UNITED STATES SECURITIES AND EXCHANGE COMMISSION Washington, D.C. 20549
FORM 6-K
REPORT OF FOREIGN PRIVATE ISSUER PURSUANT TO RULE 13a-16 OR 15d-16 UNDER THE SECURITIES EXCHANGE ACT OF 1934
For the month of September 2023 Commission File Number: 001-40851
Procaps Group, S.A. (Translation of registrant's name in English)
9 rue de Bitbourg, L-1273 Luxembourg Grand Duchy of Luxembourg R.C.S. Luxembourg: B253360 Tel: +356 7995-6138 (Address of Principal Executive Offices)
Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F. Form 20-F $\boxtimes$ Form 40-F $\square$

# INFORMATION CONTAINED IN THIS REPORT ON FORM 6-K

# **Earnings Release**

On September 5, 2023, Procaps Group, S.A. (the "<u>Company</u>") issued a press release announcing its financial results for the three and six months ended June 30, 2023 (the "<u>Press Release</u>"). A copy of the Press Release is furnished as Exhibit 99.1 to this Report on Form 6-K and incorporated by reference herein.

# **Exhibit Index**

f Procaps Group, S.A. dated September 5, 2023 – Procaps Group Reports Second Quarter 2023 Results.

# SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

PROCAPS GROUP, S.A.

By: /s/ Ruben Minski

Name: Ruben Minski

Title: Chief Executive Officer

Dated: September 5, 2023



# **Procaps Group Reports Second Quarter 2023 Results**

Net Revenues Increased 7% in 1H23 year-over-year on a constant currency basis, signaling positive performance of Rx products

**MIAMI, USA – BARRANQUILLA, COL – September 5, 2023** – Procaps Group, S.A. (NASDAQ: PROC) ("Procaps" or the "Company"), a leading integrated international healthcare and pharmaceutical services company, today announced its financial results for the three months ended June 30, 2023 ("2Q23") and the six months ended June 30, 2023 ("1H23").

"Amidst a challenging 2Q23, we're accelerating our strategic plan, bolstered by operational agility. While short-term impacts were expected, we believe our proactive approach to cost-cutting positions us for a more resilient 4Q23. We're addressing cash flow concerns, adapting pricing strategies, and taking a long-term view.", said Rubén Minski, CEO of Procaps.

#### Financial Highlights 2Q23 & 1H23

- Net revenues totaled \$110 million for 2Q23, impacted mainly by currency devaluation and CDMO order phasing. On a constant currency basis, net revenues increased by 4%. For 1H23, net revenues totaled \$194 million, an increase of 7% on a constant currency basis.
- Gross profit for 2Q23 totaled \$61 million, with a 56% gross margin, and totaled \$107 million for 1H23 with a 55% gross margin. Previous year quarters were positively impacted by the sale of brands and mix of products sold.
- Adjusted EBITDA was \$20 million in 2Q23, with an Adjusted EBITDA margin of 18%. For 1H23, Adjusted EBITDA was \$29 million.

U\$ million	2Q23	2Q22	$\Delta\%$	1H23	1H22	$\Delta\%$
Net Revenues	110	112	-2%	194	198	-2%
FX Impact on Net Revenues	(7)	-	-7%	(18)	_	-9%
Constant Currency Net Revenues	117	112	4%	212	198	7%
Gross profit	61	73	-16%	107	120	-10%
Gross margin	56%	65%	-901 bps	55%	60%	-525 bps
Adjusted EBITDA	20	28	-28%	29	37	-20%
FX Impact on Adjusted EBITDA	(1.4)	-		(3.3)	-	
Constant Currency Adjusted EBITDA	21	28	-23%	33	37	-11%
Adj. EBITDA margin	18%	24%	-645 bps	15%	19%	-349 bps



#### **Management Commentary**

Procaps Chief Executive Officer, Ruben Minski, commented:

"In the midst of a challenging 2Q23, we remained steadfast in executing our strategic plan. We are accelerating our efforts to streamline operations, enhance cash generation, and position for sustainable growth.

"There was a combination of factors related to the macroeconomic environment that challenged the entire industry in our region. Rising costs from inflation and high interest rates, along with working capital requirements, and several pharma companies delaying ordering of our products to reduce inventory and their working capital needs.

"It is important to acknowledge that we believe the impacts we've faced, while significant, are temporary. The challenges in the quarter were anticipated, and we are taking proactive steps to address them.

"While we couldn't fully pass on increased costs to our customers, we are adapting our strategies to navigate this dynamic landscape and protect our profitability.

"Customer behavior resulted in inventory fluctuations and exchange rate shifts affected our performance. However, we are seeing some favorable exchange rate shifts, benefitting our customers, and bolstering our recovery.

"Our partners have navigated similar challenges, resulting in lower inventory levels. We anticipate a few more months of pressure before experiencing relief towards the end of the year.

"We have several product launches expected for the second half of this year and we also have orders from our CDMO partners scheduled that were postponed for the same period.

"We're encouraged by the ramp up of new products launched in the last 36 months and growth in demand for our Rx products (15% growth in 1H23), Clinical Specialties (6% growth in 1H23), and our B2B business which is receiving new orders indicating a potentially stronger 4Q23 after a potentially flat 3Q23.

"While the road ahead may seem challenging, our approach is rooted in a long-term perspective. We acknowledge the need for a more strategic direction and are committed to refining our plans to ensure a stronger, more resilient organization that thrives beyond short-term hurdles," concluded Minski.

## **Innovation & Launches**

Total R&D expenses, including the amount capitalized as intangible assets, totaled \$7.5 million in 2Q23, or 6.8% of total net revenues in the period, including CAPEX expenses in the amount of \$2.2 million, representing 2.0% of total net revenues.

Our renewal rate (% of net revenues from new products launched in the last 36 months) was 34.2% during 1H23, delivering approximately \$66.4 million in net revenues, including \$39.6 million in 2Q23. Launches depend on registration approval from regulatory agencies and we could have phasing from quarter to quarter depending on the time of these approvals.



Ramp up for products launched in the last 36 months is performing well, highlighted by Aludel (oncology – prostate cancer), Dolofen Xtra (first ever Unigel triple combo for migraines), Glaritus (injectable insulin), DOL B-VIT (injectable B Complex with lidocaine, using dual chamber technology), and Dexkedol (oral and injectable options for chronic pain management). Geo expansion launches including women's health, cardiovascular, and gastro products are also performing well according to the ramp up trajectory.

Products launched during 2Q23 represented \$13.0 million in net revenues, totaling net revenues of \$17.1 million in 1H23 for products launched in the period, highlighted by Dolofen Xtra, DOL B-VIT, Dexkedol, and Kinex (specialty supplement for men during hair loss treatment).

#### Second Quarter 2023 Financial Results

#### Net Revenues

Net revenues totaled \$110.1 million in 2Q23, compared to net revenues of \$112.4 million for 2Q22, a decrease of 2.1% year-over-year. On a constant currency basis, net revenues increased 4.3% from 2Q22 to 2Q23, totaling \$117.3 million. In 2Q22 there was a recognition of sales of brands in the amount of approximately \$3.5 million, leading to a higher comparison base.

The YoY decrease was mainly driven by the impact of the devaluation of some local currencies totaling \$7.2 million (particularly in Colombia) as well as CDMO order phasing, especially for U.S. clients, a decrease in sales related to Rymco ceased operations, and a decrease of sales in the OTC market in El Salvador.

Net revenues from 2Q23 increased by 30.8% when compared with 1Q23, positively impacted by an increase in sales of (i) \$8.5 million in Procaps Colombia, (ii) \$7.0 million in Nextgel; (iii) \$5.0 million in CASAND; (iv) \$4.2 million in CAN, and (v) \$1.1 million in Diabetrics. This reflects an uptake of sales in all regions and business segments.

In terms of business lines, Rx (approximately 46% of total net revenues) presented the highest growth for 1H23, followed by Clinical Specialties (approximately 7% of total net revenues) and OTC (approximately 18% of total net revenues).

Net revenues totaled \$194.2 million in 1H23 and \$211.9 million on a constant currency basis, an increase of 7.0% from 1H22.

Net revenues by strategic business segment are shown below:

U\$ million	2Q23	%NR	2Q23*	2Q22	%NR	Δ%	$\Delta\%*$
CAN	13.8	12.6%	13.9	16.8	15.0%	-18.0%	-17.6%
CASAND	21.0	19.1%	20.9	17.1	15.2%	22.9%	22.4%
Diabetrics	5.2	4.7%	5.9	6.0	5.3%	-12.8%	-1.6%
Nextgel	32.0	29.1%	33.5	32.9	29.3%	-2.9%	1.9%
Procaps Colombia	38.0	34.6%	43.1	39.6	35.2%	-3.9%	8.8%
Total Net Revenues	110.1	100.0%	117.3	112.4	100.0%	-2.1%	4.3%



U\$ million	1H23	%NR	6M23*	1H22	%NR	$\Delta\%$	$\Delta\%$ *
CAN	23.4	12.0%	23.5	28.1	14.2%	-16.8%	-16.3%
CASAND	37.0	19.1%	37.3	29.7	15.0%	24.9%	25.7%
Diabetrics	9.3	4.8%	10.8	10.6	5.3%	-12.4%	1.8%
Nextgel	56.9	29.3%	61.3	58.3	29.4%	-2.3%	5.2%
Procaps Colombia	67.6	34.8%	79.0	71.5	36.1%	<u>-5.4</u> %	10.6%
Total Net Revenues	194.2	100.0%	211.9	198.0	100.0%	-1.9%	7.0%

Constant currency basis

#### Central America North (CAN)

Net revenues for the CAN business segment were \$13.8 million in 2Q23, an increase of 44.4% versus 1Q23, and a decrease of 18.0% versus 2Q22. 2Q23 followed the same trend as 1Q23, which was impacted mainly by a decrease in the OTC VitalCare segment in El Salvador. Also, 2Q22 was positively impacted by the sales of brand in the amount of approximately \$3.5 million.

Net revenues for 1H23 were impacted by the effects mentioned above, reaching \$\$23.4 million in 1H23, a decrease of 16.8% in the period.

We reinforced our sales force in El Salvador, focusing on opening new distributors for the OTC market and we can see the improvement from 1Q23 to 2Q23.

The Rx portfolio grew approximately 5.7% in 2Q23, and Clinical Specialties more than doubled. Nicaragua and Honduras have shown significant improvement from 2Q22, growing approximately 25.6% and 69.8%, respectively, in the period.

#### Central America South and Andean Region (CASAND)

Net revenues for the CASAND business segment totaled \$ 21.0 million in 2Q23, an increase of 31.2% versus 1Q23 and an increase of 22.9% when compared to 2Q22, mainly due to the positive performance of new products launched in the region, such as Dol B-vit, Fortzink and Dexkedol; and a sales increase in the existing product portfolio, such as Merobac, Dayflu, Alercet D, Albisec, among others. On a constant currency basis, net revenues increased by 22.4% in the quarter.

Net revenues for 1H23 reached \$37.0 million, an increase of 24.9%. On a constant currency basis net revenues increased by 25.7%.

Panama and Dominican Republic performed well, with net revenues growth of approximately 40.0% and 65.1%, from 2Q22 to 2Q23, respectively.

# **Diabetrics**

Diabetrics net revenues totaled \$5.2 million, an increase of 28.3% from 1Q23, and a decrease of 12.8% when compared with 2Q22, mainly impacted by currency devaluation of approximately \$0.7 million. On a constant currency basis, net revenues decreased 1.6% from 2Q22 to 2Q23.



2023 is a transition year for this business unit. We are working on several G&A synergies, such as integrating the back office and sales force with Procaps Colombia.

Net revenues for 1H23 reached \$9.3 million, and \$10.8 million on a constant currency basis, an increase of 1.8% versus 1H22.

We have launched in El Salvador and Ecuador, and we are receiving registration approvals for aditiona products in Mexico, where we expect to launch a more complete portfolio by the end of 2024.

