UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 20-F

☐ REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934

OR

☒ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Fiscal Year Ended December 31, 2024

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

OR

☐ SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Date of event requiring this shell company report _____

Commission file number 001-38354

SOFGEN PHARMA, S.A.

(Exact name of Registrant as specified in its charter)

Not Applicable

(Translation of Registrant's name into English)

Grand Duchy of Luxembourg

(Jurisdiction of incorporation or organization)

Melissa Angelini
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Luxembourg
Grand Duchy of Luxembourg
R.C.S. Luxembourg: B253360
Tel : +356 7995-6138
Email: ir@sofgenpharma.com

(Name, Telephone, E-mail and/or Facsimile number and Address Company Contact Person)

Securities registered pursuant to Section 12(b) of the Act: None

Securities registered pursuant to Section 12(g) of the Act: Company's Ordinary Shares

Title of each class	Trading Symbol	Name of each exchange in which registered
Ordinary Shares, U.S.$0.01 nominal value per share	PROCF[(1)]	N/A
Warrants	PROCW	N/A

(1) Our Ordinary Shares were delisted from Nasdaq effective as of February 4, 2025, and, on the date of this Annual Report, are quoted on the OTC Expert Market under the symbol "PROCF", on an "unsolicited only" basis.

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act: None

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report:

112,824,184 Ordinary Shares, as of December 31,2024
23,375,000 Warrants to purchase Ordinary Shares, as of December 31,2024

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

☐ Yes ☒ No

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.

☐ Yes ☒ No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

☐ Yes ☒ No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

☒ Yes ☐ No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐	Accelerated filer ☐	Non-accelerated filer ☒ Emerging growth company ☒

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards† provided pursuant to Section 13(a) of the Exchange Act. ☐

† The term "new or revised financial accounting standard" refers to any update issued by the Financial Accounting Standards Board to its Accounting Standards Codification after April 5, 2012.

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☐

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☒

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP ☐	International Financial Reporting Standards as issued by the International Accounting Standards Board ☒	Other ☐

If "Other" has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow.

☐ Item 17 ☐ Item 18

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). ☐ Yes ☒ No

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FREQUENTLY USED TERMS

In this Annual Report:

"1915 Law" means the Luxembourg law of August 10, 1915 on commercial companies, as amended.

"Adjusted EBITDA" means EBITDA further adjusted to exclude certain isolated costs incurred as a result of certain costs related to business transformation initiatives, certain foreign currency translation adjustments, and certain other finance costs and other nonrecurring, nonoperational or non-ordinary items as the Company may deem appropriate from time to time.

"Annual Report" means this annual report on Form 20-F for the fiscal year ended December 31, 2024.

"Board of Directors" means the board of directors of the Company.

"Business Combination" means the transactions consummated pursuant to the Business Combination Agreement.

"Business Combination Agreement" means the Business Combination Agreement, dated as of March 31, 2021, as amended on September 29, 2021, by and among Union, Crynssen, the Company and Merger Sub.

"Closing" means the consummation of the Business Combination.

"Closing Date" means September 29, 2021.

"Code" means the Internal Revenue Code of 1986, as amended.

"Company" means Sofgen Pharma S.A., formerly known as Procaps Group, S.A., a public limited liability company (*société anonyme*) governed by the laws of the Grand Duchy of Luxembourg, having its registered office at 9, rue de Bitbourg, L-1273 Luxembourg, Grand Duchy of Luxembourg, and registered with the Luxembourg Trade and Companies' Register (*Registre de Commerce et des Sociétés, Luxembourg*) under number B 253360.

"COVID-19" means the novel coronavirus known as SARS-CoV-2 or COVID-19, and any evolutions, mutations thereof or related or associated epidemics, pandemic or disease outbreaks.

"CRS" means the Common Reporting Standard for Automatic Exchange of financial account information in tax matters as set out in the CRS Law.

"CRS Law" means the amended Luxembourg Law dated 18 December 2015 on the Common Reporting Standard ("CRS") implementing Council Directive 2014/107/EU of 9 December 2014 as regards mandatory exchange of information in the field of taxation and setting forth to the OECD's multilateral competent authority agreement on automatic exchange of financial account information signed on 29 October 2014 in Berlin, with effect as of 1 January 2016.

"Crynssen" means Crynssen Pharma Group Limited, a private limited liability company registered and incorporated under the laws of Malta and, particularly, the Companies Act Cap. 386 with company registration number C 59671.

"Crynssen Ordinary Shares" means ordinary shares of Crynssen, with a nominal value of $1.00 per share.

"Crynssen Shareholders" means the shareholders of Crynssen prior to the consummation of the Business Combination.

"Deseja" means the Deseja Trust, a trust organized under the laws of the State of Delaware and a Crynssen Shareholder.

"EBITDA" means profit (loss) for the year before interest expense, net, income tax expense and depreciation and amortization.

"Exchange Act" means the Securities Exchange Act of 1934, as amended.

"FATCA" means the Foreign Account Tax Compliance provisions of the United States Hiring Incentives to Restore Employment (HIRE) Act on 18 March 2010, set out in sections 1471 to 1474 of the Code, and any U.S. Treasury regulations issued thereunder, Internal Revenue Service rulings or other official guidance pertaining thereto.

"FATCA Law" means the amended Luxembourg law dated 24 July 2015 implementing the Model 1 Intergovernmental Agreement between the Government of the Grand Duchy of Luxembourg and the Government of the United States of America to Improve International Tax Compliance and with respect to the United States information reporting provisions commonly known as the Foreign Account Tax Compliance Act (FATCA).

"FDA" means the United States Food and Drug Administration.

"GAAP" means generally accepted accounting principles in the United States of America.

"IASB" means the International Accounting Standards Board.

"IFC" means the International Finance Corporation, an international organization established by Articles of Agreement among its member countries, and a Crynssen Shareholder.

"IFC Redemption Agreement" means that certain Share Redemption Agreement entered into by and between the Company and IFC on March 31, 2021, and subsequently amended on September 29, 2021, pursuant to which the Company agreed to redeem 4,500,000 Redeemable B Shares from IFC for a total purchase price of $45,000,000 in accordance with the terms thereunder.

"IFRS" means the IFRS Accounting Standards as issued by the IASB.

"IPO" means Union's initial public offering of units, consummated on October 22, 2019.

"INVIMA" means the Colombian *Instituto Nacional de Vigilancia de Medicamentos y Alimentos* (National Food and Drug Surveillance Institute).

"JOBS Act" means the U.S. Jumpstart Our Business Startups Act of 2012, as amended.

"Merger" means the merging of Merger Sub with and into Union pursuant to the laws of the Cayman Islands, with Union surviving the Merger as a wholly owned subsidiary of the Company.

"Merger Effective Time" means the time at which the merger certificate was filed on September 29, 2021.

"Merger Sub" means OZLEM Limited, an exempted company incorporated under the laws of the Cayman Islands with registration number 373625.

"Nasdaq" means The Nasdaq Stock Market LLC.

"Nomination Agreement" means that certain nomination agreement by and among the Company, certain Crynssen Shareholders and the Sponsors dated September 29, 2021.

"Ordinary Shares" means the ordinary shares of the Company, nominal value $0.01 per share.

"PIPE" means the private placement pursuant to which the PIPE Investors purchased 10,000,000 SPAC Ordinary Shares, for a purchase price of $10.00 per share, which were converted into Ordinary Shares in connection with the Closing.

"PIPE Investors" means persons that entered into Subscription Agreements with the SPAC to purchase SPAC Ordinary Shares which were subsequently converted into Ordinary Shares in connection with the consummation of the Business Combination on the Closing Date.

"Procaps Group" means the former name of Sofgen Pharma S.A., also cited as "Procaps".

"Redeemable A Shares" means the redeemable A shares of the Company, nominal value $0.01 per share.

"Redeemable B Shares" means the redeemable B shares of the Company, nominal value $0.01 per share.

"Registration Rights and Lock-Up Agreement" means that certain registration rights and lock-up agreement entered into on September 29, 2021 by and among the Company, the Sponsors, certain other shareholders of Union and the Crynssen Shareholders.

"SEC" means the U.S. Securities and Exchange Commission.

"Securities Act" means the Securities Act of 1933, as amended.

"Simphony" means the Simphony Trust, a trust organized under the laws of the State of Delaware and a Crynssen Shareholder.

"Sognatore" means the Sognatore Trust, a trust organized under the laws of New Zealand and a Crynssen Shareholder.

"SOX" means Sarbanes-Oxley Act

"SPAC" or "Union" means Union Acquisition Corp. II, a Cayman Islands exempted company limited by shares with registration number 345887.

"SPAC Ordinary Shares" means the ordinary shares of Union, par value $0.0001 per share.

"SPAC Warrants" means warrants to purchase SPAC Ordinary Shares as contemplated under the Warrant Agreement, with each warrant exercisable for the number of SPAC Ordinary Shares stated in the applicable SPAC Warrant at an exercise price per SPAC Ordinary Share of $11.50.

"Sponsors" means Union Group International Holdings Limited and Union Acquisition Associates II, LLC.

"Subscription Agreements" means the subscription agreements entered into by Union and a number of qualified institutional buyers and institutional and individual accredited investors, in connection with the execution of the Business Combination Agreement, pursuant to which such investors agreed to purchase, and Union agreed to sell to such investors, an aggregate of 10,000,000 SPAC Ordinary Shares for a purchase price of $10.00 per share and an aggregate purchase price of $100,000,000, which SPAC Ordinary Shares were automatically converted into Ordinary Shares upon Closing.

"Transaction Support Agreement" means the Transaction Support Agreement, dated as of March 31, 2021, by and among Union, Crynssen, the Company, certain Crynssen Shareholders, the Sponsors, certain other shareholders of Union prior to the Closing of the Business Combination and certain officers and directors of Union, as amended, modified or supplemented from time to time.

"Warrant Amendment" means that certain Assignment, Assumption and Amendment Agreement entered into on September 29, 2021 by the Company, Union and Continental Stock Transfer & Trust Company as warrant agent.

"Warrant Agreement" means the warrant agreement, dated October 17, 2019, by and between Union and Continental Stock Transfer & Trust Company, as warrant agent, governing Union's warrants.

"Warrants" mean the former warrants of Union converted at the Merger Effective Time into a right to acquire one Ordinary Share on substantially the same terms as were in effect immediately prior to the Merger Effective Time under the terms of the Warrant Agreement, which was assigned to and assumed by the Company pursuant to the Warrant Amendment.

CAUTIONARY STATEMENT WITH RESPECT TO FORWARD-LOOKING STATEMENTS

This Annual Report contains forward-looking statements about our expectations, beliefs and intentions regarding, among other things, our products and services, development efforts, business, financial condition, results of operations, strategies, plans and prospects. Forward-looking statements can be identified by the use of forward-looking words such as "believe," "expect," "intend," "plan," "may," "should," "could," "might," "seek," "target," "will," "project," "forecast," "continue" or "anticipate" or their negatives or variations of these words or other comparable words or by the fact that these statements do not relate strictly to historical matters. Forward-looking statements relate to anticipated or expected events, activities, trends or results as of the date they are made. Because forward-looking statements relate to matters that have not yet occurred, these statements are inherently subject to risks and uncertainties that could cause our actual results to differ materially from any future results expressed or implied by the forward-looking statements. Many factors could cause our actual activities or results to differ materially from the activities and results anticipated in forward-looking statements, including, but not limited to, the factors listed below:

- the financial performance of Sofgen;
- changes to our strategy, future operations, financial position, estimated revenues and losses, projected costs, prospects and plans;
- our ability to develop, license and launch new products and services;
- our ability to successfully and efficiently integrate future acquisitions or execute on dispositions;
- the availability of raw materials used in our products and our ability to source such raw materials, or find adequate substitutes, in a cost-effective manner;
- our product development timeline and estimated research and development ("R&D") costs;
- developments and projections relating to our competitors and industry;
- our expectations regarding our ability to obtain and maintain intellectual property protection and not infringe on the rights of others;
- fluctuations in the exchange rates of the currencies used by Sofgen;
- global supply chain issues that materially impacts the transportation of our products and/or raw materials,
- changes in applicable laws or regulations; and
- the outcome of any known and unknown litigation and regulatory proceedings.

We believe these forward-looking statements are reasonable; however, these statements speak only as of the date of this Annual Report and are subject to known and unknown risks, uncertainties and other factors that may cause our or our industry's actual results, levels of activity, performance or achievements to be materially different from those anticipated by the forward-looking statements. We discuss these risks in this Annual Report in greater detail under Item 3.D. "Risk Factors." Given these uncertainties, you should not rely upon forward-looking statements as predictions of future events.

Unless required by law, we undertake no obligation to update or revise any forward-looking statement, whether as a result of new information, future events or developments or otherwise.

As a result of a number of known and unknown risks and uncertainties, our actual results or performance may be materially different from those expressed or implied by these forward-looking statements. Some factors that could cause actual results to differ include:

- changes in applicable laws or regulations;

- any identified material weaknesses in our internal control over financial reporting which, if not corrected, could adversely affect the reliability of our financial reporting;
- the ability to implement business plans, forecasts, and other expectations after the completion of any future acquisition, and identify and realize additional opportunities;
- the risk of failure or delay in the development and/or licensing of new pharmaceutical products and the costs involved;
- the risk that delays in regulatory reviews and approvals of new products could delay our ability to market such products, and that post-approval requirements, including additional clinical trials, could result in increased costs;
- the risk that pending intellectual property applications are denied or untimely resolved;
- the risk associated with the markets and countries in which we operate, including, Colombia, El Salvador and Brazil;
- our ability to identify and materialize acquisition opportunities;
- the risk associated with fluctuations in the costs, availability, and suitability of the components of the products we manufacture, including active pharmaceutical ingredients, excipients, purchased components, and raw materials;
- failure to comply with existing or future regulatory requirements, standards and ethical expectations, including environmental, tax, labor, anticorruption, health and safety regulations;
- the risk associated with global supply chain crisis could interfere with the operations of certain of our direct or indirect suppliers;
- our ability to adequately enhance our products and services or introduce new technology;
- the risk of a change in demand for our products and services, consumer preferences and the possibility of rapid technological change in the highly competitive industry in which we operate;
- the risk associated with the loss of, or failure to attract and retain, our key employees and specialized sales representatives;
- the risk that changes to price control regulations could negatively affect our margins and its ability to pass on cost increases to our customers;
- the dependency of our integral contract development and manufacturing organization services on customer's research and success of their products;
- the risks associated with the effect of our products on our customers and potential exposure to product and other liability risks;
- the risk of disruption at any of our manufacturing facilities or disruption of the relationship with our key customers;
- the risks associated with exchange rate volatility of the currencies in which we do business;
- the risk of any breach, disruption or misuse of our, or our external business partners', information systems or cyber security efforts;
- the risk of changes in market access or healthcare reimbursement for, or public sentiment towards our, or our customers', products, or other changes in applicable policies regarding the healthcare industry;
- the risk that we or our customers are unable to secure or protect our respective intellectual property or that we or our customers may infringe on the intellectual property rights of others;
- the loss of customers' confidence in the integrity of pharmaceutical products due to illegal trade;
- the possibility that we may be adversely affected by other economic, business, and/or competitive factors; and
- other risks and uncertainties described in this Annual Report, including those under the heading "Risk Factors" in Item 3.D of this Annual Report.

SUMMARY OF MATERIAL RISKS ASSOCIATED WITH OUR BUSINESS

Our business is subject to numerous risks and uncertainties, including those described in "Item 3.D—Key Information—Risk Factors" in this Annual Report. You should carefully consider these risks and uncertainties when investing in our Ordinary Shares. The principal risks and uncertainties affecting our business include the following:

- The development of new pharmaceutical products is a complex, risky and lengthy process involving significant financial, research and development and other resources, which may be delayed due to various factors. Such delays can result in increased costs or the emergence of competing products, which may have a material adverse effect on Sofgens' business, financial condition and results of operations.

- Sofgen is subject to strict controls on the commercialization processes for its pharmaceutical products, including their development, manufacture, distribution and marketing, which vary by country and by region. Any delays in regulatory reviews or approvals could delay Sofgens' ability to market our products, which could have a material adverse effect on its business, financial condition and results of operations.

- Sofgen' s future results of operations are subject to fluctuations in the costs, availability, and suitability of the components of the products it manufactures, including active pharmaceutical ingredients, excipients, purchased components, and raw materials.

- The delisting of our Ordinary Shares from the Nasdaq may continue to have a material adverse effect on the trading and price of our Ordinary Shares, and we cannot assure you that our Ordinary Shares will be relisted, or that once relisted, they will remain listed.

- We have a significant amount of indebtedness outstanding, which may increase risk to our business, including our ability to remain in compliance with the terms of such indebtedness.

- A disruption at any of Sofgen's main manufacturing facilities could materially and adversely affect its business, financial condition and results of operations.

- Sofgen's independent registered public accounting firm has included an explanatory paragraph relating to Sofgen's ability to continue as a going concern in its report on Sofgen' Annual Audited Consolidated Financial Statements included elsewhere in this Annual Report.

- Sofgen has identified material weaknesses in its internal control over financial reporting. If Sofgen is unable to develop and maintain an effective system of internal control over financial reporting, it may not be able to accurately report its financial results in a timely manner, which may adversely affect investor confidence in Sofgen and materially and adversely affect its business and results of operations.

- Sofgen is an international company with operations primarily in Latin America and is subject to the market risks of the countries in which it manufactures and/or sells its products, and to risks associated with foreign exchange rates.

- If Sofgen does not enhance its existing products and services, or introduce new technology or service offerings in a timely manner, its products and services may become uncompetitive over time, or customers may not buy its products or buy less of them, which could have a material adverse effect on Sofgen's business, financial condition and results of operations.

- The demand for OTC products may be impacted by changes in consumer preferences. If Sofgen is unable to adapt to these changes, it may lose market share and its net sales may be negatively impacted, which could have a material adverse effect on Sofgen's business, financial condition and results of operations.

- Sofgen's business depends upon certain customers for a significant portion of its sales, therefore, a disruption of Sofgen's relationship with these customers or any material adverse change in these customers' businesses could have a material adverse effect on Sofgen's business, financial condition and results of operations.

- Sofgen depends on executive officers and other key personnel to operate and grow its business and to develop new and enhanced offerings and technologies and the loss of, or the failure to attract and retain, such key personnel could adversely affect its operations.

- Sofgen depends on specialized sales representatives to generate the net sales and the levels of product and brand name awareness we desire.

- Sofgen may be unable to identify acquisition opportunities and successfully execute and close acquisitions, which could limit its potential for growth.

- Sofgen may not be able to realize the benefits of business acquisitions and divestitures it enters into, including being unable to successfully and efficiently integrate acquisitions or execute on dispositions, which could have a material adverse effect on its business, financial condition and results of operations.

- The demand for Sofgen's iCDMO (integral contract development and manufacturing organization) services depends in part on its customers' research and development and the clinical and market success of their products. In the event Procaps' customers spend less on, or are less successful in, these activities for any reason, Sofgen's business, financial condition, and results of operations may be materially adversely affected.

- Sofgen participates in a highly competitive market, and increased competition may adversely affect its business, financial condition and results of operations.

- Changes in market access or healthcare reimbursement for, or public sentiment towards Sofgen, or its customers', products in Latin America, the United States and other countries in which Sofgen operates, or other changes in applicable policies regarding the healthcare industry, could adversely affect Sofgen's financial condition and results of operations by affecting demand for Sofgen's products and services.

- The illegal trade in pharmaceutical products, including counterfeiting, theft and illegal diversion, is widely recognized. Public loss of confidence in the integrity of pharmaceutical products as a result of illegal trade could materially adversely affect Sofgen's reputation, financial condition and results of operation.

- Sofgen and its customers depend on patents, copyrights, trademarks, know-how, trade secrets, and other forms of intellectual property protections, but these protections may not be adequate.

- Sofgen's products and services, or its customers' products, may infringe on the intellectual property rights of third parties and any such infringement could have a material adverse effect on Sofgen's business.

- A significant portion of medication on the market, including Sofgen's, is subject to price control regulations. This control may limit Sofgen's margins and its ability to pass on cost increases to its customers, which could have a material adverse effect on Sofgen's business, financial condition and results of operations.

- Sofgen may be held liable if a consumer has an adverse health reaction to a product it sells or manufactures.

- Sofgen is subject to product and other liability risks that could exceed its anticipated costs or adversely affect its results of operations, financial condition, liquidity, and cash flows.

- Failure to comply with existing and future regulatory requirements could adversely affect Sofgen's business, financial condition and results of operations, or result in claims from customers.

- Sofgen's global operations are subject to economic, political, and regulatory risks, including the risks of changing regulatory standards or changing interpretations of existing standards that could affect its financial condition and results of operation or require costly changes to its business.

- Sofgen is subject to governmental export and import controls that could impair its ability to compete in international markets and subject it to liability if Sofgen is not in compliance with applicable laws.

CERTAIN CONVENTIONS

The Company was incorporated under the laws of the Grand Duchy of Luxembourg on March 29, 2021. The Company owns no material assets other than its direct ownership of the issued share capital in Crynssen. Except where the context otherwise requires or where otherwise indicated, all references to "Sofgen", "Sofgen Pharma", "Procaps Group", "Procaps", "we", "us" and "our" refer to the Company and its consolidated subsidiaries, as well as those businesses we account for using the equity method.

Trademarks and Trade Names

This Annual Report contains references to our trademarks and to trademarks belonging to other entities. Solely for convenience, trademarks and trade names referred to in this Annual Report, including logos, artwork and other visual displays may appear without the ® or TM symbols, but such references are not intended to indicate, in any way, that their respective owners will not assert, to the fullest extent under applicable law, their rights thereto. We do not intend our use or display of other companies' trade name or trademarks to imply a relationship with, or endorsement or sponsorship of us by, any other companies.

CURRENCY PRESENTATION

In this Annual Report, unless otherwise specified or the context otherwise requires:

- "U.S.$", "$" and "U.S. dollar" each refers to the United States dollar;
- "COP" and "Colombian Peso" refers to the Colombian peso, the lawful currency of Colombia; and
- "Reais", "R$" and "Brazilian Real" refers to the Brazilian real, the lawful currency of Brazil.

We have translated some of the local currency amounts contained in this Annual Report into U.S. dollars for convenience purposes only. The U.S. dollar-equivalent information presented in this Annual Report is provided solely for convenience and should not be construed as implying that the amounts represent, or could have been or could be converted into, U.S. dollars at such rates or at any other rate.

Certain numbers and percentages included in this Annual Report have been subject to rounding adjustments. Accordingly, figures shown for the same category presented in various tables or other sections of this Annual Report may vary slightly, and figures shown as totals in certain tables may not be the arithmetic aggregation of the figures that precede them.

PRESENTATION OF FINANCIAL INFORMATION

This Annual Report contains the annual audited consolidated financial statements of Sofgen Pharma, S.A. as of December 31, 2024 and 2023, and for the years ended December 31, 2024, 2023 and 2022 (the "Annual Audited Consolidated Financial Statements").

The Annual Audited Consolidated Financial Statements have been prepared in accordance with the IFRS Accounting Standards as issued by the IASB and in its presentation currency of the U.S. dollar.

Our fiscal year ends on December 31 of each year. Accordingly, all references to a particular year are to the year ended December 31 of that year.

Non-IFRS Information

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 in Item 5.A. of this Annual Report under the heading "Operating and Financial Review and Prospects—Operating Results—Non-IFRS Financial Measures."

The primary non-IFRS financial measures utilized by our management are 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 and Adjusted EBITDA on a constant currency basis. We calculate constant currency by calculating year-end period results using prior-period foreign currency exchange rates. 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.

For more information, see the discussion on constant currency in Item 5.A of this Annual Report under the heading "Operating and Financial Review and Prospects—Operating Results—Non-IFRS Financial Measures—Use of Constant Currency."

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 costs related to business transformation initiatives, certain foreign currency translation adjustments, and certain other finance costs and other nonrecurring, nonoperational or non-ordinary 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.

For more information and a reconciliation of profit (loss) for the year to EBITDA, Adjusted EBITDA and Adjusted EBITDA margin, see Item 5.A of this Annual Report under the heading "Operating and Financial Review and Prospects—Operating Results—Non-IFRS Financial Measures—EBITDA, Adjusted EBITDA, and Adjusted EBITDA Margin."

Contribution Margin

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

For more information and a reconciliation of gross profit to Contribution Margin, see Item 5.A of this Annual Report under the heading "Operating and Financial Review and Prospects—Operating Results—Non-IFRS Financial Measures— Contribution Margin."

PRESENTATION OF INDUSTRY AND MARKET DATA

In this Annual Report, we rely on, and refer to, information regarding our business and the markets in which we operate and compete. The market data and certain economic and industry data and forecasts used in this Annual Report were obtained from internal surveys, market research, governmental and other publicly available information and independent industry publications. Industry publications, surveys and forecasts generally state that the information contained therein has been obtained from sources believed to be reliable, but that the accuracy and completeness of such information is not guaranteed. We believe that these industry publications, surveys and forecasts are reliable, but we have not independently verified them and cannot guarantee their accuracy or completeness.

Certain market share information and other statements presented herein regarding our position relative to our competitors are not based on published statistical data or information obtained from independent third parties, but reflects our best estimates. We have based these estimates upon information obtained from publicly available information from our competitors in the industry in which we operate.

ITEM 1. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISERS

Not applicable.

ITEM 2. OFFER STATISTICS AND EXPECTED TIMETABLE

Not applicable.

ITEM 3. KEY INFORMATION

A. Reserved

Not applicable.

B. CAPITALIZATION AND INDEBTEDNESS

Not applicable.

C. REASONS FOR THE OFFER AND USE OF PROCEEDS

Not applicable

D. RISK FACTORS

You should carefully consider the risks and uncertainties described below, together with the other information contained in this Annual Report, before making any investment decision. Any of the following risks and uncertainties could have a material adverse effect on our business, prospects, results of operations and financial condition. The market price of our Ordinary Shares and Warrants could decline due to any of these risks and uncertainties, and you could lose all or part of your investment. The risks described below are those that we currently believe may materially affect us.

Risks Related to Product Development and Manufacturing

The development of new pharmaceutical products is a complex, risky and lengthy process involving significant financial, research and development and other resources, which may be delayed due to various factors. Such delays can result in increased costs or the emergence of competing products, which may have a material adverse effect on our business, financial condition and results of operations.

We develop advanced pharmaceutical oral delivery systems technologies, primarily in the form of soft gelatin capsules ("Softgel"), among other traditional pharmaceutical dosage forms like tablets and injectables. These are used in the manufacturing of prescription pharmaceutical drugs ("Rx") and over the counter ("OTC") pharmaceutical products, as well as high-complexity drugs for hospital use; apart from these, we also handle personal protective equipment, immunosuppressants, oncology products and syringes, among other products. The development of new pharmaceutical products, including our advanced oral delivery systems, is a complex, inherently risky and lengthy process involving significant financial, R&D and other resources, and may not result in a commercially viable product. We must successfully develop, test, manufacture and launch our products as well as successfully register our products in each relevant jurisdiction, in advance of our competitors. A project may be delayed at any stage of the process due to various factors, including failure to obtain the required regulatory approvals for the product being developed or for its manufacturing facilities in a timely manner. Our products currently under development, if and when fully developed and tested, may not perform as we expect, or competitors may already occupy the market opportunity.

Decisions on the launch of a new oral delivery system and the timing of such launches are primarily driven by our R&D development team. Once the development of the product is completed and the results and appropriate documentation is submitted to the applicable health authority, investments made in the manufacture of pre-launch product, marketing materials and sales force training, may result in additional expenses if the product is not approved in a timely manner. Additionally, other factors such as price negotiation, large-scale natural disasters or global pandemics, and competitor activity may significantly delay the launch of a new product.

All of our products must meet and continue to comply with regulatory and safety standards and receive regulatory approvals in each of the markets in which they are to be commercialized. If health or safety concerns arise with respect to a product, we may be forced to withdraw it from the market and could face legal action if any harm came from the use of our products.

Significant delays in the development and anticipated launch dates of new products could hinder our achievement of development targets, adversely affect the reputation of our R&D capabilities, allow our competitors to bring competing products to the market before we do, significantly reduce the return on costs incurred in preparing for the launch of seasonal products that are launched off-season, and result in increased costs if marketing and sales efforts need to be rescheduled, which could materially adversely affect our business, financial condition and results of operations.

In addition, product development requires the accurate assessment of market trends and market acceptance among consumers and the medical community, particularly physicians and hospitals, in each of our target markets. Although hospitals often use generic products to reduce their costs, procurement departments of hospitals may not purchase our products. Physicians may not prescribe or recommend our products to patients, and pharmacists may not respect the prescription. The acceptance of any of our products among the medical community depends upon several factors, including the reputation of the brand, the safety and efficacy of the product, the effectiveness of our sales force, the product's price, the product's perceived advantages and disadvantages relative to competing products or treatments, and the prevalence and severity of side effects. Our overall profitability depends on, among other things, our ability to introduce new products in a timely manner, to differentiate our products with innovative formulations, to continue to manufacture products cost-efficiently and to manage the life cycle, including market acceptance, of our product portfolio.

We are subject to strict controls on the commercialization processes for our pharmaceutical products, including their development, manufacture, distribution and marketing, which vary by country and by region. Any delays in, or rejections of, regulatory reviews, approvals or permits could delay our ability to market our products, which could have a material adverse effect on our business, financial condition and results of operations.

We are subject to strict controls and approvals on the commercialization processes for our pharmaceutical products, including their development, manufacturing, distribution and marketing. The criteria for establishing safety, efficacy and quality, which are essential for securing marketing approvals, vary by country and by region. Obtaining approval for our products and manufacturing processes requires us to submit a dossier in respect of each international non-proprietary name ("INN") and each formulation and dosage variation for such INN in each country in which we wish to market such product. Regulators may delay approvals and require additional data before approval is granted, or reject approvals requested, even though the pharmaceutical products may already be approved or launched in other countries.

Certain factors, including advances in science and technology, evolving regulatory science and new laws and policies, can result in delays in the approval of new pharmaceutical products, including new advanced oral delivery systems. While we seek to manage most of these risks, unanticipated and unpredictable policymaking by governments and regulators, limited regulatory authority resources or conflicting priorities can often lead to delays in regulatory approvals. Any such delays in regulatory reviews and approvals could delay the marketing of our products, resulting in increased costs as described above, which may have a material adverse effect on our business, financial condition and results of operations.

Our future results of operations are subject to fluctuations in the costs, availability, and suitability of the components of the products we manufacture, including active pharmaceutical ingredients, excipients, purchased components, and raw materials. In addition, global supply chain crisis may interfere with the operations of certain of our direct or indirect suppliers or with international trade for these supplies, which could raise our costs or reduce the productivity or slow the timing of our operations, which could have a material adverse effect on our business, financial condition and results of operations.

We depend on various active pharmaceutical ingredients, components, compounds, raw materials, and energy supplied primarily by others for our offerings. This includes, but is not limited to, pharmaceutical and biologic ingredients, gelatin and starch for our Softgel products, packaging films for our Rx and OTC products, and glass vials and syringes for injectable fill-finish for certain of our Rx and Diabetrics (as defined below) products. Also, certain of our customers provide to us their active pharmaceutical or biologic ingredient for formulation or incorporation in the finished product and may supply other raw materials as well. It is possible that any of our or our customers' supplier relationships could be interrupted due to changing regulatory requirements, import or export restrictions, natural disasters, international supply disruptions, whether caused by pandemics or otherwise, geopolitical issues, operational or quality issues at the suppliers' facilities, and other events, or could be terminated in the future.

For example, gelatin is a critical component in most of our Softgel products produced by our NextGel segment. Gelatin is available from only a limited number of sources. In addition, much of the gelatin we use is bovine-derived. Past concerns of contamination from bovine spongiform encephalopathy ("BSE"), have narrowed the number of possible sources of particular types of gelatin. If there were a future disruption in the supply of gelatin from any one or more key suppliers, we may not be able to obtain an adequate alternative supply from our other suppliers. If future restrictions were to emerge on the use of bovine-derived gelatin due to concerns of contamination from BSE or otherwise, any such restriction could hinder our ability to timely supply our customers with products and the use of alternative non-bovine-derived gelatin could be subject to lengthy formulation, testing, and regulatory approval.

A disruption at any of our main manufacturing facilities could materially and adversely affect our business, financial condition and results of operations.

Our manufacturing operations are concentrated in seven locations throughout Colombia, Brazil, El Salvador and the United States. A significant disruption at one or more of these facilities, whether it be due to fire, natural disaster, power loss, intentional acts of vandalism, climate change, war, terrorism, insufficient quality, cyber-attacks, or pandemic could materially and adversely affect our business.

Additionally, regulatory authorities routinely inspect all of our manufacturing facilities for compliance with applicable laws, rules, regulations and practices. If a regulatory authority were to identify serious adverse findings not corrected upon follow up inspections, we may be required to issue product recalls, shut down manufacturing facilities, pay fines, and take other remedial actions. Also, if the lessor under any leased facility identifies any breach thereto, it may have the right to terminate the lease in advance. If any manufacturing facility were forced to cease or limit production, our business, financial condition and results of operations could be materially adversely affected.

Risks Related to Our Business and Financial Condition

Risks Related to our Audit Committee Investigation, Restatement, Internal Controls and Related Matters

The Financial Statement audits of the years ended 2023, 2022 and 2021 have been time-consuming and expensive, and may result in additional expense, mainly due to the Independent Investigation and Company's Restatements. Certain of our former directors and officers have been named in certain illegal acts that gave rise to the Restatement. We could be subject to an investigation by the SEC and may be named in future governmental or other regulatory investigations and proceedings. Because our securities are traded on the OTC Expert Market, there is a minimal public market for our securities, which negatively affects the value of our securities and may make it difficult or impossible for you to sell or buy them. Matters relating to or arising from the Restatement and the Investigation have had, and could continue to have, an adverse effect on our business and financial condition and reputation. We have material weaknesses in our internal control over financial reporting.

Our independent registered public accounting firm has included an explanatory paragraph relating to our ability to continue as a going concern in its report on our Annual Audited Consolidated Financial Statements included elsewhere in this Annual Report.

Our Annual Audited Consolidated Financial Statements were prepared assuming that we will continue as a going concern. However, the report of our independent registered public accounting firm included elsewhere in this Annual Report contains an explanatory paragraph on our consolidated financial statements stating there is substantial doubt about our ability to continue as a going concern, meaning that we may not be able to continue in operation for the foreseeable future or be able to realize assets and discharge liabilities in the ordinary course of operations. Such an opinion could materially limit our ability to raise additional funds through the issuance of new debt or equity securities or otherwise. There is no assurance that sufficient financing will be available when needed to allow us to continue as a going concern. The perception that we may not be able to continue as a going concern may also make it more difficult to raise additional funds or operate our business due to concerns about our ability to meet our contractual obligations. Any inability to raise additional funds, when needed, could materially adversely affect our business, financial condition and results of operations. For more information regarding management's assessment regarding its ability to continue as going concern. See "Item 5. Operating and Financial Review and Prospects—Operating Results—Going Concern Update" and Note 2.1 to our Annual Audited Consolidated Financial Statements, included elsewhere in this Annual Report.

We have identified material weaknesses in our internal control over financial reporting. If we are unable to develop and maintain an effective system of internal control over financial reporting, we may not be able to accurately report our financial results in a timely manner, which may adversely affect investor confidence in us and materially and adversely affect our business and results of operations.

In connection with the audit of our Annual Audited Consolidated Financial Statements, we identified material weaknesses in our internal controls related to (i) Management override of controls, impacting related parties, third-party transactions, revenue recognition transactions, and compliance with laws and regulations among others., (ii) Our manual consolidation process lacks the appropriate internal controls to prevent or detect material misstatements in a timely manner and to ensure that financial data recorded was complete and accurate, (iii) Our information technology controls not being sufficiently designed and implemented to address certain information technology risks, (iv) The sufficiency of technical accounting resources with an appropriate level of technical experience required for timely and accurate financial reporting in accordance with IFRS. (v) Lack of system controls and effective processes to ensure that all manual journal entries are properly reviewed and approved prior to posting to the general ledger. (vi) Our controls and monitoring activities are not effective to ascertain whether the components of our internal control are present and functioning. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of annual or interim financial statements will not be prevented or detected on a timely basis.

Our remediation activities are ongoing, and we will continue to implement our initiatives to effectively implement our internal controls over financial reporting and further document our policies, procedures and internal controls. Following the investigation's findings, the Company implemented significant governance and control reforms during 2024 and 2025. Leadership changes were made, removing board members and executives implicated in control overrides. The Audit Committee was re-constituted with new independent members, and stricter policies for approving and disclosing related-party transactions were established. Revenue recognition and monitoring procedures were reinforced, while broader control environment enhancements began to promote a culture of compliance, integrity, and financial accountability. These initiatives aimed to restore stakeholder trust and ensure adherence to IFRS, SOX, and SEC standards.

Other remediation actions comprise: operational and technical improvements included a redesigned manual consolidation process with standardized templates, SOX controls, and a structured closing calendar, reducing manual adjustments and improving reporting accuracy. IT controls were strengthened with tighter access management, improved change management, and enhanced system monitoring. The Company expanded its technical accounting capabilities by hiring IFRS- and SOX-qualified staff, delivering targeted training, and adopting a formal accounting policies manual. Additional measures included ERP workflow upgrades for manual journal entry controls, establishment of management review controls, and the creation of robust oversight for related- and third-party transactions, including a related-party registry and formal review thresholds by the Audit Committee However, if our remedial measures are insufficient to address the material weaknesses, or if additional material weakness or significant deficiencies in our internal control are discovered or occur in the future, our financial statements may contain material misstatements. If our financial statements are not accurate, investors may not have a complete understanding of our operations. Likewise, if our financial statements are not filed on a timely basis in the future, we could be subject to sanctions or investigations by a stock exchange on which the Ordinary Shares may be listed, the SEC or other regulatory authorities. Either case could adversely affect investor confidence in us and materially and adversely affect our business and results of operations. For a discussion on our remedial measures, see Item 15.B under the heading "Management's Annual Assessment of Internal Control Over Financial Reporting — Remediation Efforts" in this Annual Report.

The delisting of our Ordinary Shares from the Nasdaq may continue to have a material adverse effect on the trading and price of our Ordinary Shares, and we cannot assure you that our Ordinary Shares will be relisted, or that once relisted, they will remain listed.

On January 31, 2025, the Company received a letter from the Nasdaq Hearings Panel (the "Panel"). This letter notified 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 Nasdaq Listing Rules 5250(c)(1) and 5250(c)(2) for failing to file periodic and interim financial reports with the SEC. 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 delisting of our Ordinary Shares from Nasdaq has had and may continue to have a material adverse effect on us by, among other things, causing investors to dispose of our Ordinary Shares and limiting:

- the liquidity of our Ordinary Shares;
- the market price of our Ordinary Shares;
- the number of institutional and other investors that will consider investing in our Ordinary Shares;
- the availability of information concerning the trading prices and volume of our Ordinary Shares;
- the number of broker-dealers willing to execute trades in our Ordinary Shares; and
- our ability to obtain equity or debt financing for the continuation of our operations.

The lack of an active trading market may limit the liquidity of an investment in our Ordinary Shares, meaning you may not be able to sell our Ordinary Shares you own at times, or at prices, attractive to you. Because our securities are traded on the OTC Expert Market, there is a minimal public market for our securities, which negatively affects the value of our securities and may make it difficult or impossible for you to sell or buy them. Any of these factors may materially and adversely affect the price of our Ordinary Shares.

We have indebtedness, which may increase risk to our business and your investment in us.

As of December 31, 2024, we had $268.0 million of outstanding indebtedness, including under our Senior Notes, Credit Agreement (as defined herein) and other indebtedness, including under the Additional Loan Agreement. Our ability to make scheduled payments of the principal of, to pay cash interest on, our indebtedness, including the Senior Notes, Credit Agreement and Additional Loan Agreement, or to refinance such indebtedness, or any other indebtedness we may incur, depends on our future performance, which is subject to economic, financial, competitive and other factors beyond our control. Our business may not generate cash flow from operations in the future sufficient to service our debt and make necessary capital expenditures. The NPA, Credit Agreement and Additional Loan Agreement contain customary restrictive covenants that limit our ability to engage in activities that may be in our long-term best interest. Those covenants include restrictions on our ability to, among other things, incur additional debt and issue disqualified stock; create liens; pay dividends, acquire shares of capital stock, or make certain investments; issue guarantees; sell certain assets and enter transactions with affiliates nonrelated to usual course of business. We were not in compliance with the following financial covenant ratios as of December 31, 2024:

- **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; and
- **Short-Term Debt to Consolidated EBITDA** ratio of 23.44x, compared to a maximum permitted 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.

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 both the Club Deal and the NPA, with no Termination Event having occurred, in the context of ongoing negotiations with creditors regarding amendments to the credit terms.

For additional details on our indebtedness and the Waivers see “Item 5.B—Operating and Financial Review and Prospects—Liquidity and Capital Resources—Debt Financing and Borrowings.”

If we are unable to generate sufficient cash flow, from operations, which represents the primary source of liquidity to service our debt and fund capital expenditures, we may be required to adopt one or more alternatives, such as selling assets, restructuring debt or obtaining additional debt financing or equity capital on terms that may be onerous or highly dilutive. Our ability to refinance any future indebtedness will depend on the capital markets, contractual restrictions and our financial condition at such time. We may not be able to engage in any of these activities or engage in these activities on desirable terms, which could result in a default on our debt obligations. In addition, any of our future debt agreements may contain restrictive covenants that may prohibit us from adopting any of these alternatives. Our failure to comply with these covenants could result in an event of default which, if not cured or waived, could result in the acceleration of our debt.

If we do not enhance our existing products and services, or introduce new technology or service offerings in a timely manner, our products and services may fail to be competitive over time, or customers may not buy our products or buy less of them, which could have a material adverse effect on our business, financial condition and results of operations.

The healthcare industry is characterized by rapid technological change. Demand for our Rx and OTC pharmaceutical products, Diabetrics products and services, and our integral contract development and manufacturing organization ("iCDMO") services may change in ways we may not anticipate because of evolving industry standards, including but not limited to sustainability and environmental matters, as well as a result of evolving customer needs that are increasingly sophisticated and varied and the introduction by others of new offerings and technologies that provide alternatives to our products and services. To the extent that such technologies are protected by patents, their related offerings may become subject to competition as the patents expire. Without the timely introduction of enhanced or new products and services, and technologies, our offerings may fail to be competitive over time, in which case our revenue and operating results would suffer. For example, if we are unable to respond to changes in the nature or extent of the technological or other needs of our pharmaceutical customers through enhancing our pharmaceutical products and services offerings, our competition may develop offerings that are more competitive than ours and we could find it more difficult to renew or expand existing agreements or obtain new agreements. Potential innovations intended to facilitate enhanced or new offerings generally will require a substantial investment before we can determine their commercial viability, and we may not have financial resources sufficient to fund all desired innovations.

The success of enhanced or new pharmaceutical products and services will depend on several factors, including our ability to:

- properly anticipate and satisfy customer needs, including increasing demand for lower cost products;
- enhance, innovate, develop, and manufacture new offerings in an economical and timely manner;
- differentiate our products and services from competitors' offerings;
- achieve positive clinical outcomes for our and our customers' new products;
- meet safety requirements and other regulatory requirements of governmental agencies;
- obtain valid and enforceable intellectual property rights; and
- avoid infringing the proprietary rights of third parties.

Even if we succeed in creating enhanced or new pharmaceutical products and services from these innovations, they may still fail to result in commercially successful offerings or may not produce revenue in excess of the costs of development, and they may fail to be competitive due to changing customer preferences or the introduction by our competitors of offerings embodying new technologies or features. Finally, innovations may not be accepted quickly in the marketplace because of, among other things, entrenched patterns of clinical practice, the need for regulatory clearance, and uncertainty over market access or government or third-party reimbursement.

The demand for OTC products may be impacted by changes in consumer preferences. If we are unable to adapt to these changes, we may lose market share and our net sales may be negatively impacted, which could have a material adverse effect on our business, financial condition and results of operations.

Consumer preferences related to health concerns may change, which could negatively impact demand for our OTC products or cause us to incur additional costs to change our OTC products or product packaging. The success of certain our OTC products such as gastrointestinal, skin care and vitamins, minerals and supplements, is dependent on the continued growth in demand for overall health related products. If demand for products in this category decreases, our financial condition and results of operations would be negatively impacted.

Furthermore, our OTC consumer products customers may request changes in packaging to meet consumer demands, which could cause us to incur inventory obsolescence charges and redesign costs, which in turn could negatively impact our results of operations.

We may be unable to identify acquisition opportunities and successfully execute and close acquisitions, which could limit our potential for growth.

We have made several acquisitions in recent years, such as the U.S.-based Softgel production facility and R&D center located in West Palm Beach, Florida we acquired in January 2022, and subsequently sold on December 12, 2025, and expect to actively seek new acquisitions that management believes will provide meaningful opportunities for growth by increasing our existing capabilities and expanding into new areas and markets of operations. However, we may not be able to identify suitable acquisition candidates or complete acquisitions on acceptable terms and conditions.

Other companies in our industry have similar investment and acquisition strategies to ours, and competition for acquisitions may intensify. If we are unable to identify acquisition candidates that meet our criteria, or complete acquisitions on acceptable terms and condition, our potential for growth may be restricted. Additionally, because we may pursue acquisitions around the world and may actively pursue a number of opportunities simultaneously, we may encounter unforeseen expenses, complications and delays in connection with identifying or acquiring suitable acquisition targets.

We may not be able to realize the benefits of business acquisitions and divestitures we enter into, including being unable to successfully and efficiently integrate acquisitions or execute on dispositions, which could have a material adverse effect on our business, financial condition and results of operations.

We engage from time to time in acquisitions and other transactions that may complement or expand our business or in divestments of non-strategic businesses or assets. These transactions, including our acquired U.S.-based Softgel production facility and R&D center, which began operations in May 2022, and we subsequently sold on December 12, 2025, are accompanied by risks, many of which are beyond our control, and any one of them could result in increased cost, decreased net sales and diversion of management's time and energy, any or all of which could materially impact our business, financial condition, and results of operations. Such risks include, among others, risks relating to our ability to successfully and efficiently integrate acquisitions or execute on dispositions and realize anticipated benefits therefrom.

In order to implement our growth strategy, we evaluate opportunities to buy or otherwise acquire rights to other businesses or technologies, enter into joint ventures or otherwise enter into strategic arrangements with business partners that could complement, enhance, or expand our current business or offerings and services or that might otherwise offer us growth opportunities, or divest assets or an ongoing business. We may face competition from other companies in pursuing acquisitions and similar transactions in the pharmaceutical industry. Our ability to complete transactions may also be limited by applicable antitrust and trade laws and regulations in the jurisdictions in which we or the operations or assets we seek to acquire carry on business. To the extent that we are successful in making acquisitions, we expend substantial amounts of cash, incur debt, or assume loss-making divisions as consideration. We or the purchaser of a divested asset or business may not be able to complete a desired transaction for any number of reasons, including a failure to secure financing.

Any acquisition that we are able to identify and complete may involve a number of risks, including, but not limited to (i) the diversion of management's attention to integrate the acquired businesses or joint ventures, (ii) the possible adverse effects on our operating results during the integration process, (iii) the potential loss of customers or employees in connection with the acquisition, (iv) delays or reduction in realizing expected synergies, (v) unexpected liabilities, (vi) exposure to compliance, intellectual property, environmental, legal or other issues, not uncovered by a limited due diligence review of the target or otherwise, and (vii) our potential inability to achieve our intended objectives for the transaction.

To the extent that we are not successful in completing desired divestitures, as such may be determined by future strategic plans and business performance, we may have to expend substantial amounts of cash, incur debt, or continue to absorb the costs of loss-making or under-performing assets. Any divestiture, whether we are able to complete it or not, may involve a number of risks, including diversion of management's attention, a negative impact on our customer relationships, costs associated with maintaining the business of the targeted divestiture during the disposition process, and the costs of closing and disposing of the affected business or transferring remaining portions of the operations of the business to other facilities.

Our business depends upon certain customers for a significant portion of our sales, therefore, a disruption of our relationship with these customers or any material adverse change in these customers' businesses could have a material adverse effect on our business, financial condition and results of operations.

Sales to the five largest economic groups that form part of our customer base comprised approximately 28% of our net sales for the year ended December 31, 2024 and 25% for the year ended December 31, 2023. No other customer individually comprised more than 7.5% and 5.4% of net sales for the years ended December 31, 2024 and 2023, respectively. If our relationship with one of the five largest economic groups that form part of our customer base, including the terms of doing business with such customers, changes significantly, it could have a material adverse impact on our business, financial condition and results of operations.

Many of our customers, which include major global, national, and regional retail drug, supermarket, and mass merchandise chains, major wholesalers, sourcing groups, hospitals and clinics located primarily in Latin America and the United States, continue to merge or consolidate. Such consolidation has provided, and may continue to provide, customers with additional purchasing leverage, and consequently may increase the pricing pressures we face. The emergence of large buying groups representing independent retail pharmacies enables those groups to extract price discounts on our products.

Additionally, if we are unable to maintain adequately high levels of customer service over time, customers may choose to obtain alternate sources for products and/or end their relationships with us.

We depend on our executive officers and other key personnel to operate and grow our business and to develop new and enhanced offerings and technologies and the loss of, or the failure to attract and retain, such key personnel could adversely affect our operations.

We depend on our executive officers and other key personnel, including our technical personnel, to operate and grow our business and to develop new and enhanced products, services and technologies. The loss of any of these officers or other key personnel or a failure to attract and retain suitably skilled technical personnel could adversely affect our operations. Additionally, larger multinational pharmaceutical companies may have the ability to provide compensation packages to our operative personnel that we may not be able to accommodate, and any such loss of operative personnel could adversely affect our operations.

In addition to our executive officers, we rely on senior management personnel and a team of general managers to lead and direct our business. The general managers team hold positions in areas such as corporate finance, international marketing and R&D, and commercial business segments.

We depend on our specialized sales representatives to generate the net sales and the levels of product and brand name awareness we desire.

We rely on our network of specialized sales representatives to create greater awareness of our products and brand names. As a result, our operations involve certain risks, including that our sales representatives may fail to comply with local requirements, to devote the resources necessary to achieve physician confidence or loyalty, to otherwise effectively market our products, and/or to provide us with accurate or timely information about product sales. In addition, we invest in the formation and specialization of each sales representative and have no assurance of their continued employment with us. Our future growth and profitability will depend in part on the effectiveness and efficiency of our sales force.

Increase in benefits costs due to new union labor agreements and government regulation may increase our cost in operations.

Certain of our employees in Colombia are unionized and the respective unions demands for the 2023 labor agreement exceed the initial expectations regarding cost to the Company. In addition, in Brazil, there is a possibility of an increase in labor expenses due to negotiations with the appropriate unions. Any such increase in benefits expenses due to labor and union issues would increase the cost of our operations and may adversely affect our operations.

Inflation could adversely affect our business and results of operations.

During recent years, the economy in the United States and global markets have encountered a material increase in the level of inflation. The impact of geopolitical developments such as the Russia-Ukraine conflict and Middle East conflicts, the imposition and threat of tariffs, geopolitical tensions with China, and global supply chain disruptions continue to increase uncertainty in the outlook of near-term and long-term economic activity, including whether inflation will continue and how long, and at what rate. Increases in inflation raise our costs for commodities, labor, materials and services and other costs required to grow and operate our business, and failure to secure these on reasonable terms may adversely impact our financial condition. A sustained increase in inflation may continue to increase these costs. Our efforts to recover inflation-based cost increases from our customers may be delayed or capped as a result of our contracts as well as the competitive industry and economic conditions in which we operate. The rate and scope of these various inflationary factors may continue to increase our operating costs and capital expenditures materially and may have a material adverse impact on our on our costs, profitability and financial results. Additionally, increases in inflation, along with the uncertainties surrounding geopolitical developments and global supply chain disruptions, have caused, and may in the future cause, global economic uncertainty and uncertainty about the interest rate environment, which may make it more difficult, costly or dilutive for us to secure additional financing. A failure to adequately respond to these risks could have a material adverse impact on our financial condition, results of operations or cash flows.

General inflation and increases in the minimum wage and general labor costs have affected and may continue to adversely affect our business, financial condition and results of operations.

Labor is a significant portion of our cost structure and is subject to many external factors, including minimum wage laws, prevailing wage rates, unemployment levels, health insurance costs and other insurance costs and changes in employment and labor legislation or other workplace regulation. As the cost of labor and statutory minimum wage rates increase or related laws and regulations change, we will need to continue to increase not only the wage rates of our minimum wage employees, but also the wages paid to our other hourly or salaried employees. Increases in the cost of our labor could have an adverse effect on our business, financial condition and results of operations, or if we fail to pay such higher wages we could suffer increased employee turnover. Increases in labor costs generally could force us to increase prices for other customers, which could adversely impact our sales and/or our profit margins, that could result in losses and could have a material adverse effect on our business, financial condition and results of operations.

The impact of worldwide economic conditions may adversely affect our business, operating results, and financial condition.

Our financial performance is subject to worldwide economic conditions, including adverse economic conditions caused by rising inflation and interest rates, the continued conflict between Russia and Ukraine, and supply chain disruptions.

