



Financial Highlights for 2nd Quarter ended December 31, 2025 of FY2026

TAUNS Laboratories, Inc. (Code: 197A)

November 14, 2025

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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 (as of December 31, 2025)	392 million yen			
Board of Directors & Audit Committee (as of December 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 December 31, 2025)	CITIC CAPITAL JAPAN PARTHERS III, L.P. 39.20% Masaki Nonaka 29.35%			
Business Scope	Development, manufacture, sales and import/export of in vitro diagnostic and reagents Main products are antigen test kits for infectious diseases			
Sales	18,627 million yen (FY 2025)			
Number of Employees	378 (as of December 31, 2025)			
Total Assets	44,198 million yen (as of December 31, 2025)			
Location	Head Office/Kamishima Factory (Shizuoka), Fujisan Mishima Factory (Shizuoka), Shimizu-cho Office / R&D Center (Shizuoka), Tokyo Office			
Group Company	CLAIRVO TECHNOLOGIES, Inc.			
Main Clients	SUZUKEN CO., LTD., Roche Diagnostics K.K. and other companies			



Head Office/Kamishima Factory



Shimizu-cho Office / R&D Center



Fujisan Mishima Factory (Full-scale operation started on Feb. 2, 2026)

**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

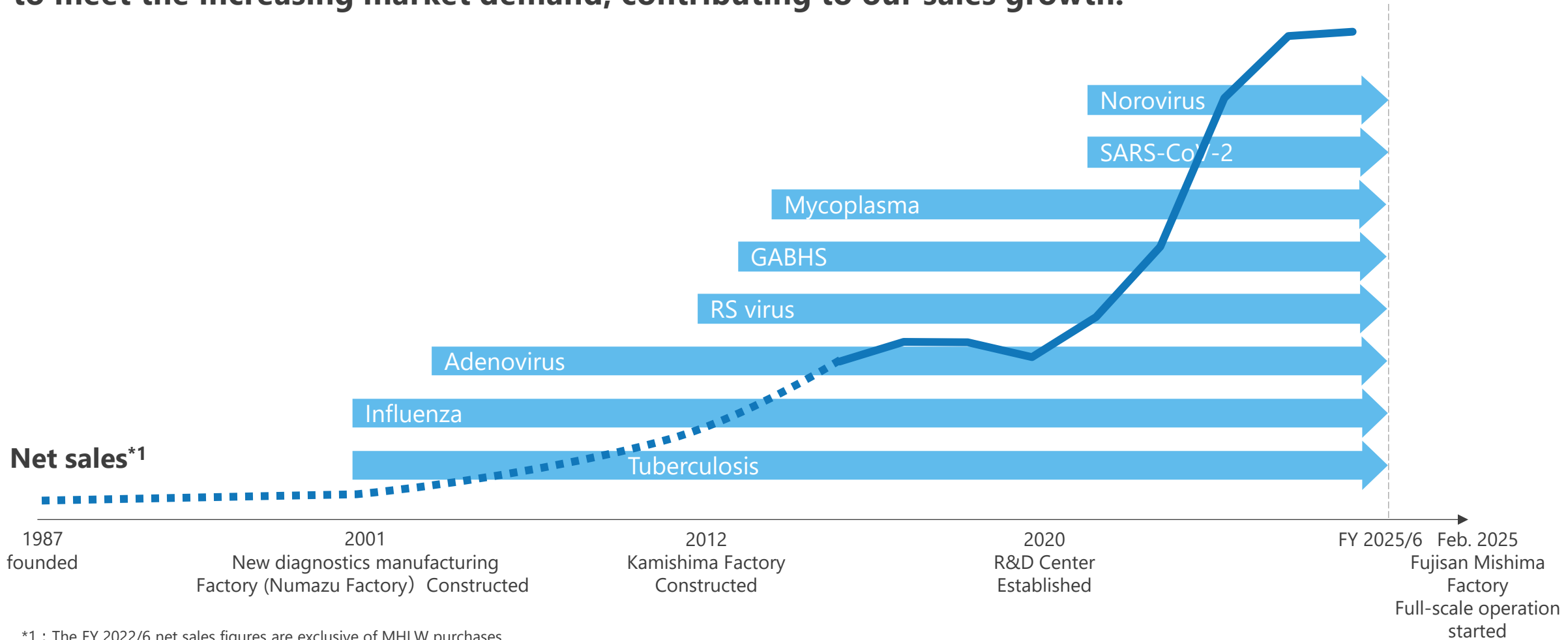
by relieving worries, one by one.

We continue to help you live your life every day without worry.

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.



- 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.

Main Product Lines

Infectious Disease Ares



SARS-CoV-2
(released in 2020)



Influenza virus
(released in 2008)



SARS-Cov2 /
Influenza virus
(released in 2022)



Adenovirus
(released in 2008)



GABHS
(released in 2013)



Mycoplasma
(released in 2015)

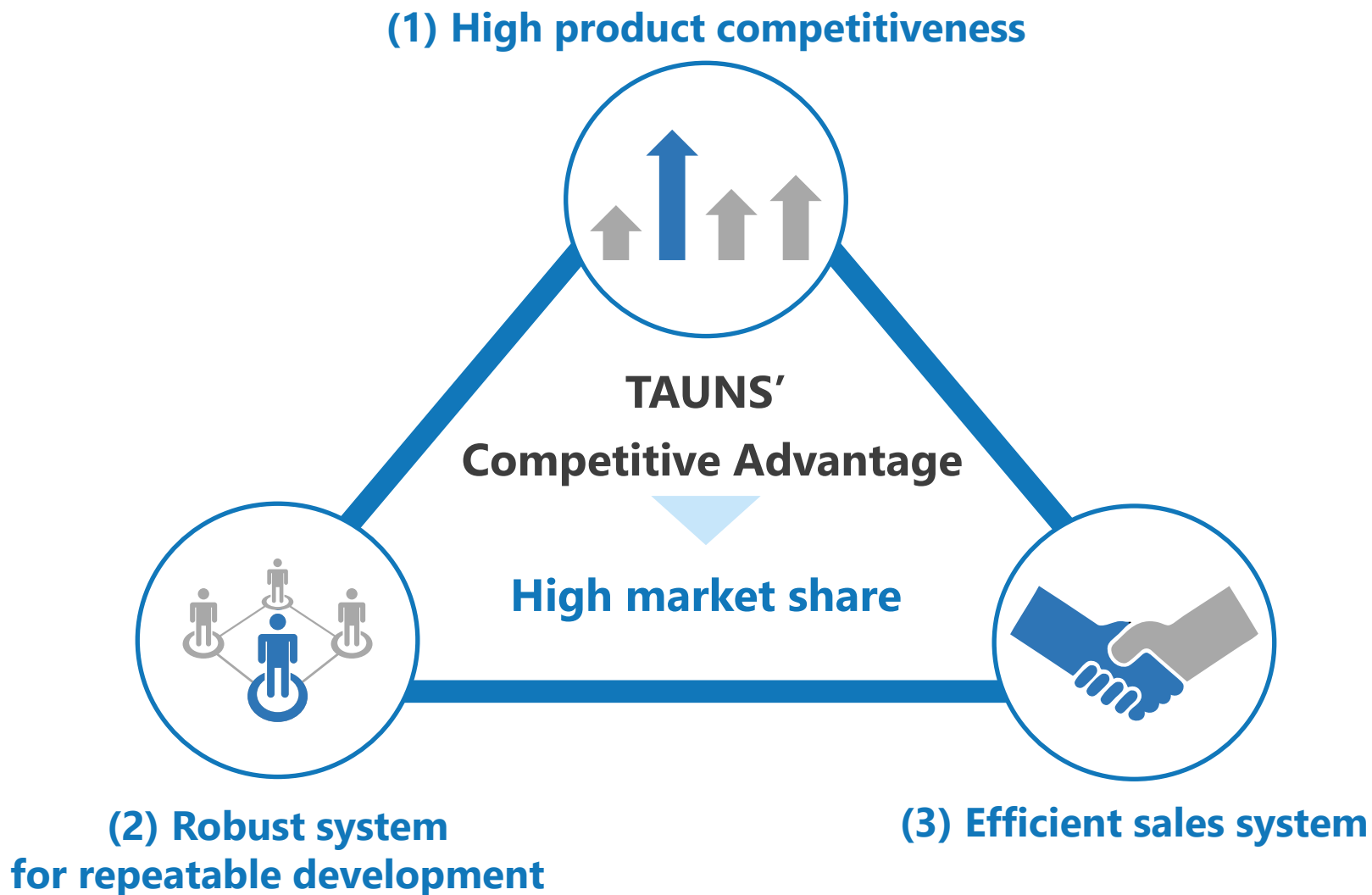


Human Metapneumo virus
(released in 2016)



RS virus
(released in 2012)

