

Sofgen Pharma, S.A. and subsidiaries (The Group)
Consolidated Financial Statements for the year ended December 31, 2024

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MANAGEMENT REPORT

Our discussion and analysis of our results of operations and financial condition are based upon our Annual Audited Consolidated Financial Statements, which have been prepared in accordance with IFRS-EU. Our operating and financial review and prospects should be read in conjunction with our Annual Audited Consolidated Financial Statements, the accompanying notes thereto and other financial information appearing elsewhere in this Annual Report.

A. OPERATING RESULTS

Overview:

Founded in 1977, we are a leading integrated healthcare and pharmaceutical company that develops and manufactures pharmaceutical and nutraceutical solutions, medicines, and hospital supplies. We have a direct presence in 13 countries -Bolivia, Brazil, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Nicaragua, Panama, Peru, and United States and customers located in over 50 countries. We currently have nearly 4,500 employees working under our sustainable model.

Our business model focuses on four strategic cornerstones to drive growth. First, we have state-of-the-art manufacturing capabilities that allow us to provide innovative delivery technologies. Our corporate culture focuses on innovation and R&D, which has enabled us to offer extensive scientific expertise with a team of scientists, technicians and skilled personnel, allowing us to develop an average of over 150 new products per year over the last three years. Second, our regional footprint and vertical integration enable organic growth opportunities and synergies. We currently operate six manufacturing facilities in Latin America, including the first FDA-approved pharmaceutical plant in South America and Central America, and our first U.S.-based Softgel production facility and R&D center, which began operations in May 2022 and sell and distribute products to over fifty distinct markets. Third, our Rx and OTC pharmaceutical product portfolio is driven by our proprietary delivery systems, allowing us to focus on the development and sale of high-growth and premium pharmaceutical products which we believe are subject to less pricing pressures when compared to more generic pharmaceutical products. Finally, we have an extensive track record of developing new businesses and growing via mergers and acquisitions, which is evidenced by the development of one of our in-house business incubation, Diabetrics, which took place in 2015, and several successful acquisitions throughout Latin America (including the acquisitions of Rymco S.A., Laboratorios Lopez and Biokemical S.A. de C.V.) which took place between 2012 and 2016. On September 29, 2021, we consummated the Business Combination with Union, which resulted in our Ordinary Shares and warrants being listed on the Nasdaq Global Market on September 30, 2021 under the symbols “PROC” and “PROCW”, respectively. The Company’s Ordinary Shares have been traded on the OTC Expert Market under the symbol “PROCF,” on an “unsolicited only” basis, since the Nasdaq suspended the trading of the Company’s Ordinary Shares on February 4, 2025.

We are primarily engaged in developing, producing and marketing pharmaceutical solutions consisting of the following four products and services categories: (i) iCDMO, (ii) Rx pharmaceutical products, (iii) OTC products, and (iv) Diabetrics. For more information, see “Products and Services” below.

Business Segments

NextGel

Our NextGel business segment, operated under our Softigel, Sofgen, Softcaps and Funtrition brands, is the iCDMO arm of Sofgen which offers services specializing in development and manufacturing in Softgel and related technologies, and operates globally in the B-to-B market, more specifically in Brazil, Colombia and the United States. We are the top Softgel manufacturer in South and Central America and top five in the world in terms of Softgel production capacity, according to an independent third-party industry analysis report. The iCDMO agreements with our top-tier customers range from five to ten-year terms. Our NextGel business segment has over 130 clients across more than 35 countries and the key products that we manufacture in this segment includes Softgel pharmaceutical products such as Advil, Apranax Liquidgels, multivitamins, Vitamin D and Dolex ActivGel.

Procaps Colombia, CAN and CASAND

These three business segments serve each of its respective regional B-to-C markets by offering the following key product lines/business units:

Rx Pharmaceutical Products

Our Rx product line comprises the Farma Procaps and the Clinical Specialties brands/business units.

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 is a leading provider of high-complexity care treatments to private institutions regionally. Its diverse product portfolio, targets various in-demand therapeutic areas and develops, manufactures and markets personal high-complexity drugs for hospital use such as antibiotics, blood clot, immunosuppressant, oncology and analgesics products.

OTC Product Line

Our OTC product line primarily consists of the VitalCare brand/business unit. VitalCare develops, manufactures and markets OTC consumer healthcare products through an extensive portfolio focused on over eight high-prevalence therapeutic areas (including gastrointestinal, skin care, cough and cold, analgesics, urological, and vitamin, minerals and supplements) at what we believe to be accessible and appealing price points. Our Colmed OTC product line, which is part of our VitalCare business unit, consists of products in the following categories: antibiotics, anti-infective and anti-parasitic. We market and sell our OTC products in Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Nicaragua, Panama, Peru, and the United States.

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.

Diabetrics

Our Diabetrics business segment is comprised of our Diabetrics brand/business unit, and we believe is an attractive regional B-to-C diabetes-focused treatment and management platform that focuses primarily on the Colombian market. It has a unique business model when compared to our competitors, as it aims to cover the full spectrum of needs of patients with diabetes by providing products and services such as blood glucose meters, telemonitoring, Rx oral anti-diabetics products, insulin delivery systems and other diabetes solutions.

Going Concern Update

As of December 31, 2022, the Company was in breach of certain of the covenants included under the NPA, the Syndicated Loan and the Additional Loan Agreement. Although none of the lenders declared an event of default under the applicable agreements, these breaches could have resulted in the lenders requiring immediate repayment of the applicable indebtedness and as a result, the Company has classified the respective indebtedness, to current liabilities.

The Group anticipated a breach of the EBITDA interest coverage ratio as of December 31, 2023, under the New Bank Credit Agreement and the Bond Purchase Agreement (“NPA”). Accordingly, in December, the Group entered into incremental waivers with the lenders under both the New Bank Credit Agreement and the NPA (“Incremental Waivers”) to adjust the EBITDA interest coverage ratio for the period ending December 31, 2023. The Group complied with the adjusted EBITDA interest coverage ratio under the Incremental Waivers as of December 31, 2023.

The Group also anticipated the need for additional future waivers to allow sufficient time to remedy the breach (i.e., projections indicated a potential non-compliance with the same covenants throughout 2024). Therefore, the Group entered further waivers with the lenders to modify the applicable covenant ratios for the period ending March 31, 2024 (“March 2024 Waivers”).

During Q3 2023, the Group unified the agreements for the purpose of covenant measurement. Upon completion of the Group’s financial results for the year ended December 31, 2023, Management determined that the Group had not complied with the Leverage Ratio covenant set forth in the NPA and the New Bank Credit Agreement. As of December 31, 2023, the Group did not certify compliance with the covenants, as financial statements had not yet been issued.

In 2024, following the unification of agreements mentioned in Q3 2023, both Club Deal and BTG included payment commitments, of which those corresponding to Q1 and Q2 were duly settled. However, in Q3 2024, the Group experienced an adverse liquidity situation that resulted in a missed payment. In response, the Group initiated a debt renegotiation process. Toward the end of 2024, the Group entered negotiations with its shareholders, resulting in a loan of USD 40 million, which was structured as a convertible instrument, granting the option to convert the debt into equity.

In April 2025, the negotiations regarding the NPA, BTG (both the COP- and USD-denominated tranches), and Club Deal agreements were concluded. These negotiations resulted in revised interest rates, extended amortization schedules, and enhanced collateral packages.

In November 2024, a Master Termination and Release Agreement was executed between the Family Group and Procaps, reflecting the Parties’ mutual intention to terminate all obligations that any entity within the Procaps Group might owe, be required to pay, or otherwise perform in favor of any individual or entity of

the Family Group and its Affiliates, arising from or related to any of the Existing Agreements, with the exception of those defined as Excluded Agreements (collectively, the “Terminated Obligations”).

Through this agreement, the Parties irrevocably agreed to the full extinguishment of the Terminated Obligations and acknowledged and agreed that such obligations shall have no further force or effect. Accordingly, each member of the Family Group, individually and on behalf of its respective Affiliates, fully and irrevocably releases the Procaps Group from all of the Terminated Obligations.

In April 2025, the Company finalized the capital injection it had been seeking, represented by an investment of USD 130 million. Management believes that this transaction, together with the Company’s operational and financial initiatives implemented during 2025—focused on tighter cost controls, improved gross margin, working capital discipline, and operating model simplification—provides additional liquidity and flexibility to support near-term operations and liquidity management.

The Company also completed a comprehensive debt restructuring agreement with its principal creditors. The agreement covers approximately USD 190 million in liabilities and includes extended maturities and revised payment terms designed to improve cash flow in the short and medium term.

The Group has assessed its ability to meet expected cash disbursements and has prepared a cash flow projection. Based on this assessment, the Company expects to have sufficient liquidity to support its operations, planned capital expenditures, and debt service requirements.

Management identified events and conditions which cast significant doubt on the Group’s ability to continue as a going concern. To mitigate the impact of the events and conditions that gave rise to material uncertainty, Management has identified specific opportunities for revenue growth and gross margin improvement. Revenue growth initiatives include the diversification of the customer base for the Nextgel business line, the optimization of the Nextgel operating footprint and capacity strategy, including the divestment of the West Palm Beach, Florida facility during 2025, and the launch of new products across all operating regions. These initiatives are intended to improve liquidity and profitability through a combination of commercial execution, portfolio focus and cost discipline.

Finally, the Management has assessed the Group’s capital structure, its ability to operate in the ordinary course of business for the foreseeable future, and its capacity to meet financial obligations over the twelve months following the reporting date. While Management acknowledges the existence of material uncertainty, it believes that the combination of revenue growth initiatives, gross margin improvement measures, the ability to obtain additional waivers, the successful renegotiation of loan terms and the successful equity transaction will enable the Group to meet its financial commitments and support its growth strategy.

Accordingly, Management believes that the Group will be able to successfully implement these plans and has therefore prepared the consolidated financial statements on a going concern basis. As a result, the consolidated financial statements do not include any adjustments relating to the recoverability or classification of assets, the amounts or classification of liabilities, or any other adjustments that might be necessary should the Group be unable to continue as a going concern.

Results of Operations

Comparison of the years ended December 31, 2024 and December 31, 2023

The following table sets forth historical operating results for the periods indicated:

	For the year ended December 31,		Increase/ (Decrease)		For the year ended December 31,		Constant Currency Increase/ (Decrease)	
	2024	2023	\$ Change	% Change	2024- Constant Currency Adjustment ⁽²⁾	2024- Constant Currency Basis ⁽²⁾	\$ Change	% Change
<i>(in thousands of U.S. dollars except percentages)</i>								
Net Revenues	373,795	423,748	(49,953)	(11.8)%	(10,432)	363,363	(60,385)	(14.3)%
Cost of sales	(182,316)	(185,772)	(3,456)	(1.9)%	3,248	(179,068)	6,704	(3.6)%
Gross profit	191,479	237,976	(46,497)	(19.5)%	(7,184)	184,295	(53,681)	(22.6)%
Sales and marketing expenses	(100,082)	(95,068)	(5,014)	5.3%	2,111	(97,971)	(2,903)	3.1%
Administrative expenses	(122,970)	(98,279)	(24,691)	25.1%	2,924	(120,046)	(21,767)	22.1%
Net finance (expenses) income	(30,601)	(26,123)	(4,478)	17.1%				
Other (expenses) income, net	(22,413)	27,454	(49,867)	(181.6)%	503	(21,910)	(49,364)	(179.8)%
(Loss)/Income before tax	(84,587)	45,960	(130,547)	(284.0)%				
Income tax expense	16,287	(5,617)	21,904	(390.0)%				
Income/ (loss) for the year	(68,300)	40,343	(108,643)	(269.3)%				
Adjusted EBITDA⁽¹⁾	1,938	57,913	(55,975)	(96.7)%	(1,974)	(36)	(57,949)	(100.1)%
Contribution Margin⁽¹⁾	91,397	142,908	(51,511)	(36.0)%	(5,073)	86,324	(56,584)	(39.6)%

(1) Contribution Margin and Adjusted EBITDA are non-IFRS measures. We include these metrics as supplemental disclosures because we believe they are useful indicators of our operating performance. Contribution Margin and Adjusted EBITDA are well recognized performance measures in the pharmaceutical industry that are frequently used by investors, securities analysts and other interested parties in comparing the operating performance of companies in our industry. However, because Contribution Margin and Adjusted EBITDA are non-IFRS measures and their calculation is not determined in accordance with IFRS, such measures are susceptible to varying calculations and not all companies calculate the measures in the same manner. As a result, our calculation of Contribution Margin and Adjusted EBITDA as presented may not be directly comparable to similarly titled measures by other companies. For more information on Contribution Margin, Adjusted EBITDA and other non-IFRS financial measures, please see “—Non-IFRS Financial Measures” below.

(2) 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 calculate constant currency by calculating year-end period results (year ended December 31, 2024) using prior-period (year ended December 31, 2023) foreign currency exchange rates. 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. For more information on constant currency adjustments, please see “—Non-IFRS Financial Measures” below.

Revenue

Sofgen recognizes revenue from the sale of pharmaceutical products and licensing revenue. Net Revenues decreased by \$49.9 million, or 11.8%, from \$423.7 million for the year ended December 31, 2023 to \$373.7 million for the year ended December 31, 2024. On a constant currency basis, revenue decreased by \$60.3 million, or 14.3%, to \$363.3 million for the year ended December 31, 2024.

The decrease in revenue for the year ended December 31, 2024 compared to the year ended December 31, 2023 was primarily driven by lower volumes and delayed commercialization in certain markets, which management believes were impacted by liquidity constraints and related operational disruptions during 2024. These factors were partially offset by sales generated from existing inventory levels that supported fulfillment in certain markets and product lines during the period.

Cost of sales and gross profit

The cost of sales represents the direct costs of producing the goods sold by Sofgen, such as cost of the materials and labor directly used to create the goods. Gross profit is net revenues less cost of sales.

Cost of sales decreased by \$3.5 million, or 1.9%, from \$185.8 million for the year ended December 31, 2023 to \$182.3 million for the year ended December 31, 2024. This decrease was generally consistent with the decline in net revenues during 2024, reflecting lower production and sales volumes.

On a constant currency basis, cost of sales decreased by \$6.7 million, or 3.6%, to \$(179.0) million for the year ended December 31, 2024.

Gross profit decreased by \$46.5 million, or 19.5%, from \$238.0 million for the year ended December 31, 2023 to \$191.4 million for the year ended December 31, 2024. On a constant currency basis, gross profit decreased by \$53.7 million, or 22.6%, to \$184.2 million for the year ended December 31, 2024. The decrease in gross profit was primarily attributable to lower net revenues during 2024 and lower absorption of fixed manufacturing costs resulting from lower production and sales volumes, and, to a lesser extent, changes in product and geographic mix.

Sales and marketing expenses

Sales and marketing expenses include primarily expenses incurred for promotional activities, such as marketing expenses, sales force and logistics expenses. Sales and marketing expenses increased by \$5.0 million, or 5.3%, from \$95.1 million for the year ended December 31, 2023, which represents approximately 22.4% of revenue for the year ended December 31, 2023, to \$100.1 million for the year ended December 31, 2024, which represents approximately 26.8% of the revenue for the year ended December 31, 2024. On a constant currency basis, sales and marketing expenses increased by \$2.9 million, or 3.1%, to \$97.9 million for the year ended December 31, 2024.

The increase in sales and marketing expenses for the year ended December 31, 2024 compared to the year ended December 31, 2023 was primarily due to the nominal increase in marketing efforts given primarily by local inflation of the costs incurred. In 2024, Colombia experienced inflation of 5.2% most of sales and marketing expenses are denominated in COP.

Administrative expenses

Administrative expenses include costs incurred for administrative and certain corporate departments, such as payroll, power and utilities, and certain legal and professional expenses. Administrative expenses increased by \$24.7 million, or 25.1%, from \$98.3 million for the year ended December 31, 2023 to \$123.0 million for the year ended December 31, 2024. On a constant currency basis, administrative expenses increased by \$21.8 million, or 22.1%, to \$120.1 million for the year ended December 31, 2024.

The increase in administrative expenses for the year ended December 31, 2023 compared to the year ended December 31, 2024 was primarily driven by higher legal and professional fees, including costs associated with the internal investigation and related matters.

Other (expenses) income, net

Other (expenses) income, net increased by \$49.9 million, or 181.6%, from income of \$27.5 million for the year ended December 31, 2023 to an expense of \$(22.4) million for the year ended December 31, 2024. The increase was primarily attributable to a legal settlement from a business opportunity with a third party that was recognized in 2023, together with unfavorable net foreign exchange impacts in 2024.

Income tax expense

Income tax expense includes two components: (i) current tax and (ii) deferred tax. Current tax is determined based on the applicable statutory tax rates in each jurisdiction in which the Group operates. Deferred tax arises from temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases, which may result in future taxable or deductible amounts. Income tax expense decreased by approximately \$21.9 million, from \$5.6 million for the year ended December 31, 2023 to \$(16.3) million for the year ended December 31, 2024. This decrease was mainly driven by the following factors: (i) a decrease of \$24.9 million related to entities that experienced a reduction in profitability or shifted from taxable income to accounting losses, resulting in income tax expense of \$8.0 million in 2023 compared to a tax benefit of \$(17.0) million in 2024. This variation was primarily driven by the recognition of tax losses and deferred tax assets, including those associated with unrealized foreign exchange differences during 2024; (ii) an increase of \$0.2 million related to entities that reduced their accounting losses compared to 2023, which resulted in higher income tax expense as these entities moved closer to taxable income positions during 2024; and (iii) an increase of \$0.5 million related to entities that were already profitable and further increased their taxable income, with income tax expense increasing from \$(0.7) million in 2023 to \$(1.3) million in 2024.

Results by Segments After Inter-Segment Elimination, Excluding Corporate for the years ended December 31, 2024 and December 31, 2023

Results for the year ended December 31, 2024	Reportable segments				
	NextGel	Procaps Colombia	CAN	CASAND	Diabetics
	<i>(in thousands of U.S. dollars)</i>				
Revenue	122,954	139,186	35,705	48,644	27,306
Gross profit	58,390	75,779	20,208	26,026	11,076
Contribution Margin	47,938	45,914	4,249	(5,018)	4,889

Constant currency basis					
Revenue	121,562	131,540	35,714	48,472	26,075
Gross profit	56,543	71,150	20,213	25,918	10,471
Contribution Margin	46,370	42,801	4,279	(5,110)	4,560

Results for the year ended December 31, 2023	Reportable segments				
	NextGel	Procaps Colombia	CAN	CASAND	Diabetics
	<i>(in thousands of U.S. dollars)</i>				
Revenue	122,974	147,866	51,498	79,216	22,194
Gross profit	59,285	70,889	36,248	67,466	4,088
Contribution Margin	45,412	42,710	12,595	42,932	(741)

Comparison of results for the years ended December 31, 2024 and 2023	Reportable segments				
	NextGel	Procaps Colombia	CAN	CASAND	Diabetics
	<i>(in thousands of U.S. dollars)</i>				
Revenue	(20)	(8,680)	(15,793)	(30,572)	5,112
Gross profit	(895)	4,890	(16,040)	(41,440)	6,988
Contribution Margin	2,526	3,204	(8,346)	(47,950)	5,630
Constant currency basis					
Revenue	(1,412)	(16,326)	(15,784)	(30,744)	3,881
Gross profit	(2,742)	261	(16,035)	(41,548)	6,383
Contribution Margin	958	91	(8,316)	(48,042)	5,301

NextGel

Net Revenues of the NextGel segment decreased by \$0.02 million, or 0%, from \$123.0 million for the year ended December 31, 2023 to \$123.0 million for the year ended December 31, 2024, primarily reflecting a flat performance driven by a mix shift and offsetting trends across business lines, including (i) higher revenues in Funtrition following the ramp-up of the new Miramar site and increased sales to the customer Olly, (ii) an increase in revenues in Brazil driven by higher Fish Oil sales, and (iii) a flat performance in Sofgen, primarily due to lower Kyzatrex sales partially offset by higher progesterone billings and services, partially offset by (iv) lower revenues in Softigel driven by reduced sales to the customer Roemmers in Ecuador.

Gross profit of the NextGel segment decreased by \$0.9 million, or 1.5%, from \$58.4 million for the year ended December 31, 2024 to \$59.3 million (%Gross margin 48%) for the year ended December 31, 2023. The decrease was primarily driven by (i) an unfavorable sales mix, mainly due to lower sales to Roemmers in Ecuador and higher sales of Fish Oil in Brazil, a lower-margin product, and (ii) start-up costs and operational ramp-up associated with the new sites in the U.S.

Contribution Margin of the NextGel segment increased by \$2.5 million, or 5.6%, from \$45.4 million for the year ended December 31, 2023, to \$47.9 million for the year ended December 31, 2024. The increase was primarily the result of (i) the implementation of cost/expenses control initiatives that generated savings compared to the prior year, and (ii) the reclassification of certain operating expenses at the West Palm Beach facility that had been recorded as expenses during the pre-operating phase and were subsequently reclassified to cost of sales, which partially explains the increase in costs and the decrease in operating expenses. Such operating expenses are primarily related to payroll, personnel expenses and other costs directly associated with the operation of the West Palm Beach facility.

On a constant currency basis, revenue attributable to the NextGel segment decreased by \$1.5 million, or 1.2%, to \$121.6 million for the year ended December 31, 2024. Gross profit attributable to the NextGel segment decreased by \$2.7 million, or 4.6% to \$56.5 million for the year ended December 31, 2024, and Contribution Margin attributable to the NextGel segment increased by \$1.0 million, or 2.1%, to \$46.4 million for the year ended December 31, 2024.

Procaps Colombia

Revenue of the Procaps Colombia segment decreased by \$8.7 million, or 5.9%, from \$147.9 million for the year ended December 31, 2023 to \$139.2 million for the year ended December 31, 2024. The decrease was primarily attributable to lower sales in the Colmed business unit, reflecting the impact of supply chain constraints that limited product availability and adversely affected volumes. In addition, the Clinical Specialties business unit experienced pricing pressure resulting from price reductions in certain key brands. These unfavorable factors were partially offset by increased sales and improved performance in the Farma Procaps and Consumer business units.

Gross profit of the Procaps Colombia segment increased by \$4.9 million, or 6.9%, from \$70.9 million for the year ended December 31, 2023 to \$75.8 million for the year ended December 31, 2024, primarily attributable to an improvement in the cost of products as a percentage of net revenues, compared to 2023, together with a decrease in promotional units.

Contribution Margin of the Procaps Colombia segment increased by \$4.9 million, or 10.7%, from \$47.3 million for the year ended December 31, 2024 to \$42.7 million for the year ended December 31, 2023, was primarily attributable to sales of inventory that was written down in prior periods within the Clinical Specialties and Rymco business units.

On a constant currency basis, revenue attributable to Procaps Colombia decreased by \$16.3 million, or (11.0%) to \$131.5 million for the year ended December 31, 2024, gross profit attributable to the Procaps Colombia segment increased by \$0.3 million, or 0.4%, to \$71.1 million for the year ended December 31, 2024, and Contribution Margin attributable to the Procaps Colombia segment increased by \$0.1 million, or 0.2%, to \$42.8 million for the year ended December 31, 2024.

CAN

Revenue of the CAN segment decreased by \$15.8 million, or 30.7%, from \$51.5 million for the year ended December 31, 2023 to \$35.7 million for the year ended December 31, 2024, primarily as a result of a planned reduction in sales aimed at lowering stock-in-trade levels across distributors.

Gross profit of the CAN segment decreased by \$16.0 million, or 44.3%, from \$36.2 million for the year ended December 31, 2023 to \$20.2 million for the year ended December 31, 2024, driven by a higher cost to serve, which increased by \$3.7 million, higher raw material prices, and an unfavorable costs variation as a result of lower production volumes.

Contribution Margin of the CAN segment decreased by \$8.3 million, or 66.3%, from \$12.6 million for the year ended December 31, 2023 to \$4.2 million for the year ended December 31, 2024, due to the impact investment in promotion and medical samples, which increased by 33%. In addition, inventory provisions increased year over year to cover the risk of short-dated inventory.

On a constant currency basis, revenue attributable to the CAN segment decreased by \$15.8 million, or 30.7%, to \$35.8 million for the year ended December 31, 2024, gross profit attributable to the CAN segment decreased by \$16.0 million, or 44.2%, to \$20.2 million for the year ended December 31, 2024, and Contribution Margin attributable to the CAN segment decreased by \$8.3 million, or 66.0%, to \$4.3 million for the year ended December 31, 2024.

CASAND

Revenue of the CASAND segment decreased by \$30.6 million, or 38.6%, from \$79.2 million for the year ended December 31, 2023, to \$48.6 million for the year ended December 31, 2024. This decrease was primarily driven by a set of measures implemented to reduce inventory levels across distributors. The most significant impact was observed in Ecuador and Peru. In the Dominican Republic, lower sales were mainly attributable to inventory optimization initiatives affecting brands such as Festagen, Ezolium, Bonese, and Aquavit.

Gross profit of the CASAND segment decreased by \$41.4 million, or 61.4%, from \$67.5 million for the year ended December 31, 2023, to \$26.0 million for the year ended December 31, 2024. This decline was influenced by unfavorable cost variances resulting from lower production volumes in the CAS region (i.e., Costa Rica, Dominican Republic, and Panama).

Contribution Margin of the CASAND segment decreased by \$48.0 million, or 111.7%, from \$42.9 million for the year ended December 31, 2023, to \$(5.0) million for the year ended December 31, 2024. This decrease was mainly attributable to product returns and commercial initiatives aimed at increasing inventory rotation. In Ecuador and Peru, this impact was mainly driven by brands such as Alercet D, Gestavit, Dayflu, Bonese, Lipomega, and Vitybell.

On a constant currency basis, revenue attributable to the CASAND segment decreased by \$30.7 million, or 38.8%, to \$48.5 million for the year ended December 31, 2024, gross profit attributable to the CASAND segment decreased by \$41.5 million, or 61.6%, to \$25.9 million for the year ended December 31, 2024, and Contribution Margin attributable to the CASAND segment decreased by \$48.0 million, or 111.9%, to \$(5.1) million for the year ended December 31, 2024.

Diabetrics

Revenue of the Diabetrics segment increased by \$5.1 million, or 23.0%, from \$22.2 million for the year ended December 31, 2023 to \$27.3 million for the year ended December 31, 2024, primarily due to the positive performance of new products.

Gross profit of the Diabetrics segment increased by \$7.0 million, or 170.9%, from \$4.1 million for the year ended December 31, 2023, to \$11.1 million for the year ended December 31, 2024, due to the impact of the change in our portfolio mix and an increase of the sales in the private market channel compared with those of the year ended December 31, 2023.

Contribution Margin of the Diabetrics segment increased by \$5.6 million, from a \$0.7 million for the year ended December 31, 2023 to a positive Contribution Margin of \$4.9 million for the year ended December 31, 2024, primarily due to the impact of the change in our portfolio product mix and higher sales in the private market channel.

On a constant currency basis, revenue attributable to the Diabetrics segment increased by \$3.9 million, or 17.5%, from \$22.2 million for the year ended December 31, 2023 to \$26.1 million for the year ended December 31, 2024, gross profit attributable to the Diabetrics segment increased by \$6.4 million, or 156.1%, to \$10.5 million for the year ended December 31, 2024, and Contribution Margin attributable to the Diabetrics segment increased by \$5.3 million, or 715.4%, to \$4.6 million for the year ended December 31, 2024.

Non-IFRS Financial Measures

Our management uses certain 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. We use non-IFRS financial measures to budget, make operating and strategic decisions, and evaluate our performance. Below is a description of the non-IFRS financial measures we have used in this Annual Report, including any adjustments to the IFRS financial measures derived therefrom. We believe the non-IFRS measures should always be considered along with the related IFRS financial measures. We have provided the reconciliations between the IFRS and non-IFRS financial measures below, and we also discuss our underlying IFRS results throughout Item 5 of this Annual Report.

The primary non-IFRS financial measures utilized by our management is described below and reflects how we evaluate our current and prior-year operating results. As new events or circumstances arise, our management may alter the definitions of such measures to better reflect our financial performance or adopt new measures in the future. In the event any of these definitions change, or if new non-IFRS financial measures are adopted by our management, we will provide the updated definitions and present the related non-IFRS historical results on a comparable basis.

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 revenue, cost of sales, gross profit, sales and marketing expenses, administrative expenses, Contribution Margin (consolidated and by segment) and Adjusted EBITDA on a constant currency basis. We calculate constant currency by calculating year-end period for the years ended December 31, 2024 and 2023 using prior-periods (year ended December 31, 2023) 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 \$4,071.35 per U.S. \$1.00 and R\$5.392 per U.S. \$1.00, respectively, COP \$4,325.05 per U.S. \$1.00 and R\$5.0359 per U.S. \$1.00, respectively, for the year ended December 31, 2023,. 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.

EBITDA, Adjusted EBITDA and Adjusted EBITDA Margin

We define EBITDA as profit (loss) for the year 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, 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. Adjusted EBITDA is one of the key performance indicators we use in evaluating our operating performance and in making financial, operating, and planning decisions. We believe EBITDA and Adjusted EBITDA are 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. We also report Adjusted EBITDA as a percentage of revenue as an additional measure so investors may evaluate our Adjusted EBITDA margins on revenue.

The following table provides a reconciliation from profit (loss) for the year to EBITDA and Adjusted EBITDA, and Adjusted EBITDA margins for the years ended December 31, 2024 and 2023.

	For the year ended		Increase/(Decrease)	
	December 31,		%	
	2024	2023	\$ Change	Change
	<i>(in thousands of U.S. dollars except percentages)</i>			
Income/Loss for the year	(68,300)	40,343	(108,643)	(269.3)%
Net finance expense (income)	30,601	26,123	4,478	17.1%
Income tax expense	(16,287)	5,617	(21,904)	(390.0)%
Depreciation and amortization	20,045	18,194	1,851	10.2%
EBITDA	(33,941)	90,277	(124,218)	(137.6)%
Investigation and restructuring - Fees ⁽¹⁾	16,013	—	16,013	—%
Business transformation initiatives ⁽²⁾	—	4,091	(4,091)	(100.0)%
Rightsizing ⁽³⁾	623	—	623	—%

Foreign currency translation adjustments ⁽⁴⁾	17,830	(21,930)	39,760	(181.3)%
Other finance costs adjustments ⁽⁵⁾	—	209	(209)	(100.0)%
Transactions expenses ⁽⁶⁾	—	(19,296)	19,296	(100.0)%
Other expenses ⁽⁷⁾	1,413	4,562	(3,149)	(69.0)%
Adjusted EBITDA	1,938	57,913	(55,975)	(96.7)%
Constant Currency Adjustments	(1,974)	1,294	(3,268)	(252.6)%
Adjusted EBITDA on Constant Currency Basis	(36)	59,207	(59,243)	(100.06)%
Adjusted EBITDA margin	0.5%	13.7%		
Adjusted EBITDA margin (on Constant Currency Basis)	0.0%	14.0%		

- (1) Investigation and restructuring for the year ended December 31, 2024, which primarily consist of advisory services provided by KPMG LLP \$9.8 million and investigation from Greenberg Traurig, P.A. 3.0 million.
- (2) Business transformation initiatives for the year ended December 31, 2024, focused on strategic advisory for human capital restructuring and portfolio optimization, prioritizing margin enhancement and core business operations. For the year ended December 31, 2023 these primarily consisted of value creation initiatives, cost reduction plan announced in February 2023 aimed to improve margins and financial performance, carried out during 2023.
- (3) Rightsizing represents the severance payments derived from the restructuring plan, designed to optimize profitability across the CAN and CASSAND regions.
- (4) 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 December 31, 2024 and 2023.
- (5) Other finance costs adjustments represent non-operating expenses incurred, primarily related to withholding taxes assumed by the Company on interest payments to financial institutions outside of Colombia.
- (6) Transactions expenses for the year ended December 31, 2023 include one-time settlement with third parties with respect to certain matters in favor of the Company of approximately \$19.3 million.
- (7) Other expenses include for the year ended December 31, 2024 include a write-off related to Rymco impairment charge of approximately \$1.4 million. For the year ended December 31, 2023, other expenses include a write off related to Rymco impairment charge of approximately \$4.1 million.

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 the 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 years ended December 31, 2024 and 2023.

	For the year ended		Increase / (Decrease)	
	December 31		\$ Change	% Change
	2024	2023		
	<i>(in thousands of U.S. dollars except percentages)</i>			
Gross Profit	191,479	237,976	(46,497)	(19.5)%
Sales and marketing expenses	(100,082)	(95,068)	(5,014)	5.3%
Contribution Margin	91,397	142,908	(51,511)	(36.0)%
Constant Currency Adjustments	(5,023)	596		
Contribution Margin (on Constant Currency Basis)	86,324	143,504	(57,180)	(39.8)%

B. LIQUIDITY AND CAPITAL RESOURCES

Our principal source of liquidity has been cash flow generated from operations, supplemented by credit arrangements with third parties. The principal uses of cash are to fund operating and capital expenditures, business or asset acquisitions, interest payments on debt, any mandatory or discretionary principal payment on our debt and investments in R&D.

As of December 31, 2024, our cash and cash equivalents amounted to \$30.3 million. We believe that our existing cash and cash equivalents and cash inflows from operations, will be adequate to meet our anticipated cash needs for the next twelve months. We routinely monitor current and expected operational requirements and financial market conditions to evaluate other available financing sources including term and revolving bank credit. In determining our future capital requirements, we regularly consider, among other factors, known trends and uncertainties, and other contingencies.

Our ability to generate cash is subject to our performance, general economic conditions, industry trends and other factors. To the extent that the funds received from the Business Combination, combined with existing cash and cash equivalents are insufficient to fund our future activities and requirements, we may need to raise additional funds through public or private equity or debt financing. Although certain of our lenders have made commitments to make funds available to us in a timely fashion under our revolving credit agreements and overdraft facilities, if economic conditions worsen, including due to current geopolitical issues, or new information becomes publicly available impacting the institutions' credit rating or capital ratios, these lenders may be unable or unwilling to lend money pursuant to our existing credit facilities. Should our outlook on liquidity requirements change substantially from current projections, we may seek additional sources of liquidity in the future. If we issue equity securities in order to raise additional funds, substantial dilution to existing shareholders may occur. If we raise cash through the issuance of indebtedness, we may be subject to additional contractual restrictions on our business. We cannot assure the investor that we would be able to raise additional funds on favorable terms or at all.

Cash Flow for the years ended December 31, 2024 and 2023

The following table summarizes our consolidated statements of cash flows from operations for the years ended December 31, 2024 and 2023:

	For the year ended December 31,		Increase/ (Decrease)
	2024	2023	\$ Change
	<i>(in thousands of U.S. dollars)</i>		
Cash flow generated from operating activities	88,429	107,635	(19,206)
Cash flow (used in) investing activities	(26,759)	(34,629)	7,870
Cash flow (used in) financing activities	(50,402)	(97,830)	47,428
Net increase (decrease) in cash	11,268	(24,824)	(36,092)

Cash flow generated from operating activities

For the year ended December 31, 2024, net cash provided by operating activities was \$88.4 million, compared to \$107.6 million for the year ended December 31, 2023, a decrease of \$19.2 million.

The decrease was primarily attributable to (i) lower cash flow from operating activities before changes in the working capital, which declined to \$14.6 million in 2024 from \$89.4 million in 2023. This reduction was mainly driven by weaker operating, higher finance costs and unfavorable foreign exchange movements, partially offset by non-cash depreciation and amortization.

These effects were partially mitigated by favorable changes in working capital, particularly an improvement in trade and other receivables, reflecting enhanced collections, and an increase in trade and other payables, primarily resulting from improved payment terms with suppliers.

Cash flow (used in) investing activities

For the year ended December 31, 2024, net cash used in investing activities was \$26.7 million compared to \$34.6 million during the year ended December 31, 2023, a decrease of \$7.9 million. Net cash used in investing activities for the year ended December 31, 2024 consisted primarily of (i) \$14.6 million in cash used in the acquisition of property, plant and equipment mainly related to maintenance capital enhancements at existing manufacturing facilities, as well as investments supporting the Miramar Gummies Facility. In addition, the group invested \$5.6 million in the acquisition and development of intangible assets, primarily related to internal product development and regulatory assets.

