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## Financial Results for the Nine Months Ended March 31, 2025 (Japanese Accounting Standards)

May 14, 2025

Company name: TAUNS Laboratories, Inc.  
Listing: Tokyo Stock Exchange  
Code no.: 197A  
URL: <https://www.tauns.co.jp/>  
Representative: Masaki Nonaka, President and CEO  
Contact person: Yoshio Uchiyama, Director and CFO  
Telephone: +81-55-957-3090  
Scheduled date of payment of cash dividends: -  
The additional material of the Financial Results: Yes  
The briefing session of the Financial Results: No

(Amounts less than one million yen are rounded down.)

### 1. Financial Results for the Nine Months Ended March 31, 2025 (July 1, 2024 - March 31, 2025)

(1) Operating results (Percent indications show percentage of changes from corresponding figures for the previous period)

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Nine Months Ended								
March 31, 2025	17,607	7.6	9,330	13.4	9,296	12.7	6,645	12.5
March 31, 2024	16,371	—	8,226	—	8,249	—	5,906	—

	Basic earnings per share	Diluted earnings per share
	yen	yen
Nine Months Ended		
March 31, 2025	65.53	61.69
March 31, 2024	59.07	—

Note: No financial results for the nine months ended March 31, 2023 being prepared, the increase/decrease ratio compared to the nine months period of the FY2024 are not presented.

### (2) Financial position

	Total assets	Net assets	Net assets as a percentage of total assets
	Millions of yen	Millions of yen	%
FY2025 3 <sup>rd</sup> quarter	37,635	17,672	46.9
FY2024	29,261	13,666	46.7

Reference: Net assets excluding share subscription rights: 17,666 million yen as of March 31, 2025,  
13,658 million yen as of June 30, 2024

### 2. Dividends

	Annual cash dividends per share				
	At 1 <sup>st</sup> quarter end	At 2nd quarter end	At 3rd quarter end	At fiscal year end	Total
	yen	yen	yen	yen	yen
FY2024	—	6.00	—	21.75	27.75
FY2025	—	6.00	—	—	—
FY2025 (Forecast)	—	—	—	22.00	28.00

Note 1. Changes in dividends forecast for FY2025 from the latest disclosure: No  
2. The year-end dividends for the FY2024 include special dividend of 11.10 yen.  
3. The year-end dividends for the FY2025 include special dividend of 10.00 yen.

### 3. Forecast of operating results for FY2025 (July 1, 2024 - June 30, 2025)

(Indications show percentage of changes from corresponding figures for the previous period)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	yen
FY2025	19,273	4.5	8,308	3.5	8,316	6.1	6,019	4.2	59.79

Note Changes in forecast of operating results for FY 2025 from the latest disclosure: No

※ Notes

(1) Adoption of specific accounting policies for quarterly financial statements: Yes

Note: See attached page 8 (3) Notes to quarterly financial statements – (Notes to adoption of specific accounting policies for quarterly financial statements)

(2) Changes in accounting policies, accounting estimation change and restatement

- ① Changes in accounting policies due to the revision of the accounting standards : None
- ② Changes in accounting policies except for those in ① : None
- ③ Changes due to accounting estimation change : None
- ④ Restatement : None

(3) Number of shares issued (common stock)

① Number of shares issued at the end of the period (including treasury stocks)

② Number of treasury stocks at the end of the period

③ The average number of shares issued during the nine months ended March

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FY2025 3 <sup>rd</sup> quarter	102,391,025shares	FY2024	100,000,000shares
FY2025 3 <sup>rd</sup> quarter	— shares	FY2024	— shares
FY2025 3 <sup>rd</sup> quarter	101,412,100shares	FY2024 3 <sup>rd</sup> quarter	100,000,000shares

(Note) No semiannual Financial Results being prepared for the 1st half of FY2024, the average number of shares issued during the 1st half of FY2024 is not presented.

※ Review by external auditor: Yes (Optional)

※ Explanation regarding the appropriate use of forecast of business results

The financial forecast is based on judgments and estimates that have been made on the basis of currently available information.

By nature, such financial forecast is subject to uncertainty and risk. Therefore, you are advised that the final results might be significantly different from the aforementioned forecast due to changes in economic environments related to our business, market trends and exchange rate, etc.

Please refer to “Overview of the operating results, etc., (3) Explanation of future forecast information, including earnings forecasts” on page 4 for the assumptions used in forecasting business results and precautions regarding the use of business results forecasts.

