

Zacks Small-Cap Research

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Cosmos Health

(COSM-NASDAQ)

COSM: Growth Continues to Impress

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.

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 had two announcements that further demonstrates the improving growth trajectory for the company and why investors are missing an improving investment opportunity.

Current Price (09/28/26) \$0.37
Valuation \$4.50

SUMMARY DATA

52-Week High \$1.25
52-Week Low \$0.17
One-Year Return (%) -65.40
Beta 4.80
Average Daily Volume (sh) 3,543,995

Shares Outstanding (mil) 101
Market Capitalization (\$mil) \$37
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) has spent the past several years building what management describes as a vertically integrated healthcare platform spanning pharmaceutical manufacturing, distribution, proprietary brands, nutraceuticals, R&D and telehealth. Two announcements released on September 28 and September 29 provide compelling evidence that those investments are beginning to translate into meaningful operating growth. We believe the developments at Cana Laboratories and CosmoFarm are especially important because they involve existing businesses generating commercial revenue today rather than relying primarily on future product development.

The September 29 announcement highlighted the continued expansion of CosmoFarm, Cosmos Health's pharmaceutical distribution subsidiary in Greece. CosmoFarm generated more than \$15 million of revenue during the second quarter of 2026, its highest quarterly level to date, implying an annualized revenue run rate above \$60 million. For perspective, CosmoFarm generated approximately \$14 million of revenue in fiscal 2017, before being acquired by Cosmos Health. On that basis, the business is now operating at roughly 4.3 times its pre-acquisition revenue level.

Even more important than the headline revenue number is how that growth has been achieved. CosmoFarm's overall pharmacy network has expanded from more than 1,130 pharmacies at acquisition to more than 1,500 today, while the number of pharmacies it serves on a daily basis has increased from approximately 100 in 2017 to roughly 360. The company added nearly 100 pharmacy customers organically during 2025 and more than 80 additional pharmacies during the second quarter of 2026 alone.

That progression demonstrates to us that Cosmos is not simply benefiting from pharmaceutical price inflation or currency movements. The underlying distribution network itself has become considerably larger.

Management is now preparing CosmoFarm for another step upward. Cosmos has invested several million euros in robotics and automation and is introducing additional artificial intelligence into procurement, inventory management and order fulfillment. The company believes facility expansion and additional robotic capacity can accommodate at least another \$40 million of annual revenue, potentially giving CosmoFarm infrastructure capable of supporting more than \$100 million in annualized revenue. Investors should distinguish capacity from actual revenue: \$100 million is not current revenue or contracted sales. Cosmos must still attract the customers and volumes required to utilize that capacity. Nevertheless, building the infrastructure before the volume arrives potentially creates meaningful operating leverage. Once warehouses, routing systems, personnel and robotics are in place, additional pharmacy volume can be handled at a lower incremental cost than the original volume.

Cosmos is pursuing both organic growth and acquisitions to fill that capacity. The company disclosed that it has signed a letter of intent involving another pharmacy network generating approximately €10 million, or roughly \$11.5 million, in annual gross revenue. The transaction remains subject to a definitive agreement and customary closing conditions. If completed, however, as we believe it will, it would further advance the consolidation strategy the company has been pursuing in Greece's fragmented pharmaceutical distribution industry.

The importance of CosmoFarm extends beyond distribution revenue. Its pharmacy relationships also provide Cosmos with a direct channel through which it can distribute its own higher-margin products, including brands such as Sky Premium Life and C-Scrub. That is where the vertical integration strategy

becomes more interesting financially: Cosmos can potentially participate in manufacturing economics, brand economics and distribution economics instead of capturing only one piece of the value chain. The September 28 announcement involving Cana Laboratories provides a complementary piece of that strategy.

Cana's contract-manufacturing pipeline has now exceeded 32.7 million units, representing more than \$20 million of estimated revenue and more than \$18 million of estimated gross profit over the lives of the underlying agreements. Management estimates gross margins on the current contract-manufacturing pipeline at greater than 90%. The agreements have an average duration of approximately four years, with some extending as long as ten years. On an annualized basis, Cosmos estimates the existing pipeline represents approximately \$5 million of revenue and approximately \$4.5 million of gross profit. Those economics could be unusually valuable for Cosmos because, under most of Cana's contract-manufacturing agreements, customers provide the raw materials while Cana provides manufacturing capacity, regulatory expertise and quality assurance. That structure helps explain why management believes the business can achieve gross margins dramatically above Cosmos Health's consolidated corporate margin.

The pace of growth is also notable to us and should be to investors. Cana's manufacturing pipeline has increased approximately sixfold since mid-2024 and nearly tripled since the beginning of 2026. It increased another 31% since June and added 7.7 million units during September through two new long-term agreements. The current contracts span 11 therapeutic categories, reducing dependence on any single product area or manufacturing customer.

This progress provides some validation for the approximately \$5.5 million Cosmos has invested in modernizing Cana's 54,000-square-foot Athens manufacturing facility. The company has upgraded equipment, IT infrastructure and quality-management systems and recently installed a new capsule-filling production line. Cana operates under European GMP standards and is certified by the European Medicines Agency, allowing the facility to manufacture pharmaceuticals, supplements, cosmetics, biocides and medical devices for European and international markets.

Importantly, the current manufacturing pipeline still utilizes only part of Cana's available capacity. Cosmos is targeting more than \$10 million in recurring annual gross profit from contract manufacturing at full utilization, versus approximately \$4.5 million implied by today's pipeline. That target remains forward-looking and depends upon Cosmos continuing to win manufacturing contracts and successfully converting contracted pipelines into actual orders.

