MACRO PHARMACEUTICALS

Macro Group Pharmaceuticals Continues its Turnaround with Positive EBITDA Performance for 9M24 and Net Profit in 3Q24

Cairo, 12 November 2024 | Cairo, Egypt

Macro Group Pharmaceuticals (Macro Capital) S.A.E ("Macro" or the "Group"), a leading player in Egypt's cosmeceuticals sector, today announced its financial and operational performance for the nine months ending 30 September 2024.

Macro demonstrated resilience and strategic insight amid challenging market conditions, maintaining its growth and recovery focus. Revenues for 9M24 reached EGP 319 million, driven by targeted efforts to stabilize inventory levels and strengthen distributor relationships. The year-to-date revenue decrease reflects the implementation of stock coverage restrictions for key pharmaceutical distributors and a one-time write-off of obsolete inventory. Additionally, to align with international financial reporting standards, the Group adopted IFRS-15 provisions, including return rights, and reclassified rebates and bonuses in FY23, reinforcing its commitment to transparency. Third-quarter revenues reached EGP 164 million, marking a 71% increase quarter-on-quarter and signalling the start of Macro's growth phase, with core product coverage now optimized at two months as of September 2024.

Despite external challenges such as inflation, currency fluctuations, and occasional import disruptions, Macro achieved an adjusted gross profit of EGP 193 million, reflecting a strong 60.0% gross margin. This performance highlights the Group's effective cost management and operational efficiency. Adjusted EBITDA for 9M24 reached EGP 6.6 million, a marked improvement from the negative figures reported in the first half. In 3Q24, EBITDA rose to EGP 41 million with a robust 25% margin, underscoring Macro's commitment to operational optimization and liquidity management.

The Group recorded a net loss of EGP (66) million for 9M24. Adjusted for one-time impairment losses on financial assets, the normalized net loss was EGP (31) million, underscoring the Group's proactive financial management. On a sequential basis, Macro posted a net profit of EGP 23 million in 3Q24, a significant turnaround from the EGP (11) million net loss in 2Q24.

Looking forward, Macro remains dedicated to its strategic vision, with a focus on market expansion and volume growth, alongside ongoing operational efficiencies. Supported by shareholder loans totalling EGP 158 million, the Group is well-positioned to navigate current market challenges and continue delivering value to stakeholders, leveraging its leading market position and expertise in the cosmeceutical industry.

Financial & Operational Highlights

EGP 319	EGP 193 mn	EGP 19 mn	EGP 66 mn
9M24 Revenue	9M24 gross Profit	9M24 Adjusted EBITDA[1]	9M24 Net loss
▼ 46% YoY	▼ 55% YoY / 60.6% Margin	▼ 90% YoY / 6.1% Margin	▼ 167% YoY / -20.7% Margin

EGP 31 mn	EGP -0.12/-0.05	7.2 mn units
9M24 Normalized Net Loss[1]	9M24 EPS/Normalized EPS[2]	9M24 Volume Sold
▼ 130% YoY / -9.8% Margin	▼ 168% YoY / ▼ 129% YoY	▼ 36% YoY

[1] *Adjusted for impairment losses on financial assets*
[2] *Based on the weighted average number of shares outstanding*

Message from our Chairman

I am pleased to present Macro's financial and operational performance for the period ending September 30, 2024. Despite ongoing challenges such as inflation, currency devaluation, and import restrictions, Macro has demonstrated resilience and a steadfast commitment to growth and recovery.

The third quarter marked the beginning of our growth phase following a comprehensive review of our revenue cycle management and supply chain controls. Thanks to the dedication of our newly appointed management team, we achieved positive EBITDA for both 9M24 and 3Q24. We also saw net income of EGP 23 million in the quarter, driven by normalized stock levels and a renewed focus on top-line growth alongside cost optimization.

