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Zacks Small-Cap Research

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Cosmos Health (COSM-NASDAQ)

COSM: Business Transforming into Rapid Grower

COSM is a growing healthcare company that has a broad revenue base and an expanding pharmaceutical business. Using DCF analysis, we value COSM at $4.50 per share.

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Current Price (07/23/26)	$0.2
Valuation	**$4.50**

OUTLOOK

Cosmos is a vertically integrated healthcare group with a portfolio that spans pharmaceutical and nutraceutical brands, pharmaceutical distribution, proprietary and contract manufacturing as well as an emerging set of technology- and services-oriented assets.

Cosmos Health has announced record revenues, expanded business and impressive share buyback numbers and investors should start to pay attention.

SUMMARY DATA

52-Week High	**$1.25**
52-Week Low	**$0.17**
One-Year Return (%)	**-75.11**
Beta	**4.80**
Average Daily Volume (sh)	**3,329,418**
Shares Outstanding (mil)	**60**
Market Capitalization ($mil)	**$12**
Short Interest Ratio (days)	**N/A**
Institutional Ownership (%)	**13**
Insider Ownership (%)	**26**
Annual Cash Dividend	**$0.00**
Dividend Yield (%)	**0.00**
5-Yr. Historical Growth Rates	
Sales (%)	**N/A**
Earnings Per Share (%)	**N/A**
Dividend (%)	**N/A**
P/E using TTM EPS	**N/A**
P/E using 2026 Estimate	**N/A**
P/E using 2027 Estimate	**N/A**
Zacks Rank	**N/A**

Risk Level	**Above Average**
Type of Stock	**Small-Growth**
Industry	**Health Care**

ZACKS ESTIMATES

Revenue
(in millions of $)

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2024	NA	NA	NA	NA	54.4 A
2025	13.7 A	14.7 A	17.1 A	19.7 A	65.3 A
2026	17.9 A	19.0 A	20.9 E	23.0 E.	80.8 E
2027	26.1 E	27.9 E	28.0 E	28.8 E	110.8 E

Earnings per Share

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2024	NA	NA	NA	NA	-1.17 A
2025	-0.03 A	-0.10 A	-0.17 A	-0.33 A	-0.63 A
2026	-0.06 A	-0.10 A	-0.05 E	-0.03 A	-0.21 E
2027	0.00 E	0.01 E	0.03 E	0.03 E	0.07 E

UPDATE

Cosmos Health (NASDAQ: COSM) delivered a strong second-quarter update that, in our view, provides additional evidence that the company is transitioning from a collection of healthcare assets into a larger, vertically integrated healthcare platform with increasingly meaningful scale. The headline numbers were encouraging: record second-quarter and first-half revenue, significant growth in adjusted gross profit, improving adjusted EBITDA, better operating leverage, a stronger balance sheet, and continued share repurchases. Perhaps more important for longer-term investors, several of Cosmos Health's growth initiatives—including CosmoFarm, Cana Laboratories, proprietary nutraceuticals, international distribution and the company's developing U.S. business—are beginning to contribute simultaneously.

Cosmos Health is a diversified healthcare company with operations spanning pharmaceutical distribution, manufacturing, proprietary nutraceutical and pharmaceutical brands, healthcare products and research and development. Its vertically integrated structure differentiates it from a traditional pharmaceutical distributor. The company owns brands including Sky Premium Life, Mediterranation, bio-bebe, C-Sept and C-Scrub. Through Cana Laboratories, Cosmos operates an EU-GMP pharmaceutical manufacturing business capable of producing pharmaceuticals, supplements, cosmetics, biocides and medical devices. Meanwhile, CosmoFarm provides pharmaceutical distribution in Greece, and Decahedron serves the UK market.

Record Q2 Results Demonstrate Accelerating Scale

We believe the most important takeaway from the Q2 release is the strength of revenue growth. Second-quarter revenue reached a record $18.99 million, up 28.8% from $14.75 million a year ago. First-half revenue increased 29.7% to $36.91 million from $28.46 million. Adjusting for certain sales discount reversals, Q2 revenue was $19.32 million, up 31%, while first-half adjusted revenue reached $37.72 million, up 32.5%. Management noted that this represents an adjusted annualized revenue run rate exceeding $75 million.

