Cosmo Pharmaceuticals

Annual Report and Accounts 2024

1.1 What we do

Delivering Innovation +Improving Lives

Cosmo is a pharmaceutical company with a focus on gastrointestinal diseases, dermatology and healthtech

We develop and manufacture products which are distributed globally by our partners

1.1 What we do continued

In gastroenterology our focus is to improve the safety profile and efficacy of molecules that are already on the market

In dermatology we aim to develop novel therapies which have minimal side-effects

In healthtech we are developing cutting-edge intelligent medical devices to assist with clinical decision-making; our first device aids endoscopists in the detection of colonic mucosal lesions

Cosmo has successfully identified unmet medical needs, managed the product development process and obtained regulatory approval for its products

We license our approved products to partners with strong marketing and sales expertise

1.2 Our mission

To improve people's lives by developing products that address unmet medical needs in the fields of gastroenterology, dermatology and healthtech

Our clinical focus

Cosmo is a pharmaceutical company with a focus on gastrointestinal diseases, dermatology and healthtech.

Products which Cosmo has developed include: Lialda®/Mezavant®/Mesavancol® and Uceris®/Cortiment®, for the treatment of ulcerative colitis; GI Genius™, which uses artificial intelligence to aid the detection of colorectal polyps during colonoscopy; Eleview®, a submucosal injectable composition for use in gastrointestinal endoscopic procedures; Aemcolo® for the treatment of travellers' diarrhoea ('TD') and Winlevi® for the treatment of acne.

Proprietary technology

The Company's extensive galenic experience, which led to the development of the proprietary multi-matrix technology MMX®, provides an excellent basis for the development of new, patentable, yet lower-risk products, manufactured at the Company's own current good manufacturing practices ('cGMP') approved plant. Cosmo has a demonstrated ability to successfully identify unmet medical needs, manage the drug development process and obtain regulatory approval for new products. Cosmo then licenses its approved products to partners with strong marketing and sales expertise.

Our target therapies

Cosmo's therapeutic focus is on the oral and endoscopic treatment of colon diseases, primarily bowel diseases and colorectal cancer prevention. Our MMX® technology allows the delivery of active pharmaceutical ingredients into the lumen of the colon through tablets, in a delayed and controlled way, with the effect that the active pharmaceutical ingredients can be applied to the full length of the colon.

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Certain defined terms: In this report, unless otherwise specified, the terms 'we', 'our', 'us', 'the Company', 'the Group' and 'Cosmo' refer to Cosmo Pharmaceuticals N.V., together with its subsidiaries, or any one or more of them, as the context may require.

Some of the statements in this publication may be forward-looking statements or statements of future expectations based on currently available information. Such statements are naturally subject to risks and uncertainties. Factors such as the development of general economic conditions, future market conditions, unusual catastrophic loss events, changes in the capital markets and other circumstances may cause the actual events or results to be materially different from those anticipated by such statements. Cosmo does not make any representation or warranty, express or implied, as to the accuracy, completeness or updated status of such statements. Therefore, in no case whatsoever will Cosmo and its affiliate companies be liable to anyone for any decision made or action taken in conjunction with the information and/or statements in this press release or for any related damages.

2024 Highlights

Our AI-powered **GI Genius™ remains the world's first and only FDA-approved AI-assisted colonoscopy tool**, with an expanding global installed base

In 2024, we received €186 million in project-based revenues from Medtronic, including upfront and milestone payments. Additionally, we continue to earn double-digit royalties on Medtronic's sales of GI Genius.

The GI Genius Real-Time AI Module, powered by NVIDIA, provides real-time lesion detection, characterization, and sizing, along with post-procedure highlights and real-time annotations, which are seamlessly integrated into the EMR. Most recently, we introduced an interactive touchscreen tablet and a new application for upper GI procedures.

In 2024, GI Genius installed base expanded, and the U.S. FDA granted 510(k) clearance for the Module 300 hardware, powered by Nvidia IGX technology, further reinforcing its leadership in AI-enhanced endoscopy.

Winlevi® – continues to be the #1 Branded Topical Acne Treatment in the U.S.

Over 1.3 million prescriptions written by more than **17,900 prescribers**, affirming its continued dominance in the U.S. market since launch.

The **global expansion for Winlevi® is progressing well**, driven by strategic partnerships across Europe, the U.K., South Africa, Southeast Asia, Greater China, Mexico, Brazil, South Korea, the Middle East, and North Africa.

In 2024, regulatory approvals were granted in Australia, New Zealand, Singapore and most recently in 2025, in the U.K. and Malaysia with commercial partners already in place.

Approval by the European Medicines Agency (EMA) is anticipated by the end of H1 2025.

Clinical Development **Pipeline update**

Clascoterone solution for Androgenetic Alopecia in males **phase III trial** has recently completed enrollment, with top line six-month results expected in 2025.

Bile Acid Diarrhea ('BAD') ongoing Phase II proof-of-concept-study is currently active in the UK and will expand to the EU. BAD represents a significant market and unmet need, affecting 95 million people globally.

Distal Ulcerative Colitis Phase II study is progressing with on-going patient recruitment across 24 sites in 7 EU countries. Distal UC and ulcerative proctitis represent a large target market and unmet medical need, affecting an estimated 3.5 million people globally.

Solid Tumors ongoing Phase I study is progressing well, with plans for partnership opportunities post-Part I completion in H2 2025.

Uceris®

Generated steady revenues, **increasing by 3.6%** year-on-year to €2.8 million in 2024.

Cortiment® – **revenue increase of 15.2%**

Cortiment® revenue increased to €5.3 million in 2024, up from €4.6 million in 2023, driven by strong demand and full-year 2024 sales in Japan following the marketing authorisation obtained in June 2023.

CDMO (Contract manufacturing)

CDMO income continues to grow with **a 4.1% year-on-year increase** to €15.2 million in 2024.

1.4 Financial highlights

2024 Highlights

Revenue

€266.8m

Manufacturing, royalties and other revenues: The increase in 2024 was primarily driven by:
- **Winlevi®:** Up by **34%**
- **CDMO:** Up by **4.1%**
- **Uceris®/Cortiment®** Up by **9.3%**

License fees, up-front fees and milestones: Increase in 2024 primarily driven by **€186.3 million for GI Genius™** and **€3.9 million for Winlevi®** received in 2024

Operating profit

€148.9m

2024 €148.9m

2023 €1.9m Operating loss[1]

Cash, equivalents and investments[2]

€170.4m

2024 €170.4m

2023 €50.3m

Profit before tax

€153.4m

2024 €153.4m

2023 €6.5m Loss before tax[1]

Treasury shares (at market value)

€103.4m

2024 €103.4m

2023 €81.9m

Net cash inflow from operating activities

€162.4m

2024 €162.4m

2023 €22.7m[1]

Equity attributable to owners of the Company

€498.3m

2024 €498.3m

2023 €396.8m[1]

Full financial results can be found on **page 29**

1 Restated to reflect the impact of change in accounting policy on internal development costs. See note 4 of the Notes to the Consolidated Financial Statements.
2 Excluding investment in equity instruments

1.5 Products overview

Products in the market

Lialda®/Mezavant®/Mesavancol®
Lialda®/Mezavant®/Mesavancol® is a once-daily mesalamine tablet approved to help get active, mild to moderate ulcerative colitis into remission.

See more on **page 13**

Uceris®/Cortiment®
Uceris®/Cortiment® is an oral tablet formulation which delivers budesonide directly to the lumen of the colon.

See more on **page 14**

Winlevi®
Winlevi® is a prescription medicine used on the skin (topical) to treat acne vulgaris in people of 12 years of age and older.

See more on **page 11**

GI Genius™
A system that uses artificial intelligence to detect colorectal polyps during colonoscopy. GI Genius™ is approved in the U.S., Canada, Europe, Australia, Israel and the United Arab Emirates and is available through a worldwide distribution agreement with Medtronic.

See more on **page 9**

Lumeblue® (methylene blue MMX®)
Lumeblue® (methylene blue MMX®) is approved in the EU for the visualisation of colorectal lesions during colonoscopy.

See more on **page 16**

Aemcolo®/Rifamycin (ROW)
Aemcolo® is the first GI antibiotic with MMX® technology and is approved in the U.S. and in Europe for the treatment of travellers' diarrhoea. The application of MMX® technology to rifamycin SV MMX® allows the antibiotic to be delivered directly into the colon, avoiding unwanted systemic side effects.

See more on **page 18**

Eleview®
A new medical device approved in the EU, the U.S., Canada and Japan, which enables the safer and faster removal of colonic lesions.

See more on **page 15**

Products in clinical development

GI Genius™
- The U.S. FDA granted 510(k) clearance for the latest generation Module 300 hardware, powered by Nvidia IGX technology, ready for U.S. launch.
- The latest version of Cosmo's polyp detection software now provides more accurate AI-generated insights post-procedure.
- The newest update includes a medical-grade tablet for easier interaction with GI Genius, enabling real-time AI insights and notes during procedures. It connects with electronic medical records for automating saving and transfer of AI-generated notes.
- The AI access platform is progressing toward the release of a third-party application for upper GI procedures in the first half of 2025, with further enhancements planned for the second half of 2025 and throughout 2026.

See more on **page 9**

Winlevi®
- Regulatory approvals secured in Australia, Singapore and New Zealand in 2024, with the most recent approvals received in 2025 in the U.K. and Malaysia. EMA approval is anticipated in the first half of 2025.
- Commercial growth: Planned launches in 38 countries by the end of 2027

See more on **page 11**

Clascoterone solution for Androgenetic Alopecia ('AGA') in males
- Phase III enrollment is now complete, with 1,495 patients randomised.
- Topline six-month results are anticipated in the early second half of 2025.

See more on **page 20**

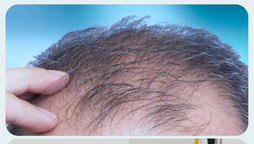
Other R&D Programs:
- **Bile Acid Diarrhea (BAD):** A Phase II proof-of-concept study on the efficacy and safety of colesevelam MMX is ongoing in the U.K. and will expand to the EU. BAD is a significant unmet medical need, affecting an estimated 95 million people worldwide, with around 30% of Irritable Bowel Syndrome with Diarrhea (IBS-D) patients suffering from BAD.

- **Distal Ulcerative Colitis (UC) & Ulcerative Proctitis:** A Phase II study is underway across 24 sites in seven EU countries to evaluate Rifamycin 1% enema for inducing clinical remission in mild to moderate cases. These conditions affect approximately 3.5 million people globally, with 70% of UC patients experiencing distal UC or ulcerative proctitis.

- **Solid Tumors:** The Phase I study is progressing well, with completion expected in second half of 2025. Following this, Cosmo will explore partnerships to align its R&D portfolio with strategic priorities

1.6 Our development pipeline

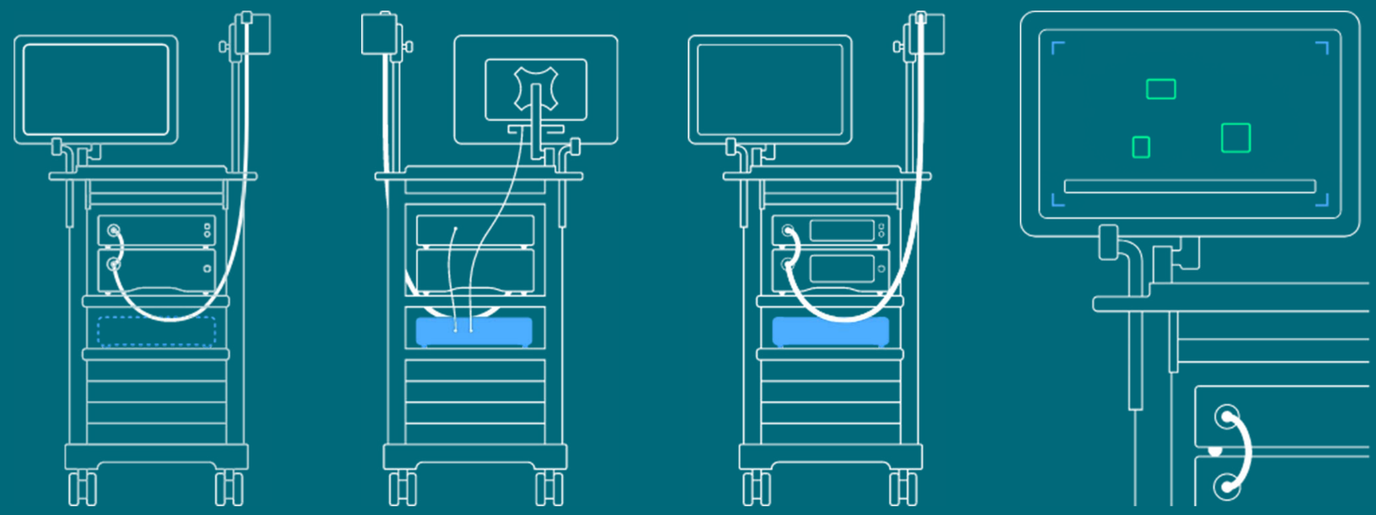
Development pipeline

	Clinical unmet need	Preclinical	Phase I	Phase II	Phase III
	**Androgenetic Alopecia ('AGA')**	2B Patients			
	**Distal Ulcerative Colitis**	3.5M Patients			
	**Bile Acid Diarrhea**	95M Patients			
	**Solid Tumors**	4M Patients			

	Market opportunity		Concept & feasibility	Design & development	Verification & validation	Regulatory approval
	AI Augmented Endoscopy	115 towers worldwide	**Upper GI**	APP 1 APP 2 APP 3		
			Reporting			
			Other			

1.7 Our product portfolio

GI Genius™



GI Genius™ is the world's most widely distributed real-time AI platform featuring our signature computer-aided polyp detection software that uses artificial intelligence to detect colorectal polyps through enhanced visualisation during colonoscopy.

The GI Genius™ platform brings state-of-the-art real-time AI and Augmented Reality into the endoscopy room, empowering physicians during their live procedures.

Notably, the platform includes advanced Artificial Intelligence software for colonoscopy to highlight the presence of pre-cancerous lesions with a real-time visual marker as an ever-vigilant second observer.

GI Genius™ is distributed by Medtronic in the following countries: the United States, EU, Australia, India, Peru, Saudi Arabia, Singapore, Switzerland, Turkey, and the U.K.

Other capabilities of the Artificial Intelligence software, such as estimating a lesion's type and summarising the procedure quality, are available in some countries. Cosmo manufactures both the platform and the Artificial Intelligence software.

Two landmark randomised controlled studies demonstrated the effectiveness of GI Genius™ in colonoscopy colorectal cancer ('CRC') screening.

GI Genius™

Approved in the U.S., Canada, EU, Australia, Israel and the United Arab Emirates with a worldwide supply and distribution agreement in place with Medtronic.

Relative increase in Adenoma Detection Rate ('ADR').

35.6%

Increase in adenomas per colonoscopy ('APC').[1]

50.7%

[1] Gastroenterology in 2020 (Gastroenterology 2020;159:512–520; https://doi.org/10.1053/j.gastro.2020.04.062).

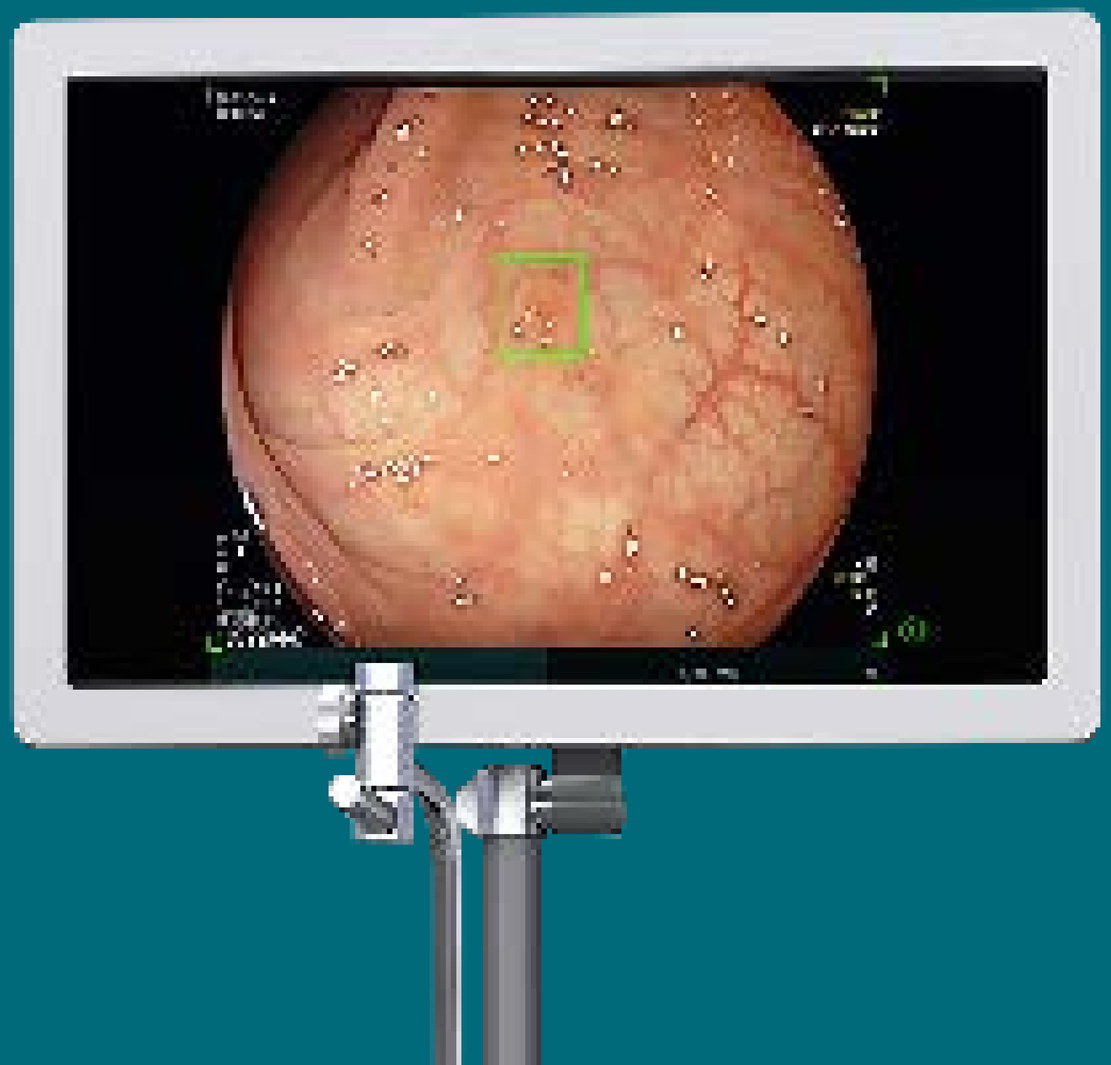
1.7 Our product portfolio continued

GI Genius™ continued

In the first study[1], the proportion of patients with pre-cancerous lesions adenoma detection rate ('ADR') was significantly higher in the GI Genius™ group than in standard colonoscopy (35.6% relative increase). Interestingly, GI Genius™ scored a 14.4% absolute increase in ADR, with a 1% increase in ADR associated with a 3% decrease in the risk of interval colorectal cancer – that is, colorectal cancer happening between screening colonoscopies.

In the second study[2], GI Genius™ showed a significantly lower likelihood of missing pre-cancerous lesions than in standard colonoscopy (47.8% relative decrease). Additionally, more extensive, real-world studies[3,4] confirmed initial findings.

As of January 2025, GI Genius™ is estimated to have positively impacted more than 3 million patients.



1 Gastroenterology. 2020;159:512–520; https://doi.org/10.1053/j.gastro.2020.04.062
2 Gastroenterology. 2022 Jul;163(1):295-304.e5. doi: 10.1053/j.gastro.2022.03.007
3 Lancet Gastroenterol Hepatol. 2024 Oct;9(10):911-923. doi: 10.1016/S2468-1253(24)00161-4
4 Clin Gastroenterol Hepatol. 2024 Apr;22(4):893-895.e1. doi: 10.1016/j.cgh.2023.09.008

Winlevi®

FDA-approved Winlevi® is the first novel topical mechanism for acne in nearly 40 years.

Our first-in-class topical androgen receptor inhibitor, Winlevi®, tackles the androgen hormone component of acne in both males and females. Androgen receptor inhibitors act by limiting the effects of these hormones on increasing sebum production and inflammation.

In pivotal clinical trials, Winlevi® demonstrated treatment success and reductions in acne lesions and was well tolerated when used twice a day. The most frequently observed local skin reaction was mild erythema.

Winlevi® is approved in the U.S., Australia, Singapore and New Zealand for the topical treatment of acne vulgaris in patients of 12 years of age and older. Regulatory approvals are being sought around the world and we expect Winlevi to launch in nearly 40 countries over the next few years by partners which are already in place.

An estimated 640 million people are affected by acne worldwide. Notwithstanding acne being the most prevalent skin condition in the U.S. affecting up to 50 million Americans annually, the last FDA approval of an acne drug with a new mechanism of action occurred nearly 40 years ago. Although Winlevi®'s mechanism of action in acne is unknown, laboratory studies suggest the active ingredient, clascoterone, competes with androgens, specifically dihydrotestosterone, for binding to the androgen receptors within the sebaceous gland and hair follicle.

Winlevi® rights in the U.S. and Canada

- The U.S. and Canada rights to Winlevi® are licensed to Sun Pharmaceutical Industries Ltd. (NSE: SUNPHARMA) ('Sun Pharma'). Sun Pharma launched Winlevi® in the U.S. on 1 November 2021.
- In June 2023, Sun Pharma received marketing authorisation ("Notice of Compliance") from Health Canada for Winlevi®. Sun Parma launched Winlevi® in Canada in September 2023.

Winlevi®

Estimated number of people affected by acne worldwide

640m

Estimated number of people affected by acne in the U.S.

50m

Winlevi® continued

Winlevi® rights outside the U.S. and Canada

- In July 2022, the Company and Sun Pharma announced the signing of addendums to the existing license and supply agreements for Winlevi®, expanding the territory to include Japan, Australia, New Zealand, Brazil, Mexico and Russia.
- Also in July 2022, the Company and 3SBio (1530.HK) announced the signing of a license agreement for Winlevi® in Mainland China, Taiwan, Hong Kong and Macao ('Greater China').
- In October 2022, the Company and InfectoPharm announced the signing of a license and distribution agreement for Winlevi® in Germany, Italy and Austria.
- In December 2022, the Company and Hyphens Pharma International Limited (SGX: 1J5) ('Hyphens') announced the signing of license and supply agreements for Winlevi® in Southeast Asia (Singapore, Indonesia, Malaysia, Philippines, Vietnam, Thailand, Brunei, Cambodia, Laos and Myanmar).
- In June 2023, the Company and Hyundai Pharmaceuticals Co., Ltd. ('Hyundai Pharm') announced the signing of a license agreement for Winlevi® in the Republic of Korea.
- In September 2023, the Company and Glenmark Specialty S.A., a subsidiary of Glenmark Pharmaceuticals Ltd. ('Glenmark') announced the signing of distribution and license agreements for Winlevi® in 15 EU countries as well as in South Africa and the U.K.
- In October 2023, the Company and Hikma Pharmaceuticals PLC, ('Hikma') announced the signing of license agreements for Winlevi® in 17 Middle Eastern and North African countries (MENA) .

Winlevi® regulatory update outside the U.S. and Canada

- In January 2023, Sun Pharma submitted the registration dossier in Australia and New Zealand. Winlevi was approved in Australia by TGA in March 2024 and was launched by Sun in May 2024. Winlevi was approved in New Zealand in December 2024 and will be launched by Sun in the coming months. Sun submitted New Drug Application ('NDA') in Mexico in March 2024, Brazil in May 2024 and India in June 2024. The review process is ongoing in those countries.
- Cassiopea submitted the Marketing Authorisation Application ('MAA') to EMA through the centralised procedure on 9 October 2023. On 26 October, the validation phase was successfully completed and the review phase started. The regulatory process is underway and we expect approval by mid 2025.
- Glenmark submitted NDA in the U.K. in February 2024 and received approval from the Medicines and Healthcare products Regulatory Agency (MHRA) in February 2025.
- Glenmark submitted NDA in South Africa in June 2024 and the review process is ongoing .
- Hyphens submitted NDA in Singapore and the Philippines in August 2023, in Malaysia in September 2023, and in Thailand in August 2024. The product was approved in Singapore in August 2024 and in Malaysia in January 2025 with launches planned in both countries mid 2025. The review process in the Philippines and Thailand is ongoing.
- Hikma submitted NDA in Jordan, KSA, and Morocco in April 2024 and in Egypt in November 2024. The review process is ongoing in these countries.
- Hyundai submitted NDA in Korea in May 2024 and the review process is ongoing.
- 3SBio, our partner in China, submitted and obtained approval of Investigational New Drug Application, which allowed them to start clinical trial needed for the registration of the product in China and the trial is ongoing.

Lialda®/Mezavant®/Mesavancol®

Lialda®/Mezavant®/Mesavancol® is a once-daily oral tablet formulation to deliver mesalazine directly into the lumen of the colon using our MMX® technology and is used to help get active, mild to moderate ulcerative colitis into remission.

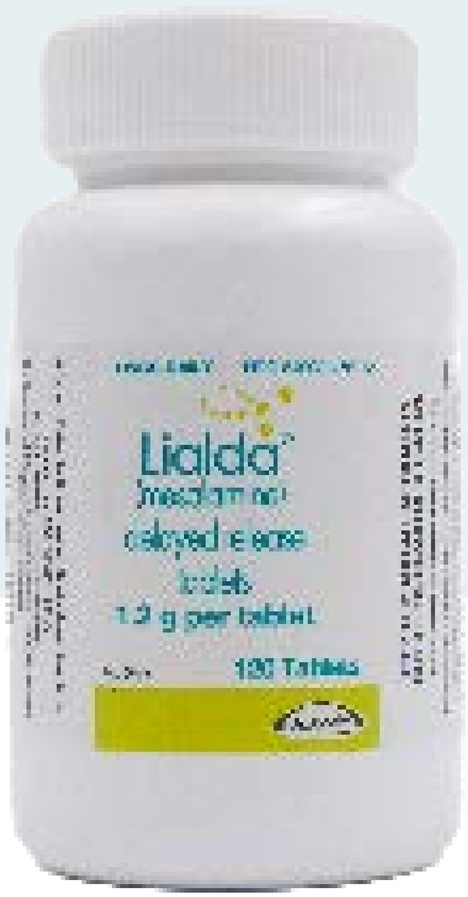
This medication belongs to a class of drugs called aminosalicylates, which are also known as 5-ASAs. The specific pharmaceutical product dissolution profile increases the colonic specific disposition of mesalazine, reduces the pre-colonic systematic absorption and allows the product to be especially effective for the treatment of both proximal and distal ulcerative colitis.

The application of the MMX® technology reduces the number of tablets which patients taking mesalazine in non-acute phases have to take, to approximately two tablets a day, and to three to four tablets per day during acute phases of ulcerative colitis. The reduction in the number of tablets required compared with the standard oral administration of mesalazine results in an increase in medication adherence. Lialda®/Mezavant® was out-licensed to Giuliani S.p.A./Takeda (formerly Shire plc) in 2001.

Lialda® was approved by the FDA in 2007 based on the results of two phase III clinical studies that found Lialda® (2.4 g/day and 4.8 g/day) was effective in inducing remission in patients with active, mild to moderate ulcerative colitis compared to placebo after eight weeks of treatment.

Lialda® is indicated for the induction and maintenance of remission in adult patients with mildly to moderately active ulcerative colitis and the treatment of mildly to moderately active ulcerative colitis in paediatric patients weighing at least 24 kg.

In 2018, a generic of Lialda® was launched in the U.S. market.



Lialda®/Mezavant®/ Mesavancol®

Manufacturing and royalty income in 2024

€29.0m (2023: €35.6m)

Uceris®/Cortiment®

Uceris®/Cortiment® is a once-daily oral tablet formulation which delivers budesonide directly to the lumen of the colon.

Budesonide is a corticosteroid that acts as an anti-inflammatory pharmaceutical product. Uceris®/Cortiment® is prescription-only and is used to help get active, mild to moderate ulcerative colitis under control (induce remission) and may help relieve the symptoms of ulcerative colitis.

The specific pharmaceutical product dissolution profile increases the colonic-specific bio-availability of budesonide and reduces the pre-colonic systemic absorption.

The intended reduction of systemic absorption reduces side effects associated with pharmaceutical product treatment, while the intended delivery to the colon enables the product to be especially effective in the treatment of proximal and distal ulcerative colitis.

Through the application of our MMX® technology to budesonide, an off-patent corticosteroid, Cosmo has developed a treatment which is more effective than existing 5-ASA applications and less toxic than classical corticosteroid applications.

Uceris® is licensed to Bausch Health in the U.S. In July 2018, the FDA approved a generic version of Uceris®.

Cortiment® is licensed to Ferring in the EU and the rest of the world.

In June 2023, the Company announced that Ferring received approval from the Japanese Pharmaceuticals and Medical Devices Agency ('PMDA'), for Cortiment® in Japan. PMDA granted 4 years of regulatory exclusivity for the product. Cortiment® was launched commercially in Japan in 2023 following the approval.

Uceris®/Cortiment®

Uceris®/Cortiment® manufacturing and royalty income in 2024

€8.2m (2023: €7.5m)

Eleview®

Eleview® is an injectable composition, patented by Cosmo, intended for use in gastrointestinal endoscopic procedures for submucosal lift of polyps, adenomas, early-stage cancers or other gastrointestinal mucosal lesions prior to excision with a snare or other endoscopic device.

Eleview® provides an immediate and long-lasting cushion that holds for up to 45 minutes. Eleview® is designed to decrease the time needed to completely resect a lesion. Eleview® requires less volume to create submucosal cushions compared with saline, it reduces the number of reinjections required compared with saline, and reduces piecemeal excisions compared with saline.

Eleview® contains methylene blue which increases visibility of target lesion margins. The improved margin visualisation helps to decrease the risk of damage to the external muscular layer, incomplete resections and of leaving residual adenoma tissue.

Eleview® is classified as a class II medical device in the U.S. and Europe. Eleview® was launched in the U.S. in May 2017 and is the only commercially available device approved by the FDA for the removal of polyps and lesions in the colon.

We have a supply and distribution agreement with Medtronic for Eleview® in the U.S.

Eleview® is licensed to Pendopharm, a division of Pharmascience Inc., for Canada, where it was approved by Health Canada in 2019.

Eleview®

Improves visibility of target lesion margins

Decreases risk of intestinal perforation

45 Mins cushion hold

Decreases time to resect and volume to inject

Approved in the U.S., the EU, Canada and Japan

Eleview®

Manufacturing and royalty income in 2024

€1.5m (2023: €4.2m)

Lumeblue® (methylene blue MMX®)

The results of our methylene blue MMX® pivotal Phase III study were announced in November 2016.

The primary endpoint, Adenoma Detection Rate, was attained. Adenomas were found in 56.3% of all patients when they took methylene blue MMX® prior to the endoscopy procedure, compared to 47.8% of all patients using standard of care white light colonoscopy with high-definition endoscopes.

ADR is a key colonoscopy quality indicator and is defined as the percentage of patients undergoing first-time screening colonoscopy who have one or more conventional adenomas detected and removed.

In the Phase III clinical trial, the false positive rate (an important secondary endpoint) in the methylene blue MMX® arm was lower than in the white light high-definition ('WLHD'). In the methylene blue MMX® arm, 356 out of 485 subjects had an excision. 83 of these subjects (23.3%) were false positives. In the WLHD arm, 326 out of 479 subjects had an excision and 97 of these subjects (29.7%) were false positives.

In February 2019, we filed a Marketing Authorisation Application for methylene blue MMX® 200mg tablets with the European Medicines Agency.

In August 2020, the European Commission approved methylene blue MMX® for the visualisation of colorectal lesions during colonoscopies, and in February 2021 we licensed the EU rights (plus Switzerland, the U.K., E.E.A. countries and Mexico) to Alfasigma S.p.A.

In September 2023, the European Commission authorised a change of the product's package insert (specifically, the Summary of Product Characteristics), which modifies the posology to include the small volume (e.g. 2L) PEG-based bowel cleansing preparations administered as either split or day-before regimen.

In May 2024, Cosmo and Alfasigma S.p.A. mutually terminated the license agreement for Lumeblu® in all the licensed countries. The transfer of ownership of the marketing authorisation (MA) from Alfasigma to Cosmo Technologies Ltd was completed on 14 November 2024.

Methylene blue MMX® U.S.

Our NDA for methylene blue MMX® was submitted to the FDA in July 2017. In May 2018, we received a Complete Response Letter ('CRL') from the FDA. The CRL stated that while the outcome of the phase III trial had translated in a statistically significant outcome, the outcome was not sufficiently 'robust' and recommended that we provide confirmation of effectiveness with a second phase III trial.

Discussions are ongoing with the FDA in relation to the confirmatory phase III trial required for U.S. registration.

Methylene blue MMX® China

The successful phase III clinical trial of Lumeblu® in China, sponsored by our partner China Medical System Holdings Limited ('CMS') (867.HK) was announced on 14 December 2022. Approval for the innovative product in the Chinese territory from the National Medical Products Administration of China was obtained on 11 June 2024.

In the trial, Lumeblue® was compared to placebo in white light colonoscopy with the purpose of assessing its safety and efficacy in the improvement of histologically confirmed non-polypoid colorectal lesions in subjects undergoing screening or surveillance colonoscopy for colorectal cancer ('CRC'). Non-polypoid (i.e. flat) lesions are notoriously difficult to detect, and especially so when they are <10 mm. In literature, data shows that the miss rate (the fraction of lesions that are routinely missed) is highest among these types of lesions.

The study was a randomised, double-blind, placebo-controlled trial (placebo being in this case the standard of care) run under good clinical practice ('GCP') in 22 sites across China. All patients were prepped with Fortrans 3-litre split dose, two litres the day before the procedure and one litre the day of the procedure. In total, 1,802 subjects were randomised, 897 in the Lumeblu® arm and 905 in the placebo arm. Of those, 872 in the Lumeblu® arm and 879 in the placebo arm were in the primary efficacy population (FAS: Full Analysis Set).

Lumeblue®

A new diagnostic drug
For the visualisation of colorectal lesions during colonoscopies

EMA and China approved
Approved in Europe and China for the visualisation of colorectal lesions during colonoscopies

Confirmatory phase III trial required for U.S. approval
Discussions ongoing with the FDA

Adenoma Detection Rate
56.3% when methylene blue MMX® used prior to endoscopy procedure compared to 47.8% using standard of care white light colonoscopy with high definition endoscopes

Lumeblue® (methylene blue MMX®) continued

The primary endpoint of the study was the detection rate of non-polypoid colorectal lesions, defined as 'the proportion of subjects with at least one histologically confirmed non-polypoid colorectal lesion'.

The study met the primary endpoint with very high statistical significance: in the overall FAS, the proportion of patients with at least one histologically confirmed non-polypoid colorectal lesion was significantly higher in the Lumeblue® group (445/872 subjects; 51.0%) as compared with placebo (362/879, 41.2%); (adjusted OR 95% CI: 1.55 1.27, 1.89; P< 0.0001).

The study also confirmed the superiority of Lumeblue® versus placebo in several clinically meaningful endpoints:

a) Number of histologically confirmed non-polypoid colorectal lesions per patient. In the FAS, the per patient number of histologically confirmed non-polypoid colorectal lesions in the Lumeblue® group was 0.9, as compared to 0.7 in the placebo group (difference between groups 95% CI: 0.18 0.07, 0.30 P=0.0022).
b) Number of histologically confirmed non-polypoid adenomas or cancers per patient. In the FAS, the per patient number of histologically confirmed non-polypoid adenomas or cancers in the Lumeblu® group was 0.6 as compared to 0.5 in the placebo group (difference between groups 95% CI 0.12 (0.03, 0.22 P=0.0125).
c) Detection rate of non-polypoid adenoma or cancer (NP-ADR). In the FAS, 341 out of 872 patients (39.1%) were detected with at least one histologically confirmed non-polypoid adenoma in the Lumeblue® arm, as compared with 274 out of 879 patients in the placebo group (31.2%) (OR 95% CI: 1.43 1.17, 1.75 P=0.0004).
d) Proportion of patients with at least one histologically confirmed <10 mm non-polypoid colorectal lesion Non-polypoid histologically confirmed colorectal lesions less than <10 mm were found in 415 out of 872 patients (47.6%) in the Lumeblue® group versus 350 out of 879 patients (39.8%) in the placebo group (OR 95% CI 1.43 1.17 1.74 P= 0.0003).
e) Number of histologically confirmed <10 mm non-polypoid colorectal lesions per patient. In the FAS, the per patient number of histologically confirmed non-polypoid colorectal lesions <10 mm was 0.9 in the Lumeblue® group versus 0.7 in the placebo group (difference between groups 95% CI: 0.15 0.03, 0.26 P=0.0110).
f) Number of histologically confirmed non-polypoid adenomas or cancers <10 mm per patient. Overall, the per patient number of histologically confirmed non-polypoid adenomas or cancers <10 mm was 0.6 in the Lumeblue® test group versus 0.5 in the placebo group (difference between groups 95% CI: 0.11 0.02, 0.20 P=0.0199).

No severe side effects were reported.

Aemcolo®/Rifamycin (ROW)

Aemcolo® is a new pharmaceutical product employing Rifamycin SV engineered with our MMX® technology.

The application of MMX® technology to Rifamycin SV allows the antibiotic to be delivered directly into the colon, avoiding unwanted effects on the beneficial bacterial flora living in the upper portions of the gastrointestinal tract. The specific dissolution profile of Aemcolo® tablets increases the colonic disposition of the antibiotic so that an optimised intestinal concentration is achieved, thereby abating its systemic absorption in the small intestine.

Aemcolo® FDA approval

In November 2018, the FDA approved Aemcolo® for the treatment of travellers' diarrhoea caused by non-invasive strains of Escherichia coli in adults. This followed the granting of Qualified Infectious Disease Product ('QIDP') and Fast Track designations for Aemcolo® by the FDA in October 2017. With the QIDP designation, intended for antibacterial or antifungal drugs that treat serious or life-threatening infections, together with new chemical entity ('NCE') designation, Aemcolo® enjoys marketing exclusivity until 2028.

Rifamycin SV MMX® in IBS-D

In January 2021 the successful outcome of a Phase II proof of concept clinical trial of Rifamycin SV MMX® 600mg in IBS-D was announced.

Aemcolo® U.S. rights

In November 2024, Cosmo and RedHill Biopharma mutually terminated the license for Rifamycin SV MMX® in the U.S. The transfer of ownership of the U.S. marketing authorisation from RedHill to Cosmo Technologies Ltd was completed with effective date of 15 November 2024.

Rifamycin Italian rights

In Italy, Rifamycin is licensed to Malesci and EG and since 2024 is commercialized under the name of Dotecine and Stadmycin respectively.

Marketing authorisation in Europe

In 2023, a new license and supply agreement with Adalvo Ltd. in Europe (except Italy), Asia-Pacific ('APAC'), Middle East/ North Africa ('MENA') and Latin America ('LATAM') regions was signed. Adalvo Ltd. will take the lead in obtaining approvals for Rifamycin SV MMX® in APAC, MENA and LATAM regions, as well as selected European countries, extending the reach of this innovative treatment to a broader global audience.

Aemcolo®

FDA approved

Approved in the U.S. for treatment of travellers' diarrhoea

Marketing exclusivity in U.S. until 2028

Enjoys marketing exclusivity until 2028 in U.S. under QIDP and NCE designations

EU approved

Approved in the EU for treatment of travellers' diarrhoea

Successful phase II in IBS-D

Successful outcome of phase II POC clinical trial of Rifamycin SV MMX® 600mg in IBS-D announced in January 2021

Aemcolo® continued

Aemcolo® phase III clinical trials for travellers' diarrhoea

Phase III clinical trials in travellers' diarrhoea were completed in the U.S. and EU. Aemcolo® underwent two pivotal trials, with different designs. The first one, performed by Santarus, showed Rifamycin SV MMX® superiority versus placebo (p-value = 0.0008). The second one, performed by Dr. Falk Pharma, showed Rifamycin SV MMX® non-inferiority versus Ciprofloxacin ('Cipro'), the current standard of care in travellers' diarrhoea.

The details of the successful Phase III clinical trial were announced in November 2016. Rifamycin SV MMX® attained the primary endpoint also in this second trial, with a Hazard Ratio ≤ 0.764 and a p-value = 0.0018. The Clinical Cure Rate (percentage of patients showing clinical symptoms remission) of Rifamycin SV MMX® was 85.0% versus 84.8% Cipro.

Rifamycin SV MMX® has shown a very good efficacy in eradicating the whole E. coli bacteria family (65.9% versus 63.7% Cipro) and a very similar failure rate to Cipro (14.8% versus 15.2% Cipro).

The main parameter to show efficacy in travellers' diarrhoea is Time to Last Unformed Stools ('TLUS'). Aemcolo® TLUS in the patients that completed treatment according to protocol was equivalent to Cipro, 33.3 hours versus 32.8 hours.

In terms of Microbiological Cure Rate, in the patients that had at least one isolated microorganism, the efficacy was also equivalent to Cipro, 49.24% versus 49.60%.

Rifamycin SV MMX® was administered to more than 600 patients in phase III and was optimally tolerated, with only 5.5% of adverse events possibly drug-related.

Rifamycin SV MMX® 600mg phase II clinical trial for IBS-D

In 2017, we commenced a phase II proof of concept clinical trial of Rifamycin SV MMX® 600mg in IBS-D, with the first patient randomised in December 2017. The successful outcome of this was announced in January 2021.

The drug tested was different from Rifamycin SV MMX® which was approved for travellers' diarrhoea, while it shares the same active ingredient (Rifamycin SV) and MMX® technology, it contained a higher dose of API (600mg) and had different release features.

The trial investigated the efficacy and safety of two doses of Rifamycin SV MMX® 600mg against placebo after a two-week course of treatment followed by a three-month follow-up. The primary endpoint was the proportion of subjects who achieved success, defined as an adequate relief of both abdominal pain and diarrhoea at the end of the first week of treatment (at least 30% decrease in pain score and at least 50% reduction in the number of days per week with diarrhoea). Other endpoints included reduction in bloating, improved stool consistency, decreased sense of urgency, and improvement in quality of life, as assessed through the IBS QoL questionnaire. The trial was conducted in 25 sites located in four countries in Western Europe and recruited 279 patients in the ITT ('Intention to treat') population.

> Rifamycin SV MMX® was administered to more than 600 patients in Phase III and was optimally tolerated, with only 5.5% of adverse events possibly drug-related.

The trial was very successful notwithstanding our decision to reduce the envisaged sample size by 20% due to COVID-19 restrictions. Results show the achievement of statistical significance in all the study populations (ITT, FAS, m-FAS and PP) for the composite primary endpoint (substantial pain and diarrhoea decrease) OR 3.26 (1.39 – 7.67); p-value 0.0066 and for most secondary endpoints such as adequate relief of IBS-related symptoms OR 2.18 (1.12 – 4.26); p-value 0.0227 and IBS-related bloating at the end of treatment period OR 2.13 (1.11 – 4.07); p-value 0.0223.

In addition, two investigator-initiated studies in the U.S. for the treatment of uncomplicated acute diverticulitis and minimal hepatic encephalopathy completed enrollment. The study in minimal hepatic encephalopathy enrolled 30 patients in total, randomised between Aemcolo® and placebo (15 subjects per group). The study showed a positive effect of Aemcolo® on one of the major complications of cirrhosis, which is sarcopenia (i.e., loss of muscle mass and function): patients randomised to Aemcolo® showed improvement in physical sickness impact profile (95% CI: 0.33 − 8.5), lean mass (95% CI: −3.3 to −0.9), and handgrip strength (95% CI: −8.1 to −1.0) as compared to placebo. Additionally, Aemcolo® statistically decreased serum ammonia (which is toxic to the brain), increased the short-chain fatty acids (which are important nutrition compounds contributing to gut health), and changed the serum, urine and stool bile acid profile to non-toxic bile acids, as compared to placebo. Finally, serum IL-1β and stool calprotectin (which are known markers of inflammation) decreased, while brain magnetic resonance spectroscopy showed higher concentrations of glutathione (a natural antioxidant and detoxifying compound) in the brain of patients treated with Aemcolo® as compared to placebo.

The results of the study were presented at the 2023 Liver Meeting of the American Association for the Study of Liver Diseases and were published in January 2024 (Hepatol Commun. 2024 Feb 3;8(2):e0384).

Clascoterone solution for AGA in males

Clascoterone solution is a novel topical androgen receptor inhibitor that targets androgen receptors in the scalp and is currently being studied for the treatment of androgenetic alopecia ('AGA') in males.

Clascoterone is a topical androgen receptor inhibitor. Clascoterone solution for AGA in males is believed to address male AGA by directly inhibiting testosterone and dihydrotestosterone binding to local hair follicle androgen receptors. If approved by the FDA, it has the potential to be the only topical androgen receptor inhibitor for AGA and the first drug with a new mechanism of action for the treatment of AGA in three decades.

Clascoterone solution for AGA in males is quickly metabolised to cortexolone, a metabolite with a known safety profile. Due to its rapid metabolism and local activity, there appears to be limited systemic exposure to Clascoterone solution for AGA in males and therefore potential systemic side effects are likely minimised.

Following a successful Phase IIa proof of concept trial, a Phase II dose-ranging study was conducted in males and results were announced in 2019. In the dose-ranging trial, a total of 404 subjects were enrolled in six sites in Germany. This double blind trial evaluated the efficacy and safety of four different doses of clascoterone solution compared to vehicle in male subjects of 18-55 years of age with mild to moderate androgenetic alopecia in the temple and vertex region, with a history of ongoing hair loss.

All subjects applied Clascoterone solution for AGA in males or vehicle to the balding areas of the scalp twice daily for a total of 12 months. The results indicate that Clascoterone solution for AGA in males stops the loss of hair, promotes the growth of new hair, and has a safety profile similar to the vehicle for both adverse events and local skin reactions, even after 12 months of treatment.

In June 2023, the Company announced the beginning of Phase III trials of clascoterone solution in males for the treatment of androgenetic alopecia (AGA). The Phase 3 program consists of two identical six-month multicenter, prospective, randomised, double-blind vehicle control studies (SCALP 1 and SCALP 2) to evaluate the efficacy and safety of clascoterone solution 75 mg BID for the treatment of AGA in males, each followed by a 6 month, single-blind treatment with clascoterone solution BID or vehicle BID to determine the long term safety and durability of treatment. The two trials are being conducted in about 50 sites in the U.S. and Europe involving approximately 1500 male patients with mild to moderate AGA in the temple and vertex region and a history of ongoing hair loss. Co-primary endpoints for both studies are Target Area Hair Count (TAHC) and Patient Reported Outcome (PRO).

In 2024, the program has progressed well. In 2025, we expect to announce topline results from our clinical trials, begin to prepare the New Drug Application for FDA, present a comprehensive view of the market potential and outline our commercialisation strategy.

Clascoterone solution for AGA in males

Estimated number of males worldwide affected by androgenetic alopecia by age 50

30% - 50%

Estimated number of males in the U.S. affected by androgenetic alopecia

50m - 60m

1.8 Our clinical focus

Inflammatory bowel disease

Inflammatory bowel disease ('IBD') is a chronic inflammatory condition that affects the gastrointestinal tract, causing a number of distressing symptoms such as bleeding, diarrhoea, abdominal pain and weight loss.

The main disease categories are ulcerative colitis and Crohn's disease, both of which can have a significant adverse impact on the quality of life of an individual.

It is estimated that over 1 million people in the U.S. and 2.5 million people in Europe have IBD.

The goal of treatment of IBD is to induce and maintain remission of symptoms and mucosal inflammation in order to provide an improved quality of life. There are a number of treatment options available that range from non-pharmacological treatments, such as dietary, to pharmacological treatments and surgery. No precise cause of the disease has been found but scientists and gastroenterologists commonly believe that IBD results from a combination of genetic and environmental factors.

Characterisation of disease

Ulcerative colitis causes inflammation of the lining of the large intestine. The disease originates in the rectum-sigma and spreads to affect various segments of the colon up to the entire colon.

Crohn's disease is a patchy, transmural inflammation that can affect any part of the gastrointestinal tract. It is thus much more disparately distributed than ulcerative colitis.

The symptoms of Crohn's disease and ulcerative colitis vary from patient to patient depending on the level of disease severity and may change over time because of the chronic, relapsing nature of the diseases; most patients experience periods of disease activity and remission. As IBD is a chronic disease, most patients are required to take medication over the course of a lifetime, making consistent compliance with drug regimens an important factor.

In terms of severity, gastroenterologists tend to split the patient population into three different categories (mild, moderate and severe), and prescribe medication accordingly. It is commonly believed that 45-55% of the patients have a mild form of the disease and 30-35% a moderate form. Around 30% of patients that have mild to moderate ulcerative colitis will be in the acute phase, with 70% in remission.

ONCE-DAILY Lialda™ (mesalamine) 1.2g delayed release tablets

Lialda® is a once-daily mesalamine tablet approved to help get active, mild to moderate ulcerative colitis into remission.

Cortiment®

Uceris®**/Cortiment**® is an oral tablet formulation which delivers budesonide directly to the lumen of the colon.

Number of people in the U.S. and Europe that suffer from colonic infections

3.5m

Number of people with a mild form of IBD

45-55%

Number of people with a moderate form of IBD

30-35%

Colorectal Cancer

Colon cancer is cancer of the large intestine (colon); rectal cancer affects the last part of the colon. Together, they are referred to as colorectal cancer ('CRC'). CRC arises from adenomas that grow in the colon.

Not all adenomas become cancer, but all colon and rectal cancers start from adenomas. Epidemiologists estimate that, at birth, every person has a 5% chance of developing CRC during their lifetime.

Globally, it is estimated that each year over 1.9 million people are diagnosed with CRC and 900,000 people die from the disease.

The risk of CRC increases with age and screening with a colonoscopy is recommended starting at the age of 50. According to the World Health Organization, CRC is one of the most common cancers in men and women, representing almost 10% of cancer incidence globally.

Survival rates vary significantly depending on the stage at which CRC is diagnosed. According to the National Cancer Institute in the U.S., the 5-year relative survival rate for localised CRC (confined to the primary site) is 90.1%, compared with 13.5% for distant CRC (cancer has metastasised).

It is estimated that 75-90% of CRC could be prevented through the early detection and removal of pre-cancerous polyps.

The most effective tool to detect and remove pre-cancerous polyps is a colonoscopy. We estimate that 30 million colonoscopies are carried out in the U.S. and the EU on an annual basis.

In clinical practice, adenoma detection rate ('ADR') is the percentage of patients aged 50 and over undergoing a first-time screening colonoscopy who have one or more conventional adenomas detected and removed. ADR is a key quality indicator for colonoscopy; a high ADR is associated with a low post-colonoscopy CRC. Increasing the ADR is therefore key to reducing the incidence of CRC.

GI Genius™

GI Genius™ is a system which uses artificial intelligence to detect colorectal polyps during endoscopy. GI Genius™ is approved in the U.S., Europe, Australia, Israel and the United Arab Emirates and is available through a worldwide distribution agreement with Medtronic.

Eleview®

Eleview® is a medical device approved in the EU, U.S., Canada and Japan which enables the safer and faster removal of colonic lesions.

Lumeblue

Lumeblue® is a new diagnostic drug for the visualisation of colorectal lesions during colonoscopies.

Estimated number of people each year who are diagnosed with CRC on a global basis

1.9m

Estimated number of colonoscopies carried out in the U.S. and the EU on an annual basis

30m

Estimated prevention rate through early detection

75-90%

Acne

Acne is the eighth most prevalent disease in the world, affecting more than 640 million people. Although acne often coincides with puberty affecting c. 85% of adolescents, it also impacts young adults (aged 12-25 years) and may persist into, or develop during, adulthood.

Acne is a multifactorial inflammatory condition characterised by excess skin oil (sebum) production, a build-up of dead skin cells that clog the pores and growth of bacteria that further increase inflammation, redness and pore blockage. These events lead to acne's characteristic lesions.

Treatment of acne usually involves combinations of oral and/or topical treatments. Current first-line therapies target one or two aspects of acne and may include benzoyl peroxide, topical retinoids, and topical or oral antibiotics. Antibiotic resistance in acne is a concern. Oral isotretinoin, a potent retinoid, may be considered for more severe acne, but is associated with side effects and must be used with caution in females of childbearing age due to known harm to the fetus. Female acne patients can be treated with a combined oral contraceptive ('COC') or spironolactone, both of which affect androgens.

Androgen hormones are a key driver of acne in both males and females with acne. Androgen receptors ('ARs') are located throughout the skin and found in the sebum-producing glands. Circulating and locally skin-synthesised androgens such as testosterone and dihydrotestosterone ('DHT') bind to the AR and stimulate sebum production in both males and females.

Androgen inhibition is an effective strategy for the treatment of female acne. Certain COCs (norgestimate, norethindrone) are FDA-approved to treat acne in females; these drugs suppress androgen production, thereby reducing circulating androgens. Both COCs and oral spironolactone are associated with systemic side effects, are contraindicated in pregnancy, and are unsuitable for male acne patients. Oral AR inhibitors and/or anti-androgens have not been approved for the treatment of acne in males. Novel therapeutic innovations for the treatment of acne have been sparse in recent years, with no new mechanism of action approved by the FDA since isotretinoin in 1982.

In 2020, Cassiopea received FDA approval for a new therapeutic topical drug class to treat acne. In November 2021, Cassiopea's partner, Sun Pharmaceutical Industries Ltd. ('Sun Pharma'), launched Winlevi® in the U.S. In what has been hailed by U.S. dermatologists as an exciting 'game changer' in the acne treatment armamentarium, Winlevi® is a groundbreaking treatment for acne in the U.S. dermatology market, one of the largest in the world. In the second half of 2022, the Company expanded the territory of the license and supply agreement with Sun Pharma to include Japan, Australia, New Zealand, Brazil, Mexico and Russia. Also in 2022, new license and supply agreements were signed with new partners in other territories, namely with 3SBio in Mainland China, Taiwan, Hong Kong and Macao ('Greater China'), with InfectoPharm in Germany, Italy and Austria, and with Hyphens Pharma International Limited ('Hyphens') in Southeast Asia.

In 2023, three new license and distribution agreements were signed with new partners, namely with Hyundai Pharm in the Republic of Korea, Glenmark in 15 EU countries (Bulgaria, the Czech Republic, Denmark, Finland, France, Hungary, Iceland, the Netherlands, Norway, Poland, Portugal, Romania, Slovakia, Spain and Sweden) as well as in South Africa and the U.K., and with Hikma in the Middle East and North Africa (MENA) region (Kingdom of Saudi Arabia, Jordan, Egypt, Morocco, Algeria, Tunisia, Sudan, Iraq, Lebanon, United Arab Emirates, Qatar, Kuwait, Oman, Bahrain, Yemen, Libya, and Syria). Sun launched Winlevi in Canada in September 2023 with exceptional reception by doctors and patients. In addition, Marketing Authorisation Application ('MAA') to EMA through the centralised procedure was submitted in October 2023.

In 2024, Winlevi was approved and launched in Australia (May), and approved in Singapore (August) and New Zealand (December). Winlevi was submitted to regulatory authorities in 11 countries: in U.K. (February), Mexico (March) Jordan (April), KSA (April), Morocco (April), Brazil (May), Korea (May), India (June), South Africa (June), Thailand (August) and Egypt (November).

Winlevi

Winlevi® was approved by the FDA in August 2020 and was launched by our partner Sun Pharma in the U.S. in November 2021, in Canada in September 2023, in Australia in May 2024, and most recently in 2025, in the U.K. and Malaysia. **The product is expected to launch in nearly 40 countries over the next three years.**

Estimated number of people affected by acne worldwide

640m

Estimated number of people affected by acne in the U.S.

50m

Androgenetic alopecia

Androgen-induced alopecia, also known as androgenetic alopecia ('AGA') or patterned hair loss, is the most common type of hair loss affecting an estimated 50 - 60 million men in the U.S.

Of these, only 25-30 million men have been diagnosed and only 2.7 million men, or 9-11% of the total, are actually being treated. A vast majority of patients have not sought treatment for their condition, this is possibly due to the limitations of current treatments and the lack of available options. This market, widely known to be full of unmet needs, is ripe for disruption and patient activation with a novel effective and safe product.

In the U.S., treatment of AGA is limited to topical minoxidil, laser therapy, platelet rich plasma ('PRP') and over the counter nutritional supplements. Balding men may also use oral finasteride, which is associated with a number of systemic side effects such as loss of libido, erectile dysfunction and gynecomastia.

In AGA, high local concentrations of DHT bind to androgen receptors within the scalp hair follicles, resulting in shortening of the hair cycle and gradual miniaturisation of scalp follicles in men with a genetic predisposition. Over time, these progressively smaller, thinner hair follicles are unable to produce new hair, resulting in AGA's characteristic patterned baldness. DHT-dependent effects are considered, in most cases, reversible, yet a topical treatment that can be used for the treatment of AGA remains elusive.

AGA could be responsive to medical treatment with a topical androgen receptor inhibitor. Clascoterone solution for AGA in males, through its proposed mechanism of action of direct inhibition of testosterone and DHT binding to local hair follicle androgen receptors, has the potential to be the first new mechanism of action for AGA in thirty years, and the only topical androgen receptor inhibitor for use in AGA if approved by the FDA.

Clascoterone solution for AGA in males is in late stage development for the treatment of AGA. There has been little clinical development for AGA in males over the last 30 years.

Estimated number of men affected by AGA in the U.S.

50m - 60m

Directors' Report

2.1 CEO Statement

Dear Shareholders,

2024 has been a pivotal year for Cosmo Pharmaceuticals, defined by disciplined capital allocation, strategic investments in high-growth opportunities, and significant advancements in AI and pharmaceuticals. Our commitment remains steadfast: deploying capital where we see the highest return potential—AI, breakthrough innovations in gastroenterology (GI) and dermatology, and world-class talent.

With no debt and a cash, cash equivalents, investments and treasury shares position of approximately €274 million, we have the flexibility to aggressively invest in innovation while simultaneously returning value to shareholders. These investments are already delivering tangible results, attracting top-tier talent, strengthening our core business, and laying the foundation for long-term sustainable growth.

