



Investor Relations Presentation

H1 2022



MACRO
PHARMACEUTICALS





Agenda

1

Company Overview

2

1H22 Financial & Operational Performance

3

Appendix



Company Overview

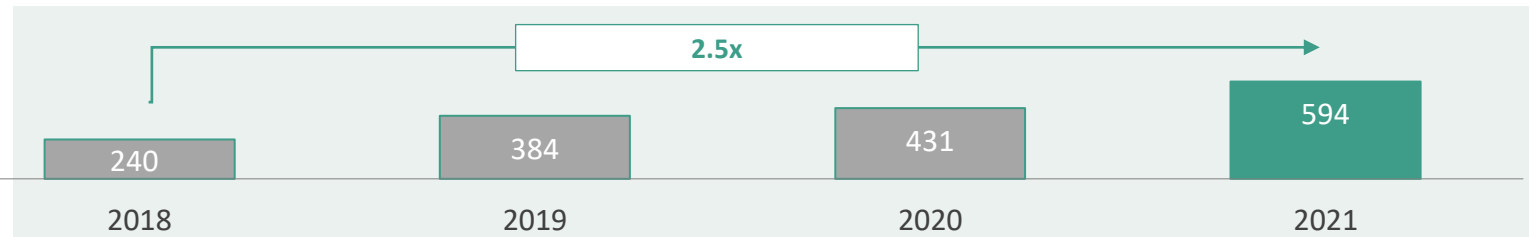
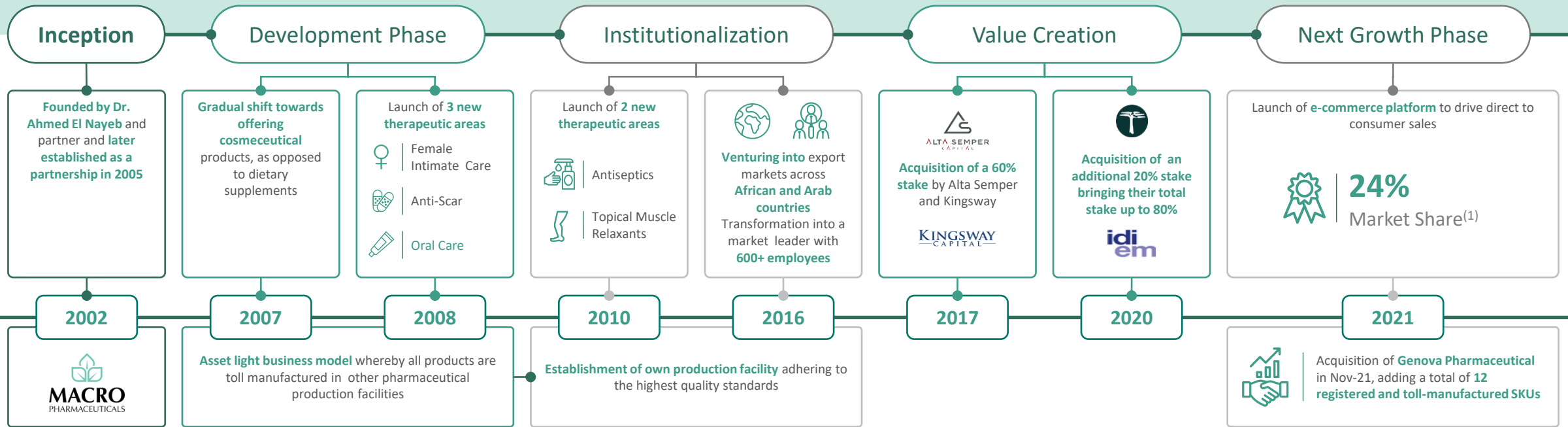




20 years' presence in Egypt's fast-growing cosmeceutical space



Key Corporate Milestones



Macro has witnessed double digit growth establishing its solid market position for a lucrative growth phase

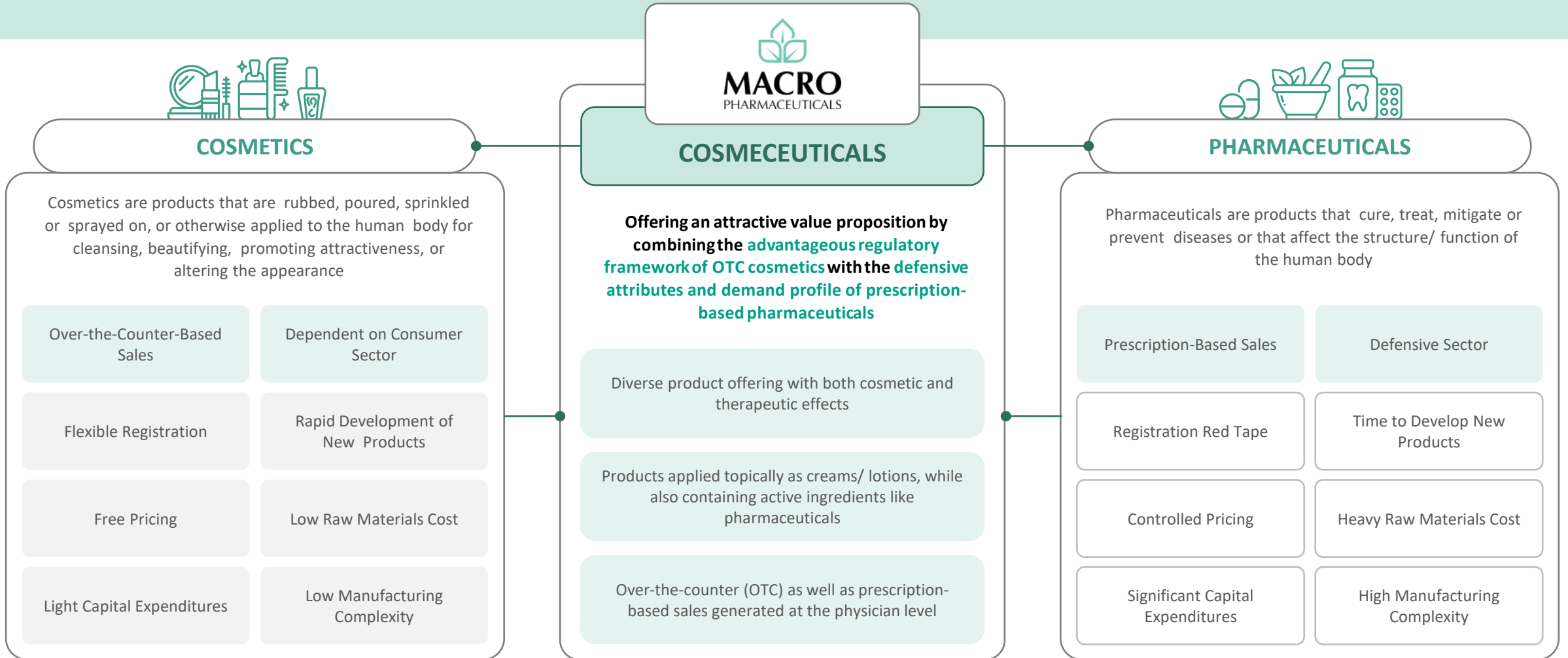
(1) Source: IQVIA Cosmo View report. Data takes into account Skin Care, Hair Care, Oral Care, Female Intimate Care, Intimate Care, Anti-Scar, Antiseptics, and Analgesics



Bridging the Gap Between Cosmetics and Pharmaceuticals



Cosmeceuticals, cosmetic products with active ingredients, bridging the gap between over-the-counter cosmetics and prescription-based drugs





Leading player in Egypt's cosmeceuticals industry



Established in 2005, Macro Group is principally engaged in the **manufacture and sale of cosmeceutical and nutraceutical products**, with the latter having been added to the Group's product portfolio in December 2020.

