



# COSMO PHARMACEUTICALS

**Half-Year Report  
2024**

## Contents

<b>1. About Us</b>	<b>1</b>	<b>2. Directors' Report</b>	<b>5</b>	<b>3. Condensed Consolidated Financial Statements and Notes</b>	<b>20</b>
1.1 Highlights	2	2.1 CEO Statement	6	3.1 Condensed Consolidated Income Statement	21
1.2 Financial Highlights	3	2.2 Financial Review	8	3.2 Condensed Consolidated Statement of Comprehensive Income	21
1.3 Key Figures	4	2.3 Risk Management	13	3.3 Condensed Consolidated Statement of Financial Position	22
		2.4 Responsibility Statement	19	3.4 Condensed Consolidated Cash Flow Statement	23
				3.5 Condensed Consolidated Statement of Changes in Equity	24
				3.6 Notes to the Condensed Consolidated Financial Statements	26
				3.7 Contacts and Addresses	37

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.

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1.1 Highlights

# H1 2024 Highlights

## Cosmo Intelligent Medical Devices

Upfront payment of **\$100 million** related to expanded artificial intelligence partnership received from Medtronic

Further **\$100 million** in additional payments expected to be received from Medtronic in 2024 linked to additional services and products/features

**ColonPRO™** software launched introducing an **enhanced algorithm** resulting in a **notable improvement in detection capabilities** and additional features to automate physicians workflow

Enhancements made to **AI Access™** platform user interface to support the development of third-party applications and first new application term sheet signed

New GI Genius™ module powered by **Nvidia IGX** submitted to the FDA for clearance

### Winlevi®

**1,090,223 TRx (prescriptions)** since launch to the end of June 2024; one of the most successful launches in the topical acne space in the last 15 years

Winlevi® continues to be the #1 most prescribed branded topical acne product in the U.S. and continues to grow in the U.S. and expand globally

The review of the Winlevi® Marketing Authorisation Application by the EMA is ongoing

Winlevi® was approved in Australia and is currently submitted in 13 additional countries

### Gastroenterology (GI) products

Income from GI products (excluding upfront payment) increased by 4.3% from €20.5 million to €21.4 million

### CDMO

CDMO income continues to grow with an increase of 9.3% to €8.9 million

### Pipeline & Regulatory Highlights

New **GI Genius™ module 300** powered by **Nvidia IGX** submitted to the FDA for clearance

**Androgenetic Alopecia phase III trial** in males progressing, enrolment near completion for both the 2 identical-in-design pivotal trials (pivotal, double blind)

**Bile Acid Diarrhoea phase II proof-of-concept** study documents required for regulatory submission are under preparation. Target is to have the study initiated and the first patient enrolled by the end of the year.

**Distal Ulcerative Colitis phase II proof-of-concept** study initiated - 1st patient enrolled; majority of clinical sites were activated

**Solid Tumor phase I study is ongoing** in patients with advanced refractory solid tumours, U.S. clinical sites activated and enrolment of patients ongoing

**Lumebblue®** New Drug Application ('NDA') approved in China, China Medical Systems ('CMS'), our partner, preparing for launch

## 1.2 Financial Highlights

# H1 2024 Highlights

### Revenue

**€136.2m**

H1 2023: 43.7

#### Gastroenterology

**€21.4m**

H1 2023: €23.5m

#### Dermatology

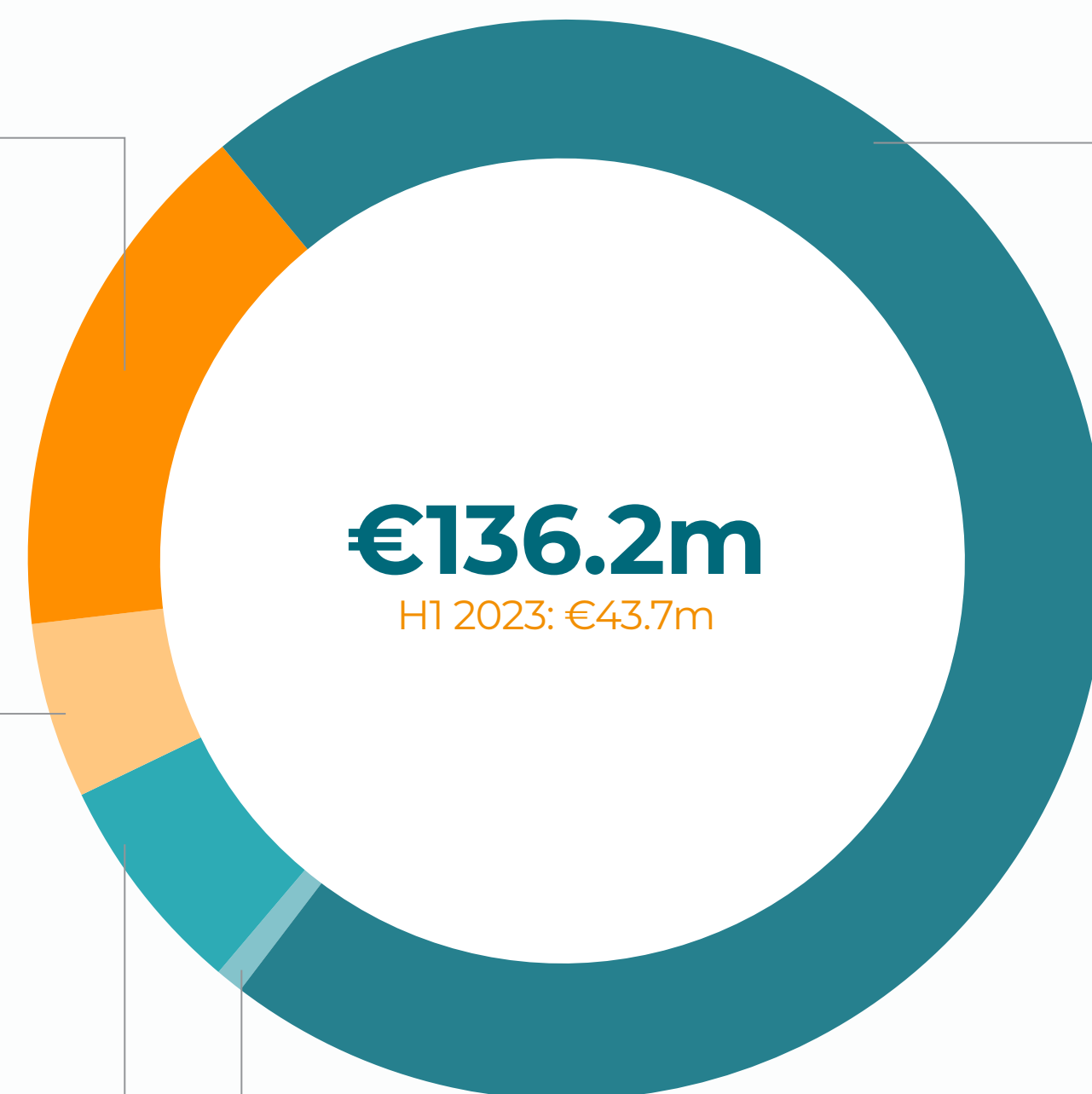
**€7.3m**

H1 2023: €4.6m

#### CDMO

**€8.9m**

H1 2023: €8.1m



#### Healthtech

**€97.5m**

H1 2023: €6.4m

#### Others

**€1.1m**

H1 2023: €1.1m

### Operating profit

**€87.0m**

H1 2023: €7.1m

### Profit before tax

**€88.7m**

H1 2023: €3.7m

### Net cash inflow from operating activities

**€99.2m**

H1 2023: €15.5m

### Cash and short-term investments

**€133.4m**

2023: €50.3m

### Treasury shares (at market value)

**€109.0m**

2023: €81.9m

### Equity attributable to owners of the Company

**€498.4m**

2023: €422.2m

## 1.3 Key Figures

### Consolidated income statement

EUR 1,000	H1 2024	H1 2023
<b>Revenue</b>	<b>136,237</b>	<b>43,661</b>
Cost of sales	(23,150)	(18,871)
<b>Gross profit</b>	<b>113,087</b>	<b>24,790</b>
Other income	1,014	425
Research and development costs	(10,824)	(8,288)
Selling, general and administrative costs	(16,323)	(9,804)
<b>Net operating expenses</b>	<b>(26,133)</b>	<b>(17,667)</b>
<b>Operating profit</b>	<b>86,954</b>	<b>7,123</b>
Net financial income/(expenses)	1,794	(3,450)
<b>Profit before taxes</b>	<b>88,748</b>	<b>3,673</b>
<b>Profit after taxes for the period</b>	<b>76,058</b>	<b>1,486</b>

### Earnings per share

	H1 2024	H1 2023
Weighted average number of shares	16,105,126	16,146,054
Earnings per share (in EUR)	4.718	0.092

### Consolidated statement of financial position

EUR 1,000	30-Jun-24	31-Dec-23
Non-current assets	454,658	451,754
Cash and cash equivalents	54,556	50,275
Other current assets	129,038	51,951
Liabilities	132,866	124,944
Equity attributable to owners of the Company	498,443	422,160
Equity ratio (%)	79.2%	77.4%

# Directors' Report

## 2. Directors' Report

2.1 CEO Statement

2.2 Financial Review

2.3 Risk Management

2.4 Responsibility Statement

5

6

8

13

19

## 2.1 CEO Statement

Dear Shareholders,

In H1 of 2024 we have delivered record revenues of €136.2 million compared to €43.7 million in the same period last year, the increase is mainly driven by a \$100 million upfront payment from Medtronic related to the expansion of our artificial intelligence partnership. We expect to receive a further \$100 million from Medtronic by the end of 2024 related to services and the development of additional products and features. Revenues related to the sales of our GI products by our partners, increased by 4.3% to €21.4 million. Dermatology revenues increased by 58.5% to €7.4 million as income from Winlevi® continued to grow and our contract manufacturing business grew by 9.3% to €8.9 million.

