

NASDAQ: PROC



3Q22 & 9M22 Financial Results

November 16, 2022



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Chief Financial Officer



Northeastern
University

Chemical
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HARVARD
BUSINESS SCHOOL

Owners / President
Management
Program



Founder,
President
and Director
(44 years)



Electrical &
Industrial
Engineering



MBA



HARVARD
BUSINESS SCHOOL

Advanced
Management
Program



Finance Vice
President &
Treasurer



Chief Executive
Officer



Chief Financial
Officer



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3Q22 & 9M22 Highlights


Continued progress in strategy execution



140+ products launched in 9M22


180+ products in registration phase

24% Renewal rate






~5% of net revenues invested in R&D during 9M22

~7% of net revenues as CAPEX




Focus on ESG agenda and emissions reduction



NET REVENUES	3Q22	9M22
	\$110M +3% vs. 3Q21 +11% in constant currency*	\$308 M +9% vs. 9M21 +15% in constant currency*
B2C 	\$74M -2% vs. 3Q21 +6% in constant currency*	\$214M +7% vs. 9M21 +14% in constant currency*
B2B 	\$36M +16% vs. 3Q21 +23% in constant currency*	\$95M +13% vs. 9M21 +17% in constant currency*

Commencing of operations in West Palm Beach

Growing pipeline of RX product development




New gummy manufacturing facility in Florida to support increased US demand of advanced gummy technologies



Announcement of acquisition of Grupo Somar

Closing of transaction expected before year-end



Note: * Constant currency basis – 9M22 when compared to 9M21

In-House R&D Capabilities Driving Attractive Growth Opportunities

Clear avenues for growth given a robust pipeline and a high product renewal rate



Renewal Rate continues to grow as R&D investments are increasing

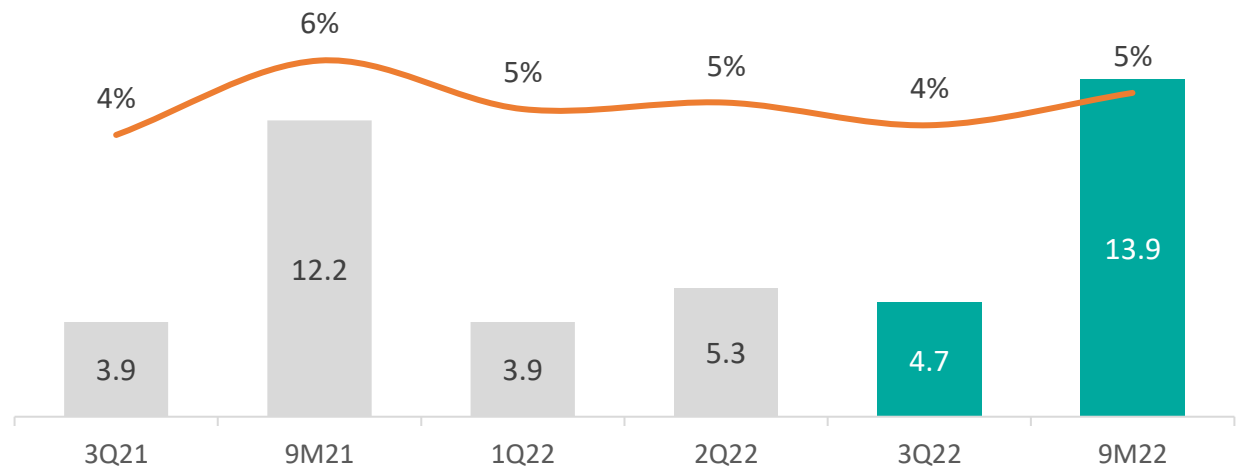
Product Renewal Ratio (%)



Relevant R&D Expenditure

~4-5% of Net Revenues invested annually in R&D

R&D Expenses (% of Net Revenues)



140+ products launched during 9M22, with a 24% renewal rate. Our goal continues at 25% level



New launches in Colombia: MENTSI, ALUDEL, PAPILOCARE



Oncology line launch with first-line prostate cancer



Continued R&D investment with over 180 products under registration process in the region



Net Revenue Performance by SBU

Consistent growth across most business segments



Growth was driven by:

- Nextgel positively impacted mainly by increase in sales of existing products, portfolio expansion with key partners and R&D services
- Procaps Colombia showed positive performance of Farma and VitalCare lines, impacted by FX and Clinical Specialties
- CAN positively impacted by the roll out of new products and portfolio expansion in several therapeutic areas, affected by higher 2021 base
- CASAND growth supported by positive performance of existing brands in key growth markets, and the rollout of new products
- Diabetrics performance impacted by delays in registration and insulin provider.

