



Investor Relations Presentation

1H 2024



MACRO
PHARMACEUTICALS





Agenda

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Company Overview

2

Financial & Operational Performance

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Appendix



Company Overview

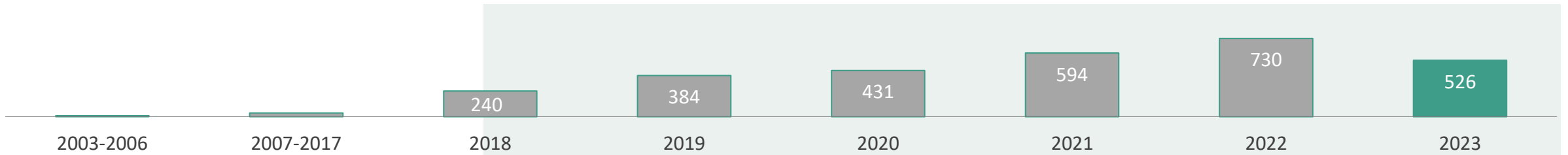
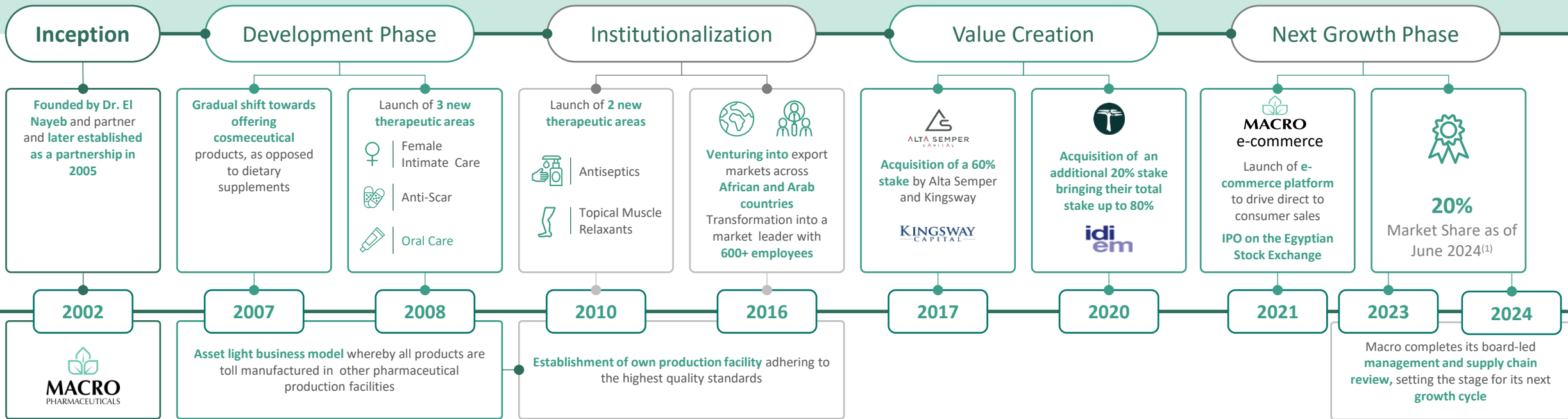




20 years' presence in Egypt's fast-growing cosmeceutical space



Key Corporate Milestones



Macro continues to hold a top position in the cosmeceutical market, according to IQVIA with its strategic operational review paving the way for the next growth phase

(1) Source: IQVIA - While the total market reflects the cosmeceutical/nutraceutical space in which the company operates in, The IQVIA universe used for this data reflects Macro's direct competitors



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 well-invested 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**.

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 380 employees** as of 30 June 2024 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**.

One of the largest and a pioneer in the Egyptian cosmeceutical space

20%

Jun-24 Market Share⁽¹⁾
2nd Ranked in Egypt

Attractive portfolio of 171 SKUs across a variety of therapeutic areas

171 SKUs

Portfolio size as of 30 Jun 2024

44%

Q-o-Q- Market Share growth

8 Therapeutic Areas

as of 30 Jun 2024
7 Cosmeceutical+
1 Nutraceutical

3.3 mn units

1H24 Volume Sold
▼ 53% YoY

EGP 155 mn

1H24 Revenues⁽²⁾
▼ 54% YoY

EGP -19 mn

1H24 Adjusted EBITDA⁽³⁾
▼ 122% YoY/ -12% margin

EGP 89 mn

1H24 Net Loss
▼ 403% YoY/-57% margin

EGP 51 mn

1H24 Normalized Net Loss⁽³⁾
▼ 241% YoY/--33% margin

EGP -0.16/-0.09

1H24 EPS/Normalized EPS⁽⁴⁾
▼ 401% YoY / ▼ 265% YoY

(1) Source: IQVIA While the total market reflects the cosmeceutical/nutraceutical space in which the company operates in, the IQVIA universe used for this data reflect Macro's direct competitors. (2) Revenue presented after deduction of EGP 13.3 million in right of return provisions (3) Adjusted for Impairment losses on financial assets & ESOP expenses (4) Calculated based on the weighted average number of shares outstanding



With strong barriers to entry



Pioneers in the Cosmeceuticals space

Facility built in 2010 with ample room for growth without CAPEX expenditure

Solid brand equity with consumers, physicians & pharmacies

Became the price setter in the industry

Highest ranking across the majority of TAs in which we operate

Highest market share in a highly fragmented market (3x closest competitor)

2005

Established

20%

Jun 24 Market Share⁽¹⁾



Established distribution network & capabilities

Defensive prescription-based sales model

Extensive sales force executing thousands of annual visits

Long-term relationships cultivated with doctors and pharmacies

Products distributed all over the country

380

Medical Salesforce

138k+

1H24 Visits



Extensive marketing budget & continuous innovation

Marketing budget allows for standalone seminars.

