COSMO Pharmaceuticals

Corporate Presentation

September 23, 2020

SAFE HARBOUR

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AGENDA

01 OVERVIEW

02 PRODUCTS UPDATE

03 2020 OUTLOOK AND PRIORITIES

04 QUESTIONS AND ANSWERS

COSMO PHARMACEUTICALS N.V.

FY20 Revenue guidance
€52 - €56 million

FY20 Operating Profit guidance
€2 - €8 million

Market Cap[1] **CHF 1,338.3 million**
Net Cash[2] **€238.4 million**

Employees
261

46.56% Stake in Cassiopea
at IPO offer price & rights offer price CHF169.4m

19.60% stake in RedHill at cost $47.2m
20.52% stake in Acacia at cost €46.6m
7.91% stake in Paion AG at cost €10.0m

Treasury shares at cost[2] €47.1 million

[1] as at 14 Sept 2020
[2] as at 30 Jun 2020

COSMO PHARMACEUTICALS N.V.

Providing solutions for colon diseases

STRATEGY GOING FORWARD

Following delay in approval of MB MMX in the U.S. Cosmo decided to **shift strategy** to:

01

Enter into partnerships with selective players in exchange of equity stake and/or milestones/royalties or combination of both (Medtronic, RedHill, Acacia Pharma)

02

Develop new product opportunities with partners

PRODUCTS UPDATE

PRODUCTS UPDATE

Methylene Blue MMX

- The European Commission approved Methylene Blue MMX for the visualisation of colorectal lesions during colonoscopies in August. The Centralized European licence will be effective simultaneously in all EU Member States as well as in the European Economic Area (EEA) countries Iceland, Liechtenstein and Norway.

- We have submitted the complete protocol and statistical analysis plan for the 2nd phase III trial required to support U.S. approval to the FDA. Subject to reaching agreement with the FDA on the final protocol, the trial is expected to start in Q1 2021, ongoing pandemic permitting.

Cassiopea

- Cassiopea SpA (SIX: SKIN), our associate in which we hold a 46.56% stake, announced FDA approval of Winlevi® (clascoterone cream 1%) for the treatment of acne in patients 12 years and older.

- Cosmo has no long-term strategic objectives for Cassiopea which is considered as a financial investment to be monetized in due course.

PRODUCTS UPDATE - CONTINUED

Byfavo™

- Byfavo™ was approved by the FDA in July, this follows the sub-licensing of Byfavo™ to Acacia Pharma plc in January in an equity for product deal.

GI Genius™

- Sales in Europe commenced at the end of 2019, however the pandemic is impacting sales. Approval has also been obtained in Australia, Israel and the United Arab Emirates. The U.S. trial for FDA approval of GI Genius™ commenced in January, however the pandemic is slowing down the opening of sites and recruitment. Sales in U.S. are expected to begin immediately after U.S. approval.

- Very positive results of the first investigator initiated prospective clinical study of GI Genius™ were announced in February The ADR (Adenoma Detection Rate) was significantly higher in the GI Genius™ group than in the control group (56.9% vs 40.9%, respectively; OR [95% CI]: 1.9 [1.4, 2.57]; $p<0.001$), as well as the APC (Adenoma Per Colonoscopy) (1.13±1.63 vs 0.73±1.12, respectively; OR [95% CI]: 2.1 [1.6 to 2.72]; $p<0.001$).

