VALUATIONLAB
FINANCIAL ANALYSIS

COSMO PHARMACEUTICALS

FOCUS AREA: MEDTECH AI (AI-POWERED PLATFORM), DERMATOLOGY (SKIN DISORDERS), GASTROENTEROLOGY (DIGESTIVE SYSTEM) AND CDMO

KEY DATA			SIX: COPN
MARKET CAPITALIZATION (CHF MN)	2'189	**PRICE ON 03 FEBRUARY 2026**	125
ENTERPRISE VALUE (CHF MN)	>1'970	**RISK-ADJUSTED NPV PER SHARE** (CHF)	166
ESTIMATED CASH & CASH EQUIVALENTS (3 FEBRUARY 2026) (CHF MN)	>219	**UPSIDE/DOWNSIDE** (%)	33%
MONTHLY OPERATING EXPENSE (CHF MN)	5.8	**RISK PROFILE**	LOW
CASH LIFE	SUSTAINABLE	**SUCCESS PROBABILITY LEAD R&D PROJECT**	80%
BREAK-EVEN (YEAR)	2021	**EMPLOYEES**	322
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	- PARTNERS GROUP SMALLCAP WORLD FUND	5.3
- ELEVIEW (LESION RESECTION CUSHION)	LAUNCHED 2017	- DIEVINI HOPP BIOTECH HOLDING GMBH & CO. KG	3.8
PIPELINE:		**- FREE FLOAT (EXCL. COSMO HOLDING S.A.R.L.)**	65.0
- BREEZULA (HAIR LOSS MEN)	POSITIVE PHASE III / FILING	- AVERAGE DAILY VOLUME (3 MONTHS)	75'258
- 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**
- BREEZULA - 12-MONTH SAFETY & EFFICACY DATA	SPRING 2026		BP@VALUATIONLAB.COM
- BREEZULA - PARALLEL FILING IN THE US AND EU	H1 2026		+41 79 652 67 68
- WINLEVI - EU COMMERCIAL LAUNCH BY PARTNERS	H1 2026		

ESTIMATES AS OF 3 FEBRUARY 2026

SOURCE: VALUATIONLAB ESTIMATES, COSMO PHARMACEUTICALS

Building Health Confidence

Substantial private placement with Capital Group

Cosmo Pharmaceuticals focuses on developing therapies for: **1) MedTech AI**, 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 166 per share, with an 80% (filing) success rate for its lead pipeline project, Breezula, for male hair loss. We classify Cosmo as Low Risk, with a strong balance sheet and eight marketed products that contribute to revenue, sustainable profitability, and annual dividends.

Key catalysts:

1) **Breezula (spring 2026):** 12-month safety, tolerability, and efficacy follow-up data from both SCALP 1 and SCALP 2 phase III trials.
2) **Breezula parallel filing in the US and EU (H1 2026):** Upon positive 12-month safety, tolerability, and efficacy data, Cosmo plans to submit parallel applications for approval in both regions.
3) **Winlevi EU commercial launch by partners (H1 2026):** Rollout of Winlevi by its commercialization partners in all major European markets, targeting a EUR 1.5 bn topical acne treatment, conservatively adding EUR 100+ mn to our global peak sales.

Flash Update

Substantial private placement of treasury shares with the renowned Capital Group
Cosmo announced the successful completion of a significant institutional private placement of 937,086 treasury shares to Capital Group's SMALLCAP World Fund. This represents approximately 5.3% of Cosmo's outstanding shares, subject to regulatory disclosure. Because the transaction used existing treasury shares, there is no dilution for current shareholders. The shares are fully fungible with existing listed shares and rank pari passu in all respects. In line with applicable regulations, Cosmo will file the relevant major shareholding notifications with SIX Swiss Exchange.

This placement marks another major milestone in Cosmo's transformation into an innovation-driven healthcare leader. It broadens the shareholder base, enhances financial flexibility, and supports continued investment in key growth areas, including MedTech AI, dermatology, gastroenterology, and CDMO. The funds raised will be allocated to accelerate the development of Cosmo's MedTech AI platform and expand the dermatology pipeline, positioning the company at the forefront of digital healthcare innovation.

Capital Group's investment reflects strong confidence in Cosmo's strategic direction and long-term potential. Their participation further validates Cosmo's commitment to innovation and growth, underscoring the company's reputation in the global healthcare sector. Capital Group is one of the world's largest and oldest private investment-management firms, renowned for its actively managed mutual funds and more than USD 3 trillion in assets under management. Headquartered in Los Angeles, US, Capital Group has a global presence, including operations in Switzerland.

As a result of the significant private placement, our rNPV for Cosmo increases by 12% (CHF 7 per share) to CHF 166 per share.

