

MedPlus+



THIRD QUARTER FY2023

INVESTOR PRESENTATION

Corporate information
Performance update
Financial results

FEBRUARY 2023

MedPlus+

| Safe Harbour

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| Executive Summary: Q3FY23

1 Revenue Growth

Revenue has grown by 27.5% vs Q3 FY22

2 Accelerated store expansion

Addition of 229 stores in Q3FY23
Beyond Tier One cities : 136

3 Strong unit economics

>69% of stores opened till June-22, achieved break-even within 6 months of operations

4 Stable operating performance of mature stores (>12m)

Operating EBITDA: ₹ 490mn
Store Level EBITDA margin: 10%
Store Level Operating ROCE: 60.8%

5 EBITDA

Consolidated Operating EBITDA of ₹ 371mn
Pharmacies Operating EBITDA of ₹ 406mn

6 Diagnostics pilot on track

Our pilot in Hyderabad is progressing well with three full-service centers and 100+ own Collection Centers

| 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.860m+

Bills Cut Since Inception

3,557 stores

Stores

7

States

497

Cities

21k+

Employees

44k+ SKUs

Across Pharma and Non-Pharma

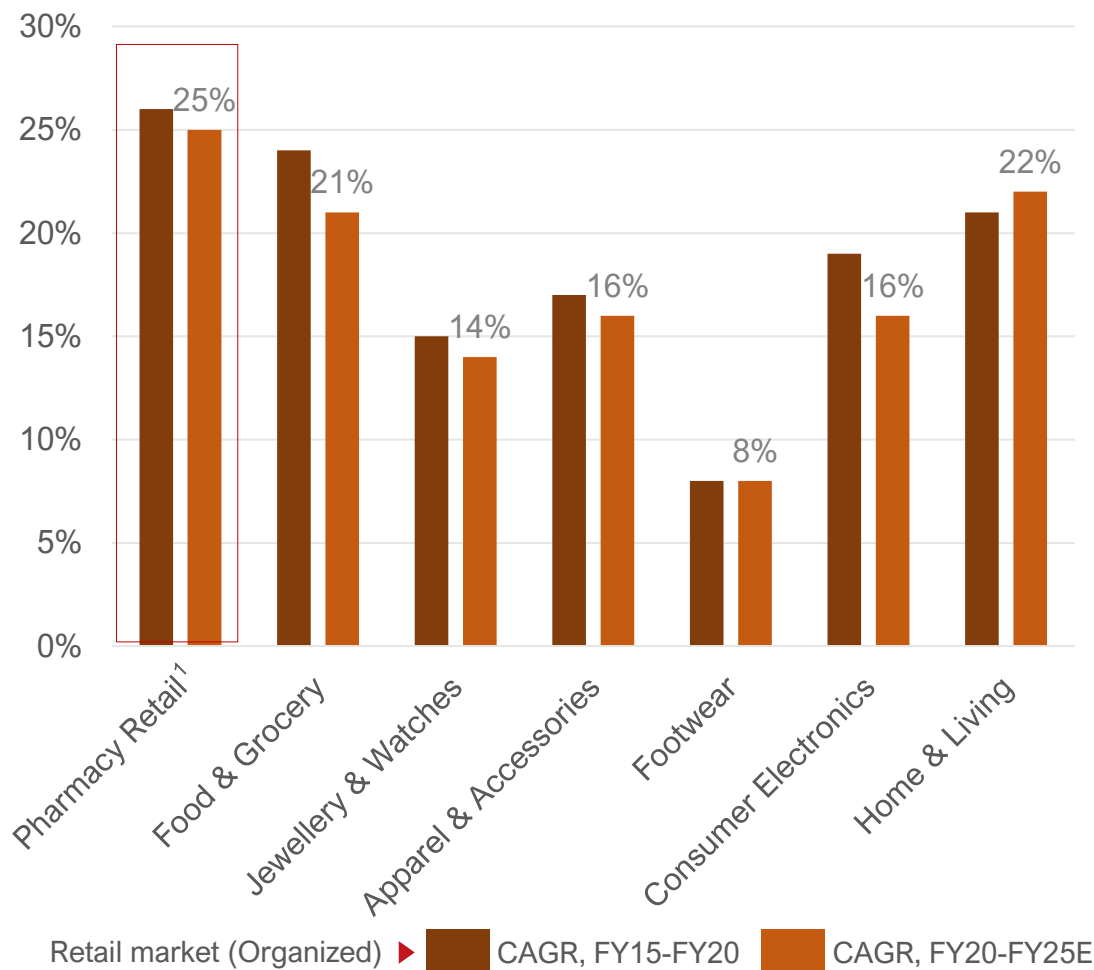
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Regional Warehouses

1. Information as on 31-Dec-22

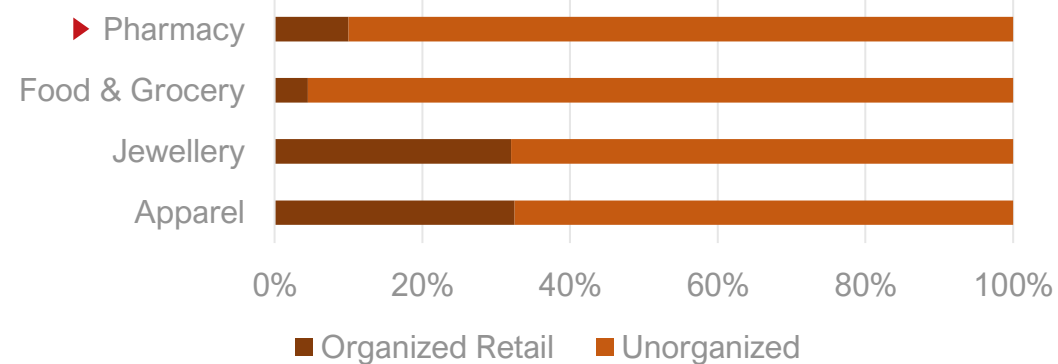
MedPlus – Leader In The Attractive Pharmacy Space

Fastest Growing Retail Segment



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

Large Headroom to Grow



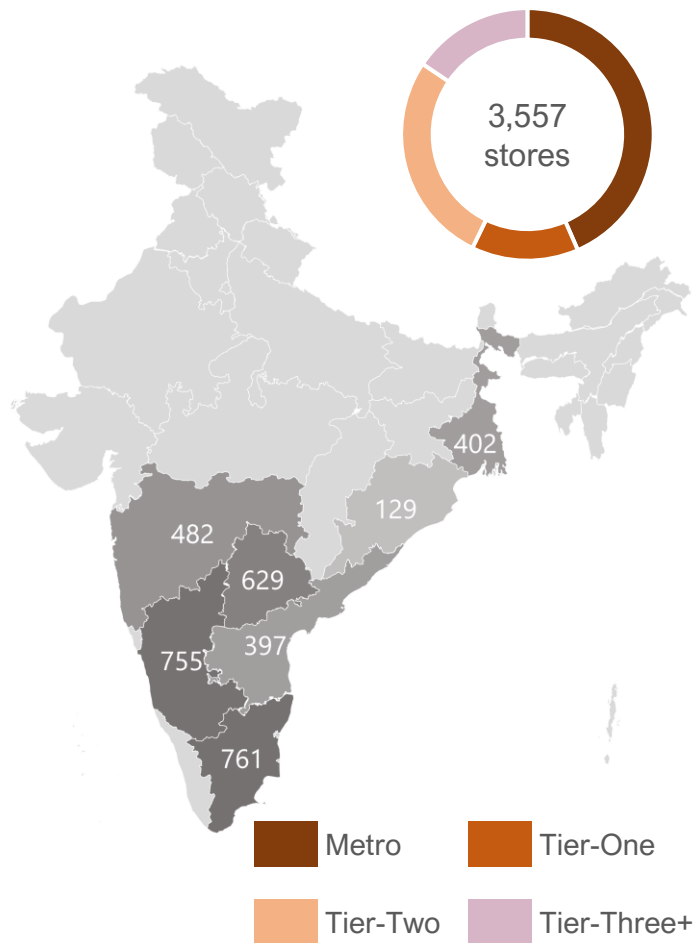
Better Unit Economics

	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%

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

Cluster Based Network Enables Profitable Omni-Channel Service

Stores As On Dec-22



Strong Cluster Based Network

Strong network of 3,557 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' 3,557 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 31-Dec-22 we have 2 stores in Puducherry

