

NASDAQ: PROC



# 2Q23 & 1H23 Financial Results

September 5, 2023



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## 2Q23 Results

Positive performance of Rx products  
7% YoY growth in 1H23, on a constant currency basis  
Acceleration of strategic plan

## New Products

\$66M in net revenues from new products in 1H23  
34% Renewal rate  
Launches of Dolofen Xtra, DOL B- VIT, Dexkedol and Kinex

## Value Creation Initiatives

Multiple Value-Creation initiatives implemented and on track to achieve up to \$15 million of targeted recurring savings

# In-House R&D Capabilities Driving Attractive Growth Opportunities

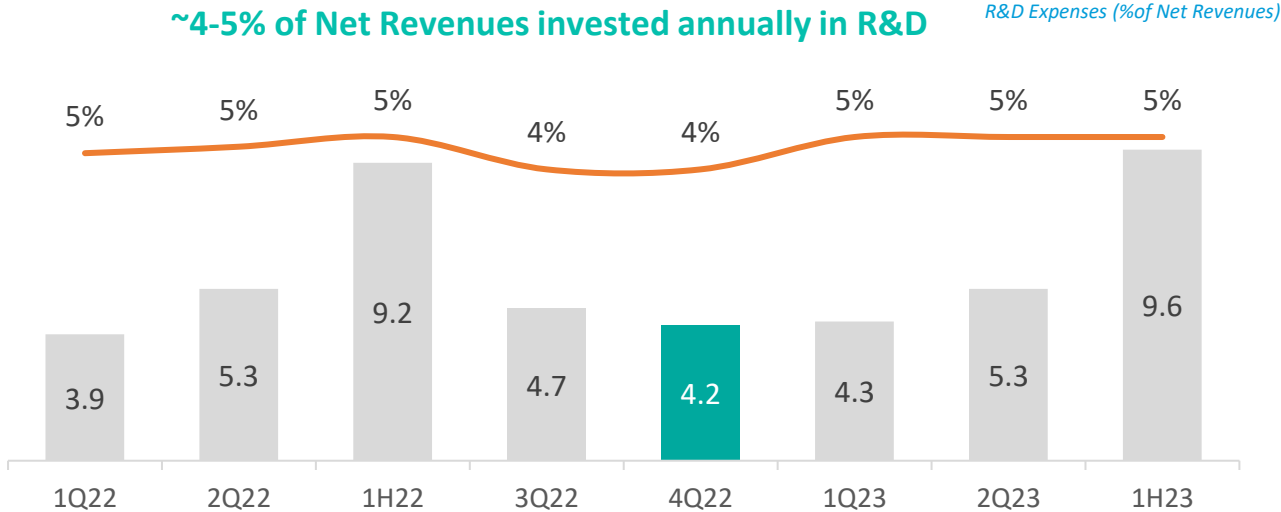
34%  
Renewal rate

140+  
Launched products

5%  
of net revenues invested in  
R&D



### Relevant R&D Expenditure





## Social

- Procaps Foundation celebrates its 10<sup>th</sup> anniversary this year and just launched in El Salvador
- Continuous work for gender equality with the launch of a program to boost female leadership in different functional areas and countries
- Increase in portfolio for prioritized conditions according to SDGs and Access to Medicine Foundation for LATAM, such as cardiovascular and oncology

## Environmental

- Unigel technology avoided 27.5 million blister packs
- Creation of the Packaging Innovation Committee
- We are progressing on our carbon neutrality strategy
- Advances on residual waste and recycling







