



*Where the difference is Care!*

**Retail (pharmacy) business overview and growth perspectives**

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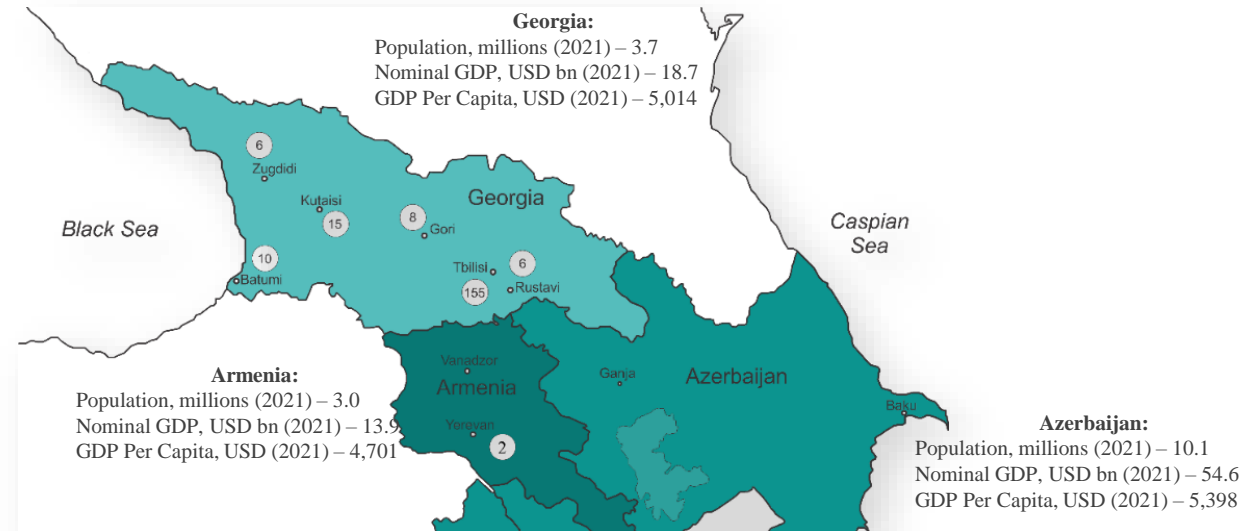
## ❖ Retail pharma overview

- 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**

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353 in Georgia

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6 in Armenia



**7**  
**Stores**

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5 in Georgia  
 2 in Armenia

**Optics** **1**

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*Afflelon*  
 PARIS  
**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

## In 2021 launched new format retail pharma drugstores in Tbilisi, under GPC brand



- GPC drugstore offers extensive range of health and beauty products as well as services through integrated health hub incorporating lab retail point, ophthalmology and dermatology cabinets
- Highly synergetic to expand our retail presence by adding new food categories, such as healthy and gluten free products
- Currently 4 new format GPC drugstores operate in Tbilisi and 1 in Batumi
- Covers more than 300 sq.m.
- Average sales per store – c.GEL 350,000 per month (existing c.GEL 175,000 per month)
- Gross margin – c.35% (existing c.30%)
- Average check size GEL 38 (existing pharmacies GEL 25)

