

Procaps Group, S.A.
Société anonyme

ANNUAL ACCOUNTS
FOR THE YEAR ENDED
31 DECEMBER 2022

Registered office: 9, rue de Bitbourg
L - 1273 Luxembourg
R.C.S. Luxembourg: B253360

Table of contents

	Page(s)
Auditor's report	1
Balance sheet	2 – 7
Profit and loss	8 – 9
Notes to the annual accounts	10 – 18

To the Shareholders of
Procaps Group, S.A.
9, rue de Bitbourg
L-1273 LUXEMBOURG
R.C.S. Luxembourg B253360

REPORT OF THE COMMISSAIRE

In accordance with the Luxembourg legal and statutory requirements, we have a pleasure in presenting you with the results of our mandate as Commissaire which you have entrusted to us for the period ended 31 December 2022.

We have carried out our work in accordance with the provisions of Article 443-2 of the amended law of 10 August 1915 on commercial companies which does not require the Commissaire to give an opinion on the annual accounts and, therefore, this report does not constitute an audit carried out under International Standards on Auditing. These annual accounts are the responsibility of the Board of Directors. This includes the maintenance of adequate accounting records and internal controls, the selection and application of accounting policies, and the safeguard of the assets of the Company. We have examined the attached Balance Sheet as at 31 December 2022 and the related Profit and Loss Account for the year then ended, to the extent which we deemed necessary, to the Company's accounting records and documents made available to us. We have checked the assets and liabilities by methods that we considered appropriate.

We have no observations to make on the annual accounts and propose to approve them and to give discharge to the Board of Directors.

Luxembourg, 2 June 2023



Carlos A. Pioduda Russo

Annual Accounts Helpdesk :

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RCSL Nr. : B253360

Matricule : 2021 2201 694

eCDF entry date :

BALANCE SHEET

Financial year from ⁰¹ 01/01/2022 **to** ⁰² 31/12/2022 (in ⁰³ USD)

Procaps Group, S.A.

9, rue de Bitbourg
L-1273 Luxembourg

ASSETS

	Reference(s)	Current year	Previous year
A. Subscribed capital unpaid	1101 _____	101 _____	102 _____
I. Subscribed capital not called	1103 _____	103 _____	104 _____
II. Subscribed capital called but unpaid	1105 _____	105 _____	106 _____
B. Formation expenses	1107 _____	107 _____	108 _____
C. Fixed assets	1109 _____ 3	109 _____ 1.149.056.377,13	110 _____ 1.149.093.057,13
I. Intangible assets	1111 _____	111 _____	112 _____
1. Costs of development	1113 _____	113 _____	114 _____
2. Concessions, patents, licences, trade marks and similar rights and assets, if they were	1115 _____	115 _____	116 _____
a) acquired for valuable consideration and need not be shown under C.I.3	1117 _____	117 _____	118 _____
b) created by the undertaking itself	1119 _____	119 _____	120 _____
3. Goodwill, to the extent that it was acquired for valuable consideration	1121 _____	121 _____	122 _____
4. Payments on account and intangible assets under development	1123 _____	123 _____	124 _____
II. Tangible assets	1125 _____	125 _____	126 _____
1. Land and buildings	1127 _____	127 _____	128 _____
2. Plant and machinery	1129 _____	129 _____	130 _____

