Financial Highlights for 3Q ended March 31, 2025

TAUNS Laboratories, Inc.(Code: 197A)

May 14, 2025

INDEX

01. Corporate Profile	**P. 2**
02. Financial Results for 3Q	P.11
03. Forecast for FY 2025/6	P.22
04. Appendix.	P.32

©TAUNS Laboratories, Inc.

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	271 million yen (as of March 31, 2025)			
Board of Directors & Audit Committee (As of March 31, 2025)	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 March 31, 2025)	Founding families: 28.4% Financial investors: 45.1% Others: 26.3%			
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	342 (as of March 31, 2025)			
Total Assets	37,635 million yen (as of March 31, 2025)			
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

©TAUNS Laboratories, Inc.

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.

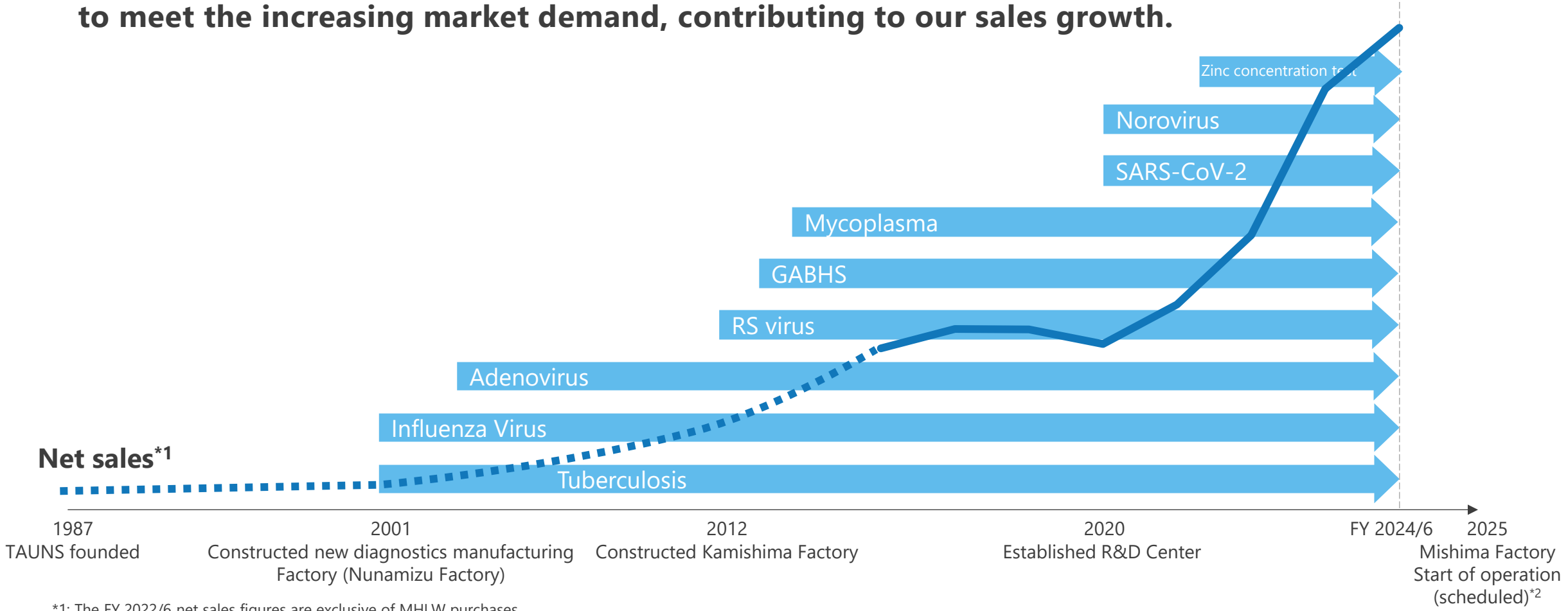
Building a better outlook throughout the world

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

©TAUNS Laboratories, Inc.

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 July 2025 and start operation in December 2025.

©TAUNS Laboratories, Inc.

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)



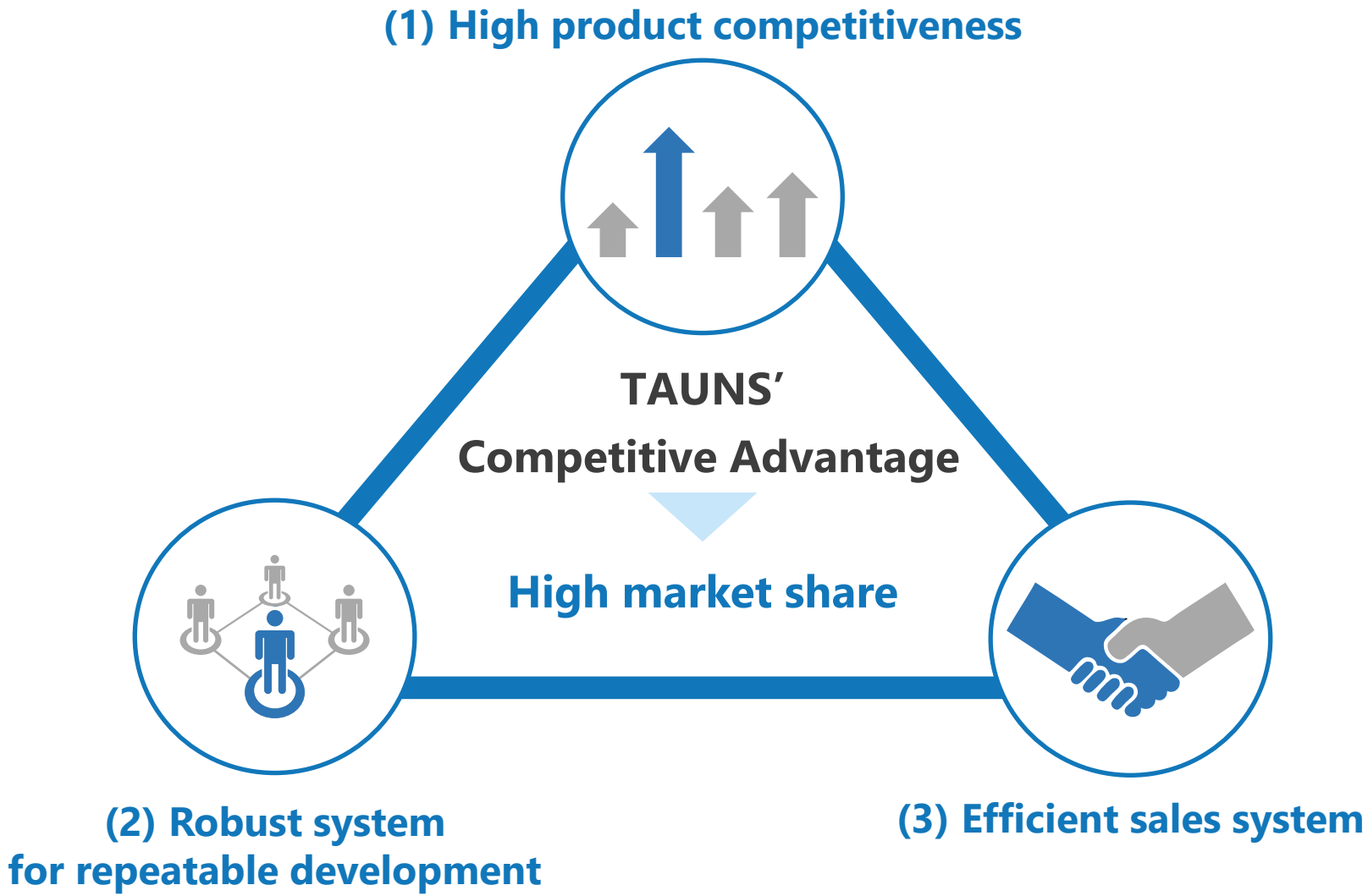
Human Metapneumo virus
(released in 2016)



RS virus
(released in 2012)

©TAUNS Laboratories, Inc.