		US\$ M		Net Revenue				Contribution Profit			
		3Q22	3Q22*	3Q21	%Growth*	3Q22	3Q22*	3Q21	%Growth*		
B2B	CDMO services	Nextgel	36.4	38.5	31.4	22.5%	16.0	17.3	14.9	15.7%	
B2C	Rx & OTC Products	Procaps Colombia	36.8	41.9	40.9	2.5%	12.6	15.2	12.3	23.8%	
		CAN	14.4	14.5	14.1	2.5%	3.2	3.2	5.4	-40.6%	
		CASAND	17.7	17.9	13.2	36.2%	8.1	8.2	4.9	67.4%	
	Diabetes Solutions	Diabetrics	5.0	5.7	7.3	-21.9%	1.9	2.1	1.9	5.9%	
Total		110.4	118.5	106.8	10.9%	41.7	45.9	39.4	16.5%		

		US\$ M		Net Revenue				Contribution Profit			
		9M22	9M22*	9M21	%Growth*	9M22	9M22*	9M21	%Growth*		
B2B	CDMO services	Nextgel	94.7	97.8	83.9	16.6%	43.7	45.7	37.8	20.8%	
B2C	Rx & OTC Products	Procaps Colombia	108.3	119.2	109.5	8.9%	37.5	42.7	33.7	26.6%	
		CAN	42.5	42.6	31.2	36.7%	11.6	11.6	9.9	17.7%	
		CASAND	47.4	47.8	38.3	24.8%	19.9	20.1	13.9	45.1%	
	Diabetes Solutions	Diabetrics	15.5	17.1	20.4	-16.1%	3.2	3.6	4.5	-20.2%	
Total		308.5	324.5	283.2	14.6%	115.8	123.7	99.7	24.0%		