RCSL Nr. : B253360

Matricule : 2021 2201 694

	Reference(s)	Current year	Previous year
3. Other fixtures and fittings, tools and equipment	1131	131	132
4. Payments on account and tangible assets in the course of construction	1133	133	134
III. Financial assets	1135	1.149.056.377,13	1.149.093.057,13
1. Shares in affiliated undertakings	1137	137	138
2. Loans to affiliated undertakings	1139	139	140
3. Participating interests	1141	141	142
4. Loans to undertakings with which the undertaking is linked by virtue of participating interests	1143	143	144
5. Investments held as fixed assets	1145	145	146
6. Other loans	1147	147	148
D. Current assets	1151	45.247.277,91	45.119.317,64
I. Stocks	1153	153	154
1. Raw materials and consumables	1155	155	156
2. Work in progress	1157	157	158
3. Finished goods and goods for resale	1159	159	160
4. Payments on account	1161	161	162
II. Debtors	1163	570,63	79.317,64
1. Trade debtors	1165	165	166
a) becoming due and payable within one year	1167	167	168
b) becoming due and payable after more than one year	1169	169	170
2. Amounts owed by affiliated undertakings	1171	171	172
a) becoming due and payable within one year	1173	173	174
b) becoming due and payable after more than one year	1175	175	176
3. Amounts owed by undertakings with which the undertaking is linked by virtue of participating interests	1177	177	178
a) becoming due and payable within one year	1179	179	180
b) becoming due and payable after more than one year	1181	181	182
4. Other debtors	1183	183	184
a) becoming due and payable within one year	1185	185	186
b) becoming due and payable after more than one year	1187	187	188

RCSL Nr. : B253360

Matricule : 2021 2201 694

CAPITAL, RESERVES AND LIABILITIES

	Reference(s)	Current year	Previous year
A. Capital and reserves	1301 <u>6</u>	301 <u>1.174.064.148,65</u>	302 <u>1.197.405.485,99</u>
I. Subscribed capital	1303 _____	303 <u>1.213.241,83</u>	304 <u>1.213.241,83</u>
II. Share premium account	1305 _____	305 <u>1.127.028.588,17</u>	306 <u>1.127.028.588,17</u>
III. Revaluation reserve	1307 _____	307 _____	308 _____
IV. Reserves	1309 _____	309 <u>74.002.500,00</u>	310 <u>74.002.500,00</u>
1. Legal reserve	1311 _____	311 _____	312 _____
2. Reserve for own shares	1313 _____	313 <u>45.040.000,00</u>	314 <u>45.040.000,00</u>
3. Reserves provided for by the articles of association	1315 _____	315 _____	316 _____
4. Other reserves, including the fair value reserve	1429 _____	429 <u>28.962.500,00</u>	430 <u>28.962.500,00</u>
a) other available reserves	1431 _____	431 _____	432 _____
b) other non available reserves	1433 _____	433 <u>28.962.500,00</u>	434 <u>28.962.500,00</u>
V. Profit or loss brought forward	1319 _____	319 <u>-4.838.844,01</u>	320 _____
VI. Profit or loss for the financial year	1321 _____	321 <u>-23.341.337,34</u>	322 <u>-4.838.844,01</u>
VII. Interim dividends	1323 _____	323 _____	324 _____
VIII. Capital investment subsidies	1325 _____	325 _____	326 _____
B. Provisions	1331 _____	331 _____	332 _____
1. Provisions for pensions and similar obligations	1333 _____	333 _____	334 _____
2. Provisions for taxation	1335 _____	335 _____	336 _____
3. Other provisions	1337 _____	337 _____	338 _____
C. Creditors	1435 <u>7</u>	435 <u>23.345.381,35</u>	436 <u>1.408.701,27</u>
1. Debenture loans	1437 _____	437 _____	438 _____
a) Convertible loans	1439 _____	439 _____	440 _____
i) becoming due and payable within one year	1441 _____	441 _____	442 _____
ii) becoming due and payable after more than one year	1443 _____	443 _____	444 _____
b) Non convertible loans	1445 _____	445 _____	446 _____
i) becoming due and payable within one year	1447 _____	447 _____	448 _____
ii) becoming due and payable after more than one year	1449 _____	449 _____	450 _____
2. Amounts owed to credit institutions	1355 _____	355 _____	356 _____
a) becoming due and payable within one year	1357 _____	357 _____	358 _____
b) becoming due and payable after more than one year	1359 _____	359 _____	360 _____

