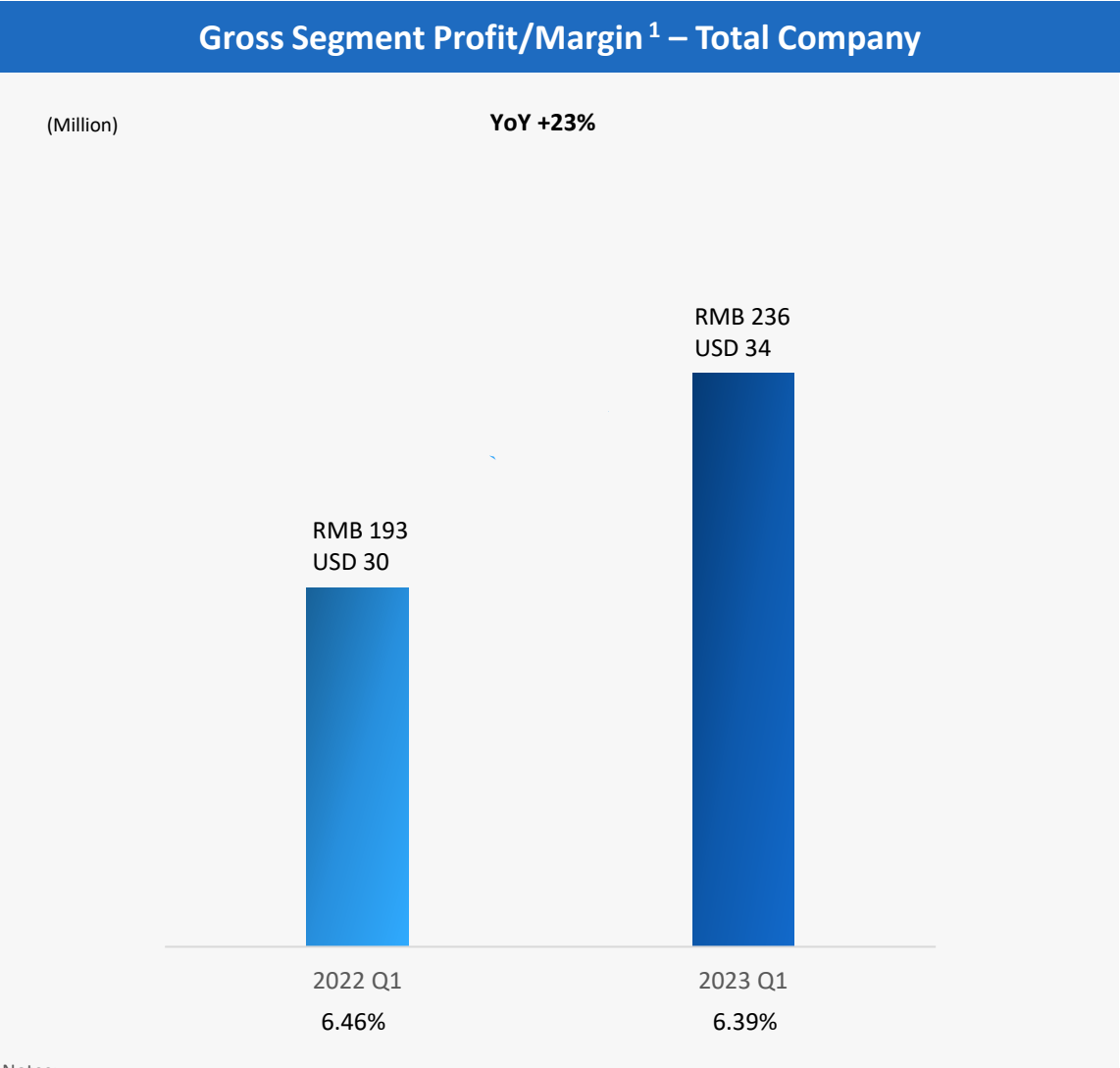
Notes:

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 23%

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

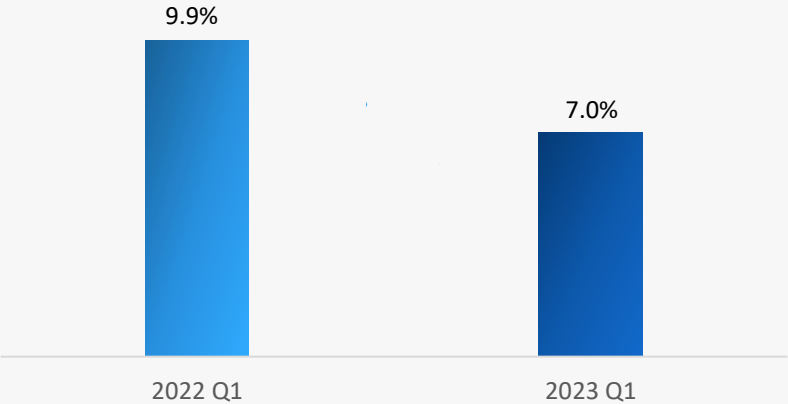


Notes:

