

REFINITIV

DELTA REPORT

10-Q

COSM - COSMOS HEALTH INC.

10-Q - JUNE 30, 2024 COMPARED TO 10-Q - MARCH 31, 2024

The following comparison report has been automatically generated

TOTAL DELTAS 999

█ CHANGES 330

█ DELETIONS 337

█ ADDITIONS 332

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, June 30, 2024

TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT

TRANSITION

REPORT

UNDER

SECTION 13

OR 15(d) OF

THE

SECURITIES

EXCHANGE

ACT

For the transition period from _____ to _____

Commission file number: 000-54436

COSMOS HEALTH INC.

(Exact name of registrant as specified in its charter)

Nevada

27-0611758

(State or other jurisdiction of
Company or organization)

(I.R.S. Employer
Identification No.)

5 Agiou Georgiou Str,Pilea, Thessaloniki, Greece

55438

(Address of principal executive offices)

(Zip Code)

Registrant's telephone number: **(312) 536-3102**

Securities registered under Section 12(b) of the Exchange Act:

Title of each class

Name of each exchange on which registered

Common Stock, par value \$0.001

The Nasdaq Capital Market

Securities registered under Section 12(g) of the Exchange Act:

Title of each class

Name of each exchange on which registered

Check whether the Issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act during the past 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated Filer	<input type="checkbox"/>	Smaller reporting company	<input checked="" type="checkbox"/>
(Do not check if a smaller reporting company)		Emerging growth company	<input type="checkbox"/>

If an emerging growth company, indicate by checkmark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

Applicable only to Corporate Issuers:

Indicate the number of shares outstanding of each of the **issuers' issuer's** classes of common stock, as of the latest practicable date: 17,834,023 as of August 19, 2024.

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Item 1. Financial Statements and Supplementary Data

CONDENSED CONSOLIDATED BALANCE SHEETS	COSMOS HEALTH INC.		COSMOS HEALTH INC.	
	CONDENSED BALANCE SHEETS	CONSOLIDATED BALANCE SHEETS	CONDENSED BALANCE SHEETS	CONSOLIDATED BALANCE SHEETS
	March 31, 2024 (Unaudited)	December 31, 2023	June 30, 2024 (Unaudited)	December 31, 2023
ASSETS				
CURRENT ASSETS:				
Cash and cash equivalents	\$ 865,099	\$ 3,833,195	\$ 343,509	\$ 3,833,195
Accounts receivable, net	19,070,104	19,759,254	18,383,107	19,759,254
Accounts receivable - related party	1,418,267	1,099,098	1,619,716	1,099,098
Marketable securities	21,328	20,075	21,509	20,075
Inventory	4,871,349	4,789,054	4,323,784	4,789,054
Loans receivable	407,318	411,858	438,719	411,858
Loans receivable - related party	431,640	442,480	428,440	442,480
Prepaid expenses and other current assets	1,895,857	1,811,911	2,100,450	1,811,911
Prepaid expenses and other current assets - related party	5,305,981	4,440,855	5,755,894	4,440,855
TOTAL CURRENT ASSETS	34,286,943	36,607,780	33,415,128	36,607,780
Property and equipment, net	10,170,328	10,455,499	10,053,986	10,455,499
Goodwill and intangible assets, net	7,962,908	7,684,183	7,716,242	7,684,183
Loans receivable - long term portion	3,319,296	3,509,200	3,190,098	3,509,200
Loans receivable - related party - long term	3,345,210	3,539,840	3,213,300	3,539,840
Operating lease right-of-use asset	772,949	1,131,552	727,039	1,131,552
Financing lease right-of-use asset	36,465	28,790	28,825	28,790
Advances for building's acquisition	2,000,020	2,000,020	2,000,020	2,000,020
Other assets	451,076	1,057,947	482,706	1,057,947
TOTAL ASSETS	\$ 62,345,195	\$ 66,014,811	\$ 60,827,344	\$ 66,014,811
LIABILITIES, MEZZANINE EQUITY AND STOCKHOLDERS' EQUITY				
LIABILITIES, MEZZANINE EQUITY AND STOCKHOLDERS' EQUITY				
CURRENT LIABILITIES:				
Accounts payable and accrued expenses	\$ 11,080,006	11,911,978	\$ 10,899,684	11,911,978
Accounts payable and accrued expenses - related party	547,897	231,564	848,325	231,564
Accrued interest	100,288	166,348	164,500	166,348
Lines of credit	6,426,197	6,630,273	7,105,599	6,630,273
Notes payable	1,445,303	1,570,886	1,540,776	1,570,886
Notes payable - related party	11,007	11,283	10,925	11,283
Loans payable - related party	5,379	13,257	5,339	13,257
Operating lease liability, current portion	262,967	285,563	254,255	285,563
Financing lease liability, current portion	30,193	27,222	24,098	27,222
Other current liabilities	3,646,959	3,474,096	3,967,916	3,474,096
TOTAL CURRENT LIABILITIES	23,556,196	24,322,470	24,821,417	24,322,470

Share settled debt obligation	-	-	-	
Notes payable - long term portion	2,700,349	3,035,341	2,391,430	3,035,341
Operating lease liability, net of current portion	508,887	844,866	471,697	844,866
Financing lease liability, net of current portion	10,129	5,261	7,857	5,261
Other liabilities	1,022,952	1,763,845	1,015,369	1,763,845
TOTAL LIABILITIES	27,798,513	29,971,783	28,707,770	29,971,783
Commitments and Contingencies (see Note 14)	-	-	-	-
STOCKHOLDERS' EQUITY:				
Common stock, \$0.001 par value; 300,000,000 shares authorized; 17,834,023 and 15,982,472 shares issued and 17,747,526 and 15,895,975 outstanding as of March 31, 2024 and December 31, 2023, respectively	17,834	15,983		
Common stock, \$0.001 par value; 300,000,000 shares authorized; 17,834,023 and 15,982,472 shares issued and 17,747,526 and 15,895,975 outstanding as of June 30, 2024 and December 31, 2023, respectively			17,834	15,983
Additional paid-in capital	129,976,070	129,008,301	130,316,264	129,008,301
Subscription receivable	(20)	(20)	(20)	(20)
Treasury stock, at cost, 86,497 shares as of March 31, 2024, and December 31, 2023	(917,159)	(917,159)		
Treasury stock, at cost, 86,497 shares as of June 30, 2024, and December 31, 2023			(917,159)	(917,159)
Accumulated deficit	(93,510,923)	(91,644,233)	(96,101,634)	(91,644,233)
Accumulated other comprehensive loss	(1,019,120)	(419,844)	(1,195,711)	(419,844)
TOTAL STOCKHOLDERS' EQUITY	34,546,682	36,043,028	32,119,574	36,043,028
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 62,345,195	\$ 66,014,811	\$ 60,827,344	\$ 66,014,811

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

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COSMOS HEALTH INC.		COSMOS HEALTH INC.		COSMOS HEALTH INC.			
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS	UNAUDITED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS	UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS		UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS			
		Three Months Ended March 31,		Three Months Ended June 30,		Six Months Ended June 30,	
		2024	2023	2024	2023	2024	2023
REVENUE		\$ 14,584,473	\$ 12,349,777	13,206,717	12,363,429	\$ 27,791,190	\$ 24,713,206
COST OF GOODS SOLD		13,250,847	11,392,700	12,439,469	11,416,595	25,690,316	22,809,295
GROSS PROFIT		1,333,626	957,077	767,248	946,834	2,100,874	1,903,911

OPERATING EXPENSES						
General and administrative expenses	1,418,138	2,089,014	1,390,525	2,000,151	2,808,663	4,089,165
Salaries and wages	1,258,179	949,451	1,454,862	1,077,672	2,713,041	2,027,123
Sales and marketing expenses	173,630	467,263	110,813	318,061	284,443	785,324
Depreciation and amortization expense	319,787	102,521	313,074	127,415	632,861	229,936
TOTAL OPERATING EXPENSES	<u>3,169,734</u>	<u>3,608,249</u>	<u>3,269,274</u>	<u>3,523,299</u>	<u>6,439,008</u>	<u>7,131,548</u>
LOSS FROM OPERATIONS	<u>(1,836,108)</u>	<u>(2,651,172)</u>	<u>(2,502,026)</u>	<u>(2,576,465)</u>	<u>(4,338,134)</u>	<u>(5,227,637)</u>
OTHER INCOME (EXPENSE)						
Other income, net	191,824	5,743				
Other income (expense), net			(29,305)	(34,477)	162,519	(28,734)
Interest expense	(168,672)	(134,373)	(342,446)	(244,135)	(511,118)	(378,508)
Interest income	105,765	183,416	102,030	261,269	207,795	444,685
Gain on equity investments, net	1,755	1,293	335	2,676	2,090	3,969
Gain on extinguishment of debt	-	1,908,513	-	2,257	-	1,910,770
Change in fair value of derivative liability	-	3,384	-	-	-	3,384
Bargain purchase gain			-	1,633,842	-	1,633,842
Foreign currency transaction, net	(161,254)	196,035	180,701	66,674	19,447	262,709
TOTAL OTHER INCOME (EXPENSE), NET	<u>(30,582)</u>	<u>2,164,011</u>	<u>(88,685)</u>	<u>1,688,106</u>	<u>(119,267)</u>	<u>3,852,117</u>
LOSS BEFORE INCOME TAXES	<u>(1,866,690)</u>	<u>(487,161)</u>	<u>(2,590,711)</u>	<u>(888,359)</u>	<u>(4,457,401)</u>	<u>(1,375,520)</u>
INCOME TAX EXPENSE	<u>-</u>	<u>27,298</u>	<u>-</u>	<u>(93,171)</u>	<u>-</u>	<u>(65,873)</u>
NET LOSS	<u>(1,866,690)</u>	<u>(459,863)</u>	<u>(2,590,711)</u>	<u>(981,530)</u>	<u>(4,457,401)</u>	<u>(1,441,393)</u>
Deemed dividend on issuance of warrants						
NET LOSS ATTRIBUTABLE TO COMMON STOCKHOLDERS	<u>(1,866,690)</u>	<u>(459,863)</u>	<u>(2,590,711)</u>	<u>(981,530)</u>	<u>(4,457,401)</u>	<u>(1,441,393)</u>
OTHER COMPREHENSIVE INCOME (LOSS)						
Foreign currency translation adjustment, net	(599,276)	336,463	(176,591)	83,188	(775,867)	419,651
TOTAL COMPREHENSIVE LOSS	<u>\$ (2,465,966)</u>	<u>\$ (123,400)</u>	<u>(2,767,302)</u>	<u>(898,342)</u>	<u>\$ (5,233,268)</u>	<u>\$ (1,021,742)</u>
BASIC NET LOSS PER SHARE	<u>\$ (0.11)</u>	<u>\$ (0.04)</u>	<u>(0.15)</u>	<u>(0.09)</u>	<u>\$ (0.26)</u>	<u>\$ (0.13)</u>
DILUTED NET LOSS PER SHARE	<u>\$ (0.11)</u>	<u>\$ (0.04)</u>	<u>(0.15)</u>	<u>(0.09)</u>	<u>\$ (0.26)</u>	<u>\$ (0.13)</u>
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING						
Basic	<u>16,851,747</u>	<u>10,615,075</u>	<u>17,834,023</u>	<u>10,819,645</u>	<u>17,025,203</u>	<u>10,718,010</u>
Diluted	<u>16,851,747</u>	<u>10,615,075</u>	<u>17,834,023</u>	<u>10,819,645</u>	<u>17,025,203</u>	<u>10,718,010</u>

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

**COSMOS
HEALTH INC.**
UNAUDITED
CONDENSED
CONSOLIDATED
STATEMENTS OF
CHANGES IN
STOCKHOLDERS'
EQUITY AND
MEZZANINE
EQUITY

COSMOS HEALTH INC.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY AND MEZZANINE EQUITY

	Preferred Stock		Common Stock		Additional		Treasury Stock		Other		
	No. of Shares	Value	No. of Shares	Value	Paid-in Capital	Subscription Receivable	No. of Shares	Value	Accumulated Deficit	Comprehensive Loss	Stockholder Equity
Balance at											
January 1, 2023	-	\$ 372,414	10,605,412	\$ 10,606	\$ 112,205,952	\$ (4,750,108)	15,497	\$ (816,707)	\$ (66,232,813)	\$ (1,132,635)	\$ 39,284
Foreign currency translation adjustment, net										336,463	336
Proceeds from sale of common stock						4,750,000					4,750
Shares issued in lieu of cash			15,258	15	96,873						96
Net loss									(459,863)		(459)
Balance at March 31, 2023	-	\$ 372,414	10,620,670	\$ 10,621	\$ 112,302,825	\$ (108)	15,497	\$ (816,707)	\$ (66,692,676)	\$ (796,172)	\$ 44,007

	Preferred Stock		Common Stock		Additional		Treasury Stock		Other		
	No. of Shares	Value	No. of Shares	Value	Paid-in Capital	Subscription Receivable	No. of Shares	Value	Accumulated Deficit	Comprehensive Loss	Stockholder Equity
Balance at											
January 1, 2024	-	\$ -	15,982,472	\$ 15,983	\$ 129,008,301	\$ (20)	86,497	\$ (917,159)	\$ (91,644,233)	\$ (419,844)	\$ 36,043
Foreign currency translation adjustment, net	-	-	-	-	-	-	-	-	-	(599,276)	(599)
Proceeds from sale of common stock, net of financing fees of \$19,467	-	-	901,488	901	628,525	-	-	-	-	-	629
Shares issued in lieu of cash	-	-			108,297						108

Shares issued pursuant to warrant exchange agreement	-	950,063	950	(950)	-	-	-	-	-	-	-
Shares issued for purchase of customer base											
Shares issued for purchase of Cana											
Stock-based compensation	-	-	-	-	231,897	-	-	-	-	-	231
Net loss	-	-	-	-	-	-	-	-	(1,866,690)	-	(1,866)
Balance at March 31, 2024	-	\$ 17,834,023	\$ 17,834	\$ 129,976,070	\$ (20)	86,497	\$ (917,159)	\$ (93,510,923)	\$ (1,019,120)	\$ 34,546	
The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.											
Balance at June 30, 2023	-	\$ -	\$ -	\$ -	-	-	-	-	-	-	-

COSMOS HEALTH INC.			
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS			
	Three Months Ended March 31,		
	2024		
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net Loss	\$ (1,866,690)	\$ (459,863)	
<u>Adjustments to Reconcile Net Loss to Net Cash Used In Operating Activities:</u>			
Depreciation and amortization expense	312,298	71,811	
Amortization of right-of-use assets	7,489	30,710	
Bad debt expense	(31,071)	181,321	
Shares issued in lieu of cash	-	96,888	
Lease expense	77,167	55,354	
Interest on finance leases	725	6,219	
Stock-based compensation	340,194	-	
Deferred income taxes	(4,344)	2,829	
Gain on extinguishment of debt	-	(1,908,513)	
Change in fair value of the derivative liability	-	(3,384)	
Gain on net change in fair value of equity investments	(1,755)	(1,293)	
<u>Changes in assets and liabilities:</u>			
Accounts receivable	238,025	385,809	
Accounts receivable - related party	(348,639)	131,531	
Inventory	(196,020)	(776,554)	
Prepaid expenses and other assets	(106,353)	(1,461,343)	
Prepaid expenses and other current assets - related party	(974,442)	(1,597,170)	
Accounts payable and accrued expenses	(599,161)	(1,154,718)	
Accounts payable and accrued expenses - related party	319,713	581,176	
Accrued interest	(62,387)	(223,534)	

Lease liabilities		(76,344)	(55,538)
Taxes payable		-	324,243
Other current liabilities		261,313	(348,828)
Other liabilities		(701,821)	(221,326)
NET CASH USED IN OPERATING ACTIVITIES		(3,412,103)	(6,344,173)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Proceeds from loan receivable		207,119	92,603
Issuance of loan receivable		-	(4,553,030)
Sale of intangible assets		1,997	-
Purchase of property and equipment		(82,662)	(26,028)
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES		126,454	(4,486,455)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Payment of convertible note payable		-	(100,000)
Payment of note payable		(364,354)	(1,245,022)
Payment of related party loan		(7,599)	-
Payment of lines of credit		(5,974,114)	(5,452,321)
Proceeds from lines of credit		5,932,222	4,325,744
Proceeds from the issuance of common stock		649,039	4,750,000
Payments of finance lease liability		(8,787)	(35,596)
Payments of financing fees		(19,465)	-
NET CASH PROVIDED BY FINANCING ACTIVITIES		206,942	2,242,805
Effect of exchange rate changes on cash		110,611	(124,213)
NET CHANGE IN CASH		(2,968,096)	(8,712,037)
CASH AT BEGINNING OF PERIOD		3,833,195	20,749,683
CASH AT END OF PERIOD		\$ 865,099	\$ 12,037,647
<u>Supplemental Disclosure of Cash Flow Information</u>			
Cash paid during the period:			
Interest		\$ 234,732	\$ 588,051
<u>Supplemental Disclosure of Non-Cash Investing and Financing Activities</u>			
Closing of acquisition of Cloudscreen		\$ 637,080	\$ -
The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.			

	Preferred Stock		Common Stock		Additional		Treasury Stock		Other		Accumulated	
	No. of Shares	Value	No. of Shares	Value	Paid-in Capital	Subscription Receivable	No. of Shares	Value	Accumulated Deficit	Comprehensive Loss	Total	
												Stockholders' Equity
Balance at January 1, 2024	-	\$ -	15,982,472	\$ 15,983	\$ 129,008,301	\$ (20)	86,497	\$ (917,159)	\$ (91,644,233)	\$ (419,844)	\$ 36,043,028	

Foreign currency translation adjustment, net	-	-	-	-	-	-	-	-	(599,276)	(599,276)	
Proceeds from sale of common stock, net of financing fees of \$19,467	-	-	901,488	901	628,525	-	-	-	-	629,426	
Shares issued in lieu of cash	-	-	-	-	108,297	-	-	-	-	108,297	
Shares issued pursuant to warrant exchange agreement	-	-	950,063	950	(950)	-	-	-	-	-	
Stock-based compensation	-	-	-	-	231,897	-	-	-	-	231,897	
Net loss	-	-	-	-	-	-	-	-	(1,866,690)	(1,866,690)	
Balance at March 31, 2024	-	\$ -	17,834,023	\$ 17,834	\$ 129,976,070	\$ (20)	86,497	\$ (917,159)	\$ (93,510,923)	\$ (1,019,120)	\$ 34,546,682
Foreign currency translation adjustment, net	-	-	-	-	-	-	-	-	-	(176,591)	(176,591)
Shares issued in lieu of cash	-	-	-	-	108,444	-	-	-	-	-	108,444
Stock-based compensation	-	-	-	-	231,750	-	-	-	-	-	231,750
Net loss	-	-	-	-	-	-	-	-	(2,590,711)	-	(2,590,711)
Balance at June 30, 2024	-	-	17,834,023	17,834	130,316,264	(20)	86,497	(917,159)	(96,101,634)	(1,195,711)	32,119,574

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

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COSMOS HEALTH INC.
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Six Months Ended June 30,	
	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Loss	\$ (4,457,401)	\$ (1,441,393)
<u>Adjustments to Reconcile Net Loss to Net Cash Used In Operating Activities:</u>		
Depreciation and amortization expense	617,943	162,839
Amortization of right-of-use assets	14,918	67,097
Bad debt expense	(30,992)	671,678
Shares issued in lieu of cash	-	96,888
Lease expense	155,430	123,204
Interest on finance leases	1,307	13,709
Stock-based compensation	680,389	104,869
Deferred income taxes	(5,645)	3,621
Gain on extinguishment of debt	-	(1,910,770)
Bargain purchase gain	-	(1,633,842)

Change in fair value of the derivative liability	-	(3,384)
Gain on net change in fair value of equity investments	(2,090)	(3,969)
Changes in assets and liabilities:		
Accounts receivable	788,013	721,400
Accounts receivable - related party	(559,563)	202,669
Inventory	323,436	(949,633)
Prepaid expenses and other assets	(359,794)	(3,603,672)
Prepaid expenses and other current assets - related party	(1,462,468)	(2,303,904)
Loan receivable - related party	-	(168,469)
Accounts payable and accrued expenses	(711,770)	(1,332,464)
Accounts payable and accrued expenses - related party	621,174	(135,026)
Accrued interest	3,418	(229,771)
Lease liabilities	(154,610)	(123,391)
Taxes payable	-	417,256
Other current liabilities	614,232	(230,028)
Other liabilities	(698,916)	(579,582)
NET CASH USED IN OPERATING ACTIVITIES	<u>(4,622,989)</u>	<u>(12,064,068)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from loan receivable	357,241	347,225
Cash paid for the acquisition of Cana	-	(5,331,120)
Sale of intangible assets	1,989	-
Purchase of intangible assets	-	(2,213,851)
Purchase of property and equipment	(116,826)	(1,249,933)
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	<u>242,404</u>	<u>(8,447,679)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payment of convertible note payable	-	(100,000)
Payment of note payable	(549,946)	(1,372,976)
Payment of related party loan	(7,567)	
Payment of lines of credit	(12,342,152)	(10,412,107)
Proceeds from lines of credit	13,034,203	9,271,450
Proceeds from the issuance of common stock	-	4,750,000
Payments of finance lease liability	(17,504)	(77,753)
Payments of financing fees	629,576	-
NET CASH PROVIDED BY FINANCING ACTIVITIES	<u>746,610</u>	<u>2,058,614</u>
Effect of exchange rate changes on cash	144,289	(63,853)
NET CHANGE IN CASH	<u>(3,489,686)</u>	<u>(18,516,986)</u>
CASH AT BEGINNING OF PERIOD	<u>3,833,195</u>	<u>20,749,683</u>
CASH AT END OF PERIOD	<u><u>\$ 343,509</u></u>	<u><u>\$ 2,232,697</u></u>
<u>Supplemental Disclosure of Cash Flow Information</u>		
Cash paid during the period:		
Interest	<u>\$ 512,966</u>	<u>\$ 814,345</u>
<u>Supplemental Disclosure of Non-Cash Investing and Financing Activities</u>		

Closing of acquisition of Cloudscreen	\$ 637,080	\$ -
Common shares issued for acquisition of customer base	\$ -	\$ 316,081
Common shares issued for acquisition of Cana	\$ -	\$ 138,667

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

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COSMOS HEALTH INC.
Notes to Unaudited Condensed Consolidated Financial Statements
March 31, June 30, 2024

NOTE 1 – BASIS OF PRESENTATION

The terms "COSM," "we," the "Company," the "Group" and "us" as used in this report refer to Cosmos Health Inc. The accompanying unaudited condensed consolidated balance sheet as of **March 31, 2024** **June 30, 2024** and unaudited condensed consolidated statements of operations and comprehensive loss for the three and six months ended **March 31, 2024** **June 30, 2024** have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Article 8 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by U.S. generally accepted accounting principles for complete financial statements. In the opinion of management of COSM, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the three and six months ended **March 31, 2024** **June 30, 2024**, are not necessarily indicative of the results that may be expected for the year ending December 31, 2024, or any other period. These unaudited condensed consolidated financial statements and notes should be read in conjunction with the financial statements for the year ended December 31, 2023, included in the Company's Annual Report on Form 10-K for the year ended December 31, 2023 ("Form 10-K"). The accompanying condensed consolidated balance sheet as of December 31, 2023 has been derived from the audited financial statements filed in our Form 10-K and is included for comparison purposes in the accompanying balance sheet.