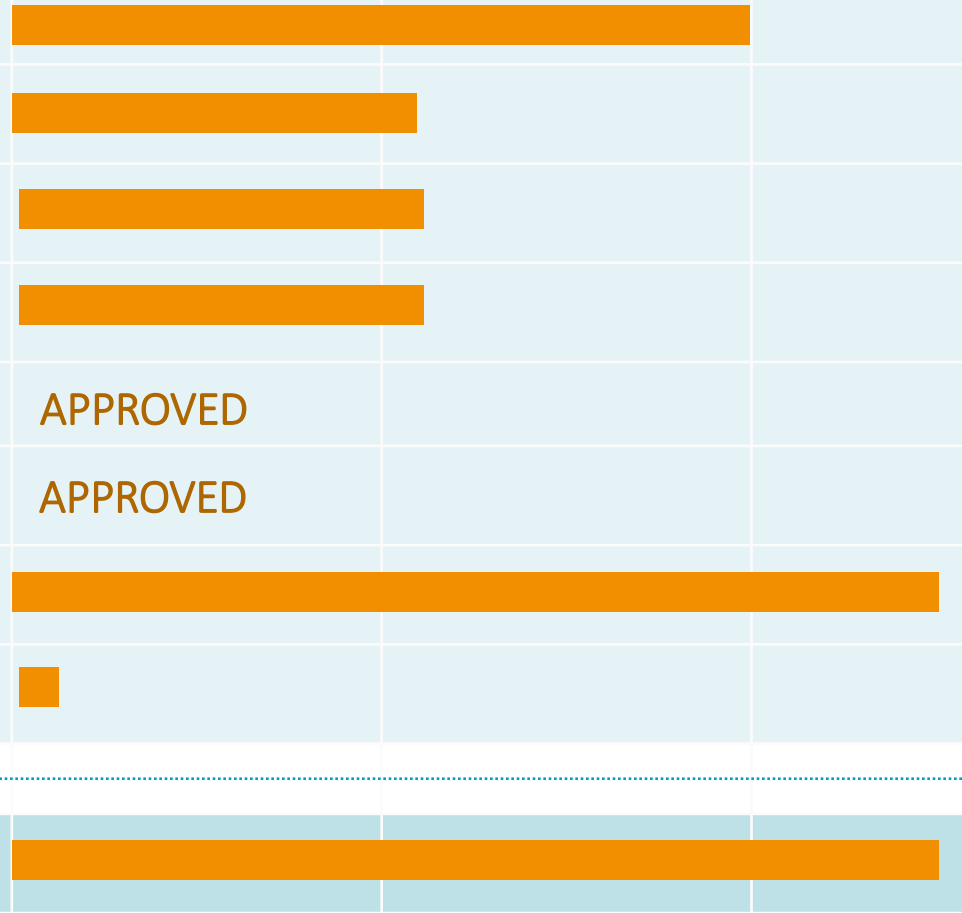
PRODUCTS UPDATE - CONTINUED

Aemcolo™

- The Italian Agenzia del Farmaco (AIFA) granted Marketing Authorization to Stadmycin™ (Rifamycin SV MMX) in July
- The Aemcolo™ Phase II proof of concept study in IBS-D progressed, the pandemic is slowing down recruitment however we expect to complete the trial by the end of this year
- Three Investigator Initiated Studies have commenced in the U.S. for the treatment of Uncomplicated Acute Diverticulitis, Minimal Hepatic Encephalopathy and Small Intestine Bacterial Overgrowth (SIBO)
- As a consequence of travel restrictions and bans, which have been put in place by most countries following the outbreak of the pandemic, it is expected that Aemcolo™ sales will likely be adversely affected in 2020

DEVELOPMENT PIPELINE

PRODUCT	INDICATION	PH I	PH II	PH III
Aemcolo™	IBS-D			
	Acute Uncomplicated Diverticulitis*			
	Small Intestine Bacterial Overgrowth (SIBO)*			
	Minimal Hepatic Encephalopathy*			
Byfavo™	Procedural Sedation	APPROVED		
Methylene Blue MMX	Lesion detection during colonoscopy - European Union	APPROVED		
Methylene Blue MMX	Lesion detection during colonoscopy – U.S.			
CB-03-10	Oral AR antagonist against solid tumors			
GI-Genius™	Lesion detection during colonoscopy (US registration)			



* Investigator Initiated Studies

ACACIA PHARMA DEAL

- Acacia Pharma is an English company with U.S. operations listed on Euronext (EURONEXT: ACPH) run by a management team highly experienced in U.S. hospital sales

- Byfavo™ was sub-licensed to Acacia with Acacia taking over all marketing activities, development responsibilities and related costs. The license from Paion is now assigned to Acacia and Cosmo no longer has any contractual obligation to Paion

