

Presentation for investors

29 May 2023

+pilulka

lepší život

Prepared for the purpose of the public offering of newly issued shares of **Pilulka Lékárny a.s.** on the START Market of the Prague Stock Exchange

MARKETING COMMUNICATION

LEGAL NOTICE

This document has been prepared by Pilulka Lékárny a.s. with its registered office at Českomoravská 2408/1a, 190 00 Prague 9 (hereinafter referred to as "Pilulka" or the "Company") for the purpose of the public offering of the Company's newly issued shares, which takes place, inter alia, on the START market of Prague Stock Exchange, a.s. (hereinafter referred to as "SPO", "START market"). This Document does not constitute any recommendation to invest in any investment instruments. The presentation reflects information provided by the Company to the best of its knowledge and belief.

This document does not contain definitive or exhaustive information about the Company or the Company's shares. Each recipient of this document and potential investor should consult his or her own legal, financial and other professional advisers as to the suitability of his or her investment before making any investment decision in respect of the Company's shares and should rely solely on **the information about the Company contained in the prospectus for the Company's shares** which has been approved in accordance with the Prospectus Regulation by a decision of the Czech National Bank out of 22 May 2023, ref. No.: 2023/062588/CNB/570 under file No. S-Sp-2023/00034/CNB/572, which became effective on 23 May 2023 (the "Prospectus"). Prospectus was published on the Company's website www.pilulka.cz/pro-investory/.

The approval of the Prospectus by the Czech National Bank should not be construed as an endorsement of the Company's shares offered under the SPO. Prospective investors should properly read the Prospectus before making their investment decision in order to fully understand the potential risks and rewards associated with a decision to invest in the Company's shares.

The information provided herein by the Company also includes, among other things, estimates and forecasts of future financial results that have been prepared by the Company's management. It should be taken into account, that **statements about these estimates do not provide any assurance that these results will be achieved. Actual results to be realized by the Company may differ from these estimates.** Many of these factors are beyond the Company's present knowledge, awareness and/or control and cannot be foreseen by the Company.

No representation or warranty, express or implied, or liability or undertaking is or will be given by the Company or its shareholders or any of its subsidiaries, directors, officers, agents, employees, advisers, in relation to the accuracy, reliability or completeness of the contents of this document. The Company and its shareholders hereby expressly disclaim any responsibility or liability for the accuracy, errors or incompleteness of the information contained in this document. No information, statements or opinions contained in this document will form the basis of any future contractual relationship to which the Company is a party.

This presentation does not constitute an offer or invitation to purchase or subscribe for any shares of the Company or other securities and does not constitute an offer or sale of any shares or other securities in any jurisdiction in which such offer or sale would be unlawful without appropriate approval or registration under the securities regulations of such jurisdiction. **The public offer of shares under the SPO is made exclusively on the basis of the Prospectus**, which is available on the Company's website.

CONTENT

1	TRANSACTION PARAMETERS	4
2	USE OF PROCEEDS	6
3	KEY INVESTMENT CONSIDERATIONS	7
4	INTRODUCTION OF THE COMPANY	9
5	OVERVIEW OF FINANCIAL INFORMATION	19
6	COMPARISON OF PILULKA WITH SIMILAR TRADED COMPANIES	23
7	ABSTRACT FROM RESEARCH REPORT	24
8	WHERE TO BUY PILULKA'S SHARES	25



SECONDARY PUBLIC OFFERING OF PILULKA'S SHARES

Date of the SPO

8.6.–22.6.2023



ISIN: CZ0009009874

Bloomberg: PINK CP Equity

Thomson Reuters: PINK.PR

+ Number of offer shares: **up to 500,000**

+ Price range: **CZK 450–550** per share

+ Expected market cap of the Company (100%):
CZK 1,359m–1,662m⁽¹⁾

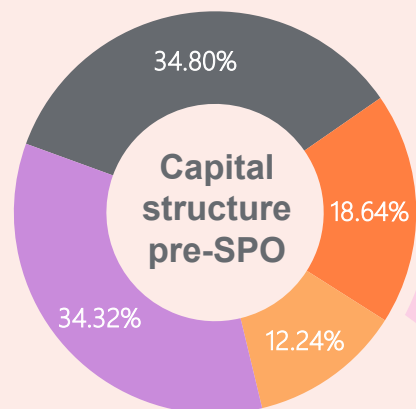
+ Size of 1 lot: **10 shares⁽²⁾**

+pilulka

- As part of the **SPO**, which takes place in the **form of a public offering** through the START Market of the Prague Stock Exchange, the Company offers for **subscription new shares of an indicative volume of up to 500,000** (the total number of shares before the SPO is 2,520,934). The SPO does not include the sale of existing shares in the Company by current shareholders
- Further information on the SPO is provided **in the Company's Prospectus** for equity securities, which has been approved by the Czech National Bank and published on Pilulka's websites. Investors are also provided with a research report prepared by an authorized analyst
- Petr and Martin Kasa**, the founders and key managers of the Company, **will continue to manage and develop Pilulka**. They will continue to be Pilulka's largest shareholders even after the SPO
- The funds raised** from the subscription of offer shares (in an indicative amount of CZK 225m–275m⁽³⁾, before transaction costs) **will be used to further develop the Company**, specifically to strengthen the Company's activities on foreign markets (mainly in Austria and Hungary), to further develop own e-health solutions, to strengthen the working capital and for potential acquisitions in the Czech Republic and abroad
- Pilulka is seeking a **prospective listing** of its shares **on the regulated market** of the Prague Stock Exchange. Following its gradual strengthening on foreign markets, Pilulka is taking steps to make its shares attractive and available also to foreign investors - the Prospectus was prepared in English, regular reporting to shareholders is bilingual in Czech and English, the Company aims to adopt International Financial Reporting Standards (IFRS) in the future, amongst other things

Note: (1) i.e., the value of 100% of the Company's shares after subscription of 500k offer shares
(2) Subject to the final SPO price, it corresponds to the value of CZK 4,500–5,500
(3) Assuming subscription of 500k offer shares within the price range of CZK 450–550

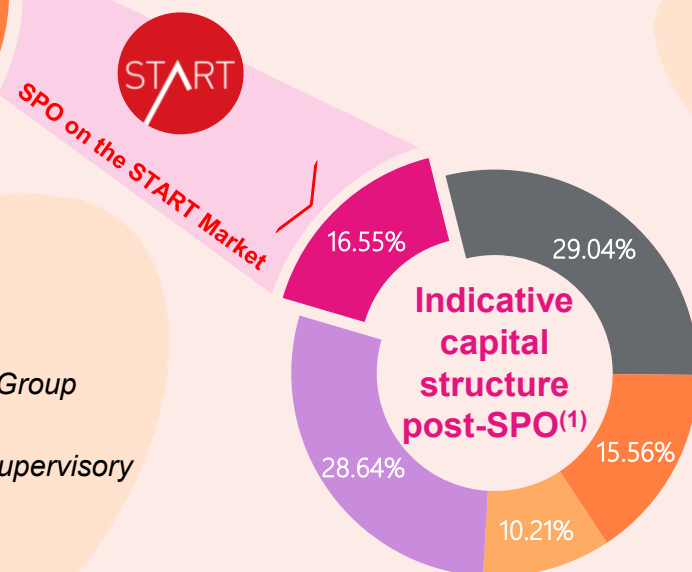
INDICATIVE TRANSACTION STRUCTURE



Subscription of up to 500,000 offer shares

The SPO does not include the sale of the Company's existing shares by current shareholders

Petr and Martin Kasa, the founders and key managers of the Company, are ready to retain their entire existing shareholding in Pilulka and to actively participate in further successful development of the Company



45.2%

Free-float on the START Market after completion of the SPO in the full planned volume

The SPO is preceded by a two-week first phase allowing existing shareholders to subscribe for offer shares by exercising their pre-emptive rights (this subscription takes place outside of the START Market)

Note.: (1) The indicative capital structure post-SPO assumes subscription of 500k offer shares

USE OF PROCEEDS



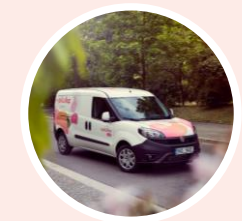
Market share increase on foreign markets

In 2022, Pilulka **entered Austria and Hungary** with an ambition to become the market **leader among online pharmacies and the best mobile pharmacy** and drugstore on those markets. Both Austrian and Hungarian **markets have great potential**, which has not yet been fully harnessed by local players. Following the successful completion of the SPO, Pilulka plans **to accelerate its expansion there through a less capital intensive hybrid model**, which is combining the Company's current infrastructure with local commercial department and customer care. Like in the Czech Republic and Slovakia, Pilulka will introduce a distinctly customer-centric approach on these markets, and offer innovative and reliable services, including the Pilulka Express delivery service and its own network of dispensing boxes



