

**Procaps Group, S.A.**  
*Société anonyme*

**ANNUAL ACCOUNTS**

**FOR THE PERIOD  
FROM 29 MARCH 2021 (DATE OF INCORPORATION)  
TO 31 DECEMBER 2021**

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

## Table of contents

	Page(s)
Auditor's report	1
Balance sheet	2 – 6
Profit and loss	7 – 8
Notes to the annual accounts	9 – 19

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

## **REPORT OF THE COMMISSAIRE**

In accordance with the Luxembourg legal and statutory requirements, we have a pleasure in presenting you with the results of our mandate as Commissaire which you have entrusted to us for the period ended 31 December 2021.

We have carried out our work in accordance with the provisions of Article 443-2 of the amended law of 10 August 1915 on commercial companies which does not require the Commissaire to give an opinion on the annual accounts and, therefore, this report does not constitute an audit carried out under International Standards on Auditing. These annual accounts are the responsibility of the Board of Directors. This includes the maintenance of adequate accounting records and internal controls, the selection and application of accounting policies, and the safeguard of the assets of the Company. We have examined the attached Balance Sheet as at 31 December 2021 and the related Profit and Loss Account for the year then ended, to the extent which we deemed necessary, to the Company's accounting records and documents made available to us. We have checked the assets and liabilities by methods that we considered appropriate.

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

Luxembourg, 31 May 2022

  
Signature

**Annual Accounts Helpdesk :**

**Tel.** : (+352) 247 88 494  
**Email** : centralebilans@statec.etat.lu

RCSL Nr. : B253360

Matricule : 2021 2201 694

eCDF entry date :

**BALANCE SHEET**

**Financial year from** <sup>01</sup> 29/03/2021 **to** <sup>02</sup> 31/12/2021 (in <sup>03</sup> USD )

Procaps Group, S.A.

9, rue de Bitbourg  
L-1273 Luxembourg

**ASSETS**

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

RCSL Nr. : B253360

Matricule : 2021 2201 694

	Reference(s)	Current year	Previous year
3. Other fixtures and fittings, tools and equipment	1131 _____	131 _____	132 _____
4. Payments on account and tangible assets in the course of construction	1133 _____	133 _____	134 _____
III. Financial assets	1135 _____ <b>3</b>	135 <b>1.149.093.057,13</b>	136 _____
1. Shares in affiliated undertakings	1137 _____	137 <b>1.149.093.057,13</b>	138 _____
2. Loans to affiliated undertakings	1139 _____	139 _____	140 _____
3. Participating interests	1141 _____	141 _____	142 _____
4. Loans to undertakings with which the undertaking is linked by virtue of participating interests	1143 _____	143 _____	144 _____
5. Investments held as fixed assets	1145 _____	145 _____	146 _____
6. Other loans	1147 _____	147 _____	148 _____
<b>D. Current assets</b>	1151 _____	151 <b>45.119.317,64</b>	152 _____
I. Stocks	1153 _____	153 _____	154 _____
1. Raw materials and consumables	1155 _____	155 _____	156 _____
2. Work in progress	1157 _____	157 _____	158 _____
3. Finished goods and goods for resale	1159 _____	159 _____	160 _____
4. Payments on account	1161 _____	161 _____	162 _____
II. Debtors	1163 _____	163 <b>79.317,64</b>	164 _____
1. Trade debtors	1165 _____	165 _____	166 _____
a) becoming due and payable within one year	1167 _____	167 _____	168 _____
b) becoming due and payable after more than one year	1169 _____	169 _____	170 _____
2. Amounts owed by affiliated undertakings	1171 _____	171 <b>79.317,64</b>	172 _____
a) becoming due and payable within one year	1173 _____	173 <b>79.317,64</b>	174 _____
b) becoming due and payable after more than one year	1175 _____	175 _____	176 _____
3. Amounts owed by undertakings with which the undertaking is linked by virtue of participating interests	1177 _____	177 _____	178 _____
a) becoming due and payable within one year	1179 _____	179 _____	180 _____
b) becoming due and payable after more than one year	1181 _____	181 _____	182 _____
4. Other debtors	1183 _____	183 _____	184 _____
a) becoming due and payable within one year	1185 _____	185 _____	186 _____
b) becoming due and payable after more than one year	1187 _____	187 _____	188 _____

