



Investor Relations Presentation

1Q 2024



MACRO
PHARMACEUTICALS





Agenda

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Company Overview

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Financial & Operational Performance

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Company Overview

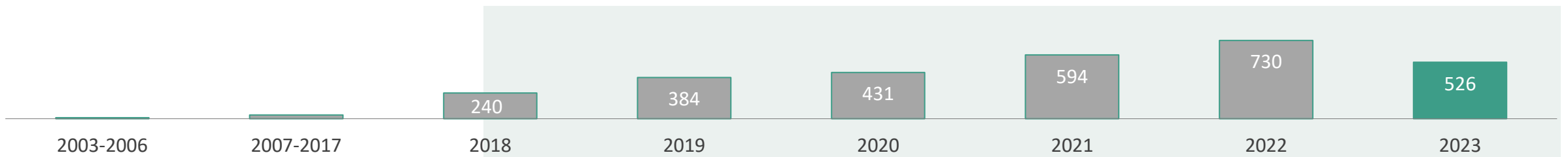
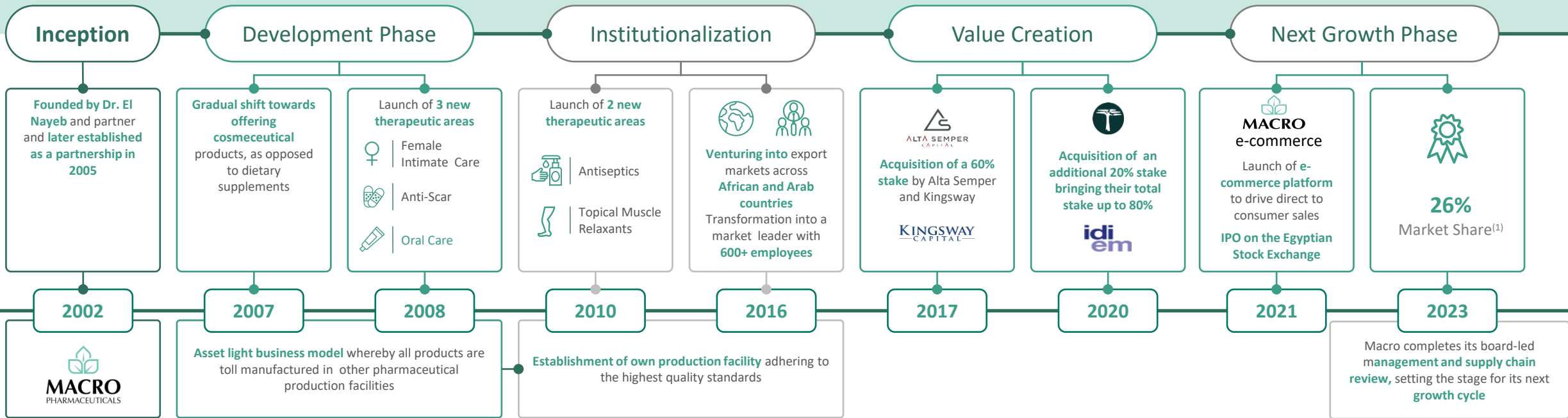




20 years' presence in Egypt's fast-growing cosmeceutical space



Key Corporate Milestones



Macro continues to hold the #1 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.**

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

26%

Oct-23 Market Share⁽¹⁾
1st Ranked in Egypt

Attractive portfolio of 171 SKUs across a variety of therapeutic areas

171 SKUs

Portfolio size as of 31 March 2024

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 31 March 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.**

24%

3-year Revenue CAGR
FY19-22

8 Therapeutic Areas

as of 31 Mar 2024
7 Cosmeceutical+
1 Nutraceutical

1.2 mn units

1Q24 Volume Sold
▼ 67% YoY

EGP 60 mn

1Q24 Revenues⁽²⁾
▼ 62% YoY

EGP -23 mn

1Q24 Adjusted EBITDA⁽³⁾
▼ 163% YoY / -39% margin

EGP 78 mn

1Q24 Net Loss
▼ 927% YoY / -131% margin

EGP 41 mn

1Q24 Normalized Net Loss⁽³⁾
▼ 330% YoY / -68% margin

EGP -0.14 / -0.07

1Q24 EPS/Normalized EPS⁽⁴⁾
▼ 938% YoY / ▼ 333% 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 6.96 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

