Omega Investment

Cosmo Bio (TYO: 3386)

FY12/2026 2Q results exceeded the initial forecast

2Q update report

Pharmaceuticals and pharmaceutical wholesalers

As of September 4, 2026

◇ FY12/2026 2Q financial results highlights: Solid progress

Cosmo Bio's FY12/2026 2Q (interim period) financial results, announced on August 5, 2026, came in above the initial forecast (Note: earnings forecast revision announced on July 24, 2026).

Net sales were 5.91 billion yen (up 9.5% YoY), operating profit was 0.28 billion yen (up 1.2% YoY), ordinary profit was 0.34 billion yen (down 0.8% YoY), and interim net income attributable to owners of the parent was 0.28 billion yen (up 10.5% YoY).

The USD/JPY exchange rate weakened to 155 yen/USD (149 yen/USD in the same period of the previous fiscal year), which was a headwind for the company given its high dependence on imports. However, exports and contract services performed strongly, while orders for consumables also increased amid heightened tensions in the Middle East. As a result, gross profit increased 9.3% YoY, while the gross profit margin was 34.5%, almost unchanged YoY. Although operating profit grew only slightly, this reflected increased investment in human capital and R&D and suggests the company continues to invest actively for growth. Overall, the results are positive. The company also sold a portion of its investment securities. Inventory was controlled, and the cash balance increased.

Consolidated Statement of Income

コスモ・バイオ株式会社

(Unit : million yen)		1H FY2025/12	1H FY2026/12 Forecast	1H FY2026/12 Actual	vs. Forecast	YoY	
Net sales	Reagents	4,337	5,700	4,694	3.8%	9.5%	Strong exports and contract services; steady reagent and equipment sales
	Equipment	1,065		1,219			
Gross profit		1,866	–	2,040	–	9.3%	Gross margin held steady YoY despite weaker yen
SG&A		1,590	–	1,760	–	10.7%	Increased investments in human capital and R&D
Operating Income		276	170	279	64.5%	1.2%	
Ordinary Income		343	200	340	70.2%	(0.8%)	
Net income (attributable to owners of the parent)		250	130	277	113.3%	10.5%	Gain on sale of investment securities, etc.

◇ FY12/2026 full-year earnings forecast: Minor revision

The full-year earnings forecast was revised slightly on July 24, 2026, and the revised forecast was left unchanged in this earnings announcement. Net sales are forecast at 11.50 billion yen (up 6.8% YoY), operating profit at 0.27 billion yen (down 21.3% YoY), ordinary profit at 0.38 billion yen (down 22.4% YoY), and net income attributable to owners of the parent at 0.32 billion yen (down 5.1% YoY).

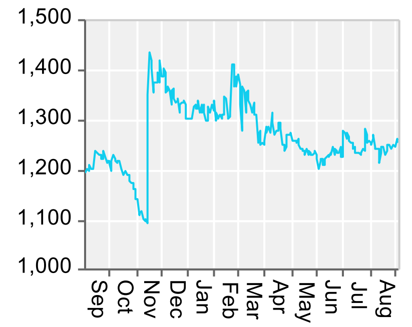
Despite first-half results exceeding the forecast, the full-year forecast increase was limited. This is because the assumed exchange rate for the second half was revised to 160 yen/USD (from the initial assumption of 152 yen/USD), incorporating higher costs for the domestic import purchasing and sales business, and because the company plans to make proactive investments to strengthen global sales and fully develop new businesses.

Amid the continuing trend of yen depreciation, the company's stance of aiming to exceed its initial business plan while continuing to invest for growth deserves appropriate recognition.

Share price (9/3) **1,251 Yen**

52weeks high/low	¥1,486/1,083
Avg Vol (3 month)	5.4 thou shrs
Market Cap	¥7.56 bn
Enterprise Value	¥3.15 bn
PER (26/12 CE)	22.2 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.

