Cosmo reports robust financial performance in H1 2024 and confirms its full year guidance

Ad hoc announcement pursuant to Art. 53 LR

Dublin, Ireland – 24 July 2024: Cosmo Pharmaceuticals N.V. (SIX: COPN, XETRA: C43) ("Cosmo") today announced its 2024 half year results.

Key highlights

- **Health Tech:**
  - Upfront payment of $100 million received from Medtronic related to expansion of AI-driven partnership; Cosmo expects to receive an additional $100m from Medtronic this year linked to new services and the delivery of additional AI products/features which will further improve colonoscopy procedure quality measures and efficiency
  - The installed base of **GI Genius™** continues to grow and **ColonPRO™**, the new version of GI Genius™ software incorporating an enhanced algorithm resulting in a notable improvement in detection capabilities and additional features to automate the workflow of physicians, was approved by the U.S. FDA in January
  - **AI Access™** continues to attract external developers; four new applications have been selected for development
- **Dermatology: Winlevi®** continues to be the #1 most prescribed topical acne product in the U.S. The global expansion is ongoing, the Canada launch at the end of 2023 is now delivering royalties, and the Australian approval was obtained by Cosmo's partner Sun in March. The review of the Marketing Authorisation Application by the EMA is ongoing, and submissions for approval have been made in 14 additional countries
- **Gastroenterology (GI) product shipments increased** to Cosmo's partners in the reporting period
- **CDMO** (contract development and manufacturing organisation) continued to grow with revenue increasing by 9.3% due to an increase in orders from existing customers

Pipeline & regulatory highlights

- New **GI Genius™ module 300** powered by Nvidia IGX has been submitted to FDA for clearance
- **Androgenetic Alopecia phase III trial in males progressing**, enrolment near completion for both of the two identical-in-design pivotal trials
- **Distal Ulcerative Colitis phase II proof-of-concept study initiated**, the 1st patient is enrolled and the majority of clinical sites are activated
- **Bile Acid Diarrhoea phase II proof-of-concept** study documents for regulatory submission are under preparation, and the target is to have the study initiated with first patient enrolled by the end of the year
- **Solid Tumor phase I study ongoing** in patients with advanced refractory solid tumors; the U.S. clinical sites are active, and the enrolment of patients is ongoing
- **Lumeblue®** New Drug Application ("NDA") approved in China; Cosmo's partner CMS is currently preparing for launch

Half year 2024 financial highlights

- Revenue €136.2 million
- EBITDA of €94.2 million
- Net operating costs €49.2 million
- Operating profit €87.0 million
- Net financial income €1.8 million

- Profit before taxes €88.7 million
- Net cash inflow from operating activities €99.2 million
- Equity attributable to owners of the Company of €498.4 million
- Cash and short-term investments at 30 June 2024 €133.4 million
- A dividend of € 2.00 per share for the financial year 2023 was paid on 12 July 2024

Giovanni Di Napoli, CEO of Cosmo, commented: *"We are delighted to report a robust financial performance for the first half of 2024, with revenues reaching €136.2 million, operating profits at €87.0 million, and operating cash flows of €99.2 million. Our flagship products, GI Genius™ and Winlevi®, are driving significant revenue growth, while our pipeline of innovative new products is poised to tap into large, high-potential markets. These outstanding results underscore our commitment to quality, innovation, and enhancing healthcare outcomes for patients worldwide."*

Financial results

EUR 1,000	Half Year	
	2024	2023
Revenue	**136,237**	**43,661**
Net expenses	(49,283)	(36,538)
Operating profit	**86,954**	**7,123**
Net financial income	1,794	(3,450)
Profit before taxes	**88,748**	**3,673**
Income tax	(12,690)	(2,187)
Profit after taxes	**76,058**	**1,486**
Basic EPS	4.718	0.092
Basic weighted average number of shares	16,105,126	16,146,054
Diluted EPS	4.705	0.092
Diluted weighted average number of shares	16,150,246	16,146,054

Revenue in the first half of 2024 increased to €136.2 million compared to €43.7m in the same period last year. Health Tech revenue increased to €97.5 million compared to €6.4 million last year; the increase was driven by the receipt of an upfront payment from Medtronic related to the expansion of the AI partnership. Dermatology revenue increased by 58.5% to €7.4 million due to increases in net sales and the continued global expansion of **Winlevi®**. Gastroenterology royalty and supply revenue increased by 4.3% to €21.4 million. CDMO revenue increased by 9.3% to €8.9 million driven by an increase in orders from existing customers.