26.4%

Oct 23 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

67k+

1Q24 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									
		Skin Care	Hair Care	Female & Intimate Care	Anti-Scar	Oral Care	Antiseptics	Analgesics	Nutraceuticals¹
Key Brands									
	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.

	11k	Covered Physicians 1Q24
	380	Medical Salesforce 1Q24
	67k	Doctor Visits 1Q24

Over-the-counter Sales

Demand is created through brand recognition and product visibility in pharmacies

	42k	Covered Pharmacies 1Q24
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

- **Net revenue from direct sales channels came in at EGP -1.97 million in 1Q24, from a net revenue of EGP 95.5 million in 1Q23.** Wholesale revenue recorded EGP -4.9 million down from EGP 92 million last year. Despite that, revenues generated from pharmacies booked EGP 3.4 million in 1Q24, as direct sales to mega pharmacies began to pick up and market conditions started to improve. However, e-commerce also fell short with net sales amounting to EGP -0.4 million during the period from EGP 1.1 million during the same period last year. Macro is currently implementing a new e-commerce commercial structure with a more focused approach and intensified marketing efforts.

Indirect Sales Channels

- **Indirect sales channel revenues stood at EGP 68.4 million, up 11% YoY and contributing to 103% of total revenues in 1Q24.** The growth in revenue was due to the pick-up in sales to Key Accounts which grew by 17% Y-o-Y. This was slightly offset by a 95% Y-o-Y decline in export revenues which recorded EGP 0.17 million during the period. Despite the global challenges we hired a new export director to lead the way as we expand into new markets and continue our efforts to grow our export sales in order to hedge against foreign currency risk.

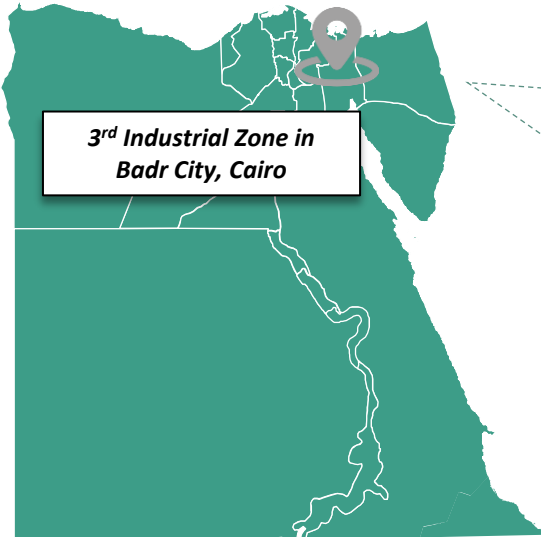
Channel	Distribution Channels				
	Indirect Distribution		Direct Distribution		
	Key Accounts	Exports	Wholesalers	Pharmacies	E-Commerce
% of 1Q24 Sales	102%	0.3%	-7%	5%	-0.7%
			Large portfolio of wholesalers in Egypt		Online sales through Macro's own platform