Most of its products manufactured in-house at its state-of-the-art production facility in Badr City, constructed in accordance with Good Manufacturing Practices ("GMP") and Good Laboratory Practices ("GLP"), and **with ample capacity for continued growth.**

The leading and one of the fastest-growing cosmeceutical companies in Egypt

24.3%

1H22 Market Share⁽¹⁾
1st Ranked in Egypt

Attractive portfolio of 129 SKUs across a variety of therapeutic areas

129 SKUs

Portfolio size as of 30 June 2022
10 SKUs launched in 1H22

While all of Macro Group's products are available over-the-counter, the Group also utilizes a **prescription-based sales strategy and generates demand through an incentivized medical salesforce of 521 employees** as of 30 June 2022 who target physicians and pharmacies nationwide.

By developing its own branded products which are both cosmetic and therapeutic, the Group offers a unique value proposition and benefits from an **advantageous regulatory framework for OTC cosmetics** as well as the **defensive attributes and demand profile of prescription-based pharmaceuticals.**

50%

2-year Revenue CAGR⁽¹⁾
4th Ranked in Egypt⁽²⁾

8 Therapeutic Areas

as of 30 June 2022
7 Cosmeceutical+
1 Nutraceutical

8.6 mn units

1H22 Volume Sold
▲ 9% YoY

EGP 305 mn

1H22 Revenues
▲ 31% YoY

EGP 110 mn

1H22 Adjusted EBITDA⁽³⁾
▲ 30% YoY / 36.1% margin

EGP 71 mn

1H22 Net Profit
▲ 75% YoY / 23.4% margin

EGP 81 mn

1H22 Normalized Net Profit⁽³⁾
▲ 57% YoY / 26.5% margin

EGP 0.12/0.14

1H22 EPS/Normalized EPS⁽⁴⁾
▲ 76% YoY / ▲ 58% YoY

(1) Source: IQVIA Cosmo View report. Data takes into account Skin Care, Hair Care, Oral Care, Female Intimate Care, Intimate Care, Anti-Scar, Antiseptics, and Analgesics (2) In terms of 2019-21 CAGR among the top 30 ranked companies (3) Adjusted for IPO expenses (4) Calculated based on the weighted average number of shares outstanding, with 7,152,044 of treasury shares purchased by the Group between March and June of 2022



Operating across a variety of high-growth therapeutic areas



Macro Group boasts a highly attractive portfolio of market leading brands across its different subsegments

Therapeutic Areas	FY21 ⁽¹⁾ Market Positioning							
	Skin Care	Hair Care	Female Intimate Care	Anti-Scar	Oral Care	Antiseptics	Analgesics	Nutraceuticals
Market Share/Rank	28% 1 st	24% 1 st	49% 1 st	27% 2 nd	46% 1 st	28% 1 st	5% 6 th	6% 2 nd
2-Year CAGR ⁽²⁾	Market 19% MACRO 43%	Market 17% MACRO 38%	Market 20% MACRO 53%	Market 3% MACRO 71%	Market 18% MACRO 50%	Market 38% MACRO 49%	Market 13% MACRO 70%	Market 6% MACRO n/a ⁽³⁾
FY21 Segment Contribution	 36% % of FY21 Sales	 20% % of FY21 Sales	 14% % of FY21 Sales	 10% % of FY21 Sales	 10% % of FY21 Sales	 4% % of FY21 Sales	 5% % of FY21 Sales	 1% % of FY21 Sales

(1) The universe of companies analyzed by IQVIA is updated regularly and retroactively, causing fluctuations in market share figures throughout the year while rankings remain relatively stable. As such, management utilizes IQVIA to analyze Macro's market ranking and comparative growth rather than its market share. (2) FY19-FY21 CAGR (3) Nutraceuticals were launched in December 2020

Source: IQVIA



Supported by extensive & robust sales capabilities...



MACRO Advantage

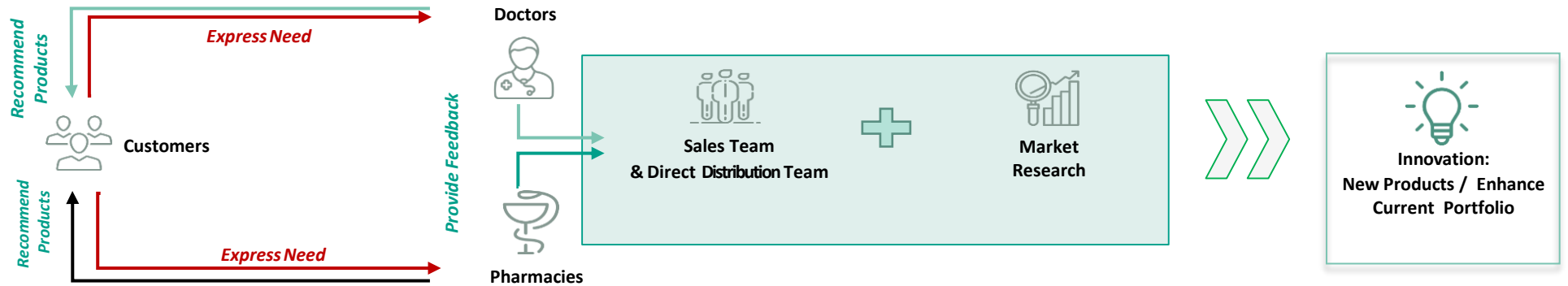
Highly-incentivized salesforce

Different weights assigned to products to motivate sales of higher-margin products

GPS & integrated CRM system enable Macro effectively manage & monitor its salesforce

Salesforce divided by segment focus - premium vs. classic

An Innovative Market Research and Concept Development Approach, Closing the Customers, Doctors and Pharmacies Feedback Loop



Promotion Team Channels & Coverage

Prescription Sales

Macro's medical salesforce engages directly with targeted physicians.

