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Financial Highlights
for 2Q ended December 31, 2024

TAUNS Laboratories, Inc. (Code: 197A)

February 13, 2025

INDEX

01. Corporate Profile **P. 2**

02. Financial Results for 2Q P.11

03. Forecast for FY 2025/6 P.22

04. Appendix. P.30

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Corporate Profile

Corporate Name	TAUNS Laboratories, Inc.			
Representative	Masaki Nonaka, President and CEO			
Foundation Establishment*	April 1987 April 2016(*Date of establishment of current corporation following the reorganization of group)			
Headquarters	761-1 Kamishima, Izunokuni-shi, Shizuoka 410-2325, Japan			
Capital	247 million yen (as of December 31, 2024)			
Board of Directors & Audit Committee (As of December 31, 2024)	President and CEO Director Director Director	Masaki Nonaka Yoshio Uchiyama Junpei Nagai Masahiro Ito	External Director External Director Auditor External Auditor External Auditor	Toshinori Mishina Osamu Chiba Yoshitaka Endo Makiko Nakagawa Caroline F. Benton
Shareholder Composition (As of December 31, 2024)	Founding families: 28.4% Financial investors: 45.1% Others: 24.5%			
Business Scope	Development, manufacture, sales and import/export of in vitro diagnostic and reagents Main products are antigen test kits for infectious diseases			
Sales	18,434 million yen (FY 2024)			
Number of Employees	334 (as of December 31, 2024)			
Total Assets	36,012 million yen (as of December 31, 2024)			
Location	Head Office/Kamishima Factory (Shizuoka), Shimizu-cho Office / R&D Center (Shizuoka), Tokyo Office			
Main Clients	SUZUKEN CO., LTD. and other companies			



Head Office/Kamishima Factory



Shimizu-cho Office / R&D Center

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Management Philosophy

**Through proprietary in vitro diagnostics, we will enrich lives and provide peace of mind.
In order to do so, we will accumulate technology and knowledge,
and continue to develop and improve our products.**

Peace of mind through diagnostic technology.

Normal days that pass you by.

Special moments that are extraordinary.

All of these are sustained by unwavering peace of mind.

With our proprietary diagnostic technologies,

TAUNS assists in the diagnosis and early detection of diseases.

Building a better outlook throughout the world

by relieving worries, one by one.
We continue to help you live your life every day without worry.

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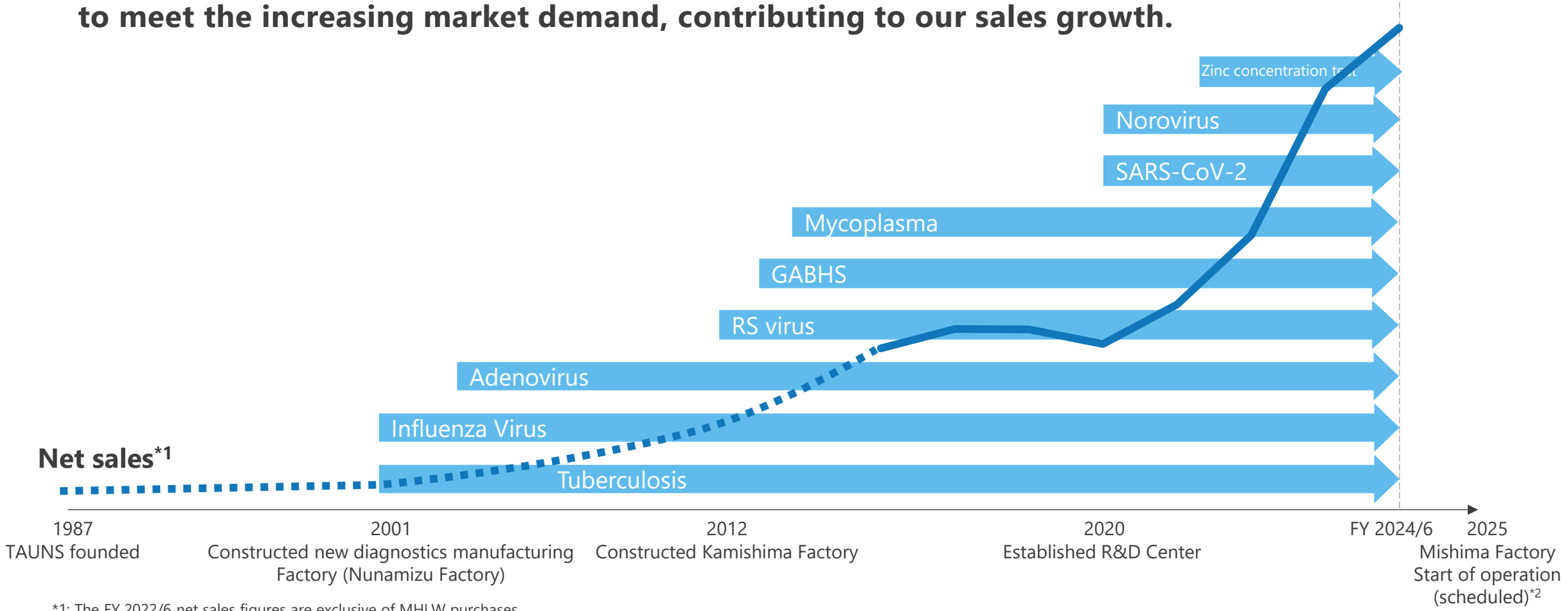
History

- **Since the early 2000s, TAUNS has been expanding its extensive lineup of antigen tests.**
- **The Company has consistently strengthened its manufacturing and development capabilities to meet the increasing market demand, contributing to our sales growth.**



*1: The FY 2022/6 net sales figures are exclusive of MHLW purchases.
*2: Construction of the Mishima Factory is scheduled to be completed in May 2025 and start operation in December 2025.

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Business

- **We mainly develop and manufacture antigen test kits for infectious disease clinical testing. Under the ImunoAce brand, TAUNS offers a range of products for various infectious diseases, including influenza viruses, adenoviruses, and SARS-CoV-2.**
- **Starting with a blood zinc concentration test, TAUNS is expanding into fields beyond infectious diseases such as chronic diseases. Its goal is to create a stable business model that is not susceptible to fluctuations in infectious disease outbreaks.**

Main Product Lines

Infectious Diseases Area



SARS-CoV-2
(released in 2020)



Influenza virus
(released in 2008)



SARS-Cov2 /
Influenza virus
(released in 2022)



Adenovirus
(released in 2008)

Chronic disease area



Zinc concentration
test
(released in 2023)



GABHS
(released in 2013)



Mycoplasma
(released in 2015)



Human Metapneumo virus
(released in 2016)



RS virus
(released in 2012)

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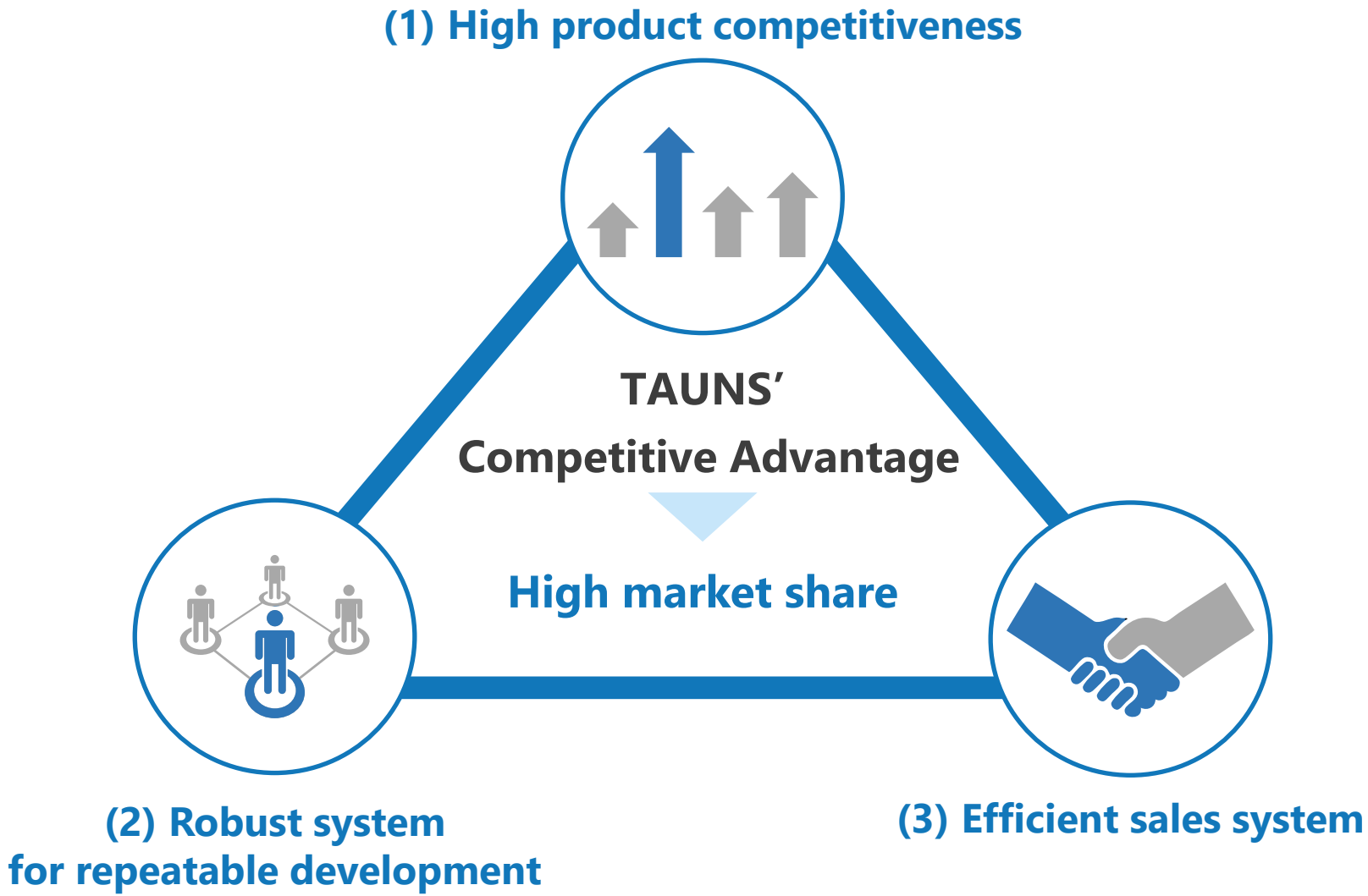
Our 3 Competitive Advantages Driving High Market Share



