

NASDAQ: PROC



4Q22 & 2022 Financial Results

May 15, 2023



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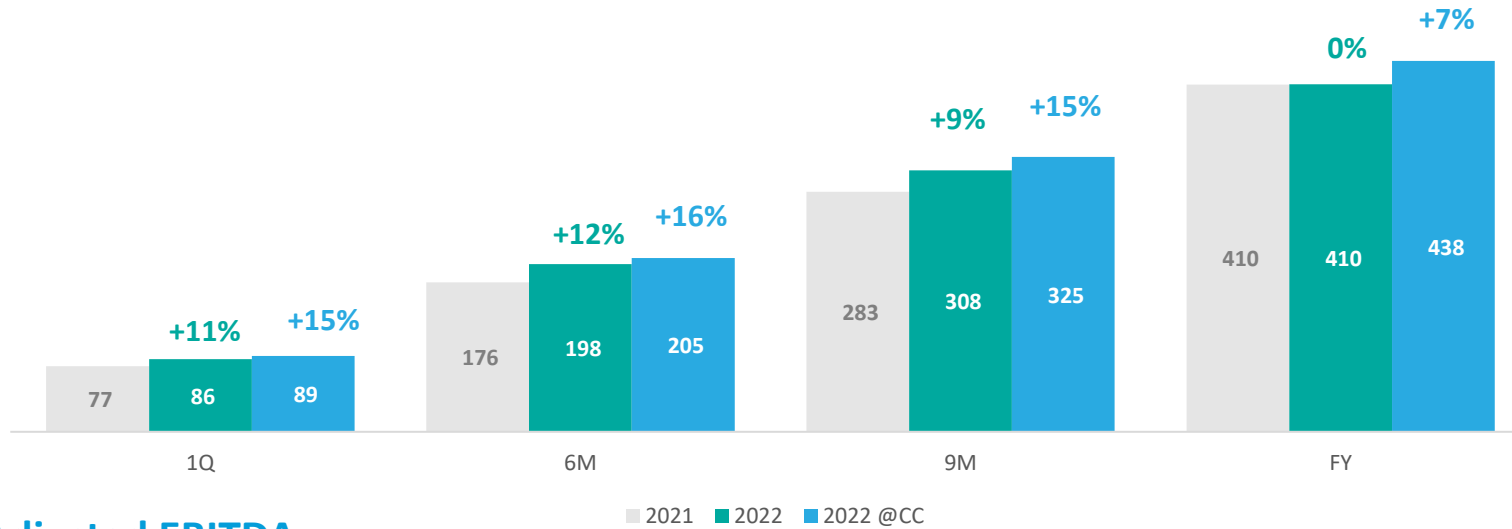
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4Q22 & 2022 Highlights

