



Euglena Co., Ltd.

Financial Results of FY2024

February 20, 2025

Event Summary

[Company Name]	Euglena Co., Ltd.
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[Event Type]	Earnings Announcement
[Event Name]	Financial Results of FY2024
[Fiscal Period]	FY2024 Annual
[Date]	February 20, 2025
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[Time]	14:00 – 15:15 (Total: 75 minutes, Presentation: 44 minutes, Q&A: 31 minutes)
[Venue]	Webcast
[Venue Size]	
[Participants]	
[Number of Speakers]	2 Tomohiro Wakahara Director, Executive Officer Co-CEO and CFiO Hiroko Uemura Director, Executive Officer Co-CEO and COO

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Presentation

Sonoda: Thank you very much for taking time out of your busy schedule today to participate in the financial results briefing for Euglena Co., Ltd. for the fiscal year ended December 31, 2024.

My name is Sonoda with Euglena. I will be your moderator today. I would appreciate your attention.

In the first 35 minutes of today's briefing, Mr. Wakahara, our Director, Executive Officer Co-CEO, and CFO, will give an overview of the full-year financial results for the fiscal year ended December 31, 2024, based on the materials disclosed on February 14, followed by an explanation of the healthcare business by Ms. Uemura, our Director, Executive Officer Co-CEO, and COO. The remaining 15 minutes will be reserved for questions and answers.

Prior to the briefing, we would like to provide two preliminary notes regarding the operation of today's Zoom webinar. First, please be assured that the video and audio of your participation in the briefing will not be sent to the management or other participants.

Second point, a question-and-answer session is scheduled to begin at 2:45 PM. You may ask questions via text or verbally. For text questions, please enter your question via Q&A on the Zoom screen. You may enter your question during the presentation. You may enter it before the Q&A session begins. If you wish to ask a question verbally, please press the raise your hand button. We will operate in turn to allow the speaker to speak, so please turn on the microphone and speak. When asking a question, please provide your company name and name first. We will announce the method of the Q&A session again when the time comes.

We will now begin the financial results briefing. Thank you for your cooperation.

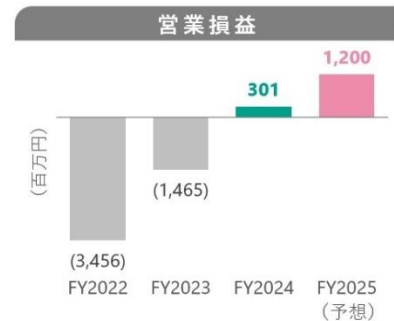
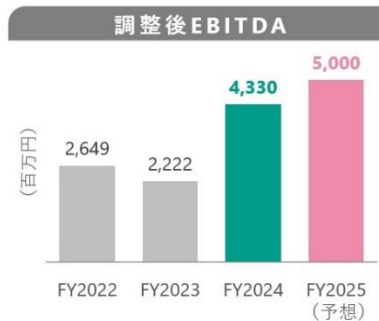
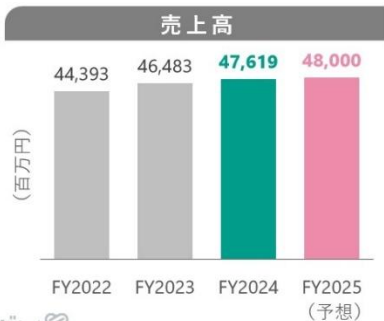
エグゼクティブサマリー

2024年度進捗

- 7事業年度ぶりの通期営業黒字を達成
 - 期初想定よりも1年前倒しで黒字転換
 - 売上高・調整後EBITDAも過去最高値を更新
- バイオ燃料商業プラント建設・運営の合併会社への5%出資が完了

2025年度目標

- 調整後EBITDA50億円・営業利益12億円へ拡大
 - 黒字定着に向けて、希望退職者の募集も実施
 - 売上高予想は480億円、事業再編を優先
- マレーシア合併会社への15%出資の早期実現
 - 追加資金は負債性調達で確保する方針



Wakahara: Let me begin with a summary of the financial results for FY2024. There are two main topics in this issue.

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One is the operating surplus. We have been operating in the red for a long time, but we achieved profitability for the first time in seven fiscal years. In addition, last year, when Ms. Uemura and I took office under the new system, our original plan was to return profitable in FY2025, but we were able to do so one year ahead of schedule, which we consider to be a major achievement. Revenue and EBITDA after adjustment have updated the record high. In FY2025, we aim to further increase EBITDA to JPY5 billion and operating profit to JPY1.2 billion, a fourfold increase from JPY300 million to JPY1.2 billion.

The second is a project in Malaysia. As we disclosed in a timely manner at the end of December, we have successfully completed a 5% investment in a commercial plant joint venture. We will further raise the 15% this year, and we are making good progress in arranging financing and debt financing to achieve this goal. We hope to achieve the 15% target as soon as possible.

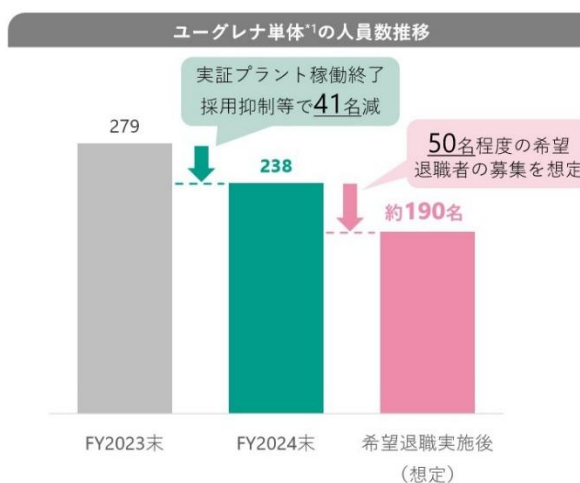
I will not go into the other key topics, as they will be explained one by one later. On that note, Ms. Uemura will explain a few regarding the call for voluntary retirement.

キートピック - 希望退職者の募集

募集人数は50名程度、年間約3.5億円程度の固定費削減を見込む

実証プラントの稼働終了、新規採用の抑制と自然退職で、2024年中に人員数は41名減少
黒字体質の定着に向けて、事業ポートフォリオを見直すとともに約190名規模の組織へのスリム化を目指す

希望退職者の募集の概要	
対象会社：	株式会社ユーグレナ
対象者：	全従業員（所定の要件を満たさない一部従業員を除く）
募集人数：	50名程度
募集期間：	2025年2月3日～2025年2月28日
退職日：	2025年3月31日（原則）
優遇措置：	<ul style="list-style-type: none"> ● 特別退職金の支給 ● 希望者に対する再就職支援会社を通じた再就職支援
損益影響：	特別退職金等の費用として約2.5億円の特別損失を2025年度Q1に計上予定



*1: 2024年7月に合併したLIGUNA社を含む、正社員+無期契約社員の人数

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Uemura: On January 8, we made a timely disclosure that we are soliciting voluntary retirement. The application period was scheduled for the end of February, but as we announced the other day, the number of applicants has reached our expectations, so we have decided to close the application earlier. As a final result, 58 people applied for the voluntary retirement.

We have also announced that we will provide special retirement benefits and support for subsequent reemployment, so we plan to record an extraordinary loss of JPY250 million in Q1 of FY2025.

As for the number of employees, since 58 members applied for retirement this time, we plan to enter into FY2025 with approximately 190 members. Along with this, we will basically reduce fixed costs by about JPY350 million and firmly streamline our operation, and proceed to make a fresh start once again.

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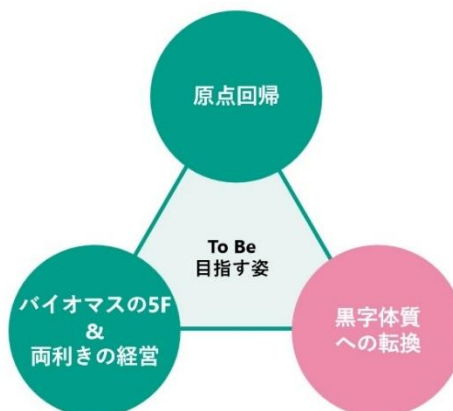
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中期経営方針

期初に掲げた3つの方針のうち、「黒字体質への転換」を集中的に推進
2025年度は、黒字体質定着を更に進めつつ、「原点回帰」「バイオマスの5F」にも着手



ユーグレナ

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Wakahara: Now, I will explain the details of each performance.

At the beginning of the fiscal year, the beginning of last year, we three formed a new management structure, and we set three goals, which are return to our roots, 5F for biomass, and return to profitability. Of these efforts, we placed particular emphasis and priority on the return to profitability.

Euglena's revenue has been increasing steadily and EBITDA has been on an upward trend for the past several years. However, operating income continuously had a significant deficit due to goodwill from M&A and amortization of intangible fixed assets.

In particular, while operating profit and loss is a major accounting factor, we have always focused on the adjusted EBITDA in our management. That policy itself has not changed, but in aiming for operating profitability and improving our ability to generate more profits, we have focused on whether or not our profitable structure is sustainable.

In other words, the majority of our revenue relies on the investment of advertisement expenses for the so-called subscription model, and sales to our regular customers. Under this model, we can temporarily make a profit by reducing advertising expenses. However, this will not lead to medium- to long-term results.

Also, while an increase through M&A is a positive in itself, it is important whether it can continue to increase revenue thereon. We believe that last year's major accomplishment was the focus on these areas and the aim to turn profitable along with the contents of the business.

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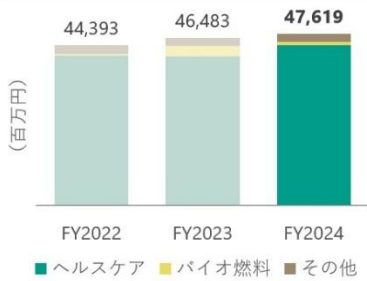
2024年度業績 - 売上高

2024年度売上高

476億円

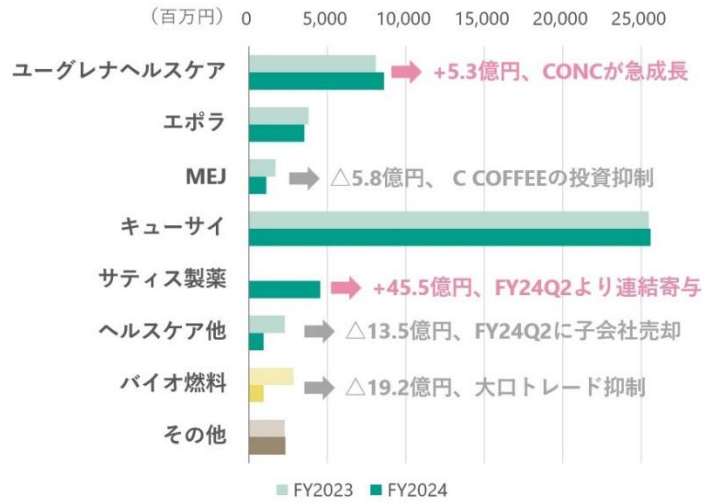
(前年比 102%)

売上高推移



ユーグレナ

増減分析 (事業別)



As for revenue, there is a slight upward trend. In particular, there is obviously a large positive impact from the consolidation of Saticine Medical Group. On the other hand, there was a negative impact from the postponement of a large biofuel transaction, and there was also the sale of a group company, an airline and transportation subsidiary, which caused both negative and positive impacts.