13 person R&D team formulate our products in-house

Strong regulatory relationships, enabling for the swift launch of new products

c.65 registered products ready to be launched

171 SKUs

Current Portfolio

14 SKUs

Near-term Pipeline

(1) While the total market reflects the cosmeceutical/nutraceutical space in which the company operates in, the IQVIA universe used for this data reflect Macro's direct competitors.



Macro's expansive array of key brands and expanding SKU portfolio adapting to changing consumer needs



Focusing on our cornerstone brands and expansive SKU range

		Brand & Product Portfolio						
Therapeutic Areas								
	Key Brands	Skin Care 	Hair Care 	Female & Intimate Care 	Anti-Scar 	Oral Care 	Antiseptics 	Analgesics
SKUs	73 of which 35 are premium	43 of which 22 are premium	10	8	18	8	7	4
Select Products	 Synobar Cleanser Bringo Lotion	 Atrakta Dandr-off Lindo Hair Oil	 Gold Fem Foam Octe Wash	 Scaro Gel Scaro Spray	 Orovex Mouthwash Denton Mouthwash	 Tritect Hand Wash Cordo Spray	 Frost Massage Gel	 LactoHerb

(1) Nutraceuticals were launched in December 2020



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.

	12k	Covered Physicians 1H24
	380	Medical Salesforce 1H24
	138k	Doctor Visits 1H24

Over-the-counter Sales

Demand is created through brand recognition and product visibility in pharmacies

	42k	Covered Pharmacies 1H24
DIRECT TO CONSUMER MARKETING STRATEGY		
MODERN TRADE CHANNELS		OUTDOOR BOOTH ACTIVATIONS
E-COMMERCE		



Efficient distribution platform with wide coverage



Macro's recently expanded and highly capable and incentivized distribution team provides market penetration and national-level coverage across all channels

Direct Sales Channels

- Revenues from direct sales channels came in at EGP 66.3 million in 1H24, down by 77% YoY and contributing 39% to total revenues. Wholesale revenues declined by 79% YoY but was up from a net returns value in 1Q24 to record EGP 57 million in 1H24. Direct pharmacy sales recorded EGP 8.8 million in 1H24 with a contribution of 5% to total revenue from none last year. As management increased their focus on e-commerce its revenue began to recovery gradually, with a 2Q24 revenue of EGP 1.0 million up from EGP -0.5 million in 1Q24. Despite that, total e-commerce revenue for 1H24 came in at EGP 541 thousand down by 94% YoY.

Indirect Sales Channels

- Indirect sales channel revenue contribution recorded 61% in 1H24 with total revenue recording EGP 103 million, up 101% YoY. This was primarily driven by a notable 154% YoY growth in key accounts sales to EGP 96.9 million during the period, as management have chosen to begin distributing sales more evenly across channels to avoid concentration risk and achieve a balance of profitability and collection management. That said, export revenue came in at EGP 6.3 million, down 52% YoY, but growing significantly from EGP 170 thousand recoded during 1Q24 as management successfully revived shipments from Yemen and Sudan.

Channel	Distribution Channels				
	Indirect Distribution		Direct Distribution		
	Key Accounts	Exports	Wholesalers	Pharmacies	E-Commerce
% of 1H24 Sales	57%	4%	34%	5%	0.3%
Key Accounts	 		Large portfolio of wholesalers in Egypt	 	Newly launched channel expected to drive growth going forward