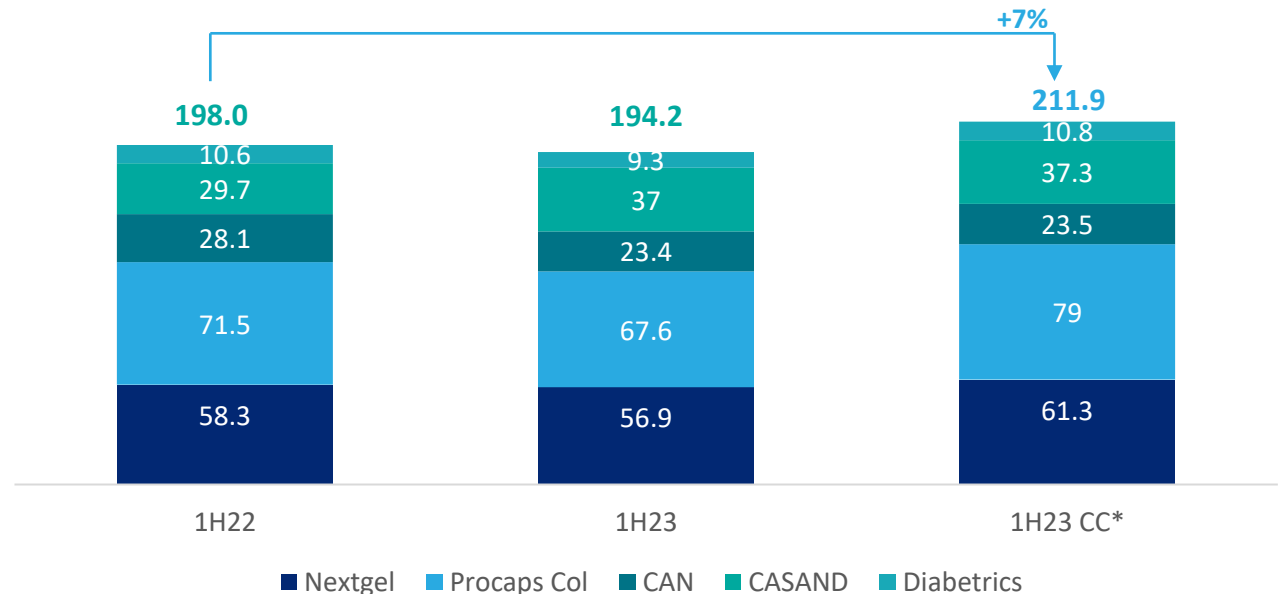
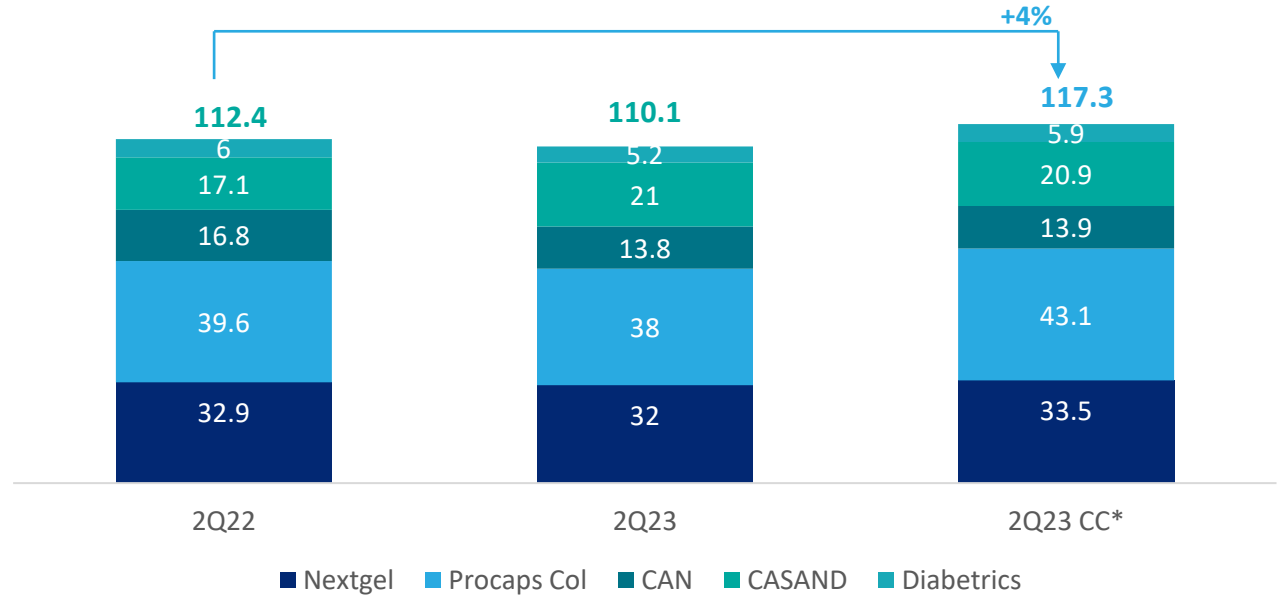
# Net Revenue Performance by SBU