Key value drivers in 2026 include:

- **Winlevi:** European commercial launch of Winlevi through local partners, expanding the global dermatology franchise's revenue opportunity.
- **GI Genius:** Continued innovation and software expansion within GI Genius, including new AI apps and workflow-enhancing features.
- **Breezula:** 12-month safety and tolerability data readout from phase III trials in male baldness, supporting strategic partnering and commercialization decisions.
- **Capital deployment:** Selective partnerships and capital deployment, leveraging its strong, debt-free balance sheet to accelerate growth across AI-enabled MedTech and pharma.

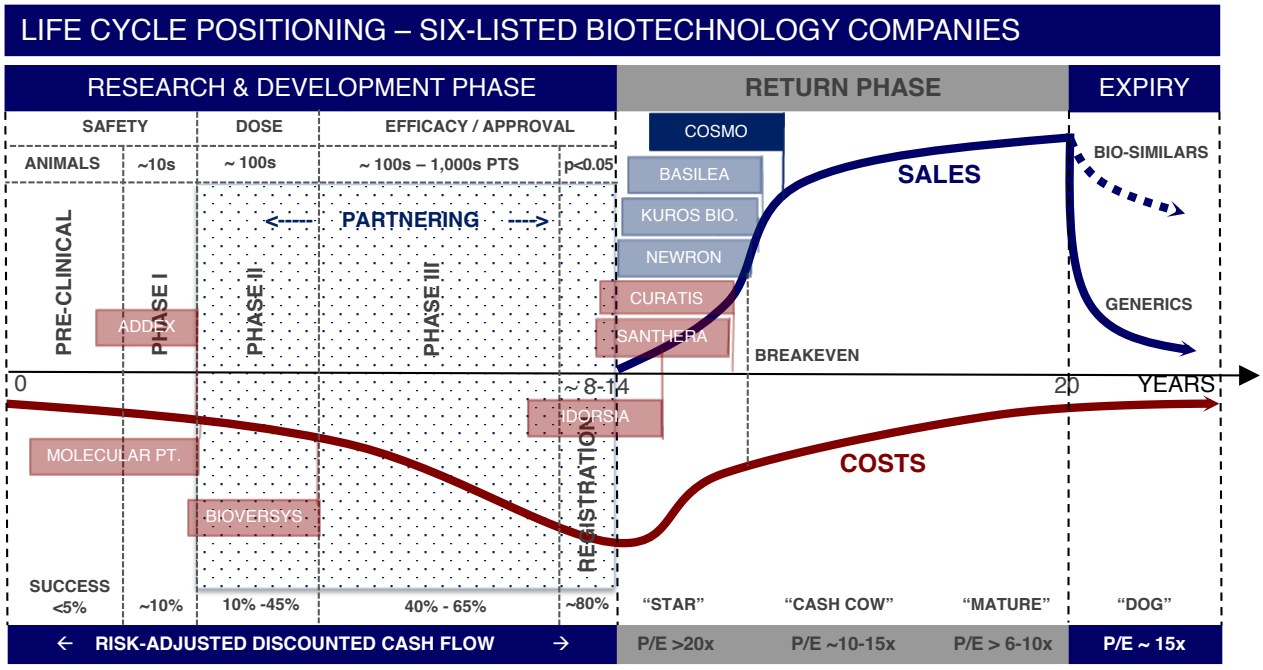
Investment Case, Strategy & Cash

Investment case in a nutshell

Cosmo is one of the few SIX-listed biopharma companies with enough cash to fund its clinical development plans and pay annual dividends, thanks to a robust balance sheet and sustainable revenues from eight 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 like GI Genius, a groundbreaking AI-powered platform with the first use in colonoscopy, and Winlevi, the first topical anti-androgen on the market for acne treatment, are expected to drive significant growth and margin expansion both in the near and long term, with the potential for sustained annual dividends. Key pipeline products, such as blockbuster Breezula for male hair loss (supported by strong phase III results), additional third-party applications for GI Genius, and early-stage products like colesevelam MMX for bile acid diarrhea (BAD) and rifamycin enema for distal ulcerative colitis, are anticipated to contribute to future growth.