Our operating profit was €87.0 million and net cashflow from operating activities was €99.2 million.

At the end of June, we had a cash of €133.4 million, we have no debt and held 1.5 million treasury shares with a market value of €109.0 million.

### GI Genius™

In January, the FDA approved ColonPRO™, the new version of software for GI Genius™. ColonPRO™ incorporates an enhanced polyp detection algorithm supported by an even more robust data set which is double the size of the previous one. This has resulted in an improvement in the detection capabilities of GI Genius™ including a 9% reduction in false positives. In addition, the system can help to improve efficiency by providing procedural highlights. The GI Genius™ installed base continues to grow and we continue to develop additional features. The next generation GI Genius™ powered by Nvidia IGX has been submitted to the FDA for approval.

Regarding AI Access, following the receipt of significant number of submissions from third parties, we are now moving several of those applications into the integration phase. We will now start the necessary regulatory approval process with a view to bringing them to market. In addition, our Cosmo IMD team are working on the development of additional SaMD (Software as a Medical Device).

### Winlevi®

In March, the Australian Therapeutic Goods Administration (TGA) granted regulatory approval for Winlevi®. In Europe the review of the Winlevi® Marketing Authorisation Application, which was submitted to the EMA by Cosmo in October 2023, is ongoing. In addition, applications for approval have been submitted by our partners in 13 additional countries.

In the U.S. almost 1.1 million prescriptions have been written for Winlevi® since launch to the end of June 2024 and Winlevi® continues to be the #1 most prescribed topical branded product for acne in the U.S.

### Our GI products and CDMO business continue to deliver a strong performance

Revenues related to the sales of our GI products by our partners which include Lialda®, Mezavant®, Mesavancol®, Cortiment® and Uceris® grew by 4.3% to €21.4 million and revenue from our CDMO business grew by 9.3% to €8.9 million.

### Our development pipeline is progressing according to plan

Our Androgenetic Alopecia phase III studies in males for the treatment of androgenetic alopecia are ongoing in the U.S. and in the EU recruitment has commenced.

Our Oncology (cortexolone 17  $\alpha$ -valerate-21-propionate) phase I dose-ranging study in patients with advanced refractory solid tumours is progressing according to plan.

We have completed the development of a new MMX® formulation of colesévelam, intended for the treatment of bile acid diarrhoea, a disease which is estimated to affect about 1% of the Western population and is caused by an excess of bile acids entering the large intestine. We are now drafting protocols and recruiting sites and expect to begin the phase 2 proof of concept study in Q3/Q4 of 2024.

In April, we commenced a phase II Proof of Concept (POC) study of efficacy and safety of a rifamycin enema for the treatment of mild to moderately active distal ulcerative colitis (UC) and proctitis.



**Giovanni Di Napoli**  
Executive Director, CEO

**Our operating profit was €87.0 million and net cashflow from operating activities was €99.2 million.**

## 2.1 CEO Statement continued

**In the first half of 2024, our revenue was €136.2 million, net operating expenses were €49.2 million and operating profit was €87.0 million.**

Both our existing products and products in development are focused on large markets. It is estimated that 70 million colonoscopy procedures, the focus of GI Genius™, are performed worldwide on an annual basis of which based on the existing GI Genius™ global installed base it is estimated that potential exists to impact 2.7 million patients annually. Including colonoscopy, we estimate that 225 million GI endoscopy procedures are performed annually, therefore beyond colonoscopy the potential exists to develop products to aid decision making and improve efficiency.

An estimated 640 million people are affected by acne worldwide, the focus of Winlevi®, and an estimated 2 billion males are males worldwide affected by androgenetic alopecia, the focus of Breezula™ currently in phase 3 trials.

### Financial performance and cash generation

In the first half of 2024, our revenue was €136.2 million, net operating expenses were €49.2 million and operating profit was €87.0 million. Net cash inflow from operating activities was €99.2 million compared to €15.5 million in the same period last year. At the end of June we held cash and short term investments of €133.4 million, 1.5 million treasury shares with a market value of €109.0 million and have no debt.

We paid a dividend of €2.00 per share on the 12th of July 2024.

### 2024 guidance

We confirm our 2024 guidance of revenues in the range of €260 million - €270 million compared to €92.8 million in 2023 and operating profit in the range of €159 million - €169 million compared to €6.1 million in 2023.

**Giovanni Di Napoli**

CEO

Dublin, Ireland, 23 July 2024



## 2.2 Financial Review

### Income statement

EUR 1,000	H1 2024	H1 2023
<b>Revenue</b>	<b>136,237</b>	<b>43,661</b>
Net expenses	(49,283)	(36,538)
<b>Operating profit</b>	<b>86,954</b>	<b>7,123</b>
Net financial income/(expenses)	1,794	(3,450)
<b>Profit before taxes</b>	<b>88,748</b>	<b>3,673</b>
Income tax	(12,690)	(2,187)
<b>Profit after taxes for the period</b>	<b>76,058</b>	<b>1,486</b>

Revenue for the half year ended 30 June 2024 was €136.7 million (H1 2023: €43.7 million), operating profit was €87.0 million (H1 2023: €7.1 million) and profit before taxes was €88.7 million (H1 2023: €3.7 million).

Net expenses were €49.3 million (H1 2023: €36.5 million) comprising of:

- Other income of €1.0m (H1 2023: €0.4m) mainly includes dividend received from investment in RSouth Antibodies B.V., reversal of accounts payable that are no longer due and tax credit related to research and development costs incurred in H1 2024;
- Cost of sales of €23.2m (H1 2023: €18.9m) increased by €4.3m mainly due to increase in personnel costs by €2.0m, increase in cost of raw materials WIP and FG by €1.4m, increase in costs related to external manufacturing costs by €0.3m, increase in maintenance costs of property and warehouse related to production by €0.3m, and increase in other production costs by €0.2m;
- Selling, general and administrative costs of €16.3m (H1 2023: €9.8m), increased by €5.0m mainly due to increase in service costs by €0.6m and increase in personnel costs by €4.4m and the provision for contingent consideration payable to former Linkverse shareholders of €1.5m; and
- Research and development ('R&D') costs of €10.8m (H1 2023: €8.3m), increased by €4.0m mainly due to an increase in clinical trial activities in H1 2024, comprising of €1.3m increase in personnel costs and increase in services fees for clinical trial and other costs by €1.2m.

### Revenue

EUR 1,000	H1 2024	% of revenue	H1 2023	% of revenue
Manufacturing:				
Manufacturing of own products	25,350	18.6	26,375	60.4
Manufacturing of generic products, speciality drugs and related services	8,871	6.5	8,304	19.0
Licence fees, up-front fees and milestones	93,858	68.9	2,861	6.6
Royalties	7,085	5.2	5,216	11.9
Other revenues from sales	1,073	0.8	905	2.1
<b>Total revenue</b>	<b>136,237</b>	<b>100.0</b>	<b>43,661</b>	<b>100.0</b>

EUR 1,000	H1 2024	H1 2023
GI Genius™	96,340	4,347
Eleview®	1,181	2,052
<b>Healthtech</b>	<b>97,521</b>	<b>6,399</b>
Winlevi®	7,356	4,640
<b>Dermatology</b>	<b>7,356</b>	<b>4,640</b>
Lialda®/Mezavant®/Mesavancol®	16,256	16,780
Uceris®/Cortiment®	5,091	3,742
Aemcolo®/Relafalk®/Rifamycin IT/ROW	53	1
Lumebblue®	–	2,861
<b>Gastroenterology</b>	<b>21,400</b>	<b>23,384</b>
CDMO	8,857	8,102
<b>CDMO</b>	<b>8,857</b>	<b>8,102</b>
Other	1,103	1,136
<b>Total revenue</b>	<b>136,237</b>	<b>43,661</b>

#### GI Genius™

GI Genius™ revenue increased to €96.3 million (H1 2023: €4.3 million), including revenue from license fees of €92.5 million (H1 2023: nil).

#### Eleview®

Eleview® revenue was €1.2 million in H1 2024 (H1 2023: €2.1 million).

#### Winlevi®

Winlevi® revenue increased to €7.4 million (H1 2023: €4.6 million) as the global expansion of Winlevi® continued.

#### Lialda®/Mezavant®/Mesavancol®

Lialda®/Mezavant®/Mesavancol® revenue remained steady at €16.3 million in H1 2024 (H1 2023: €16.8 million).

## 2.2 Financial Review continued

### Uceris®/Cortiment®

Uceris®/Cortiment® income was €5.1 million compared with €3.7 million in H1 2023.

### CDMO

CDMO income was €8.9 million (H1 2023: €8.3 million).

### Net expenses

EUR 1,000	H1 2024	% of revenue	H1 2023	% of revenue
Other income	1,014	0.7	425	1.0
Cost of sales	(23,150)	(17.0)	(18,871)	(43.2)
Research and development costs	(10,824)	(7.9)	(8,288)	(19.0)
Selling, general and administrative costs	(16,323)	(12.0)	(9,804)	(22.5)
<b>Total net expenses</b>	<b>(49,283)</b>	<b>(36.2)</b>	<b>(36,538)</b>	<b>(83.7)</b>

### Net expenses as per nature

EUR 1,000	H1 2024	% of revenue	H1 2023	% of revenue
Other income	1,014	0.7	425	1.0
Changes in inventories of finished goods and work in progress (WIP)	(802)	(0.6)	(33)	(0.1)
Raw materials and consumables used	(9,206)	(6.8)	(8,568)	(19.6)
Personnel expenses	(19,907)	(14.6)	(12,195)	(27.9)
Outsourced preclinical and clinical trial costs	(2,303)	(1.7)	(1,543)	(3.5)
Other operating expenses	(10,787)	(7.9)	(7,713)	(17.8)
Depreciation and amortisation	(7,292)	(5.3)	(6,911)	(15.8)
<b>Total net expenses</b>	<b>(49,283)</b>	<b>(36.2)</b>	<b>(36,538)</b>	<b>(83.7)</b>

### Changes in inventories of finished goods and WIP

Inventories of finished goods and work in progress slightly increased to €10.0 million (H1 2023: €8.6 million).