Going Concern

The Company's consolidated financial statements are prepared in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP"), which contemplates the continuation of the Company as a going concern. For the **three** **six** months ended **March 31, 2024** **June 30, 2024**, the Company had revenue of **\$14,584,473**, **\$27,791,190**, net loss of **\$1,866,690** **\$4,457,401** and net cash used in operations of **\$3,412,103**, **\$4,622,989**. Additionally, as of **March 31, 2024** **June 30, 2024**, the Company had positive working capital of **\$10,730,747**, **\$8,593,711**, an accumulated deficit of **\$93,510,923**, **\$96,101,634**, and stockholders' equity of **\$34,546,682**, **\$32,119,574**. It is **the** management's opinion that these conditions raise substantial doubt about the Company's ability to continue as a going concern for a period of twelve months from the date of this filing.

The Company's revenues are not able to sustain its operations, and concerns exist regarding the Company's ability to meet its obligations as they become due. The Company is subject to a number of risks to those of smaller commercial companies, including dependence on key individuals and products, the difficulties inherent in the development of a commercial market, the need to obtain additional capital, competition from larger companies, and other pharmaceutical and health care companies.

Management evaluated the above conditions which raise substantial doubt about the Company's ability to continue as a going concern to determine if it can meet its obligations for the subsequent twelve months from the date of this filing. Management considered its ability to access future capital, curtail expenses if needed, expand product lines, and acquire new products.

Management's plans include expansion of brand name products to the market, expanding the current product portfolio, and evaluating acquisition targets to expand distribution. Furthermore, the Company intends to vertically integrate the supply chain distribution network. During the period up to the issuance of this report the Company has signed multiple distribution agreements for its SPL products in Europe and Asia and a variety of contract manufacturing agreements through its subsidiary, CANA. Finally, the Company plans to access the capital markets further in order to raise additional funds through equity offerings. More specifically, management will consider postponing the repayment of its outstanding Trade Facility (**\$1,618,650** **\$1,606,650** balance as of **March 31, 2024** **June 30, 2024**), intends to make substantial efforts to receive additional debt financing through its subsidiary, Cosmofarm SA, and plans to raise additional equity funds through utilizing its outstanding warrants. Up to the issuance of its consolidated financial statements for the **three** **six** months ended **March 31, 2024** **June 30, 2024**, the Company has sold 901,488 shares of common stock for net proceeds of \$629,426. Moreover, the Company's management is considering postponing certain repayments of suppliers and creditors. However, management cannot provide any assurances that the Company will be successful in accomplishing any of its plans. The ability of the Company to continue as a going concern is dependent upon its ability to successfully accomplish the plans described herein and eventually secure other sources of financing and attain profitable operations.

Considering the above, management is of the view that substantial doubt exists **about** **for** the Company's ability to continue as a going concern. The consolidated financial statements do not include any adjustments to reflect the possible future effect on the recoverability and classification of assets or the amounts and classifications of liabilities that

may result from the outcome of this uncertainty.

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NOTE 2 – ORGANIZATION AND NATURE OF BUSINESS

Cosmos Health Inc. and its subsidiaries (Nasdaq: COSM), ("us", "we", the "Group", or the "Company") are an international healthcare group headquartered in Chicago, Illinois. The group is engaged in the nutraceuticals sector through its own proprietary lines of products "Sky Premium Life" and "Mediterranation". The Company is operating in the pharmaceutical sector as well, through the provision of a broad line of branded generics and OTC medications. In addition, the group is involved in the healthcare distribution sector through its subsidiaries in Greece and the UK, serving retail pharmacies and wholesale distributors. The Company is strategically focusing on the research and development ("R&D") of novel patented nutraceuticals (Intellectual Property) and specialized root extracts as well as on the R&D of proprietary complex generics and innovative OTC products. The Company has developed a global distribution platform and is currently expanding throughout Europe, Asia and North America. The Company has offices and distribution centers in Thessaloniki and Athens, Greece and Harlow, UK.

The Company was incorporated in the State of Nevada under the name Prime Estates and Developments, Inc. on July 21, 2009. On November 14, 2013, we changed our name to Cosmos Holdings Inc., and on November 29, 2022, we changed our name to Cosmos Health Inc. Through its acquisition of Amplerissimo Ltd, on September 27, 2013, the Company changed its principal activities into trading of products, providing representation, and provision of consulting services to various sectors. On August 1, 2014, the Company formed SkyPharm S.A., a Greek ~~company~~ Company ("SkyPharm"), a subsidiary that used to focus on the trading, sourcing and export of nutraceutical and pharmaceutical products. In February 2017, the Company acquired Decahedron Ltd., a UK ~~company~~ Company ("Decahedron") which is a fully licensed second-generation wholesaler specializing in imports and exports of generics and OTC pharmaceutical products within the EEA and distributor of Sky Premium Life nutraceutical products in the UK. On December 19, 2018, the Company acquired Cosmofarm, a pharmaceutical wholesaler specializing in the distribution and export of pharmaceutical products through its extensive pharmacies network. On April 3, 2023, the Company completed the acquisition of ZipDoctor Inc. ("ZipDoctor"), a telehealth company, a direct-to-consumer subscription-based telemedicine platform. On June 30, 2023, the Company acquired Cana Laboratories Holdings (Cyprus) Limited ("Cana"), which wholly owned an operating subsidiary, Pharmaceutical Laboratories Cana S.A. ("Cana SA"), a Greek pharmaceutical company that manufactures, sells, distributes, and markets original branded products researched and developed by leading global pharmaceutical and healthcare companies.

Acquisition Accounting

Cloudscreen

On January 23, 2024, the Company completed the acquisition of Cloudscreen, a cutting-edge Artificial Intelligence (AI) powered platform. The acquisition is pursuant to the purchase agreement announced on October 11, 2023. Cloudscreen is a multimodal platform specialized in drug repurposing, a process that involves uncovering new target proteins or indications for existing drugs for use in treating different diseases. The total purchase price amounted to \$637,080 and consisted of 280,000 shares of common stock with a fair value of \$319,200 and an amount of \$317,880 to be settled in cash during 2024 based on the Promissory Note signed on October 10, 2023. The Company accounted for the acquisition as an asset acquisition in accordance with Accounting Standards Codification ("ASC") Topic 805, Business Combinations, ("ASC 805") and recorded \$637,080 as an intangible asset related to the technology platform acquired.

ZipDoctor

On April 3, 2023, the Company completed the acquisition of ZipDoctor Inc. ("ZipDoctor"), a telehealth company for a total sum of \$150,000 in cash and \$8,788 in fees. The Company accounted for the acquisition as an asset acquisition in accordance with Accounting Standards Codification ("ASC") Topic 805, *Business Combinations*, ("ASC 805") and recorded \$158,788 as an intangible asset related to the technology platform acquired.

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Bikas

On June 15, 2023, Cosmos Health Inc. entered into an Assignment and Assumption Agreement (the "Agreement") with Ioannis Bikas O.E., a Greek Company ("Bikas"). Bikas is owner of a pharmaceutical distribution network in Greece and agreed to sell to the Company their distribution network and customer base. The purchase price of the network was €100,000 (\$109,330) in cash, and €300,000 (\$316,081) in the Company's common stock. The Company issued 99,710 shares of common stock related to the acquisition of the customer base, based on the fair value of the stock on the acquisition date. The Company accounted for the acquisition as an asset acquisition in accordance with ASC 805 and recorded \$425,411 as an intangible asset related to the customer base acquired.

Buildings Acquisitions

On April 24, 2023, the Company purchased a building for a total sum of \$1,054,872 in cash. The Company accounted for the acquisition as an asset acquisition in accordance with ASC 805 and recorded the cost of the building as "Property, plant and equipment" on the consolidated balance sheets.

On January 6, 2023, the Company agreed to purchase land and building located in Montreal, Canada from a third-party vendor. The total purchase price amounts to \$3,950,000 and the closing date of the agreement based on the amendment signed on July 19, 2023, is December 31, 2023. As of **March 31, 2024** **June 30, 2024**, the Company has made no additional prepayments concerning this building. The closing date of the agreement has been extended to December 31, 2024.

Cana

On June 30, 2023, the Company acquired Cana Laboratories Holdings (Cyprus) Limited ("Cana"), which wholly owned an operating subsidiary, Pharmaceutical Laboratories Cana S.A. ("Cana SA"), for €800,000 (\$873,600) in cash and 46,377 shares of common stock, with fair value of \$138,667 as of the date of acquisition. Moreover, on February 28, 2023, the Company had signed a Secured Promissory Note with Cana, whereby Cana borrowed the sum of €4,100,000 (\$4,457,520), included in the total consideration of \$5,469,787. The Company accounted for the acquisition as a business acquisition in accordance with ASC 805. The fair value of Cana assets acquired, and liabilities assumed was based upon management's estimates assisted by an independent third-party valuation firm. The fixed assets of Cana (which included land, building & machinery) were valued as of December 31, 2022 and the Company believes that nothing has materially changed between such date and the acquisition date (June 30, 2023). The following table summarizes the preliminary allocation of purchase price of the acquisition:

Consideration		
Cash	\$ 5,331,120	\$ 5,331,120
Fair value of common stock issued	138,667	138,667
Fair value of total consideration transferred	\$ 5,469,787	\$ 5,469,787
Recognized amounts of identifiable assets acquired		
Financial assets	\$ 1,796,911	\$ 1,796,911
Inventory	297,340	297,340
Property, plant and equipment	7,488,818	7,488,818
Identifiable intangible assets	562,200	562,200
Financial liabilities	(3,235,233)	(3,235,233)
Total identifiable net assets	\$ 6,910,036	\$ 6,910,036
Bargain purchase gain	\$ 1,440,249	\$ 1,440,249
Revenue for the 6- month period ended December 31, 2023	\$ 344,708	
Loss for the 6- month period ended December 31, 2023	\$ (1,232,732)	
Revenue for the 6- month period ended December 31, 2023	\$ 344,708	
Loss for the 6- month period ended December 31, 2023	\$ (1,232,732)	

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During the prior year period, Cana had minimal operations as it was in financial difficulties and seeking for an investor.

Basis of Financial Statement Presentation

The accompanying consolidated financial statements have been prepared in accordance with U.S. GAAP.

Principles of Consolidation

Our consolidated accounts include our accounts and the accounts of our wholly owned subsidiaries, SkyPharm S.A., Decahedron Ltd., Cosmofarm S.A., **CANA** **Cana** Laboratories Holdings (Cyprus) Limited **S.A.** and ZipDoctor Inc. The Group's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America ("US GAAP"). The consolidated financial statements reflect the consolidation of all entities in which the Company has control, as determined by the ability to direct the activities that significantly affect the entities' economic performance. All significant intercompany balances and transactions have been eliminated.

Transactions in and Translations of Foreign Currency

The functional currency for the Greek subsidiaries of the Company (CANA Laboratories, Cosmofarm S.A. and SkyPharm SA) is EURO (€) and for the UK subsidiary (Decahedron Ltd) is GBP (£). ZipDoctor Inc. is a U.S. based entity. As a result, the financial statements of the subsidiaries (except for ZipDoctor Inc.) have been translated from the local currency into U.S. dollars using (i) year-end exchange rates for balance sheet accounts, and (ii) average exchange rates for the reporting period for all income statements accounts. Foreign currency translations gains and losses are reported as a separate component of the condensed consolidated statements of changes in stockholders' equity and mezzanine equity.

Use of Estimates

The preparation of the consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

The Effects of War in the Ukraine

On February 24, 2022, Russian forces launched significant military action against Ukraine. There continues to be sustained conflict and disruption in the region, which is expected to endure for the foreseeable future. We do not conduct any commercial transactions with either Ukraine or Russia and the Company and, as such, is not aware of any specific event or circumstance that would require an update to its estimates or judgments or a revision of the carrying value of its assets or liabilities as of the date of issuance of this Annual Report on Form 10-K. Such political issues and conflicts could have a material adverse effect on our results of operations and financial condition if they escalate in areas in which we do business. In addition, changes in and adverse actions by governments in foreign markets in which we do business could have a material adverse effect on our results of operations and financial condition.

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Credit Losses

In June 2016, the FASB issued ASU 2016-13, Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses of Financial Instruments, which amends the requirement on the measurement and recognition of expected credit losses for financial assets held. Furthermore, amendments ASU 2019-10 and ASU 2019-11 provided additional clarification for implementing ASU 2016-13. ASU 2016-13 is effective for the Company beginning January 1, 2023, with early adoption permitted. The Company adopted the standard on January 1, 2023, and the standard did not have a material impact on the Company's consolidated financial statements and related disclosures. The Company is exposed to credit losses primarily through sales to its customers and the loans that it has provided. The Company assesses each customer's/ borrower's ability to pay, and a credit loss estimate by conducting a credit review which includes consideration of established credit rating, or an internal assessment of the customer's creditworthiness based on an analysis of their payment history when a credit rating is not available. The Company monitors credit exposure through active review of customer balances. The Company's expected loss methodology for accounts receivable is developed through consideration of factors including, but not limited to, historical collection experience, current customer credit ratings, current customer financial condition, current and future economic and market conditions, and age of the receivables. More specifically, the Company assesses a number of customers with significant long outstanding balances on an individual basis, applying different credit loss percentages to them, and subsequently summarizes the ones not included in the individual analysis, groups them based on their rating (decided based on the factors described above) and applies specific credit loss percentages to each group. The Company has elected to follow the simplified ECL approach. The charges related to credit losses are included in "General and administrative expenses" and are recorded in the period that the outstanding receivables are determined to be doubtful. Account balances are written-off against the allowance when they are deemed uncollectible.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Company considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

The Company maintains bank accounts in the United States denominated in U.S. Dollars, in Greece denominated in Euros, U.S. Dollars and Great Britain Pounds (British Pounds Sterling), and in Bulgaria denominated in Euros. The Company also maintains bank accounts in the United Kingdom, denominated in Euros and Great Britain Pounds (British Pounds Sterling).

Accounts Receivable, net

Accounts receivable are stated at their net realizable value. The allowance for doubtful accounts against gross accounts receivable reflects the best estimate of probable losses inherent in the receivables' portfolio determined on the basis of historical experience, specific allowances for known troubled accounts and other currently available information. As of **March 31, 2024** **June 30, 2024** and December 31, 2023, the Company's allowance for doubtful accounts was **\$19,211,416** **\$19,086,835** and **\$19,686,091**, respectively. Below is the summary of changes in the allowance for doubtful accounts:

	March 31, 2024	June 30, 2024
Balance as of January 1, 2024	\$ 19,686,091	
Balance as of January 1st, 2024		\$ 19,686,091
Provisions for credit losses	-	-
Write-offs	-	-
Foreign exchange adjustments	(443,605)	(568,264)
Other adjustments	(31,070)	(30,992)
Balance as of March 31, 2024	\$ 19,211,416	
Balance as of June 30, 2024		\$ 19,086,835

Tax Receivables

The Company pays Value Added Tax ("VAT") or similar taxes ("input VAT"), income taxes, and other taxes within the normal course of its business in most of the countries in which it operates related to the procurement of merchandise and/or services it acquires and/or on sales and taxable income. The Company also collects VAT or similar taxes on behalf of the government ("output VAT") for merchandise and/or services it sells. If the output VAT exceeds the input VAT, this creates a VAT payable to the government. If the input VAT exceeds the output VAT, this creates a VAT receivable from the government. The VAT tax return is filed on a monthly basis offsetting the payables against the receivables. In observance of EU regulations for intra-EU cross-border sales, our subsidiaries in Greece, SkyPharm and Cosmofarm, do not charge VAT for sales to wholesale drug distributors registered in other European Union member states. As of **March 31, 2024** **June 30, 2024** and December 31, 2023, the Company had a VAT net receivable balance of **\$252,257** **\$276,152** and **\$187,512** respectively, recorded in the consolidated balance sheet as prepaid expenses and other current assets and accounts payable and accrued expenses, respectively.

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Inventory

Inventory is stated at the lower-of-cost or net realizable value using the weighted average method. Inventory consists primarily of finished goods and packaging materials, i.e., packaged pharmaceutical products and the wrappers and containers they are sold in. A periodic inventory system is maintained by 100% count. Inventory is replaced periodically to maintain the optimum stock on hand available for immediate shipment.

The Company writes down inventories to net realizable value based on physical condition, expiration date, and current market conditions, as well as forecasted demand. The Company's inventories are not highly susceptible to obsolescence. Many of the Company's inventory items are eligible for return to our suppliers when pre-agreed product requirements, including, but not limited to, physical condition and expiration date, are not met. No significant judgments have been applied in estimating the selling price of our inventory.

Property and Equipment, net

Property and equipment are stated at cost, less accumulated depreciation. Depreciation is calculated on a straight-line basis over the useful lives (except for leasehold improvements which are depreciated over the lesser of the lease term or the useful life) of the assets as follows:

	Estimated Useful Life
Leasehold improvements and technical works	Lesser of lease term or 25 years
Buildings	25-30 years
Vehicles	6 years
Machinery	20 years
Furniture, fixtures and equipment	5-10 years
Computers and software	3-5 years

Depreciation expense was \$112,874 \$103,558 and \$65,629 \$79,163 for the three months ended March 31, 2024 June 30, 2024 and 2023, respectively and \$216,432 and \$112,569 for the six months ended June 30, 2024 and 2023, respectively.

Property and Equipment additions

Property and Equipment additions are recognized as assets when it is probable that future economic benefits associated with the asset will flow to the entity and the cost of the asset can be measured reliably. Additions are initially measured at cost, which includes all costs directly attributable to bringing the asset to its working condition and location for its intended use. This may include purchase price, freight, installation, and any directly attributable professional fees. They are capitalized if their cost exceeds a certain threshold. The threshold is determined based on materiality considerations. Costs below the threshold are typically expensed as incurred. After initial recognition, additions are measured at cost less accumulated depreciation and any accumulated impairment losses. Depreciation is calculated systematically over the estimated useful life of the asset. They are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If the carrying amount exceeds the recoverable amount, an impairment loss is recognized, and the carrying amount of the asset is adjusted accordingly. Borrowing costs directly attributable to the acquisition, construction, or production of qualifying assets, including Property and Equipment additions, are capitalized as part of the cost of those assets.

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Goodwill and Intangibles, net

The Company periodically reviews the carrying value of intangible assets not subject to amortization, including goodwill, to determine whether impairment may exist. Goodwill and certain intangible assets are assessed annually, or when certain triggering events occur, for impairment using fair value measurement techniques. These events could include a significant change in the business climate, legal factors, a decline in operating performance, competition, sale or disposition of a significant portion of the business, or other factors. First, under step 0, we determine whether it is more likely than not that the fair value of the reporting unit is less than the carrying amount. Following, if step 0 fails, goodwill impairment is determined using a two-step process. The first step of the goodwill impairment test is used to identify potential impairment by comparing the fair value of a reporting unit with its carrying amount, including goodwill. The Company uses level 3 inputs and a discounted cash flow methodology to estimate the fair value of a reporting unit. A discounted cash flow analysis requires one to make various judgmental assumptions including assumptions about future cash flows, growth rates, and discount rates. The assumptions about future cash flows and growth rates are based on the Company's budget and long-term plans. Discount rate assumptions are based on an assessment of the risk inherent in the respective reporting units. If the fair value of a reporting unit exceeds its carrying amount, goodwill of the reporting unit is considered not impaired and the second step of the impairment test is unnecessary. If the carrying amount of a reporting unit exceeds its fair value, the second step of the goodwill impairment test is performed to measure the amount of impairment loss, if any. The second step of the goodwill impairment test compares the implied fair value of the reporting unit's goodwill with the carrying amount of that goodwill. If the carrying amount of the reporting unit's goodwill exceeds the implied fair value of that goodwill, an impairment loss is recognized in an amount equal to that excess. The implied fair value of goodwill is determined in the same manner as the amount of goodwill recognized in a business combination. That is, the fair value of the reporting unit is allocated to all of the assets and liabilities of that unit (including any unrecognized intangible assets) as if the reporting unit had been acquired in a business combination and the fair value of the reporting unit was the purchase price paid to acquire the reporting unit.

On December 19, 2018, as a result of the acquisition of Cosmofarm, the Company recorded \$49,697 of goodwill.

Intangible assets with definite useful lives are recorded on the basis of cost and are amortized on a straight-line basis over their estimated useful lives. The Company uses a useful life of 5 years for an import/export license and a useful life of 10 years for the pharmaceutical and nutraceutical products licenses included in Note 4 as "Licenses". A useful life of 10 years is also used for the platforms included in Note 4 as "Software" and the customer bases. The Company evaluates the remaining useful life of intangible assets annually to determine whether events and circumstances warrant a revision to the remaining amortization period. If the estimate of the intangible asset's remaining useful life is changed, the remaining carrying amount of the intangible asset will be amortized prospectively over that revised remaining useful life. As of **March 31, 2024** **June 30, 2024** and December 31, 2023, no revision to the remaining amortization period of the intangible assets was made.

Amortization expense was **\$189,855** **\$193,518** and **\$21,058** **\$16,035** for the three months ended **March 31, 2024** **June 30, 2024** and 2023, respectively and **\$383,373** and **\$50,270** for the six months ended **June 30, 2024** and 2023, respectively.

Impairment of Long-Lived Assets

In accordance with ASC 360-10, Long-lived Assets, property and equipment and intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of long-lived assets to be held and used is measured by a comparison of the carrying amount of an asset to the estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated undiscounted future cash flows, an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the fair value of the assets. Fair value is generally determined using the asset's expected future discounted cash flows or market value, if readily determinable. **For the three months ended March 31, 2024 and 2023, the Company had no impairment of long-lived assets.**

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Equity Method Investment

For those investments in common stock or in-substance common stock in which the Company has the ability to exercise significant influence over the operating and financial policies of the investee, the investment is accounted for under the equity method. The Company records its share in the earnings of the investee and is included in "Equity earnings of affiliate" in the consolidated statement of operations. The Company assesses its investment for other-than-temporary impairment when events or changes in circumstances indicate that the carrying amount of the investment might not be recoverable and recognizes an impairment loss to adjust the investment to its then current fair value.

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Investments in Equity Securities

Investments in equity securities are accounted for at fair value with changes in fair value recognized in net income (loss). Equity securities are classified as short-term or long-term based on the nature of the securities and their availability to meet current operating requirements. Equity securities that are readily available for sale in current operations are reported as a component of current assets in the accompanying consolidated balance sheets. Equity securities that are not considered available for use in current operations would be reported as a component of long-term assets in the accompanying consolidated balance sheets. For equity securities with no readily determinable fair value, the Company elects a measurement alternative to fair value. Under this alternative, the Company measures the investments at cost, less any impairment, and adjusted for changes resulting from observable price changes in transactions for identical or similar investments of the investee. The election to use the measurement alternative is made for each eligible investment.

As of **March 31, 2024** **June 30, 2024**, investments consisted of 16,666 shares which traded at a closing price of **\$0.73** **\$0.75** per share or value of **\$12,100** **\$12,416** of National Bank of Greece. Additionally, the Company has **\$8,271** **\$7,665** in equity securities of Pancreta Bank, which are revalued annually.

Fair Value Measurement

The Company applies ASC 820, Fair Value Measurements and Disclosures, ("ASC 820"), for assets and liabilities measured at fair value on a recurring basis. ASC 820 establishes a common definition for fair value to be applied to existing generally accepted accounting principles that require the use of fair value measurements establishes a framework for measuring fair value and expands disclosure about such fair value measurements.

ASC 820 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Additionally, ASC 820 requires the use of valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. These inputs are prioritized below:

Level 1: Observable inputs such as quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices that are observable, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets and quoted prices for identical or similar assets or liabilities in markets that are not active.

Level 3: Unobservable inputs in which little or no market data exists, therefore developed using estimates and assumptions developed by us, which reflect those that a market participant would use.

In addition, ASC 825-10-25, Fair Value Option, ("ASC 825-10-25"), expands opportunities to use fair value measurements in financial reporting and permits entities to choose to measure many financial instruments and certain other items at fair value. The Company did not elect the fair value options for any of its qualifying financial instruments.