#### **Nextgel**

Net revenues for the Nextgel business segment were \$32.0 million in 2Q23, an increase of 28.1% versus 1Q23, and a decrease of 2.9% versus 2Q22, impacted mainly by currency devaluation of approximately \$1.6 million. On a constant currency basis, net revenues increased by 1.9%, compared to 2Q22.

The quarter was negatively impacted mainly by order phasing from some of our U.S. clients in gummies and soft gels, phasing of product development services, the ongoing impact of the change of manufacturing site of dronabinol, and the ongoing bioequivalence test for progesterone. We expect to see a positive effect in the second half of the year.

Net revenues for 1H23 totaled \$56.9 million, and \$61.3 million on a constant currency basis, an increase of 5.2% versus 1H22, positively impacted by the portfolio increase from existing partners from Latin America.

#### **Procaps Colombia**

Net revenues for the Procaps Colombia segment totaled \$38.0 million in 2Q23, an increase of 28.7% from 1Q23, and a decrease of 3.9% versus 2Q22, impacted by the currency devaluation of approximately \$5.0 million and the decrease in sales of the Rymco ceased operations.

The RX Farma Procaps sales grew approximately 14.4% in 2Q23 versus 2Q22, Clinical Specialties grew approximately 9.0% and the OTC VitalCare business unit grew approximately 7.6%, primarily due to the demand increase of its leading brands in the market as well as the positive rollout of new products. Approximately 21% of total net revenues came from new products launched in the last 36 months.

Net revenues for 1H23 totaled \$67.6 million, and \$79.0 million on a constant currency basis, for an increase of 10.6% in comparison with 1H22, on a constant currency basis.

Gross Profit

Gross profit totaled \$61.2 million in 2Q23, with a 55.6% gross margin, and \$107.3 million in 1H23, with a 55.2% gross margin for the period.

Gross profit was negatively impacted by currency devaluation of approximately \$4.0 million, higher COGS negatively affected by the mix of products sold and the decrease of product development services. There was also a higher comparison base from 2Q22, when there were sales of brands that affected gross profit by approximately \$3.5 million.



U\$ million	2Q23	2Q22	$\Delta\%$	1H23	1H22	$\Delta\%$
Net Revenues	110.1	112.4	-2.1%	194.2	198.0	-1.9%
COGS	(48.9)	(39.8)	22.8%	(87.0)	(78.3)	11.1%
Gross Profit	61.2	72.6	-15.8%	107.3	119.8	-10.4%
Gross Margin	55.6%	64.6 <sup>%</sup>	-901.2 bps	55.2%	60.5 <sup>%</sup>	-524.6 bps

#### **Operating Expenses**

Operating expenses totaled \$16.5 million in 2Q23, a decrease of 73.9% versus 2Q22, mainly due to the positive Other Expenses.

SG&A totaled \$46.1 million in 2Q23, a decrease of 15.4% versus 2Q22, representing 41.9% of total net revenues. On a constant currency basis, SG&A decreased 10.0% in the quarter. The decrease was a consequence of the ongoing efforts related to the value creation initiatives.

SG&A totaled \$88.9 million in 1H23, a decrease of 10.4% versus 1H22, representing 45.8% of total net revenues. On a constant currency basis, SG&A decreased 2.6% in 1H23.

U\$ million	2Q23	%NR	2Q22	%NR	Δ%
Sales and marketing expenses	(21.5)	19.5%	(25.7)	22.8%	-16.2%
Administrative expenses	(24.6)	22.4%	(28.8)	25.7%	-14.7%
Other expenses	29.6	-26.9%	(8.6)	7.7%	n.a.
Total Operational Expenses	(16.5)	15.0 <sup>%</sup>	(63.1)	56.2%	-73.9%
U\$ million	6M23	%NR	6M22	%NR	Δ%
U\$ million Sales and marketing expenses	6M23 (42.2)	%NR 21.7%	6M22 (45.8)	%NR 23.1%	<b>Δ%</b>
Sales and marketing expenses	(42.2)	21.7%	(45.8)	23.1%	-8.0%

<u>Sales and marketing expenses</u> totaled \$21.5 million in 2Q23, a decrease of 16.2% versus 2Q22, mainly due to the efforts of the value creation initiatives. 1H23, sales and marketing expenses totaled \$42.2 million.

<u>Administrative expenses</u> totaled \$24.6 million in 2Q23, a decrease of 14.7% versus 2Q22, mainly driven by the execution of the value creation initiatives. 1H23, expenses totaled \$46.7 million, a decrease of 12.5% versus 1H22.

Other expenses for 2Q23 and 1H23 are related mainly to the impact of exchange rate differences from the balance sheet that is reflected in the P&L of approximately \$10.5 million and the one-time settlement with third parties with respect to certain matters in favor of the Company of approximately \$19.3 million.



#### Contribution Margin

Contribution Margin<sup>1</sup> (CM) is determined by subtracting sales and marketing expenses from gross profit. Procaps views Contribution Margin as an important measure to understand each business segment's performance.

U\$ million	2Q23	%CM	2Q23*	2Q22	%CM	$\Delta\%$	$\Delta\%$ *
CAN	5.8	15.0%	5.8	6.3	13.3%	-6.8%	-6.8%
CASAND	10.1	26.1%	10.1	6.9	14.7%	45.8%	45.9%
Diabetrics	0.1	0.2%	0.1	1.4	3.0%	-95.2%	-90.1%
Nextgel	11.5	29.7%	12.4	17.5	37.0%	-34.0%	-29.3%
Procaps Colombia	11.3	29.0%	13.2	15.1	32.0%	-25.5%	-12.7%
Total Contribution Margin	38.8	100.0%	41.7	47.2	100.0%	-17.8%	-11.8%
U\$ million	1H23	%CM	1H23*	1H22	%CM	$\Delta\%$	$\Delta\%$ *
U\$ million CAN	1H23 8.6	%CM 13.3%	<b>1H23*</b> 8.6	1H22 8.4	% <b>CM</b> 11.3%	Δ% 2.9%	<b>Δ%*</b>
- +							
CAN	8.6	13.3%	8.6	8.4	11.3%	2.9%	3.0%
CAN CASAND	8.6 16.7	13.3% 25.6%	8.6 16.8	8.4 11.8	11.3% 16.0%	2.9% 40.7%	3.0% 41.7%
CAN CASAND Diabetrics	8.6 16.7 (0.4)	13.3% 25.6% -0.7%	8.6 16.8 (0.4)	8.4 11.8 1.3	11.3% 16.0% 1.8%	2.9% 40.7% -132.3%	3.0% 41.7% -127.0%

#### \* Constant currency basis

CAN contribution margin was positively affected by the value creation initiatives, offset by higher comparison base with the sale of brands in 2Q22.

CASAND contribution margin was mainly a result of higher sales and the mix of products sold, impacted by an increase in commercial efforts.

Diabetrics contribution margin was impacted by the change in our portfolio product mix.

Nextgel contribution margin was impacted mainly by higher costs and operational expenses due to the hiring of additional personnel as part of the commencement of operations at the West Palm Beach facility the construction of the Funtrition facility, and the decrease in product development services that positively affected 2Q22.

Procaps Colombia contribution margin was impacted mainly by higher costs related to the mix of products sold.

Contribution Margin is a non-IFRS measure. Please see the Appendix for a reconciliation of Contribution Margin to Gross Profit and Gross Margin.



# Adjusted EBITDA

Adjusted EBITDA<sup>2</sup> totaled \$19.9 million in 2Q23, with an 18.1% Adjusted EBITDA margin.

Adjusted EBITDA for 1H23 totaled \$29.2 million, with a 15.1% Adjusted EBITDA margin.

Adjusted EBITDA was impacted mainly by the same effects from gross profit - higher comparison base from 2Q22, when there were sales of brands that contributed approximately \$3.5 million to Adjusted EBITDA and higher product development services; and higher COGS in 2Q23 negatively affected by the mix of products sold.

U\$ million	2Q23	%NR	2Q22	%NR	$\Delta\%$
Net Income	27.0	24.5%	(6.9)	-6.2 <sup>%</sup>	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%	-12.2%
EBITDA	49.0	<b>44.</b> 5%	14.4	12.8%	241.0%
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%
Adjusted EBITDA	19.9	18.1%	27.5	24.5%	-27.9%
Adjusted EBITDA margin	18.1%	18.1%	24.5%		-644.7 bps
U\$ million	1H23	%NR	1H22	%NR	$\Delta\%$
U\$ million  Net Income	1H23 33.6	%NR 17.3%	1H22 9.5	%NR 4.8%	Δ% n.a.
					-
Net Income	33.6	17.3%	9.5	4.8%	n.a.
Net Income Financial expenses	33.6 5.1	17.3% 2.6%	9.5 4.2	4.8% 2.1%	n.a. 21.9%
Net Income Financial expenses Income tax	33.6 5.1 13.2	17.3% 2.6% 6.8%	9.5 4.2 3.3	4.8% 2.1% 1.7%	n.a. 21.9% 301.9%
Net Income Financial expenses Income tax D&A	33.6 5.1 13.2 8.0	17.3% 2.6% 6.8% 4.1%	9.5 4.2 3.3 8.4	4.8% 2.1% 1.7% 4.2%	n.a. 21.9% 301.9% -4.7%
Net Income Financial expenses Income tax D&A EBITDA	33.6 5.1 13.2 8.0 59.9	17.3% 2.6% 6.8% 4.1%	9.5 4.2 3.3 8.4 <b>25.4</b>	4.8% 2.1% 1.7% 4.2%	n.a. 21.9% 301.9% -4.7% 135.9%
Net Income Financial expenses Income tax D&A EBITDA FX translation adjustments <sup>1</sup>	33.6 5.1 13.2 8.0 59.9 (14.4)	17.3% 2.6% 6.8% 4.1%	9.5 4.2 3.3 8.4 <b>25.4</b> 3.2	4.8% 2.1% 1.7% 4.2%	n.a. 21.9% 301.9% -4.7% 135.9% n.a.
Net Income Financial expenses Income tax D&A EBITDA  FX translation adjustments <sup>1</sup> Transaction expenses <sup>2</sup>	33.6 5.1 13.2 8.0 59.9 (14.4) (19.3)	17.3% 2.6% 6.8% 4.1%	9.5 4.2 3.3 8.4 <b>25.4</b> 3.2 6.1	4.8% 2.1% 1.7% 4.2%	n.a. 21.9% 301.9% -4.7% 135.9% n.a.

EBITDA table above - shows Adjusted EBITDA and a reconciliation of net income, which the Company believes is the most comparable IFRS measure, to Adjusted EBITDA. See under "Reconciliation" on the Appendix for detailed adjustments explanations.



#### Financial Expenses

Net financial expenses totaled \$6.8 million in 2Q23 and \$5.1 million in 1H23, negatively impacted mainly by interest expenses.

There was a positive impact related to the net fair value gain of the Procaps ordinary shares held in escrow and warrants liabilities, which are non-cash items. Excluding this effect, net financial expenses totaled \$11.8 million in 2Q23 and \$21.3 million in 1H23, mostly impacted by interest expense (\$10.6 million in 2Q23 and \$19.4 million in 1H23).

U\$ million	2Q23	2Q22	$\Delta\%$	1H23	1H22	$\Delta\%$
Banking expenses and fees	(0.9)	(0.4)	137.3%	(1.3)	(0.8)	64.1%
Others financial expenses	(0.3)	(0.3)	12.5%	(0.6)	(0.4)	42.4%
Net fair value gain/loss of warrants						
liabilities	2.5	(1.1)	n.a.	6.5	0.6	914.9%
Net fair value gain/loss of shares held in						
escrow	2.5	(10.8)	n.a.	9.7	7.7	25.0%
Interest expenses	(10.6)	(6.3)	68.4%	(19.4)	(11.4)	70.3%
Net Financial Expenses	(6.8)	(18.8)	-63.9%	(5.1)	(4.2)	21.9%

#### Net Income

Procaps reported net income of \$27.0 million for 2Q23 and a loss of \$6.9 million for 2Q22. Non-cash items totaled \$5.0 million in 2Q23 and \$11.9 million in 2Q22.