RCSL Nr. : B253360

Matricule : 2021 2201 694

	Reference(s)	Current year	Previous year
III. Investments	1189 _____	189 <u>45.040.000,00</u>	190 _____
1. Shares in affiliated undertakings	1191 _____	191 _____	192 _____
2. Own shares	1209 _____ <u>4</u>	209 <u>45.040.000,00</u>	210 _____
3. Other investments	1195 _____	195 _____	196 _____
IV. Cash at bank and in hand	1197 _____	197 _____	198 _____
<b>E. Prepayments</b>	1199 _____ <u>5</u>	199 <u>4.601.812,49</u>	200 _____
<b>TOTAL (ASSETS)</b>		201 <u>1.198.814.187,26</u>	202 <u>0,00</u>

RCSL Nr. : B253360

Matricule : 2021 2201 694

**CAPITAL, RESERVES AND LIABILITIES**

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

RCSL Nr. : B253360

Matricule : 2021 2201 694

	Reference(s)	Current year	Previous year
3. Payments received on account of orders in so far as they are not shown separately as deductions from stocks	1361 _____	361 _____	362 _____
a) becoming due and payable within one year	1363 _____	363 _____	364 _____
b) becoming due and payable after more than one year	1365 _____	365 _____	366 _____
4. Trade creditors	1367 _____	367 <u>1.408.701,27</u>	368 _____
a) becoming due and payable within one year	1369 _____	369 <u>1.408.701,27</u>	370 _____
b) becoming due and payable after more than one year	1371 _____	371 _____	372 _____
5. Bills of exchange payable	1373 _____	373 _____	374 _____
a) becoming due and payable within one year	1375 _____	375 _____	376 _____
b) becoming due and payable after more than one year	1377 _____	377 _____	378 _____
6. Amounts owed to affiliated undertakings	1379 _____	379 _____	380 _____
a) becoming due and payable within one year	1381 _____	381 _____	382 _____
b) becoming due and payable after more than one year	1383 _____	383 _____	384 _____
7. Amounts owed to undertakings with which the undertaking is linked by virtue of participating interests	1385 _____	385 _____	386 _____
a) becoming due and payable within one year	1387 _____	387 _____	388 _____
b) becoming due and payable after more than one year	1389 _____	389 _____	390 _____
8. Other creditors	1451 _____	451 _____	452 _____
a) Tax authorities	1393 _____	393 _____	394 _____
b) Social security authorities	1395 _____	395 _____	396 _____
c) Other creditors	1397 _____	397 _____	398 _____
i) becoming due and payable within one year	1399 _____	399 _____	400 _____
ii) becoming due and payable after more than one year	1401 _____	401 _____	402 _____
<b>D. Deferred income</b>	1403 _____	403 _____	404 _____
<b>TOTAL (CAPITAL, RESERVES AND LIABILITIES)</b>	405 _____	<u>1.198.814.187,26</u>	<u>0,00</u>



**Annual Accounts Helpdesk :**

**Tel. :** (+352) 247 88 494  
**Email :** centralebilans@statec.etat.lu

RCSL Nr. : B253360

Matricule : 2021 2201 694

eCDF entry date :

**PROFIT AND LOSS ACCOUNT**

**Financial year from** <sup>01</sup> 29/03/2021 **to** <sup>02</sup> 31/12/2021 (in <sup>03</sup> USD )

Procaps Group, S.A.

9, rue de Bitbourg  
L-1273 Luxembourg

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

RCSL Nr. : B253360

Matricule : 2021 2201 694

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

# Procaps Group, S.A.

Notes to the annual accounts for the period ended 31 December 2021  
(Expressed in USD)

## 1. GENERAL

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

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

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

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

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

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

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

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

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 2.1. Basis of preparation

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

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

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

# Procaps Group, S.A.

Notes to the annual accounts for the period ended 31 December 2021  
(Expressed in USD)

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

## 2.2. Significant accounting policies

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

### 2.2.1. Foreign currency translation

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

#### *Translation of foreign currency transactions*

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

#### *Translation of foreign currency balances as at the balance sheet date*

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

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

### 2.2.2. Formation expenses

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

### 2.2.3. Financial assets

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

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

### 2.2.4. Own shares

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

# Procaps Group, S.A.

Notes to the annual accounts for the period ended 31 December 2021  
(Expressed in USD)

## 2.2.5. Prepayment

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

## 2.2.6. Creditors

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

## 2.2.7. Expenses

Expenses are accounted for on an accrual basis.

