



Third Quarter 2021 Financial Results Conference Call

NASDAQ: PROC

November 23, 2021



Forward Looking Statements

Use of Projections

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The financial statement information and data contained in this presentation have been prepared in accordance with the International Financial Reporting Standards issued by the International Accounting Standards Board.

Use of Non IFRS Financial Measures

This presentation includes non-IFRS financial measures, including EBITDA, Adjusted EBITDA, Adjusted EBITDA margin, LTM Adjusted EBITDA, LTM Adjusted EBITDA margin and Net Debt-to-LTM Adjusted EBITDA ratio. Management believes that these non-IFRS measures of financial results provide useful information to management and investors regarding certain financial and business trends relating to Procaps' financial condition and results of operations. Procaps believes that the use of these non-IFRS financial measures provide an additional tool for investors to use in evaluating ongoing operating results and trends. Management does not consider these non-IFRS measures in isolation or as an alternative to financial measures determined in accordance with IFRS. Other companies may calculate non-IFRS measures differently, and therefore the non-IFRS measures of Procaps included in this presentation may not be directly comparable to similarly titled measures of other companies.

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Today's Presenters

Ruben Minski

Procaps | Founder + Chairman of the Board + Chief Executive Officer



Patricio Vargas

Procaps | Global CFO
~24 years of experience



 Northeastern University
Chemical Engineering



Owners / President Management Program



Founder, President and Director (44 years)



Electrical & Industrial Engineering



MBA



Advanced Management Program



Finance Vice President & Treasurer



Chief Executive Officer



Chief Financial Officer



Agenda

- I. Key Third Quarter 2021 Highlights**
- II. Financial Summary
- III. Investment Summary
- IV. Q&A
- V. Appendix

Key Messages – Organic Growth

Organic Growth has Exceeded Expectations for 2021

- January PIPE Fundraising – ~\$300mm LTM Net Revenues
- September 30, 2021 – Over \$400mm LTM Net Revenues

Fundamentals Driving Growth Remain Healthy

- Double Digit Growth Rates in Four Out of Five Divisions 2021 YTD and Q3 2021
- YTD Growth Rate 33% versus ~20% as per our original guidance

Consistent Growth Across Products and Geographies

- Accelerated Growth, Particularly Procaps Colombia, CAN and CASAND, Driven by Rx and OTC
- Product Launches Have Been Key Driver of Growth
- Renewal Rate Approaching 25% Target

Regional B2C Leader in **South** and **Central America**

Global Player in the B2B Segment

~99% Proprietary Portfolio of Branded RX and OTC Products

Mid-teens Annual Organic Growth Rate

Key Messages – Internationalization

Sale of Successful Products Outside of Colombia One of Our Primary Focuses

- Combining all Markets in the Region, as of September 30th, Continues to be the Highest Growth Pharmaceutical Company in Latin America with 2.4% Market Share
- Internationalized over 67 products in Q3 2021
- Pipeline of Over 600 Product Launches Next 3 Years
- Commercial Capabilities and Routes to Market Outside of Colombia
- Key Driver For Future Growth

Continue to Diversify as Colombia Growth Remains Strong

- Diversify by Region
- Diversify by Product
- Colombia Market Share Growth 2x Market Growth

Ranking	Company	%Market share 3Q'20	%Market share 3Q'21	%Growth
1	Procaps	2.09%	2.43%	17%
2	Bago Corp	2.10%	2.28%	9%
3	Tecnofarma	1.66%	1.80%	8%
4	Megalabs Corporation	4.79%	5.12%	7%
5	Tecnoquimicas	3.16%	3.26%	3%
6	Menarini	1.79%	1.82%	2%
7	Astrazeneca	1.41%	1.40%	-1%
8	Procter & Gamble	2.52%	2.47%	-2%
9	Novartis	1.60%	1.55%	-3%
10	Pfizer	2.74%	2.62%	-4%
11	Siegfried	1.79%	1.69%	-5%
12	Bayer S.A	4.51%	4.26%	-6%
13	GSK Corp	3.14%	2.88%	-8%
14	Abbott	5.13%	4.61%	-10%
15	Sanofi	5.51%	4.89%	-11%

Key Messages – Investment in Product Launches

Investing in Innovative Product Launches

- Ensure Success to Fund Future Growth
- Accelerated Growth from OTC and Rx Products Require Launch Support
- Increased Marketing Taking Advantage of Favorable Opportunities