Taken together, the two announcements illustrate what may be the most important evolution in the Cosmos Health story: the company increasingly has multiple operating engines that can reinforce one another.

CosmoFarm provides scale and distribution. Cana provides manufacturing and potentially very high-margin contract revenue. Cosmos' proprietary brands can utilize both systems, with Cana producing products and CosmoFarm providing direct access to pharmacies. Growing outside manufacturing contracts help absorb Cana's fixed costs, while growing pharmacy distribution volumes improve utilization of CosmoFarm's infrastructure. In principle, each additional piece of business can therefore improve the economics of assets Cosmos already owns.

To us, the strongest interpretation of the September 28 and September 29 announcements is that Cosmos' strategy is beginning to shift from building infrastructure to monetizing it. CosmoFarm shows that management can acquire an established asset and substantially increase its scale. Cana is beginning to demonstrate the same potential in manufacturing. If Cosmos can continue filling the available capacity in both businesses while expanding its proprietary higher-margin products through the same manufacturing and distribution infrastructure, the company could increasingly benefit from the operating leverage inherent in the vertically integrated model it has spent years assembling.

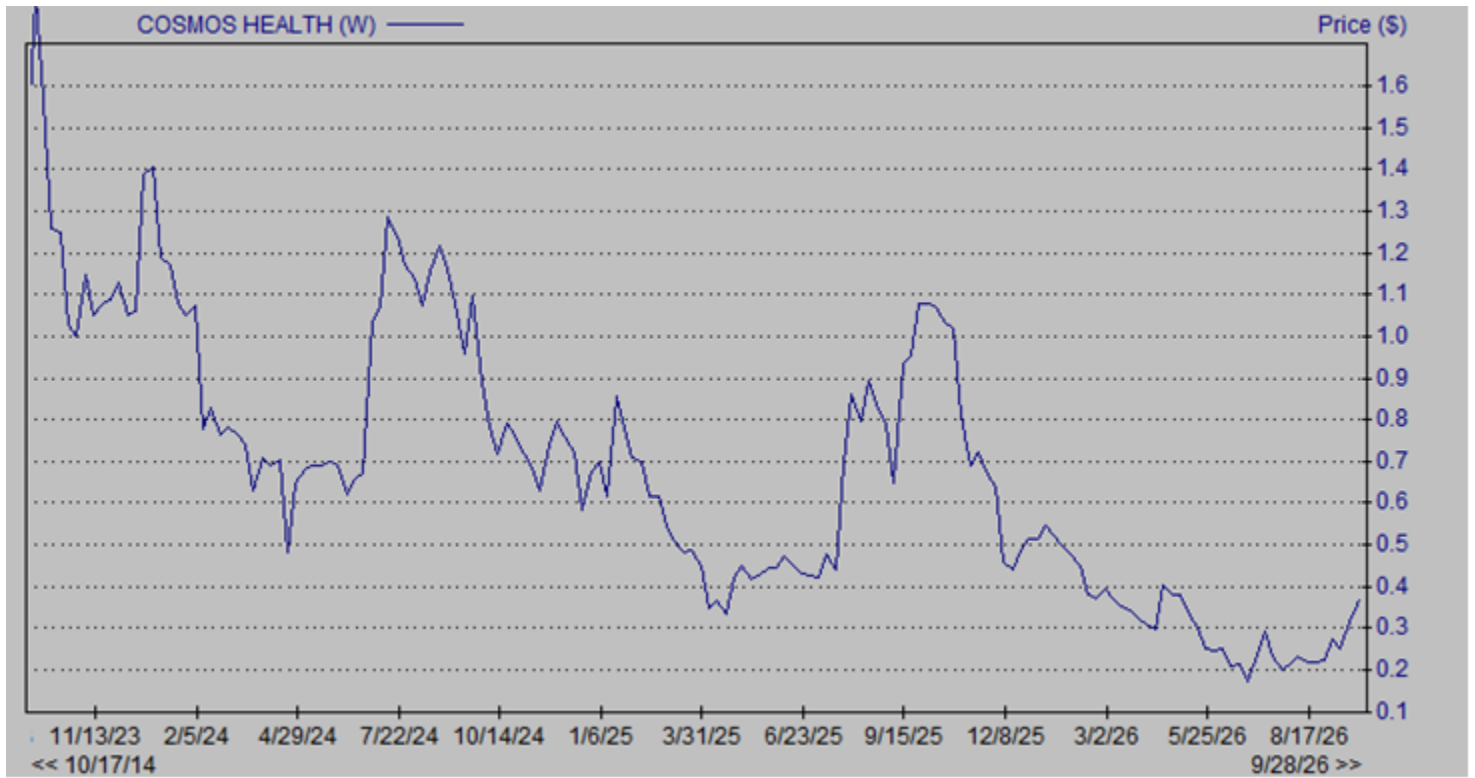
Compared with the Cosmos of several years ago, today's business has considerably more revenue, a rapidly growing manufacturing backlog, a larger distribution network, stronger physical infrastructure and a cleaner balance sheet. The latest two announcements provide additional evidence that the company's growth strategy is increasingly producing measurable operating results rather than simply future aspirations and we urge investors to take a take a look at COSM and consider the new and improved investment opportunity.

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	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	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	57,197,944	61,835,560	69,492,758	65,477,518	62,369,011	61,461,954	62,973,252	66,809,430

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