The notes in the annex form an integral part of the annual accounts

RCSL Nr. : B253360

Matricule : 2021 2201 694

	Reference(s)	Current year	Previous year
3. Payments received on account of orders in so far as they are not shown separately as deductions from stocks	1361 _____	361 _____	362 _____
a) becoming due and payable within one year	1363 _____	363 _____	364 _____
b) becoming due and payable after more than one year	1365 _____	365 _____	366 _____
4. Trade creditors	1367 _____	367 <u>6.721.543,50</u>	368 <u>1.408.701,27</u>
a) becoming due and payable within one year	1369 _____	369 <u>6.721.543,50</u>	370 <u>1.408.701,27</u>
b) becoming due and payable after more than one year	1371 _____	371 _____	372 _____
5. Bills of exchange payable	1373 _____	373 _____	374 _____
a) becoming due and payable within one year	1375 _____	375 _____	376 _____
b) becoming due and payable after more than one year	1377 _____	377 _____	378 _____
6. Amounts owed to affiliated undertakings	1379 _____	379 <u>10.609.001,44</u>	380 _____
a) becoming due and payable within one year	1381 _____	381 <u>10.609.001,44</u>	382 _____
b) becoming due and payable after more than one year	1383 _____	383 _____	384 _____
7. Amounts owed to undertakings with which the undertaking is linked by virtue of participating interests	1385 _____	385 _____	386 _____
a) becoming due and payable within one year	1387 _____	387 _____	388 _____
b) becoming due and payable after more than one year	1389 _____	389 _____	390 _____
8. Other creditors	1451 _____	451 <u>6.014.836,41</u>	452 _____
a) Tax authorities	1393 _____	393 <u>14.836,41</u>	394 _____
b) Social security authorities	1395 _____	395 _____	396 _____
c) Other creditors	1397 _____	397 <u>6.000.000,00</u>	398 _____
i) becoming due and payable within one year	1399 _____	399 <u>6.000.000,00</u>	400 _____
ii) becoming due and payable after more than one year	1401 _____	401 _____	402 _____
D. Deferred income	1403 _____	403 _____	404 _____
TOTAL (CAPITAL, RESERVES AND LIABILITIES)		405 <u>1.197.409.530,00</u>	406 <u>1.198.814.187,26</u>

Annual Accounts Helpdesk :

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PROFIT AND LOSS ACCOUNT

Financial year from ⁰¹ 01/01/2022 **to** ⁰² 31/12/2022 (in ⁰³ USD)

Procaps Group, S.A.
 9, rue de Bitbourg
 L-1273 Luxembourg

	Reference(s)	Current year	Previous year
1. Net turnover	1701 _____	701 _____	702 _____
2. Variation in stocks of finished goods and in work in progress	1703 _____	703 _____	704 _____
3. Work performed by the undertaking for its own purposes and capitalised	1705 _____	705 _____	706 _____
4. Other operating income	1713 _____	713 _____	714 _____
5. Raw materials and consumables and other external expenses	1671 _____	671 <u>-16.280.285,26</u>	672 <u>-4.567.563,22</u>
a) Raw materials and consumables	1601 _____	601 _____	602 _____
b) Other external expenses	1603 _____ 8	603 <u>-16.280.285,26</u>	604 <u>-4.567.563,22</u>
6. Staff costs	1605 _____	605 _____	606 _____
a) Wages and salaries	1607 _____	607 _____	608 _____
b) Social security costs	1609 _____	609 _____	610 _____
i) relating to pensions	1653 _____	653 _____	654 _____
ii) other social security costs	1655 _____	655 _____	656 _____
c) Other staff costs	1613 _____	613 _____	614 _____
7. Value adjustments	1657 _____	657 _____	658 _____
a) in respect of formation expenses and of tangible and intangible fixed assets	1659 _____	659 _____	660 _____
b) in respect of current assets	1661 _____	661 _____	662 _____
8. Other operating expenses	1621 _____ 9	621 <u>-724.999,48</u>	622 <u>-270.500,00</u>