We are currently operating during a period of economic uncertainty and cannot predict the timing, strength, or duration of economic downturns. To the extent general macroeconomic conditions remain uncertain or worsen, our business may be harmed. Inflation has the potential to adversely affect our liquidity, business, operating results, and financial condition by increasing our overall cost structure, particularly if we are unable to achieve commensurate increases in the prices we charge our customers. The existence of inflation in the economy has resulted in, and may continue to result in, higher interest rates and capital costs, increased costs of labor, fluctuations in foreign currency exchange rates, and other similar effects. As a result of inflation, we have experienced, and may continue to experience, cost increases, which could materially and adversely affect our business, operating results, and financial condition.

Adverse developments affecting the financial services industry, such as actual events or concerns involving liquidity, defaults or nonperformance by financial institutions or transactional counterparties, could adversely affect our current and projected business operations and our financial condition and results of operations.

Actual events involving limited liquidity, defaults, non-performance or other adverse developments that affect financial institutions, transactional counterparties or other companies in the financial services industry or the financial services industry generally, or concerns or rumors about any events of these kinds or other similar risks, have in the past and may in the future lead to market-wide liquidity problems. Inflation and rapid increases in interest rates have led to a decline in the trading value of previously issued government securities with interest rates below current market interest rates. Although the U.S. Department of Treasury, FDIC and Federal Reserve Board have announced a program to provide up to $25 billion of loans to financial institutions secured by certain of such government securities held by financial institutions to mitigate the risk of potential losses on the sale of such instruments, widespread demands for customer withdrawals or other liquidity needs of financial institutions for immediately liquidity may exceed the capacity of such program. There is no guarantee that the U.S. Department of Treasury, FDIC and Federal Reserve Board will provide access to uninsured funds in the future in the event of the closure of other banks or financial institutions, or that they would do so in a timely fashion.

Although we assess our banking relationships as we believe necessary or appropriate, our access to funding sources and other credit arrangements in amounts adequate to finance or capitalize our current and projected future business operations could be significantly impaired by factors that affect us, the financial institutions with which we have arrangements directly, or the financial services industry or economy in general. These factors could include, among others, events such as liquidity constraints or failures, the ability to perform obligations under various types of financial, credit or liquidity agreements or arrangements, disruptions or instability in the financial services industry or financial markets, or concerns or negative expectations about the prospects for companies in the financial services industry. These factors could involve financial institutions or financial services industry companies with which we have financial or business relationships but could also include factors involving financial markets or the financial services industry generally.

The results of events or concerns that involve one or more of these factors could include a variety of material and adverse impacts on our current and projected business operations and our financial condition and results of operations.

In addition, investor concerns regarding the U.S. or international financial systems could result in less favorable commercial financing terms, including higher interest rates or costs and tighter financial and operating covenants, or systemic limitations on access to credit and liquidity sources, thereby making it more difficult for us to acquire financing on acceptable terms or at all. Any of these impacts, or any other impacts resulting from the factors described above or other related or similar factors not described above, could have material adverse impacts on our liquidity and our current and/or projected business operations and financial condition and results of operations.

Our business, financial condition, and results of operations may be adversely affected by global health epidemics.

Our business, financial condition, and results of operations have previously been and may continue to be adversely affected by global health epidemics.

Any public health epidemic, such as the COVID-19 pandemic, may affect our operations and those of third parties on which we rely, including our customers and suppliers. Our business, financial condition, and results of operations may be affected by disruptions in our customers' abilities to fund, develop, or bring to market products as anticipated; delays in or disruptions to the conduct of clinical trials; cancellations of contracts or confirmed orders from our customers; decreased demand for categories of products in certain affected regions; and inability, difficulty, or additional cost or delays in obtaining key raw materials, components, and other supplies from our existing supply chain; among other factors caused by the global health pandemics.

In addition, global health epidemics may affect the operations of INVIMA, the FDA, and other drug regulatory authorities, which could result in delays of inspections, reviews, and approvals of our customers' products. Our operations could be disrupted if our employees become ill or are otherwise absent from work.

Governmental restrictions, including travel restrictions, quarantines, shelter-in-place orders, business closures, new safety requirements or regulations, or restrictions on the import or export of certain materials, or other operational issues related to the COVID-19 pandemic had an adverse effect on our business, financial condition and results of operations. The pandemic caused complications in logistics and personnel transport during mandatory quarantine periods. Price changes in raw materials also impacted our business, however, we were able to mitigate the impact of these effects by launching new products, training our sales forces to capitalize on opportunities, implementing fewer discount promotions, generating demand in markets such as Colombia and Central America, and by growing our generic drug business. Any future health epidemic that imposes similar restrictions or causes similar disruptions may have a material adverse effect on our business, prospects and operations.

Any breach, disruption or misuse of our, or our external business partners', information systems or cyber security efforts could have a material adverse effect on our business, financial condition and results of operations.

We are increasingly dependent upon information technology systems to operate our business. Our systems, information and operations are highly complex and interrelated with our external business partners. These systems may contain confidential information (including personal data, trade secrets or other intellectual property, or proprietary business information). The nature of digital systems, both internally and externally, makes them potentially vulnerable to disruption or damage from human error and/or security breaches, which include, but are not limited to, ransomware, data theft, denial of service attacks, sabotage, industrial espionage, and computer viruses. Such events may be difficult to detect, and once detected, their impact may be difficult to assess and address.

Cybercriminals can use AI to automate and personalize their attacks, such as brute force attacks, vulnerability scanning, and system exploitation. We cannot control the misuse that may be given to this tool. AI attacks can be more difficult to detect and prevent than traditional attacks. AI allows cybercriminals to launch large-scale attacks quickly and efficiently. AI attacks can have a devastating impact on our business, causing the loss of sensitive data, disruption to operational continuity, and even physical damage.

We and our external business partners have been subject to cyber-attacks in the past, and we have experienced immaterial business disruption and data loss as a result of phishing, business email compromise and other types of attacks on our information technology systems and those of our external business partners. While we continue to employ resources to monitor our systems and protect our infrastructure, these measures may prove insufficient depending upon the attack or threat posed, and that could subject us to significant risks, including ransomware attacks, other cyber breaches and disruptions that (i) cause system issues, (ii) cause the loss, misappropriation or unauthorized access, use or disclosure of confidential information, including personal data, (iii) impair our operations, (iv) cause us to lose customers or experience lower sales volume, or (v) causes us to incur significant liabilities or expenses to remediate such risks, which, individually or collectively, could result in financial, legal, business or reputational harm to us and could have a material adverse effect on our business, financial condition and results of operations.

In addition, our information technology systems may be vulnerable to damage or interruption from circumstances beyond our control, including fire, natural disasters, power outages, systems failures and viruses. If we are unable to execute our disaster recovery and business if our plans prove insufficient for a particular situation or take longer than expected to implement in a crisis situation, it could have a material adverse effect on our business, financial condition and results of operations, and our business interruption insurance may not adequately compensate us for losses that may occur.

We are also subject to numerous laws and regulations designed to protect personal data, such as the European national laws implementing the Regulation (EU) 2016/679 of the European Parliament and the Council dated April 27, 2016 related to the protection of individuals with respect to processing of personal data and usage of such data, Brazil's General Data Protection Law (*Lei Geral de Proteção de Dados*) and Colombia's Law 1581 of 2012 (*Ley de Protección de Datos Personales*). These data protection laws introduced more stringent data protection requirements and significant potential fines, as well as increased our responsibility and potential liability in relation to personal data that we process. For instance, failure to comply with data protection regulations in Colombia may result in the impositions of sanctions against us, such as: fines, temporary suspensions of all personal data processing-related activities, temporary or permanent closure or blocking of personal data processing operations or business units (when authorities have previously ordered corrective measures and such measures are not being fully complied). We have put mechanisms in place designed to ensure compliance with applicable data protection laws but there can be no guarantee of their effectiveness.

The demand for our iCDMO services depends in part on our customers' research and development and the clinical and market success of their products. In the event our customers spend less on, or are less successful in, these activities for any reason, our business, financial condition, and results of operations may be materially adversely affected.

The demand for our iCDMO offerings depends in part on our customers' research and development and the clinical and market success of their products. Our business, financial condition, and results of operations may be negatively affected if our customers spend less on, or are less successful in, these activities.

Our customers are engaged in research, development, production, and marketing of pharmaceutical, biotechnology, and consumer health products. The amount of customer spending on research, development, production, and marketing, as well as the outcomes of such research, development, and marketing activities, have a large impact on our sales and profitability, particularly the amount our customers choose to spend on our iCDMO offerings. Our customers determine the amounts that they will spend based upon, among other things, available resources and their need to develop new products, which, in turn, are dependent upon a number of factors, including their competitors' research, development, and production initiatives, and the anticipated market uptake, clinical, and reimbursement scenarios for specific products and therapeutic areas. In addition, consolidation in the industries in which our customers operate may have an impact on such spending as customers integrate acquired operations, including research and development departments and their budgets. Our customers finance their research and development spending from private and public sources. A reduction in spending by our customers, for any reason, could have a material adverse effect on our business, financial condition, and results of operations. If our customers are not successful in attaining or retaining product sales due to market conditions, reimbursement issues, or other factors, our results of operations may be materially adversely affected.

Certain proposed amendments to tax directives may impact our current tax treaties benefits.

The Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting (the "MLI") was published by the OECD on 24 November 2016. The aim of the MLI is to update international tax rules and lessen the opportunity for tax avoidance by implementing results from the BEPS project in more than 2,000 double tax treaties worldwide. A number of jurisdictions (including Luxembourg) have signed the MLI. Luxembourg ratified the MLI through the Luxembourg law of 7 March 2019 and deposited its instrument of ratification with the OECD on 9 April 2019. As a result, the MLI entered into force for Luxembourg on 1 August 2019. Its application to each individual double tax treaty concluded by Luxembourg depends on ratification by the other contracting state and on the type of tax concerned. The resulting changes and any other subsequent changes to tax treaties negotiated by Luxembourg may have an impact on the returns within the group's structure and to the investors. As of the date of this Annual Report, no additional significant developments have been enacted in 2023–2024 regarding the application of the MLI.

On December 22, 2021, the European Commission issued a proposal for a Council Directive laying down rules to prevent the misuse of shell entities for tax purposes within the EU ("ATAD III"). The draft ATAD III rules are designed to introduce an EU-wide substance test to facilitate the identification of undertakings that perform no or minimal economic activity, lack a minimum level of substance and are misused to obtain tax advantages (commonly referred to as "shell companies"). The draft rules outline specific tax consequences for undertakings that possess insufficient substance under ATAD III. As of the date of this Annual Report, ATAD III has not been formally adopted. The proposal remains under discussion at the Council of the EU, with the earliest potential application date currently expected no earlier than 2026. The Group continues to monitor developments closely, as the adoption of ATAD III could result in additional reporting obligations.

In December 2021, following a Pillar II agreement signed by more than 135 jurisdictions in October 2021, the OECD published final model rules for a global minimum tax (the "GloBE rules"). The GloBE rules aim to ensure that large MNE groups pay a minimum level of tax on the income arising in each of the jurisdictions where they operate, by imposing a top-up tax whenever the effective tax rate, determined on a jurisdictional basis, is below the minimum rate of 15%. Council Directive (EU) 2022/2523 of 14 December 2022 on ensuring a global minimum level of taxation for multinational enterprise groups and large-scale domestic groups in the Union builds on the GloBE rules and targets any MNE group which has an annual revenue of EUR 750,000,000 or more, including the revenue of excluded entities, in its ultimate parent entity's consolidated financial statements in at least two of the four fiscal years immediately preceding the tested fiscal year and with either a parent entity or a subsidiary located in an EU Member State.

The consensual two-pillar approach plays a key role in ensuring the fairness and equality of our tax systems and strengthening the international tax framework in the face of new and changing business models. The global minimum tax referred to in the two-pillar approach establishes a minimum threshold for corporate tax competition that will ensure that multinational companies are subject to a minimum effective tax rate of 15% in each jurisdiction, regardless of where they operate in order to ensure a level playing field. The Pillar 2 global minimum tax is already a reality and more than 50 jurisdictions.

Certain entities are excluded from its scope, including i.a. investment entities that are ultimate parent entities and certain entities owned by these excluded entities. The Luxembourg law of 20 December 2023 implements Directive 2022/2523 by providing for an income inclusion rule ("IIR"), an undertaxed profit rule ("UTPR"), and a qualified domestic minimum top-up tax rule ("QDMTT"). Most provisions apply to tax years starting on or after 31 December, 2023. The provisions on UTPR in principle apply to tax years starting on or after 31 December 2024.

Based on a thorough review of the legislation enacted and effective as of December 31, 2024, we have assessed its potential applicability to Sofgen Pharma. While the Group qualifies as a multinational enterprise and would in principle fall within the scope of the Pillar Two rules, these provisions only apply to groups whose consolidated revenues equal or exceed EUR 750 million in at least two of the four preceding fiscal years. After evaluating our consolidated financial information, it was evidenced that Sofgen Pharma does not meet this threshold. Consequently, the minimum tax regime is not applicable to the Group, and no incremental tax liability is expected to arise under these rules.

We and our directors, officers and affiliates have in the past and may in the future become involved in litigation and other proceedings that may adversely affect us.

From time to time, we and our directors, officers and affiliates have been subject to claims, suits and other proceedings. Regardless of the outcome, legal proceedings can have an adverse impact on us because of legal costs and diversion of management attention and resources, and could cause us to incur significant expenses or liability, adversely affect our brand recognition or require us to change our business practices. The expense of litigation and the timing of this expense from period to period are difficult to estimate, subject to change and could adversely affect our business, operating results and financial condition. It is possible that a resolution of one or more such proceedings could result in substantial damages, settlement costs, fines and penalties that would adversely affect our business, financial condition, operating results or cash flows in a particular period. These proceedings could also result in reputational harm, sanctions, consent decrees or orders requiring a change in our business practices. Additionally, our directors, officers and affiliates, or their respective affiliated entities, may in the future be the subject of claims, suits, litigation and government investigation in their individual capacities or in connection with other business ventures, which could adversely impact our reputation or public perception of our company, irrespective of the merits of any such proceeding. Because of the potential risks, expenses and uncertainties of litigation, we may, from time to time, settle disputes, even where we have meritorious claims or defenses, by agreeing to settlement agreements. Because litigation is inherently unpredictable, we cannot assure you that the results of any of these actions will not have a material adverse effect on our business, financial condition, operating results and prospects. Any of these consequences could adversely affect our business, operating results and financial condition.

We could be subject to securities class action litigation. In the past, securities class action litigation has often been instituted against companies following periods of volatility in the market price of a company's securities. See Item 8A- Legal Proceedings.

Risks Related to our Industry

We participate in a highly competitive market, and increased competition may adversely affect our business, financial condition and results of operations.

We operate in a market that is highly competitive. We compete with multiple companies as to each of our offerings and in every region of the globe in which we operate, including competing with other companies that offer advanced delivery technologies, outsourced dose form, or development services to pharmaceutical and consumer health companies based in North America, South America, Europe, and the Asia-Pacific region. We also compete in some cases with the internal operations of those pharmaceutical, biotechnology, and consumer health customers that also have manufacturing capabilities and choose to source these services internally.

We face substantial competition in each of our markets. Competition is driven by proprietary technologies and know-how, capabilities, consistency of operational performance, quality, price, value, responsiveness, and speed. Some competitors have greater financial, R&D, operational, and marketing resources than we do. Competition may also increase as additional companies enter our markets or use their existing resources to compete directly with ours. Expanded competition from companies in low-cost jurisdictions, such as India and China, may in the future adversely affect our results of operations or limit our growth. Greater financial, research and development, operational, and marketing resources may allow our competitors to respond more quickly with new, alternative, or emerging technologies. Changes in the nature or extent of our customers' requirements may render our offerings obsolete or non-competitive and could adversely affect our business, financial condition and results of operations.

Changes in market access or healthcare reimbursement for, or public sentiment towards our, or our customers', products in Latin America, the United States and other countries in which we operate, or other changes in applicable policies regarding the healthcare industry, could adversely affect our financial condition and results of operations by affecting demand for our products and services.

The healthcare industry has changed significantly over time, and we expect the industry to continue to evolve. Some of these changes, such as ongoing healthcare reform, adverse changes in governmental or private funding of healthcare products and services, legislation or regulations governing patient access to care and privacy, or the delivery, pricing, or reimbursement approval of pharmaceuticals and healthcare services or mandated benefits, may cause healthcare industry participants to change the amount of our products and services that they purchase or the price they are willing to pay for these offerings. In particular, there is significant uncertainty about the likelihood of changes to the Affordable Care Act (the "ACA") in the United States and healthcare laws in general in the United States, including future legislation that may affect or put a cap on future pricing of pharmaceutical products. Similarly, Colombian sanitary regulations change significantly over time. While we are unable to predict the likelihood of changes to healthcare legislation, any substantial revisions in legislation could have a material adverse effect on the demand for our customers or our customer´s products, which in turn could have a negative impact on our business, financial condition and results of operations. Changes in the healthcare industry's pricing, selling, inventory, distribution, or supply policies or practices, or in public or government sentiment for the industry as a whole, could also significantly reduce our revenue and results of operations. In particular, volatility in individual product demand may result from changes in public or private payer reimbursement or coverage.

Our Rx products business in particular could be materially adversely impacted by measures taken by governmental entities or private payers to restrict patients' access to our products or increase pressure on drug pricing, including denial of price increases, prospective and retrospective price decreases, and increased mandatory discounts or rebates. These actions may drive us and our competitors to decrease prices or may reduce the ability of customers to pay for our products, which could materially negatively impact our Rx products business' results of operations.

The illegal trade in pharmaceutical products, including counterfeiting, theft and illegal diversion, is widely recognized. Public loss of confidence in the integrity of pharmaceutical products as a result of illegal trade could materially adversely affect our reputation, financial condition and results of operation.

The illegal trade in pharmaceutical products is widely recognized by the industry, non-governmental organizations and governmental authorities to be increasing. Illegal trade includes counterfeiting, theft and illegal diversion (that is, when our products are found in a market where we did not send them and where they are not approved to be sold). There is a risk to public health when illegally traded products enter the supply chain, as well as associated financial risk. Authorities and the public expect us to help reduce opportunities for illegal trade in our products through securing our supply chains, surveillance, investigation and supporting legal action against those found to be engaged in illegal trade.

Public loss of confidence in the integrity of pharmaceutical products as a result of illegal trade could materially adversely affect our reputation and financial performance. In addition, undue or misplaced concern about this issue may cause some patients to stop taking their medications, with consequential risks to their health.

If we are found liable for breaches in our supply chains, authorities may take action, financial or otherwise, that could adversely impact the distribution of our products. Counterfeit and/or illegally diverted products replacing sales of genuine products in a market can have a direct financial impact on our global markets as well as being a risk to patient safety.

Risks Related to our Intellectual Property

We and our customers depend on patents, copyrights, trademarks, know-how, trade secrets, and other forms of intellectual property protections, but these protections may not be adequate.

We rely on a combination of know-how, trade secrets, patents, copyrights, trademarks, and other intellectual property laws, nondisclosure and other contractual provisions, and technical measures to protect many of our products, services and intangible assets. These proprietary rights are important to our ongoing operations. There can be no assurance that these protections will provide uniqueness or meaningful competitive differentiation in our offerings or otherwise be commercially valuable or that we will be successful in obtaining additional intellectual property or enforcing our intellectual property rights against unauthorized users. Our exclusive rights under certain of our products and services are protected by patents, some of which will expire in the near term. When patents covering a product or service expire, loss of exclusivity may occur, which may force us to compete with third parties, thereby negatively affecting our revenue and profitability. We do not currently expect any material loss of revenue to occur as a result of the expiration of any patent currently protecting our business.

Our proprietary rights may be invalidated, circumvented, or challenged. We may in the future be subject to proceedings seeking to oppose or limit the scope of our patent applications or issued patents. In addition, in the future, we may need to take legal actions to enforce our intellectual property rights, to protect our trade secrets, or to determine the validity or scope of the proprietary rights of others. Legal proceedings are inherently uncertain, and the outcome of such proceedings may be unfavorable to us.

Any legal action regardless of outcome might result in substantial costs and diversion of resources and management attention. Although we use reasonable efforts to protect our proprietary and confidential information, there can be no assurance that our confidentiality and non-disclosure agreements will not be breached, our trade secrets will not otherwise become known by competitors, or that we will have adequate remedies in the event of unauthorized use or disclosure of proprietary information. Even if the validity and enforceability of our intellectual property is upheld, an adjudicator might construe our intellectual property not to cover the alleged infringement. In addition, intellectual property enforcement may be unavailable or practically ineffective in some countries. There can be no assurance that our competitors will not independently develop technologies that are substantially equivalent or superior to our technology or that third parties will not design around our intellectual property claims to produce competitive offerings. The use of our technology or similar technology by others could reduce or eliminate any competitive advantage we have developed, cause us to lose sales, or otherwise harm our business.

We have applied in the United States, Colombia and certain other countries for registration of a number of trademarks, service marks, and patents, some of which have been registered or issued, and also claim common law rights in various trademarks and service marks. In the past, third parties have occasionally opposed our applications to register intellectual property, and there can be no assurance that they will not do so in the future. It is possible that in some cases we may be unable to obtain the registrations for trademarks, service marks, and patents for which we have applied, and a failure to obtain trademark and patent registrations in the United States, Colombia or other countries could limit our ability to protect our trademarks and proprietary technologies and impede our marketing efforts in those jurisdictions. See Item 4.B. of this Annual Report under the heading “Business Overview—Intellectual Property.”

License agreements with third parties control our rights to use certain patents, software, and information technology systems and proprietary technologies owned by third parties, some of which are important to our business. Termination of these license agreements for any reason could result in the loss of our rights to this intellectual property, causing an adverse change in our operations or the inability to commercialize certain offerings.

In addition, many of our branded pharmaceutical customers rely on patents to protect their products from generic competition. Because incentives exist in some countries, including Colombia and the United States, for generic pharmaceutical companies to challenge these patents, pharmaceutical and biotechnology companies are under the ongoing threat of challenges to their patents. If the patents on which our customers rely were successfully challenged and, as a result, the affected products become subject to generic competition, the market for our customers' products could be significantly adversely affected, which could have an adverse effect on our business, financial condition and results of operations. We attempt to mitigate these risks by making our offerings available to generic manufacturers and distributors in the United States, as well as branded manufacturers and distributors world-wide, but there can be no assurance that we will be successful in marketing these offerings.

Our products and services, or our customers' products, may infringe on the intellectual property rights of third parties and any such infringement could have a material adverse effect on our business.

From time to time, third parties have asserted intellectual property infringement claims against us and our customers, and there can be no assurance that third parties will not assert infringement claims against either us or our customers in the future. While we believe that our products and services do not infringe in any material respect upon proprietary rights of other parties, and that meritorious defenses would exist with respect to any assertion to the contrary, there can be no assurance that we could successfully avoid being found to infringe on the proprietary rights of others. Patent applications in the United States, Colombia and certain other countries are generally not publicly disclosed until the patent is issued or published, and we and our customers may not be aware of currently filed patent applications that relate to our or their products, services, or processes. If patents later issue on these applications, we or they may be found liable for subsequent infringement. There has been substantial litigation in the pharmaceutical industry with respect to the manufacture, use, and sale of products that are the subject of conflicting patent rights.

Any claim that our products, services or processes infringe third-party intellectual property rights (including claims arising through our contractual indemnification of our customers), regardless of the claim's merit or resolution, could be costly and may divert the efforts and attention of our management and technical personnel. We may not prevail against any such claim given the complex technical issues and inherent uncertainties in intellectual property matters. If any such claim results in an adverse outcome, we could, among other things, be required to:

- pay substantial damages (potentially including treble damages in the United States);
- cease the manufacture, use, or sale of the infringing offerings or processes;
- discontinue the use of the infringing technology;
- expend significant resources to develop non-infringing technology;
- license technology from the third-party claiming infringement, which license may not be available on commercially reasonable terms or at all; and
- lose the opportunity to license our technology to others or to collect royalty payments based upon successful protection and assertion of our intellectual property against others.

In addition, our customers' products may be subject to claims of intellectual property infringement and such claims could materially affect our business if their products cease to be manufactured or they have to discontinue the use of the infringing technology.

Any of the foregoing could affect our ability to compete or have a material adverse effect on our business, financial condition, and results of operations.

Risks Related to the Countries We Operate In

We are an international company with operations primarily in Latin America and are subject to the market risks of the countries in which we manufacture and/or sell our products, and to risks associated with foreign exchange rates.

We currently maintain manufacturing facilities in Colombia, Brazil, El Salvador and in the United States. Our ability to conduct and expand our business and our financial performance are subject to the risks inherent to international operations, such as currency controls, currency fluctuations, trade barriers, increases in duties, taxes and governmental royalties, nationalization, forced negotiation, changes in local labor conditions, labor strikes, price instability, interest rates, modification of existing contracts and changes in local laws and policies, regulation, taxation, social instability, labor matters, and other political, social and economic developments affecting the countries in which we operate. We have no control over these external factors and they may have an adverse effect on our business, financial condition, results of operations and prospects, which many times may not be foreseeable or subject of mitigation.

We report our financial results in U.S. dollars. However, a significant portion of our net sales, assets, indebtedness and other liabilities, and costs are denominated in foreign currencies. These currencies include, among others, the Colombian Peso, the Brazilian Real, and the Peruvian Soles. Approximately 39% of our revenue for the year ended December 31, 2024 was U.S. dollar denominated. Our results of operations and, in some cases, cash flows, have in the past been, and may in the future be, adversely affected by fluctuations in exchange rates. Although a significant portion of our operating costs are denominated in foreign (non-U.S.) currency, naturally reducing our exposure to changes in certain foreign currency exchange rates, we may implement currency hedges or take other actions intended to further reduce our exposure to changes in foreign currency exchange rates. If we are not successful in mitigating the effects of changes in exchange rates on our business, any such changes could materially impact our results.

Additionally, our operations may be adversely affected by trade barriers, increases in duties, taxes and governmental royalties, social unrest, labor strikes, expropriation, nationalization, forced negotiation or modification of existing contracts, and changes in the local laws and policies of the countries in which we conduct our business. We are also exposed to risks related to social instability and other political, economic or social events in these countries, which could have an adverse effect on our business, financial condition and results of operations, as well as in our ability to comply with our financial obligations in a timely manner.

In addition, several emerging market economies are particularly vulnerable to the impact of rising interest rates, inflationary pressures, higher prices for oil and other commodities necessary for our operations, and large external deficits. Risks in one country can limit our opportunities for portfolio growth and negatively affect our operations in another country or countries. As a result, any such unfavorable conditions or developments could have an adverse impact on our operations.

Many of our assets are located in, and a large part of our income is earned in, Colombia and, thus, we are dependent on economic, political and social conditions in Colombia.

Several of our subsidiaries, such as Procaps, S.A., organized as a capital stock corporation (*sociedad anónima*) ("Procaps S.A."), and Diabetrics Healthcare S.A.S., organized as simplified stock corporation (*sociedad por acciones simplificada*) ("Diabetrics Healthcare"), are organized under the laws of Colombia. Many of our assets are located in Colombia and a portion of our income is earned in Colombia. Our assets and income are subject to political, economic, regulatory, social and other uncertainties, including expropriation, nationalization, renegotiation or voiding of existing contracts, currency exchange restrictions, price control regulation for pharmaceutical products, labor law modifications, and international monetary fluctuations. Accordingly, our financial condition and results of operations depend significantly on macroeconomic and political conditions prevailing in Colombia.

In Colombia, inflation rates have fluctuated significantly in recent years. We cannot assure you that inflation rates will remain stable or that inflation rates will not increase significantly in the future.

Changes in economic policies in Colombia could affect our business, financial condition and results of operations.

Our financial condition and results of operations may be adversely affected by changes in the political climate of Colombia to the extent that such changes affect the economic policies, growth, stability, outlook or regulatory environment.

The Colombian Government has historically exercised influence on the local economy, and governmental policies are likely to continue to have an important effect on companies operating in Colombia like us, market conditions and the prices of securities of issuers operating in Colombia, including the Notes. The President of Colombia has considerable power to determine governmental policies and actions relating to the economy and may adopt policies that may negatively affect us. Following his election as president in 2022, Gustavo Francisco Petro Urrego and the Colombian government announced a tax pension, labor, justice and health reform bill.

We cannot provide any assurance that political or social developments in Colombia over which we have no control, will not have an adverse effect on our respective economic situations and will not adversely affect the business, financial condition and results of operations of our subsidiaries and their ability to pay dividends or make other distributions to us. This could have a material adverse effect on our business, results of operations, financial condition and ability to make payments on the Notes, the Credit Agreement and/or other material financial commitments.

We cannot predict which policies will be adopted by the Colombian Government and whether the policies would have a negative impact on the Colombian economy, on the pharmaceutical or healthcare industry or on our business, financial condition and results of operations. Furthermore, there can be no assurance that the Colombian Peso will not depreciate or appreciate relative to the U.S. dollar and other currencies in the future.

The Colombian Government and the Colombian Central Bank exercise influence on the Colombian economy. Political and economic conditions may have an impact on our business, financial condition and results of operations.

The Colombian Government and the Colombian Central Bank can intervene in Colombia's economy and make significant changes in monetary, fiscal and regulatory policy, which could result in currency devaluation and the changes in international reserves. Our business, financial condition and results of operations may be adversely affected by changes in government or fiscal policies, and other political, diplomatic, social and economic developments that may affect Colombia or the international markets. Possible developments include fluctuations in exchange rates, inflation, instability of prices, changes in interest rates, liquidity of domestic capital and debt markets, exchange controls, deposit requirements on foreign borrowings, controls on capital flows, and limits on foreign trade.

Although the Colombian Government has not imposed foreign exchange restrictions since 1990, Colombia's foreign currency markets have historically been extremely regulated. Colombian law permits the Colombian Central Bank to impose foreign exchange controls to regulate the remittance of dividends and/or foreign investments in the event that the foreign currency reserves of the Colombian Central Bank fall below a level equal to the value of three months of imports of goods and services into Colombia. Please see "Exchange Rates and Controls" for actions the Colombian Central Bank could take to intervene in the exchange market. An intervention that precludes us from possessing, utilizing or remitting dollars would impair our financial condition and results of operations, and would impair the shareholders' ability to convert any dividend payments to U.S. dollars.

The Colombian Government has considerable power to shape the Colombian economy and, consequently, affect the operations and financial performance of businesses. The Colombian Government may seek to implement new policies aimed at controlling further fluctuation of the *peso* against the U.S. dollar and fostering domestic price stability. The president of Colombia has considerable power to determine governmental policies and actions relating to the economy and may adopt policies that are inconsistent with those of the prior government or that negatively affect us.

Any further downgrade in the credit rating of Colombia could adversely affect the Colombian economy.

In December 2017, S&P downgraded the rating of its long-term foreign currency sovereign credit ratings on Colombia from "BBB" to "BBB-," on the grounds of Colombia's weakened fiscal and external profiles generating diminished policy flexibility. In May 2019, Moody's changed Colombia's rating outlook from negative to stable and Fitch changed Colombia's rating outlook from stable to negative, and in March 2020, the outlook of Colombia's credit rating was changed to negative by S&P due to external risks. In April 2020, Fitch downgraded its long-term foreign currency sovereign credit ratings on Colombia from "BBB" to "BBB-" maintaining a negative outlook. In July 2021, Fitch downgraded its long-term foreign currency sovereign credit ratings on Colombia from "BBB-" to "BB+" stabilizing it to the same level given by S&P. Colombia's long-term debt denominated in foreign currency is currently rated "BB" by Fitch (December, 2025), "BB" by S&P (June, 2025) and "Baa3" by Moody's (June, 2025). Any further downgrade of Colombia's credit rating could adversely affect the Colombian economy and our operations.

Certain of our assets are located in, and a part of our income is earned in, El Salvador and, thus, we are dependent on economic and political conditions in El Salvador.

We have one manufacturing facility in El Salvador and a large part of our income is earned in El Salvador. The assets and income of our subsidiaries in El Salvador are subject to political, economic, regulatory and other uncertainties, including expropriation, nationalization and renegotiation or voiding of existing contracts. Accordingly, our financial condition and results of operations depend significantly on macroeconomic and political conditions prevailing in El Salvador.

An emerging country such as El Salvador is subject to many different factors that may affect its economic results, including the following:

- financial regulation in the United States;
- changes in economic or tax policies in El Salvador;
- the ability of El Salvador to effect key economic reforms;
- the impact of hostilities or political unrest in other countries that may affect international trade, commodity prices and the global economy;
- internal security issues relating to crime and violence; and
- low GDP growth rate in El Salvador.

El Salvador's economy remains vulnerable to external shocks, including global economic crises that could be caused by future significant economic difficulties of its major regional trading partners or by more general "contagion" effects, which could have a material adverse effect on El Salvador's economic growth and therefore our operations in the country.

A significant decline in the economic growth of any of El Salvador's major trading partners could adversely affect El Salvador's economic growth. In particular, a decline in economic growth in the United States could affect the level of remittances received in El Salvador, which in turn could affect El Salvador's balance of payments and domestic demand. In addition, because international investors' reactions to the events occurring in one emerging market country sometimes appear to demonstrate a "contagion" effect, in which an entire region or class of investment is disfavored by international investors, El Salvador could be adversely affected by negative economic or financial developments in other emerging market countries.

There can be no assurance that any crises such as those described above or similar events will not negatively affect investor confidence in emerging markets or the economies of the principal countries in Latin America, including El Salvador.

In May 2022, Moody's Investors Service downgraded the El Salvador's long-term foreign-currency issuer rating and long-term foreign-currency senior unsecured debt ratings from Caa1 to Caa3. Moody's Investor Service decision to downgrade El Salvador's ratings reflects an increased probability of a credit event (restructuring, distressed exchange, or default), with relatively high severity, as El Salvador faces a challenging debt amortization schedule with bond maturities in 2025 in a context of continued funding stress and persistently high financing needs. In November 2024 Moody's Ratings upgraded the Government of El Salvador's long-term foreign currency issuer and senior unsecured ratings to B3 from Caa1. The upgrade of, according to Moody's, "reflects our view that the sovereign's credit profile has benefited from recent liability management operations that have significantly reduced external amortizations leading to a material decrease in repayment risk and alleviating near and medium-term liquidity pressures".

Similarly, in February 2022, Fitch Ratings downgraded El Salvador's long-term foreign currency issuer default rating (IDR) from 'B-' to 'CCC'. The downgrade reflects heightened financing risks stemming from increased reliance on short-term debt, a U.S.$ 800 million Eurobond repayment due in January 2023, a still-high fiscal deficit, limited scope for additional local market financing, uncertain access to additional multilateral funding and external market financing given high borrowing costs. Furthermore, El Salvador's reported debt to GDP ratio is 84% in 2024, increasing concerns around debt sustainability over the medium term. In January 2025, Fitch Ratings has upgraded El Salvador's long-term foreign currency IDR to 'B-' from 'CCC+'. Thus decision was affirmed in April and November 2025.

We have assets in Brazil, and a part of our income is earned in Brazil and, thus, we are dependent on economic and political conditions in Brazil.

We have a manufacturing facility in Brazil and part of our income is earned in Brazil. The assets and income of our subsidiaries in Brazil, like many emerging markets, are subject to political, economic, regulatory and other uncertainties, including expropriation, nationalization, renegotiation or voiding of existing contracts, currency exchange restrictions and international monetary fluctuations. Accordingly, our financial condition and results of operations depend significantly on macroeconomic and political conditions prevailing in Brazil and could be materially and adversely affected if such conditions deteriorate.

The Brazilian government has exercised and continues to exercise significant influence on the Brazilian economy. This influence, as well as Brazilian political and economic conditions, could adversely affect us.

The Brazilian economy has been characterized by intervention by the Brazilian government and unstable economic cycles. The Brazilian government has often changed monetary, taxation, credit and other policies to influence the course of Brazil's economy. The Brazilian government's actions to control inflation and affect other policies have often involved wage and price controls, depreciation of the real, controls on remittances abroad, fluctuations of the Brazilian Central Bank's base interest rate, as well as other measures. We do not have any control over what measures or policies the Brazilian government may adopt in the future and we cannot foresee them. Our business, financial condition, results of operations, and prospects may suffer from significant changes in policies or regulations involving or affecting factors such as:

- expansion or contraction of the global or Brazilian economy;
- currency exchange controls and restrictions on remittances abroad;
- economic and social instability;
- political elections;
- import and export controls;
- significant exchange rate fluctuations;
- changes in tax regimes and taxation;
- changes in labor regulations;
- liquidity of financial and domestic capital markets;
- interest rates;
- inflation;
- monetary policy;
- the regulatory environment applicable to our activities;
- fiscal policy; and
- other political, diplomatic, social, and economic events that may take place in Brazil or may affect it.

The Brazilian Central Bank has intervened occasionally to control unstable movements in the foreign exchange rate. We cannot predict whether the Brazilian Central Bank will continue to let the real float freely. Accordingly, it is not possible to predict what impact the Brazilian government's exchange rate policies may have on us. We cannot assure that in the future the Brazilian government will not impose a band within which the real U.S. dollar-real exchange rate could fluctuate or set fixed exchange rates, nor can we predict what impact such an event might have on our business, financial position or operating results.

Uncertainty regarding the Brazilian government's implementation of changes in policies or regulations that may affect these or other factors in the future could contribute to economic uncertainty in Brazil. Such uncertainties and other future developments in the Brazilian economy and governmental policies in respect of the above may materially and adversely affect us.

Brazilian politics have historically affected the performance of the Brazilian economy, and past political crises have affected the confidence of investors and the public, generally resulting in an economic slowdown and volatility of securities issued by Brazilian companies. We cannot assure you that the current government will maintain policies designed to promote macroeconomic stability, fiscal disciple and domestic and foreign investments. A failure by the government to do so, or other introduction of new or amended policies and regulations, could adversely impact Brazil's economy as well as our business, financial condition and results of operations.

The ongoing economic and political instability in Brazil may have a material adverse effect on our business, operations and financial condition.

Brazil continues to face economic and political uncertainty driven by multiple factors, including elevated inflation levels, persistent fiscal imbalances, high interest rates, and volatility in the value of the Brazilian Real. In 2025, inflation remains above the Central Bank's target range, prompting a sustained period of tight monetary policy with the Selic rate maintained at approximately 15% —one of the highest nominal benchmark rates globally. These conditions have contributed to slowing economic growth, with GDP expansion forecasted at only around 2.0% to 2.2% for the year.

Uncertainty remains regarding the Brazilian federal government's ability and willingness to implement meaningful fiscal reforms to address long-standing public spending challenges and stabilize debt levels. Investor confidence has been affected by concerns over potential delays or reversals in key reforms, particularly in the face of growing political pressure to prioritize short-term economic stimulus and expand social welfare programs.

As has occurred in the past, Brazil's political environment continues to significantly influence its economic performance. Shifts in government policy, uncertainty regarding legislative priorities, or an inability to build consensus in Congress could result in political impasse, policy paralysis, or social unrest, These factors may further undermine market confidence and result in increased volatility in Brazilian financial and capital markets.

In addition, policy indecisiveness, conflicting fiscal and monetary objectives, or changes in the economic agenda—particularly if implemented abruptly or without clear communication—could increase uncertainty for businesses operating in Brazil, restrict access to capital, or disrupt the regulatory environment. The resulting instability could have a material adverse effect on our business, financial condition, and results of operations in Brazil.

Central Bank efforts to control inflation may have an impact on the Brazilian economy and adversely affect our business and results of operations.

As of 2025, Brazil is experiencing inflation in the range of approximately 5.1%-5.5% annually, above the upper bound of the Central Bank's target (4.5%). The benchmark Selic interest rate has been raised to about 15% and held there as authorities assess inflation dynamics. These measures have led to increased borrowing costs, constrained credit availability, and a slowdown in economic activity (GDP growth forecast ~2-2,2%).

If inflation remains above target, or if monetary policy remains restrictive for an extended period, our business may face adverse effects, including: rising input and labor costs; reduced ability to adjust product prices; potential contraction in consumer demand; volatility in foreign-exchange and imported input costs; and uncertainty from potential government interventions.

There is risk that unexpected shifts in fiscal or regulatory policy, or external shocks, could exacerbate inflation or undermine the effectiveness of existing monetary controls

Risks Related to Laws and Regulations

A significant portion of medication on the market, including ours, is subject to price control regulations. This control may limit our margins and our ability to pass on cost increases to our customers, which could have a material adverse effect on our business, financial condition and results of operations.

We are subject to a variety of legislation that imposes price controls over certain pharmaceutical products that we manufacture and/or license and sell. Among these laws are Colombian regulations that establish price controls for certain drugs or groups of medication, which take into consideration factors such as the number of manufactures of such drugs and competitors in the market, market concentration, inflation and the impact on the private sector or commercial channels, as defined by Colombia's National Drug and Medical Devices Pricing Commission (*Comisión Nacional de Precios de Medicamentos y Dispositivos Médicos*), which applies a methodology based on a comparison between average price in the Colombian market and prices in certain foreign markets, determined based on criteria such as a geographical proximity to Colombia, overall economic intervention, membership to the Organisation for Economic Co-operation and Development, and availability of information. The INVIMA analyzes these factors at least once a year, resulting in annual modifications to the list of drugs and groups of medication subject to price controls. In Brazil there is legislation which limits price increases and inflation adjustments to once per year, according to a cap based on the National Broad Consumer Price Index (*Índice Nacional de Preços aos Consumidores Amplo*), a productivity factor and an adjustment factor, all calculated as percentages per year. These price controls, among others, have resulted in lower profit margins. We cannot guarantee that we will be able to maintain our profit margins in the future or that the governments in the jurisdictions in which we operate will not impose additional or more restrictive price controls, which may have a material adverse effect on our business, financial condition and results of operations. Failure to comply with price controls may lead to the imposition of fines to us.

We may be held liable if a consumer has an adverse health reaction to a product we sell or manufacture.

The use or misuse of our products may result in adverse health reactions in our consumers. Incidents involving our products may have a material adverse effect on us. Lawsuits, including product liability or administrative cases, may be filed against us claiming that our products were spoiled, tampered with, contaminated, did not meet the product descriptions, involve false or misleading product labeling, or did not contain appropriate disclosure information on possible side-effects or risks, among other things. In Colombia, product liability cases may result in fines for damages. Additionally, administrative cases may result in the imposition of sanctions against us, such as, fines, temporary or definitive closure of facilities, temporary or definitive prohibition to manufacture, prohibition to distribute or market certain products, and destruction of products which are considered dangerous to consumers.

These cases may result in significant expenses due to product recalls, which may be required by regulatory authorities, as well as warnings, fines, suspension and/or cancellation of the sanitary registration or the sanitary operation license, including temporary or permanent closing of facilities. Any real or potential health risk associated with our products, including negative publicity, may cause our consumers to lose their trust in the safety, efficiency and quality of our products. Even if products manufactured by third-parties harm consumers, our industry may suffer from negative publicity, which could decrease demand for our products. Any claim of this type against our products may have a material adverse effect on our business, financial condition, results of operations and reputation.

We are subject to product and other liability risks that could exceed our anticipated costs or adversely affect our results of operations, financial condition, and cash flows.

We are subject to potentially significant product liability and other liability risks that are inherent to the design, development, manufacture, marketing and distribution of our products and services. We may be named as a defendant in product liability lawsuits, which may allege that our products and services have resulted or could result in an unsafe condition or injury to consumers. Such lawsuits could be costly to defend and could result in reduced sales, significant liabilities, and diversion of management's time, attention, and resources. Even claims without merit could affect our reputation due to adverse publicity and require us to incur in significant legal fees.

Furthermore, product liability claims and lawsuits, regardless of their ultimate outcome, could have a material adverse effect on our business operations, financial condition, and reputation and on our ability to attract and retain customers. We have historically sought to manage this risk through the combination of product liability insurance policies and contractual indemnities provisions, together with liability limitations in our agreements with customers and vendors. The availability of product liability insurance for companies in the pharmaceutical industry is generally more limited than insurance available to companies in other industries. Insurance carriers providing product liability insurance to those in the pharmaceutical and biotechnology industries generally limit the amount of available policy limits, require larger self-insured retentions, and exclude coverage for certain products and claims. We maintain product liability insurance with event and term limits of $15 million. This insurance policy provides coverage for defense expenses, which are included in the basic coverage. There can be no assurance that a product liability claim or other successful claim will be adequately covered by our applicable insurance policies or by any applicable contractual indemnification or limitations of liability.

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.

The healthcare industry is highly regulated. We, and our customers, are subject to various local, state, federal, national, and transnational laws and regulations, which include the operating, quality, and security standards of INVIMA, the FDA, Brazil's Health Regulatory Agency (*Agência Nacional de Vigilância Sanitária,* or "ANVISA"), Health Canada, the United Kingdom's Medicines and Healthcare products Regulatory Agency (the "MHRA"), Australia's Department of Health Therapeutic Goods Administration (the "TGA"), Mexico's Federal Commission for the Protection against Sanitary Risk (*Comisión Federal para la Protección contra Riesgos Sanitarios*, or "Cofepris") and various state boards of pharmacy, state health departments, and other similar bodies and agencies of the jurisdictions in which we operate, and, in the future, any change to such laws and regulations could adversely affect us. Among other rules affecting us, we are subject to laws and regulations concerning manufacturing practices, drug safety, advertising, labelling and packaging. Our subsidiaries may be required to register for permits or licenses, and may be required to comply, with the laws and regulations of such agencies, boards of pharmacy, health departments, or other comparable agencies in various jurisdictions around the world, as well as certain accrediting bodies, such as the International Organization for Standardization ("ISO"), depending upon the type of operations and locations of distribution and sale of the products manufactured or services provided by those subsidiaries.

The manufacture, distribution, and marketing of our products and services are subject to extensive ongoing regulation by INVIMA, FDA, ANVISA, Health Canada, MHRA, TGA, Cofepris and other equivalent local, state, federal, national, and transnational regulatory authorities. Failure by us or by our customers to comply with the requirements of these regulatory authorities could result in warning letters, product recalls or seizures, monetary sanctions, injunctions to halt manufacture or distribution, restrictions on our operations, civil or criminal sanctions, or withdrawal of existing or denial of pending approvals, permits, or registrations, including those relating to products or facilities. In addition, any such failure relating to the products or services we provide could expose us to contractual or product liability claims as well as claims from our customers, including claims for reimbursement for lost or damaged active pharmaceutical ingredients, which cost could be significant.

In addition, any new products or services classified as pharmaceutical must undergo lengthy and rigorous clinical testing and other extensive, costly, and time-consuming procedures mandated by the regulatory authorities in the jurisdictions that regulate our products or services. We or our customers may elect to delay or cancel anticipated regulatory submissions for current or proposed new products or services for any number of reasons.

Although we believe that we comply in all material respects with applicable laws and regulations, there can be no assurance that a regulatory agency or tribunal would not reach a different conclusion concerning the compliance of our operations with applicable laws and regulations. For instance, INVIMA has authority to conduct ex-post reviews, which allows the entity to issue official actions or to initiate ex-officio investigations to ensure compliance of all regulations. In addition, there can be no assurance that we will be able to maintain or renew existing permits, licenses, or other regulatory approvals or obtain, without significant delay, future permits, licenses, or other approvals needed for the operation of our businesses. Any noncompliance by us or our customers with applicable law or regulation or the failure to maintain, renew, or obtain necessary permits and licenses could have an adverse effect on our business, financial condition and results of operations. Furthermore, loss of a permit, license, or other approval in any one portion of our business may have indirect consequences in another portion of our business if regulators or customers adjust their reviews of such other portion as a result or customers cease business with such other portion due to fears that such loss is a sign of broader concerns about our ability to deliver products or services of sufficient quality.

Failure to comply with municipal zoning regulations could adversely affect our business, financial condition, and results of operations.

The real estate properties we utilize in connection with our operations are subject to a variety of zoning regulations of the municipalities where such properties are located. Those regulations impose zoning and planning requirements that we must comply with and, in certain cases, zoning license that we need to obtain. For more information, see Item 4.B of this Annual Report under the heading "Business Overview—Manufacturing and Distribution—Manufacturing Facilities."

For instance, Colombian zoning authorities (local planning offices and *curadurías*) have the authority to issue zoning licenses required for the construction of buildings and facilities and for particular use of the land we own. Colombian police officers and judges are also entitled to issue fines or even shutdown the facilities if they do not comply with the zoning regulations or permits. Therefore, any failure by us to comply with zoning regulations and permits can result in monetary fines or the shutdown of our facilities and consequently have a material adverse effect on our business, financial condition, and results of operations.

We are subject to environmental, health, and safety laws and regulations, which could increase our costs and restrict our operations in the future.

Our operations are subject to a variety of environmental, health, and safety laws and regulations in each of the jurisdictions 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, and employee health and safety. Any failure by us to comply with environmental, health, and safety requirements could result in the limitation or suspension of production or subject us to monetary fines, civil or criminal sanctions, or other future liabilities in excess of our reserves. We are also subject to laws and regulations governing the destruction and disposal of raw materials and non-compliant products, the handling of regulated material included in our products, and the disposal of our products or their components at the end of their useful lives. In addition, compliance with environmental, health, and safety requirements could restrict our ability to expand our facilities or require us to acquire costly environmental or safety control equipment, incur other significant expenses, or modify our manufacturing processes. Our manufacturing facilities may use, in varying degrees, hazardous substances in their processes. Any contamination at our current facilities, at formerly owned or operated properties, or at any surrounding property can result in liability to us.

In the event of the discovery of new or previously unknown contamination either at our facilities or at third-party locations, including facilities we formerly owned or operated, or the imposition of cleanup obligations for which we are responsible, we may be required to take additional, unplanned remedial measures for which we have not recorded reserves, which could have a material adverse effect on our business, financial condition and results of operations.

Failure to meet regulatory or ethical expectations on environmental impact, including climate change, could affect our ability to market and sell our products if other products with a better carbon footprint are available.

The physical risks that climate change poses to our business have been analyzed and we expect exposure to periods of extreme heat, floods and water scarcity to become more frequent and severe in some regions where we operate, in the medium to longer term. These conditions may pose physical risks to our business and supply chain. Among our initiatives to mitigate our impact on the planet and the climate crisis, we started designing a carbon management strategy in 2022. Our strategy has the goal of, among others, (i) calculate our greenhouse gas inventory GHG inventory for Scope 1 and Scope 2 under the Greenhouse Gas Protocol (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. There can be no assurance that we will be able to achieve our carbon neutrality strategy and goals and if climate risks continue to exacerbate, including if global temperatures continue to rise, and we are unable to adapt to such risks, our business and supply chain may be adversely affected, which could have a material adverse effect on our financial condition and results of operations. For more information on our carbon neutrality strategy, see Item 4.B under the heading "Corporate Responsibilities and Environmental, Social, and Governance ("ESG") —Environmental Stewardship and Climate Change" in this Annual Report.

Furthermore, there is an increasing global focus from regulators, investors, healthcare providers and broader society regarding measures needed to transition to a low carbon economy and the impact that this transition will have on businesses. In some markets, regulators or healthcare providers may choose not to approve or reimburse our products if other products with a better carbon footprint are available. In addition, carbon taxes and fees may be imposed on us and our suppliers as a way to reduce greenhouse gas emissions.

Environmental, social and governance matters may impact our business and reputation.

Increasingly, in addition to the importance of their financial performance, companies are being judged by their performance on a variety of ESG, matters, which are considered to contribute to the long-term sustainability of companies' performance.

A variety of organizations measure the performance of companies on such ESG topics, and the results of these assessments are widely publicized. In addition, investment in funds that specialize in companies that perform well in such assessments are increasingly popular, and major institutional investors have publicly emphasized the importance of such ESG measures to their investment decisions. Topics taken into account in such assessments include, among others, the company's efforts and impacts on climate change and human rights, ethics and compliance with law, and the role of the company's board of directors in supervising various sustainability issues.

In light of investors' increased focus on ESG matters, there can be no certainty that we will manage such issues successfully. Any failure or perceived failure by us in this regard could have a material adverse effect on our reputation and on our business, stock price, financial condition, or results of operations, including the sustainability of our business over time.

In addition, we expect there will likely be increasing levels of regulation, disclosure-related and otherwise, with respect to ESG matters. For example, the SEC has published rules that would require companies to provide significantly expanded climate-related disclosures in their periodic reporting, which may require us to incur significant additional costs to comply, including the implementation of significant additional internal controls processes and procedures regarding matters that have not been subject to such controls in the past, and impose increased oversight obligations on our management and board of directors. These and other changes in stakeholder expectations will likely lead to increased costs as well as scrutiny that could heighten all of the risks identified in this risk factor. Additionally, many of our customers and suppliers may be subject to similar expectations, which may augment or create additional risks, including risks that may not be known to us.

Our global operations are subject to economic, political, and regulatory risks, including the risks of changing regulatory standards or changing interpretations of existing standards that could affect our financial condition and results of operation or require costly changes to our business.

We conduct our operations in various regions of the world, including, but not limited to, South America, Central America, North America and Europe. Global and regional economic and regulatory developments affect businesses such as ours in many ways. Our operations are subject to the effects of global and regional competition, including potential competition from manufacturers in low-cost jurisdictions such as India and China. Local jurisdiction risks include regulatory risks arising from local laws. Our global operations are also affected by local economic environments, including inflation and recession. Political changes, some of which may be disruptive, and related hostilities can interfere with our supply chain, our customers, and some or all of our activities in a particular location. While some of these risks can be hedged using derivatives or other financial instruments and some are insurable, such mitigating measures may be unavailable, costly, or unsuccessful.