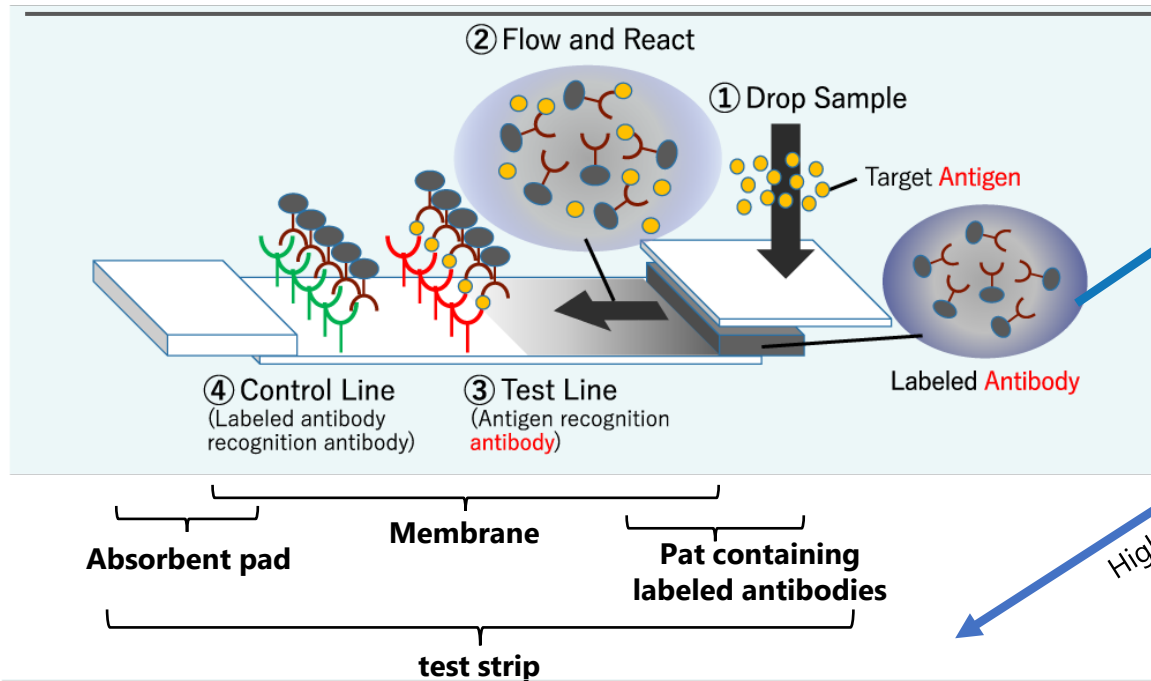
Our 3 Competitive Advantages Driving High Market Share



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

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



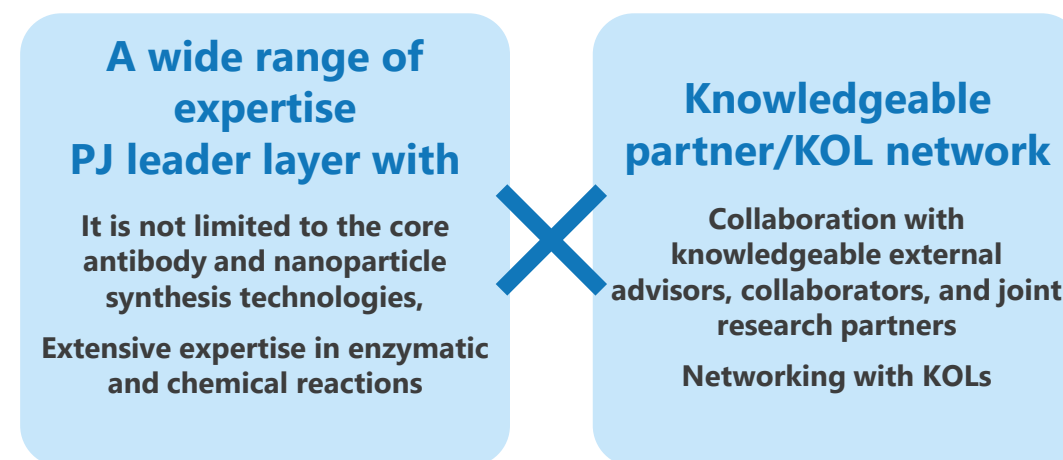
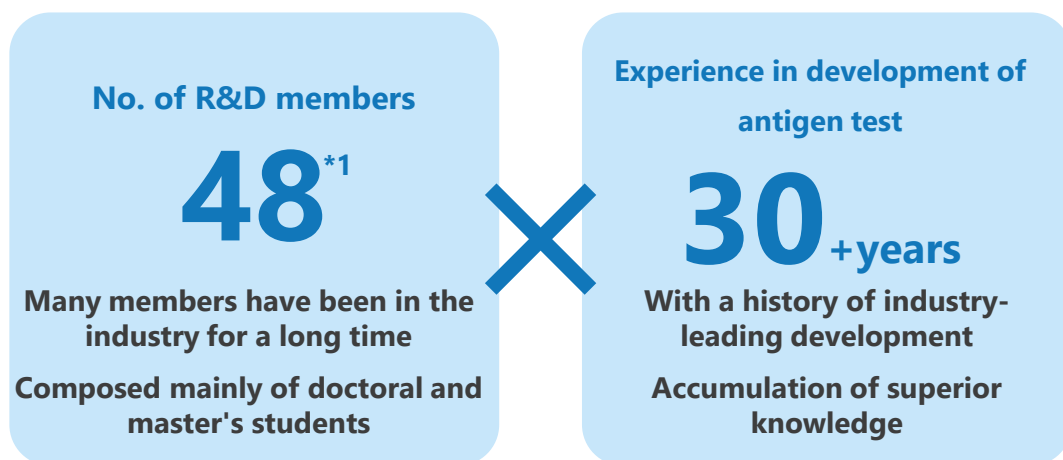
Robust System for Repeatable Development



- 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

Experienced Leaders / External Consultants



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

Institute of Science Tokyo
Professor Emeritus

Dr. Satoshi Mitarai

Research Institute of Tuberculosis
Dept. of Mycobacterium Reference and Research
Director

Dr. Yoshihiro Kawaoka

Institutes for Advanced Study,
The University of Tokyo
The UTOPIA center
Director

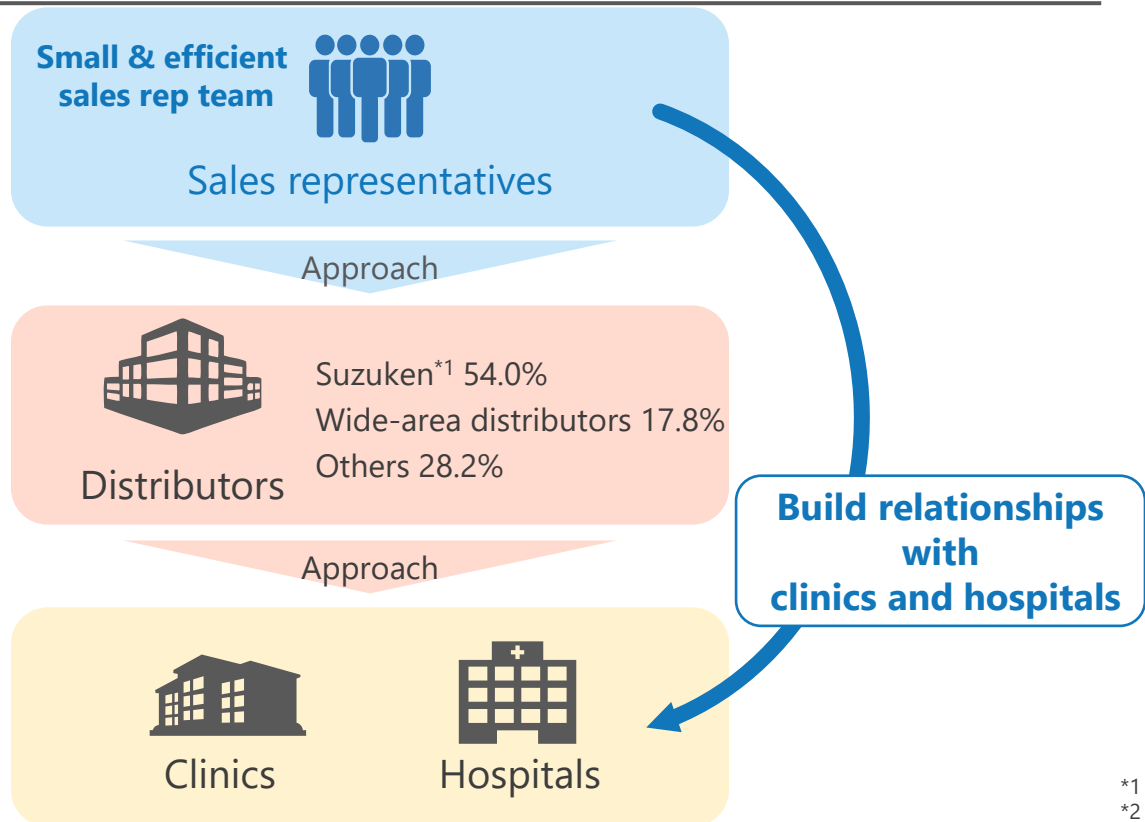
^{*1} Number of researchers enrolled as of December 31, 2025 (full-time employees). Compared to the end of Sep. 2025 disclosed in the 1Q financial results presentation materials, the headcount has decreased by 4 employees. However, this change is due to an adjustment in the counting criteria aligned with internal organizational restructuring. In reality, the headcount has increased by 1 employee compared to the end of Sep. 2025.