In this context, one of the major achievements of the previous fiscal year was the growth of Euglena's healthcare business, especially in the area of CONC's microneedle products, which performed well.

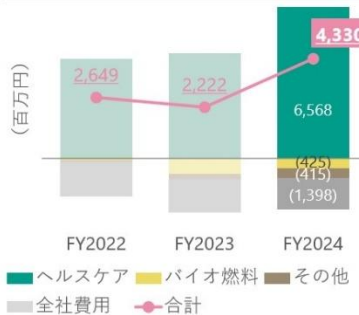
2024年度業績 - 調整後EBITDA

2024年度調整後EBITDA

43.3億円

(前年比 195%)

調整後EBITDA推移



ユーグレナ

増減分析 (事業別)



増減分析 (科目別)



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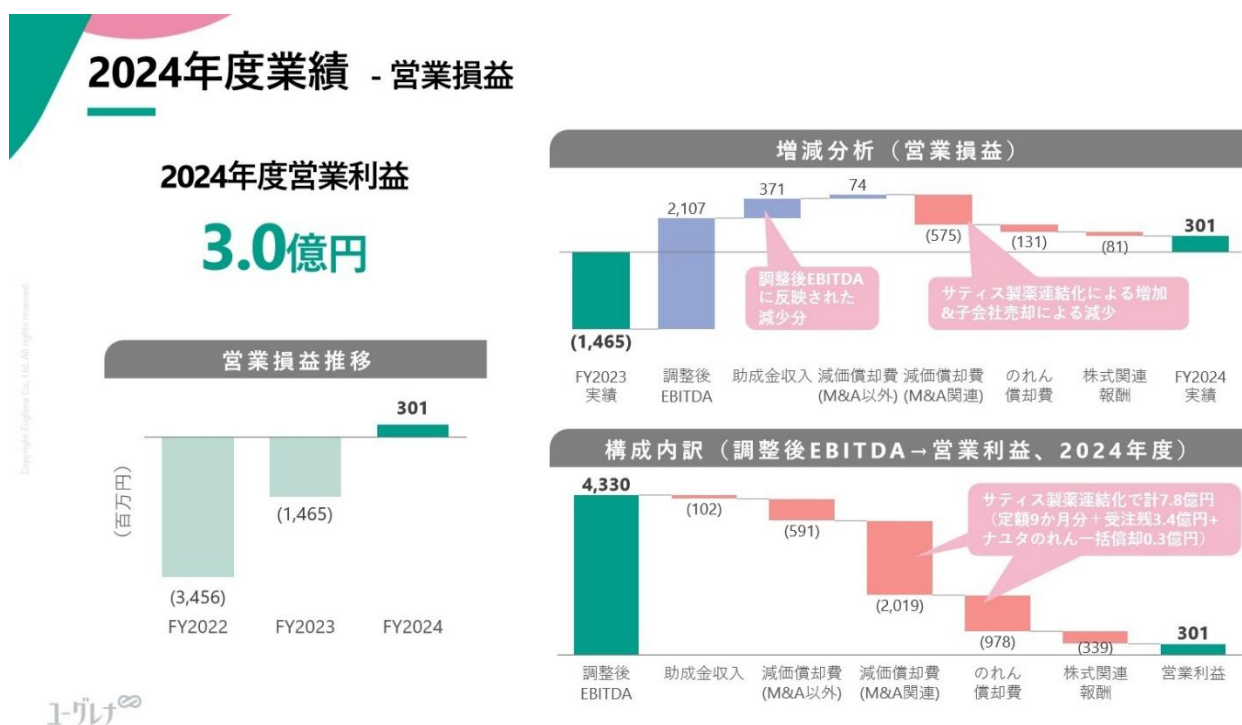
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Next is EBITDA after adjustment. The figure at the end of FY2023 was approximately JPY2.2 billion, and at the end of FY2024 was JPY4.3 billion, an increase of approximately JPY2 billion.

In particular, I want to emphasize the point below. There is naturally a positive impact from the consolidation of Saticine Medical Group. Advertising expenses also declined slightly. I think it is really slight. Advertising investment has been about flat in YoY.

The total of these two are just over JPY700 million. The remaining JPY1.25 billion is the result of other cost-reduction efforts that have been effective. In particular, there have been efforts to reduce costs by integrating logistics or by adopting a bimonthly schedule and sending two pieces once every two months to customers who used to order monthly, thereby lowering the logistics cost ratio. As explained earlier by Ms. Uemura, regarding personnel expenses, we are soliciting for voluntary retirement, and since last year, we have been reducing fixed costs and personnel expenses by curtailing new hiring.

The impact of the termination of the operation of the biofuel demonstration plant was also a factor. We believe that these efforts were not temporary, but rather led firmly to the next profit, and the change in the structure itself was very significant.



The positive impact on operating profit was also due to the fact that adjusted EBITDA itself increased by more than JPY2 billion. In addition, there are various effects such as amortization of goodwill from M&A. However, we were able to overcome these effects and successfully achieve a profit for the full year.

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2024年度業績 - 経常損益 / 当期純損益*1

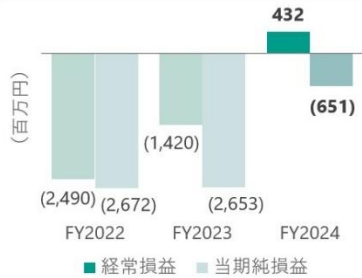
2024年度経常利益

4.3億円

2024年度当期純損失

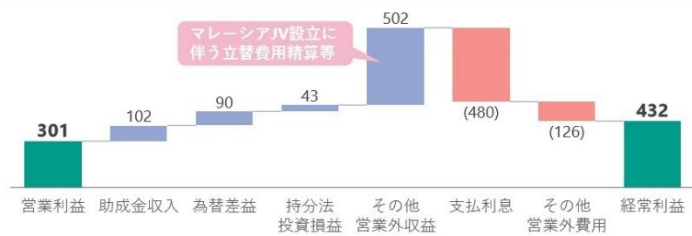
△6.5億円

経常損益 / 当期純損益推移

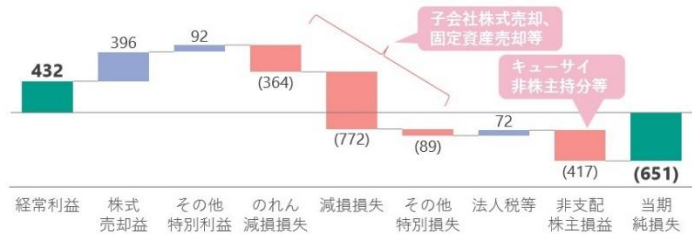


*1: 親会社株主に帰属する当期純損益

構成内訳 (営業損益 → 経常損益、2024年度)



構成内訳 (経常損益 → 当期純損益、2024年度)



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With regard to ordinary income and loss, the majority of the factors are a bit technical and temporary. The Company is profitable until ordinary income and loss, but is in the red with respect to net income and loss for this fiscal year. This is due to a significant impact of goodwill impairment from the sale of shares in subsidiaries made during the period or from the sale of fixed assets.

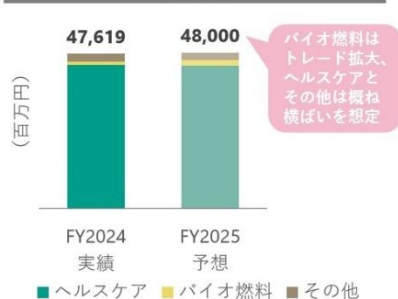
As for Q'SAI, although Q'SAI itself is profitable, the Q'SAI Group is owned by us, Advantage Partners, and Tokyo Century, so the non-controlling shareholders of the other two companies have negative earnings at the end of the period.

2025年度業績予想

希望退職募集やコスト削減の継続で、黒字拡大に注力

2026年度以降も更なる拡大を見込む

売上高



調整後EBITDA



営業利益



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Next is the earning forecast. As you can see, for the current fiscal year, our budget and forecasts prioritize the return to profitability and further strengthening of our profit structure. We have budgeted for flat sales in healthcare and others, and a slight increase in biofuels.

Saticine Medical Group will contribute to the consolidation for three months. Last year was a consolidation for nine months, so this fiscal year will be 12 months, an addition of three months. On the other hand, the profit and loss of the advertising management company that was sold during the last year will be lost in H2. So, in this sense, the impact of M&A on revenue is actually offset by the increase and the decrease again. So, overall, we are looking at almost flat growth.

As for EBITDA and operating profit, we are aiming for JPY1.2 billion for operating profit and loss, as this goodwill and other factors will be adjusted slightly, and the further growth of adjusted EBITDA. We have added the operating profit and loss as a forecast from now on.

As for other factors that affect the adjusted EBITDA, there are a variety of factors, but we expect to see further increases due to cost reductions resulting from the voluntary retirement program and various other factors.

Conversely, as you can see here, we expect advertising expenses to remain flat. One of the factors that contributed to last year's profitability is that the amount of investment and budget for advertising should be viewed as an integrated group effort as much as possible, and investment should be made not only within the group companies, but also to some extent in products that perform well beyond the group companies. By doing so, we will be able to aim for steady sales growth and increased profits even though investment in advertising remains flat.

Again, with regard to the budget, we are not looking to increase profits by cutting advertising expenses, but rather to increase them by keeping advertising investments flat and investing in areas that perform better.

業界動向 - バイオ燃料市場の動向

EUと英国で2025年よりSAF 2%導入が義務化。CORSlA*1や各国規制導入により、2030年に向けて国内外のSAF需要拡大が加速化する見通し

バイオ燃料導入に向けた各国方針

CORSIA

- 2019年比85%までCO₂排出量を削減
- 2024年から自主的運用（126か国が参加）、2027年から全ICAO（国際民間航空機関）加盟国に原則適用

欧州



- EU RED III
- ReFuel EU

アジア



- 日本
- ⇒10%@2030年～

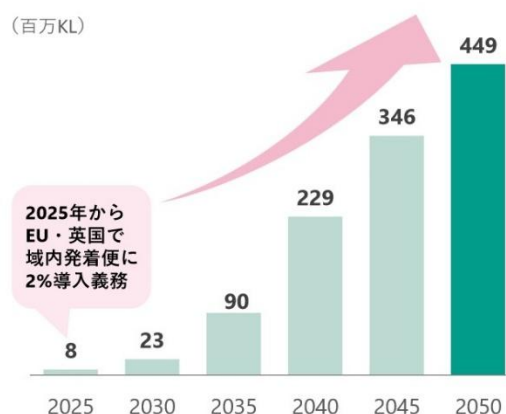
北米



- Grand Challenge
- RFS/LCFS等

世界のSAF需要の見通し*2

(百万KL)



*1: Carbon Offsetting and Reduction Scheme for International Aviation（国際民間航空のためのカーボン・オフセット及び削減スキーム）の略称
 *2: IATA「Sustainable Aviation Fuel Fact Sheet」およびICAO HPを基に当社作成

Next, I would like to explain our biofuel business.