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Notes to Unaudited Condensed Consolidated Financial Statements

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Our financials also included the following financial instruments as of **March 31, 2024** **June 30, 2024** and December 31, 2023: cash, accounts receivable, inventory, prepaid expenses, loans receivable, accounts payable, notes payable and lines of credit. Except for the loans receivable which carry fixed interest rates, the carrying value of the remaining instruments, approximates fair value due to their short-term nature.

Customer Advances

The Company receives prepayments from certain customers for pharmaceutical products prior to those customers taking possession of the Company's products. The Company records these receipts as current liabilities until it has met all the criteria for recognition of revenue including passing control of the products to its customer, at such point, the Company will reduce the customer advances balance and credit the Company's revenues.

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COSMOS HEALTH INC.

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March 31, 2024

Revenue Recognition

In accordance with ASC Topic 606, *Revenue from Contracts with Customers* ("ASC 606"), the Company uses a five-step model for recognizing revenue by applying the following steps:

- 1) Identification of the Contract: The Company identifies a contract with a customer when it enters into an agreement that creates enforceable rights and obligations.
- 2) Identification of Performance Obligations: The Company identifies distinct performance obligations within each contract, which represent promises to transfer goods or services to the customer.
- 3) Determination of Transaction Price: The Company determines the transaction price, which represents the amount of consideration to which it expects to be entitled in exchange for transferring promised goods or services to the customer, excluding any amounts collected on behalf of third parties.
- 4) Allocation of Transaction Price: The Company allocates the transaction price to each distinct performance obligation based on its standalone selling price. If the standalone selling price is not observable, the Company estimates it using an appropriate method.
- 5) 1) Identification of the Contract: The Company identifies a contract with a customer when it enters into an agreement that creates enforceable rights and obligations.
2) Identification of Performance Obligations: The Company identifies distinct performance obligations within each contract, which represent promises to transfer goods or services to the customer.
3) Determination of Transaction Price: The Company determines the transaction price, which represents the amount of consideration to which it expects to be entitled in exchange for transferring promised goods or services to the customer, excluding any amounts collected on behalf of third parties.
4) Allocation of Transaction Price: The Company allocates the transaction price to each distinct performance obligation based on its standalone selling price. If the standalone selling price is not observable, the Company estimates it using an appropriate method.
5) Recognition of Revenue: Revenue is recognized when (or as) the Company satisfies a performance obligation by transferring a promised good or service to the customer. This typically occurs at a point in time or over time, depending on the nature of the performance obligation.

Wholesale revenue and sales of own branded nutraceutical and pharmaceutical products

The Company has contracts or signed partnership forms (usual in the wholesale sector of the pharma industry) with its customers, stipulating the enforceable rights and obligations. The Company is responsible for transferring the goods to the customer's location, which represents its sole performance obligation. Thus, the transaction price, which is predetermined in most of the products sold, is exclusively allocated to this performance obligation. Revenue is recognized at a single point in time, which is upon issuance of the corresponding sales invoice. The Company has assessed the impact of the items invoiced but not delivered to the customer's location as of December 31, 2023 and **March 31, 2024** **June 30, 2024**, and deemed that it had no material effect.

Pharma manufacturing

The Company has active contracts with its customers, stipulating the enforceable rights and obligations. The Company is responsible for the manufacturing and the packaging of specific products assigned by its customers, which represents its performance obligations to which the Company allocates the transaction price determined. The customers are responsible for providing the raw materials to the Company. Revenue is recognized over a period of time, which is during the production and packaging period of the respective products. As of **March 31, 2024** **June 30, 2024**, there were no products or batches of products for which the production or packaging phase was in progress.

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COSMOS HEALTH INC.

Notes to Unaudited Condensed Consolidated Financial Statements

June 30, 2024

Medihelm SA

Commencing from January 1, 2023, and pursuant to the agreement with Medihelm, the exclusive distributor of the Company's own proprietary line of nutraceuticals, the Company considers the transaction price to be variable and records an estimate of the transaction price, subject to the constraint for variable consideration. The Company is basing the change in transaction price with the exclusive distributor through assessment of significant overdue receivables from the exclusive distributor, which the Company reassesses each reporting period. Through this assessment, the Company applied the "expected value" model under ASC 606-10-32-5 and had applied specific constraints to revenue due from the customer at the end of each reporting period. Following the application of the "expected value" model, the Company had deferred an amount of \$397,000 and recorded it against the sales to Medihelm for the **year** twelve months ended **December 31, 2023** **December 31, 2024**. However, the Company assessed once more the trading relationship with Medihelm SA at year end and since no significant receipts had taken place up to the issuance of the report, the Company recorded an allowance for the total receivable amount not received up to the issuance date. More specifically a cumulative reserve of \$12,655,615 was applied, leaving a receivable of \$532,704 due from Medihelm SA, as of December 31, 2023. The **net receivable balance as of March 31, 2024, was \$456,741**. The Company does not consider that new sales to Medihelm SA or sales to any other customer include a variable component as of **March 31, 2024** **June 30, 2024**.

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COSMOS HEALTH INC.

Notes to Unaudited Condensed Consolidated Financial Statements

March 31, 2024

Stock-based Compensation

The Company records stock-based compensation in accordance with ASC 718, Stock Compensation ("ASC 718") and Staff Accounting Bulletin No. 107 ("SAB 107") regarding its interpretation of ASC 718. ASC 718 requires the fair value of all stock-based employee compensation awarded to employees to be recorded as an expense over the related requisite service period. The Company values any employee or non-employee stock-based compensation at fair value using the Black-Scholes Option Pricing Model.

The Company accounts for non-employee share-based awards in accordance with the measurement and recognition criteria of ASU 2018-07, "Compensation-Stock Compensation-Improvements to Nonemployee Share-Based Payment Accounting."

Income Taxes

The Company accounts for income taxes under the asset and liability method, as required by the accounting standard for income taxes ASC 740. Under this method, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis, as well as net operating loss carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

The Company is liable for income taxes in Greece and the United Kingdom. The corporate income tax rate is 22% in Greece and 25% in the United Kingdom. Losses may also be subject to limitation under certain rules regarding change of ownership.

We regularly review deferred tax assets to assess their potential realization and establish a valuation allowance for portions of such assets to reduce the carrying value if we do not consider it to be more likely than not that the deferred tax assets will be realized. Our review includes evaluating both positive (e.g., sources of taxable income) and negative (e.g., recent historical losses) evidence that could impact the realizability of our deferred tax assets. At **March 31, 2024** **June 30, 2024**, we believe our United Kingdom and Greece deferred tax assets will not be realized, as such, we did not record a reversal on the full valuation approach we followed during the year ended December 31, 2023.

Leases

The Company accounts for leases in accordance with ASC 842. For all leases, the Company recognizes a right-of-use (ROU) asset and a lease liability on the balance sheet. The ROU asset represents the **Company's** right to use the underlying asset for the lease term, and the lease liability represents the obligation to make lease payments arising from the lease, both measured at the present value of future lease payments. Lease payments are recognized as an operating expense on a straight-line basis over the lease term. The interest on the lease liability and the amortization of the ROU asset are recognized separately in the income statement. Initial direct costs incurred by the Company in negotiating and securing leases are capitalized and amortized over the lease term on a straight-line basis. The assets and liabilities from operating and finance leases are recognized at the commencement date based on the present value of remaining lease payments over the lease term using the Company's secured incremental borrowing rates or implicit rates, when readily determinable. Short-term leases, which have an initial term of 12 months or less, are not recorded on the balance sheet. The Company's operating leases do not provide an implicit rate that can readily be determined. Therefore, we use a discount rate based on our incremental borrowing rate, which is determined using the average interest rate of our long-term debt on the date of inception.

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Retirement and Termination Benefits

Under Greek labor law, employees are entitled to lump-sum compensation in the event of termination or retirement. The amount depends on the employee's work experience and remuneration as of the day of termination or retirement. If an employee remains with the company until full-benefit retirement, the employee is entitled to a lump-sum equal to 40% of the compensation to be received if the employee were to be dismissed on the same day. The Company periodically reviews the uncertainties and judgments related to the application of the relevant labor law regulations to determine retirement and termination benefits obligations of its Greek subsidiaries. The Company has evaluated the impact of these regulations and has identified a potential retirement and termination benefits liability. The amount of the liability as of **March 31, 2024** **June 30, 2024** and December 31, 2023, was **\$398,654** **\$395,698** and \$408,665, respectively, and has been recorded as a long-term liability within the consolidated balance sheets.

Basic and Diluted Net Loss per Common Share

Basic income per share is calculated by dividing income available to common stockholders by the weighted average number of shares of common stock outstanding during the period. Diluted income per share is calculated by dividing income available to common stockholders by the weighted average number of common shares outstanding for the period and, when dilutive, potential shares from stock options and warrants to purchase common stock, using the treasury stock method. In accordance with ASC 260, Earnings Per Share, the following table reconciles basic shares outstanding to fully diluted shares outstanding.

	March 31, 2024	March 31, 2023	June 30, 2024	June 30, 2023
Weighted average number of common shares outstanding Basic	16,851,747	10,615,075	17,025,203	10,718,010
Potentially dilutive common stock equivalents	-	-	-	-
Weighted average number of common and equivalent shares outstanding – Diluted	16,851,747	10,615,075	17,025,203	10,718,010

The following table summarizes potential common shares that were excluded as their effect is anti-dilutive:

	March 31, 2024	March 31, 2023	June 30, 2024	June 30, 2023
Warrants	8,558,380	4,194,236	8,558,380	4,188,928
Total	8,558,380	4,194,236	8,558,380	4,188,928

Common stock equivalents are included in the diluted income per share calculation only when option exercise prices are lower than the average market price of the common shares for the period presented.

Accounting Standard Adopted

In December 2022, the FASB issued ASU No. 2022-06, Deferral of the Sunset Date of Reference Rate Reform (Topic 848). Topic 848 provides optional expedients and exceptions for applying GAAP to transactions affected by reference rate (e.g., LIBOR) reform if certain criteria are met, for a limited period of time to ease the potential burden in accounting for (or recognizing the effects of) reference rate reform on financial reporting. The ASU deferred the sunset date of Topic 848 from December 31, 2022 to December 31, 2024. The ASU is effective as of December 21, 2022 through December 31, 2024. We continue to evaluate transactions or contract modifications occurring as a result of reference rate reform and determine whether to apply the optional guidance on an ongoing basis. We adopted ASU 2022-06 during 2022. The Company adopted this ASU on June 30, 2023. The adoption of this ASU did not have a material impact on the Company's accounting and disclosures.

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Notes to Unaudited Condensed Consolidated Financial Statements

March 31, June 30, 2024

In March 2022, the FASB issued ASU 2022-02, Troubled Debt Restructurings and Vintage Disclosures. This ASU eliminates the accounting guidance for troubled debt restructurings by creditors that have adopted ASU 2016-13, Measurement of Credit Losses on Financial Instruments, which was adopted on January 1, 2020. The adoption of ASU 2016-13 did not have a material impact on the Company's consolidated financial statements. ASU 2022-02 also enhances the disclosure requirements for certain loan refinancing and restructurings by creditors when a borrower is experiencing financial difficulty. In addition, the ASU amends the guidance on vintage disclosures to require entities to disclose current period gross write-offs by year of origination for financing receivables and net investments in leases within the scope of ASC 326-20. The ASU is effective for annual periods beginning after December 15, 2022, including interim periods within those fiscal years. Adoption of the ASU would be applied prospectively. Early adoption is also permitted, including adoption in an interim period. This ASU was adopted on January 1, 2023, which resulted in no cumulative-effect adjustment to retained earnings.

Recent Accounting Pronouncements

In December 2023, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures. This guidance is intended to enhance the transparency and decision-usefulness of income tax disclosures. The amendments in ASU 2023-09 address investor requests for enhanced income tax information primarily through changes to disclosure regarding rate reconciliation and income taxes paid both in the U.S. and in foreign jurisdictions. ASU 2023-09 is effective for fiscal years beginning after December 15, 2024 on a prospective basis, with the option to apply the standard retrospectively. Early adoption is permitted. The Company is currently evaluating this guidance to determine the impact it may have on its consolidated financial statements disclosures.

In November 2023, the FASB issued ASU 2023-07, Segment Reporting: Improvements to Reportable Segment Disclosures. This guidance expands public entities' segment disclosures primarily by requiring disclosure of significant segment expenses that are regularly provided to the chief operating decision maker and included within each reported measure of segment profit or loss, an amount and description of its composition for other segment items, and interim disclosures of a reportable segment's profit or loss and assets. The guidance is effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024, with early adoption permitted. The amendments are required to be applied retrospectively to all prior periods presented in an entity's financial statements. The Company is currently evaluating this guidance to determine the impact it may have on its consolidated financial statements related disclosures.

Management does not believe that any recently issued, but not effective, accounting standards, if currently adopted, would have a material effect on the Company's consolidated financial statements.

NOTE 3 –EQUITY METHOD INVESTMENTS

Distribution and Equity Agreement

On March 19, 2018, the Company entered into a Distribution and Equity Acquisition Agreement with Marathon Global Inc. ("Marathon"), a company incorporated in the Province of Ontario, Canada. Marathon was formed to be a global supplier of cannabis, cannabidiol (CBD) and/or any cannabis extract products, extracts, ancillaries and derivatives (collectively, the "Products"). The Company was appointed the exclusive distributor of the Products initially throughout Europe and on a non-exclusive basis wherever else lawfully permitted. The Company has no present intention to distribute any Products under this Agreement in the United States or otherwise participate in cannabis operations in the United States. The Company intended to await further clarification from the U.S. government on cannabis regulation prior to determining whether to enter the domestic market.

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The above transaction closed on May 22, 2018 after the due diligence period, following which the Company received: (a) a 33 1/3% equity interest or 5 million shares in Marathon as partial consideration for the Company's distribution services; and (b) received cash of CAD \$2,000,000, subject to repayment in common shares of the Company if it failed to meet certain performance milestones. The Company was entitled to receive an additional CAD \$2,750,000 upon the Company's receipt of gross sales of CAD \$6,500,000 and an additional CAD \$2,750,000 upon receipt of gross sales of CAD \$13,000,000. The Company was also given the right to nominate one director to the Marathon board of directors. Since Marathon was a newly formed entity with no assets and no activity, the Company attributed no value to the 5 million shares in Marathon which was received as consideration for the distribution services.

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The Distribution and Equity Acquisition Agreement was to remain in effect indefinitely unless Marathon fails to provide Market Competitive (as defined) product pricing and Marathon has not become profitable within five (5) years of the agreement. On March 20, 2023, the Company sent a termination notice, to Marathon, which became effective on April 19, 2023 as a result of Marathon's failure to satisfy these conditions. The Company had accounted for its obligation to issue a variable number of the Company's Common Shares as Share-settled debt obligation in accordance with ASC Topic 480, *Distinguishing Liabilities from Equity* ("ASC 480"), which was measured at fair value or the settlement amount of \$1,554,590 (CAD \$2 million). Due to termination of the Equity agreement, the Company recorded a gain on extinguishment of debt of \$1,554,590 due to the write-off of the share settled debt obligation, for the six months ended June 30, 2023.

CosmoFarmacy LP

In September 2019, the Company entered into an agreement with an unaffiliated third party to incorporate CosmoFarmacy L.P. for the purpose of providing strategic management consulting services and the retail trade of pharmaceutical products, and OTC to pharmacies. CosmoFarmacy was incorporated with a 30-year term through May 31, 2049. The unaffiliated third party is the general partner (the "GP") of the limited partnership and is responsible for management and decision-making associated with CosmoFarmacy. The initial share capital was set to EUR 150,000 (\$163,080) which was later increased to EUR 500,000 (\$543,600). The GP contributed the pharmacy license (the "License") valued at EUR 350,000 (30-year term) to operate the business of CosmoFarmacy in exchange for a 70% equity ownership. The Company is a limited partner and contributed cash of EUR 150,000 (\$163,080) for the remaining 30% equity ownership. CosmoFarmacy is not publicly traded and the Company's investment has been recorded using the equity method of accounting. The value of the investment as of **March 31, 2024** **June 30, 2024** and December 31, 2023, was **\$161,865** **\$160,665** and **\$165,930**, respectively, and is included in "Other assets" on the Company's consolidated balance sheets.

NOTE 4 – PROPERTY AND EQUIPMENT, NET

Property and equipment, net consists of the following at **March 31, 2024** **June 30, 2024** and December 31, 2023:

	March 31,	December 31,	June 30,	December 31,
	2024	2023	2024	2023
Land	\$ 3,464,024	\$ 3,551,020	\$ 3,438,343	\$ 3,551,020
Buildings and improvements	4,709,517	4,787,963	4,674,665	4,787,963
Leasehold improvements	3,550	3,639	3,524	3,639
Vehicles	278,396	285,388	274,487	285,388
Furniture, fixtures and equipment	2,684,062	2,707,442	2,697,076	2,707,442
Computers and software	166,745	168,173	195,302	168,173
	11,306,294	11,503,625	11,283,397	11,503,625
Less: Accumulated depreciation and amortization	(1,135,966)	(1,048,126)	(1,229,411)	(1,048,126)
Total	\$ 10,170,328	\$ 10,455,499	\$ 10,053,986	\$ 10,455,499

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Notes to Unaudited Condensed Consolidated Financial Statements

March 31, June 30, 2024

NOTE 5 – GOODWILL AND INTANGIBLE ASSETS

Goodwill and intangible, net assets consist of the following at **March 31, 2024** June 30, 2024 and December 31, 2023:

	March 31, 2024	December 31, 2023	June 30, 2024	December 31, 2023
License	\$ 6,762,786	\$ 6,876,169	\$ 6,714,555	\$ 6,876,169
Trade name / mark	389,868	392,197	390,188	392,197
Customer base	602,204	602,204	602,204	602,204
Software	795,868	155,788	795,868	155,788
	8,550,725	8,029,357	8,502,814	8,029,357
Less: Accumulated amortization				
License	(446,080)	(235,925)	(609,659)	(235,925)
Trade name / mark	(36,997)	(36,997)	(36,997)	(36,997)
Customer base	(126,863)	(110,160)	(141,994)	(110,160)
Software	(27,574)	(11,789)	(47,619)	(11,789)
Subtotal	7,913,211	7,634,486	7,666,545	7,634,486
Goodwill	49,697	49,697	49,697	49,697
Total	\$ 7,962,908	\$ 7,684,183	\$ 7,716,242	\$ 7,684,183

At **March 31, 2024** June 30, 2024, the estimated aggregate amortization expense for intangible assets subject to amortization for each of the five succeeding fiscal years is as follows:

Year	Amount	Amount
2024	\$ 611,867	\$ 405,212
2025	812,333	807,519
2026	813,511	808,689
2027	813,511	808,689
2028	759,729	756,665
Thereafter	3,747,061	3,724,570
Total	\$ 7,558,012	\$ 7,311,545

NOTE 6 – LOAN RECEIVABLE

On October 30, 2021, the Company entered into an agreement for a ten-year loan with Medihelm SA to memorialize €4,284,521 (\$4,849,221) in prepayments the Company had made. The prepayments to Medihelm SA had been made in accordance with the parallel export business, through which Medihelm supplied and would supply SkyPharm SA with branded pharmaceuticals. This business is no longer in place for the Company and thus the Company entered into this agreement with Medihelm SA in order for the outstanding amount to be settled. Interest is calculated at a rate of 5.5% per annum on a 360-day basis. Under the terms of the agreement, the Company is to receive 120 equal payments over the term of the loan. During the year ended December 31, 2023, the Company received €352,438 (\$389,867) in principal payments such that as of December 31, 2023, the Company had a short-term receivable balance of \$411,858 and a long-term receivable balance of \$3,509,200 under this loan. The Company also received €91,173 €156,684 (\$98,385) 167,824 in principal payments and €41,074 €81,077 (\$44,323) 86,341 in interest payments during the three-month six-month period ended **March 31, 2024** June 30, 2024. The Note is considered fully recoverable.

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COSMOS HEALTH INC.
Notes to Unaudited Condensed Consolidated Financial Statements
March 31, June 30, 2024

NOTE 7 – INCOME TAXES

The Company is incorporated in the United States of America and is subject to United States federal taxation. No provisions for income taxes have been made as the Company had no U.S. taxable income for the three months ended **March 31, 2024**, **June 30, 2024** and 2023.

The Company's Greece subsidiaries are governed by the income tax laws of Greece. The corporate tax rate in Greece is 22% on income reported in the statutory financial statements after appropriate tax adjustments.

The Company's United Kingdom subsidiaries are governed by the income tax laws of the United Kingdom. The corporate tax rate in the United Kingdom is 25% on income reported in the statutory financial statements after appropriate tax adjustments.

As of March 31, 2024 **June 30, 2024** and 2023, the Company's effective tax rate differs from the U.S. federal statutory tax rate primarily due to a valuation allowance recorded against net deferred tax assets in the United States and the United Kingdom.

We regularly review deferred tax assets to assess their potential realization and establish a valuation allowance for portions of such assets to reduce the carrying value if we do not consider it to be more likely than not that the deferred tax assets will be realized. Our review includes evaluating both positive (e.g., sources of taxable income) and negative (e.g., recent historical losses) evidence that could impact the realizability of our deferred tax assets. As of **March 31, 2024** **June 30, 2024** and December 31, 2023, the Company has maintained a valuation allowance against all net deferred tax assets in the United States, Greece, and the UK.

For the three and six months ended **March 31, 2024** **June 30, 2024**, and 2023, the Company has recorded tax benefit in any jurisdiction where it is subject to income tax, in the amount of \$0 and **\$27,298** **\$65,873** respectively, on the Condensed Consolidated Statements of Operations and Comprehensive Loss.

NOTE 8 – CAPITAL STRUCTURE

Preferred Stock

The Company is authorized to issue 100 million shares of preferred stock, of which 6,000,000 are designated as Series A convertible preferred stock. The preferred stock has a liquidation preference over the common stock and is non-voting. As of **March 31, 2024** **June 30, 2024** and December 31, 2023, no preferred shares were issued and outstanding.

Major Rights & Preferences of Series A Preferred Stock

On and effective October 4, 2021, the Company amended and restated its articles of incorporation (the "Amended and Restated Articles") and filed a certificate of designation (the "COD") for its Series A Preferred Stock (the "Series A Preferred Stock") with the State of Nevada. The Amended and Restated Articles allow the Company's Board of Directors the authority to authorize the issuance of preferred stock from time to time in one or more classes or series by resolution. On February 23, 2022, the Company filed Correction No. 1 to the COD. On July 28, 2022, the Company filed an Amendment to the COD with the State of Nevada to allow a holder to waive application of the Beneficial Ownership Limitation with respect to the conversion of Series A Preferred Stock.

With respect to payment of dividends and distribution of assets upon liquidation, dissolution, or winding up of the Company, whether voluntary or involuntary, all shares of the Series A Preferred Stock will rank: (i) senior to all of the Company's Common Stock and any other equity securities that the Company may issue in the future, (ii) equal to any other equity securities that the Company may issue in the future, the terms of which specifically provide that such equity securities are on parity or senior to the Series A Preferred Stock ("Parity Securities"), (iii) junior to all other equity securities the Company issues, the terms of which specifically provide that such equity securities rank senior to the Series A Preferred Stock, and (iv) junior to all of the Company's existing and future indebtedness; without the prior written consent of the Majority Holders.

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COSMOS HEALTH INC.
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In the event of any voluntary or involuntary liquidation, dissolution or winding up of the Company (a "Liquidation"), the Holders of shares of Series A Preferred Stock shall be first entitled to receive out of the assets of the Company available for distribution to its shareholders.

Each Holder shall not be entitled to vote with holders of outstanding shares of Common Stock, voting together as a single class, with respect to any and all matters presented to the stockholders of the Company for their action or consideration, except as provided by law or as set forth in the COD. The holders of Series A Preferred Stock are entitled to receive dividends paid and distributions made to the holders of Common Stock to the same extent as if the holders of Series A Preferred Stock had converted such shares into shares of Common Stock.

