

Cosmo Bio (TYO: 3386)

1Q saw an increase in revenue

◇ 1Q FY12/2026 financial results highlights: A steady start

Cosmo Bio's 1Q FY12/2026 financial results, announced on May 8, 2026, showed a year-on-year increase in revenue, and quarterly net income attributable to owners of the parent increased. Operating profit and ordinary profit, meanwhile, declined.

Net sales were 3.33 billion yen (up 7.7% YoY), operating profit was 0.27 billion yen (down 1.0% YoY), ordinary profit was 0.26 billion yen (down 9.7% YoY), and quarterly net income attributable to owners of the parent was 0.22 billion yen (up 4.7% YoY). The exchange rate was 153 yen/USD (152 yen/USD in the same period of the previous fiscal year). Progress was generally solid relative to the company forecast.

Net sales increased steadily in both research reagents and equipment, and the gross profit margin was 34.1% (down 0.1 percentage point YoY), remaining almost unchanged. However, SG&A expenses increased due to higher personnel expenses, resulting in a slight decline in operating profit. Although the amount was small, a foreign exchange loss was recorded, causing ordinary profit to decline as well. In contrast, quarterly net income increased as gains from the sale of investment securities were recognized. Inventory was controlled appropriately, and there has been no material change in the balance sheet.

◇ 2Q FY12/2026 cumulative and full-year earnings forecasts: No change

There have been no changes to any of the earnings forecasts.

- 2Q cumulative forecast: net sales of 5.70 billion yen (up 5.5% YoY), operating profit of 0.17 billion yen (down 38.5% YoY), ordinary profit of 0.20 billion yen (down 41.7% YoY), and net income attributable to owners of the parent of 0.13 billion yen (down 48.2% YoY)

- Full-year forecast: net sales of 11.40 billion yen (up 5.9% YoY), operating profit of 0.27 billion yen (down 21.3% YoY), ordinary profit of 0.34 billion yen (down 30.5% YoY), and net income attributable to owners of the parent of 0.22 billion yen (down 34.7% YoY)

Progress in the first quarter has been steady relative to the full-year forecast. Also, in the second quarter, there appear to be signs that customers, in response to heightened geopolitical risk, are moving ahead of schedule to secure volume. Generally speaking, this is a phase in which, in addition to increased volume, it is easier to pass higher procurement costs through to prices. However, because procurement and inventory risks also increase, fluctuations in business performance may become larger. This should be noted.

◇ News on new businesses continues

The company is promoting new business development as a long-term growth strategy. Since the start of the year, the following two news items have been announced.

• "Next-generation femtech: Discovery of the PMS-mitigating effect of intake of lactic acid bacterium 'KB-1' and joint filing of a use patent" (March 27, 2026)

As a result of joint research and a human clinical trial with LAB Biotech, a startup originating from Hokkaido University, the company discovered that the lactic acid bacterium "KB-1" has an effect in alleviating symptoms associated with premenstrual syndrome (PMS) and jointly filed a patent application for a new use of "KB-1."

"KB-1" is said to enhance the absorption of soy isoflavones and, according to the company, has been shown to alleviate physical and mental symptoms associated PMS through its intake. Going forward, the company aims to develop and sell supplements for people with PMS from the end of 2026 to the beginning of 2027 and also plans to consider notification as a Food with Function Claims.

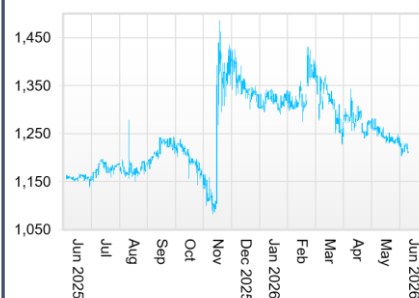
1Q update report

Pharmaceuticals and pharmaceutical wholesalers

As of June 16, 2026

Share price (6/15)	1,228 Yen
52weeks high/low	¥1,486/1,083
Avg Vol (3 month)	5.3 thou shrs
Market Cap	¥7.42 bn
Enterprise Value	¥3.76 bn
PER (26/12 CE)	31.7 X
PBR (25/12 act)	0.7 X
Dividend Yield (26/12)	4.0 %
ROE (25/12)	3.7 %
Operating margin (25/12)	3.2 %
Beta (5Y Monthly)	0.2
Shares Outstanding	6.048 mn shrs
Listed market	TSE Standard

Share price performance



Points of interest

A bio-focused trading company that upholds the objective of "contributing to the advancement of life sciences." As one of the major providers of reagents for life science research, it offers up to 10 million items from approximately 500 suppliers worldwide to meet researchers' diverse needs. If the results of the priority strategies in the Medium-term Management Plan 2028 begin to appear, and if the high-value-added enhancement and globalization of its trading company functions, as well as the strengthening of its manufacturing/development and service functions through new businesses progress, a development in which PBR exceeds 1x can be expected based on expectations for improvement in ROE.