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Independent Auditor's Interim Review Report on Quarterly Financial Statements

# 1. Overview of the operating results, etc.

## (1) Overview of business performance for the current quarter

During the third quarter cumulative period (1 July 2024 to 31 March 2025), the global economy remained unstable, with continued uncertainty due to factors such as the prolonged crisis in Ukraine and signs of escalating conflict in the Middle East.

In the in vitro diagnostics industry, despite the repeated cycles of expansion and contraction of the COVID-19 pandemic since COVID-19 was designated a Class 5 infectious disease in May 2023, the 12th wave of the pandemic, which emerged in December 2024, remained relatively small compared to previous waves but continued to spread gradually.

In addition, in the same period of the previous year, influenza was prevalent for an extended period from around September to March of the following year, resulting in sustained high demand for influenza test kits and combo test kits that can simultaneously test for influenza and COVID-19 in medical institutions. As a result, we were forced to adjust deliveries due to product shortages. On the other hand, the third quarter of the current financial year saw a significant increase in demand for our products due to the large outbreak of influenza during the holiday season. In contrast to the previous quarter, we had sufficient inventories, resulting in higher sales in the third quarter compared to the same period last year.

<Quarterly net sales trend> (Unit: millions of yen)

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Total
FY2023	6,326	4,106	2,401	2,839	15,673
FY2024	6,943	4,673	4,754	2,063	18,434
FY2025	6,419	5,561	5,626	—	—

In terms of quarterly sales performance, the first quarter was the highest of any quarter. However, it should be noted that sales for the fiscal year ended June 2023 included approximately 1.4 billion yen of one-time sales of COVID-19 single-test kits to local governments.

<Nine-month Period P/L Comparison> (Unit: millions of yen)

	FY2023 Nine months	FY2024 Nine months	FY2025 Nine months	Increase/(decrease)
Net sales	12,834	16,371	17,607	7.6%
(including sales to local governments)	1,634	159	—	—
Gross profit	8,155	11,310	12,685	12.2%
Gross profit ratio (%)	63.5%	69.1%	72.0%	2.9%
Operating income	4,949	8,226	9,330	13.4%
Operating income ratio (%)	38.6%	50.2%	53.0%	2.8%
Ordinary income	4,940	8,249	9,296	12.7%
Ordinary income ratio (%)	38.5%	50.4%	52.8%	2.4%
Interim net income	3,374	5,906	6,645	12.5%
Interim net income ratio (%)	26.3%	36.1%	37.7%	1.6%

Comparing profit and loss for the three quarters to date, in FY 2024 we were forced to adjust deliveries mainly of combo test kits due to a longer than expected influenza epidemic, whereas in FY 2025, although the influenza epidemic started later than in the same period of the previous year, we were able to secure sufficient inventory levels after the epidemic began in earnest in December, resulting in an increase in sales compared to the same period of the previous year. In addition, as described below, the higher proportion of high-margin products such as combo test kits in sales led to improved margins at each stage, resulting in an increase in profit.

<3<sup>rd</sup> quarter from January to March P/L Comparison> (Unit: millions of yen)

	FY2023 3 <sup>rd</sup> quarter	FY2024 3 <sup>rd</sup> quarter	FY2025 3 <sup>rd</sup> quarter	Increase/(decrease)
Net sales	2,401	4,754	5,626	18.4%
(including sales to local governments)	—	—	—	—
Gross profit	1,512	3,377	3,964	17.4%
Gross profit ratio (%)	63.0%	71.0%	70.5%	(0.5%)
Operating income	526	2,371	2,792	17.7%
Operating income ratio (%)	21.9%	49.9%	49.6%	(0.3%)
Ordinary income	525	2,371	2,771	16.8%
Ordinary income ratio (%)	21.9%	49.9%	49.2%	(0.7%)
Quarterly net income	361	1,686	1,958	16.1%
Quarterly net income ratio (%)	15.0%	35.5%	34.8%	(0.7%)

Comparing the results for the third quarter of the previous fiscal year,, we have seen an increase in both sales and profits. In the same period last year, inventory levels remained low throughout the quarter, forcing us to adjust shipments. In the current financial year, however, we entered the third quarter with sufficient stock levels and, against the background of a large outbreak of influenza over the Christmas and New Year period, which resulted in a significant number of unshipped orders being carried over to the next financial year, we achieved an increase in both sales and profits.

