

A photograph of three MedPlus staff members in white lab coats standing in a pharmacy. The woman on the left has her arms crossed and is smiling. The man in the center has his arms crossed and is smiling. The man on the right is also smiling. The background shows shelves filled with various pharmaceutical products.

MedPlus+

FIRST QUARTER FY2023

INVESTOR PRESENTATION

Corporate information
Performance update
Financial results

AUGUST 2022

MedPlus+

| Safe Harbour

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Executive Summary: Q1FY23

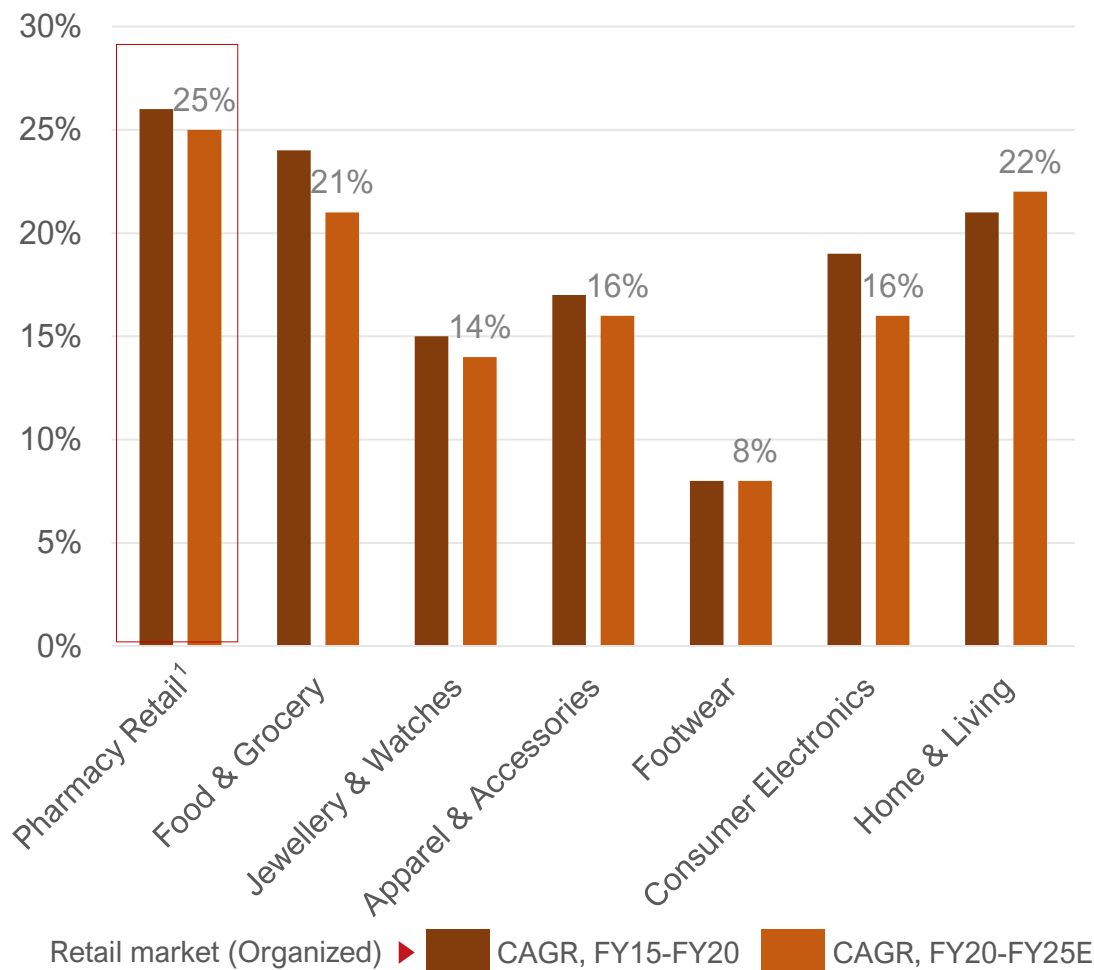
- 1 Accelerated store expansion**
Gross addition of 252 stores in Q1FY23
127 net additions beyond Tier One
- 2 Strong unit economics**
More than 75% of stores opened upto Dec-21 achieved break-even within 6 months of operations.
- 3 Engine to profitability**
Private label share was 12.7% in Q1FY23
Gross margin was steady at 21.2% in Q1FY23
- 4 Stable operating performance of mature stores (>12m)**
9.5% Store Level EBITDA margin
55.9% Store Level Operating ROCE
- 5 Diagnostics pilot on track**
Our pilot in Hyderabad is progressing well. Two full-service centers and c. 75 own Collection Centers, have given us a noticeable footprint
- 6 Outlook**
Discount pressure in various micro markets could affect customer retention and therefore unit-level growth. However, a number of counter-measure initiatives are being rolled out

“MedPlus started the year with 252 new store openings. This is continuing proof of our operational and supply chain capabilities. In FY23 we expect to smartly surpass last year's store opening record of 747. Our stores greater than 12 months have delivered a healthy store level EBITDA margin of 9.5%. Our Diagnostics pilot in Hyderabad now has 2 Full-service Centers and 75 Collection Centers. We will provide a more detailed update along with the results of Q2FY23.”

Gangadi Madhukar Reddy,
MD & CEO, MedPlus Health Services

MedPlus – Leader In The Attractive Pharmacy Space

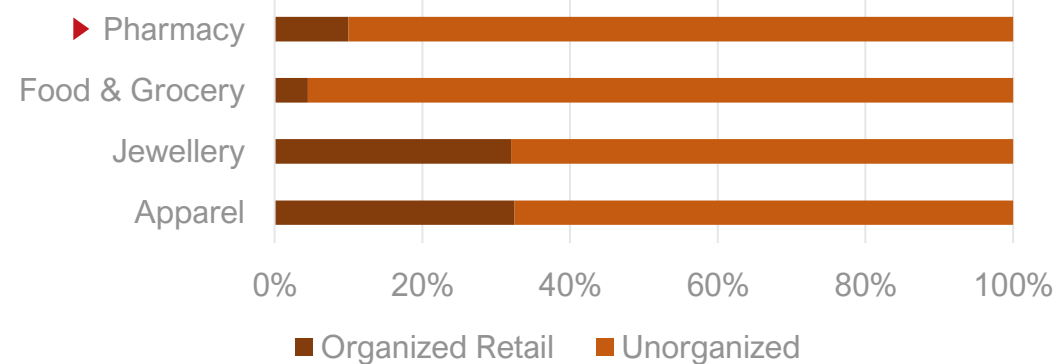
Fastest Growing Retail Segment



1. Retail segment of the “Pharmacy & Wellness” market

Source: Technopak Advisors (2021). Pharmacy Retail in India

Large Headroom to Grow



Better Unit Economics

	Pharmacy: High revenue per sqft of store area	Pharmacy: Highest steady-state store level ROCE
	Avg. Revenue per sq.ft. p.a.	ROCE
▶ Pharmacy	₹ 30-50k	45-50%
Food & Grocery	c. ₹ 24k	30-35%
Jewelry	c. ₹ 140k	20-25%
Apparel	c. ₹ 20k	25-40%
Food Services	c. ₹ 26k	25-35%

| The MedPlus Story

MedPlus caters to the healthcare and household needs of the neighborhoods we operate in

We are omni-channel: Digital and neighborhood stores

MedPlus has the second largest pharmacy network nationally, with leadership position in the markets we operate

2006

Started in Hyderabad

16 years

A Trusted Brand

c.779m+

Bills Cut Since Inception

2,980 stores

Stores

7

States

374

Cities

18k+

Employees

43k+ SKUs

Across Pharma and Non-Pharma

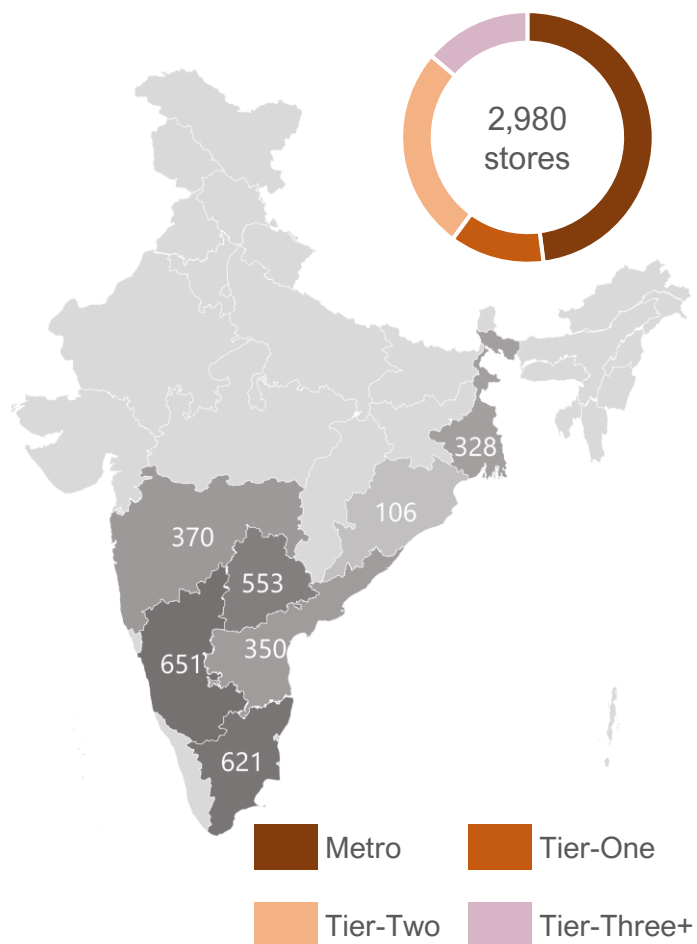
10

Regional Warehouses

1. Information as on 30-Jun-22

Cluster Based Network Enables Profitable Omni-Channel Service

Stores As On Jun-22



Strong Cluster Based Network

Strong network of 2,980 stores across Metros, Tier-One, Tier-Two and beyond.

