

Cosmo Bio (TYO: 3386)

1Q FY12/2025: Higher revenue but lower profit, generally in line with the plan. Earnings improvement is expected through productivity enhancement.

◆ Highlights of 1Q FY12/2025 results

Cosmo Bio announced its 1Q FY12/2025 results on May 9, 2025. While the results showed an increase in revenue and a decrease in profit, they were generally in line with the company's plan.

Net sales was 3.09 billion yen (+5% YoY), operating profit was 270 million yen (-10% YoY), ordinary profit was 290 million yen (-2% YoY), and net profit attributable to owner of parent was 210 million yen (-7% YoY).

Revenue was supported by continued solid domestic demand for life science-related products and the contribution from the start of sales in the U.S. of products from the Institute of Medical Science, announced in November last year. Although the yen depreciated compared to the same period last year (actual rate: 152 yen/USD vs. 146 yen/USD in 1Q FY12/2024; full-year assumption: 152 yen/USD), the gross profit margin improved to 34.2% (+0.7pt YoY) thanks to price revisions and a higher ratio of value-added products. On the other hand, selling, general, and administrative expenses increased as expected, mainly due to personnel costs, resulting in a decline in operating profit. There were no major changes in the balance sheet, including inventories.

◆ 1H and Full-Year FY12/2025 Earnings forecasts unchanged

The company has maintained its forecasts for both the first half and full year.

Assuming an exchange rate of 152 yen/USD (vs. 149 yen/USD in FY12/2024), the company forecasts for the first half:

- Net sales of 5.5 billion yen (+7% YoY)
- Operating profit of 290 million yen (-10% YoY)
- Ordinary profit of 360 million yen (+6% YoY)
- Net profit attributable to owner of parent of 280 million yen (+8% YoY)

For the full year, the forecasts are:

- Net sales of 10.7 billion yen (+6% YoY)
- Operating profit of 490 million yen (+53% YoY)
- Ordinary profit of 580 million yen (+59% YoY)
- Net profit attributable to owner of parent of 430 million yen (+64% YoY)

The underlying assumption is that the weaker yen's negative impact on the cost ratio and increased SG&A expenses will be offset by productivity improvements through DX, resulting in higher profits.

Dividend forecasts are also unchanged (interim dividend of 25 yen, year-end dividend of 25 yen), and the company continues its share buyback program.

◆ Stock price trends and points to watch

The company's stock price has been rising steadily since August 5, 2024, when initiatives set forth in "to achieve management conscious of capital costs and stock prices" were announced. Except for a temporary sharp market decline after the FY12/2024 results announcement on February 14, 2025, the share price has continued to show a gradual upward trend. It is currently trading stably around 1,150 yen.

This reflects the lack of concern about downside risk in valuation, with a reasonable forecast PER of 15.4x, a PBR of 0.7x, and a forecast dividend yield of 4.3%. Additionally, initiatives to restrain the denominator of ROE—such as a stable dividend policy and share buybacks—are underway.

1Q results update

Pharmaceuticals and pharmaceutical wholesalers

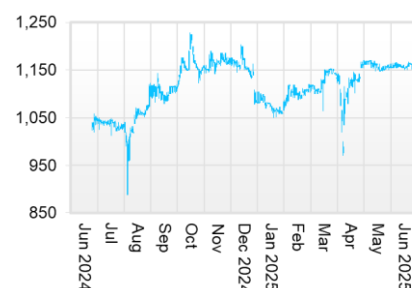
As of June 26, 2025

Share price (6/25)

1,160 Yen

52weeks high/low	¥888/1,229
Avg Vol (3 month)	3.2 thou shrs
Market Cap	¥7.02 bn
Enterprise Value	¥39.1 bn
PER (25/12 CE)	15.4 X
PBR (24/12 act)	0.8 X
Dividend Yield (25/12)	4.3 %
ROE (24/12)	3.0 %
Operating margin (24/12)	3.2 %
Beta (5Y Monthly)	0.1
Shares Outstanding	6.048 mn shrs
Listed market	TSE Standard

Share price performance



%	1M%	3M%	12M%
Share price	0.69	1.40	7.21
Japan TSE TOPIX	1.77	0.62	1.13

Points of interest

In the short term, attention is focused on the dollar-yen exchange rate, which determines import costs. In the medium to long term, attention is focused on the globalization of trading company functions that aim to expand business while mitigating foreign exchange risk, Scientist³, a commissioned service matching service, and developing value-added businesses such as the Chicken Egg bioreactor business

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Going forward, attention will shift to expanding the numerator of ROE, i.e., profits, toward achieving an ROE of 8%.