While sales in 9M24 were impacted by temporary factors such as volume reductions and liquidity constraints within Egypt's pharmaceutical distribution network, we made significant progress in 3Q24. Quarterly revenue grew by 71% as we concentrated our sales and marketing efforts on higher-value products. Following proactive measures in 1Q24 to manage stock coverage and streamline supply chain controls, demand for our products at the pharmacy level has strengthened, leaving us optimistic about future sales growth.

In 9M24, direct pharmacy sales accounted for 6% of revenue, with key accounts and wholesalers contributing 45% and 43%, respectively. This diversified distribution approach supports an optimal balance of profitability and working capital, laying a foundation for sustainable growth. Expanding exports remains a key strategy to counter local challenges, mitigate currency risks, and broaden our market reach. During the period, export revenue reached EGP 20 million, a 2% increase year-on-year, bringing exports to 6% of total sales compared to 3% last year.

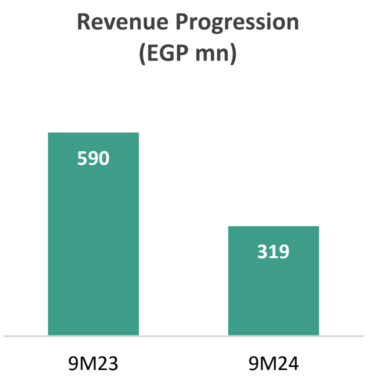
Despite the revenue decline, Macro preserved strong gross profit margins in 9M24, with gross profit reaching EGP 193 million at a 60.6% margin. Although adjusted EBITDA for 9M24 was EGP 19.4 million with a margin of 6.1%, this decline primarily reflected reduced operating profitability and increased selling, marketing, and administrative expenses as a percentage of sales. In 3Q24, however, adjusted EBITDA rose to EGP 40.6 million, up from EGP 4.4 million in 2Q24, supported by higher sales volumes and enhanced efficiency through our cost-saving measures. This improvement led to a net income of EGP 22.6 million for the quarter, a substantial recovery from the net loss of EGP -10.7 million in 2Q24.

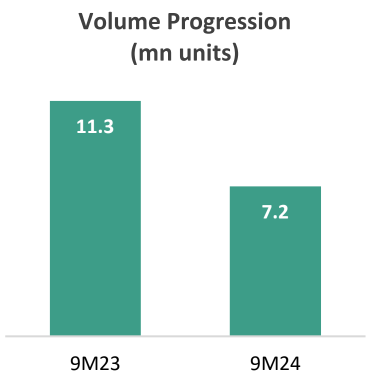
Looking ahead, we remain focused on driving product volume, revenue, and profitability growth. We are committed to leveraging our market leadership, advancing innovation through cutting-edge products, and maintaining our focus on excellence. Our robust marketing and distribution networks will be critical in capturing the opportunities that lie ahead.

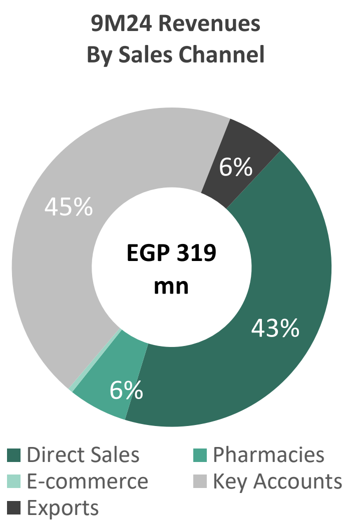
We are optimistic about Macro's future and confident in our strategic direction as we navigate the economic landscape and position ourselves for sustained growth. This confidence is reflected in the support of our shareholders, who have extended an EGP 158 million loan to fund our restructuring and working capital needs.