Development of e-health initiatives

Pilulka is a **digital platform** connecting pharmaceutical companies, distributors, health insurance companies and healthcare providers with end-customers. In addition to the sale of drugs and other goods, Pilulka is **creating entirely new business verticals**, focused on prevention, the efficient transfer of information between health insurance companies and their clients, easy and fast search for medical care, and the development of digital tools that allow leading pharmaceutical companies to monitor the treatment of chronically ill patients. Also, within **Pilulka Lab**, the Company's own **start-up accelerator**, Pilulka aims to capture and leverage modern trends in healthcare. These and other e-health initiatives represent the future of healthcare and Pilulka will focus on developing them further



Strengthening of working capital

In the context of **accelerated international development**, Pilulka's **working capital and especially inventory will need to be strengthened** further. The expansion into new markets also offers new opportunities in terms of supply chain and sourcing, including **central purchases** on a larger scale and the strengthening of the **own private label portfolio**, the increased sales of which will have a direct positive impact on Pilulka's profitability



Opportunistic acquisitions in the Czech Republic and abroad

Ample room for the further **consolidation of the Central European pharmacy market**, combined with the Company's proven business model and an experienced management team, are key enablers that will allow Pilulka to continue its solid organic growth, while presenting an opportunity for inorganic growth through acquisitions and mergers with other players

KEY INVESTMENT CONSIDERATIONS (1/2)

1

A proven and working business model

Pilulka is **the largest home delivery online pharmacy** in the Czech Republic and Slovakia. The strict regulation of pharmacies is a natural **barrier to entry** for otherwise strong e-commerce players. Pilulka's business model viability has been proven on the Czech and Slovak markets, with Pilulka **achieving profits on regular basis** (+1.5% EBITDA margin even in the turbulent 2022) without the need to expand further and incur related capital expenditures. In addition, Pilulka has been able to grow revenues in these markets **despite the significant decline in the e-commerce** and the subdued consumer demand

2

Unique starting position on expansion markets

Pilulka has built the **complete infrastructure** necessary for the successful development of its activities in the new expansion markets **in Austria and Hungary**, among other things, prepared the localization of the e-shop and mobile application, invested **heavily in the expansion** and automation of its **warehouse capacities in the Czech Republic and Slovakia** (which will be used to both serve the new markets and for further local growth), strengthened its own IT infrastructure and built an experienced team in charge of international expansion. Therefore, following the successful completion of the SPO, **Pilulka's activities in expansion markets** aimed at revenue and market share growth can be **accelerated immediately**, using the infrastructure in place already

3

Pioneer in introducing innovative approaches and technologies

Pilulka is a **technological company that is digitizing the conservative healthcare and pharmacy industries**. The Company has adapted quickly to **global trends in e-health** and accelerated the development of **its own e-health mobile app Plus Care**, which motivates users to take ownership of their health. In collaboration with StartupYard, it has also **established its own start-up accelerator (Pilulka Lab)** developing young companies bringing innovations to the healthcare sector. As part of Pilulka Lab, the Company has already invested in **innovative companies Carebot** (introducing AI-based X-ray images analysis) and **Vitadio** (a mobile app providing support to people with diabetes and improving diabetes control)

4

Passionate founders and experienced management team

The founders of Pilulka, **Petr and Martin Kasa**, are visionaries who successfully **built one of the largest e-commerce retailers in the Czech Republic and Slovakia** (kasa.cz, hej.sk) and laid the foundations for regional e-commerce. Martin Kasa is the Chairman of the Board of Directors of the Association of E-commerce, representing more than 650 of the largest e-shops in the Czech Republic. Together with other members of the experienced top management, they are keen to further develop Pilulka

KEY INVESTMENT CONSIDERATIONS (2/2)

5

Leader in innovation with an extremely customer-centric approach

Pilulka is **the sole player** in the online pharmacy, **offering its own delivery service**. **Pilulka Express** provides express delivery of orders 60 minutes from their receipt. More than one-third of online orders in the Czech Republic and one-quarter of online orders in Slovakia are processed using this service. At the same time, Pilulka **operates a network of its own Pilulka boxes**, allowing the personal and unrestricted pick-up of orders at dozens of locations across the Czech Republic and Slovakia. As the first online pharmacy in Central Europe, Pilulka introduced a **fully-fledged shopping app for Apple and Android OS** and was the very first e-shop in the Czech Republic to implement Apple Pay on its app

6

Emphasis on environmental protection and sustainability

Pilulka places **great emphasis on minimizing the environmental impact of its operations**, it has started **using certified recycled paper** in shipment packaging recently, takes packaging material from its customers **for reuse** and has introduced fully electronic invoicing. The company is also gradually introducing CNG-powered vehicles into its fleet - two-thirds of the total transport in 2021 was provided by CNG-powered vehicles

7

Opportunity for further growth after the introduction of Rx-online

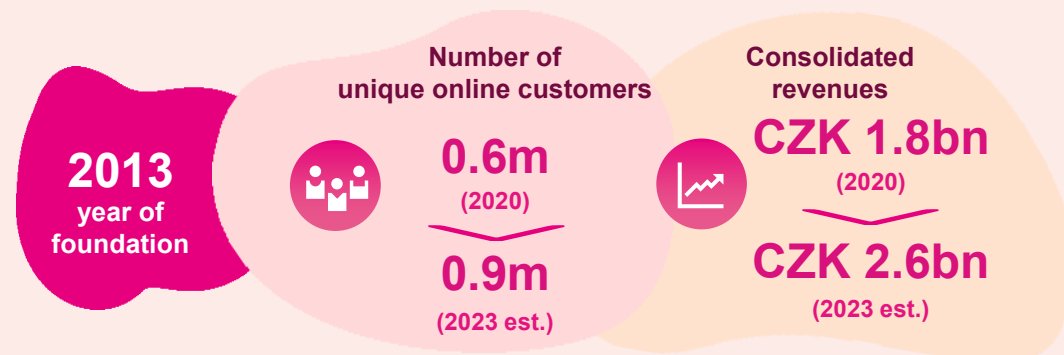
The expected **deregulation of the online sales of prescription drugs (Rx-online)** in the Czech Republic, Slovakia and other markets may **lead to a sharp increase in Pilulka's sales**. As a leader in digitalisation with a broad customer base and an established and trusted partner, Pilulka could benefit substantially from the potential deregulation

8

A pioneer in connecting online and offline pharmacies

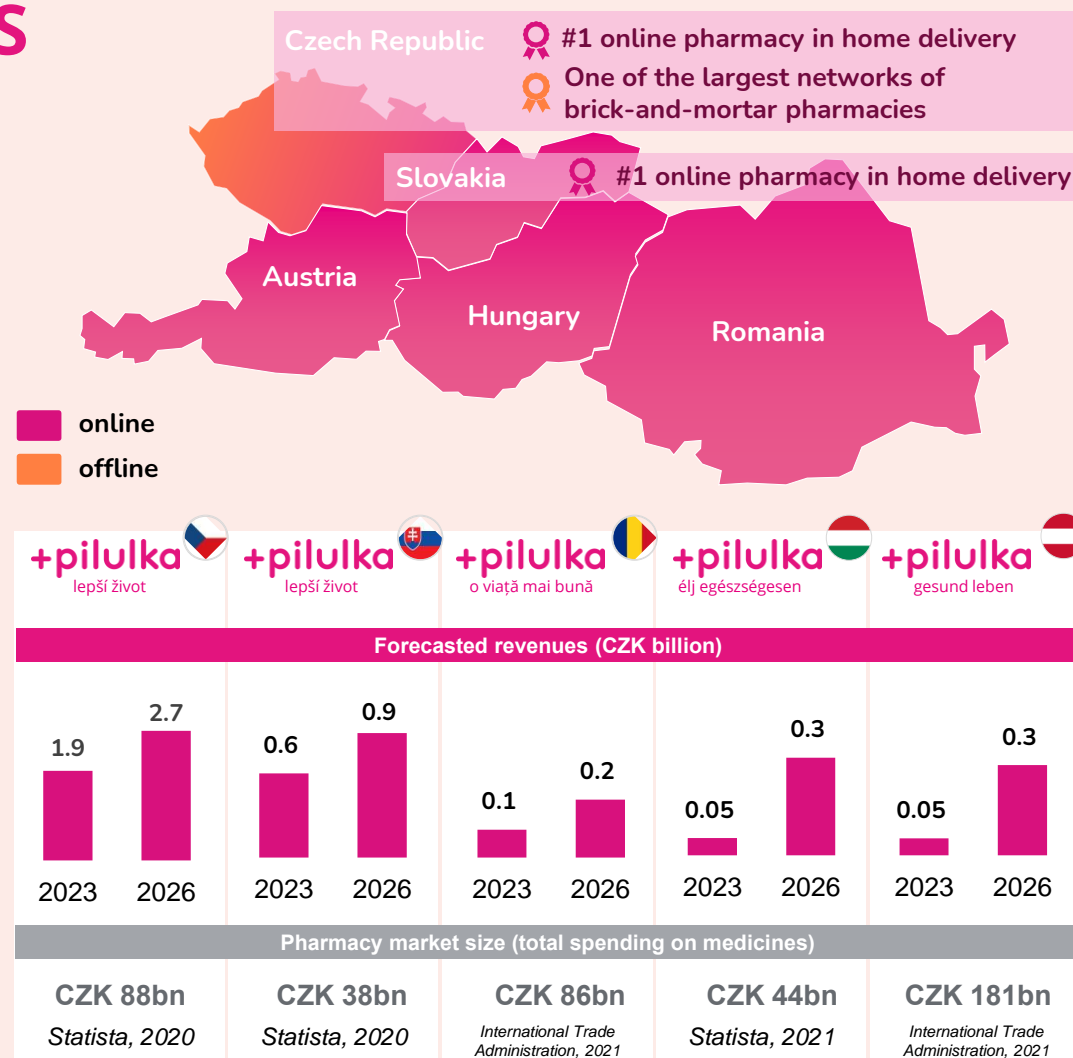
Pilulka was at the beginning of online pharmacies roll-out in the region and is also a **pioneer in exploiting the synergies arising from the combination of online sales and brick-and-mortar pharmacies**. Pilulka will further develop the multichannel approach and will focus particularly on its own network of partner pharmacies, which provides significant benefits to member pharmacies