	19k	Covered Physicians 1H22
	521	Medical Salesforce 1H22
	258k	Doctor Visits In 1H22

Over-the-counter Sales

Demand is created through brand recognition and product visibility in pharmacies

	38k	Covered Pharmacies 1H22
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DIRECT TO CONSUMER MARKETING STRATEGY

MODERN TRADE CHANNELS

OUTDOOR BOOTH ACTIVATIONS

E-COMMERCE



+ Currently negotiating with large e-commerce platforms to sell Macro's premium products



...and an efficient distribution platform with wide coverage



The promotion team is complemented by its recently expanded and highly capable and incentivized distribution team, which provides market penetration and national-level coverage across all channels

Distribution Team Coverage

Macro Group enjoys wide geographical presence in Egypt's highly populated areas

Alexandria.....6k pharmacies
Cairo & Giza.....8k pharmacies
Delta.....14k pharmacies
Upper Egypt.....10k pharmacies

● Admin. Offices
 ● Distribution coverage

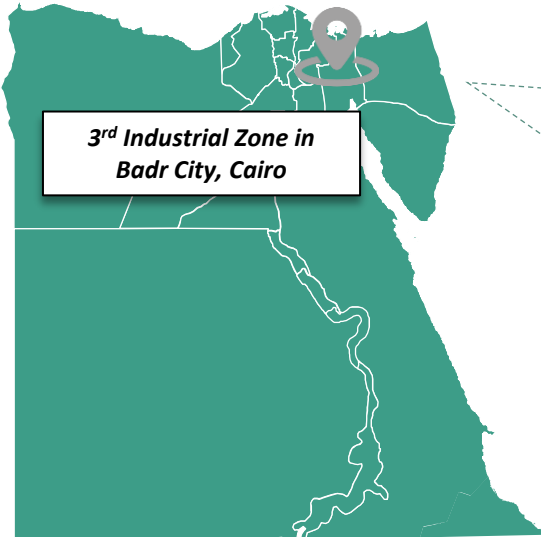
Distribution Channels				
Channel	Direct Distribution			
	Wholesalers	Pharmacies	E-Commerce	
Indirect Distribution & Exports				
Key Distributors	Wholesalers	Pharmacies	E-Commerce	
% of 1H22 Sales	42%	42%	15%	1%
Key Accounts		Large portfolio of wholesalers in Egypt 	Newly launched channel expected to drive growth going forward	



State-of-the-art Production Facility with Capacity for Growth



Macro produces most of its portfolio at its modern, well-invested manufacturing facility with top-of-the line equipment and ample capacity for significant growth



3rd Industrial Zone in Badr City, Cairo

Key Machinery

Liquids	Creams	Soap
<i>Semi-automatic machines, preparation tanks, mono-block</i>	<i>Filing & packaging machines, preparation tanks</i>	<i>Soap machine, soap preparation</i>
<i>Macro utilizes best-in-class technologies and machinery sourced from renowned international vendors</i>		
3,540 sqm Total Area	10 Production Lines	85,000 Units Daily Capacity



Key Quality Certifications



Quality Management Systems



Environmental Management Systems⁽¹⁾



Cosmetics Good Manufacturing Practice⁽¹⁾



Occupational Health & Safety⁽¹⁾



Occupational Health & Safety⁽¹⁾

¹ (1) Certifications have expired and are undergoing renewal process subject to completing the required audit and meeting the relevant requirements



Solid track record in launching new products



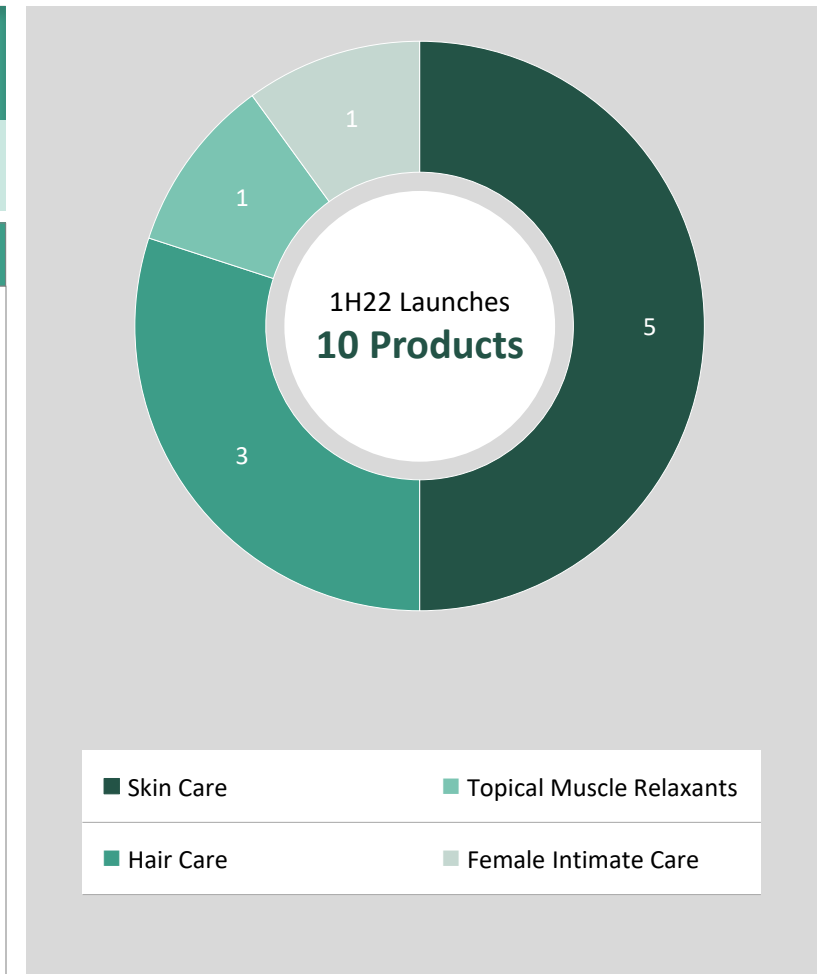
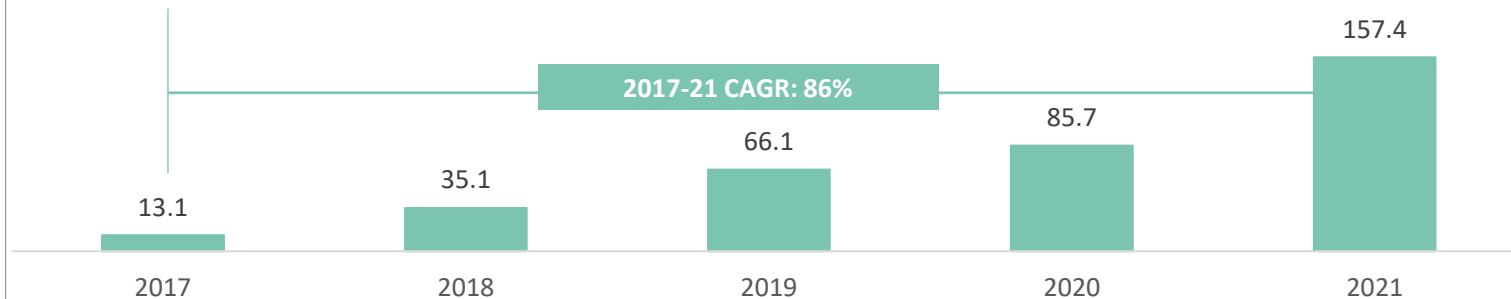
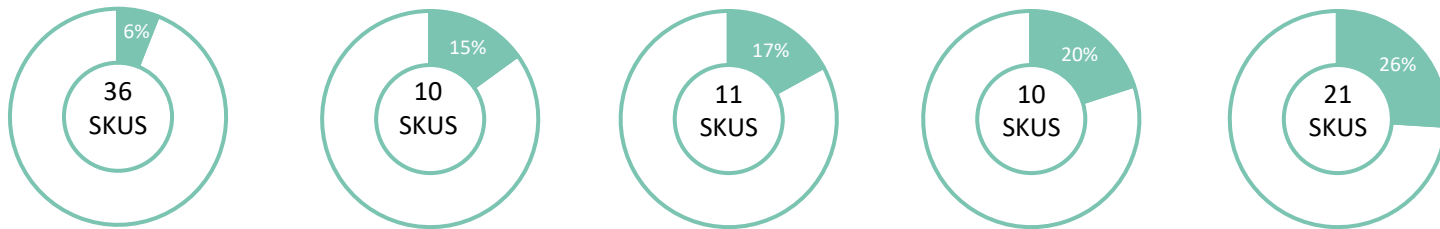
Macro Group has introduced 88 new products between 2017 and 2021, which cumulatively generated revenues of EGP 157 million by 2021, representing a 26% contribution to total revenues for the year and an exceptional 2017-21 CAGR of 86%



