

NASDAQ: PROC



2Q22 & 1H22 Financial Results

August 29, 2022



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Patricio Vargas

Chief Financial Officer



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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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2Q22 & 1H22 Highlights

Continued progress in strategy execution



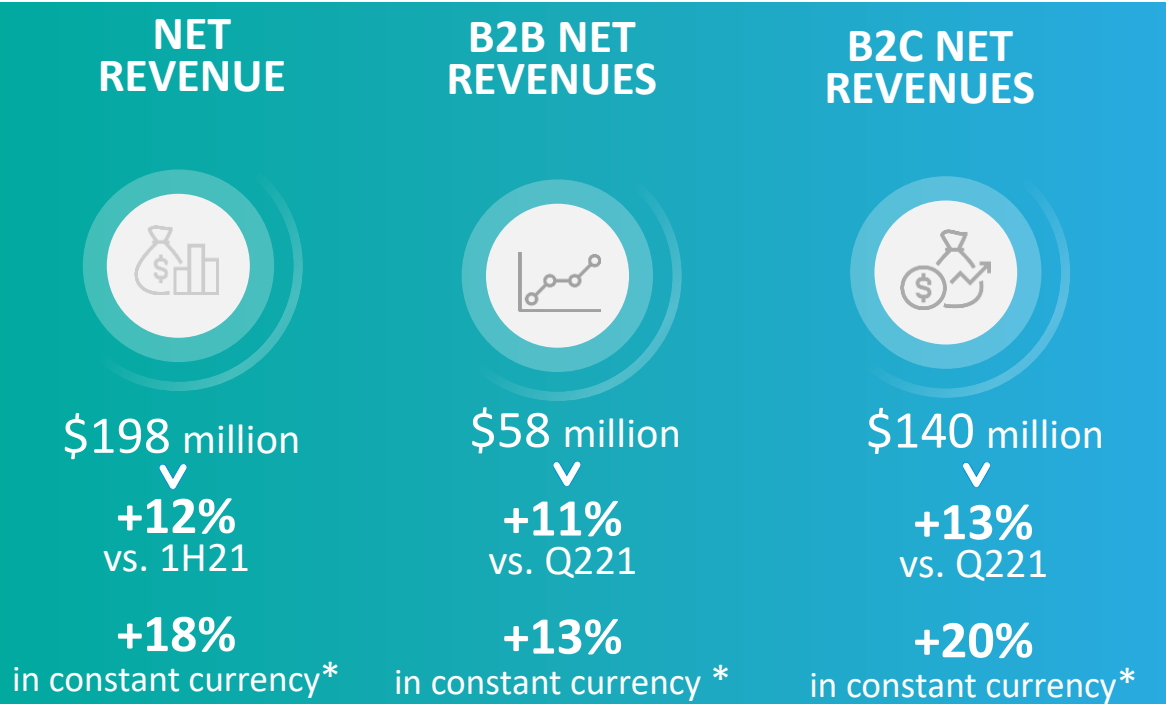
Announcement of acquisition of **Grupo Somar⁽²⁾** and expansion in Mexico – the second largest market in the region



6 additional plants in Mexico, including 3 OTC FDA-approved (2 Softgel facilities)



Closing of transaction and anti-trust approval expected by year end



120+ products registered in 1H22 – Deferol K, Azek, Mentsi

170+ products in registration phase

21% Renewal rate



Focus on ESG agenda and emissions reduction



Commencing of operations in West Palm Beach

Growing pipeline of RX product development



Construction of a new gummy manufacturing facility in Florida to support increased US demand of advanced gummy technologies



