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## FY2024 Financial Results (Japanese Accounting Standards)

August 13, 2024

Company name: Tauns Laboratories, Inc.  
 Listing: Tokyo Stock Exchange  
 Code no.: 197A  
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Scheduled date of general meeting of shareholders: September 26, 2024  
 Scheduled date of payment of cash dividends: September 27, 2024  
 Scheduled date of filing Yukashoken-Hokokusho: September 27, 2024  
 The additional material of the Financial Results for FY2024: Yes  
 The briefing session of the Financial Results for FY2024: Yes (For institutional investors and analysts)

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

### 1. Financial Results for FY2024 (July 1, 2023 - June 30, 2024)

#### (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	%
FY2024	18,434	17.6	8,030	61.7	7,840	58.3	5,774	90.3
FY2023	15,673	(10.2)	4,967	(55.6)	4,953	(55.8)	3,034	(32.3)

	Basic earnings per share	Diluted earnings per share	Rate of return on equity	Ordinary income as a percentage of total assets	Operating income as a percentage of net sales
	yen	yen	%	%	%
FY2024	57.74	53.99	52.2	32.9	43.6
FY2023	30.35	—	38.3	25.7	31.7

Reference: Equity in earnings of affiliate FY2024 - Millions of yen FY2023 - Millions of yen

Note: 1. For FY2023, potentially dilutive common stocks exist, but diluted earnings per share information is not disclosed as the Company is not a listed company and accordingly the average share price during the fiscal year is not available.

2. For FY2024, the Company being listed on Tokyo Stock Exchange Market as of June 20, 2024, diluted earnings per share is calculated based on the assumption that the average share price from the date of IPO to June 30, 2024 is the average share price for the fiscal year.

#### (2) Financial position

	Total assets	Net assets	Net assets as a percentage of total assets	Net assets per share
	Millions of yen	Millions of yen	%	yen
FY2024	29,261	13,666	46.7	136.53
FY2023	18,332	8,489	46.3	84.80

Reference: Net assets excluding share subscription rights: 13,658 million yen as of June 30, 2024  
 8,480 million yen as of June 30, 2023

#### (3) Cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
FY2024	9,935	△4,110	2,355	9,424
FY2023	△3,157	△1,615	△330	1,244

## 2. Dividends

	Annual cash dividends per share					Total cash dividends (Annual)	Payout ratio	Cash dividends as a percentage of net assets
	At 1 <sup>st</sup> quarter end	At 2 <sup>nd</sup> quarter end	At 3 <sup>rd</sup> quarter end	At fiscal year end	Total			
	yen	yen	yen	yen	yen	Millions of yen	%	%
FY2023	—	9.00	—	0.00	9.00	900	29.7	11.4
FY2024	—	6.00	—	21.75	27.75	2,775	48.1	25.1
FY2025 (Forecast)	—	6.00	—	22.00	28.00		46.8	

- Note 1. Breakdown of year-end dividends for the FY2024: Ordinary dividend 10.65 yen, Special dividend: 11.10 yen  
 2. 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: Forecast of operating results for FY2025 1<sup>st</sup> half is not prepared. For details, please refer to “1. Business Performance and Financial Position (4) Fiscal year 2025 financial forecast” on page 2.

### ※ Notes

#### (1) 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

#### (2) Number of shares issued (common stock)

- ① Number of shares issued at the fiscal year end (including treasury stocks)
- ② Number of treasury stocks at the fiscal year end
- ③ The average number of shares issued during the fiscal year

FY2024	100,000,000shares	FY2023	100,000,000shares
FY2024	— shares	FY2023	— shares
FY2024	100,000,000shares	FY2023	100,000,000shares

※ This Financial Results report is out of scope of Financial Audit by certified public accountants or an audit firm.

### ※ 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 “Business Performance and Financial Position, (4) Fiscal year 2025 financial forecast” on page 2 for the assumptions used in forecasting business results and precautions regarding the use of business results forecasts.