In the near term, key points include trends in the dollar-yen exchange rate (currently more favorable than assumed) and whether productivity improvements in the second half will lead to a profit recovery trend.

Furthermore, expectations are high for:

- The globalization of the trading company business using IT (strengthening exports to expand profits and reduce foreign exchange risk),
- The launch of “Scientist³,” a matching site for commissioned services
- The visualization of the potential of the Chicken Egg bioreactor business.

As these factors come together, the share price is expected to begin undergoing a valuation adjustment toward a PBR of 1x, with an ROE of 8% in sight.

Company profile

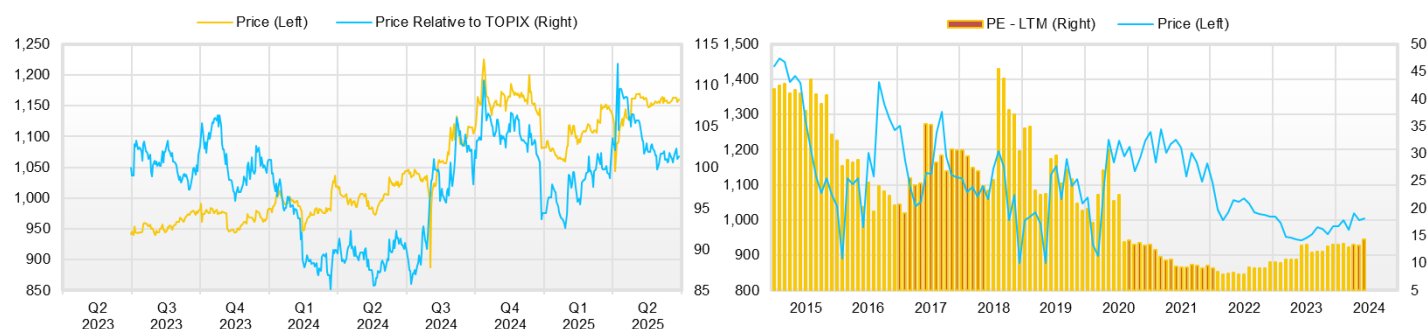
Cosmo Bio Co., Ltd. is a trading company specializing in biotechnology with the objective of 'contributing to the advancement of life science'. It is one of the leading providers of life science research reagents, offering as many as 12 million items from approximately 500 manufacturers worldwide. In recent years, it has expanded its trading company functions globally and entered into contract services and proprietary manufacturing and sales business. Expectations are high for this contribution to earnings, improved capital efficiency and higher PBR.

Key financial data

Unit: million yen	2020/12	2021/12	2022/12	2023/12	2024/12	2025/12 CE
Sales	8,092	9,231	9,553	9,340	10,037	10,700
EBIT (Operating Income)	753	1,050	817	521	319	490
Pretax Income	1,008	1,099	790	653	369	580
Net Profit Attributable to Owner of Parent	674	737	517	442	262	430
Cash & Short-Term Investments	3,259	3,555	3,036	3,025	2,693	
Total assets	9,640	10,072	10,313	10,872	11,723	
Total Debt	20	28	27	25	23	
Net Debt	-3,239	-3,527	-3,009	-3,000	-2,670	
Total liabilities	1,776	1,750	1,693	1,844	2,166	
Total Shareholders' Equity	7,358	7,787	8,052	8,445	8,968	
Net Operating Cash Flow	803	648	306	744	241	
Capital Expenditure	76	156	119	120	319	
Net Investing Cash Flow	42	-145	-313	-766	-217	
Net Financing Cash Flow	-97	-420	-236	-201	-479	
Free Cash Flow	767	617	251	677	25	
ROA (%)	7.27	7.48	5.07	4.17	2.32	
ROE (%)	9.49	9.73	6.53	5.36	3.01	
EPS (Yen)	113.7	126.9	89.1	75.8	45.0	75.5
BPS (Yen)	1,241.2	1,344.5	1,385.1	1,447.2	1,565.0	
Dividend per Share (Yen)	34.00	36.00	36.00	30.00	50.00	50.00
Shares Outstanding (Million shrs)	6.05	6.05	6.05	6.05	6.05	

Source: Omega Investment from company data, rounded to the nearest whole number.