We see this as an important milestone because Cosmos generated only $65.3 million of revenue during all of 2025. The current run rate suggests to us that the company's growth trajectory has moved meaningfully higher even before incorporating potential acquisitions and the historically stronger seasonality management expects during the second half.

The quality of the Q2 growth also appears to be improving. Reported gross profit increased 29.9% to $1.51 million, roughly matching revenue growth. More impressively, adjusted gross profit increased 58.4% to $1.84 million, while adjusted gross margin expanded 165 basis points to 9.54%.

This margin expansion is particularly significant to the COSM investment case. Cosmos has historically generated a substantial portion of revenue from relatively low-margin pharmaceutical distribution. As higher-margin proprietary products, contract manufacturing and specialized healthcare products become larger contributors, there is an opportunity for gross profit to grow materially faster than revenue. Q2 provides some early evidence of that progression.

Operating Leverage Is Beginning to Emerge

Another very encouraging feature of the quarter to us was the expense control relative to growth. Operating expenses increased 16.5% to $4.44 million while revenue grew 28.8%. Salaries and wages actually declined 0.7% year over year despite the substantial increase in revenue. Management also reported that receivables and inventory declined even as sales approached 30% growth; first-half inventory was down 21.8%.

These figures suggest that Cosmos is beginning to generate operating leverage. Revenue is growing considerably faster than the expense base, while inventory management and collections are becoming more efficient. This dynamic could become increasingly important as revenue scales because a greater portion of incremental gross profit could ultimately flow through to EBITDA.

Adjusted EBITDA provides another encouraging indicator. The Q2 adjusted EBITDA loss improved to $1.13 million from a loss of $1.31 million a year earlier despite continued investment in international expansion and proprietary brands.

The reported net loss of $6.09 million appears much less favorable, compared with a $2.83 million loss a year ago. However, approximately $2.65 million of the quarterly loss reflected non-cash charges, principally fair-value adjustments associated with financing arrangements and not a result of core company operations.

CosmoFarm Is Becoming a Significant Revenue Engine

Within the COSM universe, CosmoFarm continues to be one of the largest drivers of growth. The business generated more than $15 million of quarterly revenue during Q2, equivalent to an annualized run rate exceeding $60 million, while adding more than 75 pharmacies to its distribution network. Cosmos is also investing in robotic automation and AI technology at CosmoFarm. Combined with the company's broader AI initiatives in inventory, warehousing, procurement and order management, management believes technology could reduce certain operating expenses by as much as 30%.
We believe CosmoFarm provides a large and expanding revenue base and pharmacy distribution infrastructure, while automation potentially creates an avenue for better margins as volume increases.

Cana Laboratories Provides Growing Visibility

While CosmoFarm growth is impressive, Cana Laboratories may ultimately prove even more important from a profitability standpoint. Its contract manufacturing orderbook has reached an all-time high exceeding 25 million units across nine therapeutic categories, with agreements extending for periods of up to ten years.

Recent agreements include a 3.9-million-unit contract with Verisfield for VASCLOR GEST progesterone pessaries and a 2.86-million-unit agreement with Pharmex covering three dermatological products. Additional orders from Nassington and Verisfield totaled more than 253,000 units, while Cosmos inaugurated a new capsule manufacturing line accompanied by a five-year agreement with Provident Pharmaceuticals for 385,000 units of CERTORUN.

This expanding orderbook is attractive because it provides Cosmos with greater revenue visibility than ordinary pharmaceutical distribution. Long-duration manufacturing agreements can also improve utilization of Cana's production infrastructure, potentially increasing margins as manufacturing volumes rise.

Additionally, Cana entered an advisory agreement with the European Investment Bank regarding potential financing of Cosmos' R&D program. The company indicated that EIB financing could total as much as €25 million. We don't believe this should be viewed as committed financing at this stage, but successful completion could provide a significant source of capital for R&D without relying entirely on conventional equity funding.