The Series A Preferred Stock was initially convertible into the Company's Common Stock as determined by dividing the number of shares of Series A Preferred Stock to be converted by the lower of (i) \$75.00 or (ii) 80% of the average volume weighted average price for the Company's Common Stock for the five trading days immediately following the effectiveness of the registration statement concerning the shares (the "Conversion Price"). On June 14, 2022, the Conversion Price was reset to \$15.54 per share.

Each holder is entitled to receive dividends in shares of Series A Preferred Stock or cash determined based on the stated value of each Series A Preferred Stock at the dividend rate of 8.0% per year. For the year ended December 31, 2022, the Company recorded \$372,414 as a deemed dividend in accordance with the Series A Preferred Stock cumulative dividend. As of December 31, 2022, the cumulative dividend has been recorded as mezzanine equity. Following, Mr. Siokas waiver of the right to receive the dividends on February 26, 2024, and the unanimous written consent of the Company's Board of Directors on February 29, 2024, through which was resolved that the Company shall remove all accrued and unpaid dividends payable to the previous holders of Series A Preferred stock, the Company eliminated the total deemed dividend of \$372,414 through retained earnings. Thus, the balance of mezzanine equity as of **March 31, 2024** **June 30, 2024**, and December 31, 2023 is \$0.

The Series A Shares rank senior to all of the Company's Common Stock and any other equity securities that the Company may issue in the future with respect to payment of dividends and distribution of assets upon liquidation, dissolution or winding up. While the Series A Shares are outstanding, the Company may not amend, alter or change adversely the powers, preferences or rights given to the Series A Shares, create, or authorize the creation of, any additional class or series of capital stock of the Company (or any security convertible into or exercisable for any class or series of capital stock of the Company), including any class or series of capital stock of the Company that ranks superior to or in parity with the Series A Shares, alter, amend, modify, or repeal its Articles of Incorporation or other charter documents in any manner that adversely affects any rights of the holders of Series A Shares, increase or decrease the number of authorized shares of Series A Shares, any agreement, commitment or transaction that would result in a Change of Control, any sale or disposition of any material assets outside of the ordinary course of business of the Company, any material change in the principal business of the Company, including the entry into any new line of business or exit of any current line of business, and circumvent a right or preference of the Series A Shares. Any holder of the Series A Shares shall have the right by written election to the Company to convert all or any portion of the outstanding Series A Shares. Immediately upon effectiveness of a registration statement registering for resale all of the Registrable Securities (as defined in the Registration Rights Agreement), all outstanding Series A Shares shall automatically convert into Common Stock, subject to certain beneficial ownership limitations.

Treasury stock

As of **March 31, 2024** **June 30, 2024** and December 31, 2023, the Company held 86,497 and 86,497, respectively, shares of our common stock at a cost of \$917,159 and \$917,159, respectively. Shares of our common stock that are repurchased are classified as treasury stock pending future use and reduce the number of shares outstanding used in calculating earnings per share. Cosmos may repurchase shares from time to time through open market purchases in accordance with applicable securities laws and other restrictions. The Company repurchased **no shares of our common stock during the six months ended June 30, 2024. The Company repurchased** 71,000 shares of our common stock for \$100,452 during the year ended December 31, 2023. The Company repurchased no shares of our common stock during the **three** **six** months ending **March 31, 2024** **ended June 30, 2024**.

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COSMOS HEALTH INC.

Notes to Unaudited Condensed Consolidated Financial Statements

March 31, June 30, 2024

On January 24, 2023 the Company announced that its Board of Directors has approved a share repurchase program with authorization to purchase up to \$3 million of its common stock. Cosmos may repurchase shares from time to time through open market purchases in accordance with applicable securities laws and other restrictions.

Common Stock

The Company is authorized to issue 300 million shares of common stock. As of **March 31, 2024** **June 30, 2024** and December 31, 2023, the Company had 17,834,023 and 15,982,472 shares of our common stock issued, respectively, and 17,747,526 and 15,895,975 shares outstanding, respectively.

Issuance of Common Stock

During the **3-month** **three-month** period ended **March 31, 2023** **June 30, 2023** the Company issued 15,258 to a consultant for services rendered. The shares were valued and expensed on the date of issuance and are separately presented in the condensed consolidated statement of changes in stockholders' equity and mezzanine as "Shares issued in lieu of cash".

During the **3-month period** **six months** ended **March 31, 2024** **June 30, 2024** raised additional equity funds through a Baby Shelf supplement to its Registration Statement on Form S-3 (No. 333-267550) filed with the SEC on February 29 and March 7, 2024. More specifically, the Company sold 901,488 shares of common stock for gross proceeds of \$648,893. Placement agent's fees and other commissions amounted to \$19,467 and thus the total net proceeds for the period were \$629,426.

On December 29, 2023, the Company had entered into a warrant exchange agreement (the "Warrant Exchange") with an investor to reduce the exercise price of 2,437,063 warrants from \$2.75 per share to \$1.45 per share as an inducement to exercise. The Company issued 1,487,000 shares of common stock, held 950,063 shares in escrow until the investor's beneficial ownership limitation allows for the transfer of the escrow shares, and received gross cash proceeds of 3,533,741. The 950,063 shares were issued within the three-month period ended March 31, 2024 but were already valued in the year ended December 31, 2023.

Exercise of Warrants

We had no warrant exercises during the **3- month period six months ended March, 31, 2024. June 30, 2024.**

Warrant Classification

The Company determines the classification of its warrants upon issuance by identifying the instrument issued to determine if it is debt or equity classified. The Company determined its warrants meet the scope exception in ASC 815-10 and are equity classified because, (a) the warrant is indexed to the Company's own stock, (b) require settlement in equity shares, and (c) the Company has enough authorized and unissued shares.

NOTE 9 – RELATED PARTY TRANSACTIONS

Doc Pharma S.A.

Doc Pharma S.A is considered a related party to the Company due to the fact that the CEO of Doc Pharma is the wife of Grigoris Siokas, the Company's CEO and principal shareholder, who also served as a principal of Doc Pharma S.A. in the past.

Prepaid expenses and other current assets – related party

As of March 31, 2024 and December 31, 2023, the Company had a prepaid balance of \$5,130,847 and \$4,347,184, respectively, to Doc Pharma related to purchases of inventory.

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COSMOS HEALTH INC.

Notes to Unaudited Condensed Consolidated Financial Statements

March 31, June 30, 2024

Prepaid expenses and other current assets – related party

As of June 30, 2024 and December 31, 2023, the Company had a prepaid balance of \$5,482,679 and \$4,347,184, respectively, to Doc Pharma related to purchases of inventory.

Accounts payable and accrued expenses - related party

As of **March 31, 2024 June 30, 2024** and December 31, 2023, the Company had an accounts payable balance to Doc Pharma of \$92,287 \$112,019 and \$34,217, respectively.

Accounts receivable - related party

The Company had a receivable balance of \$2,539,336 \$2,774,038 and \$2,386,721 from Doc Pharma S.A as of **March 31, 2024 June 30, 2024**, and December 31, 2023, respectively.

Sales and Purchases

During the **three six** months ended **March 31, 2024 June 30, 2024** and 2023, the Company purchased a total of \$189,048 \$520,699 and \$450,911 \$193,831 of products from Doc Pharma S.A., respectively. During the three months ended **March 31, 2024 June 30, 2024**, and 2023, the Company had \$384,321 \$136,378 and \$627 \$2,120 revenue from Doc Pharma, respectively.

During the six months ended June 30, 2024 and 2023, the Company purchased a total of \$425,638 and \$607,984 of products from Doc Pharma S.A., respectively. During the three months ended June 30, 2024 and 2023, the Company had \$236,590 and \$2,767 revenue from Doc Pharma, respectively.

Other Agreements

On October 10, 2020, the Company entered into a contract manufacturer outsourcing ("CMO") agreement with Doc Pharma whereby Doc Pharma is responsible for the development and manufacturing of pharmaceutical products and nutritional supplements according to the Company's specifications based on strict pharmaceutical standards and good manufacturing practice ("GMP") protocols as the National Organization for Medicines requires. The Company has the exclusive ownership rights for trading and distribution of

its own branded nutritional supplements named "Sky Premium Life®". The duration of the agreement is for five years, however, either party may terminate the agreement at any time giving six-month advance notice. Doc Pharma is exclusively responsible for supplying the raw materials and packaging required to manufacture the final product. However, they are not responsible for potential delays that may arise, concerning their import. Doc Pharma is also obligated to store the raw and packaging materials. The delivery of raw and packaging materials should be purchased at least 30 and 25 days, respectively, before the delivery date of the final product. The Manufacturer solely delivers the finished product to the Company. There is a minimum order quantity ("MoQ") of 1,000 pieces per product code. Both parties have agreed that the Company will deposit 60% of the total cost upon agreement and assignment and 40% of the total cost including VAT charge upon the delivery date. The prices are indicative and are subject to amendments if the cost of the raw material or the production cost change.

For the three months ended **March 31, 2024** **June 30, 2024** and 2023, the Company has purchased **€65,161** **€61,597** **(\$70,732)** **66,295** and **€347,461** **€174,519** **(\$401,786)** **190,021** respectively, in inventory related to this agreement.

For the six months ended **June 30, 2024** and 2023, the Company has purchased **€126,758** **(\$137,027)** and **€548,980** **(\$593,427)** respectively, in inventory related to this agreement.

On May 17, 2021, Doc Pharma and the Company entered into a Research and Development ("R&D") agreement whereby Doc Pharma will be responsible for the research, development, design, registration, copy rights and licenses of 250 nutritional supplements for the final products called Sky Premium Life®. These products will be sold in Greece and abroad. The total cost of this project will be €1,425,000 plus VAT and will be done over three phases as follows: Design & Development (€725,000); Control and Product Manufacturing (€250,000) and Clinical Study and Research (€450,000). SkyPharm has bought a total of as of 81 licenses at value of €554,500 (\$593,204) which is 38.91% of the total cost, as of December 31, 2022. During the year ended December 31, 2023, 24 additional licenses were purchased at value of €475,014 (\$525,461). During the three and six months ended **March 31, 2024** **June 30, 2024**, no additional licenses were purchased. The agreement will terminate on December 31, 2025.

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COSMOS HEALTH INC.

Notes to Unaudited Condensed Consolidated Financial Statements

June 30, 2024

Purchase of branded pharmaceuticals

On June 28, 2023, the Company approved the purchase of five proprietary and innovative branded pharmaceuticals with significant market presence and material profit contribution from Zakalia Ltd., the parent company of Doc Pharma, for €1,800,000 (\$1,965,600). The transaction was settled on a non-cash basis through the reduction, of an equivalent amount, of prepaid expense balances the Company held with Doc Pharma. The purchased branded pharmaceuticals are presented in "Goodwill and intangible assets, net" on the accompanying consolidated balance sheets. On December 29, 2023, the Company approved the purchase of additional 19 licenses from DocPharma, of a total value of €3,200,000 (\$3,539,840). This transaction was also settled on a non-cash basis through the reduction, of an equivalent amount, of prepaid expense balances the Company held with Doc Pharma.

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COSMOS HEALTH INC.

Notes to Unaudited Condensed Consolidated Financial Statements

March 31, 2024

Loans receivable - related party

The balance of prepaid expenses due Doc Pharma as of December 31, 2022, had increased to €7,103,706 (\$7,599,545), which was mainly attributable to the prepayments SkyPharm S.A. made in accordance with the CMO agreement and the extensive orders and sales of the SPL products the Company expects to achieve within 2023, mainly through its Amazon channels in the UK, Singapore, Canada and other countries. However, as the benefit from a significant portion of the prepaid balance would not have been realized within a 12-month period, the Company opted to secure a portion of the outstanding prepaid balance through a loan agreement. SkyPharm S.A. (the "Lender") entered into a loan agreement with Doc Pharma (the "Borrower") for €4,000,000 (\$4,279,200), all of which was financed through the outstanding prepaid balance. The duration of the loan is for a 10-year period up to December 1, 2032 (the "Maturity Date"). The loan bears a fixed interest rate of 5.5% payable on a monthly basis and will be repayable in 120 equal instalments of €33,333.33 (\$35,660). The loan may be prepaid anytime during its duration in full or partially based on the Company's product requirements and other factors, without Doc Pharma incurring any prepayment penalty.

As of **March 31, 2024** **June 30, 2024** and December 31, 2023, the loan had a current portion of €400,000 (\$431,640) and €400,000 (\$442,480), and a non-current portion of €3,100,000 (\$3,345,210), and €3,200,000 (\$3,539,840), respectively, which is classified as "Loans receivable – related party" on the accompanying consolidated balance sheets. During the **three** **six** months ended **March 31, 2024** **June 30, 2024**, the Company received **€100,000** **€200,000** **(\$107,910)** **224,220** in principal repayments, and **€41,074** **€81,077**

(\$44,324) 86,841) of interest repayments. Additionally, during the **three** **six** months ended **March 31, 2024** **June 30, 2024**, the Company recorded €49,041 €96,708 (\$53,235) 103,584 as interest income relating to this loan.

Cana Laboratories Holding Limited

Cana was considered a related party as the Company had signed a binding letter of intent and an SPA for the acquisition of Cana. The acquisition was completed on June 30, 2023 according to the SPA signed on May 31, 2023. Thus, all balances between the Company and Cana were eliminated upon consolidation as of December 31, 2023. The Secured Promissory Note discussed below was included in consideration transferred upon acquisition.

Loans receivable - Related Party - Long Term

On February 28, 2023 (Issue Date), the Company signed a Secured Promissory Note with Cana Laboratories Holding (Cyprus) Limited (the "Holder"), whereby the Holder borrowed the sum of €4,100,000 (\$4,457,520) from the Company. Interest on the Principal Amount under this Note shall accrue at a rate equal to Five Percent (5%) plus 1 month LIBOR per annum (5.47% as of December 31, 2023). The maturity date ("Maturity Date") of this Note shall be five (5) years from the Issue Date. The Principal Amount, as well as all accrued interest shall be due and payable on the Maturity Date. Following, the completion of Cana's acquisition on June 30, 2023, the balance of the Note was eliminated on a consolidated level.

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COSMOS HEALTH INC.

Notes to Unaudited Condensed Consolidated Financial Statements

June 30, 2024

Panagiotis Kozaris

Panagiotis Kozaris is considered a related party due to the fact that he is a former General operational manager and current employee of Cosmofarm S.A.

Prepaid Expenses and Other Current Assets - Related Party

From time to time the Company purchases back shares that Panagiotis Kozaris owns and records them as treasury shares. The Company pays Panagiotis Kozaris in advance for the shares owned and obtains the shares upon execution of a cumulative stock-purchase agreement ("SPA"). During the three months ended **March 31, 2024** **June 30, 2024** and 2023, the Company paid Panagiotis Kozaris an additional sum of \$0 and \$51,159 respectively for shares owned, however, no SPA for these funds has been executed as of **March 31, 2024** **June 30, 2024**. The Company intends to execute a cumulative SPA for these amounts during 2024. The total balances owed of \$194,215 and \$194,215 are included in "Prepaid expenses and other current assets - related party", on the accompanying consolidated balance sheets as of **March 31, 2024** **June 30, 2024** and December 31, 2023, respectively.

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COSMOS HEALTH INC.

Notes to Unaudited Condensed Consolidated Financial Statements

March 31, 2024

Basotho Investment Limited

Basotho Investment Limited is considered a related party once Panagiotis Kozaris (former general operational manager and current employee of Cosmofarm S.A) is one of its directors.

General and administrative expenses

On November 21, 2023, the Company issued 120,000 shares of common stock to Basotho Investment Limited for services rendered. The fair value of these shares for the period ended December 31, 2023 was \$10,300, which was recorded as general and administrative expense. The fair value of the shares vested for the **three-month** **six-month** period ended **March 31, 2024** **June 30, 2024** was \$30,900, \$61,800, which was recorded as general and administrative expense.

Maria Kozari

Maria Kozari is considered a related party to the Company due to the fact that she is the daughter of Panagiotis Kozaris, a former Operational General Manager and current employee of Cosmofarm S.A.

Accounts Receivable - Related Party

During 2021, the Company, through its subsidiary, Cosmofarm SA, commenced a partnership with a pharmacy called "Pharmacy & More", owned by Maria Kozari. The transactions with the respective pharmacy were in Cosmofarm's normal course of business, however, a more flexible credit policy was allowed as the pharmacy was new and needed to be established in the market. During the three and six months ended **March 31, 2024** **June 30, 2024** and 2023 the Company's net sales to Pharmacy & More amounted to **\$86,678** **\$95,195** and **\$118,987** **\$117,219** and **\$181,973** and **\$236,205** respectively. As of **March 31, 2024** **June 30, 2024** and December 31, 2023 the Company's outstanding receivable balance due from the pharmacy amounted to **\$1,148,687** **(€1,064,486)** **\$1,123,835** **(€1,203,739)** and **\$1,142,402** **(€1,142,402)** **(€1,032,726)**, respectively, and are included in "Accounts receivable - related party", on the accompanying consolidated balance sheets.

The Company plans to acquire Pharmacy & More within fiscal year 2024. Upon acquisition, the Company intends to offset the outstanding receivable balance with the corresponding purchase price and additionally plans to make Pharmacy & More the **1st** **first** shop-in-shop of its own branded line of nutraceutical products, Sky Premium Life® (SPL).

Other Related Parties

The Company has the following balances as of **March 31, 2024** **June 30, 2024**: a) a balance of **\$398,000** **\$698,000** relating to unpaid salaries and bonuses due to Grigoris Siokas, the CEO of the Company and George Terzis, the CFO of the Company, classified as "Accounts payable and accrued expenses - related party" in the Company's consolidated balance sheets, b) a net payable balance of **\$48,495** **\$37,292** due to Konstantinos Gaston Kanaroglou, former manager and current employee of the Company's wholly owned subsidiary Cana, classified as "Accounts receivable" in the Company's consolidated balance sheets.

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COSMOS HEALTH INC.

Notes to Unaudited Condensed Consolidated Financial Statements

June 30, 2024

Additionally, the Company **has had** the following balances as of December 31, 2023: a) a balance of \$98,000 relating to unpaid salaries and bonuses due to George Terzis, the CFO of the Company, classified as "Accounts payable and accrued expenses - related party" in the Company's consolidated balance sheets, b) a net payable balance of \$85,332 due to Konstantinos Gaston Kanaroglou, former manager and current employee of the Company's wholly owned subsidiary Cana, classified as "Accounts receivable" in the Company's consolidated balance sheets.

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COSMOS HEALTH INC.

Notes to Unaudited Condensed Consolidated Financial Statements

March 31, 2024

Notes Payable – Related Party

A summary of the Company's related party notes payable as of **March 31, 2024** **June 30, 2024** and December 31, 2023 is presented below:

	March 31, 2024	December 31, 2023	June 30, 2024	December 31, 2023
Beginning Balance	\$ 11,283	\$ 10,912	\$ 11,283	\$ 10,912
Payments	-	-	-	-
Foreign currency translation	(276)	371	(358)	371
Ending Balance	\$ 11,007	\$ 11,283	\$ 10,925	\$ 11,283

Dimitrios Goulielmos

Dimitris Goulielmos was the Company's former CEO and a Director of the Company.

On November 21, 2014, the Company entered into an agreement with Dimitrios Goulielmos, as amended on November 4, 2016. Pursuant to the amendment, this loan has no maturity date and is non-interest bearing. As of **March 31, 2024** **June 30, 2024** and December 31, 2023, the Company had a principal balance of €10,200 (\$11,007) **10,925** and €10,200 (\$11,283), respectively.

The above balances are adjusted for the foreign currency rate as of the balance sheet date. For the **three six** months ended **March 31, 2024 and 2023**, **June 30, 2024**, the Company recorded a foreign currency translation gain of \$276 and a loss \$177, respectively, **\$358**.

Loans Payable – Related Party

A summary of the Company's related party loans payable as of **March 31, 2024** **June 30, 2024** and December 31, 2023 is presented below:

	March 31, 2024	December 31, 2023	June 30, 2024	December 31, 2023
Beginning balance	\$ 13,257	\$ 12,821	\$ 13,257	\$ 12,821
Proceeds		-		-
Payments	(7,554)	-	(7,498)	-
Foreign currency translation	(325)	436	(420)	436
Ending balance	\$ 5,379	\$ 13,257	\$ 5,339	\$ 13,257

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Grigorios Siokas

From time to time, Grigorios Siokas loans the Company funds in the form of non-interest bearing, no-term loans. As of **March 31, 2024** **June 30, 2024**, the Company had an outstanding principal balance under these loans of **\$5,379** **\$5,339** in loans payable to Grigorios Siokas. As of December 31, 2023, the Company had an outstanding principal balance of \$13,257 related to this payable.

The above balances are adjusted for the foreign currency rate as of the balance sheet date. For the **three six** months ended **March 31, 2024 and 2023**, **June 30, 2024**, the Company recorded a gain of \$325 and a loss of \$208, respectively, **\$420**.

Except as set forth above, we have not entered into any material transactions with any director, executive officer, and promoter, beneficial owner of five percent or more of our common stock, or family members of such persons.

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COSMOS HEALTH INC.

Notes to Unaudited Condensed Consolidated Financial Statements

March 31, 2024

NOTE 10 – LINES OF CREDIT

A summary of the Company's lines of credit as of **March 31, 2024** **June 30, 2024** and December 31, 2023, is presented below:

	March 31, 2024	December 31, 2023	June 30, 2024	December 31, 2023
National	\$ 3,792,607	\$ 3,918,523	\$ 4,113,219	\$ 3,918,523
Alpha	1,099,813	1,130,140	1,090,363	1,130,140
Pancreta	1,102,135	1,122,210	1,487,853	1,122,210
EFG	431,642	459,400	414,164	459,400
Ending balance	\$ 6,426,197	\$ 6,630,273	\$ 7,105,599	\$ 6,630,273

The Company has three lines of credit with the National Bank of Greece, which are renewed annually. The three lines have interest rates of 6.00% (the "National Bank LOC"), 3.6% (the "COSME 2 Facility"), and 3.6% plus the six-month Euribor rate and any contributions currently in force by law on certain lines of credit (the "COSME 1 Facility").

The maximum borrowing allowed for the 6% line of credit was \$3,210,323 \$3,186,523 and \$3,290,945 as of March 31, 2024 June 30, 2024 and December 31, 2023, respectively. The outstanding balance of the facility was \$2,754,750 \$3,044,762 and \$2,829,828, as of March 31, 2024 June 30, 2024 and December 31, 2023, respectively.

The cumulative maximum borrowing allowed for the COSME 1 Facility and COSME 2 Facility (collectively, the "Facilities") was \$1,079,100 \$1,071,100 and \$1,106,200 as of March 31, 2024 June 30, 2024 and December 31, 2023, respectively. The outstanding balance of the Facilities was \$1,037,857 \$1,068,524 and \$1,099,255 as of March 31, 2024 June 30, 2024 and December 31, 2023, respectively.

The Company maintains a line of credit with Alpha Bank of Greece ("Alpha LOC"), which is renewed annually and has a current interest rate of 6.00%. The maximum borrowing allowed was \$1,079,100 \$1,071,100 and \$1,106,200 as of March 31, 2024 June 30, 2024 and December 31, 2023, respectively. The outstanding balance of the Alpha LOC was \$1,099,814 \$1,090,364 and \$1,130,141, as of March 31, 2024 June 30, 2024 and December 31, 2023, respectively.

The Company holds a line of credit with Pancreta Bank ("Pancreta LOC"), which is renewed annually and has a current interest rate of 4.10%. The maximum borrowing allowed as of March 31, 2024 June 30, 2024 and December 31, 2023 was \$1,499,949 \$1,488,829 and \$1,537,618, respectively. The outstanding balance of the Pancreta LOC as of March 31, 2024 June 30, 2024 and December 31, 2023 was \$1,102,135 \$1,487,852 and \$1,122,210, respectively.