Cash flow (used in) financing activities

For the year ended December 31, 2024, net cash used in financing activities was \$50.4 million, an improvement of \$47.4 million compared to net cash used of \$97.8 million for the year ended December 31, 2023. The improvement was primarily driven by (i) lower gross proceeds from borrowings due to restrictions associated with covenant limitations, (ii) continued repayments of outstanding debt, and (iii) lower interest paid on borrowings, which totaled \$33.6 million in 2024 compared to \$34.8 million in 2023, reflecting changes in debt balances and timing of interest payments, partially offset by higher interest rates.

In addition, the Group executed treasury share repurchases of \$0.8 million during the year, consistent with its capital structure management strategy

Financial Resources

Our capital structure consists of net debt (loans offset by cash and bank balances) and consolidated equity (comprised of issued and paid-in capital, reserves, retained earnings and non-controlling interests). We are not subject to any externally imposed capital requirement.

As of December 31, 2024, our primary indebtedness consists of the outstanding balance of the Senior Notes, Credit Agreement (defined below) and the Secured Convertible Note. The Senior Notes, the Credit Agreement and certain other loans include certain covenants that obligate the borrower and guarantors thereunder to comply with a series of financial ratios, consisting of a debt to EBITDA ratio and EBITDA interest coverage ratio as described below under the heading “—Debt Financing and Borrowings—Senior Notes—Covenants.” The Credit Agreement includes certain covenants that obligate the borrower and co-debtors thereunder to comply with a series of financial ratios, consisting of a debt to EBITDA ratio, short-term leverage ratio and EBITDA interest coverage ratio as described below under the heading “—Debt Financing and Borrowings—Credit Agreement—Covenants.” These financial ratios serve as local management parameters for both arrangements.

We analyze and review our capital structure on a quarterly basis. As part of this review, we consider the cost of capital and the risks associated with each class of capital.

As of December 31, 2024, 2023 we had total borrowings of \$306,7 million, and \$299,5 million, respectively.

Debt Financing and Borrowings

The table below summarizes our outstanding interest-bearing liabilities for year ended December 31, 2024 and 2023.

	For the year ended December 31, 2024	For the year ended December 31, 2023
	(in thousands of U.S. dollars)	(in thousands of U.S. dollars)
Credit Agreement	54,940	64,275
Other term loan	63,352	80,717
Lease liabilities	30,318	35,247
Factoring obligations	4,277	4,111
Bank overdrafts	79	153
Senior Notes	115,000	115,000
Total borrowings	267,966	299,503
Secured convertible notes	38,747	-
Total Debt financings and borrowings	306,713	299,503
Current	265,306	268,389
Non - Current	41,407	31,114
	306,713	299,503

Credit Agreement

On August 16, 2023, the Company, Procaps S.A., a subsidiary of the Company, as borrower (the “CA Borrower”), and the subsidiary guarantors party thereto (collectively with the Company, the “CA Guarantors”, and collectively with the Borrower and Company, the “CA Obligors”) entered into a Credit Agreement (Contrato de Crédito) (the “Credit Agreement”) with Bancolombia S.A. and Banco Davivienda S.A., as lenders.

The Credit Agreement provides for a loan of up to COP\$247,817,751,759.49 (approximately \$64.0 million) (the “CA Loan”). The proceeds of the CA Loan were used exclusively for the prepayment of existing indebtedness of the Company and its subsidiaries, including full repayment of borrowings made under the Syndicated Loan described below. The Credit Agreement provides for a term of eight 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%.

The Credit Agreement contains customary affirmative and negative covenants, including limitations on the ability of the CA Obligors and the CA Obligors’ subsidiaries to incur additional debt, guarantee other obligations, grant liens on assets, make investments or acquisitions, dispose of assets, pay dividends or other payments on capital stock, make restricted payments, engage in mergers or consolidations, engage in transactions with affiliates, and enter into certain restrictive agreements.

The Credit Agreement also requires the CA Obligors’ compliance with the following financial covenants, each measured on a trailing twelve-month basis on the final day of each fiscal quarter of the Company: (i) a consolidated debt to consolidated EBITDA ratio of no greater than 3.50:1.00 (other than for the twelve-month period ended September 30, 2023, for which the ratio shall be no greater than 4.30:1.00); and (ii) a ratio of consolidated EBITDA to consolidated interest expense of greater than 3.00:1.00 (other than for the twelve-month period ended September 30, 2023, for which the ratio shall be greater than 1.90:1.00). Additionally, the CA Obligors (other than the Company) are required to maintain combined total assets and combined EBITDA equal to no less than 80% of the Company’s consolidated EBITDA and consolidated total assets, respectively, as of June 30 and December 31 of each year.

In December 2023, the applicable parties under the Credit Agreement entered into a waiver with the Company waiving its compliance with the interest coverage ratio restrictive covenant with respect to the December 31, 2023 measurement date.

The CA Borrower may voluntarily prepay the CA Loan, in whole or in part, subject to certain prepayment premiums. The CA Borrower may be required, upon the occurrence of certain events, to make certain mandatory prepayments prior to the maturity date of the CA Loan.

Syndicated Loan

On November 20, 2018, Procaps S.A. entered into a syndicated term loan agreement (the “Syndicated Loan Agreement”) with the following banks: Portion in Colombian pesos (COP) - Davivienda and Bancolombia; US dollar portion (USD) - Banco de Credito del Peru, Bancolombia Panama and Banco Sabadell. The total value of the syndicated loan amounts to \$200,434 million COP (portion in COP) and \$35 million USD (portion in USD), Fiduciaria Bancolombia acts as the agent of the loan. C.I. Procaps S.A., Procaps S.A. de C.V., Biokemical S.A., Pharmarketing S.A. (Panama), Pharmarketing Salvador S.A. de C.V., Pharmarketing S.A. (Guatemala S.A.), C.D.I. Salvador S.A. de C.V., C.D.I. Nicaragua S.A., C.D.I. Guatemala S.A., Pharmarketing Dominicana SRL, and Pharmarketing Costa Rica S.A., act as co-debtors,

while Pharmayect S.A., Inversiones Crynssen S.A.S., Inversiones Ganeden S.A.S., Inversiones Henia S.A.S., Inversiones Jades S.A.S., and Industrias Kadima S.A.S., act as guarantors.

The resources obtained were used for advance payment and/or novation of certain obligations to be refinanced. The conditions of the loan had a term of 5 years for installment payments and the interest rates agreed are as follows: IBR + 5.30% for the portion in COP and Libor + 4.80% for the USD portion.

The loans received by Banco de Crédito del Peru and Banco Sabadell were precanceled during the month of November 2021, due to a new agreement and improvement in terms and conditions with Senior Notes.

On August 25, 2023, the total amount outstanding under the Syndicated Loan of \$169,830 million COP, or \$41.6 million USD, was repaid in full from the proceeds received under the CA Loan described above.

Other Term Loans

The table below summarizes the terms of our other term loans as of December 31, 2024 and 2023.

Currency	Range of Interest	Maturity Year	Outstanding Balance for the year ended December 31, 2024	Outstanding Balance for the year ended December 31, 2023
			<i>(in thousands of U.S. dollars)</i>	<i>(in thousands of U.S. dollars)</i>
COP	23.00-26.40% A.N. (2023: 17.72%-32% A.E., 23.50% A.N. (Fixed))	2025-2026	\$ 12,553	\$ 14,323
COP	IBR+2.71%-6.60% - DTF+5.43% (2023: IBR+2.25%-7.25%)	2026-2029	10,516	13,468
Soles	8.00% - 14.20% A.N. (2023: 8% - 12.79% A.N.)	2025	3,441	7,364
Reales	9.84%-25.44% A.N. (2023: 9.84%-13.08% A.N.)	2026	628	545
USD	SOFR+ (3%-5.80%)	2025-2029	17,478	23,621
USD	6.00%-19.68% A.N. (2023: 8.00%-19.68% A.N.)	2025-2026	18,736	21,396
Total			\$ 63,352	\$ 80,717

Other term loans balance as of December 2023 is \$63.4 million, including \$13.8 million and \$3.2 million with BTG.

On August 18, 2023, the Group entered into a Credit Agreement with Banco BTG Pactual S.A.-Cayman Branch. (the “New BTG Credit Agreement”). The New BTG Credit Agreement provides for a loan of up to \$19 million USD and the proceeds are to be used exclusively for the prepayment of existing indebtedness of the Group, including short term debt dated October 13, 2022. The New BTG Credit Agreement provides for a term of 30 months, and interest accrues thereunder at a rate equal to SOFR (for a three-month tenor) plus 5.80%.

The New BTG Credit Agreement requires the Group’s compliance with the following financial covenants, each measured on a trailing twelve-month basis on the final day of each fiscal quarter of the Group:

- Consolidated debt to consolidated EBITDA ratio of no greater than 3.50:1:00 (other than for the twelve-month period ended September 30 and December 31, 2023, for which the ratio shall be no greater than 4.30:1.00); and

- Ratio of consolidated EBITDA to consolidated interest expense of greater than 3.00:1.00 (other than for the twelve-month period ended September 30 and December 31, 2023, for which the ratio shall be greater than 1.90:1.00).

As of December 2024, the Company is not in compliance with the covenants with respect to BTG's credit facilities

Management continuously monitors the observation of these obligations and complied as of the date of these unaudited Condensed Consolidated Interim Financial Statements.

Lease Liabilities

We had \$30,3 million of lease liabilities as of December 31, 2024. Please refer to Note 15. Leases of the Financial Statements.

Factoring Obligations

We have accounts receivable factoring arrangements with non-related third-party financial institutions (the "Factors"). Pursuant to the terms of the arrangements, we sell to the Factors certain of our accounts receivable balances on a non-recourse basis for credit approved accounts. An administrative fee per invoice is charged on the gross amount of accounts receivables assigned to the Factors, and interest is calculated based on an annual average variation of Colombian DTF rate, as well as other fixed rates, ranging from approximately 18% in BRL denominated arrangements to approximately 29% in COP denominated arrangements. The total amount factored was \$4.3 million as of December 31, 2024.

Put Option Agreements

Crynssen and the Minski Family granted IFC a put option pursuant to that certain put option agreement entered into in 2017 (the "IFC Put Option Agreement"), whereby Crynssen and the Minski Family agreed to purchase up to 432,271 Crynssen Ordinary Shares held by IFC upon IFC's delivery of a put notice for a price sufficient to provide IFC with an internal rate of return of 12% on IFC's investment in Crynssen, beginning on the eighth anniversary of IFC's subscription of Crynssen Ordinary Shares and ending on the earlier of the eleventh anniversary of such date or the consummation of a qualified initial public offering.

Crynssen and the Minski Family also granted Hoche a put option pursuant to that certain put option agreement dated December 23, 2019 (the "Hoche Put Option Agreement"), whereby Crynssen and the Minski Family agreed to purchase up to all of Hoche's Crynssen Ordinary Shares upon Hoche's delivery of a put notice for a price sufficient to provide Hoche with an internal rate of return of 12% on Hoche's investment in Crynssen, beginning on the eight anniversary of September 1, 2017, and ending on the earlier of the eleventh anniversary of such date or the consummation of a qualified initial public offering.

We classified and measured the obligation to buy back Crynssen Ordinary Shares from IFC and Hoche at amortized cost and recognized finance expense using the effective interest rate method, including transaction costs.

Effective as of September 29, 2021, immediately after the Closing of the Business Combination, the IFC Put Option Agreement and the Hoche Put Option Agreement were terminated and cancelled. The termination of the put option agreements resulted in the reclassification of the associated liabilities into the

Company's equity, along with a loss in income statement as the difference between such associated liabilities and the fair value of a portion of the Ordinary Shares received by IFC and Hoche as part of the Business Combination. The one-time loss on termination of such put options in the amount of \$35.9 million aligns the carrying value of such put options on the termination date to the fair value of the Ordinary Shares issued.

Bank Overdrafts

We have overdraft facilities available that we use to support our cash management operations. We had approximately \$0.08 million of overdrafts and credit card liabilities outstanding as of December 31, 2024.

Senior Notes

On November 12, 2021, the Company closed a private placement offering of \$115.0 million aggregate principal amount of 4.75% guaranteed senior notes issued by Procaps, S.A., a subsidiary of the Company, due November 12, 2031, pursuant to a note purchase and guarantee agreement (the "NPA") entered into on November 5, 2021 with The Prudential Insurance Company of America, Prudential Annuities Life Assurance Corporation, Healthspring Life & Health Insurance Company, Inc. and Cigna Health and Life Insurance Company Inc.

The Senior Notes are the senior unsecured obligations of Procaps, S.A. and unconditionally guaranteed by the Company and the following subsidiaries of the Company: Crynssen, Procaps, S.A., Diabetrics Healthcare, Pharmayect S.A., Procaps, S.A. de C.V., Biokemical, S.A. de C.V., Colbras Indústria e Comércio Ltda., and Sofgen Pharmaceuticals LLC.

The Senior Notes were issued in a single tranche, with a final maturity of 10 years and a principal amortization schedule of five annual equal payments commencing on the sixth anniversary of the closing (*i.e.* years 6 to 10), resulting in a weighted average life of 8 years. We used the net proceeds from the issuance of the Senior Notes primarily to repay certain of its and its subsidiaries existing indebtedness in full (including the syndicated loans granted by Banco de Sabadell S.A. Miami Beach and Banco de Crédito del Perú), as well as for general corporate purposes.

In connection with the expected closing of the Acquisition and associated borrowings under the Bridge Credit Agreement (as described below), we intended to prepay in full the Senior Notes, together with interest accrued thereon to the date of such prepayment and the make-whole amount determined for the date of such prepayment pursuant to the NPA (the "Notes Payoff"). We previously expected that the closing of the Acquisition would occur on October 14, 2022, and accordingly, pursuant to the requirements of the NPA, delivered advance notice to the noteholders of the Notes Payoff to occur on such date. As a result of a delay and subsequent termination in the closing of the Acquisition, the expected borrowing under the Bridge Credit Agreement did not occur, and we were unable to complete the Notes Payoff on the date scheduled, which technically constituted an event of default under the NPA. The noteholders informed us that they would not exercise any rights or remedies under the NPA due to such technical default pending entry into an amendment to the NPA formally waiving such default, and we and the noteholders executed temporary waivers in connection therewith. On November 1, 2022, we and the noteholders entered into an amendment to the NPA (the "NPA Amendment"), formally waiving the technical default and which also (i) provided us with the ability, until November 30, 2022, to prepay the Senior Notes with two business days' notice, (ii) provided that the make-whole amount under the NPA shall in no case be less than USD 1,488,204.60, and (iii) provided that, if the Notes Payoff did not occur on or prior to November 30, 2022,

a waiver fee of 3.75% per annum on the outstanding principal amount of Senior Notes outstanding shall (a) accrue from (and including) October 14, 2022 and (b) be payable to the noteholders on the 12th day of February, May, August and November in each year (commencing on February 12, 2023), on the maturity date of such Senior Note and on each other date on which interest on such Senior Note is due and payable in accordance with the terms of the NPA and such Senior Note. The Notes Payoff did not occur on or prior to November 30, 2022, therefore triggering the 3.75% per annum waiver fee on the outstanding principal amount of Senior Notes, raising the interest rate from 4.75% to 8.50%.

Covenants

Senior Notes contain change-of-control provisions pertaining to Procaps, S.A. and certain customary affirmative and negative covenants and events of default. In addition, the Senior Notes require us, Procaps, S.A., and the other obligors thereunder to comply with the following financial ratios: (i) consolidated total debt of the Company, Procaps, S.A., and the other obligors thereunder to consolidated EBITDA for the last twelve months (the “NPA Debt/EBITDA Ratio”) of 3.50:1.00 or less, measured at certain quarterly determination dates and (ii) an EBITDA interest coverage ratio (the “NPA Interest Coverage Ratio”) (calculated as the consolidated EBITDA for the last twelve months of the Company, Procaps, S.A., and the other obligors thereunder divided by the consolidated interest expenses of the Company, Procaps, S.A., and the other obligors thereunder) in excess of, or equal to, 3.00:1.00, calculated at certain dates of determination.

The Senior Notes also contain covenants that, among other things, restrict, subject to certain exceptions, the ability of the Company, Procaps, S.A. and the other obligors thereunder to change lines of business; incur additional secured indebtedness; permit subsidiaries to incur additional indebtedness; sell or transfer title to operating assets; pay dividends and distributions; engage in mergers and consolidations; create liens on assets; guarantee, indemnify or assume the liabilities of third parties; change our fiscal year reporting; or engage in certain transactions with affiliates. In addition, the Senior Notes contain a covenant that incorporates into the Senior Notes any more restrictive financial, affirmative or negative covenants, information reporting requirements or events of default from any other credit facilities in excess of \$25,000,000 (including from the Syndicated Loan facility, as in effect on February 28, 2022, see “*Liquidity and Capital Resources—Syndicated Loan*”) entered into by the Company, Procaps, S.A., or any of our subsidiaries. For purposes of the Senior Notes, EBITDA is calculated as income from sales and services, less (i) sales and production costs, less (ii) operating expenses, less (iii) administrative expenses, plus (iv) depreciation, plus (ii) amortizations, plus (iii) provisions, and less (iv) portfolio write-offs.

Senior Notes Waiver

On March 31, 2023, we entered into the NPA Waiver Agreement which relates to certain covenant noncompliance under the NPA. Pursuant to the terms of the NPA, we informed the Noteholders that the following events of defaults have occurred and were continuing as of the date of the of the NPA Waiver Agreement (collectively, the “Specified NPA Defaults”):

- (i) the event of default arising as a result of the NPA Debt/EBITDA Ratio for the twelve months ending December 31, 2022 being in excess of 3.50:1.00, in default of the applicable covenant set forth in the Syndicated Loan (the “NPA Debt/EBITDA Ratio Covenant”);
- (ii) the event of default arising as a result of the NPA Interest Coverage Ratio for the twelve months ending December 31, 2022 being less than 3.00:1.00, in default of the applicable covenant set forth in the Syndicated Loan (the “NPA Interest Coverage Ratio Covenant”);

- (iii) the event of default arising as a result of the short-term leverage being in excess of 1.00:1.00 as at December 31, 2022, in default of the covenant described in, and incorporated into the NPA pursuant to, that certain Most Favored Lender Notice dated April 7, 2022 and delivered to the Noteholders on or about such date (the “NPA Short-Term Leverage Ratio Covenant”); and
- (iv) the event of default arising as a result of our failure to deliver to the Noteholders, within the time period specified in the NPA, written notice of the events of default described in the foregoing clauses (i) through (iii) as required by the NPA.

Pursuant to the NPA Waiver Agreement, the Noteholders (a) with effect from December 31, 2022, waived the Specified NPA Defaults, (b) prospectively waived our potential non-compliance by with the NPA Debt/EBITDA Ratio Covenant as at March 31, 2023, June 30, 2023 and September 30, 2023, so long as the ratio calculated pursuant to the NPA Debt/EBITDA Ratio Covenant as at such dates does not exceed 4.00:1.00, (c) prospectively waived our potential non-compliance with the NPA Interest Coverage Ratio Covenant as at March 31, 2023, June 30, 2023 and September 30, 2023, so long as the ratio calculated pursuant to the NPA Interest Coverage Ratio Covenant as at such dates is not less than 2.20:1.00, and (d) prospectively waived our potential non-compliance with the NPA Short-Term Leverage Ratio Covenant as at March 31, 2023, June 30, 2023 and September 30, 2023, so long as the ratio calculated pursuant to the NPA Short-Term Leverage Ratio Covenant as at such dates does not exceed 1.60:1.00. In December 2023, the waiver with the respect to the interest coverage ratio was extended through the December 31, 2023 measurement date (the “December NPA Waiver Agreement”). In March 2024, the applicable parties under the Note Purchase Agreement entered into a waiver consistent with the December NPA Waiver Agreement, preemptively waiving noncompliance with the applicable interest ratio covenant as of March 31, 2024 (the “March 2024 NPA Waiver Agreement”).

The foregoing summary of the NPA Waiver Agreement, the December NPA Waiver Agreement, the March 2024 NPA Waiver Agreement are qualified in their entirety by the full text of the NPA Waiver Agreement, December NPA Waiver Agreement and the March 2024 NPA Waiver Agreement, which are filed as Exhibits 4.18, 4.20 and 4.22 to this Annual Report, respectively.

As a result of our noncompliance with the aforementioned covenants, the \$115 million unpaid principal balance previously classified as non-current borrowings has been reclassified to current borrowings within the consolidated financial statements included in this Annual Report.

The table below sets forth the outstanding balance and certain other information on the Senior Notes as of December 31, 2024.

	<u>Currency</u>	<u>Range of Interest</u>	<u>Maturity Year</u>	<u>Outstanding Balance as of December 31, 2024</u>
The Prudential Insurance Company Of America	USD	8.50% A.N.(Fixed)	2031	\$ 60,020
Prudential Annuities Life Assurance Corporation	USD	8.50% A.N.(Fixed)	2031	29,980
Healthspring Life & Health Insurance Company, Inc	USD	8.50% A.N.(Fixed)	2031	18,350
CIGNA Health and Life Insurance Company	USD	8.50% A.N.(Fixed)	2031	6,650
Total				\$ 115,000

Bridge Facility

On October 11, 2022, the Company and certain of its subsidiaries entered into a credit agreement with Bank of New York Mellon, as administrative and collateral agent (collectively, the “Agent”), BofA Securities, Inc. (“BofA Securities”), JPMorgan Chase Bank, N.A. (“JPMorgan”) and Morgan Stanley Senior Funding, Inc. (“Morgan Stanley”, and together with BofA Securities and JPMorgan, the “Joint Lead Arrangers and Bookrunners”), as the joint lead arrangers and bookrunners, and the lenders from time to time party thereto (the “Bridge Credit Agreement”) to finance the cash portion of the purchase price of the Acquisition, to pay fees and expenses related to the Bridge Facility, to prepay, refinance and/or redeem certain existing indebtedness, and to the extent any proceeds remained after applying to the foregoing, to use for working capital and other general corporate purposes. The Bridge Credit Agreement terms are consistent with the terms of the Commitment Letter. The Bridge Credit Agreement provided for a bridge loan of up to \$485 million (the “Bridge Facility”), which would have been guaranteed by each existing and future direct and indirect material subsidiary of the Company, and the target entities subject to the Acquisition and each of their subsidiaries upon the closing of the Acquisition.

In connection with the termination of the Acquisition, we advised the Joint Lead Arrangers and Bookrunners under the Bridge Facility of our desire to terminate the Bridge Facility and related documentation and pay all outstanding obligations owing thereunder, and on January 10, 2023, the Company and certain of its subsidiaries, the Agent, the Joint Lead Arrangers and Bookrunners, J.P. Morgan Securities LLC (“JPMorgan Securities”), Morgan Stanley & Co. LLC (“Morgan Stanley & Co”) and the lenders party thereto entered into a termination letter in connection therewith (the “Termination Letter”). Pursuant to the Termination Letter, (i) each of the loan documents in connection with the Bridge Facility, (ii) the Commitment Letter dated as of May 16, 2022 among Bank of America, N.A. (“Bank of America”), the Joint Lead Arrangers and Bookrunners and the Company and (iii) the Engagement Letter dated as of May 16, 2022 among Bank of America, BofA Securities, JPMorgan Securities, Morgan Stanley & Co and the Company, were terminated and all outstanding obligations owed by the Company thereunder were paid in full in the amount of \$5,719,426.58.

Contractual Obligations and Commitments

A summary of our enforceable and legally binding obligations as of December 31, 2024 are set forth in the following table. Some of the amounts included in this table are based on management’s estimates and assumptions about these obligations, including the duration, the possibility of renewal, anticipated actions by third parties and other factors. Because these estimates and assumptions are necessarily subjective, the enforceable and legally binding obligations actually paid in future periods may vary from the amounts reflected in the table.

	As of December 31, 2024				
<i>(U.S. dollars in thousands)</i>	2025	2026-2027	2028-2029	After 2029	Total
Long-term debt obligations ⁽¹⁾	\$ 314,144	\$ 19,472	\$ -	\$ -	\$ 333,616
Finance lease obligations ⁽²⁾	10,184	6,701	5,480	18,158	40,523
Trade and other payables	106,991	-	-	-	106,991
Amounts owed to related parties	7,155	-	-	-	7,155
Secured convertible note	38,747	-	-	-	38,747
Total	\$ 477,221	\$ 26,173	\$ 5,480	\$ 18,158	\$ 527,032

(1) Represents gross maturities of our long-term debt obligations, excluding finance lease obligations as of December 31, 2023, including the interest payments. Estimated future interest payments on our

variable-rate debt obligations were calculated using the interest rates in effect as of December 31, 2024. As a result of our noncompliance with certain debt ratio covenants as of December 31, 2024, \$133,083 is reflected as payable in 2024 and classified as a current liability. Refer to the disclosure above regarding the Waivers as well as Notes 20 in the Annual Audited Consolidated Financial Statements included in this Annual Report for further details regarding the noncompliance and the Waivers.

- (2) Represents maturities of our finance lease obligations included within long-term debt as of December 31, 2024, including interest payments. Estimated future interest payments on our variable-rate debt obligations were calculated using the interest rates in effect as of December 31, 2024.

Our management believes that our financial resources and expected future cash flows from operating activities shall be sufficient to satisfy our contractual obligations and commitments.

Secured convertible notes

As of December 31, 2024, Hoche Partners Pharma Holding LLC. subscribed for two secured convertible notes issued by the Company, each with a nominal amount of \$20,000, for an aggregate principal amount of \$40,000.

The notes are secured by a pledge of the shares of Crynssen Pharma Group Ltd. pursuant to a Pledge Agreement, which may be enforced in the event of a default or other breach of the contractual obligations under the notes.

The notes are convertible into ordinary shares of the Company upon the occurrence of certain events and subject to the terms and conditions set forth in the executed Secured Convertible Note Agreement. In addition, the agreement provides for a final optional conversion window corresponding to the last five (5) business days prior to June 30, 2025.

The notes bear interest at an annual rate of 8.5%, calculated on a daily basis and compounded quarterly on a payment-in-kind basis, such that accrued interest is added to and increases the outstanding principal amount.

The notes include two conversion mechanisms:

- a) Automatic conversion

The notes are subject to automatic conversion if the Company raises new financing from third-party investors in an amount of at least USD 35,000 prior to maturity, in which case the conversion price is contractually fixed at USD 0.75 per share.

- b) Optional conversion

The holder may elect to convert all or a portion of the outstanding principal amount, including accrued PIK interest, at any time up to the last five (5) business days prior to June 30, 2025.

Upon conversion, the Company is required to issue warrants equal to 0.25 times the number of ordinary shares issued upon such conversion. As the detailed terms of these warrants are not specified in the executed agreements reviewed to date, their accounting treatment has been preliminarily aligned with that applied to other warrants previously issued by the Company, pending further contractual definition.

The agreement further provides that, upon the occurrence of a triggering event as defined therein, whether before or after conversion, the applicable conversion price shall be adjusted from USD 0.75 to USD 0.50 per share, which would require corresponding accounting adjustments based on the revised conversion terms.

Off-Balance Sheet Arrangements

There is no commitments or obligations, including contingent obligations, arising from off-balance sheet arrangements with unconsolidated entities or persons that have a material current effect, or that are reasonably likely to have a material future effect, on our financial condition, changes in financial condition, net sales or expenses, results of operations, liquidity, capital expenditures, or capital resources.

C. RESEARCH AND DEVELOPMENT, PATENTS AND LICENSES, ETC.

Our R&D activities are directed primarily toward the development of new products for corporate brands and development services for third parties, as well as the improvement of our manufacturing processes and delivery technologies. Our R&D platform is decentralized with research centers in Colombia (Barranquilla and Bogotá), and Brazil (Cotia, SP), employing a fully dedicated team of scientists, technicians and skilled personnel in R&D and innovation, as well as skilled personnel in processes such as formulation, analytical, manufacturing, packaging, and technological innovation related to ingredients, formulas and equipment.

Our corporate culture focuses on innovation and R&D. We rely on a combination of know-how, trade secrets, patents, copyrights, trademarks, and other intellectual property, nondisclosure and other contractual provisions, and technical measures to protect a number of our products, services, processes and intangible assets.

We have applied in Colombia, the United States and certain other countries for registration of a number of trademarks, service marks, and patents, some of which have been registered and issued, and also hold common law rights in various trademarks and service marks.

For more information, see “Item 4: Information on the Company.”

D. TREND INFORMATION

Research and Development for Pharmaceuticals Industry

Continued strengthening in early-stage development pipelines for drugs and biologics, compounded by increasing clinical trial breadth and complexity, support our belief in the attractive growth prospects for development of delivery solutions. Large companies are in many cases reconfiguring their R&D resources, increasingly involving the use of strategic partners for important outsourced functions. Additionally, an increasing portion of compounds in development are from companies that do not have a full R&D infrastructure and thus are more likely to need strategic development solutions partners.

We have invested \$17.2 million and \$21.7 million in R&D for the years ended December 31, 2024 and 2023, respectively.

For more information, see “Item 4: Information on the Company.”

Aging Population in Latin America

Aging population demographics in Latin American countries, combined with health care reforms in many global markets that are expanding access to treatment to a greater proportion of their populations, will continue to drive increases in demand for pharmaceuticals, biologics, and consumer health products. Increasing economic affluence in developing regions will further increase demand for healthcare treatments, and we are taking active steps to allow us to participate effectively in these growth regions and product categories. In accordance with a report by the United Nations Department of Economics and Social Affairs, in 1975, 41% of the population in Latin America was 14 years of age or younger, 55% was between 15 and 64 years of age and 4% was 65 years of age or older, and in 2000, 31% of the population was 14 years of age or younger, 63% was between 15 and 64 years of age and 6% was 65 years of age or older. Pursuant to the report, it is estimated that by 2025, 22% of the population will be 14 years of age or younger, 68% will be between 15 and 64 years of age and 10% will be 65 years of age or older, and by 2050, 16% of the population will be 14 years of age or younger, 63% will be between 15 and 64 years of age and 21% will be 65 years of age or older.

We believe the market access and payor pressures our customers face, global supply chain complexity, and the increasing demand for improved treatments will continue to escalate the need for product differentiation, improved outcomes, and treatment cost reduction, all of which can often be addressed using our advanced delivery technologies.

Fast Growing Pharmaceuticals Market in Latin America

We participate in the global pharmaceutical and biotechnology industry, which has been estimated to generate more than \$1 trillion in annual revenue over the next eight years following 2020, including, but not limited to, the prescription drug and biologic sectors as well as consumer health, which includes the OTC and vitamins and nutritional supplement sectors. Innovative pharmaceuticals continue to play a critical role in the global market, while the share of revenue due to generic drugs and biosimilars is increasing in both developed and developing markets. Sustained developed market demand and rapid growth in emerging economies such as Latin America is driving the consumer health product growth rate to more than double that for pharmaceuticals. Payors, both public and private, have sought to limit the economic impact of pharmaceutical and biologics product demand through greater use of generic and biosimilar drugs, access and spending controls, and health technology assessment techniques, favoring products that deliver truly differentiated outcomes. Additionally, we believe the demand for innovative delivery systems will increase due to growing healthcare expenditures globally and the implementation of government reforms to improve the regulatory environment in Latin America and intellectual property protection.

Large and Fast-growing CDMO (Contract Development and Manufacturing Organization) Market

We participate in the CDMO market which, according to independent third-party industry reports, is estimated to continue its growth of 11.5% over the next five years. It is also estimated that outsourced pharmaceutical manufacturing will continue its growth of 7.9% over the next five years. We believe there is a high potential to increase outsourced pharmaceutical manufacturing worldwide since only approximately 26% of global pharmaceutical manufacturing being outsourced. The CDMO industry is highly fragmented, with the top 10 manufacturers holding less than a 20% market share in terms of revenue, creating opportunities for inorganic growth through consolidation and entry into adjacent markets.

Healthcare Expenditures

We participate in global pharmaceutical and biotechnology industry; healthcare expenditure in Latin America is expected to outgrow other markets, including the European and American pharmaceutical and biotechnology markets. We believe this increase in expenditure is primarily driven by an increasing middle class across Latin America coupled with a rapidly aging population, with the percentage of individuals over 65 years of age expected to increase from 6% in 2020 to 21% by 2050.

Foreign Exchange Rates

Our operating network is global, and, as a result, we have substantial revenues and operating expenses that are denominated in currencies other than the U.S. dollar, the currency in which we report our financial results, and are therefore influenced by changes in currency exchange rates. For the years ended December 31, 2024 and 2023, approximately 61% and 56% of our revenue, respectively, was generated in currencies other than the U.S. dollar. Functional foreign currencies for certain regional markets such as the Colombian Peso and Brazilian Real, where we have significant operations, have experienced significant decrease in value when compared with the U.S. dollar in 2024 and for the year ended December 31, 2023, which caused economic distress in those regional markets, significant fluctuation in oil prices, supply chain challenges, and the political climate and uncertainty in such markets. As a result, the devaluation of the Colombian Peso and Brazilian Real had a negative impact on our results of operations for the years ended December 31, 2024 and 2023.

E. CORPORATE RESPONSIBILITIES AND ENVIRONMENTAL, SOCIAL, AND GOVERNANCE (“ESG”)

Compliance Standards

Our facilities and operations are subject to various environmental and health and safety laws and regulations. We undergo periodic internal audits relating to environmental, health and safety requirements in order to maintain compliance with applicable laws and regulations in each of the jurisdictions in which we operate. Additionally, pursuant to an agreement with one of our shareholders, IFC, we are required to comply with IFC’s Performance Standards on Social & Environmental Sustainability, permit environmental and social representatives of IFC to visit our facilities on an annual basis and provide IFC with an annual sustainability report, among other requirements. As part of this agreement, we have committed to adhere to the processes and compliance mechanisms of IFC’s Performance Standards on Social & Environmental Sustainability in order to improve our environmental and social risk management, including the preparation of an Annual Sustainability Report that follows the Global Reporting Initiative (GRI) standards.

We have made, and continue to make, expenditures necessary to comply with applicable environmental laws; however, we do not believe that the costs for complying with such laws and regulations have been or will be material to our business. We do not have any material remediation liabilities outstanding.

ESG Commitments and Strategy

We implement a robust combination of processes and compliance mechanisms to ensure the achievement of our ESG objectives. Moreover, we integrate environmental and social considerations into our strategic

business decisions, aligning them with the United Nations' Sustainable Development Goals (SDGs), with a goal to positively impact all our stakeholders, including the communities where we operate.

We believe our long history of operating in an environmentally responsible manner, prioritizing safe and healthy working conditions, and actively engaging with our surrounding communities through various initiatives and volunteer programs that contribute to their well-being evidence our commitment to sustainability.

In the pharmaceutical industry, we strive to enhance value creation by addressing the challenges of developing cost-effective and accessible products for people in the regions we serve, all while minimizing the environmental footprint of our operations. Our ESG strategy is structured around four key pillars:

1. **Patients and Society:** We are committed to offering an accessible portfolio of innovative, effective, safe, and high-quality healthcare solutions that contribute to the well-being of society. Our focus extends beyond medications to include educational resources and community outreach programs, aiming for a holistic impact on public health
2. **People:** Human capital lies at the heart of our sustainability efforts. We promote well-being and diversity, fostering a vibrant, innovative culture that encourages personal and professional growth. By creating an inclusive environment where everyone feels valued and heard, we not only elevate the individual but also drive collective success, which strengthens our organization and amplifies our positive impact on the communities we serve.
3. **Planet:** Our goal is to create a balance between delivering high quality healthcare solutions and acting as responsible stewards of the planet. We are committed to environmental stewardship, striving to minimize the impact of our operations, products, and supply chain. This commitment encompasses greenhouse gases (GHG) emissions mitigation, energy efficiency projects, responsible water usage, and waste management initiatives.
4. **Fundamentals:** We build a responsible and financially sustainable business supported by a solid governance structure based on best practices and standards, an ethical business culture, and effective risk management. Our commitment to strong governance is underpinned by regular audits, transparent reporting, and a Board of Directors that actively oversees compliance and ethics. We proactively identify and mitigate risks through a comprehensive risk management strategy, ensuring the longevity and resilience of our business.