1H24 | Financial & Operational Performance

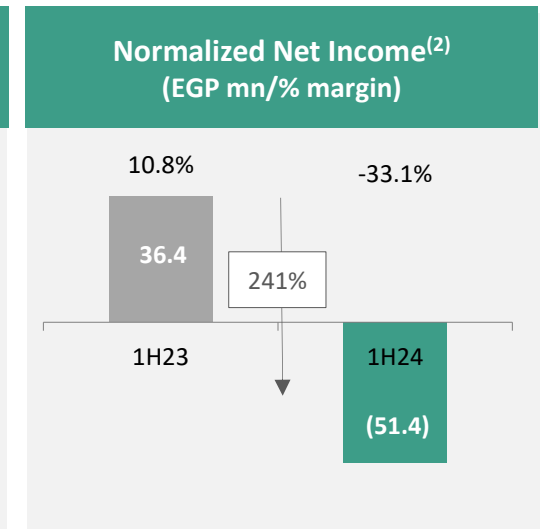
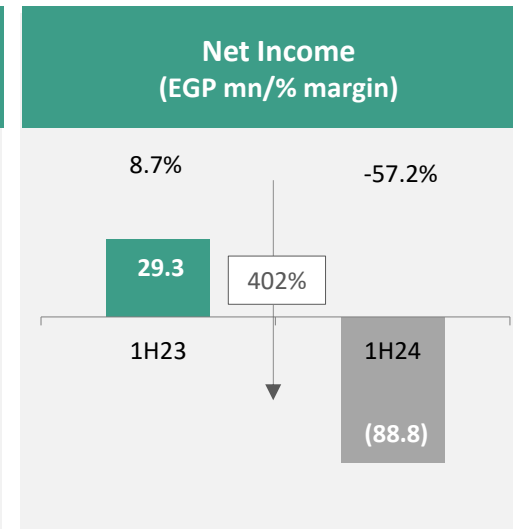
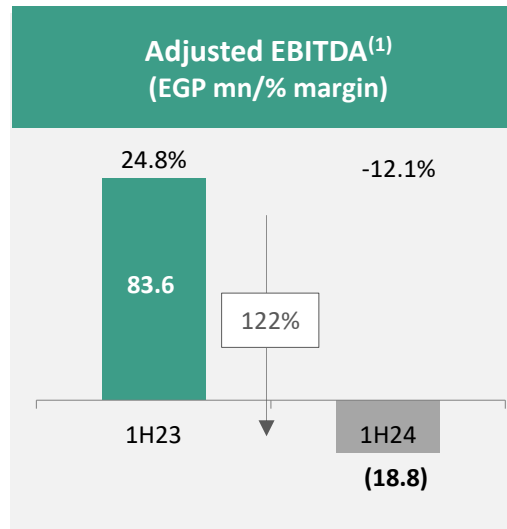
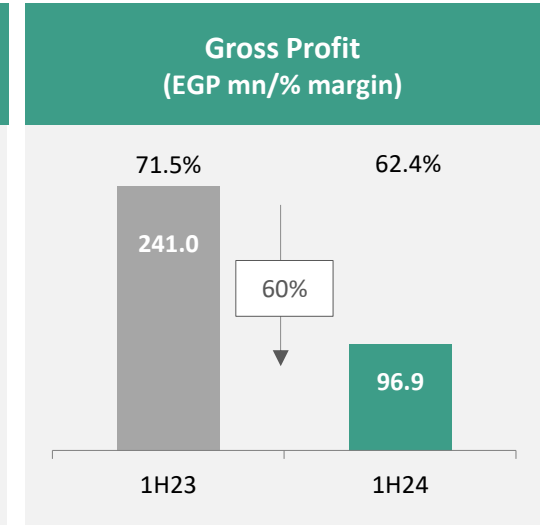
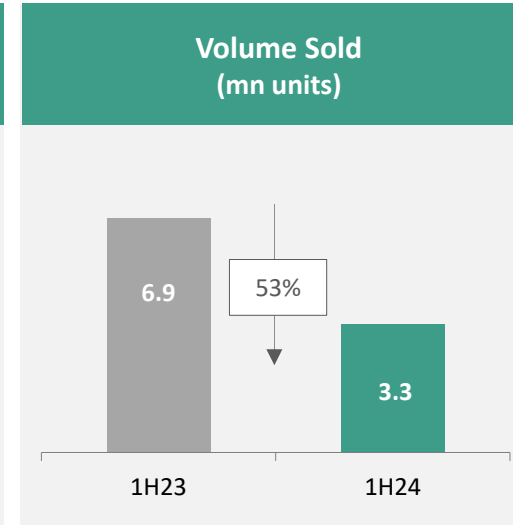
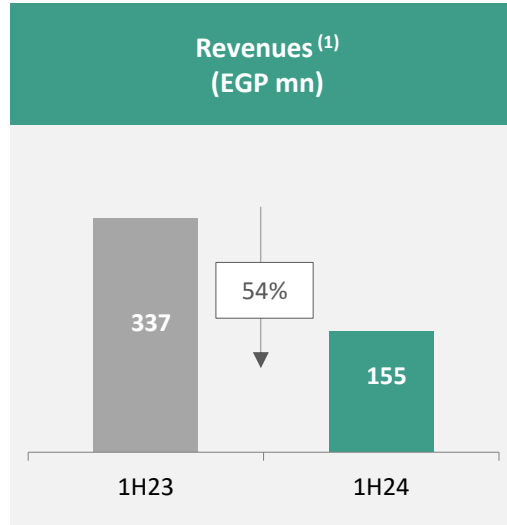




1H24 | Income Statement Highlights

1H24 Highlights

- **Macro's net revenues declined by 54% YoY reaching EGP 155 million in 1H24**, this decline was primarily due to 53% lower volumes sold during the period despite slightly better sales mix dynamics. The significant volume decline can be attributed to management's decision to normalize stock levels held by distributors and the cumulative 5% rights of return provision amounting to EGP 13.3 million that was deducted from the sales value in 1H24.
- **Gross profit stood at EGP 96.9 million in 1H24, marking a 60% YoY decline**, with margins falling by 9.1 pps to 62.4% during the period. The decline was primarily a result of inflationary and currency pressures affecting the costs of raw materials.
- **Adjusted EBITDA in 1H24 came in at EGP -18.8 million, reflecting a 122% YoY decline**, which led to an adjusted EBITDA margin of -12%, down from 25% Last year. The decline in the Company's adjusted EBITDA margin stemmed from the rising G&A and S&M expenses as a percentage of revenues by 18 pps and 15 pps Y-o-Y, respectively.
- **During 1H24, Macro reported a net loss of EGP 88.8 million, a decline of 403% YoY**, resulting in a net loss margin of 57.2%, from a net profit margin of 8.7% last year. The decline was primarily driven by the operating loss recorded during the period, EGP 35 million in one-off impairment losses on financial assets, which were slightly offset by a 21% YoY decline in net finance costs, amounting to EGP 24.6 million during the period, of which EGP 9.4 million was related to cash discounts. Normalized net loss, adjusted for one-time ESOP expenses and impairment losses on financial assets, amounted to EGP 51.4 million, reflecting a 241% YoY decline.