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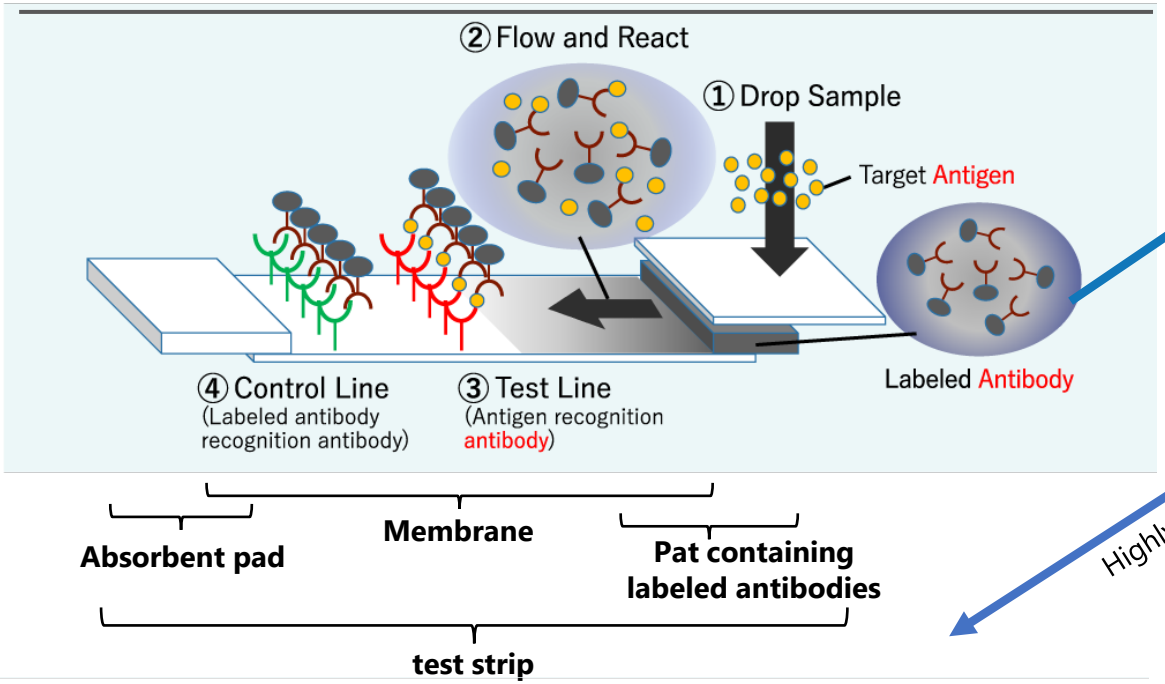
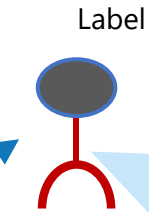
Principle of Antigen Test Kits and Strengths of Our Technology

- **High technological capabilities, including a track record in the development of numerous in-house antibodies (including patents) and proprietary platinum-gold colloid technology**
- **Utilizing our technological capabilities, we have developed high-quality products with both specificity and sensitivity. In addition, we supply products that are of high value to both the medical community and patients, such as those that enable the broad sharing of specimens among multiple infectious diseases.**

Principle of Antigen Test Kits



Our core technologies and product value-added



Highly visible black line

Our Core Technologies

Proprietary **platinum-gold colloid technology** to achieve highly **visible black lines** on black signage acquired technology to improve sensitivity while suppressing nonspecific reactions through many years of accumulated know-how

Possesses **advanced antibody development technology** and a wealth of experience and know-how

The creation of high-performance antibodies contributes significantly to the sensitivity and specificity of the kit

Specificity × Sensitivity

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Robust System for Repeatable Development

- **A development team with extensive business experience and advanced, diverse expertise leads development activities.**
- **Accumulated in-house knowledge from years of research and development, combined with insights from external sources, contributes to rapid and innovative development.**

Experienced and Accomplished Development Team

No. of R&D members

45 *1

Many members have been in the industry for a long time

Composed mainly of doctoral and master's students

×

Experience in development of antigen test

30+years

With a history of industry-leading development

Accumulation of superior knowledge

Experienced Leaders / External Consultants

A wide range of expertise PJ leader layer with

It is not limited to the core antibody and nanoparticle synthesis technologies,

Extensive expertise in enzymatic and chemical reactions

×

Knowledgeable partner/KOL network

Collaboration with knowledgeable external advisors, collaborators, and joint research partners

Networking with KOLs

Extensive Development Achievements

- ✓ Pioneering achievements in developing 'world-first' products such as Capilia TB and MAC
- ✓ Successful development of proprietary technologies including platinum-gold colloid technology
- ✓ Numerous in-house antibody development successes (Antibodies to mycoplasma and tuberculosis bacteria are patented, and there are other antibodies pending patent application)

Dr. Ichiro Okura	Dr. Satoshi Mitarai	Dr. Yoshihiro Kawaoka
Institute of Science Tokyo	Research Institute of Tuberculosis	Institutes for Advanced Study, The University of Tokyo
Professor Emeritus	Dept. of Mycobacterium Reference and Research	The UTOPIA center
	Director	Director

*1 Number of researchers enrolled as of June 30, 2024 (full-time employees)

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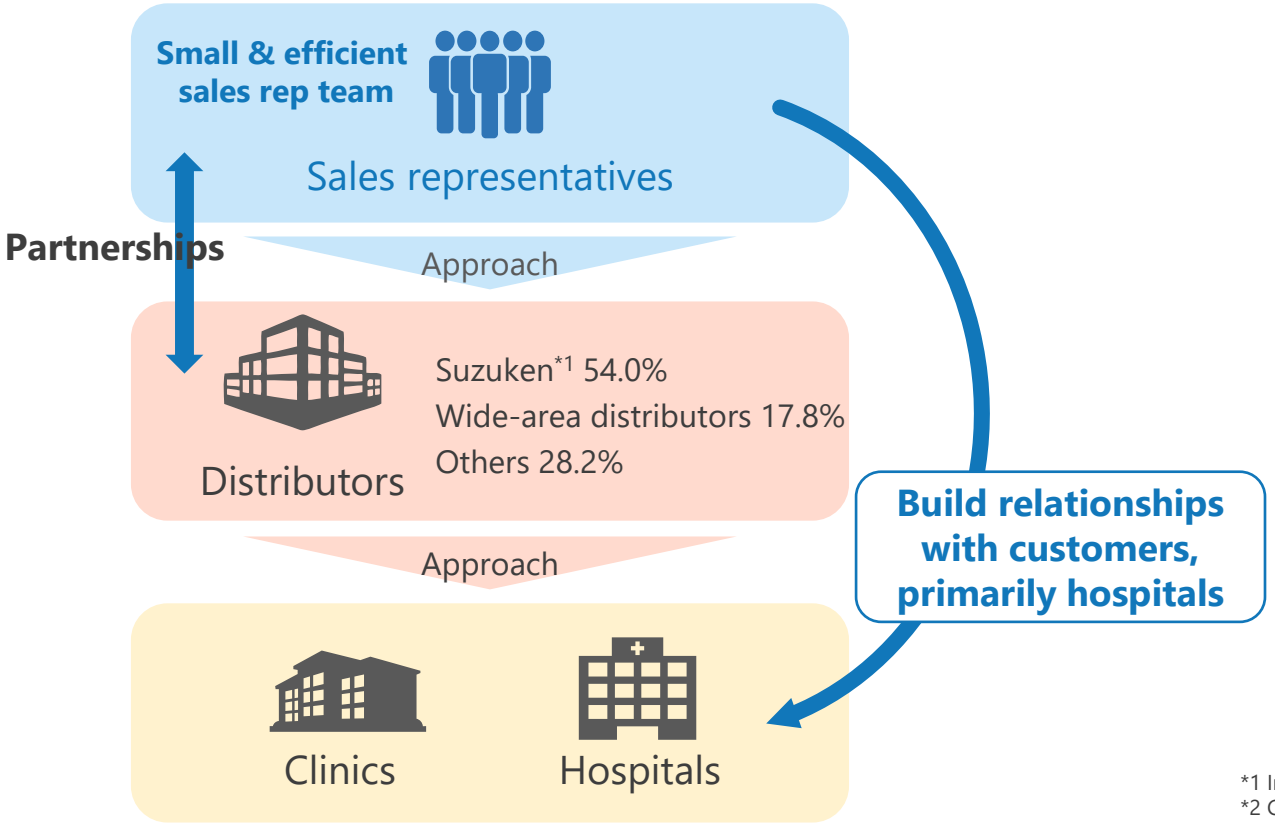
Distribution and Sales Structure

- **A small number of elite sales representatives have established strong cooperative relationships with distributors. Top-class domestic market share for major infectious disease antigen test kits**
- **Through collaboration with Shionogi, we will provide a comprehensive solution for infectious disease control, from prevention to testing to treatment, and further strengthen our position in the domestic infectious disease POCT market through synergy between Shionogi's sales force, which is strong in clinics, and our sales force, which is strong in hospitals.**

A small, elite sales force works strongly with distributors



*1 Including Jingu Yakuhin Co., Ltd. which merged in February 2024.