### Depreciation and amortisation

Depreciation of property, plant and equipment relates mainly to the manufacturing facility, laboratories and property in Lainate, and depreciation of other right-of-use assets. Amortisation of other intangible assets primarily relates to amortisation of patents and rights, and amortisation of capitalised development costs.

### Financial income and expenses

EUR 1,000	H1 2024	H1 2023
Financial income	1,851	2,012
Financial expenses	(57)	(5,462)
<b>Net financial income/(expense)</b>	<b>1,794</b>	<b>(3,450)</b>

Financial income remained steady at €1.9 million (H1 2023: €2.0 million).

Financial expenses decreased to €0.1 million (H1 2023: €5.5 million) as last year's expense was largely composed of the interest on Cosmo's €175 million 2.5% convertible bonds, the principal of which was fully paid in December 2023.

## 2.2 Financial Review continued

### Assets

#### Non-current assets

EUR 1,000	30-Jun-24	31-Dec-23
Property, plant and equipment	27,372	28,588
Goodwill	24,005	24,005
Other intangible assets	374,461	368,993
Financial assets	3,169	3,286
Deferred tax assets	16,059	17,130
Other non-current receivables	9,592	9,752
<b>Total non-current assets</b>	<b>454,658</b>	<b>451,754</b>

#### 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, the equipment in the plant that is used for the manufacturing of MMX® tablets and the right-of-use assets which represent office buildings and motor vehicles.

#### Goodwill

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

#### Intangible assets

Intangible assets as at 30 June 2024 consist of:

- Patents and rights of €4.7 million (2023: €4.1 million);
- Winlevi® (U.S.) licensing and royalty agreements, €107.6 million (2023: €110.7 million);
- Breezula® (clascoterone), €189.1 million (2023: €179.8 million);
- Winlevi® (Non-U.S.), €52.4 million (2023: €52.4 million);
- Lumeblue® (CB-17-01), €10.1 million (2023: €10.5 million);
- Aemcolo® (CB-01-11), €3.9 million (2023: €4.3 million);
- Eleview® (CB-17-04), €1.0 million (2023: €1.0 million); and
- GI Genius™ (CB-17-08), €5.7 million (2023: €5.9 million).

Breezula® and Winlevi® were acquired as part of the acquisition of Cassiopea. The development projects are progressing in line with the technical and economic plan, and after review, management confirms the recoverability of the relevant capitalised costs, based on probable future economic benefits.

#### Non-current financial assets

EUR 1,000	30-Jun-24	31-Dec-23
Equity instruments measured at FVOCI – PAION AG shares	13	10
Equity instruments measured at FVOCI – RedHill shares	59	227
Equity instruments measured at FVOCI – AIMM and RSouth shares	2,594	2,594
Equity instruments measured at FVOCI – Eagle Pharma shares	503	455
<b>Non-current financial assets</b>	<b>3,169</b>	<b>3,286</b>

As at 30 June 2024, the Company held 486,199 shares in PAION AG which had a market value of €0.027 per share (2023: €0.020), 172,499 shares in RedHill Biopharma Ltd. ('RedHill') which had a market value of US\$0.371 per share (2023: US\$1.460), and 96,040 shares in Eagle Pharmaceuticals Inc. ('Eagle Pharma') which had a market value of US\$5.60 per share (2023: US\$5.23).

#### Current assets

EUR 1,000	30-Jun-24	31-Dec-23
Inventories	13,902	14,198
Trade receivables	23,649	28,454
Current tax assets	5,003	3,760
Other receivables and other assets	7,626	5,539
Current financial assets	78,858	–
Cash and cash equivalents	54,556	50,275
<b>Total current assets</b>	<b>183,594</b>	<b>102,226</b>

Current financial assets of €78.9 million (2023: nil) consist of the Group's investments in funds and bonds.

## 2.2 Financial Review continued

### Equity and liabilities

EUR 1,000	30-Jun-24	31-Dec-23
Share capital	4,562	4,562
Share premium	243,565	243,565
Other reserves	47,845	47,845
Legal reserves	25,542	16,003
Treasury shares	(101,823)	(101,307)
Stock option plan reserve	33,201	33,324
Fair value reserve	(55,174)	(55,121)
Employee benefits actuarial gains/losses reserve	(206)	(214)
Currency translation reserve	791	830
Retained earnings	224,082	237,405
Profit for the period	76,058	(4,732)
<b>Equity attributable to owners of the Company</b>	<b>498,443</b>	<b>422,160</b>
Non-controlling interests	6,943	6,876
<b>Total equity</b>	<b>505,386</b>	<b>429,036</b>

As at 30 June 2024, Cosmo Pharmaceuticals had 17,543,522 (2022: 17,543,522) shares issued, fully subscribed and paid up, each share with a nominal value of €0.26.

As at 30 June 2024, the Group held 1,497,636 treasury shares at an average purchase price of CHF 72.50 per share. During H1 2024, the Group purchased 35,292 treasury shares at an average purchase price of CHF 66.56 per share and sold 28,337 treasury shares at an average selling price of CHF 72.53 per share.

### Non-current liabilities

EUR 1,000	30-Jun-24	31-Dec-23
Interest-bearing loans and borrowings	714	942
Employee benefits	571	559
Deferred tax liabilities	93,508	94,534
Other non-current liabilities	195	3,195
<b>Total non-current liabilities</b>	<b>94,988</b>	<b>99,230</b>

Interest-bearing loans and borrowings of €0.7 million (2023: €0.9 million) consist of the financial lease liabilities of €0.3 million (2023: €0.5 million) and bank loans of €0.4 million (2023: €0.4 million).

Other non-current liabilities represent contingent consideration for the purchase of non-controlling interest ('NCI') in Linkverse in 2019.

### Current liabilities

EUR 1,000	30-Jun-24	31-Dec-23
Interest-bearing loans and borrowings	741	897
Trade payables	14,675	11,560
Current tax liabilities	11,590	2,166
Other current liabilities	10,872	11,091
<b>Total current liabilities</b>	<b>37,878</b>	<b>25,714</b>

The interest-bearing loans and borrowings pertain to current portion of bank loans.

Current tax liabilities increased to €11.6 million (2023: €2.2 million) due to increase pre-tax profit.

Other current liabilities mainly include social security payables, withholding tax and accruals of deferred pay elements related to employees, calculated on the basis of the collective labour agreements currently in force. Other current liabilities also include the current portion of contingent consideration for the purchase of the NCI in Linkverse in 2019.

## 2.2 Financial Review continued

### Cash flow

EUR 1,000	H1 2024	H1 2023
Profit for the period before tax	88,748	3,673
Adjustment for non-monetary item	8,840	12,914
<b>Operating cash flows before changes in working capital</b>	<b>97,588</b>	<b>16,587</b>
Change in net working capital	4,448	603
<b>Cash flows from operating activities</b>	<b>102,036</b>	<b>17,190</b>
Income taxes paid	(2,850)	(1,707)
<b>Net cash flows from operating activities</b>	<b>99,186</b>	<b>15,483</b>
Investments in property, plant and equipment	(1,428)	(1,440)
Investments in other intangible assets	(10,116)	(5,961)
Net inflows/(outflows) from the investment in/disposal of financial assets	(77,954)	(47,844)
Interest received on Acacia Pharma loan	–	–
<b>Cash flows from investing activities</b>	<b>(89,498)</b>	<b>(55,245)</b>
Interest paid on loans and borrowings	–	(2,188)
Payment of loans and leases	(441)	(394)
Distributions paid, net of withholding tax	–	(12,668)
Purchase of treasury shares – net	(427)	(10,772)
Payment of contingent consideration related to Linkverse acquisition	(4,500)	(1,000)
<b>Cash flows from financing activities</b>	<b>(5,368)</b>	<b>(27,022)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>4,320</b>	<b>(66,784)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>50,275</b>	<b>185,825</b>
<b>Unrealised foreign exchange gain on cash and cash equivalents</b>	<b>(39)</b>	<b>(325)</b>
<b>Total cash and cash equivalents at the end of the period</b>	<b>54,556</b>	<b>118,716</b>

The net cash inflow from operating activities of €99.2 million (H1 2023: €15.5 million) includes a working capital net inflow of €4.4 million (H1 2023: €0.6 million) and income taxes paid of €2.9 million (H1 2023: €1.7 million).

Investments in property, plant and equipment were €1.4 million (H1 2023: €1.4 million) mainly related to plant, machinery and equipment. Investments in other intangible assets of €10.1 million (H1 2023: €6.0 million) mainly relate to capitalised costs of Breezula®.

The net outflow from the investments in financial assets of €78.0 million is investments in short-term corporate bonds of €19.4 million and investments in funds of €58.6 million.

Net outflows related to financing activities of €5.4 million (H1 2023: €27.0 million) includes a payment of contingent consideration of €4.5 million to former Linkverse shareholders in April 2024 and a net outflow of €0.4 million (H1 2023: €10.8 million) relating to the net purchases of treasury shares.

No convertible bond interest was paid in H1 2024 (H1 2023: €2.2 million) as the convertible bond was fully paid in December 2023.

Payment on loans and leases during the period was €0.4 million (H1 2023: €0.4 million).

In H1 2024, no cash distribution out of Cosmo's freely distributable reserves was paid (H1 2023: €12.7 million).

## 2.3 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 control 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.