Our 3 Competitive Advantages Driving High Market Share

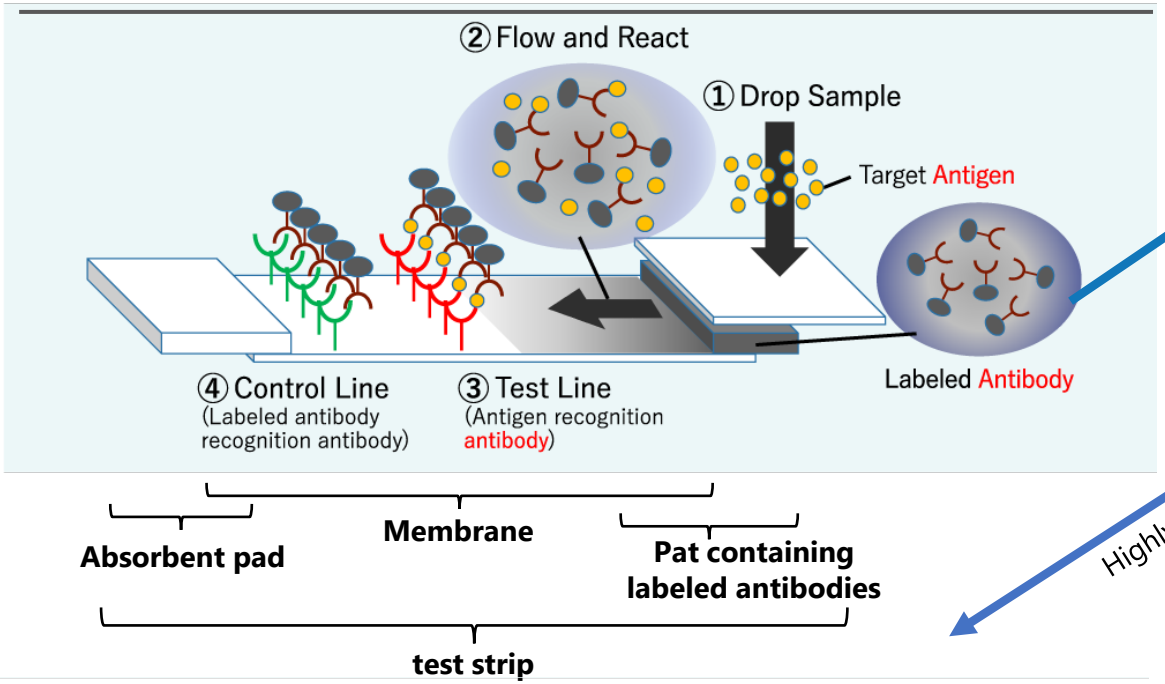


©TAUNS Laboratories, Inc.

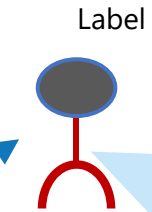
Principle of Antigen Test Kits and Strengths of Our Technology

- **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

©TAUNS Laboratories, Inc.

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

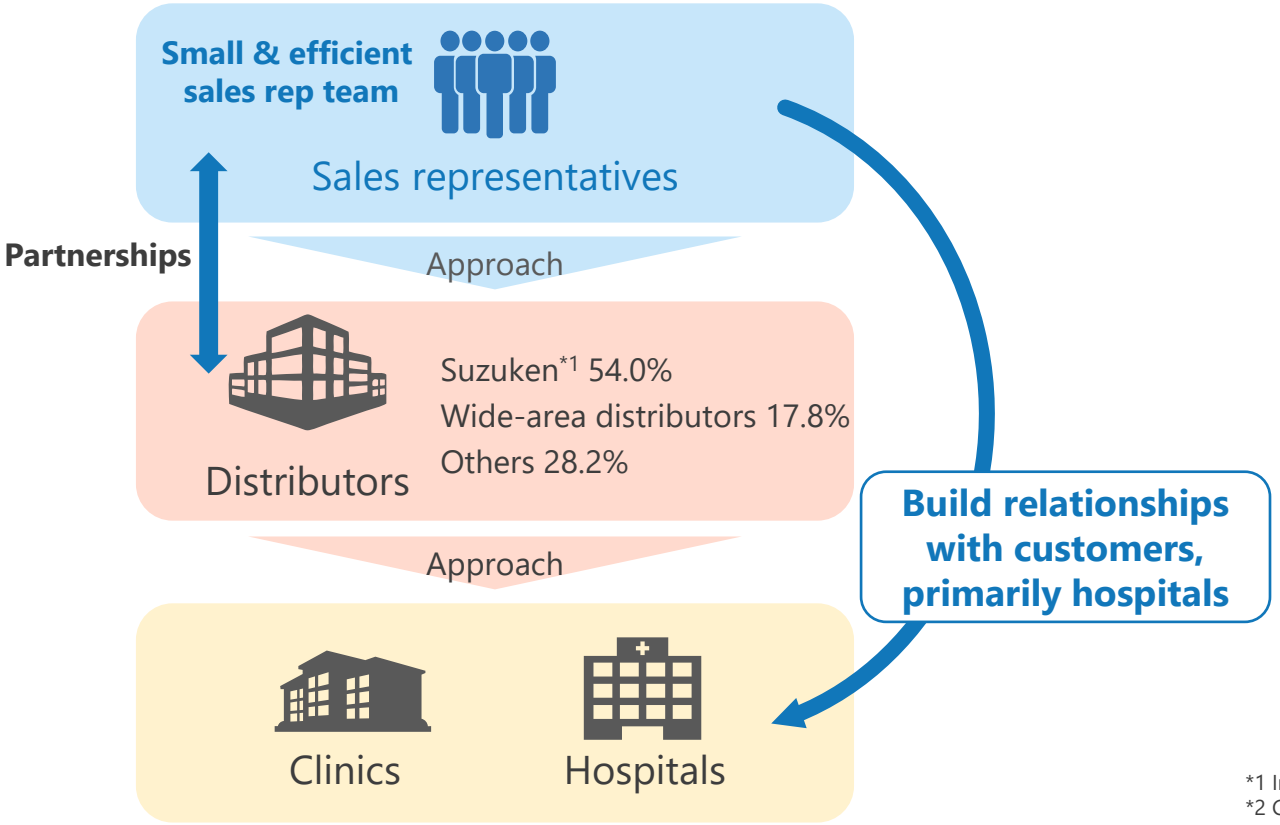
*1 Number of researchers enrolled as of June 30, 2024 (full-time employees)

©TAUNS Laboratories, Inc.

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)

©TAUNS Laboratories, Inc.

INDEX

01. Corporate Profile P. 2

02. Financial Results for 3Q P.11

03. Forecast for FY 2025/6 P.22

04. Appendix. P.32

©TAUNS Laboratories, Inc.

Highlights for 3Q ended March 31

- ✓ The 12th wave of COVID-19, which began in December, did not expand fully in scale compared to past epidemics. As a result, the scale of the epidemic in the cumulative Q3 decreased by approximately 40% year-on-year. Despite the decrease in the size of the epidemic, the Company significantly increased the market share of the COVID-19 single test kit, and increased sales of the kit compared to the same period of the previous year.
- ✓ The influenza epidemic temporarily reached the highest level ever recorded at the end of the year, but rapidly subsided in the third quarter. The scale of the influenza epidemic in the cumulative Q3 decreased by approximately 50% year-on-year, as the epidemic had continued for a long period of time in the previous fiscal year. Although the Company increased its market share of influenza test kits, sales of the same kits declined YoY due to the decrease in the scale of the epidemic.
- ✓ Although the scale of both the COVID-19 and influenza epidemics decreased from the same period of the previous year, sales of combo test kits significantly exceeded those of the same period of the previous year due to the market penetration of combo test kits and the fact that sufficient inventory levels were maintained in the current period, unlike the previous year when we were forced to adjust shipments over a long period of time. In addition, the company's performance was driven by the strong sales of combo test kits.
- ✓ Net sales for the cumulative Q3 reached a record high. Profits at each stage increased YoY, and the profit margin also improved from the same period last year. The improvement in profit margin was mainly due to an increase in the sales composition of the relatively high-margin COVID-19 single test kit and combo test kit.

©TAUNS Laboratories, Inc.

Nine months results for FY2025/6

- **Although both COVID-19 and influenza outbreaks were smaller than in the same period of the previous year, the Company achieved a high market share and increased revenues and profits, mainly due to its ability to meet demand during the epidemic with sufficient inventories.**
- **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 3Q		FY 2024/6 3Q		FY 2025/6 3Q		
	Actual	*Margin*	Actual	*Margin*	Actual	*Margin*	*YonY*
Net sales	12,834	-	16,371	-	17,607	-	*7.6%*
Gross profit	8,155	*63.5%*	11,310	*69.1%*	12,685	*72.0%*	*12.2%*
Operating income	4,949	*38.6%*	8,226	*50.2%*	9,330	*53.0%*	*13.4%*
Ordinary income	4,940	*38.5%*	8,249	*50.4%*	9,296	*52.8%*	*12.7%*
Net income	3,374	*26.3%*	5,906	*36.1%*	6,645	*37.7%*	*12.5%*
EBITDA	5,422	*42.2%*	8,732	*53.3%*	9,864	*56.0%*	*13.0%*

©TAUNS Laboratories, Inc.