- Barhemsys®, an Acacia product, was approved by the FDA for PONV (Post Operative Nausea and Vomiting) in February 2020

- Acacia is also developing Barhemsys® for CINV (Chemotherapy Induced Nausea and Vomiting)

- On the sub-licensing of Byfavo™ in Janaury Cosmo received a down-payment of €10m in Acacia (EURONEXT: ACPH) shares plus Cosmo made a €10m direct investment in Acacia. As part of the sub-licensing deal an additional €20m in Acacia Pharma shares was due on FDA approval of Byfavo™ and first U.S. sales plus up to US$105m is due on achievement of Byfavo™ commercial milestones. Also on approval of Byfavo™ €15m was payable in cash to Cosmo which offset €15m due to Paion AG by Cosmo

ACACIA PHARMA DEAL

- In addition, in January Cosmo also put loan facilities of €35m in place of which €10m was available for drawdown upon approval of Barhemsys® and a further €25m became available for drawdown upon approval of Byfavo™
- In February Barhemsys® was approved by the FDA and in June the €10 million loan facility was terminated and replaced with a €10 million equity investment. Cosmo received a €1.1m break fee payable in Acacia shares
- In July the FDA approved Byfavo™ and as a result €15m in Acacia shares and a cash payment of €15 million was received from Acacia which was used to make a €15 million payment due to Paion AG by Cosmo. The €25 million loan facility which was agreed between Cosmo and Acacia in January became available for drawdown and Acacia drew €15m of this facility
- Acacia raised approx €25m though the placement of new ordinary shares in August
- Cosmo hold's a 20.52% stake in the company