Distribution and Sales Structure

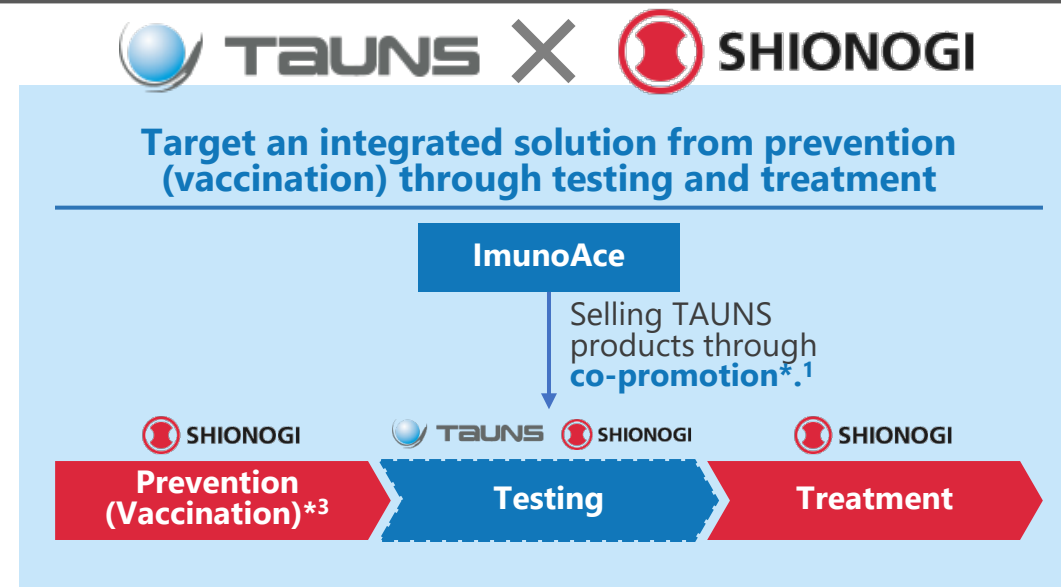


- A small number of elite sales representatives have established strong cooperative relationships with distributors. Top-class domestic market share for major infectious disease antigen test kits
- Through collaboration (co-promotion) with Shionogi, we will provide a comprehensive solution for infectious 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.
- At present, through a sales partnership (co-marketing) with Roche Diagnostics, we aim to further increase our market share, focusing on combo test kits.
A small, elite sales force works strongly with distributors

Strengthening Sales Capabilities Further Through Collaboration with Shionogi



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



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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Highlights for 2nd Quarter of FY 2026



- ✓ During the interim period from July to December, the estimated market size for antigen test kits showed a decrease of approximately 30% for COVID-19 single-use test kits, an increase of about 10% for influenza test kits, and little change for Influenza/COVID-19 combo test kits, compared to the same period last year.
- ✓ The market share of our main products remained generally steady during the interim period.
- ✓ During the same period last year, distributors moved to secure inventory ahead of year-end, resulting in a sharp increase in market inventory. In contrast, market inventory was steadily reduced during the current interim period. As a result, even for influenza test kits and Influenza/COVID-19 combo test kits, which maintained steady market growth, product sales decreased compared to the same period last year. Sales of COVID-19 single-use test kits decreased by 44.5%, sales of influenza test kits decreased by 23.3%, and sales of Influenza/COVID-19 combo test kits decreased by 26.5%, compared to the same period last year.
- ✓ As a result, for the interim period, net sales were ¥8,276 million (30.9% decrease compared to the same period of the previous year), operating income was ¥3,252 million (50.3% decrease in the same), ordinary income was ¥3,146 million (51.8% decrease in the same), and net income was ¥2,060 million (56.0% decrease in the same).
- ✓ On the other hand, the market inventory drawdown phase ended by the end of the first quarter, quarterly sales for the second quarter reached ¥5,908 million (a 6.2% increase compared to the same period last year), setting a new record high for the second quarter.

Results for Interim Period of FY2026



- Net sales for the interim period decreased by 30.9% compared to the same period last year, to ¥8,276 million. This was due to market size for COVID-19 single-use test kits falling approximately 30% below the same period last year, and the market inventory drawdown phase of our antigen test kits secured by distributors in the previous fiscal year continuing until around the end of the first quarter of this interim period, which collectively depressed sales of our antigen test kits during this interim period.
- Due to a decline in sales, gross profit decreased by 35.4%, operating income decreased by 50.3%, ordinary income decreased by 51.8%, and interim net income decreased by 56.0%, compared to the same period last year. Profit margins at each stage also fell below the levels of the same period last year.

(Millions of yen)	1st half FY2024/6		2nd half FY2025/6		2nd half FY2026/6		YoY
	Actual	Margin	Actual	Margin	Actual	Margin	
Net sales	11,617	-	11,981	-	8,276	-	(30.9%)
Gross profit	7,932	68.3%	8,720	72.8%	5,630	68.0%	(35.4%)
Operating income	5,854	50.4%	6,538	54.6%	3,252	39.3%	(50.3%)
Ordinary income	5,877	50.6%	6,525	54.5%	3,146	38.0%	(51.8%)
Net income	4,219	36.3%	4,686	39.1%	2,060	24.9%	(56.0%)
EBITDA	6,192	53.3%	13 6,888	57.5%	3,641	44.0%	(47.1%)

Sales by Main Products (Interim Period of FY2026)

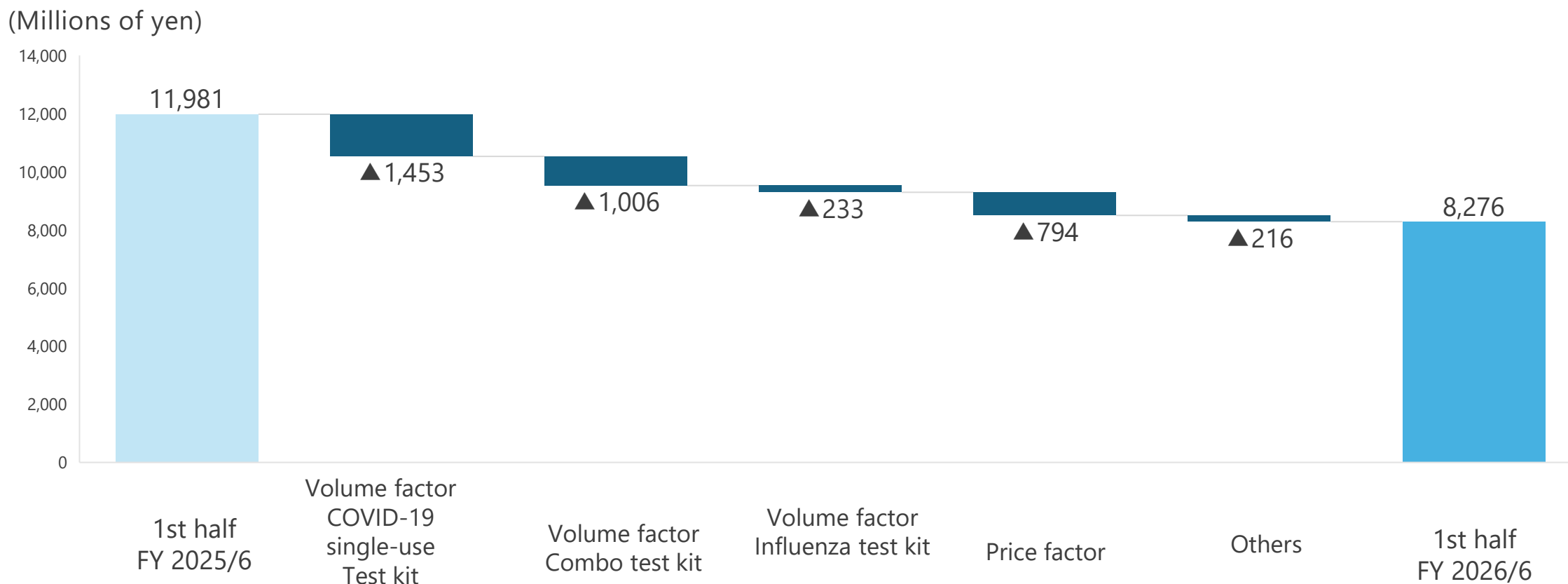


- In addition to the market inventory drawdown phase, sales of COVID-19 single-use test kits fell sharply by 44.5% compared to the same period last year due to the significantly smaller market size.
- Sales of other major products also declined compared to the same period last year due to factors including market inventory drawdown and the impact of the shrinking market size.