## 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



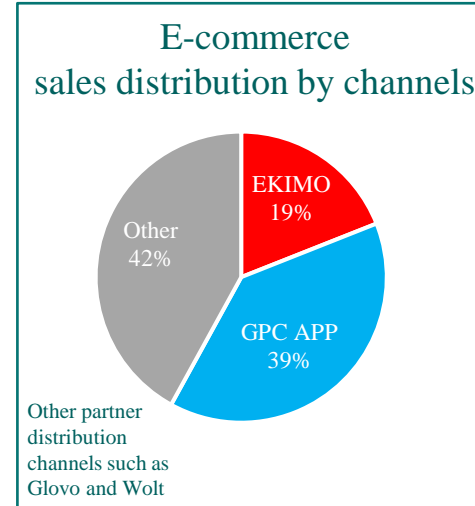
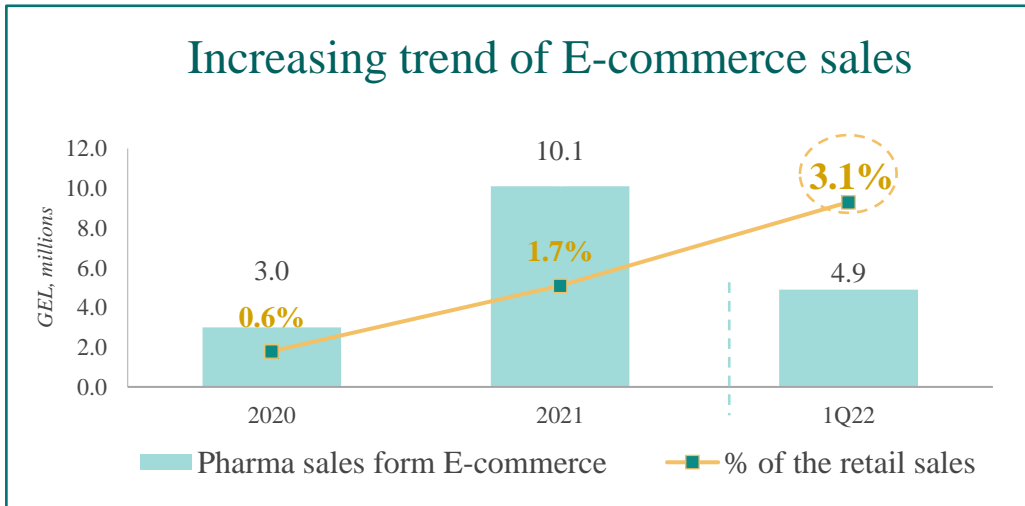
In 2020 pharmacy business started online sales through the Group's healthcare platform - EKIMO



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**

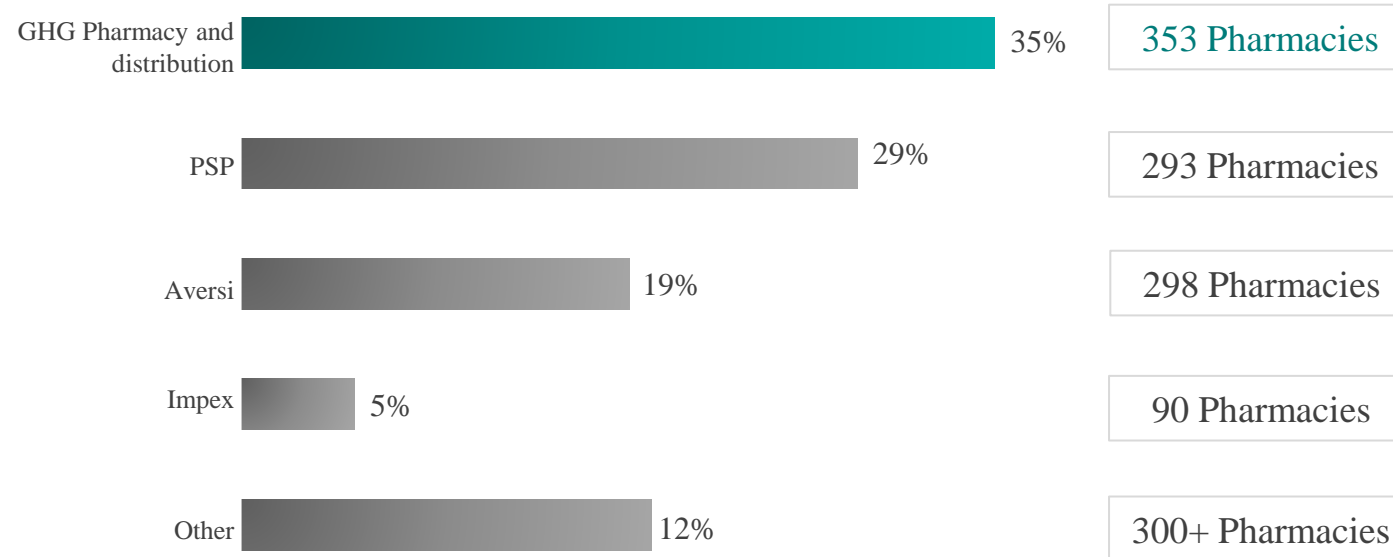
Average number of orders per day  
GPC & EKIMO