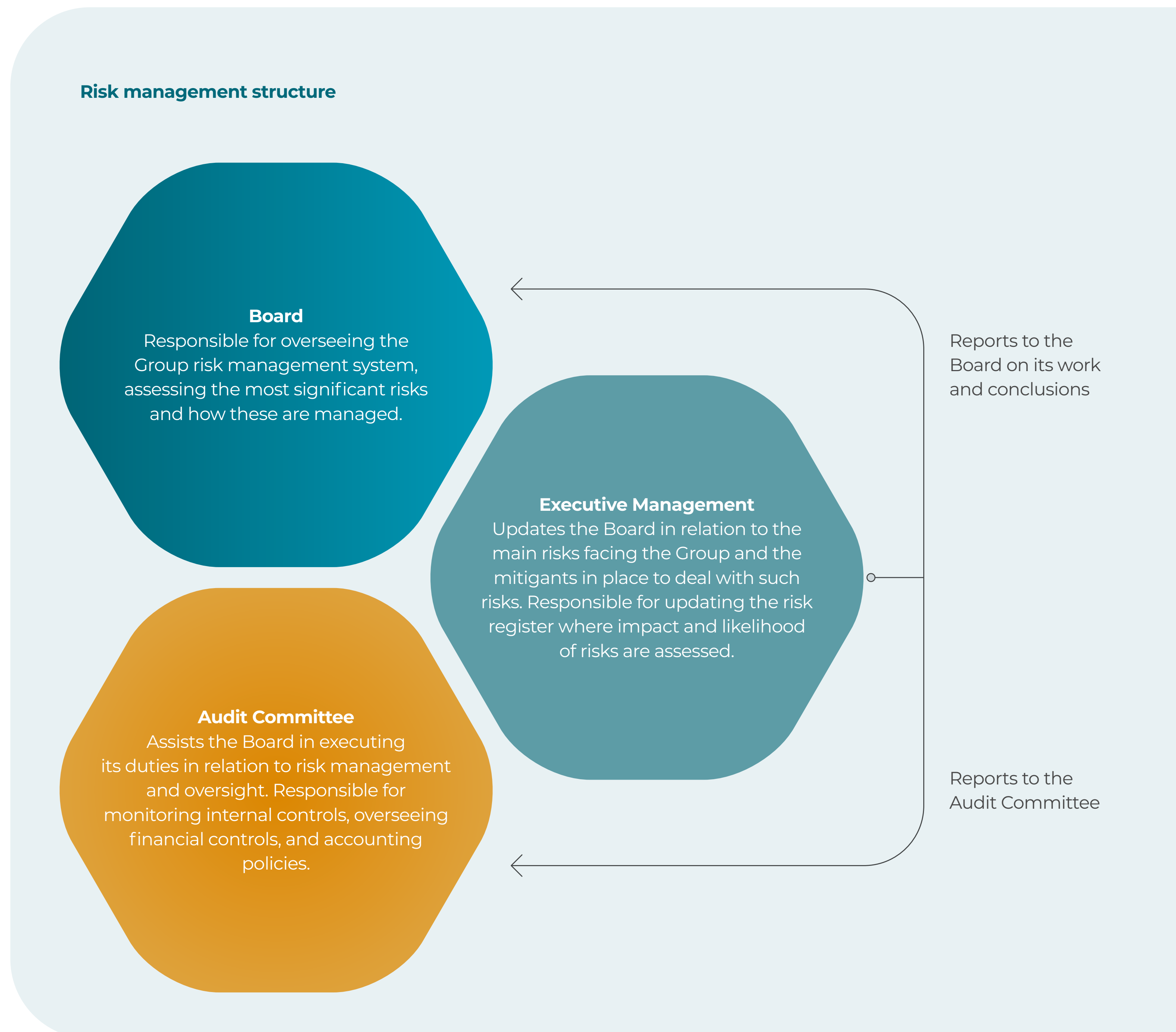
#### Risk management

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.



## 2.3 Risk Management continued

# Strategic risks

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

Risk area	Description of risk	Mitigation
<b>Generic competition and IP rights</b>	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.
<b>Research and development, and new product development</b>	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.	The Company has a demonstrated track record of successfully concluding clinical trials and developing products which meet unmet clinical needs. The unique characteristics of our MMX® technology has enabled us to develop new products using chemical entities that are already on the market. We initially focused on inflammatory bowel disease but our most recent products have been developed by focusing on unmet needs in the treatment of colon diseases, and we believe that this provides ample new product development opportunity. Where possible we seek to improve the safety profile, efficacy or make more patient or user-friendly molecules that are already on the market in order to reduce new product development risk.
<b>Commercial success of our products</b>	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.
<b>Pricing and reimbursement</b>	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.

## 2.3 Risk Management continued

# Operational risks

Risk area	Description of risk	Mitigation
<p><b>Manufacturing of finished products and supply of raw materials</b></p>	<p>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.</p>	<p>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'). EMA and FDA have certified the Company for the production of pharmaceutical products for all markets in the world.</p>
<p><b>Continuity of supply</b></p>	<p>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.</p>	<p>Build close relationships/partnerships with established, reputable suppliers and maintain regular communication on any potential supply chain challenges. Disaster plan is in place to manage supply chain issues.</p>
<p><b>IT security, data and information systems</b></p>	<p>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.</p>	<p>The Company has committed and continues to commit significant management focus and resources to the protection of its data and information technology systems.</p>
<p><b>Human resources</b></p>	<p>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.</p>	<p>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.</p>



## 2.3 Risk Management continued

# Financial risks

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 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
<b>Credit risk (1)</b>	The Group has a credit risk exposure in respect of the creditworthiness of its customers.	The Group has 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. 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 prepayment basis only.
<b>Credit risk (2)</b>	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 credit risk management policies and controls, as specified by the Group's Board of Directors. The Group's cash and cash equivalents as at 30 June 2024 was held on deposit with banks whose Fitch credit rating ranged from BBB to A-.
<b>Liquidity risk</b>	The Group's primary objectives in managing liquidity are to ensure: <ul style="list-style-type: none"> <li>adequate resources to fund its continued operations;</li> <li>availability of sufficient resources to sustain future development and growth of the business; and</li> <li>maintain sufficient resources to mitigate risks and unforeseen events that may arise.</li> </ul>	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.
<b>Currency risk</b>	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.
<b>Interest rate risk</b>	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.	<p>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.</p> <p>More information on financial risks is provided in Note 33 of the Consolidated Financial Statements in the Annual Report 2023.</p>

## 2.3 Risk Management continued

# 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.	For product that we market and sell directly, any failure on our part to comply with laws and regulations governing the sales and marketing of our products could impact on our revenues and profitability.
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.

## 2.3 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 on our strategy of developing and creating products within our expertise and carefully selecting our partners for these products.

### Fraud risk

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 2023, 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 cyberattacks, 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 risk. No fraud incidents were noted during the period.

## 2.4 Responsibility Statement

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

1. the Half-Year Condensed Consolidated Financial Statements as of and for the six months ending 30 June 2024 give a true and fair view of the assets, liabilities, financial position and the profit/(loss) of the Company and its consolidated entities; and
2. the mid-year Directors' Report for the first half of this financial year gives a true picture of:
  - a) the most important events which have occurred in the first six months of this financial year and of the effect of those on the mid-year financial statements;
  - b) the most important transactions with related parties which were entered into during this period; and
  - c) the main risks and uncertainties for the remaining six months of the financial year in question.

The Board of Directors

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

Dublin, Ireland, 23 July 2024

# Condensed Consolidated Financial Statements And Notes

as of and for the six months ended 30 June 2024

<b>3. Condensed Consolidated Financial Statements and Notes</b>	<b>20</b>
3.1 Condensed Consolidated Income Statement	21
3.2 Condensed Consolidated Statement of Comprehensive Income	21
3.3 Condensed Consolidated Statement of Financial Position	22
3.4 Condensed Consolidated Cash Flow Statement	23
3.5 Condensed Consolidated Statement of Changes in Equity	24
3.6 Notes to the Condensed Consolidated Financial Statements	26
3.7 Contacts and Addresses	37

### 3.1 Condensed Consolidated Income Statement (unaudited)

For the six months ended 30 June 2024

EUR 1,000	Notes	H1 2024	H1 2023
<b>Revenue</b>	4	<b>136,237</b>	<b>43,661</b>
Cost of sales		(23,150)	(18,871)
<b>Gross profit</b>		<b>113,087</b>	<b>24,790</b>
Other income	5	1,014	425
Research and development costs		(10,824)	(8,288)
Selling, general and administrative costs		(16,323)	(9,804)
<b>Net operating expenses</b>		<b>(26,133)</b>	<b>(17,667)</b>
<b>Operating profit</b>		<b>86,954</b>	<b>7,123</b>
Financial income	6	1,851	2,012
Financial expenses	6	(57)	(5,462)
<b>Net financial income/(expenses)</b>		<b>1,794</b>	<b>(3,450)</b>
<b>Profit before taxes</b>		<b>88,748</b>	<b>3,673</b>
Income tax	7	(12,690)	(2,187)
<b>Profit for the period</b>		<b>76,058</b>	<b>1,486</b>
<b>Profit attributable to:</b>			
Owners of the Company		75,991	1,486
Non-controlling interest		67	–
<b>Earnings per share</b>		<b>EUR</b>	<b>EUR</b>
Basic	8	4.718	0.092
Diluted	8	4.705	0.092

The accompanying notes form an integral part of the Half-Year Condensed Consolidated Financial Statements.

### 3.2 Condensed Consolidated Statement of Comprehensive Income (unaudited)

For the six months ended 30 June 2024

EUR 1,000	Notes	H1 2024	H1 2023
<b>Profit for the period (A)</b>		<b>76,058</b>	<b>1,486</b>
<b>Other comprehensive income</b>			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Losses on equity instruments measured at FVOCI		(70)	(832)
Remeasurement of defined benefit liability		8	–
<b>Total items that will not be reclassified subsequently to profit or loss (B1)</b>		<b>(62)</b>	<b>(832)</b>
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange differences on translating foreign operations		(39)	32
Gain on debt instruments measured at FVOCI		29	278
Income tax	7	(9)	(89)
<b>Total items that may be reclassified subsequently to profit or loss (B2)</b>		<b>(22)</b>	<b>221</b>
<b>Total other comprehensive income/(loss), net of tax (B1+B2)=(B)</b>		<b>(84)</b>	<b>(611)</b>
<b>Total comprehensive income/(loss) (A)+(B)</b>		<b>75,974</b>	<b>875</b>
<b>Total comprehensive income/(loss) attributable to:</b>			
Owners of the Company		75,907	875
Non-controlling interest		67	–

The accompanying notes form an integral part of the Half-Year Condensed Consolidated Financial Statements.