(Millions of yen)	1st half FY2024/6		2nd half FY2025/6		2nd half FY2026/6		
	Actual	Composition	Actual	Composition	Actual	Composition	YonY
COVID-19 single-use test kits	3,043	26.2%	3,945	32.9%	2,191	26.5%	(44.5%)
Influenza/COVID-19 combo test kits	4,210	36.2%	4,579	38.2%	3,366	40.7%	(26.5%)
Influenza test kits	2,689	23.1%	2,080	17.4%	1,598	19.3%	(23.3%)
Others	1,674	14.4%	1,375	11.5%	1,120	13.5%	(18.5%)
Total	11,617		11,981		8,276		(30.9%)

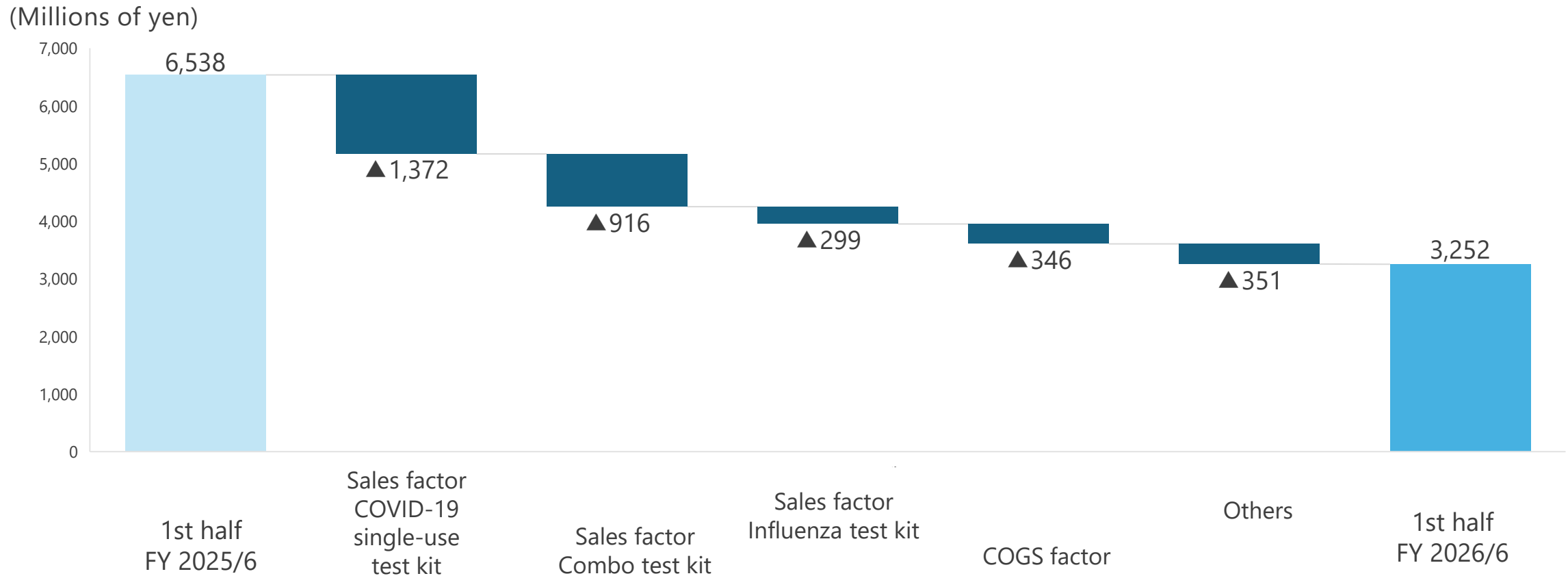
Factors for Sales Increase/Decrease (Interim Period Comparison)

- The primary reason for the decline in sales is the decrease in sales volume of both COVID-19 single-use test kits and Influenza/COVID-19 combo test kits.
- The rate of decline in sales price per unit remained within the range anticipated at the beginning of the period.



Factors for Operating Income Increase/Decrease (Interim Period Comparison)

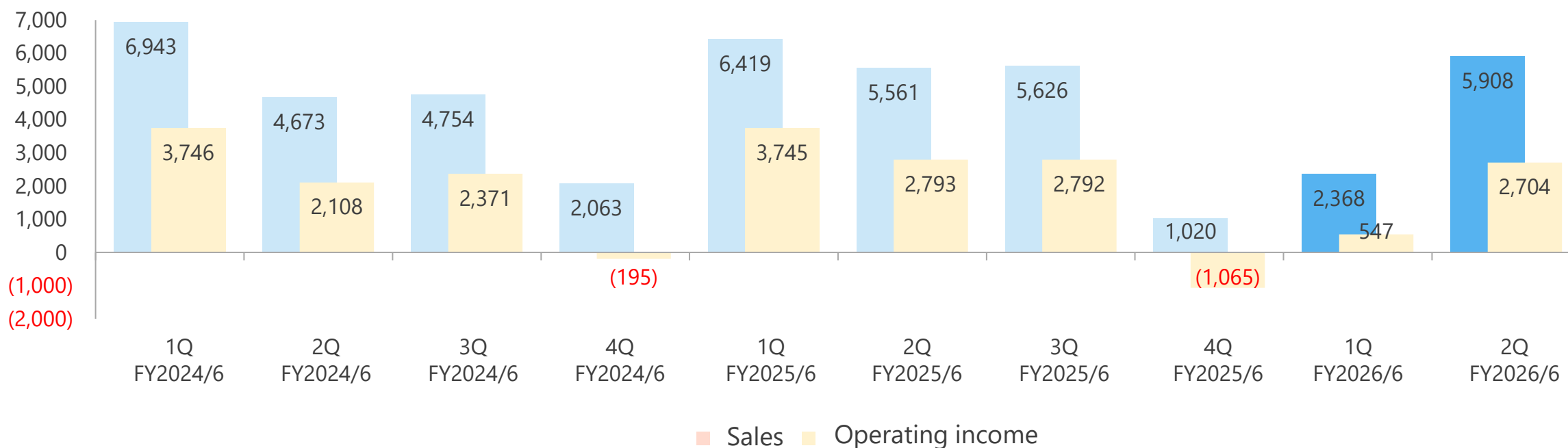
- Operating profit decreased due to a significant decline in sales of COVID-19 single-use test kits and Influenza/COVID-19 combo test kits.



Quarterly Sales and Operating Income Trends

- Quarterly sales for the second quarter (October to December) reached ¥5,908 million, a 6.2% increase compared to the same period last year, marking the highest quarterly sales ever recorded for the second quarter.
- On the other hand, selling, general and administrative expenses increased by ¥195 million compared to the same period last year due to factors such as increased staffing and higher transportation costs. As a result, operating income for the second quarter decreased by 3.2% compared to the same period last year to ¥2,704 million.

(Millions of yen)



Sales by Main Products (2nd Quarter of FY2026)

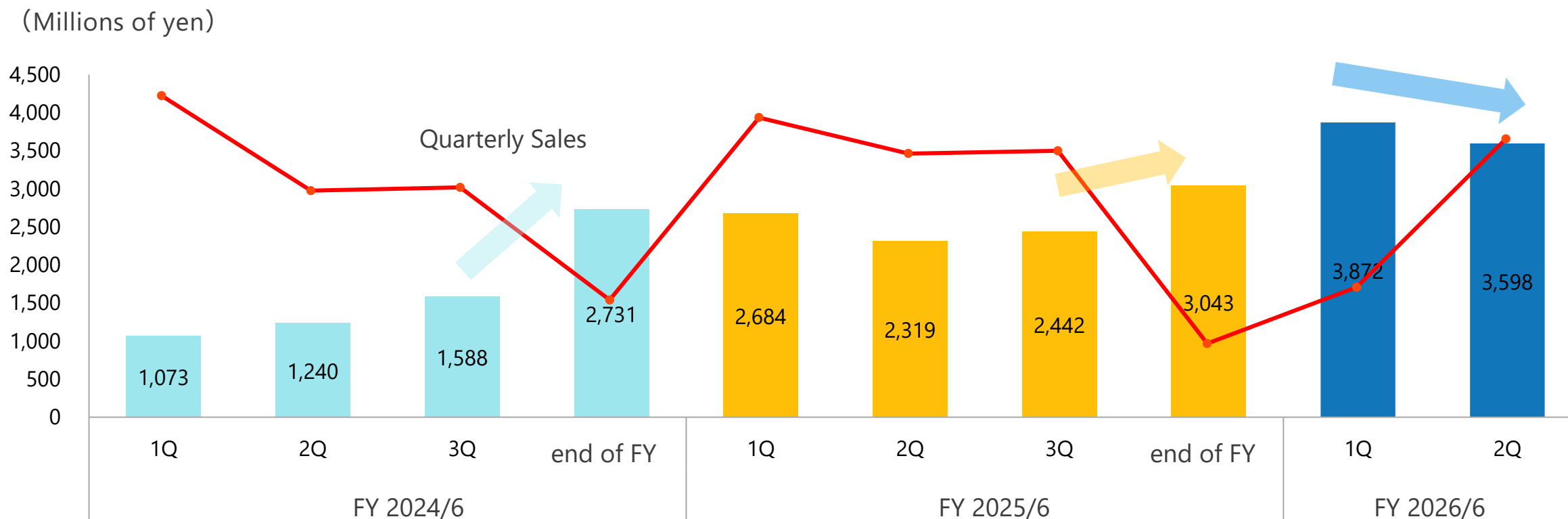


- The influenza outbreak began earlier than usual in late September, and that COVID-19 epidemic persisted to some extent. Consequently, sales of Influenza/COVID-19 combo test kits increased during the second quarter, from October to December, compared to the same period last year. Sales of COVID-19 single-use test kits also grew compared to the same period last year.
- On the other hand, sales of influenza test kit had reached high levels during the same period last year due to a sharp increase in market inventory toward year-end. In contrast, during the second quarter of this fiscal year, market inventory remained stable, resulting in a decrease in sales compared to the same period last year.