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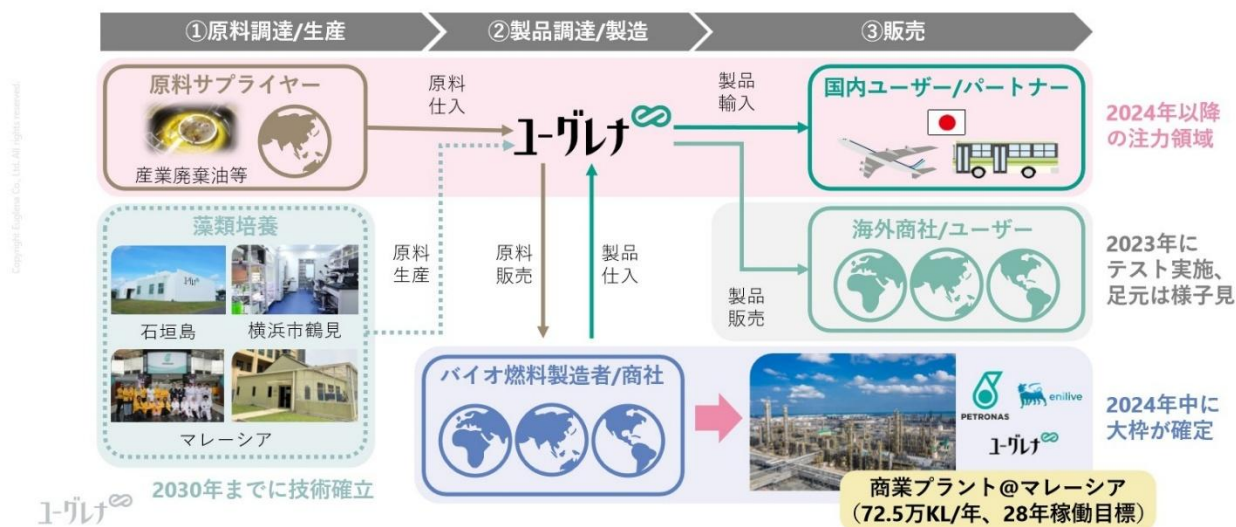
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First, regarding the industry in general, there has not been much change from what we have explained several times in the past. Biofuel, or the so-called SAF. There have been many countries where obligations to introduce biojet fuels and incentives to introduce biojet fuels have been formalized, and such numbers are increasing. As the supply will eventually become insufficient, we believe that there is a great business opportunity for us and that we will be able to respond to social needs.

ビジネスモデル - 商業化イメージ

バイオ燃料の調達・製造に向けたパートナーシップは2024年に大枠が確定。商業プラント稼働後に向けて、原料調達網と国内外の製品販売先の開拓、そしてサプライチェーンの確立に取り組む



This is an image of the business model we are aiming to commercialize. I have already mentioned it several times in the past, but I will explain again in order. Firstly, in FY2023, Euglena's main business was to trade products and conduct large transactions on a test basis, which generated very large revenue.

However, since it is a trading business, gross profit of the transaction is not very high but is simply a shot in the fuel world, where one shot is a big shot, and that is where the large revenue was recorded. In FY2024, the market for biofuels is weakening a bit, so we focused more on procurement of raw materials and development of domestic users.

The other point is the project in Malaysia, which we have reported on many times. Finally, we cannot talk about biofuels without the thing itself to deal with. It has been a long time since we made our final announcement at the end of 2022, but we finally announced our final investment decision last July, and in December of last year, we officially invested 5% of the investment ratio.

The framework for the future has already been established, and I think we are starting to see it.

Finally, with regard to algae, we will continue our research and development. Although it will take some time, we will first aim to establish the technology by 2030 while focusing on establishing a raw material procurement network for waste cooking oil and industrial waste oil and then build a system to supply raw materials to the Malaysian plant after 2030.

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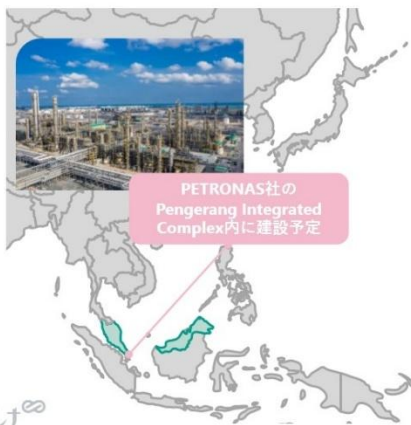
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商業プラント - プロジェクトの概要及び進捗

2024年12月にJVへの5%出資が完了、持分15%への早期引き上げを目指す

2025年より建設に着手し、2028年下期迄の稼働開始を予定



プロジェクト計画概要	
運営主体	Pengerang Biorefinery Sdn. Bhd. (パートナー3社の合弁会社)
建設地	PETRONAS社のPengerang Integrated Complex (PIC)敷地内
製品	SAF (バイオジェット燃料)、HVO (次世代バイオディーゼル燃料) 製造量が最大化するよう構成はフレキシブルに調整
使用原料	使用済み植物油、動物性油脂、植物油の加工に伴う廃棄物、 中期的には微生物由来の藻油などのバイオマス原料
原料処理能力	約65万トン/年
製造能力	最大12,500バレル/日 (約72.5万KL/年相当) のバイオ燃料
プロジェクト金額	約13億米ドル

今後のスケジュール (予定)



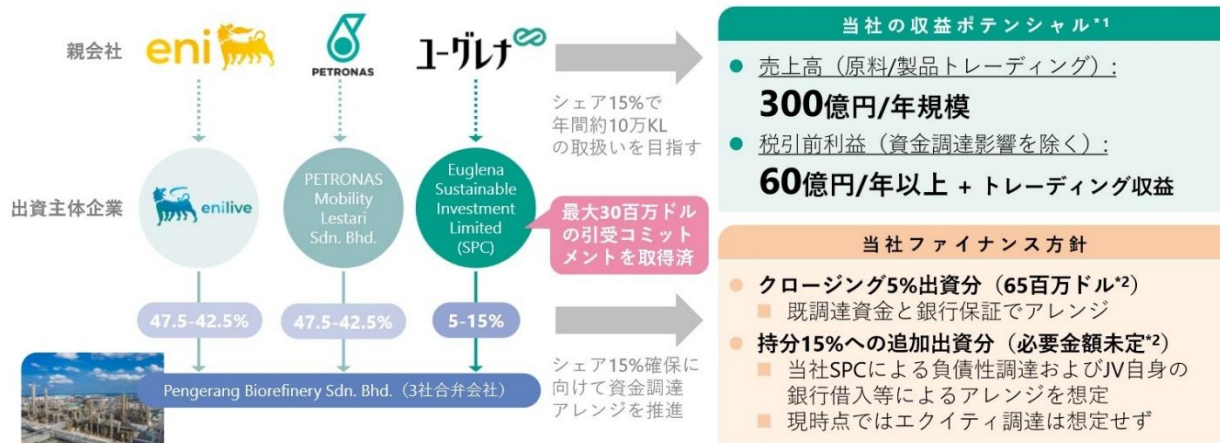
This is the project in Malaysia. With a production scale of approximately 725,000 kiloliters per year, it is one of the largest biofuel plants and SAF or HVO plants in Asia. As for the schedule, the final investment decision was made last July, and the closing and 5% investment was completed at the end of December last year.

We also have a call option to increase our stake from 5% to 15% by committing additional funds by September 27 of this year. Of course, we would like to handle more SAF or HVO and bring it to Japan, so we will continue our efforts to increase this share.

商業プラント - 当社の収益ポテンシャルとファイナンス方針

持分15%時の収益ポテンシャルは、売上高300億円規模、税引前利益60億円以上

2024年12月に、国内金融機関からSPC負債性調達に係る最大30百万ドルの引受コミットメントを取得
JV自身の第三者調達と合わせて、当社はエクイティ調達なしで持分15%引上げを目指す方針



*1: 当社シェア15% (約10万KL/年相当)、バイオ燃料価格@300円/L、本合弁会社の純利益率20%以上・配当性向100%、銀行ローン等の資金調達無し、を想定
*2: 出資比率に応じて要する資金コミットメント (出資等及び保証提供) の総額。持分15%への追加出資に必要な金額はJV自身の第三者調達により減少する見込み

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The potential earnings when this stake reaches 15% are expected to be JPY30 billion in revenue and JPY6 billion in pre-tax profit. As for this JPY6 billion, we expect it to come mainly in the form of dividends from these three joint ventures.

We have already completed the 5% investment. Since it is 5% of the original USD1.3 billion deal, a commitment of USD65 million in funds was required. In response, we had already procured USD50 million in cash, so we arranged a separate bank guarantee for the additional USD15 million and completed the project.

Regarding the next step, the amount needed to raise the 15% investment has not yet been determined. We cannot say anything definite about this area, as some areas are still under consideration. Now, we are also considering procurement through so-called borrowing and loans in this JV, with the three joint venture companies.

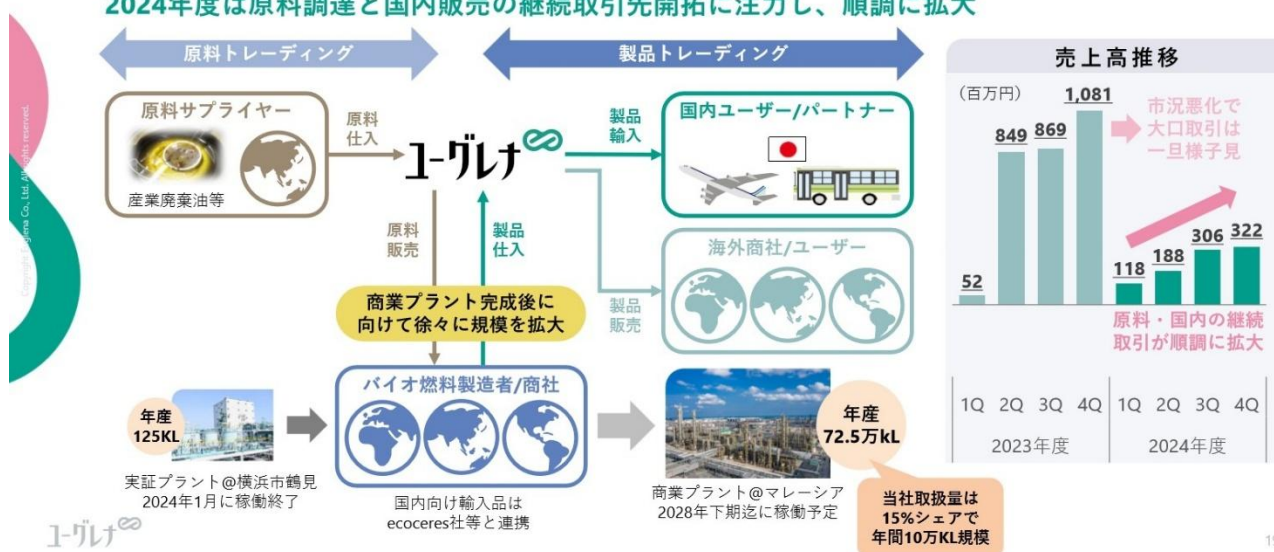
If the JV borrows half the money, these three shareholders will only need to invest half of their capital, and if they borrow two-thirds of the money, for example, the shareholders will only need to invest one-third of their capital. I cannot give you a specific figure, but we are currently working on the JV financing, which we expect will not require a large increase in funds to raise the rate from 5% to 15%.

In addition, as of the end of last year, we have already received a commitment letter for USD30 million from a domestic financial institution based on debt financing by an SPC in the Cayman Islands or so-called structured finance.