Strengthening Sales Capabilities Further Through Collaboration with Shionogi

TAUNS × SHIONOGI

Target an integrated solution from prevention (vaccination) through testing and treatment

ImunoAce

Selling TAUNS products through **co-promotion*.1**

SHIONOGI	TAUNS SHIONOGI	SHIONOGI
Prevention (Vaccination)*3	**Testing**	**Treatment**

Collaborate with Shionogi's robust sales infrastructure

Seek to become the undisputed leader in the domestic POCT market

*1 Infectious diseases covered in the current situation are COVID-19 and influenza
*2 Co-promotion: Parallel promotion of the same drug under the same brand by two or more pharmaceutical companies (usually two companies).
*3 Received regulatory approval for COVID-19 vaccine (Source: Shionogi & Co., Ltd. press release on June 24, 2024)

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INDEX

01. Corporate Profile P. 2

02. Financial Results for 2Q P.11

03. Forecast for FY 2025/6 P.22

04. Appendix. P.30

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Highlights for 2Q ended December 31

- ✓ The 11th wave of COVID-19, which occurred in July, was about 40% smaller than the previous year. After the 11th wave subsided, the October-November period was an off-peak period as in the previous year, but in December the fixed-point observations bottomed out and began to rise, ushering in the 12th wave. Compared with FY2024/6, the Company significantly increased its share of the COVID-19 single test kit, resulting in a significant increase in sales despite the decline in market size.
- ✓ The influenza epidemic was confined to a few areas until early December, but then spread rapidly, and the number of fixed-point observations for the last week of the year was the highest since 1999, when current statistics began. The influenza pandemic became a public issue with shortages of testing and treatment drugs on the market, but compared to the same period last year, when influenza was prevalent for much of the year, the overall scale of the pandemic shrank during the interim period. The company maintained a high market share throughout the period, but sales were lower than in the year-ago period.
- ✓ The size of the combo test kit market also declined slightly year-on-year as the pandemic influenza outbreak was smaller than in the prior-year period. However, sales exceeded the previous year's figures as some distributors tried to secure inventory for the end of the year. Unit prices did not decline as feared at the beginning of the period.
- ✓ Sales increased slightly in the current interim period. Profit increased at each profit level. This was mainly due to an increase in sales of COVID-19 single kits and combo test kits, which have high profit margins, while sales of influenza kits with relatively low profit margins were included to a certain extent in the same period of the previous fiscal year.

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Six months results for FY2025/6

- **Although both COVID-19 and influenza outbreaks were smaller than in the same period of the previous year, sales increased YonY due to an improvement in market share.**
- **Profit margins at each profit level improved, as the high-margin COVID-19 single test kits and combo test kits accounted for a higher percentage of sales, and the level of SG&A expenses remained almost the same as in the previous year's results.**

(Millions of yen)	FY 2023/6 1st Half		FY 2024/6 1st Half		FY 2025/6 1st Half		
	Actual	*Margin*	Actual	*Margin*	Actual	*Margin*	*YonY*
Net sales	10,432	-	11,617	-	11,981	-	*3.1%*
Gross profit	6,643	*63.7%*	7,932	*68.3%*	8,720	*72.8%*	*9.9%*
Operating income	4,422	*42.4%*	5,854	*50.4%*	6,538	*54.6%*	*11.7%*
Ordinary income	4,414	*42.3%*	5,877	*50.6%*	6,525	*54.5%*	*11.0%*
Net income	3,013	*28.9%*	4,219	*36.3%*	4,686	*39.1%*	*11.1%*
EBITDA	4,731	*45.4%*	6,192	*53.3%*	6,888	*57.5%*	*11.2%*

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Sales by main products (Six month period)

- **Although epidemic levels of both COVID-19 and influenza were lower than in the year-ago period, sales of the COVID-19 single-test kit increased due to market share gains. On the other hand, sales of influenza test kits declined because the market shrank to a degree that could not be compensated for by simply expanding our market share, due in part to the shift in demand to combo test kits.**
- **In combo test kits, the market size declined slightly, but our share increased slightly. However, at the end of the year, when some distributors were trying to secure inventory for the end of the year, we were able to increase sales because we had sufficient inventory to respond to the situation.**

(Millions of yen)	FY 2023/6 1st Half		FY 2024/6 1st Half		FY 2025/6 1st Half	
	Actual	*Composition*	Actual	*Composition*	Actual	*Composition*
COVID-19 single-test kits	7,188	*68.9%*	3,043	*26.2%*	3,945	*32.9%*
Influenza/COVID-19 combo test kits	1,688	*16.2%*	4,210	*36.2%*	4,579	*38.2%*
Influenza test kits	508	*4.9%*	2,689	*23.1%*	2,080	*17.4%*
Others	1,048	*10.0%*	1,674	*14.4%*	1,375	*11.5%*
Total	10,432		11,617		11,981	

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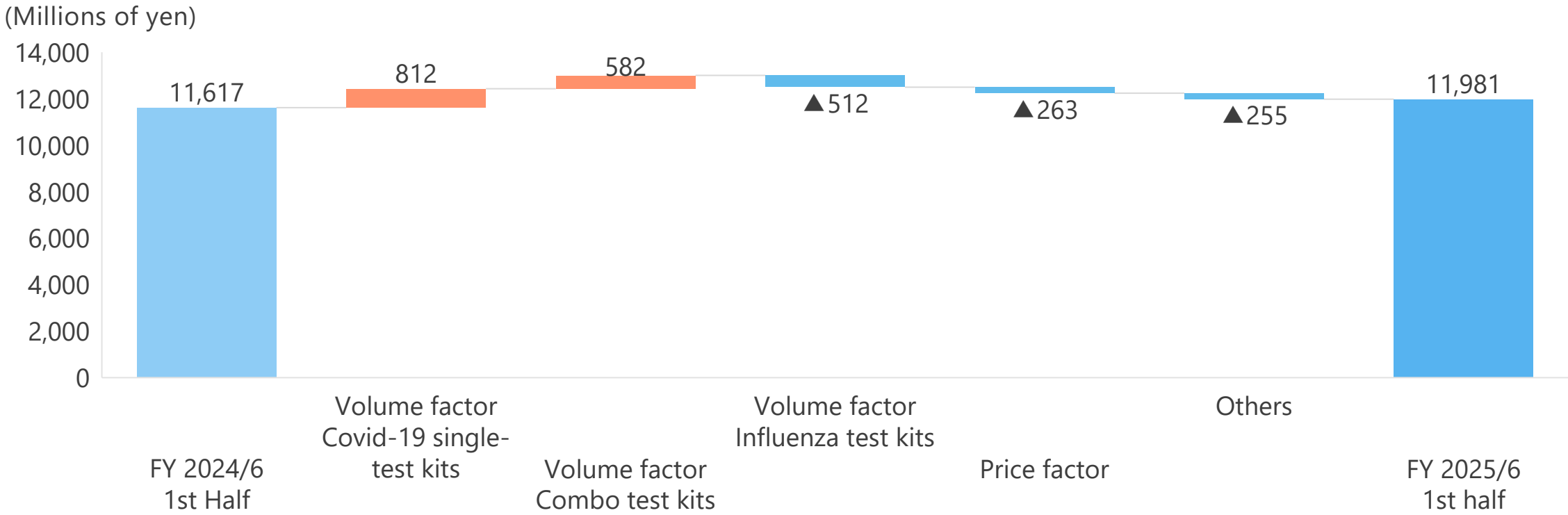
Factors for YonY Sales increase/decrease

- **Although the scale of influenza and COVID-19 epidemics and the size of the testing market in the interim period were lower than in the year-ago period, sales of COVID-19 single test kit increased compared to the year-ago period due to a significant increase in market share. For combo test kits, as some distributors were trying to secure inventory for the end of the year, sales volume increased compared to the year-ago period, when shipments were adjusted for a long period of time.**
- **Unit prices did not fall at the level assumed at the beginning of the period, and only a slight reduction was recorded.**



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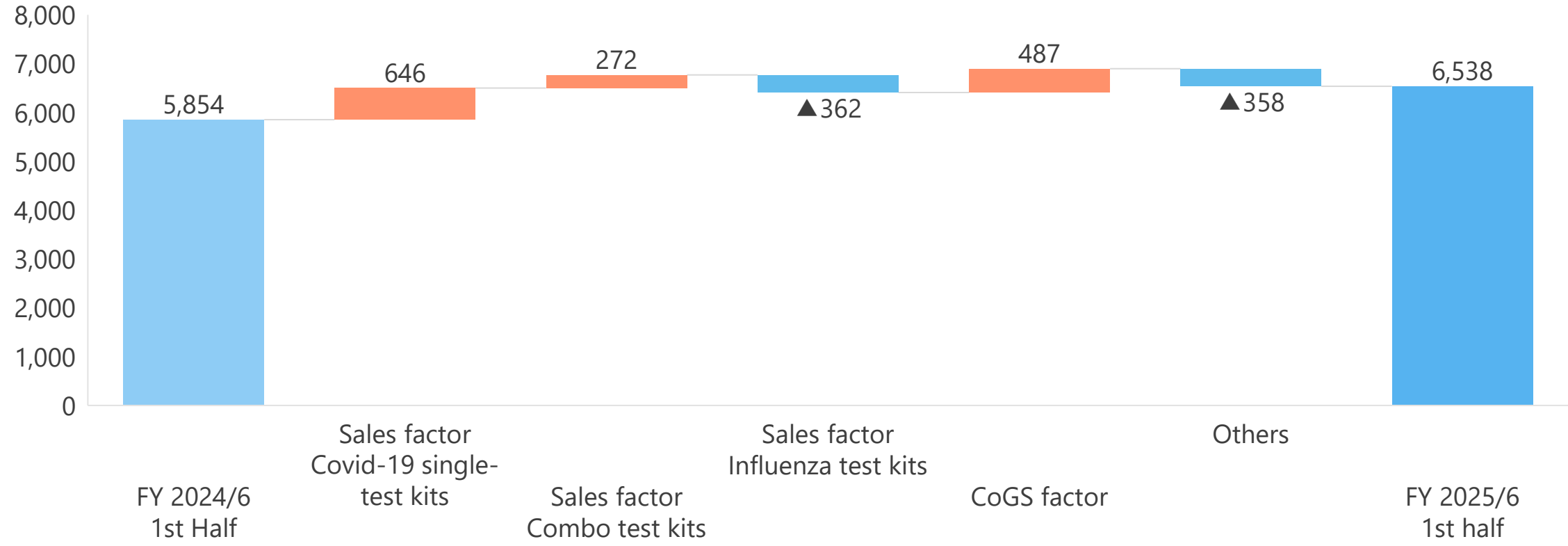
Factors for YonY Operating Income increase/decrease