Legislative or regulatory initiatives, such as the 2022 Colombian Tax Reform and the 2024 Colombian Tax Reform proposal, new interpretations or developments concerning existing tax laws, or challenges to our tax positions could adversely affect our results of operations and financial condition.

We are a large multinational enterprise with operations in 19 countries throughout the world, including Colombia, Brazil, El Salvador, Peru and the United States, and we do business with suppliers and customers in over 50 countries. As such, we are subject to the tax laws and regulations of various jurisdictions, including U.S. federal, state, and local governments.

The OECD/G20 BEPS Project is addressing the tax challenges arising from the digitalisation of the economy. Over 135 jurisdictions joined a plan to update key elements of the international tax system which is no longer fit for purpose in a globalised and digitalised economy. The Global Anti-Base Erosion Rules (GloBE) are a key component of this plan and ensure large multinational enterprise pay a minimum level of tax on the income arising in each of the jurisdictions where they operate. More specifically, the GloBE Rules provide for a co-ordinated system of taxation that imposes a top-up tax on profits arising in a jurisdiction whenever the effective tax rate, determined on a jurisdictional basis, is below the minimum rate. While these rules are already effective in the EU and in Luxembourg, Sofgen Pharma does not meet the EUR 750 million consolidated revenue threshold, and therefore falls outside their scope.

In early 2024, the Colombian government introduced proposals to adjust elements of the 2022 tax reform, including changes to business and individual taxation. However, such proposals were rejected by Congress during the year.

Furthermore, the high Constitutional Courts repealed some article of 2022 tax reform, including: (i) a law that prevented companies in the extractive industries from deducting royalties from their taxable income. (ii) income tax rate for free zones and (iii) simple tax regime.

Our fees and other expenses include local taxes, such as a “turnover tax” (or Industry and Commerce Tax) which is a Colombian municipal tax that levies gross income. Each municipality has a different rate for this local tax, which varies depending on the kind of turnover or service, but the average tax rate is approximately 1.0%. Likewise, in 2022, 50% of the turnover tax paid within the fiscal year could be considered as tax credit for income tax purposes. However, following the enactment of the 2023 tax reform, 100% of this local tax will be treated as an expense going forward.

Sales in Colombia are subject to value added tax which we withhold on behalf of the government. Revenue from certain of our products is not subject to this tax. We pay value added taxes on most of the services and products that we purchase but do not apply a tax credit on our value added tax accounts to all such value added tax payments. The value added tax payments that are not registered as tax credits are registered as (i) additional expenses in our Colombian accounting and (ii) off set value added tax generated.

In 2025, the Colombian Government presented a new tax reform proposal, which is still at an early discussion stage in Congress. Based on its current scope, the proposal does not contemplate changes to the corporate income tax rate, the VAT regime, or other measures directly affecting industries such as pharmaceuticals. However, given the uncertainty around its approval and potential amendments during the legislative process, its final impact on our business and financial condition cannot be fully anticipated at this stage.

Similarly, in 2025 the Brazilian Government introduced a comprehensive tax reform initiative aimed at simplifying indirect taxes and gradually replacing multiple existing levies with a dual value-added tax system (CBS and IBS). While this reform is also in early implementation stages, it could impact our operations in Brazil depending on final regulations and transitional rules. Consequently, there can be no assurance that our effective tax rate or tax payments will not be adversely affected by these reforms.

Consequently, there can be no assurance that our effective tax rate or tax payments will not be adversely affected by the new tax reform.

In addition, the tax laws of several of the countries we operate in, including Brazilian and U.S. federal, state and local tax laws and regulations are extremely complex and subject to varying interpretations. We are subject to regular examination of our income tax returns by various tax authorities. Examinations or changes in laws, rules, regulations, or interpretations by taxing authorities could result in adverse impacts to tax years open under statute or to our operating structures currently in place. We regularly assess the likelihood of adverse outcomes resulting from these examinations or changes in laws, rules, regulations, or interpretations to determine the reasonableness of our provision for taxes. It is possible that the outcomes from these examinations or changes in laws, rules, regulations, or interpretations by taxing authorities will have a material adverse effect on our financial condition or results of operations.

We are subject to labor and employment laws and regulations, which could increase our costs and restrict our operations in the future.

As of December 31, 2024, we employed nearly 4,500 individuals worldwide, primarily in South and Central America. Our management believes that our employee relations are satisfactory. 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. However, further organizing activities, collective bargaining, or changes in the regulatory framework for employment may increase our employment-related costs and may result in work stoppages or other labor disruptions. Also, Law No. 2102, enacted in 2021, in Colombia, set forth a progressive reduction scheme for the maximum legal working hours from 48 to 42 hours per week, prohibiting any reduction in employees' salaries thereof. The progressive reduction of the maximum working schedule became enforceable as of July 15, 2023. Moreover, as employers are subject to various employment-related claims, such as individual and class actions relating to alleged employment discrimination and wage-hour and labor standards issues, such actions, if brought against us and successful in whole or in part, may affect our ability to compete or have a material adverse effect on our business, financial condition, and results of operations.

In 2023, the President of Colombia proposed a labor reform that could have certain implications for the Group's entities in Colombia. However, Congress ultimately rejected the initiative. In 2025, based on the rejected reform, the President of Colombia proposed a popular consultation, which was also rejected by Congress. Later, in June 2025, the Labor Reform was approved by both chambers of Congress, and the President signed and authorized its publication. The articles were debated and reconciled by both, the ruling party and the opposition. This reform will impact employers' labor costs from the moment it takes effect, due to provisions that improve current working conditions for employees and introduce new obligations for companies — such as increased surcharges for working on Sundays or public holidays, expanded work leave entitlements, and the transition of apprenticeship contracts toward the rights of a traditional labor contract, among others. With the approval of the Labor Reform, the popular consultation proposed by the President was dismissed by the Government itself.

We are subject to governmental export and import controls that could impair our ability to compete in international markets and subject us to liability if we are not in compliance with applicable laws.

Our products are subject to export and import control laws and regulations of the jurisdictions in which we operate. Exports of our products must be made in compliance with these laws and regulations. If we fail to comply with these laws and regulations, we and certain of our employees could be subject to substantial civil or criminal penalties, including the possible loss of export or import privileges; fines, which may be imposed on us and responsible employees or managers; and, in extreme cases, the incarceration of responsible employees or managers.

In addition, changes in our products or changes in applicable export or import laws and regulations may create delays in the introduction, provision, or sale of our products in international markets, prevent customers from using our products or, in some cases, prevent the export or import of our products to certain countries, governments or persons altogether. Any limitation on our ability to export, provide, or sell our products could adversely affect our business, financial condition and results of operations.

Certain pharmaceutical products we manufacture contain "controlled substances" and although we only manufacture and sell such products in the jurisdictions in which we are licensed to do so, the proceeds from the sale of such products could be considered criminal property in other jurisdictions.

Certain products we manufacture, such as Dronabinol, which contains a synthetic form of tetrahydrocannabinol (THC), contain "controlled substances" as defined in the Controlled Substances Act, the U.K. Misused of Drugs Regulations 2001, and other similar regulations in other jurisdictions. We only manufacture and sell or donate products containing "controlled substances" in jurisdictions in which we are licensed to do so, such as Dronabinol, which we have received FDA approval to manufacture and sell in the United States. However, the proceeds from the sale of "controlled substances" in jurisdictions in which we are licensed to do so may be considered "criminal property" in other jurisdictions in which such products have not been licensed, such as the proceeds from the sale of Dronabinol in the United States, which could be considered criminal property in the United Kingdom under the U.K. Proceeds of Crime Act 2002.

Although we are not aware of any cases where regulatory authorities have prosecuted a company, whose primary business is not the manufacturing, sale and donate of "controlled substances", for the use of criminal property in connection with the use of proceeds from the sale of "controlled substances" in jurisdictions in which it was licensed to do so, we cannot provide any assurances that the payments with proceeds derived from the sale of "controlled substances", such as Dronabinol, would not be considered criminal property under the U.K. Proceeds of Crime Act 2002, or other similar regulations in another jurisdiction.

Failure to comply with the U.S. Foreign Corrupt Practices Act and similar laws associated with our activities in other jurisdictions could subject us to penalties and other adverse consequences.

As a substantial portion of our revenues is, and we expect will continue to be, from jurisdictions outside of the United States, we face significant risks if we fail to comply with the U.S. Foreign Corrupt Practices Act ("FCPA") and other laws that prohibit improper payments or offers of payment to governments and their officials and political parties by us and other business entities for the purpose of obtaining or retaining business. In many countries, particularly in countries with developing economies, some of which represent significant markets in which we operate, it may be a local custom that businesses operating in such countries engage in business practices that are prohibited by the FCPA or other laws and regulations. Although we have implemented company policy requiring employees and consultants to comply with the FCPA and similar laws, such policy may not be effective at preventing all potential FCPA or other violations. In addition, we cannot guarantee the compliance by our partners, resellers, suppliers and agents with applicable laws, including the FCPA. Therefore, there can be no assurance that none of our employees or agents will take actions in violation of our policies or of applicable laws, for which we may be ultimately held responsible. Any violation of the FCPA and related policies could result in severe criminal or civil sanctions, which could have a material and adverse effect on our reputation, business, financial condition and results of operations.

Risks Related to Our Status as a Publicly Traded Company

Our management has limited experience in operating a public company.

Our executive officers have limited experience in the management of a publicly traded company. Our senior management team may not successfully or effectively manage our transition to a public company that is subject to significant regulatory oversight and reporting obligations under federal securities laws. Their limited experience in dealing with the increasingly complex laws pertaining to public companies could be a significant disadvantage in that it is likely that an increasing amount of their time may be devoted to these activities which will result in less time being devoted to the management and growth of our company. We may not have adequate personnel with the appropriate level of knowledge, experience, and training in the accounting policies, practices or internal controls over financial reporting required of public companies in the United States. The development and implementation of the standards and controls necessary for us to achieve the level of accounting standards required of a public company in the United States may require costs greater than expected. It is possible that we will be required to expand our employee base and hire additional employees to support our operations as a public company, which will increase our operating costs in future periods.

The trading price of the Company's securities has been and may continue to be volatile, which could result in substantial losses to investors.

Our Ordinary Shares were listed on the Nasdaq Global Market on September 30, 2021, under the symbol "PROC" until the Ordinary Shares were suspended from trading on the Nasdaq on February 4, 2025, the date on which our Ordinary Shares were delisted from Nasdaq and removed from listing under Section 12(b) of the Exchange Act on July 21, 2025. As of the date of this Annual Report, our Ordinary Shares are traded on the OTC Expert Market under the symbol "PROCF". The OTC Expert Market is a significantly more limited market than Nasdaq and trades on the OTC Expert Market are limited primarily to private purchases and sales among sophisticated investors with sufficient investment experience, among others.The quotation of our Ordinary Shares on the OTC Expert Market has resulted in and may continue to result in a less liquid market available for existing and potential investors to trade our securities, has depressed, and may continue to depress the trading price of our securities and may have a long-term adverse impact on our ability to raise capital in the future.

The trading price of the Company's securities have been, and may continue to be, volatile and subject to wide fluctuations in response to various factors, some of which are beyond our control. Any of the factors listed below could have a material adverse effect on the investment in the Company's securities and the securities may trade at prices significantly below the price you paid for them. In such circumstances, the trading price of our securities may not recover and may experience a further decline.

Factors affecting the trading price of our securities may include:

- actual or anticipated fluctuations in our financial results or the financial results of companies perceived to be similar to us;
- changes in the market's expectations about our operating results;
- success of competitors;
- lack of adjacent competitors;
- our operating results failing to meet the expectations of securities analysts or investors in a particular period;
- changes in financial estimates and recommendations by securities analysts concerning the Company or the industries in which we operate in general;
- detrimental adverse publicity about us, our products and services or our industry;
- operating and stock price performance of other companies that investors deem comparable to us;
- announcements of new investments, acquisitions, strategic partnerships or joint ventures by us or our competitors;
- our ability to market new and enhanced products and services on a timely basis;
- changes in laws and regulations affecting our business or industries;
- commencement of, or involvement in, litigation, or regulatory investigation involving us or a loss of reputation;
- changes in our capital structure, such as future issuances of securities or the incurrence of additional debt;
- the volume of our securities, including Ordinary Shares available for public sale;
- any major change in the board of directors, executive management or key personnel;
- sales of substantial amounts of Ordinary Shares by our directors, Executive Management or significant shareholders or the perception that such sales could occur; and
- general economic and political conditions such as recessions, interest rates, fuel prices, international currency fluctuations and acts of war or terrorism.

Broad market and industry factors may materially harm the market price of our securities irrespective of our operating performance. The securities market in general has experienced price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of the particular companies affected. The trading prices and valuations of these stocks, and of our securities, may not be predictable. A loss of investor confidence in the market for securities of other companies which investors perceive to be similar to us could depress the price of the Company's securities regardless of our business, prospects, financial conditions or results of operations. A decline in the market price of our securities also could adversely affect our ability to issue additional securities and our ability to obtain additional financing in the future.

Penny stock rules may make buying or selling our securities difficult, which may make our stock less liquid and make it harder for investors to buy and sell our securities.

On February 4, 2025, we were delisted from the Nasdaq Global Market and are now only quoted on an over-the-counter market, the OTC Expert Market, maintained by OTC Markets Group, Inc. Trading in our securities is now subject to the SEC's "penny stock" rules and it is anticipated that trading in our securities will continue to be subject to the penny stock rules for the foreseeable future. The SEC has adopted regulations that generally define a penny stock to be any equity security that has a market price of less than $5.00 per share, subject to certain exceptions. These rules require that any broker-dealer who recommends our securities to people other than prior customers and accredited investors must, prior to the sale, make a special written suitability determination for the purchaser and receive the purchaser's written agreement to execute the transaction. Unless an exception is available, the regulations require the delivery, prior to any transaction involving a penny stock, of a disclosure schedule explaining the penny stock market and the risks associated with trading in the penny stock market. In addition, broker-dealers must disclose commissions payable to both the broker-dealer and the registered representative and current quotations for the securities they offer. The additional burdens imposed upon broker-dealers by these requirements may discourage broker-dealers from recommending transactions in our securities, which could severely limit the liquidity of our securities and consequently adversely affect the market price for our securities.

If securities or industry analysts cease publishing research or reports about us, our business, or our market, or if they change their recommendations regarding the Ordinary Shares adversely, then the price and trading volume of Ordinary Shares could decline.

The trading market for the Ordinary Shares will be influenced by the research and reports that industry or securities analysts publish about us, our business, our market, or our competitors. If any of the analysts who cover us change their recommendation regarding the Ordinary Shares adversely, or provide more favorable relative recommendations about our competitors, the price of the Ordinary Shares would likely decline.

The JOBS Act permits "emerging growth companies" like us to take advantage of certain exemptions from various reporting requirements applicable to other public companies that are not emerging growth companies.

We currently qualify as an "emerging growth company" as defined in Section 2(a)(19) of the Securities Act, as modified by the Jumpstart Our Business Startups Act of 2012, which we refer to as the "JOBS Act." As such, we take advantage of certain exemptions from various reporting requirements applicable to other public companies that are not emerging growth companies for as long as we continue to be an emerging growth company, including the exemption from the auditor attestation requirements with respect to internal control over financial reporting under Section 404 of the Sarbanes-Oxley Act. As a result, our shareholders may not have access to certain information they deem important.

We cannot predict if investors will find the Ordinary Shares less attractive because we rely on these exemptions. If some investors find the Ordinary Shares less attractive as a result, there may be a less active trading market and the share price for the Ordinary Shares may be more volatile.

We cannot guarantee that our share repurchase program will be utilized to the full value approved or that it will enhance long-term shareholder value. Repurchases we consummate could increase the volatility of the price of our Ordinary Shares and could have a negative impact on our available cash balance.

In February 2023, our Board of Directors approved a share repurchase program for the purchase of up to $5.0 million Ordinary Shares or 2,000,000 Ordinary Shares, whichever is less (the "Repurchase Program"). In December 2023, our Board of Directors renewed the Repurchase Program for the fiscal year 2024 under the same terms. Under the Repurchase Program, repurchases can be made from time to time using a variety of methods, which may include open market purchases, privately negotiated transactions or otherwise, all in accordance with the rules of the SEC and other applicable legal requirements. The specific timing, price and size of the purchases will depend on prevailing share prices, general economic and market conditions, and other considerations consistent with our capital allocation strategy. Share repurchases could have an impact on our Ordinary Share trading prices, increase the volatility of the price of our Ordinary Shares, or reduce our available cash balance such that we will be required to seek financing to support our operations. The repurchase program does not obligate us to acquire a particular amount of Ordinary Shares, and the repurchase program may be suspended or discontinued at any time at our discretion, which may result in a decrease in the trading prices of our Ordinary Shares. Even if our share repurchase program is fully implemented, it may not enhance long-term shareholder value.

In the future, if eligible to do so, we could elect to deregister our securities under the Exchange Act. Deregistration would result in less disclosure about us and may negatively affect the liquidity and trading prices of our securities.

In the future, if eligible to do so, our Board may elect to voluntarily deregister our securities under the Exchange Act and suspend our reporting obligations. While no Board approval of deregistration has taken place, in the future, the Board may consider and/or authorize the Company to file with the SEC a Form 15 to voluntarily deregister our securities under Section 12(g) of the Exchange Act and suspend our reporting obligations under Section 15(d) of the Exchange Act, if eligible to do so. If the Board approves such deregistration, we would file a Form 15 and our obligations to file periodic reports, such as annual reports on Form 20-F and current reports on Form 6-K, would be suspended immediately upon the filing of the Form 15 with the SEC, and our proxy statement, Section 16 and other Section 12(g) reporting responsibilities would terminate effective 90 days after the filing of the Form 15. Following any deregistration, we would not expect to publish periodic financial information or furnish such information to our stockholders except as may be required by applicable laws or stock exchange rules. As a result of the foregoing factors, deregistration may result in less disclosure about us and may negatively affect the liquidity and trading prices of our securities.

Risks Related to Investment in a Luxembourg Company and Our Status as a Foreign Private Issuer

As a foreign private issuer, the Company is exempt from a number of U.S. securities laws and rules promulgated thereunder and will be permitted to publicly disclose less information than U.S. public companies must. This may limit the information available to holders of the Ordinary Shares.

The Company qualifies as a "foreign private issuer," as defined in the SEC's rules and regulations, and, consequently, it will not be subject to all of the disclosure requirements applicable to public companies organized within the United States. For example, the Company is exempt from certain rules under the Exchange Act that regulate disclosure obligations and procedural requirements related to the solicitation of proxies, consents or authorizations applicable to a security registered under the Exchange Act. In addition, our officers and directors are exempt from the reporting and "short-swing" profit recovery provisions of Section 16 of the Exchange Act and related rules with respect to their purchases and sales of our securities. For example, some of our key executives may sell a significant number of Ordinary Shares and such sales will not be required to be disclosed as promptly as public companies organized within the United States would have to disclose. Accordingly, once such sales are eventually disclosed, the price of Ordinary Shares may decline significantly. Moreover, we will not be required to file periodic reports and financial statements with the SEC as frequently or as promptly as U.S. public companies. We will also not be subject to Regulation FD under the Exchange Act, which would prohibit us from selectively disclosing material nonpublic information to certain persons without concurrently making a widespread public disclosure of such information. Accordingly, there may be less publicly available information concerning us than there is for U.S. public companies.

The Company may lose its foreign private issuer status in the future, which could result in significant additional costs and expenses. This would subject us to GAAP reporting requirements which may be difficult for it to comply with.

As a "foreign private issuer," the Company is not required to comply with all of the periodic disclosure and current reporting requirements of the Exchange Act and related rules and regulations. Under those rules, the determination of foreign private issuer status is made annually on the last business day of an issuer's most recently completed second fiscal quarter, and, accordingly, the next determination will be made on June 30, 2026.

In the future, the Company could lose its foreign private issuer status if a majority of the Ordinary Shares are held by residents in the United States and we fail to meet any one of the additional "business contacts" requirements. In addition, in June 2025, the SEC solicited public comment on whether the definition of "foreign private issuer" should be amended. It is too premature to know if any potential amendment to the definition of "foreign private issuer" could affect our status as a foreign private issuer.

Nonetheless, although we intend to follow certain practices that are consistent with U.S. regulatory provisions applicable to U.S. companies, the loss of our foreign private issuer status would make such provisions mandatory. The regulatory and compliance costs under U.S. securities laws if we are deemed a U.S. domestic issuer may be significantly higher. If the Company is not a foreign private issuer, we will be required to file periodic reports and prospectuses on U.S. domestic issuer forms with the SEC, which are more detailed and extensive than the forms available to a foreign private issuer. For example, we may be required to modify certain of our policies to comply with good governance practices associated with U.S. domestic issuers. Such conversion and modifications will involve additional costs. Additionally, if we lose foreign private issuer status, we would be required to change our basis of accounting from IFRS Accounting Standards as issued by the IASB to GAAP, which may be difficult and costly for us to comply with. If we lose our foreign private issuer status and fail to comply with U.S. securities laws applicable to U.S. domestic issuers, we may be subject to investigation by the SEC and other regulators, among other materially adverse consequences.

The Company is organized under the laws of the Grand Duchy of Luxembourg and a substantial amount of our assets are not located in the United States. It may be difficult for you to obtain or enforce judgments or bring original actions against us or the members of our Board of Directors in the United States.

The Company is incorporated under the laws of the Grand Duchy of Luxembourg. In addition, a substantial amount of our assets is located outside the United States. Furthermore, some of the members of our Board of Directors and officers reside outside the United States and a substantial portion of our assets are located outside the United States. Investors may not be able to effect service of process within the United States upon us or these persons or enforce judgments obtained against us or these persons in U.S. courts, including judgments in actions predicated upon the civil liability provisions of the U.S. federal securities laws. Likewise, it also may be difficult for an investor to enforce in U.S. courts judgments obtained against us or these persons in courts located in jurisdictions outside the United States, including judgments predicated upon the civil liability provisions of the U.S. federal securities laws. Awards of punitive damages in actions brought in the United States or elsewhere are generally not enforceable in the Grand Duchy of Luxembourg.

As there is no treaty in force on the reciprocal recognition and enforcement of judgments in civil and commercial matters between the United States and the Grand Duchy of Luxembourg (the Convention of 2 July 2019 on the Recognition and Enforcement of Foreign Judgments in Civil or Commercial Matters is not yet in force and it has not yet been ratified by the United States), courts in the Grand Duchy of Luxembourg will not expediently recognize and enforce a final judgment rendered by a U.S. court. However, a party who received such favorable judgment in a U.S. Court may initiate recognition and enforcement proceedings in the Grand Duchy of Luxembourg by requesting recognition of the U.S. judgment by the District Court (*Tribunal d'Arrondissement*) pursuant to Article 678 of the New Luxembourg Code of Civil Procedure (*exequatur*). The District Court will authorize the enforcement in Luxembourg of the U.S. judgment, provided the latter is related to a private matter (i.e. be of civil or commercial nature), if it is satisfied that all of the following conditions are met:

The purpose of an exequatur is not to review the merits of and retry a case in which a foreign court has already rendered a final decision, but to rule on the conditions that the foreign decision must meet on national territory.

When the Luxembourg District Court is seized of an application for enforcement of a judgment issued by a court from a country that is neither a member of the European Union nor has an agreement in place for international cooperation, such as the United States, it will first determine whether the foreign judgment is enforceable (exécutoire) in the country of origin, i.e. whether the U.S. judgment is enforceable in the United States. The verification of this criteria will be carried out by the District Court in accordance with the laws of the country of origin, i.e. in accordance with U.S. laws. Furthermore, the foreign judgment should not yet be fully enforced and executed in the US and/or any other jurisdiction.

This initial step is not about verifying the international compliance of the foreign judgment (which happens right after) but is a question of verifying the admissibility (recevabilité) of the application for enforcement.

In accordance with the aforementioned Article 678 of the New Luxembourg Code of Civil Procedure and pursuant to Luxembourg case law, the granting of an exequatur is then subject to a verification by the Luxembourg District Court:

- of the indirect international jurisdiction of the U.S. court, i.e. the Luxembourg court's review will be based on the verification of a distinctive or "characterized" link ("lien de rattachement caractérisé") connecting the dispute to the U.S. court;

- that the U.S. judgment complies with substantive international public policy ("ordre public substantiel"): in essence, the District court will decline to enforce the U.S. judgment whenever the application of U.S. law would cause sufficiently serious harm to an interest that the Luxembourg legal system considers must be protected. According to Luxembourg case law, the District Court is thus merely required to verify whether recognizing and enforcing the U.S. judgment would be in violation of the public policy of its jurisdiction, and not to determine whether a foreign judgment is compatible with such policy;

- that the U.S. judgment does not contravene international procedural public policy ("ordre public procédural"), i.e. the U.S. procedure and judgment must not have violated the rights of defense and due process norms. The Luxembourg District Court will in particular verify that the U.S. proceedings were conducted in such a way that the parties were able to present their arguments and that a service of process similar to that applicable in Luxembourg is provided for by U.S. laws and has been correctly applied;

- that the U.S. judgment was not granted pursuant to an evasion of Luxembourg law ("fraude à la loi"); and

- that there is no contradiction between the U.S. judgment submitted for exequatur and a precedent decision rendered by a Luxembourg court.

Please note that the Luxembourg case law is constantly evolving. Some of the conditions of admissibility described above may change, and additional conditions could be required to be fulfilled by the Luxembourg courts while other conditions may not be required by Luxembourg courts in the future.

During the exequatur proceedings, the Luxembourg court's review is limited to these specific criteria. At the end of the proceedings, provided the above-mentioned criteria are satisfied, the foreign judgment is conferred the same status as a final and conclusive judgment rendered by a Luxembourg court.

Subject to the conditions described above, in an action brought in the Grand Duchy of Luxembourg on the basis of U.S. federal or state securities laws, the Luxembourg courts may not have the requisite power to grant the remedies sought.

Litigation in the Grand Duchy of Luxembourg also is subject to rules of procedure that differ from the U.S. rules, including, with respect to the taking and admissibility of evidence, the conduct of the proceedings and the allocation of costs. Proceedings in the Grand Duchy of Luxembourg would in principle have to be conducted in the French or German language, and all documents submitted to the court would, in principle, have to be translated into French or German. For these reasons, it may be difficult for a U.S. investor to bring an original action in a Luxembourg court predicated upon the civil liability provisions of the U.S. federal securities laws against us, the members of our Board of Directors, our officers, or the experts named herein. In addition, even if a judgment against us, the non-U.S. members of our Board of Directors, our officers, or the experts named in this Annual Report based on the civil liability provisions of the U.S. federal securities laws is obtained, a U.S. investor may not be able to enforce it in U.S. or the Luxembourg courts.

Further, in the event of any proceedings being brought in the Grand Duchy of Luxembourg court in respect of a monetary obligation expressed to be payable in a currency other than the Euro, a Luxembourg court would have power to give judgment expressed as an order to pay a currency other than the Euro. However, enforcement of the judgment against any party in the Grand Duchy of Luxembourg would be available only in Euros and for such purposes all claims or debts would be converted into Euros.

Our amended and restated articles of association adopted in connection with the Business Combination contain specific indemnification provisions stating that every person who is, or has been, a member of our Board of Directors or officer (*mandataire*) shall be indemnified by us to the fullest extent permitted by Luxembourg law against liability and against all expenses reasonably incurred or paid by such director or officer in connection with any claim, action, suit or proceeding in which such director or officer becomes involved as a party or otherwise by virtue of his or her being or having been a director or officer and against amounts paid or incurred by him or her in the settlement thereof.

Luxembourg and European insolvency and bankruptcy laws are substantially different from U.S. insolvency and bankruptcy laws and may offer our shareholders less protection than they would have under U.S. insolvency and bankruptcy laws.

As a company organized under the laws of the Grand Duchy of Luxembourg and with our registered office in the Grand Duchy of Luxembourg, the Company is subject to the Luxembourg insolvency and bankruptcy laws in the event any insolvency proceedings are initiated against it including, *inter alia*, Council and European Parliament Regulation (EU) 2015/848 of 20 May 2015 on insolvency proceedings (recast). Should courts in another European country determine that the insolvency and bankruptcy laws of that country apply to us in accordance with and subject to such European Union ("EU") regulations, the courts in that country could have jurisdiction over the insolvency proceedings initiated against us. Insolvency and bankruptcy laws in the Grand Duchy of Luxembourg or the relevant other European country, if any, may offer our shareholders less protection than they would have under U.S. insolvency and bankruptcy laws and make it more difficult for them to recover the amount they could expect to recover in a liquidation under U.S. insolvency and bankruptcy laws.

The rights of our shareholders may differ from the rights they would have as shareholders of a United States corporation, which could adversely impact trading in Ordinary Shares and our ability to conduct equity financings.

Our corporate affairs are governed by the Company's amended and restated articles of association and the laws of Luxembourg, including the Luxembourg Company Law (*loi du 10 août 1915 sur les sociétés commerciales, telle que modifiée*). The rights of our shareholders and the responsibilities of our directors and officers under Luxembourg law are different from those applicable to a corporation incorporated in the United States. For example, under Delaware law, the board of directors of a Delaware corporation bears the ultimate responsibility for managing the business and affairs of a corporation. In discharging this function, directors of a Delaware corporation owe fiduciary duties of care and loyalty to the corporation and its shareholders. Luxembourg law imposes a duty on directors of a Luxembourg company to: (i) act in good faith with a view to the best interests of a company; and (ii) exercise the care, diligence, and skill that a reasonably prudent person would exercise in a similar position and under comparable circumstances. Additionally, under Delaware law, a shareholder may bring a derivative action on behalf of a company to enforce a company's rights. Under Luxembourg law, the board of directors has sole authority to decide whether to initiate legal action to enforce a company's rights (other than, in certain circumstances, an action against members of the board of directors, which may be initiated by the general meeting of the shareholders, or, subject to certain conditions, by minority shareholders holding together at least 10% of the voting rights in the company). Further, under Luxembourg law, there may be less publicly available information about us than is regularly published by or about U.S. issuers. In addition, Luxembourg laws governing the securities of Luxembourg companies may not be as extensive as those in effect in the United States, and Luxembourg laws and regulations in respect of corporate governance matters might not be as protective of minority shareholders as are state corporation laws in the United States. Therefore, our shareholders may have more difficulty in protecting their interests in connection with actions taken by our directors, officers or principal shareholders than they would as shareholders of a corporation incorporated in the United States. As a result of these differences, our shareholders may have more difficulty protecting their interests than they would as shareholders of a U.S. issuer.

Non-Luxembourg resident holders of Ordinary Shares could be subject to adverse Grand Duchy of Luxembourg income tax consequences.

The tax position of the holders of Ordinary Shares may vary according to their particular financial and tax situation. Our tax structuring and/or our investments may not be tax-efficient for a particular prospective holder of Ordinary Shares. No assurances can be given that amounts distributed or allocated to the holders of Ordinary Shares will have any particular characteristics or that any specific tax treatment will apply. Furthermore, no assurances can be given that any particular investment structure in which we have a direct or indirect interest will be suitable for all holders of Ordinary Shares and, in certain circumstances, such structures may lead to additional costs or reporting obligations for some or all of the holders of Ordinary Shares.

Non-Luxembourg resident holders of Ordinary Shares that have neither a permanent establishment nor a permanent representative in the Grand Duchy of Luxembourg to which or whom the Ordinary Shares are attributable, are generally not subject to any income tax in the Grand Duchy of Luxembourg on gains realized upon the sale, repurchase or redemption of the Ordinary Shares.

Non-Luxembourg resident holders of Ordinary Shares will only be subject to the Grand Duchy of Luxembourg income tax on capital gains in the event they hold a substantial participation in us (i.e. more than 10% of our issued shares, either alone or together with certain close relatives, at any time during the five-year period preceding the disposition of Ordinary Shares) and (a) the disposition of Ordinary Shares (including liquidation) takes place within six months after acquisition or (b) in case of a disposition of Ordinary Shares after six months or more, such holder had been a Grand Duchy of Luxembourg resident taxpayer for more than fifteen years and has become a non-Luxembourg taxpayer less than five years before the disposition of Ordinary Shares occurs. Nevertheless, holders should consult their own tax advisors to determine which double tax treaties concluded by the Grand Duchy of Luxembourg, if any, apply in order to determine which state (residency state or the Grand Duchy of Luxembourg) has the right to tax any such capital gains.

Depending on the FATCA and CRS status of the Company under the FACTA Law and the CRS Law (as defined), the Company may require from the relevant counterparties, shareholders, or any other associated persons, to provide documentary evidence of their tax residence and all other information deemed necessary to comply with the above-mentioned regulations.

U.S. Tax Risk Factors

If a United States person is treated as owning at least 10% of our shares, such person may be subject to adverse U.S. federal income tax consequences.

If a United States person is treated as owning (directly, indirectly or constructively) at least 10% of the value or voting power of our shares, such person may be treated as a "United States shareholder" with respect to us. If United States shareholders own more than 50% of the value or voting power of our shares, then we will be considered a controlled foreign corporation. Additionally, as a result of complex attribution rules, a direct or indirect subsidiary of us may be considered a "controlled foreign corporation" and a United States shareholder may be subject to the controlled foreign corporation rules with respect to such subsidiary even if we ourselves are not a controlled foreign corporation.

A United States shareholder of a controlled foreign corporation may be required to report annually and include in its U.S. taxable income its pro rata share of the controlled foreign corporation's "Subpart F income" and (in computing its "global intangible low-taxed income") "tested income" and a pro rata share of the amount of U.S. property (including certain stock in U.S. corporations and certain tangible assets located in the United States) held by the controlled foreign corporation regardless of whether such controlled foreign corporation makes any distributions. Failure to comply with these reporting obligations (or related tax payment obligations) may subject such United States shareholder to significant monetary penalties and may prevent the statute of limitations with respect to such United States shareholder's U.S. federal income tax return for the year for which reporting (or payment of tax) was due from starting. An individual that is a United States shareholder with respect to a controlled foreign corporation generally would not be allowed certain tax deductions or foreign tax credits that would be allowed to a United States shareholder that is a U.S. corporation. We cannot provide any assurances that it will assist holders in determining whether it, or any of our non-U.S. subsidiaries, are treated as a controlled foreign corporation or whether any holder is treated as a United States shareholder with respect to any of such controlled foreign corporations or furnish to any holder information that may be necessary to comply with reporting and tax paying obligations.

ITEM 4. COMPANY INFORMATION

The Company makes its filings in electronic form under the EDGAR filing system of the SEC. Its filings are available through the EDGAR system at www.sec.gov. The Company's filings are also available to the public through the Internet at Sofgen's investor relations website at https://investor.sofgenpharma.com. Sofgen's website is provided for informational purposes only and the information contained on its website or that can be accessed through its website is not part of this Annual Report.

A. HISTORY AND DEVELOPMENT OF THE COMPANY

The Company was incorporated under the laws of the Grand Duchy of Luxembourg on March 29, 2021 as a public limited liability company (*société anonyme*) governed by the laws of the Grand Duchy of Luxembourg for an unlimited duration and registered with the Luxembourg Trade and Companies' Register (*Registre de Commerce et des Sociétés, Luxembourg*) under number B 253360. The Company was incorporated solely for the purpose of effectuating the Business Combination, which was consummated on September 29, 2021. The Company owned no material assets other than its interests in Crynssen acquired in the Business Combination and did not operate any business. Crynssen is a private limited liability company registered and incorporated under the laws of Malta and, particularly, the Companies Act Cap. 386. See Item 5 of this Annual Report under the heading "Operating and Financial Review and Prospects" for a discussion of our principal capital expenditures and divestitures for the years ended December 31, 2024, 2023, 2022 and 2021.

The Company's mailing address and registered office is 9, rue de Bitbourg, L-1273 Luxembourg, Grand Duchy of Luxembourg, and its telephone number is +356 7995-6138. The Company's main website address is https://www.sofgenpharma.com and the investor relations website is https://investor.sofgenpharma.com/. The information contained on, or accessible through, the Company's websites is not incorporated by reference into this Annual Report, and you should not consider it a part of this Annual Report.

The Company is subject to certain of the informational filing requirements of the Exchange Act. Since the Company is a "foreign private issuer", it is exempt from the rules and regulations under the Exchange Act prescribing the furnishing and content of proxy statements, and the officers, directors and principal shareholders of the Company are exempt from the "short-swing" profit recovery provisions contained in Section 16 of the Exchange Act with respect to their purchase and sale of Ordinary Shares. In addition, the Company is not required to file reports and financial statements with the SEC as frequently or as promptly as U.S. public companies whose securities are registered under the Exchange Act. However, the Company is required to file with the SEC an Annual Report on Form 20-F containing financial statements audited by an independent accounting firm. The SEC also maintains a website at http://www.sec.gov that contains reports and other information that the Company files with or furnishes electronically to the SEC.

The Business Combination

On September 29, 2021, the Business Combination was consummated. As part of the Business Combination, on the Closing Date, pursuant to the Business Combination Agreement:

- Merger Sub merged with and into SPAC, with SPAC surviving such merger and becoming a direct wholly-owned subsidiary of the Company and, in the context of the Merger, (a) all SPAC Ordinary Shares outstanding were exchanged with for Ordinary Shares pursuant to a share capital increase, (b) each SPAC Warrant became a Warrant exercisable for Ordinary Shares, on substantially the same terms as the SPAC Warrants, and (c) the Company entered into the Warrant Amendment to amend and assume SPAC's obligations under the SPAC Warrant Agreement to give effect to the conversion of SPAC Warrants to Warrants;

- immediately following the consummation of the Merger and prior to the Exchange (as defined below), the Company redeemed all 4,000,000 Redeemable A Shares held by Crynssen for a total purchase price of $40,000 (corresponding to their nominal value of $0.01 per share);

- immediately following the consummation of the Merger and the redemption of all the Redeemable A Shares, pursuant to those certain individual contribution and exchange agreements, each dated as of March 31, 2021, as amended, and entered into by and among the Company, Crynssen and each of the Crynssen Shareholders, each of the Crynssen Shareholders, contributed its respective Crynssen Ordinary Shares to the Company in exchange for Ordinary Shares, and, in the case of IFC, for Ordinary Shares and 4,500,000 Redeemable B Shares, which were subscribed for by each such Crynssen Shareholder (such contributions and exchanges of Crynssen Ordinary Shares for Ordinary Shares and, in the case of IFC, Ordinary Shares and Redeemable B Shares, collectively, the "Exchange");

- as a result of the Exchange, Crynssen became a direct wholly-owned subsidiary of the Company and the Crynssen Shareholders became holders of issued and outstanding Ordinary Shares and, in the case of IFC, Ordinary Shares and Redeemable B Shares; and

- immediately following the Exchange, the Company redeemed 4,500,000 Redeemable B Shares from IFC for a total purchase price of $45,000,000 (corresponding to a purchase price of $10.00 per Redeemable B Share) in accordance with the IFC Redemption Agreement.

Certain Agreements Related to the Business Combination

Registration Rights and Lock-Up Agreement

In connection with the Closing of the Business Combination, Crynssen, the Sponsors, certain other persons and entities ("Original Holders") holding SPAC Ordinary Shares issued by Union prior to its IPO (the "Founder Shares") and the Crynssen Shareholders entered into the Registration Rights and Lock-Up Agreement which provided for customary demand and piggyback registration rights. Additionally, the Ordinary Shares held by the Sponsors and the Original Holders which were previously Founder Shares will be locked-up until the earliest of: (i) the date that is one year from the Closing Date, (ii) the date on which the closing price of the Ordinary Shares on the Nasdaq equals or exceeds $12.50 per Ordinary Share for any 20 trading days within any 30-trading day period commencing 150 days after the Closing Date, or (iii) such date on which we complete a liquidation, merger, share exchange or other similar transaction that results in all of our shareholders having the right to exchange their Ordinary Shares for cash, securities or other property. The Registration Rights and Lock-Up Agreement was amended in subsequent financings described below.

Assignment, Assumption and Amendment Agreement

On the Closing Date, the Company entered into the Warrant Amendment to amend and assume Union's obligations under the existing Warrant Agreement to give effect to the conversion of SPAC Warrants to Warrants.

Nomination Agreement

On the Closing Date, the Company, the Sponsors, certain Original Holders and certain Crynssen Shareholders entered into the Nomination Agreement pursuant to which, in connection with any general meeting at which the Company's directors are to be elected, or any adjournment or postponement thereof, Deseja, Sognatore and Simphony (collectively, the "Minski Family Shareholders") shall collectively have the right to propose for appointment a number of directors that equals a majority of our Board of Directors (each, a "Majority Shareholder Director"). For as long as Hoche Partners Pharma Holding, LLC ("Hoche") owns no less than 7% of the Company's issued and outstanding share capital, Hoche shall have the right to propose for appointment one director (such director, the "Hoche Shareholder Director" and collectively with the Majority Shareholder Directors, each a "Shareholder Director" and collectively, the "Shareholder Directors"). Alejandro Weinstein served as the Hoche Shareholder Director for the period from Closing through January 19, 2023, the effective date of his resignation from the Board of Directors. In connection with Mr. Weinstein's resignation, pursuant to the Nomination Agreement, Hoche nominated and the Board appointed, Alberto Eguiguren Correa to serve as the Hoche Shareholder Director and fill the vacancy created by Mr. Weinstein's resignation. In connection with our first two consecutive general shareholders' meetings following September 1, 2021 at which directors are to be elected, or any adjournment or postponement thereof, the Sponsors shall have the right to propose for appointment Daniel W. Fink and Kyle P. Bransfield as directors of our Board of Directors. At least one-half of the Shareholder Directors must qualify as independent directors ("Independent Directors") under applicable stock exchange rules, subject to any independence requirements established by the listing rules of the stock exchange on which the Ordinary Shares are listed that would require a greater number of Shareholder Directors to qualify as Independent Directors, provided that the Minski Family Shareholders will not be required to nominate any additional Independent Directors unless and until all of the directors, other than the Majority Shareholder Directors, qualify as Independent Directors. In addition, for so long as we maintain any committee, such committees shall each include at least one Majority Shareholder Director so long as he or she is independent. The Nomination Agreement will automatically terminate upon the earlier of (i) the date on which the Minski Family Shareholders or their affiliates cease to beneficially own, in the aggregate, 30% of our outstanding shares and (ii) 20 years from the date of the Nomination Agreement.

Share Forfeiture Agreement

On the Closing Date, the Sponsors entered into a share forfeiture agreement by and among the Sponsors, the Company, Crynssen and Union (the "Share Forfeiture Agreement"), pursuant to which, the Sponsors forfeited a combined 700,000 SPAC Ordinary Shares prior to the consummation of the Business Combination.

Senior Notes Offering

On November 12, 2021, we closed a private placement offering of $115 million aggregate principal amount of 4.75% guaranteed senior notes (the "Senior Notes") issued by Procaps, S.A., due November 12, 2031, pursuant to a note purchase 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: 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. Procaps, S.A. used the net proceeds from the issuance of the Senior Notes primarily to repay certain of its and its subsidiaries existing indebtedness in full, as well as for general corporate purposes. The Senior Notes also contain change-of-control provisions and certain customary affirmative and negative covenants and events of default. In addition, the Senior Notes require Procaps, S.A., the Company and the other obligors thereunder to comply with certain financial ratios.

In connection with the expected closing of the acquisition (the "Acquisition") of certain companies (collectively to referred to as "Grupo Somar") and associated borrowings under the Bridge Credit Agreement (as defined herein), 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 with the terms mentioned above.

For more information on the Senior Notes, including additional amendments and/or waivers to the NPA, see Item 5.B of this Annual Report under the heading "Liquidity and Capital Resources —Debt Financing and Borrowing —Senior Notes."

Internal Investigation and Delisting

On November 13, 2023, the Company received a letter from Deloitte & Touche S.A.S. ("Deloitte"), the Company's independent auditors, with respect to its consolidated financial statements for the year ending December 31, 2022. The letter requested that the Audit Committee undertake an independent investigation with respect to two transactions. The first related to a $2.5 million loan dating back to 2012, and the second had to do with a separate, unrelated $700,000 loan. The Deloitte letter also requested that the independent investigation consider any other transactions that were not properly recorded in the year-end 2022 financial statements.

On May 1, 2024, the Company announced that it was in the process of conducting an investigation initiated by the Audit Committee of the Board of Procaps with the assistance of independent legal and forensic accounting advisors, into matters relating to the Company's historical accounting treatment and associated financial statement disclosure related to a 2012 related party loan in the amount of $2.5 million (the "Independent Investigation"). In addition, the Company announced that it had determined its inability to timely file its Annual Report on Form 20-F for the fiscal year ended December 31, 2023 ("2023 Form 20-F"), as a result of the ongoing internal investigation. In context of the nature of these findings, the Audit Committee concluded that, as of June 25, 2024, the investigation moving forward would be treated as a Section 10A investigation under the rules of the SEC.

On May 16, 2024, the Company received a delinquency letter (the "Delinquency Letter") from the Listing Qualifications Department (the "Staff") of the Nasdaq. The Delinquency Letter notified the Company that since the Company had not yet filed its 2023 Form 20-F, the Company was not in compliance with Nasdaq's Listing Rule 5250(c)(1) relating to the Company's obligation to file periodic financial reports with the SEC for continued listing. The Delinquency Letter further stated that the Company had 60 calendar days from the date of the Delinquency Letter to submit a plan to regain compliance with respect to the delinquent report. The Letter also stated that any Staff exemption to allow the Company to regain compliance, if granted, would be limited to a maximum of 180 calendar days from the due date of the 2023 Form 20-F, or November 11, 2024.

On July 3, 2024, the Company received a letter from its independent registered public accounting firm, Deloitte, stating that Deloitte had withdrawn its audit report regarding the Company's consolidated financial statements as of December 31, 2022 and 2021 and for each of the three years in the period ended December 31, 2022, issued on May 12, 2023 (which financial statements are contained in the Company's annual report on Form 20-F for the year ended December 31, 2022, filed with the SEC on May 12, 2023) because Deloitte could no longer continue to rely on representations made to Deloitte in the Company's management representations letters, including with respect to management's representations that all related party transactions had been disclosed.

In connection with the Delinquency Letter, on July 15, 2024, and August 6, 2024, the Company submitted materials to Nasdaq outlining its strategy to regain compliance (the "Plan"). On August 13, 2024, upon review of the Company's Plan, Nasdaq notified the Company that it had granted the Company an extension to file the 2023 Form 20-F, through November 11, 2024.

During the course of the Independent Investigation, in October 2024, the Audit Committee reported to the Board certain interim findings relating to additional historical related party, intercompany and other transactions, certain of which were with the awareness and/or at the direction of, senior management of the Company at the time, that involved or appeared to involve accounting errors, misstatements and/or actions or omissions by Company management and employees that violated laws, rules, or regulations.

In light of the discovery of such additional transactions during the Independent Investigation and related accounting issues, on October 7, 2024, the Board, upon the recommendation of the Audit Committee, determined that the Financial Statements, and each as included in any reports, presentations, or similar communications of the Company's financial results, should no longer be relied upon. Accordingly, the Audit Committee determined that a restatement of the Company's Prior Period Financial Statements following the conclusion of the Independent Investigation was required, which is reflected in this Form-20F.

As a result of the Company's failure to file its 2023 Form 20-F by the November 11, 2024 extension granted by Nasdaq, on November 13, 2024, the Company was notified by the Staff that the Staff had determined to delist the Company's Ordinary Shares from the Nasdaq Capital Market, unless the Company timely requested a hearing before the Panel, which the Company requested alongside its request for a further stay of any suspension action by Nasdaq pending the ultimate conclusion of the hearing process.

Following the Company's hearing before the Panel, which took place on January 21, 2025, on January 31, 2025, the Company received a letter from the Panel of Nasdaq. This letter notified the Company that the Panel determined to delist the Company's Ordinary Shares from the Nasdaq Capital Market as a result of the Company's failure to demonstrate compliance with Nasdaq Listing Rules 5250(c)(1) and 5250(c)(2) for failing to file periodic and interim financial reports with the SEC. 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 the Company's Ordinary Shares on February 4, 2025.

The Audit Committee concluded the investigation on January 31, 2025, as amended on February 6, 2025, and was satisfied that the investigation was complete and that the findings of the investigation identified the root causes of illegal acts and related accounting irregularities. In concluding on the Investigation, the Audit Committee advised that the: (i.) accounting impact of the investigative findings, (ii.) completeness procedures to be performed on accounts with identified irregularities, (iii.) tax implications, and related concepts, would be further evaluated as part of the Company's restatement process.

November 2024 Convertible Note Financing

On November 27, 2024, the Board of Directors of the Company approved the issuance, through a private offering or offerings (the "2024 Offering") exempt from the registration requirements of the Securities Act up to $100 million in securities in the form of Ordinary Shares of the Company or securities convertible into Ordinary Shares. In connection with such approval, on November 29, 2024 (the "Effective Date"), the Company entered into a Secured Convertible Note Subscription Agreement (the "NSA") Hoche, an entity controlled by Alejandro Weinstein, pursuant to which the Company may issue up to $40 million in Secured Convertible Notes (the "Convertible Notes") to Hoche pursuant to the terms and conditions therein, of which an aggregate of $20 million in Convertible Notes were issued on November 29, 2024. The NSA and Convertible Notes are described further below.

In connection with the Company's entry into the NSA, the Company entered into various ancillary agreements described below. The transactions contemplated by the NSA and ancillary agreements described below (the "Transaction Documents") are collectively referred to herein as the "Transactions."

Note Subscription Agreement and Convertible Notes

As described above, on November 29, 2024, the Company and Hoche entered into the NSA. In connection therewith, the Company issued to Hoche a Convertible Note in principal amount of $20 million (the "Initial Note").

Pursuant to the NSA, Hoche has the obligation to subscribe for and purchase an additional Convertible Note in principal amount of $20 million on or prior to December 31, 2024 (the "Second Note"); provided that in the event that other third-party investors subscribe for and purchase Ordinary Shares in an aggregate amount in excess of $35,000,000 (such amount in excess of $35,000,000, the "Excess Amount"), and consummate such investments prior to December 27, 2024, Hoche shall have the option (but not the obligation) to reduce the principal amount of the Second Note by an amount not to exceed the Excess Amount. There can be no assurances that any third-party investors will subscribe for or purchase any Ordinary Shares in connection with the 2024 Offering.

The Convertible Notes bear interest at an annual rate of 8.50%, payable in-kind, quarterly in arrears, and mature on June 30, 2025. All accrued and unpaid interest due at the end of each such quarterly period shall be paid in kind by capitalizing such interest and adding it to (and thereby increasing) the then-outstanding principal amount of the Convertible Notes. Other key terms of the Convertible Notes, including those related to the conversion thereof, follow:

Conversion

Certain Definitions related to Conversion

"Conversion Amount" means, with respect to the Initial Note, the original principal amount of the Initial Note, and with respect to the Second Note, the original principal amount of the Second Note (for the avoidance of doubt, the Conversion Amount shall not include any capitalized or accrued and unpaid interest on the Convertible Notes).

"Conversion Price" means (a) in the event no Triggering Event occurs, a conversion price per Ordinary Share of $0.75, or (b) in the event any Triggering Event occurs, a conversion price per Ordinary Share of $0.50.

"Triggering Event" means: (a) the Company is finally delisted from Nasdaq or (b) the trading of the Ordinary Shares on Nasdaq is suspended (even if temporarily for any period of time and later reinstated), in each case of (a) and (b), exclusively as a result of either:

(i) the Company's failure to file the 2023 Form 20-F, as stated on the notice received by the Company on November 13, 2024 from the Staff of the Nasdaq, within any extended time period granted by the Panel; or

(ii) the Company being in violation of any applicable Nasdaq Listing Rule and receiving any delinquency notice from Nasdaq prior to December 31, 2026, as a result of any actions taken by management or the board of directors of the Company prior to the Effective Date.

For the avoidance of doubt, a Triggering Event shall not include or be deemed to occur in connection with any temporary trading halt that may be imposed by Nasdaq as a result of a major news announcement or stock price fluctuations, imbalance of buy and sell orders, or any stock price circuit breakers.

Optional Conversion

In the event the Convertible Notes have not automatically converted as described below, at any time prior to maturity, the Convertible Notes are convertible, at the option of Hoche, into (a) the Warrant (as defined below) and (b) a number of Ordinary Shares equal to the quotient obtained by dividing (i) the Conversion Amount by (ii) the Conversion Price, rounded down to the nearest whole Ordinary Share (collectively, the "Conversion Consideration").

Automatic Conversion

In the event the Convertible Notes have not converted at the option of Hoche as described above, the Convertible Notes shall automatically convert into the Conversion Consideration in the event that other third-party investors subscribe for and purchase Ordinary Shares in an aggregate amount of no less than $35,000,000 in connection with the 2024 Offering.

Post-Conversion Adjustment

If a Triggering Event occurs following the conversion of the Convertible Notes, the Company shall issue to Hoche an additional number of Ordinary Shares equal to the difference between (i) an amount equal to the quotient of the Conversion Amount divided by $0.50, and (ii) an amount equal to the number of Ordinary Shares previously issued upon conversion of the Convertible Notes.