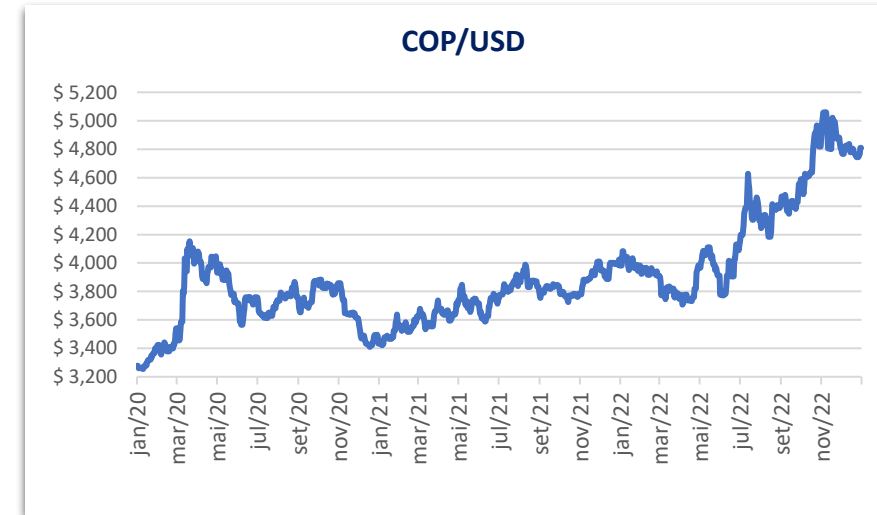


Net Revenues

US\$ million

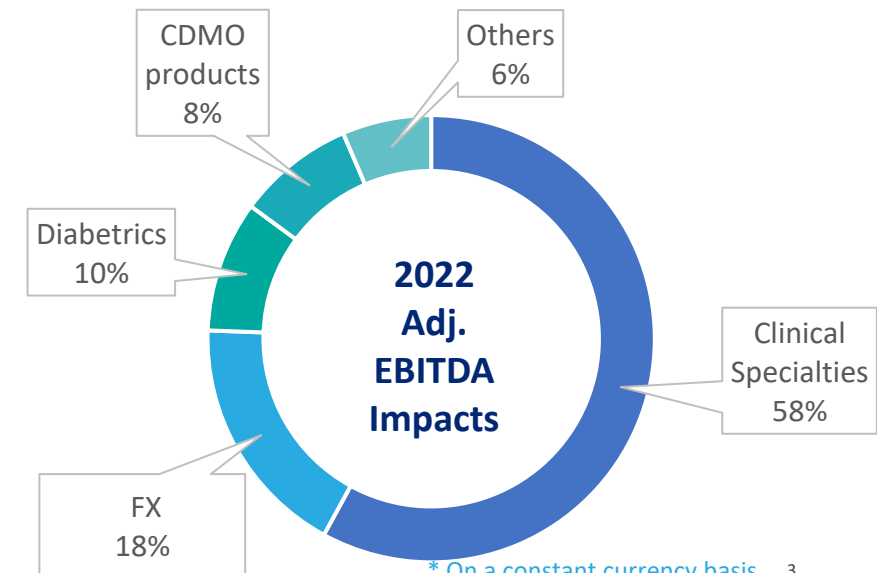
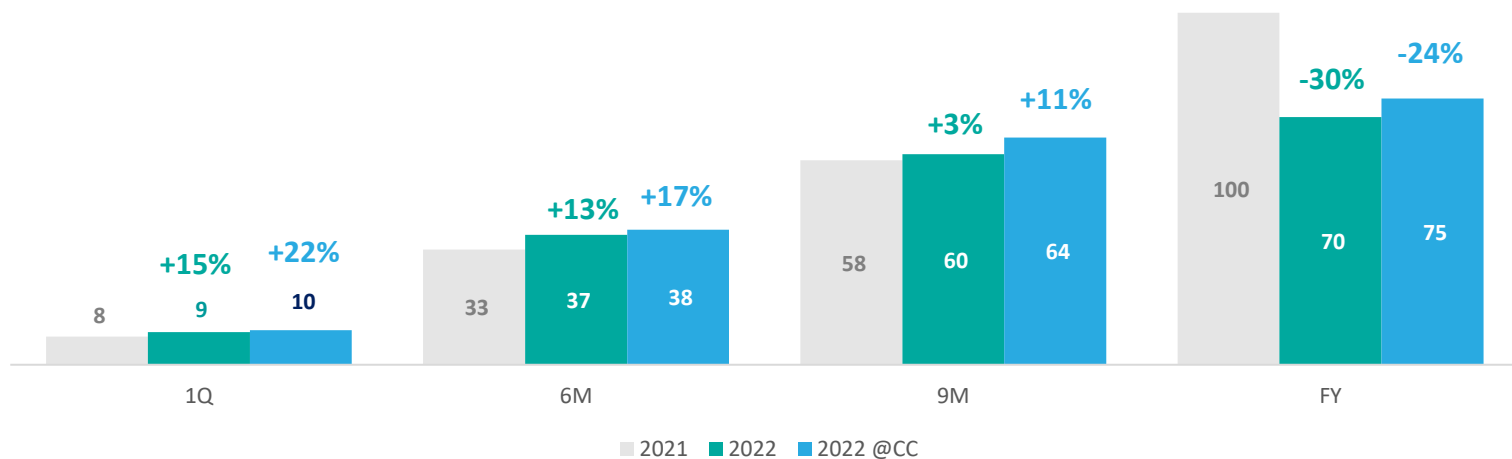


4Q22 & 2022 Headwinds



Adjusted EBITDA

US\$ million



* On a constant currency basis 3



New Products

\$111M in net revenues from **new products**
27% Renewal rate
170+ products in registration phase



US Expansion

Commencing of operations in **West Palm Beach**
Growing pipeline of **RX product development**
Full **gummies production** in 2H23