Ability to service 100% market – acute + chronic
 As opposed to online only players that largely cater to only chronic segment (37%¹ of the market)

2- hour delivery

Online only players cannot match this proposition given lack of hyperlocal store presence

Lower customer acquisition cost

As existing stores act as branding sites

Lower delivery costs

Because of the hyperlocal presence of MedPlus' 2,980 stores

1. For 2020; Proportion of domestic pharmaceutical market. Technopak Advisors (2021). Pharmacy Retail in India
2. Stores in Puducherry are not represented in the map above. As on 30-Jun-22 we have one store in Puducherry

Scale Allows A Large Private Label Basket: 880+ SKUs

Pharma and Related

- ▶ Pharma
- Over **605** products covering Chronic, Acute, OTC & Other Pharmaceutical products



Non-Pharma



- ▶ Non-Pharma
- Over **280** products covering, packaged food, baked goods, dry goods, cleaning products, cosmetics and toiletries



Poised for Growth

Key Pillars Of Growth

A	Growth in existing clusters and develop new clusters	<p>MedPlus has an established base of operations in seven key states. Therefore, we will:</p> <ul style="list-style-type: none">• Further grow in cities where we have market leadership. Metro and Tier - One followed by Tier - Two and beyond• Replicate our leadership in markets where we have entered but yet to attain market leadership
B	Leverage our leadership in omni-channel	<p>MedPlus has built an extensive in-house technology platform. On the back of that, we will:</p> <ul style="list-style-type: none">• Expand our target addressable market via omni-channel offering• Increase retention via omni-channel• Operationally extend <2 hour delivery to more locations
C	Expand share of private label: Higher margins and higher share of wallet	<p>MedPlus has a curated private label range of 850+ SKUs. From these, we will:</p> <ul style="list-style-type: none">• Increase private label contribution in pharma products, especially in sub-chronic and chronic ailments• Increase private label contribution in FMCG products, including nutrition and wellness

| Q1 FY2023 Highlights (1/2)

₹ 9,937m Revenue

- ₹ 385m increase vs. Q1FY22. 4.0% yoy
- ₹ 277m increase vs. Q4FY22. 2.9% qoq
- 12.7% private label (-2.0% yoy)

232 Store Net Additions

- 252 gross additions
- 127 net additions beyond Tier-One
- 2,980 stores as on 30-Jun-22

₹ 292m Pharmacy Operating EBITDA

- 3.0% Operating EBITDA margin in Pharmacy
- ₹ 222m Company Operating EBITDA

₹ 2,103m Gross Margin

- 21.2% gross margin (-1.0% yoy, -0.1% qoq)

Stores > 12 months

- YoY growth impacted by Covid-19 quarter (Q1FY22)
- -8.7% revenue growth vs. Q1FY22
- 9.5% Store Level EBITDA margin
- 55.9% Store Level Operating ROCE

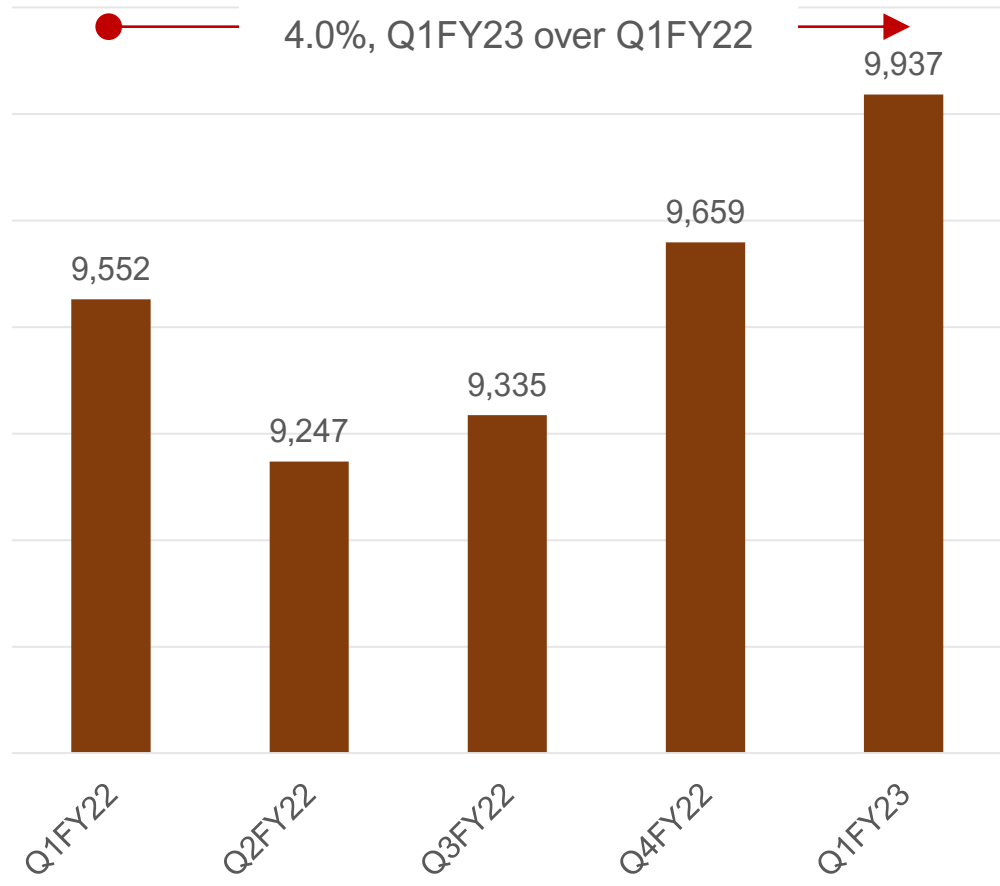
₹ 202m Operating Cash Flow

- 91.1% OCF/ Operating EBITDA
- ₹ 4,666m closing cash balance



Q1 FY2023 Highlights (2/2)