Warrant

Upon conversion of the Convertible Notes (whether at the election of Hoche or automatically), the Company shall issue a warrant (the "2024 Warrant") to Hoche for a face amount equal to the product obtained by multiplying (i) the Conversion Amount by (ii) by 0.25 (the "Warrant Amount"). The 2024 Warrant may be exercised in whole or in part to purchase a number of Ordinary Shares equal to the quotient obtained by dividing the Warrant Amount by the Exercise Price (as defined below). The exercise price per Ordinary Share issued pursuant to the 2024 Warrant shall be $0.75; provided that in the event a Triggering Event occurs, the exercise price shall be $0.50 (the "Exercise Price"). If a Triggering Event occurs after the date any Ordinary Shares have been purchased and issued under the 2024 Warrant, the Company shall issue to the holder of the 2024 Warrant an additional number of Ordinary Shares equal to the difference between: (A) the aggregate Exercise Price of all Ordinary Shares purchased and issued under the 2024 Warrant as of immediately prior to the occurrence of such Triggering Event, divided by $0.50, and (B) the total number of Ordinary Shares purchased and issued under the 2024 Warrant as of immediately prior to the occurrence of such Triggering Event.

Security

The Company's obligations under the Convertible Notes and other related agreements are secured by a first priority security interest in favor of Hoche in all of the issued and outstanding equity interests of Crynssen (such equity interests, the "Collateral"), granted pursuant to that certain Share Pledge Agreement, dated as of November 29, 2024 (the "Pledge Agreement"), by and among the Company, Hoche and Crynssen. The NSA contains a covenant that limits the Company's ability to place liens on the Collateral or on any other equity interests of its direct or indirect subsidiaries, subject to customary exceptions.

Events of Default

The Convertible Notes provide for customary events of default which include (subject in certain cases to customary grace and cure periods), among others: (i) nonpayment of principal or interest; (ii) breach of covenants or other agreements in the Convertible Notes, the NSA or the Pledge Agreement; (iii) material breach by the Company of any representation or warranty contained in the NSA; (iv) any of the Convertible Notes, the NSA or the Pledge Agreement is suspended, revoked or terminated or for any reason cease to be valid and binding or in full force and effect, the performance by the Company of any of its obligations under such agreements shall become unlawful, or the validity of any such agreements shall be contested by the Company; (v) any lien or pledge provided in the NSA, the Convertible Notes or the Pledge Agreement shall cease to exist once perfected or shall cease to give Hoche a perfected security interest on the Collateral; (vi) the Company or any of its direct or indirect subsidiaries is in default in the performance of or compliance with any term of any evidence of any indebtedness in an aggregate outstanding principal amount of at least $7,500,000 or of any mortgage, indenture or other agreement relating thereto or any other condition exists, and as a consequence of such default or condition such indebtedness has become, or has been declared, due and payable before its stated maturity or before its regularly scheduled dates of payment; and (iv) certain events of bankruptcy or insolvency.

The foregoing descriptions of the NSA, the Initial Note, the Pledge Agreement and the warrant are only summaries and are qualified in their entirety by reference to the full text of the NSA, the Initial Note, the Pledge Agreement and the form of warrant, which are filed as Exhibits 4.24, 4.25, 4.26, and 4.27, respectively, to this Annual Report.

Termination of Nomination Agreement; Shareholder Nomination Agreement

In connection with the Transactions, the Company, Hoche, Caoton Company, S.A., acting as trustee to Sognatore, Commonwealth Trust Company, acting as trustee to Simphony Trust, and Commonwealth Trust Company, acting as trustee of Deseja (Deseja and together with Sognatore and Simphony, the "Minski Trusts") agreed to terminate that certain nomination agreement, dated as of September 29, 2021 (the "Original Nomination Agreement"). The Minski Trusts are ultimately controlled by the Minski family, including Jose Minski, former Chairman of the Board and a former director, and Ruben Minski, the Company's former Chief Executive Officer, former Chairman of the Board and a former director. Pursuant to the Original Nomination Agreement, the Minski Trusts had the right to propose for appointment a majority of the Board.

On November 29, 2024, in connection with the termination of the Original Nomination Agreement, Hoche, Alejandro Weinstein (together with Hoche, the "Hoche Parties") and the Minski Trusts entered into a shareholder nomination and voting agreement (the "Shareholder Nomination Agreement"), pursuant to which, among other things, the parties thereto agreed to vote their Ordinary Shares at the first annual general meeting of shareholders of the Company following the date thereof ("First Annual Meeting") to (A) replace Kyle P. Bransfield, Luis Fernando Castro, Sandra Sanchez y Oldenhage, and Roberto Albisetti with the following individuals: (i) Alejandro Weinstein, (ii) Nicolas Weinstein, (iii) Ernesto Carrizosa, and (iv) Jose Frugone and (B) to reelect the following existing directors: Alberto Eguiguren Correa, Jose Minski and David Yanovich Wancier (the director nominees collectively in clauses (A) and (B), the "Initial Directors").

Following the First Annual Meeting, in connection with any future meetings of shareholders of the Company at which directors are to be elected, the parties to the Shareholder Nomination Agreement agreed to use reasonable best efforts to propose for appointment or re-appointment (A) three individuals designated by Hoche (the "Hoche Nominees), (B) one individual designated by the Minski Trusts (the "Minski Nominee") and (C) three individuals who qualify as independent under applicable rules and mutually agreed upon by Hoche and the Minski Trusts (the "Independent Nominees"); *provided that*, the Shareholder Nomination Agreement contains additional provisions that, upon the occurrence of certain conditions, may result in the Hoche Parties and the Minski Trusts delegating their respective nomination rights with respect to the Independent Nominees to (i) with respect to up to two Independent Nominees, the first two third-party investors (if any) who purchase at least $15.0 million in Ordinary Shares in connection with the 2024 Offering and (ii) with respect to one Independent Nominee, certain existing lenders of the Company.

Additional Agreements

Debt Related Agreements

In connection with the Transactions, on November 29, 2024, the Company, the Minski Trusts and Olvi Investment Limited, an affiliate entity of the Minski Trusts ("Olvi") entered into an agreement whereby Olvi agreed to transfer and contribute to the Company, on behalf and under the instructions of the Minski Trusts, all of its right, title and interest in and to that certain $5.0 million junior unsecured subordinated promissory note (the "Junior Note") entered into on September 12, 2024 by and among Olvi, as lender, the Company, as borrower, and the Minski Trusts, who ultimately provided the funding to Olvi in connection with the Junior Note, to the Company, as a contribution to the shareholder equity of the Company. As result of such contribution, the parties agreed that the Company shall no longer be obligated to repay any outstanding indebtedness under the Junior Note.

In addition, on November 29, 2024, Procaps S.A., an indirect subsidiary of the Company, and Originates Inc., an affiliate entity of the Minski Trusts entered into an agreement whereby Originates Inc. agreed to reduce the outstanding amounts of accounts payable owed by Procaps S.A. to Originates Inc. by $2.2 million and treat such discounted $2.2 million as fully cancelled and no longer owed to Originates Inc. by Procaps S.A., the Company or any of its subsidiaries.

In consideration for the contribution and cancellation of the outstanding indebtedness under the Junior Note, discounting of, and reduction in, accounts payable owed to Originates by Procaps S.A. and other good and valuable consideration, the Company entered into the mutual release and non-disparagement agreement with the Minski Trusts discussed below.

Mutual Release and Non-Disparagement Agreements

In connection with the Transactions and in consideration for the debt relief described above, on November 29, 2024, the Company entered in a mutual release and non-disparagement agreement (the "Minski Release Agreement") with the Minski Trusts, Jose Minski, Ruben Minski, Meyer Minski and Bricol International Corp., an affiliate of the Minski family (collectively, the "Minski Release Parties"). Pursuant to the terms of the Minski Release Agreement, the Company and the Minski Release Parties each released the other party from any claims that such party has or may have with respect to the matters being investigated by the Company's Audit Committee in connection with its previously disclosed independent investigation. The Minski Release Agreement also contains a customary mutual non-disparagement provision.

In addition, in connection with the Transactions, on November 29, 2024, the Company entered in a mutual release and non-disparagement agreement (the "Hoche Release Agreement") with Hoche. Pursuant to the terms of the Hoche Release Agreement, the Company and Hoche each released the other party from any claims that such party has or may have against the other party, except for any rights and obligations arising under or in connection with any of the Transaction Documents or any of the Transactions. The Hoche Release Agreement also contains a customary mutual non-disparagement provision.

March 2025 Financing and Restructuring

On March 24, 2025, the Board of the Company approved (i) the issuance, through a private offering (the "2025 Offering") of ordinary shares of the Company to "accredited investors" in a series of transactions exempt from the registration requirements of the Securities Act, in an aggregate subscription amount of up to US$90,000,000 (the "Equity Raise"); and (ii) the amendment to the previously announced Secured Convertible Note Subscription Agreement (the "Original NSA") dated November 29, 2024, by and between the Company and Hoche, an entity controlled by Alejandro Weinstein, pursuant to which the Company issued that certain Secured Convertible Note to Hoche on November 29, 2024, in the principal amount of US$20,000,000 (the "First Note"), and that certain Secured Convertible Note to Hoche on December 27, 2024, in the principal amount of US$20,000,000 (the "Second Note" and jointly with the First Note, the "Secured Convertible Notes"). For the avoidance of doubt, the Equity Raise does not include proceeds from the issuance of the Secured Convertible Notes.

On April 3, 2025, the Company entered into (i) Subscription Agreements (the "2025 Subscription Agreements") with certain investors, including new investors and certain existing shareholders of the Company, pursuant to which such investors subscribed for and purchased Ordinary Shares at a price per share of US$0.06313 (the "Purchase Price"), subject to the terms and conditions therein; and (ii) Amendment No. 1 to the Note Subscription Agreement (the "Amendment to the NSA", and the Original NSA, as amended by the Amendment to the NSA, the "Amended NSA") with Hoche, pursuant to which, among other things, the Original NSA was amended to (a) amend the conversion price per Ordinary Share set forth in the Original NSA to a conversion price per Ordinary Share of US$0.06313 (the "Amended Conversion Price"), (b) provide that upon conversion of the Secured Convertible Notes, the Company and the holders of the Secured Convertible Notes shall execute a subscription and conversion agreement (the "Subscription and Conversion Agreement"), providing such holders similar terms and conditions as those offered to the investors in the Equity Raise, and (c) amend and restate the form of warrant to be issued upon conversion of the Secured Convertible Notes (the "2025 Warrant") to amend the exercise price per Ordinary Share issued pursuant to the 2025 Warrant to an exercise price of US$0.06313 per Ordinary Share (the "Exercise Price"). The 2025 Subscription Agreements and the Amendment to the NSA are described further below.

Furthermore, on April 9, 2025 (the "Refinancing Date"), Procaps, S.A. entered into the Senior Secured Facilities (as defined below), consisting of amendments of each of its outstanding material debt facilities, with the Senior Secured Creditors (as defined below). A description of each Senior Secured Facility is set forth below. Each of the Senior Secured Facilities contains substantially identical affirmative and negative covenants and events of default, as described more fully below under "*Senior Secured Facility Covenants*", are guaranteed by the Company and each of its material subsidiaries, and is secured, on a *pari passu* basis, by substantially all assets of the Company and each of its material subsidiaries.

On April 9, 2025 (the "2025 Closing Date"), the closing conditions in connection with the Equity Raise described below and the conditions for conversion of the Secured Convertible Notes pursuant to the Amended NSA, were satisfied, and the Company consummated the transactions contemplated by the 2025 Subscription Agreements, the Amended NSA and the Senior Secured Credit Facilities (the "2025 Closing"). In connection with the 2025 Closing, the Company issued (i) 1,425,629,643 Ordinary Shares to the investors in the Equity Raise, (ii) 633,613,175 Ordinary Shares to the holders of the Secured Convertible Notes upon conversion thereof, (iii) 2025 Warrants in an aggregate "face amount" of $10,000,000 to the holders of the Secured Convertible Notes upon conversion thereof, and (iv) 131,798,311 Ordinary Shares to certain of the Senior Secured Creditors. Additionally, in connection with the 2025 Closing, the Company entered into the Subscription and Conversion Agreements with each of the Anchor Investors (as defined below) and Hoche (as described below).

Additionally, the Company entered into various ancillary agreements, each of which is further described below.

The sale and issuance of the Ordinary Shares in connection with the Equity Raise, the conversion of the Secured Convertible Notes pursuant to the terms of the Amended NSA and the Senior Secured Credit Facilities, have not been registered under the Securities Act or any state securities laws. The securities may not be offered or resold in the United States absent registration or an applicable exemption from registration requirements.

Equity Raise

2025 Subscription Agreements

On April 3, 2025, the Company entered into the 2025 Subscription Agreements with the following investors: (i) Chemo Project SA ("Chemo") and Becaril S.A.("Becaril"), (ii) Flying Fish Ventures L.P. ("Flying Fish"), Saint Thomas Commercial S.A. ("ST Commercial") and Santana S.A. ("Santana" and together with Chemo, Becaril, Flying Fish and ST Commercial, the "Anchor Investors"), (iii) Compañía de Seguros de Vida Consorcio Nacional de Seguros S.A. ("Consorcio"), (iv) BTG Pactual Chile S.A. Corredores de Bolsa ("BTG"), (v) Regina International LP ("RILP"), and (vi) Corales, LLC ("Corales" and together with Consorcio, BTG and RILP, the "Other Investors" and together with the Anchor Investors, the "Investors").

Pursuant to the 2025 Subscription Agreements, each Investor subscribed for and purchased Ordinary Shares at a price per share in the amount of the Purchase Price. Other key terms of the 2025 Subscription Agreements are the following:

Subscription Amounts

Pursuant to the 2025 Subscription Agreements, each the Investors agreed to subscribe for and purchase the number of Ordinary Shares equal to the quotient obtained by dividing the following subscription amounts by the Purchase Price: (i) an aggregate subscription amount of US$37,822,500 by Chemo and Becaril, collectively, (ii) an aggregate subscription amount of US$37,822,500 by Flying Fish, ST Commercial and Santana, collectively, (iii) a subscription amount of US$10,000,000 by Consorcio, (iv) a subscription amount of US$2,105,000 by BTG, (v) a subscription amount of US$1,500,000 by RILP, and (vi) a subscription amount of US$750,000 by Corales.

Indemnification

The 2025 Subscription Agreements include customary indemnification provisions for any breaches incurred by the Company or the Investors, with limitations on liabilities and caps on indemnifications commensurate with the subscription amounts invested by the Investors.

The foregoing descriptions of the 2025 Subscription Agreements are only summaries and are qualified in their entirety by reference to the full text of the 2025 Subscription Agreements, which are filed as Exhibits 4.28, 4.29, 4.30, 4.31, 4.32 and 4.33, respectively, to this Annual Report.

Amendment to the Note Subscription Agreement

As disclosed above, on April 3, 2025, the Company and Hoche entered into the Amendment to the NSA, pursuant to which, among other things, the Original NSA was amended to (a) amend the conversion price per Ordinary Share set forth in the Original NSA to the Amended Conversion Price, (b) provide that upon conversion of the Secured Convertible Notes, the Company and the holders of the Secured Convertible Notes shall execute a Subscription and Conversion Agreement, and (c) amend and restate the form of Warrant to amend the exercise price per Ordinary Share issued pursuant to the 2025 Warrant to the Exercise Price.

The foregoing descriptions of the Amendment to the NSA, the Secured Convertible Notes, and the 2025 Warrant are only summaries and are qualified in their entirety by (i) the descriptions of the Original NSA, the Secured Convertible Notes and the form of Warrant prior to its amendment pursuant to the Amendment to the NSA by reference to the Form 6-K, File No. 001-40851, filed with the SEC on December 3, 2024, and the full text of the of the Original NSA and the First Note, which were filed as Exhibits 99.1 and 99.2, respectively, thereto, (ii) the descriptions of the Second Note by reference to the Form 6-K, File No. 001-40851, filed with the SEC on December 31, 2024, and (iii) reference to the full text of the Amendment to the NSA, and the form of Warrant, which are filed as Exhibits 4.34 and 4.35, respectively, to this Annual Report.

Assignment of Secured Convertible Notes and Rights to Warrant and Execution of Subscription and Conversion Agreements

Assignment of Secured Convertible Notes and Rights to Warrant

In connection with the Equity Raise, on April 9, 2025, Hoche entered into (i) assignment and assumption agreements with each Anchor Investor and the Company, solely for the limited purpose of acknowledging the existence of such assignment and assumption, pursuant to which Hoche assigned its rights, title, and interest in and to an aggregate outstanding principal amount of the Secured Convertible Notes of $1,451,666.67, the interest accrued thereunder from the date of issuance, and the corresponding portion of the Amended NSA to the Anchor Investors, and (ii) a warrants right assignment agreement with each Anchor Investor and the Company, solely for the limited purpose of acknowledging the existence of such assignment, pursuant to which Hoche assigned its rights, title, and interest in and to the its right to receive an aggregate "warrant amount" of $5,000,000 of the 2025 Warrant upon conversion of the Secured Convertible Notes pursuant to the terms of the Amended NSA.

Subscription and Conversion Agreements

Upon the 2025 Closing, on April 9, 2025, the Company entered into Subscription and Conversion Agreements with each of (i) Hoche, (ii) Chemo and Becaril and (iii) Flying Fish, ST Commercial, and Santana, pursuant to which Hoche and the Anchor Investors elected to convert their respective rights under the Secured Convertible Notes into Ordinary Shares of the Company and a 2025 Warrant, pursuant to the terms of the Amended NSA.

The Subscription and Conversion Agreements also include primarily the same representations and warranties by the Company and each of Hoche and the Anchor Investors as those set forth under the 2025 Subscription Agreements described above, and customary indemnification provisions for any breaches incurred by the Company or the Anchor Investors, with limitations on liabilities and caps on indemnifications commensurate with the amounts owed under the Secured Convertible Notes being converted by Hoche and the Anchor Investors.

The foregoing descriptions of the Subscription and Conversion Agreements are only summaries and are qualified in their entirety by reference to the full text of the Subscription and Conversion Agreements, which are filed as Exhibits 4.36, 4.37 and 4.38 to this Annual Report.

Additional Agreements related to the Equity Raise

Amended and Restated Registration Rights Agreement

In connection with the Equity Raise, the Company entered into that certain Amended and Restated Registration Rights Agreement dated March 24, 2025 (the "A&R RRA"), with the Minski Trusts, to amend and restate that certain Registration Rights and Lock-Up Agreement dated September 29, 2021, entered into by and among the Company, Hoche, the Minski Trusts and the other shareholders of the Company parties thereto (the "Original RRA"). Upon the 2025 Closing, on April 9, 2025, each of the Investors entered into that certain Joinder Agreement, with the Company's acknowledgement and acceptance, pursuant to which the Investors became parties to the A&R RRA. Hoche, the Minski Trusts, the other shareholders of the Company party to the Original RRA, and the Investors, shall have

Pursuant to the A&R RRA, among other things, to the extent the Company remains subject to the reporting obligations of the Exchange Act and the board of directors of the Company has not determined, in its sole discretion, to pursue termination of the registration under the Exchange Act, the Company shall within thirty (30) days after the Company has (i) filed its annual report on Form 20-F for the fiscal year ended December 31, 2025 with the SEC, and (ii) is otherwise current on all reports required to be filed by the Company pursuant to Sections 13(a) or 15(d) of the Exchange Act, to file a registration statement under the Securities Act to permit the public resale of all the Ordinary Shares subject to registration pursuant to the Original RRA and all Ordinary Shares issued to Hoche and the Investors in connection with the Equity Raise, the conversion of the Secured Convertible Notes and the 2025 Warrant, once exercised, on the terms and conditions specified therein.

Additionally, the A&R RRA provides for customary piggyback registration rights in connection with the Ordinary Shares subject to registration pursuant to the Original RRA and all Ordinary Shares issued to Hoche and the Investors in connection with the Equity Raise, the conversion of the Secured Convertible Notes and the 2025 Warrant, once exercised.

The foregoing description of the A&R RRA is only a summary and is qualified in its entirety by reference to the full text of the A&R RRA, which is filed as Exhibit 4.39 to this Annual Report.

Shareholder Nomination and Voting Agreement

In connection with the 2025 Closing, on April 9, 2025, Hoche and the Anchor Investors entered into a shareholder nomination and voting agreement (the "Shareholder Nomination and Voting Agreement"), pursuant to which, among other things, in connection with any general meeting of shareholders of the Company at which directors are to be elected, the parties thereto agreed to exercise reasonable best efforts including by voting their Ordinary Shares to propose for appointment or re-appointment three individuals designated by Hoche (the "Hoche Nominees"), who may continue to be: (i) Mr. Alejandro Weinstein, (ii) Mr. Nicolas Weinstein and (iii) Mr. Alberto Eguiguren Correa. Separately, the Anchor Investors (without Hoche) agreed among themselves to exercise reasonable best efforts including by voting their Ordinary Shares to propose for appointment one individual designated by Chemo (the "Chemo Nominee"), (ii) one individual designated by Becaril (the "Becaril Nominee" and, jointly with the Chemo Nominee, the "Chemo-Becaril Nominees"), and (iii) two individuals designated by Flying Fish, ST Commercial and Santana, collectively (the "Santana Investors' Nominees"); *provided that*, the Shareholder Nomination and Voting Agreement contains additional provisions that, if and to the extent required for the board of directors of the Company to have a majority of its members qualify as independent directors, at least one Hoche Nominee shall be an independent director, at least one of the Chemo-Becaril Nominee shall be an independent director, and all of the Santana Investors' Nominees shall be independent directors.

Additionally, the Shareholder Nomination and Voting Agreement provides that Hoche and the Anchor Investors shall use commercially reasonable efforts to pursue an exit transaction upon the earlier of the fifth anniversary of the 2025 Closing and the Company achieving certain annual consolidated EBITDA targets.

Debt Facility Refinancing

Note Purchase Agreement/Senior Secured Notes

On the Refinancing Date, Procaps, S.A., a subsidiary of the Company ("Procaps Colombia"), the Company, all material subsidiaries of the Company and the purchasers party thereto entered into an Amended and Restated Note Purchase and Guarantee Agreement (the "A&R NPA"). The A&R NPA amends and restates that certain Note Purchase and Guarantee Agreement, dated November 12, 2021 (as amended, the "Original NPA"), by and among Procaps Colombia, the Company, certain subsidiaries of the Company party thereto, and the purchasers party thereto. In connection with the entry into the A&R NPA, Procaps Colombia issued US$116,488,204.60 of 6.75% guaranteed senior secured notes due December 31, 2029 (the "2025 Notes"), to The Prudential Insurance Company of America, Fortitude Life Insurance & Annuity Company (f.k.a. Prudential Annuities Life Assurance Corporation) and Cigna Health and Life Insurance Company Inc. (collectively, the "Noteholders"), replacing those previously issued under the Original NPA.

The 2025 Notes are the senior secured obligations of Procaps Colombia. and unconditionally guaranteed by the Company and all of its material subsidiaries. The 2025 Notes (and the other Senior Secured Facilities (as defined below) are secured, on a pari passu basis, by substantially all assets of Company and all of its material subsidiaries (including Procaps Colombia).

The 2025 Notes bear no interest prior to January 1, 2027, and provide for an amortization schedule that commences on March 31, 2028, with amortization payments of approximately US$2 million per quarter in 2028, approximately US$4 million per quarter in 2029, and all other amounts due upon final maturity of the 2025 Notes on December 31, 2029. The 2025 Notes may be prepaid, in whole or in part, without premium or penalty. Procaps Colombia may be required, upon the occurrence of certain events, to make certain mandatory prepayments prior to the maturity date of the 2025 Notes.

In connection with the entry into the A&R NPA, the Noteholders received, collectively, an aggregate of 131,798,311 ordinary shares of the Company.

For a description of the covenants under the A&R NPA, see "*Senior Secured Facility Covenants*" below.

The foregoing description of the A&R NPA is only a summary and is qualified in its entirety by reference to the full text of the A&R NPA, which is filed as Exhibit 4.40 to this Annual Report.

Bancolombia/Davivienda Credit Facility

On the Refinancing Date, Procaps Colombia, the Company, all material subsidiaries of the Company, Bancolombia, S.A. ("Bancolombia") and Banco Davivienda, S.A. ("Davivienda") entered into an Amended and Restated Credit Facility (*Modificación Integral al Contrato de Crédito*) (the "A&R Club Agreement"). The A&R Club Agreement amends and restates that certain Credit Agreement (*Contrato de Crédito*), dated November 12, 2021 (the "Original Club Agreement"), by and among Procaps S.A., the Company, certain subsidiaries of the Company party thereto, Bancolombia and Davivienda, which provided for a loan of COP$247,817,751,759.49 (of which COP$244,100,485,482.10 was outstanding as of the Refinancing Date).

The obligations under the A&R Club Agreement are senior secured obligations of Procaps S.A. and unconditionally guaranteed by the Company and all of its material subsidiaries. The A&R Club Agreement (and the other Senior Secured Facilities) are secured, on a pari passu basis, by substantially all assets of Company and all of its material subsidiaries (including Procaps S.A.).

The loan under the A&R Club Agreement bears no interest prior to January 1, 2027, and provide for an amortization schedule that commences on March 31, 2028, with amortization payments of approximately US$2 million (equivalent) per quarter in 2028, approximately US$4 million (equivalent) per quarter in 2029, and all other amounts due upon final maturity of the loans on December 31, 2029. Interest shall accrue from January 1, 2027 at a rate equal to the Colombian Central Bank's reference rate (for a three-month tenor) plus 4.00%. The loan under the A&R Club Agreement may be prepaid, in whole or in part, without premium or penalty. Procaps S.A. may be required, upon the occurrence of certain events, to make certain mandatory prepayments prior to the maturity date of the A&R Club Agreement.

In connection with the entry into the A&R Club Agreement, Bancolombia and Davivienda have the option to receive, collectively, an aggregate total of 67,900,322 ordinary shares of the Company, at their election prior to the expiration of the election period contained within the A&R Club Agreement.

For a description of the covenants under the A&R Club Agreement, see "*Senior Secured Facility Covenants*" below.

BTG Credit Facilities

On the Refinancing Date, Procaps Colombia, the Company and all material subsidiaries of the Company entered into (a) an Amended and Restated Credit Facility (*Modificación Integral al Contrato de Crédito*) (the "A&R BTG Cayman Agreement") with Banco BTG Pactual S.A. – Cayman Branch ("BTG Cayman"), amending and restating its existing credit line with BTG Cayman in an original maximum amount of US$19,000,000.00 (of which US$14,777,777.78 was outstanding as of the Refinancing Date), and (b) an Amended and Restated Credit Facility (*Modificación Integral al Contrato de Crédito*) (the "A&R BTG Colombia Agreement" and, together with the A&R NPA, the A&R Club Agreement and the A&R BTG Cayman Agreement, the "Senior Secured Facilities") with Banco BTG Pactual Colombia S.A. ("BTG Colombia" and, together with the Noteholders, Bancolombia, Davivienda and BTG Cayman, the "Senior Secured Creditors"), amending and restating its existing credit line with BTG Colombia in an original maximum amount of COP$36,000,000,000.00 (of which COP$14,400,000,000.00 was outstanding as of the Refinancing Date).

The obligations under the A&R BTG Cayman Agreement and the A&R BTG Colombia Agreement are senior secured obligations of Procaps S.A. and unconditionally guaranteed by the Company and all of its material subsidiaries. The A&R BTG Cayman Agreement and the A&R BTG Colombia Agreement (and the other Senior Secured Facilities) are secured, on a *pari passu* basis, by substantially all assets of Company and all of its material subsidiaries (including Procaps S.A.).

The loans under the A&R BTG Cayman Agreement and the A&R BTG Colombia Agreement bear no interest prior to January 1, 2027, and provide for an amortization schedule that commences on March 31, 2028, with amortization payments of approximately US$2 million (or equivalent) per quarter in 2028, approximately US$4 million (or equivalent) per quarter in 2029, and all other amounts due upon final maturity of the loans on December 31, 2029. Interest shall accrue from January 1, 2027 at a rate equal to, in respect of the A&R BTG Colombia Agreement, the Colombian Central Bank's reference rate (for a three-month tenor) plus 4.00%, and in respect of the A&R BTG Cayman Agreement, SOFR (for a three-month tenor) plus 3.50%.

The loans under the A&R BTG Cayman Agreement and the A&R BTG Colombia Agreement may be prepaid, in whole or in part, without premium or penalty. Procaps S.A. may be required, upon the occurrence of certain events, to make certain mandatory prepayments prior to the maturity date of the A&R BTG Cayman Agreement and the A&R BTG Colombia Agreement.

In connection with the entry into the A&R BTG Cayman Agreement, BTG Cayman has the option to receive an aggregate total of 16,936,401 ordinary shares of the Company, at its election prior to the expiration of the election period contained within the A&R BTG Cayman Agreement. In connection with the entry into the A&R BTG Colombia Agreement, BTG Colombia has the option to receive an aggregate total of 4,005,583 ordinary shares of the Company, at its election prior to the expiration of the election period contained within the A&R BTG Colombia Agreement.

For a description of the covenants under the A&R BTG Cayman Agreement and the A&R BTG Colombia Agreement, see "*Senior Secured Facility Covenants*" below.

Senior Secured Facility Covenants

The Senior Secured Facilities contain covenants substantially similar to those set forth in the Original NPA and the Original Club Agreement, including change-of-control provisions and certain customary affirmative and negative covenants and events of default. In addition, the Senior Secured Facilities require the Company to comply with the following financial covenants: (i) consolidated EBITDA of the Company may be no less than US$25,000,000 for the twelve-month period ending March 31, 2026, US$30,000,000 for the twelve-month period ending June 30, 2026, US$35,000,000 for the twelve-month period ending September 30, 2026 and US$40,000,000 for the twelve-month period ending December 31, 2026; (ii) beginning with the quarter ending March 31, 2027, the ratio of consolidated total debt of the Company to consolidated EBITDA of the Company for the last twelve months as of each date below may not exceed the following:

Fiscal Quarter Ending	Consolidated Total Indebtedness to Consolidated EBITDA
March 31, 2027	5.00:1
June 30, 2027	5.00:1
September 30, 2027	4.50:1
December 31, 2027	4.50:1
March 31, 2028	4.25:1
June 30, 2028	4.25:1
September 30, 2028	4.00:1
December 31, 2028	4.00:1
March 31, 2029	4.00:1
June 30, 2029	3.75:1
September 30, 2029	3.75:1
December 31, 2029	3.50:1

and (iii) beginning with the quarter ending March 31, 2027, the ratio of consolidated EBITDA of the Company to consolidated interest expense of the Company for the last twelve months as of each date below may not be less than the following:

Fiscal Quarter Ending	Consolidated EBITDA to Consolidated Interest Expense
March 31, 2027	2.00:1
June 30, 2027	2.00:1
September 30, 2027	2.25:1
December 31, 2027	2.25:1
March 31, 2028	2.25:1
June 30, 2028	2.25:1
September 30, 2028 and each fiscal quarter end thereafter	2.50:1

The Senior Secured Facilities 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 Secured Facilities contain a covenant that incorporates into the each Senior Secured Facility any more restrictive financial, affirmative or negative covenants, information reporting requirements or events of default from any other Senior Secured Facility or any working capital facility permitted under the terms of the Senior Secured Facilities. For purposes of the Senior Secured Facilities, EBITDA is calculated consolidated net income for such period plus (i) consolidated net interest expense, (ii) provision for federal, state, local and foreign taxes, (iii) depreciation and amortization, (iv) extraordinary or non-recurring charges, expenses or losses, (v) other non-cash charges, expenses or losses, (vi) non-cash stock option and other equity-based compensation expenses, (vii) fees and expenses relating to the Senior Secured Facilities, (viii) any net loss for such period attributable to the early extinguishment of indebtedness or to hedging obligation or other derivative instruments, (ix) any net loss from disposed abandoned or discontinued operations, and (x) the amount of any fees and expenses incurred or any amortization thereof in connection with any acquisition, investment, recapitalization, disposition, issuance or repayment of indebtedness or issuance of equity interests, refinancing transaction or amendment or other modification of any debt instrument and any charges or non-recurring merger costs.

Pari Passu Intercreditor Agreement

Also on the Refinancing Date, Procaps S.A., the Company and all material subsidiaries of the Company entered into that certain Pari Passu Intercreditor Agreement (the "Intercreditor Agreement") with the Senior Secured Lenders and GLAS AMERICAS LLC, as collateral agent (the "Collateral Agent"). The Intercreditor Agreement governs the relative rights of the Senior Secured Creditors and, among other things, restricts the actions permitted to be taken by the Collateral Agent on behalf of the Senior Secured Creditors with respect to the collateral securing the Senior Secured Facilities.

The foregoing description of the Intercreditor Agreement is only a summary and is qualified in its entirety by reference to the full text of the Intercreditor Agreement, which is filed as Exhibit 4.41 to this Annual Report.

Sale of West Palm Beach Facility

On December 12 2025, the Company entered into an asset purchase agreement for the sale of substantially all of the assets of the Company's West Palm Beach facility.

B. BUSINESS OVERVIEW

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.

Our Strengths and Competitive Advantages

Innovation in Delivery Systems. We are one of the leading global providers of advanced delivery technologies and development and manufacturing solutions for pharmaceutical and consumer health products. In particular, we are the number one Softgel manufacturer in Latin America and top three in the world in terms of Softgel production capacity and market share, according to an independent third-party industry analysis report of 2023. We have extensive expertise in developing and manufacturing Softgel capsules and related dosage forms as evidenced by our development of an average of over 150 new products per year over the last three years. Our innovative oral delivery mechanisms allow us to transform branded generics into differentiated products for the pharmaceutical market. For more information, see "— Research and Development" and "— Intellectual Property" below.

Flexibility & Adaptability. Our NextGel business segment's Softgel iCDMO platform provides an extensive set of solutions designed to serve our clients' unique needs, with the goal of ultimately improving product time to market, which is primarily accomplished through our ability to adapt to a diverse set of customer business structures and our experience servicing different markets. For more information, see "— Products and Services — iCDMO—NextGel (Softgel band)" below.

Cost Competitiveness. We are able to maintain a competitive price and cost structure due to a combination of the geographic location of our facilities, our expertise in R&D, our skilled labor force, our ability to manufacture in-house several of the equipment used in the production of Softgel and the flexible nature of our equipment. These factors allow us to produce a wide variety of products, and to purchase raw materials at scale. For more information, see "— Manufacturing and Distribution", "— Raw Materials and Material Sourcing", and "— Research and Development" below.

Specialized Facilities. Our state-of-the-art facilities are segregated and highly adaptable, enabling Procaps to undertake the manufacturing of highly complex products. Our manufacturing facilities include the first FDA-approved Rx pharmaceutical plant in South and Central America and one of only five hormonal Softgel plants in the world. Additionally, our manufacturing facilities are certified, where required, by several regulatory entities including the FDA, Health Canada, MHRA, TGA, Invima, Digemid, Cofepris and ISO. For more information, see "—Manufacturing and Distribution—Manufacturing Facilities" below.

Integration into Clients' Value Chain. We strive to be part of our customers' value chain by adapting to their logistics' processes by adopting and integrating with our customers' manufacturing resource planning software and other processes. For more information, see "*—Manufacturing and Distribution—Distribution and Logistics*" below.

Recent Developments

Changes in Board of Directors

On August 29, 2023 Mr. Alejandro Weinstein resigned from the Board of Directors, effective immediately. On October 23, 2023, the Board of Directors appointed Sandra Sánchez y Oldenhage by co-option as a Director to fill the vacancy on the Board resulting from Mr. Weinstein´s resignation, effective immediately and for a period ending at the Company's annual general meeting of shareholders for the fiscal year ended December 31, 2023.

On June 28, 2024, Mr. Ruben Minski announced his resignation from his role as Executive Chairman of the Board, effective June 30th. The Board of Directors has appointed Mr. José Minski by co-option, a member of the Board and Chair of the M&A Committee, as the new Chairman of the Board. Mr. Ruben Minski continued to serve as a member of the Board of Directors until his resignation therefrom on October 8, 2024.

On December 16, 2024, the Company held (i) an extraordinary general meeting of shareholders (the "Extraordinary Meeting") and (ii) immediately following the Extraordinary Meeting, an annual general meeting of shareholders (the "Annual Meeting"). The Company's shareholders approved and adopted all matters submitted to them at both the Extraordinary Meeting and the Annual Meeting as further described below.

- At the Annual Meeting, the shareholders approved the resolution to confirm the mandate as member of the Board of Directors of Ms. Sandra Sanchez y Oldenhage, in replacement of Mr. Alejandro E. Weinstein, with effect as of October 23, 2023 and for a period ending at the annual general meeting of shareholders approving the annual accounts for the financial year ended December 31, 2023 (which corresponds to the duration of mandate of Mr. Alejandro E. Weinstein)

- At the Annual Meeting, the shareholders approved the resolution acknowledging the resignation of Ms. Sandra Sanchez y Oldenhage from her mandate as member of the Board of Directors with effect as of the date of the Annual Meeting.

- At the Annual Meeting, the shareholders approved the resolution acknowledging the resignation of Mr. Kyle P. Bransfield from his mandate as member of the Board of Directors with effect as of the date of the Annual Meeting.

- At the Annual Meeting, the shareholders approved the resolution acknowledging the resignation of Mr. Luis Fernando Castro from his mandate as member of the Board of Directors with effect as of the date of the Annual Meeting.

- At the Annual Meeting, the shareholders approved the resolution to confirm the mandate as member of the Board of Directors of Mr. Roberto Albisetti, in replacement of Mr. Ruben Minski, with effect as of October 28, 2024 and for a period ending at the annual general meeting of shareholders approving the annual accounts for the financial year ended December 31, 2023 (which corresponds to the duration of mandate of Mr. Ruben Minski).

- At the Annual Meeting, the shareholders approved the resolution acknowledging the resignation of Mr. Roberto Albisetti from his mandate as member of the Board of Directors with effect as of the date of the Annual Meeting.

- At the Annual Meeting, the shareholders approved the resolution to renew the mandate of Mr. Alberto Eguiguren Correa as member of the Board of Directors for the period ending at the annual general meeting of shareholders approving the annual accounts for the financial year ending December 31, 2024.

- At the Annual Meeting, the shareholders approved the resolution to renew the mandate of Mr. José Minski as member of the Board of Directors for the period ending at the annual general meeting of shareholders approving the annual accounts for the financial year ending December 31, 2024.

- At the Annual Meeting, the shareholders approved the resolution to renew the mandate of Mr. David Yanovich as member of the Board of Directors for the period ending at the annual general meeting of shareholders approving the annual accounts for the financial year ending December 31, 2024.

- At the Annual Meeting, the shareholders approved the resolution to appoint Mr. Nicolas A. Weinstein as new member of the Board of Directors for the period ending at the annual general meeting of shareholders approving the annual accounts for the financial year ending December 31, 2024.

- At the Annual Meeting, the shareholders approved the resolution to appoint Mr. Alejandro E. Weinstein as new member of the Board of Directors for the period ending at the annual general meeting of shareholders approving the annual accounts for the financial year ending December 31, 2024.

- At the Annual Meeting, the shareholders approved the resolution to appoint Mr. Ernesto Carrizosa as new member of the Board of Directors for the period ending at the annual general meeting of shareholders approving the annual accounts for the financial year ending December 31, 2024

- At the Annual Meeting, the shareholders approved the resolution to appoint Mr. Jose Frugone Domke as new member of the Board of Directors for the period ending at the annual general meeting of shareholders approving the annual accounts for the financial year ending December 31, 2024.

On December 17, 2024, Mr. David Yanovich notified the Board of Directors of the Company (the "Board") of his resignation as a director of the Board and as a member of any committee of the Board on which he was a member, effective immediately.

On January 10, 2025, the Board of Directors appointed Mr. Jorddy Antonio Pérez Galindo by co-option as a Director of the Board, to fill the vacancy on the Board created by Mr. David Yanovich's resignation from the Board effective as of December 17, 2024, for a period ending at the annual general meeting of shareholders approving the annual accounts for the fiscal year ended December 31, 2024 (which corresponds to the duration of the mandate of Mr. Yanovich). The Board also appointed Mr. Pérez Galindo as Chairman of the Audit Committee of the Board, succeeding Mr. Jose Frugone Domke as Chairman of the Audit Committee and Mr. Alberto Eguiguren as a member of the Audit Committee. As of January 10, 2025, the members of the Audit Committee are Mr. Pérez Galindo (Chairman), Mr. Frugone Domke and Mr. Ernesto Carrizosa.

On January 17, 2025, Mr. Jose Minski notified the Board of Directors of his resignation as a Director of the Board, effective upon the appointment of Mr. Minski's successor. Mr. Minski's resignation became effective on January 17, 2025 upon the appointment of Mr. Roberto Albisetti, as described below.

On January 17, 2025, the Board appointed Mr. Roberto Albisetti by co-option as a Director of the Board, to fill the vacancy on the Board created by Mr. Jose Minski's resignation from the Board effective as of January 17, 2025, for a period ending at the annual general meeting of shareholders approving the annual accounts for the fiscal year ended December 31, 2024 (which corresponds to the duration of the mandate of Mr. Minski).

On April 18, 2025, Mr. Ernesto Carrizosa notified the Board of Directors of his resignation as a Director of the Board and of the Compensation Committee, the Audit Committee and the Mergers and Acquisitions Committee of the Company, effective on such date.

On April 19, 2025, Mr. Roberto Albisetti notified the Board of Directors of his resignation as a Director of the Board of Directors of the Company, effective as of April 21, 2025.

On May 8, 2025, the Board of Directors of the Company appointed (i) Mr. Carlos Garcia Iragorri by co-option as a Director of the Board, to fill the vacancy on the Board created by Mr. Roberto Albisetti's resignation from the Board and for a period ending at the annual general meeting of shareholders approving the annual accounts for the fiscal year ended December 31, 2024 (which corresponds to the duration of mandate of Mr. Roberto Albisetti) and (ii) Mr. Manuel José Vial Claro by co-option as a Director of the Board, to fill the vacancy on the Board created by Mr. Ernesto Carrizosa's resignation from the Board and for a period ending at the annual general meeting of shareholders approving the annual accounts for the fiscal year ended December 31, 2024 (which corresponds to the duration of mandate of Mr. Ernesto Carrizosa).

On July 14, 2025, the Board of Directors appointed Mr. Fernando Moreira Muniz and Mr. Carlos Romero-Camacho as Directors of the Board, to fill the vacancies on the Board created by Mr. Jose Frugone Domke and Mr. Jorddy Antonio Pérez Galindo's resignation from the Board, each effective as of July 14, 2025, for a period ending at the next annual general meeting of shareholders approving the annual accounts (which corresponds to the duration of the mandate of Mr. Jose Frugone Domke and Mr. Jorddy Pérez Galindo).

CEO Succession Planning

As previously reported, on February 13, 2023, Procaps Chief Executive Officer at the time, Ruben Minski, announced his expectation to transition from his role as CEO to Executive Chairman of the Company in early 2024. The Nominating Committee of the Board led the succession planning process and formed a search committee to proactively manage the selection and transition process. Mr. Minski worked with the rest of the Board to ensure the successful identification of a successor CEO.

On November 22, 2023, pursuant to the previously reported succession planning, the Company appointed Jose Antonio Vieira as the new Chief Executive Officer, effective January 15, 2024.

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), effective immediately. 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 notified Dr. Camilo Camacho that he was relieved of his duties as Interim Co-Chief Executive Officer of the Company, effective immediately.

On July 25, 2025, the Board of the Company appointed Mr. Luis Palacios as Chief Commercial Officer of the Company.

Ms. Angelini transitioned to Interim Chief Executive Officer from her previous roles as Interim Co-Chief Executive Officer, and Vice President of Finance and Investor Relations at the Company. Ms. Angelini is a seasoned executive with over 18 years of experience in capital markets, corporate finance, and investor relations within healthcare and pharmaceutical industries. Ms. Angelini has extensive experience with clients in Latin American countries including Brazil, Mexico, Argentina, Uruguay, Chile, Colombia and Peru, leading financial transactions and capital markets initiatives. Prior to Procaps, Ms. Angelini served as Innovation & Investor Relations Officer at Blau Farmacêutica, a Brazilian multinational pharmaceutical company, where she led the IPO at B3 in Brazil, and as LATAM Head of Alliance Management & Investor Relations at GBT Grupo Biotoscana, where she co-led the company's 2017 dual listing IPO, in Brazil and Luxembourg, and played a key role in its eventual acquisition by Knight Therapeutics. Ms. Angelini received a B.S. in International Relations from Universidad de Palermo and is currently pursuing an Executive MBA at Kellogg School of Management.

Credit Agreement

On August 16, 2023, the Company, Procaps SA., 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 USD 64 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.

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**.**

For additional information with respect to the Credit Agreement, please see Item 5.B "Operating and Financial Review and Prospects—Liquidity and Capital Resources."

Certain Debt Waivers

As previously reported, on March 31, 2023, we entered into the Waiver Agreement (the "NPA Waiver Agreement"), by and among, the Company, in its capacity as the parent guarantor, Procaps S.A., in its capacity as the issuer of the Senior Notes, the subsidiary guarantors named therein, and each of the holders (the "Noteholders") of the Senior Notes relating to NPA. On March 28, 2023, we entered into the Waiver Agreement with respect to certain other indebtedness (the "Additional Loan Agreement"). In addition, on May 2, 2023, we entered into the Waiver Agreement (the "Syndicated Loan Waiver Agreement"), by and among Procaps S.A., in its capacity as obligor, the subsidiary co-obligors and guarantors named therein, the lenders named therein and Fiduciaria Bancolombia S.A., as administrative agent (the "Administrative Agent") relating to Syndicated Loan (as defined herein). The three waivers are herein after referred to as the "Waivers".

The applicable parties under the waivers waived (i) our noncompliance with certain financial ratio covenants under the Note Purchase Agreement, and Additional Loan Agreement, as applicable, as of, and for the year ended, December 31, 2022 In addition, the applicable parties under the waivers agreed to prospectively waive, as applicable, any noncompliance with these certain financial ratio covenants for the quarters ended March 31, 2023, June 30, 2023 and September 30, 2023, provided that we meet certain agreed upon adjusted ratio thresholds as specified in each Waiver under the applicable financial ratio covenants.

In December 2023, the applicable parties under the Note Purchase Agreement agreed to extend the waiver solely with respect to the interest covenant ratio through the December 31, 2023 measurement date. Also, in December 2023, the Company and the applicable parties under the Credit Agreement entered into a waiver consistent with the waiver entered into in December 2023 with respect to the Note Purchase Agreement described above, waiving noncompliance with the interest ratio covenant under the Credit Agreement as of the December 31, 2023 measurement date.

In March 2024, the applicable parties under the Note Purchase Agreement and Credit Agreement each entered into waivers consistent with those described above, preemptively waiving noncompliance with the applicable interest ratio covenant as of March 31, 2024.

For additional information with respect to the Waivers, please see Item 5.B "Operating and Financial Review and Prospects—Liquidity and Capital Resources" and the sections *"Internal Investigation and Delisting", "November 2024 Convertible Note Financing" and "March 2025 Financing and Restructuring"*, within the Item 4.A. "History and Development of the Company".

Name change

On December 5, 2025, the Extraordinary General Meeting resolved to change the name of the Company from "Procaps Group, S.A." to "Sofgen Pharma S.A.". As a consequence, thereof, the Extraordinary General Meeting resolved to amend article 1 of the articles of association of the Company which shall henceforth read as follows:

"Article 1 Name – Legal form

There exists a public limited company (société anonyme) under the name Sofgen Pharma S.A. (the "Company") which shall be governed by the law of 10 August 1915 on commercial companies, as amended (the "Law"), as well as by the present articles of association."

New Products and First Time Launch Products

We consider a product to be a "first time launch product" if it was reformulated; was a product line extension due to changes in characteristics such as strength, flavor, or color; had a change in product status from Rx to OTC; was a new store brand or branded launch; or was provided in a new dosage form, in all cases, within 36 months prior to the end of the period for which net sales are being measured.

We consider a product to be a "new product" if it was a "first time launch product" (*i.e.* if it was reformulated; was a product line extension due to changes in characteristics such as strength, flavor, or color; had a change in product status from Rx to OTC; was a new store brand or branded launch; or was provided in a new dosage form); or if it was sold to a new geographic area with different regulatory authorities, in all cases, within 36 months prior to the end of the period for which net sales are being measured.

New product sales for the year ended December 31, 2024 totaled $93.9 million in net revenues, accounting for approximately 24.7% of our net revenue for the period, and for the year ended December 31, 2023, totaled $117.1 million in net revenue, accounting for approximately 27.6% of our net revenue for the period.

The table below sets forth the number of new product applications, and of applications of certain products developed that have not yet been commercialized, that have been approved per jurisdiction and regulatory agency for the years ended December 31, 2024, 2023 and 2022.

	Number of product applications approved for the year ended December 31,		
Jurisdiction/Regulatory Agency	**2024**	**2023**	**2022**
Bolivia (AGEMED)	5	3	14
Brazil (ANVISA)	0	1	0
Colombia (INVIMA)	48	31	24
Costa Rica (Health Ministry)	3	7	6
Ecuador (ARSCA)	3	8	30
El Salvador (SRS)	16	12	21
Guatemala (Ministry of Public Health and Social Assistance)	8	18	24
Honduras (ARSA)	26	26	26
Mexico (COFEPRIS)	3	4	1
Nicaragua (Health Ministry)	9	16	5
Panama (National Directorate of Pharmacies and Drugs)	3	10	16
Paraguay (DINAVISA)	0	5	12
Peru (DIGEMID)	8	16	14
Dominican Republic (Health Ministry)	19	7	5
Total	151	164	198

As of December 31, 2024, we had 144 product registrations pending approval. Additionally, as of December 31, 2024, we have 2,986 product registrations approved.

Products and Services

iCDMO — NextGel (Softigel brand)

Our NextGel business segment, operated under our Softigel, Sofgen, Softcaps and Funtrition brands, is the iCDMO arm of Sofgen Pharma 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 for Rx and OTC products, 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 50 countries and the key products that we manufacture in this segment include Softgel pharmaceutical products such as Advil, Apronax Liquidgels, multivitamins, Vitamin D and Dolex ActivGel.

Through our iCDMO brands, we provide formulation, development, and manufacturing services for Softgel related technologies and gummy technologies for the global pharmaceutical and consumer health and nutraceutical markets and supporting ancillary services.

Our Softgel technology was first commercialized in 1978 with the launch of our Dolofen brand, and we have continually enhanced the platform since then. Softgel capsules are used in a broad range of customer products, including Rx drugs, OTC medications, dietary supplements, unit-dose cosmetics, and animal health medicinal preparations. Softgel capsules encapsulate liquid, paste, or oil-based formulations of active compounds in solution or suspension within an outer shell. In the manufacturing process, the capsules are formed, filled, and sealed simultaneously. We typically perform encapsulation for a product within one of our Softgel manufacturing facilities, with active ingredients provided by customers or sourced directly by us. Softgels have historically been used to solve formulation challenges or technical issues for a specific drug, to help improve the clinical performance of compounds, to provide exact doses, to provide important market differentiation, particularly for OTC medications, and to provide safe handling of hormonal, highly potent, and cytotoxic drugs. We also participate in the Softgel vitamin, mineral, and supplement business in selected regions around the world.

Our principal Softgel technologies include Unigel, Versagel, Chewgels, and G-tabs:

Unigel: a smart Softgel capsule technology which incorporates other delivery systems such as tablets, capsules, microgranules or pellets into one single Softgel capsule. Our Unigel capsules combine two different active pharmaceutical ingredients ("API") that were not previously compatible in a tablet dosage form, by use of a barrier that avoids permeation from the liquid phase into the tablet core without affecting the dissolution rate of the API contained in this dosage form, encapsulating a smaller tablet into a Softgel capsule.

Versagel: versatile plant-based Softgel shell, that allowed us to extend the Softgel dose form to a broader range of active ingredients that due to their natural potential of hydrogen (PH) levels, are impossible to encapsule in more traditional gelatin, and serve patient/consumer populations that were previously inaccessible due to religious, dietary, or cultural preferences.

Chewgels: a chewable Softgel capsule technology providing a new solution for children and consumers who have difficulty swallowing standard Softgel capsules.

G-tabs: gelatin coated tablets that are easy to swallow, and we believe, based on current technology, to be impossible to counterfeit. G-tabs are coated with one- or two-toned color gelatin (which can be printed on not printed) and helps mask unpleasant odors and flavors. In addition, our G-tabs technology helps enhance product stability, provides protection for photosensitive pharmaceutical ingredients, reduces degradation due to exposure to air, and is available in a variety of shapes and colors.

Products

The table below sets forth our primary Softigel products by category and the percentage of the NextGel segment's gross revenue attributed to the sale of such product for the years ended December 31, 2024 and 2023.

		Percentage of NextGel's gross revenues for the year ended December 31,	
Softigel Product	**Category**	**2024**	**2023**
Gummies	Food/Supplements	33%	21%
Advil	Analgesics	9%	9%
Isotretinoin	Skin Care	4%	3%
Progesterone	Hormonal	3%	4%
Umbral	Analgesics	1%	5%

In 2024, the NextGel segment prioritized the launch of specialty supplements, leveraging market opportunities while pharmaceutical approvals in LATAM followed extended regulatory timelines. Key launches included specialty gummy solutions for third-party customers such as the Olly brand, along with specialty supplements in Brazil, including Cogmax.

Marketing and Sales

The table below sets forth our primary customers for our iCDMO Softgel technology, including percentage of sales for the years ended December 31, 2024 and 2023 and average relationship years by category.

