

TRANSCENDING THE BOUNDARIES OF HEALTHCARE

NASDAQ: YI

Third Quarter 2021 Earnings Call

Nov 19, 2021

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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 September, 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.

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Healthy China 2030

President Xi Jinping: "Health is the most important indicator of people's happiness... accordingly we shall continue to prioritize healthcare, build upon our prior achievements, and encourage innovation in this industry."

1. Put healthcare at the forefront of national development strategy.
2. Encourage Innovation that will help reform the healthcare industry.
3. Develop new methods of healthcare, focusing on prevention/cure and combination of Chinese + Western medicine, and support initiatives that will improve efficiency and quality.
4. Provide rural areas with equal access to healthcare and support new service models that will bridge the gap for obtaining basic healthcare services.

健康中国

Healthy China

2030



Regulatory Changes Provides Tailwinds to the Industry and to 111

1. Encourage the development of tools to **integrate online/offline healthcare providers**, support healthcare businesses to expand service range and content through the powers of the Internet (e.g. online registration, telemedicine, and follow-up care and patient management services), and provide guidelines for Internet hospitals and offline healthcare businesses for data sharing and collaboration between Internet hospitals and brick-and-mortar institutions.
2. Drive **supply chain digitization** by (i) supporting **B2B e-commerce platforms** in the rapid digitization of supply chain-related resources such as finance, logistics, warehousing, etc.; (ii) cultivating new business models and channels; (iii) encouraging digitization of internet enterprise platforms to provide integrated online/offline services; and (iv) leveraging technology to tackle challenges in purchasing, marketing, distribution, and customer service.
3. Promote “one-stop-shop” concept in the consumer service industry (e.g. retail, catering, domestic care, senior care and healthcare services), and actively develop service models that seamlessly integrate online/offline channels.

Source: Notice by the Ministry of Commerce, Cyberspace Administration of China, and National Development and Reform Commission Regarding the Promulgation of the “14th Five-Year Plan on E-Commerce Development”

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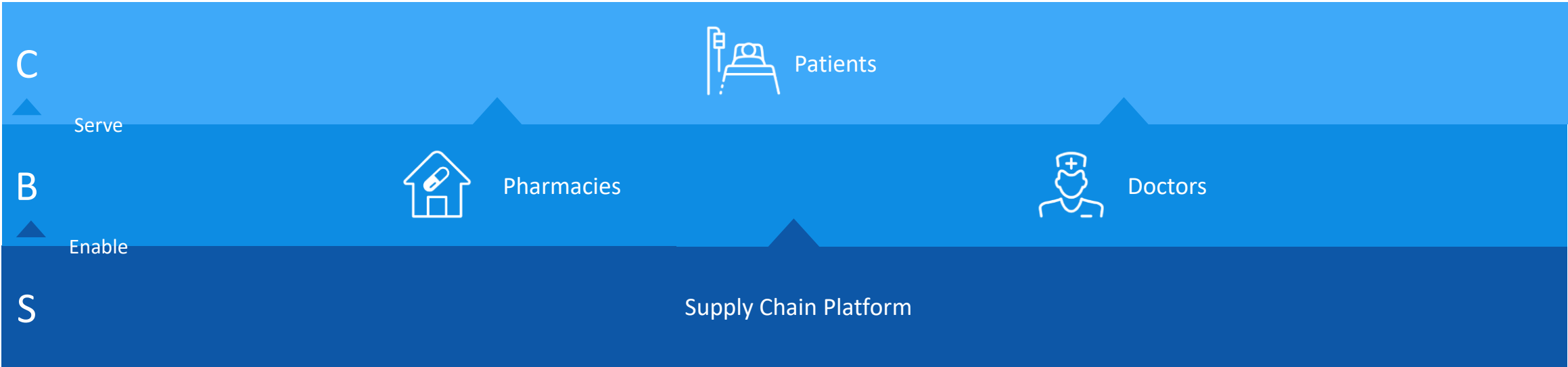