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## 1. Business Performance and Financial Position

### (1) Fiscal year 2024 business performance

During the current fiscal year (July 1, 2023 to June 30, 2024), the Japanese economy saw a significant recovery in human flow as socioeconomic activities began to normalize and various behavioral restrictions and entry restrictions were lifted following the change in the designated infectious disease category for new-type coronavirus infection from equivalent to Category 2 to Category 5. On the other hand, the outlook for the global economy remained uncertain due to continued global interest rate hikes and inflation, as well as the protracted situation in Ukraine. In Japan, there were supply constraints due to a shortage of semiconductors, labor shortages, and logistics stagnation, while the yen depreciated rapidly due to differences in direction with the monetary policies of various countries, and there were concerns about a downturn in the economy due to rising prices.

In the IVD (in vitro diagnostics) industry, the epidemic of new-type coronavirus infection continued as public interest waned, with the arrival of the ninth wave of the epidemic, the first since the designation of COVID-19 infection as a category 5 infectious disease from around July 2023. The influenza pandemic also began, and it spread at the same time and for the same length of time as the COVID-19 infection. As a result, demand for products (combo kits) that can simultaneously test for two infectious diseases increased among medical institutions.

In this environment, net sales for the fiscal year under review increased 17.6% year on year to 18,434,863 thousand yen, and operating income rose 61.7% to 8,030,094 thousand yen, mainly due to increased sales of products (combo kits) that can simultaneously test for COVID-19 infection and influenza. Ordinary income increased 58.3% to 7,840,625 thousand yen, and net income increased 90.3% to 5,774,086 thousand yen.

Under the corporate slogan "Peace of mind through diagnostic technology", the Company has achieved steady growth by continuing to respond to customers' needs, and was successfully listed on the Tokyo Stock Exchange's Standard Market in June 2024.

As the Company operates in a single segment of IVD business, segment information is omitted.

### (2) Fiscal year 2024 financial position

Assets at the end of the current fiscal year increased 10,929,163 thousand yen from the end of the previous fiscal year to 29,261,325 thousand yen. This was mainly due to an increase in cash on hand and in banks as well as an increase in construction in progress for the construction of a new plant.

Liabilities increased 5,752,274 thousand yen to 15,594,565 thousand yen from the end of the previous fiscal year. This was mainly due to an increase in accrued income taxes resulting from an increase in taxable income for the current period, as well as an increase in short-term borrowings resulting from an increase in the overdraft facility and long-term borrowings to finance the construction of a new plant.

Net assets increased 5,176,888 thousand yen from the end of the previous fiscal year to 13,666,759 thousand yen. This was mainly due to an increase in retained earnings resulting from net income.

### (3) Fiscal year 2024 cash flows

Cash and cash equivalents (hereinafter referred to as "cash") at the end of the current fiscal year increased by 8,180,515 thousand yen from the end of the previous fiscal year to 9,424,891 thousand yen.

#### (Cash flows from operating activities)

Net cash provided by operating activities increased by 13,092,680 thousand yen from the end of the previous fiscal year to 9,935,074 thousand yen. This was mainly due to increases in income before income taxes and depreciation and amortization.

#### (Cash Flows from Investing Activities)

Net cash used in investing activities decreased by 2,495,143 thousand yen from the end of the previous fiscal year to 4,110,382 thousand yen. This was mainly due to payments for purchase of fixed assets and payments for purchase of intangible assets.

#### (Cash flows from financing activities)

Net cash provided by financing activities increased by 2,686,023 thousand yen from the end of the previous fiscal year to 2,355,823 thousand yen. This was mainly due to an increase in short-term borrowings, as well as an increase in long-term borrowings for the construction of a new plant and cash dividends paid.

### (4) Fiscal year 2025 financial forecast

In the infectious disease POCT (Point of Care Testing) market, which is our main business domain, especially in the domestic market, tens of millions of antigen tests were conducted annually before the coronavirus disasters, with influenza accounting for the majority of these tests, and RS virus, streptococci, adenovirus, and other viruses making up the rest. On the other hand, in terms of coronavirus disasters, while the prevalence of existing respiratory infections such as influenza temporarily shrank significantly due to behavioral restrictions and other factors, the prevalence of COVID-19 infections expanded rapidly, and the number of tests exceeded that of conventional influenza.