Category	Percentage of NextGel Segment Sales for the year ended December 31, 2024	2023	Average Relationship Years[1]	Selected Clients
Big Pharma[2]	17%	15%	20	Bayer, Abbott, Haleon, P&G, Sanofi,
Regional Pharma[3]	20%	37%	10	Eurofarma, Roemmers, PharmaScience, Liomont, Consilient Health and Hypera Pharma
Large Suppliers[4]	64%	48%	11	Amway, Unilever and Nestlé

(1) Average relationship years is based on revenue weighted average.

(2) Consists of pharmaceutical companies that have a global presence and are among the top 30 worldwide in terms of revenues.

(3) Consists of pharmaceutical companies that have a presence in more than three countries and are among the top 20 in such markets in terms of revenues.

(4) Consists of organizations within the Vitamins, Minerals and Supplements categories that are not pharmaceutical companies.

We seek to establish customer loyalty through superior customer service by providing a comprehensive assortment of high-quality products; timely processing, shipment and delivery of orders; assistance in managing customer inventories; and support in managing and building the customer's store brand business.

We are specialized in advanced oral drug delivery technologies, particularly Softgel capsules providing integrated, end-to-end solutions from development to delivery by working closely with customers providing "Idea to Market" solutions, from the initial conception of a product idea to marketing strategy, sales team training and promotional plans. As a value-added service to product development, we provide sales and marketing assistance for customers that are not familiar with the pharmaceutical industry, or have a limited presence, in Latin America. In addition to pharmaceutical clients, our NextGel segment works closely with consumer healthcare and supplement companies on the development and commercialization of nutritional and health supplements in novel formats.

The sales efforts for our NextGel segment are focused on assisting and participating in worldwide tradeshows and key industry events for the CDMO segment (such as CPhI Worldwide, Vitafoods Europe and Supply Side West), as well as by strengthening existing relationships with our B-to-B client base.

The NextGel segment's product development proposals are highly detailed, involving a significant amount of preparatory work in market and business intelligence, R&D, manufacturing and marketing efforts. Once a specific opportunity to apply one of our proprietary Softgel technologies is identified (such as converting an existing product to a Softgel dosage form), the commercial and marketing teams prepare a presentation outlining the benefits of the Softgel format and illustrating the end-product's "look and feel". The proposal will show the anticipated pricing impact of the Softgel dosage form on the existing products. Proposals also include concept art on product packaging and illustrative shelf presence, and occasionally we prepare pilot sample batches of real capsules to present to the clients. In certain cases, our brand proposals are by Procaps and then transferred to the client.

Competition

The market for CDMO services is highly competitive. Our primary competitors in this area include Catalent, Aenova and Patheon. Procaps is the number one Softgel manufacturer in Latin America and top three in the world in terms of Softgel production capacity, according to an independent third-party industry analysis report of 2023.

Rx Pharmaceutical Products — Farma Procaps and Clinical Specialties

Our Rx product line comprises the Farma Procaps and the Clinical Specialties brands/business units, and forms part of three of Procaps' business segments; Procaps Colombia, CAN and CASAND. For more information on our business segments, see Item 5.A of this Annual Report under the heading "Operating Results—Business Segments."

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 in the region. Its diverse product portfolio, targets various in-demand therapeutic areas and develops high-complexity drugs for hospital use such as antibiotic, blood clot, immunosuppressant, oncology and analgesics products.

Products

The table below sets forth our primary Farma Procaps products by category and the percentage of Farma Procaps' gross revenue attributed to the sale of such product for the years ended December 31, 2024 and 2023.

		Percentage of Farma Procaps' gross revenues for the year ended December 31,	
Farma Procaps Product	**Category**	**2024**	**2023**
Muvett	Gastrointestinal	7%	5%
Citragel	Vitamins	7%	5%
Isoface	Skincare	6%	4%
Betaduo	Pain	5%	5%
Fenovas	Cardio	4%	3%

The table below sets forth our primary Clinical Specialties products by category and the percentage of Clinical Specialties' gross revenue attributed to the sale of such product for the year ended December 31, 2024 and 2023.

		Percentage of Clinical Specialties' gross revenues for the year ended December 31,	
Clinical Specialties Product	**Category**	**2024**	**2023**
Clenox	Blood clot	28%	32%
Aludel	Oncology	20%	17%
Merobac	Antibiotic	8%	15%
Tapectam	Antibiotic	6%	8%
Clotrimazol	Antifungal	4%	4%

In 2024, product launches progressed at a more measured pace, primarily due to extended regulatory approval timelines, particularly in Colombia. Despite this, the year was marked by continued portfolio development through strategic line extensions that supported sales growth within existing categories, including Esomeprazole and Deferol 50,000 IU. In addition, geographic expansion of established products contributed to growth across the CASAND and CAN regions, with launches such as Produo, Inflaxen, Deferol K, Vitybell, Fenovas, and Citragel.

The table below sets forth the number of Rx drug applications approved per jurisdiction and regulatory agency for the years ended December 31, 2024, 2023 and 2022.

	Number of Rx drug applications approved for the year ended December 31,		
Jurisdiction/Regulatory Agency	**2024**	**2023**	**2022**
Bolivia (AGEMED)	1	1	7
Brazil (ANVISA)	—	1	—
Colombia (INVIMA)	38	16	6
Costa Rica (Health Ministry)	1	3	3
Ecuador (ARSCA)	1	6	10
El Salvador (SRS)	14	5	8
Guatemala (Ministry of Public Health and Social Assistance)	3	7	11
Honduras (ARSA)	14	12	4
Nicaragua (Health Ministry)	4	14	3
Panama (National Directorate of Pharmacies and Drugs)	2	4	8
Paraguay (DINAVISA)	—	4	12
Peru (DIGEMID)	6	12	9
Dominican Republic (Health Ministry)	12	6	4
United States (FDA)	1	—	—
Canada (Health Canada)	1	—	—
Total	**98**	**91**	**85**

As of December 31, 2024, we had 103 Rx drug applications pending approval.

Marketing and Sales

Our Rx pharmaceutical products customers include Coopidrogas — Cooperativa Nacional de Drogas, Drogueria Cruz Verde S.A.S., Droguerías Colsubsidio, Copservir Ltda and Unidrogas S.A, among others.

We seek to establish customer loyalty through superior customer service by providing a comprehensive assortment of high-quality products and timely processing, shipment and delivery of orders.

Demand for our Farma Procaps products is largely generated by doctors and physicians. We analyze the doctors and physicians by specialty that we believe would be most beneficial to directly market our products to and schedule strategic visits once or twice a month to present our product portfolio specifically targeting their practice. We also offer technical and scientific information on our products and product samples for the exclusive use of the doctors and physicians to provide to their patients. Our sales force is segmented by medical specialties and receive periodic technical training on the brands and products we sell, as well as sales and relationship training techniques to better enable them to market and sell our products.

We directly target our marketing and sales effort for our Clinical Specialties products to clinics and hospital. We work together with in-hospital medical specialties to provide primarily medium and high complexity products for use with their patients, which are supported by technical or clinical studies to guarantee their safety.

Competition

The market for Rx pharmaceutical products is subject to intense competition from generic drug manufacturers, brand-name pharmaceutical companies launching their own or generic version of their branded products (known as an authorized generic), manufacturers of branded drug products that continue to produce those products after patent expirations, and manufacturers of therapeutically similar drugs. Among our primary competitors are Genfar S.A., Abbott Laboratories — Lafrancol S.A.S, Tecnoquimicas S.A., La Santé Pharmaceutique SA, Bayer AG, Glaxo Corp. and Sanofi S.A.

OTC Products — VitalCare

Our OTC product line primarily consists of the VitalCare brand/business unit, and forms part of three of Procaps' business segments; Procaps Colombia, CAN and CASAND. For more information on our business segments, see Item 5.A under the heading "Operating Results—Business Segments" in this Annual Report.

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, anti-parasitic, cardiovascular, feminine care, cutaneous antimycotic, pain killers, gastrointestinal, hormonals, metabolic, endocrine, nervous system, ophthalmic, osteoarticular, respiratory, diet supplements and vitamins and minerals.

We market and sell our OTC products in the following key regional markets: Bolivia, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Nicaragua, Panama, Peru, and the United States.

Products

The table below sets forth our primary VitalCare OTC products by category and the percentage of the VitalCare's gross revenue attributed to the sale of such product for the year ended December 31, 2024 and 2023.

VitalCare Product	Category	Percentage of VitalCare's gross revenues for the year ended December 31, 2024	2023
Artribion	Pain Relief	13%	16%
Dolofen	Pain	9%	7%
Acar Klean	Other	4%	2%
Evinet	Genitourinary	4%	2%
Foskrol	Vitamins	4%	8%

* In 2024, we expanded our portfolio with the launch of a new Gumivit product line and reinforced key products introduced in 2023, including Dolofen Xtra, a unique Unigel solution for pain management.

The table below sets forth the number of OTC drug applications approved per jurisdiction and regulatory agency for the years ended December 31, 2024, 2023 and 2022.

Jurisdiction/Regulatory Agency	Number of OTC drug applications approved for the year ended December 31, 2024	2023	2022
Bolivia (AGEMED)	2	—	—
Colombia (INVIMA)	2	4	2
Ecuador (ARSCA)	2	—	3
El Salvador (DNM)	1	—	7
Guatemala (Ministry of Public Health and Social Assistance)	1	5	1
Honduras (ARSA)	1	6	2
Nicaragua (Health Ministry)	5	1	2
Panama (National Directorate of Pharmacies and Drugs)	2	-	1
Total	16	16	18

As of December 31, 2024, we had 11 OTC drug applications pending approval.

Marketing and Sales

Our OTC products customers include Coopidrogas — Cooperativa Nacional de Drogas, Pricesmart S.A.S., Drogueria Cruz Verde S.A.S., Olimpica S.A, and Sodimac Colombia S.A., among others.

Demand for our VitalCare OTC products and generics is generated by the end consumer. We target the end consumer through traditional advertising means, and increasingly though social media in order to more specifically target individual end consumer segments in order to highlight the attributes and differentials of our brands and products. We work with several points of sale customers such as global, national, and regional retail drug, supermarket, and mass merchandise chains, major wholesalers, sourcing groups, hospitals and grocery stores to ensure the homogeneous distribution of our products. We seek to establish customer loyalty through superior customer service by providing a comprehensive assortment of high-quality products and timely processing, shipment and delivery of orders.

Competition

The markets for our OTC products are highly competitive and differ for each product line and geographic region. Our primary competitors include manufacturers, such as GlaxoSmithKline plc, Bayer AG, Sanofi S.A., Tecnoquimicas S.A., Pfizer Inc., Lafrancol S.A.S, Genomma Lab Internacional S.A.B. de C.V., McKesson Corporation, The Procter & Gamble Company and Abbott Laboratories, among others. The various major categories of our OTC products each have certain key competitors, such that a competitor generally does not compete across all product lines. However, some competitors do have larger sales volumes in certain of our categories. Additionally, national brand companies tend to have more resources committed to marketing their products and could in the future manufacture store brand versions of their products at lower prices than their national brand products. Competition is based on a variety of factors, including price, quality, assortment of products, customer service, marketing support, and approvals for new products. See Item 3.D of this Annual Report under the heading "Risk Factors—Risks Related to our Industry—We participate in a highly competitive market, and increased competition may adversely affect our business, financial condition and results of operations."

Diabetrics Solutions

With approximately 1 in every 10 adults living with diabetes worldwide and approximately $1 trillion in global health expenditure spent on diabetes in recent years, we believe our Diabetrics business segment, which is comprised of our Diabetrics brand/business unit, 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, cosmeceuticals (cosmetics that have medicinal properties for diabetic care), insulin delivery systems and other diabetes solutions.

As part of our Diabetrics segment's integral product strategy and holistic approach, we offer products in other product categories such as devices and supplements (Cromega and Preventia), among others.

Products

The table below sets forth our primary Diabetrics products by category and the percentage of the Diabetrics segment's gross revenue attributed to the sale of such product for the year ended December 31, 2024 and 2023.

		Percentage of Diabetrics' gross revenues for the year ended December 31,	
Diabetrics Product	**Category**	**2024**	**2023**
Glucoquick GDH[(1)]	Blood Glucose Monitor	24%	27%
Rosuplus	Rx oral anti-diabetics	17%	1%
Glucoquick GOD[(1)]	Blood Glucose Monitor	15%	21%
Lipotic	Rx oral anti-diabetics	12%	10%
Glucoquick Agujas	Insulin delivery systems	11%	13%

(1) Includes all Glucoquick blood glucose monitor family products.

Launch activities for Diabetrics originally planned for 2024 were postponed due to extensive regulatory requirements, resulting in launches being moved to 2025.

During the year ended December 31, 2024, we received approval from INVIMA for 3 Diabetrics products and 9 in other countries. During the year ended December 31, 2023, we received approval from INVIMA for 5 Diabetrics products and 14 in other countries. As of December 31, 2024, we had 3 Diabetrics products pending approval.

Marketing and Sales

Our Diabetrics products and services are marketed directly to consumers through a comprehensive offering of innovative products and differentiated services with the goal of providing the optimal cost-benefit ratio. We also focus our efforts on developing prevention, education and self-management strategies with our partners in order to provide value-based-healthcare. Our sales efforts are focused on private and governmental channels, and involve participating in government contract bidding, primarily through Colombia's public health insurance plan (*Entidades Promotoras de Salud*).

Competition

We market our Diabetrics products and services primarily in Colombia. Our primary competitors include: (i) F. Hoffmann-La Roche AG, Abbot Laboratories, and Johnson & Johnson in the blood glucose monitor product category; (ii) Becton, Dickinson and Company, Novo Nordisk A/S and Nortstray Nuart SAS in the insulin delivery system product category; (iii) Merck & Co. Inc., Pfizer, Inc., Mckesson Corporation and Siegfried Holding in the Rx oral-anti-diabetics product category; and (iv) Abbot Laboratories in the nutrition products category..

Manufacturing Facilities

Our manufacturing facilities include the first FDA-approved Rx pharmaceutical plant in South and Central America and one of only seven hormonal Softgel plants in the world. Additionally, our manufacturing facilities are certified, where required, by several regulatory entities including the FDA, Health Canada, the United Kingdom's MHRA, Australia's TGA, Mexico's Cofepris, Brasil´s Anvisa, Perú´s Digemid and the ISO under its 9000 and 14000 standards.

We believe that our sites and equipment are in good condition, are well-maintained, and are able to operate at present levels in all material respects; however, we intend to make additional investments to expand our production capacity in the near future.

Our manufacturing operations are focused on employee health and safety, regulatory compliance, operational excellence, continuous improvement, and process standardization across our organization. Our manufacturing operations are structured around an enterprise management philosophy and methodology that utilizes principles and tools common to a number of quality management programs, including "current Good Manufacturing Practices" ("cGMP"), ISO under its 9000 and 14000 standards, the Business Alliance for Secure Commerce and Authorized Economic Operator (*Operador Económico Autorizado*).

Procaps Barranquilla — Barranquilla, Colombia

Our Procaps Barranquilla manufacturing facility is located in Barranquilla Colombia, with approximately 35,200 square meters of total built area and approximately 8,200 square meters of manufacturing plant floor space. This is our primary manufacturing facility and it was the first FDA-approved Rx pharmaceutical plant in South America and Central America. This facility produces products associated with our Softigel, Farma Procaps and VitalCare brands, including Softgel capsules, hormonal soft capsules, nutritional products, tablets, powders, blisters, liquids, creams and hard capsule products. The installed capacity of this facility is approximately 3 billion units of Softgel, 840 million units of tablets, 100 million units of hormonal products, 90 million units of capsules, and 27 million units of other forms per year.

Our Procaps Barranquilla manufacturing facility is certified by the FDA, Good Manufacturing Practices (*Buenas Prácticas de Manufactura*, "BPM"), MHRA, Invima, Cofepris, Digemid, Health Canada, Authorized Economic Operator the Business Alliance for Secure Commerce, the Colombian Institute of Technical Standards and Certification (*Instituto Colombiano de Normas Técnicas y Certificación*, or "ICONTEC"), and ISO under its 9000, 14000 AND 45000 standard.

Funtrition — Bogotá, Colombia

Our Funtrition manufacturing facility is located in Bogotá, Colombia, on an approximately 2,900 square meter lot, with approximately 1,400 square meters of floor space. This facility produces products associated with our Softigel brand, including nutraceutical gummies, gelatin and Plant-based for OTC products and nutraceuticals. The installed capacity of this facility is approximately 300 tons per year.

Our Funtrition manufacturing facility is certified by INVIMA.

Pharmayect — Bogotá, Colombia

Our Pharmayect manufacturing facility is located in Bogotá, Colombia, on a 18,700 square meter lot, with approximately 13,070 square meters of floor space. This facility produces associated with our Clinical Specialties brand, including syringes, double chamber syringes, injection vials, injection ampoules, sterilized powder products, sterile droppers and lyophilized solid vials. The installed capacity of this facility is approximately 154 million units per year.

Our Phamayect manufacturing facility is certified by BPL, BPM INVIMA, DIGEMID, COFEPRIS and ISO under its 9001-2015 y 14000 standard and ICONTEC.

Softcaps — São Paulo, Brazil

Our Softcaps manufacturing facility is located in an industrial complex in the city of Cotia, state of São Paulo in Brazil, on a 9,034 square meter lot, with approximately 5,560 square meters of floor space. There are two buildings; one includes the administrative offices, warehouse and quality control laboratory and the other includes the production areas and cafeteria. This facility produces products associated with our Softigel brand, including Softgel capsule products. The installed capacity of this facility is approximately 2 billion units per year.

Our Softcaps manufacturing facility is certified by ANVISA.

The operating license (*licença de operação*) in connection with the warehouse and quality control laboratory located at our Softgel manufacturing facility was denied, however, such facilities are still being permitted to operate by the State of São Paulo's Environmental Agency (*Companhia Ambiental do Estado de São Paulo*, or "CETESB"). For more information, see Item 8.A under the heading "Legal Proceedings—Operating License" below.

Procaps SA de CV — El Salvador

Our Procaps SA de CV, which include both the Procaps Salvador, S.A. de C.V. manufacturing plant and Biokemical S.A. de C.V. Pharmaceutical Distributor, located in San Salvador, El Salvador, on an approximately 20,270 square meter lot, with approximately 7,950 square meters of floor space. This facility was acquired as part of Procaps' acquisition of Laboratorios López and Biokemical S.A. de C.V. in 2014 and currently produces products associated with our Farma Procaps and VitalCare brands, including multiple dosage form products. The installed capacity of this facility is approximately 28 million finished units, about 334 million dosage units per year.

Our Procaps SA de CV manufacturing facility is certified by Regulatory Government Agency of El Salvador (SRS).

Sofgen Facility – West Palm Beach, USA

On December 31, 2021, we completed the acquisition of an 86,000 square feet pharmaceutical production facility located in West Palm Beach, Florida from Strides Pharma, Inc. The facility, which began operations in May 2022, has an annual production capacity of approximately 1.8 billion capsules per year. In addition, this facility also has development and analytical testing capabilities. The primary assets included in the acquisition were several Softgel encapsulation lines, critical support systems, automated packaging line capabilities, as well as development facilities including pilot and scale up capabilities. On December 12, 2025, pursuant to an asset purchase agreement, the Company entered into a sale of substantially all of the assets of the West Palm Beach facility.

Funtrition - Miramar, USA

Our new Funtrition facility is located in Miramar, FL, USA. Operating since 2024 supporting our iCDMO businesses and focused in its US gummies customer base. Housing manufacturing, packaging and warehousing operations in its over 60,000 sq ft facility with a capacity of approximately 300 tons and 1 million bottles per month. The facility is NSF GMP certified and registered with the FDA.

C*rynssen - Barranquilla, Colombia*

Located in a free trade zone, this facility manufactures powder and conditioning primary and secondary packaging of six different pharmaceutical forms. On a 1,600 square meter lot, with approximately 420 square meters of floor space, the facility has an annual production capacity of approximately 20 million finish units per year.

Distribution and Logistics

Our logistics team is centralized by line of business in order to enable us to better capture the synergies of our businesses and maintain our operational focus. They operate throughout all countries in which we have a presence and assist us with the transportation of our products.

We use a network of third-party transportation companies for customized services, which are regulated by INVIMA, ANVISA, the International Air Transport Association (IATA), World Customs Organization (*Organización Mundial de Aduanas*), the World Trade Organization (WTO), the International Maritime Organization (IMO), the International Chamber of Shipping and other applicable regulatory agencies where we operate.

Our products are stored in self-owned storages in Barranquilla in Colombia, El Salvador and Brazil, and with third-party storage facilities that meet all of the requirements of our products in terms of space and environmental conditions in the different territories in which we operate.

In Colombia, the "CEDI Siberia" distribution center (7,800 sqm), is in the Sabana de Bogota in a privileged logistics area (the distribution centers of a national clients are in this area), has a storage capacity of 7,100 storage positions. Stevedoring, operates 24 hours a day (6x24) and from there we carry out national distribution for the Procaps Colombia, Diabetrics businesses, as well as distribution to the CAN and CASAND markets.

Raw Materials and Material Sourcing

Affordable, high-quality raw materials and packaging components are essential to all of our business segments due to the nature of the products we manufacture. We use a broad and diverse range of raw materials in the design, development, and manufacturing of our products. This includes, but is not limited to, key materials such as gelatin, starch and iota carrageenan for our Softgel products, packaging films for our Rx and OTC products, and glass vials and syringes for injectable fill-finish for certain of our Rx and Diabetrics products. The raw materials that we use are sourced externally on a global basis and are generally available from multiple suppliers. Supplies of certain raw materials and product delivery systems may be more limited, as they are available from one or only a few suppliers and may require extensive compatibility testing before we can use them. For more information on the risks associated with the raw materials we use and their sourcing, please see Item 3.D of this Annual Report under the heading "Risk Factors—Risks Related to Product Development and Manufacturing—Our future results of operations are subject to fluctuations in the costs, availability, and suitability of the components of the products we manufacture, including active pharmaceutical ingredients, excipients, purchased components, and raw materials. In addition, the global supply chain crisis may interfere with the operations of certain of our direct or indirect suppliers or with international trade for these supplies, which could raise our costs or reduce the productivity or slow the timing of our operations, which could have a material adverse effect on our business, financial condition and results of operations."

Globally, our supplier relationships could be interrupted due to natural disasters and international supply disruptions, including those caused by pandemics or geopolitical and other issues. For example, commercially usable gelatin is available from a limited number of sources. In addition, much of the gelatin we use is bovine derived. Past concerns of contamination from BSE have narrowed the number of possible sources of particular types of gelatin. If there were a future disruption in the supply of gelatin from any one or more key suppliers, there can be no assurance that we could obtain an alternative supply from our other suppliers. Any future restrictions that were to emerge on the use of bovine-derived gelatin from certain geographic sources due to concerns of contamination from BSE could hinder our ability to timely supply our customers with products and the use of alternative non- bovine-derived gelatin for specific customer products could be subject to lengthy formulation, testing and regulatory approval periods.

We work very closely with our suppliers to assure continuity of supply while maintaining excellence in material quality and reliability. We continually evaluate alternative sources of supply, although we do not frequently pursue regulatory qualification of alternative sources for key raw materials due to the strength of our existing supplier relationships, the reliability of our current supplier base, and the time and expense associated with the regulatory process. Although a change in suppliers could require significant effort or investment by us in circumstances where the items supplied are integral to the performance of our products or incorporate specialized material such as gelatin, we do not believe that the loss of any existing supply arrangement would have a material adverse effect on our business. See Item 3.D of this Annual Report under the heading "Risk Factors—Risks Related to Product Development and Manufacturing —Our future results of operations are subject to fluctuations in the costs, availability, and suitability of the components of the products we manufacture, including active pharmaceutical ingredients, excipients, purchased components, and raw materials. In addition, the global supply chain crisis may interfere with the operations of certain of our direct or indirect suppliers or with international trade for these supplies, which could raise our costs or reduce the productivity or slow the timing of our operations, which could have a material adverse effect on our business, financial condition and results of operations."

Research and Development

Our R&D activities are directed primarily toward the development of new products and services, and the improvement of our manufacturing processes and delivery technologies, aiming for better treatment compliance, patient acceptance and physician recommendation.

Our R&D platform is decentralized with research centers in Barranquilla, Colombia, and Cotia, Brazil. We employ over 350 scientists and skilled technicians for R&D and innovation programs. Our main R&D operation is in the city of Barranquilla, Colombia, which employs over 300 scientists and technicians, fully dedicated to R&D and technological innovation.

Our R&D capabilities have led to the development of our Softgel proprietary delivery systems which drives our NextGel business segment and our Rx and OTC product portfolio, 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.

The NextGel business segment's product development proposals involve a significant amount of R&D, among other efforts, which enables Procaps to apply its proprietary Softgel technologies to existing products (such as converting an existing product to a Softgel dosage form). Some of our Softgel technologies include our standard Softgel capsule; Versagel, our versatile plant-based Softgel shell; Chewgel, a chewable Softgel capsule; Unigel, a smart Softgel capsule which incorporates other delivery systems into a single Softgel capsule; and G-tabs, gelatin coated tablets that are easy to swallow and we believe, based on current technology, to be impossible to counterfeit.

In addition, our R&D capabilities have allowed us to develop gummies related technologies for our Funtrition OTC products. For more information on such products and technologies, see "—Products and Services."

Intellectual Property

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. As of December 31, 2024, we have been granted 44 patents and have 44 patents pending approval.

The table below sets forth the product type/technology for which our granted patents relate to, the jurisdiction of registration, the expiration date and the type of patent. None of our patents listed below have been licensed from third parties or have expired.

Product Type/Technology	Type of Patent	Jurisdiction of Registration	Expiry Date
Unigel Technology	Patent	Colombia	18/07/2031
Blefadex Composition	Patent	Costa Rica	30/12/2034
Ribbon Printing (used to print capsules in a continuous process)	Utility Model	Colombia	30/07/2027
Unigel Technology	Patent	Mexico	18/07/2031
Degassing apparatus for dissolution media in analytical process	Utility Model	Colombia	03/06/2026
Cytogel Process	Patent	Colombia	13/04/2025
Unigel Technology	Patent	Europe	18/07/2031
Unigel Technology	Patent	Colombia	18/07/2031
Ribbon Printing (used to print capsules in a continuous process)	Patent	Canada	30/07/2027
Electronic Dosage Dispensing System	Patent	United States	05/25/2032 Extended under 35 U.S.C.154 (b) by 715 days
Unigel Technology	Patent	United States	18/07/2031
Unigel Technology	Patent	United States	07/18/2031 Extended under 35 U.S.C.154 (b) by 97 days
Unigel Technology	Patent	United States	18/07/2031
Ribbon Printing (used to print capsules in a continuous process)	Patent	United States	07/30/2027 Extended under 35 U.S.C.154 (b) by 694 days
Unigel Technology	Patent	Korea	18/07/2031
Unigel Technology	Patent	Japan	18/07/2031
Blefadex Composition	Patent	Colombia	30/12/2034
Cynclor Project	Patent	United States	29/08/2032
Blefadex Composition	Patent	United States	30/12/2034
Unigel Technology	Patent	United States	18/07/2031
Blefadex Composition	Patent	Japan	30/12/2034
Laboratory-scale encapsulation device	Utility Models	Colombia	28/02/2029
Unigel Technology	Patent	Brazil	18/07/2031
Unigel Technology	Patent	Canada	18/07/2031
Blefadex Composition	Patent	Mexico	30/12/2034
Unigel Technology	Patent	Spain	18/07/2031
Unigel Technology	Patent	Germany	18/07/2031
Unigel Technology	Patent	Switzerland	18/07/2031
Unigel Technology	Patent	France	18/07/2031
Unigel Technology	Patent	United Kingdom	18/07/2031
Unigel Technology	Patent	Italy	18/07/2031
Unigel Technology	Patent	Poland	18/07/2031
Unigel Technology	Patent	Portugal	18/07/2031
Unigel Technology	Patent	Sweden	18/07/2031
Cynclor Project	Patent	United States	29/08/2034
Blefadex Composition	Patent	Brazil	30/12/2034
Capsuwash	Utility Model	Colombia	13/08/2031
Device for Gummies	Utility Model	Colombia	09/11/2031
Pooled Sample	Utility Model	Colombia	28/07/2031
Unigel Technology	Patent	DIV-Brazil	18/07/2031
Unigel Technology	Patent	DIV-Japan	18/07/2031
Blefadex Composition	Patent	Perú	30/12/2034
Unigel DIV (Products)	Patent	Mexico	18/07/2031
Blefadex Composition	Patent	Europe	30/12/2034

The table below sets forth the product type/technology for which our patent applications relate to, the jurisdiction in which the registration was applied for, the application date and the type of patent.

Product Type/ Technology	Type of Patent	Jurisdiction of Registration	Filing Date/ Publication Date
Unigel Technology (Products)	Patent	United States	19/08/2019
Blefadex Composition	Patent	Ecuador	11/23/2016 12/30/2016
Blefadex Composition	Patent	El Salvador	29/06/2017
Blefadex Composition	Patent	Dominican Republic	06/29/2017 06/15/2019
Blefadex Composition	Patent	Guatemala	03/07/2017
Unigel Technology (Two Solid)	Patent	United States	13/02/2019
Unigel Technology (Device for feeding)	Patent	United States	13/02/2019
Unigel Technology (Inclined Pockets)	Patent	United States	13/02/2020
SGC Drying System	Patent	United States	01/14/2021
Face Mask	Patent	United States	30/12/2021
Unigel Products (Diclofenac)	Patent	United States	23/07/2020
Ivermectin Oral Solution	Patent	United States	30/06/2023
Unigel Technology (Prefilling System)	Patent	United States	19/03/2021
Vegan Gummies	Patent	Colombia	10/22/2021
Vegan Gummies	Patent	Australia	14/02/2022
Vegan Gummies	Patent	Europe	03/02/2022
Vegan Gummies	Patent	United States	18/02/2022
Vegan Gummies	Patent	Korea	24/03/2022
Vegan Gummies	Patent	Japan	25/03/2022
Filled Gummies	Patent	United States	07/12/2023
Filled Gummies	Patent	PCT	07/12/2023
Unigel Products (Diclofenac)	Patent	Mexico	20/01/2023
Unigel Products (Diclofenac)	Patent	Colombia	22/02/2023
Unigel Products (Diclofenac)	Patent	Australia	03/02/2023
Unigel Products (Diclofenac)	Patent	Korea	23/02/2023
Unigel Products (Diclofenac)	Patent	Canada	20/01/2023
Unigel Products (Diclofenac)	Patent	Brazil	20/03/2023
Unigel Products (Diclofenac)	Patent	Europe	18/01/2023

Unigel Products (Diclofenac)	Patent	Japan	24/03/2023
Ivermectine SGC	Patent	United States	29/03/2023
Ivermectine SGC	Patent	Colombia	18/04/2023
Ivermectine Oral Solution	Patent	Colombia	18/04/2023
Unigel (Flat Round Tablet Feeding System)	Patent	United States	31/12/2023
Unigel (Flat Round Tablet Feeding System)	Patent	PCT	31/12/2023
Unigel (Prefilling System)	Patent	Colombia	12/10/2023
Aerated Gummies (Air-G and Layer-G)	Patent	United States	11/10/2023
Unigel Technology (Prefilling System)	Patent	Australia	14/09/2023
Unigel Technology (Prefilling System)	Patent	Korea	17/10/2023
Unigel Technology (Prefilling System)	Patent	Europe	10/10/2023
Unigel Technology (Prefilling System)	Patent	Japan	25/09/2023
Unigel Technology (Prefilling System)	Patent	Canada	15/09/2023
Unigel Technology (Prefilling System)	Patent	Brazil	31/10/2023
Unigel Technology (Prefilling System)	Patent	Mexico	30/09/2023
Unigel Technology (Prefilling System)	Patent	China	07/11/2023

Furthermore, as of December 31, 2024, we hold 5210 trademarks, and 373 pending approval.

We do not consider any individual patent, trademark or license to be material to our overall business.

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 aproject 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 detractions.

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).*"

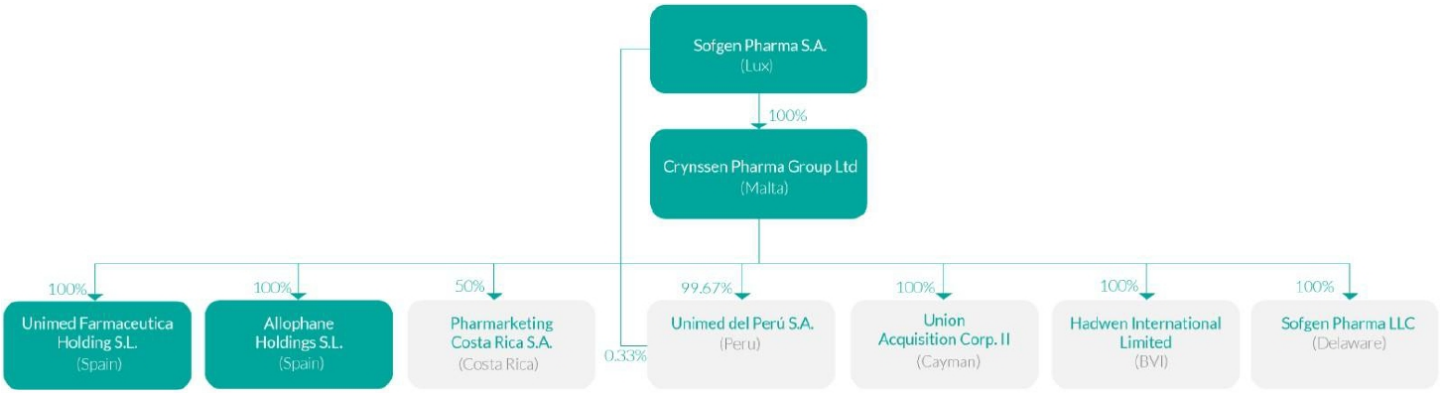
Manufacturing and Distribution

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.

C. ORGANIZATIONAL STRUCTURE

The following diagram reflects a simplified summary of our organizational structure as of the date of filing this Annual Report:



(1) The diagram above only shows selected subsidiaries of Sofgen.

We do not have any established branches. For a complete list of the Company's subsidiaries, see Exhibit 8.1 to this Annual Report.

ITEM 4A. UNRESOLVED SEC STAFF COMMENTS

The Company has no unresolved comments from the staff of the SEC with respect to its periodic reports under the Exchange Act.

ITEM 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS

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. 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

For an overview of our business, see Item 4.B "Overview" of this Annual Report.

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, Apronax 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
	(in thousands of U.S. dollars except percentages)							
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.

Comparison of the years ended December 31, 2023 and December 31, 2022

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)	
	2023	2022	$ Change	% Change	2023- Constant Currency Adjustment[2]	2023- Constant Currency Basis[2]	$ Change	% Change
	(in thousands of U.S. dollars except percentages)							
Net Revenues	423,748	403,203	20,545	5.1%	2,329	426,077	22,874	5.7%
Cost of sales	(185,772)	(168,075)	(17,697)	10.5%	(1,242)	(187,014)	(18,939)	11.3%
Gross profit	**237,976**	**235,128**	2,848	1.2%	1,087	239,063	3,935	1.7%
Sales and marketing expenses	(95,068)	(93,007)	(2,061)	2.2%	(491)	(95,559)	(2,552)	2.7%
Administrative expenses	(98,279)	(104,686)	6,407	(6.1)%	(458)	(98,737)	5,949	(5.7)%
Net finance (expenses) income	(26,123)	37,926	(64,049)	(168.9)%				
Other income (expenses), net	27,454	(27,622)	55,076	(199.4)%	1,233	28,687	56,309	(203.9)%
(Loss)/Income before tax	**45,960**	**47,739**	(1,779)	(3.7)%				
Income tax expense	(5,617)	(11,613)	5,996	(51.6)%				
Income/ (loss) for the year	**40,343**	**36,126**	4,217	11.7%				
Adjusted EBITDA[1]	**57,913**	**65,146**	**(7,233)**	**(11.1)%**	1,294	59,207	(5,939)	(9.1)%
Contribution Margin[1]	**142,908**	**142,121**	**787**	**0.6%**	**596**	**143,504**	**1,383**	**(31.5)%**

(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, 2023) using prior-period (year ended December 31, 2022) 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

Procaps recognizes revenue from the sale of pharmaceutical products and licensing revenue. Net Revenues increased by $20.5 million, or 5.1%, from $403.2 million for the year ended December 31, 2022 to $423.7 million for the year ended December 31, 2023. On a constant currency basis, revenue increased by $22.9 million, or 5.7%, to $426.1 million for the year ended December 31, 2023.

The increase in revenue for the year ended December 31, 2023 compared to the year ended December 31, 2022 was primarily due to (i) an increase in demand for our products and servicesmainly across two strategic business segments, including: an increase of approximately $16.2 million from CASAND, and and increase of approximately $5.5 million from Procaps Colombia;including (ii) an increase of sales for new products of approximately $6.1 million, offset mainly by the decrease in sales of approximately 3.3 million from CAN.

Cost of sales and gross profit

The cost of sales represents the direct costs of producing the goods sold by Procaps, 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 increased by $17.7 million, or 10.5%, from $168.1 million for the year ended December 31, 2022 to $185.8 million for the year ended December 31, 2023.

On a constant currency basis, cost of sales increased by $18.9 million, or 11.3%, to $187.0 million for the year ended December 31, 2023.

The increase in cost of sales for the year ended December 31, 2023 compared to the year ended December 31, 2022 was primarily due to higher prices for raw materials and higher sales revenues.4

Gross profit increased by $2.8 million, or 1.2%, from $235.1 million for the year ended December 31, 2022 to $238.0 million for the year ended December 31, 2023.

On a constant currency basis, gross profit increased by $3.9 million, or 1.7%, to $239.1 million for the year ended December 31, 2023.

The increase in gross profit for the year ended December 31, 2023 compared to the year ended December 31, 2022 was primarily attributable to higher sales, and offset by higher cost of sales.

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 $2.1 million, or 2.2%, from $93.0 million for the year ended December 31, 2022, which represents approximately 23.1% of revenue for the year ended December 31, 2023, to $95.1 million for the year ended December 31, 2023, which represents approximately 22.4% of the revenue for the year ended December 31, 2022. On a constant currency basis, sales and marketing expenses increased by $2.6 million, or 2.7%, to $95.1 million for the year ended December 31, 2023.

The increase in sales and marketing expenses for the year ended December 31, 2023 compared to the year ended December 31, 2022 was primarily due to increased marketing efforts, with the full return of events and travel efforts, and pre-operative expenses of the Miramar facility.

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 decreased by $6.4 million, or 6.1%, from $104.7 million for the year ended December 31, 2022 to $98.3 million for the year ended December 31, 2023. On a constant currency basis, administrative expenses increased by $5.9 million, or 5.7%, to $98.7 million for the year ended December 31, 2023.

The decrease in administrative expenses for the year ended December 31, 2023 compared to the year ended December 31, 2022 was primarily due to the value creation efforts executed during the year.

Net finance (expense) income

Net finance (expense) income decreased by $64.0 million, or 168.9%, from income of $37.9 million for the year ended December 31, 2022 to an expense of $26.1 million for the year ended December 31, 2023. The decrease in Net finance (expense) income was primarily due to (i) the valuation of shares held in escrow with a net fair value gain of approximately $11.2 million, (ii) the netfair value gain of warrants liabilities of approximately $7.9 million and (iii) the increase of interest expense of approximately $14.3 million due to higher interest rates. In 2022 the net fair value gainrelated to shares held in escrow was approximately $61.8 million and the net fair value gain of warrants liabilities was approximately $12.2 million. For further details about warranties liabilities andshares held in escrow, please refer to Note 3.8. Financial liabilities and equity instruments, in the Financial Statements.

Other income (expenses), net

Other income (expenses), net include: (i) currency exchange rate differences, (ii) economic emergency contribution expenses, (iii) fines, penalties, and assumed taxes, (iv) donations, (v) listing expenses, (vi) the change in the fair value of the warrant liability, and (vii) other expenses.

Other income (expenses), net increased by $55.1 million, or 199.4%, from an expense of $27.6 million for the year ended December 31, 2022 to an income of $27.5 million for the year ended December 31, 2023. This increase is mainly related to the one-time settlement with third-parties related to certain matters in favor of the Company of approximately $19.3 million. In addition to this, the exchange rate had a net increase of $37.9 million, from an expense of $16.0 million for the year ended December 31, 2022 to an income of $21.9 million for the year ended December 31,2023.

Income tax expense

Income tax expense includes two components: (i) current tax and (ii) deferred tax. Current tax is calculated based on the tax rate of each jurisdiction. Deferred tax corresponds to thedifferences generated between the accounting figures and tax figures, which can result in a future income or expense.

Income tax expense decreased by $6.0 million, or -51.6%, from $11.6 million for the year ended December 31, 2022 to $5.6 million for the year ended December 31, 2023. The decrease inincome tax expense was primarily due to: (i) a decrease of $3.6 million related to a lower tax of six entities of the Group that lowered their profits or increased their accounting losses in 2023 (ii) adecrease of $1.1 million related to the use of tax benefits that were not previously accrued within the deferred tax asset of Rymco (iii) the decrease of $2.2 million in Procaps Colombia mainly relatedto the effect of non-realized exchange difference rate, (iv) the recognition of a deferred tax asset of $0.7 million, related to the intragroup transfer of real estate from Rymco to Procaps Colombia and(v) the increase of the profits of 13 entities of Group that consequently increased their tax in $4.0 million. As the previous year, the accounting income effect from the net fair value of the warrants'liabilities ($7.9 million) and Ordinary Shares held in escrow ($11.2 million), which increased accounting profit, did not have an impact with respect to our current or deferred tax expenses.

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

	Reportable segments				
Results for the year ended December 31, 2024	**NextGel**	**Procaps Colombia**	**CAN**	**CASAND**	**Diabetrics**
	(in thousands of U.S. dollars)				
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

	Reportable segments				
Results for the year ended December 31, 2023	**NextGel**	**Procaps Colombia**	**CAN**	**CASAND**	**Diabetrics**
	(in thousands of U.S. dollars)				
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
	(in thousands of U.S. dollars)				
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.

Results by Segments After Inter-Segment Elimination, Excluding Corporate for the years ended December 31, 2023 and December 31, 2022

	Reportable segments				
Results for the year ended December 31, 2023	**NextGel**	**Procaps Colombia**	**CAN**	**CASAND**	**Diabetrics**
	(in thousands of U.S. dollars)				
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)
Constant currency basis					
Revenue	123,005	148,682	52,956	79,393	22,041
Gross profit	59,566	72,458	36,068	66,558	4,413
Contribution Margin	45,356	44,227	12,466	42,221	(466)

Results for the year ended December 31, 2022	Reportable segments				
	NextGel	Procaps Colombia	CAN	CASAND	Diabetrics
	(in thousands of U.S. dollars)				
Revenue	122,367	142,290	54,845	62,981	20,720
Gross profit	63,471	72,142	35,156	56,041	8,318
Contribution Margin	50,854	43,393	16,310	28,577	2,987

Comparison of results for the years ended December 31, 2023 and 2022	Reportable segments				
	NextGel	Procaps Colombia	CAN	CASAND	Diabetics
	(in thousands of U.S. dollars)				
Revenue	607	5,576	(3,347)	16,235	1,474
Gross profit	(4,186)	(1,253)	1,092	11,425	(4,230)
Contribution Margin	(5,442)	(683)	(3,715)	14,355	(3,728)
Constant currency basis					
Revenue	638	6,392	(1,889)	16,412	1,321
Gross profit	(3,812)	422	964	10,600	(3,893)
Contribution Margin	(5,639)	682	(3,877)	13,465	(3,442)

NextGel

Revenue of the NextGel segment increased by $0.6 million, or 0.5%, from $122.9 million for the year ended December 31, 2022 to $122.3 million for the year ended December 31, 2023, primarily as a result of (i) an increase in product development services with the commencement of operations of the West Palm Beach facility and the sales of certain product registrations totaling approximately $3.0 million, (ii) the increase in sales of gummy products totaling approximately $2.7 million, (iii) an increase of sales from products with current partners of approximately $5.0 million, offset by (iv) the change of manufacturing site of dronabinol which required a new registration process and generated a temporary shortage of the Active Pharmaceutical Ingredient (API) at the authorized manufacturer's site, resulting in a temporary suspension of sales and representing lower sales of approximately $6.6 million (v) the lower sales of progesterone of approximately $2.9 million due to the ongoing bioequivalent test, and the challenging market situation in Brazil and the US, including order phasing, which refers to changes in a customer's sales forecast for testosterone products that shifted part of the sales to the following year.

Gross profit of the NextGel segment decreased by $4.2 million, or 6.6%, from $63.5 million for the year ended December 31, 2022 to $59.3 million for the year ended December 31, 2023, primarily impacted by inflation, and the increase in costs of raw materials.

Contribution Margin of the NextGel segment decreased by $5.4 million, or 10.7%, from $50.9 million for the year ended December 31, 2022, to $45.4 million for the year ended December 31, 2023. The decrease was primarily the result of higher Selling, General and Administrative (SG&A) expenses associated with the initiation of operations at the West Palm Beach facility and the construction of the Miramar facility. Unlike gross profit, which reflects direct costs of sales, the contribution margin was more significantly affected because the lower sales volumes during the year were not sufficient to absorb the full amount of SG&A expenses generated by these new sites.

On a constant currency basis, revenue attributable to the NextGel segment increased by $0.6 million, or 0.5%, to $123.0 million for the year ended December 31, 2023. Gross profit attributable to the NextGel segment decreased by $3.9 million, or 6.2% to $59.6 million for the year ended December 31, 2023, and Contribution Margin attributable to the NextGel segment decreased by $5.5 million, or 10.8%, $45.4 million for the year ended December 31, 2023.

Procaps Colombia

Revenue of the Procaps Colombia segment increased by $5.6 million, or 3.9%, from $142.3 million for the year ended December 31, 2022 to $147.9 million for the year ended December 31, 2023, primarily due to (i) the increase in sales of approximately $8.4 million and $1.8 million of the Farma Procaps and the Clinical Specialties business units, respectively, offset by (ii) the impact of the ceased Rymco operations of approximately $4.5 million.

Gross profit of the Procaps Colombia segment decreased by $(1.3) million, or (1.7)%, from $72.1 million for the year ended December 31, 2022 to $70.9 million for the year ended December 31, 2023, was primarily attributable to the restatement process. As part of such process, an adjustment was incorporated due to noncompliance with the Group's revenue recognition policies. This adjustment resulted in a decrease of $6.0 million for the year ended December 31, 2021, and $6.7 million for the year ended December 31, 2022.

Contribution Margin of the Procaps Colombia segment decreased by $(0.7) million, or (1.6)%, from $43.4 million for the year ended December 31, 2022 to $42.7 million for the year ended December 31, 2023, was primarily attributable to the restatement process. As part of such process, an adjustment was incorporated due to noncompliance with the Group's revenue recognition policies. This adjustment resulted in a decrease of $6.0 million for the year ended December 31, 2021, and $6.7 million for the year ended December 31, 2022

On a constant currency basis, revenue attributable to Procaps Colombia increased by $6.4 million, or 4.5%, to $148.7 million for the year ended December 31, 2023, gross profit attributable to the Procaps Colombia segment increased by $0.3 million, or 0.4%, to $72.5 million for the year ended December 31, 2023, and Contribution Margin attributable to the Procaps Colombia segment increased by $0.8 million, or 1.9%, to $44.2 million for the year ended December 31, 2023.

CAN

Revenue of the CAN segment decreased by $3.3 million, or 6.1%, from $54.8 million for the year ended December 31, 2022 to $51.5 million for the year ended December 31, 2023, due primarily to the negative impact by the OTC line in El Salvador. In addition, the previous year was positively impacted by the sales of brand in the amount of approximately $2.3 million in 2022.

Gross profit of the CAN segment increased by $1.1 million, or 3.1%, from $35.2 million for the year ended December 31, 2024 to $36.2 million for the year ended December 31, 2023, primarily as a result of the operational efficiency measures, such as larger manufacturing batches. In addition, the previous year was positively impacted by the sales of brand in the amount of approximately $2.3 million in 2022, which positively impacted 2022 gross profit.

Contribution Margin of the CAN segment decreased by $3.7 million, or 22.8%, from $12.6 million for the year ended December 31, 2023 to $16.3 million for the year ended December 31, 2022, due to the impact of higher sales and marketing expenses due to an expanding portfolio, especially in gastrointestinal, cardiovascular, and feminine care therapeutic areas, and reinforcement of sales force in El Salvador, and the macroeconomic and social situation in Guatemala. In addition, the previous year was positively impacted by the sales of brand in the amount of approximately $2.3 million in 2022, which positively impacted 2022 contribution margin.

On a constant currency basis, revenue attributable to the CAN segment decreased by $1.9 million, or 3.4%, to $53.0 million for the year ended December 31, 2023, gross profit attributable to the CAN segment increased by $0.9 million, or 2.6%, to $36.1 million for the year ended December 31, 2023, and Contribution Margin attributable to the CAN segment decreased by $3.8 million, or 23.6%, to $12.5 million for the year ended December 31, 2023.

CASAND

Revenue of the CASAND segment increased by $16.2 million, or 25.8%, from $63.0 million for the year ended December 31, 2022, to $79.2 million for the year ended December 31, 2023, primarily as a result of (i) an increase of approximately $4.4 million in sales of new products launched during 2022, such as Fortzink Ultra, Muvett and Dayflu, (ii) an increase of approximately $6.6 million in sales of existing brands, (iii) an average price increase of approximately 6% in certain countries in the region, offset by the decrease in sales of the Clinical Specialties portfolio and (iv) higher sales, especially in Dominican Republic, partially offset by the decrease in sales of the Clinical Specialties portfolio.

Gross profit of the CASAND segment increased by $11.4 million, or 20.4%, from $67.5 million for the year ended December 31, 2023 to $56.0 million for the year ended December 31, 2022, primarily as a result of the increase in sales explained above, especially in Dominican Republic and changes in our portfolio product mix.

Contribution Margin of the CASAND segment increased by $14.4 million, or 50.2%, from $42.9 million for the year ended December 31, 2023 to $28.6 million for the year ended December 31, 2024, primarily as a result of the increase in sales explained above, impacted by the return of events and commercial efforts, especially in Dominican Republic to support top line growth.

On a constant currency basis, revenue attributable to the CASAND segment increased by $16.4 million, or 26.1%, to $79.4 million for the year ended December 31, 2023, gross profit attributable to the CASAND segment increased by $10.5 million, or 18.8%, to $66.6 million for the year ended December 31, 2023, and Contribution Margin attributable to the CASAND segment increased by $13.6 million, or 47.7%, to $42.2 million for the year ended December 31, 2022.

Diabetrics

Revenue of the Diabetrics segment increased by $1.5 million, or 7.1%, from $20.7 million for the year ended December 31, 2022, to $22.2 million for the year ended December 31, 2023, primarily due to the positive performance of new products.

Gross profit of the Diabetrics segment decreased by $4.2 million, or 50.9%, from $4.1 million for the year ended December 31, 2023, to $8.3 million for the year ended December 31, 2022, due to the impact of the change in our portfolio mix and a decrease of the sales in the institutional (public) channel compared with those of the year ended December 31, 2022. In addition, sales for 2023 were negatively impacted by the loss of the registration of Predial Lex 850mg (silanes) as a result of a manufacturing error, which prevented us from selling this product during the entire year, compared to 2022 when it was available throughout the period.

Contribution Margin of the Diabetrics segment decreased by $3.7 million, or 124.8%, from $3.0 million for the year ended December 31, 2023 to a negative Contribution Margin of $0.7 million for the year ended December 31, 2022, primarily due to the impact of the change in our portfolio product mix and higher sales in the institutional channel.

On a constant currency basis, revenue attributable to the Diabetrics segment increased by $1,321 million, or 6.4%, from $22,041 million for the year ended December 31, 2023 to $20,720 million for the year ended December 31, 2022, gross profit attributable to the Diabetrics segment decreased by $3,905 million, or 46.9%, to $4.4 million for the year ended December 31, 2023, and Contribution Margin attributable to the Diabetrics segment decreased by $3,453 million, or 115.6%, to negative $0.5 million for the year ended December 31, 2023.

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, 2023 and 2022 using prior-periods (year ended December 31, 2023 and December 31, 2022, respectively) 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, COP $4,255.44 per U.S. $1.00 and R$5.1655 per U.S. $1.00, respectively, for the year ended December 31, 2022. We generally refer to such amounts calculated on a constant currency basis as excluding the impact of foreign exchange. These results should be considered in addition to, not as a substitute for, results reported in accordance with IFRS. Results on a constant currency basis, as we present them, may not be comparable to similarly titled measures used by other companies and are not measures of performance presented in accordance with IFRS.

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 December 31,		Increase/(Decrease)	
	2024	**2023**	**$ Change**	**% Change**
	(in thousands of U.S. dollars except percentages)			
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 December 31		Increase / (Decrease)	
	2024	**2023**	**$ Change**	**% Change**
	(in thousands of U.S. dollars except percentages)			
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**
	(in thousands of U.S. dollars)		
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

Cash Flow for the years ended December 31, 2023 and 2022

The following table summarizes our consolidated statements of cash flows from operations for the years ended December 31, 2023 and 2022:

	For the year ended December 31,		Increase/ (Decrease)
	2023	**2022**	**$ Change**
	(in thousands of U.S. dollars)		
Cash flow generated from operating activities	107,635	15,550	92,085
Cash flow (used in) investing activities	(34,629)	(32,378)	(2,251)
Cash flow (used in) financing activities	(97,830)	(12,796)	(85,034)
Net (decrease) in cash	**(24,824)**	**(29,624)**	**4,800**

Cash flow generated from operating activities

For the year ended December 31, 2023, net cash provided by operating activities was $107.6 million, compared to $15.6 million for the year ended December 31, 2022, an increase of $92.1 million. The increase was primarily the result of (i) an increase in cash flow from operating activities before changes in the working capital, positively impacted by operating expenses performance, and (ii) improvement in trade and other payables as a result of better negotiations with suppliers.