## 2.2.8. Income tax

The Company is subject to income taxes in Luxembourg.

## 2.2.9. Warrants

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

## 3. FINANCIAL ASSETS

Movements in financial assets during the period are as follows:

	<b>Shares in affiliated undertakings</b> 31/12/2021 USD
<b>Gross book value – opening balance</b>	-
Additions for the period	1.277.131.509,02
Repayments for the period	-128.038.451,89
<b>Gross book value – closing balance</b>	<b>1.149.093.057,13</b>
<b>Accumulated value adjustment – opening balance</b>	-
Allocation for the period	-
Reversals for the period	-
<b>Accumulated value adjustment – closing balance</b>	-
<b>Net book value – opening balance</b>	-
<b>Net book value – closing balance</b>	<b>1.149.093.057,13</b>

On 29 March 2021, the Company acquired Ozlem Limited, a company based in Cayman Islands for USD 5,00.

## Procaps Group, S.A.

Notes to the annual accounts for the period ended 31 December 2021  
(Expressed in USD)

On 31 March 2021, the Company, Ozlem Limited, Union Acquisition Corp. II, a company based in Cayman Islands, Crynsen Pharma Group Limited, a company based in Malta, entered into a Business Combination Agreement (the "Business Combination Agreement" or "BCA" or "the Transaction"). The Transaction was consummated on 29 September 2021. The impact of the Transaction on the financial assets of the Company are as follows:

- a. Ozlem Limited merged with and into Union Acquisition Corp. II (the "SPAC"), with the SPAC surviving such merger (the "Merger") and becoming a direct wholly-owned subsidiary of the Company and, in the context of the Merger, (a) all SPAC ordinary shares outstanding were exchanged with the Company for the right to receive the Company's ordinary shares pursuant to a share capital increase of the Company and (b) the issued and outstanding SPAC warrants that became warrants of the Company exercisable for the Company's ordinary shares, on substantially the same terms as the SPAC warrants (see Note 6). This resulted to an increase of USD 230.917.440,00 in the Shares in Affiliated Undertaking account (including the USD 5,00 cost of Ozlem Limited). Additionally, the Company incurred USD 28.533.879,49 directly attributable costs on the acquisition of the SPAC.
- b. Immediately following consummation of the Merger, each of the shareholders of Crynsen Pharma Group Limited (the "OpCo"), had contributed their respective ordinary shares of OpCo, nominal value USD 1,00 per share (the "OpCo Ordinary Shares") to the Company in exchange for Company's ordinary shares, and in the case of the International Finance Corporation ("IFC"), for the Company's ordinary shares and 4.500.000 redeemable B shares of the Company, nominal value USD 0,01 per share which were subscribed for by each OpCo shareholder (such contributions and exchanges of OpCo Ordinary Shares for the Company's ordinary shares and, in the case of IFC, the Company's ordinary shares and redeemable B shares, collectively, the "Exchange") (see Note 6). This resulted to an increase of USD 971.286.890,00 in the Shares in Affiliated Undertaking account. Additionally, the Company incurred USD 493.299,53 directly attributable costs on the acquisition of the OpCo.

As a result of the Exchange and following the consummation of the Transaction, OpCo and SPAC had become a direct wholly-owned subsidiaries of the Company and the OpCo shareholders and SPAC shareholders became the shareholders of the Company.

Additionally, below are the other movements in this account:

- a. On 29 September 2021, the Company received a distribution from the SPAC's share premium account amounting to USD 128.038.451,89.
- b. On 29 September 2021, the Company contributed USD 45.900.000,00 to OpCo.
- c. On 9 November 2021, the Company contributed the shares it holds in the SPAC to OpCo. As a result, the Company's sole direct subsidiary is OpCo.