Value Creation Initiatives

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

Value Creation Initiatives on Track



SG&A Efficiencies

- *Promotion and salesforce expenses reduction*
- *Efficiencies capture in indirect expenses*



Corporate Expenses

- *IT services optimization*
- *T&E and infrastructure maintenance expenses reduction*



Process Streamline

- *Executed streamline of processes and teams*
- *Operations efficiencies: purchasing, production planning, best practices, efficiency gains*



R&D Optimization

- *Supplies and other materials not impacting projects development and launches schedule*

In-House R&D Capabilities Driving Attractive Growth Opportunities

27%
Renewal rate

140+
Launched products

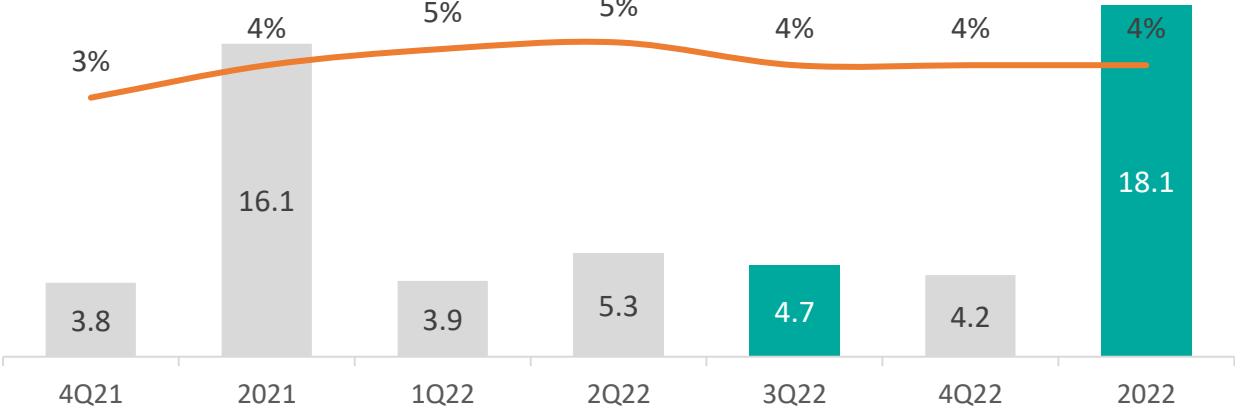
4%
of net revenues invested in
R&D



Relevant R&D Expenditure

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

R&D Expenses (%of Net Revenues)





Preliminary Results 1Q23

US\$ million	1Q23	1Q22
Net Revenues	\$82M - \$85M	\$86M
FX Impact on Net Revenues	\$7M	\$ -
Constant Net Revenues	\$89M - \$92M	-
Adjusted EBITDA	\$9.0M - \$9.3M	\$9M
Constant Adj. EBITDA	\$9.9M - \$10.2M	-

2023 Guidance

~+10%

Net Revenues
constant currency

\$90M - \$100M

Adjusted EBITDA
constant currency

We believe momentum will expand as we benefit significantly from the investments in capabilities, products and geographies, combined with our cost reduction plans



Social

- “Hilo Azul” initiative impacted over 2,800 patients and 25+ geographies
- Continuous work for gender equality with the launch of a program to boost female leadership in different functional areas and countries



Environmental

In 2022, we announced our plan to **develop our carbon neutrality strategy**. It comprises three main goals:

- Baseline carbon footprint calculation
- Identify greenhouse gas emissions mitigation opportunities
- Develop a strategy to become carbon neutral

During 2022, we advanced on our baseline, and we expect to move forward to the second phase this year