Sales by main products (Nine month period)

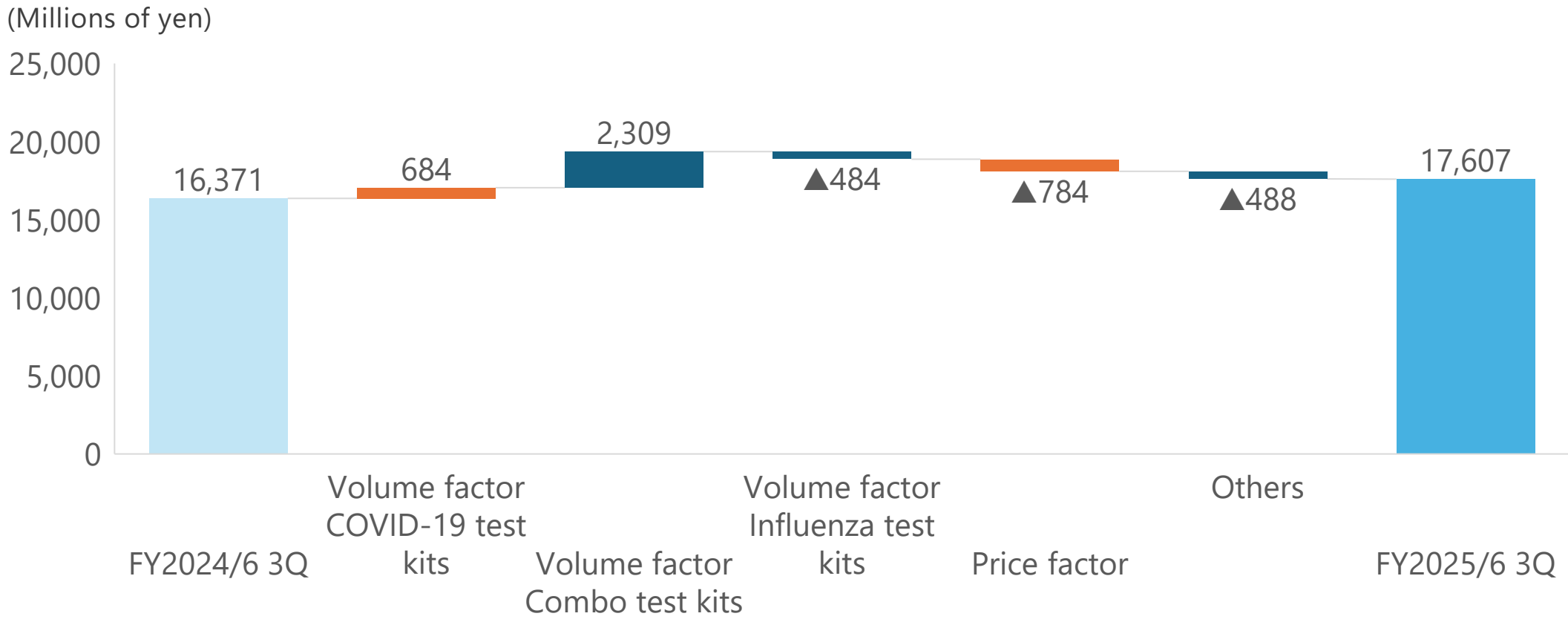
- **Although epidemic levels of both COVID-19 and influenza were lower than in the year-ago period, sales of the COVID-19 single-test kit increased due to market share gains. On the other hand, sales of influenza test kits declined due to the shift in demand to combo test kits.**
- **In combo test kits, the market size declined, while our share increased. Sales of combo test kits increased YoY due to the timely response to the stock securing activities by some distributors during the year-end and New Year's holidays.**

(Millions of yen)	FY 2023/6 3Q		FY 2024/6 3Q		FY 2025/6 3Q	
	Actual	*Composition*	Actual	*Composition*	Actual	*Composition*
COVID-19 single-test kits	7,943	*61.9%*	3,957	*24.2%*	4,671	*26.5%*
Influenza/COVID-19 combo test kits	2,491	*19.4%*	6,041	*36.9%*	7,728	*43.9%*
Influenza test kits	1,079	*8.4%*	3,866	*23.6%*	3,253	*18.5%*
Others	1,319	*10.3%*	2,505	*15.3%*	1,954	*11.1%*
Total	12,834		16,371		17,607	

©TAUNS Laboratories, Inc.

Factors for YonY Sales increase/decrease

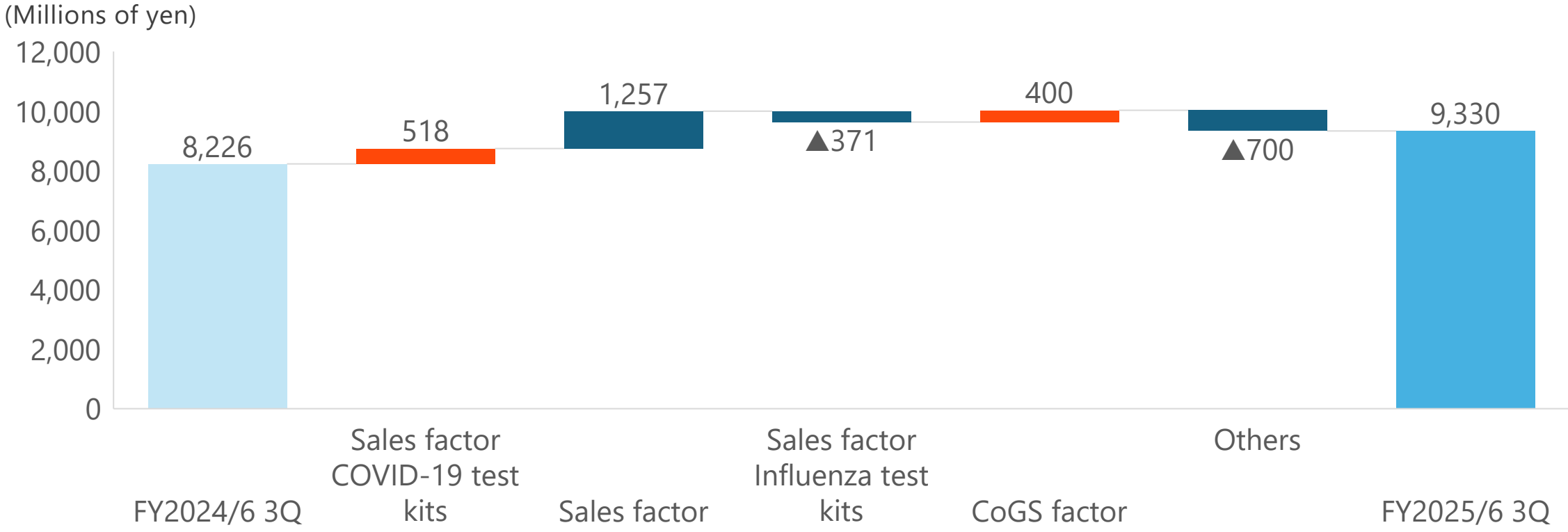
- **As mentioned above, increased sales volume of COVID-19 test kits and combo test kits contributed to the increase in sales.**
- **Unit prices did not fall at the level assumed at the beginning of the period, and only a slight reduction was recorded.**



©TAUNS Laboratories, Inc.