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

- **“Notice Regarding the Start of Construction of a New Poultry House for the Expansion of the Chicken Egg Bioreactor Business” (May 14, 2026)**

A new poultry house will be built in Otaru, Hokkaido, and is scheduled to begin operations around winter 2026. The number of chickens that can be raised will double.

The main purposes are the “plan to create 50 types of genome-edited chickens by 2028” and the “maintenance and management of chickens expressing the sweet protein brazzein.” Regarding the latter, for the brazzein-expressing chickens successfully created in 2025, the company plans to establish a method for the mass purification of the protein and to conduct various evaluations, including safety assessments.

Brazzein is a natural, plant-derived protein, and its quality can be maintained under the stringent manufacturing processes used in the processed food and beverage industries, with expectations rising for it as a next-generation sweetener.

◇ **Stock price trend and points of focus going forward**

The stock price has remained on an upward trend since 2024. After the November 13, 2025, news release, “Successful development and manufacturing of the sweet protein ‘brazzein’ using the chicken egg bioreactor,” it reached a recent high of 1,486 yen. It continued to move within a high range. However, because the full-year financial results announced on February 13, 2026, indicated an increase in revenue but a decrease in profit for FY12/2026, the stock price has been weak. These two news items mentioned above also did not lead to movements in the stock price.

The current valuation is a PBR of 0.74x and a forecast dividend yield of 4.0%, and downside risk to the stock price appears limited. However, the forecast PER is 32x, and the actual ROE is 3.7%. For the stock price to re-enter an upward trajectory, expectations for business performance will need to rise.

Specific points of focus are as follows:

- **Whether FY12/2026 business performance will exceed the company forecast:** trends in the USD/JPY exchange rate, linking customer trends in response to geopolitical risk to increased earnings, and improving labor productivity through the promotion of DX, among other factors.
- **Whether medium- to long-term growth potential will become concrete:** the globalization of trading company functions progressing and reducing foreign exchange risk at the company-wide level, Scientist Cube, which is a contract service matching platform, beginning operations, and the development of and concrete earnings potential for value-added businesses such as the chicken egg bioreactor business, the Healthcare Science business (including the supplement business using lactic acid bacterium “KB-1”), and the peptide manufacturing business.

If new medium- to long-term growth drivers become clear, a scenario can be fully envisaged in which expectations for future ROE improvement push up the stock price and eliminate the discount to book value. It can be said that this is a phase in which news releases regarding new businesses should be watched more closely than before.

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 10 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.