Therefore, we are already discussing various aspects of financing, and finally, documentation will be carried out by the JV level and by us as well. By combining these measures, we are aiming to raise our stake to 15% without equity financing as soon as possible, and I, as CFO, am confident that we can raise it to 15%.

商業化準備 - 原料・製品トレーディング体制の強化

商業プラント稼働後の取引を見据えて、原料・製品トレーディングの体制構築を推進
2024年度は原料調達と国内販売の継続取引先開拓に注力し、順調に拡大



This is about commercialization. Revenue has steadily expanded while shifting from trading to procurement of raw materials and import of products domestically. Lastly, if we are to obtain a 15% share of this Malaysian project, we will naturally need sales destinations and suppliers of raw materials. We worked hard on this last year, and we will continue to work toward further expansion this year.

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商業化準備 - HVO/SAF普及に向けた国内パートナーシップ

パートナーシップ構築によるHVO/SAFの供給網と継続利用の拡大を推進

HVOの継続供給先を拡大、香港EcoCeres社との連携で輸入HVOの調達先も確保

HVO (次世代バイオディーゼル燃料)

継続供給先の拡大



- Torch Tower建設工事 (HVO100%)
- 路線/巡回/観光バス (HVO20%)

国内供給パートナー



➡ 輸入HVOの供給が順調に拡大



海外調達パートナー



- 香港EcoCeres社と日本でのSAF/HVOの普及を基本合意
- 同社からの輸入HVOで供給拡大

SAF (バイオジェット燃料)

羽田空港におけるパートナーシップ

- SAF供給・販売の事業化に向けたサプライチェーン構築の共同検討
- グリーンボンド (10億円) の発行

➡ 最大5万KL/年のSAF供給体制の構築を目指す



エウラの

20

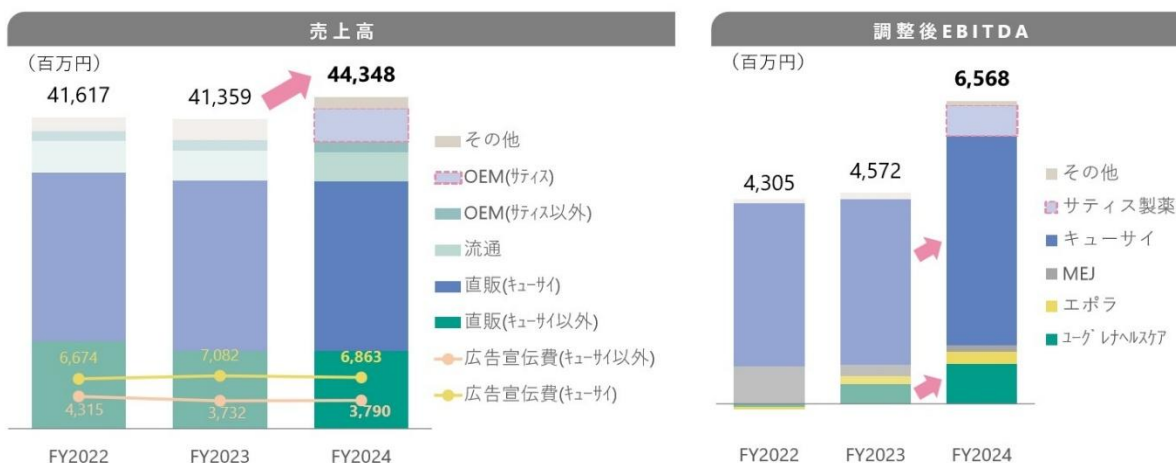
Furthermore, in terms of domestic development, discussions on SAF are still progressing in Japan, but HVO is still in its infancy. We believe that it is necessary to promote the establishment of such rules in Japan, and we will work to expand the scope of such rules as much as possible, while also utilizing subsidies and other means.

This is the end of the explanation for biofuels. Next, Ms. Uemura will discuss the healthcare business.

業績トレンド - 売上高、調整後EBITDA

売上高は+7%増。直販は横ばい推移、OEMはサティス製薬連結化が寄与

調整後EBITDAは+44%増。サティス製薬連結寄与に加えて、収益構造改革によるオーガニック成長も達成



エウラの

注: 「その他」には、2024年度に売却した子会社影響及びグループ内相殺等を含む

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Uemura: This is Uemura and I will now discuss our healthcare business.

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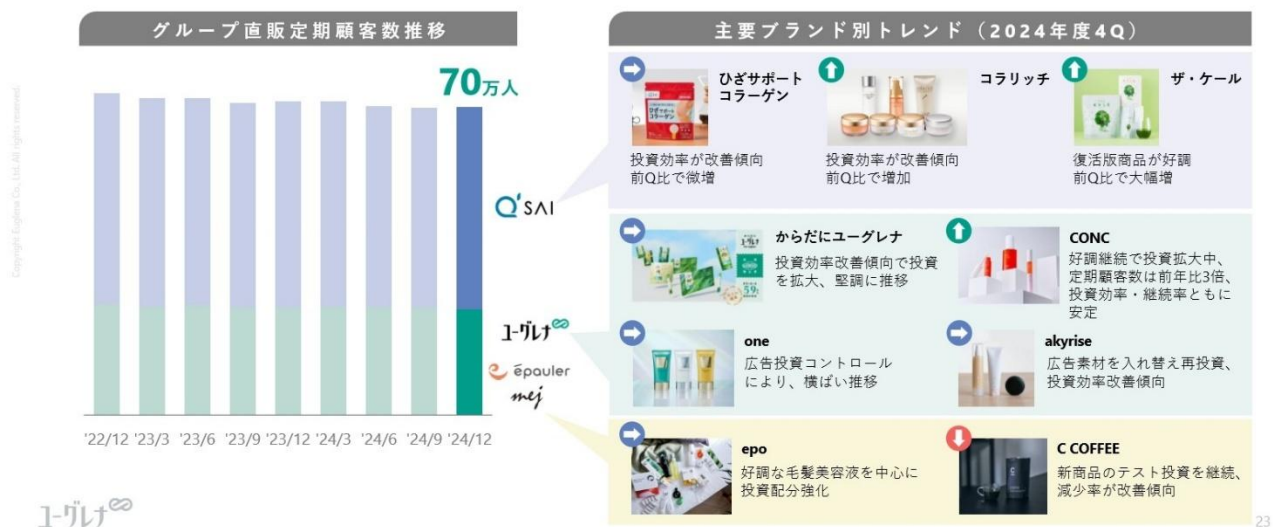
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First, here are the results for revenue, adjusted EBITDA, and operating results. Revenue was JPY44.3 billion, an increase of 7%. As for adjusted EBITDA, it increased by 44%. As Mr. Wakahara mentioned earlier, of course, the consolidated contribution of Saticine Medical Group had a major impact, but another important point was the growth of each company's organic business.

業績トレンド - 直販定期顧客数

全体の顧客数は前四半期比で微増、広告投資効率は複数ブランドで改善傾向



Second is the number of regular customers. FY2024 was a year in which the issue of red yeast rice was widely discussed. As a company dealing in health foods and supplements, it was a very big event for us too, and it has been a very worrisome year.

As a result, 700,000 of our regular customers did not leave us. They have stayed with us and continue to love our products, which is a very good thing. Another good thing is that we are no longer seeing any major impact at this point.

In addition, advertising investment efficiency is a point of great importance. As mentioned earlier, CONC has made steady progress in terms of the number of regular customers as well as the number of repeat customers. In other areas, such as The Kale of Q'SAI, we saw improvement in various areas during the past year.

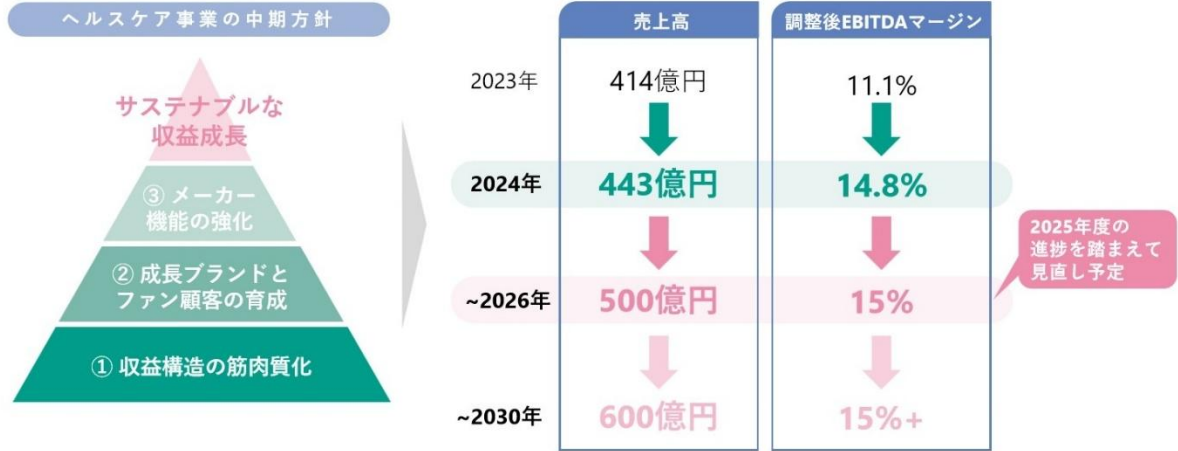
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中期経営方針

3つの注力領域で施策を展開し、2024年度は収益性改善が前倒しで進捗
2025年度も収益性改善に注力するとともに、新たな売上成長に向けた種まきを推進



ユーグレナ

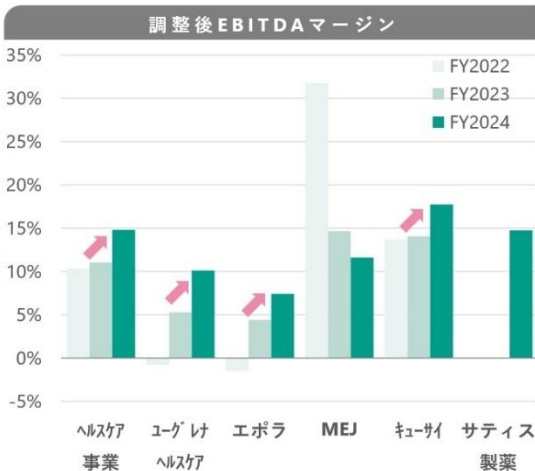
24

I would like to talk about the progress of our mid-term management policy from here. In healthcare, we had three mid-term policies. The first was to create a robust profit structure, the second was to nurture growth brands and loyal customers, and the third was to strengthen the manufacturer function.

As a result, we are making steady progress in terms of revenue and EBITDA margin, and we would like to move ahead of schedule, including a review based on the FY2025 progress.

2024年度進捗 - ①収益構造の筋肉質化

グループ横断で収益構造の改善に取り組んだ結果、調整後EBITDAマージンの大幅な改善を達成



収益構造改善策	
売上高	● 主力商品値上げ（からだにユーグレナ、ひざサポートコラーゲン）
売上原価	● 仕入れ先の見直し、資材の共同購買
広告宣伝費	● グループ横断での広告費アロケーション
物流費	● 物流統合による配送費/保管料低減 ● 隔月定期/ビッグサイズ導入促進による配送回数の低減 ● 配送資材のコンパクト化/共同購買
その他販売費	● 同梱販促物の最適化 ● 決済手数料の低減 ● コールセンターの内製化促進
人件費	● 新規採用の抑制による自然減 ● 人員配置の最適化
固定費	● 外注費の見直し

ユーグレナ

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I will now report on the progress of each of the three policies one by one. The first is the creation of a robust profit structure. The margins of each company have increased. It all comes down to the fact that the entire group has gone back to basics and done what it can to improve margins.