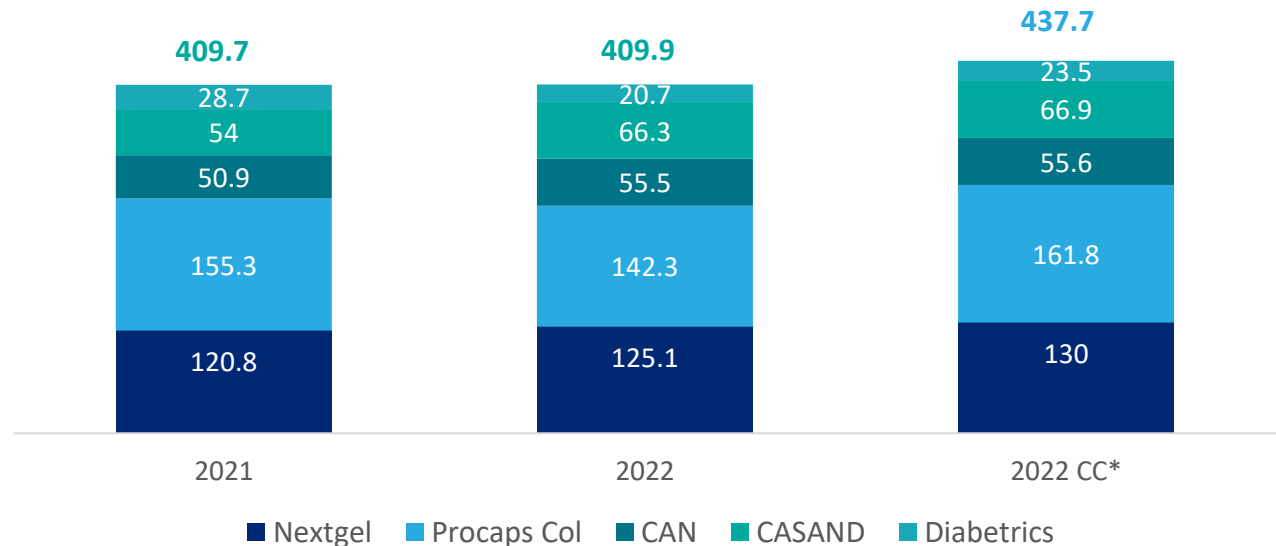
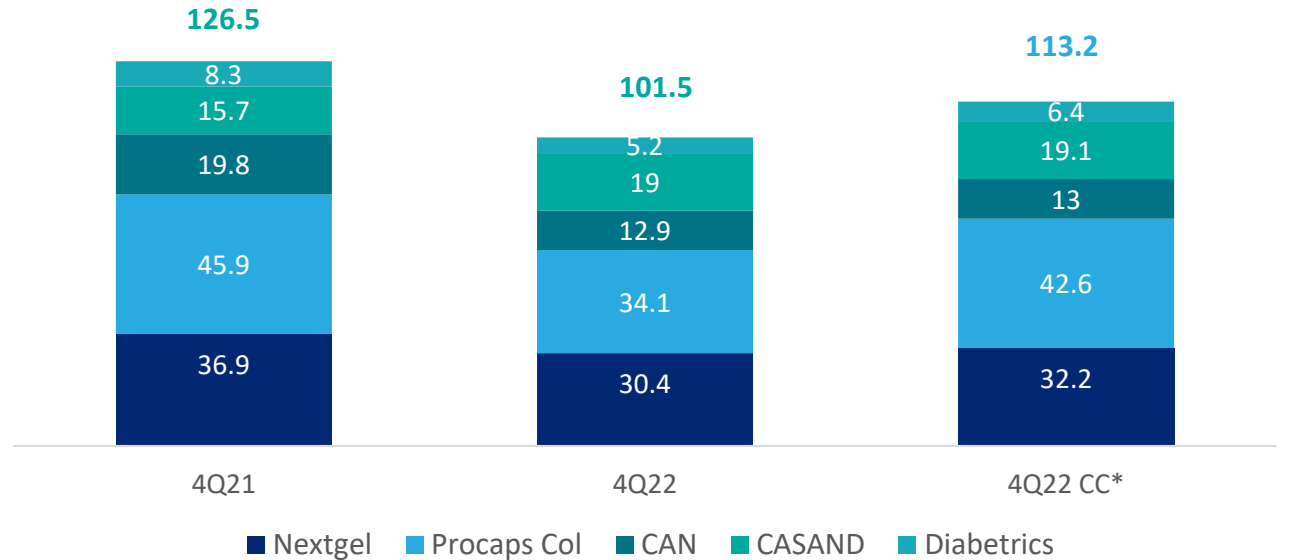
Net Revenue Performance by SBU

Consistent constant currency growth across most business segments



Growth was driven by:

- 4Q22 & 2022 affected by FX, and lower demand of Clinical Specialty portfolio
- Nextgel: increase in sales of existing products, portfolio expansion with key partners and R&D services
- Procaps Colombia: positive performance of Farma and VitalCare lines, offset by FX and Clinical Specialties
- CAN: growth from the roll out of new products and portfolio expansion in several therapeutic areas
- CASAND: growth from existing brands in key markets, and the rollout of new products
- Diabetrics: impacted by FX and overall market. Several measures are being taken to sustain margins going forward



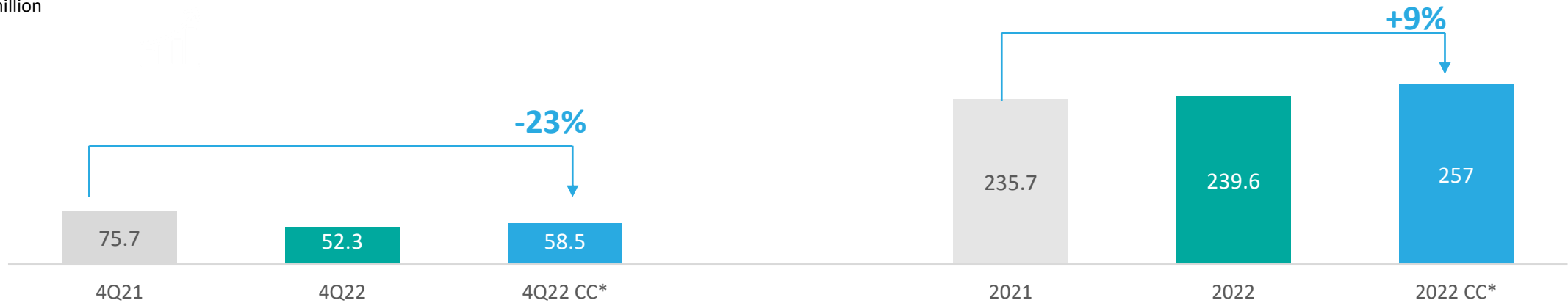


4Q22 & 2022 Gross Profit & Contribution Margin



Gross Profit

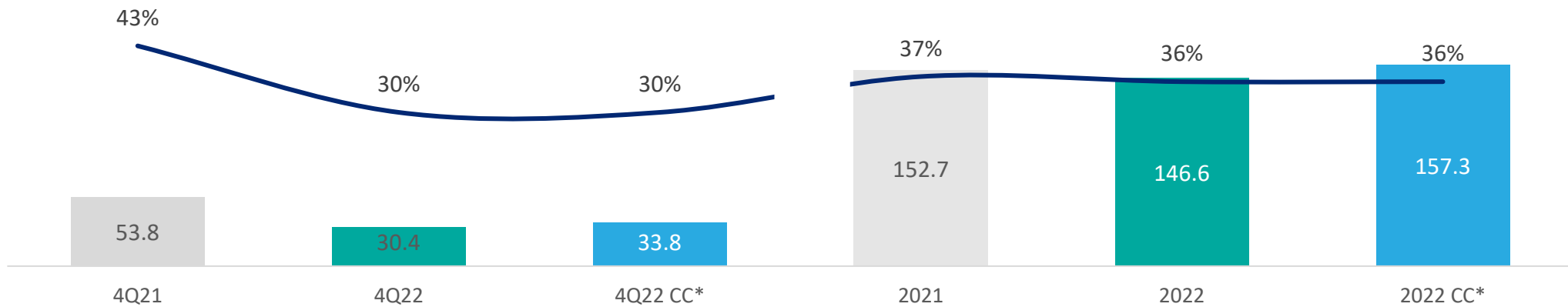
US\$ million



Contribution Margin

US\$ million

Contribution Margin (% of Net Revenues)