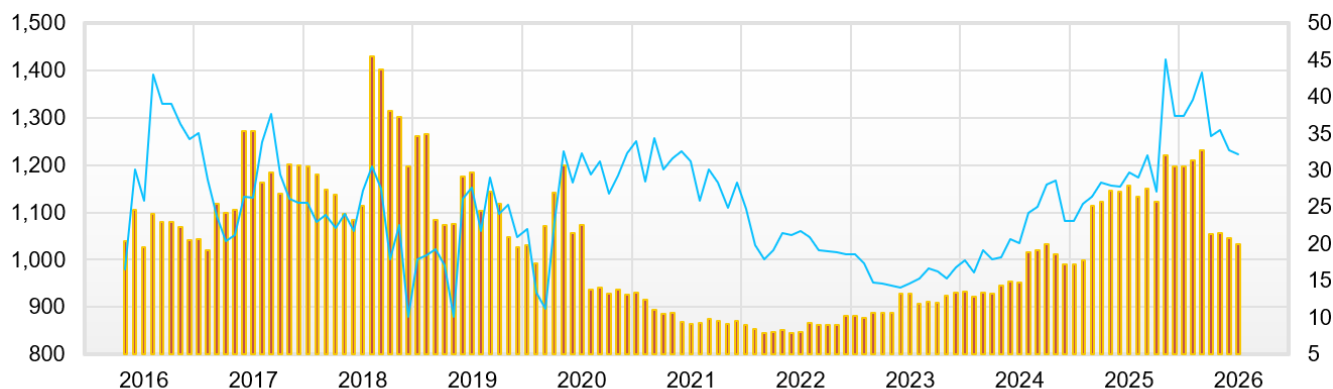
Key financial data

Unit: million yen	2021/12	2022/12	2023/12	2024/12	2025/12	2026/12 CE
Sales	9,231	9,553	9,340	10,037	10,766	11,400
EBIT (Operating Income)	1,050	817	521	319	342	270
Pretax Income	1,099	790	653	369	504	
Net Profit Attributable to Owner of Parent	737	517	442	262	337	220
Cash & Short-Term Investments	3,555	3,036	3,025	2,693	2,946	
Total assets	10,072	10,313	10,872	11,723	12,662	
Total Debt	28	27	25	23	22	
Net Debt	-3,527	-3,009	-3,000	-2,670	-2,924	
Total liabilities	1,750	1,693	1,844	2,166	2,704	
Total Shareholders' Equity	7,787	8,052	8,445	8,968	9,373	
Net Operating Cash Flow	648	306	744	241	595	
Capital Expenditure	156	119	120	319	344	
Net Investing Cash Flow	-145	-313	-766	-217	43	
Net Financing Cash Flow	-420	-236	-201	-479	-283	
Free Cash Flow	617	251	677	25	366	
ROA (%)	7.48	5.07	4.17	2.32	2.76	
ROE (%)	9.73	6.53	5.36	3.01	3.66	
EPS (Yen)	126.9	89.1	75.8	45.0	59.3	38.8
BPS (Yen)	1,344.5	1,385.1	1,447.2	1,565.0	1,651.9	
Dividend per Share (Yen)	36.00	36.00	30.00	50.00	50.00	50.00
Shares Outstanding (Million shares)	6.05	6.05	6.05	6.05	6.05	

Source: Calculated by Omega Investment based on FactSet's standard criteria, rounded to the nearest whole number.

Share price

PE - LTM (Right) Price (Left)



Financial data (quarterly basis)

Unit: million yen	2024/12				2025/12				2026/12
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q
(Income Statement)									
Sales	2,943	2,186	2,280	2,628	3,093	2,309	2,483	2,881	3,331
Year-on-year	4.1%	9.4%	11.2%	6.7%	5.1%	5.6%	8.9%	9.6%	7.7%
Cost of Goods Sold (COGS)	1,956	1,460	1,522	1,770	2,034	1,502	1,612	1,916	2,195
Gross Income	987	726	758	858	1,059	807	871	965	1,136
Gross Income Margin	33.5%	33.2%	33.2%	32.6%	34.2%	35.0%	35.1%	33.5%	34.1%
SG&A Expense	681	708	713	908	785	805	871	898	864
EBIT (Operating Income)	306	18	45	-50	274	2	0	67	272
Year-on-year	-23.7%	-69.0%	-509.1%	-168.5%	-10.5%	-88.9%	-100.0%	-234.0%	-0.7%
Operating Income Margin	10.4%	0.8%	2.0%	-1.9%	8.9%	0.1%	0.0%	2.3%	8.2%
EBITDA	336	50	79	-10	308	40	41	121	318
Pretax Income	353	37	48	-69	321	50	26	107	335
Consolidated Net Income	240	27	34	-32	220	35	22	56	233
Minority Interest	10	-2	2	-3	7	-2	-1	-7	10
Net Income ATOP	230	28	33	-29	212	38	22	65	222
Year-on-year	-12.9%	-71.1%	560.0%	-138.2%	-7.8%	35.7%	-33.3%	-324.1%	4.7%
Net Income Margin	7.8%	1.3%	1.4%	-1.1%	6.9%	1.6%	0.9%	2.3%	6.7%
(Balance Sheet)									
Cash & Short-Term Investments	2,813	3,224	3,044	2,693	2,497	3,192	3,192	2,946	3,242
Total assets	11,594	11,739	11,333	11,723	11,516	11,790	12,266	12,662	12,539
Total Debt	316	418	370	23	345	490	667	22	641
Net Debt	-2,497	-2,806	-2,674	-2,670	-2,152	-2,702	-2,525	-2,924	-2,601
Total liabilities	2,101	1,953	1,853	2,166	2,160	2,114	2,396	2,704	2,488
Total Shareholders' Equity	8,903	9,197	8,889	8,968	8,763	9,084	9,279	9,373	9,459
(Profitability %)									
ROA	3.66	3.01	3.31	2.32	2.12	2.15	2.07	2.76	2.88
ROE	4.76	3.84	4.23	3.01	2.77	2.77	2.69	3.66	3.80
(Per-share) Unit: JPY									
EPS	39.4	4.8	5.7	-5.1	37.1	6.7	3.9	11.5	39.1
BPS	1,525.8	1,569.7	1,532.0	1,565.0	1,536.8	1,597.1	1,635.1	1,651.9	1,667.5
Dividend per Share	0.00	14.00	0.00	36.00	0.00	25.00	0.00	25.00	0.00
Shares Outstanding (million shares)	6.05	6.05	6.05	6.05	6.05	6.05	6.05	6.05	6.05

Source: Calculated by Omega Investment based on FactSet's standard criteria, rounded to the nearest whole number.