- **As mentioned in the previous pages, increased sales of COVID-19 single-test kits and combo test kits contributed to profit growth.**
- **In addition to the effect of improved sales mix, the introduction of low-cost, high-quality rabbit monoclonal antibodies in COVID-19 single-test kit also contributed to cost reductions.**

(Millions of yen)



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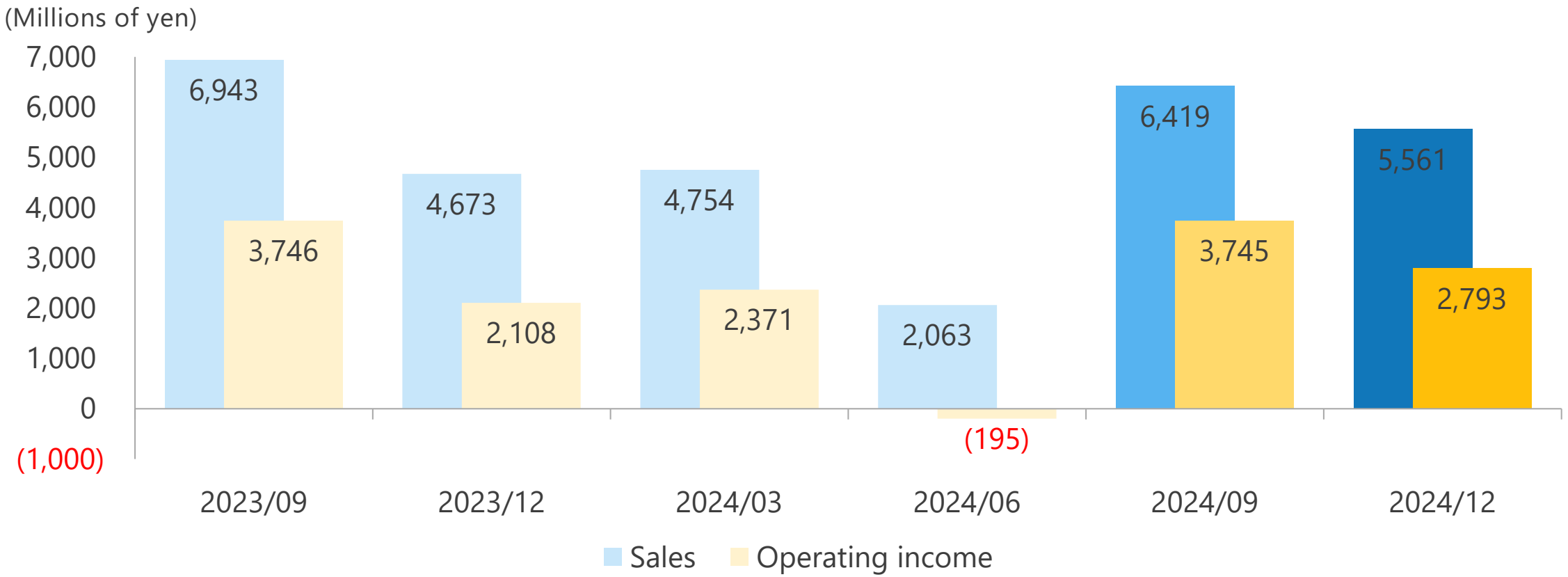
Quarterly Sales Trends

- **Sales in the 1st quarter of this FY 2025/6 were lower than in the same period of the previous FY 2024/6, when the influenza pandemic started early.**
- **On the other hand, as mentioned on the following pages, the company entered the 2nd quarter with sufficient inventories at the end of the 1st quarter, and sales in the 2nd quarter increased YonY, taking advantage of strong winter demand.**



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Sales by main products (Quarterly period (Oct.-Dec.))

- **The market size for COVID-19 single-test kits decreased YonY. Although our company's market share remained high, sales were almost the same as the previous year.**
- **Due to the rapid spread of influenza at the end of the year, sales of combo test kits and influenza single-test kits increased, and quarterly sales exceeded the same period of the previous year. In addition, orders for these products were carried over into the new year without being shipped.**

(Millions of yen)	FY 2023/6 2nd Quarter		FY 2024/6 2nd Quarter		FY 2025/6 2nd Quarter	
	Actual	*Composition*	Actual	*Composition*	Actual	*Composition*
COVID-19 single-test kits	1,831	*44.6%*	668	*14.3%*	661	*11.9%*
Influenza/COVID-19 combo test kits	1,402	*34.1%*	1,730	*37.0%*	2,565	*46.1%*
Influenza test kits	389	*9.5%*	1,402	*30.0%*	1,679	*30.2%*
Others	482	*11.7%*	871	*18.6%*	654	*11.8%*
Total	4,106		4,673		5,561	

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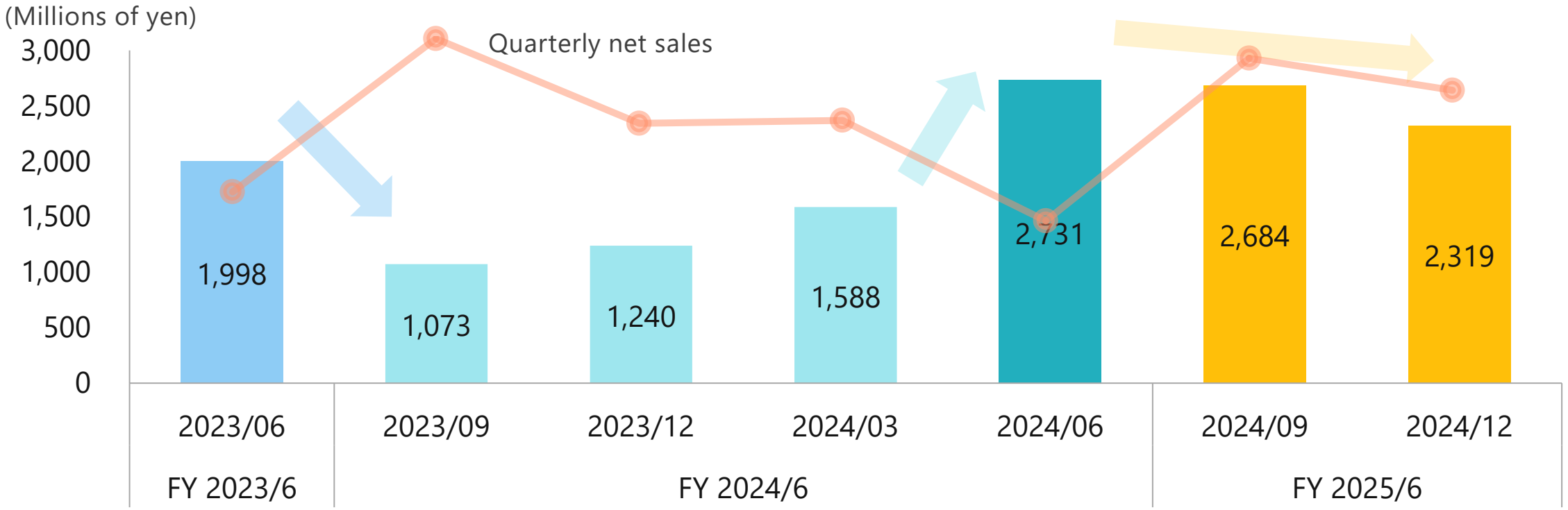
Inventory levels at the end of each quarter

- **In the past, inventory accumulated in the fourth quarter, which is the relatively low season for influenza and COVID-19 epidemics, is shipped in the 1st quarter of the following year when demand is strong, resulting in relatively high 1st quarter earnings.**
- **On the other hand, for the current FY, we were able to respond to winter demand with sufficient inventories at the end of the 1st quarter, and we were also able to maintain a high level of inventories at the end of the 2nd quarter compared to the same period last year, so that we will be able to respond to demand from the 3rd quarter onward.**



