



Where the difference is Care!

Retail (pharmacy) business overview and growth perspectives

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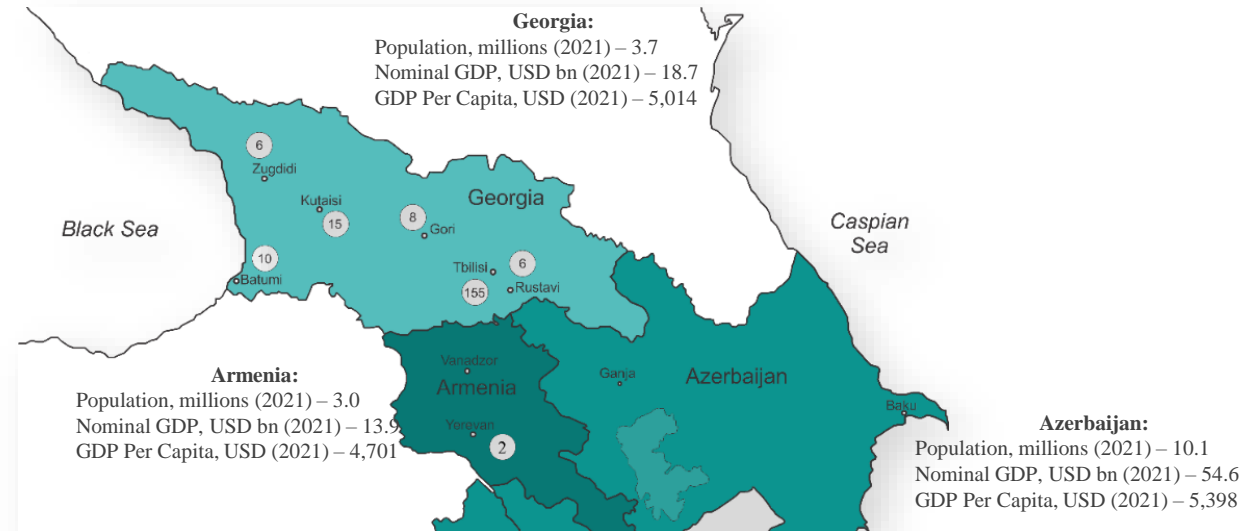

❖ Retail pharma overview

- Local and international presence
- International franchises
- E-commerce
- Market update

❖ Financial Performance overview

❖ Strategy on local and international markets


Local and international presence

359
Pharmacies

353 in Georgia


6 in Armenia



7
Stores

5 in Georgia
 2 in Armenia

Optics



1
Store
 Georgia



111 pharmacies

105 Georgia

6 Armenia



Concept

- Pharmacy & More
- Big formats, Shop-in-Shop model inside
- Middle and high customer segments
- Main cities, city centers, shopping malls
- Intensive marketing of product brands
- Average size c.130 sq.m

Product Categories

- Rx & OTC medicines
- Personal care
- Lab retail
- Optics, sunglasses, lenses, perfumes, make-up, toys, books, baby and mother care, orthopedics, healthy food and food supplements, sport, home and lifestyle devices



248 pharmacies
Georgia



Concept

- Contemporary Pharmacy
- Professional pharmacist care
- Middle and low customer segments
- Full geographical coverage – standalone, hospitals, inside store formats
- Average size 80sq.m

Product Categories

- Focus on Rx & OTC medicines
- Patient care products
- Basic (mass demand) body, face and hair care non-med categories for basic low and middle customer segment

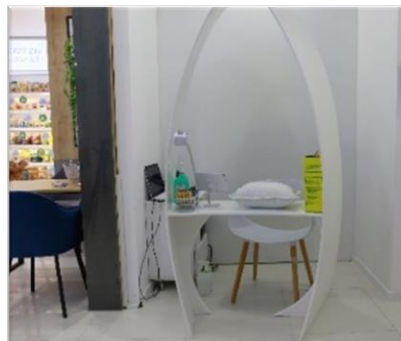
Expanding highly synergetic product and service mix in a new format GPC drugstores

- New format GPC drugstores are highly synergetic to expand our retail presence by adding new food categories, such as healthy and gluten free products
- Acquired small food retailer Georgita, operating two medium-to-high price segment stores in Tbilisi
- Concentration of healthy food and niche products (gluten free, healthy products)
- Small investment - acquisition price of GEL 2.3 million (net assets of the company c.GEL 1.2 million)