Ensuring Success of Proprietary Products Leads to Long-term Benefits for our Company

B2B	B2C			
iCDMO	Prescription Drugs	OTC Products	Diabetes	
Integral CDMO	Branded prescription drugs	High-complexity drugs for hospital use	OTC consumer healthcare products	Diabetes solutions
 B2B CDMO Customers Globally				
 Analgesics	 Female Care	 Antibiotics	 Vitamins	 BGMS

Key Messages – Capital Structure to Achieve Growth

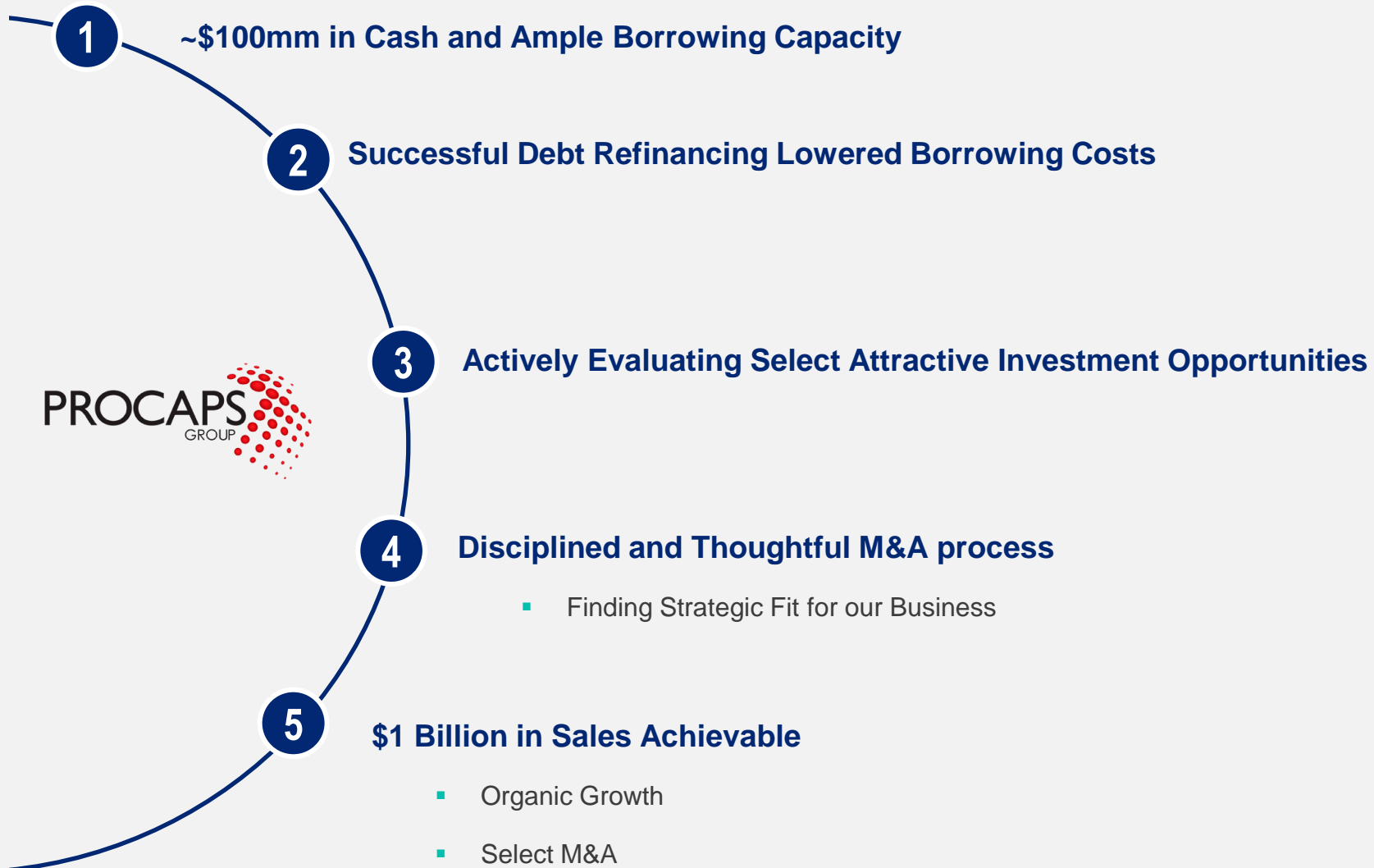




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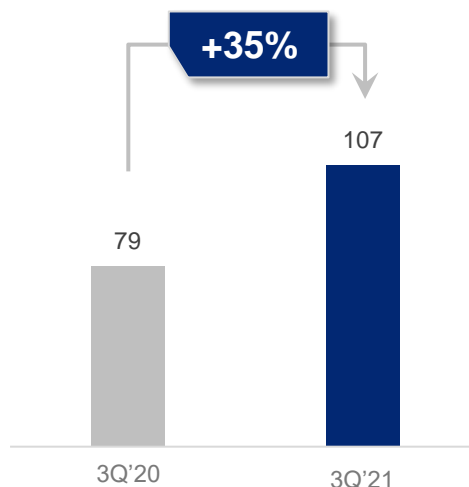
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Key Financial Updates

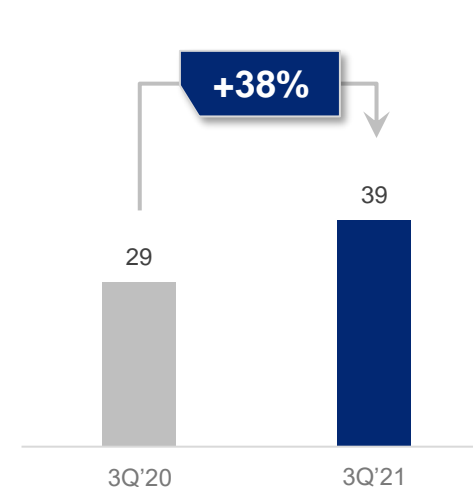
Strong Year-to-Date Performance

- **Growth both top line and in profitability vs. 3Q'20**