Workforce ESG Commitments

Our employees are fundamental to the sustainable success of our business and to meeting our stakeholders' expectations. Their talent and commitment drive our ability to advance our mission of improving the well-being of communities through our innovative healthcare solutions.

We have established a comprehensive framework of policies, practices, programs, and initiatives designed to attract, retain, and engage top-tier professionals, further solidifying the strength of our team. We remain steadfast in our commitment to equality, ensuring all are treated fairly, regardless of gender, ethnicity, or any other protected attributes.

Our practices are designed to adhere to the laws applicable in the workplace. Central to our corporate culture is a commitment to fostering an inclusive work environment that values, respects, and leverages individual

differences. We firmly believe that promoting and embracing diversity drives innovation, creativity, and overall well-being, helping us meet our business and sustainability objectives.

Our interactions with employees and other stakeholders are guided by ethical principles and values, as outlined in our Code of Ethics and Conduct, which extends to every country we operate in. Diversity, equity, and inclusion principles are woven into our employee training and policies. We consistently offer training, programs, and benefits that nurture leadership skills and support personal and professional development.

Our commitment to excellence is reflected in our activities and process, which include:

- Each year, we implement a multi-country strategy encompassing various activities and communication efforts to advance gender equality. We undertook various initiatives in three key areas: female leadership, female health, and motherhood support.
- When it comes to recruitment and talent acquisition, our primary focus is on identifying and attracting the best talent, without allowing physical abilities, race, nationality, ethnic background, gender, socioeconomic status, sexual orientation, age, religion, or marital status to be determining factors.
- We provide all new employees with equal access to onboarding training resources.
- To enable equal conditions and enhance well-being within our work team, we implemented the following measures in our manufacturing facilities: i) active participation in all of the company's medical surveillance programs, occupational welfare initiatives, and promotion and prevention activities, ii) involvement in all labor call processes and corporate procedures, iii) ongoing support from professionals to tailor tasks and functions to employee abilities, iv) regular monitoring of adherence to medical recommendations provided by our health-promoting entity, v) physical adjustments to ensure suitable working environments, vi) integration activities among coworkers, vii) comprehensive support for employees and their families, promoting well-being, recreation, compensation, and recognition activities.
- We foster our employees' professional growth through a range of educational initiatives, spanning from skill-building courses to sponsoring specialized Ph.D. programs, especially in Colombia, where our largest concentration of R&D professionals is located.
- We conduct a range of training activities throughout the year to enhance our employees' understanding of product development, and market trends we continued promoting educational initiatives through our Corporate University program, which focuses on six key areas of learning: Corporate DNA, Operational excellence, Business and commercial management, Innovation and development, Leadership and development, and Digital culture.
- Our hiring procedures ensure that all of our employees have equal access to development and promotion opportunities.
- We implemented various programs, some of them in specific regions based on their needs, with the goal of enhancing the productivity, motivation, and overall wellness of both our employees and their families. These programs were based on four pillars of well-being: balance, integration, value, and self-care.

- We strive to provide fair compensation, safe working conditions, and a wide range of employee benefits. Our labor practices are designed to full compliance with regulations related to compensation and working hours.
- We are committed to reducing physical, psychological, and emotional occupational risks and ensuring the safety of our work environments. We conduct regular assessments and risk management procedures across all our locations.
- We are committed to promoting a healthy and safe work environment by complying with occupational health and safety (OHS) standards and environmental programs required by law, including appropriate controls, work procedures, and industrial safety equipment. The safety of all our employees, contractors, and third parties engaged in our operations is a top priority for us.
- Our OHS Management System is a dynamic and inclusive framework, designed with the active participation and consultation of employees at different levels.

Environmental Stewardship and Climate Change

Our Carbon management strategy has the goal of, among others, (i) calculate our greenhouse gas inventory GHG inventory for Scope 1 and Scope 2 under the GHG protocol methodology, (ii) identify greenhouse gas emissions reduction, mitigation and offsetting opportunities, and (iii) develop a plan combining reduction, mitigation and offsetting activities to become carbon neutral by a date to be determined

In 2022, we initiated this process by calculating the carbon footprint of the Procaps Barranquilla facility in Colombia, which has the highest production volume of each of our facilities. The results of this effort were published in our 2021 ESG Report. In 2022, we successfully extended this initiative to encompass all our operational plants in Brazil, El Salvador and the United States. As we expected, we successfully complete the measure and verification processes for GHG emission inventory 2021 and 2022. The results of this effort were published in our 2022 ESG Report. The greenhouse gas (GHG) inventories for 2023 and 2024 have been completed and verified by the validation body ICONTEC.

We have identified opportunities for mitigating GHG emissions. As a result in 2024 we implemented a project focused on refrigeration equipment, involving the replacement of chillers and the correction of refrigerant gases' leaks, achieving greenhouse gas emission reductions compared to 2023. Our efforts in Colombia to identify and execute mitigation initiatives include our participation in sectorial programs, such as National Program for Business Management of Climate Change (*Programa Nacional Gestión Empresarial del Cambio Climático*) of the National Business Association of Colombia (ANDI).

We continue to make progress in identifying opportunities and implementing actions that will assist us in defining our greenhouse gas emissions reduction, mitigation and offsetting strategy. These efforts reaffirm our commitment to creating a positive impact and fostering sustainable change for a better future.

Regulatory Matters

The manufacturing, processing, formulation, packaging, labeling, testing, storing, distributing, advertising, and sale of our products and services are subject to regulation by a variety of agencies in the localities in which our products are sold. In addition, we manufacture and market certain of our products in accordance

with standards set by various organizations, including the FDA, Health Canada, MHRA, TGA, Digemid, Cofepris, Invima, Anvisa, SRS, and ISO. We believe that our policies, operations, and products comply in all material respects with existing regulations to which we are subject.

The manufacturing, distribution, and marketing of healthcare products and the provision of certain services for development-stage pharmaceutical products are subject to extensive ongoing regulation by INVIMA, ANVISA, SRS the FDA, and other regulatory authorities in the countries in which we operate.

United States Regulations

The FDA has jurisdiction over certain of our Rx, OTC pharmaceutical products and API. The FDA's jurisdiction extends to the manufacturing, testing, labeling, packaging, storage, distribution, and promotion of these products. We are committed to consistently provide our customers with high quality products that adhere to cGMP regulations promulgated by the FDA.

All facilities where Rx and OTC products are manufactured, tested, packaged, stored, or distributed for the U.S. market must comply with FDA, cGMPs and regulations promulgated by competent authorities in the countries, states and localities where our manufacturing facilities are located. All of our drug products destined for the U.S. market are manufactured, tested, packaged, stored, and distributed according to cGMP regulations. The FDA performs periodic audits to ensure that our FDA registered manufacturing facility remains in compliance with all appropriate regulations.

In addition, certain of our subsidiaries are subject to other healthcare laws, including the U.S. Federal Food, Drug, and Cosmetic Act, the Public Health Service Act, the Controlled Substances Act, and comparable state and foreign laws and regulations in certain of their activities.

Third parties develop and manufacture APIs for use in certain of our pharmaceutical products that are sold in the U.S. and other global markets. API manufacturers typically submit a drug master file to the regulatory authority that provides the proprietary information related to the manufacturing process. In April / 2023, the FDA inspected the manufacturing facilities to evaluate cGMP compliance, and the facilities and procedures must comply with the cGMP, with a favorable result without reporting of deviations (zero 483) guaranteeing that API can be exported to the United States.

Colombian Regulations

A majority of our products are manufactured in our four manufacturing facilities in Colombia. INVIMA is the Colombian regulatory authority charged with inspecting and supervising the marketing and manufacturing of health products, identifying and evaluating the violation of health standards or procedures, and implementing best practices and providing medical approval for the import and export of products.

INVIMA carries out periodic inspections of our facilities, processes and products to verify compliance with cGMP and Good Laboratory Practices in accordance with the regulations established by the World Health Organization ("WHO") in the Technical Report Series 908 — 37nd Report of the WHO Expert Committee on Specifications for Pharmaceutical Preparations (the "WHO Report 37").

Brazilian Regulations

Certain of our products are manufactured in our Brazil manufacturing facilities. ANVISA is the Brazilian regulatory agency that is responsible for the approval and supervision of food, cosmetics, tobacco, pharmaceuticals, health services, and medical devices, among other products, and carries out sanitary control and inspection activities in ports, airports and the border regions.

ANVISA is charged with the protection of the Brazilian population's health through sanitary control over the production and marketing of products and services, including facilities, processes, materials and technologies related thereto. We may only operate our facilities subject to the jurisdiction of ANVISA once we have received ANVISA's approval. In addition, all of our pharmaceutical products must be submitted to ANVISA for approval before being offered to our customers in Brazil. As a governmental agency, ANVISA has police power over sanitary controls, as a result, in the event an inspection reveals non-compliance with its regulations, it may shut down businesses, suspend the sale of products, appropriate and seize items, or issue fines.

In addition to approvals from ANVISA, we also require the approval of CETESB, an agency of the government of the State of São Paulo responsible for the control, inspection, monitoring and licensing of activities that generate pollution, to operate our facilities in Brazil. CETESB is responsible for granting operating licenses for our facilities and carries out frequent inspections to assess whether there have been any changes to the environmental impact caused by our activities. For information on current regulatory proceedings involving CETESB, please see Item 8.A under the heading "*Legal Proceedings—Operating License.*"

El Salvador Regulations

Certain of our products are manufactured in our El Salvador manufacturing facilities. SRS is the Salvadorian regulatory agency that is responsible for safeguarding the health of the country's population through the regulation and surveillance of pharmaceutical, cosmetic, hygienic, chemical products, medical devices and raw materials.

The SRS is the competent health authority in El Salvador charged with authorizing and registering all pharmaceutical products in El Salvador and is responsible for regulating the importation and manufacturing of pharmaceutical products, implementing price controls, and controlling of distribution chains. The SRS acts based on the guidelines established by the Central American Technical Regulation (*Reglamento Técnico Centroamericano*) which is a guide based on the WHO Report 32, to implement the best practices in the manufacturing, storage, distribution and sale of pharmaceutical products. The SRS is also responsible for certifying that pharmaceutical laboratories in El Salvador comply with cGMP.

Other Regulatory Requirements

We are also subject to various federal, state, local, national and transnational laws, regulations, and requirements in Colombia, Brazil, the United States and other countries in which we operate, relating to safe working conditions, laboratory and distribution practices, and the use, transportation and disposal of hazardous or potentially hazardous substances. In addition, applicable import and export laws and regulations require us to abide by certain standards relating to the cross-border transit of finished goods, raw materials and supplies and the handling of information. We are also subject to various other laws and regulations concerning the conduct of our non-U.S. operations, including FCPA and other anti-bribery laws and laws pertaining to the accuracy of our internal books and records.

The costs associated with our continued compliance with the various applicable federal, state, local, national and transnational regulations to which we are subject could be significant, and the failure to comply with such legal requirements could have an adverse effect on our results of operations and financial condition. See Item 3.D under the heading “*Risk Factors—Risks Related to Laws and Regulations—Failure to comply with existing and future regulatory requirements could adversely affect our business, financial condition and results of operations, or result in claims from customers*” in this Annual Report for additional discussion of the costs associated with complying with the various regulations.

2022 Colombian Tax Reform Bill

On December 13, 2022, the Colombian President Gustavo Petro enacted Law 2277 of 2022 (available in Spanish only), which contains the tax reform proposals previously approved by congress. The purpose of the amendments is to promote equality and social justice, as well as to consolidate adjustments to the tax system. These tax measures include, among other things:

1. Corporate Income Tax (CIT) rate to remain unchanged at 35%. However, a new net tax rate (TDD per its acronym in Spanish) will be introduced, under which Colombian companies, including free trade zone users, will be subject to a minimum 15% effective tax rate, calculated based on financial net profit, in accordance with the OECD Pillar Two global minimum tax rules.
2. CIT rate for qualified FTZ companies to remain at 20% subject to an annual exportation requirement.
3. Certain non-taxable income items, special deductions, exempt income and tax credits to be capped at 3% of the taxpayer’s net income before these deductions.
4. The capital gains tax rate to rise to 15% (from 10%).
5. The tax credit provided in article 256 of the Tax Code for investment in research and development, as determined by the National Council of Science and Technology Tax Benefits, will be increased to 30% (from 25%). However, expenses related to the investment covered by the tax credit no longer will be deductible. The tax credit currently is not covered by the 3% cap on tax benefits, but the increased credit will be subject to the cap.
6. The following non-taxable items to become subject to CIT:
 - a. Profits on the sale of listed shares on the Colombian Exchange Market (currently available when shares held by a single individual and do not represent more than 10% of the total outstanding shares).
 - b. Profits on the trading of financial derivatives the underlying assets of which are listed shares, index, funds or collective portfolios.
 - c. Dividends distributed in shares or capitalization of the revaluation account.
 - d. The distribution in shares or capitalization of the profits that surpass the threshold of non-taxable income as set out at Sections 48 and 49 of the CTC.

- e. Yields from security bonds.
7. ICA (municipal tax) tax to become deductible instead of creditable at 50% against CIT.
 8. The following items of exempt incomes to become taxable:
 - a. Orange economy
 - b. Productivity incentives for the agricultural industry
 - c. VIS housing and priority interest
 - d. New forest plantations
 - e. River transport services
 - f. Literary creations, and
 - g. Cinematography.
 9. The mega-investment regime to be repealed.
 10. Effective Place of Management rules to broaden to consider day to day activities in Colombia as opposed to testing only the place where decisive and key decisions are taken.
 11. A new form of tax presence for non-residents to apply for a significant economic presence in Colombia, subject to revenue threshold, use of co. domains or number of customers in the country. WHT to apply at 20% subject to regulations to define how and when for B2C sales.
 12. Dividend tax for non residents to rise from 10% to 20%. The withholding tax rate on dividends paid by Colombian companies to Colombian resident entities out of profits taxed at the corporate level will be increased to 10% (from 7.5%).
 13. Dividends received by individuals to be taxed at the general rate of up to 39%.
 14. A wealth tax of up to 1% to apply to individuals and non-resident companies who are not CIT filers and provided net equity exceeds over USD 700,000.
 15. A tax on single-use plastic products for packing to be introduced. Certain exemptions to apply for waste and the like.
 16. A tax on the consumption of ultra-processed sweetened beverages to be introduced.
 17. A 10% tax on the consumption of ultra-processed food products with a high content of added sugars, to be introduced.

This information provides an overview of the most significant amendments under the new act. Most changes will enter into force as from the date of enactment of the legislation; however, some changes that alter substantial matters concerning periodic taxes became effective on January 1, 2023, and certain other provisions become effective on a date specified in the legislation.

2023 Colombian Tax Reform Proposal

In 2023, the Colombian Government proposed a tax reform that could have had certain fiscal implications for the Group's entities in Colombia for the years 2024 and 2025. However, the initiative was ultimately rejected by Congress and was not implemented; therefore, no fiscal changes or modifications are anticipated in this regard.

Quality Assurance

We are committed to ensuring and maintaining the highest standard of regulatory compliance while providing high quality products to our customers. To meet these commitments, we have developed and implemented a company-wide quality management system. We have approximately 670 employees focusing on quality and regulatory compliance. Our senior management team is actively involved in setting quality policies and standards, as well as managing internal and external quality performance. Our quality assurance department provides quality leadership and supervises our quality systems programs. An internal audit program monitors compliance with applicable regulations, standards, and internal policies. In addition, our facilities are subject to periodic inspection by the INVIMA, COFEPRIS, DIGEMID, ANVISA, the FDA, and other equivalent local, state, and foreign regulatory authorities, as applicable, as well as IFC. All INVIMA, COFEPRIS, DIGEMID, ANVISA, FDA and other regulatory inspectional observations have been resolved or are on track to be completed at the prescribed timeframe provided in commitments to the applicable agency in all material respects. We believe that our operations are in compliance in all material respects with the regulations under which our facilities are governed.

Environmental Matters

Our operations are subject to a variety of environmental, health, and safety laws and regulations, including those of the Colombian Ministry of Environment and Sustainable Development (Ministerio de Ambiente y Desarrollo Sostenible), the Brazilian Institute of the Environment and Renewable Natural Resources (Instituto Brasileiro do Meio Ambiente e dos Recursos Naturais Renováveis), the U.S. Environmental Protection Agency (EPA), Ministry of Environment and Natural Resources (Ministerio de Ambiente y Recursos Naturales) from El Salvador, and equivalent state, local and national regulatory agencies in each jurisdiction in which we operate.

These laws and regulations govern, among other things, air emissions, wastewater discharges, the use, handling, and disposal of hazardous substances and wastes, soil and groundwater contamination. Our manufacturing facilities use, in varying degrees, hazardous substances in their processes.

We believe that our operations are in compliance in all material respects with the environmental regulations applicable to our facilities. Additionally, we are required to comply with IFC's Performance Standards on Social & Environmental Sustainability, among other requirements. For more information, see "*—Corporate Responsibilities and Environmental, Social, and Governance (ESG).*"

Manufacturing and Distribution

We currently operate eight manufacturing facilities in Colombia, Brazil, El Salvador, and the United States and sales offices throughout 13 different countries, which coordinate the sale of our products globally.

The map below illustrates our global geographical footprint, setting forth the location of our manufacturing facilities and sales offices, and the countries in which we commercialize our products and services.



Management confirms that, to the best of its knowledge, this Management Report provides a true and fair view of the development and performance of the Company's business and its financial position, in accordance with International Financial Reporting Standards as adopted by the European Union and in compliance with applicable Luxembourg legal and regulatory requirements.

This report has been approved by Management and is issued for the purposes set forth above as part of the Company's Annual Report.

To the Shareholders of
Sofgen Pharma, S.A.
9, rue de Bitbourg
L-1273 Luxembourg

REPORT OF THE *REVISEUR D'ENTREPRISES AGREE*

Report on the Audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of Sofgen Pharma, S.A. (the "Group"), which comprise the consolidated statement of financial position as at December 31, 2024, and the consolidated statement of profit and loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as adopted by the European Union.

Basis for Opinion

We conducted our audit in accordance with the Law of July 23, 2016 on the audit profession (Law of July 23, 2016) and with International Standards on Auditing (ISAs) as adopted for Luxembourg by the *Commission de Surveillance du Secteur Financier* (CSSF). Our responsibilities under the Law of July 23, 2016 and ISAs as adopted for Luxembourg by the CSSF are further described in the "Responsibilities of the *réviseur d'entreprises agréé* for the Audit of the consolidated financial statements" section of our report. We are also independent of the Company in accordance with the International Code of Ethics for Professional Accountants, including International Independence Standards, issued by the International Ethics Standards Board for Accountants (IESBA Code) as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the consolidated financial statements, and have fulfilled our other ethical responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to note 2.1 of the financial statements, which states that the Company was not in compliance with certain loan covenants and lacks sufficient capital to repay the related obligations in the event the lenders exercise their right to accelerated payment, and it is also experiencing difficulty generating sufficient cash flows to meet its obligations. Subsequent to December 31, 2024, the Group completed a debt restructuring in April 2025 and a capital raise, which extended maturities and provided additional flexibility to support liquidity management. While these actions have improved short-term liquidity management and visibility versus planning assumptions, the Group's ability to meet its obligations as they fall due remains dependent on continued execution of the initiatives described above and ongoing business performance which are not fully under management control. As stated in Note 2.1, these events or conditions, along with other matters, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information stated in the Management Report but does not include the consolidated financial statements and our report of the *réviseur d'entreprises agréé* thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statement, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report this fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and Those Charged with Governance for the consolidated financial statements

The Board of Directors is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with IFRS Accounting Standards as adopted by the European Union, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Responsibilities of the réviseur d'entreprises agréé for the Audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a report of the *réviseur d'entreprises agréé* that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Law of July 23, 2016 and with ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the Law of July 23, 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of Board of Directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report of the *réviseur d'entreprises agréé* to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report of the *réviseur d'entreprises agréé*. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

Report on Other Legal and Regulatory Requirements

The consolidated management report is consistent with the consolidated financial statements and has been prepared in accordance with applicable legal requirements.

For Deloitte Audit, *Cabinet de révision agréé*

PP

Ludovic Mosca, *Réviseur d'entreprises agréé*
Partner

April 16, 2026

Sofgen Pharma, S.A. and subsidiaries (The Group)
Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the year ended December 31, 2024
(In thousands of United States Dollars, unless otherwise stated)

	Notes	2024	2023
Revenue	7	\$ 373,795	\$ 423,748
Cost of sales		(182,316)	(185,772)
Gross profit		191,479	237,976
Sales and marketing expenses		(100,082)	(95,068)
Administrative expenses		(122,970)	(98,279)
Other (expenses) income, net	9	(22,413)	27,454
Operating (loss) profit		(53,986)	72,083
Finance income		14,922	19,724
Finance expense		(45,523)	(45,847)
Net finance (expense) income	10	(30,601)	(26,123)
(Loss) profit before tax		(84,587)	45,960
Income tax benefit (expense)	11	16,287	(5,617)
(Loss) profit for the year		\$ (68,300)	\$ 40,343
(Loss) profit for the year attributable to:			
Owners of the parent company		(68,300)	40,343
Non-controlling interests		-	-
(Loss) earnings per share:			
Basic and diluted, (loss) earnings per share for the year attributable to ordinary equity holders of the Company (USD)	12	(0.68)	0.40

The accompanying notes are an integral part of these Consolidated Financial Statements.

Sofgen Pharma, S.A. and subsidiaries (The Group)
Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the year ended December 31, 2024
(In thousands of United States Dollars, unless otherwise stated)

	Notes	2024	2023
(Loss) profit for the year		\$ (68,300)	\$ 40,343
Other comprehensive (loss) income			
<i>Items that will not be reclassified to profit or loss:</i>			
Remeasurement of net defined benefit liability		(330)	244
Income tax (expense) benefit relating to items that will not be reclassified subsequently to profit or loss		(133)	85
Net of Tax		(463)	329
<i>Items that will be reclassified subsequently to profit or loss:</i>			
Foreign currency exchange differences on translation of foreign operations		(150)	1,182
Net investment hedge	31	-	(3,670)
Other comprehensive loss for the year, net of tax		(613)	(2,159)
Total comprehensive (loss) income for the year		\$ (68,913)	\$ 38,184
Total comprehensive (loss) income for the year attributable to:			
Owners of the parent company		(68,913)	38,193
Non-controlling interests		-	(9)

The accompanying notes are an integral part of these Consolidated Financial Statements.

Sofgen Pharma, S.A. and subsidiaries (The Group)
Consolidated Statement of Financial Position
As of December 31, 2024
(In thousands of United States Dollars, unless otherwise stated)

	Notes	As of December 31	
		2024	2023
Assets			
Non-current assets			
Property, plant and equipment, net	14	93,719	90,982
Right-of-use assets, net	15	40,348	46,659
Intangible assets, net	16	30,312	42,870
Investments in joint ventures	17	1,535	2,028
Other financial assets		184	2,186
Deferred tax assets, net	18	28,260	10,475
Other non-financial assets		589	1,654
Total non-current assets		\$ 194,947	\$ 196,854
Current assets			
Cash and cash equivalents	19	30,317	17,514
Trade and other receivables, net	20	78,318	124,854
Inventories, net	21	76,542	101,825
Amounts owed by related parties, net	22	3,107	3,908
Current tax assets	11	21,825	18,323
Other non-financial assets		6,025	2,911
Other financial assets		-	6,310
		216,134	275,645
Assets classified as held for sale		612	-
Total current assets		\$ 216,746	\$ 275,645
Total assets		\$ 411,693	\$ 472,499
Liabilities and Shareholders' Equity (Deficit)			
(Deficit) Equity			
Share capital	23	1,011	1,011
Share premium account	23	392,851	375,493
Secured convertible note	26	186	-
Other reserves	23.2	57,092	50,238
Accumulated deficit		(471,422)	(396,286)
Accumulated other comprehensive loss		(30,859)	(30,246)
(Deficit) equity attributable to owners of the parent		\$ (51,141)	\$ 210
Non-controlling interest		(946)	(946)

Total deficit		\$ (52,087)	\$ (736)
Non-Current liabilities			
Borrowings	24	41,407	31,114
Deferred tax liabilities, net	18	693	2,485
Other financial liabilities		1,228	1,605
Employee benefits	25	4,528	4,464
Total non-current liabilities		\$ 47,856	\$ 39,668
Current liabilities			
Borrowings	24	226,559	268,389
Secured convertible note	26	38,747	-
Hedging derivative financial instruments		-	1,792
Trade and other payables	27	106,991	93,063
Amounts owed to related parties	22	7,155	21,233
Current tax liabilities	11	6,705	7,819
Provisions	28	316	142
Employee benefits	25	10,098	8,305
Warrant liabilities	29	967	3,039
Shares held in escrow	30	16,231	28,877
Other non-financial liabilities		2,155	908
Total current liabilities		\$ 415,924	\$ 433,567
Total liabilities and shareholders' equity (deficit)		\$ 411,693	\$ 472,499

The accompanying notes are an integral part of these Consolidated Financial Statements.

Sofgen Pharma, S.A. and subsidiaries (The Group)
Consolidated Statement of Changes in Equity (Deficit)
For the years ended December 31, 2024
(In thousands of United States Dollars, unless otherwise stated)

	Attributable to equity holders of the Company								
	Share Capital	Share premium account	Secured convertible note	Other reserves ²	Accumulated deficit	Accumulated other comprehensive loss	Total	Non-controlling interest	Total equity (deficit)
Balance as of January 1, 2023	\$ 1,011	\$ 377,677	-	\$ 45,743	\$ (432,541)	\$ (28,087)	\$ (36,197)	\$ (937)	\$ (37,134)
Profit for the year	-	-	-	-	40,343	-	40,343	-	40,343
Transfer to reserves	-	-	-	4,495	(4,495)	-	-	-	-
Other comprehensive loss for the year	-	-	-	-	-	(2,150)	(2,150)	(9)	(2,159)
Non-controlling interest	-	-	-	-	-	(9)	(9)	-	(9)
Treasury shares acquired ¹	-	(2,184)	-	-	-	-	(2,184)	-	(2,184)
Other	-	-	-	-	407	-	407	-	407
Balance as of December 31, 2023	\$ 1,011	\$ 375,493	-	\$ 50,238	\$ (396,286)	\$ (30,246)	\$ 210	\$ (946)	\$ (736)
Loss for the year	-	-	-	-	(68,300)	-	(68,300)	-	(68,300)
Transfer to reserves	-	-	-	6,854	(6,854)	-	-	-	-
Other comprehensive loss for the year	-	-	-	-	-	(613)	(613)	-	(613)
Treasury shares acquired ¹	-	(823)	-	-	-	-	(823)	-	(823)
Effect of Master Termination and Release Agreement ³	-	18,161	-	-	-	-	18,161	-	18,161
Recognition of equity component of secured convertible note	-	-	186	-	-	-	186	-	186
Other	-	20	-	-	18	-	38	-	38
Balance as of December 31, 2024	\$ 1,011	\$ 392,851	\$ 186	\$ 57,092	\$ (471,422)	\$ (30,859)	\$ (51,141)	\$ (946)	\$ (52,087)

- ¹ Comprises the cost of the Company's shares acquired by the Group. As of December 31, 2024, the Group held \$839,207 of the Company's Ordinary Shares.
- ² Includes the appropriate values from net income to comply with legal provisions related to asset protection according to applicable jurisdictions with cumulative earnings.
- ³ This amount is comprised by \$13,090 of capitalization of certain liabilities with related parties according to the Master Termination and Release Agreement, see to Note 31. Related party transactions; and \$5,071 of capitalization of a certain promissory note under the Contribution and Cancellation of Junior Unsecured Subordinated Promissory Note issued in 2024.

The accompanying notes are an integral part of these Consolidated Financial Statements.

Sofgen Pharma, S.A. and subsidiaries (The Group)
Consolidated Statement of Cash Flows
For the years ended December 31, 2024
(In thousands of United States Dollars, unless otherwise stated)

	<u>Notes</u>	<u>2024</u>	<u>2023</u>
Operating activities			
(Loss) profit for the year		\$ (68,300)	\$ 40,343
<i>Adjustments to reconcile net (loss) profit with cash flow from operating activities before changes in working capital:</i>			
Depreciation of property, plant and equipment	14	6,970	5,781
Depreciation of right-of-use assets	15	6,366	6,170
Amortization of intangibles	13	6,709	6,243
Income tax (benefit) expense, net	11	(16,287)	5,617
Finance expense (income)	10	28,775	21,128
Unrealized net foreign currency exchange difference		20,309	(24,869)
Share of result of joint ventures		493	(503)
Net (gain) loss on sale of property, plant and equipment	14	25	560
Net loss on sale or disposal of intangibles	13	5,218	56
Impairment loss on property, plant and equipment	14	-	6,723
Impairment loss on right-of-use assets	15	-	374
Impairment loss on intangible assets	13	1,983	859
Impairment loss on goodwill	12	-	5,791
Inventory provision	17	16,574	12,132
Expected credit loss	18	3,358	2,931
Provisions	24	595	91
Cash flow from operating activities before changes in working capital		12,788	89,427
<i>Changes in working capital:</i>			
Trade and other receivables, net		35,557	(5,570)
Amounts owed by related parties		938	2,284
Inventories, net		(2,384)	6,591
Current taxes assets		(3,502)	2,864
Other current assets		2,744	1,433
Trade and other payables		38,383	32,511
Amounts owed to related parties		1,378	3,271

Current taxes liabilities		6,052	(6,507)
Employee benefits and other liabilities		4,253	(8,034)
Provisions	24	(388)	(101)
Other financial assets		2,002	(7,626)
Other assets		1,064	2,560
Cash generated from operations		98,885	113,103
Income tax paid		(10,456)	(5,468)
Cash flow provided by operating activities		\$ 88,429	\$ 107,635
Investing activities			
Acquisition of property, plant and equipment and acquisition of right of use assets	14	(19,375)	(20,331)
Proceeds from sale of property, plant and equipment		43	-
Acquisition and development of intangibles	13	(5,635)	(12,462)
Proceeds from related parties	31	-	42
Payment of hedging derivative financial instruments		(1,792)	(1,878)
Cash flow used in investing activities		\$ (26,759)	\$ (34,629)
Financing activities			
Proceeds from borrowings	20	81,679	83,253
Payments of borrowings	20	(135,620)	(137,955)
Proceeds from secured convertible note	21	38,614	-
Advances from related parties	31	-	-
Payments to related parties	31	-	-
Proceeds from loans with related parties	31	5,000	-
Interest paid on borrowings		(33,556)	(34,832)
Payment of lease liabilities	20	(5,697)	(5,992)
Repurchase of treasury shares		(822)	(2,184)
Other distributions		-	(120)
Cash flow used in financing activities		\$ (50,402)	\$ (97,830)
Net increase (decrease) in cash		11,268	(24,824)
Cash and cash equivalents at beginning of the year		17,514	43,003
Effect of foreign currency exchange rate changes		1,535	(665)
Cash and cash equivalents at end of the year		\$ 30,317	\$ 17,514
Non-cash financing and investing activities ¹		\$ 64,032	\$ 60,165

- ¹ For the year ended December 31, 2024, non-cash investing and financing activities include new lease liabilities \$ 3,849 (December 31, 2023: \$2,574), interest capitalization on property, plant and equipment under IAS 23 \$1,354 (December 31, 2023: \$912), invoices from suppliers financed via reverse factoring classified as Borrowings \$40,739 (December 31, 2023: \$47,161), capitalization of certain liabilities with related parties \$18,090 (December 31, 2023: \$0) and derivative financial liabilities \$0 (December 31, 2023: \$1,792).

The accompanying notes are an integral part of these Consolidated Financial Statements.

Sofgen Pharma, S.A. and subsidiaries (The Group)
Notes to Consolidated Financial Statements
For the years ended December 31, 2024
(In thousands of United Dollars, unless otherwise stated)

Note 1. General Company Information

Sofgen Pharma, S.A., (formerly known as Procaps Group S.A.) (the “Company”), a public limited liability company (société anonyme) governed by the laws of the Grand Duchy of Luxembourg and its subsidiaries (collectively, the “Group”) primarily engages in developing, producing and marketing pharmaceutical solutions. Further information about the Group’s business activities, reportable segments and related party relationships is included in Note 7. Revenue, Note 8. Segment reporting and Note 22. Related party transactions, respectively.

The Group’s principal subsidiaries as of December 31, 2024 and December 31, 2023 are set out below. Unless otherwise stated, they have share capital consisting solely of Ordinary Shares that are held directly by the Group, and the proportion of ownership interests held equals the voting rights held by the Group. The country of incorporation or registration is also their principal place of business.

Name of entity	Place of business/ country of incorporation	Ownership interest held by the Group		Principal activities
		2024	2023	
Procaps S.A.	Colombia	100%	100%	Manufacturing and distribution of prescription and over-the-counter pharmaceutical products.
C.I. Procaps S.A.	Colombia	100%	100%	Manufacturing and distribution of prescription and over-the-counter pharmaceutical products.
Procaps S.A. de C.V	El Salvador	100%	100%	Manufacturing and distribution of prescription and over-the-counter pharmaceutical products.
Softcaps – Colbras	Brazil	100%	100%	Manufacturing and distribution of prescription and over-the-counter pharmaceutical products.
Diabetrics Healthcare S.A.S.	Colombia	100%	100%	Diabetes solutions and chronic disease management tool.

There are no significant restrictions on the ability of the Group to access or use assets and settle liabilities.

The Consolidated Financial Statements of the Group for the years ended December 31, 2024 and December 31, 2023 comprise the Group and its interest in joint ventures, investments and operations. The Group prepares and publishes its Consolidated Financial Statements in United States Dollars (“USD”), and the numbers are rounded to the thousands of USD unless otherwise stated. Foreign operations are included in accordance with the policies set out in Note 2.2. Functional and reporting currency.

The Consolidated Financial Statements were authorized for issue by the Group’s Audit Committee on March 13, 2026.

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Ongoing Military Operation in Ukraine and Related Sanctions

The ongoing military conflict in Ukraine and the international sanctions imposed on the Russian Federation continue to disrupt international commerce and the global economy. In 2023, a subsidiary of the Group located in Colombia entered into

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an ordinary, arm's-length commercial agreement with a Russian entity and commenced the sale and shipment of products to Russia. These transactions are permissible under the current United States sanctions against Russia, as established by the Office of Foreign Assets Control ("OFAC").

During 2024, the Group continued to engage in such transactions, which represented less than 1% of the Group's consolidated net sales for the year ended December 31, 2024. The Group does not hold investments or assets in Russia and, prior to initiating these transactions, performed a compliance due diligence review. As of December 31, 2024, management reassessed the risks associated with these operations and concluded that no financial or other risks were identified.

The Group does not have any additional direct exposure to Ukraine, Russia or Belarus, as it does not maintain operations or sales in those jurisdictions. Management will, however, continue to closely monitor the development and implementation of new U.S. restrictions or prohibitions relating to transactions with Russia.

Note 2. Basis of preparation and accounting

The Consolidated Financial Statements of the Group for the years ended December 31, 2024 have been prepared on a going concern basis in accordance with IFRS Accounting Standards as adopted by the European Union.

The Consolidated Financial Statements consist of the Consolidated Statement of Profit or Loss and Other Comprehensive Income, Consolidated Statement of Financial Position, Consolidated Statement of Changes in Equity and Consolidated Statement of Cash Flows and have been prepared under a historical cost basis, except for certain financial instruments that have been measured at fair value.

The Group opted to present a single Consolidated Statement of Profit or Loss and Other Comprehensive Income, combining the presentation of profit or loss and comprehensive income in the same statement. Due to the activities of the Group, costs and expenses presented in the Consolidated Statement of Profit or Loss and Other Comprehensive Income were classified according to their function.

The Consolidated Statement of Financial Position has been prepared based on the nature of the Group's operations, distinguishing: (a) current assets from non-current assets, where current assets are assets that should be realized, sold or used during the normal operating cycle, the assets are held primarily for the purpose of trading, or the assets owned with the aim of being sold in the short term (within 12 months); (b) current liabilities from non-current liabilities, where current liabilities are liabilities that should be paid during the normal operating cycle, the liability is held primarily for the purpose of trading, the liability is due to be settled within twelve months after the reporting period, or it does not have the unconditional. The Consolidated Statement of Cash Flows has been prepared using the indirect method.

