

Cosmo Bio (TYO: 3386)

Although the first half (cumulative) recorded higher net sales, results fell slightly short of the company's forecast—expectation for a rebound in the second half through management's steering.

◇ 2Q FY12/2025 financial results highlights

Cosmo Bio's first-half (interim period) results for FY12/2025, announced on August 5, 2025, recorded higher net sales YoY, but interim net income attributable to owners of the parent declined slightly.

On a cumulative basis, net sales were 5.40 billion yen (up 5% YoY), operating profit was 270 million yen (down 14% YoY), ordinary profit was 340 million yen (up 1% YoY), and interim net income attributable to owners of the parent was 250 million yen (down 2% YoY). The exchange rate was 149 yen/USD (unchanged YoY). Both net sales and profits were slightly below the company's forecasts, but can be said to be within the expected range.

Net sales experienced growth in reagents, particularly overseas, and equipment sales were also robust. Contract services remained solid. However, the business reorganization of certain customers had an impact, which is one factor contributing to the shortfall of the plan. The gross profit margin also improved to 34.5% (up 1.1 percentage points YoY). This was attributable to the dollar–yen rate remaining flat, the implementation of price revisions, and an improved sales mix. Meanwhile, as planned, personnel expenses and general administrative expenses increased, but operating profit fell short of plan.

◇ Full-year earnings forecasts for FY12/2025

The company left its full-year earnings forecasts unchanged from the start of the fiscal year. Assumptions include an assumed dollar–yen rate of 152 yen/USD for the second half; net sales of 10.70 billion yen (up 6% YoY), operating profit of 490 million yen (up 53% YoY), ordinary profit of 580 million yen (up 59% YoY), and net income attributable to owners of the parent of 430 million yen (up 64% YoY). The full-year dividend per share of 50 yen is also unchanged.

Because second-quarter results came in slightly below assumptions, it is necessary to achieve steady YoY increases in both net sales and profit in the second half. The company states that it will steadily advance its business development toward achieving the plan. In addition, with respect to the U.S. business, it is considering countermeasures because effects such as import tariffs under the Trump administration are also assumed.

◇ Completion of share repurchases

Based on the board of directors' resolution dated August 5, 2024, the company had been conducting share repurchases of 400,000 shares and 300 million yen equivalent from August 6, 2024, to July 31, 2025. Still, it reached the deadline having acquired a cumulative 205,000 shares for 230 million yen. This amounts to approximately 3.4% of the shares outstanding.

Regrettably, part of the authorization was left unused; however, it is commendable that the company demonstrated restraint in increasing the denominator of ROE, tightened the supply–demand balance of the free float, leading to a steady stock price trend, and provided a certain degree of liquidity.

At present, there has been no disclosure regarding a new share repurchase plan, so there is a desire to see some sort of announcement.

◇ Stock price trend and points of focus going forward

The company's stock price has been on a gradual upward trend since July 2024. Factors behind this include the pause in the yen depreciation that had progressed over a long period, the promotion of the current three-year plan, and the disclosure, in a form related to this plan, of "Toward realizing management consciousness of capital costs and stock price" (in particular, a stance to strengthen shareholder returns).

The current valuation is a forecast PER of 16x, a PBR of 0.75x, and a forecast dividend yield of 4.2%, and the stock price has limited downside risk. If, in addition, a pathway to globalization of the trading company's business through the use of IT and expanding revenue sources through the creation of new companies becomes apparent, an ROE of 8% and a PBR of 1x would also come into view.

Points of focus going forward are, for the time being, the dollar–yen exchange rate trend that determines import costs and whether the likelihood of achieving the full-year earnings forecasts increases at the third-quarter earnings announcement. Medium- to long-term points of focus are the globalization of trading company functions and reduction of exchange rate risk, improvement of labor productivity through promotion of digital transformation (DX), Scientist Cube, a matching service for contract services, and the expansion of value-added businesses such as the chicken egg bioreactor business and the peptide manufacturing business. Because the current three-year plan runs through FY2025, expectations are likely to grow regarding the direction of the next plan (including capital policies such as share repurchases).