111 Snapshot

Our Mission

Digitally Connecting Patients with Medicine and Healthcare Services

Our S2B2C Model



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

Business & Operational Performance Highlights

Net Revenue Growth

+42% YOY

Service Revenue Growth

Overall +106% YOY

B2B +336% YOY

Gross Profit Growth

Overall +85% YOY

B2B +145% YOY

1 Health Membership Program
Participating Pharmacies

11 K+

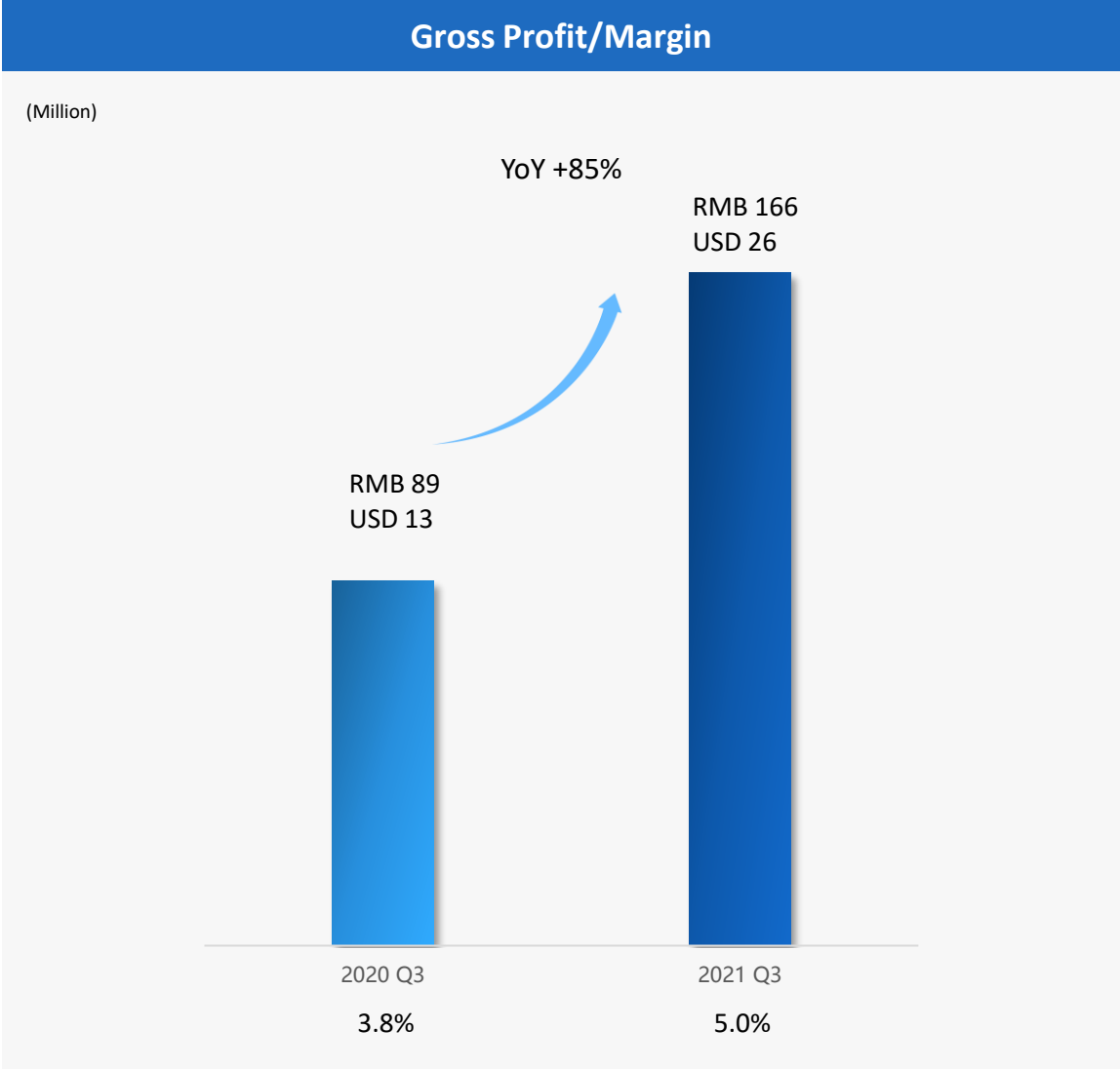
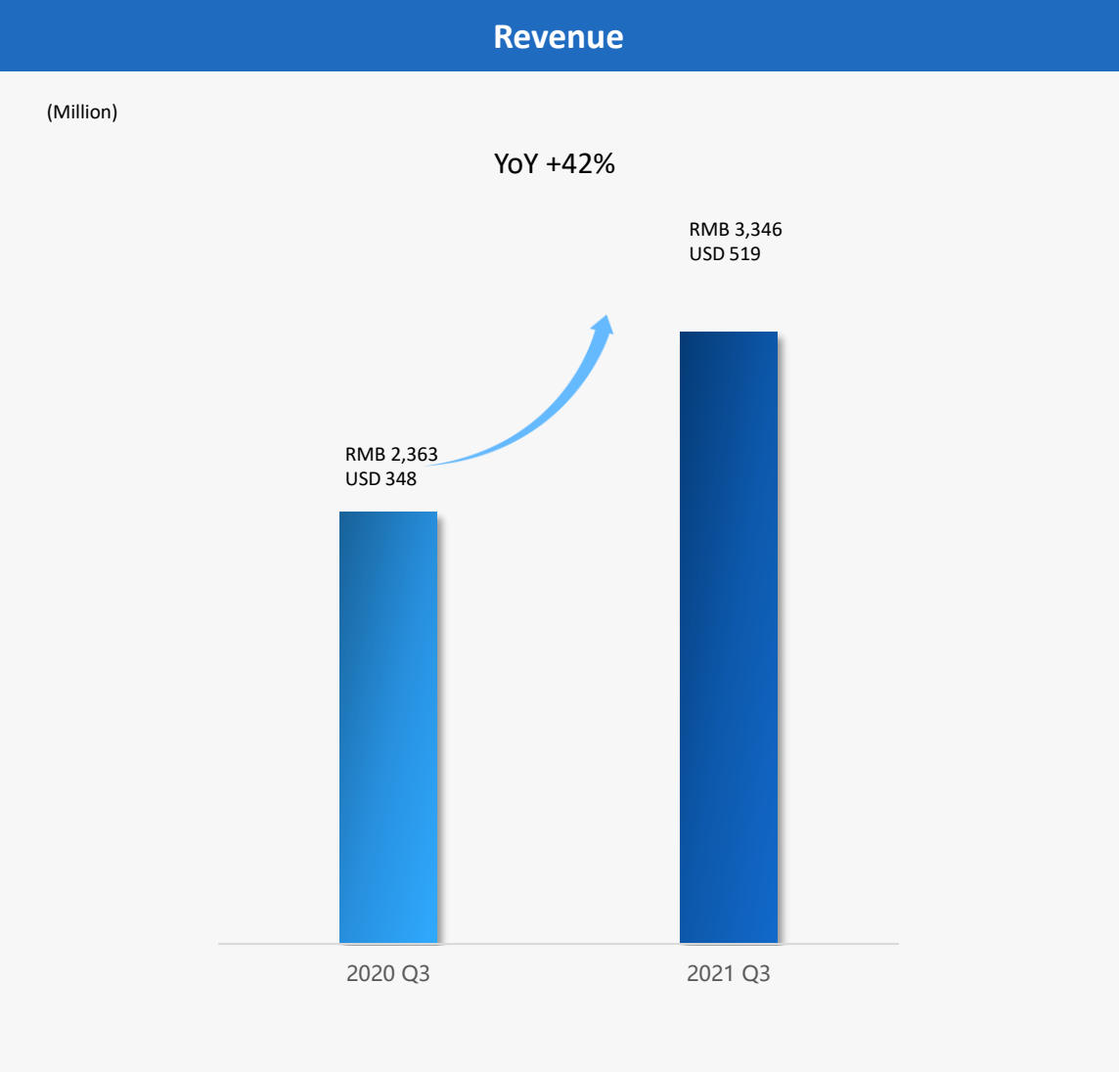
Investment in Technology