Life Cycle Positioning - Low Risk

We classify Cosmo as Low Risk due to its strong balance sheet, revenue from eight marketed products (Lialda/Mezavant, Uceris/Cortiment, Aemcolo/Relafalk, Eleview, GI Genius, Byfavo, Winlevi, and Lumeblue), CDMO revenue, and financial equity stakes in RedHill (14.8%) and Eagle (0.7%), which can be readily monetized. Cosmo has consistently been prudent by staying within its financial means when making investment decisions. It has returned to sustainable profitability, supported by the global rollout of its products through commercialization partnerships with major companies, including Medtronic and Sun Pharmaceuticals, in key 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 pharmaceutical and medtech AI company focused on developing and manufacturing best-in-class treatments in 1) MedTech AI (artificial intelligence (AI)-powered technology platform), 2) Dermatology (skin disorders), 3) Gastroenterology (diseases of the gastrointestinal (GI) tract), with a staff of 332 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 medtech AI 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 that was 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 been listed on XETRA (ticker: C43) in Frankfurt, providing easier access and increased visibility to European investors, thereby enhancing 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 must be available for all projects before the company initiates 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 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-powered technology platform, which received US de novo approval for its first application in detecting lesions during colonoscopy, providing a significant market entry barrier. Winlevi is the first novel 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 and will be launched in the EU by its commercialization partners in H1 2026.
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 up to 2 bn male patients with Breezula (clascoterone solution), distal ulcerative colitis targeting 3.5 mn patients with rifamycin enema, bile acid diarrhea (BAD) targeting 95 mn sufferers with colesevelam MMX, and solid tumors targeting 4 mn patients with cortexolone 15 alpha-valerate-21-propionate (CB-01-10) (non-core – to be divested). AI-augmented endoscopy, with an estimated 225 mn annual procedures globally, including upper GI procedures, medical reporting (currently being rolled out in the US), and other endoscopic procedures, can substantially expand the peak sales potential of GI Genius beyond our current forecasts.
4) **Commercialization partnerships:** Cosmo has built a global sales infrastructure for its main 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 Zealand, Brazil, Mexico, and Russia. This allows Cosmo to focus on multiple R&D opportunities and maintain a lean and straightforward cost structure, avoiding the expenses of a separate commercial infrastructure. As a result, Cosmo enhances profitability as new products generate revenues.

Cosmo is engaged in the following business fields:

1) **MEDTECH AI:** 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, including:
    - **GI Genius** (an artificial intelligence-powered technology platform designed to support visual diagnosis initially used in colonoscopy, is a key growth product launched by global partner Medtronic in the EU (2019) and the US (2021). It significantly enhances the detection rate of colon polyps, which can potentially develop into cancer. In December 2023, the global distribution agreement with Medtronic was notably expanded, with Cosmo receiving USD 200 mn (CHF 186 mn) in 2024 and qualifying for double-digit royalties on sales. In 2024, the new ColonPRO software was introduced with an improved algorithm, resulting in better detection rates and fewer false positives, while also automating physicians' workflows and supporting future growth. Medtronic guides for a USD 400 mn AI-assisted colonoscopy market in the US alone. The expansion of the GI Genius platform to include an Intelligent Tablet and Apple Vision Pro, along with entry into upper GI tract procedures, is expected to significantly grow the franchise in colonoscopy and other endoscopic fields.
    - **Eleview** (dyed lesion resection cushion) is a well-established product used for submucosal lifting of polyps, adenomas, and early-stage cancers during gastrointestinal endoscopic procedures. Medtronic acts as 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. It represents the first new topical mechanism for acne in nearly 40 years and has become the top 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. Cosmo expects Winlevi to be available in 40 countries by the end of 2027. In a rare move, the CHMP reversed its initial negative opinion after a successful re-examination, where Cosmo provided strong evidence of Winlevi’s favorable benefit-risk profile. This led to EU approval, with commercialization expected to start in H1 2026. Cosmo is also working on extending the life cycle of Winlevi and expanding its use into other dermatology indications.
    - **Breezula** (androgenic alopecia) is a late-stage pipeline product in the final phase III development for male hair loss. In December 2025, strong phase III 6-month

topline results were reported in both pivotal trials. The 12-month safety and efficacy follow-up data are expected in spring 2026, with a parallel US and EU filing soon after. The total addressable market is USD 20 bn in the US alone. Cosmo aims for global peak sales exceeding 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) was 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** (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** (distal ulcerative colitis) is an innovative enema solution that transforms into a bio-adhesive gel after administration, containing rifamycin SV as the active ingredient 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).

Substantial cash generation to fund all development plans and pay dividends

Cosmo's estimated gross cash position of around EUR 238 mn on 3 February 2026, 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 enables Cosmo to expand its product offering through internal development projects

and potential external transactions. Cosmo's "2030 Vision and Strategy" projects recurring revenue for its existing portfolio, including GI Genius, Winlevi, gastroenterology, and CDMO, to reach EUR 260 mn (23% CAGR), with an EBITDA of EUR 65 mn (25% margin) by 2030. Including new products such as Breezula, recurring revenue is projected to reach EUR 480 mn (39% CAGR) and an EBITDA of EUR 195 mn (40% margin) by 2030.