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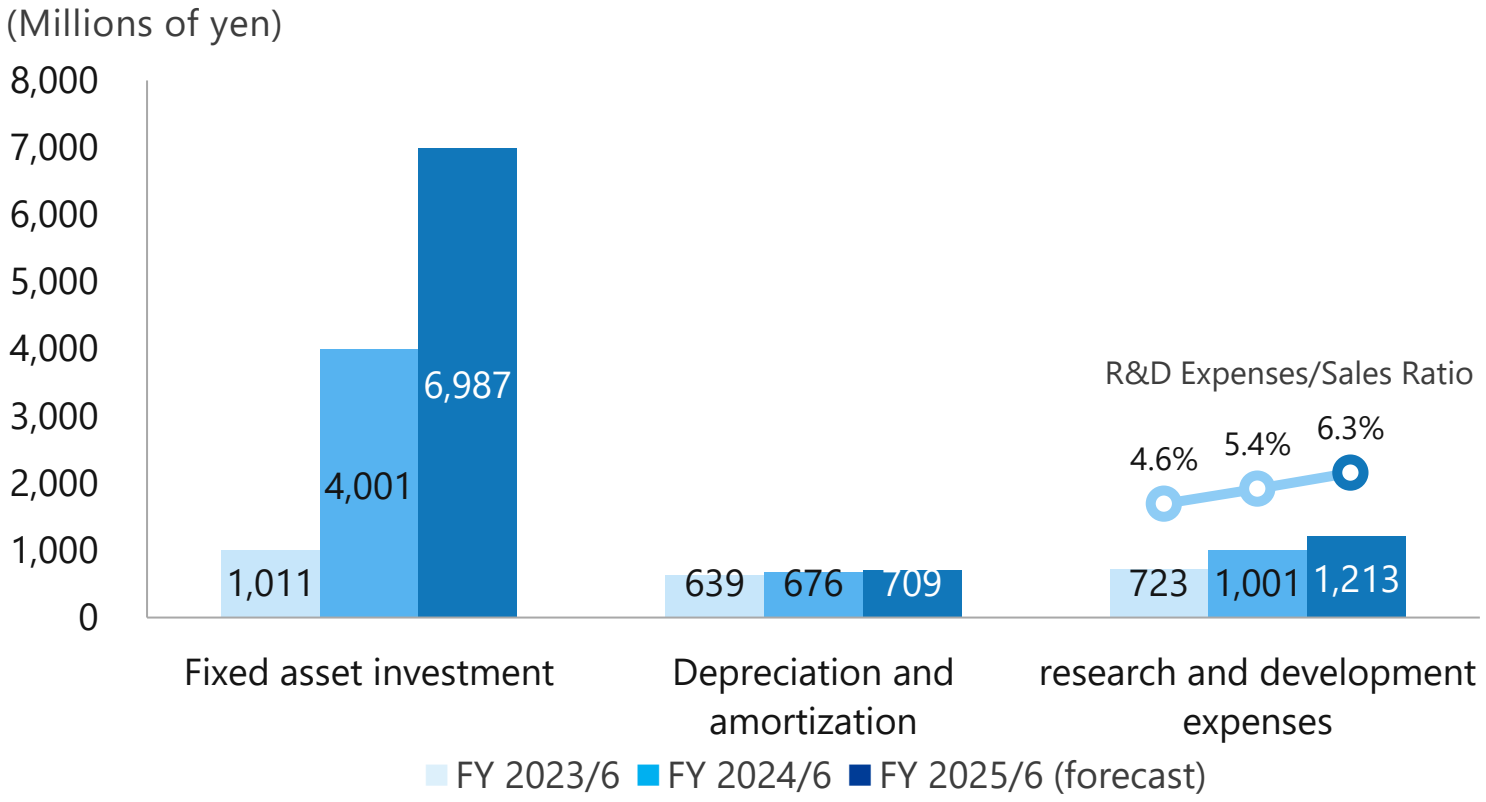
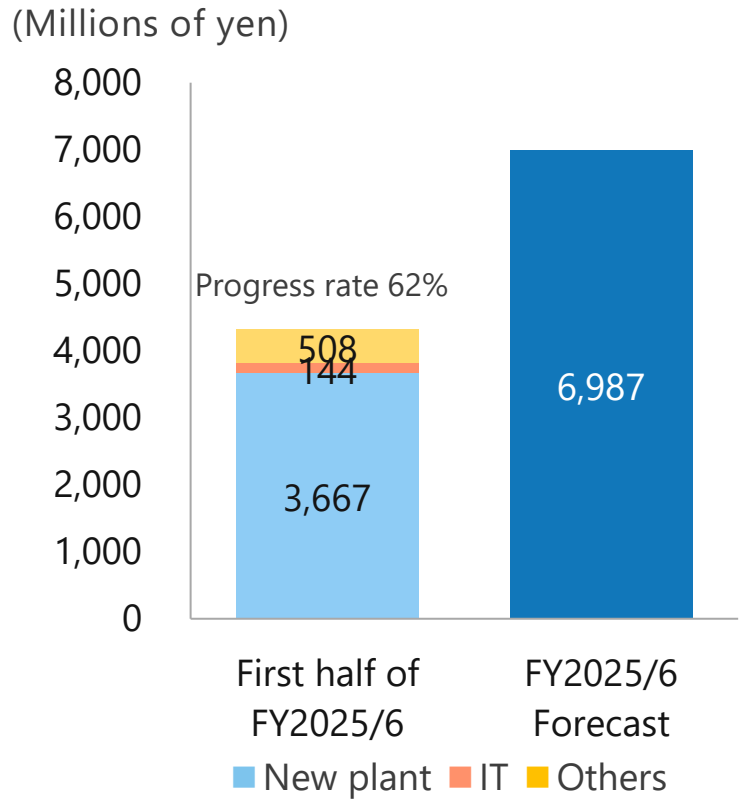
Investments

- **Fixed asset investment for the current FY is expected to expand to about 7 billion yen.**
- **The breakdown of investments is as follows: the majority of investments are for new plant-related equipment, and we also invest in IT such as ERP, capital tie-ups with startups, and necessary investments such as equipment replacement.**

Investment performance and forecast for the current period



Investment in fixed assets FY 2025/6



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Balance Sheet

(Millions of yen)	FY2024/6 1st Half	FY 2024/6	FY 2025/6 1st Half
Current assets	16,977	16,915	19,568
Cash on hand and in banks	5,413	9,424	7,573
Accounts receivable-trade	8,035	2,706	6,793
Merchandise and finished goods	1,240	2,731	2,319
Work in progress	1,071	846	1,263
Raw materials and supplies	1,148	1,140	1,421
Other	67	66	198
Fixed assets	9,146	12,345	16,444
Property, plant and equipment	4,619	7,905	11,768
Intangible fixed assets	3,810	3,720	3,827
Investments and other assets	716	719	848
Total assets	26,123	29,261	36,012

(Millions of yen)	FY2024/6 1st Half	FY 2024/6	FY 2025/6 1st Half
Current liabilities	10,432	10,474	10,820
Accounts payable-trade	1,243	1,482	1,348
Short-term borrowings	4,500	4,500	4,500
Current portion of long-term borrowings	732	732	732
Accrued income taxes	1,659	1,706	1,937
Consumption tax payable	0	387	123
Other	2,298	1,665	2,179
Long-term liabilities	2,983	5,120	8,901
Long-term borrowings	1,870	4,307	8,083
Deferred tax liabilities	922	619	619
Other	191	193	199
Total liabilities	13,416	15,594	19,721
Net assets	12,707	13,666	16,291
Total liabilities and net assets	26,123	29,261	36,012

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INDEX

01. Corporate Profile P. 2

02. Financial Results for 2Q P.11

03. Forecast for FY 2025/6 P.22

04. Appendix. P.30

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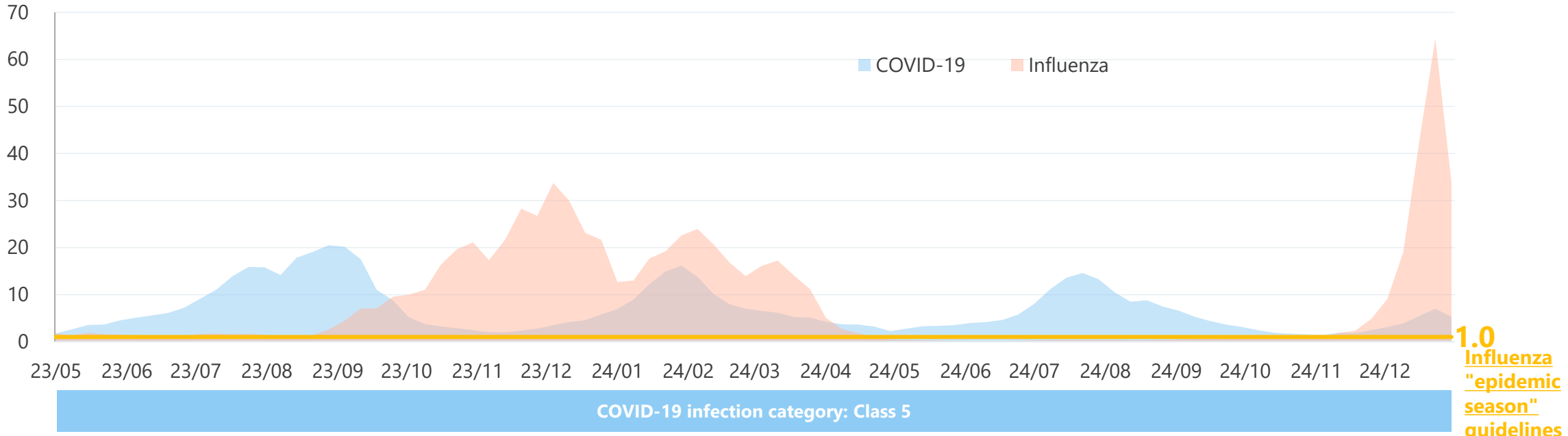
COVID-19 and influenza epidemics after the transition to Class 5

- **Looking at the number of COVID-19 cases reported per sentinel site, even after the transition to Class 5, the number of cases has continued to rise and fall, but it has never fallen below the number “1”*, which is considered as the benchmark for the start of an epidemic for influenza. Therefore, it can be said that COVID-19 is in a state of constant epidemic.**
- **The level of COVID-19 epidemic in the 2nd quarter was about 20% lower than the same period last year, and the level of the influenza epidemic was about 50% lower, and accordingly, the size of the test kit market also decreased.**



（Source： Ministry of Health, Labour and Welfare, “Outbreak of COVID-19" and "Press release on influenza".