Well-Invested 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



1Q24 | Financial & Operational Performance

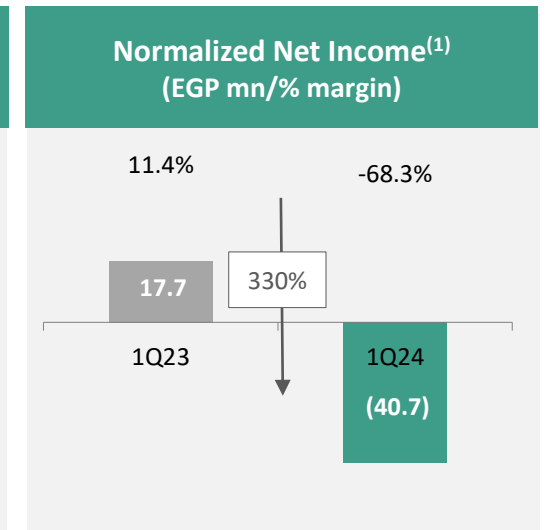
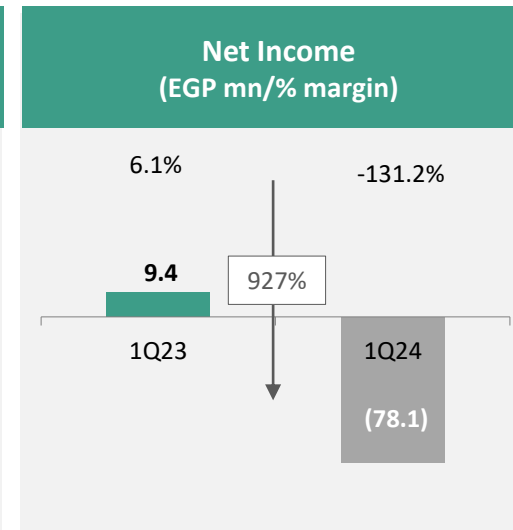
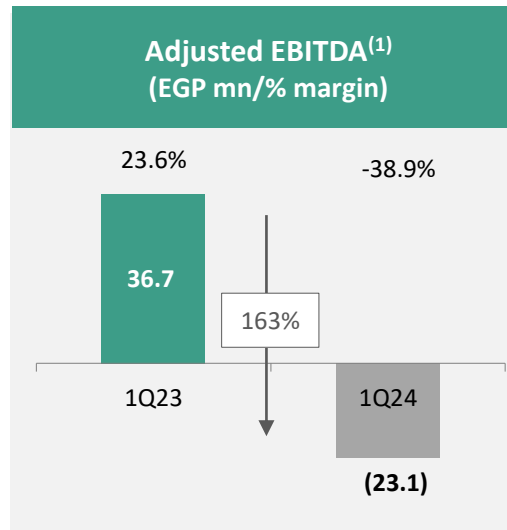
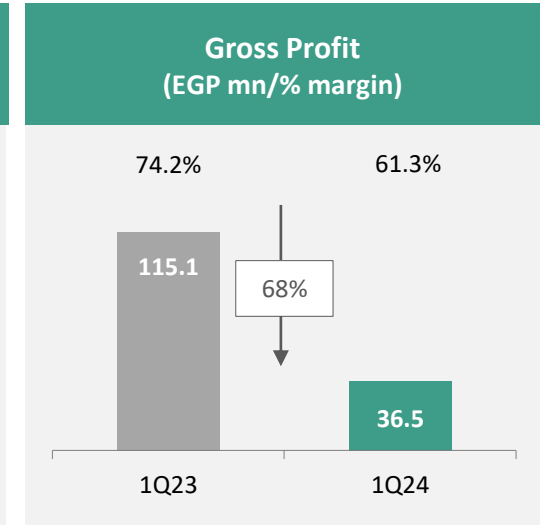
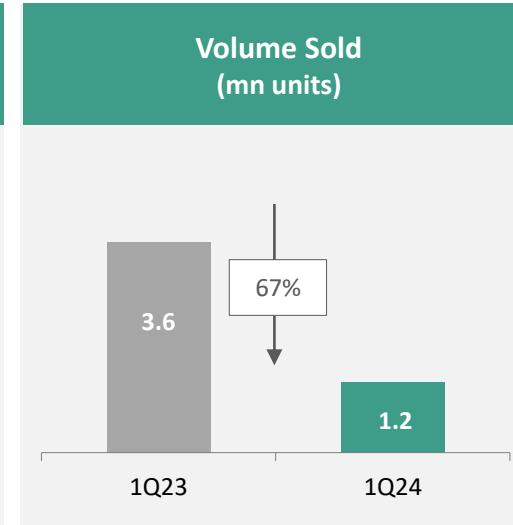
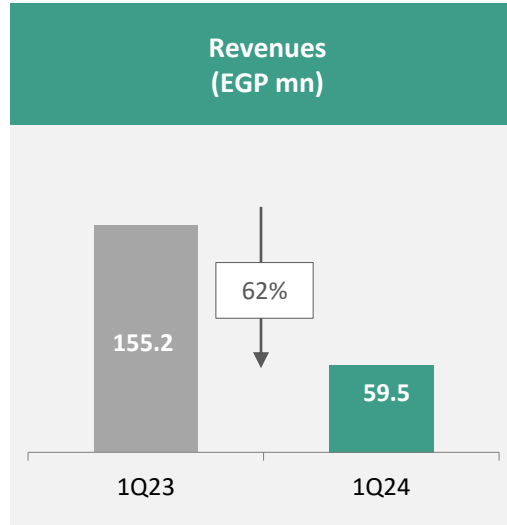