Revenue, ₹m



Gross Margin ▶ 22.1%

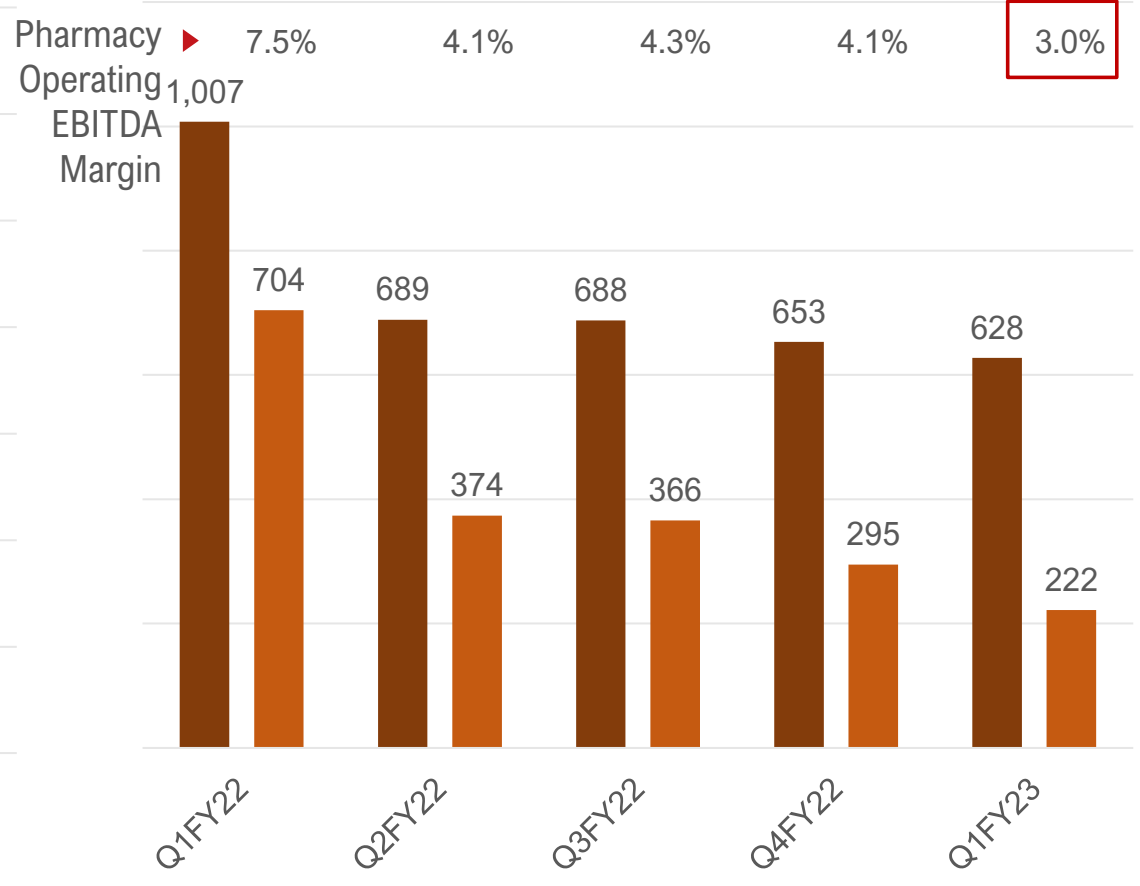
20.1%

20.8%

21.3%

21.2%

EBITDA and Operating EBITDA, ₹m



Operating EBITDA Margin ▶ 7.4%

4.0%

3.9%

3.1%

2.2%

EBITDA Operating EBITDA

815 Stores Added In Last 12 Months

As On Jun-21

As On Mar-22

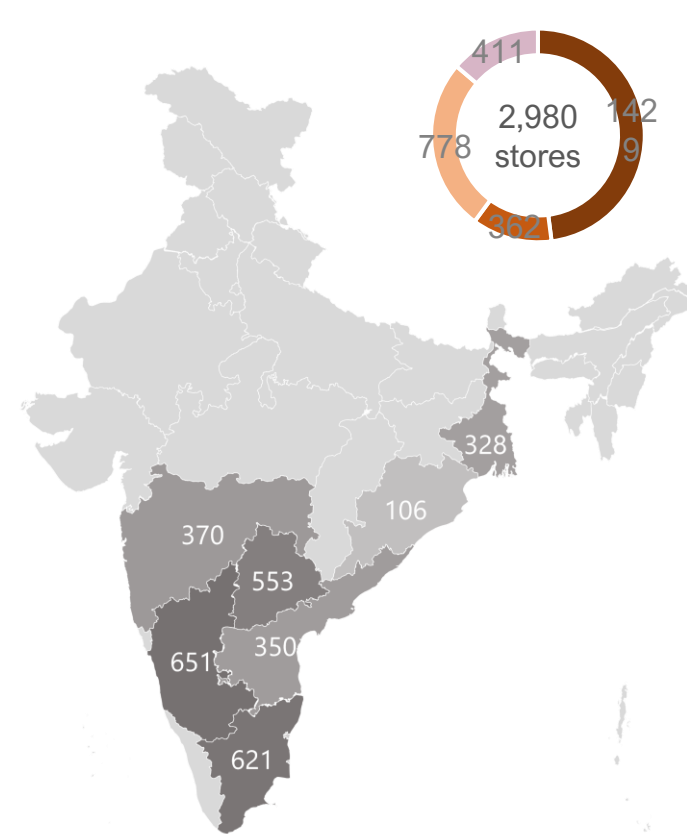
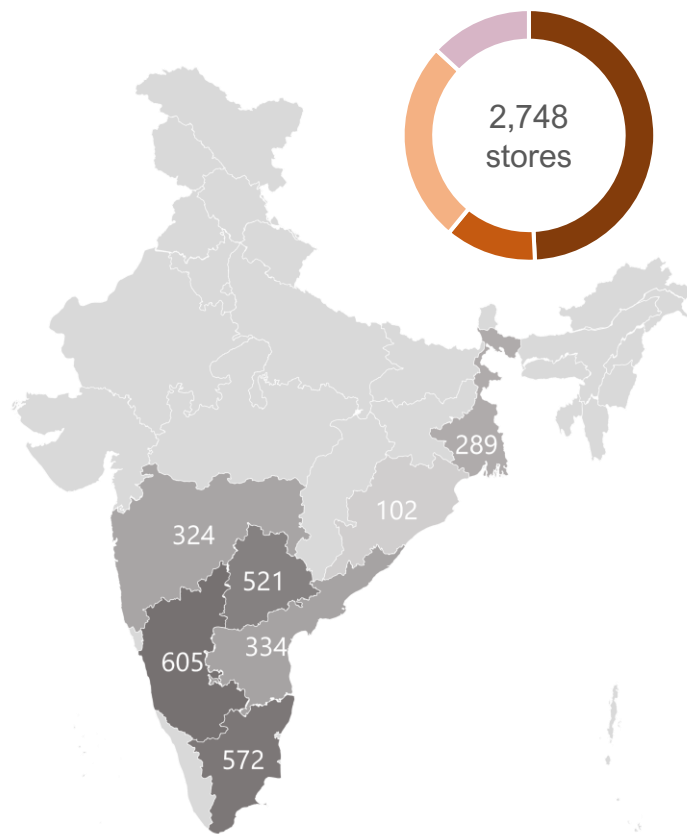
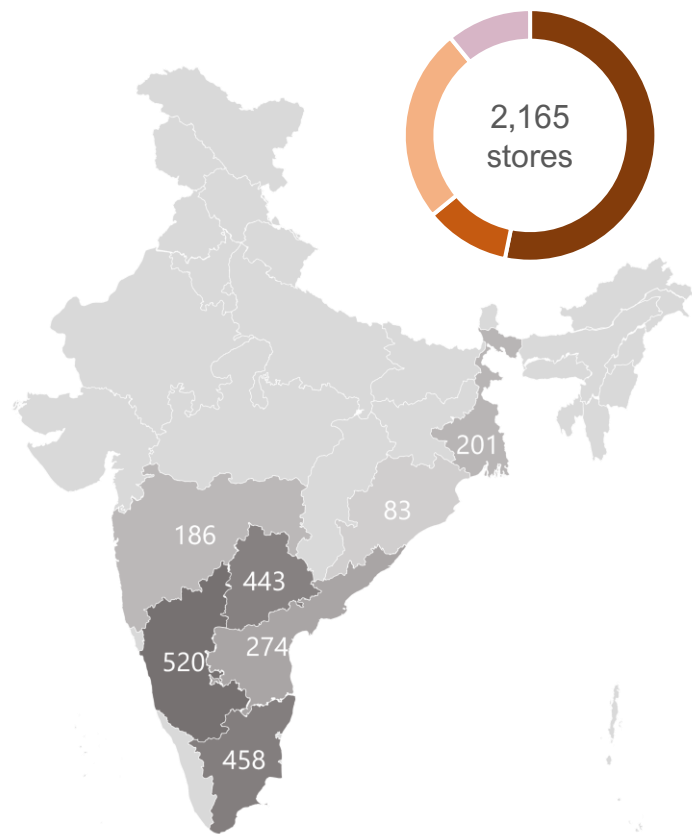
As On Jun-22

► Presence

We are present in key 7 states, accounting for c.38.4% of India's population².

The key urban centers are: Bangalore, Chennai, Hyderabad, Kolkata, Mumbai, Nagpur, Pune, Visakhapatnam

We are present in 374 cities



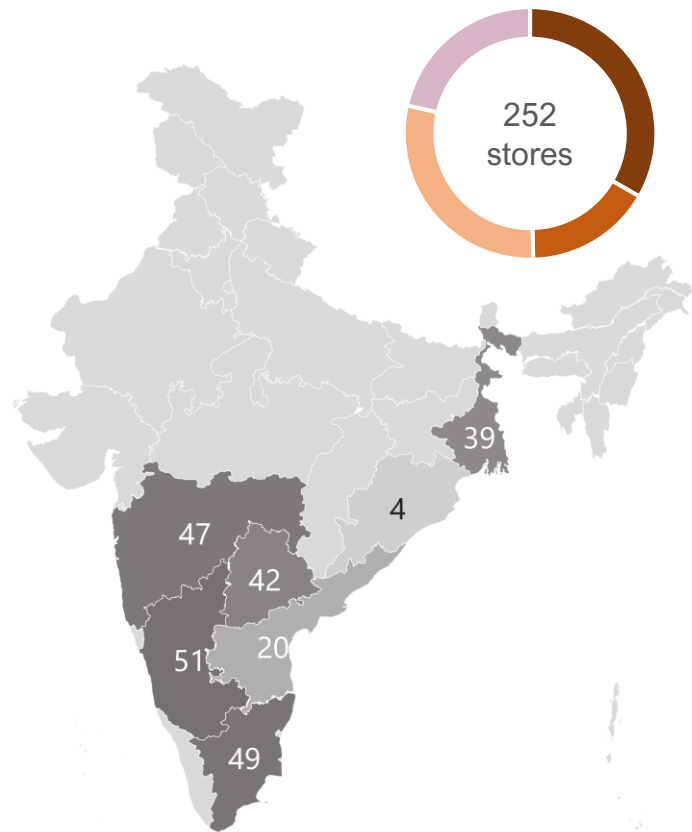
1. Stores in Puducherry are not represented in the maps above. As on 30-Jun-22 we have 1 store in Puducherry
2. Census of India (2011)
3. Color index for pie-chart as below:



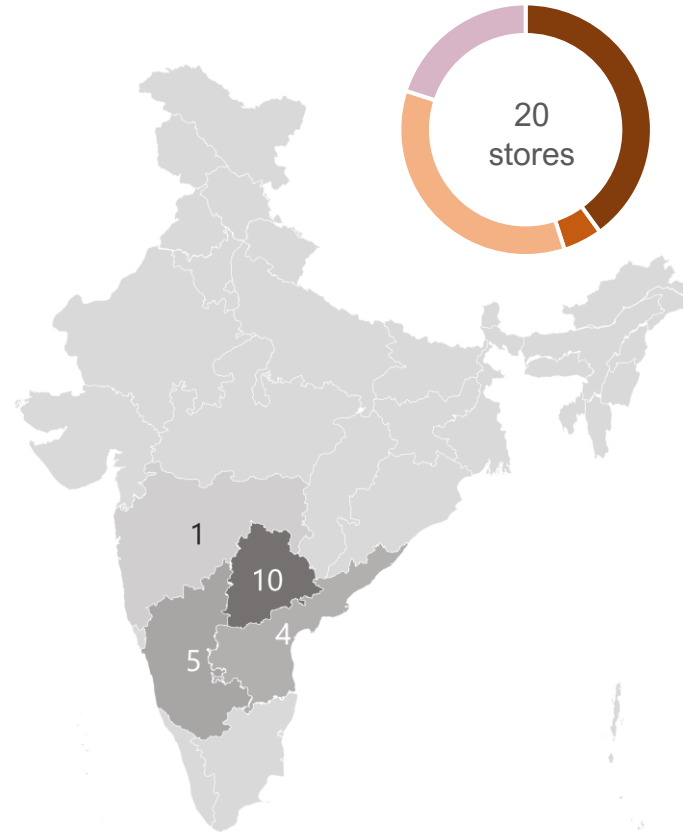
232 Stores Added In Last Quarter

Q1 FY23 Openings

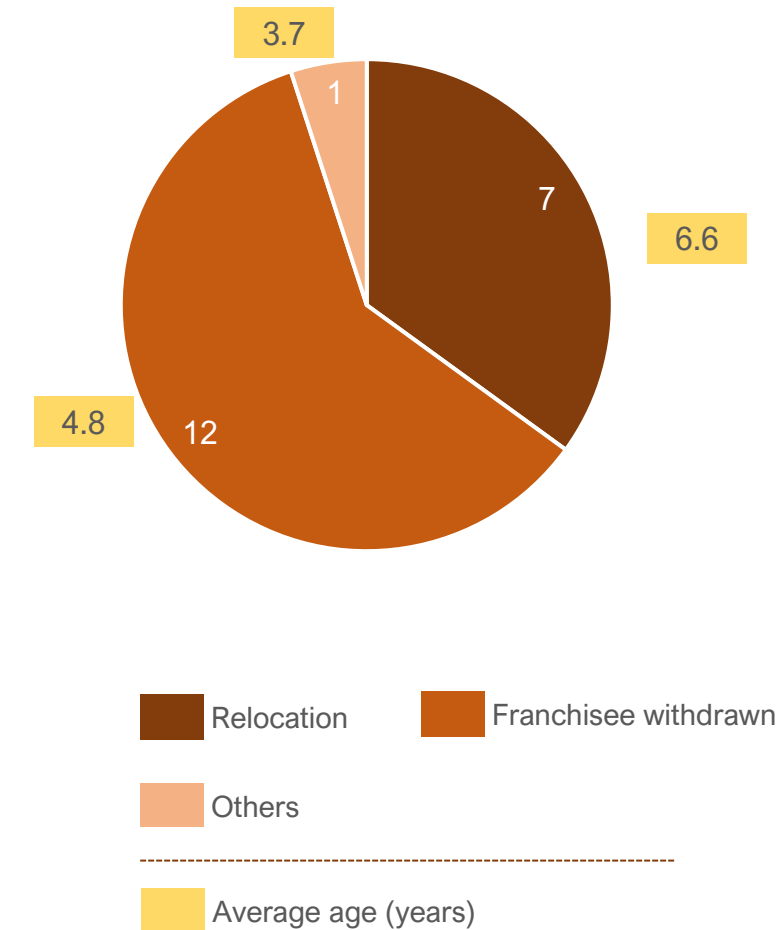
We opened 252 stores in Q1FY23. There were 20 closures



Q1 FY23 Closures



Q1 FY23 Closure Reasons

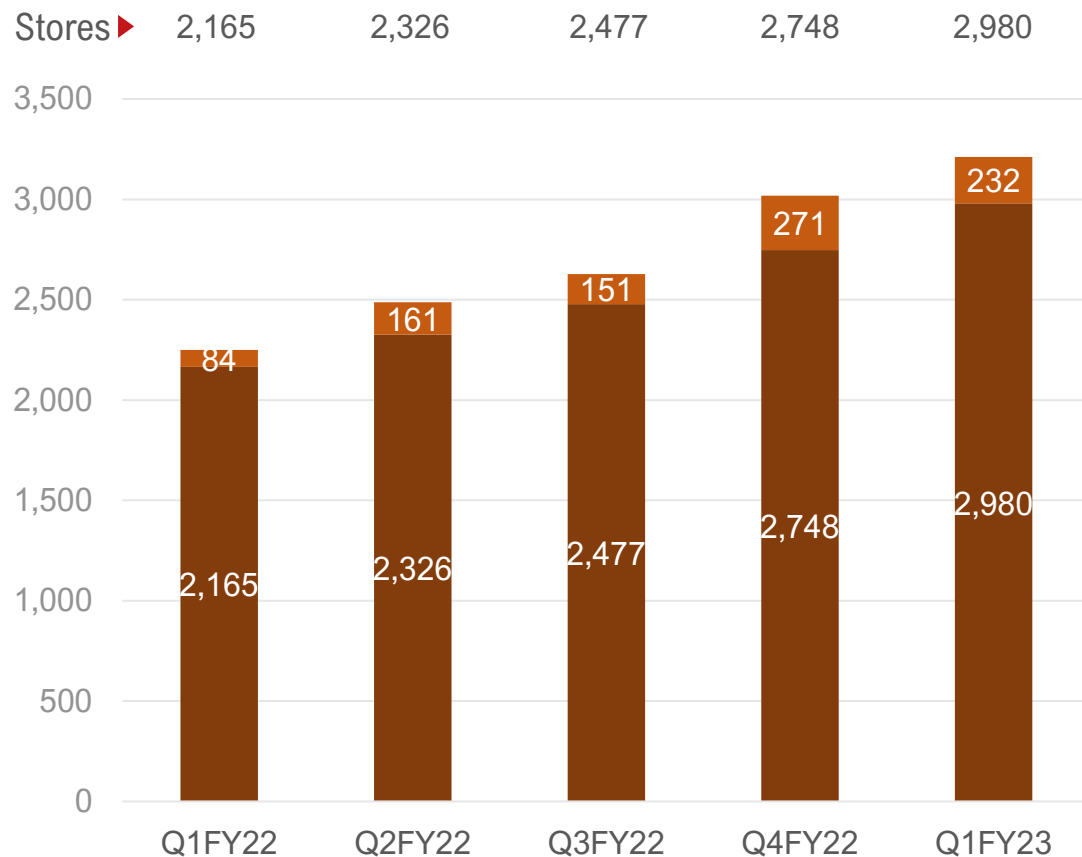


1. Color index for pie-chart as below:



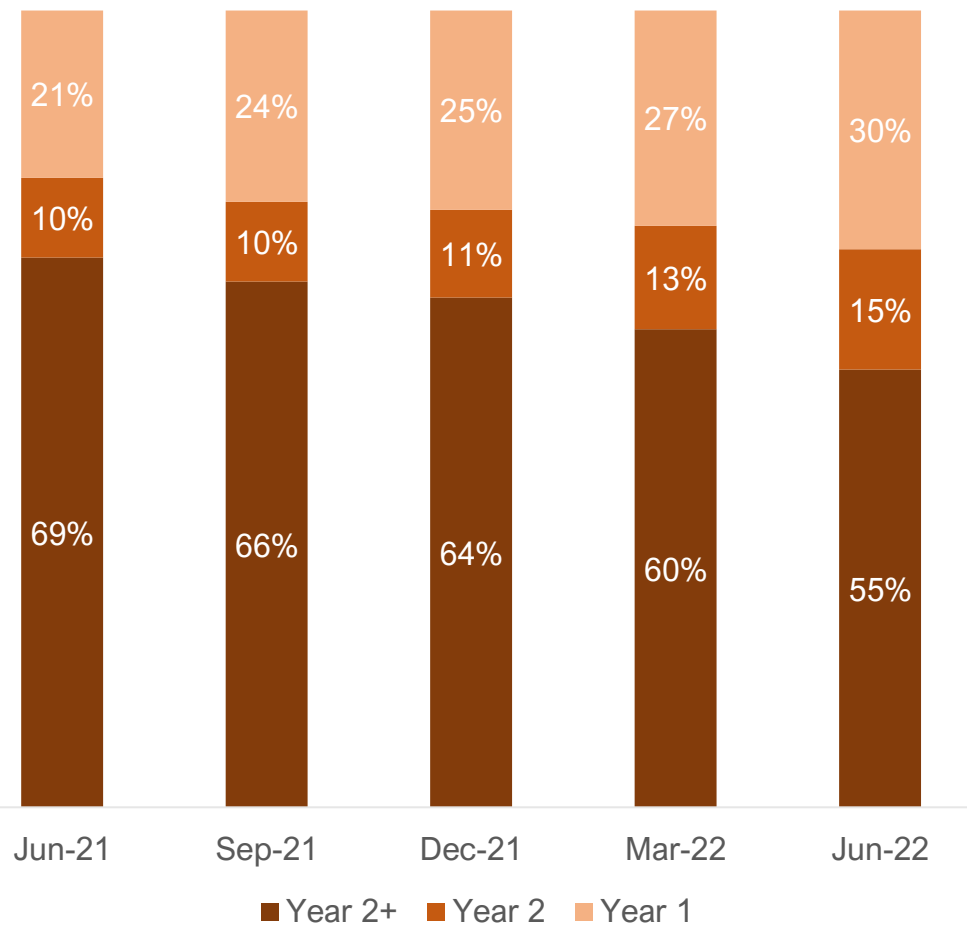
Young Store Network: 30% Less Than 12 Months Old