Revenues generated from New Launches

SKUs – No. Launches

■ Aggregate launches % of Total Sales





1H22 | Financial & Operational Performance





1H22 | Year in Review



Revenues grew by an exceptional 31% YoY in 1H22, a result of our ability to maintain steady volume growth despite a 20% YoY increase in average pricing in an already challenging business environment; Net income expansion of 75% YoY

New Launches & Pipeline

A total of 10 new products were launched in 1H22, bringing the total number of products under Macro’s portfolio to 129 by the end of the six-month period. Launches in 2Q22 included 3 skin care products, 2 hair care products, and 1 female intimate care product. As of 30 June 2022, Macro has developed a pipeline of c.49 SKUs across a range of attractive therapeutic areas.

Premium Brands

Macro’s premium brands generated EGP 15.4 mn in revenues during 2Q22, up by more than 2-fold QoQ, bringing its year-to-date revenues to EGP 21.6 mn in 1H22, up 60% YoY and contributing 7.1% to overall revenues. A total of 6 products were launched under Solodex in 1H22, including 2 anti-aging products targeting the higher-income group.

Cost Controls

Management have implemented a number of measures to minimize the effect of current headwinds on its financial results, including leveraging its extensive network of suppliers in order to purchase raw materials at the best available prices, while looking into lower-cost raw material alternatives where available, and substituting imported packaging materials for local substitutes

Exports

A new export manager was hired to lead the effort in successfully acquiring new sales contracts across the Middle East and Africa, in order to reduce its exposure to the recent currency devaluation, that saw revenues from the channel grow by 61% YoY to EGP 9.7 mn in 1H22 with Macro exporting to 7 markets up from 4 markets during the same period in the previous year.

Inorganic Expansion

Macro is in the process of finalizing its acquisition of nutraceutical company, Zimmer, pending the signing of final contracts. Management will continue to screen the Egyptian market for accretive acquisition opportunities that complement and expand the Group’s product offering.