*: Number of reports per sentinel sites is the weekly number of patient reports from all fixed-point medical institutions divided by the number of sentinel sites, and is the average weekly number of infected patients reported per medical institution. Showing the number of reports per sentinel sites nationwide.

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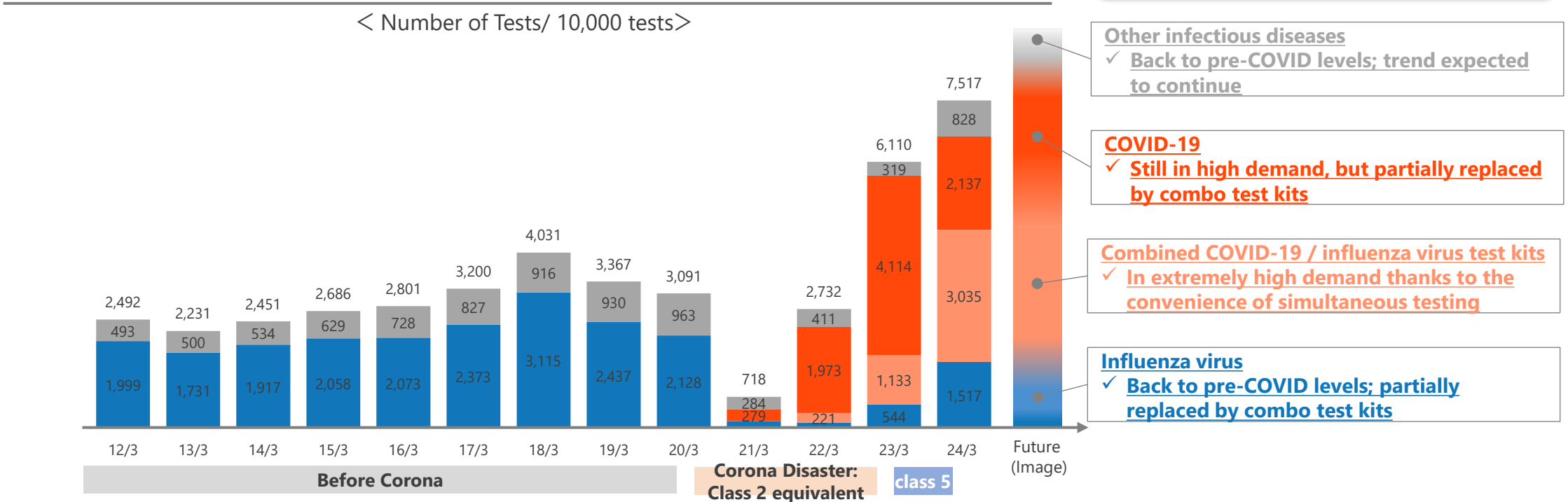
Domestic Antigen Testing Market for Medical Institutions expanded through COVID-19 Pandemic

- **Prior to the COVID-19 pandemic, the domestic antigen testing market for medical institutions was approximately 30 million tests per year, mainly for influenza.**
- **COVID-19 testing and simultaneous testing for COVID-19 and influenza using combo test kits have become commonplace due to the COVID-19 pandemic, and the market size has increased significantly to 75 million tests per year compared to before the COVID-19 pandemic.**

Domestic infectious disease antigen testing market for medical Institutions (related to TAUNS)[*1]



Our view of future market trends

Other infectious diseases
✓ **Back to pre-COVID levels; trend expected to continue**

COVID-19
✓ **Still in high demand, but partially replaced by combo test kits**

Combined COVID-19 / influenza virus test kits
✓ **In extremely high demand thanks to the convenience of simultaneous testing**

Influenza virus
✓ **Back to pre-COVID levels; partially replaced by combo test kits**

Insurance points[*2] (after revision in June 2024) >> ■ COVID-19 **150** ■ COVID-19/ Influenza combo **225** ■ Influenza **132** Other[*3*4]

(Sources) IQVIA (market size); MHLW "The 7th NDB Open Data Japan" (NHI points)

*1 : Copyright © 2025 IQVIA. In-house calculation based on the period of JPM April 2011 to March 2024). Reprinted with permission. Figures for fiscal years ending March 2023 and March 2024 exclude pharmacy sales.
*2: Insurance points for COVID-19 and COVID-19/influenza combo and influenza are after the revision in June 2024. Other diseases are the insurance points as of 2021, the latest period of NDB open data.
*3: Breakdown of Others （insurance points in parentheses): RS virus (138 points), adenovirus (189 points), streptococcus (127 points), mycoplasma (FA method 170 points / immunochromatography 150 points), human metapneumovirus (146 points)
*4: Data from FY 2017/3 onward for mycoplasmas and FY 2013/3 onward for human metapneumovirus.

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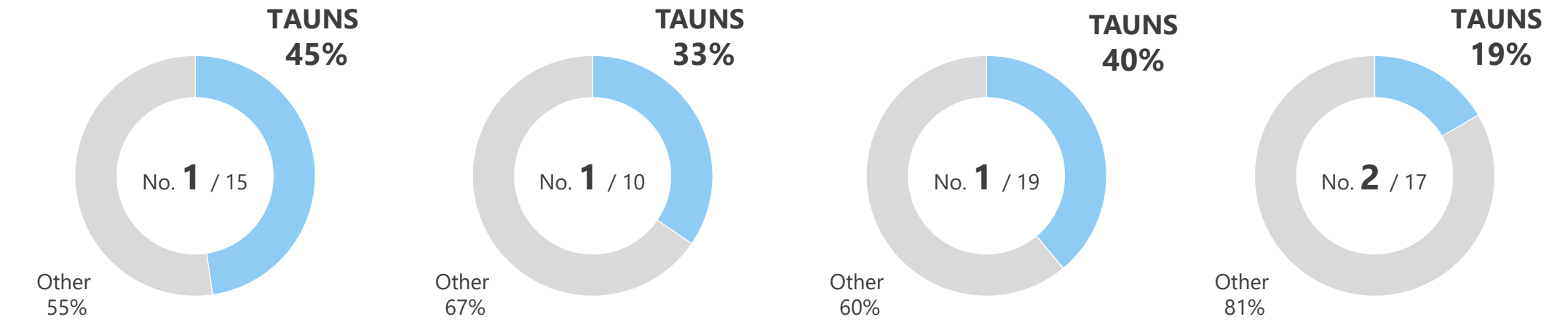
High market share and room for expansion

- **We have the largest share of the influenza, adenovirus and COVID-19 antigen test kit market in Japan.**
- **Market share of influenza test kits and COVID-19 single-test kits also increased significantly from FY2024/6.**
- **On the other hand, combo test kits, the growth driver for this FY, are still in the process of recovering market share. We aim to regain market share in the future through distribution agreements with Roche Diagnostics K.K. and the launch of improved products.**

Share of the domestic market for antigen test kits for medical institutions for major respiratory infections*1



*1: Copyright © 2025 IQVIA. In-house calculation based on the period of JPM (July 2024 - December 2024) to confirm the Company's share for the first half of FY6/2025. Reprinted with permission.All rights reserved. Share is calculated as the ratio of the Company's number of inspections during the relevant period divided by the overall number of inspections during the relevant period.

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Forecast of operating results

- **No change at this time from the forecast announced on August 13, 2024**
- **Due to the largest-ever influenza epidemic in the history of fixed-point observation in December, there was strong demand for our testing kits over the year-end and New Year period, and as a result, we received many orders, causing our inventory levels to fall. We continued to adjust shipments until late January.**
- **On the other hand, it is difficult to accurately estimate the level of impact on earnings forecasts due to the difficulty of predicting the spread of influenza and COVID-19 from February onwards. If it becomes clear in the future that revisions to earnings forecasts are necessary, we will disclose them promptly.**

(Millions of yen)	FY 2024/6 Forecast *(1)*	FY 2024/6 Actual *(2)*	FY 2025/6 Forecast *(3)*	*YonY* (2) / (3)	*Margin*
Net sales	17,553	18,434	19,273	*4.5%*	-
Operating income	7,891	8,030	8,308	*3.5%*	*43.1%*
Ordinary income	7,741	7,840	8,316	*6.1%*	*43.1%*
Net income	5,550	5,774	6,019	*4.2%*	*31.2%*

As a premise for formulating earnings forecasts

- ✓ The expansion of production capacity for combo kits and the acceleration of the alliance with Shionogi will lead to an increase in market share and the proportion of combo kits in our sales.
- ✓ There will be some downward pressure on prices due to price competition for COVID-19-related products.

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Progress of operating results

- **The progress rate against the full-year sales forecast is 62.2%, which is about the same as the actual results for the previous fiscal year.**
- **On the profit side, the high-margin new COVID-19 single-test kits and combo test kits made a significant contribution, resulting in a higher rate of progress than in the year-ago period.**

(Millions of yen)	FY2024/6			FY 2025/6		
	Full Year Results	1st half Results	*vsFY*	Full Year Forecast	1st half Results	*vsForecast*
Net sales	18,434	11,617	*63.0%*	19,273	11,981	*62.2%*
Operating income	8,030	5,854	*72.9%*	8,308	6,538	*78.7%*
Ordinary income	7,840	5,877	*75.0%*	8,316	6,525	*78.5%*
Net income	5,774	4,219	*73.1%*	6,019	4,686	*77.9%*

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Shareholder Return Information

- **No change at this time from the dividend forecast announced on August 13, 2024**
- **In addition to the ordinary dividend of around 30% of net income, a special dividend of 10 yen will be paid to commemorate the anniversary of the company's founding.**

In response to changes in the business environment, we will strengthen our corporate structure and, taking into account the future business environment, we will implement a policy of stable and continuous profit distribution to shareholders with a payout ratio of around 30%. In addition to our regular dividend policy, we will also implement commemorative dividends to mark anniversaries and other occasions, taking into account our overall business performance and financial position.