* On a constant currency basis

* Growth on a constant currency basis



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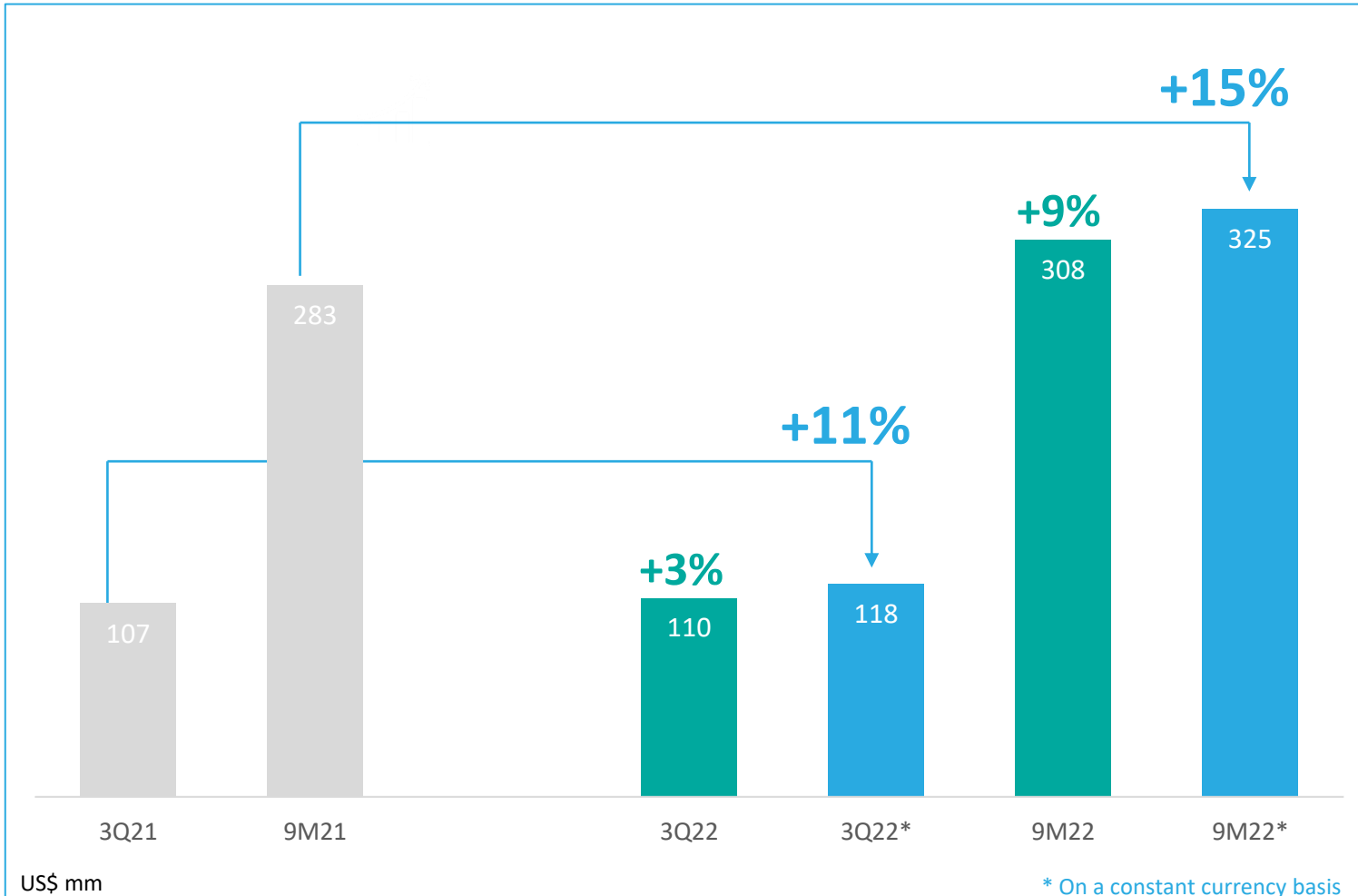
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3Q22 & 9M22 Net Revenues



Net Revenues



Net Revenues Highlights:

- The increase was mainly driven by positive performances in Nextgel and CASAND business segments.
- Demand remains robust. Roll out of products in the region and launch of new products in Colombia
- FX and macroeconomics headwinds impacted performance for the quarter and 9M22. Net revenues increased by 3% in 3Q22 and 9% in 9M22.