(Millions of yen)	2Q FY2024/6		2Q FY2025/6		2Q FY2026/6	
	実績	構成比	実績	構成比	実績	構成比
COVID-19 single-use test kits	668	14.3%	661	11.9%	961	16.3%
Influenza/COVID-19 combo test kits	1,730	37.0%	2,565	46.1%	2,992	50.6%
Influenza test kits	1,402	30.0%	1,679	30.2%	1,418	24.0%
Others	871	18.6%	654	11.8%	536	9.1%
Total	4,673		5,561		5,908	

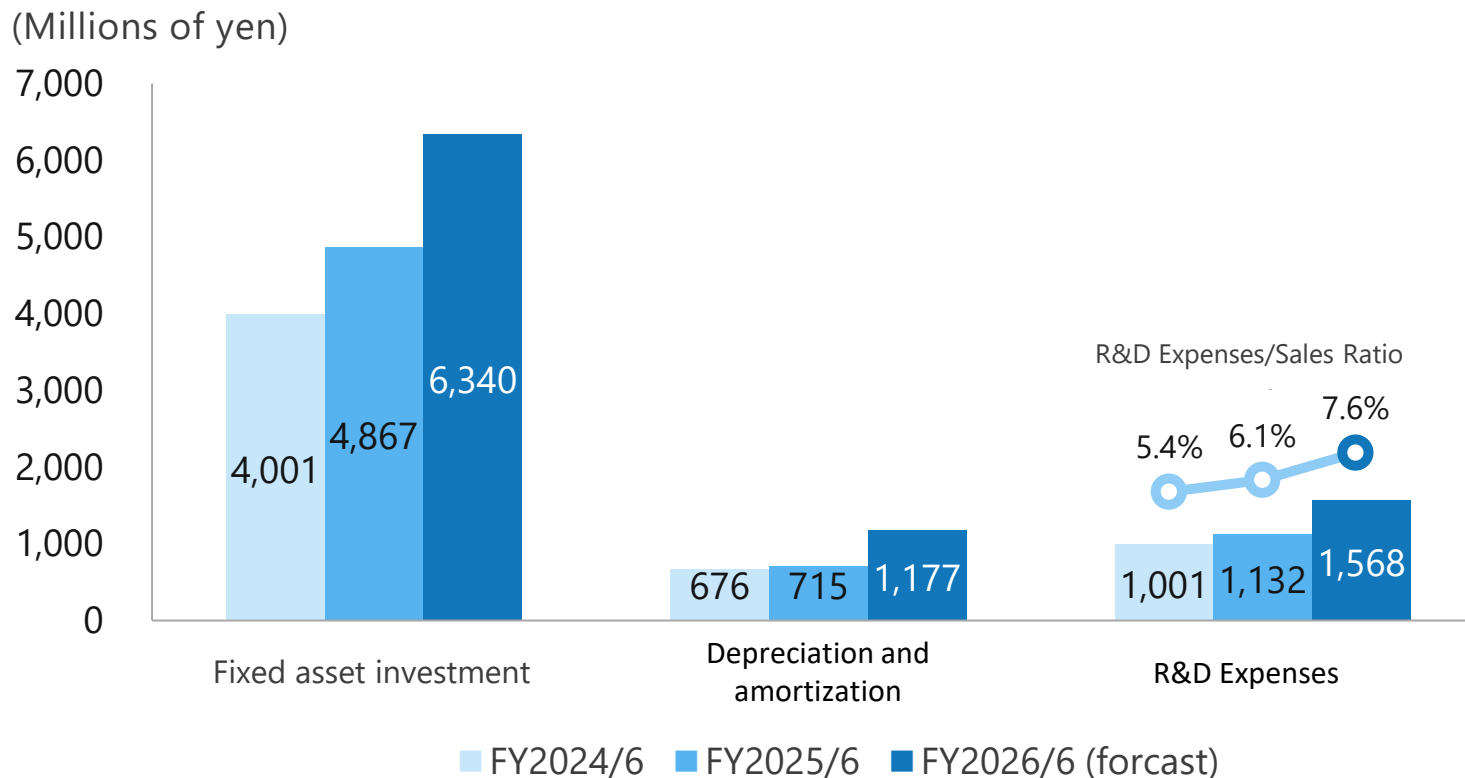
Inventory levels at the End of Each Quarter

- Although inventory levels decreased at the end of the second quarter due to increased demand for antigen test kits during the period, sufficient inventory levels have been maintained to meet demand for antigen test kits in the third quarter and beyond.

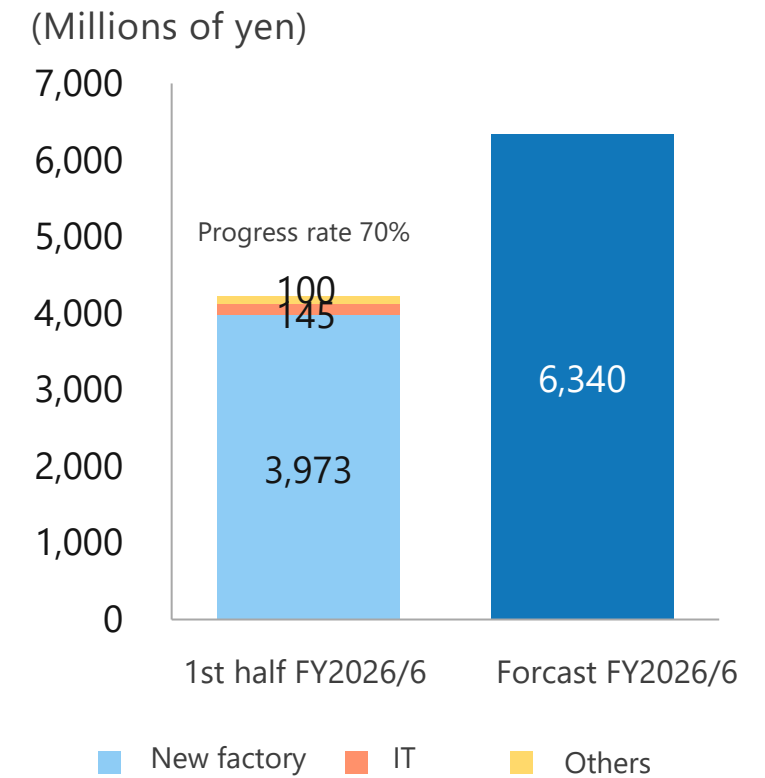


- Fixed asset investment for the current period is expected to be ¥6.34 billion.
- The majority of capital expenditures are related to the new factory, and we are undertaking necessary investments such as IT investments like ERP systems, investments aimed at business alliances, and equipment renewal.

Investment Performance and Forecasts for the Current Period



Investment in fixed assets during the fiscal year



Balance Sheet



(Millions of yen)	2Q FY 2025/6	FY 2025/6	2Q FY 2026/6
Current assets	19,568	15,476	18,908
Cash on hand and in banks	7,573	9,266	4,255
Accounts receivable-trade	6,793	247	7,207
Merchandise and finished goods	2,319	3,043	3,598
Work in progress	1,263	1,515	1,592
Raw materials and supplies	1,421	1,324	1,241
Other	198	78	1,012
Fixed assets	16,444	21,038	25,290
Property, plant and equipment	11,768	12,279	15,524
Intangible fixed assets	3,827	3,836	3,790
Investments and other assets	848	4,922	5,975
Total assets	36,012	36,515	44,198

*1 The increase in investments and other assets is due to an increase in investment securities.