1Q24 | Income Statement Highlights

1Q24 Highlights

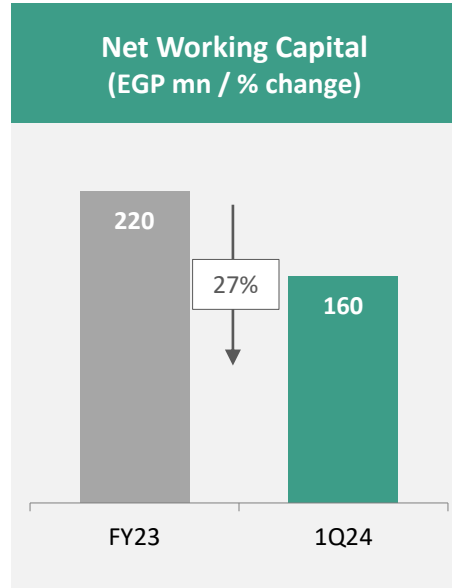
- **Macro's net revenues declined by 62% YoY reaching EGP 59.5 million in 1Q24**, this decline was primarily due to 67% lower volumes sold during the period despite a 15% increase in average pricing and better sales mix dynamics. The significant volume decline can be attributed to management's decision to normalize stock levels held by distributors and the one-off returns of obsolete Macro products during the period, this is set to normalize going forward. Additionally, according to IFRS 15 a 5% rights of return provision has been deducted from the sales value in 1Q24. This percentage will be revised quarterly.
- **Gross profit stood at EGP 36.5 million in 1Q24, marking a 68% YoY decline**, with margins falling by 12.9 pps to 61.3% during the period. The decline was primarily a result of inflationary and currency pressures affecting the costs of raw materials.
- **Adjusted EBITDA in 1Q24 came in at EGP -23.1 million, reflecting a 163% YoY decline**, which led to an adjusted EBITDA margin of -39%, down from 24% 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 26 pps and 28 pps Y-o-Y, respectively.
- **During FY23, Macro reported a net loss of EGP 78.1 million, a decline of 927% YoY**, resulting in a net loss margin of 131%, from a net profit margin of 6.1% 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 and a 34% increase in net finance costs, amounting EGP 13.8 million during the period, of which EGP 4.7 million was related to cash discounts. Normalized net loss, adjusted for one-time ESOP expenses, provisions and impairment losses on financial assets, amounted to EGP 40.7 million, reflecting 330% YoY decrease.