~5% of net revenues invested in R&D during 2Q22

~7% of net revenues as CAPEX

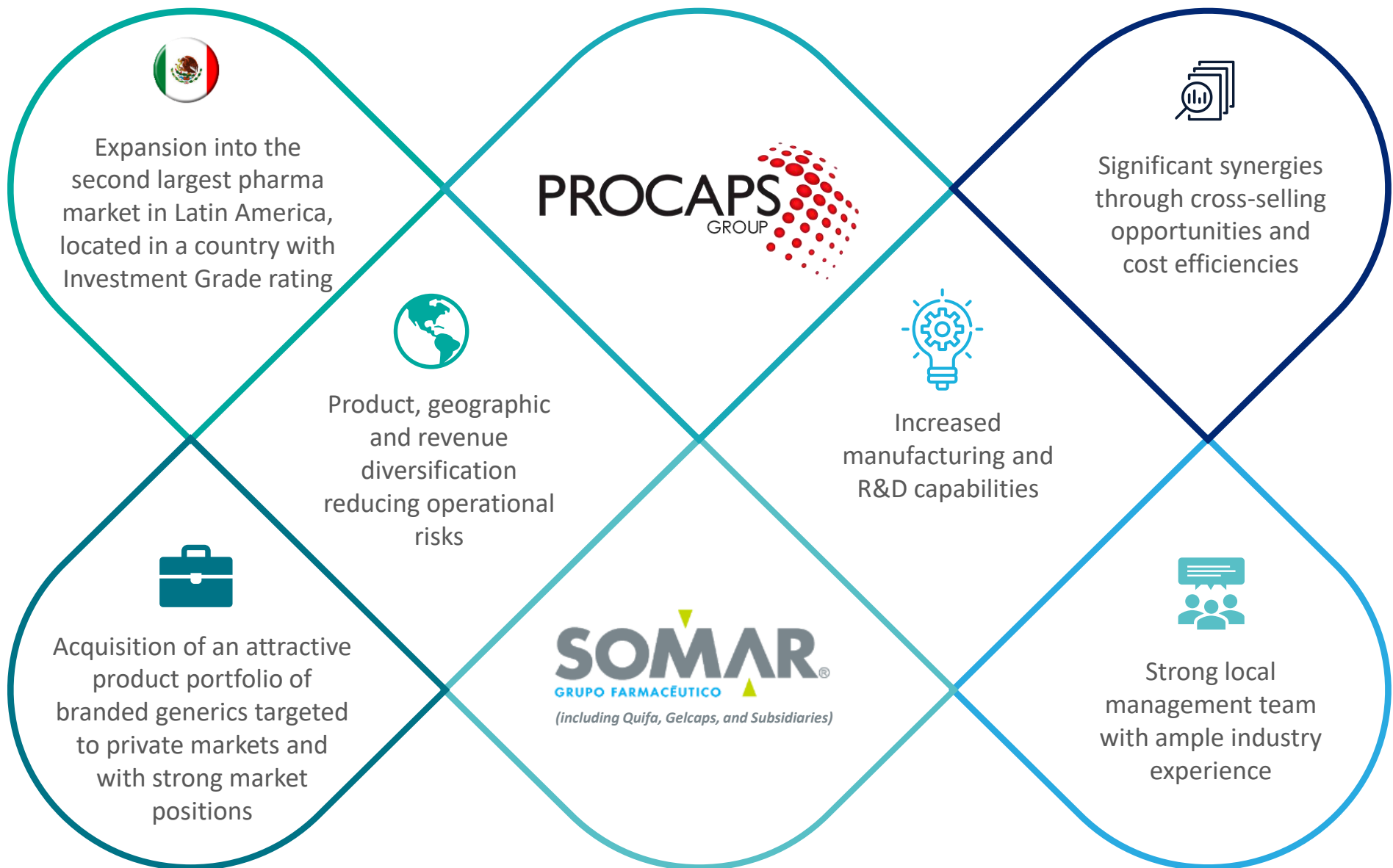


Note: * Constant currency basis – 1H22 when compared to 1H21



Acquisition Announcement of Grupo Somar

Transaction Strategic Rationale



In-House R&D Capabilities Driving Attractive Growth Opportunities

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



120+ products launched during 1H22, with a 21% renewal rate due to phasing. Our goal continues at 25% level