Net expenses in the first half were €49.2 million compared to €36.5 million in the same period last year. Expenses related to raw materials and consumables increased to €9.2 million compared to €8.6 million in the same period last year as a result of an increase in product shipments in the first half. Personnel expenses increased to €19.9 million compared to €12.2 million last year; the rise in expenses is attributed to an expanded R&D headcount, additional personnel costs related to higher production activity, and higher short-term incentive payments linked to the financial performance Outsourced preclinical and clinical trials costs increased to €2.3 million (H1 2023:

€1.5 million) linked to the initiation of the Distal Ulcerative Colitis phase II proof-of-concept study and the costs associated with the preparation for the Bile Acid Diarrhoea phase II proof-of-concept study. Other operating expenses increased by €3.1 million to €10.8 million manly due to an increase in contingent consideration provisions linked to the Company's new agreement with Medtronic and an increase in production related costs. Depreciation and amortisation increased by €0.4 million to €7.3 million.

Net financial income was €1.8 million compared to net financial expenses of €3.5 million in H1 2023; the gain relates to interest income on Cosmo's cash balances and gains on the sale of short-term bond investments. The net financial expenses last year include imputed convertible bonds which were redeemed in the last quarter of 2023 and therefore no change arises in the reporting period.

Profit before tax was €88.7 million (H1 2023: €3.7 million) and profit after tax was €76.1 (H1 2023: €1.5 million).

EUR 1'000	H1 2024	H1 2023
Income statement		
Revenue	136,237	43,661
Cost of sales	(23,150)	(18,871)
Gross profit	**113,087**	**24,790**
Other income	1,014	425
R&D costs	(10,824)	(8,288)
SG&A costs	(16,323)	(9,804)
Net operating expenses	**(26,133)**	**(17,667)**
Operating profit	**86,954**	**7,123**
Net financial income/(expenses)	1,794	(3,450)
Profit before taxes	**88,748**	**3,673**
Profit after taxes for the period	**76,058**	**1,486**
Statement of financial position	**30 Jun 2024**	**31 Dec 2023**
Non-current assets	454,658	451,754
Cash and cash equivalents	54,556	50,275
Other current assets	129,038	51,951
Liabilities	132,866	124,944
Equity attributable to owners of the Company	498,443	422,160
Non-controlling interests	6,943	6,876

Equity ratio (%)	79.2%	77.4%
Shares	**H1 2024**	**H1 2023**
Weighted average number of shares	16,105,126	16,146,054
Earnings per share (in EUR)	4.718	0.092

2024 Guidance

The Company today confirmed its 2024 guidance of:

- Total revenues in the range of **€ 260 million - € 270 million** versus € 92.8 million in 2023
- Operating profit in the range of **€ 159 million - € 169 million** versus € 6.1 million in 2023

Downloads
This media release (https://www.cosmopharma.com/investors/news-and-media) and the full Half Year Report 2024 (https://www.cosmopharma.com/investors/financial-reports) are available on Cosmo's website.

Half Year 2024 Results Webcast / Conference Call

Cosmo invites investors, financial analysts and business/life science journalists to a live video webcast presentation with Giovanni Di Napoli, CEO, and Niall Donnelly, CFO, to discuss the financial and operating results as well as the next milestones of the Company:

- The webcast presentation will take place today, 24 July 2024, at 2:00 pm CEST
- Participant webcast link: Chrome (recommended) or Firefox:
  https://event.choruscall.com/mediaframe/webcast.html?webcastid=zZeEM8So
  (Please note that there is a function to type in your questions via webcast)
- Participants wishing to ask verbal questions via phone, may call the following numbers below. To ensure prompt access, please call approx. ten minutes prior to the scheduled start of the call:
  Switzerland/Europe: +41 (0) 58 310 50 00
  United Kingdom: +44 (0) 207 107 06 13
  United States: +1 (1) 631 570 56 13
- The webcast, along with the presentation, will be available as replay online shortly after the event and accessible for three months on https://www.cosmopharma.com/investors/events-and-presentations.

About Cosmo
Cosmo is a pharmaceutical company focused on developing and commercializing products to treat selected gastrointestinal disorders, to improve endoscopy quality measures through aiding the detection of colonic lesions, and to treat selected dermatological conditions. Cosmo develops and manufactures products which are distributed globally by selected partners including Lialda®/Mezavant®/Mesavancol®, Uceris®/Cortiment®, Aemcolo®/ Relafalk®, Lumeblue® and Winlevi®. Cosmo has also developed medical devices for endoscopy and has a partnership with Medtronic for the global distribution of GI Genius™ which uses artificial intelligence to help detect potential signs of colon cancer. The company also has a rich development pipeline. For additional information on Cosmo and its products please visit the Company's website: www.cosmopharma.com.

Upcoming Calendar of Events

H.C. Wainwright Global Investment Conference, N.Y.	September 9-11, 2024
UBS Global Healthcare Conference, California	November 11-14, 2024

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