On the right shows measures to improve the profit structure. I will not read them out one by one, but if we look at each and every one of them, such as reviewing suppliers, jointly reviewing materials, and logistics costs, there are still improvements that can be made. Because we are a group, not a stand-alone company, I think the major point was to thoroughly work out how to take advantage of the synergy of the group. We have always said that every little bit counts, so we implemented each measure that will be the base of our robust structure.

2024年度進捗 - ②成長ブランドとファン顧客の育成

グループ主カブランドの「からだにユーグレナ」「コラリッチ」が堅調に推移、「CONC」が新たな成長ブランドとして台頭



The second point is to nurture a growing brand and loyal customers. Originally, we have a product group called the Euglena for Healthcare, which is our base. The number of regular customers here has been steady.

Our products are of course supported by seniors. In FY2024, we continued to advertise in newspapers and take a variety of other approaches to deliver information in an easier-to-understand manner.

On the other hand, the question is where to head to, not just seniors. In terms of the parenting generation, we live in a world where women are playing an active role, and we have also received many voices from people who are struggling with parenting. We have been approaching parents' various issues, including how to provide nutrition to children while they are working, and also the issue of guilt, from the perspective of producing drinks for children, furikake, and soup stock. In the Euglena brand, this has gradually borne fruit.

Second point. As I will mention later, it was a year of significant growth for the CONC brand. The market environment and cosmetic medicine has become very accessible these days. With not only women but also men becoming more conscious of beauty and more familiar with various things, this product contributed greatly to increasing the number of customers, not only new customers but also continuing customers.

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The other is a product called Cola-rich from Q'SAI. As I mentioned earlier, we have made efforts to increase efficiency by introducing big-sized products and refillable products, as well as renewals and price increases, but the results show that customers have remained with us.

2024年度進捗 - ③メーカー機能の強化

素材認知の強化に向けて、コラゴ商品の開発・顧客接点の拡大・素材プロモを推進
メーカーとして、ユーグレナ生産技術の進化と化粧品開発/製造機能の拡充にも注力



素材認知の強化	ユーグレナ生産技術の進化
<p>コラレーション商品の開発</p> <p>罪悪感のないラーメン クーリッシュ (LOTTE) ペヤングやきそば (まるか食品)</p> <p>顧客接点の拡大</p> <p>学校給食でのメニュー採用^{*1} ポップアップ出店 企業食堂での提供^{*2}</p> <p>素材プロモーション</p> <ul style="list-style-type: none"> キューサイ 青汁復刻版のCM展開 展示会出展「藻活」(もかつ) 	<p>ユーグレナ生産技術の進化</p> <p>石垣島 ユーグレナ 培養設備 石垣島 ユーグレナ パラミロン 原末</p> <ul style="list-style-type: none"> より培養効率の高いユーグレナ株を用いた安定生産体制を確立し、培養効率向上&培養コスト低減を実現 パラミロン原末の安定生産技術を確立。医薬部外品・化粧品原料として規格化し、食品原料利用も視野 <p>化粧品開発・製造機能の拡充</p> <ul style="list-style-type: none"> 新興D2C企業向け化粧品ODM製造を強みとするサティス製薬がグループ参画 研究開発・営業連携でシナジー創出を図る

*1: 沖縄県石垣市内全18校、西表島4校の小中学校の給食に採用

*2: シダックスコントラクトフードサービス社と協業しユーグレナ入りラーメンや唐揚げを、マルイグループ等全国約400店舗以上(約2万食)の企業食堂で提供

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Third point is that it was a year in which Euglena approached various things with the pride of being a manufacturer with the ingredients. As an ingredient, we have continued to collaborate with major manufacturers, such as Coolish and Peyoung Yakisoba, to promote awareness of our ingredients and to make people get them in their hands, touch them, and eat them.

Another thing, which had long been our desire, is that we still have nutritional ingredients. So, this was the year that our wish came true regarding the possibility of adopting the ingredient for school lunches. 18 elementary and junior high schools in Ishigaki Island, which is our base location, continue to receive noodles or furikake containing Euglena every month. Along the way, the program was introduced to elementary and junior high schools on islands throughout Taketomi Town. We are making a start in the hope that it will gradually expand from here.

We were also able to offer our products in the company cafeteria and on various other occasions, so it was a year in which our products became known and consumed in a variety of ways.

As I will discuss later, it was also a year in which we worked to establish euglena strains with higher cultivation efficiency and to enhance production, so we were also able to improve bio-efficiency and reduce bio-costs.

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2025年度方針 - ①収益構造の筋肉質化

黒字体質の定着に向けて、希望退職者の募集など収益構造改革を強化・継続



希望退職者の募集

- 量販/ドラッグストアチャネルの縮小・撤退
- 商品開発チームを縮小し、化粧品開発機能をサティス製薬へ集約

コスト削減

- 広告投資の効率化
- コールセンターの内製化や外注費の見直し
- 物流統合・共同購買等、24年実施施策の通期寄与

購入単価アップ

- からだにユーグレナ、コラリッチの値上げ
 - 24年11月より値上げ (既存定期)
 - 25年1月より値上げ
- 「食」を軸としたクロスセルの開発・強化
 - からだにユーグレナ (ふりかけ、出汁)
 - akyrise (美容膳シリーズ)

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From here, I will explain is how we plan to implement the three policies in FY2025. As I mentioned earlier, creation of a robust structure is already the norm. I don't take it for granted that I'm doing anything out of the ordinary. This time, we solicited voluntary retirement. In addition to that, we will concentrate and select properly, downsize and withdraw from mass sales stores or drugstores, and clearly consolidate and expand the development function of cosmetics products in the Saticine Medical Group.

As for cost reductions, we will naturally continue to implement those areas where we can, as we did in the previous fiscal year. We will continue to do what we can to achieve overall group synergy and cross-selling here as well.

2025年度方針 - ②成長ブランドとファン顧客の育成

好調な「ノック注入型マイクロニードル」を横展開することで、成長の加速を企図
既存ブランドは他チャネル展開、ラインアップ拡充で更なる成長を目指す



マイクロニードル市場の開拓

- 非医療用初となる「ノック注入型」マイクロニードルを強みと認識
- 「ノック注入型」は当社がパイオニア
- マイクロニードル商品の横展開を目指す

既存ブランドの拡大

- U-Grace NEcCO/one**
 - 高価格帯商品の美容チャネル展開
- épauler epo/FUSARI**
 - ヘアケア商品の注力
 - ラインアップ拡充
- Q'SAI ひざサポートコラーゲン/コラリッチ/BIONIA**
 - 商品リニューアル
 - ラインアップ拡充

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Second point. As I mentioned earlier, among the CONC brand products, the wrinkle injection product exceeded our original annual volume target by 219% in the last fiscal year, which means that it is a product that is well suited to customers and the market.

This is the first non-medical knock-injection product using microneedles, with a technology where you just click it and stick it inside. This product is currently called CONC, but we will be launching a new product called CONC LABO in March, and we will continue to expand the market through multi-channel marketing, various new initiatives by group companies, and otherwise.

We will continue to expand existing brands, respectively.

2025年度方針 - ③メーカー機能の強化

機能性素材としてのユーグレナ、サティス製薬との連携を軸にメーカー機能を強化
素材・商品軸で海外展開の拡大も目指す



機能性を軸とした商品開発

- 「睡眠改善・ストレス緩和・疲労軽減」訴求の機能性素材としてのポジショニング

当社新商品 アリナミン製薬社の商品

サティス製薬との連携強化

- グループ連携によるOEM受託営業の強化
- 研究チーム間の連携によるユーグレナ化粧品新素材の開発
- 既存商品の製造移管検討

海外展開

- 世界約40カ国への展開実績あり（欧米、中国等）
- マレーシアへの輸出を開始、更なる拡大を目指す

粉末画像 顕微鏡画像

- アジアにおけるグループ商品展開実績あり（中国、台湾、シンガポール、ベトナム等）
- マレーシア、フィリピン、モンゴルで新たに販売開始予定

自社・グループ商品

ユーグレナ

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Third point. As I mentioned earlier, Euglena is committed to the basic, fundamental principle of how to deliver its ingredients to the world. Since it has new functionality, we will continue to promote the areas of sleep improvement, stress relief, and fatigue reduction.

Next Monday, Alinamin Pharmaceutical will also launch a product called Kaimin Euglena. We will continue to make the product known to many people in this way, so that they can pick it up and drink it, and so that they can fully appreciate its functions.

Overseas expansion is also one of the axes we have set for this year. We have already expanded our business to 40 countries around the world, and now, we also have a base in Malaysia, a new location for biofuels. We assume that we will expand our business including imports to Malaysia.

In addition to Malaysia, we also aim to develop our own products and those of other group companies in various other places, such as the Philippines and Mongolia.

That is all from me about healthcare.

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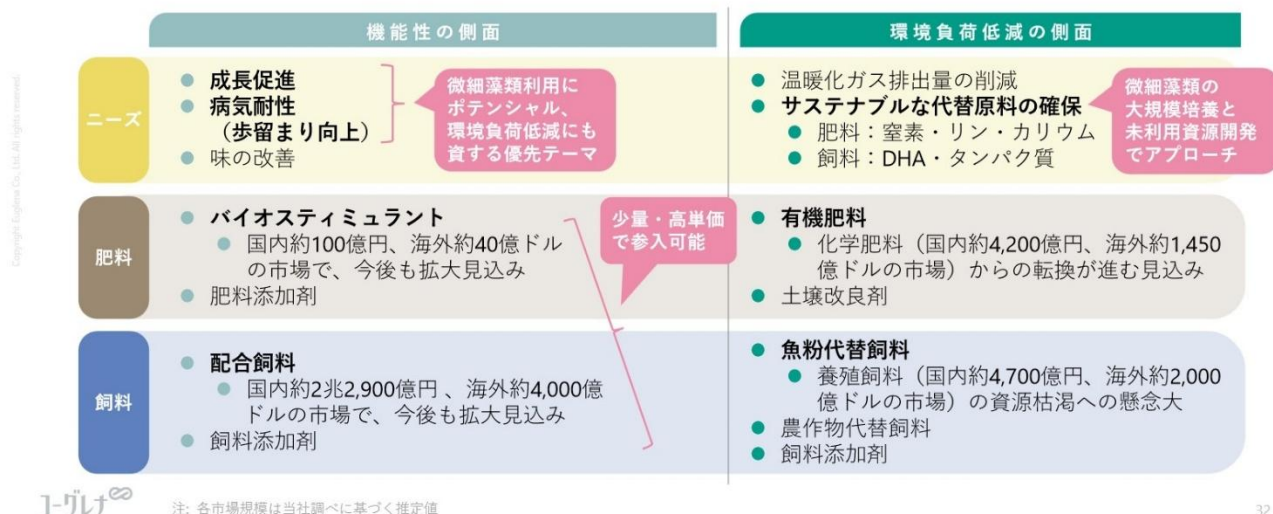
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サステナブルアグリテック - ターゲット市場

「バイオマスの5F」の次なる主戦場は飼料・肥料領域。研究開発力と微細藻類の大量培養技術を活かして、機能性・環境負荷低減の側面から肥料・飼料市場にアプローチ



Wakahara: Now, I will briefly explain about our other businesses.