EGP 305.1 mn

1H22 Revenue

▲ 31% YoY

EGP 235.7 mn

1H22 Gross Profit

▲ 27% YoY
77.3% Margin

EGP 110.2 mn

1H22 Adjusted EBITDA⁽¹⁾

▲ 30% YoY
36.1% Margin

EGP 71.4 mn

1H22 Net Profit

▲ 75% YoY
23.4% Margin

EGP 80.9 mn

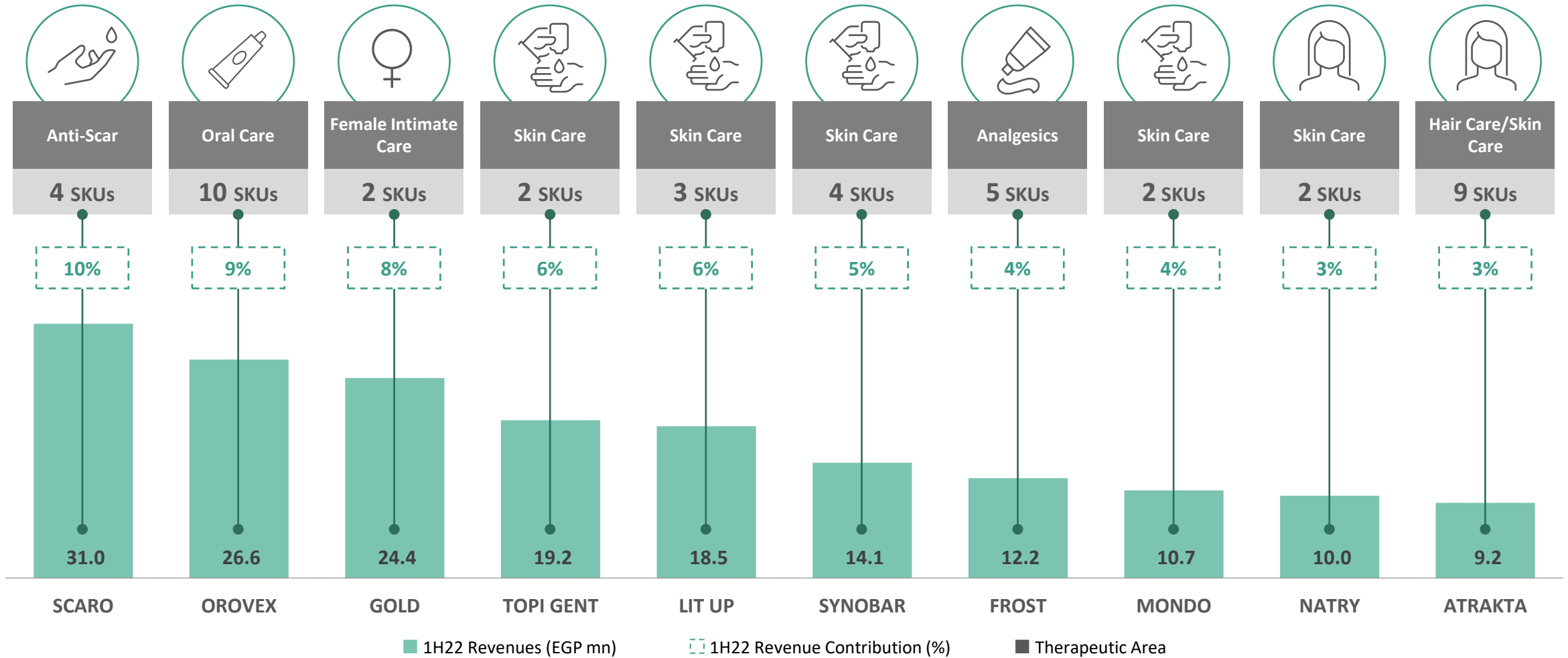
1H22 Normalized Net Profit⁽¹⁾

▲ 57% YoY
26.5% Margin

(1) Adjusted for IPO expenses



Top-Selling Brands in 1H22



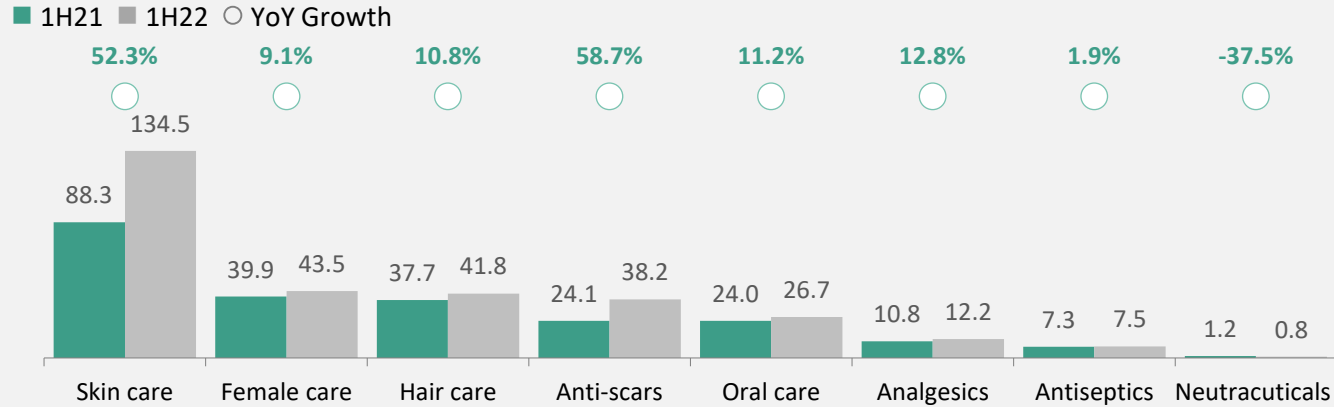
1H22 | Top-Selling Brands



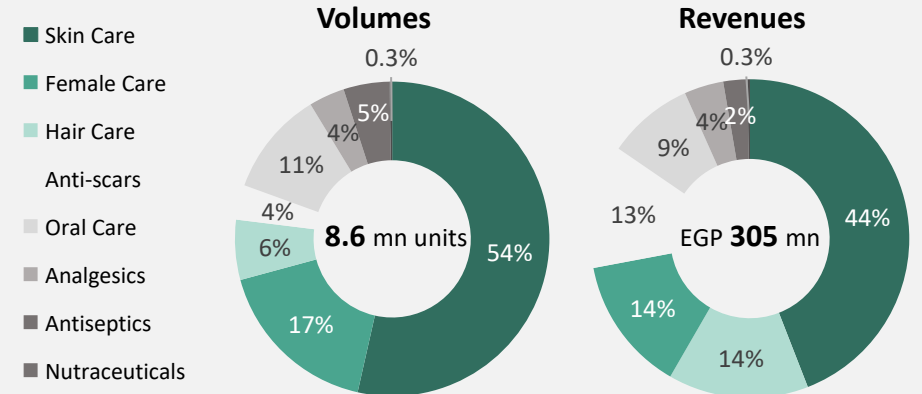
1H22 | Sales Breakdown & Analysis



Revenue Analysis by Therapeutic Area



Revenues by Therapeutic Area | 1H22



Key Therapeutic Areas

- The majority of top-line growth in 1H22 was driven by **Skin Care, Anti-scar and Hair care** products, which collectively contributed **90% of absolute revenue growth** during the period.
- Skin Care maintained its position as the top contributor to total revenues and growth in 1H22**, with revenues from the therapeutic area recording EGP 135 million, up 52% YoY and contributing 64% of absolute growth during the period, on the back of solid growth across multiple product lines, including Lit-up, Care by Care, Topi-gent and Synobar, all which saw revenues jump by more than 2-fold YoY.
- Anti-Scars was the fourth-selling therapeutic area and the second-highest contributor to absolute top line growth in 1H22** at 20% of absolute revenue growth, with revenues up by an exceptional 59% YoY to record EGP 38 million, driven by **price hikes** which brought up its average pricing by 49% YoY, in addition to **increased price competitiveness** of its top-performing product, Scaro gel, which saw revenues grow by more than 2-fold YoY to EGP 16 million in 1H22 from just EGP 7 million in the previous year, with the **recent currency devaluation** impacting the price of the product's only competing product in the market, which is imported. Coupled with the brand's penetration into new subsegments within the Gynecology field, this saw volumes from the therapeutic area grow by 6% YoY.
- Female Intimate Care was the second highest contributor to total revenues, and third to revenue growth in 1H22**, with revenues of EGP 43 million, up by 9% YoY and driven by **price hikes on existing products**, and the **face lift of key products under its flagship brand, Gold**, to cater to the higher-income segment. As a result, average pricing within the segment grew by 13% YoY while volumes declined by 3% during the same period. Starting June 2022, the Group kicked-off a **comprehensive six-month marketing campaign** aimed at increasing Gold's brand awareness across **physicians, pharmacies, distributors and consumers**.
- Oral Care revenues grew in 1H22, reversing its trend during the first quarter of the year**, when price hikes were implemented that saw volumes decline by 31% YoY 1Q22. Despite an overall decline of 7% YoY in 1H22, volumes returned to more normalized levels in 2Q22, up by 32% QoQ and 27% YoY, underling the success of Macro's ongoing multi-channel marketing campaign aimed at bringing up sales within its new target segment, including printing materials, conference participation, symposium sponsorships, Ramadan promotions, media coverage, on-ground activation, and others.