Shop-in-shop models in new format GPC drugstores

Lab Retail



- Currently 16 lab collection points in GPC pharmacies
- Collection point for almost all lab tests
- Doctor consultations
- Convenience, fast and easily accessible

Beauty corners



Beauty - franchise with The Body Shop

 **7**
Stores

5 in Georgia

2 in Armenia

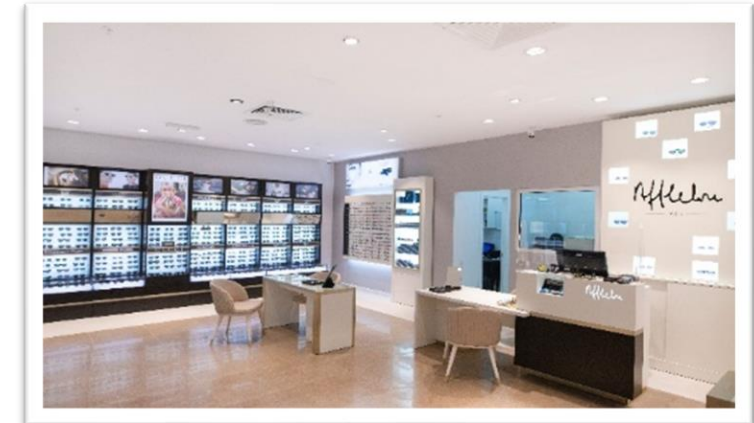
- Retail pharmacy business has franchise agreement with The Body Shop, a leading British cosmetics, skin care and perfume company
- Currently 5 standalone stores in Georgia
- Developed shop in shop models in 300 GPC and pharmadepot pharmacies
- In 2021, the business opened its first Body Shop store in Armenia. Currently operating 2 standalone stores
- In 2022 signed franchise agreement for Azerbaijan



Opticians – franchise with Afflelou

Optics **1**
 Store in Georgia

- Retail pharmacy business also signed franchise agreement with Alain Afflelou SA, one of the leading optical retailers in France
- Opened first Afflelou Paris opticians in Tbilisi
- Developed shop in shop model in new format GPC pharmacy
- Service and products offered: Diagnostics, optical frame, eyeglass lenses, contact lenses, sunglasses, accessories



E-commerce



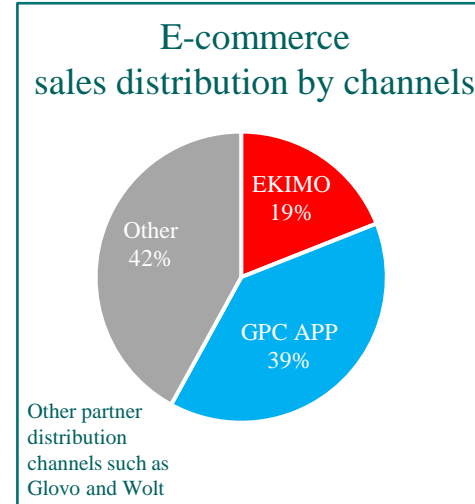
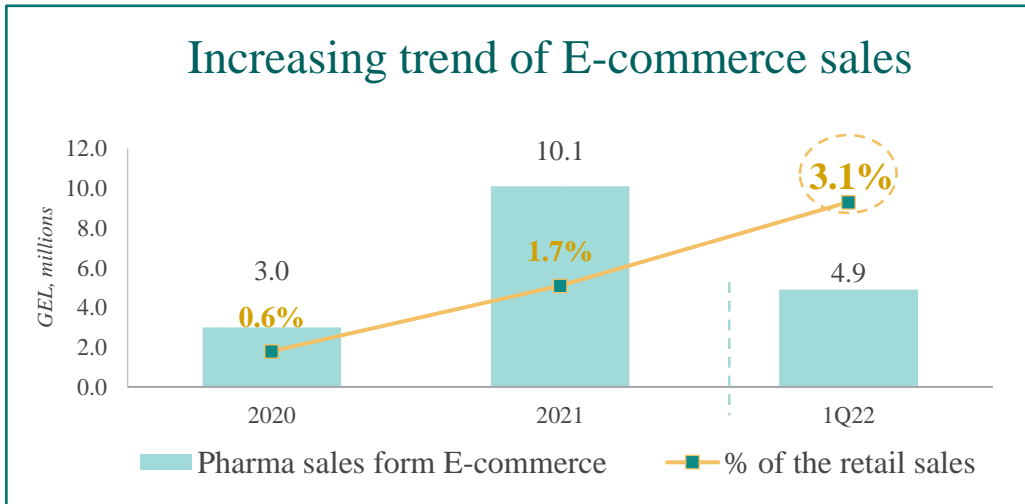
In 2020 pharmacy business started online sales through the Group's healthcare platform - EKIMO