The Company maintains a line of credit with EGF ("EGF LOC"), which is renewed annually and has a current interest rate of 4.49%. The maximum borrowing allowed as of March 31, 2024 June 30, 2024 and December 31, 2023 was \$431,640 \$428,440 and \$459,400, respectively. The outstanding balance of the EGF LOC as of March 31, 2024 June 30, 2024 and December 31, 2023 was \$442,840 \$414,164 and \$459,400, respectively.

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COSMOS HEALTH INC.

Notes to Unaudited Condensed Consolidated Financial Statements

June 30, 2024

Under the aforementioned line of credit agreements, the Company is required to maintain certain financial ratios and covenants. As of March 31, 2024 June 30, 2024, and December 31, 2023, the Company was in compliance with these ratios and covenants.

All lines of credit are guaranteed by customer receivable checks, which are a type of factoring in which postponed customer checks are assigned by the Company to the bank, in order to be financed at an agreed upon rate.

Interest expense on the Company's outstanding lines of credit balances for the three and six months ended March 31, 2024 June 30, 2024 and 2023, was \$44,568 \$185,378 and \$19,435 \$147,683, and 229,946 and \$167,118, respectively.

NOTE 11 – NOTES PAYABLE

A summary of the Company's third-party debt as of and for the six months ended June 30, 2024, and the year ended December 31, 2023 is presented below:

June 30, 2024	Trade	Third	COVID	Total
	Facility	Party	Loans	
Beginning balance, December 31, 2023	\$ 1,908,195	\$ 2,511,148	\$ 186,884	\$ 4,606,227
Proceeds				
Payments	(240,998)	(293,229)	(7,145)	(541,372)
Conversion of debt	-	-	-	-
Recapitalized upon debt modification	-	-	-	-
Accretion of debt and debt discount	-	-	-	-
Foreign currency translation	(60,548)	(62,972)	(9,129)	(132,649)
Ending balance, June 30, 2024	<u>1,606,649</u>	<u>2,154,947</u>	<u>170,610</u>	<u>3,932,206</u>
Notes payable - long-term	<u>(1,124,655)</u>	<u>(1,125,866)</u>	<u>(140,909)</u>	<u>(2,391,430)</u>
Notes payable - short-term	<u>\$ 481,994</u>	<u>\$ 1,029,081</u>	<u>\$ 29,701</u>	<u>\$ 1,540,776</u>
December 31, 2023	Trade	Third	COVID	Total
	Facility	Party	Loans	
Beginning balance, December 31, 2022	\$ 3,305,532	\$ 1,505,078	\$ 207,377	\$ 5,017,987
Proceeds	-	1,082,231	-	1,082,231

Payments	(1,155,310)	(415,557)	(27,027)	(1,597,894)
Other additions	-	317,880	-	317,880
Debt forgiveness	(306,637)	-	-	(306,637)
Foreign currency translation	(64,610)	21,516	6,534	92,660
Ending balance, December 31, 2023	<u>1,908,195</u>	<u>2,511,148</u>	<u>186,884</u>	<u>4,606,227</u>
Notes payable – long-term	(1,327,440)	(1,549,768)	(159,344)	(3,036,552)
Notes payable - short-term	<u>\$ 580,755</u>	<u>\$ 961,380</u>	<u>\$ 27,540</u>	<u>\$ 1,569,675</u>
Our outstanding debt as of June 30, 2024 is repayable as follows:				
				June 30, 2024
2025				\$ 1,540,776
2026				1,657,806
2027				376,470
2028				267,722
2029 and thereafter				89,432
Total debt				<u>3,932,206</u>
Less: notes payable - current portion				(1,540,776)
Notes payable - long term portion				<u>\$ 2,391,430</u>

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COSMOS HEALTH INC.
Notes to Unaudited Condensed Consolidated Financial Statements
March 31, June 30, 2024

NOTE 11 – NOTES PAYABLE

A summary of the Company's third-party debt during the three months ended March 31, 2024 and the year ended December 31, 2023 is presented below:

March 31, 2024	Trade	Third	COVID	Total
	Facility	Party	Loans	
Beginning balance, December 31, 2023	\$ 1,908,195	\$ 2,511,148	\$ 186,884	\$ 4,606,227
Proceeds				
Payments	(242,798)	(112,369)	(6,629)	(361,795)
Conversion of debt	-	-	-	-
Recapitalized upon debt modification	-	-	-	-
Accretion of debt and debt discount	-	-	-	-
Foreign currency translation	(46,748)	(47,881)	(4,152)	(98,780)
Ending balance, March 31, 2024	<u>1,618,650</u>	<u>2,350,899</u>	<u>176,104</u>	<u>4,145,652</u>
Notes payable - long-term	<u>(1,213,988)</u>	<u>(1,338,445)</u>	<u>(147,927)</u>	<u>(2,700,349)</u>
Notes payable - short-term	<u>\$ 404,663</u>	<u>\$ 1,012,464</u>	<u>\$ 28,177</u>	<u>\$ 1,445,303</u>
December 31, 2023	Trade	Third	COVID	Total
	Facility	Party	Loans	
Beginning balance, December 31, 2022	\$ 3,305,532	\$ 1,505,078	\$ 207,377	\$ 5,017,987
Proceeds	-	1,082,231	-	1,082,231
Payments	(1,155,310)	(415,557)	(27,027)	(1,597,894)
Other additions	-	317,880	-	317,880
Debt forgiveness	(306,637)	-	-	(306,637)
Foreign currency translation	(64,610)	21,516	6,534	92,660
Ending balance, December 31, 2023	<u>1,908,195</u>	<u>2,511,148</u>	<u>186,884</u>	<u>4,606,227</u>
Notes payable – long-term	<u>(1,327,440)</u>	<u>(1,549,768)</u>	<u>(159,344)</u>	<u>(3,036,552)</u>
Notes payable - short-term	<u>\$ 580,755</u>	<u>\$ 961,380</u>	<u>\$ 27,540</u>	<u>\$ 1,569,675</u>

Our outstanding debt as of March 31, 2024 is repayable as follows:

	<u>March 31, 2024</u>
2025	\$ 1,445,303
2026	1,841,732
2027	415,491
2028	283,211
2029 and thereafter	<u>159,915</u>
Total debt	4,145,652
Less: notes payable - current portion	<u>(1,445,303)</u>
Notes payable - long term portion	<u><u>\$ 2,700,349</u></u>

Trade Facility Agreements

On May 12, 2017, SkyPharm entered into a Trade Finance Facility Agreement (the "TFF") with Synthesis Structured Commodity Trade Finance Limited (the "Lender") as amended on November 16, 2017, and May 16, 2018.

On October 17, 2018, the Company entered into a further amended agreement with Synthesis whereby the current balance on the TFF as of October 1, 2018, which was €4,866,910 (\$5,629,555) and related accrued interest of €453,094 (\$524,094) would be split into two principal balances of Euro €2,000,000 (\$2,316,000), (the "EURO Loan") and USD \$4,000,000 (the "USD Loan"). Interest on both the EURO Loan and USD Loan commenced on October 1, 2018, at 6% per annum plus one-month Euribor (3.90% as of December 31, 2023), and 6% plus one-month LIBOR (fully paid as of December 31, 2023), respectively.

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COSMOS HEALTH INC.

Notes to Unaudited Condensed Consolidated Financial Statements

March 31, 2024

On December 30, 2020, the Company transferred the EURO Loan to a new third-party lender. The terms remained the same except interest accrues at 5.5% per annum plus one-month Euribor (3.87% as of December 31, 2023). The principal was scheduled to be repaid in a total of five quarterly installments beginning October 31, 2021 of €50,000 (\$54,600) each with a final repayment of €1,800,000 (\$1,965,600) Euro payable on October 31, 2022.

On March 3, 2022, the Company entered into a modification agreement to extend the maturity date to January 10, 2023 and payments under the USD Loan. During June 2022, the Company agreed with the Lender to postpone the repayment of an installment of \$500,000 due on June 30, 2022 (based on the modification agreement signed on March 3, 2022) until January 2023. During September 2022, the Company entered into an agreement with the Lender to postpone the repayment of the outstanding balance on the USD Loan of \$3,950,000, plus unpaid accrued interest until January 2023. The Company capitalized fees paid upon modification of €200,000 (\$221,060) that are being amortized over the life of the loan. The Company incurred non-cash interest expense of \$200,000 during the year ended December 31, 2022 concerning the above capitalized fees.

On December 22, 2022, SkyPharm signed an agreement for the extension of the payments and an increase in interest rate due under the EURO Loan that was extended to be repaid with a balloon payment now due on October 31, 2025. This extension was agreed upon in writing on December 22, 2022, with a retroactive modification date to October 31, 2022 (the original maturity date).

As of December 31, 2023 the Company had an outstanding principal balance of €1,725,000 (\$1,908,195), of which \$1,327,440 is classified as "Notes payable - long term portion" on the consolidated balance sheets. As of December 31, 2023, the Company had accrued \$161,274 in interest expense related to these agreements.

The Company repaid €225,000 (\$242,798) of the EURO Loan during the three six months ended March 31, 2024 June 30, 2024. As of March 31, 2024 June 30, 2024, the Company had an outstanding principal balance of €1,500,000 (\$1,618,650) 1,606,650, of which \$1,213,988 \$1,124,655 is classified as "Notes payable - long term portion" on the consolidated balance sheets. As of March 31, 2024 For the three and six months ended June 30, 2024, the Company had accrued \$42,412 \$80,805 and \$38,393 in interest expense related to these agreements.

June 23, 2020 Debt Agreement

On June 23, 2020, the Company's subsidiary, Cosmofarm, entered into an agreement with the National Bank of Greece S.A. (the "Bank") to borrow a maximum of €500,000 (\$611,500). The note has a maturity date of sixty (60) months from the date of the first disbursement, which includes a grace period of nine months. The total amount of the initial proceeds was received in 3 equal monthly installments. The note is interest bearing from the date of receipt and is payable every three (3) months at an interest rate of 3.06% plus

3-month Euribor (3.94% (3.78% as of March 31, 2024 June 30, 2024). The outstanding balance was €176,471 €147,059 (\$190,429) 157,515) and €205,882 (\$227,747) as of March 31, 2024 June 30, 2024 and December 31, 2023, respectively, of which \$63,477 \$0 and \$97,606 was classified as "Notes payable - long-term portion" respectively, on the accompanying condensed consolidated balance sheets. During the three six months ended March 31, 2024 June 30, 2024, the Company repaid €29,412 €58,824 (\$31,738) 63,006 of the principal balance.

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COSMOS HEALTH INC.

Notes to Unaudited Condensed Consolidated Financial Statements

June 30, 2024

June 24, 2020 Debt Agreement

On June 24, 2020, the Company's subsidiary, Decahedron, received a loan £50,000 (\$68,310) from the United Kingdom government. The loan has a ten-year maturity and bears interest at a rate of 2.5% per annum beginning 12-months after the initial disbursement, which was on July 10, 2020. The Company may prepay this loan without penalty at any time. As of December 31, 2023, the principal balance was £40,858 (\$52,066). As of March 31, 2024 June 30, 2024, the principal balance was €39,287 £38,329 (\$49,647) 48,437.

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COSMOS HEALTH INC.

Notes to Unaudited Condensed Consolidated Financial Statements

March 31, 2024

November 19, 2020 Debt Agreement

On November 19, 2020, the Company entered into an agreement with a third-party lender in the principal amount of €500,000 (\$611,500). The note matures on November 18, 2025 and bears an annual interest rate, based on a 360-day year, of 3% plus 0.6% plus 6-month Euribor when Euribor is positive (3.91% (3.76% as of March 31, 2024 June 30, 2024). The principal is to be repaid in 18 quarterly installments of €27,778 (\$30,333). During the three six months ended March 31, 2024 June 30, 2024, the Company repaid €27,778 €55,556 (\$29,975) 59,506 of the principal. As of March 31, 2024 June 30, 2024 and December 31, 2023, the Company has accrued interest of €5,544 €10,393 (\$5,982) 11,132 and €11,191 (\$12,379) related to this note and a principal balance of €194,444 €166,667 (\$209,825) 178,517 and €222,222 (\$245,822), of which \$89,925 \$59,506 and \$122,911 is classified as "Notes payable - long term portion" on the accompanying condensed consolidated balance sheets.

July 30, 2021 Debt Agreement

On July 30, 2021, the Company entered into an agreement with a third-party lender in the principal amount of €500,000 (\$578,850). The note matures on August 5, 2026 and bears an annual interest rate that applies to 60% of the principal of the note that is based on a 365-day year, of 5.84% plus 3-month Euribor when Euribor is positive (3.96% (3.78% as of December 31, 2023 June 30, 2024). Pursuant to the terms of the agreement, there is a nine-month grace period for principal repayment during which interest is accrued. The principal is to be repaid in 18 quarterly installments of €27,778 commencing three months from the end of the grace period. During the three six months ended March 31, 2024 June 30, 2024, the Company repaid €26,942 €54,238 (\$29,073) 58,094 of the principal. As of March 31, 2024 June 30, 2024 and December 31, 2023, the Company had accrued interest of €12,937 €14,995 (\$13,961) 16,061 and €10,905 (\$12,063) and principal of €289,958 €262,662 (\$312,894) 281,338 and €316,900 (\$350,555), of which \$191,381 \$159,676 and \$227,065 is classified as "Notes payable - long term portion" on the accompanying condensed consolidated balance sheets.

June 9, 2022 Debt Agreement

On June 9, 2022 the Company entered into an agreement with a third-party lender in the principal amount of €320,000 (\$335,008), the "Note". The Note matures on June 16, 2027 and bears an annual interest rate of 3.89% plus an additional rate of 0.60%, plus the 3-month Euribor (3.96% (3.76% as of December 31, 2023 June 30, 2024). Pursuant to the agreement, there is a twelve-month grace period for principal repayment during which interest is accrued. The principal is to be repaid in 17 equal quarterly installments of €18,824 commencing on June 30, 2023. During the three six months ended March 31, 2024 June 30, 2024, the Company repaid €20,000 €40,000 (\$21,582) 42,844 of the principal. As of March 31, 2024 June 30, 2024 and December 31, 2023, the Company has accrued interest of €5,413 €10,774 (\$5,841) 11,540 and €11,043 (\$12,215), respectively, and an outstanding balance of €240,000 €220,000 (\$258,984) 235,642 and €260,000 (\$287,612) of which \$177,734 \$154,994 and \$204,322, respectively, is classified as "Notes payable - long term portion" on the accompanying condensed consolidated balance sheets.

July 14, 2023 Debt Agreement

On July 14, 2023 the Company entered into an agreement with a third-party lender in the principal amount of €1,000,000 (\$1,123,700), the "Note". The Note matures on July 31, 2028 and bears an annual interest rate of 2.46% plus the 3-month Euribor (3.96% (3.78% as of December 31, 2023 June 30, 2024). Pursuant to the agreement, there is a nine-

month grace period for interest and principal repayment. The principal is to be repaid in 18 equal quarterly installments of €55,556 commencing on May 2, 2024. During the ~~three~~ six months ended ~~March 31, 2024~~ June 30, 2024, the Company repaid €0 €54,317 (\$0) 58,179 of the principal. As of ~~March 31, 2024~~ June 30, 2024, and December 31, 2023, the Company has accrued interest of €22,522 (\$24,124) and €10,995 €19,820 (\$11,865) 21,925, respectively. As of ~~March 31, 2024~~ June 30, 2024, and December 31, 2023, the Company an outstanding balance of €977,700 €923,383 (\$1,055,036) 989,036 and €977,700 (\$1,081,532), of which \$815,918 \$751,690 and \$897,165, respectively, is classified as "Notes payable - long term portion" on the accompanying condensed consolidated balance sheets.

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COVID-19 Loans

On May 12, 2020, the Company's subsidiary, SkyPharm, was granted and on May 22, 2020 received a €300,000 (\$366,900) loan from the Greek government. The loan will be repaid in 40 equal monthly installments beginning on July 29, 2022. As a condition to the loan, the Company was required to retain the same number of employees until October 31, 2020. As of December 31, 2023, the principal balance was \$134,818. During the ~~three~~ six months ended ~~March 31, 2024~~ June 30, 2024, the Company repaid €4,688 €7,813 (\$5,058) 8,368 of the principal balance. The outstanding balance as of ~~March 31, 2024~~ June 30, 2024 is €117,188 €114,063 (\$126,457) 122,172 of which \$106,224, \$100,416, is classified as "Notes payable - long term portion" on the accompanying condensed consolidated balance sheet.

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COSMOS HEALTH INC.

Notes to Unaudited Condensed Consolidated Financial Statements

March 31, 2024

Cloudscreen Promissory Note

On January 23, 2024 the Company entered into an agreement with a third-party in the principal amount of €300,000 (\$324,870), the "Promissory Note". The Promissory Note matures on March 25, 2025 and is interest free. This Note is being given in connection with the ~~closing~~ Closing of the Asset Purchase, Sale and Transfer Agreement dated as of October 9, 2023, and as amended from time to time pursuant to which the Company agreed to purchase from the third-party a drug repurposing Artificial Intelligence "AI" powered platform known as "Cloudscreen®" (refer to Note 2, section "Acquisition accounting"). The principal is to be repaid in 15 equal monthly installments of €20,000 commencing on January 25, 2024. During the ~~three~~ six months ended ~~March 31, 2024~~ June 30, 2024, the Company repaid €0 €10,000 (\$0) 10,830 of the principal. principal and recorded a foreign currency gain of \$5,850. As of ~~March 31, 2024~~ June 30, 2024, and December 31, 2023 the Company an outstanding balance of \$312,213 \$312,900 and \$317,880 of which \$0 and \$0, respectively, is classified as "Notes payable - long term portion" on the accompanying condensed consolidated balance sheets.

Distribution and Equity Agreement

As discussed in Note 3 above, the Company entered into a Distribution and Equity Acquisition Agreement with Marathon. The Company was appointed the exclusive distributor of the Products (as defined) initially throughout Europe and on a non-exclusive basis wherever else lawfully permitted. As consideration for its services, Company received: (a) a 33 1/3% equity interest or 5 million shares in Marathon as partial consideration for the Company's distribution services; and (b) received cash of CAD \$2,000,000, subject to repayment in Common Shares of the Company if it fails to meet certain performance milestones. The Company is entitled to receive an additional CAD \$2,750,000 upon the Company's receipt of gross sales of CAD \$6,500,000 and an additional CAD \$2,750,000 upon receipt of gross sales of CAD \$13,000,000.

As discussed in Note 3, the Company attributed no value to the shares received in Marathon pursuant to (a) above. In relation to the CAD \$2 million cash received noted in (b) above, the Company accounted for its obligation to issue a variable number of the Company's Common Shares as Share-settled debt obligation in accordance with ASC 480 measured at fair value or the settlement amount of \$1,554,590 (CAD \$2 million). If settlement had occurred on December 31, 2022, the Company would have been required to issue 420,471 common shares to settle its debt obligation. The Company could be obligated to potentially issue an unlimited number of common shares to settle its Share-settled debt obligation.

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COSMOS HEALTH INC.

Notes to Unaudited Condensed Consolidated Financial Statements

June 30, 2024

On March 20, 2023, the Company's legal counsel provided notice to Marathon Global Inc, that Cosmos terminated the Equity agreement dated on March 19, 2018 pursuant to Section 3.2 and that termination is effective thirty days from the date of the letter.

None of the above loans were made by any related parties.

NOTE 12 – LEASES

The Company has various operating and finance lease agreements with terms up to 10 years, for various types of property and equipment (such as office space and vehicles) etc. Some leases include options to purchase, terminate or extend for one or more years. These options are included in the lease term when it is reasonably certain that the option will be exercised. Leases with an initial term of 12 months or less are not recorded on the balance sheet; we recognize lease expense for these leases on a straight-line basis over the lease term.

Operating Leases

The Company's weighted-average remaining lease term relating to its operating leases is 4.06 4.08 years, with a weighted-average discount rate of 6.74%.

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COSMOS HEALTH INC.

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March 31, 2024

The following table presents information about the amount, timing and uncertainty of cash flows arising from the Company's operating leases as of **March 31, 2024** **June 30, 2024**:

Maturity of Operating Lease Liability

2024		229,013	155,883
2025		221,708	228,541
2026		161,619	166,808
2027 and thereafter		269,758	274,925
Total undiscounted operating lease payments	\$	882,098	\$ 826,157
Less: Imputed interest		(110,244)	(100,205)
Present value of operating lease liabilities	\$	771,854	\$ 725,952

The Company incurred lease expense, due to amortization of operating lease right-of-use assets, of \$77,167 \$82,263 and \$55,354 \$67,850 and \$159,430 and \$123,204, which was included in "General and administrative expenses," for the three and six months ended **March 31, 2024** **June 30, 2024** and 2023, respectively.

Finance Leases

The Company's weighted-average remaining lease term relating to its finance leases is 1.42 1.19 years, with a weighted-average discount rate of 6.74%.

The following table presents information about the amount, timing and uncertainty of cash flows arising from the Company's finance leases as of **March 31, 2024** **June 30, 2024**:

Maturity of Lease Liability

2024		24,970	16,120
2025		13,586	13,522
2026		3,593	3,567
Total undiscounted finance lease payments	\$	42,150	\$ 33,209
Less: Imputed interest		(1,827)	(1,254)
Present value of finance lease liabilities	\$	40,322	\$ 31,955

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The Company had financing cash flows used in finances leases of \$8,737 \$8,616 and \$35,596 \$43,009 and \$17,353 and \$78,605 for the three and six months ended **March 31, 2024** **June 30, 2024** and 2023, respectively.

The Company incurred interest expense on its finance leases of ~~\$725~~ \$583 and ~~\$6,219~~ 7,488 and interest expense of \$1,308 and \$13,709 which was included in "Interest expense," expense", for the three and six months ended **March 31, 2024** June 30, 2024 and 2023, respectively. The Company incurred amortization expense on its finance leases of ~~\$7,489~~ \$7,429 and ~~\$30,710~~ amortization expense of \$36,357 and \$14,918 and \$67,097 which was included in "Depreciation and amortization expense," for the three and six months ended **March 31, 2024** June 30, 2024 and 2023, respectively.

NOTE 13– OTHER LIABILITIES

The Company's other liabilities include but are not limited to liabilities to local tax authorities, fines and payroll taxes, which comprise the largest portion of the balance as of **March 31, 2024** June 30, 2024. The Company's Greek subsidiaries have ~~\$1,955,991~~ \$2,018,525 in settled tax liabilities payable to the tax authorities in installments and ~~\$1,058,856~~ \$1,017,767 in payroll tax related current liabilities. Moreover, we have recorded a provision relating to the unaudited tax years of our subsidiary SkyPharm SA, of ~~\$624,299~~ \$619,670 and a provision for staff leaving compensation, based on the corresponding actuarial reports, of ~~\$398,654~~ \$395,698. Additionally, we have received prepayments from our customers of ~~\$168,545~~ \$355,255, included in "Other current liabilities" as of **March 31, 2024** June 30, 2024. We classify the liabilities payable within the twelve months following the balance sheet date in "Other current liabilities" and the remaining balance is included in "Other Liabilities".

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COSMOS HEALTH INC.

Notes to Unaudited Condensed Consolidated Financial Statements

March 31, 2024

NOTE 14 – COMMITMENTS AND CONTINGENCIES

Legal Matters

From time to time, the Company may be involved in litigation relating to claims arising out of the Company's operations in the normal course of business. As of **March 31, 2024** June 30, 2024, the following litigations were pending. None of the below is expected to have a material financial or operational impact.

