VALUATIONLAB
FINANCIAL ANALYSIS

COSMO PHARMACEUTICALS

FOCUS AREA: HEALTH TECH (AI-ENHANCED PLATFORM), DERMATOLOGY (SKIN DISORDERS), GASTROENTEROLOGY (DIGESTIVE SYSTEM) AND CDMO

KEY DATA			SIX: COPN
MARKET CAPITALIZATION (CHF MN)	932	**PRICE ON 13 MAY 2025**	53
ENTERPRISE VALUE (CHF MN)	773	**RISK-ADJUSTED NPV PER SHARE** (CHF)	135
CASH & CASH EQUIVALENTS (31 DECEMBER 2024) (CHF MN)	158	**UPSIDE/DOWNSIDE** (%)	155%
MONTHLY OPERATING EXPENSE (CHF MN)	6.1	**RISK PROFILE**	MEDIUM
CASH LIFE	SUSTAINABLE	**SUCCESS PROBABILITY LEAD R&D PROJECT**	75%
BREAK-EVEN (YEAR)	2021	**EMPLOYEES**	307
FOUNDED (YEAR)	1997	**LISTED** (YEAR)	2007
KEY PRODUCTS:	**STATUS**	**MAJOR SHAREHOLDERS:**	**(%)**
- GI GENIUS (LESION DETECTION)	LAUNCHED 2019 (EU) I 2021 (US)	- COSMO HOLDING S.A.R.L.	35.0
- WINLEVI (ACNE)	LAUNCHED 2021 (US)	- HEINRICH HERZ AG / LOGISTABLE GROUP	7.8
- LIALDA & UCERIS/CORTIMENT (ULCERATIVE COLITIS - UC)	LAUNCHED 2007 I 2013	- DIEVINI HOPP BIOTECH HOLDING GMBH & CO. KG	3.8
- ELEVIEW (LESION RESECTION CUSHION)	LAUNCHED 2017	**- FREE FLOAT (EXCL. COSMO HOLDING S.A.R.L.)**	**65.0**
PIPELINE:		- AVERAGE DAILY VOLUME (3 MONTHS)	25'965
- BREEZULA (HAIR LOSS MEN)	PHASE III		
- COLESEVELAM MMX (BILE ACID DIARRHEA - BAD)	PHASE II POC		
- RIFAMYCIN ENEMA (DISTAL ULCERATIVE COLITIS)	PHASE II POC		
- CB-03-10 / CORTEXOLONE (CANCER) **NON-CORE**	PHASE I		
UPCOMING CATALYSTS:	**DATE**	**ANALYST(S):**	**BOB POOLER**
- INVESTOR DAY, ZURICH	1 JULY 2025		BP@VALUATIONLAB.COM
- BREEZULA - 6-MONTH TOPLINE PHASE III TRIAL RESULTS	EARLY H2 2025		+41 79 652 67 68
- WINLEVI - CHMP RE-EXAMINATION RESPONSE	Q3 2025		

ESTIMATES AS OF 13 MAY 2025

SOURCE: VALUATIONLAB ESTIMATES, COSMO PHARMACEUTICALS

Setting a new course

GI Genius, Winlevi, and Breezula to drive future growth

Cosmo Pharmaceuticals focuses on developing therapies for: **1) HealthTech**, featuring GI Genius, an artificial intelligence (AI)-enhanced platform with its first application in colonoscopy, and Eleview, a lesion resection cushion; **2) Dermatology**, including Winlevi, marketed for acne, and key pipeline product Breezula, currently in phase III development for male hair loss; and **3) Gastroenterology**, including marketed products Lialda/Mezavant and Uceris/Cortiment, both for ulcerative colitis; Aemcolo/Rifamycin SV MMX for travelers' diarrhea; Lumeblue, a colonic lesion detection dye; Byfavo for procedural sedation; and the pipeline products rifamycin enema for distal ulcerative colitis and colesevelam MMX for bile acid diarrhea (BAD), both in proof-of-concept (POC) development. Cosmo's revenues comprise a mix of sales royalties, manufacturing revenue, and milestone payments from its commercialization partners. We derive a sum-of-parts risk-adjusted NPV (rNPV) value of CHF 135 per share, with a 75% success rate for the lead treatment Winlevi (marketed in the US, CHMP re-examination in the EU). We classify Cosmo as Medium Risk, with a strong balance sheet and eight marketed products contributing to revenues, sustainable profitability, and annual dividends.

Key catalysts:

1) **Investor Day (1 July 2025):** This event will take place in Zurich, highlighting the progress and sales potential of its key growth products, GI Genius and Winlevi, as well as key pipeline projects like Breezula.
2) **Winlevi CHMP re-examination response (Q3 2025):** A positive re-examination and EU approval increases our rNPV by CHF 4/share, adding EU peak sales of EUR 100+ mn (half of US potential due to lower pricing), to our global peak sales.
3) **Breezula 6-month topline results phase III AGA trial (early H2 2025):** Positive results for the primary endpoints: TAHC (total area hair count) and the patient questionnaire MAA-PRO after 6 months of treatment, should increase our rNPV by CHF 16 per share, with an 80% (filing) success rate, potentially triggering partnering deals in 2026.

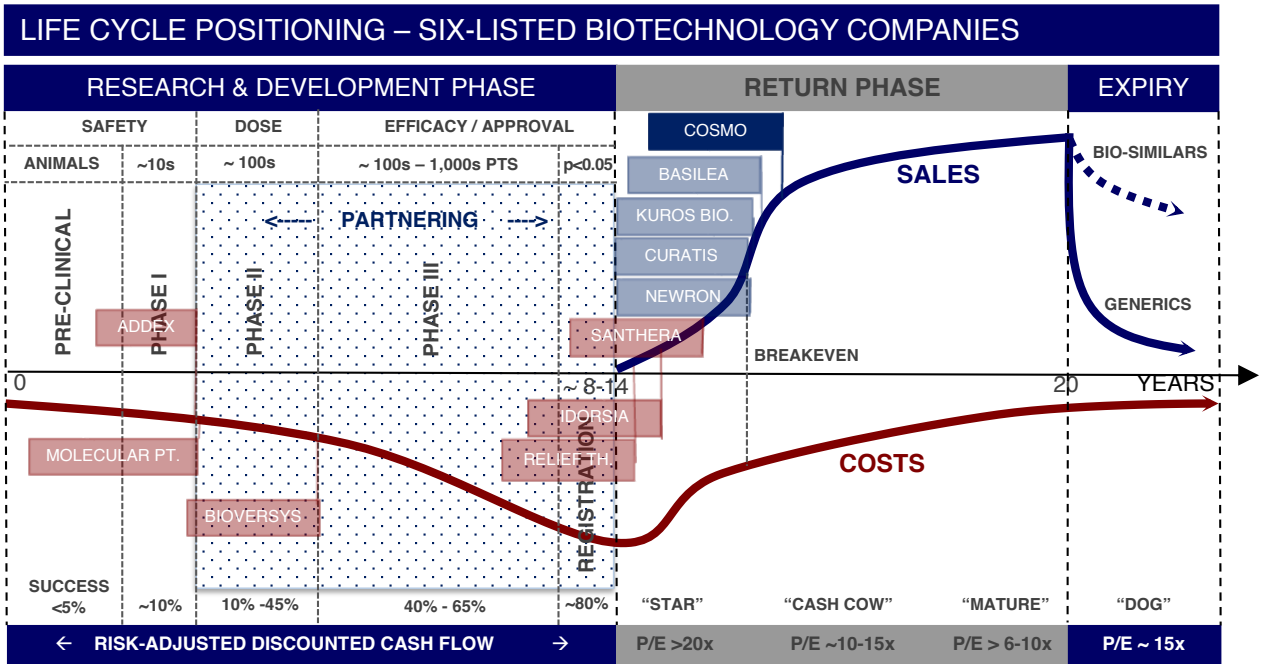
Investment Case, Strategy & Cash

Investment case in a nutshell

Cosmo is one of the few SIX-listed biopharma companies with sufficient cash resources to fund its clinical development plans and pay annual dividends, thanks to a strong balance sheet and sustainable revenues from 8 marketed products. Its established portfolio, including Lialda/Mezavant and Uceris/Cortiment, both for treating ulcerative colitis and revenues from drug development and manufacturing for third parties, provides a stable and high-margin revenue stream. Growth products such as GI Genius, a breakthrough artificial intelligence (AI)-enhanced platform with the first application in colonoscopy, and Winlevi, the first-ever topical anti-androgen on the US market for treating acne, should provide substantial growth and margin expansion in the near and long-term, with the potential of sustained annual dividends. Key pipeline products such as Breezula, in phase III development for male hair loss, additional third-party apps for GI Genius, and early-stage pipeline products, including colesevelam MMX for bile acid diarrhea (BAD) and rifamycin enema for distal ulcerative colitis, should add to future growth.

Life Cycle Positioning - Medium Risk

We qualify Cosmo as Medium Risk due to its solid balance sheet, revenues from eight marketed products (Lialda/Mezavant, Uceris/Cortiment, Aemcolo/Relafalk, Eleview, GI Genius, Byfavo, Winlevi, and Lumeblue), CDMO revenues, and financial equity stakes in RedHill (14.8%), and Eagle (0.7%), which can be easily monetized. Cosmo has always been prudent by staying within its financial reach when making investment decisions. Cosmo has returned to sustainable profitability, boosted by the global rollout of its products thanks to commercialization partnerships with strong players such as Medtronic and Sun Pharmaceuticals in major markets. (See “Important Research Disclosures” for our Risk Qualification).



SOURCE: VALUATIONLAB

Transformation from a manufacturing to a hybrid pharma and health-tech company
Cosmo Pharmaceuticals is a hybrid health-tech and pharmaceutical company focused on developing and manufacturing best-in-class treatments in 1) Health-Tech (artificial intelligence (AI) enhanced technology platform), 2) Dermatology (skin disorders), 3) Gastroenterology (diseases of the gastrointestinal (GI) tract, and with a staff of 322 employees. The company was founded in 1997 by purchasing the Italian contract manufacturing facility from Parke Davis (when Pfizer acquired Parke Davis) in Lainate (Milan), Italy. Cosmo was gradually transformed into a hybrid gastroenterology and dermatology prescription drug and health-tech development company, generating significant revenues through its commercialization partners. In March 2007, Cosmo was listed on the Swiss Stock Exchange (ticker: COPN). In December 2021, Cosmo reacquired its dermatology franchise, Cassiopea, an earlier spin-off of its dermatology pipeline listed on the SIX Swiss Stock Exchange in 2015. Cosmo is a Dutch entity incorporated in the Netherlands, headquartered in Dublin, Ireland, with manufacturing facilities in Lainate, Italy. Since April 2021, Cosmo has traded on XETRA (ticker: C43) in Frankfurt to provide easier access and visibility to European investors and increase overall liquidity in the trading of Cosmo shares.

A business model based on strong pillars to increase opportunities and reduce risk
Cosmo aims to achieve superior long-term returns on investment while minimizing risks by applying an entrepreneurial approach to assessing opportunities and risks. Existing financial resources need to be available for all projects before the company decides to start clinical development. Its business model is based on solid pillars to increase opportunities and decrease risk, including

1) **Strong financials:** Cosmo is virtually debt-free and is profitable with increased dividends thanks to its two key growth drivers, GI Genius and Winlevi, a base of established products, and its backbone CDMO business.
2) **Key growth drivers:** Its two key growth drivers are novel products developed in-house through years of strategic investment. GI Genius is the first-to-market AI-enhanced polyp detection system, which received US de novo approval, providing a significant market entry barrier. Winlevi is the first new acne product on the market based on a truly new active ingredient, clascoterone, with a favorable safety and efficacy profile. It is the number #1 prescribed acne product in the US market.
3) **Exciting pipeline:** Cosmo's unique pipeline products, all developed in-house, target large disease areas, including androgenetic alopecia (AGA – the most common form of hair loss) targeting globally 2 bn patients with Breezula (clascoterone solution), distal ulcerative colitis targeting 3.5 mn patients with rifamycin 1% enema (CB-01-35), bile acid diarrhea (BAD) targeting 95 mn sufferers with colesevelam MMX (CB-01-33), and solid tumors targeting 4 mn patients with cortexolone 15 alpha-valerate-21-propionate (CB-01-10) (non-core). AI-augmented endoscopy with an estimated 225 mn annual procedures globally, including upper GI procedures, medical reporting (just being rolled out in the US), and other endoscopic procedures, can expand the peak sales potential of GI Genius substantially beyond our current forecasts.
4) **Commercialization partnerships:** Cosmo has established a global sales infrastructure for its major products through strategic alliances, including key global partner Medtronic for GI Genius, Eleview (except for Canada) and all upcoming medical devices, and Sun Pharma for Winlevi in North America, Japan, Australia, New Zeeland, Brazil, Mexico and Russia (see Appendix on page 38). This enables Cosmo to focus on multiple R&D opportunities and have a lean and straightforward

cost base, not bearing the cost of commercial infrastructure. Thus, Cosmo increases profitability as new products generate revenues.

Cosmo is engaged in the following business fields:

1) **HEALTH TECH:** Development of cutting-edge intelligent medical devices, IT tools, and software to assist with clinical decision-making, boost hospital and administrative productivity, provide new insights into medicines and treatments, and improve the overall quality of healthcare p, including:
    - **GI Genius** (an artificial intelligence-enhanced technology platform designed to support visual diagnosis, initially applied in colonoscopy) is a key growth product launched by global partner Medtronic in the EU (2019) and in the US (2021). It significantly improves the detection rate of polyps in the colon, which can potentially become cancerous. In December 2023, the global distribution agreement with Medtronic was substantially expanded, with Cosmo receiving USD 200 mn (CHF 186 mn) in 2024 and eligible for double-digit royalties on sales. In 2024, the new ColonPRO software was launched with an enhanced algorithm, resulting in better detection rates and fewer false positives, while also automating physicians' workflow and boosting future growth prospects. New and third-party apps featuring a novel subscription model are expected to expand the franchise in colonoscopy and other endoscopic areas. Medtronic guides for a ~USD 400 mn AI-assisted colonoscopy market in the US alone.
    - **Eleview** (dyed lesion resection cushion) is an established product for submucosal lift of polyps, adenomas, and early-stage cancers in gastrointestinal endoscopic procedures. Medtronic is the global commercialization partner, excluding Canada (Pendopharm)**.**

2) **DERMATOLOGY:** Development of new treatments for skin disorders based on novel molecules that have minimal side effects, including:
    - **Winlevi** (acne vulgaris) is a key growth product launched in the US in 2021 by Sun Pharma, representing the first novel topical mechanism for acne in nearly 40 years, and has become the #1 prescribed branded topical acne product in the US. Sun holds exclusive rights for the US, Japan, Australia, New Zealand, Brazil, Mexico, and Russia, with high double-digit sales royalties and up to USD 190 mn in sales milestones in the US. Winlevi is being commercialized globally through several partners, including 3SBio, Glenmark, InfectoPharm, Hikma, Hyphens Pharma, and Hyundai Pharma, under similar terms. A CHMP re-examination response in the EU is expected in Q3 2025 after failing to receive a positive CHMP opinion in April 2025. Cosmo is working on a life extension and expansion of Winlevi into other dermatology indications.
    - **Breezula** (androgenic alopecia) is a late-stage pipeline product in phase III development for male hair loss. The two pivotal phase III trials began in 2023 and are progressing on schedule. The 6-month topline results are anticipated in H2 2025. Cosmo is guiding for global peak sales of at least USD 2.5 bn.

3) **GASTROENTEROLOGY:** Improving the safety and efficacy of existing molecules for the digestive system disorders, including:
    - **Lialda/Mezavant** (ulcerative colitis) is an established product marketed by Takeda/Giuliani/Nogra. Despite generic versions on the market, it remains a significant revenue contributor.
    - **Uceris/Cortiment** (ulcerative colitis) is an established product marketed by Bausch Health in the US (branded Uceris) and by Ferring in the ROW (branded Cortiment). Generic competition has hindered US sales, while approval in Japan has enhanced ROW sales growth.
    - **Rifamycin SV MMX/Aemcolo** (travelers' diarrhea): In 2018, it was approved for travelers' diarrhea (TD) in the US (branded Aemcolo) and EU (previously branded Relafalk); RedHill is the US commercialization partner. In September 2023, Adalvo became the commercialization partner in the EU/ROW, replacing Dr. Falk.
    - **Lumeblue** (lesion detection dye for the entire colon) is an established product approved in the EU in 2020 and is marketed by Alfasigma SpA. China Medical System (CMS) Holdings acquired the Greater China rights in 2020, which were substantially expanded to Central, Eastern, Southeastern, and Southern Asia in 2023. The 2024 approval and launch in China open a vast market for Lumeblue.
    - **Byfavo** (fast-acting sedation for colonoscopy) is an established product approved in the US in 2020. Eagle Pharmaceuticals is responsible for commercialization. Cosmo benefits only from its equity stake in Eagle (0.7%) and is eligible for up to EUR 105 mn in potential milestone payments.
    - **Colesevelam MMX / CB-01-33** (bile acid diarrhea) is a pipeline product that utilizes Cosmo's proprietary MMX formulation technology. A phase II proof-of-concept (POC) trial in patients with bile acid diarrhea (BAD) began in approximately 25 centers across up to 8 European countries in early 2025. Topline results are anticipated in 2027. Cosmo guides for approximately USD 800 mn peak sales in the US alone.
    - **Rifamycin enema / CB-01-35** (distal ulcerative colitis): This innovative enema solution transforms into a bio-adhesive gel after administration, with rifamycin SV as the active substance for treating distal ulcerative colitis (UC) and proctitis. In 2024, a phase II trial began enrolling around 120 patients across 25 European sites. Topline results are anticipated in 2027.
4) **CDMO (CONTRACT DEVELOPMENT & MANUFACTURING ORGANIZATION):** Cosmo's GMP-approved plant manufactures pharmaceutical products for third parties, including solid, semi-solid, and liquid oral drugs, and provides related services (e.g., product formulations and stability evaluations, document preparation for pharmaceutical product registration).

Sustainable cash generation to fund all development plans and pay dividends

Cosmo's gross cash position of EUR 170 mn on 31 December 2024, along with additional milestone payments from Medtronic and other partners, as well as increasing royalty and manufacturing revenue, is sufficient to finance all development and commercialization plans and pay annual dividends to shareholders. This substantial cash position aims to expand Cosmo's product offering through internal development projects and potential external transactions.

Valuation Overview

Risk-adjusted sum-of-parts NPV points to CHF 135 per share

We derive a risk-adjusted (r)NPV for Cosmo of CHF 135 per share with cash and cash equivalents of CHF 10 per share (31 December 2024) and overhead expenses of CHF 4 per share with a WACC of 10% (assuming a specific risk of 9% (= a market risk premium of 6% multiplied by a beta of 1.5) and a risk-free rate of 1%).

SUM OF PARTS

PRODUCT NAME	INDICATION	PEAK SALES (EUR MN)	LAUNCH YEAR (EST)	UNADJUSTED NPV/SHARE	SUCCESS PROBABILITY	RISK-ADJUSTED NPV/SHARE	PERCENTAGE OF TOTAL
HEALTH TECH:				21		**23**	**16%**
- GI GENIUS	AI ENHANCED COLONOSCOPY	542	2019 (EU)/2021 (US)	21	100%	21	15%
- ELEVIEW	LESION RESECTION CUSHION	42	2017	2	100%	2	1%
DERMATOLOGY:				121		**80**	**57%**
- WINLEVI (CLASCOTERONE CREAM)	ACNE	355	2021 (US)/2025 (EU)	17	75%	13	9%
- BREEZULA (CLASCOTERONE SOLUTION) - **PIPELINE**	ANDROGENIC ALOPECIA (HAIR LOSS, MEN)	2'552	2026	103	65%	67	48%
GASTROENTEROLOGY:				56		**21**	**15%**
- LIALDA / MEZAVANT	ULCERATIVE COLITIS	709	2007	9	100%	9	6%
- UCERIS / CORTIMENT	ULCERATIVE COLITIS	74	2013	3	100%	3	2%
- OTHERS (LUMEBLUE, AEMCOLO, BYFAVO)	GASTROENTEROLOGY	199	2019-2020	2	100%	3	2%
- RIFAMYCIN 1% ENEMA (CB-01-35) - **PIPELINE**	DISTAL ULCERATIVE COLITIS / PROCTITIS	288	TBD	9	15%	1	1%
- COLESEVELAM MMX (CB-01-33) - **PIPELINE**	BILE ACID DIARRHEA	1'349	TBD	33	15%	5	3%
CONTRACT DEVELOPMENT AND MANUFACTURING ORGANIZATION				6		**6**	**4%**
CB-03-10 (CORTEXELONE 17α-VALERATE-21-PROPIONATE)	ONCOLOGY (NON-CORE)	TBD	TBD	TBD	<15%	TBD	
"EQUITY FOR PRODUCT" INVESTMENTS: REDHILL (14.8%); EAGLE (0.7%)				0		**0**	0%
CASH & CASH EQUIVALENTS (31 DECEMBER 2024)		170		10		**10**	7%
TOTAL ASSETS				214		**140**	100%
OVERHEAD EXPENSES				-4		**-4**	
NPV/SHARE (CHF)				210		**135**	
SHARE PRICE ON 13 MAY 2025						**53**	
PERCENTAGE UPSIDE / (DOWNSIDE)						155%	

ESTIMATES AS OF 13 MAY 2025 — SOURCE: VALUATIONLAB ESTIMATES

Key drivers of growth for Cosmo include:

I) HEALTH TECH:

GI Genius (AI-enhanced colonoscopy) – rNPV of CHF 21 per share

GI Genius is the first-ever AI (artificial intelligence)-enhanced device approved for colonoscopy with a substantial lead over competitor devices. Combined with Medtronic's global marketing muscle, we believe this system will be a game-changer in colonoscopy with significant upside from future upgrades (apps) and additional procedures in gastrointestinal (GI) such as upper endoscopy, laparoscopy, and non-GI such as rhinoscopy, cystoscopy, arthroscopy, among others (not in our forecasts). We conservatively forecast peak sales of approximately EUR 550 mn (booked by Medtronic), with Cosmo receiving approximately 15-20% royalties on net sales. We calculate an NPV of CHF 21 per share for GI Genius in colonoscopy alone. Substantial growth should come from new apps and procedures.

Eleview (dyed lesion resection cushion) – NPV of CHF 2 per share

Eleview is an injectable lesion resection cushion (medical device) that allows physicians a faster and less risky excision (removal) of adenomas or polyps discovered during endoscopy. Eleview is injected between the mucosal layers, where it separates and flags them with methylene blue dye for easy removal. Medtronic is responsible for global commercialization except in Canada (Pendopharm). We forecast around EUR 40 mn peak sales for Eleview and an NPV of CHF 2/share.

II) DERMATOLOGY:

Winlevi (acne) - rNPV of CHF 13 per share

Winlevi became the first-ever topical anti-androgen on the US market for treating acne, demonstrating good efficacy alongside an excellent safety and tolerability profile. Winlevi is off to a strong start in the US, becoming the #1 prescribed branded topical acne treatment, which has triggered an expansion of the Sun Pharma agreement to include Canada (approved in June 2023), Japan, Australia (approved in March 2024), New Zealand, Brazil, Mexico, Russia, and India. Cosmo has aggressively expanded Winlevi's global commercial reach to enhance future growth through partnerships with 3SBIO (Greater China), Glenmark (Europe, South Africa), InfectoPharm (Germany, Italy, Austria), Hyphens Pharma (Southeast Asia), Hyundai Pharma (South Korea), and Hikma (MENA region). In April 2025, the CHMP issued a negative opinion for EU approval of Winlevi. Cosmo will file for a CHMP re-examination with a response expected in Q3 2025. We calculate an rNPV of CHF 13/share for Winlevi in acne, with a 75% success probability; the average of 100% (launched) in the US, and 50% (CHMP re-examination) in the EU, with global peak sales conservatively amounting to around EUR 350 mn.

Breezula (hair loss) - rNPV of CHF 67 per share

Breezula is a distinct formulation and has a 7.5 times higher dosage strength of clascoterone, the active ingredient in Winlevi for acne. It is in the final stage of development for treating male androgenic alopecia (AGA), the most common type of hair loss. Phase III development began in June 2023, including two phase III trials (SCALP 1 & SCALP 2) involving approximately 750 men aged 18 and older at around 60 study centers. Initial topline results for the first 6 months (primary & secondary endpoints) are expected in early H2 2025. We assume the first launches for Breezula will occur in 2027, with estimated global peak sales of around EUR 2.5 bn (Cosmo guides for at least EUR 2 bn in global peak sales). We calculate an rNPV of CHF 67 per share with a 65% (phase III) success probability for Breezula in male alopecia.

III) GASTROENTEROLOGY:

Lialda/Mezavant (ulcerative colitis) - NPV of CHF 9 per share

Lialda/Mezavant (mesalamine MMX) is Cosmo's first prescription drug utilizing its proprietary MMX technology to treat ulcerative colitis, launched by Shire (acquired by Takeda in 2019) in 2007. Sales peaked at EUR 709 mn in 2016 before inexpensive generics affected sales. Cosmo continues to earn manufacturing revenue from producing Lialda tablets for Takeda and its partners. We base our Lialda revenue on the number of tablets shipped, anticipating single-digit increases in the next few years due to its differentiated profile compared to generics. We calculate an NPV of CHF 9 per share.

Uceris/Cortiment (ulcerative colitis) - NPV of CHF 3 per share

Uceris/Cortiment (budesonide MMX) is Cosmo's second treatment for ulcerative colitis, which has significantly better economics than Lialda. Ferring commercializes it in the EU and ROW (excluding Japan) under the brand name Cortiment, while Bausch Health markets it as Uceris in the US. Although the peak sales potential was similar to Lialda, sales likely peaked at EUR 139 mn in 2016 due to the "at-risk" launch of a generic version of Uceris by Actavis (Teva) in the US in 2018. Our US sales reflect the impact of low-cost generics in the US while maintaining solid uptake outside the US, thanks to Ferring. Japanese approval in 2023 is expected to provide a boost to sales. We calculate an NPV of CHF 3 per share.

Others (Aemcolo / Rifamycin SV MMX, Lumeblue / Byfavo) – rNPV of CHF 3/share
This includes royalties, manufacturing revenue, and milestone payments for Rifamycin SV MMX (branded Aemcolo in the US) for travelers' diarrhea (TD), Lumeblue, an oral colonic lesion detection dye, and Byfavo, a fast-acting sedative for procedural sedation in endoscopy. Total peak sales of these products amount to around EUR 200 mn, with an NPV of CHF 3 per share.