Financial data (full-year basis)

Unit: million yen	2016/12	2017/12	2018/12	2019/12	2020/12	2021/12	2022/12	2023/12	2024/12	2025/12
(Income Statement)										
Sales	7,427	7,068	7,261	7,590	8,092	9,231	9,553	9,340	10,037	10,766
Year-on-year	1.0%	-4.8%	2.7%	4.5%	6.6%	14.1%	3.5%	-2.2%	7.5%	7.3%
Cost of Goods Sold	4,655	4,535	4,607	4,710	4,940	5,572	6,112	6,090	6,708	7,064
Gross Income	2,772	2,533	2,654	2,880	3,152	3,659	3,441	3,250	3,329	3,702
Gross Income Margin	37.3%	35.8%	36.6%	37.9%	39.0%	39.6%	36.0%	34.8%	33.2%	34.4%
SG&A Expense	2,257	2,339	2,330	2,474	2,399	2,609	2,624	2,729	3,010	3,359
EBIT (Operating Income)	515	194	324	406	753	1,050	817	521	319	342
Year-on-year	157.5%	-62.3%	67.0%	25.3%	85.5%	39.4%	-22.2%	-36.2%	-38.8%	7.2%
Operating Income Margin	6.9%	2.7%	4.5%	5.3%	9.3%	11.4%	8.6%	5.6%	3.2%	3.2%
EBITDA	600	350	507	613	928	1,216	958	669	455	509
Pretax Income	456	400	403	388	1,008	1,099	790	653	369	504
Consolidated Net Income	276	250	278	246	701	768	552	461	269	333
Minority Interest	22	12	17	8	27	31	35	19	7	-3
Net Income ATOP	254	237	260	237	674	737	517	442	262	337
Year-on-year	10.4%	-6.7%	9.7%	-8.8%	184.4%	9.3%	-29.9%	-14.5%	-40.7%	28.6%
Net Income Margin	3.4%	3.4%	3.6%	3.1%	8.3%	8.0%	5.4%	4.7%	2.6%	3.1%
(Balance Sheet)										
Cash & Short-Term Investments	1,948	1,483	2,268	2,516	3,259	3,555	3,036	3,025	2,693	2,946
Total assets	7,934	8,126	8,501	8,890	9,640	10,072	10,313	10,872	11,723	12,662
Total Debt	20	20	20	20	20	28	27	25	23	22
Net Debt	-1,928	-1,463	-2,248	-2,496	-3,239	-3,527	-3,009	-3,000	-2,670	-2,924
Total liabilities	1,350	1,286	1,445	1,566	1,776	1,750	1,693	1,844	2,166	2,704
Total Shareholders' Equity	6,135	6,381	6,581	6,843	7,358	7,787	8,052	8,445	8,968	9,373
(Cash Flow)										
Net Operating Cash Flow	573	294	909	569	803	648	306	744	241	595
Capital Expenditure	252	546	152	171	76	156	119	120	319	344
Net Investing Cash Flow	99	-440	-186	-135	42	-145	-313	-766	-217	43
Net Financing Cash Flow	-107	-109	-85	-85	-97	-420	-236	-201	-479	-283
Free Cash Flow	444	-185	858	428	767	617	251	677	25	366
(Profitability %)										
ROA	3.23	2.96	3.14	2.74	7.27	7.48	5.07	4.17	2.32	2.76
ROE	4.20	3.80	4.03	3.55	9.49	9.73	6.53	5.36	3.01	3.66
Net profit margin	3.42	3.37	3.59	3.14	8.33	7.98	5.41	4.73	2.61	3.12
Asset turnover ratio	0.94	0.88	0.87	0.87	0.87	0.94	0.94	0.88	0.89	0.88
Financial leverage	1.30	1.28	1.28	1.30	1.30	1.30	1.29	1.28	1.30	1.33
(Per-share) Unit: JPY										
EPS	42.8	40.0	43.9	40.0	113.7	126.9	89.1	75.8	45.0	59.3
BPS	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	1,651.9
Dividend per Share	18.00	14.00	14.00	14.00	34.00	36.00	36.00	30.00	50.00	50.00
Shares Outstanding (million shares)	6.05	6.05	6.05	6.05	6.05	6.05	6.05	6.05	6.05	6.05

Source: Calculated by Omega Investment based on FactSet's standard criteria, rounded to the nearest whole number.



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