Consistent constant currency growth across most business segments



## Growth was driven by:

- Net revenues positively impacted by positive performance of Rx and Clinical Specialty portfolios, offset by:
  - Currency devaluation
  - Nextgel CDMO order phasing
  - Rymco ceased operations
  - CAN OTC market in El Salvador
- Procaps Colombia: demand increase of its leading brands and positive rollout of new products
- Nextgel: negatively impacted by phasing of product orders and product development services



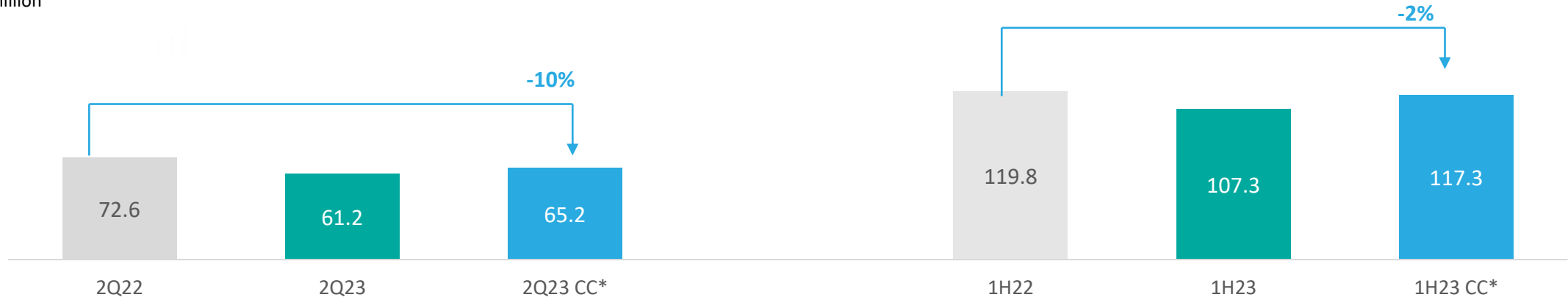


# 2Q23 & 1H23 Gross Profit & Contribution Margin



## Gross Profit

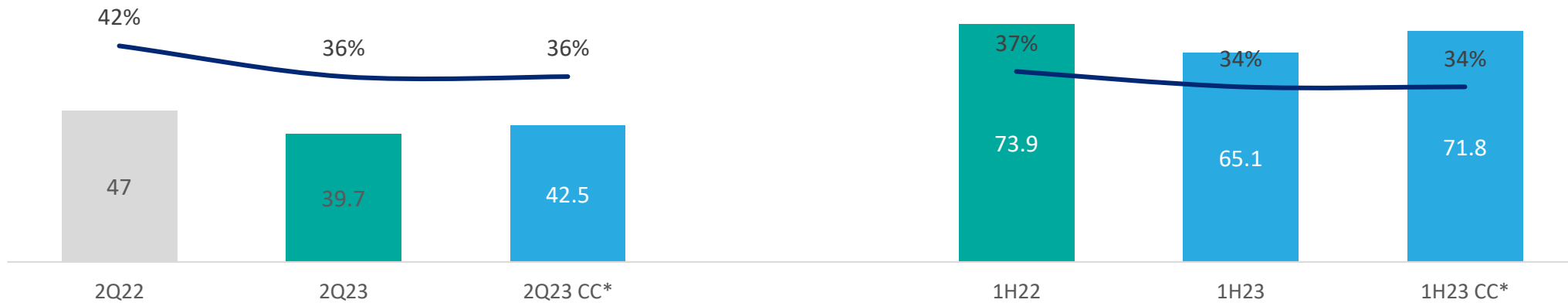
US\$ million



## Contribution Margin

US\$ million

*Contribution Margin (% of Net Revenues)*



\* On a constant currency basis



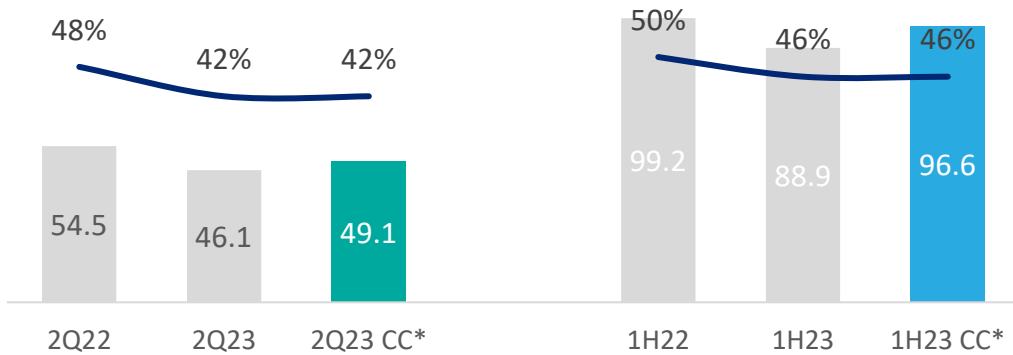
# 2Q23 & 1H23 Operating Expenses & Adjusted EBITDA



## Total SG&A Expenses

SG&A expenses (% of Net Revenues)

US\$ million

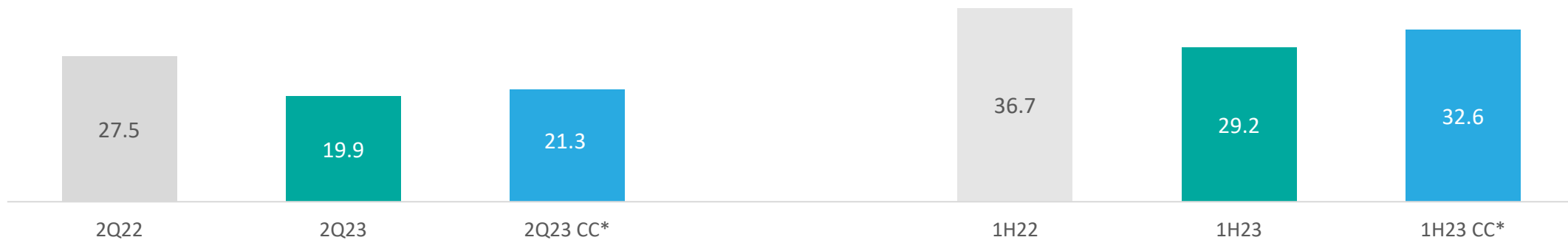


## Total SG&A OPEX and Adjusted EBITDA

- The decrease in comparison with previous year is related to the execution of the Value Creation Initiatives implemented from February onwards