OVERVIEW OF PILULKA ACTIVITIES



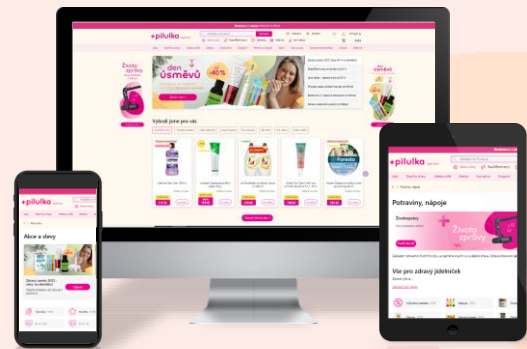
- Since its foundation in 2013, **Pilulka has emerged as the leading online pharmacy in Central Europe** (online segment) and the **operator of a network of franchise** and selected brick-and-mortar pharmacies in the Czech Republic (offline segment). Pilulka **operates in the Czech Republic, Slovakia and Romania**, and **also entered the Austrian and Hungarian markets** in 2022
- At the end of 2022, the Company operated 23 own pharmacies and another **84 franchise pharmacies in the Czech Republic**
- The Austrian and Hungarian markets are served through a hybrid model** from the newly opened warehouse in Olomouc and a warehouse in Bratislava. In the highly regulated pharmacy market, this is a very **complex model**, requiring a sophisticated logistical, technical, consumer and operational solution
- In 2022, **several significant changes were implemented in the Romanian branch – the new management** optimized the portfolio mix, processes and cost side of the business
- The Company is also further **developing its e-health activities** within the **Plus Care** project and the start-up accelerator **Pilulka Lab**

Note: The presented financial data are based on the Company's management accounting



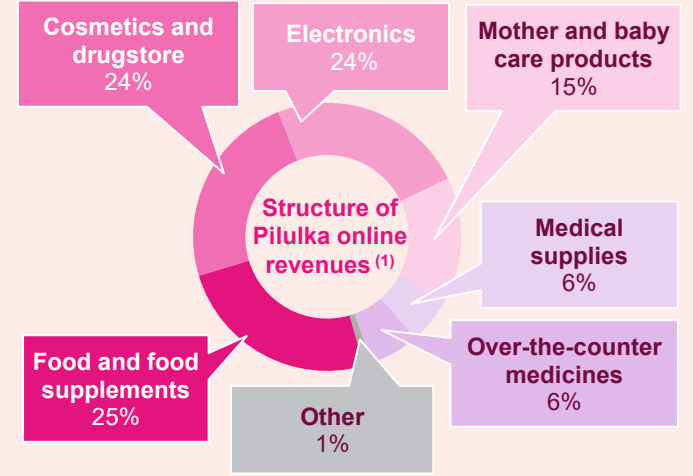
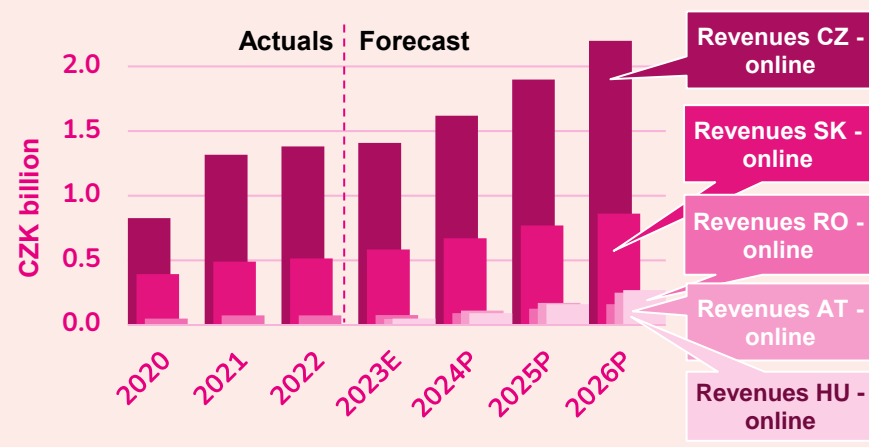
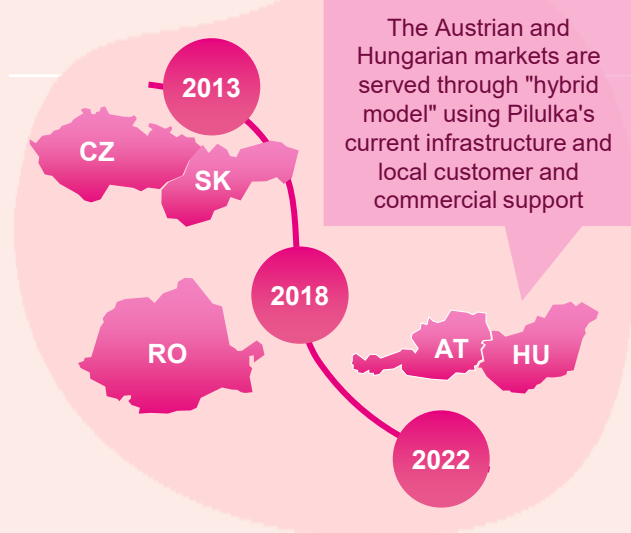
4.2

ONLINE PHARMACY



20%
Projected average annual growth of online pharmacy revenues in 2023 - 2026

- In addition to **over-the-counter medicines**, the online pharmacy also offers a wide range of **cosmetics, food supplements, children's and sports nutrition**
- **The online sale of over-the-counter medicines** differentiates Pilulka from online drugstores and is **one of the main incentives to buy on Pilulka's e-shop** (more than 50% of shopping baskets contain over-the-counter medicines). At the same time, strict **regulation presents a natural barrier to entry** for otherwise strong e-commerce players
- Pilulka offers its online customers **an express home delivery** (Pilulka Express service). The service is **available to more than 5 million people in the Czech Republic** and more than 1 million people in Bratislava and its surroundings
- In addition to its own pharmacies, Pilulka enables personal and unrestricted **pick-up of orders** also **from Pilulka boxes** in the Czech Republic and Slovakia



Note: The presented financial data are based on the Company's management accounting

Note: (1) Revenues for the period January - December 2022

NETWORK OF PARTNER AND OWN BRICK-AND-MORTAR PHARMACIES



4%

Projected average annual growth of brick-and-mortar pharmacies revenues in 2023 - 2026

107

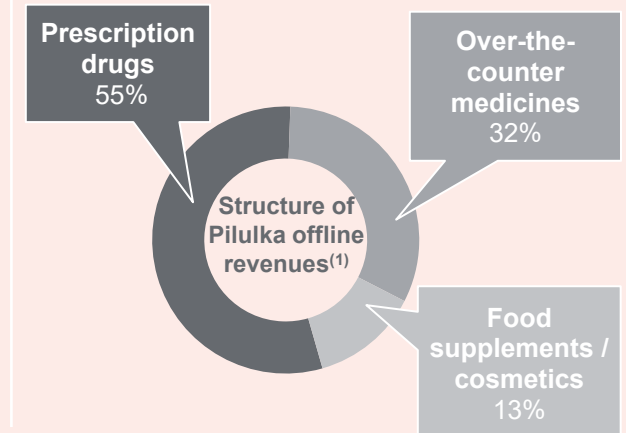
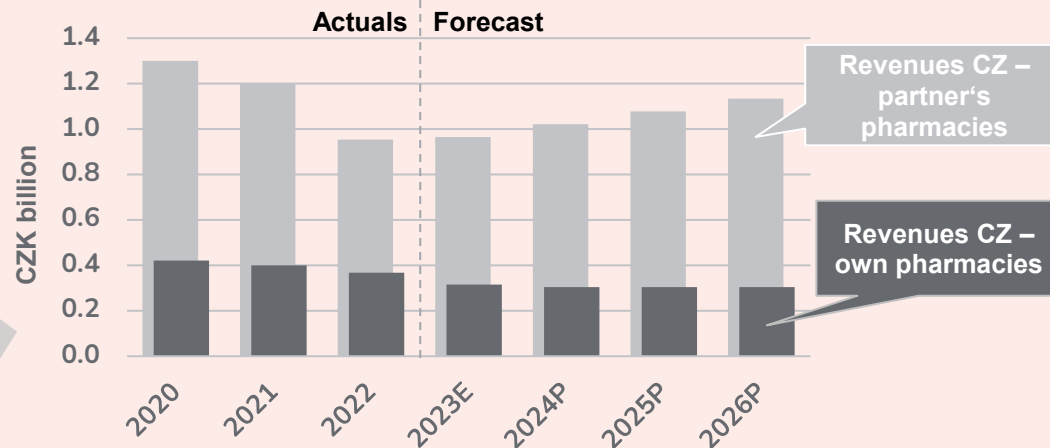
pharmacies of Pilulka, 23 own and 84 partner pharmacies