Valuation Overview

Risk-adjusted sum-of-parts NPV points to CHF 166 per share

We derive a risk-adjusted (r)NPV for Cosmo of CHF 166 per share with estimated cash and cash equivalents of CHF 14 per share (3 February 2026) and overhead expenses of CHF 3 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
MEDTECH AI:				50		**52**	**31%**
- GI GENIUS	COLONOSCOPY / UPPER GI TRACT **NEW**	1'405	2019 (EU)/2021 (US)	50	100%	50	30%
- ELEVIEW	LESION RESECTION CUSHION	42	2017	2	100%	2	1%
- AI-POWERED DIGITAL COMPANIONS **(NEW)**	BREEZULA / OTHER THIRD PARTIES	TBD	2026	TBD		TBD	
DERMATOLOGY:				92		**76**	**45%**
- WINLEVI (CLASCOTERONE CREAM)	ACNE	355	2021 (US)/2025 (EU)	13	100%	13	8%
- BREEZULA (CLASCOTERONE SOLUTION) - **PIPELINE**	ANDROGENIC ALOPECIA (MALE HAIR LOSS)	2'558	2027	79	80%	64	38%
GASTROENTEROLOGY:				56		**20**	**12%**
- LIALDA / MEZAVANT	ULCERATIVE COLITIS	709	2007	9	100%	9	6%
- UCERIS / CORTIMENT	ULCERATIVE COLITIS	62	2013	2	100%	2	1%
- OTHERS (LUMEBLUE, AEMCOLO, BYFAVO)	GASTROENTEROLOGY	171	2019-2020	2	100%	3	2%
- RIFAMYCIN 1% ENEMA (CB-01-35) - **PIPELINE**	DISTAL ULCERATIVE COLITIS / PROCTITIS	288	TBD	10	15%	1	1%
- COLESEVELAM MMX (CB-01-33) - **PIPELINE**	BILE ACID DIARRHEA	1'260	TBD	33	15%	5	3%
CONTRACT DEVELOPMENT AND MANUFACTURING ORGANIZATION				7		**7**	**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%
ESTIMATED CASH & CASH EQUIVALENTS (3 FEBRUARY 2026)		238		14		**14**	8%
TOTAL ASSETS				219		**169**	100%
OVERHEAD EXPENSES				-3		**-3**	
NPV/SHARE (CHF)				216		**166**	
SHARE PRICE ON 04 DECEMBER 2025						**125**	
PERCENTAGE UPSIDE / (DOWNSIDE)						33%	
ESTIMATES AS OF 3 FEBRUARY 2026						SOURCE: VALUATIONLAB ESTIMATES	

Key drivers of growth for Cosmo include:

I) MEDTECH AI:

GI Genius (AI-enhanced endoscopy) – rNPV of CHF 50 per share

GI Genius is the first-ever approved AI (artificial intelligence)-powered technology platform, initially approved for lesion detection during colonoscopy, with a substantial lead over competing devices. With Medtronic's global marketing strength, we believe GI Genius will become a game-changer in colonoscopy, offering significant upside from future upgrades (apps), interfaces like the Intelligent Tablet and the Apple Vision Pro, as well as upper gastrointestinal (GI) tract procedures such as endoscopy and laparoscopy, which are now included in our forecasts. We project peak sales of around EUR 1.4 bn (booked by Medtronic), with Cosmo earning approximately 15-20% royalties on net sales. We calculate an NPV of CHF 50 per share for GI Genius in colonoscopy and upper GI tract procedures. Other non-GI procedures, such as rhinoscopy, cystoscopy, and arthroscopy (not included in our forecasts), could provide further upside.

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 quickly became the #1 branded prescription topical acne treatment, triggering 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). Winlevi is expected to be available in 40 countries by the end of 2027. In August 2025, after a successful re-examination, the CHMP reversed its initial negative opinion to a positive one to approve Winlevi in the EU for both adults and adolescents, adding EUR 100+ mn to our global peak sales forecasts, with first EU launches expected in H1 2026. We calculate an rNPV of CHF 13/share for Winlevi in acne, with global peak sales conservatively amounting to around EUR 360 mn.

Breezula (hair loss) - rNPV of CHF 64 per share
Breezula is a unique formulation with a 7.5-fold higher dose of clascoterone, the active ingredient in Winlevi for acne. It is in the final stage of development for treating male androgenetic alopecia (AGA), the most common form of hair loss in men. Positive 6-month topline results were reported in December 2025 for both SCALP 1 and SCALP 2 phase III trials in male baldness. 12-month safety, tolerability, and efficacy follow-up data are expected in spring 2026, with parallel filings in the US and EU to follow shortly after. We expect Breezula to be launched in 2027, with estimated global peak sales of approximately EUR 2.5 bn (Cosmo projects global peak sales exceeding USD 2.5 bn). We calculate an rNPV of CHF 64 per share, assuming an 80% (filing) success probability for Breezula in male hair loss.

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 2 per share
Uceris/Cortiment (budesonide MMX) is Cosmo's second treatment for ulcerative colitis, offering significantly better economics compared to 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 and a strong uptake in Japan. We calculate an NPV of CHF 2 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 170 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 7 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 7 per share.