Shares in affiliated undertakings as at 31 December 2021 consist of the following:

Name of undertakings	Registered office	% Ownership	Cost of investment USD	Last balance sheet date	Net equity* as at 31/12/2021 USD*	Profit/(Loss)* as at 31/12/2021 USD
Crynsen Pharma Group Limited	Ground Floor, Palace Court, Church Street, St. Julians STJ 3049	100%	1.149.093.057,13	31/12/2021	162.517.432,00	-68.154.135,00

\* unaudited

# **Procaps Group, S.A.**

Notes to the annual accounts for the period ended 31 December 2021  
(Expressed in USD)

The Board of Directors did not identify a permanent value adjustment within financial assets. Therefore, no adjustments in value of the financial assets have been recognized as at 31 December 2021.

## **4. OWN SHARES**

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

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

## **5. PREPAYMENTS**

Prepayments refer to prepaid insurance as at 31 December 2021.

## Procaps Group, S.A.

Notes to the annual accounts for the period ended 31 December 2021  
(Expressed in USD)

### 6. CAPITAL AND RESERVES

Movements during the period are as follows:

	Subscribed capital USD	Share premium account USD	Reserve for own shares USD	Other reserves USD	Profit or loss for the financial period USD	Total USD
Issuance of 4.000.000 redeemable A shares	40.000,00	-	-	-	-	40.000,00
Issuance of 112.824.183 ordinary shares	1.128.241,83	1.127.113.588,17	-	-	-	1.128.241.830,00
Issuance of 4.500.000 redeemable B shares	45.000,00	44.955.000,00	-	-	-	45.000.000,00
Redemption of redeemable class A shares	-	-40.000,00	40.000,00	-	-	-
Redemption of redeemable class B shares	-	-45.000.000,00	45.000.000,00	-	-	-
Assumption of 3.375.000 private warrants and 20.000.000 public warrants	-	-	-	28.962.500,00	-	28.962.500,00
Results for the financial period	-	-	-	-	-4.838.844,01	-4.838.844,01
<b>Closing balance</b>	<b>1.213.241,83</b>	<b>1.127.028.588,17</b>	<b>45.040.000,00</b>	<b>28.962.500,00</b>	<b>-4.838.844,01</b>	<b>1.197.405.485,99</b>

#### *Subscribed capital and Share premium*

On 29 March 2021, the Company issued 4.000.000 redeemable A shares at USD 0,01 per share.



# Procaps Group, S.A.

## Notes to the annual accounts for the period ended 31 December 2021 (Expressed in USD)

Subsequent to incorporation, below are the movements in the subscribed capital and share premium during the period in relation to the Transaction on 29 September 2021:

- issuance of 20.195.494 ordinary shares to SPAC shareholders at USD 10,00 per share
- issuance of 92.628.689 ordinary shares to OpCo shareholders at USD 10,00 per share
- issuance of 4.500.000 redeemable B shares to IFC at USD 10,00 per share

Out of the 112.824.183 new issued shares, 1.250.000 ordinary shares issued to the SPAC shareholders and 10.464.612 ordinary shares issued to certain OpCo shareholders in connection with the Transaction are subject to an escrow arrangement that is applicable to both SPAC shareholders and to such OpCo shareholders. Certain market conditions will be required to be met after the Transaction for these shares in escrow to be released to the shareholders. If the market conditions wouldn't be met within a defined time period (ten years for ordinary shares in escrow), such shares in escrow would be forfeited.

As part of the Transaction, the Company also redeemed its A and B shares, as disclosed in Note 4.

As at 31 December 2021, the subscribed capital of the Company amounts to USD 1.213.241,83 represented by 4.000.000 redeemable A shares, 112.824.183 ordinary shares and 4.500.000 redeemable B shares, all with nominal value of USD 0,01 per share.

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

### Legal Reserve

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

### Reserve for own shares

The Company purchased its own shares during the period as shown in balance sheet as Own shares (see Note 4). Accordingly, the Company has provided a non-distributable reserve in accordance with the Luxembourg law for an amount equivalent to the acquisition cost.

### Other reserves

Other reserves refers to the private and public warrants.