Cash flow (used in) investing activities

For the year ended December 31, 2023, net cash used in investing activities was $34.6 million compared to $32.4 million during the year ended December 31, 2022, an increase of $2.3 million. Net cash used in investing activities for the year ended December 31, 2023 consisted primarily of (i) $20.3 million in cash used in the acquisition of property, plant and equipment for certain strategic capacity expansion, products and equipments, and automation improvement in our current facilities and new ones, including, the new Miramar facility for gummy products, and (ii) $12.5 million in cash used in the acquisition of intangibles for internal product development.

Cash flow (used in) financing activities

For the year ended December 31, 2023, net cash used in financing activities increased by $85.0 million from net cash generated from financing activities of $12.8 million for the year ended December 31, 2022 to net cash used in financing activities of $97.8 million for the year ended December 31, 2023. The increase was primarily due to (i) fewer proceeds from banks due to restrictions associated with covenant limitations, (ii) incremental payments on borrowings, (iii) incremental $24.8 million of interest payments due to rates increase, and (iv) buyback program execution during the year.

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
			(in thousands of U.S. dollars)	*(in thousands of U.S. dollars)*
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

The 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.

	Currency	Range of Interest	Maturity Year	Outstanding Balance as of December 31, 2024
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				
(U.S. dollars in thousands)	**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, $21.7 million and $18.1 million in R&D for the years ended December 31,2024, 2023 and 2022, 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. CRITICAL ACCOUNTING ESTIMATES

For discussion on our critical accounting estimates see Note 5 “Critical accounting judgements and key sources of estimation uncertainty” in our Annual Audited Consolidated Financial Statements, included elsewhere in this Annual Report.

Item 6. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

A. DIRECTORS AND SENIOR MANAGEMENT

A. Directors and Senior Management

Set forth below is information concerning our previous and current officers and directors as of December 31, 2024 and February 1, 2026, respectively. Our executive officers are appointed by the board of directors to serve in their roles. Each executive officer is appointed for such term as may be prescribed by the board of directors or until a successor has been chosen and qualified or until such officer's death, resignation or removal. The business address for each director is provided below.

The table below sets forth the Board of Directors composition as of December 31, 2024.

Name	Age	Position Held	Committees
Alejandro E. Weinstein	67	Chairman of the Board	Mergers and Acquisitions (Chair)
Jose Minski Gontovnik	64	Director	
Nicolas A. Weinstein	43	Director	Nominating (Chair)
Roberto Albisetti	68	Director	
Jose Frugone Domke	56	Director	Audit (Chair), Compensation, and Nominating
Ernesto Carrizosa	61	Director	Audit, Compensation, and Mergers and Acquisitions
Alberto Eguiguren Correa	60	Director	Audit, Compensation (Chair), and Nominating

Section *Changes in Board of Directors* within Item 4.B. Business Overview, describes subsequent modifications in the Board of Directors compositions until February 1, 2026. The table below sets forth the Board of Directors as of February 1, 2026:

Name	Age	Position Held	Committees
Alejandro E. Weinstein[(1)]	67	Chairman of the Board	
Nicolas A. Weinstein[(2)]	43	Director	Nominating (Chair)
Manuel José Vial Claro[(3)]	40	Director	
Carlos García Iragorri[(4)]	69	Director	Audit (Chair and Financial Expert)
Fernando Moreira Muniz[(5)]	48	Director	Audit
Carlos Romero-Camacho[(6)]	62	Director	Compensation and Nominating
Alberto Eguiguren Correa[(7)]	60	Director	Audit, and Nominating and Compensation (Chair)

(1) The business address of Mr. Alejandro E. Weinstein is Chesham Place, SW1XHG, London, United Kingdom.

(2) The business address of Mr. Nicolas A. Weinstein is 25 Southwest, 9th STreet, 4th Floor, Miami, USA.

(3) The business address of Mr. Manuel José Vial Claro is El Bosque 0177, piso 14, Las Condes, Santiago, Chile.

(4) The business address of Mr.Carlos García Iragorri is 781 Crandon Boulevard, Apartment 1401, Key Biscayne, FL.33149, USA.

(5) The business address of Mr. Fernando Moreira Muniz is Calle 80 #78B-201, Barranquilla, Colombia.

(6) The business address of Mr. Carlos Romero-Camacho is Calle 80 #78B-201, Barranquilla, Colombia.

(7) The business address of Mr. Alberto Eguiguren Correa is Avenida El Bosque Norte 0177, Oficina 1102, Las Condes, Santiago, Chile.

Background of Our Directors

The following is a brief biography of each of our directors:

Alejandro E. Weinstein. Mr. Alejandro E. Weinstein holds director or investor roles in various ventures within the pharmaceutical and healthcare industries, including cofounding WM Partners in June 2015, a middle-market private equity firm that primarily invests in the health and wellness sector, Olive Tree Ventures, an early-stage venture capital firm focused on disruptive health and enterprise in Israel; Vanterra Accelerator Portfolio, a consumer early-stage fund; and Davidson and W, a venture lending fund in Europe and Israel. In addition, Mr. Alejandro E. Weinstein currently serves on the boards of Health Hero, a European telehealth company; Atida, a European e-pharmacy; and Worthy, Inc., an online retail platform. Previously from 2004 to 2014, Mr. Alejandro E. Weinstein served as the CEO of CFR Pharmaceuticals S.A. (also known as Laboratorios Recalcine) ("CFR"). Du ring his tenure as CEO, he executed over 15 acquisition transactions in 10 different countries, including the acquisition of Lafrancol S.A., the largest pharmaceutical company in Colombia, for more than $560 million. Mr. Alejandro E. Weinstein received a degree in Business Administration from the Universidad Católica de Chile and is a certified public auditor and accountant. Alejandro E. Weinstein is the father of Nicolas A. Weinstein.

Nicolas A. Weinstein. Mr. Nicolas A. Weinstein is also a Manager of W6 Real Estate Investments, a family owned real estate investment firm, a position he has held since 2016, and a Director of W6 Credit Strategies Ltd., an investment firm specializing in fixed-income investments, a position he has held since 2018. Prior to these roles, Mr. Nicolas A. Weinstein served as the Chief of Marketing and Sales at CFR for five years and, following its acquisition, as the Chilean country head for both CFR and the Abbott Pharmaceutical unit. Mr. Nicolas A. Weinstein currently serves on the board of directors of Health Hero, a European telehealth company; Atida, a European e-pharmacy; Medneo GmbH, a European radiology/MRI/CAT scan consolidator; Fortec, a real estate investing company; and NRS Agro, an Israeli venture builder focused on sustainable food production and health. He previously served on the board of Redhill Biopharmaceuticals Ltd., a specialty pharmaceutical company. Mr. Nicolas A. Weinstein holds a Master of Science in Finance from Universidad Adolfo Ibáñez and earned an MBA from Northwestern University's Kellogg School of Management in 2012. Nicolas E. Weinstein is the son of Alejandro E. Weinstein.

Manuel José Vial Claro Mr. Vial is currently (i) Chairman of the board of ABC S.A. a retail company that operates department stores within Chile, a position he has held since 2017; (ii) Chairman of the Board of CIC S.A., a mattress manufacturing and sales company, a position he has held since 2012; (iii) a Director for Larrain Vial S.A., a global banking and financial services firm in Chile, a position he has held since 2019; and (iv) a Director for Santana S.A., an investment company, a position he has held since 2012. Mr. Vial holds a bachelor's degree in law from Universidad de los Andes.

Carlos García Iragorri. Mr. Carlos Garcia Iragorri has acted as an investor in various ventures since January 2020. He has over 30 years of senior-level pharmaceutical experience in Latin America and emerging markets. From April 2018 to January 2020, Mr. Garcia Iragorri served as Chief Executive Officer of Wellwaze, a Miami 1 based medical device startup focused on the early detection of breast cancer. Prior to this role, Mr. Garcia Iragorri served as the President of the Asia, Middle East, and Africa Regions for Novartis Pharmaceuticals, an international pharmaceutical company, for three years, and as the President of Latin America and Canada operations for twelve years. Between 1983 and 2002, Mr. Garcia Iragorri held various roles at Eli Lilly, an international pharmaceutical company, including President of Central and Eastern Europe, General Manager of Mexico, Argentina, and the Philippines, and CFO of the Colombian division. Additionally, from January 2018 to December 2021, Mr. Garcia Iragorri served as Chairman of the Board of Skalar Pharma, a pharmaceutical ingredient manufacturer. Mr. Garcia Iragorri holds an MBA from both Cornell University and Katholieke Universiteit te Leuven, as well as a degree in industrial engineering from Universidad del Norte.

Fernando Moreira Muniz Mr. Moreira Muniz currently serves as a Director and CEO of Urufarma, a pharmaceutical manufacturing company with a presence in Eastern Europe and Latin America, a position he has held since 2007. Mr. Moreira Muniz also currently serves as Secretary for the Association of National Laboratories in Uruguay, an organization that represents and supports national laboratories and promotes the development of the Uruguayan pharmaceutical industry. Prior to these roles, Mr. Moreira Muniz served as Deputy Manager for a Uruguayan branch of Banco Santander, a Spanish multinational financial services company. Mr. Moreira Muniz holds an MBA from the University of Montevideo, as well as a bachelor's degree in international business from the Catholic University of Uruguay.

Carlos Romero-Camacho Mr. Romero-Camacho currently serves as Chief People & Corporate Affairs Officer at Insud Pharma Group, a global pharmaceutical group, a position that he has held since 2011, leading HR, Communication, Public Affairs, Internal Audit, and Compliance. Mr. Romero-Camacho has held senior positions in Human Resources and Legal Affairs across various roles and geographies in the pharmaceutical, automotive, and consumer sectors, in particular, at Renault Trucks, Bristol-Myers Squibb, and SmithKline Beecham. Mr. Romero-Camacho has served as a representative in public and private institutions and as coordinator of Fundación Mundo Sano in Spain. Mr. Romero Camacho holds a Law degree from UAM, an MBA from ICADE, and has completed the General Management Program at INSEAD.

Alberto Eguiguren Correa. Mr. Eguiguren currently is partner at Russi & Eguiguren SpA, a law firm offering broad experience in legal counsel to local and international clients, such as multinational corporations, private equity firms, and private investors doing business with or in Chile, a role which he has held since 2002. He also currently serves a director on the board of directors of Parque Arauco S.A., Sonda S.A., Aguas Nuevas S.A., Aguas Atacama S.A., Aguas Décima S.A. and Medismart S.A. He previously served on the board of Walmart Chile S.A., CFR Pharmaceuticals S.A., Laboratorio Chile S.A. and Clínica Las Condes S.A, amongst others. Prior to his time at Russi & Eguiguren SpA, he was a partner at Carey y Cía Limitada, and as an attorney in the U.S. with Cleary, Gottlieb, Steen & Hamilton and Brobeck, Phleger & Harrison. He received a Master's in Commercial Law from Duke University School of Law and a Licentiate in Legal Sciences at Catholic University of Chile. He received the President of Chile scholarship to study abroad.

Our Senior Management

Our senior management oversees our day-to-day operations to ensure that our overall strategic objectives are implemented and reports to our board of directors. The names, ages, and current positions of our current senior management team are listed in the table below. The business address for our senior management team is Calle 80 No. 78B-201, Barranquilla, Atlántico, Colombia.

The table below sets forth our Senior Leadership as of December 31, 2024.

Name	Age	Position Held
Jose Antonio Vieira	48	Chief Executive Officer (CEO)
Dr. Camilo Camacho	50	Chief Operations Officer (COO)
Patricio Vargas Muñoz	50	Chief Optimization and Rationalization Officer
Daniel Bernal	50	Interim Chief Financial Officer (CFO)
Melissa Angelini	43	Interim Vice-President of Finance
Mauricio Castañeda Caballero	46	Vice-President of Human Resources
Luis Alberto Palacios Aragon	59	Vice-President of International Marketing and R&D

The table below sets forth our Senior Leadership as of July 25, 2025.

Name	Age	Position Held
Melissa Angelini	43	Interim Chief Executive Officer (CEO)
Luis Alberto Palacios Aragon	60	Chief Commercial Officer (CCO)
Daniel Bernal	50	Interim Chief Financial Officer (CFO)

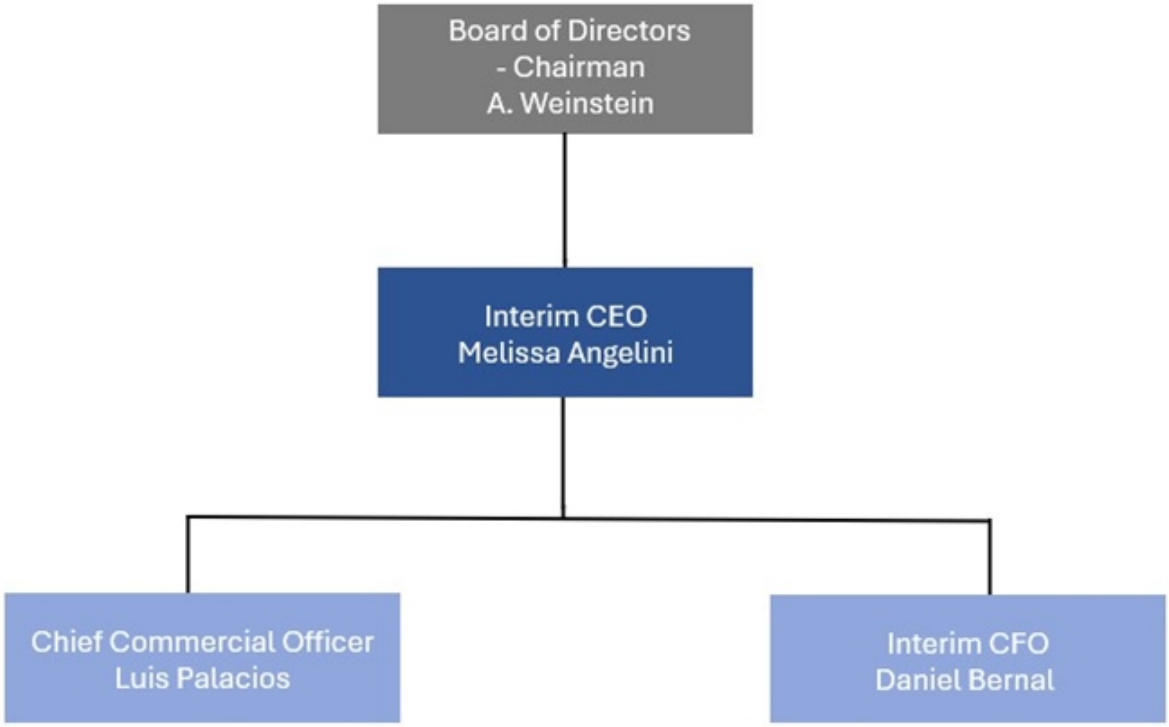
Melissa Angelini. Ms. Angelini is a seasoned executive with over 18 years of experience in capital markets, corporate finance, and investor relations within healthcare and pharmaceutical industries. Ms. Angelini has extensive experience with clients in Latin American countries including Brazil, Mexico, Argentina, Uruguay, Chile, Colombia and Peru, leading financial transactions and capital markets initiatives. Prior to Procaps, Ms. Angelini served as Innovation & Investor Relations Officer at Blau Farmacêutica, a Brazilian multinational pharmaceutical company, where she led the IPO at B3 in Brazil, and as LATAM Head of Alliance Management & Investor Relations at GBT Grupo Biotoscana, where she co-led the company's 2017 dual listing IPO, in Brazil and Luxembourg, and played a key role in its eventual acquisition by Knight Therapeutics. Ms. Angelini received a B.S. in International Relations from Universidad de Palermo and is currently pursuing an Executive MBA at Kellogg School of Management.

Luis Alberto Palacios Aragon. Mr. Palacios has served as our Vice-President of International Marketing and R&D since 2019. Mr. Palacios graduated from the *Universidad del Pacifico* in Peru with a Business Management degree. He later received a Master in Marketing and Commercial Management from the American University of Paraguay and leadership training at Northwestern University's Kellogg School of Management. He has 35 years of varied and extensive experience in the Latin America pharmaceutical sector, performing different commercial functions managing clients, especially health professionals from different Latin American countries. He has served Procaps for the past six years as the head of Procaps' Farma Procaps business for Colombian operations, leading commercial management and international marketing practice, promoting the development of science and innovation.

Daniel Bernal. Mr. Bernal is a Managing Partner of Moore Colombia, a consulting firm that provides specialized consulting services across a wide range of professional services, a position he has held since 2022. In his role as Managing Partner, Mr. Bernal is responsible for the design and control of Moore Colombia's operation of each of the professional service areas provided. Mr. Bernal has over 30 years of experience working in a host of multinational and national professional services firms. Prior to his position as Managing Partner at Moore Colombia, from 2020 to 2022, Mr. Bernal was a Managing Partner at Audit Business Enterprise, a firm that provides auditing and business process outsourcing services, and from 1998 to 2020, an Audit Partner at Deloitte & Touche, a professional services firm. Mr. Bernal holds a degree in Public Accounting from Santo Tomas de Aquino University and is a certified public accountant in Colombia. Additionally, Mr. Bernal holds certificates in IFRS standards, international auditing standards, and PCAOB accounting standards.

Management Structure

The table below shows our management structure as of July 25, 2025.



In addition to our executive officers and our senior management team, each of our business segments is managed by a General Manager - that reports directly to the Mr. Palacios.

B. COMPENSATION

Compensation of Directors

Each non-employee member of our board of directors receives a net compensation in the amount of $ 56,000 per annum. Members of our board of director who also serve as an officer of the Company do not receive any additional compensation with respect to their role as a director.

In February 2023, Jose Minski and Alejandro Weinstein renounced their compensation to be received by them for serving as Directors for the fiscal year ended December 31, 2023. The Board of Directors submitted these renunciations to the general meeting of shareholders of the Company held on June 30, 2023, for acknowledgement.

Compensation of Executive Officers and Senior Management Team

For the years ended December 31, 2024, 2023 and 2022, our executive officers and senior management team received an aggregate compensation of approximately $5.1 million, $3.9 million, and $3.6 million(including a special bonus paid in connection with the Closing of the Business Combination and the listing of the Ordinary Shares on the Nasdaq), respectively. The aggregate compensation paid directly or indirectly to our executive officers and senior management team consists of: (i) wages paid by our subsidiary, Procaps Group S.A.; (ii) consulting fees paid to certain of Procaps' executive officers and senior management team members by Horslig GMBH or Pharminter GMBH, indirect subsidiaries of Procaps; and (iii) employee benefits.

Our executive officers and members of our senior management team are employed directly by Procaps S.A.Sofgen, or one of our other subsidiaries, and participate in such company's benefits plan and government pension plan, if any, on the same basis as its other employees. We have a strategic variable bonus system that grants cash compensation for achievement of both financial and tactical objectives. These bonuses represent approximately 30% of our executive officers' and senior management team's total compensation and are paid on a semi-annual basis.

C. BOARD PRACTICES

Our board of directors consists of seven directors, including five independent directors. Our board of directors also has an independent audit committee, nominating committee, and compensation committee.Mr. Manuel José Vial Claro, Mr. Carlos Garcia Iragorri, Mr. Fernando Moreira Muniz, Mr. Carlos Romero-Camacho, and Mr. Alberto Eguiguren Correa are "independent directors," as defined under applicable SEC rules.

Board Committees

We have established four committees under the board of directors: an audit committee, a compensation committee, and a nominating committee. Each committee's functions are described below. For information on the members and chairs of each committee see "—Directors and Senior Management" above.

Audit Committee

Our audit committee is responsible for, among other things:

- appointing, compensating, retaining, evaluating, terminating and overseeing our independent registered public accounting firm;
- discussing with our independent registered public accounting firm their independence from management;
- reviewing, with our independent registered public accounting firm, the scope and results of their audit;

- approving all audit and permissible non-audit services to be performed by our independent registered public accounting firm;
- overseeing the financial reporting process and discussing with management and our independent registered public accounting firm the annual financial statements that we file with the SEC;
- overseeing our financial and accounting controls and compliance with legal and regulatory requirements;
- reviewing our policies on risk assessment and risk management;
- reviewing related person transactions; and
- establishing procedures for the confidential anonymous submission of concerns regarding questionable accounting, internal controls or auditing matters.

Our audit committee consists of Mr. Carlos Garcia Iragorri as Chairman and Financial Expert, and Mr. Alberto Eguiguren, and Mr. Fernando Moreira Muniz, as members. Each qualifies as an independent director according to the rules and regulations of the SEC with respect to audit committee membership. In addition, all of the audit committee members meet the requirements for financial literacy under applicable SEC rules and at least one of the members qualifies as an "audit committee financial expert," as such term is defined in Item 407(d) of Regulation S-K. The written charter for the audit committee, is available on our website. The reference to our website address in this Annual Report does not include or incorporate by reference the information on our website into this Annual Report.

Compensation Committee

Our compensation committee is responsible for, among other things:

- reviewing and approving the factors to be considered in determining the compensation (either alone or, if directed by our board of directors, in conjunction with a majority of the independent members of our board of directors) of our Chief Executive Officer, Chief Financial Officer and President, and evaluate the performance of our executive officers in light of these factors, subject to ratification by our board of directors;
- evaluating, recommending, reviewing and approving, subject to ratification by our board of directors, the executive officer's compensation arrangements (both salary and bonus), plans, policies and programs maintained by Procaps;
- evaluating, recommending and reviewing any equity incentive awards issued to any executive officers and directors that may be made under any equity-based compensation plan adopted by our board of directors; and
- meet with the Chief Executive Officer and other executive officers annually to discuss any incentive compensation programs to be in effect for the executive officers for such fiscal year and the basis for evaluating the performance of the executive officers.

Our compensation committee consists of Mr. Alberto Eguiguren Correa, as Chairman, and Mr. Carlos Romero-Camacho, and Mr. Manuel José Vial Claro, as members, and each qualifies as an independent director according to the rules and regulations of the SEC with respect to compensation committee membership, including the heightened independence standards for members of a compensation committee. The written charter for the compensation committee, is available on our website. The reference to our website address in this Annual Report does not include or incorporate by reference the information on our website into this Annual Report.

Nominating Committee

Our nominating committee is responsible for, among other things:

- evaluating the qualifications of potential directors proposed for appointment pursuant to the Nomination Agreement;
- identifying individuals qualified to become members of our board of directors, consistent with criteria approved by our board of directors; and
- periodically reviewing our board of directors' leadership structure and recommending any proposed changes to our board of directors.

Our nominating committee consists of Mr. Nicolas A. Weinstein, as Chairman, and Mr. Carlos Romero-Camacho and Mr. Carlos Garcia Iragorri, as members. Mr. Carlos Romero-Camacho and Mr. Carlos Garcia Iragorri qualify as independent directors according to the rules and regulations of the SEC with respect to nominating committee membership. The written charter for the nominating committee, is available on our website. The reference to our website address in this Annual Report does not include or incorporate by reference the information on our website into this Annual Report.

Risk Oversight

Our board of directors is responsible for overseeing our risk management process. Our board of directors focuses on our general risk management strategy, the most significant risks facing us, and oversees the implementation of risk mitigation strategies by management. Our audit committee is also responsible for discussing our policies with respect to risk assessment and risk management. Our board of directors believes its administration of its risk oversight function has not negatively affected our board of directors' ability to fulfill its other duties and obligations.

E. SHARE OWNERSHIP

The following table shows the beneficial ownership of Ordinary Shares as of February1, 2026, by:

- each of our directors and executive officers; and
- all of our directors and executive officers as a group.

Except as otherwise noted herein, the number and percentage of Ordinary Shares beneficially owned is determined in accordance with Rule 13d-3 of the Exchange Act, and the information is not necessarily indicative of beneficial ownership for any other purpose. Under such rule, beneficial ownership includes any Ordinary Shares as to which the holder has sole or shared voting power or investment power and also any Ordinary Shares which the holder has the right to acquire within 60 days of the Closing through the exercise of any option, warrant or any other right.

Unless otherwise indicated, we believe that all persons named in the table below have sole voting and investment power with respect to the Ordinary Shares beneficially owned by them.

We have based percentage ownership on 2,327,240,312 Ordinary Shares outstanding as of July 15, 2025.

Name and Address of Beneficial Owner	Number	Percentage[1]
Executive Officers and Directors:		
Alexandre E. Weinstein[2]	773,031,209[9]	32.12%
Nicolas A. Weinstein[3]		
Manuel José Vial Claro[4]		
Carlos García Iragorri[5]		
Fernando Moreira Muniz[6]	325,109,560[10]	13.85%
Carlos Romero-Camacho[7]		
Alberto Eguiguren Correa[8]		
All directors and executive officers as a group	1,098,140,769	45.26%

(1) Percentages are based on 2,327,240,312 Ordinary Shares outstanding as of July 15, 2025, plus, only with respect to such applicable stockholder, any Ordinary Shares which such holder has the right to acquire within 60 days through the exercise of any option, warrant or any other right.

(2) The business address of Mr. Alejandro Weinstein is 21 Chesham Place, SW1XHG, London, United Kingdom.

(3) The business address of Mr. Nicolas Weinstein is 25 Southwest, 9th STreet, 4th Floor, Miami, USA.

(4) The business address of Mr. Manuel José Vial Claro is El Bosque 0177, piso 14, Las Condes, Santiago, Chile.

(5) The business address of Mr. Carlos García Iragorri is 781 Crandon Boulevard, Apartment 1401, Key Biscayne,

(6) The business address of Mr. Fernando Moreira Muniz is Calle 80 #78B-201, Barranquilla, Colombia.

(7) The business address of Mr. Carlos Romero-Camacho is Calle 80 #78B-201, Barranquilla, Colombia.

(8) The business address of Mr. Alberto Eguiguren Correa is Avenida El Bosque Norte 0177, Oficina 1102, Las Condes, Santiago, Chile.

(9) Based on a Schedule 13D/A filed on April 16, 2025. Represents Ordinary Shares beneficially owned by Hoche Partners Pharma Holding LLC ("Hoche"), an entity controlled by Mr. Alejandro Weinstein. Includes: (i) 705,697,463 Ordinary Shares held by, or issuable to, Hoche, consisting of: (a) 626,495,816 Ordinary Shares directly held by Hoche and (b) 79,201,647 Ordinary Shares issuable to Hoche upon the exercise of a warrant at an exercise price of $0.06313 per Ordinary Share; and (ii) an aggregate of 67,333,746 Ordinary Shares held by the Sognatore Trust, the Simphony Trust and the Deseja Trust, over which such holders have granted an irrevocable proxy to Hoche to vote such Ordinary Shares, which includes 10,464,612 shares held in escrow subject to release pursuant to the terms of the Transaction Support Agreement and related escrow agreement.

(10) Based on a Schedule 13D filed on April 28, 2025. Represents Ordinary Shares beneficially owned by, Becaril S.A. ("Becaril"), an entity that is controlled by Juan Jose Etcheverrito Oldrino and Fernando Moreira Muniz, directors of Becaril. Includes 325,109,560 Ordinary Shares held by, or issuable to, Becaril, consisting of: (i) 305,309,149 Ordinary Shares held directly by Becaril and (ii) 19,800,411 Ordinary Shares issuable to Becaril upon the exercise of a warrant at an exercise price of $0.06313 per Ordinary Share.

F. DISCLOSURE OF A REGISTRANT'S ACTION TO RECOVER ERRONEOUSLY AWARDED COMPENSATION.

The Company has adopted an Executive Officer Clawback Policy, consistent with applicable SEC and Nasdaq rules. As of the date of this report, no recovery actions. The Executive Officer Clawback Policy is filed as Exhibits 97.1 to this Annual Report.

ITEM 7. MAJOR SHAREHOLDERS AND RELATED-PARTY TRANSACTIONS

A. MAJOR SHAREHOLDERS

The following table shows the beneficial ownership of Ordinary Shares as of Febraury 1, 2026 by each person known to by us to be the beneficial owner of more than 5% of the Ordinary Shares. We have based percentage ownership on 2,327,240,312 Ordinary Shares outstanding as of Febraury 15, 2026.

Except as otherwise noted herein, the number and percentage of Ordinary Shares beneficially owned is determined in accordance with Rule 13d-3 of the Exchange Act, and the information is not necessarily indicative of beneficial ownership for any other purpose. Under such rule, beneficial ownership includes any Ordinary Shares as to which the holder has sole or shared voting power or investment power and also any Ordinary Shares which the holder has the right to acquire within 60 days through the exercise of any option, warrant or any other right.

Unless otherwise indicated, we believe that all persons named in the table below have sole voting and investment power with respect to the Ordinary Shares beneficially owned by them.

Name and Address of Beneficial Owner	Number	Percentage[1]
Holders of more than five percent		
Hoche Partners Pharma Holding LLC[2]	773,031,209[8]	32.12%
Flying Fish Ventures L.P.[3]	481,542,796[9]	20.43%
Santana S.A. [4]	170,096,318[10]	7.28%
Becaril, S.A.[5]	325,109,560[11]	13.85%
Chemo Project SA[6]	325,109,560[12]	13.85%
Compañía de Seguros de Vida Consorcio Nacional de Seguros S.A.[7]	158,403,294[13]	6.81%

Notes:

(1) Percentages are based on 2,327,240,31 Ordinary Shares outstanding as of February 1, 2026, plus, only with respect to such applicable stockholder, any Ordinary Shares which such holder has the right to acquire within 60 days through the exercise of any option, warrant or any other right.

(2) The business address of Hoche Partners Pharma Holding LLC is s 255 Buffalo Way, PO Box 1905, Jackson, WY 83001, USA.

(3) The business address of Flying Fish Ventures L.P. is Isidora Goyenechea 3642, piso 5, Las Condes, Santiago, Chile.

(4) The business address of Santana S.A. is El Bosque Norte 0177, piso 14, Las Condes, Santiago, Chile.

(5) The business address of Becaril S.A is Paraguay 1246, Montevideo, Uruguay.

(6) The business address of Chemo Project S.A. is office at Via Ferruccio Pelli 17, 6900 Lugano, Switzerland.

(7) The business address of Compañía de Seguros de Vida Consorcio Nacional de Seguros S.A. is Avenida El Bosque Sur 130, piso 13, Las Condes, Santiago, Chile.

(8) Based on a Schedule 13D/A filed on April 16, 2025. Represents Ordinary Shares beneficially owned by Hoche Partners Pharma Holding LLC ("Hoche"), an entity controlled by Mr. Alejandro Weinstein. Includes: (i) 705,697,463 Ordinary Shares held by, or issuable to, Hoche, consisting of: (a) 626,495,816 Ordinary Shares directly held by Hoche and (b) 79,201,647 Ordinary Shares issuable to Hoche upon the exercise of a warrant at an exercise price of $0.06313 per Ordinary Share; and (ii) an aggregate of 67,333,746 Ordinary Shares held by the Sognatore Trust, the Simphony Trust and the Deseja Trust, over which such holders have granted an irrevocable proxy to Hoche to vote such Ordinary Shares, which includes 10,464,612 shares held in escrow subject to release pursuant to the terms of the Transaction Support Agreement and related escrow agreement.

(9) Based on a Schedule 13D filed on April 22, 2025. Represents Ordinary Shares beneficially owned by Flying Fish Ventures L.P. ("Flying Fish Ventures"), an entity that is controlled and managed by Magnolia Management GP LLC, a Delaware limited liability company, which is managed and controlled by Tomas Fernandez Mac Auliffe and Eduardo Fernandez Mac Auliffe. Includes 484,202,796 Ordinary Shares held by, or issuable to, Flying Fish Ventures, consisting of: (i) 454,875,004 Ordinary Shares held directly by Flying Fish Ventures and (ii) 29,327,792 Ordinary Shares issuable to Flying Fish Ventures upon the exercise of a warrant at an exercise price of $0.06313 per Ordinary Share.

(10) Based on a Schedule 13D filed on April 22, 2025. Represents Ordinary Shares beneficially owned by Santana S.A. ("Santana") and its affiliate, Saint Thomas Commercial S.A. ("ST Commercial"), each an entity that is controlled and managed by Leonidas Vial Echeverria, Chairman of Santana and ST Commercial. Includes 170,096,318 Ordinary Shares held by, or issuable to, Santana and ST Commercial, consisting of: (a) 80,341,644 Ordinary Shares held directly by Santana, (b) 79,481,644 Ordinary Shares held directly by ST Commercial, (c) 5,136,515 Ordinary Shares issuable to Santana upon the exercise of a warrant at an exercise price of $0.06313 per Ordinary Share, and (d) 5,136,515 Ordinary Shares issuable to ST Commercial upon the exercise of a warrant at an exercise price of $0.06313 per Ordinary Share.

(11) Based on a Schedule 13D filed on April 28, 2025. Represents Ordinary Shares beneficially owned by, Becaril S.A. ("Becaril"), an entity that is controlled by Juan Jose Etcheverrito Oldrino and Fernando Moreira Muniz, directors of Becaril. Includes 325,109,560 Ordinary Shares held by, or issuable to, Becaril, consisting of: (i) 305,309,149 Ordinary Shares held directly by Becaril and (ii) 19,800,411 Ordinary Shares issuable to Becaril upon the exercise of a warrant at an exercise price of $0.06313 per Ordinary Share.

(12) Based on a Schedule 13D filed on April 25, 2025. Represents Ordinary Shares beneficially owned by Chemo Project S.A. ("Chemo"), an entity that is controlled by Nicola C. Wicki and Hector Garcia, directors of Chemo. Includes 325,109,560 Ordinary Shares held by, or issuable to, Chemo, consisting of: (i) 305,309,149 Ordinary Shares held directly by Chemo and (ii) 19,800,411 Ordinary Shares issuable to Chemo upon the exercise of a warrant at an exercise price of $0.06313 per Ordinary Share.

(13) Based on the Company's shareholder register.

B. RELATED-PARTY TRANSACTIONS

We have engaged in, and we expect that we will continue to engage in, transactions with related parties, including, without limitation, the transactions described below. We believe the terms and conditions of these arrangements are generally equivalent to those which we could obtain from an unaffiliated third party, to the extent there are third parties which could provide comparable goods or services. For more information regarding our relationships and transactions with related parties, see Note 31 to our Annual Audited Consolidated Financial Statements, included elsewhere in this Annual Report.

The Board of Directors has adopted a written related person transaction policy that sets forth certain policies and procedures for the review and approval or ratification of related person transactions, which comprise any transaction, arrangement or relationship in which the Company or any of its subsidiaries was, is or will be a participant, the amount of which involved exceeds $120,000, and in which any related person had, has or will have a direct or indirect material interest. A "related person" for purposes of such policy means: (i) any person who is, or at any time during the applicable period was, one of the Company's executive officers or one of the Company's directors; (ii) any person who is known by the Company to be the beneficial owner of more than 5% of the Ordinary Shares; (iii) any immediate family member of any of the foregoing persons (which means any child, stepchild, parent, stepparent, spouse, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law or sister-in-law) of a director, executive officer or a beneficial owner of more than 5% of the Company's voting stock, and any person (other than a tenant or employee) sharing the household of such director, executive officer or beneficial owner of more than 5% of the Ordinary Shares; and (iv) any firm, corporation or other entity in which any of the foregoing persons is a partner or principal or in a similar position or in which such person has a 10% or greater beneficial ownership interest.

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.
Deseja Trust	A trust for the benefit of certain members of the Minski Family.
Simphony 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.
Bindermoor 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 Managment	A Panama company owned by members of the Minski Family.
Hoche Partners Pharma Holding SARL	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, 2023, and 2022, 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, 2023, and 2022, Procaps has purchased a total of $22.3 million, $19.1 million, and $15.9 million 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, 2023, and 2022, 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 Pharmaceutical C.A. Such goods consisted primarily of raw materials. During the years ended December 31, 2024, 2023, and 2022, Procaps has sold a total of approximately $2.4 million, $4.5 million, and $8.0 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, 2023, and 2022, 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, 2023, and 2022, Procaps has sold a total of approximately $531 thousand, $478 thousand, and $1.034 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, 2023, and 2022, 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.; (vi) 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, 2023, and 2022, Procaps generated a total of approximately $14.6 million, $13.5 million, and $14.0 million in accounts receivables owed by these companies, respectively.

During the years ended December 31, 2024, 2023, and 2022, 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.; (viii) 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, 2023, and 2022, Procaps generated a total of approximately $ 7.1 million, $8.1 million and $6.1 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 $ 0.5 million, $1.14 million, and $0.8 million for the years ended December 31, 2024, 2023, and 2022, 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.

Accounts Payable – Transactions Identified Through Internal Investigation

During 2024, pursuant to release and settlement agreements entered into among the shareholders in November 2024, these outstanding payables were formally waived and extinguished, and accordingly were derecognized against equity.

During the years ended December 31, 2023 and 2022, the Audit of Committee of the Board of Directors and the Company conducted an exhaustive review of the Company's financial records, which identified circumstances requiring accounting adjustments to ensure the proper presentation of the financial statements. As part of this review, adjustments were recorded to accounts payable related to advance payments and brand license agreements that had been initially recognized without the requisite supporting documentation or adequate commercial rationale. These adjustments resulted in accounts payable to the following counterparties: (i) Dilcrest Assets S.A.; (ii) Herfroze Investments Ltd.; (iii) Bindermoor Overseas S.A.; and (iv) Batley Management. The adjustments were made to preserve the integrity and accuracy of the Company's accounting records and to enhance the transparency and reliability of its reported financial position. As a result, Procaps recorded total accounts payable to these entities of approximately $13.1 million and accounts receivable of approximately $2.1 million as of each December 31, 2023, and 2022, respectively.

C. INTERESTS OF EXPERTS AND COUNSEL

Not applicable.

ITEM 8. FINANCIAL INFORMATION

A. CONSOLIDATED STATEMENTS AND OTHER FINANCIAL INFORMATION

The Company's Annual Audited Consolidated Financial Statements are included in Item 18 under the heading "Financial Statements."

Legal Proceedings

We are involved in investigations, claims, lawsuits and other proceedings arising in the ordinary course of business. These matters involve personnel and employment issues, regulatory matters, contract, administrative and tax proceedings, among others, arising in the ordinary course of business, involving total contingencies of $0.32 million as of December 31, 2024. As of December 31, 2024, our total contingencies relating to legal proceedings in which our external legal counsel has identified the risk of loss as being probable and/or for which a provision had been recorded in our Consolidated Financial Statement were: (i) $0.22 million related to labor claims, (ii) $0.10 million related to administrative and civil claims. For more information our litigation contingencies, see Note 24 to our Annual Audited Consolidated Financial Statements, included elsewhere in this Annual Report.

Claims may be filed against us in the future including by, but not limited to, third parties, employees (of our own or made available by service providers) and federal, state or local bodies due to transactions and procedures carried out by us or companies we acquire in the future.

Other than as described below, we do not believe that any of our current legal or administrative proceedings could individually cause a material adverse effect on our business, financial condition or results of operations.

Colombian Social Security and Taxes

Historically, Procaps has paid certain benefits to its employees that, according to prior interpretation of applicable Colombian labor and tax laws, were not considered as part of an employee's salary for purposes of calculating taxable employee compensation. In 2012, the interpretation of what constitutes part of an employee's compensation began to change in Colombia, which resulted in Procaps having to eliminate certain employee benefits such as transportation assistance and certain performance bonuses, and amend its overall policies relating to performance bonuses, in order to comply with such change in interpretation. Although Procaps has made considerable efforts to comply with such laws, it is possible that monetary penalties and additional labor taxes will be imposed on Procaps by the Colombia's Ministry of Finance's Pension and Parafiscal Management Unit (*Unidad de Gestion Pensional y Parafiscal,* or "UGPP") for the periods prior to the implementation of such changes to employee benefits instituted by Procaps. Although Procaps has been subject to administrative proceedings by the UGPP in the past for alleged failures to pay social security benefits, which have resulted in non-material penalties and fines, there can be no assurances that future proceedings will not be initiated against Procaps which could result in material fines and liabilities.

Operating License

On May 9, 2013, CETESB denied Colbras Industria e Comercio Ltda. the license to operate (*licença de operação*) the warehouse and quality control laboratory located at our Softgel manufacturing facility in the city of Cotia, State of São Paulo, Brazil. Such denial was because of a legal proceeding initiated against Etesco Construcoes e Comercio LTDA ("Etesco"), the developer of the industrial park where such facilities are located, alleging non-compliance by Etesco with certain environmental requirements related to the distance of the facilities from the Coitia River and the percentage of "green area" (*área verde*) surrounding the park. CETESB has allowed our warehouse and quality control laboratory to operate until the proceeding against Etesco is resolved. In the event such proceeding is resolved negatively against Etesco, CETESB may not grant us a license of operations which could force us to suspend operations of the warehouse and quality control laboratory located at our Softgel manufacturing facility.

Dividend Distribution Policy

From the annual net profits of the Company, at least 5% shall each year be allocated to the reserve required by applicable laws (the "Legal Reserve"). That allocation to the Legal Reserve will cease to be mandatory as soon and as long as the aggregate amount of the Legal Reserve amounts to 10% of the amount of the share capital of the Company. The general meeting of shareholders shall resolve how the remainder of the annual net profits, after allocation to the Legal Reserve, will be disposed of by allocating the whole or part of the remainder to a reserve or to a provision, by carrying it forward to the next following financial year or by distributing it, together with carried forward profits, distributable reserves or share premium to the shareholders in proportion to the number of the Ordinary Shares they hold.

The Board of Directors may resolve that the Company pays out an interim dividend to the shareholders, subject to the conditions of article 461-3 of the 1915 Law and the Company's amended and restated articles of association. The Board of Directors shall set the amount and the date of payment of the interim dividend.

Any share premium, assimilated premium or other distributable reserve may be freely distributed to the shareholders subject to the provisions of the 1915 Law and the Company's amended and restated articles of association. The dividend entitlement lapses upon the expiration of a five-year prescription period from the date of the dividend distribution. The unclaimed dividends return to our accounts.

B. SIGNIFICANT CHANGES

There have been no significant changes since the approval date of our Annual Audited Consolidated Financial Statements included elsewhere in this Annual Report.

D. 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

The table below sets forth the approximate number of our employees by geographic region as of February 28, 2026.

	South America	Central America	North America	Total
Approximate number of employees as of July 31, 2025	3,565	622	99	4,286

In addition to our executive officers, we rely on the Senior Management team above to lead and direct our business. The members of the Senior Management team hold positions in areas such as corporate finance and marketing and R&D.

ITEM 9. THE OFFER AND LISTING

A. OFFER AND LISTING DETAILS

Our Ordinary Shares were listed on the Nasdaq Global Market on September 30, 2021, under the symbol "PROC" and the Ordinary Shares were suspended from trading on the Nasdaq Stock Market on February 4, 2025.

On January 31, 2025, the Company received a letter from the Panel of Nasdaq. This letter notified 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 Nasdaq Listing Rules 5250(c)(1) and 5250(c)(2) for failing to file periodic and interim financial reports with the SEC. As a result, the Company's Ordinary Shares were suspended from trading on the Nasdaq on February 4, 2025. On July 21, 2025, Nasdaq filed a Form 25-NSE officially delisting the Company's Ordinary Shares from Nasdaq and deregistering the Company's Ordinary Shares under Section 12(b) of the Exchange Act.

As of the date of the filing of this Annual Report, our Ordinary Shares are traded on the OTC Expert Market under the symbol "PROCF" on an "unsolicited only" basis. Pursuant to Rule 15c2-11 under the Exchange Act, effective September 26, 2021, companies that do not make current information publicly available under the Exchange Act rules are transitioned to the OTC Expert Market. The trades on the OTC Expert Market are limited primarily to private purchases and sales among sophisticated investors with sufficient investment experience, among others. See "Risk Factors – The delisting of our Ordinary Shares from the Nasdaq Stock Market may continue to have a material adverse effect on the trading and price of our Ordinary Shares, and we cannot assure you that our Ordinary Shares will be relisted, or that once relisted, they will remain listed" for additional information related to the lack of liquidity of our securities.

B. DISTRIBUTION PLAN

Not applicable.

C. MARKETS

On January 31, 2025, the Company received a letter from the Panel of Nasdaq. This letter notified 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 Nasdaq Listing Rules 5250(c)(1) and 5250(c)(2) for failing to file periodic and interim financial reports with the SEC. As a result, the Company's Ordinary Shares were suspended from trading on the Nasdaq on February 4, 2025. On July 21, 2025, Nasdaq filed a Form 25-NSE officially delisting the Company's Ordinary Shares from Nasdaq and deregistering the Company's Ordinary Shares under Section 12(b) of the Exchange Act.

The Company's Ordinary Shares have been traded on the OTC Expert Market under the symbol "PROCF" since February 4, 2025, on an "unsolicited only" basis.

D. SELLING SHAREHOLDERS

Not applicable.

E. EXPENSES OF THE ISSUE

Not applicable.

ITEM 10. ADDITIONAL INFORMATION

A. SHARE CAPITAL

Not applicable.

B. MEMORANDUM AND ARTICLES OF ASSOCIATION

The following is a summary of some of the terms of our Ordinary Shares, based on the Company's amended and restated articles of association. The following summary is not complete and is subject to, and is qualified in its entirety by reference to, the provisions of the Company's amended and restated articles of association, and applicable Luxembourg law, including Luxembourg corporate law.

Ordinary Shares

Share Capital

As of 9 April 2025, the Company is authorized to issue 296,134,688 Ordinary Shares under its authorized share capital.

As of 9 April 2025, there were 2,303,865,312 Ordinary Shares outstanding and issued, 4,000,000 Redeemable A Shares issued and held in treasury by the Company and 4,500,000 Redeemable B Shares issued and held in treasury by the Company. There were also (a) 23,375,000 public Warrants outstanding, each entitling the holder to purchase one Ordinary Share at an exercise price of $11.50 per share and (b) 6 private Warrants outstanding, each entitling the holder to purchase Ordinary Shares of the Company.

As of May 2, 2023, there were 112,824,183 Ordinary Shares outstanding and issued, 4,000,000 Redeemable A Shares issued and held in treasury by the Company and 4,500,000 Redeemable B Shares issued and held in treasury by the Company. There were also 23,375,000 Warrants outstanding, each entitling the holder to purchase one Ordinary Share at an exercise price of $11.50 per share.

On September 29, 2021, the Company redeemed 4,000,000 Redeemable A Shares held by Crynssen for an aggregate price of $40,000 so that, following the Merger and the Exchange, Crynssen would become a direct wholly owned subsidiary of the Company. Immediately prior to the redemption of the Redeemable A Shares, the Redeemable A Shares represented 16.53% of the total issued capital stock of the Company.

On September 29, 2021, immediately following the Exchange, the Company redeemed 4,500,000 Redeemable B Shares held by IFC for an aggregate price of $45,000,000, as negotiated with IFC in connection with the Business Combination, pursuant to the terms of the IFC Redemption Agreement. Immediately prior to the redemption of the Redeemable B Shares, the Redeemable B Shares represented 3.71% of the total issued capital stock of the Company.

The Redeemable A Shares and the Redeemable B Shares will remain issued shares under Luxembourg law until cancelled, but shall have no voting or dividend rights and shall not be counted for any quorum purposed under Luxembourg law.

Share Issuances

Pursuant to Luxembourg law, the issuance of Ordinary Shares and Redeemable B Shares requires in principle approval by the extraordinary general meeting of shareholders subject to necessary quorum and majority requirements. The extraordinary general meeting of shareholders of Company held prior to the Closing of the Business Combination approved an authorized capital and authorized the Board of Directors to (i) realize for any reason whatsoever, including any issue in one or several successive tranches of (a) any subscription and/or conversion rights, including warrants (which may be issued separately or attached to Ordinary Shares, bonds, options, notes or similar instruments), convertible bonds, notes or similar instruments as well as (b) new Ordinary Shares and Redeemable B Shares, with or without share premium, against payment in cash or in kind, by conversion of claims on the Company, by way of conversion of available reserves or in any other manner; (ii) determine the place and date of the issue or the successive issues, the issue price, the terms and conditions of the subscription of and paying up on the new Ordinary Shares or Redeemable B Shares; and (iii) remove or limit the preferential subscription right of the shareholders in case of issue against payment in cash of Ordinary Shares, Redeemable B Shares, warrants (which may be separate or attached to Ordinary Shares, bonds, notes or similar instruments), convertible bonds, notes or similar instruments, up to the maximum amount of such authorized capital for a maximum period of five years from the date of incorporation or any subsequent resolutions to create, renew or increase the authorized capital. The extraordinary general meeting of shareholders of the Company may renew or increase such authorized capital and such authorization to the Board of Directors to issue Ordinary Shares and Redeemable B Shares, each time for a period not exceeding five (5) years.

In addition, since the adoption of the amended and restated articles of association of the Company in connection with the Closing of the Business Combination, the Company's shareholders authorized the Board of Directors to allocate existing shares of the Company without consideration or to issue new shares ("Bonus Shares") paid-up out of distributable reserves (i) to employees of the Company or to certain classes of such employees; (ii) to employees of companies or economic interest groupings in which the Company holds directly or indirectly at least ten percent (10%) of the share capital or of the voting rights; (iii) to employees of companies or economic interest groupings which hold directly or indirectly at least ten percent (10%) of the share capital or of the voting rights of the Company; (iv) to employees of companies or economic interest groupings in which at least fifty percent (50%) of the share capital or of the voting rights are held, directly or indirectly, by a company holding itself, directly or indirectly, at least fifty percent (50%) of the share capital of the Company; or (v) to members of the corporate bodies of the Company or any of the other companies or economic interest groupings referred to under items (ii) to (iv) above, for a maximum period of five years from the date of incorporation or any subsequent resolutions to create, renew or increase the authorized capital (such period restriction is only applicable in case of an allotment of newly issued shares). The preferential subscription right of existing shareholders is, through their authorization to the Board of Directors, automatically waived in case of issuance of Bonus Shares.

Currently, no further Redeemable B Shares may be issued by the Board of Directors under the authorized capital as the maximum amount of Redeemable B Shares authorized by the extraordinary general meeting of shareholders of the Company held prior to the Closing of the Business Combination has been issued.

The Company recognizes only one (1) holder per share. In case a share is owned by several persons, they shall appoint a single representative who shall represent them in respect of the Company. The Company has the right to suspend the exercise of all rights attached to that share, except for relevant information rights, until such representative has been appointed.

Upon the consummation of the Business Combination, a delegate of the Board of Directors, who was granted powers pursuant to resolutions of the Board of Directors, resolved on the issuance of Ordinary Shares out of the authorized capital to Union shareholders. When delegating such powers to the delegate, the Board of Directors resolved on the applicable procedures and timelines to which such issuance will be subjected. In the event a proposal of the Board of Directors to issue new Ordinary Shares exceeds the limits of the Company's authorized share capital, the Board of Directors must then convene the shareholders to an extraordinary general meeting to be held in front of a Luxembourg notary for the purpose of increasing the issued share capital. Such meeting will be subject to the quorum and majority requirements required for amending the amended and restated articles of association, it being understood that the amended and restated articles of association may be amended by at least two thirds (2/3) of the votes validly cast at such general meeting at which a quorum of more than half (1/2) of the Company's share capital is present or represented. If no quorum is reached in a meeting, a second meeting may be convened in accordance with the provisions of Luxembourg law and the amended and restated articles of association of the Company, which may deliberate regardless of the quorum and at which resolutions are adopted by at least two thirds (2/3) of the votes validly cast. Abstentions and nil votes shall not be taken into account. If the capital call proposed by the Board of Directors consists of an increase in the shareholders' commitments, the Board of Directors must convene the shareholders to an extraordinary general meeting to be held in front of a Luxembourg notary for such purpose. Such meeting will be subject to the unanimous consent of the shareholders.

Preferential Subscription Rights

Under Luxembourg law and in accordance with the amended and restated articles of association of the Company, existing shareholders benefit from a preferential subscription right on the issuance of new shares by the Company for cash consideration. However, since the adoption of the amended and restated articles of association of the Company pursuant to the terms of the Business Combination, the Company's shareholders authorized the Board of Directors, within the limits of the Company's authorized share capital and within a period of five years, to remove or limit any preemptive subscription rights of shareholders in case of issue against payment in cash of Ordinary Shares, Redeemable B Shares, warrants (which may be separate or attached to Ordinary Shares, bonds, notes or similar instruments), convertible bonds, notes or similar instruments and the Company can limit or suppress, subject to the quorum and majority for the amendment of the articles of association. Such shares may be issued above, at, or below market value, and, following a certain procedure, even below the accounting par value, if applicable per share. New Company shares also may be issued by way of incorporation of available reserves, including share premium.