¹Adjusted for ESOP expenses, provisions & Impairment losses on financial assets

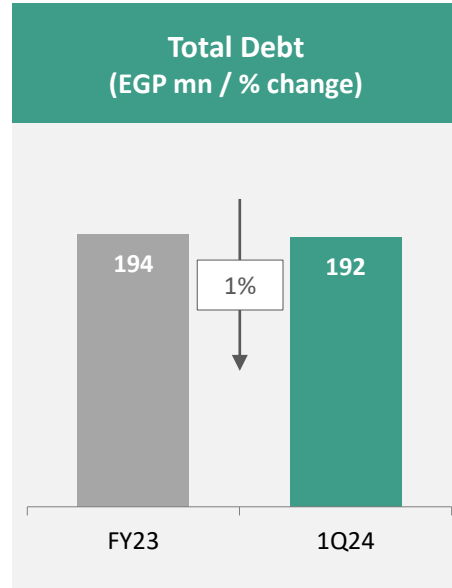


1Q24 | Balance Sheet Highlights



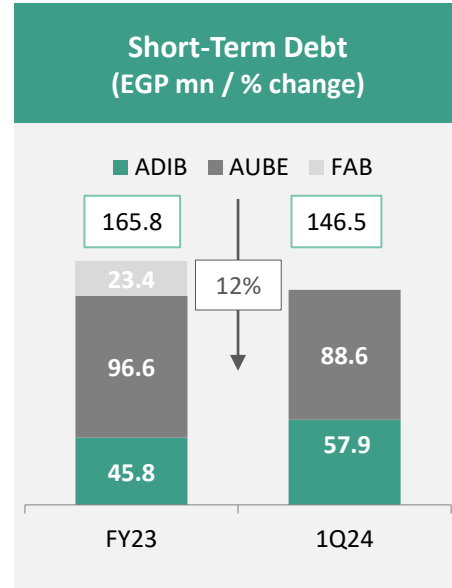
Net Working Capital

- Net working capital declined by 27% Ytd to come in at EGP 160 million as of 31 March 2024, with decline primarily driven by 47% reduction in receivables on the back of impairments of overdue balances, as well as a decline in payables by 17% over the same period.



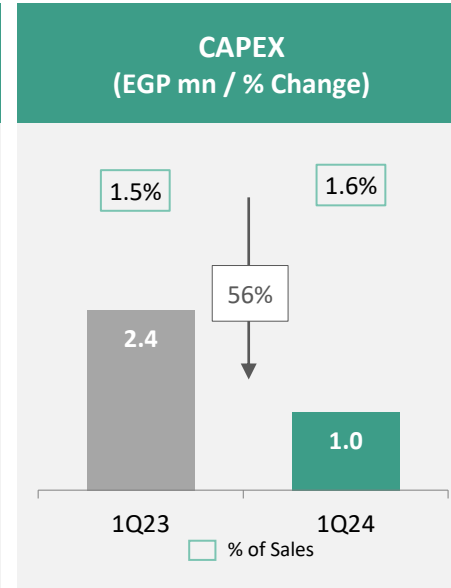
Total Debt

- Total debt, which consists of short-term loans (76% of total) and short & long-term lease liabilities (24% of total), recorded EGP 191.7 mn in 1Q24, unchanged from FY23. A 33% Y-o-Y decline in cash and bank balances saw net debt come in at EGP 141.3 mn in 1Q24 vs. a net debt balance of EGP 118.4 mn recorded in FY23.



Total Borrowing

- Total short-term borrowing came in at EGP 147 million as of 31 March 2024, down by 12% Y-o-Y, as we did not utilize any of the facility from FAB during the period.



CAPEX

- CAPEX stood at EGP 1.0 million in 1Q24 against the EGP 2.4 million booked last year, down by 56% y-o-y. Additions during the year were for the purpose of maintenance with CAPEX to sales remaining at 1.6% during the period, in line with management KPIs.



1Q24 | Working Capital Analysis



Cash Conversion Cycle (CCC)

- MACRO's CCC recorded 171 days in 1Q24, reflecting a decline of 213 days YoY, driven primarily by a 303-day increase in payables DPO, coupled with a 77-day decline in receivables DSO. This was partially offset by a 166-day growth in inventories DIO.