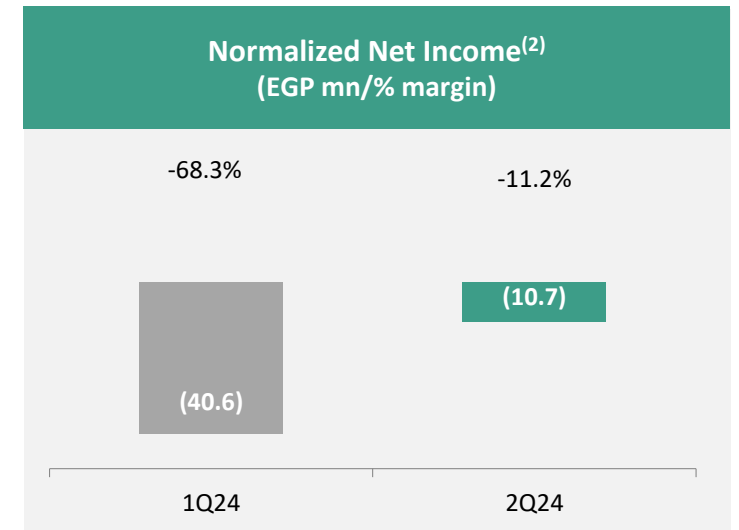
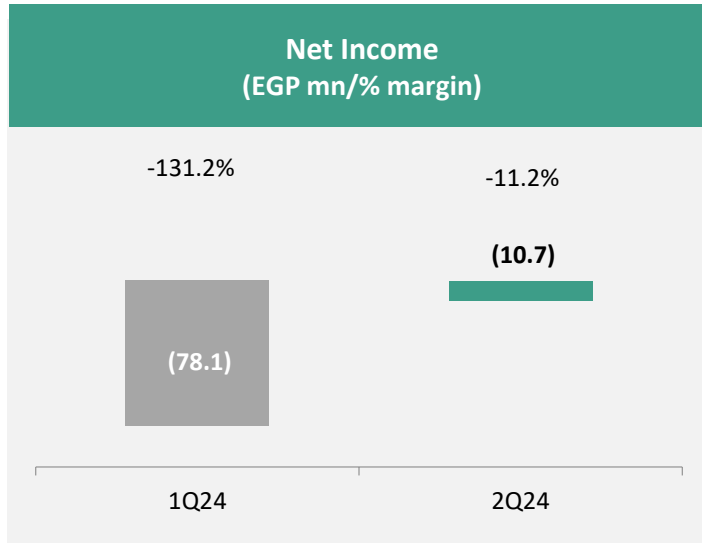
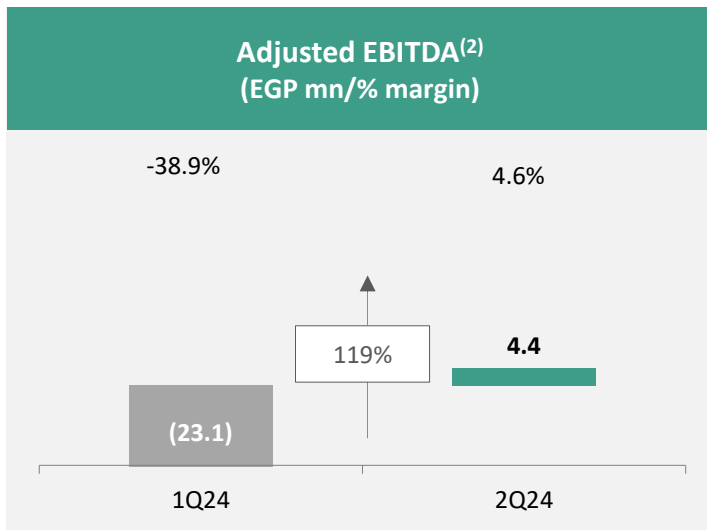
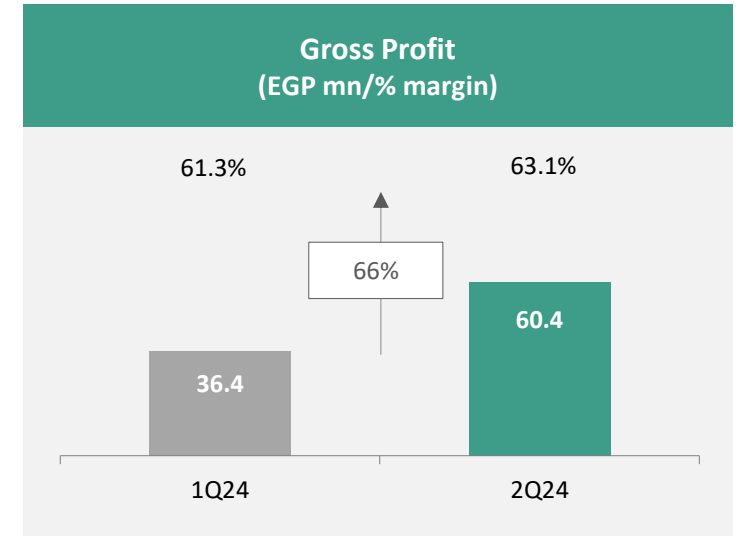
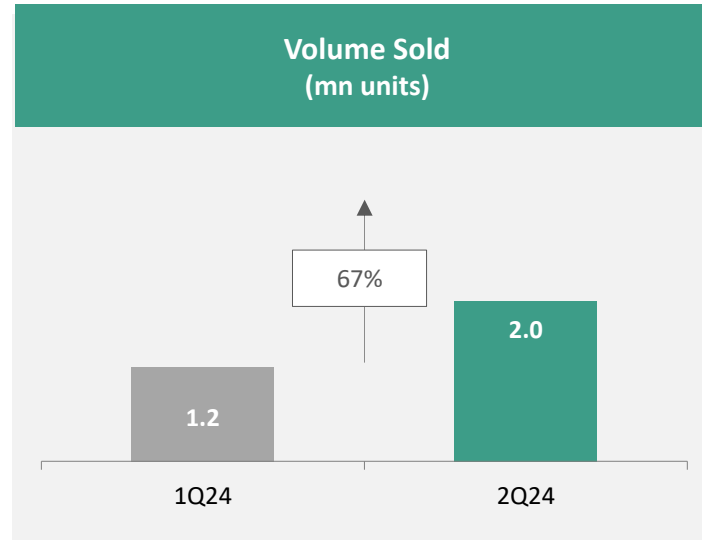
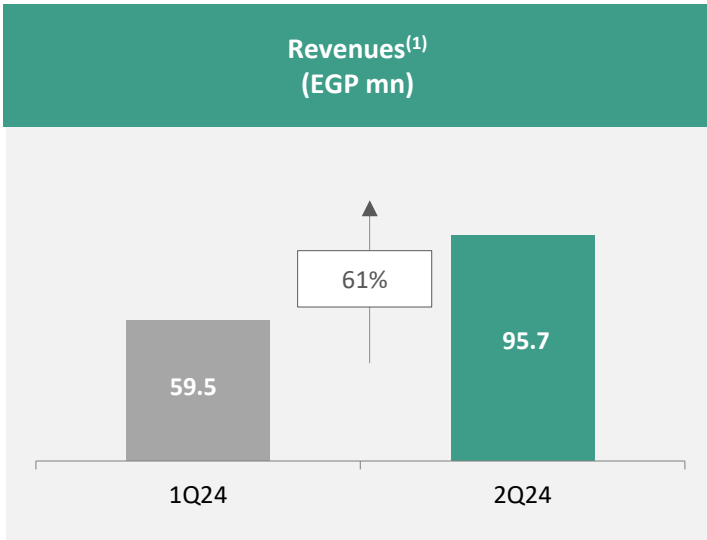