(Yen, %)	Interim dividend	Year-end dividend	Annual dividend	Dividend payout ratio	Remarks
FY 2024/6	6.00	21.75*1	27.75*1	48.1%	Special dividend of 11.10 yen per share to commemorate listing on the Tokyo Stock Exchange Standard Market
FY 2025/6	6.00	22.00*2	28.00*2	46.8%	Special anniversary dividend of 10.00 yen per share will be paid at the end of the FY to celebrate the 10th anniversary of the Company’s establishment.

*1: 11.10 yen is included as a commemorative dividend for the new listing.
*2: 10.00 yen (planned) is included as a commemorative dividend for the 10th anniversary of the Company's establishment.

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Recent Topics

- **Implementing sales and development initiatives that will not have a significant impact on short-term results but will be important in the medium to long term**

Purpose	Expand sales and market share of combo test kits, etc.	Progress in Development of Next-generation POCT "Digital Immunoassay (D-IA)" Technology	
Release details	Entry into Master Transaction Agreement with Roche Diagnostics K.K.	Patent on Method and Reagent for Detecting Target Substance Granted in Japan	Notice of Strategic Business Alliance with ZACROS Corporation
Date of release	January 22, 2025	January 28, 2025	February 6, 2025
Contents	• Contracted with Roche Diagnostics to distribute ImunoAce® SARS-CoV-2 III (Sales standard: 10 tests) ImunoAce® SARS-CoV-2/Flu (Sales standard: 10 Tests) • Sales started from the last week of January 2025. • Mainly aimed at increasing market share of combo test kits	• Patent No. 7625633 (Application Date: April 21, 2023) • Patent on method and reagent for detecting target substance, a core technology in antigen testing • Technologies related to detection principle of D-IA, key to future growth strategies • Aiming for low-cost, easy, quick, and lab-level accurate testing, and as a result, improving value for both examinee and medical institution. • However, implementation of this technology in product will take some time	• Business partnership with ZACROS to utilize their biochip technology in D-IA, complementing the technology needed to complete D-IA • Other objectives include establishing more efficient production technology and others.
Partner	Roche Diagnostics K.K.	-	ZACROS Corporation (Former Fujimori Kogyo Co., Ltd.)

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INDEX

01. Corporate Profile P. 2

02. Financial Results for 2Q P.11

03. Forecast for FY 2025/6 P.22

04. Appendix. P.30

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Background of High Infectious Disease Testing Rates in Japan

- **Japan's infectious disease testing rate has been continuously high in the past, backed by a serious national character that seeks to prevent transmission to others, a well-developed medical system, and a proactive attitude on the part of medical institutions to test for infectious diseases.*1**

Serious national character that seeks to prevent transmission to others.

- As indicated by the high rate of mask use in COVID-19 disaster, Japanese people are highly conscious of preventing the spread of infection to others if they themselves become infected.
  - ✓ In order to prevent work stoppages and class closures, companies and schools usually have a rule that employees or students must stay home if positive.
- It is said that many people go to the hospital and get tested immediately when they have a fever to decide if they can go to work or school.

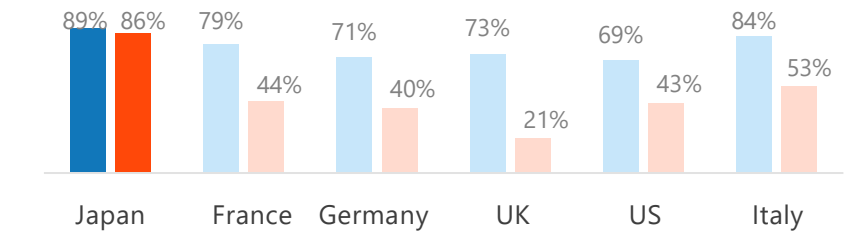
Well-developed health care system facilitates access to testing

- Universal health insurance system allows all ages to receive examinations at a low co-payment.
- High number of medical facilities per capita and immediate access to testing without prior appointment

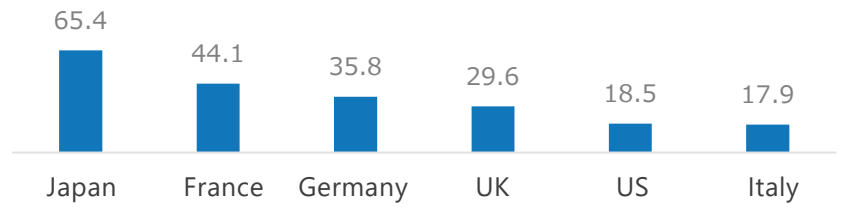
Proactive attitude on the part of medical institutions to conduct inspections

- In Japan, the Ministry of Health, Labor and Welfare has set targets for reducing the amount of antimicrobial drugs used, and as a national policy, it is actively promoting testing (including differentiation between viral and bacterial infections).
- Laboratory fees contribute to the stability of the business condition of hospitals and clinics.

Change in rate of mask use*2 in COVID-19 disaster (April 2009→July 2010)



Hospitals per million population (2021, in facilities)*3



Background of the national policy recommending the implementation of inspections

- ✓ Antimicrobial-resistant bacteria are increasing around the world due to overuse of antimicrobial prescriptions.
- ✓ MHLW formulated an action plan to combat drug resistance (AMR) and set a target of **reducing antimicrobial use by 15% from 2020 levels** by 2027, and **recommended that testing be conducted.**

*1: OECD Health Care Utilisation "Doctors consultations"
*2: Compiled by the Company from the Japan Research Center/YouGov survey, "What is the rate of mask-wearing in Japan after the transition to Category 5 infectious diseases'?" Percentage of respondents who answered "I have worn a mask in public places in the past two weeks" to the survey. Results of the June 2020 survey in the U.K. only.
*3: Compiled by the Company from OECD Health Care Resources, "Hospitals". The number of hospitals per million population in the UK is an OECD estimate.

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Outlook for Demand for Testing of COVID-19 in Japan

- **COVID-19, in comparison to influenza viruses, is characterized by its strong infectivity, difficulty in acquiring immunity, and multiple outbreaks per year.**
- **Cases of COVID-19-related deaths, including those associated with complications of underlying cardiovascular disease, continue to occur. As a result, robust demand for testing is expected to continue for the foreseeable future.**

		influenza	COVID-19
Factors suggesting continued prevalence of COVID-19 infections	Infectivity	• COVID-19 contrast, weakly infectious. • The basic reproduction number (R0)*1 , an indicator of transmissibility, is approx. 1.3.	• Comparatively stronger than influenza viruses. • **The initial Wuhan strain had an R0 of approx. 3.0, and the R0 in subsequent mutants has remained even higher.**
	Immunity decay rates / Emergence of immune-evasive strains	• Epidemic strains appear every year; immunity can be acquired through vaccination or infection, and instances of repeated infections by the same individual within one season*2 are rare.	• Faster decay rate of immunity and emergence of immune-evasive strains compared to influenza viruses. • **Individuals can be infected more than once in a year.**
	Seasonality	• Seasonal patterns observed, with epidemics typically occurring during the winter months.	• Current evidence does not confirm seasonality; **multiple epidemics possible in a single year.**
Factors suggesting continued demand for COVID-19 infection tests	Fatality rates / Number of deaths	• Fatality rates consistent. • Annual no. of deaths in Japan in a typical year estimated to be approx. 10,000.	• **Fatality rates consistent; many fatalities due to complications with cardiovascular conditions.** • Approx. 50,000 deaths reported in Japan in 2023 *.[3]

(Sources) COVID-19 Infection Control Advisory Board. "Characteristics of COVID-19 and Medium- to Long-Term Risks"; MHLW website " Frequently asked questions about novel influenza viruses."

*1: The basic reproduction number (R_0) is an estimated value representing the average number of secondary infections generated by one infected The basic reproduction number (R95) is an estimated value representing the average number of secondary infections generated by one infected individual within a population completely lacking immunity to a specific infectious disease.
*2: The MHLW defines an influenza "season" as the period from September to April when the number of infections typically increases.
*3: Number of COVID-19-related deaths is based on data obtained from Death Certificates (autopsy reports) (Column I or II)

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Production strengthened by the establishment of new factory

- **We are currently building a new factory in Mishima City, Shizuoka Prefecture. While increasing production capacity as a growth driver, TAUNS is also enhancing factory automation (FA) and in-house production to maintain high quality standards while reducing costs, as well as strengthening its BCP system.**

Purpose of Establishment

In addition to strengthening the production capacity of existing products, we will also achieve the manufacturing of products related to new platforms.

Start of Operations (Phase I Construction)

December 2025 (scheduled)

Investment Amount

11.29 billion yen

Company cost is 7.29 billion yen due to subsidies (Land has already been acquired)

Depreciation burden due to new factory investment is about ＋400 million yen/year

1 Strengthening of production capacity

- Increase the production capacity Approx. 1.3 million tests/month*1

→ **Approx. 3.9 million tests/month** *1

- Maximum monthly production in FY2024 was 312% of capacity, a large load to cope with.
- Enable production of new platform products (D-IA, etc.) that cannot be manufactured at the Kamishima Factory.



2 Quality management and cost reductions through FA and inhouse production

- Promote factory automation to reduce labor costs while maintaining high quality.
- Lower manufacturing costs by improving the total inhouse manufacturing capacity and reducing the number of processes that were previously outsourced.



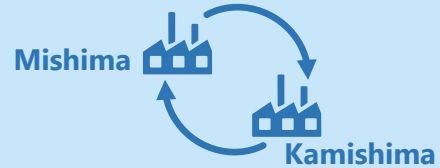
3 Secure warehouse space / logistics cost savings

- Secure a large site to use as warehouse space for test kits.
- Reduce warehousing/logistics costs by eliminating the need for inventory storage at a conventional external warehouse.
- With factory automation in the warehouse, the number of cargo receivers can be reduced to 1/6 of the previous number.