2Q results update

Pharmaceuticals and pharmaceutical wholesalers

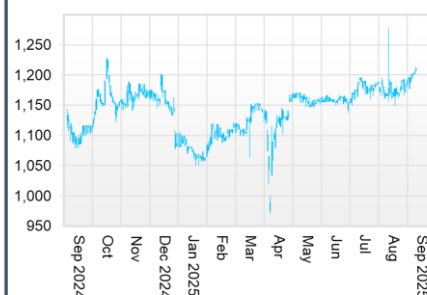
As of September 9, 2025

Share price (9/8)

1,211 Yen

52weeks high/low	¥971/1,279
Avg Vol (3 month)	5.5 thou shrs
Market Cap	¥7.32 bn
Enterprise Value	¥3.64 bn
PER (25/12 CE)	16.1 X
PBR (24/12 act)	0.8 X
Dividend Yield (25/12)	4.1 %
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	3.59	4.13	6.88
Japan TSE TOPIX	5.03	13.32	20.82

Points of interest

In the short term, key points of focus are the dollar–yen exchange rate trend, which determines import costs, and whether the likelihood of achieving the full-year earnings forecasts increases in the third quarter. In the medium to long term, key points of focus are the globalization of trading company functions, aiming for business expansion while mitigating exchange rate risk, Scientist Cube, a matching service for contract services, and the expansion of value-added businesses, such as the chicken egg bioreactor business. In addition to these, by appropriately managing shareholders' equity, it is expected that ROE above 8% will become entrenched and that PBR will be raised.

This report (financial update) has been prepared at the request of Cosmo Bio. For details, please refer to the Disclaimer on the last page.

Company profile

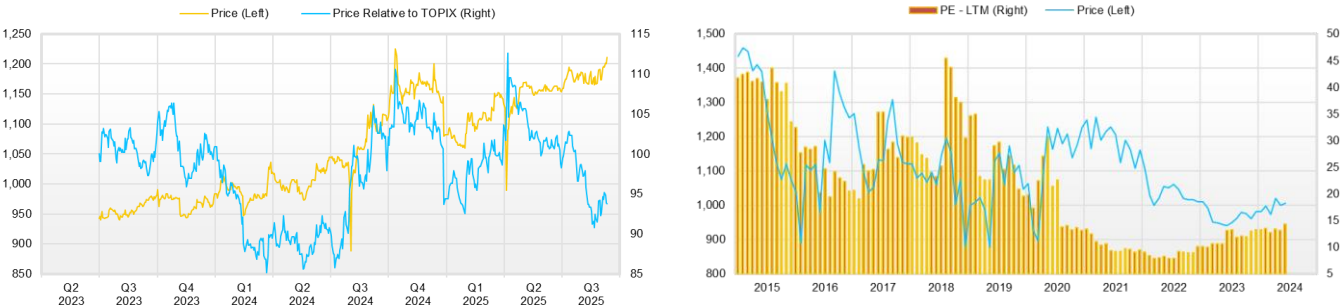
Cosmo Bio Co., Ltd. is a bio-focused trading company that upholds the objective of “contributing to the advancement of life sciences.” It is one of the major providers of reagents for life science research, supplying as many as 12 million items from about 500 manufacturers worldwide. In recent years, it has expanded globally, advancing the functions of trading companies, launching its own contract services, and entering proprietary manufacturing and sales businesses. Expectations are placed on these to contribute to earnings, improve capital efficiency, and raise 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





Key points for financial results

Consolidated Statement of Income



(Unit: million yen)

	FY2024 2Q total	FY2025 2Q total		Change from forecast	Year-over-year change	
		Forecast	Actual			
Net sales	5,129	5,500	5,402	-1.8%	5.3%	Reagent sales (especially overseas) are strong
Gross profit	1,712	-	1,866	-	9.0%	Gross profit margin improved from 33.4% to 34.5%
SG&A	1,389	-	1,590	-	14.4%	Personnel expenses, general administrative expenses increase
Operating profit	322	290	276	-4.8%	-14.4%	
Ordinary profit	337	360	343	-4.7%	1.8%	
Profit attributable to owners of the parent	258	280	250	-10.7%	-2.9%	

© Cosmo Bio Co., Ltd.