Revenues from the network of own pharmacies have been declining in recent years due to the optimisation of the network and the sale of unprofitable units

In the COVID-19 period, the Company was primarily focused on the development of online activities

Management now plans to further develop and expand the franchise concept as the primary tool to further penetrate an offline segment

- The network of brick-and-mortar pharmacies complements the online services offered by Pilulka, increases brand awareness and improves the Company's bargaining position with suppliers. Stone pharmacies also allow the personal pick-up of online orders
- Currently, **107 pharmacies across the Czech Republic** operate under the Pilulka brand. In addition to its own pharmacies (23 branches), the Company is also developing a franchise concept, under which independent pharmacy operators have the opportunity to take advantage of Pilulka's marketing support
- As a result of its **primary focus on the development of online activities**, the Company currently **does not anticipate the further expansion of its own pharmacy network**. In recent years, the Company has optimised the network and divested unprofitable units, which has resulted in a reduction in the total revenues generated by the network. The main **tool for strengthening** Pilulka's presence **on the brick-and-mortar pharmacy market** in the future will be the **franchise concept**. The presented revenues growth outlook does not assume a substantial increase in the number of franchised pharmacies, but rather an organic growth within the current network



Note: The presented financial data are based on the Company's management accounting

Note: (1) Revenues realized in January - December 2022

PILULKA'S E-HEALTH SOLUTIONS

With the aim of establishing itself as a key platform providing pharmaceutical and healthcare players with access to the end-customer, and with a mission to bring new initiatives promoting healthy lifestyles, prevention and innovative treatments to the pharmaceutical industry, Pilulka is investing heavily in the development of its own e-health projects

Number of users
Plus Care

9,605
(2022)

50,000
(2023 est.)



Selected clients using e-health solution of Pilulka



Plus Care, assistant for healthy living

- In addition to revenues from the sale of pharmaceutical and drugstore goods through online and brick-and-mortar stores, **revenues from services** provided by the Company to **pharmaceutical companies, distributors, health insurance companies and healthcare providers** in the areas of communication with customers, marketing or unique patient programs are also **increasingly represented** in Pilulka's total revenues. **This trend can be expected to intensify** as pharmacy sophistication continues, and the Pilulka will continue to play a key role in this process by educating individual stakeholders and developing specific initiatives and monetizing them
- At the same time, in the past two years, Pilulka has developed two specific projects in the e-health segment:
 - a) **The Plus Care mobile app** for the general public meets the growing interest of employers in prevention and promotion of an **active approach to health** among their employees, it **can search for doctors and health care facilities**, monitors preventive examinations and clearly **informs about** available **contributions and benefits** offered by health insurance companies. In addition, it is an efficient tool for communicating employee benefits, including company team competitions, supporting the team spirit and bringing gamification elements to health care. Plus Care **is based on a B2B2C model of cooperation**, and in addition to employers and users themselves, **its clients** include **pharmaceutical companies** (e.g., Novo Nordisk, Nutricia, Novartis, Sanofi), **public health insurance companies** (e.g. Health Insurance Company of the Ministry of Interior), commercial health insurance companies (e.g., NN) and healthcare providers
 - b) **Pilulka Lab accelerator**, founded in collaboration with StartupYard, focuses on the development of young companies bringing innovation to the healthcare sector. Pilulka Lab has already managed to invest in two promising projects, Carebot and Vitadio

HISTORICAL MILESTONES IN THE DEVELOPMENT OF PILULKA

Launch of the Company

After the successful sale of the leading Czech online store Kasa.cz, Petr and Martin Kasa embark on the **transformation and digitalization of the pharmacy industry**

Introduction of franchise concept in the Czech Republic

In addition to its own network of brick-and-mortar pharmacies, Pilulka is also focusing on the **development of a network of franchise pharmacies**, which increase brand awareness and are not capital intensive

Expansion into Romania

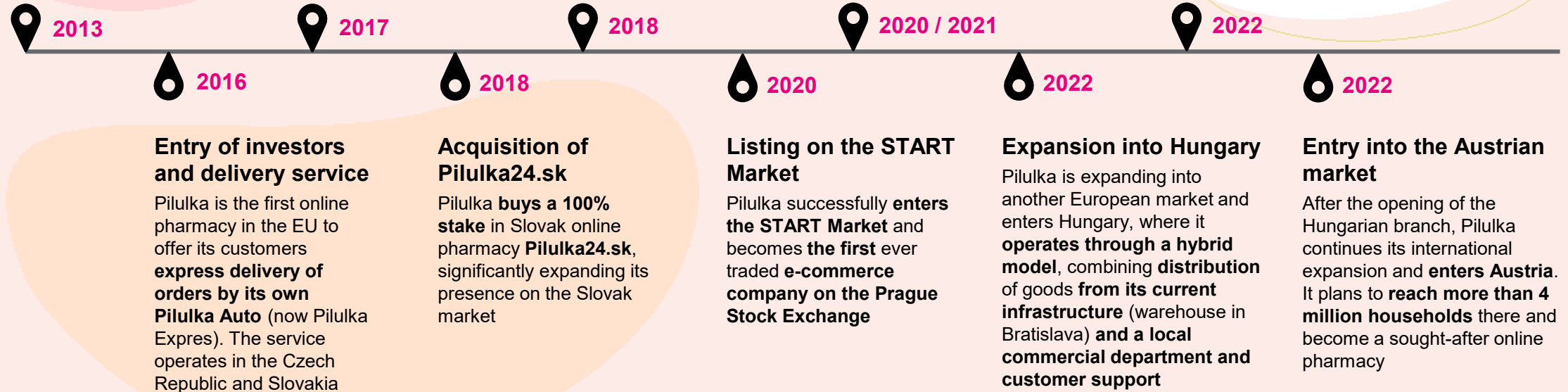
Following the deregulation of the online sales of over-the-counter medicines, Pilulka **enters the Romanian market**, where it **establishes an online pharmacy** with a local joint-venture partner

COVID-19

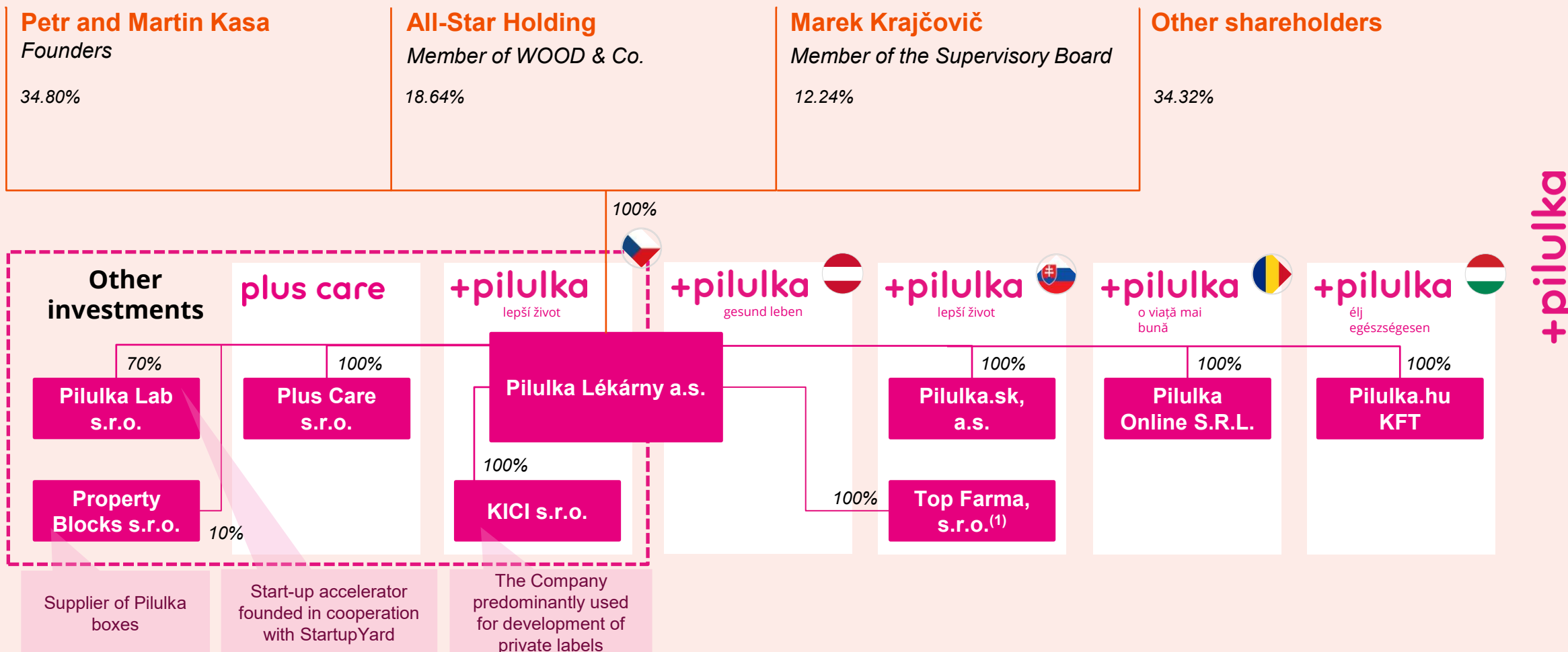
Pilulka was able to respond extremely quickly to the crisis associated with the spread of COVID-19 and **played a very important and socially beneficial role in the supply of pharmaceutical supplies**. At the same time, the Company manage to significantly improve its operations