Note: Numbers as of 29/03/2022



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

### Market shares in Georgia<sup>1</sup>



Source:

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

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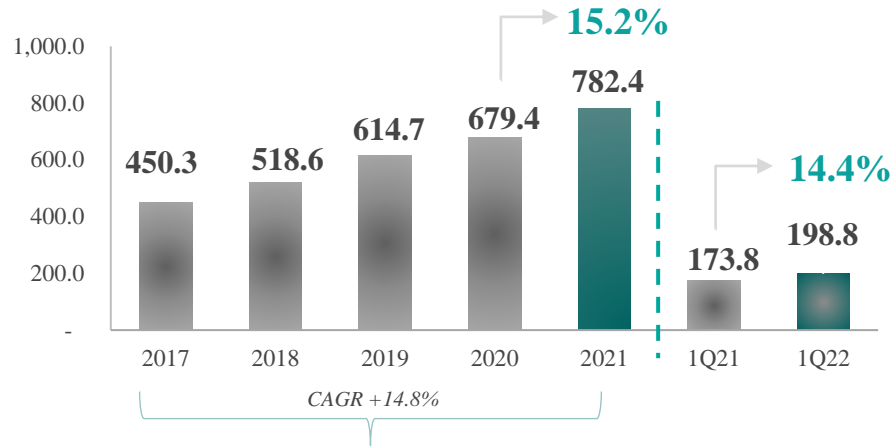