Factors for YonY Operating Income increase/decrease

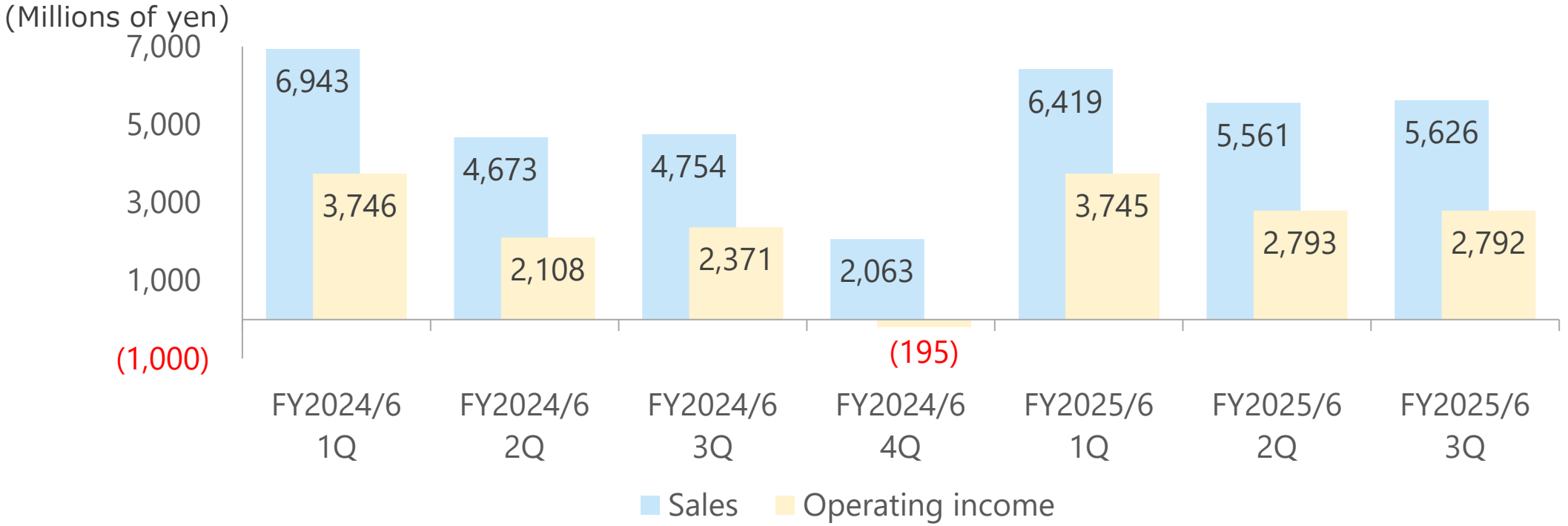
- **As mentioned above, increased sales of COVID-19 test kits and combo test kits contributed to the increase in profit.**
- **In addition to the effect of improved sales mix, cost reductions due to the switch to a new product that introduces a high-quality, low-cost rabbit monoclonal antibodies in COVID-19 test kit also contributed to the increase in profit.**



©TAUNS Laboratories, Inc.

Quarterly Sales and Operating Income 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 influenza began to spread during the summer season.**
- **On the other hand, as described below, the Company was able to secure sufficient inventory volume during the period under review, enabling it to respond in a timely manner to the increased demand for test kits during the winter season. As a result, net sales and operating income for the 2Q and 3Q were higher than in the same period of the previous year, when the Company was forced to adjust shipments for a long period of time.**



©TAUNS Laboratories, Inc.

Sales by main products (Quarterly period (Jan.-Mar.)

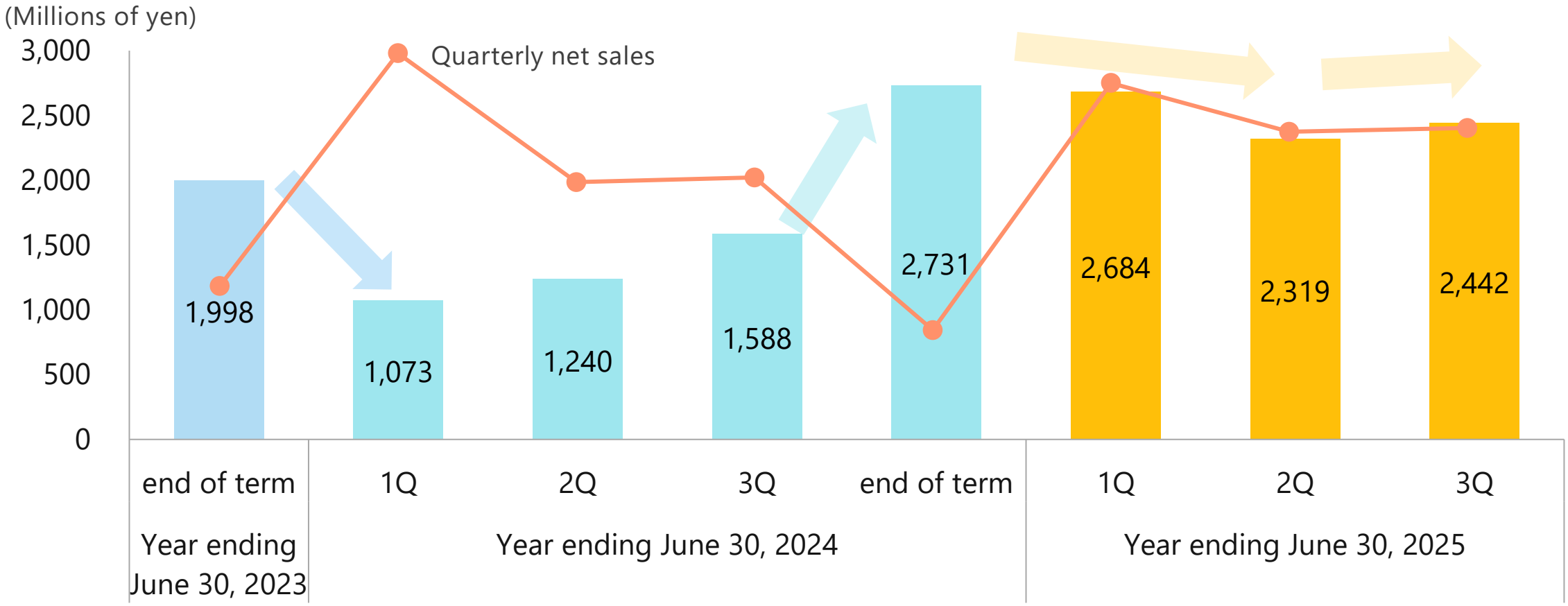
- **In the third quarter, the market size of COVID-19 test kits decreased by about 50% y-o-y. Although our market share remained at a high level, sales declined YoY.**
- **Sales of combo test kits increased significantly YoY due to the rapid spread of influenza infection during the year-end and new year holidays. On the other hand, sales of influenza test kits remained at the same level as in the same period of the previous year due to a shift in demand to combo test kits, although the Company's market share remained at a high level.**

(Millions of yen)	FY 2023/6 3rd Quarter		FY 2024/6 3rd Quarter		FY 2025/6 3rd Quarter	
	Actual	*Composition*	Actual	*Composition*	Actual	*Composition*
COVID-19 single-test kits	755	*31.4%*	914	*19.2%*	725	*12.9%*
Influenza/COVID-19 combo test kits	802	*33.4%*	1,831	*38.5%*	3,148	*56.0%*
Influenza test kits	571	*23.8%*	1,177	*24.8%*	1,173	*20.8%*
Others	271	*11.3%*	831	*17.5%*	579	*10.3%*
Total	2,401		4,754		5,626	

©TAUNS Laboratories, Inc.

Inventory levels at the end of each quarter

- **In the previous fiscal year, inventory levels plummeted due to the influenza and COVID-19 pandemic during the summer, forcing us to adjust shipments for a long period of time.**
- **On the other hand, the Company maintains sufficient inventory levels at the end of each quarter to be able to respond to any sudden outbreak of an epidemic.**