Share Repurchases

The Company cannot subscribe for its own Ordinary Shares. The Company may, however, repurchase issued Ordinary Shares or have another person acting in his, her or its own name, but on behalf of the Company, repurchase issued Ordinary Shares, subject to the following conditions:

(1) prior authorization by a simple majority vote at an ordinary general meeting of shareholders, which authorization sets forth:

   (a) the terms and conditions of the proposed repurchase and in particular the maximum number of Ordinary Shares to be repurchased;

   (b) the duration of the period for which the authorization is given, which may not exceed five years; and

   (c) in the case of repurchase for consideration, the minimum and maximum consideration per share;

(2) redemptions, including shares previously acquired by the Company and held by it in its portfolio and shares acquired by a person acting in his, her or its own name, but on behalf of the Company, may not result in the net assets as shown in the annual accounts falling below the amount of the subscribed capital, increased by the reserves which Luxembourg law or the articles of association do not permit to distribute;

(3) only fully paid-up Ordinary Shares may be repurchased; and

(4) the offer to repurchase must be made on the same terms to all shareholders in the same situation except for repurchases which have been unanimously decided by a general meeting at which all shareholders were present or represented; similarly, listed companies may purchase their own Ordinary Shares on the stock exchange without an offer to acquire having to be made to its shareholders.

When the acquisition of the Company's own Ordinary Shares is necessary to avoid serious and imminent harm to the Company, the prior authorization by a simple majority vote at an ordinary general meeting of shareholders described in paragraph (1) above shall not apply. In such a case, the Board of Directors must inform the shareholders at the following general meeting of the reasons for, and purpose of, the redemption, the number and nominal value, or failing that, such acquired Ordinary Share's accounting par value, the fraction of the subscribed capital such acquired Ordinary Shares represent, as well as the countervalue of such Ordinary Shares.

The prior authorization by a simple majority vote at an ordinary general meeting of shareholders described in paragraph (1) above shall also not apply in the case of Ordinary Shares acquired either by the Company itself or by a person acting in his, her or its own name, but on behalf of the Company, for distribution to the employees of the Company or to the employees of an affiliate of Company due to a control relationship (i.e., its subsidiaries or controlling shareholder) or in any of the circumstances listed in article 430-16 of the 1915 Law. The distribution of such Ordinary Shares must be made within 12 months of the acquisition of those shares.

The authorization will be valid for a period ending on the earlier of five years from the date of such shareholder authorization and the date of its renewal by a subsequent general meeting of shareholders. Pursuant to such authorization, the Board of Directors is authorized to redeem all Ordinary Shares under the conditions set forth in article 430-15 of the 1915 Law. Such purchases and sales may be carried out for any authorized purpose or any purpose that is authorized by the laws and regulations in force. The purchase price per Ordinary Share to be determined by the Board of Directors or its delegate shall represent not more than the fair market value of such Ordinary Shares.

Existing Share Repurchase Program

At the occasion of the annual general meeting of shareholders of the Company held on June 28, 2022 (the "2022 AGM"), the shareholders of the Company authorized the Board of Directors to acquire up to 10% of the total number of the Company's Ordinary Shares in issue at the date of the 2022 AGM within a period of 5 years as from the date of the 2022 AGM for a consideration which may not exceed an amount equal to 120% of the reference price of the shares on the Nasdaq and not less than USD 0.01, the reference price being the weighted average price for the market value for such Ordinary Shares for the 5 days of trading immediately preceding each date of repurchase.

Within the framework approved at the 2022 AGM, the Board of Directors approved on February 13, 2023 a share repurchase program under Rule 10b-18 of the Exchange Act, for the purchase of up to $5.0 million Ordinary Shares or 2,000,000 Ordinary Shares, whichever is less (the "Repurchase Program"). The consideration for such repurchase(s) corresponds to the consideration approved by the 2022 AGM. In December, 2023, our Board of Directors renewed the Repurchase Program for the fiscal year 2024 under the same terms.

The Company may purchase Ordinary Shares from time to time in the open market, including pursuant to a pre-set trading plan meeting the requirements of Rule 10b5-1(c) of the Exchange Act, through privately negotiated transactions, or any other legally permissible method, at management's discretion based on market and operational conditions, share price, trading volume, legal requirements and other factors.

The Repurchase Program shall be made in compliance with the parameters approved by the Company's shareholders at the occasion of the 2022 AGM, the rules of the SEC, and other applicable legal requirements.

The Company is not obligated to purchase any Ordinary Shares under the Repurchase Program and the Repurchase Program may be suspended or terminated at any time at management's discretion.

Voting rights

Each Ordinary Share, Redeemable A Share and Redeemable B Share entitles the holder thereof to one vote. Neither Luxembourg law nor the Company's amended and restated articles of association contain any restrictions as to the voting of Ordinary Shares, Redeemable A Shares and Redeemable B Shares by non-Luxembourg residents. The voting rights of the Redeemable A Shares and Redeemable B Shares are currently suspended as they are held in treasury by the Company.

Meetings

Ordinary General Meeting

In accordance with the 1915 Law and the Company's amended and restated articles of association, there is no quorum requirement at an ordinary general meeting and resolutions are adopted by a simple majority of validly cast votes of the shareholders present or represented for a given duly convened ordinary general meeting. Abstentions and nil votes are not taken into account.

Extraordinary General Meeting

Extraordinary resolutions are required for any of the following matters, among others: (i) an increase or decrease of the authorized or issued capital (except if made by the Board of Directors under the authorized capital), (ii) a limitation or exclusion of preemptive rights (except if made by the Board of Directors under the authorized capital), (iii) approval of a statutory merger or de-merger (*scission*), (iv) the Company's dissolution and liquidation, (v) any and all amendments to the Company's amended and restated articles of association and (vi) change of nationality. Pursuant to the 1915 Law and the Company's amended and restated articles of association, for any resolutions to be considered at an extraordinary general meeting of shareholders, the quorum shall be at least half (1/2) of the Company's issued share capital at a first duly convened meeting, unless otherwise mandatorily required by law. If the said quorum is not reached, a second meeting may be convened, for which the 1915 Law and the Company's amended and restated articles of association do not prescribe a quorum. Any extraordinary resolution shall be adopted at a quorate general meeting, except otherwise provided by law, by at least a two-thirds (2/3) majority of the votes validly cast at such meeting by shareholders. Abstentions and nil votes are not taken into account.

Annual Shareholders Meetings

The annual general meeting of shareholders must be held in the Grand Duchy of Luxembourg at the registered office of the Company within 6 months of the end of the preceding financial year.

Warrants

Pursuant to the Warrant Amendment, Union assigned to the Company all of Union's right, title and interest in the Warrant Agreement and the Company assumed, and agreed to pay, perform, satisfy and discharge in full, as the same become due, all of Union's liabilities and obligations under the Warrant Agreement arising from and after the Merger Effective Time.

Each Warrant is exercisable for one Ordinary Share and only whole warrants are exercisable. The exercise price of the Warrants is $11.50 per share, subject to adjustment as described in the Warrant Agreement. A Warrant may be exercised only during the period commencing on the date of the consummation of the Business Combination, and terminating at 5:00 p.m., New York City time on the earlier to occur of: (x) the date that is five (5) years after the date the Business Combination was completed, (y) the redemption date as provided in Section 6.2 of the Warrant Agreement, or (z) the liquidation of the Company. Redemptions of warrants for cash pursuant to the Warrant Agreement, once the Public Warrants become exercisable, may be redeemed (i) in whole and not in part, (ii) at a price of $0.01 per warrant, (iii) upon not less than 30 days' prior written notice of redemption to each warrant holder, and (iv) if, and only if, the reported last sale price of the Ordinary Shares equals or exceeds $18.00 per share for any 20 trading days within a 30-trading day period ending three business days before sending the notice of redemption to each warrant holder. If the Public Warrants are called for redemption for cash, management will have the option to require all holders that wish to exercise the Public Warrants to do so on a "cashless basis," as described in the Warrant Agreement.

The Private Placement Warrants are identical to the Public Warrants, except that the Private Placement Warrants and the shares issuable upon the exercise of the Private Placement Warrants will not be transferable, assignable or salable until 30 days after the completion of a Business Combination, subject to certain limited exceptions. Additionally, the Private Placement Warrants will be exercisable on a cashless basis and be non-redeemable (except as mentioned above) so long as they are held by the initial purchasers or their permitted transferees. If the Private Placement Warrants are held by someone other than the initial purchasers or their permitted transferees, the Private Placement Warrants will be redeemable and exercisable by such holders on the same basis as the Public Warrants.

Dividends

From the annual net profits of the Company, at least 5% shall each year be allocated to the Legal Reserve. That allocation to the Legal Reserve will cease to be mandatory as soon and as long as the aggregate amount of the Legal Reserve amounts to 10% of the amount of the share capital of the Company. The general meeting of shareholders shall resolve how the remainder of the annual net profits, after allocation to the Legal Reserve, will be disposed of by allocating the whole or part of the remainder to a reserve or to a provision, by carrying it forward to the next following financial year or by distributing it, together with carried forward profits, distributable reserves or share premium to the shareholders in proportion to the number of Ordinary Shares they hold in the Company.

The Board of Directors may resolve that the Company pays out an interim dividend to the shareholders, subject to the conditions of article 461-3 of the 1915 Law and the Company's amended and restated articles of association. The Board of Directors shall set the amount and the date of payment of the interim dividend.

Any share premium, assimilated premium or other distributable reserve may be freely distributed to the shareholders subject to the provisions of the 1915 Law and the Company's amended and restated articles of association. The dividend entitlement lapses upon the expiration of a five-year prescription period from the date of the dividend distribution. The unclaimed dividends return to the Company's accounts.

C. MATERIAL CONTRACTS

With the exception of the material agreements described in Item 7.B under the heading "Related Party Transactions-Agreements with Major Shareholders" and those executed in connection with the Business Combination, explained elsewhere in this Annual Report, all contracts concluded by us during the two years preceding the date of this Annual Report were entered into in the ordinary course of business.

D. EXCHANGE CONTROLS

None.

E. TAXATION

The following is a summary of the material Luxembourg and U.S. federal income tax consequences of the ownership and disposition of our common shares by persons addressed herein.

Potential investors in our common shares should consult their own tax advisors concerning the specific Luxembourg and U.S. federal, state and local tax consequences of the ownership and disposition of our common shares in light of their particular situations as well as any consequences arising under the laws of any other taxing jurisdiction.

LUXEMBOURG TAX CONSIDERATIONS

The following is a general description of certain Luxembourg tax considerations relating to the Company and the holders of Ordinary Shares and Warrants. It does not purport to be a complete analysis of all tax considerations in relation to the Ordinary Shares and Warrants. It is included herein solely for preliminary information purposes. It is not intended to be, nor should it be construed to be, legal or tax advice. It is a description of the essential material Luxembourg tax consequences with respect to the subscribing for, purchasing, owning and disposing of the Ordinary Shares and Warrants and may not include tax considerations that arise from rules of general application or that are generally assumed to be known to investors. Prospective purchasers should consult their own tax advisers as to which countries' tax laws could be relevant to acquiring, holding and disposing of the securities and the consequences of such actions under the tax laws of those countries. This overview is based upon the law as in effect on the date of this Annual Report and is subject to any change in law that may take effect after such date, even with retroactive effect.

The summary below is intended as an overview of certain tax consequences in relation to the Company and the purchase, ownership and disposition of Ordinary Shares and Warrants under Luxembourg law.

Please be aware that the residence concept used under the respective headings below applies for Luxembourg income tax assessment purposes only. Any reference in the present section to a tax, duty, levy impost or other charge or withholding of a similar nature refers to Luxembourg tax law and/or concepts only. Also, please note that a reference to Luxembourg income tax generally encompasses corporate income tax (*impôt sur le revenu des collectivités*), municipal business tax (*impôt commercial communal*), a solidarity surcharge (*contribution au fonds pour l'emploi*) as well as personal income tax (*impôt sur le revenu des personnes physiques*). Corporate taxpayers may further be subject to net worth tax (*impôt sur la fortune*), as well as other duties, levies and taxes. Corporate income tax, municipal business tax and the solidarity surcharge invariably apply to most corporate taxpayers' resident in Luxembourg for tax purposes. Corporate taxpayers may further be subject to a top-up tax arising under any legislation implementing OECD (2021), Tax Challenges Arising from Digitalisation of the Economy – Global Anti-Base Erosion Model Rules (Pillar Two): Inclusive Framework on BEPS, OECD/G20 Base Erosion and Profit Shifting Project, OECD Publishing, Paris (the "OECD Pillar 2 Model Rules"), Council Directive (EU) 2022/2523 of 14 December 2022 on ensuring a global minimum level of taxation for multinational enterprise groups and large-scale domestic groups in the Union (the "Pillar 2 Directive"), the Luxembourg law of 22 December 2023 implementing the Pillar 2 Directive (the "Pillar 2 Law") or similar rules (the "Pillar 2 Laws"). Individual taxpayers are generally subject to personal income tax and solidarity surcharge. Under certain circumstances, where individual taxpayers act in the course of the management of a professional or business undertaking, municipal business tax may apply as well.

Taxation of the Company

The Company, being a Luxembourg resident fully-taxable company, it should be subject to Luxembourg tax on its worldwide profits at the current combined ordinary rate of 24.94% for Luxembourg City in 2023 and 2024, including the 17% corporate income tax ("CIT") (national rate in 2023 and 2024), a 6.75% municipal business tax ("MBT") (rate in the municipality of Luxembourg City in 2023 and 2024) and a solidarity surcharge (together the "Income Tax").

As from fiscal year 2025, CIT is levied at a maximum rate of 17.12% (including the 7% solidarity surcharge), MBT rate remains at 6.75% for companies having their registered office in the city of Luxembourg. The maximum aggregate CIT and MBT rate consequently amounts to 23.87% for companies located in the city of Luxembourg in 2025.

In principle, dividends and capital gains realized by the Company are fully subject to Income Tax in Luxembourg.

However, provided the conditions of the Luxembourg participation exemption regime are met, dividends or capital gains realized by the Company upon the disposal of shares are not taxable in Luxembourg.

Luxembourg net wealth tax ("NWT") will be due annually by the Company at the rate of 0.5% on its total net asset value below or equal to € 500 million. The tranche above € 500 million will be taxed at a rate of 0.05%. Net worth is referred to as the unitary value (valeur unitaire), as determined at January 1 of each year. The unitary value is in principle calculated as the difference between (i) assets estimated at their fair market value (valeur estimée de réalisation), and (ii) liabilities vis-à-vis third parties.

Shareholdings qualifying for the Luxembourg participation exemption regime are excluded from the NWT basis provided that, the Company holds a direct shareholding in a qualifying subsidiary representing at least 10% of the qualifying subsidiary's share capital or having an acquisition cost (including both share capital and share premium) of at least € 1.2 million; there is no minimum holding period requirement.

For fiscal years 2023 and 2024, companies for which the sum of fixed financial assets (i.e., financial assets notably including shares and loans, transferable securities and cash) exceeds 90% of their total balance sheet and € 350,000 are liable to a minimum annual NWT of € 4,815. Other companies are liable to a minimum progressive tax (in an amount up to € 32,100), depending on the total assets on their balance sheet.

As from fiscal year 2025, the minimum annual NWT should amount to EUR 535 where the total balance sheet is less or equal to EUR 350,000, EUR 1,605 where the total balance sheet is higher than EUR 350,000 and less or equal to EUR 2,000,000, and EUR 4,815 where the total balance sheet is higher than 2,000,000.

Withholding taxation

Any dividend distributed by the Company to its shareholders will in principle be subject to a 15% withholding tax unless an exemption or a reduced treaty rate applies.

Top-up tax

The Company may be subject to a top-up tax in Luxembourg if it falls within the scope of the Pillar 2 Law. Such top-up tax is currently determined under either an income inclusion rule ("IIR") or a qualified domestic minimum top-up tax rule ("QDMTT").

Luxembourg taxation of the holders

Luxembourg tax residence of the holders

Holders will not be deemed to be resident, domiciled or carrying on business in Luxembourg solely by reason of holding, execution, performance, delivery, exchange and/or enforcement of the Ordinary Shares or Warrants.

Taxation of Luxembourg non-residents

Holders who are non-residents of Luxembourg and who do not have a permanent establishment, a permanent representative, or a fixed place of business in Luxembourg with which the holding of the Ordinary Shares or Warrants is connected, are not liable to any Luxembourg income tax, whether they receive payments upon redemption or repurchase of the Ordinary Shares or Warrants, or realize capital gains on the sale of any Ordinary Shares or Warrants, unless they sell a participation of more than 10% in the Company within 6 months of its acquisition, or in case of a disposal of Ordinary Shares or Warrants after 6 months or more, such holder had been a Grand Duchy of Luxembourg resident taxpayer for more than 15 years and has become a non-Luxembourg taxpayer less than 5 years before the disposal of Ordinary Shares or Warrants occurs.

Taxation of Luxembourg residents

Holders who are Luxembourg resident individuals will generally be subject to income tax on income derived from the Ordinary Shares and Warrants. Capital gains realized upon the disposal, sale or redemption of the Ordinary Shares and Warrants by individual resident holders acting in the course of the management of their private wealth are in principle not subject to personal income tax (except if the gain has been realized within 6 months of the acquisition of the Ordinary Shares or Warrants), to the extent they do not hold a participation of more than 10% in the Company.

Dividends distributed by the Company to Luxembourg resident individuals who act in the course of the management of their private wealth are subject to personal income tax at the progressive ordinary rates. However, 50% of the gross amount of dividends received by Luxembourg resident individuals from the Company may in principle be exempt from income tax.

Holders who are Luxembourg resident companies (*société de capitaux*) or foreign entities which have a permanent establishment or a permanent representative in Luxembourg with which the holding of the Ordinary Shares or Warrants is connected, must include in their taxable income any income (including dividend) and the difference between the sale or redemption price and the lower of the cost or book value of the Ordinary Shares and Warrants sold or redeemed unless the conditions of the participation exemption regime are satisfied. Under Luxembourg tax law it is debatable to what extent the Warrants are eligible for the participation exemption regime although certain case law supports such argumentation in certain circumstances.

If the conditions of the participation exemption regime are not met, 50% of the dividends distributed by the Company to the Luxembourg resident company, or to the foreign holders of Ordinary Shares having a permanent establishment or a permanent representative in Luxembourg with which the holding of the Ordinary Shares is connected, should nevertheless be exempt from income tax.

As from fiscal year 2025, Luxembourg resident companies may decline annually the benefit of the participation exemption where it applies solely by virtue of the acquisition price criterion (EUR 1.2 million for dividends and liquidation proceeds or EUR 6 million for capital gains). They may also opt out annually of the 50% partial exemption regime for dividends.

A holder who is a Luxembourg resident company benefiting from a special tax regime, such as (i) a specialized investment fund governed by the amended law of February 13, 2007, (ii) a family wealth management company governed by the amended law of May 11, 2007, (iii) an undertaking for collective investment governed by the amended law of December 17, 2010 or (iv) a reserved alternative investment fund treated as a specialized investment fund for Luxembourg tax purposes governed by the amended law of July 23, 2016 is exempt from income tax in Luxembourg and profits derived from the Ordinary Shares and Warrants are thus not subject to Luxembourg income tax.

Net Wealth Tax

A Luxembourg resident as well as a non-resident who has a permanent establishment or a permanent representative in Luxembourg to which the Ordinary Shares or Warrants are attributable, are subject to Luxembourg NWT on such Ordinary Shares or Warrants, except if (a) the conditions of the participation exemption regime are met, or (b) the holder is (i) a resident or non-resident individual taxpayer, (ii) a securitization company governed by the amended law of March 22, 2004 on securitization, (iii) a company governed by the amended law of June 15, 2004 on venture capital vehicles, (iv) a professional pension institution governed by the amended law dated July 13, 2005, (v) a specialized investment fund governed by the amended law of February 13, 2007, (vi) a family wealth management company governed by the law of May 11, 2007, (vii) an undertaking for collective investment governed by the amended law of December 17, 2010 or (viii) a reserved alternative investment fund governed by the amended law of July 23, 2016.

However, (i) a securitization company governed by the amended law of March 22, 2004 on securitization, (ii) a company governed by the amended law of June 15, 2004 on venture capital vehicles, (iii) a professional pension institution governed by the amended law dated July 13, 2005 and (iv) an opaque reserved alternative investment fund treated as a venture capital vehicle governed by the amended law of July 23, 2016 remain subject to minimum NWT.

Other Taxes

No stamp, value, issue, registration, transfer or similar taxes or duties will be payable in Luxembourg by shareholders in connection with the issue of the Ordinary Shares and Warrants, nor will any of these taxes be payable as a consequence of a subsequent transfer, exchange or redemption of the Ordinary Shares or Warrants, unless the documents relating to the Ordinary Shares or Warrants are (i) voluntarily registered in Luxembourg or (ii) appended to a document that requires obligatory registration in Luxembourg.

There is no Luxembourg value added tax payable in respect of payments in consideration for the issuance of the Ordinary Shares or Warrants or in respect of the payment under the Ordinary Shares or Warrants or the transfer of the Ordinary Shares or Warrants. Luxembourg value added tax may, however, be payable in respect of fees charged for certain services rendered to the Company if, for Luxembourg value added tax purposes, such services are rendered or are deemed to be rendered in Luxembourg and an exemption from Luxembourg value added tax does not apply with respect to such services.

No Luxembourg inheritance tax is levied on the transfer of the Ordinary Shares or Warrants upon the death of a holder in cases where the deceased was not a resident of Luxembourg for inheritance tax purposes. Where a holder is a resident of Luxembourg for tax purposes at the time of his death, the Ordinary Shares and Warrants are included in such holder's taxable estate for inheritance tax assessment purposes. No Luxembourg gift tax will be levied on the transfer of Ordinary Shares or Warrants by way of gift unless the gift is registered in Luxembourg.

U.S. FEDERAL INCOME TAX CONSIDERATIONS

The following is a discussion of certain U.S. federal income tax considerations to U.S. holders (as defined below) relating to the acquisition, ownership and disposition of the Ordinary Shares and Warrants as of the date hereof. The discussion below only applies to the Ordinary Share and Warrants held as capital assets for U.S. federal income tax purposes and does not describe all of the tax consequences that may be relevant to holders in light of their particular circumstances, including alternative minimum tax and Medicare contribution tax consequences, or holders who are subject to special rules, such as:

- financial institutions or financial services entities;
- insurance companies;
- government agencies or instrumentalities thereof;
- regulated investment companies and real estate investment trusts;
- expatriates or former residents of the United States;
- persons that acquired the Ordinary Shares or Warrants pursuant to an exercise of employee share options, in connection with employee share incentive plans or otherwise as compensation;
- dealers or traders subject to a mark-to-market method of tax accounting with respect to the Ordinary Shares or Warrants;
- persons holding the Ordinary Shares or Warrants as part of a "straddle," constructive sale, hedging, integrated transactions or similar transactions;
- U.S. holders whose functional currency is not the U.S. dollar;
- partnerships or other pass-through entities for U.S. federal income tax purposes or investors in such entities;

- a person required to accelerate the recognition of any item of gross income with respect to the Ordinary Shares or Warrants as a result of such income being recognized on an applicable financial statement;

- a person actually or constructively owning 10% or more of the Ordinary Shares (by vote or value); or

- tax-exempt entities.

This discussion does not consider the tax treatment of entities that are partnerships or other pass-through entities for U.S. federal income tax purposes or persons who hold the Ordinary Shares or Warrants through such entities. If a partnership or other pass-through entity for U.S. federal income tax purposes is the beneficial owner of Ordinary Shares or Warrants, the U.S. federal income tax treatment of partners of the partnership will generally depend on the status of the partners and the activities of the partner and the partnership.

This discussion is based on the Code, and administrative pronouncements, judicial decisions and final, temporary and proposed U.S. Treasury regulations all as of the date hereof, changes to any of which subsequent to the date of this Annual Report may affect the tax consequences described in this Annual Report. This discussion does not take into account potential suggested or proposed changes in such tax laws which may impact the discussion below and does not address any aspect of state, local or non-U.S. taxation, or any U.S. federal taxes other than income taxes. Each of the foregoing is subject to change, potentially with retroactive effect. Holders are urged to consult their tax advisors with respect to the application of U.S. federal tax laws to their particular situation, as well as any tax consequences arising under the laws of any state, local or non-U.S. jurisdiction.

For purposes of this discussion, a U.S. holder means a beneficial owner of Ordinary Shares or Warrants that is, for U.S. federal income tax purposes:

- an individual who is a citizen or resident of the United States;

- a corporation (or other entity taxable as a corporation for U.S. federal income tax purposes) created or organized in or under the laws of the United States, any state thereof or the District of Columbia;

- an estate whose income is subject to U.S. federal income tax regardless of its source; or

- a trust if (1) a U.S. court can exercise primary supervision over the trust's administration and one or more U.S. persons are authorized to control all substantial decisions of the trust; or (2) the trust has a valid election in effect under applicable Treasury Regulations to be treated as a U.S. person.

THIS DISCUSSION IS ONLY A SUMMARY OF CERTAIN U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE ACQUISITION, OWNERSHIP AND DISPOSITION OF THE ORDINARY SHARES AND WARRANTS. EACH HOLDER OF ORDINARY SHARES OR WARRANTS IS URGED TO CONSULT ITS OWN TAX ADVISOR WITH RESPECT TO THE PARTICULAR TAX CONSEQUENCES TO SUCH INVESTOR, INCLUDING THE APPLICABILITY AND EFFECT OF ANY STATE, LOCAL, AND NON-U.S. TAX LAWS, AS WELL AS U.S. FEDERAL TAX LAWS AND ANY APPLICABLE TAX TREATIES.

Distributions on Ordinary Shares

Subject to the discussion below under "*—Passive Foreign Investment Company Rules*", the gross amount of any distribution on Ordinary Shares that is made out of the Company's current or accumulated earnings and profits (as determined for U.S. federal income tax purposes) generally will be taxable to a U.S. holder as ordinary dividend income on the date such distribution is actually or constructively received. Any such dividends generally will not be eligible for the dividends received deduction allowed to corporations in respect of dividends received from other U.S. corporations. To the extent that the amount of the distribution exceeds the Company's current and accumulated earnings and profits (as determined under U.S. federal income tax principles), such excess amount will be treated first as a non-taxable return of capital to the extent of the U.S. holder's tax basis in its Ordinary Shares, and thereafter as capital gain recognized on a sale or exchange. Because the Company may not determine its earnings and profits on the basis of U.S. federal income tax principles, it is expected that distributions on Ordinary Shares will generally be reported to U.S. holders as dividends.

Dividends paid by the Company generally will be taxable to a non-corporate U.S. holder at the reduced rate normally applicable to long-term capital gains, provided that the Company is considered a "qualified foreign corporation" and certain other requirements are met. A qualified foreign corporation includes a foreign corporation that is eligible for the benefits of the income tax treaty between Luxembourg and the United States (the "Treaty"). A foreign corporation is also treated as a "qualified foreign corporation" with respect to dividends paid by that corporation on shares that are readily tradable on an established securities market in the United States. U.S. Treasury Department guidance indicates that the Ordinary Shares, which are listed on the NASDAQ, will be readily tradable on an established securities market in the United States. There can be no assurance, however, that Ordinary Shares will be considered readily tradable on an established securities market in later years or that that the Company will be eligible for the benefits of the Treaty. A U.S. holder will not be able to claim the reduced rate on dividends received from the Company if the Company is treated as a PFIC in the taxable year in which the dividends are received or in the preceding taxable year. See "*—Passive Foreign Investment Company Rules*" below.

Subject to certain conditions and limitations, withholding taxes, if any, on dividends paid by the Company may be treated as foreign taxes eligible for credit against a U.S. holder's U.S. federal income tax liability under the U.S. foreign tax credit rules. However, as a result of recent changes to the U.S. foreign tax credit rules, a withholding tax generally will need to satisfy certain additional requirements in order to be considered a creditable tax for a U.S. holder. The Company has not determined whether these requirements have been met with respect to any withholding tax that may be imposed on dividends paid by the Company and, accordingly, no assurance can be given that any such tax will be creditable. For purposes of calculating the U.S. foreign tax credit, dividends paid on Ordinary Shares will generally be treated as income from sources outside the United States and will generally constitute passive category income. The rules governing the U.S. foreign tax credit are complex. U.S. holders should consult their tax advisors regarding the availability of the U.S. foreign tax credit under particular circumstances.

Sale, Exchange, Redemption or Other Taxable Disposition of Ordinary Shares and Warrants

Subject to the discussion below under "*—Passive Foreign Investment Company Rules*," a U.S. holder generally will recognize gain or loss on any sale, exchange, redemption or other taxable disposition of Ordinary Shares or Warrants in an amount equal to the difference between (i) the amount realized on the disposition and (ii) such U.S. holder's adjusted tax basis in such shares and/or warrants. Any gain or loss recognized by a U.S. holder on a taxable disposition of Ordinary Shares or Warrants generally will be capital gain or loss and will be long-term capital gain or loss if the holder's holding period in such shares and/or warrants exceeds one year at the time of the disposition. Preferential tax rates may apply to long-term capital gains of non-corporate U.S. holders (including individuals). The deductibility of capital losses is subject to limitations. Any gain or loss recognized by a U.S. holder on the sale or exchange of Ordinary Shares or Warrants generally will be treated as U.S. source gain or loss. Therefore, a U.S. holder may have insufficient foreign source income to utilize foreign tax credits attributable to any Luxembourg withholding tax imposed on a sale, exchange, redemption or other taxable disposition. U.S. holders should consult their tax advisors as to the availability of and limitations on any foreign tax credit attributable to Luxembourg withholding tax.

Exercise or Lapse of a Warrant

Except as discussed below with respect to the cashless exercise of a Warrant, a U.S. holder generally will not recognize gain or loss upon the acquisition of an Ordinary Share on the exercise of a Warrant for cash. A U.S. holder's tax basis in a Ordinary Shares received upon exercise of the Warrant generally should be an amount equal to the sum of the U.S. holder's tax basis in the Warrant exchanged therefor and the exercise price. The U.S. holder's holding period for a Ordinary Share received upon exercise of the Warrant will begin on the date following the date of exercise (or possibly the date of exercise) of the Warrant and will not include the period during which the U.S. holder held the Warrant. If a Warrant is allowed to lapse unexercised, a U.S. holder generally will recognize a capital loss equal to such holder's tax basis in the Warrant.

The tax consequences of a cashless exercise of a Warrant are not clear under current tax law. A cashless exercise may be tax-deferred, either because the exercise is not a gain realization event or because the exercise is treated as a recapitalization for U.S. federal income tax purposes. In either tax-deferred situation, a U.S. holder's basis in the Ordinary Shares received would equal the holder's basis in the Warrants exercised therefore. If the cashless exercise were treated as not being a gain realization event, a U.S. holder's holding period in the Ordinary Shares would be treated as commencing on the date following the date of exercise (or possibly the date of exercise) of the Warrants. If the cashless exercise were treated as a recapitalization, the holding period of the Ordinary Shares would include the holding period of the Warrants exercised therefore.

It is also possible that a cashless exercise of a Warrant could be treated in part as a taxable exchange in which gain or loss would be recognized. In such event, a U.S. holder would recognize gain or loss with respect to the portion of the exercised Warrants treated as surrendered to pay the exercise price of the Warrants (the "surrendered warrants"). The U.S. holder would recognize capital gain or loss with respect to the surrendered warrants in an amount generally equal to the difference between (i) the fair market value of the Ordinary Shares that would have been received with respect to the surrendered warrants in a regular exercise of the Warrants and (ii) the sum of the U.S. holder's tax basis in the surrendered warrants and the aggregate cash exercise price of such warrants (if they had been exercised in a regular exercise). In this case, a U.S. holder's tax basis in the Ordinary Shares received would equal the U.S. holder's tax basis in the Warrants exercised plus (or minus) the gain (or loss) recognized with respect to the surrendered warrants. A U.S. holder's holding period for the Ordinary Shares would commence on the date following the date of exercise (or possibly the date of exercise) of the Warrants.

Due to the absence of authority on the U.S. federal income tax treatment of a cashless exercise of warrants, there can be no assurance which, if any, of the alternative tax consequences and holding periods described above would be adopted by the IRS or a court of law. Accordingly, U.S. holders should consult their tax advisors regarding the tax consequences of a cashless exercise of Warrants.

Possible Constructive Distributions

The terms of each Warrant provide for an adjustment to the number of Ordinary Shares for which the Warrant may be exercised or to the exercise price of the Warrant in certain events. An adjustment which has the effect of preventing dilution generally is not taxable. A U.S. holder of a Warrant would, however, be treated as receiving a constructive distribution from the Company if, for example, the adjustment increases the holder's proportionate interest in the Company's assets or earnings and profits (e.g., through an increase in the number of Ordinary Shares that would be obtained upon exercise of such warrant) as a result of a distribution of cash to the holders of the Ordinary Shares which is taxable to the U.S. holders of such shares as described under "*— Distributions on Ordinary Shares*" above. Such constructive distribution would be subject to tax as described under that section in the same manner as if the U.S. holder of such warrant received a cash distribution from the Company equal to the fair market value of such increased interest.

Passive Foreign Investment Company Rules

A non-U.S. corporation, such as the Company, will be PFIC for U.S. federal income tax purposes in any taxable year in which, after applying relevant look-through rules with respect to the income and assets of its subsidiaries, either (i) 75% or more of the corporation's gross income is passive income, or (ii) 50% or more of the value of the corporation's assets in any taxable year (generally based on the quarterly average of the value of its assets during such year) is attributable to assets, including cash, that produce passive income or are held for the production of passive income. Passive income generally includes dividends, interest, certain royalties and rents, annuities, net gains from the sale or exchange of property producing such income and net foreign currency gains.

Based on the expected composition of the Company's gross assets (including unbooked goodwill as valued based on the market value of the Company's equity) and income and the manner in which the Company expects to operate its business in future years, the Company does not expect to be classified as a PFIC for U.S. federal income tax purposes for the Company's current taxable year or in the foreseeable future. Whether the Company is a PFIC is a factual determination made annually, and the Company's status could change depending, among other things, upon changes in the composition and relative value of its gross receipts and assets, which may be determined by reference to the price of Ordinary Shares (which could fluctuate significantly). Based on its current operations, the Company's unbooked goodwill (which it has valued based on the market value of its equity) may be attributable to the Company's activities that generate active income and may be treated as an active asset. Because the Company has valued its goodwill based on the market value of its equity, a decrease in the price of Ordinary Shares may also result in the Company becoming a PFIC.

If the Company were a PFIC in any year during which a U.S. holder owns Ordinary Shares, subject to the discussion below regarding the mark-to-market or QEF elections, a U.S. holder generally will be subject to special rules (regardless of whether the Company continues to be a PFIC) with respect to (i) any "excess distribution" (generally, any distributions received by a U.S. holder on its Ordinary Shares in a taxable year that are greater than 125% of the average annual distributions received by the U.S. holder in the three preceding taxable years or, if shorter, the U.S. holder's holding period for the Ordinary Shares) and (ii) any gain realized on the sale or other disposition of Ordinary Shares. Under these rules (a) the excess distribution or gain will be allocated ratably over the U.S. holder's holding period, (b) the amount allocated to the current taxable year and any taxable year prior to the first taxable year in which the Company is a PFIC will be taxed as ordinary income, and (c) the amount allocated to each of the other taxable years will be subject to tax at the highest rate of tax in effect for the applicable class of taxpayer for that year and an interest charge for the deemed deferral benefit will be imposed with respect to the resulting tax attributable to each such other taxable year. The application of the PFIC rules to U.S. holders of Warrants is unclear. Proposed Treasury Regulations issued under the PFIC rules generally treat an "option" (which would include a Warrant) to acquire the stock of a PFIC as stock of the PFIC. Therefore, it is possible that the proposed Treasury Regulations if finalized in their current form would apply to cause gain recognized on the disposition of Warrants to be subject to the excess distribution regime discussed above.

A U.S. holder may be able to avoid some of the adverse impacts of the PFIC rules described above by electing to mark the Ordinary Shares to market annually. The election is available only if the Ordinary Shares are considered "marketable stock," which generally includes stock that is regularly traded in more than de minimis quantities on a qualifying exchange. If a U.S. holder makes the mark-to-market election, any gain from marking the Ordinary Shares to market or from disposing of them would be ordinary income. Any loss from marking the Ordinary Shares to market would be recognized only to the extent of unreversed gains previously included in income. Loss from marking the Ordinary Shares to market would be ordinary, but loss on disposing of them would be capital loss except to the extent of mark-to-market gains previously included in income. It is expected that Ordinary Shares, which are listed on Nasdaq, will qualify as marketable shares for the PFIC rules purposes. No assurance can be given that the Ordinary Shares will be traded in sufficient frequency and quantity to be considered "marketable stock." A valid mark-to-market election cannot be revoked without the consent of the IRS unless the Ordinary Shares cease to be marketable stock. In addition, U.S. holders of Warrants will not be able to make a mark-to-market election with respect to their Warrants.

A U.S. holder would not be able to avoid the tax consequences described above by electing to treat the Company as a QEF because the Company does not intend to provide U.S. holders with the information that would be necessary to make a QEF election with respect to the Ordinary Shares. In any event, U.S. holders of Warrants will not be able to make a QEF election with respect to their warrants.

A U.S. holder that owns (or is deemed to own) shares in a PFIC during any taxable year of the U.S. holder generally is required to file an IRS Form 8621 (whether or not a QEF or mark-to-market election is or has been made) with such U.S. holder's U.S. federal income tax return and provide such other information as may be required by the U.S. Treasury Department. Failure to file IRS Form 8621 for each applicable taxable year may result in substantial penalties and result in the U.S. holder's taxable years being open to audit by the IRS until such Forms are properly filed.

U.S. holders should consult their own tax advisors concerning the Company's possible PFIC status and the consequences to them, including potential reporting requirements, if the Company were classified as a PFIC for any taxable year.

Information Reporting and Backup Withholding

Information reporting requirements may apply to dividends received by U.S. holders of Ordinary Shares, and the proceeds received on the disposition of Ordinary Shares effected within the United States (and, in certain cases, outside the United States), in each case other than U.S. holders that are exempt recipients (such as corporations). Backup withholding may apply to such amounts if the U.S. holder fails to provide an accurate taxpayer identification number (generally on an IRS Form W-9 provided to the paying agent of the U.S. holder's broker) or is otherwise subject to backup withholding.

Backup withholding is not an additional tax. Amounts withheld as backup withholding may be credited against the U.S. holder's U.S. federal income tax liability, and a U.S. holder may obtain a refund of any excess amounts withheld under the backup withholding rules by timely filing the appropriate claim for a refund with the IRS and furnishing any required information.

Certain U.S. holders are required to report information with respect to Ordinary Shares and Warrants not held through an account with a domestic financial institution to the IRS. U.S. holders that fail to report required information could become subject to substantial penalties. U.S. holders should consult their tax advisors regarding these rules and any other reporting obligations that may apply to the ownership or disposition of Ordinary Shares or Warrants.

F. DIVIDENDS AND PAYING AGENTS.

Not applicable.

G. STATEMENT BY EXPERTS

Not applicable.

H. DOCUMENTS ON DISPLAY

The Company makes its filings in electronic form under the EDGAR filing system of the SEC. Its filings are available through the EDGAR system at www.sec.gov. The Company's filings are also available to the public through the Internet at Procaps' investor relations website at https://investor.procapsgroup.com/. Such filings and other information on its website are not incorporated by reference in this Annual Report. Interested parties may request a copy of this filing, and any other report, at no cost, by writing to the Company at the following address: Sofgen Pharma, S.A. – 9 rue de Bitbourg, L-1273, Luxembourg, Grand Duchy of Luxembourg.

1. SUBSIDIARY INFORMATION

Not applicable.

ITEM 11. QUANTITATIVE AND QUALITATIVE DISCLOSURES REGARDING MARKET RISK

We are exposed to cash flow and earnings fluctuations as a result of certain market risks. These market risks primarily relate to changes in interest rates and foreign exchange rate changes.

Interest Rate Risk

Procaps is exposed to interest rates risk because it borrows funds under both fixed and variable rate arragmenets. Procaps manages this risk by constantly monitoring the macroeconomic variables that influence interest rates movements and to the extent possible, maintaining an appropriate combination between fixed rate and the variable rate debt financing.

At the end of each reporting period a sensitivity analysis is performed on interest rates applicable for the Company financial obligations, including those indexed to the Colombian Depósitos a Término Fijo (Fixed Term Deposit Rate, or "DTF"), the Colombian Indicador Bancario de Referencia (Indicative Benchmark Interest Rate, or "IBR") and the Secured Overnight Financing Rate ("SOFR") at the end of the reporting period, raising awareness of an increase or a decrease of 100 points, which represents management's assessment of the possible reasonable change in interest rates.

For the year ended 2024, the peak in interest rates and its consequent effect on total interest expense for the year, although still immaterial, required closer monitoring of interest rate behavior. For the years ended 2023 and 2022, the impact of potential interest rate variations had been assessed as immaterial to our financial results.

Inflation Risk

Our functional and reporting currency is the U.S. dollar After a sustained period of relatively low inflation rates, the rates of inflation from previous periods are above or near recent historical highs in the United States as well as the other countries in which we operate. High rates of inflation may have a number of adverse effects on our business. For example, we have experienced an increase in our cost of sales and operating expenses, primarily with respect to sales, marketing and administrative expenses in previous years and this could happen again.

Our suppliers may also be subject to material adverse effects as a result of high rates of inflation, including as a result of the impact on their financial conditions, changes in demand patterns, price volatility, and supply chain disruption. Any increase in the materials supplied to us by our suppliers could continue to influence on our cost of sales. Furthermore, the Company cannot completely offset increased costs due to inflation by increasing the prices of our products, because, among other things, any such increase would inherently lag behind such cost increases. Increasing prices may also adversely impact customer demand for our products.

In addition, we incur some of our expenses in other currencies. As a result, we are exposed to the risk that the rate of inflation in countries in which we are active other than the United States will exceed the rate of devaluation of such countries' currencies in relation to the dollar or that the timing of any such devaluation will lag behind inflation in such countries. To date, we have been affected by the exchange rates of other countries' currencies compared to the dollar, and we cannot assure you that we will not be adversely affected in the future.

Foreign Currency Exchange Risk

Due to the nature of our global operations, we are exposed to cash flow and earnings fluctuations resulting from foreign exchange-rate variation. These exposures are transactional and translational in nature. Since we manufacture and sell our products throughout the world, our foreign-currency risk is diversified. Principal drivers of this diversified foreign-exchange exposure include the Colombia Peso, Brazilian Real, and the Peruvian Soles. Approximately 39% of our revenue for the year ended December 31, 2024 was U.S. dollar denominated. Our transactional exposure arises from the purchase and sale of goods and services in currencies other than the functional currency of our operational units. The financial statements of our operations outside of the United States are measured using the local currency as the functional currency. Adjustments to translate the assets and liabilities of these foreign operations in Colombian Pesos, Brazilian Reais and the Peruvian Soles are accumulated as a component of other comprehensive income/(loss) utilizing period-end exchange rates. Foreign-currency transaction gains and losses calculated by utilizing weighted average exchange rates for the period are included in the statements of operations in other (income)/expense, net.

ITEM 12. DESCRIPTION OF SECURITIES OTHER THAN EQUITY SECURITIES

A. DEBT SECURITIES

Not applicable.

B. WARRANTS AND RIGHTS

Pursuant to the Warrant Amendment, Union assigned to the Company all of Union's right, title and interest in the Warrant Agreement and the Company assumed, and agreed to pay, perform, satisfy and discharge in full, as the same become due, all of Union's liabilities and obligations under the Warrant Agreement arising from and after the Merger Effective Time.

Each Warrant is exercisable for one Ordinary Share and only whole warrants are exercisable. The exercise price of the Warrants is $11.50 per share, subject to adjustment as described in the Warrant Agreement. A Warrant may be exercised only during the period commencing on the date of the consummation of the Business Combination, and terminating at 5:00 p.m., New York City time on the earlier to occur of: (x) the date that is five (5) years after the date the Business Combination was completed, (y) the redemption date as provided in Section 6.2 of the Warrant Agreement, or (z) the liquidation of the Company. Redemptions of warrants for cash pursuant to the Warrant Agreement, once the Public Warrants become exercisable, may be redeemed (i) in whole and not in part, (ii) at a price of $0.01 per warrant, (iii) upon not less than 30 days' prior written notice of redemption to each warrant holder, and (iv) if, and only if, the reported last sale price of the Ordinary Shares equals or exceeds $18.00 per share for any 20 trading days within a 30-trading day period ending three business days before sending the notice of redemption to each warrant holder. If the Public Warrants are called for redemption for cash, management will have the option to require all holders that wish to exercise the Public Warrants to do so on a "cashless basis," as described in the Warrant Agreement.

The Private Placement Warrants are identical to the Public Warrants, except that the Private Placement Warrants and the shares issuable upon the exercise of the Private Placement Warrants will not be transferable, assignable or salable until 30 days after the completion of a Business Combination, subject to certain limited exceptions. Additionally, the Private Placement Warrants will be exercisable on a cashless basis and be non-redeemable (except as mentioned above) so long as they are held by the initial purchasers or their permitted transferees. If the Private Placement Warrants are held by someone other than the initial purchasers or their permitted transferees, the Private Placement Warrants will be redeemable and exercisable by such holders on the same basis as the Public Warrants.

C. OTHER SECURITIES

Not applicable.

D. AMERICAN DEPOSITARY SHARES

Not applicable.

ITEM 13. DEFAULTS, DIVIDEND ARREARAGES AND DELINQUENCIES

None.

ITEM 14. MATERIAL MODIFICATIONS TO THE RIGHTS OF SECURITY HOLDERS AND USE OF PROCEEDS

Not applicable.

ITEM 15. CONTROLS AND PROCEDURES

A. DISCLOSURE CONTROLS AND PROCEDURES

Our management, under the supervision of, and with the participation of, our Chief Executive Officer (CEO) and Chief Financial Officer (CFO), evaluated the effectiveness of our disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act and regulations promulgated thereunder) as of the end of the fiscal year covered by this Annual Report. Based on that evaluation, our CEO and CFO concluded that, as of December 31, 2024, due to the material weaknesses described below, our disclosure controls and procedures were not effective in ensuring that all information required to be disclosed by the Company in the reports filed or submitted under the Exchange Act was included.

Notwithstanding this conclusion, and despite the material weaknesses in our internal control over financial reporting, our CEO and CFO believe that the consolidated financial statements and related financial information included in this Annual Report fairly present, in all material respects, our financial condition, results of operations, and cash flows as of December 31, 2024, in conformity with International Financial Reporting Standards (IFRS).

B. MANAGEMENT'S ANNUAL ASSESSMENT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Our management is responsible for establishing and maintaining adequate internal control over financial reporting for Sofgen, as defined in Exchange Act Rules 13a-15(f) and 15d-15(f). Internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS Accounting Standards as issued by the IASB. Our management, with the participation of our CEO and CFO, conducted an evaluation of the effectiveness of our internal control over financial reporting based on the Internal Control–Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO 2013). Based on its evaluation, our management concluded that our internal control over financial reporting was not effective as of December 31, 2024, due to the material weaknesses described below.

A "material weakness" is a deficiency, or a combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of the Company's annual or interim financial statements will not be prevented or detected on a timely basis.

Previously Disclosed Material Weaknesses

As previously disclosed in the "Restatement Background" section in our fiscal year 2023 Form 20-F, the Audit Committee of the Board of Directors, with the assistance of independent legal and forensic accounting advisors, conducted an internal investigation into certain matters concerning the Company's historical accounting treatment and related financial statement disclosures (the "Independent Investigation"). The Independent Investigation identified a material weakness in our internal control over financial reporting related to management override of controls, which affected the recording of related-party and third-party transactions, revenue recognition practices, and compliance with applicable laws and regulations. This material weakness primarily resulted from (i) the unauthorized and improper recording of related-party and third-party transactions and related disclosures; and (ii) the improper recognition of revenue not in accordance with the Company's Accounting Policies and Procedures, including insufficient documentation to support revenue transactions.

The related accounting adjustments were completed and recorded in our 2023 financial statements. Personnel changes took place in 2024 and remediation activities continue with respect to certain business process controls, as well as control-environment elements associated with management override of controls (including tone at the top and accountability structures). Since these actions were in progress as of December 31, 2024, our conclusion is that the material weakness related to the Independent Investigation remains.

Additionally, since our initial public offering, we identified the following material weaknesses that continue to be unremedied: (i) our manual consolidation process, which lacks appropriate internal controls to prevent or detect material misstatements on a timely basis and to ensure that financial data recorded is complete and accurate; (ii) our information technology controls are not sufficiently designed and implemented to address certain information-technology risks; (iii) lack of sufficient accounting resources with an appropriate level of technical experience required for timely and accurate financial reporting in accordance with IFRS; (iv) lack of system controls and effective processes to ensure that all manual journal entries are properly reviewed and approved before posting to the general ledger; and (v) our controls and monitoring activities are not effective to ascertain whether the components of our internal control are present and functioning. Based on the material weaknesses identified above, the Company did not fully implement components of the COSO framework, including elements of the control environment, risk assessment, control activities, information and communication, and monitoring activities.

Remediation Efforts

Our management, including the Sarbanes-Oxley Act (SOX) Team, with the support of external advisors and under the oversight of the Audit Committee of the Board of Directors, has continued the process of working to remediate our material weaknesses. Our actions to address the material weaknesses include:

- **Findings related to the Independent Investigation.** In 2024 following the conclusion of the investigation, the Company removed the Board members and executives mentioned in the Independent Investigation, renewed the Audit Committee pursuant to the decision of new shareholders, enhanced policies governing the approval and disclosure of related-party transactions, and implemented measures to strengthen revenue recognition, including modifications to sales commissions, a reassessment of revenue recognition, and the renegotiation and execution of new sales terms.

- **Manual consolidation process.** During 2024, the Company continued to modify controls over the consolidation process, including the design of a structured monthly closing calendar and a detailed checklist to review completeness and consistency. However, additional controls are in the process of being implemented.

- **Information-technology controls.** We modified IT general controls by designing and implementing a new access-management process during 2024, including user recertification and privilege reduction, enhancing change-management procedures (e.g., segregation of testing environments and formal approval workflows), and implementing monitoring tools to detect and log critical system activity. The internal controls related to those processes were not fully implemented as of December 31, 2024.

- **Technical accounting resources.** We continue to enhance the capabilities of the finance team through targeted IFRS training across the organization, and external advisors remain engaged to support complex accounting matters.

- **Controls over manual journal entries.** During 2024, management continued implementing remediation actions, including the refinement of criteria for identifying high-risk manual entries, and the continued rollout of the standardized review and approval process for manual journal entries.

- **Monitoring and oversight activities.** During 2024, management review controls—including monthly analytical reviews, variance analyses, and sub-certification procedures—were performed on a periodic basis.

- **Third-party transaction controls.** We developed and implemented specific controls for related-party matters, including maintenance of a comprehensive related-party registry, quarterly disclosure questionnaires, and mandatory legal and finance review for significant transactions. Transactions above predefined thresholds for related-party transactions are reviewed by the Audit Committee to ensure transparency and regulatory compliance under IFRS and SEC rules.

The implementation of these remediation measures requires validation and testing of the design and operating effectiveness of controls over a sustained period of financial reporting before we can determine that the material weaknesses have been remediated. As we continue to validate and test our internal control over financial reporting, we may determine that additional measures, or modifications to the remediation plan, are necessary. If the steps we take do not remediate the material weaknesses in a timely manner, there could continue to be a reasonable possibility that these control deficiencies, or others, could result in a material misstatement.

C. ATTESTATION REPORT OF THE REGISTERED PUBLIC ACCOUNTING FIRM

This Annual Report does not include an attestation report of the Company's independent registered public accounting firm because we qualify as an emerging growth company as such term is defined in the JOBS ACT and as such, we are exempt from such attestation requirement.

D. CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING

Except for the items described above, there were no changes in our internal control over financial reporting during the year ended December 31, 2024, that have materially affected, or are reasonably likely to affect, our internal control over financial reporting.

ITEM 16. RESERVED

ITEM 16A. AUDIT COMMITTEE FINANCIAL EXPERT

See Item 6.C above under the heading "*Board Practices—Board Committees—Audit Committee*" of this Annual Report. Each member of our audit committee is financially literate and our Board of Directors has determined that Mr. Carlos García Iragorri qualifies as an "audit committee financial expert" as defined in applicable SEC rules, and removed from listing under Section 12(b) of the Exchange Act on July 21, 2025.

ITEM 16B. CODE OF ETHICS

Our Board of Directors adopted a Code of Ethics applicable to our directors, executive officers and team members that complies with the rules and regulations of the SEC. The Code of Ethics is available on the Company's website. In addition, the Company has posted on the Corporate Governance section of its website all disclosures that are required by law concerning any amendments to, or waivers from, any provision of the Code of Ethics. The reference to the Company's website address in this Annual Report does not include or incorporate by reference the information on the Company's website into this Annual Report.

ITEM 16C. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Fees Billed by the Company's Principal Accountant

In 2024, Deloitte & Touche S.A.S. served as the principal external auditor for the Company. Fees billed by the principal accountant in 2024, 2023 and 2022 are detailed below:

	For the Year Ended December 31	
	2024	**2023**
	(*in thousands of U.S. dollars*)	
Audit fees	1,735	6,303
Audit related fees	-	-
Total	1,735	6,303

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.

Audit Committee's Pre-approval Policies and Procedures

The Company's audit committee is responsible for, among other things, the oversight of the Company's independent auditors. The audit committee has adopted a policy of pre-approval of audit and permissible non-audit services provided by its independent auditors in its charter.