The Consolidated Financial Statements present comparative information in respect of the previous period, December 31, 2023 for Consolidated Statement of Profit or Loss and Other Comprehensive Income, Consolidated Statement of Changes in Equity and Consolidated Statement of Cash Flows and related notes. Foreign operations are included in accordance with the policies set out in Note 2.2. Functional and reporting currency.

The accounting policies set out in Note 3. Material information on accounting policies have been applied in preparing the Consolidated Financial Statements for the year ended December 31, 2024, and the comparative information presented for the years ended December 31, 2023.

The Group has applied accounting judgments, estimates and significant accounting assumptions described in Note 4.1. Critical accounting judgements in preparing the Consolidated Financial Statements.

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Note 2.1. Going concern

Management identified the following events and conditions which cast significant doubt on the Group's ability to continue as a going concern:

Financial debt

As of December 31, 2024, the Group was in breach of certain of the covenants included under the Club Deal Credit Agreement, Note Purchase Agreement ("NPA") and BTG agreements. Refer to Note 24. Borrowings for further details regarding the breach of each covenant. Although none of the lenders declared an event of default under the applicable agreements, these breaches resulted in the lenders having the right to require immediate repayment of the applicable indebtedness and as a result, the Group has classified the respective indebtedness, amounting to \$164 million in the aggregate, to short term debt in current liabilities.

In 2024, Club Deal, NPA and BTG included payment commitments, of which \$18.6 million corresponding to Q1 2024 and Q2 2024 were duly settled. However, in Q3 2024, the Group experienced an adverse liquidity situation that resulted in a missed payment of \$18.7 million. In response, the Group initiated a debt renegotiation process, under which its outstanding obligations were categorized as follows:

- Categories 1, 2, and 3 (Refer to Note 24. Borrowings for further details) comprise the so-called financial debt, amounting to approximately USD 28.3 million. The restructuring of this debt was finalized in December 2024, with payment commitments as follows: monthly installments during 2026 (Category 1); a single payment in December 2025 (Category 2); and principal repayment during 2026 with monthly interest payments from January 2025 through December 2025 (Category 3). As of the date of issuance of these consolidated financial statements, the obligations classified under Categories 2 and 3 have been fully settled in accordance with the agreed terms. Additionally, payments corresponding to Category 1 commenced as scheduled in 2026 and are being performed in line with the contractual repayment calendar. It is important to note that these debt instruments are not subject to any covenant requirements.
- Category 4 corresponds to the largest credit facilities, amounting to approximately USD 188.4 million, entered into with Club Deal; NPA; and BTG Pactual S.A and Banco BTG Pactual S.A. Negotiations related to these borrowings were concluded in April 2025 and resulted in revised interest rates, extended amortization schedules and new covenants, and enhanced collateral packages. Refer to Note 32. Events after the reporting period for further details.

Working capital

As of December 31, 2024, the Group had a net working capital deficit of \$199,178 (2023: \$157,922), which consists of \$226,559 of current borrowings, \$38,747 of Secured convertible note, \$106,991 of trade and other payables, \$7,155 of amounts owed to related parties, \$6,705 of current tax liabilities, net, \$316 of provisions, \$10,098 of employee benefit, \$967 of warrant liabilities, \$16,231 of shares held in escrow, \$2,155 of other non-financial liabilities, offset by \$216,746 of current assets.

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Private capital raise

On March 24, 2025, the Board of Directors of Sofgen Pharma, S.A. approved (i) the issuance, through a private offering of ordinary shares of \$90,000 refer to note 32 Events after the reporting period; and (ii) the amendment to the Secured Convertible Note Subscription Agreement dated November 29, 2024, by and between the Company and Hoche Partners Pharma Holdings S.A., pursuant to which the Company issued the Secured Convertible Note to Hoche on November 29, 2024, in the principal amount of \$20,000 (the “First Note”), and the Secured Convertible Note to Hoche on December 27, 2024, in the principal amount of \$20,000 (the Second Note) refer to note 26. Secured convertible notes.

Management's assessment

As of December 31, 2024, the Group was in breach of certain of its financial covenants, which resulted in the reclassification of an aggregate amount of USD 164 million of debt to current liabilities. In addition, the Group incurred a net loss for the year of USD 68,300 and reported a net working capital deficit of USD 199,178. These conditions indicate that the Group is exposed to significant liquidity risk and reflect a weakened financial position. Taken together, they raise significant doubt about the Group's ability to continue as a going concern, as they may limit the Group's ability to fund its normal operations, service its debt and obtain additional financing from either internal or external sources.

Management has prepared cash flow projections covering the twelve-month period from the issuance date and has assessed the Group's ability to achieve forecast EBITDA levels, meet its obligations and comply with its financial covenants over that period. These projections assume, among other things, the successful execution of revenue growth initiatives, cost-saving measures and continued access to financing. Based on these assumptions, Management believes that the Group will be able to meet its obligations as they fall due. However, there can be no assurance that these plans will be successfully implemented or that the underlying assumptions will be achieved, particularly in light of the Group's current liquidity position, its existing covenant breaches and the volatility in the economic environment in which it operates, including inflationary pressures, rising interest rates, foreign exchange volatility, supply chain disruptions and regulatory constraints on pricing. Accordingly, a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. The consolidated financial statements have been prepared on a going concern basis, which assumes that the Group will be able to realize its assets and discharge its liabilities in the normal course of business. They do not include any adjustments that would be required if the Group were unable to continue as a going concern.

Management has implemented or is in the process of implementing the following plan to mitigate the effects of these events and conditions:

Revenue growth and cost saving

Management has identified specific opportunities for revenue growth. Revenue growth initiatives include the (i) diversification of the customer base for the Nextgel business line and (ii) the partial recovery of sales that could not be fulfilled in 2024 primarily due to liquidity constraints that created difficulties in fulfilling obligations to suppliers, such difficulties have been addressed through a private capital raise executed in the first half of 2025. Refer to note 32. Events after the reporting period.

Additionally, during the last quarter of 2024, the Company reduced sales to certain customers who were overstocked, with the objective of strengthening its negotiating position with those customers. As a result of this strategic decision, the Company expects improvements in higher volume of sales, cost of sales and reductions in working capital investments.

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Also, the Group has identified several gross margin improvement measures. These include negotiations with current and new suppliers to reduce raw material costs, realization of efficiencies from previously implemented cost saving initiatives, price adjustments, and optimization of the product mix with a focus on higher margin offerings.

Additional measures

Management has identified additional measures to further reduce costs and increase total revenues in order to provide sufficient cash flow to meet obligations as they fall due including: (i) reduce discretionary spending on marketing and capital expenditures; (ii) the execution of a strategic divestment plan involving non-core assets and (iii) further reduce headcount.

Subsequent to December 31, 2024, the Group completed a debt restructuring in April 2025 and a capital raise, please refer to note 32, which extended maturities and provided additional flexibility to support liquidity management. In addition, during 2025 the Group strengthened execution discipline and operational monitoring, including tighter cost controls and more rigorous cash management. While these actions have improved short-term liquidity management and visibility versus planning assumptions, the Group's ability to meet its obligations as they fall due remains dependent on continued execution of the initiatives described above and ongoing business performance, which are not fully under management control. Please refer to note 32 Events after the reporting period.

Summary

Management has evaluated the Group's capital position, its ability to continue in the normal course of business for the foreseeable future, specifically regarding its ability to meet its financial obligations for the next twelve months from the closing date. While Management believes that future revenue growth and cost savings will allow the Group to meet its financial obligations and finance its growth, there is no assurance that these plans can be successfully implemented. Failure to successfully implement these plans may have a material adverse effect on the Group's business, results of operations and financial position, and may materially adversely affect its ability to continue as a going concern. As a result, Management concluded there is material uncertainty related to the events and conditions noted above that cast significant doubt on the entity's ability to continue as a going concern. However, Management believes that the Group will be able to successfully implement these plans and, accordingly, have prepared the consolidated financial statements on a going concern basis. As a result, the consolidated financial statements do not include any adjustments relating to the recoverability or classification of assets, the amounts or classification of liabilities, or any further steps that might be needed in the event that the Group cannot continue as a going concern.

Note 2.2. Functional and reporting currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The Consolidated Financial Statements are presented in USD, which is, Sofgen functional and presentation currency.

Note 2.3. Basis of consolidation

The Group's subsidiaries are fully consolidated from the date on which control is transferred to the Group. Consolidation ceases from the date on which control ends.

All financial results are consolidated with similar items on a line-by-line basis. If necessary, adjustments are made to the financial statements of the consolidated companies in order to adapt their accounting policies to those used by the Group.

All transactions, balances, revenues and related expenses between the consolidated companies are eliminated.

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Note 3. Material information on accounting policies

Note 3.1. Goodwill

Goodwill arising from the acquisition of a business is recorded at cost at the acquisition date, less accumulated impairment losses, if any.

Goodwill is stated at cost and not amortized but is tested for impairment on an annual basis and whenever there is an indicator that the cash-generating unit to which goodwill has been allocated may be impaired.

3.1.1 Goodwill impairment

Goodwill is tested for impairment annually at the cash-generating unit level, which is the level at which the assets generate largely independent cash inflows and are monitored for internal management purposes. An impairment loss is recognized whenever the carrying amount of an asset or the related cash-generating unit exceeds its recoverable amount. Impairment losses are recognized in the Consolidated Statement of Profit or Loss and Other Comprehensive Income and are not subsequently reversed.

Impairment losses recognized for cash-generating units first reduce allocated goodwill and then the carrying amounts of the other non-financial assets in the unit on a pro rata basis.

Refer to Note 13. Goodwill and Note 4.1. Critical accounting judgements for further information on the goodwill exposure and estimates applied, respectively As of December 31, 2024 and 2023 Goodwill is totally impaired.

Note 3.2. Transactions in foreign currency

When preparing the financial statements of the individual underlying entities of the Group, transactions in a currency other than the functional currency of the entity (“foreign currency”) are recorded using the exchange rates in effect on the transaction date. At the end of each reporting period, monetary items denominated in a foreign currency are translated at the exchange rates prevailing on that date. Non-monetary items calculated in terms of historical cost, in foreign currency, have not been translated.

For purposes of presenting the Consolidated Financial Statements, the assets and liabilities of the Group’s foreign currency transactions are expressed in USD, using the exchange rates prevailing at the end of the respective reporting period. Revenues and expenses are translated at the average exchange rates for the respective period. The exchange differences that arise, if applicable, are recognized through other comprehensive income and are accumulated in equity (attributed to the non-controlling interests when appropriate).

Note 3.3. Leases - Right-of-use assets & lease liabilities

The Group assesses whether a contract is or contains a lease at contract inception. The Group recognizes a right-of-use asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of less than 12 months) and leases of low value assets (defined as assets with a value less than five thousand USD). For these leases, the Group recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease, and payments for these leases are presented in the combined statements of cash flows from operating activities. The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement date, any initial direct costs, and less any lease incentives received. They are subsequently measured at cost less accumulated depreciation and impairment losses. Depreciation of right-of-use assets commences at the commencement date and is calculated on a straight-line basis over the shorter of the lease term and the useful life of the underlying asset. However, if the lease transfers ownership of the underlying asset to the Group by the end

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of the lease term, or if the cost of the right-of-use asset reflects that the Group will exercise a purchase option, the right-of-use asset is depreciated from the commencement date to the end of the useful life of the underlying asset.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the interest rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate specific to the country, term and currency of the contract. In addition, the Group considers its recent indebtedness as well as publicly available data for instruments with similar characteristics when calculating the incremental borrowing rates.

Lease payments include fixed payments, any lease incentives receivable, variable lease payments that depend on an index or a rate known at the commencement date, and purchase options or extension option payments if the Group is reasonably certain to exercise these options. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and right-of-use asset and are recognized as an expense in the Consolidated Statement of Profit or Loss and Other Comprehensive Income in the year/period in which the event or condition that triggers those payments occur. A lease liability is remeasured upon a change in the lease term, changes in an index or rate used to determine the lease payments or reassessment of exercise of a purchase option. The corresponding adjustment is made to the related right-of-use asset.

The lease liability is presented in Borrowings and the Right-of-use assets are presented in a single line in the Consolidated Statement of Financial Position.

Note 3.4. Financial assets

3.4.1 Classification of financial assets

If and when applicable the Group follows the framework and requirements outlined in IFRS 9 - Financial Instruments to classify financial assets based on whether:

- The financial asset is held within a business model whose objective is to collect contractual cash flows or whose objective is achieved through the collection of contractual cash flows and the sale of financial assets; and
- The contractual terms give rise to cash flows that are only payments of principal and interest.

By default, all other financial assets are subsequently measured at fair value through profit or loss.

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 30 days and are therefore all classified as current. Trade receivables are recognized initially at the amount of consideration that is unconditional, unless they contain significant financing components, when they are recognized at fair value. The Group holds the trade receivables with the objective of collecting the contractual cash flows and therefore, measures them subsequently at amortized cost using the effective interest method.

3.4.2 Gains and losses in foreign currency

Trade receivables denominated in a currency other than the subsidiaries' functional currency are determined in that foreign currency and converted to the subsidiaries' functional currency at the end of each reporting period using the then prevailing spot rate. Exchange differences are recognized through profit or loss and are classified within other expenses.

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3.4.3 Impairment of financial assets

The Group recognizes an impairment for expected credit losses on trade and other receivables.

The Group applies the 'simplified' approach as required by IFRS 9 - Financial Instruments since generally the Group's trade receivables do not include a significant financing component. The Group recognizes the lifetime expected credit losses over the life of the trade receivables.

Other receivables are generally assessed individually and a lifetime expected credit loss is estimated based on the receivable and debtor specific facts and circumstances.

3.4.4 Definition of default

The Group considers that an event of default has occurred when more than 50% of the customers trade receivable balance is more than 90 days overdue, unless there is reasonable and supportable information to demonstrate that such default is not in existence.

3.4.5 Impaired trade receivables

A financial asset has been impaired when one or more events have occurred that have a negative impact on the estimated future cash flows of the trade receivable. The evidence of credit impairment includes observable data on the following events:

- significant financial difficulty of the customer;
- customer enters into or is likely to enter into bankruptcy;
- a breach of contract, such as an expired event; and
- for economic or contractual reasons one or more concessions have been granted.

3.4.6 Measurement of impairment

The expected credit losses on trade receivables are estimated using a methodology where a probability of default is estimated based on historical information, adjusted for current and forecasted economic conditions, if applicable. If applicable and significant, the Group may adjust the provision based on a probability weighting of various scenarios and factors in the time value of money:

- Probability of default ('PD'): The PD is derived by analyzing a rolling dataset of twenty-four months in which trade receivables are tracked and analyzed as they move through the aging buckets.
- Loss given default: The Group typically defines the loss given default to be one hundred percent.
- Exposure at default: The trade receivable balance as of the reporting date, net of advances and credit notes.

As of the reporting dates presented, the Group has not deemed these to be significant.

The Group estimates the probability of default at the pool level and then applies such pool level PD to the trade receivables within that pool. The Group generally defines each pool within its main subsidiaries as:

- Domestic

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- Export
- Government
- Related parties

The Group recognizes an impairment loss or gain in the aggregate for all trade receivables as a provision with corresponding amount recognized in *Sales and marketing expenses*.

The Group writes-off individual trade receivables when they become 365 days past due.

3.4.7 Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the asset's cash flows expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Group does not transfer or substantially retains all risks and rewards of ownership and continues to control the transferred asset, the Group recognizes its interest retained in the asset and an associated liability for the amounts to be paid. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset and also recognizes a loan secured by the consideration received. Upon derecognition of a financial asset measured at amortized cost, the difference between the carrying amount of the asset and the sum of the consideration received and receivable is recognized through profit or loss.

The Group also derecognizes a financial asset when there is information which indicates that the counterparty is in serious financial difficulty and there is no realistic prospect of recovery. The derecognized financial assets may still be subject to compliance activities in accordance with the Group's recovery procedures, taking into account legal advice when appropriate. Any recovery is recognized through profit or loss when occurs.

Accounts receivable factoring

As part of the regular business and in case of immediate cash needs, the Group could sell its accounts receivable (i.e., invoices) to a third party (factor) at a discount. The Group analyzes whether these transactions are *with recourse* or *without recourse* and applies the recognition criteria in IFRS 9 - Financial Instruments to assess whether the arrangement transfers substantially all risks and rewards to the factor. For arrangements *with recourse*, where substantially all risks and rewards have not been transferred, the cash received from the factor is accounted for as a secured borrowing. In the case of arrangements *with recourse*, the assets are not derecognized. In contrast, for arrangements without recourse, where the Group transfers substantially all the risks and rewards of the receivables to the factor, including the credit risk, and retains no significant control, the accounts receivable are derecognized.

Note 3.4.8. Derivative financial instrument and hedge accounting

Derivative financial instruments are initially measured at fair value. Subsequent to initial recognition, they are measured at fair value, and changes therein are recognized in profit or loss.

The Group designates certain derivatives as hedging instruments to hedge foreign currency exposure related to net investments in foreign operations. At the inception of the hedge relationship, the Group documents the economic relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking the hedge.

Hedges of net investments in foreign operations

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When a derivative instrument or a non-derivative financial liability is designated as the hedging instrument in a hedge of a net investment in a foreign operation, the effective portion of changes in the fair value of a derivative or foreign exchange gains and losses for a non-derivative is recognized as Net investment hedge in Other Comprehensive Income and presented under such concept within Equity. The gain or loss relating to the ineffective portion is recognized immediately in profit or loss and is included in the Other income (expense), net. Gains and losses on the hedging instrument are accumulated in Other Comprehensive Income and will be reclassified to profit or loss on the disposal or partial disposal of the foreign operation.

Note 3.5. Inventories, net

Inventories are presented at the lower of acquisition cost or net realizable value. Cost is determined by the weighted average method. The net realizable value represents the estimated sale price less all the estimated termination and selling costs. The cost of finished products and products in progress includes the costs of raw materials, direct labor, other direct costs and the respective direct production expenses (based on normal operating capacity), excluding borrowing costs. Inventories are presented net of the allowances for obsolescence and, in consolidation, net of eliminations of unrealized profit on inventories.

Note 3.6. Property, plant and equipment, net

Property, plant and equipment are measured at historical cost less accumulated depreciation and any impairment loss, except for those acquired in a business combination, which are then recorded at fair value; assets under construction and land are not depreciated. The cost of the property, plant and equipment is the fair value of the consideration initially provided to acquire or construct the item and prepare it for use. Subsequent costs incurred for repair and maintenance, are expensed in the Consolidated Statement of Profit or Loss and Other Comprehensive Income unless these costs meet the criteria for capitalization (i.e., extension of the useful life). Depreciation commences when the assets are ready for use. Property, plant and equipment is depreciated based on the straight-line method over estimated useful lives.

An item of property, plant and equipment will be derecognized upon disposal or when future economic benefits from the continued use of the asset are no longer expected. The gain or loss arising from the derecognition is measured as the difference between the net disposal proceeds and the carrying amount of the asset and is recognized through profit or loss.

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The useful lives of property, plant and equipment are:

Buildings	20 - 40 years
Machinery and equipment	10 - 20 years
Furniture and fixtures	2 - 10 years
Other equipment	2 - 5 years

Note 3.7. Intangible assets

3.7.1 Internally generated intangible assets

Disbursements originated by research activities are recognized as an expense in the period in which they are incurred.

An internally generated intangible asset as a result of development activities (or the development phase of an internal project) is recognized if, and only if, the following conditions are met:

- It is commercially and technically feasible to complete the production of the intangible asset so that it can be available for use or sale;
- Management intends to complete the intangible asset in question in order to use or sell it or can demonstrate the way in which the intangible asset will likely generate future economic benefits;
- Adequate technical, financial or other resources are available to complete the development and to use or sell the intangible asset; and
- The Group is able to reliably measure the disbursement attributable to the intangible asset during its development.

The expenses incurred in developing new pharmaceutical technologies, combination of active ingredients and formulation improvements meet the conditions of the previous paragraph, usually from the beginning of pilot batches (completion of the experimental batch stage), at which point Management considers that achieving regulatory approval (sanitary records) is a legal formality.

The amount initially recognized for an internally generated intangible asset will be the sum of the disbursements incurred once the element meets the recognition conditions. When an internally generated intangible asset cannot be recognized, development disbursements are charged through profit or loss in the period in which they are incurred.

Subsequent to initial recognition, an internally generated intangible asset will be accounted for at cost less accumulated amortization and the accumulated amount of impairment losses, on the same basis as intangible assets that are acquired separately.

3.7.2 Disposal of intangible assets

An intangible asset is derecognized at the time of its disposal, or when future economic benefits of its use or disposal are not expected. Gains or losses arising from the derecognition of an intangible asset, measured as the difference between the net proceeds from the sale and the carrying amount of the asset, are recognized through profit or loss when the asset is derecognized.

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3.7.3 Impairment of definite-lived tangible and intangible assets and intangibles not yet available for use, and other assets

At the end of each reporting period, the Group evaluates the carrying amounts of its definite-lived tangible and intangible assets in order to identify any indication that these assets have been impaired. In such a case, the recoverable amount of the asset is calculated in order to determine the extent of the impairment loss (if any). Intangible assets not yet available for use are tested for impairment annually to determine if an impairment loss should be recognized. When it is not possible to estimate the recoverable amount of an individual asset, the Group calculates the recoverable amount of the cash generating unit to which the asset belongs. When a reasonable and consistent basis of distribution is identified, the common assets are also allocated to the individual cash generating units or distributed to the smallest group of cash generating units for which a reasonable and consistent distribution base can be identified. The recoverable amount is the higher of the fair value less disposal costs and the value in use. When estimating the value in use, the estimated future cash flows are discounted to the present value, using a pre-tax discount rate that reflects the current market valuations with respect to the time value of money and the specific risks for the asset for which the future cash flow estimates have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) calculated is less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. Impairment losses are recognized immediately through profit or loss. If an impairment loss is subsequently reversed, the carrying amount of the asset (or cash-generating unit) increases to the revised estimated value of its recoverable amount, so that the increased carrying amount does not exceed the carrying amount that would have been calculated if the impairment loss had not been recognized for said asset (or cash-generating unit) in previous years. The reversal of an impairment loss is automatically recognized through profit or loss.

3.7.4 Amortization of internally generated intangibles

Internally-generated intangible assets such as licenses, bioequivalence studies, new platforms, tablet improvements, combinations and concentrations, and soft gel capsule improvements, among others, are of finite useful lives and their amortization period will begin only when the following two milestones are met:

- The pre-industrial batch is completed with satisfactory results.
- The regulatory body approves the corresponding sanitary records.

When these milestones are met, the capitalized developments will have met the necessary conditions to generate economic benefits in accordance with management's expectations, so the amortization of the assets begins using the straight-line method through profit or loss during the minimum projected time of generated economic benefits.

The amortization will also cease at the earliest of either the date when the asset is classified as held for sale or the date when the asset is derecognized.

3.7.5 Useful lives of intangibles

The following useful lives are used to calculate amortization:

Trademarks	10 – 20 years
Sanitary records	2 – 5 years
Licenses, customers and agreements	3 – 10 years
Product development	3 years

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Note 3.8. Assets classified as held for sale

Non-current assets and disposal groups are classified as held for sale when their carrying amount is expected to be recovered principally through a sale transaction rather than through continuing use. The classification is applied only when the asset or disposal group is available for immediate sale in its present condition and the sale is highly probable. Management must be committed to a plan to sell the asset or disposal group, and the sale is expected to be completed within one year from the date of classification, in accordance with IFRS 5.

Upon classification as held for sale, non-current assets and disposal groups are measured at the lower of their carrying amount and fair value less costs to sell. Non-current assets classified as held for sale are not depreciated or amortized. Subsequent changes in fair value less costs to sell are recognized in profit or loss, except that gains are recognized only to the extent of previously recognized impairment losses on the asset or disposal group.

Note 3.9. Financial liabilities and equity instruments

3.9.1 Classification as debt or equity

Debt and equity instruments are classified as financial liabilities or equity in accordance with the substance of the contractual agreement and definitions of financial liability and equity instrument.

3.9.2 Equity instruments

An equity instrument consists of any contract that evidences a residual interest in the assets of an entity, after deducting all of its liabilities. Equity instruments issued by a Group entity are recognized proceeds received, net of direct issuance costs.

The repurchase of equity instruments of the Group is recognized and deducted directly in equity for the amount of consideration paid, which includes directly attributable costs. Repurchased shares are classified as treasury shares and are presented in the Treasury shares reserve. When treasury shares are sold or reissued subsequently, the amount received is recognized as an increase in equity and the resulting surplus or deficit on the transaction is presented within share premium. No gain or loss is recognized through profit or loss, arising from the purchase, sale, issue or cancellation of the equity instruments of the Group.

3.9.3 Financial liabilities

Financial liabilities are initially recognized at fair value, net of transaction costs directly attributable to the issuance, unless the liability is designated at fair value through profit or loss. Subsequently, financial liabilities are measured at amortized cost using the effective interest method.

3.9.4 Convertible notes and compound financial instruments

The Group issues secured convertible notes that contain both a contractual obligation to deliver cash and a right of conversion into the Group's own equity instruments. In accordance with IAS 32 - Financial Instruments: Presentation, such instruments are classified as compound financial instruments and are separated into their liability and equity components on initial recognition.

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Initial recognition

On initial recognition, the compound financial instrument is separated as follows:

- The liability component represents the contractual obligation to pay principal and interest in cash while conversion has not occurred. This component is initially recognized at fair value, determined by discounting the contractual future cash flows (principal and interest) using a market interest rate applicable to similar instruments without a conversion feature.
- The equity component represents the holder's right to convert the notes into the Group's ordinary shares, as well as any additional equity-linked rights arising from the conversion terms (including, when applicable, the issuance of warrants). The equity component is measured as the residual amount, being the difference between the total proceeds received and the fair value of the liability component and is recognized directly in equity.

Transaction costs are allocated between the liability and equity components based on their relative fair values at initial recognition.

Subsequent measurement

After initial recognition:

- The liability component of the convertible notes is measured at amortized cost using the effective interest method, in accordance with IFRS 9 - Financial Instruments. Interest expense is recognized in profit or loss over the relevant period, including interest that is contractually capitalized to the principal balance (payment-in-kind interest).
- The equity component is not remeasured subsequently and remains within equity until conversion, settlement, or expiry of the instrument.

The liability component is classified as current or non-current based on its contractual maturity at the reporting date.

Conversion and settlement

Upon conversion of the convertible notes into ordinary shares of the Group, the carrying amount of the liability component together with the related equity component is reclassified to share capital and share premium, as applicable, with no impact on profit or loss.

If the convertible notes are redeemed or reach maturity without conversion, the liability component is derecognized upon settlement, while the equity component remains unmodified within equity.

Contractual adjustments and contingent features

Convertible notes may include contractual features such as automatic or optional conversion clauses, adjustments to the conversion price (anti-dilution provisions), triggering events, and obligations to issue additional equity instruments, such as warrants.

The Group assesses such features at each reporting date to determine whether they affect the classification or measurement of the instrument, in accordance with IAS 32 - Financial Instruments: Presentation and IFRS 9 - Financial Instruments, considering the specific contractual terms and facts and circumstances existing at the reporting date.

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Guarantees

Convertible notes issued by the Group may be secured by guarantees, including pledges over shares of subsidiaries. The existence of such guarantees does not affect the classification of the instrument as a compound financial instrument but is disclosed in the notes to the financial statements in accordance with IFRS 7 - Financial Instruments: Disclosures.

Disclosures

In accordance with IFRS 7 - Financial Instruments: Disclosures, the Group discloses in the notes to the consolidated financial statements information that enables users to evaluate the significance of convertible notes for the Group's financial position and performance, and the nature and extent of risks arising from such instruments.

3.9.5 Warrant liabilities

The Group has warrants that are initially recognized at fair value on the date a derivative contract is entered into, and they are subsequently remeasured to their fair value at the end of each reporting period. Gains and losses will be recorded in profit or loss.

3.9.6 Shares held in escrow

The shares to be delivered, in an escrow, are initially recognized at fair value of the equity instruments granted for services received in an equity-settled share-based payment determined at grant date, and they are subsequently remeasured to their fair value at the end of each reporting period until they are released from escrow or are forfeited.

Note 3.10. Trade and other payables

Trade and other payables are recognized when the Group has a legal or a constructive obligation, as a result of a past event, and it is probable that there may be an outflow of resources embodying economic benefits to settle the obligation and the obligation can be measured reliably. These amounts represent liabilities for goods and services provided to the Group prior to the end of the reporting period which are unpaid. The average credit period for purchases is between 90 and 180 days, including cases in which the invoices have been assigned by the supplier to third parties. Other payables correspond mainly to employment obligations and provisions.

Reverse factoring

Suppliers of the Group initiate and enter into reverse factoring arrangements in which the Group participates. Under such arrangements suppliers sell or assign their receivables from the Group to third parties (i.e., 'the factor'), after which the Group pays and settles the underlying invoices directly with the factors. Provided that certain conditions are met, the invoices sold or assigned to factors remain classified within trade and other payables. The criteria are that: 1) the assignment is contractually initiated and decided by the supplier, 2) it does not extend the period in which the Group regularly pays the supplier, 3) the amount of the invoices is not modified, and there are no charges in this regard by third parties. Otherwise, the Group reclassifies those balances as a financial liability, other term loans with a corresponding reclassification from operating cash flows to financing cash flows, for the amount paid to factors.

Note 3.11. Taxes

Income tax expense represents the sum of current income tax payable and deferred tax.

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3.11.1 Current tax

Current tax is based on the taxable income registered during the year. The taxable income differs from the income reported in the Consolidated Statement of Profit or Loss and Other Comprehensive Income, due to the items of income or expenses that are taxable or deductible in other years and items that are never taxable or deductible. The liabilities of the Group for current tax purposes are calculated using the tax rates enacted or substantially approved at the end of the respective reporting period.

3.11.2 Deferred tax

Deferred tax is recognized on temporary differences between the carrying amount of the assets and liabilities included in the Consolidated Financial Statements and the corresponding tax basis used to determine the taxable income. The deferred tax liability is generally recognized for all temporary tax differences. A deferred tax asset will be recognized, as a result of all deductible temporary differences, to the extent that it is likely that each entity will have future taxable income against which to charge those deductible temporary differences. These assets and liabilities are not recognized if the temporary differences arise from the initial recognition (rather than through a business combination) of other assets and liabilities in an operation that does not affect the taxable income or the accounting income. In addition, deferred tax liabilities are not recognized if the temporary difference arises from the initial recognition of goodwill.

A deferred liability is recognized for taxable temporary differences associated with investments in subsidiaries and joint ventures, and interests in joint ventures, except for those in which the Group is able to control the reversal of the temporary difference and when there is a possibility that it cannot be reversed in the near future. Deferred tax assets arising from the deductible temporary differences associated with such investments and participation are only recognized to the extent that it is likely that each entity will have future taxable profits against which to charge those temporary differences and when there is the possibility that these can be reversed in the near future.

The carrying amount of a deferred tax asset must be reviewed at the end of each reporting period and reduced, to the extent that it is likely that it will not have sufficient taxable income in the future to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured using the tax rates expected to be applied in the period in which the asset is realized or the liability is settled, based on the rates (and tax laws) enacted or substantively enacted at the end of the respective reporting period.

The measurement of deferred tax liabilities and deferred tax assets will reflect the tax consequences that would arise based on each Group company's expectations, at the end of the reporting period, to recover or settle the carrying amount of their assets and liabilities.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets and relate to taxes levied by the same tax authority on the same taxable entity, or on different taxable entities.

3.11.3 Current and deferred taxes

Current and deferred taxes are recognized through profit or loss, except when they relate to items listed in other comprehensive income or directly in equity, in which case the current or deferred tax is also recognized through other comprehensive income or directly in the equity, respectively. In cases of business combinations, when the current tax or deferred tax arises from the initial accounting of the business combination, the tax effect is considered within the accounting of the business combination.

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Note 3.12. Provisions, Contingent Liabilities and Contingent Asset

Provisions are recognized when (i) the Group has a present legal or constructive obligation as a result of past events, (ii) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and (iii) a reliable estimate of the amount of the obligation can be made. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

3.12.1 Disputes and litigation

A provision for disputes and litigation is recognized when it is more likely than not that the Group will be required to make future payments as a result of past events, such items may include but are not limited to claims, lawsuits and actions relating to employment related disputes and claims from tax authorities.

3.12.2 Contingent Liabilities and Contingent Asset

Contingent liabilities are not recognized in the financial statements. However, they are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. In contrast, contingent assets are not recognized in the financial statements unless the inflow of economic benefits is virtually certain. In the event the inflow of benefits is probable but not practically guaranteed, the Group does not recognize the asset but discloses relevant information. If the inflow is not probable, no asset is recognized and no disclosure is required.

Note 3.13. Employee benefits

Note 3.13.1. Retirement and termination benefit costs

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service entitling them to the contributions. Payments made to state-managed retirement benefit plans are accounted for as payments to defined contribution plans where the Group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurements for actuarial gains and losses are recognized immediately in the Consolidated Statement of Financial Position with a charge or credit to other comprehensive income in the period in which they occur. Remeasurements recognized in other comprehensive income are not reclassified. Past service cost is recognized in profit or loss when the plan amendment or curtailment occurs or when the Group recognizes related restructuring costs or termination benefits, if earlier. Gains or losses on settlement of a defined benefit plan are recognized when the settlement occurs. Net interest is calculated by applying a discount rate to the net defined benefit liability.

Defined benefit costs are split into three categories:

- service cost, which includes current service cost, past service cost and gains and losses on curtailments and settlements;
- net interest expense; and
- remeasurements.

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The retirement benefit obligation recognized in the Consolidated Statement of Financial Position represents the deficit or surplus in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

A liability for a termination benefit is recognized at the earlier of when the Group can no longer withdraw the offer of the termination benefit and when the Group recognizes any related restructuring costs.

Discretionary contributions made by employees or third parties reduce service cost upon payment of these contributions to the plan.

Note 3.13.2. Short-term employee benefits

A liability is recognized for benefits accruing to employees in the form of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Note 3.14. Revenue recognition

The Group recognizes revenues from the sale of pharmaceutical products and the provision of services primarily related to product development projects.

Revenue is measured based on the consideration specified in a contract with a customer and excludes balances collected on behalf of third parties. The Group recognizes revenue when transferring control of a product or service to a customer.

The Group recognizes a variable consideration component in the transaction price when it expects to provide discounts, rebates, early settlement discounts, incentives, refunds, or other similar price reductions to customers, whether explicitly stated in the contract or arising from customary business practices.

Additionally, the transaction price is reduced for payments made to customers that do not represent a separate good or service received, such as commissions or incentives paid for purchases made by the customer itself. These amounts are recognized as a reduction of revenue when they relate directly to the revenue contract.

3.14.1 Sale of goods

Revenue from the sale of goods is recognized when the control of the goods is transferred (both in export and domestic operations) and the performance obligations have been fulfilled by the Group, which occurs when the product is delivered to the location specified by the customer, according to the agreed shipping terms. Revenues are reduced by discounts or rebates and other similar allowances estimated for customers.

3.14.2 License revenues

Revenue from the sale of intellectual property (licenses) is recognized based on the evaluation of whether an entity's commitment to grant a license provides the customer with a right to access intellectual property, which is transferred over time, or a right to use the intellectual property of an entity, which is transferred at a point in time.

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The license is a commitment to provide a right to access the entity's intellectual property if all the following criteria are met:

- the contract requires, or the customer reasonably expects, that the entity carries out activities that significantly affect the intellectual property to which the customer is entitled;
- the rights granted by the license directly expose the customer to the positive or negative effects of the entity's activities identified in subsection a above; and
- those activities do not result in the transfer of a good or service to the customer as such activities take place.

If these criteria are not met, the license grants the customer a right to use the license, and the transaction is recognized when the license is granted to the customer.