Rifamycin enema (distal ulcerative colitis) – rNPV of CHF 1/share
Rifamycin enema is a novel viscous (gel) formulation of rifamycin SV, combined with a newly developed delivery system, currently in phase II proof-of-concept (POC) development for treating distal ulcerative colitis, with patent protection up to 2040. We forecast peak sales of around EUR 300+ mn, with an rNPV of CHF 1 per share and a 15% (POC) success rate.

Colesevelam MMX (bile acid diarrhea) – rNPV of CHF 5/share
Colesevelam MMX is a novel bile acid sequestrant formulation for bile acid diarrhea (BAD), which affects approximately 1% of the population. It has the potential for positive therapeutic benefits as the active ingredient is released where needed and at a high dose, thereby improving patient compliance. In early 2025, the phase II POC trial for colesevelam MMX in BAD started at approximately 25 centers across up to 8 European countries. We forecast global peak sales of around EUR 1.3 bn (Cosmo sees a USD 800 mn market opportunity in the US alone) with an rNPV of CHF 5 per share and a 15% (POC) success rate.

CDMO – NPV of CHF 6 per share
Cosmo's Contract Development and Manufacturing Organization (CDMO) continues to manufacture APIs (active pharmaceutical ingredients) for third parties, including generics and specialty drugs, valued at approximately EUR 15-20 mn, resulting in an NPV of CHF 6 per share.

CB-03-10 (cancer is non-core and to be out-licensed) – rNPV TBD
CB-03-01 (cortexolone 17α-valerate-21-propionate) is a highly potent oral androgen receptor (AR) and glucocorticoid receptor (GR) antagonist for treating solid tumors. It has potential for first- and second-line therapy in pancreatic and colon cancers. A phase I trial in patients with advanced, refractory solid tumors (pancreas, colon, prostate) has started in the US, demonstrating exceptional safety and tolerability. The dose escalation is nearing the predicted human efficacious dose. Upon positive phase I results, Cosmo plans to seek a strong oncology partner to fully develop and commercialize CB-03-10 in return for upfront, development, regulatory and sales milestones, along with royalties on sales.

"Equity-for-Product" investments – NPV of CHF 0 per share
These investments include a 14.8% stake in RedHill, a 0.7% stake in Eagle, and stakes in VolitionRx (3.5%) and AIMM Therapeutics (6.5%), totaling EUR 3.1 mn or CHF 0 per share. Note that Cosmo will benefit not only from the successful launch of its own products by its commercialization partners but also through the value created by its partners' product pipeline via its "equity-for-product" stakes.

Sensitivities that can influence our valuation

Development and regulatory risk: This risk is not significant, considering that nearly all of Cosmo's major products (Lialda/Mezavant, Uceris/Cortiment, Eleview, GI Genius, Aemcolo/Relafalk, Byfavo, Lumeblue, Winlevi) are currently on the market. We assume a 75% success rate for Winlevi, the average of US marketed (100%) and EU CHMP re-examination (50%), and a 65% (phase III) success rate for Breezula (male hair loss), which entered phase III in 2023, with the 6-month topline results expected in early H2 2025. Early-stage pipeline projects, such as rifamycin enema for distal ulcerative colitis and colesevelam MMX for BAD, have a lower 15% (POC) success rate.

Pricing and reimbursement: The pricing for products such as Lialda and Uceris is straightforward because comparable branded products have been available on the market treating the same indications, serving as good pricing references. Cosmo has invested considerable effort into determining the correct market price for its novel products- such as GI Genius (determined by Medtronic globally) and Winlevi (determined by Sun Pharma in the US)- which provide cost-effective solutions compared to current standards. In the EU, pricing and reimbursement occur on a country-by-country basis, leading to differences in the timing of market launches and sales uptake for each member state.

Partnering and commercialization: Cosmo's product sales entirely rely on external commercialization partners, including Medtronic (GI Genius/Eleview), RedHill (Aemcolo), Adalvo (Rifamycin SV MMX), Eagle (Byfavo), Alfasigma (Lumeblue), and Sun Pharma (Winlevi), to effectively position and market its therapies. Global partner Medtronic will play a crucial role in the commercial success of GI Genius, Eleview, and future medical devices. Actual sales uptake, upfront costs, regulatory and sales milestones, and sales royalties may vary from our forecasts, as the pace of launching and signing on partners and terms can differ.

Patent and market exclusivity: Cosmo has built a comprehensive patent estate protecting its MMX technology and products from generic competition. Several market exclusivities, such as 10 years of data exclusivity in the EU and 5 years of NCE (new chemical entity) exclusivity or QIDP (qualified infectious disease product) designation with an additional 5 years of exclusivity, can further extend market protection. Although Lialda benefitted from composition of matter protection until June 2020 in the US (US6773720) and EU (EU1198226, EU1287822), the FDA has approved a generic version of Lialda from the Indian generic manufacturer Zydus. Uceris enjoys US patent protection until September 2031 through various patents. In July 2018, Actavis' generic received FDA approval and has been launched "at-risk. " We assume patent protection and/or market exclusivity for Lumeblue (until 2033), Eleview (until 2034), Byfavo (until 2033), Aemcolo/Rifamycin SV MMX (until 2028), Qolotag (until 2035), and GI Genius (until 2039, largely based on trade secrets). Medical use patents protect Winlevi and Breezula until 2022 (EU/ROW) and 2023 (US), while patents covering all crystalline forms provide protection until mid-2036.

Catalysts

CATALYST TIMELINES

TIME LINE	PRODUCT	INDICATION	MILESTONE	COMMENT	IMPACT ON RNPV (CHF/SHARE)
2025					
DURING 2025 AND 20:	GI GENIUS	AI-ENHANCED LESION DETECTION PLATFORM	NEW APPS	EXPAND GI GENIUS BUSINESS WITH MEDTRONIC THROUGH NEW APPS INCLUDING THIRD-PARTY DEVELOPERS WITH THE PLATFORM NOW OPEN TO NEW DEVELOPERS	
END JAN	COLESEVELAM MMX (CB-01-33)	BILE ACID DIARRHEA (BAD)	PHASE II POC TRIAL - START	START OF PHASE II POC TRIAL IN 120 PATIENTS (40 ON COLESEVELAM MMX 3.6G/DAY, 40 ON COLESEVELAM MMX 1.8 G/DAY, 40 ON PLACEBO) WITH BAD TREATED FOR 8 WEEKS IN ~25 CENTERS AND UP TO 8 COUNTRIES IN EUROPE	
10 FEB	WINLEVI	ACNE	UK APPROVAL	GLENMARK, COSMO'S DISTRIBUTOR FOR WINLEVI IN EUROPE AND SOUTH AFRICA, ANNOUNCED WINLEVI WAS APPROVED IN THE UK IN ACNE PATIENTS AGED 12 AND OLDER	
11 FEB			MANAGEMENT APPOINTMENT	ANDREA CHERUBINI APPOINTED AS CHIEF ARTIFICIAL INTELLIGENCE (AI) OFFICER TO DRIVE AI ACROSS PORTFOLIO	
6 MAR			FY 2024 RESULTS	FY 2024 UNAUDITED KEY FIGURES: RECORD REVENUE OF EUR 266.8 MN (+188%) AT THE UPPER END OF EUR 260 MN - EUR 270 MN GUIDANCE, BOOSTED BY EUR 190.2 MN MILESTONES PREDOMINANTLY FROM GI GENIUS (USD 200 MN) AND WINLEVI; CHANGE IN ACCOUNTING FOR INTERNAL DEVELOPMENT COSTS LEAD TO HIGHER OPERATING (R&D) COSTS; OPERATING PROFIT OF EUR 148.9 MN (2023 RESTATED OPERATING LOSS OF EUR 1.9 MN); CONSIDERABLE 2024 YEAR-END CASH & EQUIVALENTS OF 170.4 MN (+239%) WITH NO DEBT	
21 MAR			2024 ANNUAL REPORT	DIVIDEND OF EUR 2.05/SHARE PROPOSED (2024: EUR 2.00/SHARE); **2025 GUIDANCE:** TOTAL REVENUE: EUR 102-107 MN RECURRING REVENUE: EUR 85-90 MN EBITDA CORE BUSINESS: EUR 40-42 MN R&D: EUR 40 MN EBITDA: EUR 1-3 MN CASH & CASH EQUIVALENTS: ABOVE EUR 110 MN	
1 APR			MANAGEMENT APPOINTMENT	FEDERICO SOMMARIVA APPOINTED AS CHIEF LEGAL OFFICER	
29 APR	WINLEVI	ACNE	EU CHMP NEGATIVE OPINION	NEGATIVE CHMP OPINION RECEIVED PRINCIPALLY BASED ON THE CHMP'S NEGATIVE BENEFIT-RISK ASSESSMENT FOR ADOLESCENTS (12-17 YEARS) DESPITE A POSITIVE ASSESSMENT IN ADULTS (18 YEARS AND OLDER); COSMO WILL REQUEST A RE-EXAMINATION ALSO BASED ON THE GROWING BODY OF EVIDENCE DEMONSTRATING SAFETY AND EFFICACY IN THE US WHERE IT HAS BEEN ON THE MARKET SINCE NOVEMBER 2021; COSMO MAY ASK FOR RE-EXAMINATION WITHIN 15 DAYS FROM RECEIVING THE OPINION; **2025 FINANCIAL GUIDANCE RE-CONFIRMED**	
			2025 FINANCIAL GUIDANCE RE-CONFIRMED		
2 MAY	GI GENIUS	AI-ENHANCED LESION DETECTION PLATFORM	NEW APPLICATION	EU MEDICAL DEVICE REGULATION (MDR) CERTIFICATION RECEIVED FOR CEREBRO SOFTWARE FOR ESOPHAGOGASTRODUODENOSCOPY (EGD) PROCEDURES, WHICH WILL BE DISTRIBUTED LATER IN 2025 ACROSS THE GI GENIUS PLATFORM - THIS MARKS THE FIRST IMPLEMENTATIONS FOR UPPER GASTROINTESTINAL (GI) TRACT PROCEDURES WITH GI GENIUS	
30 MAY			AGM	ORDINARY ANNUAL GENERAL MEETING (AGM) OF SHAREHOLDERS TO APPROVE PROPOSALS INCLUDING A DIVIDEND INCREASE BY 2.5% TO EUR 2.05/SHARE	
1 JUL			INVESTOR DAY	INVESTOR DAY IN ZURICH HIGHLIGHTING THE PROGRESS OF THE PIPELINE	
23 JUL			H1 2025 RESULTS	H1 2025 RESULTS RELEASE AND CALL/WEBCAST	
Q3	WINLEVI	ACNE	CHMP RESPONSE	THE CHMP IS EXPECTED TO REPOND WITHIN 60 DAYS FROM RECEIVING A RE-EXAMINATION REQUEST FROM COSMO	+ CHF 4
EARLY H2	BREEZULA	ANDROGENIC ALOPECIA (HAIR LOSS)	TOPLINE RESULTS	6-MONTH TOPLINE RESULTS OF BREEZULA PHASE III TRIAL IN MALE ALOPECIA CONSISTING OF TWO IDENTICAL 6-MONTH RANDOMIZED, DOUBLE-BLIND PHASE III TRIALS DUBBED "SCALP 1" (~750 SUBJECTS IN THE US & GEORGIA) AND "SCALP 2" (~750 SUBJECTS IN THE US, GERMANY, POLAND), EACH FOLLOWED BY A 6-MONTH SINGLE-BLIND TREATMENT WITH WINLEVI, CONDUCTED IN ABOUT 60 CENTERS AND A TOTAL OF 1,495 MALE SUBJECTS AGED OVER 18; CO-PRIMARY ENDPOINTS ARE TARGET AREA HAIR COUNT (TAHC) AND PATIENT REPORTED OUTCOME (PRO)	+ CHF 16
H2	CB-03-10	SOLID TUMORS	PARTNERSHIP OPPORTUNITIES	FOLLOWING COMPLETION OF PART 1 OF THE PHASE I TRIAL, COSMO WILL EXPLORE PARTNERSHIP OPPORTUNITIES FOR ITS CANCER PRODUCT TARGETING SOLID TUMORS	

ESTIMATES AS OF 13 MAY 2025

SOURCE: VALUATIONLAB, COSMO PHARMACEUTICALS

Technology & Pipeline

A proprietary technology platform consisting of three core technologies
Cosmo's technology platform consists of three core technologies with a continued focus on gastroenterology (digestive system) disorders, HealthTech endoscopy to detect and prevent colon cancer and other disorders, and dermatology (skin disorders), which includes:

1. **MMX technology:** a formulation technology that facilitates a controlled release of drugs throughout the length of the colon, potentially extending patent life. Examples include Lialda/Mezavant and Uceris/Cortiment for ulcerative colitis, Aemcolo/Rifamycin SV MMX for travelers' diarrhea, Lumeblue for chromoendoscopy, and colesevelam MMX for bile acid diarrhea (BAD).
2. **Artificial Intelligence:** a rapidly emerging technology based on machine and deep learning that aims to improve physician treatment outcomes, such as enhanced lesion detection during colonoscopy with GI Genius.
3. **Anti-androgens:** expertise in anti-androgen compounds derived from cortexolone, which are involved in skin disorders and cancer (non-core). This includes Winlevi for acne, Breezula for hair loss, and CB-03-10 for treating cancer (non-core), to be partnered upon the completion of phase I development.

1) MMX Technology - changing systemic drugs to convenient locally active agents
At the core of Cosmo's first technology platform is the so-called **M**ulti **M**atri**x** "MMX" technology, a proprietary formulation technology that facilitates the controlled release of existing drugs along the length of the colon. The company has developed a range of pharmaceutical products based on its MMX technology, including Lialda/Mezavant (mesalamine MMX), Uceris/Cortiment (budesonide MMX), Aemcolo/Relafalk (rifamycin SV MMX), and Lumeblue (methylene blue MMX). Colesevelam MMX is currently in phase II POC development for bile acid diarrhea (BAD).

The MMX technology delivers existing APIs (active pharmaceutical ingredients) inside the colon's interior through oral tablets in a delayed and controlled manner, allowing the API to be applied along the entire length of the colon. Tablets manufactured using MMX technology are coated with pH-resistant acrylic copolymers, which delay the release until the tablet reaches the specified intestinal location where programmed dissolution begins. This protects the active substances from unfavorable pH (acidic) conditions and enzymatic presence in the upper digestive tract (e.g., stomach, small intestines). The controlled release throughout the colon not only simplifies application for patients but also enables topical application of the APIs to the entire bowel surface affected by inflammation or infection. Cosmo's MMX compounds offer improvements over existing medications in terms of efficacy, safety, and tolerability. A lower pill burden increases patient compliance and poses lower development and regulatory risks compared to NCEs.

2) Artificial Intelligence – Emerging technology radically changing business models
Artificial intelligence (AI) has become the company's second technology platform, which can be transformative for Cosmo. AI systems in healthcare are considered breakthrough technologies with the potential to revolutionize the diagnosis and treatment of disease, ensuring that patients receive the correct diagnosis and treatment at the right time, ultimately enhancing physician treatment outcomes. AI is a branch of computer science that

emphasizes creating intelligent machines capable of working and reacting like humans based on machine and deep learning. Machine learning employs algorithms to analyze data, learn from it, and make informed decisions accordingly. A subfield of machine learning, deep learning, structures algorithms in layers to form an artificial neural network that can learn independently and make intelligent decisions in real time. This technology can assist physicians and patients in making better healthcare decisions.

Prime examples of artificial intelligence beyond healthcare include smartphones with speech recognition assistants like Alexa and Siri, smart cars featuring autonomous driving, digital cameras capable of face, eye, or even smile detection, and social media feeds, among others. These AI platforms have revolutionized existing business models or created entirely new ones, often with rapid adoption.

Thanks to the clinical development of Lumeblue, which generated thousands of colonoscopy videos stored in the first high-definition lossless video database, along with cooperation and investment in Linkverse (based in Rome and now a wholly owned subsidiary) that produced custom recording devices and the cloud platform dedicated to this service, Cosmo is now at the forefront of AI-enhanced colonoscopy with GI Genius.

3) Anti-androgens – targeting skin disorders and various cancers (non-core)
Cosmo owns a compound library that focuses on diseases dependent on the androgen receptor, commonly referred to as anti-androgens. This class of drugs inhibits androgens like testosterone or dihydrotestosterone (DHT) from exerting their biological effects in the body. They are implicated in skin disorders such as acne and hair loss, as well as various cancers. Notably, there is the novel anti-androgen clascoterone, a new chemical entity (NCE) and core compound being developed in various topical formulations and strengths for indications such as acne (branded Winlevi) and androgenic alopecia (AGA), the most prevalent form of hair loss (branded Breezula). Clascoterone is rapidly metabolized to cortexolone, a naturally occurring metabolite found throughout human tissues, cells, blood, and urine, with a well-characterized safety and metabolic profile. Because of its swift metabolism and local activity, clascoterone does not produce systemic side effects. CB-03-10 (non-core) is a potent oral anti-androgen derived from cortexolone, demonstrating significant anti-tumor activity across multiple cancers, including pancreatic, colon, and prostate cancer.

PRODUCT PIPELINE

PRODUCT	DRUG CLASS	INDICATION	STATUS	LAUNCH YEAR	PARTNER	PEAK SALES
HEALTH TECH						
GI GENIUS & APPS (GROWTH DRIVER)	ARTIFICIAL INTELLIGENCE ENHANCED IMAGING DEVICE	LESION DETECTION (COLONOSCOPY)	MARKETED (EU) MARKETED (US)	2019 2021	MEDTRONIC (GLOBAL RIGHTS)	EUR 550 MN
ELEVIEW (ESTABLISHED PORTFOLIO)	LOW-VISCOSITY EMULSION	ENDOSCOPIC RESECTION CUSHION	MARKETED	2017	MEDTRONIC (GLOBAL RIGHTS) EXCL. CANADA (PENDOPHARM)	EUR 30+ MN
DERMATOLOGY						
WINLEVI (GROWTH DRIVER)	TOPICAL ANDROGEN RECEPTOR INHIBITOR	ACNE VULGARIS	MARKETED (US) CHMP RE-EXAMINATION (EU)	2021 2026	US: SUN PHARMA EU/ROW: SEEK PARTNER(S)	EUR 300+ MN
BREEZULA (PIPELINE)	TOPICAL ANDROGEN RECEPTOR INHIBITOR	ANDROGENIC ALOPECIA (HAIR LOSS)	PHASE III	2026	US: SEEK PARTNER EU/ROW: SEEK PARTNER(S)	EUR 2.5 BN
GASTROENTEROLOGY						
LIALDA / MEZAVANT (ESTABLISHED PORTFOLIO)	5-ASA	ULCERATIVE COLITIS (INDUCTION & MAINTENANCE)	MARKETED	2007	TAKEDA (US, ROW) NOGRA (JAPAN)	EUR 700 MN (2016)
UCERIS / CORTIMENT (ESTABLISHED PORTFOLIO)	ORAL GLUCOCORTICOSTEROID	ULCERATIVE COLITIS (INDUCTION)	MARKETED	2013	BAUSCH HEALTH (US) FERRING (ROW)	EUR 75 MN
COLESEVELAM MMX (CB-01-33) (PIPELINE)	BILE ACID SEQUESTRANT MMX FORMULATION	BILE ACID DIARRHEA (BAD)	PHASE II POC (Q4 2024)	TBD	UPON START OF PIVOTAL DEVELOPMENT	EUR 1.3 BN
RIFAMYCIN ENEMA (PIPELINE)	ANSAMYCIN ANTIBIOTIC	DISTAL ULCERATIVE COLITIS (UC) & PROCTITIS	PHASE II POC	TBD	UPON START OF PIVOTAL DEVELOPMENT	EUR 300 MN
ONCOLOGY (NON-CORE)						
CB-03-10 (PIPELINE)	ANDROGEN RECEPTOR ANTAGONIST	ONCOLOGY	PHASE I	TBD	PARTNER ON SUCCESSFUL PHASE I	TBD

ESTIMATES AS OF 13 MAY 2025 SOURCE: VALUATIONLAB, COSMO PHARMACEUTICALS

Uniquely positioned with 8 launched products and an emerging pipeline of new drugs
Cosmo's therapeutic focus is on the endoscopic oral and pharmaceutical treatment of colon disorders and dermatology. Currently, Cosmo has eight products on the market, including its two key growth products: **GI Genius** (an AI-enhanced imaging device for endoscopic procedures such as colonoscopy) and **Winlevi** (acne). Established products include **Lialda/Mezavant** and **Uceris/Cortiment** for treating mild-to-moderate ulcerative colitis; **Aemcolo/Rifamycin SV MMX** for travelers' diarrhea; **Eleview** for endoscopic lesion resection; **Byfavo,** a fast-acting sedative ideally suited for colonoscopy; and **Lumeblue**, an oral lesion staining dye for lesion detection in the entire colon. Pipeline products include **Breezula** in phase III development for male hair loss; **rifamycin SV enema** in phase II POC development for distal ulcerative colitis; **colesevelam MMX** in phase II POC development for bile acid diarrhea; and **CB-03-10,** a non-core cancer compound in phase I development for solid tumors. After completing phase I, Cosmo plans to license CB-03-10 to a major oncology player in return for upfront, clinical, regulatory, and sales milestone payments and royalties on sales. The company also sells the nutraceutical **Zacol NMX**, a dietary supplement in Italy.

In the following section, we will provide in-depth analyses and forecasts for Cosmo's key drivers for:

I) HEALTH TECH

GI Genius – AI-enhanced imaging platform

Product Analysis

GI Genius peak sales of EUR 550 mn - rNPV of CHF 21/share

We forecast Cosmo's GI Genius, an artificial intelligence (AI)-enhanced imaging device with its first application in colonoscopy, to generate EUR 550 mn in global peak sales (booked by its global partner Medtronic). GI Genius was launched in Europe in 2019 and in the US in 2021. The pandemic hampered initial sales uptake. We assume the adoption rate for computer-aided (= artificial intelligence) detection in colonoscopy will rapidly increase to ~95% globally within the next 5-10 years. As a first mover and global player, Medtronic is expected to have a dominant market share, which we conservatively assume will gradually decline to ~66% market share in new AI devices in the US and ~15% in the EU by rival systems, albeit in a larger market, as more AI players grow the market for AI-enhanced colonoscopy devices. Cosmo retains around 15-20% of net sales from Medtronic and an assumed net manufacturing revenue of around EUR 300 per GI Genius device delivered to Medtronic. Medtronic provides GI Genius for free in return for an annual fee per procedure, increasing from an estimated USD 1,200 in the ROW to more than USD 12,000 in the US upon approval of more apps. We calculate an NPV of CHF 341 mn or CHF 21 per share with a WACC of 10%.

NOTE: We have not included revenues for future applications for GI Genius in other GI and non-GI indications, which provide substantial upside to our forecasts.

GI Genius & Medtronic: a game-changer in colonoscopy

The healthcare market is on the verge of revolutionary change with the advent of artificial intelligence (AI) systems based on machine learning and deep learning, paired with significant improvements in hardware (e.g., processing power), which will result in better physician treatment outcomes. We believe Cosmo's AI-enhanced endoscopy device, branded GI Genius, with its first approved application in colonoscopy, along with the global marketing strength of Medtronic, the world's leading medical device company, will transform the way colonoscopy is performed. GI Genius offers physicians a simple and effective interface: the operator receives real-time alerts through a dynamic green box surrounding the lesion, similar to face or eye detection in digital cameras, to reduce the risk of overlooking a lesion and enhance the detection rate during colonoscopy. GI Genius is the first-to-market deep-learning, computer-assisted system that uses artificial intelligence to identify colorectal lesions, including polyps and adenomas of various shapes, sizes, and morphologies, in real-time. The device can be seamlessly integrated and is compatible with all major brands of endoscopic processors. Medtronic anticipates a USD 400 mn market opportunity for AI-assisted colonoscopy, with a current penetration rate of less than 5% in the US alone. Additional applications in other GI areas and non-GI sectors could significantly enhance GI Genius's market potential beyond our current estimates.

The most preventable cancer depends on the ADR and finding lesions early

Colorectal cancer is the third most common cause of cancer death worldwide. In the US, there are 150,000 new cases and 50,000 deaths yearly due to colorectal cancer. This cancer is considered a disease of older individuals, with more than 90% of patients diagnosed after the age of 55. However, colorectal cancer is also regarded as one of the most preventable cancers. Colonoscopy is the primary screening tool used to prevent colorectal cancer through the early detection and removal (resection) of precancerous lesions (adenomas) as well as cancerous lesions and polyps. Screening is generally recommended for most people from age 50 to 75. If a colonoscopy does not reveal adenomas or cancer and there are no other risk factors, the next exam should take place in ten years. If one or two small, low-risk adenomas are removed, the colonoscopy should be repeated in five to ten years.

Not all adenomas turn into cancer, but all colon cancers were previously adenomas

Colonoscopy aims to detect adenomas. Not all adenomas turn into cancers, but all cancers were previously adenomas. Therefore, the effectiveness of colonoscopy depends on the adenoma detection rate (ADR). Ultimately, the more adenomas that are detected and extracted, the fewer cancers will subsequently develop. Most polyps resemble mushrooms growing from the colon wall and can be easily seen and removed during the colonoscopy. Diminutive (tiny) polyps, measuring between 1 and 5mm, represent the vast majority of colorectal polyps observed during screening colonoscopy. There are also flat polyps that grow wide, spreading along the colon wall, usually in the right colon. Flat polyps are believed to account for about 9% of all polyps. However, because they are challenging to locate and remove altogether, they are thought to be responsible for most colon cancers that occur in people who are up to date with their colonoscopies.

Large variability in ADR increases the risk of interval colorectal cancer

Colonoscopists exhibit significant variability in their ability to identify adenomas, with an adenoma detection rate (ADR) ranging from 7% to 54% and a mean of approximately 30%. About 26% of diminutive polyps go undetected. The detection rate for adenomas from flat polyps is even lower, with a national average of 2%. Medicare anticipates a 25% ADR among women and 30% among men. The prevalence of adenomas is estimated to exceed 50%. If one or more adenomas are overlooked, the patient faces an increased risk of developing colorectal cancer before their next colonoscopy. A large study by Corley et al. demonstrated that each 1% increase in the adenoma detection rate corresponds to a 3% reduction in the risk of colorectal cancer prior to the next exam.