Net income for 1H23 totaled \$33.6 million, an increase from \$9.5 million in 1H22. Non-cash items totaled \$16.1 million in 1H23 and \$8.4 million in 1H22.

U\$ million	2Q23	%NR	2Q22	%NR	Δ%	1H22	%NR	1H22	%NR	Δ%
EBIT	44.7	40.6%	9.5	8.4%	370.9%	51.9	26.7%	17.0	8.6%	205.0%
Net Financial Expenses	(6.8)	-6.2%	(18.8)	-16.7%	-63.9%	(5.1)	-2.6%	(4.2)	-2.1%	21.9%
EBT	37.9	34.5%	(9.3)	-8.3%	n.a.	46.8	24.1%	12.8	6.5%	265.2%
Income Tax	(11.0)	-10.0%	2.4	2.1%	n.a.	(13.2)	-6.8%	(3.3)	-1.7%	301.9%
Net Income	27.0	24.5%	(6.9)	-6.2%	n.a.	33.6	17.3%	9.5	4.8%	252.5%

## Indebtedness

As of June 30, 2023, our total gross debt was \$288.3 million, compared to \$285.9 million as of December 31, 2022.

Gross debt consisted mainly of Senior Notes in the amount of \$115.0 million; other loans in the amount of \$93.8 million, a syndicated loan in the amount of \$40.2 million, and lease liabilities in the amount of \$35.0 million. Total gross debt is carried at an average cost of 13.3%.

The Senior Notes have a fixed interest rate of 8.5% and mature in 2031. Other loans consist of loans in different currencies (COPs, Soles, Brazilian Reais and USD) with differing interest rates, some with variable rates. The syndicated loan is in COPs, with a variable interest rate of IBR+5.30% and maturity by 2025.



Cash totaled \$11.5 million as of June 30, 2023. Cash decrease was impacted mainly by changes in the working capital and the payment of short-term debts that were not rolled over.

Total net debt as of June 30, 2023, totaled \$276.8 million, of which approximately 29% consisted of short-term obligations.

Net debt/Adjusted EBITDA was 4.5x for the year ended June 30, 2023, compared to 3.5x for the year ended December 31, 2022.

U\$ million	1H23	2022	1H22
Short Term	118.7	257.5	75.7
Long Term	169.6	28.4	181.8
Gross Debt	288.3	285.9	257.5
Cash and cash equiv.	11.5	43.0	37.6
Net Debt	276.8	242.9	220.0
Adjusted EBITDA LTM	62.7	70.1	103.8
Net Debt / Adj. EBITDA	4.4 <sup>X</sup>	3.5 <sup>x</sup>	2.1 <sup>x</sup>

On August 16, 2023, we entered into a Credit Agreement with Bancolombia and Banco Davivienda, as lenders. The Credit Agreement provides for a loan of up to COP\$247,817,751,759.49. The proceeds of the loan are to be used exclusively for the prepayment of existing indebtedness of the Company and its subsidiaries, including the full repayment of the outstanding indebtedness under the syndicated loan agreement. The Credit Agreement provides for a term of six years, and interest accrues thereunder at a rate equal to the Colombian Central Bank's reference rate (for a three-month tenor) plus 8.50%.

#### Capital Expenditures ("CAPEX")

As of June 30, 2023, CAPEX totaled \$12.7 million, comprised of \$7.2 million of property, plant & equipment ("PP&E") and \$5.5 million of intangible CAPEX.

PP&E CAPEX refers mainly to the construction of the new Miramar site for Funtrition, the increase of installed capacity in our plants and the expansion of analytical lab capacity.



Intangible CAPEX refers mainly to investments in the development of new products and product sanitary registration fees.

These investments are aligned with our strategic growth plan to increase production capacity, facilities improvements and increase capacity to develop new products.

U\$ million	1H23	% NR	1H22	% NR	Δ%
Intangible CAPEX	5.5	2.8%	5.1	2.6%	7.6%
PP&E CAPEX	7.2	3.7%	10.5	5.3%	-31.3%
Total CAPEX	12.7	<b>6.5</b> %	15.6	7.9%	-18.6%

#### Cash Flow

Cash flow from operating activities during 2Q23 was \$30.3 million, mainly impacted by changes in working capital.

U\$ million	1H23	1H22	$\Delta\%$
Net Income	33.6	9.5	252.5%
D&A	8.0	8.4	-4.2%
Income Tax expenses	13.2	3.3	301.8%
Finance expenses	5.1	4.2	21.9%
Other adjustments	(13.2)	1.8	n.a.
Changes in working capital	(16.4)	(6.4)	158.8%
Cash from operations	30.3	20.9	45.1%
Interest paid	(1.9)	(0.9)	98.6%
Income tax paid	(4.9)	(3.6)	34.0%
Operating Cash Flow	23.5	16.3	44.5%
CAPEX and R&D investments	(12.9)	(13.1)	-1.3%
Free Cash Flow	10.6	3.2	230.4%
Financing Cash Flow	(43.6)	(36.2)	20.8%
Increase (Decrease) in Cash	(33.0)	(33.0)	20.8%

Cash conversion cycle was 137 days (\$154.0 million).

(days)	4Q21	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23
Acounts receivables (DSO)	103	96	100	107	114	103	121.0
Inventories (DIO)	70	85	83	83.1	85.0	87.4	91.7
Accounts payable - suppliers (DPO)	75	78	76	78.8	79.2	70.4	76.2
Working Capital	98	103	107	111	120	120	137

#### **Board of Director Update**

Effective August 29, 2023, Mr. Alejandro Weinstein respectfully resigned from the board of directors (the "Board") of Procaps Group, S.A. (the "Company"). Mr. Weinstein decided to resign based on disagreements with the Board regarding the strategic priorities and direction of the Company.

Alberto Eguiguren Correa, who was originally appointed to the Board pursuant to the nomination rights of Hoche Partners Pharma Holding S.A. (of which Mr. Weinstein is the sole beneficial owner), shall continue his service on the Board.

The Company is considering and evaluating potential candidates for a successor to Mr. Weinstein.

#### **About Procaps Group**

Procaps Group, S.A. ("Procaps") (NASDAQ: PROC) is a developer of pharmaceutical and nutraceutical solutions, medicines, and hospital supplies that reach more than 50 countries in all five continents. Procaps has a direct presence in 13 countries in the Americas and more than 5,500 employees working under a sustainable model. Procaps develops, manufactures, and markets over the counter (OTC) pharmaceutical products and prescription pharmaceutical drugs (Rx), nutritional supplements and high-potency clinical solutions. For more information, visit www.procapsgroup.com or Procaps Group's investor relations website investor.procapsgroup.com.



#### **APPENDIX**

#### Portfolio Overview

Procaps' portfolio is comprised by 5 business lines: Nextgel, Diabetrics, Farma Procaps, Clinical Specialties, and Vital Care.

#### Nextgel

Nextgel is the iCDMO (integral contract development and manufacturing organization) arm of Procaps. We develop and manufacture proprietary Softgel technology, such as Unigel, Versagel, Chewgel, G-tabs and specialized gummies. We export to over 50 countries and partner with global and regional pharmas. This is exclusively a B2B channel.

#### Diabetrics

Diabetrics is a health solution for diabetes patients. It is a patient-centric solution, offering a comprehensive portfolio of products and differentiated services. This solution is offered in Colombia, and we expect to launch in Central America and Mexico beginning in 2023.

#### Farma Procaps

Farma Procaps formulates, manufactures and markets branded prescription drugs. It represents a high-growth portfolio that focuses on nine therapeutic areas: feminine care products, pain relief, skin care, digestive health, growth and development, cardiology, vision care, central nervous system and respiratory.

#### Clinical Specialties

Clinical Specialties business line develops, manufactures, and markets high-complexity drugs for hospitals and clinics, such as antibiotics, blood clots, immunosuppressants, oncology, and analgesics products.

#### VitalCare

VitalCare business line develops, manufactures, and markets OTC consumer healthcare products through an extensive portfolio focused on high-prevalence therapeutic areas, including gastrointestinal, skin care, cough, and cold, analgesics, urological, and vitamins, minerals, and supplements.

Our Farma Procaps, VitalCare and Clinical Specialties business units are part of three business segments: CAN, CASAND, and Procaps Colombia.

Procaps Colombia primarily serves the Colombian market; CAN primarily serves the Honduras, Nicaragua, El Salvador, United States, and Guatemala markets; and CASAND primarily serves the Panama, Costa Rica, Ecuador, Dominican Republic, Peru, and Bolivia markets.



#### **Use of Non-IFRS Financial Measures**

Our management uses and discloses EBITDA, Adjusted EBITDA, Adjusted EBITDA margin, Net Debt-to-Adjusted EBITDA ratio, Contribution Margin, Contribution Margin on a constant currency basis and net revenue on a constant currency basis, which are non-IFRS financial information to assess our operating performance across periods and for business planning purposes. We believe the presentation of these non-IFRS financial measures is useful to investors as it provides additional information to facilitate comparisons of historical operating results, identify trends in our underlying operating results and provide additional insight and transparency on how we evaluate our business. These non-IFRS measures are not meant to be considered in isolation or as a substitute for financial information presented in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board and should be viewed as supplemental and in addition to our financial information presented in accordance with IFRS.

EBITDA, Adjusted EBITDA, Adjusted EBITDA Margin and Net Debt-to- Adjusted EBITDA ratio

We define EBITDA as profit (loss) for the period before interest expense, net, income tax expense and depreciation and amortization. We define Adjusted EBITDA as EBITDA further adjusted to exclude certain isolated costs incurred as a result of the COVID-19 pandemic, certain transaction costs incurred in connection with the business combination ("Business Combination") with Union Acquisition Corp. II ("Union"), certain listing expenses incurred in connection with the Business Combination, certain costs related to business transformation initiatives, certain foreign currency translation adjustments and certain other finance costs, and other nonrecurring nonoperational or unordinary items as the Company may deem appropriate from time to time. We also report Adjusted EBITDA as a percentage of net revenue as an additional measure so investors may evaluate our Adjusted EBITDA margins. None of EBITDA, Adjusted EBITDA or Adjusted EBITDA margin are presented in accordance with generally accepted accounting principles ("GAAP") or IFRS and are non-IFRS financial measures.

We use EBITDA, Adjusted EBITDA adjusted EBITDA margin, and Net Debt-to-Adjusted EBITDA ratio for operational and financial decision-making and believe these measures are useful in evaluating our performance because they eliminate certain items that we do not consider indicators of our operating performance. EBITDA, Adjusted EBITDA margin and Net Debt-to-Adjusted EBITDA ratio are also used by many of our investors and other interested parties in evaluating our operational and financial performance across reporting periods. We believe that the presentation of EBITDA, Adjusted EBITDA margin and Net Debt-to-Adjusted EBITDA ratio provides useful information to investors by allowing an understanding of key measures that we use internally for operational decision-making, budgeting, evaluating acquisition targets, and assessing our operating performance.

EBITDA, Adjusted EBITDA margin, and Net Debt-to- Adjusted EBITDA ratio are not recognized terms under IFRS and should not be considered as a substitute for net income (loss), cash flows from operating activities, or other income or cash flow statement data. These measures have limitations as analytical tools and should not be considered in isolation or as substitutes for analysis of our results as reported under IFRS. We strongly encourage investors to review our financial statements in their entirety and not to rely on any single financial measure.

Because non-IFRS financial measures are not standardized, EBITDA, Adjusted EBITDA, Adjusted EBITDA margin, and Net Debt-to-Adjusted EBITDA ratio, as defined by us, may not be comparable to similarly titled measures reported by other companies. It, therefore, may not be possible to compare our use of these non-IFRS financial measures with those used by other companies.



# Reconciliation of EBITDA, Adjusted EBITDA and Adjusted EBITDA Margin for the three months ended June 30, 2023 and 2022 – Adjustments Explanations

- (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, 2022, 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.
- (3) Other expenses consist of business transformation initiatives implemented during both periods.