Share price



Financial data (quarterly basis)

Unit: million yen	2023/12				2024/12				2025/12
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q
(Income Statement)									
Sales	2,828	1,999	2,050	2,463	2,943	2,186	2,280	2,628	3,093
Year-on-year	-7.2%	-3.1%	1.7%	1.5%	4.1%	9.4%	11.2%	6.7%	5.1%
Cost of Goods Sold (COGS)	1,789	1,273	1,350	1,678	1,956	1,460	1,522	1,770	2,034
Gross Income	1,039	726	700	785	987	726	758	858	1,059
Gross Income Margin	36.7%	36.3%	34.1%	31.9%	33.5%	33.2%	33.2%	32.6%	34.2%
SG&A Expense	638	668	711	712	681	708	713	908	785
EBIT (Operating Income)	401	58	-11	73	306	18	45	-50	274
Year-on-year	-30.9%	23.4%	-114.5%	-36.0%	-23.7%	-69.0%	-509.1%	-168.5%	-10.5%
Operating Income Margin	14.2%	2.9%	-0.5%	3.0%	10.4%	0.8%	2.0%	-1.9%	8.9%
EBITDA	435	94	28	112	336	50	79	-10	308
Pretax Income	416	136	2	99	353	37	48	-69	321
Consolidated Net Income	279	98	1	83	240	27	34	-32	220
Minority Interest	15	1	-5	8	10	-2	2	-3	7
Net Income ATOP	264	97	5	76	230	28	33	-29	212
Year-on-year	-27.9%	136.6%	-89.4%	20.6%	-12.9%	-71.1%	560.0%	-138.2%	-7.8%
Net Income Margin	9.3%	4.9%	0.2%	3.1%	7.8%	1.3%	1.4%	-1.1%	6.9%
(Balance Sheet)									
Cash & Short-Term Investments	3,026	3,852	3,637	3,025	2,813	3,224	3,044	2,693	2,497
Total assets	10,695	10,852	10,773	10,872	11,594	11,739	11,333	11,723	11,516
Total Debt	183	228	219	25	316	418	370	23	345
Net Debt	-2,843	-3,624	-3,418	-3,000	-2,497	-2,806	-2,674	-2,670	-2,152
Total liabilities	1,865	1,762	1,772	1,844	2,101	1,953	1,853	2,166	2,160
Total Shareholders' Equity	8,250	8,509	8,426	8,445	8,903	9,197	8,889	8,968	8,763
(Profitability %)									
ROA	3.91	4.44	4.12	4.17	3.66	3.01	3.31	2.32	2.12
ROE	5.13	5.69	5.24	5.36	4.76	3.84	4.23	3.01	2.77
(Per-share) Unit: JPY									
EPS	45.4	16.6	0.9	13.0	39.4	4.8	5.7	-5.1	37.1
BPS	1,419.2	1,458.0	1,443.9	1,447.2	1,525.8	1,569.7	1,532.0	1,565.0	1,536.8
Dividend per Share	0.00	14.00	0.00	16.00	0.00	14.00	0.00	36.00	0.00
Shares Outstanding (million shrs)	6.05	6.05	6.05	6.05	6.05	6.05	6.05	6.05	6.05

Source: Omega Investment from company materials

Financial data (full-year basis)