Two main factors are considered to affect the low adenoma detection rate:

1. **Lesions that are difficult to spot:** Can be improved by using high-definition wide-angle endoscopes with white light (HDWL), devices that clean and visualize the entire surface area, or image-enhancing dyes that highlight hard-to-detect (flat or tiny) adenomas (e.g., Lumeblue).
2. **Human error:** Is not easily overcome and depends on multiple factors, including motivation, training, manual skills, and intrinsic abilities like observer-dependent visual acuity and pattern recognition.

Colonoscopy is an expensive screening tool with room to improve

Colonoscopy is also the most expensive screening tool to prevent colorectal cancer. Any solution that significantly increases the adenoma detection rate (ADR) is expected to be integrated into the procedure and included in treatment guidelines, particularly if it has

proven efficacy and is easy to adopt. This is where computer-aided detection (CAD) or artificial intelligence (AI) can play an important role. AI systems such as Cosmo's GI Genius can be added to a colonoscopy tower/stack, and implementation is simple with no extensive training needed.

GI Genius is a "second set of expert eyes" that never tire of assisting the operator.
Cosmo's GI Genius aims to provide colonoscopy operators with a "second set of expert eyes" that tirelessly work to reduce missed lesions and improve the overall detection rate. Moreover, the human eye is often blind to certain patterns that may be present in these images. As noted, the reported miss rates of lesions in colonoscopy range between 20-40%, influenced by both polyp and operator characteristics. GI Genius offers physicians a simple and effective interface to detect significantly more lesions during colonoscopy than the current gold standard HDWL (High-Definition endoscope with White Light). When a lesion is detected, GI Genius displays a dynamic green box around the lesion on the operator's screen in real-time. This convenient and straightforward interface highlights the lesion until it is removed. The device operates in real-time to assist the endoscopist in detecting lesions, is very easy to use, and is compatible with all endoscopes. Cosmo is the sole manufacturer, while Medtronic serves as the exclusive worldwide distributor.

Highly accurate lesion detection rate demonstrated in several international trials
The accuracy of GI Genius is exceptionally high—comparable to that of an expert colonoscopist—demonstrated in several international trials (see Appendix, page 39).

> **Retrospective trials** have demonstrated that the system is highly accurate, with a true positive rate per polyp (sensitivity) of 99.7%. In comparison, the number of false positive frames in a complete procedure (activation noise = false positives divided by the number of frames) was 0.9%. In other words, the system performed as well as an expert colonoscopist in detecting lesions, and the extremely low number of false activations does not impede or negatively affect the conventional colonoscopy procedure.
>
> **Investigator-initiated trial:** Positive results from the first prospective, fully independent, investigator-initiated clinical trial conducted at three Italian hospitals showed that GI Genius significantly increases the Adenoma Detection Rate (ADR) and the number of Adenomas Per Colonoscopy (APC) compared to standard colonoscopy, thereby enhancing the efficacy of screening colonoscopy for colorectal cancer prevention.
>
> **"DETECT" trial:** conducted in eight centers across the US, Italy, and the United Kingdom, showed that using GI Genius in conjunction with colonoscopy significantly decreases the miss rate (by 2x) of colorectal polyps and adenomas compared to standard colonoscopy. Missed polyps are estimated to account for around half of all cases of post-colonoscopy colorectal cancer and could ultimately be the difference between life and death, considering that 90% of patients with colon cancer can survive when caught early.

Swift regulatory approval in major markets – GI Genius has at least 2-3 years lead
GI Genius was approved in the EU in October 2019 based on the retrospective trials Cosmo performed to establish the first proof of concept of the device in improving adenoma

detection rates. The GI Genius Investigator-Initiated trial formed the basis for the rapid approval of GI Genius in the US ahead of time. GI Genius is the first to obtain FDA approval through the “de novo” application process in April 2021. Devices that are classified through the “de novo” process may be marketed and used as predicates for future 510(k) submissions. This provides a considerable barrier to entry for competitor devices, which must prove they are “substantially equivalent” to GI Genius. Moreover, Medtronic can set the price of GI Genius, being the first on the market. We believe GI Genius has several years’ lead over competitor devices still in the experimental development stage.

GI Genius and Medtronic agreement to capitalize on emerging AI in colonoscopy
Cosmo plans to capitalize on the arrival of AI in colonoscopy through its GI Genius, which provides physicians with a “second pair of expert eyes” that never tire, combined with Medtronic’s global distribution platform. Medtronic is the world’s leading medical device company, possessing the knowledge, capital, drive, and marketing muscle to launch GI Genius successfully in colonoscopy. The key is to establish and lock in a customer base as soon as possible and leverage this base for future upgrades such as optical biopsy, other GI applications, or procedural documentation modules. Medtronic will provide GI Genius for free, which can easily be fitted into the existing colonoscopy towers (stacks), in return for a multi-year subscription contract with a modest fee per colonoscopy.

Medtronic cooperation extended to accelerate the development cycle of GI Genius
Global partner Medtronic is the only company with a commercial medical AI product on the market and sees an enormous global market opportunity for GI Genius. This is reflected in the new agreement between Medtronic and Cosmo, announced in December 2023. Cosmo received a USD 200 mn milestone payment in 2024 and is eligible for double-digit royalties on sales.

The GI Genius system took a significant leap forward with the launch of the “ColonPRO™” software, which features an enhanced algorithm supported by a dataset double the size of the previous one, resulting in better detection capabilities and a 9% reduction in false positives. Additionally, the system incorporates a new feature that provides procedural highlights, marking an important milestone in its ability to automate physicians’ workflow, reduce administrative burdens in documentation, and pave the way for future integration with electronic health records and automatic reporting. A collaboration with Modernizing Medicine (ModMed), a pioneer in health tech and electronic health records, complements GI Genius by offering robust documentation solutions. A physician’s time for performing a colonoscopy is estimated at 15-20 minutes, while reporting takes another 7-10 minutes, which is roughly half the time of a colonoscopy. This time can now be considerably reduced by the automatic reporting function in ColonPRO. Assuming a physician performs 12 procedures daily, 6 additional patients could be treated, generating substantial revenue.

It is important to note that the GI Genius platform creates opportunities in GI applications beyond colonoscopy (19 mn procedures in the US), its initial application, including laparoscopy (15 mn procedures), upper endoscopy (6 mn procedures), endoscopic retrograde cholangiopancreatography - ERCP (0.5 mn procedures), and non-GI applications such as arthroscopy (4 mn procedures), rhinoscopy (1.6 mn procedures), cystoscopy (1.5 mn procedures), and laryngoscopy (0,7 mn procedures). We have not yet accounted for these revenues.

GI Genius to integrate NVIDIA's latest AI industry-leading IGX platform.
The GI Genius platform has integrated the latest NVIDIA IGX platform. NVIDIA IGX is an industrial-grade, edge AI platform that combines enterprise-level hardware, software, and support. It is purpose-built for medical and industrial environments. It features state-of-the-art tools and services to seamlessly integrate new developments, including the NVIDIA Holoscan software development kit and NVIDIA's Enterprise AI-IGX platform, offering 10 years of support.

Adoption rate and market share, along with the number of apps, will determine sales
Although we believe that Cosmo's GI Genius, along with Medtronic's marketing strength, will be a game-changer in colonoscopy, providing accurate forecasts for disruptive technologies in their early years remains challenging. We have based our GI Genius forecasts primarily on data supplied by Medtronic (the number of US towers/stacks) and US sources, which are more detailed and readily available, and extrapolated our findings to other regions. We only include forecasts for higher-priced markets such as the US, Europe (excluding CEE), Japan, and Australia. Large markets, such as CEE, Asia, or China, could offer substantial upside to our forecasts.

The adoption rate of computer-aided detection (CAD) in colonoscopy and the market share captured by Medtronic will be critical for our forecasts. Initially, we forecast a low adoption rate of CAD devices in colonoscopy, as Medtronic will be the only player offering and promoting a commercial system. However, we expect existing colonoscopy players such as Olympus and Fuji to launch rival CAD systems, leading to a rapid increase in the CAD adoption rate. We assume the adoption rate will peak at around 95% due to the ease of use, the accuracy of CAD systems in identifying hard-to-detect lesions, the potential legal liability of not using such a system, and the relatively low-cost subscription model.

Medtronic is expected to maintain a dominant 100% market share in the initial years in the US, gradually declining to approximately 50% of installed stacks using CAD systems as new competitors enter the market. In the EU/ROW, we anticipate lower entry barriers, with GI Genius conservatively capturing only 30% of the CAD market in the long term. Additionally, the annual subscription fee is expected to rise significantly due to the introduction of new cost-effective apps that can be integrated into the GI Genius platform through software updates. We forecast global peak sales of GI Genius to reach around EUR 550 mn. Medtronic identifies a USD 400 mn market opportunity for AI-assisted colonoscopy, with a current penetration rate of less than 5% in the US alone (see our detailed forecasts on the following page).

Forecasts & Sensitivity Analysis

GI GENIUS - FINANCIAL FORECASTS FOR AI-ENHANCED COLONOSCOPY IMAGING

INDICATION	COLONOSCOPY - ARTIFICIAL INTELLIGENCE ENHANCED ACCURATE AND CONVENIENT EARLY LESION DETECTION TO PREVENT COLON CANCER
DOSAGE	TO BE USED IN EVERY COLONOSCOPY
PRICING	WE ASSUME INCREASING FEES PER DEVICE AS NEW FEATURES ARE ADDED
STANDARD OF CARE	CURRENT GOLD STANDARD IS HIGH DEFINITION ENDOSCOPE WITH WHITE LIGHT (HDWL); OLYMPUS' ENDO-AID (EU / US LAUNCH: 2023E); FUJIFILM AI (EU / US LAUNCH: 2023E)
UNIQUE SELLING POINT	"SECOND SET OF EYES" THAT DETECTS LESIONS IN REAL TIME WITH EXTREME ACCURACY, MARKED BY A GREEN BOX, WHICH REDUCES FAILURE TO RECOGNIZE LESIONS

7Ps ANALYSIS

PATENT	WE CONSERVATIVELY ASSUME MARKET EXCLUSIVITY UNTIL 2039 AS THE ARTIFICIAL INTELLIGENCE TECHNOLOGY IS BASED ON PROPRIETARY DATA (TRADE SECRETS)
PHASE	EU; APPROVED WITH CE MARKING; LAUNCH OCT 2019; US: APPROVED APRIL 2021, LAUNCH MAY 2021; NOTE: 60-DAY TRIAL PERIOD BEFORE RECORDING SALES
PATHWAY	MEDICAL DEVICE REGULATORY PATHWAY; EU: APPROVED WITH CE MARKING; US: REGULATORY "DE NOVO" PATHWAY SETTING REQUIREMENTS FOR NEW AI DEVICES
PATIENT	HIGHER ADR DETECTION RATE LEADS TO LOWER PROBABILITY OF DEVELOPING COLORECTAL CANCER BEFORE NEXT COLOTECTAL EXAM
PHYSICIAN	"SECOND SET OF "EYES" THAT DETECTS LESIONS IN REAL TIME WITH EXTREME ACCURACY, MARKED BY A GREEN BOX, REDUCES FAILURE TO RECOGNIZE LESIONS
PAYER	SMALL ADDITIONAL COST TO PROCEDURE WHILE EARLY DETECTION OF COLON CANCER REDUCES LONG-TERM COSTS SUBSTANTIALLY
PARTNER	GLOBAL PARTNERING WITH MEDTRONIC EXPANDED; USD 100 MN UPFRONT, DOUBLE-DIGIT SALES ROYALTIES, IN ADDITION TO USD 100 MN MILESTONES EXPECTED BY END 2024

REVENUE MODEL

UNITED STATES - SOLD BY MEDTRONIC	**2024E**	**2025E**	**2026E**	**2027E**	**2028E**	**2029E**	**2030E**	**2031E**	**2032E**	**2033E**	**2034E**
PEOPLE OF SCREEN-ELIGIBLE AGE (50-74 YEARS) (MN)	83	85	86	88	90	92	93	95	97	99	101
GROWTH (%)	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%
PERCENTAGE COLONOSCOPIES (%)	18%	18%	18%	18%	18%	18%	18%	18%	18%	18%	18%
ANNUAL NUMBER OF COLONOSCOPIES (MN)	15	15	16	16	16	16	17	17	17	18	18
CHANGE (%)	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%
NUMBER OF COLONOSCOPY TOWERS (STACKS)	**26'520**	**27'050**	**27'591**	**28'143**	**28'706**	**29'280**	**29'866**	**30'463**	**31'072**	**31'694**	**32'328**
GROWTH (%)	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%
NUMBER OF STACKS NEWLY ADOPTED WITH COMPUTER-AIDED DETECTION (%)	2%	5%	7%	9%	11%	13%	15%	17%	10%	4%	4%
NUMBER OF STACKS NEWLY ADOPTED WITH COMPUTER-AIDED DETECTION	535	1'353	1'931	2'533	3'158	3'806	4'480	5'179	3'107	1'109	1'131
INSTALLED BASE OF STACKS USING COMPUTER-AIDED DETECTION	1'606	2'959	4'890	7'423	10'581	14'387	18'867	24'046	27'153	28'262	29'394
MARKET PENETRATION COMPUTER-AIDED DETECTION IN COLONOSCOPY (%)	6%	11%	18%	26%	37%	49%	63%	79%	87%	89%	91%
GI GENIUS MARKET PENETRATION STACKS NEWLY ADOPTED WITH CAD (%)	100%	100%	100%	90%	85%	75%	65%	55%	50%	50%	50%
STACKS NEWLY ADOPTED WITH CAD USING GI GENIUS	**535**	**1'353**	**1'931**	**2'280**	**2'684**	**2'855**	**2'912**	**2'848**	**1'554**	**555**	**566**
INSTALLED BASE OF CAD STACKS USING GI GENIUS	**1'606**	**2'959**	**4'890**	**7'170**	**9'854**	**12'709**	**15'621**	**18'469**	**20'022**	**20'577**	**21'143**
GI GENUIS MARKET PENETRATION INSTALLED BASE OF CAD STACKS (%)	100%	100%	100%	97%	93%	88%	83%	77%	74%	73%	72%
ANNUAL FEE PER GI GENIUS (EUR)	11'357	13'628	15'445	16'808	18'171	19'534	19'988	19'988	19'988	19'988	19'988
SALES (EUR MN) - BOOKED BY MEDTRONIC	**18**	**40**	**76**	**121**	**179**	**248**	**312**	**369**	**400**	**411**	**423**
CHANGE (%)	87%	121%	87%	60%	49%	39%	26%	18%	8%	3%	3%
ROYALTIES (~15-20%) (EUR MN)	2	5	11	20	30	50	62	74	80	82	85
UPFRONT & MILESTONE PAYMENTS (EUR MN)	186	0	0	0	0	0	0	0	0	0	0
MANUFACTURING REVENUE (EUR MN)	1	4	6	7	8	9	9	9	5	2	2
COGS (EUR MN)	-1	-4	-5	-6	-7	-8	-8	-8	-4	-1	-2
PROFIT BEFORE TAX (EUR MN)	**183**	**5**	**12**	**21**	**31**	**51**	**63**	**75**	**81**	**82**	**85**
TAXES (EUR MN)	-18	-1	-2	-4	-6	-10	-13	-15	-16	-16	-17
PROFIT (EUR MN)	**165**	**4**	**10**	**17**	**25**	**40**	**51**	**60**	**64**	**66**	**68**

REST OF WORLD - SOLD BY MEDTRONIC	**2024E**	**2025E**	**2026E**	**2027E**	**2028E**	**2029E**	**2030E**	**2031E**	**2032E**	**2033E**	**2034E**
PEOPLE OF SCREEN-ELIGIBLE AGE (50-74 YEARS) (MN)	149	152	155	158	162	165	168	171	175	178	182
GROWTH (%)	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%
PERCENTAGE COLONOSCOPIES (%)	18%	18%	18%	18%	18%	18%	18%	18%	18%	18%	18%
ANNUAL NUMBER OF COLONOSCOPIES (MN)	27	27	28	29	29	30	30	31	31	32	33
CHANGE (%)	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%
NUMBER OF COLONOSCOPY TOWERS (STACKS)	**89'890**	**90'789**	**91'697**	**92'614**	**93'540**	**94'475**	**95'420**	**96'374**	**97'338**	**98'311**	**99'294**
GROWTH (%)	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%
NUMBER OF STACKS NEWLY ADOPTED WITH COMPUTER-AIDED DETECTION (%)	3%	4%	6%	8%	10%	12%	12%	10%	4%	4%	4%
NUMBER OF STACKS NEWLY ADOPTED WITH COMPUTER-AIDED DETECTION	2'247	3'632	5'502	7'409	9'354	11'337	11'450	9'637	3'894	3'932	3'972
INSTALLED BASE OF STACKS USING COMPUTER-AIDED DETECTION	4'743	8'375	13'876	21'286	30'640	41'977	53'427	63'064	66'958	70'890	74'862
MARKET PENETRATION COMPUTER-AIDED DETECTION IN COLONOSCOPY (%)	5%	9%	15%	23%	33%	44%	56%	65%	69%	72%	75%
GI GENIUS MARKET PENETRATION STACKS NEWLY ADOPTED WITH CAD (%)	50%	40%	35%	30%	30%	30%	30%	30%	30%	30%	30%
STACKS NEWLY ADOPTED WITH CAD USING GI GENIUS	**1'124**	**1'453**	**1'926**	**2'223**	**2'806**	**3'401**	**3'435**	**2'891**	**1'168**	**1'180**	**1'192**
INSTALLED BASE OF CAD STACKS USING GI GENIUS	**2'773**	**4'226**	**6'152**	**8'374**	**11'181**	**14'582**	**18'017**	**20'908**	**22'076**	**23'256**	**24'447**
GI GENUIS MARKET PENETRATION INSTALLED BASE OF CAD STACKS (%)	58%	50%	44%	39%	36%	35%	34%	33%	33%	33%	33%
ANNUAL FEE PER GI GENIUS (EUR)	1'200	1'250	1'300	1'350	1'400	1'450	1'500	1'550	1'600	1'650	1'700
SALES (EUR MN) - BOOKED BY MEDTRONIC	**3**	**5**	**8**	**11**	**16**	**21**	**27**	**32**	**35**	**38**	**42**
CHANGE (%)	-3%	59%	51%	41%	38%	35%	28%	20%	9%	9%	8%
ROYALTIES (~15-20%) (EUR MN)	0	1	1	2	3	4	5	6	7	8	8
MANUFACTURING REVENUE (EUR MN)	3	4	6	7	8	10	10	9	4	4	4
COGS (EUR MN)	-3	-4	-5	-6	-8	-9	-9	-8	-3	-3	-3
PROFIT BEFORE TAX (EUR MN)	**0**	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**7**	**8**	**9**
TAXES (EUR MN)	0	0	0	-1	-1	-1	-1	-1	-1	-2	-2
PROFIT (EUR MN)	**0**	**1**	**1**	**2**	**3**	**4**	**5**	**6**	**6**	**6**	**7**

	2024E	**2025E**	**2026E**	**2027E**	**2028E**	**2029E**	**2030E**	**2031E**	**2032E**	**2033E**	**2034E**
GLOBAL SALES (EUR MN)	**22**	**46**	**84**	**132**	**195**	**269**	**339**	**402**	**436**	**450**	**464**
CHANGE (%)	64%	111%	83%	58%	48%	38%	26%	18%	8%	3%	3%
GLOBAL PROFIT (EUR MN)	**165**	**5**	**11**	**19**	**28**	**45**	**56**	**66**	**70**	**72**	**75**
CHANGE (%)	2779%	-97%	117%	74%	46%	60%	25%	18%	7%	3%	3%

WACC (%)	10%
NPV TOTAL PROFIT (CHF MN)	**341**
NUMBER OF SHARES (MN)	16.0
NPV PER SHARE (CHF)	**21**

		WACC (%)						
	CHF/SHARE	7	8	9	10	11	12	13
	700	34	32	29	27	25	23	22
	650	32	29	27	25	23	22	20
	600	29	27	25	23	22	20	19
PEAK SALES (EUR MN)	550	27	25	23	**21**	20	18	17
	500	24	23	21	19	18	17	16
	450	22	20	19	17	16	15	14
	400	20	18	17	15	14	13	12

ESTIMATES AS OF 13 MAY 2025

SOURCE: VALUATIONLAB ESTIMATES

Eleview – Colonic lesion resection cushion

Eleview peak sales of EUR 40 mn - NPV of CHF 2 per share

We forecast global peak sales for Eleview in endoscopic lesion resection to amount to approximately EUR 40 mn booked by Medtronic (global) and Pendopharm (Canada). We assume a cost per vial between USD 81 (US) and EUR 35 (EU/ROW), 1.5 vials used per procedure, and a market penetration peaking at ~9% in the US and a more conservative ~4% in the EU/ROW with patent expiry in 2034. We assume Cosmo to receive an estimated ~3% royalty rate and ~20% manufacturing revenue from Medtronic while incurring COGS of 5% as an exclusive global supplier. Our NPV amounts to CHF 27 mn or CHF 2 per share with a WACC of 10%.

Complements GI Genius and Lumeblue in removing lesions

Eleview was the first among Cosmo's endoscopic pipeline products to reach the market, receiving approval in the US in 2015 and in the EU in 2016. Eleview is an injectable solution designed and approved as a lifting agent for gastrointestinal endoscopic procedures, including colonoscopies. It aims to replace off-label (unapproved) saline solutions for removing challenging lesions during these procedures. Eleview is injected into the submucosal layer of the colon wall, directly beneath lesions such as adenomas or polyps. Once injected, the solution reconfigures, creating an artificial net formed by polymer chains that traps water to quickly form a long-lasting, up to 45-minute (methylene) blue-colored cushion. The cushion lifts the lesion, making it easier for the physician to remove (resect) a challenging polyp. Moreover, the blue dye enhances the visibility of the polyp margins, thereby decreasing the risk of gastrointestinal perforation and damage to the external muscular layer. This major complication requires immediate surgery.

Only endoscopic lesion lifting agent approved & backed by post-marketing trials.

Eleview is the only endoscopic lesion resection filling specifically approved for this indication. The FDA and EMA approvals were based on trials comparing Eleview with standard saline injections, establishing a substantial barrier to entry. In 2017, Cosmo announced the results of a "first-in-human" exploratory post-marketing trial comparing Eleview to standard saline solution in patients undergoing endoscopic mucosal resection of colonic lesions ≥20 mm. Although the trial was not powered to show statistical significance, several endpoints reached statistical significance, while others indicated a numerical trend favoring Eleview. The use of Eleview was associated with a lower volume needed for resection, a lower average volume per lesion size, a shorter mean procedure time, and a trend toward a lower number of resection pieces and a higher rate of complete resections in the Eleview arm compared to the saline solution (see Appendix, page 40).

Medtronic oversees global marketing – upward trend after being hit by the pandemic.

Eleview is supplied and distributed worldwide by Medtronic, except in Canada, where the product is licensed to Pendopharm. Medtronic can now maximize Cosmo's returns by leveraging its marketing strength alongside significant cost synergies from selling GI Genius, which helps detect lesions, and Eleview, which facilitates the removal of challenging lesions. Eleview sales were severely impacted by the COVID-19 pandemic, resulting in a sharp drop in colonoscopies. Post-pandemic, we expect a gradual recovery of sales, further bolstered by the recall of the competing product Orise from Boston Scientific in 2022 (see our detailed forecasts on the following page).