AI: Pioneering the Future of Healthcare

- AI is revolutionising medicine, and Cosmo is at the forefront of this transformation. Our AI-powered GI Genius™ remains the world's first and only FDA-approved AI-assisted colonoscopy tool, with an expanding global installed base. The latest iteration of Cosmo's polyp detection SaMD (Software as a Medical Device) features significantly improved performance. For the first time, it includes post-procedural insights generated by advanced AI, further enhancing its value in clinical practice.

- Recognising AI's vast potential in healthcare, we made a strategic decision to deepen our investment in AI, ensuring Cosmo remains the leading innovator in AI-driven endoscopy. This commitment was underscored by our landmark new agreement with Medtronic, which includes:
  - $100 million upfront payment, received in Q1 2024;
  - Second $100 million payment, received at the end of 2024;
  - Double-digit royalties on Medtronic's net sales.

- Beyond GI Genius™, our AI Innovation Center has emerged as a global hub for AI-driven healthcare applications, offering an end-to-end development and validation platform for third-party AI solutions. This positions Cosmo as a central enabler of AI innovation in endoscopy and beyond.

Investing in High-Growth Opportunities and Talent

To execute our vision, we have strategically allocated capital toward attracting the best talent and expanding into the highest-growth healthcare segments:

- **AI & Digital Health Expertise** - We continue to invest in leading AI engineers, data scientists, and software developers, reinforcing our leadership in AI-powered medical technology.

- **Operational Excellence** - We have strengthened our leadership team with top-tier executives who have a proven track record in scaling businesses, launching disruptive technologies, and driving market adoption.

By investing in the right people and high-growth segments, we have positioned Cosmo as a global leader in AI-driven healthcare and specialty pharmaceuticals, ensuring long-term profitability and sustained competitive advantage.

Disciplined Capital Allocation: AI, Growth, and Shareholder Returns

Our capital allocation strategy focuses on four core priorities:

1. **AI and Digital Innovation** - Investing in AI-driven healthcare solutions that enhance patient outcomes and drive future revenue growth.

2. **GI/Derma Drug Pipeline & Large Market Opportunities** - Expanding our development pipeline to capitalize on high-value opportunities.

3. **Talent and Global Expansion** - Recruiting top-tier talent and expanding into high-growth markets.

4. **Shareholder Value Creation** - Maintaining a disciplined dividend policy while reinvesting in high-return opportunities.

This balanced approach maximises near-term returns while ensuring long-term value creation, keeping Cosmo financially strong and positioned for sustained growth.

Giovanni Di Napoli
CEO

"Investing in the Future: AI, High-Growth Markets, and Unmatched Execution"

2.1 CEO Statement continued

Expanding Global Markets & Strengthening Core Business

Winlevi®: The #1 Branded Topical Acne Treatment in the U.S.

Winlevi® continues its strong performance in the U.S. market, with over **1.3 million prescriptions** written by more than **17,900 prescribers** since launch.

In 2024, **Winlevi royalties and manufacturing revenues grew 34% year on year**. Our global expansion strategy is progressing well, with regulatory approvals secured in the **U.S., Canada, Australia, Singapore, New Zealand**, and most recently in 2025, **in the U.K. and Malaysia**.

Our **EMA submission is under review**, with European approval anticipated by mid-2025. Winlevi is expected to launch in **38 countries** by end of 2027. Our strategic partnerships are further strengthened by **double-digit royalties and exclusive manufacturing rights**.

GI & CDMO – Strengthening Our Core Business

Our contract manufacturing division delivered 4% revenue growth in 2024, reinforcing Cosmo's role as a trusted partner in high-quality pharmaceutical production.

Additionally, we witnessed strong demand for Cortiment® and Uceris®, with manufacturing revenues growing 15% and 4% year-on-year, respectively.

Advancing Our Pipeline: Unlocking Large Market Opportunities

Clascoterone Solution for Androgenetic Alopecia (AGA): A Transformative Hair Loss Treatment

We have completed **Phase III trial enrollment** for our androgenetic alopecia treatment in men in the U.S. and Europe. The potential is enormous:

- **Male androgenetic alopecia** is the most common form of hair loss, affecting **30-50% of men by age 50**.
- This represents a **multi-billion-euro market opportunity** with significant unmet medical need. Cosmo is positioned to deliver the **first major innovation in three decades**.

Oncology: CB-03-10 Advancing in Clinical Trials

Our CB-03-10 (cortexolone 17 α-valerate-21-propionate) program is progressing through Phase Ia trials for advanced refractory solid tumors, with completion expected in H2 2025. After this phase, Cosmo will explore strategic partnership opportunities to further align its R&D portfolio with long-term priorities.

New GI Drug for Bile Acid Diarrhea: Phase II Study started

The **Phase II proof-of-concept study** for our new **MMX formulation of colesevelam** began at the end of 2024. The study is currently active in the U.K., with expansion planned across the EU. **Bile Acid Diarrhea (BAD)** represents a significant market and unmet medical need, affecting an estimated **95 million people globally**. Studies indicate that approximately **30% of patients with Irritable Bowel Syndrome with Diarrhea (IBS-D) suffer from BAD**.

Rifamycin 1% Enema for Distal Ulcerative Colitis: Phase II Study underway

This in-house developed drug program leverages our deep expertise in the colon, Ulcerative Colitis, and Rifamycin. The **Phase II study** is ongoing across **24 sites in seven EU countries**, with the primary objective of evaluating the efficacy of **Rifamycin 1% enema** in inducing clinical remission of **mild to moderate Distal Ulcerative Colitis (Distal UC) and ulcerative proctitis**. These conditions represent a **large target market and significant unmet medical need**, affecting an estimated **3.5 million people globally**, with studies suggesting that **70% of Ulcerative Colitis patients experience Distal UC or ulcerative proctitis**.

Financial Performance and Cash Generation

In 2024, Cosmo recorded its highest revenues and operating profit yet. **2024 revenues were €266.8 million**, of which project-based revenues were **€190 million**, driven by **GI Genius and Winlevi milestones. 2024 operating profit was €148.9 million**. We continued to deliver strong cash flows, generating €162.4 million in cash from operating activities.

We are proposing to pay an increased **dividend of €2.05 per share**, subject to shareholder approval at the forthcoming **AGM in May**.

2025 Guidance

We have issued guidance for 2025, projecting **revenues between €102 - €107 million**, with **€85 - €90 million** derived from **recurring revenues**, driven by royalties and manufacturing, representing **11 – 17% year-on-year growth. Project-based revenues in 2025** are projected at **€17 million. EBITDA** is expected in the range of **€1 - €3 million**, reflecting our **R&D investments in late and early-stage assets and AI innovation**. We anticipate closing 2025 with a strong balance sheet and over **€110 million in cash, cash equivalents, and investments**.

Financial Strength & Shareholder Value Creation

Cosmo's financial position has never been stronger:

- **€170 million in cash**, cash equivalents, and investments **with no debt**, providing financial flexibility and security.
- **Profitable core business** with strong margins and topline growth.
- **Disciplined capital allocation**, balancing growth investments, dividends, and organic business needs to maximise long-term shareholder value.

Looking Ahead: Driving the Next Phase of Growth

As we enter 2025, Cosmo Pharmaceuticals is uniquely positioned for continued success. **Our AI-first approach, disciplined capital allocation, and investments in high-growth markets** ensure that we remain at the forefront of healthcare innovation.

We are not just adapting to change—we are leading it. Through **AI, pharmaceutical innovation, and strategic investments in world-class talent**, we are building a company that will shape the future of medicine.

Thank you for your continued trust and support.

Sincerely,

Giovanni Di Napoli
CEO, Cosmo Pharmaceuticals

2.2 Our strategy

Our strategy is built on innovation, meeting unmet medical needs, improving clinical outcomes and improving patient safety.

Cosmo develops pharmaceutical products based on its know-how. The Company's proprietary MMX® technology allows the delivery of active pharmaceutical ingredients into the lumen of the colon, throughout the full length of the colon.

In gastroenterology our focus is to improve the safety profile and efficacy of molecules that are already on the market.

In dermatology we aim to develop new molecules which have minimal side-effects.

In healthtech we are developing cutting-edge intelligent medical devices to assist with clinical decision-making; our first device aids endoscopists in the detection of colonic mucosal lesions.

We have a risk-averse financial approach and adequate cash reserves to execute our strategy.

Our overriding objective is to achieve superior long-term returns for shareholders while minimising risks.

Cosmo's therapeutic focus is on gastrointestinal diseases and dermatology

In gastroenterology our focus is to improve the safety profile and efficacy of molecules that are already on the market

In dermatology we aim to develop new molecules which have minimal side-effects

In healthtech we are developing cutting-edge intelligent medical devices to assist with clinical decision-making; our first device aids endoscopists in the detection of colonic mucosal lesions

2.3 Financial review

Income statement

Revenue for the year ended 31 December 2024 was €266.8 million (2023: €92.8 million), operating profit was €148.9 million (2023: €1.9 million operating loss[1]) and profit before taxes was €153.4 million (2023: €6.5 million loss before taxes[1]).

Net expenses were €117.9 million (2023: €94.7 million), comprising the following:

- Other income: €3.7 million (2023: €1.9 million[1]). This largely includes a €0.6 million dividend from our equity investments in Rsouth Antibodies B.V., a €1.1 million reversal of provisions that are no longer due, and a €1.5 million Italian tax credit related to research and development costs incurred in 2024.
- Cost of sales: €45.4 million (2023: €39.3 million), which increased by €6.0 million mainly due to a €4.6 million rise in production and logistics personnel costs from bonuses[2] in 2024 and a €0.7 million increase in costs of raw materials and inventories.
- Research and development ('R&D') costs: €39.9 million (2023: €27.3 million[1]), an increase of €12.6 million primarily due to heightened clinical trial activities in 2024. This was largely driven by the Clascoterone solution for Androgenetic Alopecia ('AGA') in males Phase III clinical trials, which increased by €11.0 million to €17.8 million in 2024, and €1.7 million in costs for CB-01-33 Colesevelam MMX (Bile Acid Diarrhea).
- Selling, general and administrative (SG&A) costs: €36.2 million (2023: €29.9 million), an increase of €6.3 million. This was mainly due to an €8.0 million rise in personnel expenses driven by bonuses[2] during the year, a €1.4 million increase in the write-off of trade and other receivables, and a €0.7 million rise in advertising and marketing costs. These increases were partially offset by a €1.6 million decrease in costs related to the fair value of contingent consideration and a €2.2 million reduction in various other operating costs.

Net financial income in 2024 was €4.5 million (2023: €4.6 million net financial expense).

Income tax expenses for the period were €20.2 million (2023: €4.2 million[1]).

Profit for the year was €133.2 million (2023: €10.7 million loss[1]).

EUR 1,000	2024	2023 (Restated)[1]
Revenue	**266,788**	**92,780**
Net expenses[2]	(117,906)	(94,655)
Operating profit	**148,882**	**(1,875)**
Net financial income / (expense)	4,485	(4,614)
Profit before taxes	**153,367**	**(6,489)**
Income tax expenses	(20,176)	(4,214)
Profit / (Loss) for the period	**133,191**	**(10,703)**

1 Restated to reflect the impact of change in accounting policy on internal development costs. See note 4 of the Notes to the Consolidated to the Financial Statements.

2 The 2024 bonuses included regular performance-based incentives for the year, as well as additional bonuses granted in connection with the impact of project-based revenues from Medtronic.

Revenue

GI Genius™
GI Genius™ revenue was €192.1 million (2023: €8.6 million), increase was mainly driven by the €186.3 million in project-based revenue from Medtronic linked to the December 2023 expanded agreement, of which, €92.5 million relates to the upfront fee for the exclusive license and distribution rights recognised in Q1 2024 and €93.8 million relates to the fulfillment of milestones recognised at the end of 2024.

Winlevi®
Winlevi® revenue was €17.4 million (2023: €19.5 million), which included recurring revenue from the supply of Winlevi® of €4.9 million (2023: €4.4 million), royalty income of €8.3 million (2023: €5.3 million), project-based revenue (milestones) of €3.8 million (2023: €9.7 million) and other revenue from services of €0.4 million (2023: €0.1 million).

Lialda®/Mezavant®/Mesavancol®
Lialda®/Mezavant®/Mesavancol® revenue was €29.0 million (2023: €35.6 million).

Uceris®/Cortiment®
Uceris®/Cortiment® income was €8.2 million (2023: €7.5 million).

Generic products, specialty drugs and related services
Income from manufacturing of generic products, specialty drugs and related services was €15.2 million (2023: €14.6 million).

Revenue cumulative catch-up adjustment
In 2023, the Company recognised a cumulative catch-up adjustment to milestone revenue amounting to €3.9 million due to a change in estimate of the variable consideration that affects our contract assets.

EUR 1,000	2024	% of revenue	2023	% of revenue
Recurring:				
Manufacturing:				
Manufacturing of own products and related services	45,434	17.0	54,520	58.8
Manufacturing of generic products, specialty drugs and related services	15,168	5.7	15,005	16.2
Royalties	13,694	5.1	12,216	13.2
Other revenues	2,228	0.8	1,952	2.1
Recurring revenue	**76,524**	**28.7**	**83,693**	**90.2**
Project based:				
Licence fees, up-front fees and milestones	190,264	71.3	9,087	9.8
Project-based revenue	**190,264**	**71.3**	**9,087**	**9.8**
Total revenue	**266,788**	**100**	**92,780**	**100.0**

EUR 1,000	2024	% of revenue	2023	% of revenue
Own products	249,392	93.5%	75,823	81.7
Third-party products	17,396	6.5%	16,957	18.3
Total revenue	**266,788**	**100.0%**	**92,780**	**100.0**

EUR 1,000	2024	2023
GI Genius™	192,092	8,633
Eleview®	1,473	4,194
Healthtech	**193,565**	**12,827**
Winlevi®	17,400	19,454
Dermatology	**17,400**	**19,454**
Lialda®/Mezavant®/Mesavancol®	29,025	35,627
Uceris®/Cortiment®	8,189	7,479
Contract manufacturing (CDMO)	15,213	14,628
Other	3,396	6,708
Gastroenterology and CDMO	**55,823**	**64,442**
Revenue cumulative catch-up adjustment	–	(3,943)
Total revenue	**266,788**	**92,780**

2.3 Financial review continued

Net expenses

EUR 1,000	2024	% of revenue	2023 (Restated)[1]	% of revenue
Other income[1]	3,662	1.4	1,917	2.1
Cost of sales	(45,359)	(17.0)	(39,340)	(42.4)
R&D[1]	(39,927)	(15.0)	(27,296)	(29.4)
Selling, general and administrative (SG&A) costs	(36,282)	(13.6)	(24,026)	(25.9)
New Medtronic Agreement SG&A costs	–	–	(5,910)	(6.4)
Total net expenses	**(117,906)**	**(42.2)**	**(94,655)**	**(102.0)**

Net expenses by nature

EUR 1,000	2024	% of revenue	2023 (Restated)[1]	% of revenue
Other income[1]	3,662	1.4	1,917	2.1
Changes in inventories of finished goods and w.i.p.	(1,494)	(0.6)	(790)	(0.9)
Raw materials and consumables used[1]	(17,245)	(6.5)	(17,530)	(18.9)
Personnel expenses[1]	(40,963)	(15.4)	(23,515)	(25.3)
Outsourced preclinical and clinical trial costs[1]	(22,646)	(8.5)	(10,483)	(11.3)
Other operating expenses[1]	(26,935)	(10.1)	(26,495)	(28.5)
Depreciation and amortisation[1]	(12,285)	(4.5)	(11,849)	(12.8)
New Medtronic Agreement costs	–	–	(5,910)	(6.4)
Total net expenses	**(117,906)**	**(44.2)**	**(86,634)**	**(102.0)**

[1] Restated to reflect the impact of change in accounting policy on internal development costs. See note 4 of the Notes to the Consolidated to the Financial Statements.

Raw materials, consumables used and changes in inventory

Expenditure on raw materials, consumables used and changes in inventory remained steady at €18.7 million in 2024 (2023: €18.1 million).

Personnel expenses

Personnel expenses amounted to €41.0 million in 2024, compared to €23.5 million in 2023. The €17.4 million increase was primarily due to €15.7 million in bonuses awarded in 2024 versus no bonuses in 2023. The 2024 bonuses included regular performance-based incentives for the year, as well as additional bonuses granted in connection with the impact of project-based revenues from Medtronic. Additionally, salaries and other costs increased by €1.6 million and ESOP costs increased by €0.2 million due to new grants..

The average number of staff by function in 2024 and 2023 were as follows:

No. of people (full-time equivalent)	31 December 2024	31 December 2023
Research & Development	87.5	77.0
Production & Logistics	194.0	188.5
Selling, General, Adm. & Finance, IT and others	40.3	41.2
Total average number	**321.8**	**306.7**

The average number of staff by function in 2024 and 2023 were as follows:

No. of people (full-time equivalent)	31 December 2024	31 December 2023
Management	16.8	16.8
Middle management	31.5	31.0
Staff	273.5	258.9
Total average number	**321.8**	**306.7**

The number of staff by category as at 31 December 2024 and 2023 were as follows:

No. of people (full-time equivalent)	as at 31 December 2024	as at 31 December 2023
Management	16.8	16.8
Middle management	31.0	32.0
Staff	274.0	273.0
Total number	**321.8**	**321.8**

Outsourced preclinical and clinical trial costs

Outsourced preclinical and clinical trial costs amounted to €22.6 million in 2024, compared to €10.5 million in 2023. This increase was primarily due to a €11.0 million rise in clinical trial costs for Clascoterone solution for Androgenetic Alopecia ('AGA') in males, as well as €1.7 million in costs related to CB-01-33 Colesevelam MMX (Bile Acid Diarrhea) in 2024.

New Medtronic Agreement costs

Prior year's SG&A costs included €5.9 million related to the New Medtronic Agreement. Of this amount, €4.4 million was due to an increase in the fair value of contingent consideration, and €1.5 million was related to share-based payments.

2.3 Financial review continued

Other operating expenses

EUR 1,000	2024	% of revenue	2023 (Restated)[1]	% of revenue
Consultancy services and investor relations[1]	5,388	2.02	4,900	5.28
Loss on contingent consideration	2,973	1.11	5,392	5.81
Maintenance and utilities	6,706	2.51	5,983	6.45
Impairment loss on receivables	2,431	0.91	1,023	1.10
Patent costs	1,126	0.42	769	0.83
Audit fees	1,071	0.40	401	0.43
Advertising and marketing	953	0.36	30	0.03
Sub-contracting and other services in relation to manufacturing	903	0.34	1,299	1.40
Travel expenses	767	0.29	412	0.44
Software and hardware assistance costs	704	0.26	605	0.65
Loss on patent write-off	623	0.23	134	0.14
Cost of data used in research and development[1]	373	0.14	3,167	3.41
Tax, other than income tax	372	0.14	1,021	1.10
Other costs	2,545	0.95	5,788	6.24
Total	**26,935**	**10.10**	**30,924**	**33.33**

Other operating expenses decreased by €4.0 million to €26.9 million in 2024, compared to €30.9 million in 2023.

Other costs largely consist of insurance, other administrative related costs and office costs. In 2023, other costs included a €2.9 million loss from the termination of the license agreement with Dr. Falk (€2.0 million for the final Phase I study report and €0.9 million for reimbursement of Phase II trial costs).

Depreciation and amortisation

Depreciation and amortisation were €12.3 million in 2024 (2023: €11.8 million[1]).

Financial income and expenses

EUR 1,000	2024	2023
Financial income:		
Interest income on cash and cash equivalents	1,443	3,237
Interest income on listed bonds and securities at FVOCI	226	831
Gain on sale of listed bonds and securities at FVOCI	21	829
Gain on investments mandatorily at FVTPL	1,948	566
Net foreign exchange gains	1,020	–
Total financial income	**4,658**	**5,463**

EUR 1,000	2024	2023
Financial expenses:		
Interest on medium and long-term bank loan at amortised cost	(8)	(11)
Interest on financial lease payables at amortised cost	(45)	(77)
Interest on convertible bond at amortised cost	–	(8,438)
Loss on sale of listed bonds and securities at FVOCI	(8)	(70)
Loss on investments in funds mandatorily at FVTPL	(45)	–
Net foreign exchange losses	–	(1,363)
Other	(67)	(118)
Total financial expenses	**(173)**	**(10,077)**
Net financial income / (expenses)	**4,485**	**(4,614)**

Income tax expenses

Income taxes in the period were €20.2 million (2023: €4.2 million[1]).

Profit/(loss) for the period

Profit for the period was €133.2 million (2023: €10.7 million loss[1]).

[1] Restated 2023 comparative figures to reflect the impact of change in accounting policy on internal development costs. See note 4 of the Notes to the Consolidated to the Financial Statements.

Statement of Financial Position

Assets

Non-current assets

EUR 1,000	As at 31 December 2024	2023 (Restated)[1]
Property, plant and equipment	29,088	28,588
Goodwill	24,005	24,005
Other intangible assets[1]	331,925	338,362
Financial assets	31,840	3,286
Deferred tax assets[1]	18,716	19,825
Other non-current receivables	8,940	9,752
Total non-current assets	**444,514**	**423,819**

Property, plant and equipment

Property, plant and equipment primarily consists of the real estate property in Lainate (industrial plant, laboratories and offices), inclusive of surrounding land, and of the equipment in the plant that is used for the manufacturing of MMX® tablets.

Goodwill

Goodwill relates to the acquisition of the pharmaceutical manufacturing business from Parke-Davis in 1997, the acquisition of Linkverse S.r.l. in 2018 and the acquisition of Cassiopea S.p.A. in 2021.

Intangible assets

Intangible assets of €331.9 million (2023: €338.4 million) consist of:

- Patents and rights, €4.3 million (2023: €4.5 million);
- Winlevi® (U.S.), €104.5 million (2023: €110.7 million);
- Winlevi® (Non-U.S.), €51.9 million (2023: €51.9 million[1]);
- Clascoterone solution for AGA in males, €170.3 million (2023: €170.3 million[1]); and
- Eleview® (CB-17-04), €0.9 million (2023: €1.0 million).

[1] Restated 2023 comparative figures to reflect the impact of change in accounting policy on internal development costs. See note 4 of the Notes to the Consolidated to the Financial Statements.

Non-current financial assets

EUR 1,000	As at 31 December 2024	2023
Investments in bonds measured at FVOCI	27,461	–
Equity instruments measured at FVOCI – Eagle Pharma shares	45	455
Equity instruments measured at FVOCI – PAION AG shares	10	10
Equity instruments measured at FVOCI – RedHill shares	40	227
Equity instruments measured at FVOCI – RSouth shares	4,284	2,594
Non-current financial assets	**31,840**	**3,286**

Investments in bonds measured at FVOCI amounting to €27.5 million relate to long-term, high-grade corporate bonds with maturities between 2026 and 2029. These bonds have credit ratings ranging from BBB to A- and are quoted using closing prices in the regulated market.

As at 31 December 2024, the total fair value of equity instruments measured at FVOCI was €4.4 million (2023: €3.3 million) consisting of US$0.04 million (€0.04 million) related to the 6,899 shares in RedHill Biopharma Ltd. (Nasdaq: RDHL) at US$6.21 price per share (2023: US$36.5 adjusted for the 25:1 reverse stock split), US$0.05 million (€0.05 million) related to the 96,040 shares in Eagle Pharmaceuticals Inc. ('Eagle Pharma') at US$0.50 price per share (2023: US$0.5 million at US$5.23 per share); €0.01 million related to the 486,199 shares in PAION AG (FSE: PA8) at €0.020 price per share (2023: €0.01 million at €0.020 per share) and €4.3 million related to 25,852 equity shares in RSouth Antibodies BV.

Deferred tax assets

Deferred tax assets of €18.7 million (2023: €19.8 million) mainly relate to losses carried forward in Cassiopea S.p.A., Cosmo Artificial Intelligence - AI Ltd. and Cosmo Technologies Ltd.

Other non-current receivables

Other non-current receivables amounted to €8.9 million in 2024, compared to €9.8 million in 2023. This mainly comprises non-current tax receivables of €8.9 million (2023: €8.2 million) related to Italian tax credit for R&D. In 2024, €1.5 million of non-current receivables was impaired and written off.

2.3 Financial review continued

Current assets

EUR 1,000	As at 31 December 2024	2023
Inventories	13,510	14,198
Trade receivables	18,941	28,454
Current tax assets	9,967	3,760
Other receivables and other assets	16,877	5,539
Current financial assets	98,667	–
Cash and cash equivalents	44,296	50,275
Total current assets	**202,258**	**102,226**

Current financial assets

Current financial assets consist of the Group's investments in funds measured at FVTPL totalling €80.7 million, and investments in high-grade corporate bonds measured at FVOCI totaling €18.0 million, as of 31 December 2024.

Cash and cash equivalents

Cash and cash equivalents were €44.3 million (2023: €50.3 million) as at 31 December 2024.

Equity and liabilities

EUR 1,000	As at 31 December 2024	2023 (Restated)[1]
Share capital	4,562	4,562
Share premium	243,565	243,565
Other reserves	47,845	47,845
Legal reserves[1]	2,687	2,634
Treasury shares	(104,109)	(101,307)
Stock option plan reserve	34,364	33,324
Fair value reserve	(54,285)	(55,121)
Employee benefits actuarial gains/(losses) reserve	(221)	(214)
Currency translation reserve	858	830
Retained earnings[1]	189,873	231,402
Result for the period[1]	133,191	(10,703)
Equity attributable to owners of the Company	**498,330**	**396,817**
Non-controlling interests[1]	6,761	6,806
Total equity	**505,091**	**403,623**

As at 31 December 2024, Cosmo Pharmaceuticals had 17,543,522 (2023: 17,543,522) shares issued, fully subscribed and paid up; each share with a nominal value of €0.26.

As at 31 December 2024, equity attributable to owners of the Company was €491.7 million (2023: €396.7 million).

Non-current liabilities

EUR 1,000	As at 31 December 2024	2023 (Restated)[1]
Interest-bearing loans and borrowings	1,384	942
Employee benefits	652	559
Deferred tax liabilities[1]	90,811	92,611
Other non-current liabilities	566	3,195
Total non-current liabilities	**93,413**	**97,307**

Interest-bearing loans and borrowings of €1.4 million (2023: €0.9 million) consist of financial lease liabilities of €1.1 million (2023: €0.5 million) and bank loans of €0.3 million (2023: €0.4 million).

Deferred tax liabilities decreased to €90.8 million (2023: €92.6 million) largely due to the reversal of the deferred tax liability related to the amortisation of Winlevi® U.S. intangible assets by €1.7 million.

Current liabilities

EUR 1,000	As at 31 December 2024	2023 (Restated)[1]
Interest-bearing loans and borrowings	817	897
Trade payables	10,570	11,560
Current tax liabilities	19,954	2,166
Other current liabilities[1]	16,927	10,492
Total current liabilities	**48,268**	**25,115**

Interest-bearing loans and borrowings were related to bank loans of €0.1 million and financial lease liabilities of €0.7 million. The decrease was primarily due to repayments made in 2024.

[1] Restated 2023 comparative figures to reflect the impact of change in accounting policy on internal development costs. See note 4 of the Notes to the Consolidated to the Financial Statements.

Cash flow

EUR 1,000	2024	2023 (Restated)[1]
Profit for the period before tax[1]	153,367	(6,971)
Adjustment for non-monetary item[1]	16,400	32,713
Operating cash flows before changes in working capital[1]	**169,767**	**25,742**
Change in net working capital	113	946
Cash flows from operating activities[1]	**169,880**	**26,688**
Income taxes paid	(7,469)	(3,980)
Net cash flows from operating activities[1]	**162,411**	**22,708**
Investments in property, plant and equipment	(4,552)	(3,347)
Investments in intangible assets[1]	(1,101)	(1,049)
Net inflows/(outflows) from the investment in/disposal of financial assets	(123,228)	57,614
Cash flows from investing activities	**(128,881)**	**53,218**
Interest paid on convertible bonds	–	(4,375)
Payment for redemption of convertible bonds	–	(175,000)
Payment of loans and leases and related interests	(1,076)	(1,028)
Purchase of treasury shares – net	(2,554)	(11,788)
Payment of contingent consideration related to Linkverse S.r.l. acquisition	(4,500)	(2,000)
Dividends/distributions paid	(32,094)	(16,890)
Dividends paid to Cassiopea NCI	–	(185)
Cash flows from financing activities	**(40,224)**	**(211,266)**
Net decrease in cash and cash equivalents	**(6,694)**	**(135,340)**
Cash and cash equivalents at the beginning of the year	**50,275**	**185,825**
Net foreign exchange differences	**715**	**(210)**
Total cash and cash equivalents at the end of the year	**44,296**	**50,275**

[1] Restated 2023 comparative figures to reflect the impact of change in accounting policy on internal development costs. See note 4 of the Notes to the Consolidated to the Financial Statements.

The net cash inflow from operating activities amounted to €162.4 million in 2024 (2023: €22.7 million). Income taxes paid were €7.5 million (2023: €4.0 million).

Investments in property, plant, and equipment totalled €4.6 million (2023: €3.3 million). Investments in intangible assets amounted to €1.1 million (2023: €1.0 million) and relate to patents and rights.

The net outflow from the investment in/disposal of financial assets was €123.2 million (2023: €57.6 million net inflow), primarily related to investments in funds and short-term corporate bonds.

Net outflows related to financing activities were €40.2 million (2023: €211.3 million, which included €175.0 million for the redemption and payment of the convertible bond principal and a €4.4 million payment of convertible bond interest). This includes €2.6 million for the net purchase of treasury shares (2023: €11.8 million), €32.1 million in cash distribution from Cosmo's freely distributable reserves (€2.00 per ordinary share paid in July 2024), a €4.5 million payment of contingent consideration to former Linkverse S.r.l. NCI shareholders, and a €1.1 million payment of loans and lease liabilities.

Patents and licences

Patents and other intellectual property ('IP') rights are important to our business. Cosmo has been pursuing a double-cover selective country patent strategy. Our IP rights have material value and we have taken steps to protect them. A global MMX® patent protecting the platform technology has been filed and granted in practically all major countries, and deriving product patents have been filed and received in most of the countries. In selective cases, the Company subsequently files process and use patents. In 2024, the Cosmo patent portfolio was further strengthened worldwide by the following patent-related activities:

Patents granted in 2024

- CB-01-18 one patent granted in Europe, Israel, Korea, U.S. and South Africa with expiry date November 2038
- CB-01-23 one patent granted in India, Japan and U.S. with expiry date December 2038
- CB-03-01/01 one patent granted in U.S. with expiry date July 2028
- CB-03-10 one patent granted in Canada, Korea, Russia and U.S. with expiry date October 2035
- CB-03-11 one patent granted in Japan, Korea and U.S. with expiry date June 2036
- CB-17-01 one patent granted in Thailand with expiry date March 2031
- CB-17-08/1 one patent granted in Japan and U.S. with expiry date June 2039
- CB-17-08/2 one patent granted in Australia, China, India and Japan with expiry date June 2039, two patents granted in U.S. with expiry date June 2038 and June 2039
- CB-30-04-US one patent granted in U.S. with expiry date October 2042

Notice of allowance for patents in 2024

- CB-01-18 one patent application allowed in Australia
- CB-01-25 one patent application allowed in Iran
- CB-17-01/01 one patent application allowed in Europe
- CB-17-08/2 one patent application allowed in U.S.A. and Israel

New patent filings 2024

- CB-01-18 two patents filed in Europe and Hong Kong, one patent filed in U.S.
- CB-01-23 one application filed in Japan and Korea
- CB-01-25 one application filed Korea, U.A.E., Australia, Brazil, Canada, China, Egypt, Europe, Hong Kong, Japan, Korea, Israel, India, Iran, Mexico, New Zealand, Qatar, Russia, South Africa, Saudi Arabia, Thailand and U.S.
- CB-01-33 one application filed in Europe and U.S.
- CB-01-33/01 one application filed in Europe and U.S.
- CB-01-35 one application filed in Europe and U.S.
- CB-03-11/02 one application filed in U.S.
- CB-03-11/D one application filed in U.S.
- CB-03-15 one application filed in Taiwan
- CB-17-08/1 one application filed in Japan, U.A.E., Argentina, Australia, China, Israel, India, Korea, Mexico, New Zealand, Russia, Singapore, U.S. and South Africa

New patent filings 2024 (continued)

- CB-17-08/2 two applications filed in U.A.E., China, Israel, Mexico, New Zealand, Singapore, South Africa, one application filed in Japan, Australia and India.
- CB-19-01/CRADA one application filed in Argentina
- CB-30-02/01 one application filed in Brazil, China, Israel, Japan, Korea, Mexico, Thailand, Europe, Hong Kong and U.S.
- CB-30-04 one application filed in China, Europe, Hong Kong, India, Japan, Korea, Mexico, New Zealand, Russia, Singapore, Thailand, U.S. and South Africa.
- CB-30-05 three applications filed in Australia, India and Singapore.

Trademarks registrations 2024

- COSMO® (word mark) one trademark registration in Europe with expiry date September 2032
- COSMO® (logo) one trademark registration in Europe with expiry date September 2032
- LUMEBLUE® (logo) one trademark registration in China with expiry date June 2034
- WINLEVI® (word mark) one trademark registration in Saudi Arabia, Brazil, Algeria, Egypt, Indonesia, Israel, India, Japan, Cambodia, Morocco, Malaysia, Norway, New Zealand and Singapore with expiry date September 2032
- WINLEVI® (logo) two trademark registrations in Brazil and two trademark registrations in Japan with expiry date October 2032
- WINLEVI® (icon) one trademark registration in Brazil, Japan and U.S. with expiry date November 2032

New trademark filings in 2024

- WINLEVI (word) one trademark filed in Italy, Jordan, Saudi Arabia, Egypt, Malaysia, Korea and United Arab Emirates
- WINLEVI (logo) one trademark filed in United Arab Emirates
- LUMEBLUE (word) one trademark filed in Europe, Hong Kong, Mexico, Singapore, Taiwan, Thailand and U.S.
- LUMEBLUE (logo) one trademark filed in U.S.

2.5 Our approach

Operating principles and activities

Our customers

Our customers are primarily our licensee partners and customers who we manufacture product for on a contract basis. During 2024, Cosmo's largest customer accounted for 72.4% (2023: 33.2%) of revenues, and the second largest accounted for 7.9% (2023: 13.6%).

Procurement

For the Company's contract manufacturing activities, active ingredients are either supplied by the client or purchased in the market from external Italian or international suppliers. All of the materials purchased are standard materials provided by a large number of sellers.

With reference to the Company's proprietary products, all active ingredients are from external suppliers. All active ingredients required are manufactured by more than one supplier. Generally, the Company negotiates with these suppliers in order to determine one preferred supplier at attractive prices, and then holds certain inventory to prevent supply bottlenecks.

Manufacturing

Cosmo has the ability to manufacture tablets, ointments and liquids. All of Cosmo's own MMX® products are manufactured in-house, at our Food and Drug Administration ('FDA')-approved plant, which is adjacent to the plant originally set up by Parke-Davis. In order to monitor the production processes, the Company has its own analytics department. The Company does not manufacture unfinished products. All products are either packaged in bulk or final form at the Company's packaging line. It is the Company's intention to manufacture all of its own products in-house. The Company completed a new Methylene Blue MMX® manufacturing facility in 2017, which was subsequently approved by the FDA.

Sustainable practices

Cosmo is committed to the highest ethical standards when conducting business, acting in an environmentally responsible manner and respecting the dignity of our employees, suppliers and partners. The Group continuously monitors compliance with applicable environmental, health and safety laws and regulations, and the requirements of its permits and licences, and maintains programmes that ensure that it:

- monitors the quality of the ambient air and the protection of the water resources;
- evaluates the site programmes for the protection of the environment and the health and safety of employees and neighbours;
- manages the waste disposal in conformity with the local regulations;
- designs, constructs, maintains and manages its plant and systems in accordance with the best practices; and
- communicates with the local community on safety and environmental matters in a timely and effective manner.

The Company is committed to a programme of continual improvement in environmental, health and safety performance by making it an integral part of all its operations. As a pharmaceutical company, Cosmo is not directly obliged under Registration, Evaluation, Authorisation and Restriction of Chemical Substances ('REACH'), a European Community regulation on chemicals and their safe use (EC 1907/2006), but constantly monitors its suppliers (i.e. labels and packaging materials) to assess their compliance to that regulation.

The Company impacts a large number of stakeholders and recognises the broader role it plays. The Company is committed to developing mutually beneficial relationships with business partners and local communities.

Cosmo is committed to the highest ethical standards when conducting business, acting in an environmentally responsible manner and respecting the dignity of our employees and partners

2.5 Our approach continued

Quality management

The Group is committed to the development and manufacturing of high-quality products and to satisfy the expectations of its customers. The quality system implemented at Cosmo meets the requirements and the expectations of the European and U.S. health authorities (European Medicines Agency ('EMA') and FDA) for the manufacturing of drug products. Pharmacopoeias, pharmaceutical directives and guidelines (i.e. those issued by the International Council for Harmonisation of Technical Requirements for Pharmaceuticals for Human Use ('ICH')) help to maintain the quality system at a high standard. The quality system is fully in compliance with the current good manufacturing practices ('cGMP') and allows the production of drug products of defined quality.

The quality system at Cosmo's manufacturing plant is ISO 9000 certified. This certification, even if not required for the drug product manufacturing, demonstrates the Company's commitment to quality.

Information Technology ('IT')

Our IT department is responsible for the strategic planning, oversight and direction of the IT infrastructure, resources and IT services within our Group. The IT department works closely with management, ensuring ongoing innovation and continuous improvement in our management information systems. SAP is our main ERP system, and during the year several projects were completed which improved processes and resulted in greater efficiency.

Health and safety

Cosmo constantly monitors its procedures and processes to ensure that the health and safety of all personnel working on site are protected, and risk from accidents or incidents arising from site activities is minimised, both on- and off-site.

Employment at Cosmo can be grouped into office activities, research and analysis activities or manufacturing activities. An initial medical test on hiring, and an annual blood and urine test, are performed for all managers, employees and workers, and all males above 40 years are tested for prostate specific antigen. For managers and employees working with a PC, eye and eyesight tests are made every two years, and workstations are protected with blinds and properly positioned when exposed to natural light. With respect to research and analysis activities, strict policies were established together with the Italian Ministry of Health, specifically with reference to the handling of dangerous substances. With regard to manufacturing activities primarily in the manufacturing, packaging and handling of pharmaceuticals, there are strict internal workflow processes intended to ensure that accidents are minimised. Insurance coverage is in place for accidents occurring off-site.

Cosmo constantly monitors its procedures and processes to ensure that the health and safety of all personnel working on-site are protected, and risk from accidents or incidents arising from site activities is minimised, both on-site and off-site

2.6 Risk management

How we manage risk

The Board of Directors of Cosmo (the 'Board') is responsible for determining Cosmo's risk tolerance and for ensuring that risk management systems and internal controls are in place.

To this end, the Board has implemented a comprehensive risk management framework in order to ensure that internal controls are adequate, that financial reporting is reliable, that all laws and regulations are complied with and that the assets of the Company are protected.

Risk management

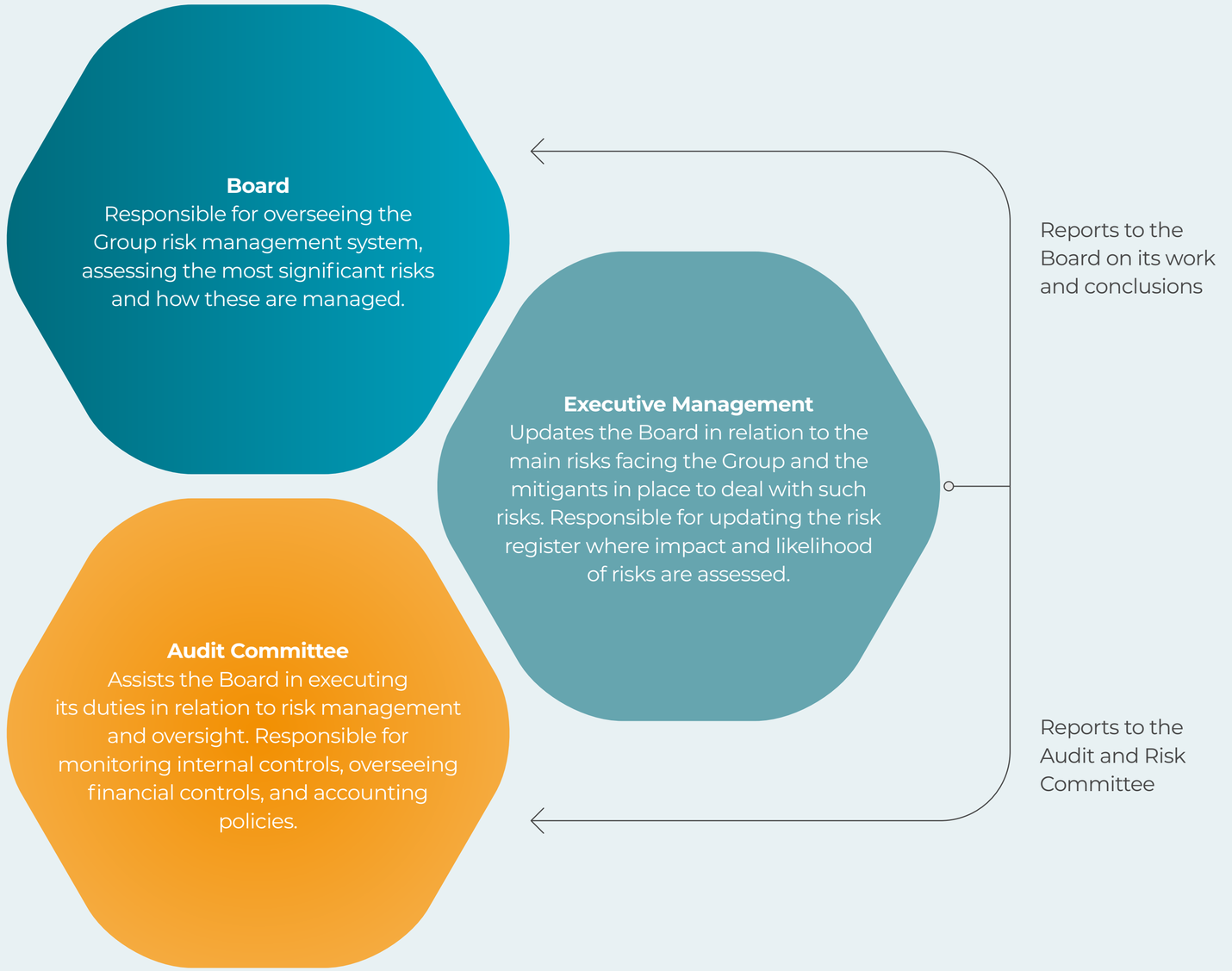
The Group's risk management framework is designed to identify, evaluate and mitigate risks. Risks identified through our risk management framework are categorised, prioritised and assigned to a separate person who is required to continually monitor, evaluate and report on the risk(s) for which they are responsible.

Risks are classified into risks that can be managed by appropriate in-house action or risks that cannot be managed by internal action. All the risks that cannot be met by internal action are then split into risks that can be insured and those that cannot be reasonably insured and must be borne as business risks.

Risk factors

The following sets out certain important risk factors associated with the business that have been identified through the Company's risk management and control systems.

Risk management structure



Strategic risks

Strategic risks relate to the Company's future business plans and strategies, and include risks associated with the environment in which we operate, intellectual property and risks including the demand for our products, competitive threats, information technology and public policy.

Risk area	Description of risk	Mitigation
Generic competition and IP rights	All pharmaceutical companies face generic competition when their products lose patent or other IP protection. The Company takes active measures to protect its patents, trademarks and other IP, and to extend product life cycles.	The Company has a dedicated patent department headed by its Chief Patent Counsel which manages its IP assets and is supported by the services of specialist IP law firms based in the countries where we primarily operate.
Research and development, and new product development	The future growth of our business is dependent on our ability to develop new products that address unmet medical needs and are accepted by patients and physicians. New products must also be reimbursed by payers. The process to develop new products is costly and can take considerable time. At each stage in the development of new products obstacles may be encountered. There is no guarantee that clinical endpoints will be attained or regulatory approval obtained, forcing us to abandon a product. Artificial Intelligence ('AI') is transforming our operations and reshaping the market landscape. At the same time, its rapid advancement coincides with the introduction of new AI regulations on a global scale. Adhering to these regulations may incur substantial costs or limit our ability to leverage such technologies. Furthermore, uncertainties surrounding the successful integration of AI in our operations, along with potential data security and privacy risks, pose challenges to maintaining our competitiveness and continued success.	The Company has a strong track record of successfully completing clinical trials and developing products that address unmet clinical needs. The unique characteristics of our MMX® technology have enabled us to create new products using existing chemical entities already available on the market. While our initial focus was on inflammatory bowel disease, our recent developments have targeted unmet needs in the treatment of colon diseases, offering significant opportunities for new product innovation. Where possible, we strive to enhance the safety profile, efficacy, or patient-friendliness of existing molecules, thereby reducing the risks associated with new product development. We implement stringent data governance, continuous algorithm validation, and regulatory compliance measures to mitigate risks related to data integrity, bias, and patient safety. Our interdisciplinary approach—combining AI expertise with clinical oversight—ensures that we meet the highest standards of accuracy, reliability, and ethical AI deployment, reinforcing our commitment to enhancing patient outcomes through safe and effective technology.
Commercial success of our products	The Company's ability to grow depends on the commercial success of our products. The success of our products could be impacted by several factors beyond our control, including new competing products, pricing pressures, loss of IP protection and changes in physician prescribing habits. We rely on our partners to market, sell and distribute our products. The failure of our products to achieve commercial success could have a material adverse impact on result of operations, our business or our financial condition.	We place a heavy emphasis on selecting the right partner for our products and take steps to ensure that we have different partners for each product or class of products.
Pricing and reimbursement	The commercial success of our products depends on the ability of our partners to establish appropriate reimbursement for our products. Across the world, governments and payers continue to seek ways to reduce expenditure in the face of rising healthcare costs.	We believe that our focus on quality and on developing products which improve clinical outcomes and patient safety maximises the potential to achieve appropriate reimbursement for our products.

Operational risks

Risk area	Description of risk	Mitigation
Manufacturing of finished products and supply of raw materials	Any issue with our manufacturing processes could have serious consequences for the health of patients and damage our reputation. Our manufacturing facilities are subject to strict regulatory requirements. If we fail to meet our regulatory requirements there is a risk that we would have to temporarily suspend or cease production. Any interruption to the supply chain of our raw materials could impair the supply of our products and consequently damage sales.	The manufacturing process at the Company's manufacturing facility in Lainate, Milan, is controlled with respect to raw materials, process parameters and final product quality. The controls are in accordance with procedures that comply with the provisions of current good manufacturing practices ('cGMP'). The FDA has certified the Company for the production of Lialda® and Uceris® tablets for the U.S. market.
Continuity of supply	The supply chain for our products is subject to regulatory requirements. Any failure on our part, or failure on the part of our partners, to meet supply chain regulatory requirements could disrupt the supply chain and result in product shortages and loss of revenue.	The Company monitors the performance of key suppliers to maintain continuity of supply and ensures alternative sources of supply are available.
IT security, data and information systems	We are dependent on information technology infrastructure and systems. The loss of sensitive or confidential information and/or other security breaches or data leakages could have an adverse effect on our financial position or financial results. Our use of IT systems at times involves gathering personal information relating to patients, customers, vendors, employees and others. A breach of our systems or any other failure to protect personal information held on our systems could expose the personal information to unauthorised persons. Any such breach could result in liability and reputational damage.	The Company has committed and continues to commit significant management focus and resources to the protection of its data and information technology systems.
Human resources	The Company relies on recruiting and retaining highly skilled employees to meet its strategic objectives. The Company faces competition for highly qualified personnel from other companies and organisations, and the supply of people with the necessary skills may be limited. If the Company is unable to retain key individuals or recruit new employees with the necessary skills and experience, the implementation of the Company's strategic objectives could be adversely impacted and as a consequence the Company's financial performance or financial position could be adversely impacted.	The Company seeks to ensure that remuneration packages are competitive with the market and has an employee stock ownership plan ('ESOP') for Directors, employees, co-workers and administrators of the Company or a Group company, and a bonus scheme in place.

Financial risks

The Group is exposed to various financial risks in the normal course of business. The principal financial risks to which it is exposed include credit risks related to the creditworthiness of its customers and counterparties of its investment portfolio, with which it invests surplus cash funds, liquidity risks associated with the availability of sufficient capital resources, foreign currency risks, including both translation and transaction risk, and interest rate risk.

The Group measures and manages financial risks in accordance with Group Policy. The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence limits. The Audit Committee of the Board periodically reviews the policies and adequacy of the risk management framework in regards to the risks faced by the Group.

Risk area	Description of risk	Mitigation
Credit risk (1)	The Group has a credit risk exposure in respect of the credit-worthiness of its customers.	The Group has a series of long-standing customers and has established ongoing monitoring for risk of credit deterioration. Credit risk for new customers is managed by ensuring strict procedures. For instance, in the event where a new customer's credit rating is not available, the customer is required to provide a bank reference. If the Company is unable to reach sufficient comfort over the customer's creditworthiness the Company will transact based on a prepayment basis only.
Credit risk (2)	Credit risk exposure also exists in relation to investment by the Group in financial assets and the cash, which the Group places on deposit with financial institutions.	The Group actively manages these risks by investing in financial assets and placing deposits with financial institutions in accordance with strict risk management policies and controls. The Group's cash and cash equivalents as at 31 December 2024 were held on deposit with banks whose Fitch credit rating ranged from BBB to A+.
Liquidity risk	The Group's primary objectives in managing liquidity are to ensure: adequate resources to fund its continued operations; availability of sufficient resources to sustain future development and growth of the business; and maintain sufficient resources to mitigate risks and unforeseen events that may arise.	The Group manages risks associated with liquidity by investing its cash in short-term deposits and short-term financial investments which can be readily realised into cash. Where the Group has entered into long-term financial investment obligations, the maturity dates are spread out evenly in order to attain the most effective rate of liquidity.
Currency risk	Given the global nature of its operations, the Group is subject to a number of foreign currency risks for transactions that are denominated in a currency other than its functional currency (Euro). The Group is also subject to increased exposure to fluctuation in exchange rates between U.S. Dollar and Euro due to its expansion in operations in the U.S. market.	The Group manages its foreign exchange exposures with natural hedging and effective management of foreign currency cash inflows and outflows.
Interest rate risk	The Group is exposed to interest rate risk in respect of its cash and cash equivalents, investment in financial assets, bank loans and financial leases with variable interest rates. There were no material hedging activities, such as interest rate swaps, utilised during the financial period under review.	Except for a very small level of debt, our interest rate exposure is restricted to our investments. We primarily invest in fixed rate instruments with maturities varying according to our liquidity needs. This process is overseen by an investment committee and implemented by an external expert investment manager. More information on financial risks is provided in Note 32 of the Consolidated Financial Statements.

Legal, compliance and regulatory risks

Legal, compliance and regulatory risks relate to the legal and regulatory environment within which we operate.

Risk area	Description of risk	Mitigation
Laws and regulations governing the sale and marketing of our products	Where we have licensed our products, the responsibility to comply with law and regulations governing the sale of our products rests with our licensees. Any failure on the part of our licensees to comply with laws and regulations governing the marketing and selling of our products could impact on our revenues and profitability.	To address the risk of non-compliance by our licensees, we make it a priority to thoroughly assess them on a regular basis to ensure strong record of regulatory adherence. We include clear compliance obligations in all agreements and conduct regular audits to monitor performance. We also provide training and support to help them meet regulatory standards. Additionally, we maintain close collaboration with regulators to ensure we stay compliant with evolving legal requirements.
Regulatory approval for new products and approvals for new indications for existing products	Our future commercial success depends on gaining regulatory approval for new products and obtaining approvals for existing products for new indications. The Company outsources certain tasks required as part of the approval process.	The Company takes commercially reasonable steps to ensure that we engage with quality outsource partners. However, notwithstanding the steps that we take, there is no guarantee that regulatory approval will be obtained for new products or new indications for existing products.
Tax	We operate in a number of tax jurisdictions and are taxed accordingly. The Organisation for Economic Co-operation and Development ('OECD') has proposed a number of tax law changes under its Base Erosion and Profit Shifting ('BEPS') Action Plans.	We have taken steps and continue to take steps to be in compliance with the evolving tax initiatives. Such tax law changes could require us to adapt our tax structure, increase our effective tax rate and adversely affect our financial performance.

2.6 Risk management continued

Risk on geopolitical developments and global uncertainties

The Group is exposed to risk arising from geopolitical conflicts and various global issues given the nature of its operations. These threats, which include interstate conflict, social unrest and trade restrictions, among others, could potentially disrupt our supply chain.

The potential impact on the overall business of the Group is dependent on the severity and magnitude of the geopolitical developments on a global scale. While the situation continues to evolve, the recent developments do not have a significant impact on the Group's business operations. The Group continues to actively monitor these events.

We believe that the Group's ability to adapt to global threats and geopolitical conflicts is anchored to our strategy of developing and creating products within our expertise and carefully selecting our partners for these products.

Fraud risks

The Group is aware of the inherent risk of fraud that it faces, both internally and externally, in carrying out its activities.

Fraud risks are included in our risk register and are categorised, prioritised and assigned to risk owners who are required to continually monitor, evaluate and report on the risks to the Audit Committee.

In 2024, the Group prepared a fraud risk analysis which showed that there is a low to moderate risk of non-compliance in some areas of its business operations.

The Company recognises the need for its employees, consultants and contractors to always act with integrity. The Company has developed a Code of Conduct as a tool in guiding employees to make the right decisions.

Our financial processes include segregation of duties, which prevents only one person from initialising, authorising, processing and settling transactions or liabilities and having access to assets in an uncontrolled manner. Controls are in place to ensure adequate record-keeping, documented substantiation, and authorisation of journal entries which help prevent and ensure early detection of fraud in the financial reporting system.

The Company has a whistleblowing policy and a whistleblowing platform which enables the anonymous reporting of any potential fraud.

In recent years, there have been increased occurrences of cyber-attacks, ransomware cases and data breaches. Information security is a high priority for Cosmo and the Group has put systems in place to protect itself against cyber-attacks and ransomware. Dedicated security tests are performed by our IT department periodically in order to evaluate the robustness of our security measures and to ensure that no data breaches occur.

Conclusion

The Group is of the opinion that necessary controls and procedures are in place to mitigate fraud risks. No fraud incidents were noted during the year.

Board oversight of ESG and corporate sustainability

The Board of Directors is responsible for the overall direction and oversight of management and holds the ultimate decision-making authority with the exception of decisions reserved for shareholders.

The general powers of the Board of Directors are stated in the Articles of Association (www.cosmopharma.com/investors/corporate-governance/articles-of-association) of the Company.

Any member of the Board who has an interest in a related party transaction which is under discussion by the Board must abstain from this discussion and abstain from any vote on the approval of the related party transaction under discussion.

The Board is also supported by its three Committees each led by a Board-elected Chairman.

All Committees have the authority to retain external consultants.

Primary responsibilities of the Board are outlined in section '2.8 Corporate Governance Report', on page 60.

The Company's board is currently made of seven members, two women and five men. Two members are Executive Directors and three are independent members. The Board Chairman is Mr. Alessandro Della Chà, former CEO of the Group.

Collectively the Board members have demonstrated professional experience in Cosmo's sector of activities including ESG matters. The Board has approved Cosmo's ESG Committee Terms of Reference, Code of Conduct, Anti-Bribery and Corruption Policy, Whistleblower Policy and Human Capital Development Strategy.

The ESG Committee assists the Board of Directors in fulfilling its oversight responsibilities with regard to ESG matters. The Committee must consist of at least three Directors, and ESG

Committee members must be appointed by the Board and may be removed by the Board. The ESG Committee has oversight of Company ESG matters.

The responsibilities of the Audit Committee are outlined in section 2.8 of the Corporate Governance Report, on page 60.

The Compensation and Nomination Committee are outlined in section 2.8 of the Corporate Governance Report, on page 61.

The Compensation and Nomination Committee is composed solely of Non-Executive Directors of the Board of Directors. Pursuant to Dutch law, the Non-Executive Directors of the Board of Directors are authorised to determine the remuneration of the Executive Director(s) of the Board in accordance with the remuneration policy.

The remuneration of the Board of Directors is set in accordance with the remuneration policy of the Company adopted by the AGM of shareholders on 28 May 2019, which had been amended and adopted by the EGM of shareholders on 5 July 2024.

In accordance with the Articles of Association (www.cosmopharma.com/investors/corporate-governance/articles-of-association), the appointment of Board members is reserved to the shareholders and, as such, is not an area of responsibility of the Compensation and Nomination Committee.

The Group has a risk management framework in place to identify, evaluate and mitigate risks, and the Board is updated by Executive Management in relation to the main risks facing the Group and the mitigants in place to deal with such risks. The Board of Directors has delegated the management of the Company to Executive Management.

Board oversight of ESG and corporate sustainability

The Board has formed an Environmental, Social & Governance Committee (the 'ESG Committee'). The purpose of the ESG Committee is to further assist the Board in fulfilling its oversight responsibilities with regard to ESG matters. The ESG Committee must consist of at least three Directors; ESG Committee members must be appointed by the Board and may be removed by the Board. The ESG Committee has oversight over Company ESG matters.

Primary responsibilities of the ESG Committee:

- Recommend to the Board an overall ESG strategy for the Company;
- Oversee the Company's ESG policies and procedures and performance;
- Oversee the Company's ESG reporting; and
- Report to the Board in relation to the activities of the ESG Committee.
- A review of our ESG strategy and performance is carried out by the Board at least once per annum.

Executive Management

Executive Management is responsible for the operational management of the Group consistent with the direction set by the Board of Directors, including making operational decisions, delivering financial results, determining and implementing Group policies, informing the Board in relation to progress versus plans, and bringing forward recommendations and proposals to the Board for approval.

The team comprises internationally experienced and entrepreneurial industry leaders, as well as recognised experts in their fields. With diverse backgrounds and complementary skills including research & development, regulatory affairs, manufacturing, sales, marketing, and finance.

Our renewed sustainability management

In Cosmo, we believe that implementing effective ESG management is crucial for sustainable growth and long-term value creation. Our Sustainability management framework

2.7 Environmental, social and governance continued

Our renewed sustainability management continued is designed to address key areas such as environmental responsibility, social impact and strong governance practices. The responsibilities of our ESG team include setting sustainability targets, monitoring and reducing environmental impacts, fostering a positive and inclusive workplace and ensuring compliance with regulatory standards.