After the designation of category of COVID-19 infection was changed to category 5, which is equivalent to influenza, etc., on

May 8, 2023, the various behavioral restrictions implemented in the coronavirus disaster were normalized, and COVID-19 infection continues to expand. In addition, the epidemic level of existing respiratory infections has already returned to the same level or even higher than before the coronavirus disaster. As a result, the domestic market for antigen tests has become much larger than it was before the coronavirus disaster.

The next fiscal year will be the second fiscal year that the Company will enter after the change in the designated infectious disease category of COVID-19 infection from category 2 to category 5 on May 8, 2023, as socioeconomic activities have normalized and the public's sense of crisis about infectious diseases has receded. We expect that the business environment surrounding our company will continue to be uncertain, including whether the epidemic of COVID-19 infection will continue to recur on a reasonable scale after the 10th wave, how the demand for testing will change in this situation, how prevalent respiratory infectious diseases other than COVID-19 infection will be, and what proportion combo kits will account for in the testing market.

The COVID-19-related products that we will market in the next fiscal year are "ImunoAce SARS-CoV-2 III," an improved version of "ImunoAce SARS-CoV-2 II," which has been highly supported by medical institutions as a nasal fluid specimen, and "ImunoAce SARS-CoV-2/Flu Tandem," a new type of coronavirus test that is highly popular in cases where influenza and COVID-19 spread at the same time. In addition to these products, the influenza and adenovirus test kits, which were the Company's mainstay products before the coronavirus outbreak, are expected to contribute to business performance.

Under these circumstances, we believe that our business performance in the next fiscal year will depend on such factors as the prevalence of COVID-19 infections and the ratio of COVID-19 and influenza tests using our combo kits, and although it is difficult to accurately predict the level of use, we have made the following assumptions in formulating our business forecast.

The epidemic of new-type coronavirus infection is assumed to repeat after a certain period of time, as it did up to the 10th wave, and we assume that two epidemics occur in the next fiscal year, one in summer and the other in winter, as in the current fiscal year. As a result, demand for rapid diagnosis at medical institutions is expected to remain strong. In the forecasting process, we expect the market size of antigen tests in terms of volume to be about the same as in the current fiscal year. However, based on past trends, we expect that the market for combo kits will account for a larger proportion of the market by product type.

During the current fiscal year, while the combo kit market grew unexpectedly rapidly, we were forced to take measures to adjust (restrict) shipments for a certain period due to our limited combo kit production capacity. In the next fiscal year, (1) we have already implemented new production equipment to increase production capacity, and (2) even during the period when the outbreak of the disease subsides, we will continue production to maintain sufficient inventory in preparation for the next outbreak.

In this context, the Company's market share of mainstay products such as influenza and new corona-related products is expected to increase further from the current fiscal year within the scope of the Company's production capacity through further strengthening of relationships with wholesalers and co-promotion marketing activities with Shionogi.

The unit sales price of each product is expected to remain almost the same as the current fiscal year, except for the COVID-19 test kit and the combo kit, for which the medical fee points for the antigen qualitative test were reduced in June 2024. We do not expect any major impact on the COVID-19 and combo kits, as companies in the market had anticipated the reduction in the medical fee points for these products well in advance and set the sales prices according to the reduced number of medical fee points. However, we have placed stress on the corona-related products in the plan, assuming that there will be a certain degree of pressure to lower prices due to active competition.

As a result, for the next fiscal year, we forecast net sales of 19,273 million yen (up 4.5% from the previous year), operating income of 8,308 million yen (up 3.5% from the previous year), ordinary income of 8,316 million yen (up 6.1% from the previous year), and net income of 6,019 million yen (up 4.2% from the previous year).

These forecasts will be announced promptly if we deem it necessary to make appropriate revisions in a timely manner in accordance with future performance trends or changes in the above assumptions.

## 2. Basic Rationale on Selection of Accounting Standards

We have adopted Japanese Accounting Standards in order for a better comparability with our competitors.

We will study appropriately the adoption of International Financial Reporting Standards (IFRS) for the purpose of disclosure of financial information.