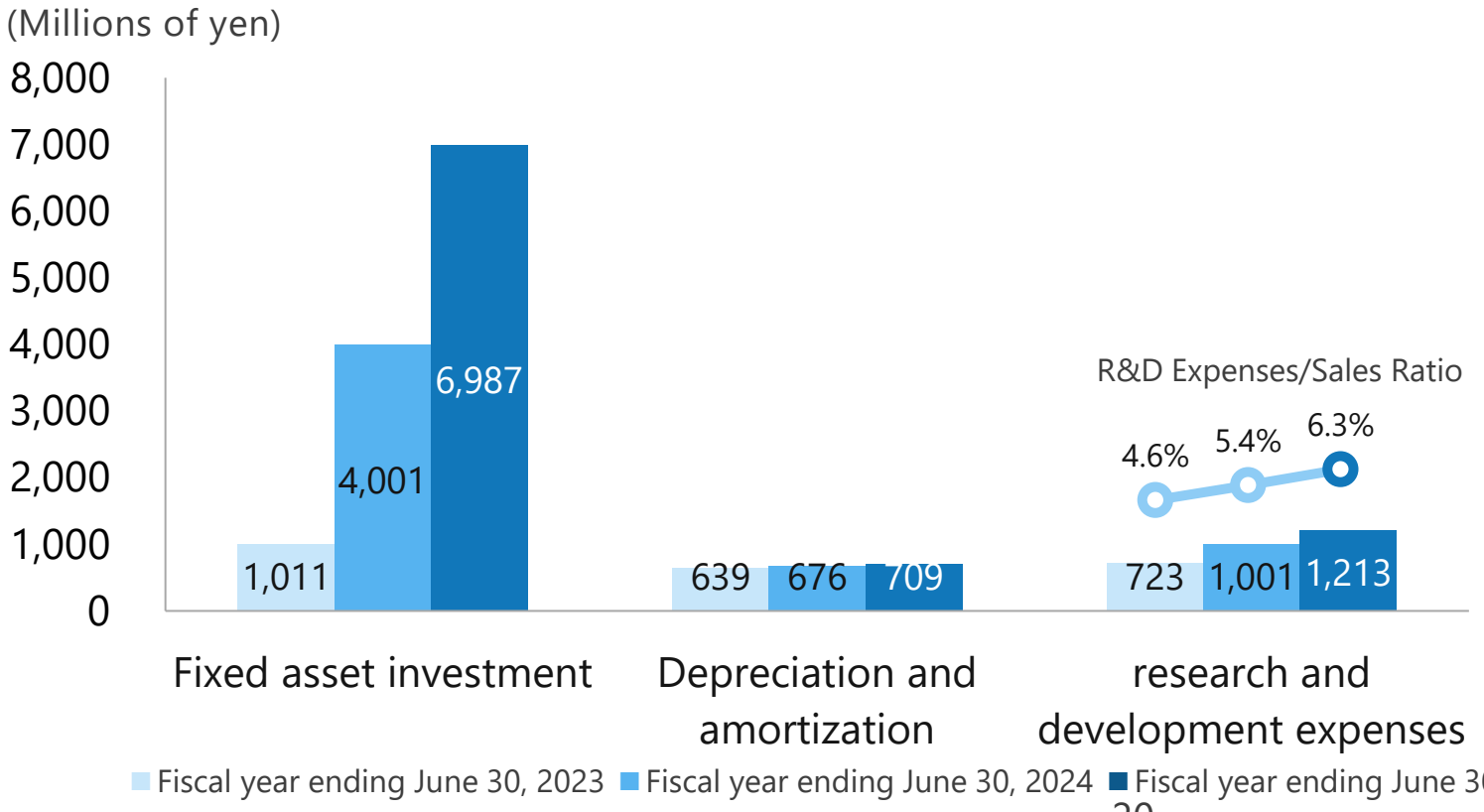


©TAUNS Laboratories, Inc.

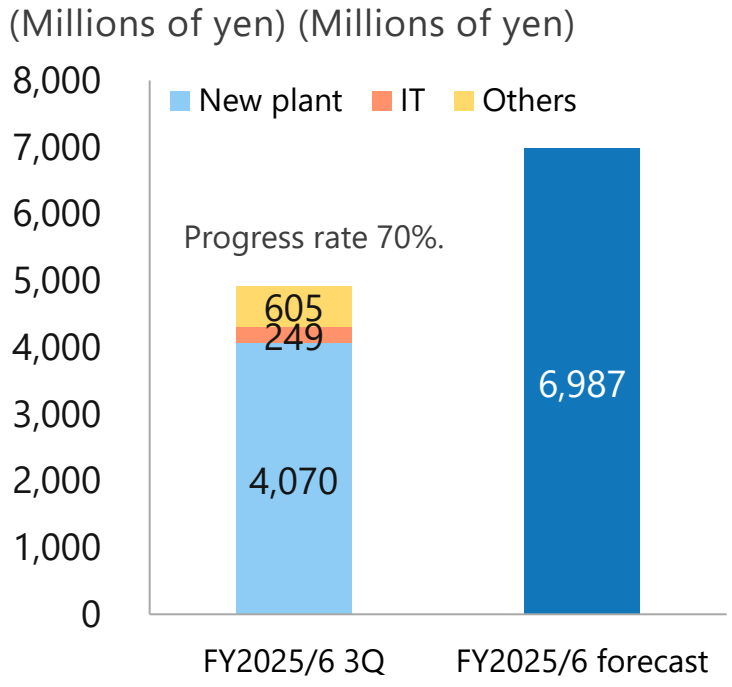
Investments

- **Fixed asset investment for the current FY is expected to expand to about 7 billion yen.**
- **In addition to capital investments related to new plants, the Company is making strategic investments such as ERP and other IT investments.**

Investment Performance and Forecasts for the Current Period



Investment in fixed assets during the year



©TAUNS Laboratories, Inc.

Balance Sheet

(Millions of yen)	FY2024/6 3Q	FY 2024/6	FY 2025/6 3Q
Current assets	18,153	16,915	18,753
Cash on hand and in banks	8,282	9,424	8,580
Accounts receivable-trade	6,071	2,706	4,975
Merchandise and finished goods	1,588	2,731	2,442
Work in progress	953	846	1,161
Raw materials and supplies	1,183	1,140	1,409
Other	74	66	183
Fixed assets	12,293	12,345	18,881
Property, plant and equipment	7,804	7,905	12,151
Intangible fixed assets	3,771	3,720	3,865
Investments and other assets	717	719	2,863
Total assets	30,447	29,261	37,635

(Millions of yen)	FY2024/6 3Q	FY 2024/6	FY 2025/6 3Q
Current liabilities	13,845	10,474	10,849
Accounts payable-trade	1,360	1,482	1,296
Short-term borrowings	4,500	4,500	4,500
Current portion of long-term borrowings	732	732	831
Accrued income taxes	1,559	1,706	1,547
Consumption tax payable	0	387	542
Other	5,693	1,665	2,131
Long-term liabilities	2,807	5,120	9,113
Long-term borrowings	1,687	4,307	8,300
Deferred tax liabilities	922	619	620
Other	198	193	193
Total liabilities	16,652	15,594	19,963
Net assets	13,794	13,666	17,672
Total liabilities and net assets	30,447	29,261	37,635

©TAUNS Laboratories, Inc.

INDEX

01. Corporate Profile P. 2

02. Financial Results for 3Q P.11

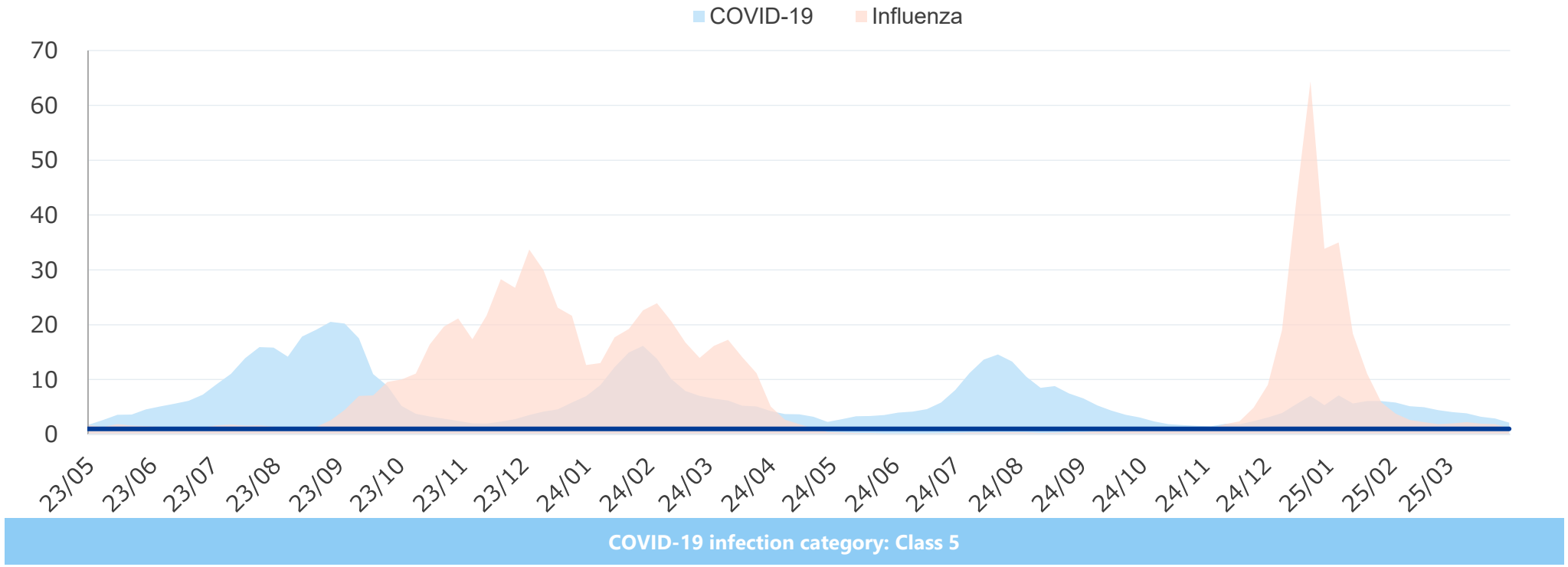
03. Forecast for FY 2025/6 P.22

04. Appendix. P.32

©TAUNS Laboratories, Inc.