Opening of the largest brick-and-mortar pharmacy in the Czech Republic

Pilulka is opening **the largest brick-and-mortar pharmacy in the Czech Republic** on an area of over 3,600 sqm in Olomouc. The pharmacy is tailored mainly for mail order and will **serve customers from all over Moravia** and now also **Austria**



ORGANIZATIONAL STRUCTURE OF THE COMPANY BEFORE THE SPO



Note: (1) The activities of Top Farma, s.r.o., the former operator of an alliance of independent pharmacies in Slovakia, have been curtailed in recent years

ONLINE CUSTOMER BASE



Percentage of orders placed by returning online customers

73.6% (2020) | **77.8%** (2022)



743 ths.
Number of online customers in 2022

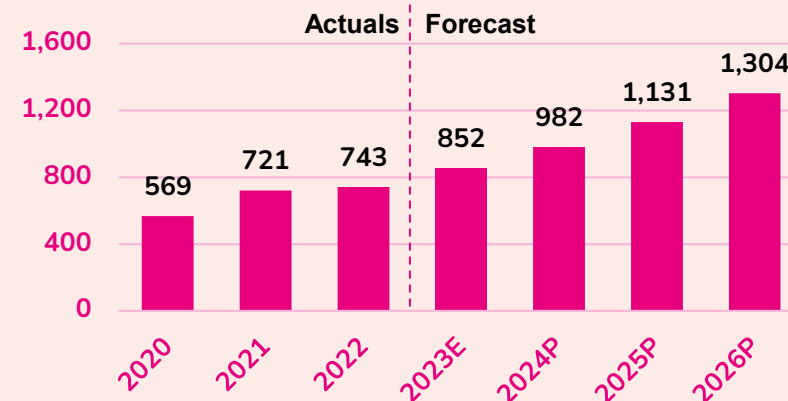


14%

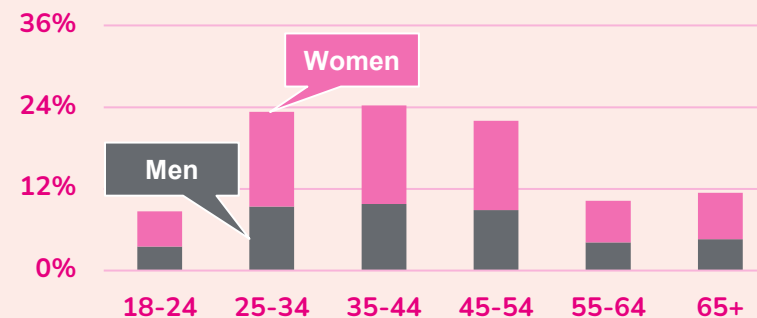
Average annual growth in the number of online customers between 2020 - 2022

- The total customer base of Pilulka is divided into:
 - **Online customers** who are users of the online pharmacy and mobile app
 - **Offline customers** who are served by a network of brick-and-mortar pharmacies
- Overall satisfaction with Pilulka's services is also reflected in the growth rate of its customer base - **between 2020 and 2022**, the number of Pilulka's online pharmacy **customers grew by an average of 14% per year**
- In 2022, the services of the online pharmacy were used by:
 - **411,000 existing customers** who have made at least one purchase in the past and made at least one purchase in a given year (55% of the total number of customers served in 2022)
 - **332,000 new customers** who made their first purchase on Pilulka in a given year (45% of the total number of customers served in 2022)
- At the same time, nearly **78% of all online orders in 2022 were made by existing Pilulka customers**. The steady growth of this indicator over the past three years demonstrates a **gradual increase in customer loyalty**

Number of unique online customers who made purchase(s) in a given year (thousands of people)



Distribution of customers of the online pharmacy Pilulka.cz by gender and age



MAJOR CONTRACTUAL PARTNERS

Alliance
Healthcare



SANDOZ A Novartis
Division



PHOENIX group

SANOFI

Johnson & Johnson



teva

gsk
GlaxoSmithKline

ZENTIVA

PHARMOS®

Up UNIPHARMA
1. slovenská lekárska akciová spoločnosť

MED-ART

+pilulka

- As a key player in the pharmacy and e-health segment, **Pilulka is one of the few regional players with direct sales and marketing contracts** (and also own pricing terms) **with all major companies on the pharmaceutical market**, including leading global pharmaceutical manufacturers
- In 2022, the Company **directly cooperated with more than 700 suppliers, of which 177 were pharmaceutical companies**. More than **60% of its deliveries were made directly** without a commercial intermediary. Distribution companies help Pilulka to increase the time and volume flexibility of its deliveries
- **The Company's goal** is not only further domestic and international expansion, but also **to improve its product portfolio** by establishing cooperation with other partners from among pharmaceutical companies, suppliers of food supplements and vitamins, nutritional products, sporting goods and other
- **By entering new markets**, in particular Austria, the Company **gains numerous local sourcing opportunities** for the entire Pilulka
- **Centralization of purchasing is one of the key initiatives** that Pilulka intends to focus on in the coming years

TECHNOLOGY AND IT

When developing its own IT systems, Pilulka puts increased emphasis on user-friendliness and easy scalability so that these systems can be easily replicated when the Company expands into new markets. Pilulka's core infrastructure including the online pharmacy, mobile app and other systems is now fully developed and invested



Pilulka has an **edge over its competitors** due to strong **pro-innovative corporate culture and robust internal IT team** that develops and manages all of the Company's core systems

Online pharmacy

The very user-friendly interface, as well as the entire backend were developed in-house. Pilulka's online pharmacy is therefore a well-functioning and compact application, which can also be flexibly upgraded according to the current requirements of customers, sales team and other parties

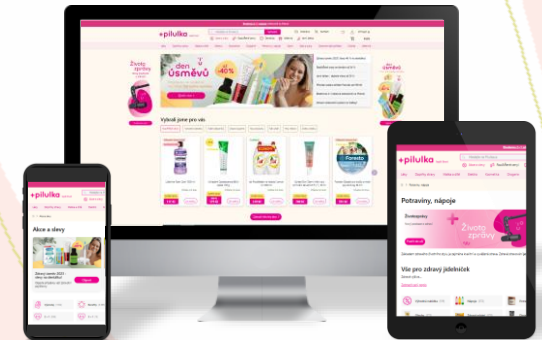
Mobile app

The mobile app for Apple and Android, the first of its kind on the European market, offers a similar range of services as the online shop. Currently, the app is available on all five markets where Pilulka operates and, in particular, generates a significant share of total revenues on the Czech and Slovak markets

Information system = the heart of the business

The corporate information system manages and connects all internal and dozens of external systems and helps with customer relationship management. The basis of the system was again developed by Pilulka's own IT team