Proprietary Products Could Change the Margin Profile

Cosmos continues to expand its higher-margin proprietary brands internationally. Sky Premium Life achieved pan-European distribution through Skroutz, making its products available across all 27 EU member states. The company also signed a distribution agreement with International Medical Company in Qatar, including an initial order for 31,000 Sky Premium Life units, and received another 60,000-unit order from Pharmalink in the UAE, bringing cumulative orders from that relationship to 270,000 units. C-Scrub and C-Sept are also becoming increasingly meaningful. Combined annualized sales have exceeded $1.5 million in Greece and the UK. Cosmos believes planned European expansion could ultimately generate approximately $7.4 million in revenue and $5.3 million in gross profit—an implied margin dramatically above the company's consolidated margin today.

Another recent product, C-Scrub Wash 4%, successfully completed EN 12791 testing, the European standard covering surgical hand disinfection. That potentially opens hospital, surgical and professional healthcare markets. Separately, successful EN 1656 and EN 1657 testing has allowed Cosmos to target the approximately $69 billion global animal-health market with a veterinary formulation of C-Scrub Wash 4%.

These developments demonstrate to us why proprietary products matter so much to the long-term COSM story. Distribution establishes scale, but proprietary products potentially provide the margins capable of transforming the company's earnings profile.

The U.S. Opportunity Adds Another Growth Driver

We see the company's U.S. expansion as another potentially important catalyst. During Q2 Cosmos moved its "18 Series" from concept toward commercialization. The platform is intended to eventually contain 18 clinically validated nutraceutical products addressing areas including liver health, joint and inflammation support, cardiovascular health, men's wellness and healthy aging. Cosmos also entered the global skincare market, which the company estimates at approximately $163 billion, with U.S. sales already underway.

The attraction of the U.S. strategy is not simply additional revenue. Proprietary nutraceutical and skincare products have the potential to generate substantially higher margins than pharmaceutical wholesaling. Management has described the United States as a prospective principal growth engine, supported by local manufacturing.

Balance Sheet Improvement Is an Underappreciated Positive

The Q2 release also contained meaningful balance-sheet progress. Total liabilities declined $6.27 million, or 13.3%, from year-end to $40.79 million. At the same time, stockholders' equity increased $2.25 million, or 12.2%, to $20.67 million. The liabilities-to-assets ratio improved by 550 basis points, from 71.9% to 66.4%. Cosmos reported $4.15 million of liquid assets consisting of cash, marketable securities and digital assets.

Management has additionally identified approximately $20 million of non-core assets that potentially could be monetized to fund growth or improve the capital structure. The company also signed an LOI to acquire Doc Pharma S.A., an affiliated European GMP pharmaceutical manufacturer.

Management's actions regarding the stock are also encouraging to us. Cosmos authorized a share repurchase program of up to $5 million in June. It repurchased 2.65 million shares for approximately $513,000 during Q2, and purchases continued during Q3. As of today's announcement, Cosmos had repurchased approximately 5.112 million shares for roughly $1.11 million.

At the same time, approximately 4.87 million Series B warrants expired unexercised during the quarter, eliminating roughly 38% of the company's warrant overhang without additional dilution.

For shareholders, the combination of reduced warrant overhang and active open-market repurchases should be encouraging to further increase the value of remaining shares.

Longer-Term Outlook

The most compelling element of the COSM story to us is the changing composition of the business. Cosmos increasingly combines the scale of pharmaceutical distribution, the recurring potential of contract manufacturing, the higher margins of proprietary healthcare products, international expansion, U.S. nutraceutical opportunities and an emerging R&D portfolio.

Q2 2026 provides evidence that this strategy is gaining traction. Revenue increased nearly 29%, adjusted gross profit increased 58%, adjusted gross margin expanded 165 basis points, operating expenses grew considerably more slowly than revenue, adjusted EBITDA improved, liabilities declined 13%, equity increased 12%, and management continued buying back shares. At the operating level, CosmoFarm surpassed a $60 million annualized revenue pace, Cana's manufacturing orderbook exceeded 25 million units, international orders for Sky Premium Life continued to expand, and C-Scrub and C-Sept moved into potentially valuable new markets.

COSM remains a higher-risk small-cap investment and those risks should not be minimized. However, today's Q2 report strengthens our positive investment view: Cosmos is considerably larger than it was a year ago, its adjusted profitability metrics are improving, its balance sheet is moving in the right direction, and several potentially high-margin businesses remain at relatively early stages of commercialization. For investors willing to accept the risks associated with a small-cap healthcare company, the combination of nearly 30% first-half revenue growth, improving operating leverage, a growing manufacturing backlog, international expansion, a developing U.S. platform, proprietary products and management's willingness to repurchase shares creates a potentially attractive setup.