Scale Allows A Large Private Label Basket: 900+ SKUs

Pharma and Related

- ▶ Pharma
- Over **645** products covering Chronic, Acute, OTC & Other Pharmaceutical products



Non-Pharma



- ▶ Non-Pharma
- Over **263** 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 900+ 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

| Q3 FY2023 Highlights (1/2)

₹ 11,903m Revenue

- ₹ 2,569m increase over Q3FY22
27.5% yoy
- ₹ 697m increase over Q2FY23. 6.2%
qoq
- 1.8% increase in private label over
Q3FY22

229 Store Net Additions

- 246 gross additions
- 136 net additions beyond Tier-One
- 3,557 stores as on 31-Dec-22

₹ 406m Pharmacy Operating EBITDA

- 3.5% Operating EBITDA margin in
Pharmacy (increase by 50 bps qoq)
- ₹ 371m Company Operating EBITDA

₹ 2,638m Gross Margin

- 22.2% gross margin (1.4% yoy, 0.5%
qoq)

Stores > 12 months

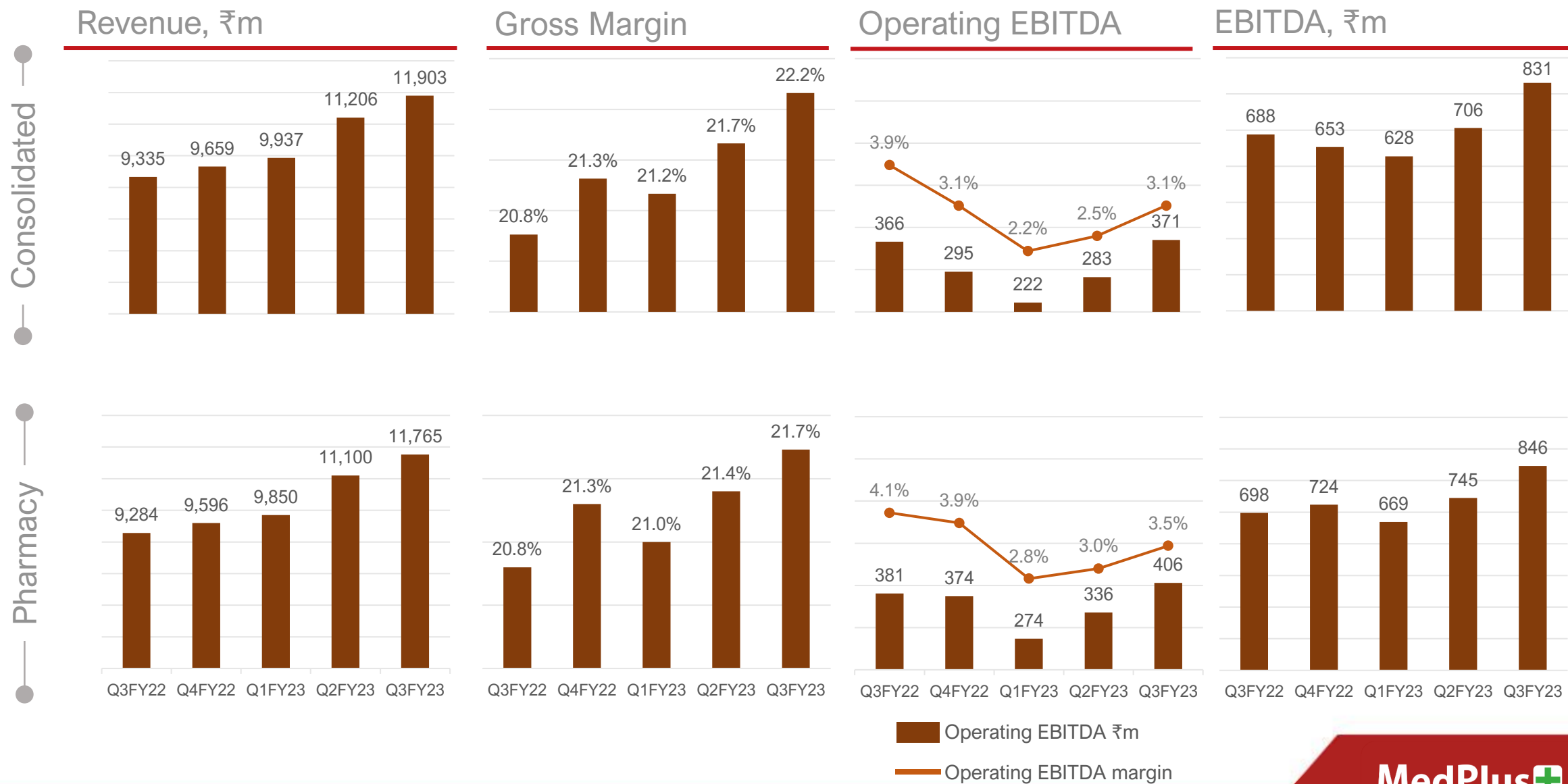
- 10.9% revenue growth over Q3FY22
- 10% Store Level EBITDA margin
- 60.8% Store Level Operating ROCE

₹ 435m Operating Cash Flow

- 117.4% OCF/ Operating EBITDA
- ₹ 3,187m closing cash balance



Q3 FY2023 Highlights (2/2)



1,080 Stores Added In Last 12 Months

As On Dec-21

As On Mar-22

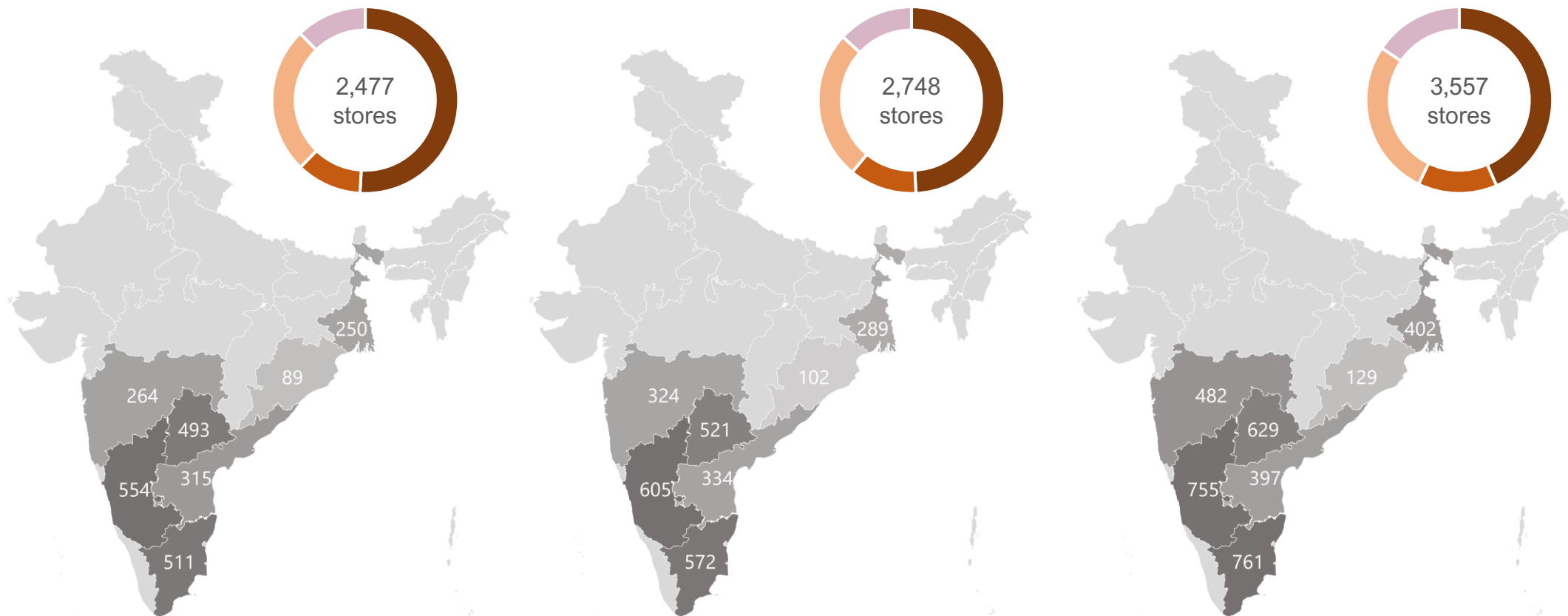
As On Dec-22

► 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 497 cities



1. Stores in Puducherry are not represented in the maps above. As on 31-Dec-22 we have 2 stores in Puducherry
 2. Census of India (2011)
 3. Color index for pie-chart as below:



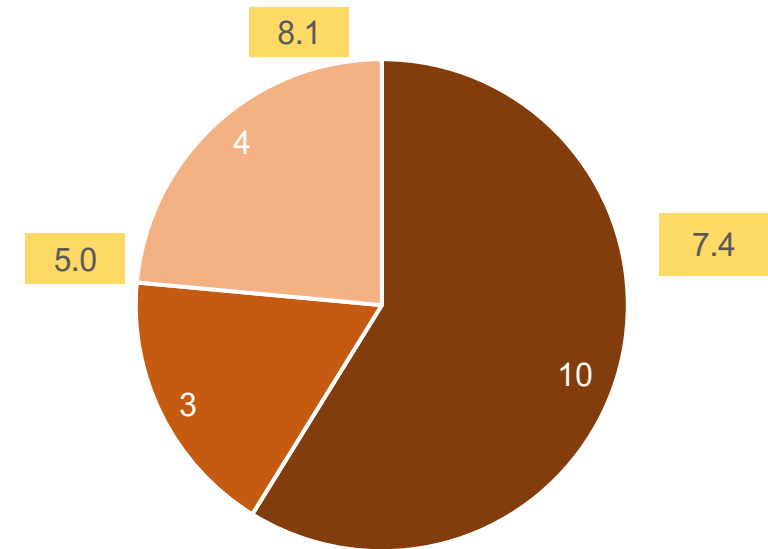
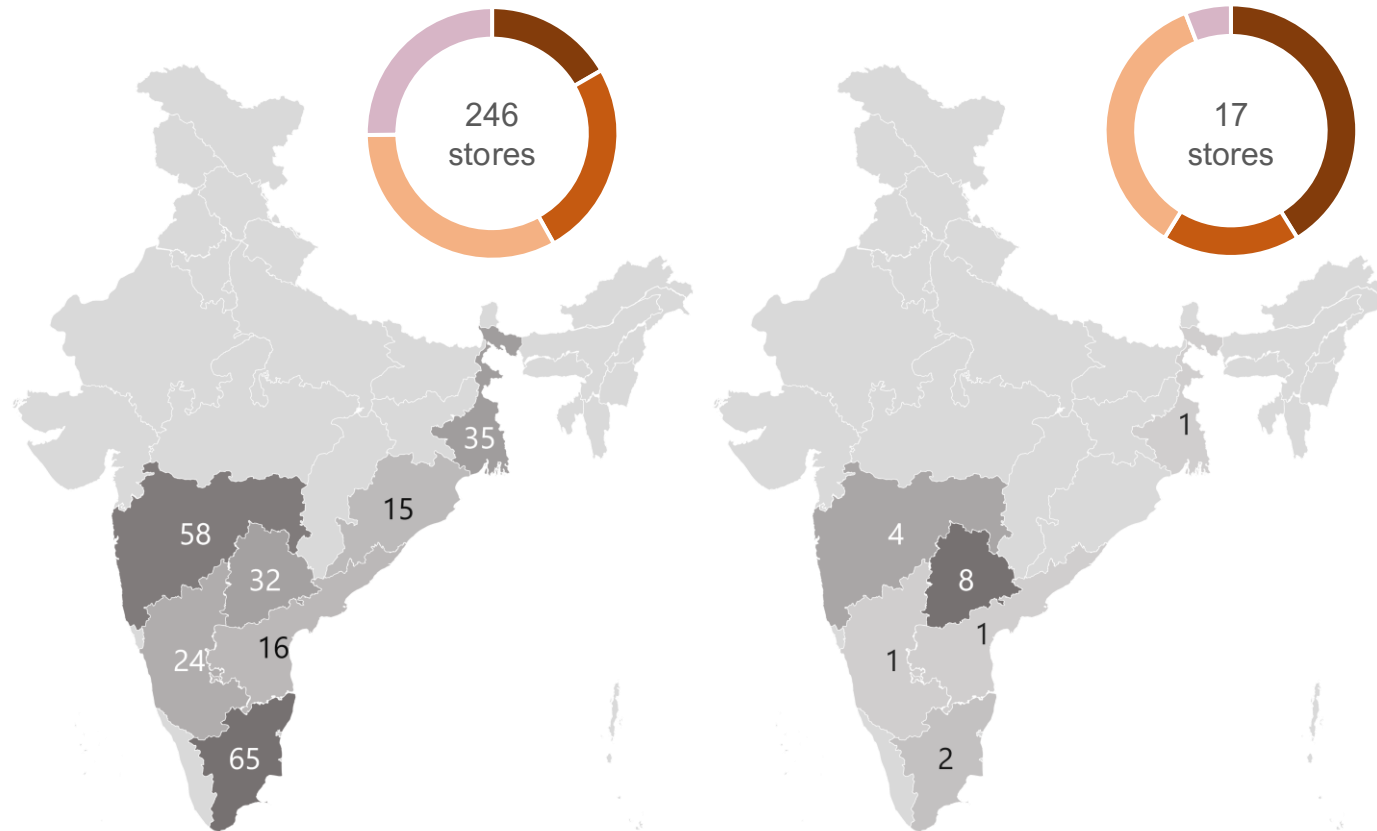
229 Stores Added In Last Quarter

