



Cosmo reports excellent final Full Year 2023 financial results
Increases operating profit guidance for 2024
Dividend of € 2.00 per share will be proposed at EGM on 5 July 2024

Ad hoc announcement pursuant to Art. 53 LR

Dublin, Ireland – 31 May 2024: Cosmo Pharmaceuticals N.V. (SIX: COPN, XETRA: C43) (“Cosmo”) today announced its final audited results for the financial year 2023.

Financial highlights

As previously announced when publishing preliminary unaudited 2023 figures on 20 March 2024, Cosmo delivered strong growth across its core business in 2023. The core business performed follows in 2023:

- Revenues € 92.8 million
- EBITDA of € 20.4 million
- Operating profit € 6.1 million
- Profit before taxes € 1.5 million
- Net cash inflow from operating activities € 33.6 million
- Equity attributable to owners of the Company of € 422.2 million
- Treasury shares, at market value at 31 December 2023, of € 81.9 million
- € 175m convertible bond fully reimbursed in cash at maturity in December 2023
- No. 221,373 treasury shares purchased in 2023, total of 1,490,681 treasury shares held at year end and 1,496,085 at 30 April 2024
- The Group is debt-free
- Net cash position as of 30th of April 2024 € 136.1 million
- A dividend distribution of € 2.00 per share (an increase of 90.5% versus last year) will be proposed to investors at an EGM scheduled for 5 July 2024

In December 2023, Cosmo IMD (Intelligent Medical Devices), a division of Cosmo, expanded its partnership with Medtronic. The 1st USD 100 million payable under the new agreement was received in Q1 2024, a further USD 100 million is expected to be received by the end of 2024. This agreement has further strengthened the company’s financial position and enables an acceleration of investment in exciting opportunities in both pharma and AI, as well as an increase in our dividend. The new agreement became effective in 2024 however Cosmo has recognised € 5.9 million of related costs in its 2023 financial statements, revenue will be recognised from 2024.

Giovanni Di Napoli, CEO of Cosmo, commented: *“Today we have published our final results for 2023 and increased our 2024 operating profit guidance by € 4.4 million to a range of € 159.4 million - € 169.4 million. Our core business is growing, we are generating healthy operating cashflows and the expansion of our AI partnership with Medtronic represents a major opportunity for Cosmo. This is a very exciting time for the company, we are in a solid financial position and we are poised for further growth. We invite shareholders to an Extraordinary General Meeting on 5 July 2024 to approve the proposed dividend of € 2.00 per share for the business year 2023.”*



Cosmo's two key growth drivers, GI Genius and Winlevi, continue to perform in line with expectations

GI Genius: new agreement with Medtronic, FDA clearance of new operating system and meaningful expansion of customer base

- Installed customer base grew at an impressive pace
- New agreement announced December 2023 with Medtronic including \$ 100 million upfront cash payment, received in February 2024, additional \$ 100 million payment expected to be received in 2024
- Obtained FDA clearance for enhanced new GI Genius operating system
- Substantial advance in development of new features

Winlevi continues to be the #1 prescribed branded topical acne product in the U.S.

- More than 1,000,000 TRx (prescriptions) since launch
- Over 17,900 unique prescribers, representing >90% of total healthcare practitioners in dermatology
- New commercial partnerships executed to make Winlevi available in EU, UK, South Africa, Middle East, North Africa, South Korea
- Winlevi launched in Canada and was approved in Australia by our partner Sun Pharmaceuticals
- Marketing authorization application (MAA) filed for approval with European Medicines Agency (EMA)
- Working on Winlevi life extension and expansion in other dermatology indications

Development pipeline highlights

- **Breezula (clascoterone solution)**, phase III trial in males for the treatment of androgenetic alopecia started in H1 2023. Study recruitment is progressing on schedule, with 348 out of a planned 726 patients recruited in study CB-03-01/37 and 507 of 726 in study CB-03-01/38.
- **CB-03-10 (cortexolone 17 α -valerate-21-propionate tablets)**, phase I study ongoing in patients with advanced refractory solid tumors. To date, 13 patients were treated and completed the safety observation period, with an excellent safety profile.
- **CB-01-33 (colesevelam tablets)** to treat bile acid diarrhea. Phase II scheduled to start in Q4 2024.
- **CB-01-35 (rifamycin enema)**, an innovative enema solution which transforms into a bioadhesive gel once administered, using rifamycin as active substance, for the treatment of distal Ulcerative Colitis and Proctitis. Phase II study started at the end of April, enrollment of about 120 patients anticipated in 25 European sites. Phase II readout (top-line results) expected in Q1 2026.