#### **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.

#### **Contribution Margin**

We define Contribution Margin as gross profit less selling expenses. Contribution Margin is one of the key performance indicators we use in evaluating our profitability. We believe Contribution Margin is useful to investors in evaluating our operating performance compared to other companies in the pharmaceutical industry, as similar measures are commonly used by companies in this industry.



The following table provides a reconciliation from gross profit to Contribution Margin for the three and six months ended June 30, 2023 and 2022.

	U\$ million	2Q22	1H22	2Q23	1H23
Nextgel	Net Revenues	32.9	58.3	32.0	56.9
	COGS	(12.4)	(24.9)	(16.4)	(30.1)
	Gross Profit	20.5	33.380	15.582	26.862
	Gross margin %	62.4%	57.3%	48.7%	47.2%
	Sales and marketing expenses	(3.0)	(5.7)	(4.0)	(6.9)
	Contribution margin	17.5	27.703	11.547	19.972
	Contribution margin %	53.1%	47.6%	36.1%	35.1%
Procaps Col	Net Revenues	39.6	71.5	38.0	67.6
•	COGS	(16.1)	(32.1)	(20.7)	(35.9)
	Gross Profit	23.4	39.360	17.360	31.668
	Gross margin %	59.2%	55.1%	45.6%	46.8%
	Sales and marketing expenses	(8.3)	(14.5)	(6.1)	(11.3)
	Contribution margin	15.1	24.859	11.256	20.326
	Contribution margin %	45.9%	34.8%	35.2%	30.1%
CAN	Net Revenues	16.8	28.1	13.8	23.4
0.2.	COGS	(5.1)	(9.9)	(4.3)	(7.4)
	Gross Profit	11.8	18.220	9.562	15.947
	Gross margin %	69.9%	64.8%	69.2%	68.2%
	Sales and marketing expenses	(5.5)	(9.8)	(3.7)	(7.3)
	Contribution margin	6.3	8.394	5.836	8.637
	Contribution margin %	37.2%	29.9%	42.2%	36.9%
CASAND	Net Revenues	17.1	29.7	21.0	37.0
	COGS	(3.0)	(5.1)	(3.5)	(6.1)
	Gross Profit	14.1	24.599	17.547	30.957
	Gross margin %	82.3%	82.9%	83.5%	83.6%
	Sales and marketing expenses	(7.1)	(12.8)	(7.4)	(14.3)
	Contribution margin	6.9	11.847	10.133	16.670
	Contribution margin %	40.6%	39.9%	48.2%	45.0%
Diabetrics	Net Revenues	6.0	10.6	5.2	9.3
	COGS	(3.2)	(6.4)	(4.1)	(7.4)
	Gross Profit	2.8	4.195	1.136	1.816
	Gross margin %	47.1%	39.7%	21.8%	19.6%
	Sales and marketing expenses	(1.4)	(2.9)	(1.1)	(2.2)
	Contribution margin	1.424	1.339	0.068	(0.432)
	Contribution margin %	23.9%	12.7%	1.3%	-4.7%
Total	Net Revenues	112.4	198.0	110.1	194.2
	COGS	(39.8)	(78.3)	(48.9)	(87.0)
	Gross Profit	72.6	119.755	61.188	107.250
	Gross margin %	64.6%	60.5%	55.6%	55.2%
	Sales and marketing expenses	(25.7)	(45.8)	(21.5)	(42.2)
	Contribution margin	47.0	73.933	39.690	65.082
	Contribution margin %	42%	37.3%	36.1%	33.5%



**EXHIBTS – 3Q23 FINANCIALS**Procaps Group, S.A. and subsidiaries (The Group)

Unaudited Condensed Consolidated Interim Statement of Profit or Loss and Other Comprehensive Income For the three and six months ended June 30, 2023 and 2022

(In thousands of United States Dollars, unless otherwise stated)

	For the three months ended June 30					s ended		
	2023 2022		2023			2022		
Revenue	\$	110,057	\$	112,420	\$	194,219	\$	198,050
Cost of sales		(48,869)		(39,786)		(86,969)		(78,294)
Gross profit		61,188		72,634		107,250		119,756
Sales and marketing expenses		(21,497)		(25,665)		(42,167)		(45,822)
Administrative expenses		(24,602)		(28,845)		(46,721)		(53,400)
Finance expenses, net		(6,780)		(18,791)		(5,131)		(4,209)
Other income (expenses), net		29,627		(8,626)		33,585		(3,503)
Income/(Loss) before tax		37,936		(9,293)		46,816		12,822
Income tax expense		(10,981)		2,374		(13,240)		(3,295)
Income/(Loss) for the period	\$	26,955	\$	(6,919)	\$	33,576	\$	9,527
Income/(Loss) for the period attributable to:								
Owners of the Company		26,955		(6,919)		33,576		9,527
Non-controlling interests		_		_		_		_
Earnings per share:								
Basic and diluted, income/(loss) for the period attributable to ordinary equity								
holders of the Company (USD) <sup>1</sup>		0.27		(0.07)		0.33		0.09



# Unaudited Condensed Consolidated Interim Statement of Financial Position As of June 30, 2023 and December 31, 2022 (In thousands of United States Dollars, unless otherwise stated)