### 3. Financial Statements

#### (1) Balance sheet

(Unit : thousands of yen)

	FY2023 (As of June 30, 2023)	FY2024 (As of June 30, 2024)
<b>Assets</b>		
Current assets		
Cash on hand and in banks	1,244,375	9,424,891
Accounts receivable – trade	3,051,248	2,706,864
Merchandise and finished goods	1,998,525	2,731,012
Work in process	1,265,625	846,011
Raw materials and supplies	1,322,773	1,140,425
Refundable income taxes	343,827	16,413
Consumption tax receivable	85,585	–
Advance payment	110,770	16,788
Prepaid expenses	19,124	30,778
Other	15,053	2,528
<b>Total current assets</b>	<b>9,456,910</b>	<b>16,915,714</b>
Fixed assets		
Property, plant and equipment		
Buildings	1,027,507	1,100,173
Structures	8,358	9,658
Machinery and equipment	1,682,740	1,823,649
Vehicles	78,434	68,363
Tools, furniture and fixtures	750,084	836,658
Land	1,734,634	1,734,634
Construction in progress	497,144	3,972,673
Accumulated depreciation and impairment loss	(1,376,763)	(1,640,584)
<b>Total property, plant and equipment</b>	<b>4,402,141</b>	<b>7,905,227</b>
Intangible fixed assets		
Patents	3,416	2,916
Software	56,318	44,117
Customer related assets	2,953,600	2,726,400
Technology related assets	795,733	696,266
Other	101,066	251,170
<b>Total of intangible fixed assets</b>	<b>3,910,135</b>	<b>3,720,871</b>
Investments and other assets		
Investment securities	32,517	33,332
Investment securities in affiliates	302,263	452,263
Bonds of affiliates	183,612	186,796
Other investments in affiliates	19,281	14,094
Other investments	20	20
Claims in bankruptcy	77,351	0
Long-term prepaid expenses	–	5,482
Other non-current assets	75,281	27,523
Allowance for doubtful accounts	(127,350)	–
<b>Total investment and other assets</b>	<b>562,975</b>	<b>719,512</b>
<b>Total fixed assets</b>	<b>8,875,252</b>	<b>12,345,611</b>
<b>Total assets</b>	<b>18,332,162</b>	<b>29,261,325</b>

(Unit : thousands of yen)

	FY2023 (As of June 30, 2023)	FY2024 (As of June 30, 2024)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable – trade	1,143,423	1,482,761
Short-term borrowings	3,500,000	4,500,000
Current portion of long-term borrowings	732,000	732,000
Accounts payable – non-trade	358,631	559,263
Accounts payable – facilities	134,046	171,090
Accrued expenses	131,464	166,423
Accrued income taxes	–	1,706,274
Consumption tax payable	–	387,563
Refund liabilities	284,166	240,924
Advances received	19,807	9,889
Deposits received	77,906	62,682
Allowance for bonuses	108,523	427,577
Allowance for bonuses to directors	27,991	27,991
<b>Total current liabilities</b>	<b>6,517,961</b>	<b>10,474,442</b>
<b>Long-term liabilities</b>		
Long-term borrowings	2,236,000	4,307,000
Deferred tax liabilities	922,119	619,491
Accrued retirement benefits	154,210	181,631
Asset retirement obligations	12,000	12,000
<b>Total long-term liabilities</b>	<b>3,324,329</b>	<b>5,120,123</b>
<b>Total liabilities</b>	<b>9,842,291</b>	<b>15,594,565</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Common stock	100,000	200,000
Deposits for subscriptions rights to common stocks	–	5,681
<b>Capital surplus</b>		
Legal capital surplus	25,000	50,000
Other capital surplus	2,758,300	2,633,300
<b>Total capital surplus</b>	<b>2,783,300</b>	<b>2,683,300</b>
<b>Retained earnings</b>		
<b>Other retained earnings</b>		
Unappropriated retained earnings	5,603,766	10,777,852
<b>Total retained earnings</b>	<b>5,603,766</b>	<b>10,777,852</b>
<b>Total shareholders' equity</b>	<b>8,487,066</b>	<b>13,666,834</b>
<b>Valuation and translation adjustments</b>		
Net unrealized gains (losses) on available-for-sale securities	(6,995)	(7,982)
<b>Total valuation and translation adjustments</b>	<b>(6,995)</b>	<b>(7,982)</b>
Share subscription rights	9,800	7,907
<b>Total net assets</b>	<b>8,489,871</b>	<b>13,666,759</b>
<b>Total liabilities and net assets</b>	<b>18,332,162</b>	<b>29,261,325</b>