Under the policy, the audit committee makes its recommendations through the Board of Directors to the shareholders' meeting concerning the continuing appointment or termination of the Company's independent auditors. On a yearly basis, the audit committee reviews together with management and the independent auditor, the audit plan, audit related services and other non-audit services and approves the related fees. Any changes to the approved fees must be reviewed and approved by the audit committee. In addition, the audit committee delegated to its Chairman the authority to consider and approve, on behalf of the Audit Committee, additional non-audit services that were not recognized at the time of engagement, which must be reported to the other members of the audit committee at its next meeting. No services outside the scope of the audit committee's approval can be undertaken by the independent auditor.

Our audit committee has authorized all auditing and non-auditing services provided by our independent accountants during the year ended December 31, 2024 and the fees paid for such services.

ITEM 16D. EXEMPTIONS FROM THE LISTING STANDARDS FOR AUDIT COMMITTEES

Not applicable.

ITEM 16E. PURCHASES OF EQUITY SECURITIES BY THE ISSUER AND AFFILIATED PURCHASERS

At the occasion of the annual general meeting of shareholders of the Company held on June 28, 2022 (the "2022 AGM"), the shareholders of the Company authorized the Board of Directors to acquire up to 10% of the total number of the Company's Ordinary Shares in issue at the date of the 2022 AGM within a period of 5 years as from the date of the 2022 AGM for a consideration which may not exceed an amount equal to 120% of the reference price of the shares on the Nasdaq and not less than USD 0.01, the reference price being the weighted average price for the market value for such Ordinary Shares for the 5 days of trading immediately preceding each date of repurchase.

Within the framework approved at the 2022 AGM, the Board of Directors approved on February 13, 2023 a share repurchase program for the purchase of up to $5.0 million Ordinary Shares or 2,000,000 Ordinary Shares, whichever is less (the "Repurchase Program"). The consideration for such repurchase(s) corresponds to the consideration approved by the 2022 AGM.

All shares were repurchased in the open market pursuant to such share repurchase program.

Execution Date	Total Shares Purchased	Avg. Price per Share	Total Shares Purchased as part of Buyback Program	Aggregate Max. Number of Shares to be Purchased under Announced Buyback
June 2023	35,798	4.26	35,798	1,964,202
July 2023	169,478	4.12	169,478	1,794,724
August 2023	13,635	4.02	13,635	1,781,089
September 2023	16,495	3.77	16,495	1,764,594
October 2023	37,008	2.94	37,008	1,727,586
November 2023	199,894	2.75	199,894	1,527,692
December 2023	181,476	3.25	181,476	1,346,216

ITEM 16F. CHANGE IN REGISTRANT'S CERTIFYING ACCOUNTANT.

Not applicable.

ITEM 16K. CYBERSECURITY

In response to the dynamic cybersecurity landscape, the Company has established a cybersecurity risk management program. This program is designed to identify, assess, and respond to potential risks associated with our information systems, critical data assets, and broader business functions.

The Board has adopted an Audit Committee Charter which includes the cybersecurity oversight as part of the Audit Committee's responsibilities. These responsibilities with respect to cybersecurity are as follows:

- Risk assessment and management.
- Review with management Sofgen' cybersecurity and other information technology risks, controls, and procedures, including Sofgen' plans to mitigate cybersecurity risks and respond to data breaches.

Key Components of Sofgen' cybersecurity program:

1. Risk Assessment Model:

- Our cybersecurity policies and procedures on cyber risk management were approved and published, and also a cybersecurity strategy.
- Our risk assessment model adheres to industry standards, quantifying cybersecurity, and technology risks.
- Rigorous reviews, internal audits, and exercises enhance the efficacy of our information security program.

2. Governance Oversight:

- The Audit Committee oversees annual enterprise risk assessments, including security, technology, and cybersecurity.
- The Audit Committee ensures oversight, receiving detailed reports and updates on cybersecurity risks presented by the Compliance Leader. Cybersecurity risk reporting was performed once in 2023 and on two occasions during 2024.

3. Incident Response Plan:

- Coordinated by the Information Security Officer and the Corporate IT & Digital Transformation Manager, our incident response plan undergoes periodic testing for resilience by expert cybersecurity companies. The internal cybersecurity team includes experts in cybersecurity, IT infrastructure management and incident response. Additionally, we have external cybersecurity experts to perform IT security testing and to support any cybersecurity requirement, including incident response activities.
- Cybersecurity governance is seamlessly integrated into risk management processes.

4. Collaborative Approach:

- Collaborative efforts with internal cybersecurity specialists and cybersecurity advisory services are made to ensure a holistic approach to identifying and managing material cybersecurity threats.
- Semi-annual updates to the Audit Committee are made by the Compliance area to contribute to a proactive stance on cybersecurity.

Operational Measures:

1. Security Protocols:

- Oversight by our Information Security Officer ensures a program addressing security breaches and cyberattacks.
- Adherence to industry best practices, such as the NIST Cybersecurity Framework, guides our information security management.

2. Continuous Vigilance:

- Ongoing vulnerability analyses, and internal/external testing maintain continuous prevention approach.
- Procaps S.A. has an external Security Operations Center (SOC) service, in order to improve the ability to foresee and identify attack trends in its information technology infrastructure, the service includes the monitoring of our reputation on the Internet.
- While there were cyber-attack attempts during 2023, all reported events were controlled and there were no material effects on processes, equipment, products, services, customer or supplier relationships, competitive conditions, or critical information. Procaps S.A. does not have any ongoing proceedings related to cyber breaches.

3. General Risk Management:

- Our General Risk Management program comprehensively addresses material risks, including those related to cybersecurity.
- Collaboration with multidisciplinary teams contributes to effective cybersecurity measures.

4. Vendor Management:

- Robust vendor management processes enhance our cybersecurity resilience. We enforce through the contracts signed with third parties, the compliance with our cybersecurity policies and IT general controls.
- Engaging third parties for cybersecurity support ensures a resilient cybersecurity strategy.

5. Business Resilience:

- Procaps S.A. has a Disaster Recovery Plan (DRP) that undergoes annual testing.
- Procaps S.A. is currently in the process of outlining a Business Continuity Plan (BCP).

This disclosure underscores our organization's unwavering commitment to cybersecurity risk management through proactive measures, collaboration, and a continuous improvement mindset. It serves as a detailed overview of our strategies and processes to protect information systems, critical data, and overall business operations from potential cybersecurity threats.

ITEM 16G. CORPORATE GOVERNANCE

Our corporate governance practices are governed by Luxembourg Companies Law and our amended and restated articles of association. As a foreign private issuer previously listed on the Nasdaq, we were subject to Nasdaq corporate governance listing standards. On January 31, 2025, the Company received a letter from the Panel of Nasdaq. This letter notified 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 Nasdaq Listing Rules 5250(c)(1) and 5250(c)(2) for failing to file periodic and interim financial reports with the SEC. As a result, the Company's Ordinary Shares were suspended from trading on the Nasdaq on February 4, 2025.

ITEM 16H. MINE SAFETY DISCLOSURE

Not applicable.

ITEM 16I. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

Not applicable.

ITEM 16J. INSIDER TRADING POLICIES

In connection with the consummation of the Business Combination, the Company adopted an Insider Trading Policy that, among other things, governs the purchase, sale and other disposition of the Company's securities by its directors, executive officers, senior management and employees. The Company believes the Insider Trading Policy is reasonably designed to promote compliance with applicable insider trading laws, rules and regulations. A copy of the Company's Insider Trading Policy, as amended to date, is filed as Exhibit 11.1 to this Annual Report.

ITEM 17. FINANCIAL STATEMENTS

The Company has responded to Item 18 in lieu of responding to this item.

ITEM 18. FINANCIAL STATEMENTS

(1) Financial Statements

Sofgen Pharma S.A. and subsidiaries (The Group)

Consolidated Financial Statements for the years ended December 31, 2024, December 31, 2023 and December 31, 2022

ITEM 19. EXHIBITS

(b) List of Exhibits

The following exhibits are filed or incorporated by reference as part of this Annual Report:

Exhibit Number	Description
1.1	Amended and Restated Articles of Association of Sofgen Pharma, S.A., dated as of September 28, 2021 (incorporated by reference to Exhibit 1.1 to Sofgen Pharma, S.A.'s Form 20-F, File No. 001-40851, filed with the SEC on September 30, 2021).
2.1	Specimen Warrant Certificate of Sofgen Pharma, S.A. (incorporated by reference to Exhibit A of Exhibit 4.4 to Sofgen Pharma, S.A.'s Registration Statement on Form F-4/A filed August 17, 2021 (file no. 333-257222)).
2.2	Warrant Agreement, dated October 17, 2019, by and between Union Acquisition Corp. II and Continental Stock Transfer & Trust Company, as warrant agent (incorporated by reference to Exhibit 4.1 to Union Acquisition Corp. II's Form 8-K, File No. 001-39089, filed with the SEC on October 21, 2019).
2.3	Assignment, Assumption and Amendment Agreement with respect to the Warrant Agreement between Union Acquisition Corp. II, Sofgen Pharma, S.A. and Continental Stock Transfer & Trust Company, dated as of September 29, 2021 (incorporated by reference to Exhibit 2.5 to Sofgen Pharma, S.A.'s Form 20-F, File No. 001-40851, filed with the SEC on September 30, 2021).
2.4	Description of Securities (incorporated by reference to Exhibit 2.5 to Sofgen Pharma, S.A.'s Amendment No. 1 to Form 20-F, filed with the SEC on May 19, 2022).
4.1#	Business Combination Agreement, dated as of March 31, 2021, by and among Union Acquisition Corp. II, Crynssen Pharma Group Limited, Sofgen Pharma, S.A. and OZLEM Limited (incorporated by reference to Exhibit 2.1 to Union Acquisition Corp. II's Form 8-K/A, File No. 001-39089, filed with the SEC on April 2, 2021).
4.2#	Amendment No. 1 to Business Combination Agreement, dated as of September 29, 2021, by and among Union Acquisition Corp. II, Crynssen Pharma Group Limited, Sofgen Pharma, S.A. and OZLEM Limited (incorporated by reference to Exhibit 4.2 to Sofgen Pharma, S.A.'s Form 20-F, File No. 001-40851, filed with the SEC on September 30, 2021).
4.3	Form of Contribution and Exchange Agreement (incorporated by reference to Exhibit 10.1 to Union Acquisition Corp. II's Form 8-K/A, File No. 001-39089, filed with the SEC on April 2, 2021).
4.4	Form of Subscription Agreement (incorporated by reference to Exhibit 10.2 to Union Acquisition Corp. II's Form 8-K/A, File No. 001-39089, filed with the SEC on April 2, 2021).
4.5	Transaction Support Agreement, dated as of March 31, 2021 by and between Crynssen Pharma Group Limited, Sofgen Pharma, S.A., Union Group International Holdings Limited, Union Acquisition Associates II, LLC, Union Acquisition Corp. II and investors in Union Acquisition Corp. II and Crynssen Pharma Group Limited (incorporated by reference to Exhibit 10.3 to Union Acquisition Corp. II's Form 8-K/A, File No. 001-39089, filed with the SEC on April 2, 2021).
4.6	Registration Rights and Lock-Up Agreement, dated September 29, 2021, by and between Sofgen Pharma, S.A., Union Group International Holdings Limited, Union Acquisition Associates II, LLC and the persons and entities listed on Exhibit A thereto (incorporated by reference to Exhibit 4.7 to Sofgen Pharma, S.A.'s Form 20-F, File No. 001-40851, filed with the SEC on September 30, 2021).
4.7	Nomination Agreement, dated September 29, 2021, by and between Sofgen Pharma, S.A., Union Group International Holdings Limited, Union Acquisition Associates II, LLC, and the persons and entities listed on Exhibit A thereto (incorporated by reference to Exhibit 4.8 to Sofgen Pharma, S.A.'s Form 20-F, File No. 001-40851, filed with the SEC on September 30, 2021).
4.8	Share Forfeiture Agreement, dated as of September 29, 2021, by and among Union Acquisition Corp. II, Crynssen Pharma Group Limited, Sofgen Pharma, S.A., Union Acquisition Associates II, LLC and Union Group International Holdings Limited (incorporated by reference to Exhibit 4.9 to Sofgen Pharma, S.A.'s Form 20-F, File No. 001-40851, filed with the SEC on September 30, 2021).
4.9	Credit Agreement (English Translation), dated November 20, 2018, by and among Procaps S.A, the Co-Obligors named therein, the Guarantors named therein, the Creditors named therein and Fiduciaria Bancolombia S.A. as Management Agent (incorporated by reference to Exhibit 4.9 to Procaps Group, S.A.'s Form 20-F filed with the SEC on September 3, 2025).
4.10	Amendment No. 1 to Credit Agreement (English Translation), dated December 12, 2018, by and among Procaps S.A, the Co-Obligors named therein, the Guarantors named therein, the Creditors named therein and Fiduciaria Bancolombia S.A. as Management Agent (incorporated by reference to Exhibit 4.10 to Procaps Group, S.A.'s Form 20-F filed with the SEC on September 3, 2025).

4.11	Amendment No. 2 to Credit Agreement (English Translation), dated June 15, 2020, by and among Procaps S.A, the Co-Obligors named therein, the Guarantors named therein, the Creditors named therein and Fiduciaria Bancolombia S.A. as Management Agent (incorporated by reference to Exhibit 4.11 to Procaps Group, S.A.'s Form 20-F filed with the SEC on September 3, 2025).
4.12#	Note Purchase and Guarantee Agreement, dated November 5, 2021 by and among Procaps S.A., Sofgen Pharma, S.A., the subsidiary guarantors listed on Annex A thereto, Prudential Insurance Company of America, Prudential Annuities Life Assurance Corporation, Healthspring Life & Health Insurance Company, Inc. and Cigna Health and Life Insurance Company. (incorporated by reference to Exhibit 4.1 to Sofgen Pharma, S.A.'s Form 6-K filed with the SEC on November 4, 2022).
4.13	First Amendment to Note Purchase and Guarantee Agreement, dated as of January 12, 2022, by and among Procaps S.A., Sofgen Pharma, S.A., the subsidiary guarantors listed on Annex A thereto, Prudential Insurance Company of America, Prudential Annuities Life Assurance Corporation, Healthspring Life & Health Insurance Company, Inc. and Cigna Health and Life Insurance Company. (incorporated by reference to Exhibit 4.2 to Sofgen Pharma, S.A.'s Form 6-K filed with the SEC on November 4, 2022).
4.14	Second Amendment to Note Purchase and Guarantee Agreement, dated as of February 28, 2022, by and among Procaps S.A., Sofgen Pharma, S.A., the subsidiary guarantors listed on Annex A thereto, Prudential Insurance Company of America, Prudential Annuities Life Assurance Corporation, Healthspring Life & Health Insurance Company, Inc. and Cigna Health and Life Insurance Company. (incorporated by reference to Exhibit 4.3 to Sofgen Pharma, S.A.'s Form 6-K filed with the SEC on November 4, 2022).
4.15	Waiver and Third Amendment to Note Purchase and Guarantee Agreement, dated as of November 1, 2022, by and among Procaps S.A., Sofgen Pharma, S.A., the subsidiary guarantors listed on Annex A thereto, Prudential Insurance Company of America, Prudential Annuities Life Assurance Corporation, Healthspring Life & Health Insurance Company, Inc. and Cigna Health and Life Insurance Company. (incorporated by reference to Exhibit 4.4 to Sofgen Pharma, S.A.'s Form 6-K filed with the SEC on November 4, 2022).
4.16	Credit Agreement entered into as of October 11, 2022, by and among Sofgen Pharma, S.A., each guarantor from time to time party thereto, each lender from time to time party thereto, The Bank of New York Mellon, as administrative agent and collateral agent for the lenders, and BofA Securities, Inc., JPMorgan Chase Bank, N.A. and Morgan Stanley Senior Funding, Inc., as the joint lead arrangers and bookrunners. (incorporated by reference to Exhibit 10.1 to Sofgen Pharma, S.A.'s Form 6-K filed with the SEC on November 4, 2022).
4.17	Syndicated Loan Waiver Agreement (English Translation), dated May 2, 2023, by and among, Procaps S.A., the subsidiary co-obligors and guarantors named therein, the lenders named therein and Fiduciaria Bancolombia S.A., as administrative agent (incorporated by reference to Exhibit 4.17 to Procaps Group, S.A.'s Form 20-F filed with the SEC on May 12, 2023).
4.18	NPA Waiver Agreement, dated March 31, 2023, by and among, the Company, Procaps S.A., the subsidiary guarantors named therein and the Noteholders. (incorporated by reference to Exhibit 4.18 to Sofgen Pharma, S.A.'s Form 20-F filed with the SEC on May 12, 2023).
4.19	Credit Agreement, dated August 16, 2023, by and among Procaps, S.A., Sofgen Pharma, S.A., the subsidiary guarantors thereto, Bancolombia S.A. and Banco Davivienda S.A. (incorporated by reference to Exhibit 99.1 to Procaps Group, S.A.'s Form 6-K filed with the SEC on August 21, 2023).
4.20	Waiver Agreement, dated as of December 29, 2023, by and among, Sofgen Pharma, S.A., Procaps S.A., the subsidiary guarantors named thereto, The Prudential Insurance Company of America, Prudential Annuities Life Assurance Corporation, Healthspring Life & Health Insurance Company, INC, and Cigna Health, and Life Insurance Company (incorporated by reference to Exhibit 4.20 to Procaps Group, S.A.'s Form 20-F filed with the SEC on September 3, 2025).
4.21	Credit Agreement (exhibit 4.20) December Waiver (incorporated by reference to Exhibit 4.21 to Procaps Group, S.A.'s Form 20-F filed with the SEC on September 3, 2025).
4.22	Waiver and Fourth Amendment to Note Purchase and Guarantee Agreement, dated March 29, 2024, by and among Sofgen Pharma, S.A., Procaps S.A., the subsidiary guarantors named thereto, The Prudential Insurance Company of America, Prudential Annuities Life Assurance Corporation, Healthspring Life & Health Insurance Company, INC, and Cigna Health, and Life Insurance Company (incorporated by reference to Exhibit 4.22 to Procaps Group, S.A.'s Form 20-F filed with the SEC on September 3, 2025).
4.23	Credit Agreement March Waiver (incorporated by reference to Exhibit 4.23 to Procaps Group, S.A.'s Form 20-F filed with the SEC on September 3, 2025).
4.24	Secured Convertible Note Subscription Agreement, dated as of November 29, 2024, by and between the Company and Hoche (incorporated by reference to Exhibit 99.1 to Sofgen Pharma, S.A.'s Form 6-K filed with the SEC on December 3, 2024).
4.25	Secured Convertible Note, dated as of November 29, 2024, by the Company in favor of Hoche (incorporated by reference to Exhibit 99.2 to Sofgen Pharma, S.A.'s Form 6-K filed with the SEC on December 3, 2024).
4.26	Share Pledge Agreement, dated as of November 29, 2024, by and among the Company, Hoche and Crynssen (incorporated by reference to Exhibit 99.3 to Sofgen Pharma, S.A.'s Form 6-K filed with the SEC on December 3, 2024).
4.27	Form of Warrant to be issued to Hoche (incorporated by reference to Exhibit 99.4 to Sofgen Pharma, S.A.'s Form 6-K filed with the SEC on December 3, 2024).
4.28	Subscription Agreement, dated as of April 3, 2025, by and among Sofgen Pharma, S.A., Chemo Project SA and Becaril S.A. (incorporated by reference to Exhibit 10.1 to Sofgen Pharma, S.A.'s Form 6-K filed with the SEC on April 14, 2025).
4.29	Subscription Agreement, dated as of April 3, 2025, by and among Sofgen Pharma, S.A., Flying Fish Ventures L.P, Saint Thomas Commercial S.A. and Santana S.A. (incorporated by reference to Exhibit 10.2 to Sofgen Pharma, S.A.'s Form 6-K filed with the SEC on April 14, 2025).
4.30	Subscription Agreement, dated as of April 3, 2025, by and among Sofgen Pharma, S.A. and Compañía de Seguros de Vida Consorcio Nacional de Seguros S.A. (incorporated by reference to Exhibit 10.3 to Sofgen Pharma, S.A.'s Form 6-K filed with the SEC on April 14, 2025).

4.31	Subscription Agreement, dated as of April 3, 2025, by and among Sofgen Pharma, S.A. and BTG Pactual Chile S.A. Corredores de Bolsa (incorporated by reference to Exhibit 10.4 to Sofgen Pharma, S.A.'s Form 6-K filed with the SEC on April 14, 2025).
4.32	Subscription Agreement, dated as of April 3, 2025, by and among Sofgen Pharma, S.A. and Regina International LP (incorporated by reference to Exhibit 10.5 to Sofgen Pharma, S.A.'s Form 6-K filed with the SEC on April 14, 2025).
4.33	Subscription Agreement, dated as of April 3, 2025, by and among Sofgen Pharma, S.A. and Corales, LLC (incorporated by reference to Exhibit 10.6 to Sofgen Pharma, S.A.'s Form 6-K filed with the SEC on April 14, 2025).
4.34	Amendment No 1., dated as of April 3, 2025, to the Secured Convertible Note Subscription Agreement, dated November 29, 2024 (incorporated by reference to Exhibit 10.7 to Sofgen Pharma, S.A.'s Form 6-K filed with the SEC on April 14, 2025).
4.35	Form of Warrant (incorporated by reference to Exhibit 10.8 to Sofgen Pharma, S.A.'s Form 6-K filed with the SEC on April 14, 2025).
4.36	Subscription and Conversion Agreement, dated as of April 9, 2025, by and between Sofgen Pharma, S.A. and Hoche Partners Pharma Holdings S.A. (incorporated by reference to Exhibit 10.9 to Sofgen Pharma, S.A.'s Form 6-K filed with the SEC on April 14, 2025).
4.37	Subscription and Conversion Agreement, dated as of April 9, 2025, by and between Sofgen Pharma, S.A., Chemo Project SA and Becaril S.A. (incorporated by reference to Exhibit 10.10 to Sofgen Pharma, S.A.'s Form 6-K filed with the SEC on April 14, 2025).
4.38	Subscription and Conversion Agreement, dated as of April 9, 2025, by and between Sofgen Pharma, S.A., Flying Fish Ventures L.P, Saint Thomas Commercial S.A. and Santana S.A. (incorporated by reference to Exhibit 10.11 to Sofgen Pharma, S.A.'s Form 6-K filed with the SEC on April 14, 2025).
4.39	Form of Amended and Restated Registration Rights Agreement (incorporated by reference to Exhibit 10.12 to Sofgen Pharma, S.A.'s Form 6-K filed with the SEC on April 14, 2025).
4.40	Amended and Restated Note Purchase and Guarantee Agreement, dated April 9, 2025 (incorporated by reference to Exhibit 10.13 to Sofgen Pharma, S.A.'s Form 6-K filed with the SEC on April 14, 2025).
4.41	Pari Passu Intercreditor Agreement, dated as of April 9, 2025 (incorporated by reference to Exhibit 10.14 to Sofgen Pharma, S.A.'s Form 6-K filed with the SEC on April 14, 2025).
8.1*	List of Subsidiaries.
11.1	Procaps Group, S.A. Insider Trading Policy (incorporated by reference to Exhibit 11.1 to Procaps Group S.A's Form 20-F for the year ended December 31, 2023).
12.1*	Certification of Melissa Angelini, Interim Chief Executive Officer of Procaps, pursuant to Section 302 of the Sarbanes Oxley Act of 2002.
12.2*	Certification of Daniel Bernal, Interim Chief Financial Officer of Procaps, pursuant to Section 302 of the Sarbanes Oxley Act of 2002.
13.1**	Certification of Melissa Angelini, Interim Chief Executive Officer of Procaps, pursuant to Section 906 of the Sarbanes Oxley Act of 2002.
13.2**	Certification of Daniel Bernal, Interim Chief Financial Officer of Procaps, pursuant to Section 906 of the Sarbanes Oxley Act of 2002.
97.1	Procaps Group, S.A. Executive Officer Clawback Policy (incorporated by reference to Exhibit 97.1 to Procaps Group, S.A.'s Form 20-F filed with the SEC on September 3, 2025).
101.INS	Inline XBRL Instance Document.
101.SCH	Inline XBRL Taxonomy Extension Schema Document.
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document.
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document.
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

* Filed herewith.

** Furnished herewith.

Certain schedules, annexes and exhibits have been omitted pursuant to Item 601(b)(2) of Regulation S-K, but will be furnished supplementally to the SEC upon request.

Management contract or compensation plan or arrangement.

SIGNATURES

The registrant hereby certifies that it meets all of the requirements for filing Form 20-F and that it has duly caused and authorized the undersigned to sign this Annual Report on its behalf.

PROCAPS GROUP S.A.

By: /s/ Melissa Angelini
Name: Melissa Angelini
Title: Interim Chief Executive Officer

Dated: March 16, 2026

Sofgen Pharma S.A., and subsidiaries (The Group)

Consolidated Financial Statements for the years ended **December 31, 2024, 2023 and 2022**

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the shareholders and the Board of Directors of Sofgen Pharma, S.A. (formerly known as Procaps Group S.A)

Opinion on the Financial Statements

We have audited the accompanying consolidated statements of financial position of Sofgen Pharma, S.A. and subsidiaries (the "Company") as of December 31, 2024 and 2023, the related consolidated statements of profit or loss and other comprehensive income, changes in equity (deficit), and cash flows, for each of the three years in the period ended December 31, 2024, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2024 and 2023, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2024, in conformity with IFRS Accounting Standards as issued by the International Accounting Standards Board.

Going Concern

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 2.1 to the financial statements, 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. These conditions raise substantial doubt about its ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 2.1. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ Deloitte & Touche S.A.S.

Bogota, Colombia
March 16, 2026

We have served as the Company's auditor since 2013.

Sofgen Pharma, S.A. and subsidiaries (The Group)
Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the years ended December 31, 2024, 2023 and 2022
(In thousands of United States Dollars, unless otherwise stated)

	Notes	For the year ended December 31 2024	2023	2022
Revenue	7	**$ 373,795**	**$ 423,748**	**$ 403,203**
Cost of sales		(182,316)	(185,772)	(168,075)
Gross profit		**191,479**	**237,976**	**235,128**
Sales and marketing expenses		(100,082)	(95,068)	(93,007)
Administrative expenses		(122,970)	(98,279)	(104,686)
Other (expenses) income, net	9	(22,413)	27,454	(27,622)
Operating (loss) profit		**(53,986)**	**72,083**	**9,813**
Finance income		14,922	19,724	74,087
Finance expense		(45,523)	(45,847)	(36,161)
Net finance (expense) income	10	**(30,601)**	**(26,123)**	**37,926**
(Loss) profit before tax		**(84,587)**	**45,960**	**47,739**
Income tax benefit (expense)	11	16,287	(5,617)	(11,613)
(Loss) profit for the year		**$ (68,300)**	**$ 40,343**	**$ 36,126**
(Loss) profit for the year attributable to:				
Owners of the parent company		(68,300)	40,343	36,126
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)	27	***(0.68)***	***0.40***	***0.36***

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 years ended December 31, 2024, 2023 and 2022
(In thousands of United States Dollars, unless otherwise stated)

	Notes	For the year ended December 31 2024	2023	2022
(Loss) profit for the year		**$ (68,300)**	**$ 40,343**	**$ 36,126**
Other comprehensive (loss) income				
Items that will not be reclassified to profit or loss:				
Remeasurement of net defined benefit liability		(330)	244	(222)
Income tax (expense) benefit relating to items that will not be reclassified subsequently to profit or loss		(133)	85	107
Net of Tax		**(463)**	**329**	**(115)**
Items that will be reclassified subsequently to profit or loss:				
Foreign currency exchange differences on translation of foreign operations		(150)	1,182	(3,377)
Net investment hedge	29	-	(3,670)	-
Other comprehensive loss for the year, net of tax		**(613)**	**(2,159)**	**(3,492)**
Total comprehensive (loss) income for the year		**$ (68,913)**	**$ 38,184**	**$ 32,634**
Total comprehensive (loss) income for the year attributable to:				
Owners of the parent company		(68,913)	38,193	32,631
Non-controlling interests		-	(9)	3

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, 2023 and 2022
(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	13	30,312	42,870
Investments in joint ventures	16	1,535	2,028
Other financial assets		184	2,186
Deferred tax assets, net	22	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	18	78,318	124,854
Inventories, net	17	76,542	101,825
Amounts owed by related parties, net	31	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	26	1,011	1,011
Share premium account	26	392,851	375,493
Secured convertible note	21	186	-
Other reserves	26.2	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	20	41,407	31,114
Deferred tax liabilities, net	22	693	2,485
Other financial liabilities		1,228	1,605
Employee benefits	23	4,528	4,464
Total non-current liabilities		**$ 47,856**	**$ 39,668**
Current liabilities			
Borrowings	20	226,559	268,389
Secured convertible note	21	38,747	-
Hedging derivative financial instruments		-	1,792
Trade and other payables	24	106,991	93,063
Amounts owed to related parties	31	7,155	21,233
Current tax liabilities	11	6,705	7,819
Provisions	25	316	142
Employee benefits	23	10,098	8,305
Warrant liabilities	28	967	3,039
Shares held in escrow	29	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, 2023 and 2022
(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, 2022	**$ 1,011**	**$ 377,677**	**-**	**$ 42,749**	**$ (465,891)**	**$ (24,595)**	**$ (69,049)**	**$ (940)**	**$ (69,989)**
Profit for the year	-	-	-	-	36,126	-	**36,126**	-	**36,126**
Transfer to reserves	-	-	-	2,994	(2,994)	-	**-**	-	**-**
Other comprehensive loss for the year	-	-	-	-	-	(3,495)	**(3,495)**	3	**(3,492)**
Non-controlling interest	-	-	-	-	-	3	**3**	-	**3**
Other	-	-	-	-	218	-	**218**	-	218
Balance as of December 31, 2022	**$ 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, 2023 and 2022
(In thousands of United States Dollars, unless otherwise stated)

	Notes	For the year ended December 31 2024	2023	2022
Operating activities				
(Loss) profit for the year		**$ (68,300)**	**$ 40,343**	**$ 36,126**
Adjustments to reconcile net (loss) profit with cash flow from operating activities before changes in working capital:				
Depreciation of property, plant and equipment	14	6,970	5,781	5,656
Depreciation of right-of-use assets	15	6,366	6,170	6,255
Amortization of intangibles	13	6,709	6,243	4,933
Income tax (benefit) expense, net	11	(16,287)	5,617	11,613
Finance expense (income)	10	28,775	21,128	(37,926)
Unrealized net foreign currency exchange difference		20,309	(24,869)	1,652
Share of result of joint ventures		493	(503)	919
Net (gain) loss on sale of property, plant and equipment	14	25	560	450
Net loss on sale or disposal of intangibles	13	5,218	56	187
Impairment loss on property, plant and equipment	14	-	6,723	4,689
Impairment loss on right-of-use assets	15	-	374	356
Impairment loss on intangible assets	13	1,983	859	135
Impairment loss on goodwill	12	-	5,791	838
Inventory provision	17	16,574	12,132	6,332
Expected credit loss	18	3,358	2,931	2,673
Provisions	24	595	91	43
Cash flow from operating activities before changes in working capital		**12,788**	**89,427**	**44,931**
Changes in working capital:				
Trade and other receivables, net		35,557	(5,570)	(10,799)
Amounts owed by related parties		938	2,284	470
Inventories, net		(2,384)	6,591	(34,109)
Current taxes assets		(3,502)	2,864	895
Other current assets		2,744	1,433	-
Trade and other payables		38,383	32,511	(29,997)
Amounts owed to related parties		1,378	3,271	49,180
Current taxes liabilities		6,052	(6,507)	(6,708)
Employee benefits and other liabilities		4,253	(8,034)	7,062
Provisions	24	(388)	(101)	(416)
Other financial assets		2,002	(7,626)	143
Other assets		1,064	2,560	2,206
Cash generated from operations		**98,885**	**113,103**	**22,858**
Income tax paid		(10,456)	(5,468)	(7,308)
Cash flow provided by operating activities		**$ 88,429**	**$ 107,635**	**$ 15,550**
Investing activities				
Acquisition of property, plant and equipment and acquisition of right of use assets	14	(19,375)	(20,331)	(23,157)
Proceeds from sale of property, plant and equipment		43	-	1,681
Acquisition and development of intangibles	13	(5,635)	(12,462)	(10,963)
Proceeds from related parties	31	-	42	61
Payment of hedging derivative financial instruments		(1,792)	(1,878)	-
Cash flow used in investing activities		**$ (26,759)**	**$ (34,629)**	**$ (32,378)**
Financing activities				
Proceeds from borrowings	20	81,679	83,253	136,257
Payments of borrowings	20	(135,620)	(137,955)	(124,916)
Proceeds from secured convertible note	21	38,614	-	-
Advances from related parties	31	-	-	61
Payments to related parties	31	-	-	(7,191)
Proceeds from loans with related parties	31	5,000	-	-
Interest paid on borrowings		(33,556)	(34,832)	(10,028)
Payment of lease liabilities	20	(5,697)	(5,992)	(6,679)
Repurchase of treasury shares		(822)	(2,184)	-
Other distributions		-	(120)	(300)
Cash flow used in financing activities		**$ (50,402)**	**$ (97,830)**	**$ (12,796)**
Net increase (decrease) in cash		**11,268**	**(24,824)**	**(29,624)**
Cash and cash equivalents at beginning of the year		17,514	43,003	72,112
Effect of foreign currency exchange rate changes		1,535	(665)	515
Cash and cash equivalents at end of the year		**$ 30,317**	**$ 17,514**	**$ 43,003**

Non-cash financing and investing activities [1]	**$ 64,032**	**$ 60,165**	**$ 50,897**

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, December 31, 2022: $12,647), interest capitalization on property, plant and equipment under IAS 23 $1,354 (December 31, 2023: $912, 2022: $196), invoices from suppliers financed via reverse factoring classified as Borrowings $40,739 (December 31, 2023: $47,161, December 31, 2022: $32,358), capitalization of certain liabilities with related parties $18,090 (December 31, 2023: $0, December 31, 2022: $0) and derivative financial liabilities $0 (December 31, 2023: $1,792, December 31, 2022: $0).

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

(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 31. 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, December 31, 2023 and December 31, 2022 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.

Emerging Growth Company Status

Sofgen Pharma, S.A.. is an emerging growth company, as defined in the Jumpstart Our Business Startups Act of 2012 (the "JOBS Act"). The Group will remain an emerging growth company until the earliest of:

- The last day of the first fiscal year (a) following the fifth anniversary of a public equity offering, (b) in which its annual gross revenue totals at least $1,235 billion or (c) when the Group is deemed to be a large accelerated filer, which means the market value of the Group's Ordinary Shares held by non-affiliates exceeds $700 million as of the prior June 30th; and

- The date on which the Group has issued more than $1,000 billion in non-convertible debt securities during the prior three-year period.

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 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, December 31, 2023 and December 31, 2022 have been prepared on a going concern basis in accordance with IFRS Accounting Standards as issued by the International Accounting Standard Board ("IASB").

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 periods, December 31, 2023 and December 31, 2022 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 and December 31, 2022.

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.

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 20. 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 20. 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.

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; 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 21. 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.

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, 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, and there can be no assurance that these conditions will be met.

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.

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 12. 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 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.

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
- 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

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.

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 derecognized 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.

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

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.

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.

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.

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 though 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.

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 e 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.

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.

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

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 3.15. 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.

3.15.1. 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.

3.15.2. 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.

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.*

3.15.3. 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 3.16. 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, 2023 and 2022 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.

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.

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 13. 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 likehood 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.

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 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 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 20. 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:

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.

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.

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 7 ***Financial Instruments: Disclosures*** **and IFRS 19** ***Subsidiaries without Public Accountability:***

Disclosures

IFRS 7 and IFRS 19 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.

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.

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, December 31, 2022: $7,098) 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).

(In thousands of United Dollars, unless otherwise stated)

The Group's main products for the years ended December 31, 2024, December 31, 2023 and December 31, 2022 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.

	Reportable segments					
For the year ended December 31, 2024	**NextGel**	**Procaps Colombia**	**CAN**	**CASAND**	**Diabetrics**	**Total**
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**

(In thousands of United Dollars, unless otherwise stated)

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**

For the year ended December 31, 2022	Reportable segments					
	NextGel	Procaps Colombia	CAN	CASAND	Diabetrics	Total
Segment revenue	253,467	145,275	77,306	80,043	34,466	590,557
Inter-segment revenue	(131,100)	(2,985)	(22,461)	(17,062)	(13,746)	(187,354)
Revenue from contracts with customers	**122,367**	**142,290**	**54,845**	**62,981**	**20,720**	**403,203**
Timing of revenue recognition						
Goods transferred at a point in time	116,753	142,290	54,845	62,554	20,720	397,162
Services transferred over time	5,614	-	-	427	-	6,041
Total revenue from contracts with customers	**122,367**	**142,290**	**54,845**	**62,981**	**20,720**	**403,203**

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”.

(In thousands of United Dollars, unless otherwise stated)

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.

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

	NextGel			Procaps Colombia			CAN			CASAND		
Year December 31, 2024	**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)

	Diabetrics			Corporate			Total		
Year December 31,2024	**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)**

(In thousands of United Dollars, unless otherwise stated)

	NextGel			Procaps Colombia			CAN			CASAND		
Year 2023	**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

	Diabetrics			Corporate			Total		
Year 2023	**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**

	NextGel			Procaps Colombia			CAN			CASAND		
Year 2022	**Total**	**Inter-segment eliminations**	**External**	**Total**	**Inter-segment eliminations**	**External**	**Total**	**Inter-segment eliminations**	**External**	**Total**	**Inter-segment eliminations**	**External**
Revenue	253,467	(131,100)	122,367	145,275	(2,985)	142,290	77,306	(22,461)	54,845	80,043	(17,062)	62,981
Contribution margin 1	66,752	(14,307)	52,445	44,594	156	44,750	18,681	(1,861)	16,820	14,602	14,869	29,471

	Diabetrics			Corporate			Total		
Year 2022	**Total**	**Inter-segment eliminations**	**External**	**Total**	**Inter-segment eliminations**	**External**	**Total**	**Inter-segment eliminations**	**External**
Revenue	34,466	(13,746)	20,720	-	-	-	590,557	(187,354)	403,203
Contribution margin[1]	2,965	116	3,081	38	(4,484)	(4,446)	147,632	(5,511)	142,121
Administrative expenses	-	-	-	104,686	-	104,686	104,686	-	104,686
Finance expenses	-	-	-	(37,926)	-	(37,926)	(37,926)	-	(37,926)
Other expenses	-	-	-	27,622	-	27,622	27,622	-	27,622
Income (loss) before tax							**53,250**	**(5,511)**	**47,739**

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.

(In thousands of United Dollars, unless otherwise stated)

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.

	For the year ended December 31		
	2024	**2023**	**2022**
South America	256,762	293,458	275,767
Central America	57,876	83,493	83,006
North America	49,850	39,026	34,237
Europe	9,307	7,771	10,193
Total	**373,795**	**423,748**	**403,203**

Note 9. Other (expenses) income, net

	For the year ended December 31		
	2024	**2023**	**2022**
Foreign currency exchange rate differences gain (loss)	$ (17,830)	$ 24,369	$ (18,283)
Economic emergency contribution expenses	(1,207)	(1,358)	(1,325)
Fines, surcharges, penalties and taxes assumed	(907)	(355)	(1,119)
Donations	(925)	(1,142)	(814)
Impairment loss [1]	(7,679)	(13,524)	(6,018)
Other [2]	6,135	19,464	(63)
Total Other (expenses) income, net	**$ (22,413)**	**$ 27,454**	**$ (27,622)**

1 Refer to Note 12. Goodwill, net for further details regarding the impairment loss and to Note 15. Leases Note 14. Property, plant and equipment, net and Note 13. 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.

(In thousands of United Dollars, unless otherwise stated)

Note 10. Net finance (expense) income

	For the year ended December 31		
	2024	**2023**	**2022**
Net fair value gain of warrant liabilities	2,072	7,877	12,195
Net fair value gain of shares held in escrow	12,646	11,187	61,795
Interest income	204	660	97
Finance income	**14,922**	**19,724**	**74,087**
Banking expenses	$ (1,163)	$ (1,315)	$ (781)
Bank fees	(663)	(2,812)	(8,498)
Other financial expenses	(1,213)	(868)	(1,033)
Interest expense	(42,484)	(40,852)	(25,849)
Finance expense	**$ (45,523)**	**$ (45,847)**	**$ (36,161)**
Net finance (expense) income	**$ (30,601)**	**$ (26,123)**	**$ 37,926**

Refer to Note 28.1. Public warrants and Note 31. Related party transactions for further information related to net fair value gains for the years ended December 31, 2024, December 31, 2023 and 2022.

In December 31,2024, interest on lease liabilities amounted to $1,213 (2023: $868, 2022: $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.

In 2022, interest expense includes an extinguishment loss of $1,601, as a result of the substantially modified terms of the Senior Notes. Refer to Note 20. Borrowings for further information related to the debt extinguishment.

Net fair value gains recognized in Net finance income (expense) during December 31,2024, 2023, and 2022 are unrealized.

Note 11. Income tax

Income tax recognized through profit or loss

	For the year ended December 31		
	2024	**2023**	**2022**
Current year	$ 4,071	$ 12,892	$ 8,874
Current tax expense	**4,071**	**12,892**	**8,874**
Origination and reversal of temporary differences	(20,358)	(7,275)	2,739
Deferred tax expense (income)	**(20,358)**	**(7,275)**	**2,739**
Total income tax expense	**$ (16,287)**	**$ 5,617**	**$ 11,613**

(In thousands of United Dollars, unless otherwise stated)

	For the year ended December 31		
	2024	**2023**	**2022**
Profit (loss) before tax	$ (84,587)	$ 45,960	$ 47,739
Income tax (benefit) expense at corporate tax rate	(14,380)	10,759	9,428
Tax effect of expenses that are not deductible in determining taxable profit	37,671	38,181	27,187
Tax effect of income not taxable in determining taxable profit	(28,318)	(42,890)	(30,292)
Effect of different tax rates of subsidiaries operating in other jurisdictions	(11,900)	2,503	(1,249)
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)	6,539
Tax effect use of tax losses not previously recognized	(44)	(28)	-
Tax (benefit) expense for the year	**$ (16,287)**	**$ 5,617**	**$ 11,613**
Effective tax rate for the year	**19.25%**	**12.22%**	**24.33%**

The tax rate used for 2024, 2023 and 2022 represents the corporate tax rate of 17% 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.

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 2022, 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 though 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.

(In thousands of United Dollars, unless otherwise stated)

Current tax assets and current tax liabilities:

	As of December 31	
Current tax assets	**2024**	**2023**
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 has not 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. 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.

(In thousands of United Dollars, unless otherwise stated)

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 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. 2023	**Biokemical S.A. de C.V. 2023**	**Rymco 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, 2022, after impairing assets within the scope of IAS 36 by $12,175, an unallocated impairment of $17,141 remained unrecognized by the Group. 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 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.

(In thousands of United Dollars, unless otherwise stated)

Note 13. 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**

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.

(In thousands of United Dollars, unless otherwise stated)

Impairment loss 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.

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**

(In thousands of United Dollars, unless otherwise stated)

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).

(In thousands of United Dollars, unless otherwise stated)

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.

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 (2022: $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**

The remaining contractual maturity and repayment periods of the Group's leases liabilities are exhibited in Note 30. Financial Instruments.

Carrying amounts of lease liabilities are included in Borrowings' balance, refer to Note 20. Borrowings.

(In thousands of United Dollars, unless otherwise stated)

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 30. Financial instruments.

Note 16. Investment in joint ventures

			Proportion of ownership interest and voting rights held by the Company	
Name of joint venture	**Principal activity**	**Place of incorporation and principal place of business**	**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

(In thousands of United Dollars, unless otherwise stated)

	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**

Note 17. 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)**

(In thousands of United Dollars, unless otherwise stated)

Note 18. 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 30. 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 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 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. 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 18. Trade and other receiables,net.

Information about the Group's exposure to interest rate, foreign currency and liquidity risk is included in Note 30. Financial Instruments.

1. Syndicated term loan

(In thousands of USD)	Principal currency	Range of Interest	Maturity Year	2024	2023
New Banco Credit Agreement	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 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 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., Diabetrics 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).

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.

(In thousands of United Dollars, unless otherwise stated)

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, (ii) a Consolidated EBITDA to Consolidated Interest Expense ratio, and (iii) Short-Term Debt to Consolidated EBITDA ratio.

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;

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 $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.

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.

(In thousands of United Dollars, unless otherwise stated)

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 indebtness 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.

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.

	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

(In thousands of USD)	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.

4. Factoring obligations

(In thousands of USD)	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

(In thousands of USD)	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

(In thousands of USD)	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.

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.

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.

(In thousands of United Dollars, unless otherwise stated)

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.

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.

(In thousands of United Dollars, unless otherwise stated)

	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 21. 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.

(In thousands of United Dollars, unless otherwise stated)

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 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.

Note 22. 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.

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.

(In thousands of United Dollars, unless otherwise stated)

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 23. Employee benefit liabilities

	As of December 31	
	2024	**2023**
Post – employement benefits		
Pension	$ 1,742	$ 1,557
Voluntary retirement plan	1,877	1,954
Other plans	909	953
Subtotal	**4,528**	**4,464**
Salarie 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 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**

(In thousands of United Dollars, unless otherwise stated)

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	TM General IESS–2002	CSO 80
Turnover Table	128.58% SOA 2003	TR Risko–2024	32.86%

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 24. 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**

(In thousands of United Dollars, unless otherwise stated)

Note 25. 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 ligation, 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.

Note 26. Shareholder’s equity

Note 26.1. Authorized and issued shares

The authorized shareholder’s equity is represented by 800,000,000 (2023: 800,000,000, 2022: 800,000,000) Ordinary Shares with a par value of one cent each, of which 112,824,184 (2023: 112,824,184, 2022: 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.

(In thousands of United Dollars, unless otherwise stated)

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

Ordinary authorized and issued shares	Number of shares	Share capital amount	Share premium
As of January 1, 2022	**101,109,572**	**1,011**	**377,677**
As of December 31, 2022	**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 26.2. 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**

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.

(In thousands of United Dollars, unless otherwise stated)

Note 27. 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, 2023 and 2022.

	2024	2023	2022
Net (loss) income of the year	(68,300)	40,343	36,126
Number of Ordinary Shares issued at December 31*	100,271	100,456	101,110
Weighted average basic number of Ordinary Shares	**100,271**	**101,006**	**101,110**
Weighted average diluted number of shares	**100,271**	**101,006**	**101,110**
Basic and diluted (loss) income per share in the year	***(0.68)***	***0.40***	***0.36***

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

Note 28. 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 28.1. 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**

(In thousands of United Dollars, unless otherwise stated)

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.

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 28.2. 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 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 29. 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.

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 Securyties 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.

(In thousands of United Dollars, unless otherwise stated)

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**

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 30. Financial instruments

30.1 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
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.

(In thousands of United Dollars, unless otherwise stated)

30.2 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 inputto 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

30.3 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

30.3.1. 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.

30.3.2. 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.

(In thousands of United Dollars, unless otherwise stated)

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.

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 (2022: $1,982).

30.3.3. 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 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 Columbian 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

(In thousands of United Dollars, unless otherwise stated)

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

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.

(In thousands of United Dollars, unless otherwise stated)

	+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.

30.3.4. 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.

(In thousands of United Dollars, unless otherwise stated)

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 factoribng 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., Bancolombia 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 year [1]**	**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 20. 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 year [1]**	**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**

1. As mentioned in Note 20. 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.

(In thousands of United Dollars, unless otherwise stated)

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 31. 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:

	For the year ended December 31		
	2024	2023	2022
Sale of finished products	$ 2,396	$ 4,534	$ 7,733
Revenue from services and consulting	$ 531	$ 478	$ 1,034
Purchases of raw materials and other services	$ 20,200	$ 15,542	$ 12,367

(In thousands of United Dollars, unless otherwise stated)

For the year ended December 31, 2024 and 2023 there were no interest expense derived from related parties (2022: $76).

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)**

	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.

(In thousands of United Dollars, unless otherwise stated)

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

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**	**2022**
Short-term employee benefits	$ 3,127	$ 3,288	$ 2,415
Consulting fees	2,410	2,205	3,357
Total	**$ 5,537**	**$ 5,493**	**$ 5,772**

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.

(In thousands of United Dollars, unless otherwise stated)

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.
Deseja Trust	A trust for the benefit of certain members of the Minski Family.
Simphony 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.
Bindermoor 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 Managment	A Panama company owned by members of the Minski Family.
Hoche Partners Pharma Holding SARL *(Refer to Note 21. Secured convertible note)*	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, 2023, and 2022, 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, 2023, and 2022, Procaps has purchased a total of $22.3 million, $19.1 million, and $15.9 million 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, 2023, and 2022, 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 Pharmaceutical C.A. Such goods consisted primarily of raw materials. During the years ended December 31, 2024, 2023, and 2022, Procaps has sold a total of approximately $2.4 million, $4.5 million, and $8.0 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, 2023, and 2022, 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, 2023, and 2022, Procaps has sold a total of approximately $531 thousand, $478 thousand, and $1.034 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, 2023, and 2022, 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.; (vi) 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, 2023, and 2022, Procaps generated a total of approximately $14.6 million, $13.5 million, and $14.0 million in accounts receivables owed by these companies, respectively.

During the years ended December 31, 2024, 2023, and 2022, 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.; (viii) 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, 2023, and 2022, Procaps generated a total of approximately $ 7.1 million, $8.1 million and $6.1 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, $1.14 million, and $0.8 million for the years ended December 31, 2024, 2023, and 2022, 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.

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.

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

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.

Exhibit 8.1

List of Subsidiaries

Subsidiary	Jurisdiction
Crynssen Pharma Group Limited	Malta
Union Acquisition Corp. II	Cayman Islands
Procaps S.A.	Colombia
C.I. Procaps S.A.	Colombia
Funtrition S.A.S.	Colombia
Crynssen Pharma S.A.S.	Colombia
Procaps S.A. de C.V.	El Salvador
Biokemical, S.A. de C.V.	El Salvador
Diabetrics Healthcare SA de CV	Mexico
CDI Sociedad Anónima	Nicaragua
CDI Sociedad Anónima	Guatemala
Novagel Pharma GmbH	Switzerland
Pharmarketing S.A.	Panama
Pharmarketing Dominicana S.R.L.	Dominican Republic
Pharmarketing Costa Rica S.A.	Costa Rica
Unimed del Perú S.A.	Peru
Roddome Pharmaceutical S.A.	Ecuador
Colbras Industria E Comercio Ltda.	Brazil
Rymco Medical S.A.S.	Colombia
Horslig GmbH	Switzerland
Pharminter GmbH	Switzerland
Sofgen Pharmaceuticals LLC	United States
Diabetrics Healthcare S.A.S.	Colombia
Unimed Farmaceutica Holding S.L.	Spain
Allophane Holdings S.L.	Spain
Hadwen International Limited	British Virgin Islands
Avisol Investments Limited	British Virgin Islands
DBM International CV	Netherlands
Sofgen Pharma LLC	United States
Industrias Kadima S.A.S.	Colombia
Inversiones Jades S.A.S.	Colombia
Inversiones Ganeden S.A.S.	Colombia
Inversiones Henia S.A.S.	Colombia
Inversiones Crynseen S.A.S.	Colombia
Colombiana de Suministros Médicos Hospitalarios – Colmed Ltda-	Colombia
Pharmayect S.A.	Colombia
Funtrition LLC	United States

Exhibit 12.1

CERTIFICATION

I, Melissa Angelini, certify that:

1. I have reviewed this annual report on Form 20-F of Sofgen Pharma, S.A.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

By: /s/ Melissa Angelini
Name: Melissa Angelini
Title: Interim Chief Executive Officer

Dated: March 16, 2026

Exhibit 12.2

CERTIFICATION

I, Daniel Bernal, certify that:

1. I have reviewed this annual report on Form 20-F of Sofgen Pharma, S.A.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

By: /s/ Daniel Bernal
Name: Daniel Bernal
Title: Interim Chief Financial Officer

Dated: March 16, 2026

Exhibit 13.1

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE U.S. SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Sofgen Pharma, S.A. (the "Company") on Form 20-F for the fiscal year ended December 31, 2024, as filed with the U.S. Securities and Exchange Commission on the date hereof (the "Report"), I, Melissa Angelini, Interim Chief Executive Officer, certify, pursuant to 18 U.S.C. section 1350, as adopted pursuant to section 906 of the U.S. Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

(i) the Report fully complies with the requirements of Section 13(a) or 15(d) of the U.S. Securities Exchange Act of 1934; and

(ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Melissa Angelini

Name: Melissa Angelini
Title: Interim Chief Executive Officer
Date: March 16, 2026

Exhibit 13.2

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE U.S. SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Sofgen Pharma, S.A. (the "Company") on Form 20-F for the fiscal year ended December 31, 2024, as filed with the U.S. Securities and Exchange Commission on the date hereof (the "Report"), I, Daniel Bernal, Interim Chief Financial Officer, certify, pursuant to 18 U.S.C. section 1350, as adopted pursuant to section 906 of the U.S. Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

(i) the Report fully complies with the requirements of Section 13(a) or 15(d) of the U.S. Securities Exchange Act of 1934; and

(ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Daniel Bernal

Name: Daniel Bernal
Title: Interim Chief Financial Officer
Date: March 16, 2026