By embedding ESG principles into our strategy and operations, we are better positioned to mitigate risks, unlock opportunities, and strengthen trust with our shareholders, employees, and the communities we serve. ESG management empowers us to make positive contributions while enhancing our competitive edge and adapting to the challenges of a shifting global market.

Niall Donnelly, a longstanding and valued member of Cosmo, transitioned into the role of Chief Sustainability Officer (CSO) in November 2024. Niall reports to the CEO and is an executive Board member, he will play a key part in strengthening Cosmo's corporate governance framework and driving the Company's mission to advance environmental, social, and governance (ESG) initiatives and is responsible for managing climate-related transition risk. With a focus on achieving carbon footprint reduction and sustainable business practices, Niall's leadership will ensure Cosmo continues to build a strong and responsible organisation with a robust governance structure that aligns with the Company's long-term growth and value creation.

With this enhanced focus, Cosmo is committed to achieving its sustainability ambitions and making a lasting positive impact on the environment and society, solidifying our position as a responsible and forward-looking company.

For more details on our corporate governance structure, including information on our board of directors, audit committee, senior management, and major shareholders, please consult our Annual Report at https://www.cosmopharma.com/investors/financial-reports.

For more details, please refer to the 'Governance' section of our Environmental, social and governance report 2024 at https://www.cosmopharma.com/company/sustainability/esg-reports.

Certification & management systems

At Cosmo we recognize the added value of certifications as a foundation for quality, environmental responsibility and operational excellence. We believe that good governance and operational practices are the basis on which to build our and any future, the obtaining of a certification represents an additional validation of our processes and a comparable value to bring to the competition.

Our ISO 14001:2015 certification reflects our dedication to minimising environmental impact through effective environmental management practices.

We are committed to continuous improvement, accountability and sustainable practices. By upholding these internationally recognised standards, we strengthen our reputation, build trust with our stakeholders, and ensure that we operate responsibly and efficiently in all areas of our business.

Compliance

In day-to-day activities Cosmo and all its representatives strictly acts accordingly to both national and international laws applicable to our industry. This commitment ensures that we operate with integrity, accountability and respect for the legal frameworks governing our activities.

Product quality and safety

At Cosmo Pharmaceuticals, we recognise that quality is the cornerstone of our success and the trust our stakeholders place in us.

Our commitment to excellence is reflected in every product and process, ensuring the highest standards of safety, efficacy, and reliability. We have implemented a robust quality management system that enables us to continuously monitor, improve, and optimize our operations. This system underscores our dedication to delivering innovative solutions while maintaining rigorous compliance with global quality standards, reinforcing our position as a trusted partner in the pharmaceutical industry.

As a pharmaceutical company, we must comply to rigorous standard to guarantee our products' safety and quality.

Our Chief Manufacturing Officer is responsible for product safety and compliance with all applicable regulations and legislation.

It is Cosmo's policy to:

- Acknowledge that all individuals involved in the development, manufacture and distribution of products affect the quality and safety of the final product;
- Be held accountable for the quality and safety of the productproduced and distributed to our customers;
- Maintain quality systems to ensure all activities are carried out in a state of compliance will all relevant regulatory and safety requirements;
- Carry out regular managerial reviews of the quality systems to ensure on-going adequacy and effectiveness; and
- Provide the necessary resources and conduct regular managerial reviews to ensure that the products procured and distributed are in compliance with all relevant regulatory and safety requirements.

Cosmo employees must familiarise themselves with all relevant product quality and safety regulations and legislation.

Product safety training

It is our policy to train and develop the knowledge and skills of all relevant staff as required in relation to product safety.

Employees receive initial and continuing training on product quality and safety based on written procedures and in accordance with a written training programme. Employee competence in product quality and safety is maintained through rigorous and regular training.

Cosmo employees must:

- Ensure they have the required skills and appropriate competence to complete their tasks by attending and completing all training activities assigned to them; and
- Review and keep up to date with best standard practice, Cosmo's policies and procedures and applicable guidelines on how best to deal with adverse events, product quality and product safety issues.
- Ensure they have the required skills and appropriate competence to complete their tasks by attending and completing all training activities assigned to them; and

2.7 Environmental, social and governance continued

Product safety training continued

- Review and keep up to date with best standard practice, Cosmo's policies and procedures and applicable guidelines on how best to deal with adverse events, product quality and product safety issues.

Public reporting and monitoring of product safety

The labels on all our product packaging contain contact information to report any complaints or any product safety issues. Issues which are reported are investigated thoroughly. In accordance with regulatory requirements, we have written procedures and associated training programmes to ensure a consistent and thorough process for the collection, identification and reporting of all product safety issues is in place. All confirmed product defects and safety issues are reported to the relevant external regulatory authority, such as the U.S. Food and Drug Administration and the European Medicines Agency.

Cosmo is committed to continuously monitoring all product safety issues. This is achieved through periodic managerial reviews of all complaints and product safety issues. In addition to this, post market surveillance is completed which includes the following:

- Analysing the geographical distribution of the product;
- Reviewing the number and nature of any complaints received per market;
- Reviewing how many complaints were classified as safety
- issues and required reporting to the relevant regulatory authority; and
- Review of all feedback (positive and negative) received from customers and KOLs.

Every employee in Cosmo has a responsibility to ensure that:

- all complaints and safety issues are recorded and thoroughly investigated in accordance with regulatory requirements;
- all confirmed product safety issues are reported to the relevant regulatory authority; and
- periodic reviews of all reported issues are completed, documented in a timely manner and communicated internally.
- By maintaining these practices, Cosmo reinforces its commitment to product safety and customer trust.

Supervision system and corrective action

All complaints and safety issues are recorded and thoroughly investigated based on written procedures in accordance with regulatory requirements.

Complaints that do represent quality or safety defects are documented appropriately and, based on written procedures, a defect investigation is initiated. Based on the outcome of the investigation appropriate corrective and preventative actions ('CAPAs') are identified, implemented and monitored.

All confirmed product defects and safety issues are reported, in a timely manner, to the relevant external regulatory authorities. Complaints which do not indicate a potential quality or safety defect are documented appropriately and communicated to the relevant team for the investigation and management of complaints of that nature.

Emergency response procedures

Cosmo has a robust system in place to guaratee the quality of our products. Detailed procedures are in place to ensure a rapid, effective and coordinated response to emergencies. Mock product recalls are conducted on a periodic basis to test the procedures to quickly and effectively remove a product from the marketplace with minimal risk to public health.

Product safety goals and targets

We continuously develop and review safety and quality objectives for all of our products.

Numerous objectives and targets are set to measure and ensure product safety and quality including, but not limited to:

- Close out timeframe for complaints received;
- Close out timeframe for CAPAs raised;
- Timeframe to report product safety issues to regulatory authorities;
- Product recalls;
- Batch rejections in the manufacturing process;
- Import rejections during product distribution;
- Timeframe for implementation of continuous product improvement plans; and
- Number of customer satisfaction forms received.

Product quality and safety against these targets is periodically reviewed by the senior management team including the Chief Manufacturing Officer.

Cosmo's continued success depends on our ability to manage safety and risk.

Our quality system is compliant with regulatory requirements and standards.

In addition, Cosmo also routinely carries out:

- Internal reviews to ensure compliance with all product safety regulations and guidelines; and
- Supplier audits to ensure high and consistent quality of goods and services.

Cosmo is also subject to external audits by the relevant regulatory authorities and suppliers, which additionally ensures the highest product quality and safety.

Cosmo is committed to a systematic process for the assessment, control, communication and review of risks to the quality and safety of products across the product life cycle. This includes the following steps:

- A prospective risk assessment is performed to assess and mitigate all risks detected. This consists of the identification of the hazards and the analysis and evaluation of the risks associated with exposure to these hazards;
- A risk assessment report is created to assess the probability of a negative event arising and the impact severity levels associated with the event;
- For any intolerable or unacceptable risks, appropriate action or control is identified and recommended;
- The risk assessment report is then circulated for review and approval by senior management; and
- Risk assessment reports are routinely reviewed to ensure the effectiveness of controls, relevance of assumptions and to assess the emergence of any possible new risks arising from the newly introduced controls.

Cosmo employees must:

- Ensure all regulatory authority audits and internal audits are carried out in compliance with all regulatory requirements, standards and guidelines; and
- Familiarise themselves with the Risk Assessment Procedure. The process is essential to ensuring the continued quality and safety of our final products and must be adhered to rigorously.

2.7 Environmental, social and governance continued

Business ethics
We expect the same level of integrity from all our employees, consultants and contractors, encouraging them to adhere to our policies, make responsible decisions, and stay informed of relevant regulations. By fostering a culture of integrity, we ensure a solid foundation for sustainable success and positive impact.

Code of conduct
Our Code of Conduct establishes clear expecations for ethical behaviour and is designed to ensure that employees, partners and stakeholders align with our core values. This code guides us in making responsible decisions, fostering a culture of integrity and trust and upholding out reputation. Through our commitment to this standard, we create accoountability and consistency across all level of our business.

It is available on our website at: (https://www.cosmopharma.com/company/sustainability/business-ethics).

Bribery and corruption
Cosmo takes a zero-tolerance approach to bribery and corruption and all forms of bribery and corruption are unacceptable and strictly prohibited.

Cosmo is committed to upholding all laws relevant to countering bribery and corruption in each of the jurisdictions in which it operates. Cosmo has an Anti-Bribery and Corruption Policy in place which sets out the responsibilities of Cosmo and all individuals who work for Cosmo in observing and upholding the Company's position on bribery and corruption and which provides information and guidance to those individuals working for Cosmo on how to recognise and deal with bribery and corruption issues.

It is Cosmo's policy to conduct all of its business in an honest and ethical manner. Cosmo takes a zero-tolerance approach to bribery and corruption and all forms of bribery and corruption are unacceptable and strictly prohibited. Our Anti-Bribery and Corruption Policy applies to all Directors, officers, employees, consultants and contractors of Cosmo and their family members.

It is prohibited for Cosmo or its Directors, officers, employees, consultants or contractors to:

Give, promise to give, or offer, a payment, gift or hospitality to a third party or otherwise engage in or permit a bribery offence to occur, with the expectation or hope that an advantage in business will be received, or to reward a business advantage already given;

- Give, promise to give, or offer, a payment, gift or hospitality to a third party to 'facilitate' or expedite a routine procedure;
- Accept a payment, gift or hospitality from a third party if they know or suspect that it is offered or provided with an expectation that a business advantage will be provided by the Company in return;
- Threaten or retaliate against another employee or worker who has refused to commit a bribery offence or who has raised concerns under the Company Anti-Bribery and Corruption Policy; or
- Engage in any activity that might lead to a breach of the Company Anti-Bribery and Corruption Policy.

Our Anti-Bribery and Corruption Policy is available on our website at: (https://www.cosmopharma.com/company/sustainability/business-ethics).

Fair competition
Through our actions, values and business conduct we strive to create and promote a free and fair market, where healthy competition leads to constantly improve products and services.

In particular, Cosmo strictly forbids fixing prices with competitors and agreeing to divide markets, territories or customers with competitors. Cosmo's employees and

representatives are prohibited from sharing sensitive and confidential information with competitors or any third party, entering into agreements with competitors to fix prices, boycott suppliers or customers. Our workforce is expected to always keep in mind the value and importance of a free and fair trade, respecting internal, national and international values, norms and guidelines.

Integrity in business is a core principle of Cosmo, therefore the information we gather must be obtained ethically. If employees are concerned that the information they are being offered has been obtained inappropriately, they must not accept it.

Responsible lobbying
Lobbying is an essential part of the democratic process, allowing individuals, companies, and organizations to communicate their views to policymakers and other stakeholders. However, we believe that lobbying must be conducted ethically, that's why, when engaging with policymakers or stakeholders, Cosmo representatives are expected to adhere to fundamental principles.

They must act honestly, maintain integrity and be transparent in their lobbying activities, ensuring that their efforts are driven by a commitment to improving the patient outcomes. They must always disclose that they are lobbying on behalf of Cosmo and provide only truthful and accurate information. Where applicable, employees should register with relevant lobbying registers and remain aware of any required "cooling-off" period that may apply to them.

Cosmo upholds high ethical standards in all interactions and expects employees to conduct lobbying activities in a responsible and compliant manner.

Fair treatment of suppliers
Cosmo is committed to conducting its business responsibly and ethically in all interactions with customers, vendors, and suppliers. Employees are expected to uphold these principles at all times and ensure that their business decisions align with ethical and commercial considerations.

When dealing with suppliers, employees must prioritise commercial factors in decision-making and treat suppliers fairly and ethically. They should build strong relationships with suppliers while ensuring that sensitive information and physical assets are adequately protected. In line with Cosmo's policies and procedures, employees must not seek or accept anything of value that could be perceived as a bribe. Additionally, they should always strive to act fairly and avoid taking deliberate advantage of others.

Cosmo maintains high ethical standards in all business relationships and expects employees to act with integrity in every interaction.

2.7 Environmental, social and governance continued

Whistleblower Programme
The Company has implmented a whistleblowing programme supported by a clear policy to uphold tansparency and accountablity. Our whistleblowing platform which is independent, available 24/7 in local languages allows reporting of unethical or illegal conduct without fear of retaliation. Reports are treated confidentially and structures are in place to process whistleblower reports. No disclosures were received under this programme in 2024.

Protecting Company assets
At Cosmo, we recognise that our assets whether physical, financial, intellectual, or digital are critical to our long-term success and sustainability. We are committed to safeguarding these resources through robust policies and responsible business practices.

Protecting Company technology
A robust and secure technology infrastructure is essential to the efficient operation of our business. Employees are required to help us achieve this operational objective.

Responsible use of our hardware, software and mobile devices is always required. The use of this technology should be for business use only. In line with Cosmo's policy of cooperating with governmental authorities, in certain circumstances, it may be necessary to share correspondence to comply with legal proceedings. Employees must always treat their communications with the utmost care and respect.

To ensure Cosmo's commitment to driving operational excellence, employees must:
- Always be respectful and use appropriate language when communicating on the company's network and using its devices;
- Keep personal use to a minimum; and
- Take necessary precautions to protect business assets.

Safeguarding intellectual property
Intellectual property includes patents, trademarks, copyrights, registered designs, trade secrets and domain names. Cosmo takes the necessary actions to protect its intellectual property.

In order to safeguard Cosmo's intellectual property, employees are required to:
- Keep Cosmo's confidential information private and to not share it with parties outside Cosmo without prior written consent; and
- Be observant for potential infringements and copying of Cosmo's intellectual property as well as ideas that could help Cosmo to grow and develop further.

Protecting confidential Company information
Our success is built on experience gained over years in business. The confidential information acquired needs to be protected. The development of this information is the result of continuous and committed hard work and investment.

To ensure Cosmo's continued success our employees are required not to share this information in any way that would negatively affect the Company's performance or allow our competitors to gain an advance using leaked information.

Cosmo also has a duty to protect any confidential information that belongs to others.

Cosmo's employees must:
- Not discuss sensitive information in public places;
- Seek approval, and where necessary, have the proposed recipient sign a non-disclosure agreement prior to sharing confidential information outside of Cosmo;Be cognisant that Cosmo's competitors may be seeking our confidential business information; and
- Report any loss or theft of Company devices immediately.

Good records management principles
Our records and information are invaluable assets and core to the operation of our business. Cosmo maintains these records in compliance with best practice and applicable laws and regulations.

Employees must always be mindful of the importance of following these procedures and guidelines as failure to do so could result in sanctions or fines. Employees are encouraged to constantly keep themselves up to date with the latest policies and procedures and all applicable laws and regulations.

Our environmental strategy
Cosmo recognises the importance of environmental protection and is committed to minimising its environmental footprint.

Protecting the environment is a fundamental responsibility that shapes how we operate and grow as an organisation. Environmental care is embedded in our core values and reflected in the principles outlined in our Environmental Policy. We are committed to minimising our environmental impact through initiatives that focus on reducing emissions, optimizing energy and resource efficiency, and promoting responsible waste management.

For more details, please refer to the 'Environment' section our Environmental, social and governance report 2024 at https://www.cosmopharma.com/company/sustainability/esg-reports.

Social
At Cosmo, we are committed to improving lives by developing products that address unmet medical needs in the fields of gastroenterology, dermatology and healthtech.

We recognise our responsibility to patients, employees, healthcare professionals, and communities. Our social commitment is rooted in patient safety, diversity, ethical business practices, and global health equity.

For more details, please refer to the 'Social' section of our Environmental, social and governance report 2024 at https://www.cosmopharma.com/company/sustainability/esg-reports.

Our people
Our commitment to upholding ethical labour standards, ensuring compliance with Human Rights Principles, and fostering professional development is integral to our business operations.

We believe that creating a positive social impact and supporting the well-being of the communities where we operate is essential. This encompasses our efforts to align with Sustainable Development Goals (SDGs) 3, 5, 8, and 10, ensuring our contributions to a healthier, more equitable world.

2.7 Environmental, social and governance continued

Our people continued

Our people are our most valuable asset, and we recognise the importance of attracting and retaining highly qualified employees to help us grow and create long-term value. Effective human resource management, based on respect and emphasising the value of employees as individuals with unique talents, ambitions, and contributions, is vital for the success of any organisation. By cultivating a culture of respect, fairness, and transparent communication, we inspire our people to reach their full potential in a healthy environment where they can express themselves and contribute to fostering innovation.

Our actions in human resource management have a direct impact on our business and the communities we serve. By setting long-term Diversity & Inclusion (D&I) targets and implementing relative Key Performance Indicators (KPIs), we ensure that our business advances responsibly and ethically. We support employee well-being and promote diversity and inclusion, creating an environment where employees can develop their skills and advance their careers.

This topic covers all aspects of our human resource management, including:

- Talent pipeline development
- Employee well-being, health, and safety
- Diversity and inclusion initiatives
- Professional development and career advancement programs

For more details, please refer to the 'Our People' sub-section within the 'Social' section of our Environmental, social and governance report 2024 at https://www.cosmopharma.com/company/sustainability/esg-reports.

Our clinical trials

Our clinical trials are designed to the highest scientific and clinical standards. All clinical trial procedures follow a set of standards to protect the rights, dignity, safety and well-being of clinical trial research participants.

All Cosmo R&D employees receive training in relation to ICH Good Clinical Practice ('GCP') guidelines, GDP guidelines and medical device guidelines.

All projects are thoroughly planned and designed to prevent malpractice, misconduct or breaches of personal data and confidentiality. When designing a study protocol, our priority is to ensure that the potential benefits to the patient and to society are in proportion to the inherent risk and burden to the research participants. To achieve these goals, we leverage the expertise of Key Opinion Leaders ('KOLs') in each different therapeutic area, who collaborate with us in designing the clinical studies in line with the current best clinical practice in the field.

For more details, please refer to the 'Our clinical trials' sub-section within the 'Social' section of our Environmental, social and governance report 2024 at https://www.cosmopharma.com/company/sustainability/esg-reports.

Group structure

Cross border legal merger

In March 2016, Cosmo Pharmaceuticals S.A. incorporated Cosmo Pharmaceuticals N.V., a fully-owned public company organised and existing under the laws of the Netherlands, having its corporate seat in Amsterdam, the Netherlands, with office address and its seat of management in Dublin, Ireland, registered with the Dutch Trade Register of the Chamber of Commerce under number 65617738 ('Cosmo' or the 'Company').

On 7 April 2016, the Board of Directors of Cosmo Pharmaceuticals S.A. approved the cross-border legal merger (the 'Merger') of Cosmo Pharmaceuticals S.A. into its 100% owned direct subsidiary Cosmo. On 12 May 2016, the shareholders of Cosmo Pharmaceuticals S.A. approved the merger and on 17 May 2016 the merger became effective. As of such date, the Company became the ultimate parent company of the Group and its shares obtained a listing on SIX Swiss Exchange (please refer to '2.8.2 Capital Structure' for further details).

Cosmo Group structure

Cosmo has the following subsidiaries:

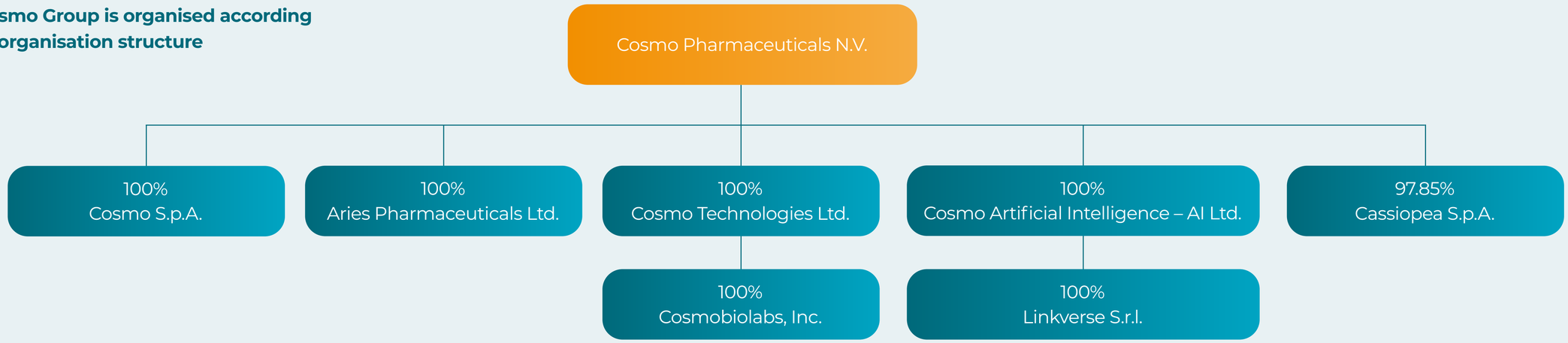
(i) Cosmo S.p.A.;
(ii) Aries Pharmaceuticals Ltd.;
(iii) Cosmo Technologies Ltd. (which owns 100% of the shares in Cosmobiolabs, Inc.);
(iv) Cosmo Artificial Intelligence – AI Ltd. (which owns 100% of Linkverse S.r.l.); and
(v) Cassiopea S.p.A.

The aforementioned companies form the Cosmo Group of companies of which Cosmo is the ultimate parent company (the 'Cosmo Group'). (Please refer to '3.6 Notes to the Consolidated Financial Statements – Note 37. Principal Group subsidiaries, for the share capital, country of incorporation, registered office and equity interest in each subsidiary).

Since July 2015, Cassiopea S.p.A. has been listed on the SIX Swiss Exchange (ISIN: IT0005108359) and was delisted in March 2022.

Each of the Cosmo Group entities has its own Board of Directors.

The Cosmo Group is organised according to this organisation structure



Shareholders

Major shareholders

At 31 December 2024, Cosmo Holding S.a.r.l., a Luxembourg company controlled by Mauro S. Ajani, member of the Board of Directors of the Company, held 6,137,252 or 34.98% of the shares in the Company.

Heinrich Herz AG and Logistable S.A., a related company, held 1,362,591 or 7.77% of the shares in the Company. The beneficial owners of these shares are Gerald Herz, Frederic Herz, Gregory Herz, Isabelle Herz and Pierre Lavie.

Dievini-Hopp BioTech Holding GmbH & Co. KG, the investment company of Dietmar Hopp and his family, held 666,062 or 3.80% of the shares in the Company. The beneficial owners of these shares are Dietmar Hopp, Oliver Hopp, Daniel Hopp, David Hopp, Jonas Hopp and Daniel Hopp Familienstiftung Shelter Trust Anstalt.

See further information under '2.8.7 Change of control and defence measures – Duty to make an offer' regarding the opt-out clause in the Company's Articles of Association (www.cosmopharma.com/investors/corporate-governance/articles-of-association).

Disclosure of major shareholders

Pursuant to Swiss law, anyone who directly or indirectly or acting in concert with third parties acquires or disposes of shares or acquisition or sale rights relating to shares of a company with its registered office in Switzerland whose equity securities are listed in whole or in part in Switzerland, or of a company with its registered office abroad whose equity securities are mainly listed in whole or in part in Switzerland, and thereby reaches, falls below or exceeds the thresholds of 3%, 5%, 10%, 15%, 20%, 25%, 33.33%, 50% or 66.66% of the voting rights, whether exercisable or not, must notify this to the company and to the stock exchanges on which the equity securities are listed.

Significant shareholder notifications are available from the online reporting and publication platform of the Disclosure Office of SIX Swiss Exchange at: www.six-exchange-regulation.com/en/home/publications/significant-shareholders.html.

Cross-shareholdings

The Company has no cross-shareholdings in excess of 5% of capital or voting rights with any other company.

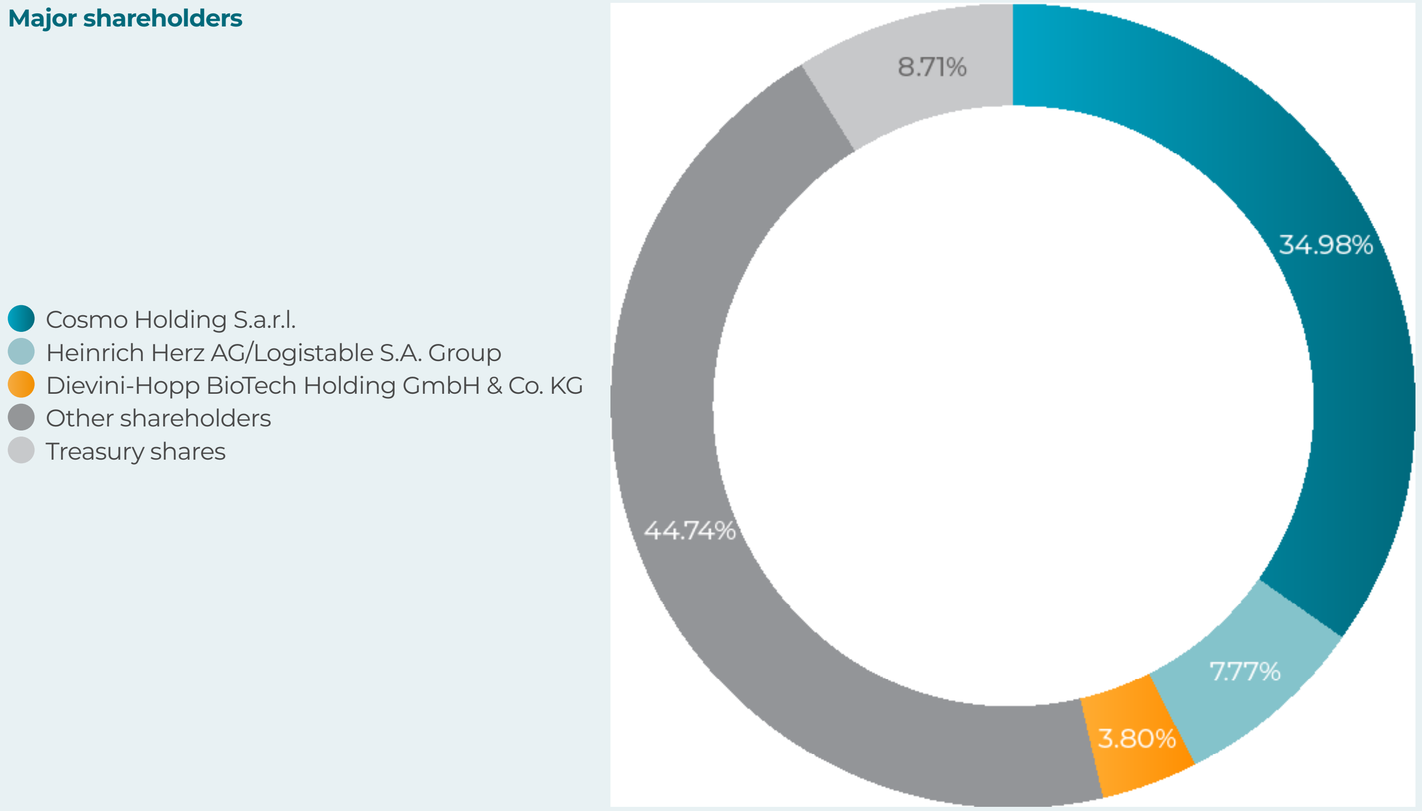
Capital

The concept of authorised share capital as known under Swiss law deviates from the concept applicable under Dutch law.

As at 31 December 2024, the Company's authorised capital amounts to €18,744,677.64 and is divided into 36,047,457 ordinary shares, each with a nominal value of €0.26 and 36,047,457 preferred shares, each with a nominal value of €0.26.

As at 31 December 2024, 17,543,522 ordinary shares were in issue, the Company held 1,528,426 treasury shares and 16,015,096 ordinary shares were outstanding and fully paid.

Major shareholders



Capital structure

As at 31 December 2024, 17,543,522 ordinary shares were in issue, the Company held 1,528,426 treasury shares and 16,015,096 ordinary shares were outstanding and fully paid.

As at 31 December 2024, no preferred shares are issued and outstanding.

On 4 October 2021, Cosmo launched a public exchange offer to acquire all of the publicly held registered shares of its associate Cassiopea S.p.A ('Cassiopea'). Prior to the offer Cosmo held a 46.56% stake in Cassiopea. Cosmo offered 0.467 shares of Cosmo for each Cassiopea share. During the offer period, which ended on 2 December 2021, a total of 5,365,250 Cassiopea shares were tendered amounting to approximately 93.4% of the Cassiopea shares covered by the offer. Settlement and delivery of 2,506,039 new Cosmo shares issued in exchange for the Cassiopea shares tendered occurred on 17 December 2021 and admission to trading took place on 20 December 2021.

In 2022, Cosmo acquired non-controlling interest ('NCI') in Cassiopea equivalent to 29,887 NCI shares. No NCI shares were acquired in 2024. As at 31 December 2024, the Group's ownership in Cassiopea was 97.85% (2023: 97.85%).

Cosmo shares are listed on the SIX Swiss Exchange (SIX: COPN) with ISIN number NL0011832936. As at 31 December 2024, the Company's stock market capitalisation was equal to CHF 1,117,522,351 (€1,187,337,815).

The Board of Directors has been authorised by the Shareholders' Meeting on 24 May 2024, for a period of eighteen (18) months after the date of the AGM or until the day of the next annual general meeting of Cosmo to:

(i) issue – and/or grant to subscribe for – ordinary shares in the capital of Cosmo up to a maximum of ten percent (10%) of the nominal value of the ordinary shares as included in the authorised capital of Cosmo; and in the event of a merger, an acquisition or a strategic alliance to increase the foregoing authorisation by a maximum of a further ten percent (10%) of the nominal value of ordinary shares as included in the authorised capital of Cosmo;

(ii) issue – and/or grant rights to subscribe for – ordinary shares in the capital of Cosmo up to a maximum of ten percent (10%) of the nominal value of the ordinary shares as included in the authorised capital of Cosmo, which shares shall be issued - or rights are granted – for the execution of COSMO's employee stock ownership plan for directors, employees, co-workers and administrators of Cosmo or a group company; and

(iii) issue preferred shares and/or to grant the right to subscribe for preferred shares up to the maximum number as provided for in Cosmo's Articles of Association (www.cosmopharma.com/investors/corporate-governance/articles-of-association) (see further details under '2.8.7 Change of control and defence measures – Defence measures').

The share capital of the Company would increase by an amount of no more than €331,992, or 7.28%, by the issuance of up to €1,276,891 fully paid ordinary shares with a nominal value of €0.26 per share as a result of the exercise of share options in relation to the employee stock ownership plan ('ESOP').

Changes in capital

The changes in share capital that took place in 2024 and 2023 are set out in '3. Consolidated Financial Statements – 3.6 Notes to the Consolidated Financial Statements, Note 21'.

Shares and participation certificates

Each ordinary share of the Company entitles the holder thereof to the same dividend rights, voting rights and information rights as other holders of such ordinary shares (refer to '3. Consolidated Financial Statements – 3.6 Notes to the Consolidated Financial Statements, Note 21' for the number, type and nominal value of the Company's shares). All rights attached to the Company's shares held by the Group are suspended until those shares are reissued.

The Company has not issued any participation rights (see article 4.2 of the Company's Articles of Association: www.cosmopharma.com/investors/corporate-governance/articles-of-association).

Dividend-right certificates

The Company has not issued any dividend-right certificates (see article 4.2 of the Company's Articles of Association: www.cosmopharma.com/investors/corporate-governance/articles-of-association).

Authorisation to purchase own shares

The General Meeting may authorise the Company to acquire fully paid-up shares in the Company's share capital if certain conditions as set out in the Company's Articles of Association (www.cosmopharma.com/investors/corporate-governance/articles-of-association) have been met. An authorisation by the General Meeting will be valid for a maximum of 18 months and shall stipulate the number of shares that may be acquired, how the shares may be acquired and the upper and lower limit of the acquisition price. The authorisation of the General Meeting as referred to above is not required in the event the Company acquires any shares listed on a stock exchange in order to transfer such shares to employees of the Company, or to a Group company pursuant to a plan applicable to such employees.

The Board of Directors, with due observance of article 8 of the Articles of Association (www.cosmopharma.com/investors/corporate-governance/articles-of-association), has been authorised by the Annual General Meeting ('AGM') on 24 May 2024 to acquire fully paid-up shares in the share capital of Cosmo, up to a maximum of ten percent (10%) of the ordinary shares included in the authorised capital for a period of 18 months after the date of the AGM (24 May 2024) or until the day of the next AGM of shareholders of Cosmo.

2.8 Corporate Governance Report – 2.8.2 Capital structure continued

Limitations on transferability and nominee registrations

Pursuant to article 5 of the Company's Articles of Association (www.cosmopharma.com/investors/corporate-governance/articles-of-association), an ordinary share may become a deposit share by transfer or issuance to Euroclear Netherlands or to an intermediary, recording in writing that the relevant share is a deposit share. The deposit share is recorded in the shareholders' register of the Company in the name of Euroclear Netherlands or the relevant intermediary. The transfer by a deposit shareholder of its book-entry rights representing deposit shares has to be effected in accordance with the provisions of the Dutch Securities Bank Giro Transactions Act. The same applies to the establishment of a right of pledge and the establishment or transfer of a usufruct on these book-entry rights. Accordingly, nominees are also registered in the share register.

Exceptions granted in the year under review

As the articles of association of a Dutch public stock company may not deviate from the mandatory regime regarding the transfer of deposit shares, no exceptions in this respect are provided for in the Company's Articles of Association (www.cosmopharma.com/investors/corporate-governance/articles-of-association) therefore no exceptions to the provision of 'Limitations on Transferability' were granted during the year.

Convertible bonds and options

Convertible bonds

As at 31 December 2024, there is no convertible bond liability, as the convertible bonds, amounting to €175.0 million, previously issued by Cosmo on 28 November 2018, were fully redeemed at maturity on 5 December 2023. On this date, Cosmo settled the total principal amount of €175.0 million. (See '3.6 Notes to the Consolidated Financial Statements, Note 22.' for further information).

ESOP

The ESOP is intended to serve as a long-term incentive in order to promote the interests of the Company by aligning employees' interests with those of shareholders. Grant levels and conditions are reviewed by the Compensation Committee and approved by the Board of Directors. As at 31 December 2024, the total number of outstanding options represented 7.28% (2023: 6.92%) of the issued shares of the Company. The Company's ESOP permits the beneficiaries to subscribe for up to 1,276,891 (2023: 1,213,764) ordinary shares of the Company on vesting (please refer to '2.8.5 Remuneration, shareholdings and loans' for the movement in the Cosmo Pharmaceuticals N.V. ESOP during the reporting period).

Details of the stock-based remuneration granted to the executives and the Board of Directors in 2024 can be found in section '2.8.5 Remuneration, Shareholdings and Loans'.

Board of Directors

Alessandro Della Chà

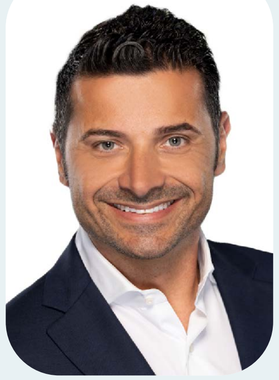
Chairman of the Board of Directors[1] |
Member since 2006 |
Nationality: Italian | Year of birth: 1963

Professional experience
- Senior Partner, Studio Legale Edoardo Ricci e Associati, Italy (1988–2014)
- Assistant of Central Director for Corporate Matters, Fininvest Group, Italy (1987–1988)
- Director, II.PP.A.B. Milan (formerly ECA), Italy (1994–1998)

Other relevant directorships
- Board member, Santarus Inc, U.S. (2012–2014)

Education
- LL.M European Union Commercial Law, University of Leicester, U.K.
- Law Degree, University of Milan, Italy

1 Appointed by the AGM held on 24 May 2024, effective 25 May 2024. Was Chief Executive Officer from March 2014 until 24 May 2024



Giovanni Di Napoli

Executive Director[1] |
Member since 25 May 2024 |
Chief Executive Officer since 25 May 2024 |
Nationality: Italian | Year of Birth: 1974

Professional experience
- President, Gastrointestinal, Medtronic, United States (2020-2024)
- Vice-President and General Manager GIH – Gastrointestinal and Hepatology, Medtronic, United States (2017 – 2020)
- Vice President Sales US, GI Solutions, Medtronic, United States (2015-2017)
- Director, Sales & Marketing Western Europe, United States (2012-2015)
- Director, Sales and Marketing Western Europe, BÂRRX Medical, Italy (2011-2012)
- European Market Development Manager, BÂRRX Medical, Italy (2008-2011)
- Regional Sales Manager, Johnson & Johnson, Italy (2006- 2010)
- Sales Specialist, Johnson & Johnson Cordis Franchise, Italy (2004- 2006)
- Key Account Manager, Johnson & Johnson, Italy (2004- 2004)
- Sales Representative, Johnson & Johnson, Italy (2001- 2004)

Other relevant directorships
- Board member, Palliare, Ireland
- Board member, Aqua Therapeutics, Ireland
- Advisor, GEO MedTech Ventures, Luxembourg

Education
- B.S. from University La Sapienza in Rome, Italy
- MBA from Luigi Bocconi Business School in Milan, Italy
- Harvard Business School, Leading Global Business, International Global Studies

1 Appointed by the AGM held on 24 May 2024, effective 25 May 2024

2.8 Corporate Governance Report – 2.8.3 Board of Directors continued

Mauro S. Ajani

Non-Executive Director[1] | Member since 2006 | Nationality: Italian | Year of birth: 1955

Professional experience
- CEO, Cosmo Pharmaceuticals (2006–2014)
- Sole Director, Cosmo S.p.A., Italy (1998–2001)
- General Manager, Italcenter, Russia (1994–1996)
- Consultant, Pharmhispania, Italy/Spain (1991–1993)
- General Manager, Pharmajani S.r.l., Italy (1983–1993)
- Nielsen Area Manager, Serono, Italy (1980–1983)
- Salesman, Lepetit and Gazzoni, Italy (1978–1980)

Education
- Maturità Scientifica – Liceo Scientifico Milan, Italy (1974)

1 Appointed by the AGM held on 24 May 2024, effective 25 May 2024. Was Chairman of the Board of Directors from 2006 until the AGM held on 24 May 2024.

Niall Donnelly

Executive Director[1] | Member since 25 May 2024 | EVP - Corporate Governance & Chief Sustainability Officer since November 2024 | CFO until October 2024 Nationality: Irish | Year of Birth: 1972

Niall is an experienced senior executive with over 20 years' experience across a number of sectors including acute healthcare, information technology, FMCG in privately-owned, multinational and plc environments.

Member of the Chartered Institute of Management Accountants.

Professional experience
- Group CEO/Group CFO, Aut Even Private Hospital & St. Joseph's Private Hospital Group, Ireland (2012-2016)
- Group CEO/Group CFO, Mount Carmel Medical Group, Ireland (2008-2012)
- Group CFO, Mount Carmel Medical Group, Ireland (2006-2008)
- Group Financial Controller, IWP International PLC, Ireland (2004-2006)
- Finance Manager, Hewlett Packard Ireland Services, Ireland (1998-2004)
- Financial Analyst, Hewlett Packard Ireland Services, Ireland (1998)
- Management Accountant, Glanbia, Ireland, UK (1994-1997)

Education
- Member of Chartered Institute of Management Accountants
- Technological University of the Shannon, Athlone, Ireland

1 Appointed by the AGM held on 24 May 2024, effective 25 May 2024

2.8 Corporate Governance Report – 2.8.3 Board of Directors continued

Maria Grazia Roncarolo

Non-Executive Director[1] | Member since 2012 | Nationality: Italian | Year of birth: 1954

Professional experience

- Director, Center for Definitive and Curative Medicine; Co-Director, Institute for Stem Cell Biology and Regenerative Medicine; Professor of Pediatrics and Medicine; School of Medicine, Stanford University, U.S. (2014–present)
- Professor of Pediatrics, School of Medicine and Surgery, Vita-Salute San Raffaele University, Italy (2007–2014)
- Division Chief, Pediatric Immunology and Hematology, San Raffaele Hospital and San Raffaele Scientific Institute, Italy (2003–2014)
- Head of Immune Tolerance Unit, San Raffaele Telethon Institute for Gene Therapy, Italy (1998–2014)
- Scientific Director, San Raffaele Scientific Institute, Italy (2008–2013)

Other relevant directorships and mandates

- Scientific Advisory Board member, Californians for Cures, U.S. (2020–present)
- Scientific Advisory Board member, Americans for Cures, U.S. (2019–present)
- President, Federation of Clinical Immunology Societies, U.S. (2018–present)
- Board member (chair, 2016–2019), Eureka Institute for Translational Medicine, Italy (2008–present)
- Co-chair, Scientific Advisory Board, Glaxo Smith Kline Cell and Gene Therapy, U.K. (2016–2018)
- Scientific Advisory Board member, Spark Therapeutics, U.S. (2015–2017)
- Scientific Advisory Board member, BC Children's Hospital Research Institute, Canada (2014–2017)
- External Immunology Board member, Glaxo Smith Kline Immunology Network, U.K. (2015–2016)
- Scientific Advisory Board Member, French Rare Diseases Foundation, France (2012–2014)
- Scientific Advisory Board member, Global Health Institute (GHI), Switzerland (2011-2014)
- Coordinator, San Raffaele International Postdoctoral Program co-funded by the EU Seventh Framework Program, Marie Curie Co-funding of Regional, National and International Programs (COFUND) through the INVEST project, Italy (2009–2014)
- External Scientific Advisory Board member, Tumorzentrum L. Heilmeyer – Comprehensive Cancer Center Freiburg, Germany (2007–2012)

Committee memberships

- Scientific Program Committee, Federation of Clinical Immunology Societies, U.S. (2016–present)
- Immunology Working Party, European Society for Blood and Marrow Transplantation, Spain (2008–present)
- Regulatory and Ethics Committee, European Society of Gene and Cell Therapy, U.K. (2006–present)

Funding agencies, panels of review

- Member, California Institute for Regenerative Medicine, the U.S. (2010–2014)
- Chair, European Research Council Starting Grants, Belgium (2010–2013)
- Chair, Jury on Preindustrial Demostrators Program, National Research Agency, France (2010–2011)
- European Society for Gene and Cell Therapy
- Henry Kunkel Society
- International Society for Cellular Therapy

Education

- MD, University of Turin, Italy (1982)
- Natl. Board (Paediatrics), University of Turin, Italy (1986)
- Natl. Board (Clinical Immunology), University of Turin, Italy (1990)

1 Re-appointed by the AGM held on 24 May 2024

2.8 Corporate Governance Report – 2.8.3 Board of Directors continued

Silvana Perretta

Non-Executive Director[1] | Member since 25 May 2024 |
Nationality: Italian | Year of Birth: 1973

Dr S. Perretta is an upper gastro-intestinal surgeon, Chief of Foregut and advanced Gastrointestinal Endoscopy Division. She also serves as Director of education at IHU-Strasbourg and of the Surgical Endoscopy fellowship program since 2014. She was elected Vice president of IRCAD France in June 2019. Dr Perretta has been a pioneer in Natural Orifice Transluminal Endoscopic Surgery (NOTES), hybrid surgical endoscopy procedures, endoscopic simulators and MOOC-oriented medical education worldwide. She has authored 157 peer-reviewed publications, has an h-index of 42, has given over hundreds of lectures in MIS, surgical innovation and education.

She holds a total of nine patents and since 2011 runs the Business Engineering and Surgical Technologies education program "B.E.S.T" a custom designed innovation program which targets engineers, medical students, and young professionals wanting to learn how to drive innovation in medicine. In 2020 she was, the second woman in 20 years, elected SAGES STORZ lecturer and was named Knight of the National Order of the Legion of Honor on 1 January 2021. In March 2022 she was the MGH-John Hopkins visiting professor.

Recently she was elected Chair of the EAES Flexible Endoscopy committee, advisor for the American College of Surgeon Committee on Emerging Surgical Technologies and Education (CESTE) and member of the AMEE (An International Association for Medical Education) Surgery Track Steering Committee.

Professional experience

- Professor of Surgery, University of Strasbourg, Vice President IRCAD France, IRCAD-EITS University of Strasbourg, France (2012-present)
- Director of Surgical Endoscopy Diploma, IHU University of Strasbourg, France (2014-present)
- Director of the Business Engineering and Surgical Technologies "B.E.S.T." education program, IRCAD-IHU, Strasbourg, France (2011-present)

Education

- Fellowship Foregut Surgery and Esophageal Physiology Fellowship Foregut Surgery and Esophageal Physiology, University of California, San Francisco
- Doctor of Medicine - MD, University of Ancona Medical School

1 Appointed by the AGM held on 24 May 2024, effective 25 May 2024

2.8 Corporate Governance Report – 2.8.3 Board of Directors continued

John O'Dea

Non-Executive Director[1] | Member since 25 May 2024 |
Nationality: Irish | Year of Birth: 1962

John O'Dea has 30 years' experience in the medical device industry and currently works at surgical device company Palliare which he co-founded in 2018. He previously worked at Medtronic following their acquisition in 2017 of GI diagnostic company Crospon which he founded in 2006. In 1998 he co-founded Caradyne, an Irish respiratory medical device company, which was acquired by Respironics Inc. in 2004. In the past 35 years he has held R&D management positions in Nellcor Puritan Bennet and engineering positions in Digital Equipment Inc. and in Dataproducts Inc.

He is a past Chairman of the Board of the Irish Medical Devices Association and a past President of Engineers Ireland. In 2016 he was awarded a Doctor of Engineering (honoris causa) by NUI Galway for his contribution to the Irish Medical Device industry and received the 2016 Outstanding Contribution to Medtech Award from the Irish Medtech Association, IDA Ireland and Enterprise Ireland. In 2019, he was awarded the UCD EGA Distinguished Graduate Award for his significant and sustained contribution to the Engineering Profession.

Professional experience
- CEO and Director, Palliare, Ireland (2018-present)
- CEO, Crospon Ltd, Ireland (2006–2017)
- Plant Manager, Respironics, Ireland (2004–2006)
- CEO, Caradyne, Ireland (1998–2004)
- R&D Manager, Nellcor Puritan Bennett, Ireland (1990–1998)
- Sr. Engineer, Digital Equipment Co., Ireland (1986–1990)

Other relevant directorships
- Director and Chairman of the Audit Committee, Aerogen, Ireland
- CEO and Director, Palliare, Ireland
- Director, CeroFlo, Ireland

Education
- Bachelor and Masters Degrees in Mechanical Engineering, University College Dublin, Ireland
- PhD in Electronics Engineering, University College Dublin
- MSc in Clinical Research, NUI Galway, Ireland

1 Appointed by the AGM held on 24 May 2024, effective 25 May 2024

2.8 Corporate Governance Report – 2.8.3 Board of Directors continued

Number of permitted additional activities
There is no restriction on the number of permitted activities under the articles of association.

Elections and terms of office
The rules governing the appointment and dismissal of members of the Board of Directors are stated in the Articles of Association (www.cosmopharma.com/investors/corporate-governance/articles-of-association) of the Company.

The General Meeting appoints the Board of Directors, in which respect it may confer titles to any of the members of the Board of Directors. Members of the Board are appointed for a period determined by the General Meeting with a maximum of three years, starting on the day after the day of the AGM on which they are appointed and ending on the day of the subsequent AGM that will be held in the year following the year of their appointment. Members of the Board may furthermore immediately be reappointed. The General Meeting may, at any time, suspend or remove any member of the Board. A resolution to remove or suspend a Board member may be passed by an absolute majority of the votes cast.

The Board of Directors may also suspend any executive member. If a Director is suspended, the General Meeting shall, within three months of the date on which suspension has taken effect, resolve either to dismiss such Director, or to terminate or continue the suspension, failing which the suspension shall lapse. A resolution to continue the suspension may be adopted only once and in such event the suspension may be continued for a maximum period of three months commencing on the day the General Meeting has adopted the resolution to continue the suspension. If within the period of continued suspension, the General Meeting has not resolved either to dismiss the Director concerned or to terminate the suspension, the suspension shall lapse.

A Director who has been suspended shall be given the opportunity to account for their actions at the General Meeting.

Internal organisational structure and working methods of the Board of Directors and its committees
The Board of Directors is responsible for the overall direction and oversight of management and holds the ultimate decision-making authority with the exception of decisions reserved for shareholders.
The general powers of the Board of Directors are stated in the Articles of Association (www.cosmopharma.com/investors/corporate-governance/articles-of-association) of the Company.

Any member of the Board who has an interest in a related party transaction which is under discussion by the Board must abstain from this discussion and abstain from any vote on the approval of the related party transaction under discussion.

The Board is also supported by its three Committees each led by a Board-elected Chairman.

All Committees have the authority to retain external consultants.

Primary responsibilities of the Board:
- Formulating Group strategy and setting the ultimate direction of the Group's business;
- Determining Group structure and organisation, reviewing major changes in the Group's organisation and governance, and reviewing succession planning;
- Appointing and determining the duties and responsibilities of key executives;
- Overseeing Group culture and the implementation of the corporate culture;
- Overseeing the Group risk management system assessing the most significant risks and how these are managed; and
- Assessing the Group's accounting system, financial controls and financial planning system and reviewing and approving the Annual Report.

Number of meetings held	6
Number of members	7
Approximate average duration (hours)	2:05
Meeting attendance	100%

During 2024, the Board and Board Committee meetings took place in March, April, May, July, October and December.

The following directors were elected by the AGM held on 24 May 2024 :
Alessandro Della Chà, Chairman
Giovanni Di Napoli, Executive Director
Niall Donnelly, Executive Director
Mauro Severino Ajani, Non-Executive Director
Maria Grazia Roncarolo, Non-Executive Director
John O'Dea, Non-Executive Director
Silvana Perretta, Non-Executive Director

After the publication of the preliminary unaudited results Mr. David Maris resigned from his board position on 25 April 2024 and on 22 May 2024 Mr. Kevin Donovan and Mr. Dieter Enkelmann resigned from their board positions. Mr. Maris, Mr. Donovan and Mr. Enklemann had been appointed for a period of one year by the 2023 AGM and their tenure would have expired on 24 May 2024 on the date of the 2024 AGM. Prior to their resignation, Mr. Maris, Mr. Donovan and Mr. Enklemann had been informed that it was not the intention of the largest shareholder of the Company to propose them for re-election at the 2024 AGM.

Tasks and area of responsibility for each Committee of the Board of Directors

Audit Committee
The Audit Committee is responsible for monitoring the integrity of the Group's consolidated financial statements and any announcement relating to the Group's financial performance, and for overseeing the relationship with the Group's external auditor. The Audit Committee is also responsible for assisting the Board with regard to the assessment of the principal risks facing the Group, including reviewing the Group's risk management and internal control systems.

Audit Committee members
John O'Dea (Chairman)
Alessandro Della Chà
Maria Grazia Roncarolo
Dieter A. Enkelmann (resigned 22 May 2024)
Kevin Donovan (resigned 22 May 2024)
David Maris (resigned 25 April 2024)

2.8 Corporate Governance Report – 2.8.3 Board of Directors continued

Tasks and area of responsibility for each Committee of the Board of Directors continued

Primary responsibilities of the Audit Committee:

- Overseeing the performance of the external auditor and selecting and nominating the external auditor for election by the shareholders;
- Assisting the Board in executing its duties in relation to risk management and oversight, and monitoring internal controls;
- Overseeing financial controls, accounting policies and internal controls;
- Reviewing interim and annual consolidated financial statements and financial results press releases; and
- Overseeing compliance with relevant laws and regulations.

The Audit Committee has primary responsibility for overseeing the relationship with, and the performance of, the external auditor (please refer to '2.8 Corporate Governance Report, 2.8.8 Auditors, Information instruments pertaining to the external audit' for further details).

Four meetings of the Audit Committee took place in 2024. In the reporting year, the external auditors attended two meetings with the Audit Committee to provide status updates on audit matters.

Normally, the CEO, CFO and COO are invited to attend meetings of the Audit Committee. After each Committee meeting the Chairman of the Committee reports the key issues discussed to the Board.

Number of meetings held	4
Number of members	3
Approximate average duration (hours)	1:40
Meeting attendance	100%

Compensation and Nomination Committee

The Compensation and Nomination Committee assists the Board of Directors in compensation-related matters, including matters related to the ESOP. The Compensation and Nomination Committee is also responsible for reviewing and making recommendations on the structure, size, composition and succession needs of the Board, identifying proposed candidates for election to the Board of Directors in accordance with Dutch law, and developing and maintaining guidelines for the appointment of members of Executive Management.

Compensation and Nomination Committee members

John O'Dea (Chairman)
Maria Grazia Roncarolo
Silvana Perretta
Kevin Donovan (resigned 22 May 2024)
Dieter A. Enkelmann (resigned 22 May 2024)

Primary responsibilities of the Compensation and Nomination Committee:

- Reviews proposals from the Chairman of the Board of Directors in relation to the remuneration of the Executive Directors prior to presentation to the Non-Executive Directors of the Board of Directors for approval;
- Reviews proposals from the CEO and Chairman of the Board of Directors, in relation to the remuneration of executives, other than the Executive Directors;
- Provides recommendations to the Board of Directors in relation to remuneration policies and programmes in accordance with the Company's remuneration policy;
- Periodically benchmarks remuneration proposals against those prevailing in a peer group of companies to ensure the continued effectiveness and reasonableness of the Company remuneration policy;
- Identification of individuals who are qualified to become directors;
- Assisting the Board of Directors in relation to determining the structure, size and succession needs of the Board of Directors; and
- Developing and maintaining guidelines for the appointment of members of Executive Management.

The Compensation and Nomination Committee is composed solely of Non-Executive Directors of the Board of Directors and is chaired by John O'Dea. Maria Grazia Roncarolo and Silvana Perretta are additional members.

Pursuant to Dutch law, the Non-Executive Directors of the Board of Directors are authorised to determine the remuneration of the Executive Director(s) of the Board in accordance with the remuneration policy.

The remuneration of the Board of Directors is determined in accordance with the remuneration policy, which was amended and adopted by the extraordinary general meeting (EGM) of shareholders on 5 July 2024.

In accordance with the Articles of Association (www.cosmopharma.com/investors/corporate-governance/articles-of-association), the appointment of Board members is reserved to the shareholders and, as such, is not an area of responsibility of the Compensation and Nomination Committee.

The objective of the remuneration policy is to provide a compensation structure that allows the Company to attract and retain the most highly qualified Executives, Non-Executives and managers and to motivate them to achieve business and financial goals that create value for shareholders in a manner consistent with the core business and leadership values of the Company.

The Board acknowledges that with respect to any shares or share options to be granted to members of the Board (i.e., Executives and Non-Executives) under the Company's ESOP, approval is required of the General Meeting of shareholders. In such case, the General Meeting of shareholders approves the number of shares or share options to be granted to the members of the Board including the criteria applying to such grant or amendment.

Members of the Board of Directors about whose remuneration and share ownership programmes a decision is being made do not have a right to attend meetings where such decisions are made and do not have a right to a say in such decisions.

Generally, fixed salaries and bonuses are reviewed and determined annually. The allocation of share options is determined when new ESOP plans are put in place.

After each Committee meeting the Chairman of the Committee reports the keys issues discussed to the Board.

Number of meetings held	1
Number of members	3
Approximate average duration (hours)	1:00
Meeting attendance	100%

2.8 Corporate Governance Report – 2.8.3 Board of Directors continued

Environmental, Social & Governance ('ESG') Committee

The ESG Committee assists the Board of Directors in fulfilling its oversight responsibilities with regard to ESG matters. The Committee must consist of at least three Directors, and ESG Committee members must be appointed by the Board and may be removed by the Board. The ESG Committee has oversight of Company ESG matters.

ESG Committee members

Silvana Perretta (Chairman)
Alessandro Della Chà
Niall Donnelly
David Maris (resigned 25 April 2024)
Dieter A. Enkelmann (resigned 22 May 2024)
Kevin Donovan (resigned 22 May 2024)

All the ESG committee members have relevant ESG experience.

Primary responsibilities of the ESG Committee:

- Recommend to the Board an overall ESG strategy for the Company.
- Oversee the Company's ESG policies and procedures and performance.
- Oversee the Company's ESG reporting and report to the Board in relation to the activities of the ESG Committee.

A review of our ESG strategy and performance is carried out by the Board at least once per annum.

Number of meetings held	3
Number of members	3
Approximate average duration (hours)	1:00
Meeting attendance	100%

Definition of areas of responsibility

The Board of Directors has delegated the management of the Company to Executive Management. Executive Management is responsible for the operational management of the Group consistent with the direction set by the Board of Directors, including making operational decisions, delivering financial results, determining and implementing Group policies, informing the Board in relation to progress versus plans, and bringing forward recommendations and proposals to the Board for approval.

Giovanni Di Napoli (CEO) and Niall Donnelly (CFO until October 2024, EVP - Corporate Governance & Chief Sustainability Officer) are members of the Board and have executive responsibilities. As the Executive Directors, they are responsible for the day-to-day management of the Company, adopting the Company's policies and strategy, monitoring the liquidity position of the Company, financial policy and fulfilling tax obligations (including tax planning), overseeing risk management, reporting to the (annual) general meeting, preparing, publishing and filing the annual accounts, and representing the Company to third parties.

Information and control systems of the Board of Directors vis-à-vis management

The Board of Directors is currently scheduled to meet at least four times a year, plus a budget meeting, and a meeting to discuss and approve the financial statements. Further meetings will be called as required.

Information from senior management

The Board ensures that it receives sufficient information from management through:

- Quarterly updates from the CEO, including updates from the COO and CFO in relation to current developments; and
- Annual budget presentation for the following year from Executive Management which includes key priorities and financial projections compared with forecast for the current year incorporating nine-month actual results and Q4 forecast.

Cosmo produces quarterly consolidated (unaudited) financial statements for the Group in accordance with International Financial Reporting Standards (IFRS) including:

- Consolidated income statement;
- Consolidated statement of financial position; and
- Consolidated cash flow.