Q3 FY23 Openings

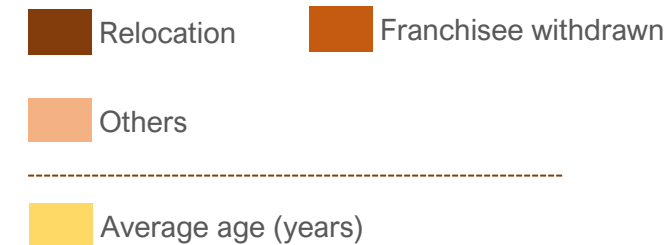
Q3 FY23 Closures

Q2 FY23 Closure Reasons

We opened 246 stores in Q3FY23. There were 17 closures

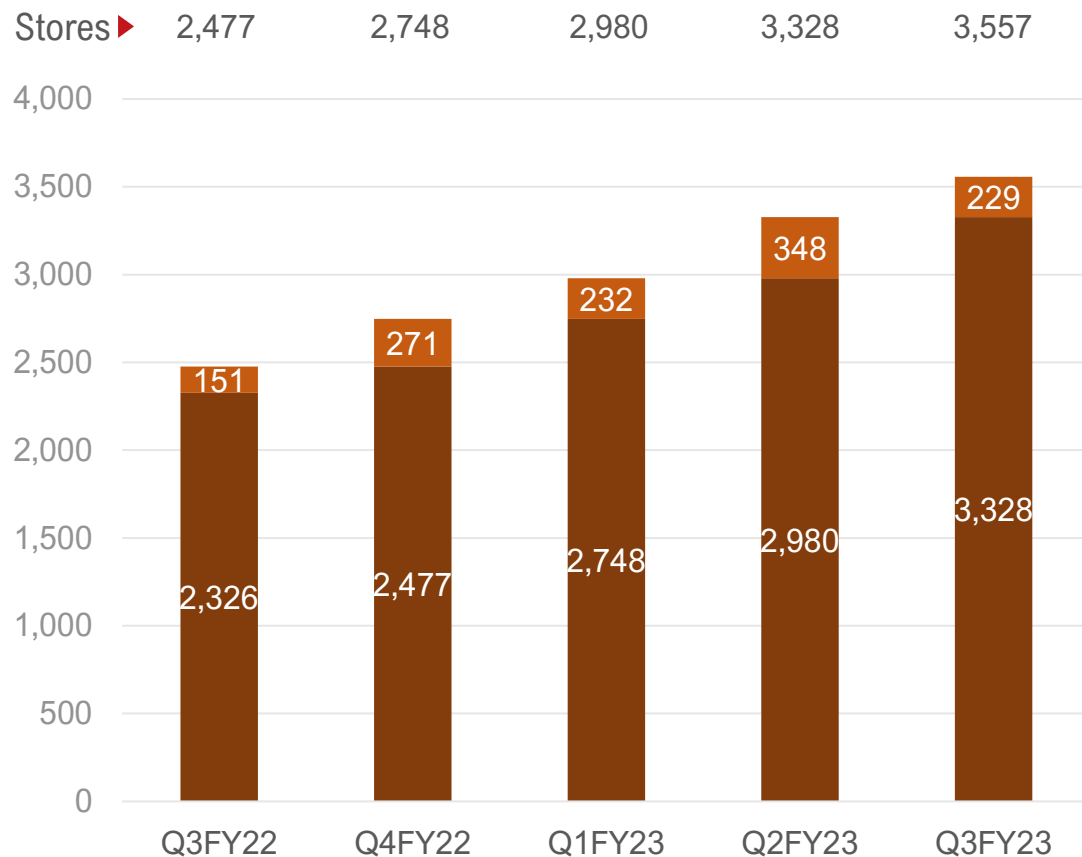


1. Color index for pie-chart as below:



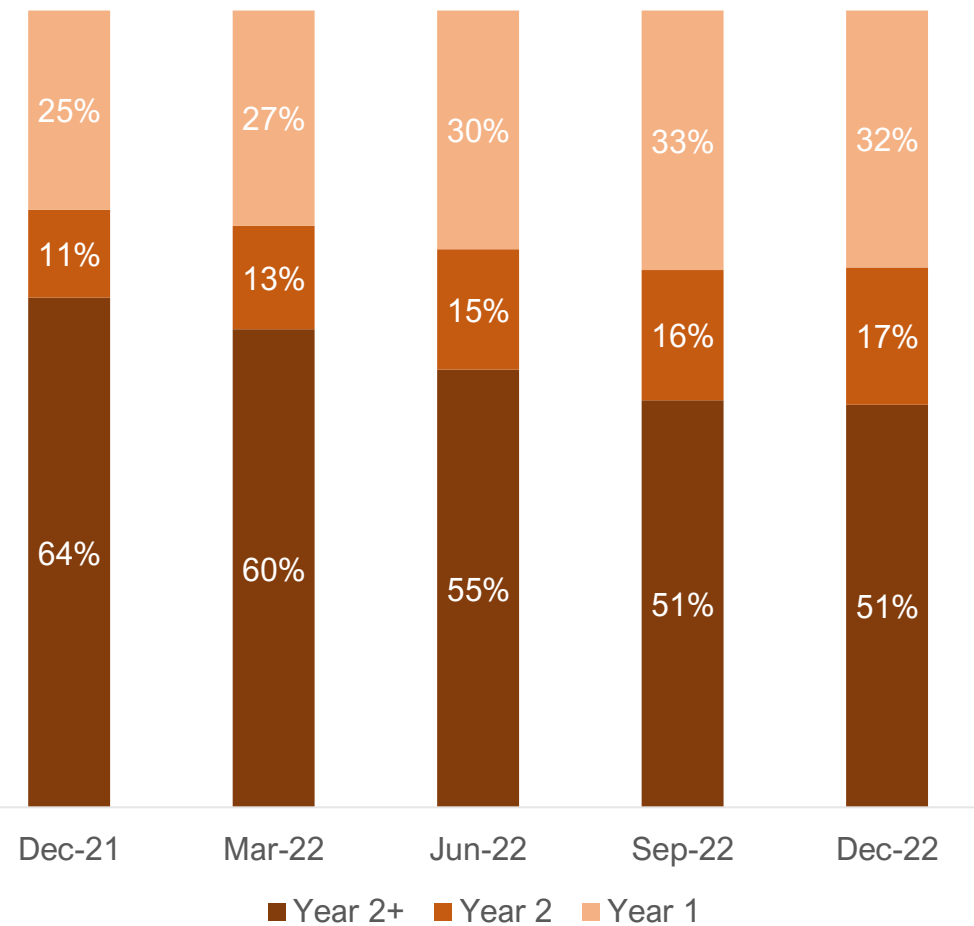
Young Store Network: 32% Less Than 12 Months Old

Pharmacy: Count



Openings	183	288	252	362	246
Closures	32	17	20	14	17
Net Additions	151	271	232	348	229

