



Cosmo reports excellent preliminary unaudited Full Year 2023 core financial results

Record guidance for 2024

Doubles dividend to € 2.00 per share

Ad hoc announcement pursuant to Art. 53 LR

- Medtronic deal accounted in 2024, to inject USD 200m cash
- FDA approval of GI Genius new enhanced operating system
- New GI drug development program announced
- Outlook for 2025

Dublin, Ireland – 20 March 2024: Cosmo Pharmaceuticals N.V. (SIX: COPN, XETRA: C43) (“Cosmo”) today announced its preliminary unaudited results for the financial year 2023.

Financial highlights

Cosmo delivered strong growth across its core business in 2023.

The company continues to make excellent progress on execution of its strategy with the announcement of an expansion of its agreement with Medtronic for GI Genius. This agreement has further strengthened the company’s financial position and enables an acceleration of investment in exciting opportunities in both pharma and AI, as well as an increase in the dividend.

Cosmo’s core business has performed as follow:

- Revenues € 96.7 million
- EBITDA of € 26.5 million
- Operating profit € 12.2 million
- Profit before taxes € 7.6 million
- Net cash inflow from operating activities € 33.6 million
- Equity attributable to owners of the Company of € 426.8 million
- Treasury shares, at market value at 31 December 2023, of € 81.9 million
- Proposed dividend distribution of € 2.00 per share, increase of 90.5% versus last year

The preliminary unaudited figures above and the detailed note below reflect the Company’s position with respect to certain accounting matters for which the Company and its auditors, BDO, are finalising the accounting treatment. These matters are explained in detail below.

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

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

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



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

- More than 927,000 TRx (prescriptions) since launch
- Over 17,900 unique prescribers, representing >90% of total healthcare practitioners in dermatology
- New commercial partnerships executed to make Winlevi available in EU, UK, South Africa, Middle East, North Africa, South Korea
- Winlevi launched in Canada by our partner Sun Pharmaceuticals
- Marketing authorization application (MAA) filed for approval with European Medicines Agency (EMA)
- Working on Winlevi life extension and expansion in other dermatology indications

Development pipeline highlights

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

Financial highlights

- € 175m convertible bond fully reimbursed in cash at maturity in December 2023
- No. 221,373 treasury shares purchased in 2023, total of 1,490,681 treasury shares held at year end and 1,497,306 at the 19th of March 2024
- The Group is debt-free
- Net cash position as of 19th of March 2024 € 142.8m
- A dividend distribution of € 2.00 per share will be recommended to the next AGM

Key preliminary unaudited figures:

EUR /000	2023	2022
Income statement		
Revenues	96,723	102,089
Cost of sales	(39,340)	(40,488)
Gross profit	57,383	61,601
Other income	1,453	1,896



R&D costs	(18,811)	(15,525)
SG&A costs	(27,799)	(19,915)
Net operating expenses	(45,157)	(33,544)
Operating profit	12,226	28,057
Net financial expenses	(4,615)	(3,584)
Profit before taxes	7,611	24,473
Profit after taxes for the period	1,347	17,505
Statement of financial position		
Non-current assets	451,754	453,495
Cash and cash equivalents	50,275	185,825
Other current assets	51,951	120,272
Liabilities	120,346	295,804
Equity attributable to owners of the Company	426,758	456,927
Non-controlling interests	6,876	6,861
Equity ratio (%)	78.3%	61.1%
Shares		
Weighted average number of shares	16,105,126	16,425,395
Earnings per share (in EUR)	0.071	1.049

Mauro Ajani, Chairman of Cosmo, said: *“I am extraordinarily proud of the work the team was able to accomplish over the last few years, which has brought the company to where it stands today, with an exciting pharma pipeline coupled with the new deal with Medtronic in AI. The opportunities are limitless, and Cosmo is best positioned to exploit them”.*