Risk management

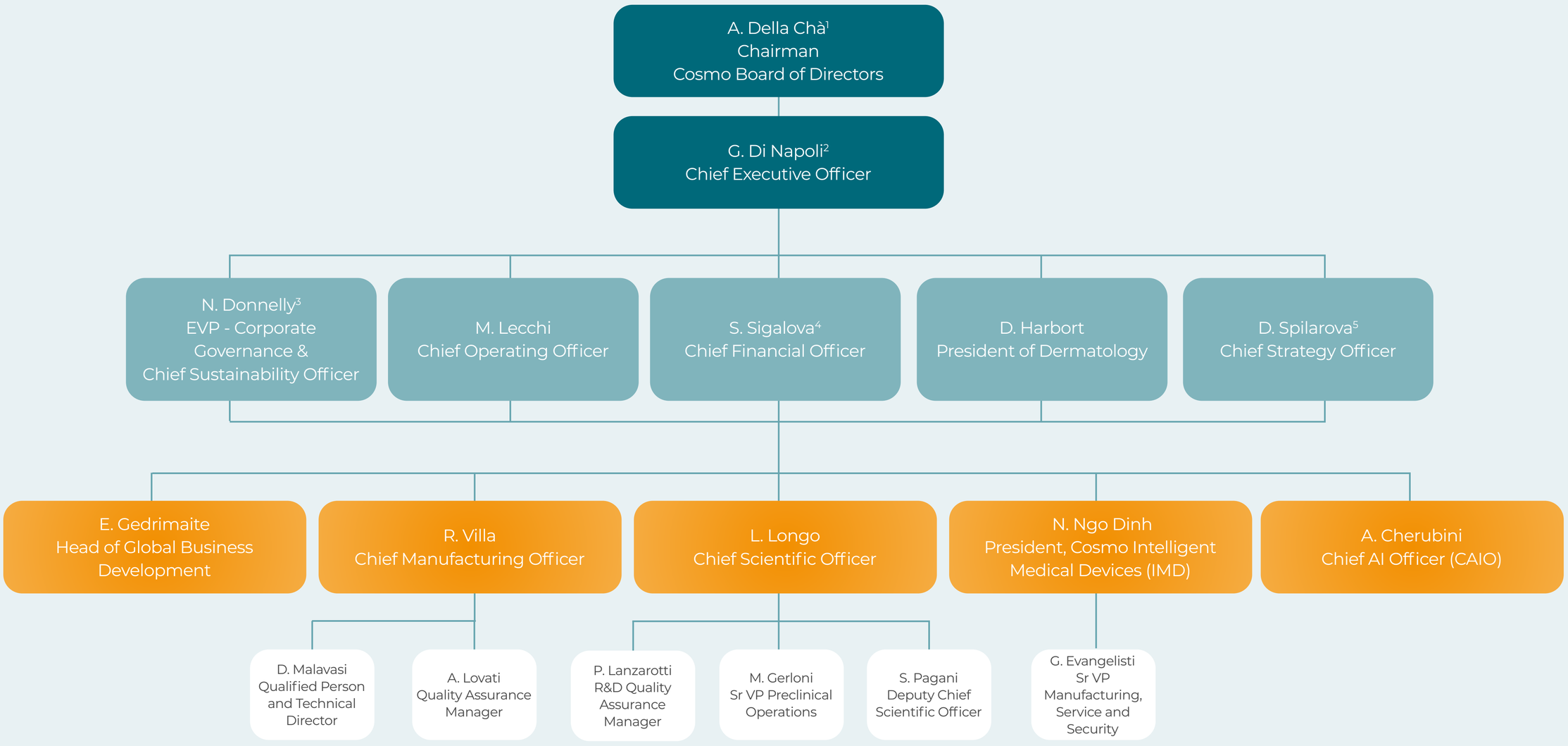
The Board is supported by an Audit Committee, a Compensation and Nomination Committee and ESG Committee in the management of risks faced by the Company. The Group also has a risk management framework in place to identify, evaluate and mitigate risks, and the Board is updated by Executive Management in relation to the main risks facing the Group and the mitigants in place to deal with such risks. For information on the Company risk management framework, see '2.6 Risk Management'.

2.8 Corporate Governance Report – 2.8.4 Executive Management

Executive Management

Executive Management is responsible for the operational management of Cosmo in line with the instructions issued by the Board of Directors. Cosmo has grown based on a strong, focused Executive Management team encompassing skills across the spectrum of disciplines required for an emerging specialty pharmaceutical company.

The Company has an internationally experienced and entrepreneurial Executive Management Team of pharmaceutical industry executives and recognised experts in their field with diverse backgrounds and complementary skills in research, development, regulation, manufacturing, sales, marketing and finance.



1 Became Chairman from 25 May 2024. Mauro Severino Ajani was the Chairman until 24 May 2024.
2 Became Chief Executive Officer (CEO) from 25 May 2024. Alessandro Della Chà was the CEO until 24 May 2024.
3 Chief Financial Officer until October 2024. Became EVP - Corporate Governance & Chief Sustainability Officer since November 2024
4 Chief Financial Officer from 11 November 2024
5 Joined the Company in January January 2025

2.8 Corporate Governance Report – 2.8.4 Executive Management continued

Giovanni Di Napoli – Chief Executive Officer (CEO)
Nationality: Italian | Year of Birth: 1974

Giovanni Di Napoli was appointed Executive Director and CEO of Cosmo Pharmaceuticals NV by the AGM held on 24 May 2024, effective 25 May 2024.

Giovanni Di Napoli is an accomplished Healthcare Executive with over 20 years of experience in Life Sciences spanning entrepreneurial ventures and corporate environments. During his tenure leading Medtronic's Gastrointestinal (GI) Operating Unit (OU), he spearheaded remarkable growth from a two-product niche OU to a global OU encompassing approximately 20 products across three portfolios. This expansion significantly contributed to Medtronic's $32 billion revenue, achieved through the implementation of a direct sales model, team restructuring, internal innovation, and strategic acquisitions, all aligned with the overarching vision of advancing patient health worldwide.

As President of the GI OU, he helped to pioneer the integration of AI into the GI field, earning recognition from Forbes Magazine for innovative contributions in March 2021 as a co-author of the article "The brave new world of artificial intelligence: dawn of a new era".

Moreover, he led the acquisition of the PillCam business worth approximately $1 billion as part of the larger acquisition of Covidien by Medtronic.

With oversight of all GI operations, including P&L management and employee well-being across various departments such as Sales, Marketing, Quality, Business Development, Research & Development, Clinical, Regulatory, and among others, he prioritised diversity and inclusion, achieving a 42.4% diverse representation, consistently surpassing corporate standards.

Beyond his professional endeavours, he is committed to raising awareness of colon and esophageal cancer through collaborations with the Colon Cancer Alliance and Esophageal Cancer Association. Additionally, he contributed to the public community as part of Medtronic's STEM project and personally supported children's education initiatives. He has received recognition such as the ASGE Crystal Award for contributions to the field of GI and regularly participates as a speaker at Medical Device and Tech conferences and summits globally, including Silicon Valley.

Mr. Di Napoli has a B.S. from University La Sapienza in Rome, Italy and an MBA from Luigi Bocconi Business School in Milan, Italy.

He also serves on the Board of Palliare and Aqua Therapeutics and is an advisor for GEO MedTech Ventures based in Luxembourg.

Svetlana Sigalova – Chief Financial Officer
Nationality: Russian/USA | Year of Birth: 1982

Svetlana Sigalova was appointed Chief Financial Officer of Cosmo, effective November 11, 2024.

Svetlana brings a wealth of experience from senior financial roles at global pharmaceutical and biotech companies. As Vice President of Commercial Finance at Moderna, she led financial operations for over $6 billion in global sales, developing financial infrastructure and planning systems that were pivotal in Moderna's rapid growth during the pandemic.

Prior to Moderna, Svetlana held senior finance leadership positions at Alexion Pharmaceuticals and Vertex Pharmaceuticals, where she managed multibillion-dollar revenue streams, built high-performance finance teams, and drove operational efficiency.

Marco Lecchi – Chief Operating Officer
Nationality: Italian | Year of Birth: 1964

Marco has been with Cosmo since 2001 and served as Deputy CFO since 2007 prior to his appointment as Head of Internal Audit in 2016. From 1992 to 1999 he worked at an international audit firm. From 1999-2001 he was the Director of Administration at Gianfranco Ferrè S.p.A. and its subsidiary GF Manufacturing S.r.l.

He graduated in Economics and Business Administration specialising in financial administration at the Bocconi University in Milan. In 1999 he was admitted to the Official Register of Public Auditors.

Niall Donnelly – EVP - Corporate Governance & Chief Sustainability Officer
Nationality: Irish | Year of Birth: 1972

Niall has been EVP – Corporate Governance & Chief Sustainability Officer, since November 2024 and Executive Director at Cosmo as of May 2024.

Previously, he was Chief Financial Officer of Cosmo from June 2016 to October 2024.

Niall is an experienced senior executive with over 20 years' experience across a number of sectors including acute healthcare, information technology, FMCG in privately-owned, multinational and plc environments.

He is a member of the Chartered Institute of Management Accountants.

2.8 Corporate Governance Report – 2.8.4 Executive Management continued

Diana Harbort – President Dermatology Division
Nationality: American | Year of Birth: 1966

Diana is President Dermatology Division at Cosmo since January 2022 and formerly CEO of Cassiopea SPA since May 2015.

Diana brings 30 years of cross-functional experience in the pharmaceutical industry, including 20 years in the dermatology sector. She has held executive positions at leading pharmaceutical companies, including 17 years at Medicis Pharmaceutical Corporation, an industry-leading dermatology and aesthetics company, ultimately serving as the Vice President of Corporate Development. Earlier in her career, she spent 10 years in various roles at Abbott Laboratories, in marketing, business development and operations across Abbott's pharmaceutical, hospital products and diagnostic divisions.

Ms. Harbort has a bachelor's degree in Business Administration from the University of Wisconsin Whitewater and an MBA in Marketing and Management from the Northwestern University Kellogg School of Management. She currently is a member of the American Academy of Dermatology and the Women's Dermatological Society.

Dominika Spilarova - Chief Strategy Officer
Nationality: Czech | Year of Birth: 1986

Dominika Spilarova was appointed Chief Strategy Officer of Cosmo Pharmaceuticals, effective January 10, 2025.

Dominika will report directly to the CEO and also serve as acting Chief of Staff for the executive leadership team until a permanent appointment for this position is made.

Dominika brings over 15 years of diverse experience both within and outside the Life Sciences industry, combined with a strong background in management consulting with PwC and independent consulting globally. Over the course of her career, she has successfully developed and implemented innovative strategies that have delivered measurable outcomes, including the launch of new product offerings, revenue growth, and operational efficiencies. Her contributions have positively impacted businesses ranging in size from $26 million to $19.5 billion in revenue. Before joining Cosmo, Dominika was the founder and managing director of her own Life Sciences consulting business.

She has extensive expertise in building and leading high-performing teams, from small agile groups to teams of over 50 members. Her coaching qualifications enable her to help employees unlock their potential, both individually and collectively. Passionate about advancing women in the workplace, Dominika actively contributes through her not-for-profit coaching work and as a member of the "Forbes Forum for Female Leaders."

Dominika's comprehensive understanding of the end-to-end value chain in Life Sciences equips her to drive tangible strategy execution across all levels of Cosmo, ensuring sustainable growth and operational excellence.

Luigi Longo – Chief Scientific Officer
Nationality: Italian | Year of Birth: 1979

Luigi is Chief Scientific Officer at Cosmo since April 2022. Prior to this Luigi was R&D Operations Manager.

Luigi began his career as an analytical laboratory scientist in Cosmo S.p.A. in June 2005. He continued his career in the R&D laboratory department and was appointed Scientific Project Manager in 2014. In this role, he collaborated with the CSO of Cosmo in the management of several R&D projects and contributed to the successful completion of several R&D development programs.
Luigi has a degree in chemistry and pharmaceutical technology from 'La Sapienza' University in Rome.

Nhan Ngo Dinh – President, Cosmo Intelligent Medical Devices (IMD)
Italian | Year of Birth: 1979

Nhan is President of Cosmo Intelligent Medical Devices.

With a computer science background, he began his career in 2000 as an IT specialist in the Neuroimaging Laboratory of the University La Sapienza of Rome. Since 2002 he has been leading development projects for products, applications, and services in several medical specialties, most notably in radiology, neurology, gastroenterology, and medical photography among others.
He led teams to successfully develop innovative hardware and software solutions for hospitals, CROs, Pharmaceutical and Biotech companies with a wide variety of application contexts and technological platforms, including Artificial Intelligence.

Andrea Cherubini – Chief AI Officer (CAIO)
Nationality: Italian | Year of Birth: 1973

Andrea Cherubini is Chief AI Officer (CAIO) at Cosmo Pharmaceuticals NV, leading AI innovation across the company's portfolio, from drug development to medical devices and digital health.

Previously, Andrea was SVP of Science, AI, and Data at Cosmo IMD, focusing on AI solutions for intelligent medical devices. He began his career in neuroimaging research at Fondazione Santa Lucia, later becoming a Tenured Researcher in Biomedical Imaging at the Italian National Research Council (CNR) and a Lecturer in Physics at Magna Graecia University. In 2018, he joined Linkverse as Head of AI, specialising in medical imaging and diagnostics.

Andrea holds a Laurea degree in Physics from La Sapienza University and a Ph.D. in Biomedical Engineering from Magna Graecia University.

2.8 Corporate Governance Report – 2.8.4 Executive Management continued

Roberto Villa – Chief Manufacturing Officer
Nationality: Italian | Year of Birth: 1943

Roberto joined Cosmo when it was established and is Chief Manufacturing Officer since 1997.

He is responsible for the supervision of all industrial, logistic and quality aspects of its production facilities. Mr. Villa has significant experience in multinational pharmaceutical companies.
He began his career as a laboratory analyst, and was subsequently promoted to Production Manager, Head of Development Laboratories and to the Head of Quality Control and Quality Assurance Laboratories. Given the experience acquired in various pharmaceutical sectors, he was appointed as Chief Manufacturing Officer of Cosmo S.p.A. and is responsible for the supervision of all industrial, logistic and quality aspects of its production facilities.

Egle Gedrimaite – Head of Global Business Development
Italian | Year of Birth: 1982

Egle Gedrimaite was appointed Head of Global Business Development at Cosmo Pharmaceuticals NV as of October 2024.

Egle brings 15 years of experience as Business Development director and Alliance management in pharmaceutical, medical device and nutraceutical industries. Her expertise ranges from developing successful business both in B2B and B2C sectors, steering the growth of both established and newly developed products.

Her cross-functional attitude and experience brings her to drive development projects from inception to completion, working in collaboration with all corporate functions to ensure a successful outcome. She has previously worked for Sofar and Alfasigma.

Egle holds a degree in International Communications and Communication Systems in International Relations from the Università per Stranieri di Perugia (Italy).

Mara Gerloni PhD – Senior Vice President Preclinical Operations
Nationality: Italian/American | Year of Birth: 1963

Mara joined Cosmo Pharmaceuticals in 2001 and is Senior Vice President Preclinical Operations since 2020.

Mara has over 30 years' experience in the fields of oncology, gastroenterology and immunology. She worked in academia for 20 years at University of Parma (Italy) and University of California San Diego (SA), with a significant track record in designing and performing in vivo cancer and viral models. Mara has extensive senior-level corporate R&D management experience and leadership. Mara has published over 90 peer-reviewed publications and is currently a member of the American Association of Immunology and reviewer for several biomedical journals.

Mara acquired her B.S. in Pharmaceutical Chemistry and Residency in Infectious Disease at University of Parma, Italy. She earned her Ph.D. in Applied Microbiology and Immunology University of Parma, Italy and University California, San Diego, USA. She was Sr Post Graduate Fellow and Researcher at the Cancer Center of University of California, San Diego.

Paolo Lanzarotti – R&D Quality Assurance Manager
Nationality: Italian | Year of Birth: 1973

Paolo was appointed R&D Quality Assurance Manager at Cosmo in 2025. In this role, he ensures compliance with regulatory requirements and quality standards throughout product development and clinical studies.

Previously, he served as R&D Analytical Development Manager from 2009, leading various R&D projects and contributing to product registrations. Earlier in his career, he was appointed Quality Control Manager in 2004.

Paolo joined Cosmo S.p.A. in February 2000 as an analytical laboratory scientist.
He holds a degree in Chemistry from the University of Milan, Italy.

Stefania Pagani – Deputy Chief Scientific Officer
Nationality: Italian | Year of Birth: 1978

Stefania is Deputy Chief Scientific Officer at Cosmo since 2022.

Stefania has been with Cosmo since 2021 and served as Drug Delivery & Innovation Manager. She began her career as Formulation Scientist at Bouty (IBSA group) where she spent seven years and also held the position of Team Leader of clinical studies. In 2013 she moved to Adare Pharmaceutical as Formulation Scientist and Group Leader. In 2015 she continued her career in Doppel Farmaceutici covering the position of Senior Scientist and Team Leader. From 2017 to 2021 Stefania worked for Mipharm S.p.A. in the role of R&D and Clinical Trial Manager. She is the owner of international patents, several articles and was a lecturer in webinar.

Stefania graduated in Pharmacy and earned a Ph.D. in Pharmaceutical Technology at University of Milan, Italy. She holds a Master's degree in Pre-clinical and clinical research and development of drugs at Milano Bicocca University, Milan, Italy.

Giulio Evangelisti – Senior Vice President Manufacturing, Service and Security, Cosmo Intelligent Medical Devices (IMD)
Nationality: Italian | Year of Birth: 1970

Giulio is SVP Manufacturing, Service and Security at Cosmo Intelligent Medical Devices.

In 1997 Giulio started his career providing support for data management and security. Since 2002, he has been involved in medical fields such as radiology, neurology, and nuclear medicine with services and state-of-the-art technology and systems to manage biomedical data. In 2008, he enhanced his experience with Linkverse in both European and American markets to product, install and provide support to the latest medical devices developed by the company in gastroenterology, medical photography, cardiology and radiology for hospitals Pharma and Biotech companies.

Giulio graduated in Mathematics at La Sapienza University.

2.8 Corporate Governance Report – 2.8.4 Executive Management continued

Andrea Lovati – Quality Assurance Manager and Qualified Person

Nationality: Italian | Year of Birth: 1967

Andrea is Quality Assurance Manager and has held this post since 1999.

From 1997 to 1999, he was responsible for the quality control within the laboratories in Cosmo. Prior to joining Cosmo, he was responsible for quality control in Parke Davis S.p.A.

He holds a degree in Chemistry and Pharmaceutical Technology at the University of Milan.

Davide Malavasi – Qualified Person and Technical Director

Nationality: Italian | Year of Birth: 1973

Davide has held this position as Qualified Person and Technical Director since September 2011.

Davide joined Cosmo in 2003 as Production assistant. From 2007 to 2011, he was Production Manager and QA/QP assistant. Davide has over 20 years of experience in pharmaceuticals duties and has developed a deep experience in all pharmaceutical fields including Quality, Production, Validation, Maintenance, Regulatory and project management. Davide is responsible for the batches release to the market according to D.L. 219/06 art. 52 and European guidelines. He is the primary contact and responsible to manage on site cGMP inspections and taking care of relationships with Regulatory agencies all over the world. He is responsible for the facility renovation according to the cGMP requirements and for the management of the facility team.

Davide holds a degree in Chemistry and Pharmaceutical Technology (CTF).

Management contracts

The Group does not have any management contracts with companies (or natural persons) from outside the Group.

Board Remuneration

Base remuneration
The salaries of non-executive directors were amended to €50,000 (previously €30,000) in accordance with the amended remuneration policy approved by the shareholders at the EGM on 5 July 2024. Similarly, the salaries of executive directors were adjusted to €50,000 (previously €30,000), effective from 23 July 2024, as approved by the board of directors.

Bonus
In 2024, total cash bonus awarded was €6.6 million in respect of 2024 (2023: nil), of which, €4.5 million was performance-related bonus.

Fringe benefits
In 2024, fringe benefits of €1,840 (2023: €1,840) were paid representing medical insurance.

Stock options and related costs
Please refer to the tables on the following pages for details of options awarded to members of the Board and associated ESOP costs.

Overall cash-related remuneration
Overall cash-related remuneration in 2024 was €7,998,367 (2023: €1,134,320).

CEO remuneration in 2024
Base remuneration
In 2024, the base remuneration of the CEO was €26,909.

Bonus
The CEO received a total bonus of €3.0 million, comprising of performance-related bonus in respect of 2024 of €0.4 million, 5% of which is linked to ESG-related targets, and a signing bonus of €2.6 million.

Stock options and related costs
During the year, the CEO was granted 30,000 options with a strike price of CHF 72.4 which will vest on 31 January 2027. The fair value of these option awards is shown in the following table.

Overall cash-related remuneration
Overall cash-related remuneration of the CEO in 2024 was €3,428,721.

Remuneration of the Board of Directors
The Board of Directors' remuneration in 2024 including stock-based remuneration, is as follows:

EUR

Board of Directors	Board membership	Audit Committee	Compensation and Nomination Committee	Environmental, Social & Governance Committee	Base Remuneration	Additional Remuneration	Cash bonus[9]	Pension/ Termination Benefit	Fringe Benefits	Total cash-related remuneration	Stock options granted EUR
Alessandro della Cha[1]	Chairman	•		•	39,638	442,278	761,796	6,756		1,250,468	516,496
Giovanni Di Napoli[2]	member, executive CEO				26,909	360,679	3,037,725	3,408		3,428,721	566,559
Niall Donnelly[3]	member, executive Corporate Governance & Chief Sustainability Officer (CGCSO)			•	26,909	189,000	323,190	11,340	1,840	552,279	137,732
Mauro Ajani[4]	member, non - executive				39,638	148,000	2,451,161	-		2,638,799	-
Maria Grazia Roncarolo	member, non - executive	•	•		39,638		-			39,638	91,816
John O'Dea[7]	member, non - executive	Chair	Chair		27,706		-			27,706	103,869
Silvana Perretta[7]	member, non - executive		•	Chair	27,706		-			27,706	103,869
Kevin Donovan[5]	member, non - executive	•	•	•	11,704		-			11,704	91,816
Dieter Enkelmann[5]	member, non - executive	•	•	•	11,705		-			11,704	91,816
David Maris[6]	member, non - executive	•	•	•	9,642		-			9,642	91,816
Total					**261,194**	**1,139,957**	**6,573,872**	**21,504**	**1,840**	**7,998,367**	**1,795,789**

1 was Executive Director and CEO until 24 May 2024, appointed Chairman by AGM held on 24 May 2024.
2 member and CEO effective 25 May 2024, no remuneration in 2023.
3 member effective 25 May 2024. CFO until October 2024, CGCSO since November 2024.
4 was Chairman until 24 May 2024
5 member until 22 May 2024
6 member until 25 April 2024
7 appointed by AGM held on 24 May 2024

Remuneration of Executive Management in 2024 (excluding Executive Directors)

EUR

Board of Directors	No. of members	Base remuneration	Additional remuneration	Cash bonus[9]	Pension benefit	Fringe benefits	Total cash-related remuneration	Fair Value of stock options granted at EUR
Executive Management	15 members[8]	2,558,021	–	2,136,101	178,129	78,472	**4,950,723**	857,933
Highest paid of 15 members		209,000	–	319,770	30,265	9,860	**568,895**	137,732

8 Excluding Alessandro Della Chà who served as CEO until 24 May 2024, and Niall Donnelly and Giovanni Di Napoli, who were appointed as executive directors effective 25 May 2025.

The highest total compensation for a member of the Executive Management was conferred to Giovanni Di Napoli, CEO from 25 May 2024.

9 2024 bonuses included regular performance-based incentives for the year, as well as additional bonuses granted in connection with the impact of project-based revenues from Medtronic.

2.8 Corporate Governance Report – 2.8.5 Remuneration, shareholdings and loans continued

Disclosure of shareholdings and stock options

The following table shows the the shareholdings in Cosmo Pharmaceuticals N.V. of the members of the Board of Directors and the Executive Management as at 31 December 2024 and 31 December 2023:

	Number of shares held 2024	Number of shares held 2023
Mauro Ajani, Non-Executive Director[1]	6,137,252	6,137,252
Alessandro della Cha, Chairman[2]	200,000	200,000
Giovanni Di Napoli, Executive CEO[3]	–	–
Niall Donelly, Executive CFO[4]	–	–
Maria Grazia Roncarolo, Non-Executive Director	–	–
John O'Dea, Non-Executive Director[5]	–	–
Silvana Perretta, Non-Executive Director[5]	–	–
Marco Lecchi, Chief Operating Office	5,838	5,838
Hazel Winchester, Head of Investor Relations	–	–
Diana Harbort, President of Dermatology	12,783	12,783
Biagio Viganò, Chief People Officer	–	–
Roberto Villa, Chief Manufacturing Officer	209,477	209,477
Luigi Longo, Chief Scientific Office	75	75
Nhan Ngo Dinh, President, Cosmo Intelligent Medical Devices (IMD)	–	–
Davide Malavasi, Qualified Person and Technical Director	317	317
Andrea Lovati, Quality Assurance Manager	–	–
Paolo Lanzarotti, R&D Analytical Development Manager	–	–
Mara Gerloni, Sr VP Preclinical Operations	1,000	1,000
Stefania Pagani, Deputy Chief Scientific Officer	–	–
Giulio Evangelisti, Sr VP Manufacturing, Service and Security	–	–
Andrea Cherubini, Sr VP – Science, AI and Data	–	–

1 Shareholdings relate to Cosmo Holding S.a.r.l., a company controlled by Mauro Ajani who was Chairman until 24 May 2024.
2 was Executive Director and CEO until 24 May 2024, appointed Chairman by AGM held on 24 May 2024.
3 became Executive Director and CEO effective 25 May 2024.
4 became Executive Director effective 25 May 2024.
5 member effective 25 May 2024.
6 employee until January 2024.

The following table shows the holdings of stock options in Cosmo Pharmaceuticals N.V. of the members of the Board of Directors and the Executive Management as at 31 December 2024 and 31 December 2023:

	Number of stock options 2024	Number of stock options 2023
Mauro Ajani, Chairman[1]	–	–
Alessandro della Cha, Chairman[2]	276,667	246,667
Giovanni Di Napoli, Executive CEO[3]	30,000	–
Niall Donnelly, Executive CFO[4]	57,000	50,000
Maria Grazia Roncarolo, Non-Executive Director	37,332	31,999
John O'Dea, Non-Executive Director[5]	5,500	–
Silvana Perretta, Non-Executive Director[5]	5,500	–
Marco Lecchi, Chief Operating Office	58,000	50,000
Hazel Winchester, Head of Investor Relations	15,999	10,666
Diana Harbort, President of Dermatology	27,000	20,000
Biagio Viganò, Chief People Officer	–	15,999
Roberto Villa, Chief Manufacturing Officer[6]	13,333	13,333
Luigi Longo, Chief Scientific Office	23,000	16,000
Nhan Ngo Dinh, President, Cosmo Intelligent Medical Devices (IMD)	40,000	40,000
Davide Malavasi, Qualified Person and Technical Director	58,000	50,000
Andrea Lovati, Quality Assurance Manager	37,332	31,999
Paolo Lanzarotti, R&D Analytical Development Manager	13,667	11,167
Mara Gerloni, Sr VP Preclinical Operations	47,299	41,966
Stefania Pagani, Deputy Chief Scientific Officer	3,999	2,666
Giulio Evangelisti, Sr VP Manufacturing, Service and Security	25,000	25,000
Andrea Cherubini, Sr VP – Science, AI and Data	25,000	25,000

2.8 Corporate Governance Report – 2.8.5 Remuneration, shareholdings and loans continued

Disclosure of shareholdings and stock options continued

As at 31 December 2024, the stock option plan of Cosmo Pharmaceuticals N.V. with regard to the Board of Directors was as follows:

		In 2024					
Non-executive members of the Board	**Outstanding as at 1 January 2024**	**Granted**	**Cancelled**	**Exercised**	**Forefeited**	**Expired**	**Outstanding as at 31 December 2024**
Alessandro Della Chà[1]	246,667	30,000	–	–	–	–	276,667
Mauro Ajani	–	–	–	–	–	–	–
Kevin Donovan[2]	31,999	5,333	–	–	(37,332)	–	–
Dieter Enkelmann[2]	31,999	5,333	–	–	(37,332)	–	–
Maria Grazia Roncarolo	31,999	5,333	–	–	–	–	37,332
David Maris[3]	15,999	5,333	–	–	(21,332)	–	–
John O'Dea[4]	–	5,500	–	–	–	–	5,500
Silvana Perretta[4]	–	5,500	–	–	–	–	5,500
Total	111,996	62,332	–	–	(95,996)	–	324,999
Of which exercisable	251,996	–	–	–	–	–	208,000

1 was Executive Director and CEO until 24 May 2024, appointed Chairman by AGM held on 24 May 2024.
2 member until 22 May 2024
3 member until 25 April 2024
4 member effective 25 May 2024, no stock options outstanding as of 31 December 2023.

As at 31 December 2024, 208,000 of the outstanding options were vested.

		In 2024					
Executive members of the Board and other members of management detailed if grant exceeds 50,000 options	**Outstanding as at 1 January 2024**	**Granted**	**Cancelled and replaced**	**Exercised**	**Forfeited**	**Expired**	**Outstanding as at 31 December 2024**
Marco Lecchi	50,000	8,000	–	–	–	–	58,000
Davide Malavasi	50,000	8,000	–	–	–	–	58,000
Niall Donnelly	50,000	8,000	–	(1,000)	–	–	57,000
Other management	237,797	63,832	–	–	–	–	301,629
Total	387,797	87,832	–	–	–	–	474,629
Of which exercisable	133,633	–	–	–	–	–	180,300

As at 31 December 2024, 180,300 of the outstanding options were vested.

2.8 Corporate Governance Report – 2.8.5 Remuneration, shareholdings and loans continued

Disclosure of shareholdings and stock options continued

Cosmo Pharmaceuticals N.V. outstanding options as at 31 December 2024

Option series	Issue date	Number	Grant date	Vesting date	Expiry date	Exercise price in CHF	Fair value of the option at the grant date in CHF
9a	25 January 2019	197,424	25/01/2019	25/01/2022	24/01/2025	89.00	17.91
11	13 March 2019	43,746	13/03/2019	13/03/2022	12/03/2025	83.15	16.55
12	13 March 2019	43,746	13/03/2019	13/03/2024	12/03/2027	83.15	21.29
14	2 September 2019	1,334	02/09/2019	02/09/2022	01/09/2025	84.10	16.22
15	16 March 2020	12,000	16/03/2020	16/03/2023	15/03/2026	58.70	11.84
16	2 April 2020	196,438	02/04/2020	25/01/2022	24/01/2025	64.00	10.32
18	2 April 2020	1,333	02/04/2020	02/09/2022	01/09/2025	64.00	11.90
20	25 January 2021	133,436	25/01/2021	25/01/2023	24/01/2026	80.30	14.59
21	25 January 2021	137,672	25/01/2021	25/01/2024	24/01/2027	80.30	17.64
23	30 September 2021	2,000	30/09/2021	30/09/2024	29/09/2027	80.50	17.82
24	31 January 2022	120,565	31/01/2022	31/01/2025	30/01/2028	57.20	13.31
25	30 September 2022	2,000	30/09/2022	30/09/2025	29/09/2028	46.15	12.86
26	31 January 2023	124,365	31/01/2023	31/01/2026	30/01/2029	66.50	18.58
27	30 September 2023	2,000	30/09/2023	30/09/2026	29/09/2029	39.90	10.72
28	8 December 2023	90,000	08/12/2023	08/12/2027	07/12/2030	43.90	13.28
29	31 January 2024	127,832	31/01/2024	31/01/2027	30/01/2024	64.00	16.09
30	8 December 2023	41,000	05/07/2024	05/07/2027	04/07/2030	72.40	18.38
Outstanding as at 31 December 2024		**1,276,891**					

This equity-based award helps to align the executives' interests with those of shareholders.

The following table details the movement in the share options of Cosmo Pharmaceuticals N.V. during the period.

	In 2024		In 2023	
EUR	Number	Weighted average exercise price in CHF	Number	Weighted average exercise price in CHF
Outstanding as at 1 January	1,213,764	71.77	1,331,909	78.48
Granted during the period	185,506	65.86	246,405	58.03
Excercised during the period	(1,000)	64.00		
Forfeited during the period	(121,379)	61.84	(18,042)	65.49
Cancelled and replaced during the period	–	–	(212,508)	83.15
Expired during the period	–	–	(134,000)	95.89
Outstanding as at 31 December	**1,276,891**	**71.02**	**1,213,764**	**71.77**
Exercisable as at 31 December (included in the above total)	**679,637**	**77.95**	**578,965**	**77.07**

The share options outstanding at 31 December 2024 had a weighted average exercise price of CHF 71.02 and a weighted average remaining contractual life of 2.5 years.

2.8 Corporate Governance Report – 2.8.5 Remuneration, shareholdings and loans continued

Loans granted by the Cosmo Group to members of the Board of Directors or management

No company within the Cosmo Group, including the Company, has granted any loans or guarantees to any member of the Board of Directors or members of Executive Management.

Remuneration policy and performance management

Cosmo aims to attract and retain highly skilled people, and seeks to ensure that remuneration packages are competitive with the market.

The remuneration policy of the Company is based on the following:

- Compensation consisting of base salary, cash bonus.
- Stock-based compensation, where applicable.
- Certain medical and insurance coverage.
- Company cars for senior executives.

Cosmo aims to provide a total compensation package which is competitive compared with compensation paid by comparable companies in order to attract, retain and motivate qualified Executives, which reinforces the Company's performance-driven culture and meritocracy, and which ensures that management and shareholders' interests are aligned.

Remuneration for Executives

The remuneration structure for the Executives will consist of a fixed component and a variable component based on short and long-term performance.

The Company believes that its remuneration structure promotes the interests of the Company in the short and the long-term and is designed to encourage the Executives to act in the best interests of the Company. In determining the level and structure of the remuneration of each of the Executives, the Non-Executives will take into account, among other things, the Company's financial and operational results and other business objectives.

A Compensation and Nomination Committee (the 'Committee') has been established by the Board, which is composed solely of Non-Executives. The Committee proposes the remuneration for Executives to the Board for approval by the Non-Executives and peridically benchmarks the compensation of the Executives against those prevailing in a peer group of companies, to ensure the continued effectiveness and reasonableness of the remuneration policy. The CEO proposes the remuneration for the other senior executives, not being the Executives, to the Committee. In accordance with the Company's articles of association, the remuneration of Non-Executives and Executives is ultimately adopted by the Board, in accordance with this Remuneration Policy.

Fixed component

The primary objective of the base salary (the fixed part of the annual cash compensation) for Executives is to attract and retain highly qualified and experienced senior executives. The Company's policy is to periodically benchmark comparable salaries paid to Executives with similar experience by comparable companies.

Short-term incentive – Performance-related annual cash bonus

The goal of the performance-related annual cash bonus is to reward the performance of the Executives based on the achievement of annual short-term specific performance-related targets that are consistent with the Company and its subsidiaries' ('Group') long-term strategic objectives and economic value creation for the shareholders of the Company and other stakeholders.

The 'on target' performance-related annual cash bonus of the Executives is up to 65% of the base salary of the Executives; such percentage may be reduced if the specific performance-related targets are partially achieved and may be increased to a maximum of 117% of base salary if the specific performance-related targets are over achieved.

Each year, the Executives may be eligible to earn a short-term incentive in the form of a performance-related annual cash bonus that will be based on the achievement of specific performance-related targets in a financial year. The Non-Executives will establish these specific performance-related targets annually, but no later than three (3) months after the beginning of the financial year to which the annual cash bonus relates. These specific performance-related targets may include financial as well as qualitative and quantitative non-financial objectives consistent with the execution of the Group's strategy. The specific performance-related targets regarding financial objectives may include, among others, the Group's: revenue, EBITDA, operating profit, cash flow and working capital metrics.

The actual specific performance-related targets will not be publicly disclosed, given that these specific performance-related targets are considered to be commercially sensitive. The Non-Executives have the discretion to amend the specific performance-related targets for any exceptional events that may occur during a financial year.

After the end of each financial year of the Company, the Non-Executives shall evaluate and determine whether the specific performance-related targets have been achieved by the Executives, which may not be later than three (3) months after the end of the financial year to which the specific performance-related targets relate. If these specific performance-related targets have been achieved or partially achieved by the Executives and the Group has made a profit before tax in the relevant financial year, the Non-Executives shall determine the annual cash bonus for the Executives. The performance-related annual cash bonus, if any, for a given financial year will be paid in the following financial year, after the approval of the annual accounts by the General Meeting.

The annual cash bonus may be adjusted or recovered from an Executive, in accordance with the relevant article 2:135 of the Dutch Civil Code.

Short-term incentive – Asset disposal cash bonus pool

As a general rule, 7% of the disposal proceeds of a Group asset (net of all costs, including the costs of acquiring or developing any such asset) above a threshold of €20,000,000 (twenty million) will be put into a cash bonus pool, subject to a cap of €40,000,000 ('Asset Disposal Cash Bonus Pool'). The objective of the Asset Disposal Cash Bonus Pool is to incentivise the entire management team (including the Executives) and the Chairman (a Non-Executive), to realise value for the shareholders of the Company. The allocation of the Asset Disposal Cash Bonus Pool provides that the CEO is entitled to 20% of such Asset Disposal Cash Bonus Pool, for approval by the Non-Executive Directors.

Long-term incentives – Share Performance based Incentives

The primary objective of the share performance-based incentive is to introduce a long-term view based on shareholder value. This incentive is modelled to reward and retain qualified Executives, Non-Executives and managers over the longer term while aligning their interests with those of the Company's shareholders. For such purposes the Company will have an ESOP in which the Executives and the Non-Executives also participate. In accordance with the ESOP, options for the right to subscribe for ordinary shares (*het recht op het nemen van een aandeel*) or the right to acquire shares have been granted to the Executives and Non-Executives as well as managers, as so adopted by the General Meeting of the Company. Any subsequent grant of options to Executives and Non-Executives for the right to subscribe for ordinary share or the right to acquire shares can be granted on an annual basis in accordance with the ESOP, at the discretion of the Board with the number of options, vesting period and exercise price subject to the approval of the General Meeting of shareholders.

The number of options granted, forfeited and cancelled during the year is set out in the tables in pages 70 and 71.

Other benefits

Executives may also be entitled to customary fringe benefits such as signing bonus, personal use of aircraft, company car, medical insurance, accident and life insurance, tax preparation and financial counselling. The Committee may propose, with the Board to resolve, to grant other forms of benefits to the Executives in particular circumstances.

The Articles of Association (www.cosmopharma.com/investors/corporategovernance/articles-of-association) of the Company do not contain any rules on loans, credit or retirement benefits with respect to the Board of Directors.

Remuneration policy for Non-Executive Directors

In accordance with the Company's articles of association, the remuneration of Non-Executives is adopted by the Board in accordance with this Remuneration Policy, and periodically reviewed by the Committee.

- The current annual cash remuneration for the Chairman of the Board is €400,000.
- The current annual cash remuneration for the other Non-Executives (i.e., other than the Chairman of the Board) is €50,000 for each Non-Executive.

Other benefits

The Committee may propose, with the Board to approve and adopt, to grant other forms of benefits to Non-Executives.

The cash remuneration of Non-Executives is fixed and is not dependent on the Company's financial results. The Non-Executives are not, subject to the previous full paragraph (Other benefits), eligible for variable compensation and do not participate in any incentive plans other than the ESOP and the entitlement of the Chairman of the Board to participate in the Asset Disposal Cash Bonus Pool.

Voting rights, restrictions and representation

Pursuant to article 20.1 of the Company's Articles of Association (www.cosmopharma.com/investors/corporate-governance/articles-of-association), the Company's shareholders are only entitled to attend the General Meeting in person or be represented by a person holding a written proxy, to address and to vote at the General Meeting, if the shareholder has lodged documentary evidence to the Board of Directors of their voting rights.

There are no restrictions in the Company's Articles of Association (www.cosmopharma.com/investors/corporate-governance/articles-of-association) on the participation of a shareholder in the General Meeting as set out by Dutch law.

In accordance with article 28.8 of the Company's Articles of Association (www.cosmopharma.com/investors/corporate-governance/articles-of-association), the Board of Directors has the power to suspend the voting rights of any shareholder of the Company, who, in a motivated written declaration of the Board of Directors, has acted in violation of the provisions as set out in paragraph 3, 4 and/or 5 of article 28 of the Company's Articles of Association (www.cosmopharma.com/investors/corporate-governance/articles-of-association).

Article 28.3 of the Articles of Association (www.cosmopharma.com/investors/corporate-governance/articles-of-association) of the Company concerns the obligation of each shareholder to disclose significant shareholdings in the Company.

Article 28.4 of the Company's Articles of Association (www.cosmopharma.com/investors/corporate-governance/articles-of-association) concerns the obligation of each shareholder to comply with the standards and regulations and subsequent amendments, including the decisions and interpretations of the regulations issued at any time by the SIX Swiss Exchange and/or watchdog authorities.

Article 28.5 concerns the obligation of each shareholder to comply with the standards and regulations as referred to in article 28.4 of the Company's Articles of Association (www.cosmopharma.com/investors/corporate-governance/articles-of-association), even in the event the SIX Swiss Exchange declares or considers the aforementioned standards not applicable to the shareholders of the Company or not directly applicable to the Company itself.

The Company has not imposed any percentage limit on the number of registered shares that may be owned by any given party.

2.8 Corporate Governance Report – 2.8.6 Shareholders participating rights continued

Voting rights, restrictions and representation continued

The voting rights restrictions, as set out in article 28.8 of the Company's Articles of Association (www.cosmopharma.com/investors/corporate-governance/articles-of-association), may be abolished through a resolution of a General Meeting to amend the Articles of Association to be adopted by an absolute majority of the votes cast during a General Meeting (article 23 of the Company's Articles of Association). In the reporting year, the Company has not granted any exceptions with respect to restrictions to voting rights.

Foreign companies listed in Switzerland are subject to the Swiss takeover provisions as regulated under Swiss Exchange Take Over Act ('SESTA') and Swiss Exchange Take Over Ordinance ('SESTO').

Quorums required by the Articles of Association

In accordance with article 23 of the Articles of Association (www.cosmopharma.com/investors/corporate-governance/articles-of-association) of the Company, a resolution by a General Meeting to: (a) amend the Articles of Association; (b) enter into a legal merger (juridische fusie) or demerger (juridische splitsing); or (c) dissolve the Company, may be adopted by an absolute majority of the votes cast during the meeting, provided that a resolution for a merger (juridische fusie) shall require a majority of at least two-thirds of the votes cast if less than one half of the issued capital is represented at a General Meeting.

Convocation of the General Meeting of shareholders

The statutory rules of the Company on the convocation of the General Meeting under articles 18.1 and 18.3 of the Articles of Association (www.cosmopharma.com/investors/corporate-governance/articles-of-association) do not differ from applicable legal Dutch provisions.

Inclusion of items on the agenda

Shareholders who alone or jointly represent at least three percent (3%) of the issued capital of the Company have the right to request the Board of Directors to put items on the agenda of a General Meeting, provided that such requests are made in writing at least 60 days before a General Meeting. This is also reflected by article 18.2 of the Company's Articles of Association (www.cosmopharma.com/investors/corporate-governance/articles-of-association). No valid resolutions can be adopted at a General Meeting of the Company's shareholders in respect of subjects that are not mentioned in the agenda.

Entries in the share register

The Board of Directors shall set a record date on the 28th day before the General Meeting by which date the shareholder must register as such in a register (or one of more parts thereof) designated by the Board of Directors under article 20.2 of the Articles of Association (www.cosmopharma.com/investors/corporate-governance/articles-of-association). The registration process is described in the notice for the General Meeting as described in article 20.3 of the Articles of Association (www.cosmopharma.com/investors/corporate-governance/articles-of-association).

At the General Meeting, each share entitles its holder to one vote. Unless another majority is prescribed under Dutch law or in the Articles of Association (www.cosmopharma.com/investors/corporate-governance/articles-of-association), resolutions of the General Meeting shall be adopted by an absolute majority of votes cast.

Dividends, allocation of annual net profits

The Board of Directors may determine that all or part of the Company's profits shall be added to the reserves. Any remaining profits shall be at the disposal of the General Meeting, who may resolve to distribute such profits as dividends.

If the Company has issued preferred shares, then out of the profits remaining after reservation, if any, first a dividend shall be distributed on the preferred shares of: (a) a percentage equal to the higher of 12 months LIBOR as published by the ICE Benchmark Administration Limited or 12 months Euribor as published by European Money Markets Institute; and, (b) a premium to be determined by the Board of Directors in line with market conditions on the date the preferred shares were first issued. However, if preferred shares have been paid-up from the Company's distributable part of the equity, then no dividend shall be distributed on the preferred shares until three (3) years after the first issuance of such preferred shares. After three years, a total dividend of €1,000 will be paid on the preferred shares to be divided pro rata on all issued preferred shares.

Any remaining profits shall be at the disposal of the General Meeting and can be distributed as dividends to the shareholders or added to the reserves, albeit that the holders of preferred shares shall not be entitled to any further distributions.

The Company may only make distributions to the shareholders and other persons who are entitled to profits that qualify for distribution if the Company's equity is in excess of the paid and called-up portion of the share capital increased by the reserves that must be set aside under the provisions of the law.

Dividends are payable on the date specified by the shareholders' resolution at the Annual General Meeting on the account of each shareholder through the relevant intermediaries.

Pre-emptive rights

In accordance with Dutch laws, each holder of ordinary shares has a pre-emptive right in case of issuance by the Company of additional ordinary shares, except in the following instances:

(i) the shares are paid for in kind, for example the contribution of shares in another listed company;
(ii) when shares are issued to employees of the Company or to employees of a Group company; or
(iii) the pre-emptive right is limited or excluded. In the Company's Articles of Association (www.cosmopharma.com/investors/corporate-governance/articles-of-association), it is included that the Board of Directors shall be irrevocably authorised to limit or exclude pre-emptive rights on any issue of shares for a period of five years as of the Merger becoming effective.

2.8 Corporate Governance Report – 2.8.7 Change of control and defence measures

Duty to make an offer

Article 29 of the Articles of Association (www.cosmopharma.com/investors/corporate-governance/articles-of-association) of the Company provides that a purchaser of shares in the Company is not required to present a public tender as regulated by articles 135 and 163 of the Swiss Federal Act on Financial Market Infrastructures and Market Conduct in Securities and Derivatives Trading, in the event of exceedance of the thresholds established by said standards.

Change of control clauses

In relation to the share rights granted to certain employees of the Group, the following events are considered a change of control event as a consequence of which the early termination of entitlements in relation to the relevant shares may be triggered: (i) the sale of all or substantially all the assets of the Company; (ii) any merger, consolidation or acquisition of the Company with, by or into another corporation, entity or person which will entail the change of more than 50% of the appointed directors; or, (iii) any change in the ownership of more than 50% of the voting capital stock of the Company in one or more related transactions. Other than these provisions applicable to share rights, no agreements or plans with members of the Board of Directors or senior management contain any change of control clauses.

Defence measures

The Stichting Preferred Shares Cosmo Pharmaceuticals (the 'Foundation') was established on 17 May 2016. By virtue of the Company's Articles of Association 36,047,457 preferred shares can be issued. Furthermore, the Company's Articles of Association (www.cosmopharma.com/investors/corporate-governance/articles-of-association) provide the Board of Directors with the authority to issue and the right to subscribe for 36,047,457 preferred shares for a period of 18 months.

Under a call option agreement entered into during 2016 between the Foundation and the Company, the Foundation has the right to acquire a maximum number of preference shares as equals 100% of the Company's issued ordinary share capital immediately prior to the exercise of the call option, minus one share. This will entitle the Foundation to 50% minus one vote of the total voting rights after the issuance of such preferred shares, assuming the Foundation has exercised the call option in full.

The objectives and purpose of the Foundation are to promote the interests of the Company, the enterprise affiliated with it and all stakeholders involved, resisting, among other things, as much as possible, all influences that could threaten the continuity, independency or identity of the same. The Foundation shall exercise the voting rights attached to the preferred shares issued to the Foundation, independently and at its sole discretion, in accordance with its objectives and purpose.

The Foundation did not acquire any preferred shares in 2024 and 2023.

The Board of the Foundation consists of the following members: (i) Gerald Herz and (ii) Maurizio Baldassarini. The Foundation is an independent legal entity within the meaning of the Dutch Act on Financial Supervision (Wet op het financieel toezicht).

2.8 Corporate Governance Report – 2.8.8 Auditors

Duration of the mandate and term of office of lead auditor

Deloitte Accountants B.V. was appointed as Cosmo's new independent auditor for the financial year ending on 31 December 2024, at the extraordinary general meeting held on 18 October 2024, following the recommendation by Cosmo's audit committee and the nomination by the Board of Directors. The lead audit partner is Louise Zwama-Bombeeck.

Cosmo's previous auditor, BDO Audit & Assurance B.V., the Netherlands, have been auditors of the Company since 2016 until the financial year ending 31 December 2023. Having given consideration to good governance practices in relation to rotation of auditors, the Board of Directors proposed to select a new independent auditor.

Audit fees

The following fees were charged by Deloitte Accountants B.V. and its network firms to Cosmo and its subsidiaries, as referred to in Section 2:382a (1) and (2) of the Netherlands Civil Code. These fees relate to the services that were performed during the financial year, including accruals of those fees related to the audit:

	Deloitte Accountants B.V.	Other Deloitte network	Total Deloitte
	2024	2024	2024
Audit of the financial statements	323	248	571
Other audit engagements	–	–	–
Tax filing services	–	–	–
Other non-audit services	–	–	–
Total	323	248	571

The following fees were charged by BDO Audit & Assurance B.V. and its network firms to the Company, its subsidiaries and other consolidated companies, as referred to in Section 2:382a (1) and (2) of the Netherlands Civil Code.

	BDO Audit & Assurance B.V.		Other BDO network		Total BDO	
	2024	2023	2024	2023	2024	2023
Audit of the financial statements	463	238	37	155	500	393
Other audit engagements	–	–	–	–	–	–
Tax filing services	–	–	–	4	–	4
Other non-audit services	–	–	–	4	–	4
Total	463	238	37	163	500	401

These fees pertain to the audits of the 2024 and 2023 financial statements for services performed during the financial year, including accruals of those fees related to the audit. The 2024 fees include additional charges for services rendered in 2024 for the finalisation of the 2023 financial statements audit.

Information instruments pertaining to the external audit

The Audit Committee has primary responsibility for overseeing the relationship with, and the performance of, the external auditor. This includes making recommendations to the Board on the appointment, reappointment or removal of the external auditor. The final approval of the external auditors is made by the shareholders at the General Meeting of shareholders. The external auditors meet with the Audit Committee to present their plan, scope, audit approach, budget and audit results. During the year, the external auditor presented a Board Report to the Audit Committee which represents a report on the audit. The Audit Committee also met with the external auditor without management to discuss any issues that may have arisen during the audit of the Group's Consolidated Financial Statements.

The Audit Committee is responsible for ensuring that the external auditor is independent and for implementing appropriate safeguards where the external auditor also provides non-audit services to the Group. The Audit Committee assesses the performance of the external auditor each year by reviewing the quality of audit presentations and communications, reviewing risk identification by the external auditor and reviewing delivery against the audit plan. During the year, Deloitte confirmed their independence from the Group.

2.8 Corporate Governance Report – 2.8.9 Information policy and 2.8.10 Other disclosures

Information policy

Cosmo is committed to a clear, transparent, consistent and non-selective disclosure of material information. In accordance with Dutch law and the SIX Swiss Exchange rules, Cosmo provides complete and detailed information in annual and half-year reports. The Company publishes additional information on important events.

The Company is committed to keeping its investors fully apprised of the Company's developments. The Chairman, CEO, CFO and Head of Investor Relations are responsible for communication with the financial community.

The Company adheres strictly to the ad hoc publicity rules of the SIX Swiss Exchange and has issued all press releases to a wide range of international agencies as required by the SIX Swiss Exchange. In selective cases such as the presentation of the half-year report, the Company has also invited shareholders and the financial press to conference calls and selective news events.

The Company website can be accessed at www.cosmopharma.com. The site contains information including press releases, financial statements, information on our products and Cosmo's clinical development pipeline. The investor section of the Company website can be accessed at www.cosmopharma.com/investors, and this section includes share price information, latest presentations, financial reports and upcoming events.

Quiet periods

Our Insider Trading Policy sets out internal guidance and rules on the proper handling of inside information and for trading in Cosmo's shares or other securities. According to our Insider Trading Policy, each member of the Company's Board of Directors and Group Management, any other person having a leading position in the Company and any person with access to insider information are designated as Insiders and are prohibited from trading in Cosmo shares or other securities during the blocking periods.

Ordinary blocking periods, commence during the period beginning 10 calendar days before the first draft of the Company consolidated financial statements are scheduled to be prepared and ending on (and including) the business day following the public release of financial performance data for such financial reporting period. During these periods, trading in Cosmo shares or other securities (irrespective of whether or not the Insider has insider information) is not allowed.

In addition to the ordinary blocking periods, each of the Chairman, the CEO and the CFO of Cosmo are authorised to prohibit specific Insiders from trading in Cosmo shares or other securities in relation to potential insider information. No Insider shall trade in Cosmo shares or other securities for as long as they are subject to such prohibition.

Irrespective of whether an extraordinary blocking period has been declared in accordance with the previous paragraph, any Insider who is aware of insider information and/or of a postponement of a disclosure of a price-relevant fact in accordance with the ad hoc publicity rules of the SIX Swiss Exchange shall refrain from trading in Cosmo shares or other securities.

Dutch Corporate Governance Code

Cosmo is subject to various corporate governance requirements and best practice provisions such as: (i) the Swiss Code of Best Practice for Corporate Governance; (ii) the SIX Swiss Exchange Directive on Information relation to Corporate Governance; and (iii) the Dutch Corporate Governance Code 2022 which became effective on 20 December 2022 ('Code').

As a Dutch company listed on the SIX Swiss Exchange, Cosmo is subject to the Code and is required to disclose in its statutory annual report, filed in the Netherlands, whether or not it complies with the provisions of the Code. If the Company does not comply with the Code, it must state the reasons in connection therewith in its Annual Report.

The Company has decided not to apply the Code at this point in time. The reasons for the Company not applying the Code in respect of its 2024 annual accounts are that:

(i) the Company is listed on the SIX Swiss Exchange with most of its investors residing outside the Netherlands;
(ii) the Company's business focus is very international and outside of the Netherlands; and
(iii) as SIX investors are more familiar with Swiss Governance rules than the Code, the Company complies with the Swiss Code of Best Practice for Corporate Governance, which can be found at www.economiesuisse.ch, and the SIX Swiss Exchange Directive on Market Information, which can be found at www.six-swiss-exchange.com.

The Board of Directors acknowledges the importance of good corporate governance, including those rules as reflected in the Code. Therefore, the Company intends to continue to monitor the developments in corporate governance to consider whether or not it shall apply the principles and best practice provisions of the Code in the future.

2.9 Responsibilities in respect of the Annual Report

In accordance with Section 5:25c, paragraph 2 of the Dutch Financial Supervision Act, the Board of Directors of the Company hereby declare that, to the best of their knowledge:

- The annual financial statements for the financial year 2024 give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and its consolidated entities;
- The Directors' Report provides a true and fair view of the position of the Company and its related entities whose financial information has been consolidated in the annual financial statements as at the balance sheet date 31 December 2024 and of their state of affairs during the financial year 2024; and
- The Directors' Report describes the principal risks that the Company and the Group faces.

The Board of Directors

Mauro Ajani
Alessandro Della Chà
Giovanni Di Napoli
Niall Donnelly
John O'Dea
Silvana Perretta
Maria Grazia Roncarolo

Dublin, Ireland
20 March 2025

Consolidated Financial Statements

3.1 Consolidated income statement

EUR 1,000	Notes	31 December 2024	31 December 2023 (Restated)[1]
Revenue	5	**266,788**	**92,780**
Cost of sales	6	(45,359)	(39,340)
Gross profit		**221,429**	**53,440**
Other income[1]		3,662	1,917
Research and development costs[1]		(39,927)	(27,296)
Selling, general and administrative (SG&A) costs	35	(36,282)	(29,936)
Net operating expenses	6	**(72,547)**	**(55,315)**
Operating profit		**148,882**	**(1,875)**
Financial income		4,658	5,463
Financial expenses		(173)	(10,077)
Net financial expense	7	**4,485**	**(4,614)**
Profit before taxes		**153,367**	**(6,489)**
Income tax expenses	8	(20,176)	(4,214)
Profit/(loss) for the year		**133,191**	**(10,703)**
Profit/(loss) attributable to[1]:			
Owners of the Company		133,236	(10,783)
Non-controlling interest	34	(45)	80
Earnings/(loss) per share[1]:			
Basic	9	8.145	(0.670)
Diluted	9	8.115	(0.670)

The notes form an integral part of the Consolidated Financial Statements.

3.2 Consolidated statement of other comprehensive income

EUR 1,000	Notes	31 December 2024	31 December 2023 (Restated)[1]
Profit/(loss) for the year (A)		**133,191**	**(10,703)**
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Gain/(loss) on equity instruments measured at FVOCI		1,091	(4,979)
Income tax	8	(558)	–
Remeasurement of defined benefit liability	24	(7)	(32)
Total items that will not be reclassified subsequently to profit or loss (B1)		**526**	**(5,011)**
Items that may be reclassified subsequently to profit or loss			
Gain on debt instruments measured at FVOCI		372	62
Income tax	8	(75)	(21)
Exchange differences on translating foreign operations		28	(13)
Total items that may be reclassified subsequently to profit or loss (B2)		**325**	**28**
Total other comprehensive income/(loss), net of tax (B1)+(B2)=(B)		**851**	**(4,983)**
Total comprehensive income/(loss) (A)+(B)		**134,042**	**(15,686)**
Total comprehensive income/(loss) attributable to[1]:			
Owners of the Company		134,087	(15,766)
Non-controlling interest	34	(45)	80

The notes form an integral part of the Consolidated Financial Statements.

[1] Restated 2023 comparative figures to reflect the impact of change in accounting policy on internal development costs. See note 4 of the consolidated notes to the financial statements.