# Financial performance

## Continuous business growth

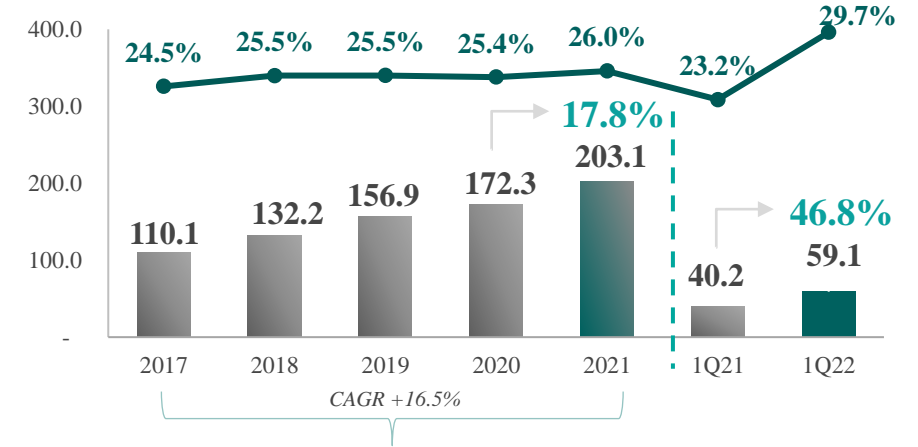
### Revenue

GEL, millions



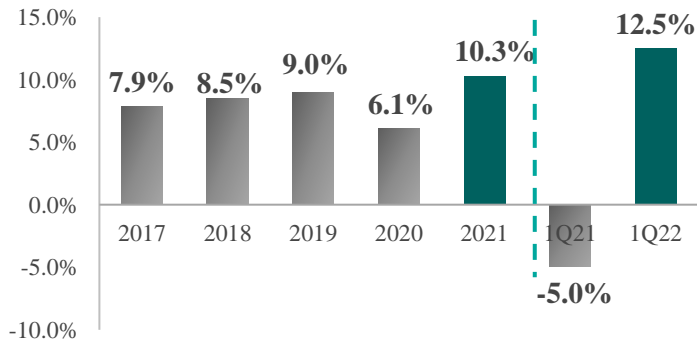
### Gross profit & Gross profit margin

GEL, millions



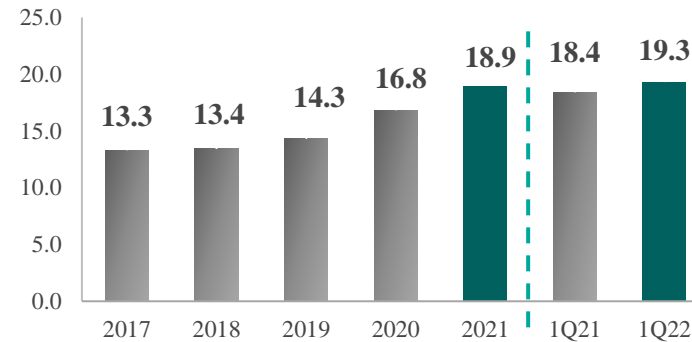
### Same store growth rate

%



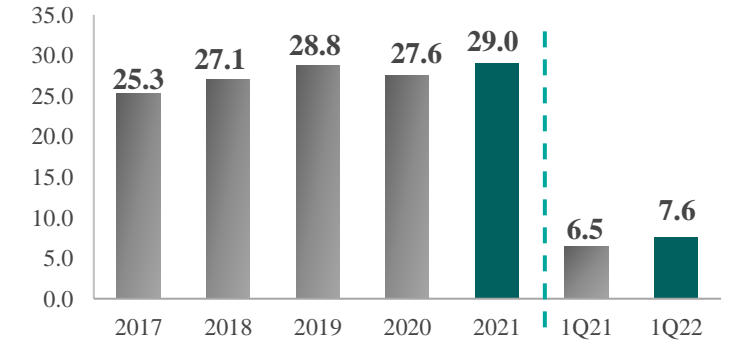
### Average ticket size

GEL



### Number of bills issued

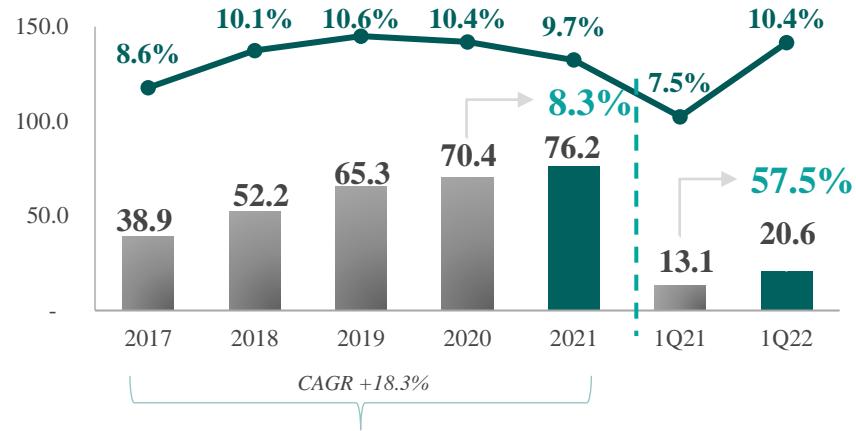
Millions





### EBITDA & EBITDA margin\*

GEL, millions

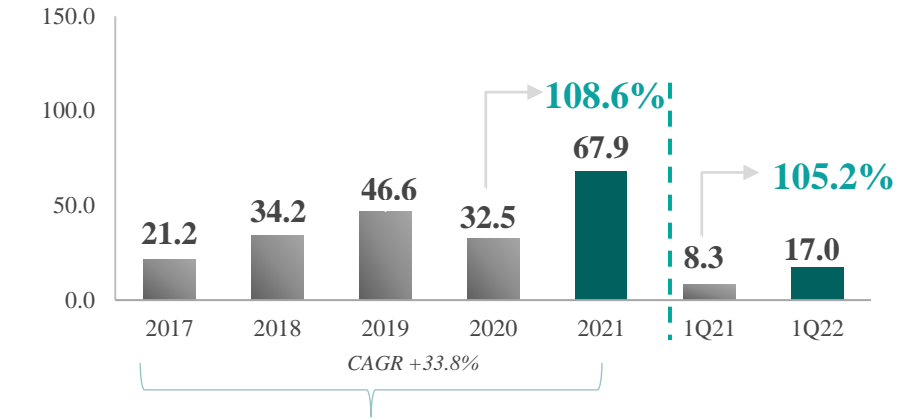


#### Last 4 years performance

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