 - ~35% growth in net revenue and contribution profit
 - ~30% growth in Adjusted EBITDA
- **LTM Adjusted EBITDA of ~\$100.3mm, representing a ~25% margin**

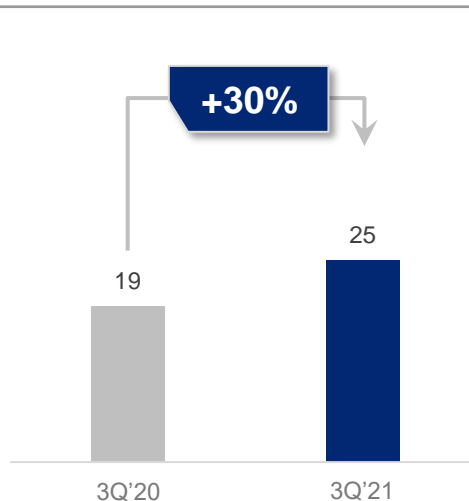
Net Revenue Growth (USD mm)



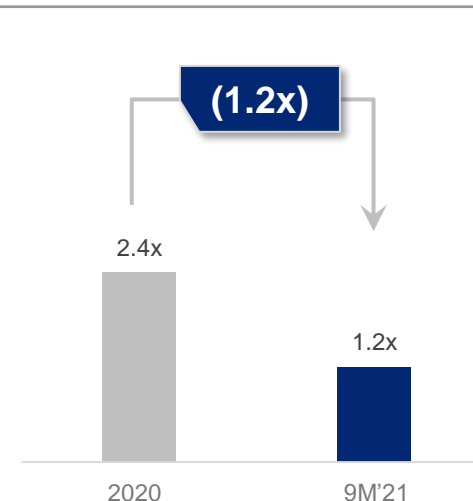
Contribution Profit¹ (USD mm)



Adjusted EBITDA (USD mm)



Net Debt / LTM Adj. EBITDA



Key Financial Updates

Net Revenue YTD Performance by SBU

Growth Driven By:

- Higher Demand of Products Manufactured for Third Parties
- Demand Achieved Through our Rx and OTC Brands
- New Product Launches and Continued Rollout of our Existing Portfolio in New Countries, Across Every SBU
- Four Out of Our Five Business Units Experienced Robust, Double-Digit Net Revenue Growth