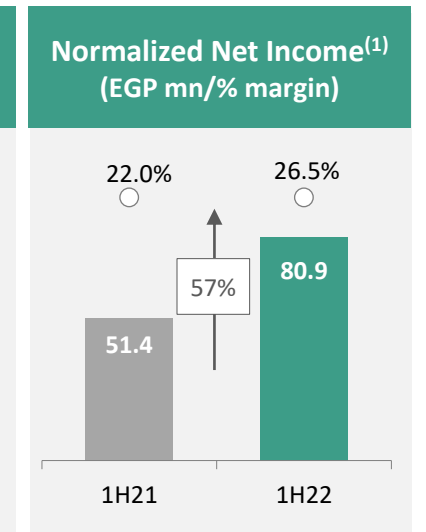
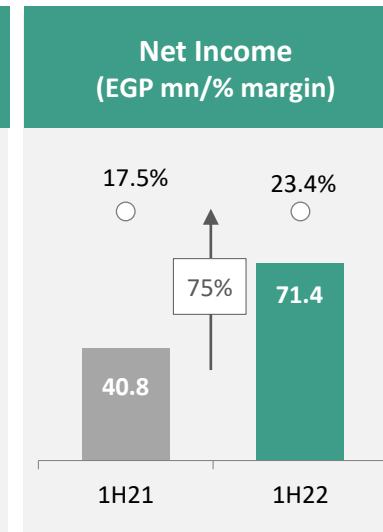
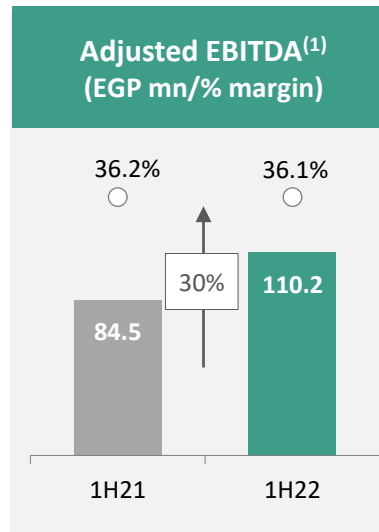
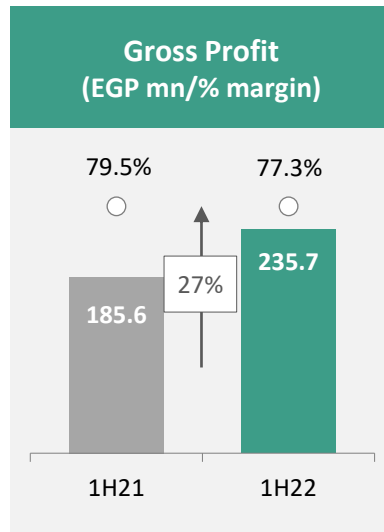
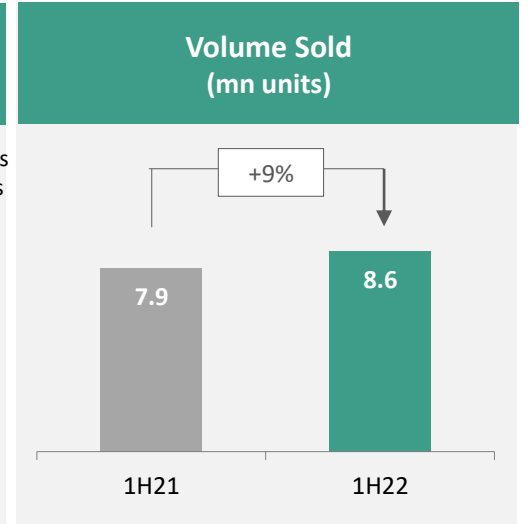
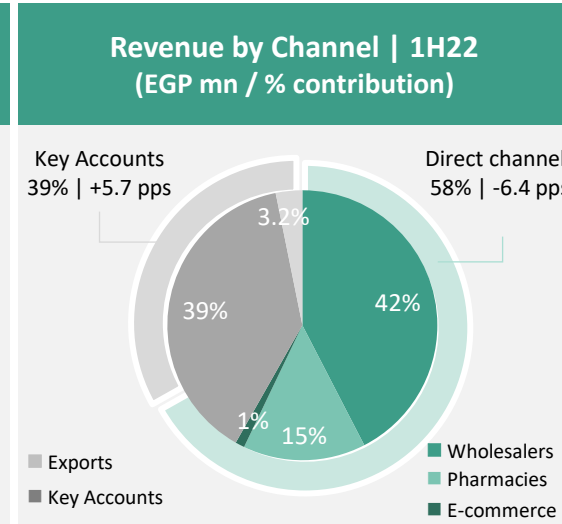
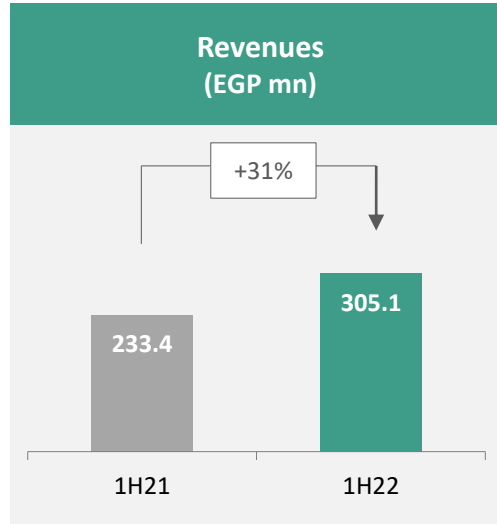
(1) Nutraceuticals were launched in December 2020