+155% YOY

Fulfillment Center Capacity
Expansion

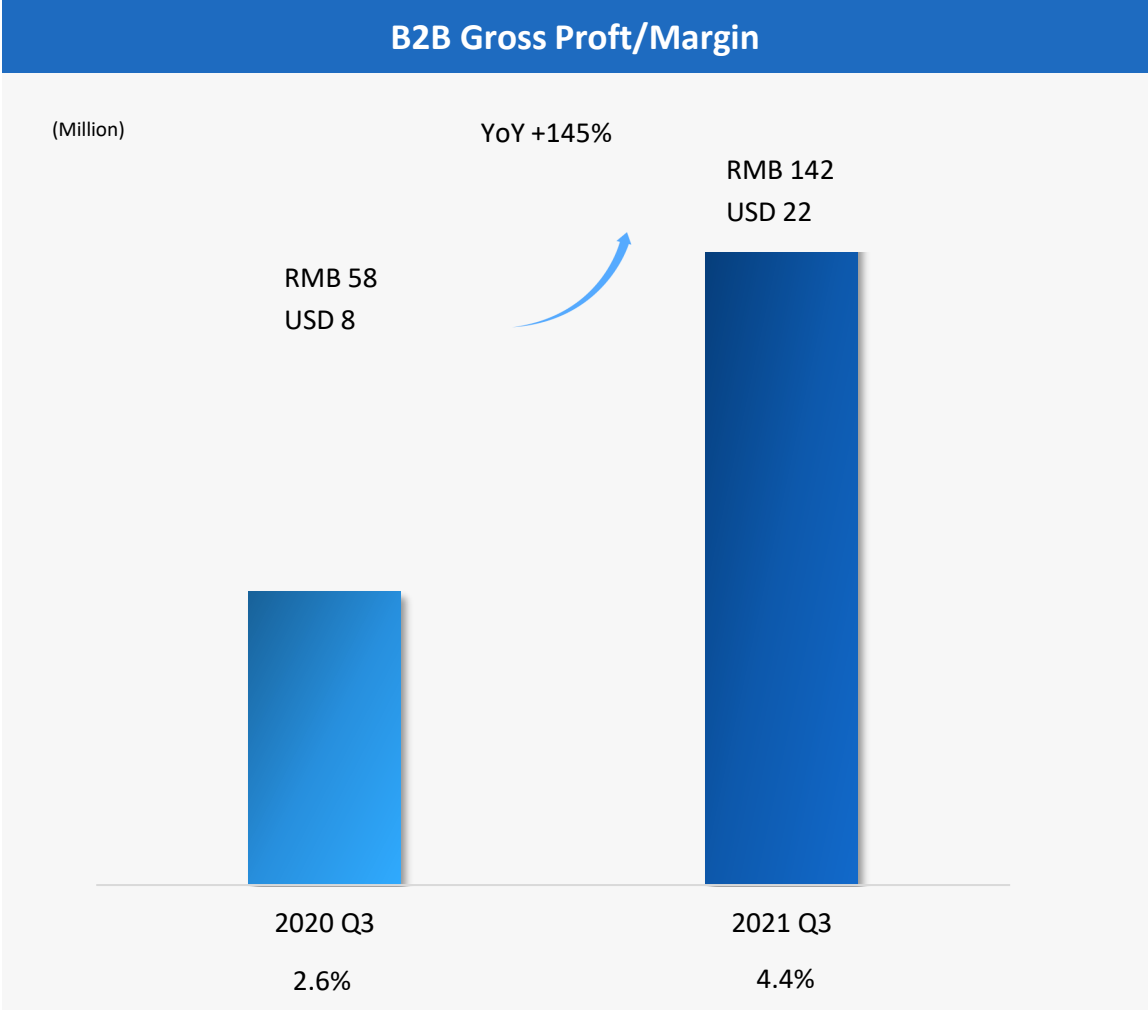
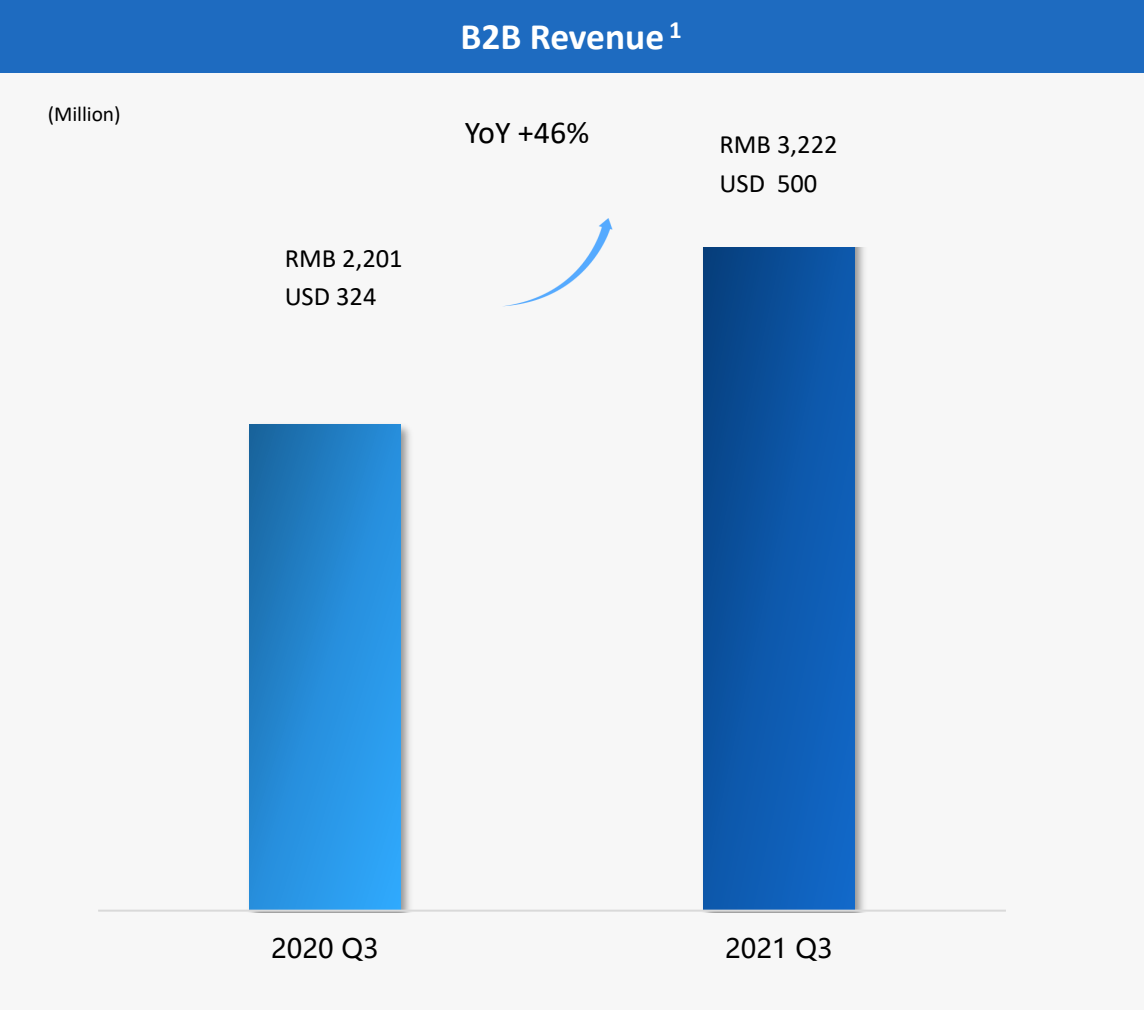
+148% YOY