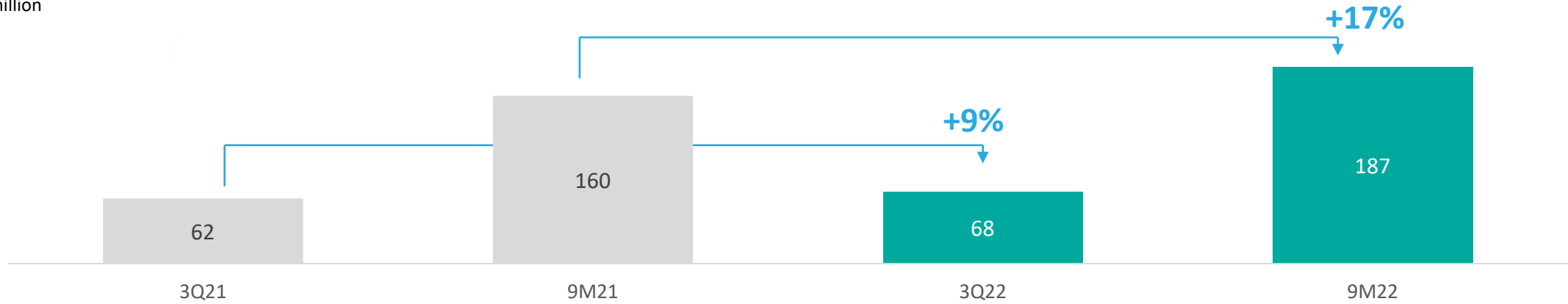


Q222 & 1H22 Gross Profit & Contribution Margin



Gross Profit

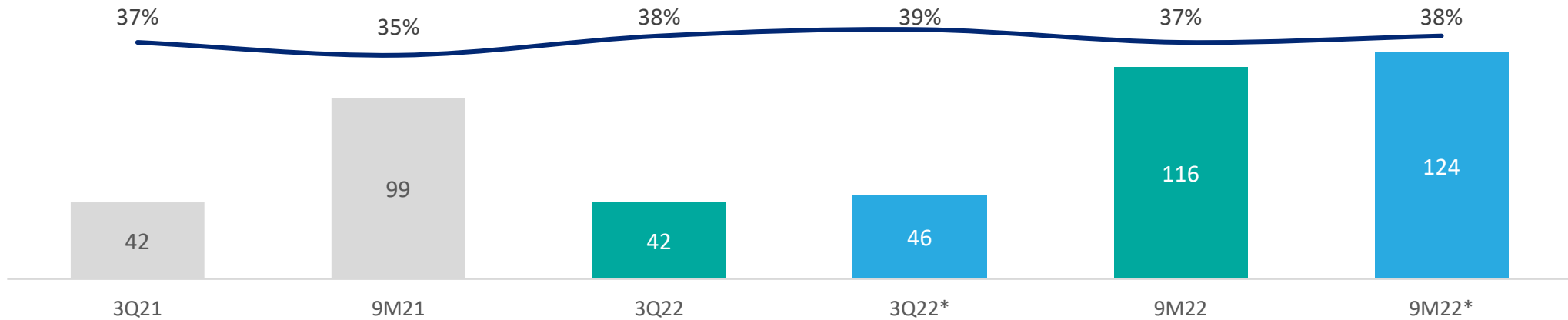
US\$ million



Contribution Margin

US\$ million

Contribution Margin (% of Net Revenues)



* On a constant currency basis



3Q22 & 9M22 Adjusted EBITDA



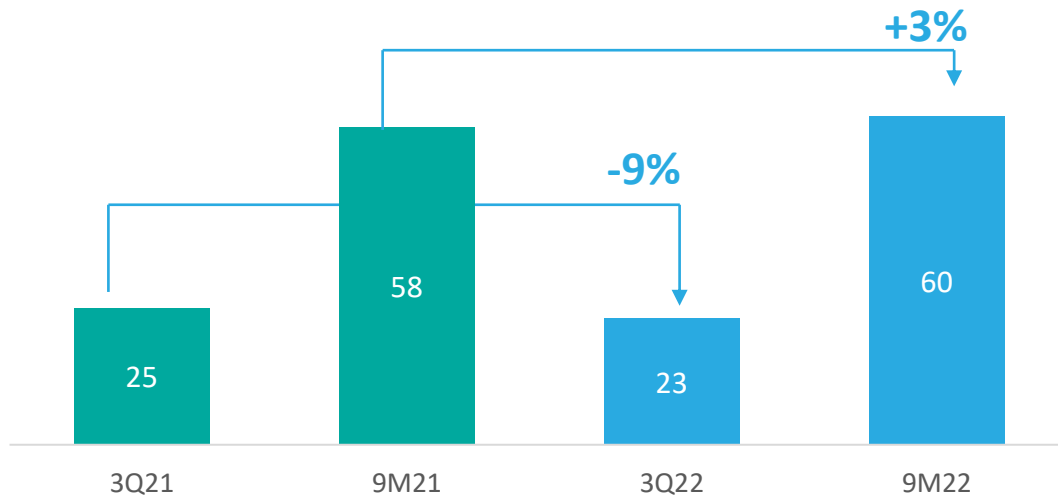
SG&A

US\$ million

	3Q22	3Q21	Δ%	9M22	9M21	Δ%
Sales & marketing	(26)	(23)	13%	(72)	(61)	17%
G&A	(24)	(21)	16%	(78)	(65)	20%
Total SG&A OPEX	(50)	(44)	15%	(149)	(126)	19%

Adjusted EBITDA

US\$ million



Performance

- Higher SG&A expenses impacted Contribution Margin and Adjusted EBITDA.
- SG&A expenses are aligned with our investments in brands, structure, US public company requirements, and preparation for future growth.
- Increase in sales and marketing in the amount of ~\$10 million in 9M22 and increase of \$13 million in G&A, mainly impacted by:
 - Return of events and commercial efforts
 - Brand marketing efforts
 - Increase in legal and consulting fees related to M&A processes
 - Costs related to being a publicly listed company
 - Structuring the company for future growth