### 3.3 Condensed Consolidated Statement of Financial Position (unaudited) As at 30 June 2024

EUR 1,000	Notes	30-Jun-24	31-Dec-23
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		27,372	28,588
Goodwill	9	24,005	24,005
Other intangible assets	10	374,461	368,993
Financial assets	11	3,169	3,286
Deferred tax assets		16,059	17,130
Other receivables and other assets		9,592	9,752
<b>Total non-current assets</b>		<b>454,658</b>	<b>451,754</b>
<b>Current assets</b>			
Inventories		13,902	14,198
Trade receivables		23,649	28,454
Current tax and other tax assets		5,003	3,760
Other receivables and other assets		7,626	5,539
Current financial assets	11	78,858	–
Cash and cash equivalents		54,556	50,275
<b>Total current assets</b>		<b>183,594</b>	<b>102,226</b>
<b>TOTAL ASSETS</b>		<b>638,252</b>	<b>553,980</b>

EUR 1,000	Notes	30-Jun-24	31-Dec-23
<b>EQUITY</b>			
Share capital	12	4,562	4,562
Share premium		243,565	243,565
Reserves		(49,824)	(58,640)
Retained earnings		300,140	232,673
<b>Equity attributable to owners of the Company</b>		<b>498,443</b>	<b>422,160</b>
Non-controlling interest		6,943	6,876
<b>TOTAL EQUITY</b>	12	<b>505,386</b>	<b>429,036</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Interest-bearing loans and borrowings	13	714	942
Employee benefits		571	559
Deferred tax liabilities		93,508	94,534
Other non-current liabilities	14	195	3,195
<b>Total non-current liabilities</b>		<b>94,988</b>	<b>99,230</b>
<b>Current liabilities</b>			
Interest-bearing loans and borrowings	13	741	897
Trade payables		14,675	11,560
Current tax liabilities		11,590	2,166
Other current liabilities	14	10,872	11,091
<b>Total current liabilities</b>		<b>37,878</b>	<b>25,714</b>
<b>TOTAL LIABILITIES</b>		<b>132,866</b>	<b>124,944</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>638,252</b>	<b>553,980</b>

The accompanying notes form an integral part of the Half-Year Condensed Consolidated Financial Statements.

### 3.4 Condensed Consolidated Cash Flow Statement (unaudited)

For the six months ended 30 June 2024

EUR 1,000	Notes	H1 2024	H1 2023
<b>Profit for the period before tax</b>		<b>88,748</b>	<b>3,673</b>
<b>Adjustments for:</b>			
Depreciation and amortisation	5	7,292	6,911
Share-based payment expenses		803	1,157
Interest expense recognised in profit or loss (net)		(21)	4,427
Loss on fair valuation of investments in funds (net)		(754)	–
Change in employee benefits/pension provision		20	62
Increase in fair value of contingent consideration liability	14	1,500	–
Unrealised foreign exchange gain on cash and bond		–	357
<b>Operating cash flows before changes in working capital</b>		<b>97,588</b>	<b>16,587</b>
Change in inventories		296	(1,953)
Change in trade receivables		4,805	4,809
Change in trade payables		3,115	312
Change in other receivables and other assets		(2,087)	152
Change in deferred income		(72)	(163)
Change in other liabilities		(147)	(2,477)
Change in current tax assets/liabilities and deferred tax liabilities		(1,333)	(895)
Change in withholding tax receivables		(129)	818
<b>Cash flows from operating activities</b>		<b>102,036</b>	<b>17,190</b>
Income taxes paid (net)		(2,850)	(1,707)
<b>Net cash flows from operating activities</b>		<b>99,186</b>	<b>15,483</b>
Investments in property, plant and equipment (excluding right-of-use assets)		(1,428)	(1,440)
Investments in other intangible assets		(10,116)	(5,961)
Investments in bonds and funds		(77,970)	(63,657)
Proceeds from disposal of investments in bonds		–	15,617
Interest received from investments in bonds and funds		16	196
<b>Cash flows from investing activities</b>		<b>(89,498)</b>	<b>(55,245)</b>
Interest paid on convertible bonds		–	(2,188)
Interest payment on interest-bearing loans and leases		(441)	(394)
Purchase of treasury shares	12(B)	(2,442)	(11,026)
Sale of treasury shares	12(B)	2,015	254

EUR 1,000	Notes	H1 2024	H1 2023
Distributions to shareholders – net of withholding tax		–	(12,668)
Payment of contingent consideration related to Linkverse acquisition		(4,500)	(1,000)
<b>Cash flows from financing activities</b>		<b>(5,368)</b>	<b>(27,002)</b>
<b>Net decrease in cash and cash equivalents</b>		<b>4,320</b>	<b>(66,784)</b>
<b>Cash and cash equivalents at the beginning of the period</b>		<b>50,275</b>	<b>185,825</b>
Net foreign exchange differences		(39)	(325)
<b>Cash and cash equivalents at the end of the period</b>		<b>54,556</b>	<b>118,716</b>
Cash at hand		12	183
Bank accounts		54,544	118,533
<b>Total cash and cash equivalents at the end of the period</b>		<b>54,556</b>	<b>118,716</b>

The accompanying notes form an integral part of the Half-Year Condensed Consolidated Financial Statements.



### 3.5 Condensed Consolidated Statement of Changes in Equity (unaudited)

For the six months ended 30 June 2024

EUR 1,000	Attributable to owners of the Company											Non-controlling interests	Total equity
	Number of shares (n)	Share capital	Share premium	Legal and other reserves	Treasury shares	Stock option plan reserve	Fair value reserve	Employee benefits actuarial gains/losses reserve	Currency translation reserve	Retained earnings	Total		
<b>Net equity as at 1 January 2024</b>	17,543,522	4,562	243,565	63,848	(101,307)	33,324	(55,121)	(214)	830	232,673	422,160	6,876	429,036
<b>Total comprehensive income for the period</b>													
Profit for the period	–	–	–	–	–	–	–	–	–	75,991	75,991	67	76,058
Other comprehensive income for the period	–	–	–	–	–	–	(53)	8	(39)	–	(84)	–	(84)
<b>Total comprehensive income for the period</b>	–	–	–	–	–	–	(53)	8	(39)	75,991	75,907	67	75,974
<b>Transactions with owners of the Company</b>													
Personnel cost for stock options	–	–	–	–	–	803	–	–	–	–	803	–	803
Expired stock options	–	–	–	–	–	(926)	–	–	–	926	–	–	–
Purchase of treasury shares – net	–	–	–	–	(516)	–	–	–	–	89	(427)	–	(427)
Movement in legal reserves	–	–	–	9,539	–	–	–	–	–	(9,539)	–	–	–
<b>Total transactions with owners of the Company</b>	–	–	–	9,539	(516)	(123)	–	–	–	(8,524)	376	–	376
<b>Net equity as at 30 June 2024</b>	17,543,522	4,562	243,565	73,387	(101,823)	33,201	(55,174)	(206)	791	300,140	498,443	6,943	505,386

The accompanying notes form an integral part of the Half-Year Condensed Consolidated Financial Statements.

### 3.5 Condensed Consolidated Statement of Changes in Equity (unaudited) continued

For the six months ended 30 June 2023

EUR 1,000	Attributable to owners of the Company													
	Number of shares (n)	Share capital	Share premium	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
<b>Net equity as at 1 January 2023</b>	17,543,522	4,562	243,565	47,845	(89,796)	31,019	(50,183)	7,011	(182)	843	262,243	456,927	6,861	463,788
<b>Total comprehensive income for the period</b>														
Profit for the period	–	–	–	–	–	–	–	–	–	–	1,486	1,486	–	1,486
Other comprehensive income for the period	–	–	–	–	–	–	(643)	–	–	32	–	(611)	–	(611)
<b>Total comprehensive income for the period</b>	–	–	–	–	–	–	(643)	–	–	32	1,486	875	–	875
<b>Transactions with owners of the Company</b>														
Payment of dividends	–	–	–	–	–	–	–	–	–	–	(16,890)	(16,890)	–	(16,890)
Personnel cost for stock options	–	–	–	–	–	1,157	–	–	–	–	–	1,157	–	1,157
Expired stock options	–	–	–	–	–	(1,433)	–	–	–	–	1,433	–	–	–
Purchase of treasury shares – net	–	–	–	–	(10,746)	–	–	–	–	–	(25)	(10,771)	–	(10,771)
<b>Total transactions with owners of the Company</b>	–	–	–	–	(10,746)	(276)	–	–	–	–	(15,482)	(26,504)	–	(26,504)
<b>Net equity as at 30 June 2023</b>	17,543,522	4,562	243,565	47,845	(100,542)	30,743	(50,826)	7,011	(182)	875	248,247	431,298	6,861	438,159

The accompanying notes form an integral part of the Half-Year Condensed Consolidated Financial Statements.