- Adjusted EBITDA impacted by effects in gross margin and higher comparison base
- Continuous work on price increases, product mix and containing costs

## Adjusted EBITDA

US\$ million



\* On a constant currency basis





# Balance Sheet & Indebtdeness



US\$ Million	2022	1H23
Cash and equivalents	43.0	11.5
Trade and other receivables	129.6	136.5
Inventories	96.8	103.5
Other current assets	28.0	44.0
<b>Total current assets</b>	<b>297.4</b>	<b>295.5</b>
Property, plants and equipments	113.0	132.6
Intangible assets	32.2	5.8
Other non-current assets	17.6	56.8
<b>Total non-current assets</b>	<b>162.7</b>	<b>195.2</b>
<b>Total assets</b>	<b>460.2</b>	<b>490.7</b>
Short term debt	257.5	121.2
Accounts payable	90.2	86.0
Other current liabilities	20.7	36.8
<b>Total current liabilities</b>	<b>368.4</b>	<b>243.9</b>
Long term debt	28.4	169.6
Warrant liability	10.9	4.5
Shares held in escrow	40.1	30.4
Other non-current liabilities	14.3	10.3
<b>Total non-current liabilities</b>	<b>93.7</b>	<b>214.8</b>
<b>Total liabilities</b>	<b>462.1</b>	<b>458.7</b>
<b>Equity</b>	<b>(1.9)</b>	<b>32.0</b>