First of all, I would like to briefly summarize our targets in what we call sustainable agritech, mainly in the fertilizer and feed markets, and where we see potential.

In terms of so-called fertilizers and feeds, I think our ultimate goal is to reduce environmental impact. In other words, while both fertilizers and feeds have their own environmental impact, we assume that we can replace these with euglena or different algae.

Naturally, the existing market will be replaced, so the scale of the market will increase, but oppositely, prices will become commodity prices. So, we assume that the current scale of cultivation is not satisfactory for the market and that it will need to be considered together with the raw materials for biofuel.

On the other hand, we see the functionality aspect as another possibility. I mean functional fertilizer and functional feed. There has been many researched showing euglena, in particular, having the potential to improve the quality of sleep, alleviate stress, and promote immunity in humans, as well as to improve disease resistance and growth in animals and fish.

If we can achieve this, we will be able to enter the market at higher unit prices and in smaller quantities, which is what we are trying to achieve little by little.

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サステナブルアグリテック - ビジネスモデルと取組テーマ

研究開発と未利用資源の発掘を推進し、まずは少量・高単価で参入可能な機能性市場を優先
製造・販売はグループ会社とパートナーシップを活用しつつ、中期的にはM&Aも検討



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In particular, where we have worked in the last year is in the area of raw materials. In terms of this fertilizer, the question is how to secure unused resources to be used as raw materials for organic fertilizers, how functional is microalgae fertilizer. We are also conducting various studies on how much functionality there is in feed.

As you can see on the right, while our group company, Daikyo Fertilizer, is currently manufacturing and selling fertilizers, we are also considering the possibility of selling fertilizers with such potential in cooperation with many other manufacturers.

In the mid- to long-term, sales of fertilizers and feeds will inevitably be linked to manufacturing capacity, so M&A will also be considered, especially for raw materials of biofuel, which can only be included with this level of scale. So, we are willing to work together on this.

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サステナブルアグリテック - 2024年度の主な進捗

肥料・飼料領域で微細藻類を活用した様々な研究開発を実施、付加価値向上の可能性を確認
藻類のみならず未利用資源も活用した研究を展開

ニワトリの獲得免疫能向上

● 宮崎大学、あすかアニマルヘルスとの共同研究で、**パラミロン配合飼料**の給与によりニワトリの獲得免疫能が向上する可能性を確認。組織中免疫関連細胞の相対的比率が増加

胸腺サブセット解析

カンパチ稚魚の自然免疫能向上

● 鹿児島大学水産学部との共同研究で**ユーグレナ配合飼料**の給与により、**カンパチ稚魚の成長と自然免疫能**が向上する可能性を確認

※写真はイメージ

ユーグレナ給餌によりカンパチ稚魚の成長が促進された

未利用資源の活用

● 車載ディスプレイ用カバーガラスの化学強化工程で発生する**廃棄塩**を、**肥料原料としてリサイクル**することに日本で初めて*1成功。特許を共同出願

固化した化学強化廃棄塩

当廃棄塩由来肥料(上)と既存肥料(下)のコマツナの栽培比較、既存肥料と遜色のない発育が確認された

エーグレ

*1: ユーグレナ調べ (2024年10月17日時点)

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These are three themes where there was particularly significant progress in our research in the last year. Improved immune function in chicken and greater amberjack means, in essence, that if fish and birds become healthier and less prone to disease, then the yield rate will improve.

For those in the livestock and aquaculture industries, it is valuable for the creatures they are raising to live as long as possible, so we think there may be a business opportunity for functional feed or functional fertilizer where a small amount is given to the livestock industry.

We are also the first in Japan to successfully collaborate with AGC on waste salt. We also have patents. We would like to continue to work on the gradual development of these types of things.

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Bangladesh - ソーシャル活動 Grameen euglena

現地の子供たちの栄養改善を目指すGENKIプログラムが10周年
経済発展が著しい Bangladesh における日本企業としてのプレゼンス確立にも寄与

GENKIプログラム

クッキー配布数が累計1,950万枚*1突破



2014年4月開始

'14 '15 '16 '17 '18 '19 '20 '21 '22 '23 '24

ユーグレナ

*1: 2024年12月末時点

10周年イベントを両国で開催



現地での支援活動



- 暫定政府発足に向けた現地情勢の安定化を支援すべく、グラミン・ダノン社と連携し、現地 Bangladesh の学生ボランティアと公立病院4施設を対象にユーグレナクッキーを約11万食配布

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The other is an activity in Bangladesh. As we have already reported, last April marked the 10th anniversary of the start of the GENKI program, and at the end of last year, we delivered 19.5 million euglena cookies to children in Bangladesh.

I believe that the fact that we have been working steadily in the region for the past 10 years is an asset and network that the Euglena company should be proud of.

Bangladesh - 事業ポートフォリオの再編 Grameen euglena

もやし向け緑豆事業を終了、早期黒字化に向けて事業ポートフォリオを再編

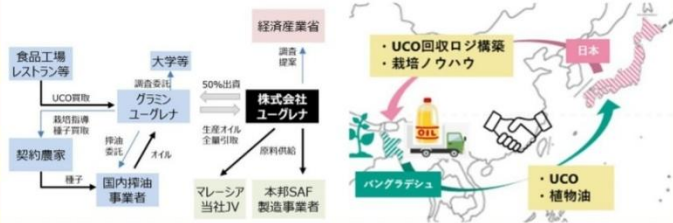
新事業としてSAF向け原料サプライチェーン構築を設定、経産省助成金を活用して実現可能性調査を開始

事業ポートフォリオの見直し

- 2014年以来続けてきたもやし向け緑豆栽培事業を2024年をもって終了することを決定
 - 天候不順による栽培不調、日本からの需要伸び悩み等を考慮
- 2025年以降は事業ポートフォリオを以下に再編し、収益事業創出に注力
 - **ソーシャル調達**：日本企業の農作物輸入ニーズを、 Bangladesh 産品で代替
 - **エネルギー**：バイオ燃料向け原料サプライチェーンの構築
 - **ウェルネス**：経済発展に伴い拡大する富裕層・中間層向けヘルスケア商品の販売

SAF向け原料サプライチェーン構築に向けた調査事業

- Bangladesh とバイオ燃料領域における事業基盤を活かし、**廃食油回収事業や油糧作物栽培の立ち上げに向けた調査**に着手*1
 - SAF向け原料確保は国内外で喫緊の課題、東南アジアでは廃食油回収事業の立ち上げが隆盛
 - 貧困・失業・CO₂排出ゼロに資するソーシャルビジネスを目指す



ユーグレナ

*1: 当社の「 Bangladesh 人民共和国/ Bangladesh における SAF 向け原料サプライチェーン構築に向けた調査事業」（実施期間：2025年2月上旬～2025年12月、主な実施内容：UCO回収事業/油糧作物の栽培事業の調査）が、経済産業省「令和5年度補正グローバルサウス未来志向型共創等事業費助成金」に採択

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Euglena has been engaged in the cultivation of mung bean sprouts in Bangladesh as a social business, but we have decided to terminate this business at the end of 2024. In truth, we tried to continue longer, but

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considering the bad weather, the sluggish demand from Japan, and the long period of deficit, we took the plunge.

However, it would be a waste to throw away the network and reputation we have built in Bangladesh, and we believe it would be unwise to miss out on the opportunities that Bangladesh offers as the country's economy begins to grow. That is why we will promote social procurement as a new business, and shift the agricultural import needs of Japanese companies to Bangladesh. For example, we are now considering things like sesame seeds. In this way, we are trying to take advantage of new existing initiatives and networks while trying to create new businesses.

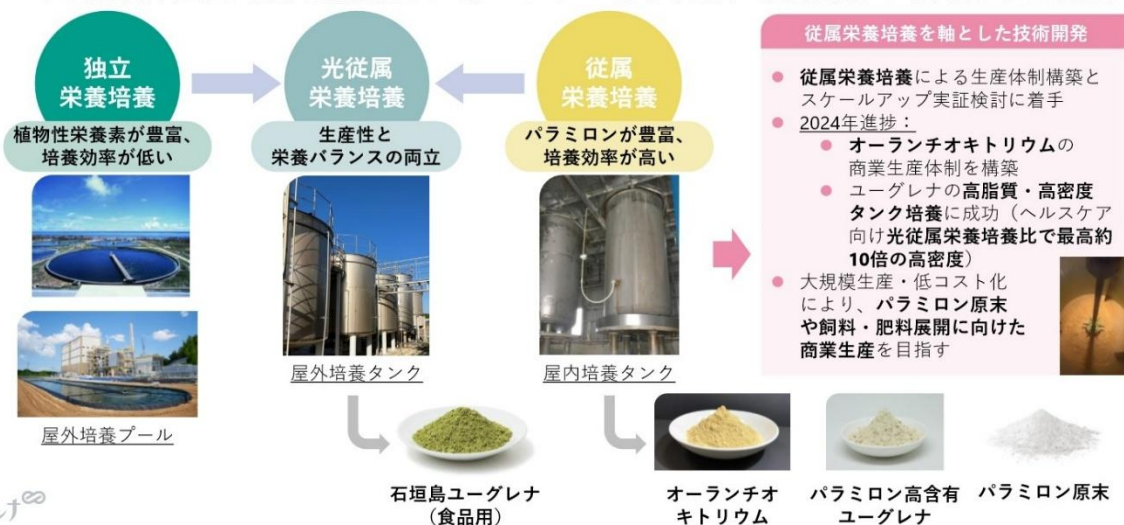
Another thing I would like to highlight is the collection of this waste cooking oil. In Asia, the waste cooking oil collection industry is now starting up in China, Southeast Asia, and many other places. But Bangladesh, in fact, is not nearly up and running yet. I believe that we are unique in a way that we are involved in biofuels with Bangladesh.

In addition, if the collection of waste cooking oil itself generates income, it would be a suitable scheme as a social business to reduce poverty, unemployment, and CO2 emissions. As Bangladesh is about to grow, we have started research and have obtained grants to start up waste cooking oil collection or oilseed crop cultivation in Bangladesh. It will take some time to realize this, but we are planning to make this kind of effort as one of our unique approaches.

大規模培養 - 従属栄養培養による生産体制構築とスケールアップ

従属栄養培養による生産体制の構築を推進、スケールアップ実証検討にも着手

バイオ燃料原料生産に向けた前段階として、パラミロン原末や飼料・肥料展開による商業生産を目指す



Finally, research and development. One thing I would like to mention is that we are issuing a new additional release this coming Monday. Last year, when the new system was established, I explained that our cultivation methods for food products were independent nutrient cultivation in outdoor pools, heterotrophic biotechnology in indoor tanks, and photoheterotrophic cultivation, which is a combination of both.

In the future, to aim for larger-scale production of raw materials of biofuel, the method in the middle is more of a nutritional balance approach, so in terms of productivity, either the completely independent method on the left or tank culture on the right will be chosen. Last year, we have been working on a number of things regarding this tank culture. Cultivation was successful with a density of about 10 times higher compared to

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the outdoor tanks. The fact that the cultivation could be done at a higher density means that it could be done in larger quantities at a lower cost.

Of course, the color is a bit yellowish because it is cultured in tanks, but we are hoping to develop this kind, since there is a possibility that more emphasis will be placed on paramylon, for example, in terms of functionality in feed and fertilizers.