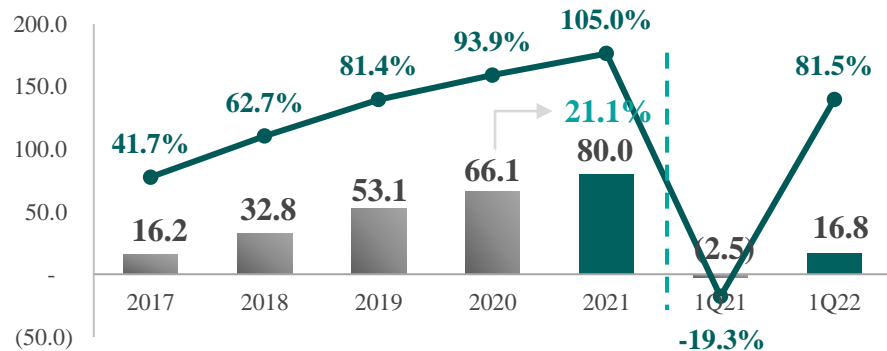
### Net profit\*

GEL, millions



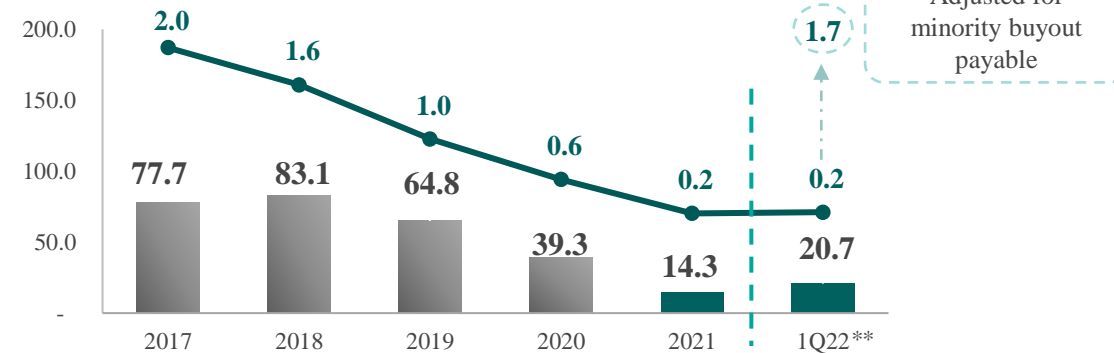
### Operating cash & EBITDA to cash conversion ratio\*

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

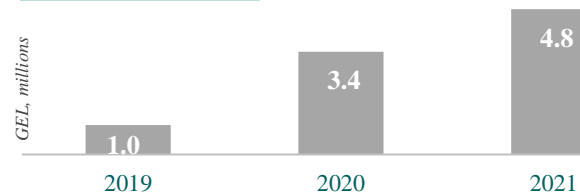
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- Using pharmacy service as a basis while increasing product assortment
  - Strong focus on Rx & OTC medicines, vitamins and food supplements
  - Increasing product assortment in basic (mass demand) body, face and hair care, non-med categories for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