Forecasts & Sensitivity Analysis

ELEVIEW - FINANCIAL FORECASTS FOR COLONIC LESION RESECTION

INDICATION	ENDOSCOPIC MUCOSAL RESECTION OF LARGE SESSILE POLYPS IN THE GASTROINTESTINAL TRACT
DOSAGE	SUBMUCOSAL INJECTION FORMULATION; 1-2 10 ML VIALS REQUIRED PER REMOVED LESION
PRICING	US: USD 92.50 PER VIAL / EU/ROW: EUR 30 PER VIAL; APPROXIMATELY 1 1/2 VIALS ARE REQUIRED PER ADENOMA
STANDARD OF CARE	SUBMUCOSAL SALINE INJECTIONS; SEIKAGAKU'S MUCOUP (JAPAN ONLY), LIFEEUROPE'S SIGMAVISC (EU ONLY) BOTH NO DYE; BOSTON SCIENTIFIC'S ORISE GEL (CONTAINS DYE)
UNIQUE SELLING POINT	FIRST INJECTABLE EMULSION CONTAINING A VISIBILITY ENHANCING DYE WITH LONG-LASTING CUSHION TO FACILITATE LESION RESECTION

7Ps ANALYSIS

PATENT	EXPIRY: NOV 2034; 3 GRANTED US PATENTS (US9226996; US9364580; US9522216) AND 1 GRANTED EU PATENT (EP2911707)
PHASE	APPROVED IN THE EU AND US IN MAY 2017; MARKETING TRIALS IN FOUR US SITES ONGOING (SPEED AND SAFETY VS. STANDARD CARE IN EMR)
PATHWAY	CLASSIFIED AS A CLASS II MEDICAL DEVICE IN US AND EU; CLINICAL TRIALS PROVIDE MARKETING ADVANTAGE AND BARRIER TO ENTRY
PATIENT	LESS RISK OF COLON PERFORATION THAT LEADS TO INVASIVE EMERGENCY REPAIR SURGERY AND LONG RECOVERY TIME
PHYSICIAN	EASIER AND FASTER REMOVAL OF LESIONSREDUCING THE RISK OF COLON PERFORATION AND ITS COMPLICATIONS
PAYER	SUBSTANTIAL COST SAVINGS DUE TO FASTER AND EASIER PROCEDURE AND LESS COSTLY COLON PERFORATIONS AND COMPLICATIONS
PARTNER	MEDTRONIC: GLOBAL RIGHTS EXCLUDING CANADA (PENDOPHARM) - WE ASSUME COSMO RETAINS A NET MARGIN OF AROUND 20%

REVENUE MODEL

UNITED STATES - SOLD BY MEDTRONIC	**2024E**	**2025E**	**2026E**	**2027E**	**2028E**	**2029E**	**2030E**	**2031E**	**2032E**	**2033E**	**2034E**
PEOPLE OF SCREEN-ELIGIBLE AGE (50-74 YEARS) (MN)	99	102	105	109	112	115	119	122	126	130	134
GROWTH (%)	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%
NUMBER OF COLONOSCOPIES (MN)	18	18	19	20	20	21	21	22	23	23	24
CHANGE (%)	3%	3%	3%	3%	3%	3%	3%				
PREVALENCE OF ADENOMATOUS POLYPS (%)	30%	30%	30%	30%	30%	30%	30%	30%	30%	30%	30%
COLONOSCOPIES WITH ADENOMATOUS POLYPS (MN)	5.4	5.5	5.7	5.9	6.0	6.2	6.4	6.6	6.8	7.0	7.2
NUMBER OF SIGMOIDOSCOPIES (MN)	3.6	3.7	3.8	3.9	4.0	4.1	4.3	4.4	4.5	4.7	4.8
PREVALENCE OF ADENOMATOUS POLYPS (%)	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%
SIGMOIDOSCOPIES WITH ADENAMATOUS POLYPS (MN)	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.5	0.5	0.5
TOTAL CASES WITH ADENOMOTOUS POLYPS (MN)	5.7	5.9	6.1	6.3	6.4	6.6	6.8	7.0	7.3	7.5	7.7
LIFTING AGENT REQUIRED (%)	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%
PROCEDURES WHERE LIFTING AGENT REQUIRED (MN)	**1.1**	**1.2**	**1.2**	**1.3**	**1.3**	**1.3**	**1.4**	**1.4**	**1.5**	**1.5**	**1.5**
PENETRATION (%)	3%	5%	5%	6%	6%	7%	8%	9%	9%	9%	8%
NUMBER OF PROCEDURES WITH ELEVIEW	34'245	58'867	66'708	74'967	83'662	99'449	116'108	133'678	137'688	141'819	116'859
COST PER VIAL (EUR)	55	55	55	55	55	55	55	55	55	55	55
NUMBER OF VIALS PER PROCEDURE	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5
COST PER PROCEDURE (EUR)	136	136	136	136	136	136	136	136	136	136	136
SALES (EUR MN) - BOOKED BY MEDTRONIC	**5**	**8**	**9**	**10**	**11**	**14**	**16**	**18**	**19**	**19**	**16**
CHANGE (%)	-49%	72%	13%	12%	12%	19%	17%	15%	3%	3%	-18%
ROYALTY (%)	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%
ROYALTIES (EUR MN)	0	0	0	0	0	0	0	1	1	1	0
MANUFACTURING REVENUE (%)	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%
MANUFACTURING REVENUE (EUR MN)	1	2	2	2	2	3	3	4	4	4	3
COGS (%)	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%
COGS (EUR MN)	0	0	0	-1	-1	-1	-1	-1	-1	-1	-1
PROFIT BEFORE TAX (EUR MN)	**1**	**1**	**2**	**2**	**2**	**2**	**3**	**3**	**3**	**4**	**3**
TAXES (EUR MN)	0	0	0	0	0	0	-1	-1	-1	-1	-1
PROFIT (EUR MN)	**1**	**1**	**1**	**2**	**2**	**2**	**2**	**3**	**3**	**3**	**2**

EUROPE / ROW - SOLD BY MEDTRONIC (EX. CANADA)	**2024E**	**2025E**	**2026E**	**2027E**	**2028E**	**2029E**	**2030E**	**2031E**	**2032E**	**2033E**	**2034E**
PEOPLE OF SCREEN-ELIGIBLE AGE (50-74 YEARS) (MN)	244	251	258	266	274	282	291	300	309	318	327
GROWTH (%)	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%
NUMBER OF COLONOSCOPIES (MN)	44	45	47	48	49	51	52	60	62	64	65
CHANGE (%)	3%	3%	3%	3%	3%	3%	3%				
PREVALENCE OF ADENOMATOUS POLYPS (%)	30%	30%	30%	30%	30%	30%	30%	30%	30%	30%	30%
COLONOSCOPIES WITH ADENOMATOUS POLYPS (MN)	13.2	13.5	14.0	14.4	14.8	15.2	15.7	18.0	18.5	19.1	19.6
NUMBER OF SIGMOIDOSCOPIES (MN)	8.8	9.0	9.3	9.6	9.9	10.2	10.5	12.0	12.3	12.7	13.1
PREVALENCE OF ADENOMATOUS POLYPS (%)	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%
SIGMOIDOSCOPIES WITH ADENAMATOUS POLYPS (MN)	0.9	0.9	0.9	1.0	1.0	1.0	1.0	1.2	1.2	1.3	1.3
TOTAL CASES WITH ADENOMOTOUS POLYPS (MN)	52.6	54.2	55.8	57.5	59.2	61.0	62.8	71.9	74.1	76.3	78.6
LIFTING AGENT REQUIRED (%)	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%
PROCEDURES WHERE LIFTING AGENT REQUIRED (MN)	**10.5**	**10.8**	**11.2**	**11.5**	**11.8**	**12.2**	**12.6**	**14.4**	**14.8**	**15.3**	**15.7**
PENETRATION (%)	1%	2%	3%	4%	4%	4%	4%	4%	4%	4%	4%
NUMBER OF PROCEDURES WITH ELEVIEW	105'232	216'777	334'921	402'463	473'757	487'969	502'609	575'208	592'464	610'238	628'545
COST PER VIAL (EUR)	25	25	25	25	25	25	25	25	25	25	25
NUMBER OF VIALS PER PROCEDURE	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5
COST PER PROCEDURE (EUR)	38	38	38	38	38	38	38	38	38	38	38
SALES EUROPE/ROW - BOOKED BY MEDTRONIC	**4**	**8**	**13**	**15**	**18**	**18**	**19**	**22**	**22**	**23**	**24**
CHANGE (%)	-49%	106%	55%	20%	18%	3%	3%	14%	3%	3%	3%
ROYALTY (%)	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%
ROYALTIES (EUR MN)	0	0	0	0	1	1	1	1	1	1	1
MANUFACTURING REVENUE (%)	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%
MANUFACTURING REVENUE (EUR MN)	1	2	3	3	4	4	4	4	5	5	5
COGS (%)	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%
COGS (EUR MN)	0	0	-1	-1	-1	-1	-1	-1	-1	-1	-1
PROFIT BEFORE TAX (EUR MN)	**1**	**1**	**2**	**3**	**3**	**3**	**3**	**4**	**4**	**4**	**4**
TAXES (EUR MN)	0	0	0	-1	-1	-1	-1	-1	-1	-1	-1
PROFIT (EUR MN)	**1**	**1**	**2**	**2**	**3**	**3**	**3**	**3**	**3**	**3**	**3**

	2024E	**2025E**	**2026E**	**2027E**	**2028E**	**2029E**	**2030E**	**2031E**	**2032E**	**2033E**	**2034E**
GLOBAL SALES (EUR MN)	**9**	**16**	**22**	**25**	**29**	**32**	**35**	**40**	**41**	**42**	**39**
CHANGE (%)	-49%	88%	34%	17%	15%	9%	9%	15%	3%	3%	-6%
GLOBAL PROFIT (EUR MN)	**1**	**2**	**3**	**4**	**4**	**5**	**5**	**6**	**6**	**6**	**6**
CHANGE (%)	-49%	88%	34%	17%	15%	9%	9%	15%	3%	3%	-6%

WACC (%)	10%
NPV TOTAL PROFIT (CHF MN)	**27**
NUMBER OF SHARES (MN)	16.0
NPV PER SHARE (CHF)	**2**

SENSITIVITY ANALYSIS

		WACC (%)						
	CHF/SHARE	7	8	9	10	11	12	13
	80	4	4	4	4	3	3	3
	70	4	3	3	3	3	3	3
	60	3	3	3	3	3	2	2
PEAK SALES (EUR MN)	50	3	2	2	**2**	2	2	2
	40	2	2	2	2	2	2	2
	30	2	1	1	1	1	1	1
	20	1	1	1	1	1	1	1

ESTIMATES AS OF 13 MAY 2025

SOURCE: VALUATIONLAB ESTIMATES

II) DERMATOLOGY

Winlevi (acne)

Product Analysis

Winlevi peak sales of EUR 350 mn - rNPV of CHF 13 per share

We forecast global peak sales of around EUR 350 mn for Winlevi in acne, with the US accounting for roughly 70% of global peak sales. The US commercial launch started in 2021 by partner Sun Pharma. We assume US patent protection until 2030, an annual treatment cost of USD 550 (with initial heavy rebates subsiding), and a market penetration peaking at ~15%. We forecast up to EUR 59 mn in sales milestones, 15-20% tiered sales royalties, and ~5% manufacturing revenue from Sun Pharma with ~3% COGS. In the EU/ROW, we assume first launches in 2026 by its partners, 10-year data exclusivity until 2035, and an annual treatment cost of EUR 250 with a peak market penetration of ~10%. We assume Cosmo will receive up to EUR 56 mn milestones, 20% sales royalties, 7% manufacturing revenue, and 5% COGS. Based on the above, our rNPV amounts to CHF 273 mn, or CHF 13 per share, applying a conservative 75% success probability, the average of US 100% (approved) and EU/ROW 50% (CHMP re-examination), and a WACC of 10%.

Winlevi the first new acne drug based on a new MOA in 40 years.

Winlevi became the first-ever topical anti-androgen approved and launched for acne based on a new mechanism of action (cortexolone-17) in almost forty years. In 2020, Winlevi was approved for treating acne in the US, which affects up to 50 mn people annually in the US alone. Canadian approval followed in 2023. In April 2025, the CHMP issued a negative opinion for the approval of Winlevi in the EU, citing a negative benefit-to-risk ratio in adolescents. Cosmo will file for a re-examination, with the CHMP response expected in Q3 2025. Winlevi offers a non-antibiotic approach to people with acne by targeting the androgen receptors directly in the skin, filling a long-standing gap in acne treatment and complementing current treatments. The US approval was based on two positive pivotal phase III trials, “Study 25” and “Study 26”, and a long-term open-label phase III safety trial, “Study 27”, where Winlevi demonstrated highly statistically significant improvements for all primary clinical endpoints including IGA (Investigator Global Assessment) score, non-inflammatory lesion counts, and inflammatory lesion counts compared to placebo with a favorable safety profile.

USD 4.9 bn acne market limited to reformulations or combinations of old therapies

Current acne treatments are largely limited to reformulations or fixed combinations of single products featuring NCEs (new chemical entities), the last of which was discovered in the mid-1990s with the approval of topical retinoids Differin (adapalene) and Tazorac (tazarotene). Nevertheless, Winlevi targets a USD 4.9 bn acne market opportunity, where the average annual sales of branded prescription acne products range between USD 250-400 mn. Major topical prescription acne drugs include Galderma’s Epiduo (adapalene & benzoyl peroxide combo drug) and Allergan’s Aczone (dapsone). Winlevi became the first and potentially only approved and launched topical anti-androgen for acne, based on the positive phase III top-line trial results announced in 2018. Without the systemic side effects that limit the use of existing oral alternatives, Winlevi should have a significant impact on the existing acne market.

Additionally, Winlevi can also be used alongside other acne treatments. Given its excellent safety and tolerability, Cosmo could potentially develop a higher-strength Winlevi formulation. Development costs are relatively contained since dermatology drugs have short clinical development timelines. Furthermore, the US acne market is serviced by a relatively small number of dermatologists whom Sun Dermatology's dedicated sales force can effectively target. Sun Dermatology could become the preferred US and Canadian partner for Cosmo's other dermatology pipeline projects (e.g., Breezula). At the same time, commercial success in the US attracted commercialization partners outside of the US under similarly attractive terms.

The first effective & safe anti-androgen for acne without systemic side effects

Winlevi is a topical anti-androgen for treating acne that contains the novel NCE clascoterone (cortexolone-17α-propionate), which has strong local anti-androgen activity and was discovered in Cosmo's labs. Winlevi aims to be the first effective and safe topical anti-androgen without systemic side effects. Increased androgen activity from hormones such as testosterone and its derivative dihydrotestosterone (DHT) leads to the overproduction of oily sebum by the sebaceous glands, the origin of acne. Oral anti-androgens, such as spironolactone, are available with proven efficacy; however, their use is limited by systemic side effects such as dizziness, headaches, diarrhea, and increased body hair growth, among others. Winlevi is a topically delivered small molecule that penetrates the skin to reach the androgen receptors of the sebaceous gland, demonstrating strong local anti-androgen activity.

Winlevi acts on the overproduction of sebum, which is at the top of the cascade of physiological events that lead to acne formation. It blocks androgen hormones from the androgen receptors located in the sebaceous gland and hair follicle. This reduces the production of oily sebum that clogs the hair follicle with dead skin cells, contributing to the formation of comedones (blackheads and whiteheads), pimples, and deeper lumps (cysts or nodules) that can occur on the face, neck, chest, back, shoulders, and upper arms. Consequently, the hair follicle remains unclogged, preventing colonization and bacterial infection by P. acnes and subsequent inflammation. Once in the bloodstream, Winlevi metabolizes rapidly into cortexolone, a corticosteroid naturally produced by the body with negligible systemic anti-androgen activity and a known safety profile. Moreover, both men and women can use Winlevi, unlike other anti-androgen therapies.

Winlevi achieved all primary and secondary endpoints in both phase III acne trials.

In 2018, positive phase III top-line results for Winlevi in acne were announced. Both pivotal phase III trials, the US "Study 25" and EU "Study 26", produced highly statistically significant results for Winlevi compared to placebo across all three primary endpoints as well as secondary endpoints, indicating a robust treatment effect. Importantly, no treatment-related serious side effects with Winlevi were observed in the phase III trials, underlining the very clean safety profile seen in previous clinical trials. In 2019, positive results from "Study 27", the long-term open-label phase III trial of Winlevi in acne, were announced, confirming that the drug is well tolerated with an acceptable safety profile without systemic side effects (see Appendix, page 41).

Winlevi: one of the most successful US launches in topical acne drugs in 15 years

Winlevi remains the leading prescribed branded topical acne product in the US, with over 1.3 mn TRx (total prescriptions) since its launch and over 90% of dermatology healthcare practitioners prescribing the drug. Launched by Sun Pharma in the US in September 2023,

Winlevi was also approved in Canada in June 2023 and in .Australia in March 2024. Cosmo stands to receive high double-digit sales royalties and up to USD 190 mn in sales milestones from Sun Pharma in the US and Canada. A global expansion through experienced partners is underway, with commercial launches anticipated in 38 countries by the end of 2027. Upon positive re-examination by the CHMP expected in Q3 2025, launches should follow shortly after. Cosmo is also developing a Winlevi lifecycle extension and expansion program for other dermatology indications.

Strong US uptake of Winlevi triggers new licensing & supply agreements in 2022
The strong uptake of Winlevi in the US led to new licensing and supply agreements, all established in 2022, with 3SBio in Greater China, InfectoPharm in Germany, Italy, and Austria, and Hyphens Pharma for Southeast Asia.

3SBio is a leading biopharmaceutical company in China, listed on the Hong Kong Stock Exchange (1530.HK), with extensive expertise in researching, developing, manufacturing, and marketing biopharmaceuticals targeting cancer, ophthalmology, autoimmune diseases, kidney disease, and dermatology. Under the terms of the license agreement, 3SBio received the exclusive right to develop and commercialize Winlevi in Greater China, while Cosmo will be the exclusive supplier of the API for the finished product during the initial commercialization period until such time as manufacturing has been transferred to 3SBio for sales in Greater China. Cosmo received an upfront payment of USD 6.5 mn, with potential development and sales milestones totaling up to USD 63.5 mn and customary ascending high single-digit or double-digit royalties on net sales. The agreement also includes a right of first refusal for an exclusive license for Breezula to treat alopecia in Greater China. More than 95% of Chinese individuals suffer from acne to varying degrees, with over 100 mn young people aged 10 to 25 experiencing acne.

InfectoPharm is a well-established, family-owned German company that operates internationally and enjoys a strong reputation among physicians, pediatricians, and dermatologists. With sales of EUR 50 mn, the dermatological range is a vital pillar of its business. Under the terms of the agreement, InfectoPharm will exclusively commercialize Winlevi in Germany, Italy, and Austria. Cosmo is responsible for the centralized procedure before the European Medicines Agency (EMA), aimed at obtaining a single Marketing Authorization for the product in the European Union, and will be the exclusive supplier of Winlevi. Cosmo received an upfront payment of EUR 1 mn, with potential regulatory milestones totaling up to EUR 4.5 mn, and customary double-digit royalties on net sales.

Hyphens Pharma is listed on the Singapore Stock Exchange (SGX: 1J5). Under the terms of the agreement, Hyphens will receive the exclusive right to develop and commercialize Winlevi in 10 countries in Southeast Asia, including Singapore, Indonesia, Malaysia, the Philippines, Vietnam, Thailand, Brunei, Cambodia, Laos, and Myanmar, with Cosmo serving as the exclusive supplier of the product. Cosmo received an upfront payment of USD 1 mn, with potential regulatory and sales milestones totaling up to USD 4 mn and customary double-digit royalties on net sales. More than 600 mn people live in this region, with millions seeking treatment for acne.

See our detailed forecasts on the following page.

Forecasts & Sensitivity Analysis

WINLEVI - FINANCIAL FORECASTS FOR ACNE VULGARIS

INDICATION	TOPICAL TREATMENT FOR ACNE VULGARIS IN PEOPLE 12 YEARS AND OLDER
DOSAGE	1% CREAM APPLIED TWICE A DAY ON SKIN FOR APPROXIMATELY A YEAR
PRICING	ANNUAL TREATMENT PRICE PER PATIENT IN: EU/ROW: EUR 250; US: USD 550
STANDARD OF CARE	PRESCRIPTION TREATMENTS INCLUDE BENZOYL PEROXIDE CREAM, TOPICAL RETINOIDS, ORAL RETINOIDS OR SINGLE-PRODUCT COMBINATIONS OF THESE DRUGS
UNIQUE SELLING POINT	FIRST-IN-CLASS TOPICAL ANDROGEN RECEPTOR INHIBITOR FOR ACNE VULGARIS WITH NEGLIGIBLE SYSTEMIC BIOAVAILABILITY (EXCELLENT SAFETY & TOLERABILITY PROFILE)

7Ps ANALYSIS

PATENT	PROTECTED BY MEDICAL USE PATENT IN ACNE & ALOPECIA UNTIL 2022 (EU/ROW)/2023 (US) AND PATENT COVERING ALL CRYSTALLINE FORMS UNTIL 2028 (EU/ROW) AND 2030 (US)
PHASE	POSITIVE RESULTS ACROSS ALL PRIMARY ENDPOINTS 2018; US LAUNCH 2021 BY SUN PHARMA; EU NEGATIVE OPINION CHMP APR 2025, CHMP RE-EXAMINATION RESPONSE Q3 2025
PATHWAY	SPA APPROVED JUL 2015; 2 PIVOTAL TRIALS (US & EU) 700 PTS. EACH; SAFETY AT LEAST 1,000 PTS.: 1 LT OPEN LABEL SAFETY TRIAL: 300+ PTS. 6 MONTHS; 100 PTS. 12 MONTHS
PATIENT	CONVENIENT TOPICAL CREAM WITH GOOD EFFICACY LACKING THE SIDE EFFECTS OF SYSTEMIC ANTI-ANDROGENS (E.G. MOOD CHANGES, LOSS OF LIBIDO, MALE BREASTS)
PHYSICIAN	CONVENIENT AND EFFECTIVE TOPICAL ACNE TREATMENT LACKING TYPICAL ANTI-ANDROGEN SIDE EFFECTS SHOULD ENHANCE PATIENT COMPLIANCE
PAYER	SIGNIFICANT COST-SAVINGS DUE TO THE LACK OF TYPICAL ANTI-ANDROGEN SIDE EFFECTS
PARTNER	SUN PHARMA: US, CANADA, JAPAN, AUSTRALIA & OTHERS; GLENMARK: EUROPE & SOUTH AFRICA; 3SBIO: GREATER CHINA; HYUNDAI: SOUTH KOREA; HIKMA: MENA REGION

REVENUE MODEL

NORTH AMERICA - SOLD BY SUN PHARMA	**2024E**	**2025E**	**2026E**	**2027E**	**2028E**	**2029E**	**2030E**	**2031E**	**2032E**	**2033E**	**2034E**
PERSONS WITH ACNE (MN)	55	55	56	57	57	58	58	59	59	60	61
GROWTH (%)	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%
MODERATE TO SEVERE ACNE (%)	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%
PERSONS WITH MODERATE TO SEVERE ACNE (MN)	11	11	11	11	11	12	12	12	12	12	12
ON PRESCRIPTION (%)	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%
PERSONS WITH MODERATE TO SEVERE ACNE ON RX (MN)	9	9	9	9	9	9	9	9	10	10	10
PENETRATION (%)	9%	11%	13%	14%	14%	14%	10%	3%	1%	0%	0%
PERSONS ON TREATMENT	781'021	966'276	1'155'158	1'257'215	1'315'493	1'328'648	939'354	237'187	59'890	15'122	3'818
GROSS COST OF THERAPY PER YEAR (EUR)	500	500	500	500	500	500	500	500	500	500	500
DISCOUNT RATE (%)	55%	50%	45%	35%	25%	25%	25%	25%	25%	25%	25%
NET COST OF THERAPY PER YEAR (EUR)	225	250	275	325	375	375	375	375	375	375	375
PATIENT COMPLIANCE (%)	45%	47%	49%	50%	50%	50%	50%	50%	50%	50%	50%
SALES (EUR MN) - BOOKED BY SUN PHARMA	**79**	**113**	**156**	**204**	**247**	**249**	**176**	**44**	**11**	**3**	**1**
CHANGE (%)	35%	44%	37%	31%	21%	1%	-29%	-75%	-75%	-75%	-75%
ROYALTIES FROM SUN PHARMA (%)	11%	13%	15%	15%	18%	18%	20%	20%	20%	20%	20%
ROYALTIES FROM SUN PHARMA (EUR MN)	9	15	23	31	44	45	35	9	2	1	0
MANUFACTURING REVENUE (%)	6%	9%	9%	9%	9%	9%	9%	9%	9%	9%	9%
MANUFACTURING REVENUE (EUR MN)	5	10	14	18	22	22	16	4	1	0	0
UPFRONT & MILESTONE PAYMENTS (EUR MN)	4	0	14	18	0	18	0	0	0	1	2
COGS (%)	5%	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%
COGS (EUR MN)	-4	-3	-5	-6	-7	-7	-5	-1	0	0	0
PROFIT BEFORE TAX (USD MN)	**10**	**22**	**46**	**61**	**59**	**78**	**46**	**12**	**3**	**2**	**2**
TAXES (EUR MN)	-2	-4	-9	-12	-12	-16	-9	-2	-1	0	0
PROFIT (EUR MN)	**8**	**17**	**37**	**49**	**47**	**62**	**37**	**9**	**2**	**1**	**2**

EUROPE / REST OF WORLD - SOLD BY PARTNER (TBD)	**2024E**	**2025E**	**2026E**	**2027E**	**2028E**	**2029E**	**2030E**	**2031E**	**2032E**	**2033E**	**2034E**
PERSONS WITH ACNE (MN)	59	59	60	61	61	62	62	63	64	64	65
GROWTH (%)	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%
MODERATE TO SEVERE ACNE (%)	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%
PERSONS WITH MODERATE TO SEVERE ACNE (MN)	12	12	12	12	12	12	12	13	13	13	13
ON PRESCRIPTION (%)	70%	70%	70%	70%	70%	70%	70%	70%	70%	70%	70%
PERSONS WITH MODERATE TO SEVERE ACNE ON RX (MN)	8	8	8	8	9	9	9	9	9	9	9
PENETRATION (%)	0%	0%	3%	6%	8%	10%	11%	11%	12%	12%	12%
PERSONS ON TREATMENT	0	0	251'938	508'914	685'338	865'239	917'586	970'893	1'025'175	1'035'427	1'045'781
COST OF THERAPY PER YEAR (EUR)	250	250	250	250	250	250	250	250	250	250	250
PATIENT COMPLIANCE (%)	45%	45%	45%	45%	47%	49%	50%	50%	50%	50%	50%
SALES (EUR MN) - BOOKED BY PARTNER (TBD)	**0**	**0**	**28**	**57**	**81**	**106**	**115**	**121**	**128**	**129**	**131**
CHANGE (%)				102%	41%	32%	8%	6%	6%	1%	1%
ROYALTIES FROM PARTNER (%)	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%
ROYALTIES FROM PARTNER (EUR MN)	0	0	4	9	12	16	17	18	19	19	20
MANUFACTURING REVENUE (%)	9%	9%	9%	9%	9%	9%	9%	9%	9%	9%	9%
MANUFACTURING REVENUE (EUR MN)	0	0	3	5	7	10	10	11	12	12	12
UPFRONT & MILESTONE PAYMENTS (EUR MN)	0	17	0	5	0	8	0	10	0	0	10
COGS (%)	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%
COGS (EUR MN)	0	0	-1	-3	-4	-5	-6	-6	-6	-6	-7
R&D COSTS (EUR MN)	0	0	0	0	0	0	0	0	0	1	2
PROFIT BEFORE TAX (EUR MN)	**0**	**17**	**5**	**16**	**15**	**28**	**22**	**33**	**24**	**26**	**37**
TAXES (EUR MN)	0	-3	-1	-3	-3	-6	-4	-7	-5	-5	-7
PROFIT (EUR MN)	**0**	**14**	**4**	**13**	**12**	**22**	**17**	**26**	**19**	**20**	**29**

	2024E	**2025E**	**2026E**	**2027E**	**2028E**	**2029E**	**2030E**	**2031E**	**2032E**	**2033E**	**2034E**
GLOBAL SALES (EUR MN)	**79**	**113**	**184**	**261**	**327**	**355**	**291**	**166**	**139**	**132**	**131**
CHANGE (%)	35%	44%	62%	42%	25%	9%	-18%	-43%	-16%	-5%	-1%
GLOBAL PROFIT (EUR MN)	**8**	**31**	**41**	**62**	**60**	**84**	**54**	**36**	**22**	**22**	**31**
CHANGE (%)	-19%	300%	34%	49%	-3%	42%	-36%	-34%	-39%	0%	43%

WACC (%)	10%	
NPV TOTAL PROFIT (CHF MN)	**273**	
NUMBER OF SHARES (MN)	16.0	
NPV PER SHARE (CHF)	**17**	
SUCCESS PROBABILITY	75%	= AVERAGE US APPROVED (100%) AND EU CHMP APPEAL (50%)
RISK ADJUSTED NPV PER SHARE (CHF)	**13**	

SENSITIVITY ANALYSIS

		WACC (%)						
	CHF / SHARE	7	8	9	10	11	12	13
	100%	19	18	17	17	16	16	15
	95%	18	17	16	16	15	15	14
SUCCESS PROBABILITY	90%	17	16	16	15	15	14	14
	85%	16	15	15	14	14	13	13
	80%	15	14	14	13	13	12	12
	75%	14	14	13	**13**	12	12	11

ESTIMATES AS OF 13 MAY 2025

SOURCE: VALUATIONLAB ESTIMATES

Breezula (androgenic alopecia – hair loss)

Product Analysis

Breezula peak sales of EUR 2.5 bn - rNPV of CHF 67 per share

We forecast peak sales of EUR 2.5 bn for Breezula (clascoterone solution) androgenic alopecia (AGA), the most common type of hair loss in men, assuming first market launches in 2026, patent protection until mid-2036 an annual wholesale cost per patient of between EUR 350 (EU/ROW) and USD 1,200 (US), and a market penetration peaking at around ~25% in the target population. We assume Cosmo will seek commercialization partners for Breezula in return for global upfront and sales milestones totaling EUR 971 mn with 22% sales royalties, 10% manufacturing revenue, and ~2-5% COGS. Our rNPV amounts to CHF 1,077 mn, or CHF 67 per share, with a 65% (phase III) success probability and a WACC of 10%.