Pharmacy: Count



Openings	106	170	183	288	252
Closures	22	9	32	17	20
Net Additions	84	161	151	271	232

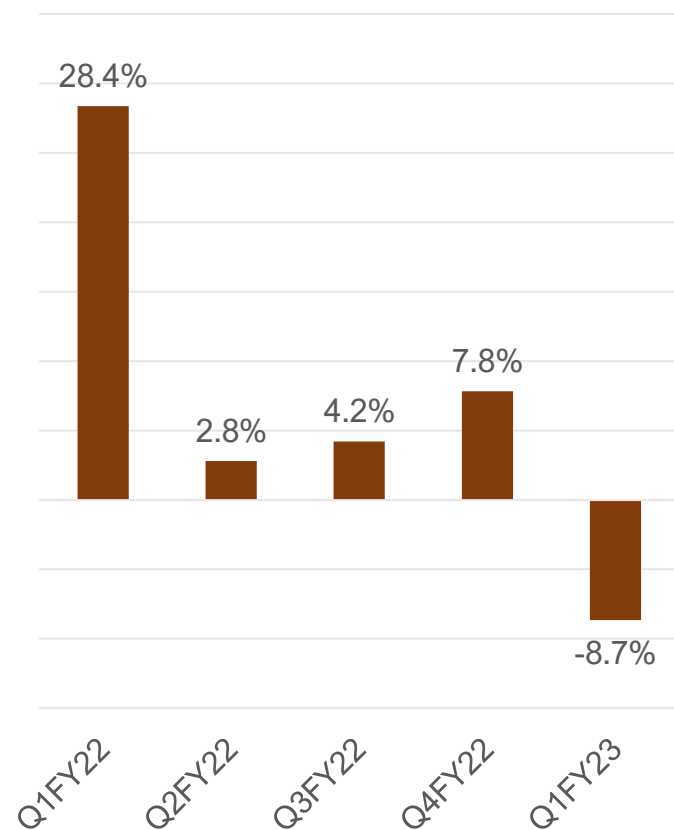
Pharmacy: Age Structure of Stores¹



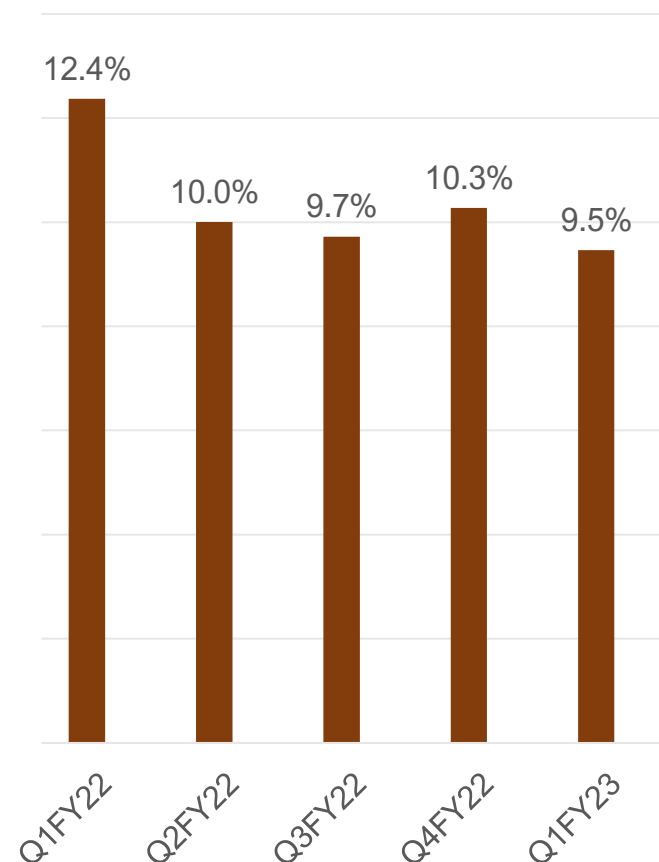
1. Store age, as on end of period

Profitable Older Stores: 12+ Months

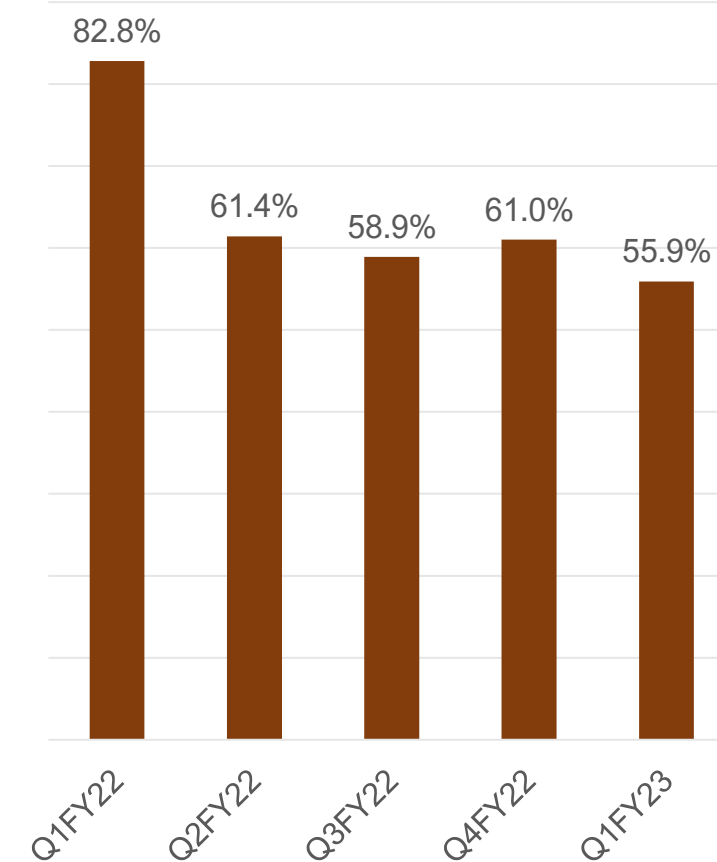
Store Level Revenue Growth¹



Store Level EBITDA Margin



Store Level Operating ROCE^{2,3}



1. Growth is yoy
2. See Glossary for definition
3. Annualized by multiplying the quarterly computation by 4

Revenue Mix: Increasing Share Of Private Label

Revenue Mix: By Product Category