New launches in Colombia: DEFEROL K, AZEC and MENTSI



Oncology line launch with first-line prostate cancer

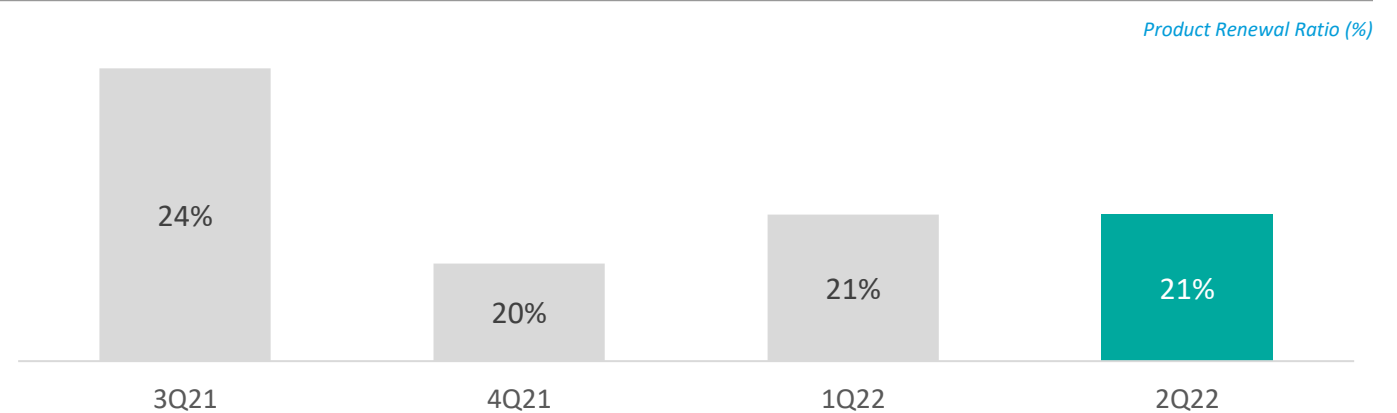


Launch of cardiology line, emphasis on product with Unigel technology (FEROVAS)

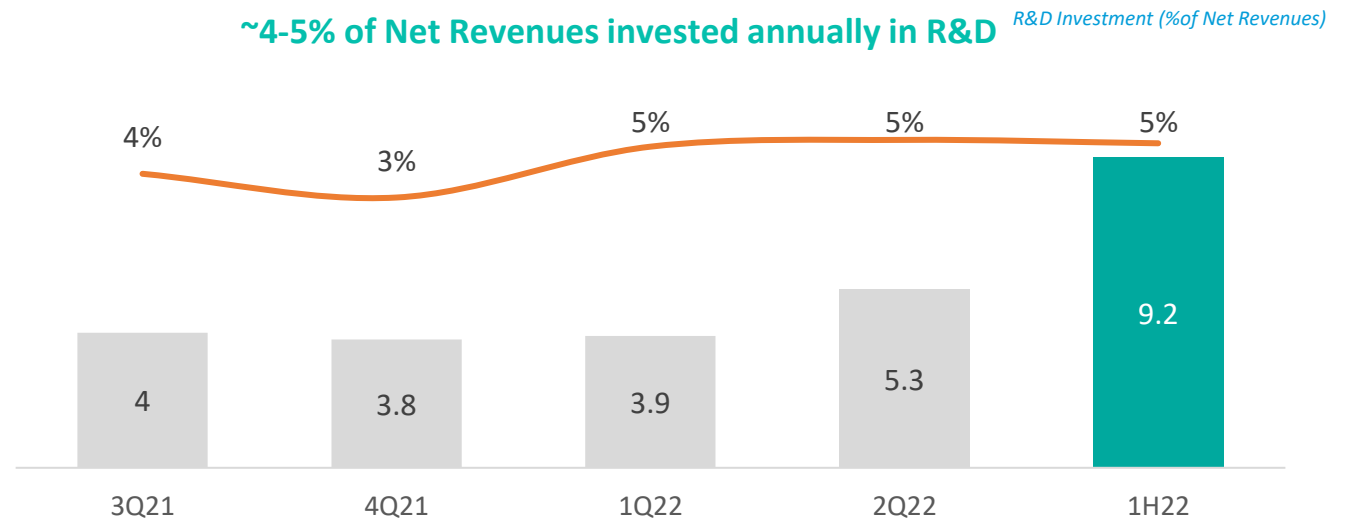


Continued R&D investment with over 170 products under registration process in the region