4 BCP

- Implement two production sites instead of the current system of only one production site.
- Ensure business continuity in the event of an emergency, avoid production outages.
- Equipped with higher earthquake resistance than the current Kamishima Factory.



*1: Monthly production capacity is calculated based on the assumption that the company operates only during the daytime on weekdays and minimizes outsourcing.

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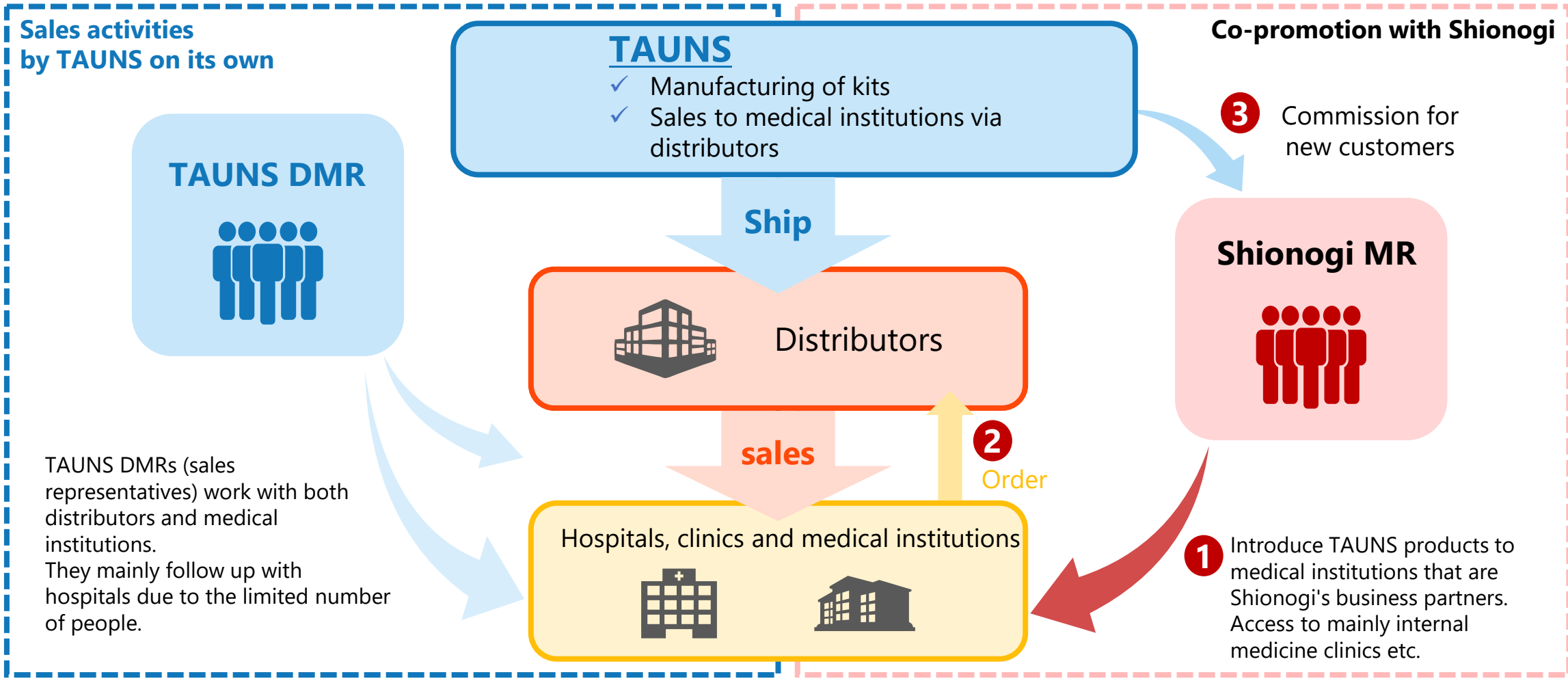
Our distribution and collaboration with Shionogi

- **Shionogi will introduce our products to medical institutions and contribute to gaining recognition.**
- **Medical institutions place orders for our products with wholesale distributors, and TAUNS pays Shionogi commissions and other fees based on their contributions.**



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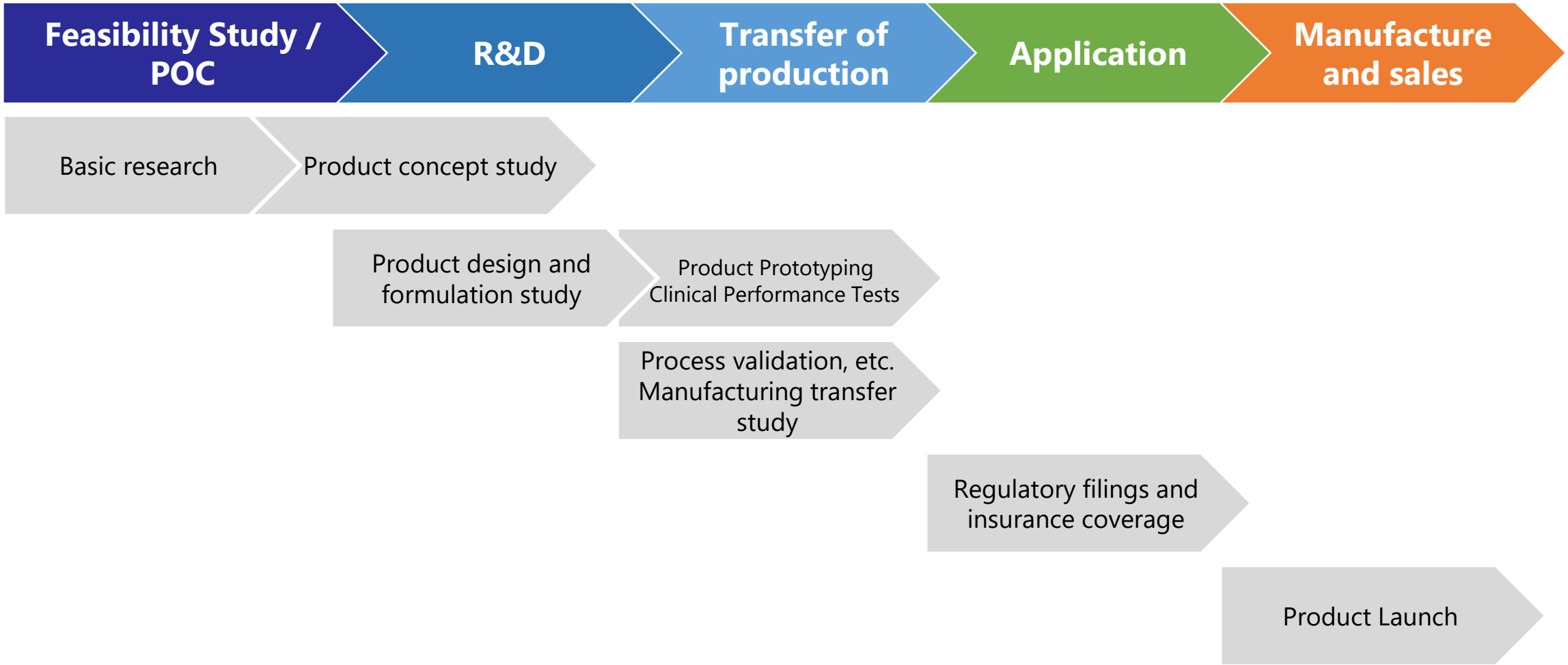
Product Launch Process



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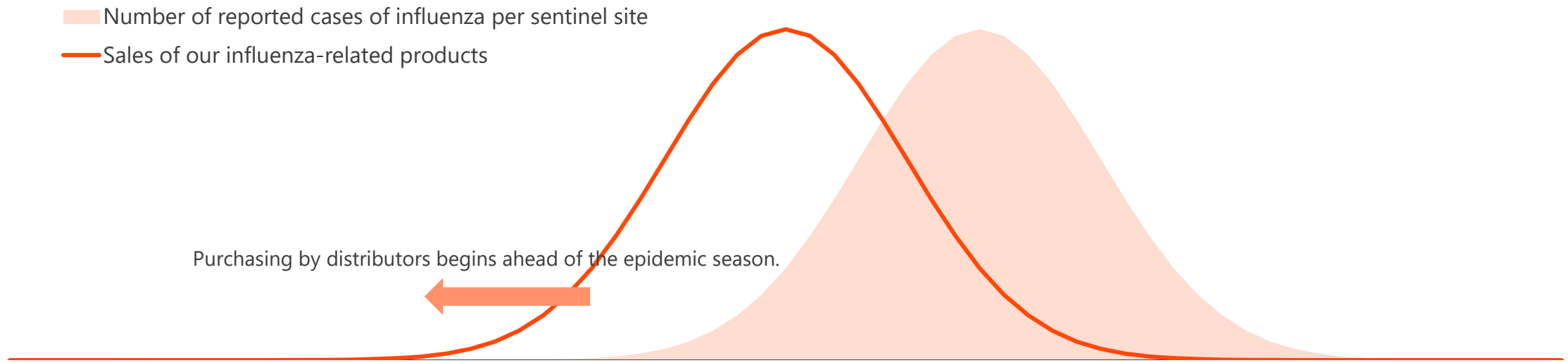
Epidemic Period of Infectious Diseases and Our Revenue (Image)

- **For seasonal infectious diseases such as influenza, distributors tend to peak their purchases (≒recorded as sales by the Company) ahead of the peak of the epidemic.**
- **Seasonal respiratory infections are generally prevalent at the same time each year, but the start and peak of the epidemic may vary from year to year, and our revenues may also peak at different times in accordance with the epidemic period.**

Infectious Disease Epidemic Periods and Our Revenue (Image Chart)



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