CB-03-10 (cancer is non-core and to be divested) – 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 divest this attractive compound as cancer is non-core.

"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 2.8 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 80% (filing) success rate for Cosmo's key pipeline project Breezula (male hair loss) with parallel filings in the US and EU in H1 2026. 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 depend entirely 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 key role in the commercial success of GI Genius, Eleview, and future medical devices. Finding a major commercialization partner or partners for Breezula will be essential to reach its projected EUR 2.5 bn peak sales. Actual sales, upfront costs, regulatory and sales milestones, and royalties may differ from our forecasts, as the pace of launching and signing partners and the terms can vary.

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)
2026					
DURING 2026	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; ADDITIONAL FEATURES AND NEW APPS ARE PLANNED FOR RELEASE IN 2026	TBD
12 JAN			FY 2025 PRELIMINARIES	FY 2025 PRELIMINARY UNAUDITED FINANCIAL HIGHLIGHTS: TOTAL REVENUE OF EUR 104 MN AT GUIDANCE MIDPOINT (EUR 102-107 MN), YEAR-END CASH & CASH EQUIVALENTS ABOVE EUR 128 MN SIGNIFICANTLY ABOVE GUIDANCE, EBITDA AT UPPER END OF GUIDANCE (EUR 5.5-7.5 MN)	
3 FEB			PRIVATE PLACEMENT	PRIVATE PLACEMENT OF 937,086 EXISTING TREASURY SHARES WITH CAPITAL GROUP'S SMALLCAP WORLD FUND; REPRESENTS ~5.3% COSMO'S OUTSTANDING SHARES WITH ESTIMATED GROSS PROCEEDS OF ROUGHLY CHF 109 MN BASED ON A CLOSING PRICE OF CHF 117/SHARE	
9 MAR			FY 2025 RESULTS	RELEASE OF AUDITED FY2025 RESULTS AND ANNUAL AND ESG REPORT	
SPRING	BREEZULA	ANDROGENIC ALOPECIA (HAIR LOSS)	TOPLINE RESULTS	FOLLOW-UP 12 MONTH SAFETY AND EFFICACY RESULTS OF BOTH PIVOTAL SCALP 1 AND SCALP 2 PHASE III TRIALS	
10 APR			AGM	ANNUAL GENERAL MEETING (AGM) OF SHAREHOLDERS	
H1				UPON POSITIVE 12-MONTH SAFETY AND EFFICACY RESULTS OF BOTH PIVOTAL SCALP 1 AND SCALP 2 PHASE III TRIALS, PARALLEL FILINGS IN THE US AND EU ARE PLANNED; REVIEW AND APPROVALS ARE EXPECTED ROUGHLY ONE YEAR LATER	
H1	WINLEVI	ACNE	COMMERCIAL LAUNCH EU	COMMERCIAL LAUNCH OF WINLEVI IN EUROPE THROUGH LOCAL	
H1	RIFAMYCIN ENEMA	DISTAL ULCERATIVE COLITIS	ENROLMENT COMPLETED	ENROLMENT OF THE PHASE II POC TRIAL IN 102 PATIENTS WITH PROXIMAL OR DISTAL ULCERATIVE COLITIS EXPECTED TO BE COMPLETED	
20 JUL			H1 2026 RESULTS	ANNOUNCEMENT OF THE H1 2026 RESULTS	
YEAR-END	COLESEVELAM MMX	BILE ACIC DIARRHEA (BAD)	ENROLMENT COMPLETED	ENROLMENT OF THE PHASE II POC TRIAL IN 120 PATIENTS WITH BAD EXPECTED TO BE COMPLETED	
YEAR-END	RIFAMYCIN ENEMA	DISTAL ULCERATIVE COLITIS	DOSING COMPLETED	DOSING OF THE 102 PATIENTS WITH PROXIMAL OR DISTAL ULCERATIVE COLITIS IN THE PHASE II POC TRIAL EXPECTED TO BE COMPLETED	
	CB-03-10/CORTEXOLONE	SOLID TUMORS	PARTNERSHIP OPPORTUNITIES	FOLLOWING COMPLETION OF THE PART 1 DOSE ESCALATION OF THE PHASE I TRIAL, COSMO WILL EXPLORE PARTNERSHIP OPPORTUNITIES FOR ITS CANCER PRODUCT TARGETING SOLID TUMORS	TBD