(Millions of yen)	2Q FY 2025/6	FY 2025/6	2Q FY 2026/6
Current liabilities	10,820	9,529	13,148
Accounts payable-trade	1,348	1,199	1,068
Short-term borrowings	4,500	4,500	7,500
Current portion of long-term borrowings	732	1,114	1,783
Accrued income taxes	1,937	842	898
Consumption tax payable	123	101	0
Other	2,179	1,771	1,898
Long-term liabilities	8,901	9,567	13,643
Long-term borrowings	8,083	8,809	12,868
Deferred tax liabilities	619	556	555
Other	199	202	219
Total liabilities	19,721	19,097	26,792
Net assets	16,291	17,417	17,405
Total liabilities and net assets	36,012	36,515	44,198

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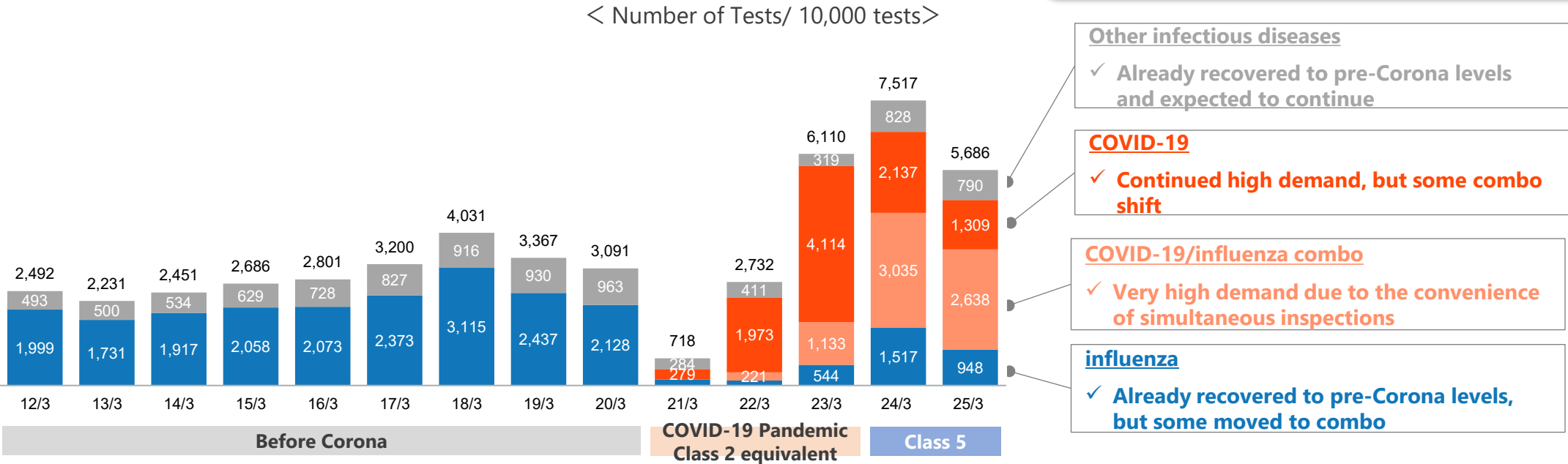
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Domestic Antigen Testing Market for Medical Institutions Expanded through COVID-19 Pandemic



- Prior to the COVID-19 pandemic, the domestic antigen testing market for medical institutions was approximately 30 million tests per year, mainly for influenza.
- 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



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 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 (179 points), streptococcus (121 points), mycoplasma (FA method 170 points / immunochromatography 148 points), human metapneumovirus (142 points)

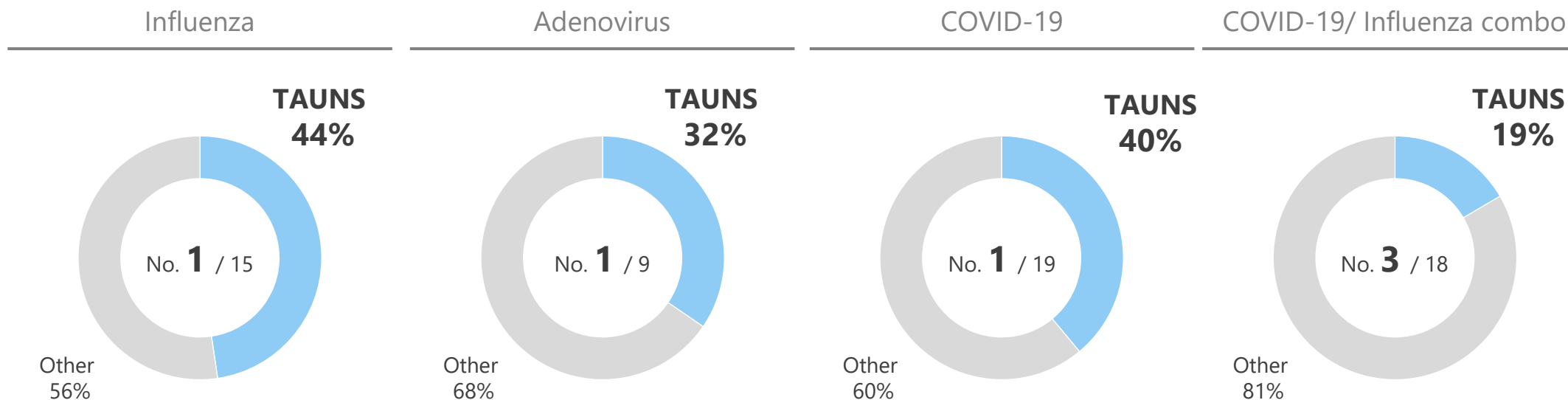
*4: Data from FY 2017/3 onward for mycoplasmas and FY 2013/3 onward for human metapneumovirus.

High Market Share and Room for Expansion



- Test kits for influenza, adenovirus, and COVID-19 maintain the top market share..
- Although our Influenza/COVID-19 combo test kits maintains a solid market share, it has slipped from second to third place compared to the previous fiscal year due to competitors' share growth. Looking ahead, we aim to increase our share through the effects of our sales partnership with Roche Diagnostics K.K. and the launch of an improved product.

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



*1: Copyright © 2026 IQVIA. In-house calculation based on the period of JPM (July 2025 - December 2025) to confirm the Company's share for the 2nd quarter of FY2026. 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.

- Regarding the full-year earnings forecast for the fiscal year ending June 2026, although net sales for the first quarter fell below the same period last year, quarterly sales for the second quarter reached a record high for that quarter. Furthermore, given the ongoing spread of influenza and COVID-19 at present, the earnings forecast announced on August 13, 2025, remains unchanged.
- We anticipate receiving a subsidy related to the new factory as extraordinary income.

(Millions of yen)	FY 2025/6	FY 2025/6	FY 2026/6	YonY	Margin
	Forecast (1)	Actual (2)	Forecast (3)	(2)/(3)	
Net sales	19,273	18,627	20,769	111.5%	-
Operating income	8,308	8,265	8,323	100.7%	40.1%
Ordinary income	8,316	8,219	8,143	99.1%	39.2%
Net income	6,019	6,315	8,613	136.4%	41.5%

- The progress rate of interim sales against the full-year forecast remained at 39.8% due to factors such as the impact of the market inventory drawdown phase that continued until around the end of the first quarter and the reduced scale of COVID-19 outbreak. On the other hand, quarterly sales for the second quarter reached a record high for that period, and currently, influenza and COVID-19 outbreaks continue.

(Millions of yen)	FY 2025/6			FY 2026/6		
	Full Year Results	2Q Results	vsFY	Full Year Forecast	2Q Results	vsForecast
Net sales	18,627	11,981	64.3%	20,769	8,276	39.8%
Operating income	8,265	6,538	79.1%	8,323	3,252	39.1%
Ordinary income	8,219	6,525	79.4%	8,143	3,146	38.6%
Net income	6,315	4,686	74.2%	8,613	2,060	23.9%

Shareholder Return Information



- A progressive dividend policy has been introduced, starting at ¥28 per share for the fiscal year ending in June 2026 and beyond. Accordingly, the allocation between the interim and year-end dividends was changed from the previous policy in November 2025.

(Yen)	Interim dividend	Year-end dividend	Annual dividend	Remarks
FY 2024/6	6.00	21.75 ^{*1}	27.75 ^{*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}	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.
FY 2026/6 (Forecast announced on August 13, 2025)	6.00	22.00	28.00	Introduce a progressive dividend starting at 28 yen during the mid-term management plan period beginning in June 2026.
FY 2026/6 (Forecast revised on November 14, 2025)	14.00	14.00	28.00	Revised forecast. Annual dividend remains unchanged.

*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 Investment CLAIRVO TECHNOLOGIES, Inc. / Company and Project Overview



Corporate Profile

Name	CLAIRVO TECHNOLOGIES, Inc.
President & CEO	Riichi Yamada
Business	<ul style="list-style-type: none">Development, manufacturing, sales, rental services, and imports/exports of medical devices and services that apply advanced technologies such as SaMD (Software as a Medical Device) and AIDevelopment, manufacturing, sales, rental services, and imports/exports of other medical devices and healthcare products
Technical and Product Strengths and Features	<ul style="list-style-type: none">Advanced product sourcing capabilities and development pipeline through partnerships with domestic and international SaMD vendorsEnd-to-end business model covering SaMD sourcing, application, and salesAdvanced SaMD pipelineWorkflow design that promotes adoption in clinical settingsNationwide medical device sales network
Date of establishment	April 2020
Number of employees	16 people (December 2025)
Location	Biz Feel Kayabacho 5F, 11-4, Nihonbashi-koamicho, Chuo-ku, Tokyo 103-0016, Japan

Overview

- Investment details: Acquisition of 100% of issued shares of CLAIRVO TECHNOLOGIES, Inc.
- Investment Amount: ¥83 million
- Shareholding Ratio: 100%

Purpose of the Partnership

Objective : Expanding into new business areas such as chronic disease and imaging diagnostic by incorporating advanced SaMD into our business portfolio

Expectations for CLAIRVO TECHNOLOGIES : Strong network with overseas SaMD vendors, expertise in identifying promising SaMD products, advanced SaMD pipeline, and experience in SaMD application and sales in Japan

TAUNS' role : Expanding SaMD sales through TAUNS distribution channels, integrating diagnostic technology with SaMD

Short-Term Initiatives :

- ✓ Acquiring certification and insurance coverage for new SaMD
- ✓ Academic and promotional activities to promote SaMD adoption in Japan