Balance Sheet & Indebtdeness



US\$ Million	2021	9M22
Cash and equivalents	72.1	27.2
Trade and other receivables	117.4	129.3
Inventories	79.4	100.4
Other current assets	29.1	46.5
Total current assets	298.1	303.4
Property, plants and equipments	112.8	115.2
Intangible assets	30.2	31.3
Other non-current assets	21.1	21.4
Total non-current assets	164.1	167.8
Total assets	462.1	471.2
Short term debt	74.6	83.0
Accounts payable	85.4	95.3
Other current liabilities	27.9	40.2
Total current liabilities	188.0	218.5
Long term debt	178.7	170.8
Warrant liability	23.1	21.3
Shares held in escrow	101.9	65.5
Other non-current liabilities	8.8	4.5
Total non-current liabilities	312.5	262.2
Total liabilities	500.5	480.8
Equity	(38.3)	(10.5)

Balance Sheet Changes

- **Cash on hand** impacted by CAPEX expansion, working capital increase and increased expenses for being a listed public company
- **Inventories increased** to provide support to the supply risks we have been facing
- **Accounts payable increased** aligned with the inventory increase strategy carried out

Indebtdeness

US\$ Million	9M22	2021
Short term	83.0	74.6
Long term	170.8	178.7
Gross debt	253.9	253.4
Cash and equivalents	27.2	72.1
Net debt	226.6	181.3
LTM Adj. EBITDA	101.4	99.7
Net debt / Adj. EBITDA	2.2x	1.8x
Quick ratio	0.7x	0.8x
Equity	(10.5)	(38.3)



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Reconciliation of Adjusted EBITDA



	3Q22	3Q21	Δ%	9M22	9M21	Δ%
Net Income	22.6	(110.8)	n.a.	32.1	(128.5)	n.a.
Financial expenses	(22.7)	50.7	n.a.	(18.5)	79.2	n.a.
Income tax	7.8	3.6	118.9%	11.1	6.3	75.0%
D&A	4.0	4.5	-10.0%	12.4	13.4	-7.3%
EBITDA	11.7	(52.2)	<i>n.a.</i>	37.1	(29.5)	<i>n.a.</i>
Listing expense ¹	-	73.9	n.a.	-	73.9	n.a.
FX translation adjustments ²	9.0	0.6	1444.4%	12.2	2.3	422.2%
Transaction expenses ³	1.3	1.4	-6.2%	7.4	7.2	2.59%
Other expenses ⁴	0.9	1.5	-41.1%	3.0	3.9	-24.6%
Adjusted EBITDA	22.9	25.3	-9.5%	59.6	57.8	3.0%
<i>Adjusted EBITDA margin</i>	<i>20.7%</i>	<i>23.6%</i>	<i>-293.8 bps</i>	<i>19.3%</i>	<i>20.4%</i>	<i>-110.2 bps</i>

1) Listing expenses of \$73.9 million associated with the deemed listing services received by Procaps from Union, which is the difference between the deemed costs of the Ordinary Shares issued by the Company to Union shareholders in connection with the Business Combination, in excess of the net assets obtained from Union, as required by IFRS 2 Share-based payments

(2) Foreign currency translation adjustments represent the reversal of exchange losses we recorded due to foreign currency translation of monetary balances of certain of our subsidiaries from U.S. dollars into the functional currency of those subsidiaries as of September 30, 2022 and 2021

(3) Transaction expenses primarily include (i) consulting and legal fees and expenses related to operations in the amount of \$3.3 million (ii) consulting and legal fees and expenses related to acquisitions and other transactions in the amount of \$2.3 million, (iii) incremental director & officer policy insurance costs incurred of \$0.9 million in connection with the Business Combination.

(4) Other expenses consist of business transformation initiatives implemented during the six months ended September 30, 2022.