RCSL Nr. : B253360

Matricule : 2021 2201 694

	Reference(s)	Current year	Previous year
9. Income from participating interests	1715	715	716
a) derived from affiliated undertakings	1717	717	718
b) other income from participating interests	1719	719	720
10. Income from other investments and loans forming part of the fixed assets	1721	721	722
a) derived from affiliated undertakings	1723	723	724
b) other income not included under a)	1725	725	726
11. Other interest receivable and similar income	1727	727 <u>7.297,72</u>	728 <u>1.576,44</u>
a) derived from affiliated undertakings	1729	729	730
b) other interest and similar income	1731	731 <u>7.297,72</u>	732 <u>1.576,44</u>
12. Share of profit or loss of undertakings accounted for under the equity method	1663	663	664
13. Value adjustments in respect of financial assets and of investments held as current assets	1665	665	666
14. Interest payable and similar expenses	1627	627 <u>-6.327.991,97</u>	628 <u>-2.357,23</u>
a) concerning affiliated undertakings	1629	629	630
b) other interest and similar expenses	1631	631 <u>-6.327.991,97</u>	632 <u>-2.357,23</u>
15. Tax on profit or loss	1635	635	636
16. Profit or loss after taxation	1667	667 <u>-23.325.978,99</u>	668 <u>-4.838.844,01</u>
17. Other taxes not shown under items 1 to 16	1637	637 <u>-15.358,35</u>	638
18. Profit or loss for the financial year	1669	669 <u>-23.341.337,34</u>	670 <u>-4.838.844,01</u>

Procaps Group, S.A.

Notes to the annual accounts for the year ended 31 December 2022
(Expressed in USD)

1. GENERAL

Procaps Group, S.A. (the “Company”) was incorporated in Luxembourg on 29 March 2021 as a public limited liability company (*Société Anonyme* or “S.A.”) for an unlimited period of time. The Company is governed by the law of 10 August 1915 on commercial companies as amended. The Company has its registered office at 9 rue de Bitbourg, L-1273 Luxembourg. The Company is registered with the “*Registre de Commerce et des Sociétés* (“RCS”)” in Luxembourg under the number B253360. The Company’s ordinary shares and public warrants are listed in the United States National Association of Securities Dealers Automated Quotations (“NASDAQ”) since 30 September 2021.

Pursuant to Article 2 of the current articles of association, the Company’s corporate purpose is the holding of participations in any form whatsoever in Luxembourg and foreign companies and in any other form of investment, the acquisition by purchase, subscription or in any other manner as well as the transfer by sale, exchange or otherwise of securities of any kind and the administration, management, control and development of its portfolio.

The Company may grant loans to, as well as guarantees or security for the benefit of third parties to secure its obligations and obligations of other companies in which it holds a direct or indirect participation or right of any kind or which form part of the same group of companies as the Company, or otherwise assist such companies.

The Company may raise funds through borrowing in any form or by issuing any kind of notes, securities or debt instruments, bonds and debentures and generally issue securities of any type.

The Company may invest in real estate, intellectual property rights and any other movable or immovable assets in any kind of form.

The Company may carry out any commercial, industrial, financial, real estate or intellectual property activities which it considers useful for the accomplishment of these purposes.

The Company’s financial year runs from 1 January to 31 December except for the first financial period which ran from 29 March 2021 (date of incorporation) to 31 December 2021.

The Company also prepares consolidated financial statements which are published under International Financial Reporting Standards.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1. Basis of preparation

The annual accounts have been prepared in accordance with the Luxembourg legal and regulatory requirements under the historical cost convention and on a going concern basis.

Accounting policies and valuation rules are, besides the ones laid down by the Law of 19th December 2002, determined and applied by the directors.

The preparation of these annual accounts requires the use of certain critical accounting estimates. It also requires the Board of Directors to exercise significant judgment in the process of applying the accounting policies. Changes in assumptions may have a significant impact on the annual accounts in the period in which the assumptions changed. The Board of Directors believes that the underlying assumptions are appropriate and that the annual accounts therefore present the financial position and results fairly.

Procaps Group, S.A.

Notes to the annual accounts for the year ended 31 December 2022
(Expressed in USD)

The Company makes estimates and assumptions that affect the reported amounts of assets and liabilities in the next financial year. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

2.2. Significant accounting policies

The following are the significant accounting policies and valuation rules adopted by the Company in the preparation of these annual accounts.

2.2.1. Foreign currency translation

The Company maintains its books and records in US Dollars ("USD"). The balance sheet and the profit and loss account are expressed in USD.

Translation of foreign currency transactions

Foreign currency transactions are translated into USD using the exchange rates prevailing at the dates of the transactions.

