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TAUNS Laboratories, Inc. has Concluded a Capital and Business Alliance Agreement with Craif Inc., a Startup Developing Urinary MicroRNA-Based Tests for Early Cancer Detection.

TAUNS Laboratories, Inc. (headquartered in Izunokuni-shi, Shizuoka, Japan; Masaki Nonaka, President & CEO; Securities Code: 197A; hereinafter referred to as "TAUNS") and Craif Inc. (headquartered in Bunkyo-ku, Tokyo; Ryuichi Onose, CEO; hereinafter referred to as "Craif") announce that TAUNS has subscribed to a private placement of new shares by Craif, and that the two companies have entered into a basic agreement for a sales alliance for "miSignal," a microRNA-based cancer risk test, and a business alliance for the purpose of probability verification and product development for neurodegenerative diseases including dementia.

1. Background of Alliance

About Cancer Testing Market

The number of cancer patients around the world continues to increase every year. The early cancer screening market is estimated to be worth approximately \$66.6 billion (approximately 10 trillion yen) as of 2018 and is expected to expand further in the future.

On the other hand, although more than half of the Japanese population will be diagnosed with cancer at least once in their lifetime, the cancer screening uptake rate remains at around 50%¹ due to busy schedules and other reasons and not taking cancer screening is a major obstacle to early cancer detection. The urinary microRNA test is an efficient and non-invasive test at an economical price and is expected to lower the hurdle for cancer screening and improve the early detection rate of cancer.

About MicroRNAs

MicroRNA is a type of RNA that plays a very important role in the growth, development, and health maintenance of plants and animals, and is used in research on the causes and treatments of diseases. MicroRNAs have also been shown to be deeply involved in pathological conditions such as cancer

¹ Public Opinion Survey on Cancer Control and Tobacco Control, Cabinet Office (July 2019 survey)

development, malignancy, and metastasis by participating in the regulation of cancer cells themselves and the cancer microenvironment.

Compared to existing cancer tests, microRNAs are attracting attention as a new biomarker due to their detectability at an early stage and high disease specificity. Research on microRNAs is also active in fields other than cancer and is expected to be applied to neurodegenerative diseases such as Alzheimer's disease and to early diagnosis of other diseases. While blood is generally used as a sample for testing cancer markers including microRNAs, Craif's unique technology makes it possible to identify multiple types of cancer and detect cancer risk with high accuracy using urine samples, which are non-invasive and easily collected. It is expected to have the potential to revolutionize the existing early diagnosis of cancer.

Craif's Business and Competitive Advantage

Craif is a startup engaged in research and development of next-generation cancer risk testing using urinary microRNAs. Utilizing its proprietary NANO IP (NANO Intelligence Platform)², Craif enables the comprehensive search for various biomarkers through efficient capture of microRNA, accurate measurement, data analysis, appropriate interpretation, and aggregation of these data into a database. Craif also excels in the handling of urine specimens after collection and has established a continuously expanding platform of urinary biomarkers through the library and appropriate management of specimens. In addition, machine learning algorithms utilizing high-quality original data enable continuous improvement of accuracy and quality control.

These efforts have attracted attention not only in Japan but also from around the world. X&KSK, founded by Keisuke Honda, has invested the largest amount ever in the fund in Craif, and Keisuke Honda serves as an outside director of Craif.

Craif's products are mainly distributed through direct-to-consumer (D2C) channels, leveraging the fact that they are completely non-invasive tests that can be easily performed at home, thereby providing a high level of customer experience.

Assess risk for each cancer type
with two approaches

miRNA Cancer Risk: Assessed based on miRNA analysis
Personal Cancer Risk: Assessed based on user's lifestyle and other factors

Outline next steps for each type of cancer

Clear guidance on which department to consult if cancer is suspected

The image displays four screenshots of the Craif mobile application. The first three screenshots show the risk assessment process, including a heatmap for miRNA analysis and a detailed list of cancer types with associated risk levels. The fourth screenshot shows a flowchart for determining the next steps, such as consulting a specific medical department based on the suspected cancer type.