Medium-to- Long Term Initiatives :

- ✓ Integration with the data utilization platform outlined in the mid-term management plan (toward developing Japan-originated SaMD)
- ✓ Launch of SaMD for new areas

Recent Investment EMC Healthcare Co., Ltd. / Company and Project Overview



Corporate Profile

Name	EMC Healthcare Co., Ltd.
C.E.O	Yoshito Date
Business	<ul style="list-style-type: none">• Care Platform Business• Childcare DX Business• Development of Device, AI algorithm, and software• Consulting
Technical and Product Strengths and Features	<ul style="list-style-type: none">• One-stop development and service provision from devices to AI algorithms and software• Product design based on empirical data• Data Infrastructure designed for PHR/EHR integration
Date of establishment	February 2017
Number of employees	21 people (December 2025)
Location	1-7-10 Kanda Surugadai, Chiyoda-ku, Tokyo

Overview

- Investment details : Subscription of Class B Preferred Stock
- Investment Amount: Undisclosed
- Shareholding Ratio: Undisclosed

Purpose of the Partnership

Objective : Realization of data-driven personalized medicine and comprehensive care through the integration of diagnostic technologies and clinical specimen data (Wet) with the medical and nursing care data infrastructure (Dry)

Expectations for EMC Healthcare : PHR data platform, RWD management, AI analysis, clinical PoC

TAUNS' role : Providing high-quality diagnostic technology, collecting clinical specimen data

Short-Term Initiatives :

- ✓ Development of a Wet-Dry integrated database for use in biobanks and similar facilities

Medium- to Long-Term Initiatives :

- ✓ Development of digital tools such as risk assessment for specific diseases, disease cluster analysis, and severity simulators
- ✓ Acquisition of certification as SaMD

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Evaluation Elements of Antigen Test Kits



- The main evaluation factors for antigen test kits are as follows. Our company has established a competitive advantage in terms of testing accuracy and other factors.

Accuracy (Sensitivity•Specificity)

- Sensitivity (percentage of positive cases that are correctly identified as positive)
- Specificity (percentage of negative cases that are correctly identified as negative)
- Sensitivity and specificity are trade-offs, and it is difficult to achieve both at high levels, but we have been able to do so with our unique technology.

Cost (product price)

- Set the suggested retail price (disclosed by each company) within medical fee points
- The actual market price (not disclosed by each company) is the list price minus discounts to wholesalers, etc.
- Example: For a COVID-19 single-use test kit with a medical fee point value of 150 points (equivalent to 1,500 yen), our suggested retail price 1,400 yen per test.

Testing time

- Although it varies depending on manufacturer/product, antigen tests generally produce results faster than PCR tests.
- Our influenza test kit takes 5 minutes, our COVID-19 single-use test kit takes 10 minutes, and our combo test kit takes 15 minutes.

Length of validity

- We are designing formulations that will enable long-term storage, taking into account aging deterioration.
- For our products, the influenza test kit is 27 months, the COVID-19 single-use test kit is 18 months, and the combo test kit is 12 months.

Sample types

- The main types of samples are nasopharyngeal swabs, nasal swabs, and throat swabs
- The accuracy of the test and the invasiveness (burden on the patient) vary depending on type of sample. There is a tendency for high test accuracy and low invasiveness to be trade-offs.

Simplicity of procedure

- The ability to perform tests easily, even by technicians who are not highly skilled, is particularly important in clinics.
- Antigen tests generally require fewer steps than PCR tests and are a simple testing method, visible to the eye .

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
<u>Factors suggesting continued prevalence of COVID-19 infections</u>	Infectivity	<ul style="list-style-type: none"> • COVID-19 contrast, weakly infectious. • The basic reproduction number (R_0)*1, an indicator of transmissibility, is approx. 1.3. 	<ul style="list-style-type: none"> • Comparatively stronger than influenza viruses. • The initial Wuhan strain had an R_0 of approx. 3.0, and the R_0 in subsequent mutants has remained even higher.
	Immunity decay rates / Emergence of immune-evasive strains	<ul style="list-style-type: none"> • 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. 	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • Seasonal patterns observed, with epidemics typically occurring during the winter months. 	<ul style="list-style-type: none"> • Current evidence does not confirm seasonality; multiple epidemics possible in a single year.
<u>Factors suggesting continued demand for COVID-19 infection tests</u>	Fatality rates / Number of deaths	<ul style="list-style-type: none"> • Fatality rates consistent. • Annual no. of deaths in Japan in a typical year estimated to be approx. 10,000. 	<ul style="list-style-type: none"> • 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 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)

Production Strengthened by the Establishment of New Factory



- In February 2026, the new factory, Fujisan Mishima Factory (Mishima-shi, Shizuoka) , started full-scale operations. This initiative strengthens the production capacity essential for growth while enhancing BCP systems. It also aims to maintain high quality standards while reducing costs, through factory automation and increased in-house production.

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)

Full-scale operation begins in February 2026

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

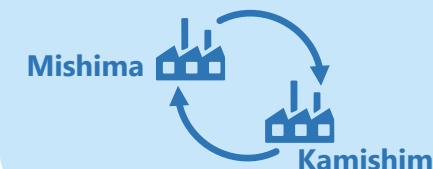
- Secure a large site to use as warehouse space for test kits.
- Reduce warehousing/logistics costs by eliminating the need for inventory storage at a conventional external warehouse.
- With factory automation in the warehouse, the number of cargo receivers can be reduced to 1/6 of the previous number.



4

BCP

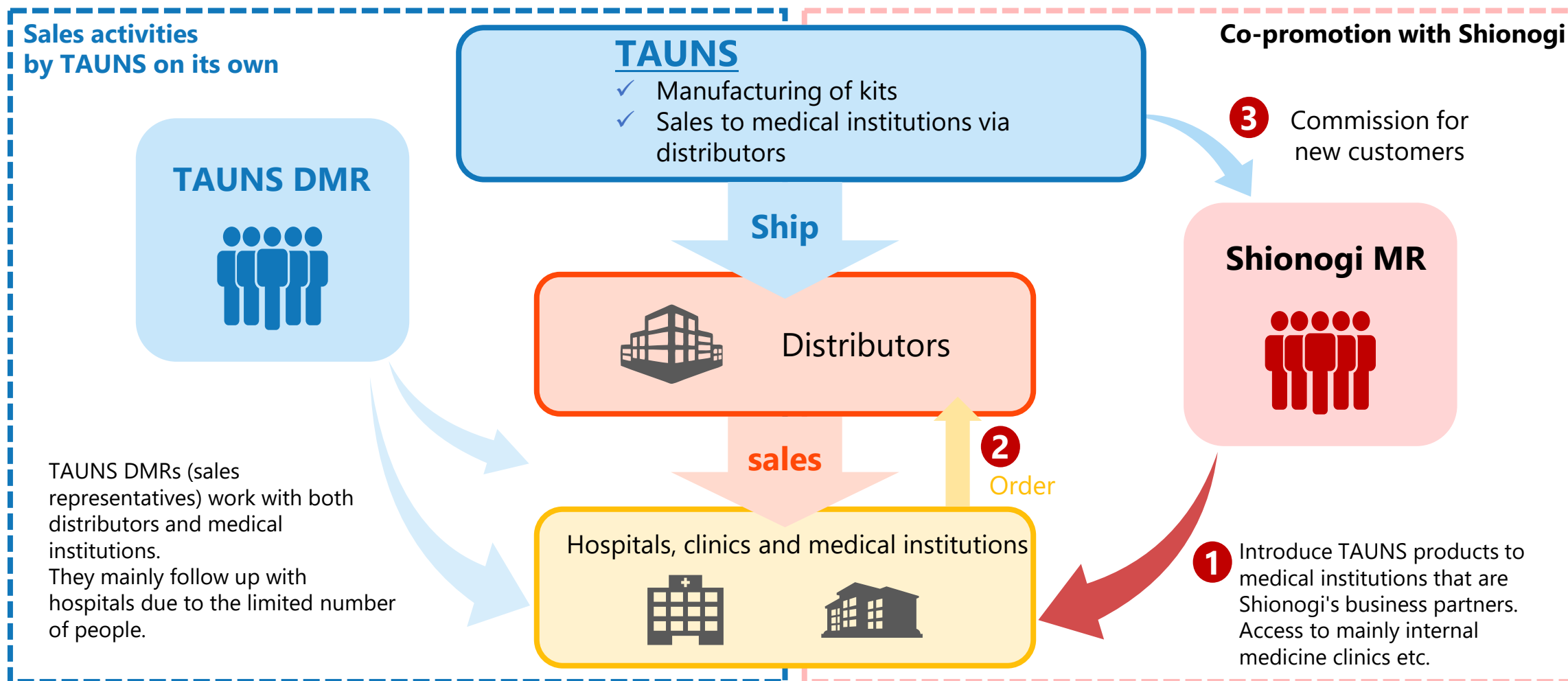
- Implement two production sites instead of the current system of only one production site.
- Ensure business continuity in the event of an emergency, avoid production outages.
- Equipped with higher earthquake resistance than the current Kamishima Factory.