¹ Revenue after deducting sales right of return provision of EGP 13.3 million

² Adjusted for ESOP expenses & Impairment losses on financial assets



2Q24 | Income Statement QoQ Highlights

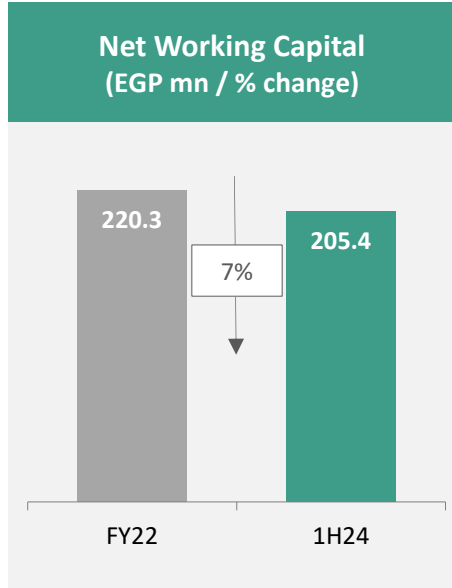


¹ Figure presented in 1Q24 & 2Q24 is after deduction of EGP 6.96 million and EGP 6.3 million in right of return provisions, respectively

² Adjusted for ESOP expenses and impairment of financial assets in 1Q24

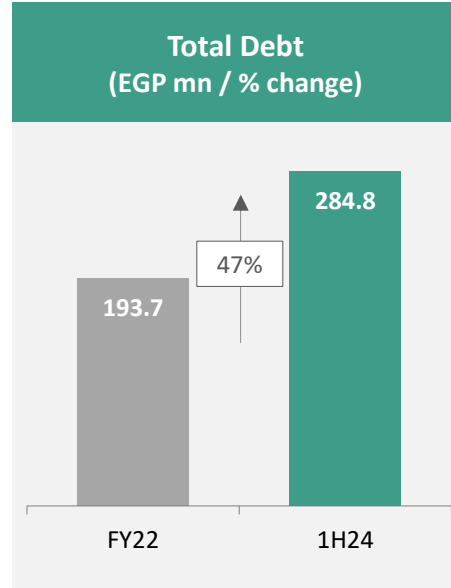


1H24 | Balance Sheet Highlights



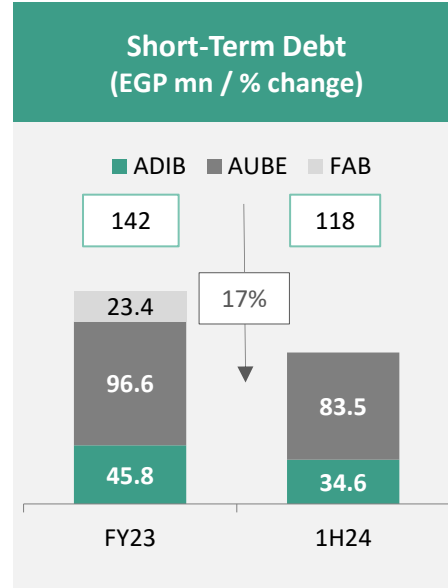
Net Working Capital

- Net working capital declined by 7% Ytd to come in at EGP 205.4 million as of 30 June 2024, with contraction primarily driven by an 11% decrease in inventory as the company began to liquidate obsolete inventories, coupled with a 16% decline in receivables over the same period, which were slightly offset by a 32% lower payables balance.