A multi-billion-dollar lifestyle market opportunity

Breezula is a distinct formulation (anhydrous solution) with a higher dosage strength (7.5x) of the same novel anti-androgen and new chemical entity (NCE), clascoterone, as used in Winlevi for acne. Breezula is a topical anhydrous clascoterone solution applied twice daily to the scalp to reduce hair thinning and loss in patients with androgenic alopecia (AGA). This is the most common type of hair loss in both men and women, caused by high concentrations of the hormone DHT (dihydrotestosterone); hence, the term androgenic (hormonal) alopecia (hair loss). In the US alone, approximately 80-95 mn people suffer from AGA. Despite the high incidence of alopecia, Merck & Co's oral anti-androgen Propecia (finasteride) and Pfizer's topical vasodilator Rogaine (minoxidil) are the only two approved prescription drugs for hair loss in the US. Both drugs are now widely available as generics, while minoxidil is also available over the counter (OTC). The non-surgical hair loss market is estimated to be valued at USD 2.8 bn. Hair restoration is a more invasive yet relatively common alopecia treatment, valued at an estimated market worth of USD 1.9 bn.

First and only topical anti-androgen treatment for men and women

Breezula could become the first and only topical anti-androgen treatment for male alopecia with a new mechanism of action in nearly three decades. It promises to be at least as effective as Propecia; however, it avoids systemic side effects, such as sexual dysfunction, that have hindered the uptake of this oral anti-androgen. Despite these limitations, global sales of Propecia peaked at USD 431 mn in 2009.

Breezula blocks DHT, the root cause of hair loss, without systemic effects.

Androgenic alopecia is multifactorial, caused by a combination of genetics and the effects of androgens, such as the male hormone testosterone and its derivative, dihydrotestosterone (DHT). High concentrations of DHT at the hair follicle shorten the hair growth cycle. DHT increases the overproduction of the oily substance sebum (also the cause of acne), which clogs the hair follicles on the scalp, hindering the growth of the hair shaft and leading to skin inflammation. As the hair follicles gradually shrink, they produce progressively smaller and thinner hairs until, eventually, they can no longer produce hair. In most cases, these DHT-dependent effects are reversible, as seen with Propecia, which blocks 5-alpha-reductase that converts free testosterone into DHT.

Breezula acts similarly to Propecia in that it blocks the formation of DHT. Additionally, Breezula reduces the skin's production of prostaglandin D2, a hormone-like compound that can inhibit hair growth at high levels. However, because Breezula is a topical anti-androgen, it predominantly affects the cutaneous level of the scalp. Once in the bloodstream, Breezula metabolizes rapidly to cortexolone, a corticosteroid produced naturally by the body, with negligible systemic anti-androgen activity and a well-known safety profile. Therefore, Breezula does not interfere with the hormonal and androgenic profiles of patients, unlike Propecia, an oral anti-androgen that has a wide range of sexual side effects, such as erectile dysfunction and libido disorders. Moreover, Propecia is not approved for women because it can cause birth defects.

Although Breezula is prescribed at a dosage strength of clascoterone 7.5 times higher than that of Winlevi, the systemic penetration of both products remains essentially the same due to the scalp's lesser permeability compared to facial skin. Therefore, Breezula should exhibit a comparably excellent safety and tolerability profile, similar to Winlevi, and can be administered to both men and women. This presents a significant competitive advantage over Propecia with the potential to greatly expand its commercial opportunity.

Positive phase IIb trial of Breezula in men forms the basis of the two phase III trials.
In 2017, a phase IIb dose-ranging trial began in up to 400 men with mild to moderate androgenic alopecia. They were treated with Breezula for 12 months, with an interim analysis scheduled after 6 months. In 2018, positive (6-month) interim analysis top-line results were reported, followed by positive topline results in 2019 after 12 months of treatment with Breezula (see Appendix, page 43).

Critical 6-month topline phase III results due in early H2 2025
The pivotal phase III development for treating AGA in men began in June 2023. Two identical 6-month, double-blind, vehicle-controlled phase III trials, "SCALP 1" and "SCALP 2," are being conducted at approximately 50 sites in the US and Europe, targeting around 750 male subjects over the age of 18 for each trial. Initial topline results for the first 6 months (primary & secondary endpoints) are expected in early H2 2025.

EUR 2.5 bn global peak sales forecast for Breezula provides huge upside
Based on US market research, Cosmo expects Breezula to achieve global peak sales of at least USD 2 bn for males affected by AGA. The hair loss market is stagnant, with treatment options limited to old therapies developed 30 to 40 years ago. An estimated 80 to 95 mn people in the US suffer from AGA, with fewer than 10% seeking treatment. Nonetheless, the US market research indicates that more than 70% of patients are highly concerned about their AGA. Half of hair loss product users would consider using Breezula, while a third of non-product users would do the same. Physicians anticipate using Breezula in 60% of their patients, highlighting the novel method of action and impressive clinical results observed in phase II trials. The US market for prescription AGA products or OTC minoxidil recommended by a physician is estimated at 11.5 mn units, growing at 6% per year, with 60%, or 7 mn units, in men. Cosmo expects to capture approximately 35% of the peak market share. Furthermore, the improved efficacy, more convenient twice-daily application, and absence of side effects are expected to enhance the poor patient compliance of around 40% for current therapies to approximately 65%. We assume a launch price of USD 110/month, and expect the first launches to occur in 2027, with estimated global peak sales of around EUR 2.5 bn. We calculate an rNPV of CHF 67 per share with a 65% (phase III) success probability for Breezula in male alopecia (see our detailed forecasts on the following page).

Forecasts & Sensitivity Analysis

BREEZULA - FINANCIAL FORECASTS FOR MALE ANDROGENIC ALOPECIA (HAIR LOSS)

INDICATION	ANDROGENIC ALOPECIA (MOST COMMON TYPE OF HAIR LOSS) IN MEN
DOSAGE	WE ASSUME 7.5% TOPICAL ANHYDROUS SOLUTION APPLIED TWICE A DAY ON SCALP; CHRONIC TREATMENT REQUIRED TO MAINTAIN THE EFFECT
PRICING	ANNUAL TREATMENT COST PER PATIENT IN: EU/ROW: EUR 350; US: USD 1,320 (SIMILAR TO MERCK & CO'S BRANDED PROPECIA)
STANDARD OF CARE	PRESCRIPTION (RX) DRUGS INCLUDE SYSTEMIC (TABLETS) PROPECIA (FINASTERIDE), AVODART (DUTASTERIDE), PROGESTERONE; RX & OTC: TOPICAL ROGRAINE (MINOXIDIL)
UNIQUE SELLING POINT	FIRST-IN-CLASS TOPICAL ANDROGEN RECEPTOR INHIBITOR FOR ALOPECIA WITH GOOD EFFICACY AND AN EXCELLENT SAFETY AND TOLERABITY PROFILE FOR MEN AND WOMEN

7Ps ANALYSIS

PATENT	PROTECTED BY MEDICAL USE PATENT IN ACNE & ALOPECIA UNTIL 2022 (EU/ROW)/2023 (US) AND FORMULATION PATENTS COVERING ALL CRYSTALLINE FORMS UP TO MID 2036
PHASE	PHASE IIB TRIAL WITH POSITIVE 6-MONTHS AND 12-MONTHS RESULTS; 6-MONTH TOPLINE RESULTS PHASE III TRIALS ("SCALP 1 & 2") IN 1,500 MALE SUBJECTS IN EARLY H2 2025
PATHWAY	2 PIVOTAL PHASE III TRIALS (US & EU) EACH ~750 PTS.; SAFETY AT LEAST 1,000 PTS.: 1 LT OPEN LABEL SAFETY TRIAL: 300+ PTS. 6 MONTHS; 100 PTS. 12 MONTHS
PATIENT	POTENTIALLY IMPROVED EFFICACY OVER CURRENT TREATMENTS, LACKS SYSTEMIC EFFECTS, POTENTIAL TO BE GIVEN TO WOMEN (PROPECIA NOT INDICATED FOR WOMEN)
PHYSICIAN	NEW, WELL TOLERATED TREATMENT WITH NEW MECHANISM (TOPICAL ANTI-ANDROGEN) WITH POTENTIALLY IMPROVED EFFICACY THAN CURRENT TREATMENTS
PAYER	LIMITED IMPACT - MOST HAIR LOSS TREATMENTS ARE NOT REIMBURSED AND PAID OUT-OF-POCKET BY PATIENTS (LIFESTYLE DRUG)
PARTNER	US: LIKELY PARTNER WITH SUN PHARMA (THAT SELLS WINLEVI IN US, CANADA, JAPAN AMONG OTHERS); EU/ROW: SEEK PARTNER(S) ON POSITIVE PHASE III OR ON US APPROVAL

REVENUE MODEL

NORTH AMERICA (US & CANADA) - SOLD BY PARTNER (TBD)	**2024E**	**2025E**	**2026E**	**2027E**	**2028E**	**2029E**	**2030E**	**2031E**	**2032E**	**2033E**	**2034E**
MALES AFFECTED BY ALOPECIA (MN)	57	58	59	60	62	63	64	65	67	68	69
GROWTH (%)	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%
ON PRESCRIPTION (%)	10%	10%	10%	10%	10%	10%	11%	11%	12%	12%	12%
MALES ON PRESCRIPTION (MN)	5.7	5.8	5.9	6.0	6.2	6.5	6.9	7.3	7.7	8.2	8.6
PENETRATION (%)	0%	0%	0%	4%	10%	16%	20%	22%	22%	22%	22%
MALES ON TREATMENT	0	0	0	241'500	615'826	1'045'229	1'383'924	1'610'272	1'701'138	1'794'993	1'891'923
COST OF THERAPY PER YEAR (EUR)	1'199	1'199	1'199	1'199	1'199	1'199	1'199	1'199	1'199	1'199	1'199
PATIENT COMPLIANCE (%)	65%	65%	65%	65%	65%	65%	65%	65%	65%	65%	65%
SALES (EUR MN) - BOOKED BY PARTNER	**0**	**0**	**0**	**188**	**480**	**815**	**1'079**	**1'255**	**1'326**	**1'399**	**1'475**
CHANGE (%)					155%	70%	32%	16%	6%	6%	5%
ROYALTIES FROM PARTNER (%)	22%	22%	22%	22%	22%	22%	22%	22%	22%	22%	22%
ROYALTIES FROM PARTNER (EUR MN)	0	0	0	41	106	179	237	276	292	308	324
MANUFACTURING REVENUE (%)	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%
MANUFACTURING REVENUE (EUR MN)	0	0	0	19	48	81	108	126	133	140	147
UPFRONT & MILESTONE PAYMENTS (EUR MN)	0	0	45	18	45	68	91	0	136	0	0
COGS (%)	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%
COGS (EUR MN)	0	0	0	-4	-10	-16	-22	-25	-27	-28	-29
PROFIT BEFORE TAX (EUR MN)	**0**	**0**	**45**	**75**	**189**	**313**	**415**	**377**	**534**	**420**	**442**
TAXES (EUR MN)	0	0	-9	-15	-38	-63	-83	-75	-107	-84	-88
PROFIT (EUR MN)	**0**	**0**	**36**	**60**	**152**	**250**	**332**	**301**	**427**	**336**	**354**

EUROPE - SOLD BY PARTNER (TBD)	**2024E**	**2025E**	**2026E**	**2027E**	**2028E**	**2029E**	**2030E**	**2031E**	**2032E**	**2033E**	**2034E**
MALES AFFECTED BY ALOPECIA (MN)	76	76	76	76	76	76	76	76	76	76	76
ON PRESCRIPTION (%)	10%	10%	10%	10%	10%	10%	10%	10%	11%	11%	11%
MALES ON PRESCRIPTION (MN)	7.6	7.6	7.6	7.6	7.6	7.6	7.7	7.9	8.0	8.2	8.3
PENETRATION (%)	0%	0%	0%	0%	4%	10%	16%	20%	21%	21%	21%
MALES ON TREATMENT	0	0	0	0	303'574	758'935	1'238'581	1'578'584	1'689'388	1'721'264	1'753'139
COST OF THERAPY PER YEAR (EUR)	350	350	350	350	350	350	350	350	350	350	350
PATIENT COMPLIANCE (%)	65%	65%	65%	65%	65%	65%	65%	65%	65%	65%	65%
SALES (EUR MN) - BOOKED BY PARTNER(S)	**0**	**0**	**0**	**0**	**69**	**173**	**282**	**359**	**384**	**392**	**399**
CHANGE (%)						150%	63%	27%	7%	2%	2%
ROYALTIES FROM PARTNER (~22%) (EUR MN)	0	0	0	0	15	38	62	79	85	86	88
MANUFACTURING REVENUE (~10%) (EUR MN)	0	0	0	0	7	17	28	36	38	39	40
UPFRONT & MILESTONE PAYMENTS (EUR MN)	0		25		20	15	25	30			40
COGS (~5%) (EUR MN)	0	0	0	0	-3	-9	-14	-18	-19	-20	-20
R&D COSTS (EUR MN)	-15	-10	-2	0	0	0	0	0	1	2	3
PROFIT BEFORE TAX (EUR MN)	**-15**	**-10**	**23**	**0**	**39**	**62**	**101**	**127**	**105**	**108**	**151**
TAXES (EUR MN)	0	0	-5	0	-8	-12	-20	-25	-21	-22	-30
PROFIT (EUR MN)	**-15**	**-10**	**18**	**0**	**31**	**49**	**81**	**102**	**84**	**86**	**121**

JAPAN / SOUTH KOREA - SOLD BY PARTNER(S) (TBD)	**2024E**	**2025E**	**2026E**	**2027E**	**2028E**	**2029E**	**2030E**	**2031E**	**2032E**	**2033E**	**2034E**
MALES AFFECTED BY ALOPECIA (MN)	60	60	60	60	60	60	60	60	60	60	60
ON PRESCRIPTION (%)	10%	10%	10%	10%	10%	10%	10%	10%	11%	11%	11%
MALES ON PRESCRIPTION (MN)	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.1	6.3	6.5	6.7
PENETRATION (%)	0%	0%	0%	0%	0%	3%	8%	13%	16%	17%	18%
MALES ON TREATMENT	0	0	0	0	0	179'080	477'545	799'292	1'012'396	1'106'115	1'203'415
COST OF THERAPY PER YEAR (EUR)	700	700	700	700	700	700	700	700	700	700	700
PATIENT COMPLIANCE (%)	65%	65%	65%	65%	65%	65%	65%	65%	65%	65%	65%
SALES (EUR MN) - BOOKED BY PARTNER(S)	**0**	**0**	**0**	**0**	**0**	**81**	**217**	**364**	**461**	**503**	**548**
CHANGE (%)							167%	67%	27%	9%	9%
ROYALTIES FROM PARTNER (~22%) (EUR MN)	0	0	0	0	0	18	48	80	101	111	120
MANUFACTURING REVENUE (~10%) (EUR MN)	0	0	0	0	0	8	22	36	46	50	55
UPFRONT & MILESTONE PAYMENTS (EUR MN)	0		20	10		25	25		50		
COGS (~5%) (EUR MN)	0	0	0	0	0	-4	-11	-18	-23	-25	-27
PROFIT BEFORE TAX (EUR MN)	**0**	**0**	**20**	**10**	**0**	**47**	**84**	**98**	**174**	**136**	**148**
TAXES (EUR MN)	0	0	-4	-2	0	-9	-17	-20	-35	-27	-30
PROFIT (EUR MN)	**0**	**0**	**16**	**8**	**0**	**38**	**67**	**79**	**139**	**109**	**118**

	2024E	**2025E**	**2026E**	**2027E**	**2028E**	**2029E**	**2030E**	**2031E**	**2032E**	**2033E**	**2034E**
GLOBAL SALES (EUR MN)	**0**	**0**	**0**	**188**	**549**	**1'069**	**1'578**	**1'978**	**2'171**	**2'294**	**2'421**
CHANGE (%)											
GLOBAL PROFIT (EUR MN)	**-15**	**-10**	**71**	**68**	**182**	**337**	**479**	**481**	**651**	**531**	**593**
CHANGE (%)	150%	-33%	-807%	-4%	169%	85%	42%	0%	35%	-18%	12%

WACC (%)	10%	
NPV TOTAL PROFIT (CHF MN)	**1'657**	
NUMBER OF SHARES (MN)	16.0	
NPV PER SHARE (CHF)	**103**	
SUCCESS PROBABILITY	65%	= PHASE III
RISK ADJUSTED NPV PER SHARE (CHF)	**67**	

SENSITIVITY ANALYSIS

		WACC (%)						
	CHF / SHARE	7	8	9	10	11	12	13
	100%	120	114	109	103	99	94	90
	95%	114	108	103	98	94	89	85
	90%	108	103	98	93	89	85	81
SUCCESS PROBABILITY	85%	102	97	92	88	84	80	76
	80%	96	91	87	83	79	75	72
	75%	90	85	81	78	74	71	67
	70%	84	80	76	72	69	66	63
	65%	78	74	71	**67**	64	61	58

ESTIMATES AS OF 13 MAY 2025

SOURCE: VALUATIONLAB ESTIMATES

III) GASTROENTEROLOGY

Lialda / Mezavant (ulcerative colitis)

Generic erosion only has a minor impact on Cosmo's revenues.

The approval of Lialda/Mezavant in 2007 marked the first validation of Cosmo's proprietary MMX colon delivery technology. It was also the company's first prescription drug to enter the market for treating ulcerative colitis, a chronic relapsing-remitting illness characterized by inflammation of the colon and rectum, for which no known cure exists. However, patients can manage their symptoms with appropriate treatment. Lialda/Mezavant features generic mesalamine in a novel oral tablet formulation that employs the company's MMX technology. It was the first convenient once-a-day formulation of mesalamine available, containing the highest dosage per tablet, which significantly reduces the frequency of dosing (once instead of 3-4 times a day) and the pill burden (2-4 tablets instead of 6-16) compared to competitor mesalamine products, contributing to its success.

Early licensing agreements funded other research projects at far better terms

Lialda/Mezavant was globally out-licensed to Giuliani and Shire Pharmaceuticals (acquired by Takeda in 2019) in 2001, during the early stages of Cosmo's existence and the clinical development of the drug. This aligned with the company's strategy to share the risk and avoid overstretching its financial reach. Consequently, the licensing terms were relatively poor, with royalty revenues on sales at 3.5% (with a cumulative cap of USD 95 mn on global sales - the US and EU cumulative cap of USD 80 mn was reached in 2014) and manufacturing revenues of 3% of sales. Takeda has the right to manufacture up to 20% of Lialda/Mezavant capacity, but this has proven challenging, and Takeda has not succeeded in doing so. This highlights Cosmo's manufacturing expertise and state-of-the-art facilities. On the positive side, Lialda/Mezavant's cash flows were used to fund other MMX projects such as Uceris/Cortiment, Aemcolo/Relafalk, and Lumeblue, enabling the company to take on more risk over time by out-licensing these projects at a later stage of development with significantly better economics.

Stellar rise of Lialda thanks to its best-in-class profile, but generics spoil the party

In 2007, Lialda/Mezavant was initially approved for the induction of remission in patients with active, mild-to-moderate ulcerative colitis, followed by maintenance treatment in 2011. The convenient once-a-day dosing, with significantly fewer tablets, has been the key driver of growth and market penetration, achieving peak sales of USD 792 mn in 2016. Lialda was expected to enjoy protection for a few more years until 2020, when the MMX composition of matter patent would expire. However, after years of patent battles, the last legal barrier between Shire and a generic version of Lialda fell, and the FDA approved a generic from the Indian manufacturer Zydus Cadila in 2017. Nevertheless, this class of drugs has proven extremely difficult to manufacture. For instance, there are still no generics for Takeda's own ulcerative colitis drug Pentasa (mesalamine), which lost patent protection a decade ago.

LIALDA / MEZAVANT - FINANCIAL FORECASTS FOR ULCERATIVE COLITIS	
INDICATION	INDUCTION AND MAINTENANCE OF REMISSION FOR PATIENTS WITH ULCERATIVE COLITIS FO MILD TO MODERATE SEVERITY
DOSAGE	2.4 GRAMS/DAY (MAINTENANCE) OR 2.4-4.8 GRAMS/DAY (INDUCTION)
PRICING	US: 2 TABLETS PER DAY FOR 120 DAYS = USD 1,473 PER PATIENT; EU/ROW 2 TABLETS PER DAY FOR 120 DAYS = EUR 454 PER PATIENT
STANDARD OF CARE	GENERIC MESALAMINE / ASACOL (WARNER CHILCOTT)
UNIQUE SELLING POINT	ONLY ONCE-A-DAY DOSING (2-4 TABLETS), OTHER MESALAMINES REQUIRE 3-4 TIMES A DAY DOSING (6-16 TABLETS)
7Ps ANALYSIS	
PATENT	EXPIRY 2020 ("MMX" FORMULATION PATENT (USPTO: 7,431,943 - JUNE 2020)); INDIAN COMPANY ZYDUS RECEIVED US FDA APPROVAL FOR ITS GENERIC IN JUNE 2017
PHASE	LAUNCHED IN THE US BY SHIRE IN 2007 AND ROLLED OUT LATER IN THE EU; WE EXPECT NOGRA PHARMA TO LAUNCH IN JAPAN IN 2018
PATHWAY	ESTABLISHED REGULATORY PATHWAY - "MMX" SUSTAINED RELEASE FORMULATION OF GENERIC MESALAMINE
PATIENT	CONVENIENT ONCE-A-DAY DOSING SCHEDULE AND LOWER PILL LOAD COMPARED TO COMPETITORS
PHYSICIAN	BETTER PATIENT COMPLIANCE DUE TO ONCE-A-DAY DOSING SCHEDULE POTENTIALLY ENHANCING EFFICACY
PAYER	COST EFFECTIVE TREATMENT DUE TO IMPROVED PATIENT COMPLIANCE AND EFFICACY
PARTNER	US: TAKEDA (ACQUIRED SHIRE IN 2019) I EU: GIULIANI SPA / LEHNER SA (TAKEDA HAS EXCLUSIVE SELLING RIGHTS) I JAPAN: NOGRA PHARMA

REVENUE MODEL

BASED ON SHIPPED TABLETS	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E
NUMBER OF TABLETS SHIPPED BY COSMO (MN)	**421**	**412**	**404**	**396**	**388**	**380**	**373**	**365**	**358**	**351**	**344**
CHANGE (%)	-19%	-2%	-2%	-2%	-2%	-2%	-2%	-2%	-2%	-2%	-2%
COSMO REVENUE PER TABLET (EUR)	0.069	0.069	0.069	0.069	0.069	0.069	0.069	0.069	0.069	0.069	0.069
COSMO MANUFACTURING REVENUE (EUR MN)	**29**	**28**	**28**	**27**	**27**	**26**	**26**	**25**	**25**	**24**	**24**
CHANGE (%)	-19%	-2%	-2%	-2%	-2%	-2%	-2%	-2%	-2%	-2%	-2%
COSMO COST PER TABLET (EUR)	0.007	0.007	0.007	0.007	0.007	0.007	0.007	0.007	0.007	0.007	0.007
COGS (EUR MN)	-3	-3	-3	-3	-3	-3	-3	-3	-2	-2	-2

	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E
LIALDA REVENUES (EUR MN)	**26**	**26**	**25**	**25**	**24**	**24**	**23**	**23**	**22**	**22**	**21**
CHANGE (%)	-19%	-2%	-2%	-2%	-2%	-2%	-2%	-2%	-2%	-2%	-2%

WACC (%)	10%
NPV TOTAL PROFIT (CHF MN)	**142**
NUMBER OF SHARES (MN)	16.0
NPV PER SHARE (CHF)	**9**

ESTIMATES AS OF 13 MAY 2025

SOURCE: VALUATIONLAB ESTIMATES

Uceris/Cortiment (ulcerative colitis)

Uceris impacted by generics – Cortiment continues to grow.

Uceris/Cortiment was Cosmo's second drug to reach the market using Cosmo's proprietary MMX colon delivery technology. Its peak sales potential in ulcerative colitis could rival Lialda's peak sales before generics entered the US market. The drug is branded Uceris in the US and Cortiment outside the US, where Ferring is largely responsible for commercialization. In the US, Bausch Health (formerly Valeant Pharmaceuticals) handles the commercialization of Uceris.

First convenient, oral, locally active corticosteroid for treating ulcerative colitis

Up to 30% of patients with mild or moderate ulcerative colitis do not respond sufficiently to aminosalicylate (5-ASA) drugs such as Lialda and require a different or add-on therapy. Patients refractive to 5-ASA treatment typically receive a course of a systemically absorbed corticosteroid, whose side effects may limit effectiveness. Uceris is the first convenient, oral, locally active corticosteroid using Cosmo's proprietary MMX formulation of generic budesonide to be approved for the induction of active, mild, or moderate ulcerative colitis. In the US, systemic corticosteroids such as prednisone are prescribed off-label for mild or moderate ulcerative colitis. However, they have been used infrequently due to feared long-term side effects (e.g., stunted growth, weight gain, "moon" face, bruising).

US uptake was hampered by multiple acquisitions and "at-risk" generic launches.

In early 2013, Uceris was approved and launched by Santarus, Cosmo's original US commercialization partner. Uceris got off to a flying start in the US, triggering consecutive acquisitions. In late 2013, Salix acquired Santarus. In 2015, Valeant acquired Salix. In 2018, Valeant was renamed Bausch Health to distance itself from the public outrage associated with massive price increases of several of its products. In 2018, the FDA approved Actavis' (Teva) generic version of Uceris, with Actavis launching its " at-risk " version and an authorized generic by Bausch Health shortly after.