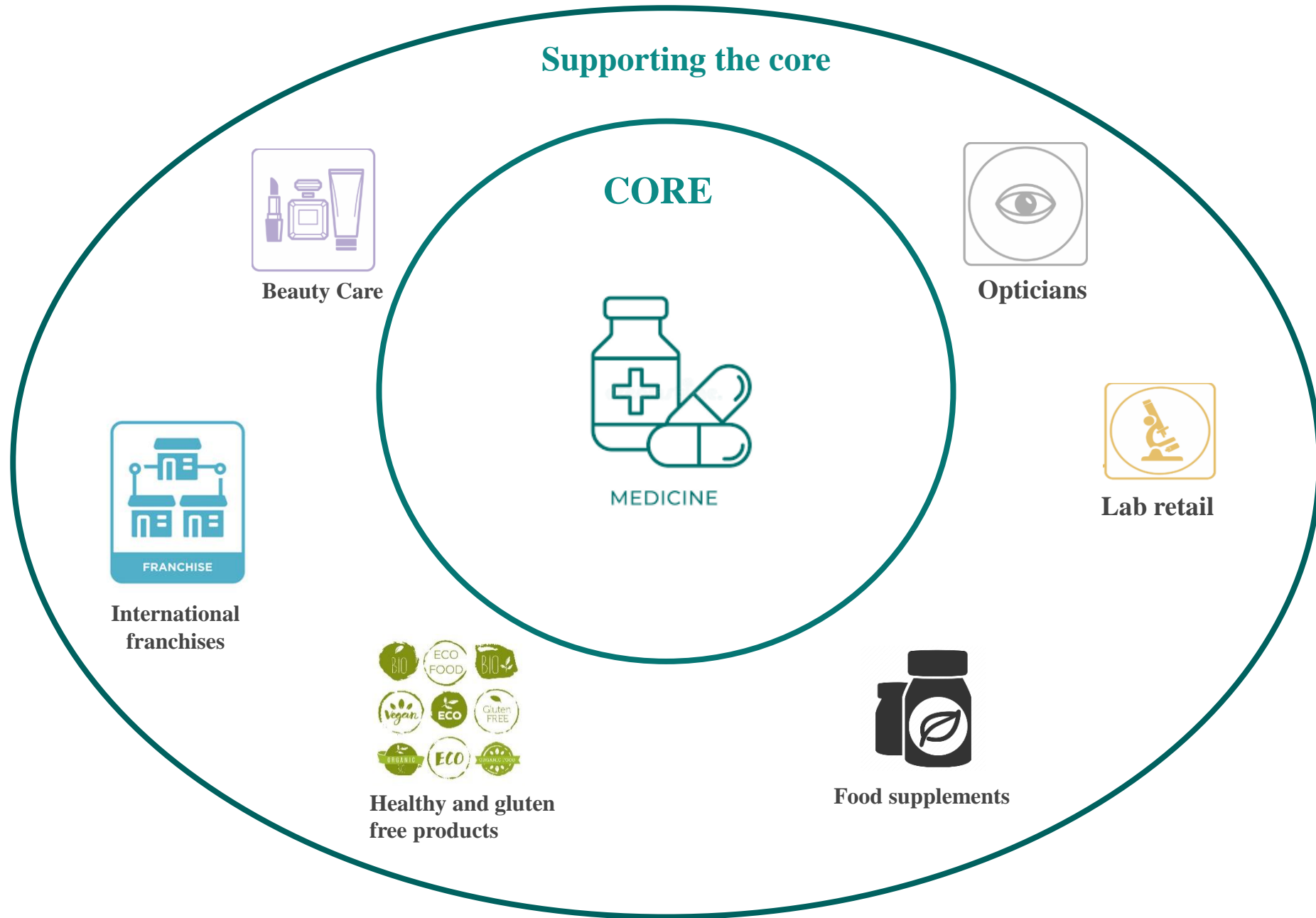
### Market entry strategy

### 5 years growth targets



- **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





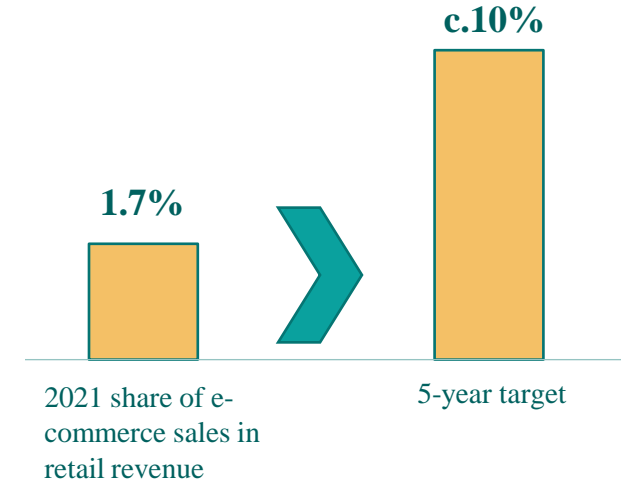
- Developing new distribution channels – GPC WEB; Pharmadepot WEB and e-commerce APP
- c.GEL 80 million sales in Georgia in 5 years