Online pharmacy and Pilulka app



+pilulka

TOP MANAGEMENT AND EMPLOYEES

Top management



Petr Kasa
CEO and Founder



Martin Kasa
Strategy Director
and Founder



David Staněk
Chief Financial
Officer



Michal Hanáček
Chief Operating
Officer



Šimon Čapek
Director of
Marketing

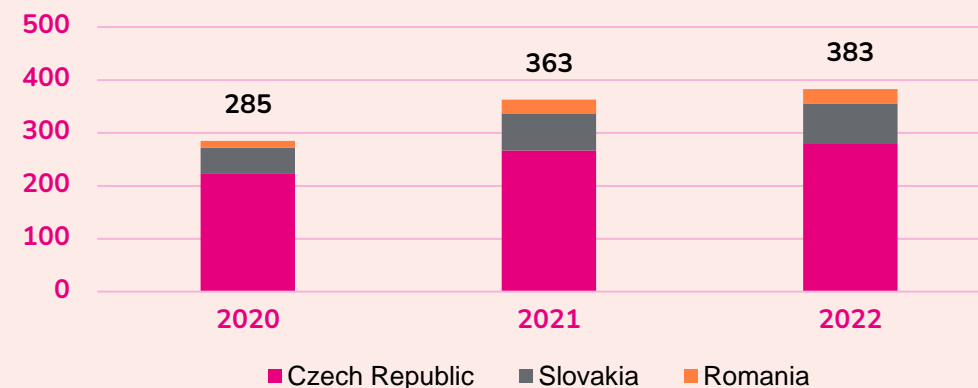


Ján Šaulič
Country Manager
for Slovakia

- Pilulka's senior **management team has extensive professional experience** in e-commerce, FMCG sales, distribution and financial management and **is ready**, alongside with founders, **to further develop the Company**

Employees

Development of the number of employees⁽¹⁾



- The **average number of Pilulka employees** in 2022 **was 383⁽¹⁾** (including employees of the Company's own brick-and-mortar pharmacies)
- Approximately **70%** of the total number of employees **are employees in the Czech Republic**, the remaining 30% are employees in Slovakia and Romania
- Pilulka **offers its employees a wide range of benefits** (e.g. Multisport card), organizes various team events for them and thus contributes to creating a pleasant working environment

Note: (1) The number of staff shown is converted to FTEs. Employees working on development of Austrian and Hungarian operations are recorded under the Czech Republic and Slovakia respectively

KEY FINANCIAL INDICATORS

CZK 1.8bn Revenues 2020
 +13% Average annual increase '20-'23
 ~ **CZK 2.6bn** Estimated revenues 2023
 +17% Average annual increase '23-'26
 ~ **CZK 4.2bn** Forecasted revenues 2026

CZK 36.5m

EBITDA
CZ+SK 2022

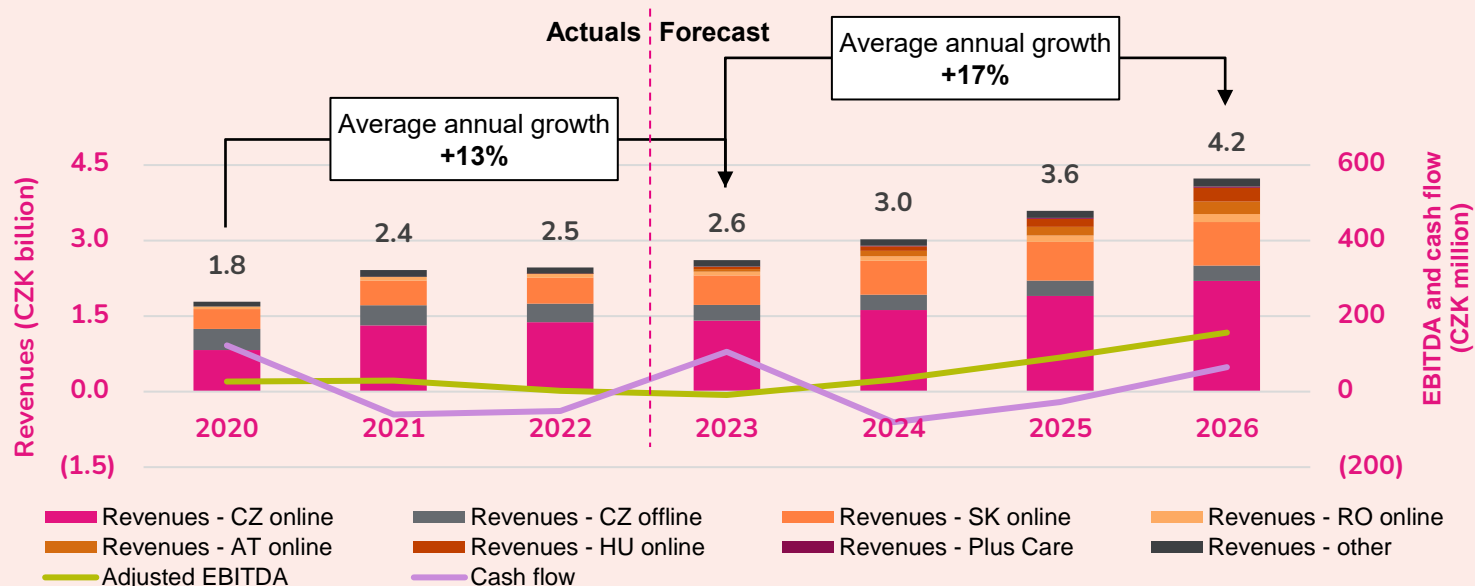
CZK 150.7m

EBITDA
CZ+SK 2026

CZK 156.0m

EBITDA
Pilulka
2026

Historical and forecasted revenues, EBITDA and cash flow of Pilulka



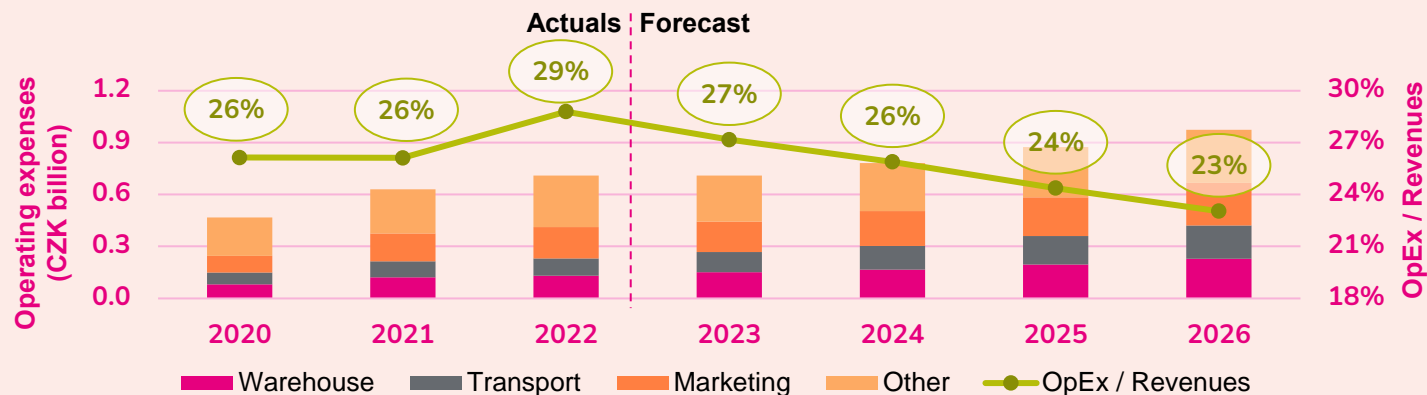
- Company's revenues growth driven by the continued strengthening of Pilulka on key markets, i.e. the Czech Republic and Slovakia and gradual development of export markets, i.e. Austria, Hungary and Romania
- EBITDA margins of 2.2-1.5% in the Czech Republic and Slovakia between 2020 and 2022. Company's EBITDA to turn positive again after 2023, after expansion markets roll-out
- The presented business plan assumes the successful completion of the SPO in the amount of CZK 250m

- Franchise pharmacies realized revenues of CZK 953m in 2022. These revenues are not included in the Company's consolidated revenues

Note: EBITDA is calculated as revenues net of direct costs and operating expenses. Capital expenditures related to the development of IT systems are capitalised into intangible assets. The presented financial data are based on the Company's management accounting

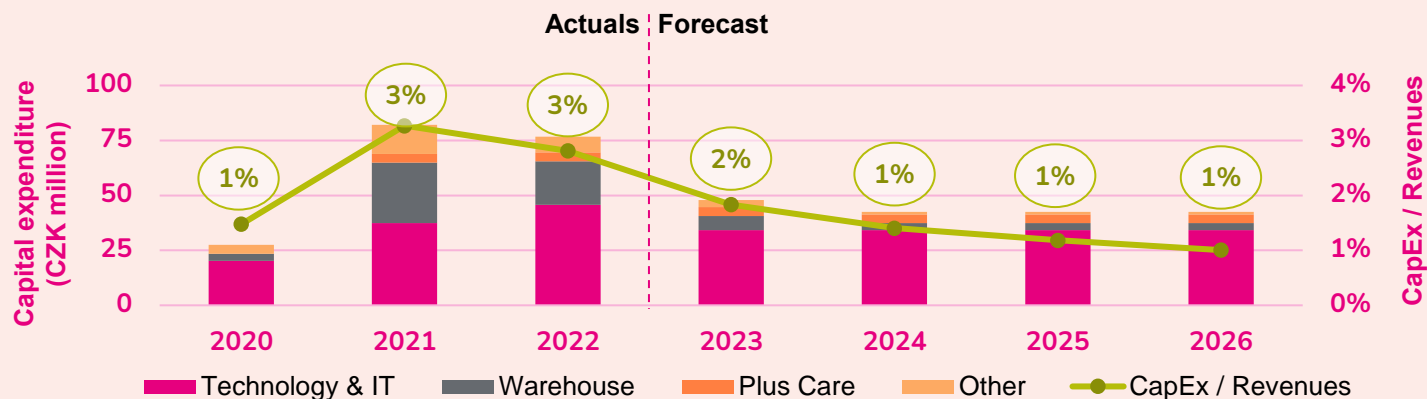
OPERATING EXPENSES AND CAPITAL EXPENDITURE