Global rollout by Ferring is well on its way, approved in more than 45 countries. Outside the US, excluding Japan and Asia, Ferring is responsible for selling Cortiment and has gained approval in over 45 countries, including major EU countries and several countries in South and North America, as well as the Far East. Unfortunately, pricing in the EU is a fraction of the US price. Cortiment has grown steadily at around 10% annually in recent years. We expect this growth to continue at a similar rate in the future, supported by the approval and launch in Japan in 2023, with net manufacturing revenue of approximately 18% of sales after COGS.

UCERIS / CORTIMENT - FINANCIAL FORECASTS FOR ULCERATIVE COLITIS

INDICATION	INDUCTION OF REMISSION FOR PATIENTS WITH ACTIVE ULCERATIVE COLITIS OF MILD TO MODERATE SEVERITY
DOSAGE	A SINGLE 9 MG ORAL TABLET ONCE DAILY FOR UP TO 8 WEEKS
PRICING	8 WEEKS TREATMENT DURATION: US: USD 40/DAY = USD 2,240; EU: EUR 10/DAY = EUR 560
STANDARD OF CARE	GENERIC MESALAMINE /ASACOL (WARNER CHILCOTT) / LIALDA (COSMO) / ENTOCORT EC/ENEMA (ASTRAZENECA)
UNIQUE SELLING POINT	FIRST ORAL STEROID FOR ULCERATIVE COLITIS ON US MARKET - BETTER RESPONSE RATES THAN SALYCILATES, SAFER THAN SYSTEMIC STEROIDS (E.G. PREDNISON)
7Ps ANALYSIS	
PATENT	EXPIRY SEP 2031; 12 GRANTED US PATENTS (COM, METHOD OF USE); 1 GRANTED EU PATENT (EP1183014); ACTAVIS GENERIC APPROVED & LAUNCHED "AT RISK" IN JUL 2018
PHASE	US: APPROVED JANUARY 2013 / EU: APPROVED OCTOBER 2014; LAUNCHED IN 22 COUNTRIES, APPROVED IN 47, PENDING REGISTRATION IN 13, FILINGS PLANNED FOR 29
PATHWAY	ESTABLISHED REGULATORY PATHWAY - "MMX" SUSTAINED RELEASE FORMULATION OF GENERIC BUDESONIDE
PATIENT	SIMPLE SINGLE ORAL TABLET VS ENTOCORT ENEMA (RECTAL ADMINISTRATION)
PHYSICIAN	HIGHER RESPONSE RATES THAN ASACOL, LIALDA AND ENTOCORT
PAYER	HIGHER PATIENT COMPLIANCE AND RESPONSE RATES LEAD TO LOWER TOTAL TREATMENT COSTS
PARTNER	FERRING GLOBAL RIGHTS EX-US; US: LICENSED TO BAUSCH HEALTH (FORMERLY VALEANT PHARMACEUTICALS)

REVENUE MODEL

UNITED STATES - SOLD BY BAUSCH HEALTH	**2024E**	**2025E**	**2026E**	**2027E**	**2028E**	**2029E**	**2030E**	**2031E**	**2032E**	**2033E**	**2034E**
NUMBER OF PATIENTS (MN)	1.3	1.3	1.4	1.4	1.5	1.5	1.5	1.6	1.6	1.7	1.7
PATIENT WITH MILD-TO-MODERATE DISEASE (85%)	1.1	1.1	1.2	1.2	1.2	1.3	1.3	1.4	1.4	1.4	1.5
PENETRATION (%)	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
NUMBER OF PATIENTS (MN)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
COST OF THERAPY PER YEAR (EUR)	2'035	2'035	2'035	2'035	2'035	2'035	2'035	2'035	2'035	2'035	2'035
SALES (EUR MN) - BOOKED BY BAUSCH HEALTH	**9**	**7**	**6**	**5**	**4**	**3**	**3**	**2**	**2**	**1**	**1**
CHANGE (%)	-18%	-18%	-18%	-18%	-18%	-18%	-18%	-18%	-18%	-18%	-18%
MANUFACTURING REVENUE (~14%) (EUR MN)	1	1	1	1	1	0	0	0	0	0	0
COGS (~2%) (EUR MN)	0	0	0	0	0	0	0	0	0	0	0
PROFIT BEFORE TAX (EUR MN)	**1**	**1**	**1**	**1**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
TAXES (EUR MN)	0	0	0	0	0	0	0	0	0	0	0
PROFIT (EUR MN)	**1**	**1**	**1**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**

EUROPE / REST OF WORLD - SOLD BY FERRING	**2024E**	**2025E**	**2026E**	**2027E**	**2028E**	**2029E**	**2030E**	**2031E**	**2032E**	**2033E**	**2034E**
NUMBER OF PATIENTS (MN)	1.4	1.5	1.5	1.6	1.6	1.6	1.7	1.7	1.8	1.9	1.9
PATIENT WITH MILD-TO-MODERATE DISEASE (85%)	1.2	1.2	1.3	1.3	1.4	1.4	1.4	1.5	1.5	1.6	1.6
PENETRATION (%)	4%	4%	5%	6%	7%	8%	6%	3%	2%	1%	0%
NUMBER OF PATIENTS (MN)	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.0	0.0	0.0
COST OF THERAPY PER YEAR (EUR)	560	560	560	560	560	560	560	560	560	560	560
SALES (EUR MN) - BOOKED BY FERRING	**31**	**37**	**45**	**53**	**62**	**71**	**59**	**30**	**16**	**8**	**4**
CHANGE (%)	18%	19%	21%	19%	17%	15%	-18%	-49%	-49%	-49%	-49%
MANUFACTURING REVENUE (~20%) (EUR MN)	6	7	9	10	12	14	11	6	3	2	1
UPFRONT & MILESTONE PAYMENTS (EUR MN)				5							
COGS (~2%) (EUR MN)	-1	-1	-1	-1	-1	-1	-1	-1	0	0	0
PROFIT BEFORE TAX (EUR MN)	**5**	**6**	**8**	**14**	**11**	**12**	**10**	**5**	**3**	**1**	**1**
TAXES (EUR MN)	-1	-1	-2	-3	-2	-2	-2	-1	-1	0	0
PROFIT (EUR MN)	**4**	**5**	**6**	**11**	**9**	**10**	**8**	**4**	**2**	**1**	**1**

	2024E	**2025E**	**2026E**	**2027E**	**2028E**	**2029E**	**2030E**	**2031E**	**2032E**	**2033E**	**2034E**
GLOBAL SALES (EUR MN)	**40**	**44**	**50**	**58**	**66**	**74**	**61**	**32**	**17**	**9**	**5**
CHANGE (%)	8%	11%	15%	14%	14%	13%	-18%	-47%	-46%	-45%	-44%
GLOBAL PROFIT (EUR MN)	**5**	**6**	**7**	**12**	**9**	**10**	**8**	**4**	**2**	**1**	**1**
CHANGE (%)	10%	13%	17%	74%	-24%	14%	-18%	-48%	-47%	-46%	-45%
WACC (%)	10%										
NPV TOTAL PROFIT (CHF MN)	**40**										
NUMBER OF SHARES (MN)	16.0										
NPV PER SHARE (CHF)	**3**										

ESTIMATES AS OF 13 MAY 2025

SOURCE: VALUATIONLAB ESTIMATES

Rifamycin enema – Distal ulcerative colitis & proctitis

Product Analysis

Distal ulcerative colitis peak sales of around EUR 300 mn - rNPV 1/share

We forecast global peak sales of approximately EUR 300 mn for rifamycin enema to treat distal ulcerative colitis (UC) and proctitis. We assume the first launches in 2030, with an estimated treatment cost of USD 1,680 (US) and EUR 420 (EU), based on 6 weeks of treatment, 60% patient compliance, and a peak market penetration of around 25%. We expect Cosmo to seek commercialization partner(s) following positive phase III results, with global milestones of up to EUR 108 mn and sales royalties of 15%, manufacturing revenue of 10%, and COGS of 2%. Our rNPV for rifamycin enema in distal UC amounts to CHF 21 mn or CHF 1 per share, with a 15% (POC) success rate and a WACC of 10%.

A surprise new formulation of rifamycin SV for distal UC

Rifamycin enema, a new formulation of the antibiotic rifamycin SV combined with a newly developed rectal delivery system, aims to treat mild to moderate distal ulcerative colitis (UC) and proctitis more effectively. Distal UC is a chronic inflammation that specifically affects the lower portion of the colon, typically involving the lining of the rectum and sigmoid colon (the last section of the colon). It is termed proctitis if the inflammation is confined to the lining of the rectum. Distal UC is a lifelong and incurable condition that fluctuates, severely impacting quality of life and increasing the risk of colorectal cancer. It affects approximately 1.9 mn people in the US, with an overall prevalence of 1.3%.

Current treatments, such as rectal mesalamine (suppositories, enemas, or foams) as a first-line treatment or rectal steroids as second-line treatments, typically do not deliver sufficient active ingredient to achieve maximum therapeutic effect. A study showed that commercial enemas deliver low amounts of the active ingredient (less than 10% of the total dose) to the rectum, with most of the content reaching the distal colon. This represents a significant issue since the rectum is always inflamed in patients with distal UC. The new delivery system includes a customized cannula with an atypical hole to deliver rifamycin to the distal colon and lateral holes for optimized delivery to the rectum. Rifamycin enema combines three polymers to achieve a liquid solution-to-gel transition upon rectal administration. At room temperature, it is fluid. Once administered through the newly developed delivery system with a broader reach, it transforms into a bio-adhesive gel at body temperature, adhering to the rectal and sigmoid colon wall for an extended period. This provides sufficient active ingredient for maximum local therapeutic effect with minimal (if any) side effects. Rifamycin SV is a topical antibiotic that is more effective at killing harmful bacteria while preserving the normal microbiome of the colon compared to the current standard of care.

Phase II POC trial underway with topline results in 2027

In April 2024, a phase II POC, double-blind, 2:1 randomized trial comparing rifamycin enema 800 mg/day (n=68) to placebo (n=34) with a 6-week treatment duration trial was started in approximately 24 trial centers across 7 European countries, aiming to enroll around 120 patients with ulcerative colitis (UC). The trial has been designed according to EMA and FDA guidelines, featuring centralized endoscopy and histology reviews. A colonoscopy with biopsy will be performed at both trial entry and conclusion to confirm the extent and severity of the disease. Topline trial results are expected in 2027.

Forecasts & Sensitivity Analysis

RIFAMYCIN ENEMA - FINANCIAL FORECASTS FOR DISTAL ULCERATIVE COLITIS AND PROCTITIS

INDICATION	INDUCTION OF REMISSION FOR PATIENTS WITH ACTIVE DISTAL ULCERATIVE COLITIS OR PROCTITIS OF MILD TO MODERATE SEVERITY
DOSAGE	A SINGLE DOSE (TBD) ONCE DAILY BEFORE BEDTIME FOR UP TO 6 WEEKS
PRICING	6 WEEKS TREATMENT DURATION: US: USD 40/DAY = USD 1,680; EU: EUR 10/DAY = EUR 420
STANDARD OF CARE	RECTAL MESALAMINE (SUPPOSITORIES OR ENEMAS) AS 1ST LINE TREATMENT, RECTAL CORTICOSTEROIDS AS 2ND LINE
UNIQUE SELLING POINT	NEWLY DELIVERY SYSTEM VISCOUS RIFAMYCIN FORMULATION TURNS BIOADHESIVE AT BODY TEMPERATURE PROVIDING LOCAL EFFICACY IN THE ENTIRE COLON & RECTUM

7Ps ANALYSIS

PATENT	EXPIRY 2043 IF NEWLY FILED PATENTS ARE GRANTED IN THE MAJOR MARKETS
PHASE	PHASE II POC (6-WEEK TREATMENT) TRIAL STARTED IN ~24 CENTERS IN 7 COUNTRIES IN EUROPE IN MARCH 2024
PATHWAY	ESTABLISHED REGULATORY PATHWAY: VISCOUS GEL FORMULATION OF RIFAMYCIN (APPROVED FOR TRAVELERS' DIARRHEA) GIVEN THROUGH A NEW DELIVERY SYSTEM
PATIENT	SIMPLE ONCE-DAILY RECTAL TREATMENT BEFORE BEDTIME WITH THE POTENTIAL TO REDUCE ACTIVE DISEASE WITH LOW OR NO SIDE EFFECTS
PHYSICIAN	HIGHER RESPONSE RATES THAN RECTAL MESALAMINE OR STEROIDS IN PROCTITIS OR DISTAL ULCERATIVE COLITIS WITH NO SYSTEMIC RESISTANCE DUE TO LOCAL THERAPY
PAYER	HIGHER PATIENT RESPONSE RATES LEAD TO LOWER OVERALL TREATMENT COSTS
PARTNER	PARTNERING BEFORE STARTING PIVOTAL PHASE III DEVELOPMENT TO SHARE DEVELOPMENT COSTS AND RISK IN RETURN FOR MILESTONES AND ROYALTIES ON SALES

REVENUE MODEL

UNITED STATES - SOLD BY PARTNER (TBD)	**2024E**	**2025E**	**2026E**	**2027E**	**2028E**	**2029E**	**2030E**	**2031E**	**2032E**	**2033E**	**2034E**
NUMBER OF PATIENTS WITH ULCERATIVE COLITIS (MN)	0.9	1.0	1.0	1.0	1.0	1.0	1.1	1.1	1.1	1.1	1.1
GROWTH (%)	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%
PATIENTS WITH MILD-TO-MODERATE DISEASE (85%)	0.8	0.8	0.8	0.8	0.9	0.9	0.9	0.9	0.9	1.0	1.0
PROCTITIS AND DISTAL ULCERATIVE COLITIS (%)	70%	70%	70%	70%	70%	70%	70%	70%	70%	70%	70%
PATIENTS WITH PROCTITIS OR DISTAL ULCERATIVE COLITIS (MN)	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.8	0.8	0.8	0.8
PENETRATION (%)	0%	0%	0%	0%	0%	0%	1%	3%	5%	7%	9%
PATIENTS TREATED	0	0	0	0	0	0	7'381	22'587	38'398	54'833	71'909
COST OF THERAPY PER YEAR (EUR)	1'526	1'526	1'526	1'526	1'526	1'526	1'526	1'526	1'526	1'526	1'526
PATIENT COMPLIANCE (%)	60%	60%	60%	60%	60%	60%	60%	60%	60%	60%	60%
SALES (EUR MN) - BOOKED BY PARTNER (TBD)	**0**	**0**	**0**	**0**	**0**	**0**	**7**	**21**	**35**	**50**	**66**
CHANGE (%)								206%	70%	43%	31%
ROYALTY REVENUE (%)	22%	22%	22%	22%	22%	22%	22%	22%	22%	22%	22%
ROYALTIES (EUR MN)	0	0	0	0	0	0	1	5	8	11	14
MANUFACTURING REVENUE (%)	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%
MANUFACTURING REVENUE (EUR MN)	0	0	0	0	0	0	1	2	4	5	7
UPFRONT & MILESTONE PAYMENTS (EUR MN)	0	0	0	14	0	0	14	0	0	0	5
COGS (%)	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%
COGS (EUR MN)	0	0	0	0	0	0	0	0	-1	-1	-1
PROFIT BEFORE TAX (EUR MN)	**0**	**0**	**0**	**14**	**0**	**0**	**16**	**6**	**11**	**15**	**24**
TAXES (EUR MN)	0	0	0	0	0	0	-3	-1	-2	-3	-5
PROFIT (EUR MN)	**0**	**0**	**0**	**14**	**0**	**0**	**13**	**5**	**8**	**12**	**19**

EUROPE / REST OF WORLD - SOLD BY PARTNER (TBD)	**2024E**	**2025E**	**2026E**	**2027E**	**2028E**	**2029E**	**2030E**	**2031E**	**2032E**	**2033E**	**2034E**
NUMBER OF PATIENTS WITH ULCERATIVE COLITIS (MN)	1.6	1.6	1.6	1.7	1.7	1.7	1.8	1.8	1.8	1.9	1.9
PATIENT WITH MILD-TO-MODERATE DISEASE (85%)	1.3	1.4	1.4	1.4	1.4	1.5	1.5	1.5	1.6	1.6	1.6
PROCTITIS AND DISTAL ULCERATIVE COLITIS (%)	70%	70%	70%	70%	70%	70%	70%	70%	70%	70%	70%
PATIENTS WITH PROCTITIS OR DISTAL ULCERATIVE COLITIS (MN)	1.1	1.1	1.1	1.2	1.2	1.2	1.2	1.3	1.3	1.3	1.3
PENETRATION (%)	0%	0%	0%	0%	0%	0%	1%	3%	5%	7%	9%
PATIENTS TREATED	0	0	0	0	0	0	12'302	37'645	63'997	91'388	119'849
COST OF THERAPY PER YEAR (EUR)	420	420	420	420	420	420	420	420	420	420	420
COMPLIANCE (%)	60%	60%	60%	60%	60%	60%	60%	60%	60%	60%	60%
SALES (EUR MN) - BOOKED BY PARTNER (TBD)	**0**	**0**	**0**	**0**	**0**	**0**	**3**	**9**	**16**	**23**	**30**
CHANGE (%)								206%	70%	43%	31%
ROYALTY REVENUE (%)	22%	22%	22%	22%	22%	22%	22%	22%	22%	22%	22%
ROYALTY REVENUE (EUR MN)	0	0	0	0	0	0	1	2	4	5	7
MANUFACTURING REVENUE (%)	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%
MANUFACTURING REVENUE (EUR MN)	0	0	0	0	0	0	0	1	2	2	3
UPFRONT & MILESTONE PAYMENTS (EUR MN)				10			10				
COGS (%)	4%	4%	4%	4%	4%	4%	4%	4%	4%	4%	4%
COGS (EUR MN)	0	0	0	0	0	0	0	0	-1	-1	-1
R&D COSTS (EUR MN)	-10	-8	-8	-4							
PROFIT BEFORE TAX (EUR MN)	**-10**	**-8**	**-8**	**6**	**0**	**0**	**11**	**3**	**5**	**6**	**8**
TAXES (EUR MN)	0	0	0	0	0	0	-2	-1	-1	-1	-2
PROFIT (EUR MN)	**-10**	**-8**	**-8**	**6**	**0**	**0**	**9**	**2**	**4**	**5**	**7**

	2024E	**2025E**	**2026E**	**2027E**	**2028E**	**2029E**	**2030E**	**2031E**	**2032E**	**2033E**	**2034E**
GLOBAL SALES (EUR MN)	**0**	**0**	**0**	**0**	**0**	**0**	**10**	**30**	**51**	**73**	**96**
CHANGE (%)								206%	70%	43%	31%
GLOBAL PROFIT (EUR MN)	**-10**	**-8**	**-8**	**20**	**0**	**0**	**21**	**7**	**12**	**17**	**26**
CHANGE (%)		-20%	0%	-345%	-100%			-67%	70%	43%	52%

WACC (%)	10%
NPV TOTAL PROFIT (CHF MN)	**140**
NUMBER OF SHARES (MN)	16.0
NPV PER SHARE (EUR)	**9**
SUCCESS PROBABILITY	15% = PHASE II POC
NPV PER SHARE (CHF)	**1**

SENSITIVITY ANALYSIS

		WACC (%)						
	CHF/SHARE	7	8	9	10	11	12	13
	100%	13	11	10	9	8	7	6
	80%	10	9	8	7	6	6	5
	65%	8	7	7	6	5	5	4
SUCCESS PROBABILITY	50%	6	6	5	4	4	4	3
	35%	4	4	4	3	3	2	2
	15%	2	2	2	**1**	1	1	1
	10%	1	1	1	1	1	1	1

ESTIMATES AS OF 13 MAY 2025

SOURCE: VALUATIONLAB ESTIMATES

Colesevelam MMX – Bile acid diarrhea (BAD)

Product Analysis

Bile acid diarrhea (BAD) peak sales EUR 1.3 bn - NPV of CHF 5/share upon POC start

We forecast global peak sales of EUR 1.3 bn for colesevelam MMX for treating bile acid diarrhea (BAD). We assume the first launches in 2029 (US) and 2030 (EU) with an estimated treatment cost of USD 2,100 (US) and EUR 672 (EU) based on 56 treatment days, 40% patient compliance, and a peak market penetration of around 17%. We expect Cosmo to seek commercialization partner(s) on positive phase II POC results with global milestones of up to EUR 240 mn and sales royalties of 15%, manufacturing revenue of 10%, and COGS of 2-4%. The phase II POC trial started in early 2025. Our NPV points to CHF 73 mn or CHF 5 per share with a 15% (POC) success rate and a WACC of 10%.

USD 800 mn peak sales targeted for the US is not BAD at all

Colesevelam MMX (CB-01-33) is another compound that utilizes Cosmo's proprietary MMX formulation technology to address bile acid diarrhea (BAD). Approximately 30% of patients with diarrhea-predominant irritable bowel syndrome (IBS-D), affecting roughly 1.7% of the US population, experience an excess of bile acids entering the colon, leading to chronic diarrhea or bile acid diarrhea (BAD). Current treatments are limited to the off-label (not approved) use of bile acid sequestrants, which are non-absorbable resins approved for treating high blood cholesterol. Colesevelam MMX is expected to provide remarkable therapeutic benefits, as it contains a high dose of colesevelam (900 mg) per tablet to improve patient compliance. Thanks to the MMX formulation, it is released in the ileum and colon, where it effectively binds to bile acids.

Phase II POC trial underway with topline results in 2027

In early 2025, a phase II randomized, double-blind, placebo-controlled, proof-of-concept (POC) trial of 8-week colesevelam MMX treatment in approximately 25 trial centers across 8 European countries began. To reduce the potential for a low drug response compared to a placebo, a specific diagnostic test, the "7C4 test," will be used to identify patients with the disease (potential responders) from those who do not have BAD (non-responders). The IBS-D market in the US was estimated at USD 2.7 bn in 2023. With an estimated 30% of IBS-D patients suffering from BAD, Cosmo sees a USD 800 mn market potential for colesevelam MMX in the US alone.

We forecast global peak sales of colesevelam in BAD to be EUR 1.3 bn (see our detailed forecasts on the following page).

Forecasts & Sensitivity Analysis

COLESEVELAM MMX - FINANCIAL FORECASTS BILE ACID DIARRHEA (BAD)

INDICATION	TREATMENT OF BILE ACID DIARRHEA (BAD)
DOSAGE	DAILY 2-4 TABLETS OF 900 MG COLESEVELAM MMX FOR 8 WEEKS OF TREATMENT
PRICING	8 WEEKS TREATMENT WITH AVERAGE OF 3 TABLETS/DAY ASSUMED: US: USD 37.5/DAY = USD 2,100/TREATMENT; EU/ROW: EUR 12/DAY = EUR 672/TREATMENT
STANDARD OF CARE	NO SPECIFIC APPROVED TREATMENT; BILE ACID SEQUESTRANTS(APPROVED FOR HIGH CHOLESTEROL) ARE USED OFF-LABEL FOR BILE ACID DIARRHEA
UNIQUE SELLING POINT	FIRST APPROVED DRUG FOR BILE ACID DIARRHEA WITH TARGETED RELEASE OF HIGH DOSE COLESEVELAM

7Ps ANALYSIS

PHASE	PHASE II POC TRIAL (8 WEEKS TREATMENT) IN ~25 CENTERS IN EUROPE AND UP TO 8 COUNTRIES TO STARTED IN Q1 2025
PATHWAY	NORMAL REGULATORY PATHWAY IN THE US AND EU/ROW: TWO POSITIVE PHASE III TRIALS AND SUFFICIENT PATIENT EXPOSURE TO DETERMINE SAFETY
PATIENT	HIGH DOSE OF COLESEVELAM IMPROVES PATIENT COMPLIANCE WITH LESS FREQUENT DOSING
PHYSICIAN	SPECIFICALLY DESIGNED FOR BAD WITH CONVENIENT TARGETED RELEASE OF HIGH DOSE COLESEVELAM RESOLVING AN UNMET MEDICAL NEED
PAYER	HIGHER PATIENT RESPONSE RATES LEAD TO LOWER OVERALL TREATMENT COSTS
PARTNER	PARTNERING BEFORE STARTING PIVOTAL PHASE III DEVELOPMENT TO SHARE DEVELOPMENT COSTS AND RISK IN RETURN FOR MILESTONES AND ROYALTIES ON SALES

REVENUE MODEL

UNITED STATES - SOLD BY PARTNER (TBD)	**2024E**	**2025E**	**2026E**	**2027E**	**2028E**	**2029E**	**2030E**	**2031E**	**2032E**	**2033E**	**2034E**
NUMBER OF IBS PATIENTS (MN)	39	39	39	39	39	39	39	39	39	39	39
GROWTH (%)	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
IBS PATIENTS WITH IBS-D (%)	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%
IBS PATIENTS WITH IBS-D (MN)	19.4	19.4	19.4	19.4	19.4	19.4	19.4	19.4	19.4	19.4	19.4
IBS-D PATIENTS WITH BILE ACID DIARRHEA (BAD) (%)	30%	30%	30%	30%	30%	30%	30%	30%	30%	30%	30%
PATIENTS WITH BILE ACID DIARRHEA (MN)	5.8	5.8	5.8	5.8	5.8	5.8	5.8	5.8	5.8	5.8	5.8
PENETRATION (%)	0%	0%	0%	0%	0%	0%	2%	8%	12%	14%	15%
PATIENTS TREATED	0	0	0	0	0	0	116'684	466'738	700'106	816'791	875'133
COST OF THERAPY PER DAY (EUR)	34	34	34	34	34	34	34	34	34	34	34
NUMBER OF TREATMENT DAYS	56	56	56	56	56	56	56	56	56	56	56
COST OF TREATMENT (EUR)	1'908	1'908	1'908	1'908	1'908	1'908	1'908	1'908	1'908	1'908	1'908
COMPLIANCE (%)	40%	40%	40%	40%	40%	40%	40%	40%	40%	40%	40%
SALES (EUR MN) - BOOKED BY PARTNER	**0**	**0**	**0**	**0**	**0**	**0**	**89**	**356**	**534**	**623**	**668**
CHANGE (%)								300%	50%	17%	7%
ROYALTY (%)	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%
ROYALTIES (EUR MN)	0	0	0	0	0	0	0	0	0	0	0
MANUFACTURING REVENUE (%)	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%
MANUFACTURING REVENUE (EUR MN)	0	0	0	0	0	0	9	36	53	62	67
UPFRONT & MILESTONE PAYMENTS (EUR MN)	0	0	0	18	0	0	18	32	45	0	0
COGS (%)	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%
COGS (EUR MN)	0	0	0	0	0	0	-2	-7	-11	-12	-13
PROFIT BEFORE TAX (EUR MN)	**0**	**0**	**0**	**18**	**0**	**0**	**25**	**60**	**88**	**50**	**53**
TAXES (EUR MN)	0	0	0	-3	0	0	-4	-9	-13	-7	-8
PROFIT (EUR MN)	**0**	**0**	**0**	**15**	**0**	**0**	**22**	**51**	**75**	**42**	**45**