Alessandro Della Chà, Chief Executive Officer, said: *“2023 has delivered beyond our expectations, with the final rush to close the Medtronic deal. The subsequent proceeds enable Cosmo to further develop and accelerate the many incoming opportunities both in pharma and AI. We are not short of exciting new ideas for the future, which we intend to relentlessly deliver”.*

2024 Guidance

- Total revenues in the range of **€ 260 million - € 270 million** (including a €100 million upfront payment from expansion of the agreement with Medtronic announced December 2023) versus € 96.7 million in 2023
- Operating profit in the range of **€ 155 million - € 165 million** versus € 12.2 million in 2023



Outlook 2025

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

Accounting matters under finalisation

On the 6th of December 2023 Cosmo executed an agreement with certain former Linkverse shareholders (the “New Linkverse Agreement”) which amended certain of the provisions of an agreement entered into with the former Linkverse shareholders in 2019 (the “Old Linkverse Agreement”). The effectiveness of the New Linkverse Agreement was contingent on the effectiveness of a new agreement between Cosmo and Medtronic. Cosmo executed a new agreement with Medtronic on the 8th of December 2023 (the “New Medtronic Agreement”), this agreement was subject to certain closing conditions which were fulfilled on the 20th of February 2024 and the New Medtronic Agreement became effective on the 21st of February 2024. The terms of the New Linkverse Agreement which replaced certain terms of the Old Linkverse Agreement, therefore, also became enforceable on the 21st of February 2024.

The New Linkverse Agreement amends the deferred consideration for the purchase of the non-controlling interest of Linkverse S.r.l. contained in the Old Linkverse Agreement and provides for a payment of €9.0m contingent upon payments from Medtronic.

As the New Medtronic Agreement became effective in 2024 and, as a consequence, the New Linkverse Agreement also became effective and enforceable in 2024, Cosmo is of the opinion that any liabilities associated with the New Linkverse Agreement should be accounted in for 2024, when it became enforceable and in line with the accounting treatment of the New Medtronic Agreement.

Furthermore, the New Linkverse Agreement provides for the grant of share options to certain former Linkverse shareholders in their capacity as employees of Cosmo. Also in this case, Cosmo is of the opinion that these new options should be accounted for only in 2024 as the New Linkverse Agreement only became enforceable in 2024. The accounting impact of this matter could be up to €3.5m.

Cosmo is of the opinion that any different accounting treatment, other than as described above, would not result in a true and fair representation of Cosmo’s 2023 financial performance or position.

Downloads

The media release (<https://www.cosmopharma.com/investors/news-and-media>) and presentation (<https://www.cosmopharma.com/investors/events-and-presentations>) as well as the preliminary unaudited Annual Report 2023 and Cosmo’s second ESG report (<https://www.cosmopharma.com/investors/financial-reports>) are all available on the corporate website.

Live conference call and video webcast presentation:

Cosmo invites investors, financial analysts and business/life science journalists to a live video webcast with **Mauro Ajani, Founder and Chairman, Alessandro Della Chà, CEO** to discuss the 2023 financial and operating results and next milestones of the company.

Date: Today Wednesday, 20 March 2024 / Time: 11 am CET

Webcast link: Chrome (recommended) or Firefox

<https://event.choruscall.com/mediaframe/webcast.html?webcastid=0f72Wkug>



Please note that there is a function to type in your questions via webcast.

Via phone:

Participants wishing to ask verbal questions via phone, may call the following numbers below. To ensure prompt access, please call approximately ten minutes prior to the scheduled start of the call.

Switzerland / Europe	+41 (0) 58 310 50 00
United Kingdom	+44 (0) 207 107 06 13
United States	+1 (1) 631 570 56 13

Replay

The webcast, along with the presentation will be available online shortly after the event and accessible for three months.

About Cosmo

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

www.cosmopharma.com

Upcoming Calendar of Events

Annual General Meeting 2024
Half Year Results 2024
ODDO BHF Nextcap Forum 2024

May 24, 2024
July 25, 2024
June 6, 2024

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