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. Therefore, it can be said that COVID-19 is in a state of constant epidemic.**
- **In the third quarter, COVID-19 level was about 50% lower than in the same period last year, and the influenza level was about 40% lower than in the same period last year, and the test kit market size decreased accordingly.**



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

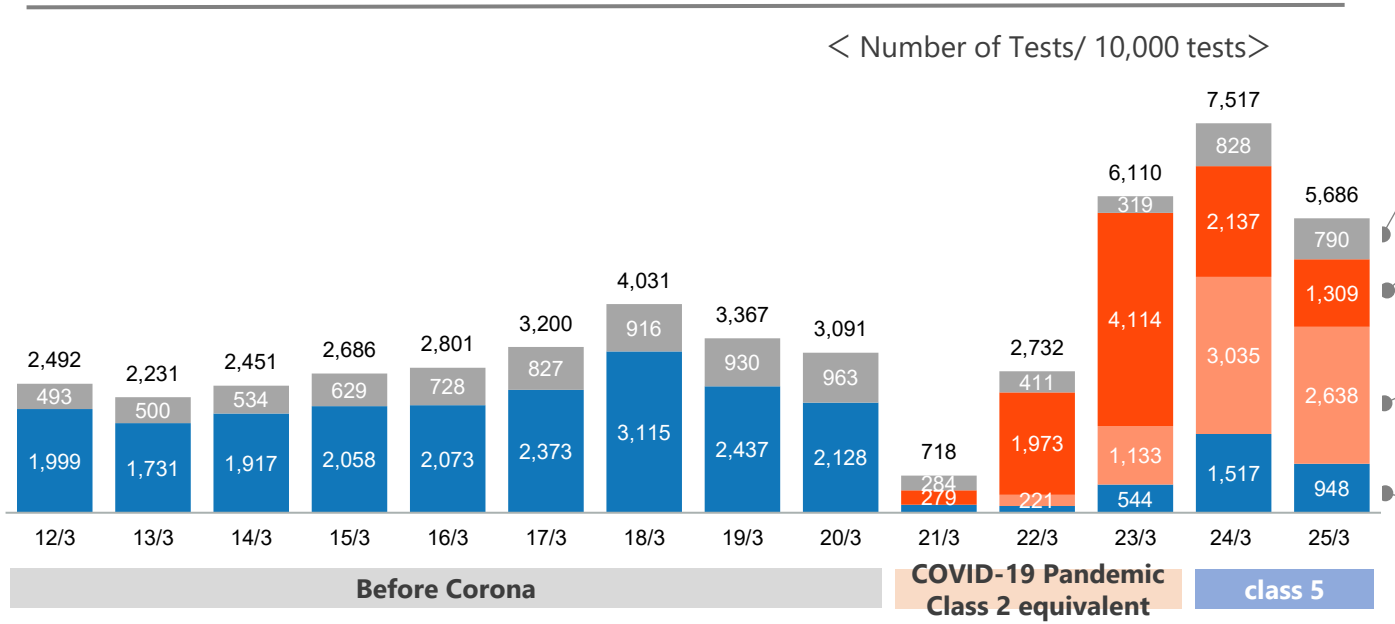
*: Number of reports per sentinel sites is the weekly number of patient reports from all fixed-point medical institutions divided by the number of sentinel sites, and is the average weekly number of infected patients reported per medical institution. Showing the number of reports per sentinel sites nationwide.

©TAUNS Laboratories, Inc.

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.**
- **The market size expanded significantly to 75 million tests per year in 3/2024 due to the establishment of testing for COVID-19 and combos after the COVID-19 pandemic, but in 3/2025, the market size for single tests shrank due to a downward swing in the size of the epidemic and a shift to combo tests.**

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



Our view of future market trends

Other infectious diseases
- ✓ Already recovered to pre-Corona levels and expected to continue

COVID-19
- ✓ **Continued high demand, but some combo shift**

COVID-19/influenza combo
- ✓ **Very high demand due to the convenience of simultaneous inspections**

influenza
- ✓ **Already recovered to pre-Corona levels, but some moved to combo**

Insurance points*2 (revised June 2024) >> ■COVID-19 **150 points** ■COVID-19/influenza combo **225 points** ■Influenza **132 points** ■Others*3*4

(Sources: IQVIA (market size); MHLW, "7th NDB Open Data" (number of insurance points)

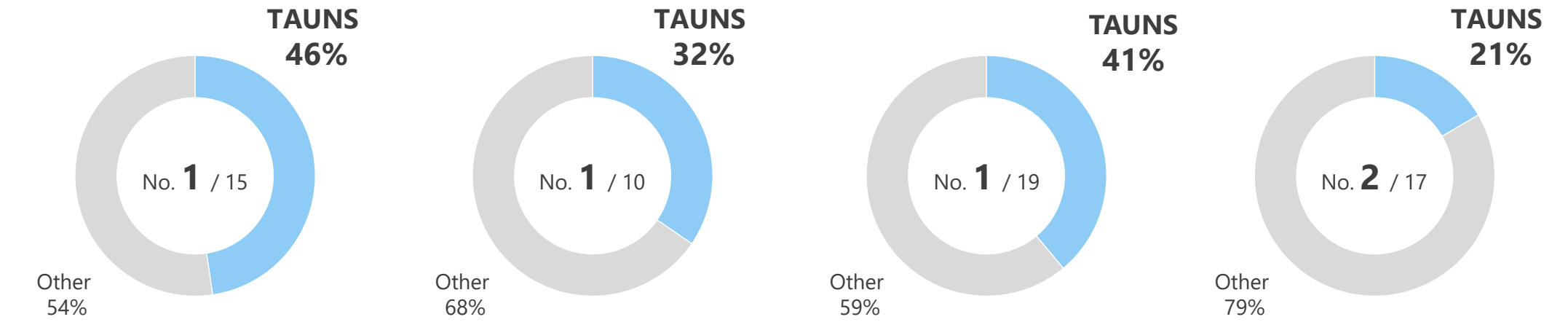
*1:Copyright © 2025 IQVIA. In-house calculation based on the period of JPM April 2011 to March 2025). Reprinted with permission. Figures for fiscal years ending March 2023 ,March 2024 and March 2025 exclude pharmacy sales.
*2: Insurance points for COVID-19 and COVID-19/influenza combo and influenza are 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.

©TAUNS Laboratories, Inc.

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.**
- **Influenza test kits continue to maintain a high market share, and the market share of COVID-19 test kits has increased significantly compared to the previous quarter.**
- **On the other hand, the company's market share for combo test kits, which it had positioned as a growth driver for the current fiscal year, is still recovering. The Company aims to further expand its market share through a sales alliance with Roche Diagnostics K.K. and the introduction 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 - March 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.

©TAUNS Laboratories, Inc.

Forecast of operating results

- **No change at this time from the forecast announced on August 13, 2024**
- **While performance through the third quarter has been solid, it is difficult to accurately estimate fourth quarter performance because of the difficulty in forecasting the trends of each infectious disease epidemic from May onward. If we deem it necessary to revise our earnings forecast once we have a better outlook, we will disclose it 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.

©TAUNS Laboratories, Inc.

Progress of operating results

- **Progress toward the full-year sales forecast is 91.4%, slightly higher than that of the same period last year.**
- **On the profit side, the high-margin COVID-19 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	3Q Results	*vsFY*	Full Year Forecast	3Q Results	*vsForecast*
Net sales	18,434	16,371	*88.8%*	19,273	17,607	*91.4%*
Operating income	8,030	8,226	*102.4%*	8,308	9,330	*112.3%*
Ordinary income	7,840	8,249	*105.2%*	8,316	9,296	*111.8%*
Net income	5,774	5,906	*102.3%*	6,019	6,645	*110.4%*

©TAUNS Laboratories, Inc.