Dr. Ahmed Elnayeb, Chairman of Macro Group

Consolidated Financial Review







Revenues

Macro recorded consolidated revenues of EGP 319 million in 9M24, down by 46% YoY, primarily due to 36% lower volumes sold and in-year adjustments for the right of return provisions and the reclassification of rebate and bonus expenses. This was only slightly offset by better sales mix dynamics. The decrease in the quantity of products sold was primarily influenced by the destocking of products within the pharmaceutical distribution chain, and the one-off returns of obsolete Macro products held by distributors during the period. On the other hand, there was a significant QoQ sales recovery with 3Q24 revenue at EGP 164 million, up 71% from 2Q24. This highlights the start of Macro's growth phase with core products reaching an optimal coverage of 2 months as of September 2024, management can shift their focus towards growing top line.

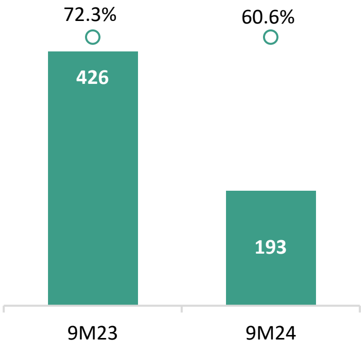
Revenues by Sales Channel

Macro Group sells its products through its direct distribution channels, consisting of sales to wholesalers, retailers and through e-commerce, in addition to its indirect distribution channels, comprising of key accounts and exports.

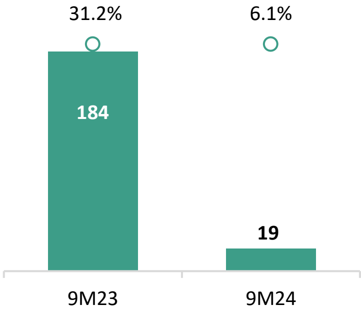
Direct Distribution Channels. Revenues from direct sales channels came in at EGP 177.2 million in 9M24, down by 54% YoY and contributing 49% to total revenues. Wholesale revenues declined by 55% YoY while direct pharmacy sales recorded EGP 19.9 million during the period, growing its overall contribution to revenue to 6% from 4% last year. Management continues to focus on increasing its presence within the direct pharmacy channel to enhance the collection processes and create the optimal blend of profitability and working capital structure. E-commerce revenue was EGP1.7 million in 9M24, down 82.1% from last year and contributing 0.5% to overall revenue.

Indirect Distribution Channels. Indirect sales channel revenue contribution was 51% in 9M24 with total revenue recording EGP 181 million, down 13% YoY. This was primarily driven by a 14% Y-o-Y decline in key accounts sales to EGP 161 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 20.1 million, up 1.6% YoY, as Macro continues to grow its export presence to hedge against foreign currency risk. The Company is currently preparing its second shipment to Saudi Arabia and has successfully entered Somalia with the first order taking place in 9M24.

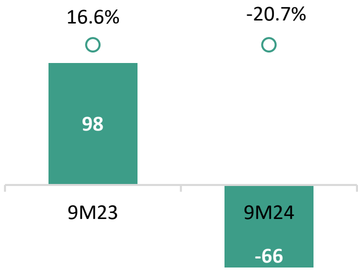
Gross Profit and Margin Progression
(EGP mn | %)



EBITDA and Margin Progression
(EGP mn | %)



Net Profit and Margin Progression
(EGP mn | %)



Gross Profit

Gross profit stood at EGP 193 million in 9M24, marking a 55% YoY decline, with margins falling by 11.7 pps to 60.6% during the period. The decline was primarily a result of the reclassification of rebate and bonus expenses, discounts applied on slow-moving products and a 5% right of return discount booked during the period. In addition to the one-off return of obsolete Macro products and inflationary and currency pressures affecting the costs of raw materials.

SG&A Expense

During 9M24, selling and marketing expenses amounted to EGP 110 million, marking a 32.8% YoY decline. Macro is committed to improving optimization and efficiency by implementing various cost-saving measures, such as restructuring its marketing budget to ensure a reasonable return on investment

Additionally, general and administrative expenses totaled EGP 81.3 million, down by 8.8% YoY as the company continues its efforts to optimize its operational efficiency and maximize EBITDA growth.