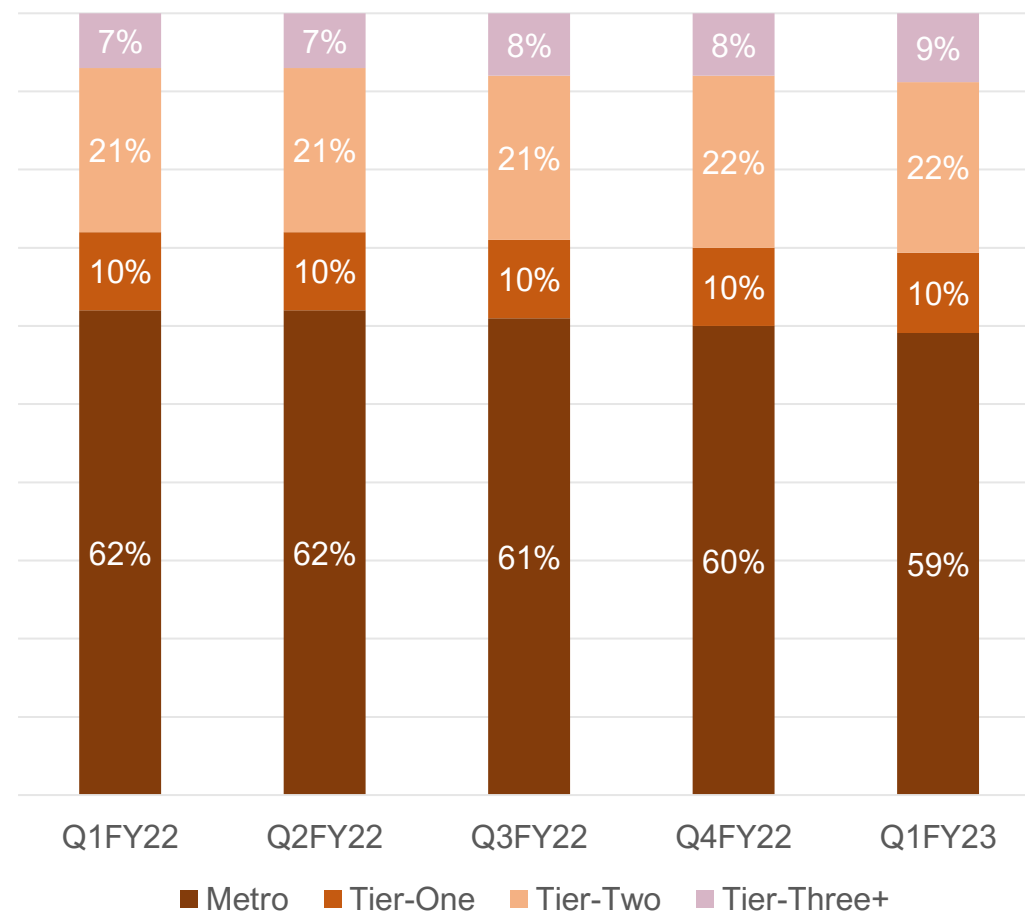
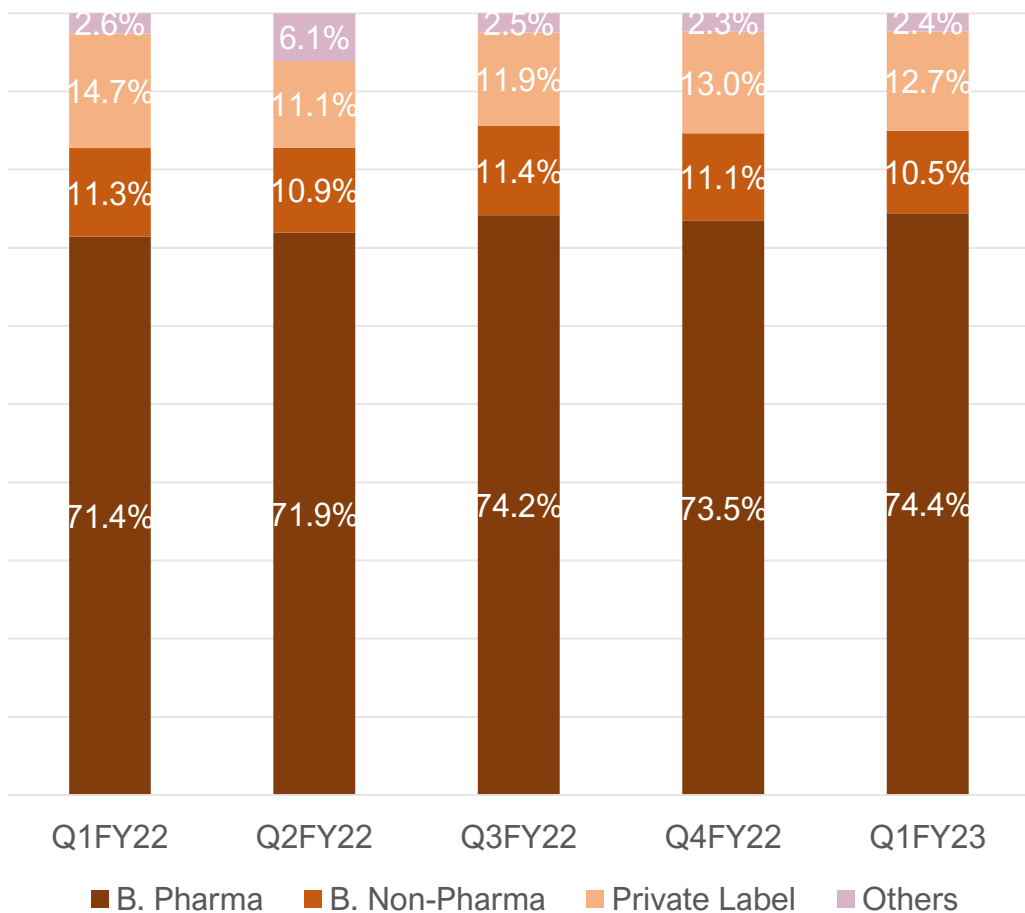
Revenue Mix³: By Location of Stores

▶ Product mix

Trend of increasing share from Private Label continues

▶ Location mix

Maintaining trend of growth beyond Metro and Tier-One

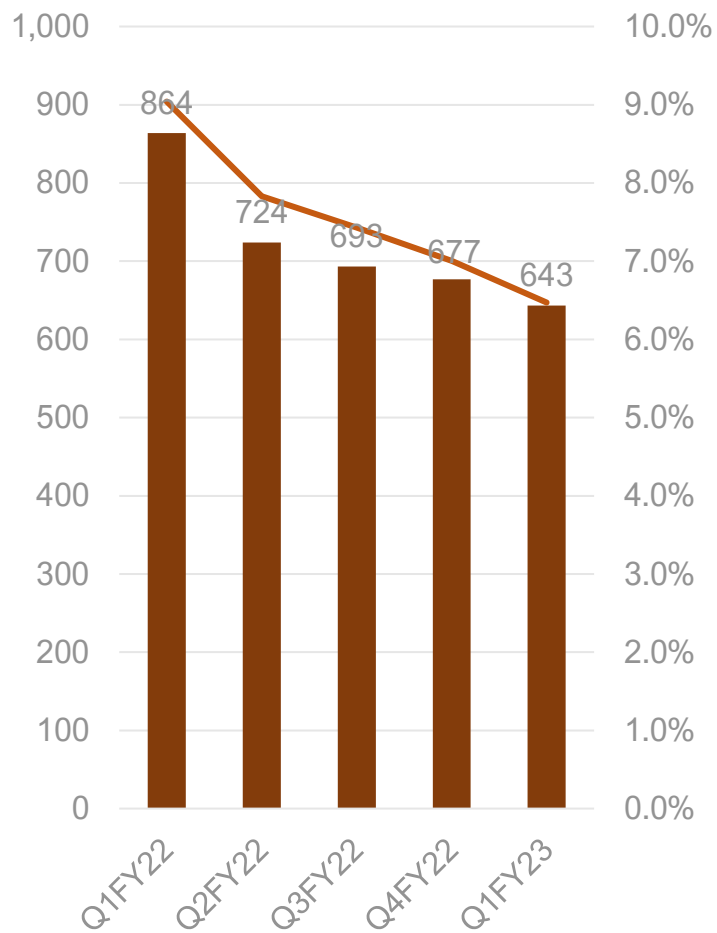


1. Prefix of "B" implies Branded
 2. "Others" includes revenue from franchisee, optical, clinics and labs
 3. Only revenue from pharmacy stores

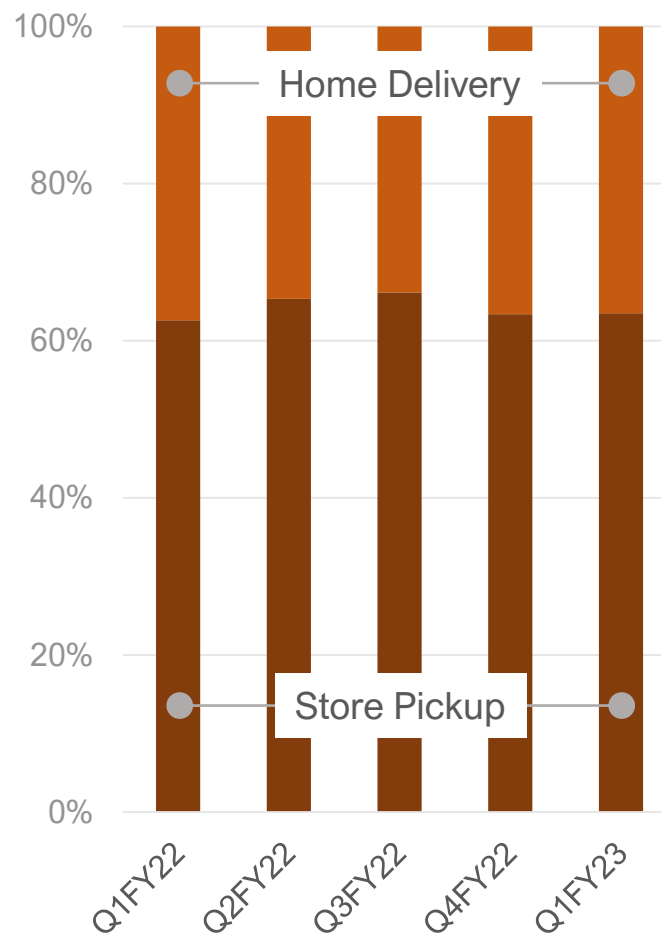
Omni-channel: Profitable With Negligible Acquisition Costs

► Omni-Channel
Our online presence grows on the back of our rapid store additions