H1 2020 FINANCIAL HIGHLIGHTS

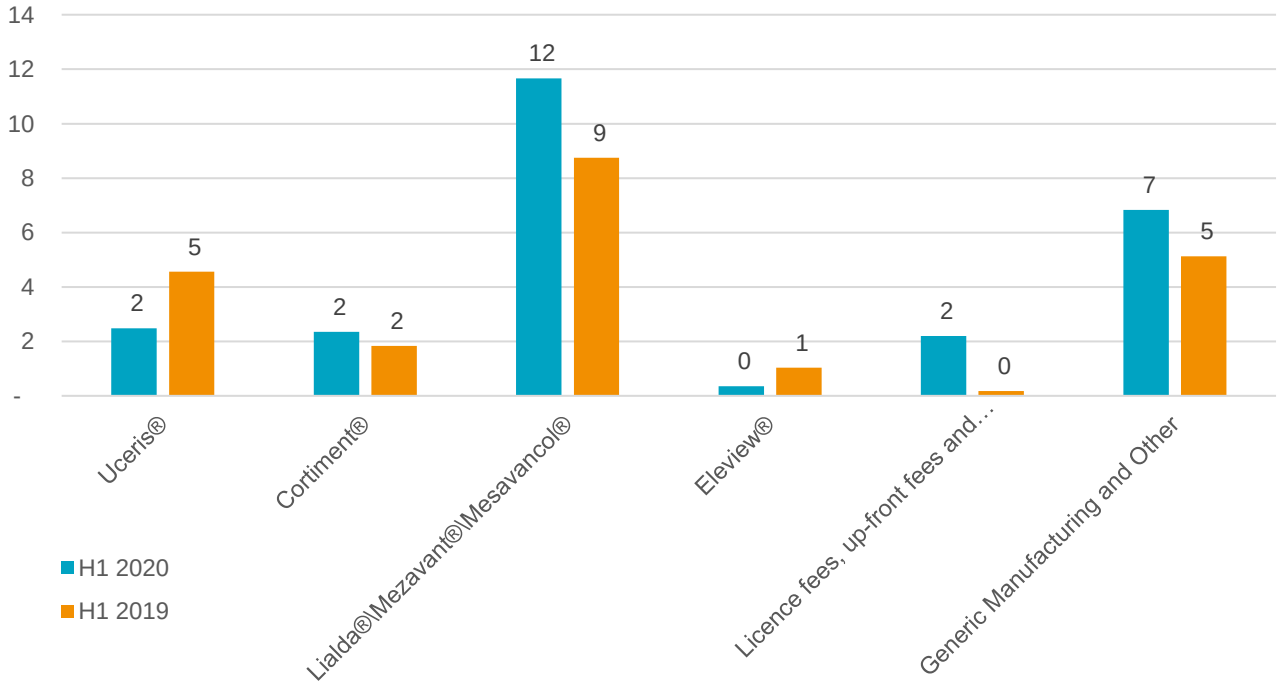
H1 2020 FINANCIAL HIGHLIGHTS

- Revenue €25.9m vs €21.5m last year
- Net expenses reduced by 40.0% to €23.2m mainly as a result of the restructuring of our U.S. organisation in 2019 and other income recorded as a result of sub-license deal with Acacia
- Operating profit of €2.7m vs operating loss of €17.2m last year
- Net financial expenses €5.8m vs €2.6m last year
  - Imputed convertible bond interest €4.2m (€2.2m paid) and unrealised net loss on investment in funds of €1.6m
- Loss after taxes for the period €3.0m (H1 2019: loss after tax of €20.8m) including share of Cassiopea loss €2.2m (H1 2019: €2.8m)

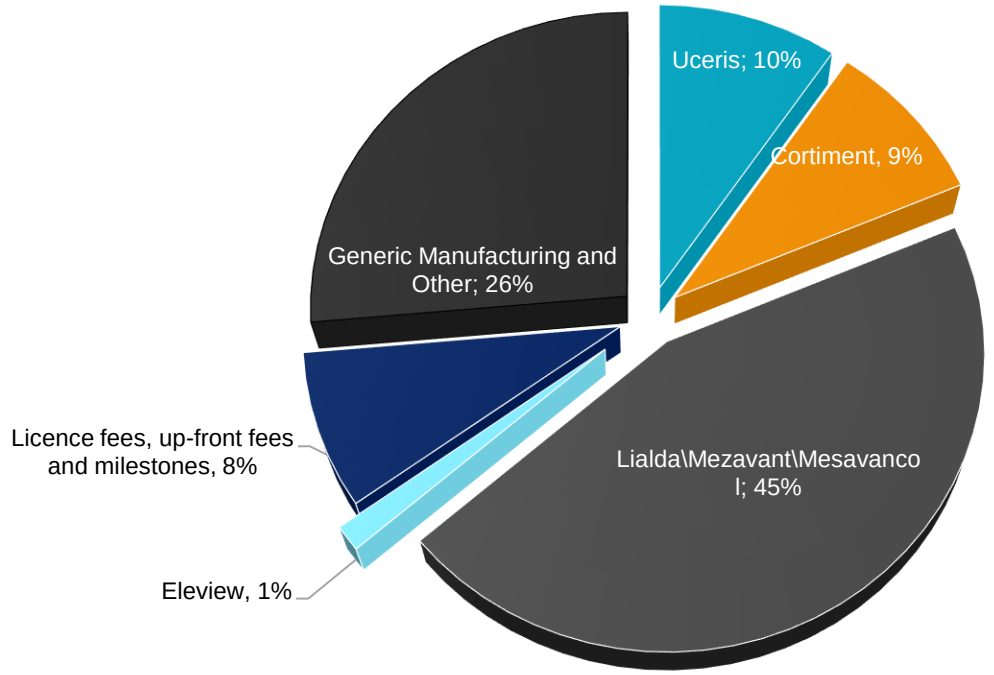
INCOME STATEMENT - REVENUE

- Revenue €25.9m vs €21.5m last year
  - Lialda/Mesavant/Measvancol revenue increased by €2.9 million to €11.7m mainly due to increase in U.S. sales
  - Uceris income was €2.5m (H1 2019: €4.6m), net sales by Bausch were US$16.3m (H1 2019: US$32.5m)
  - Cortiment income was €2.3m (H1 2019: €1.8m) net sales by Ferring were €8.9m (H1 2019: €7.7m)
  - Milestone revenue was €2.2m which refers to accrued revenue in relation to a milestone receivable from RedHill for the Aemcolo IBS-D phase II trial and a milestone of €1.5m from Crinos SpA in relation to the granting of Italian marketing authorization of Rifamycin SV MMX
  - Eleview revenue was €0.4m (H1 2019: €1.0m)