Translation of foreign currency balances as at the balance sheet date

- Financial assets denominated in currencies other than USD are translated at the historical exchange rates;
- Other assets denominated in currencies other than USD are translated at the lower between the exchange rate prevailing at the balance sheet date and historical exchange rate;
- Debts denominated in currencies other than USD are translated at the higher between the exchange rate prevailing at the balance sheet date and the historical exchange rate; and
- Cash at bank and in hand denominated in currencies other than USD are translated at the exchange rates prevailing at the balance sheet date.

As a result, realized exchange gains and losses and unrealized exchange losses are recorded in the profit and loss account. Unrealized exchange gains are not recognized unless it arises from cash at bank and in hand.

2.2.2. Formation expenses

Formation expenses include costs and expenses incurred in connection with the incorporation of the Company and subsequent capital increases. Formation expenses are charged to the profit and loss account of the year in which they were incurred.

2.2.3. Financial assets

Shares in affiliated undertakings are valued at acquisition cost including the expenses incidental thereto.

In the case of durable depreciation in value according to the opinion of the Board of Directors, value adjustments are made in respect of financial assets, so that they are valued at the lower figure to be attributed to them at the balance sheet date. These value adjustments are not continued if the reasons for which the value adjustments were made have ceased to apply.

2.2.4. Own shares

Own shares are valued at acquisition cost. These are subject to value adjustments where their recovery is compromised. These value adjustments are not continued if the reasons for which the value adjustments were made ceased to apply.

Procaps Group, S.A.

Notes to the annual accounts for the year ended 31 December 2022
(Expressed in USD)

2.2.5. Prepayment

Prepayments include expenditure items incurred during the financial year but relating to a subsequent financial year.

2.2.6. Creditors

Creditors are recorded at their reimbursement value. Where the amount repayable on account is greater than the amount received, the related repayment premium is shown in the balance sheet as an asset and is amortized over the period of the related debt on a straight-line method.

2.2.7. Expenses

Expenses are accounted for on an accrual basis.

2.2.8. Income tax

The Company is subject to income taxes in Luxembourg.

2.2.9. Warrants

The Company assumed the obligations on the certain warrants as disclosed in Note 6, which under Luxembourg legal and regulatory requirements relating to the preparation and presentation of the financial statements are recorded as part of Other non available reserves in the Capital and reserves section in the balance sheet. When such warrants are expected to be equity settled, the Company does not book any provision to cover any surplus of the fair value of those warrants compared to the amounts booked in Other non available reserves, as the Company will not suffer any loss in relation to those warrants in the future.

3. FINANCIAL ASSETS

Movements in financial assets during the year are as follows:

	Shares in affiliated undertakings 31/12/2022 USD
Gross book value – opening balance	1.149.093.057,13
Additions for the year	-
Reversal of capitalized acquisition related costs for the year	-36.680,00
Gross book value – closing balance	1.149.056.377,13
Accumulated value adjustment – opening balance	-
Allocation for the year	-
Reversals for the year	-
Accumulated value adjustment – closing balance	-
Net book value – opening balance	1.149.093.057,13
Net book value – closing balance	1.149.056.377,13

Procaps Group, S.A.

Notes to the annual accounts for the year ended 31 December 2022
(Expressed in USD)

Shares in affiliated undertakings as at 31 December 2022 consist of the following:

Name of undertakings	Registered office	% Ownership	Cost of investment USD	Last balance sheet date	Net equity* as at 31/12/2022 USD*	Profit/(Loss)* as at 31/12/2022 USD
Crynssen Pharma Group Limited	Seed Bldg C1 Midland Micro Enterprise Park, Burmarrad Road, Naxxar NXR 6345, Malta	100%	1.149.056.377,13	31/12/2022	163.294.308,27	-5.246.913,41

* unaudited

On 31 March 2021, the Company, Ozlem Limited, Union Acquisition Corp. II, a company based in Cayman Islands, Crynssen Pharma Group Limited, a company based in Malta, entered into a Business Combination Agreement (the "Business Combination Agreement" or "BCA" or "the Transaction"). The Transaction was consummated on 29 September 2021 and as a result Crynssen Pharma Group Limited became a subsidiary of the Company.