EUROPE / REST OF WORLD - SOLD BY PARTNER (TBD)	**2024E**	**2025E**	**2026E**	**2027E**	**2028E**	**2029E**	**2030E**	**2031E**	**2032E**	**2033E**	**2034E**
NUMBER OF IBS PATIENTS (MN)	95	95	95	95	95	95	95	95	95	95	95
GROWTH (%)	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
IBS PATIENTS WITH IBS-D (%)	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%
IBS PATIENTS WITH IBS-D (MN))	48	48	48	48	48	48	48	48	48	48	48
IBS-D PATIENTS WITH BILE ACID DIARRHEA (BAD) (%)	30%	30%	30%	30%	30%	30%	30%	30%	30%	30%	30%
PATIENTS WITH BILE ACID DIARRHEA (MN)	14	14	14	14	14	14	14	14	14	14	14
PENETRATION (%)	0%	0%	0%	0%	0%	0%	0%	2%	8%	12%	14%
PATIENTS TREATED	0	0	0	0	0	0	0	285'888	1'143'552	1'715'328	2'001'216
COST OF THERAPY PER DAY (EUR)	12	12	12	12	12	12	12	12	12	12	12
NUMBER OF TREATMENT DAYS	56	56	56	56	56	56	56	56	56	56	56
COST OF TREATMENT (EUR)	672	672	672	672	672	672	672	672	672	672	672
COMPLIANCE (%)	40%	40%	40%	40%	40%	40%	40%	40%	40%	40%	40%
SALES (EUR MN) - BOOKED BY PARTNER	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**77**	**307**	**461**	**538**
CHANGE (%)									300%	50%	17%
ROYALTY (%)	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%
ROYALTIES (EUR MN)	0	0	0	0	0	0	0	12	46	69	81
MANUFACTURING REVENUE (%)	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%
MANUFACTURING REVENUE (EUR MN)	0	0	0	0	0	0	0	8	31	46	54
UPFRONT & MILESTONE PAYMENTS (EUR MN)	0	0	10	10	0	0	0	20	25	50	0
COGS (%)	4%	4%	4%	4%	4%	4%	4%	4%	4%	4%	4%
COGS (EUR MN)	0	0	0	0	0	0	0	-3	-12	-18	-22
R&D COSTS (EUR MN)	-4	-4	0	0	0	0	0	0	0	0	0
PROFIT BEFORE TAX (EUR MN)	**-4**	**-4**	**10**	**10**	**0**	**0**	**0**	**36**	**90**	**147**	**113**
TAXES (EUR MN)	1	1	-2	-2	0	0	0	-5	-13	-22	-17
PROFIT (EUR MN)	**-3**	**-3**	**9**	**9**	**0**	**0**	**0**	**31**	**76**	**125**	**96**

	2024E	**2025E**	**2026E**	**2027E**	**2028E**	**2029E**	**2030E**	**2031E**	**2032E**	**2033E**	**2034E**
GLOBAL SALES (EUR MN)	**0**	**0**	**0**	**0**	**0**	**0**	**89**	**433**	**842**	**1'084**	**1'206**
CHANGE (%)								386%	94%	29%	11%
GLOBAL PROFIT (EUR MN)	**-3**	**-3**	**9**	**24**	**0**	**0**	**22**	**82**	**151**	**167**	**141**
CHANGE (%)		0%	-350%	182%	-100%			281%	84%	11%	-15%

WACC (%)	10%
NPV TOTAL PROFIT (CHF MN)	**488**
NUMBER OF SHARES (MN)	16.0
NPV PER SHARE (CHF)	**30**
SUCCESS PROBABILITY	15% = PHASE II POC-READY
RISK ADJUSTED NPV PER SHARE (CHF)	**5**

SENSITIVITY ANALYSIS

		WACC (%)						
	CHF/SHARE	7	8	9	10	11	12	13
	100%	40	36	33	30	28	26	24
	80%	32	29	27	24	22	21	19
	65%	26	24	22	20	18	17	15
SUCCESS PROBABILITY	50%	20	18	17	15	14	13	12
	35%	14	13	12	11	10	9	8
	15%	6	5	5	**5**	4	4	4
	10%	4	4	3	3	3	3	2

ESTIMATES AS OF 13 MAY 2025

SOURCE: VALUATIONLAB ESTIMATES

Income Statement

COSMO PHARMACEUTICALS											SHARE PRICE (CHF) 53.10
IFRS											
INCOME STATEMENT (EUR MN)	**2024**	**2025E**	**2026E**	**2027E**	**2028E**	**2029E**	**2030E**	**2031E**	**2032E**	**2033E**	**2034E**
PRODUCT SALES (ESTIMATED)	**480**	**549**	**671**	**1'030**	**1'533**	**2'163**	**2'766**	**3'443**	**4'060**	**4'444**	**3'376**
CHANGE (%)	-10%	14%	22%	53%	49%	41%	28%	24%	18%	9%	-24%
RECURRING REVENUE:	**77**	**86**	**120**	**232**	**404**	**601**	**764**	**893**	**1'018**	**1'108**	**915**
CHANGE (%)	-9%	13%	40%	93%	74%	49%	27%	17%	14%	9%	-17%
1) MANUFACTURING OF OWN PRODUCTS	**45**	**52**	**83**	**129**	**192**	**249**	**290**	**328**	**368**	**401**	**169**
CHANGE (%)	-17%	15%	58%	56%	48%	30%	17%	13%	12%	9%	-58%
2) MANUFACTURING OF GENERICS, SPECIALTY DRUGS & RELATED SERVICES	**15**	**15**	**16**	**16**	**16**	**17**	**17**	**17**	**18**	**18**	**18**
CHANGE (%)	1%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%
3) ROYALTIES	**14**	**16**	**38**	**103**	**212**	**352**	**473**	**565**	**650**	**706**	**746**
CHANGE (%)	12%	18%	135%	171%	458%	66%	34%	20%	15%	9%	6%
4) OTHER REVENUES FROM SALES	**2**	**2**	**3**	**3**	**3**	**3**	**3**	**4**	**4**	**4**	**4**
CHANGE (%)	14%	7%	7%	7%	7%	7%	7%	7%	7%	7%	7%
PROJECT-BASED REVENUE:											
LICENCE FEES, UPFRONT FEES AND MILESTONES	**190**	**17**	**114**	**110**	**65**	**134**	**188**	**92**	**262**	**51**	**56**
CHANGE (%)	683%	-91%	571%	-4%	-40%	105%	41%	-51%	186%	-81%	11%
TOTAL REVENUES (COSMO)	**267**	**103**	**253**	**361**	**488**	**754**	**972**	**1'006**	**1'301**	**1'181**	**994**
CHANGE (%)	165%	-61%	145%	43%	35%	54%	29%	3%	29%	-9%	-16%
COGS	**-45**	**-49**	**-70**	**-105**	**-155**	**-207**	**-250**	**-293**	**-337**	**-369**	**-201**
CHANGE (%)	15%	7%	44%	50%	47%	34%	21%	17%	15%	10%	-46%
GROSS PROFIT	**221**	**55**	**183**	**255**	**333**	**547**	**722**	**713**	**964**	**811**	**793**
CHANGE (%)	262%	-75%	235%	40%	30%	64%	32%	-1%	35%	-16%	-2%
MARGIN (%)	83%	53%	72%	71%	68%	72%	74%	71%	74%	69%	80%
R&D	**-40**	**-40**	**-38**	**-34**	**-32**	**-33**	**-35**	**-36**	**-37**	**-37**	**-37**
CHANGE (%)	46%	0%	-5%	-11%	-7%	5%	5%	5%	2%	0%	0%
S,G&A	**-36**	**-36**	**-36**	**-37**	**-37**	**-37**	**-38**	**-38**	**-39**	**-39**	**-39**
CHANGE (%)	21%	-1%	1%	1%	1%	1%	1%	1%	1%	1%	1%
AS % OF REVENUES	13.6%	34.8%	14.4%	10.2%	7.6%	5.0%	3.9%	3.8%	3.0%	3.3%	4.0%
OTHER OPERATING INCOME / (EXPENSES)	**4**	**10**	**12**	**14**	**17**	**21**	**25**	**30**	**36**	**43**	**52**
NET OPERATING EXPENSES	**-73**	**-66**	**-62**	**-56**	**-51**	**-50**	**-48**	**-45**	**-40**	**-33**	**-25**
CHANGE (%)	31%	-9%	-6%	-10%	-9%	-3%	-4%	-6%	-11%	-17%	-25%
EBIT	**149**	**-11**	**120**	**199**	**282**	**497**	**674**	**668**	**924**	**778**	**768**
CHANGE (%)	2433%	-108%	-1154%	65%	42%	76%	36%	-1%	38%	-16%	-1%
MARGIN (%)	55.8%	-11.0%	47.6%	55.1%	57.7%	65.9%	69.3%	66.4%	71.0%	65.9%	77.3%
EBITDA	**161**	**1**	**133**	**212**	**295**	**511**	**688**	**682**	**938**	**793**	**784**
CHANGE (%)	809%	-99%	11731%	59%	39%	73%	35%	-1%	38%	-16%	-1%
MARGIN (%)	60%	1%	53%	59%	60%	68%	71%	68%	72%	67%	79%
NET FINANCIAL INCOME / (EXPENSES)	**4**	**6**	**7**	**9**	**11**	**14**	**18**	**22**	**28**	**35**	**51**
PROFIT BEFORE TAXES	**153**	**-6**	**127**	**208**	**293**	**511**	**692**	**690**	**952**	**812**	**819**
CHANGE (%)	12053%	-104%	-2313%	63%	41%	75%	35%	0%	38%	-15%	1%
TAXES	-20	-5	-29	-41	-66	-116	-157	-161	-215	-188	-171
NET PROFIT/(LOSS)	**133**	**-11**	**98**	**167**	**227**	**395**	**535**	**530**	**737**	**624**	**648**
CHANGE (%)	-4609%	-108%	-1031%	71%	36%	74%	35%	-1%	39%	-15%	4%
MARGIN (%)	49.9%	-10.2%	38.7%	46.3%	46.4%	52.4%	55.0%	52.7%	56.6%	52.9%	65.2%
PROFIT/(LOSS) PER SHARE (IN EUR)	**8.14**	**-0.64**	**5.98**	**10.22**	**13.85**	**24.16**	**32.69**	**32.38**	**45.03**	**38.14**	**39.63**
PROFIT/(LOSS) PER SHARE (IN CHF)	7.76	-0.60	5.58	9.52	12.90	22.51	30.46	30.16	41.96	35.54	36.93

ESTIMATES AS OF 13 MAY 2025 SOURCE: VALUATIONLAB ESTIMATES

FY 2025 guidance in a nutshell:

COSMO FY 2025 GUIDANCE				
IN EUR MN	FY 2025 GUIDANCE	FY 2024	FY 2023	% CHANGE
TOTAL REVENUE	**102** (-62%) **- 107** (-60%)	**266.8**	100.7	165%
RECURRING REVENUE (EXCL. MILESTONES)	**85** (+11%) **- 90** (+18%)	76.5	83.7	-9%

Ratios & Balance Sheet

COSMO PHARMACEUTICALS											SHARE PRICE (CHF) 53.10
IFRS											
RATIOS	**2024**	**2025E**	**2026E**	**2027E**	**2028E**	**2029E**	**2030E**	**2031E**	**2032E**	**2033E**	**2034E**
P/E		-88.1x	9.5x	5.6x	4.1x	2.4x	1.7x	1.8x	1.3x	1.5x	1.4x
P/S		9.0x	3.7x	2.6x	1.9x	1.2x	1.0x	0.9x	0.7x	0.8x	0.9x
P/NAV		1.9x	1.6x	1.2x	0.9x	0.7x	0.5x	0.4x	0.3x	0.2x	0.2x
EV/EBITDA		687.7x	5.8x	3.6x	2.6x	1.5x	1.1x	1.1x	0.8x	1.0x	1.0x
PER SHARE DATA (CHF)	**2024**	**2025E**	**2026E**	**2027E**	**2028E**	**2029E**	**2030E**	**2031E**	**2032E**	**2033E**	**2034E**
EARNINGS	**7.76**	**-0.60**	**5.58**	**9.52**	**12.90**	**22.51**	**30.46**	**30.16**	**41.96**	**35.54**	**36.93**
CHANGE (%)	-4467%	-108%	-1025%	71%	36%	74%	35%	-1%	39%	-15%	4%
CASH	**9.90**	**10.12**	**18.04**	**30.62**	**48.05**	**77.93**	**118.11**	**158.23**	**213.26**	**260.36**	**307.94**
CHANGE (%)	227%	2%	78%	70%	57%	62%	52%	34%	35%	22%	18%
DIVIDENDS	**2.05**	**1.70**	**1.89**	**2.09**	**2.32**	**2.58**	**2.86**	**3.18**	**3.53**	**3.92**	**4.35**
YIELD (%)	4%	3%	4%	4%	4%	5%	5%	6%	7%	7%	8%
NET ASSET VALUE	**29.45**	**28.35**	**33.74**	**43.26**	**56.16**	**78.67**	**109.13**	**139.29**	**181.25**	**216.78**	**253.71**
CHANGE (%)	21%	-4%	19%	28%	30%	40%	39%	28%	30%	20%	17%
BALANCE SHEET (EUR MN)	**2024**	**2025E**	**2026E**	**2027E**	**2028E**	**2029E**	**2030E**	**2031E**	**2032E**	**2033E**	**2034E**
NET LIQUID FUNDS	**170**	**177**	**317**	**538**	**844**	**1'368**	**2'074**	**2'778**	**3'744**	**4'571**	**5'407**
TOTAL ASSETS	**647**	**654**	**794**	**1'015**	**1'321**	**1'845**	**2'551**	**3'255**	**4'221**	**5'048**	**5'884**
TOTAL SHAREHOLDERS' EQUITY	**505**	**495**	**592**	**760**	**986**	**1'381**	**1'916**	**2'446**	**3'182**	**3'806**	**4'455**
- CHANGE IN %	25%	-2%	20%	28%	30%	40%	39%	28%	30%	20%	17%
- RETURN ON EQUITY	26%	-2%	17%	22%	23%	29%	28%	22%	23%	16%	15%
FINANCIAL DEBT	**2**	**2**	**2**	**2**	**1**	**1**	**1**	**1**	**1**	**1**	**1**
EMPLOYEES	322	328	335	342	349	356	363	370	377	385	393
- CHANGE IN %	*5%*	*2%*	*2%*	*2%*	*2%*	*2%*	*2%*	*2%*	*2%*	*2%*	*2%*
CASH FLOW STATEMENT (EUR MN)	**2024**	**2025E**	**2026E**	**2027E**	**2028E**	**2029E**	**2030E**	**2031E**	**2032E**	**2033E**	**2034E**
PROFIT / (LOSS) BEFORE TAXES	153	-6	127	208	293	511	692	690	952	812	819
DEPRECIATION & AMORTIZATION	12	13	13	13	13	14	14	14	14	15	16
OTHER NON-CASH ITEMS	-3	0	0	0	0	0	0	0	0	0	0
CASH FLOWS FROM OPERATING ACTIVITIES	**162**	**7**	**140**	**221**	**306**	**525**	**705**	**704**	**966**	**827**	**835**
CASH FLOWS FROM INVESTING ACTIVITIES	-129	0	0	0	0	0	0	0	0	0	0
FREE CASH FLOW	**33**	**7**	**140**	**221**	**306**	**525**	**705**	**704**	**966**	**827**	**835**
CASH FLOWS FROM FINANCING ACTIVITIES	-40	0	0	0	0	0	0	0	0	0	0
NET FOREIGN EXCHANGE DIFFERENCES	0.7										
CHANGE IN LIQUID FUNDS	**-7**	**7**	**140**	**221**	**306**	**525**	**705**	**704**	**966**	**827**	**835**
ESTIMATES AS OF 13 MAY 2025											SOURCE: VALUATIONLAB ESTIMATES

Cash and cash equivalents of EUR 170 mn (31 December 2024) and sustainable cash flows from manufacturing, royalty, and milestone revenues are sufficient to fund all development programs and commercialization plans, as well as pay a sustainable annual dividend to shareholders.

APPENDIX

I) PARTNERSHIPS:

Cosmo has established a global sales infrastructure through strategic partnerships for its major products. Cosmo commercializes its products through selective players in exchange for:

- **Equity, milestones, and royalties:** Aemcolo in the US (14.8% stake in RedHill)
- **Equity stakes and milestones:** Byfavo in the US (0.7% stake in Eagle Pharmaceuticals, which acquired Acacia in June 2022) with Cosmo eligible for up to EUR 105 mn sales milestones
- **Milestones and royalties:** Lialda (Shire/Takeda/Giuliani); Uceris in the US (Bausch Health); Cortiment in ROW (Ferring); Rifamycin SV MMX in ROW (Adalvo); Lumeblue in the EU (Alfasigma), Lumeblue in China (China Medical System Holdings), Winlevi in the US, Japan, Australia, New Zealand, Brazil, Mexico, Russia (Sun Pharma), Winlevi in Greater China (3SBio), Winlevi in Germany, Italy, Austria (InfectoPharm), Winlevi in Southeast Asia (Hyphens Pharma)
- **Revenue split:** GI Genius, Eleview, and all upcoming medical devices (Medtronic)

MAJOR PARTNERSHIPS

PRODUCT	INDICATION	PEAK SALES (EUR MN)	PARTNER	YEAR	REGION	TERMS
WINLEVI	ACNE VULGARIS	340	SUN PHARMA	2021	US	USD 45 MN UPFRONT PAYMENT, UP TO USD 190 MN ADDITIONAL SALES MILESTONES, DOUBLE-DIGIT ROYALTIES ON SALES, EXCLUSIVE SUPPLY AGREEMENT; EXPANDED TO JAPAN, AUSTRALIA, NEW ZEALAND, BRAZIL, MEXICO AND RUSSIA IN JULY 2022 WITH ADDITIONAL UPFRONT PAYMENT OF USD 7 MN (WE ASSUME TIERED ROYALTIES OF 15-20%, 5% MANUFACTURING REVENUE, 3% COGS)
				2022	JAPAN, AUSTRALIA, NEW ZEALAND, BRAZIL, MEXICO, RUSSIA	
			3SBIO	2022	GREATER CHINA	USD 6.5 MN UPFRONT PAYMENT, DEVELOPMENT AND SALES MILESTONES UP TO USD 63.5 MN, ASCENDING HIGH SINGLE-DIGIT OR DOUBLE-DIGIT SALES ROYALTIES; EXCLUSIVE SUPPLY AGREEMENT FOR CHINA, TAIWAN, HONG KONG, AND MACAO
			INFECTOPHARM	2022	GERMANY, ITALY, AUSTRIA	EUR 1 MN UPFRONT PAYMENT, UP TO EUR 4.5 MN REGULATORY MILESTONES, DOUBLE-DIGIT ROYATIES ON NET SALES (WE ASSUME 20% ROYALTIES AND 7% MANUFACTURING REVENUE)
			HYPHENS PHARMA	2022	SOUTHEAST ASIA	USD 1 MN UPFRONT PAYMENT, UP TO USD 4 MN REGULATORY AND SALES MILESTONES, DOUBLE-DIGIT ROYALTIES ON NET SALES
			HYUNDAI PHARMA	2023	SOUTH KOREA	UNDISCLOSED UPFRONT, REGULATORY AND SALES MILESTONES, DOUBLE-DIGIT ROYALTIES ON NET SALES
LUMEBLUE	LESION DETECTION DYE	56	ALFASIGMA	2021	EUROPE	WE ASSUME 20% NET ROYALTIES, UP TO EUR 33 MN MILESTONES
			CMS	2020	GREATER CHINA, PAN-ASIA	
			TBD	2026E	US	CONCLUDE US PARTNERINGBEFORE STARTING SECOND PHASE III TRIAL; WE ASSUME 20% NET ROYALTIES, UP TO EUR 53 MN MILESTONES
			PENDOPHARM	2018	CANADA	HIGH DOUBLE-DIGIT ROYALTIES, UNDISCLOSED MILESTONES
			EA PHARMA	2018	JAPAN SOUTH KOREA	UNDISCLOSED UPFRONT PAYMENT, MILESTONES AND SALES ROYALTIES
AEMCOLO / RIFAMYCIN SV MMX	TD* / IBS-D**	5	REDHILL	2019	US	USD 36.3 MN COSMO INVESTMENT TO ACQUIRE 19.56% REDHILL STAKE; COSMO ELIGIBLE FOR HIGH 20% ROYALTIES, REGULATORY & SALES MILESTONES UP TO USD 100 MN; COSMO SUPPLIES AEMCOLO
			ADALVO	2023	EUROPE, APAC, MENA, LATAM REGIONS	UNDISCLOSED UPFRONT, REGULATORY & SALES MILESTONES. DOUBLE-DIGIT SALES ROYALTIES
			PENDOPHARM	2018	CANADA	HIGH DOUBLE-DIGIT ROYALTIES, UNDISCLOSED MILESTONES
GI GENIUS	AI ENHANCED COLONOSCOPY	542	MEDTRONIC	2019 2023	GLOBAL	AGREEMENT EXTENDED IN 2023 INCLUDING USD 200 MN MILESTONES AND DOUBLE-DIGIT ROYALTIES ON NET SALES FOR COSMO; COSMO SUPPLIES GI GENIUS DEVICE TO MEDTRONIC
BYFAVO	PROCEDURAL SEDATION	139	EAGLE PHARMACEUTICALS	2022	US	UP TO USD 105 MN SALES MILESTONES (NOTE: ORIGINAL AGREEMENT WAS WITH ACACIA THAT WAS ACQUIRED BY EAGLE IN JUNE 2022)
			PAION	2016	US	PAION ENTITLED TO UP TO EUR 42.5 MN MILESTONES AND TIERED ROYALTIES RANGING FROM 20% UP TO 25% FROM EAGLE
ELEVIEW	LESION RESECTION CUSHION	42	MEDTRONIC	2019	GLOBAL (EXCL. CANADA)	UNDISCLOSED; IN MAY 2021 MEDTRONIC ACQUIRED THE RIGHTS TO JAPAN AND SOUTH KOREA, WHICH EA PHARMA HELD SINCE 2018; WE ASSUME COSMO RETAINS A NET MARGIN OF AROUND 20%
			PENDOPHARM	2018	CANADA	CAD 5 MN UPFRONT; HIGH DOUBLE-DIGIT ROYALTIES, UNDISCLOSED SALES MILESTONES
UCERIS / CORTIMENT	ULCERATIVE COLITIS	74	BAUSCH HEALTH	2008	US	TIERED ROYALTIES OF 12-14% AND 10% MANUFACTURING REVENUE
			FERRING	2015	ROW (EX. ASIA)	TIERED ROYALTIES OF 12-15% AND 7% MANUFACTURING REVENUE, UNDISCLOSED MILESTONES
LIALDA / MEZAVANT	ULCERATIVE COLITIS	709 (GENERIC)	TAKEDA	2001	US	3.5% ROYALTIES (CUMULATIVE CAP OF USD 95 MN GLOBAL SALES); 3% MANUFACTURING REVENUE
			GIULIANI / LEHNER	2001	EU	
			MOCHIDA	2009	JAPAN	LOW SINGLE DIGIT ROYALTIES UP TO A CUMULATIVE TOTAL OF USD 15 MN

* TD = TRAVELERS' DIARRHEA; ** IBS-D = IRRITABLE BOWEL SYNDROME - DIARRHEA PREDOMINANT

SOURCE: VALUATIONLAB, COSMO PHARMACEUTICALS

II) CLINICAL DATA:

1) GI Genius (AI-enhanced lesion detection):

In retrospective trials, GI Genius has proven to be highly accurate, with a true positive rate per polyp (sensitivity) of 99.7%. Meanwhile, the number of false positive frames during a full procedure (activation noise = false positives divided by the number of frames) amounted to 0.9%. In other words, the system was as effective as an expert colonoscopist in detecting lesions, and the extremely low number of false activations does not hinder or negatively impact the conventional colonoscopy procedure.

Positive GI Genius Investigator-Initiated trial formed the base of US approval.
In February 2020, Cosmo reported positive results from the first prospective, completely independent, investigator-initiated clinical trial of GI Genius in detecting colorectal polyps. The abstract, titled "Real-Time Computer-aided Diagnosis for Detection of Colorectal Neoplasia at Colonoscopy," was presented at Digestive Disease Week (DDW) in Chicago on May 4, 2020. The trial demonstrated that GI Genius significantly increases the Adenoma Detection Rate (ADR) and the number of Adenomas Per Colonoscopy (APC) compared to standard colonoscopy, thereby providing additional efficacy in screening colonoscopy for colorectal cancer prevention. The trial was conducted at three Italian hospitals and enrolled 685 patients aged 40 to 80 years undergoing colonoscopy for primary screening or surveillance of colorectal cancer, performed by highly experienced endoscopists. Patients were randomized 1:1 between High-Definition endoscopy with White Light (HDWL) colonoscopy with GI Genius and standard HDWL colonoscopy alone. The trial endpoints included the ADR and the APC according to morphology, size, site, histology, and withdrawal time (WT). A minimum WT of 6 minutes was set to ensure maximum trial quality under American and European endoscopy guidelines.

- **The ADR was significantly higher in the GI Genius group at 56.9**% compared to the control group at 40.9%; OR [95% CI]: 1.9 [1.4, 2.57]; p<0.001
- **The APC was significantly higher in the GI Genius group at 1.13±1.63** compared to 0.73±1.12 in the control group; OR [95% CI]: 2.1 [1.6 to 2.72]; p<0.001

The increase in ADR holds significant clinical relevance. Scientific studies have shown that every 1% increase in ADR leads to a 3% decline in the incidence of interval cancer and a 5% decline in the incidence of fatal colorectal cancer.