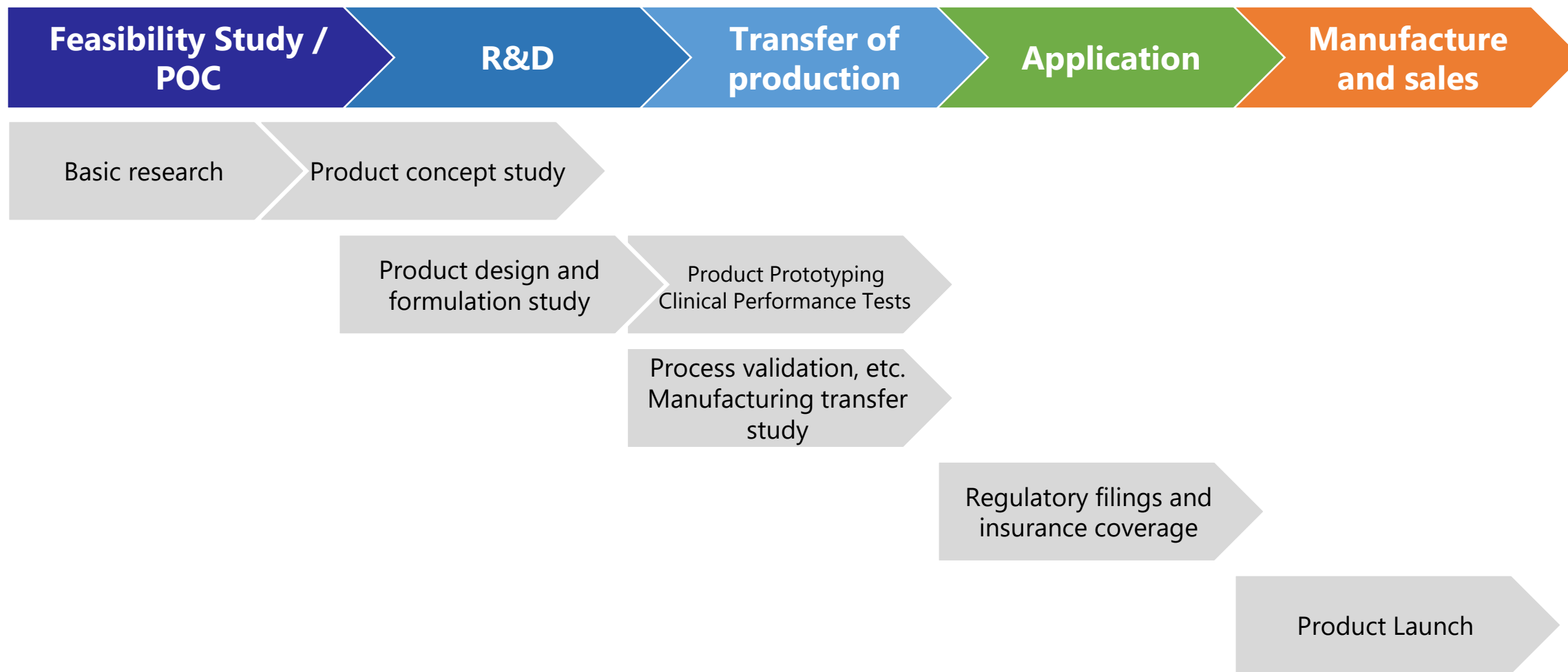
*1: Monthly production capacity is calculated based on the assumption that the company operates only during the daytime on weekdays and minimizes outsourcing.

Our Distribution and Collaboration with Shionogi

- Shionogi introduces our products to medical institutions and contributes to raising awareness of them.
- Medical institutions place orders for our products with wholesalers, and TAUNS pays Shionogi a commission commensurate with its contribution.



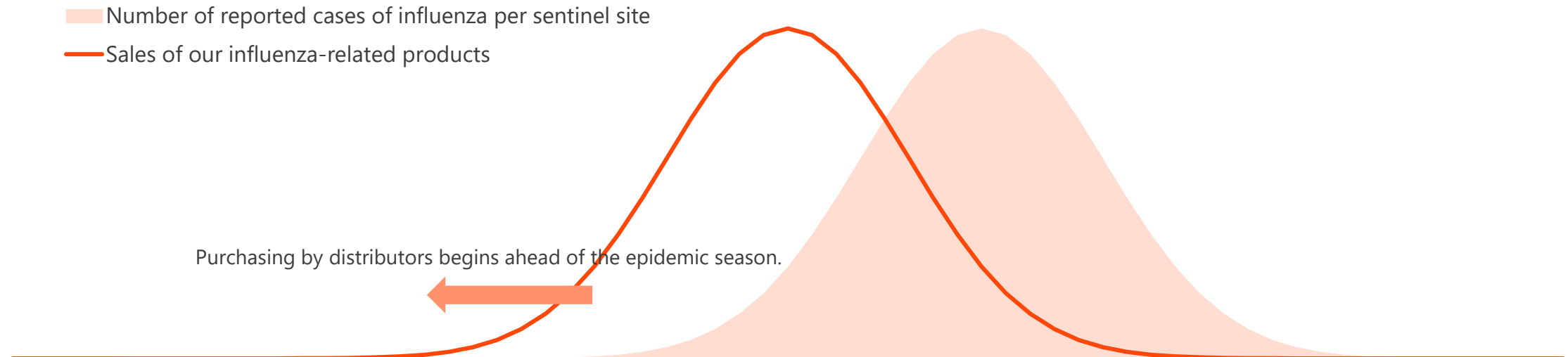
Product Launch Process



Epidemic Period of Infectious Diseases and Our Revenue (Image)

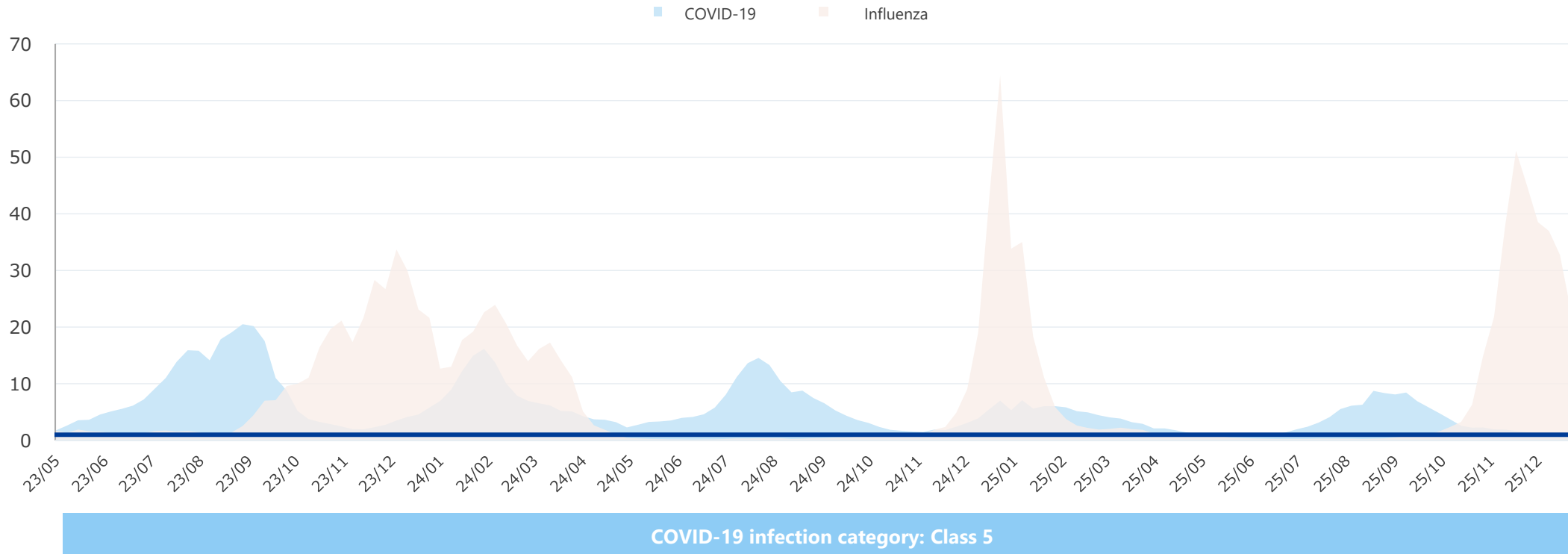
- For seasonal infectious diseases such as influenza, distributors tend to peak their purchases (≡recorded as sales by the Company) ahead of the peak of the epidemic.
- Seasonal respiratory infections can occur at different times of the year, and our income peaks at different times depending on the timing of the epidemic.

Infectious Disease Epidemic Periods and Our Revenue (Image Chart)



COVID-19 and Influenza Epidemics after the Transition to Class 5

- Looking at the number of reports per fixed observation point* for COVID-19, the infection continues to expand and contract repeatedly even after the transition to Category 5.
- During the interim period (July–December 2025) of fiscal year ending June 2026, the epidemic level of COVID-19 decreased compared to the same period last year. Meanwhile, the influenza began its outbreak season earlier than usual, in late September, and its epidemic level increased compared to the same period last year.



1.0
[Influenza
"epidemic
season"
guidelines](#)

(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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