3.3 Consolidated statement of financial position

EUR 1,000	Notes	As at 31 December 2024	2023 (Restated)[1]
ASSETS			
Non-current assets			
Property, plant and equipment	10	29,088	28,588
Goodwill	11	24,005	24,005
Other intangible assets[1]	13	331,925	338,363
Financial assets	14	31,840	3,286
Deferred tax assets[1]	15	18,716	19,825
Other receivables and other assets	16	8,940	9,752
Total non-current assets		**444,514**	**423,819**
Current assets			
Inventories	17	13,510	14,198
Contract assets	5	–	–
Trade receivables	18	18,941	28,454
Current tax and other tax assets	19	9,967	3,760
Other receivables and other assets	16	16,877	5,539
Current financial assets	14	98,667	–
Cash and cash equivalents	20	44,296	50,275
Total current assets		**202,258**	**102,226**
TOTAL ASSETS		**646,772**	**526,045**

EUR 1,000	Notes	As at 31 December 2024	2023 (Restated)[1]
EQUITY			
Share capital		4,562	4,562
Share premium		243,565	243,565
Reserves[1]		(72,861)	(72,009)
Retained earnings[1]		323,064	220,699
Equity attributable to owners of the Company		**498,330**	**396,817**
Non-controlling interests[1]	34	6,761	6,806
TOTAL EQUITY	21	**505,091**	**403,623**
LIABILITIES			
Non-current liabilities			
Interest-bearing loans and borrowings	22	1,384	942
Employee benefits	24	652	559
Deferred tax liabilities[1]	25	90,811	92,610
Other non-current liabilities	12, 23	566	3,195
Total non-current liabilities		**93,413**	**97,306**
Interest-bearing loans and borrowings	22	817	897
Trade payables	26	10,570	11,560
Current tax liabilities	27	19,954	2,166
Other current liabilities[1]	28	16,927	10,492
Total current liabilities		**48,268**	**25,115**
TOTAL LIABILITIES		**141,681**	**122,421**
TOTAL EQUITY AND LIABILITIES		**646,772**	**526,044**

The notes form an integral part of the Consolidated Financial Statements.

[1] Restated 2023 comparative figures to reflect the impact of change in accounting policy on internal development costs. See note 4 of the consolidated notes to the financial statements.

3.4 Consolidated cash flow statement

EUR 1,000	Notes	31 December 2024	31 December 2023 (Restated)[1]
Profit for the period before tax		**153,367**	**(6,971)**
Adjustments for:			
Depreciation and amortisation[1]	6	12,285	11,849
Patent write-off		623	134
Movement in employee benefits/pension provision		86	121
Share-based payment expenses		2,074	3,826
Financial expenses – net		(56)	7,813
Gain on sale of financial investments		(2,354)	(950)
Net unrealised foreign exchange differences		(685)	(438)
Increase in fair value of contingent consideration liability	12	2,973	5,392
Write-off of trade receivables and loan receivables	6	2,431	1,023
Gain from reversals of provisions		(977)	–
Reversal of contract asset	5	–	3,943
Operating cash inflows before changes in working capital		**169,767**	**25,742**
Change in inventories		687	(2,700)
Change in trade receivables and contract assets		9,237	5,192
Change in trade payables		(13)	904
Change in other receivables and other assets		(11,954)	216
Change in deferred income		–	1,398
Change in other liabilities		5,334	(2,261)
Change in withholding tax receivables		26	1,743
Change in other current tax assets/liabilities[1]		(3,204)	(3,546)
Cash flows from operating activities		**169,880**	**26,688**
Income taxes paid – net		(7,469)	(3,980)
Net cash flows from operating activities		**162,411**	**22,708**

EUR 1,000	Notes	31 December 2024	31 December 2023 (Restated)[1]
Investments in property, plant and equipment	10	(4,552)	(3,347)
Investments in other intangible assets[1]	13	(1,101)	(1,049)
Investments in bonds and funds	14	(157,364)	(60,956)
Interest received from investments in funds and bonds		226	831
Proceeds from disposal of investment in bonds and funds	14	33,910	117,739
Cash flows from investing activities		**(128,881)**	**53,218**
Payment for redemption of convertible bonds	22	–	(175,000)
Interest paid on convertible bonds	22	–	(4,375)
Repayments of loans and leases and related interests	22	(1,076)	(1,028)
Purchase of treasury shares	21	(5,931)	(12,475)
Sale of treasury shares	21	3,377	687
Payment of contingent consideration related to Linkverse acquisition	12	(4,500)	(2,000)
Dividends/distributions paid	21	(32,094)	(16,890)
Dividends paid to Cassiopea NCI		–	(185)
Cash outflows from financing activities		**(40,224)**	**(211,266)**
Net decrease in cash and cash equivalents		**(6,694)**	**(135,340)**
Cash and cash equivalents at the beginning of the period		**50,275**	**185,825**
Net foreign exchange differences		715	(210)
Cash and cash equivalents at the end of the period		**44,296**	**50,275**
Cash at hand		13	12
Bank accounts		44,283	50,263
Total cash and cash equivalents at the end of the period	20	**44,296**	**50,275**

The notes form an integral part of the Consolidated Financial Statements.

[1] Restated 2023 comparative figures to reflect the impact of change in accounting policy on internal development costs. See note 4 of the consolidated notes to the financial statements.

3.5 Consolidated statement of changes in equity

	Attributable to owners of the Company													
	Number of shares (#)	Share capital	Share premium	Legal and other reserves	Treasury shares	Stock option plan reserve	Fair value reserve	Equity component of convertible bond	Employee benefits actuarial gains/(losses) reserve	Currency translation reserve	Retained earnings	Total	Non-controlling interests	Total equity
Net equity as at 1 January 2023	**17,543,522**	**4,562**	**243,565**	**55,340**	**(89,796)**	**31,019**	**(50,183)**	**7,011**	**(182)**	**843**	**254,748**	**456,927**	**6,861**	**463,788**
Effect of change in accounting policy on internal development costs (Note 4)	–	–	–	(5,503)	–	–	–	–	–	–	(13,812)	(19,315)	52	(19,263)
Net equity as at 1 January 2023 (Restated)	**17,543,522**	**4,562**	**243,565**	**49,837**	**(89,796)**	**31,019**	**(50,183)**	**7,011**	**(182)**	**843**	**240,936**	**437,612**	**6,913**	**444,525**
Total comprehensive income for the period														
Profit/(loss) for the period	–	–	–	–	–	–	–	–	–	–	(10,783)	(10,783)	80	(10,703)
Other comprehensive loss for the period	–	–	–	–	–	–	(4,938)	–	(32)	(13)	–	(4,983)	–	(4,983)
Total comprehensive income/(loss) for the period	**–**	**–**	**–**	**–**	**–**	**–**	**(4,938)**	**–**	**(32)**	**(13)**	**(10,783)**	**(15,766)**	**80**	**(15,686)**
Transactions with owners of the Company														
Dividends payment	–	–	–	–	–	–	–	–	–	–	(16,890)	(16,890)	(187)	(17,077)
Personnel cost for stock options	–	–	–	–	–	3,826	–	–	–	–	–	3,826	–	3,826
Forfeited stock options	–	–	–	–	–	(1,510)	–	–	–	–	1,510	–	–	–
Expired stock options	–	–	–	–	–	(11)	–	–	–	–	11	–	–	–
Purchase of treasury shares – net of sales	–	–	–	–	(11,511)	–	–	–	–	–	(277)	(11,788)	–	(11,788)
Movement in legal reserves	–	–	–	642	–	–	–	–	–	–	(819)	(177)	–	(177)
Release of equity component of convertible bond to retained earnings upon maturity	–	–	–	–	–	–	–	(7,011)	–	–	7,011	–	–	–
Total transactions with owners of the Company	**–**	**–**	**–**	**642**	**(11,511)**	**2,305**	**–**	**(7,011)**	**–**	**–**	**(9,277)**	**(25,029)**	**(187)**	**(25,216)**
Net equity as at 31 December 2023 (Restated)	**17,543,522**	**4,562**	**243,565**	**50,479**	**(101,307)**	**33,324**	**(55,121)**	**–**	**(214)**	**830**	**220,699**	**396,817**	**6,806**	**403,623**

Refer to page 76 of the Annual Report 2022 for the consolidated statement of changes in equity for the year ended 31 December 2022 which can be found at the following link: https://www.cosmopharma.com/investors/financial-reports

	Number of shares (#)	Share capital	Share premium	Legal and other reserves	Treasury shares	Stock option plan reserve	Fair value reserve	Equity component of convertible bond	Employee benefits actuarial gains/(losses) reserve	Currency translation reserve	Retained earnings	Total	Non-controlling interests	Total equity
Net equity as at 1 January 2024 (Restated)	**17,543,522**	**4,562**	**243,565**	**50,479**	**(101,307)**	**33,324**	**(55,121)**	**–**	**(214)**	**830**	**220,699**	**396,817**	**6,806**	**403,623**
Total comprehensive income for the period														
Profit/(loss) for the period	–	–	–	–	–	–	–	–	–	–	133,236	**133,236**	(45)	133,191
Other comprehensive loss for the period							830	–	(7)	(28)	–	**851**	–	851
Release of cumulative FV losses from disposal of investments in FVOCI	–	–	–	–	–	–	6	–	–	–	(6)	–	–	–
Total comprehensive income/(loss) for the period	**–**	**–**	**–**	**–**	**–**	**–**	**836**	**–**	**(7)**	**28**	**133,230**	**134,087**	**(45)**	**134,042**
Transactions with owners of the Company														
Dividends payment	–	–	–	–	–	–	–	–	–	–	(32,094)	(32,094)	–	(32,094)
Personnel cost for stock options	–	–	–	–	–	2,074	–	–	–	–	–	2,074	–	2,074
Forfeited stock options	–	–	–	–	–	(1,031)	–	–	–	–	1,031	–	–	–
Excercised stock options	–	–	–	–	–	(3)	–	–	–	–	3	–	–	–
Purchase of treasury shares – net of sales	–	–	–	–	(2,802)	–	–	–	–	–	248	(2,554)	–	(2,554)
Movement in legal reserves	–	–	–	53	–	–	–	–	–	–	(53)	–	–	–
Total transactions with owners of the Company	**–**	**–**	**–**	**53**	**(2,802)**	**1,040**	**–**	**–**	**–**	**–**	**(30,865)**	**(32,574)**	**–**	**(32,574)**
Net equity as at 31 December 2024	**17,543,522**	**4,562**	**243,565**	**50,532**	**(104,109)**	**34,364**	**(54,285)**	**–**	**(221)**	**858**	**323,064**	**498,330**	**6,761**	**505,091**

The notes form an integral part of the Consolidated Financial Statements.

3.6 Notes to the Consolidated Financial Statements

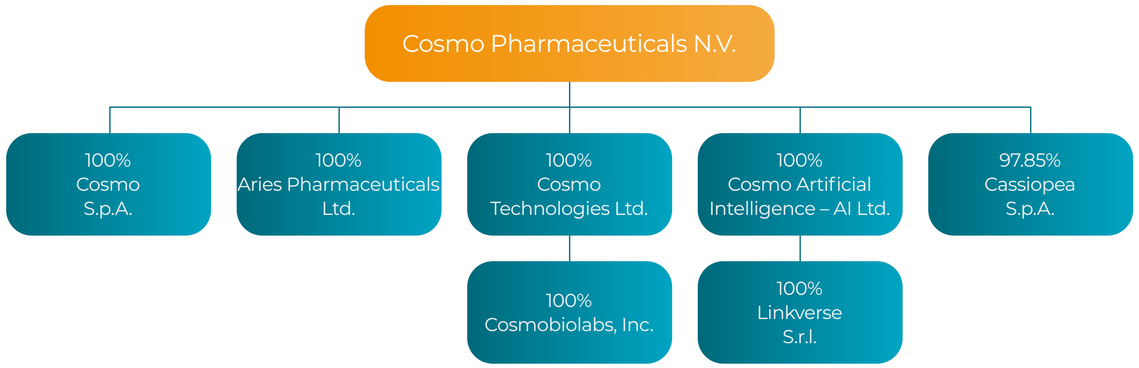
1 General information

Cosmo Pharmaceuticals N.V. with its subsidiaries, ('Cosmo' or 'Cosmo Pharmaceuticals' or the 'Company' or the 'Group'), is a pharmaceutical company registered in the Netherlands with its seat of management at Riverside II, Sir John Rogerson's Quay, Dublin, Ireland, and listed on the SIX Swiss Exchange (SIX: COPN). The Company has a Swiss branch located in Lugano, Switzerland. The Company is registered at the Dutch trade register under number 65617738.

Cosmo is a pharmaceutical company with a focus on gastrointestinal diseases, dermatology and healthtech. Cosmo develops and manufactures products which are distributed globally by its partners.

Since 12 March 2007, Cosmo Pharmaceuticals' shares have been publicly listed on the Swiss Stock Exchange (SIX: COPN). The Company's stock market capitalisation as at 31 December 2024 was equal to CHF 1,117,522,351 (€1,187,337,815).

Group structure as of 31 December 2024:



2 Basis of preparation

Authorisation of Consolidated Financial Statements and compliance with International Financial Reporting Standards

The Consolidated financial statements, together with notes thereto, of Cosmo Pharmaceuticals at 31 December 2024 were authorised for issuance by the Board of Directors on 20 March 2025 and have been prepared in accordance with the International Financial Reporting Standards ('IFRS') as adopted by the European Union ('EU-IFRS') and Part 9 of Book 2 of the Dutch Civil Code. The designation 'IFRS' also includes International Accounting Standards ('IAS') as well as all interpretations of the IFRS Interpretations Committee ('IFRIC').

These financial statements comprise the financial statements of the Company and its subsidiaries as at 31 December 2024. The Consolidated financial statements are prepared under the historical cost method, modified as required for the measurement of certain financial instruments, as well as on a going concern basis. In this respect, the Group's assessment is that no material uncertainties exist about its ability to continue as a going concern.

The Consolidated financial statements are presented in thousands of Euro unless stated otherwise, rounding the amounts to the nearest thousand (EUR 1,000), except when otherwise indicated. Euro is the functional currency of the Company and also the presentation currency for the Group's financial reporting.

For presentation of the Consolidated income statement, the Group uses a classification based on the function of expenses, rather than based on their nature, as it is more representative of the format used for internal reporting and management purposes, and is consistent with international practice in the pharmaceuticals sector. The Consolidated statement of financial position has been prepared presenting assets and liabilities as current and non-current; the Consolidated statement of cash flows presents cash flows from operating activities using the indirect method; and the Consolidated statement of changes in equity includes all the changes in share capital, share premium, reserves, retained earnings attributable to owners of the Group and changes in non-controlling interests.

Going concern

The financial statements are prepared on the basis of the going concern assumption, which assumes that Cosmo Pharmaceuticals will continue to operate as a going concern for the foreseeable future. In the going concern assessment, the Board and management of Cosmo Pharmaceuticals has taken into account both operational and financial aspects and has drawn up a multi-year plan in which the core business processes and their continuity are closely monitored. The financial forecasts are estimated to the best of our knowledge and are expressed in a multi-annual budget. The most important key figures in the context of the going concern assumption as on 31 December 2024 are as follows:

- Operating profit: €148,882 (2023: (€1,875))
- EBITDA[1]: €161,167 (2023: €9,974)
- Operating cash flow: €162,411 (2023: €20,024)
- Cash, cash equivalents and investments[2]: €170,424 (2023: €50,275)

[1] EBITDA is calculated as follows:

	As at 31 December	
EUR 1,000	**2024**	**2023 (Restated)**
Operating profit	148,882	(1,875)
Add: Depreciation and amortisation	12,285	14,261
Earnings before net financial expenses, tax, depreciation and amortisation	**161,167**	**9,974**

[2] Relates to the sum of the Group's cash and cash equivalents and investments in funds at FVTPL and bonds at FVOCI, presented as part of current and non-current financial assets in the Consolidated statement of financial position.

3.6 Notes to the Consolidated Financial Statements continued

2 Basis of preparation continued

Going concern continued

Based on the multi-year forecasts, we expect that the Group will continue to generate sufficient cash flows to continue to meet its obligations in the foreseeable future. On this basis, the Board and management is of the opinion that the going concern of Cosmo Pharmaceuticals N.V. is assured.

External events such as the recent geopolitical conflicts, rising interest rates and inflation are some of the major global issues which draw economic uncertainty during the year. The level and severity of sanctions and restrictions arising from the geopolitical conflicts continues to evolve and will not have a material direct or indirect impact on the Group. Management have considered the measures taken by global organisations, governments and financial systems in their going concern assessment.

3 Changes in accounting policies

New standards, interpretations and amendments effective from 1 January 2024

New currently effective standards and amendments: Accounting standards that are required to be applied by an entity with an annual reporting period beginning on 1 January 2024.

These standards, amendments or interpretations have no impact on the Group in the current or future reporting periods and on foreseeable future transactions.

- Non-current liabilities with covenants – Amendments to IAS 1 and Classification of Liabilities as current or non-current – Amendments IAS 1;
- Lease Liability in a Sale and Leaseback – Amendments to IFRS 16;
- Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7

Standards issued but not yet effective: A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2024, and have not been early adopted in preparing these financial statements. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

Effective 1 January 2025:

- Lack of Exchangeability - Amendments to IAS 21

Effective 1 January 2026:

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

Effective 1 January 2027:

- Presentation and Disclosure in Financial Statements – IFRS 18 (replaces IAS 1)
- Subsidiaries without Public Accountability: Disclosures – IFRS 19

4 Accounting policies

The material accounting policies adopted are detailed below.

Restatement of Consolidated Financial Statements - Change in accounting policy

Previously, the Group applied an accounting policy relating to internal development costs under IAS 38 "Intangible assets" (see note 4E) whereby the likelihood of regulatory approval was one of the factors management considered to determine whether the capitalisation criteria for relevant internally generated intangible assets were met.

Judgement was required to determine the likelihood of regulatory approval in the application of the previous accounting policy, to determine the appropriate point at which the capitalisation criteria were met. The Group notes that this accounting area is subject to judgement as to when it is probable that an intangible asset will generate future economic benefits.

Following a review of the Group's policy in relation to the treatment of internal development costs, the Group has concluded that it is only able to demonstrate the technical feasibility of completing the intangible asset and the ability to use or sell the drugs after marketing approval is obtained. Therefore capitalisation of internal development costs should commence only after obtaining marketing approval from regulatory authorities. The Group has determined that a change in accounting policy should be adopted in accordance with IAS 8, whereby all internal development costs incurred prior to obtaining regulatory approval in a major market should be expensed to "Research and Development" in the consolidated income statement in the period in which they are incurred.

The Group is of the view that the change in accounting policy will provide more insightful and useful information on the Group's financial performance and position, as the revised capitalisation policy will provide better comparability with peer companies and provide more reliable and useful information about the stage of development and expected timelines.

If there had been no change in accounting policy, the 2024 consolidated net operating expenses would have decreased by €14.7 million, tax expenses would have increased by €4.4 million, and profit for the year would have increased by €3.4 million.

The change in accounting policy has been accounted for retrospectively as required under IAS 8 and the prior period has been restated to reflect this change.

The summary table on the next page summarises the impact of the change in accounting policy on the financial statements of the Group. The impact of the change in accounting policy on both the basic and diluted earnings per share is presented in note 9.

3.6 Notes to the Consolidated Financial Statements continued

4 Accounting policies continued

Change in accounting policy continued

	Impacts on Opening Consolidated statement of financial position at 31 December 2023	Impacts on Opening Consolidated statement of financial position at 1 January 2023
Assets		
Intangible assets (decrease)	(30,836)	(22,080)
Deferred tax assets increase	2,694	524
Liabilities		
Decrease in deferred tax liabilities decrease/(increase)	1,924	2,158
Other current liabilities (deferred income on R&D tax credit) decrease	599	135
Total Net Asset Decrease	(25,413)	(19,263)
Total Equity Decrease	**(25,413)**	**(19,263)**

	Impacts on Income Statement Year ended 31 December 2023
Research and development costs increase	(8,569)
Other income related to R&D tax credit increase	464
Net operating expenses decrease	**(8,021)**
Operating loss increase	**(8,021)**
Income tax expense decrease	**2,050**
Loss for the year increase	**(6,055)**

A. Principles of consolidation

(i) Subsidiaries

Subsidiaries are entities over which the Group has control. Control is achieved when the Group has power over the investee, when it is exposed to, or has rights to, variable returns from its involvement with the investee, and has the ability to use its power over the investee to affect the amount of the investor's returns. Subsidiaries are consolidated on a line by line basis from the date on which control is achieved by the Group. The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

The Group recognises a non-controlling interest in the acquiree on a transaction-by-transaction basis, either at fair value or at the non-controlling interest's share of the recognised amounts of the acquiree's identifiable net assets. Net profit or loss and each component of other comprehensive income/(loss) are attributed to equity attributable to owners of the parent and to non-controlling interest.

Total comprehensive income/(loss) of subsidiaries is attributed to equity attributable to the owners of the parent and to the non-controlling interest even if this results in a deficit balance in non-controlling interest. Changes in the Group's ownership interests in a subsidiary that do not result in the Group losing control over the subsidiary are accounted for as an equity transaction. The carrying amounts of the equity attributable to owners of the parent and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary.

Any difference between the carrying amount of the non-controlling interests and the fair value of the consideration paid or received in the transaction is recognised directly in the equity attributable to the owners of the parent.

(ii) Transactions eliminated in consolidation

Unrealised gains and losses arising from transactions with subsidiaries are eliminated to the extent of the Group's interest in those entities.

Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

B. Foreign currency

(i) Foreign currency transactions

The functional currency of the Group's entities is the currency of their primary economic environment.

In individual companies, transactions in foreign currencies are recorded at the exchange rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the exchange rate prevailing at that date. Exchange differences arising on the settlement of monetary items or on reporting monetary items at rates different from those at which they were initially recorded during the period or in previous financial statements, are recognised in the consolidated income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated at exchange rates at the date the fair value was determined.

All assets and liabilities of foreign consolidated companies with a functional currency other than the Euro are translated using the closing rates at the date of the Consolidated statement of financial position.

3.6 Notes to the Consolidated Financial Statements continued

4 Accounting policies continued

B. Foreign currency

(i) Foreign currency transactions continued

Income and expenses are translated into Euro at the average exchange rate for the period. Translation differences resulting from the application of this method are classified as other comprehensive income/(loss) until the disposal of the investment. Average exchange rates for the period are used to translate the cash flows of foreign subsidiaries in preparing the Consolidated cash flow statement.

C. Property, plant and equipment

Property, plant and equipment are stated at cost including related expenses, less accumulated depreciation (see below) and impairment losses.

Property, plant and equipment that are being constructed or developed for future use are classified as assets under construction and stated at cost until construction is complete, at which time they are reclassified as property, plant and equipment.

Where parts of an item of property, plant and equipment have different useful lives, they are separately identified and depreciated on the basis of their estimated useful lives (component approach).

Depreciation is recognised starting from the month in which the asset is available for use or potentially able to provide the economic benefits associated therewith on a systematic basis, whereby the assets are depreciated over their useful lives or, in the event of disposal, until their final month of use.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal (i.e. at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss when the asset is derecognised.

For assets disposed of during the year, depreciation is calculated for the period in which the asset was available for use, excluding assets purchased during the year.

Residual values, useful lives and the depreciation methods are reviewed at the end of every accounting period and adjusted prospectively, if appropriate.

The depreciation rates applied to the items of property, plant and equipment are as follows:

	Time frame
Buildings – owned buildings	33 years
Buildings – leasehold improvements	At the lower of the useful life of the improvement and the residual term of the lease
Plant and machinery – general	10 years
Plant and machinery – specific	8 years
Industrial and commercial equipment	3 years
Other tangible assets – office equipment – electronics	5 years
Other tangible assets – office equipment – furniture	8 years
Other tangible assets – means of internal transportation	5 years

Appurtenance land related to own buildings or purchased through finance leases is stated separately and is not depreciated.

Improvements to third-party assets are classified under property, plant and equipment depending on the nature of the asset to which it refers. The depreciation period is based on the lower of the asset's remaining useful life and the residual duration of the lease of the principal asset.

D. Goodwill

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Any goodwill and fair value adjustments are recorded as assets and liabilities of the acquired business in the functional currency of that business. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units ('CGUs') that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. Goodwill is not amortised but is tested for impairment annually, either individually or at the CGU level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Where goodwill has been allocated to a CGU and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the CGU retained.

3.6 Notes to the Consolidated Financial Statements continued

4 Accounting policies continued

E. Other intangible assets

Other intangible assets are recognised as assets where it is probable that the use of the asset will generate future economic benefits and where the costs of the asset can be determined reliably.

Other intangible assets that are acquired by the Group are measured on initial recognition at cost. Following initial recognition, intangible assets are stated at cost less accumulated amortisation (see below) and impairment losses, if any.

Subsequent expenditures on capitalised intangible assets are capitalised only when they increase the future economic benefits embodied in the specific assets to which they relate. All other expenditure is expensed as incurred.

Other intangible assets with definite useful lives are amortised from the date they are available for use on a straight-line basis over their useful economic lives starting from the date of full commercial use of the product and assessed for impairment whenever there is an indication that the intangible asset may be impaired. Residual amounts, useful lives and the amortisation methods are reviewed at the end of every reporting period. Changes in the expected useful life are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with definite lives is recognised in the Consolidated income statement in the expense category that is consistent with the function of the intangible assets. The estimated useful lives of intangible assets are currently estimated as follows:

	Time frame
Development costs	From date available for use until date of patent expiry
Patents and rights	From start date until date of expiry
Trademarks	10 years
Licences	Duration of licence agreement

Marketed products

Marketed products relate to available for use intangible assets (see Note 13 for further details). These intangible assets are amortised over their estimated useful lives on a straight-line basis and are evaluated for potential impairment whenever facts and circumstances indicate that their carrying value may not be recoverable. Amortisation of these intangible assets commence from date of first launch of the products in the territory/ies where regulatory marketing approval was obtained.

In-process research and development ('IPR&D')

Research and development intangible assets acquired as part of business combinations that have not yet obtained marketing approval or launched are recognised as in-process research and development (IPR&D) and are measured at their fair value at the date of acquisition. Development costs incurred subsequent to acquisition are treated consistently with internally generated development costs. IPR&D intangible assets are not amortised but are evaluated for potential impairment on an annual basis or when the facts and circumstances warrant.

Patents, rights and trademarks

Patents and rights are amortised over their useful life to their date of expiry. Trademarks are amortised over ten years, licences are amortised over the duration of the agreement to which they relate.

F. Financial instruments

Financial assets primarily include trade and other receivables, cash and cash equivalents, investments in other companies, investments in funds and debt instruments that represent temporary investments of available funds and do not satisfy the requirements for being classified as cash equivalents.

Financial liabilities primarily consist of debt, trade payables and other liabilities.

(i) Recognition and initial measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.
A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss ('FVTPL'), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost; fair value through other comprehensive income ('FVOCI') – debt investment; FVOCI – equity investment; or FVTPL. The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. The Group considers whether the contractual cash flows represent solely payments of principal and interest that are consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial assets are classified and measured at FVTPL.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

In order for a financial asset to be classified and measured at amortised cost or FVOCI, it needs to give rise to cash flows that are 'solely payments of principal and interest ('SPPI')' on the principal amount outstanding.

This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at FVTPL, irrespective of the business model.

3.6 Notes to the Consolidated Financial Statements continued

4 Accounting policies continued

F. Financial instruments continued

(ii) Classification and subsequent measurement continued

The following accounting policies apply to the subsequent measurement of financial assets.

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

Factors considered by the Group in determining the business model for a group of financial assets include:

- past experience on how the cash flows for these assets were collected;
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and future sales activity expectations;
- how the asset's performance is evaluated and reported to key management personnel; and
- how risks are assessed and managed, and how management is compensated.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Financial liabilities

Financial liabilities are measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

(iii) Derecognition

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or when the Group transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

When the Group has transferred its rights to receive cash flows from an asset, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability.

The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

(iv) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the Consolidated statement of financial position when, and only when, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(v) Compound financial instruments

Compound financial instruments issued by the Group comprise convertible notes denominated in Euro that can be converted to ordinary shares at the option of the holder, when the number of shares to be issued is fixed.

The liability component of compound financial instruments is initially recognised at the fair value of a similar liability that does not have an equity conversion option. The equity component is initially recognised at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortised cost using the effective interest method. The equity component of a compound financial instrument is not remeasured.

Interest related to the financial liability is recognised in profit or loss. On conversion at maturity, the financial liability is reclassified to equity and no gain or loss is recognised.

3.6 Notes to the Consolidated Financial Statements continued

4 Accounting policies continued

G. Impairment

(i) Financial assets

The IFRS 9 impairment requirements are based on a forward-looking expected credit loss ('ECL') model. ECL is a probability-weighted estimate of the present value of cash shortfalls.

The calculation of the amount of ECL is based on the risk of default by the counterparty, which is determined by taking into account the information available at the end of each reporting period as to the counterparty's solvency, the fair value of any guarantees and the Group's historical experience.

The Group considers a financial asset to be in default when: (i) the borrower is unlikely to pay its obligations in full and without consideration of compensating guarantees or collateral (if any exist); or (ii) the financial asset is more than 90 days past due.

The Group applies two impairment models for financial assets as set out in IFRS 9; the simplified approach and the general approach. The table below indicates the impairment model used for each of our financial asset categories. Impairment losses on financial assets are recognised in the consolidated income statement within the corresponding line items, based on the classification of the counterparty.

Financial asset	IFRS 9 impairment model
Trade and other receivables	Simplified approach
Cash and cash equivalents	General approach
Debt securities carried at FVOCI	General approach

In order to test for impairment, individually significant receivables and receivables for which collectability is at risk are assessed individually, while all other receivables are grouped into homogeneous risk categories based on shared risk characteristics such as instrument type, industry or geographical location of the counterparty.

The simplified approach for determining the lifetime ECL allowance is performed in two steps:

- All trade receivables that are in default, as defined above, are individually assessed for impairment.
- A general reserve is recognised for all other trade receivables (including those not past due) based on historical loss rates and adjusted to current and forward-looking information.

The Group applies the general approach as determined by IFRS 9 by assessing at each reporting date whether there has been a significant increase in credit risk on the financial instrument since initial recognition. The Group considers receivables to have experienced a significant increase in credit risk when certain quantitative or qualitative indicators have been met or the borrower is more than 30 days past due on its contractual payments.

The Group's debt instruments at FVOCI comprised solely of quoted bonds that are graded in the top investment category (Good to Very High) by Moody's and Standard and Poor's ('S&P') rating agencies and, therefore, are considered to be low credit risk investments. It is the Group's policy to measure ECLs on such instruments on a 12-month basis. The Group uses the ratings from these rating agencies both to determine whether the debt instrument has significantly increased in credit risk and to estimate ECLs.

The 'three stages' for determining and measuring the impairment based on changes in credit quality since initial recognition are summarised below:

Stage	Description	Time period for measurement of ECL
Stage 1	A financial instrument that is not credit-impaired on initial recognition or that have low credit risk at the reporting date. For these assets, 12-month ECLs are recognised and interest revenue is calculated on the gross carrying amount of the asset.	12-month ECL
Stage 2	A financial instrument with a significant increase in credit risk since initial recognition but are not credit-impaired. For these assets, lifetime ECLs are recognised, and interest revenue is still calculated on the gross carrying amount of the asset.	Lifetime ECL
Stage 3	A financial instrument that is credit-impaired or has defaulted (that is, where one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred). For these assets, lifetime ECLs are also recognised, but interest revenue is calculated on the net carrying amount (that is, net of the ECL allowance).	Lifetime ECL

Considering forward-looking economic information, ECL is determined by projecting the probability of default, exposure at default and loss given default for each future contractual period and for each individual exposure or collective portfolio. The discount rate used in the ECL calculation is the stated effective interest rate or an approximation thereof. Each reporting period, the assumptions underlying the ECL calculation are reviewed and updated as necessary. Since adoption, there have been no significant changes in estimation techniques or significant assumptions that led to material changes in the ECL allowance.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

3.6 Notes to the Consolidated Financial Statements continued

4 Accounting policies continued

G. Impairment continued

(i) Financial assets continued

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write-off

The gross carrying amount of a financial asset is written off to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that a debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities.

(ii) Impairment of property, plant and equipment and intangible assets

The carrying amounts of the Group's tangible and intangible assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

For goodwill assets that have an indefinite useful life and intangible assets that are not yet available for use, the recoverable amount is estimated at each balance sheet date.

An impairment loss is recognised whenever the carrying amount of an asset or its CGU exceeds its recoverable amount. Impairment losses are recognised in the income statement.

The recoverable amount is the higher of an asset's fair value less costs of disposal, if there is an active market, and its value in use. If there is no binding sales agreement, the fair value is estimated at the amount expressed by an active market, by recent transactions or on the basis of the best available information indicating the amount that the Company would obtain from the asset's sale.

Value in use is the present value of the estimated future cash flows expected to arise from the continuing use of an asset or CGU and from its disposal at the end of its useful life. The cash flows are determined on the basis of reasonable and documented assumptions representing the best estimate of the future economic conditions that will take place over the residual useful life of the asset, giving greatest weight to external indicators. The discounting rate (pre-tax) takes into account the risk implicit in the business sector and the financial component based on the timing.

With the exception of losses on goodwill, impairments in value are reversed when there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

H. Inventories

Inventories are stated at the lower of acquisition or production cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and selling expenses.

The cost of inventories is determined using weighted average cost method and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, the cost includes an appropriate share of overhead costs that may reasonably be attributable to the performance of manufacturing activities in normal operating conditions.
A provision for inventories is calculated to take into account obsolete and slow-moving items, considering their possible future use and realisable value. Estimated realisable value represents the estimated sales price in normal business, net of estimated costs to sell.

I. Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and bank accounts, which also include short-term highly liquid call deposits that are with a maturity of three months or less that are held for the purpose of meeting short-term cash commitments and are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value.

J. Employee benefits

(i) Defined contribution pension plans

Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement as incurred.

(ii) Employee termination benefits

The employee termination benefit (trattamento di fine rapporto ('TFR')) only applies to the Italian companies of the Group, and is considered as a defined benefit plan under IAS 19 Employee Benefits. The benefits guaranteed to employees, in the form of the employee termination benefit paid out upon leaving the Company, are recognised in the period in which the right matures. The relating liability is calculated by an actuary as per IAS 19 Employee Benefits on the basis of actuarial assumptions and the benefit vested and not yet paid out at the balance sheet date, applying the criteria required by the Italian law.

The discounting process is based on demographic and financial assumptions, using the Projected Unit Credit Method (vested benefit method) applied by professional actuaries as per requirements of IAS 19 Employee Benefits. This method involves calculating the average present value of the vested pension benefit on the basis of the employee's service rendered to the measurement date, based on a projection of the employee's remuneration.

The amount of employee benefits that vested during the year is recognised in the income statement as labour costs. Net financial income/(expense) is recognised in the income statement. Actuarial gains and losses that arise from changes in the actuarial assumptions used are recognised in the statement of comprehensive income.

3.6 Notes to the Consolidated Financial Statements continued

4 Accounting policies continued

J. Employee benefits continued

(ii) Employee termination benefits continued

Specifically, in accordance with 2007 Finance Law, only the liability for vested employee severance benefits that remained at the Company is valued for IAS 19 purposes, since the portion applicable to future vesting benefits is being paid to separate entities, the Company has no further obligations with regard to the work that employees will perform in the future (so-called defined contribution plan).

(iii) Forms of remuneration involving participation in stock capital (stock option plans)

The Group grants additional benefits to the Board and senior management and key employees through stock option plans. Pursuant to IFRS 2 *Share-based Payment*, these plans represent a form of remuneration for the beneficiaries.

The cost is equal to the fair value as calculated on the date the option rights are granted and is recorded in the income statement on a straight-line basis over the vesting period, i.e. the period between the date the stock option rights were granted and the date the rights matured. The corresponding entry is made directly to shareholders' equity. Changes in fair value after the grant date do not have an effect on the initial valuation. At each balance sheet date, the Group revises its estimate of the number of options that are expected to become exercisable. The Group accounts for cancellation options as acceleration of vesting and recognises the amount that otherwise would have been recognised for services received over the remainder of the vesting period. This amount is calculated based on an estimate, on the date of cancellation, of how many instruments are expected to vest at the original (future) vesting date. The Group accounts for a modification which reduces the number of options as a partial cancellation, even if there is a concurrent change to the exercise price of the remaining options.

The Group recognises the impact of the revision to original estimates, if any, in the income statements, with a corresponding adjustment to equity. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

K. Provisions

Provisions are recorded when:

- the Group has an obligation, legal or constructive, to third parties;
- it is probable that resources will be expensed in order to meet the obligation; and
- a reliable estimate of the amounts of the obligation can be made.

A constructive obligation is defined as an obligation arising when the Group has made other parties aware, by way of routine procedure, public company policy or a sufficiently specific announcement, that it accepts the obligation in a way that, as a consequence, it leads the third party to believe that the Group will honour its obligation. Provisions for risks and charges are recognised at an amount that represents the best estimate of the amount the Group will have to pay in order to settle the obligation, or otherwise transfer it to third parties at the end of the year.

When the effect of the time value of money is material and the payment dates for the obligations may be estimated reliably, the provision is calculated by discounting the estimated future financial cash flows using a pre-tax discount rate in order to reflect the current market assessments of the current value of money and the specific risks connected to the liabilities. Following discounting, the increase in the provision is recognised as financial expenses.

The provisions are updated regularly to reflect changes in cost estimates, settlement times and the discount rate. Reviews of the estimate of the provisions are recognised under the same income statement caption where the provision was previously recognised.

L. Revenue

Manufacturing of generic products, specialty drugs and related services (CDMO activity)

Revenue from the manufacturing of generic products, specialty drugs and related services (CDMO activity) is recognised when control is transferred to the customer and that the performance obligations are satisfied at the time of shipment to the customer, or at the time of receipt of the products by the customer, or when the services are performed. Revenue for rendering of services is recognised upon performance of the said service which is considered as the point in which control is transferred. Therefore, revenue is recognised and invoices are generated at that point in time. Invoices are usually payable within 30 days.

The determination of when control transfers is straightforward, with no significant judgments required. This is because the performance obligation is clearly defined, and the timing of control transfer aligns with observable events (shipment, receipt, or service completion). As such, revenue is recognized when these predefined criteria are met, and no complex judgments are involved.

Manufacturing of own products and related services (MMX® products and Healthtech product)

Revenue from the manufacturing of own products and related services (MMX® products and Healthtech product) is recognised when control is transferred to our customers and our performance obligations are satisfied at the time of shipment to the customer, or at the time of receipt of the products by the customer, or when the services are performed. Revenue for rendering of services is recognised upon performance of the said service which is considered as the point in which control is transferred. No significant judgements are involved in the revenue recognition for this revenue stream.

The nature of the obligation and the timing of control transfer are clear and consistent. Given the straightforward nature of this process, significant judgment in determining the timing or amount of revenue is not required.

3.6 Notes to the Consolidated Financial Statements continued

4 Accounting policies continued

L. Revenue continued

Licence fees, up-front fees and milestones

The nature of the Group's promise in granting the licence to its customers is to grant the customer with the right to use of the intellectual property ('IP'). As the IP licenced has significant stand-alone functionality and the licensee / licensor does not perform any activities that affect that functionality, the transaction price being the upfront payment, is recognised at a point of time. The promise to grant the licence is distinct from other promised goods or services in the contract and, therefore, the promise to grant the licence is a separate performance obligation. The Group accounts for the licence as a performance obligation satisfied at a point in time. Revenue is recognised at the point when the performance obligation to transfer the licence to the counterparty (the licensee/s) is satisfied in accordance with IFRS 15.B52-B63B, generally once the licence agreement becomes effective, when the closing conditions of the agreement are fulfilled and when the Group has obtained the right to payment of the upfront fees.

In case of milestone fees/payments, revenue is recognised when the performance obligation is satisfied/partially satisfied and milestone criteria is highly probable to be met. Milestone criteria refer to events such as NDA acceptance or approval, marketing authorisation of the product in the territory, achievement of sales targets, etc. Each milestone payment is allocated to its respective performance obligation, with no interplay between them in terms of pricing as the respective performance obligations require the fulfilment of separate deliverables which are not dependent on each other. Invoices are issued according to contractual terms and are usually payable within 30 days.

Where the consideration promised in a contract includes variable consideration, the amount of consideration to which the Group will be entitled is recognised as revenue only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is resolved (if the probability threshold mentioned above is no longer met, the revenue that was previously recognised is reversed. Any related contract asset is reduced accordingly). Variable/contingent considerations included in the contracts relate to milestone payments receivable from the counterparty or licensee. The estimation of future milestones and the "highly probable" criteria requires judgment and is disclosed accordingly in the financial statements.

M. Net operating expenses

Research government grants are recognised at their fair value at the moment in which the issuing body has confirmed its approval and the proceeds are definite; they are recognised in the income statement over the period necessary to match them with the costs that they are intended to compensate.

Expenditures on research activities, undertaken with the prospect of gaining new technical knowledge and understanding, as well as development costs not capitalised, are recognised in the income statement as an expense as incurred.

N. Income tax

The tax charge for the period is determined on the basis of prevailing laws and regulations. Taxes on income are recognised in the income statement except to the extent that they relate to items directly charged or credited in equity or other comprehensive income, in which case the income tax effect is recognised in equity or other comprehensive income respectively.

Deferred tax assets and liabilities are determined on the basis of all the temporary differences between the carrying amount of an asset or liability in the statement of financial position and its corresponding tax basis.

Deferred tax assets resulting from unused tax losses and temporary differences are recognised to the extent that it is probable that future taxable profit will be available against which they can be utilised. Current and deferred income taxes and liabilities are offset when there is a legally enforceable right to offset. Deferred tax assets and liabilities are measured at the substantively enacted tax rates that are expected to apply to taxable income in the periods in which temporary differences will be reversed.

O. Treasury shares

Treasury shares are presented as a deduction from equity. The purchase cost of treasury shares and the sales proceeds of any subsequent sale are presented as movements in equity.

P. Dividend distribution

Dividend distribution to the Company's shareholders is recognised in the Group's Consolidated financial statements in the period in which the dividends are approved by the Company's shareholders.

Q. Earnings per share

Basic earnings per share are calculated dividing the net profit/(loss) attributable to the owners of ordinary shares in the Company (the numerator) by the weighted average number of ordinary shares in issue (the denominator) during the year.

Diluted earnings per share is calculated by adjusting the net profit/(loss) attributable to owners of ordinary shares and the weighted average number of ordinary shares during the year to take account of all potential ordinary shares with a diluting effect. A potential ordinary share is a financial instrument or other contract that could give its owner the right to obtain ordinary shares.

3.6 Notes to the Consolidated Financial Statements continued

4 Accounting policies continued

R. Segment reporting

Management has identified the pharmaceutical segment as the only business segment. Management did not identify other operating segments to which specific and different risks and benefits can be related to and management reports to support the decision process are regularly and consistently prepared. Moreover, management did not believe that costs of investments could be reasonably allocated unless through an arbitrary allocation, which would not provide a better disclosure than that provided by the pharmaceutical sector, considered as a whole. In particular, under the Group's current organisational structure most of the investments made and costs incurred by the Group while performing its production activities cannot be allocated to a specific geographical area or that, to date, segment reporting by either geographical area or products or customers would not improve the understanding of the Group's results or the presentation of risks and profitability. The necessary information about the Group's revenue by geographical area is not available and the cost to develop it would be excessive.

S. Critical accounting estimates, assumptions and judgements

The preparation of the Consolidated financial statements and the related notes requires the use of estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income and expenses. Such estimates and assumptions are based on accumulated experience and on other factors deemed to be appropriate in the calculation of the carrying amounts of assets and liabilities that cannot be measured on the basis of other sources. However, as they are estimates, actual future results could differ from those included in the Consolidated financial statements. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and any future period affected.

Accounting estimates that require the more subjective judgement of management in making assumptions or estimates regarding the effects of matters that are inherently uncertain and for which changes in conditions may significantly affect the results reported in the Consolidated financial statements, are reported below.

(i) Impairment of non-financial assets

Management has reviewed the carrying amount of property, plant and equipment, goodwill, other intangible assets and financial assets at balance sheet date to determine whether there was any indication of impairment. See accounting policy in Note 4(G)(ii) for further information.

(ii) Deferred tax assets

The Group has a considerable amount of tax losses carried forward and temporary differences between carrying amount of assets and liabilities for financial reporting purposes and for taxation purposes that allow for the recognition of deferred tax assets. Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, determined on the basis of future results forecasts.

(iii) Development costs

Development costs are capitalised in accordance with the accounting policy detailed in Note 4(E). Development costs associated to Eleview® (CB-17-04) were capitalised from the start of 2016. Management believes that capitalisation criteria were met from that date. The development projects are progressing in line with technical and economic plans and having been reviewed, management confirms the recoverability of the relevant capitalised costs based on probable future economic benefits. See Note 13 for further information.

(iv) Revenue recognition: estimation of future milestones

The amount of revenue is recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. See accounting policy in Note 4(L) for further information.

(v) Fair value measurement of share-based compensation expenses

The Group has granted stock options to some of its employees and Directors. Since there is no market for trading stock options, management must use a fair-value method to value the stock options. Fair-value methods require management to make several assumptions, the most significant of which are the selection of a fair value model, stock price volatility and the average life of an option.

The fair value of the stock options is determined separately by an external appraiser. Estimates have been based on Company history or market data where appropriate. There is no certainty that the results of a fair-value method would be the value at which the stock options would be traded for cash. Should different assumptions be used, the expenditure recognised could be different. Additional information is reported in accounting policy Note 4(J)(iii).

3.6 Notes to the Consolidated Financial Statements continued

5 Revenue

A. Disaggregation of revenue by revenue stream

EUR 1,000	31 December 2024	2023
Recurring:		
Manufacturing:		
Manufacturing of own products	45,434	54,520
Manufacturing of generic products, specialty drugs and related services	15,168	15,005
Royalties	13,694	12,216
Other revenues from sales	2,228	1,952
Recurring revenue	**76,524**	**83,693**
Project-based:		
Licence fees, up-front fees and milestones	190,264	9,087
Project-based revenue	**190,264**	**9,087**
Total revenue	**266,788**	**92,780**

B. Disaggregation of revenue by type of product

EUR 1,000	31 December 2024	2023
Own products	249,392	75,823
Third-party products	17,396	16,957
Total revenue	**266,788**	**92,780**

C. Disaggregation of revenue by product/brand

EUR 1,000	2024	2023
GI Genius™	192,092	8,633
Eleview®	1,473	4,194
Healthtech	**193,565**	**12,827**
Winlevi®	17,400	19,454
Dermatology	**17,400**	**19,454**
Lialda®/Mezavant®/Mesavancol®	29,025	35,627
Uceris®/Cortiment®	8,189	7,479
Contract manufacturing (CDMO)	15,213	14,628
Others	3,396	6,708
Gastroenterology and CDMO	**55,823**	**64,442**
Revenue cumulative catch-up adjustment	–	(3,943)
Total revenue	**266,788**	**92,780**

GI Genius™ revenue was €192.1 million (2023: €8.6 million), increase was mainly driven by the €186.3 million in project-based revenue from Medtronic linked to the December 2023 expanded agreement, of which, €92.5 million relates to the upfront fee for the exclusive license and distribution rights recognised in Q1 2024 and €93.8 million relates to the fulfillment of milestones recognised at the end of 2024.

Winlevi® revenue was €17.4 million (2023: €19.5 million), which included recurring revenue from the supply of Winlevi® of €4.9 million (2023: €4.4 million), royalty income of €8.3 million (2023: €5.3 million), project-based revenue (milestones) of €3.8 million (2023: €9.7 million) and other revenue from services of €0.4 million (2023: €0.1 million).

Lialda®/Mezavant®/Mesavancol® revenue was €29.0 million (2023: €35.6 million).

Uceris®/Cortiment® revenue was €8.2 million (2023: €7.5 million).

Income from manufacturing of generic products, specialty drugs and related services was €15.2 million (2023: €14.6 million).

In 2023, the Company recognised a cumulative catch-up adjustment to milestone revenue amounting to €3.9 million due to a change in estimate of the variable consideration that affects our contract assets. Also disclosed in Note 5.B below.

During 2024, Cosmo's largest customer accounted for €193.3 million (2023: €30.8 million) of revenues and two other customers above 5% accounted for €37.1 million (2023: €31.3 million relating to three other customers above 5% of revenue) of revenue. These revenues are related to multiple products noted above.

B. Contract balances

There are no contract assets as of 31 December 2024 (2023: nil). During 2023, the contract asset receivables related to the Group's rights to a commercial milestone from RedHill Biopharma, Inc. and affiliates was reversed to the revenue. Based on the assessment, there are currently significant doubts on the commencement of the Phase III trial. Consequently, the highly probable assessment is no longer considered to be met as per IFRS 15 . Therefore, the contract asset has been reversed in 2023. In accordance with IFRS 15, the reversal is deducted from the Revenue for an amount of €3.9 million in 2023.

There are no contract liabilities as of 31 December 2024 (2023: nil).

3.6 Notes to the Consolidated Financial Statements continued

6 Net expenses

Net expenses in the table below represent the cost of sales and the net operating expenses by nature:

EUR 1,000	31 December 2024	2023 (Restated)
Other income [1,2]	3,662	1,917
Changes in inventories of finished goods and work in progress	(1,494)	(790)
Raw materials and consumables used[1]	(17,245)	(17,530)
Personnel expenses[1]	(40,963)	(23,515)
Outsourced preclinical and clinical trial costs[1]	(22,646)	(10,483)
Other operating expenses[1]	(26,935)	(26,495)
Depreciation and amortisation[1]	(12,285)	(11,849)
New Medtronic Agreement costs[3]	–	(5,910)
Total net operating expenses	**(117,906)**	**(94,655)**

1 The 2023 comparative amounts were restated to reflect the impact of change in accounting policy on internal development costs. See note 4.
2 Other income mainly relates to €0.6 million dividend income from our equity investments in RSouth Antibodies B.V., €1.1 million gain from reversal of long-outstanding accounts payable and accrued expenses that are no longer due and €1.5 million tax credits related to research and development costs incurred in the current year.
3 Refer to note 35 Medtronic deal.

A. Personnel expenses

EUR 1,000	31 December 2024	2023 (Restated)
Salaries and wages	30,396	15,835
Social security contributions	6,805	4,699
Employee benefits	845	734
Stock options	2,244	2,031
Other costs	673	216
Total personnel expenses	**40,963**	**23,515**

Personnel expenses were €41.0 million (2023: €25.0 million). The €16.0 million increase was primarily due to €15.7 million in bonuses awarded in 2024 (2023: nil). The 2024 bonuses included regular performance-based incentives for the year, as well as additional bonuses granted in connection with the impact of project-based revenues from Medtronic. Additionally, salaries and other costs increased by €1.6 million and ESOP costs decreased by €0.2 million.

The average number of staff by function in 2024 and 2023 were as follows:

No. of people (full-time equivalent)	31 December 2024	2023
Research & Development	87.5	77.0
Production & Logistics	194.0	188.5
Selling, General, Adm. & Finance, IT and others	40.3	41.2
Total average number	**321.8**	**306.7**

The average number of staff by function in 2024 and 2023 were as follows:

No. of people (full-time equivalent)	31 December 2024	2023
Management	16.8	16.8
Middle management	31.5	31.0
Staff	273.5	258.9
Total average number	**321.8**	**306.7**

The number of staff by category as at 31 December 2024 and 2023 were as follows:

No. of people (full-time equivalent)	as at 31 December 2024	2023
Management	16.8	16.8
Middle management	31.0	32.0
Staff	274.0	273.0
Total number	**321.8**	**321.8**

The number of full-time equivalent employees outside the Netherlands as of 31 December 2024 was 321.8 (2023: 321.8).

B. Other operating expenses

EUR 1,000	31 December 2024	2023 (Restated)
Consultancy services and investor relations[1]	5,388	4,900
Loss on contingent consideration	2,973	5,392
Maintenance and utilities	6,706	5,983
Impairment loss on receivables	2,431	1,023
Patent costs	1,126	769
Audit fees	1,071	401
Advertising and marketing	953	30
Sub-contracting and other services in relation to manufacturing	903	1,299
Travel expenses	767	412
Software and hardware assistance costs	704	605
Loss on patent write-off	623	134
Cost of data used in research and development[1]	373	3,167
Tax, other than income tax	372	1,021
Other costs	2,545	5,788
Total	**26,935**	**30,924**

1 2023 comparative amounts were restated to reflect the impact of change in accounting policy on internal development costs. See note 4.

3.6 Notes to the Consolidated Financial Statements continued

6 Net expenses continued

B. Other operating expenses continued

- Auditing costs for the year include €1.1 million (2023: €0.4 million) for the audit services performed relating to the financial statements (Company, consolidated and controlled companies), including accruals of those fees related to the audit. The costs during the year includes €0.4 million additional costs for the audit of 2023 financial statements.

	Deloitte Accountants B.V. (Deloitte)/ BDO Audit & Assurance B.V. (BDO)		Other Deloitte/ BDO network		Total	
EUR 1,000	2024	2023	2024	2023	2024	2023
Audit of the financial statements:						
BDO	463	238	37	155	500	393
Deloitte	323	–	248	–	571	–
Tax filing advisory services - BDO	–	–	–	4	–	4
Other non-audit services - BDO	–	–	–	4	–	4
	786	238	285	163	1,071	401

- Other costs mainly consist of insurance, other administrative related costs and office costs. In 2023, other costs included a €2.9 million loss from the termination of the license agreement with Dr. Falk (€2 million for the final Phase I study report and €906K for reimbursement of Phase II trial costs).

The following expenses are included as part of research and development costs in the consolidated income statement:

	31 December	
EUR 1,000	2024	2023 (Restated)[1]
Outsourced preclinical and clinical trial costs	22,646	10,483
Raw materials and consumables used	636	949
Personnel expenses	9,504	6,162
Depreciation and amortisation	1,890	1,653
Other operating expenses	5,252	8,049
Total research and development costs	**39,927**	**27,296**

[1] The 2023 comparative amounts were restated to reflect the impact of change in accounting policy on internal development costs. See note 4.

C. Operating lease expenses

Rent expense of €0.2 million (2023: €0.1 million), included under other costs, comprise of rentals for low-value leased items not recognized as right-of-use assets under IFRS 16, specifically for a laboratory office with an annual lease of €10,000 and a one-year extension of car leases. These lease agreements do not contain purchase options.

D. New Medtronic Agreement costs

SG&A costs of €5.9 million related to the New Medtronic Agreement were recognised in 2023, however, revenue related to the New Medtronic Agreement was recognised in 2024. Of this amount, €4.4 million relates to increase in fair value of contingent consideration and €1.5 million relates to share-based payment. Refer to note 35 for additional details.

7 Financial income/expenses

	31 December	
EUR 1,000	2024	2023
Financial income:		
Interest income on cash and cash equivalents	1,443	3,237
Interest received on listed bonds and securities at FVOCI	226	831
Gain on investments in funds mandatorily at FVTPL	1,948	566
Gain on sale of listed bonds and securites at FVOCI	21	829
Net foreign exchange gains	1,020	–
Total financial income	**4,658**	**5,463**
Financial expenses:		
Interest on medium and long-term bank loan at amortised cost	(8)	(11)
Interest financial lease payables at amortised cost	(45)	(77)
Interest on convertible bond at amortised cost	–	(8,438)
Loss on investments in funds mandatorily at FVTPL	(45)	–
Loss on sale of listed bonds and securities at FVOCI	(8)	(70)
Net foreign exchange loss	–	(1,363)
Other	(67)	(118)
Total financial expenses	**(173)**	**(10,077)**
Net financial expenses	**4,485**	**(4,614)**

The financial income and expenses include the following in respect of assets/(liabilities) not at fair value through profit or loss:

	31 December	
EUR 1,000	2024	2023
Total interest income on financial assets	1,669	4,068
Total interest expense on financial liabilities	(53)	(8,526)
Net interest income/(expense) - assets/liabilities not at FVTPL	**1,616**	**(4,458)**

8 Income tax expenses

Income tax recognised in profit or loss

	31 December	
EUR 1,000	2024	2023 (Restated)
Current year	(21,432)	(6,215)
Changes in estimates related to prior years	(111)	40
Current income tax	**(21,543)**	**(6,175)**
Change in deferred tax assets	(467)	(368)
Change in deferred tax liabilities	1,834	2,329
Deferred tax	**1,367**	**1,961**
Total income tax expenses	**(20,176)**	**(4,214)**

3.6 Notes to the Consolidated Financial Statements continued

8 Income tax expenses continued

Income tax recognised in other comprehensive income

EUR 1,000	31 December 2024	2023
Items that will not be reclassified to profit or loss		
Fair value on remeasurement of equity instruments at FVOCI	**(558)**	–
Items that will not be reclassified to profit or loss		
Fair value on remeasurement of debt instruments at FVOCI	**(75)**	**(21)**
Total income tax recognised in other comprehensive income	**(633)**	**(21)**

The applicable tax rate used to determine the theoretical income taxes in 2024 is the statutory rate applicable in Ireland of 12.5% (2023: 12.5%), the tax jurisdiction in which Cosmo Pharmaceuticals N.V. is resident. The reconciliation between the theoretical income taxes calculated on the basis of the theoretical tax rate and income taxes recognised was as follows:

EUR 1,000	31 December 2024	2023 (Restated)
Result before taxes	**153,367**	**(6,489)**
Irish nominal corporate tax rate	*12.50%*	*12.50%*
Total theoretical income taxes	**(19,171)**	**811**
Different taxation applicable for interest and gain/loss on bonds and other investments in Irish subsidiary	2,205	184
Permanent differences relating to ACE tax for Italian subsidiary	–	317
Tax effect of other permanent differences	1,146	(2,354)
Effect of different corporate tax rate in the Italian subsidiaries and Swiss branch[a), (b)]	123	(4,521)
Effect of different corporate tax rate in the U.S. subsidiaries[(c)]	10	10
Over/(under) provision adjustment for previous year	(111)	–
Movement in unrecognised deferred tax	(4,598)	–
Super depreciation as for Italian law	220	292
Current and deferred income tax recognised in the Consolidated Financial Statements	**(20,176)**	**(4,214)**

(a) Applicable tax rate in Italy for IRES of 24% and IRAP of 3.9% (2023: 24% and IRAP of 3.9%).
(b) Applicable tax rate for Swiss branch of 22.42% (2023: 22.42%).
(c) Applicable tax rate in U.S. of 21% (2023: 21%).