By continuing these efforts, the current production scale of food and raw materials for biofuel is quite large. There is a difference of more than 1,000 times the size. Rather than suddenly scaling up from 1 to 1,000, we would like to consider gradually scaling up from 1 to 10 and from 1 to 100, and connecting the two.

大規模培養 - バイオ燃料原料用ユーグレナ生産の実用化

原料サプライヤーとしての競争優位性確保に向けて、多面的な研究開発を推進

2024年8月には、技術開発を加速すべく、PETRONAS Research社との包括的共同研究契約を締結



ユーグレナ

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Other than that, we have been conducting joint research with PETRONAS, as well as autotrophic culture in Malaysia, tank culture in Japan, and various other types of culture. We continue to work on this issue.

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技術力 - 品種改良技術

2024年は、遺伝子変異導入やゲノム編集による高効率な品種改良技術を新たに確立
既存の高速選別技術も活用し、品種改良の加速と産業転用に向けた体制構築も視野

高効率な
遺伝子変異の
導入技術

ランダム性はあるものの、
作出株は即時産業利用が可能

2024年進捗：NTTとの共同研究で、中性子線照射による藻類遺伝子への高効率な変異導入技術を確立*1



ピンポイント
なゲノム編集
技術

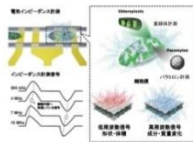
各種規制対応が必要となるものの、
柔軟かつ緻密な有用株作出が可能

2024年進捗：理研との共同研究で、Cas12a RNP複合体を用いた高効率ゲノム編集技術を確立、1塩基レベルの精密な塩基書き換えにも成功*2



有用品種の
高速選別技術

有用株の高速選別により、
各種品種改良を加速



これらの技術の産業転用に向けて、
ゲノム編集株を活用した生産体制の
構築も検討予定

I-グレ

*1: 「世界初、中性子線照射による藻類の品種改良技術を確立 (2024/7/4)」 (<https://www.euglena.jp/news/20240704-2/>)
*2: 「微細藻類ユーグレナのゲノム編集技術を拡張 (2024/2/1)」 (<https://www.euglena.jp/news/20240201-2-2/>)

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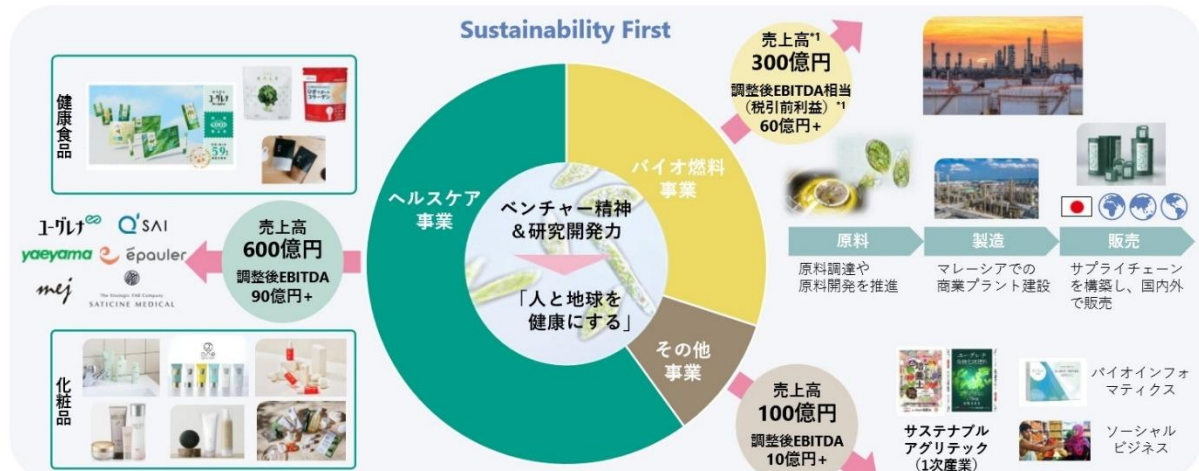
In terms of technology, we have achieved various results in the past year. This includes gene mutations, genome editing, and such. This year, we are also looking into ways to further industrialize this kind of technology. We would like to consider creating a new pillar of revenue by doing so.

Finally, the outlook for the mid-term.

2030年に向けた成長イメージ - 事業ポートフォリオ

既存事業の成長と新たな売上の柱の創出により、サステナブルな成長を目指す

売上高1,000億円規模、調整後EBITDA160億円相当の収益ポテンシャルを有する事業ポートフォリオを構築



I-グレ

*1: 商業プラントに対する当社出資比率を15%とした場合の収益ポテンシャル。合併会社からの受取配当を原資とする税引前利益 (資金調達費用を除く) イメージを調整後EBITDA相当と想定

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This has not changed from what we originally stated at the beginning of the period. Although we are now focusing more on profits, we will continue to make significant growth in healthcare, biofuels, and other areas.

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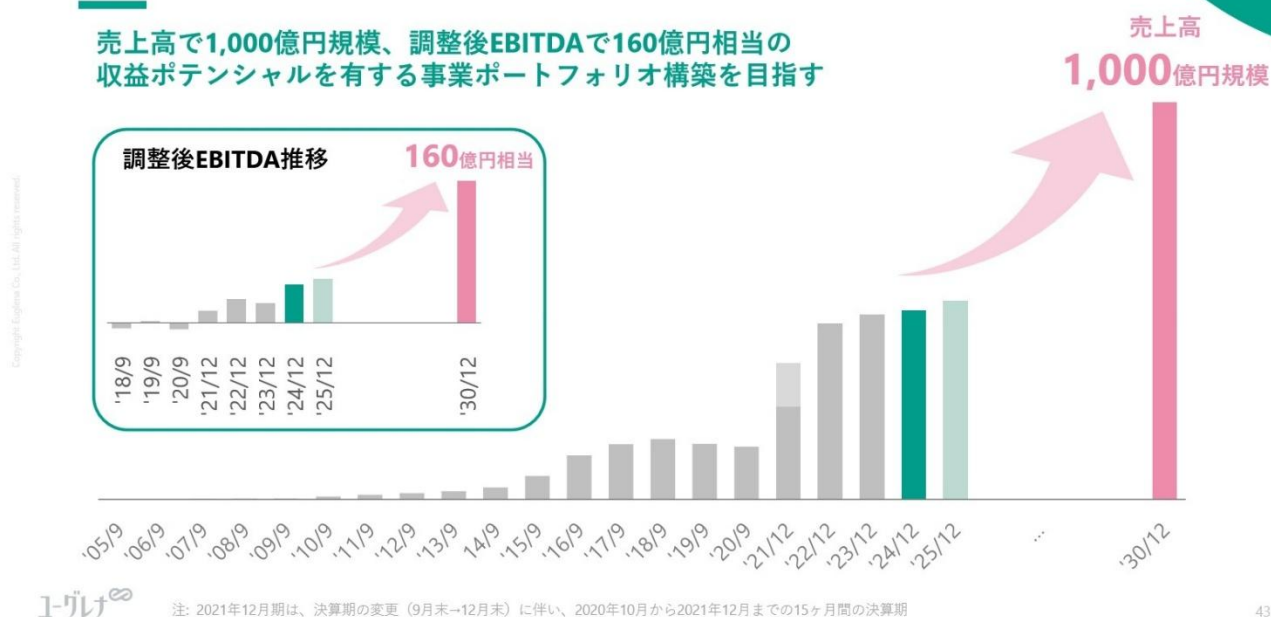
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2030年に向けた成長イメージ - 売上高と調整後EBITDA

売上高で1,000億円規模、調整後EBITDAで160億円相当の
収益ポテンシャルを有する事業ポートフォリオ構築を目指す



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Our final goal is to reach approximately JPY100 billion in sales and JPY16 billion equivalent in adjusted EBITDA in 2030. As for EBITDA, we were able to achieve some of it last year, a little ahead of schedule. We will continue to build up our image toward 2030 by further increasing profits and planting and growing the rights seeds for sales in 2025.

That is all the explanation from me.

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Question & Answer

Sonoda [M]: We will move on to the question-and-answer session.

When asking a question, please state your company name and name first. Due to time constraints, we may not be able to answer all questions. Please understand this in advance.

Now, please ask your questions. Mr. Onishi, please.

Onishi [Q]: I am Onishi from Toyo Keizai. I am going to ask two questions, to not be too greedy.

This would be a question for Ms. Uemura. On page 24 of the materials, there is a mid-term management policy, which includes a mid-term outlook for healthcare, including numerical outlook. Looking at this material, it seems that the plan for 2025 already has an EBITDA ratio of over 15%. It says 15% in 2026 and plus 15% for 2024, 2026, and 2030. The plan seems to not expect much improvement in profit margins but expect growth solely from sales, especially sales from 2026 onward.

It seems that the profit margin has already reached a ceiling, and it is difficult to improve the profit margin given the industry's industrial structure and the competitive situation. I was wondering if there was a decision that you are going to increase sales from now on and that this will drive your growth.

If this view is wrong, please let me know, and please explain why you made these plans, like the profit margin is flat, if there is any reason here? This is the first question.

Uemura [A]: Thank you. It is exactly what Mr. Onishi just pointed out. Of course, we do not believe that profit margins have already reached the ceiling. So, we expect to make improvements in this area. Although we have stated as such in today's briefing, we are planning to change the margin by increasing it.

Onishi [Q]: I understand. Secondly, this is another question for Ms. Uemura. I think you are making new development, product development, and other very interesting initiatives, including cosmetics and CONC, and I think those are growing. In the research and development with Saticine, it states that there will be a transfer to Saticine. This time's voluntary retirement is also written in a way that is linked to that. I wonder if Q'SAI is not included in the statement regarding the transfer of product development to Saticine.

Also, I expect that there is a product team in the Euglena Group, as well as in each company and in Q'SAI. Will the product team be transferred to Saticine as a whole or just the functions? Could you please explain specifically?

And if you could give us some specifics about the effects of the transfer to Saticine, including figures such as how much it will go in three years or the qualitative effects, I would be very interested to know more about this area.

Uemura [A]: Thank you. First of all, regarding the part where it says transfer to Saticine Medical, it is not a transfer of people. This means the transfer of functions. So, since collaborating with Saticine Medical and Saticine Medical joining the group in FY2024, they already had excellent research and development capabilities in cosmetics, so we thought we could combine our efforts in a variety of areas. We are trying to focus on everything once again we do based on what Euglena is doing. The answer is that we will work together to develop the research, not the person.

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As for the figures, we are still in the early stages of the project, so I do not have anything concrete to present today, but I would like to present them as we continue our efforts.

In addition, we have already transferred production to Q'SAI together, so although it is the same company, we believe that Saticine Medical has more research and development capabilities in cosmetics, so we have decided to work together with them.

Onishi [Q]: This is a bit of a supplementary question. So, you would not transfer people, but you would work across teams, across companies, with Saticine Medical at the center, like cross-functional team collaboration and so on?

Uemura [A]: Yes. This is largely part of the synergy we originally envisioned, so we will be working across the board. Although Euglena is still a stand-alone company, I believe that such a thing can be done in the future in the group as a whole.

Onishi [M]: I understand. Thank you very much.

Uemura [M]: Thank you very much.

Sonoda [M]: Thank you very much, Mr. Onishi. Next, Mr. Igarashi, please.