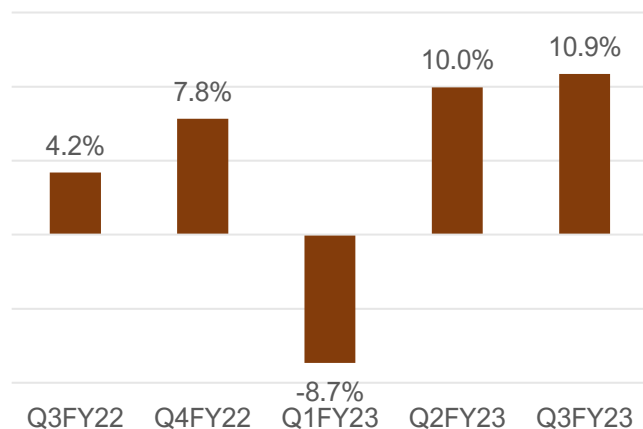
Pharmacy: Age Structure of Stores¹



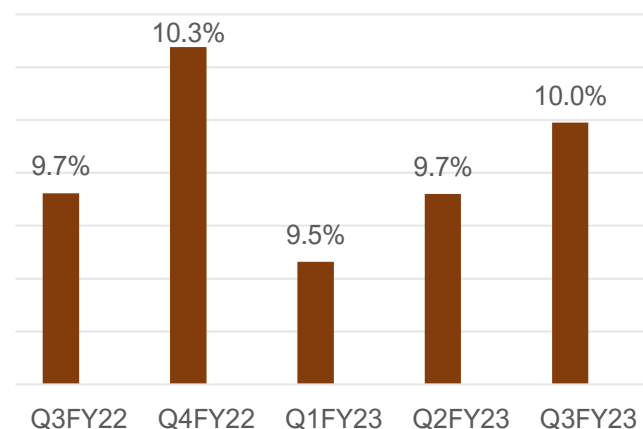
1. Store age, as on end of period

Profitable Older Stores: 12+ Months

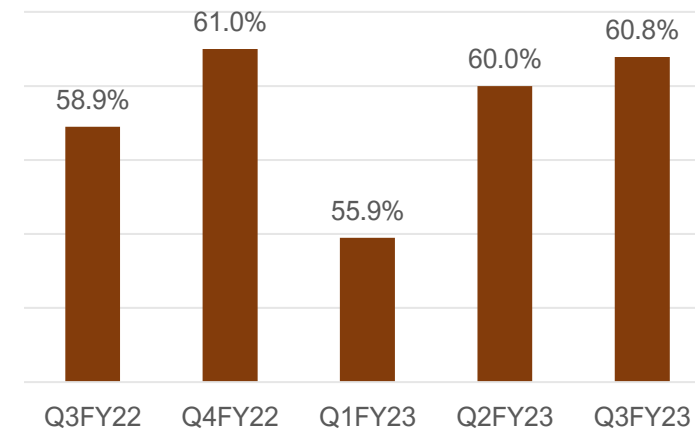
Store Level Revenue Growth¹



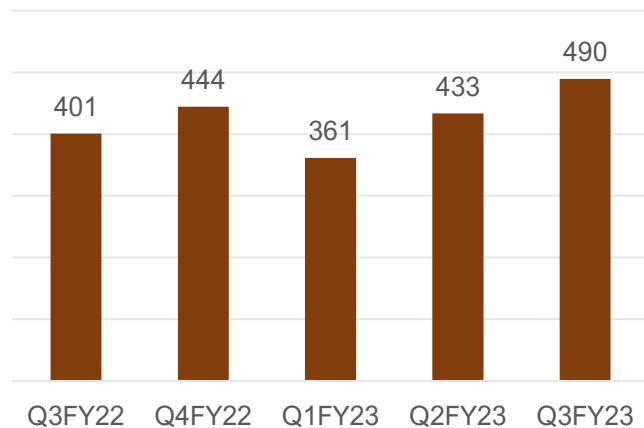
Store Level EBITDA Margin



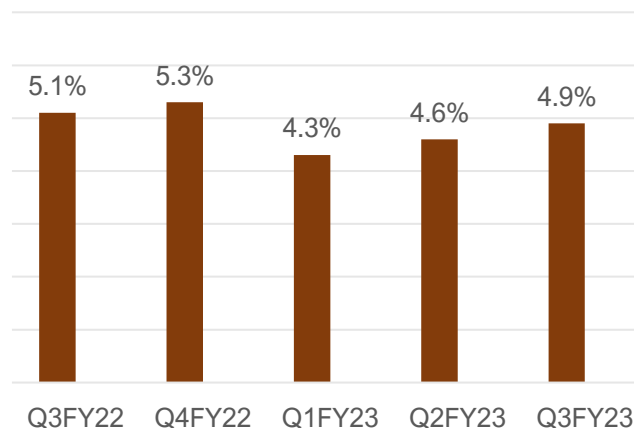
Store Level Operating ROCE^{2,3}



Operating EBITDA, ₹m



Operating EBITDA Margin



1. Growth is yoy

2. See Glossary for definition

3. Annualized by multiplying the quarterly computation by 4

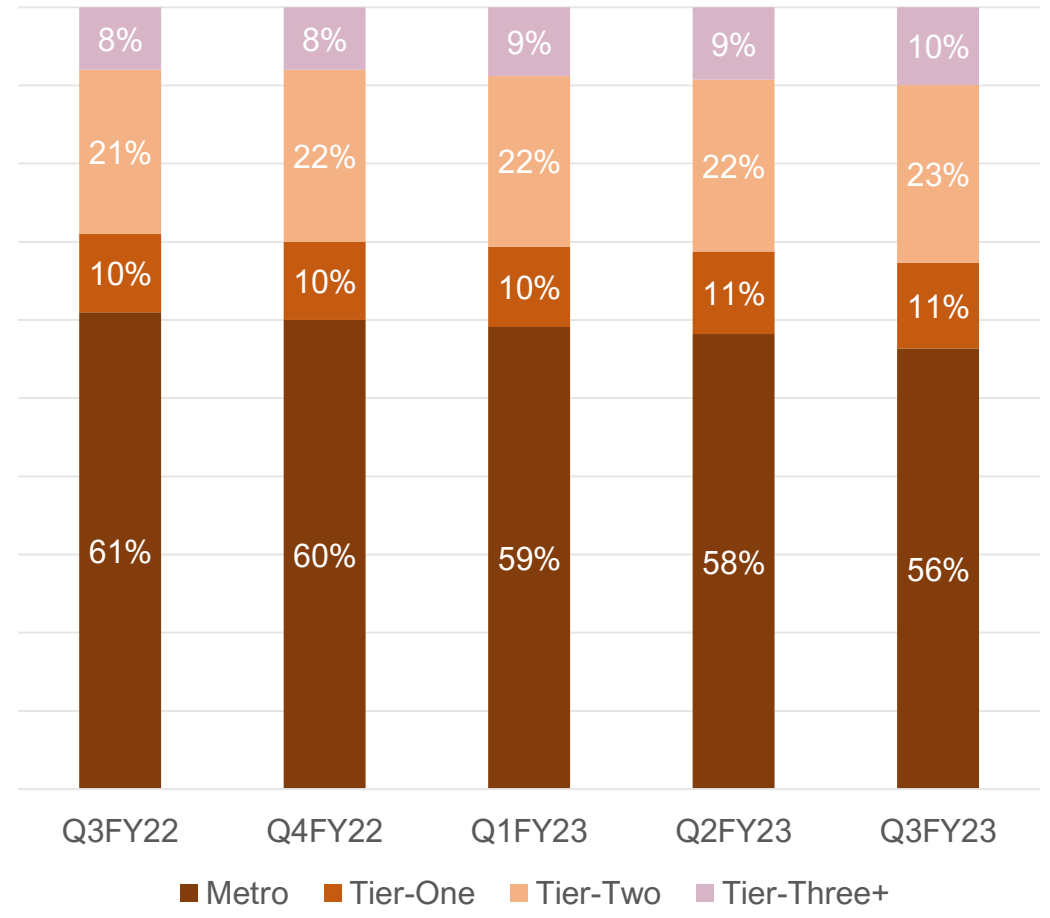
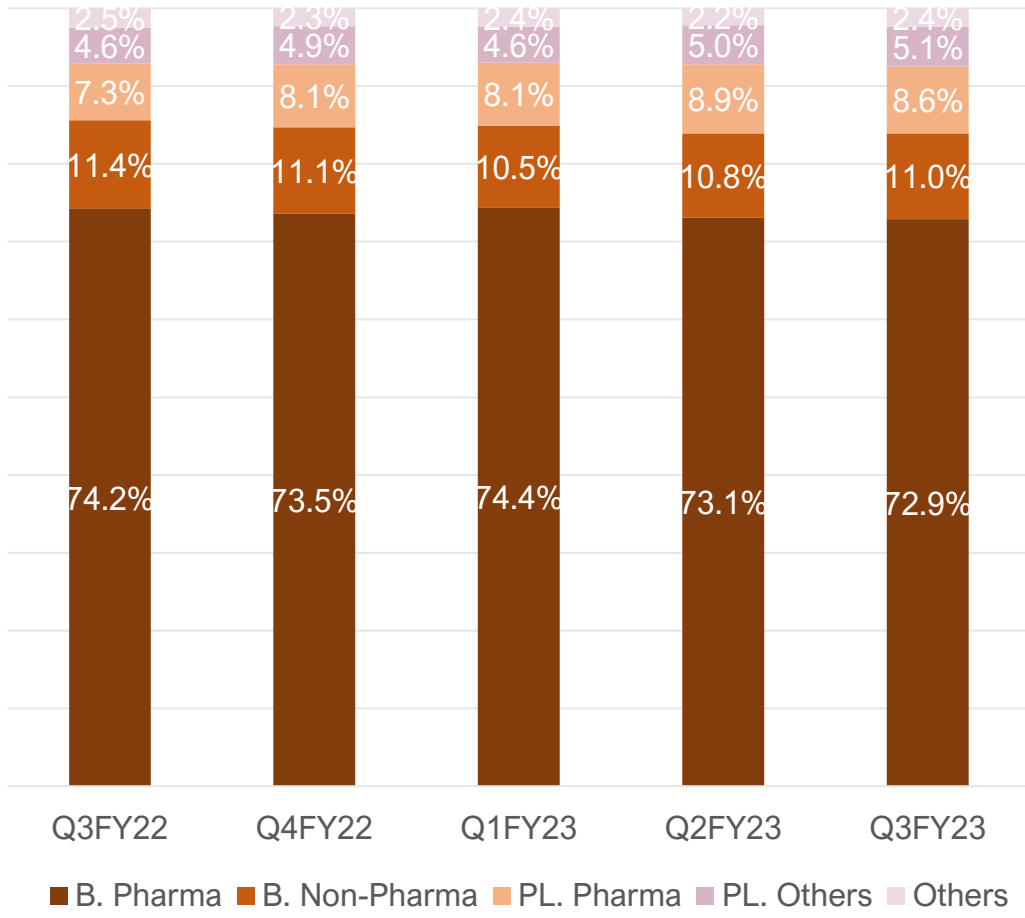
Revenue Mix: Increasing Share Of Private Label