3.14.3 Service provision

Revenue from service contracts is recognized based on the percentage of completion of the contract. If the Group transfers control of a service to satisfy the performance obligation over time, it then recognizes revenue over time, if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the entity's performance as the entity performs;
- the entity's performance creates or enhances an asset that the customer controls as it is created or enhanced; or
- the entity's performance does not create an asset with an alternative use for the entity and the entity has an enforceable right to payment for performance that has been completed to date.

3.14.4 Sale of trademarks and sanitary records

Revenue from contracts for the sale of a trademark or sanitary records is recognized at the point of the transfer of possession, use, enjoyment and other real and personal rights at the price agreed in the contract, fulfilling the following conditions:

- The customer has the right to all the benefits of the commercial use of the trademark or sanitary records.
- The customer can redirect the use of the trademark or sanitary records.
- The customer is responsible for sales, marketing and advertising activities.
- The customer obtains control of the trademark or sanitary records, which includes the ability to prevent other entities from directing the use of, and obtaining the benefits from, the trademark or sanitary records.

Note 3.15. Segment reporting

An operating segment is a component that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the other components, and for which discrete financial information is available. The Group is engaged in the business of developing, producing and marketing pharmaceutical solutions and related activities and is considered an integrated international healthcare and pharmaceutical company across the three core therapeutic areas: hospitals/clinics, pharmacies (prescription) and over-the-counter (non-prescription). The Group's customer revenue recognition (external revenue) policy has been consistent with inter-segment revenue generated.

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The Group's business is organized and managed through a combination of geographical regions and business units through 40 legal entities, of which 23 are operating entities, divided in five strategic divisions, which are its operating segments. These divisions offer different products and services and are managed separately as they require different technology and marketing strategies. The five operating segments correspond to each of its five reportable segments for financial reporting purposes.

The following summary describes the operations of each reportable segment:

Reportable segment	Operations
NextGel	Development and manufacturing of Softgel and related technologies in USA, Brazil and Colombia
Procaps Colombia	Manufacturing and distribution of prescription and over-the-counter pharmaceutical products in Colombia
CAN	Manufacturing and distribution of prescription and over-the-counter pharmaceutical products in Northern Central America (Salvador, Guatemala, Nicaragua and Honduras)
CASAND	Manufacturing and distribution of prescription and over-the-counter pharmaceutical products in Southern Central America (Panama and Costa Rica) and the North Andes District (Ecuador, Peru and Bolivia)
Diabetrics	Diabetes solutions and chronic disease management tool

The Group's chief executive officer reviews the internal management reports of each division at least quarterly.

Note 3.16. Principles of consolidation and equity method

Non-controlling interests in the results and equity of subsidiaries are shown separately in the Consolidated Statement of Profit or loss and Other Comprehensive Income, Consolidated Statement of Changes in Equity and Consolidated Statement of Financial Position respectively.

3.16.1. Joint ventures

Joint ventures are arrangements whereby the Group maintains joint control of the underlying net assets of the arrangement with the counterparties. The Group holds a single 0% interest in one joint venture and the Group holds 0% of the voting rights and management board representation. Investments in joint ventures are accounted for using the equity method of accounting, after initially being recognized at cost.

3.16.2. Equity method

Under the equity method of accounting, the investments are initially recognized at cost and adjusted thereafter to recognize the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from joint ventures are recognized as a reduction in the carrying amount of the investment.

Where the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealized gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

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Accounting policies of equity-accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in *3.7.3 Impairment of definite-lived tangible and intangible assets and intangibles not yet available for use, and other assets.*

3.16.3. Changes in ownership interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognized in a separate reserve within equity attributable to owners of the Group.

When the Group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognized in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to profit or loss.

If the ownership interest in a joint venture or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognized in other comprehensive income are reclassified to profit or loss where appropriate.

Note 3.17. Earnings Per Share

Earnings per share is computed by dividing basic net income attributable to ordinary shareholders by the weighted-average number of Ordinary Shares outstanding. Diluted income per ordinary share is computed by dividing diluted net income attributable to ordinary shareholders by the weighted-average number of Ordinary Shares outstanding plus dilutive potential Ordinary Shares, if any. Dilutive potential Ordinary Shares include outstanding warrants or other contracts to issue ordinary stock and are determined by applying the treasury stock method or if-converted method, as applicable, if dilutive.

For the years ended December 31, 2024 and 2023 no dilutive effect has been identified.

Note 4. Critical accounting judgements and key sources of estimation uncertainty

In the application of the accounting policies, which are described in Note 3. Material information on accounting policies, management must make judgments, estimates and assumptions about the carrying amounts of the assets and liabilities that are not readily observable in other sources. The estimates and underlying assumptions are based on historical experience and other relevant factors. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed regularly. Changes to accounting estimates are recognized in the period of the review, if the change only affects that period, or in future periods if the change affects both the current and subsequent periods.

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Note 4.1. Critical accounting judgements

4.1.1 Reverse factoring

Significant judgement is involved to evaluate whether a liability under a reverse factoring arrangement is in essence a continuation of an account payable or a derecognition of the account payable liability and recognition of a financing liability. The Group evaluates the requirements under IFRS 9 - Financial instruments and applies judgment to the facts and circumstances as a whole. Specifically, whether interest charged from the suppliers to the Group creates a substantial change in the amount payable, i.e., financing.

4.1.2 Factoring

The Group enters into factoring arrangements where it sells or assigns certain trade receivables to third parties under both recourse and non-recourse programs. Similar, to reverse factoring, significant judgment is required under IFRS 9 to assess whether the Group has substantially transferred all risk and rewards incidental to the trade receivables to the factor. Specifically, whether or not the factor has the right to collect the unpaid invoice amount from the transferor (seller).

4.1.3 Going Concern

Refer to Note 2.1. Going concern for judgements related to going concern.

4.1.4 Secured Convertible Note

The classification and measurement of convertible notes require the use of significant judgment, particularly in determining whether the instruments should be accounted for as financial liabilities, equity instruments, or as compound instruments with separately recognized liability and equity components. This assessment considers the contractual terms, the effective interest rate, conversion features and relevant market to determine the fair value of the financial liability.

Note 4.2. Key sources of estimation uncertainty

4.2.1 Goodwill impairment

Determining whether goodwill has been impaired involves calculating the value in use of the cash generating units to which the goodwill has been assigned. The calculation of value in use requires the entity to determine the future cash flows that should arise from the cash-generating units and an appropriate discount rate to calculate the present value. When actual future cash flows are less than expected, an impairment loss may arise.

Goodwill impairment testing relies on a number of critical judgments, estimates and assumptions. Goodwill is tested for impairment at the cash generating unit level. The Group tests at least annually for impairment by calculating the recoverable amount of the cash generating unit and comparing this to its carrying value.

The Group's impairment testing methodology is in accordance with IAS 36 - Impairment, where the value in use approach is taken into consideration.

The value in use calculations primarily use cash flow projections. There are a number of assumptions and estimates involved for the preparation of cash flow projections. Key assumptions include the growth rate, expected market share, expected gross margin and selection of discount rates, to reflect the risks involved.

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Management prepared the financial projections reflecting actual and prior year/period performance and market development expectations. Judgement is required to determine key assumptions adopted in the cash flow projections and changes to key assumptions can significantly affect these cash flow projections and therefore, the results of the impairment reviews. Refer to Note 16. Intangible assets for further information on the goodwill exposure and estimates applied.

4.2.2 Provisions for contingencies, litigation and lawsuits

The litigation and lawsuits to which the Group is exposed are managed by appropriate legal personnel and are primarily related to labor, civil and administrative disputes. The Group considers that a past event has given rise to a present obligation if there is no realistic alternative to settling the present obligation, independent of future events, considering all the evidence available at the reporting date. It is understood that the probability of an event is more likely than not when the likelihood of occurrence is greater than 50%, in which case the provision is recorded. The possible obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events that are not entirely under the control of the Group are not recognized in the Consolidated Statement of Financial Position, but are disclosed as contingent liabilities. The occurrence or non-occurrence of events that are deemed remote are not recorded or disclosed. The Group uses the professional judgment of internal and external specialists to determine the possibility of the occurrence of a present obligation. In the estimation of the provision for litigation and lawsuits, Management considers assumptions such as appraisal of the attorneys, estimated duration of the litigation or lawsuit and statistical information of litigation or lawsuits with similar characteristics, among others.

4.2.3 Impairment of accounts receivable

The Group evaluates the impairment of its accounts receivable by the expected credit loss model where it determines its value based on the probability of default, the loss due to default (i.e., the extent of the loss in case of default) and the exposure in the default. The assessment of the probability of default and the loss due to default is based on historical data adjusted by prospective information. Further details of other judgments are in Note 3. Material information on accounting policies.

4.2.4 Recognition of deferred tax assets

Deferred tax assets are recognized for all deductible temporary differences only to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be used. In determining whether it is probable that taxable profit will be available to realize the Group's deferred tax assets, Management considered the following sources of taxable income:

- Reversal of taxable temporary differences
- Future taxable profit excluding reversal of temporary differences
- Tax planning opportunities

4.2.5 Private warrants

The private warrants are recorded as financial liabilities on the Consolidated Statement of Financial Position and are remeasured on each reporting date. In assessing the fair value of the private warrants, a Black-Scholes option pricing formula for European calls was used since the warrants are not publicly traded. The model requires the input of subjective assumptions, including the volatility of its own ordinary shares, the expected life, and strike price of the warrants. Any changes in these assumptions can significantly affect the estimate of the fair value of the warrants.

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4.2.6 Shares held in escrow

Significant judgement is involved to evaluate whether a contract that may be settled in the issuer's own equity instruments meets the equity or liability classification. The shares to be delivered in an escrow are recorded as financial liabilities on the Consolidated Statement of Financial Position and are remeasured on each reporting date. In assessing the fair value of the shares, Monte Carlo simulation was applied in a risk-neutral framework assuming a Geometric Brownian Motion for the future stock price. This model is consistent with the Black-Scholes option pricing framework, and was used to account for the path-dependent + 20 out of 30 day features.

4.2.7 Inventory Impairment

The Group evaluates the impairment of its inventories keeping in mind two items:

- a. Net Realizable Value (NRV)
- b. Inventories Obsolescence analysis.

The NRV is calculated reducing from the sale price the estimated cost to fulfill the inventory and the estimated costs necessary to do the sale.

The inventories obsolescence includes the analysis of goods expiration date, low inventory turnover, unused inventories and other internal and external factors that hit the inventory fulfillment.

4.2.8 Useful life of property, plant and equipment and amortization of intangibles with finite useful lives

The Group reviews the estimated useful lives of property, plant and equipment and intangibles with finite useful lives at the end of each annual period.

4.2.9 Useful lives of right-of-use assets

Right-of-use assets depreciate during the shorter of the lease term and the useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the asset related to the right of use depreciates during the useful life of the underlying asset.

Depreciation begins at the commencement of the lease.

4.2.10 Research and development (R&D)

Research activities undertaken with the prospect of gaining new scientific or technical knowledge and understanding are expensed as incurred.

In line with the nature of the pharmaceutical industry, development expenditures are capitalized only when the project has progressed sufficiently to demonstrate that the recognition criteria under IAS 38 – Intangible assets are met. These include the technical feasibility of completing the development, the intention and ability to complete and use or sell the product, the existence of probable future economic benefits, the availability of adequate resources, and the ability to reliably measure the attributable costs.

The Group has capitalized development costs related to pharmaceutical R&D projects that met these criteria. However, when management determines that a specific development project will no longer be completed or no longer meets the capitalization

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requirements, all previously capitalized development costs related to that project are immediately impaired. The Group tests its intangible assets for impairment annually.

Note 5. New and amended IFRS Standards that are effective for the current year

The Group applied for the first time certain standards and amendments that are effective for annual periods beginning on or after January 1, 2024 (unless otherwise stated). The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Amendments to IFRS 16 – Lease Liability in a Sale and Leaseback

The amendments to IFRS 16 specify the requirements that a seller-lessee applies in measuring the lease liability arising from a sale and leaseback transaction, to ensure that the seller-lessee does not recognize any amount of gain or loss that relates to the right-of-use asset retained.

The amendments had no impact on the Group's consolidated financial statements.

Amendments to IAS 1 - Presentation of Financial Statements—Non-current Liabilities and Non-current Liabilities with Covenants

The amendments to IAS 1 clarify the requirements for classifying liabilities as current or non-current. Specifically, they clarify:

- What is meant by a right to defer settlement;
- That a right to defer must exist at the end of the reporting period;
- That classification is unaffected by the likelihood that an entity will exercise its deferral right; and
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of the liability not impact its classification.

In addition, an entity is required to disclose when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months.

The Group has adopted the amendments to IAS 1, published in November 2022, for the first time in the current year.

The amendments specify that only covenants that an entity is required to comply with on or before the end of the reporting period affect the entity's right to defer settlement of a liability for at least twelve months after the reporting date (and therefore must be considered in assessing the classification of the liability as current or non-current). Such covenants affect whether the right exists at the end of the reporting period, even if compliance with the covenant is assessed only after the reporting date (e.g. a covenant based on the entity's financial position at the reporting date that is assessed for compliance only after the reporting date).

The IASB also specifies that the right to defer settlement of a liability for at least twelve months after the reporting date is not affected if an entity only has to comply with a covenant after the reporting period.

However, if the entity's right to defer settlement of a liability is subject to the entity complying with covenants within twelve months after the reporting period, an entity discloses information that enables users of financial statements to understand the risk of the liabilities becoming repayable within twelve months after the reporting period. This would include information

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about the covenants (including the nature of the covenants and when the entity is required to comply with them), the carrying amount of related liabilities and facts and circumstances, if any, that indicate that the entity may have difficulties complying with the covenants.

As a result of applying the amendments, the Group reassessed the classification of the warrant liabilities and Shares held in escrow classified as financial liabilities. Because their settlement is contingent upon the Company's share price reaching a specified threshold, a condition that may occur within twelve months after the reporting date and is outside the Group's control, the Group does not have a substantive right to defer settlement for at least twelve months. Accordingly, these instruments have been reclassified from non-current to current liabilities. This reclassification did not affect their measurement.

Supplier Finance Arrangements – Amendments to IAS 7 - Statement of Cash Flows and IFRS 7 - Financial Instruments: Disclosures

The amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures clarify the characteristics of supplier finance arrangements and require additional disclosures of such arrangements. These disclosure requirements are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows, and exposure to liquidity risk.

The disclosures related to amendments are included in Note 24. Borrowings.

Note 6. Recent accounting pronouncements not yet adopted

The new and amended standards and interpretations that have been issued but are not yet effective up to the date of issuance of the Group's consolidated financial statements are disclosed below. The Group intends to adopt these standards and interpretations, if applicable, when they become effective.

Lack of Exchangeability – Amendments to IAS 21 - The Effects of Changes in Foreign Exchange Rates

In August 2023, the IASB issued amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates to specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. The amendments also require disclosure of information that enables users of the financial statements to understand how the lack of exchangeability affects, or is expected to affect, the entity's financial performance, financial position and cash flows.

The amendments will be effective for annual reporting periods beginning on or after January 1, 2025. Early adoption is permitted, but must be disclosed. When applying the amendments, an entity cannot restate comparative information.

The amendments are not expected to have a material impact on the Group's consolidated financial statements.

Amendments to IFRS 9 and IFRS 7—Amendments to the Classification and Measurement of Financial Instruments

The amendments in *Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7)* are:

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Derecognition of a financial liability settled through electronic transfer

The amendments permit an entity to deem a financial liability (or part of a financial liability) that is settled using an electronic payment system to be discharged (and derecognized) before the settlement date if specified criteria are met. If an entity elects to apply this accounting policy, it must do so for all settlements made through the same electronic payment system.

Classification of financial assets

• *Contractual terms that are consistent with a basic lending arrangement.*

The amendments provide guidance on how an entity should assess whether contractual cash flows of a financial asset are consistent with a basic lending arrangement. This is intended to assist an entity to apply the requirements for assessing contractual cash flow characteristics to financial assets with features linked to environmental, social and governance (ESG) concerns.

• *Assets with non-recourse features.*

The amendments enhance the description of the term ‘non-recourse’, in particular to specify that a financial asset has non-recourse features if an entity’s ultimate right to receive cash flows is contractually limited to the cash flows generated by specified assets.

• *Contractually linked instruments.*

The amendments clarify the characteristics of contractually linked instruments that distinguish them from other transactions. Specifically, the amendments highlight that in such instruments a prioritization of payments to the holders of financial assets using multiple contractually linked instruments (tranches) is established through a waterfall payment structure, resulting in concentrations of credit risk and a disproportionate allocation of losses between the holders of different tranches. The amendments also note that not all transactions with multiple debt instruments meet the criteria of transactions with multiple contractually linked instruments. In addition, the amendments clarify that the reference to instruments in the underlying pool can include financial instruments that are not within the scope of the classification requirements.

Disclosures

• *Investments in equity instruments designated at FVTOCI.*

The requirements in IFRS 7 are amended to require an entity to disclose the fair value gain or loss presented in other comprehensive income during the period, showing separately the fair value gain or loss that relates to investments derecognized in the period and the fair value gain or loss that relates to investments held at the end of the period.

• *Contractual terms that could change the timing or amount of contractual cash flows.*

The amendments require an entity to disclose the contractual terms that could change the timing or amount of contractual cash flows on the occurrence (or non-occurrence) of a contingent event that does not relate directly to changes in a basic lending risks and costs. The requirements apply to each class of financial asset measured at amortized cost or FVTOCI and each class of financial liability measured at amortized cost.

The amendments are effective for annual reporting periods beginning on or after 1 January 2026 with earlier application permitted. If an entity elects to apply these amendments for an earlier period, it is required to either:

- apply all the amendments at the same time and disclose that fact or
- apply only the amendments to the classification of financial assets for that earlier period and disclose that fact.

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The amendments are required to be applied retrospectively, in accordance with IAS 8, with specific exceptions.

The Group anticipate that the application of these amendments may have an impact on the group's consolidated financial statements in future periods.

Annual Improvements to IFRS Accounting Standards—Volume 11

The IASB issued amendments to five IFRS Accounting Standards as part of its annual improvements process.

IFRS 1 First-time Adoption of International Financial Reporting Standards—Hedge accounting by a first-time adopter

For consistency with the requirements in IFRS 9, IFRS 1:B5-B6 were amended to refer to the ‘qualifying criteria’ for hedge accounting (instead of the ‘conditions’) and to add cross-references to IFRS 9:6.4.1 to improve the understandability of IFRS 1.

IFRS 7 Financial Instruments: Disclosures—Gain or loss on derecognition

The amendments remove an obsolete cross-reference in IFRS 7:B38 to a paragraph that had been deleted when IFRS 13 was issued and align the wording of this paragraph with the terms used in IFRS 13.

Guidance on implementing IFRS 7—Disclosure of deferred difference between fair value and transaction price

The amendments update IFRS 7:IG14 to make the wording of that paragraph consistent with IFRS 7:28 and improve the internal consistency of the wording in the example in IFRS 7:IG14.

Guidance on implementing IFRS 7—Introduction and credit risk disclosures

The amendments add a statement to IFRS 7:IG1 clarifying that the guidance does not necessarily illustrate all the requirements in the referenced paragraphs of IFRS 7. The amendments also simplify the explanation of the aspects of the requirements that are not illustrated in IFRS 7:IG20B.

IFRS 9 Financial Instruments—Derecognition of lease liabilities

The amendments add a cross-reference to IFRS 9:3.3.3 in IFRS 9.2.1(b)(ii) to clarify that, when a lessee has determined that a lease liability has been extinguished in accordance with IFRS 9, the lessee is required to apply IFRS 9:3.3.3 and therefore recognize any resulting gain or loss in profit or loss.

IFRS 9 Financial Instruments—Transaction price

The amendments replace ‘their transaction price (as defined in IFRS 15)’ in IFRS 9.5.1.3 with ‘the amount determined by applying IFRS 15’ to address inconsistency between IFRS 9.5.1.3 and the requirements of IFRS 15 which may require a receivable to be measured at an amount that differs from the amount of the transaction price recognized as revenue. Additionally, the reference to ‘transaction price’ (as defined in IFRS 15) is deleted from Appendix A of IFRS 9.

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IFRS 10 Consolidated Financial Statements—Determination of a ‘de facto agent’

The amendments address concerns that the requirements in IFRS 10:B73-B74 might, in some situations, be contradictory. IFRS 10:B73 refers to ‘de facto agents’ as parties acting on the investor’s behalf and states that the determination of whether other parties are acting as de facto agents requires judgement. However, the second sentence of IFRS 10:B74 includes more conclusive language and states that a party is a de facto agent when those that direct the activities of the investor have the ability to direct that party to act on the investor’s behalf. The amendments update IFRS 10:B74 to use less conclusive language and to clarify that the relationship described in IFRS 10:B74 is just one example of a circumstance in which judgement is required to determine whether a party is acting as a de facto agent.

IAS 7 Statement of Cash Flows—Cost method

The amendment replaces the term ‘cost method’ with ‘at cost’ in IAS 7:37 in line with the removal of the definition of ‘cost method’ from the IFRS Accounting Standards.

The amendments are effective for annual reporting periods beginning on or after 1 January 2026, with early application permitted. An entity is required to apply the amendments to IFRS 9:2.1(b)(ii) to lease liabilities that are extinguished on or after the beginning of the annual reporting period in which the entity first applies that amendment. No specific transition provisions are provided in respect of the other amendments.

Amendments to IFRS 9 and IFRS 7—Contracts Referencing Nature-dependent Electricity

Amendments to IFRS 9 Financial Instruments

The following requirements of IFRS 9 are affected by the amendments:

- the own-use requirements in IFRS 9 are amended to include the factors an entity is required to consider when applying IFRS 9:2.4 to contracts to buy and take delivery of renewable electricity for which the source of production of the electricity is nature-dependent; and
- the hedge accounting requirements in IFRS 9 are amended to permit an entity using a contract for nature-dependent renewable electricity with specified characteristics as a hedging instrument:
 - to designate a variable volume of forecast electricity transactions as the hedged item if specified criteria are met; and
 - to measure the hedged item using the same volume assumptions as those used for the hedging instrument.

Amendments to IFRS 9 and IFRS 7 - Contracts Referencing Nature-dependent Electricity

IFRS 7 and IFRS 9 were amended to introduce disclosure requirements about contracts for nature-dependent electricity with specified characteristics.

The amendments are effective for annual periods beginning on or after 1 January 2026, with earlier application permitted. The amendments to the own use exemption are required to be applied retrospectively in accordance with IAS 8 using the facts and circumstances at the date of initial application. The amendments to the hedge accounting requirements are to be applied prospectively to new hedging relationships designated on or after the date of initial application.

The directors of the entity anticipate that the application of these amendments may have an impact on the group's consolidated financial statements in future periods.

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IFRS 18 – Presentation and Disclosure in Financial Statements

In April 2024, the IASB issued IFRS 18, which replaces IAS 1 Presentation of Financial Statements. IFRS 18 introduces new requirements for the presentation within the statement of profit or loss, including specified totals and subtotals. In addition, entities are required to classify all income and expenses within the statement of profit or loss into one of five categories: operating, investing, financing, income taxes and discontinued operations, of which the first three are new. The standard also requires disclosure of newly defined management-defined performance measures, subtotals of income and expenses, and includes new requirements for aggregation and disaggregation of financial information based on the identified “roles” of the primary financial statements (PFS) and the notes.

Furthermore, narrow-scope amendments have been made to IAS 7 Statement of Cash Flows, which include changing the starting point for determining cash flows from operations under the indirect method from “profit or loss” to “operating profit or loss” and removing the optionality around classification of cash flows from dividends and interest. Consequential amendments have also been made to several other standards.

IFRS 18 and the related amendments are effective for annual reporting periods beginning on or after January 1, 2027, with early adoption permitted but required to be disclosed. IFRS 18 will be applied retrospectively.

The Group is currently assessing the impacts that the amendments will have on its primary financial statements and the related notes.

IFRS 19 – Subsidiaries without Public Accountability: Disclosures

In May 2024, the IASB issued IFRS 19, which allows eligible entities to elect to apply reduced disclosure requirements while continuing to apply the recognition, measurement and presentation requirements of other IFRS Accounting Standards. To be eligible, at the end of the reporting period an entity must be a subsidiary as defined in IFRS 10, must not have public accountability, and must have an ultimate or intermediate parent that prepares consolidated financial statements, available for public use, that comply with IFRS Accounting Standards.

IFRS 19 will be effective for annual reporting periods beginning on or after January 1, 2027, with early application permitted, this standard has not yet been endorsed by the European Union

Note 7. Revenue

The Group recognizes its revenues from the transfer of goods and services to the fulfillment of its performance obligations. The Group’s annual revenue includes \$5,833 (December 31, 2023: \$5,913) recognized from intellectual property licensing and dossier generation.

Products

The Group primarily engages in developing, producing and marketing pharmaceutical solutions. It is considered an integrated international healthcare and pharmaceutical company across the three core therapeutical areas: hospitals/clinics, pharmacies (prescription) and over-the-counter (non-prescription).

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The Group's main products for the years ended December 31, 2024 and December 31, 2023 are:

a. Business to Business

Nextgel

- i. Softgel: Integrated CMDO, soft gelatin capsules, softgels, gummy-gels and GTabs.

b. Business to Consumer

Procaps Colombia, CAN and CASAND

- a. VitalCare: Branded drugs, consumer over-the-counter and generics.

- i. Clinical Specialties: High-complexity drugs and medical devices.

- ii. Farma: Branded prescription drugs.

Diabetrics

- i. Diabetrics: Diabetes solutions and chronic disease management tool.

Disaggregation of revenue from contracts with customers

Revenue from contracts with customers is disaggregated by primary geographical market and major products (refer to Note 8. Segment reporting) and by timing of revenue recognition in the table below.

For the year ended December 31, 2024	Reportable segments					Total
	NextGel	Procaps Colombia	CAN	CASAND	Diabetrics	
Segment revenue	221,707	139,520	58,559	65,906	44,566	530,258
Inter-segment revenue	(98,753)	(334)	(22,854)	(17,262)	(17,260)	(156,463)
Revenue from contracts with customers	122,954	139,186	35,705	48,644	27,306	373,795
Timing of revenue recognition						
Goods transferred at a point in time	115,381	139,186	35,705	48,644	27,306	366,222
Services transferred over time	7,002	-	-	-	-	7,002
Other	571	-	-	-	-	571
Total revenue from contracts with customers	122,954	139,186	35,705	48,644	27,306	373,795

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For the year ended December 31, 2023	Reportable segments					
	NextGel	Procaps Colombia	CAN	CASAND	Diabetrics	Total
Segment revenue	243,035	148,270	75,663	96,324	40,102	603,394
Inter-segment revenue	(120,061)	(404)	(24,165)	(17,108)	(17,908)	(179,646)
Revenue from contracts with customers	122,974	147,866	51,498	79,216	22,194	423,748
Timing of revenue recognition						
Goods transferred at a point in time	117,317	147,866	51,498	79,216	22,194	418,091
Services transferred over time	5,657	-	-	-	-	5,657
Total revenue from contracts with customers	122,974	147,866	51,498	79,216	22,194	423,748

Revenue recognized from goods transferred at a point in time include revenues related to “sales of goods” and “sales of trademarks and sanitary records”. Revenue recognized from services transferred over time mainly include revenues related to “intellectual property licensing” and “dossier generation”.

Note 8. Segment reporting

Segment information is presented at a combination of geographical segments and business units, consistent with the information that is available and evaluated regularly by the chief operating decision maker.

The Group operates its business through five segments which are its reportable segments for financial reporting purposes: Procaps Colombia, Central America North (“CAN”), Central America South and North Andes (“CASAND”), NextGel and Diabetrics. Segment management, the respective Vice Presidents, are responsible for managing performance, underlying risks and operations. Management uses a broad set of performance indicators, to measure segment performance and to make decisions around resource allocation.

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The Group's customer revenue recognition (external revenue) policy has been consistent with inter-segment revenue generated.

Year December 31,2024	NextGel			Procaps Colombia			CAN			CASAND		
	Total	Inter- segment eliminations	External	Total	Inter- segment eliminations	External	Total	Inter- segment eliminations	External	Total	Inter- segment eliminations	External
Revenue	221,707	(98,753)	122,954	139,520	(334)	139,186	58,559	(22,854)	35,705	65,906	(17,262)	48,644
Contribution margin ¹	43,738	4,200	47,938	47,353	(1,439)	45,914	3,181	1,068	4,249	(8,779)	3,761	(5,018)

Year December 31,2024	Diabetics			Corporate			Total		
	Total	Inter- segment eliminations	External	Total	Inter- segment eliminations	External	Total	Inter- segment eliminations	External
Revenue	44,566	(17,260)	27,306	-	-	-	530,258	(156,463)	373,795
Contribution margin ¹	4,356	533	4,889	(9,030)	2,455	(6,575)	80,819	10,578	91,397
Administrative expenses	-	-	-	122,970	-	122,970	122,970	-	122,970
Finance expenses	-	-	-	30,601	-	30,601	30,601	-	30,601
Other expenses	-	-	-	22,413	-	22,413	22,413	-	22,413
(Loss) income before tax							(95,165)	10,578	(84,587)

Year 2023	NextGel			Procaps Colombia			CAN			CASAND		
	Total	Inter- segment eliminations	External	Total	Inter- segment eliminations	External	Total	Inter- segment eliminations	External	Total	Inter- segment eliminations	External
Revenue	243,035	(120,061)	122,974	148,270	(404)	147,866	75,663	(24,165)	51,498	96,324	(17,108)	79,216
Contribution margin ¹	50,138	(3,791)	46,347	43,575	14	43,589	13,029	(175)	12,854	27,081	16,735	43,816

Year 2023	Diabetics			Corporate			Total		
	Total	Inter- segment eliminations	External	Total	Inter- segment eliminations	External	Total	Inter- segment eliminations	External
Revenue	40,102	(17,908)	22,194	-	-	-	603,394	(179,646)	423,748
Contribution margin ¹	212	(969)	(757)	(19,144)	16,203	(2,941)	114,891	28,017	142,908
Administrative expenses	-	-	-	98,279	-	98,279	98,279	-	98,279
Finance expenses	-	-	-	26,123	-	26,123	26,123	-	26,123
Other expenses	-	-	-	(27,454)	-	(27,454)	(27,454)	-	(27,454)
Income (loss) before tax							17,943	28,017	45,960

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¹ Contribution Margin is determined by subtracting sales and marketing expenses from gross profit. The Group's customer revenue recognition (external revenue) policy has been consistent with inter-segment revenue generated.

Major customer

The Group does not have revenue from a single customer comprising more than ten percent of its consolidated revenue.

Geographical information

In presenting the geographic information, segment revenue is based on the geographical location of the customers.

	2024	2023
South America	256,762	293,458
Central America	57,876	83,493
North America	49,850	39,026
Europe	9,307	7,771
Total	373,795	423,748

Note 9. Other (expenses) income, net

	For the year ended December 31	
	2024	2023
Foreign currency exchange rate differences gain (loss)	\$ (17,830)	\$ 24,369
Economic emergency contribution expenses	(1,207)	(1,358)
Fines, surcharges, penalties and taxes assumed	(907)	(355)
Donations	(925)	(1,142)
Impairment loss ¹	(7,679)	(13,524)
Other ²	6,135	19,464
Total Other (expenses) income, net	\$ (22,413)	\$ 27,454

¹ Refer to Note 13. Goodwill, net for further details regarding the impairment loss and to Note 15. Leases Note 14. Property, plant and equipment, net and Note 16. Intangible assets for the impairment recognized within each asset group.

² In 2024, this includes the recognition of a state-granted reimbursement related to investments in technology and innovation ("TIDIS") for \$2.3 million. In 2023, this includes income from a legal settlement with a third party to recover costs incurred in connection with a business opportunity. The remaining receivable as of December 31, 2023, is presented within Other financial assets in the Consolidated Statement of Financial Position. The amount, the identity of the counterparty, and further details are subject to confidentiality obligations under the settlement agreement.

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Note 10. Net finance (expense) income

	2024	2023
Net fair value gain of warrant liabilities	2,072	7,877
Net fair value gain of shares held in escrow	12,646	11,187
Interest income	204	660
Finance income	14,922	19,724
Banking expenses	\$ (1,163)	\$ (1,315)
Bank fees	(663)	(2,812)
Other financial expenses	(1,213)	(868)
Interest expense	(42,484)	(40,852)
Finance expense	\$ (45,523)	\$ (45,847)
Net finance (expense) income	\$ (30,601)	\$ (26,123)

Refer to Note 29.1. Public warrants and Note 22. Related party transactions for further information related to net fair value gains for the years ended December 31, 2024 and December 31, 2023.

In December 31, 2024, interest on lease liabilities amounted to \$1,213 (2023: \$868\$1,033). Refer to Note 3.3. Leases - Right-of-use assets & lease liabilities for method of recognition of interest expense applied by the Group.

Net fair value gains recognized in Net finance income (expense) during December 31, 2024, 2023 are unrealized.

Note 11. Income tax

Income tax recognized through profit or loss

	2024	2023
Current year	\$ 4,071	\$ 12,892
Current tax expense	4,071	12,892
Origination and reversal of temporary differences	(20,358)	(7,275)
Deferred tax expense (income)	(20,358)	(7,275)
Total income tax expense	\$ (16,287)	\$ 5,617

	2024	2023
Profit (loss) before tax	\$ (84,587)	\$ 45,960
Income tax (benefit) expense at corporate tax rate	(14,380)	10,759

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Tax effect of expenses that are not deductible in determining taxable profit	37,671	38,181
Tax effect of income not taxable in determining taxable profit	(28,318)	(42,890)
Effect of different tax rates of subsidiaries operating in other jurisdictions	(11,900)	2,503
Others - Includes exchange effect for reversal rates of long-term temporary differences, income taxed at differential rates, effect of change in deferred tax rate and tax discounts	684	(2,908)
Tax effect use of tax losses not previously recognized	(44)	(28)
Tax (benefit) expense for the year	\$ (16,287)	\$ 5,617
Effective tax rate for the year	19.25 %	12.22 %

The tax rate used for 2024 and 2023 represents the corporate tax rate of 23,87% from Luxembourg on the taxable income payable by the Group, in accordance with the tax laws of said jurisdiction. Income tax for other jurisdictions is calculated based on the substantially enacted nominal tax rates prevailing in the respective jurisdictions.

The Colombian entities represent the Group's main source of taxable income within the global income tax calculation.

In 2021, Colombia enacted Law 2155 (Social Investment Reform), which increased the general corporate income tax rate from 30% to 35%, applicable from fiscal year 2022 onwards for domestic and foreign entities, including permanent establishments and branches. This 35% rate remained in force under the subsequent 2022 Tax Reform (Law 2277).

Additionally, Law 2277 of 2022 introduced a domestic minimum taxation mechanism applicable from fiscal year 2023. Under this rule, Colombian entities, including free trade zone users, are subject to a minimum effective tax rate of 15%, calculated on adjusted accounting net income in accordance with Colombian tax regulations.

This minimum taxation regime is a domestic rule and does not constitute a formal implementation of the OECD Global Anti-Base Erosion (GloBE) Rules under Pillar II.

Additionally, Law 2277 of 2022 introduced several structural changes to the Colombian income tax regime applicable from fiscal year 2023.

The reform eliminated the possibility of claiming 100% of the industry and commerce tax (ICA) as a corporate income tax credit. As from fiscal year 2023, ICA is no longer creditable against income tax and is instead fully deductible as an expense.

The capital gains tax rate was increased from 10% to 15%, applicable from fiscal year 2023.

Furthermore, the reform introduced a general limitation on certain tax benefits. The aggregate benefit derived from non-taxable income, exempt income, special deductions, and specific tax credits may not exceed 3% of the taxpayer's annual net taxable income, calculated before applying special deductions.

Transfer pricing regimen – considering that the Company carries out transactions with related parties abroad, it is subject to the regulation that was introduced regarding transfer pricing. Due to the above, the Company prepared a technical study over the transactions performed during 2023, in which concluded that there are no conditions for affecting or adjusting income tax as from said year.

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Up to date, the Company has not completed the technical study related to the transactions carried out with related parties during 2024; however, management, with the support of external advisors, has reviewed the transactions and concluded that their performance was consistent with those carried out in 2024. Accordingly, no material impact is expected on the 2024 income tax return.