9 Basic and diluted earnings per share

Impact of changes in accounting policy

EUR 1,000	Impact on profit for the year from continuing operations 31/12/2024	31/12/2023	Impact on basic earnings per share 31/12/2024	31/12/2023	Impact on diluted earnings per share 31/12/2024	31/12/2023
Change in policy on development cost capitalisation	(19,449)	(6,055)	(0.001)	(0.000)	(0.001)	**(0.000)**
Total	(19,449)	(6,055)	(0.001)	(0.000)	(0.001)	**(0.000)**

Basic earnings per share

Basic earnings/(loss) per share is calculated by dividing the net profit/(loss) for the year attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year. Basic earnings per share is as follows:

EUR 1,000	31 December 2024	2023 (Restated)
Net profit/(loss) attributable to shareholders	133,236	(10,783)
Weighted average number of outstanding ordinary shares	16,358,809	16,105,126
Basic earnings/(loss) per share (in EUR)	**8.145**	**(0.677)**

Diluted earnings per share

Diluted earnings/(loss) per share are calculated by dividing the net profit/(loss) for the year attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year, after adjustments for the effects of all dilutive potential ordinary shares.

In relation to the stock option plans (see Note 29 for details) and the convertible bond (see Note 22(B) for details), the potential number of ordinary shares is represented by the shares that would be issued as a consequence of the conversion of all options into ordinary shares. Potential ordinary shares only have a dilutive effect if the new ordinary shares from the exercise of stock options or the conversion right of the bondholders leads to a lower result per share.

The following table reflects the profit and share data used in the diluted earnings/(loss) per share calculation in 2024 and 2023:

EUR 1,000	31 December 2024	2023 (Restated)
Net profit/(loss) attributable to shareholders	133,236	(10,783)
Weighted average number of outstanding ordinary shares	16,358,809	16,105,126
Incremental number of shares from assumed options exercise	58,979	n/a
Adjusted weighted average number of outstanding ordinary shares	16,417,788	16,105,126
Diluted earnings/(loss) per share (in EUR)	**8.115**	**(0.677)**

3.6 Notes to the Consolidated Financial Statements continued

10 Property, plant and equipment

	Land and buildings	Plant and machinery	Industrial and commercial equipment	Other fixed assets	Assets under construction and payments on account	Total
Cost						
Balance at 1 January 2023	**24,969**	**41,070**	**4,069**	**6,023**	**–**	**76,131**
Additions	–	2,393	555	330	–	3,278
Additions: Right-of-use assets	37	–	–	33	–	70
Construction completed	–	–	–	–	–	–
Disposals	–	(8)	–	(2)	–	(10)
Termination of leases	–	(125)	–	(21)	–	(146)
Balance at 31 December 2023	**25,006**	**43,330**	**4,624**	**6,363**	**–**	**79,323**
Accumulated depreciation						
Balance at 1 January 2023	**9,982**	**27,874**	**3,691**	**4,307**	**–**	**45,854**
Depreciation charge for the year	906	2,626	254	542	–	4,328
Depreciation charge for the year: Right-of-use assets	655	1	–	52	–	708
Disposals	–	(8)	–	(1)	–	(9)
Termination of leases	–	(125)	–	(21)	–	(146)
Balance at 31 December 2023	**11,543**	**30,368**	**3,945**	**4,879**	**–**	**50,735**
Net book value at 31 December 2023	**13,463**	**12,962**	**679**	**1,484**	**–**	**28,588**
Cost						
Balance at 1 January 2024	**25,006**	**43,330**	**4,624**	**6,363**	**–**	**79,323**
Additions	–	2,267	523	395	1,407	4,592
Additions: Right-of-use assets	1,273	–	–	45	–	1,318
Disposals	–	–	–	(16)	–	(16)
Termination of leases	(1,642)	–	–	(32)	–	(1,674)
Balance at 31 December 2024	**24,637**	**45,597**	**5,147**	**6,755**	1,407	**83,543**
Accumulated depreciation						
Balance at 1 January 2024	**11,543**	**30,368**	**3,945**	**4,879**	–	**50,735**
Depreciation charge for the year	905	2,826	404	538	–	4,673
Depreciation charge for the year: Right-of-use assets	647	–	–	50	–	697
Disposals	–	–	–	(16)	–	(16)
Termination of leases	(1,602)	–	–	(32)	–	(1,634)
Balance at 31 December 2024	**11,493**	**33,194**	**4,349**	**5,419**	–	**54,455**
Net book value at 31 December 2024	**13,144**	**12,403**	**798**	**1,336**	1,407	**29,088**

Property, plant and equipment primarily consists of the Group's real estate property in Lainate (industrial plant, laboratories and offices), inclusive of surrounding land and of the equipment in the plant which is used for the manufacturing of MMX® tablets and Winlevi®, the acquisition of which was made through two finance leasing arrangements.

Right-of-use assets

During 2024, €1.3 million (2023: €0.1 million) right-of-use assets were recorded due to new lease agreements. During 2024, right-of-use assets with a cost of €1.7 million (2023: €0.1 million) and related accumulated depreciation of €1.6 million (2023: €0.1 million) were terminated. In 2023, these assets were transferred to owned assets following the lease term's completion and ownership transfer to the Group. The assets are depreciated over their useful lives, which are longer than their lease payment terms (see Note 4(C)).

	Land and buildings	Plant and machinery	Other fixed assets	Total
Net carrying value				
Balance at 1 January 2023	**1,661**	**1**	**92**	**1,754**
Additions	37	–	33	70
Termination of lease term	–	(125)	(21)	(146)
Depreciation charge for the year	(655)	(1)	(52)	(708)
Accumulated depreciation on completed leases	–	125	21	146
Balance at 31 December 2023	**1,043**	–	**73**	**1,116**
Balance at 1 January 2024	**1,043**	–	**73**	**1,116**
Additions	1,273	–	45	1,318
Termination of lease term	(40)	–	–	(40)
Depreciation charge for the year	(647)	–	(50)	(697)
Balance at 31 December 2024	**1,629**	–	**68**	**1,697**

11 Goodwill

	As at 31 December	
EUR 1,000	2024	2023
Opening carrying amount	24,005	24,005
Additions for the period	**–**	**–**
Impairment for the period	**–**	**–**
Closing carrying amount	**24,005**	**24,005**

Goodwill amounting to €22.6 million is recognised upon the Group's acquisition of Cassiopea in December 2021. While the remaining goodwill amounting to €1.4 million relates to the acquisition in 1997 from Parke-Davis of the manufacturing business of pharmaceutical products and the acquisition of Linkverse S.r.l. in 2018 (see Note 12).

3.6 Notes to the Consolidated Financial Statements continued

11 Goodwill continued

The carrying amount of goodwill is allocated to the following CGUs:

	As at 31 December	
EUR 1,000	2024	2023
Winlevi®	11,283	11,283
Clascoterone solution for Androgenetic Alopecia in males (CB-03-11)	11,283	11,283
GI Genius™	1,439	1,439
Closing carrying amount	**24,005**	**24,005**

Goodwill impairment review

The Group tests goodwill at least annually, or more frequently, if events or changes in circumstances indicate that the carrying value may be impared. The goodwill acquired as part of the business combination in 2021 is allocated to the CGUs of Winlevi® and Clascoterone solution for Androgenetic Alopecia in males (CB-03-11) products.

Information on the impairment review for the significant CGUs are discussed below.

The recoverable amount of goodwill is determined based on value-in-use calculations. The calculations use cash flow projections based on financial budgets approved by management covering revenue growth over ten years. These include the forecasts of revenues on specific jurisdictions based on past performance and/or management's expectation of market development.

Cash flows beyond the ten-year period are extrapolated using the estimated reduction in market share due to entry of generic products and other competitors.

Overall, cash flows for a period of 20 years for Winlevi® and Clascoterone solution for Androgenetic Alopecia in males (CB-03-11) CGUs have been used as management believes that this model best reflects the value of the CGUs since these are directly linked to the useful lives of the intangible assets for Winlevi® and Clascoterone solution for Androgenetic Alopecia in males (CB-03-11). After this period, a long growth rate is then used to calculate for the terminal value.

Key assumptions for the goodwill is set out below:

	As at 31 December	
	2024	2023
Terminal growth rate[1]	2.0%	2.0%
Weighted average cost of capital ('WACC')[2]	10.0%	9.5%

1 Used for calculating the terminal value.
2 Pre-tax discount rate applied to the cash flow projections.

The terminal growth rate is the weighted average growth rate used to extrapolate cash flows beyond the 20th year.

The cash flows are discounted using the Group's WACC. The rate used reflects specific risks relating to the relevant products and the countries in which the Group operates. The WACC takes into account both debt and equity of the Group.

The increase in WACC was mainly due to increased allocation to equity capital and reduced allocation to debt capital due to repayment of the Group's convertible bond in 2023, resulting to higher weighted average cost of equity at 31 December 2024.

As at 31 December 2024, the recoverable amounts of these significant CGUs exceed the carrying value by €68.2 million for Winlevi® and €243.1 million for Clascoterone solution for Androgenetic Alopecia in males (CB-03-11).

Among the key assumptions used, management has assessed that an increase in the discount rate will cause significant change in the recoverable amounts of these CGUs. A change of discount rate to 20.43% for Clascoterone solution for Androgenetic Alopecia in males (CB-03-11) and 14.19% for Winlevi® will bring the calculated recoverable amount equal to the respective carrying values of the CGUs. Discounts rates higher than the above mentioned would cause impairment in the goodwill.

The Directors and management have considered and assessed reasonably possible changes for other key assumptions and have not identified any instances that could cause the carrying amount of the Winlevi® and Clascoterone solution for Androgenetic Alopecia in males (CB-03-11) to exceed its recoverable amount.

12 Acquisition of Linkverse S.r.l.

In 2018, the Group acquired 30% of the shares and voting interest in Linkverse S.r.l. ('Linkverse') and as a result, the Group's equity interest in Linkverse increased from 30% to 60%, obtaining control of Linkverse. As a result of this acquisition, a goodwill of €1.3 million was recognised.

In March 2019, the Group acquired the remaining non-controlling interest (i.e. 40% shares) in Linkverse S.r.l., increasing its ownership from 60% to 100%. The purchase consideration included cash of €0.1 million and a contingent consideration at fair value of €8.1 million. The contingent consideration is payable on the occurrence of certain future events related to the achievement of future regulatory and commercial milestones. The fair value of contingent consideration has been calculated based on present value of expected future payments. This fair value would increase/decrease if the milestones are achieved earlier/later than estimated.

On 6 December 2023, Cosmo and three former Linkverse NCI shareholders entered into an agreement that supersedes the March 2019 agreement, contingent on a new distribution agreement with Medtronic effective by 31 March 2024. Under the new agreement, Cosmo committed to paying €1.5 million each to the three former Linkverse NCI shareholders (totaling €4.5 million), with an additional €1.5 million each (€4.5 million total) contingent upon AI-related product developments. In 2024, the conditions were met, with the first €4.5 million paid in February 2024. The remaining €4.5 million is presented under other current liabilities as of year-end as it will be due for payment in January 2025 following the achievement of AI-related product development milestones in December 2024.

3.6 Notes to the Consolidated Financial Statements continued

12 Acquisition of Linkverse S.r.l. continued

As at 31 December 2024, the balance of the contingent consideration amounted to €5.1 million (2023: €6.6 million) of which, €0.6 million (2023: €3.2 million) is the non-current portion. A charge of €3.0 million (2023: €5.4 million was recognised as other costs in the consolidated income statement due to the change in fair value of the contingent consideration. Refer to note 35 for further information.

As at 31 December 2024, €12.0 million of contingent consideration has been paid, €4.5 million of which was paid in 2024 following the effectivity of the New Medtronic Contract €2.0 million of which was paid in 2023 following the achievement of commercial milestones, €2.6 million of which was paid in 2021 following the approval of GI Genius™ by the U.S. Food and Drug Administration ('FDA'), and €2.9 million was paid in 2020.

13. Other intangible assets

	Patents, trademarks and others	In process research and development (Restated)[1]	Marketed products	Total
Cost				
Balance at 1 January 2023 (Restated)	**6,193**	**222,211**	**124,922**	**353,326**
Additions	1,046	–	–	1,046
Write-off	(192)	–	–	(192)
Balance at 31 December 2023 (Restated)	**7,047**	**222,211**	**124,922**	**354,180**
Accumulated amortisation				
Balance at 1 January 2023 (Restated)	**2,074**	**–**	**6,926**	**9,000**
Amortisation charge for the year	621	–	6,258	6,879
Write-off	(61)	–	–	(61)
Balance at 31 December 2023 (Restated)	**2,634**	**–**	**13,184**	**15,818**
Net book value as at 31 December 2023 (Restated)	**4,413**	**222,211**	**111,738**	**338,362**
Cost				
Balance at 1 January 2024 (Restated)	**7,047**	**222,211**	**124,922**	**354,180**
Additions	1,101	–	–	1,101
Write-off	(925)	–	–	(925)
Reclassification	–	**(51,943)**	**51,943**	–
Balance at 31 December 2024	**7,223**	**170,268**	**176,865**	**354,356**
Accumulated amortisation				
Balance at 1 January 2024	**2,634**	–	**13,184**	**15,818**
Amortisation charge for the year	649	–	6,266	6,915
Write-off	(302)	–	–	(302)
Balance at 31 December 2024	**2,981**	–	19,450	**22,431**
Net book value as at 31 December 2024	**4,242**	**170,268**	**157,415**	**331,925**

[1] Comparative amounts were restated to reflect the impact of change in accounting policy on internal development costs. See note 4.

A. Patents, trademarks and others

Patents and rights of €4.2 million (2023: €4.4 million) relating to the cost of filing and extension of patents owned by the Group. Patents and rights are amortised over their useful life based on their expiry date. As at 31 December 2024, trademarks and licenses are fully depreciated.

B. In-process research and development ('IPR&D')

The following IPR&D intangible assets which are not yet available for use were acquired as part of the Cassiopea business combination on 17 December 2021.

(i) Clascoterone solution for Androgenetic Alopecia in males (CB-03-11), (€170.3 million)
Clascoterone solution for Androgenetic Alopecia in males is a liquid formulation, with a different strength of the same active ingredient as Winlevi®, developed for the treatment of androgenic alopecia ('AGA').

In April 2019, positive results of a phase II dose-ranging clinical trial in males with AGA for its topical anti-androgen clascoterone solution were announced. Results demonstrated a statistically significant improvement versus vehicle (placebo) for Target Area Hair Count ('TAHC') along with directional improvement for Hair Growth Assessment ('HGA').

The Phase III clinical program for androgenetic alopecia (AGA) in males is progressing on schedule, with top line six-month results expected in 2025.

Subsequent costs for Clascoterone solution for Androgenetic Alopecia in males (CB-03-11) are recognised as expense in the income statement.

C. Marketed products

(i) Winlevi® (U.S.), €104.5 million (2023: €110.7 million)
Winlevi® is a first-in-class topical androgen receptor inhibitor that tackles the androgen hormone component of acne in both males and females. Androgen receptor inhibitors act by limiting the effects of these hormones on increasing sebum production and inflammation. Winlevi® was launched by Sun Pharma in the U.S. in November 2021. Winlevi® (U.S.) was acquired by the Company as part of the Cassiopea S.p.A. acquisition on 17 December 2021. The acquired value of the Winlevi® (U.S.) licensing and royalty agreement amounted to €123.3 million and the amortisation commenced from 17 December 2021.

The remaining amortisation period for Winlevi® (U.S.) intangible asset is 17 years.

(ii) Winlevi®, (€51.9 million)
The carrying value of Winlevi® within the IPR&D intangible asset category relates to non-U.S. territories and amounted to €51.9 million as at 31 December 2023. This has been reclassified to marketed products in 2024 following applications and approvals in other non-U.S. territories.

In July 2022, the Company and Sun Pharma announced the signing of addendums to the existing license and supply agreements for Winlevi® (clascoterone) cream 1%, expanding the territory to include Japan, Australia, New Zealand, Brazil, Mexico and Russia.

3.6 Notes to the Consolidated Financial Statements continued

13. Other intangible assets continued

Also in July 2022, the Company and 3SBio (1530.HK) announced the signing of a License Agreement for Winlevi® (clascoterone) cream 1% in Mainland China, Taiwan, Hong Kong and Macao ('Greater China').

In October 2022, the Company and InfectoPharm announced the signing of a license and distribution agreement for Winlevi® (clascoterone) cream 1% in Germany, Italy and Austria.

In December 2022, the Company and Hyphens Pharma International Limited (SGX: 1J5) ('Hyphens') announced the signing of license and supply agreements for Winlevi® (clascoterone) cream 1% in Southeast Asia (Singapore, Indonesia, Malaysia, the Philippines, Vietnam, Thailand, Brunei, Cambodia, Laos and Myanmar).

In June 2023, the Company and Hyundai Pharmaceuticals Co., Ltd. ('Hyundai Pharm') announced the signing of a license agreements for Winlevi® in the Republic of Korea.

In September 2023, the Company and Glenmark Specialty S.A., a subsidiary of Glenmark Pharmaceuticals Ltd. ('Glenmark') announced the signing of distribution and license agreements for Winlevi® in 15 EU countries as well as and in South Africa and the U.K.

In October 2023, the Company and Hikma Pharmaceuticals PLC, ('Hikma') announced the signing of license agreement for Winlevi® in 17 Middle Eastern and North African countries.

In March 2024 and February 2025, Winlevi was granted regulatory approval in Australia and the United Kingdom, respectively.

In January 2023, Sun Pharma submitted the registration dossier in Australia and New Zealand. Winlevi was approved in Australia by TGA in March 2024 and was launched by Sun in May 2024. Winlevi was approved in New Zealand in December 2024 and will be launched by Sun in the coming months. Sun submitted the NDA in Mexico in March 2024, Brazil in May 2024 and India in June 2024. The review process is ongoing in those countries.

Cassiopea submitted the Marketing Authorisation Application ('MAA') to EMA through the centralised procedure on 9 October 2023. On 26 October, the validation phase was successfully completed and the review phase started. The regulatory process is underway and approval is expected by 2025.

Glenmark submitted the NDA in the U.K. in February 2024 and received approval from the Medicines and Healthcare products Regulatory Agency (MHRA) in February 2025. Glenmark submitted the NDA in South Africa in June 2024 and the review process is on-going .

Hyphens submitted the NDA in Singapore and the Philippines in August 2023, in Malaysia September 2023, and in Thailand August 2024.. The product was approved in Singapore in August 2024 and in Malaysia in January 2025 with launch planned in both countries mid 2025. The review process in the Philippines and Thailand is on-going.

Hikma submitted the NDA in Jordan, KSA, and Morocco in April 2024 and in Egypt November 2024. The review process is ongoing in these countries.

Hyundai submitted the NDA in Korea in May 2024 and the review process is ongoing.

3SBio, our partner in China, submitted and obtained approval of the Investigational New Drug Application, which allowed them to start the clinical trial needed for the registration of the product in China and the trial is ongoing.

The remaining amortisation period for Winlevi® (non-U.S. territories) intangible asset is 20 years.

(iv) Eleview® (U.S., Canada and EU) €0.9 million (2023: €1.0 million)

The FDA approved Eleview® in September 2015; in the EU the product was approved in June 2016; and in Canada it was approved in 2019. Eleview® was launched in the U.S. in May 2017 and in the EU in July 2018.

The Company has a worldwide supply and distribution agreement for Eleview® with Medtronic (NYSE: MDT) with the exception of Canada where it is licensed to Pendopharm, a division of Pharmascience Inc., for Canada.

The amortisation of capitalised development costs of Eleview® over its useful life commenced in 2017 and its remaining amortisation period as of 31 December 2024 is 10 years.

D. Impact of the change in accounting policy

Following a change in accounting policy as detailed in Note 4, previously capitalized development costs for GI Genius™, Methylene Blue MMX®, Aemcolo®, Clascoterone solution for Androgenetic Alopecia in males (CB-03-11), and Winlevi® were derecognised as intangible assets and recognized as expenses. This change was applied retrospectively.

Intangible asset impairment review

The Group's intangible asset relating to Clascoterone solution for Androgenetic Alopecia in males (CB-03-11), Winlevi® (Non-U.S.) are tested for impairment annually.

The calculation of the recoverable amounts of the above intangible assets are also used in the goodwill impairment review as these two products, along with the Winlevi® U.S. intangible assets, are the main CGUs to which significant portion of the goodwill is allocated.

The key assumptions used in the impairment review are discussed in Note 11. Based on the calculation, Clascoterone solution for Androgenetic Alopecia in males (CB-03-11) has a recoverable amount of €428.4 million and Winlevi® (Non-U.S.) of €133.0 million. The sensitivity analysis shows that a discount rate of 26.7% will cause the recoverable amount of Winlevi® (Non-U.S.) to equal its carrying value. On the other hand, a discount rate of 21.9% for Clascoterone solution for Androgenetic Alopecia in males (CB-03-11) will bring the same impact.

3.6 Notes to the Consolidated Financial Statements continued

14 Financial assets

The following table is the detail of non-current and current financial assets of the Group.

A. Financial assets – non-current

Equity instruments designated as at FVOCI

EUR 1,000	As at 31 December 2024	2023
Investments in bonds measured at FVOCI	27,461	–
Equity instruments measured at FVOCI – Eagle Pharma shares	45	455
Equity instruments measured at FVOCI – PAION AG shares	10	10
Equity instruments measured at FVOCI – RedHill shares	40	227
Equity instruments measured at FVOCI – AIMM and RSouth shares	4,284	2,594
Non-current financial assets	**31,840**	**3,286**

Investments in bonds measured at FVOCI amounting to €27.5 million relate to long-term, high-grade corporate bonds with maturities between 2026 and 2029. These bonds have credit ratings ranging from BBB to A- and are quoted using closing prices in the regulated market.

The equity instruments at FVOCI represent investments that the Group intends to hold for the long-term for strategic purposes.

As at 31 December 2024, the Group held 96,040 shares in Eagle Pharmaceuticals Inc. (Nasdaq: EGRX) ('Eagle Pharma') which had a market value of US$0.5 per share (2023: US$5.23), 486,199 shares in PAION AG which had a market value of €0.02 per share (2023: €0.0202) and 6,899 shares in RedHill which had a market value of US$6.21 per share (2023: US$36.5 adjusted for the 25:1 reverse stock split).

Other comprehensive loss of €0.4 million (2023: €2.2 million) for investments in Eagle Pharma, €0.2 million in 2024 (2023: €0.7 million) for investments in RedHill and nil (2023: €2.1 million) for investments in Paion AG were recognised in 2024.

As of 31 December 2024, the Group also has investments in RSouth Antibodies B.V., which are not publicly traded and have been fair valued using a value-in-use approach (DCF). The fair value calculation resulted in a gain of €1.7 million (2023: nil) recognized in other comprehensive income. In 2024, Cosmo received a net dividend of €0.6 million (2023: €0.5 million) from RSouth, recognised under other income in the consolidated income statement.

The following table compares the costs of non-current financial asset investments with their current fair value:

EUR 1,000	Fair value	Original cost	Change	Change %
Investments in bonds measured at FVOCI	27,461	27,501	(40)	(0.1%)
Equity instruments measured at FVOCI – Eagle Pharma shares	45	4,098	(4,053)	(98.9%)
Equity instruments measured at FVOCI – PAION AG shares	10	9,282	(9,272)	(99.9%)
Equity instruments measured at FVOCI – RedHill shares	40	42,383	(42,343)	(99.9%)
Equity instruments measured at FVOCI – AIMM and RSouth shares	4,284	2,594	1,690	65.2%
Non-current financial assets as at 31 December 2024	**31,840**	**85,858**	**(54,018)**	**(62.9%)**

EUR 1,000	Fair value	Original cost	Change	Change %
Equity instruments measured at FVOCI – Eagle Pharma shares	455	4,098	(3,643)	(88.9%)
Equity instruments measured at FVOCI – PAION AG shares	10	9,282	(9,272)	(99.9%)
Equity instruments measured at FVOCI – RedHill shares	227	42,383	(42,156)	(99.5%)
Equity instruments measured at FVOCI – AIMM and RSouth shares	2,594	2,594	–	–
Non-current financial assets as at 31 December 2023	**3,286**	**58,357**	**(55,071)**	**(94.4%)**

B. Financial Assets – current

Investments in funds and bonds

EUR 1,000	As at 31 December 2024	2023
Investments in funds measured at FVTPL	80,682	–
Investments in bonds measured at FVOCI	17,988	–
Current financial assets	**98,670**	**–**

Investments in funds relate to investments in 'Money market', 'Corporate short duration' and 'Floating rate credit' funds quoted on a Multilateral Trading Facility. Gains and losses arising from disposal and adjustment to the fair value were recognised in the profit and loss.

Investments in bonds measured at FVOCI relates to short-term high grade corporate bonds with credit ratings ranging from BBB to A. The investment in corporate bonds were quoted using closing prices in the regulated market. Gains and losses arising from the adjustment to the fair value of €0.3 million (2023: nil) were recognised in other comprehensive income.

3.6 Notes to the Consolidated Financial Statements continued

15 Deferred tax assets

EUR 1,000	As at 1 January 2023 (Restated)	Changes during 2023			As at 31 December 2023 (Restated)	Changes during 2024			As at 31 December 2024
		Increase	Decrease	OCI		Increase	Decrease	OCI	
Maintenance and leasing expenses	318	105	(105)	–	318	220	(113)	–	425
Goodwill depreciation	152	–	(17)	–	135	–	(17)	–	118
Director's fee not paid	12	–	(12)	–	–	23	–	–	23
Losses carried forward – Aries, Cosmo AI and Cosmo Tech	4,699	442	(191)	–	4,950	–	(4,950)	–	–
Development costs	117	–	(114)	–	3	–	–	–	3
Fair value financial investments	23	–	–	(20)	3	–	–	–	3
Losses on sale of financial investments	1,877	–	(284)	–	1,593	–	(698)	(90)	805
Intercompany transactions elimination	(2)	1	–	–	(1)	–	–	–	(1)
ESOP and other differences	2	–	(2)	–	–	–	–	–	–
Employee benefits	(5)	2	(2)	7	2	3	–	(4)	1
Losses carried forward – Cassiopea	7,473	5,339	–	–	12,812	4,336	–	–	17,148
Leases	14	–	(4)	–	10	–	(10)	–	–
Differences on federal and state taxes – Cosmobiolabs	–	–	–	–	–	191	–	–	**191**
Total deferred tax assets	**14,680**	**5,889**	**(731)**	**(13)**	**19,825**	**4,773**	**(5,788)**	**(94)**	**18,716**

The deferred tax assets included in the Consolidated Financial Statements as at 31 December 2024 are deemed recoverable on the basis of future economic forecasts. The analysis of the recoverability of this item, based on the normal estimation process that management carries out in the preparation of the Consolidated Financial Statements, along with and consistent with the impairment testing of goodwill, as well as the assumptions regarding growth that form the basis of future results forecasts, did not highlight any critical areas that would require adjustments to the deferred tax asset values.

3.6 Notes to the Consolidated Financial Statements continued

15 Deferred tax assets continued

The following table sets out the nature of temporary differences relating to deferred tax assets.

EUR 1,000	Temporary differences as at 31 December 2023 (Restated)	%	Tax effect as at 31 December 2023 (Restated)	Temporary differences as at 31 December 2024	%	Tax effect as at 31 December 2024
Maintenance and leasing expenses	2,544	12.50	318	3,400	12.50	425
Goodwill depreciation	484	27.90	135	423	27.90	118
Director's fee not paid	–	24.00	–	96	24.00	23
Losses carried forward – Aries and Cosmo AI	39,600	12.50	4,950	–	12.50	–
Development costs	24	12.50	3	24	12.50	3
Fair value financial investments	9	33.00	3	9	33.00	3
Losses on sale of financial investment	4,827	33.00	1,593	2,439	33.00	805
Intercompany transactions elimination	(4)	22.58	(1)	4	22.58	(1)
ESOP and other differences	–	22.58	–	–	22.58	–
Employee benefits	9	22.00	2	5	22.00	1
Losses carried forward – Cassiopea	53,383	24.00	12,812	71,450	24.00	17,148
Leases	80	12.50	10	–	12.50	–
Differences on federal and state taxes – Cosmobiolabs	–	21.00	–	910	21.00	191
Total deferred tax assets	**100,956**		**19,825**	**78,751**		**18,716**

16 Other receivables and other assets

Below is the detail of non-current and current other receivables and other assets of the Group.

Non-current

EUR 1,000	As at 31 December 2024	2023
Non-current tax receivable	8,940	8,211
Other receivables	–	1,541
Total other receivables (non-current)	**8,940**	**9,752**

The non-current tax receivable of €8.9 million mainly relates an Italian tax credit for research and development pursuant to Italian Law No. 190 of 23 December 2014 and subsequent implementation decrees.

Current

EUR 1,000	As at 31 December 2024	2023
VAT receivables	1,677	2,220
Prepaid expenses	13,744	627
Other prepaid	1,456	2,692
Total other receivables and other assets (current)	**16,877**	**5,539**

Prepaid expenses as at December 31, 2024 include €12.6 million of payment to Medtronic Inc. for future services with respect to the disposal of retired GI Genius™ modules.

Other prepaid expenses mainly include advance payments to suppliers of goods and services.

17 Inventories

EUR 1,000	As at 31 December 2024	2023
Raw materials, auxiliary materials and consumables	11,463	10,715
Work in progress	1,044	1,316
Finished goods	1,003	2,225
Allowance for inventory obsolescence	–	(58)
Total inventories	**13,510**	**14,198**

The item 'Raw materials, auxiliary materials and consumables' covers the raw materials and packaging materials used by the Group in its manufacturing activity.

The value of inventories in 2024 and 2023 includes an allowance for inventory obsolescence, amounting to nil (2023: €0.1 million), which refers to slow-moving items.

18 Trade receivables

EUR 1,000	As at 31 December 2024	2023
Customers receivables	13,790	24,763
Invoices to be issued	5,162	3,702
Loss allowance	(11)	(11)
Total trade receivables	**18,941**	**28,454**

Trade receivables include receivables from customers in relation to revenue from commercial products, manufacturing of pharmaceutical products and supply of related services and from the royalties with respect to the licence agreements, net of the loss allowance.

Information about the Group's exposure to credit and market risks, and impairment losses for trade receivables is included in Note 32.

3.6 Notes to the Consolidated Financial Statements continued

19 Current tax and other tax assets

	As at 31 December	
EUR 1,000	2024	2023
Advance payments of income taxes	9,089	2,856
Withholding taxes	878	904
Total current tax and other tax assets	**9,967**	**3,760**

Current tax assets mainly include advance payments for income taxes exceeding the amount due for the year and withholding taxes related to tax withheld at source from royalties and interest.

20 Cash and cash equivalents

	As at 31 December	
EUR 1,000	2024	2023
Cash at hand	13	12
Bank accounts	44,283	50,263
Total cash and cash equivalents	**44,296**	**50,275**

Bank accounts include availability on current bank accounts and short-term deposits.

21 Total shareholders' equity

Total shareholders' equity comprises the following:

	As at 31 December	
EUR 1,000	2024	2023 (Restated)
Share capital	4,562	4,562
Share premium	243,565	243,565
Other reserves	47,845	47,845
Legal reserves	2,687	2,634
Treasury shares	(104,109)	(101,307)
Stock option plan reserve	34,364	33,324
Fair value reserve	(54,285)	(55,121)
Employee benefits actuarial gains/losses reserve	(221)	(214)
Currency translation reserve	858	830
Retained earnings	189,873	231,402
Profit/(loss) for the period	133,191	(10,703)
Equity attributable to owners of the Company	**498,330**	**396,817**
Non-controlling interests	6,761	6,806
Total Equity	**505,091**	**403,623**

Share capital

	Ordinary shares		Preference shares	
	2024	2023	2024	2023
In issue at 1 January	17,543,522	17,543,522	–	–
Exercise of share options	–	–	–	–
In issue at 31 December – fully paid	**17,543,522**	**17,543,522**	**–**	**–**
Authorised at 31 December – par value EUR 0.26	**36,047,457**	**36,047,457**	**36,047,457**	**36,047,457**

As at 31 December 2024, the authorised share capital amounts to €18,744,677.64 and is divided into 36,047,457 ordinary shares, each with a nominal value of €0.26 and 36,047,457 preferred shares, each with a nominal value of €0.26. Each ordinary share of the Company entitles the holder thereof to the same dividend rights, voting rights and information rights as other holders of such ordinary shares.

Share premium

The share premium as of 31 December 2024 includes €159.1 million relating to the 2,506,039 Cosmo shares issued in 2021 for the acquisition of Cassiopea S.p.A., which had a market value of €161.5 million (CHF 67.10 or €64.46 per share) at 17 December 2021. The share premium of €84.4 million relates to the proceeds from the issue of the 618,500 shares on 31 March 2017 as a result of the exercise of vested stock options.

Other reserves

Other reserves amounting to €47.8 million represent reserves available for distribution.

Legal reserves

A legal reserve of €2.7 million (2023: €2.6 million) was formed in relation to the Italian government requirement whereby an amount corresponding to 5% of the net income each year resulting from the relevant financial statements must be allocated to a special legal reserve. As of 31 December 2024, the Italian subsidiaries have reached the required legal reserves. The legal reserves are not freely distributable.

A legal reserve of €13.4 million was recognised in 2023 for capitalised development costs as presented in the consolidated financial statements. Following the change in accounting policy described in Note 4, this amount was released to the retained earnings as part of the restatement.

Treasury shares

As at 31 December 2024, the number of treasury shares was 1,528,426 (2023: 1,490,681), with an average purchase price of CHF 72.34 (€68.12) (2023: 72.64 (€67.96)) per share. During 2024, the Group purchased 83,756 treasury shares at an average purchase price of CHF 67.18 (€70.81) per share and sold 46,011 treasury shares at an average price of CHF 72.52 (€67.99) price per share.

3.6 Notes to the Consolidated Financial Statements continued

21 Total shareholders' equity continued

Shares in issue and outstanding

	Ordinary shares		
	2024	2023	2022
In issue at 1 January	17,543,522	17,543,522	17,543,522
Treasury shares	(1,490,681)	(1,283,390)	(836,124)
Outstanding at 1 January	**16,052,841**	**16,260,132**	**16,707,398**
Issue of new shares	–	–	–
Treasury shares sold	46,011	14,082	4,622
Treasury shares purchased	(83,756)	(221,373)	(454,221)
Treasury shares exchanged for the Cassiopea acquisition	–	–	2,333
Outstanding at 31 December – fully paid	**16,015,096**	**16,052,841**	**16,260,132**

Stock option plan reserve

The stock option plan reserve relates to the stock option plan of Cosmo Pharmaceuticals N.V. (see Note 29 for further details).

Fair value reserve

The fair value reserve comprises the cumulative net change in the fair value of equity and debt investments designated at FVOCI.

Employee benefits actuarial gains/losses reserve

Employee benefits actuarial gains/losses reserve includes the cumulated actuarial gains/losses on the employee benefits, recorded in accordance with IAS 19.

Currency translation reserve

Currency translation differences arise from the consolidation of foreign entities with a functional currency other than the Euro.

Equity component of convertible bond

The reserve for convertible bond comprises the amount allocated to the equity component for the convertible bond issued by the Group in November 2018. The equity component was valued at €9.7 million on initial recognition, see Note 22(B). A deferred tax liability was also recognised on initial recognition with a corresponding entry to equity amounting to €2.7 million. The convertible bond was redeemed and the principal was paid in full at maturity on 5 December 2023. The equity component of the convertible bond was then released to retained earnings.

Dividend

In July 2024, a cash distribution out of Cosmo's freely distributable reserves in the amount of €2.0 per ordinary share on the 16,046,886 shares outstanding as at 10 July 2024 (ex-distribution date) was approved at the Annual General Meeting on 5 July 2024. The gross amount was €32.1 million, the payment of €24.1 million, net of withholding tax, was made in July 2024 and the withholding tax of €8.0 million was paid in August 2024.

Non-controlling interest

Non-controlling interest refers to minority interest in Cassiopea, representing 2.15% of the equity interest of Cassiopea as of 31 December 2024.

22 Interest-bearing loans and borrowings (non-current and current)

(a) Non-current

	As at 31 December	
EUR 1,000	2024	2023
Bank loans	282	422
Lease liabilities	1,102	520
Total interest-bearing loans and borrowings (non-current)	**1,384**	**942**

Non-current bank loan detail:

	As at 31 December	
EUR 1,000	2024	2023
UBI Banca	282	422
Bank loans (non-current)	**282**	**422**

(b) Current

	As at 31 December	
EUR 1,000	2024	2023
Bank loans	139	137
Lease liabilities	678	760
Total interest-bearing loans and borrowings (current)	**817**	**897**

Current bank loan detail:

	As at 31 December	
EUR 1,000	2024	2023
UBI Banca	139	137
Bank loans (non-current)	**139**	**137**

3.6 Notes to the Consolidated Financial Statements continued

22 Interest-bearing loans and borrowings (non-current and current) continued

A. Bank loans

As at 31 December 2024, the amounts borrowed from UBI Banca include non-current bank loans of €0.3 million (2023: €0.4 million) and current bank loans of €0.1 million (2023: €0.1 million). The outstanding balance of borrowings from UBI Banca as at 31 December 2024 relates to a subsidised loan of €1.4 million which was drawn as follows:

(i) €1.3 million drawn on 3 October 2014; and
(ii) €0.1 million drawn on 1 July 2016.

This subsidised loan from UBI Banca has an interest rate of 0.5% and is pursuant to a grant filed in 2002 with the Italian Ministry of Economic Development for the research project on LMW Heparin. This loan must be repaid in full by 13 November 2027. The repayment of the loan is in accordance with the amortisation schedule agreed with the lender and commenced on 13 November 2018.

B. Convertible bond – liability component

EUR 1,000	Notes	2023
Carrying amount of liability at 1 January 2023		**170,937**
Effective interest expense for the year 2023		8,438
Interest paid during 2023		(4,375)
Redemption of convertible bonds and payment of principal at maturity		(175,000)
Carrying amount of liability at 31 December 2023		–

As at 31 December 2024, there is no convertible bond liability, as the bonds were fully redeemed at maturity on 5 December 2023. On this date, Cosmo settled the total principal amount of €175.0 million.

C. Lease liabilities

Lease liabilities refers to various leasing contracts related to land and buildings, plant and machinery and other fixed assets (motor vehicles).

D. Reconciliation of movements of financial liabilities to cash flows arising from financing activities

EUR 1,000	2023	Cash flows	IFRS 16 addition	Non-cash changes – accrued interest	2024
Bank loans	559	(142)	–	4	421
Lease liabilities	1,280	(890)	1,342	(2)	1,780
	1,839	**(982)**	**1,342**	**2**	**2,201**

23 Other non-current liabilities

	As at 31 December	
EUR 1,000	2024	2023
Contingent consideration (note 12)	566	3,195
Total other non-current liabilities	**566**	**3,195**

24 Employee benefits

The item Employee benefits (trattamento di fine rapporto ('TFR')) only refers to the Italian companies of the Group and has been determined on an actuarial calculation method, in compliance with the revised IAS 19.

	As at 31 December	
EUR 1,000	2024	2023
Employee benefits	**652**	**559**

The movements in the period are as follows:

		Changes during the year					
EUR 1,000	As at 1 January 2024	Accrued	Interest cost	Actuarial losses	Business combination	Utilised	As at 31 December 2024
Total employee benefits	**559**	**845**	19	**9**	–	**(780)**	**652**

		Changes during the year					
EUR 1,000	As at 1 January 2023	Accrued	Interest cost	Actuarial losses	Business combination	Utilised	As at 31 December 2023
Total employee benefits	**406**	**726**	12	**42**	–	**(627)**	**559**

The principal assumptions for the purpose of the actuarial valuation were as follows:

	As at 31 December	
EUR 1,000	2024	2023
Discount rate (EUR Composite A yield curve)	2.569% - 3.417%	2.960% - 3.672%
Inflation rate (EUR Zero-Coupon Inflation-Indexed Swap Curve)	1.837% - 2.208%	1.585% - 2.442%
Future salary increase (inflation rate included)	0% - 2.5%	0% - 2.5%
Future pension increase	n/a	n/a
Mortality rate	SI 2023	SI 2019
Average annual departure rate	5.87% - 6.38%	5.97% - 6.43%

3.6 Notes to the Consolidated Financial Statements continued

24 Employee benefits continued

Amounts recognised in the income statements are as follows:

	31 December	
EUR 1,000	2024	2023
Current services cost[1]	**845**	**726**
Interest expenses on obligation[2]	**19**	**12**

1 Of which €726 and €627 for 2024 and 2023, respectively were transferred to external fund.
2 Interest expenses calculated on the present value of the liabilities for defined benefits plan.

Amounts recognised in other comprehensive income are as follows:

	31 December	
EUR 1,000	2024	2023
Actuarial losses	**(9)**	**(42)**

A quantitative sensitivity analysis for the significant assumption as at 31 December is as shown below:

	31 December	
EUR 1,000	2024	2023
Discount rate:		
0.50% increase	**32**	27
0.50% decrease	**(34)**	(29)

3.6 Notes to the Consolidated Financial Statements continued

25 Deferred tax liabilities

The movement in deferred tax liabilities during 2024 and 2023 was as follows:

EUR 1,000	As at 1 January 2023 (Restated)	Changes during 2023				As at 31 December 2023 (Restated)	Changes during 2024				As at 31 December 2024
		Increase	Decrease	OCI	Equity		Increase	Decrease	OCI	Equity	
Development costs	(146)	–	13	–	–	(133)	–	13	–	–	(120)
Intangible assets acquired from Cassiopea S.p.A. acquisition	(92,804)	–	1,686	–	–	(91,118)	–	1,688	–	–	(89,430)
Goodwill	(30)	–	–	–	–	(30)	–	–	–	–	(30)
Leased property, plant and equipment	(1,455)	–	129	–	–	(1,326)	–	130	–	–	(1,196)
Fair value of financial assets	–	–	–	–	–	–	–	–	(35)	–	(35)
Fair value of loans	(5)	–	2	–	–	(3)	–	3	–	–	–
Convertible bond	(508)	–	508	–	–	–	–	–	–	–	–
Total deferred tax liabilities	**(94,948)**	**–**	**2,338**	**–**	**–**	**(92,610)**	–	**1,834**	(35)	–	**(90,811)**

The following table sets out the nature of temporary differences relating to deferred tax liabilities:

EUR 1,000	Temporary differences as at 31 December 2023 (Restated)	%	Tax effect as at 31 December 2023 (Restated)	Temporary differences as at 31 December 2024	%	Tax effect as at 31 December 2024
Development costs	(1,064)	12.50	(133)	(963)	12.50	(120)
Intangible assets acquired from Cassiopea S.p.A. acquisition	(332,911)	27.37	(91,118)	(326,748)	27.37	(89,430)
Goodwill	(108)	27.90	(30)	(108)	27.90	(30)
Lease of property, plant and equipment	(4,752)	27.90	(1,326)	(4,290)	27.90	(1,196)
Fair value of financial assets	–	24.00	–	(150)	24.00	(35)
Fair value of loans	(14)	24.00	(3)	–	24.00	–
Convertible bond	–	12.50	–	–	12.50	–
Total deferred tax liabilities	**(338,849)**		**(92,610)**	**(322,259)**		**(90,811)**

3.6 Notes to the Consolidated Financial Statements continued

26 Trade payables

	As at 31 December	
EUR 1,000	2024	2023
Trade payables	9,100	8,783
Accruals	1,470	2,777
Total trade payables	**10,570**	**11,560**

27 Current tax liabilities

	As at 31 December	
EUR 1,000	2024	2023
Tax payables	19,954	2,166
Total current tax liabilities	**19,954**	**2,166**

28 Other current liabilities

	As at 31 December	
EUR 1,000	2024	2023 (Restated)
Social security payables	833	723
Withholding tax for employees	657	515
Contingent consideration	4,500	3,400
Other liabilities	8,693	2,331
Refund liabilities	1,132	1,000
Accrued expenses	1,112	2,523
Total other current liabilities	**16,927**	**10,492**

Social security payables comprises both the contributions withheld from salaries and the contributions due in accordance with current laws and regulations.

Other liabilities mainly include payables to employees related to accruals of deferred pay elements, calculated on the basis of the collective labour agreement currently in force and accrued employee bonuses.

Contingent consideration relates to amounts payable to former Linkverse S.r.l. NCI shareholders on the occurrence of certain future events related to the achievement of future regulatory and commercial milestones, and is mandatorily measured at FVTPL. In 2024, the Group paid €4.5 million (2023: €2.0 million) of the contingent consideration based on the achievement of milestones (see Note 12 for further details).

29 Share-based payment

Stock option plan of Cosmo Pharmaceuticals N.V.

During 2024, 185,506 new options (2023: 246,405 options) were granted, 121,379 options (2023: 18,042 options) were forfeited and 1,000 options (2023: nil) were exercised. As at 31 December 2024, 1,276,891 options (2023: 1,213,764 options) were outstanding of which 679,637 options (2023: 578,965 options) were exercisable. In 2024, the costs related to stock options amounting to €2.1 million (2023: €3.8 million) were recognised in the income statement.

The following table details the movement in the share options of Cosmo Pharmaceuticals N.V. during the period.

	2024		2023	
	Number	Weighted average exercise price in CHF	Number	Weighted average exercise price in CHF
Outstanding as at 1 January	**1,213,764**	**71.77**	**1,331,909**	**78.48**
Granted during the year	185,506	65.86	246,405	58.03
Forfeited during the year	(121,379)	61.84	(18,042)	65.49
Cancelled and replaced during the year	–	–	(212,508)	83.15
Exercised during the year	(1,000)	64.00	–	–
Expired during the year	–	–	(134,000)	95.89
Outstanding as at 31 December	**1,276,891**	**71.02**	**1,213,764**	**71.77**
Exercisable as at 31 December (included in above total)	681,637	77.95	578,965	77.07

The key terms and conditions related to the grants under these programmes outstanding at the year-end are as follows; all options are to be settled by the physical delivery of shares.

Option series	Issue date	Number	Grant date	Vesting date	Expiry date	Exercise price CHF	Fair value in CHF[1]
9a	25 January 2019	197,424	25/01/2019	25/01/2022	24/01/2025	89.00	9.30 & 17.91
11	13 March 2019	43,746	13/03/2019	13/03/2022	12/03/2025	83.15	16.55
12	13 March 2019	43,746	13/03/2019	13/03/2024	12/03/2027	83.15	21.29
14	2 September 2019	1,334	02/09/2019	02/09/2022	01/09/2025	84.10	16.22
15	16 March 2020	12,000	16/03/2020	16/03/2023	15/03/2026	58.70	11.84
16	2 April 2020	196,438	02/04/2020	25/01/2022	24/01/2025	64.00	10.32
18	2 April 2020	1,333	02/04/2020	02/09/2022	01/09/2025	64.00	11.90
20	25 January 2021	133,436	25/01/2021	25/01/2023	24/01/2026	80.30	14.59
21	25 January 2021	137,672	25/01/2021	25/01/2024	24/01/2027	80.30	17.64
23	30 September 2021	2,000	30/09/2021	30/09/2024	30/09/2027	80.50	17.82
24	31 January 2022	120,565	31/01/2022	30/01/2025	30/01/2028	57.20	13.31
25	30 September 2022	2,000	30/09/2022	30/09/2025	29/09/2028	46.15	12.86
26	31 January 2023	124,365	31/01/2023	31/01/2026	31/01/2029	66.50	18.58
27	30 September 2023	2,000	30/09/2023	30/09/2026	29/09/2029	39.90	10.72
28	8 December 2023	90,000	08/12/2023	08/12/2027	07/12/2030	43.90	13.28
29	31 January 2024	127,832	31/01/2024	31/01/2027	30/01/2030	64.00	16.09
30	5 July 2024	41,000	05/07/2024	05/07/2027	04/01/2030	72.40	18.38
Outstanding as at 31 December 2024		**1,276,891**					

1 At grant date.

3.6 Notes to the Consolidated Financial Statements continued

29 Share-based payment continued

Stock option plan of Cosmo Pharmaceuticals N.V. continued

Option series 9

On 25 January 2019, the Board of Directors replaced 879,300 options related to series 5 to 8 and granted a further 28,000 options (Option series 9a/9b) with an exercise price of CHF 89.00 and vesting period of three years. In 2019, 12,000 options were forfeited; in 2020, 24,000 options were forfeited and 564,876 options were replaced with 282,438 options of series 16. In 2021, 33,668 options were forfeited and 46,666 were cancelled. In 2022, 14,666 options were forfeited. In 2024, 12,000 options were forfeited. As at 31 December 2024, 197,424 options related to option series 9a/9b are outstanding and are exercisable.

Option series 11 and 12

On 13 March 2019, the Board of Directors granted a total of 300,000 options to employees of Linkverse S.r.l. These options have an exercise price of CHF 83.15, 150,000 of which had a vesting date of 13 March 2022 and will expire on 12 March 2025, the remaining 150,000 options will vest on 13 March 2024 and expire on 12 March 2027. The vesting of these options is conditional upon the Group receiving a cumulative revenue from GI Genius™ of not less than €100 million within 13 March 2024 up to 12 March 2025 and on condition that the option holder continues to be employed by Linkverse S.r.l. or for another company within the Group. In 2023, 122,508 share options were cancelled and 90,000 share options were replaced due to a new agreement with certain former NCI shareholders of Linkverse S.r.l. which modified the terms of the share-based payments originally agreed in 2019, the effectiveness of the new agreement is contingent upon the effectiveness of the New Medtronic Agreement occurring by 31 March 2024. As at 31 December 2024, 87,492 options related to option series 11 and 12 are outstanding.

Option series 14

On 2 September 2019, the Board of Directors granted a total of 4,000 options to existing employees. These options have an exercise price of CHF 84.10, will vest on 2 September 2022 and will expire on 1 September 2025. In 2020, 2,626 options were replaced with 1,333 options of series 18. As at 31 December 2024, 1,334 options related to option series 14 remain outstanding and are exercisable.

Option series 15

On 16 March 2020, the Board of Directors granted a total of 12,000 options to existing employees. These options have an exercise price of CHF 58.70, will vest on 16 March 2023 and will expire on 15 March 2026. As at 31 December 2024, all options related to option series 15 are outstanding and are excercisable.

Option series 16

On 2 April 2020, the Board of Directors replaced 564,876 options related to series 9a/9b with 282,438 options (series 16) with an exercise price of CHF 64.00. These options will vest on 25 January 2022 and expire on 24 January 2025. In 2021, 9,666 options were forfeited and 46,667 options were cancelled. In 2022, 16,000 options were forfeited. In 2024, 1,000 options were exercised and 12,000 options were forfeited. As at 31 December 2024, 196,438 options related to option series 16 are outstanding and are exercisable.

Option series 18

On 2 April 2020, the Board of Directors granted a total of 1,333 options to existing employees. These options have an exercise price of CHF 64.00, will vest on 2 September 2022 and will expire on 1 September 2025. As at 31 December 2024, all options related to option series 18 are outstanding and are excercisable.

Option series 20

On 25 January 2021, the Board of Directors granted a total of 190,340 options to existing employees. These options have an exercise price of CHF 80.30, will vest on 25 January 2023 and will expire on 24 January 2026. In 2021, 5,333 options were forfeited. In 2022, 17,333 options were forfeited. In 2023, 12,669 options were forfeited. In 2024, 12,000 options were forfeited. As at 31 December 2024, 133,436 options related to option series 20 are outstanding and are excercisable.

Option series 21

On 25 January 2021, the Board of Directors granted a total of 190,340 options to existing employees. These options have an exercise price of CHF 80.30, will vest on 25 January 2024 and will expire on 24 January 2027. In 2021 and 2022, a total of 33,334 options were forfeited. In 2023, 667 options were forfeited. In 2024, 17,333 options were forfeited. As at 31 December 2024, 137,672 options related to option series 21 are outstanding and are excercisable.

Option series 22

On 31 May 2021, the Board of Directors granted a total of 5,333 options to existing employees. These options have an exercise price of CHF 87.00, will vest on 31 May 2024 and will expire on 30 May 2027. In 2024, all options related to option series 22 are were forfeited.

Option series 23

On 30 September 2021, the Board of Directors granted a total of 2,000 options to existing employees. These options have an exercise price of CHF 80.50, will vest on 30 September 2024 and will expire on 29 September 2027. As at 31 December 2024, all options related to option series 23 are outstanding and are excercisable.

Option series 24

On 31 January 2022, the Board of Directors granted a total of 156,797 options to existing employees. These options have an exercise price of CHF 57.20, will vest on 31 January 2025 and will expire on 30 January 2028. In 2022, 7,525 options were forfeited. In 2023, 6,008 options were forfeited. In 2024, 22,682 options were forfeited. As at 31 December 2024, 120,565 options related to option series 24 are outstanding.

Option series 25

On 30 September 2022, the Board of Directors granted a total of 2,000 options to existing employees. These options have an exercise price of CHF 46.15, will vest on 30 September 2025 and will expire on 29 September 2028. As at 31 December 2024, all 2,000 options related to option series 25 are outstanding.

3.6 Notes to the Consolidated Financial Statements continued

29 Share-based payment continued

Stock option plan of Cosmo Pharmaceuticals N.V. continued

Option series 26

On 31 January 2023, the Board of Directors granted a total of 154,405 options to existing employees. These options have an exercise price of CHF 66.50, will vest on 31 January 2026 and will expire on 30 January 2029. In 2023, 6,683 options were forfeited. In 2024, 23,357 options were forfeited. As at 31 December 2024, 124,365 options related to option series 26 are outstanding.

Option series 27

On 30 September 2023, the Board of Directors granted a total of 2,000 options to existing employees. These options have an exercise price of CHF 39.90, will vest on 30 September 2026 and will expire on 29 September 2029. As at 31 December 2024, all related to option series 27 are outstanding.

Option series 28

On 8 December 2023, the Board of Directors granted a total of 90,000 options to existing employees. These options replace the 90,000 share options in series 11 and 12. These options have an exercise price of CHF 43.90, will vest on 8 December 2027 and will expire on 7 December 2030. As at 31 December 2024, all related to option series 28 are outstanding.

Option series 29

On 31 January 2024, the Board of Directors granted a total of 144,506 options to existing employees. These options have an exercise price of CHF 64.00, will vest on 31 January 2027 and will expire on 30 January 2030. In 2024, 16,674 options were forfeited. As at 31 December 2024, 127,832 options related to option series 29 are outstanding.

Option series 30

On 5 July 2024, the Board of Directors granted a total of 41,000 options to existing employees and directors. These options have an exercise price of CHF 72.4, will vest on 5 July 2027 and will expire on 4 July 2030. As at 31 December 2024, all related to option series 30 are outstanding.

The inputs used in the measurement of the fair values at grant date of the Cosmo Pharmaceuticals N.V. stock option plan for options granted during 2024 were as follows:

Option series	29	30
Issue date	31/01/2024	05/07/2024
Share price at grant date (in CHF)	64.00	72.40
Exercise price (in CHF)	64.00	72.40
Expected volatility	33.00%	33.00%
Employee exit rate	0.00%	0.00%
Option life	1,096 days	1,096 days
Risk-free interest rate	3.0342%	3.2372%
Dividend yield	0.50%	0.50%

The fair value of the options granted has been determined on the basis of the binomial tree generated by the Fincad programme, a technique similar to the Black-Scholes valuation model. The expected volatility of the underlying instrument measures the expected fluctuations in price/value for a given period. The indicator that measures volatility in the model used to evaluate the options is the annualised standard deviation of the compound returns of a share.

30 Banks loans, contractual obligation, contingencies and commitments

The following table sets forth the contractual commitments and principal payments the Group was obliged to make as of 31 December 2024 and 2023 under debt instruments, leases and other agreements.

EUR 1,000	Total	Less than 1 year	1-5 years	More than 5 years
Bank loans	421	139	282	–
Lease liabilities	1,780	678	1,102	–
Employee benefits	652	–	–	652
Contingent consideration	5,067	4,500	183	384
Lease expenses[1]	15	14	1	–
Total contractual obligations 31 December 2024	**7,935**	**5,331**	**1,568**	**1,036**
Bank loans	559	137	422	–
Lease liabilities	1,280	731	549	–
Employee benefits	559	–	–	559
Contingent consideration	6,595	3,400	2,934	261
Lease expenses[1]	17	14	3	–
Total contractual obligations 31 December 2023	**9,010**	**4,282**	**3,908**	**820**

1 Not a balance sheet item.

Bank loans represent the remaining principal outstanding. Lease liabilities represent the liabilities recognised on implementation of IFRS 16 *Leases*.

Employee benefits as at 31 December 2024 include €0.7 million (2023: €0.6 million) related to required indemnities for termination of employees (Indennità di fine rapporto ('TFR')) of the Italian Group companies. These obligations are payable to employees upon the termination of employment and, although in practice a part of this liability may come due within 12 months, this portion is not quantifiable and is conventionally treated as long-term.

Contingent consideration refers to considerations relating to the Linkverse S.r.l. acquisition, payable upon achieving regulatory and commercial milestones (see Note 12 for further details).

Lease expenses at 31 December 2024 and 2023 refer to the leases for the low-value items not recognised as right-of-use asset as per IFRS 16 *Leases*, specifically for a laboratory office with an annual lease of €10,000 and a one-year extension of car leases. These lease agreements do not contain purchase options.

3.6 Notes to the Consolidated Financial Statements continued

31 Related party transactions

At 31 December 2024, Cosmo Holding S.a.r.l., a Luxembourg company controlled by Mauro Ajani, member of the Board of Directors of the Company, and Mauro Ajani personally, held 6,137,252 shares in the Company.

Any member of the Board who has an interest in a related party transaction which is under discussion by the Board must abstain from this discussion and abstain from any vote on the approval of the related party transaction under discussion.