The Board of Directors did not identify a permanent value adjustment within financial assets. Therefore, no adjustments in value of the financial assets have been recognized as at 31 December 2022.

4. OWN SHARES

On 29 September 2021, the Company redeemed the below shares in connection with the Transaction:

- 4.000.000 redeemable A shares at USD 0,01 per share or USD 40.000,00
- 4.500.000 redeemable B shares at USD 10,00 per share or USD 45.000.000,00

The Board of Directors did not identify a permanent value adjustment within its investments in own shares. Therefore, no adjustments in value of the own shares have been recognized as at 31 December 2022.

5. PREPAYMENTS

Prepayments are composed of:

	Total 31/12/2022 USD	Total 31/12/2021 USD
Prepaid insurance	2.983.274,96	4.601.812,49
Prepaid interest (note 7)	117.600,00	-
Other prepayments	5.000,00	-
Total	3.105.874,96	4.601.812,49

Procaps Group, S.A.

Notes to the annual accounts for the year ended 31 December 2022
(Expressed in USD)

6. CAPITAL AND RESERVES

Movements during the year are as follows:

	Subscribed capital USD	Share premium account USD	Reserve for own shares USD	Other reserves USD	Profit or loss brought forward USD	Profit or loss for the financial year USD	Total USD
Opening Balance	1.213.241,83	1.127.028.588,17	45.040.000,00	28.962.500,00	-	4.838.844,01	1.197.405.485,99
Allocation of prior year's results to profit or loss brought forward	-	-	-	-	-4.838.844,01	4.838.844,01	-
Results for the financial year	-	-	-	-	-	-23.341.337,34	-23.341.337,34
Closing balance	1.213.241,83	1.127.028.588,17	45.040.000,00	28.962.500,00	-4.838.844,01	-23.341.337,34	1.174.064.148,65

Subscribed capital

As at 31 December 2022, the subscribed capital of the Company amounts to USD 1.213.241,83 represented by 4.000.000 redeemable A shares, 112.824.183 ordinary shares and 4.500.000 redeemable B shares, all with nominal value of USD 0,01 per share.

Out of the 112.824.183 ordinary shares, 11.714.612 ordinary shares are subject to an escrow arrangement. Certain market conditions will be required to be met after the Transaction for these shares in escrow to be released to the shareholders. If the market conditions wouldn't be met within a defined time period (ten years for ordinary shares in escrow), such shares in escrow would be forfeited.

As at 31 December 2022, the authorized capital, excluding the issued share capital, of the Company is set at USD 6.871.758,17 consisting of 687.175.817 ordinary shares with nominal value of USD 0,01 per share (2021: USD 6.871.758,17 consisting of 687.175.817 ordinary shares with nominal value of USD 0,01 per share).

Procaps Group, S.A.

Notes to the annual accounts for the year ended 31 December 2022
(Expressed in USD)

Share premium

Share premium refers to the premium on the shares issued in connection with the Transaction on 29 September 2021 amounting to USD 1.127.113.588,17 premium on 112.824.183 ordinary shares issued at USD 10,00 per share and USD 44.955.00,00 premium on 4.500.000 redeemable B shares issued at USD 10,00 per share.

The share premium was decreased by USD 45.040.000,00 allocated to reserve for own shares, in relation to the acquisition of redeemable A and B shares (see Note 4).

As at 31 December 2022, the share premium account amount to USD 1.127.028.588,17 (2021: USD 1.127.028.588,17).

Legal Reserve

In accordance with Luxembourg law, the Company is required to allocate a minimum of 5% of its net profits for each financial year to a legal reserve. This requirement ceases to be necessary once the balance on the legal reserve reaches 10% of the subscribed capital. The legal reserve is not available for distribution to the shareholders.

Reserve for own shares

The Company purchased the redeemable A and B shares in 2021 which is shown in balance sheet as Own shares (see Note 4). Accordingly, the Company has provided a non-distributable reserve in accordance with the Luxembourg law for an amount equivalent to the acquisition cost.