On 29 September 2021, the Company entered into an assignment, assumption and amendment agreement (the "Warrant Amendment Agreement") with the SPAC in relation to the SPAC's private and public warrants. The Warrant Amendment Agreement was entered in connection to the BCA, wherein upon consummation of the Merger, the SPAC's private and public warrants will no longer be exercisable for the SPAC ordinary shares but instead will be exercisable for the Company's ordinary shares. The assignment and assumption of the SPAC's private and public warrants formed part of the Company's investment in the SPAC (see Note 3).

The public warrants have the following terms:

- Each whole warrant entitles the holder to purchase one ordinary share at an exercise price of USD 11,50.
- The warrant is exercisable post Transaction and expires on the earlier of:
  - 5 years after the completion of the Transaction, i.e. 29 September 2026
  - the redemption date, or
  - the liquidation of the Company.

## Procaps Group, S.A.

Notes to the annual accounts for the period ended 31 December 2021  
(Expressed in USD)

- The Company may redeem the outstanding warrants, in whole and not in part, at a price of USD 0,01 per warrant at any time while the warrants are exercisable upon a minimum of 30 days prior written notice of redemption:
  - if, and only if, the last sales price of the common stock equals or exceeds USD 18,00 per share (as adjusted for stock splits, stock dividends, reorganizations, recapitalization and the like) on each of twenty (20) trading days within any thirty (30) trading day period ending on the third trading day prior to the date on which notice of redemption is given.
  - however, that if and when the public warrants become redeemable by the Company, the Company may not exercise such redemption right if the issuance of ordinary shares upon exercise of the public warrants is not exempt from registration or qualification under applicable state blue sky laws or the Company is unable to effect such registration or qualification.
- The public warrants may be exercised, for cash (or on a “cashless basis”) at any time after notice of redemption shall have been given by the Company and prior to the redemption date.

The private warrants have the following terms:

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

Out of the 3.375.000 private warrants, 2.875.000 private warrants are in escrow. Certain market conditions will be required to be met after the Transaction for these warrants in escrow to be released to the warrant holders. If the market conditions wouldn't be met within a defined time period (five years for warrants in escrow), such warrants in escrow would be forfeited. The value of the public and private warrants as at 31 December 2021 is USD 28.962.500,00.

### 7. CREDITORS

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

	<b>Total 31/12/2021 USD</b>
Trade creditors	1.408.701,27
<b>Total</b>	<b>1.408.701,27</b>

## Procaps Group, S.A.

Notes to the annual accounts for the period ended 31 December 2021  
(Expressed in USD)

### 8. OTHER EXTERNAL EXPENSES

Other external expenses are composed of:

	From 29/03/2021 to 31/12/2021
	USD
Insurance expense	-2.408.937,51
Audit fees and audit related fees	-1.697.500,00
Legal fees	-310.808,76
Accounting and administration fees	-85.060,46
Other professional fees	-44.181,60
Notary fees	-11.629,35
Other expenses	-9.445,54
<b>Total</b>	<b>-4.567.563,22</b>

### 9. OTHER OPERATING EXPENSES

Other operating expenses are composed of:

	From 29/03/2021 to 31/12/2021
	USD
Directors' fees	-170.000,00
Listing fees	-100.500,00
<b>Total</b>	<b>-270.500,00</b>

### 10. STAFF

The Company did not employ any staff during the financial period ended 31 December 2021.

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

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

# Procaps Group, S.A.

Notes to the annual accounts for the period ended 31 December 2021  
(Expressed in USD)

## **12. ADVANCES AND LOANS GRANTED TO THE BOARD OF DIRECTORS**

The Company did not grant any advances or loans to its Board of Directors during the financial period ended 31 December 2021.

## **13. OFF-BALANCE SHEET COMMITMENTS**

The Company has no other commitments and contingencies as at 31 December 2021.