On July 22, 2015, the National Medicines Agency approved the license of wholesale sale of pharmaceutical products under the name SkyPharm SA with set validity at five years and an expiration date of July 22, 2020. Subsequently, SkyPharm on June 15, 2020, legally and timely submitted the application for renewal of the wholesale license of pharmaceutical products to the National Medicines Agency. The National Medicines Agency did not respond, therefore the Company asked for an immediate decision on the renewal. Two months after the filing of the no. 3459 / 15.01.2021 letter and almost nine months after the no. 627615.06.2020 Company application for the renewal, the National Medicines Agency replied by rejecting the renewal request on March 9, 2021 (ref. 62769 / 20-25.02.2021). In addition, document No. 127351-16.12.2021 of EOF (Greek National Medicines Organization) to SkyPharm states that after an inspection of EOF at the premises of Doc Pharma, we did not have a wholesale license in violation of article 106 par. 1b and par. 1c of the ministerial decision D.YG3a / GP.32221 / 29-4-2019. The National Medicines Agency imposed a fine of €15,000 (\$16,214) on SkyPharm for the above case, which was included in "General and administrative" expense on the accompany statement of operations and comprehensive loss for the twelve-month ended December 31, 2023.

There has been a payment request by the Greek court, which relates to a fine arising from Cosmofarm's tax audit for financial year 2014. The law with no. 483/16.12.2020 was used by the court against Cosmofarm (the "defendant"). The defendant appealed against the decision using the law with no. 11541/09.03.2021. This appeal was dismissed after 120 days from its submission to the court. Additionally, there had been an obligation for payment of additional tax and fines related to this matter in the amount of €91,652 (\$99,644), which the defendant has already settled. However, the defendant has claimed back the respective amount through appeal. As of **March 31, 2024** June 30, 2024, the trial is still pending.

On January 25, 2023, a criminal case of dishonored checks against Cosmofarm's customer Filippou, was heard at the Z' Three-Member Misdemeanor Court of Athens, which was postponed to November 27, 2023, when the defendant was tried and found guilty.

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On January 26, 2023, the appeal of the Company against Eleutheria Drakopoulou and decision 1389/2021 of the Single-Member Court of First Instance of Athens was heard at the Athens Court of Appeal. The appeal was partially accepted. The Court ordered the return of the fee to the appellants, dismissed the action against the third defendant, Kozaris and accepted the action as regards the first and the second defendants (Kastrantas & Cosmofarm).

On October 23, 2023, a criminal case of dishonored checks against Cosmofarm's customer Kafantaris was heard at the Sixth Single-Member Misdemeanor Court of Athens, which was postponed to January 26, 2024, when the defendant was convicted by decision no. 1599/2024.

In October 2023, the Company's subsidiary, Cana Laboratories ~~Holding Limited~~ ("Cana") was approached by an ~~attorney~~ ~~Attorney~~ at law on behalf of two clients which were requesting an amount of €39,211 as compensation for the value of 34.70 square meters in relation to an urban sprawl with respect to which an Act of Imputation had been issued by

the department of Urban Planning. Our legal counsel's response was that CANA was not obliged to accept the compensatory value agreed and suggested exploring out of court settlement. As of today, the clients' attorney **Attorney** at law has not come back with any suggestions.

Our subsidiary, Cana Laboratories, has two pending lawsuits against Euaggelismos Hospital for a total sum of EUR 526,436 due to unpaid bills. The court date for one of the two lawsuits is set for December 11, 2024, and for the other one has not yet been set. The opinion of our legal advisor is that the collection of the total sum by the Company is almost certain.

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COSMOS HEALTH INC.

Notes to Unaudited Condensed Consolidated Financial Statements

March 31, 2024

Our subsidiary, Cana Laboratories, has an unasserted claim against Papanikolaou Hospital for a total sum of EUR 89,300 due to unpaid bills, which will be asserted through a lawsuit. The opinion of our legal advisor is that the collection of the sum by the Company is almost certain.

A lawsuit dated on April 5, 2018 against the Company's subsidiary Cana Laboratories by a former employee before the Athens court of instance was initially heard on October 12, 2018. The former employee was seeking that the termination of her employment contract to be considered null and void and was requesting compensation for late wages and moral damages. Following numerous appeals, the Judgment No. 1192/2024 was issued on September 26, 2023, which as explicitly stated by our legal counsel, requires CANA to rehire the former employee with the threat of a penalty of €200 for each day of non-compliance. As informed by our legal counsel, in order for the penalty to be effective the former employee should file a new lawsuit against CANA and request to get rehired. In case CANA denies the employment, then the penalty should be in effect. As of today, we have not received neither a lawsuit nor any request of employment by the former employee.

Advisory Agreements

On July 1, 2021, the Company entered into a two-year advisory agreement with a third party (the "Consultant") for advisory and consulting services related to the Company's intention to become listed on Nasdaq. Peter Goldstein, a then director of the Company is a principal of the Consultant. As consideration for services rendered, and successful Nasdaq listing, the Company paid \$100,000. The \$100,000 bonus was incurred and settled within 2022. Finally, the Consultant received a total of 10,000 shares of the Company's common stock, 2,000 of such shares that have been previously issued pursuant to previous agreements and additional 15,258 shares that were issued on February 2, 2023, based on the amendment signed on February 1, 2023.

On November 21, 2023, the Company entered into certain consulting agreements with four third-party consultants for the provision of a variety of services such as digital marketing, advisory services relating to target acquisitions and M&As and other additional services as described in the respective agreements. The agreements have duration from 10 to 18 months and the consultants will solely receive stock consideration for the services rendered. More precisely, they have been awarded a total of 970,000 shares of the Company's common stock valued at a total of \$999,100 based on the fair value of the Company's common stock as of the agreements' date. The corresponding consulting expense is accrued evenly over the term of the agreements. For the twelve-month period ended December 31, 2023 the Company has recorded \$77,250 as stock-based compensation for the above agreements, classified as "General and administrative expenses" in the Company's **Consolidated Statements** **consolidated statements of Operations** **operations** and **Comprehensive Loss** included in the Company's Annual Report on Form 10-K for the year ended December 31, 2023, **comprehensive loss**. For the three and six months ended **March 31, 2024** **June 30, 2024** and 2023 the Company has recorded \$231,750 and \$463,500 and \$0 and \$0 as stock-based compensation for the above agreements, classified as "General and administrative expenses" in the Company's Condensed Consolidated Statements of Operations and Comprehensive Loss.

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COSMOS HEALTH INC.

Notes to Unaudited Condensed Consolidated Financial Statements

June 30, 2024

Research and Development Agreements

The Company entered into a Research & Development agreement with Doc Pharma S.A. on May 17, 2021. Under this agreement, Doc Pharma is responsible for the research, development, design, registration, copy rights and licenses of 250 nutritional supplements for the final products called Sky Premium Life®. More specifically, Doc Pharma is responsible for the product development and the Company had added 105 of such products codes in its portfolio as of December 31, 2023. No additional ones were added within the **3-month** **six-month** period ended **March 31, 2024** **June 30, 2024**. The licenses purchased by Doc Pharma SA are capitalized and included in "Goodwill and intangible assets, net" of the Company's Consolidated Balance Sheets as of **March 31, 2024** **June 30, 2024**. Thus, no relevant R&D expense had been charged to the Company's **Condensed Consolidated Statements of Operations and Comprehensive Loss** for the 3-month period ended **March 31, 2024**, **Loss**.

On June 26, 2022, the Company signed a research and development ("R&D" & D) agreement with a third party, through which the Company assigns to the third party the development of new products and services in the field of health, focusing on the human intestinal microbiome. The project includes two phases. Phase 1 has a 20-month duration and its cost amounts to EUR 758,000 (\$838,450) and phase 2, has a 22-month duration and a cost of EUR 820,000 (\$907,084). The amount will be due and payable upon completion of the corresponding phases. The Company records the corresponding R&D expense based on the project's progress, which is invoiced by the third party in the relevant period. For the 3-month period ended **March 31, 2024** **June 30, 2024**, the Company has not incurred such costs.

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COSMOS HEALTH INC.

Notes to Unaudited Condensed Consolidated Financial Statements

March 31, 2024

NOTE 15 – STOCK OPTIONS AND WARRANTS

Omnibus Equity Incentive Plan

On September 19, 2022, the Company held a Board of Directors meeting, whereas, the Board of Directors had elected to adopt an Omnibus Equity Incentive Plan (the "2022 Plan"), that includes reserving 200,000 shares of common stock eligible for issuance under the 2022 Plan to be registered on a Form S-8 Registration Statement with the SEC. The 2022 Plan is designed to enable the flexibility to grant equity awards to the Company's officers, employees, non-employee directors and consultants and to ensure that it can continue to grant equity awards to eligible recipients at levels determined to be appropriate by the Board and/or the Compensation Committee. According to the Proxy Statement filed with the SEC on October 20, 2022 the 2022 Plan received final approval by the Company's stockholders at the Annual Meeting of Stockholders held on December 2, 2022.

On April 3, 2023, the Company approved incentive stock awards for the CFO, certain officers and directors and other employees of the Company. The awards are in the form of restricted stock and will vest in two parts: 50% on October 2, 2023 and 50% on October 2, 2024. A total of 185,000 shares were awarded and **an amount a corresponding share-based compensation expense of \$108,297 as shares issued in lieu of cash and \$216,741 was recorded for the three and six months ended March 31, 2024 June 30, 2024**, based on the amortization of fair value from the date of issuance of April 3, 2023, through March 31, 2024, and June 30, 2024, respectively.

On August 21, 2023, the Board adopted, subject to stockholder approval, the Cosmos Health Inc. 2023 Omnibus Equity Incentive Plan (the "2023 Plan"). The 2023 Plan is designed to enable the flexibility to grant equity awards to our officers, employees, non-employee directors and consultants and to ensure that we can continue to grant equity awards to eligible recipients at levels determined to be appropriate by the Board and/or the Compensation Committee. Subject to certain adjustments (as provided in Section 4.2 of the 2023 Plan) and exception (as provided in Section 5.6(b) of the 2023 Plan), the maximum number of shares reserved for issuance under the **2023 Plan** (including incentive share options) is 2,500,000 shares. The 2023 Plan was approved by the Company's stockholders at the Annual Meeting of Stockholders held on September 18, 2023.

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Warrant Anti-Dilution Adjustment and Deemed Dividend

The Company's warrants outstanding contain certain anti-dilution adjustments if the Company issues shares of its common stock at a lower price per share than the applicable exercise price of the underlying warrant. If any such dilutive issuance occurs prior to the exercise of such warrant, the exercise price will be adjusted downward to a price equal to the common stock issuance, and the number of warrants that may be purchase upon exercise is increased proportionately so that the aggregate exercise price payable under the warrant shares shall be the same as the aggregate exercise price in effect immediately prior to such adjustment. On December 21, 2021, the Company issued its common stock upon conversion of its convertible debt at an issuance price of \$50.50 per share. As a result, the Company issued additional warrants to the Company's existing warrant holders to purchase 101,343 shares of common stock with an exercise price of \$50.50 per share. The new warrants were issued with a weighted average contractual term of 2.04 years. The deemed dividend was recorded as an increase to accumulated deficit and additional paid-in capital and reduced net income available to common shareholders by the same amount. The Company valued (a) the fair value of the warrants immediately before the re-pricing in the amount of \$1,915,077, (b) the fair value of the warrants immediately after the re-pricing in the amount of \$9,548,110, and (c) recorded the difference as deemed dividend in the amount of \$7,633,033. The warrants were valued using the Black-Scholes option pricing model using the following terms: a) fair value of common stock of \$93.75, b) exercise prices of \$125.00, \$150.00 and \$187.50 before re-pricing, c) exercise price of \$50.50 after re-pricing, d) terms of 1.40 years, 1.97 years, 2.20 years and 2.26 years, e) dividend rate of 0%, and f) risk free interest rate of 0.41%.

As of **March 31, 2024** **June 30, 2024**, there were 8,558,380 warrants outstanding and 8,558,380 warrants exercisable with 8,545,036 warrants having expiration dates from October 2024 through October 2029 and 13,334 warrants with no expiration date.

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COSMOS HEALTH INC.

Notes to Unaudited Condensed Consolidated Financial Statements

March 31, 2024

A summary of the Company's warrant activity for the **three/six** months ended **March 31, 2024** June 30, 2024 and the year ending December 31, 2023 is as follows:

Warrants	Weighted								Weighted							
	Number of Shares		Weighted Average Exercise Price		Average Remaining Contractual Term		Aggregate Intrinsic Value		Number of Shares		Weighted Average Exercise Price		Remaining Contractual Term		Aggregate Intrinsic Value	
	Shares	Price	Exercise Price	Contractual Term	Intrinsic Value	Shares	Price	Exercise Price	Contractual Term	Intrinsic Value	Shares	Price	Contractual Term	Value	Shares	Price
Balance Outstanding, January 1,																
2023	4,194,236	\$ 8.31	8.31	5.04	\$ 2,562,621	4,194,236	\$ 8.31	8.31	5.04	\$ 2,562,621						
Granted	7,524,933	1.65	1.65	5.13	-	7,524,933	1.65	1.65	5.13	-						
Forfeited	-	-	-	-	-	-	-	-	-	-						
Exercised	(3,152,386)	-	-	-	-	(3,152,386)	-	-	-	-						
Expired	(5,307)	-	-	-	-	(5,307)	-	-	-	-						
Balance Outstanding, December 31, 2023	8,561,476	\$ 3.91	3.91	4.64	\$ 18,801	8,561,476	\$ 3.91	3.91	4.64	\$ 18,801						
Granted	-	-	-	-	-	-	-	-	-	-						
Forfeited	-	-	-	-	-	-	-	-	-	-						
Exercised	-	-	-	-	-	-	-	-	-	-						
Expired	3,096	-	-	-	-	3,096	-	-	-	-						
Balance Outstanding, March 31, 2024	8,558,380	\$ 3.89	3.89	4.39	\$ 9,467											
Balance Outstanding, June 30, 2024						8,558,380	\$ 3.89	3.89	4.63	\$ 13,867						
Exercisable, March 31, 2024	8,558,380	\$ 3.89	3.89	4.39	\$ 9,467											
Exercisable, June 30, 2024						8,558,380	\$ 3.89	3.89	4.63	\$ 13,867						

NOTE 16 – DISAGGREGATION OF REVENUE

ASC 606-10-50-5 requires that entities disclose disaggregated revenue information in categories (such as type of good or service, geography, market, type of contract, etc.). ASC 606-10-55-89 explains that the extent to which an entity's revenue is disaggregated depends on the facts and circumstances that pertain to the entity's contracts with customers and that some entities may need to use more than one type of category to meet the objective for disaggregating revenue.

The Company disaggregates revenue by country to depict the nature and economic characteristics affecting revenue.

The following table presents our revenue disaggregated by country for the three months ended March 31, 2024 and 2023:

Country	2024	2023
Croatia	\$ 19,344	-
Cyprus	22,737	33,315
Bulgaria	4,651	-
Greece	14,225,572	11,914,231
UK	312,569	402,231
Total	\$ 14,584,473	\$ 12,349,777

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Country	June 30, 2024	June 30, 2023
Croatia	\$ (80)	-
Cyprus	50,208	35,333
Bulgaria	13,690	-
Greece	12,912,561	11,582,138
USA	-	294
UK	230,338	745,664
Total	\$ 13,206,717	\$ 12,363,429

COSMOS HEALTH INC. The following table presents our revenue disaggregated by country for the six months ended:

Notes to Unaudited Condensed Consolidated Financial Statements

Country	June 30, 2024	June 30, 2023
Croatia	\$ 19,263	-
Cyprus	72,545	68,648
Bulgaria	18,342	-
Greece	27,138,133	23,496,370
USA	-	294
UK	542,907	1,147,894
Total	\$ 27,791,190	\$ 24,713,206

March 31, 2024

NOTE 17 – SUBSEQUENT EVENTS

On April 17, 2024, the Company received a notification letter from the Listing Qualifications Department of The Nasdaq Stock Market LLC ("Nasdaq") stating that, because the Company had not yet filed its Annual Report on Form 10-K for the period ended December 31, 2023, it was no longer in compliance with Nasdaq Listing Rule 5250(c)(1). The Nasdaq letter had no immediate effect on the listing of the Company's shares. The Nasdaq's notification letter stated that the Company had 60 calendar days to submit to Nasdaq a plan to regain compliance with the Nasdaq Listing Rules. If a compliance plan is accepted, Nasdaq may grant up to 180 days from the prescribed due date to regain compliance.

On April 22, 2024, the Company entered into a Rights Agreement by and between the Company and Globex Transfer, LLC, as Rights Agent, which Rights Agreement was previously approved and adopted by the Board of Directors of the Company on November 21, 2023. Pursuant to the Rights Agreement, the Board declared a dividend of one common share purchase right for each outstanding share of common stock, par value \$0.001 of the Company. The Rights are distributable to stockholders of record as of the close of business on April 19, 2024. In general, the Rights Agreement works by causing substantial dilution to any person or group that acquires beneficial ownership of twenty percent (20%) or more of the Common Shares without the approval of the Board.

On April 26, 2024, the Company dismissed KPMG as the Company's independent registered accountant, effective immediately. The Company's Audit Committee, mindful of certain filing deadlines under the US securities laws, unanimously voted in favor to dismiss KPMG as the Company's independent auditors. KPMG was unable to complete the audit of the Company's financial statements for the year ended December 31, 2023, on a timely basis. The Company's Board of Directors agreed with such recommendation. The Company's opinion was that there were no disagreements with KPMG on any matter of accounting principles or practices, financial statement disclosures, or auditing scope or procedure. In their letter, KPMG has the contrary opinion that there have been disagreements, between KPMG and the Company on the above. The Company objected to such statements made by KPMG and provided a relevant response letter.

On May 21, 2024, we received an additional delinquency letter from Nasdaq notifying the Company that it continued to be out of compliance with Nasdaq's continued listing requirements set forth in Nasdaq Listing Rule 5250(c)(1) due to the Company's failure to timely file its Form 10-Q for the period ended March 31, 2024, as well as remaining

delinquent in filing its Annual Report on Form 10-K for the period ended December 31, 2023 (the "Initial Delinquent Filing"). The additional delinquency letter had no immediate effect on the listing of the Company's shares on Nasdaq.

On May 31, 2024, the Company provided its compliance plan to Nasdaq in relation to the filing of its Form 10-K and Form 10-Q for the period ended March 31, 2024. On June 20, 2024, Nasdaq accepted the plan and initially granted the Company a period ending July 29, 2024 to file the delinquent reports. On July 30, 2024, Nasdaq further extended the filing deadline through October 14, 2024. On August 5, 2024, the Company filed its Form 10-K for the period ended December 31, 2023 and cured its Initial Delinquent Filing's deficiency.

On June 27, 2024, the Company signed an exclusive distribution agreement (the "Agreement") with Pharmalink for its Sky Premium Life products in the United Arab Emirates (UAE). As part of the Agreement, Pharmalink will be responsible for all key functions, including sales and marketing, regulatory affairs, logistics, supply, and distribution of Sky Premium Life products in the UAE. Cosmos Health has secured its first purchase order from Pharmalink for 130,000 units and anticipates receiving orders of more than 500,000 units in the first year and in excess of 3,000,000 units over the next five years.

On July 19, 2024, Cosmos Health received a notification letter (the "Notification Letter") from Nasdaq, informing the Company that it has regained compliance with the minimum bid price requirement set forth in Nasdaq Listing Rule 5550(a)(2) (the "Minimum Bid Price Requirement"). To regain compliance with the Minimum Bid Price Requirement, the closing bid of the Company's shares of common stock needed to be at least \$1.00 per share for a minimum of ten (10) consecutive business days. The Notification Letter confirmed that the Company achieved a closing bid price of \$1.00 or greater per common share for ten (10) consecutive business days from July 5, 2024 to July 18, 2024, thereby regaining compliance with the Minimum Bid Price Requirement. Accordingly, Nasdaq has determined that this matter is now closed. This cured the delinquency from March 20, 2024, notification that the Company's common stock had failed to maintain a minimum bid price of \$1.00 over the previous 30 consecutive business days as required by the Nasdaq Listing Rules.

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Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Available Information

The following discussion should be read in conjunction with our interim Condensed Consolidated Financial Statements and the related notes and other financial information appearing elsewhere in this report as well as Management's Discussion and Analysis of Financial Condition and Results of Operations included in our Form 10-K for the year ended December 31, 2023 ("Form 10-K") and this Quarterly Report on Form 10-Q for the quarter ended **March 31, 2024** **June 30, 2024**.

Forward-Looking Statements

Certain statements, other than purely historical information, including estimates, projections, statements relating to our business plans, objectives, and expected operating results, and the assumptions upon which those statements are based, are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. These forward-looking statements generally are identified by the words "believes," "project," "expects," "anticipates," "estimates," "intends," "strategy," "plan," "may," "will," "would," "will be," "will continue," "will likely result," and similar expressions.

We intend such forward-looking statements to be covered by the safe-harbor provisions for forward-looking statements and are including this statement for purposes of complying with those safe-harbor provisions. Forward-looking statements are based on current expectations and assumptions that are subject to risks and uncertainties which may cause actual results to differ materially from the forward-looking statements. Our ability to predict results or the actual effect of future plans or strategies is inherently uncertain.

Factors which could have a material adverse effect on our operations and future prospects on a consolidated basis include but are not limited to: changes in economic conditions, legislative/regulatory changes, availability of capital, interest rates, competition, and generally accepted accounting principles. These risks and uncertainties should also be considered in evaluating forward-looking statements and undue reliance should not be placed on such statements. We undertake no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise. Further information concerning our business, including additional factors that could materially affect our financial results, is included herein and in our other filings with the SEC.

Overview

Summary

We are an international healthcare company with a proprietary line of nutraceuticals and distributor of branded and generic pharmaceuticals, nutraceuticals, OTC medications and medical devices. The Company uses a differentiated operating model based on a lean, nimble and decentralized structure, with an emphasis on acquisitions of established companies and our ability to maintain better pharmaceutical assets than others. This operating model and the execution of our corporate strategy are designed to enable the Company to achieve sustainable growth and create added value for our shareholders. In particular, we look to enhance our pharmaceutical and over-the-counter product lines by acquiring or licensing rights to additional products and regularly evaluate selective company acquisition opportunities. The Company, through its subsidiaries, is operating within the

pharmaceutical industry and in order to compete successfully in the healthcare industry, must demonstrate that its products offer medical benefits as well as cost advantages. Currently, most of the products that the Company is trading, compete with other products already in the market in the same therapeutic category, and are subject to potential competition from new products that competitors may introduce in the future.

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We continue to rapidly expand our distribution network worldwide and open new markets for our proprietary line of branded pharmaceuticals, nutraceuticals, and nutraceuticals through our distribution channels and e-commerce marketplace. We use our extensive network with direct access to Europe's primary sales channels for pharmaceuticals and nutraceuticals, which includes over 160 pharmaceutical wholesale distributors in Europe's largest markets, over 40,000 pharmacies in Europe and 1,500 pharmacies in Greece. We achieve stable supply of pharmaceuticals from DocPharma, a related party, which enhances our ability to scale our expansion. Additionally, following the successful completion of the acquisition of Cana on June 30, 2023, the Company expects to also utilize Cana's facilities for the production of both pharmaceutical and nutraceutical products. We receive full priority in the production of nutraceuticals and volumes. Our full production in Greece ensures a decisive production-cost advantage while we secure additional discounts by leveraging our purchasing scale.

Our focus on investing in technology enhances yield cost savings and economies of scale the safety, distribution and warehousing efficiency and reliability, as a result of 0% error selection rate and acceleration order fulfillment.

Revenue sources

The Company operates in the wholesale nutraceuticals industry, distribution of branded pharmaceutical products, OTC products, medical devices, vitamins pharmaceuticals and a variety of nutraceuticals, including its proprietary label. healthcare distribution.