In 2021 added GPC online delivery APP based on EKIMO white label



Offering the full range of pharma and para-pharmacy products including medicine, baby care and beauty



120,566

Monthly active users
GPC & EKIMO



28,135

Monthly paying users
GPC & EKIMO



55.9

Average ticket size, GEL
GPC & EKIMO



333

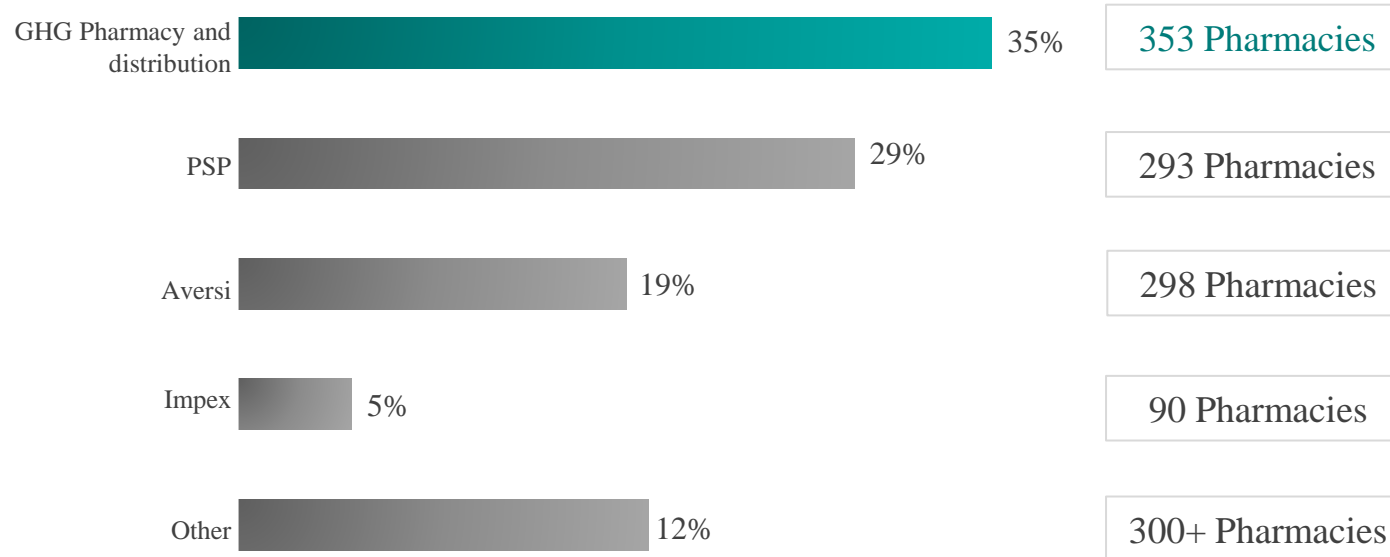
Average number of orders per day
GPC & EKIMO

Note: Numbers as of 29/03/2022



Over the last four-years our market share has increased from 30% to 35%

Market shares in Georgia¹



Source:

1. GHG internal reporting – market share by 2020 revenues
2. Number of pharmacies as of March 2022

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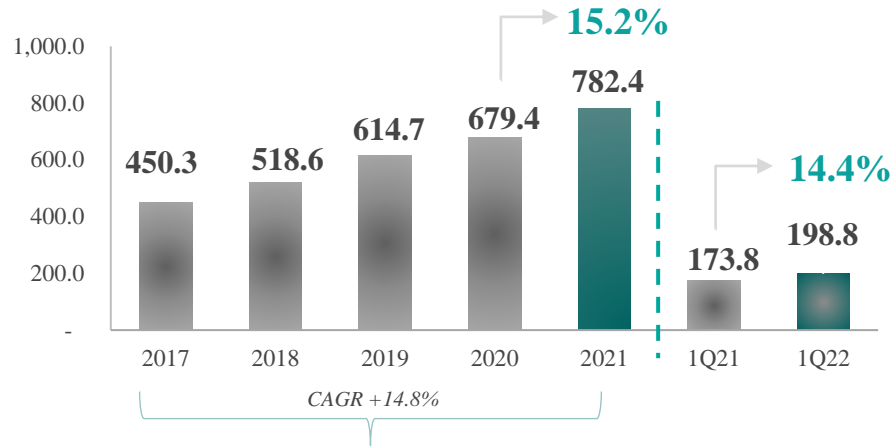