ESTIMATES AS OF 3 FEBRUARY 2026

SOURCE: VALUATIONLAB, COSMO PHARMACEUTICALS

Income Statement

COSMO PHARMACEUTICALS											SHARE PRICE (CHF) 124.80
IFRS											
INCOME STATEMENT (EUR MN)	**2024**	**2025E**	**2026E**	**2027E**	**2028E**	**2029E**	**2030E**	**2031E**	**2032E**	**2033E**	**2034E**
PRODUCT SALES (ESTIMATED)	**480**	**537**	**657**	**875**	**1'213**	**1'732**	**2'214**	**3'173**	**4'236**	**4'911**	**4'043**
CHANGE (%)	-10%	12%	22%	33%	39%	43%	28%	43%	33%	16%	-18%
RECURRING REVENUE:	**77**	**88**	**119**	**166**	**252**	**393**	**522**	**769**	**1'035**	**1'216**	**1'059**
CHANGE (%)	-9%	15%	35%	39%	52%	56%	33%	47%	35%	17%	-13%
1) MANUFACTURING OF OWN PRODUCTS	**45**	**57**	**70**	**92**	**128**	**171**	**219**	**298**	**359**	**400**	**172**
CHANGE (%)	-17%	25%	23%	32%	38%	34%	28%	36%	20%	11%	-57%
2) CDMO (MANUFACTURING THIRD PARTIES)	**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**	**14**	**49**	**73**	**124**	**222**	**304**	**471**	**676**	**816**	**887**
CHANGE (%)	12%	2%	254%	49%	152%	79%	37%	55%	44%	21%	9%
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**	**16**	**100**	**100**	**65**	**131**	**188**	**82**	**262**	**51**	**46**
CHANGE (%)	683%	-92%	528%	0%	-35%	100%	44%	-57%	220%	-81%	-9%
TOTAL REVENUES (COSMO)	**267**	**104**	**238**	**285**	**337**	**544**	**731**	**871**	**1'318**	**1'288**	**1'128**
CHANGE (%)	188%	-61%	128%	20%	18%	62%	34%	19%	51%	-2%	-12%
COGS	**-45**	**-49**	**-60**	**-79**	**-108**	**-148**	**-190**	**-265**	**-338**	**-385**	**-230**
CHANGE (%)	15%	9%	22%	30%	38%	37%	28%	40%	27%	14%	-40%
GROSS PROFIT	**221**	**55**	**178**	**207**	**229**	**396**	**541**	**606**	**981**	**904**	**898**
CHANGE (%)	314%	-75%	223%	16%	11%	73%	37%	12%	62%	-8%	-1%
MARGIN (%)	83%	53%	75%	72%	68%	73%	74%	70%	74%	70%	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**	**-31**	**-31**	**-32**	**-32**	**-32**	**-33**	**-33**	**-33**	**-34**	**-34**
CHANGE (%)	21%	-15%	1%	1%	1%	1%	1%	1%	1%	1%	1%
AS % OF REVENUES	13.6%	29.7%	13.2%	11.1%	9.5%	5.9%	4.5%	3.8%	2.5%	2.6%	3.0%
OTHER OPERATING INCOME / (EXPENSES)	**4**	**10**	**12**	**14**	**17**	**21**	**25**	**30**	**36**	**43**	**52**
NET OPERATING EXPENSES	**-73**	**-61**	**-57**	**-51**	**-46**	**-45**	**-42**	**-40**	**-35**	**-28**	**-20**
CHANGE (%)	31%	-16%	-6%	-11%	-10%	-3%	-5%	-7%	-12%	-20%	-30%
EBIT	**149**	**-6**	**120**	**155**	**183**	**352**	**499**	**567**	**946**	**876**	**878**
CHANGE (%)	-8037%	-104%	-2114%	29%	18%	93%	42%	14%	67%	-7%	0%
MARGIN (%)	55.8%	-5.7%	50.6%	54.5%	54.2%	64.6%	68.3%	65.0%	71.8%	68.0%	77.9%
EBITDA	**161**	**7**	**133**	**168**	**196**	**365**	**513**	**581**	**960**	**891**	**894**
CHANGE (%)	1515%	-96%	1928%	27%	16%	86%	40%	13%	65%	-7%	0%
MARGIN (%)	60%	6%	56%	59%	58%	67%	70%	67%	73%	69%	79%
NET FINANCIAL INCOME / (EXPENSES)	**4**	**3**	**4**	**6**	**9**	**12**	**16**	**21**	**27**	**35**	**53**
PROFIT BEFORE TAXES	**153**	**-3**	**125**	**162**	**192**	**364**	**515**	**588**	**974**	**911**	**931**
CHANGE (%)	-2462%	-102%	-3794%	30%	18%	90%	42%	14%	66%	-6%	2%
TAXES	-20	-2	-25	-27	-42	-80	-114	-133	-213	-202	-189
NET PROFIT/(LOSS)	**133**	**-5**	**100**	**134**	**150**	**284**	**401**	**454**	**761**	**709**	**743**
CHANGE (%)	-1344%	-104%	-1983%	35%	12%	89%	41%	13%	67%	-7%	5%
MARGIN (%)	49.9%	-5.1%	41.9%	47.1%	44.5%	52.1%	54.8%	52.2%	57.7%	55.1%	65.8%
PROFIT/(LOSS) PER SHARE (IN EUR)	**8.14**	**-0.32**	**6.10**	**8.22**	**9.17**	**17.34**	**24.50**	**27.78**	**46.51**	**43.37**	**45.41**
PROFIT/(LOSS) PER SHARE (IN CHF)	7.76	-0.30	5.69	7.67	8.56	16.19	22.86	25.93	43.41	40.48	42.38