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

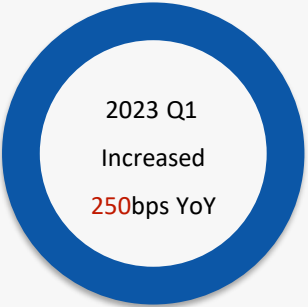
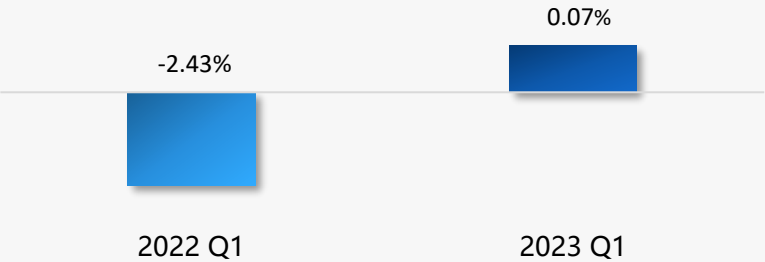
Non-GAAP Operating Profit has Turned Positive for the First Time

Operating Expense as % of Net Revenue



	Including Share-based compensation expenses		Excluding Share-based compensation expenses	
	2022 Q1	2023 Q1	2022 Q1	2023 Q1
Total	9.9%	7.0%	8.9%	6.3%
Selling and Marketing	3.9%	2.4%	3.6%	2.4%
G&A	1.6%	1.1%	1.0%	0.6%
Technology	1.3%	0.7%	1.2%	0.6%
Fulfillment	3.2%	2.8%	3.2%	2.8%

Non-GAAP Income/Loss from Operations as % of Net Revenue ¹



Notes:
1. Non-GAAP income/loss from operations represents income/loss from operations excluding share-based compensation expenses.

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Selected Balance Sheet Summary

	As of			
	December 31, 2022		March 31, 2023	
'000	RMB	USD	RMB	USD
Cash and cash equivalents, restrict cash and short-term investments	922,652	133,772	878,779	127,960
Total current assets	3,235,825	469,151	3,019,663	439,696
Total assets	3,473,814	503,656	3,238,813	471,607
Total current liabilities	2,725,110	395,103	2,501,372	364,227
Total liabilities	2,825,579	409,670	2,587,289	376,737
Mezzanine equity	1,056,939	153,242	1,070,769	155,916
111 Inc's equity	(414,599)	(60,111)	(423,403)	(61,652)
Non-controlling interests	5,895	855	4,158	606
Total liabilities and shareholders' equity	3,473,814	503,656	3,238,813	471,607

Selected Income Statement Summary

	For the Three Months			
	Ended March 31,			
	2022		2023	
'000	RMB	USD	RMB	USD
Net revenues	2,982,591	470,492	3,696,761	538,290
Cost of products sold	2,790,056	440,121	3,460,548	503,895
Fulfillment expenses	94,533	14,912	102,650	14,947
Selling and marketing expenses	114,854	18,118	89,240	12,994
General and administrative expenses	47,994	7,571	41,317	6,016
Technology expenses	39,021	6,155	25,316	3,686
Loss from operations	(102,151)	(16,114)	(21,732)	(3,164)
Interest expense (net) and other loss (net)	1,163	184	2,375	346
Net loss	(100,988)	(15,930)	(19,357)	(2,818)
Non-GAAP net income/loss	(71,231)	(11,236)	4,851	707

Cash Flow Statements

	For the Three Months			
	Ended March 31,			
	2022		2023	
'000	RMB	USD	RMB	USD
Net cash used in by operating activities	(68,241)	(10,765)	(121,328)	(17,668)
Net cash used in (provided by) investing activities	22,859	3,606	(53,188)	(7,744)
Net cash provided by financing activities	35,278	5,565	78,497	11,430
Effect of exchange rate changes on cash and cash equivalents, and restricted cash	(731)	(115)	(1,491)	(217)
Net decrease in cash and cash equivalents, and restricted cash	(10,835)	(1,709)	(97,510)	(14,199)
Cash and cash equivalents, and restricted cash at the beginning of the period	760,672	119,993	716,791	104,373
Cash and cash equivalents, and restricted cash at the end of the period	749,837	118,284	619,281	90,174

Non-GAAP Financial Measures Reconciliation

Non-GAAP Net Income/Loss	For the Three Months			
	Ended March 31,			
	2022		2023	
'000	RMB	USD	RMB	USD
Net loss	(100,988)	(15,930)	(19,357)	(2,818)
Add:				
Share-based compensation				
Selling and marketing expenses	8,430	1,330	1,145	167
General and administrative expenses	17,716	2,794	18,970	2,762
Technology expenses	3,611	570	4,093	596
Non-GAAP net income/loss	(71,231)	(11,236)	4,851	707

Q & A

THANK YOU