* On a constant currency basis

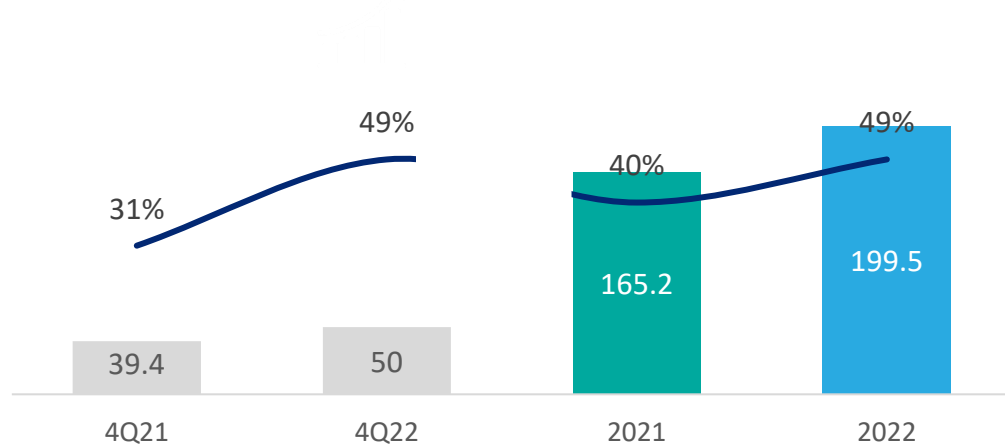


4Q22 & 2022 Operating Expenses & Adjusted EBITDA



Total SG&A Expenses

US\$ million



Total SG&A OPEX and Adjusted EBITDA

- Increase of \$11M in sales and marketing and \$24M in G&A, mainly impacted by:
 - Increase in legal and consulting fees related to M&A processes
 - Rymco impairment
 - Return of events and commercial efforts
 - Brand marketing efforts
 - Costs related to being a publicly listed company
 - Structuring the company for future growth

Adjusted EBITDA

US\$ million



* On a constant currency basis



Balance Sheet & Indebtdeness



US\$ Million	2021	2022
Cash and equivalents	72.1	43.0
Trade and other receivables	117.4	129.6
Inventories	79.4	96.8
Other current assets	29.1	28.0
Total current assets	298.1	297.4
Property, plants and equipments	112.8	113.0
Intangible assets	30.2	32.2
Other non-current assets	21.1	17.6
Total non-current assets	164.1	162.7
Total assets	462.1	460.2
Short term debt	74.6	257.5
Accounts payable	85.4	90.2
Other current liabilities	27.9	20.7
Total current liabilities	188.0	368.4
Long term debt	178.7	28.4
Warrant liability	23.1	10.9
Shares held in escrow	101.9	40.1
Other non-current liabilities	8.8	14.3
Total non-current liabilities	312.5	93.7
Total liabilities	500.5	462.1
Equity	(38.3)	(1.9)

Balance Sheet Changes

- **Cash on hand** impacted by CAPEX expansion, working capital increase and increased SG&A
- **Inventories increased** to offset supply crisis
- **Debt reclassified** to short-term to reflect breach of covenants, which was subsequently waived by lenders
- **Shares held in escrow** decreased in line with share price

Indebtdeness

US\$ Million	2021	2022	
Short term	74.6	257.5	90%
Long term	178.7	28.4	10%
Gross debt	253.4	285.9	
Cash and equivalents	72.1	43.0	
Net debt	181.3	242.9	
LTM Adj. EBITDA	99.7	70.1	
Net debt / Adj, EBITDA	1.8x	3.5x	



Closing Remarks



- Execution of value creation initiatives
- Revenues of +\$20M from new products launches in 2023
- Continued rollout of our existing portfolio in new countries, across every SBU
- Healthy demand for RX and OTC portfolio
- Partnership with local manufacturers in CASAND region to increase market penetration
- Capital allocation in business expected to have more cash generation
- Higher growth of CDMO services and products, focusing on highly regulated markets, with the launch of new products and the new gummy facility in US
- Inorganic growth through the increase of profits to regain our leverage capacity and continue with inorganic initiatives



Reconciliation of Adjusted EBITDA



	4Q22	4Q21	2022	2021
Net Income	10.4	27.6	42.5	(100.9)
Financial expenses	(19.4)	(0.6)	(37.9)	78.6
Income tax	(0.9)	7.4	10.2	13.7
D&A	4.5	1.8	16.8	15.1
EBITDA	(5.4)	36.1	31.6	6.6
Listing expense ¹	-	-	-	73.9
FX translation adjustments ²	3.8	1.7	16.0	4.0
Business transformation ³	0.0	0.7	0.3	0.7
Transaction expenses ⁴	4.0	2.2	11.4	9.4
Other expenses ⁵	8.1	1.1	10.8	5.0
Adjusted EBITDA	10.6	41.8	70.1	99.7
<i>Adjusted EBITDA margin</i>	<i>10.4%</i>	<i>33.1%</i>	<i>17.1%</i>	<i>24.3%</i>

(1) Listing expenses for the year ended December 31, 2021 include listing expense of \$73.9 million.