Assets         Property, plant and equipment, net         4.0.7.1         3.9.0.3         7.3.9.6.3         7.3.9.6.3         7.3.9.6.3         7.3.9.1		As of June 30, 2023		As of December 31, 2022	
Property, plant and equipment, net         9,1825         33,955           Right-of-sax essess, net         40,771         39,013           Incapible assets, net         35,791         15,791           Investments in joint ventures         2,079         1,005           Other financial assets         7,010         6,974           Other saxes         7,010         6,974           Other saxes         1,010         6,974           Total non-turrent assets         1,153         4,006           Total non-turrent assets         1,153         4,006           Care         1,153         4,006           Take and other receivable, net         10,347         5,083           Anounts owed by related parties, net         2,20         2,474           Current assets         2,218         4,344           Other current assets, net         2,218         4,344           Other current assets, net         1,034         4,544           Carrent sets         2,226         2,474           Carrent assets, net         2,23         3,456           Carrent assets, net         3,23         2,218           Carrent assets, net         3,23         2,218           Carrent assets, net         3,2	Assets				
Right-of-use assets, net         5,91         5,91           Goodwill         5,79         5,791           Intangible assets, net         33,158         32,028           Investments in joint ventures         2,01         5,05           Other Innancial assets         6,111         2,10           Other assets, net         2,424         3,078           Total on-current assets         2,424         3,003           Total on-current assets         2,424         3,003           Total on-current assets         115,33         45,003           Current assets         135,54         12,902           Inde and other receivables, net         135,64					
Goodwill Intangible assets, net         39,150         30,200           Investments in joint ventures         20,207         1,505           Other financial assets         6,111         20,00           Other cassets         2,000         6,074           Other assets         2,000         1,000           Total non-current assets         11,538         43,000           Tack and other receivables, net         10,347         5,083           Tack and other receivables, net         10,347         5,083           Amounts owed by related parties, net         2,000         2,147           Current assets         3,000         2,148           Other financial assets         2,518         4,344           Other financial assets         2,518         4,542           Tactal carrent assets         3,500         2,545 <td< td=""><td></td><td></td><td></td><td></td><td></td></td<>					
Intensipation injust ventures         2,00°         1.50°           Cher financial assets         6,111         2,10°           Deferred ka sases, net         7,010         6,974           Other assets         2,42°         3,03°           Total on-current assets         2,24°         3,03°           Current assets         11,538         43,03°           Tade and other receivables, net         130,45°         5,08°           Trade and other preceivables, net         130,45°         5,08°           Amounts owed by related parties, net         30,30°         2,18°           Current assets         3,20°         2,418°           Other current assets         2,25°         2,474°           Other financial assets         8,20°         2,18°           Total assets         8,20°         2,18°           Total sacets         8,20°         2,218°           Total sacets         8,20°         2,24°           Note Transcript assets         8,20°         2,24°           Total current assets         8,20°         2,24°           Total current assets         8,20°         2,24°           Total current assets         8,20°         2,20°           Scates particular transcript assets					
Invention in joint venues         2,07         1,505           Other financial assets         6,11         2,24         3,078           Other assets         2,424         3,078         5,027         7,010         6,974         7,010         6,974         7,010         6,974         7,010         6,974         7,010         6,974         7,010         6,974         7,010         6,974         7,010					
Other financial assets         6,11         2,04         6,91         6,92         6,92         6,93         6,93         6,93         6,93         6,93         6,93         6,93         6,93         6,93         6,93         6,93         6,93         6,93         6,93         6,93         6,93         6,93         6,93         6,93         7,93         6,93         7,93         8,93         9,93         8,93         9,9					
Defended assets, net         7,010         6,974         3,078                Other assets              2,195              18,000                     Carrent assets               3,000               1,000               1,000               1,000               1,000               1,000               1,000               1,000               1,000                   1,000               1,000                   1,000                     1,000                     1,000                     1,000                     1,000                     1,000                     1,000                     1,000                     1,000                     1,000                     1,000                    1,000                     1,000                     1,000                     1,000                     1,000                     1,000                     1,000                     1,000                     1,000                     1,000                     1,000                    1,000                     1,000                     1,000                     1,000                     1,000                     1,000                     1,000                     1,000                     1,000                     1,000                     1,000                    1,000                     1,000                     1,000                     1,000                     1,000                     1,000                      1,000                     <					
Other assets         5,424         3,078           Total non-curred assets         1,538         4,30,00           Carset         1,538         4,30,00           Trade and other receivables, net         1,634         1,20,60           Inventories, net         1,034         5,638           Amounts owed by related parties, net         2,20         2,418           Other current assets         3,026         2,118           Other financial assets         2,518         4,344           Other financial assets         3,205         3,207,43           Total current assets         5,205,53         2,207,43           Total sasets         3,207,22         3,200,20           Total current assets         3,207,22         3,200,20           Total current assets         3,207,22         3,200,20           Total current assets         1,011         1,011         1,011           Share Capital         1,011         1,011         1,011         1,011         1,011         1,011         1,011         1,011         1,011         1,011         1,011         1,011         1,011         1,011         1,011         1,011         1,011         1,011         1,011         1,012         1,012         1,012					
Total non-current assets         5.000         1.000           Current assets         1.15.08         4.30.00           Case of 1.15.09         1.15.04         1.29.00           Inventories, net         1.03.47         96.383           Amounts owed by related parties, net         2.22.6         7.40           Cirrent assess, net         3.02.6         2.1,187           Other current assets         2.8.43         4.44           Other current assets         3.02.6         2.97.43           Other current assets         3.02.5         2.97.40           Total current assets         8.49.0            Total current assets         8.29.55         2.97.40           Total current assets         8.29.50         2.97.40           Total current assets         8.29.50         2.97.40           Total current assets         1.01         1.01           Save appliance         3.07         3.07.67           Reserves         3.02         3.03           Accumulated officit         3.03 <td< td=""><td></td><td></td><td></td><td></td><td></td></td<>					
Cash         11,538         43,035           Irade and other receivables, net         136,541         129,602           Inventories, net         103,452         2,648           Amounts owelly related parties, net         30,225         2,474           Cluer tax assets, net         30,262         2,118           Other current assets         6,422         2,674           Other financial assets         6,422         2,744           Other financial assets         6,422         2,748           Total current asset         5,295,533         2,874,83           Total sests         5,205,533         2,874,83           Total sests         1,101         3,01           Isabilities and Stockholder's Equity (Deficit         1,101         1,01           State asset         1,101         1,01           Share premium         3,76,72         37,677           Reserves         5,002         45,743           Accumulated deficit         3,326         3,335           Accumulated other comprehensive loss         3,326         3,325           Equity (deficit) attributable towners of the company         3,326         3,326           Total equity (deficit)         3,326         3,252           Bo					
Eash         11,534         12,908           Trade and other receivables, net         136,541         12,908           Inwentories, net         103,475         96,833           Amounts owed by related parties, net         2,218         2,418           Current ta ssets, net         30,802         21,187           Other current assets         2,518         4,344           Other financial assets         5,295,533         297,432           Total current assets         5,295,533         297,407           Total current assets         5,295,533         297,407           Total assets         1,011         1,011           Total sest         37,677         37,677           Reserves         50,022         33,757           Reserves         30,325         33,757           Accumulated other comprehensive loss         33,359         33,59           Equity (efficity         5,32,52         3,325           Equity (efficity         5,32,52         3,325           Full quity (efficity         3,25         3,25           Full quity (efficity         4,61         1,01           Borrowing         3,03         3,03           Borrowing         3,03         3,02 <th>Total non-current assets</th> <th>\$</th> <th>195,169</th> <th>\$</th> <th>162,744</th>	Total non-current assets	\$	195,169	\$	162,744
Irace and other receivables, net         136,541         129,602           Inventories, net         103,475         96,833           Amounts owed by related parties, net         30,826         21,187           Current tax assets, net         2,518         4,348           Other current assets         2,518         4,344           Other financial assets         8,295,553         2,514,30           Total current assets         \$295,553         2,514,30           Total assets         \$295,553         2,514,30           Total assets         \$295,553         2,514,30           Total sexts         \$295,553         3,767           State capital         1,011         1,011           Share capital         1,011         1,011           Share capital         1,011         1,011           Share capital         3,022         3,031,033           Accumulated deficit         3(32,322)         3,031,033           Accumulated other comprehensive loss         33,372         3,032           Equity (deficit) stributable to owners of the company         3,322         3,032           Total equity (deficit)         3,032         3,032           Total equity (deficit)         4,041         10,916	Current assets				
Inventories, net         10,475         96,833           Amounts owed by related parties, net         2,226         2,474           Current tassets         30,826         2,118           Other current assets         8,429					
Amounts owed by related parties, net         30,265         2,174           Current tax assets, net         30,262         21,187           Other current assets         2,518         4,344           Other financial assets         8,492            Total current assets         \$295,535         \$297,443           Total sests         \$295,505         \$297,443           Total sests         \$295,505         \$297,443           February         \$295,505         \$297,443           Total sests         \$295,505         \$297,443           Total sests         \$295,505         \$297,443           Total sests         \$10,11         \$10,11         \$10,11           Stance apital         \$1,011         \$1,017         \$17,677         \$27,677 </td <td></td> <td></td> <td></td> <td></td> <td></td>					
Control Content assets, nor Other Current assets         30,826 (21,187)           Other Current assets         8,429 (25,533)         4,344 (25,533)           Total current assets         \$ 295,533         \$ 297,443           Total sasets         \$ 30,002 (25,533)         \$ 297,443           Equity Cheficity           Equity (Deficit)           Share capital         1,011 (10,11)         1,011 (10,11)           Share permium         377,677 (20,767)         377,677           Reserves         5,002 (20,423)         31,513 (20,432)           Accumulated deficit         (362,432)         (33,535)         32,952 (20,151)           Accumulated other comprehensive loss         (33,36)         (33,535)         32,952 (20,151)         32,962 (20,151)					
Other current assets         2,518         4,344           Other financial assets         3,249         —           Total current assets         \$ 295,553         \$ 297,438           Total assets         \$ 490,722         \$ 460,187           Liabilities and Stockholders' Equity (Deficit)           Fequity (Deficit)           Share capital         1,011         3,767         377,677         377,677         377,677         377,677         377,677         377,677         378,677         38,623         3,91,513         3,62,432         3,91,513         3,62,432         3,91,513         3,62,433         3,91,513         3,62,433         3,91,513         3,62,433         3,91,513         3,62,433         3,91,513         3,62,433         3,91,513         3,62,433         3,93,513 <t< td=""><td></td><td></td><td></td><td></td><td></td></t<>					
Other financial assets         8,429         ————————————————————————————————————	·				
Total current assets         \$ 295,535         \$ 297,448           Total assets         \$ 490,722         \$ 460,878           Liabilities and Stockholders' Equity (Deficit)           Equity (Deficit)           Share capital         1,011         1,011           Share penium         377,677         377,677           Reserves         50,082         45,743           Accumulated deficit         33,375         33,3859           Accumulated other comprehensive loss         33,375         33,3859           Equity (deficit) attributable to owners of the company         9 32,922         9 (94)           Non-controlling interest         933,272         1,087           Total equity (deficit)         159,635         28,410           Sorrowing         169,635         28,410           Warrant liabilities         169,635         28,410           Shares held in escrow         169,635         28,410           Shares held in escrow         30,399         40,642           Chefered tax liabilities, net         3,490         4,642           Other liabilities         3,190         3,640           Total ono-current liabilities         2,191         4,840           Current Liabilities         2,					4,344
Total assets         \$ 460,187           Liabilities and Stockholders' Equity (Deficit)           Equity (Deficit)           Share capital         1,011         1,011           Share pennium         377,677         377,677           Reserves         50,082         45,743           Accumulated deficit         (362,432)         (391,513)           Accumulated other comprehensive loss         33,305         (33,359)           Equity (deficit) attributable to owners of the company         9,32,027         (39,307)           Non-courbiling interes         933,027         (1,978)           Total equity (deficit)         3,30,27         (1,978)           Non-Current liabilities         18,963         28,410           Warrant liabilities         4,461         10,916           Marrant liabilities, net         3,30,39         4,062           Other liabilities         3,401         7,821           Other liabilities         3,401         7,821           Other liabilities         3,401         7,821           Other liabilities         3,202         3,932           Total concurrent liabilities         3,203         9,018           Derivative financial liabilities <th< td=""><td>Other financial assets</td><td></td><td></td><td></td><td></td></th<>	Other financial assets				
Liabilities and Stockholders' Equity (Deficit)           Equity (Deficit)           Share capital         1,011         1,011           Share capital         377,677         377,677           Reserves         50,082         45,743           Accumulated deficit         (36,243)         (391,513)           Accumulated other comprehensive loss         (33,376)         (33,859)           Equity (deficit) attributable to owners of the company         932,027         (94)           Non-controlling interest         (35,207)         (1,878)           Total equity (deficit)         33,207         (1,878)           Non-Current liabilities         34,007         (1,878)           Marrant liabilities         4,461         10,916           Shares held in escrow         30,309         40,064           Defined tax liabilities, net         3,400         7,821           Other liabilities         3,401         7,821           Otal equity (accurate liabilities)         21,812         33,961           Other liabilities         3,202         33,961           Other liabilities         21,812         33,961           Other liabilities         21,812         25,752           Derivative financial liabilit	Total current assets		295,553	\$	297,443
Equity (Deficit)         1 1 11 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	Total assets	\$	490,722	\$	460,187
Share capital         1,011         1,011           Share premium         37,677         377,677           Reserves         50,082         45,743           Accumulated deficit         (36,243)         (391,513)           Accumulated other comprehensive loss         (33,376)         33,859           Equity (deficit) attributable to owners of the company         393         937           Non-controlling interest         93         937           Total equity (deficit)         5         20,207         1,678           Non-Current liabilities         169,635         28,410           Shares held in escrow         30,399         40,604           Shares held in escrow         3,340         7,821           Deferred tax liabilities, net         3,400         7,821           Other liabilities         6,917         6,480           Total non-current liabilities         3,930         93,691           Total non-current liabilities         2,143         93,691           Every ent liabilities         2,243         9,75           Total non-current liabilities         2,243         9,75           Derivative financial liabilities         2,473         9,75           Derivative financial liabilities         3,922 <td>Liabilities and Stockholders' Equity (Deficit)</td> <td></td> <td></td> <td></td> <td></td>	Liabilities and Stockholders' Equity (Deficit)				
Share premium         377,677           Reserves         50,082         45,743           Accumulated deficit         (362,432)         (391,513)           Accumulated other comprehensive loss         (33,365)         (33,859)           Equity (deficit) attributable to owners of the company         \$ 32,962         (941)           Non-controlling interest         93         (935)         (937)           Total equity (deficit)         \$ 32,027         \$ (1,878)           More-Current liabilities         \$ 32,027         \$ (1,878)           Warrant liabilities         4 (461)         10,916           Shares held in escrow         30,393         40,064           Shares held in escrow         30,393         40,064           Oberived tax liabilities, net         3,400         7,821           Other liabilities         5,214,812         93,691           Total non-current liabilities         5,214,812         93,691           Current liabilities         2,473            Borrowings         118,684         257,525           Derivative financial liabilities         2,473            Trade and other payables         85,970         90,187           Amounts owed to related parties         3,922 <td>Equity (Deficit)</td> <td></td> <td></td> <td></td> <td></td>	Equity (Deficit)				
Reserves         50,082         45,743           Accumulated deficit         (362,432)         (391,513)           Accumulated other comprehensive loss         (33,376)         (33,859)           Equity (deficit) attributable to owners of the company         \$32,962         (947)           Non-controlling interest         (935)         (937)           Total equity (deficit)         \$32,027         \$1,878           Porovings         169,635         28,410           Warrant liabilities         4,461         10,166           Shares held in escrow         30,399         40,664           Deferred tax liabilities, net         3,400         7,821           Other liabilities         6,917         6,480           Total non-current liabilities         5,214,812         93,691           Current liabilities         2,473         -           Perivative financial liabilities         2,473         -           Perivative financial liabilities         2,473         -           Perivative financial liabilities         3,922         9,918           Amounts owed to related parties         3,922         2,914           Current tax liabilities, net         21,841         6,913         6,913         6,913         6,913         <					
Accumulated deficit         (362,432)         (391,513)           Accumulated other comprehensive loss         (33,376)         (33,859)           Equity (deficit) attributable to owners of the company         \$ 32,962         (941)           Non-controlling interest         (935)         (937)           Total equity (deficit)         \$ 32,027         (1,878)           Non-Current liabilities         169,635         28,410           Warrant liabilities         4,461         10,916           Shares held in escrow         30,399         40,664           Defered tax liabilities, net         3,400         7,821           Other liabilities         6,917         6,480           Total non-current liabilities         118,684         257,525           Derivative financial liabilities         2,473            Trade and other payables         85,970         90,187           Amounts owed to related parties         3,922         2,914           Current tax liabilities, net         21,841         6,133           Provisions         195         138           Other liabilities         10,798         11,477	Share premium				
Accumulated other comprehensive loss         (33,376)         (33,859)           Equity (deficit) attributable to owners of the company         \$ 32,962         (941)           Non-controlling interest         (937)         (937)           Total equity (deficit)         \$ 32,027         (1,878)           Non-Current liabilities         8         (1,878)           Warrant liabilities         4,661         1,0,916           Shares held in escrow         3,039         40,664           Deferred tax liabilities, net         3,400         7,821           Other liabilities         3,401         7,821           Total non-current liabilities         118,684         257,525           Derivative financial liabilities         118,684         257,525           Derivative financial liabilities         2,473         —           Trade and other payables         85,970         90,187           Amounts owed to related parties         3,922         2,914           Current tax liabilities, net         21,841         6,33           Provisions         195         138           Other liabilities         10,798         11,477			,		
Equity (deficit) attributable to owners of the company         \$ 32,962         (941)           Non-controlling interest         (937)         (937)           Total equity (deficit)         \$ 32,027         (1,878)           Non-Current liabilities         \$ 169,635         28,410           Warrant liabilities         4,461         10,916           Shares held in escrow         30,399         40,664           Deferred tax liabilities, net         3,400         7,821           Other liabilities         6,917         6,480           Total non-current liabilities         5 214,812         93,691           Current liabilities         214,812         93,691           Derivative financial liabilities         2,473         —           Trade and other payables         85,970         90,187           Amounts owed to related parties         3,922         2,914           Current tax liabilities, net         21,841         6,133           Provisions         195         138           Other liabilities         10,798         11,477					
Non-controlling interest         (935)         (937)           Total equity (deficit)         \$ 32,027         (1,878)           Non-Current liabilities         169,635         28,410           Borrowings         169,635         28,410           Warrant liabilities         4,461         10,916           Shares held in escrow         30,399         40,064           Deferred tax liabilities, net         3,400         7,821           Other liabilities         6,917         6,480           Total non-current liabilities         21,481         93,691           Current liabilities         118,684         257,525           Derivative financial liabilities         2,473         —           Derivative financial liabilities         3,922         2,914           Amounts owed to related parties         3,922         2,914           Current tax liabilities, net         21,841         6,133           Provisions         195         138           Other liabilities         10,798         11,477	Accumulated other comprehensive loss		(33,376)		(33,859)
Total equity (deficit)         \$ 32,027         \$ (1,878)           Non-Current liabilities         169,635         28,410           Warrant liabilities         4,461         10,916           Shares held in escrow         30,399         40,064           Deferred tax liabilities, net         3,400         7,821           Other liabilities         6,917         6,480           Total non-current liabilities         214,812         93,691           Current liabilities         118,684         257,525           Derivative financial liabilities         2,473            Trade and other payables         85,970         90,187           Amounts owed to related parties         3,922         2,914           Current tax liabilities, net         21,841         6,133           Provisions         195         138           Other liabilities         10,798         11,477	Equity (deficit) attributable to owners of the company	\$	32,962	\$	(941)
Total equity (deficit)         \$ 32,027         (1,878)           Non-Current liabilities         169,635         28,410           Warrant liabilities         4,461         10,916           Shares held in escrow         30,399         40,064           Deferred tax liabilities, net         3,400         7,821           Other liabilities         6,917         6,480           Total non-current liabilities         21,812         93,691           Current liabilities         118,684         257,525           Derivative financial liabilities         2,473            Trade and other payables         85,970         90,187           Amounts owed to related parties         3,922         2,914           Current tax liabilities, net         21,841         6,133           Provisions         195         138           Other liabilities         10,798         11,477	Non-controlling interest		(935)		(937)
Non-Current liabilities         I69,635         28,410           Borrowings         4,461         10,916           Warrant liabilities         30,399         40,064           Shares held in escrow         3,400         7,821           Deferred tax liabilities, net         6,917         6,480           Other liabilities         214,812         93,691           Total non-current liabilities         214,812         93,691           Derivative financial liabilities         2,473         —           Derivative financial liabilities         2,473         —           Trade and other payables         85,970         90,187           Amounts owed to related parties         3,922         2,914           Current tax liabilities, net         21,841         6,133           Provisions         195         138           Other liabilities         10,798         11,477	Total equity (deficit)	\$	32,027	\$	(1,878)
Borrowings         169,635         28,410           Warrant liabilities         4,461         10,916           Shares held in escrow         30,399         40,064           Deferred tax liabilities, net         3,400         7,821           Other liabilities         6,917         6,480           Total non-current liabilities         214,812         93,691           Current liabilities         118,684         257,525           Derivative financial liabilities         2,473         —           Trade and other payables         85,970         90,187           Amounts owed to related parties         3,922         2,914           Current tax liabilities, net         21,841         6,133           Provisions         195         138           Other liabilities         10,798         11,477	Non-Current liabilities				
Warrant liabilities       4,461       10,916         Shares held in escrow       30,399       40,064         Deferred tax liabilities, net       3,400       7,821         Other liabilities       6,917       6,480         Total non-current liabilities       214,812       93,691         Current liabilities       118,684       257,525         Derivative financial liabilities       2,473       —         Trade and other payables       85,970       90,187         Amounts owed to related parties       3,922       2,914         Current tax liabilities, net       21,841       6,133         Provisions       195       138         Other liabilities       10,798       11,477			169,635		28,410
Shares held in escrow       30,399       40,064         Deferred tax liabilities, net       3,400       7,821         Other liabilities       6,917       6,480         Total non-current liabilities       214,812       93,691         Current liabilities       118,684       257,525         Derivative financial liabilities       2,473       —         Trade and other payables       85,970       90,187         Amounts owed to related parties       3,922       2,914         Current tax liabilities, net       21,841       6,133         Provisions       195       138         Other liabilities       10,798       11,477					
Deferred tax liabilities, net       3,400       7,821         Other liabilities       6,917       6,480         Total non-current liabilities       \$ 214,812       \$ 93,691         Current liabilities         Derivative financial liabilities       118,684       257,525         Derivative financial liabilities       2,473       —         Trade and other payables       85,970       90,187         Amounts owed to related parties       3,922       2,914         Current tax liabilities, net       21,841       6,133         Provisions       136       138         Other liabilities       10,798       11,477	Shares held in escrow				
Other liabilities         6,917         6,480           Total non-current liabilities         \$ 214,812         \$ 3,691           Current liabilities         \$ 118,684         257,525           Derivative financial liabilities         2,473         —           Trade and other payables         85,970         90,187           Amounts owed to related parties         3,922         2,914           Current tax liabilities, net         21,841         6,133           Provisions         136         138           Other liabilities         10,798         11,477	Deferred tax liabilities, net				
Total non-current liabilities         \$ 214,812         \$ 93,691           Current liabilities         \$ 118,684         257,525           Borrowings         118,684         257,525           Derivative financial liabilities         2,473         —           Trade and other payables         85,970         90,187           Amounts owed to related parties         3,922         2,914           Current tax liabilities, net         21,841         6,133           Provisions         195         138           Other liabilities         10,798         11,477	Other liabilities				
Current liabilities         Borrowings       118,684       257,525         Derivative financial liabilities       2,473       —         Trade and other payables       85,970       90,187         Amounts owed to related parties       3,922       2,914         Current tax liabilities, net       21,841       6,133         Provisions       195       138         Other liabilities       10,798       11,477	Total non-current liabilities	\$		\$	
Borrowings         118,684         257,525           Derivative financial liabilities         2,473         —           Trade and other payables         85,970         90,187           Amounts owed to related parties         3,922         2,914           Current tax liabilities, net         21,841         6,133           Provisions         195         138           Other liabilities         10,798         11,477	Current liabilities	<u> </u>		Ť	00,000
Derivative financial liabilities       2,473       —         Trade and other payables       85,970       90,187         Amounts owed to related parties       3,922       2,914         Current tax liabilities, net       21,841       6,133         Provisions       195       138         Other liabilities       10,798       11,477			118 684		257 525
Trade and other payables       85,970       90,187         Amounts owed to related parties       3,922       2,914         Current tax liabilities, net       21,841       6,133         Provisions       195       138         Other liabilities       10,798       11,477					
Amounts owed to related parties       3,922       2,914         Current tax liabilities, net       21,841       6,133         Provisions       195       138         Other liabilities       10,798       11,477					90.187
Current tax liabilities, net       21,841       6,133         Provisions       195       138         Other liabilities       10,798       11,477					
Provisions         195         138           Other liabilities         10,798         11,477					
Other liabilities         10,798         11,477					
	Total current liabilities	\$	243,883	\$	368,374
Total liabilities and stockholders' equity (deficit) \$ 490,722 \$ 460,187					