Other reserves

Other reserves refers to the private and public warrants.

As at 31 December 2022 the other reserves of the Company amounted to USD 28.962.500,00 represented by 3.375.000 private warrants and 20.000.000 public warrants (2021: USD 28.962.500,00 represented by 3.375.000 private warrants and 20.000.000 public warrants). The Company entered into an assignment, assumption and amendment agreement (the "Warrant Amendment Agreement") with the SPAC in relation to the SPAC's private and public warrants. The Warrant Amendment Agreement was entered in connection to the BCA, wherein upon consummation of the Merger, the SPAC's private and public warrants will no longer be exercisable for the SPAC ordinary shares but instead will be exercisable for the Company's ordinary shares. The assignment and assumption of the SPAC's private and public warrants formed part of the Company's investment in the SPAC (see Note 3).

The public warrants have the following terms:

- Each whole warrant entitles the holder to purchase one ordinary share at an exercise price of USD 11,50.
- The warrant is exercisable post Transaction and expires on the earlier of:
 - 5 years after the completion of the Transaction, i.e. 29 September 2026
 - the redemption date, or
 - the liquidation of the Company.
- The Company may redeem the outstanding warrants, in whole and not in part, at a price of USD 0,01 per warrant at any time while the warrants are exercisable upon a minimum of 30 days prior written notice of redemption:
 - if, and only if, the last sales price of the common stock equals or exceeds USD 18,00 per share (as adjusted for stock splits, stock dividends, reorganizations, recapitalization and the like) on each of twenty (20) trading days within any thirty (30) trading day period ending on the third trading day prior to the date on which notice of redemption is given.
 - however, that if and when the public warrants become redeemable by the Company, the Company may not exercise such redemption right if the issuance of ordinary shares upon exercise of the public warrants is not exempt from registration or qualification under applicable state blue sky laws or the Company is unable to effect such registration or qualification.

Procaps Group, S.A.

Notes to the annual accounts for the year ended 31 December 2022
(Expressed in USD)

- The public warrants may be exercised, for cash (or on a “cashless basis”) at any time after notice of redemption shall have been given by the Company and prior to the redemption date.

The private warrants have the following terms:

- Each warrant entitles the holder to purchase one ordinary share at an exercise price of USD 11,50 per share. Only whole warrants are exercisable.
- Exercisable post Transaction and expires on the earlier of:
 - 5 years after the completion of the Transaction,
 - the redemption date, or
 - the liquidation of the Company.
- Redemption for cash shall not apply.

Out of the 3.375.000 private warrants, 2.875.000 private warrants are in escrow. Certain market conditions will be required to be met after the Transaction for these warrants in escrow to be released to the warrant holders. If the market conditions wouldn't be met within a defined time period (five years for warrants in escrow), such warrants in escrow would be forfeited.

7. CREDITORS

Creditors due and payable within one year are composed of the following:

	Total 31/12/2022 USD	Total 31/12/2021 USD
Trade creditors	6.721.543,50	1.408.701,27
Amounts owed to affiliated undertakings	10.609.001,44	-
Other creditors		
a) Tax authorities	14.836,41	-
b) Other creditors	6.000.000,00	-
Total	23.345.381,35	1.408.701,27

Trade creditors

This amount includes USD 3.721.126,54 (2021: nil) relating to the termination of a credit arrangement. The Company has to pay the commitment and upfront fees and legal fees incurred in relation to the credit arrangement.

Amounts owed to affiliated undertakings

This refers to the amount due to the subsidiary, Crynsen Pharma Group Limited, for its payments on behalf of the Company amounted to USD 10.609.001,44 (2021: nil).

Other creditors

On 12 October 2022, the Company obtained a loan from Banita Management Limited in the amount of USD 6.000.000,00. The loan will mature within 2 months from the date of subscription of the related agreement and bears 1,4% interest monthly. Interest has been prepaid as part of the loan arrangement. The term may be extended maximum of two times, without exceeding a term of 6 months. On 12 December 2022, the loan has been extended for another 2 months. Subsequently on 10 February 2023, the loan has been extended again for another 2 months and was settled on 12 April 2023.