(2) FX 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 December 31, 2022 and 2021.

(3) Business transformation initiatives consist of non-recurring expenses related to the launch of a new patient program platform for Diabetics (Zutrics) during the year ended December 31, 2022.

(4) Transactions expenses for the year ended December 31, 2022 primarily include: (i) consulting and legal fees and expenses incurred in connection with acquisitions and SPA termination in the amount of 12.3 million, (ii) incremental director and officer policy insurance costs in the amount of \$1.0 million in connection with the Business Combination, (iii) tail policy insurance costs incurred of \$0.5 million in connection with the Business Combination, and (iv) incremental audit fees of approximately \$0.3 million incurred in connection with the Business Combination.

(5) Other expenses include mainly a write off related to Rymco impairment charge of approximately \$6.0 million for the year ended December 31, 2022, and COVID-19 impact adjustments for the year ended December 31, 2022 primarily include expenses incurred for safety precautions.



Reconciliation of Contribution Margin



		US\$ million			
		4Q21	2021	4Q22	2022
Nextgel	Net Revenues	36.926	120.826	30.4	125.064
	COGS	(16.794)	(55.867)	(18.7)	(60.394)
	Gross Profit	20.132	64.959	11.687	64.670
	<i>Gross margin %</i>	54.5%	53.8%	38.5%	52%
	Sales and marketing expenses	(3.816)	(13.528)	(2.909)	(12.227)
	Contribution margin	16.317	51.431	8.8	52.443
	<i>Contribution margin %</i>	44.2%	42.6%	28.9%	42%
Procaps Col	Net Revenues	45.9	155.327	34.1	142.345
	COGS	(11.893)	(66.291)	(19.961)	(68.841)
	Gross Profit	33.976	89.037	14.090	73.504
	<i>Gross margin %</i>	74.1%	50.5%	41.4%	51.6%
	Sales and marketing expenses	(15.761)	(37.106)	(6.806)	(28.755)
	Contribution margin	18.215	51.931	7.3	44.750
	<i>Contribution margin %</i>	39.7%	33.4%	21.4%	31.4%
CAN	Net Revenues	19.761	50.937	12.921	55.467
	COGS	(3.705)	(13.217)	(4.162)	(19.647)
	Gross Profit	16.056	37.720	8.759	35.820
	<i>Gross margin %</i>	81.3%	74.1%	67.8%	64.6%
	Sales and marketing expenses	(7.383)	(19.184)	(3.530)	(19.000)
	Contribution margin	8.673	18.536	5.2	16.820
	<i>Contribution margin %</i>	43.9%	36.4%	40.5%	30.3%

		US\$ million			
		4Q21	2021	4Q22	2022
CASAND	Net Revenues	15.673	53.956	19.0	66.330
	COGS	(1.551)	(9.932)	(2.444)	(9.230)
	Gross Profit	14.122	44.024	16.511	57.099
	<i>Gross margin %</i>	90.1%	81.6%	87.1%	86.1%
	Sales and marketing expenses	(5.5)	(21.532)	(6.9)	(27.6)
	Contribution margin	8.631	22.492	9.6	29.5
	<i>Contribution margin %</i>	55.1%	41.7%	50.5%	44.4%
Diabetics	Net Revenues	8.3	28.695	5.2	20.713
	COGS	(2.9)	(14.702)	(4.0)	(12.239)
	Gross Profit	5.392	13.993	1.208	8.475
	<i>Gross margin %</i>	64.9%	48.8%	23.4%	40.9%
	Sales and marketing expenses	(1.6)	(5.716)	(1.3)	(5.4)
	Contribution margin	3.805	8.277	(0.1)	3.1
	<i>Contribution margin %</i>	45.8%	28.8%	-2.2%	14.9%
Total	Net Revenues	126.5	409.742	101.5	409.920
	COGS	(36.9)	(160.009)	(49.2)	(170.351)
	Gross Profit	89.678	249.733	52.255	239.569
	<i>Gross margin %</i>	70.9%	60.9%	51.5%	58.4%
	Sales and marketing expenses	(35.9)	(97.1)	(21.9)	(93.6)
	Contribution margin	53.8	152.7	30.4	146.0
	<i>Contribution margin %</i>	42.5%	37.3%	29.9%	35.6%



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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