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



Relevant R&D Expenditure





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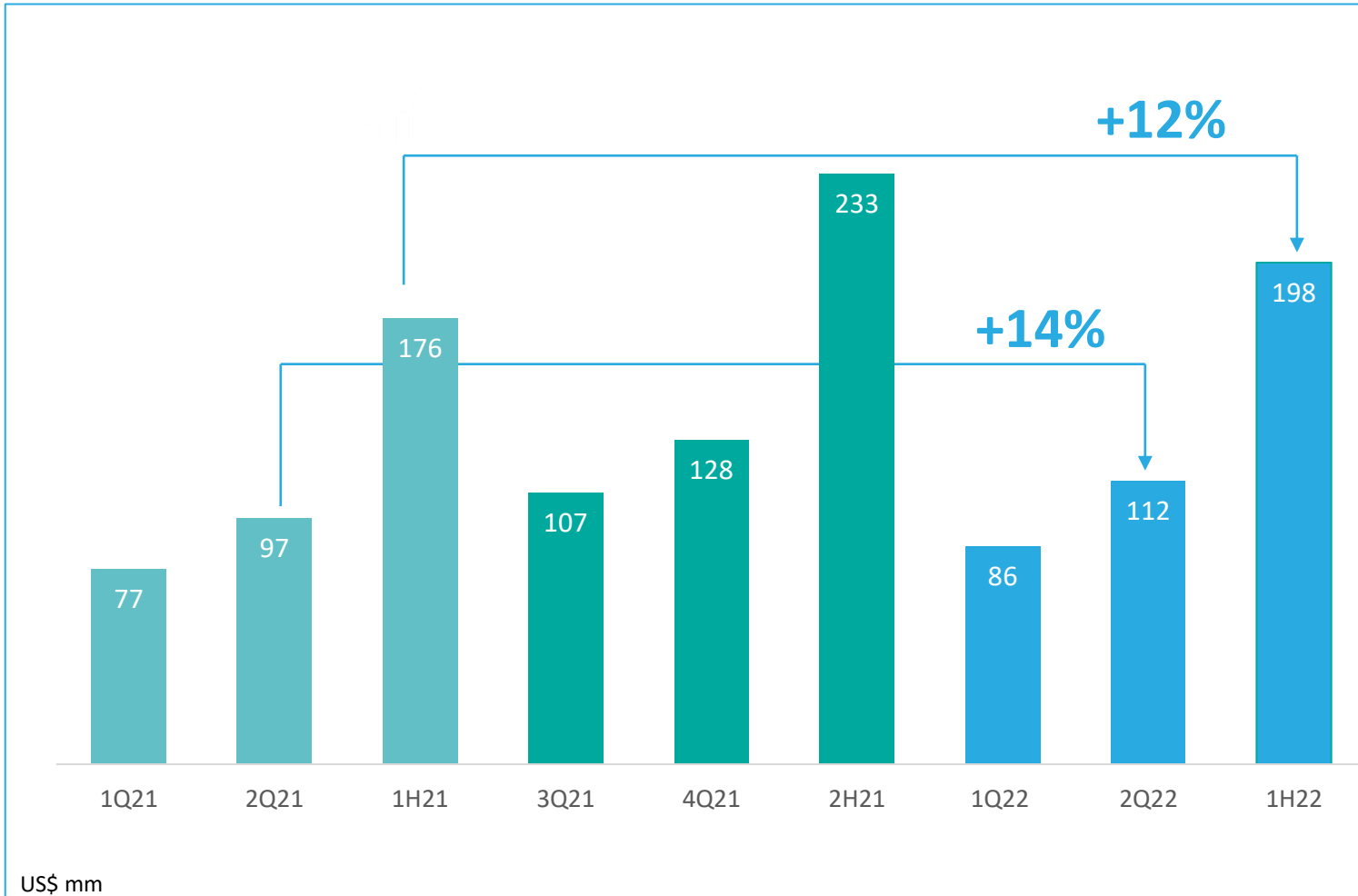
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2Q22 & 1H22 Net Revenues



Net Revenues



Net Revenues Highlights:

- The increase was mainly driven by positive performances in CAN, Nextgel and CASAND business segments.
- Roll out of products in the region and launch of new products in Colombia
- FX impacted performance for the quarter and 1H22. On a constant currency basis, net revenues increased by 18% in 1H22.



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 impacted by decrease of Covid cases, FX impact, and great performance of Farma and VitalCare lines
- CAN positively impacted by the roll out of new products and portfolio expansion in several therapeutic areas and lower 2021 base
- CASAND growth supported by positive performance of existing brands in key growth markets, and the rollout of new products
- Diabetrics performance is affected primarily by the closing of EPS. We expect to be normalized by year end

			Net Revenue			Contribution Profit		
			2Q22	2Q21	Δ%	2Q22	2Q21	Δ%
			\$ Million					
B2B	CDMO services	Nextgel	32.9	27.5	19.9%	17.5	14.1	24.0%
		B2C	Rx & OTC Products	Procaps Colombia	39.6	41.4	-4.5%	15.1
CAN	16.8			8.7	93.1%	6.3	2.1	193.9%
CASAND	17.1			14.6	16.8%	6.9	6.3	10.9%
	Diabetes Solutions	Diabetrics	6.0	6.7	-10.4%	1.4	1.5	-5.1%
Total			112.4	98.9	13.6%	47.2	40.5	16.7%