<Nine-month Period Sales by main product> (Unit: millions of yen)

Sales by main product	FY2023 Nine months	FY2024 Nine months (a)	FY2025 Nine months (b)	(b) / (a)
COVID-19 single-test kits	7,943	3,957	4,671	18.0%
Influenza/COVID-19 combo test kits	2,491	6,041	7,728	27.9%
Influenza test kits	1,079	3,866	3,253	(15.9%)
Others	1,319	2,505	1,954	(22.0%)
Total	12,834	16,371	17,607	7.6%

Looking at sales by major product in the third quarter, sales of combo test kits increased significantly compared to the same period last year. Although shipment adjustments had a significant impact in the same period last year, we believe that sufficient inventory was secured in the current period, which was the main factor behind the increase in sales. Sales of COVID-19 single-test kits and influenza test kits decreased due to the impact of a smaller epidemic compared to the same period last year and a shift in demand towards combo test kits, despite an increase in our market share.

<3rd quarter from January to March Sales by main product> (Unit: millions of yen)

Sales by main product	FY2023 3 <sup>rd</sup> quarter	FY2024 3 <sup>rd</sup> quarter (a)	FY2025 3 <sup>rd</sup> quarter (b)	(b) / (a)
COVID-19 single-test kits	755	914	725	(20.6%)
Influenza/COVID-19 combo test kits	802	1,831	3,148	72.0%
Influenza test kits	571	1,177	1,173	(0.4%)
Others	271	831	579	(30.3%)
Total	2,401	4,754	5,626	18.4%

Looking at sales by major product in the third quarter, sales of combo test kits increased significantly compared to the same period last year. Although shipment adjustments had a significant impact in the same period last year, we believe that sufficient inventory was secured in the current period, which was the main factor behind the increase in sales. Sales of COVID-19 single-item test kits and influenza test kits decreased due to the impact of a smaller epidemic compared to the same period last year and a shift in demand towards combo test kits, despite an increase in our market share.

Under these circumstances, we made every effort to fulfil our social responsibility as a test kit supplier in line with our corporate slogan "Peace of mind through diagnostic technology".

As a result, net sales for the first nine months of the fiscal year increased 7.6% year on year to 17,607,916 thousand yen, and operating income increased 13.4% year on year to 9,330,725 thousand yen. In addition, ordinary income reached 9,296,321 thousand yen (up 12.7% year on year), and net income for the quarter was 6,645,499 thousand yen (up 12.5% year on year).

(2) Overview of financial position as of the current quarter

At the end of the third quarter of the current financial year, total assets increased by 8,373,808 thousand yen compared with the end of the previous financial year, reaching 37,635,134 thousand yen. This increase was mainly due to a significant increase in sales due to the impact of the 12th wave of the COVID-19 pandemic and the widespread influenza outbreak at the end of the year, which led to an increase in accounts receivable, an increase in construction in progress related to the new factory, and an increase in investment securities and other fixed assets.

Total liabilities increased by 4,368,517 thousand yen compared with the end of the previous fiscal year, reaching 19,963,083 thousand yen. This was mainly due to an increase in long-term loans resulting from the financing of investments related to the new factory.

Total equity increased by 4,005,290 thousand yen compared with the end of the previous fiscal year, reaching 17,672,050 thousand yen. This was mainly due to an increase in retained earnings because of a significant increase in quarterly net income, despite the payment of dividends.

(3) Explanation of future forecast information, including earnings forecasts

Regarding the full-year performance forecast for the financial year ending June 2025, we currently maintain the forecast announced on 13 August 2024.

In the third quarter cumulative period, there was strong demand for our test kits during the year-end and New Year period due to the largest-ever outbreak of influenza at fixed observation points in December, resulting in steady performance.

However, fourth-quarter performance is subject to infectious disease trends and it is currently difficult to accurately predict fourth-quarter performance. If we determine that a revision is necessary when a more accurate outlook becomes available, we will announce it promptly.