# Unaudited Condensed Consolidated Interim Statement of Cash Flows For the six months ended June 30, 2023 and 2022 (In thousands of United States Dollars, unless otherwise stated)

Pursuing activities		For the six months ended June 30			
Income for the period         \$ 3,50°         \$ 9,50°           Uitysissents to scroundie thi income with cash flow from operating activities before changes in working capital.         2,60°         2,90°           Depreciation of property, plant and equipment         2,60°         2,90°           Depreciation of pipperty, plant and equipment         1,51°         4,20°           Income tax expenses, and         1,51°         4,20°           Income tax expenses, and         1,51°         4,20°           Description of property, plant and equipment         4,60°         1,50°           Net loss (gain) and sale and disposal of property, plant and equipment         4,60°         1,50°           Net loss oid sposal of litangibles         5,10°         1,00°           Provision         4,40°         1,50°           Provision for bad debt         2,00°         4,50°           Increase/vidercease in operating activities before changes in working capital         2,00°         4,0°           Increase and operating activities before changes in working capital         2,00°         4,0°           Increase and operating activities before changes in working capital         2,00°         4,0°           Increase and operating activities         2,00°         4,0°           Increase and operating activities         2,0°         4,0°					2022
	Operating activities				
Dependation of property plant and equipment         2,682         2,932           Amortzation of intangibles         2,291         2,481           Income tax expenses         15,131         4,242           Finance expenses, net         5,131         4,242           Unrealized currency exchange rate differences         (5,63)         -1           Shar of result of joint ventures         (5,61)         1           Net loss (gain) on sale and disposal of property, plant and equipment         5,131         4           Net loss on disposal of intangibles         5,1         1           Provision for bad debt         4,2         1,3           Provision for bad debt         4,6         1,3           Provision for bad debt         2,0         4           Increase/idecrouse in operating assets and liabilities:         2,0         4           Increase placerouse in operating assets and liabilities         2,0         4           Increase placerouse in operating assets and liabilities         2,0         4           Increase placerouse in operating assets and liabilities         2,0         4           Increase placerouse in operating assets and liabilities         1,0         4           Increase placerouse in operating assets and liabilities         1,0         4		\$	33,576	\$	9,527
Depreciation of right-of-year seasets         3,070         3,070         2,221         2,241         1,240					
Amountariation of inlangibles         2,91         3,4         3,25         Finance expenses         5,13         4,2         2,5         Finance expenses, ne         5,13         4,2         4,2         4,2         4,2         4,2         4,2         4,2         4,2         4,2         4,2         4,2         4,2         4,2         1,2         5,2         1,1         1,2					2,932
Income tax expense					3,005
Finance expenses, net					2,436
Unrealized currency exchange rate differences         (561)         1           Net loss (gain) on sale and disposal of property, plant and equipment         561         1           Net loss (gain) on sale and disposal of property, plant and equipment         2,2         1,0           Inventory provision         42         1,3           Provisions or bad debt         42         1,3           Provisions or plant debt         45,7         2,72           Cach flow from operating assets and liabilities:         3,03         2,034           Increases/) decrease in operating assets and liabilities:         2,054         3,75           Increases/) decrease in operating assets and liabilities:         3,03         20,94           Increases/) decrease in operating assets and liabilities:         3,03         20,94           Increases/) decrease in operating assets and liabilities:         3,03         20,94           Increases/) decrease in operating assets and liabilities:         3,03         20,94           Current assets, net         3,03         20,94           Current assets, net         1,12         3,13           Current assets, net         1,12         2,0           Current assets, net         1,13         5           Current assets, net         1,1         2,0					3,295
Share of result of joint venuers         (56)         11           Net loss (singly) on sale and disposal of property, plant and equipment         49         (55)           Net loss (singly) on sale and disposal of intangibles         2,50         1.01           Net loss (singly) on sale and disposal of intangibles         2,50         1.01           Provision for bad debt         442         1.33           Provision on operating activities before changes in working capital         46,751         27,224           Increase)/decrease in operating assets and liabilities:         2.054         40,752         1.02           Increase)/decrease in operating assets and liabilities:         2.054         40,752         1.02					4,209
Net loss (gáin) on sale and disposal of property, plant and equipment         45         55           Net loss on disposal of intangbles         51         51           Inventory provision         2,502         1,01           Provision for bad debt         46,751         27,24           Cash flow from operating activities before changes in working capital         46,751         27,24           Increase/decrease in operating activities before changes in working capital         8,052         3,033         20,954         4,075         1,002         1,002         2,054         4,075         1,002         2,054         4,075         1,002         2,054         4,075         1,002         2,054         4,075         1,002         2,054         4,035         1,002         2,054         4,035         1,002         2,054         4,035         1,002         2,054         4,002         3,003         2,054         4,002         3,003         2			(15,793)		_
Net loss on disposal of intangibles   5,250   1,000     Provision for bad debt   4,250   1,000     Provision for bad debt   4,675   27,240     Cash flow from operating activities before changes in working capital     Cash flow from operating activities before changes in working capital     Cash flow from operating acsets and liabilities:					109
Inventory provision			49		(590
Provision for bad debt         442         1.33           Cash flow from operating activities before changes in working capital         46,751         27,24           Increase//decrease in operating assets and liabilities:         3         2           Tracte and other receivables, net         2,055         1,035         1,035           Inventories, net         3,083         20,94         1,052         1,052         1,055			51		_
Provisions         91         46.751         27.24           Cash flow from operating oussets and liabilities:         Increase/Idecrease in operating oussets and liabilities:         3.03         20.94           Trade and other receivables, net         2.054         3.03         20.94           Amounts owed by related parties         6.75         1.00         1.00           Inventories, net         3.08         20.94         1.00         1.02         1.00           Other current assets         6.13         2.03         2.06         1.00 <td< td=""><td>Inventory provision</td><td></td><td>2,502</td><td></td><td>1,010</td></td<>	Inventory provision		2,502		1,010
Cash flow from operating activities before changes in working capital         46,751         27,24           Increase)/decrease in operating assets and liabilities:         2,054         3,75           Trade and other receivables, net         2,054         3,75           Amounts owed by related parties         6,75         1,02           Inventories, net         3,083         20,94           Current tax assets, net         1,822         3,15           Other current assets         1,822         3,26           Amounts owed to related parties         6,132         26,0           Current tax liabilities, net         2,619         (4           Other liabilities, net         1,429         1,4           Other flabilities         1,133         5           Provisions         1,429         1,4           Other flabilities         1,133         5           Provisions         1,429         1,4           Other flabilities         1,132         1,4           Other flabilities         1,132         1,4           Other flabilities         1,1,2         1,4           Other flabilities         1,1,2         1,4           Other flabilities         1,1,2         1,4           Interest paid	Provision for bad debt		442		1,304
Trade and other receivables, net 2,054 (3,75 Amounts owed by related parties 367 (1,00 Inventories, net 3,083 (2,00) (2,0	Provisions		91		7
Trade and other receivables, net 2,054 (3,75 Amounts owed by related parties 367 (1,00 Inventories, net 3,083 (2,00) (2,0	Cash flow from operating activities before changes in working capital		46,751		27,244
Trade and other receivables, net         2,054         3,75           Amounts owed by related parties         675         1,05           Inventories, net         3,083         20,94           Current tax sasets, net         (7,175)         6,95           Other current assets         1,822         3,18           Trade and other payables         5,309         26,68           Amounts owed to related parties         6,13         2,02           Current tax liabilities, net         2,619         4,4           Other liabilities         (1,133)         5,6           Other Indivities         (1,133)         5,7           Current tax liabilities, net         (1,133)         6,0           Other Indivities         (1,133)         5,0           Other financial assets         (1,133)         6,0           Other assets         6,87         7           Cash generated from operations         30,366         20,88           Interest paid         (1,879)         6,9           Interest paid         (1,879)         6,9           Cash flow provided by operating activities         7,224         10,5           Acquisition of property, plant and equipment         7,224         10,5           Ac	2		10,732	_	=7,=11
Trade and other receivables, net         2,054         3,75           Amounts owed by related parties         675         1,05           Inventories, net         3,083         20,94           Current tax sasets, net         (7,175)         6,95           Other current assets         1,822         3,18           Trade and other payables         5,309         26,68           Amounts owed to related parties         6,13         2,02           Current tax liabilities, net         2,619         4,4           Other liabilities         (1,133)         5,6           Other Indivities         (1,133)         5,7           Current tax liabilities, net         (1,133)         6,0           Other Indivities         (1,133)         5,0           Other financial assets         (1,133)         6,0           Other assets         6,87         7           Cash generated from operations         30,366         20,88           Interest paid         (1,879)         6,9           Interest paid         (1,879)         6,9           Cash flow provided by operating activities         7,224         10,5           Acquisition of property, plant and equipment         7,224         10,5           Ac	(Increase)/decrease in operatina assets and liabilities:				
Amounts owed by related parties         675         1.05           Inventories, net         3,083         20,94           Current tax assets, net         (7,175)         6,95           Other current assets         1,822         3,185           Trade and other payables         61,320         26,66           Amounts owed to related parties         613         2,09           Current tax liabilities, net         2,619         (44           Other liabilities         (1,133)         55           Provisions         42         0,4           Other flashilities, net         687         77           Cother financial assets         613         2,08           Other sasets         687         77           Cash generated from operations         30,306         20,88           Interest paid         (1,879)         (94           Income tax paid         (1,879)         (94           Cash flow provided by operating activities         7,224         (10,51           Income tax paid         7,224         (10,51           Cash flow used in investing activities         7,224         (10,51           Acquisition of property, plant and equipment         7,224         (10,51           Acquisition			2 054		(3.793
Inventories, net   3,083   20,94   2					
Current tax assets, net         (6,175)         (6,95)           Other current assets         1,822         (3,15)           Trade and other payables         (5,320)         26,64           Amounts owed to related parties         613         2,03           Current tax liabilities, net         (1,133)         55           Other liabilities         (1,133)         55           Provisions         (14,228)         1           Other financial assets         (14,328)         1           Other financial assets         (14,328)         7           Cash generated from operations         30,306         20,88           Interest paid         (1,879)         (9,48           Income tax paid         (4,889)         3,64           Cash flow provided by operating activities         32,358         16,23           Income tax paid         (4,889)         3,64           Cash flow provided by operating activities         52,358         16,23           Increst paid         (5,496)         5,10,20           Advances to related parties         (5,496)         5,10,20           Cash flow used in investing activities         \$12,30         13,30           Functing activities         (6,201)         (74,24					
Other current assets         1,822         3,15           Trade and other payables         6,320         26,64           Amounts owed to related parties         6,13         2,00           Current tax liabilities, net         2,619         44           Other liabilities         (1,133)         55           Provisions         (42)         (4           Other financial assets         687         77           Cash generated from operations         687         77           Interest paid         (1,879)         69           Income tax paid         (4,889)         3,64           Cash flow provided by operating activities         32,353         16,25           Investing activities         7         2,24           Investing activities         7         2,24           Investing activities         7         2,25           Investing activities         1,25         1,30           Cash flow used in investing activities         3,13,00         1,30           Financing activities         42,137         5,40           Flayments to related parties         6,8,20         1,30           Flayments to related parties         6,8,20         1,30           Payments to related parties					
Trace and other payables         (5,320)         26,64           Amounts owed to related parties         613         2,03           Current tax liabilities, net         (1,133)         55           Other liabilities         (11,33)         55           Provisions         (42)         64           Other financial assets         (14,328)         1           Other sests         687         77           Cash generated from operations         30,306         20,88           Interest paid         (1,879)         (94           Income tax paid         (4,889)         36,64           Cash flow provided by operating activities         \$23,533         16,25           Investing activities         7,224         (10,51           Proceeds from sale of property, plant and equipment         (7,224)         (10,51           Acquisition of property, plant and equipment         (5,496)         (5,11           Acquisition of intangibles         (5,496)         (5,11           Acquisition of intangibles         (5,296)         (5,10           Acquisition of intangibles         (5,296)         (5,10           Acquisition of intangibles         (5,296)         (5,10           Acquisition of intangibles         (5,296)	•				
Amounts owed to related parties         613         2,03           Current ax liabilities, net         2,619         (44         0,00         (42)         <					