			Net Revenue			Contribution Profit		
			1H22	1H21	Δ%	1H22	1H21	Δ%
			\$ Million					
B2B	CDMO services	Nextgel	58.3	52.5	11.0%	27.7	22.9	21.1%
		B2C	Rx & OTC Products	Procaps Colombia	71.5	68.6	4.2%	24.9
CAN	28.1			17.1	64.8%	8.4	4.5	87.4%
CASAND	29.7			25.1	18.0%	11.8	9.0	31.9%
	Diabetes Solutions	Diabetrics	10.6	13.1	-19.5%	1.3	2.5	-47.2%
Total			198.0	176.4	12.3%	74.1	60.3	22.9%

Source: Procaps.

Notes: (1) Coomeva is a Colombian public health insurance plan (Entidades Promotoras de Salud, or "EPS").

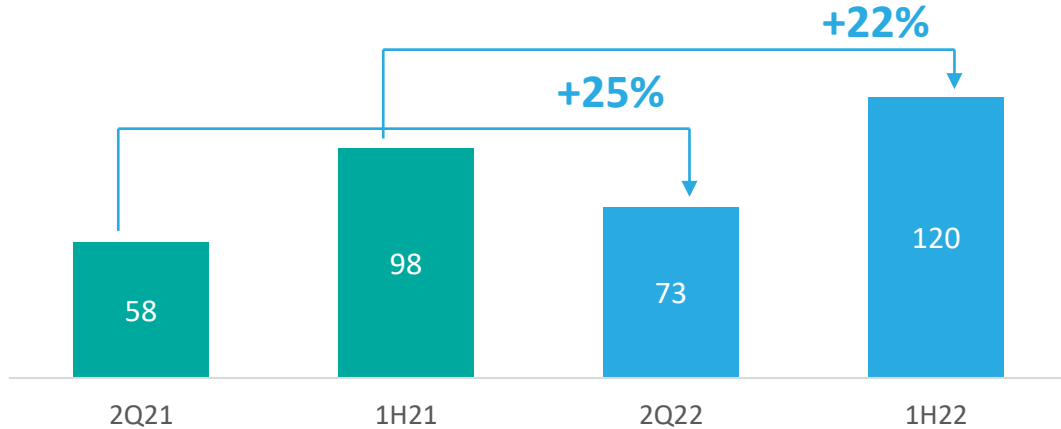


2Q22 & 1H22 Gross Profit & Adjusted EBITDA



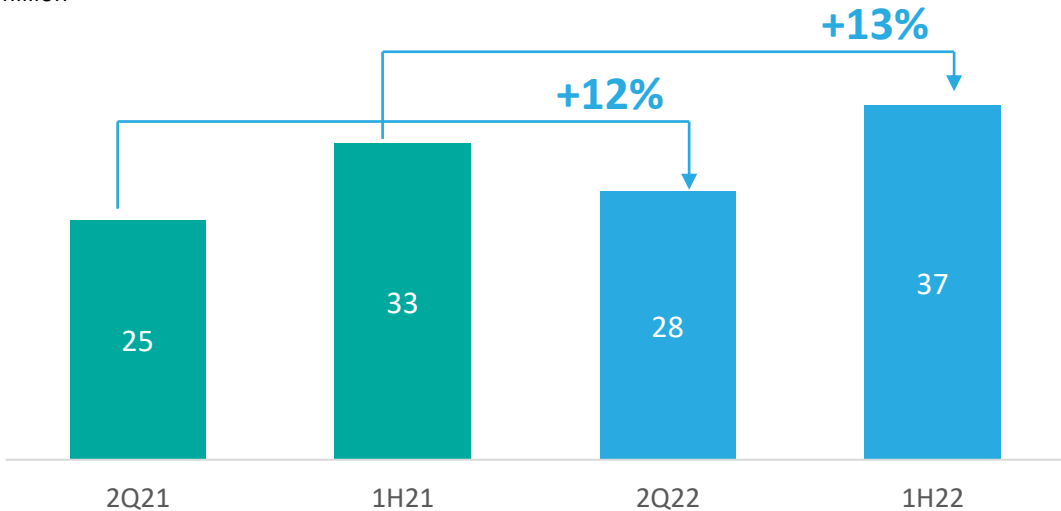
Gross Profit

US\$ million



Adjusted EBITDA

US\$ million

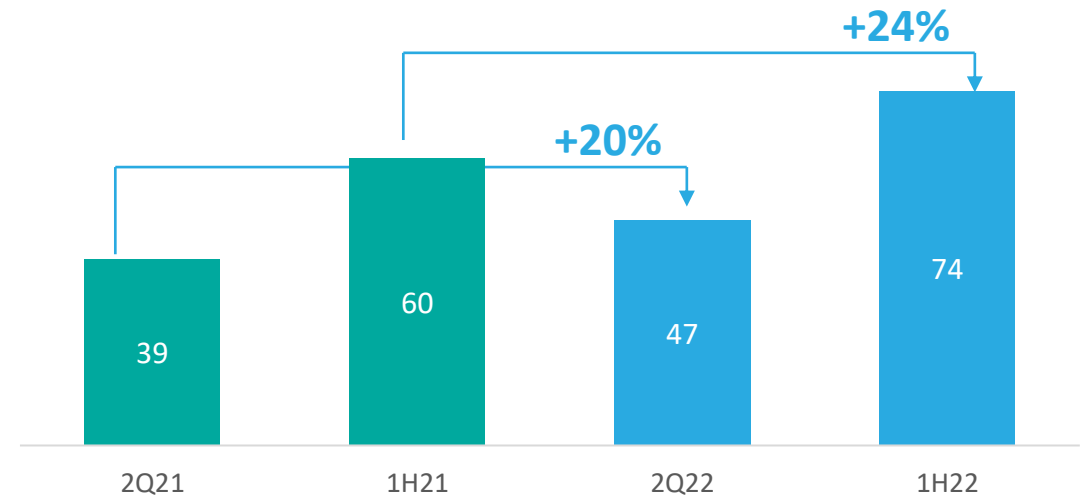


Performance

- Adjusted EBITDA growth was strong, despite pressures from FX and raw material costs. Positively impacted by the performance of business units and sales of brands, offset by higher Opex.
- Contribution margin (gross profit less sales and marketing expenses) of 37% in 1H22. Positively impacted by the performance of business units and sales of brands, offset by higher sales and marketing expenses.

Contribution Margin

US\$ million





Balance Sheet & Indebtdeness



US\$ Million

	YE 2021	1H22
Cash and equivalents	72.1	37.6