Adjusted EBITDA

Adjusted EBITDA in 9M24 came in at EGP 19.3 million, down by 90% from last year, which led to an adjusted EBITDA margin of 6.1%, compared to 31.2% in 9M23. The decline in the Company’s EBITDA margin stemmed from lower operating margins and higher S&M and G&A expenses to sales. However, on a sequential basis adjusted EBITDA recorded EGP 40.6 million, up from EGP 4.4 million in 2Q24 yielding a margin of 24.8% during the quarter. This resulted from lower S&M and G&A to sales which were down 13 pps and 12 pps, respectively.

Net Profit

During 9M24, Macro reported a net loss of EGP 66.1 million, from a net profit of EGP 98.1 million during 9M23 and yielding a net margin of -20.7%, down from 16.6% last year. The decline was primarily driven by the exceptionally low operating profitability and a hike in one-off impairment losses on financial assets, amounting to EGP 35 million. This was slightly offset by a 12% lower net finance cost amounting to EGP 38 million for the period. Normalized net loss, adjusted for one-off impairment losses on financial assets, amounted to EGP 31.2 million, down from a net profit of EGP 103 million in 9M23.

Cash Conversion Cycle

MACRO’s CCC recorded 304 days in 9M24, reflecting a decline of 120 days YoY, driven primarily by a 49-day decline in Inventories DIO, a 66-day decline in receivables DSO, and a slight growth of 5-days in payables DPO. The decline in DIO was primarily related to EGP 61 million in inventory write-offs during the period. Additionally, DSO declined because of the one-time write-off of overdue receivables. Management is working to effectively ‘reset’ its working capital cycle through utilizing the EGP 158 million shareholder loan to secure key raw materials, maintain its healthy 2-month stock coverage ratio on core products while continuing in their efforts to liquidate any slow-moving or near-expiry inventories.

Total Debt

Total debt, which consists of shareholder loan (57% of total), bank overdrafts (29% of total) and short & long-term lease liabilities (13% of total), recorded EGP 275.1 million in 9M24, up 42% from 31 December 2023. This was mainly due to receiving a shareholder loan amounting to EGP 158 million during the period. A 64% Ytd growth in cash and bank balances saw net debt at EGP 151.5 million as of 30 September 2024 vs. a net debt balance of EGP 118.4 million recorded as of 31 December 2023.

Fixed Assets

Net fixed assets came in at EGP 42.3 million as of 30 September 2024, up 8.2% Ytd. Meanwhile, CAPEX stood at EGP 6.9 million in 9M24 against EGP 6.3 million booked last year, up 9.5 Y-o-Y. Additions during the year were for the purchase of a cream filling machine and POV machine. CAPEX to sales was at 2.2% during the period, reflecting management's commitment to meeting the year's targets.

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For further information, please contact:

Macro Group Pharmaceuticals
Zeina Shahin
Investor Relations Section Head
Phone: +2 0102 442 2430
e-mail: zeina.shahin@macro-egy.com
IR Website: **http://ir.macro-egy.com**

About Macro Group Pharmaceuticals (Macro Capital) S.A.E.

Established in 2005 as a joint partnership by Dr. Ahmed El Nayeb and his partner, Macro Group is one of the leaders in Egypt's fast-growing Cosmeceuticals space, with a market share of 31.4% recorded in 2022 according to IQVIA[1], based on the therapeutic areas in which it operates. The Company is principally engaged in the manufacture and sale of cosmeceutical and has recently ventured into nutraceutical products. While all of the Company's products are available over-the-counter, Macro Group also utilizes a prescription-based sales strategy and generates demand through an incentivized medical salesforce of more than 490 employees who target physicians and pharmacies nationwide. The majority of Macro Group's diverse portfolio of 171 marketed SKUs as of 31 December 2023 is manufactured in-house at its production facility in Badr City. The Company's local-brand portfolio includes household names such as Orovex, Gold, Scaro, Topi-Gent and Frost. By developing its own branded products which are both cosmetic and may help achieve a therapeutic effect, the Company offers an attractive value proposition and benefits from an advantageous regulatory framework for cosmetics as well as the defensive attributes and demand profile of prescription-based pharmaceuticals.