### 3.6 Notes to the Condensed Consolidated Financial Statements

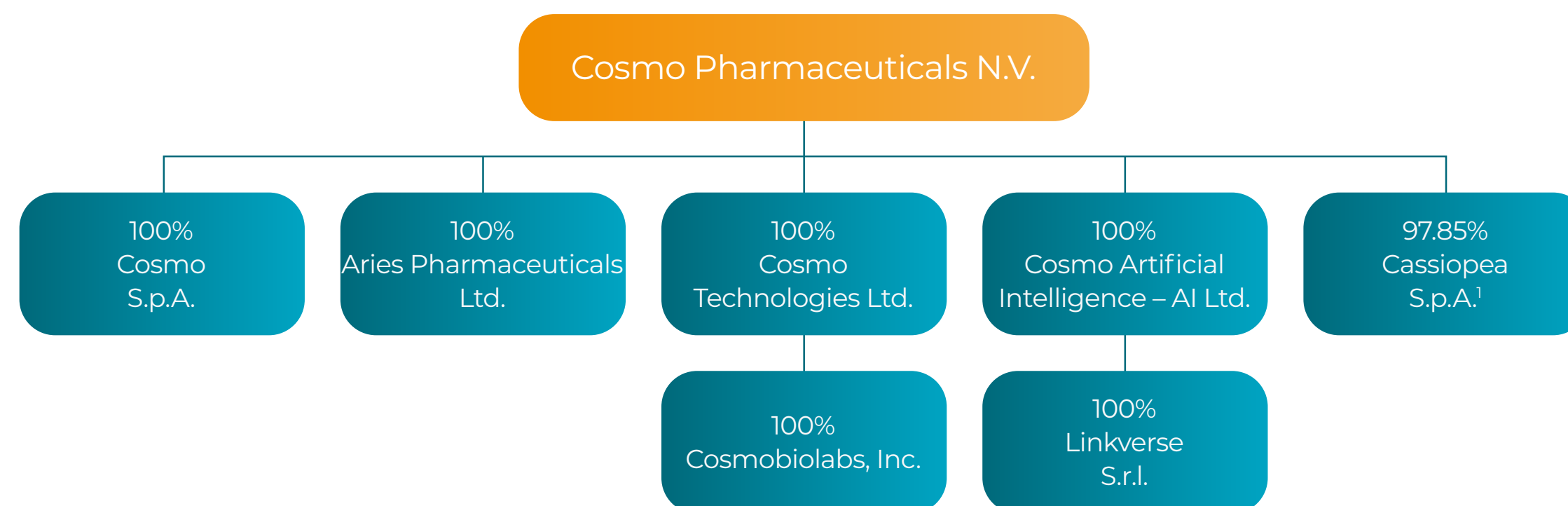
#### 1 General information

Cosmo Pharmaceuticals N.V. with its subsidiaries and associates, ('Cosmo' or 'Cosmo Pharmaceuticals' or 'Company' or 'Group') is a speciality pharmaceutical company registered in the Netherlands with its seat of management at Riverside II, Sir John Rogerson's Quay, Dublin, Ireland, and is listed on the SIX Swiss Exchange (SIX: COPN) and Xetra exchange (C43. COSMO PHARMACEUT). 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 and dermatology. 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 30 June 2024 was equal to CHF 1,229.80 million (€1,276.52 million).

Group structure as of 30 June 2024:



#### 2 Basis of preparation

##### A Authorisation of Condensed Consolidated Financial Statements

These Half-Year Condensed Consolidated Financial Statements, together with notes, of Cosmo Pharmaceuticals N.V. at 30 June 2024 were authorised for issuance by the Board of Directors on 23 July 2024.

##### B Basis of preparation

These Half-Year Condensed Consolidated Financial Statements have been prepared in accordance with IAS 34 Interim Financial Reporting, and should be read in conjunction with the Group's last annual Consolidated Financial Statements as at and for the year ended 31 December 2023 ('last annual financial statements'). These Condensed Consolidated Financial Statements do not include all of the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual financial statements.

These Half-Year Condensed 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 (as defined in paragraph 25 of IAS 1 – Presentation of Financial Statements) exist about its ability to continue as a going concern.

For presentation of these Half-Year Condensed Consolidated Financial Statements, 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 statement of financial position has been prepared presenting assets and liabilities as current and non-current; the statements of cash flows present cash flows from operating activities using the indirect method and the statement of changes in equity includes all the changes in equity.

These Condensed Consolidated Financial Statements are expressed in thousands of Euros, unless stated otherwise, rounding the amounts to the nearest thousand.

### 3.6 Notes to the Condensed Consolidated Financial Statements continued

#### 3 Significant accounting policies

The accounting policies applied in the preparation of the Half-Year Condensed Consolidated Financial Statements are consistent with those followed in the preparation of the Group's annual Consolidated Financial Statements for the year ended 31 December 2023, except for the adoption of new standards effective as of 1 January 2024. These new standards, amendments or interpretations do not have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

New standards and amendments – applicable 1 January 2024:

- 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

#### 4 Revenue

EUR 1,000	H1 2024	H1 2023
Manufacturing:		
Manufacturing of own products	25,350	26,375
Manufacturing of generic products, speciality drugs and related services	8,871	8,304
Licence fees, up-front fees and milestones	93,858	2,861
Royalties	7,085	5,216
Other revenues from sales	1,073	905
<b>Total revenue</b>	<b>136,237</b>	<b>43,661</b>

EUR 1,000	H1 2024	H1 2023
GI Genius™	96,340	4,347
Eleview®	1,181	2,052
<b>Healthtech</b>	<b>97,521</b>	<b>6,399</b>
Winlevi®	7,356	4,640
<b>Dermatology</b>	<b>7,356</b>	<b>4,640</b>
Lialda®/Mezavant®/Mesavancol®	16,256	16,780
Uceris®/Cortiment®	5,091	3,742
Aemcolo®/Relafalk®/Rifamycin IT/ROW	53	1
Lumebblue®	–	2,861
<b>Gastroenterology</b>	<b>21,400</b>	<b>23,384</b>
CDMO	8,857	8,102
<b>CDMO</b>	<b>8,857</b>	<b>8,102</b>
Other	1,103	1,136
<b>Total revenue</b>	<b>136,237</b>	<b>43,661</b>

#### GI Genius™

GI Genius™ revenue increased to €96.3 million (H1 2023: €4.3 million), including revenue from license fees of €92.5 million (H1 2023: nil).

#### Eleview®

Eleview® revenue was €1.2 million in H1 2024 (H1 2023: €2.1 million).

#### Winlevi®

Winlevi® revenue increased to €7.4 million (H1 2023: €4.6 million) as the global expansion of Winlevi® continued.

#### Lialda®/Mezavant®/Mesavancol®

Lialda®/Mezavant®/Mesavancol® revenue remained steady at €16.3 million in H1 2024 (H1 2023: €16.8 million).

#### Uceris®/Cortiment®

Uceris®/Cortiment® income was €5.1 million compared with €3.7 million in H1 2023.

#### CDMO

CDMO income was €8.9 million (H1 2023: €8.3 million).

#### 5 Net expenses

Net expenses in the table below represent cost of sales and net operating expenses by nature of the expenses:

EUR 1,000	H1 2024	H1 2023
Other income	1,014	425
Changes in inventories of finished goods and work in progress	(802)	(33)
Raw materials and consumables used	(9,206)	(8,568)
Personnel expenses	(19,907)	(12,195)
Outsourced preclinical and clinical trial costs	(2,303)	(1,543)
Other operating expenses	(10,787)	(7,713)
Depreciation and amortisation	(7,292)	(6,911)
<b>Total net operating expenses</b>	<b>(49,283)</b>	<b>(36,538)</b>

EUR 1,000	H1 2024	H1 2023
Salaries and wages	14,741	8,250
Social security contributions	3,285	2,498
Employee benefits	402	351
Stock options	1,051	1,014
Other costs	428	82
<b>Total personnel expenses</b>	<b>19,907</b>	<b>12,195</b>

### 3.6 Notes to the Condensed Consolidated Financial Statements continued

#### 5 Net expenses continued

Personnel expenses increased to €19.9 million (H1 2023: €12. million). Salaries and wages increased to €14.7 million (2023: €8.3 million) due to interim bonus paid during the first half of the year. Stock option costs remained steady at €1.1 million (H1 2023: €1.0 million).

The number of staff as at 30 June 2024 was as follows:

No. of staff	30-Jun-24	30-Jun-23
Managers	16	17
Junior managers	33	33
Employees	160	138
Workers	130	131
<b>Total number</b>	<b>339</b>	<b>319</b>

The average number of staff for the period ended 30 June 2024 was as follows:

Average no. of staff	H1 2024	H1 2023
Managers	16.5	17.0
Junior managers	33.0	32.0
Employees	153.5	133.5
Workers	129.0	124.5
<b>Total number</b>	<b>332.0</b>	<b>307.0</b>

#### 6 Financial income and expenses

EUR 1,000	H1 2024	H1 2023
<b>Financial income:</b>		
Interest received on cash and cash equivalents	892	1,035
Interest received on listed bonds and securities at FVOCI	77	542
Net foreign exchange gains	128	–
Gain on investments in funds and bonds mandatorily in FVTPL	754	407
Gain on sale of listed bonds at FVOCI	–	28
<b>Total financial income</b>	<b>1,851</b>	<b>2,012</b>
<b>Financial expenses:</b>		
Interest on medium and long-term bank loan	(1)	(2)
Interest on financial lease payables	(25)	(42)
Interest on convertible bond	–	(4,491)
Net foreign exchange loss	–	(818)
Loss on investments in listed bonds and securities at FVOCI	–	(34)
Other	(31)	(75)
<b>Total financial expenses</b>	<b>(57)</b>	<b>(5,462)</b>
<b>Net financial income/(expense)</b>	<b>1,794</b>	<b>(3,450)</b>

Financial income was €1.9 million (H1 2023: €2.0 million), which largely composed of €0.9 million of interest received from cash and cash equivalents and €0.8 million gains from short-term investments in funds and bonds.

Financial expenses decreased by €4.6 million to €0.1 million (H1 2023: €5.5 million). The movement was mainly due last year's interest on Cosmo's €175 million 2.5% convertible bonds, the principal was fully paid upon its maturity in December 2023.