Full-Year Earnings Outlook

コスモ・バイオ株式会社

(Unit : millions yen)	FY2025/12 Actual	FY2026/12 Forecast	FY2026/12 Revised forecast (※)	vs.FY2025/12 (Forecast)	vs.FY2025/12 (Revised)
Net Sales	10,766	11,400	11,500	5.9%	6.8%
Operating Income	343	270	270	(21.3%)	(21.3%)
Ordinary Income	489	340	380	(30.5%)	(22.4%)
Net income (attributable to owners of the parent)	337	220	320	(34.7%)	(5.1%)

(JPY/USD)	FY2025/12 Full year actual	1H FY2026/12 Actual	2H FY2026/12 Forecast
Average exchange rate	149	155	160

※Financial forecast revised on July 24, 2026

◇ News on new businesses continues

Following "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) and "Notice Regarding the Start of Construction of a New Poultry House for the Expansion of the Chicken Egg Bioreactor Business" (May 14, 2026), the following release has also been announced. The company appears to be steadily taking steps toward creating high-value-added businesses.

· **Notice regarding the selection of the "Development of a Low-Cost Production Process for Sweet Protein Using the Chicken Egg Bioreactor" for the "Research and Development Support Program for Growth-Oriented SMEs and Other Businesses" (June 30, 2026)**

The company was selected as a subsidized business operator under the Small and Medium Enterprise Agency's FY2026 budget program, the "Research and Development Support Program for Growth-Oriented SMEs and Other Businesses (Go-Tech Program)." The R&D project involves developing a low-cost production process for the sweet protein brazzein using the chicken egg bioreactor. Brazzein could become an ingredient that lets people "enjoy sweetness without gaining weight," and expectations are rising for its commercialization potential.

◇ Stock price trend and points of focus going forward

The stock price has remained on an upward trend since 2024, and following 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 and continued to trade within a high range. However, because the FY12/2026 earnings forecast announced with the full-year financial results on February 13, 2026 called for higher revenue but lower profit, the stock has continued to face upside resistance. News of new businesses has also not been enough to move the stock price significantly.

The current valuation is a PBR of 0.73x and a forecast dividend yield of 4.0%, suggesting limited downside risk. However, the forecast PER is 22x and actual ROE is 3.7%, and for the stock price to re-enter an upward trajectory, earnings expansion and greater clarity regarding the potential of new businesses will likely be necessary.

Specific points of focus are:

· **Whether FY12/2026 business performance will exceed the company forecast**: trends in the USD/JPY exchange rate, improvements in labor productivity through the promotion of DX, among other factors.

· **Whether medium- to long-term growth potential will become concrete**: progress in the globalization of trading company functions and the resulting reduction in foreign exchange risk at the company-wide level, the launch of Scientist[3], a contract service matching platform, and the development of and clearer earnings potential for value-added businesses such as the chicken egg bioreactor business and the lactic acid bacteria business.

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

Company profile

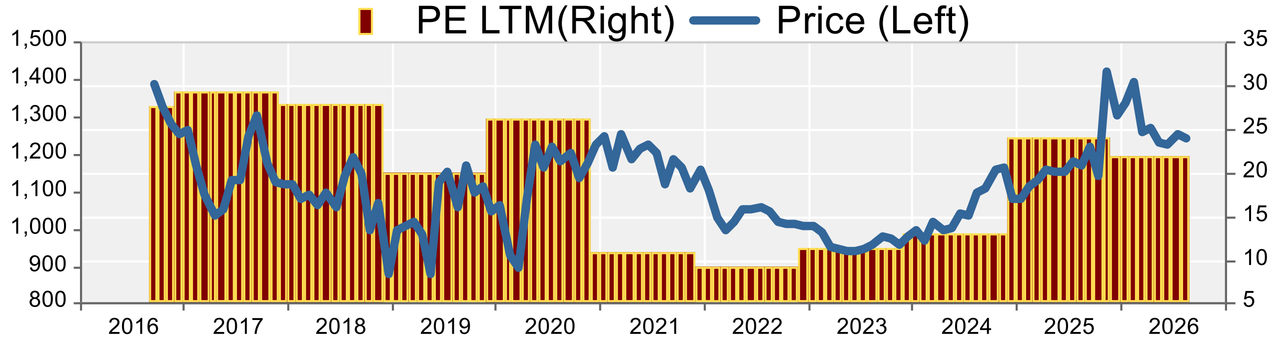
Cosmo Bio Co., Ltd. is a bio-focused trading company that upholds the objective of "contributing to the advancement of life sciences." It is one of the major providers of reagents for life science research, supplying as many as 10 million items from about 500 manufacturers worldwide. In recent years, 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	11,500
EBIT (Operating Profit)	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	320
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	56.3
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