Current tax liabilities, net         2,619         (44           Other liabilities         (1,133)         5.65           Provisions         (14,328)         1           Other financial assets         (14,328)         1           Other assets         687         27.7           Cash generated from operations         (1,879)         29.8           Interest paid         (1,879)         (3,64)           Income tax paid         (4,889)         (3,64)           Cash flow provided by operating activities         23,538         16,29           Investing activities         7,224         (10,51)           Acquisition of property, plant and equipment         (7,224)         (10,51)           Acquisition of intangibles         (5,496)         (5,10           Advances to related parties         (182)         (13           Cash flow used in investing activities         \$ (12,902)         \$ (13,07)           Financing activities         \$ (12,902)         \$ (13,07)           Payments to related parties         (13,07)         (4,24)           Payments to related parties         (68,201)         (7,424)           Payments to related parties         (15,010)         (8,63)           Payment of lease liabilities					
Other liabilities         (1,133)         56           Provisions         (42)         (4           Other financial assets         (14,328)         1           Other assets         687         77           Cash generated from operations         30,306         20,88           Interest paid         (1,879)         (94           Income tax paid         (4,889)         3,64           Cash flow provided by operating activities         7,224         (10,51           Acquisition of property, plant and equipment         7,224         (10,51           Proceeds from sale of property, plant and equipment         (7,224)         (13,01           Advances to related parties         (182)         (13           Cash flow used in investing activities         (12,00)         (13,00)           Financing activities         (12,00)         (13,00)           For activities         (12,00)         (13,00)           Payments on borrowings         (8,20)         (7,224)           Payments on borrowings         (68,20)         (7,224)           Payments to related parties         (15,00)         (8,60)           Interest paid on borrowings         (15,00)         (8,60)           Payment of lease liabilities         (15,00) <td></td> <td></td> <td></td> <td></td> <td></td>					
Provisions         (42)         (44)           Other financial assets         (14,328)         1           Other assets         687         7.7           Cash generated from operations         30,306         20,88           Interest paid         (1,879)         (9,4           Income tax paid         (4,889)         (36,6           Cash flow provided by operating activities         23,538         16,29           Acquisition of property, plant and equipment         (7,224)         (10,51)           Proceeds from sale of property, plant and equipment         -         2,68           Advances to related parties         (5,96)         (5,10           Cash flow used in investing activities         \$ (12,90)         \$ (13,07)           Financing activities         \$ (2,30)         \$ (32,08)           Payments on borrowings         42,137         54,08           Payments on borrowings         42,137         54,08           Payments or leaked parties         -         4,52           Interest paid on borrowings         (15,010)         (36,63)           Payment of lease liabilities         (2,374)         (2,86           Repurchase of treasury shares         (156)         -           Cash flow used in financing activities					
Other financial assets         (14,328)         1           Other assets         687         77           Cash generated from operations         30,306         20,88           Interest paid         (1,879)         (94           Income tax paid         (4,888)         (3,648)           Cash flow provided by operating activities         23,538         16,29           Investing activities         7,224         (10,51           Acquisition of property, plant and equipment         7,224         (10,51           Acquisition of intangibles         (5,496)         (5,10           Advances to related parties         (182)         (13           Cash flow used in investing activities         \$ (12,902)         \$ (13,07)           Financing activities         \$ (12,902)         \$ (13,07)           Financing activities         \$ (12,902)         \$ (13,07)           Payments on borrowings         4 (2,137)         54,08           Payments on borrowings         4 (2,137)         54,08           Payments paid on borrowings         (68,201)         (74,24           Payments or leated parties         (75,204)         (2,364)           Payment of lease liabilities         (2,374)         (2,36           Payment of lease liabilitie					
Other assets         687         77           Cash generated from operations         30,306         20,88           Interest paid         (1,879)         (94           Income tax paid         (4,889)         (3,64           Cash flow provided by operating activities         23,538         16,29           Investing activities         3         3         16,29           Acquisition of property, plant and equipment         (7,224)         (10,51)         10,51           Acquisition of intangibles         (5,496)         (5,104)         4,132         (13           Acquisition of intangibles         (182)         (13         13         13         13         13         14					(41
Interest paid					12
Interest paid         (1,879)         (94           Income tax paid         (4,889)         (3,64           Cash flow provided by operating activities         \$ 23,538         \$ 16,29           Investing activities			687		778
Income iax paid   (4,889)   (3,64   Cash flow provided by operating activities   (7,224)   (10,51   Cash flow provided by operating activities   (7,224)   (10,51   Cash flow investing activities   (7,224)   (10,51   Cash flow used in investing activities   (1,202)   (1,203)	Cash generated from operations		30,306		20,889
Income iax paid   (4,889)   (3,64   Cash flow provided by operating activities   (7,224)   (10,51   Cash flow provided by operating activities   (7,224)   (10,51   Cash flow investing activities   (7,224)   (10,51   Cash flow used in investing activities   (1,202)   (1,203)					
Cash flow provided by operating activities         \$ 23,538         16,29           Investing activities         Cycapital stand equipment         \$ (7,224)         (10,51)           Acquisition of property, plant and equipment         — 2,66         2,66           Acquisition of intangibles         (5,496)         (5,10           Advances to related parties         (182)         (13           Cash flow used in investing activities         \$ (12,902)         \$ (13,07)           Financing activities         \$ (12,902)         \$ (13,07)           Proceeds from borrowings         42,137         54,06           Payments on borrowings         (68,201)         (74,24           Payments to related parties         — 4,55           Interest paid on borrowings         (15,010)         (8,63)           Payment of lease liabilities         (2,374)         (2,86           Repurchase of treasury shares         (156)         —           Cash flow used in financing activities         \$ (36,18)           Vet decrease in cash         (32,968)         (32,968)           Cash at beginning of the period         43,003         72,11	Interest paid		(1,879)		(946
Acquisition of property, plant and equipment   (7,224)   (10,51)     Proceeds from sale of property, plant and equipment   (5,496)   (5,496)     Acquisition of intangibles   (5,496)   (5,106)     Advances to related parties   (182)   (13)     Cash flow used in investing activities   (12,902)   (13,07)     Financing activities   (13,002)   (13,002)     Payments on borrowings   (15,010)   (13,002)     Payments to related parties   (15,010)   (13,002)     Payments to related parties   (15,010)   (13,002)     Payment of lease liabilities   (13,002)   (13,002)     Payment of lease liabilities   (13,002)   (13,002)     Cash flow used in financing activities   (13,002)     Cash flow used in fina	Income tax paid		(4,889)		(3,649
Acquisition of property, plant and equipment       (7,224)       (10,51)         Proceeds from sale of property, plant and equipment       —       2,68         Acquisition of intangibles       (5,496)       (5,10         Advances to related parties       (182)       (13         Cash flow used in investing activities       *       (12,902)       *       (13,07         Financing activities       *       *       42,137       54,08         Payments on borrowings       (68,201)       (74,24)         Payments to related parties       —       (4,52)         Interest paid on borrowings       (15,010)       (8,63)         Payment of lease liabilities       (2,374)       (2,86)         Repurchase of treasury shares       (156)       —         Cash flow used in financing activities       \$       (34,604)       \$       (36,18)         Net decrease in cash       (32,968) </td <td>Cash flow provided by operating activities</td> <td>\$</td> <td>23,538</td> <td>\$</td> <td>16,294</td>	Cash flow provided by operating activities	\$	23,538	\$	16,294
Acquisition of property, plant and equipment       (7,224)       (10,51)         Proceeds from sale of property, plant and equipment       —       2,68         Acquisition of intangibles       (5,496)       (5,10         Advances to related parties       (182)       (13         Cash flow used in investing activities       *       (12,902)       *       (13,07         Financing activities       *       *       42,137       54,08         Payments on borrowings       (68,201)       (74,24)         Payments to related parties       —       (4,52)         Interest paid on borrowings       (15,010)       (8,63)         Payment of lease liabilities       (2,374)       (2,86)         Repurchase of treasury shares       (156)       —         Cash flow used in financing activities       \$       (34,604)       \$       (36,18)         Net decrease in cash       (32,968) </td <td></td> <td></td> <td></td> <td></td> <td></td>					
Proceeds from sale of property, plant and equipment         —         2,68           Acquisition of intangibles         (5,496)         (5,10           Advances to related parties         (182)         (13           Cash flow used in investing activities         \$         (12,902)         \$         (13,07           Financing activities         —         C4,137         54,08         54,08         54,08         74,24	Investing activities				
Acquisition of intangibles       (5,496)       (5,100)         Advances to related parties       (182)       (133)         Cash flow used in investing activities       \$ (12,902)       \$ (13,07)         Financing activities       \$ (2,902)       \$ (32,002)         Proceeds from borrowings       42,137       54,002         Payments on borrowings       (68,201)       (74,242)         Payments to related parties       — (4,522)         Interest paid on borrowings       (15,010)       (8,632)         Payment of lease liabilities       (2,374)       (2,802)         Repurchase of treasury shares       (156)       —         Cash flow used in financing activities       \$ (43,604)       \$ (36,182)         Net decrease in cash       (32,968)       (32,968)         Cash at beginning of the period       43,003       72,11	Acquisition of property, plant and equipment		(7,224)		(10,518
Advances to related parties       (182)       (130)         Cash flow used in investing activities       (12,902)       (13,07)         Financing activities       700       (13,07)       (13,07)         Proceeds from borrowings       42,137       54,08       54,08       54,09       54,09       54,09       74,24	Proceeds from sale of property, plant and equipment		_		2,689
Cash flow used in investing activities       \$ (12,902)       \$ (13,07)         Financing activities	Acquisition of intangibles		(5,496)		(5,106
Cash flow used in investing activities       \$ (12,902)       \$ (13,07)         Financing activities       \$ 2,137       54,08         Payments on borrowings       (68,201)       (74,24)         Payments to related parties       — (4,52)         Interest paid on borrowings       (15,010)       (8,63)         Payment of lease liabilities       (2,374)       (2,86)         Repurchase of treasury shares       (156)       —         Cash flow used in financing activities       \$ (32,968)       (32,968)         Cash at beginning of the period       43,003       72,11	Advances to related parties		(182)		(139
Financing activities         Proceeds from borrowings       42,137       54,08         Payments on borrowings       (68,201)       (74,24         Payments to related parties       —       (4,52         Interest paid on borrowings       (15,010)       (8,63         Payment of lease liabilities       (2,374)       (2,86         Repurchase of treasury shares       (156)       —         Cash flow used in financing activities       \$ (43,604)       \$ (36,18         Net decrease in cash       (32,968)       (32,968)       (32,968)         Cash at beginning of the period       43,003       72,11					
Financing activities         Proceeds from borrowings       42,137       54,08         Payments on borrowings       (68,201)       (74,24         Payments to related parties       —       (4,52         Interest paid on borrowings       (15,010)       (8,63         Payment of lease liabilities       (2,374)       (2,86         Repurchase of treasury shares       (156)       —         Cash flow used in financing activities       \$ (43,604)       \$ (36,18         Net decrease in cash       (32,968)       (32,968)       (32,968)         Cash at beginning of the period       43,003       72,11	Cash flow used in investing activities	\$	(12,902)	\$	(13,074
Proceeds from borrowings       42,137       54,08         Payments on borrowings       (68,201)       (74,24         Payments to related parties       —       (4,52         Interest paid on borrowings       (15,010)       (8,63         Payment of lease liabilities       (2,374)       (2,86         Repurchase of treasury shares       (156)       —         Cash flow used in financing activities       \$ (43,604)       \$ (36,18         Net decrease in cash       (32,968)       (32,968)       C3,968         Cash at beginning of the period       43,003       72,11					
Proceeds from borrowings       42,137       54,08         Payments on borrowings       (68,201)       (74,24         Payments to related parties       —       (4,52         Interest paid on borrowings       (15,010)       (8,63         Payment of lease liabilities       (2,374)       (2,86         Repurchase of treasury shares       (156)       —         Cash flow used in financing activities       \$ (43,604)       \$ (36,18         Net decrease in cash       (32,968)       (32,968)       C3,968         Cash at beginning of the period       43,003       72,11	Financing activities				
Payments on borrowings       (68,201)       (74,24         Payments to related parties       — (4,52         Interest paid on borrowings       (15,010)       (8,63         Payment of lease liabilities       (2,374)       (2,86         Repurchase of treasury shares       (156)       —         Cash flow used in financing activities       \$ (43,604)       \$ (36,18         Net decrease in cash       (32,968)       (32,968)         Cash at beginning of the period       43,003       72,11			42.137		54,085
Payments to related parties       — (4,52         Interest paid on borrowings       (15,010) (8,63         Payment of lease liabilities       (2,374) (2,86         Repurchase of treasury shares       (156) —         Cash flow used in financing activities       \$ (43,604) \$ (36,18         Net decrease in cash       (32,968) (32,96         Cash at beginning of the period       43,003 72,11					(74,242
Interest paid on borrowings       (15,010)       (8,63         Payment of lease liabilities       (2,374)       (2,86         Repurchase of treasury shares       (156)       -         Cash flow used in financing activities       \$ (43,604)       \$ (36,18         Net decrease in cash       (32,968)       (32,968)       (32,968)         Cash at beginning of the period       43,003       72,11					(4,525
Payment of lease liabilities       (2,374)       (2,86         Repurchase of treasury shares       (156)       -         Cash flow used in financing activities       \$ (43,604)       \$ (36,18         Net decrease in cash       (32,968)       (32,968)       (32,968)         Cash at beginning of the period       43,003       72,11			(15.010)		(8,639
Repurchase of treasury shares (156) —  Cash flow used in financing activities \$ (43,604) \$ (36,18)  Net decrease in cash Cash at beginning of the period (32,968) (32,968)  Cash at beginning of the period (32,968) (32,968)					
Cash flow used in financing activities \$ (43,604) \$ (36,18)  Net decrease in cash Cash at beginning of the period \$ (32,968) \$ (32,9					(2,007
Net decrease in cash Cash at beginning of the period (32,968) (32,968) 43,003 72,11			(130)		
Cash at beginning of the period 43,003 72,11	Cash flow used in financing activities	\$	(43,604)	\$	(36,188
Cash at beginning of the period 43,003 72,11	Not decrease in each		(22.000)		(22.000
1,503 (1,593)(1,593 (1,593 (1,593 (1,593 (1,593 (1,593 (1,593 (1,593 (1,593 (1,593 (1,593 (1,593 (1,593 (1,593 (1,593 (1,593 (1,593 (1,593 (1,593 (1,5))(1,593 (1,593 (1,5))(1,593 (1,593 (1,593 (1,5))(1,593					
	Effect of exchange rate fluctuations		1,503		(1,592