#### 7 Income tax expenses

##### Income tax recognised in profit or loss

EUR 1,000	H1 2024	H1 2023
Income tax	(12,670)	(2,889)
Changes in estimates related to prior years	–	–
<b>Current income tax</b>	<b>(12,670)</b>	<b>(2,889)</b>
Deferred tax assets	(1,047)	(584)
Deferred tax liabilities	1,027	1,286
<b>Deferred tax</b>	<b>20</b>	<b>702</b>
<b>Total income tax</b>	<b>(12,690)</b>	<b>(2,187)</b>

##### Income tax recognised in other comprehensive income

EUR 1,000	H1 2024	H1 2023
<b>Deferred tax</b>		
<b>Arising on income and expense recognised in other comprehensive income:</b>		
Fair value on remeasurement of equity instruments at FVOCI	(9)	(89)
<b>Total income tax recognised in other comprehensive income</b>	<b>(9)</b>	<b>(89)</b>

### 3.6 Notes to the Condensed Consolidated Financial Statements continued

#### 8 Basic and diluted earnings per share

Basic earnings per share are calculated by dividing the net profit/(loss) for the period attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period. Basic earnings per share are as follows:

	H1 2024	H1 2023
Net profit attributable to shareholders (in EUR 1,000)	75,991	1,486
Weighted average number of outstanding ordinary shares	16,105,126	16,146,054
<b>Basic earnings per share (in EUR)</b>	<b>4.718</b>	<b>0.092</b>

#### Diluted earnings per share

Diluted earnings 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 and the convertible bond, 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 from the exercise of stock options only have a dilutive effect if the new ordinary shares from the exercise of stock options leads to a lower result of earnings per share.

	H1 2024	H1 2023
Net profit attributable to shareholders (in EUR 1,000)	1,486	1,486
Weighted average number of outstanding ordinary shares	16,105,126	16,146,054
Incremental shares with dilutive effect	45,120	n/a
Adjusted weighted average number of outstanding ordinary shares	16,150,246	16,146,054
<b>Diluted earnings per share (in EUR)</b>	<b>4.705</b>	<b>0.092</b>

#### 9 Goodwill

The carrying amount of goodwill arise from the acquisitions of Cassiopea S.p.A. ('Cassiopea') in 2021 and Linkverse S.r.l. ('Linkverse') in 2018.

The carrying amount of goodwill is allocated to the following cash-generating units ('CGUs'):

EUR 1,000	30-Jun-24	31-Dec-23
Winlevi®	11,283	11,283
Breezula™	11,283	11,283
GI Genius™	1,439	1,439
<b>Closing carrying amount</b>	<b>24,005</b>	<b>24,005</b>

The Group tests whether goodwill has suffered impairment annually at year-end. As there were no indicators of impairment for any of the CGUs, management has not updated any of the impairment calculations.

#### 10 Other intangible assets

Intangible assets as at 30 June 2024 consist of:

EUR 1,000	30-Jun-24	31-Dec-23
Patents and rights	4,695	4,395
Winlevi® (U.S.) licensing and royalty agreements	107,581	110,692
Breezula®	189,233	179,747
Winlevi® (Non-U.S.)	52,358	52,358
Lumeblue® (CB-17-01)	10,077	10,502
Aemcolo® (CB-01-11)	3,876	4,315
Eleview® (CB-17-04)	990	1,037
GI Genius™ (CB-17-08)	5,651	5,947
<b>Total other intangible assets</b>	<b>374,461</b>	<b>368,993</b>

Patents and rights relate 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.

Breezula™ and Winlevi® were acquired as part of the acquisition of Cassiopea. The development projects are progressing in line with the technical and economic plan, and after review, management confirms the recoverability of the relevant capitalised costs, based on probable future economic benefits.

#### 11 Financial assets

##### A Financial assets – non-current

##### Equity instruments designated as at FVOCI

EUR 1,000	30-Jun-24	31-Dec-2023
Equity instruments measured at FVOCI – PAION AG shares	13	10
Equity instruments measured at FVOCI – RedHill shares	59	227
Equity instruments measured at FVOCI – AIMM and RSouth shares	2,594	2,594
Equity instruments measured at FVOCI – Eagle Pharma shares	503	455
<b>Non-current financial assets</b>	<b>3,169</b>	<b>3,286</b>

As at 30 June 2024, the Company held 486,199 shares in PAION AG which had a market value of €0.027 per share (2023: €0.020), 172,499 shares in RedHill Biopharma Ltd. ('RedHill') which had a market value of US\$0.371 per share (2023: US\$1.460), and 96,040 shares in Eagle Pharmaceuticals Inc. ('Eagle Pharma') which had a market value of US\$5.60 per share (2023: US\$5.23).

##### B Financial assets – current

##### Investments in funds measured at FVTPL

EUR 1,000	30-Jun-24	31-Dec-23
Investment in funds measured at FVTPL	59,440	–
Investment in bonds measured at FVOCI	19,418	–
<b>Current financial assets</b>	<b>78,858</b>	<b>–</b>

### 3.6 Notes to the Condensed Consolidated Financial Statements continued

#### 11 Financial assets continued

##### B Financial assets – current continued

Investments in funds consist of investments in 'Money market', 'Corporate short duration' and 'Floating rate credit' funds. Gains and losses arising from the adjustment to the fair value were recognised in profit and loss. In H1 2024, the Group invested an €58.7 million in funds.

The Group invested €19.3 million in short-term high grade corporate bonds with credit ratings ranging from BBB to A in H1 2024. The investment in bonds are quoted using closing prices in the regulated market. Gains and losses arising from fair value adjustments were recognised in the statement of other comprehensive income.

#### 12 Total shareholders' equity

EUR 1,000	30-Jun-24	31-Dec-23
Share capital	4,562	4,562
Share premium	243,565	243,565
Other reserves	47,845	47,845
Legal reserves	25,542	16,003
Treasury shares	(101,823)	(101,307)
Stock option plan reserve	33,201	33,324
Fair value reserve	(55,174)	(55,121)
Employee benefits actuarial gains/losses reserve	(206)	(214)
Currency translation reserve	791	830
Retained earnings	224,082	237,405
Profit for the period	76,058	(4,732)
<b>Equity attributable to owners of the Company</b>	<b>498,443</b>	<b>422,160</b>
Non-controlling interest	6,943	6,876
<b>Total equity</b>	<b>505,386</b>	<b>429,036</b>

##### A Share capital

	Ordinary shares	Preference shares
In issue at 1 January 2023 – fully paid	17,543,522	–
Issued in business combination	–	–
Exercise of share options	–	–
<b>In issue at 31 December 2023 – fully paid</b>	<b>17,543,522</b>	<b>–</b>
<b>Authorised at 31 December 2023 – par value €0.26</b>	<b>36,047,457</b>	<b>36,047,457</b>
In issue at 1 January 2024 – fully paid	17,543,522	–
Exercise of share options	–	–
<b>In issue at 30 June 2024 – fully paid</b>	<b>17,543,522</b>	<b>–</b>
<b>Authorised at 30 June 2024 – par value €0.26</b>	<b>36,047,457</b>	<b>36,047,457</b>

##### B Treasury shares

As at 30 June 2024, the Group held 1,497,636 treasury shares at an average purchase price of CHF 72.50 per share. During H1 2024, the Group purchased 35,292 treasury shares at an average purchase price of CHF 66.56 per share and sold 28,337 treasury shares at an average selling price of CHF 72.53 per share.

The number of issued shares, after adjusting for treasury shares, was as follows:

EUR 1,000	Ordinary shares
In issue at 1 January 2023 – fully paid	17,543,522
Treasury shares	(1,283,390)
<b>Outstanding at 1 January 2023 – fully paid</b>	<b>16,260,132</b>
Issue of new shares	–
Treasury shares sold	14,082
Treasury shares purchased	(221,373)
<b>Outstanding at 31 December 2023 – fully paid</b>	<b>16,052,841</b>
In issue at 1 January 2024 – fully paid	17,543,522
Treasury shares	(1,490,681)
<b>Outstanding at 1 January 2024 – fully paid</b>	<b>16,052,841</b>
Treasury shares sold	28,337
Treasury shares purchased	(35,292)
<b>Outstanding at 30 June 2024</b>	<b>16,045,886</b>

##### C Stock option plan reserve

The stock option plan reserve relates to the stock option plan of Cosmo Pharmaceuticals N.V. Refer to Note 15 for further details.

##### D Dividend

No cash distribution in H1 2024 (also refer to Note 18 Subsequent events). In H1 2023, a cash distribution out of Cosmo's freely distributable reserves in the amount of €1.05 per ordinary share on the 16,085,463 shares outstanding as at 31 May 2023 (ex-distribution date), was approved at the Annual General Meeting on 26 May 2023. The payment of €12.7 million, net of withholding tax, was made in June 2023 and the withholding tax of €4.2 million was paid in July 2023.

##### E Non-controlling interest

Non-controlling interest refers to minority interest in Cassiopea, representing 2.15% of the equity interest of Cassiopea as of 30 June 2024.

## 3.6 Notes to the Condensed Consolidated Financial Statements continued

## 13 Loans and borrowings (non-current and current)

## A Non-current

EUR 1,000	30-Jun-23	31-Dec-2023
Bank loans	422	422
Lease liabilities	292	520
<b>Total interest-bearing loans and borrowings (non-current)</b>	<b>714</b>	<b>942</b>

Non-current bank loan detail:

EUR 1,000	30-Jun-23	31-Dec-2023
UBI Banca	422	422
<b>Bank loans (non-current)</b>	<b>422</b>	<b>422</b>

## B Current

EUR 1,000	30-Jun-23	31-Dec-2023
Bank loans	137	137
Lease liabilities	604	760
<b>Total interest-bearing loans and borrowings (current)</b>	<b>741</b>	<b>897</b>

Current bank loan detail:

EUR 1,000	30-Jun-23	31-Dec-2023
UBI Banca	137	137
<b>Bank loans (non-current)</b>	<b>137</b>	<b>137</b>

## 14 Other liabilities (non-current and current)

## A Non-current

EUR 1,000	30-Jun-24	31-Dec-23
Contingent consideration	195	3,195
<b>Total other non-current liabilities</b>	<b>195</b>	<b>3,195</b>

## B Current

EUR 1,000	30-Jun-24	31-Dec-23
Social security payables	761	723
Withholding tax for employees	483	515
Contingent consideration	3,400	3,400
Other liabilities	2,222	2,331
Refund liabilities	–	1,000
Accrued expenses and deferred income	4,006	3,122
<b>Total other current liabilities</b>	<b>10,872</b>	<b>11,091</b>

Contingent consideration relates to amounts payable to former shareholders of Linkverse S.r.l. on the occurrence of certain future events related to the achievement of future regulatory and commercial milestones and is measured at FVTPL. On 21 February 2024, a new agreement between the Cosmo and three of the former Linkverse NCI shareholders became effective. Under the new agreement Cosmo undertook to pay €1.5 million to each of the three former Linkverse NCI shareholders upon effectivity of the contract, therefore a total of €4.5 million was paid by Cosmo in April 2024. Cosmo also undertook to pay a further €1.5 million to each of the three former Linkverse NCI shareholders, a total of €4.5 million, the payment of which is conditional upon the delivery of AI-related product developments. In H1 2024, the Group recognised €1.5 million (H1 2023: nil) expense as a provision for increase in contingent consideration.