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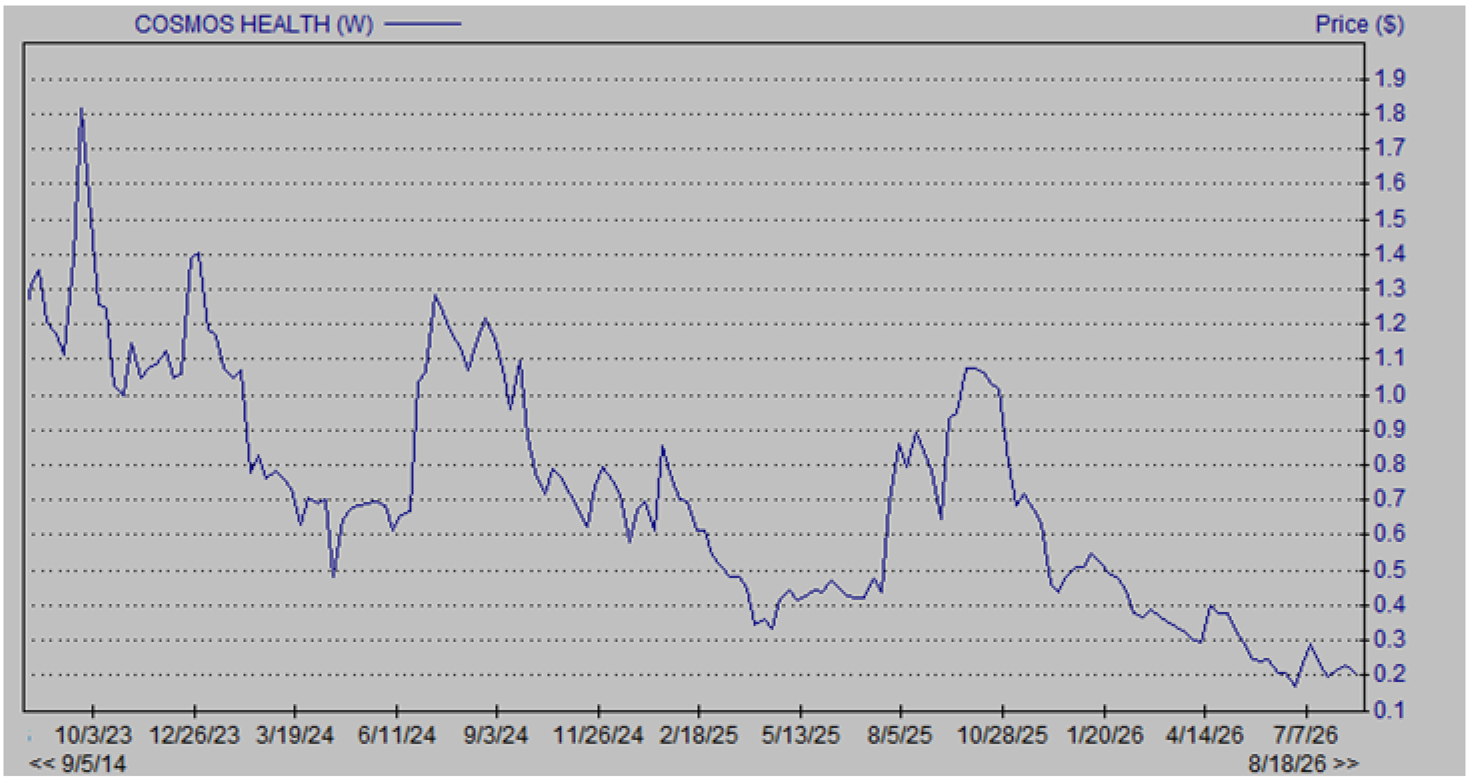
PROJECTED INCOME STATEMENT & BALANCE SHEET