Inventories DIO

- Inventories DIO grew by 166 days YoY to record 590 days in 1Q24, on the back of returns of slow-moving Macro products. Despite that the inventory balance remained unchanged from 31 December 2023.

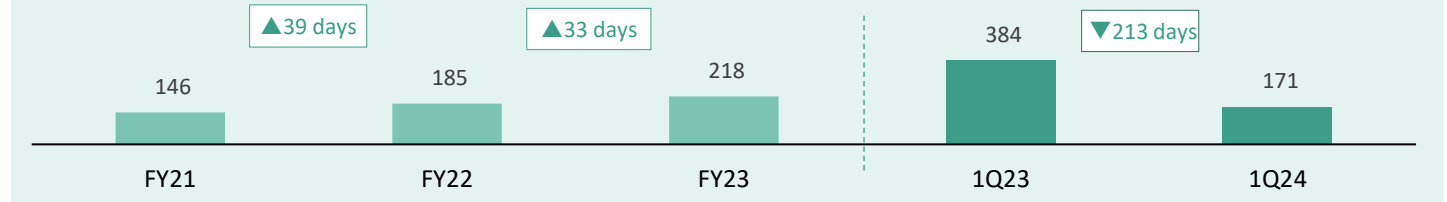
Receivables DSO

- Receivables DSO came in at 197 days in 1Q24, down by 77 days YoY on the back of management's decision to impair overdue receivables caused by the liquidity challenges experienced by key pharmaceutical distributors.

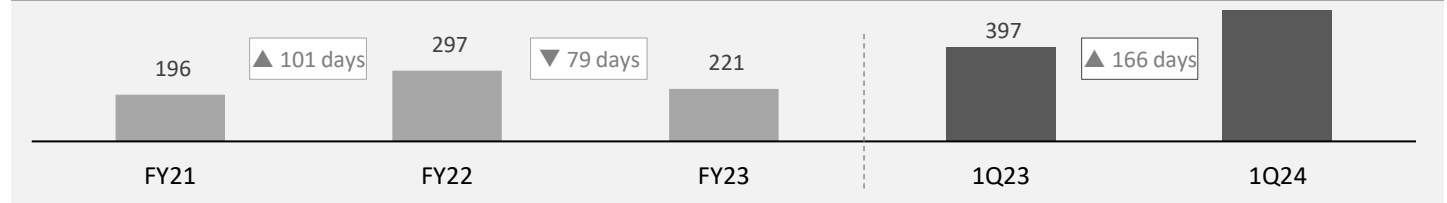
Payables DPO

- Payables DPO grew by 303 days in 1Q24 to record 590 days, with the relatively high value of payables attributable to the company's liquidity issues that are set to normalize going forward after receiving the shareholder loan