Trade and other receivables	117.4	120.2
Inventories	79.4	99.2
Other current assets	29.1	40.2
Total current assets	298.1	297.2
Property, plants and equipments	112.8	120.4
Intangible assets	30.2	31.9
Other non-current assets	21.1	20.7
Total non-current assets	164.1	173.0
Total assets	462.1	470.2
Short term debt	74.6	75.7
Accounts payable	85.4	90.6
Other current liabilities	27.9	26.5
Total current liabilities	188.0	192.8
Long term debt	178.7	181.8
Warrant liability	23.1	22.5
Shares held in escrow	101.9	94.1
Other non-current liabilities	8.8	8.6
Total non-current liabilities	312.5	307.0
Total liabilities	500.5	499.8
Equity	(38.3)	(29.6)

Balance Sheet Changes

- **Cash on hand** impacted by CAPEX, WK increase and high-cost debt reduction
- **Inventories increased** by \$19.5 million supported provide support the supply risks we have seen worldwide
- We are ready to finance and carry out Somar transaction

Indebtdeness

US\$ Million	2021	1H22
Short term	74.6	75.7
Long term	178.7	181.8
Gross debt	253.4	257.5
Cash and equivalents	72.1	37.6
Net debt	181.3	220.0
LTM Adj. EBITDA	99.7	103.8
Net debt / Adj, EBITDA	1.8x	2.1x
Quick ratio	1.1x	1.0x
Equity	(38.3)	(29.6)



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Reconciliation of Adjusted EBITDA