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.

©TAUNS Laboratories, Inc.

Recent Investments / KINS Co., Ltd. / Deal Overview

Corporate Profile

Name	KINS Co., Ltd.
CEO	Yutaka Shimokawa
Business	Research, product development and sales of microbiome
Strengths and Features	• High prevention/intervention product development capabilities • D2C Business Know-How • Clinical research and PoC through clinic operations • Sample collection from loyal KINS brand customers • Conducting research on the relationship between disease and bacterial flora • Library of proprietary fungi
Date of Establishment	December 2018
Capital Stock	50 million yen
Number of Employees	58 (full-time employees only)
Location	1-17-8-328 Shinkiba、Koto-ku, Tokyo 136-0082 Japan

Deal Summary

- Details of investment: Subscription of Class C preferred stock
- Investment amount: Not disclosed
- Shareholding ratio: Not disclosed

Alliance Objective

Objective: Development and sale of testing services and preventive/interventional products using the microbiome in the field of chronic diseases.

Expectations for KINS: Prevention/intervention product development, PoC at operating clinics.

TAUNS' contribution: Inspection service/product development, sales to medical institutions

Short-term Initiatives:

✓ Development of KINS' existing product x intestinal flora testing service
✓ Development of periodontal disease testing products for companion animals

Medium- and Long-Term Initiatives:

✓ Joint development of testing and intervention products in gynecology and dentistry
✓ Development of a gut flora testing service for companion animals
✓ Development of testing and preventive products for diabetes, cancer, dementia, etc.

©TAUNS Laboratories, Inc.

Recent Investments / Craif Inc. / Deal Overview

Corporate Profile

Name	Craif Inc.
CEO	Ryuichi Onose
Business	Provide cancer screening services through urine testing
Strengths and Features	• Highly accurate microRNA analysis with NANO IP • Advanced and streamlined lab operations • Advanced specimen handling technology • Designing a customer experience that is user friendly • Strong patents and intellectual property to support the above
Date of Establishment	May 2018
Capital Stock	100 million yen
Number of Employees	81
Location	Tokyo Head Office, Nagoya Head Office (lab), US (lab)

Deal Summary

- Investment details: Subscription of Class C preferred stock
- Investment amount: Not disclosed
- Shareholding ratio: Not disclosed

Alliance Objective

Objective: Development of microRNA-based testing services in the field of chronic diseases

Expectations for Craif: Technical platform for urine microRNA analysis, advanced testing laboratory

TAUNS' contribution: Development support for new testing services, regulatory submissions, sales to medical institutions, academic support, etc.

Short-term Initiatives:

✓ Sales of Craif's existing products to medical institutions and support for regulatory filings

Medium- and Long-term Initiatives:

✓ Development of microRNA tests for dementia and other disease candidates

✓ Consideration of IVD for new inspection services

©TAUNS Laboratories, Inc.

Recent Investments / Aillis, Inc. / Deal Overview

Corporate Profile

Name	Aillis, Inc.
CEO	Sho Okiyama
Business	Research, development, manufacturing and sales of medical devices (nodoca) using diagnostic imaging AI technology
Strengths and Features	• Construction of a large pharyngeal image database • High technological capabilities in diagnostic imaging AI development • Experience and expertise in regulatory filings for AI medical devices • Camera for stable image quality • Breadth of patents and intellectual property supporting the above
Date of Establishment	November 2017
Capital Stock	100 million yen
Number of Employees	93 (full-time employees only)
Location	7F Yaesu Central Tower 2-2-1 Yaesu, Chuo-ku Tokyo 104-0028 Japan

Deal Summary

- Investment details: Underwriting of Class D preferred shares
- Investment amount: 2,000,005,392 yen
- Shareholding ratio: 10.73

Alliance Objective

Objective: Expanding the use of less invasive diagnostic imaging support AI and developing medical databases

Expectations of Aillis: Improvement of nodoca accuracy, expansion of test items

TAUNS' contribution: Cooperation in collecting related data, sales of nodoca to medical institutions

Short-term Initiatives:

✓ Improve nodoca's accuracy and strengthen data collection system to expand test items

✓ Expand sales of nodoca by utilizing TAUNS' sales network

Medium- and Long-Term Initiatives:

✓ Developing new AI through technological collaboration and data integration for the construction and utilization of medical databases

©TAUNS Laboratories, Inc.

INDEX

01. Corporate Profile P. 2

02. Financial Results for 3Q P.11

03. Forecast for FY 2025/6 P.22

04. Appendix. P.32

©TAUNS Laboratories, Inc.

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.

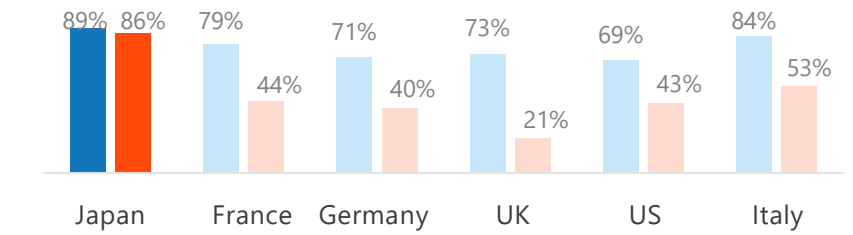
Well-developed health care system facilitates access to testing

- 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

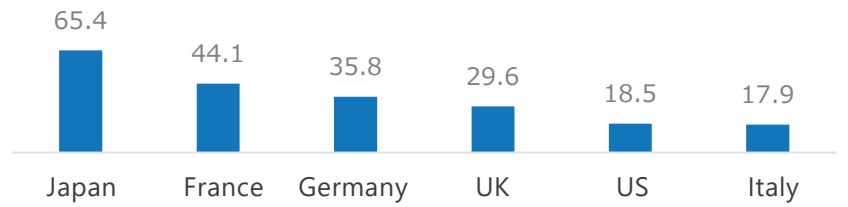
Proactive attitude on the part of medical institutions to conduct inspections

- 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.

©TAUNS Laboratories, Inc.

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)

©TAUNS Laboratories, Inc.

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.



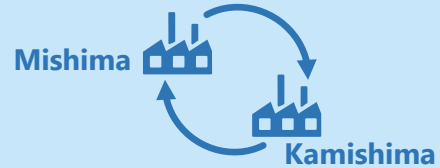
3 Secure warehouse space / logistics cost savings

- 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.