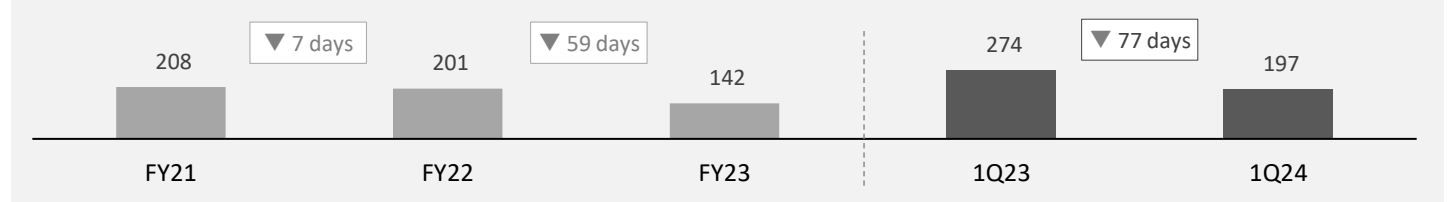
Cash Conversion Cycle | CCC



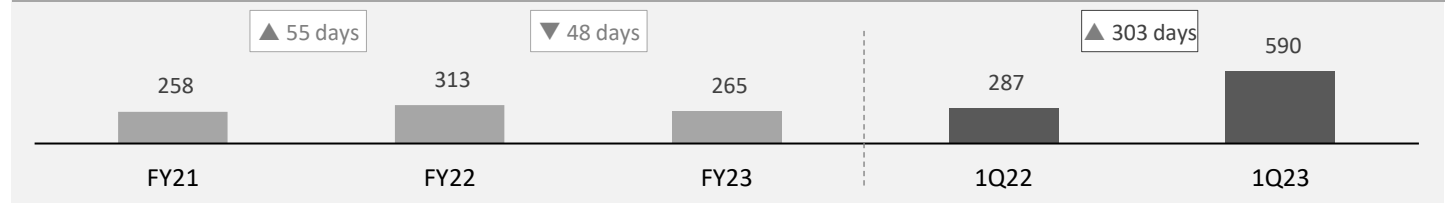
Inventories | DIO



Receivables | DSO



Payables | DPO





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 1Q24. We are looking to grow this contribution through signing new pharmacy chain agreements, namely for our premium brands. Additionally, we remain dedicated to preserving the “Macro Marketing and Sales Academy” to enhance our team’s expertise and insure the alignment with market dynamics

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 Uganda 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. Macro is strategically focused on facilitating the export of products that have faced challenges in the local market.



Appendix





1Q24 | Consolidated Income Statement



Consolidated Income Statement (EGP 000s)	1Q-2023	1Q-2024	% CHG Y-o-Y
Sales Revenue⁽¹⁾	155,200,653	59,536,121	-61.6%
COGS	(40,070,623)	(23,054,632)	-42.5%
Gross Profit	115,130,030	36,481,489	-68.3%
<i>Gross profit margin</i>	74.2%	61.3%	-12.9 pps
General & Administrative Expenses	(32,072,254)	(28,057,084)	-12.5%
Selling & Marketing Expenses	(49,860,074)	(35,549,990)	-28.7%
Other Income - Net	186,235	302,236	62.3%
Net Operating Profit	33,383,937	-26,823,349	-180.3%
<i>Net operating profit margin</i>	21.5%	-45.1%	-66.6 pps
Add back: Depreciation Expense	3,311,421	3,684,325	11.3%
Adjusted EBITDA	36,695,358	-23,139,024	-163.1%
<i>EBITDA margin</i>	23.6%	-38.9%	-62.5 pps
Impairment Losses on Financial Assets	0	(34,941,466)	n/a
Provisions Formed	(7,416,283)	0	-100.0%
Finance (cost)/ Income - Net	(10,279,143)	(13,805,346)	34.3%
Employee Stock Ownership Plan (ESOP)	(819,915)	(2,488,706)	203.5%
IPO cost	0	0	n/a
EBT	14,868,596	-78,058,867	-625.0%
Income Tax	(5,426,472)	(47,081)	-99.1%
Net Profit	9,442,124	-78,105,948	-927.2%
<i>Net Profit Margin</i>	6.1%	-131.2%	-137.3 pps

¹ Figure presented in 1Q24 is after deduction of EGP 6.96 million in right of return provisions



