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Notice of Basic Agreement on Capital and Business Alliance with Provigate, Inc.

TAUNS Laboratories, Inc. (headquartered in Izunokuni-shi, Shizuoka, Japan; Masaki Nonaka, President and CEO; Securities Code: 197A; hereinafter “the Company”) and Provigate, Inc. (Head Office: Bunkyo-ku, Tokyo; President and CEO: Koshin Sekimizu; hereinafter “Provigate”) hereby announce that they have agreed that the Company will subscribe for Series C3 Preferred Shares to be issued by Provigate, and that the two companies will enter into a business alliance agreement aimed at expanding the adoption of home-based blood glucose monitoring services.

1. Provigate’s Home-Based Blood Glucose Monitoring Service

The global population of people living with diabetes and those at risk of developing diabetes is estimated to reach 1.2 billion^{※1}, creating a significant impact not only on quality of life (QOL) but also on healthcare economics. Persistent self-stigma and social stigma remain, including beliefs such as “diabetes is the patient’s own responsibility” and “it is difficult for people with diabetes to improve their lifestyle habits.” However, recent studies increasingly indicate that effective use of self-monitoring of blood glucose can promote behavioral changes, including improvements in lifestyle habits, leading to better glycemic control among people with diabetes. This is becoming a growing scientific consensus. ^{※2}

Diabetes is broadly classified into Type 1 and Type 2 diabetes. In Type 1 diabetes, the body produces little or no insulin, making insulin self-injection and accompanying self-monitoring of blood glucose indispensable ^{※3}, both of which are generally covered by health insurance. In contrast, people with Type 2 diabetes still retain some endogenous insulin secretion, although insulin resistance reduces its effectiveness. As a result, most patients do not require insulin therapy except in severe cases, making behavioral changes through diet, exercise, and medication particularly important. Conversely, because most Type 2 patients are not treated with insulin, self-monitoring of blood glucose is generally not covered by insurance.

Current blood glucose monitoring methods include SMBG (Self-Monitoring of Blood Glucose), which measures blood glucose intermittently, and CGM (Continuous Glucose Monitoring), which continuously

measures glucose levels in interstitial fluid. However, both approaches face challenges in terms of cost, invasiveness, and data usability for personal use. Given the more than 500 million people worldwide living with Type 2 diabetes, widespread adoption of these methods is also difficult from the standpoint of increasingly constrained healthcare budgets. Consequently, many diabetes patients are only able to learn their blood glucose status during periodic physician visits, often just a few times a year.

To address this major social challenge, PROVIGATE has focused on Glycoalbumin (“GA”)* as an optimal glycemic indicator for encouraging behavioral change, as it sensitively reflects average blood glucose status over a period of several days to approximately one week. PROVIGATE has achieved practical-level testing accuracy through both mail-in testing methods (using room-temperature-stable fingertip blood samples and refrigerated saliva samples) and rapid testing methods (using fingertip blood samples). Based on these technologies, the company has commercialized “glucreview®,” a GA measurement service that enables weekly blood glucose monitoring at home. “glucreview®” is designed to continuously visualize changes in blood glucose fluctuations in daily life, which are often difficult to capture through conventional intermittent measurements, thereby supporting users in achieving behavioral change.

Furthermore, by integrating its home-based GA testing technology with AI applications and remote healthcare services, PROVIGATE aims to establish a useful and sustainable healthcare management model that provides continuous monitoring and personalized lifestyle improvement support for individuals with diabetes and prediabetes

2. Objectives of the Business Alliance

Through this business alliance, TAUNS and PROVIGATE intend to combine PROVIGATE’s GA measurement technology with TAUNS’ proprietary Digital Immunoassay (“D-IA”) technology to develop and offer a home-based blood glucose monitoring POCT** (Point of Care Testing) service targeting the vast global market of people with diabetes and prediabetes.

This service is intended to help individuals monitor their glycemic status conveniently and continuously from home and to facilitate effective behavioral changes that improve health outcomes.

Over the medium to long term, the companies aim to establish this service as a new standard model for home-based monitoring of Type 2 diabetes, while pursuing reimbursement coverage and broader adoption in both domestic and international markets.

3. Overview of Provigate, Inc.

(1) Name	Provigat, Inc.
(2) Address	5F Todaimae HIRAKU GATE, 2-3-10 Mukogaoka, Bunkyo-ku, Tokyo 113-0023, Japan
(3) Title and name of representative	Koshin Sekimizu, President and CEO
(4) Business	Development of home-use blood glucose monitoring devices and applications
(5) Date of establishment	March 6, 2015
(6) Corporate site	https://provigate.com/en/

4. Comments from Both Companies

Comment from Masaki Nonaka, President and CEO of TAUNS Laboratories, Inc.

“In our Mid-Term Management Plan, expansion into the chronic disease field is positioned as one of our key growth strategies. Among those opportunities, diabetes is a priority area due to its large global patient population and the critical importance of blood glucose monitoring.

Through this basic agreement on a capital and business alliance with PROVIGATE, we will combine PROVIGATE’s GA measurement technology with our next-generation POCT technology, D-IA, to develop a new home-based blood glucose monitoring POCT solution. We intend to play an active role in this highly meaningful field, supporting behavioral change among people living with diabetes.

Together with PROVIGATE’s innovative ideas and technologies, we will continue to realize our corporate slogan, ‘Peace of mind through diagnostic technology,’ and contribute to society on a global scale.”

Comment from Koshin Sekimizu, President and CEO of Provigate, Inc.

“To date, many startups around the world have leveraged advanced technologies to tackle challenges in blood glucose monitoring. However, truly innovative services are not easily created. One of the major barriers has been a lack of strong manufacturing capabilities.

We are delighted to enter into this basic agreement regarding a capital and business alliance with TAUNS, a leading company in POCT and a true embodiment of Japan’s manufacturing excellence. By bringing together the open innovation initiatives that PROVIGATE has cultivated over the years, we aim to realize a business that contributes to global public health as quickly as possible.”

5. Outlook

At present, the Company expects that this basic agreement will have only a limited impact on its near-term financial performance. Should any material impact become apparent, the Company will promptly disclose such information.

6. Other Matters

Certain details regarding this basic agreement have not been disclosed based on mutual agreement between the parties.

※¹Estimated number of adults living with diabetes and prediabetes worldwide (2024), according to the International Diabetes Federation (IDF).

※²Source: Diabetes Technology & Therapeutics. 2024;26:252–262.

※³Self-monitoring of blood glucose is used to determine appropriate insulin dosing and to help prevent acute hypoglycemia, a potential adverse effect of insulin therapy. Insulin is a highly potent protein-based therapeutic, and dosing errors can lead to dangerously low blood glucose levels (severe hypoglycemia).

Glycoalbumin (GA)

Glycoalbumin is a glycemic indicator representing the proportion of glucose bound to albumin, a protein found in the blood. GA levels increase as elevated blood glucose levels persist. Because GA reflects average blood glucose status over the preceding several days to approximately one week, it has attracted attention as a marker that enables early assessment of lifestyle intervention effects and encourages behavioral change.

POCT (Point of Care Testing)

POCT refers to medical testing performed near the patient, allowing rapid testing and immediate access to results at the point of care.