- To develop e-commerce in Armenia & Azerbaijan

### New platforms development plan in 2022 and 2023

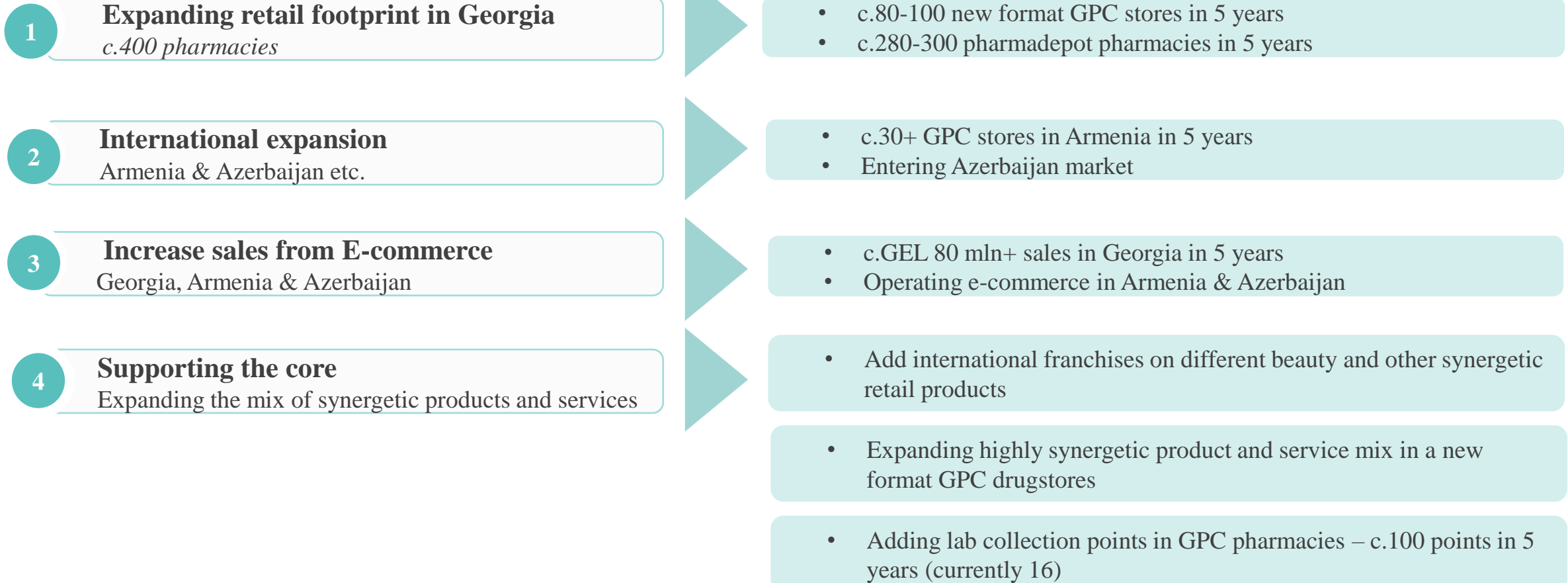
Channels	E-commerce WEB	E-commerce App
GPC		
Pharmadepot		



### 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**



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