## **14. SUBSEQUENT EVENTS**

### *Grupo Somar and Pearl Mexico Acquisition*

On 16 May 2022, Procaps Group, S.A. (the "Company") entered into a Stock Purchase Agreement (the "SPA") with AI Global Investments (Netherlands) PCC Limited, a protected cell company limited by shares organized under the laws of the Island of Guernsey ("PCC"), acting for and on behalf of the Soar Cell, Triana Capital S.A. de C.V., a sociedad anónima de capital variable organized under the laws of Mexico ("Triana"), AI Pearl (Netherlands) B.V., a private limited company (besloten vennootschap met beperkte aansprakelijkheid) incorporated under the laws of the Netherlands ("Pearl Holding Seller"), Perrigo Ireland 7 DAC, a company duly organized and validly existing under the laws of the Republic of Ireland ("Pearl Ireland", and together with PCC, Triana and Pearl Holding Seller, each a "Seller" and collectively, the "Sellers"), AI Soar (Netherlands) BV, a (besloten vennootschap met beperkte aansprakelijkheid) incorporated under the laws of the Netherlands ("Somar Holding Company"), Química y Farmacia S.A. de C.V., a sociedad anónima de capital variable duly organized and validly existing under the laws of Mexico ("Quifa"), PDM Acondifarma S.A. de C.V., a Sociedad anónima de capital variable duly organized and validly existing under the laws of Mexico ("PDM"), Gelcaps Exportadora de México S.A. de C.V., a sociedad anónima de capital variable duly organized and validly existing under the laws of Mexico ("Gelcaps", and together with Quifa and PDM, "Pearl Mexico") and Grupo Farmacéutico Somar S.A.P.I. de C.V., a sociedad anónima promotora de inversión de capital variable organized under the laws of Mexico ("Somar" and together with Somar Holding Company, "Grupo Somar", and together with Pearl Mexico, the "Targets").

Somar specializes in the production of generic and own-brand pharmaceutical products, sold mainly to the private sector, with the majority of its operations within Mexico. Pearl Mexico specializes in the production and sale of pharmaceutical products, organic chemicals, biological products and over the counter products, with the majority of its operations within Mexico.

Pursuant to the SPA, the Company will acquire all of the issued and outstanding capital stock of the Targets from the Sellers, in exchange for an estimated upfront consideration in the form of:

- (i) an aggregate amount of cash in U.S. dollars equal to approximately \$303,0 million, subject to customary adjustments for working capital, net debt and other items (the "Closing Cash Consideration Payment"), which will be allocated to each Seller in accordance with the percentages set forth in the SPA; and
- (ii) a vendor loan receivable in an aggregate amount in U.S. dollars equal to approximately \$24,3 million (the "Stock Consideration Receivables" and together with the Closing Cash Consideration Payment, the "Closing Consideration Payments"), which will be allocated to Triana and PCC in accordance with the percentages set forth in the SPA.

On the closing (the "Closing") of the transactions contemplated by the SPA (the "Acquisition"), the Company shall issue to PCC and Triana, pursuant to the terms of the SPA and those certain Stock Consideration Subscription Agreements to be entered into on or about the date of the Closing, between the Company and each of PCC and Triana (the "Stock Consideration Subscription Agreements"), approximately 3.081.730 ordinary shares of the Company, nominal value \$0,01 per share (the "Ordinary

## Procaps Group, S.A.

Notes to the annual accounts for the period ended 31 December 2021  
(Expressed in USD)

Shares”), based on a price per Ordinary Share of \$7,8878 (the volume-weighted average price per share, rounded to the nearest four decimal points, of Ordinary Shares quoted on the Nasdaq (as reported on Bloomberg L.P. under the function “VWAP”), for the period of 30 consecutive trading days ending on the trading day immediately prior to the date of the SPA) (the “Closing Stock Consideration Payment”), which shall be paid-up by each of PCC and Triana by way of set-off against the respective portions of the Stock Consideration Receivables held by PCC and Triana against the Company, in accordance with article 420-23 of the Luxembourg Law on Commercial Companies dated 10 August 1915, as amended.

Additionally, at the Closing, the Company shall pay the Sellers an aggregate amount of cash in U.S. dollars, as converted based on the exchange rate of MXN\$20,5693 to US\$1,00 (the “Applicable Exchange Rate”), equal to 70,0% of PCC’s good faith estimate of the valued added tax receivables of Pearl Mexico and its subsidiaries that have been reported to the tax authorities as a result of the filing of any value-added tax return on or prior to the date of the Closing (the “Filed VAT Receivables”), minus MXN\$48.177.093, and subject to certain adjustments set forth in the SPA.