1Q24 | Consolidated Balance Sheet



Consolidated Balance Sheet (EGP 000s)	Dec-23	Mar-24	% CHG Y-o-Y
Inventories	141,563,256	144,192,252	1.9%
Trade and notes receivables	164,959,004	86,773,800	-47.4%
Prepayments & other debit balances	41,908,894	43,778,324	4.5%
Due from related parties	0	0	n/a
Cash & cash equivalents	75,309,682	50,428,367	-33.0%
Total Current Assets	423,740,836	325,172,743	-23.3%
PP&E	39,044,387	39,209,017	0.4%
Rights of use assets	23,699,990	40,921,176	72.7%
Intangible assets	1,926,451	1,809,519	-6.1%
Goodwill	25,280,108	25,280,108	0.0%
Total Non-Current Assets	89,950,936	107,219,820	19.2%
Total Assets	513,691,772	432,392,563	-15.8%
Trade and notes payable	86,213,009	71,174,617	-17.4%
Accrued expenses & credit balances	83,178,912	79,866,168	-4.0%
Short-term loans	165,832,406	146,542,987	-11.6%
Provisions	48,401,009	48,401,009	0.0%
Dividends payable	5,136,250	431,645	-91.6%
Due to related parties	0	0	n/a
Current income tax liability	293,767	382,693	30.3%
Lease liabilities - Short term	4,987,677	11,023,480	121.0%
Total Current Liabilities	394,043,030	357,822,599	-9.2%
Deffered income tax liability	2,415,576	2,373,731	-1.7%
Lease liabilities - Long term	22,902,608	34,156,136	49.1%
Total Non-Current Liabilities	25,318,184	36,529,867	44.3%
Total Liabilities	419,361,214	394,352,466	-6.0%
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)	(113,252,114)	319.7%
Total Equity Attributable to Equity Holders	94,211,437	37,915,325	-59.8%
Non-controlling interest	119,121	124,772	319.7%
Total Equity	94,330,558	38,040,097	-59.7%
Total Liabilities & Equity	513,691,772	432,392,563	-15.8%



1Q24 | Consolidated Cash Flow Statement

Consolidated Cash Flow Statement (EGP 000s)	1Q-2023	1Q-2024	% CHG Y-o-Y
<u>Cash flows from operating activities</u>			
Profit for the year before income tax	14,868,596	(78,058,867)	-625.0%
Adjustments for:			
Depreciation of property, plant and equipment	3,311,421	3,684,325	11.3%
Net interest expense/income	13,755,824	9,881,050	-28.2%
Provisions formed	0	0	n/a
Impairment of trade receivables/ inventories	7,416,283	0	-100.0%
Other income	(43,034)	34,274	
Operating profits before changes in working capital	39,309,090	(64,459,218)	-264.0%
Changes in working capital			
Inventory	(39,981,293)	(2,628,996)	-93.4%
Trade and notes receivables	(66,934,059)	78,185,204	-216.8%
Prepayments and other debit balances	(3,459,056)	(1,869,430)	-46.0%
Trade and notes payable	(7,229,357)	(15,038,392)	108.0%
Accrued expenses and other credit balances	(13,020,515)	(8,017,349)	-38.4%
Provisions used	0	0	n/a
Net cash flows generated from operating activities	(91,315,190)	(13,828,181)	-84.9%
Income tax paid	0	0	n/a
Interest paid	(13,555,646)	(9,674,748)	-28.6%
Net cash flow (used in) / generates from operating activities	(104,870,836)	(23,502,929)	-78%

Continued	1Q-2023	1Q-2024	% CHG Y-o-Y
<u>Cash flows from investing activities</u>			
Payments to purchase of property, plant and equipment	(2,395,292)	(1,046,573)	-56.3%
Payment for acquisition of available for sale investment	0	0	n/a
Payment for acquisition of Right of use assets	0	0	n/a
Interest received	805,218	793,559	-1.4%
Net cash flows used in investing activities	(1,590,074)	(253,014)	-84.1%
<u>Cash flows from financing activities</u>			
Proceeds from loans	41,653,828	83,388,015	100.2%
Principal elements of lease payments	(2,914,183)	(3,651,440)	n/a
Repayments of loans	(60,415,581)	(102,677,434)	70.0%
Payment for purchase of treasury shares	(29,970,000)	21,815,487	-172.8%
Dividends paid	0	0	n/a
Net cash flows used in financing activities	(51,645,936)	(1,125,372)	-97.8%
Net (decrease) / increase in cash and cash equivalents	(158,106,846)	(24,881,315)	-84.3%
Cash and cash equivalents at beginning of the period	186,751,962	75,309,682	-59.7%
Cash and cash equivalents at end of period	28,645,116	50,428,367	76.0%