Final audited figures:

EUR'000	2023	2022
Income statement		
Revenue	92,780	102,089
Cost of sales	(39,340)	(40,488)



Gross profit	53,440	61,601
Other income	1,453	1,896
R&D costs	(18,811)	(15,525)
SG&A costs	(29,936)	(19,915)
Net operating expenses	(47,294)	(33,544)
Operating profit	6,146	28,057
Net financial expenses	(4,614)	(3,584)
Profit before taxes	1,532	24,473
(Loss) / Profit after taxes for the period	(4,732)	17,505
Statement of financial position		
Non-current assets	451,754	453,495
Cash and cash equivalents	50,275	185,825
Other current assets	51,951	120,272
Liabilities	124,944	295,804
Equity attributable to owners of the Company	422,160	456,927
Non-controlling interests	6,876	6,861
Equity ratio (%)	77.4%	61.1%
Shares		
Weighted average number of shares	16,105,126	16,425,395
Earnings per share (in EUR)	(0.306)	1.049

Increased 2024 Guidance

The Company has increased its 2024 operating profit guidance by € 4.4m to a range of € 159.4 million to € 169.4 million.

- Total revenues in the range of **€ 260 million - € 270 million** (including a € 100 million upfront payment from expansion of the agreement with Medtronic announced in December 2023) versus € 92.8 million in 2023
- Operating profit in the range of **€ 159.4 million - € 169.4 million** versus € 6.1 million in 2023



Outlook 2025

- Total revenues expected in the range of € 240m - € 260m

Comparison of preliminary vs. final results

The Company published the preliminary unaudited figures on March 20, 2024. A reconciliation between the unaudited figures and the final audited figures is as follows:

EUR'000	Key Preliminary unaudited figures March 20, 2024	Changes			Audited Financial Statements 2023
		New Medtronic Agreement Adjustments	Reclass Reversal of contract asset	Other	
Revenue	96,723		(3,943)		92,780
Cost of sales	(39,340)				(39,340)
Gross profit	57,383		(3,943)		53,440
Other income	1,453				1,453
Research and development costs	(18,811)				(18,811)
Selling, general and administrative costs	(27,799)	(5,910)	3,943	(170)	(29,936)
Net operating expenses	(45,157)	(5,910)	3,943	(170)	(47,294)
Operating profit	12,226	(5,910)	-	(170)	6,146
Financial income	5,463				5,463
Financial expenses	(10,078)			1	(10,077)
Net financial expense	(4,615)	-	-	1	(4,614)
Profit before taxes	7,611	(5,910)	-	(169)	1,532
Income tax expenses	(6,264)	-			(6,264)
Profit / (Loss) for the year	1,347	(5,910)	-	(169)	(4,732)

1. Costs related to new Medtronic agreement

The Company has recognised € 5.9m of costs in its 2023 financial statements related to its new agreement with Medtronic which became effective in 2024. This generated an increase in 2024 operating profit guidance of € 4.4m.

On 8 December 2023, Cosmo executed a supply and distribution agreement with Medtronic (the "New Medtronic Agreement"), this agreement was subject to certain closing conditions which were fulfilled on 20 February 2024 and the New Medtronic Agreement became effective on 21 February 2024.

Under the terms of the New Medtronic Agreement, Medtronic paid Cosmo \$ 100 million upfront in February 2024 and agreed to pay up to an additional \$ 100 million, which is expected to be reached by the end of 2024, as well as a double-digit royalty on net sales. Notwithstanding that the New Medtronic Agreement was executed on 8 December 2023, revenue can only be recognised after the agreement became effective and when (or as) performance obligations are satisfied under IFRS 15.

On 6 December 2023, linked to the New Medtronic Agreement, Cosmo executed an agreement with the certain former NCI shareholders of Linkverse S.r.l. (the "New Linkverse Agreement") which modified the terms of contingent consideration and the share-based payments originally agreed in 2019. The effectiveness of the New Linkverse Agreement was contingent upon the effectiveness of the New Medtronic Agreement and therefore the New Linkverse Agreement is linked to the New Medtronic Agreement. However, under the relevant IFRS standards the Company is required to recognise costs related to the New Linkverse Agreement in 2023. Consequently, the consolidated net result for year 2023 is impacted by the New Linkverse Agreement, while the revenue related to the New Medtronic Agreement is not yet recognised in 2023. The Company presents a separate line item for the impact of the



aforementioned cost recognition related to the New Medtronic Agreement as this is not a recurring cost item.

The costs related to the New Medtronic Agreement are as follows (EUR'000):

Contingent consideration liability as of 31 December 2022	3,203
Payment made during 2023	(2,000)
Expense recognized based on 2019 contract	963
Balance before impact of New Medtronic Agreement	2,166
Balance after impact of New Medtronic Agreement as of 31 December 2023	6,595
Contingent consideration liability related to payments 1 and 2	4,429
Employee share option (ESOP) expense after New Medtronic Agreement	3,512
ESOP expense before the New Medtronic Agreement	2,031
Additional ESOP costs due to the New Medtronic Agreement	1,481
Net cost related to Medtronic Distribution agreement	5,910

2. Reclass reversal of contract asset

The Company has reclassified the reversal of a contract asset as a deduction from revenue rather than a deduction from SG&A costs, there is no adjustment to operating profit as a result of this item.

Downloads

This media release (<https://www.cosmopharma.com/investors/news-and-media>) and the Annual Report 2023 (<https://www.cosmopharma.com/investors/financial-reports>) is available on Cosmo's website.

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

ODDO BHF Nextcap Forum 2024	June 6, 2024
Extraordinary General Meeting	July 5, 2024
Half Year Results 2024	July 24, 2024

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