Revenue by product/nature €million



Revenue % split



STATEMENT OF FINANCIAL POSITION – SUMMARY

EUR 1,000	30 Jun 20	31 Dec 19	Change
Cash and cash equivalents and investments in funds	238,456	268,209	(29,753)
Other current & non-current assets	358,161	316,951	41,210
Liabilities	(191,177)	(191,427)	(250)
Total Equity	**405,440**	**393,733**	**11,707**

- Cash and investments in funds €238.4m
- Other current & non-current assets include shareholdings in PAION AG, RedHill, Acacia and Volition RX €97.8m, investment in Cassiopea carried at €138.8m (market value €188.2m at 30 June 2020), intangible assets of €25.7m, property plan and equipment of €29.5m and trade and other receivables of €44.0m
- Liabilities mainly consist of the liability component of the convertible bonds of €160.1m, deferred tax liabilities of €6.6m, lease liabilities of €5.6m trade payables of €7.6m and accruals of €2.0m

2020 OUTLOOK & KEY PRIORITIES

FY20 GUIDANCE MAINTAINED

Coronavirus pandemic

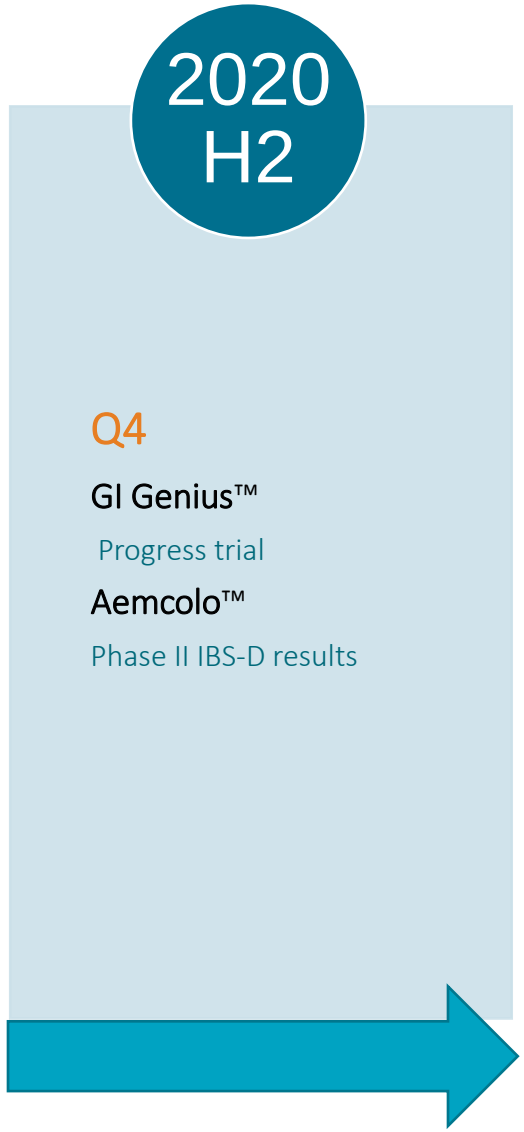
- Notwithstanding the coronavirus pandemic our production facilities continue to operate, we continue to ship our products and the inputs required for our operations continue to be received.

- Measures remain in place to protect the health and welfare of our employees.

FY20 Guidance maintained

- We are on track to return to an operating profit by year end as a result of the actions we have taken over the last 18 months.
- Our FY20 guidance is:
  - Revenue in the range of €52m - €56m
  - Total expenses in the range of €48m - €50m (of which ESOP €7.2m and Depreciation & Amortisation €6.4m)
  - Operating profit in the range of €2m - €8m

UPCOMING MILESTONES



Key priorities for 2020

- Progress the U.S. trial for GI Genius™
- Commence the Methylene Blue MMX confirmatory Phase III trial
- Conclude our Aemcolo™ phase II IBS-D trial
- Progress our product pipeline
- **All milestones potentially influenced by the pandemic**

THANK YOU

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