Financial performance

Continuous business growth

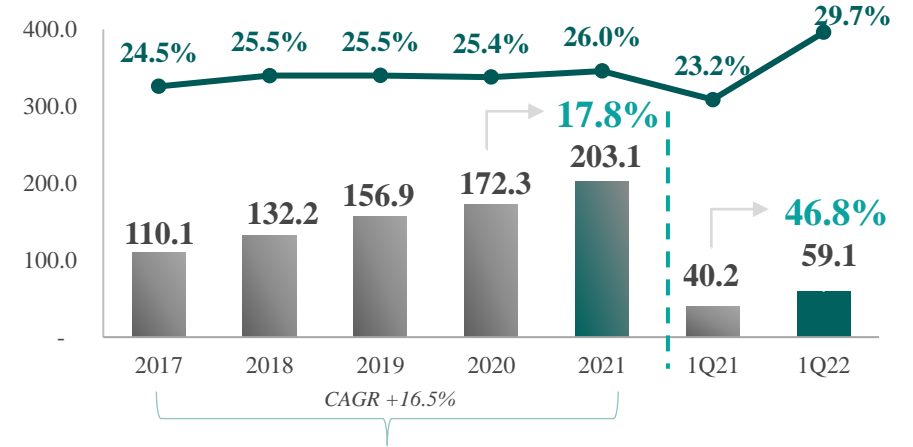
Revenue

GEL, millions



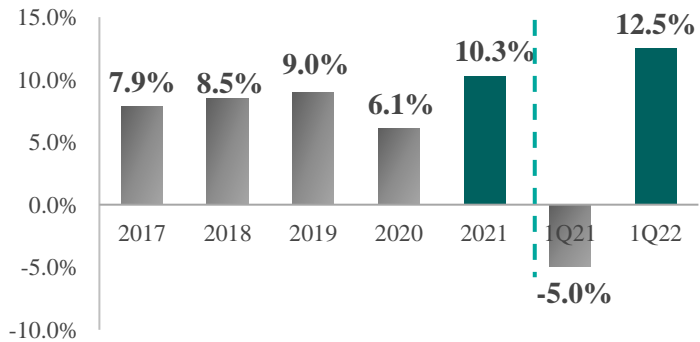
Gross profit & Gross profit margin

GEL, millions



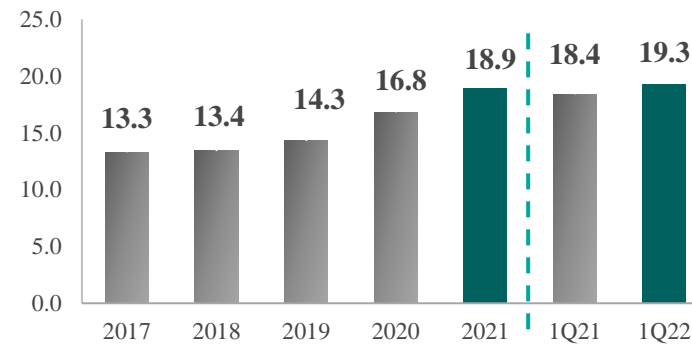
Same store growth rate

%



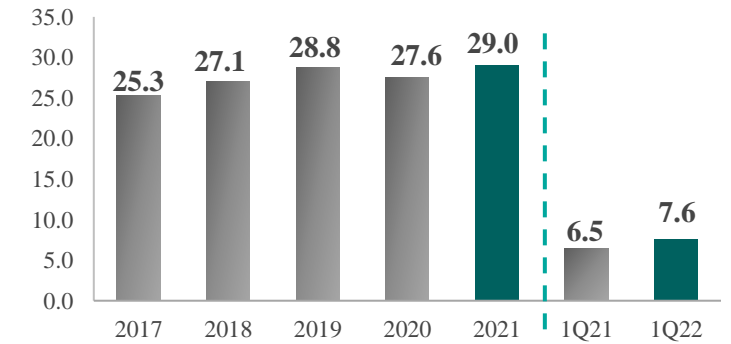
Average ticket size

GEL



Number of bills issued

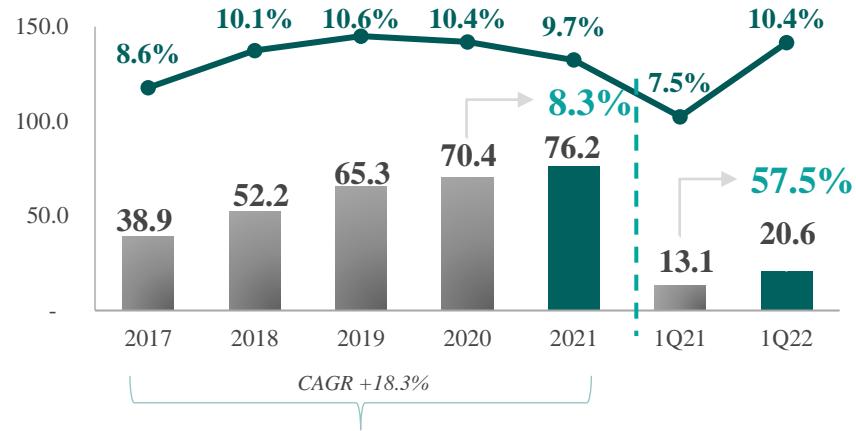
Millions





EBITDA & EBITDA margin*

GEL, millions

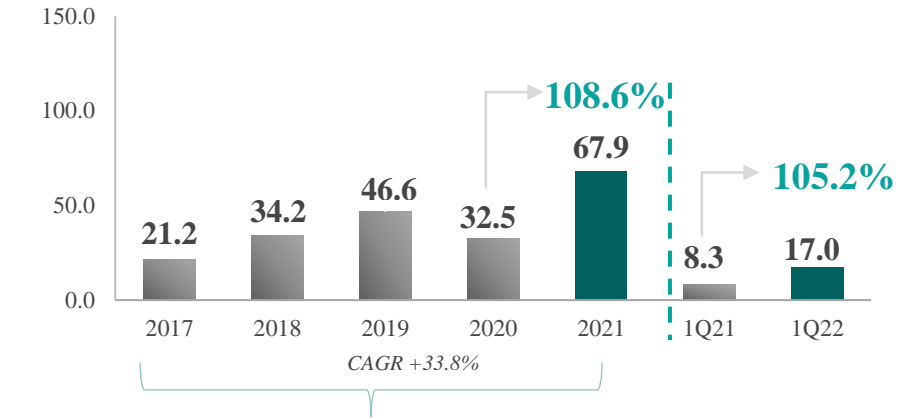


Last 4 years performance

- Revenue CAGR – 14.8%
- Gross profit CAGR – 16.5%
- EBITDA CAGR – 18.3%
- Net profit CAGR – 33.8%