Remuneration of Board of Directors

The Board of Directors' remuneration in 2024 including stock-based remuneration, is as follows:

EUR

Board of Directors	Function	Base remuneration	Additional remuneration	Cash bonus	Pension/ Termination Benefit	Fringe benefits	Total cash-related remuneration	Fair value of stock options granted in EUR
Alessandro della Cha[1]	Chairman	39,638	442,278	761,796	6,756	–	1,250,467	516,496
Giovanni Di Napoli[2]	member, executive CEO	26,909	360,679	3,037,725	3,408	–	3,428,721	566,559
Niall Donnelly[3]	member, executive Corporate Governance & Chief Sustainability Officer (CGCSO)	26,909	189,000	323,190	11,340	1,840	552,279	137,732
Mauro Ajani[4]	member, non - executive	39,638	148,000	2,451,161	–	–	2,638,799	-
Maria Grazia Roncarolo	member, non - executive	39,638	–	–	–	–	39,638	91,816
John O'Dea[7]	member, non - executive	27,706	–	–	–	–	27,706	103,869
Silvana Perretta[7]	member, non - executive	27,706	–	–	–	–	27,706	103,869
Kevin Donovan[5]	member, non - executive	11,705	–	–	–	–	11,705	91,816
Dieter Enkelmann[5]	member, non - executive	11,705	–	–	–	–	11,705	91,816
David Maris[6]	member, non - executive	9,643	–	–	–	–	9,643	91,816
Total		**261,194**	**1,139,957**	**6,573,872**	**21,504**	**1,840**	**7,998,367**	**1,795,788**

1 was Executive Director and CEO until 24 May 2024, appointed Chairman by AGM held on 24 May 2024.
2 member and CEO effective 25 May 2024, no remuneration in 2023.
3 member effective 25 May 2024. CFO until October 2024, CGCSO since November 2024.
4 was Chairman until 24 May 2024
5 member until 22 May 2024
6 member until 25 April 2024
7 appointed by AGM held on 24 May 2024

Remuneration of Executive Management in 2024 (excluding Executive Directors)

EUR

Board of Directors	No. of members	Base remuneration	Cash bonus	Pension benefit	Fringe benefits	Total cash-related remuneration	Fair Value of stock options granted in EUR
Executive Management	15 members[1]	2,558,021	2,136,101	178,129	78,472	**4,950,723**	857,933
Highest paid of 15 members		209,000	319,770	30,265	9,860	**568,895**	137,732

1 Excluding Alessandro Della Chà who served as CEO until 24 May 2024, and Niall Donnelly and Giovanni Di Napoli, who were appointed as executive directors effective 25 May 2025.

3.6 Notes to the Consolidated Financial Statements continued

31 Related party transactions continued

The compensation to the Board of Directors personnel recognised in the income statement in 2024 and 2023 are as follows:

	31 December	
EUR	2024	2023
Base compensation	261,194	187,500
Additional remuneration	1,139,957	940,000
Cash bonus	6,573,872	–
Fringe benefits	1,840	–
Post-employment benefits	21,504	6,820
Share-based payments	1,795,788	1,049,686
Total	**9,794,155**	**2,184,006**

The compensation to the Executive Management personnel, excluding CEO, recognised in the income statement in 2024 and 2023 are as follows:

	31 December	
EUR	2024	2023
Base compensation	209,000	2,305,190
Cash bonus	319,770	–
Fringe benefits	9,860	69,819
Post-employment benefits	30,265	137,786
Share-based payments	137,732	2,460,748
Total	**706,627**	**4,973,543**

As at 31 December 2024, the stock option plan of Cosmo Pharmaceuticals N.V. with regard to the Board of Directors are as follows:

Non-executive members of the Board	Outstanding as at 1 January 2024	Granted	Cancelled	Exercised	Forefeited	Expired	Outstanding as at 31 December 2024
Alessandro Della Chà[1]	246,667	30,000	–	–	–	–	276,667
Mauro Ajani	–	–	–	–	–	–	–
Kevin Donovan[2]	31,999	5,333	–	–	(37,332)	–	–
Dieter Enkelmann[2]	31,999	5,333	–	–	(37,332)	–	–
Maria Grazia Roncarolo	31,999	5,333	–	–	–	–	37,332
David Maris[3]	15,999	5,333	–	–	(21,332)	–	–
John O'Dea[4]	–	5,500	–	–	–	–	5,500
Silvana Perretta[4]	–	5,500	–	–	–	–	5,500
Total	111,996	62,332	–	–	(95,996)	–	324,999
Of which exercisable	251,996	–	–	–	–	–	208,000

1 was Executive Director and CEO until 24 May 2024, appointed Chairman by AGM held on 24 May 2024.
2 member until 22 May 2024
3 member until 25 April 2024
4 member effective 25 May 2024, no stock options outstanding as of 31 December 2023.

As at 31 December 2024, 208,000 of the outstanding options were vested.

As at 31 December 2024, the stock option plan of Cosmo Pharmaceuticals N.V. with regard to the Executive members of the Board and members of management are as follows:

Executive members of the Board and other members of management detailed if grant exceeds 50,000 options	Outstanding as at 1 January 2024	Granted	Cancelled and replaced	Exercised	Forfeited	Expired	Outstanding as at 31 December 2024
Marco Lecchi	50,000	8,000	–	–	–	–	58,000
Davide Malavasi	50,000	8,000	–	–	–	–	58,000
Niall Donnelly	50,000	8,000	–	(1,000)	–	–	57,000
Other management	237,797	63,832	–	–	–	–	301,629
Total	387,797	87,832	–	–	–	–	474,629
Of which exercisable	133,633	–	–	–	–	–	180,300

As at 31 December 2024, 180,300 of the outstanding options were vested.

For the options' exercise price and other details, see Note 29 of these financial statements.
The compensation programmes promote long-term value creation and the sustainability of the Company.

32 Financial risk management objectives and policies

Financial risk management

The Group's financial assets, such as cash and cash equivalents, trade receivables and other receivables, investments in other companies and investments in funds, are managed by the Group's Investment Committee.

The Group's principal financial liabilities, which comprise bank loans, financial leases and trade payables, are mainly related to finance raised for its operations.

The Group is exposed to various financial risks in the normal course of business. The principle financial risks to which it is exposed include credit risks related to the creditworthiness of its customers and counterparties of investment portfolio, with which it invests surplus cash funds, liquidity risks associated with the availability of sufficient capital resources, foreign currency risks, including both translation and transaction risk, and interest rate risk.

The Group measures and manages financial risks in accordance with Group policy. The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's risk management policies are established to identity and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. The Audit Committee of the Board periodically reviews the policies and adequacy of the risk management framework in relation to risk faced by the Group and reports regularly to the Board of Directors on its activities.

3.6 Notes to the Consolidated Financial Statements continued

32 Financial risk management objectives and policies continued

Financial risk management continued

To illustrate the correlation between the financial instruments and the related risk exposure, a description of the policies and the measures adopted by the Group to manage its financial risk exposure is provided below. The Group aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group has exposure to the following risks arising from financial instruments:

- credit risk;
- liquidity risk;
- market risk;
- foreign currency risk; and
- other market price risk.

A. Credit risk

Credit risk is the risk of financial loss to the Group if a customer or a counterparty to a financial instrument fails to meet its contractual obligations. It arises mainly from the Group's trade receivables, other receivables, cash and cash equivalents, and investments in funds.

Trade receivables

The Group has a credit risk exposure in respect of the creditworthiness of its customers. The Group has a series of long-standing customers and has established ongoing monitoring for risk of credit deterioration. Credit risk for new customers is managed by ensuring strict credit procedures. In the event where a new customer's credit rating is not available, the customer is required to provide bank references and if there is any failure to obtain sufficient comfort over the creditworthiness, the Group will transact on a prepayment basis. In addition to this, in order to reduce general credit risk concentration, the Group sets limits for credit days of its customers.

The Group assesses that there are no factors specific to our customers or general economic conditions, in both the current as well as the forecast direction of conditions at the reporting date that are indicative of potential material credit losses.

The ageing of trade and other receivables was as follows:

EUR 1,000 Ageing of trade receivables	As at 31 December 2024	2023
Current	18,223	25,193
Past due less than 90 days	542	1,882
Past due 90 – 120 days	95	990
Past due 120+ days	92	400
Loss allowance[1]	(11)	(11)
Total trade receivables	**18,941**	**28,454**

1 The expected credit loss allowance is in relation to trade receivables past due >120 days.

Trade receivable balances represent the amounts due from our customers, which are primarily our licensee partners and customers who we manufacture product for on a contract basis.

In measuring the expected credit losses, the Group considers current and forward-looking information which includes possible defaults on the trade receivables over the entire holding period of the trade receivables and also on macroeconomic factors affecting the ability of the customers to settle the receivables. Outstanding trade receivables as at year-end are largely current and past due balances represent only 4% of total outstanding balance (2023: 3%). Our historical experience showed immaterial historical loss rates on the trade receivables. The changes in the expected credit loss allowance in respect of trade and other receivables during the year was as follows:

EUR 1,000 Movement in allowance for impairment of trade receivables	As at 31 December 2024	2023
Balance at beginning of the year	**11**	**11**
Provision for expected credit losses during the year	275	1,023
Amounts written off	(275)	(1,023)
Amounts recovered during the year	–	–
Balance at end of the year	**11**	**11**

At present, there are no pending litigations with reference to the Group's trade receivables nor has there been any record of litigations in the past. Nevertheless, receivables are constantly monitored by management within the context of a risk management system, approved by the Board of Directors.

Cash and cash equivalents

Credit risk exposure also exists in relation to the investment by the Group in cash which the Group places on deposit with financial institutions. The Group actively manages these risks by placing deposits with financial institutions in accordance with strict credit risk management policies and controls as specified by the Group's Board of Directors. The Group's cash and cash equivalents as at 31 December 2024 were held on deposit with banks whose Fitch credit rating ranged from BBB to A+, and 56.0% of deposits were held with banks with a Fitch credit rating of A (High Credit Quality) or higher.

Impairment on cash and cash equivalents has been measured on a 12-month expected loss basis and reflects the short maturities of the exposures. The Group considers that its cash and cash equivalents have low credit risk, based on the external credit ratings of the counterparties. No impairment loss was identified.

Financial assets at fair value through profit or loss

As at 31 December 2024, the Group is also exposed to credit risk in relation to investments in funds and bonds that are measured at fair value through profit or loss. The maximum exposure at the end of the reporting period is the carrying amount of these investments of €80.7 million.

Debt investments at fair value through other comprehensive income ('FVOCI')

Debt investments at FVOCI include short-term corporate bonds which are quoted in regulated markets and in a multilateral trading facility. The Group limits its exposure to credit risk by investing only in quoted debt securities with very low credit risk.

3.6 Notes to the Consolidated Financial Statements continued

32 Financial risk management objectives and policies continued

Financial risk management continued

A. Credit risk continued

The debt instruments are graded in the top investment category (Good to Very High) by the rating agencies, Moody's and S&P and are therefore considered to be low credit risk investments.

As at 31 December 2024, the Group is exposed to credit risk in relation to debt investments at FVOCI. The maximum exposure at the end of the reporting period is the carrying amount of these investments of €49.8 million.

Other financial assets at amortised cost

Other financial assets at amortised cost include loans to collaboration partners, related party receivables and other receivables. An impairment loss of €2.1 million was recognised in 2024 for the loan and other advances to a collaboration partner.

B. Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

The Group's primary objectives in managing liquidity is to ensure:

(i) adequate resources to fund its continued operations;
(ii) availability of sufficient resources to sustain future development and growth of the business; and
(iii) maintain sufficient resources to mitigate risks and unforeseen events that may arise.

The Group manages risks associated with liquidity by investing its cash in short-term deposits and short-term financial investment which can be readily realised into cash. Where the Group has entered into a long-term financial investment obligation, the maturity dates are spread out evenly in order to attain the most effective rate of liquidity. The Group prioritises efficient management of liquidity risk over optimisation of its investment income.

Liquidity risk is managed by considering the maturity of the Group's financial assets (e.g. cash and cash equivalents, accounts receivables and other financial assets) as well as projected cash flows from operations, to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due. The Group maintains flexibility in funding, and monitors rolling forecasts of the Group's liquidity reserve (which comprises cash and cash equivalents on the basis of expected cash flows).

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include contractual interest payments.

EUR 1,000	Carrying amount	Total	Less than 1 year	1-2 years	2-5 years	More than 5 years
Bank loans	421	435	145	145	145	–
Lease liabilities	1,780	1,925	746	474	705	–
Trade payables	10,570	10,570	10,570	–	–	–
Contingent consideration	5,067	5,067	4,500	567	–	–
Total as at 31 December 2024	**17,838**	**17,997**	**15,961**	**1,186**	**850**	–
Bank loans	559	580	145	145	290	–
Lease liabilities	1,280	2,664	1,332	800	425	107
Trade payables	11,560	11,560	11,560	–	–	–
Contingent consideration	6,595	6,595	3,400	2,678	256	261
Total as at 31 December 2023	**19,994**	**21,399**	**16,437**	**3,623**	**971**	**368**

As at 31 December 2024 and 2023, the Group's cash and cash equivalents and current financial assets are adequate to meet the obligations associated with the financial liabilities listed above.

C. Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, investment securities and equity prices, will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control the market risk exposures within acceptable parameters, while optimising the return.

Interest rate risk

The Group is exposed to interest rate risk in respect of its cash and cash equivalents, debt investments, bank loans and leases with variable interest rates. No material hedging activities such as interest rate swaps were utilised during the financial period under review. Except for a very small level of debt, our interest rate exposure is restricted to our investments. The Group primarily invests in fixed rate instruments with maturities varying according to our liquidity needs. This process is overseen by the Investment Committee and implemented by an external expert investment manager.

The Group is exposed to interest rate risk in relation to its variable rate, medium and long-term debt obligations and cash and cash equivalents, as identified in the following tables:

	31 December 2024					
EUR 1,000	Currency	Interest	Interest rate	Expiry	Original value	Carrying amount
Fixed interest rate subsidised loans						
UBI Banca	EUR	fixed rate	0.500%	13/11/2027	1,412	421
Uncommitted/committed bank overdraft						
Various banks	EUR	floating rate	Euribor +various%	until revocation	20	–

3.6 Notes to the Consolidated Financial Statements continued

32 Financial risk management objectives and policies continued

Financial risk management continued

C. Market risk continued

		31 December 2023				
EUR 1,000	Currency	Interest	Interest rate	Expiry	Original value	Carrying amount
Fixed interest rate subsidised loans						
UBI Banca	EUR	fixed rate	0.500%	13/11/2027	1,412	559
Uncommitted/committed bank overdraft						
Various banks	EUR	floating rate	Euribor +various%	until revocation	20	–

		31 December 2024				
EUR 1,000	Currency	Interest	Interest rate	Expiry	Original value	Carrying amount
Cash at hand	Various	N/A	N/A	N/A	N/A	13
Bank accounts various banks (9)	EUR	floating rate	Euribor ±various%	N/A	N/A	37,860
Bank accounts various banks (6)	USD	floating rate	Variable/ Market rate ±various%	N/A	N/A	5,665
Bank accounts various banks (3)	CHF	floating rate	Variable/ Market rate ±various%	N/A	N/A	759

		31 December 2023				
EUR 1,000	Currency	Interest	Interest rate	Expiry	Original value	Carrying amount
Cash at hand	Various	N/A	N/A	N/A	N/A	12
Bank accounts various banks (10)	EUR	floating rate	Euribor ±various%	N/A	N/A	38,014
Bank accounts various banks (7)	USD	floating rate	Variable/ Market rate ±various%	N/A	N/A	11,625
Bank accounts various banks (2)	CHF	floating rate	Variable/ Market rate ±various%	N/A	N/A	624

The table below provides an indication of the impact on the profit before tax of a parallel ±50 basis-point shift of the rate curve estimated as of 31 December 2024 and 2023. The analysis was carried out by assuming that the other variables remained constant.

	Profit or (loss)	
31 December 2024	50 bp	50 bp
EUR 1,000	Increase	Decrease
Cash and cash equivalents	308	(308)
Cash flow sensitivity (net)	**308**	**(308)**

	Profit or (loss)	
31 December 2023	50 bp	50 bp
EUR 1,000	Increase	Decrease
Cash and cash equivalents	591	(591)
Cash flow sensitivity (net)	**591**	**(591)**

Regarding the Group's debt investments measured at FVOCI, the potential decrease in the fair value of fixed rate financial instruments (investment securities - corporate bonds) as of 31 December 2024, due to a hypothetical +25 basis point and +50 basis point shift in the interest rate curve, would have been approximately €0.30 million and €0.60 million respectively.

D. Foreign currency risk

The Group is subject to a number of foreign currency risks for transactions that are denominated in a currency other than its functional currency (Euro). The Group has one subsidiary whose functional currency is U.S. Dollar (US$) and these are not exposed to material foreign currency risk on positions in US$.

The Group uses natural hedging to manage its foreign exchange exposures and monitors its foreign currency cash inflows and outflows.

The Group at year-end has bank accounts (including call deposits), trade receivables and payables denominated in a currency different from the functional currency (Euro). Changes in exchange rates may result in exchange gains or losses arising from these situations.

At the present time, no foreign currency hedges are in place but the Group regularly reviews this position.

Sensitivity analysis – foreign currency risk

In relation to 2024 revenue and operating costs, a 10% strengthening of the Euro against the US$ as at 31 December 2024 would have resulted in a profit reduction of €18.3 million (2023: profit reduction of €2.4 million). A 10% weakening of the Euro against the US$ as at 31 December 2024 and 2023 would have had the opposite effect, for the equal amount shown above.

In relation to financial instruments held in foreign currency at year-end, a 5% strengthening of the Euro against the US$ as at 31 December 2024 would have resulted in a profit reduction of €1.7 million (2023: profit reduction €1.1 million). A 5% weakening of the Euro against the US$ as at 31 December 2024 and 2023 would have had the opposite effect, for the equal amount.

3.6 Notes to the Consolidated Financial Statements continued

32 Financial risk management objectives and policies continued

Financial risk management continued

E. Other market price risk

Market price risk exists in relation to equity investments. The Group will, from time to time, reassess whether it is appropriate to hedge these risks. Generally, however, it will only enter into investments where it thinks that the value will appreciate and will therefore generally not hedge the market risks.

- The Group has investments in equity shares since 2016. The equity ownership in PAION AG, RedHill and Eagle Pharma reflects the Group's confidence in the long-term value of these businesses; the investments are actively monitored and managed on a fair value basis. As at 31 December 2024, the investment in listed equity shares amounted to €0.1 million (2023: €0.7 million)
- Since Q1 2024, the Group has invested in bonds, primarily corporate bonds, and funds, mainly money market and bond funds. An external investment manager oversees the portfolio, selecting instruments aimed at generating short- to medium-term profits, aligned with the Group's financial needs. As of December 31, 2024, the investment in bonds was €45.4 million (2023: nil) and the investment in funds was €80.7 million (2023: nil).

Sensitivity analysis – other market risk

The Group's listed equity investments are susceptible to market price risk arising from uncertainties about future values of the investment securities. The analysis for the year 2024 is based on the assumption that a 20% increase in the fair value of the listed equity investments as at 31 December 2024 of PAION AG (FSE: PA8), RedHill (Nasdaq: RDHL) and Eagle Pharma (Nasdaq: EGRX) would have increased other comprehensive income and equity by €0.02 million. A similar percentage change in the opposite direction would have decreased equity by the same amount.

In relation to the investment in funds measured at FVTPL, a 0.5% increase in the price as at 31 December 2024 would have increased profit of €0.4 million. A similar percentage decrease in the price would have had the opposite effect in profit and loss by the same amount.

For investments in bonds at FVOCI, a 0.5% increase in the price as at 31 December 2024 would have increased other comprehensive income and equity by €0.6 million. A 0.5% decrease in the value would have had the opposite effect, for an equal amount.

F. Capital management

The Group's goal is to maintain a strong capital base so as to sustain future development of the business and to maximise long-term shareholder value. The Group monitors capital on the basis of equity ratio. For the purpose of the Group's capital management, capital includes issued capital, share premium and all other equity reserves attributable to the equity holders of the Company.

	As at 31 December	
	2024	2023
Total assets	646,772	526,045
Equity	505,091	403,623
Equity ratio	78.1%	76.7%

The measures and mechanisms implemented by the Group to manage its exposure to financial risks have been detailed in the note above.

G. Share capital and share premium

As at 31 December 2024, the authorised share capital amounts to €18,744,677.64 and is divided into 36,047,457 ordinary shares, each with a nominal value of €0.26 and 36,047,457 preferred shares, each with a nominal value of €0.26.

As at 31 December 2024, 17,543,522 ordinary shares (2023: 17,543,522 ordinary shares) were issued and fully paid.

33 Fair value measurement

Qualitative information

The fair value is the price that would be received when selling an asset or paid when transferring a liability in an orderly transaction between market participants (i.e. not as part of the compulsory liquidation or a below-cost sale) as at the measurement date. Fair value is a market measurement criterion, not specifically referring to a single entity. Underlying the definition of fair value is the assumption that the Company is carrying out normal operations, without any intention of liquidating its assets, significantly reducing the level of operations or carrying out transactions at unfavourable conditions.

An entity has to measure the fair value of an asset or liability by adopting the assumptions that would be used by market participants when pricing an asset or liability, presuming that they act with a view to satisfying their own economic interest in the best way possible.

The fair value of financial instruments is determined according to a hierarchy of criteria based on the origin, type and quality of the information used (IFRS 13). In detail, this hierarchy assigns top priority to quoted prices (unadjusted) in active markets and less importance to unobservable inputs. Three different levels of input are identified:

(a) level 1: input represented by quoted prices (unadjusted) in active markets for identical assets or liabilities accessible by the entity as at the measurement date;
(b) level 2: input other than quoted prices included in level 1 that are directly or indirectly observable for the assets or liabilities to be measured; and
(c) level 3: unobservable input for the asset or liability.

A market is regarded as active if quoted prices, representing actual and regularly occurring market transactions considering a normal reference period, are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency.

3.6 Notes to the Consolidated Financial Statements continued

33 Fair value measurement continued

Financial assets and liabilities that are measured at fair value on a recurring basis

In specific cases, research is carried out in order to verify the significance of official market values. In the event of a significant reduction in the volume or level of operations compared with normal operations for the asset or liability (or for similar assets or liabilities) highlighted by a number of indicators (number of transactions, limited significance of market prices, significant increase in implicit premiums for liquidity risk, expansion or increase of the bid-ask spread, reduction or total lack of market for new issues, limited publicly available information), analyses of the transactions or of the quoted prices are carried out; if the conclusion is reached that the market is inactive, the asset or liability is reclassified to level 2 of the fair value hierarchy.

This table shows the comparison of fair values versus carrying amounts of financial assets and liabilities, as required by IFRS 7.

		As at 31 December 2024		As at 31 December 2023	
EUR 1,000	Classification	Carrying amount	Fair value	Carrying amount	Fair value
Non-current financial assets					
Investment in bonds	FVOCI – debt instrument	27,461	27,461	–	–
Equity instruments – PAION AG shares	FVOCI – equity instrument	10	10	10	10
Equity instruments – RedHill shares	FVOCI – equity instrument	40	40	227	227
Equity instruments – Eagle Pharma shares	FVOCI – equity instrument	45	45	455	455
Equity instruments – AIMM and other	FVOCI – equity instrument	4,284	4,284	2,594	2,594
Current financial assets					
Investment in bonds	FVOCI – debt instrument	17,985	17,985	–	–
Investment in funds	Mandatorily at FVTPL	80,682	80,682	–	–
Total assets		**130,507**	**130,507**	**3,286**	**3,286**
Contingent consideration	Mandatorily at FVTPL	(5,067)	(5,067)	(6,595)	(6,595)
Total liabilities		**(5,067)**	**(5,067)**	**(6,595)**	**(6,595)**

The following table shows the fair-value hierarchy for financial assets that are measured at fair value on a recurring basis at 31 December 2024 and 2023:

	As at 31 December 2024				As at 31 December 2023			
EUR 1,000	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Non-current financial assets								
Investment in bonds	27,461	–	–	27,461	–	–	–	–
Equity instruments – PAION AG shares	10	–	–	10	10	–	–	10
Equity instruments – RedHill shares	40	–	–	40	227	–	–	227
Equity instruments – Eagle Pharma shares	45	–	–	45	455	–	–	455
Equity instruments – AIMM and other	–	–	4,284	4,284	–	–	2,594	2,594
Current financial assets								
Investment in funds	80,682	–	–	80,682	–	–	–	–
Investment in bonds	17,985	–	–	17,985	–	–	–	–
Total assets	**126,223**	**–**	**4,284**	**130,507**	**692**		**2,594**	**3,286**
Contingent consideration	–	–	(5,067)	(5,067)	–	–	(6,595)	(6,595)
Total liabilities	–	–	**(5,067)**	**(5,067)**	**–**	**–**	**(6,595)**	**(6,595)**

The following are considered as level 1 financial instruments:

- shares valued using official closing prices and/or fixing provided by regulated stock exchanges;
- investments in funds valued using official closing prices and/or fixing provided by local authorities (central bank, monetary authority or local stock exchange);
- investments in funds and bonds quoted on Multilateral Trading Facility (i.e. the EuroTLX or NASD TRACE circuit) or for which it is possible to continuously derive the quotation from the main price contribution international platforms; and
- investments in treasury and corporate bonds quoted using closing prices in the regulated market.

3.6 Notes to the Consolidated Financial Statements continued

33 Fair value measurement continued

Financial assets and liabilities that are measured at fair value on a recurring basis continued

When no quotation on an active market exists or the market is not functioning regularly, that is, when the market does not have a sufficient and continuous number of trades, and bid-ask spreads and volatilities that are not sufficiently contained, the fair value of the financial instruments is mainly determined through the use of valuation techniques whose objective is the establishment of the price at which, in an orderly transaction, the asset could be sold or the liability transferred between market participants, as at the measurement date, under current market conditions.

In the case of level 2 inputs, the valuation is based on prices taken from official listings of instruments which are similar in terms of risk profile.

In particular, the level 2 valuation measurements reproduce prices of financial instruments not quoted on active markets and do not contain discretionary parameters for which values may not be inferred from quotations of financial instruments present on active markets or fixed at levels capable of reproducing quotations on active markets.

In addition to this, the Group, with the external asset manager, periodically makes an assessment regarding the marketability of each investment security to confirm the assigned level and the fair value measurement. The assessment distinguishes three different categories:

(i) Investments that can be sold within one day without an expected meaningful impact on price;
(ii) Investments that can be sold within one day with an expected price impact of approximately 0.25%; and
(iii) Illiquid investments, which require more than one day to be liquidated.

In case the investment is included in (iii), its fair value is reclassified to level 2 of the fair value hierarchy. In 2024, there were no transfers between levels 1 and 2 in the fair value hierarchy.

The level 3 consist of the following:

- equity investments for which there is no quoted market price in an active market. The fair value has been calculated using a value in use approach ('DCF') model, which considers the present value of expected future cash flows, discounted using a risk-adjusted discount rate of 10.0%. The estimated fair value would increase (decrease) if the expected cash flows were higher (lower) or if the risk-adjusted discount rate were lower (higher). The resulting fair value calculation resulted to an increase in the carrying value of the investment of €1.7 million recognised in other comprehensive income;
- contingent consideration in relation to the acquisition of Linkverse S.r.l. The present value of future expected payments (expected payments discounted using a risk-adjusted discount rate of 4.98%) have been recorded as contingent consideration. These payments are contingent upon occurence of future events, e.g. NDA approval of GI Genius™ and other milestones. The estimated present value would increase (decrease) if the expected payments were higher (lower) or if the risk-adjusted discount rate were lower (higher).

Fair value comparison of financial assets and liabilities at amortised cost

This table shows the comparison of fair values versus carrying amounts of financial assets and liabilities, as required by IFRS 7.

		As at 31 December 2024		As at 31 December 2023	
EUR 1,000	Classification	Carrying amount	Fair value	Carrying amount	Fair value
Other non-current receivables[1]	Amortised cost	–	–	1,541	1,541
Trade receivables	Amortised cost	18,941	18,941	28,454	28,454
Cash and cash equivalents	Amortised cost	44,296	44,296	50,275	50,275
Total assets		**63,237**	**63,237**	**80,270**	**80,270**
Subsidised loans	Amortised cost	(421)	(628)	(559)	(628)
Trade payables	Amortised cost	(10,570)	(10,570)	(11,560)	(11,560)
Other current liabilities[1]	Amortised cost	(2,244)	(2,244)	(3,523)	(3,523)
Total liabilities		**(13,235)**	**(13,442)**	**(15,642)**	**(15,711)**
Unrecognised gain/(loss)			(207)		(69)

1 Only financial assets/liabilities.

For financial instruments represented by trade receivables, other receivables and other assets, trade payables and other current liabilities, for which the present value of future cash flows is also taking into account the credit risk of the counterparties, does not differ significantly from carrying value, we assume that the carrying value is a reasonable approximation of the fair value.

The carrying amount of cash and cash equivalents, which consist primarily of bank current accounts and time deposits, approximates fair value.

Subsidised loans are included in level 2 of the fair-value hierarchy and have been estimated with discounted cash flows models. The main inputs used are year-end market interest rates.

34 Non-controlling interests

The Group recognises non-controlling interests in an acquired entity either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets. This decision is made on an acquisition-by-acquisition basis. For the non-controlling interests in Cassiopea, the Group elected to recognise the non-controlling interests at its proportionate share of the acquired net identifiable assets.

3.6 Notes to the Consolidated Financial Statements continued

34 Non-controlling interests continued

The following table summarises the information relating to the Group's subsidiary, Cassiopea, that has a material NCI, before any intra-group eliminations.

	As at 31 December	
EUR 1,000	2024	2023 (Restated)
NCI percentage	2.15%	2.15%
Non-current assets[1]	27,530	30,222
Current assets	38,374	43,642
Non-current liabilities	(36)	–
Current liabilities[1]	(6,055)	(4,979)
Net assets	**59,813**	**61,798**
Net assets attributable to NCI[1]	**1,286**	**1,329**
Revenue[1]	17,408	19,912
Profit/(loss)[1]	(2,118)	3,673
Other comprehensive income	–	–
Total comprehensive income[1]	(2,118)	3,673
Profit allocated to NCI[1]	(46)	79
Cash inflows from operating activities[1]	(6,367)	12,122
Cash flows from investing activities[1]	(15,483)	(5,437)
Cash flows from financing activities	–	(8,600)
Unrealised foreign exchange gain/(loss) on cash and cash equivalents	–	14
Net increase/(decrease) in cash and cash equivalents	(21,850)	(1,901)

[1] The 2023 comparative amounts were restated to reflect the impact of change in accounting policy on internal development costs. See note 4.

The following table shows the movement of NCI included in equity during the year and the balance as of 31 December 2024 and 2023:

	As at 31 December	
EUR 1,000	2024	2023 (Restated)
NCI included in Equity as at 1 January[1]	6,806	6,913
Add: Profit for the year attributable to NCI[1]	(45)	80
Less: Dividend payment	–	(187)
NCI included in Equity as at 31 December	**6,761**	**6,806**

[1] The 2023 comparative amounts were restated to reflect the impact of change in accounting policy on internal development costs. See note 4.

35. Medtronic Agreement

On 21 February 2024, a new agreement, which was executed on the 8th of December 2023, between Cosmo and Medtronic which expanded their artificial intelligence partnership became effective following the fulfilment of closing conditions contained in the agreement. Under the terms of the agreement Medtronic agreed to pay to Cosmo an upfront payment of $100 million, double-digit royalties on net sales and $100 million in potential future milestone payments. The new agreement has a term of 50 years from the effective date and renewable for successive five years.

Cosmo received the $100 million upfront payment from Medtronic in February 2024 and received an additional $100 million related to milestones which were met by the end of 2024. Revenue related to the $100 million upfront was recognised in 2024 upon the effectivity of the agreement when the closing conditions were fulfilled in 21 February 2024 and when the related performance obligations were satisfied under IFRS 15.

On 21 February 2024, a new agreement between Cosmo and three former Linkverse NCI shareholders became effective. Cosmo paid €4.5 million in April 2024 (€1.5 million to each shareholder) upon the effectivity of the contract. A further €4.5 million (€1.5 million to each shareholder) was contingent upon AI-related product developments, with the condition met in December 2024, making it due for payment in January 2025.

On the 6th of December 2023, linked to the New Medtronic Agreement, Cosmo executed an agreement with 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 agreement became effective on 21 February 2021, coinciding with the New Medtronic Agreement's effective date. However, under IFRS standards the Company was required to recognise costs related to the New Linkverse Agreement in 2023. Consequently, additional costs were recognised in the 2023 financial statements. The Company presents a separate line item for the impact of the aforementioned cost recognition related to the New Medtronic Agreement, as it was not a recurring cost item.

As part of the New Medtronic agreement entered into on 8 December 2023, the Group granted an option to Medtronic to purchase the entire issued and outstanding share capital of Cosmo Artificial Intelligence - AI Ltd., exercisable upon sales growth in that company of around 10 times current levels, with an option exercise price representing a sales multiple typical of such transactions within the medical device industry. The option agreement contained a number of covenants, including restrictions on transactions involving significant assets and equity instruments of Cosmo. The impact on the financial statements of the Group from this option agreement was assessed when the New Medtronic agreement became effective in 2024. It was not expected that the option would be exercised in the foreseeable future.

3.6 Notes to the Consolidated Financial Statements continued

35. Medtronic Agreement continued

The costs related to the New Medtronic Agreement in 2023 were as follows:

EUR 1,000	2023
Contingent consideration liability as of December 31, 2022	3,203
Repayment 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 December 31, 2023	6,595
Contingent consideration liability related to Milestones 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 costs related to the New Medtronic Distribution Agreement	**5,910**

36 Subsequent events

Cosmo's Board of Directors resolved to propose at the upcoming Annual General Meeting on 30 May 2025, following the approval of the 2024 financial statements, a cash distribution of €2.05 per share.

37 Principal Group subsidiaries

The following table lists the principal subsidiaries controlled by Cosmo as at 31 December 2024 and 2023. The equity interest percentage shown in the table also represents the share in voting rights in those entities.

Subsidiaries

Company name	Country of incorporation	Currency	Share capital	Equity interest	Direct/ indirect subsidiary	Registered address
Aries Pharmaceuticals Ltd.	Ireland	EUR	10,000	100%	Direct	Riverside 2, 49 Sir John Rogerson's Quay, Dublin 2, Ireland.
Cosmobiolabs, Inc.	U.S.	USD	10,000	100%	Indirect	2711 Centerville Road, Wilmington, Delaware 19808, U.S.
Cosmo Artificial Intelligence – AI Ltd.	Ireland	EUR	100,000	100%	Direct	Riverside 2, 49 Sir John Rogerson's Quay, Dublin 2, Ireland.
Cosmo S.p.A.	Italy	EUR	2,300,000	100%	Direct	Via C.Colombo 1 – 20045 Lainate – Milano, Italy.
Cassiopea S.p.A.	Italy	EUR	10,750,000	97.85%	Direct	Via C.Colombo 1 – 20020 Lainate – Milano, Italy.
Cosmo Technologies Ltd.	Ireland	EUR	250,000	100%	Direct	Riverside 2, 49 Sir John Rogerson's Quay, Dublin 2, Ireland.
Linkverse S.r.l.	Italy	EUR	382,812	100%	Indirect	Via Ostiense 131/L – 00154 Roma, Italy.

Company Financial Statements

4.1 Company income statement

EUR 1,000	Notes	31 December 2024	2023
Revenue	5	**12,207**	**4,464**
Other income		90	198
Personnel expenses	6	(12,997)	(3,800)
Other operating expenses	7	(3,643)	(2,653)
Depreciation and amortisation		(383)	(381)
Dividends and other income from investments	8	40,000	58,031
Operating profit		**35,274**	**55,859**
Financial income		7,914	3,858
Financial expenses		(456)	(11,392)
Net financial income/(expense)	9	**7,458**	**(7,534)**
Profit before taxes		**42,732**	**48,325**
Income tax	10	(413)	156
Profit for the year		**42,319**	**48,481**

The notes form an integral part of the Company-only Financial Statements.

4.2. Company statement of other comprehensive income

EUR 1,000	Notes	31 December 2024	2023
Profit for the year (A)		**42,319**	**48,481**
Other comprehensive income			
Items that may not be reclassified subsequently to profit or loss			
Losses on equity instruments measured at FVOCI		(145)	(2,641)
Income tax		–	–
Total items that will not be reclassified subsequently to profit or loss		**(145)**	**(2,641)**
Total items that will be reclassified subsequently to profit or loss			
Gains on debt instruments measured at FVOCI		258	62
Income tax	10	(75)	(20)
Exchange differences on translating foreign operations		47	69
Total items that may be reclassified subsequently to profit or loss		**230**	**111**
Total other comprehensive income/(loss), net of tax (B)		**85**	**(2,530)**
Total comprehensive income (A)+(B)		**42,404**	**45,951**

The notes form an integral part of the Company-only Financial Statements.

4.3 Company statement of financial position

EUR 1,000	Notes	As at 31 December 31/12/2024	31/12/2023
ASSETS			
Non-current assets			
Property, plant and equipment	11	994	596
Investments	12	239,149	238,177
Financial assets	13	27,494	181
Deferred tax assets	14	112	353
Other non-current receivables	15	78,873	96,408
Total non-current assets		**346,622**	**335,715**
Current assets			
Current tax assets		96	55
Other receivables and other assets	16	12,302	4,800
Current financial assets	13	83,188	–
Cash and cash equivalents	17	12,611	3,957
Total current assets		**108,197**	**8,812**
TOTAL ASSETS		**454,819**	**344,527**
EQUITY			
Share capital		4,562	4,562
Share premium		243,565	243,565
Other reserves		10,991	44,758
Retained earnings		90,157	46,560
Equity attributable to owners of the Company		**349,275**	**339,445**
TOTAL EQUITY	18	**349,275**	**339,445**
LIABILITIES			
Non-current liabilities			
Interest-bearing loans and borrowings	19	645	249
Other non-current liabilities	26	99,288	3,000
Deferred tax liabilities	20	–	–
Total non-current liabilities		**99,933**	**3,249**
Current liabilities			
Interest-bearing loans and borrowings	19	346	419
Trade payables	21	608	473
Current tax liabilities	22	215	37
Other current liabilities	23	4,442	904
Total current liabilities		**5,611**	**1,833**
TOTAL LIABILITIES		**105,544**	**5,082**
TOTAL EQUITY AND LIABILITIES		**454,819**	**344,527**

The notes form an integral part of the Company-only Financial Statements.

4.4 Company cash flow statement

EUR 1,000	Notes	As at 31 December 2024	2023
Profit for the period before tax		**42,732**	**48,325**
Adjustments for:			
Depreciation and amortisation	11	383	381
Share payment-based expenses		1,101	1,353
Net interest expense/(income) recognised in profit or loss		(788)	5,972
Gain on sale and revaluation of financial investments		(1,429)	(378)
Dividend income	8	(40,000)	(58,031)
Net unrealised foreign exchange differences		5,251	(2,734)
Operating cash outflow before changes in working capital		**7,250**	**(5,112)**
Change in trade payables		136	(171)
Change in other receivables and other assets		(7,502)	259
Change in other current liabilities		3,539	(359)
Change in other tax liabilities – net		(1)	19
Cash flows from operating activities		3,422	(5,364)
Income taxes paid – net		(34)	(56)
Net cash from operating activities		**3,388**	**(5,420)**
Investments in property, plant and equipment	11	(23)	(2)
Repayment from (amounts advanced) to subsidiaries		12,794	13,915
Investments in financial assets		(139,713)	–
Disposal of financial assets		30,679	49,184
Dividend received		40,000	36,015
Interest received		809	2,505
Cash flows from investing activities		**(55,454)**	**101,617**

EUR 1,000	Notes	As at 31 December 2024	2023
Payment of convertible bond		–	(175,000)
Purchase of treasury shares		(5,863)	(12,475)
Sale of treasury shares		3,308	688
Proceeds from/(payments for) intercompany advances		96,288	8,816
Payment of lease liabilities		(456)	(407)
Interest paid on convertible bonds		–	(4,375)
Distribution of reserves		(32,094)	(16,890)
Cash flows from financing activities		**61,183**	**(199,643)**
Net increase/(decrease) in cash and cash equivalents		**9,117**	**(103,446)**
Cash and cash equivalents at the beginning of the period		**3,957**	**107,319**
Net foreign exchange differences		(463)	84
Cash and cash equivalents at the end of the period		**12,611**	**3,957**
Cash at hand	17	6	6
Bank accounts	17	12,605	3,951
Total cash and cash equivalents at the end of the period		**12,611**	**3,957**

The notes form an integral part of the Company-only Financial Statements.

4.5 Company statement of changes in equity

EUR 1,000	Number of shares (#)	Share capital	Share premium	Other reserves	Treasury shares	Stock option plan reserve	Fair value reserve	Equity component of convertible bond	Currency translation reserve	Retained earnings	Total equity
Net equity as at 1 January 2023	**17,543,522**	**4,562**	**243,565**	**164,511**	**(89,796)**	**31,019**	**(40,190)**	**7,011**	**829**	**(3,165)**	**318,346**
Total comprehensive income for the period											
Loss for the period	–	–	–	–	–	–	–	–	–	48,481	48,481
Other comprehensive income for the period	–	–	–	–	–	–	(2,599)	–	69	–	(2,530)
Total comprehensive income for the period	**–**	**–**	**–**	**–**	**–**	**–**	**(2,599)**	–	**69**	**48,481**	**45,951**
Transactions with owners of the Company											
Personnel cost for stock options	–	–	–	–	–	3,826	–	–	–	–	3,826
Cancelled and forfeited stock options	–	–	–	–	–	(1,521)	–	–	–	1,521	–
Distribution of reserves	–	–	–	(16,890)	–	–	–	–	–	–	(16,890)
Purchase of treasury shares - net	–	–	–	–	(11,511)	–	–	–	–	(277)	(11,788)
Treasury shares exchanged for Cassiopea S.p.A. acquisition	–	–	–	7,011	–	–	–	(7,011)	–	–	–
Total transactions with owners of the Company	**–**	**–**	**–**	**(9,879)**	**(11,511)**	**2,305**	**–**	**(7,011)**	**–**	**1,244**	**(24,852)**
Net equity as at 31 December 2023	**17,543,522**	**4,562**	**243,565**	**154,632**	**(101,307)**	**33,324**	**(42,789)**	–	**898**	**46,560**	**339,445**

Refer to page 125 of following link for the Company statement of changes in equity for the year ended 31 December 2022: https://www.cosmopharma.com/investors/financial-reports

EUR 1,000	Number of shares (#)	Share capital	Share premium	Other reserves	Treasury shares	Stock option plan reserve	Fair value reserve	Currency translation reserve	Retained earnings	Total equity
Net equity as at 1 January 2024	**17,543,522**	**4,562**	**243,565**	**154,632**	**(101,307)**	**33,324**	**(42,789)**	**898**	**46,560**	**339,445**
Total comprehensive income for the period										
Profit for the period	–	–	–	–	–	–	–	–	42,319	42,319
Other comprehensive income for the period	–	–	–	–	–	–	38	47	–	85
Release of cumulative FV losses from disposal of investment in FVOCI	–	–	–	–	–	–	4	–	(4)	–
Total comprehensive income for the period	–	–	–	–	–	–	**42**	**47**	**42,315**	**42,404**
Transactions with owners of the Company										
Distribution of reserves	–	–	–	(32,094)	–	–	–	–	–	(32,094)
Personnel cost for stock options	–	–	–	–	–	2,073	–	–	–	2,073
Cancelled and forfeited stock options	–	–	–	–	–	(1,031)	–	–	1,031	–
Exercised stock options	–	–	–	–	–	(3)	–	–	3	–
Purchase of treasury shares – net	–	–	–	–	(5,862)	–	–	–	248	(5,614)
Release of equity component of convertible bond	–	–		–	3,060	–	–	–	–	3,060
Total transactions with owners of the Company	–	–	–	**(32,094)**	**(2,802)**	**1,039**	–	–	**1,282**	**(32,575)**
Net equity as at 31 December 2024	**17,543,522**	**4,562**	**243,565**	**122,538**	**(104,109)**	**34,363**	**(42,747)**	**945**	**90,157**	**349,274**

The notes form an integral part of the Company-only Financial Statements.

4.6 Notes to the Company Financial Statements

1 General information

Cosmo Pharmaceuticals N.V. with its subsidiaries and associates, ('Cosmo' or 'Cosmo Pharmaceuticals' or the 'Company' or the 'Group') is a pharmaceutical company registered in the Netherlands and with its seat of management at Riverside II, Sir John Rogerson's Quay, Dublin 2, Ireland, and listed on the SIX Swiss Exchange (SIX: COPN). The Company has a Swiss branch located in Lugano, Switzerland. The Company is registered at the Dutch trade register under number 65617738.

Cosmo is a pharmaceutical company with a focus on gastrointestinal diseases, dermatology and healthtech. Cosmo develops and manufactures products which are distributed globally by its partners.

Since 12 March 2007, Cosmo Pharmaceuticals' shares have been publicly listed on the Swiss Stock Exchange (SIX: COPN). The Company's stock market capitalisation as at 31 December 2024 was equal to CHF 1,117,522,351 (€1,187,337,815).

Cosmo Pharmaceuticals N.V. (the 'Company', 'Cosmo'), is the parent company of Cosmo Pharmaceuticals Group and it holds direct and indirect interests in the Group's principal operating companies (refer to '3. Consolidated Financial Statements – Note 37 Principal Group subsidiaries' for the list of direct/indirect subsidiaries).

2 Basis of preparation

Authorisation of Company Financial Statements and compliance with International Financial Reporting Standards

The 2024 Statutory financial statements are the separate financial statements for Cosmo Pharmaceuticals N.V.

The financial statements, together with notes thereto of Cosmo Pharmaceuticals N.V., at 31 December 2024 were authorised for issuance by the Board of Directors on 20 March 2025 and have been prepared in accordance with the International Financial Reporting Standards ('IFRS') as adopted by the European Union ('EU-IFRS') and Part 9 of Book 2 of the Dutch Civil Code. The designation 'IFRS' also includes International Accounting Standards ('IAS') as well as all interpretations of the IFRS Interpretations Committee ('IFRIC').

Basis of preparation

As parent company for Cosmo Group, Cosmo Pharmaceuticals N.V. has also prepared consolidated financial statements for the year ended 31 December 2024. The financial statements are prepared under the historical cost convention (modified where applicable for the valuation of certain financial instruments), as well as on the going concern assumption.

Cosmo's financial statements and notes are prepared and presented in thousands of Euro, except where otherwise stated, rounding the amounts to the nearest thousand.

In consideration of the activities carried out by Cosmo Pharmaceuticals N.V., presentation of the statutory income statement is based on the nature of revenues and expenses as it is considered more representative of the format used for internal reporting and management purposes and is in line with international practice in the pharmaceutical sector. The statement of financial position has been prepared presenting asset and liabilities as current and non-current; the cash flow statement presents cash flows from operating activities using the indirect method and the statement of changes in equity includes all the changes in equity.

The preparation of the Company financial statements and the related notes require the use of estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income and expenses. However, as they are estimates, actual future results could differ from those included in the financial statements. Management exercises judgement in selecting and applying the accounting principles, particularly in cases where the existing IFRS standards offer alternative recognition, valuation or presentation methods.

Going concern

The financial statements are prepared on the basis of the going concern assumption, which assumes that Cosmo Pharmaceuticals will continue to operate as a going concern for the foreseeable future. Please refer to '3. Consolidated Financial Statements – Note 1 General information' for the information on the going concern assessment.

3 Changes in accounting policies

New standards, interpretations and amendments

A number of new standards, amendments to standards and interpretations are effective from 1 January 2024, but they do not have a material effect on the Company's financial statements.

Furthermore, new standards and new amendments and interpretations effective after 1 January 2024 are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

4.6 Notes to the Company Financial Statements continued

4 Accounting policies

The most significant accounting policies and measurement criteria applied to prepare the financial statements are summarised below.

A. Property, plant and equipment

Property, plant and equipment are stated at cost including related expenses, less accumulated depreciation (see below) and impairment losses.

Subsequent expenditures are capitalised only if they increase the future economic benefits embodied in the related item of property, plant and equipment. All other expenditures are expensed as incurred.

Depreciation is recognised starting from the month in which the asset is available for use or potentially able to provide the economic benefits associated therewith on a systematic basis, whereby the assets are depreciated over their useful lives or, in the event of disposal, until their final month of use.

Residual amounts, useful lives and the depreciation methods are reviewed at the end of every accounting period. The depreciation rates applied to the items of property, plant and equipment are the following:

Other tangible assets – office equipment – electronics	5 years
Other tangible assets – office equipment – furniture	8 years

B. Investments

Investments in subsidiaries and associates are recognised at cost and adjusted for any impairment losses.

Any positive difference, arising on acquisition, between the purchase cost and fair value of net assets acquired in an investee company is included in the carrying amount of the investment.

Investments in subsidiaries and associates are reviewed for impairment indicators. If impairment indicators exist, an impairment test is carried out. Where an impairment loss exists, it is recognised immediately through the income statement. If an impairment loss is subsequently reversed, the increase in carrying amount (up to a maximum of purchase cost) is recognised through the income statement.

C. Financial instruments

Information about accounting policies relating to financial instruments is provided in '3. Consolidated Financial Statements – Note 4(F).

D. Foreign currency transactions

Transactions in foreign currency are translated into Euro using the exchange rate on the transaction date. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated into Euro at the foreign exchange rate at that date. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated into Euro at foreign exchange rates at the date the fair value was determined.

They are included in current assets or liabilities, except for maturities greater than 12 months after the balance sheet date.

E. Cash and cash equivalents

Cash and cash equivalents comprises cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose of the cash flow statement.

F. Employee benefits

(i) Defined contribution pension plans

Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement as incurred.

(ii) Forms of remuneration involving participation in stock capital (stock option plans)

The Company grants additional benefits to the Board and senior management, and key employees, through stock option plans ('SOPs'). Pursuant to IFRS 2 *Share-based Payment*, these plans represent a form of remuneration for the beneficiaries. The cost is equal to the fair value as calculated on the date the option rights are granted and is recorded in the income statement on a straight-line basis over the vesting period, i.e. the date between the date the SOP was granted and the date the rights matured. The corresponding entry is made directly to shareholders' equity. Changes in fair value after the grant date do not have an effect on the initial valuation. At each balance sheet date, the Company revises its estimate of the number of options that are expected to become exercisable.

It recognises the impact of the revision to original estimates, if any, in the income statements, with a corresponding adjustment to equity. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

The compensation component from SOPs, based on Cosmo Pharmaceuticals N.V. shares relating to employees of other Group companies, is recognised as a capital contribution to the subsidiaries which employ the beneficiaries of the SOPs, in accordance with IFRS 2 and, as a result, is recorded as an increase in the carrying amount of the investment, with a balancing entry recognised directly in equity.

4.6 Notes to the Company Financial Statements continued

4 Accounting policies continued

G. Treasury shares

Treasury shares are presented as a deduction from equity. The purchase cost of treasury shares and the sales proceeds of any subsequent sale are presented as movements in equity.

H. Dividends received

Dividends from investees are recognised in the income statement when the right to receive the dividend is established.

I. Revenue

Performance obligations are satisfied when the services are performed. Invoices are generated and revenue is recognised at that point in time. Invoices are usually payable within 30 days.

J. Income tax

The tax charge for the period is determined on the basis of prevailing laws and regulations. Taxes on income are recognised in the income statement except to the extent that they relate to items directly charged or credited in equity or other comprehensive income, in which case the income tax effect is recognised in equity or other comprehensive income respectively.

Deferred tax assets and liabilities are determined on the basis of all the temporary differences between the carrying amount of an asset or liability in the statement of financial position and its corresponding tax basis. Deferred tax assets resulting from unused tax losses and temporary differences are recognised to the extent that it is probable that future taxable profit will be available against which they can be utilised.

Current and deferred income taxes and liabilities are offset when there is a legally enforceable right to offset.

Deferred tax assets and liabilities are measured at the substantively enacted tax rates that are expected to apply to taxable income in the periods in which temporary differences will be reversed.

K. Dividend distribution

Dividend distribution to the Company's shareholders is recognised as change in equity in the period in which the dividends are approved by the Company's shareholders.

L. Leases – as a lessee

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Group has elected not to separate non-lease components and account for the lease and non-lease component as a single lease component.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

The Company determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method.

The Company presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'loans and borrowings' in the statement of financial position.

Short-term leases and leases of low-value assets

The Company has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

4.6 Notes to the Company Financial Statements continued

4 Accounting policies continued

M. Critical accounting estimates, assumptions and judgements

The statutory financial statements are prepared in accordance with IFRS, which require the use of judgements, estimates and assumptions that affect the carrying amount of assets and liabilities, the disclosure of contingent assets and liabilities and income and expense for the period.

These estimates and assumptions are based on accumulated experience and on other factors deemed to be appropriate in the calculation of the carrying amounts of assets and liabilities that cannot be measured on the basis of other sources. However, as they are estimates, actual future results could differ from those included in the financial statements. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and any future period affected. Accounting estimates that require the more subjective judgement of management in making assumptions or estimates regarding the effects of matters that are inherently uncertain and for which changes in conditions may significantly affect the results reported in the Consolidated Financial Statements, are listed below.

Information about Company accounting policies relating to critical accounting estimates, assumptions and judgements is provided in '3. Consolidated Financial Statements – Note 4(S)':

(i) Impairment of non-financial assets
(ii) Impairment of financial assets
(iii) Deferred tax assets
(vi) Calculation of loss allowance
(viii) Fair value measurement of share-based compensation expenses

5 Revenue

	31 December	
EUR 1,000	2024	2023
Revenue from services rendered to Group companies	12,207	4,464
Total revenue	**12,207**	**4,464**

Revenue relates to services rendered by Cosmo Pharmaceuticals N.V. to the principal companies in the Group.

6 Personnel expenses

	31 December	
EUR 1,000	2024	2023
Salaries and wages	10,657	2,402
Social security contributions	1,022	334
Stock options	1,272	1,039
Other costs	46	25
Total personnel expenses	**12,997**	**3,800**

In 2024, the expense for the value of employees' and Executive Director's services exchanged for stock options amounted to €1.3 million (2023: €1.0 million). Personnel expenses increased by €9.2 million to €13.0 million due to performance-related bonuses in 2024 (2023: nil).

The average number of staff for the year ended 31 December 2024 was as follows:

	31 December	
EUR 1,000	2024	2023
Managers	7.0	6.0
Junior managers	4.0	4.0
Employees	6.5	7.0
Total average number	**17.5**	**17.0**

The number of staff as at 31 December 2024 by category was as follows:

	31 December	
EUR 1,000	2024	2023
Managers	8	6
Junior managers	4	4
Employees	7	6
Total number of staff	**19**	**16**

The number of staff employed outside the Netherlands was 18 (2023: 16).

7 Other operating expenses

	31 December	
EUR 1,000	2024	2023
Service costs	3,335	2,423
Lease and maintenance expenses	89	88
Other operating costs	219	142
Total other operating expenses	**3,643**	**2,653**

(i) Service costs

Service costs primarily consist of support and consulting services in the administrative, financial and legal fees, as well as IT systems, investor relations and travel costs. Service costs include €0.2 million gain in reversal (2023: €0.3 million expense) of stock option cost granted to Non-Executive Directors.

(ii) Lease and maintenance expenses

Lease and maintenance expenses include €0.01 million (2023: €0.01 million) related to low-value leases that were not recognised as right-of-use assets as per IFRS 16 Leases.

(iii) Other operating costs

Other operating costs include representation expenses, donations, stationery and other miscellaneous expenses.

4.6 Notes to the Company Financial Statements continued

8 Dividends and other income from investments

In 2024, a dividend of 40.0 million was received from Cosmo Artificial Intelligence - AI Limited. In 2023 a dividend of €22.0 million was received from Cosmo Technologies Ltd., €27.6 million from Cosmo S.p.A. and €8.4 million from Cassiopea S.p.A.

9 Financial income/expenses

EUR 1,000	31 December 2024	2023
Financial income:		
Interest income on listed bonds and securities at FVOCI	145	735
Interest income on cash and cash equivalents	664	1,770
Gain on sale of listed securities at FVOCI	–	800
Gain on investments in funds and bonds mandatorily at FVTPL	1,482	492
Foreign exchange gains	5,623	61
Total financial income	**7,914**	**3,858**
Financial expenses:		
Interest on convertible bond at amortised cost	–	(8,438)
Interest on lease liabilities under IFRS 16 Leases	(21)	(39)
Loss on sale of listed bonds and securities at FVOCI	(8)	–
Loss on investments in funds mandatorily at FVTPL	(45)	–
Foreign exchange losses	(372)	(2,795)
Other	(10)	(120)
Total financial expenses	**(456)**	**(11,392)**
Net financial expenses	**7,458**	**(7,534)**

The Company holds U.S. Dollar cash balances and U.S. Dollar denominated investments. Net foreign exchange gains of €5.3 million (2023: €2.7 million gain) arose during the year as a result of favourable fluctuations of Euro against U.S. Dollar in 2024. During the year, the Company invested in short-term time deposits and listed bonds, resulting in interest income of €0.2 million. Interest income from cash and cash equivalents was €0.7 million (2023: €1.8 million).

10 Income tax

EUR 1,000	31 December 2024	2023
Income tax	(255)	(65)
Changes in estimates related to prior years	(7)	–
Current income tax	**(262)**	**(65)**
Deferred tax assets	(151)	(287)
Deferred tax liabilities	–	508
Deferred tax	**(151)**	**221**
Total income tax	**(413)**	**156**

Income tax recognised in other comprehensive income:

EUR 1,000	31 December 2024	2023
Items that may be reclassified subsequently to profit or loss:		
Deferred tax asset	(75)	(20)
Total income tax recognised in other comprehensive income	**(75)**	**(20)**

Reconciliation of effective tax rate

The applicable tax rate used to determine the theoretical income taxes in 2024 is the statutory rate applicable in Ireland of 12.5% (2023: 12.5%), the tax jurisdiction in which Cosmo Pharmaceuticals N.V. is resident. The reconciliation between the theoretical income taxes calculated on the basis of the theoretical tax rate and income taxes recognised was as follows:

EUR 1,000	31 December 2024	2023
Profit before taxes	**42,732**	**48,325**
Irish nominal corporate tax rate	***12.50%***	***12.50%***
Total theoretical income taxes	(5,342)	(6,041)
Different taxation applicable for interest and gain/loss on bonds and other investments	758	(366)
Tax effect of other permanent differences	4,673	6,533
Effect of different corporate tax rate in the Swiss branch[(a)]	(254)	(63)
Effect of different taxation on convertible loan	–	(547)
TRS on medical insurance	(1)	(1)
Underprovision of tax in prior year	(7)	–
Effect of group relief	(240)	641
Current and deferred income tax income (expense) recognised in the financial statements	**(413)**	**156**

Notes:
(a) Applicable tax rate for Swiss branch of 22.42%.