Branded Pharmaceuticals & Generics

We are engaged in the production, promotion, distribution and sale of licensed branded generics and OTC products throughout Europe by our subsidiaries in Greece and UK. Our capital efficient business model is based on infrastructure, efficiency and scale. We believe that there is a significant growth on opportunities through product additions and geographic expansion.

Healthcare Distribution

We conduct direct distribution and sales of pharmaceuticals, medical devices, branded generics and OTC products. Our automated and GDP licensed distribution facilities ensure all medications reach their destination daily on an efficient and secure way. Our network exceeds over 1,500 pharmacies in Greece. We have created an upgraded and high-end distribution center in Greece due to our Robotic systems and integrated automations ("ROWA" robotics).

Nutraceutical

We have created and developed our own proprietary branded nutraceutical products, named "Sky Premium Life®" which was launched in 2018 and "Mediterranation®" which was launched in 2022. Utilizing unique formulations, and specialized extraction processes which follow strict pharmaceutical standards, our proprietary lines of nutraceuticals aim for excellence. We have a full portfolio of fast-moving and specialty formulas with more than 105 product codes including vitamins, minerals and other herbal extracts. Our nutraceutical products are manufactured exclusively by Doc Pharma, a related party of the Company. Our nutraceutical products have penetrated several markets within 2022 and 2023 through digital channels such as Amazon and Tmall and through significant partnerships such as the one with Pharmalink for the distribution of our products in the United Arab Emirates (the "UAE"). We focus on nutraceutical products because we foresee it as a market with high grow opportunities due to its large market size and margin contribution as the demand for nutraceutical products is increasing globally.

Regulations and Licenses

Our subsidiary, Decahedron, was granted the license for the wholesale of medicinal products for human use in February 2021 pursuant to the regulation of 18 of The Human Medicines Regulations 2012 (SI 2012/1916). It fulfills the guidelines of the Wholesale Distribution Authorization (Human). Our subsidiary, Cosmofarm S.A., was granted the license for the wholesale of pharmaceutical products for human use on February 2019 pursuant to the EU directive of (2013/C 343/01). It fulfills the Guidelines of the Good Distribution Practices of medical products for human use. Finally, our subsidiary, Cana SA, is a holder of Good Manufacturing Practices license (GMP), which means that it is certified for fulfilling the minimum standards that a medicines manufacturer must meet in the production processes. All licenses were granted based on inspections and are valid unless current inspections occur which will revise their status.

[Table of Contents](#)**Risks**

Supply chain disruption is a growing concern for the European pharmaceutical industry as it increasingly looks to cut costs by relying on 'emerging markets', where standards can be lower in terms of compliance, ethics and health and safety.

Hikes in the price of medicine and their impact on the sustainability of the healthcare systems are garnering more and more attention. European regulators are willing to play their part in safeguarding continued access to safe and effective medicines. Regulators can speed up the approval of branded pharmaceuticals and biosimilars to boost competition and drive down prices.

Cuts in healthcare spending keep occurring since the financial crises of the late of 2000s. Europe's slow recovery has been uneven, with austerity and economic uncertainty, especially in the EU's poorer member states, such as Greece.

Distribution and Trade Agreements

On July 1, 2021, the Company's subsidiary SkyPharm SA, entered into an exclusive distribution agreement with a company based in Germany, the "Distributor A", whereas SkyPharm appointed Distributor A to be the responsible Partner for the distribution, promotion, trade marketing, logistics and sale of the nutraceuticals manufactured and supplied by SkyPharm (Sky Premium Life®), in the territories of Austria and Germany. Distributor A places purchase orders with SkyPharm at the company's address and the purchase order is necessary to initiate any shipment.

On July 7, 2021, SkyPharm SA signed a trade agreement with a company specializing in e-commerce mall advice and operation, henceforward referred as "Distributor B". Based on the agreement, SkyPharm will sell its own branded products Sky Premium Life ® to final consumers through the e-commerce store opened by Distributor B on Tmall International MALL and Distributor B will provide platform operation services to SkyPharm. The services provided by Distributor B will include mall construction, mall operation and network promotion, along with collection, settlement, customer service, logistics and distribution.

On November 25, 2021, SkyPharm SA signed a trade agreement with a wholesaler which operates in the storage, distribution, trading and promotion of pharmaceutical products) henceforward referred as "Distributor C". Based on the agreement Distributor C is appointed as the exclusive representative for the promotion & distribution of our proprietary nutraceutical products Sky Premium Life®, in Greece.

During July 2021, the Company's subsidiary Decahedron Ltd, created a distribution page on Amazon UK, through which it sells, advertises and promotes our own proprietary branded nutraceutical product line "Sky Premium Life®, directly to final consumers.

On September 22, 2022, the Company entered into a distribution agreement with a third party in order to become the distributor of Monkeypox Virus Real-Time PCR Detection Kits. Cosmos will have exclusive distribution rights for Greece and Cyprus, with the opportunity to distribute the test kits across Europe on a non-exclusive basis.

On June 27, 2024 the Company signed an exclusive distribution agreement (the "Agreement") with Pharmalink for its Sky Premium Life products in the UAE. As part of the Agreement, Pharmalink will be responsible for all key functions, including sales and marketing, regulatory affairs, logistics, supply, and distribution of Sky Premium Life products in the UAE. Cosmos Health has secured its first purchase order from Pharmalink for 130,000 units and anticipates receiving orders of more than 500,000 units in the first year and in excess of 3,000,000 units over the next five years.

[Table of Contents](#)**Acquisitions and Co-Ventures***ZipDoctor*

On September 28, 2022, the Company entered into a non-binding letter of intent ("LOI") agreement to wholly acquire ZipDoctor Inc., a company that possesses a direct-to-consumer subscription-based telemedicine platform, that expects to provide its customers affordable, unlimited, 24/7 access to board certified physicians and licensed mental and behavioral health counselors and therapists. The current parent company of the acquiree will continue to manage all its aspects of the day-to-day operations, including product development, marketing, and operational support.

On March 17, 2023, the Company announced that it has entered into a definitive agreement to acquire ZipDoctor Inc. for a total sum of \$150,000. The Sale and Purchase Agreement ("SPA") was signed on March 17, 2023, and the transaction closed on April 3, 2023.

CANA

On May 31, 2023, the Company entered into a Stock Purchase Agreement with the owners of one hundred (100%) percent of the equity (the "Shares") of Cana Laboratories Holdings (Cyprus) Limited ("Cana"), which wholly owned an operating subsidiary, **Pharmaceutical Laboratories Cana S.A.** ("Cana SA"). The purchase price for the shares for the two Sellers is €800,000 and 46,377 shares of Cosmos restricted common stock at an issuance price of \$17.25 per share or \$800,000. Moreover, on February 28, 2023, the Company signed a Secured Promissory Note with Cana, whereby Cana borrowed the sum of €4,100,000 (\$4,457,520), included in the total cash consideration provided for the acquisition. The acquisition was successfully completed on June 30, 2023.

Cana SA is a Greek pharmaceutical company that manufactures, sells, distributes, and markets original branded products researched and developed by leading global pharmaceutical and healthcare companies. Cana SA stands out as it brings significant synergies and vertical integration. With a long-standing history spanning almost a century, Cana SA has earned the trust of industry giants like AstraZeneca, Merck, Unilever, and Procter & Gamble. Cana's Good Manufacturing Practice (GMP) license enables us to manufacture pharmaceuticals, including medicines, within the EU, which creates attractive opportunities for high-margin contract manufacturing agreements with major multinational clients.

Bikas

On June 15, 2023, Cosmos Health Inc. entered into an Assignment and Assumption Agreement (the "Agreement") with Ioannis Bikas O.E., a Greek Company ("Bikas"). Bikas is owner of a pharmaceutical distribution network in Greece and agreed to sell the Company their distribution network and customer base. The purchase price of the network was €100,000 (\$109,330) of cash, and €300,000 (\$316,081) of the Company's stock. The Company issued 99,710 shares of common stock related to the acquisition of the customer base, based on the fair value of the stock on the acquisition date. The Company accounted for the acquisition as an asset acquisition in accordance with ASC 805 and recorded \$425,411 as an intangible asset related to the customer base acquired.

This acquisition positively impacted our revenue (an increase of more than \$10 million annually) and enhanced the Company's gross margins (due to economies of scale). Additionally, synergies with Cosmofarm's state-of-the-art facility, which employs robotic technologies for procurement, inventory management, and order execution, provide an elevated level of service to pharmacies, leading to increased orders. We are pleased to announce that we have now successfully integrated Bikas within the Cosmofarm platform.

Cloudscreen

On January 23, 2024, the Company completed the acquisition of Cloudscreen, a cutting-edge Artificial Intelligence (AI) powered platform. The acquisition is pursuant to the purchase agreement announced on October 11, 2023. Cloudscreen is a multimodal platform specialized in drug repurposing, a process that involves uncovering new target proteins or indications for existing drugs for use in treating different diseases. The total purchase price amounted to \$637,080 and consisted of 280,000 shares of common stock with a fair value of \$319,200 and an amount of \$317,880 to be settled in cash during 2024 based on the Promissory Note signed on October 10, 2023. The Company accounted for the acquisition as an asset acquisition in accordance with Accounting Standards Codification ("ASC") Topic 805, Business Combinations, ("ASC 805") and recorded \$637,080 as another asset related to the technology platform acquired. The total amount was reclassified to "Goodwill and intangible assets, net" in January 2024 with the closing of the agreement (refer to Notes 2 & 5).

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Research and Development Agreements

The Company entered into a Research & Development agreement with Doc Pharma S.A. on May 17, 2021. Under this agreement, Doc Pharma is responsible for the research, development, design, registration, copy rights and licenses of 250 nutritional supplements for the final products called Sky Premium Life®. More specifically, Doc Pharma is responsible for the product development and the Company has added 105 of such products codes in its portfolio as of December 31, 2023. The licenses purchased by Doc Pharma SA are capitalized and included in "Goodwill and intangible assets, net" of the Company's Consolidated Balance Sheets as of December 31, 2023. Thus, no relevant R&D expense had been charged to the Company's Condensed Consolidated Statements of Operations and Comprehensive Loss for the 3-month period ended March 31, 2024.

On June 26, 2022, the Company signed a research and development ("R&D") agreement with a third party, through which the Company assigns to the third party the development of new products and services in the field of health, focusing on the human intestinal microbiome. The project includes two phases. Phase 1 has a 20-month duration and its cost amounts to EUR 758,000 (\$838,450) and phase 2, has a 22-month duration and a cost of EUR 820,000 (\$907,084). The amount will be due and payable upon completion of the corresponding phases. The Company records the corresponding R&D expense based on the project's progress, which is invoiced by the third party in the relevant period. For the 12-month period ended December 31, 2023, the Company had incurred \$164,859 of such costs included in "General and administrative expenses" in the Company's Consolidated

Statements of Operations and Comprehensive Loss included in the Company's Annual Report on Form 10-K for the year ended December 31, 2023. No such costs were incurred within the 3-month period ended March 31, 2024.

Results of Operations

Three Month Periods and Six Months Ended March 31, 2024 June 30, 2024 and 2023

Revenue and net loss

The Company had revenue of **\$14,584,473** **\$13,206,717** and **\$12,349,777** **\$12,363,429** (an increase of **18.10%** **6.82%**) for the three months ended **March 31, 2024** **June 30, 2024** and **2023**, respectively and **\$27,791,190** and **\$24,713,206** (an increase of **12.45%**) for the six months ended **June 30, 2024** and **2023**, respectively. Revenue significantly increased overall, compared to the prior periods, and the increase in the three-month period three and six-month periods is mainly attributed to the wholesale revenue stream which was boosted further increased with acquisitions such as the one enhancement of the Bikas overall customer base along with the contribution of CANA's acquisition which contributed **\$247,485** to the revenue of the Company and concerns the pharma manufacturing stream acquisition. The Company had a net loss of **\$1,866,690** **\$2,590,711** on revenue of **\$14,584,473** **\$13,206,717** versus a net loss of **\$459,863** **\$981,530** on revenue of **\$12,349,777** **\$12,363,429** for the three months ended **March 31, 2024** **June 30, 2024** and **2023**, respectively and net loss of **\$4,457,401** on revenue of **\$27,791,190** versus a net loss of **\$1,441,393** on revenue of **\$24,713,206** for the six months ended **June 30, 2024** and **2023**, respectively. The increase in net loss for the six-month period ended June 30, 2024 compared to the 2023 period of **\$3,016,008** was due to the extraordinary 2023 items such as the gain on debt extinguishment of **\$1,910,770** and the bargain purchase gain of **\$1,633,842**. The decrease in net loss for the three-month period ended March 31, 2024 compared to the one three-month period ended March 31, 2023 of **\$1,406,827** relates is mainly attributable to the bargain purchase gain on debt extinguishment of approximately **\$1.9 million** recognized during the three month period ended March 31, 2023. **\$1,633,842** recorded in 2023.

Cost of Goods Sold

The Company had costs of goods sold of **\$13,250,847** **\$12,349,469** versus **\$11,392,700** **\$11,416,595** (an increase of **16.31%** **8.96%**) for the three months ended **March 31, 2024**, **June 30, 2024** and **2023**, respectively and **\$25,690,316** versus **\$22,809,295** (an increase of **12.63%**) for the six months ended **June 30, 2024** and **2023**, respectively. The increase in cost of goods sold is due to a consequence of the increased sales volume of the wholesale revenue stream compared to the nutraceuticals one, given that the wholesale stream has significantly lower gross profit margins. Moreover, the increase in cost margins and of goods sold is in parallel with the overall revenue increase.

Our future revenue growth is expected to continue to be affected by various factors such as industry growth trends, including drug utilization, the introduction of new innovative brand therapies, the likely increase in the number of branded pharmaceutical products that will be available over the next few years' price increases and price deflation, general economic conditions, including the effects of the current conflict in the Ukraine, the coronavirus in the United Kingdom and the member states of European Union, competition within the industry, customer consolidation, changes in pharmaceutical manufacturer pricing and distribution policies and practices, increased downward pressure on government and other third party reimbursement rates to our customers, and changes in government rules and regulations.

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Gross Profit

The Company had gross profit of **\$1,333,626** **\$767,248** versus **\$957,077** (an increase **\$946,834** (a decrease of **39.34%** **18.97%**) for the three months ended **March 31, 2024**, **June 30, 2024** and **2023**, respectively and **\$2,100,874** versus **\$1,903,911** (an increase of **10.35%**) for the six months ended **June 30, 2024** and **2023**, respectively. The increase decrease in gross profit for the three month periods-month period is attributable to the significantly higher overall revenue decreased sales of SkyPharm's nutritional supplements, and the decrease in CANA's pharma manufacturing stream along with the contribution a drop in Decahedron's sales. Since all of our newly acquired subsidiary CANA, which significantly contributes to gross profit, once pharma manufacturing and contract manufacturing them are a high margin revenue streams. streams, this contributed to the decreased gross profit for the period. The increase in the six-month period is in accordance with the increase in revenue and cost of goods sold.

Operating Expenses

The Company had general and administrative costs of **\$1,418,138** **\$1,390,525** and **\$2,089,014** **\$2,000,151**, salaries and wage expenses of **\$1,258,179** **\$1,454,862** and **\$949,451**, **\$1,077,672**, sales and marketing expenses of **\$173,630** **\$110,813** and **\$467,263**, **\$318,061** and depreciation and amortization expense of **\$319,987** **\$313,074** and **\$102,151** **\$127,415** for a loss from operations of **\$1,836,108** **\$2,502,026** and a loss from operations of **\$2,651,172** **\$2,576,465** for the three months ended **March 31, 2024** **June 30, 2024** and **2023**, respectively. The decrease in operating expenses is primarily attributed to management's bonuses, which were included in "General and administrative expenses" during remained relatively stable overall (a decrease of 7.21% for the three-month period ended March 31, 2023 along with the significantly higher spending made in sales June 30, 2024). General and marketing expenses within 2023. Management's compensation in terms of both salaries and bonuses was increased administrative costs decreased by 30.48% due to the significant goals cash bonuses awarded to management in 2023. The salaries and wages increased by 35% which is mainly attributable to the addition of CANA and the relevant payroll costs, once all employees remained with the Company achieved within 2022, including but not limited to the substantial capital raises executed within the period following its acquisition on June 30, 2023. The increase in depreciation and amortization expense for the three-month period ended **March 31, 2024** **June 30, 2024** of

\$217,266 (211.92% \$185,659 (145.71%) is in accordance with the increase in PP&E (purchase of CANA's & Cosmofarm's facilities) and intangible assets (purchase of pharmaceutical and nutraceutical licenses). The

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For the six months ended June 30, 2024 and 2023, the Company had general and administrative costs of \$2,808,663 and \$4,089,165 salaries and wages increased by 32.52% which is mainly wage expenses of \$2,713,041 and \$2,027,123, sales and marketing expenses of \$284,443 and \$785,324 and depreciation and amortization expense of \$632,861 and \$229,936 for a loss from operations of \$4,338,134 and a loss from operations of \$5,227,637, respectively. All variances for the six-month periods ended June 30, 2024 and 2023 in both absolute terms and in terms of percentages are similar to the ones of the three-month periods and are attributable to the addition of CANA and the relevant payroll costs, once all employees remained with the company following its acquisition on June 30, 2023, identical factors.

Other Income (Expense)

The Company had interest expense related to notes payable and lines of credit of \$168,672 \$342,446 and \$244,135 versus \$134,373. \$511,118 and \$378,508 for the three and six months ended June 30, 2024 and 2023, respectively. The increase in interest expense of 25.53% 40.27% and 35.03% for the three and six months ended June 30, 2024 and 2023, respectively is attributable to the increased floating rates of the Company's notes and lines of credits in 2024 (Euribor, Libor and Euro Short Term rate).

Moreover, a gain on equity investments of \$1,755 versus a gain of \$1,293 was due to the shift in the market prices of the Company's equity investments during the three months ended March 31, 2024, and 2023, respectively. The net foreign currency loss amounted to \$161,254 versus a gain of \$196,035. The decrease in foreign currency loss is derived from the negative movement of the foreign exchange rates.

Interest income amounted to \$105,765 \$102,030 and \$261,269 versus \$183,416 \$207,795 and \$444,685 for the three and months ended March 31, 2024 June 30, 2024 and 2023, respectively and the decrease in interest income is attributable to both the decreased outstanding balances of the Company's decreased balances of Loans Receivable and Loans Receivable from related parties and the fact that the Company had interest income arising from treasury bills in the 2023 comparative period. periods.

The other income, net recorded in the 3-month 6-month period ended March 31, 2024 June 30, 2024, of \$191,824 \$162,519 mostly relates to write-offs of liabilities of our dormant subsidiary Cana Laboratories Holdings (Cyprus) Limited ("Cana") arising from the past which had no substance and thus written off. The corresponding other income amounts in the three-month periods ended June 30, 2024 and 2023 of \$29,305 and \$34,477, respectively, primarily relate to prior period income/(expenses) of the Greek subsidiaries.

Additionally, a gain on debt extinguishment relating to the write-off of a share settled debt obligation and the forgiveness of a notes payable balance for a total gain of \$1,908,513 \$1,910,770 was recorded in the six months ended March 31, 2023 June 30, 2023. Finally, the Company has recorded a bargain purchase gain of \$1,633,842 for the three and six months ended June 30, 2023. The bargain purchase gain recorded is related solely to the gain recognized upon acquisition of Cana. No equivalent extraordinary items were included in the three-month period three and six-month periods ended March 31, 2024 June 30, 2024.

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Foreign currency translation adjustment, net

The Company had a foreign currency translation loss, net adjustment gain of \$599,276 \$176,591 and \$775,867 versus gains of \$336,463, \$83,188 and \$419,651, attributable to the negative movement of the exchange rates during the three-month periods three and six-months ended March 31, 2024 June 30, 2024 and 2023, respectively, and a net comprehensive loss of \$2,465,966 \$2,767,302 and \$5,233,268 versus a loss of \$123,400 \$898,342 versus and \$1,021,742 for the three and six months ended March 31, 2024 June 30, 2024 and 2023, respectively. The change increase in comprehensive loss mainly apart from the unrealized currency movements derives from the shift extraordinary items recorded in exchange rates the three and the significant gain six months ended June 30, 2023 and described in "Other Income (Expense)" section above (gain on debt extinguishment of debt of \$1.9 million recorded within the three-month period ended March 31, 2023, and bargain purchase gain).

Liquidity and Capital Resources

As of March 31, 2024 June 30, 2024, the Company had working capital of \$10,730,747 \$8,593,711 compared to \$12,285,310 as of December 31, 2023.

The Company had cash and cash equivalents of \$865,099 \$343,509 versus \$3,833,195 as of March 31, 2024 June 30, 2024 and December 2023, December 31, 2023, respectively. The Company had net cash used in operating activities of \$3,412,103 \$4,622,989 and \$6,344,173 \$12,064,068 for the three six months ended March 31, 2024 June 30, 2024 and 2023, respectively. The Company has devoted substantially all of its cash resources to expand through organic business growth and has incurred significant general and administrative expenses in order to enable the financing and growth of its business and operations. The significant increase is attributable to the significant prepayments outflows to suppliers which had been performed within due to change in payment terms in addition to the 3-month period ended March 31, 2023, material prepayments for the purchase and production of nutraceutical products.

The Company had net cash used provided by investing activities of **\$126,454** **\$242,404** and net cash used in investing activities **\$4,486,455** **\$8,447,679** during the **three six** months ended **March 31, 2024** **June 30, 2024**, and 2023, respectively. For the **three six** months ended **March 31, 2023** **June 30, 2023**, the net cash used in investing activities was mainly attributable to the outflow of consideration transferred through the **Cana acquisition**, acquisition, the purchase of ZipDoctor Inc, the purchase of Bikas customer base, the purchase of a list of pharmaceutical licenses and the purchase of **Cosmofarm's** warehouse facilities.

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The Company had net cash provided by financing activities of **\$206,942** **\$746,610** versus **\$2,242,805** **\$2,058,614** during the **three six** months ended **March 31, 2024** **June 30, 2024**, and 2023, respectively. For the **three six** months ended **March 31, 2024** **June 30, 2024**, the Company received proceeds from lines of credit of **\$5,932,222** **\$13,034,203** and payments of lines of credit of **\$5,974,114** **\$12,342,152**, for a net **decrease** **increase** on the **line lines** of credit of **\$41,892** **\$692,051**. The significant higher inflows arising from financing activities in 2023 was mainly attributable to the receipt of the \$4,750,107 subscription receivable, due from December's 2022 offering. However, the Company repaid **\$1,245,022** **\$1,372,976** of the outstanding notes payable during the **three-month six-month** period ended **March 31, 2023** **June 30, 2023**, versus **\$364,354** **\$549,946** of debt repayments within the **three-month six-month** period ended **March 31, 2024** **June 30, 2024**. During the **3-month six-month** period ended **March 31, 2024** **June 30, 2024**, the Company raised additional equity funds through a Baby Shelf supplement to its Registration Statement on Form S-3 (No. 333-267550) filed with the SEC on February 29 and March 7, 2024. More specifically, the Company sold 901,488 shares of common stock for gross proceeds of \$649,039.

We anticipate using cash in our bank account as of **March 31, 2024** **June 30, 2024**, cash generated from debt or equity financing, from investing activities or from management loans to the extent that funds are available to do so to conduct our business in the upcoming year. Management is not obligated to provide these or any other funds. If we fail to meet these requirements, we may lose the qualification for quotation and our securities would no longer trade on Nasdaq Capital Market. Further, as a consequence we would fail to satisfy our reporting obligations with the Securities and Exchange Commission ("SEC"), and investors would then own stock in a company that does not provide the disclosure available in quarterly and annual reports filed with the SEC and investors may have increased difficulty in selling their stock as we will be non-reporting.