Revenue Mix: By Product Category

Revenue Mix³: By Location of Stores

▶ Product mix
Trend of increasing share from Private Label continues

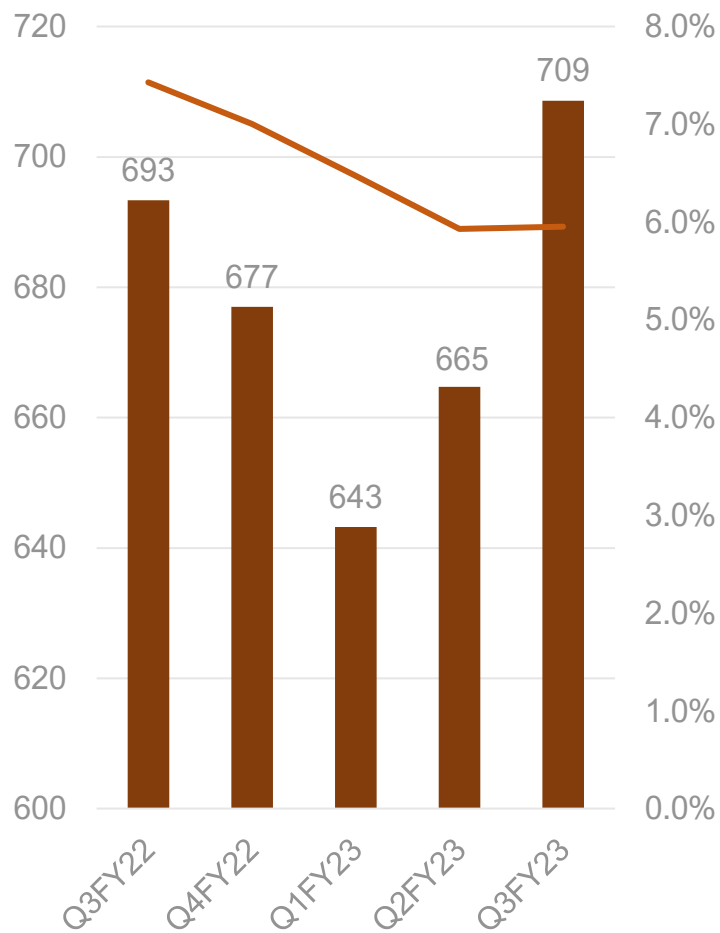
▶ Location mix
Maintaining trend of growth beyond Metro and Tier-One



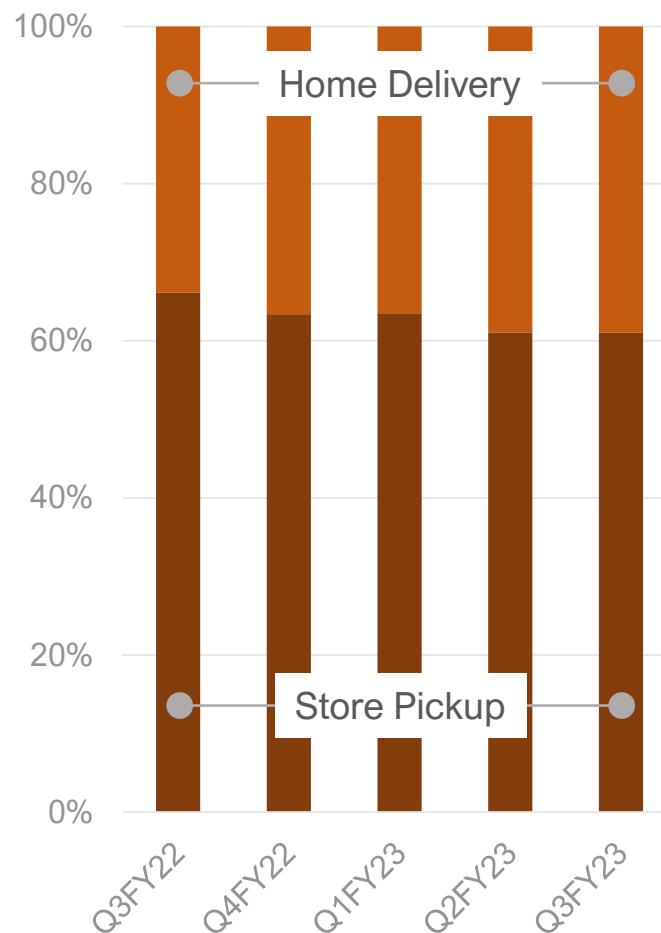
1. Prefix of "B" implies Branded, Prefix of "PL" implies Private Label
 2. "Others" includes revenue from franchisee, optical, clinics and labs
 3. Only revenue from pharmacy stores

Omni-channel: Profitable With Negligible Acquisition Costs

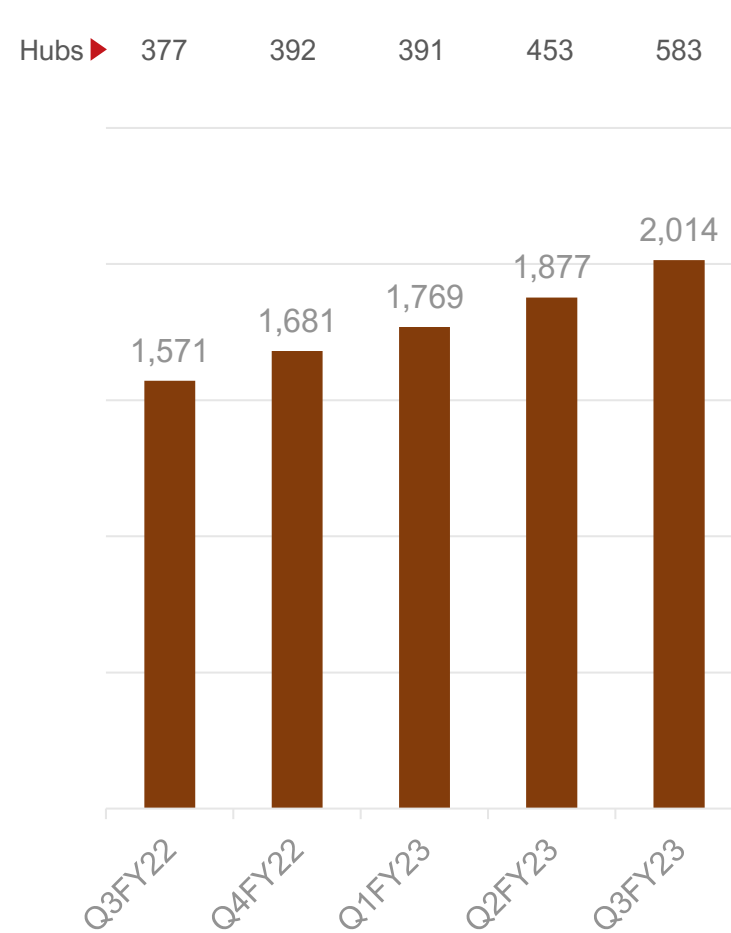
Channel Revenue



Channel Delivery



Pincodes¹ and Delivery Hubs



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

Revenue, ₹m Share of Tot. Rev. (RHS)

Store Pickup Home Delivery

1. For Online Orders

Income Statement

Snapshot of Income Statement, ₹m

	Q3FY22	Q2FY23	Q3FY23	Q3FY23 vs. Q3FY22 (yoy)	Q3FY23 vs. Q2FY23(qoq)	9m FY22	9m FY23	9m FY23 vs. 9m FY22 (yoy)
Revenue	9,334.5	11,206.3	11,903.1	27.5%	6.2%	28,133.7	33,045.9	17.5%
Gross Margin	1,938.1	2,427.6	2,638.1	36.1%	8.7%	5,910.1	7,168.8	21.3%
Gross Margin	20.8%	21.7%	22.2%			21.0%	21.7%	
Expenses	1,572.1	2,145.2	2,267.6	44.2%	5.7%	4,465.9	6,294.1	40.9%
Operating EBITDA	366.1	282.5	370.5	1.2%	31.1%	1,444.2	874.7	-39.4%
Operating EBITDA	3.9%	2.5%	3.1%			5.1%	2.6%	
Rental Expenses	330.7	424.2	461.1	39.4%	8.7%	914.9	1,286.6	40.6%
ESOP Expenses	(30.0)	(62.4)	(54.2)	81.0%	-13.0%	(42.5)	(178.4)	319.8%
Interest Income	20.9	61.2	53.5	156.0%	-12.7%	67.4	181.3	168.7%
EBITDA	687.7	705.6	830.8	20.8%	17.8%	2,384.1	2,164.2	-9.2%
EBITDA	7.4%	6.3%	7.0%			8.5%	6.5%	
Depreciation & Amortization	(304.8)	(418.7)	(457.9)	50.2%	9.4%	(852.5)	(1,257.6)	47.5%
Finance Costs	(165.3)	(198.7)	(210.8)	27.5%	6.1%	(478.5)	(607.6)	27.0%
PBT	217.5	88.2	162.1	-25.5%	83.8%	1,053.1	299.0	-71.6%
PAT	169.2	64.8	133.8	-20.9%	106.6%	832.8	235.4	-71.7%
PAT	1.8%	0.6%	1.1%			3.0%	0.7%	