## Highlights

- **Cash on hand** impacted by working capital and debt service
- **Inventories increased** to offset supply crisis
- **Net leverage** mostly impacted by lower Adjusted EBITDA and decrease in cash

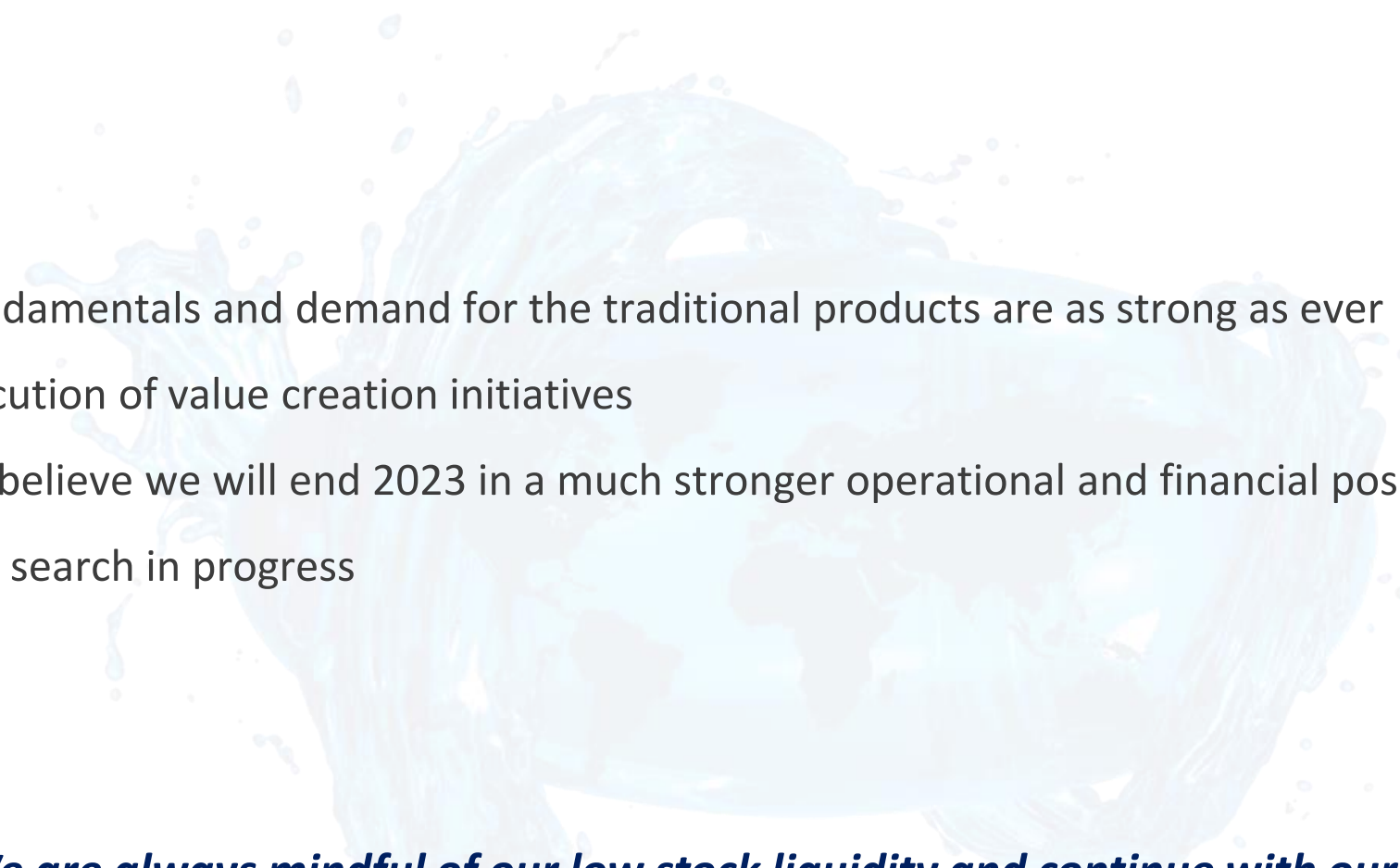
## Indebtdeness

US\$ Million	2022		1H23	
Short term	257.5	90%	121.2	42%
Long term	28.4	10%	169.6	58%
<b>Gross debt</b>	<b>285.9</b>		<b>290.8</b>	
Cash and equivalents	43.0		11.5	
<b>Net debt</b>	<b>242.9</b>		<b>279.3</b>	
LTM Adj. EBITDA	70.1		62.6	
<b>Net debt / Adj, EBITDA</b>	<b>3.5x</b>		<b>4.5x</b>	