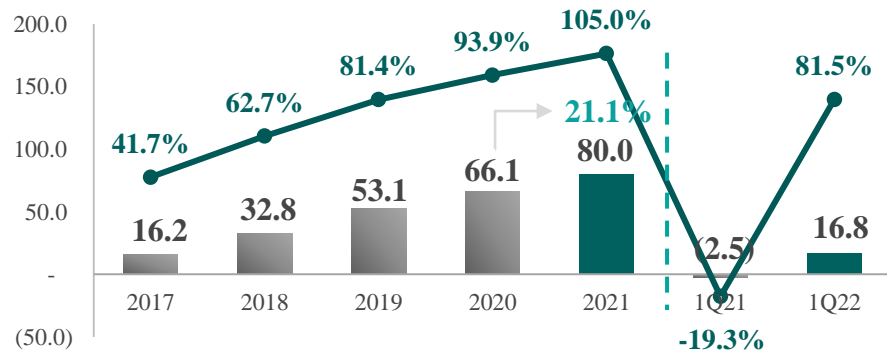
Net profit*

GEL, millions



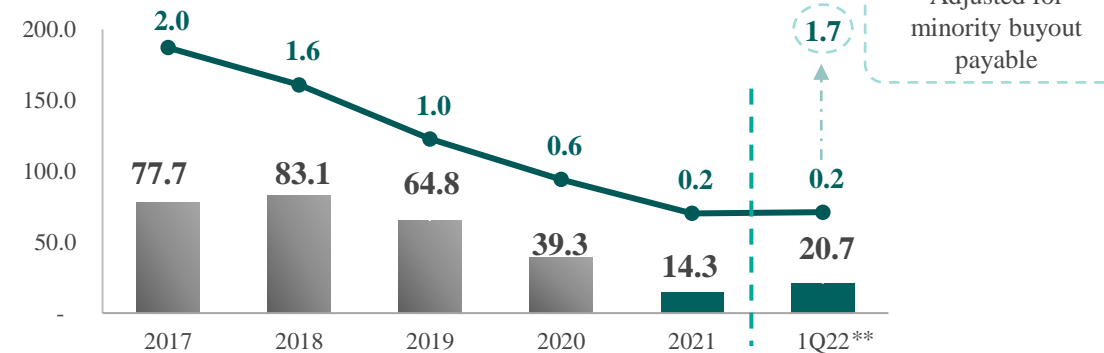
Operating cash & EBITDA to cash conversion ratio*

GEL, millions



Net debt & Net debt to EBITDA*

GEL, millions



Source: Internal reporting

*Excluding IFRS 16

**LTM EBITDA

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The largest diversified retail operator for human health & wellbeing in the region



80-100 new format GPC stores in 5 years

- ➔ Upgrading current stores according to new format GPC drugstores
- ➔ Average drugstore size 210 sq.m (existing 130 sq.m)
- ➔ Operate shop in shop model
- ➔ Enhance E-commerce sales

-
- Strengthen GPC stores as core for foot traffic by enhancing complementary products with Rx pharmacy in the back of the store
 - Adding new brands and complimentary new product categories to achieve synergy
 - Trend setter in the market



280-320 pharmacies in 5 years

- ➔ Average drugstore size 130 sq.m (existing 80 sq.m)
- ➔ Enhance E-commerce sales

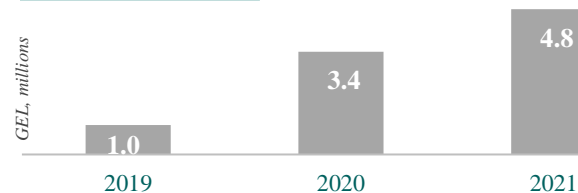
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- Using pharmacy service as a basis while increasing product assortment
 - Strong focus on Rx & OTC medicines, vitamins and food supplements
 - Increasing product assortment in basic (mass demand) body, face and hair care, non-med categories for low and middle customer segment



❖ Pharmacy and More

- Currently operates with 6 GPC pharmacies
- 2 Body Shop stores
- Product categories – same as in new concept GPC
- Shop-In-Shop formats
- Focus on para pharmacy products

Revenue dynamic from pharmacies



5-year growth targets



Adding new locations

Gaining c.10%+ market share

Full geographical coverage: shopping malls, city centers, main cities, luxury districts

Adding new brands and product categories

Developing E-commerce

GPC (AKG) platform

New service experiences

Self checkout, digitalisation

Copy & Paste Know-Hows

Investment c.USD 7 mln

Market entry strategy



- **Market entry with brand franchises (The Body Shop, Afflelou)**

- ❖ I stage –Market entry by introducing franchise brands; Opening The Body Shop in 1H22



- **Opening new GPC formats store**

- ❖ II stage -Opening GPC with exclusive para-pharmacy brands and optic in 2022 –Lierac, Nuxe, Embryolisse, Marseille, Afflelou Paris etc. without medications