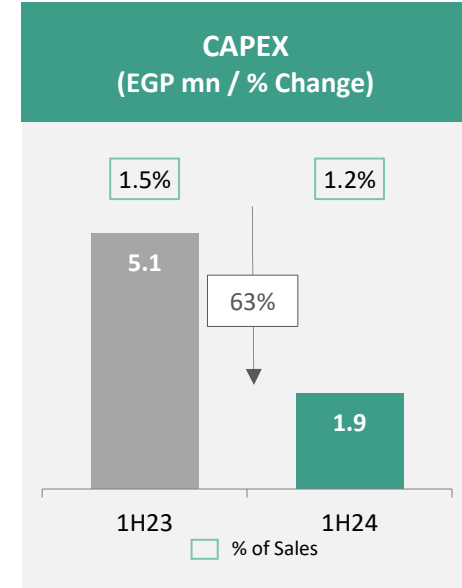
Total Debt

- Total debt, which consists of short-term loans, short & long-term lease liabilities, and a shareholder loan. Total borrowing recorded EGP 285 mn in 1H24, up by 47% Ytd primarily on the back of the addition of EGP 125 mn shareholder loan. A 25% Ytd decline in cash and bank balances saw net debt come in at EGP 228 mn in 1H24 vs. EGP 118 mn recorded in FY23.



Total Borrowing

- Total short-term borrowing came in at EGP 118 million as of 30 June 2024, down 17% ytd with. As we did not utilize any facilities with FAB during the period. Coupled with the reduction of outstanding loan balances in both ADIB and AUBE.



CAPEX

- CAPEX remained low at EGP 1.9 million in 1H24, down 63% YoY. Additions during the year were for the purpose of maintenance with CAPEX to sales remaining at 1.2% during the period, in line with management KPIs.



1H24 | Working Capital Analysis



Cash Conversion Cycle (CCC)

- MACRO's CCC recorded 125 days in 1H24, reflecting a decline of 159 days YoY, driven primarily by a 232-day increase in payables DPO, which was partially offset by a 61-day incline in Inventories DIO coupled with an 11-day growth in receivables DSO.

Inventories DIO

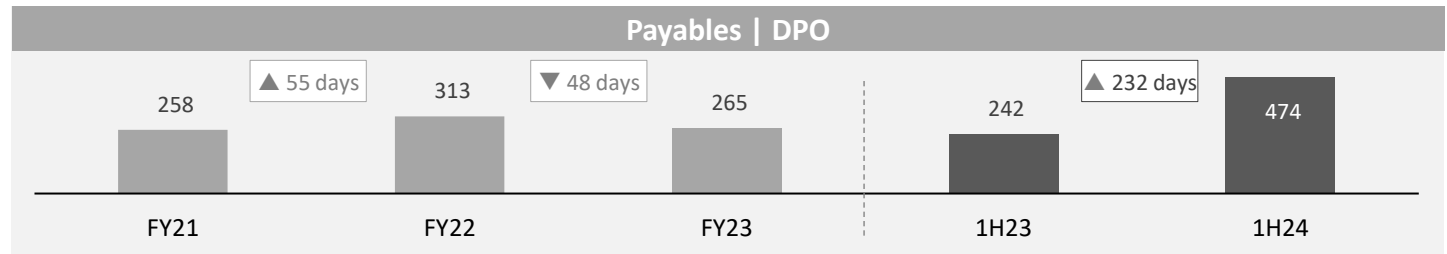
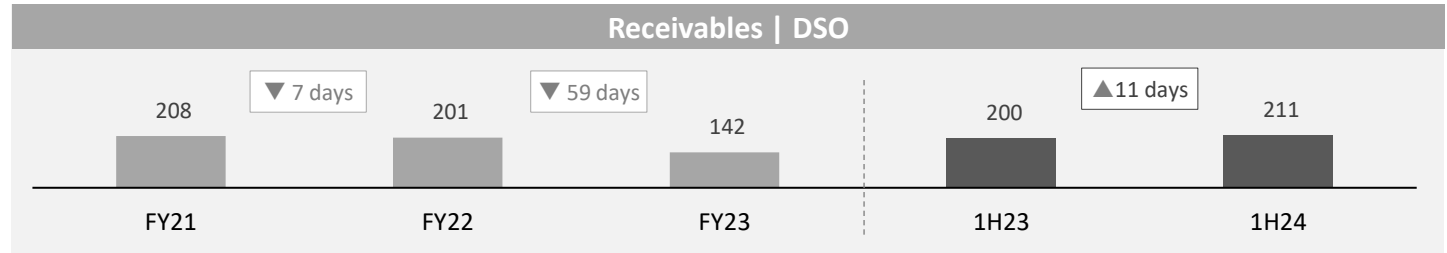
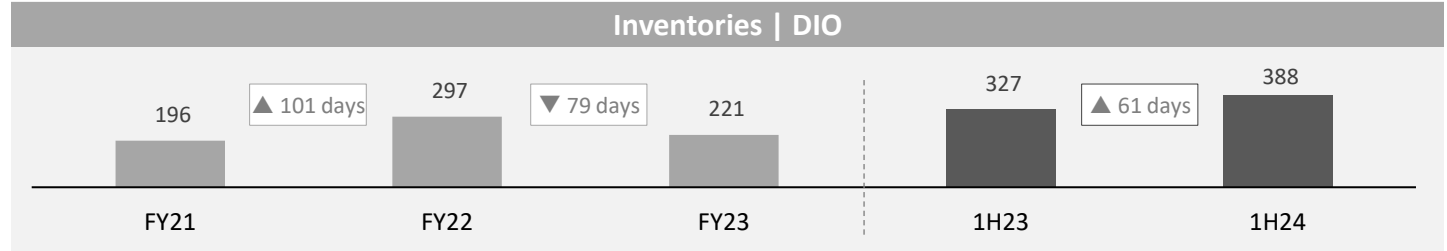
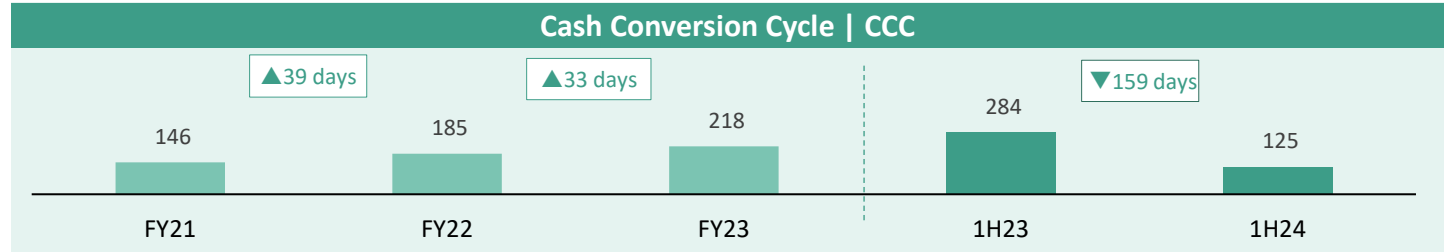
- Inventories DIO grew by 61 days YoY to record 388 days in 1H24, on the back of returns of slow-moving Macro products. Despite that the inventory balance declined slightly from 31 December 2023. Additionally, DIO witnessed a 202-day decline from 31 March 2024.