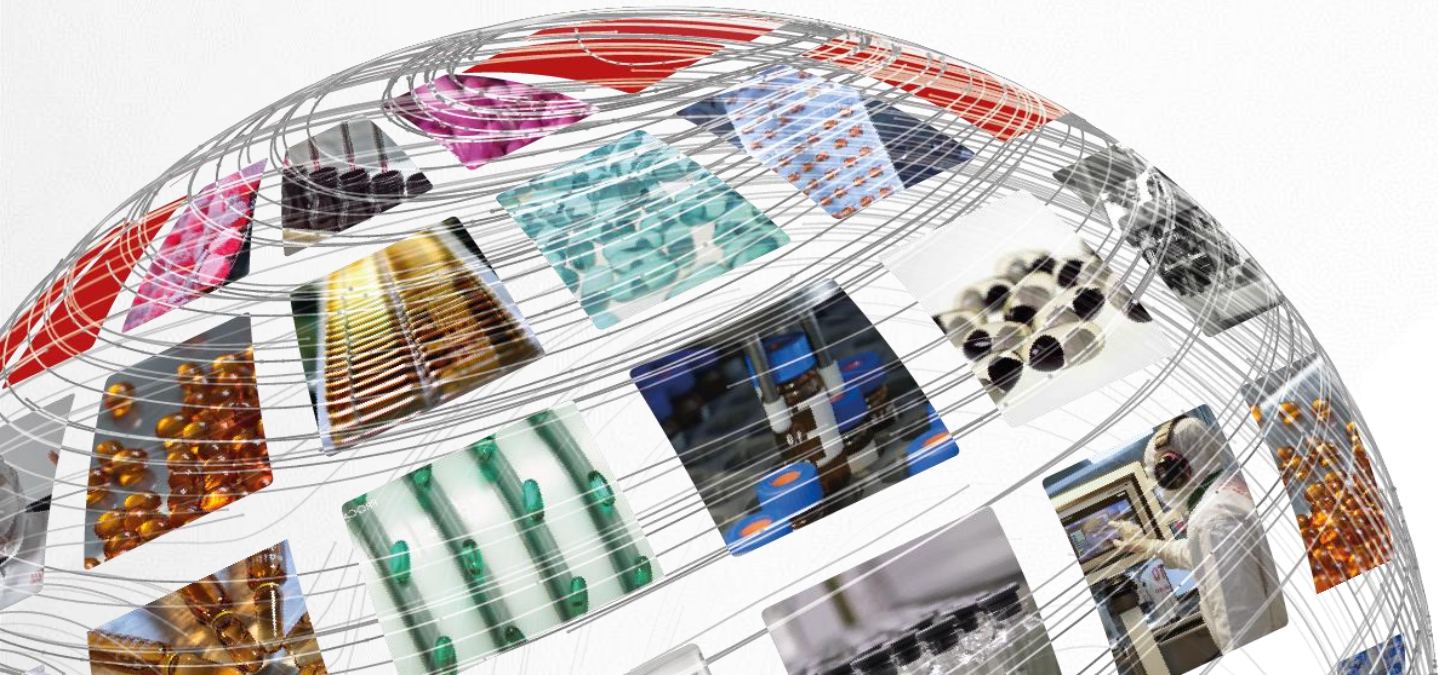
## Closing Remarks



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- A large, light blue water splash graphic that serves as a background for the list items. It features a central splash with smaller droplets radiating outwards.
- Fundamentals and demand for the traditional products are as strong as ever
  - Execution of value creation initiatives
  - We believe we will end 2023 in a much stronger operational and financial position
  - CEO search in progress

***We are always mindful of our low stock liquidity and continue with our buyback program and other measures to enhance liquidity as well as shareholder value***

# APPENDIX





# Reconciliation of Adjusted EBITDA



<i>U\$ million</i>	2Q23	%NR	2Q22	%NR	Δ%
Net Income	27.0	24.5%	(6.9)	-6.2%	n.a.
Financial expenses	6.8	6.2%	18.8	16.7%	-63.9%
Income tax	11.0	10.0%	(2.4)	-2.1%	-562.4%
D&A	4.3	3.9%	4.9	4.3%	-11.4%
<b>EBITDA</b>	<b>49.0</b>	<b>44.6%</b>	<b>14.4</b>	<b>12.8%</b>	<b>241.2%</b>
FX translation adjustments <sup>1</sup>	(10.5)		8.4		-225.1%
Transaction expenses <sup>2</sup>	(19.3)		3.7		n.a.
Other expenses <sup>3</sup>	0.6		1.1		-42.9%
<b>Adjusted EBITDA</b>	<b>19.9</b>	<b>18.1%</b>	<b>27.5</b>	<b>24.5%</b>	<b>-27.7%</b>