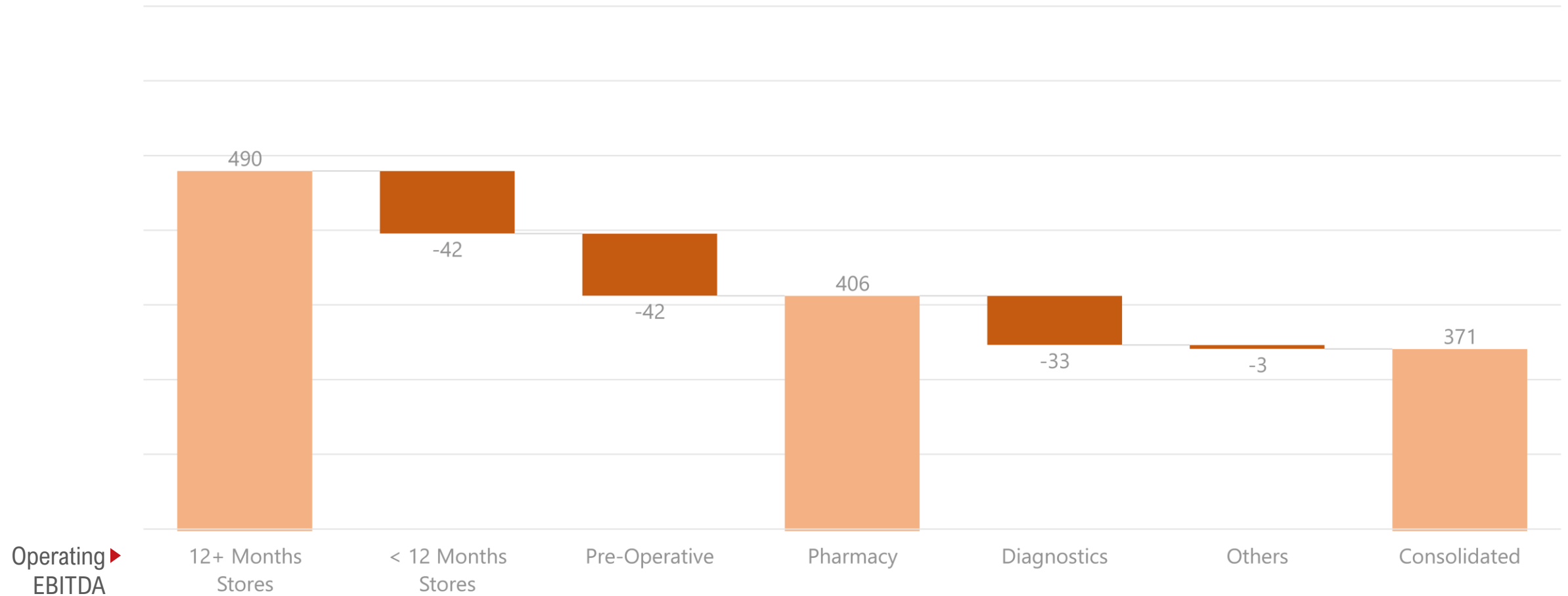
Income Statement: Business Segments

Snapshot of Income Statement, ₹m

	Q2FY23				Q3FY23			
	Pharmacy Retail	Diagnostic	Others	Total	Pharmacy Retail	Diagnostic	Others	Total
Revenue	11,099.6	57.7	49.0	11,206.2	11,764.7	96.9	41.5	11,903.1
COGs and Expenses	10,764.0	110.4	49.4	10,923.8	11,358.6	129.9	44.2	11,532.7
Operating EBITDA	335.6	-52.7	-0.4	282.5	406.1	-33.0	-2.6	370.5
Operating EBITDA	3.0%	-91.3%	-0.9%	2.5%	3.5%	-34.0%	-6.4%	3.1%
Rental Expenses				424.2				461.1
ESOP Expenses				-62.4				-54.2
Interest Income				61.2				53.5
EBITDA				705.6				830.8
EBITDA				6.3%				7.0%