SBU		Net Revenue (USD mm)			
		3Q'20	3Q'21	Growth	
B2B	CDMO Services	Nextgel	30	31	+3%
		<hr/>			
B2C	Rx Drugs and OTC Products	Procaps Colombia	27	41	+50%
		<hr/>			
		CenAm North	7	13	+84%
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		CenAm South & Andean Region	8	14	+67%
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	Diabetes Solutions	Diabetrics	6	7	+25%
		Total Net Revenue	\$79	\$107	+35%
		Total Adj. EBITDA	\$19	\$25	+30%

Key Financial Updates

Balance Sheet and Cash Position



- **Improved Capital Structure Prepares the Way to Pursue Strategic Investments**
- **The Cash on Hand Yields Net-debt to Adjusted EBITDA of 1.2x**
- **Reprofiling of Debt with Private Placement, We Expect to Have a Quick Ratio of 1.1x**
- **Debt Related to Put Options Extinguished, Strengthening the Balance Sheet**

USD\$MM	2020		9M'21		9M'21 Proforma ⁽¹⁾	
Short term	103	51%	117	53%	57	26%
Long term	100	49%	102	47%	166	74%
Total debt	203	100%	219	100%	224	100%
Put Options	239		0		0	
Total borrowings	442		219		224	
Cash and equivalents	4		100		100	
Total net debt ⁽²⁾	199		118		123	
LTM EBITDA	85		100		100	
Net debt / EBITDA	2.4x		1.2x		1.2x	
Quick Ratio	0.5x		0.8x		1.1x	
Total equity	(256)		36		36	

Source: Procaps

(1) The Pro Forma column gives pro forma effect to the issuance of the \$115 million Senior Notes by Procaps, S.A. and the prepayment of \$60 million in short-term debt and \$51 in long-term debt with the proceeds therefrom.

(2) Total net debt excludes debt related to the Put Options Agreements



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Investment Summary





Questions & Answers



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Use of Non-IFRS Financial Measures

Use of Non-IFRS Financial Measures

Our management uses and discloses EBITDA, Adjusted EBITDA, Adjusted EBITDA margin, LTM Adjusted EBITDA, LTM Adjusted EBITDA margin and Net Debt-to-LTM Adjusted EBITDA ratio, which are non-IFRS financial information to assess our operating performance across periods and for business planning purposes. We believe the presentation of these non-IFRS financial measures is useful to investors as it provides additional information to facilitate comparisons of historical operating results, identify trends in our underlying operating results and provide additional insight and transparency on how we evaluate our business. These non-IFRS measures are not meant to be considered in isolation or as a substitute for financial information presented in accordance with International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board and should be viewed as supplemental and in addition to our financial information presented in accordance with IFRS.

We define EBITDA as profit (loss) for the period before interest expense, net, income tax expense and depreciation and amortization. We define Adjusted EBITDA as EBITDA further adjusted to exclude certain isolated costs incurred as a result of the COVID-19 pandemic, transaction expenses related to the business combination with Union Acquisition Corp. II, certain costs related to business transformation initiatives, certain foreign currency translation adjustments and certain other finance costs adjustments. We also report Adjusted EBITDA as a percentage of net revenue as an additional measure so investors may evaluate our Adjusted EBITDA margins. None of EBITDA, Adjusted EBITDA or Adjusted EBITDA margin are presented in accordance with generally accepted accounting principles (“GAAP”) or IFRS and are non-IFRS financial measures.

We use EBITDA, Adjusted EBITDA, Adjusted EBITDA margin, LTM Adjusted EBITDA and Net Debt-to-LTM Adjusted EBITDA ratio for operational and financial decision-making and believe these measures are useful in evaluating our performance because they eliminate certain items that we do not consider indicators of our operating performance. EBITDA, Adjusted EBITDA, Adjusted EBITDA margin, LTM Adjusted EBITDA and Net Debt-to-Adjusted EBITDA ratio are also used by many of our investors and other interested parties in evaluating our operational and financial performance across reporting periods. We believe that the presentation of EBITDA, Adjusted EBITDA, Adjusted EBITDA margin, LTM Adjusted EBITDA and Net Debt-to-LTM Adjusted EBITDA ratio provides useful information to investors by allowing an understanding of key measures that we use internally for operational decision-making, budgeting, evaluating acquisition targets, and assessing our operating performance.