Currently, the transfer pricing documentation is in process. While many jurisdictions have already submitted their respective studies, the Colombian filings —being the most relevant jurisdiction for the Group— are still under preparation. External advisors are awaiting the issuance of the final financial statements in order to complete the Colombian transfer pricing returns. In any case, management does not expect any significant changes compared to the situation in 2023.

Global minimum top-up tax

On October 8, 2021, 136 countries reached an agreement for a two-pillar approach to international tax reform.

Specifically, Pillar Two Global Anti-Base Erosion Rules propose four new taxing mechanisms under which multinational enterprises would pay a minimum level of tax: the subject to tax rule, a tax treaty-based rule that generally proposes a minimum tax on certain cross-border intercompany transactions that otherwise are not subject to a minimum level of tax; the income inclusion rule; the under taxed payments rule; and the qualified domestic minimum top-up tax, which generally propose a minimum tax on the income arising in each jurisdiction in which the Group operates.

The Group operates in several jurisdictions, but it has been determined that the UPE (Ultimate Parent Entity) is located in Luxembourg. Luxembourg enacted legislation to implement the global minimum top-up tax on 2024 about QDMTT (Qualified Domestic Minimum Top-up Tax) and IIR (Income Inclusion Rule). The UTPR (Undertaxed Payment Rule) has entered into force in 2025.

As the group turnover is below €750 million for periods 2023 and 2024, Pillar Two is not applicable and consequently the Amendments to IAS 12 Income Taxes: International Tax Reform – Pillar Two model Rules would have no impact to the Group.

Regarding the amendments to IAS 12 (International Tax Reform-Pillar Two Model Rules), since no new legislation to implement the top-up tax was enacted or substantially enacted as of December 31, 2024 in any of the jurisdictions where the Group operates, no related deferred taxes were recognized at that date, hence the retrospective application has no impact on the Group's Consolidated Financial Statements.

Colombia domestic minimum tax

Separately from the OECD Pillar Two rules, Colombia introduced a domestic minimum tax regime through Law 2277 of 2022, effective from fiscal year 2023. Unlike the OECD framework, the Colombian minimum tax does not apply a global revenue threshold of €750 million, but rather establishes a local minimum effective tax rate requirement. This regime is accounted for as part of current income tax expense when payable, and it does not give rise to deferred tax assets or liabilities. The impact of this measure has been recognized in the Group's 2024 current tax expense.

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Current tax assets and current tax liabilities:

	As of December 31	
	2024	2023
Current tax assets		
Income Tax Advance	\$ 7,978	\$ 5,654
Surplus in Private Liquidation	11,348	10,533
Other Taxes	2,499	2,136
Total	21,825	18,323
Current tax liabilities		
Income Tax Withholding	(5,396)	(3,341)
Income Tax Payable	(1,136)	(4,069)
Other Taxes	(173)	(409)
Total	\$ (6,705)	\$ (7,819)

As of December 31, 2024 and 2023, the following is the detail of the tax losses of the Group that have not been used and on which deferred tax asset have been recognized:

	As of December 31	
	2024	2023
Unused tax losses (recognized in the DTA)	\$ 12,851	\$ 5,513
Total	\$ 12,851	\$ 5,513

The companies have triggered tax losses of \$30,230 that have not been recognized in the DTA considering that it is not likely to recover them via taxable income, and mainly correspond to Sofgen Pharma S.A. (\$23,833) and Rymco Medical (\$3,514) these losses have a 17-year and 12- year limit for being carryforwarded respectively. As these losses were triggered in 2021 and 2022 they can be offset until 2038 and 2039 regarding Sofgen Pharma and until 2033 and 2034 regarding Rymco Medical.

Note 12. Earnings Per Share

The Group reports net earnings per share in accordance with IAS 33 - Earnings Per Share. The income (loss) per share is calculated by dividing the (loss) income for the year attributable to ordinary equity holders of the Group by the weighted average number of Ordinary Shares outstanding in the year.

The (loss) income per fully diluted share shall be calculated based on the (loss) income for the year divided by the weighted average number of fully diluted shares. No dilutive effect has been identified for the years ended December 31, 2024 and 2023.

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	2024	2023
Net (loss) income of the year	(68,300)	40,343
Number of Ordinary Shares issued at December 31*	100,271	100,456
Weighted average basic number of Ordinary Shares	100,271	101,006
Weighted average diluted number of shares	100,271	101,006
Basic and diluted (loss) income per share in the year	(0.68)	0.40

*Includes 903,075 shares held under put option before the transaction as such ordinary shareholders were entitled to receive dividends.

Note 13. Goodwill, net

	As of December 31	
	2024	2023
Balance as of January 1	\$ -	\$ 5,791
Effect of foreign currency exchange rate changes	-	-
Impairment losses	-	(5,791)
Balance as of December 31	\$ -	\$ -

No impairment test was performed in 2024, as the Group had no remaining goodwill balances to be tested. As of December 31, 2024, all goodwill amounts had been fully impaired and written off in prior periods.

As of December 31, 2023, the Group concluded that the recoverable amount of the goodwill and related assets of the cash-generating units (CGUs) Procaps S.A. de C.V. and Biokemical S.A. de C.V. was lower than their carrying amounts. Accordingly, an impairment loss was recognized for the full amount of goodwill allocated to these CGUs. No impairment losses were identified for these CGUs in the analyses performed for the years ended December 31, 2022. However, in 2022, the evaluation performed on the Rymco CGU resulted in the recognition of a full impairment of the related goodwill.

Therefore, as of December 31, 2024 and 2023, the goodwill allocated to all three CGUs had been fully impaired.

The Group has three cash generating units (“CGUs”): Procaps, S.A. de C.V., engaged in the manufacturing and distribution of pharmaceutical products; Biokemical, S.A. de C.V., which also manufactures and distributes pharmaceutical products; and Rymco, a manufacturer and seller of syringes, needles, and infusion equipment.

As of December 31, 2024, these CGUs continue to be recognized at their recoverable amount. The recoverable amount is the higher of fair value less costs of disposal and value in use. Since 2022, the Rymco CGU has been recognized at its recoverable amount, and in 2023, the Procaps, S.A. de C.V. and Biokemical, S.A. de C.V. CGUs were also recognized at their recoverable amount.

The recoverable amount of these CGUs was determined using a value-in-use calculation based on cash flow projections derived from approved financial budgets over a defined forecast period, discounted at an appropriate annual rate. For periods beyond the forecast horizon, a terminal growth rate was applied to extrapolate the cash flows. The forecast period reflects

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management’s assessment of the Group’s long-term stable operating position; accordingly, cash flows beyond this period were extrapolated using a steady long-term growth rate.

	Procaps S.A. de C.V.	Biokemical S.A. de C.V.	Rymco
	2023	2023	2023
Post-Tax Discount Rate	16.5%	16.5%	-%
No. of years used In projection (In Years)	P5Y	P5Y	P5Y
Fixed annual growth rate ¹	4%	4%	-%
Average sales growth rate	0.9%	0.6%	-%
Average gross margin ²	39.4%	52.8%	-%
Expected market share	-%	-%	-%

¹ This rate is consistent with the growth of the pharmaceutical and medical supplies markets in the current and potential operating areas of the cash-generating units.

² Fixed gross margins were used in the cash flow projections for Procaps S.A. de C.V.

Rymco

The impairment loss was recognized for the year ended December 31, 2023 in the Consolidated Statement of Profit or Loss and Other Comprehensive Income as Other expenses, net.

As of December 31, 2023, the Rymco is fully impaired and it is recognized at its recoverable value, therefore, no further adjustments were made to this cash generating unit during the year.

During the year ended December 31, 2023, the Group permanently ceased Rymco’s operations. Subsequently, in August 2024, part of its assets was sold. The remaining assets, with a carrying amount of \$1,705, were subject to an independent valuation that estimated their fair value at \$481.

This information constitutes objective evidence of conditions existing as of December 31, 2023. Accordingly, the Group recognized an additional impairment of \$1,225, recorded in the consolidated statement of profit or loss under “Other expenses, net.”

Procaps S.A. de C.V. and Biokemical S.A. de CV

As of December 31, 2023, the impairment of Procaps S.A. de C.V. and Biokemical S.A. de C.V. was primarily attributable to increased expenses associated with the cost to serve, as well as higher discounts, returns, and complimentary products granted during the period. In addition, during the year, the Company implemented a commercial strategy aimed at reducing the inventory days maintained by its distributors (customers). This initiative, which resulted in lower stock levels across these channels, reduced the frequency and volume of purchase orders, thereby significantly impacting sales for the period. Although the impairment test is based on projections of future cash flows, such projections incorporated the anticipated negative effects of this strategy, contributing to the recognition of the impairment loss has a result of the impairment identified as of December 31, 2023, the Group assessed the assets within Procaps S.A. de C.V. and Biokemical S.A. de C.V. subject to IAS 36 and recognized an impairment loss up to the greater of the recoverable amount of the individual assets or zero. The recoverable amount of the assets is its individual Level 2 fair value less costs of disposal, which is calculated based on

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observable market prices for similar assets. Therefore, a total impairment loss expense of , which was allocated to the non-financial assets of Procaps S.A. de C.V. and Biokemical S.A. de C.V. as follows:

As a result of the impairment identified as of December 31, 2023, the Group assessed the assets within Procaps S.A. de C.V. and Biokemical S.A. de C.V. subject to IAS 36 and recognized an impairment loss up to the greater of the recoverable amount of the individual assets or zero. The recoverable amount of the assets is its individual Level 2 fair value less costs of disposal, which is calculated based on observable market prices for similar assets. Therefore, a total impairment loss expense of , which was Impairment of Goodwill of \$5,791, with \$0 remaining carrying amount;

- Impairment of Property Plan and Equipment of \$5,478, with a remaining carrying amount of \$11,195;
- Impairment of Right-of-use assets of \$374, with a remaining carrying amount of \$10; and
- Impairment of Intangible assets of \$533, with \$0 remaining \$ 6,197 carrying amount.

As of December 31, 2023, after impairing assets within the scope of IAS 36 by \$12,175, an unallocated impairment of \$17,141 remained unrecognized by the Group.

Note 14. Property, plant and equipment, net

Cost	Land and buildings	Machinery and equipment, furniture and fixtures	Projects in progress	Other 1	Total
Balance as of January 1, 2023	32,148	61,840	20,716	3,814	118,518
Additions	27	1,123	19,078	103	20,331
Disposals	(293)	(280)	-	(470)	(1,043)
Effect of foreign currency exchange rate changes	2,952	14,694	2,638	701	20,985
Transfers	3,695	17,820	(19,044)	29	2,500
Balance as of December 31, 2023	38,529	95,197	23,388	4,177	161,291
Additions	-	1,073	14,818	71	15,962
Disposals	(23)	(652)	-	(38)	(713)
Effect of foreign currency exchange differences	(2,797)	(12,763)	(1,617)	(455)	(17,632)
Reclassification between categories	5,048	18,721	(20,374)	116	3,511
Transfers to assets held for sale	-	(1,534)	-	-	(1,534)
Balance as of December 31,2024	40,757	100,042	16,215	3,871	160,885

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Accumulated depreciation and impairment losses	Land and buildings	Machinery and equipment, furniture and fixtures	Projects in progress	Other 1	Total
Balance as of January 1, 2023	8,920	35,143	403	3,467	47,933
Disposals	(278)	(228)	-	(445)	(951)
Depreciation expense	859	4,750	-	172	5,781
Impairment loss	4,138	2,536	-	49	6,723
Effect of foreign currency exchange rate changes	292	7,602	104	671	8,669
Transfers	-	2,158	-	(4)	2,154
Balance as of December 31, 2023	13,931	51,961	507	3,910	70,309
Disposals	(23)	(585)	-	(37)	(645)
Depreciation expense	1,079	5,786	-	105	6,970
Effect of foreign currency exchange differences	(576)	(6,568)	(68)	(425)	(7,637)
Reclassification between categories	(3,365)	2,503		26	(836)
Transfers to assets held for sale	-	(995)	-	-	(995)
Balance as of December 31, 2024	11,046	52,102	439	3,579	67,166
As of December 31, 2023					
Net book value	24,598	43,236	22,881	267	90,982
As of December 31, 2024					
Net book value	29,711	47,940	15,776	292	93,719

¹ 'Other' includes computer equipment and other office furniture and equipment.

For the year ended December 31, 2024, depreciation expense was recognized as follows: \$6,285 was recognized as Cost of sales (December 31, 2023: \$4,557), for manufacturing costs, and \$1,128 (December 31, 2023: \$1,218) within Administrative expenses.

Impairment loss recognized as of December 31, 2023 in Other expenses, net, relates to the Procaps S.A. de C.V. and Biokemical S.A. de C.V. cash-generating units.

Financial Commitments.

As of year-end December 31, 2024, the Group has commitments to acquire capital expenditures for \$ 1,354 (December 31, 2023: \$3,878).

Note 15. Leases

The Group has leases of office and warehouse buildings, land, vehicles, machinery and computer hardware. Rental contracts are for fixed terms varying between one and seven years.

Information about leases for which the Group is a lessee is presented below.

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Right-of-use assets

Reconciliation of asset balances:

	Land and Buildings ¹	Equipment and Machinery	Vehicles	Computers	Total
Balance as of January 1, 2023	36,078	4,997	54	1,263	42,392
Addition to right-of-use asset	3,453	538	216	926	5,133
Depreciation	(4,076)	(1,327)	(71)	(696)	(6,170)
Derecognition of contracts	(380)	-	-	(88)	(468)
Impairment loss	(374)	-	-	-	(374)
Reclassifications and others	2,132	(2,542)	-	-	(410)
Effect of foreign currency exchange differences	5,610	796	5	145	6,556
Balance as of December 31, 2023	42,443	2,462	204	1,550	46,659
Addition to right-of-use asset	6,409	1,104	117	1,088	8,718
Depreciation	(4,289)	(1,170)	(139)	(768)	(6,366)
Derecognition of contracts	(46)	-	-	-	(46)
Reclassifications and others	(3,658)	(93)	-	-	(3,751)
Effect of foreign currency exchange differences	(4,191)	(450)	(44)	(181)	(4,866)
Balance as of December 31, 2024	36,668	1,853	138	1,689	40,348

¹ Includes net right-of-use assets of \$1,670 (December 31, 2023: \$1,161) with related party WM Partners, LP.

As of December 31, 2024 depreciation expense was recognized as follows: \$275 was recognized within administrative costs (December 31, 2023: 1,028) for manufacturing costs, and \$6,076 (2023: \$5,107) within Administrative expenses.

Impairment loss recognized as of December 31, 2023 in Other expenses, net, relates to the Procaps S.A. de C.V. and Biokemical S.A. de C.V. cash-generating units.

Lease Liabilities

The Group's lease liabilities are guaranteed by the lessor's title to the leased assets. As of December 31, 2024 and 2023 the Group maintains the following opened balances:

	2024	2023
Non-current	\$ 23,790	\$ 29,811
Current	6,528	5,436
Total	\$ 30,318	\$ 35,247

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The remaining contractual maturity and repayment periods of the Group's leases liabilities are exhibited in Note 31. Financial Instruments.

Carrying amounts of lease liabilities are included in Borrowings' balance, refer to Note 24. Borrowings.

Amounts recognized in the Consolidated Statement of Profit or Loss and Other Comprehensive Income

	For the year ended December 31	
	2024	2023
Interest on lease liabilities	\$ 1,213	\$ 868
Expense relating to leases of low-value assets	436	450
Expense relating to short-term leases	317	559

Amounts recognized in Consolidated Statements of Cash Flows

The total cash outflow for leases amounts to December 31, 2024 \$5,362 and (December 31, 2023: \$5,992). The principal amount of the lease liabilities and estimated interest payments contractual maturity and repayment periods are included in Note 31. Financial instruments.

Note 16. Intangible assets

Cost	Trademarks and sanitary records	Licenses, customers and agreements	Product development	Total
Balance as of January 1, 2023	15,368	15,241	27,147	57,756
Additions	1,724	818	-	2,542
Additions from internal developments	-	-	9,920	9,920
Derecognition of assets	(18)	-	(51)	(69)
Effect of foreign currency exchange rate changes	1,791	2,229	7,417	11,437
Reclassifications and others	(707)	282	(526)	(951)
Balance as of December 31, 2023	18,158	18,570	43,907	80,635
Additions	24	695	-	719
Additions from internal developments	-	-	4,916	4,916
Derecognition of assets	(650)	-	(5,080)	(5,730)
Effect of foreign currency exchange rate changes	(1,203)	(1,737)	(5,788)	(8,728)
Reclassifications and others	-	79	(217)	(138)
Balance as of December 31, 2024	16,329	17,607	37,738	71,674

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Accumulated amortization and impairment losses	Trademarks and sanitary records	Licenses, customers and agreements	Product development	Total
Balance as of January 1, 2023	5,008	12,328	8,241	25,577
Amortization expense	1,686	1,032	3,525	6,243
Derecognition of assets	(13)	-	-	(13)
Impairment loss	521	11	327	859
Effect of foreign currency exchange rate changes	933	1,686	2,480	5,099
Balance as of December 31, 2023	8,135	15,057	14,573	37,765
Amortization expense	1,390	985	4,334	6,709
Derecognition of assets	(617)	155	(49)	(511)
Impairment loss	1,983	-	-	1,983
Effect of foreign currency exchange rate changes	(845)	(1,286)	(2,446)	(4,577)
Reclassifications and others	(141)	109	25	(7)
Balance as of December 31, 2024	9,905	15,020	16,437	41,362
As of December 31, 2023				
Net book value	10,023	3,513	29,334	42,870
As of December 31, 2024				
Net book value	6,424	2,587	21,301	30,312

For the years ended December 31, 2024, December 31, 2023 amortization expenses are recognized within the Consolidated Statement of Profit or Loss and Other Comprehensive Income as administrative expenses.

Impairment loss and derecognition of assets recognized as of December 31, 2024 in Other expenses, net mainly corresponds to intangible assets related to discontinued or abandoned projects and other assets tested for value in use. Where the recoverable amount was lower than the carrying amount, an impairment loss was recognized. Management believes that the assumptions applied are reasonable and consistent with IAS 36 requirements.

Impairment loss recognized as of December 31, 2023 in Other expenses, net, mainly corresponds to the Procaps S.A. de C.V. and Biokemical S.A. de C.V. cash-generating units.

Foreign currency exchange corresponds to the effect of translating the intangible asset amounts attributable to the subsidiaries of the Group whose functional currencies are different from that of the Group

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Note 17. Investment in joint ventures

Name of joint venture	Principal activity	Place of incorporation and principal place of business	Proportion of ownership interest and voting rights held by the Company	
			As of December 31, 2024	As of December 31, 2023
Promedical S.A.	Marketing and pharmaceuticals	Santa Cruz de la Sierra, Bolivia	50%	50%

Promedical S.A. is accounted for using the equity method in these Consolidated Financial Statements. Pursuant to a shareholder agreement, the Group has the right to cast 50% of the votes at shareholder meetings of Promedical S.A.

The other summary information that precedes the reconciliation to the Group's carrying amount represents amounts included in the IFRS financial statements of the joint venture, not the Procaps Group share of these amounts, although they are adjusted to reflect fair value adjustments upon acquisition or accounting policy alignments.

Summarized financial information of Promedical S.A is set out below. The summarized financial information below represents amounts in the Promedical S.A.'s financial statements prepared in accordance with IFRS Accounting Standards, adjusted by the Group for equity accounting purposes.

	As of December 31	
	2024	2023
Current assets	\$ 9,202	\$ 9,128
Non-current assets	2,505	2,940
Current liabilities	8,157	7,848
Non-current liabilities	1,092	1,047
Equity	2,458	3,173

	For the year ended December 31	
	2024	2023
Revenue	20,938	19,891
Loss of the year	(762)	(647)
Total comprehensive loss	(762)	(647)

	As of December 31	
	2024	2023
Net assets of Promedical S,A,	\$ 2,458	\$ 3,173
Proportion of the Group's ownership interest in Promedical S,A,	1,229	1,587
Unrealized gains on upstream and downstream transactions with equity-method investees	306	441
Carrying amount of the Group's interest in Promedical S,A,	\$ 1,535	\$ 2,028

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Note 18. Deferred tax

The deferred tax assets and liabilities by type of temporary difference are as follows:

	As of December 31,	
	2024	2023
Net deferred tax asset (liability)		
Trade and other receivables	\$ 7,999	\$ 13,362
Inventories	5,368	3,199
Property, plant and equipment	(2,380)	(4,251)
Intangibles	(2,247)	(6,540)
Borrowings and trade and other payables	8,346	224
Provisions and other liabilities	3,603	1,014
Tax losses	4,750	381
Others	2,128	601
Total net deferred tax asset (liability)	\$ 27,567	\$ 7,990

	As of December 31	
	2024	2023
Deferred tax asset	\$ 28,260	\$ 10,475
Deferred tax liability	(693)	(2,485)
Net deferred tax asset	\$ 27,567	\$ 7,990

	2024	2023
Balance as of January 1	\$ 7,990	\$ 738
Recognized in Profit or Loss	20,358	7,275
Recognized in Other Comprehensive Income ¹	(133)	85
Others ²	(648)	(108)
Balance as of December 31	\$ 27,567	\$ 7,990

¹ Deferred tax related to employee defined benefit plans.

² Deferred tax arising from the purchase price allocation of intangible assets recognized in connection with the acquisition of Procaps S.A. de C.V. (formerly Laboratorios López S.A. de C.V.), and foreign currency translation effects.

The deferred tax assets are ordinary in nature and arise primarily from deductible temporary differences related to impairment of trade receivables for financial reporting purposes; differences between the carrying amount and the tax base of inventories, property, plant and equipment, intangibles, right-of-use assets and provisions, as well as unused tax losses in certain entities.

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In assessing the recoverability of deferred tax assets, management considered that one of the main operating entities incurred accounting losses in two of the last three financial years, which constitutes negative evidence under IAS 12.35. Management evaluated this negative evidence in conjunction with positive evidence, including the expected reversal of taxable temporary differences and entity-level financial projections reflecting improved operating performance. Based on this combined assessment, management concluded that it is probable that sufficient future taxable profits will be available to utilize the deductible temporary differences and tax losses.

This assessment is based on the expected reversal of taxable temporary differences and on forward-looking taxable profit projections prepared at the individual legal entity level, which reflect management's current business plans and expected operating performance. As the utilization of deferred tax assets depends on the generation of taxable income by each entity, recoverability is assessed on an entity-by-entity basis rather than on consolidated results.

Tax losses recognized as deferred tax assets may be carried forward for up to 12 years under Colombian income tax law. Based on the expected timing of reversal of temporary differences and projected taxable profits, it is expected that such losses to be utilized within the applicable carryforward period.

Note 19. Cash and cash equivalents

	As of December 31	
	2024	2023
Cash on hand	25,901	13,269
Cash equivalents	4,388	1,476
Tax refund securities ¹	28	2,769
Total cash and cash equivalents	\$ 30,317	\$ 17,514

¹ The balance as of December 31, 2024 and 2023 relates to tax refund securities (Colombian Tax Reimbursement Certificates) that are securities issued by the Colombian Ministry of Finance and Public Credit which are highly liquid and tradeable. They must be redeemed within one year with the tax authority to compensate payable taxes.

As of December 31, 2024 and 2023, cash and cash equivalents were not restricted or levied in any way as to limit availability thereof.

Note 20. Trade and other receivables, net

	As of December 31	
	2024	2023
Trade receivables, net of discounts ¹	\$ 88,416	\$ 133,116
Other receivables	6,167	8,648
Impairment of trade and other receivables ²	(16,265)	(16,910)
Trade receivables, net of discounts and impairment	\$ 78,318	\$ 124,854

¹ Discount and return provision amounts to \$38,735 (2023: \$30,867)

² Total impairment balance is comprised of \$16,183 (2023: \$14,509) for trade receivables and \$82 (2023: \$2,401) for other receivables.

Refer to Note 31. Financial instruments for the Group's disclosures on credit risk management and expected credit losses. The Group has entered into factoring arrangements to sell certain trade receivables to third parties under recourse programs, retaining all risk and rewards incidental to the trade receivables, so no derecognition of the financial assets has been

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performed. Trade receivables which collateralize factoring obligations as of December 31, 2024 amount to \$1,356 (2023: 3,548).

The movements in the allowance for doubtful trade and other receivables are as follows:

	2024	2023
Balance as of January 1	\$ (16,910)	\$ (12,065)
Impairment	(2,619)	(3,840)
Write-offs	2,665	122
Effect of foreign currency exchange differences	599	(1,127)
Balance as of December 31	\$ (16,265)	\$ (16,910)

Note 21. Inventories, net

	As of December 31	
	2024	2023
Raw materials and supplies	\$ 45,146	\$ 48,291
Products in process	2,377	6,085
Finished products and merchandise	38,271	45,561
Inventory in transit	3,694	10,116
Subtotal	89,488	110,053
Less: Provision	(12,946)	(8,228)
Total	\$ 76,542	\$ 101,825

Inventories recognized as cost of goods sold during the year ended December 31, 2024 amounted to \$182,316 (2023: \$185,772). Inventories used as samples for the year ended December 31, 2024 amounted to \$4,008 (2023: \$4,686) were recognized as marketing expenses.

The movements in the inventory provision recognized for write-downs to net realizable value and obsolescence adjustments are as follows:

	2024	2023
Balance as of January 1	\$ (8,228)	\$ (6,917)
Provision for the year	(16,574)	(12,132)
Write-offs	10,674	11,090
Effect of foreign currency exchange differences	1,182	(269)
Balance as of December 31	\$ (12,946)	\$ (8,228)

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Note 22. Related party transactions

Balances and transactions between the Group and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note. Transactions between the Group and its related parties are disclosed below.

Outstanding activities

During the year, the Group entities carried out the following transactions with joint ventures and other related parties:

	As of December 31	
	2024	2023
Sale of finished products	\$ 2,396	\$ 4,534
Revenue from services and consulting	\$ 531	\$ 478
Purchases of raw materials and other services	\$ 20,200	\$ 15,542

For the year ended December 31, 2024 and 2023 there were no interest expense derived from related parties.

For the year ended December 31, 2024 other expenses derived from related party transactions are comprised of donations \$730 (2023: \$690), leases \$492, consulting services \$97 and others \$532, which are recognized as other expenses in profit or loss.

The following current amounts were outstanding at the reporting date:

	As of December 31	
	2024	2023
Trade and other receivables by related parties	\$ 14,611	\$ 13,474
Loans owed by related parties	986	2,272
Less: provisions	(12,490)	(11,838)
Amounts owed by related parties, net	\$ 3,107	\$ 3,908

The movements in the provision for doubtful accounts receivable from related parties are as follows:

	2024	2023
Balance as of January 1	(11,838)	(11,769)
(Impairment) reversals	(739)	909
Effect of foreign currency exchange differences	87	(978)
Balance as of December 31	(12,490)	(11,838)

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	As of December 31	
	2024	2023
Trade and other payables to related parties	\$ 7,095	\$ 8,083
Loans owed to related parties ¹	60	13,150
Amounts owed to related parties	\$ 7,155	\$ 21,233
Current	\$ 7,155	\$ 21,233
Non-current	\$ -	\$ -

¹ As of December 31, 2023, the Group had outstanding liabilities amounting to \$13,090 related to the loan with Herfroze and Bindermoor, related parties under control of the former shareholders of the Group. In 2024 such obligations were irrevocably extinguished and released under the Master Termination and Release Agreement. The derecognition of the related liabilities was recognized in equity as of December 31, 2024.

All outstanding balances with these related parties are priced on an arm's length basis and are to be settled in cash within two months of the reporting date. None of the balances are secured. No expense has been recognized in the current year or prior year for bad or doubtful debts in respect of amounts owed by related parties.

Loans to and from related parties

Loans to related parties	2024	2023
Balance as of January 1	\$ -	\$ 215
Loan repayments received	-	(215)
Balance as of December 31, 2024	\$ -	\$ -

Loans from related parties	2024	2023
Balance as of January 1	\$ -	\$ 61
Loan received (repayments)	5,071	(61)
Capitalizations effect on share premium account	(5,071)	-
Balance as of December 31, 2024	\$ -	\$ -

As of December 31, 2024 and 2023, the Group had no outstanding loan balances with related parties.

No loss allowance was recognized in expense in 2024 or 2023.

Transactions with directors and executive board management members

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Total management compensation included in the Consolidated Statement of Profit or Loss and Other Comprehensive Income are as follows:

	For the year ended December 31	
	2024	2023
Short-term employee benefits	\$ 3,127	\$ 3,288
Consulting fees	2,410	2,205
Total	\$ 5,537	\$ 5,493

The table below sets forth the entities Sofgen has engaged in related party transactions with and their relationship to Sofgen.

Related Party	Relationship to Sofgen
Promedical S.A.	A Bolivian sociedad anónima owned 50% by the Minski Family and measured as an equity method investment.
Fundación Procaps	A Colombian non-profit entity owned 100% by members of the Minski Family.
Industrias Intercaps de Venezuela, C.A.	A Venezuelan compañía anónima owned 100% by members of the Minski Family and Hoche.
Originates Inc.	A Florida corporation owned 100% by members of the Minski Family.
Gelco S.A.S.	A Colombian sociedad por acciones simplificada that is 18.75% owned by members of the Minski Family.
Gelco Gelatinas do Brasil	A Colombian sociedad por acciones simplificada that is 18.75% owned by members of the Minski Family.
Laboratorios Vivax Pharmaceutical C.A.	A Venezuelan compañía anónima owned 100% by members of the Minski Family and Hoche.
C.I. Naturmega S.A.	A Colombian sociedad anónima owned 92% by members of the Minski Family. Mostly a supplier.
Simviel S.A.S.	A Colombian sociedad por acciones simplificada owned 100% by a member of the Minski Family.
Pharma Perspectives S.A.	A Costa Rican sociedad anónima owned 100% by members of the Minski Family and Hoche.
Carlton Mega Inversiones S.A.	A Costa Rican sociedad anónima owned 100% by members of the Minski Family and Hoche.
Sognatore Trust	A trust for the benefit of certain members of the Minski Family.

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Deseja Trust	A trust for the benefit of certain members of the Minski Family.
Symphony Trust	A trust for the benefit of certain members of the Minski Family.
Union Acquisition Associates II, LLC	A Florida limited liability company controlled by a member of the Board of Directors.
Palo Santo Media LLC	A Florida limited liability company owned and controlled by an immediate family member of a member of the Board of Directors.
Escala Impresores S.A.S.	A Colombian sociedad por acciones simplificada owned by a brother of the Minski Family. Mostly a supplier.
Dilcrest Assets S.A.	A Panamanian sociedad anónima owned 100% by members of the Minski Family.
Herfroze Investments Ltd.	A Panama Limited liability company owned by members of the Minski Family.
Binder Moor Overseas S.A.	A Panama company owned by members of the Minski Family.
WM Partners LP	A Florida private equity firm that is 45% owned by members of the Minski Family and 45% owned by a member of the Board of Directors.
Batley Management	A Panama company owned by members of the Minski Family.
Hoche Partners Pharma Holding SARL <i>(Refer to Note 26. Secured convertible note)</i>	Luxembourg company and a Procaps Shareholder.

Purchase and Sale of Goods and Services and Commercial Operations

Purchase of Goods and Services

Procaps has purchased goods and services in the ordinary course of business in arm's length transactions under market terms from several related parties. During the years ended December 31, 2024 and 2023, Procaps purchased goods and services from the following companies: (i) C.I. Naturmega S.A.; (ii) Gelco S.A.S.; (iii) Productora de Gelatina S.A.S.; (iv) Originates Inc.; (v) Simviel S.A.S.; and (vi) Productora de Gelatina Do Brazil Ltda, (vii) Wm Partners, L. P.; and (viii) Escala Impesores S.A.S. Such goods and services consisted primarily of the sale of refined fish oil, gelatin and other raw materials. During the years ended December 31, 2024 and 2023, Procaps has purchased a total of \$22.3 million and \$19.1 million in goods and services from these companies, respectively.

Sale of Goods

Procaps has sold goods in the ordinary course of business in arm's length transactions under market terms to several related parties. During the years ended December 31, 2024 and 2023, Procaps sold goods to the following companies: (i) C.I. Naturmega S.A., (ii) Promedical S.A, (iii) Industrias Intercaps de Venezuela C.A. and (iv) Laboratorios Vivax

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Pharmaceutical C.A. Such goods consisted primarily of raw materials. During the years ended December 31, 2024 and 2023, Procaps has sold a total of approximately \$2.4 million and \$4.5 million, in goods to these companies, respectively.

Sale of Services

Procaps has sold services in the ordinary course of business in arm's length transactions under market terms to several related parties. During the years ended December 31, 2024 and 2023, Procaps sold services to the following companies: (i) Promedical S.A.; (ii) Originest Inc.; (iii) CI Naturmega S.A. and (iv) Fundacion Procaps Such services consisted primarily of technical advisory services. During the years ended December 31, 2024 and 2023, Procaps has sold a total of approximately \$531 thousand and \$478 thousand, in services to these companies, respectively.

Commercial Operations

Sofgen Pharma has conducted commercial operations in the ordinary course of business in arm's length transactions under market terms with several related parties.

During the years ended December 31, 2024 and 2023, Sofgen Pharma maintained balances of commercial operations with the following companies, generating accounts receivables by: (i) C.I. Naturmega S.A.; (ii) Industrias Intercaps de Venezuela C.A.; (iii) Originates Inc.; (iv) Productora de Gelatina S.A.S.; (v) Pharma Perspectives S.A.; (vi) Carlton Mega Inversiones S.A.; (vii) Escala Impresores S.A. and (viii) Promedical S.A. Such commercial operations consisted primarily of back-office services, leases, technical advisory and sale of finished products and raw materials. During the years ended December 31, 2024 and 2023, Procaps generated a total of approximately \$14.6 million and \$13.5 million in accounts receivables owed by these companies, respectively.

During the years ended December 31, 2024 and 2023, Sofgen Pharma conducted commercial operations with the following companies, generating accounts payable to: (i) C.I. Naturmega S.A.; (ii) Fundación Procaps; (iii) Originates Inc.; (iv) Gelco S.A.S.; (v) Productora de Gelatina S.A.S.; (vi) Promedical S.A.; (vii) Escala Impresores S.A.S. and (ix) Gelco Do Brazil. Such commercial operations consisted primarily of purchase of raw materials, technical advisory and leases. During the years ended December 31, 2024 and 2023, Procaps generated a total of approximately \$ 7.1 million and \$8.1 million in accounts payable to these companies, respectively.

Party Donations, Advances, Long-Term Receivables, Loans and Guarantees

Donations

Procaps S.A. has made donations to Fundación Procaps in the total amount of approximately \$ 0.9 million and \$1.14 million for the years ended December 31, 2024 and 2023, respectively.

Advances

Procaps periodically advances payments for services to be performed by certain related parties, including Simviel S.A.S. As of December 31, 2024, no advances were made.

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Note 23. Shareholder's equity

Note 23.1. Authorized and issued shares

The authorized shareholder's equity is represented by 800,000,000 (2023: 800,000,000) Ordinary Shares with a par value of one cent each, of which 112,824,184 (2023: 112,824,184) are issued and outstanding as of December 31, 2024. Ordinary Shares grant one vote per share and one right to dividends. Also, 4,000,000 Redeemable A Shares are issued and held in treasury by the Group and 4,500,000 Redeemable B Shares are issued and held in treasury by the Group.

Reconciliation of share capital and share premium related to the reverse reorganization:

<i>Ordinary authorized and issued shares</i>	Number of shares	Share capital amount	Share premium
As of January 1, 2023	101,109,572	1,011	377,677
Treasury shares acquired (a)	-	-	(2,184)
As of December 31, 2023	101,109,572	1,011	375,493
Treasury shares acquired (a)	-	-	(823)
Effect of Master Termination and Release Agreement	-	-	18,161
Other	-	-	20
As of December 31, 2024	101,109,572	1,011	392,851

a. Treasury shares – Comprises the cost of the Company's shares held by the Group.