Igarashi [Q]: Thank you for your explanation. This is Igarashi of Kamakura Investment Management. I have three questions and would like to ask them briefly.

The first point is regarding advertising expenses. I understand that you spent almost the same amount on advertising during the last fiscal year as the year before. Apparently, the red yeast rice issue had a large impact, but I want to know how your advertising efficiency was. That is, for example, how you did during the term, how you are doing now, and what your outlook is for the current term.

I would also like to know how the lifetime value of the standard products, including the conversion rate, has changed.

Wakahara [A]: We have been controlling our advertising operations by monitoring performance on a quarterly basis, so it is difficult to say whether this was good or bad. Among them, the consistently good one was CONC's wrinkle injection. As for Euglena for Healthcare, although the growth rate is not as large as that of CONC, it has continued to increase its advertising investment in a stable manner.

On the other hand, the performance of one was not that bad in H1, and we invested in it, but we have been reducing our investment in advertising in H2, as we have put more emphasis on this CONC in terms of our investment goals.

Q'SAI's Knee Support Collagen is still rather weak among foods with functional claims in general, since the red yeast rice issue. However, we had raised prices in 2023, and when we raise prices, LTV tends to improve, so that is where we managed to keep investment performance flat.

Cola-rich was a little weak in H1, but after the introduction of a two-month subscription period for big-sized products, LTV improved in H2, and the structure is now in a position to handle CPO adequately.

As for C COFFEE, the performance of C COFFEE itself has calmed down considerably, but now is not the right time for us to set up a relative advertising campaign.

Epauler has been doing well with some of its Hematin hair care products, so we have been able to increase sales of those products a little, while other brands have remained flat. I hope this will be the answer there.

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Igarashi [Q]: Thank you very much. As the follow-up, is it correct to say that the policy of using different advertising expenses according to the lifetime value, genre, or brand remains the same as in the past?

Wakahara [A]: Yes, that's right. We aim for a maximum of two years or about one to one and a half years from now to cover the CPO acquisition cost.

Igarashi [Q]: I understand. Thank you very much. The second point is regarding your explanation about creating a robust profit structure. The cost reduction for the entire company and the entire group was JPY1.2 billion, which I assume that such amount which contributed to the return to profitability was a much larger figure than expected.

Any specific measures you are taking to improve the profitability of the Company, such as joint purchases or reviewing suppliers? Are you doing this by forming a project team across the board, or is the awareness and measures for cost reduction established in the entire group in the current fiscal year and beyond?

Wakahara [A]: Naturally, we will continue to do so. There have been matters where there had been some laxity up to the previous term and were changed by pointing them out thoroughly. Also, collaboration among groups. I think that there were some areas where we had not been able to do much in the way of integration among the groups and to dig deeper into areas where we could reduce costs by doing things together until 2023.

In response to this, we have set up a project team dedicated to finding areas that can be addressed beyond the group companies or areas where cost reductions can be achieved, and we will continue to find more of these areas this year.

Uemura [A]: I would like to add something. Project teams are quite specific, and since Q'SAI and others have already started this, there is a situation where Q'SAI, for example, will be the project leader and the factory members get together with each company to learn. More specifically, cross-sectional teams have been established for all matters, which I believe is very effective in generating synergy, and I also believe that this is something that should be done, so we will continue to emphasize this in the current fiscal year. It was a supplement.

Igarashi [Q]: Thank you very much. Lastly, this is in relation to the call for voluntary retirement. As a result, 58 members have chosen to take voluntary retirement, which is unfortunate, although I think it can be viewed as a positive for the establishment of profitability in the next fiscal year and beyond. I believe that the management of the Company is responsible, in no small measure, for the situation that has arisen. Please tell us, finally, in what sort of arrangement you intend to take management responsibility.

Wakahara [A]: Of course, I feel responsible for not taking these measures. On the other hand, we believe that since the two of us became the new management in 2024, we are responsible for improving the Company's performance, turning it profitable and firmly establishing profitability. In a sense, I believe this is our important responsibility to our investors and shareholders.

Before taking such a big step as voluntary retirement, we naturally considered various measures, such as curbing recruitment and natural attrition. However, in the end, last year's business results were profitable for the first time in seven years, and the next fiscal year is progressing smoothly as planned, so it is precisely because of this timing that we have decided that voluntary retirement is necessary as an action to further improve profitability. We have decided that it is our responsibility to do so.

Igarashi [M]: Thank you very much. That is all.

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Sonoda [M]: Thank you very much, Mr. Igarashi. I know we are running out of time, but I have received a question by text, so I will answer it. I will read it out.

Participant [Q]: I know that you have been working on creating a robust structure in the last fiscal year, but what specific additional costs can be reduced this fiscal year?

Wakahara [A]: Especially in healthcare, we have been implementing various measures. For example, even for a single price increase, we are gradually expanding the range of products that have not been possible by Euglena alone, because they have been done by group companies. For example, for Euglena for Healthcare, the price increase for existing regular customers started last November, so there will be a positive increase there.

Regarding the frequency of deliveries, not all customers are adopting the bimonthly delivery schedule, so we will continue to work on increasing the ratio of bimonthly deliveries, and we are still in the process of bringing the call center in-house. We believe that there is still some room in these areas.

I also believe that there is a defensive aspect to the project. Of course, the cost of materials and various other costs are inevitably rising in these times of inflation. Therefore, we will continue to respond to such cost increases with the aim of creating a robust structure.

In terms of personnel, we will reduce the number of indirect departments as much as possible and allocate personnel to sales, mail-order, and other areas that generate sales. Even if the number of personnel is the same, we will change the contents and thereby be more sales-driven. We think this is also a part of the creation of a robust structure.

Sonoda [M]: Thank you very much. Last but not least, Mr. Onishi, are you raising your hand again?

Onishi [Q]: I apologize. One last question, please. Q'SAI, the Q'SAI Group, is very profitable. When I look at the figures that are increasing profits, I see cost reductions, cost of goods sold, and SG&A expenses. I think this probably goes along with Ms. Uemura's earlier explanation that they are ahead of the Euglena group in this regard. However, I think Q'SAI has also seen very little growth in the top line, or revenue.

I think that for all of you, the grouping of Q'SAI has been very effective in terms of profit, but I wonder if Q'SAI was a success or a half success at this point after all that investment. I think the assessment for this will be an interim assessment, but how do you, as a top management, judge the decision of grouping Q'SAI?

Wakahara [A]: First of all, with regard to Q'SAI's profit, the company has been working for several years to improve the organizational management system and the advertising cost system, and EBITDA was kept low. I believe that last year was a breakthrough in these improvements. Euglena and Q'SAI's EBITDA figures are quite large, around the latter half of JPY4 billion, and I expect this figure to expand further this year.

As for revenue, there has been a slight, as you say, slight increase. I wish I could go a little further here, though. It is wonderful that we are able to maintain two huge brands, Cola-rich and Knee Support Collagen, each of which is worth JPY10 billion. Of course, there are areas where we would like to expand these brands a little more, but we are unable to do so. However, we give high marks to areas which has been firmly maintained and that is profitable.

In that sense, compared to the amount and scale of the first investment in 2021, the current performance was well worth it.

Onishi [Q]: I understood it as a rather positive evaluation, is that correct?

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Wakahara [A]: Yes, that's right. We are a little behind compared to the figures we announced at the time, but I think the figures themselves, or the profits themselves, are coming in well.

Onishi [M]: In my opinion, the sales growth honestly did not meet my expectations. I don't know if the expansion of the scale of this project is something unique to Q'SAI or if it is a group tie-up with you all, but I personally would like to expect something positive in this area. I will end my question. Thank you very much.

Uemura [M]: Thank you very much.

Wakahara [M]: Thank you very much.

Sonoda [M]: Thank you very much, Mr. Onishi. I am afraid the time is running out, but we have one last question from Mr. Suzuki, thank you for rising your hand. Thank you also for your comments. Now, please.

Suzuki [Q]: I am Suzuki of Nihon Keizai Shimbun. I apologize for asking another question even though it is already past the time. One quick point, please.

I am not talking about performance but about stock prices. Even though the Company has posted an operating profit this time and is temporarily up, I still feel that the stock price is still on a downward trend compared to its peak period. May I ask again what the two of you, managing the company, frankly think about the current stock price, and what measures you plan to take to create value for shareholders in the future? Please.

Wakahara [A]: Needless to say, we are not at all satisfied with the current stock price as a management, and we feel sorry about that. Especially after the market collapsed in H2 of last year, probably around the timing of the shock of the Bank of Japan's interest rate hike, we have made steady progress with the final investment decision and the shareholder agreement regarding biofuels, and we had been making an operating profit, but it has been difficult to see that this fact is difficult to be reflected in the share price.

Under such circumstances, the stock price recovered to JPY500 on Monday after a long time since the last stop, but of course, it is still at a low level compared to the beginning of the 2024. Keeping in mind that we are only now finally back to the starting point, I would like to raise the bar even higher and make more effort.

I think that there are many factors contributing to the slump in stock prices, but one factor that we have observed is that the ratio of institutional investors has been on a downward trend over the past year or two. I believe that the decrease in the ratio of institutional investors has made a slight negative contribution, although I believe that there are various factors, such as the market rate of individual stocks and the overall market.

Therefore, we will naturally conduct IR activities, but we will also aim to make stocks easier for institutional investors to buy. That is why we believe that although EBITDA is still good, the operating surplus is somehow important for institutional investors to invest in the Company. Therefore, we have been aiming to achieve profitability in 2024, not 2025, and I hope that this has been appreciated to a certain degree.

The other thing is that the construction of the biofuel plant is expected to be completed in H2 of 2028, with full operation expected to begin in 2030. I think there is a view that this is still a bit ahead of us, and I believe that this is not fully incorporated into the variations. That is why I believe it is necessary to firmly create actions and stories that connect the two, and I think that is where we can achieve results as well.

Therefore, while we will continue to focus on increasing the surplus as a result, we will also put more effort this year into actions to fill in the gaps between the two, in order to enhance our reputation in the stock market as much as possible.

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Suzuki [M]: I understood. Sorry. Thank you very much.

Sonoda [M]: Thank you very much, Mr. Suzuki. Well then, I am very sorry for running out of time. This concludes the question-and-answer session.

Finally, please give a message to investors and the media, respectively.

Uemura [M]: Thank you very much for your time today, and I really appreciate that you always look at us from different angles. We are still standing here at the starting line, finally one year after this, but we are aware that we are doing what we should be doing.

From this point on, I will continue to devote my energies to consider how Euglena and the Euglena Group can firmly deliver something meaningful and significant to the world and implement this task throughout the year.

Wakahara [M]: First of all, I am glad that we were able to achieve profitability in the first place, although it has been a very short year since we came under this new organization. I believe that it is important to continue to enhance this area and to draw a picture of the next return to the basics or the 5Fs of biomass and to firmly realize long-term and medium-term growth, not just single-year growth, so we would appreciate your continued support and assistance. Thank you very much.

Sonoda [M]: I will now conclude with a final announcement.

We are also willing to conduct individual IR interviews. If you have any requests, please contact us at ir@euglena.jp.

I apologize for going over the scheduled time. We will now conclude today's briefing. Thank you very much for taking time out of your busy schedule to participate. Thank you very much.

Uemura [M]: Thank you very much.

[END]

Document Notes

1. *Portions of the document where the audio is unclear are marked with [inaudible].*
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