ESTIMATES AS OF 3 FEBRUARY 2026 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**	92.8	188%
TOTAL REVENUE (EXCL. MILESTONES)	**102** (+33%) **- 107** (+40%)	**76.5**	83.7	-9%
RECURRING REVENUE (EXCL. MILESTONES)	**85** (+11%) **- 90** (+18%)	76.5	83.7	-9%
EBITDA	**5.5 - 7.5**	**161.1**	10.0	1515%

* FY 2024 RESULTS IMPACTED BY USD 200 MN MEDTRONIC MILESTONE SOURCE: VALUATIONLAB, COSMO PHARMACEUTICALS

"2030 Vision and Strategy" outlook in 2030:

- Existing product portfolio (GI Genius, Winlevi, gastroenterology & CDMO):
  - **EUR 260 mn recurring revenues** (+23% CAGR)
  - **EUR 65 mn EBITDA** (25% margin)
- Product portfolio including new products (e.g., Breezula):
  - **EUR 480 mn recurring revenues** (+39% CAGR)
  - **EUR 195 mn EBITDA** (40% margin)

Ratios & Balance Sheet

COSMO PHARMACEUTICALS											SHARE PRICE (CHF) 124.80
IFRS											
RATIOS	**2024**	**2025E**	**2026E**	**2027E**	**2028E**	**2029E**	**2030E**	**2031E**	**2032E**	**2033E**	**2034E**
P/E			21.9x	16.3x	14.6x	7.7x	5.5x	4.8x	2.9x	3.1x	2.9x
P/S			9.2x	7.7x	6.5x	4.0x	3.0x	2.5x	1.7x	1.7x	1.9x
P/NAV			3.6x	3.0x	2.5x	1.9x	1.4x	1.1x	0.8x	0.6x	0.5x
EV/EBITDA			14.8x	11.7x	10.1x	5.4x	3.8x	3.4x	2.1x	2.2x	2.2x
PER SHARE DATA (CHF)	**2024**	**2025E**	**2026E**	**2027E**	**2028E**	**2029E**	**2030E**	**2031E**	**2032E**	**2033E**	**2034E**
EARNINGS	**7.76**	**-0.30**	**5.69**	**7.67**	**8.56**	**16.19**	**22.86**	**25.93**	**43.41**	**40.48**	**42.38**
CHANGE (%)	-1305%	-104%	-1971%	35%	12%	89%	41%	13%	67%	-7%	5%
CASH	**9.90**	**7.41**	**21.41**	**31.38**	**43.07**	**64.59**	**94.77**	**129.11**	**185.48**	**238.31**	**292.36**
CHANGE (%)	227%	-25%	189%	47%	37%	50%	47%	36%	44%	28%	23%
DIVIDENDS	**2.05**	**1.70**	**1.89**	**2.09**	**2.32**	**2.58**	**2.86**	**3.18**	**3.53**	**3.92**	**4.35**
YIELD (%)	2%	1%	2%	2%	2%	2%	2%	3%	3%	3%	3%
NET ASSET VALUE	**29.45**	**28.70**	**34.21**	**41.88**	**50.43**	**66.62**	**89.48**	**115.41**	**158.82**	**199.30**	**241.68**
CHANGE (%)	21%	-3%	19%	22%	20%	32%	34%	29%	38%	25%	21%
BALANCE SHEET (EUR MN)	**2024**	**2025E**	**2026E**	**2027E**	**2028E**	**2029E**	**2030E**	**2031E**	**2032E**	**2033E**	**2034E**
NET LIQUID FUNDS	**170**	**129**	**375**	**550**	**755**	**1'132**	**1'661**	**2'263**	**3'251**	**4'177**	**5'124**
TOTAL ASSETS	**647**	**656**	**902**	**1'077**	**1'282**	**1'659**	**2'188**	**2'790**	**3'778**	**4'704**	**5'651**
TOTAL SHAREHOLDERS' EQUITY	**505**	**500**	**600**	**734**	**884**	**1'168**	**1'568**	**2'023**	**2'784**	**3'493**	**4'236**
- CHANGE IN %	25%	-1%	20%	22%	20%	32%	34%	29%	38%	25%	21%
- RETURN ON EQUITY	26%	-1%	17%	18%	17%	24%	26%	22%	27%	20%	18%
FINANCIAL DEBT	**2**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
EMPLOYEES	322	332	339	345	352	359	367	374	381	389	397
- CHANGE IN %	*5%*	*3%*	*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	-3	125	162	192	364	515	588	974	911	931
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**	**9**	**137**	**175**	**205**	**377**	**529**	**602**	**988**	**926**	**947**
CASH FLOWS FROM INVESTING ACTIVITIES	-129	0	0	0	0	0	0	0	0	0	0
FREE CASH FLOW	**33**	**9**	**137**	**175**	**205**	**377**	**529**	**602**	**988**	**926**	**947**
CASH FLOWS FROM FINANCING ACTIVITIES	-40	0	109	0	0	0	0	0	0	0	0
NET FOREIGN EXCHANGE DIFFERENCES	0.7										
CHANGE IN LIQUID FUNDS	**-7**	**9**	**246**	**175**	**205**	**377**	**529**	**602**	**988**	**926**	**947**