## (2) Statement of income

(Unit : thousands of yen)

	FY2023 (From July 1, 2022 To June 30, 2023)	FY2024 (From July 1, 2023 To June 30, 2024)
Net sales	15,673,099	18,434,863
Cost of sales		
Merchandise and finished goods at beginning	1,908,434	1,998,525
Manufacturing cost for the period	6,557,347	6,596,554
Purchases of merchandise	35,244	98,000
Total	8,501,026	8,693,080
Transfer to other accounts	29,315	25,536
Merchandise and finished goods at end	2,458,908	2,850,915
Loss on devaluation of inventories	460,383	119,902
Cost of sales	6,473,185	5,936,531
Gross profit	9,199,913	12,498,332
Selling, general and administrative expenses		
Salaries and wages	980,267	1,126,312
Provision for bonus - employees	91,269	323,041
Provision for bonus - directors	27,991	27,991
Retirement benefit expenses	30,550	41,775
Depreciation and amortization	413,464	423,344
Outsourcing expenses	953,236	439,455
Other	1,735,857	2,086,316
Total selling, general and administrative expenses	4,232,638	4,468,237
Operating income	4,967,275	8,030,094
Non-operating income		
Interest income	34	37
Interest income on investments	3,933	2,305
Dividends income	3,500	5,343
Subsidy income	—	53,533
Miscellaneous income	721	2,596
Total non-operating income	8,189	63,816
Non-operating expenses		
Interest expenses	21,809	31,211
Syndicated loan fees paid	—	104,380
Commission fees paid	—	100,000
Miscellaneous expenses	203	17,694
Total non-operating expenses	22,013	253,285
Ordinary income	4,953,451	7,840,625
Special gains		
Gain on sales of fixed assets	474	591
Gain on reversal of subscription rights to stocks	—	1,892
Total special gains	474	2,483
Special losses		
Loss on sales of fixed assets	—	280
Loss on disposal of fixed assets	1,214	6,470
Loss on devaluation of investment securities	297,854	1,665
Total special losses	299,068	8,416
Income before income taxes	4,654,856	7,834,691
Income taxes - current	1,563,633	2,363,419
Income taxes - deferred	56,360	(302,813)
Total income taxes	1,619,993	2,060,605
Net income	3,034,863	5,774,086



Manufacturing cost report

Classification	Ref.	FY2023 (From July 1, 2022 To June 30, 2023)		FY2024 (From July 1, 2023 To June 30, 2024)	
		Thousands of yen	Ratio (%)	Thousands of yen	Ratio (%)
I Material cost		2,739,205	44.8	2,755,138	44.6
II Labor cost		855,376	14.0	983,618	15.9
III Manufacturing expenses	※	2,520,986	41.2	2,441,499	39.5
Total manufacturing cost		6,115,568	100.0	6,180,255	100.0
WIP at beginning		1,707,430		1,265,625	
Total		7,822,999		7,445,881	
WIP at end		1,639,493		1,063,869	
Transfer to other accounts		26		3,315	
Loss on devaluation of inventories		373,868		217,858	
Cost of goods manufactured		6,557,347		6,596,554	

Cost accounting method

The cost accounting method is actual cost accounting based on total cost accounting.

(※) Major breakdown is as follows.

Item	FY2023 (From July 1, 2022 To June 30, 2023)	FY2024 (From July 1, 2023 To June 30, 2024)
Outsourcing processing expenses (thousands of yen)	2,012,858	1,863,117
Depreciation and amortization (thousands of yen)	226,508	252,819

## (3) Statement of changes in net assets

FY2023 (From July 1, 2022 To June 30, 2023)

(Unit : thousands of yen)