<i>Adjusted EBITDA margin</i>	<i>18.1%</i>	<i>18.1%</i>	<i>24.5%</i>		<i>-641.2 bps</i>

	1H23	%NR	1H22	%NR	Δ%
	33.6	17.3%	9.5	4.8%	252.5%
	5.1	2.6%	4.2	2.1%	21.9%
	13.2	6.8%	3.3	1.7%	301.9%
	8.0	4.1%	8.4	4.2%	-4.2%
	<b>60.0</b>	<b>30.9%</b>	<b>25.4</b>	<b>12.8%</b>	<b>136.1%</b>
	(14.4)		3.2		-551.3%
	(19.3)		6.1		n.a.
	3.0		2.1		45.4%
	<b>29.3</b>	<b>15.1%</b>	<b>36.7</b>	<b>18.5%</b>	<b>-20.3%</b>
	<i>15.1%</i>		<i>18.5%</i>		<i>-1854.4 bps</i>

(1) 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 June 30, 2023 and 2022.

(2) Transactions expenses for the period ended June 30, 2023 primarily include the one-time settlement with third parties with respect to certain matters in favor of the Company of approximately \$19.3 million. For the period ended June 30, 22, these expenses primarily include: (i) consulting and legal fees and expenses related to acquisitions and other transactions in the amount of \$1.9 million, (ii) consulting and legal fees and expenses related to operations in the amount of \$1.5 million, (iii) incremental director & officer policy insurance costs incurred of \$0.3 million in connection with the Business Combination.

(5) Other expenses consist of business transformation initiatives implemented during both periods.