Operating EBITDA Deep Dive

Operating EBITDA Bridge: From 12+ Months Stores to Consolidated, ₹m



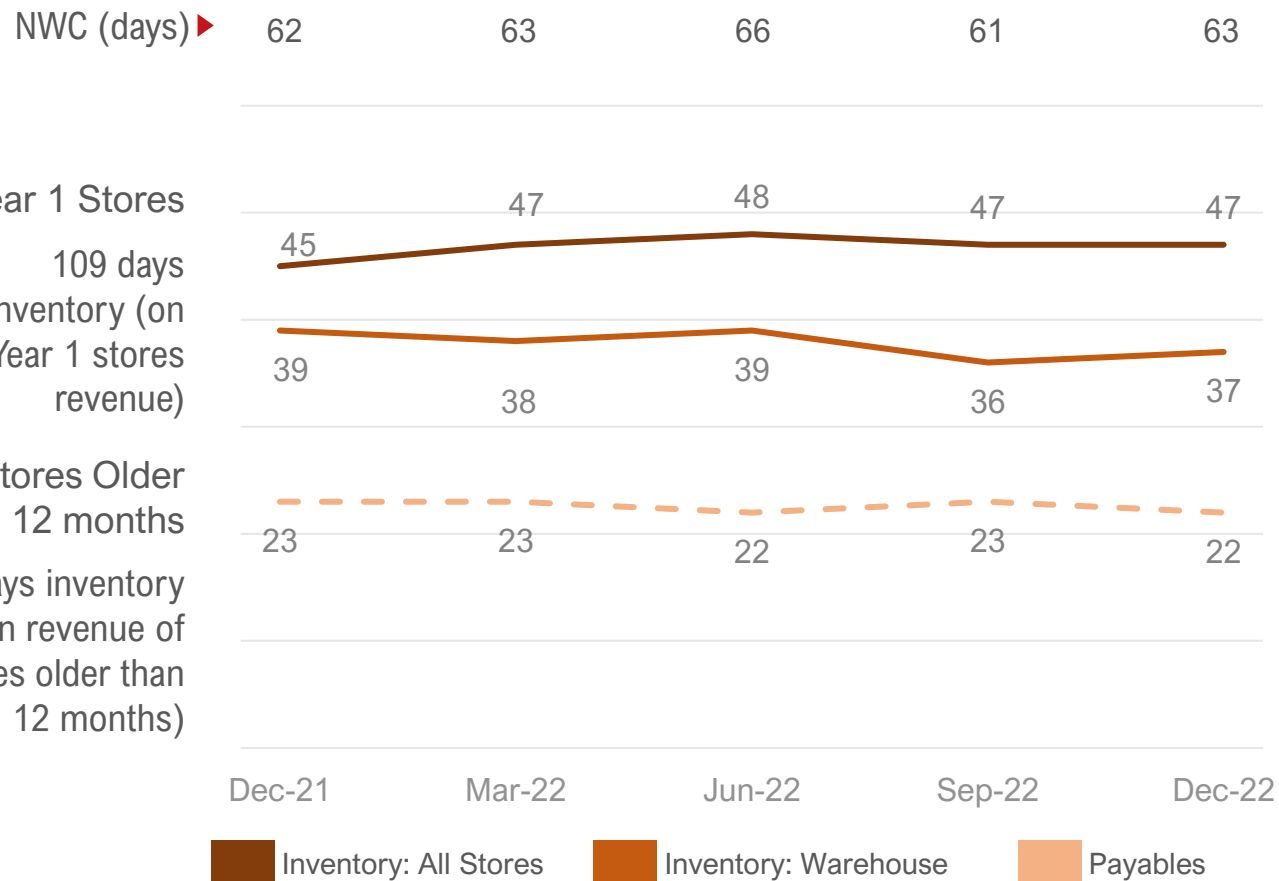
Balance Sheet

Snapshot of Balance Sheet, ₹m

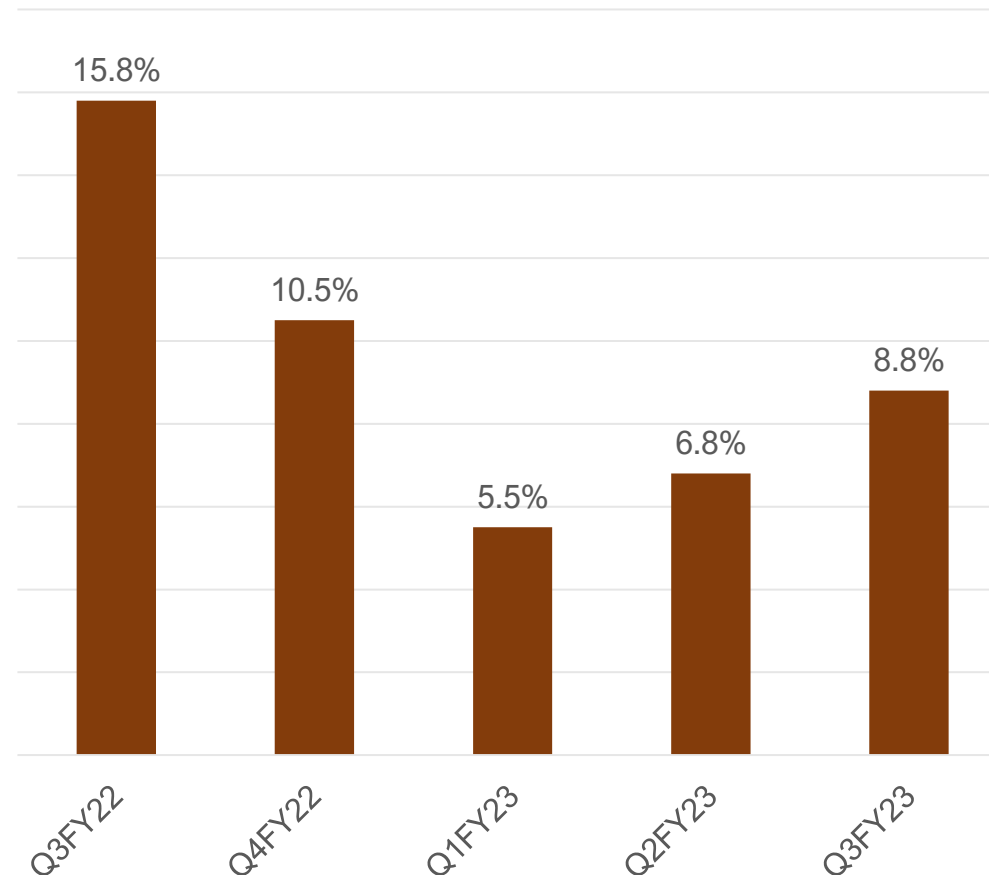
	Dec-21	Mar-22	Sep-22	Dec-22
Assets				
Non Current Assets				
PPE and CWIP	1,326.5	1,823.2	2,532.1	2,759.8
Intangible assets	477.2	477.0	473.6	476.7
Right-of-use asset	4,907.6	5,891.6	6,837.8	7,511.8
Others	1,399.5	1,431.6	1,602.1	1,648.5
Total Non Current Assets (A)	8,110.8	9,623.4	11,445.5	12,396.8
Current Assets				
Inventories	8,478.4	9,149.8	10,177.9	10,869.1
Cash	6,958.1	6,575.4	3,883.0	3,187.2
Others	542.2	591.9	754.3	799.7
Total Current Assets (B)	15,978.6	16,317.1	14,815.2	14,856.0
Total Assets (A + B)	24,089.5	25,940.5	26,260.7	27,252.8
Equity and Liabilities				
Total Equity	13,950.5	14,177.7	14,406.6	14,592.9
Share application pending allotment	-	-	-	10.0
Other non current liabilities	5,134.2	6,172.6	7,136.2	7,885.3
Borrowings	859.8	1,426.8	-	2.3
Trade payables	2,298.2	2,462.3	2,835.6	2,851.2
Other current liabilities	1,846.7	1,701.0	1,882.2	1,911.1
Total Equity and Liabilities	24,089.5	25,940.5	26,260.7	27,252.8

Capital Productivity

Working Capital Cycle, days



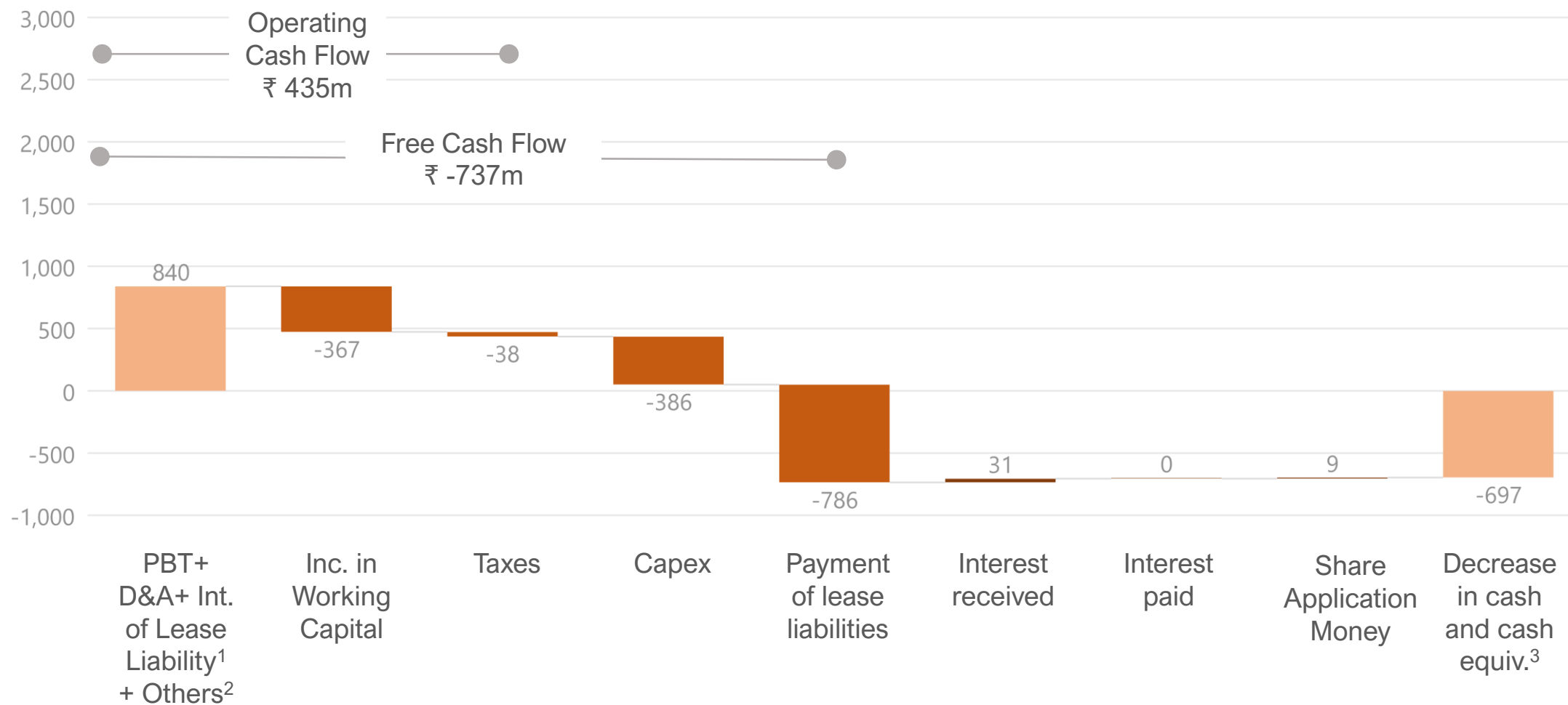
ROCE²: Operating EBIT/ Avg. Capital Employed



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, Q3FY23, ₹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 ₹ 689m 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



Sujit Mahato
Chief Financial Officer



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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