Note 23.2. Reserves

	As of December 31	
	2024	2023
Legal ¹	\$ 5,082	\$ 4,898
Working Capital ²	42,425	42,209
General ³	9,585	3,131
	\$ 57,092	\$ 50,238

	2024	2023
Balance as of January 1	\$ 50,238	\$ 45,743
Increase in working capital reserves	216	1,358
Increase in legal reserves	184	6
Increase in general reserves	6,454	3,131
Balance as of December 31	\$ 57,092	\$ 50,238

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- ¹ *Legal Reserves* – Includes the appropriate values from net income to comply with legal provisions related to asset protection according to applicable jurisdictions with cumulative earnings.
- ² *Reserves for working capital* – These are eventually used to transfer earnings from the retained earnings for appropriation purposes.
- ³ *General reserves* – These are eventually used to transfer earnings from the retained earnings for fulfilling various business needs, like enhancing the working capital, distributing dividends to the shareholders, meeting various kinds of other contingencies, etc.

Note 24. Borrowings

	2024	2023
Borrowings at amortized cost ¹		
Syndicated term loans ¹	\$ 54,940	\$ 64,275
Other term loan ²	63,352	80,717
Lease liabilities ³	30,318	35,247
Factoring obligations ⁴	4,277	4,111
Bank overdrafts ⁵	79	153
Senior Notes ⁶	115,000	115,000
Total borrowings	\$ 267,966	\$ 299,503
Current	\$ 226,559	\$ 268,389
Non- Current	\$ 41,407	\$ 31,114

- ¹ Borrowings at amortized cost are unsecured, with the exception of factoring obligations which are collateralized by trade receivables. Refer to Note 20. Trade and other receivables, net.

Information about the Group's exposure to interest rate, foreign currency and liquidity risk is included in Note 31. Financial Instruments.

1. Syndicated term loan

<i>(In thousands of USD)</i>	Principal currency	Range of Interest	Maturity Year	2024	2023
<i>New Banco Credit Agreement</i>	COP	IBR +8.50% (Variable)	2029	54,940	64,275

On November 20, 2018, Procaps S.A. entered into a syndicated term loan agreement (the "Syndicated Loan Agreement") with the following banks: Portion in COP - Davivienda and Bancolombia; USD portion - Banco de Credito del Peru, Bancolombia Panama and Banco Sabadell. The total value of the syndicated loan amounts to \$200,434 million COP (portion in COP) and \$35 million USD (portion in USD), Fiduciaria Bancolombia acts as the agent of the loan. C.I. Procaps S.A., Procaps S.A. de C.V, Biokemical S.A., Pharmarketing S.A. (Panama), Pharmarketing Salvador S.A. de C.V., Pharmarketing S.A. (Guatemala S.A.), C.D.I. Salvador S.A. de C.V., C.D.I. Nicaragua S.A., C.D.I. Guatemala S.A., Pharmarketing Dominicana SRL, and Pharmarketing Costa Rica S.A., act as co-debtors, while Pharmayect S.A., Inversiones Crynsen S.A.S., Inversiones Ganeden S.A.S., Inversiones Henia S.A.S., Inversiones Jades S.A.S., and Industrias Kadima S.A.S., act as guarantors.

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The resources obtained were used for advance payment and/or novation of some obligations to be refinanced. The conditions of the loan had a term of 5 years for installment payments and the interest rates agreed are as follows: IBR + 5.30% for the portion in COP and Libor + 4.80% for the USD portion.

The loans received by Banco de Crédito del Peru and Banco Sabadell were prepaid during the month of November 2021, due to the improvement in terms and conditions under the NPA.

The significant covenants required by the Syndicated Loan Agreement were as follows:

- Indebtedness index (Indebtedness/EBITDA) as of June 30 and December 30 of each year, during the loan term, must be less than or equal to 3.5 times. If the index is greater than 3.0 and less than 3.5, it proceeds to the extent that this value is originated by causes other than additional debt and the justification of the increase must be presented to the agent.
- Short-term leverage ratio must be less than 1.0 on the last day of each semester.
- EBITDA ratio / financial expenses = or > 3.0 on the last day of each semester.
- The payment of dividends is restricted to anyone other than the jointly obligated parties.

The Syndicated Loan Agreement established that, in the event of breach of covenants by the debtor, the lenders shall be entitled to declare early maturity of the indebtedness thereunder.

For the period ended June 30, 2023, as part of the Waiver negotiations, the lenders agreed to adjust the ratios, the Group complied.

On August 16, 2023, Procaps S.A. and other entities of the Group (Sofgen Pharma, S.A., C.I. Procaps, S.A., Diabetics Healthcare, S.A.S., Procaps, S.A. de C.V., and Funtrition, S.A.S.) as guarantors (collectively, the "Obligors") entered into a Credit Agreement with Bancolombia S.A. and Banco Davivienda S.A (the "New Banco Credit Agreement"). The New Banco Credit Agreement – Club Deal provides for a loan of up to \$247,817 million COP and the proceeds are to be used exclusively for the prepayment of \$5,486 Thousands of USD of previously existing loans and \$225,325 million COP for the refinancing of existing indebtedness of the Group, including the Syndicated Loan Agreement. The New Banco Credit Agreement – Club Deal 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% per annum.

The New Banco Credit Agreement – Club Deal contains customary affirmative and negative covenants, including limitations on the ability of the Group to incur additional debt, guarantee other obligations, grant liens on assets, make investments or acquisitions, dispose of assets, pay dividends or other payments on capital stock, make restricted payments, engage in mergers or consolidations, engage in transactions with affiliates, and enter into certain restrictive agreements.

The New Banco Credit Agreement – Club Deal requires the Group's compliance with the following financial covenants, each measured on a trailing twelve-month basis on the final day of each fiscal quarter of the Group:

- Consolidated debt to consolidated EBITDA ratio of no greater than 3.50:1:00 (other than for the period ended September 30, 2023, for which the ratio shall be no greater than 4.30:1.00).
- EBITDA interest coverage ratio of greater than 3.00:1.00 (other than for the period ended September 30, 2023, for which the ratio shall be greater than 1.90:1.00).

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Additionally, the Obligors are required to maintain combined total assets and combined EBITDA equal to no less than 80% of the Group's consolidated total assets and consolidated EBITDA, respectively, as of June 30 and December 31 of each year.

On December 26, 2023, the Group obtained Incremental Waivers under the New Banco Credit Agreement in anticipation of a potential breach of the consolidated EBITDA to consolidated interest expense ratio, which adjusts such ratio for the period ended December 31, 2023, that shall be greater than 1.90:1.00.

As of December 31, 2023 the Company did not provide information regarding financial ratios to the lenders. Also, according to the consolidated financial results for the year ended December 31, 2023, Management determined that the Group was not in compliance with the following financial covenant ratio: consolidated debt to consolidated EBITDA ratio 3.71. The Company complied with EBITDA interest coverage ratio 1.98. Also, the Group did not comply with other non-financial covenants for which a waiver was not obtained.

On August 25, 2024, a Forbearance Agreement was executed with all financial creditors, which became effective upon satisfaction of the applicable conditions. Under this agreement, such credit ors agreed to temporarily forbear from exercising rights and remedies under the financing documents.

The specified defaults include: (i) payment defaults relating to principal and interest under the credit agreement maturing on August 25, 2024; (ii) breaches of financial covenants measured as of December 31, 2023 and March 31, 2024; (iii) failures to deliver financial information and certifications required under the financing documents, which remained outstanding as of December 31, 2024; and (iv) certain cross-default and notification events.

The Forbearance does not constitute a waiver or release of the Specified Defaults, and the financing documents continue to remain in full force and effect, except as expressly provided in the Forbearance Agreement.

As of December 31, 2024, the Forbearance Period remained in effect for the Club Deal, with no Termination Event having occurred, in the context of ongoing negotiations with creditors regarding amendments to the credit terms.

As of December 31, 2024, the Company was subject to financial covenants under the Credit Facilities (i) a Consolidated Total Indebtedness to Consolidated EBITDA ratio and (ii) a Consolidated EBITDA to Consolidated Interest Expense ratio.

Based on the consolidated financial results for the year ended December 31, 2024, the Company determined that was not in compliance with the following financial covenant ratios:

- **Consolidated Total Indebtedness to Consolidated EBITDA** ratio of 27.73x, compared to a maximum permitted ratio of 3.50x;
- **Consolidated EBITDA to Consolidated Interest Expense** ratio of 0.32x, compared to a minimum required ratio of 3.00x;

In addition, as of December 31, 2024, the Company had not delivered certain quarterly and annual financial statements and related compliance certificates within the time periods required under the Credit Agreements. The failure to timely deliver such financial information constituted an event of default under the applicable agreements.

These covenant breaches are consistent with the Specified Defaults previously disclosed and are subject to the Forbearance Agreements entered into with the relevant lenders. As of December 31, 2024, such Forbearance Agreements remained in

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effect, pursuant to which the lenders agreed to temporarily refrain from exercising their rights and remedies in respect of the specified events of default, subject to the terms and conditions set forth therein.

As a result, the Group reclassified the respective indebtedness of \$47,212 as of December 2024 (2023; 62,894) related to the New Banco Credit Agreement to current liabilities.

2. Other term loans

	Principal currency	Range of Interest	Maturity Year	2024	2023
Other term loans ¹	COP	23.00-26.40% -32.00%A.N. (2023: 17.72%-32% A.E., 23.50% A.N. (Fixed))	2025-2026	\$ 12,553	\$ 14,323
	COP	IBR+2.71%-6.60% - DTF+5.43%(2023: IBR+2.25%- 7.25%)	2026-2029	10,516	13,468
	Soles	8.00% - 14.20% A.N.(2023: 8.00% - 12.79% A.N.)	2025	3,441	7,364
	Reales	9.84%-25.44% A.N. (2023: 9.84%- 13.08% A.N.)	2026	628	545
	USD	SOFR+ (3%-5.80%)	2025-2029	17,478	23,621
	USD	6.00%-19.68% A.N. (2023: 8% - 19.68%A.N.)	2025-2026	18,736	21,396
Total Other term loans				\$ 63,352	\$ 80,717

- ^{1.} Other term loans includes reverse factoring transactions . The balance of reserve factoring as of December 31, 2024 and 2023 was of \$13,933 and \$18,849, respectively.

On June 28, 2022, Procaps, S.A. entered into a credit agreement with BTG Pactual (the “BTG Credit Agreement”) to borrow \$8,672. The financial covenants required by the BTG Credit Agreement are as follows:

- Consolidated Indebtedness Indicator (Indebtedness / EBITDA) must not be greater than 3.5 times.
- EBITDA interest coverage ratio must not be less than 3 times.

As part of the waiver negotiations, the lenders agreed to adjust the covenant ratios as noted below for the period ended June 30, 2023:

- Procaps S.A. and its subsidiaries consolidated Indebtedness Indicator (Indebtedness / EBITDA) must not be greater than 4.5x.
- Procaps S.A and its subsidiaries EBITDA interest coverage ratio must not be less than 1.8x.

Further, on September 29, 2023, the Group negotiated with BTG to change the covenant reporting entity to be the Group instead of just Procaps S.A. and its subsidiaries. The changes in the ratios are as follows:

- For the remainder of 2023, Indebtedness Indicator (Indebtedness / EBITDA) must be greater than 4.30x. For the period starting 2024, it must be greater than 3.5x.
- For the remainder of 2023, EBITDA interest coverage ratio shall be greater than 1.9x. For the period starting 2024, it must be greater than 3.0x.

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Along with the BTG Credit Agreement, the Group borrowed \$19,000 on October 14, 2022 as part of a short-term agreement with BTG Pactual which was initially payable in 2022. On December 15, 2022, February 13, 2023, and May 10, 2023, the Group executed amendments to extend the maturity date.

On August 18, 2023, the Group entered into a Credit Agreement with Banco BTG Pactual S.A.-Cayman Branch. (the “New BTG Credit Agreement”). The New BTG Credit Agreement provides for a loan of up to \$19 million, the proceeds are to be used exclusively for the prepayment of existing indebtedness under the BTG Credit Agreement. The New BTG Credit Agreement provides for a term of 30 months, interest accrues at a rate equal to SOFR 3M plus 5.80%.

The New BTG Credit Agreement requires the Group's compliance with the following financial covenants, each measured on a trailing twelve-month basis on the final day of each period ending June 30 and December 31 2023:

- Consolidated debt to consolidated EBITDA ratio of no greater than 3.50:1.00 (other than for the twelve-month period ended December 31, 2023, for which the ratio shall be no greater than 4.30:1.00).
- EBITDA interest coverage ratio of greater than 3.00:1.00 (other than for the twelve-month period ended December 31, 2023, for which the ratio shall be greater than 1.90:1.00).

As of December 31, 2023, the Company did not provide information regarding financial ratios to the lenders. Also, according to the consolidated financial results for the year ended December 31, 2023, Management determined that the Group was in compliance with the following financial covenant ratios: consolidated debt to consolidated EBITDA ratio 3.71 and EBITDA interest coverage ratio 1.98. Also, the Group did not comply with other non-financial covenants for which a waiver was not obtained.

As a result, the Group reclassified the respective indebtedness for BTG Credit Agreement, amounting to \$12,448 to current liabilities as of December 31, 2023.

Based on the consolidated financial results for the year ended December 31, 2024, the Company determined that it was not in compliance with the following financial covenant ratios:

- **Consolidated Total Indebtedness to Consolidated EBITDA** ratio of 27.73x, compared to a maximum permitted ratio of 3.50x;
- **Consolidated EBITDA to Consolidated Interest Expense** ratio of 0.32x, compared to a minimum required ratio of 3.00x

As of December 31, 2024, the Group did not comply with other non-financial covenants and financial ratios to the lenders. As a result, the Group reclassified the respective indebtedness for BTG Credit Agreement amounting \$ 2,111 to current liabilities as of December 31, 2024. In connection with these matters, the Company entered into forbearance agreements with the relevant lenders, pursuant to which the lenders agreed to temporarily forbear from exercising their rights and remedies arising from the covenant breaches, subject to the terms and conditions set forth therein. The forbearance agreements remained in effect as of December 31, 2024.

In December 2024, the Group, together with the respective borrowers, entered into amended credit agreements to refinance previously existing rollover loans for an amount of \$28.3 million. These amendments include changes to maturity terms, updates to the interest rates to reflect market conditions at the time of celebrating the amendment and the inclusion of certain guarantees.

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The Group organizes the rollovers into different categories depending on the subsidiary entering into each contract as follows categories. The refinancing resulted in the following payment commitments based on the aforementioned categories:

Category	Payment commitments	Company	Banks
Category 1	Monthly installments including the principal amount and the corresponding accrued interest from January 2026 to December 2026; except for Bretton Woods, which has monthly interest payments and a single capital payment in December 2026.	Funtrition S.A.S. Procaps S.A. Rymco Medical S.A.S. Colbras Industria e Comercio Ltda.	Banco de Occidente Bretton Woods ITAU Banco de Bogotá Banco de Occidente Bancolombia Bancoomeva BBVA BCP Banco de Occidente ITAU Santander
Category 2	A single payment of principal and accrued interest in December 2025.	Procaps S.A. de CV	Banco Cuscatlán Banco Davivienda Banco Promerica Dr. Nico Gems Pentágono
Category 3	Monthly installments including the principal amount and accrued interest from January 2025 to December 2025	Pharmarketing S.A. Unimed del Perú S.A.	Banco General de Panama BAN BIF Banco de Crédito del Peru

Supplier finance arrangements (Reverse factoring)

The Company operates the following types of supplier finance arrangements, primarily in Colombia, through Procaps S.A:

The company entered into supplier finance arrangements that permit the suppliers to obtain payment from the financial entities subject to an average discount of up to 2.2% M.N per cent. The discount represents less than the trade discount for early repayment commonly used in the market. The arrangements permit the financial entities to settle invoices of up to USD 3.0 million average per month.

In some cases, the supplier obtains payment prior to the invoice due date and the company repays the financial entities the full invoice amount on the scheduled payment date as agreed with the financial entities. As the arrangements do not necessarily extend finance from the financial entities by paying them later than the company would have paid its suppliers, and the company do not incur in additional expenses, the company considers amounts payable to the financial entities should be presented as part of trade and other payables. As of 31 December 2024, 0.4% per cent of trade payables were amounts owed under these arrangements.

The remaining financial amount assigned under these agreements are presented as part of borrowings due to they met the following criteria 1) the assignment is contractually initiated and decided by the company, 2) it extends the period in which the company regularly pays the supplier, 3) the amount of the invoices is paid to the financial entities, and 4) the supplier re-charges the company for the discount withheld by the financial entity.

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	As of December 31
	2024
Carrying amount of the financial liabilities that are subject to supplier finance arrangements	
Presented as part of “Trade and other payables”, including:	
Trade payables for which suppliers have already received payment from the finance provider	335
Presented as part of “Borrowings”, including:	
Borrowings for which suppliers have already received payment from the finance provider	13,938
Range of payment due dates	Days
For liabilities presented as part of “Trade and other payables”:	
Liabilities that are part of supplier finance arrangements	45-60
Comparable trade payables that are not part of supplier finance arrangements	30-180
For liabilities presented as part of “Borrowings”:	
Liabilities that are part of supplier finance arrangements	30-180
Comparable trade payables that are not part of supplier finance arrangements	30-180

Changes in liabilities that are subject to supplier finance arrangements are primarily attributable to additions resulting from purchases of goods and services and subsequent cash settlements. There were no material non-cash changes in these liabilities.

The group does not face a significant liquidity risk as a result of its supplier finance arrangements given the limited amount of liabilities subject to supplier finance arrangements and the group’s access to other sources of finance on similar terms.

3. Lease liabilities

<i>(In thousands of USD)</i>	Principal currency	Range of Interest	Maturity Year	2024	2023
Lease liabilities	COP	IBR+3.82%-7.30%	2026 - 2030	\$ 9,553	\$ 11,082
	COP	IBR+4.20%-8.20%, 7.48%(2023: IBR+4.20%- 8.20%)	2025-2031	8,816	6,340
	USD ¹	0.75%-24.00%(2023: 0.75%-24.00%)	2026-2028	10,450	17,180
	COP	1.91%-12.23%, IBR+4.68%	2023	-	-
	Reales	24.00% A.N.(2023: 0.33% - 19.08% A.N.)	2026	1,499	645
Total Lease liabilities				\$ 30,318	\$ 35,247

¹ Includes lease liabilities of \$1,331 (December 31, 2023: \$1,501) with related party WM Partners, LP.

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4. Factoring obligations

<i>(In thousands of USD)</i>	Principal currency	Range of Interest	Maturity Year	2024		2023	
Portfolio factoring	COP	DTF + 7.00% (2023: DTF+8.00%)	2024	\$	-	\$	1,802
	COP	25.8% A.N (2023: 15%-27% A.N.)	2025		929		1,553
	Reales	15.96% - 18.00% A.N.	2025		3,123		551
	USD	9.50% A.N.(2023: 9.95% A.N.)	2025		225		205
Total Factoring obligations				\$	4,277	\$	4,111

5. Bank overdraft

<i>(In thousands of USD)</i>	Principal currency	Range of Interest	Maturity Year	2024		2023	
Overdrafts and credit cards	COP	32.00% A.E. (Fixed)	2025	\$	21	\$	20
	USD	SOFR+3.00%+FECI 1.00%	2025		-		18
	USD	17.00% -32.00% A.E. (Fixed)	2025		58		115
Total Overdrafts and credit cards				\$	79	\$	153

6. Senior Notes

<i>(In thousands of USD)</i>	Principal currency	Range of Interest	Maturity Year	2024		2023	
The Prudential Insurance Company Of America	USD	8.50% A.N.(Fixed)	2031	\$	60,020	\$	60,020
Prudential Annuities Life Assurance Corporation	USD	8.50% A.N.(Fixed)	2031		29,980		29,980
Healthspring Life & Health Insurance Company, Inc	USD	8.50% A.N.(Fixed)	2031		18,350		18,350
CIGNA Health and Life Insurance Company	USD	8.50% A.N.(Fixed)	2031		6,650		6,650
Total Senior Notes				\$	115,000	\$	115,000

On November 12, 2021, the Group closed the private placement offering of \$115 million aggregate principal amount of 4.75% guaranteed senior notes (the "Senior Notes") issued by Procaps, S.A., a subsidiary of the Group, due November 12, 2031, pursuant to the NPA entered into on November 5, 2021 with The Prudential Insurance Company of America, Prudential Annuities Life Assurance Corporation, Healthspring Life & Health Insurance Company, Inc. and Cigna Health and Life Insurance Company Inc

The Senior Notes are a senior unsecured obligations of Procaps, S.A. and unconditionally guaranteed by Sofgen Pharma, S.A. and the following subsidiaries of the Group: C.I. Procaps, S.A., Diabetrics Healthcare S.A.S., Pharmayect S.A., Procaps, S.A. de C.V., Biokemical, S.A. de C.V., Colbras Indústria e Comércio Ltda., and Sofgen Pharmaceuticals LLC.

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Debt issuance costs related to the Senior Notes of \$2,142, comprised of commissions payable to the initial purchasers of \$1,390 and attorneys' costs of \$752, were allocated to the liability of the Notes based on their relative values. Issuance incremental costs are part of the effective rate and amortized to interest expense using the effective interest method over the contractual term.

The Notes Payoff did not occur on or prior to November 30, 2022, therefore triggering the 3.75% per annum waiver fee on the outstanding principal amount of Senior Notes, raising the interest rate from 4.75% to 8.50%. As a result, the Group has treated the rate increase as a debt extinguishment, derecognized a liability in the amount of \$113,400, expensed \$1,600 in unamortized transaction costs, and recognized a new liability in the amount of \$115,000.

The Senior Notes require Procaps, S.A., the Group and the following subsidiaries of the Group: C.I. Procaps, S.A., Diabetrics Healthcare S.A.S., Pharmayect S.A., Procaps, S.A. de C.V., Biokemical, S.A. de C.V., Colbras Indústria e Comércio Ltda., and Sofgen Pharmaceuticals LLC. to comply with the following financial ratios:

- The consolidated total debt of Procaps, S.A., the Group and the other obligors thereunder to consolidated EBITDA for the last twelve months of 3.50:1.00 or less (Indebtedness Indicator), measured on a trailing twelve-month basis on the final day of each fiscal quarter of the Group;
- An EBITDA interest coverage ratio (calculated as the consolidated EBITDA for the last twelve months of Procaps, S.A., the Group and the other obligors thereunder divided by the consolidated interest expenses of Procaps, S.A., the Group and the other obligors thereunder) in excess of, or equal to, 3.00:1.00, measured on a trailing twelve-month basis on the final day of each fiscal quarter of the Group.
- Short-term leverage ratio equal to or less than 1.00

Complying with the NPA protocols and as a result of the more favorable provisions of the Syndicated Loan Agreement, the Group gave notice on April 7, 2022 that specific provisions related to reporting covenants, affirmative covenants, negative covenants, events of default, and mandatory prepayment events, as set forth in the Syndicated Loan Agreement, shall apply to the Senior Notes.

For the periods ending March 31, June 30 and September 30, 2023, as part of the Waiver negotiations, the lenders agreed to adjust the covenant ratios as noted below.

The consolidated total debt of Procaps, S.A., the Group and the other obligors thereunder to consolidated EBITDA for the last twelve months of 4.00:1.00 or less:

- An EBITDA interest coverage ratio in excess of, or equal to, 2.20:1.00.
- Short-term leverage ratio equal to or less than 1.60:1.00.

As of June 30, 2023 the Group obtained an Additional waiver under the NPA in anticipation of a potential breach of the covenant ratios contained within the March 31, 2023 waiver. For the periods ending June 30 and September 30, 2023, the lenders agreed to adjust the covenant ratios as noted below (the covenants returned to the original terms from December 31, 2023, onwards):

- The consolidated total debt of Procaps, S.A., the Group and the other obligors thereunder to consolidated EBITDA for the last twelve months of 4.30:1.00 or less.
- An EBITDA interest coverage ratio in excess of, or equal to, 1.90:1.00.

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On December 29, 2023, the Group obtained Incremental Waivers under the NPA in anticipation of a potential breach of the EBITDA interest coverage ratio, which adjusts such ratio for the period ended December 31, 2023, that shall be greater than or equal to 1.90:1.00.

As of December 31, 2023, the Company did not provide information regarding financial ratios to the lenders. Also, according to the consolidated financial results for the year ended December 31, 2023, Management determined that the Group was not in compliance with the following financial covenant ratio: consolidated total debt to consolidated EBITDA ratio 3.71. The Company complied with EBITDA interest coverage ratio 1.98. Also, the Group did not comply with other non-financial covenants for which a waiver was not obtained.

As a result, the Group reclassified the respective indebtedness for the NPA, amounting to \$115,000 to current liabilities as of December 31, 2023. This reclassification causes the Group to breach the short-term leverage ratio under the NPA as of December 31, 2023.

On March 29, 2024, the Group obtained the March 2024 waivers, under which, the noteholders agreed to adjust the short-term leverage ratio to be less than or equal to 3.0 for the period ended December 31, 2024.

On August 25, 2024, a Forbearance Agreement was executed with all financial creditors, which became effective upon satisfaction of the applicable conditions. Under this agreement, such creditors agreed to temporarily forbear from exercising rights and remedies under the financing documents.

The specified defaults include: (i) payment defaults relating to principal and interest under the credit agreement maturing on August 25, 2024; (ii) breaches of financial covenants measured as of December 31, 2023 and March 31, 2024; (iii) failures to deliver financial information and certifications required under the financing documents, which remained outstanding as of December 31, 2024; and (iv) certain cross-default and notification events.

The Forbearance does not constitute a waiver or release of the Specified Defaults, and the financing documents (including the Note Purchase Agreement, in respect of which the corresponding NPA Forbearance Agreement remained in effect) continue to remain in full force and effect, except as expressly provided in the Forbearance Agreement.

As of December 31, 2024, the Forbearance Period remained in effect for the NPA, with no Termination Event having occurred, in the context of ongoing negotiations with creditors regarding amendments to the credit terms.

During 2024, the Company continued to operate under the amended covenant framework. However, as a result of liquidity constraints experienced during the third quarter of 2024 and delays in the issuance of financial statements, the Group was not in compliance with certain financial and non-financial covenants under the applicable credit agreements, including leverage-related ratios (EBITDA to Debt coverage ratio and EBITDA to interest expenses coverage ratio) and timely delivery obligations.

In response to these covenant breaches, the Company entered into forbearance arrangements with its financial creditors during 2024 (the "Forbearance Agreements"), pursuant to which the lenders agreed to temporarily forbear from exercising their rights and remedies, including acceleration rights, arising from such events of default, subject to specified conditions.

These arrangements remained in effect for the Syndicated loan, BTG and Noteholders while the Company negotiated a comprehensive restructuring of its debt obligations. All other credit facilities were successfully restructured before the end of 2024.

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Based on the consolidated financial results for the year ended December 31, 2024, the Company determined that was not in compliance with the following financial covenant ratios:

- **Consolidated Total Indebtedness to Consolidated EBITDA** ratio of 27.73x, compared to a maximum permitted ratio of 3.50x;
- **Consolidated EBITDA to Consolidated Interest Expense** ratio of 0.32x, compared to a minimum required ratio of 3.00x;

In addition, as of December 31, 2024, the Company had not delivered certain quarterly and annual financial statements and related compliance certificates within the time periods required under the Credit Agreements. The failure to timely deliver such financial information constituted an event of default under the applicable agreements.

These covenant breaches are consistent with the Specified Defaults previously disclosed and are subject to the Forbearance Agreements entered into with the relevant lenders. As of December 31, 2024, such Forbearance Agreements remained in effect, pursuant to which the lenders agreed to temporarily refrain from exercising their rights and remedies in respect of the specified events of default, subject to the terms and conditions set forth therein.

As a result, the Group reclassified the respective indebtedness of \$115,000 to current liabilities as of December 2024 (2023; 115,000) related to the NPA.

For information related to debt financial restructuring refer to Note 32. Events after the reporting period.

Working capital

Reconciliation of liabilities arising from financing activities

	January 1, 2024	Payment cash flows	New liabilities ¹	Other changes ²	December 31, 2024
Syndicated term loans	64,275	(877)	-	(8,458)	54,940
Other term loan	80,717	(96,246)	82,882	(4,001)	63,352
Lease liabilities	35,247	(5,697)	3,849	(3,081)	30,318
Factoring obligations	4,111	(34,456)	35,566	(944)	4,277
Bank overdrafts	153	(4,041)	3,970	(3)	79
Notes	115,000	-	-	-	115,000
Secured convertible notes	-	-	40,000	(1,253)	38,747
Total liabilities from financing activities	\$ 299,503	\$ (141,317)	\$ 166,267	\$ (17,740)	\$ 306,713

^{1.} New liabilities include non-cash activities for invoices from suppliers financed via reverse factoring \$40,739 and new lease liabilities for \$3,849.

^{2.} Other changes mainly include foreign currency exchange differences of \$16,488 and cost amortization of \$70.

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	January 1, 2023	Payment cash flows	New liabilities ¹	Other changes ²	December 31, 2023
Syndicated term loans	38,626	(4,043)	5,556	24,136	64,275
Other term loan	96,851	(112,880)	102,677	(5,931)	80,717
Lease liabilities	34,192	(5,992)	2,574	4,473	35,247
Factoring obligations	2,317	(20,607)	21,702	699	4,111
Bank overdrafts	80	(425)	479	19	153
Notes	115,000	-	-	-	115,000
Total liabilities from financing activities	\$ 287,066	\$ (143,947)	\$ 132,988	\$ 23,396	\$ 299,503

1. New liabilities include non-cash activities for invoices from suppliers financed via reverse factoring \$47,161 and new lease liabilities for \$2,574.
2. Other changes include foreign currency exchange differences, cost amortization of \$98 and the novation of debt of \$13,707 between the Other term loan and the Syndicated term loan.

Note 25. Employee benefit liabilities

	As of December 31	
	2024	2023
Post – employment benefits		
Pension	\$ 1,742	\$ 1,557
Voluntary retirement plan	1,877	1,954
Other plans	909	953
Subtotal	4,528	4,464
Salaries and other short terms employee benefits	10,098	8,305
Total	14,626	12,769
Current	10,098	8,305
Non- Current	\$ 4,528	\$ 4,464

The Group contributes to the following post-employment defined benefit plans:

- a) Ecuador Retirement Plan entitles employees who provide services continuously for 20 years or more to retirement and to receive the employee benefits granted by the Social Security Public Institute (IESS, for its acronym in Spanish), which requires the Group to pay an amount equivalent to 25% of the employee's monthly salary multiplied by the years of service rendered at the time of retirement. This plan is applicable to the Group's subsidiary in Ecuador, Roddome Pharmaceutical. The El Salvador Voluntary Retirement Plan establishes a compensation for employees who voluntarily retire after completing at least two years of full and continuous service. The benefit consists of an economic compensation equivalent to fifteen days of base salary for each year

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of service, subject to a cap equal to twice the current legal daily minimum wage applicable to the Group's corresponding economic activity sector. Procaps Colombia grants a bonus payment to employees who have reached retirement age, 57 years for women and 62 years for men, and have been employed by the Group for a minimum of five years. The bonus is calculated based on the employee's years of service and the last salary paid at the time of retirement.

Changes in net defined benefit liability

The movement in the periods with respect to the defined benefit obligation is as follows:

	2024	2023
Balance as of January 1	\$ 4,464	\$ 4,633
Included in profit or loss		
Current service cost	622	547
Interest cost	227	455
Subtotal	5,313	5,635
Included in OC		
Actuarial (gain) loss resulting from change in demographic assumptions	37	(26)
Actuarial (gain) loss resulting from change in financial assumptions	217	247
Adjustment	238	(1,124)
Subtotal	492	(903)
Benefits paid	(1,199)	(949)
Effect of foreign currency exchange differences	(78)	681
Subtotal	(1,277)	(268)
Balance as of December 31	\$ 4,528	\$ 4,464

Actuarial assumptions

The following were the main actuarial assumptions at the reporting date (expressed as weighted averages):

2024	Colombia	Ecuador	Salvador
Discount rate	9.50%	5.38%	5.52%
Expected salary increase	5.50%	2.50%	4.00%
Unified basic salary (SBU)	-	USD 460,00	-
Pension increase rate	-	0.40%	-
Mortality Table	RV 08 128.58% SOA	TM General IESS-2002	CSO 80
Turnover Table	2003	TR Risko-2024	32.86%

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2023	Colombia	Ecuador	Salvador
Discount rate	9.50%	5,16%	6.24%
Expected salary increase	5.50%	2.75%	4.00%
Unified basic salary (SBU)	-	USD 450.00	-
Pension increase rate	-	0.40%	-
Mortality Table	RV 08	TM General IESS-2002	CSO 80
Turnover Table	128.58% SOA 2003	TR Risko-2023	22.86%

Note 26. Secured convertible note

	2024
Proceeds of issue of secured convertible notes	40,000
Transaction costs	(1,386)
Net proceeds from issue of secured convertible notes	38,614
Equity component	192
Transaction costs relating to equity component	(6)
Secured convertible note	186
Liability component at date of issue (net of transaction costs)	38,428
Interest charged (using effective interest rate)	319
Secured convertible note	38,747

On November 29 and December 29, 2024, Hoche Partners Pharma Holding S.A. subscribed for two secured convertible notes issued by the Company, each with a nominal amount of \$20,000, for an aggregate principal amount of \$40,000.

The notes are secured by a pledge of the shares of Crynssen Pharma Group Ltd. pursuant to a Pledge Agreement, which may be enforced in the event of a default or other breach of the contractual obligations under the notes.

The notes are convertible into ordinary shares of the Group upon the occurrence of certain events and subject to the terms and conditions set forth in the executed Secured Convertible Note Agreement.

Interest on the notes accrues at an annual rate of 8.5%, calculated on a daily basis and compounded quarterly. Accrued interest is quarterly capitalized and added to the principal balance rather than paid in cash.

The notes include two conversion mechanisms:

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a) Automatic conversion

The notes are subject to automatic conversion if the Company raises new financing from third-party investors in an amount of at least USD 35,000 prior to maturity, in which case the conversion price is contractually fixed at USD 0.75 per share.

b) Optional conversion

The holder may elect to convert all or a portion of the outstanding principal amount, including accrued interest, at any time up to the last five (5) business days prior to June 30, 2025.

Upon conversion, the Group is required to issue warrants equal to 0.25 times the number of ordinary shares issued upon such conversion.

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Note 27. Trade and other payables

	As of December 31	
	2024	2023
Trade payables	\$ 83,093	\$ 79,799
Other payables		
Interest payable	15,762	5,479
Withholdings and payroll contributions	2,560	3,429
Others	5,576	4,356
Total other payables	23,898	13,264
Total accounts payable	\$ 106,991	\$ 93,063

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Note 28. Provisions and contingencies

	2024	2023
Balance as of January 1	\$ 142	\$ 138
Effect of foreign currency exchange rate changes	(34)	14
Provisions made	595	91
Provisions used	(387)	(101)
Balance as of December 31	\$ 316	\$ 142

Provisions

The Group recognizes provisions for contingencies that are probable of requiring an outflow of resources due to adverse effects. The Group recognized the estimated probable losses against the company for labor, administrative and litigation, which are calculated based on the best estimate of the disbursement required to settle the obligation at the date of preparation of the Consolidated Financial Statements. Such contingencies are disclosed with possible adverse effects for the entity, as follows:

Legal provisions

Softcaps legal proceedings – The total balance of \$159 (2023: \$58) is comprised of labor, administrative, and civil litigation. There are no tax litigation provisions recognized as of December 31, 2024 and 2023.

The remaining balance of \$156 (December 31, 2023: \$84) is for labor litigation in *Procaps, S.A.*

Contingencies

Procaps SA de CV legal proceedings - The General Tax Directorate of El Salvador (DGII), determined that the company failed to declare taxable and presumed income from revenue obtained and loans made to non-domiciled companies in 2018, the proposed tax charge and sanction amounts to \$1,087. Also, the DGII determined that the company incurred in the infraction of non-intentional evasion due to the incorrect filing of the “VAT” declarations for 2019. The proposed tax charge and penalty amounts to \$348 as of December 31, 2024.