Historical and estimated operating expenses (OpEx)



- **Warehousing, transport and marketing expenses** are the main operating expenses of Pilulka
- **Pilulka's ratio of operating expenses to total revenues is decreasing** due to the Company's increasing operational efficiency and economies of scale

Historical and estimated capital expenditure (CapEx)



- **The Company expects an overall decline in capital expenditure** between 2023 - 2026
- **The share of capital expenditure on Pilulka's revenues also decreases in the forecast period**, due to lower planned investments in technology & IT and mainly **due to minimization of further investments in warehouse capacities** (as they are now fully developed and invested). The newly expanded warehouse capacities in the Czech Republic and Slovakia will serve **for local organic growth** and at the same time as a base **for expansion into Austria and Hungary**

Note: The presented financial data are based on the Company's management accounting

HISTORICAL AND PROJECTED FINANCIAL STATEMENTS (1/2)

Profit and loss statement (CZK million)

	2020	2021	2022	2023	2024	2025	2026
Revenues	1,786	2,413	2,465	2,611	3,021	3,589	4,227
Revenues CZ online	827	1,317	1,381	1,408	1,620	1,900	2,200
Revenues CZ offline	421	400	368	316	305	305	305
Revenues SK online	392	489	514	583	670	770	860
Revenues RO online	48	74	74	77	90	125	160
Revenues AT online	-	-	1	47	111	170	250
Revenues HU online	-	-	3	48	90	160	270
Revenues Plus Care	-	0	3	7	13	20	25
Other revenues	98	132	122	126	122	139	157
Cost of sales	1,292	1,753	1,756	1,910	2,207	2,625	3,098
Gross profit	493	659	709	701	813	964	1,130
<i>% from revenues</i>	<i>27.6%</i>	<i>27.3%</i>	<i>28.8%</i>	<i>26.8%</i>	<i>26.9%</i>	<i>26.9%</i>	<i>26.7%</i>
Operating expenses	467	630	710	709	782	874	974
EBITDA	27	29	(1)	(8)	31	90	156
EBITDA CZ online + CZ offline + Plus Care + Other (CZ)	31	41	31	27	64	90	112
EBITDA SK online + Other (SK)	7	6	6	10	9	23	39
EBITDA RO online + Other (RO)	(11)	(17)	(20)	(9)	(6)	(2)	1
EBITDA AT online + Other (AT)	-	-	(6)	(18)	(18)	(9)	3
EBITDA HU online + Other (HU)	-	-	(11)	(18)	(17)	(11)	2
<i>% from revenues</i>	<i>1.5%</i>	<i>1.2%</i>	<i>(0.0%)</i>	<i>(0.3%)</i>	<i>1.0%</i>	<i>2.5%</i>	<i>3.7%</i>
EBITDA adjustment	-	-	2.7	-	-	-	-
Adjusted EBITDA	27	29	2	(8)	31	90	156
<i>% from revenues</i>	<i>1.5%</i>	<i>1.2%</i>	<i>0.1%</i>	<i>(0.3%)</i>	<i>1.0%</i>	<i>2.5%</i>	<i>3.7%</i>

Actuals | Forecast

Note: The presented financial data are based on the Company's management accounting

- After a period of significant growth (also influenced by the COVID-19 pandemic and the associated increased demand for pharmaceuticals and medical supplies), the Company recorded **an annual revenues growth of approximately 2.2% in 2022**, despite an overall decline in e-commerce
- The Company expects average revenues growth in the 2023 - 2026 period to be **approximately 17% per annum due to:**
 - **Continued growth of Pilulka on Czech and Slovak markets**
 - **Additional revenues from the Romanian and newly opened Austrian and Hungarian branches**
- **The evolution of the gross margin from 27.6% in 2020 to 28.8% in 2022 indicates a gradual improvement in Pilulka's profitability due to:**
 - **Stabilization of business and further consolidation of the penetrated markets**
 - **Increased bargaining power in respect to suppliers**
 - **Introduction of profitable private labels into the portfolio**
- Decline in the gross margin after 2022 is due to foreign expansion
- EBITDA adjustment in 2022 includes one-off expenses incurred in relation to the acquisition of another company. The acquisition was ultimately not completed
- The Company has **positive EBITDA in the Czech Republic and Slovakia**, indicating the functionality and sustainability of its local business model. **As a result of the foreign expansion, Company's EBITDA will be negative in 2023**

HISTORICAL AND PROJECTED FINANCIAL STATEMENTS (2/2)

Balance sheet (CZK million)

	2020	2021	2022	2023	2024	2025	2026
Assets	498	589	606	718	705	765	907
Fixed assets	117	175	197	225	237	248	239
Intangible fixed assets	54	83	90	95	96	90	88
Tangible fixed assets	35	62	74	57	38	25	18
Other ⁽¹⁾	28	30	33	73	103	133	133
Current assets	378	412	405	488	463	512	663
Inventories	91	155	187	164	191	228	270
Receivables	155	185	197	198	227	266	310
Cash and bank balances	132	72	21	126	45	18	83
Acc. assets and def. liabilities	4	2	4	5	5	5	5
Liabilities	498	589	606	718	705	765	907
Equity + minority equity	218	204	139	286	234	236	311
Provisions	6	15	8	10	10	10	10
Liabilities	274	369	458	421	460	518	585
Long-term payables	3	21	25	24	23	22	21
Short-term payables	271	348	434	397	437	496	564
<i>of which liabilities to credit institutions</i>	25	21	85	84	83	82	81
Acc. liabilities and def. assets	-	1	0	1	1	1	1

Actuals | Forecast

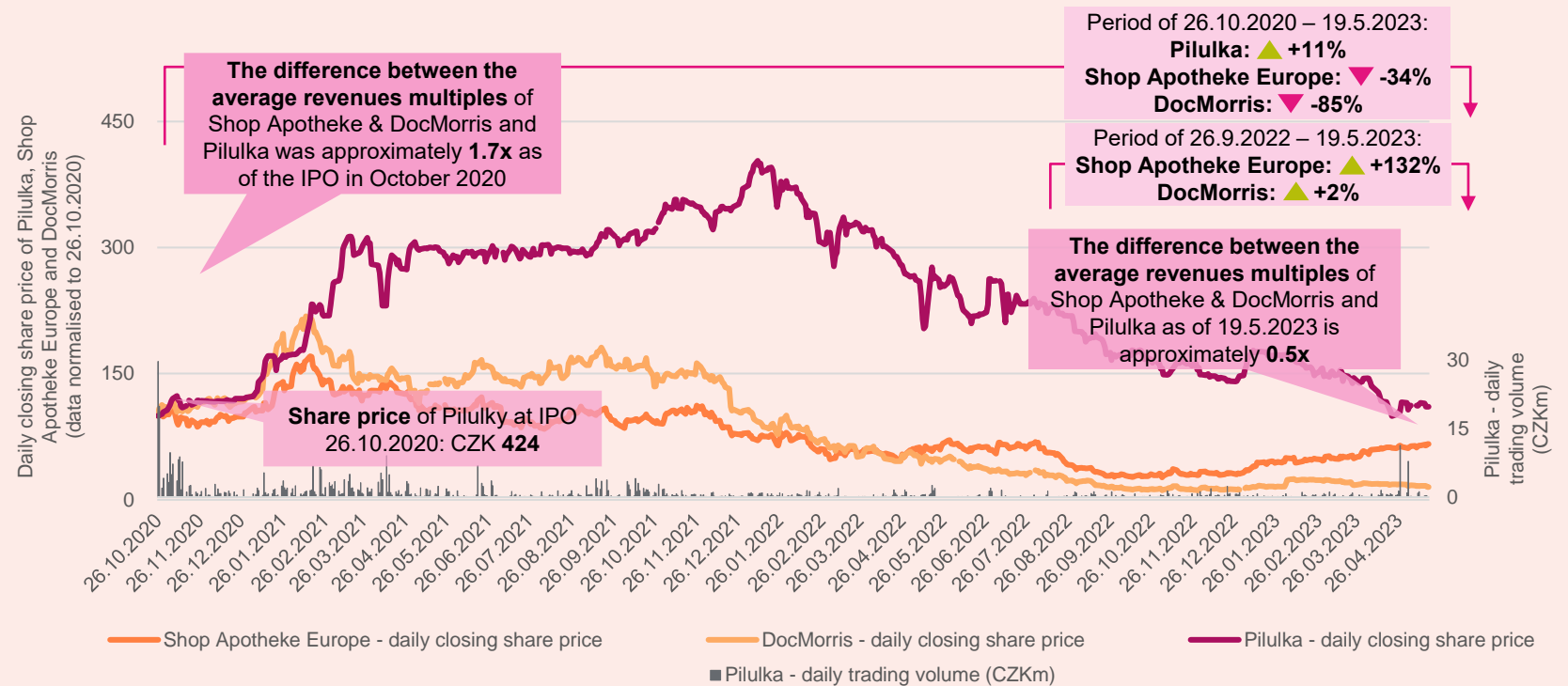
- In recent years, the Company has invested heavily in the development of its own IT and information systems, which, in addition to existing markets, are also being utilized on expansion markets. Capital expenditures related to development of IT systems are capitalized into intangible fixed assets
- Tangible fixed assets represent only a small portion of the total assets held by the Company. Pilulka does not own the premises in which the pharmacies are located or the warehouses, but leases them on a long-term basis
- The presented balance sheet shows Company's cash position after the completion of the contemplated SPO in the amount of CZK 250m (but after taking into account the assumed transaction costs). Capital raising in the indicated amount is one of the prerequisites for the delivery of the presented business plan
- Working capital, comprising inventories, receivables and short-term payables, is increasing due to Company's growing revenues. Management expects inventories, receivables and short-term payables turnover to remain constant over the forecast period
- The Company does not anticipate an increase in its debt above the current level in the forecast period