Outline of "miSignal" Series

Craif offers the "miSignal" series of cancer risk tests.

"miSignal" series supports comprehensive cancer control with four testing services that address issues

² <https://craif.com/en/science/>

ranging from prevention to early detection. These products are also available at drug stores and dispensing pharmacies.



Why We Turned to Craif

As a leader in POCT for infectious diseases, one of our future goals is to lead to early intervention in the field of chronic diseases through the implementation of tests in the prevention and screening stages. To achieve this goal, we believe it is necessary to work with a sense of speed by flexibly incorporating technologies not only developed in-house but also those of our business partners.

Craif is a leading startup that conducts research and development for the early detection of diseases using microRNAs, and we believe that our alliance with Craif will enable us to expand our preventive and screening testing technologies for chronic diseases, especially cancer and neurodegenerative diseases, and develop more advanced products. We have been closely monitoring Craif's progress.

After careful consideration, we have determined that Craif is an important partner for achieving our stated goals and have entered into this agreement. Through collaboration between the two companies, we aim to develop new products for cancer, neurodegenerative diseases, and other disease areas.

Comments from both presidents

Comments from Masaki Nonaka, President and CEO, TAUNS Laboratories, Inc.

We are very pleased to form this capital and business alliance with Craif. This alliance represents a significant step forward in our long-standing efforts to expand into the fields of cancer and neurodegenerative diseases. By combining Craif's extensive expertise in microRNA with our testing technologies, we jointly aim to innovate microRNA-based testing technologies and develop preventive and screening tests for various disease areas.

Comments from Ryuichi Onose, CEO, Craif Inc.

We are very pleased to have formed a capital and business alliance with TAUNS.

With the mission of "reducing the number of people suffering from cancer to zero," Craif has been developing and socially implementing the "miSignal" series, a non-invasive and highly accurate cancer risk test using urinary microRNA. We are confident that our partnership with TAUNS, which has an extensive track record and network in the field of POCT for infectious diseases, will further accelerate the

establishment of an early detection system in the field of cancer. Craif will continue to create new standards in cancer testing based on technology and science and contribute to the health of people around the world with technologies originating in Japan.

2. Details of Business Alliance

Using our sales network, we will support sales of the "miSignal" series to medical institutions. In addition, both companies will work together to verify the probability of microRNA testing in neurodegenerative diseases such as dementia and to develop products.

3. Overview of Capital and Business Alliance Partners

(1) Name	Craif Inc.
(2) Location	ITP Hongo Office, 2-25-7 Yushima, Bunkyo-ku, Tokyo
(3) Title and name of representative	Ryuichi Onose, CEO
(4) Business	Research, development, and provision of next-generation testing focused on the field of cancer
(5) Capital stock	100 million yen
(6) Date of establishment	May 2018
(7) Corporate site	https://Craif.com/en/

4. Future Outlook

At present, we believe that this alliance will have a minimal impact on the business performance of TAUNS, but we will disclose any significant impact as soon as it is identified.

About TAUNS

TAUNS Laboratories, Inc. is one of the major companies of infectious disease POCT in Japan. We manufacture in vitro diagnostic test kits and research reagents applying various diagnostic technologies for global consumption.

In the field of infectious disease POCT, which are our main products, we have been widely known for high-quality products and customer services by hospitals, clinics, research institutes and biotech start-ups.

For over 30 years since the company was established in 1987, under the corporate philosophy of enriching lives and providing peace of mind, we have strived to develop and improve our products.

In recent years, in addition to POCT, we have been actively developing new business areas such as contract inspection services using advanced technologies.

We will continue to conduct research and development to meet the needs of clinical testing.

For more information, please refer to the company's website 《<https://www.tauns.co.jp/en/>》.