	Shareholders' equity							
	Common stock	Deposits for subscription rights to common stocks	Capital surplus			Retained earnings		Total shareholders' equity
			Legal capital surplus	Other capital surplus	Total capital surplus	Other retained earnings	Total retained earnings	
Balance at the beginning of current period	100,000	—	25,000	2,758,300	2,783,300	4,468,903	4,468,903	7,352,203
Changes of items during the period								
Exercise of share subscription rights to stocks								
Cash dividends paid						(1,900,000)	(1,900,000)	(1,900,000)
Net income						3,034,863	3,034,863	3,034,863
Issuance of share subscription rights to stocks								
Transfer from legal capital surplus to other capital surplus								
Transfer from other capital surplus to common stock								
Transfer from other capital surplus to legal capital surplus								
Net changes of items other than those in shareholders' equity								
Total changes of items during the period	—	—	—	—	—	1,134,863	1,134,863	1,134,863
Balance at the end of current period	100,000	—	25,000	2,758,300	2,783,300	5,603,766	5,603,766	8,487,066

	Valuation and translation adjustments		Share subscription rights	Total net assets
	Net unrealized gains (losses) on available-for-sale securities	Total valuation and translation adjustments		
Balance at the beginning of current period	(3,898)	(3,898)	8,000	7,356,305
Changes of items during the period				
Exercise of share subscription rights to stocks				
Cash dividends paid				(1,900,000)
Net income				3,034,863
Issuance of share subscription rights to stocks			1,800	1,800
Transfer from legal capital surplus to other capital surplus				
Transfer from other capital surplus to common stock				
Transfer from other capital surplus to legal capital surplus				
Net changes of items other than those in shareholders' equity	(3,096)	(3,096)	—	(3,096)
Total changes of items during the period	(3,096)	(3,096)	1,800	1,133,566
Balance at the end of current period	(6,995)	(6,995)	9,800	8,489,871

FY2024 (From July 1, 2023 To June 30, 2024)

(Unit : thousands of yen)

	Shareholders' equity							
	Common stock	Deposits for subscriptions rights to common stocks	Capital surplus			Retained earnings		Total shareholders' equity
			Legal capital surplus	Other capital surplus	Total capital surplus	Other retained earnings	Total retained earnings	
						Unappropriated retained earnings		
Balance at the beginning of current period	100,000	—	25,000	2,758,300	2,783,300	5,603,766	5,603,766	8,487,066
Changes of items during the period								
Exercise of share subscription rights to stocks		5,681						5,681
Cash dividends paid						(600,000)	(600,000)	(600,000)
Net income						5,774,086	5,774,086	5,774,086
Issuance of share subscription rights to stocks								
Transfer from legal capital surplus to other capital surplus								
Transfer from other capital surplus to common stock	100,000			(100,000)	(100,000)			—
Transfer from other capital surplus to legal capital surplus			25,000	(25,000)	—			—
Net changes of items other than those in shareholders' equity								
Total changes of items during the period	100,000	5,681	25,000	(125,000)	(100,000)	5,174,086	5,174,086	5,179,767
Balance at the end of current period	200,000	5,681	50,000	2,633,300	2,683,300	10,777,852	10,777,852	13,666,834

	Valuation and translation adjustments		Share subscription rights	Total net assets
	Net unrealized gains (losses) on available-for-sale securities	Total valuation and translation adjustment		
Balance at the beginning of current period	(6,995)	(6,995)	9,800	8,489,871
Changes of items during the period				
Exercise of share subscription rights to stocks				5,681
Cash dividends paid				(600,000)
Net income				5,774,086
Issuance of share subscription rights to stocks				
Transfer from legal capital surplus to other capital surplus				
Transfer from other capital surplus to common stock				—
Transfer from other capital surplus to legal capital surplus				—
Net changes of items other than those in shareholders' equity	(987)	(987)	(1,892)	(2,879)
Total changes of items during the period	(987)	(987)	(1,892)	5,176,888
Balance at the end of current period	(7,982)	(7,982)	7,907	13,666,759

## (4) Statement of cash flows

(Unit : thousands of yen)