0

Source: Company materials

Full-Year Earnings Outlook



(Unit: million yen)

	FY12/2024 Full year actual	FY12/2025 Full year forecast	YoY	(Reference) FY12/2025 First half Actual
Net sales	10,037	10,700	6.6%	5,402
Operating profit	318	490	53.8%	276
Ordinary profit	364	580	59.2%	343
Profit attributable to owners of the parent	262	430	64.1%	250

Average exchange rate	FY12/2024 Full year actual	FY12/2025 First half Actual	FY12/2025 Second half Actual
Yen/US dollar	149 yen	149 yen	152 yen

© Cosmo Bio Co., Ltd.

1

Source: Company materials

Financial data (quarterly basis)

Unit: million yen	2023/12			2024/12				2025/12	
	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q
(Income Statement)									
Sales	1,999	2,050	2,463	2,943	2,186	2,280	2,628	3,093	2,309
Year-on-year	-3.1%	1.7%	1.5%	4.1%	9.4%	11.2%	6.7%	5.1%	5.6%
Cost of Goods Sold (COGS)	1,273	1,350	1,678	1,956	1,460	1,522	1,770	2,034	1,502
Gross Income	726	700	785	987	726	758	858	1,059	807
Gross Income Margin	36.3%	34.1%	31.9%	33.5%	33.2%	33.2%	32.6%	34.2%	35.0%
SG&A Expense	668	711	712	681	708	713	908	785	805
EBIT (Operating Income)	58	-11	73	306	18	45	-50	274	2
Year-on-year	23.4%	-114.5%	-36.0%	-23.7%	-69.0%	-509.1%	-168.5%	-10.5%	-88.9%
Operating Income Margin	2.9%	-0.5%	3.0%	10.4%	0.8%	2.0%	-1.9%	8.9%	0.1%
EBITDA	94	28	112	336	50	79	-10	308	40
Pretax Income	136	2	99	353	37	48	-69	321	50
Consolidated Net Income	98	1	83	240	27	34	-32	220	35
Minority Interest	1	-5	8	10	-2	2	-3	7	-2
Net Income ATOP	97	5	76	230	28	33	-29	212	38
Year-on-year	136.6%	-89.4%	20.6%	-12.9%	-71.1%	560.0%	-138.2%	-7.8%	35.7%
Net Income Margin	4.9%	0.2%	3.1%	7.8%	1.3%	1.4%	-1.1%	6.9%	1.6%
(Balance Sheet)									
Cash & Short-Term Investments	3,852	3,637	3,025	2,813	3,224	3,044	2,693	2,497	3,192
Total assets	10,852	10,773	10,872	11,594	11,739	11,333	11,723	11,516	11,790
Total Debt	228	219	25	316	418	370	23	345	490
Net Debt	-3,624	-3,418	-3,000	-2,497	-2,806	-2,674	-2,670	-2,152	-2,702
Total liabilities	1,762	1,772	1,844	2,101	1,953	1,853	2,166	2,160	2,114
Total Shareholders' Equity	8,509	8,426	8,445	8,903	9,197	8,889	8,968	8,763	9,084
(Profitability %)									
ROA	4.44	4.12	4.17	3.66	3.01	3.31	2.32	2.12	2.15
ROE	5.69	5.24	5.36	4.76	3.84	4.23	3.01	2.77	2.77
(Per-share) Unit: JPY									
EPS	16.6	0.9	13.0	39.4	4.8	5.7	-5.1	37.1	6.7
BPS	1,458.0	1,443.9	1,447.2	1,525.8	1,569.7	1,532.0	1,565.0	1,536.8	1,597.1
Dividend per Share	14.00	0.00	16.00	0.00	14.00	0.00	36.00	0.00	25.00
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



General disclaimer and copyright

This report was created and displayed based on interviews with the company concerned and financial statements, but we do not guarantee the accuracy, completeness, or credibility of the content and data. This report is for informational purposes only and is not intended to solicit or recommend investment. Omega Investment is not responsible for the consequences of using this report.

This report is informed by the target company through interviews with the target company, but the hypotheses, conclusions and all other content contained in this report are based on research by Omega Investment.

Intellectual ownership, including copyrights of the text and data, belongs to Omega Investment. Distribution, transfer, reproduction, transfer or other use constitutes copyright infringement of this report and is strictly prohibited.