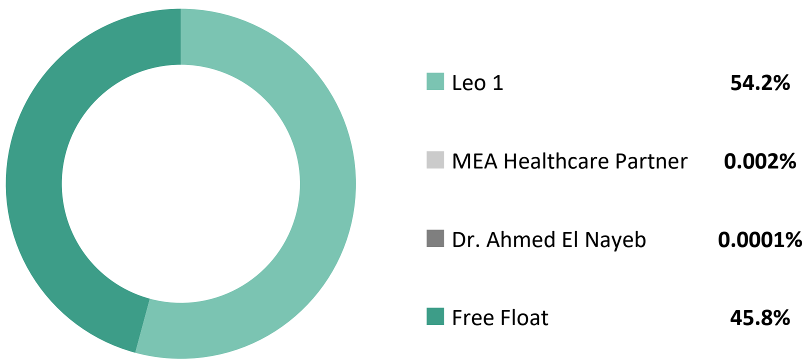
For more information about Macro Group, please visit: www.macro-egy.com.

[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, significantly increasing Macro's market share from 2021.

For further information, please contact:

Zeina Shahin
Investor Relations Section Head
Phone: +2 0102 442 2430
Email: zeina.shahin@macro-egy.com
IR Website: **http://ir.macro-egy.com**

Shareholding Structure



Forward-looking Statements

This communication contains certain forward-looking statements. A forward-looking statement is any statement that does not relate to historical facts and events, and can be identified by the use of such words and phrases as "according to estimates", "anticipates", "assumes", "believes", "could", "estimates", "expects", "intends", "is of the opinion", "may", "plans", "potential", "predicts", "projects", "should", "to the knowledge of", "will", "would", or, in each case, their negatives, or other similar expressions that are intended to identify a statement as forward-looking. This applies, in particular, to statements containing information on future financial results, plans, or expectations regarding our business and management, our future growth or profitability and general economic and regulatory conditions and other matters affecting us.

Forward-looking statements reflect our management's ("Management") current views of future events, are based on Management's assumptions, and involve known and unknown risks, uncertainties, and other factors that may cause our actual results, performance, or achievements to be materially different from any future results, performance, or achievements expressed or implied by these forward-looking statements. The occurrence or non-occurrence of an assumption could cause our actual financial condition and results of operations to differ materially from, or fail to meet expectations expressed or implied by, such forward-looking statements. Our business is subject to a number of risks and uncertainties that could also cause a forward-looking statement, estimate, or prediction to become inaccurate. These risks include fluctuations in the prices of raw materials or employee costs required by our operations, its ability to retain the services of certain key employees, its ability to compete successfully, changes in political, social, legal, or economic conditions in Egypt, worldwide economic trends, the impact of war and terrorist activity, inflation, interest rate and exchange rate fluctuations, and Management's ability to timely and accurately identify future risks to our business and manage the risks mentioned above.

Certain figures contained in this document, including financial information, have been subject to rounding adjustments. Accordingly, in certain instances, the sum or percentage change of the numbers contained in this document may not conform exactly to the total figure given.