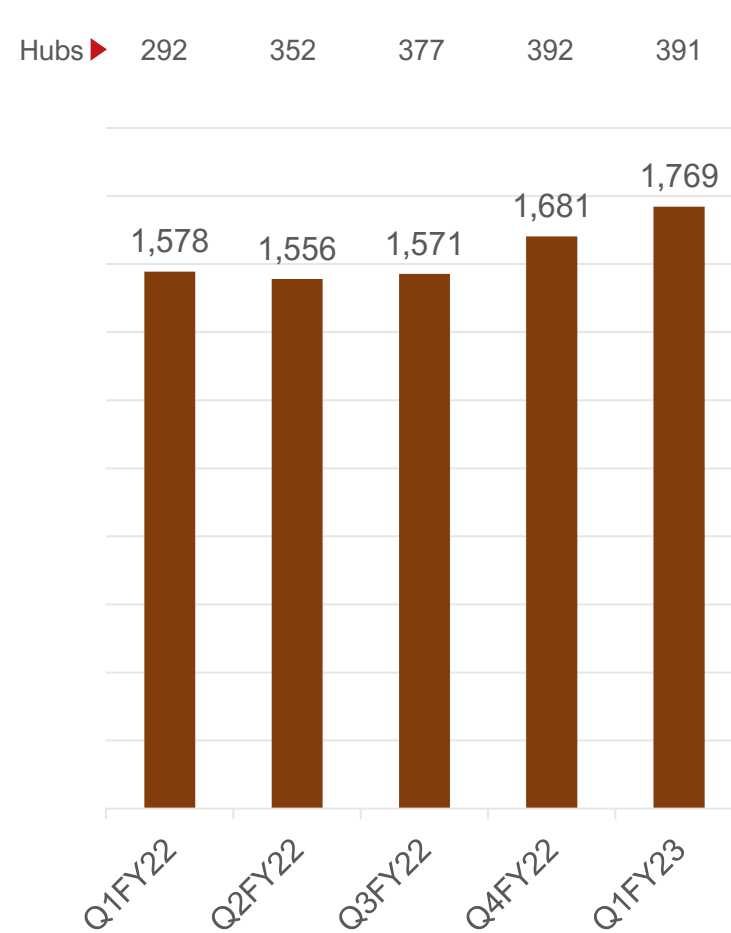
Channel Revenue



Channel Delivery



Pincodes¹ and Delivery Hubs



Revenue, ₹m Share of Tot. Rev. (RHS)

Store Pickup Home Delivery

1. For Online Orders

Income Statement

Snapshot of Income Statement, ₹m

	Q1FY22	Q4FY22	Q1FY23	Q1FY23 vs. Q1FY22 (yoy)	Q1FY23 vs. Q4FY22(qoq)
Revenue	9,551.8	9,659.1	9,936.5	4.0%	2.9%
Gross Margin	2,115.0	2,059.0	2,103.1	-0.6%	2.1%
Gross Margin	22.1%	21.3%	21.2%		
Expenses	(1,410.5)	(1,763.8)	(1,881.4)	33.4%	6.7%
Operating EBITDA	704.5	295.2	221.7	-68.5%	-24.9%
Operating EBITDA	7.4%	3.1%	2.2%		
Rental Expenses	279.3	353.1	401.2	43.7%	13.6%
ESOP Expenses	(8.0)	(64.9)	(61.8)	669.1%	-4.8%
Interest Income	31.6	69.9	66.6	110.5%	-4.8%
EBITDA	1,007.3	653.2	627.7	-37.7%	-3.9%
EBITDA	10.5%	6.8%	6.3%		
Depreciation & Amortization	(270.8)	(341.1)	(381.0)	40.7%	11.7%
Finance Costs	(152.4)	(185.8)	(198.1)	30.0%	6.6%
PBT	584.1	126.4	48.7	-91.7%	-61.5%
PAT	463.6	114.3	36.8	-92.1%	-67.8%
PAT	4.9%	1.2%	0.4%		

Income Statement: Business Segments

Snapshot of Income Statement, ₹m

	Q4FY22				Q1FY23			
	Pharmacy Retail	Diagnostic	Others	Total	Pharmacy Retail	Diagnostic	Others	Total
Revenue	9,595.7	13.9	49.5	9,659.1	9,850.0	31.5	55.0	9,936.5
COGs and Expenses	9,199.1	89.9	74.9	9,363.9	9,557.7	83.4	73.7	9,714.8
Operating EBITDA	396.6	-76.0	-25.3	295.2	292.3	-51.9	-18.7	221.7
Operating EBITDA	4.1%	-548.8%	-51.2%	3.1%	3.0%	-164.6%	-34.0%	2.2%
Rental Expenses				353.1				401.2
ESOP Expenses				-64.9				-61.8
Interest Income				69.9				66.6
EBITDA				653.3				627.7
EBITDA				6.8%				6.3%
Depreciation & Amortization				-341.1				-381.0