Cosmos Health Income Statement and Balance Sheet

	2024A	1Q2025A	2Q2025A	3Q2025A	4Q2025A	1Q2026A	2Q2026A	3Q2026E	4Q2026E
Revenues	54,426,402	13,712,528	14,745,702	17,110,425	19,703,160	17,927,892	18,986,376	20,885,014	22,973,515
Cost of Goods Sold	50,115,079	11,662,729	13,581,888	14,507,807	17,623,816	16,546,721	17,474,714	16,290,311	17,230,136
Gross Profit	4,311,323	2,049,799	1,163,814	2,602,618	2,079,344	1,381,171	1,511,662	4,594,703	5,743,379
Operating Expenses									
General and administrative	(11,733,237)	(1,478,702)	(1,490,485)	(2,040,341)	(10,609,632)	(1,800,162)	(2,066,053)	(1,836,165)	(2,107,374)
Salaries and wages	(5,693,436)	(1,040,019)	(1,868,443)	(1,919,950)	(1,949,866)	(1,397,657)	(1,855,257)	(1,873,810)	(1,892,548)
Sales and marketing	(354,969)	(28,155)	(21,706)	(64,794)	(35,585)	(19,352)	(98,226)	(108,049)	(118,853)
Research and development	(533,293)	(15,629)	(74,637)	(18,337)	(410,760)	0	(68,552)	(75,407)	(82,948)
Impairment Charge	(291,980)	0	0	0	(162,785)	0	0	0	0
Depreciation and amort.	(1,249,238)	(320,439)	(353,862)	(377,911)	(317,141)	(348,179)	(349,181)	(359,656)	(370,446)
Total Operating Expenses	(19,856,153)	(2,882,944)	(3,809,133)	(4,421,333)	(13,485,769)	(3,565,350)	(4,437,269)	(4,253,087)	(4,572,169)
Other income and (expenses)									
Interest income	406,449	91,326	105,787	100,698	98,602	46,673	45,741	46,656	47,589
Interest expense	(1,012,314)	(187,107)	(388,814)	(669,150)	(654,801)	(423,229)	(602,364)	(542,128)	(487,915)
Other income, net	(32,323)	110,829	100,278	(2,965,723)	1,816,691	(244,688)	(2,604,292)	(2,708,464)	(2,708,464)
Total other (income) and expenses, net	(638,188)	15,048	(182,749)	(3,534,175)	1,260,492	(621,244)	(3,160,915)	(3,203,935)	(3,148,790)
Gain/(Loss) from before income taxes	(16,183,018)	(818,097)	(2,828,068)	(5,352,890)	(10,145,933)	(2,805,423)	(6,086,522)	(2,862,320)	(1,977,580)
Income Taxes	0	0	0	0	0	0	0	0	
Net gain/(loss)	(16,183,018)	(818,097)	(2,828,068)	(5,352,890)	(10,145,933)	(2,805,423)	(6,086,522)	(2,862,320)	(1,977,580)
Deemed Dividends	(6,195,024)	0	0	0					
Foreign currency translation adjustment	(1,715,087)	1,031,268	1,562,470	255,263	2,466,434	(295,061)	(54,802)	0	0
Total Comprehensive Gain/(Loss)	(24,093,129)	213,171	(1,265,598)	(5,097,627)	(7,679,499)	(3,100,484)	(6,141,324)	(2,862,320)	(1,977,580)
Basic and diluted loss per share	$ (1.17)	$ (0.03)	$ (0.10)	$ (0.17)	$ (0.33)	$ (0.06)	$ (0.10)	$ (0.05)	$ (0.03)
Basic and diluted wtd avg common shares	19,147,726	26,037,608	28,753,492	30,625,284	30,289,072	47,087,621	59,923,199	58,923,199	57,923,199
Assets									
Current Assets:									
Cash	315,105	742,881	655,503	889,441	715,674	514,702	1,800,949	1,854,977	1,910,627
Restricted Cash	-	-	-	3,744,219	2,744,219	1,644,219	644,219	-	-
Accounts Receivable	14,708,571	15,673,910	16,905,141	19,637,469	22,072,800	20,552,592	21,241,737	21,454,154	21,668,696
Securities and other current assets	21,148	25,278	30,266	33,178	46,158	34,225	37,464	38,963	40,521
Inventory	4,355,365	4,736,222	5,110,947	5,683,662	5,778,142	5,650,458	4,518,560	4,654,117	4,793,740
Loan Receivable	1,171,946	1,435,116	1,431,298	1,834,777	487,638	485,191	487,579	492,455	497,379