Receivables DSO

- Receivables DSO came in at 211 days in 1H24, up by a slight 11 days YoY. Despite that, total receivables balance declined by 51% from 30 June 2023 on the back of management's decision to impair overdue receivables caused by the liquidity challenges experienced by key pharmaceutical distributors.

Payables DPO

- Payables DPO grew by 232 days in 1H24 to record 474 days. During the period, the Company received a EGP 125 million loan from its shareholders which will be used for the efficient management of working capital and to secure vendor payments.





1H24 | Company-wide Initiatives



Macro Group remains committed to its strategic vision, focusing on innovation, market expansion, and enhancing operational efficiencies. The Group has already set in motion several initiatives to pave the way for future growth

Commercial

We began the deliberate normalization of stock levels and the effective management of distributor relationships. In addition, we are working on reducing wholesale channel discounts to optimize profitability and exploring other channels like cosmeceutical hypermarkets to reduce concentration risk. The company is also in the launching phase of the “Ibn Sina Mobile app” to enhanced customer engagement and service.

Sales and Marketing

Our commitment to the establishment of strong relationships with chain pharmacies have led to a 5% contribution to sales through this channel during 1H24. We are looking to grow this contribution through signing new pharmacy chain agreements, namely for our premium brands. Additionally, the team is working on introducing a new model aimed at collaborating with 30 medium-sized pharmacy chains.

Supply Chain

We have set weekly Sales and Operations planning meetings to promote cross-functional collaboration. We are also focused on re-building supplier relationships through the efficient management of our working capital, in addition to diversifying our sourcing options to secure key raw materials. The team is also working on selling any slow-moving raw materials.

Export

In 1H24 we were able to revive shipments from 2023 to Yemen and Sudan. In addition to consolidating our presence, we are looking to expanded into new markets including KSA and UAE with our new export director leading the way. We have also agreed on our first shipment to Somalia, marking our entry into this new market, in addition to preparing our second shipment to KSA.



Appendix





1H24 | Consolidated Income Statement



Consolidated Income Statement EGP	H1-2023 Actual	H1-2024 Actual	% CHG Y-o-Y
Sales Revenue⁽¹⁾	337,235,024	155,252,205	-54.0%
COGS	(96,196,046)	(58,402,003)	-39.3%
Gross Profit	241,038,978	96,850,202	-59.8%
Gross profit margin	71.5%	62.4%	-9.1 pps
G&A Expenses	(61,067,192)	(53,927,220)	-11.7%
S&M Expenses	(103,472,107)	(70,995,791)	-31.4%
Other Income – Net	182,500	1,397,337	665.7%
Net Operating Profit	71,265,896	-26,675,472	-134.8%
<i>Net operating profit margin</i>	21.1%	-17.2%	-39.9 pps
Add back: Depreciation Expense	6,921,218	7,915,775	14.4%
EBITDA	78,187,114	-18,759,697	-122.4%
EBITDA margin	23.2%	-12.1%	-36.9 pps
Impairment Losses on Financial Assets	(5,416,283)	(34,941,466)	545.1%
Provisions	0	0	n/a
Finance income/(cost)	(31,221,611)	(24,671,401)	-21.0%
Employees' Stock Ownership Plan (ESOP)	(1,639,830)	(2,488,706)	51.8%
EBT	38,404,455	-88,777,045	-331.2%
Income Tax	(9,062,202)	(18,666)	-99.8%
Net Profit	29,342,253	-88,795,711	-402.6%
Net Profit margin	8.7%	-57.2%	-65.9 pps

¹ Figure presented in 1H24 is after deduction of EGP 13.3 million in right of return provisions



2Q24 | Consolidated Income Statement



Consolidated Income Statement EGP	Q1-2024 Actual	Q2-2024 Actual	% CHG Q-o-Q
Sales Revenue⁽¹⁾	59,536,121	95,716,084	60.8%
COGS	(23,054,632)	(35,347,371)	53.3%
Gross Profit	36,481,489	60,368,713	65.5%
Gross profit margin	61.3%	63.1%	1.8 pps
G&A Expenses	(28,057,084)	(25,870,136)	-7.8%
S&M Expenses	(35,549,990)	(35,445,801)	-0.3%
Other Income – Net	302,236	1,095,101	262.3%
Net Operating Profit	-26,823,349	147,877	-100.6%
<i>Net operating profit margin</i>	-45.1%	0.2%	45.2 pps
Add back: Depreciation Expense	3,684,325	4,231,450	14.9%
EBITDA	-23,139,024	4,379,327	-118.9%
EBITDA margin	-38.9%	4.6%	43.4 pps
Impairment Losses on Financial Assets	(34,941,466)	0	-100.0%
Provisions	0	0	n/a
Finance income/(cost)	(13,805,346)	(10,866,055)	-21.3%
Employees' Stock Ownership Plan (ESOP)	(2,488,706)	0	-100.0%
EBT	-78,058,867	-10,718,178	-86.3%
Income Tax	(47,081)	28,415	-160.4%
Net Profit	-78,105,948	-10,689,763	-86.3%
Net Profit margin	-131.2%	-11.2%	120 pps