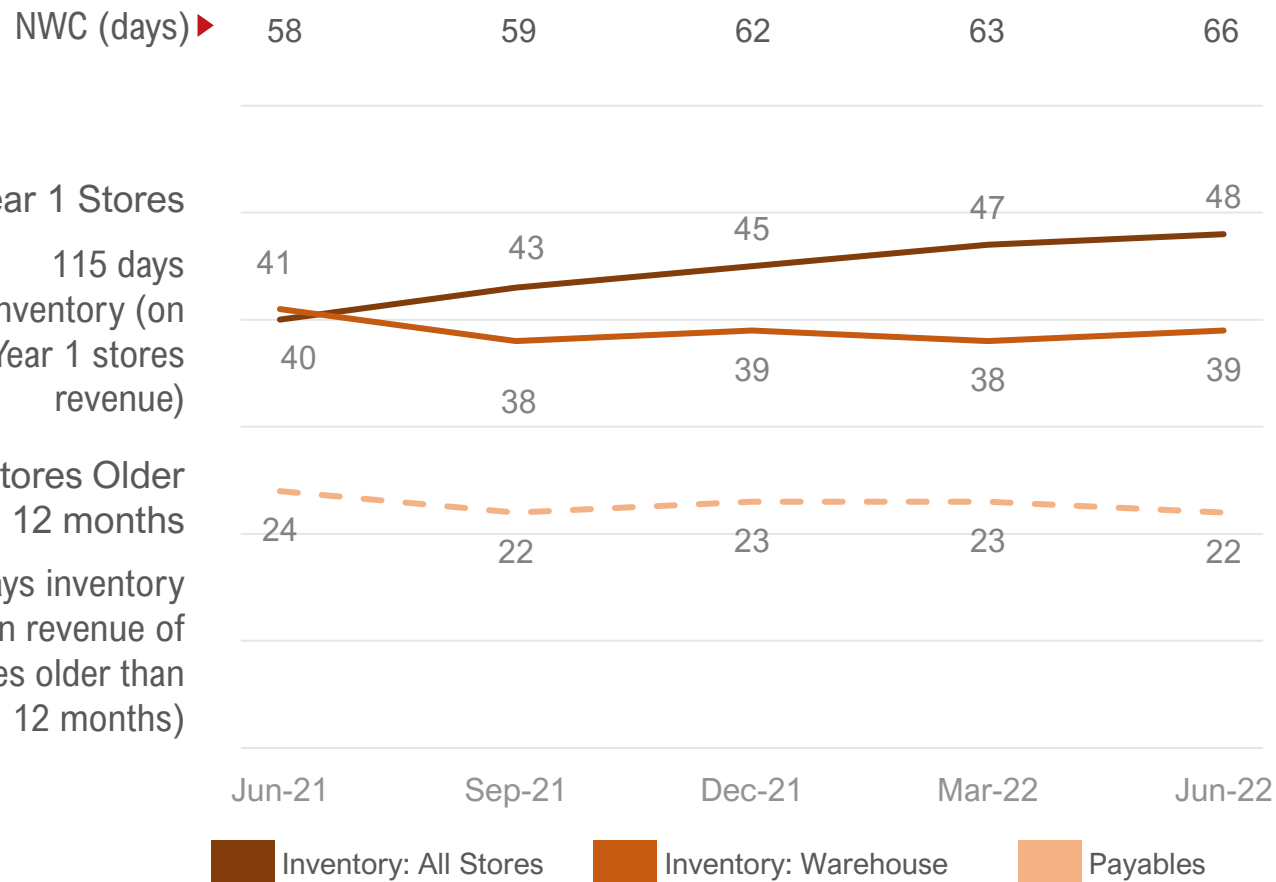
Balance Sheet

Snapshot of Balance Sheet, ₹m

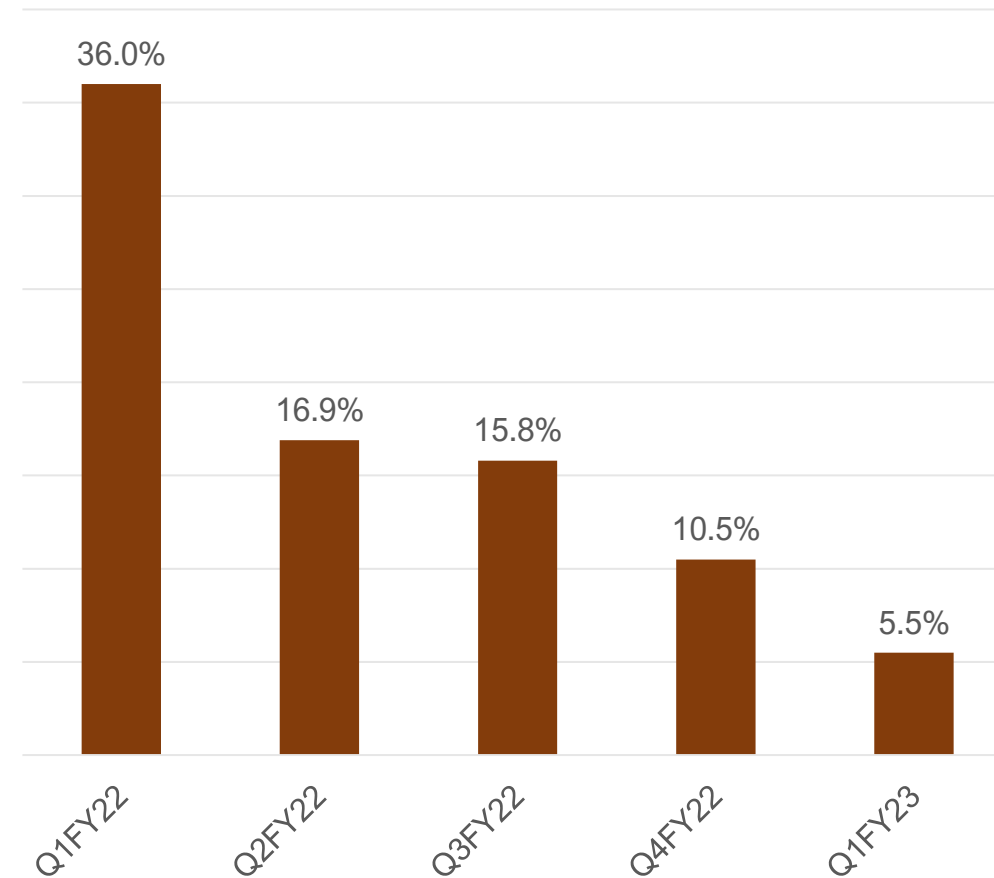
	Mar-22	Jun-22
Assets		
Non Current Assets		
PPE and CWIP	1,823.2	2,108.1
Intangible assets	477.0	476.7
Right-of-use asset	5,891.6	6,528.5
Others	1,431.6	1,492.9
Total Non Current Assets (A)	9,623.4	10,606.2
Current Assets		
Inventories	9,149.8	9,502.4
Cash	6,575.4	4,666.0
Others	591.9	681.9
Total Current Assets (B)	16,317.1	14,850.3
Total Assets (A + B)	25,940.5	25,456.5
Equity and Liabilities		
Total Equity	14,177.7	14,300.5
Other non current liabilities	6,172.6	6,684.1
Borrowings	1,426.8	63.8
Trade payables	2,462.3	2,415.4
Other current liabilities	1,701.0	1,992.8
Total Equity and Liabilities	25,940.5	25,456.5

Capital Productivity

Working Capital Cycle, days



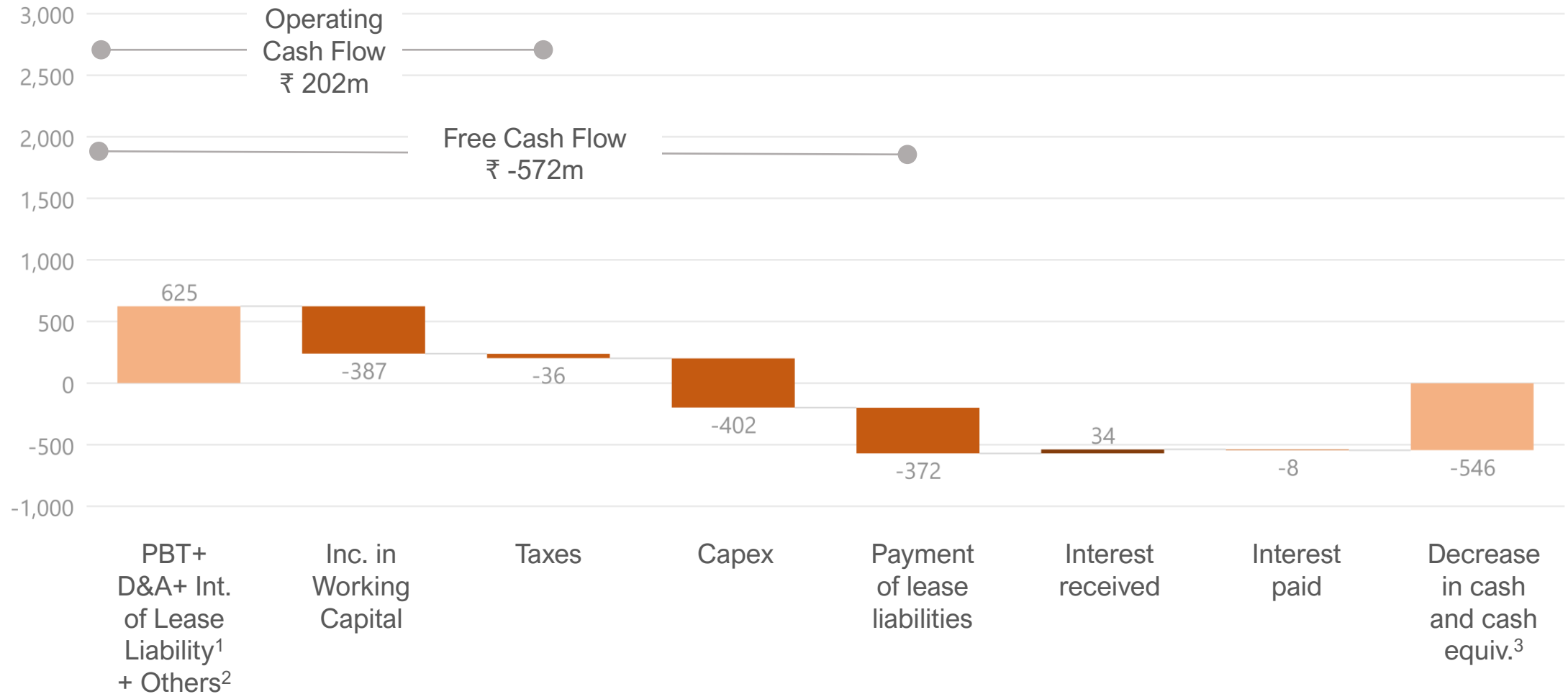
ROCE²: Operating EBIT/ Avg. Capital Employed



1. Inventory and Payables (as on end of period) computed on period Revenue
 2. Annualized by multiplying the quarterly computation by 4

Cash Management

Cash Management, Q1FY23, ₹m



1. Computed as per IND AS-116
 2. Other non-cash expenses, e.g. ESOP compensation expense
 3. Additionally, during the quarter we have withdrawn ₹ 1,969m from fixed deposit

Appendix

- A. Board and key management
- B. Glossary

A. Board and Key Management

Committed Board



Gangadi Madhukar Reddy ●
Founded MedPlus and has led it since inception



Anish Kumar Saraf ●
MD at Warburg Pincus India



Atul Gupta ●
Investment partner at Premji Invest



Hiroo Mirchandani ●
Senior business leader in healthcare and consumer sectors



Madhavan Ganesan ●
Senior business leader. Over 3 decades covering retail and technology



Murali Sivaraman ●
Senior business leader. Over 3 decades in India and international markets

- Managing Director & CEO
- Independent Non-Executive Director
- Non-Executive Director

Experienced Management Team



Dr. Bhaskar Reddy
COO–Outlet Operations



Dr. Surendranath Mantena
COO–MedPlus Mart



Venugopal Sirripuram
Chief Technology Officer,
Optival



Kandasamy Vairaperumal
Head Supply Chain,
Optival



Lakshman Kandarpa
Chief Retail Officer,
Optival



Chetan Dikshit
Chief Strategy Officer

B. Glossary

Term	Description
City Categorization (internal)	Metro: Bengaluru, Chennai (and Avadi), Hyderabad, Kolkata (and Howrah), Mumbai (and Thane) Tier One: Ahmednagar, Baramati, Kharagpur, Nagpur, Nashik, Panruti, Pune, Ranaghat, Vijayawada, Visakhapatnam Tier Two: Hundred and Nine cities, including Adilabad, Aurangabad, Coimbatore, Hooghly, Mysuru, Puri
EBITDA	EBITDA is a non-GAAP financial measure. EBITDA refers to our profit/(loss) for the period, as adjusted to exclude (i) Depreciation and Amortization Expenses, (ii) Finance Costs and (iii) Tax Expense.
Free Cash Flow (FCF)	Operating Cash Flow minus Capex minus Payment of lease liabilities
NWC	Net Working Capital. Inventory <u>plus</u> Receivables <u>minus</u> Trade Payables
Operating Cash Flow (OCF)	PBT <u>plus</u> non-cash expenditures <u>minus</u> increase in working capital <u>minus</u> taxes paid
Operating EBITDA	Operating EBITDA is non-GAAP financial measure adjusted for one – off expenses like ESOP
Store(s)	Our pharmacy stores. Unless specifically mentioned, this does not include our other outlets (e.g optical, clinic, lab, diagnostics, collection center)
Store age: Year 1, Year 2, Year 2+	For the purpose of age categorization, we determine the age as per the last day of the reporting period. For example a store that has completed 24 months at on the last day of the reporting period, is categorized as Year 2+
Store Level Operating ROCE	Store Level Operating ROCE is computed by dividing (Store Level Operating EBITDA <u>minus</u> depreciation, assumed as ₹10k p,m./ store for stores aged < 5 years) with Capital Employed. Capital Employed is computed as store level inventory at the end of the period + capex of ₹ 0.6m per store + refundable security deposit.



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