### 3.6 Notes to the Condensed Consolidated Financial Statements continued

#### 15 Share-based payments

##### Stock option plan of Cosmo Pharmaceuticals N.V.

During H1 2024, the Company granted 144,506 share options and 111,995 were forfeited. As at 30 June 2024, 1,246,275 options were outstanding, 685,971 of which were exercisable.

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

	Number	Weighted average exercise price (CHF)
<b>Outstanding as at 1 January 2024</b>	<b>1,213,764</b>	<b>71.77</b>
Granted during the period	144,506	64.00
Forfeited during the period	(111,995)	61.40
<b>Outstanding as at 30 June 2024</b>	<b>1,246,275</b>	<b>70.98</b>
Exercisable as at 30 June 2024 (included in above total)	685,971	77.70

The following is a breakdown of the outstanding share options of Cosmo Pharmaceuticals N.V. as at 30 June 2024.

Option series	Issue date	Number	Grant date	Vesting date	Expiry date	Exercise price (CHF)	Fair value <sup>1</sup> (CHF)
9a	25 January 2019	198,756	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	13/03/2025	83.15	16.55
12	13 March 2019	43,746	13/03/2019	13/03/2024	13/03/2027	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	198,772	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	134,770	25/01/2021	25/01/2023	24/01/2026	80.30	14.59
21	25 January 2021	139,006	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	30/05/2027	80.50	17.82
24	31 January 2022	121,915	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	126,390	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	7/12/2030	43.90	13.28
29	31 January 2024	128,507	31/01/2024	31/01/2027	30/01/2030	64.00	16.09
<b>Outstanding as at 30 June 2024</b>		<b>1,246,275</b>					

<sup>1</sup> At grant date.

#### Option series 9a

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, and 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 H1 2024, 10,668 options were forfeited. As at 30 June 2024, 198,756 options related to option series 9a 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 30 June 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, vested 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 30 June 2024, 1,334 options related to option series 14 are 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, vested on 16 March 2023 and will expire on 15 March 2026. At 30 June 2024, all options related to option series 15 are outstanding and are exercisable.

#### 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 vested on 25 January 2022 and will 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 H1 2024, 10,666 options were forfeited. As at 30 June 2024, 198,772 options related to option series 16 are outstanding and are exercisable.

## 3.6 Notes to the Condensed Consolidated Financial Statements continued

### 15 Share-based payments continued

#### Option series 18

On 2 April 2020, the Board of Directors replaced 2,666 options related to series 14 with 1,333 options (series 18) with an exercise price of CHF 64.00. These options vested on 2 September 2022 and will expire on 1 September 2025. As at 30 June 2024, all options related to option series 18 are outstanding and are exercisable.

#### Option series 20

On 25 January 2021, the Board of Directors granted a total of 215,436 options to existing employees. These options have an exercise price of CHF 80.30, vested on 25 January 2023 and will expire on 24 January 2026. In 2022, 17,333 options were forfeited. In H1 2024, 10,666 options were forfeited. As at 30 June 2024, 134,770 options related to option series 20 are outstanding and are exercisable.

#### 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, 2022 and 2023 a total of 35,335 options were forfeited. In H1 2024, 15,999 options were forfeited. As at 30 June 2024, 139,006 options related to option series 21 are outstanding.

#### 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 expire on 30 May 2027. In H1 2024, all the options were forfeited and were no longer outstanding as at 30 June 2024.

#### 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 30 June 2024, all options related to option series 23 are outstanding.

#### 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, 14,883 options were forfeited. In H1 2024, 21,332 options were forfeited. As at 30 June 2024, 121,915 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 30 June 2024, all 2,000 options related to option series 25 are outstanding.

#### 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 H1 2024, 21,332 options were forfeited. As at 30 June 2024, 126,390 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 June 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 30 June 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 H1 2024, 15,999 options were forfeited. As at 30 June 2024, 128,507 options related to option series 29 are outstanding.

The inputs used in the measurement of the fair value at grant date of the Cosmo Pharmaceuticals N.V. stock option plan for options granted during H1 2024 were as follows:

Option series	29
Issue date	31/01/2024
Share price at grant date (in CHF)	64.00
Exercise price (in CHF)	64.00
Expected volatility	33.00%
Employee exit rate	0.00%
Option life	1,097 days
Risk-free interest rate	3.0342%
Dividend yield	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.

### 3.6 Notes to the Condensed Consolidated Financial Statements continued

#### 16 Related party transactions

At 30 June 2024, Cosmo Holding S.a.r.l., a Luxembourg company controlled by Mauro S. Ajani, the Chairman of the Company, held 6,105,765 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.

#### 17 Fair value measurement

##### A 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:

- 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;
- level 2: input other than quoted prices that are directly or indirectly observable for the assets or liabilities to be measured; and
- 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), 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.

##### B Assets and liabilities that are measured at fair value on a recurring basis

The following table shows the fair value hierarchy for financial assets and financial liabilities that are measured at fair value on a recurring basis:

EUR 1,000	30-Jun-24				31-Dec-23			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
<b>Non-current financial assets</b>								
Equity instruments measured at FVOCI – PAION AG shares	13	–	–	13	10	–	–	10
Equity instruments measured at FVOCI – AIMM and other shares	–	–	2,594	2,594	–	–	2,594	2,594
Equity instruments measured at FVOCI – RedHill shares	59	–	–	59	228	–	–	228
Equity instruments measured at FVOCI – Eagle Pharma shares	503	–	–	503	455	–	–	455
<b>Current financial assets</b>								
Investment in funds	19,418	–	–	19,418	–	–	–	–
Investment in bonds	59,440	–	–	59,440	–	–	–	–
<b>Total financial assets</b>	<b>79,433</b>	<b>–</b>	<b>2,594</b>	<b>82,027</b>	<b>693</b>	<b>–</b>	<b>2,594</b>	<b>3,287</b>
Contingent consideration	–	–	(3,595)	(3,595)	–	–	(6,595)	(6,595)
<b>Total financial liabilities</b>	<b>–</b>	<b>–</b>	<b>(3,595)</b>	<b>(3,595)</b>	<b>–</b>	<b>–</b>	<b>(6,595)</b>	<b>(6,595)</b>

The following are considered as level 1 financial instruments:

- shares valued using official closing prices and/or fixing provided by regulated stock exchanges;
- bonds and shares of funds valued using official closing prices and/or fixing provided by local authorities (central bank, monetary authority or local stock exchange); and
- 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.

### 3.6 Notes to the Condensed Consolidated Financial Statements continued

#### 17 Fair value measurement continued

##### B Assets and liabilities that are measured at fair value on a recurring basis continued

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. There are no level 2 financial assets as at 30 June 2024.

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 9.5%. 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 immaterial increase in the carrying value of the investment, however the change was not recognised in the financial statements for prudence;
- 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 occurrence of future events, e.g. NDA approval of GI Genius™ and other commercial 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).

During H1 2024, there were no significant transfers between levels 1 and 2 or between level 2 and 3 in the fair value hierarchy and the changes were due to a change in the market values.

##### C Assets and liabilities not measured at fair value on recurring basis

This table shows the comparison of fair values versus carrying amounts of financial assets and liabilities not measured at fair value, as required by IFRS 7.

EUR 1,000	Classification	30-Jun-24		31-Dec-23	
		Carrying amount	Fair value	Carrying amount	Fair value
Other non-current receivables <sup>1</sup>	Amortised cost	1,542	1,542	1,541	1,541
Trade receivables	Amortised cost	23,649	23,649	28,454	28,454
Cash and cash equivalents	Amortised cost	54,556	54,556	50,275	50,275
<b>Total assets</b>		<b>79,747</b>	<b>79,747</b>	<b>80,270</b>	<b>80,270</b>
Subsidised loans	Amortised cost	(559)	(628)	(559)	(628)
Trade payables	Amortised cost	(14,675)	(14,675)	(11,560)	(11,560)
Other current liabilities <sup>1</sup>	Amortised cost	(4,006)	(4,006)	(4,122)	(4,122)
<b>Total liabilities</b>		<b>(19,240)</b>	<b>(19,309)</b>	<b>(16,241)</b>	<b>(16,310)</b>
Unrecognised gain			(69)		(69)

<sup>1</sup> 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.

For lease liabilities, unsecured bank loans, convertible bond, included at level 2, the carrying amount represents the fair value calculated based on the present value of future principal and interest cash flows, discounted at the Group's incremental borrowing rate.

The fair value of subsidised loans, included at level 2, has been estimated with discounted cash flow models. The main inputs used are year-end market interest rates.

#### 18 Subsequent events

A cash distribution out of Cosmo's freely distributable reserves in the amount of €2.0 per ordinary share was approved at the shareholders' Extraordinary General Meeting held on 5 July 2024. The cash distribution of €24.1 million net of 25% withholding tax, was paid on 12 July 2024.

As at the date of presentation, there were no material events after the balance sheet date which require adjustment in these financial statements. Cosmo is continuing to carry out its activities, in line with plans and programmed activities.

## 3.6 Notes to the Condensed Consolidated Financial Statements continued

### The Board of Directors

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

Dublin, Ireland, 23 July 2024

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