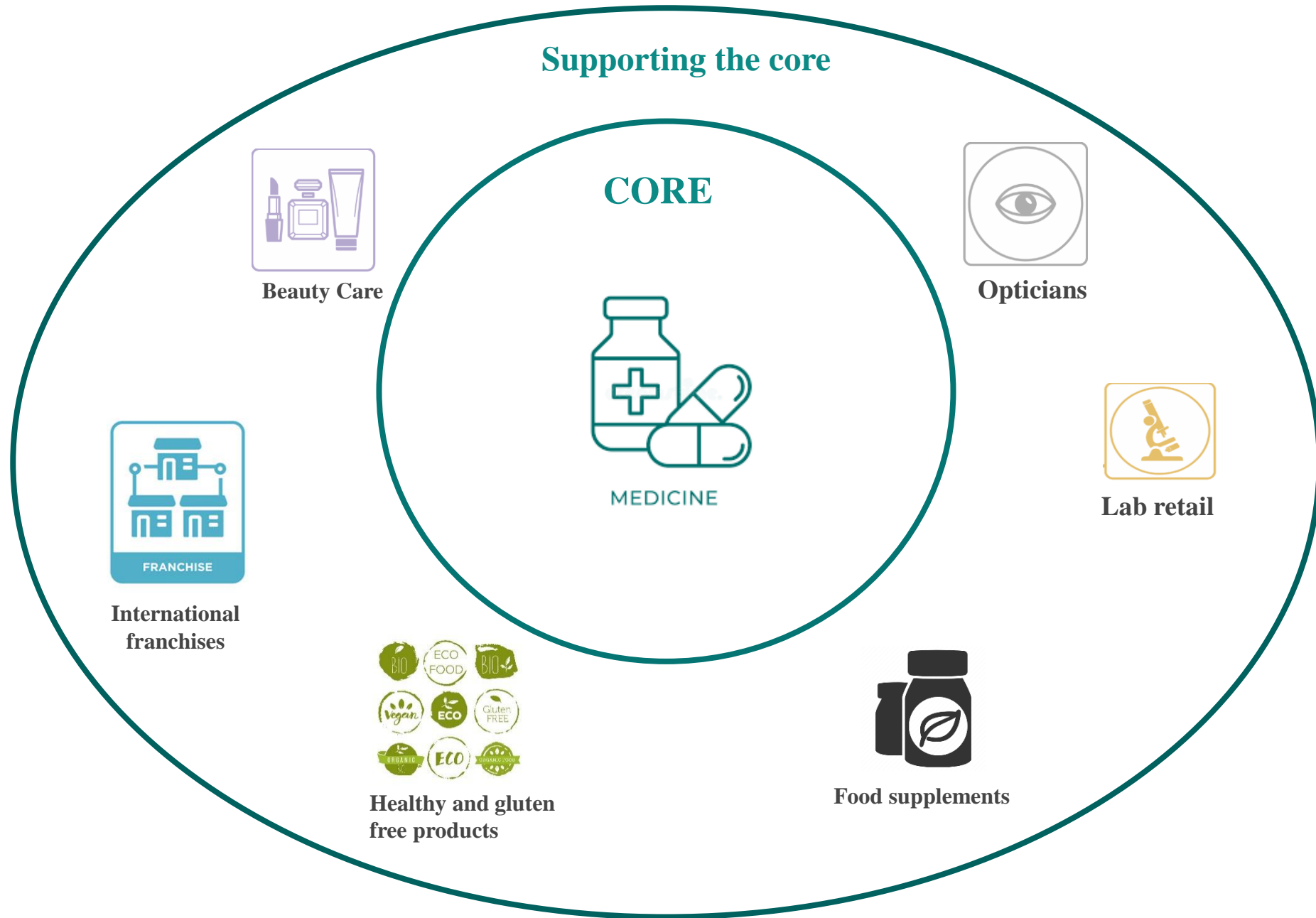


- **Adding pharma**

- ❖ III stage –inserting medication in GPC by cooperation with local pharma distributors

5 years growth targets





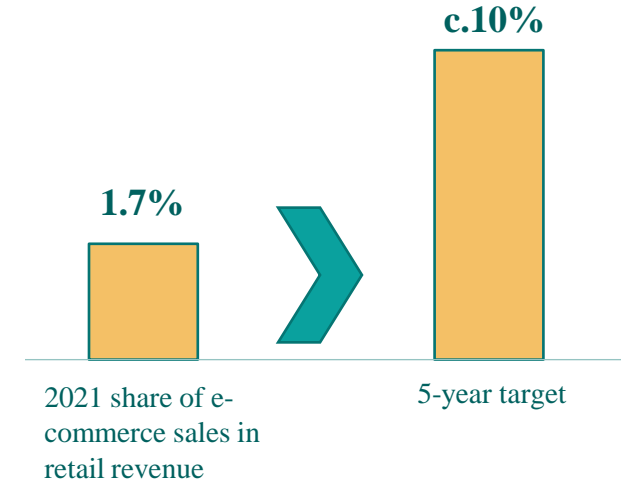
- Developing new distribution channels – GPC WEB; Pharmadepot WEB and e-commerce APP
- c.GEL 80 million sales in Georgia in 5 years
- To develop e-commerce in Armenia & Azerbaijan