Note: The presented financial data are based on the Company's management accounting; (1) Includes non-current financial assets, goodwill on consolidation and negative goodwill on consolidation

COMPARISON OF PILULKA WITH SIMILAR TRADED COMPANIES

Pilulka's share price has grown significantly since IPO in October 2020. Due to a slowdown in e-commerce post-COVID-19, the market sentiment changed substantially in 2022 which resulted into decline in Pilulka's share price. Similar pattern were also followed by share prices of Shop Apotheke Europe and DocMorris (formerly Zur Rose), major Western European online pharmacies

Actual revenues multiples of Pilulka are gradually converging to those of the Western European peers. However, Pilulka's shares are still trading at a relative discount to Shop Apotheke Europe and DocMorris. Gradual expansion of Pilulka and convergence towards its peers may also result in an increase in the valuation multiple at which Pilulka trades over time



+pilulka

Company name	Market	Market capitalisation ⁽²⁾ (EURm)	Enterprise value ⁽²⁾ (EURm)	Enterprise value / revenues as of Pilulka's IPO ⁽³⁾		Enterprise value / revenues ⁽²⁾
				2020	2021	2023
DocMorris ⁽¹⁾	SIX Swiss Ex	461.1	864.1	1.80x	1.40x	0.74x
Shop Apotheke Europe	XETRA	1,939.9	1,981.1	2.70x	2.20x	1.31x
<i>Average</i>				<i>2.25x</i>	<i>1.80x</i>	<i>1.02x</i>
Pilulka	START BCPP	47.8	50.5	0.53x	0.43x	0.49x

Source: Bloomberg

Note.: (1) Formerly Zur Rose Group

(2) DocMorris and Shop Apotheke Europe valued as of 19.5.2023, Pilulka's market capitalisation assumes 2,520 ths. shares outstanding at a price of CZK 450 per share

(3) Indicators "Enterprise value / revenues as of Pilulka's IPO" for DocMorris and Shop Apotheke Europe taken from Helgi Library's analyst report dated 14.9.2020. "Enterprise value / revenues as of Pilulka's IPO" for the Company is based on a market capitalisation assuming 2,000 ths. shares outstanding at an IPO price of CZK 424 per share

ABSTRACT FROM RESEARCH REPORT

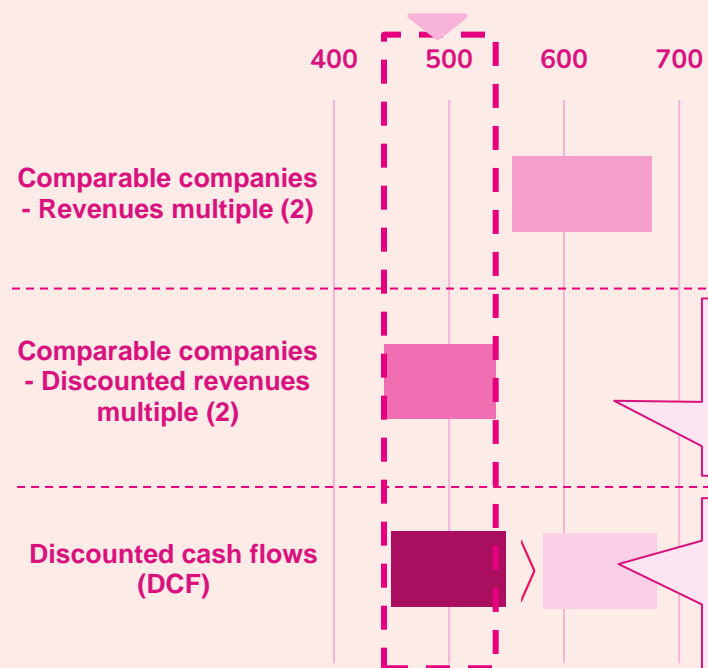
The research report was prepared by Jiří Staník of Helgi Analytics ("Analyst"). The Analyst is authorized by the Prague Stock Exchange.



- The Analyst determined the **value of the Company based on:**
 - Revenues multiple** of comparable traded companies
 - Discounted cash flow (DCF)**
- The **revenues multiple** of comparable companies in Western Europe implies a **valuation of Pilulka at CZK 555-676 per share**
- However, unlike Pilulka, Shop Apotheke Europe and DocMorris operate on markets where gradual deregulation of online sale of prescription drugs is being implemented - these companies are thus able to cannibalize the traditional brick-and-mortar pharmacy market more quickly and achieve faster and more profitable growth. To account for these differences, **the Analyst applies a 20% discount** to the above valuation based on revenues multiples of comparable companies – the resulting valuation implies a **value of Pilulka in the range of CZK 444-541 per share**
- The valuation based on discounted cash flows indicates a value of **the Company at CZK 450-550 per share**. Assuming gradual deregulation of online prescription drugs sales after 2027 on already penetrated markets, the Analyst assumes a **current value of Pilulka at CZK 580-680 per share**

Comparison of the outputs of different valuation techniques used by Analyst

Valuation per Pilulka's share (in CZK), assuming successful execution of the SPO and delivery of the indicated business plan⁽¹⁾



- The comparable traded companies are a) **Shop Apotheke Europe**, b) **DocMorris** (formerly Zur Rose Group) and c) **Talea Group**
- Shop Apotheke Europe and DocMorris operate on markets where gradual deregulation of **online sale of prescription drugs is being implemented** (Germany, Switzerland, the Netherlands, etc.)
- If we use revenues multiples of peers as a "benchmark", the **value of Pilulka would be in the range of CZK 555-676 per share**

- Given the lack of a legal framework governing the online sale of prescription drugs in the markets where Pilulka operates and other business model related differences, the Analyst applied a **discount of 20%** to the above valuation based on revenues multiple of comparable companies

- The **basis for the DCF valuation is the business plan until 2026** prepared by the Company's management. The period 2026 to 2032 is forecasted by the Analyst according to his own assumptions
- The light pink rectangle indicates the **upside potential** of ca CZK 130 per share following the gradual deregulation of online prescription drugs sales after 2027 in the markets where Pilulka operates

Note: (1) The amount of funds raised from the SPO, net of transaction costs, should amount to at least CZK 236m
 (2) Valuation range based on average EV / revenues of Shop Apotheke Europe, DocMorris and Talea Group between 2023 and 2026

WHERE TO BUY PILULKA'S SHARES

We recommend using services of following members of the Prague Stock Exchange to purchase and sell Pilulka shares:

 **opportunity**

o.portu.cz
▶ info@portu.cz
+420 222 096 666

You can register and buy Pilulka's shares completely online through the opPORTUnity platform

Patria Finance, a.s.

 **PATRIA**
FINANCE

www.patria.cz
▶ patria@patria.cz
+420 221 424 424

J&T BANKA, a.s.

 **J&T BANKA**

www.jtbank.cz
▶ DealingCZ@jtbank.cz
+420 221 710 666

Fio banka, a.s.

 **Fio banka**

www.fio.cz
▶ pxstart@fio.cz
+420 224 346 225

The background features several large, overlapping organic shapes in shades of pink, red, orange, and lime green. Thin, light-colored lines swirl and loop across the composition, creating a sense of movement and depth.

+pilulka

lepší život