Delivering Strong Revenue and Gross Profit/Margin Growth



B2B: Net Revenue Increased 46% with Gross Profit Up 145% YoY

Underpinned by Strong Market Demand & Services Expansion



Notes:
1. B2B segment historical revenue is restated to include E-Channel revenue in the segment.

Diversified Revenue Stream

Service Revenue Increased 106% YoY

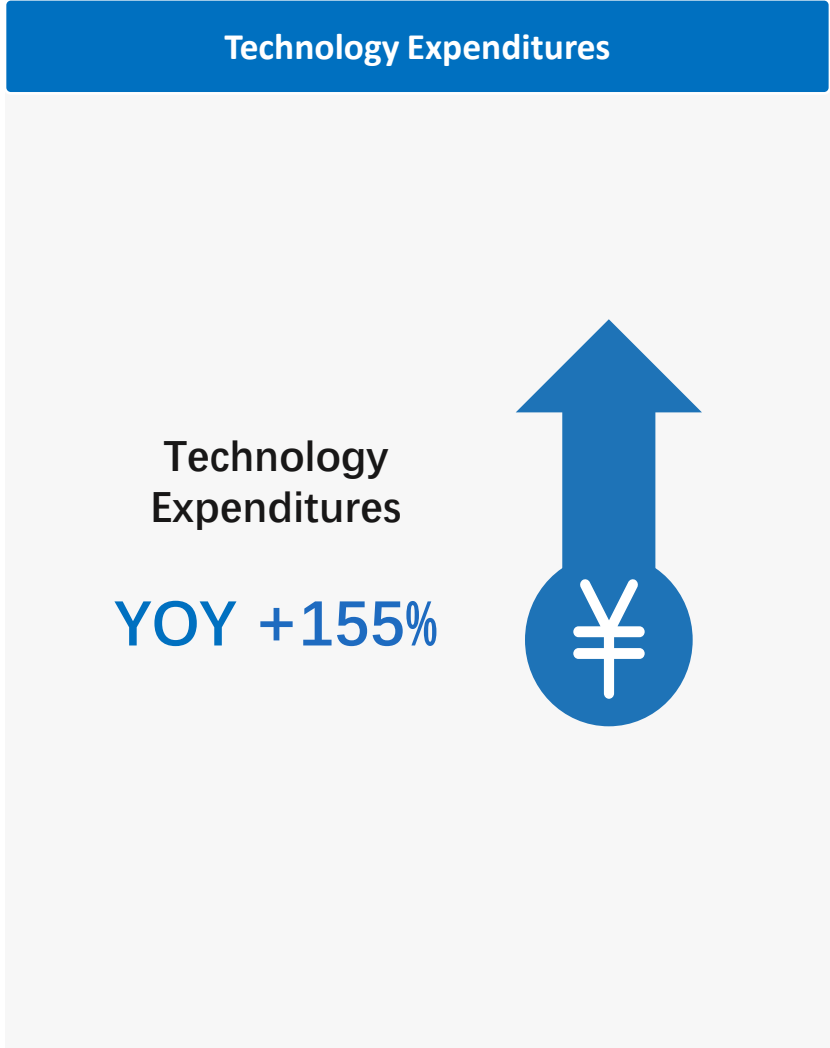
Service Revenue

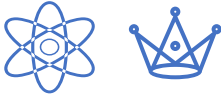






Increasing Demand for 111's Service Offerings

- Marketplace Vendor Services
- Online Medical Consultation
- E-Prescription Services
- Digital Marketing
- Supply Chain Management
- Patient Education
- Drug Commercialization Tools

New Initiatives and Investments in Technology



 Proprietary Technology	<ul style="list-style-type: none">19 patents in the areas of digital health, big data analytics, and SMART supply chain technology	<ul style="list-style-type: none">30+ proprietary systems to power backend operations
 Pharma Companies	<ul style="list-style-type: none">Tailored sales management system for pharmaceutical companies to empower their sales representatives	<ul style="list-style-type: none">Improved efficiency of sales representatives via digital toolEnhanced effectiveness of marketing activities
 Pharmacies	<ul style="list-style-type: none">Integrated SaaS tool for operations management on multiple O2O platforms	<ul style="list-style-type: none">User-friendly CRM applications allow pharmacies to manage their customers
 Supply Chain	<ul style="list-style-type: none">Smart sourcing system that improves product selection and optimizes pricing	<ul style="list-style-type: none">Price intelligence system that maximizes gross margin
 Doctors	<ul style="list-style-type: none">Cloud private clinicCloud pharmacyE-prescription service	<ul style="list-style-type: none">Patient educationOnline and offline direct-to-patient delivery of medicines

New Initiative: 1 Health

1 Health is a membership / virtual franchise model that effectively connects pharmaceutical companies with pharmacies and patients to empower small-to-mid size pharmacy chains



Robust Supply Chain Platform and Partnerships with Vast Network of Pharmaceutical Companies

Growth of Partnerships

Direct Sourcing Pharmaceutical Companies

300+
2020 Q3

400+
2021 Q3

Broad Cooperation

111 Group has established a wide and deep network of partners



Chairman and General Manager of Chugai Pharma China, Mr. Yukimatsu stated, "I am deeply honored and firmly believe that this collaboration will be beneficial for bringing new, convenient and accessible medical solutions to more Chinese patients and their families."