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Consolidated Income Statement

Macro Group Pharmaceuticals (Macro Capital) S.A.E - Consolidated statement of profit and loss for the three-month period ended 30 September 2024

Consolidated Income Statement (EGP)	9M-2023	9M-2024	% CHG Y-o-Y
Sales Revenue[(1)]	589,530,428	319,207,782	*-45.9%*
COGS	(163,175,878)	(125,858,362)	*-22.9%*
Gross Profit	**426,354,550**	**193,349,420**	***-54.7%***
Gross profit margin	*72.3%*	*60.6%*	***-11.7 pps***
G&A Expenses	(89,161,421)	(81,356,919)	*-8.8%*
S&M Expenses	(163,773,278)	(110,121,967)	*-32.8%*
Other Income – Net	228,643	4,711,384	*1960.6%*
Net Operating Profit	**173,648,494**	**6,581,918**	***-96.2%***
Net operating profit margin	*29.5%*	*2.1%*	***-27.4 pps***
Add back: Depreciation Expense	10,484,897	12,782,499	*21.9%*
EBITDA	**184,133,391**	**19,364,417**	***-89.5%***
EBITDA margin	*31.2%*	*6.1%*	***-25.2 pps***
Impairment Losses on Financial Assets	(8,096,007)	(34,941,466)	*331.6%*
Provisions	5,892,592		*-100.0%*
Finance income/(cost)	(42,761,204)	(37,666,178)	*-11.9%*
Employee Stock Ownership Plan (ESOP)	(2,459,745)	0	*-100.0%*
EBT	**126,224,130**	**-66,025,726**	***-152.3%***
Income Tax	(28,122,554)	(74,684)	*-99.7%*
Net Profit	**98,101,576**	**-66,100,410**	***-167.4%***
Net Profit margin	*16.6%*	*-20.7%*	***-37.3 pps***

[1] *Figure presented in 9M24 is after deduction of EGP 23.4 million in right of return provisions*

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Consolidated Balance Sheet

Macro Group Pharmaceuticals (Macro Capital) S.A.E - Consolidated statement of financial position as of 30 September 2024

Consolidated Balance Sheet (EGP)	Dec-23	Sep-24	% CHG Y-o-Y
Inventories	141,563,256	109,293,314	-22.8%
Trade and notes receivables	164,959,004	198,496,412	20.3%
Prepayments & other debit balances	41,908,894	44,091,349	5.2%
Financial asset through profit or loss	0	0	n/a
Cash & cash equivalents	75,309,682	123,588,579	64.1%
Total Current Assets	**423,740,836**	**475,469,654**	**12.2%**
PP&E	39,044,387	42,256,320	8.2%
Right of use assets	23,699,990	30,379,692	28.2%
Intangible assets	1,926,451	1,575,656	-18.2%
Goodwill	25,280,108	25,280,107	0.0%
Total Non-Current Assets	**89,950,936**	**99,491,775**	**10.6%**
Total Assets	**513,691,772**	**574,961,429**	**11.9%**
Trade and notes payable	86,213,009	63,128,859	-26.8%
Accrued expenses & credit balances	83,178,912	136,861,324	64.5%
Short-term loans	165,832,406	111,816,828	-32.6%
Provisions	48,401,009	46,917,998	-3.1%
Dividends payable	5,136,250	431,645	-91.6%
Current income tax liability	293,767	245,770	-16.3%
Short-term lease liability	4,987,677	10,534,519	111.2%
Total Current Liabilities	**394,043,030**	**369,936,943**	**-6.1%**
Deferred tax liability	2,415,576	2,186,108	-9.5%
Long-term lease liabilities	22,902,608	25,659,756	12.0%
Loan from related party	0	127,132,987	n/a
Total Non-Current Liabilities	**25,318,184**	**154,978,851**	**512.1%**
Total Liabilities	**419,361,214**	**524,915,794**	**25.2%**
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)	(101,260,439)	275.2%
Total Equity Attributable to Equity Holders	**94,211,437**	**49,907,000**	**-47.0%**
Non-controlling interest	119,121	138,635	16.4%
Total Equity	**94,330,558**	**50,045,635**	**-46.9%**
Total Liabilities & Equity	**513,691,772**	**574,961,429**	**11.9%**