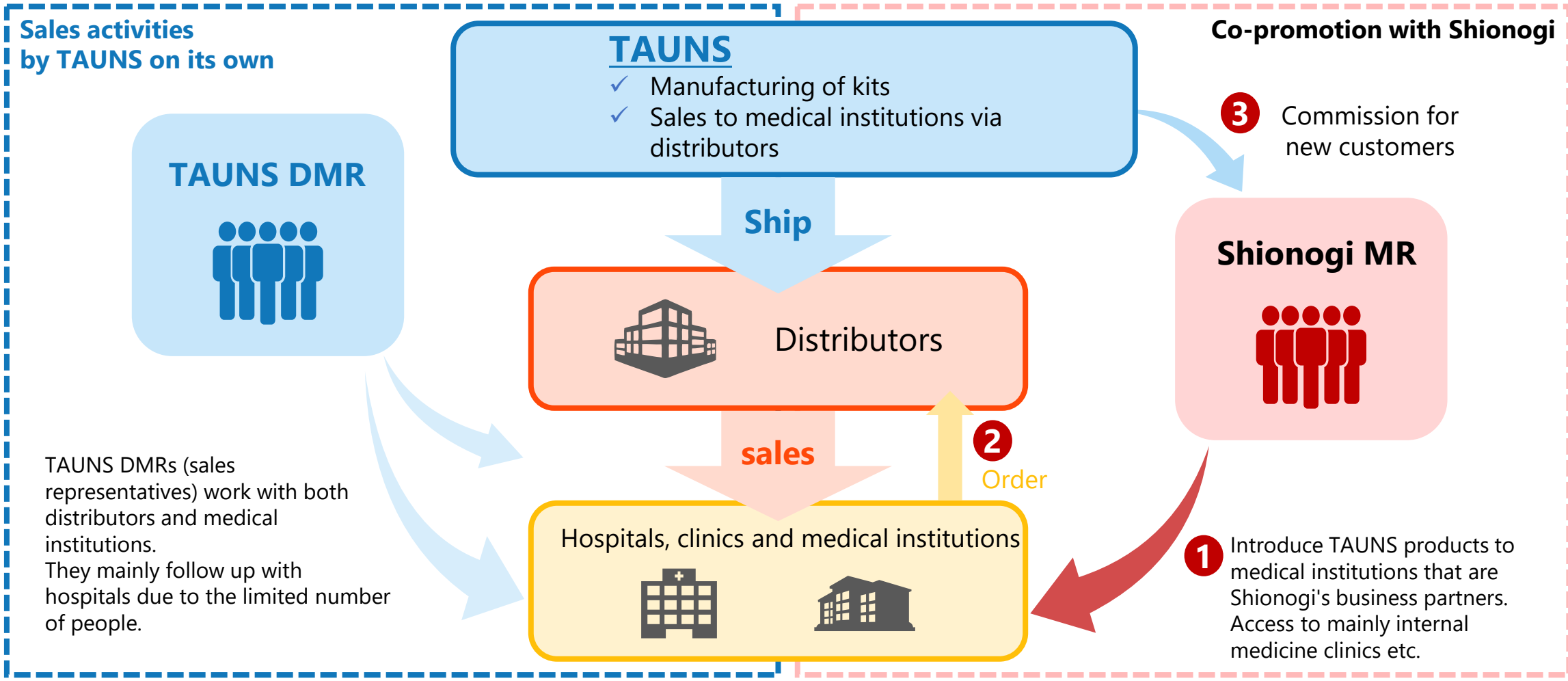


*1: Monthly production capacity is calculated based on the assumption that the company operates only during the daytime on weekdays and minimizes outsourcing.

©TAUNS Laboratories, Inc.

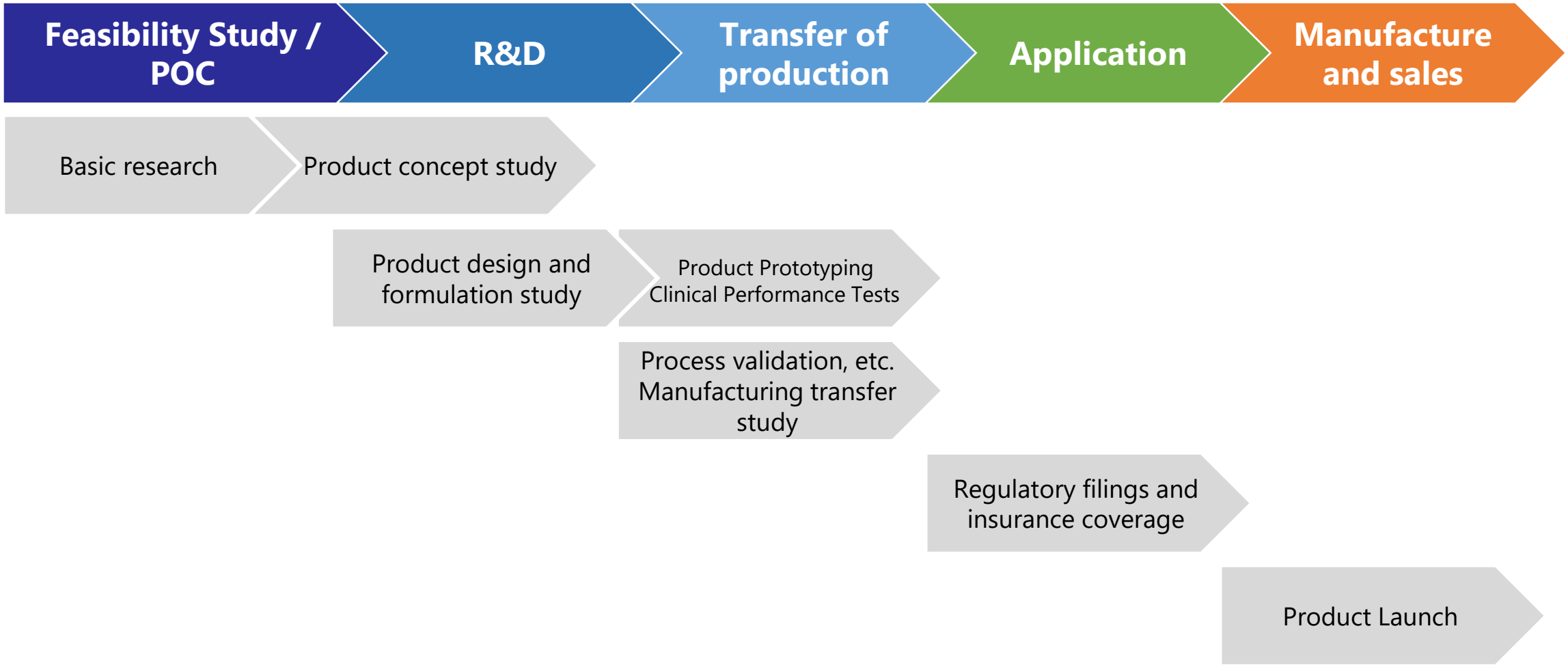
Our distribution and collaboration with Shionogi

- **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.**



©TAUNS Laboratories, Inc.

Product Launch Process

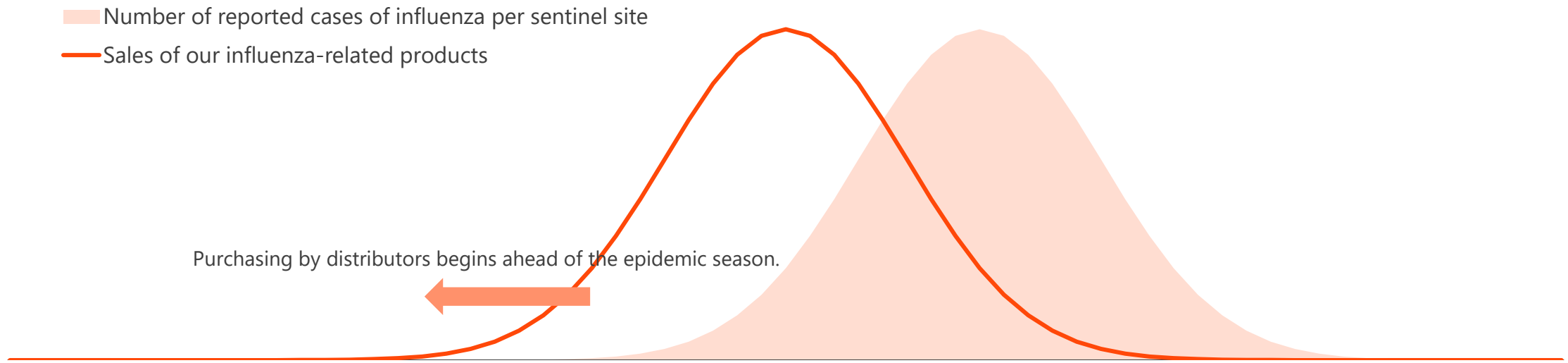


©TAUNS Laboratories, Inc.

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)



©TAUNS Laboratories, Inc.

Disclaimer

- This material is not a disclosure material regulated by the FIEA or TSE rules. It is intended to provide information to investors and is not intended to solicit any investment or similar activities. This material is disclosed for the purpose of providing information on the Company's performance, etc. to investors, and any use of this material other than for the aforementioned purposes by persons other than investors, such as medical professionals and patients, is prohibited.
- This material is based on economic, regulatory, market, and other conditions in effect as of the date shown on the cover page, and we do not warrant that the information contained herein is accurate or complete. Although future developments may affect the information contained in this material, we assume no obligation to update, revise, or verify the information contained in this material. The information contained in this material is subject to change without notice and such changes may be material.
- All rights reserved. No data, descriptions, or information contained in this document may be reproduced in any form or by any means, except for information that is publicly available.
- The forward-looking statements contained in this document are based on current expectations and do not represent a guarantee by our management of future performance or realization thereof. Such forward-looking information may differ materially from the future results of operations or financial condition indicated or implied by such forward-looking statements due to various factors.
- Please note that this document contains unaudited approximate figures.
- This material is prepared and disclosed on the assumption that it is used by investors at their own discretion and responsibility, and the Company shall not be liable for any loss or damage resulting from its use for any purpose.

©TAUNS Laboratories, Inc.