Leverage Robust Network to Deliver Healthcare Products

Continue To Expand Product Selection And Categories

Medical Devices

Chinese Herbal Medicine

Nutrition & Wellness Products

Expanding SKUs

Chinese and Western Medicines

Medical Beauty Products

Others

 BeiGene

 NOVARTIS

 雅培 Abbott

 Lilly 礼来制药

 Bayer

 济民可信 JIMINKEXIN

 Pfizer

 SANOFI

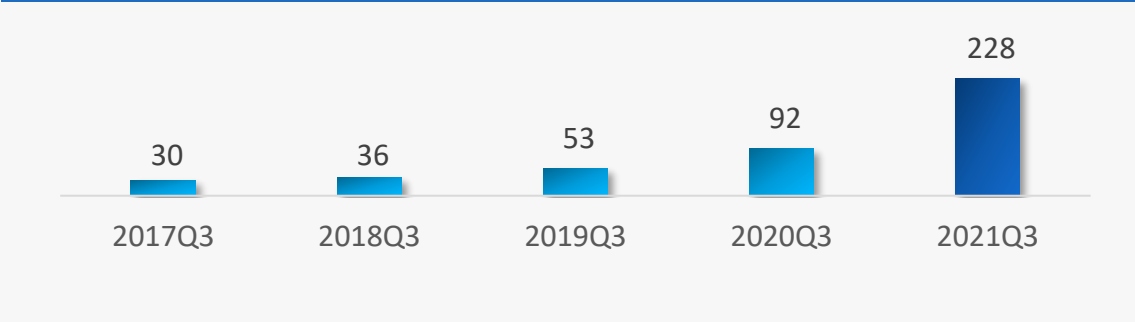
 康恩贝 CONBA

 北京同仁堂

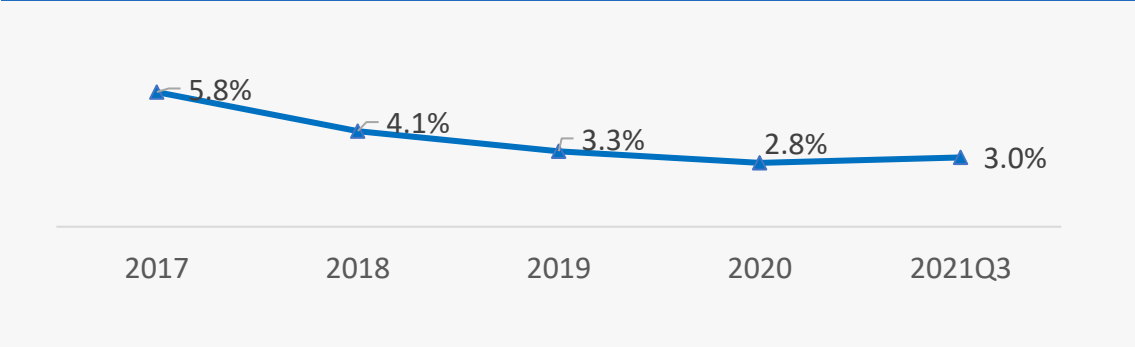
 Innovent 信达生物制药

Strategic Investment in Infrastructure to Fuel Future Growth

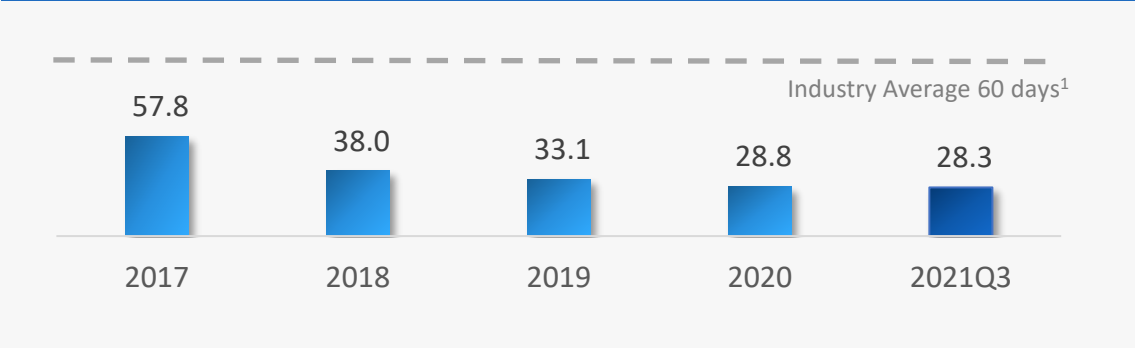
Fulfillment Center Capacity (Thousand Square Meters)



Efficient Operation To Ensure Superior Customer Experience



Inventory Turnover Days Are Significantly Lower Than Industry Norm



Highly Efficient Logistics And Warehouse Operations



Note:
1. Based on 2020 data from Ali Health, JD Health, Ping An Good Doctor, China Resources Pharmaceutical, Jointown, and Sinopharm

Environment、 Social Responsibility、 Corporate Governance

Tibetans Aid Project



- 1 Clinic has partnered with the People's Hospital of Wenjiang District, Chengdu City, to launch an initiative aimed at the prevention and treatment of hydatid disease. Partnership includes using our technologies to build a doctor-patient consultation platform to help doctors provide convenient, high quality medical services for ethnic Tibetans in Seda County, Sichuan Province.