1H22 | Income Statement Highlights

1H22 Highlights

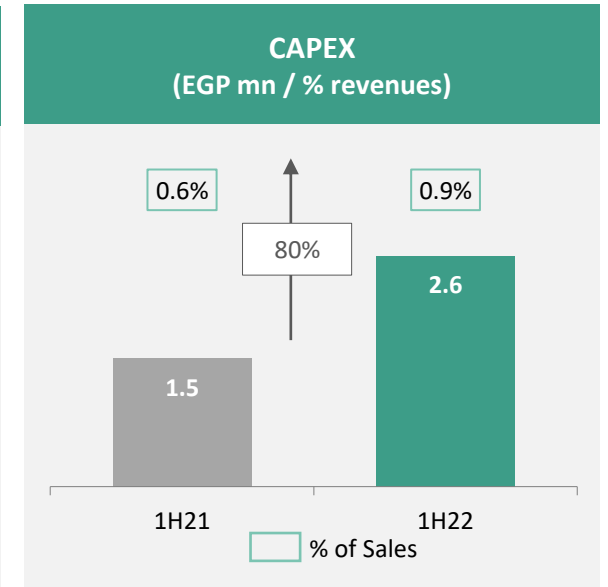
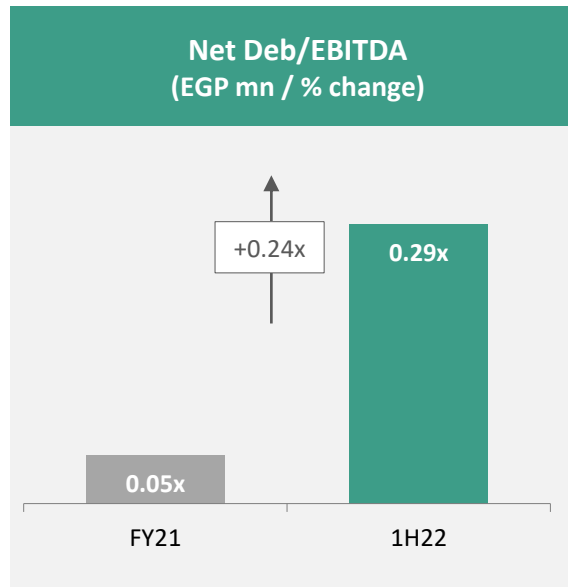
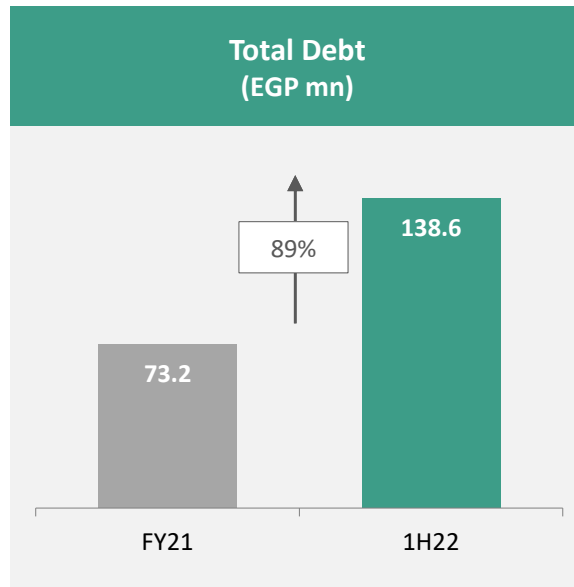
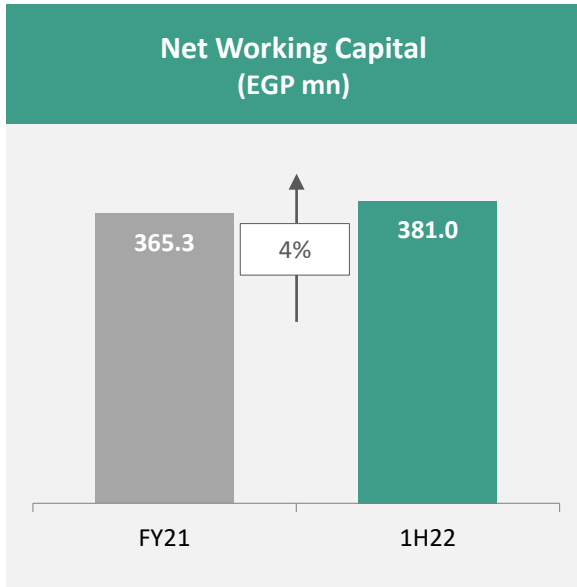
- **Total revenues grew by 31% YoY** in 1H22 to record EGP 305.1 mn, driven primarily by a 20% YoY increase in average pricing to EGP 35.6 during the period, a result of the company's ongoing strategy to push up its average pricing while maintaining volume growth. Revenue growth was further helped by a 9% YoY increase in volumes sold during the same period, driven by skin care, anti-scars and antiseptics.
- Revenues from **Direct sales channels contributed 58%** to the Group's top line in 1H22, with pharmaceutical sales down by 4% YoY during the period on the back of a strategic shift away from pharmaceutical sales associated with longer payment collection periods, which was partially offset by a 24% YoY increase in wholesale revenues driven by the Group's 3PL agreement with Ibsina, coupled with the commencement of direct sales to Pharma Overseas. Meanwhile, **Indirect distribution channels contributed 42% of total revenues in 1H22**, up 6.4 pps YoY and driven by improved sales within Key accounts, which grew by 53% YoY to EGP 117.8 mn, and further enhanced by a 61% YoY increase in export sales during the same period to record EGP 9.7 mn.
- **Gross profit increased by 27% YoY** to EGP 235.7 mn in 1H22, yielding a GPM of 77.3%, down 2.3 pps YoY on the back of increasing raw material prices in light of inflationary and currency pressures.
- **Adjusted EBITDA increased by 30% YoY** to EGP 110.2 mn in 1H22, with a minor decline in the corresponding EBITDA margin of 0.1 pps YoY to 36.1%, with the narrowing margin loss on the EBITDA level attributed to decreasing S&M and G&A expenses as a percentage of revenues by 2.6 pps YoY to 42.2%, driven by operating leverage.
- **Net Income grew by 75% YoY in 1H22** to record EGP 71.4 mn, representing an NPM of 23.4%, up 5.9 pps YoY with the majority of margin growth driven by the absence of provisions formed during the period (vs. EGP 13.9 mn in 1H21). Excluding the effect of IPO and ESOP expenses, normalized net income came in at EGP 80.9 mn in 1H22, up 57% YoY and representing an NPM expansion of 4.5 pps YoY to 26.5%.



(1) Adjusted for one-time IPO expenses



1H22 | Balance Sheet Highlights



Net Working Capital

- Net working capital came in at EGP 381.0 mn as of 30 June 2022, up 4% YTD on the back of a 34% increase in inventories, coupled with a 8% decline in payables during the same period. Higher inventory levels were attributed to ongoing launches under the Group's premium lines, whose raw materials are typically imported. This was offset by a 3% YTD decline in receivables from FY21.

Total Debt

- Total debt, which consists of short-term loans (87% of total debt) and short & long-term lease liabilities (13% of total debt), grew by 89% YTD to come in at EGP 138.6 mn as of 30 June 2022, driven by a more than 2-fold increase in short-term borrowings to EGP 120.7 mn to support one-time payments of annual dividends and treasury buybacks, which were previously disbursed throughout the year. Total debt is expected to return to FY21 levels by the end of 2022.

Net Debt to EBITDA

- The Group's net debt balance came in at EGP 64.0 mn as of 30 June 2022, up by almost 5-fold YTD, driven by the 89% increase in overall debt during the period, while the Group's cash balance grew by just 24% YTD in comparison. As a result, the Group's net debt to EBITDA increased from 0.05x in FY21 to 0.29x in 1H22.

CAPEX

- CAPEX came in at EGP 2.6 mn in 1H22, representing an increase of 80% YoY, with growth attributed to the purchase of logistics equipment, such as forklifts. Despite the material increase in PP&E additions, CAPEX as a percentage of revenues came in at 0.9% in 1H22, up by just 0.2 pps YoY.



1H22 | Working Capital Analysis



Cash Conversion Cycle (CCC)

- MACRO's CCC came in at 168 days in 1H22, up by 22 days from FY21 primarily on the back of a 32-day increase in inventories DIO, coupled with a 10-day increase in receivables DSO during the period. Growth in inventories and receivables was partially offset by a 20 day increase in payables DPO YTD.

Inventories DIO

- Inventories DIO came in at 228 days in 1H22, up 32 days from FY21, attributed to Macro's ongoing expansion of its premium lines, which utilize imported products, coupled with the inclusion of Verdex Prime in the Group's portfolio.