# Reconciliation of Contribution Margin



	USD\$MM	2Q22	1H22	2Q23	1H23
Nextgel	<b>Net Revenues</b>	32.9	58.260	32.0	56.9
	COGS	(12.4)	(24.9)	(16.4)	(30.1)
	<b>Gross Profit</b>	<b>20.5</b>	<b>33.380</b>	<b>15.582</b>	<b>26.862</b>
	<i>Gross margin %</i>	62.4%	57.3%	48.7%	47.2%
	Sales and marketing expenses	(3.0)	(5.7)	(4.0)	(6.9)
	<b>Contribution margin</b>	<b>17.5</b>	<b>27.703</b>	<b>11.547</b>	<b>19.972</b>
<i>Contribution margin %</i>	53.1%	47.6%	36.1%	35.1%	
Procaps Col	<b>Net Revenues</b>	39.6	71.453	38.0	67.6
	COGS	(16.1)	(32.1)	(20.7)	(35.9)
	<b>Gross Profit</b>	<b>23.4</b>	<b>39.360</b>	<b>17.360</b>	<b>31.668</b>
	<i>Gross margin %</i>	59.2%	55.1%	45.6%	46.8%
	Sales and marketing expenses	(8.3)	(14.5)	(6.1)	(11.3)
	<b>Contribution margin</b>	<b>15.1</b>	<b>24.859</b>	<b>11.256</b>	<b>20.326</b>
<i>Contribution margin %</i>	45.9%	34.8%	35.2%	30.1%	
CAN	<b>Net Revenues</b>	16.8	28.106	13.8	23.4
	COGS	(5.1)	(9.9)	(4.3)	(7.4)
	<b>Gross Profit</b>	<b>11.8</b>	<b>18.220</b>	<b>9.562</b>	<b>15.947</b>
	<i>Gross margin %</i>	69.9%	64.8%	69.2%	68.2%
	Sales and marketing expenses	(5.5)	(9.8)	(3.7)	(7.3)
	<b>Contribution margin</b>	<b>6.3</b>	<b>8.394</b>	<b>5.836</b>	<b>8.637</b>
<i>Contribution margin %</i>	37.2%	29.9%	42.2%	36.9%	

	USD\$MM	2Q22	1H22	2Q23	1H23
CASAND	<b>Net Revenues</b>	17.1	29.662	21.0	37.0
	COGS	(3.0)	(5.1)	(3.5)	(6.1)
	<b>Gross Profit</b>	<b>14.1</b>	<b>24.599</b>	<b>17.547</b>	<b>30.957</b>
	<i>Gross margin %</i>	82.3%	82.9%	83.5%	83.6%
	Sales and marketing expenses	(7.1)	(12.8)	(7.4)	(14.3)
	<b>Contribution margin</b>	<b>6.9</b>	<b>11.847</b>	<b>10.133</b>	<b>16.670</b>
<i>Contribution margin %</i>	40.6%	39.9%	48.2%	45.0%	
Diabetics	<b>Net Revenues</b>	6.0	10.570	5.2	9.3
	COGS	(3.2)	(6.4)	(4.1)	(7.4)
	<b>Gross Profit</b>	<b>2.8</b>	<b>4.195</b>	<b>1.136</b>	<b>1.816</b>
	<i>Gross margin %</i>	47.1%	39.7%	21.8%	19.6%
	Sales and marketing expenses	(1.4)	(2.9)	(1.1)	(2.2)
	<b>Contribution margin</b>	<b>1.424</b>	<b>1.339</b>	<b>0.068</b>	<b>(0.432)</b>
<i>Contribution margin %</i>	23.9%	12.7%	1.3%	-4.7%	
Total	<b>Net Revenues</b>	112.4	198.050	110.1	194.219
	COGS	(39.8)	(78.3)	(48.9)	(87.0)
	<b>Gross Profit</b>	<b>72.6</b>	<b>119.755</b>	<b>61.188</b>	<b>107.250</b>
	<i>Gross margin %</i>	64.6%	60.5%	55.6%	55.2%
	Sales and marketing expenses	(25.7)	(45.8)	(21.5)	(42.2)
	<b>Contribution margin</b>	<b>47.0</b>	<b>73.933</b>	<b>39.690</b>	<b>65.082</b>
<i>Contribution margin %</i>	42%	37.3%	36.1%	33.5%	





## 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 on a constant currency basis. We calculate constant currency by calculating three month-end period for the three months and six months ended June 30, 2023 using prior-period (three months and six months ended June 30, 2022) 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\$3,914.46 per U.S. \$1.00 and R\$5.0782 per U.S. \$1.00, for the three months and six months ended June 30, 2022. 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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