Covid Assistance Project



- In February 2021, 111 provided pharmacies in Covid-affected northern regions (i.e., Jilin, Heilongjiang, Liaoning and Hebei Provinces) with PPEs and other related services.
- In June 2021, 111 donated equipment, including surgical masks, disinfectants, etc., through various charities in Guangzhou City.
- In July 2021, 1 Clinic provided free online consultations to patients impacted by the severe flooding in Henan Province.

Free Telemedicine Services



- 1 Clinic has provided approximately 400,000 free medical consultations in 2021.

Consumer Safety Program



- Launched a collection program for expired medication to ensure safe disposal.

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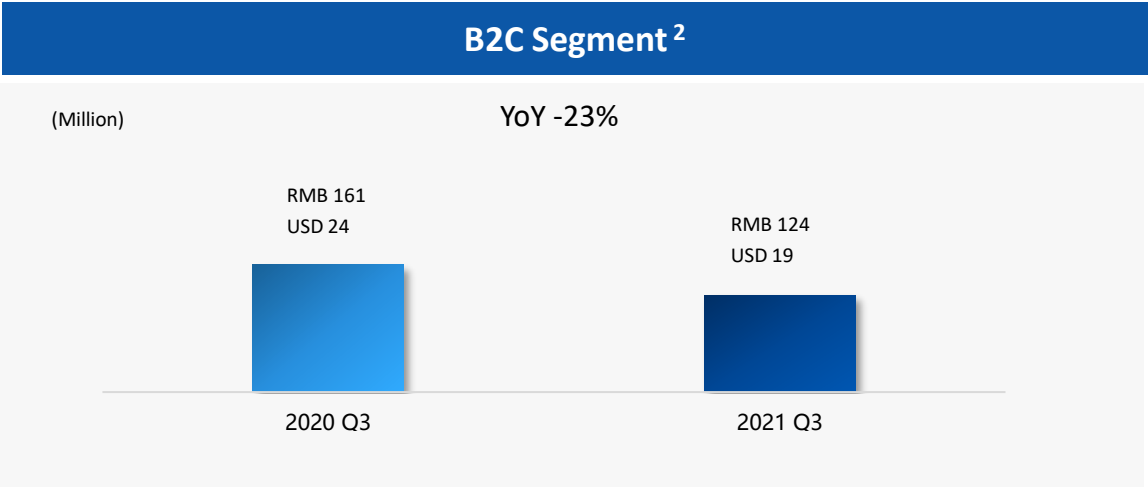
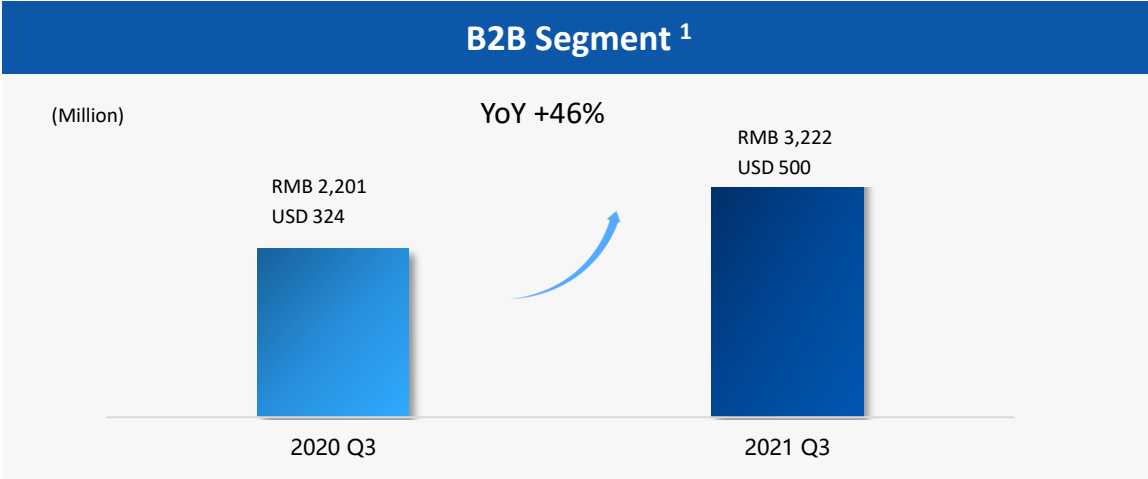
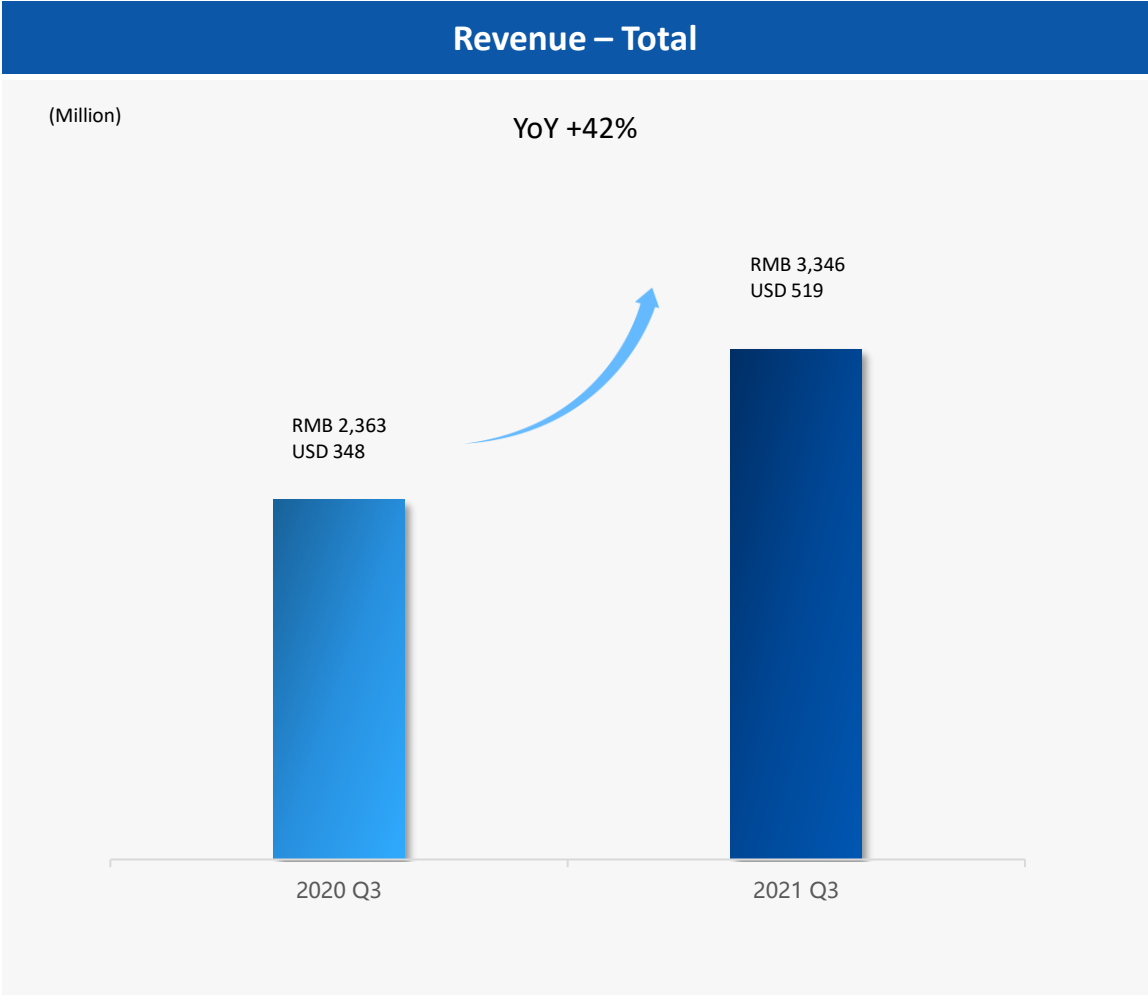
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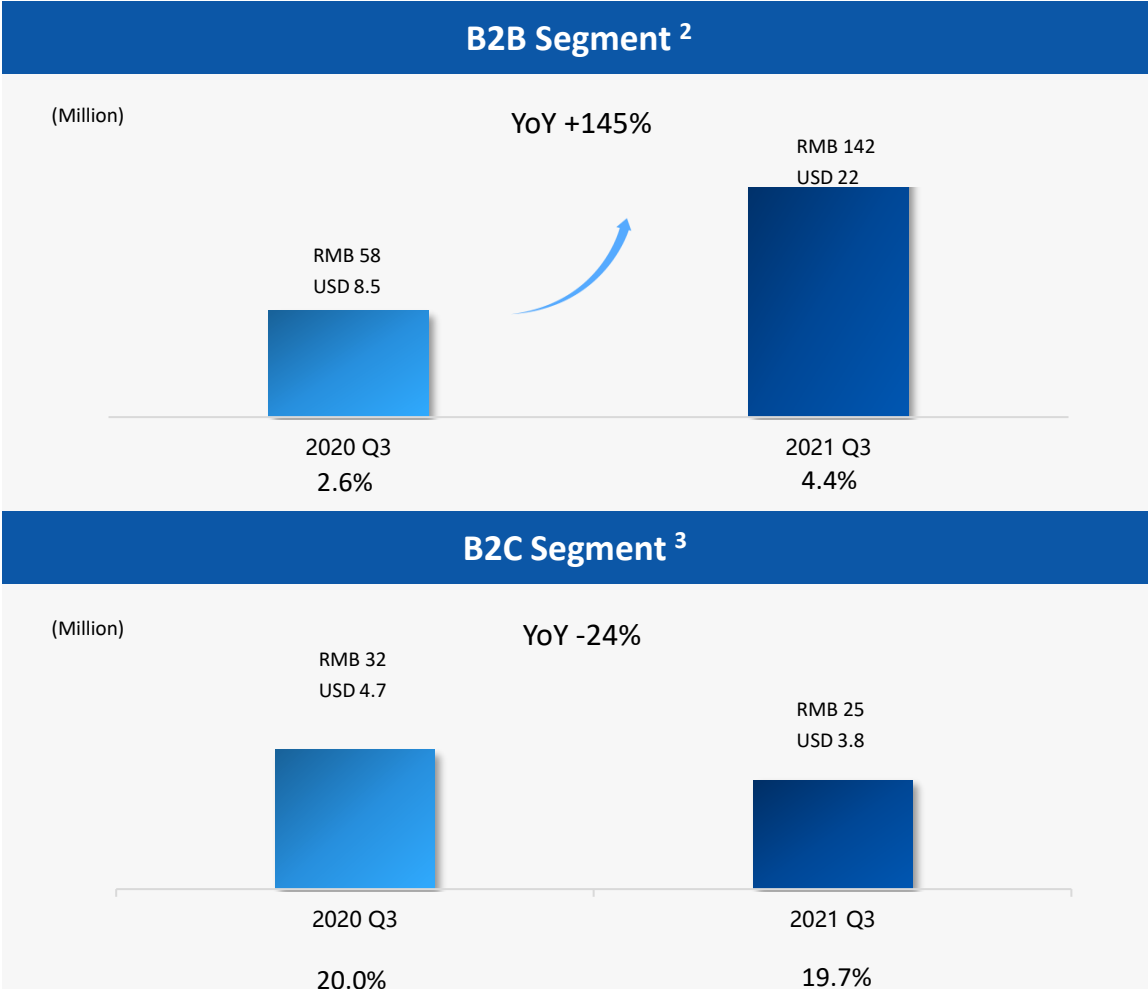


Strong Revenue Growth Driven by B2B Segment



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.