Prepaid Expenses	4,889,213	5,231,592	6,429,156	6,281,543	6,543,625	8,007,935	7,938,187	8,017,569	8,097,745
Total Current Assets	25,461,348	27,844,999	30,562,311	38,104,289	38,388,256	36,889,322	36,668,695	36,512,235	37,008,708
Property, Plant and Equipment, net	9,689,505	10,016,068	10,820,391	10,664,820	10,578,858	10,280,203	10,140,150	10,342,953	10,549,812
Goodwill and intangible, net	7,756,534	7,808,529	8,225,361	7,960,633	7,569,695	7,225,011	6,965,934	6,826,615	6,690,083
Digital Assets	-	-	-	1,000,057	1,411,084	2,068,645	1,664,501	3,329,002	6,658,004
Other assets	11,404,505	11,528,348	12,227,497	11,762,959	7,529,625	5,905,830	6,022,674	5,962,447	5,902,823
Total Assets	54,311,892	57,197,944	61,835,560	69,492,758	65,477,518	62,369,011	61,461,954	62,973,252	66,809,430
Liabilities and stockholder equity									
Current liabilities:									
Accounts Payable	12,427,061	12,287,516	13,431,963	14,676,934	16,626,476	14,817,101	14,496,222	14,641,184	14,787,596
Accrued Interest	221,820	255,192	345,406	521,843	786,497	871,960	801,403	809,417	817,511
Lines of Credit	6,985,052	7,305,377	8,161,845	7,584,786	9,177,684	7,856,208	8,745,807	7,871,226	7,084,104
Notes/loans Payable	2,565,232	2,774,735	3,167,072	3,584,928	4,341,049	2,123,322	3,555,772	3,484,657	3,414,963
Other current liabilities	3,558,375	3,963,167	6,060,275	12,165,826	7,340,138	8,408,244	7,243,504	7,605,679	7,985,963
Total Current Liabilities	25,757,540	26,585,987	31,166,561	38,534,317	38,271,844	34,076,835	34,842,708	34,412,163	34,090,138
Long-term Liabilities:									
Notes payable-long-term	1,560,433	2,088,540	2,053,857	5,711,462	5,851,837	6,124,297	3,036,978	3,067,348	3,098,021
Operating/Fin. Lease--long-term	501,797	468,697	453,442	427,813	373,473	463,388	432,422	436,746	441,114
Other liabilities	1,959,193	2,097,008	1,930,066	1,684,282	2,555,735	1,878,132	2,475,363	2,401,102	2,329,069
Total long-term liabilities	4,021,423	4,654,245	4,437,365	7,823,557	8,781,045	8,465,817	5,944,763	5,905,196	5,868,204
Total liabilities	29,778,963	31,240,232	35,603,926	46,357,874	47,052,889	42,542,652	40,787,471	40,317,359	39,958,342
Stockholders Equity									
Common stock	23,689	27,285	29,804	31,956	41,154	49,868	83,409	85,077	86,779
Additional Paid-in capital	141,583,625	142,785,641	144,328,641	146,327,367	152,136,404	156,629,904	164,098,808	163,940,207	162,279,246
Subscription receivable	(20)	(20)	(20)	(20)	-	-	-	-	-
Treasury stock	(917,159)	(917,159)	(917,159)	(917,159)	(917,159)	(917,159)	(1,430,156)	(917,159)	(917,159)
Accumulated Deficit	(114,022,275)	(114,840,372)	(117,668,440)	(123,021,330)	(133,167,273)	(135,972,696)	(142,059,218)	(140,435,708)	(134,582,907)
Accumulated other comp. income	(2,134,931)	(1,103,663)	458,808	714,070	331,503	36,442	(18,360)	(16,524)	(14,872)
Total stockholders equity	24,532,929	25,951,712	26,231,634	23,134,884	18,424,629	19,826,359	20,674,483	22,655,893	26,851,087
Total liabilities and stockholder equity	54,311,892	57,191,944	61,835,560	69,492,758	65,477,518	62,369,011	61,461,954	62,973,252	66,809,430

HISTORICAL STOCK PRICE



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