## 2. Quarterly Financial Statements

### (1) Quarterly Balance sheet

(Unit: thousands of yen)

	Prior fiscal year (As of June 30, 2024)	Current third quarter (As of March 31, 2025)
<b>Assets</b>		
Current assets		
Cash on hand and in banks	9,424,891	8,580,850
Accounts receivable – trade	2,706,864	4,975,283
Merchandise and finished goods	2,731,012	2,442,719
Work in process	846,011	1,161,595
Raw materials and supplies	1,140,425	1,409,892
Other	66,508	183,548
Total current assets	16,915,714	18,753,889
Fixed assets		
Property, plant and equipment		
Construction in progress	3,972,673	8,020,993
Other	3,932,553	4,130,867
Total property, plant and equipment	7,905,227	12,151,860
Intangible fixed assets		
Customer related assets	2,726,400	2,556,000
Technology related assets	696,266	621,666
Other	298,204	687,994
Total of intangible fixed assets	3,720,871	3,865,660
Investments and other assets	719,512	2,863,723
Total fixed assets	12,345,611	18,881,245
Total assets	29,261,325	37,635,134

(Unit: thousands of yen)

	Prior fiscal year (As of June 30, 2024)	Current third quarter (As of March 31, 2025)
<b>Liabilities</b>		
Current liabilities		
Accounts payable – trade	1,482,761	1,296,994
Short-term borrowings	4,500,000	4,500,000
Current portion of long-term borrowings	732,000	831,996
Accrued income taxes	1,706,274	1,547,245
Allowance for bonuses	427,577	230,597
Allowance for bonuses to directors	27,991	—
Other	1,597,837	2,442,845
Total current liabilities	10,474,442	10,849,679
Long-term liabilities		
Long-term borrowings	4,307,000	8,300,004
Deferred tax liabilities	619,491	620,229
Accrued retirement benefits	181,631	181,171
Asset retirement obligations	12,000	12,000
Total long-term liabilities	5,120,123	9,113,404
Total liabilities	15,594,565	19,963,083
<b>Net assets</b>		
Shareholders' equity		
Common stock	200,000	271,730
Deposits for subscriptions rights to common stocks	5,681	8,384
Capital surplus	2,683,300	2,755,030
Retained earnings	10,777,852	14,637,642
Total shareholders' equity	13,666,834	17,672,788
Valuation and translation adjustments		
Net unrealized gains (losses) on securities	(7,982)	(6,250)
Total valuation and translation adjustments	(7,982)	(6,250)
Share subscription rights	7,907	5,512
Total net assets	13,666,759	17,672,050
Total liabilities and net assets	29,261,325	37,635,134



## (2) Quarterly Statement of income

(Unit: thousands of yen)

	Prior third quarter (From July 1, 2023 To March 31, 2024)	Current third quarter (From July 1, 2024 To March 31, 2025)
Net sales	16,371,691	17,607,916
Cost of sales	5,061,362	4,922,714
Gross profit	11,310,328	12,685,202
Selling, general and administrative expenses	3,084,246	3,354,476
Operating income	8,226,082	9,330,725
Non-operating income		
Interest income	1,770	5,868
Dividends income	5,343	7,110
Subsidy income	32,733	16,206
Miscellaneous income	2,272	3,000
Total non-operating income	42,119	32,185
Non-operating expenses		
Interest expenses	18,445	64,795
Miscellaneous expenses	563	1,794
Total non-operating expenses	19,009	66,590
Ordinary income	8,249,192	9,296,321
Special gains		
Gain on sales of fixed assets	—	1,522
Gain on reversal of subscription rights to stocks	1,841	4
Total special gains	1,841	1,526
Special losses		
Loss on sales of fixed assets	280	30
Loss on disposal of fixed assets	4,611	0
Total special losses	4,891	30
Income before income taxes	8,246,142	9,297,817
Income taxes	2,339,607	2,652,318
Net income	5,906,535	6,645,499

(3) Notes to quarterly financial statements

(Notes to adoption of specific accounting policies for quarterly financial statements)

(Calculation of tax expense)

Income taxes are determined based on the amount of income before income taxes for the current third quarter ended March 31, 2025 multiplied by the effective tax rate, after adoption of tax-effect accounting, estimated for the entire fiscal year ending Jun 30, 2025.

(Notes to business segments and related information)

No segment information is provided as the Company has only one segment, which is IVD (in vitro diagnostics) business.

(Notes to significant changes in shareholders' equity)

None

(Notes to events and conditions which indicate there could be substantial doubt about going concern assumption)

None

(Notes to quarterly cash flow statements)

Quarterly cash flow statements are not prepared for the current third quarter. The amounts of depreciation including both tangible assets and intangible assets for the cumulative three quarters are as follows:

	Prior third quarter (From July 1, 2023 To March 31, 2024)	Current third quarter (From July 1, 2024 To March 31, 2025)
Depreciation	506,682 thousands of yen	533,277 thousands of yen

(For translation purpose Only)

## **Independent Auditor's Interim Review Report on Quarterly Financial Statements**

May 14, 2025

The Board of Directors  
TAUNS Laboratories, Inc.