B2B Drove Significant Gross Margin Expansion



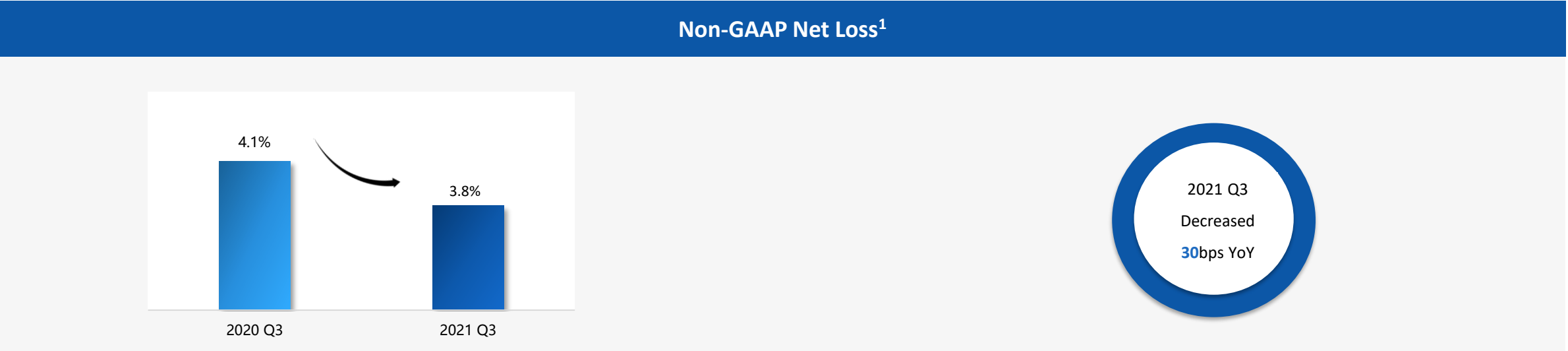
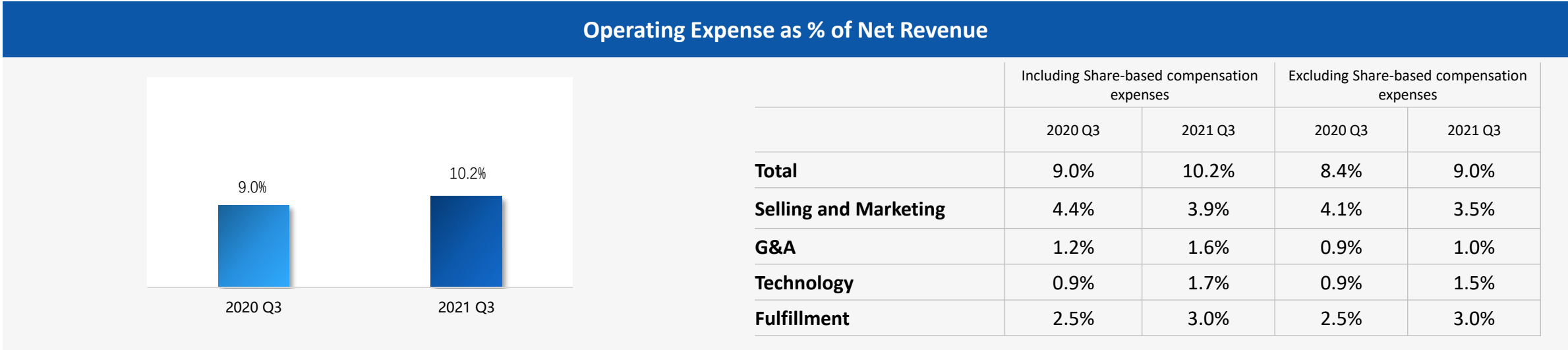
Notes:

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

Non-GAAP Net Loss Narrowed as a Percentage of Net Revenue



Notes:
1. Non-GAAP net loss represents net loss excluding share-based compensation expenses.

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2021 Q4 Guidance

Total Net Revenues

- RMB**3.44 Billion** to RMB**3.70 Billion**
- YOY Growth of **30%** to **40%**

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Selected Balance Sheet Summary

	As of			
	December 31, 2020		September 30, 2021	
'000	RMB	USD	RMB	USD
Cash and cash equivalents, restrict cash and short-term investments	1,618,701	248,080	1,083,338	168,131
Total current assets	2,872,704	440,261	2,790,008	433,002
Total assets	3,026,489	463,829	3,131,356	485,978
Total current liabilities	1,629,720	249,765	2,036,664	316,085
Total liabilities	1,695,844	259,899	2,199,999	341,434
Mezzanine Equity	924,245	141,647	986,712	153,135
111 Inc's Equity	357,405	54,775	(81,066)	(12,581)
Non-controlling interests	(48,995)	(7,508)	(25,711)	(3,990)
Total liabilities and shareholders' equity	3,026,489	463,829	3,131,356	485,978

Selected Income Statement Summary

For the three months				
Ended September 30,				
	2020		2021	
'000	RMB	USD	RMB	USD
Net Revenues	2,362,723	347,991	3,346,227	519,326
Cost of products sold	2,272,788	334,745	3,180,162	493,553
Fulfillment expenses	58,161	8,566	100,561	15,607
Selling and marketing expenses	104,252	15,355	131,839	20,461
General and administrative expenses	28,504	4,198	53,064	8,235
Technology expenses	21,953	3,233	56,060	8,700
Loss from operations	(122,181)	(17,994)	(175,356)	(27,214)
Interest expense (net) and other loss (net)	10,900	1,618	9,576	1,486
Net Loss	(111,191)	(16,376)	(165,780)	(25,728)
Non-GAAP net loss	(97,019)	(14,289)	(126,283)	(19,598)

Non-GAAP Financial Measures Reconciliation

Non-GAAP Net Loss	For the three months			
	Ended September 30,			
	2020		2021	
'000	RMB	USD	RMB	USD
Net loss	(111,191)	(16,376)	(165,780)	(25,728)
Add:				
Share-based compensation				
Selling and marketing expenses	7,131	1,050	14,767	2,292
General and administrative expenses	6,500	957	18,174	2,821
Technology expenses	541	80	6,556	1,017
Non-GAAP net loss	(97,019)	(14,289)	(126,283)	(19,598)

Q & A

THANK YOU