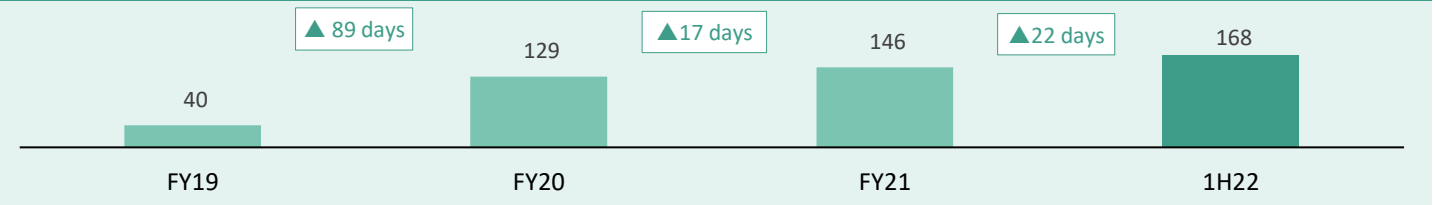
Receivables DSO

- Receivables DSO grew by 10 days from FY21 to come in at 218 days in 1H22 on the back of increased collection periods faced year-to-date, which was partially offset by the Group's ongoing 3PL agreement with Ibnsina, which is associated with a relatively shorter repayment period.

Payables DPO

- Payables DPO grew by 20 days from FY21 to record 278 days in 1H22, in line with Macro's strategy to increase its payback period in order to reduce its working capital needs and ultimately enhance the Group's cashflow.

Cash Conversion Cycle | CCC



Inventories | DIO



Receivables | DSO



Payables | DPO





Appendix





1H22 | Consolidated Income Statement



Consolidated Income Statement EGP	1H21	1H22	% CHG Y-o-Y
Sales Revenue	233,361,757	305,134,003	30.8%
COGS	(47,770,082)	(69,389,170)	45.3%
Gross Profit	185,591,675	235,744,833	27.0%
Gross profit margin	79.5%	77.3%	-2.3 pps
G&A Expenses	(35,114,069)	(41,246,335)	17.5%
S&M Expenses	(69,301,409)	(87,282,305)	25.9%
Other Income – Net	12,690	(490,165)	-3962.6%
Impairment Losses on Financial Assets	0	(830,105)	n/a
Net Operating Profit	81,188,887	105,895,923	30.4%
Net operating profit margin	34.8%	34.7%	-0.1 pps
Add back: Depreciation Expense	3,283,893	4,291,472	30.7%
EBITDA	84,472,780	110,187,395	30.4%
EBITDA margin	36.2%	36.1%	-0.1 pps
Provisions	(13,857,180)	0	-100.0%
Finance income/(cost)	(3,730,464)	(2,893,458)	-22.4%
Employee Stock Ownership Plan (ESOP)	0	(6,000,000)	n/a
IPO Cost	(10,637,688)	(3,502,525)	-67.1%
EBT	52,963,555	93,499,940	76.5%
Income Tax	(12,193,592)	(22,129,376)	81.5%
Net Profit	40,769,963	71,370,564	75.1%
Net Profit margin	17.5%	23.4%	5.9 pps



1H22 | Consolidated Balance Sheet



Consolidated Balance Sheet EGP	31-Dec-21	30-Jun-22	% CHG Y-T-D
Inventories	65,616,582	88,039,025	34.2%
Trade and notes receivables	337,895,974	328,240,216	-2.9%
Prepayments & other debit balances	12,230,850	40,916,035	234.5%
Due from related parties	60,322,683	74,632,549	23.7%
Cash & cash equivalents	476,066,089	531,827,825	11.7%
Total Current Assets	40,723,171	39,006,557	-4.2%
PP&E	13,607,968	16,089,811	18.2%
Right of Use Assets	0-	5,391,788	n/a
Goodwill	46,698,420	46,698,420	0.0%
Total Non-Current Assets	101,029,559	107,186,576	6.1%
Total Assets	577,095,648	639,014,401	10.7%
Trade and notes payable	38,216,608	35,275,399	-7.7%
Accrued expenses & credit balances	48,075,144	71,928,368	49.6%
Short-term loans	58,384,170	120,720,824	106.8%
Provisions	15,549,180	12,159,376	-21.8%
Dividends payable	42,243,771	18,530,174	-56.1%
Current income tax liability	3,557,764	4,344,634	22.1%
Short-term lease liability	206,026,637	262,958,775	27.6%
Total Current Liabilities	1,878,128	2,085,437	11.0%
Deferred income tax liability	11,263,249	13,538,577	20.2%
Long-term lease Liabilities	13,141,377	15,624,014	18.9%
Total Non-Current Liabilities	219,168,014	278,582,789	27.1%
Total Liabilities	115,471,700	115,471,700	0.0%
Paid-in capital	28,408,356	32,025,213	12.7%
Legal reserve	0	(24,866,586)	
Retained earnings	213,983,181	237,715,536	11.1%
Total Equity Attributable to Equity Holders	357,863,237	360,345,863	0.7%
Non-controlling interest	64,397	85,749	
Total Equity	357,927,634	360,431,612	0.7%
Total Liabilities & Equity	577,095,648	639,014,401	10.7%



1H22 | Consolidated Cash Flow Statement



Consolidated Cash Flow Statement EGP	1H21	1H22	% CHG Y-o-Y
Cash flows from operating activities			
Profit for the year before income tax	52,963,555	93,499,940	76.5%
Adjustments for:			
Depreciation of property, plant and equipment	3,283,893	4,291,472	30.7%
Net interest expense	3,730,464	2,893,458	-22.4%
Impairment of Financial Assets	13,857,180	0	
Provisions used	56,670	830,105	1364.8%
Operating profits before changes in WC	73,891,762	101,514,975	37.4%
Changes in working capital			
Inventory	(16,335,264)	(22,422,443)	37.3%
Trade and notes receivables	(26,229,455)	8,825,653	-133.6%
Prepayments and other debit balances	(7,060,829)	(28,685,185)	306.3%
Trade and notes payable	4,676,412	(2,941,209)	-162.9%
Accrued expenses and other credit balances	(6,639,216)	19,853,224	-399.0%
Due to related parties	0	(3,389,804)	n/a
Net cash flows from operating activities	22,303,410	72,755,211	226.2%
Income tax paid	(40,374,985)	(45,635,664)	13.0%
Interest paid	(3,231,873)	(4,297,710)	33.0%
Net cash flow from operating activities	(21,303,448)	22,821,837	-207%

(Continued)	1H21	1H22	% CHG Y-o-Y
Cash flows from investing activities			
Payments to purchase of PP&E	(1,472,473)	(2,643,291)	79.5%
Subsidiary Acquisitions (Net of cash)	0	(24,866,586)	n/a
Payment for acquisition of AFS investment	0	(3,000,000)	n/a
Interest received	489,440	2,398,932	
Net cash flows from investing activities	(983,033)	(28,110,945)	2759.6%
Cash flows from financing activities			
Dividends paid	(18,063,435)	(40,000,000)	121.4%
Proceeds from loans	56,978,853	127,636,947	124.0%
Principal elements of lease payments	(2,198,800)	(2,737,680)	n/a
Repayments of loans	(46,619,205)	(65,300,293.0)	40.1%
Net cash flows from financing activities	(9,902,587)	19,598,974	-297.9%
Net Change in cash and cash equivalents	(32,189,068)	14,309,866	-144.5%
Cash balance at beginning of the period	60,032,007	60,322,683	0.5%
Cash and cash equivalents at end of period	27,842,939	74,632,549	168.0%