4.6 Notes to the Company Financial Statements continued

11 Property, plant and equipment

EUR 1,000	Land and buildings	Other fixed assets	Total
Cost			
Balance at 1 January 2024	**2,153**	**312**	**2,465**
Additions	–	23	23
Additions: right-of-use assets	770	26	796
Termination	(729)	–	(729
Write-off	–	(16)	(16)
Balance at 31 December 2024	2,194	345	2,539
Accumulated depreciation			
Balance at 1 January 2024	**1,581**	**288**	**1,869**
Depreciation charge for the year	–	15	15
Depreciation charge for the year: right-of-use assets	361	7	368
Termination	**(691)**	–	**(691)**
Writeoff	–	(16)	(16)
Balance at 31 December 2024	**1,251**	**294**	**1,545**
Net book value as at 31 December 2024	**943**	**51**	**994**

EUR 1,000	Land and buildings	Other fixed assets	Total
Cost			
Balance at 1 January 2023	**2,141**	**310**	**2,451**
Additions	–	2	2
Additions: right-of-use assets	12	–	12
Completion of lease term	–	–	–
Balance at 31 December 2023	2,153	312	2,465
Accumulated depreciation			
Balance at 1 January 2023	**1,228**	**260**	**1,488**
Depreciation charge for the year	–	25	25
Depreciation charge for the year: right-of-use assets	353	3	356
Completion of lease term	–	–	–
Balance at 31 December 2023	**1,581**	**288**	**1,869**
Net book value as at 31 December 2023	**572**	**24**	**596**

Right-of-use assets

EUR 1,000	Land and buildings	Other fixed assets	Total
Balance at 1 January 2023	**913**	**5**	**918**
Additions	12	–	12
Depreciation charge for the year	(353)	(3)	(356)
Disposal	–	–	–
Balance at 31 December 2023	**572**	**2**	**574**
Additions	770	26	796
Depreciation charge for the year	(361)	(7)	(368)
Termination	(38)	–	(38)
Net book value as at 31 December 2024	**943**	**21**	**964**

12 Investments

	As at 31 December	
EUR 1,000	2024	2023
Cosmo S.p.A.	26,307	25,758
Cosmo Technologies Ltd.	4,654	4,567
Cassiopea S.p.A.	205,868	205,849
Cosmo Artificial Intelligence – AI Ltd.	2,310	512
Aries Pharmaceuticals Ltd.	10	10
Investments	**239,149**	**236,696**

4.6 Notes to the Company Financial Statements continued

12 Investments continued

EUR 1,000	% interest	1 January 2024	Increases	Decreases	Reclassification and other changes	Impairment (loss)/reversals	31 December 2024	% interest
Cosmo S.p.A.	100.00%	**25,758**	**549**	–	–	–	**26,307**	100.00%
– Gross carrying amount		25,758	549	–	–	–	26307	
– Accumulated impairment losses		–	–	–	–	–	–	
Cosmo Technologies Ltd.	100.00%	**4,567**	**87**	–	–	–	**4,654**	100.00%
– Gross carrying amount		4,567	87	–	–	–	4,654	
– Accumulated impairment losses		–	–	–	–	–	–	
Cassiopea S.p.A.	97.57%	**205,849**	**19**	–	–	–	**205,868**	97.57%
– Gross carrying amount		205,849	19	–	–	–	205,868	
– Accumulated impairment losses		–	–	–	–	–	–	
Cosmo Artificial Intelligence – AI Ltd.	100.00%	**1,993**	**317**	–	–	–	**2,310**	100.00%
– Gross carrying amount		3,437	317	–	–	–	3,754	
– Accumulated impairment losses		(1,444)	–	–	–	–	1,444	
Aries Pharmaceuticals Ltd.	100.00%	10	–	–	–	–	10	100.00%
– Gross carrying amount		10	–	–	–	–	10	
– Accumulated impairment losses		–	–	–	–	–	–	
Total investments		**238,177**	**972**	–	–	–	**239,149**	

EUR 1,000	% interest	1 January 2023	Increases	Decreases	Reclassification and other changes	Impairment (loss)/reversals	31 December 2023	% interest
Cosmo S.p.A.	100.00%	**25,090**	**668**	–	–	–	**25,758**	100.00%
– Gross carrying amount		25,090	668	–	–	–	25,758	
– Accumulated impairment losses		–	–	–	–	–	–	
Cosmo Technologies Ltd.	100.00%	**4,463**	**104**	–	–	–	**4,567**	100.00%
– Gross carrying amount		4,463	104	–	–	–	4,567	
– Accumulated impairment losses		–	–	–	–	–	–	
Cassiopea S.p.A.	97.57%	**205,659**	**190**	–	–	–	**205,849**	97.57%
– Gross carrying amount		205,659	190	–	–	–	205,849	
– Accumulated impairment losses		–	–	–	–	–	–	
Cosmo Artificial Intelligence – AI Ltd.	100.00%	**482**	**1,511**	–	–	–	**1,993**	100.00%
– Gross carrying amount		1,926	1,511	–	–	–	3,437	
– Accumulated impairment losses		(1,444)	–	–	–	–	(1,444)	
Aries Pharmaceuticals Ltd.	100.00%	**10**	–	–	–	–	10	100.00%
– Gross carrying amount		10	–	–	–	–	10	
– Accumulated impairment losses		–	–	–	–	–	–	
Total investments		**235,704**	**2,473**	–	–	–	**238,177**	

4.6 Notes to the Company Financial Statements continued

12 Investments continued

Significant changes to investments during the year relate to capital contributions to Cosmo S.p.A., Cosmo Technologies Ltd., Cosmo Artificial Intelligence – AI Ltd. and Cassiopea S.p.A in relation to Cosmo's ESOP relating to the employees of subsidiaries.

As at 31 December 2024, investments are as follows:

EUR 1,000 Name	Registered Office	Country	Currency	Share capital	Profit/(loss) for the period	Equity	% interest held
Cosmo S.p.A.	Lainate (MI)	Italy	EUR	2,300	2,382	49,815	100.00%
Cosmo Technologies Ltd.	Dublin	Ireland	EUR	250	(9,799)	13,134	100.00%
Cosmo Artificial Intelligence – AI Ltd.	Dublin	Ireland	EUR	100	152,881	97,709	100.00%
Aries Pharmaceuticals Ltd.	Dublin	Ireland	EUR	10	(8,780)	(79,134)	100.00%
Cassiopea S.p.A.	Lainate (MI)	Italy	EUR	10,750	(2,119)	59,812	97.85%

As at 31 December 2023, investments are as follows:

EUR 1,000 Name	Registered Office	Country	Currency	Share capital	Profit/(loss) for the period	Equity	% interest held
Cosmo S.p.A.	Lainate (MI)	Italy	EUR	2,300	12,614	46,884	100.00%
Cosmo Technologies Ltd.	Dublin	Ireland	EUR	250	(5,818)	35,701	100.00%
Cosmo Artificial Intelligence – AI Ltd.	Dublin	Ireland	EUR	100	(7,383)	(8,173)	100.00%
Aries Pharmaceuticals Ltd.	Dublin	Ireland	EUR	10	1,341	(70,354)	100.00%
Cassiopea S.p.A.	Lainate (MI)	Italy	EUR	10,750	9,237	68,885	97.85%

The registered office of Linkverse S.r.l. is located in Rome, Italy and Cosmobiolabs Inc. is located in Delaware, U.S. For further details related to direct and indirect subsidiaries and their registered addresses, see '3. Consolidated Financial Statements – Note 36'.

13 Financial assets

(a) Non-current

EUR 1,000	As at 31 December 2024	2023
Equity instruments measured at FVOCI	36	181
Investments in bonds measured at FVOCI (non-current)	27,458	–
Non-current financial assets	**27,494**	**181**

(b) Current

EUR 1,000	As at 31 December 2023	2023
Investments in funds measured at FVTPL	72,182	–
Investments in bonds measured at FVOCI (current)	11,006	–
Current financial assets	83,188	–

14 Deferred tax assets

EUR 1,000	As at 1 January 2023	Changes during 2023 Increase	Decrease	OCI	As at 31 December 2023	Changes during 2024 Increase	Decrease	OCI	As at 31 December 2024
Depreciation of book value of PPE	3	–	(2)	–	1	–	(1)	–	–
Leases	13	–	(1)	–	12	–	(9)	–	3
Fair value financial investments	20	–	–	(20)	–	–	–	–	–
Losses on sale of financial investments	624	–	(284)	–	340	–	(141)	(90)	109
Total deferred tax assets	**660**	–	(287)	(20)	**353**	–	(151)	(90)	**112**

The following table sets out the nature of temporary differences determining the caption Deferred tax assets:

EUR 1,000	Temporary differences as at 31 December 2023	%	Tax effect as at 31 December 2023	Temporary differences as at 31 December 2024	%	Tax effect as at 31 December 2024
Depreciation of book value of PPE	10	12.50	1	–	–	–
Leases	94	12.50	12	27	12.50	3
Losses on sale of financial assets	1,030	33.00	340	332	33.00	109
Total deferred tax assets	**1,134**		**353**	**359**		**112**

15 Other non-current receivables

EUR 1,000	As at 31 December 2024	2023
Receivables from Group companies	78,873	96,408
Total other non-current receivables	**78,873**	**96,408**

Receivables from Group companies as at 31 December 2024 include interest-free, receivable on demand loans to subsidiaries consisting of: (i) €78.9 million (2023: €75.3 million) to Aries Pharmaceuticals Ltd. and (ii) nil (2023: €21.1 million) to Cosmo Artificial Intelligence – AI Ltd.

4.6 Notes to the Company Financial Statements continued

16 Other receivables and other assets

EUR 1,000	As at 31 December 2024	2023
Other receivables from Group companies	12,207	4,464
VAT receivables	5	217
Prepaid expenses	88	70
Other prepaid	2	49
Total other receivables and other assets	**12,302**	**4,800**

Other receivables from Group companies relate to services rendered by Cosmo Pharmaceuticals N.V. to the principal companies in the Group.

17 Cash and cash equivalents

EUR 1,000	As at 31 December 2024	2023
Cash at hand	6	6
Bank accounts	12,605	3,951
Total cash and cash equivalents	**12,611**	**3,957**

Bank accounts include current bank accounts and short-term deposits.

18 Total shareholders' equity

EUR 1,000	As at 31 December 2024	2023
Share capital	4,562	4,562
Share premium	243,565	243,565
Other reserves	122,538	154,632
Treasury shares	(104,109)	(101,307)
Stock option plan reserve	34,363	33,324
Fair value reserve	(42,747)	(42,789)
Currency translation reserve for the Swiss branch	945	898
Retained earnings	47,838	(1,921)
Profit for the period	42,319	48,481
Equity attributable to owners of the Company	**349,274**	**339,445**
Total equity	**349,274**	**339,445**

The difference between the total equity in the Company-only balance sheet and the total group equity in the Consolidated balance sheet (a consequence of investments recognised at cost) is €155.8 million (2023: 64.2 million), as reconciled below.

EUR 1,000	As at 31 December 2024	2023
Equity (Company-only)	**349,275**	**339,445**
Various equity reserves of subsidiaries	(83,852)	(116,767)
Retained earnings of subsidiaries	232,907	174,139
Non-controlling interest in Cassiopea S.p.A.	6,761	6,806
Equity (Consolidated)	**505,091**	**403,623**

The difference between the Consolidated income statement and the Company-only financial statements are shown below:

EUR 1,000	2024	2023
Net income (Company-only)	**42,319**	**48,481**
Intercompany dividends	(40,000)	(58,031)
Intercompany revenue	(12,207)	(4,464)
Net income of subsidiaries as consolidated	143,079	3,311
Net income/(loss) (Consolidated)	**133,191**	**(10,703)**

Share capital

	Ordinary shares 2024	2023	Preference shares 2024	2023
In issue at 1 January	17,543,522	17,543,522	–	–
Issue of new shares	–	–	–	–
Exercise of share options	–	–	–	–
In issue at 31 December – fully paid	**17,543,522**	**17,543,522**	**–**	**–**
Authorised at 31 December – par value EUR 0.26	**36,047,457**	**36,047,457**	**36,047,457**	**36,047,457**

As at 31 December 2024, the authorised share capital amounts to €18,744,677.64 and is divided into 36,047,457 ordinary shares, each with a nominal value of €0.26 and 36,047,457 preferred shares, each with a nominal value of €0.26.

4.6 Notes to the Company Financial Statements continued

18 Total shareholders' equity continued

Share premium

There was no change in share premium during the year.

Other reserves

Other reserves amounting to €122.5 million as at 31 December 2024 represent reserves available for distribution.

Legal reserves

In 2023, we have presented legal reserves of €13.4 million for the amount of capitalised development costs, in accordance with Dutch law, as carried on the consolidated financial statements. Due to the restatement of the consolidated financial statements in relation to the development costs, the legal reserves are no longer required and are reverted to retained earnings.

Treasury shares

As at 31 December 2024, the number of treasury shares amounted to 1,528,426 (2023: 1,490,681), with an average purchase price of CHF 72.34 (€68.12) (2023: CHF 72.63 (€67.96)) per share. During 2024, the Company purchased 83,756 treasury shares at an average purchase price of CHF 67.18 (€70.81) per share and sold 46,011 treasury shares at an average price of CHF 72.52 (€67.99) per share.

Shares in issue and outstanding

	Ordinary shares		
	2024	2023	2022
In issue at 1 January	17,543,522	17,543,522	17,543,522
Treasury shares	(1,490,681)	(1,283,390)	(836,124)
Outstanding at 1 January	**16,052,841**	**16,260,132**	**16,707,398**
Issue of new shares	–	–	–
Treasury shares sold	46,011	14,082	4,622
Treasury shares purchased	(83,756)	(221,373)	(454,221)
Treasury shares exchanged for Cassiopea acquisition	–	–	2,333
Outstanding at 31 December – fully paid	**16,015,096**	**16,052,841**	**16,260,132**

Stock option plan reserve

The stock option plan reserve relates to the stock option plan of Cosmo Pharmaceuticals N.V. (see '3. Consolidated Financial Statements – Note 29' for further details).

Fair value reserve

The fair value reserve comprises the cumulative net change in the fair value of equity investments designated at FVOCI.

Equity component of convertible bond

The reserve for convertible bond was related to the amount allocated to the equity component for the convertible bonds issued by the Company in November 2018. The equity component was valued at €9.7 million on initial recognition. The convertible bond was redeemed and the principal was paid in full at maturity on 5 December 2023. The reserve related to the equity component was then released to retained earnings. For more information, see '3. Consolidated financial statements – Note 22(B)'.

Currency translation reserve for the Swiss branch

Currency translation differences arise from the consolidation of the accounting of the Swiss branch (of the Company) with a functional currency other than the Euro.

Dividend

In July 2024, a cash distribution out of Cosmo's freely distributable reserves in the amount of €2.00 per ordinary share on the 16,046,886 shares outstanding as at 10 July 2024 (ex-distribution date), was approved at the Annual General Meeting on 5 July 2024. The payment of €24.1 million, net of withholding tax, was made in July 2024 and the withholding tax of €8.0 million was paid in August 2024.

19 Interest-bearing loans and borrowings

	As at 31 December	
EUR 1,000	2024	2023
Convertible bond - liability component	–	–
Lease liabilities - current portion	346	419
Total loans and borrowings (current)	**346**	**419**

The convertible bonds were redeemed and paid at maturity on 5 December 2023. For more information see '3. Consolidated Financial Statements – Note 22(B)'.

Lease liabilities refers to various leasing contracts related to land and buildings, plant and machinery and other fixed assets. Non-current portion of lease liabilities amounting to €0.6 million (2023: €0.2 million) are recognised as current liabilities in the statement of financial position.

4.6 Notes to the Company Financial Statements continued

20 Deferred tax liabilities

EUR 1,000	As at 1 January 2023	Decrease in 2023	As at 31 December 2023
Convertible bond	(508)	508	–
Total deferred tax liabilities	(508)	**508**	–

The convertible bond, to which the deferred tax liability relates to, was fully paid in December 2023.

21 Trade payables

	As at 31 December	
EUR 1,000	2024	2023
Trade payables	280	257
Accruals	328	216
Total trade payables	**608**	**473**

Trade payables to third parties primarily relate to amounts payable for services received.

22 Current tax liabilities

	As at 31 December	
EUR 1,000	2024	2023
Tax payables	215	37
Total current tax liabilities	**215**	**37**

23 Other current liabilities

	As at 31 December	
EUR 1,000	2024	2023
Social security payables	40	40
Withholding tax for employees	89	52
Liabilities to group companies for consolidated VAT	1,409	769
Accrued expenses	45	29
Other liabilities	2,859	14
Total other current liabilities	**4,442**	**904**

Accrued expenses mainly relate to payables to employees related to accruals of deferred pay elements, calculated on the basis of the collective labour agreement currently in force. Other liabilities pertain to the accrued monetary bonus calculated on the profit before taxes.

24 Intercompany and related party transactions

At 31 December 2024, Cosmo Holding S.a.r.l., a Luxembourg company controlled by Mauro Ajani, member of the Board of Directors of the Company, and Mauro Ajani personally, held 6,137,252 shares in the Company.

Any member of the Board who has an interest in a related party transaction which is under discussion by the Board must abstain from this discussion and abstain from any vote on the approval of the related party transaction under discussion.

Loans to subsidiaries

As at 31 December 2024, the Company has interest-free loans receivable on demand from Group companies. The details of which are disclosed in Note 15.

Services to Group companies

During 2024, the Company charged Group companies a total of €12.2 million (2023: €4.5 million) for management and administrative services. The Company has a receivable of €12.2 million (2023: €4.5 million) as at 31 December 2024 from its subsidiaries for these services.

Other liabilities to a subsidiary

As at 31 December 2024, the Company has interest-free payable to Cosmo Technologies Ltd. on demand amounting to €1.1 million (2023: €3.0 million) and to Cosmo Artificial Intelligence - AI Limited amounting to €98.2 million (2023: nil). The total amount is presented under other non-current financial liabilities.

Board compensation

In 2024, the Board of Directors' total compensation recognised in the 2024 Company income statement was €9.8 million (2023: €2.2 million). For further information, see '3. Consolidated Financial Statements – Note 31'.

25 Financial risk management objectives and policies

Cosmo Pharmaceuticals N.V. measures and manages financial risks in accordance with Group policy.

The Company's financial assets, such as cash, cash equivalents and investments in funds, are managed by the Group's Investment Committee.

The major categories of risk to which the Company is exposed are credit risk, liquidity risk, interest rate risk, foreign currency risk and market price risk associated with the Company's financial assets. The Group's Audit Committee periodically reviews the policies for managing each of the above-mentioned risks.

4.6 Notes to the Company Financial Statements continued

25 Financial risk management objectives and policies continued

Credit risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations.

Credit risk exposure exists in relation to the investment by the Company in financial assets, the cash which the Company places on deposit with financial institutions and loans/receivables from investees. The Company's treasury function actively manages these risks by investing in financial assets and placing deposits with financial institutions in accordance with strict credit risk management policies and controls as specified by the Board of Directors. Cosmo rates managing the credit risk as more important than optimising investment income.

Cash and cash equivalents

The Company's cash and cash equivalents as at 31 December 2024 were held on deposit with banks whose Fitch credit rating ranged from BBB to A-.

Intercompany loan receivables

The Company has loans to subsidiaries amounting to €78.9 million (2023: €96.4 million). These loans are payable on demand and expected credit losses are based on the assumption that repayment of the loan is demanded at the reporting date. Where the counterparty has insufficient liquid assets in order to repay the loan if demanded at the reporting date, as is the case with the Aries Pharmaceuticals Ltd unsecured loan amounting to €78.9 million (2023: €75.3 million), which is the only outstanding loan as at year-end, the loan is at stage 3. The 'repay over time' recovery strategy based on cash flow forecasts indicate that the loan will be fully recoverable over a period of seven years from cash generated from trading profits.

The cash flow forecasts incorporate relevant forward-looking information that is probability-weighted.

Other financial assets at amortised cost

Other financial assets at amortised cost include loans to related parties and other receivables. No impairment loss was identified.

Financial assets at fair value through profit or loss

As at 31 December 2024, the Company is also exposed to credit risk in relation to investments in funds and bonds that are measured at fair value through profit or loss. The maximum exposure at the end of the reporting period is the carrying amount of these investments of €72.2 million.

Debt investments at fair value through other comprehensive income ('FVOCI')

Debt investments at FVOCI include short-term corporate bonds which are quoted in regulated markets and in a multilateral trading facility. The Company limits its exposure to credit risk by investing only in quoted debt securities with very low credit risk. The debt instruments are graded in the top investment category (Good to Very High) by the rating agencies, Moody's and S&P and are therefore considered to be low credit risk investments. As at 31 December 2024, the Company is exposed to credit risk in relation to debt investments at FVOCI. The maximum exposure at the end of the reporting period is the carrying amount of these investments of €38.5 million.

Liquidity risk

The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damages to the Company's reputation. Consequently, the liquidity risk to which it is exposed is strictly correlated to that which the Cosmo Pharmaceuticals Company is exposed to as a whole.

To this end, the Company has invested its cash in short-term deposits or quickly realisable financial investments only. The Company rates managing the liquidity risk as more important than optimising investment income.

Interest rate risk

The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's financial investments and cash in bank deposits and equivalent investments with floating interest rates. No material hedging activities were used during the period under review.

Foreign currency risk

The Company is subject to a number of foreign currency risks for transactions that are denominated in a currency other than its functional currency (Euro). At the present time, no foreign currency hedges are in place but the Company regularly reviews this position.

Market price risk

Market price risk is the risk that changes in market prices of investment securities (shares in other companies and funds) will affect the Company's income or other comprehensive income. The objective of market risk management is to manage and control the market risk exposure within acceptable parameters, while optimising returns.

A 20% increase/decrease in the prices of shares held by the Company will increase/decrease the value of investment and fair value reserves by €0.01 million (2023: €0.1 million). A 0.5% increase/decrease in the fair value of funds held by the Company will increase/decrease the value of investment and income by €0.4 million (2023: €0.3 million) while 0.5% increase decrease in fair value of the investment in bonds at FVOCI will increase/decrease the value if the investment and fair value reserves by €0.2 million (2023: nil).

Capital management

Cosmo's stated objectives for capital management are to create value for shareholders, to guarantee continuity of the business and to support the development of the Company. Accordingly, the Company intends to maintain an adequate level of capital that, at the same time, will enable it to achieve a satisfactory financial return for shareholders.

Neither the Company nor any of its subsidiaries are subject to capital requirements imposed by any regulatory agency or similar body.

For more information in relation to financial risk management objectives and policies, see '3. Consolidated Financial Statements – Note 32'.

4.6 Notes to the Company Financial Statements continued

26 Fair value measurement

The fair value is the price that would be received when selling an asset or paid when transferring a liability in an orderly transaction between market participants (i.e. not as part of the compulsory liquidation or a below-cost sale) as at the measurement date. Fair value is a market measurement criterion, not specifically referring to a single entity. Underlying the definition of fair value is the assumption that the Company is carrying out normal operations, without any intention of liquidating its assets, significantly reducing the level of operations or carrying out transactions at unfavourable conditions.

An entity has to measure the fair value of an asset or liability by adopting the assumptions that would be used by market participants when pricing an asset or liability, presuming that they act with a view to satisfying their own economic interest in the best way possible.

The fair value of financial instruments is determined according to a hierarchy of criteria based on the origin, type and quality of the information used (IFRS 13). In detail, this hierarchy assigns top priority to quoted prices (unadjusted) in active markets and less importance to unobservable inputs. Three different levels of input are identified:

(a) level 1: input represented by quoted prices (unadjusted) in active markets for identical assets or liabilities accessible by the entity as at the measurement date;
(b) level 2: input other than quoted prices included in level 1 that are directly or indirectly observable for the assets or liabilities to be measured; and
(c) level 3: unobservable input for the asset or liability.

A market is regarded as active if quoted prices, representing actual and regularly occurring market transactions considering a normal reference period, are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency.

In specific cases, research is carried out in order to verify the significance of official market values.

In the event of a significant reduction in the volume or level of operations compared with normal operations for the asset or liability (or for similar assets or liabilities) highlighted by a number of indicators (number of transactions, limited significance of market prices, significant increase in implicit premiums for liquidity risk, expansion or increase of the bid-ask spread, reduction or total lack of market for new issues, limited publicly available information), analysis of the transactions or of the quoted prices are carried out; if the conclusion is reached that the market is inactive, the asset or liability is reclassified to level 2 of the fair value hierarchy.

Assets and liabilities that are measured at fair value on a recurring basis

This table shows the comparison of fair values versus carrying amounts of financial assets and liabilities, as required by IFRS 7.

		As at 31 December			
		2024		2023	
EUR 1,000	Classification	Carrying amount	Fair value	Carrying amount	Fair value
Non-current financial assets					
Equity instruments	FVOCI – equity instruments	36	36	181	181
Debt instruments	FVOCI – debt instruments	27,458	27,458	–	–
Current financial assets					
Debt instruments	FVOCI – debt instruments	38,464	38,464	–	–
Investments in funds	Mandatorily at FVTPL	11,006	11,006	–	–
Total		110,682	110,682	**181**	**181**
Unrecognised (loss)/gain		–	–	–	–

The following table shows the fair value hierarchy for financial assets that are measured at fair value on a recurring basis:

	As at 31 December 2024				As at 31 December 2023			
EUR 1,000	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Non-current financial assets								
Equity instruments measured at FVOCI	36	–	–	36	181	–	–	181
Debt instruments measured at FVOCI	27,458	–	–	27,458	–	–	–	–
Current financial assets								
Debt instruments measured at FVOCI	11,006	–	–	11,006	–	–	–	–
Investments in funds	72,182	–	–	72,182	–	–	–	–
Total	110,682	–	–	110,682	**181**	**–**	**–**	**181**

4.6 Notes to the Company Financial Statements continued

26 Fair value measurement continued

The following are considered as level 1 financial instruments:

(a) shares valued using official closing prices and/or fixing provided by regulated stock exchanges;
(b) investments in funds valued using official closing prices and/or fixing provided by local authorities (central bank, monetary authority or local stock exchange); and
(c) investments in funds quoted on Multilateral Trading Facility (i.e. the EuroTLX or NASD TRACE circuit) or for which it is possible to continuously derive the quotation from the main price contribution international platforms.

When no quotation on an active market exists or the market is not functioning regularly, that is, when the market does not have a sufficient and continuous number of trades, and bid-ask spreads and volatilities that are not sufficiently contained, the fair value of the financial instruments is mainly determined through the use of valuation techniques whose objective is the establishment of the price at which, in an orderly transaction, the asset could be sold or the liability transferred between market participants, as at the measurement date, under current market conditions.

In the case of level 2 inputs, the valuation is based on prices taken from official listings of instruments which are similar in terms of risk profile. In particular, the level 2 valuation measurements reproduce prices of financial instruments not quoted on active markets and do not contain discretionary parameters for which values may not be inferred from quotations of financial instruments present on active markets or fixed at levels capable of reproducing quotations on active markets.

In addition to this, the Company, with the external asset manager, periodically makes an assessment regarding the marketability of each investment to confirm the assigned level and the fair value measurement. The assessment distinguishes three different categories:

(i) Investments that can be sold within one day without an expected meaningful impact on price;
(ii) Investments that can be sold within one day with an expected price impact of approximately 0.25%; and
(iii) Illiquid investments, which require more than one day to be liquidated.

In case the investment is included in (iii), its fair value is reclassified to level 2 of the fair value hierarchy.

In 2024 and 2023, there were no transfers between levels 1 and 2 in the fair value hierarchy.

Fair value comparison of financial assets and liabilities at amortised cost

This table shows the comparison of fair values versus carrying amounts of financial assets and liabilities, as required by IFRS 7.

		As at 31 December			
		2024		2023	
EUR 1,000	Classification	Carrying amount	Fair value	Carrying amount	Fair value
Other non-current receivables	Amortised cost	78,873	78,873	96,408	96,408
Other receivables and other assets[1]	Amortised cost	12,207	12,207	4,464	4,464
Cash and cash equivalents	Amortised cost	12,611	12,611	3,957	3,957
Total assets		**103,691**	**103,691**	**104,829**	**104,829**
Trade payables	Amortised cost	608	608	(473)	(473)
Other noncurrent financial liabilities	Amortised cost	(99,288)	(99,288)	(3,000)	(3,000)
Other current liabilities[1]	Amortised cost	(4,397)	(4,397)	(875)	(875)
Total liabilities		**104,293**	**104,293**	**(4,348)**	**(4,348)**
Unrecognised gain		–	–	–	–

1 Only financial assets/liabilities.

For financial instruments represented by Other non-current, Other receivables and other assets, Trade payables and Other current liabilities for which the present value of future cash flows also taking into account the credit risk of the counterparties, does not differ significantly from carrying value, we assume that carrying value is a reasonable approximation of the fair value.

The carrying amount of cash and cash equivalents, which consist primarily of bank current accounts and time deposits, approximates fair value.

For the convertible bond, the carrying amount is based on amortised cost. The fair value is derived from the market price of the bond as at reporting date.

27 Subsequent events

Please refer to '3. Consolidated Financial Statements – Note 36 Subsequent events'.

4.6 Notes to the Company Financial Statements continued

The Board of Directors

Mauro Ajani
Alessandro Della Chà
Giovanni Di Napoli
Niall Donnelly
John O'Dea
Silvana Perretta
Maria Grazia Roncarolo

Dublin, Ireland
20 March 2025

Other Information

5.1 Other information

Independent Auditor's Report

The report of the Company's independent auditor, Deloitte Accountants B.V. is set forth following this Annual Report.

Company offices

The Group is headquartered in Dublin, Ireland, and has offices in Lugano, Switzerland; offices and a laboratory in San Diego, U.S.; and a manufacturing facility and offices in Lainate, Italy and Rome.

Dividends

Dividends will be determined in accordance with the articles 26 of the Articles of Association of Cosmo Pharmaceuticals N.V. The relevant provisions of the Articles of Association read as follows:

Article 26.

26.1 From the profits such amounts shall be reserved as the Board of Directors shall determine.

26.2 Out of the remaining profit shall, if possible, first be distributed a dividend on the preferred shares of:

(a) a percentage equal to the higher of (i) twelve (12) months LIBOR as published by ICE Benchmark Administration Limited or (ii) twelve (12) months Euribor as published by European Money Markets Institute, each calculated on the basis of the number of days such rate applied during the financial year to which the dividend amount relates, provided that such rate can never be below zero percent;

(b) a premium to be determined by the Board of Directors in line with market conditions on the date the preferred shares were first issued.

Dividends on preferred shares shall be calculated on the paid-up part of the nominal value of the preferred shares. Payment thereof is subject to paragraph 5 of this article. If and to the extent the profit made is not sufficient to distribute the dividend, the payment will be made from the other freely distributable reserves of the Company's equity.

However, if and to the extent the issued preferred shares have been paid up from the distributable part of the equity, such in accordance with article 7 paragraph 2, no dividend shall be distributed on the preferred shares until three (3) years after the first issuance. After three (3) years, a total dividend will be paid of one thousand Euro (EUR 1,000.00) to be divided pro rata on all issued preferred shares.

26.3 Any profit remaining after application of the previous paragraphs shall be at the disposal of the General Meeting for distribution of dividend or reservation provided that no further distributions will be made to the holders of preferred shares.

26.4 In calculating the amount of profits to be distributed on each ordinary share, only the nominal value of the shares shall be regarded and by which the shares held by the Company in its own capital shall be disregarded.

26.5 The Company shall only be capable of making distributions to shareholders and other persons who are entitled to profits that qualify for distribution if the Company's equity is in excess of the paid and called up portion of the share capital increased by the reserves that must be set aside under the provisions of the law.

26.6 Distribution of profits shall take place after confirmation and adoption of the annual accounts showing that this is allowed.

26.7 The Board of Directors shall have the power to pay one or more interim dividends provided that the requirement referred to in paragraph 5 concerning the Company's equity has been met.

26.8 Unless the Board of Directors decides on a different date, dividends shall be made payable immediately after they have been declared.

26.9 Dividends that have not been collected within five years after they have become payable, shall be forfeited to the Company.

26.10 Distributions can be made in cash or in kind.

26.11 The Board of Directors shall have the power to resolve upon distributions (which shall include interim distributions) from the Company's reserves, provided that the requirement referred to in paragraph 5 concerning the Company's equity has been met.

26.12 The Company may only make interim distributions if the requirement of paragraph 5 of this article has been met as evidenced by an interim statement of assets and liabilities as referred to in article 2:105 paragraph 4 of the Dutch Civil Code.

5.2 Independent Auditor's Report

To: The shareholders of Cosmo Pharmaceuticals N.V.

Report on the audit of the financial statements included in the annual report

Our opinion
We have audited the financial statements of Cosmo Pharmaceuticals N.V., based in Amsterdam.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of Cosmo Pharmaceuticals N.V. (the company or Cosmo) as at 31 December 2024, and of its result and its cash flows for 2024 in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code.

The financial statements comprise:

1. The consolidated and company statement of financial position as at 31 December 2024.
2. The following statements for 2024: the consolidated and company income statement, the consolidated and company statements of comprehensive income, changes in equity and cash flows.
3. The notes comprising material accounting policy information and other explanatory information.

Basis for our opinion
We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the 'Our responsibilities for the audit of the financial statements' section of our report.

We are independent of Cosmo Pharmaceuticals N.V. in accordance with the EU Regulation on specific requirements regarding statutory audit of public-interest entities, the Wet toezicht accountantsorganisaties (Wta, Audit firms supervision act), the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics for Professional Accountants).

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information in support of our opinion

We designed our audit procedures in the context of our audit of the financial statements as a whole and in forming our opinion thereon. The following information in support of our opinion was addressed in this context, and we do not provide a separate opinion or conclusion on these matters.

Materiality
Based on our professional judgment we determined the materiality for the financial statements as a whole at € 3.000.000. The materiality is based on 1.1% of revenue. We have also taken into account misstatements and/or possible misstatements that in our opinion are material for the users of the financial statements for qualitative reasons.

We agreed with those charged with governance that misstatements in excess of € 150.000, which are identified during the audit, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

Scope of the group audit
Cosmo Pharmaceuticals N.V. is at the head of a group of components. The financial information of this group is included in the financial statements of Cosmo Pharmaceuticals N.V..
Based on our risk assessment, we determined the nature, timing and extent of audit procedures to be performed, including determining the components at which to perform audit procedures. For Ireland components the audit procedures which form the basis for our opinion on the Group financial statements were performed by the Group Auditor. For the Italian components the work was performed by component auditors, we determined the level of involvement we needed to have in the audit work at the component to be able to conclude whether sufficient appropriate audit evidence was obtained as a basis for our opinion on the Group financial statements as a whole.

Our Group audit scoping resulted in the following coverage:

Audit coverage of consolidated revenues: 98%

Audit coverage of consolidated assets: 96%

By performing the procedures mentioned above at components, together with additional procedures at group level, we have been able to obtain sufficient and appropriate audit evidence about the group's financial information to provide an opinion on the financial statements.

5.2 Independent Auditor's Report continued

Audit approach fraud risks
We identified and assessed the risks of material misstatements of the financial statements due to fraud. During our audit we obtained an understanding of the entity and its environment and the components of the system of internal control, including the risk assessment process and management's process for responding to the risks of fraud and monitoring the system of internal control and how those charged with governance exercise oversight, as well as the outcomes.

We evaluated the design and relevant aspects of the system of internal control and in particular the fraud risk assessment, as well as among others the code of conduct, whistle blower procedures and incident registration. We evaluated the design and the implementation and, where considered appropriate, tested the operating effectiveness, of internal controls designed to mitigate fraud risks.

As part of our process of identifying fraud risks, we evaluated fraud risk factors with respect to financial reporting fraud, misappropriation of assets and bribery and corruption. We evaluated whether these factors indicate that a risk of material misstatement due to fraud is present. We involved our forensic specialists in our risk assessment.

We identified the following fraud risks and performed the following specific procedures:
Following these procedures, and the presumed risks under the prevailing auditing standards, we considered the fraud risks in relation to revenue recognition following the Medtronic agreement, manual entries in revenue streams at certain components and management override of controls.

We incorporated elements of unpredictability in our audit. We also considered the outcome of our other audit procedures and evaluated whether any findings were indicative of fraud or non-compliance.

We considered available information and made enquiries of relevant executives and those charged with governance.

We tested the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements and manual entries in revenue at component level.

We evaluated whether the selection and application of accounting policies by the entity, particularly those related to subjective measurements and complex transactions such as the Medtronic agreement, may be indicative of fraudulent financial reporting.

We evaluated whether the judgments and decisions made by management in making the accounting estimates included in the financial statements indicate a possible bias that may represent a risk of material misstatement due to fraud. Management insights, estimates and assumptions that might have a major impact on the financial statements are disclosed in note 4 "S. Critical accounting estimates, assumptions and judgements" of the financial statements. We performed a retrospective review of management judgments and assumptions related to significant accounting estimates reflected in prior year financial statements. Impairment testing of intangible assets is a significant area to our audit as the determination whether these assets are not carried at more than their recoverable amounts is subject to significant management judgment.

For significant transactions such as Medtronic Agreement, we evaluated whether the business rationale of the transactions suggests that they may have been entered into to engage in fraudulent financial reporting.

We have engaged our IFRS technical team in performing the review of the IFRS 15 management position paper related to the revenue recognition from the Medtronic agreement. The engagement team has also performed a review of the Medtronic contract in order to understand the business rationale of the transaction.

This did not lead to indications for fraud potentially resulting in material misstatements.

Audit approach compliance with laws and regulations
We assessed the laws and regulations relevant to the entity through discussion with management and reading minutes.

As a result of our risk assessment procedures, and while realizing that the effects from non-compliance could considerably vary, we considered the following laws and regulations: Adherence to (corporate) tax law and financial reporting regulations, the requirements under the International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and Part 9 of Book 2 of the Dutch Civil Code with a direct effect on the financial statements as an integrated part of our audit procedures, to the extent material for the financial statements.

We obtained sufficient appropriate audit evidence regarding provisions of those laws and regulations generally recognized to have a direct effect on the financial statements.

Apart from these, the entity is subject to other laws and regulations where the consequences of non-compliance could have a material effect on amounts and/or disclosures in the financial statements, for instance, through imposing fines or litigation.

Given the nature of the company's business and the complexity of FDA, EMA and other healthcare authority regulations, there is a risk of non-compliance with the requirements of such laws and regulations. In addition, we consider major laws and regulations applicable to listed companies.

5.2 Independent Auditor's Report continued

Our procedures are more limited with respect to these laws and regulations that do not have a direct effect on the determination of the amounts and disclosures in the financial statements. Compliance with these laws and regulations may be fundamental to the operating aspects of the business, to the entity's ability to continue its business, or to avoid material penalties (e.g., compliance with FDA, EMA, other healthcare authority and stock exchange regulations) and therefore non-compliance with such laws and regulations may have a material effect on the financial statements. Our responsibility is limited to undertaking specified audit procedures to help identify non-compliance with those laws and regulations that may have a material effect on the financial statements. Our procedures are limited to (i) inquiry of management, those charged with governance, the executive board and others within the entity as to whether the entity is in compliance with such laws and regulations and (ii) inspecting correspondence, if any, with the relevant licensing or regulatory authorities to help identify non-compliance with those laws and regulations that may have a material effect on the financial statements.

Naturally, we remained alert to indications of (suspected) non-compliance throughout the audit.

Finally, we obtained written representations that all known instances of (suspected) fraud or non-compliance with laws and regulations have been disclosed to us.

Audit approach going concern

Our responsibilities, as well as the responsibilities of the management and the Board, are outlined under the prevailing standards in the "Description of responsibilities regarding the financial statements" section below. The Board has assessed the going concern assumption, as part of the preparation of the consolidated financial statements, and as disclosed in the Financial Statements (note 2, Basis for preparation). The Board believes that no events or conditions give rise to doubt about the ability of the group to continue in operation of at least twelve months after the adoption of the financial statements.

We have obtained management's assessment of the entity's ability to continue as a going concern, and have assessed the going concern assumption applied. As part of our procedures, we evaluated whether sufficient appropriate audit evidence has been obtained regarding, and have concluded on, the appropriateness of management's use of the going concern basis of accounting in the preparation of the consolidated financial statements. Based on these procedures, we did not identify any reportable findings related to the entity's ability to continue as a going concern.

Our key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements. We have communicated the key audit matters to those charged with governance. The key audit matters are not a comprehensive reflection of all matters discussed.

Revenue Recognition of Medtronic Agreement – Refer to Note 5 Revenue and note 35 Medtronic agreement of the financial statements

Key audit matter description

The company recorded license fees, up-front-fees and milestones of € 190.3 million in 2024 which includes revenues from the contract with Medtronic. This consists of an upfront-fee of $100 million (€92.5 million) and $100 million (€93.8million) linked to specific milestones in the contract. The assessment of the overall contract in light of IFRS 15 Revenue from Contracts with Customers requires significant judgement and therefore we have identified this as a key audit matter.

How our audit responded to the key audit matter

As part of our audit, we conducted a risk assessment by identifying and assessing risk of material misstatement related to revenue recognition including fraud in relation to the Medtronic agreement, specifically the identification of the performance obligations in the contract and the allocation of the consideration to the performance obligations identified.

We evaluated management's assessment over Medtronic agreement, specifically the identification of the performance obligations and the allocation of the consideration to those performance obligations. Management used the 5-step model as prescribed in IFRS 15 Revenue from Contracts with Customers to evaluate the overall contract.

We used IFRS specialists to assist us in the evaluation of the overall agreement in light of IFRS 15 Revenue from Contracts with Customers.

We have also performed substantive procedures related to the Medtronic contract, which includes an IFRS 15 contract review, wherein we have assessed the appropriateness of the application of IFRS 15 5-step model as prescribed in IFRS 15 Revenue from Contracts with Customers.

Key observations

Based on our materiality and procedures performed and in the context of the audit of the consolidated financial statements as a whole, we have no observations regarding management's application of IFRS 15 for the revenue recognition related to the milestone payments from the Medtronic Agreement.

5.2 Independent Auditor's Report continued

Impairment of goodwill and other intangible assets – Refer to Note 11 and 13 of the financial statements

Key audit matter description

As at 31 December, 2024 Cosmo carries a goodwill of €24.0 million and other intangible assets of € 331.9 million

For purposes of impairment testing, Cosmo allocates goodwill to two cash-generating units (CGUs). Cosmo tests its CGUs annually and upon the existence of a triggering event, by comparing the recoverable amounts of the individual CGUs, being the higher of value-in-use and fair value less cost of disposal, to the carrying amounts in accordance with IAS 36. Cosmo discloses the key assumptions used in determining the recoverable amounts and the sensitivity of the impairment test for changes in those assumptions in Note 11 and 13 of the financial statements.

We identified the risk of impairment of goodwill and other intangible assets as a key audit matter because of the significance of the amounts involved, the complexity of the assessment process and the significance of management estimates for key assumptions used, including projections of future cash flows, discount rates and (terminal) growth rates. In addition, macro-economic developments related to inflation and interest rates are adding uncertainty to the projection of these key assumptions.

How our audit responded to the key audit matter

As part of our audit, we conducted a risk assessment by identifying and assessing risk of material misstatements in relation to impairment of goodwill and other intangible assets.

We obtained an understanding of management's process over the impairment test of goodwill and other intangible assets. We verified whether projections were based on internal budgets and financial plans approved by the Board of Directors. Furthermore, we challenged and compared revenue projections to, for example, external economic outlook data and expected inflation rates in which we focused on those estimates that could cause a change in the outcome of impairment testing. We also evaluated company's budgeting and forecasting process by comparing historical budgets to actual realization (back testing). We evaluated sensitivities in management estimates for key assumptions, including projections of future cash flows, discount rates and (terminal) growth rates. We focused our substantive audit procedures on the assumptions to which the value in use are most sensitive and for which a change could potentially cause a material decline in headroom and trigger an impairment.

With the assistance of valuation experts, we evaluated the appropriateness and accuracy of the impairment models used by Cosmo, the discount rates and long term growth rates applied and compared the methodology and outcomes to relevant industry and capital market information. Additionally, we assessed the various scenarios applied in impairment testing as disclosed in Note 11 and 13 to the consolidated financial statements in view of the current market conditions, trends in financial performance and the uncertainty around recovery in the industry in which Cosmo operates

Key observations

Within the context of our audit on the financial statements as a whole and based on the materiality applied, we have observations related to the WACC used in the impairment assessment, in particular with the use of non-CGU specific WACC, this however did not result to any impairment. There were no other observations regarding the assumptions and input used in the impairment calculations, other than those mentioned above. Furthermore, we have no observations regarding the disclosure (Note 11 and 13 to the consolidated financial statements) of the sensitivity of the impairment test to changes in the most critical assumptions used.

Report on the other information included in the annual report

The annual report contains other information, in addition to the financial statements and our auditor's report thereon.

The other information consists of:

- The Directors' report
- The other information as required by Part 9 of Book 2 of the Dutch Civil Code.

Based on the following procedures performed, we conclude that the other information:

- Is consistent with the financial statements and does not contain material misstatements.
- Contains all the information regarding the management report and the other information as required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

The board is responsible for the preparation of the other information, including Directors' report in accordance with Part 9 of Book 2 of the Dutch Civil Code, and the other information as required by Part 9 of Book 2 of the Dutch Civil Code.

5.2 Independent Auditor's Report continued

Description of responsibilities regarding the financial statements

Responsibilities of the board for the financial statements
The board is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code. Furthermore, the board is responsible for such internal control as the board determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, the board is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, the board should prepare the financial statements using the going concern basis of accounting unless the board either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

The board should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

Our responsibilities for the audit of the financial statements
Our objective is to plan and perform the audit assignment in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material misstatements, whether due to fraud or error, during our audit.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgment and have maintained professional scepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included among others:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board.

- Concluding on the appropriateness of the board's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures.

- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

5.2 Independent Auditor's Report continued

We are responsible for planning and performing the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the financial statements. We are also responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We bear the full responsibility for the auditor's report.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identified during our audit. In this respect we also submit an additional report to the audit committee in accordance with Article 11 of the EU Regulation on specific requirements regarding statutory audit of public-interest entities. The information included in this additional report is consistent with our audit opinion in this auditor's report.

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

From the matters communicated with those charged with governance, we determine the key audit matters: those matters that were of most significance in the audit of the financial statements. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.

Eindhoven, 20 March 2025

Deloitte Accountants B.V.

A.J.M. Zwama-Bombeeck

5.3 Information for investors

Capital structure

EUR 1,000	As at 31 December 2024
Equity attributable to owners of the Company	498,330
Share capital	4,562
Reserves	360,577
Profit/(Loss) for the period	133,191
Number of issued shares	17,543,522
Nominal value per share (in EUR)	0.26

Major shareholders	No. of shares	% of share capital
Cosmo Holding S.a.r.l.	6,137,252	34.98%
Heinrich Herz AG/Logistable S.A. Group	1,362,591	7.77%
Dievini Hopp BioTech Holding GmbH & Co. KG	666,062	3.80%
Treasury Shares	1,528,426	8.71%

Share price data

CHF	Price	Date
First trading day close	22.30	12.03.2007
2024 lowest	55.20	03.01.2024
2024 highest	79.90	02.09.2024
2024 last trading day	63.70	30.12.2024
Market capitalisation (in CHF million)	1,117.52	31.12.2024

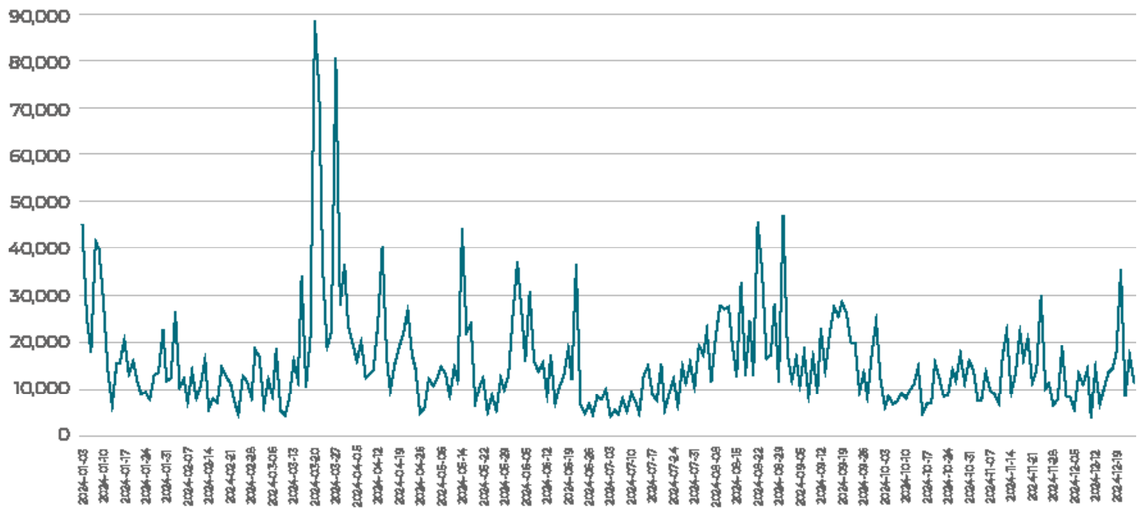
Share earnings

EUR	31 December 2024
Basic earnings per share	8.145

Stock exchange information

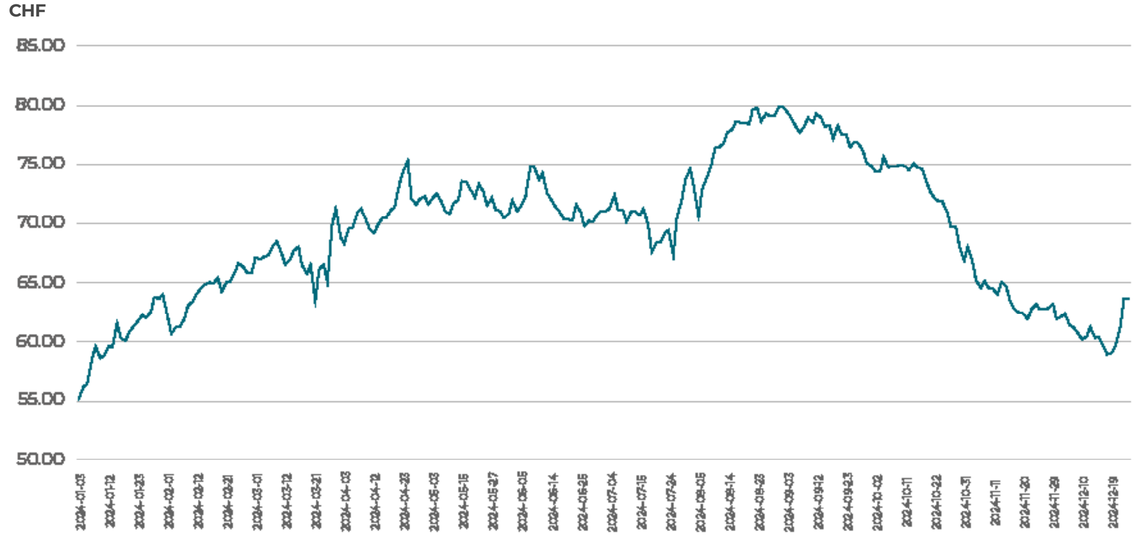
Listing	SIX Swiss Exchange, Main Board
Security ID	COPN
ISIN	NL0011832936
Swiss security number (Valor)	2862650
Number of issued shares	17,543,522

Trading volumes



Share price

CHF



5.3 Information for investors continued

Research coverage

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Calendar

Key reporting dates

Life Sciences Conference, Amsterdam
2 April - 3 April 2025

Annual General Meeting 2025
30 May 2025

Investor Day 2025
1 July 2025

Half Year Results 2025
23 July 2025

5.4 Glossary

505 (b)2
Refers to a section of the U.S. Food and Drug Administration ('FDA') act which allows a New Drug Application ('NDA') that contains full reports of investigations of safety and effectiveness but where at least some of the information required for approval comes from studies not conducted by or for the applicant and for which the applicant has not obtained a right of reference. This allows the filing avoiding lengthy, costly and in many cases repetitive preclinical trials. Drugs approved under 505 (b)2 generally get three or five years market exclusivity.

Acne
Skin disorder characterised by inflammation as a result of overactivity of the sebaceous glands.

Acute
Acute present or experienced to a severe or intense degree.

Adenoma
A benign tumour originating in glandular tissue.

Adenoma Detection Rate ('ADR')
The percentage of screened patients in whom at least one adenoma is found.

AGA
Androgenetic alopecia, a common form of hair loss in both men and women.

Alopecia
Hair follicle disease that cause partial or complete absence of hair.

Androgens
Male sex hormones.

Antibiotic
Drug that kills bacteria or prevents them from multiplying.

API
Active pharmaceutical ingredient.

Autoimmune
Relating to disease caused by antibodies or lymphocytes produced against substances naturally present in the body.

Bacteria
Single-celled microorganisms that can exist independently or dependently upon another organism for life. They can cause infection and are usually treated with antibiotics.

Carcinoma
A type of cancer that develops from epithelial cells.

Chronic
Lasting a long time.

Clinical need
Therapeutic need not covered by drugs that are currently marketed.

Clinical phase I
Phase I trials are the first stage of drug testing on human subjects.

Clinical phase II
Once the initial safety of therapy has been confirmed in phase I trials, phase II trials are performed on larger groups (20-200) and are designed to assess clinical efficacy of the therapy, as well as to continue phase I assessment on a larger group of volunteers and/or patients.

Clinical phase III
Phase III studies are randomised controlled trials on large patient groups (Z ≥ 200, depending on the condition) and are aimed at producing a definitive assessment of the efficacy of the new therapy, sometimes in comparison with current 'gold standard' treatment.

Clinical trial
A meticulously controlled test of a drug candidate on humans.

Colon
The colon is the part of the large intestine between the cecum and the rectum. Its primary purpose is to extract water from faeces.

Colorectal cancer ('CRC')
Cancer of the colon or rectum, also known as bowel cancer or colon cancer.

Compliance
Compliance with the therapeutic regime imposed by the prescribing doctor.

CRO
Contract Research Organisation, a company that carries out research and/or development activities in the pharmaceutical sector on behalf of third parties.

Crohn's disease ('CD')
It is a type of chronic inflammatory bowel disease ('IBD') that can affect any part of the gastrointestinal tract from mouth to anus.

5.4 Glossary continued

DHT
Dihydrotestosterone, a hormone that stimulates the development of male characteristics (an androgen).

Diarrhoea
A generally unpleasant condition in which the sufferer has frequent watery, loose bowel movements.

Diverticulitis
A disease of the bowel, in particular the large intestine, characterised by inflammation and infection of intestinal diverticula. Diverticula are finger-shaped dilatations of the intestinal wall.

Dose-finding study
A clinical study designed to determine the efficacy and safety of different doses to help in the identification of the most efficacious and well-tolerated dose.

Double-blind study
A clinical trial design in which neither the participating individuals nor the study staff know which participants are receiving the experimental drug and which are receiving placebo or another active ingredient (comparator).

Drug delivery system
A technology or method that is able to control the time and the extent of the release of a drug.

Efficacy
The ability of a drug to control or cure an illness.

EMA
European Medicines Agency.

Endoscopy
Endoscopy means looking inside and refers to looking inside the human body for medical reasons.

ERP
Enterprise Resource Planning.

Excipient
An inert substance used as a diluent or vehicle for a drug.

FDA
Food and Drug Administration, the U.S. government agency that governs the entry and monitoring of products on the market.

Galenic
Galenic formulation deals with the principles of preparing and compounding medicines in order to optimise their absorption.

ICH
The International Conference on Harmonisation of Technical Requirements for Registration of Pharmaceuticals for Human Use.

Infection
A condition resulting from the presence of bacteria or other microorganisms in the body. Inflammation swelling, reddening, heat and/or pain produced in the area of the body as a result of irritation, injury or infection.

Inflammatory bowel disease ('IBD')
A group of inflammatory conditions of the bowel, including ulcerative colitis and Crohn's disease.

Intestine
The portion of the alimentary tract extending from the stomach to the anus, consisting of two segments, the small intestine and the large intestine (or colon).

IBS
Irritable bowel syndrome.

IBS-D
Diarrhoea predominant irritable bowel syndrome.

ICH-GCP
International Conference on Harmonisation – Good Clinical Practice.

Lesions
A lesion is any abnormal tissue found on or in an organism, usually damaged by disease or trauma.

Lumen
The lumen is the interior of a vessel within the body, such as the small central space in an artery or vein, or any of their relating vessels through which blood flows. On a larger scale, the interior of the gastrointestinal tract may also be referred to as its lumen.

Mechanism of action ('MOA')
The manner by which a drug exerts its activity.

Methylene blue
Methylene blue is a phenothiazine derivative that is a dye. It was discovered in 1876 and has been used in various medical applications since 1900. One of its characteristics is that it is not absorbed by dysplastic/neoplastic cells and thus allows their detection and demarcation via endoscope.

5.4 Glossary continued

NCE
New chemical entity, a chemical structure that is not part of existing technical know-how.

NDA
New Drug Application, a procedure through which drug sponsors formally propose that the FDA approves a new pharmaceutical for sale and marketing in the U.S.

Orphan diseases
Diseases characterised by a limited incidence in the population, generally fewer than five cases per 10,000, and for which there are currently no valid therapies available.

Orphan drug
Drug intended to cure orphan diseases.

OTC drugs
Over-the-counter drugs are medicines that may be sold without the prescription of a medical professional, in contrast to prescription drugs.

Pharmaceutical manufacturing plant
Facilities for the manufacturing of drugs, subject to authorisation by specific health authorities.

Pivotal study
Usually a phase III study that presents the data that the governmental agencies responsible for approving the marketing of pharmaceutical products (e.g. the FDA and the EMA) use to decide whether or not to approve a drug.

Placebo
Drug with no active ingredients.

Pouchitis
Pouchitis is a non-specific inflammatory condition and the most common complication of an IPAA, with a reported incidence rate between 23% and 59% in patients with ulcerative colitis.

Proof of concept ('POC') study
Phase IIa clinical trials, usually conducted within the target patient group, to determine whether the considerable resources necessary to complete drug development should be invested.

Randomised/Randomisation
The procedures ensuring that the subjects are equally and randomly distributed to treatment or control groups.

REACH
Registration, Evaluation, Authorisation and Restriction of Chemical substances.

Receptor
A protein complex located inside or on the wall of the cells characterised by selective binding of a specific substance.

Rectum
The last part of the large intestine.

Registration
Authorisation required to market a drug.

Technology platform
Technology applied to various molecules generating certain products.

Travellers' diarrhoea ('TD')
TD is defined as the passage of three or more unformed stools per day with one or more associated enteric symptom, such as abdominal pain or cramps, occurring in a traveller after arrival.

Ulcerative colitis ('UC')
Ulcerative colitis is a form of inflammatory bowel disease ('IBD'). The disease is located only in the colon, and is characterised by presence of mucosal ulcerations. The main symptoms of active disease are usually abdominal pain and diarrhoea mixed with blood, of gradual onset.

5.5 Contacts and addresses

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