**Ernst & Young ShinNihon LLC**  
Shizuoka, Japan

Designated and Engagement Partner	Tomoaki Ito
Certified Public Account	
Designated and Engagement Partner	Shuji Okamoto
Certified Public Account	

### **Auditor's Conclusion**

We have reviewed the accompanying quarterly financial statements of TAUNS Laboratories, Inc. (the "Company"), which comprise the quarterly balance sheet as of March 31, 2025, the quarterly statements of income, for the nine-month period then ended, and the related notes included in the "attachment" of Financial Results.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying quarterly financial statements are not prepared, in all material respects, in accordance with Article 4 (1) of Standards for Preparation of Quarterly Financial Statements of the Tokyo Stock Exchange, Inc. and accounting principles generally accepted in Japan for quarterly financial statements, applying the provisions for reduced disclosures as set forth in Article 4, Paragraph 2 of the Standards.

### **Basis for Auditor's Conclusion**

We conducted our review in accordance with review standards for interim financial statements generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Review of the Quarterly Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our review of the financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that we have obtained evidence to provide a basis for our conclusion.

### **Management's and the Audit & Supervisory Board Member's Responsibilities for the Quarterly Financial Statements**

Management is responsible for the preparation of these quarterly financial statements in accordance with Article 4 (1) of Standards for Preparation of Quarterly Financial Statements of the Tokyo Stock Exchange, Inc. and accounting principles generally accepted in Japan for quarterly financial statements, applying the provisions for reduced disclosures as set forth in Article 4, Paragraph 2 of the Standards, and for designing and operating such internal control as management determines is necessary to enable the preparation of quarterly financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the quarterly financial statements, management is responsible for assessing the Company's ability to continue as a going concern and disclosing, as required by Article 4 (1) of Standards for Preparation of Quarterly Financial Statements of the Tokyo Stock Exchange, Inc. and accounting principles generally accepted in Japan for quarterly financial statements, applying the provisions for reduced disclosures as set forth in Article 4, Paragraph 2 of the Standards, matters related to going concern.

The Audit & Supervisory Board Member are responsible for overseeing the duties of executive officers and directors in designing and operating the Company's financial reporting process.

### **Auditor's Responsibilities for the Review of the Quarterly Financial Statements**

Our objective is to issue an auditor's interim review report that includes our conclusion from an independent standpoint.

As part of a review in accordance with review standards for interim financial statements generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the interim review. We also:

- Make inquiries, primarily of management and persons responsible for financial and accounting matters, and apply analytical and other interim review procedures. A review is substantially less in scope than an audit conducted in accordance with auditing standards generally accepted in Japan.

- If we determine that a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern, then we conclude, based on the evidence obtained, on whether anything has come to our attention that causes us to believe that the quarterly financial statements are not prepared in accordance with Article 4 (1) of Standards for Preparation of Quarterly Financial Statements of the Tokyo Stock Exchange, Inc. and accounting principles generally accepted in

Japan for quarterly financial statements, applying the provisions for reduced disclosures as set forth in Article 4, Paragraph 2 of the Standards. Additionally, if we conclude that a material uncertainty exists, we are required to draw attention in our auditor's interim review report to the related disclosures in the quarterly financial statements or, if such disclosures are inadequate, to express a qualified conclusion or adverse conclusion. Our conclusions are based on the evidence obtained up to the date of our auditor's interim review report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate whether anything has come to our attention that causes us to believe that the quarterly financial statements are not prepared in accordance with Article 4 (1) of Standards for Preparation of Quarterly Financial Statements of the Tokyo Stock Exchange, Inc. and accounting principles generally accepted in Japan for quarterly financial statements, applying the provisions for reduced disclosures as set forth in Article 4, Paragraph 2 of the Standards.

We communicate with the Audit & Supervisory Board Member regarding, among other matters, the planned scope and timing of the interim review and significant review findings.

We also provide the Audit & Supervisory Board Member with a statement that we have complied with the ethical requirements regarding independence that are relevant to our review of the financial statements in Japan and communicate with them all relationships, other matters that may reasonably be thought to bear on our independence, and where applicable, measures taken to eliminate inhibiting factors or apply safeguards to reduce them to an acceptable level.

Interest required to be disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Company which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

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Notes:

1. The original copy of the above Independent Auditor's Interim Review Report is in the custody of the Company (a company that discloses quarterly financial results).
2. The XBRL data and HTML data are not included in the scope of Interim Review.