Procaps Group, S.A.

Notes to the annual accounts for the year ended 31 December 2022
(Expressed in USD)

8. OTHER EXTERNAL EXPENSES

Other external expenses are composed of:

	From 01/01/2022 to 31/12/2022	From 29/03/2021 to 31/12/2021
	USD	USD
Legal fees	-6.291.070,42	-310.808,76
Insurance expense	-5.778.828,78	-2.408.937,51
Audit fees and audit related fees	-3.069.581,79	-1.697.500,00
Professional fees related to due diligence work	-369.000,00	-
Other professional fees	-541.968,75	-44.181,60
Accounting and administration fees	-228.608,20	-85.060,46
Notary fees	-792,38	-11.629,35
Other expenses	-354,94	-9.445,54
Bank fees	-80,00	-
Total	-16.280.285,26	-4.567.563,22

9. OTHER OPERATING EXPENSES

Other operating expenses are composed of:

	From 01/01/2022 to 31/12/2022	From 29/03/2021 to 31/12/2021
	USD	USD
Directors' fees (Note 12)	-579.499,48	-170.000,00
Listing fees	-145.500,00	-100.500,00
Total	-724.999,48	-270.500,00

10. INTEREST PAYABLE AND SIMILAR EXPENSES

Interest payable and similar expenses are composed of:

	From 01/01/2022 to 31/12/2022	From 29/03/2021 to 31/12/2021
	USD	USD
Other financial charges	-6.105.777,77	-
Interest on loan from Banita Management Limited (Note 7)	-218.400,00	-
Foreign currency exchange losses	-3.814,20	-181,58
Total	-6.327.991,97	-2.623.181,57

Procaps Group, S.A.

Notes to the annual accounts for the year ended 31 December 2022
(Expressed in USD)

Other financial charges refer to loan facility fees, upfront and commitment fees due on the USD485 million senior secured bridge facility entered by the Company with certain banks. The senior secured bridge facility was not utilized during the year ended 31 December 2022 and was terminated with effect on 6 January 2023.

11. STAFF

The Company did not employ any staff during the financial year ended 31 December 2022 (2021: nil).

12. EMOLUMENTS GRANTED TO THE BOARD OF DIRECTORS AND COMMITMENTS IN RESPECT OF RETIREMENT PENSIONS FOR FORMER MEMBERS OF THE BOARD OF DIRECTORS

The Company granted emoluments as disclosed in note 9 during the financial year ended 31 December 2022. The Company has no commitments in respect of retirement pensions to members of its Board of Directors during the financial year ended 31 December 2022 (2021: nil).

13. ADVANCES AND LOANS GRANTED TO THE BOARD OF DIRECTORS

The Company did not grant any advances or loans to its Board of Directors during the financial year ended 31 December 2022 (2021: nil).

14. OFF-BALANCE SHEET COMMITMENTS

The Company has no other commitments and contingencies as at 31 December 2022 (2021: nil).

15. SUBSEQUENT EVENTS

Grupo Somar and Pearl Mexico Acquisition

General Company Information for background information on the Acquisition of Grupo Somar and Pearl Mexico. The time required for resolution of the lien remains uncertain and is not in the Group's control. Following the failure of the transaction to close on 31 December 2022, the company provided the Sellers a formal notice on 1 January 2023, terminating the SPA in accordance with the terms thereof.

Bridge Loan Credit Agreement

Following the Company's termination of the SPA, by delivering the notice of termination, the Company advised the joint arrangers and book runners on 1 January 2023 of its desire to terminate the transaction documents (including, without limitation, the commitments under the Bridge Credit Agreement and, for the avoidance of doubt, any commitments under the Commitment Letter) and pay all outstanding obligations, amounting to USD5.719, under the Bridge Credit Agreement and any other transaction document as of 10 January 2023.

Legal Settlement

The company reached a legal settlement with a third party to recover costs incurred relating to a business opportunity with such third party. The amount, counter party and any further details can't be disclosed due to contractual restrictions within the settlement agreement.

There are no other significant subsequent events after balance sheet date.