	2Q22	2Q21	Δ%	1H22	1H21	Δ%
Net Income	(6.9)	(0.6)	n.a.	9.5	(17.6)	n.a.
Financial expenses	18.8	14.4	n.a.	4.2	28.6	n.a.
Income tax	(2.4)	0.9	-369.3%	3.3	2.8	18.7%
D&A	4.9	4.4	11.6%	8.4	8.9	-5.9%
EBITDA	14.4	19.0	-24%	25.4	22.6	12%
FX translation adjustments ¹	8.4	1.6	425.0%	3.2	1.8	82.9%
Transaction expenses ²	3.7	2.9	28.3%	6.1	5.8	4.7%
Other expenses ³	1.1	1.1	0.0%	2.1	2.4	-12.1%
Adjusted EBITDA	27.5	24.6	12%	36.7	32.6	13%
<i>Adjusted EBITDA margin</i>	<i>24.5%</i>	<i>24.9%</i>	<i>-38.3 bps</i>	<i>18.54%</i>	<i>18.47%</i>	<i>7.6 bps</i>



Reconciliation of Contribution Margin



	USD\$MM	2Q21	1H21	2Q22	1H22
Nextgel	Net Revenues	27.5	52.5	32.9	58.3
	COGS	(12.0)	(25.3)	(12.4)	(24.9)
	Gross Profit	15.461	27.164	20.540	33.380
	<i>Gross margin %</i>	56.3%	51.8%	62.4%	57.3%
	Sales and marketing expenses	(1.4)	(4.3)	(3.0)	(5.7)
	Contribution margin	14.1	22.9	17.5	27.7
<i>Contribution margin %</i>	51.3%	43.6%	53.1%	47.6%	
Procaps Col	Net Revenues	41.4	68.6	39.6	71.5
	COGS	(19.4)	(34.0)	(16.1)	(32.1)
	Gross Profit	22.071	34.634	23.445	39.360
	<i>Gross margin %</i>	80.4%	50.5%	71.2%	55.1%
	Sales and marketing expenses	(5.6)	(13.2)	(8.3)	(14.5)
	Contribution margin	16.5	21.4	15.1	24.9
<i>Contribution margin %</i>	60.0%	31.2%	45.9%	34.8%	
CAN	Net Revenues	8.7	17.1	16.8	28.1
	COGS	(2.4)	(5.5)	(5.1)	(9.9)
	Gross Profit	6.343	11.598	11.763	18.220
	<i>Gross margin %</i>	23.1%	68.0%	35.7%	64.8%
	Sales and marketing expenses	(4.2)	(7.1)	(5.5)	(9.8)
	Contribution margin	2.1	4.5	6.3	8.4
<i>Contribution margin %</i>	7.8%	26.3%	19.0%	29.9%	

	USD\$MM	2Q21	1H21	2Q22	1H22
CASAND	Net Revenues	14.6	25.1	17.1	29.7
	COGS	(3.2)	(5.9)	(3.0)	(5.1)
	Gross Profit	11.439	19.215	14.076	24.599
	<i>Gross margin %</i>	41.6%	76.5%	42.8%	82.9%
	Sales and marketing expenses	(5.2)	(10.2)	(7.1)	(12.8)
	Contribution margin	6.3	9.0	6.9	11.8
<i>Contribution margin %</i>	22.8%	35.7%	21.1%	39.9%	
Diabetrics	Net Revenues	6.7	13.1	6.0	10.6
	COGS	(3.9)	(7.9)	(3.2)	(6.4)
	Gross Profit	2.802	5.189	2.809	4.195
	<i>Gross margin %</i>	10.2%	39.5%	8.5%	39.7%
	Sales and marketing expenses	(1.3)	(2.7)	(1.4)	(2.9)
	Contribution margin	1.5	2.5	1.4	1.3
<i>Contribution margin %</i>	5.5%	19.3%	4.3%	12.7%	
Total	Net Revenues	98.9	176.4	112.4	198.0
	COGS	(40.8)	(78.6)	(39.8)	(78.3)
	Gross Profit	58.115	97.801	72.633	119.755
	<i>Gross margin %</i>	0.0%	0.0%	0.0%	0.0%
	Sales and marketing expenses	(18.9)	(38.3)	(25.7)	(45.8)
	Contribution margin	39.2	59.5	47.0	73.9
<i>Contribution margin %</i>	39.7%	33.7%	41.8%	37.3%	



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 on a constant currency basis. We calculate constant currency by calculating six month-end period for the six months ended June 30, 2022 using prior-period (six months ended June 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 \$3,622.28 per U.S. \$1.00 and R\$5.3862 per U.S. \$1.00, respectively, for the six months ended June 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

ir@procapsgroup.com
Investor.procapsgroup.com

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