Unit: million yen	2015/12	2016/12	2017/12	2018/12	2019/12	2020/12	2021/12	2022/12	2023/12	2024/12
(Income Statement)										
Sales	7,357	7,427	7,068	7,261	7,590	8,092	9,231	9,553	9,340	10,037
Year-on-year	1.7%	1.0%	-4.8%	2.7%	4.5%	6.6%	14.1%	3.5%	-2.2%	7.5%
Cost of Goods Sold	4,976	4,655	4,535	4,607	4,710	4,940	5,572	6,112	6,090	6,708
Gross Income	2,381	2,772	2,533	2,654	2,880	3,152	3,659	3,441	3,250	3,329
Gross Income Margin	32.4%	37.3%	35.8%	36.6%	37.9%	39.0%	39.6%	36.0%	34.8%	33.2%
SG&A Expense	2,181	2,257	2,339	2,330	2,474	2,399	2,609	2,624	2,729	3,010
EBIT (Operating Income)	200	515	194	324	406	753	1,050	817	521	319
Year-on-year	23.5%	157.5%	-62.3%	67.0%	25.3%	85.5%	39.4%	-22.2%	-36.2%	-38.8%
Operating Income Margin	2.7%	6.9%	2.7%	4.5%	5.3%	9.3%	11.4%	8.6%	5.6%	3.2%
EBITDA	279	600	350	507	613	928	1,216	958	669	455
Pretax Income	407	456	400	403	388	1,008	1,099	790	653	369
Consolidated Net Income	249	276	250	278	246	701	768	552	461	269
Minority Interest	19	22	12	17	8	27	31	35	19	7
Net Income ATOP	230	254	237	260	237	674	737	517	442	262
Year-on-year	14.4%	10.4%	-6.7%	9.7%	-8.8%	184.4%	9.3%	-29.9%	-14.5%	-40.7%
Net Income Margin	3.1%	3.4%	3.4%	3.6%	3.1%	8.3%	8.0%	5.4%	4.7%	2.6%
(Balance Sheet)										
Cash & Short-Term Investments	1,498	1,948	1,483	2,268	2,516	3,259	3,555	3,036	3,025	2,693
Total assets	7,790	7,934	8,126	8,501	8,890	9,640	10,072	10,313	10,872	11,723
Total Debt	20	20	20	20	20	20	28	27	25	23
Net Debt	-1,478	-1,928	-1,463	-2,248	-2,496	-3,239	-3,527	-3,009	-3,000	-2,670
Total liabilities	1,412	1,350	1,286	1,445	1,566	1,776	1,750	1,693	1,844	2,166
Total Shareholders' Equity	5,951	6,135	6,381	6,581	6,843	7,358	7,787	8,052	8,445	8,968
(Cash Flow)										
Net Operating Cash Flow	129	573	294	909	569	803	648	306	744	241
Capital Expenditure	175	252	546	152	171	76	156	119	120	319
Net Investing Cash Flow	-263	99	-440	-186	-135	42	-145	-313	-766	-217
Net Financing Cash Flow	-151	-107	-109	-85	-85	-97	-420	-236	-201	-479
Free Cash Flow	80	444	-185	858	428	767	617	251	677	25
(Profitability %)										
ROA	2.88	3.23	2.96	3.14	2.74	7.27	7.48	5.07	4.17	2.32
ROE	3.83	4.20	3.80	4.03	3.55	9.49	9.73	6.53	5.36	3.01
Net profit margin	3.13	3.42	3.37	3.59	3.14	8.33	7.98	5.41	4.73	2.61
Asset turnover ratio	0.92	0.94	0.88	0.87	0.87	0.87	0.94	0.94	0.88	0.89
Financial leverage	1.33	1.30	1.28	1.28	1.30	1.30	1.30	1.29	1.28	1.30
(Per-share) Unit: JPY										
EPS	38.8	42.8	40.0	43.9	40.0	113.7	126.9	89.1	75.8	45.0
BPS	1,003.9	1,034.9	1,076.4	1,110.2	1,154.4	1,241.2	1,344.5	1,385.1	1,447.2	1,565.0
Dividend per Share	16.00	18.00	14.00	14.00	14.00	34.00	36.00	36.00	30.00	50.00
Shares Outstanding (million shrs)	6.05	6.05	6.05	6.05	6.05	6.05	6.05	6.05	6.05	6.05

Source: Omega Investment from company materials



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