Furthermore, in 2024, the DGII notified and determined that the Company failed to report taxable income and deducted non-allowable costs and expenses. Additionally, the Company submitted information outside the established deadlines and did not provide the information required for the 2021 income tax return. As a result, the proposed tax charge and sanction amounts to USD 2,783.

However, the Group’s external advisor indicates that it is not probable for this claim to proceed, therefore, there is no provision for the effect of this contingency.

Rymco S.A. legal proceedings - HSMY Co Ltda. has filed a claim against Rymco S.A for outstanding amounts related to unpaid invoices. The amount claimed is \$454. Based on the assessment of external legal counsel, the claim is currently not considered probable of success; therefore, no provision has been recognized.

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Note 29. Warrant Liabilities

	As of December 31	
	2024	2023
Public warrants	\$ 840	\$ 2,600
Private warrants ¹	127	439
	\$ 967	\$ 3,039

¹ Private warrants include 2,875,000 warrants held by the former SPAC sponsors deposited in an escrow account.

Note 29.1. Public warrants

	2024	2023
As of January 1	\$ 2,600	\$ 9,200
Fair value remeasurement	(1,760)	(6,600)
As of December 31	\$ 840	\$ 2,600

Public warrants were issued by the SPAC to certain shareholders whereas prior to the Transaction such public warrants (together with the private warrants issued to the SPAC sponsors) were exchanged, on a one per one basis, for warrants in the Group's Ordinary Shares. The public warrants have the following terms:

- Each whole warrant entitles the holder to purchase one ordinary share at an exercise price of \$11.50
- The warrant is exercisable post Transaction and expires on the earlier of:
 - 5 years after the completion of the Transaction, i.e., September 29, 2026
 - the Redemption Date, or
 - the liquidation of the Group.
- The Group may redeem the outstanding warrants, in whole and not in part, at a price of \$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 \$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 Group, the Group 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 Group is unable to effect such registration or qualification.

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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 Group and prior to the Redemption Date. The Public Warrants are redeemable on the occurrence of change in control (merger, re-organization, tender offer, exchange), and the Group does not have an unconditional right to avoid delivering cash, the Public Warrants meet the criteria for classification as a financial liability. In addition, Warrants may be settled in a variable number of shares in case of cashless basis of exercise. Therefore, the Public Warrants meet the criteria for classification as financial liability.

Additionally, Public Warrants also meet the definition of a derivative, which may be settled other than by the exchange of a fixed amount of cash for a fixed number of the entity’s shares. Therefore, Public Warrants are classified as derivatives and financial liabilities, these shall be initially measured at fair value, with subsequent changes in fair value recognized in profit or loss. Refer to Note 10. Net finance (expense) income.

Note 29.2. Private warrants

	2024	2023
As of January 1	\$ 439	\$ 1,716
Fair value remeasurement	(312)	(1,277)
As of December 31	\$ 127	\$ 439

Simultaneously with the closing of the initial public offering of the SPAC, the SPAC consummated the sale of 6,250,000 warrants (the “SPAC Private Placement Warrants”) at a price of \$1.00 per warrant in a private placement to the SPAC Sponsors, generating gross proceeds of \$6,250. Pursuant to the Business Combination Agreement, the Group entered into an Assignment, Assumption and Amendment Agreement with SPAC and the Warrant agent to amend and assume SPAC’s obligations under the existing Warrant Agreement and to give effect to the conversion of SPAC public warrants and SPAC Private Placement Warrants to Holdco public warrants and Holdco private warrants (the “Private Warrants”), respectively.

Additionally, immediately prior to the consummation of the Transaction, the SPAC Sponsors forfeited 2,875,000 SPAC Private Placement Warrants and, in connection with consummation of the Transaction, placed 2,875,000 Private Warrants in escrow.

The Private Warrants have the following terms:

- Each warrant entitles the holder to purchase one ordinary share at an exercise price of \$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 Group.
- Redemption for cash shall not apply.

The Private Warrants are redeemable on the occurrence of change in control (merger, re-organization, tender offer, exchange), and the Group does not have an unconditional right to avoid delivering cash, the Private Warrants meet the criteria

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for classification as a financial liability. In addition, Warrants may be settled in a variable number of shares in case of cashless basis of exercise. Therefore, the Private Warrants meet the criteria for classification as a financial liability.

Additionally, Private Warrants are classified as derivatives and financial liabilities, these shall be initially measured at fair value, with subsequent changes in fair value recognized in profit or loss. Refer to Note 10. Net finance (expense) income.

Warrants in escrow

On September 30, 2021, concurrently with the execution of the Business Combination Agreement, the SPAC, Holdco, OpCo, certain OpCo Shareholders and certain shareholders of the SPAC prior to the consummation of the Transaction (including the SPAC Sponsors), entered into the Transaction Support Agreement, pursuant to which the SPAC Sponsors agreed to forfeit of their Private Placement Warrants immediately prior to the Merger and to subject certain of their Holdco Ordinary Shares and Private Warrants to certain restrictions by depositing such securities in an escrow account.

Warrants in Escrow shall be treated as follows:

- **First Level Release Target:** The escrow agent shall hold 1,437,500 SPAC Sponsor Private Warrants (the “First Level Sponsor Escrow Warrants”) in escrow until the earlier to occur of (a) the date on which the closing price of the Holdco Ordinary Shares on the Nasdaq Stock Market equals or exceeds \$12.50 per Holdco Ordinary Share (as adjusted for stock splits, stock dividends, reorganizations, recapitalizations and the like) for any 20 trading days within any 30-day trading period, or (b) the date that is the fifth (5th) anniversary of the closing of the Transaction (the “Five Year Expiration Date”).
- **Second Level Release Target:** The escrow agent shall hold 1,437,500 SPAC Sponsor Private Warrants (the “Second Level Sponsor Escrow Warrants”) in escrow until the earlier to occur of (a) the date on which the closing price of the Holdco Ordinary Shares on the Nasdaq Stock Market equals or exceeds \$13.00 per Holdco Ordinary Share (as adjusted for stock splits, stock dividends, reorganizations, recapitalizations and the like) for any 20 trading days within any 30-day trading period, or (b) the Five-Year Expiration Date.
- **Automatic Release:** if Group shall consummate a liquidation, merger, stock exchange or other similar transaction which results in all of the holders having the right to exchange their Holdco Ordinary Shares for cash, securities or other property, then the escrow agent shall (subject to customary escrow notification provisions) promptly release all the First Level Sponsor Escrow Warrants and Second Level Sponsor Escrow Warrants to the SPAC Sponsors.
- **Cancellation:** On the Five-Year Expiration Date, any First Level Sponsor Escrow Warrants and Second Level Sponsor Escrow Warrants that have not been released and remain in escrow, shall be released by the escrow agent to the Group for cancellation.

Private Warrants issued by the Holdco which are deposited in escrow and are subject to cancellation if certain conditions are not met are recorded as contingent consideration and therefore initially measured at fair value. Further, since they are liability classified instruments, subsequent changes in fair value are recognized in profit or loss as Net finance (expense) income. Refer to Note 10. Net finance (expense) income.

Note 30. Shares in an escrow

Holdco Ordinary Shares in an escrow are subject to an arrangement that is applicable to 1,250,000 Holdco Ordinary Shares issued to the SPAC Sponsors and 10,464,612 Holdco Ordinary Shares issued to certain Opco Shareholders.

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Certain market conditions will be required to be met after the Transaction for these securities in escrow to be released to the eligible securities owners. If the market conditions wouldn't be met within a defined time period (five years for warrants in escrow and ten years for Holdco Ordinary Shares in escrow), such securities in escrow would be forfeited.

a) Sponsors' Holdco Ordinary Shares in escrow: On the closing of the Transaction, 1,250,000 Holdco Ordinary Shares received in exchange for the equivalent number of SPAC Ordinary Shares upon the consummation of the Merger (the "Sponsor Escrowed Securities") held by the SPAC Sponsors were deposited in escrow. Fifty percent (50%) of the Sponsor Escrowed Securities will be released to the SPAC Sponsors if the closing price of the Holdco Ordinary Shares on the Nasdaq Stock Market equals or exceeds \$12.50 per Holdco Ordinary Share for any 20 trading days within any 30-day trading period, and the remaining 50% of the Sponsor Escrowed Securities will be released to the Sponsors if the closing price of the Holdco Ordinary Shares on the Nasdaq Stock Market equals or exceeds \$13.00 per Holdco Ordinary Share for any 20 trading days within any 30-day trading period (in each case, subject to any applicable lock-up restrictions under the Registration Rights and Lock-Up Agreement or any other applicable escrow arrangement).

b) Eligible Procaps Shareholders Holdco Ordinary Shares in escrow: On the closing of the Transaction, 10,464,612 Holdco Ordinary Shares received in the Exchange (the "ECS Escrowed Securities") by certain OpCo Shareholders were deposited in escrow. Fifty percent (50%) of the ECS Escrowed Securities will be released to such OpCo Shareholders if the closing price of the Holdco Ordinary Shares on the Nasdaq Stock Market equals or exceeds \$12.50 per Holdco Ordinary Share for any 20 trading days within any 30-day trading period, and the remaining 50% of the ECS Escrowed Securities will be released to such OpCo Shareholders if the closing price of the Holdco Ordinary Shares on the Nasdaq Stock Market equals or exceeds \$13.00 per Holdco Ordinary Share for any 20 trading days within any 30-day trading period.

If the market conditions wouldn't be met within a defined time period (ten years for Ordinary Shares in escrow), such securities in escrow would be forfeited. All dividends payable, whether in cash, stock or other non-cash property with respect to the Sponsor Escrowed Securities and the ECS Escrowed Securities while such securities are held in escrow will be delivered to the escrow agent to hold and distribute in the same manner as the Sponsor Escrowed Securities and the ECS Escrowed Securities held in escrow.

If OpCo consummates a liquidation, merger, stock exchange or other similar transaction which results in all of its shareholders having the right to exchange their Holdco Ordinary Shares for cash, securities or other property, then all Sponsor Escrowed Securities and the ECS Escrowed Securities will be released to the SPAC Sponsors and those certain OpCo Shareholders. Any Sponsor Escrowed Securities and the ECS Escrowed Securities not released from escrow within ten years from the date of the closing of the Transaction will be released by the escrow agent to Holdco for cancellation.

Shares held in escrow subject to cancellation if certain conditions are not met, are recorded as contingent consideration and therefore, initially measured at fair value. Because the shares held in escrow will be settled in a variable number of the Group's own equity instruments, they are classified as a liability. As a result, subsequent changes in fair value are recognized in the Consolidated Statement of Profit or Loss and Other Comprehensive Income as *Net finance (expense) income*. Refer to Note 10. Net finance (expense) income.

	2024	2023
As of January 1	\$ 28,877	\$ 40,064
Fair value remeasurement	\$ (12,646)	\$ (11,187)
As of December 31, 2024	\$ 16,231	\$ 28,877

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As of December 31, 2024, shares held in escrow measured at fair value include \$14,499 and \$1,732 (2023: \$25,795 and \$3,081) owned by the Minski Family and Union Acquisition Associates II, LLC, respectively, which are related parties.

Note 31. Financial instruments

31.1 Accounting classification and fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When measuring fair value, the Group uses observable market data whenever possible. Fair values are categorized into different levels in a hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: inputs are unadjusted quoted prices in active markets for identical assets or liabilities.
- Level 2: inputs are observable either directly (e.g. as prices) or indirectly (e.g. derived from prices).
- Level 3: fair value measurements incorporate significant inputs that are based on unobservable market data.

The following table shows the carrying amounts of financial assets and financial liabilities. The amortized cost basis of the financial assets and liabilities not measured at fair value approximates their fair value.

	As of December 31, 2024			As of December 31, 2023		
	FVTPL ¹	FVOCI ²	Amortized Cost ³	FVTPL ¹	FVOCI ²	Amortized cost ³
Financial assets not measured at fair value						
Trade and other receivables, net	\$ -	\$ -	78,318	\$ -	\$ -	\$ 124,854
Amounts owed by related parties, net	-	-	3,107	-	-	3,908
Cash and cash equivalents	30,317	-	-	17,514	-	-
Other financial assets	-	-	184	-	-	8,496
Total financial assets not measured at fair value	\$ 30,317	-	\$ 81,609	\$ 17,514	\$ -	\$ 137,258
Financial liabilities measured at fair value						
Warrant liabilities	967	-	-	3,039	-	-
Shares held in escrow	16,231	-	-	28,877	-	-
Derivative financial liabilities	-	-	-	-	1,792	-
Total financial liabilities measured at fair value	\$ 17,198	-	-	\$ 31,916	\$ 1,792	\$ -
Financial liabilities not measured at fair value						
Borrowings	-	-	267,966	-	-	299,503
Secured convertible note	-	-	38,747	-	-	-
Trade and other payables	-	-	106,991	-	-	93,063

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Amounts owed to related parties	-	-	7,155	-	-	21,233
Total financial liabilities not measured at fair value	\$ -	\$ -	\$ 420,859	\$ -	\$ -	\$ 413,799

¹ The fair value is comprised of \$840 level 1 and \$16,231 level 3 as of December 31, 2024 (2023: \$2,600 and \$28,877, respectively).

² The fair value of the exhibited figures as of December 31, 2023 are Level 2.

³ The amortized cost approximates fair value as of December 31, 2024 and December 31, 2023, respectively.

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31.2 Measurement of fair values

The following table shows the valuation techniques used in measuring Level 3 fair values for financial instruments in the Consolidated Statement of Financial Position, as well as the significant unobservable inputs used.

Type	Fair value	Valuation Technique	Significant unobservable input	Relationship between significant unobservable input to fair value	Sensitivity of significant unobservable input to fairvalue	
					+5%	-5%
Private warrants in escrow	\$ 127	The fair value of the Private Warrants is estimated using the Black-Scholes option pricing formula for European calls, since the underlying stock is not expected to pay dividends over the term of the Warrants.	Volatility of 61.0%(2023: 38.8%)	The higher (lower) the volatility, the higher (lower) the fair value.	\$ 171	\$ 59
Private warrants not escrow	22	The fair value of the Private Warrants is estimated using Monte Carlo simulation in a risk-neutral framework assuming a Geometric Brownian Motion for the future stock price.	Volatility of 61.0%(2023: 38.8%)	The higher (lower) the volatility, the higher (lower) the fair value.	\$ 34	\$ 13
Shares held in escrow	16,231	The fair value of the shares to be delivered is estimated using Monte Carlo simulation in a risk-neutral framework assuming a Geometric Brownian Motion for the future stock price.	Volatility of 62.5%(2023: 44.0%)	The higher (lower) the volatility, the higher (lower) the fair value.	\$ 17,730	\$ 14,596

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31.3 Financial risk management

The Group has exposure to the following risks arising from financial instruments:

- Credit risk
- Liquidity risk
- Market risk, including: currency and interest rate risk

31.3.1. Risk management framework

The Group analyzes each of these risks individually as well as on a combined basis and defines strategies to manage the economic impact on the Group's performance in line with its financial risk management policy. The Group does not subscribe or negotiate hedging instruments.

The Group's Financial Administrative Unit ("UAC", for its Spanish initials) supports, monitors and manages financial risks through internal reports, which are analyzed individually in each country depending on the degree and magnitude of the risks thereof. The financial UAC periodically reports to the shareholders the conclusions of such risk monitoring and proposes the plans and policies necessary to mitigate exposures.

31.3.2. Credit risk

Credit risk refers to the risk that one of the parties fails to comply with its contractual obligations, resulting in a financial loss for the Group. As a corporate policy, the Group conducts business only with strong financial institutions and credit institutions with renowned national and international prestige. For banks, only independently rated parties with a minimum rating of 'A' are accepted.

The Group only makes transactions with financial entities that have risk certifications and/or that are monitored by the relevant authorities in each country. The information provided by rating agencies is consistently monitored and, if not available, the Group uses other available financial information and its own business records to qualify its main customers and finance providers. Before accepting any new customer, the Group uses a rating system to assess the credit quality of the potential customer and defines the credit limits for each customer. Limits and ratings attributed to customers are reviewed twice a year. Trade accounts receivable that are not past due or impaired have the best credit rating according to the credit rating system used by the Group.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure of the Group. The carrying amount is presented net of impairment losses. None of the receivable balances as of December 31, 2024 or December 31, 2023 constitutes a significant concentration of credit risk. There are no other single customers representing more than 10% of total gross trade receivables for the years ended December 31, 2024 and December 31, 2023.

Expected credit losses

The average credit period on the sale of medicines is 60 to 120 days. In some cases, depending on market conditions and strategy, longer payment periods are granted. No interest surcharge is made on commercial accounts receivable. Refer to Note 3.4. Financial Instruments for further information on financial instruments significant accounting policies.

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The Group has recognized a provision for doubtful accounts. The Group evaluates the impairment of its accounts receivable for the expected credit loss model, where it determines its value based on the probability of default, the loss due to default (i.e., the extent of the loss in case of default) and the exposure, by the application of the ‘simplified method’ for trade receivables without a significant financing component. The assessment of the probability of default and the loss due to default is mainly based on historical data and adjust historical loss rates to reflect information about current conditions and reasonable and supportable forecasts of future economic conditions.

The following table provides information about the exposure to credit risk and expected credit losses for Trade and other receivables and Amounts owed by related parties as of December 31,2024 and December 31, 2023:

December 31,2024	Current (not past due)	1-30 days past due	31-60 days past due	61-90 days past due	91-120 days past due	More than 120 days past due	Total
Weighted-average loss rate	3.80%	12.99%	8.58%	13.58%	13.69%	61.88%	19.31%
Gross carrying amount	87,647	9,197	6,827	3,858	5,165	36,221	148,915
Impairment loss allowance	(3,329)	(1,195)	(586)	(524)	(707)	(22,414)	(28,755)
	84,318	8,002	6,241	3,334	4,458	13,807	120,160

December 31, 2023	Current (not past due)	1-30 days past due	31-60 days past due	61-90 days past due	91-120 days past due	More than 120 days past due	Total
Weighted-average loss rate	0.24%	3.33%	3.53%	4.64%	8.44%	83.33%	14.21%
Gross carrying amount	142,127	9,669	7,257	5,972	4,691	32,590	202,306
Impairment loss allowance	(340)	(322)	(256)	(277)	(396)	(27,156)	(28,747)
	141,787	9,347	7,001	5,695	4,295	5,434	173,559

For the year ended December 31,2024, additions of \$2,619 (2023: \$3,840) to the impairment loss allowance were recognized within Sales and marketing expenses and these amounts includes reversal of \$739 (2023: \$909) of impairment losses recognized for balances in connection with related parties and others, net \$2,411 (2023: \$1,982).

31.3.3. Market risk

Net Investment Hedges

A foreign currency exposure arises from the Group's net investment in its subsidiary Procaps, S.A., that is a Colombian Peso functional currency entity. The risk arises from the fluctuation in spot exchange rates between the Colombian Peso and the USD, which causes the amount of that net investment to vary.

Part of the Group's net investment in Procaps, S.A. is hedged by average rate forward contracts (pay Colombian Peso and receive USD), which mitigates the foreign currency risk arising from the subsidiary's net assets. The forward contracts are

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designated as hedging instruments for the changes in the value of the net investment that are attributable to changes in the Colombian Peso/USD spot rate. The counterparty is a top-tier financial institution with low credit risk.

The hedged risk in the net investment hedge is the risk of a weakening Colombian Peso against the USD that will result in a reduction in the carrying amount of the Group's net investment in Procaps, S.A. The Group has established a hedge ratio of 1:1 where the notional amounts of the hedging instruments match the carrying amount of the hedged net investment.

The Group assesses hedge effectiveness qualitatively, as the critical terms (i.e., the notional amount and underlying exchange rate) of the hedging instruments are closely aligned with those of the hedged net investment in Procaps, S.A. It is expected that the value of the hedging instruments and the value of the hedged net investment will systematically change in opposite directions in response to movements in the Colombian Peso/USD exchange rate.

The main potential sources of ineffectiveness identified by the Group in these hedging relationships are timing mismatches, forward points used to calculate the settlement amount of the hedging instruments which are not reflected in the value changes of the hedged net investment, and changes in the Group's and/or derivative counterparty's credit that would result in movements in fair value of the hedging instruments that would not be reflected in the movements in the value of the hedged net investment.

The amounts related to items designated as hedging instruments were as follows:

Average Currency Forward Contracts (Sell COP)	Settlement Date	Forward Exchange rate	Notional amount (COP)	Notional amount (thousands of USD)
Less than 3 months	1/3/2024	4,791	48,837,000,000	12,654

As of December 31, 2023

Average Currency Forward Contracts (Sell COP)	Carrying amount		Line item in the statement of financial position where the hedging instrument is included	Change in value used for calculating hedge ineffectiveness
	Assets	Liabilities		
Less than 3 months	—	1,792	Hedging derivative financial instruments	1,792

As of December 31, 2023

Average Currency Forward Contracts (Sell COP)	Change in value of hedging instruments recognized in OCI	Hedge ineffectiveness recognized in PL	Line item in profit or loss that includes hedge ineffectiveness
Less than 3 months	1,792	—	N/A

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The amounts related to items designated as hedged items were as follow:

	As of December 31, 2023		
	Change in value used for calculating hedge ineffectiveness	Foreign currency translation reserve for continued hedges	Balances remaining in the foreign currency translation reserve from hedging relationships for which hedge accounting is no longer applied
Net investment in Procaps S.A.	1,792	1,792	1,878

Foreign currency risk

The Group carries out transactions denominated in foreign currency, mainly imports, exports and indebtedness; thereby generating exposures to exchange rate fluctuations. The Group does not usually cover exposures to the exchange rate, but rather monitors frequently the foreign exchange market as a strategy to prevent significant loss in the short- and medium-term.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

	Assets		Liabilities	
	2024	2023	2024	2023
COP	463,426	133,255	(388,308)	(111,164)
Reales	17,399	7,462	(11,684)	(1,178)
Cordoba	2,037	3,154	(14,446)	-
Quetzales	1,352	2,440	(14,830)	(107)
Soles	4,825	3,687	(164)	(254)
Dominican Peso	1,228	3,673	(817)	(133)
Colones	6,714	2,300	(253,826)	(9)

The following table details sensitivity per company to a 10% increase and decrease in the U.S. dollar against the relevant foreign currencies. The sensitivity analysis includes only the outstanding monetary items denominated in foreign currency and adjusts its conversion at the end of the period for a 10% change in exchange rates.

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	+10% Impact to profit or loss before tax		-10% Impact to profit or loss before tax	
	2024	2023	2024	2023
COP	(1,549)	(1,381)	1,893	1,688
Reales	(84)	(566)	103	698
Cordoba	31	(287)	(38)	350
Quetzales	159	(212)	(194)	259
Soles	(77)	(313)	94	381
Dominican Peso	(609)	12	744	(14)
Colones	44	628	(54)	(728)

Interest rate risk

The Group is exposed to interest rate risks because it borrows money at both fixed and variable interest rates connected with Secured Overnight Financing Rate (“SOFR”) and IBR/DTF (according to its Spanish acronym of “*Indicador bancario de referencia*” which is the benchmark banking indicator, in Colombia). The risk is managed by the Group, by monitoring the macroeconomic variables that determine the variation of the interest rates and generating an appropriate mix between fixed rate and variable rate loans.

The following sensitivity analyzes have been determined based on exposure of financial liabilities to the highlighted variable interest rates:

	December 31, 2024			December 31, 2023		
	Carrying amount	+1%	-1%	Carrying amount	+1%	-1%
DTF/IBR	80,766	81,573	79,958	97,532	98,507	96,557
SOFR	17,478	17,653	17,303	23,638	23,875	23,401
Total	98,244	99,226	97,261	121,170	122,382	119,958

\$98,244 or 36.66% as of December 31, 2024 and 121,170 or 40.46% as of December 31, 2023, of the Group’s interest-bearing financial liabilities bears interest at a variable rate. An increase of 1% in interest rates for the year ended December 31, 2024 would have decreased profit before tax by \$982 in December 31, 2024 and decreased profit before tax by \$1,212 in December 31, 2023. A decrease of 1% will have an equal and opposite effect on profit before tax. This sensitivity does not include the balances of financial obligations with a fixed rate.

31.3.4. Liquidity risk

The Group’s Financial UAC has ultimate responsibility for the liquidity management of each of the companies and has established an appropriate framework so that Management can make decisions on short-, medium- and long-term financing, as well as liquidity management. The Group manages liquidity risk by maintaining reserves, adequate financial and loan facilities, continuously monitoring projected and actual cash flows, and reconciling the maturity profiles of financial assets and liabilities. In the same sense, financial assets to afford obligations represent cash and trade receivables intended to be collected in short term, net of the expectations of recoverability.

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As part of other liabilities within borrowings, the Group includes obligations to factors associated with factoring and reverse factoring arrangements. Ordinary payment terms with suppliers range between 60 and 90 days but may be extended through reverse factoring arrangements up to 180 days in aggregate.

The Group's obligations to individual factors typically is less than 5% of the Group's total indebtedness. The majority of the Group's factoring obligations are concentrated with Banco Serfinanza S.A. and Nefincol S.A.S., while the main reverse factoring obligations are concentrated with Sufactura S.A., Bancolumbia S.A. and Finamco S.A.S.

The following table details the most representative remaining contractual maturity and repayment periods of the Group's financial liabilities. This reflects the undiscounted cash flows of financial liabilities, considering the date on which the Group must make the final payments.

As of December 31, 2024

	Carrying amount	Contractual cash flows	Less than 1 year¹	1-2 years	2-3 years	3-5 years	More than 5 years
Non-derivative financial liabilities							
Borrowings	\$ 237,648	\$ 333,616	\$ 314,144	\$ 19,472	\$ -	\$ -	\$ -
Trade and other payables	106,991	106,991	106,991	-	-	-	-
Lease liabilities	30,318	40,524	10,184	6,702	5,480	12,111	6,047
Amounts owed to related parties	7,155	7,155	7,155	-	-	-	-
Secured convertible note	38,747	38,747	38,747	-	-	-	-
	\$ 420,859	\$ 527,033	\$ 477,221	\$ 26,174	\$ 5,480	\$ 12,111	\$ 6,047

¹ As mentioned in Note 24. Borrowings, as of December 31, 2024, \$164,324 in the aggregate were classified as payable in less than 1 year as a result of a breach in certain covenants included under the NPA, BTG and the New *Banco* Credit Agreement.

As of December 31, 2023

	Carrying amount	Contractual cash flows	Less than 1 year¹	1-2 years	2-3 years	3-5 years	More than 5 years
Non-derivative financial liabilities							
Borrowings	\$ 264,256	\$ 301,502	\$ 299,966	\$ 1,269	\$ 267	\$ -	\$ -
Trade and other payables	93,063	93,063	93,063	-	-	-	-
Lease liabilities	35,247	54,285	9,038	8,956	6,901	15,397	13,993
Amounts owed to related parties	21,233	21,233	21,233	-	-	-	-
	\$ 413,799	\$ 470,083	\$ 423,300	\$ 10,225	\$ 7,168	\$ 15,397	\$ 13,993

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¹ As mentioned in Note 24. Borrowings, as of December 31, 2023, \$190,137 in the aggregate were classified as payable in less than 1 year as a result of a breach in certain covenants included under the NPA, BTG and the New Banco Credit Agreement.

Capital risk management

The Group manages its capital to ensure that it will be able to continue as a going concern, while maximizing returns to its shareholders through the optimization of debt and asset balances. The Group's capital structure consists of net debt (loans offset by cash and bank balances) and Group assets (comprised of issued and paid-in capital, reserves, retained earnings and non-controlling interests).

The Group is not subject to any externally imposed capital requirement. The main indebtedness of the Group is associated with the balances of a Syndicated Loan and the Senior Notes and are subject to covenants that obligate it to comply with a series of financial indicators, primarily financial leverage (Debt/EBITDA), short-term leverage ratio and EBITDA on interest expense. These financial indicators serve as local management parameters.

The executive members of the UAC of the Group, who provide support for the analysis and management of capital risk to the Group, review their capital structure on a quarterly basis. As part of this review, the committee considers the cost of capital and the risks associated with each class of capital. The Group is reviewed in an internal administrative manner, with the same covenants that apply to the Syndicated Procaps S.A. The main financial covenant is determined as the ratio of the debt to the EBITDA generated by the Group.

Indebtedness Index

The indebtedness index for the reporting period is the following:

	2024	2023
Total assets ¹	411,693	472,499
Total liabilities ²	463,780	473,235
Liabilities to assets ratio	0.89	1.00

¹ Defined as short-term assets plus long-term assets

² Defined as short-term liabilities plus long-term liabilities

Note 32. Events after the reporting period

The Group has evaluated events occurring between January 1, 2025, and the date of authorization of the financial statements. The following significant events were identified:

Changes in Board of Directors and Senior Manager

Since January 2025 and up to the publication date of this report, the Senior Management has undergone several changes as follows:

On January 29, 2025, the Board of Directors appointed Ms. Melissa Angelini and Dr. Camilo Camacho as the Company's Interim Co-Chief Executive Officers (and principal executive officers), Ms. Angelini and Dr. Camacho succeed Mr. Jose Antonio Vieira, who notified the Board on January 28, 2025 of his resignation as Chief Executive Officer of the Company.

On July 25, 2025, the Board of Directors make the decisions to relieved Mr. Camilo Camacho duties as Interim Co-Chief Executive Officer of the Company and appointed Mr. Luis Palacios as Chief Commercial Officer.

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Financial Restructuring

In April 2025, the Group completed a comprehensive restructuring of its financial indebtedness, which included Category 4, the NPA, obligations with BTG (both COP- and USD-denominated), and the Club Deal.

Category 4 represents the most significant portion of the Group's financial liabilities, totaling approximately USD 187.9 million. Under the renegotiated terms, principal repayments are scheduled between 2028 and 2029. Interest will begin to accrue and become payable as from January 2027 at the agreed contractual rate.

The restructuring resulted in revised contractual conditions, including new interest rates, updated amortization schedules, and enhanced collateral and guarantees.

The key terms agreed upon as part of the restructuring are summarized below:

Accrued and unpaid interest corresponding to the period from August 2024 through April 2025, amounting to approximately USD 15 million, was settled through the issuance of shares rather than in cash. These shares form part of the total package of 2,191,041,129 shares issued in connection with the overall restructuring transaction. From April 2025 through December 31, 2026, the financial institutions agreed to a temporary 0% interest rate. For the remaining term of the restructured loans, new interest rates were agreed, replacing the rates established under the previous agreements.

For 2026, this renegotiation did not involve the establishment of financial ratios as the previous ones but rather certain quarterly EBITDA levels were agreed. In accordance with the financial covenants established with lending institutions, the Company has committed to maintaining specific EBITDA levels for the fiscal year 2026. Based on the current financial projections, the Company is on track to meet these agreed-upon EBITDA thresholds. These projections reflect a stable operational performance and continued cost discipline, supporting the Company's ability to comply with its debt obligations and maintain a healthy financial position.

Starting in March 2027, the covenant commitments for Category 4 include:

- Leverage ratio (Total Consolidated Debt / EBITDA), starting at 5.00:1 in March 2027 and gradually decreasing to 3.50:1 by December 2029.
- Interest coverage ratio (Consolidated EBITDA / Consolidated Interest Expense), starting at 2.00:1 in March 2027 and gradually increasing to 2.50:1 by September 2028 and for each fiscal quarter-end thereafter.

Private Capital Raise and Conversion of the Secured Convertible Notes

On April 3, 2025, the Group entered into the 2025 Subscription Agreements with several investors for them to subscribe and purchase Ordinary Shares of the Group as follows:

- a. an aggregate subscription amount of US\$37,822,500 by Chemo Project S.A. and Becaril S.A., collectively,
- b. an aggregate subscription amount of US\$37,822,500 by Flying Fish Ventures L.P., Saint Thomas Commercial S.A. and Santana S.A., collectively,
- c. a subscription amount of US\$10,000,000 by Compañía de Seguros de Vida Consorcio Nacional de Seguros S.A.,
- d. a subscription amount of US\$2,105,000 by BTG Pactual Chile S.A. Corredores de Bolsa,
- e. a subscription amount of US\$1,500,000 by BTG Pactual Chile S.A. Corredores de Bolsa, and

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f. a subscription amount of US\$750,000 by Corales, LLC.

Following these subscriptions, these shareholders together now hold approximately 90% of the outstanding shares of the Group.

On April 9, 2025 the Company issued (i) 1,425,629,653 Ordinary Shares to the investors under the 2025 Subscription Agreements at a price per share of U.S.\$0.06313, (ii) 633,613,175 Ordinary Shares issued upon conversion of the Secured Convertible Notes, which amounted to U.S.\$41,104,097 including total principal and accrued interest as of that date; as a result of certain amendments to the Secured Convertible Notes, Hoche assigned part of its rights to Chemo Project S.A. and Flying Fish Ventures L.P.: accordingly, of the Ordinary Shares issued upon conversion, 11,497,438 and 11,497,437 were issued to those entities, respectively; and (iii) Warrants in an aggregate “face amount” of \$10 million in connection with the conversion of the Secured Convertible Notes, and (iv) 131,798,311 Ordinary Shares to other shareholders.

The Delisting of our Ordinary Shares from the Nasdaq

On January 31, 2025, the Company received a letter from the Nasdaq Hearings Panel (the “Panel”), which notifies the Company that the Panel determined to delist the Company’s Ordinary Shares from Nasdaq as a result of the Company’s failure to demonstrate compliance with certain Nasdaq Listing Rules. As a result, the Company’s Ordinary Shares were suspended from trading on the Nasdaq on February 4, 2025 and removed from listing under Section 12(b) of the Exchange Act on July 21, 2025. The Company’s Ordinary Shares have been traded on the OTC Expert Market under the symbol “PROCF,” on an “unsolicited only” basis since the Nasdaq suspended the trading of our Ordinary Shares on February 4, 2025.

The lack of an active trading market may limit the liquidity of an investment in our Ordinary Shares, these factors may affect the price of our Ordinary Shares, and the valuation of our warrant liabilities and shares in an escrow.

Sale of Softgel Production Facility — West Palm Beach, Florida

On December 12, 2025, the Company completed the sale of its Softgel production facility and research and development center located in West Palm Beach, Florida, which had been acquired in January 2022. The Facility was a U.S.-based asset used in the Company's manufacturing operations. The transaction was negotiated and executed at arm's length with an independent third party. The aggregate consideration received was approximately \$4.5 million.

Note 33. Principal accountant fees and services

Fees Billed by the Company’s Principal Accountant

In 2024, Deloitte Audit S.à r.l. served as the principal external auditor for the Company. Fees billed by the principal accountant in 2024 and 2023 are detailed below:

	2024	2023
Audit fees	\$ 1,735	\$ 6,303
Audit related fees	-	-
Total	\$ 1,735	\$ 6,303

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Audit Fees

Audit fees were paid for professional services rendered by the auditors for the audit of the consolidated financial statements of the Company and the statutory financial statements of the Company and its subsidiaries.

Audit-Related Fees

Audit-related fees are typically services that are reasonably related to the performance of the audit or review of the consolidated financial statements and are not reported under the audit fee item above. This item includes fees for attestation services on financial information of the Company and its subsidiaries included in their annual reports that are filed with their respective regulators.

Note 34. Employees

As of December 31, 2024, we had approximately 4,500 full-time and temporary employees worldwide. Employees in our, Funtrition (3 employees), and Softgel (37 employees) manufacturing facilities are currently represented by industry labor union organizations, representing approximately 0.9% of our total employees.

We are committed to our continued efforts to increase diversity and foster an inclusive work environment that supports the global workforce and the communities we serve. We recruit the best people for the job regardless of gender, ethnicity or other protected traits and it is our policy to fully comply with all laws applicable to discrimination in the workplace. Our diversity, equity and inclusion principles are also reflected in our employee training and policies. We continue to enhance our diversity, equity and inclusion policies which are guided by our senior management team.

We believe that we provide robust compensation and benefits to our employees. In addition to salaries, these programs, which vary by country/region, can include a 401(k) plan, healthcare and insurance benefits, health savings and flexible spending accounts, paid time off, family leave, among many others. We believe that our employee relations are satisfactory.

The table below sets forth the approximate number of our employees by geographic region as of December 31, 2024.

	South America	Central America	North America	Total
Approximate number of employees as of December 31, 2024	3,680	699	119	4,498