New platforms development plan in 2022 and 2023

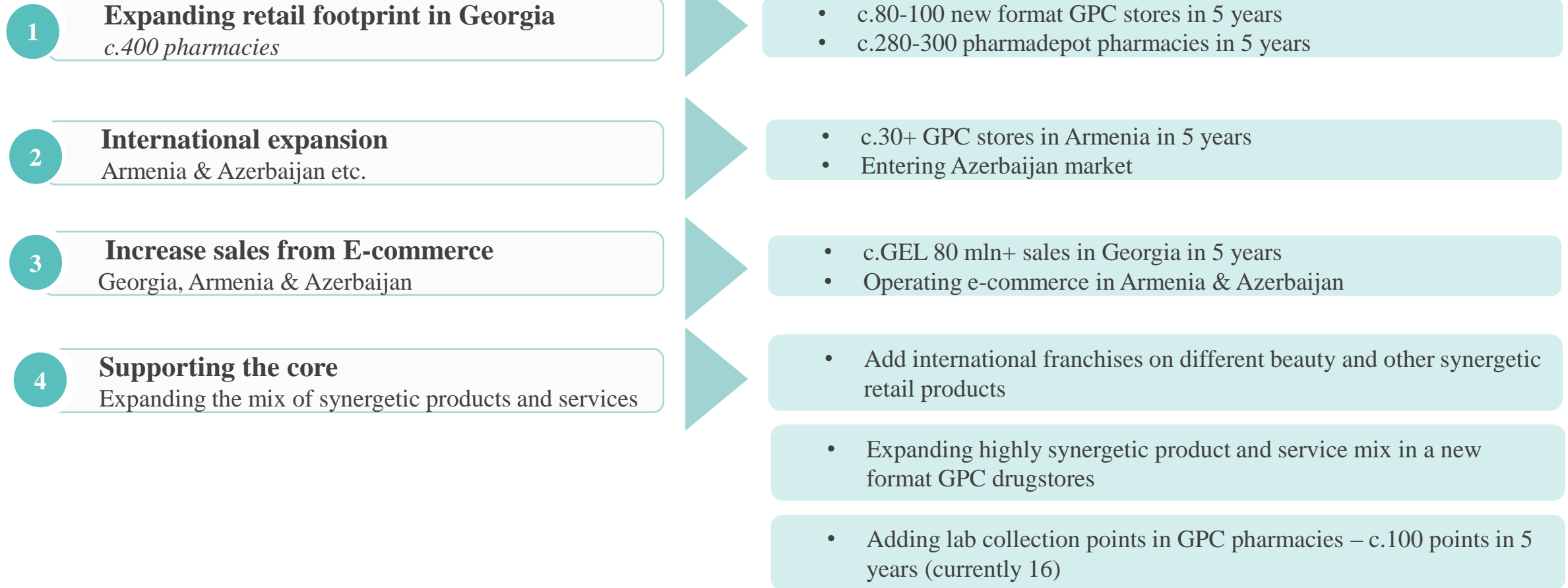
Channels	E-commerce WEB	E-commerce App
GPC		
Pharmadepot		



c.10%+ retail revenue share in 5 years



Key focus areas in medium and long-term



Key focus areas in medium and long term

- 1 Expanding retail footprint in Georgia**
400+ pharmacies
- 2 International expansion**
Armenia & Azerbaijan
- 3 Increase sales from E-commerce**
Georgia, Armenia & Azerbaijan
- 4 Supporting the core**
Expanding the mix of synergetic products and services

Next 5-year targets

2021-2026

Double digit revenue CAGR

**Double digit EBITDA
CAGR**

9+% EBITDA margin



Where the difference is Care!

Q&A