The primary reason for the difference between the two groups was the performance of GI Genius in detecting small lesions (<10 mm: 1.39±1.71 vs 1.07±1.31; p<0.0001) and flat lesions (1.8±1.9 vs. 1.19±1.5; p<0.0001). No difference in withdrawal time was observed (GI Genius: 417±101 seconds versus control group: 435±149 seconds; p=0.1).

US "DETECT" trial shows a 50% reduction in missed polyps with GI Genius.
In March 2022, Medtronic published the results of the first US trial dubbed "DETECT" in Gastroenterology, the official medical journal of the American Gastroenterology Association (AGA). The findings confirm the topline results of the DETECT trial from November 2021, indicating that both AMR and polyp miss rate (PMR) significantly improve when GI Genius is used during a colonoscopy. The trial showed that using GI Genius in conjunction with colonoscopy significantly decreases the miss rate (2x) of colorectal polyps and adenomas compared to standard colonoscopy. The DETECT trial was conducted in eight centers

across the US, Italy, and the United Kingdom. Subjects included male and female patients aged 45 or older undergoing a screening or surveillance colonoscopy for colorectal cancer. Overall, 249 subjects were randomized (1:1) in the trial, of whom 230 subjects completed the trial and were included in the analysis, undergoing two consecutive colonoscopies that were randomly assigned in the order they were conducted: one with GI Genius and one with white light endoscopy.

In colonoscopies performed as part of the trial, the adenoma miss rate (AMR) was significantly lower when GI Genius was used compared to non-AI-assisted colonoscopy (15.5% vs. 32.4%; p-value <0.001). These findings demonstrate that using GI Genius during colonoscopy significantly decreases the miss rate of both adenomas and polyps, further confirming the benefit GI Genius adds to colonoscopy procedures. The trial also found that the false-negative rates when a GI Genius-assisted colonoscopy detected adenoma(s) after an initial standard colonoscopy were much lower than those of non-AI-assisted colonoscopies (6.8% vs. 29.6%). In this trial, a false negative indicates patients with an initial standard colonoscopy where no adenoma was detected were subsequently found to have at least one adenoma during a second AI-assisted colonoscopy. Missed polyps are estimated to account for around half of all cases of post-colonoscopy colorectal cancer. They could ultimately be the difference between life and death when considering that 90% of patients with colon cancer survive when caught early.

2) Eleview (lesion resection cushion):

Eleview's pivotal trial enrolled a total of 226 patients with complex lesions, of which 211 completed the trial according to the protocol and were included in the primary analysis set. The sizes and locations of the lesions varied greatly. The mean lesion size in the Eleview arm was 31.64 mm (ranging from 20 mm to 100 mm). The mean lesion size in the comparator arm (standard saline solution) was 32.31 mm (ranging from 20 mm to 70 mm). The locations varied from the cecum (beginning of the colon) to the rectum, with the majority in the right section of the colon (typically the most difficult to reach and challenging for polyp removal).

PRIMARY ENDPOINTS ALL IN FAVOR OF ELEVIEW

PRIMARY ENDPOINT	STATISTICS	ELEVIEW (N=102)	REFERENCE COMPARATOR (SALINE) (N=109)
1) MEAN TOTAL INJECTED VOLUME TO COMPLETE EMR* PROCEDURE (ML)	**MEAN (± SD)**	**16,1 (± 9.8) ****	**31.6 (± 32.1)**
	RANGE (MIN - MAX)	3.0 - 41.0	4.0 - 248.0
	% DIFFERENCE	**-49.1% ****	
	P-VALUE	< 0.001	
2) TOTAL INJECTED VOLUME PER LESION SIZE (ML/MM)	**MEAN (± SD)**	**0.53 (±0.32) ****	**0.92 (± 0.65)**
	RANGE (MIN - MAX)	0.09 - 1.75	0.20 - 4.96
	% DIFFERENCE	**-42.4% ****	
	P-VALUE	< 0.001	
3) TIME TO RESECT THE LESION (MINUTES)	**MEAN (± SD)**	**19.15 (± 16.80) *****	**29.70 (± 69.18)**
	RANGE (MIN - MAX)	1 - 100	0.20 - 4.96
	% DIFFERENCE	**-35.5% *****	
	P-VALUE	0.326	

* EMR = ENDOSCOPIC MUCOSAL RESECTION; ** STATISTICALLY SIGNIFICANT; *** FAVORABLE NUMERICAL DIFFERENCE

SOURCE: COSMO PHARMACEUTICALS, VALUATIONLAB

1) Mean total injected volume to complete EMR procedure in the Eleview arm was 16.1 ml (range 3-41). In the comparator arm, 49.2% more liquid had to be injected, with the mean volume reaching 31.6 ml (range 4-248).

2) Total injected volume per lesion size was 0.53 ml per mm (range 0.09-1.75). In the comparator arm, 42.4% more volume per mm was required, with the volume per lesion size reaching 0.92 ml per mm (0.2-4.96). Both endpoints achieved statistical significance ($p < 0.001$).

3) Time to resect the lesion was notably lower in the Eleview arm, with a mean duration of 19.15 minutes (range 1-100). In contrast, the comparator arm required 29.7 minutes, taking 35.5% longer with a range of 2-687 minutes. This demonstrates that lesion removal with Eleview was completed in approximately one third less time.

3) Winlevi (acne):

The phase III program consisted of three trials: two pivotal phase III trials, one in the US ("Study 25") and one in the EU ("Study 26"), and one open-label long-term safety trial ("Study 27"). In the safety trial, patients who participated in the phase III trials were rolled over to evaluate long-term safety. The FDA requires at least 1,000 patients treated for safety evaluation.

Each pivotal phase III trial was a multicenter, double-blind, placebo-controlled trial evaluating approximately 700 patients aged 9 years and older with moderate to severe facial acne vulgaris (IGA grades 3 and 4). Patients were randomized to receive Winlevi 1% cream applied twice daily or a placebo cream for a treatment duration of 12 weeks.

Primary endpoints include the:

- **Success rate in IGA score:** the proportion of subjects in each treatment group achieving success, defined as clear (score 0) or almost clear (score 1), with at least a two-point reduction in IGA score at week 12 compared to baseline.
- **Change from baseline in non-inflammatory lesion counts:** the absolute change from baseline in non-inflammatory lesion counts for each treatment group at week 12.
- **Change from baseline in inflammatory lesion counts:** absolute change in inflammatory lesion counts from baseline for each treatment group at week 12.

Secondary endpoints include the:

- **Change from baseline in total lesion counts:** absolute change from baseline in total lesion counts for each treatment group at week 12.
- **Percentage change from baseline in total lesion counts:** the percent change from baseline in total lesion counts for each treatment group at week 12.
- **Percentage change from baseline in non-inflammatory lesion counts:** percent change from baseline in non-inflammatory lesion counts for each treatment group at week 12.
- **Percentage change from baseline in inflammatory lesion counts:** the percent change from baseline in inflammatory lesion counts for each treatment group at week 12.

Winlevi achieved all primary and secondary endpoints in both phase III acne trials

In July 2018, positive phase III top-line results for Winlevi in acne were announced. As shown in the tables below, both pivotal phase III trials, the US "Study 25" and EU "Study 26", were "on spot" (pun intended) with highly statistically significant results for Winlevi compared to placebo across all three primary endpoints and secondary endpoints, indicating

a strong treatment effect. Importantly, no treatment-related serious side effects with Winlevi were observed in the phase III trials, underlining the very clean safety profile noted in previous clinical trials.

PRIMARY ENDPOINTS (AT WEEK 12)	STUDY 25 (US PHASE III TRIAL; N=708)							
	INTENT-TO-TREAT (ITT) POPULATION (N=708)				PER PROTOCOL (PP) POPULATION (N=531)			
	WINLEVI (2X DAILY)	PLACEBO (2X DAILY)	IMPROVEMENT OVER PLACEBO	P-VALUE	WINLEVI (2X DAILY)	PLACEBO (2X DAILY)	IMPROVEMENT OVER PLACEBO	P-VALUE
1) SUCCESS RATE IN IGA* SCORE (SUCCESS = CLEAR (SCORE 0) OR ALMOST CLEAR (SCORE 1); AT LEAST TWO-POINT REDUCTION IGA SCORE)	16.1%	7.0%	130%	0.0008	20.4%	7.3%	179%	<0.0001
2) CHANGE FROM BASELINE IN NON-INFLAMMATORY LESION COUNTS (ABSOLUTE CHANGE FROM BASELINE IN EACH TREATMENT GROUP)	-19.4	-13.1	48%	0.0016	-20.0	-11.5	74%	0.0001
3) CHANGE FROM BASELINE IN INFLAMMATORY LESION COUNTS (ABSOLUTE CHANGE FROM BASELINE IN EACH TREATMENT GROUP)	-19.4	-15.5	25%	0.0029	-20.7	-16.1	29%	0.0005

* IGA = INVESTIGATOR ASSESSMENT SCORE

SOURCE: CASSIOPEA, VALUATIONLAB

As can be seen in the table above, “Study 25” demonstrated statistically significant improvements over placebo across all three co-primary endpoints in the ITT population (all patients who enrolled in the trial) as well as the PP population (those patients who fully complied with the trial protocol).

PRIMARY ENDPOINTS (AT WEEK 12)	STUDY 26 (EU PHASE III TRIAL; N=732)							
	INTENT-TO-TREAT (ITT) POPULATION (N=732)				PER PROTOCOL (PP) POPULATION (N=560)			
	WINLEVI (2X DAILY)	PLACEBO (2X DAILY)	IMPROVEMENT OVER PLACEBO	P-VALUE	WINLEVI (2X DAILY)	PLACEBO (2X DAILY)	IMPROVEMENT OVER PLACEBO	P-VALUE
1) SUCCESS RATE IN IGA* SCORE (SUCCESS = CLEAR (SCORE 0) OR ALMOST CLEAR (SCORE 1); AT LEAST TWO-POINT REDUCTION IGA SCORE)	18.7%	4.7%	298%	<0.0001	22.2%	5.5%	304%	<0.0001
2) CHANGE FROM BASELINE IN NON-INFLAMMATORY LESION COUNTS (ABSOLUTE CHANGE FROM BASELINE IN EACH TREATMENT GROUP)	-19.4	-10.9	78%	<0.0001	-21.7	-11.6	87%	<0.0001
3) CHANGE FROM BASELINE IN INFLAMMATORY LESION COUNTS (ABSOLUTE CHANGE FROM BASELINE IN EACH TREATMENT GROUP)	-20.0	-12.6	59%	<0.0001	-21.5	-13.4	60%	<0.0001

* IGA = INVESTIGATOR ASSESSMENT SCORE

SOURCE: CASSIOPEA, VALUATIONLAB

A similar, though more pronounced effect, was observed in “Study 26”, where the placebo rates were generally lower than in “Study 25”.

SECONDARY ENDPOINTS (AT WEEK 12)	STUDY 25 (US PHASE III TRIAL; N=708)			
	INTENT-TO-TREAT (ITT) POPULATION (N=708)			
	WINLEVI (2X DAILY)	PLACEBO (2X DAILY)	IMPROVEMENT OVER PLACEBO	P-VALUE
ABSOLUTE REDUCTION OF TOTAL LESION COUNTS	-39.2	-28.9	36%	0.0002
PERCENTAGE REDUCTION OF TOTAL LESIONS COUNTS	-37.1%	-28.5%	30%	0.0016
PERCENTAGE REDUCTION OF NON-INFLAMMATORY LESION COUNTS	-30.7%	-21.9%	40%	0.0141
PERCENTAGE REDUCTION OF INFLAMMATORY LESION COUNTS	-44.8%	-36.6%	22%	0.0070

SOURCE: CASSIOPEA, VALUATIONLAB

SECONDARY ENDPOINTS (AT WEEK 12)	STUDY 26 (EU PHASE III TRIAL; N=732)			
	INTENT-TO-TREAT (ITT) POPULATION (N=732)			
	WINLEVI (2X DAILY)	PLACEBO (2X DAILY)	IMPROVEMENT OVER PLACEBO	P-VALUE
ABSOLUTE REDUCTION OF TOTAL LESION COUNTS	-40.3	-23.7	70%	<0.0001
PERCENTAGE REDUCTION OF TOTAL LESIONS COUNTS	-37.7%	-22.2%	70%	<0.0001
PERCENTAGE REDUCTION OF NON-INFLAMMATORY LESION COUNTS	-29.3%	-15.8%	85%	<0.0001
PERCENTAGE REDUCTION OF INFLAMMATORY LESION COUNTS	-47.0%	-29.8%	58%	<0.0001

SOURCE: CASSIOPEA, VALUATIONLAB

Winlevi was safe and well-tolerated, with side effects similar to placebo

In “Study 25”, the percentage of TEAE (Treatment-Emergent Adverse Effects) for the Winlevi group was 11.3% (40 subjects with 56 TEAE) compared to 11.5% (41 subjects with 52 TEAE) for placebo. The percentages of severe, moderate, and mild TEAE for the Winlevi group were 0% (4% placebo), 21% (35% placebo), and 79% (62% placebo), respectively, with only one SAE (Serious Adverse Event) occurring in the placebo group. Four subjects

on Winlevi experienced five related AEs, all of which were mild, compared to nine subjects experiencing eleven AEs for placebo; two of which, each with one AE, continued treatment (application site pain, application site dryness), while two others with three AEs withdrew from Winlevi treatment (application site hypersensitivity, oropharyngeal pain).

A similar safety and tolerability pattern was observed in "Study 26". The percentage of TEAE) for the Winlevi group was 11.4% (42 subjects with 59 TEAE) compared to 13.8% (50 subjects with 87 TEAE) for the placebo group. The percentages of severe, moderate, and mild TEAE for the Winlevi group were 0% (1% in the placebo group), 22% (24% in the placebo group), and 78% (75% in the placebo group), respectively, with only one serious adverse event (SAE) reported in the placebo group. Eight subjects on Winlevi experienced 9 related adverse events (AEs), all of which were mild, compared to 13 AEs in the placebo group; 7 of these were mild and 2 were moderate (acne, peritonsillar abscess). Six of the subjects had 7 AEs (1 subject experienced 2 AEs) and continued Winlevi treatment (headache, eye irritation, application site hypertrichosis, moderate acne, application site dryness + erythema in the same subject, moderate peritonsillar abscess). Two subjects with 2 AEs withdrew from Winlevi treatment (contact dermatitis, hair color change).

Open-label long-term "Study 27" phase III safety trial confirms excellent tolerability
In March 2019, positive results from "Study 27", the long-term open-label phase III trial of Winlevi in acne, were announced, confirming that the drug is well tolerated with an acceptable safety profile devoid of systemic side effects. The safety data completes the final clinical data set necessary for inclusion in the NDA (New Drug Application) filing for US approval. In June 2020, coinciding with Acne Awareness Month, the renowned Journal of the American Academy of Dermatology (JAAD) published the results of "Study 27" in its online issue, underlining the excellent long-term safety of Winlevi and ensuring that a broad range of dermatology healthcare professionals globally have access to these important safety data.

The open-label safety trial enrolled 609 patients who had completed 12 weeks of treatment with Winlevi or placebo in both positive pivotal phase III trials "Study 25" and "Study 26". Patients continued treatment for another 9 months, of which 416 (safety population) received Winlevi for an overall period of at least 26 weeks, and 123 subjects received Winlevi treatment for a total of 52 weeks.

- Key safety findings include: 18.1% reported TEAEs (treatment-emergent adverse events), with common cold (2.6%) and upper respiratory tract infection (1.3%) being the most prevalent, while other TEAEs had an incidence below 1%. No serious drug-related events occurred.
- Continued efficacy was reported in the open-label trial, with the proportion of patients achieving treatment success, defined as IGA (investigator global assessment) with at least a 2-step improvement resulting in 0 (clear) or 1 (almost clear), at week 52 being 56% and 62%, and at week 40, being 40% and 49% for face and trunk, respectively.

4) Breezula (male hair loss)"

Phase IIb dose-ranging trial: In February 2017, approval was granted by the German regulator to initiate a single phase IIb dose-ranging trial of Breezula in men aged 18 to 55 years with mild to moderate androgenic alopecia in Germany. By December 2017,

enrollment was completed with 404 men who were randomized into five treatment arms (~80 subjects each), including Breezula 2.5%, 5%, 7.5%, and vehicle BID (applied twice daily), and Breezula 7.5% QD (once daily). Subjects received treatment for a period of 12 months, with an interim analysis at six months. The co-primary endpoints at month 12 were consistent with those of the POC trial and included: 1) TAHC (target area hair count); and 2) the subject's evaluation of treatment benefit via the HGA (hair growth assessment) score.

The positive 6-month interim analysis was reported in July 2018…

Positive 6-month interim results were reported for the phase IIb dose-ranging trial of Breezula in alopecia in July 2018. In its two co-primary efficacy endpoints, the interim analysis demonstrated statistically significant improvement in TAHC (Target Area Hair Count) and directional improvement in HGA (Hair Growth Assessment) after 6 months of treatment with Breezula in 375 male subjects. The phase IIb 6-month interim efficacy results of Breezula at the high dose (7.5% twice daily) are already comparable to Merck & Co's oral alopecia treatment Propecia (finasteride) after 12 months of treatment. Breezula was well tolerated, and no serious treatment-related side effects were observed. Propecia has a less favorable safety profile, being a systemic (oral) anti-androgen compared to the topical application of Breezula and cannot be used by women.

BREEZULA PHASE IIB DOSE RANGING TRIAL INTERIM TOPLINE RESULTS (6-MONTHS)

PER PROTOCOL POPULATION (N=375)	BREEZULA 2.5% BID*	BREEZULA 5% BID*	BREEZULA 7.5% BID*	BREEZULA 7.5% QD**	VEHICLE
CO-PRIMARY ENDPOINTS:					
1) TAHC (TARGET AREA HAIR COUNT) MEAN CHANGE FROM BASELINE	13.0134	12.2109	20.7879	11.5182	-0.1114
P-VALUE (VS. BASELINE)	<0.0001	<0.0001	<0.0001	<0.0001	0.9660
P-VALUE (VS. VEHICLE)	0.0003	0.0010	<0.0001	0.0017	
2) HGA (HAIR GROWTH ASSESSMENT) FAVORABLE SCORE (+1, +2, +3)	56%	58%	62%	61%	49%

* BID = BIS IN DIE (TWICE DAILY); **QD = QUAQUE DIE (ONCE DAILY)

SOURCE: VALUATIONLAB, CASSIOPEA

…followed by positive 12-month phase IIb dose-ranging trial results in April 2019

Breezula demonstrated positive results across four dose ranges (Breezula 2.5%, 5%, and 7.5% twice daily, and 7.5% once-daily versus placebo twice daily) in the two co-primary endpoints: 1) TAHC (target area hair count) of one square centimeter at month twelve from baseline, and 2) HGA (hair growth assessment) score measured by a patient questionnaire at month twelve from baseline.

BREEZULA PHASE IIB DOSE RANGING TRIAL TOPLINE RESULTS (12-MONTHS)

PER PROTOCOL POPULATION (N=344)	BREEZULA 2.5% BID*	BREEZULA 5% BID*	BREEZULA 7.5% BID*	BREEZULA 7.5% QD**	VEHICLE
CO-PRIMARY ENDPOINTS:					
1) TAHC (TARGET AREA HAIR COUNT) MEAN CHANGES FROM VEHICLE	10.2	13.8	14.3	12.7	
P-VALUE (VS. VEHICLE)	0.0087	0.0006	0.0003	0.0016	
2) HGA (HAIR GROWTH ASSESSMENT) FAVORABLE SCORE (+1, +2, +3)	60.8%	60.0%	61.8%	56.1%	50.0%
SECONDARY ENDPOINT:					
TAHW (TARGET AREA HAIR WIDTH) MEAN CHANGES FROM VEHICLE	521.1	615.0	762.5	658.8	
P-VALUE (VS. VEHICLE)	0.0105	0.0034	0.0003	0.0018	

* BID = BIS IN DIE (TWICE DAILY); **QD = QUAQUE DIE (ONCE DAILY)

SOURCE: VALUATIONLAB, CASSIOPEA

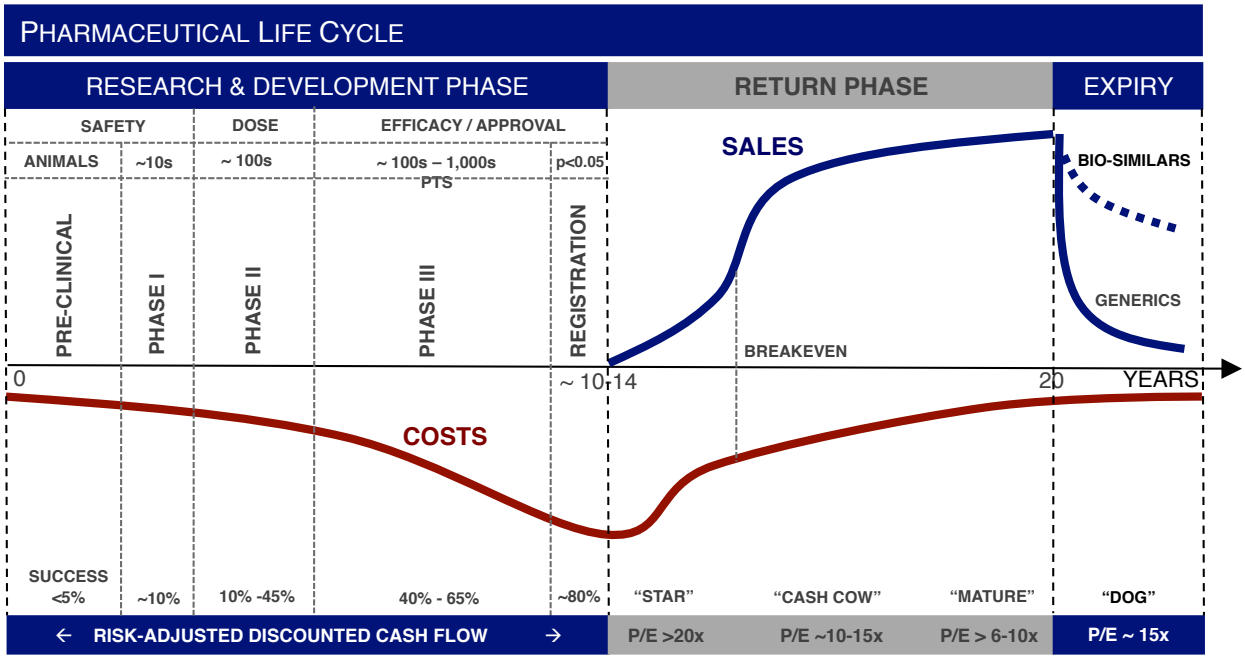
- For the TAHC, highly statistically significant changes compared to the vehicle (placebo) were noted in all active groups, with the most substantial change observed in the Breezula 7.5% twice daily (BID) group, which achieved statistical significance at all time points starting from the third month (first follow-up visit). In contrast, the

vehicle showed a decrease in TAHC, indicating the progression of hair loss when left untreated.

- More patients in all active groups on the HGA score experienced increased hair growth compared to the vehicle. Based on a regular questionnaire, the HGA reflects the patient's opinion on hair growth.
- Statistically significant changes were also observed in all active groups versus the vehicle in TAHW (target area hair width), a secondary endpoint, with the highest change noted in the Breezula 7.5% twice-daily group.

Pharmaceutical life cycle

To determine the value of a prescription (bio)pharmaceutical compound, it is critical to understand its life cycle. Fortunately, all compounds follow the same life cycle. The clock starts ticking after the compound is patented, providing 20 years of protection from generic competition. Market exclusivities can extend this protection period. The average Research & Development Phase takes 10-14 years, leading to an effective Return Phase of 6-10 years. The Development Phase has 3 distinct Phases, focused on safety (Phase I), dose (Phase II), and efficacy/clinical benefit (Phase III). The compound is filed for registration/approval at the FDA (US) or EMA (EU). The Return Phase is characterized by a star, cash cow, and mature phase. After patent expiry (or loss of market exclusivity) generic manufacturers may copycat the branded prescription drug, at significantly lower costs, leading to a sales and earnings implosion of the branded drug.



SOURCE: VALUATIONLAB

Success probabilities & royalties

Our risk-adjusted NPV calculations use stlaunchdardized success probabilities based on historical clinical success rates—the success rate increases as the project progress through development. Sales and earnings forecasts are based on the clinical and competitive profile of the compound. The more advanced the compound is, the more accurate the forecasts become as the target market can be defined. We conservatively exclude projects that lack Phase IIa proof-of-concept data in our valuations.

SUCCESS PROBABILITIES & ROYALTIES

DEVELOPMENT STAGE	AIM	WHAT / WHO	SUCCESS PROBABILITY (%)	COSTS (USD MN)	ROYALTIES (%)
PRE-CLINICAL	SAFETY & PHARMACOLOGY DATA	LAB TESTS / ANIMALS - NO HUMANS!	< 5	3	
PHASE I	SCREENING FOR SAFETY	HEALTHY VOLUNTEERS (10'S)	5-15	3	< 5
PHASE IIA	PROOF-OF-CONCEPT	PATIENTS WITH DISEASE (10'S)	10-20		
PHASE II	ESTABLISH THE TESTING PROTOCOL	PATIENTS WITH DISEASE (100'S)	15-35	5	5-15
PHASE IIB	OPTIMAL DOSAGE	PATIENTS WITH DISEASE (100'S)	20-45	5-10	
PHASE III	EVALUATE OVERALL BENEFIT/RISK	PATIENTS WITH DISEASE (1,000'S)	40-65	> 20-1,000	10-25
REGULATORY FILING	DETERMINE PHYSICIAN LABELING	CLINICAL BENEFIT ASSESSMENT	80-90		
APPROVAL	MARKETING AUTHORIZATION	PHYSICIANS FREE TO PRESCRIBE	100		15-30

SOURCE: VALUATIONLAB, TUFTS, FDA, EMA, CLINICALTRIALS.GOV

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Risk Analysis

Speculative	less than 1 year cash and breakeven beyond 1 year
High Risk	profitable within 2 years and 1 approved product/key indication (patent expiry > 5 years)
Medium Risk	profitable and/or sales from at least 2 marketed products/key indications (patent expiry > 5 years)
Low Risk	profitable and sales from >2 marketed products/key indications (patent expiry > 5 years)

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FELSENRAINSTRASSE 17 I 8832 WOLLERAU I SWITZERLAND I WWW.VALUATIONLAB.COM I T: +41 79 652 67 68