¹ Figure presented in 1Q24 & 2Q24 is after deduction of EGP 6.96 million and EGP 6.3 million in right of return provisions, respectively



1H24 | Consolidated Balance Sheet



Consolidated Balance Sheet EGP	Dec-23	Jun-24	% CHG Y-o-Y
Inventories	141,563,256	125,869,905	-11.1%
Trade and notes receivables	164,959,004	138,176,764	-16.2%
Prepayments & other debit balances	41,908,894	44,003,410	5.0%
Financial asset through profit or loss	0	50,814,938	n/a
Cash & cash equivalents	75,309,682	56,469,300	-25.0%
Total Current Assets	423,740,836	415,334,317	-2.0%
PP&E	39,044,387	38,890,103	-0.4%
Rights of use assets	23,699,990	36,289,495	53.1%
Intangible assets	1,926,451	1,692,586	-12.1%
Goodwill	25,280,108	25,280,108	0.0%
Total Non-Current Assets	89,950,936	102,152,292	13.6%
Total Assets	513,691,772	517,486,609	0.7%
Trade and notes payable	86,213,009	58,613,602	-32.0%
Accrued expenses & credit balances	83,178,912	95,162,048	14.4%
Short-term loans	165,832,406	243,819,417	47.0%
Provisions	48,401,009	48,401,009	0.0%
Dividends payable	5,136,250	431,645	-91.6%
Current income tax liability	293,767	354,278	20.6%
Lease liabilities - Short term	4,987,677	17,642,950	253.7%
Total Current Liabilities	394,043,030	464,424,949	17.9%
Deffered income tax liability	2,415,576	2,373,731	-1.7%
Lease liabilities - Long term	22,902,608	23,337,595	1.9%
Total Non-Current Liabilities	25,318,184	25,711,326	1.6%
Total Liabilities	419,361,214	490,136,275	16.9%
Paid-in capital	114,041,291	114,041,291	0.0%
Legal reserve	37,126,148	37,126,148	0.0%
Treasury shares	(29,970,000)	0	-100.0%
Retained earnings	(26,986,002)	(123,939,404)	359.3%
Total Equity Attributable to Equity Holders	94,211,437	27,228,035	-71.1%
Non-controlling interest	119,121	122,299	2.7%
Total Equity	94,330,558	27,350,334	-71.0%
Total Liabilities & Equity	513,691,772	517,486,609	0.7%



1H24 | Consolidated Cash Flow Statement



Consolidated Cash Flow Statement EGP	1H23	1H24	% CHG Y-o-Y
Cash flows from operating activities			
Profit for the year before income tax	38,404,455	(88,777,045)	-331.2%
Adjustments for:			
Depreciation of property, plant and equipment	6,921,219	7,915,776	14.4%
Net interest expense	34,177,929	19,231,041	-43.7%
Provisions formed	0	0	n/a
Impairment of Financial Assets	7,416,283	0	-100.0%
Other Income	(43,034)	947,507	
Operating profits before changes in WC	86,876,852	(60,682,721)	-169.8%
Changes in working capital			
Inventory	(37,757,529)	15,693,351	-141.6%
Trade and notes receivables	30,099,274	26,782,240	-11.0%
Prepayments and other debit balances	(3,569,456)	(2,094,516)	-41.3%
Trade and notes payable	(16,872,184)	(27,599,407)	63.6%
Accrued expenses and other credit balances	(3,513,451)	7,278,531	-307.2%
Provisions used	0	0	n/a
Net cash flows from operating activities	55,263,506	(40,622,522)	-173.5%
Income tax paid	(51,778,104)	0	-100.0%
Interest paid	(33,209,526)	(17,906,618)	-46.1%
Net cash flow from operating activities	(29,724,124)	(58,529,140)	97%

(Continued)	1H23	1H24	% CHG Y-o-Y
Cash flows from investing activities			
Payments to purchase of property, plant and equipment	(5,124,599)	(1,870,396)	-63.5%
Payment for purchase/sale of treasury shares	(29,970,000.0)	21,815,487	-172.8%
Payment for acquisition of available for sale investment	0	0	n/a
Payment for acquisition of Right of use assets	0	0	n/a
Due from related parties	0	0	n/a
Interest received	1,118,053	2,335,028	108.8%
Net cash flows used in investing activities	(33,976,546)	22,280,119	-165.6%
Cash flows from financing activities			
Proceeds from loans	145,858,388	233,112,708	59.8%
Principal elements of lease payments	(6,007,869)	(7,923,476)	31.9%
Repayments of loans	(139,926,109)	(157,780,593)	12.8%
Financial asset through profit or loss	0	(50,000,000)	n/a
Dividends paid	(6,000,000)	0	-100.0%
Net cash flows used in financing activities	(6,075,590)	17,408,639	-386.5%
Net Change in cash and cash equivalents	(69,776,260)	(18,840,382)	-73.0%
Cash balance at beginning of the period	186,751,962	75,309,682	-59.7%
Cash and cash equivalents at end of period	116,975,702	56,469,300	-51.7%