	FY2023 (From July 1, 2022 To June 30, 2023)	FY2024 (From July 1, 2023 To June 30, 2024)
<b>Cash flows from operating activities</b>		
Income before income taxes	4,654,856	7,834,691
Depreciation and amortization	639,973	676,163
Increase (decrease) in refund liabilities	258,580	(43,242)
Increase (decrease) in allowance for doubtful accounts	—	(127,350)
Increase (decrease) in reserve for bonuses to employees	(32,504)	319,053
Increase (decrease) in reserve for bonuses to directors	19,697	—
Increase (decrease) in accrued retirement benefits	26,568	27,421
Interest and dividends income	(7,468)	(7,686)
Subsidy income	—	(53,533)
Gain on reversal of subscription rights to stocks	—	(1,892)
Interest expenses	21,809	31,211
Syndicated loan fees paid	—	104,380
Commission fees paid	—	100,000
Loss on devaluation of investment securities	297,854	1,665
(Gain) on sales of fixed assets	(474)	(310)
Loss on disposal of fixed assets	1,214	6,470
Decrease (increase) in accounts receivable - trade	(2,109,082)	344,384
Decrease (increase) in inventories	1,438	(130,525)
Increase (decrease) in accounts payable - trade	(247,464)	339,338
Increase (decrease) in consumption tax payable	(944,715)	387,563
Other	(236,787)	552,423
Subtotal	2,343,495	10,360,225
Interest and dividends received	3,834	5,381
Interest paid	(21,809)	(29,019)
Subsidy received	—	53,533
Income taxes paid	(5,483,126)	(455,045)
Net cash provided by (used in) operating activities	△3,157,605	9,935,074
<b>Cash flows from investing activities</b>		
Purchase of fixed assets	(1,089,476)	(3,751,868)
Proceeds from sales of fixed assets	1,224	2,096
Payment due to disposal of fixed assets	(300)	(1,309)
Purchase of intangible assets	(75,837)	(208,022)
Purchase of investment securities	(150,960)	(1,279)
Purchase of investments in affiliates	(299,889)	(150,000)
Net cash provided by (used in) investing activities	(1,615,239)	(4,110,382)
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term borrowings	2,300,000	1,000,000
Proceeds from long-term borrowings	—	2,698,620
Repayment of long-term borrowings	(732,000)	(732,000)
Proceeds from exercise of subscription rights to stock	—	5,681
Proceeds from issuance of subscription rights to stock	1,800	—
Expenses paid relating to IPO	—	(16,478)
Cash dividends paid	(1,900,000)	(600,000)
Net cash provided by (used in) financing activities	(330,200)	2,355,823
Increase (decrease) in cash and cash equivalents	(5,103,045)	8,180,515
Cash and cash equivalents at the beginning of the period	6,347,420	1,244,375
Cash and cash equivalents at the end of the period	1,244,375	9,424,891

(5) Notes to financial statements

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

None

(Basis of consolidated financial statements)

None of the investments in affiliates is accounted for by the equity method because they are insignificant in terms of earnings and retained earnings.

(Segments of an enterprise and related information)

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

(Amounts per share)

	FY2023 (From July 1, 2022 To June 30, 2023)	FY2024 (From July 1, 2023 To June 30, 2024)
Net assets per share	84.80 yen	136.53 yen
Basic earnings per share	30.35 yen	57.74 yen
Diluted earnings per share	—	53.99 yen

Notes 1. FY2023, potentially dilutive common stocks exist, but diluted earnings per share information is not disclosed as the Company was not a listed company and accordingly the average share price during the fiscal year is not available.

2. FY2024, the Company being listed on Tokyo Stock Exchange market as of June 20, 2024, diluted earnings per share is calculated based on the assumption that the average share price from the date of IPO to June 30, 2024 is the average share price for the fiscal year.

3. The basis for calculation of the basic earnings per share and the diluted earnings per share is as follows.

	FY2023 (From July 1, 2022 To June 30, 2023)	FY2024 (From July 1, 2023 To June 30, 2024)
Net basic earnings per share		
Net income (thousands of yen)	3,034,863	5,774,086
Net income not attributable to common stock holders (thousands of yen)	—	—
Net income relating to common stock (thousands of yen)	3,034,863	5,774,086
Average number of shares of common stock during the fiscal year (thousands of shares)	100,000	100,000
Net diluted earnings per share		
Adjustments to net income (thousands of yen)	—	—
Increase in number of shares of common stock (thousands of shares) (Out of which, increase in number of share subscription rights (thousands of shares))	—	6,945 (6,945)
Summary of potentially dilutive shares not included in the calculation of diluted net earnings per share due to the absence of dilutive effects.	Three types of subscription rights to stocks (number of which is 8,600,000).	—

(Significant subsequent events)

None