Reconciliation of Contribution Margin



		USD\$MM						USD\$MM			
		3Q21	9M21	3Q22	9M22			3Q21	9M21	3Q22	9M22
Nextgel	Net Revenues	31.4	83.9	36.4	94.7	CASAND	Net Revenues	13.2	38.3	17.7	47.4
	COGS	(13.8)	(39.1)	(16.8)	(41.7)		COGS	(2.5)	(8.4)	(1.7)	(6.8)
	Gross Profit	17.7	44.8	19.6	53.0		Gross Profit	10.7	29.9	16.0	40.6
	<i>Gross margin %</i>	56.2%	53.4%	53.8%	56.0%		<i>Gross margin %</i>	81.3%	78.1%	90.3%	85.7%
	Sales and marketing expenses	(2.7)	(7.0)	(3.6)	(9.3)		Sales and marketing expenses	(5.8)	(16.0)	(7.9)	(20.7)
	Contribution margin	14.9	37.8	16.0	43.7		Contribution margin	4.9	13.9	8.1	19.9
	<i>Contribution margin %</i>	47.6%	45.1%	43.8%	46.1%		<i>Contribution margin %</i>	37.1%	36.2%	45.5%	42.0%
Procaps Col	Net Revenues	40.9	109.5	36.8	108.3	Diabetrics	Net Revenues	7.3	20.4	5.0	15.5
	COGS	(20.4)	(54.4)	(16.8)	(48.9)		COGS	(3.8)	(11.8)	(1.9)	(8.3)
	Gross Profit	20.4	55.1	20.1	59.4		Gross Profit	3.4	8.6	3.1	7.3
	<i>Gross margin %</i>	50.0%	50.3%	54.4%	54.9%		<i>Gross margin %</i>	47.0%	42.2%	61.8%	46.8%
	Sales and marketing expenses	(8.1)	(21.3)	(7.4)	(21.9)		Sales and marketing expenses	(1.5)	(4.1)	(1.2)	(4.1)
	Contribution margin	12.3	33.7	12.6	37.5		Contribution margin	1.937	4.472	1.857	3.196
	<i>Contribution margin %</i>	39.1%	40.2%	34.6%	39.6%		<i>Contribution margin %</i>	26.7%	21.9%	37.3%	20.6%
CAN	Net Revenues	14.1	31.2	14.4	42.5	Total	Net Revenues	106.8	283.2	110.4	308.5
	COGS	(4.1)	(9.5)	(5.6)	(15.5)		COGS	(44.6)	(123.2)	(42.8)	(121.1)
	Gross Profit	10.1	21.7	8.8	27.1		Gross Profit	62.3	160.1	67.6	187.3
	<i>Gross margin %</i>	71.3%	69.5%	61.2%	63.6%		<i>Gross margin %</i>	58.3%	56.5%	61.2%	60.7%
	Sales and marketing expenses	(4.7)	(11.8)	(5.6)	(15.5)		Sales and marketing expenses	(22.8)	(61.2)	(25.9)	(71.7)
	Contribution margin	5.4	9.9	3.2	11.6		Contribution margin	39.5	98.9	41.7	115.6
	<i>Contribution margin %</i>	38.1%	31.6%	22.1%	27.2%		<i>Contribution margin %</i>	36.9%	34.9%	37.8%	37.5%



Use of Constant Currency



As exchange rates are an important factor in understanding period-to-period comparisons, we believe the presentation of certain financial metrics and results on a constant currency basis in addition to the IFRS reported results helps improve investors' ability to understand our operating results and evaluate our performance in comparison to prior periods. Constant currency information is non-IFRS financial information that compares results between periods as if exchange rates had remained constant period-over-period. We use results on a constant currency basis as one measure to evaluate our performance. We currently present net revenue and contribution margin on a constant currency basis. We calculate constant currency by calculating nine month-end period for the nine months ended September 30, 2022 using prior-period (nine months ended September 30, 2021) foreign currency exchange rates. The functional foreign currencies for the primary regional markets where we operate, such as the Colombian Peso and the Brazilian Real, were adjusted on a constant currency basis at the exchange rates of COP \$3,697.10 per U.S. \$1.00 and R\$5.3317 per U.S. \$1.00, respectively, for the nine months ended September 30, 2021. We generally refer to such amounts calculated on a constant currency basis as excluding the impact of foreign exchange. These results should be considered in addition to, not as a substitute for, results reported in accordance with IFRS. Results on a constant currency basis, as we present them, may not be comparable to similarly titled measures used by other companies and are not measures of performance presented in accordance with IFRS.



Thank you

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