In addition to the upfront consideration paid or issued at the Closing, the Sellers have a right to receive a contingent payment in U.S. dollars, as converted based on the Applicable Exchange Rate, in the amount by which the gross profit of Targets and its subsidiaries for the fiscal year ended 31 December 2022 exceeds MXN\$1.490.000.000, multiplied by 3,85, with a maximum amount payable of MXN\$300.000.000.

The transaction, which has been approved by the board of directors of the Company and the Sellers, is expected to close in the third quarter of 2022, subject to the satisfaction or waiver of customary closing conditions at or prior to the closing of the transaction, including the receipt of all consents, approvals, orders and authorizations of any governmental authority required in connection with the execution or performance of the SPA, including any regulatory antitrust approvals.

### Debt Commitment Letter

Concurrently with the execution of the SPA, the Company, as borrower, entered into a Commitment Letter with Bank of America, N.A., BofA Securities, Inc., JPMorgan Chase Bank, N.A. and Morgan Stanley Senior Funding, Inc. (“Commitment Letter”) for a bridge loan of up to \$485 million (the “Bridge Loan”), which will be guaranteed by each existing and future direct and indirect material subsidiary of the Company, and the Targets and each of their subsidiaries upon the Closing. The Bridge Loan will also be secured by a pledge from the Company of its shares in the Targets. The proceeds of the Bridge Loan will be used, together with the Company’s cash on hand, to finance the cash portion of the purchase price of the Acquisition (including related fees and expenses) and, in the event necessary, to prepay certain of the Company’s existing debt. The Bridge Loan will accrue interest at a rate of Term SOFR plus a spread between 5,00%-7,25%, determined according to the time the Bridge Loan has been outstanding and the credit rating of the Company, and will mature 12 months after the initial disbursement to the Company in connection with the Acquisition.

Pursuant to the terms of the Commitment Letter, while the Bridge Loan is outstanding, the Company, as the borrower, and the subsidiary guarantors will be subject to customary affirmative, negative and financial covenants which will, among other things, (i) restrict, subject to certain exceptions, the Company’s ability to incur debt or grant liens; sell or transfer title to operating assets; pay dividends and distributions; engage in mergers and consolidations; guarantee, indemnify or assume the liabilities of third parties; change its fiscal year reporting; engage in certain transactions with affiliates; change its lines of business; or amend its organizational documents, and (ii) require the Company and the subsidiary guarantors to maintain an interest coverage ratio of 3,0x EBITDA at all times, and a leverage ratio of 4,25x to 4,75x EBITDA, according to the time the Bridge Loan has been outstanding, calculated on an annual basis. Additionally, the Bridge Loan may be prepaid by the Company or refinanced at any time, without penalty. The Company must prepay the Bridge Loan with, (i) subject to certain exceptions,

## Procaps Group, S.A.

Notes to the annual accounts for the period ended 31 December 2021  
(Expressed in USD)

all proceeds from asset sales or the incurrence of debt by the Borrower and its subsidiaries, and (ii) 75% of net cash proceeds from any issuances of equity or equity-like instruments by the Company.

### Ukraine and Russia Conflict

The ongoing military operation in Ukraine and the related sanctions targeted against the Russian Federation may have an impact on the European economies and globally. The Company does not have any significant direct exposure to Ukraine, Russia or Belarus. However, the impact on the general economic situation may require revisions of certain assumptions and estimates. This may lead to material adjustments to the carrying value of certain assets and liabilities including property plant and equipment, intangible assets, goodwill, warrant liabilities and shares held in escrow within the next financial year. At this stage management is not able to reliably estimate the impact as events are unfolding day-by-day, but to date the impact, if any, has not been significant.

The longer-term impact may also affect trading volumes, cash flows and our supply of critical components among our manufacturing facilities in El Salvador, Colombia, Brazil, and the U.S. Such disruptions could negatively affect our ability to provide critical components to affiliates or produce pharmaceutical products for customers, which could increase our costs, require capital expenditures, and harm our results of operations and financial condition. Nevertheless, at the date of these financial statements the Company continues to meet its obligations as they fall due and therefore continues to apply the going concern basis of preparation.

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