EBITDA, Adjusted EBITDA, Adjusted EBITDA margin, LTM Adjusted EBITDA and Net Debt-to-LTM Adjusted EBITDA ratio are not recognized terms under IFRS and should not be considered as a substitute for net income (loss), cash flows from operating activities, or other income or cash flow statement data. These measures have limitations as analytical tools, and should not be considered in isolation or as substitutes for analysis of our results as reported under IFRS. We strongly encourage investors to review our financial statements in their entirety and not to rely on any single financial measure.

Because non-IFRS financial measures are not standardized, EBITDA, Adjusted EBITDA, Adjusted EBITDA margin, LTM Adjusted EBITDA and Net Debt-to-LTM Adjusted EBITDA ratio, as defined by us, may not be comparable to similarly titled measures reported by other companies. It therefore may not be possible to compare our use these non-IFRS financial measures with those used by other companies.

The following table contains a reconciliation of profit for the period to EBITDA, Adjusted EBITDA and Adjusted EBITDA margin for the periods presented. Procaps Group is unable to present a reconciliation of its third quarter 2021 net revenue and Adjusted EBITDA guidance because management cannot reliably predict all of the necessary components of such measures. Accordingly, investors are cautioned not to place undue reliance on this information.

Reconciliation of Adjusted EBITDA and Adjusted EBITDA Margin

Unaudited Financial Information	Three Months Ended September 30		% Change
	2021	2020	
	(in millions of U.S. dollars except percentages)		
Profit (loss) for the period	(36.9)	(1.0)	-3707.1%
Interest expense, net	50.7	14.2	255.8%
Income tax expense	3.6	(0.8)	-574.8%
Depreciation and amortization	4.2	3.2	33.3%
EBITDA	21.5	15.7	37.2%
COVID-19 impact adjustments ⁽¹⁾	1.3	1.9	-33.7%
Transaction expenses ⁽²⁾	1.6	-	N/A
Business transformation initiatives ⁽³⁾	-	0.5	-100.0%
Foreign currency translation adjustments ⁽⁴⁾	0.6	0.7	-16.7%
Other finance costs adjustments ⁽⁵⁾	0.1	0.5	-85.4%
Adjusted EBITDA	25.0	19.3	29.9%
Adjusted EBITDA margin	23.4%	24.3%	

Source: Procaps

(1) COVID-19 impact adjustments primarily include: (i) expenses incurred for safety pre-cautions during the pandemic, such as employee COVID-19 testing, vaccination, office and production infrastructure adaptation to practice social distancing, to maintain a safe work and production environment for the employees, (ii) operating and production expenses incurred in connection with hiring of additional employees and costs paid to third party agencies for such hiring, contractors and production sub-contractors in order to mitigate any decrease in production and operating capabilities of Procaps Group as a result of employees absenteeism or attrition as a result of the COVID-19 pandemic, (iii) expense incurred for certain logistic arrangements to minimize Procaps employees' exposure to COVID-19 through arranging transportation from home to work, lodgings, face masks and PPE, (iv) additional costs incurred to acquire certain raw materials that are essential to production due to the lockdowns of suppliers' factories and ports of entry worldwide, and additional logistic costs due to delays, (v) expenses of certain one-time financial discounts that Procaps provided to its customers, such as medicine distributors, during the COVID-19 pandemic due to financial and liquidity difficulties and customers' inability to settle invoices as a result of the effects of the COVID-19 pandemic and governmental restrictions such as lockdowns, and (vi) other miscellaneous expenses resulted from COVID-19 pandemic.

(2) Primarily includes capital markets advisory fees, incremental audit cost and consulting, accounting and legal expenses incurred in connection with the business combination with Union Acquisition Corp. II (NASDAQ: LATN).

(3) Business transformation initiatives consists of costs and expenses in connection with severance payments made to separate employees from Procaps for certain business transformation initiatives implemented during the three months ended September 30, 2020.

(4) Foreign currency translation adjustments represent the reversal of exchange losses recorded by Procaps Group due to foreign currency translation of monetary balances of certain of its subsidiaries from U.S. dollars into the functional currency of those subsidiaries as of September 30, 2021 and 2020.

(5) Other finance costs adjustments represent non-operating expenses incurred by Procaps Group, primarily including additional interests incurred by Procaps Group due to the withholding tax obligations of certain financial institutions outside of Colombia.



Thank You

Investor Relations

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