Going Concern

The Company's consolidated financial statements are prepared in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP"), which contemplates the continuation of the Company as a going concern. For the **three six** months ended **March 31, 2024** **June 30, 2024**, the Company had revenue of **\$14,584,473**, **\$27,791,190**, net loss of **\$1,866,690** **\$4,457,401** and net cash used in operations of **\$3,412,103**, **\$4,622,989**. Additionally, as of **March 31, 2024** **June 30, 2024**, the Company had positive working capital of **\$10,730,747**, **\$8,593,711**, an accumulated deficit of **\$93,510,923**, **\$96,101,634**, and stockholders' equity of **\$34,546,682**, **\$32,119,574**. It is the management's opinion that these conditions raise substantial doubt about the Company's ability to continue as a going concern for a period of twelve months from the date of this filing.

The Company's revenues are not able to sustain its operations, and concerns exist regarding the Company's ability to meet its obligations as they become due. The Company is subject to a number of risks to those of smaller commercial companies, including dependence on key individuals and products, the difficulties inherent in the development of a commercial market, the need to obtain additional capital, competition from larger companies, and other pharmaceutical and health care companies.

Management evaluated the above conditions which raise substantial doubt about the Company's ability to continue as a going concern to determine if it can meet its obligations for the subsequent twelve months from the date of this filing. Management considered its ability to access future capital, curtail expenses if needed, expand product lines, and acquire new products.

Management's plans include expansion of brand name products to the market, expanding the current product portfolio, and evaluating acquisition targets to expand distribution. Furthermore, the Company intends to vertically integrate the supply chain distribution network. During the period up to the issuance of this report the Company has signed multiple distribution agreements for its SPL products in Europe and Asia and a variety of contract manufacturing agreements through its subsidiary, CANA. Finally, the Company plans to access the capital markets further in order to raise additional funds through equity offerings. More specifically, management will consider postponing the repayment of its outstanding Trade Facility (**\$1,618,650** **\$1,606,650** balance as of **March 31, 2024** **June 30, 2024**), intends to make substantial efforts to receive additional debt financing through its subsidiary, Cosmofarm SA, and plans to raise additional equity funds through utilizing its outstanding warrants. Up to the issuance of its consolidated financial statements for the **three six** months ended **March 31, 2024** **June 30, 2024**, the Company has sold 901,488 shares of common stock for net proceeds of \$629,426. Moreover, the Company's management is considering of postponing certain repayments of suppliers and creditors. However, management cannot provide any assurances that the Company will be successful in accomplishing any of its plans. The ability of the Company to continue as a going concern is dependent upon its ability to successfully accomplish the plans described herein and eventually secure other sources of financing and attain profitable operations.

Considering the above, management is of the view that substantial doubt exists about for the Company's ability to continue as a going concern. The consolidated financial statements do not include any adjustments to reflect the possible future effect on the recoverability and classification of assets or the amounts and classifications of liabilities that may result from the outcome of this uncertainty.

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Plan of Operation in the Next Twelve Months

Specifically, our plan of operations for the next twelve months is as follows:

We assess the foreseeable development of the Company as being positive. Over the medium term we expect to further expand our market share. However, during the course of further organizational optimization there may be associated extraordinary additional costs.

Our plan for our own branded nutraceuticals is to enlarge our portfolio up to 150 SKUs by the end of 2023, including more basic line formulas to cover more customer needs of any age, advanced formulations, formulas based on herbs and further clinical studies with R&D for further products. Our plan for geographic expansion in distributing and market penetration in the EU, Asia, USA and Canada is based on exclusive distributors, wholesalers, e-commerce, and development of franchising model, alliances and acquisitions of nutraceutical companies.

In addition, our plan for branded pharmaceuticals is geographic expansion across the world, especially in the EU and UK, as well as in other countries with fast registration and developed markets with liberalized OTC policies for online pharmacies and supermarkets. We also intend to enhance our exclusive distribution rights with a growing basis of cooperating partners whilst purchasing generic, biosimilar drugs and OTC licenses. We also intend to enhance our product expectance by registered copyrights and trademarks in all OTC drugs. In addition, we remain committed to strategic research and development across each business unit with a particular focus on assets with inherently lower risk profiles and clearly defined governmental regulatory pathways.

Our plan for our full line wholesale is to expand in the Greek territory, enlarge our customer portfolio and integrate of established sales network of pharmacies through the use of B2B and B2C e-commerce platforms and exclusive distributors. We are also aiming in increasing the exports of branded pharmaceuticals as we focus on higher profit margins categories (OTC and VMS), deliver 3PL (third-party logistics) services to pharma companies, put in force loyalty programs, provide added value services to pharmacies and emergency deliveries to VIP customers. The Company will evaluate and, where appropriate, execute on opportunities to expand its network of pharmacies and products in areas that it believes will offer above average growth characteristics and attractive margins.

The Company is growing its business through organic growth, market penetration, geographic expansion and acquisitions which would add value to its business and its shareholders. The Company is also committed to pursuing various forms of business development; this can include trading, alliances, joint ventures and dispositions. Moreover, it hopes to continue to build on its portfolio of pharmaceutical products and expand its OTC and nutraceutical product portfolio. Thus, the Company is developing a sound sales distribution network specializing in its own branded nutraceutical products.

The Company's main objective is expanding the business operations of its subsidiaries by concentrating its efforts on becoming an international pharmaceutical Company. The Company views its business development activity as an enabler of its strategies, and it seeks to generate earnings growth and enhance shareholder value by pursuing a disciplined, strategic, and financial approach to evaluating business development opportunities. Under these principles the Company assesses businesses and assets as part of its regular, ongoing portfolio review process and continues to consider trading development activities for its businesses. The Company's objective is the optimization of operating expenses across all entities without compromising the quality of the Company's services and products.

Changes in the behavior and spending patterns of purchasers of pharmaceutical and healthcare products and services, including delaying medical procedures, rationing prescription medications, reducing the frequency of doctor visits, and foregoing healthcare insurance coverage, may impact the Company's business.

The pharmaceutical sector offers a large growth potential within the European pharmaceutical market if service, price and quality are strictly directed towards the customer requirements. The Company will continue to encounter competition in the market by product, service, reliability, and a high level of quality. On the procurement side, the Company can access a wide range of supply possibilities. To minimize business risks, the Company diversifies its sources of supply all over Europe. It secures its high-quality demands through careful supplier qualification and selection, as well as active suppliers' system management.

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Strategic Plan

Our strategic plan, which strikes a balance between growth and sustainability, emphasizes synergies, vertical integration, operational efficiencies, R&D, brand expansion, and the global growth of our distribution network and facilities.

We intend to continue to pursue active ongoing acquisitions. In fact, many of our acquisitions entail exploring opportunities, with discounted assets through business combinations or joint ventures, all to enhance our distribution network. We will expand our R&D division which is a platform and incubator to develop new patented pharmaceuticals and proprietary innovative nutraceutical products. To foster organic growth, we will enhance our business development and marketing efforts, pursue global expansion via prominent retailers, pharmacies and e-commerce platforms, and recapture lost markets such as the infant and baby care categories. In addition, we will invest in the expansion of our production capacity and global network of facilities to boost sales of our brands, engage in contract manufacturing with large multinational pharmaceutical companies, produce pharma grade ethanol for hospitals, and expand into new large markets capitalizing on our comparative advantages. Last but not least, we aim to strategically invest in key personnel, from seasoned export managers to highly skilled scientists, to ensure we have the necessary expertise at our fingertips.

Organic Growth

Proprietary Portfolio of Branded Products: A bright spot so far in 2024 is the strong demand for our branded nutraceuticals, as we aspire to transform them into global brands. Our products have received very positive feedback at leading events like Arab Health in Dubai, Infarma in Barcelona, Vitafoods in Geneva, and Pharmacy Show in Birmingham.

Sky Premium Life®: We are selling Sky Premium Life products in an increasing number of countries through pharmacies, retail chains, and online platforms. Among our prominent retailers is Holland & Barrett. With over 1,600 stores in 18 countries across the world, it is not only Europe's largest health and wellbeing retailer but also one of the world's largest, generating about \$1 billion in annual revenue. Additionally, our products are available online through platforms like eBay and Amazon in the UK, Canada, the US, Germany, France, Spain, and Singapore. We are investing in our infrastructure, expanding our production capacity to accommodate increasing volumes, accelerating our efforts to broaden our distribution network, and planning to penetrate new major markets. This is boosted by strategic collaborations like the one announced with C.A. PAPAELLINAS Group, a market leader with an extensive distribution network throughout Cyprus. PAPAELLINAS will represent and distribute Sky Premium Life, not only in Holland & Barrett stores but also in pharmacies throughout Cyprus.

Mediterranation®: Building upon the success of Sky Premium Life, we also launched Mediterranation, our premium food supplements brand. Inspired by the Mediterranean way of life, renowned for its healthy food, sunny climate, and longevity, Mediterranation utilizes organic herbs and plant extracts, such as dittany of Crete, oregano, mastic, and kritamos from the Mediterranean region. All of our products are manufactured under strict pharmaceutical standards and adhere to GMP protocols.

Bio-Bebe® and C-Sept®/C-Scrub: Among Cana's many valuable assets, Cosmos Health also obtained a proprietary portfolio of pharmaceutical, dermocosmetic, antiseptic, and food supplement branded products. These include, among others: Bio-Bebe, an organic infant care and nutrition brand, which we are in the process of relaunching. This presents us with a great opportunity to enter the lucrative global baby food market that, according to Fortune Business Insights, is worth \$102.90 billion per year. C-Sept, an antiseptic brand, which we are expanding with the launch of the new C-Scrub Wash 4% CHG Biocide. We believe that we are well positioned to capitalize on the global antiseptic and disinfectant market that, according to Grand View Research, is worth \$29 billion per year.

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While the Company intends to pursue these milestones, there may be circumstances where for valid business reasons or due to factors beyond the control of the Company, a reallocation of efforts may be necessary or advisable.

The Company intends to spend the funds available to strengthen working capital, inventories, intangible assets, acquisitions, research and development, sales and marketing expenses. Due to the uncertain nature of the industry in which the Company operates, projects may be frequently reviewed and reassessed. Accordingly, while it is currently intended by management that the available funds will be expended as set forth above, actual expenditures may in fact differ from these amounts and allocations.

Off Balance Sheet Arrangements

As of **March 31, 2024** **June 30, 2024**, there were no off-balance sheet arrangements.

Critical Accounting Policies

In December 2001, the SEC requested that all registrants list their most "critical accounting policies" under the Management's Discussion and Analysis section. The SEC indicated that a "critical accounting policy" is one which is both important to the portrayal of a company's financial condition and results, and requires management's most difficult, subjective or complex judgments, often as a result of the need to make estimates about the effect of matters that are inherently uncertain.

Revenue Recognition: The Company adopted Topic 606 Revenue from Contracts with Customers on January 1, 2018. As a result, it has changed its accounting policy for revenue recognition as detailed in Note 2.

Foreign Currency. Assets and liabilities of all foreign operations are translated at period-end rates of exchange, and the statements of operations are translated at the average rates of exchange for the period. Gains or losses resulting from translating foreign currency financial statements are accumulated in a separate component of stockholders' equity until the entity is sold or substantially liquidated. Gains or losses from foreign currency transactions (transactions denominated in a currency other than the entity's local currency) are included in net (loss) earnings.

Income Taxes. The Company accounts for income taxes under the asset and liability method, as required by the accounting standard for income taxes, ASC 740. Under this method, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis, as well as net operating loss carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

The Company is liable for income taxes in Greece and the United Kingdom. The corporate income tax rate is 22% in Greece (tax losses are carried forward for five years effective January 1, 2013) and 25% in United Kingdom. Losses may also be subject to limitation under certain rules regarding change of ownership.

We regularly review deferred tax assets to assess their potential realization and establish a valuation allowance for portions of such assets to reduce the carrying value if we do not consider it to be more likely than not that the deferred tax assets will be realized. Our review includes evaluating both positive (e.g., sources of taxable income) and negative (e.g., recent historical losses) evidence that could impact the realizability of our deferred tax assets.

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We recognize the impact of an uncertain tax position in our financial statements if, in management's judgment, the position is not more-likely-than-not sustainable upon audit based on the position's technical merits. This involves the identification of potential uncertain tax positions, the evaluation of applicable tax laws and an assessment of whether a liability for an uncertain tax position is necessary. We operate and are subject to audit in multiple taxing jurisdictions.

We record interest and penalties related to income taxes as a component of interest and other expense as incurred, respectively.

Potential benefits of income tax losses are not recognized in the accounts until realization is more likely than not. The Company has adopted ASC 740 "Accounting for Income Taxes" as of its inception. Pursuant to ASC 740, the Company is required to compute tax asset benefits for net operating losses carried forward. The potential benefits of net operating losses have not been recognized in this financial statement because the Company cannot be assured it is more likely than not it will utilize the net operating losses carried forward in future years.

The Company has net operating loss carry-forwards in our parent, Cosmos Health Inc., which are applicable to future taxable income in the United States (if any). Additionally, the Company has income tax liabilities in the United Kingdom. The income tax assets and liabilities are not able to be netted. We therefore reserve the income tax assets applicable to the United States but recognize the income tax liabilities in Greece and the United Kingdom. Losses may also be subject to limitation under certain rules regarding change of ownership.

Accounts Receivable and Allowance for Credit Losses

The Company follows ASC Topic 326, Financial Instruments – Credit Losses ("ASC 326") 310 to estimate the allowance for doubtful accounts. The Company is required Pursuant to estimate credit FASB ASC paragraph 310-10-35-9, losses on accounts receivable balances held at amortized cost. ASC 326 introduces a new methodology for measuring credit losses, replacing from uncollectible receivables shall be accrued when both of the previous incurred loss model with an expected credit loss model. The Company measures credit losses on accounts receivable using an expected credit loss model, which considers historical experience, current following conditions and reasonable and supportable forecasts. Credit losses are measured as met: (a) information available before the difference between the present value of contractual cash flows expected financial statements are issued or are available to be collected and the present value of expected cash flows discounted issued (as discussed in Section 855-10-25) indicates that it is probable that an asset has been impaired at the date of the financial instrument's original effective interest rate, statements, and (b) the amount of the loss can be reasonably estimated. Those conditions may be considered in relation to individual receivables or in relation to groups of similar types of receivables. If the conditions are met, accrual shall be made even though the receivables that are uncollectible may not be identifiable. The Company reviews individually each trade receivable for collectability and performs on-going credit evaluations of its customers and adjusts credit limits based upon payment history and the customer's current credit worthiness, as determined by the review of their current credit information; and determines the allowance for doubtful accounts based on historical write-off experience, customer specific facts and general economic conditions that may affect a client's ability to pay. Bad debt expense is included in general and administrative expenses, if any.

Inventory Reserves

Our merchandise inventories are made up of finished goods and are valued at the lower of cost or market using the weighted-average cost method. Average cost includes the direct purchase price, net of vendor allowances and cash discounts, of merchandise inventory. We record valuation reserves on an annual basis for merchandise damage and defective returns, merchandise items with slow-moving or obsolescence exposure and merchandise that has a carrying value that exceeds market value. These reserves are estimates of a reduction in value to reflect inventory valuation at the lower of cost or market. The reserve for merchandise returns is based upon the determination of the historical net realizable value of products sold from our returned goods inventory or returned to vendors for credit. Our reserve for merchandise returns includes amounts for returned product on-hand as well as for new merchandise on-hand that we estimate will ultimately become returned goods inventory after being sold based on historical return rates.

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Item 3. Quantitative and Qualitative Disclosures about Market Risk.

Not applicable. A smaller reporting company is not required to provide the information required by this Item.

Item 4. Controls and Procedures.

Disclosure Controls and Procedures

The Company maintains disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act) that are designed to ensure that information required to be disclosed in the Company's Securities Exchange Act reports is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms, and that such information is accumulated and communicated to the Company's management, including its Principal Executive Officer and Principal Financial Officer, as appropriate, to allow timely decisions regarding required disclosures.

Evaluation of Disclosure Controls and Procedures

The Company's management, with the participation of the Company's Principal Executive Officer and Principal Financial Officer, has evaluated the effectiveness of the Company's disclosure controls and procedures as of the end of the period covered by this report. Based upon that evaluation, the Principal Executive Officer and the Principal Financial Officer have concluded that, as of the end of the period covered by this report, the Company's disclosure controls and procedures were ineffective due to material weaknesses stated below:

- The Company has a lack of proper segregation of duties.
- The Company's internal control structure lacks multiple levels of review and oversight and does not have appropriate IT General Controls (ITGCs) for the applications used in the Financial Reporting process, caused by lack of design of relevant controls and overall IT risk management.

We are in the process of remediating all material weaknesses present in our internal controls and we plan to have completed the remediation by December 31, 2024.

- The Company has a lack of proper segregation of duties.

We are in the process of updating the organizational chart in order to reallocate roles among personnel and emphasize sharing the responsibilities of key business processes by distributing the discrete functions of these processes to multiple people and departments.

- The Company's internal control structure lacks multiple levels of review and oversight and does not have appropriate IT General Controls (ITGCs) for the applications used in the Financial Reporting process, caused by lack of design of relevant controls and overall IT risk management.

We are in the process of developing multiple levels of review based on job responsibilities and level of personnel. For example, management reviews whether the bank reconciliations are being prepared on a timely basis by the preparer and whether there are discrepancies between the general ledger and the bank statements. Another example is the review of management accounting information by the CFO and his authorization for material transactions and adjustments. Furthermore, we are in the process of assessing a new financial reporting application that will be used by all the companies of the Group and would be able to support, process financially relevant information, provide financially relevant reporting and house financially relevant interfaces and application controls in order for us to more efficiently establish IT General Controls to a single and more reliable application.

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Changes in Internal Controls Over Financial Reporting

There were no changes in our internal control over financial reporting that have materially affected or are reasonably likely to materially affect, our internal control over financial reporting.

Our Audit Committee is in the process of evaluating our existing controls and procedures, while communicating with the Management on quarterly basis.

Audit Committee

We have a separately designated standing audit committee, which is appointed by the Board of Directors of Cosmos Health Inc. On April 28, 2022, Dr. Anastasios Aslidis was elected to serve on the Board of Directors and was appointed as a chair of the Audit Committee. Our three independent directors, Anastasios Aslidis, John Hoidas and Demetrios Demetriades serve on the Audit Committee. The primary function of the committee is to assist the Board of Directors in overseeing (1) the financial reporting and accounting processes of the Company, and (2) the financial statements audits of the Company. The Committee also prepares a written report to be included in the annual proxy statement of the Company pursuant to the applicable rules and regulations of the "SEC". In furtherance of these purposes, the Committee shall maintain direct communication among the Company's independent auditors and the Board of Directors. The independent auditors and any other registered public accounting firm engaged in preparing or issuing an audit report or performing other audit review or attest services for the Company shall report directly to the Committee and are ultimately accountable to the Committee and the Board of Directors.

In discharging its oversight role, the Committee is authorized to investigate any matter brought to its attention with full access to all books, records, facilities and personnel of the Company. The Committee shall have the sole authority to retain at the Company's expense outside legal, accounting or other advisors to advise the Committee and to receive appropriate funding, as determined by the Committee, from the Company for the payment of the compensation of such advisors and for the payment of ordinary administrative expenses of the Committee that are necessary to carry out its duties. The Committee may request any officer or employee of the Company or the Company's outside counsel or independent auditors to attend a meeting of the Committee or to meet with any member of, or advisors to, the Committee. The Committee may also meet with the Company's investment bankers or financial analysts who follow the Company.

The Committee shall meet no less frequently than four times per year, with additional meetings as circumstances warrant. The Committee shall also meet periodically with management, the internal auditors, if any, and the independent auditors in separate executive sessions. The Committee shall record the minutes of all such meetings and shall submit the minutes of its meetings to, or discuss the matters deliberated at each meeting with, the Board of Directors. The Company's chief financial or accounting officer shall function as the management liaison officer to the Committee.

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PART II - OTHER INFORMATION

Item 1. Legal Proceedings.

There have been no changes since the filing of the Company's Form 10-K for the year ended December 31, 2023.

Item 1A. Risk Factors

The Company is not required to provide the information called for in this item due to its status as a Smaller Reporting Company. You should refer to the other information set forth in this report, including the information set forth in "Management's Discussion and Analysis of Financial Condition and Results of Operations" as well as in our consolidated financial statements and the related notes. Our business prospects, financial condition or results of operations could be adversely affected by any of these risks.

Item 2. Unregistered Sales of Equity Securities and Use of ~~Proceeds~~ Proceeds.

None. Previously reported on Form 8-K.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information.

During the ~~three~~ six months ended ~~March 31, 2024~~ June 30, 2024, no director or officer of the Company adopted or terminated a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement," as each term is defined in Item 408(a) of Regulation S-K.

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Item 6. Exhibits.

(a) Exhibits.

Exhibit No.	Document Description
31.1*	Certification of CEO pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification of CFO pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1*	Certification of CEO pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2*	Certification of CFO pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	Inline XBRL Instance Document (the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document).**
101.SCH	Inline XBRL Taxonomy Extension Schema Document.**
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document.**
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document.**
101.LAB	Inline XBRL Taxonomy Extension Labels Linkbase Document.**
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document.**
104	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101).**

* This exhibit shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934 or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933 or the Securities Exchange Act of 1934, whether made before or after the date hereof and irrespective of any general incorporation language in any filings.

** XBRL (Extensible Business Reporting Language) information is furnished and not filed or a part of a registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act of 1933, as amended, is deemed not filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and otherwise is not subject to liability under these sections.

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SIGNATURES

In accordance with Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Cosmos Health Inc.

Date: August 19, 2024

By: /s/ Grigoris Siokas

Grigoris Siokas
Chief Executive Officer
(Principal Executive Officer)

Date: August 19, 2024

By: /s/ Georgios Terzis

Georgios Terzis
Chief Financial Officer
(Principal Financial Officer,
And Principal Accounting
Officer)

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**CERTIFICATION OF THE PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Grigorios Siokas, the Chief Executive Officer of Cosmos Health Inc., certify that:

1. I have reviewed this report on Form 10-Q of Cosmos Health Inc. for the quarter ended **March 31, 2024** **June 30, 2024**;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. I am responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of a quarterly report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent function):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Cosmos Health Inc.

Date: August 19, 2024

By: /s/ Grigorios Siokas

Grigorios Siokas, Chief Executive Officer
(Principal Executive Officer)

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**CERTIFICATION OF THE PRINCIPAL FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Georgios Terzis, the Chief Financial Officer of Cosmos Health Inc., certify that:

1. I have reviewed this report on Form 10-Q of Cosmos Health Inc., for the quarter ended **March 31, 2024** **June 30, 2024**;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. I am responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of a quarterly report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent function):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Cosmos Health Inc.

Date: August 19, 2024

By: /s/ Georgios Terzis

Georgios Terzis, Chief Financial Officer

(Chief Principal Financial Officer)

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**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

Pursuant to 18 U.S.C. § 1350, as adopted pursuant to Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned hereby certifies that the Quarterly Report on Form 10-Q for the period ended **March 31, 2024** **June 30, 2024** of Cosmos Health Inc. (the "Company") fully complies with the requirements of Section 13(a) or Section 15(d) of the

Securities Exchange Act of 1934 and that the information contained in such Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Cosmos Health Inc

Date: August 19, 2024

By: /s/ Grigorios Siokas

Grigorios Siokas
Principal Executive Officer

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to Cosmos Health Inc. and will be retained by Cosmos Health Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

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EXHIBIT 32.2

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

Pursuant to 18 U.S.C. § 1350, as adopted pursuant to Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned hereby certifies that the Quarterly Report on Form 10-Q for the period ended **March 31, 2024** **June 30, 2024** of Cosmos Health Inc. (the "Company") fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934 and that the information contained in such Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Cosmos Health Inc.

Date: August 19, 2024

By: /s/ Georgios Terzis

Georgios Terzis

Principal Financial Officer and Principal Accounting Officer

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to Cosmos Health Inc. and will be retained by Cosmos Health Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

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