Cash at end of the period	\$ 11,538	\$ 37,552
Non-cash financing and investing activities <sup>1</sup>	\$ 23,274	\$ 32,737



#### **Forward-Looking Statements**

This press release includes "forward-looking statements." Forward-looking statements may be identified by the use of words such as "forecast," "intend," "seek," "target," "anticipate," "believe," "expect," "estimate," "plan," "outlook," and "project" and other similar expressions that predict or indicate future events or trends or that are not statements of historical matters. Such forward-looking statements include projected financial information. Such forwardlooking statements with respect to revenues, earnings, performance, strategies, synergies, prospects, and other aspects of the businesses of Procaps are based on current expectations that are subject to risks and uncertainties. A number of factors could cause actual results or outcomes to differ materially from those indicated by such forward-looking statements. These factors include, but are not limited to: (1) the inability to successfully retain or recruits officers, key employees, or directors; (2) effects on Procaps' public securities' liquidity and trading; (3) the lack of a market for Procaps' securities; (4) changes in applicable laws or regulations; (5) the possibility that Procaps may be adversely affected by other economic, business, and/or competitive factors; (6) the Company's inability to achieve its cost saving goals and value creating initiatives, (7) our ability to remediate our disclosed material weaknesses within certain time frames, if at all and (8) other risks and uncertainties indicated from time to time in documents filed or to be filed with the Securities and Exchange Commission ("SEC") by Procaps. Accordingly, forward-looking statements, including any projections or analysis, should not be viewed as factual and should not be relied upon as an accurate prediction of future results. The forward-looking statements contained in this press release are based on our current expectations and beliefs concerning future developments and their potential effects on Procaps. These forward-looking statements involve a number of risks, uncertainties (some of which are beyond our control), or other assumptions that may cause actual results or performance to be materially different from those expressed or implied by these forward-looking statements. These risks and uncertainties include, but are not limited to, the ability to recognize the anticipated benefits of any acquisitions contemplated or pursued by the Company, the impact of COVID-19 on Procaps' business, changes in applicable laws or regulations, the possibility that Procaps may be adversely affected by other economic, business, and/or competitive factors, and other risks and uncertainties, including those included under the header "Risk Factors" in Procaps' annual report on Form 20-F filed with the SEC, as well as Procaps' other filings with the SEC. Should one or more of these risks or uncertainties materialize, or should any of our assumptions prove incorrect, actual results may vary in material respects from those projected in these forward-looking statements. We undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required under applicable securities laws. Accordingly, you should not put undue reliance on these statements.