Financial data (quarterly basis)

Unit: million yen	2024/12			2025/12				2026/12	
	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q
(Income Statement)									
Sales	2,186	2,280	2,628	3,093	2,309	2,483	2,881	3,331	2,583
Year-on-year	9.4%	11.2%	6.7%	5.1%	5.6%	8.9%	9.6%	7.7%	11.9%
Cost of Goods Sold (COGS)	1,460	1,522	1,770	2,034	1,502	1,612	1,916	2,195	1,678
Gross Profit	726	758	858	1,059	807	871	965	1,136	905
Gross Profit Margin	33.2%	33.2%	32.6%	34.2%	35.0%	35.1%	33.5%	34.1%	35.0%
SG&A Expense	708	713	908	785	805	871	898	864	896
EBIT (Operating Profit)	18	45	-50	274	2	0	67	272	9
Year-on-year	-69.0%	-509.1%	-168.5%	-10.5%	-88.9%	-100.0%	-234.0%	-0.7%	350.0%
Operating Profit Margin	0.8%	2.0%	-1.9%	8.9%	0.1%	0.0%	2.3%	8.2%	0.3%
EBITDA	50	79	-10	308	40	41	121	318	56
Pretax Income	37	48	-69	321	50	26	107	335	74
Consolidated Net Income	27	34	-32	220	35	22	56	233	56
Minority Interest	-2	2	-3	7	-2	-1	-7	10	2
Net Income ATOP	28	33	-29	212	38	22	65	222	55
Year-on-year	-71.1%	560.0%	-138.2%	-7.8%	35.7%	-33.3%	-324.1%	4.7%	44.7%
Net Income Margin	1.3%	1.4%	-1.1%	6.9%	1.6%	0.9%	2.3%	6.7%	2.1%
(Balance Sheet)									
Cash & Short-Term Investments	3,224	3,044	2,693	2,497	3,192	3,192	2,946	3,242	4,068
Total assets	11,739	11,333	11,723	11,516	11,790	12,266	12,662	12,539	12,844
Total Debt	418	370	23	345	490	667	22	641	737
Net Debt	-2,806	-2,674	-2,670	-2,152	-2,702	-2,525	-2,924	-2,601	-3,331
Total liabilities	1,953	1,853	2,166	2,160	2,114	2,396	2,704	2,488	2,492
Total Shareholders' Equity	9,197	8,889	8,968	8,763	9,084	9,279	9,373	9,459	9,758
(Profitability %)									
ROA	3.01	3.31	2.32	2.12	2.15	2.07	2.76	2.88	2.95
ROE	3.84	4.23	3.01	2.77	2.77	2.69	3.66	3.80	3.85
(Per-share) Unit: JPY									
EPS	4.8	5.7	-5.1	37.1	6.7	3.9	11.5	39.1	9.6
BPS	1,569.7	1,532.0	1,565.0	1,536.8	1,597.1	1,635.1	1,651.9	1,667.5	1,712.6
Dividend per Share	14.00	0.00	36.00	0.00	25.00	0.00	25.00	0.00	25.00
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 Profit	2,772	2,533	2,654	2,880	3,152	3,659	3,441	3,250	3,329	3,702
Gross Profit 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 Profit)	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 Profit 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 Profit	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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