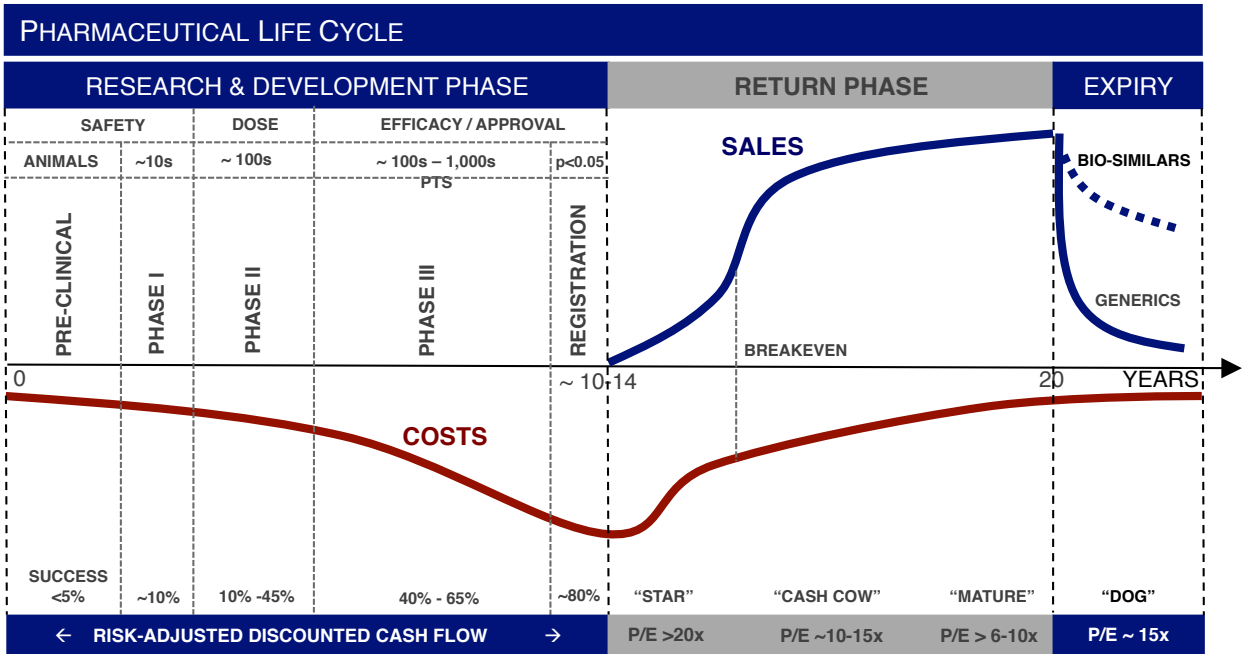
ESTIMATES AS OF 3 FEBRUARY 2026 SOURCE: VALUATIONLAB ESTIMATES

Estimated cash, cash equivalents, and investments of around EUR 238 mn (3 February 2026) 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

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 standardized success probabilities based on historical clinical success rates—the success rate increases as the project progresses 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

Important Research Disclosures

valuationLAB AG is an independent healthcare research boutique with no securities or banking services. The company does not hold any positions in the securities mentioned in this report.

Our financial analyses are based on the "Directives on the Independence of Financial Research" issued by the Swiss Bankers Association in January 2008.

Purpose of the Research

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Achievement of the (risk-adjusted) Fair Value

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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)

Analyst Certification

The research analyst(s) identified on the first page of this research report hereby attest that all of the views expressed in this report accurately reflect their personal views about any and all of the subject securities or issuers. To ensure the independence of our research analysts, and their immediate households, are expressly prohibited from owning any securities in the valuationLAB AG research universe, which belong to their sector(s). Neither the research analyst nor his/her immediate household serves as an Officer, Director, or Advisory Board Member of Cosmo Pharmaceuticals NV.

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